Digital Innovations in Banking: A Case Study of Russian VTB Bank's Savings and Investment Product Strategies

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Abstract *- This article explores the digital innovations implemented within the retail banking division of VTB Bank, with a focus on the savings and investments sector. Through advanced product management, the bank successfully launched several key digital products aimed at improving financial literacy, increasing customer engagement, and enhancing savings and investment behaviors among customers. This study investigates the impact of these innovations, particularly in relation to the use of gamification, automated investing, and personalized financial management systems, and evaluates the role of data-driven decision-making in the bank's product development process.*

Keywords— *Automated investing: Behavioral finance: Customer journey mapping: Digital innovations: Financial literacy: Financial services: Gamification: Investment solutions: Machine learning algorithms: Mobile applications: Personal Finance Management (PFM): Product management: Retail banking: Savings and investments: User experience (UX): Web applications.*

I. INTRODUCTION

The financial services sector is undergoing a transformation, driven by digital technologies that aim to enhance user experience and engagement. VTB Bank, one of Russia's largest financial institutions, recognized the need to innovate its savings and investment products, especially as consumer expectations shift toward more convenient and personalized digital solutions. This paper provides an overview of VTB Bank's approach to product development in its retail business, emphasizing digital products across multiple channels, including web applications, mobile platforms (iOS and Android), and automated services (VTB Bank Savings & Investments).

II. PRODUCT INNOVATIONS AND STRATEGIES

A. Goal-based Savings Products

VTB Bank introduced a "Goal Savings" product that allows users to set financial goals, track progress, and receive motivation through in-app and push notifications (VTB Bank Investment Products). By leveraging behavioral insights, this product targets individuals who need external encouragement to maintain disciplined saving habits. Gamification techniques were integrated to enhance customer engagement, providing rewards for reaching milestones. This approach not only helped customers save more effectively but also aligned with the bank's goal of increasing sales of savings accounts and fostering long-term financial discipline among users.

B. Gamified Savings Accounts

For customers who find it challenging to save, VTB Bank introduced a gamified savings account that uses game mechanics to promote good financial habits. The product rewards users for completing small savings-related tasks, offering a playful way to improve financial literacy and encourage regular saving (Hamari, Koivisto, & Sarsa, 2014).

This initiative aimed to address a gap in the market by providing a solution that both educates and motivates customers while improving the bank's cross-selling opportunities.

C. Automated Investing and Portfolio Building

Drawing inspiration from international models like Acorns in the U.S., VTB Bank launched an automated investing feature that rounds up purchases to the nearest dollar and invests the spare change in Exchange Traded Funds (ETFs). This product enables users to passively build wealth without the cognitive load typically associated with investment decisions (Acorns - Invest Your Spare Change). Complementing this, VTB Bank developed a financial portfolio builder powered by machine learning algorithms, which recommends investment products based on customer profiles and financial goals (Heaton, Polson, & Witte, 2017).

D. Personal Finance Management (PFM) and Contextual Financial Education

The Personal Finance Management (PFM) feature embedded within VTB's mobile application offers users personalized financial advice combined with educational content. (Global Banking and Finance Review, 2020). This feature provides actionable tips on budgeting and saving while promoting the bank's products through tailored recommendations. A pilot project segmented customers based on spending patterns, revealing key insights into customer preferences. Despite initial results falling below expectations, the project underscored the importance of iterative testing and customer segmentation to refine product offerings.

E. User Experience (UX) Enhancements

A major initiative involved improving the UX of the bank's digital channels, particularly in the process of selecting certificates of deposit (CDs). Design improvements adapted to users' mental models and simplified the sign-up process to

increase conversion rates. The bank also implemented a comprehensive customer journey mapping tool, which visualized the touchpoints across all savings and investment products (Richardson, 2010). This tool provided real-time insights into product performance, helping senior management and product teams optimize the customer experience.

III. DATA DRIVEN DECISION-MAKING IN PRODUCT DEVELOPMENT

A significant aspect of the bank's success in launching these products was its reliance on data-driven decision-making. By analyzing user behavior, sales data, and market research, VTB Bank's product management team was able to prioritize high-impact projects and validate concepts before committing significant resources (Provost & Fawcett, 2013). For example, the decision to defer the PFM project saved the bank $400,000 after initial data revealed that the financial model was misaligned with customer demand. This highlights the importance of testing assumptions and adapting strategies based on empirical evidence.

IV. RESULTS AND IMPACT

The digital innovations implemented at VTB Bank had several positive outcomes. Not only did the bank increase customer engagement through personalized and gamified products, but it also enhanced its ability to attract new customers by offering innovative solutions like automated investing and personalized portfolio recommendations. Moreover, the cross-product customer funnel provided valuable insights that helped the bank optimize its product offerings across different customer segments.

V. CONCLUSION

VTB Bank's approach to digital product management within the savings and investments sector demonstrates the value of integrating customer-centric design, gamification, and data-driven decision-making in financial services. These innovations allowed the bank to not only meet the evolving demands of its customers but also stay competitive in a rapidly changing digital landscape. The insights gained from VTB Bank's experiences provide valuable lessons for other financial institutions seeking to enhance their digital offerings and better serve their customers.

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