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**Abstract**

K-means segmentation algorithm can be applied to Customer Segmentation in Banks. If loan over-due amount of bank customers are normally distributed, then K-means can be used. In cases of significant outliers, K-means segmentation algorithm cannot be applied. In our proposed solution, bank loan customers are segmented based on security value and loan

over-due amount. Proposed solution addresses segmentation issues on outliers and provides security value based heuristic approach as a replacement to K-means segmentation.

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## Index Terms

Computer Science

Data Mining

## Key words

Customer Segmentation  
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K-means outliers

