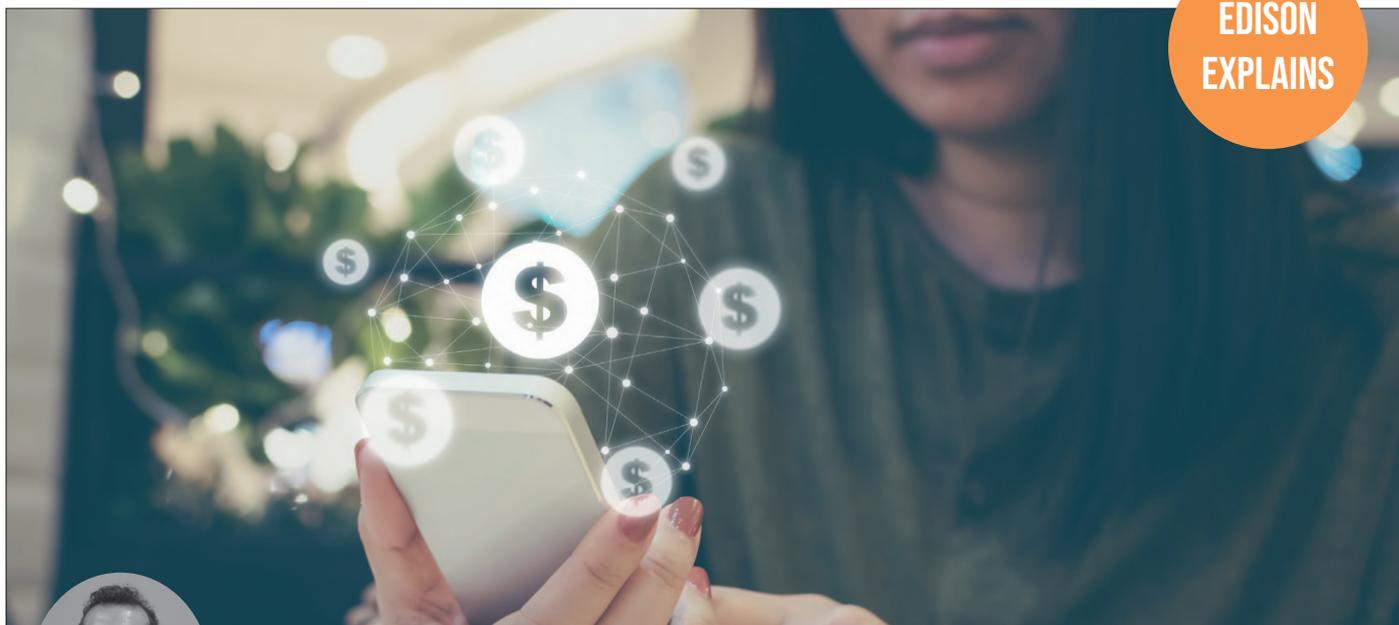


DOPAMINE TRAP

The gamification of investing apps

EDISON
EXPLAINS



BY NEIL SHAH,
EXECUTIVE DIRECTOR,
MARKET STRATEGIST

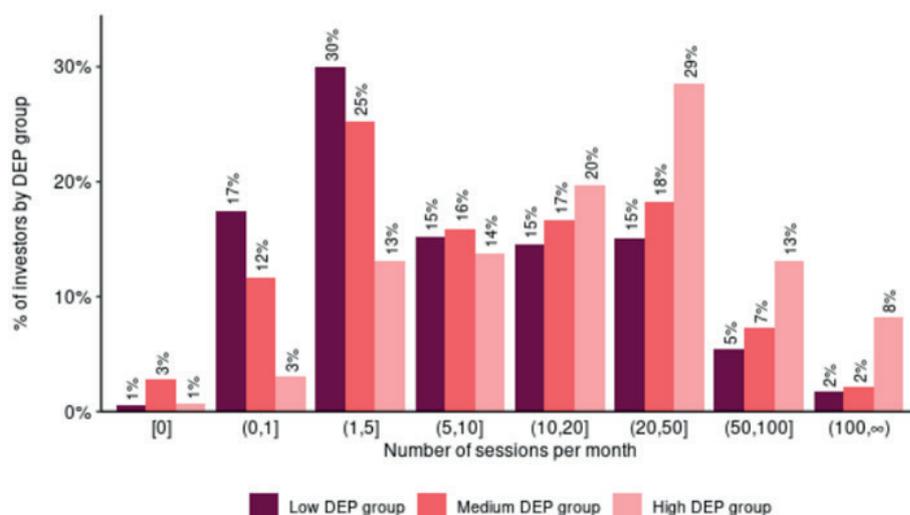
What is gamification in the context of investing?

