

From online bazaar to one-stop-shop

The rise of super-apps in the
Middle East and Africa



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About this report

From online bazaar to one-stop-shop: The rise of super-apps in the Middle East and Africa is a report written by Economist Impact and supported by Mastercard. The report's findings are rooted in a programme of in-depth interviews with experts alongside desk research. Economist Impact would like to thank all participants for their time and insights, including the following interviewees:

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- **Noha Shaker**, secretary general, Egyptian Fintech Association
- **Karen S Puah**, president, FinTech Association of Malaysia
- **Nejoud al Mulaik**, director, Fintech Saudi
- **Shadab Taiyabi**, president, Singapore FinTech Association
- **Nameer Khan**, founding board member, MENA FinTech Association
- **Armstrong Takang**, special adviser (ICT) to minister of finance in Nigeria
- **Miguel Rio Tinto**, group chief information officer and chief digital officer, Emirates NBD

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Executive summary

In 2021 WeChat, China's dominant social media and payment app, announced that it had reached 1.2bn monthly users, making it one of the popular standalone apps in the world.¹ What originated as a humble messaging app has over the past decade transformed into a single portal bundling together millions of third-party apps, allowing customers to do anything from payment transfers, buying bus tickets and purchasing luxury goods to transferring their monthly rent. WeChat has become not just a provider of a large array of digital services, it has become—through its ubiquity and wide range of services—intrinsic to Chinese consumers' lives.

WeChat's expansion began with gaming applications, for which it added payment capabilities in 2013. In parallel, WeChat offered a platform for third-party apps to offer digital services to its customer base. In doing so, WeChat emerged as the first "super-app".

WeChat's success in augmenting a core product with supplementary revenue streams and developing a platform ecosystem has inspired firms globally to emulate it. It's certainly not the only success story. Meituan, a popular food delivery service in China, branched out to offer hotel

bookings through its smartphone app in 2013 and within five years was responsible for 50% of hotel stays in China—toppling a previous travel-booking giant, Ctrip.² From Go-Jek to Grab, to AliPay or Rappi, numerous super-app contenders are battling to be the only app that a consumer needs.

While multi-function apps have been popular in Asia for some time, other markets have seen a different app ecosystem develop. In western markets, smartphone interfaces first drove the unbundling of services into separate, single-purpose apps: consumers have largely messaged, hailed taxis, summoned food and paid for things with different apps aggregated within the mobile operating system, be it Apple's iOS or Google's Android. But more recently firms including Spotify, Uber and Revolut have raced to bundle ever more features into their apps, eyeing an opportunity to extend new products and services to captive audiences.

In the Middle East and Africa (MEA), the super-app model is showing early promise and consumer appeal, with emerging players seeking to emulate the Chinese-born concept and creating regional success stories of their own.

¹ <https://static.www.tencent.com/uploads/2021/04/08/960eae1f18dd716fd3a7d704e123d7a5.pdf>

² <https://kr-asia.com/meituan-an-unexpected-entrant-to-chinas-ota-industry-that-topples-ctrip>



To better understand the rise of super-apps, how they are proliferating across the MEA region, and what enables and impedes their expansion—from consumer norms to policy—Economist Impact has undertaken a wide-ranging study drawing on a comprehensive interview programme with experts and regional stakeholders. Key findings include:

- **Locally active super-apps are proliferating across the MEA region, but larger cross-regional players remain few.** Firms such as Dubai-based Careem (acquired by Uber for US\$3.1bn in 2020) have emerged as local champions, expanding from ride hailing to grocery delivery and payments. Other businesses have sought partnerships to expand their capabilities, such as Vodacom in South Africa, which joined forces with Alibaba's AliPay, another popular Chinese super-app, to launch VodaPay in May 2021. The acquisition sums for regional apps—from US\$500m (iFood) to over US\$3bn (Careem)—suggest a valuable market.
- **The prevalence of low-end mobile phones, as well as high internet costs in the MEA, make super-apps an attractive product.** The MEA has historically been the region with the lowest levels of connectivity as well as high fixed-line broadband costs. Mobile operators have provided the region with affordable low-end smartphones with limited broadband capabilities. In many countries in the region the advent of cheap smartphones has allowed populations to leapfrog desktop technology. As super-apps require less bandwidth and data compared to several separated apps, they make an attractive product, suitable to the technological as well as cultural environment.
- **The region's most precious asset is its people.** Stimulated by rising prosperity and economic growth, the MEA population is expected to grow to 3.4bn by 2050, becoming the most populous region in the world. This expanded market presents a wealth of customer data, which local platforms could exploit. The region also has an exceptionally young population with a higher than average openness and appetite for innovation and new technologies.
- **Super-apps can be drivers for financial inclusion in the MEA.** In remote areas of the region a lack of traditional bank branches has contributed to scant financial service provision. By bundling together a wider array of financial services in an all-in-one platform that requires little data or storage to operate, and can leverage users' data to assess credit-worthiness or support payments, super-apps are enabling previously unbanked citizens access to a wider financial ecosystem.

- **The harmonisation of national policies remains the biggest challenge to the scaling-up of super-app presence in the MEA region.**

The MEA consists of more than 60 countries with over 1,000 languages and divergent economic, policy and cultural environments. Although the African Union and Gulf Cooperation Council are fostering the harmonisation of industrial and data policies, for super-apps seeking to further their reach, the current fragmentation presents a significant operational, legal and financial burden.

- **A lack of vast data pools in the MEA weakens one of the market advantages that the super-app model offers.** Analysing data collected from customers gives digital services invaluable information on consumer preferences. Super-apps multiply this by collecting data across a series of connected services. Although the number of people living in the MEA is generally rising, no country in the region has a population over 100m. As sharing data between territories is constrained by local regulation, there is a limited

market from which super-apps can collect customer data. This, combined with generally low levels of connectivity and technological infrastructure, makes for a region characterised by relatively low levels of data availability.

