

PRIMARY REASON FOR ATTRITION

Primary reason for closure	Retail	Business	
Bankrupt	0.4%	4.0%	
Closed business	0.3%	12.6%	
Deceased	9.5%	3.4%	
Divorced/ married	0.4%	0.2%	
Employment of financial institution	0.3%	0.2%	
Incarcerated	0.3%		Uncontrollable
Moved out of market	11.5%	2.5%	↑
No longer need account	2.0%	2.2%	
Paid off loan/ CD matured	2.8%	4.8%	
Unemployed	1.7%	0.1%	
Consolidated accounts within	7.7%	8.9%	
Never closed or closed & re-opened	2.9%	5.5%	Still customer
Security issues (closed & re-opened)	0.9%	0.3%	
Consolidated accounts elsewhere	9.2%	5.4%	↓
Convenience of hours	0.4%		
Convenience of locations	10.2%	4.7%	
Fees/ charges	10.9%	6.1%	
Institution closed account	2.3%	0.9%	
Loan issues	2.1%	4.4%	Controllable
Local/ small bank	0.1%	0.1%	
Management issue	1.8%	0.1%	
Merger/ closed branch	0.3%	0.3%	
My banker moved/ solicited by another	0.6%	0.6%	
Policies (cut-off time, thumbprint, etc.)	1.0%	1.0%	
Product/ service (not right account)	1.3%	4.5%	
Rates	9.3%	5.3%	
Refinanced elsewhere	1.1%	0.9%	
Service quality	7.5%	8.5%	
Sold business		8.8%	
Under new management	0.2%	3.7%	

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Institutions with a high percentage of uncontrollable reasons for attrition should explore those attributes that occur at a rate of greater than 5%. For instance, the average institution lost 9.5% of its retail accounts because the customers died. An institution should not lose a household in the case of death, for the assets have to go somewhere. Trust and wealth management must get involved with the aged customers to insure that asset transfer remains within the institution. Further, a high occurrence of deceased also indicates that the institution might not be replenishing by attracting enough younger account holders.

Paying off the loan/ CD matured is another example where the account was closed but the household should not have disappeared from the customer database. This attrition motive represents a life cycle change, requiring the institution to cross-sell those customers now possessing additional assets.

The institution should also examine a high response rate in the *bankruptcy* or *closed the business* motive. Management might reconsider lending guidelines or targeting more stable prospects.

A new motive has recently surfaced for those customers who closed accounts and opened new ones. The motive behind this action was a *security issue*, such as a stolen wallet, lost debit card, stolen identity, etc. The media attention surrounding identity theft has resulted in sensitive consumers who will close and possibly relocate their accounts at the slightest suspicion of account tampering.

There was a high occurrence of *consolidated accounts within* responses from both lines of business. These respondents simply closed accounts and transferred the money into existing interest-bearing accounts or invested money from a recently matured CD into an existing account. If an institution's percentage for *consolidated accounts within* is any higher than this benchmark data (7.7% retail; 8.9% business), the institution must make sure that it is not pushing products.