

# A guide to neobank experimentation

Strategies for launching iterative and  
successful experiments at neobanks

# Why experimentation matters for neobanks

Neobanks operate in a fully digital environment where user expectations evolve rapidly.

Unlike traditional banks, they can't rely on branch staff or face-to-face interactions to win customers —their website and app experience is the bank.

This makes continuous experimentation (A/B testing, multivariate tests, etc.) crucial for refining the product. **Data-driven experimentation allows neobanks to validate what resonates with users and what doesn't, in real time.**

By testing and iterating on design, copy, and new features, neobanks can align with customer needs faster than competitors.

## Guide overview

This guide outlines five key growth opportunities for neobanks, actionable experimentation strategies, and advice from neobanking leaders.

- 01 Reducing friction in user onboarding
- 02 Optimizing for higher initial activations
- 03 Increasing engagement, reducing churn
- 04 Feature adoption and cross-selling solutions
- 05 Building trust and loyalty



# Reducing friction in user onboarding

01

## Observation

High drop-off rates occur during onboarding due to complex forms, KYC hurdles, and unclear UX.

Two thirds of consumers have abandoned a digital banking application during onboarding.

## Experiments to run

- Experiment with different onboarding forms that collect essential info upfront, and detailed KYC steps later.
- Add a progress bar or checklist throughout the onboarding steps and compare against having no indicator.
- A/B test different KYC methods, for instance scanning an ID document versus manual form entry.
- Try including trust-building elements during onboarding, like badges or customer testimonials.
- Test different versions of tooltips and supporting micro-copy at challenging steps to see if it reduces drop-offs.

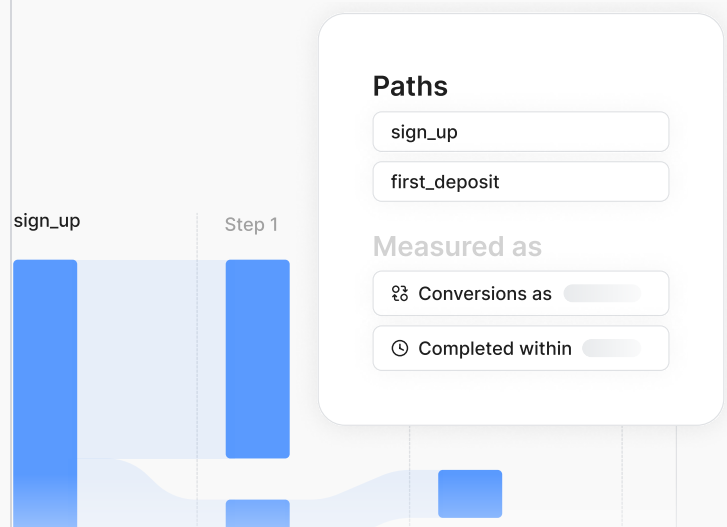
## Impact

Smoothing out onboarding has an immediate payoff: more activated customers at lower cost. Even minor UX tweaks can boost completion.

According to a study by [useinsider.com](https://useinsider.com), **15.6% of app uninstalls are due to a poor registration** experience, so fixing that flow will directly reduce user churn.

Neobank North Loop addressed specific drop-off points in its onboarding flow and addressed them, which helped reduce uninstall rates.

Monzo Bank famously emphasizes top-of-funnel experiments, with its team running about four low-risk signup-related tests per month, leading to rapid user growth.



# Optimizing for higher initial activations

## Observation

Many users open an account but fail to take key first actions like making a deposit, ordering a card, or completing account verification.

## Experiments to run

- Introduce a post-signup checklist that encourages users to complete key actions, and compare engagement versus a control without a checklist.
- Use push notifications, emails, or in-app messages to prompt inactive users. Experiment with the timing of the prompts and compare against users who don't receive one.
- Test offering a small reward for taking the first key action, like offering a \$5 bonus or a month of premium features if the user makes a deposit or transaction within 7 days of signup.
- Experiment with the UX for the initial deposit or payment. Consider highlighting an "add money" button prominently, or using tooltips, and compare against the original design.