- **A number of sectors are emerging as potential candidates for the future expansion of super-apps in the MEA.** Super-apps expand into sectors that are adjacent to their current offerings and that can help them scale. In the MEA, the sectors with a high potential of takeover by super-apps include insurance, property brokerage and digital remittances. Others already seeing increased activity from digital service providers include equity crowdfunding, Islamic finance, peer-to-peer lending, and “robo advisory” (services that use algorithms to provide automated investment advice).

The rise of super-apps

One app to rule them all

A decade ago, Chinese technology giants such as Ant Group and Tencent Holdings reached a point where their core offerings in the nascent but fast expanding mobile digital market had yielded a huge customer base. The Chinese tech companies saw an opportunity to branch out, providing additional services that consumers could access directly within each firm's main app. Their strategy had two components: expand their own services and partnerships, and offer a platform for third-party developers to provide digital services.

WeChat, for instance, initially started out as a messaging app. But, once it had gained 200m users, in 2013 it expanded into social gaming, adding mobile payment functions that planted the seed for WeChat Pay. Not long after, WeChat partnered with Didi to allow users to hail rides and pay for them within the WeChat app, which thus became what could be defined as the first "super-app".

\$250bn

worth of annual transactions are made through the WeChat platform

Source: Tencent

The central concept of the super-app is straightforward: it is a single digital platform that offers a range of consumer services via a seamless user experience. "Super-apps are players that have gone from a platform to a platform-based ecosystem. They are ecosystems and they are enablers," says Nameer Khan, head of the MENA Fintech Association. Super-apps offer a single location from which a consumer can engage in diverse commercial transactions, from calling a cab to paying an electricity bill. This definition emphasises the role of super-apps as platforms for exchange between consumers and a multitude of vendors. "I see them as a marketplace," says Mr Khan.

Today, Tencent's WeChat alone offers more than a million services, created by third-party companies, as diverse as booking a hotel, buying a cinema ticket or trading second-hand luxury goods. China's digital market is, to a large extent, these firms' oyster. The market power amassed by the Chinese behemoths is so far unique, but it is precisely this unique selling point—the extensive command on consumer attention—that has prompted ambitions across the MEA to replicate their success.

Successful super-apps embed themselves in the user's lifestyle. Working on the basis of large-scale infrastructure, a huge user base and insights generated from user data, single-purpose services can add adjacent services to their platform at

a relatively low marginal cost and with a high probability of this being accepted by users. At the same time, users have a single trusted partner to help them with many of their daily transactions, accessible via a platform that offers a familiar and predictable user experience. “A super-app starts by solving a specific user problem, then, as it acquires customers, it starts offering more features,” says Shadab Taiyabi, president of the Singapore Fintech Association.

Super-apps with Chinese characteristics

Since WeChat embarked on its journey towards expansion, the company’s growth has been astronomical. Today WeChat has 1.2bn active users and enables roughly US\$250bn of annual transactions via its platform.³ What enabled China to grow these exceptionally large super-apps? One reason for this is the unique characteristics of the Chinese market, where conditions were ideal for the emergence of super-apps:

- *Delivering payments:* China lacked the extensive payments services that were already widespread across Western markets. As Miguel Rio Tinto, CIO and chief digital officer of Emirates NDB, puts it, “Alipay had this core foundational thing, which was payments, and then piggybacked on that.” By cornering payments, Alipay was able to add on services, such as ride-hailing, that depend on a financial transaction. In Western markets, by contrast, payments services were well established. “I could very easily onboard [payment providers] in my app and accept payments,” says Mr Rio Tinto.
- *Mobile-first:* WeChat emerged in 2011 as smartphone sales exploded in China. Such was
- the pace of growth in availability of affordable smartphones that many people chose a handset as their first digital device. Even today, mobile is the preferred or exclusive access point for digital services with 1.6bn registered mobile-phone subscriptions in August 2021.⁴ In Western markets, the adoption of PCs as a first digital device was more widespread, and WeChat’s role was fulfilled by services such as AOL, Yahoo and CompuServe, operating over the desktop.
- *Industrial strategy:* China’s state-led model of economic development sets the scene for the rise of sectoral champions, supported by the state and protected by it from competition, particularly foreign competition. (Of course, this prominent role of the state in industrial development can work both ways: China’s technology giants are today the focus of critical attention from the state, which wants to bring their operations into line with broad social and political goals.)
- *Big data:* Access to consumer data is a potent catalyst for business growth, and China stands out in two respects. First, the sheer size of its population (including those 1.6bn mobile-phone users) means that the potential data pool is far larger than in almost any other single nation. Second, China’s cultural and policy approach to individual privacy is more relaxed than in the West, making consumer data more easily available and subject to fewer regulatory barriers.
- *Abundant hardware:* the price of smartphones has fallen consistently and dramatically in China, transforming both the local market and markets around the world. In 2011, while an Apple device would cost Rmb5,200 (US\$806) on the streets of Beijing, a cheap handset running the Symbian operating system cost Rmb1,600 (US\$248). Today,

³ <https://static.www.tencent.com/uploads/2021/04/08/960eae1f18dd716fd3a7d704e123d7a5.pdf>

⁴ <https://www.statista.com/statistics/278204/china-mobile-users-by-month/>

Chinese manufacturers are driving into higher-end and higher-margin handsets, but the supply of low-cost smartphones remains substantial.

- *Network effects:* China's service providers enjoyed powerful network effects early in their evolution because of the high absolute numbers and high urban concentrations of citizens who could afford smartphones. As a result, the trust premium and the personalisation allowed by data analysis raise formidable barriers to entry to would-be competitors, which concentrates the market around the dominant incumbents.

The success of super-apps is unique to the ground conditions in China—some of which raise eyebrows elsewhere. Yet while the local context and business and policy environment are unlikely to emerge in other geographies, the popularity of super-apps offers important lessons and parallels in terms of how they may gain influence elsewhere.

