

Banks can cash in on gamification for customers, if it's done carefully

Article

The news: In the race for customers, financial institutions are turning to gamification as a way to bring in new users, keep them engaged, and increase their financial literacy, [per](#)

International Banker.

What are banks doing? Since the pandemic, which accelerated the push to digital in nearly every aspect of life, the use of gamification has taken off. The gamification market is set for a compound annual growth rate of 26.5% through 2027, [according](#) to Mordor Intelligence.

Within the banking sector, consumers are managing more of their financial lives in a digital setting, giving banks an opportunity to use digital games to grab their attention.

- Some banks are introducing game-like environments in their mobile apps and online that promote completing financial tasks, like transferring assets to a savings account or investment portfolio. Each task earns the user a point or bumps them to a new level.
- Other banks are using their digital platforms to show consumers videos or assign them learning-related tasks to promote financial literacy.
- In some cases, banks are creating alternate realities or new digital worlds for their users to compete in nostalgic games like Monopoly.

All of these games and challenges typically award a tangible prize, like cash back in a savings account or tickets to a live event. But the end goal of the bank is to get customers hooked on the game, and take advantage of that engagement to introduce them to other products and services.

What could go wrong? Offering a digital game that encourages healthy financial decisions and promotes financial learning seems like a commendable thing to do. But banks must be careful when implementing gaming features in their offerings.

- In the UK, the Financial Conduct Authority (FCA) warned that trading apps that employ gamification techniques could cause novice investors to take on more risk than they can handle. It also claimed that gamification features could encourage [gambling-like behavior](#) in users.
- Saving and investing app **Chip** conducts [monthly drawings](#) where account holders have a chance to win large prize money based on how much they've saved in their accounts. And while in theory the consumers aren't at risk of losing their own savings, the concept evokes a casino drawing, which might not translate well to the real world.

Keys to implementation: Here are a few things banks can do when considering a game-like offering to create a safe, meaningful experience.

- **Keep it simple:** A digital game should make banking less complicated, as many people already find finances difficult and hard to understand. It should also be easy for consumers to opt into playing the game, but also easy for them to opt out.
- **Don't be overwhelming:** Consumers are constantly bombarded with notifications from their mobile apps. To prevent disengagement, banks should make notifications for their games meaningful, not annoying. They also shouldn't encourage riskier behavior simply to draw a customer back in.
- **Game with purpose:** Banks shouldn't create a gamified experience just for the sake of offering a game. They should ensure it causes users to make meaningful decisions about their financial lives. Financial success is a form of dopamine that will keep users playing.
- **Capitalize on the data:** Consumers caught up in playing a game are willing to hand over more personal information than they might otherwise. Make sure to protect that data and use it properly, such as to improve the customer experience.
- **Nurture a virtual economy:** Create supply and demand within the game. Try running limited-time contests or seasonal events to keep consumers coming back year round.

Types of Benefits Most Valuable to Consumers Worldwide in Exchange for Personal Data, by Generation, Aug 2022

% of respondents

	Gen Z (18-25)	Millennials (26-40)	Gen X (41-55)	Boomers (56-75)
Discounts/Coupons	90%	91%	94%	95%
Loyalty points/rewards	89%	92%	93%	93%
Exclusive/early access	85%	87%	86%	83%
Chance to win a prize	86%	87%	87%	76%
Unlocking content	70%	67%	59%	46%
Community	69%	64%	54%	35%

Source: Cheetah Digital, "2022 Digital Consumer Trends by Age Group," Aug 18, 2022

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