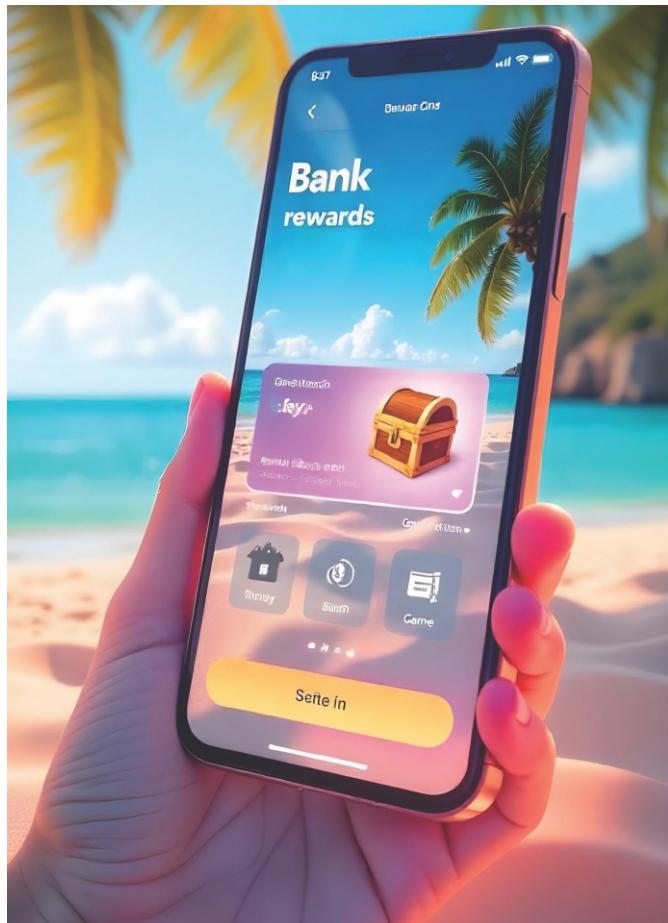


# Points, Prizes, And Games: Positive Influence On User Financial Behaviour



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## Problem of practice

The world of fintech has spawned many startups striving to address challenges related to accessibility and adoption of financial products across various segments. One approach that is gaining traction among many fintech apps is gamification. [Research](#) by Simon J. Blanchard and Mike Palazzo demonstrates that withdrawing gamification features (like rewards, prizes and points-based raffles) reduced user engagement.<sup>1</sup> This implies that a segment of customers relied on rewards to sustain positive financial behaviour, thereby casting doubt on the long-term sustainability of gamification. This article suggests how CMOs and product managers can tailor gamification for specific customer segments to drive loyalty by enhancing intrinsic motivation. We also explore how gamification can be leveraged to advance financial inclusion for those at the base of the pyramid.

<sup>1</sup> The article 'Game Over? Assessing the Impact of Gamification Discontinuation on Mobile Banking Behaviors' by Simon J. Blanchard and Mike Palazzolo, featured in Volume 44, Issue 3 of *Marketing Science*, talks about how discontinuing gamification in a banking app led to a significant decline in previously incentivized customer behaviors, particularly among newer users, emphasizing the importance of sustained gamified engagement

## Gamification power & potential

Typically, **gamification** involves using game design elements such as points, rewards, badges, leaderboards, challenges, and progress tracking to engage and motivate people to achieve specific goals or outcomes.<sup>2</sup> Gamification also promotes repeat behaviours by making activities simple, more enjoyable and interactive.

Applying game-like elements to non-game contexts has become a popular strategy for enhancing customer experience and user engagement across diverse sectors, including education, finance, tourism and non-profits. Organisations are increasingly implementing gamification to drive key outcomes such as higher activation rates and improved profitability, while aiming to enhance brand loyalty. Supporting this trend, the global gamification market is projected to grow significantly with market size (measured based on total revenue generated by products and services that integrate gamification, across industries) expected to **expand** from USD 15.43 billion in 2024 to USD 48.72 billion by 2029, with a projected Compound Annual Growth Rate (CAGR) of 25.85% over the forecast period.<sup>3</sup>

Using a natural experiment<sup>a</sup> involving the temporary suspension of a gamified reward module by Latin America's leading private chartered bank, Banco Capital, researchers Simon and Mike investigated the effects of discontinuing gamification (for 51 days) on three critical user behaviours: app logins, bill payments, and timely loan repayments. The gamification in their study

involved integrating game design elements into a mobile banking app. Users earned spins on a prize wheel by completing specific actions, with rewards including cash prizes, points, and raffle entries. This system provided immediate incentives, such as small cash rewards, and long-term rewards through periodic raffles, motivating sustained engagement. The study revealed notable declines in these activities—20% (app