Distant frontiers

Western markets present a vastly different picture both in terms of ground conditions as well as subsequent development of super-apps. Market-led economies populated by fiercely competitive private companies and regulated by strict antitrust

and data protection laws have resulted in a different ecosystem, from which the emergence of similarly dominant super-apps has not occurred.

Amazon, Google and Meta (the parent company to Facebook, Instagram and Whatsapp) already dominate in their commercial spaces and, for now at least, have defensible positions against each other, though they compete in many areas of the market. Such is their strength that new entrants are left mainly to contest the spaces in between and market niches that are beneath their attention. It's notable, too, that Google and Facebook, while offering a wide array of services under one brand, do so—successfully—via apps that serve individual functions—Gmail and Google Maps are separate, for example, and Facebook split its messaging and social media platforms into separate apps several years ago. It seems unlikely that new competitors will steal substantial market share from these dominant brands by offering a portfolio including all of their services—in effect what a super-app would have to do.

In the old joke a driver asks for directions and gets the response “Don't start from here”. China's starting point made super-apps a natural destination. For Europe and the US, the starting point makes other destinations a more likely target.



Enabling factors

The Middle East and Africa: A land between

The MEA region provides potentially fertile ground for the development of super-apps. The region is projected to become the most populous area in the world, with a forecast population of 3.4bn by 2050.⁵ In the Middle East, governments are investing vast sums derived from oil and gas into the development of fintech and emerging technologies, while Africa is home to a young, digitally savvy population with an appetite for new technologies and innovation. This dynamism is evidenced across the region, including through the emergence of super-apps.

One of the major regional players is Dubai-based Careem, which was acquired by Uber for US\$3.1bn in 2020.⁶ Elsewhere, Egypt is home to Halan, which recently secured investment of US\$120m and offers financial services from buy-now-pay-later to microfinancing, as well as ride hailing and grocery delivery.⁷ Similarly, Algeria-based Temtem, which started out as a ride-hailing app, recently launched Temtem ONE, its very own version of a super-app, incorporating e-commerce, transport and delivery.⁸

Sub-Saharan Africa has a number of promising players too. In 2021, Kenyan-based company Safaricom launched its M-Pesa super-app, a redesign for the smartphone era of the original and much-celebrated SMS-based payments system. M-Pesa plans to add services such as ticket booking, deliveries and low-data-consuming mini-apps. In Nigeria, the most populous country in Africa, Gokada, a courier service, established its own super-app allowing users to send packages, order food and hail cabs in one platform. SafeBoda, a Ugandan-based ride-hailing firm, also recently expanded into super-app territory. MTN Group, a telecoms provider headquartered in South Africa, is bundling instant messaging with m-commerce (transactions carried out via mobile phones) and entertainment in its Ayoba super-app.

Perhaps not surprisingly, given the projected potential of the region, Asian super-app firms are also attempting to make a move into specific countries.

⁵ <https://www.weforum.org/agenda/2018/05/why-the-world-s-fastest-growing-populations-are-in-the-middle-east-and-africa/>

⁶ <https://ubr.to/3vLMTqI>

⁷ <https://techcrunch.com/2021/09/08/egyptian-fintech-mnt-halan-lands-120m-from-apis-partners-disruptech-and-others/>

⁸ <https://ventureburn.com/2020/10/algerian-startup-temtem-one-launches-all-in-one-app/>

In the MEA the advantages are great...

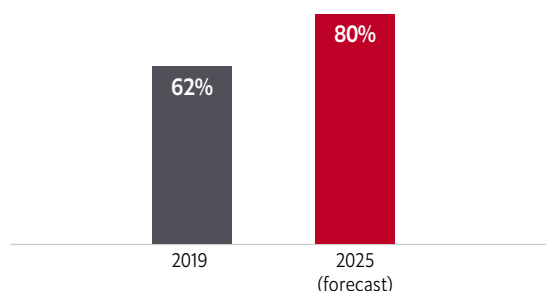
At a first glance, the MEA region provides a growing number of use cases where super-apps are emerging. Are the conditions in place for the MEA region to create its own super-app story?

A mobile-first region

A key characteristic of the MEA region is the increased availability and use of low-end smartphones. In the Middle East and North Africa (MENA), the number of mobile subscriptions is expected to grow to 565m by 2025, a penetration rate of 80%.⁹ In the UAE, a small but wealthy market, mobile internet is even more prevalent, with smartphone penetration of 97.6%.¹⁰ Although still high in absolute terms, smartphone presence in Sub-Saharan Africa is lower—the number of smartphone connections expected to reach 678m in 2025, with penetration of 65%.¹¹ But the smartphone market is growing rapidly; in Nigeria, for example, smartphone penetration rose from 20% in 2016 to 48% in mid-2020, and is forecast to reach nearly 60% by 2025.



FIGURE 1. Penetration rate of mobile phone subscriptions in the Middle East and North Africa



Source: GSMA

As has been the case in China, low-end smartphones are playing a major role in the increase in smartphone subscriptions, making up almost 85% of all smartphones shipped into Africa in Q1 of 2021.¹² In many countries, the advent of cheap smartphones has led populations to leapfrog desktop technology and adopt mobile apps first. And since low-end smartphones are usually equipped with limited capabilities in terms of storage, data and broadband, super-apps provide the natural option for saving precious storage and broadband.

Super-apps can be a driver of financial and digital inclusion

One appeal of super-apps is that they can be a driving force for inclusion, connecting consumers to services that they were previously excluded from. The MEA region hosts large cohorts of unbanked individuals for whom, as in China a decade ago, the arrival of internet-enabled mobile devices offers a connection to previously inaccessible financial services.

⁹ https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/11/GSMA_MobileEconomy2020_MENA.pdf

¹⁰ <https://datareportal.com/reports/digital-2021-united-arab-emirates>

¹¹ https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/09/GSMA_MobileEconomy2020_SSA_Eng.pdf

¹² <https://www.idc.com/getdoc.jsp?containerId=prMETA47840421>

Providus Bank, a challenger bank in Nigeria, has based its business model on bringing businesses and individuals into the formal financial system. It targets the mass retail sector—“people who do hawking on the street, selling stuff on the road, people who have bike riding as their means of livelihood, like commercial transport,” says Providus CFO Adeoye Ojuroye.

