

A Study on Gamification Techniques Adopted by Financial Institutions

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Abstract

Gamification is the application of game elements to the non game contexts. Present world is the world of competition. Only those who can attract the customer can capture the market and survive. But it is hard to engage, motivate and inspire customers. Gamification techniques are applied by the organizations to digitally engage and motivate the customers and to create brand loyalty. Financial institutions are also exposed to a high level of competition in the present scenario. They struggle to bring out new varieties of products as the limited nature of their offering compared to the other industries. As a remedial measure, financial institutions are turning into Gamification techniques. The main purpose of this study is to explore different Gamification techniques adopted by financial institutions and to understand how technology helps in creating financial awareness and customer empowerment. Gamification techniques are intended to leverage people's natural desire for socializing, learning, mastery, competition, achievement, status, self expression, or simply their responses to the framing of a situation as a game or play. The Gamification strategies use rewards for players who accomplish desired task or competition to engage players. Types of rewards include: points, achievement badges or levels, the filing of progress bar, leadership boards, or providing the user with a virtual currency. Another approach of Gamification is to make the existing tasks feel more like games. In case of investing the asset managers have shifted their path through Gamification to approach millennial since they are very closer to the technology. Gamification can create stickiness among millennial, whose financial behaviors are affected by the memories of financial crisis. Better education can also improve investment decision, and financial education can be effectively imparted through Gamification. Even though investing real money is not at all a game, Gamification can release stress and impart fun into it, which in turn helps to retain the customers.

Keywords: Gamification; Engagement.

Introduction

Gamification is the application of game elements to the non game contexts. The characteristic of game element is that it always entertain the players, they become more and more interested when they complete each levels or they play it repeatedly to overcome the failures. When these characteristics are applied to non game contexts such as business or learning, it helps to motivate the customers,

employees or learners. Gamification elements please them, entertains them and they are more engaged to the context. Gamification techniques are intended to leverage people's natural desire for socializing, learning, mastery, competition, achievement, status, self expression, or simply their responses to the framing of a situation as a game or play. All these techniques helps to avoid boredom or monotony in performing the work or learning process. Gamification makes our day to day activities more interesting as a game. It makes humans more productive in any field. So they are widely used in areas like finance, health care, learning, teaching etc.

In fact any activity can be gamified by creative thinking. Financial institutions also use gamification techniques. As the competition increased in the financial sector, banks shifted their focus to creating financial responsibility and promoting proper use

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of financial sector. They have replaced the rigid structure by encouragement and motivation. In this section, we explore gamification trends in financial industries and examine their current application. They use gamification techniques for product development, marketing, customer service and support. Presently financial institutions around the world use gamification techniques such as points and badges and leaderboards to encourage engagement and to increase financial awareness. General attitude of people is that 'we don't save enough and many don't save at all'. Gamification can do great things in creating financial literacy which in turn leads to financial discipline. Commonwealth has applied video games and gamified tools to modify financial concepts and behaviors. Video games are more effective even in financial education than traditional workshops since they are cost effective method which can engage a large scale audience. The important elements of Gamification are: Quests, leaderboard, reward, badges, feedback, avatars etc.

Relevance of Study

From gyms and fitness centers to addictive mobile apps – every moment of our lives is now tracked. We are updated on the exercise habits and diet plans and this makes us connected to the ecosystem which has adapted to our interests and knows how

to keep us engaged. And that's what has been buzzing as the trendiest concept – gamification. A similar trend has been making inroads into the financial services industry. Here the incumbent players, as well as the next-gen fin-tech firms, are looking forward to adopting gamification in their business lines.

Objectives of Study

- ❖ To analyze the different Gamification techniques adopted by financial institutions in present scenario.
- ❖ To understand how technology helps in creating customer engagement.

Research Method

Annual reports of different financial institutions have been analyzed to understand different gamification techniques adopted by them. Also visited their web sites to understand the changes they have made in their financial offerings. Books and articles on gamification were studied to understand its application and impact.

