

**Big Data Management & Analytics**

# **EBI - CUSTOMER CHURN ANALYSIS**

**Group 2**

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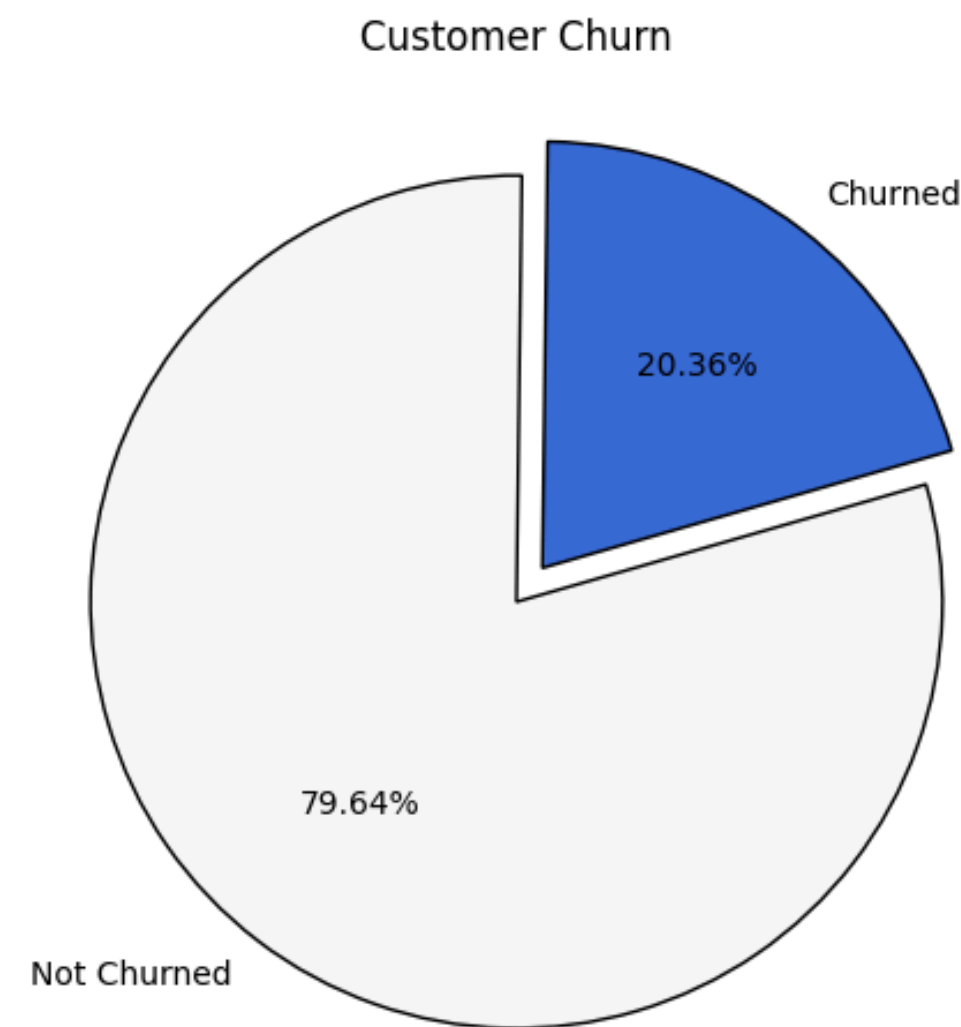
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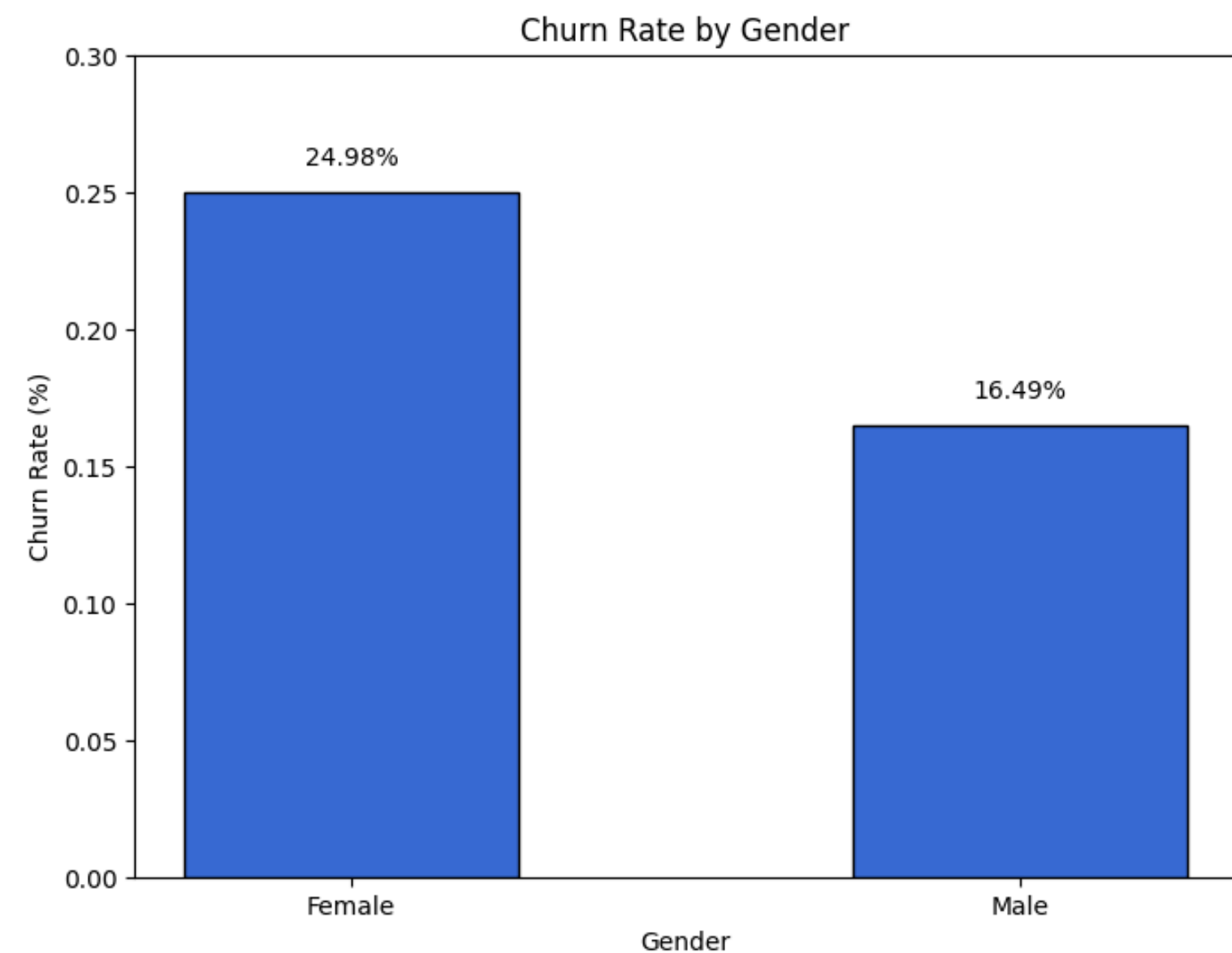
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# Insights from Demographics