For such people, mobile is key. “[Banks] don’t have the capability to serve them well now, because many live in remote places where there are few branches,” says Mr Ojuroye. Thus, Fintech and payments-powered super-apps can reach people and businesses that traditional banks cannot, thereby contributing to the financial inclusion of large sections of the population. For example, since launching in 2007 M-Pesa has helped to increase financial inclusion in Kenya from 25% to over 80% of all adults.¹³ Similarly, SafeBoda made it part of its mission statement to “improve the livelihoods and welfare of in Africa by empowering people”.¹⁴

The MEA region has a vast pool of people waiting to join the consumer economy and to get full access to the goods and services that others have long taken for granted. In specific countries of the MEA where large segments of the population live in locations with poor physical infrastructure and that are remote from shops, bank branches and state agencies, the advent of cheap super-apps consuming little data and powered through financial technology opens a portal to a range of sophisticated services. This provides demand for the kinds of financial intermediation that traditional banks, with their high cost base, find hard to satisfy but which the more agile super-apps can profitably supply.

A promising demographic make-up

Finally, what makes the region particularly interesting is its young population and demographics. The MEA population is projected to reach 3.4bn by 2050, overtaking both China and India in terms of overall population.¹⁵ The region’s countries also have relatively young populations, making them generally more open to new technological solutions and enthusiastic for the dynamic user experience that super-apps can offer. Furthermore, rapid catch-up growth in a number of markets has created a new rising middle class that is enthusiastic for the trappings of a richer lifestyle and ready to take on mobile contracts to connect them to a new world of commercial services. This resulting growth of potential users will be a key element for facilitating network effects, but it will also leave a trail of customer data that—similarly as it did in China—will help to make super-apps more bespoke and, ultimately, appealing.

Migration also offers a reason that may heighten the appeal of super-apps. For example, some of the region’s countries, such as the Gulf states, host many workers from other countries, while other markets have produced large emigration flows and have expansive diasporas living abroad. These distributed populations create demand for international money transfers, which are an important market for fintech firms.

... but so are the challenges

Although in many ways the MEA region offers a particularly attractive environment for the flourishing of super-apps, there are important obstacles that may hinder growth.

¹³ http://www.connectingafrica.com/author.asp?section_id=761&doc_id=770425

¹⁴ <https://bit.ly/3vPlt24>

¹⁵ <https://www.weforum.org/agenda/2018/05/why-the-world-s-fastest-growing-populations-are-in-the-middle-east-and-africa/>

Harmonising policies

The most prominent challenge for developing a super-app ecosystem in the MEA is the variety of regulations and policies across the region. The MENA region currently comprises 20 countries, whereas sub-Saharan Africa consists of 46 countries, populated by people speaking over 1,000 different languages and experiencing vastly different economic and cultural environments.¹⁶ For super-apps wanting to scale-up and expand beyond national borders, these different regulatory environments represent a challenge that raises both operational and legal costs. Supranational bodies such as the African Union (AU) and the Gulf Cooperation Council (GCC) are contributing to the harmonisation of national policies. However, this is on a completely different scale to that faced by Chinese super-apps, which benefited from a largely homogenous regulatory and cultural environment.

This same fragmentation is reflected in terms of the region's industrial and data policy. The MEA region brings together elements from Western and Chinese attitudes towards data protection.

Most countries lean more towards the laissez-faire competitive business environments of the Western powers, while some are adopting a relatively strict approach to data privacy influenced by the EU's General Data Protection Regulation (GDPR) framework. In 2020, 24 out of 54 countries in Africa had adopted data-protection legislation.¹⁷ Although the commitment to personal data protection is essential for consumer trust, needing to navigate multiple regulatory environments can prove hard for firms seeking to achieve regional success with super-apps—especially as super-apps require access to large and high-quality datasets.

In the MENA there are some signs of progress on harmonising data governance legislation. For example, the GCC countries have introduced a common strong data-protection framework. This approach fosters trust among consumers, but the stricter the laws—and the greater the divergence between jurisdictions—the higher the barrier to amassing the kinds of data silos that give the Chinese super-apps such an advantage.

The most prominent challenge for developing a super-app ecosystem in the MEA is the variety of regulations and policies across the region.



¹⁶ About Africa | UNDP in Africa

¹⁷ <https://privacyinternational.org/long-read/3390/2020-crucial-year-fight-data-protection-africa>



Low data availability

A major challenge of the MEA region is its low availability of customer data—an essential component for developing super-apps. The reasons for this are twofold: for one, national populations are low—beyond Nigeria, Ethiopia and Egypt, no country in the region currently has a population over 100m—albeit set to rise dramatically in coming years. Secondly, some parts of the region, in particular the African continent, have the lowest levels of smartphone connectivity in the world, meaning that network effects and access to potentially large datasets are on a far lower scale than China.

Its projected population size and young demographic provide the MEA region with many of the necessary building blocks for creating a strong super-app ecosystem—assuming regulatory differences across borders can be ironed out. Given the disparate, diverse and disconnected markets, as well as the low development of internet infrastructure in some parts of the MEA, it will be challenging for super-apps to achieve the kind of widespread reach that they have in China. Nonetheless, they seem better positioned in the MEA region (and more likely to appeal) than in the more developed, closely regulated and economically advanced regions in the West.

Where will MEA super-apps go next?

Given the regionally specific advantages and challenges faced by potential super-apps in the MEA, the market is likely to develop in ways that

are different to elsewhere. What might this look like? The main criteria that separates super-apps from standalone apps are their provision of multiple diverse services; beyond this, there is no rule set in stone setting forth the trajectory of their expansion. However, there are a number of common patterns that come to the surface when investigating their development, based around two principles:

1. Adjacency

It makes sense for a successful app to add on new services that are associated with its core offering, expanding its presence across a market segment before attempting to embrace areas distant from its brand. One of the primary advantages of super-apps is that customers whose trust they have already won are more likely to accept new offerings from them as opposed to from unknown competitors. Adjacent services may also have the advantage of offering providers economies of scale, where existing infrastructure and relationships can be re-used for a new purpose.

