

# The Financial UX Design Formula for Digital Product Success

Whitepaper

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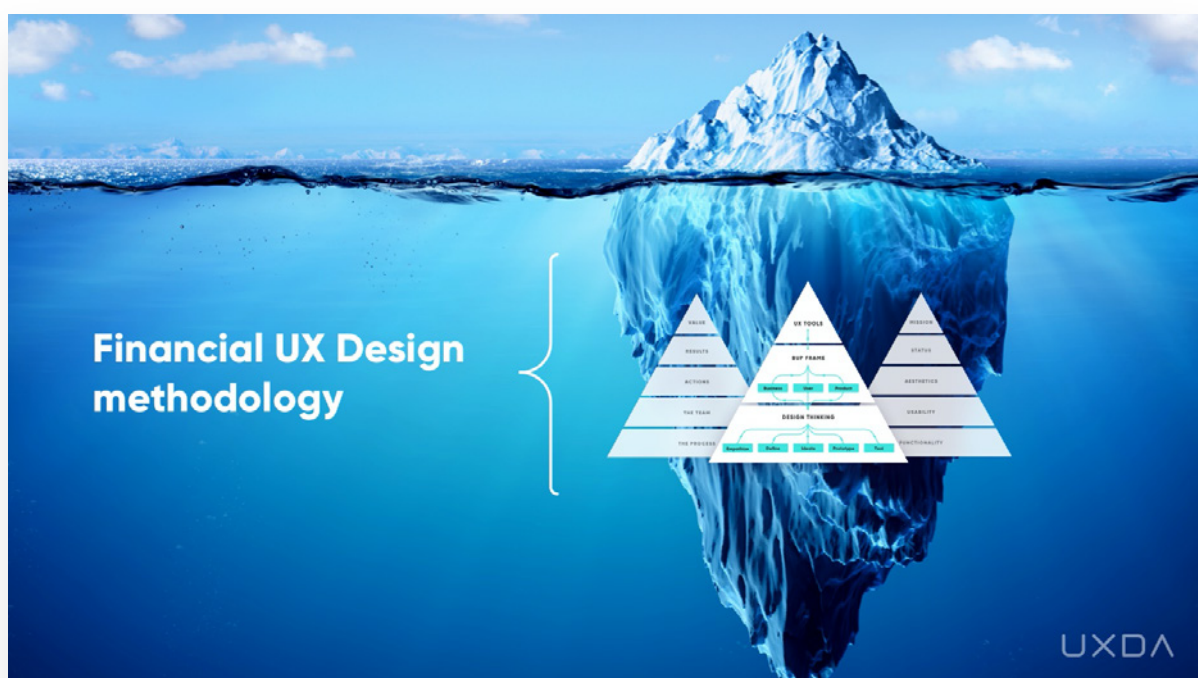
Every entrepreneur is constantly seeking ways to maximize the success of their company and products. Spending 15 years in business, creating hundreds of different kinds of digital products and studying their growth, I have extracted a straightforward formula that explains what determines the success rate of any digital product. This formula is the foundation of the Financial UX Design methodology developed by UXDA. It can be applied to increase the success potential of digital products created in any kind of business regardless of the field.

## Financial UX Design methodology for successful digital transformation

The future of banking relies on the customer experience. That's why everybody is doing their best to integrate customer-centricity into their products and services. So, why are so many companies failing at their digital transformation?

Many are convinced that, to conquer the digital age, it is enough to have a product with a modern appearance. But, truth to be told, to create truly successful digital products, the visual appearance is only the tip of the huge iceberg we have under the water.

This iceberg consists of a thorough approach with many crucial elements alongside the visual appearance. We call this approach the Financial UX Design methodology.