Gamification refers to the application of game-design elements and principles to non-game contexts. In investing, this involves incorporating such features into financial trading platforms and apps to keep users engaged, active and returning frequently, similar to how mobile games encourage repeated play. For retail investors, particularly younger users trading on smartphones, this can make the experience feel more akin to sports betting or casino apps than to a traditional investment portal. Common examples of digital engagement practices (DEPs) include flashing prices, push notifications and celebratory animations, such as confetti falling after a trade is executed, which deliver an immediate dopamine hit similar to completing a level in a game. Other features include prize draws, leaderboards that rank users by percentage returns, 'scratch card'-style rewards for depositing funds

or referring friends, and badges awarded for reaching specific activity milestones. These DEPs are closely associated with increased user engagement. A report published by the Financial Conduct Authority (FCA) found that users of high-DEP apps logged in significantly more frequently, with 21% averaging more than 50 sessions per month, compared with 10% of users of medium-DEP apps and just 7% of users of low-DEP apps.

Social features are also prevalent, with platforms such as eToro and ZuluTrade popularising 'social trading' feeds and copy-trading functions, where users can automatically replicate the moves of 'top performers' or influencers. Even the interface itself, often characterised by bright colours and a frictionless 'swipe-to-buy' mechanic, is designed to minimise the psychological weight of spending money.

Exhibit 1: Number of app sessions per month by DEP group



Source: [Occasional Paper 66](#), *Playing the market: a behavioural data analysis of digital engagement practices and investment outcomes* by John Gathergood, Cameron Gilchrist, Mark D. Griffiths, Lucy Hayes, Emily Morris, Stephen O'Neill, Jesal D. Sheth and Neil Stewart. Published by the FCA.

The FCA reported that in the first four months of 2021, [1.15m accounts](#) were opened across four trading app companies. Between 2021 and 2024, these same companies continued to see strong growth, with an average of 70,000 new accounts opened each month ([FCA](#)). By 2024, trading apps were used by 3% of UK adults (c 1.6 million people), almost half of whom (47%) were aged between 18 and 34 ([FCA](#)). Notably, the average user of high-DEP apps was six years younger than users of low-DEP apps and 15 years younger than the median age of the UK adult population (c 48 years old, [FCA](#)). This younger skew may reflect the ease and convenience of these platforms,