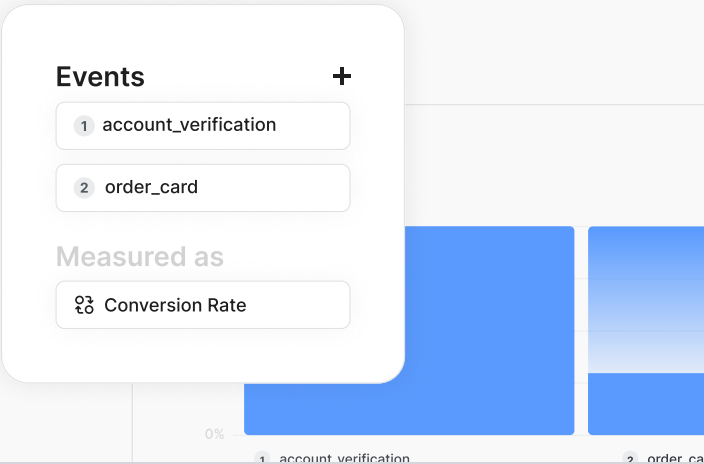
## Impact

Reducing "time to wow" can dramatically improve retention and lifetime value. When customers activate quickly, they're more likely to make the neobank their go-to account.

Case studies show the upside: Fintech app **Appcues achieved a 367% increase in user conversion by introducing a guided onboarding** that helped users reach the key activation step.

CleverTap's data-driven experiments emphasize optimizing onboarding until new users "experience that 'aha' moment."

Cardlytics found that **once neobank customers earned their first cash-back reward, they shopped 5% more frequently and spent 8% more per day thereafter.**



# Increasing engagement, reducing churn

## Observation

Neobanks often see a burst of activity when a user first joins, but then a drop-off in engagement.

Customers don't stick if app usage doesn't become habitual.

## Experiments to run

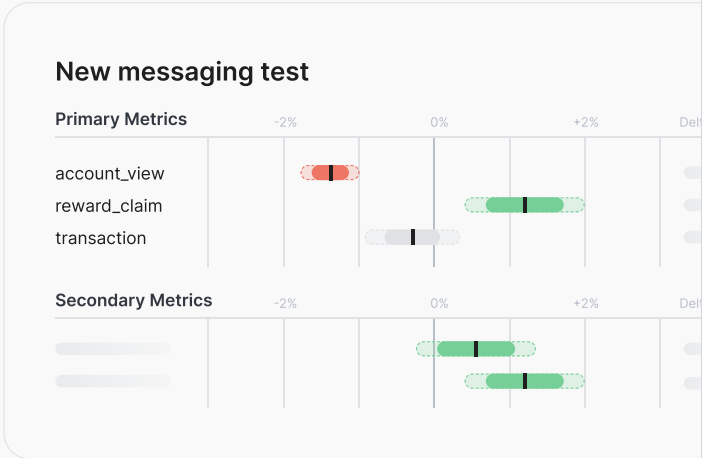
- Try giving highly personalized notifications to a certain group, including insights about spending, custom offers, or reminders tailored to their behavior.
- Test a bi-weekly financial health email with tips and account insights to one segment, and only sending transactional emails to another, in order to find the perfect balance.
- Mix and match various prompts or banners within your app to encourage users to try to try your high-value, high-stickiness features.
- Experiment with gamified elements like a login streak counter, or badges for completing certain task. A/B test these features and compare against users who receive the normal treatment.

## Impact

North Loop bank leveraged A/B testing of its messaging and onboarding journey to double its user engagement rate.

By testing different onboarding campaigns and automating the journeys, they discovered how to keep users interested post-signup, which ultimately reduced uninstall rates of the app.

Data from a rewards program across several neobanks showed that **“rewards-engaged” users made 18% more purchases at 20% more merchants** than those not engaged.



# Feature adoption and cross-selling solutions

04

## Observation

Many neobanks struggle with **low adoption of additional products beyond the core checking account.**

Customers might use simple features but never try the bank’s savings account, lending offers, investment products, or premium plans.

## Experiments to run

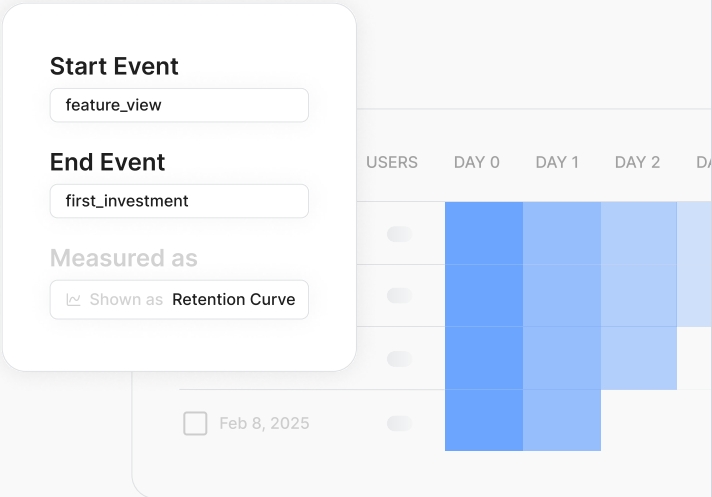
- Use segmentation and test different triggers and messaging for upsells, like referencing account balance (“Put your \$4,500 to work!”) in modals.
- Test the placement of offers. For instance, measure the difference in engagement between a feature advertisement as a persistent banner versus inserted into a flow.
- Test the timing of offers. Do users respond better to a cross-sell 7 days after creating an account, or after 7 days of active sessions?
- Run pricing and feature bundling experiments if your neobank offers tiered plans. Test free trial of premium versus exposure to locked features to see which is more compelling.

