# CASE STUDY – CREDIT CARD SEGMENTATION

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## DATA AVAILABLE:

➢ CC GENERAL.csv

## BUSINESS CONTEXT:

This case requires trainees to develop a customer segmentation to define marketing strategy. The sample dataset summarizes the usage behavior of about 9000 active credit card holders during the last 6 months. The file is at a customer level with 18 behavioral variables.   Expectations from the Trainees:

## EXPECTATIONS FROM THE TRAINEES:

✓ Advanced data preparation: Build an 'enriched' customer profile by deriving "intelligent" KPIs such as:
  - Monthly average purchase and cash advance amount
  - Purchases by type (one-off, installments)
  - Average amount per purchase and cash advance transaction,
  - Limit usage (balance to credit limit ratio),
  - Payments to minimum payments ratio etc.
✓ Advanced reporting: Use the derived KPIs to gain insight on the customer profiles.
✓ Identification of the relationships/ affinities between services.
✓ Clustering: Apply a data reduction technique factor analysis for variable reduction technique and a clustering algorithm to reveal the behavioural segments of credit card holders
✓ Identify cluster characterisitics of the cluster using detailed profiling.
✓ Provide the strategic insights and implementation of strategies for given set of cluster characteristics

## DATA DICTIONARY:

**CUST_ID**: Credit card holder ID
**BALANCE**: Monthly average balance (based on daily balance averages)
**BALANCE_FREQUENCY:** Ratio of last 12 months with balance
**PURCHASES:** Total purchase amount spent during last 12 months
**ONEOFF_PURCHASES:** Total amount of one-off purchases
**INSTALLMENTS_PURCHASES**: Total amount of installment purchases
**CASH_ADVANCE**: Total cash-advance amount
**PURCHASES_ FREQUENCY**: Frequency of purchases (Percent of months with at least one purchase)
**ONEOFF_PURCHASES_FREQUENCY:** Frequency of one-off-purchases
**PURCHASES_INSTALLMENTS_FREQUENCY**: Frequency of installment purchases
**CASH_ADVANCE_ FREQUENCY**: Cash-Advance frequency
**AVERAGE_PURCHASE_TRX**: Average amount per purchase transaction
**CASH_ADVANCE_TRX**: Average amount per cash-advance transaction
**PURCHASES_TRX**: Average amount per purchase transaction
**CREDIT_LIMIT**: Credit limit
**PAYMENTS:** Total payments (due amount paid by the customer to decrease their statement balance) in the period
**MINIMUM_PAYMENTS:** Total minimum payments due in the period.
**PRC_FULL_PAYMEN**: Percentage of months with full payment of the due statement balance
**TENURE**: Number of months as a customer