This said, once a super-app has broadened its range, it may find itself adjacent to businesses that are far from its core. Ride hailing may lead to food delivery, which may lead to courier services. The payments services developed to underpin these services may then be leveraged to offer bill sharing, coupons and discounts, or even for settling household bills and paying taxes.

2. Scalability

The second general principle of super-app development is that the core business must be scalable. A super-app without a strong payment infrastructure is almost impossible to imagine. Since payments sit at the heart of all the commercial transactions that super-apps tend to concentrate on, services with a payment backbone—companies such as Alipay, for example—have had particular success in extending their reach into new areas of business.

What follows from this is that fintech and financial companies have a natural advantage when it comes to expanding their range of services. This makes fintechs and financial companies natural contenders for collaborating with super-apps, allowing them to capitalise on the vast number of customers and transactions taking place within these platforms.

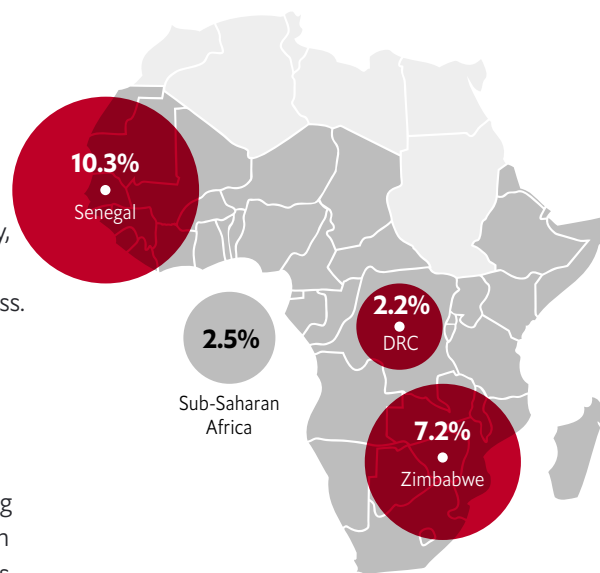
Ripe sectors in the MEA

As fintechs and super-apps seek to diversify their business offering and capture wider market share, understanding the drivers of their expansion offers a glimpse into their future.

The development and future trajectory of super-apps is highly contextual to the geography and location in which they develop. “It is pivotal to understand how the local market operates, from the regulator to your partnerships to your end user,” says Mr Khan. “The way they think is different, the way they operate is different; however, foundationally, the requirement is the same. The art is to blend all this into one, encapsulate this into one offering—that’s how we become a lot more relevant to the region.”

Sectors that emerge as candidates to accompany and aid the expansion of super-apps do so based on their adjacency to other services, as well as their scalability and, most importantly, customer demand within the specific region.

FIGURE 2. Remittances in Africa as percentage of GDP



In the MEA, Mr Taiyabi sees insurance as the next frontier, and indeed the fusion of insurance and technological innovation (known as insurtech) is a rapidly growing field. “Insurance has been relatively opaque to the customers in terms of the products [that firms] offer their customers. [Aided by new tech innovations, customers] will probably be looking at offering investment products a bit more transparently,” says Mr Taiyabi.

Insurtech is also seen by some as being tied in with the evolution of the so-called gig economy, especially in terms of workers making deliveries or driving taxis without a formal labour contract. “Those riders are not exactly employees of the delivery company,” says Karen Puah, president of the FinTech Association of Malaysia, “so where do they get the protection from?” For many such unsalaried and occasional workers, cash flow is essential for their business and financial health. “Using insurtech they can pay for their premium on a daily basis, so they are not burdened with a hefty premium payment at the end of the month,” says Ms Puah. Similarly, she says, insurtech offered a

vital bridge during the pandemic: “Insurtech played a big role, allowing [drivers] to renew insurance from the phone.”

As a bank seeking to expand its digital footprint, Emirates NBD also has its eye on new markets. “We have a huge number of ideas,” says Mr Rio Tinto. One is auto loans. There is a large second-hand car market on Dubizzle, a Dubai-based website, which Mr Rio Tinto sees as an opportunity. “Why can’t I partner with them so that I can also see my customers coming and have that direct relationship on my app?”

Mr Rio Tinto also pinpoints property as an area with promise, including the possibility of tie-ins with online property brokers for the busy Emirates market. “There are two strategies,” he says. “I have to get my customers to come to my app, but I also want to be the preferred provider [of property brokers] when they want to finance a rental or a mortgage.”

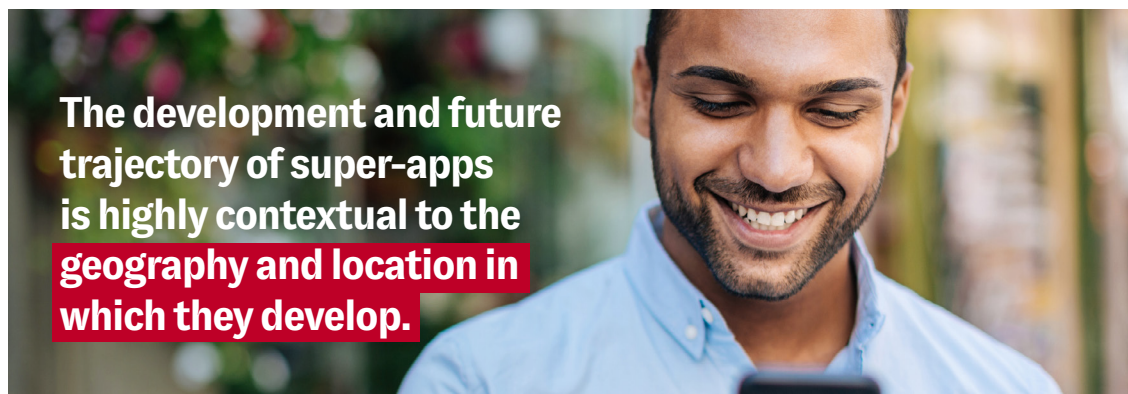
The strategy is to extend traditional financial intermediation, the bread and butter of the banking industry since its earliest days, into the digital arena. “You have to be the bank that transparently enables [a property service] to give an offering to a customer that includes the house and the financing for the house as well,” says Mr Rio Tinto. The model

extends to autos, homes, personal loans, travel packages and more. “On all of those things, we have to embed ourselves.”

