

# Gamification in Fintech

## Transforming Financial Services with Playful Precision

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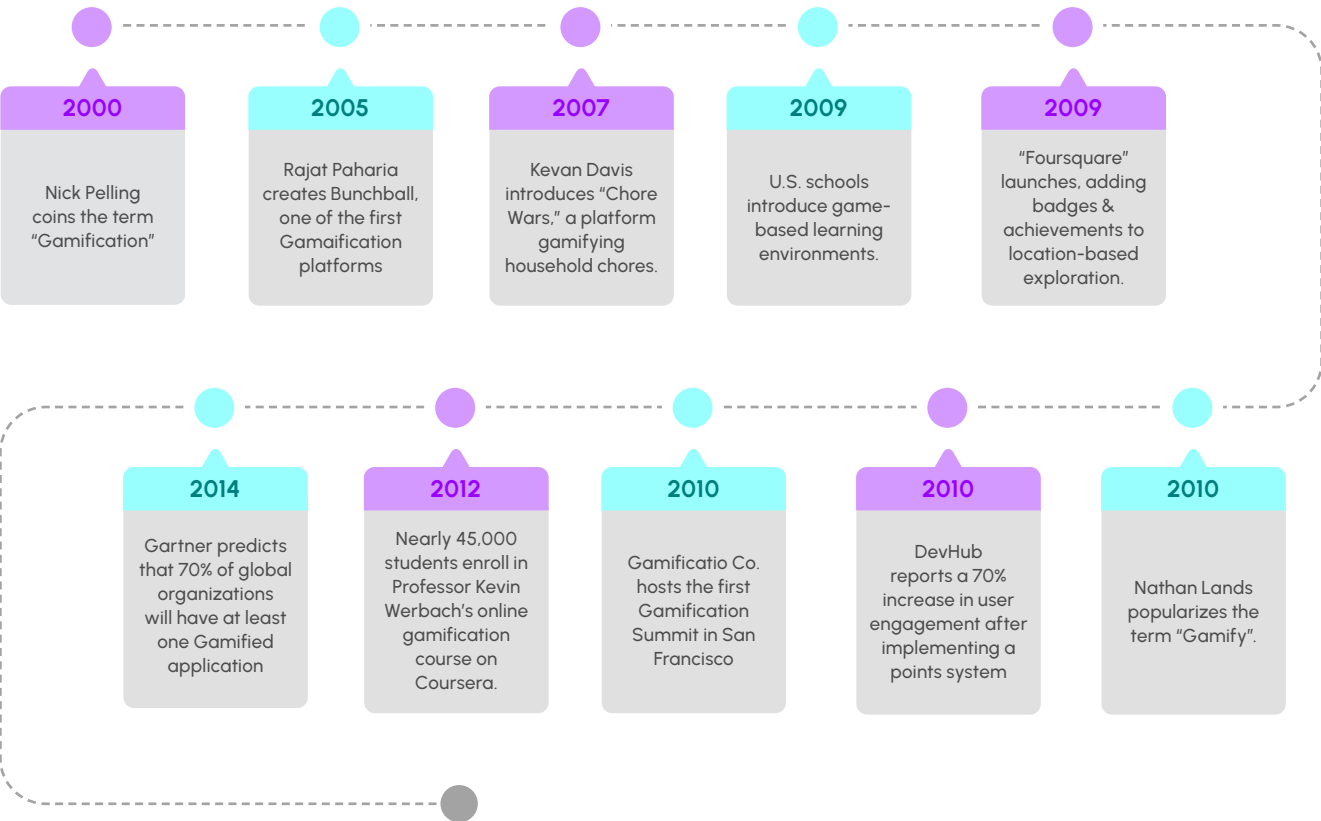




In the fast-paced world of financial technology, the concept of gamification has emerged as a formidable force, revolutionizing the way we engage with financial products and services. Gamification, a fusion of game-like elements into non-game environments, has breathed new life into the finance sector, creating captivating experiences that encourage desired behaviors and enhance customer engagement. In this article, we will embark on a journey through the fascinating evolution of gamification, exploring its historical roots, the psychology behind its effectiveness, and its profound impact on the financial industry.

## A Glimpse Into The Past

Visionaries like Nick Pelling set the stage for a transformative trend in the Early 2000s. From those early days, gamification has rapidly spread its wings, becoming a driving force not only in the financial world but across various industries.



Fast forward to 2018, and gamification showed no signs of slowing down, with its market value surging to a remarkable \$5.5 billion. (Mordor Intelligence, 2019). These milestones underscore gamification's lasting appeal and effectiveness in engaging users across diverse sectors.

