BANKING SUPERAPPS ARE INEVITABLE

Infosys | Finacle Nuclei

SuperApps –
A One-Stop-Shop by Banks

Imagine chatting, messaging, image sharing, banking, buying tickets, booking hotels, paying for bills and accessing varied other digital services all in just one application.

This is what a SuperApp is capable of; it is a one-stop application that can fulfill consumers' diverse needs, through just a single user account and a robust in-app payment system.

"A SuperApp is an app that provides end-users (customers, partners or employees) with a set of core features plus access to independently created mini-apps. The SuperApp is built as a platform to deliver a mini-apps ecosystem that users can choose from to activate for consistent and personalized app experiences" – Gartner*.

The market currently boasts of several SuperApps. Notable examples include Gojek (Indonesia), Paytm (India), Revolut (United Kingdom), Careem (UAE), SBI Yono (India), and ICICI iMobile (India).

*Quote Link : https://www.gartner.com/en/articles/what-is-a-superapp

Types of **SuperApps**

SuperApps can be technically implemented in 3 ways:

Redirection

This method redirects the users to the website of the relevant merchant. But the experience is poor. The SuperApp has no control over payments, and does not have any user information once they leave the platform. However, go-to-market is fast and cost effective.
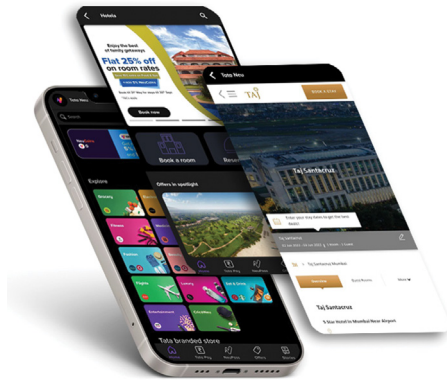
Mini Apps

It is a hybrid approach where the user is shifted to the merchants' platform within the SuperApp platform. User data is shared across the platforms and the payment mechanism is integrated in the mini app as well.
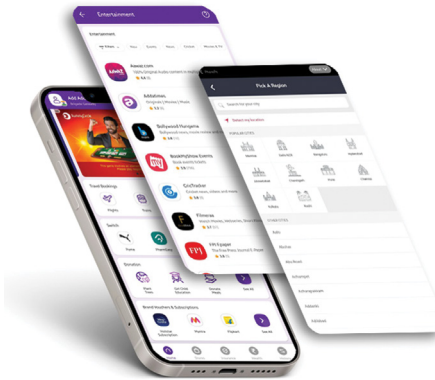
Native Environment

There is no redirection. All journeys are built by the platform. Information exchange between platform and merchant happens via APIs. Customer experience is great, but it increases the app's size, time to market, and costs comparatively.

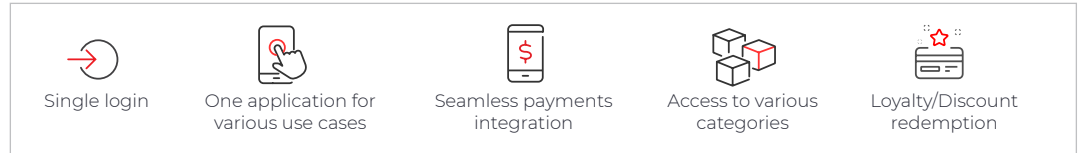(Note : Size can be reduced via new technologies like Flutter)
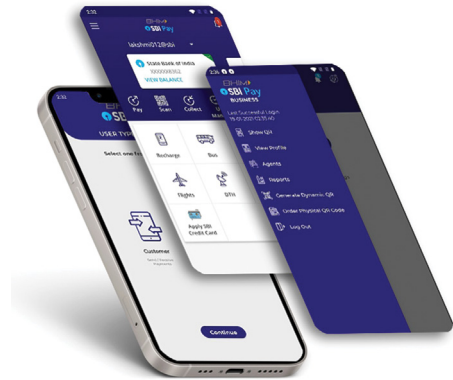
Why are banks **exploring SuperApps?**