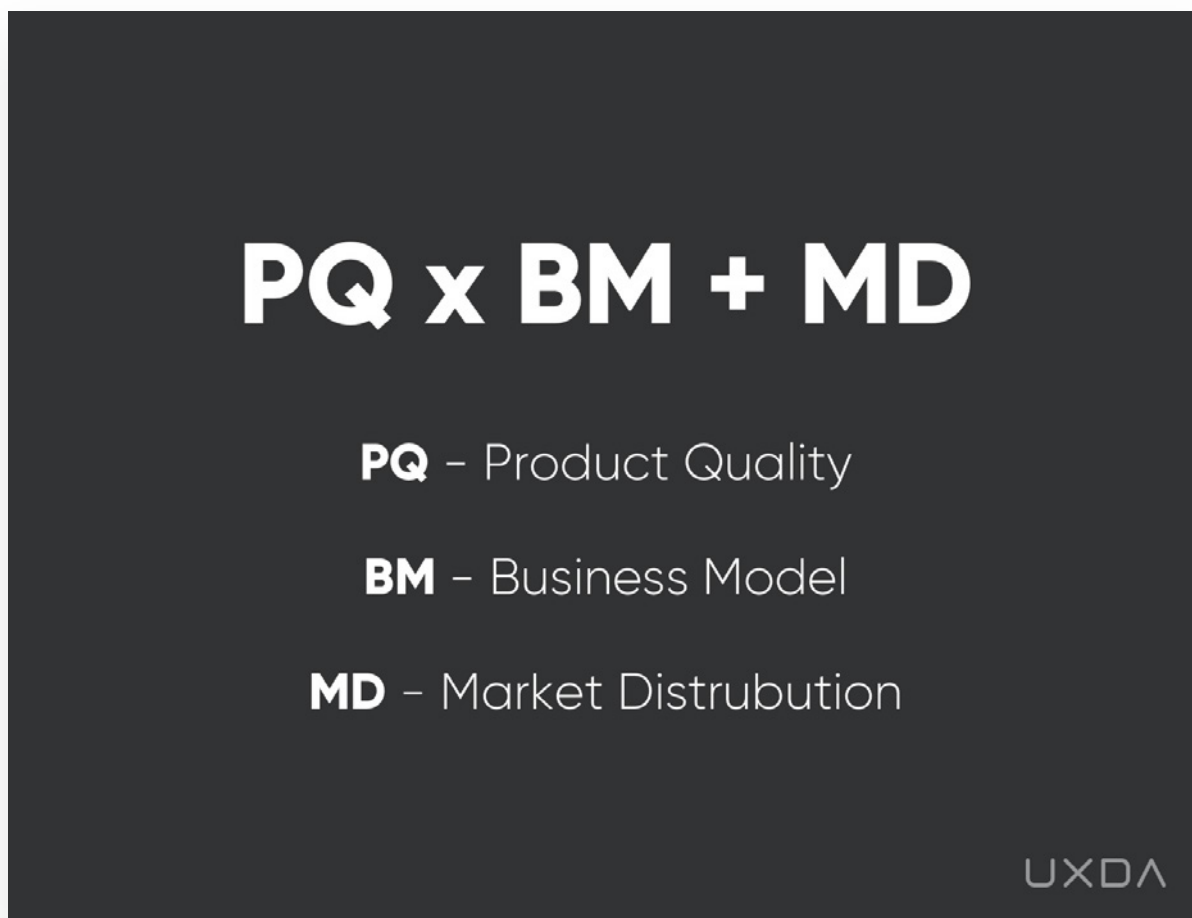


Unfortunately, many companies still aren't aware of this and lose millions on unsuccessful digital transformations. That's why we guide our readers through the three main components of the Financial UX Design methodology: the [Product Value Pyramid](#), [Design Pyramid](#) and the [Experience Pyramid](#).

In this article, I demonstrate how all of them come together beautifully, determining the success potential of any digital product.

## The Outdated Success Formula

To understand how to impact your business success, I will first explore the main components that define the work of any business.



### Product Quality (PQ)

This represents what the product has to offer to the customers. It's the end product or service that is exchanged with consumers for resources. Here it's important to make the quality of the product match the expectations of the customers in order to ensure demand. So, we name it Product Quality (PQ).