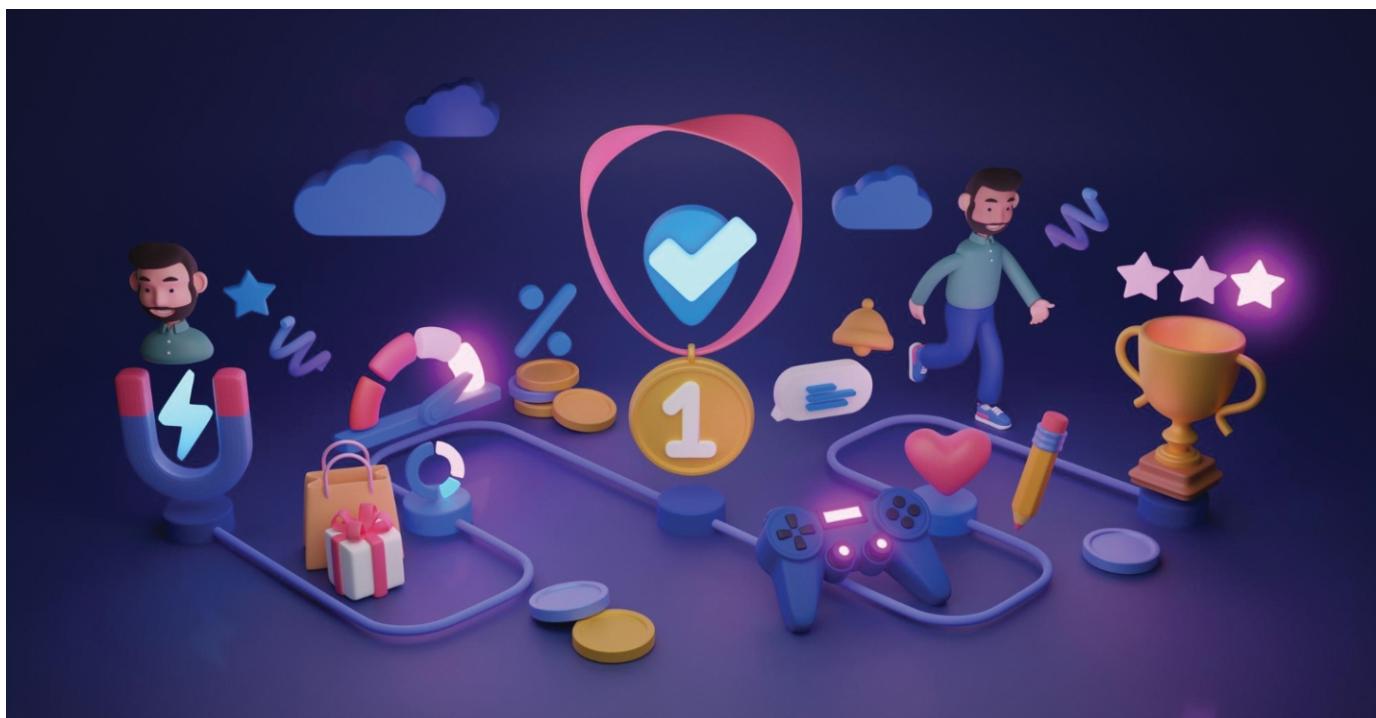
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logins), 18% (bill payments), and 31% (loan repayments)—highlighting the reliance of user engagement on gamification-driven incentives. The impact of discontinuation of gamification was higher for newer users than for experienced users.

The research by Simon and Mike suggests that CMOs need to tailor strategies for different customer segments to optimise impact. In their study, new users experienced a more pronounced decline in engagement and financial behaviours (particularly app logins and loan repayment) when gamification was withdrawn. It indicates that extrinsic rewards may not be able to lead to intrinsic motivation, which drives habit formation.





Moreover, implementing gamification strategies can be costly, with expenses exceeding \$250,000 (in developed markets) and ranging from \$12,000 to \$50,000 in emerging markets. These costs include direct expenses for technology development, rewards, compliance, and indirect **costs** for hiring data scientists, gamification experts, skilled personnel, marketing campaigns, and ongoing system maintenance.<sup>4</sup>

These overheads raise critical questions about gamification's cost-effectiveness and long-term viability as a strategic tool for CMOs and Executive Vice Presidents of product development tasked with activation, customer retention, and digital transformation. Maintaining user interest after the novelty of gamification wears off can be difficult, particularly if users rely heavily on extrinsic rewards. This naturally leads us to an important question: **Can the behavioural changes driven by gamification persist without continuous reinforcement, or are they dependent on ongoing rewards?** The imperative to drive intrinsic motivation cannot be ignored.