Data Collection

The following table shows different gamification techniques adopted by financial institutions:

Gamification techniques	Meaning	Example
Virtual currency	Customers can acquire virtual currency which can be used for exchange or purchasing other commodities from their website	Payment companies like Mobikwik, paytm uses virtual currency like super cash, paytm cash etc. extensively used for cash back.
Feedback	Providing meaningful feedback can improve performance. Feedback is anything that gives a user some understanding of progress and achievement. This can be something as simple as a message that says "you have completed the survey. They are all just there to keep the user informed. Games provides feedback really well. They reward with points, unlock controlled areas, provide powerups and more- all to help the player feel that they have achieved something. Although it isn't the feedback that keeps them playing, it does help them to give some level of context to their progress and	
Reward points	Rewards or Loyalty points are used by financial institutions to encourage certain tasks like online transactions, user engagement etc. reward points can be exchanged by the customers for some monetary benefits or gifts.	Purchase with HDFC credit card gives the reward points to the customers.
Augmented reality	Augmented Reality is a game element which is used in the popular game 'Pokémon'. It helps their customers to identify and locate the financial institutions, their ATMs, restaurants which have tie up with financial institutions, by just opening their application in the smart phone.	Axis Bank using Augmented reality (used in Pokémon) technology in their mobile banking app to find nearby ATMs, Bank, Partner restaurants.

Score or Ranking	Credit worthiness of customers are ranked by agencies like CRISIL .so that financial institutions can ensure more safety in lending process. It also helps the customer to identify their position in the rank list and it may stimulate them to improve their position.	CIBIL/ Banks using credit score to measure improve credit worthiness and improve customer behavior.
Business Simulation	A manager in a financial institution is responsible for multiple decisions in pricing, human resource planning, management, dealer pay outs, and many other business variables. While new and young managers are good at operational decision making, however they struggle to work with real and big picture. So they are provided with different artificially created situations or problems to be analyzed and solved. This helps the managers to improve their decision making skill and problem solving capacity.	Mahindra finance uses gamified tool 'Phantom' to train young managers on strategic decision making.
Leader Boards	Leader board provides leadership position to the customers who frequently engage with the financial institutions or who make more spending with the credit card. And the top position holders will be provided with some benefits.	Leader boards are used by ICICI bank and money control.com
Progress bar	Financial institutions use progress bars to show the position of their customers while transacting with them. It helps customers to identify their present position and how to achieve their goals. Progress bar assist the customers in filling up of forms, setting up their goals and selecting investment avenues which helps them to achieve these goals.	Progress bar is used by ICICI bank ('iwish'-setting up the goals and selecting investment pattern to achieve these goals) , HDFC life, Kotak bank.
Crowd Sourcing	Crowd sourcing is a technique used by financial institutions to gather innovative ideas. They arrange a competition for solving a problem or getting new ideas. One who gives the best solution or idea will be given the prize.	Axis Bank using 'hackathon' competition for problem solving/ product development

Literature Review

The key factors that led to Gamification can be said as: Technological innovation, increased use of smart phones and world wide connectivity. The Gamification strategies use rewards for players who accomplish desired task or competition to engage players. Types of rewards include: points, achievement badges or levels, the filing of progress bar, leadership boards, or providing the user with a virtual currency. Another approach of Gamification is to make the existing tasks feel more like games.

According to Gartner, Gamification is the use of game mechanics and experience design to digitally engage and motivate people to achieve their goals. It is all about client centricity. It is about appealing the said and unsaid desires if people. It implies the process of appealing to natural human impulses such as need and desire for simplicity, ease, fun, entertainment, social interaction, engagement, reward and competition to achieve favorable outcomes for both institutions and customers.

According to 'Puneet Chhahira', Finacle, Infosys.

Gamification - the application of gaming principles and mechanics to non-gaming environments is not entirely new to the banking

industry. Reward points on credit card usage, for example, are an established practice. But in the digital banking era, where the focus is shifting from enabling transactions to creating personalized experiences, Gamification has to evolve into a more strategic and enterprise-centric practice.