Overall Churn Rate **20.36%**

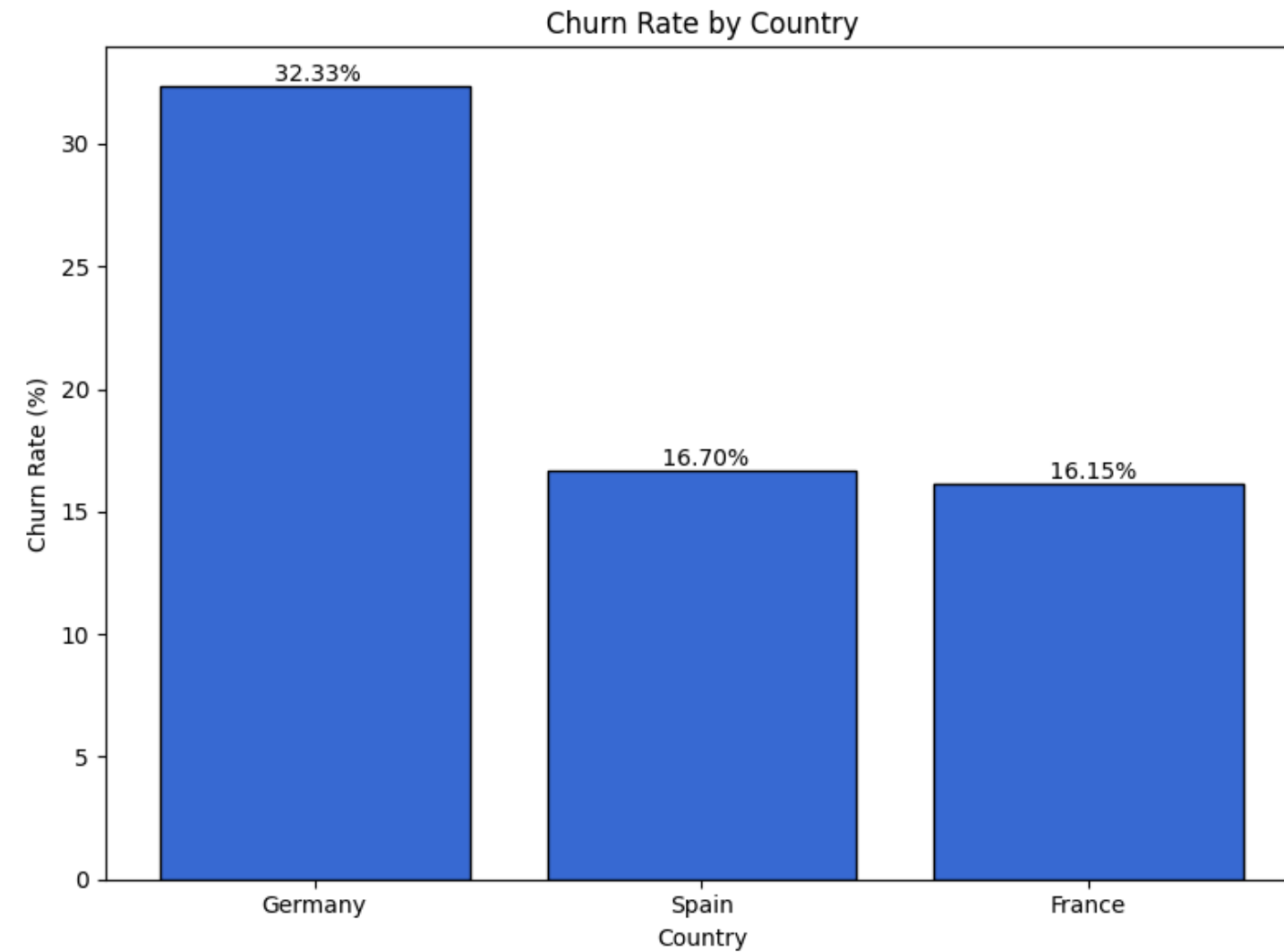