## Business Model (BM)

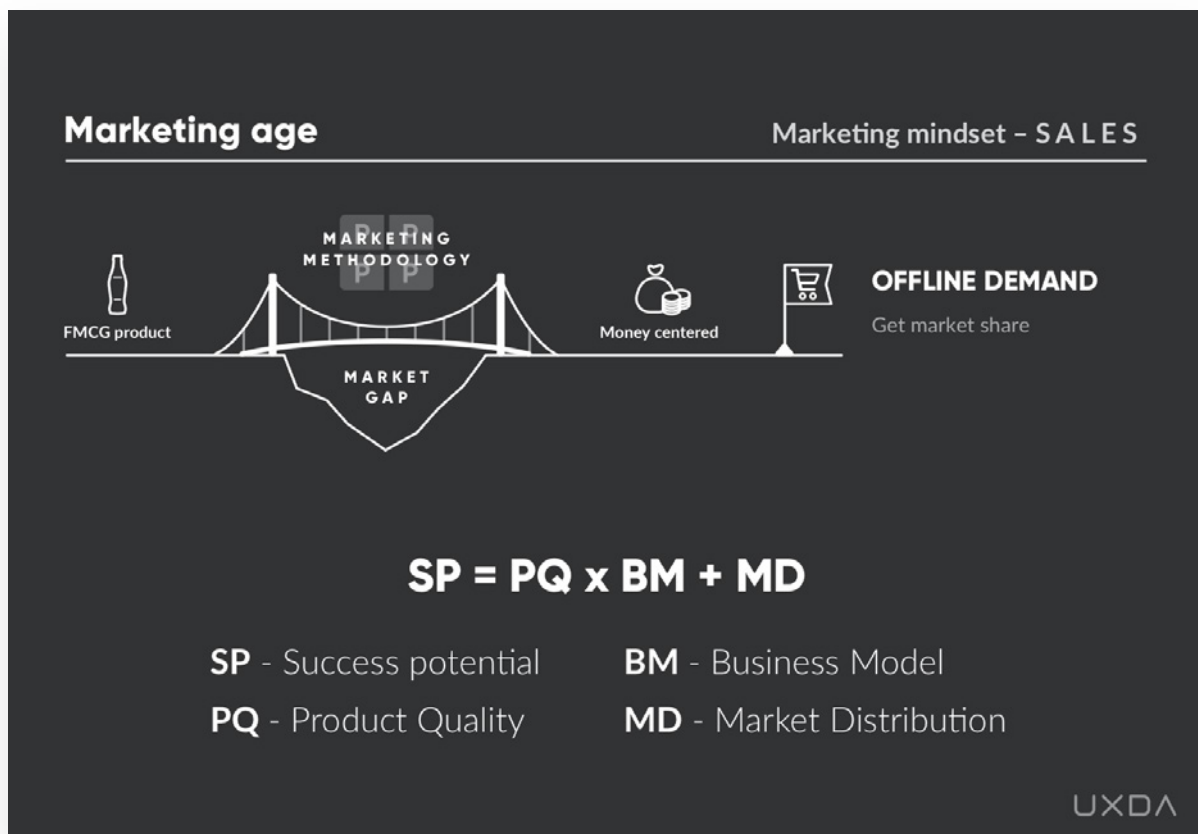
Simplified, it's the way that a company operates—the organization model and manufacturing process of a product or service, principles and system that determine the functioning of a business, its internal and external operations. We will call it the Business Model (BM).

## Market Distribution (DM)

Tools and actions the company uses to market the product to the customers. It's the distribution of the information about the product in the external environment, to increase market awareness and generate consumer interest in the service or product. Let's call it Market Distribution (DM).

There's a multiplication sign between the product quality and the business model because these elements closely affect each other. In the case of an ineffective business structure, the likelihood of creating and developing a quality product is sharply reduced. In turn, a poor-quality product can demotivate employees and complicate operations with a large number of complaints, which will reduce the efficiency of business processes.