# Enhancing Customer Experiences: Art of Game Mechanics

In the ever-evolving realm of customer engagement, a paradigm shifting trend is the incorporation of game mechanics. Research has unequivocally demonstrated that gamification has a remarkable impact on various facets of customer interaction. (Bitrian et al., 2021; Jami Pour et al., 2021). It sparks creativity, kick-starts the learning process (Chen & Liang, 2022) and even shapes behaviors (Bassanelli et al., 2022). But its influence doesn't stop there; gamification also plays a pivotal role in accelerating technology adoption while delivering enjoyable experiences (Lyons, 2023).

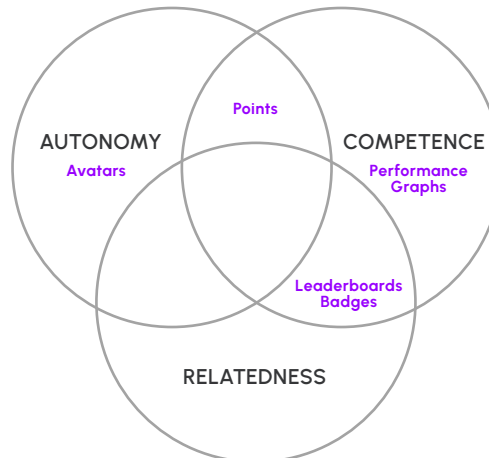
Let's delve into some fundamental gamification elements and understand how they contribute to customer engagement in financial applications.

1. **Points:**  
Serve as quantifiable markers that track progress and stimulate a sense of accomplishment as users earn and accumulate them.
2. **Badges:**  
Earning a badge isn't just about reaching a milestone; it's a statement of competence and dedication. Badges boost self-esteem and fuel motivation as users chase these digital trophies.
3. **Leaderboards:**  
Introduce a spirited competitive edge that can be a powerful motivator, encouraging users to stay active and engaged with the application.
4. **Avatars:**  
Users can create virtual identities that mirror their personalities, express their life circumstances, personal and social identity. Customizable avatars provide a sense of autonomy and individuality, making the user experience more relatable and engaging.
5. **Performance Graphs:**  
Offer users a visual representation of a user's application journey. Users are motivated by tracking their advancement and witnessing their improvement.

But it's not just about adding points, badges, and other gamification features to the mix—it's about understanding how each of these features contribute to the user experience. People are naturally drawn to gamified experiences that make them feel competent, independent, and connected to a community. This can be best understood through Ryan and Deci's (2000) Self-Determination Theory (SDT) which highlights three basic psychological needs that motivate people for any behavior:

1. **Autonomy** refers to the sense of control and choice individuals have over their actions and decisions.
2. **Competence** represents the feeling of mastery and capability in performing tasks.
3. **Relatedness** pertains to the sense of connection, belonging, and social interaction with others.

But how does this relate to gamification? This diagram might help in giving clarity.



Gamification isn't just about flashy game elements. Its real magic lies in its ability to transcend the boundaries of the specific gamification features and crafting applications that cater to the basic human needs, ensuring user engagement and motivation.

# Embracing New Frontiers of Gamification

In the dynamic digital landscape of today, the finance industry is in dire need of a gamification makeover. The old-school method of points, badges, and leaderboards simply won't cut it anymore. We must delve into the fascinating realm of human behavior, drawing inspiration from behavioral science theories like the Flow Theory, Goal-Gradient Hypothesis, Operant Conditioning, Social Comparison Theory, Goal-Setting Theory, and many more. These theories serve as the springboard to revolutionize gamification in the world of finance.

Picture this: a new era of gamification that takes finance to a whole new level. Imagine interactive experiences like financial simulations with play money, challenges that boost your financial wellness, collectible investment portfolios, dynamic dashboards, and so much more. It's not just a makeover; it's a financial transformation of epic proportions. By embracing these innovative concepts, we're turning finance into a captivating adventure that users can enjoy.

Gamification can also be highly effective in the simplification of complex financial concepts transforming them into easily understandable information. Users can actively immerse themselves in finance, building their financial self-efficacy. Modern gamification can foster responsible money management. Users can set goals and earn rewards for savings or sustainable choices, aligning their financial aspirations with personal values. Furthermore, referral rewards and product-based quests can effectively transform users into enthusiastic advocates who are eager to share their experiences and financial wisdom with others. This organic form of advocacy serves as a powerful marketing tool, as satisfied users become brand ambassadors, expanding the reach and credibility of the applications. These elements not only improve user experience but also make finance more captivating.

Besides, financial applications need effective customer support, which can be gamified. Case in

point, the Amsterdam based Kaizo application that includes support agent dashboards to track support performance, set goals, and a store where support agents can exchange accumulated points for rewards boosting staff motivation and skills.