## Gamification & intrinsic motivation?

Research on motivation suggests that complex, boring or daunting tasks typically require external rewards to motivate adoption. Intrinsic motivation, on the other hand, refers to the individual's drive to engage in an activity/behaviour out of genuine interest or for inherent enjoyment and personal satisfaction. While gamification strategies primarily leverage extrinsic motivation, they can also drive intrinsic motivation, depending on their design. **Rewards** attract users and create habits in the short term, but **intrinsic motivation** ensures those habits persist even when rewards diminish. Thus, institutions must balance short-term rewards with tools that foster intrinsic motivation, making the experience rewarding and meaningful. Key

tools include progress tracking and goal setting, personalised dashboards, and skill-building exercises, to name a few.<sup>5</sup>

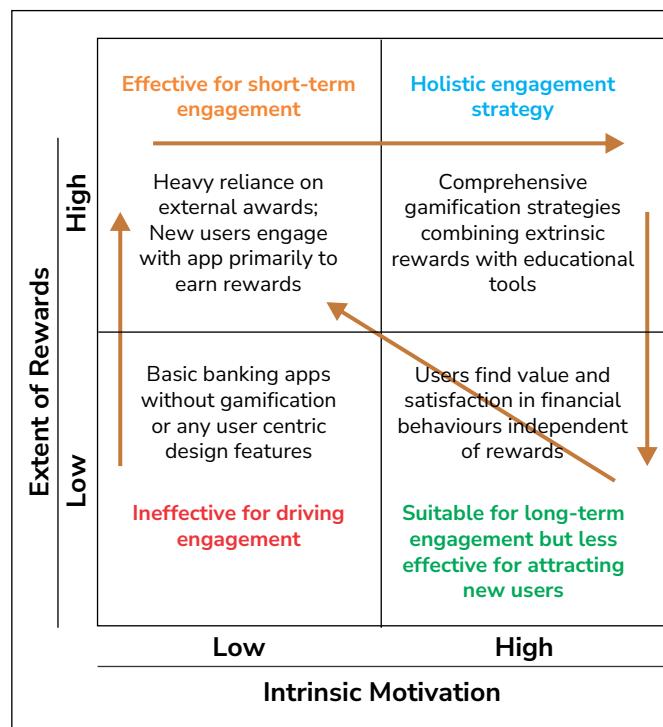
## Gamification strategies

A useful guide (framework) to developing gamification strategies focused towards driving positive behaviour can emerge from the interplay between rewards and intrinsic motivation. The framework is based on two aspects - the **Extent of Rewards (Rewards)** and the **Extent of Intrinsic Motivation (Motivation)**. See Figure 1.

When the **Motivation and Rewards are low**, customer engagement is minimal and often leads to high churn rates. For example, customers may avoid participation due to the expected cognitive load of understanding a complex product such as equity. In such scenarios, gamification should focus on training and learning modules that simplify the product, build understanding, and gradually enhance intrinsic motivation.

When **Motivation is low and Rewards are high**, users are driven primarily by rewards like cash prizes or points. Gamification in such a context is effective for onboarding new customers, and the nature of the game should be focused on driving specific outcomes, making it ideal for transactional activities such as app downloads or bill payments.

**Figure 1: Types of Engagement Strategies**



Source: Developed by authors

The **high Motivation and low Rewards quadrants are the ones** in which consumers have such high intrinsic motivation that external rewards provide only incremental value. The role of gamification in this quadrant is to sustain engagement and deepen the connection with the product.

Finally, the **high Motivation, high Rewards** quadrant will have users who benefit from both immediate rewards and the satisfaction of achieving intrinsic goals, such as mastering financial skills or tracking progress. Gamification strategies in this quadrant should effectively support both the onboarding and long-term retention, fostering a well-rounded user engagement strategy.

The advantage of this framework is that it allows targeting the same consumer with multiple gaming strategies for different product categories. For example, a consumer may be highly intrinsically motivated to engage with a loan product but may have minimal intrinsic motivation for investments or insurance. This consumer should thus be targeted with appropriate rewards to drive attitude and behaviour in investments/insurance, unlike the minimal need for rewards when it comes to loans.

This also explains the progression from the bottom-right to the top-left quadrant (when offering a new product), ultimately creating a self-sustaining reinforcing loop, which is the ideal way businesses

should function. Also, there is no perfect quadrant that we are advocating for. The key takeaway is to position your customers in this 2x2 matrix, with respect to your offerings. When organisations are segmenting their customers, they can place them in these quadrants and define strategies accordingly.