## Success in the marketing age



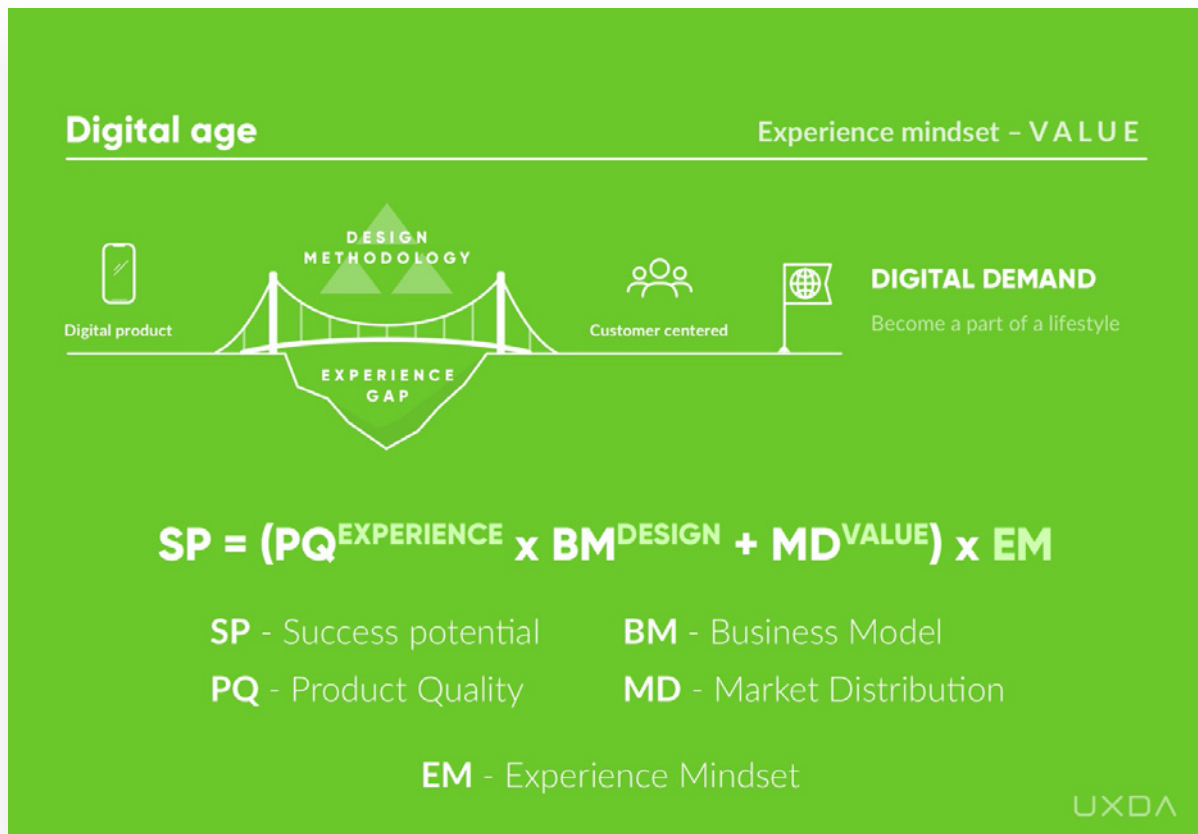
Not so long ago, in the so-called marketing age when the main goal was to make profit, this formula provided a clear understanding of how to make a business successful.

Do you have a quality product, well-established business processes, but no sales? Look at distribution channels, positioning strategies and competitors. Find out how to raise the MD, and the business will go up. Or, for example, is everything alright with the distribution and quality of the product, but there is no profit? Look at your BM; you probably have bottlenecks somewhere—production lags behind sales, delay with the component supplies, etc.

## UX Design Success Formula for The Digital Age

But, in the digital age, it's not that simple. Today, the development of digital technology affects the basic principles of consumption and, therefore, the rules of business. Despite the fact that basic business components have remained the same, new elements must be taken into account. These elements affect efficiency but, at the same time expand the formula to new success opportunities.

The scale in which a business integrates all of these added elements defines the success potential of the financial company and its digital financial products.



So, when it comes to the digital age, I define the business success potential by the following formula (in the brackets): product quality raised to the power of experience times business model raised to the power of design plus market distribution raised to the power of value (brackets closed), multiplied by the experience mindset.

## Formula of digital financial product success potential

$$SP = (PQ^{\text{EXPERIENCE}} \times BM^{\text{DESIGN}} + MD^{\text{VALUE}}) \times EM$$

**SP** - Success potential

**PQ** - Product quality

**BM** - Business model

**MD** - Market distribution

**EM** - Experience mindset

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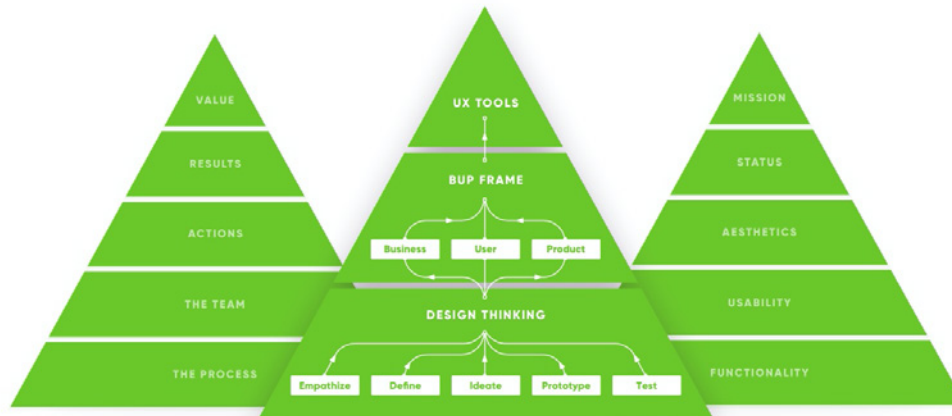
At first glance, it may look a little complicated, but actually it's a quite clear and easy-to-use framework.