## Impact

**Monzo added a “Quick Actions” menu in its app that increased daily active users by 15%,** by making it easier for customers to execute frequent tasks.

The Quick Actions menu also set the stage for more feature use, allowing users to quickly split bills, request payments, and more.

Industry strategists note that to overcome thin margins, much of neobanks’ success depends on offering other financial services to additional customers—much like traditional banks have done—but solely through digital experiences.



## Observation

Customers can be skeptical about whether a digital-only bank will be a good financial partner for the long haul.

## Experiments to run

- Experiment with the placement and wording of security assurances on the website and app.
- A/B test the visibility of support. Consider adding a “Chat with us 24/7” button in an accessible location.
- Try showing proactive breakdowns of how neobanks make money, or clear notifications of money savings for users, reassuring that neobanks are the right choice.
- Work towards achieving the right balance of social proof in your product and messaging, such as highlighting how many customers your neobank serves.
- Invite segments of customers to various virtual events and webinars to see if it affects engagement and retention.

## Impact

Retention, engagement, contact, and activity can serve as good proxies for harder-to-track metrics like trust and loyalty.

By gaining user trust, neobanks can become users’ primary banking institutions rather than auxiliary accounts.

While trust and perception aren’t inherently trackable metrics, exemplars like Chime and Nubank gained tens of millions of customers largely through referrals and positive sentiment.

### New app version

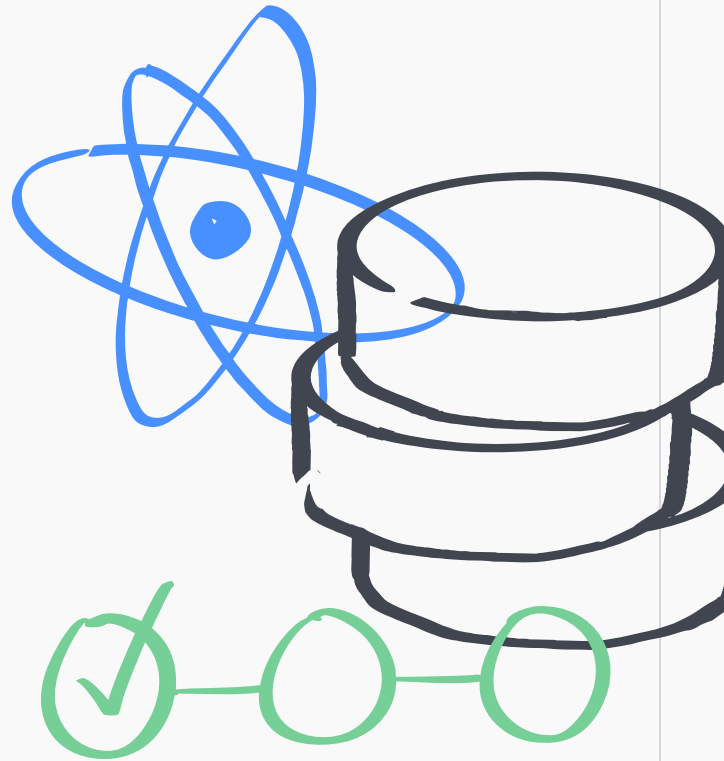
The diagram illustrates a logic flow for a new app version, segmented by customer type. It features two main conditional paths: 'IF US Customers' and 'ELSE IF Europe Customers'. Each path includes a 'Country' dropdown menu, a toggle switch, and an 'Any of' dropdown menu with another toggle switch. Arrows indicate the flow from these conditions to a final outcome, which is partially visible as 'Tru' and 'Fal'.

# The experimentation advantage

In practice, experimentation gives neobanks agility, and even an advantage over legacy banking institutions.

Where traditional banks move slowly, neobanks can thrive by iterating rapidly based on data and user feedback, especially as a core growth strategy.

The test → learn → refine feedback loop allows neobanks to scale just as much as it allows for the constant remedy of gaps—turning weaknesses into strengths.



## Our Customers

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**Kikoff**   **Plurall®**   **SoFi**

**monzo**    **PANGEA**



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