Churn Rate by Gender

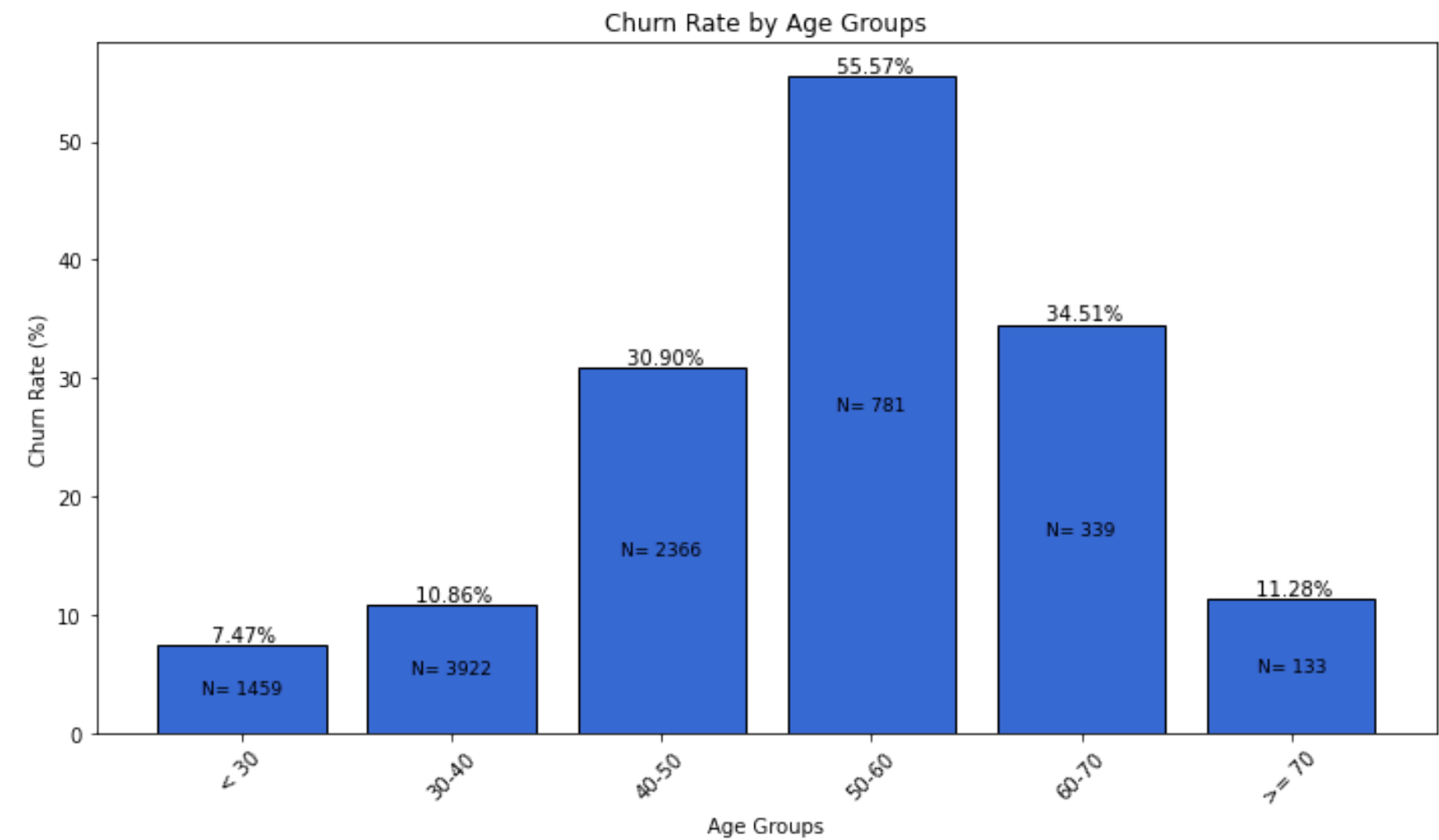
