

Bank Alfalah – Karandaaz Digital Acquisition Experiment

Problem Statement

The behavior in the market for digital customer acquisition is that customers are usually acquired with instant incentives and then they become inactive because engagement hooks post acquisition are not as attractive as the initial offer

Hypothesis

If a customer is given a lucrative enough offer for going through a cycle of transactions at the end, he/she will go through the challenge and learning curve required to adopt digital financial services as a habit as opposed to opening digital accounts for the sake of instant incentives only

Experiment

An A-B test was executed where the A sample contained the customers acquired through the bank's existing acquisition-based instant incentive model while the B test gauged acquisitions through a higher incentive payment to the customers at the end of a transactional cycle to validate the said hypothesis

Experiment Design

Reward New to Bank customers **PKR 2,000** after opening a digital account and conducting at least 5 unique financial transactions in 2 months along with maintaining an average deposit of Rs.500. Incentive payout to be done after 2 months if customer successfully goes through the qualification criteria.

Results & Insights

- Only 3,070 customers were on boarded under the umbrella of this acquisition experiment in a span of 6 months as compared to an average of 800 daily acquisitions against instant incentives
- It was observed that the customers found it cumbersome to go through a transactional cycle to get a higher monetary incentive as only 25 of the total acquired customers completed the qualifying criteria
- Active customer base of the undertaken experiment was 35% at the time of experiment closure whereas for Sample A, the Active customer base tallied at 65%
- There was a significant drop of transacting customers as they moved upwards in the transactional cycle with ratio dropping from 85% to only 15% when going from a second transaction to a third one and finally dropping to 5% on the 4th transaction

Conclusion

Based on the experiment results, it can be concluded that the market is inclined towards an instant lower incentive offering than a deferred higher incentive and efforts need to be done post acquisition to push through the learning curve required to adopt digital financial services by identifying and promoting the needs being catered through the convenience of digitization