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# The Retention Dividend: How Reducing Attrition Builds Your Deposit Portfolio

VALID Intelligence Platform  
powered by **Snowflake**

# Executive Summary

Customer attrition is often treated as a single, uniform problem while it is a set of distinct behavioral patterns—each driven by different underlying forces and each requiring a fundamentally different response.

An analysis at a client bank for deposit account activity during 2024–2025 reveals that banks are not only losing customers due to financial distress, but also due to disengagement, failed onboarding, and—most critically—voluntary switching among high-value customers. In fact, some of the most valuable accounts exit without exhibiting any traditional risk signals prior to closure.

This has significant implications. Institutions that continue to rely on reactive, risk-based approaches to attrition are systematically overlooking the largest drivers of lost value. At the same time, inefficiencies in acquisition and onboarding are contributing to a steady flow of accounts that never reach meaningful engagement.

To compete effectively, banks must adopt a more nuanced understanding of customer behavior—one that integrates value, engagement, and risk—and enables real-time, targeted intervention across the full customer lifecycle.

# The Problem

Traditional approaches to attrition management have focused heavily on identifying *at-risk accounts*—typically those exhibiting overdraft activity or declining balances. While this remains an important component of loss mitigation, it represents only one dimension of a broader and more complex challenge.

Across a dataset of more than *half a million accounts*, attrition patterns emerge across multiple customer types, value tiers, and engagement levels. Accounts with high balances and strong activity profiles behave very differently from low-balance, low-engagement accounts. Yet in many cases, these segments are managed using the same models, metrics, and interventions.

This *lack of segmentation obscures critical insights*. It limits the ability to detect early warning signals and prevents institutions from aligning their strategies with the actual drivers of customer behavior. As a result, banks are often reacting to attrition after it occurs, rather than influencing it before it happens.



# 5 Patterns of Customer Attrition

More detailed examination of account behavior reveals five primary attrition patterns: Abrupt Exit, Gradual Disengagement, Loss-Leading, False Start, and Outliers. Each represents a fundamentally different customer journey.

## 01 Abrupt Exit

Accounts are among the most striking. These customers maintain strong balances and consistent engagement right up until the point of closure. They rarely exhibit negative balances and often represent long-tenured relationships with significant value. Yet despite appearing healthy by all traditional measures, they exit suddenly. This pattern suggests competitive switching or unmet expectations, rather than financial distress.

## 02 Gradual Disengagement

Follows a different trajectory. These accounts show a steady decline in activity over time, often while maintaining positive balances. Engagement erodes over months, creating a visible—but frequently underutilized—window for intervention. These customers are not leaving abruptly; they are slowly disengaging from the relationship.

## 03 Loss-Leading

Accounts align more closely with traditional risk models. These customers exhibit overdraft activity and financial stress in the months leading up to closure. While they represent a smaller portion of total attrition, they account for a disproportionate share of negative balance losses. This segment remains critical for loss mitigation, but it is not the primary driver of overall attrition volume or value loss.

## 04 False Start

Accounts highlight a different issue entirely: acquisition quality. These accounts are opened and closed within a very short timeframe, often within the same month, without ever establishing meaningful engagement. They never become primary accounts. This pattern points to breakdowns in onboarding, targeting, or initial customer experience.

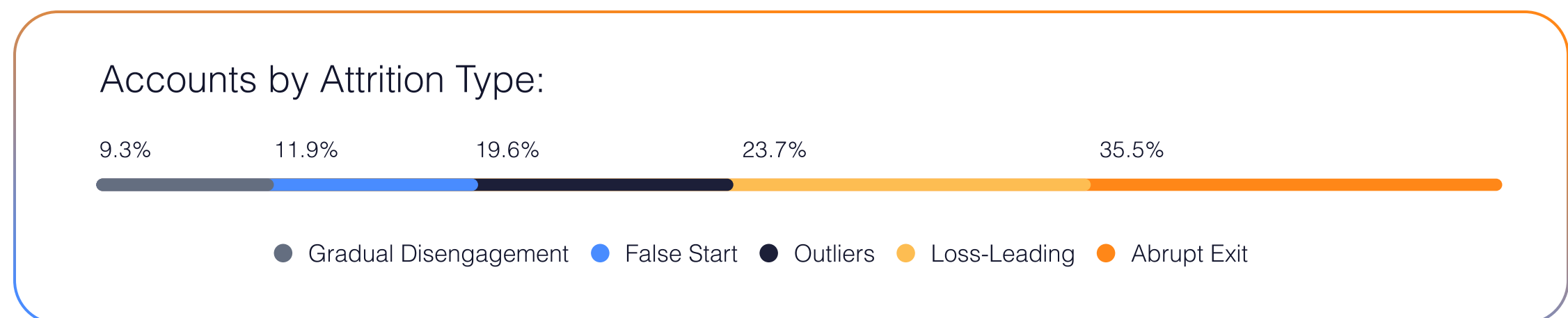
## 05 Outliers

Outliers represent accounts with inconsistent or fluctuating behavior that does not fit neatly into a single category. While smaller in proportion, they underscore the need for more flexible modeling approaches capable of capturing complex behavioral patterns.