The rate of each component can be estimated by a value from zero to 5, taking, as a basis, the relevant characteristics of leaders and outsiders in the related industry.

To increase the success potential of its customers, the UXDA team uses this formula as the basis for our Financial UX Design methodology, which we have developed over the past 15 years. The key components of this methodology (i.e., Experience Mindset, Experience Pyramid, Design Pyramid, Value Pyramid), and practical examples of its use, have already been published on the UXDA blog. While we take a closer look at the formula, I will tell you which of the components of our methodology should be used to increase a particular formula parameter.

## Formula of digital financial product success potential

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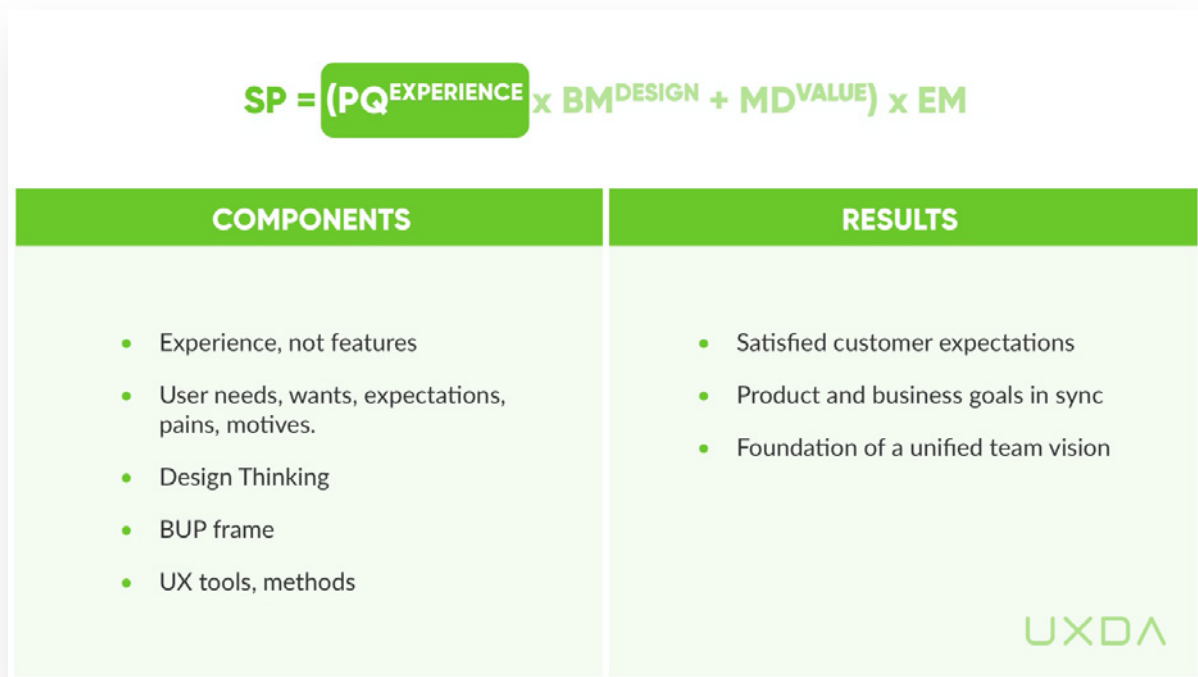
### Success potential

What is meant by success potential in this formula? This is the ability of a business to efficiently produce and deliver to the market a product or service that will be in such high demand that it will ultimately generate a positive financial flow in the long term.

On a utility level, this is the potential of a business to create and exchange something for the resources necessary for its existence and growth. And what does it depend on?

### Product Quality raised to the power of Experience

First of all, it depends on the business offer to its end customers, i.e. product or service. In our formula, we call it the Product Quality.



This means that the main focus is not on product features but on what kind of experience the financial product offers to the customers.

█ The better the experience, the higher the chance for the financial product's success.

I think everyone will agree that the quality of a product or service significantly affects demand in the long term. But, in the digital age, it's not only about the characteristics of the product or service, but primarily about the whole experience we provide to the customer. This means that if you want to increase the success rate of the product, you must purposefully create a delightful customer experience. By increasing the degree of experience, you could significantly increase the chances of success.