On an average, a user has 40 apps installed on their smartphones, including their banking apps. But these users spend 89% of their time only on 18 apps[1], leaving other apps dormant. This makes mobile real estate extremely important for banks.. By proactively providing more interactive and personalized products to customers on their apps, banks can ensure that their app is actively used by consumers.
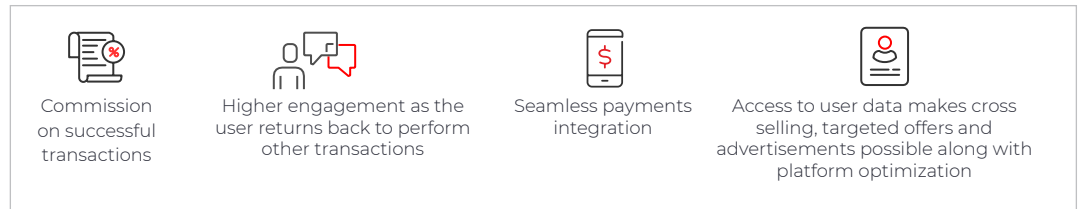
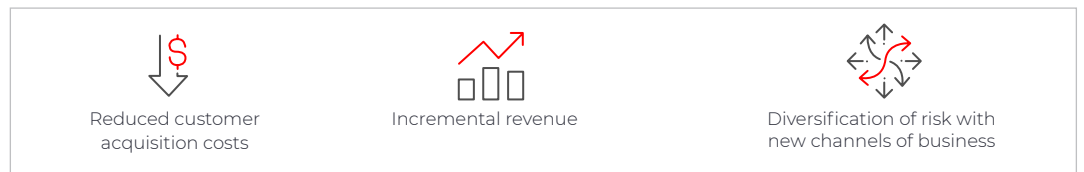A SuperApp is a win-win-win situation for all of its stakeholders - banking platforms, merchants and end users.

SuperApp Stakeholders
- User
- Merchant
- Platform owner

User Advantages

Single login	One application for various use cases	Seamless payments integration	Access to various categories	Loyalty/Discount redemption

Bank (Platform Owner) Advantages

Commission on successful transactions	Higher engagement as the user returns back to perform other transactions	Seamless payments integration	Access to user data makes cross selling, targeted offers and advertisements possible along with platform optimization

Partnering Merchants Advantages

Reduced customer acquisition costs	Incremental revenue	Diversification of risk with new channels of business

Banking SuperApps are poised for success

The success of a SuperApp is dependent on the distribution and brand equity of the platform owner. Banks have an inherent advantage when it comes to trust and distribution.

Consumer tech companies build trust and distribution by spending billions of dollars. Once they have distribution and trust, their focus shifts to monetization, which requires building engagement via varied use cases – hence, the rise of SuperApps. High user engagement translates to a more habitual use, which in turn, can help achieve higher retention.
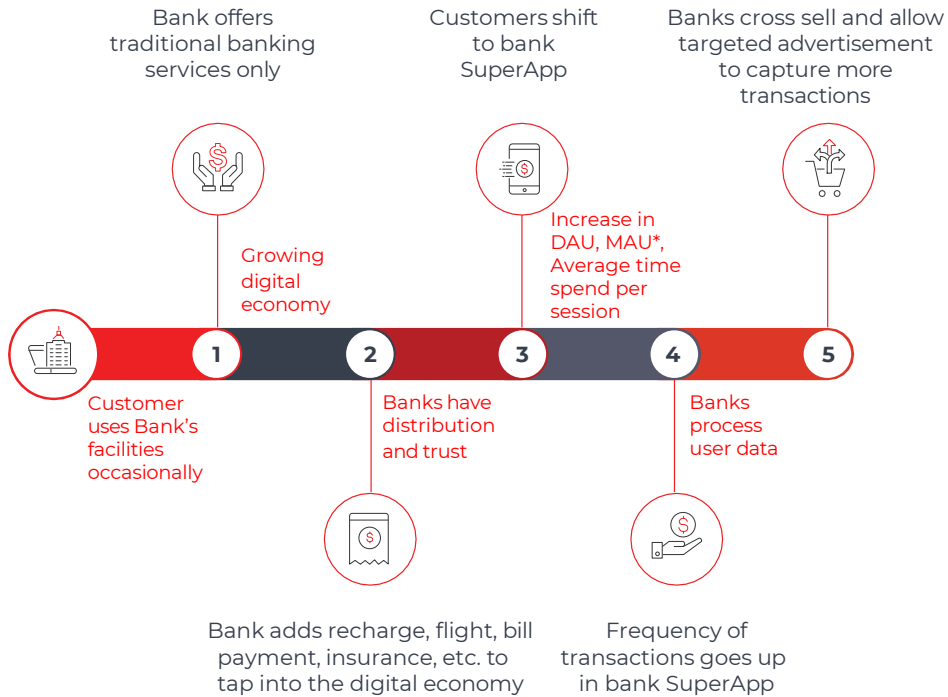
Banks on the other hand enjoy trust and distribution already due to the very nature of their business. This allows them to rapidly leverage these factors to add new use cases.

