



Bocconi Students Fintech Society

Super Apps

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Introduction

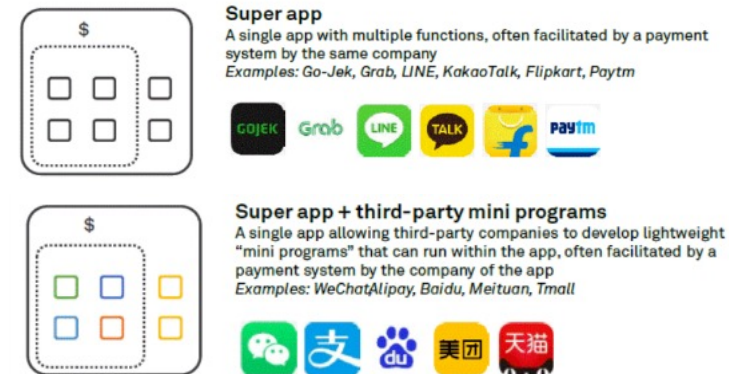


What are Super Apps and where are they relevant?

Super apps are marketplaces that offer a wide range of products and services. They bundle many single apps' functionalities and bring them together in one app, improving customer experience. Super apps emerged from PDAs, game snakes, and the Apple App Store, and were accelerated by the rise of more app stores. They started in China with WeChat and Alibaba6, and then spread to East Asia with KakaoTalk, Line, and Gojek. Super apps create monopolies in one region and become a platform to support all platforms. Instead of growing vertically, they aggressively expand horizontally and dominate a specific geography.

Super apps can be classified into two groups: multipurpose and operating system super apps. A multipurpose super app is a single multipurpose mobile application with different functions or use cases, often facilitated by a core underlying asset shared across functions. **Rappi** and **Grab** are examples.

An operating system super app is a single multipurpose app that runs mini-programs developed by third parties, often facilitated by a seamlessly integrated payment system. **WeChat** is an example.



Sources: VTEX, Beacon Venture Capital

Super Apps: Ranging from Taxi Rides to Text Messaging



WeChat

- Offers transportation services, a digital wallet, food and package delivery and financial services.
- 187 million users
- 32.6 million transacting users
- 46 million daily rides
- 675 million revenues in 2021

Grab

- Offers messaging, gaming, photograph and video sharing and payment services.
- 97.7% of smartphone users in China used Wechat in 2019.
- Generated around 42 billion of mobile payment transactions
- Reached 7 billion gaming revenue in 2020
- 88% of businesses in China use wechat as primary communication tool



The Benefits of Super Apps



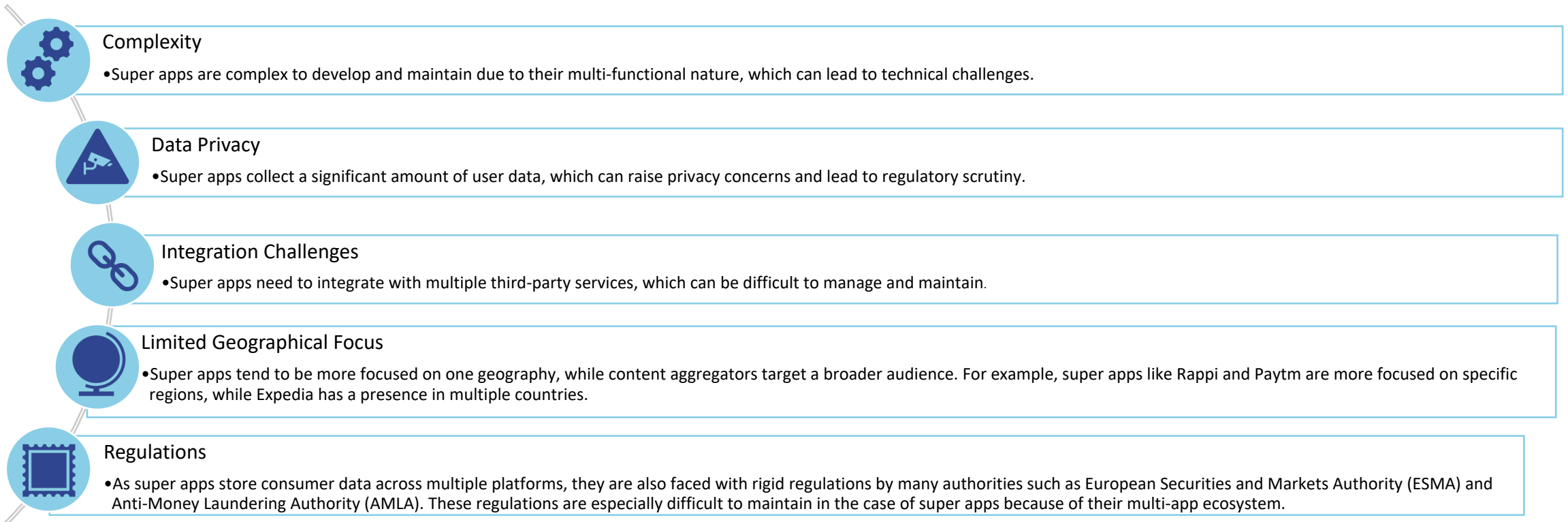
How are Super Apps creating value and providing advantages to firms?

