

Customer Empowerment through Gamification

Case Study: Absa's Shesha Games

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Antonique Koning



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Using digital channels to deliver financial services has the potential to provide new options for people to manage their money in ways most appropriate, safe, and convenient for them. It can give customers greater control over their financial lives by increasing access to information (anytime, anywhere) and giving them the ability to transact remotely (and outside of branch hours). But managing money in unfamiliar ways does not happen overnight. Customer empowerment—a process that builds trust and confidence through an interactive relationship between providers and customers—is critical to increase uptake and use of digital financial services (Koning and Cohen 2015). Empowered customers are more likely to make informed choices, to use services that they value, and to have greater control over their financial lives. In the long run financial service providers that empower their customers stand to benefit as well.

Absa’s Challenge: Increase Customers’ Use of Digital Channels and Reduce Branch Traffic

Absa,¹ a large retail bank in South Africa, is heavily investing in digital channels for the mass market segment as it aims to become the “go-to” bank and help customers achieve their ambitions. Helping customers transition to “smart banking” with cheaper and more convenient banking channels is a core part of Absa’s strategy. Absa services its customers through 802 branches, 9,588 automated teller machines (ATMs), and mobile and internet banking solutions.² The bank also developed initiatives such as the PEPplus simple bank account, which is offered in partnership with the low-income retailer PEP, and investments in in-store banking services.³

However, despite these investments and initiatives, Absa has lost market share and customers in recent years. As of June 2014, Absa had 9.2 million customers, down from 10 million the year before. Approximately half of Absa’s customer base—what Absa refers to as the “inclusive banking segment”—earns less than R3,000 (\$243) a month. Uptake of digital services by this segment has been limited. These customers mostly visit bank branches to perform basic banking transactions, check their balances, and deposit small amounts. These bank branch customers also have access to Absa’s digital banking services such as ATMs and point-of-sales (POS) devices. According to former Absa staff, roughly half of them are registered for mobile phone banking, but only a fifth makes use of it and primarily for airtime top-ups only. People in the inclusive banking segment struggle to make the transition to digital despite potential cost savings. Costs of branch transactions are significantly higher than that of digital transactions (See Table 1). In addition, Absa estimates that the costs for inclusive banking segment customers to get to a bank branch is twice the costs incurred by other segments.⁴ Customer research showed that many people lack knowledge of how to use digital channels and what purpose they serve.

¹ In 2013 Absa purchased Barclays operations in eight African countries. Since then it has been rebranded as Barclays Africa Group Limited. This case study will focus on the South African part of the operations that we will refer to as Absa bank.

² Barclays Africa Group Limited, Interim Financial Results for the reporting period ending June 2014.

³ Barclays Africa Group Limited, Interim Financial Results for the reporting period ending June 2014.

⁴ A study by Finmark Trust concluded that it costs a microentrepreneur on average R28 (\$2.27) to get to the nearest bank branch (Finmark Trust).

Table 1: Cost to the customer of selected transactions

	Branch counter (Basic banking)	Digital transaction (ATM/POS)
Balance enquiry check	R3.35	R0
Cash deposit	R7+R1,45/R100	R3+R1,30/R100 - ATM
Cash withdrawal	R40+R1,50/R100	R4,45 – ATM; R1,15- POS
Account payments	R40	R3.00: ATM; R1.50: internet or cellphone banking

Source: 2015 Pricing Guide (pp. 5-10), accessed 9 March 2015 (1R=\$0.0809); http://www.absa.co.za/deployedfiles/Assets/Richmedia/PDF/Online/Pricing_Brochure/2015_Pricing_Brochure.pdf.

Absa is eager for these customers to benefit (save time and money) from the significant investments made by the bank in more cost-effective and convenient digital channels. Absa expects that reducing the cost to the customer will result in more satisfied and loyal customers that transact more. Channel optimization would also lessen congestion at branches, which are especially crowded on paydays at the end of the week or month. This would benefit all customers; reducing branch traffic for basic transactions will lower the cost to serve for the bank over time.⁵

Shesha games to facilitate customers’ behavior change

Absa introduced gamification as part of a broader strategy to increase customer understanding and awareness of digital products and channels on offer.⁶ To incentivize and facilitate customers’ use of digital channels Absa piloted a series of banking-related games—Shesha games. “Shesha” means “quick-quick.” Absa organized two different Shesha games between October 2013 and August 2014, each targeting a specific customer segment and a specific activity to promote.