Furthermore, digital remittances are an attractive area for super-apps. Remittances are a key source of foreign exchange in the region. In sub-Saharan Africa, for example, they make up 2.5% of GDP, but in some countries, such as Senegal, this number goes as high as 10.3% and beyond.^{18,19} As such, remittances provide an area with exceptionally high profitability whilst allowing its users to provide a financial lifeline to their relatives.

Other promising sectors in the MEA, most already seeing activity from digital services providers, include equity crowdfunding, Islamic finance, peer-to-peer lending and robo advisory, the latter of which is expanding financial markets by bringing retail investors into play.

As super-apps expand there will be overlaps between the services that they provide and those offered by other financial services companies such as banks and fintechs. Links with the sectors mentioned above offer a glimpse into the potential for scalability and disruption possible for super-apps—and the areas of potential reaction from traditional financial services providers.



¹⁸ <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=ZG>

¹⁹ <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=NG>



The consumer prerogative in the MEA

What are the added benefits that super-apps can bring to customers in the MEA? Following conversations with stakeholders in the regions, five particular benefits have come to the surface:

1. Previous usage gives customers reason to trust super-apps

Online banking and payments systems have evolved in the past decade, but the issue of trust remains central to consumers.

It was not too long ago that when a customer shared their bank details for an online purchase, they would spend the next few days nervously checking their bank account to make sure that they were the only person withdrawing money. With super-apps, customers already have a level of familiarity—and, all being well, trust—with the provider. This eases the task of winning loyalty to a new service. “They have already gone on the journey with the customer,” says Mr Ojuroye. “The customer trusts them to support their lifestyle and the things that matter to them.”

2. Super-apps provide a more convenient user journey

For most consumers, the journey towards mobile has been defined by increasing ease. From the size, weight and battery life of the devices to the lifestyle shortcuts that they provide, mobile digital devices have made life less bothersome for billions. Super-apps

similarly seek to appeal by offering consolidated services and a shorter route to access to a variety of things.

On the surface, switching from using several apps to a single super-app seems like a minor improvement, but even small tweaks to the user experience can over time compound into an expected part of the experience for users, reinforcing their loyalty and making them less likely to revert to what may feel like a less seamless experience.

3. Services become more affordable through super-apps

Digital services can often undercut traditional competitors that must support extensive fixed assets built over decades, or operate in market niches that more established brands cannot serve economically. These lower fixed costs allow providers to offer, and consumers to enjoy, services that would otherwise find no market. Furthermore, consumers can often engage digital services at no financial cost at all in return for sharing their data with the provider. Particularly in sub-Saharan Africa, where mobile internet is notoriously expensive, super-apps cut costs and make digital services more accessible.²⁰ M-Pesa’s super-app even provides an “offline mode” that allows users to use their services “without data bundles or when totally offline”.²¹

²⁰ <https://www.dw.com/en/why-mobile-internet-is-so-expensive-in-some-african-nations/a-55483976>

²¹ <https://bit.ly/3Bxqpex>

4. In the age of digital, transparency is a competitive advantage

Super-apps can give users a coherent view across various activities to help them track their past activities and plan future ones. Above all, mobile devices are machines for connecting users to information. Services delivered by mobile phone generally come with instant access to relevant data and analytical tools, giving users greater control over their interactions than large physical structures filled with printed ledgers and gatekeepers who guard proprietary information. An online bank can help a client directly with tracking and planning their budget in a way that a physical bank cannot, and at no extra cost to the client.

As such, super-apps present customers with new opportunities that they may otherwise have remained unaware of. This exchange of data is critical to both the consumer and the super-app provider. Super-apps are “providing a range of services across their users’ lifestyle,” says Mr Ojuroye. “They understand customer preferences and their changing expectations.” The data collected across many diverse interactions allow the provider to model and simulate the additional experiences that they should deliver to customers. “This is invaluable,” says Mr Ojuroye.

Mr Khan underlines the point: “Fintechs are saying ‘Hey, we are more transparent than your existing bank,’” he says. “This is what everyone has been selling.” For banks, he adds, “It’s a problem, [but] it’s an opportunity and a selling point.”

Super-apps can give users a coherent view across various activities to help them track their past activities and plan future ones.

5. Customers enjoy using well-designed apps (and super-apps)

Consumers will return to a service that gives them a sense of freshness and excitement each time that they use it, a sense of “delight”, as marketers like to put it. Mr Khan says that “ease, access, convenience, transparency and affordability” are all important drivers of engagement, but adds that customers like services that can “innovate where no one else has done.” This element includes all the previous drivers.

Clever user-experience design makes customers smile; a trustworthy brand gives them reassurance; inclusion opens their path to an enhanced lifestyle; and affordable and convenient access gives them the satisfaction of a good deal. In addition, says Mr Khan, “The way you delight your customers is typically through leveraging that data to hyper-personalise”—essentially, to surprise the user with an opportunity they were not expecting. This intangible sense of delight, he adds, is why a number of services are scaling up so quickly.

Choosing between super-apps

Super-apps in the MEA are still in their infancy, and the body of use cases is in development, it remains challenging to determine precisely which super-apps customers will prefer. Both the super-apps emerging from within the MEA region and more established ones from China and elsewhere in Asia offer a flavour of customer preferences, and the path that super-apps will need to take to attract large user numbers.