For example, imagine a company that produces a high-quality and well-made product focused on the user's problem, but it has low demand. This may be due to the fact that the experience of using this product does not meet the expectations and needs of the user. At the same time, a similar, maybe even not so well-developed, product takes into account the context of user experience and offers a simple and clear solution for which users are willing to pay double the price.

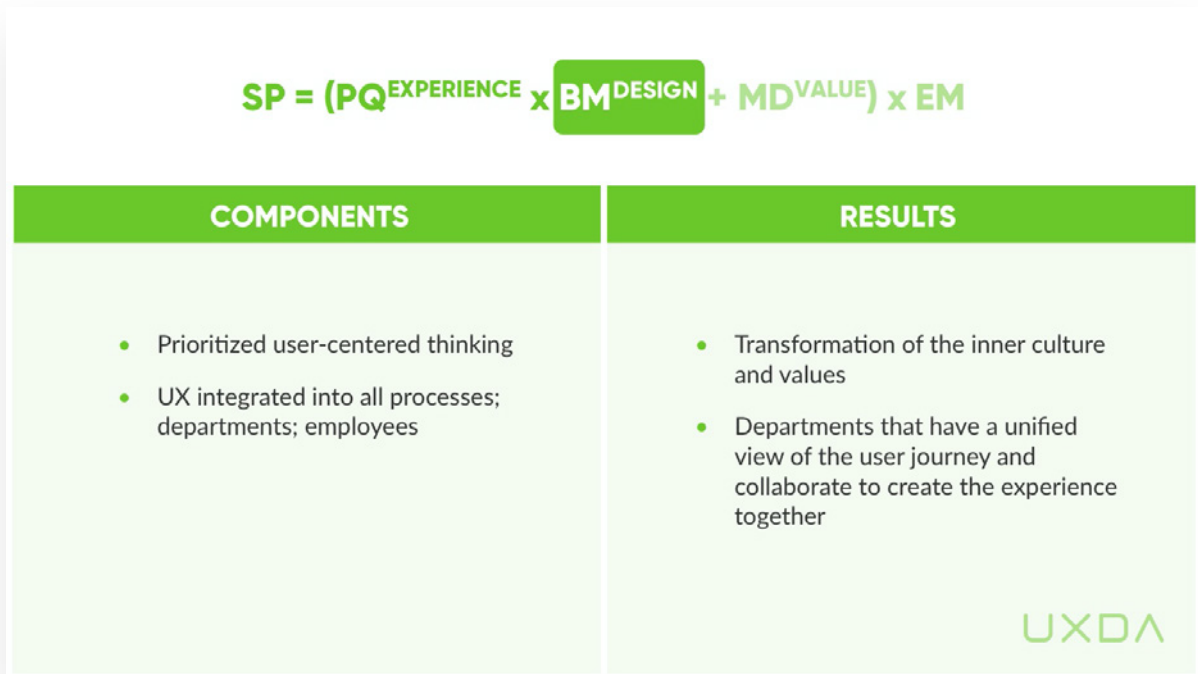
In order to create a great experience, we need to take into account the user's needs, wants, expectations, pains and motives for using the financial product. When working with our clients who utilize the UXDA's Financial UX Design methodology, we do this through the components of the **Experience pyramid**—the Design Thinking approach, business, user, product frame (BUP) and different UX tools and methods.

Our workflow is created to design financial services through the customer perspective. This approach can be used to make any product or service customer-centered. It is focused on achieving maximum customer satisfaction according to the specific business goals and taking into account the capabilities of the product.

█ This component of the formula results in a product that lives up to the customer expectations and wouldn't get rejected.

## Business Model raised to the next level with the power of Design

The second parameter of the formula is the business model. The business model determines not only the type of business, but also the basic principles of its functioning, development strategy and organization features. That is, everything that determines the production of a product or service and the implementation of business goals.



Of course, an effectively built and well-functioning business has a very high chance of success. Working with banks, I see huge organizations with precise functioning rules.

Competitiveness in the digital age requires more flexibility and switching focus from bureaucratic legacy to providing demanded value to customers. To increase the focus on customer satisfaction and accordingly ensure long-term success in the market, financial companies should integrate design thinking at all levels of the business.