Table 2: Absa Shesha games, October 2013–August 2014

	Target group	Activity promoted	Period
Game 1	Customers with access to branchless banking that checked balances and made cash deposits exclusively in branches in the preceding three months	Check balance on phone or ATM (in a second of three rounds of Game 1 played in this period the activity focused on depositing cash in ATMs)	October–November 2013
Game 2	Customers swiping their cards twice or less per month	Swipe card at merchant (three or more per month)	June–August 2014

Absa invited targeted customers to participate in a game, and challenged them with questions and a habit-reinforcing activity—depending on the game, participants may be asked to check their balances on a cell phone, deposit cash in an ATM, or swipe card at a merchant. Absa uses text messages through unstructured supplementary service data (USSD)—a menu-driven communications interface that works on even basic GSM handsets. (See Box 1 for an example of Shesha Game 1). Participants got two chances to play the game and paid the cost of the airtime needed to

Box 1. Invite Text Message for Game 1 Absa

CONGRATULATIONS! You have been selected to play the 'Shesha Game from Absa - Everyday Banking' where you stand a chance to win BIG! The game starts on 21 October 2013. You will receive an SMS on the start date with details on how to play. For T&C, visit absa.co.za or your nearest branch. To opt out SMS 'No' to 31513. Standard SMS rates apply.

⁵ Absa estimates that the internal cost for a balance check in the branch is R6.61; for a cash deposit it is R21.

⁶ Gamification is defined here as the use of game elements and game design techniques to transform thinking and habits.

play themselves.⁷ Absa offered three prizes to people randomly selected from among the participants (see Table 3):

1. Airtime (R10; \$0.81 top up) for those who answered three questions correctly (randomly selected out of six questions).
2. A cash prize of R50 (\$4.05) for customers who successfully complete the game (answer three questions—right or wrong—and do the activity).
3. Grand prize of R2000 (\$ 161.88) to 10 customers who successfully complete the game by answering the three questions and doing the activity.

Figure 1. Screenshot of the Shesha Game

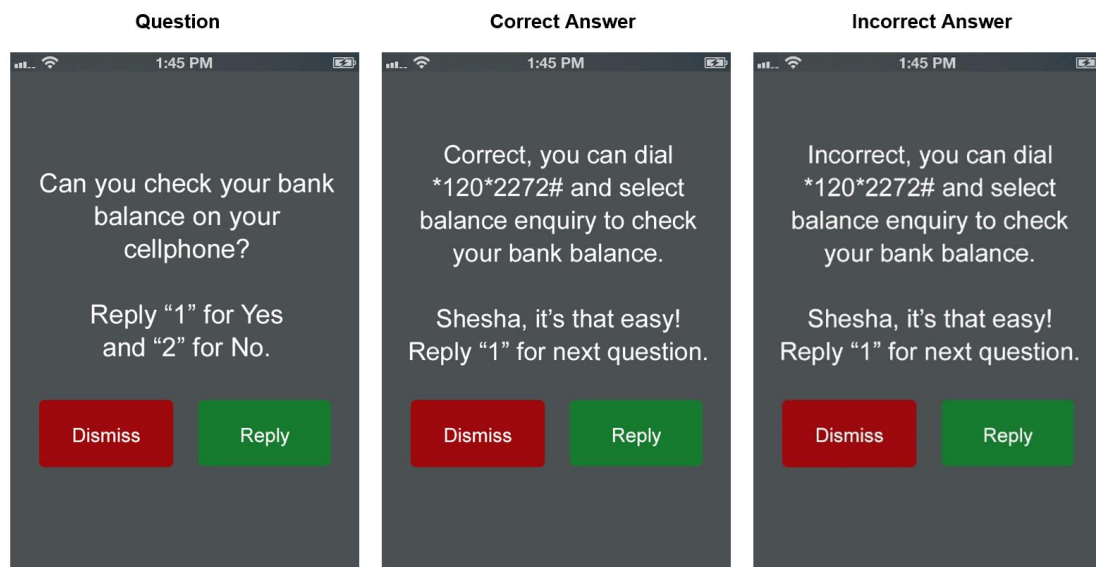


Table 3 shows the levels of participation and prizes awarded in the games. Uptake of the game was remarkably high at 14 percent for Game 1 and 15 percent for Game 2. Usually the response rate on SMS campaigns is around 2–3 percent (McKinsey, Helms, and Parker 2012). Absa considered the uptake of the game a success and a sign that customers could be incentivized to try something new. Between 80 and 90 percent of the people playing the game answered the three questions correctly. If a participant gave a wrong answer, the SMS response explained the correct answer and allowed the customer to still participate in the activity to continue and “learn by doing” (See Figure 1). Over 60 percent of the participants in Game 1 checked their balances on their phone or an ATM during the life of the game. The completion rate for the card-swiping activity was only 37 percent. This may partly be explained by the fact that it requires a purchase and action at a merchant with POS (as opposed to checking the balance, which can be done on your phone at any time).

⁷ According to the terms this cost does not exceed 20 cents of South African Rand for 20 seconds.