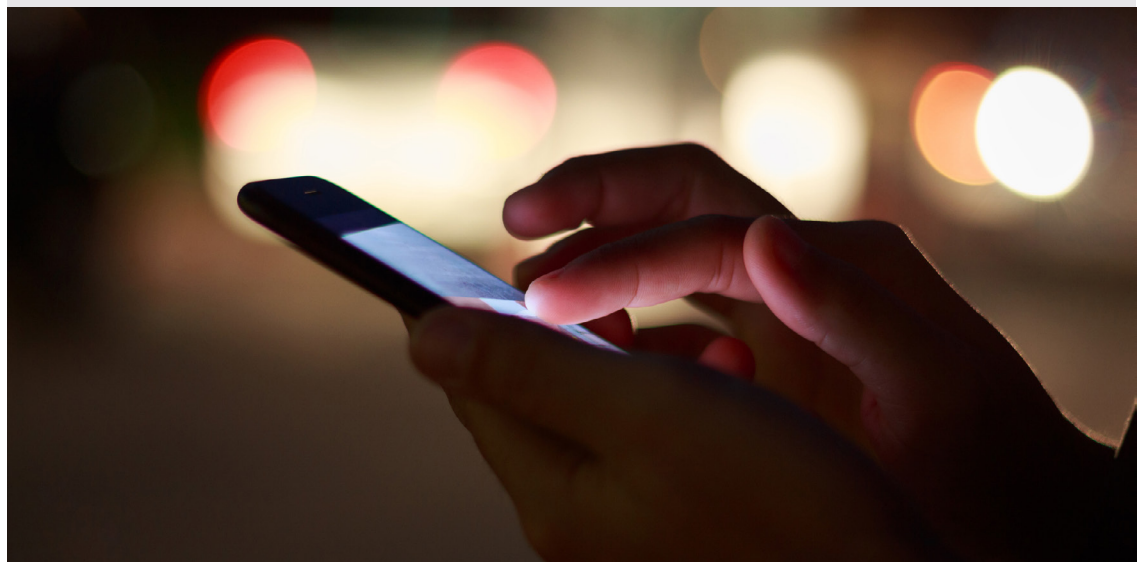
However, as super-apps will proliferate and develop, the above mentioned benefits are likely to function as the criteria that customers will look out for when deciding between two super-apps—or alternatively—whether they will default back to standalone apps.

Case Study: Selcom

Although the super-app concept remains nascent in the MEA region, promising companies are emerging across the region. They may not have the state promotion and protection enjoyed by the Chinese pioneers, or the massive mobile-ready populations that provide a fertile market and a deep pool of behavioural data, but digital services, both financial and non-financial, are staking claims to markets throughout the region through a variety of business models.

Selcom, a fast-growing fintech based in Tanzania, has its eyes set on super-app territory. The company started out two decades ago distributing scratch cards for telecoms companies. It has ridden the digital wave through products ranging from horoscopes to text-messaging, ringtones and money transfers. Once it established relationships within the mobile financial space, it quickened the pace of development. “We started bringing in vendors and merchants, so electricity, water, utility co-payments, satellite TV, stuff like that,” says Sameer Hirji, the group’s executive director. “As our infrastructure grew, we reached out to the banks and said, ‘Okay, we’ll give you the technology. You bring your customers and we’ll split the profits 50/50.’”

By relieving the banks of the need for up-front investment in mobile services, Selcom found a secure and profitable place in the financial value chain, connecting the under-banked with a full range of financial services. For Tanzania’s cash economy—the unbanked—the company developed an agent network that reached areas that bank branches could not. “If you’re a cash customer, you can go to our agents and pay for goods and services, pay your electricity bills, and make your deposits and withdrawals from your banks or your wallets at the agent touch points,” says Mr Hirji.





Case Study: Selcom (cont.)

To consolidate its position in the value chain and reduce the risk of cannibalisation by banks and mobile-wallet services, the company started offering a service processing payments for independent merchants. It now claims to be its region's biggest merchant acquirer. The company also claims to be on the cusp of entering the e-commerce space, "to create a marketplace to be able to tap into the migration by most economies into more digital form."

This opportunistic organic growth model has served the company well. Mr Hirji says that version 2.0 of Selcom's app is imminent. Among other things, it will offer "a marketplace for third parties to list their services," says Mr Hirji. "We're bringing in an electronic prescription fulfilment service, a cooking-gas delivery service, a fuel delivery system, some micro insurance products and a whole bunch of other conventional cover types."

For all its ambitions, Selcom remains a relatively small player on a regional scale, with around 66,000 customers and a limited footprint even in its home country. But its success on its own terms underlines a series of key principles underpinning the successful development of super-apps:

- organic growth from a strong core into adjacent businesses, where customer familiarity provides "permission to play";
- the key role of partnerships to secure a profitable position in the value chain;
- the equally important need for a defensible position when competitors come calling;
- the importance of familiarity with the local market and consumer habits.

Policy futures: How governments are supporting super-apps

As the biggest spenders in the region, governments play a major role in the success of super-apps. Furthermore, in developing and implementing business, tech and data policy, governments directly create the environment that determines whether super-apps can flourish, and whether they will encounter obstacles that impede their growth.

The Chinese example is symbolic for an environment of experimentation but with higher likelihood of unintended consequences taking place. The EU case, in contrast, emphasises trustworthy development of technology, but to the detriment of technological moon-shot projects. The MEA offers a mixed bag of policies related to the use of data, policy harmonisation and consumer protection. Countries in the region borrow from both the Chinese and European models, and the region in many ways is still finding its own way. The direction that the region's governments take will ultimately determine the future of super-app development.

Harmonisation of policies across regions

A key priority for governments and supranational bodies in the MEA will be to harmonise existing industrial strategies and policies. This will be especially important for allowing super-apps to scale up without encountering increased costs arising from a fragmented regulatory environment. The AU is at the forefront of these efforts, this year launching its second continental meeting to harmonise ICT and digital policies, with technical support from the EU.²² In the Gulf, the GCC has played a similar role in aligning government policies—as shown, for example, in the development of the regional data-protection framework. In Africa, regional integration is progressing slowly, but economic organisations such as the Economic Community of West African States (ECOWAS), the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of Central African States (ECCAS) and the Arab Maghreb Union (AMU) are spearheading policy initiatives designed to foster greater regional harmonisation in the coming years.