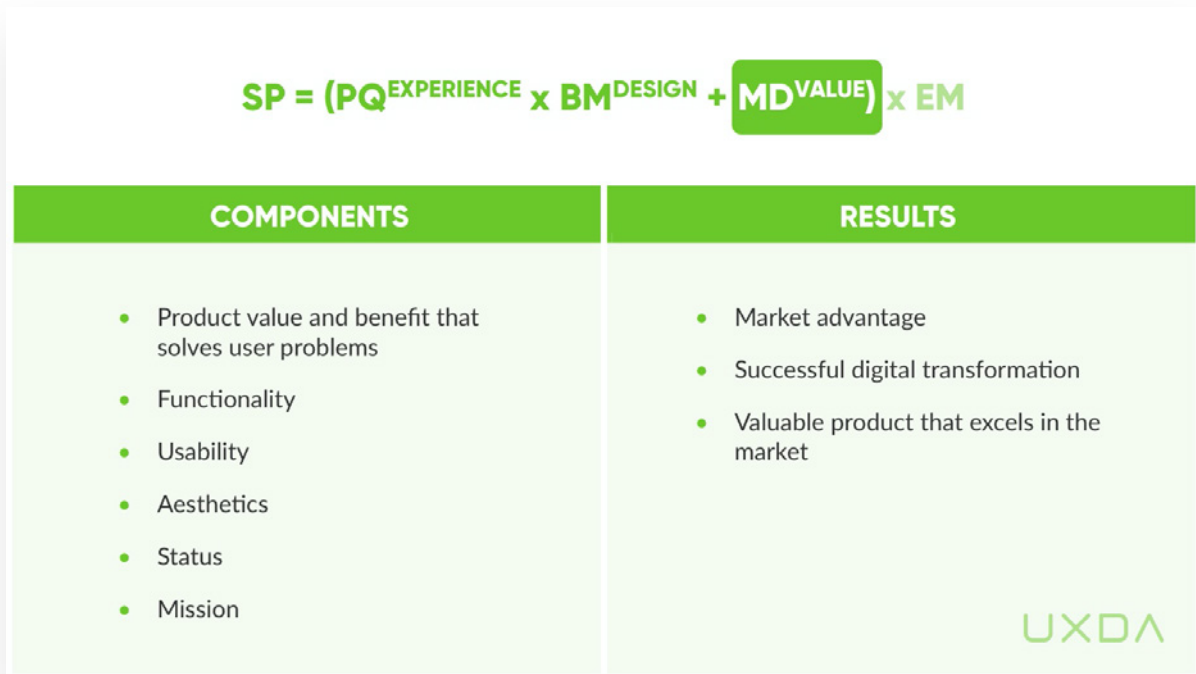
That is why we place design as a degree that impacts the success of a business model. In this case, we are not talking about the visual aspect of design, but about a generalized design approach to create and develop human-centered business at all operational aspects and in business culture. This approach allows us to ensure business adaptation to modern market realities, which will significantly increase its effectiveness. We discuss design integration in more detail in the [Design Pyramid article](#).

For example, banks, whose well-established and regulated business models have been proven for decades, today are surprised to see the super-fast rise of Fintech companies whose business models use the design approach as fuel for disruptive innovation.



# Market Distribution that's powered by Value

The third component of the formula are the operations of the business with the outside world or, rather, market distribution. In the market distribution term, I include both the chosen market niche with a positioning strategy and the activity of promoting and delivering information about a product or service to customers or potential partners of the company.



In the so-called marketing age, it was enough to boost the marketing budget to reach more people and convince them to buy the product. But, today, it no longer works like that. We have the network effect, and anyone is able to post a bad or a good review on the internet. This determines whether a person will trust you enough to buy your product or quickly learn from his or her peers that it's just a pretty advertisement.

For the market distribution, the success multiplier is the value provided to the customers. It's possible to create that if, besides basic functionality, the product also provides pleasant usability and aesthetics that cause positive emotions—status or personalization according to the specific needs of different audiences and the possibility to create a feeling of being a part of a bigger mission that has an impact on the world, like Tesla does.

In the **Value pyramid**, we explore these five levels in great depth. Their development is associated with competitive expansion on the market. Involving a higher level of value creates significant competitive advantages and increases the return on efforts aimed at market distribution. In general, this is a question about why your business exists and what value and benefit it brings to the customers.