- Super apps can build user trust and add new functionalities without investing in advertising, allowing them to add new features without spending a lot of money.
- Companies can use mini-programs to access user data to improve their marketing, provided by the super app and collected from user interactions with the digital platform.
- The super app provides a unique single sign-on to access all functionalities and mini-programs, allowing for a uniform and individual user experience. This is possible due to standardization and customization of the user interface.
- Opportunity for cross selling: super apps can leverage user data to offer relevant services, increasing their revenues through cross-selling
- Mini-programs or mini-apps are lightweight apps that run inside super apps, allowing users to access third-party services without leaving the super app or downloading separate standalone apps. This saves memory on the user's device.

Challenges Super Apps Face



What are the main obstacles that these Super Apps are currently fighting?



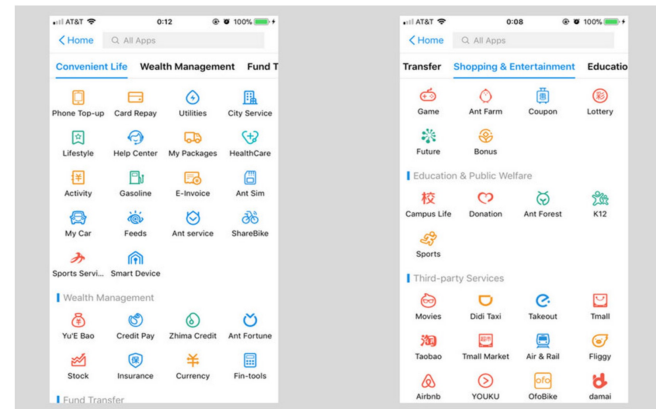
Sources: MIT Libraries, Business Today

The Impact on other Financial Institutions

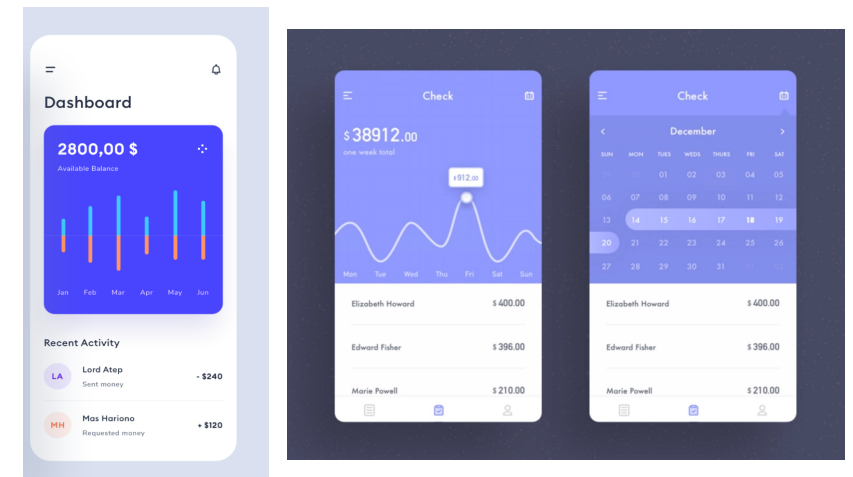


How are Super Apps influencing the financial markets and impacting traditional institutions?

- The payments industry, prevalently in China, is seeing a rapid shift from cash-payments and stand-alone apps to applications like WeChat and Alipay. Studies show that an enormous percentage (92%) of residents in cities of China use these apps for regular payments
- The higher usage of a single platform present in these applications also boosts data collection for multiple functions, that gives Super Apps an edge when compared to traditional lending institutions that should analyze through a potential borrower's spending across multiple platforms.
- Super Apps are more likely to offer credit-based options to clients than traditional institutions as they use quality data already stored that would inform them about previous defaulters. This makes them more attractive to clients rather than financial institutions that often follow tiresome regulations regarding credit-based loans and payment methods.
- In few scenarios, super apps are providing clients with more security than traditional institutions in areas like payment interfaces. Processes like tokenization of cards means lesser risk of hacking or account-takeover fraud.



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Sources: SLD, Oracle, Finextra



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