# Key Insights

The segmentation reveals that attrition is not driven by a single type of customer or behavior. High-value customers are often leaving by choice, not because of financial hardship, making competitive positioning, customer experience, and relationship strength critical to retention. Meanwhile, financially risky accounts account for most negative balance losses but represent a smaller share of overall attrition. Engagement decline is also highly predictive in many segments, with activity often dropping significantly months before closure, creating opportunities for early intervention. However, some high-value customers exit abruptly with little warning, exposing the limits of models that rely only on declining engagement trends.

The findings also show that acquisition quality and customer value must play a larger role in attrition strategy. Many accounts fail to move beyond onboarding, inflating acquisition numbers without creating long-term value, while attrition behaviors differ sharply between high- and low-value customers. Together, this points to a need for a more sophisticated, lifecycle-based approach to customer management. Banks that integrate engagement, value, and risk signals into real-time decision-making can move beyond reactive loss mitigation toward proactive retention, re-engagement, and smarter customer acquisition.



# Benchmarking vs Peer Banks

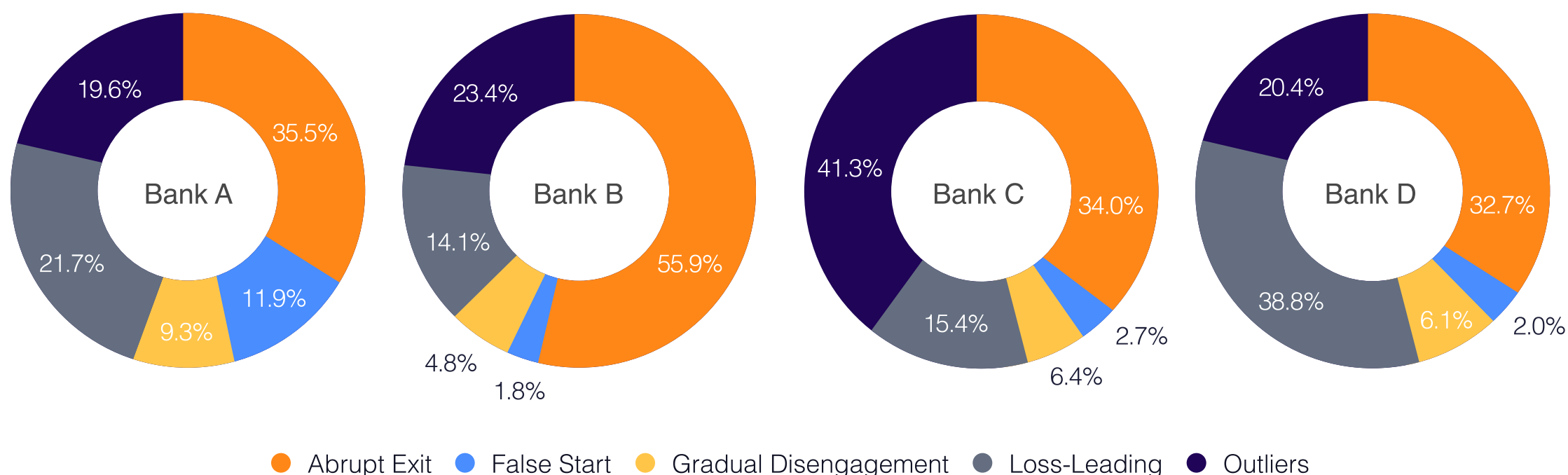
While all institutions share the same five core customer attrition behaviors, benchmarking reveals that competitive advantage is determined by how effectively a bank identifies and responds to these patterns. Underperforming institutions suffer from high volatility and sudden spikes in churn, which are typically concentrated within specific customer segments. This instability is most visible when high-value customers abruptly exit or when low-balance accounts steadily decay into losses, indicating a critical lack of early detection and targeted intervention.

In contrast, leading institutions maintain remarkably stable attrition curves by tightly aligning their account openings with actual closures. They minimize the gaps between expected and actual growth trends, demonstrating a superior ability to balance acquisition and retention dynamics simultaneously. Furthermore, top-performing banks excel at mitigating the impact of "False Start" accounts, ensuring that newly acquired customers successfully convert into profitable, long-term relationships rather than stagnating immediately after onboarding.