**F**  
**24.98%**

**M**  
**16.49%**

# Insights from Demographics

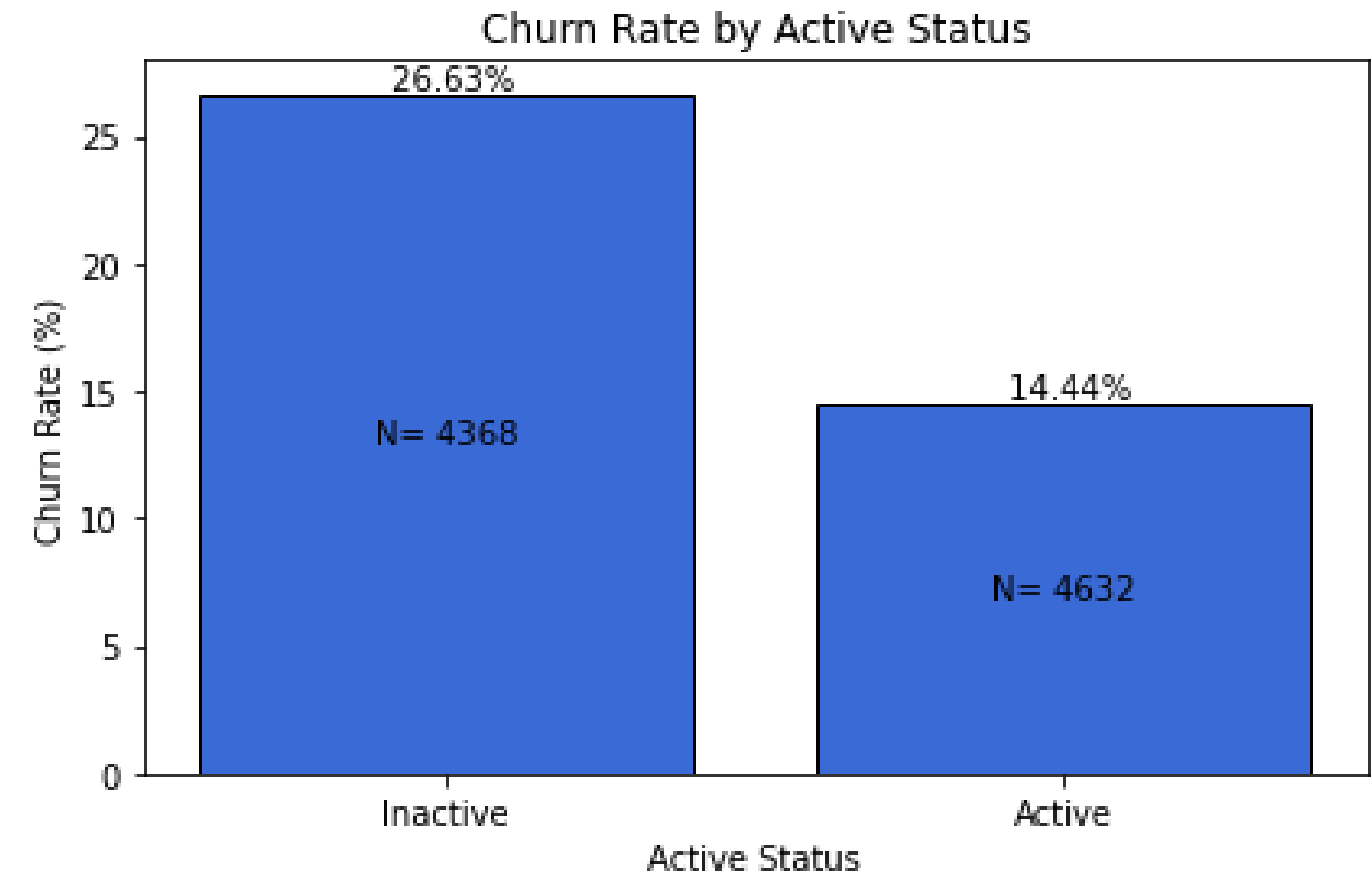
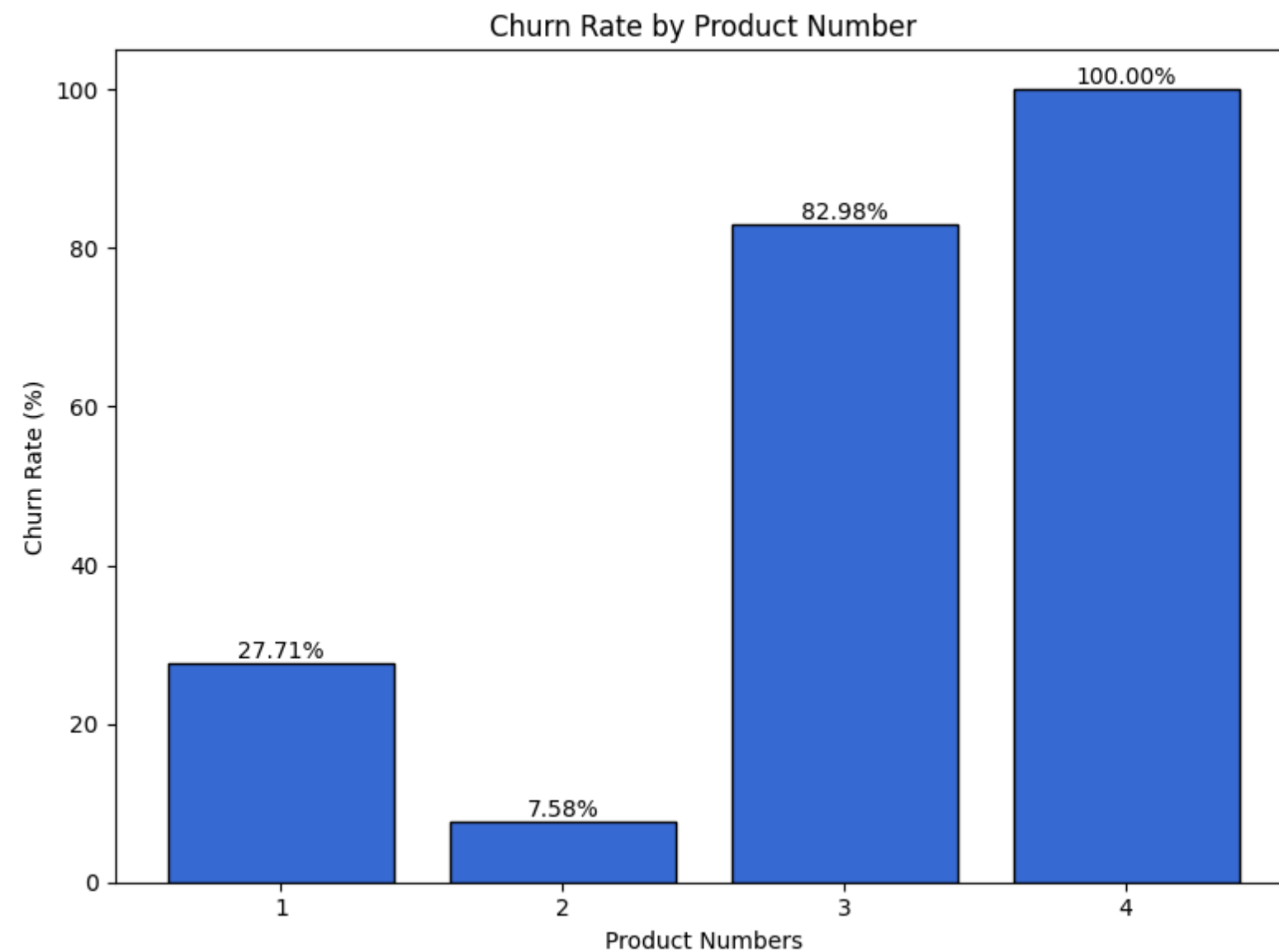