At the same time, we are adding, but not multiplying, market distribution rate to the formula, since, even with a zero distribution, business success still can be achieved—in particular, with handcrafted products or boutiques, which are organically promoted by word of mouth without the participation of business owners. In this case, this is due to the outstanding quality of the service/product and the competent organization of the business.

For example, a large enterprise that has existed on the market for a long time for sure has a clear positioning of its products, well-established distribution channels and huge budgets for promotion, but this potential could not work to the maximum if the value provided to customers is at a basic functional level. However, if the value level is raised significantly higher toward the client, you will see a sharp increase in support and new opportunities for business development.

Just imagine a business that offers a special experience for a certain segment of consumers or, even better, implements a socially responsible mission. This could lead to creating community support around it. Members of such communities usually recommend products, defend the interests of the company and help develop its business, as this becomes part of their lifestyle.

## The Experience Mindset

The final and fourth element in the framework of this formula is associated with our thinking. Thinking is a filter through which we perceive the world around us and the basis for which we set goals and make decisions. Instead of an outdated mindset focused only on sales, we should implement a mindset that is focused on creating value for customers. This is the only way to survive in the age of digital disruption.



In this kind of mindset, we view the customers as our friends or family members, aiming to help them with the financial products the best way we can.

Since the format of our thinking directly impacts the organization's culture, strategy, priorities and the configuration of the product, the principles of our business and the plan for market promotion depend on this. Therefore, thinking becomes a crucial factor for the whole formula. The success scope of all of the three previous components depends on it.

To ensure the organization's success in the future, a sharp focus on customers' expectations and behavior is critical. It is your customers' needs, perceptions and experiences that play a key role in the digital economy. Don't try to manipulate them. Use empathy to become really useful to your customers, and they will provide an unexpected power for the growth of your business.

The customers of today expect a more ethical, responsible and honest attitude from their financial institution, as well as attention to their needs. Only this kind of attitude can ensure long-term success under conditions of digital transparency, total socialization, globalization, the disappearance of intermediaries, low market barriers, high competition and changes in consumer values. This type of thinking differs from the usual mindset of consumers as a resource used for business development. We call it the "Experience mindset." You can learn more about the thinking experience and diagnose the level of its development in your organization by reading our article.

Experience mindset is a form of perception and action that meets the requirements of the digital era and is maximally human-centered. Thus, a possible way to improve the quality of all the components of our formula at the same time is to integrate the Experience mindset into the company's culture. The UXDA team practice of conducting multiple workshops on the development of the experience mindset shows that such a transformation is possible only through external facilitation due to the high inertia of the cultural legacy.

## Expected Results

You may ask if this formula passed the test in real business and what results it provided. We discovered both positive and negative impacts of this formula among dozens of large and medium-sized businesses in various industries. For several years, we executed the Financial UX Design methodology based on this formula with 70+ clients, as well as our own company. Using this formula in the development of the UXDA agency ensured incredible results for us personally, as well as for our clients.

Building its business on this formula, UXDA has become the world's leading financial UX design agency in only four years. We received great recognition from banks, financial companies and Fintech startups from 27 countries, which is demonstrated by many awards, client testimonials and an NPS (Net Promoter Score) rate of 81. We started from scratch without investments, and, in a couple of years, the agency's income exceeded one million euros, which usually takes much more time and resources. And all of this without having a geographical advantage through locating offices in Silicon Valley, New York or London!

In full accordance with the formula described here, the key priorities of our team are the best experience for our customers, the highest quality of service and a clear and transparent business model that uses design thinking at all levels. This allows the UXDA team to design services that provide maximum value to end users, which, in turn, forms a stable basis for the success of our customers who rely on the described formula.

The UXDA team is extremely passionate about designing human-centered financial products and proud of our achieved results. We are grateful to more than 70 financial institutions for the chance to perform and prove our methodology, knowledge and skills. Nevertheless, we aim even further by making humanization of the whole financial industry our mission. As a result, this led to 300,000 followers and a queue of customers, with almost no advertising budget.

I am sharing this formula with you to show the components that, in my opinion, have a key impact on business success in the digital world—a world in which the impact of customers on business has grown tremendously. These are dramatic changes to business rules that cannot be ignored in any industry.

Although ten years ago this success formula could succeed with only a product, business and market, in modern times, it's unthinkable without multipliers of experience, design, value and mindset. This is the only way to adapt to the expectations of customers, gain their trust and skyrocket the business's chances of success.

**If you are willing to take the user experience of your financial business to the next level, contact UXDA - we will help you:**

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