Ultimately, the divide between leading and lagging institutions comes down to operational precision rather than sheer scale, with the gap driven by decisioning speed, precision, and execution. Taken together, the data suggests that competitive advantage is achieved by the ability to:

- Identify behavioral patterns earlier
- Align interventions to specific customer segments
- Continuously optimize decisions across acquisition, retention, and risk

## Accounts by Attrition Type:



# Implications for Banks

These findings have significant implications for how banks structure their customer strategies.

## One

Attrition must be reframed as a multi-dimensional problem. Treating all departing customers as “at-risk” oversimplifies the issue and leads to misaligned interventions. Each attrition pattern, whether Abrupt Exit, Gradual Disengagement, or Loss-Leading requires a distinct approach.

## Two

Institutions must shift from reactive to proactive models. The data clearly shows that for many segments, particularly Gradual Disengagement and Loss-Leading, there are identifiable signals months before closure. However, capturing value from these signals requires the ability to act in real time, not retrospectively.

## Three

Acquisition and retention strategies must be more tightly integrated. False Start accounts highlight that growth is not simply a function of volume. Without improving onboarding quality and early engagement, acquisition efforts can generate churn rather than value.

## Four

Customer value must become a central dimension of decision-making. High-value accounts behave differently and carry disproportionate impact on revenue and primacy. Strategies that fail to differentiate based on value risk over-investing in low-impact segments while under-protecting the most important relationships.

*Ultimately, banks must move toward a model of lifecycle decisioning*, where each customer interaction—whether onboarding, engagement, or risk management—is informed by a unified understanding of behavior, value, and future potential.

*See page 7 for context*

# Accounts by Balance & Engagement Segment: Thresholds

**Balance:** (\$5,000) Accounts above this fall into the top quartile for average ledger balance

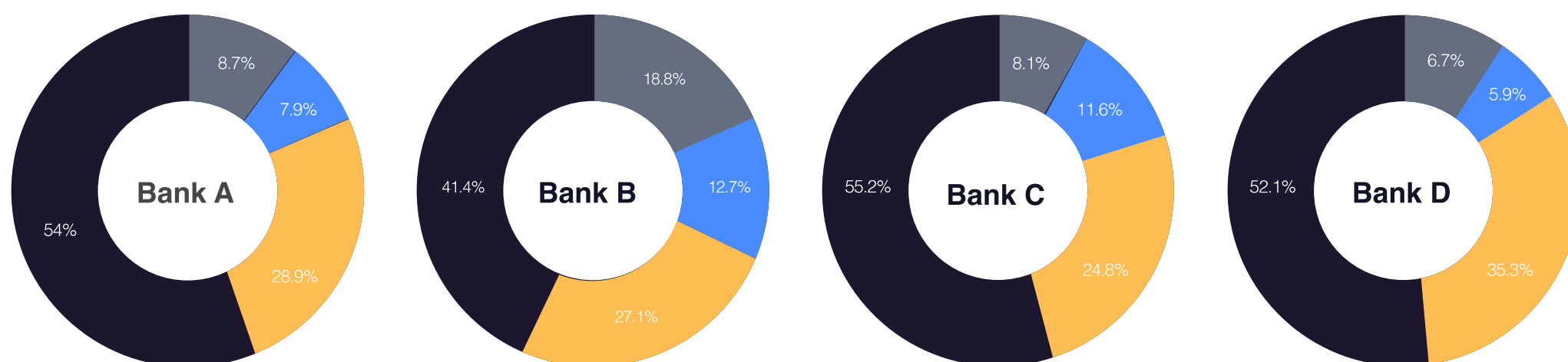
**Activity:** (5 combined transactions/month) This combines balance fluctuations and deposit occurrences. The median is 3 and the mean is ~8, thus 5 captures accounts with meaningful ongoing engagement

**High Balance/High Activity:** The most traditionally “valuable” accounts, with strong balances and regular engagement.

**High Balance/Low Activity:** High-value deposits sitting idle, significant funds but minimal engagement. Potential retention targets.

**Low Balance/High Activity:** Highly engaged, low balance accounts. Could represent growth opportunities for transactional-focused customers.

**Low Balance/Low Activity:** Dormant or disengaged accounts heading toward closure. Majority of all closing accounts, likely the hardest to retain.



● High Balance / High Activity ● High Balance / Low Activity ● Low Balance / High Activity ● Low Balance / Low Activity

Balance & Engagement Segments by Attrition Type (Super Regional)

% of Total Accounts	Attrition Desc				Grand Total
	Abrupt Exit	Gradual Disengagement	Loss-Leading	Outliers	
Low Balance / Low Activity	25.0%	11.1%	24.3%	13.7%	74.2%
Low Balance / High Activity	6.9%	0.8%	5.0%	1.8%	14.5%
High Balance / Low Activity	6.8%	0.1%	0.1%	0.3%	7.34%
High Balance / High Activity	3.4%	0.1%	0.2%	0.3%	3.9%
<b>Grand Total</b>	<b>42.2%</b>	<b>12.1%</b>	<b>29.5%</b>	<b>16.1%</b>	<b>100.0%</b>

# How Valid Systems Delivers This

Valid Intelligence Platform Powered by  snowflake®

*Delivering on this new approach requires more than improved analytics, it requires a fundamental shift in how data is activated and decisions are made.*

The Valid Intelligence Platform, powered by Snowflake, provides a unified environment where financial institutions can move from fragmented analysis to continuous, predictive decisioning across the customer lifecycle.

