Predict Customer Churn in Banking Industry

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Introduction

Customers are the most valuable assets of any business. Retaining customers has become the basic need of the organizations regardless of the industry.

The cost of acquiring a new customer is at least 6 times higher than retaining an existing customer in the finance industry. Besides, an existing customer generates relatively more revenue than a new customer.

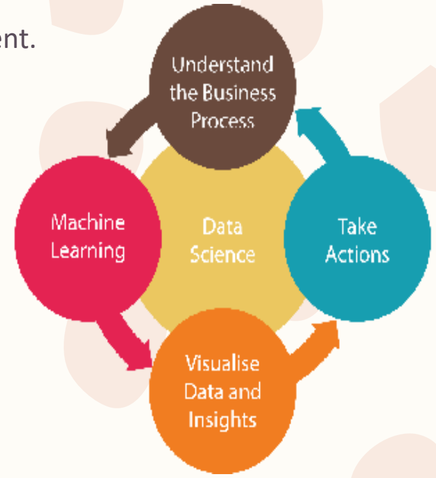
So, banks or credit card institutions must find ways to predict who is going to leave next. Banks should analyze such customer's recent activity for any issues they faced and expedite resolving them, target them for promotions, and start communicating with them to ensure he/she stays satisfied with the services.

Why Data Science?

Data science provides powerful algorithms and predictive models for the extraction of knowledge from huge amounts of data.

Banking companies deal with a high volume of transactional data in structured/unstructured data platforms every day.

So, we need data science to make sense of that data and extract useful information to understand customer churn management.



Deliverables

Discuss the problem statement and approach to solution using CRISP-DM methodology

Explain lifecycle of customer relationship with bank

Explore the various steps involved in modeling and identify the variables that matter most with regards to customer churn

Conclusion

CRISP-DM methodology can be used to identify the features and characteristics in the banking datasets of customers who are about to churn.

Target high-value customers to start with because their churn really matters.

These approaches can also be used to predict other aspects of customer behavior like when a customer would go on a vacation or buy a car so that targeting him with relevant offers would maximize the revenue.

Literature

- Developing a prediction model for customer churn from electronic banking services using data mining https://www.researchgate.net/publication/306388481_Developing_a_prediction_model_for_customer_churn_from_electronic_banking_services_using_data_mining
- Predicting Customer Churn For A Credit Card Company: https://www.galitshmueli.com/data-mining-project/predicting-customer-churn-credit-card-company
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