Serious games
Leveraging gamification methods in asset management

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Herodotus tells us that the first games were invented by the Lydians, an Indo-European civilization of Antiquity. We learn that dice, jacks and ball games were not created for leisure but rather to survive a terrible famine.

To stave off their racking hunger, they would play games for one entire day and eat the following day. The Lydians were thus able to survive for 18 years because of games. The first simulation and military training (kriegspiel) games appeared in the late 18th and early 19th centuries. Serious games only came into their own with the development of the video game. By means of this technology it was possible to combine a playful interface with the learning, simulation, training and communication objectives pursued by serious games.

The work of Julian Alvarez classifies serious games according to three main objectives:

1. Those that seek to convey a message (whether educational or marketing or a combination of the two)
2. Those that seek to improve the learning or motor skills of users
3. Those that have a training or simulation objective in a virtual environment that reproduces a potential situation
Studies (particularly those conducted by Idriss Aberkane1 in the field of cognitive science) reveal that games have a remarkable ability to engage long-term memory. By way of an example, players of Super Mario 64 were able to recall the game’s spatial layout with great precision even though they had not played in 10 years. A second critical factor is that games stimulate mental modularity by requiring numerous tasks to be performed simultaneously. Moreover, games are defined as dopaminergic (dopamine being a chemical substance associated with pleasure and reward), and although the addictive nature of a classic video game is regrettable, in the case of a serious game the motivation spiral will come into play. Researchers have also underscored the fact that games largely call on intuition, a source of pleasure, but are also very much based on action (the work of Bergson and Berthoz shows that “our mind is designed for action”).

1 Use of the video game for educational purposes* (2005)
Natixis Global Asset Management offered Deloitte and Redcom (digital agency) the opportunity to design a game as part of an annual event with a major audience (a plenary session attended by around 100 people). The aim of the game is to understand the client path for a new investment up to the point of subscription. The objective for the players is to collect a maximum number of investments from a diverse range of targets, while limiting the risks specific to the investor.

Five stages were defined to identify and classify the client, assess the specific risk (reputational, operational, fraud, etc.), propose an asset allocation strategy to meet the investor’s needs, and distribute the relevant marketing documents based on the investor profile. The final score determining the winner is not simply an addition of the subscriptions collected, but rather a calculation based on a model that accounts for various parameters, such as:

- The amount invested per target
- The risk incurred by not collecting sufficient information regarding the target
- The misunderstanding of client risk
- An appropriate asset allocation

### Content
- Learning objectives
- Technical issues
- Association with everyday reality

### Scenario
- Game logic
- Management of game levels
- Determination of avatars
- Game objectives

### Design
- Management of interest levels
- Game mechanisms (competition, win/loss, reminders etc.)
- Design of avatars and environment

### Step 1: Client Identification
- Request information from your target
- Classify your client as pro or non pro
- Possibility to interrogate your client’s financial situation

### Step 1: Classification of client
- Identification of the target’s global level of risk
- Determine the appropriate asset allocation according to the investor profile

### Step 3: Risk assessment
- Identifications gathered in step 1
- Descriptions of target gathered in step 1 and 2
- Client investment guidelines

### Step 4: Allocation
- Descriptions of target gathered in step 1 and 2
- Best allocation
- Client invests 100%
- 2nd best allocation
- Client invests 60%
- Inappropriate
- Client invests 30%

### Step 5: Distribution of documents
- Penalties if inadequate documents are given
NGAM asked Deloitte and Redcom to design and develop a serious game that focused on client knowledge by including all obligations related to the Anti-Money Laundering (AML), Know Your Customer (KYC), and The Foreign Account Tax Compliance Act (FATCA) regulations and international sanction programs. 100 compliance and risk professionals from our management companies based in Europe and Asia, as well as a few representatives from US management companies, prepared and worked together in a spirit of play. Aside from the undeniable team building, the groups were confronted with cases that referred to several regulations from a variety of jurisdictions. We hope that an online version will help our internal control and compliance officers to assemble their sales and client servicing teams so that they develop the necessary reflexes, and raise awareness concerning all the regulations to be considered, while enabling them to analyze and assess the risks of non-compliance with these increasingly complex and restrictive regulations.

The factors for the successful use of games are multiple. Firstly, technical knowledge (in this case, understanding the client, asset allocation, etc.) must be closely associated with the daily experience of players. The gamification of the learning process should be heightened by the quality of the graphics, a facilitated understanding of the game’s mechanisms and the introduction of strategic choices and factors of chance. The fact that a time limit is set for the game adds an element of competition that increases the tension.

This initial adaptation of the serious game to asset management opens up new horizons. Indeed, as part of the plenary session, we found that using a serious game transcends the initial training purpose and serves as a means to enhance team building. A roll-out via network management will enable existing e-learning training methods to be reexamined. One very interesting topic is the implications of gamification for the client relationship: how to draw and retain clients and differentiate ourselves.

This is quite a serious matter, because according to a Gartner study: “by 2015, 40 percent of the top 1,000 global companies will use gamification to transform their commercial operations.” The study reveals that gamification will generate nearly half of business innovations with success essentially depending on design quality: 80 percent of current applications based on gamification will fail to meet their objectives, mainly due to inadequate design. Over the longer term, as design techniques improve and organizations endeavor to define clear objectives, the use of games will have a significant profit impact for companies, providing them with a powerful means to further their public appeal.

To “spice up” the game, breaking news (investigations, stock market crashes, etc.) and regulatory flash questions are launched at the discretion of the game master.

The appeal of the gaming event

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There are several applications of this for our asset managers and asset servicers:

- To draw people to events and discover new investment processes
- To retain people by demystifying regulations and proposing asset allocations based on timelines and risk levels
- To differentiate themselves through innovative, if not off-beat, design

Now is the time to enter the world of serious games.

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2 Gartner, Inc. has revealed its top predictions for IT organizations and IT users for 2013 and beyond. Gartner analysts presented their findings during Gartner Symposium/ITxpo, October 21-25 in Orlando. Additional information about Gartner Symposium/ITxpo in Orlando, is available at www.gartner.com/symposium/us.