From features to building trust

Journey for Consumer Tech firms	Build features and seamless customer journeys **Easy**	>	Spend billions of dollars to build habit	>	Distribution + Trust **Difficult**
Journey for Banks	Trust and distribution in a banking ecosystem is a **Reality**	>	Partner with players like Nuclei	>	Launch SuperApps by adding new features **Easy**

Trust is an extremely difficult feature to build

How SuperApps help in capturing more transactions

Bank offers traditional banking services only

Customers shift to bank SuperApp

Banks cross sell and allow targeted advertisement to capture more transactions

Growing digital economy

Increase in DAU, MAU*, Average time spend per session

1 — 2 — 3 — 4 — 5

Customer uses Bank's facilities occasionally

Banks have distribution and trust

Banks process user data

Bank adds recharge, flight, bill payment, insurance, etc. to tap into the digital economy

Frequency of transactions goes up in bank SuperApp

*DAU/MAU – Daily Active Users /Monthly Active Users

Banks **need to act now!**

With increasing smartphone adoption and internet penetration, the digital economy is booming. More and more products and services are finding their place in the digital market. Banks remain at the forefront of capturing the burgeoning new-age economy, primarily because of their distribution and trust. NuBank is an example of a digital bank that leveraged SuperApp to increase customer engagement.

Case Study

NuBank, now a Latin-American digital bank, started operations in 2013 with credit cards as its first product, and amassed a huge user base. With the distribution ready, the company aggregated different kinds of products and services and built a SuperApp platform for both retail & business customers. Some of the features of the SuperApp are digital account, credit cards, loans, insurance, e-commerce, rewards, etc.

Key statistics on NuBank:

- NPS*: 90 in Brazil & 94 in Mexico [i]

- Became Primary bank for over 55% of active customers who have been with them for more than 12 months [ii]

- CAC*: USD 5.4 (2021) (One of the Lowest across consumer FinTech companies globally) [iii]

- Number of Customers: 53.9 million in 2021 [iv] [76% MAU* [v], 6 million in 2018 [vi]

*NPS – Net Promoter Score
*CAC – Customer Acquisition Cost
*MAU – Monthly Active Users

Similar to digital banks like NuBank, traditional banks also already enjoy distribution due to their core banking activities. They also enjoy a high level of trust which will help them ensure the success of their SuperApp.

Since the digital economy is growing rapidly, NeoBanks, FinTechs and SuperApps have started to mushroom all over the globe and are reaping first-mover benefits in respective markets. NuBank, Revolut, PhonePe, WeChat, Careem are such examples.

Thus, there is an utmost urgency for banks to leverage their distribution and trust to aggregate digital products and services on their platform and reap countless benefits.

Banks stand to gain multiple benefits by investing in SuperApps.