²² <https://au.int/en/pressreleases/20210715/second-continental-meeting-harmonization-ict-digital-policies-and-regulations>

Setting the infrastructure

Governments can provide invaluable support by setting in place digitisation processes that allow for recognising personal records on super-apps. These include passports, IDs, medical records and, more generally, personal data that are used for facilitating these services. A country with a poor record of digitalisation is likely to struggle to develop super-apps, especially as doing so relies heavily on processing official personal data and information.

“The ID, the digital identity that’s already in place, is already accepted in all banks as we speak,” says Nejoud al Mulaik, the director of Fintech Saudi, adding that her digital passport is also accepted internationally and approved by the International Air Transport Association. “All of that is supporting the growth of the super-apps,” she says.

Finding the right balance between data protection and innovation

Data-driven customer insights are at the heart of the success of super-apps. The more freedom that a data-governance regime provides, the more that it can be experimented with for producing innovative services and user experiences. As the Chinese example shows, having access to deep pools of high-quality customer data allows for super-apps to provide a bespoke experience for their users. As such, the data-governance regimes that governments put in place are a direct factor for understanding preferences, and they ultimately create a user experience that makes users come back to using their super-apps. On the other hand, this data represents the biggest risk to consumer protection in that a leak and/or misuse by third parties can lead to infringements on privacy and autonomy, fraud, and, ultimately, the erosion of user trust.

Governments therefore face the challenge of navigating this tension between innovation and consumer protection. This choice can strongly accelerate or thwart the development of an ecosystem in which super-apps can thrive and flourish.

The MEA region provides broadly varying pictures with regards to data-governance legislation, consisting of permissive and experimental regimes alongside those that are more restrictive (and, arguably, protective of users). Most momentum seems to exist on the national level—for instance, Saudi Arabia has established the Saudi Data and AI Authority, which will be specifically tasked with fostering data-driven innovations. By contrast, Nigeria is still debating a fundamental data protection law. Its 2020 Data Protection Bill, which aims to build on the foundations of the Nigeria Data Protection Regulation implemented in 2019, is yet to be passed, and enforcement of the earlier regulation is patchy. Many other African nations are in similar positions, while some have no data protection regulations in place. Although regulation of consumer data remains in its infancy in much of the MEA, future legislative developments will set the pace for the development of super-apps.

Governments as investors in super-apps

In some cases, governments can go beyond facilitating the development of ventures such as super-apps to investing in them. This, for example, seems to be a pattern in the Gulf region, where governments become semi-owners or owners of fintech companies. The support for fintechs in these cases is twofold: on one hand they are provided with a stable income of funds supporting their operations and expansion, but they also become a priority project of the government, supported through knowledge sharing and capacity building.

Conclusion: two paths ahead



Super-apps have emerged as a business model with great potential to dominate the digital services industry. In China they have transformed the pluralistic app ecosystem into a one-stop-shop solution. In the MEA a similar yet different future could become a possibility.

The demographic structure of the MEA region provides a young population that may be willing to make super-apps part of their lives. Driven by the prospect of financial and digital inclusion, super-apps represent a unique opportunity for previously unbanked people in the MEA to become part of a wider ecosystem. Furthermore, with a burgeoning fintech sector that is willing to experiment and innovate, the MEA region has a good starting position for allowing further success stories of the likes of MTN's Ayoba super-app to emerge. However, it is too early to judge whether this is the beginning of a large shift towards the consolidated model provided by super-apps.

At present, the main factor determining the trajectory of the development of super-apps is likely to be the regulatory environment. Government policies in the MEA bring together elements with parallels to both the innovation- and risk-friendly Chinese model, as well the more tightly regulated, safety-oriented European framework. Government choices over which direction to orient industrial and data policies will be key. Beyond the policies of individual governments, the harmonisation of policies across the region might well be the core strategic choice that will determine the future of super-apps.

A more liberal approach to data governance and tech policy would be most likely to accelerate the development of super-apps, allowing them access to vast pools of customer data to provide an ever more customised user experience. Yet, with laxer regulations, the risk of unintended harm to

consumers will increase. Without a policy framework and infrastructure to guarantee safe processing of payment information and processing of personal data, consumer trust might be eroded, making the idea of having all customer details under one roof significantly less appealing. From here two scenarios seem most likely.

The first one is a “business as usual” scenario, with the current fragmented policy and business conditions in place today remaining largely unchanged over the next few years. This scenario would see a continuation of the current growth of super-apps, characterised by a slow emergence of smaller locally active super-apps across the region, developing over the medium term. Given the current policy momentum at the national level to establish data and AI strategies, as well as investment trends, economic and demographic growth, and harmonisation efforts from regional bodies, it is unlikely that countries will backtrack from their current trajectory. Instead, this scenario should be seen as a more conservative forecast for the emergence of super-apps.

The second scenario is characterised by a higher growth phase for MEA super-apps, driven by carefully harmonising policies, as well as a rising propensity for people to be willing and able to buy into the super-app concept. With policies that strike the delicate balance between innovation and trust, investments in connectivity infrastructure, and the expansion of fintech companies, the MEA could provide a promising ground for super-apps to flourish. Given smaller data pools, industrial strategies and network effects, it is unlikely that they will achieve the same scale as the Chinese giants. However, as regional bodies further harmonise policy and regulatory environments, emerging super-apps will by no means need to stay just national, creating an opportunity for the MEA to develop its own regional champions.

Quite how the future plays out remains to be seen—will one of the two scenarios take precedent, or will a combination of both play out? Whatever the answer, the early shoots seem to be emerging to suggest that the MEA region offers some fertile ground for the growth of super-apps.

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