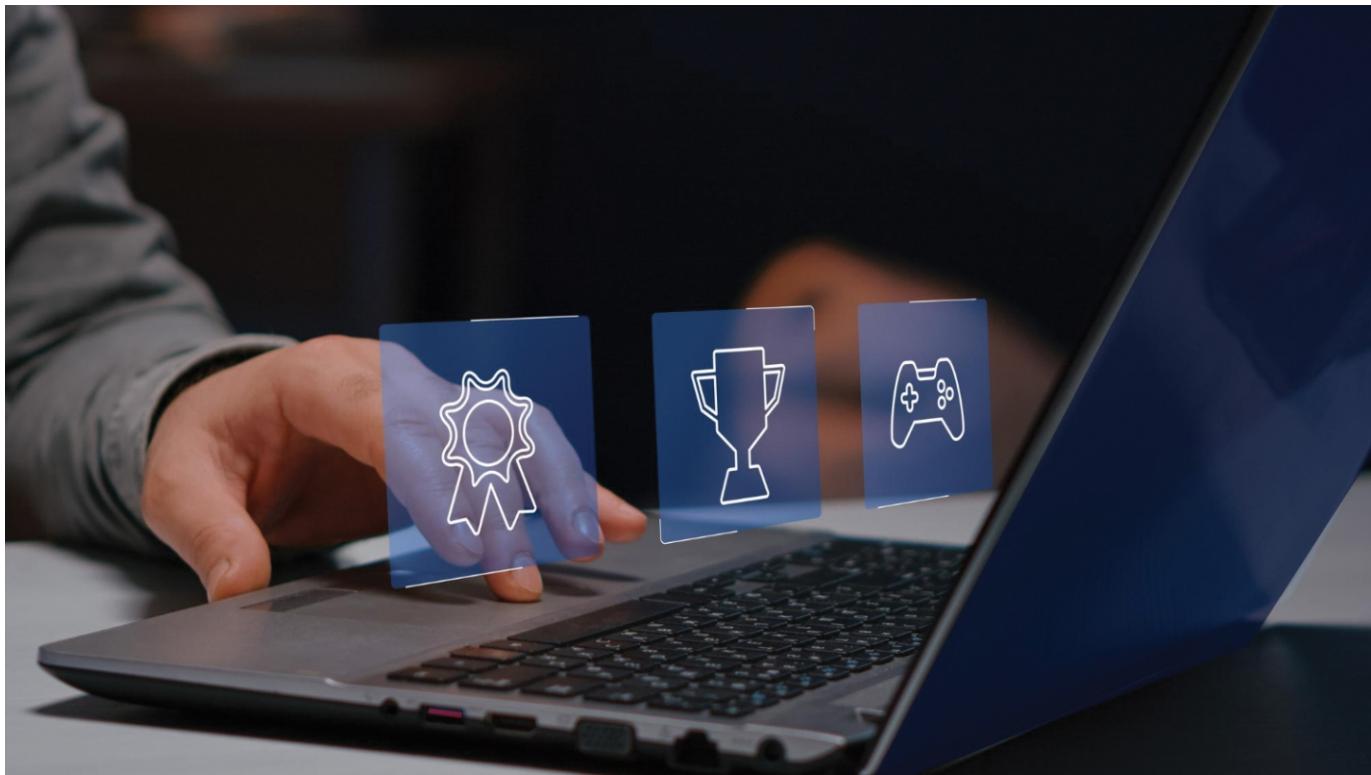
The dual barrier of limited general literacy and low financial literacy is one of the major limiting factors preventing widespread adoption and usage of financial services among the BoP segment

## Shaping financial habits

International companies like Qapital, MoneyBox, and eToro, to name a few, use gamification to foster **positive financial behaviours**.<sup>6</sup> Features like customisable savings goals, interactive saving tools, and virtual stock trading combine fun with financial literacy, encouraging saving, investing, and responsible money management through engaging and practical user experiences.