<http://www.absa.co.za/deployedfiles/Absacoza/PDFs/Terms%20and%20Conditions/Shesha%20Game/Shesha%20Game.pdf>

Table 3. Shesha games participation level, prizes and activity levels

	Game 1	%	Game 2	%
Eligible participants invited	414767		77285	
Respondents/players	69312		12680	
Eligible players among respondents (people that were invited to play)	57033	14.0	11644	15.1
Viral uptake (not eligible to play)	12279	3.0	1036	1.3
Games completed (max two times per eligible player)	67304	118.0	11065	95.0
Games with three correct answers	57152	84.9	9028	81.6
Answers plus undertook activity during the life of the game	34880	61.2	4378	37.6
Airtime prize	2530	3.8	572	5.2
Airtime prizes redeemed	1862	73.6	379	66.3
Cash prize	81	0.2	58	1.3
Grand prize	10	0.03	10	0.2
Cost of game in Rand (incl. SMS, prizes, development costs, marketing)	R325,620	(US\$26,356)	R65,840	(US\$5,329)
Sources: Presentations and information provided by Absa.				

Effects on customers' behavior

In addition to the remarkable high uptake of the game, which may reflect a level of interest of the customer base in learning and/or the incentives, the change in behavior of those who played the game has been significant. Customers who played the game continued to perform cell phone banking activities afterwards.

- *60 percent of players continued to undertake balance enquiry by phone or ATM.* The balance check activity of participants in Game 1 increased from 0 percent before the start of the game to 54 percent in January 2014 and 61 percent in May 2014, respectively, two and six months after completing the game.
- *16 percent of players made a cash deposit using an ATM six months after the game.* Cash deposits in ATMs by players increased from 0 percent to 11 percent in January 2014 to 16 percent in May 2014.
- *40 percent of customers swipe their card three or more times per month after playing game 2⁸* between June and August 2014 (the three months during which the game was played).
- *23 percent more transactions than nonplayers.* In Game 2 the players were compared with a control group of the same segment. Those that played the “swiping card” game performed 23 percent more transactions than those who did not play the game. The group of players had 31 percent more active cards than the nonplayers (i.e., making any transaction) during the period they played the game.⁹
- *29 percent increase in transaction volume.* In Game 2, those who played the game had a transaction volume increase of 29 percent while those who did not play showed a decline of 2 percent during the same period.

⁸ Data available is limited to three months including time the game was played. Absa did not track those customers beyond this period.

⁹ Absa has not tracked customers to show this behavior was sustained beyond the game period.

The business case for the bank

The 15 percent take up, together with the sustained customer behavior change, and the low development costs (between \$26,000 for the first game and \$5,000 for the second) and implementation costs all point toward a relatively short period to breakeven. However, the benefit to the bank becomes less obvious if you consider how many more customers are charged for services delivered in the branch versus through digital channels (see Table 1). While there could also be a cost reduction argument for the bank suggesting increased efficiency by having less operations go through branches, this is difficult in practice because of the high share of fixed costs (around 80 percent) and difficulty of reducing existing branch infrastructure in the short to medium term.¹⁰ However, the bank recognizes that in the long run customers' use of digital channels is in the best interest of both the customer and the bank. The business case logic is that the bank will pick up the revenue (forgone from charges at the branches) from more transactions.¹¹ In addition to existing customers doing more transactions, Absa expects it will bring in more customers (and lose fewer) due to the improved customer value proposition (improved remote functionality and improved service for branch customers due to shorter queues). One could, for instance, ascertain whether there will be an improved relationship between the customer and the bank, as espoused by a better Net Promoter Score (NPS) or Customer Satisfaction (C-SAT) score, which is one of the bank's key performance metrics.¹²

Lessons learned from the pilot games

Absa drew the following conclusions from the pilot games:

- *Easy, simple, and relevant messages.* To encourage customers to play and continue to be interested (e.g., move from the quiz to the activity) the game needs to be easy to use (few steps) and communicate in simple and relevant language. And of course it has to be fun. The Shesha game gives a sense of progression to stimulate the player with its quiz followed by the activity challenge and build-up of incentives.
- *Segment as not one-size-fits-all.* For the activity to “stick” the game has to be adapted to the customer profile. Language, timing of messages,¹³ incentives, level of effort it takes to play, etc., need to be calibrated with the customer segment's interest and needs. It is best to carefully identify the behavior you want to influence, segment customers, and do quick prototype testing of the game to find out what is the appropriate prize money, frequency, etc., for the respective segment. As was shown in the Shesha experience with two games targeting a different behavior, the platform can easily be adapted. Once developed, additional costs for new games are relatively small, which further supports the business case for such a game.
- *Clear communication.* The marketing and communication around the game needs to be authentic so that customers trust the game. In the Shesha experience some customers receiving text messages with “Congratulations” questioned the authenticity of the game on Facebook. Absa reacted through social media channels to assure customers it was not some sort of phishing scam.