Highest Churn Rate: **Germany** 32,33%



Highest Churn Rate : Age Group 42 68

# Interesting Patterns



Customers with **3 or 4** Products Have Significantly High Churn Rates

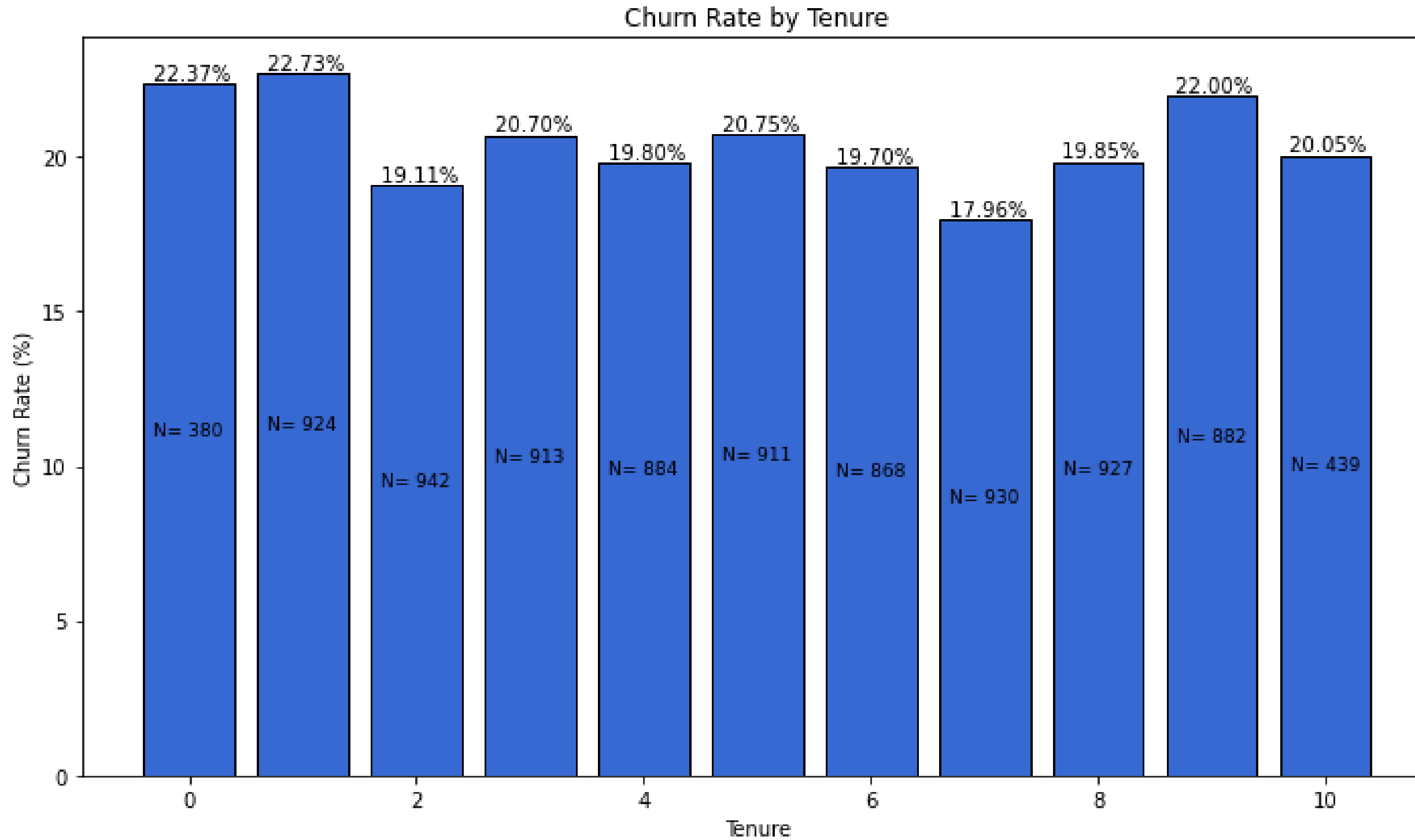
Customers with **2** Products Have the Lowest Churn Rates

