

Inclusive digital ecosystems of the future

Digital ecosystems have sprawled around the world with the rapid spread of mobile data communications.

At the heart of a digital ecosystem is usually a platform – whether a physical device platform like a mobile phone with diverse entities supplying parts and services around it, or an institutional framework of rules and standards which link buyers and sellers, payers and payees (like a payment card platform). In this context, this paper draws attention to the rise of a new class of “superplatforms.”



A superplatform is an orchestrator whose influence and control extends beyond one ecosystem or sector only.

Superplatforms are distinguished by their roles in building and maintaining ecosystems, or platforms of platforms. US companies like Google, Facebook and Amazon, and Chinese companies like the Alibaba Group and Tencent Holdings are all examples of present-day superplatforms, most of which were startups only 13 years ago.

facebook

Alibaba

amazon

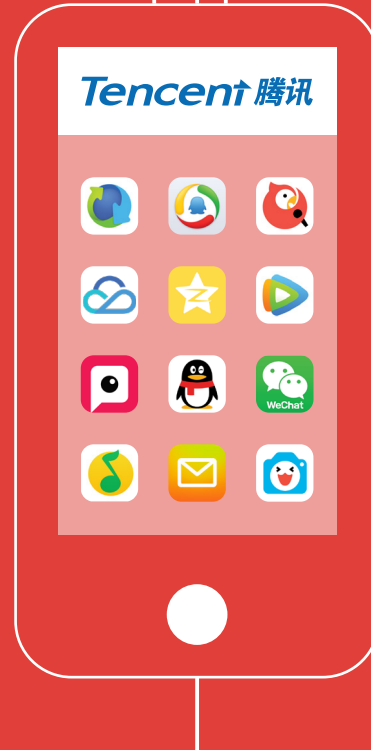
Google

Superplatforms will be the most powerful force shaping digital ecosystems by 2030.

Companies that qualify as superplatforms made up seven of the ten most valuable companies worldwide in mid-2017. Superplatforms are regularly rated among the most innovative and client-centric companies globally. They leverage technology in their business models and were born digital. Their platform-based business models derive value from creating ecosystems that make possible a two-way exchange of physical assets (like Amazon or Alibaba) or digital assets (like Facebook). This generative exchange allows buyers or consumers to be producers and sellers.

The implications of future digital ecosystems are already evident in **China** today.

While US-based superplatforms have all dabbled in financial services, especially payments, which are key to their business model, they have yet to develop compelling large-scale financial service offerings. Chinese superplatforms offer e-commerce and large-scale financial services for users and adoption has been exponential. The large and entrenched Chinese retail banking system has already started to feel the squeeze from the rise of local superplatforms in the form of lower margins and even depositor attrition.



Concerted entry into **African markets**

by superplatforms will have significant implications for consumers, incumbent financial institutions and regulators.

While some superplatforms like Google and Facebook have offered cloud-based services in Africa for some time, with few exceptions to date superplatforms have not yet come “onshore” in Africa, due to local presence and subject to local financial regulation. However, thanks especially to the spread of data connectivity (not only through smartphones) and the rise of mobile money as a means of digital payment, we argue that at least parts of Africa are now ripe for superplatform arrival in force over the next ten years.

For consumers:

African consumers are exposed to, and in some cases already using, a range of new technology innovations – from the internet of things to artificial intelligence. Yet deployments today are sub-scale and fragmented. The entry of superplatforms offers the prospect of integrating services into more compelling and affordable offerings. Their generative potential is key: consumers may be able to sell as well as buy goods and services through superplatforms.



For incumbent banks and other financial service providers:

Incumbents risk disintermediation, thanks to the superior ability of superplatforms to harness the power of data about clients. The days of high margin spreads may end. Just as mobile operators face the risk of becoming communication utilities (“dumb pipes”), so too may banks without a differentiated customer proposition become financial utilities (“dumb reservoirs,” of funds).



For financial regulators:

The growth of superplatforms further challenges the authority and capacity of regulators because of their cross-border scale and sophistication. Not all the fruits of an algorithmic world will be customer friendly however, so financial regulators will face pressures to become data regulators or cooperate closely with such regulators where they exist.



The rise of superplatforms changes the nature of financial inclusion and customer centricity.

Superplatforms tend to see financial inclusion not as an end goal but as an enabler of the growth and monetization of their ecosystems. Their e-commerce models require that users have frictionless digital payment options to which other financial services can easily be added, whether provided by partners in a marketplace or directly where permitted.

Anna is a young hairdresser in Abuja. Her story shows growing connections to digital ecosystems as her business develops and superplatforms expand in Africa by 2030.