In India, companies like Bajaj Finserv, Paytm, Google Pay India, CRED, HDFC Bank, ICICI Bank, and State Bank of India, are leveraging gamification to drive customer engagement and influence financial behaviours. Bajaj Finserv, a financial services company, effectively integrates gamification by blending rewards, progress





tracking, contests and educational tools. For instance, customers who use the Bajaj Finserv EMI Network Card for purchases are [incentivised](#) with offers, discounts, and gamified challenges for usage.<sup>7</sup> It also partners with e-commerce and retail partners to integrate gamified offers. Google Pay offers its customers a [scratch card](#) after each transaction, offering varying values.<sup>8</sup> This element of surprise keeps users engaged, unlike the fixed cashback rules provided by competitors. Paytm also offers a gaming platform, [FirstGames](#), which enables users to win Paytm cash, movie tickets and physical goods.<sup>9</sup> Likewise, HDFC Bank's PayZapp delivers a gamified mobile payment experience by offering rewards and cashback tailored to users' payment habits. Users receive [cashback](#) and points for activities such as bill payments, recharges, and online shopping, and a leaderboard highlights top users based on transaction count or points, fostering healthy competition.<sup>10</sup> ICICI Bank employs gamification as an icebreaker, using its iMobile app to promote smart saving and investing through interactive features. Similarly, ICICI Securities' [Virtual Stocks game](#) on Facebook allows users to trade with virtual money, providing a secure platform to learn stock market strategies.<sup>11</sup> State Bank of India's fully automated digital branches feature [gamification tables](#) designed to assist customers with investment planning.<sup>12</sup>

Fintech companies such as Bajaj Finserv, Google Pay, Paytm, and CRED incentivise timely credit card

payments with coins that are redeemable for rewards and engage users through features like "[Spin-the-Wheel](#)" and other games.<sup>13</sup> While CRED exemplifies a fully gamified platform, its success is debatable in light of certain governance and management issues. In contrast, Zerodha, a leading financial services company, takes a different approach with its trading app, Kite, by deliberately avoiding gamification. Instead, it prioritises a transparent and straightforward user experience, focusing on essential tools while steering clear of gimmicks, spam, and intrusive notifications. Although gamification has proven an effective strategy for boosting user engagement and encouraging responsible financial behaviours, '[Zerodha](#)'s approach underscores an alternative method that values simplicity and clarity over interactive features.<sup>14</sup> These contrasting strategies illustrate the diverse ways companies address customer engagement in the financial sector.

Overall, the insights from research by Simon and Mike may be less applicable for organisations where gamification is used primarily for branding or entertainment purposes, rather than to incentivise specific behaviours. The research context is limited to high-transaction services such as loan repayments or bill payments, and may not apply to long-term products such as investments.

Finally, assuming that gamification will work equally well for the base-of-pyramid (BoP) segment as it does

for top-of-the-pyramid users may be too optimistic. The dual barrier of limited general literacy and low financial literacy is one of the major limiting factors preventing widespread adoption and usage of financial services among the BoP segment. The individuals in the BoP typically lack understanding of basic concepts like savings, budgeting, credit, and interest, leading to poor financial decision-making. This lack of knowledge fosters mistrust or fear of formal financial institutions and keeps them reliant on informal and exploitative systems.

In the social sector context, we have examples of organisations using gamification to build financial literacy among the BoP, by making learning about money management, budgeting and financial planning less intimidating and more engaging, interactive and accessible. Organisations like Maharashtra Arthik Vikas Mahamandal (MAVIM) and Jeevika - rural livelihoods promotion programme in the states of Maharashtra and Bihar, respectively, are recognised for incorporating gamification elements to enhance engagement and learning among their rural self-help group women beneficiaries.<sup>15</sup> Small, gamified tasks can encourage users to learn basic financial concepts like interest rates or insurance. Step-by-step lessons with rewards for milestones help build confidence in using digital financial systems, with the overarching objective of helping BoP users gain practical knowledge and skills to make informed financial decisions. Eventually, gamification can also enable access to credit by generating alternative data for credit assessments. This

is particularly relevant to CMOs in banking, financial services and insurance in emerging markets where financial inclusion remains limited. These markets are in the early stages of driving participation and fostering positive behaviour among vulnerable investors. The true measure of success will lie in the ability of organisations to design inclusive, accessible, and meaningful experiences that drive financial behaviours and empower the BoP segment to achieve long-term economic stability.

## Way forward

Organisations can drive sustainable engagement by integrating gamification through a nuanced and purpose-driven strategy that balances short-term rewards with tools that cultivate enduring habits. By embedding elements like goal-setting, progress tracking, behavioural nudges and positive reinforcement into the user journey, companies can not only significantly enhance user engagement but also guide them towards responsible financial behaviours.

### Glossary of Terms

<sup>a</sup> Natural experiments are studies where researchers use real-world events or situations, like a new policy or a disaster, that affect some people but not others by circumstance. This allows them to investigate the impact of the event/change. Natural experiments are often used to study situations in which controlled experimentation is not possible.

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