¹⁰ Staff numbers and some other variable costs can be reduced in the short term but beyond that Absa also considers the opportunity for longer term cost savings as well as the reconfiguration of certain branch infrastructure toward more profitable segments and services over time.

¹¹ In the business case for the Shesha Game, Absa estimated an annual 15 percent uptake increase of services driven by the game (Absa, April 2013).

¹² It is not clear whether the clustering of NPS and C-SAT can accommodate this specific subgroup, but this is something the bank can consider.

¹³ Absa found, for instance, that people are most likely to play within the first 2–3 days and that timing invitations to play the games to coincide with times when participants are likely to be relaxing (afternoons when home from work or weekends) resulted in highest uptake.

- *Game is not a standalone activity.* Absa found that to support customers to continue to build confidence and trust in the digital channel customer uptake of the activity embedded in the game needed to be supported and sustained via other business area initiatives to maintain momentum. This is also key to make sure that once customers adopt digital channels, they have access to an offer that meets their needs. This makes it more likely that customers will have a positive experience overall and stay loyal to the bank.
- *Buy-in across the organization.* Linked to the previous point is the broader notion that the bank needs to buy into the relevance and potential of the activity. Paradoxically, the relatively small size of the investment can also make it more difficult to prioritize. At providers that tend to take big decisions on large sums of money, getting attention for a smaller, less costly operation—however impactful it might be—can be a challenge. This can be particularly difficult when games like Shesha are originally developed to facilitate lower-income customers’ experience. Interestingly Absa is currently exploring what Shesha 2.0 might look like and considering mainstreaming the approach to apply to other customer segments. This would take the investment decision away from segment profitability debates.

Main takeaways for customer empowerment and customer centricity

Games can influence customer behavior. The uptake and completion rates of the Shesha game indicate that Absa customers like playing games even when it concerns their banking. Games that are well designed can have a significant and sustained impact on customer behavior as this pilot experience shows. Using data analytics available to the bank, games can be tailored to the behavior of the relevant segment and be targeted to customer needs. Well-designed games allow people to “learn by doing” in a fun way and present a nonthreatening opportunity to practice without risk of failure. This builds confidence and facilitates customer empowerment.¹⁴ It is a creative and innovative way of communicating information that can otherwise be boring. The games are small activities in a chain of interaction but create a touch point and opportunity for the bank and customer to engage with each other in a different way that can strengthen their relationship and build loyalty and trust. Facilitating customers’ entrance into the digital finance space not only can help them save costs and create more convenience but can open up possibilities for them to have more control over their banking transactions when they need to without depending on others.

The successful uptake of the games among the low-income segment opens opportunities for thinking about other use cases for gamification within the bank.¹⁵ For example, roughly half of the inclusive banking segment are registered for mobile banking. How effective might gamification be in terms of getting the other half of customers to register for mobile banking (given that they have already met know-your-customer requirements). Or how can gamification be applied to increase activity levels among registered mobile money customers, 65 percent of which are typically inactive (GSMA 2015). Another application might be using gamification to target specific segments (e.g., those with e-wallets but who use over-the-counter services) to consider using their wallets.

However, incentives across the organization need to be aligned for the bank to successfully empower customers. Games like Shesha can be helpful, but more is needed to ensure a positive customer experience. Banks tend to organize themselves along products and business lines, and they tend to have incentives that might be counterproductive for achieving customer centricity (CGAP 2014). For instance,

¹⁴ <http://www.cgap.org/blog/three-ways-financial-service-providers-can-empower-customers>

¹⁵ See for examples: The Financial Brand, October 15, 2012: <http://thefinancialbrand.com/25728/gamification-in-retail-banking/>

the branch channel department might get measured and rewarded based on the number of transactions carried out in the branches and cash moved around. Customers' behavior change leading to adoption of digital channels would reflect negatively on their profit-and-loss statement. Even though transactions in branches may not be the most cost-efficient way to serve the customer and may not be in the customers' interest, the short-term revenue and cost model often continues to favor these kinds of transactions. In Absa, the overall financial benefit of an intervention like the Shesha game may not be clearly visible due to the silo approach and thus does not strongly influence unit-level decisions that are driven by different costs and revenue drivers. One could also ask whether the customer-segment model with its own profit-and-loss statement exists in Absa. If not, it would explain the weak focus on the customer and the strong focus on channel and product. Games like Shesha can make a difference in the customers' experience and the bank's performance only if the entire business model becomes more centred on the customer instead of products and channels.

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