Inactive customers have a significantly higher churn rate

**14.44%** **Active**

**26.63%** **Inactive**

# Churn Rate & Tenure



There is No Significant Difference in Churn Rates among the Number of Years a Customer is Having an Account in EBI

# Recommendations

## Top 3 Important Features Impacting Churns

- 1. Age
- 2. Number of Products
- 3. Active Status

1. Age Retaining Strategy

2. Competitive Bundle Pricing Strategy

3. Active Member Engagement Program

# Recommendation 1

## Age based Retention Strategy

- **Target Group:**
  - Customers aged 40 – 70, with highest churn in 50 – 60 (55.57%)
- **Key Actions:**
  - Develop tailored financial solutions for pre-retirement and retirement phases.
  - Establish a specialized Estate Planning Department for better accommodation.
  - Evaluate impact of physical branch closures on this demographic and consider reopening affected locations.
- **Rationale:**
  - Lower digital literacy in this group necessitates physical support and targeted engagement

# Recommendation 2

## Competitive Bundle Pricing Strategy

- **Target Group:**
  - Customers with 3 or 4 products
- **Key Actions:**
  - Conduct competitive price analysis and benchmark against rivals.
  - Evaluate price sensitivity at different product combinations.
  - Introduce cost-effective bundle discounts for multiple products.
- **Rationale:**
  - Competitors may offer better rates, leading to customer churn.
  - Optimized pricing strategies can attract and retain price-sensitive, multi-product users



# Recommendation 3

## Active Member Engagement Program

- **Target Group:**
  - Inactive customers with increased churn propensity
- **Key Actions:**
  - Implement early warning system to identify declining activity patterns before complete disengagement
  - Launch targeted re-engagement campaigns with personalized incentives to restore banking activity
  - Develop streamlined digital banking experience to reduce barriers to engagement
- **Rationale:**
  - Proactive intervention targeting inactive members can prevent complete disengagement and reduce churn risk

# Recommendation to Maximize Profit Based on Optimal Target Churn Probability

	€5 Retention Value	€10 Retention Value
Target Probability	15.2%	7.1%
# Target Customers	543 (54.3%)	692 (69.2%)
Expected Profit	€260	€1,176

- **Retention Value at €5**
  - Target customers with churn probabilities of 15.2% or higher will maximize profit
- **Retention Value at €10**
  - Target customers with churn probabilities of 7.1% or higher will maximize profit
- **Rationale**
  - **High** overall churn rate of **20%** → **Lower** target churn probabilities to capture potential churn customers
  - When retention value **increases** (compared to our cost), our profit when we retain a customer **is higher** → **Reduce** our target probability to aim to capture **as many churners as possible**.