Although our annual retail banking study conducted jointly with EFMA (European Financial Management Association) shows a progressive increase in the adoption of Gamification in the industry, most efforts are nascent, and yet to build sufficient scale. Even so, the innovations deployed thus far serve as an indication of the range and versatility of gamification. Some banks have successfully used gaming mechanics to transition customers to low cost digital channels and bring down processing costs. Rabobank is one such, having used gamification to get customers to complete documentation related to mortgage applications online to the extent possible. Gamification is also enabling banks to attract younger customers and even open up hitherto untapped markets by leveraging game thinking to educate these segments about the basics of money management. Many banks are also using the goals and rewards principle of gamification

to help customers define and accomplish their financial goals. For instance, in India, ICICI Bank has leveraged gamification over the past few years to offer a gamified, socialized deposit product, which allows customers to work towards a set savings goal. At State Bank of India's fully automated digital branches, there are gamification tables to help customers with investment planning. Further, gamification is helping banks revitalize their employee training programmes by using gaming principles to streamline training in critical areas like compliance and security. In a nutshell, the application of gaming principles presents a latent opportunity for banks to engage customers and employees better, and accelerate adoption of desirable behaviours.

According to 'Pilcher, Jeffry' and 'Wheeler, Karen'

The scope of adopting gamification doesn't restrict itself to just offering better user engagement through gaming psychology but also presents opportunities for better product developments, proactive marketing strategies, and much more. The inception of the digital revolution has produced transformational impacts on the financial services industry and has changed perceptions to a great extent. For instance, banking which was perceived as a boring phenomenon is now a thing to do and not somewhere you go to. The gamification wave has given birth to many innovative products, enabling firms to engage more with the users. Some industry-specific instances include:

1. Common wealth Bank of Australia has launched Investorville, which enables users to get insights from simulations of their buying behavior for real-estate properties.
2. Aviva Italy came up with a mobile app which tracks the driving behavior of the users and notifies them every 300kms through a rating of 1-10 while also providing tips on fuel efficiency.
3. Barclays launched a social credit card and a community "Barclaycard Ring" where members receive incentives on sharing suggestions and ideas for credit card features.
4. Lloyd's TSB has a game "Innovation Market" for employees to participate in the crowd-sourcing platform. The best ideas are vetted and put into implementation.
5. Canada-based Sun-Life Financial launched "Money UP" to educate consumers on retirement and investment decisions. The game format requires players to pass levels by demonstrating their financial knowledge.

Impact

The impact of gamified application can be understood from a study conducted by Carlos J. Costa, Luís Filipe Rodrigues and Abílio Oliveira from university of Lisboa, Portugal. The aim of their study was to investigate the acceptance of a business application Gamified in e-banking based on the Technology Acceptance Model (TAM). The results from an online survey of 183 customers show that the Gamified application had a positive impact on the acceptance of this new concept in e-banking. Results show that customers that use the application Gamified perceived that the ease-of-use has a large positive influence on the intention to use the application and highlights the importance that the perceived ease-of-use as on perceived usefulness. The perceived ease-of-use has a positive influence in the perception of enjoyment, showing that the easier is the use the more the application is enjoyable. In response to the questions "What is the customer's acceptance in using new business applications with game characteristics?" and "What are the benefits for the e-banking business?" the results of hypotheses test show that the game had a positive impact on customers and that show future intention this type of applications Gamified in e-banking. The study of the business impact through this new application with game characteristics the results show a positive impact on the business in terms of customers participation and the business values. Overall the new application Gamified, results on innovation, differentiation of selling products from other e-banking websites, more business with a complex financial product. The customer's perceptions results in a less effort to use the new software application, perception of usefulness and enjoyments when they have used the new mutual funds application. In this sense Banks should be encouraged to develop business applications with game features in their websites, not only to increase the loyalty of customers, but also to engage the customer to buy complex products in a different and simple way, since games are easy to use and pleasing - The influence to engage with existing and potential customer has been proven in this study.

Conclusion

The financial services sector projects a promising market for in gamification the coming years with many innovations already happening such as Roboadvisory, Blockchain, and RegTech, among

others. Many innovative techniques are being applied in banking sector with the objective of engaging, motivating and inspiring customers. These techniques help the customers to release stress from financial matters and to make financing easier and more convenient. It creates a feeling of personalizing their finance and managing it in a simple way. Thus, Gamification techniques adopted by financial institutions helps them to attain a continuous and effective customer engagement and to build brand loyalty.

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