- Increased revenue through commission on various categories
- Regain market share against new age competitors
- Deeper customer engagement
- Service differentiation
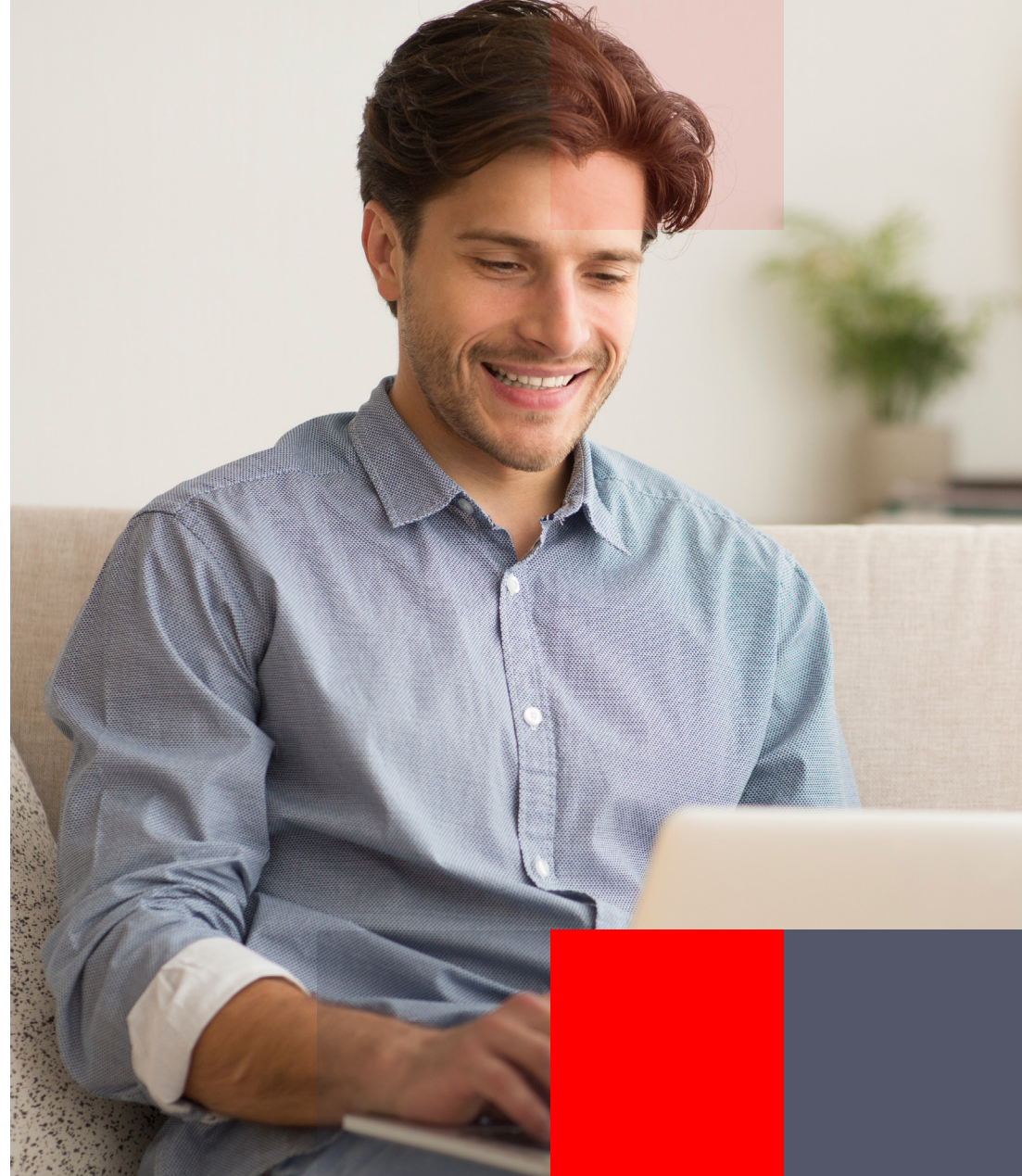
The current state of **banking SuperApps**

Banking players across the globe have recognized the changing dynamics and have acted upon it by incorporating use cases starkly different from their core banking services and products, to strengthen their market position and capture maximum consumers in the digital economy.

> "We focused on activities and investment that followed our goal of creating a financial SuperApp, developing and releasing 24 new products to make customers' lives easier and drive daily use."*
>
> **Nikolay Storonsky,**
> Revolut (CEO)

SBI YONO, iMobile by ICICI, DBS Marketplace, LIV by Emirates NBD and WeChat are some examples of banks that are diversifying their value proposition with a SuperApp.

*Quote: Revolut Ltd Annual Report YE 2020.pdf

SBI **YONO**

Region: South Asia

Banking Services, Flight, Train, Bus, taxi bookings, online shopping, medical bill payment, food delivery, vacation booking

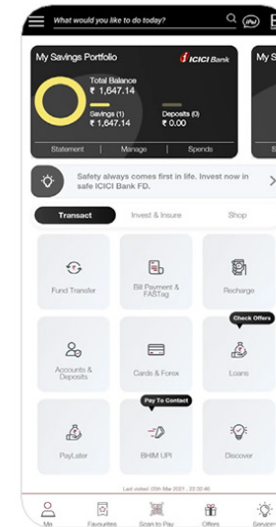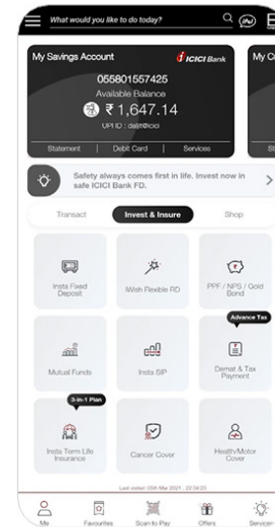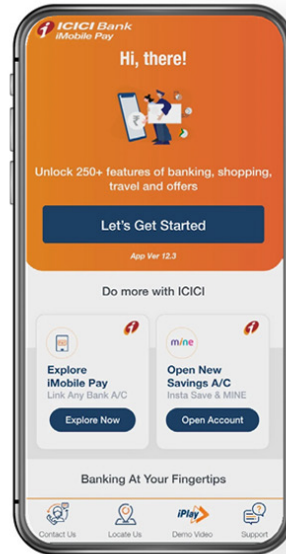## 54 Million MAU (Feb 2022)