At its core, the platform integrates data across transactions, balances, and customer behavior to create a single, dynamic view of each account. This enables institutions to understand not only where customers are today, but where they are likely to move next.

Building on this foundation, the platform applies predictive models to identify the likelihood of attrition, estimate future account value, and detect emerging risk. These models operate directly within the data environment, allowing insights to be generated and acted upon in real time, rather than through delayed batch processes.

### How Valid Systems Delivers Continued

This capability is critical in addressing the five attrition patterns identified earlier. For Gradual Disengagement and Loss-Leading segments, the platform surfaces early warning signals and enables timely intervention. For Abrupt Exit, it introduces broader behavioral and contextual signals to identify customers at risk of switching despite stable account activity. For False Start accounts, it provides immediate feedback on acquisition quality, allowing banks to adjust onboarding strategies dynamically.

Beyond prediction, the platform enables action. Institutions can align interventions to specific segments—whether through targeted engagement, adjusted onboarding flows, or risk mitigation strategies—ensuring that each decision is both timely and relevant.

This approach mirrors how leading financial institutions are leveraging modern data platforms: not simply to generate insights, but to embed intelligence directly into operational decision-making. By combining Snowflake’s scalable data infrastructure with Valid’s domain-specific models, banks can accelerate time-to-value, reduce complexity, and improve both efficiency and outcomes.

The result is a shift from:

- Static reporting → dynamic intelligence
- Reactive response → proactive intervention
- Isolated decisions → coordinated lifecycle strategies

## A Unified Data & Decisioning Platform

Valid Intelligence, powered by Snowflake, provides a unified platform to understand, predict, and optimize the value and risk of deposit portfolios.

By activating data directly within Snowflake, financial institutions can move from fragmented, delayed insights to real-time, AI-driven decisioning across the customer lifecycle.

Similar to how leading institutions use modern data platforms to unify data and AI, Valid enables banks to turn raw data into actionable, decision-ready intelligence

## Driving Growth

Banks are leveraging Valid Intelligence to:

- Identify high-value customers earlier in the lifecycle
- Improve account acquisition quality and primacy
- Personalize experiences to increase engagement and lifetime value

Like modern data intelligence platforms, this enables institutions to unlock new revenue opportunities and enhance customer experience through AI-driven insights

## Protecting the Firm

Valid Intelligence enables banks to:

- Detect risk and loss-leading behaviors earlier
- Apply real-time decisioning to prevent loss events
- Reduce unnecessary friction on high-value customers

By combining real-time data with predictive modeling, banks can identify and mitigate risk with greater speed and accuracy, improving both protection and customer outcomes

## Predictive Intelligence at Scale

Valid Intelligence brings predictive modeling directly into decision workflows:

- Predicts attrition across all five behavioral segments
- Forecasts future account value from Day 1
- Identifies risk before loss occurs

By embedding machine learning into real-time data environments, banks can move from reactive analysis to proactive, continuous decisioning

## Driving Efficiency

Delivered through Snowflake, Valid Intelligence:

- Eliminates data silos by leveraging a unified data foundation
- Reduces onboarding time and accelerates time-to-value
- Enables faster, scalable decisioning across millions of accounts

This approach mirrors how leading institutions use modern data platforms to streamline operations, reduce costs, and dramatically improve processing speed and productivity

## From Insight to Action

Unlike traditional analytics platforms, Valid Intelligence enables:

- Real-time interventions (retention, onboarding, risk)
- Dynamic decisioning aligned to customer value
- Continuous optimization across:
  - Acquisition
  - Attrition
  - Primacy

**The result:** A shift from data visibility → Decisive Execution

# The Path Forward

The Valid Intelligence Platform, powered by Snowflake, provides a unified environment where financial institutions can move from fragmented analysis to continuous, real-time decisioning across the customer lifecycle.

At its core, the platform integrates data across transactions, balances, and customer behavior to create a single, dynamic view of each account. This enables institutions to understand not only where customers are today, but where they are likely to move next.

## Shift

Reactive loss prevention → proactive growth + retention

## Enable

- Real-time insights
- Personalized decisioning
- Full lifecycle optimization



Learn more  
[Validadvantage.com](https://validadvantage.com)

This approach mirrors how leading financial institutions are leveraging modern data platforms: not simply to generate insights, but to embed intelligence directly into operational decision-making.

**Donna Cichani - SVP Product**