Let's examine a few real-world cases.

## Banking

**Emirates NBD:** Dubai's Emirates NBD Bank integrates health and banking, linking fitness and savings accounts. Users can earn interest by taking more steps, such as 12,000 steps a day, to gain about 2% interest.

**Coastal World:** This initiative from the Coastal Community Bank, Washington, gamifies financial tools and online banking through a simulated game, where users are made to navigate through a map and earn coastal points at each level to unlock new levels of finance related information.

## Insurance

**iAMFAM:** American Family Insurance collaborates on the 'iAMFAM' game, enabling users to create digital avatars, purchase virtual houses, plan careers and use these simulated settings to select suitable insurance plans.

**Cigna Health Matters:** It is an American digital health coaching program with a gamified health assessment in the form of levels and game realm, along with incentivized investment plans.

## Lending

**Barclays US:** Introduced the Barclaycard Ring MasterCard, a social credit card designed and built through community crowdsourcing that employed gamification techniques like idea sharing forums and common incentives, in card-related activities.

**CRED:** This Indian application transforms responsible credit card usage into an engaging experience by offering incentives like CRED coins through timely bill payments, lotteries, and challenges.



## Investing

**eToro:** Headquartered in Central Israel, it is worldwide trading and investment platform that enables users to trade everything from stocks to cryptocurrencies. The Copy Trader feature enables users to 'spectate' or 'copy' an investor and learn as similar to a game.

**Robinhood:** This California based trading and investing application is known for its user-friendly and gamified design. Aside from the controversy, this application includes features like lottery incentive of scratch card for new users to win shares, visual rewards like confetti screen on trade and free stocks on referrals.

## Other financial applications

**Monefy:** It is an Indian expense tracking application that encourages responsible financial management by offering incentives, gamified options such as mini games and spin the wheel, along with personalized suggestions after expense analysis.

**BharatPe:** This application strategically taps into India's passion for cricket with the 'Run's Banao Rewards Pao Program,' allowing users to 'earn' runs on every payment and earn rewards like coupons, sports equipment, meeting cricketers and so on.

**AML App:** Based in Norway, this application gamifies anti-money laundering certification where users are made to play a game as a detective. Users navigate through real-world like scenarios and choose options that lead them to different levels.

**Fortune City:** It is a simulation game developed in China, where users construct and manage a virtual town by recording expenses or income. For example, logging in clothes expense will lead to a cloth store. Users can also hire 'citizens' to work on something and generate coins.

It is also crucial to understand the ethical nuances of using game elements in financial applications. There are two sides to this: **positive and negative**. Positive gamification, also referred to as White Hat Gamification (Chou, 2019) taps into the fun side of games, to motivate users in a friendly way. It encourages them to learn and achieve their goals through rewards or challenges all within a supportive environment. On the flip side, negative gamification or Black Hat Gamification (Chou, 2019) makes use of drawbacks or punishments to illicit a certain type of user behavior. In the long run, this approach can create a hostile or demotivating user experience, potentially leading to adverse associations with the product or service. (Al-Msallam et al., 2023).

For example, consider an application that replicates the investment process with token money. Positive gamification involves rewarding users when they make well-informed investment decisions. Conversely, negative gamification entails employing fear-inducing tactics, such as emphasizing losses resulting from inaction or imposing additional charges for not actively using the application. This can lead to anxiety and a perceived loss of control (Gupta, 2023). In the realm of financial applications, the choice between these approaches requires careful consideration for responsible and effective user engagement (Carlson Lab, 2023).



## Gamification in Financial Services: A Promising New Horizon

As we ride the wave of ever-evolving technology, the future of gamification in the finance sector looks incredibly promising. Gamification isn't just a passing trend; it's here to stay as a transformative force in the world of finance. In the Indian context, it's not merely a trend; it's a transformative journey that caters to the unique needs and aspirations of a diverse population. As we look ahead, it's clear that gamification isn't just a concept anymore; it's a driving force. It's reshaping the financial landscape, promoting financial literacy, and engaging users in ways we couldn't have imagined. But remember, in the realm of gamification, ethical choices reign supreme for enduring user engagement (Kim & Werbach, 2016). It's essential

to tread carefully in a sector where data privacy concerns and regulatory compliance are paramount. Striking the perfect balance between engagement and ethical gamification practices is an ongoing and crucial endeavor.

By adopting White Hat gamification tactics over Black Hat, we ensure that user experiences stay positive and long-lasting. We're committed to ethical practices, and we encourage developers to join us on this path toward sustainable engagement. So, get ready to wholeheartedly embrace the gamified revolution because in the realm of financial services, the adventure is just kicking off.



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