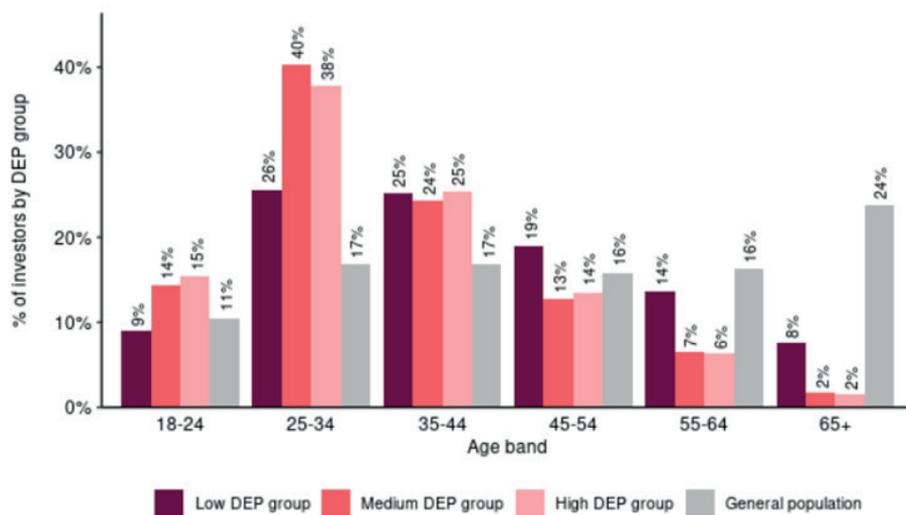
Furthermore, game mechanics can, in principle, be used to support positive financial behaviours. Some apps have begun to pivot these techniques towards education and prudence, for instance by rewarding users for completing educational modules, diversifying their portfolios or holding assets for the long term. Coinbase had ‘Learning rewards,’¹ where users could watch short educational videos about different cryptocurrencies, take a quiz to verify understanding and then receive a small amount of that cryptocurrency, ensuring users understood the asset before they held it. If designed responsibly, these ‘nudges’ can help users build financial literacy and better saving habits.

Celebratory animations create positive reinforcement for trading activity, regardless of whether the trade was financially sound. The immediate feedback loops (such as flashing lights or push notifications about market movements) can trigger a fear of missing out and impulsive reactions.

Research suggests that these environments can lead investors to trade more frequently and speculatively than they intended. The [FCA](#) found that push notifications and points and prize draws increased the number of trades made by 11% and 12%, respectively, and increased the proportion of trades in risky investments by 8% and 6%, respectively. This demonstrates how these apps can blur the line between investing and gambling.

A 2024 study by the [Ontario Securities Commission](#) found that features like social feeds and copy trading increased ‘herding’ behaviour. Users were more likely to buy promoted stocks or follow the crowd, often disregarding fundamental analysis or their own risk tolerance. The study highlighted that the pressure to conform to visible ‘winners’ on a leaderboard can push investors towards volatile assets they do not fully understand. In fact, the [FCA](#) found that ‘regardless of how returns [were] measured (realised returns, unrealised returns, or large losses), investors enjoyed significantly poorer returns on high-DEP apps when compared to low-DEP apps,’ suggesting that the engagement these features generate may be detrimental rather than beneficial to long-term wealth building.

Exhibit 2: Age of investors by low-, medium- and high-DEP applications



Source: [Occasional Paper 66](#), *Playing the market: a behavioural data analysis of digital engagement practices and investment outcomes* by John Gathergood, Cameron Gilchrist, Mark D. Griffiths, Lucy Hayes, Emily Morris, Stephen O’Neill, Jesal D. Sheth and Neil Stewart. Published by the FCA.

which enable retail investors to trade stocks, exchange-traded funds and other securities with minimal friction.

What are the benefits for retail investors?

Gamification can reduce psychological barriers to starting to invest and can help some users engage with finance who otherwise might stay out entirely. The intuitive interfaces and low minimum deposit requirements appeal particularly to younger or first-time investors who find traditional brokerage platforms intimidating or inaccessible.

What are the risks of gamifying investing?

While gamification increases engagement, it can also distort decision-making and encourage excessive risk-taking. The psychological mechanisms behind gamification are well understood by app designers. Variable reward schedules, similar to those used in slot machines, create anticipation and encourage repeated checking of portfolios. Social comparison through leaderboards triggers competitive instincts that may override rational risk assessment.

How are regulators approaching the issue?

Regulators in the UK and globally have expressed growing concern that gamification reframes trading as entertainment rather than a serious financial activity. The European Securities and Markets Authority has warned that gamified ‘[digital nudges](#)’ can mislead investors and breach requirements to act in a client’s best interest, while the FCA’s CEO, [Nikhil](#)

¹Coibase Learning rewards is no longer available due to changes to the FCA’s Financial Promotions regime.

[Rathi](#), has observed that the ‘debate between legitimate investment and trading and unregulated entertainment and gambling has become blurred.’

At the same time, academic commentary highlights a regulatory tension. In an article in the *UCL Journal of Law and Jurisprudence*, [James Isaacs’ analysis](#) of the FCA’s competition mandate notes that the regulator must balance its duty to promote competition and innovation with its responsibility to protect consumers and safeguard financial stability. Although gamified investing apps have increased competition and reduced costs, they may also introduce new systemic risks by encouraging herding behaviour or excessive leverage among retail investors. Similarly, in their report [Digital-Savvy Retail Investors](#), Marie Brière and Apostolos Thomadakis advocate a regulatory approach that helps investors prosper by clearly distinguishing between beneficial forms of engagement and manipulative design. They argue that regulation should encourage companies to deploy digital tools in ways that nudge users towards long-

term, goal-based investing rather than high-frequency speculation.

What should retail investors do?

For the individual investor, awareness is the first and most effective line of defence. It is important to critically assess the features of any trading platform being used. For example, consider turning off non-essential push notifications, particularly those highlighting daily ‘movers’ or sharp price swings, as these alerts are often designed to provoke an emotional reaction rather than support informed decision-making.

Investors should also be wary of ‘achievement’ features that reward frequent trading. Instead, setting clear, written investment goals and risk limits outside the app environment can help maintain discipline. When making a trade, compare the decision against their personal criteria rather than in-app rewards, rankings or social sentiment. Choosing platforms or settings that emphasise

diversification and long-term investing can further reduce the temptation to over-trade.

It is also important to recognise that a platform’s incentives may not align with an investor’s. Trading apps typically generate revenue through mechanisms such as payment for order flow, bid-ask spreads or subscriptions tied to active use. As a result, increased trading activity benefits the platform regardless of whether those trades are profitable for the investor.

Finally, consider complementing app-based trading with access to [independent, institutional-grade research](#) that prioritises fundamental analysis over engagement metrics. While gamified platforms excel in accessibility and user experience, traditional research providers offer deeper company analysis, management insights and sector expertise without the psychological prompts designed to increase trading frequency. Combining these approaches can help investors make more informed decisions, while still benefiting from the convenience of modern trading technology.

EDISON’S VIEW

The gamification of investing apps represents a double-edged innovation. On the one hand, the technology has genuinely lowered barriers to entry, making investing more accessible to millions who might otherwise have remained on the sidelines. On the other hand, its current implementation often prioritises engagement metrics over investor outcomes, creating an environment in which the interests of platforms and users diverge.

Evidence from behavioural research is clear: many gamification features increase trading frequency and risk taking without improving returns. For retail investors, this means the colourful and engaging interface may be actively working against their long-term financial interests. The solution is not to avoid investing apps altogether, but to use them with a clear understanding of how they are designed to influence behaviour.

As regulatory scrutiny increases, there may be a shift toward more responsible forms of gamification that genuinely support sound investing habits. Until then, the responsibility largely rests with individual investors to recognise the psychological techniques being deployed and to develop strategies to counteract them. In an era where trading apps may be more sophisticated in behavioural psychology than their users, scepticism toward gamified features is not cynicism but prudence.

General disclaimer and copyright

This report has been prepared and issued by Edison. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2026 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

The Investment Research is a publication distributed in the United States by Edison Investment Research, Inc. Edison Investment Research, Inc. is registered as an investment adviser with the Securities and Exchange Commission. Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom

www.edisongroup.com

WHO YOU GONNA CALL?

When investment institutions like BlackRock and HG need their own investor relations, they pick up the phone and dial Edison.

Discover why we work with more than 50 financial businesses and listed trusts. We're here for a call (or other digital dialogue) today.

[FIND OUT MORE](#)



 **EDISON**
BRILLIANT KNOWLEDGE