100+ Million Downloads
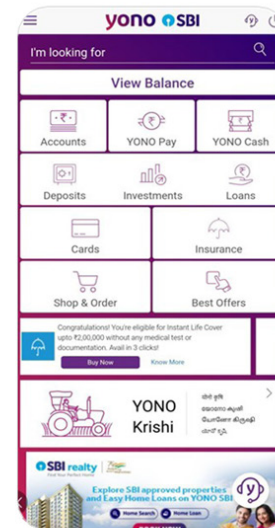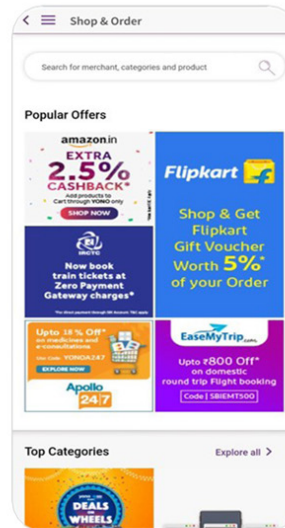
iMobile by ICICI

Region: South Asia

Banking, Fund Transfer, Recharges, Bill Payments, Tax Payments, Insurance, Investments, etc.
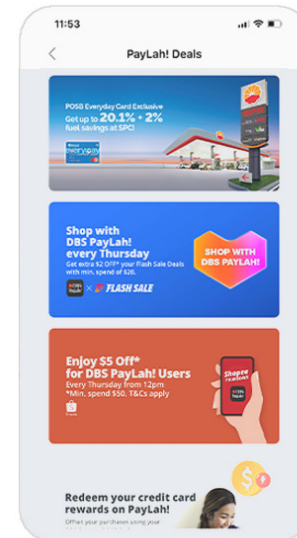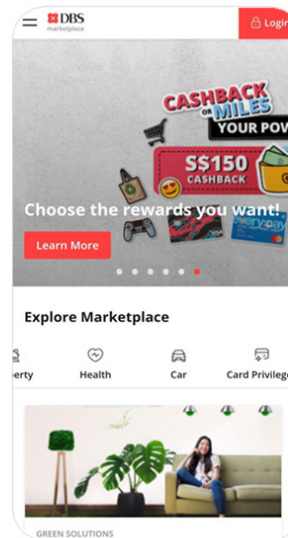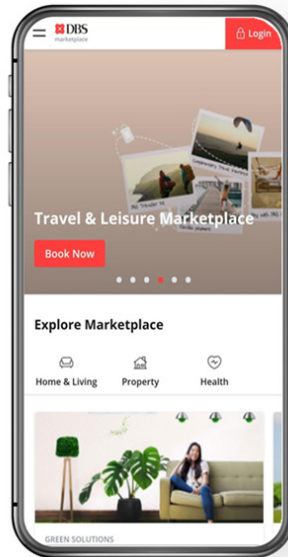
10 Million+ Downloads

DBS Merchant Marketplace

Region: South-East Asia

Green Solutions, Travel & Leisure, Education, Home & Living, Property, Health, Car, Card Privileges
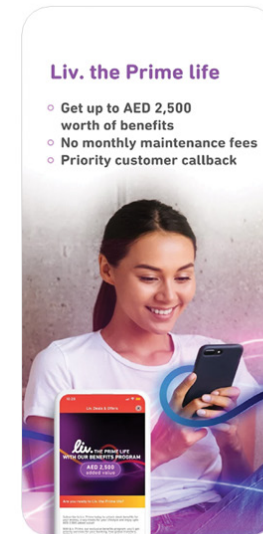
10 Million+ Downloads

Liv by **Emirates NBD**

Region: Middle East

Loyalty Program, Discounts on deals and services, events, promotions, subscriptions, deliveries, movie tickets
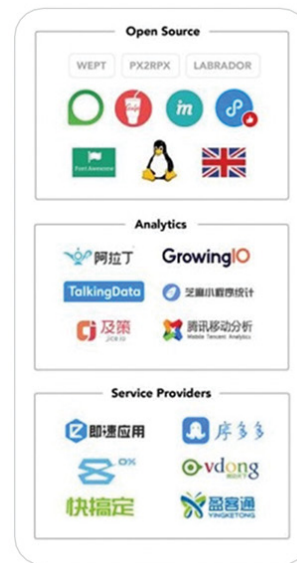
Number of Customers: 500,000+

We**Chat**

Region: Asia

Payments/wallets, e-Commerce, news & entertainment, advertisements, business & productivity apps, etc.

1.24 billion users

Launching a **SuperApp is easy**

Build vs Buy

When it comes to launching a SuperApp, speed matters. Banks can launch a SuperApp by either building it in-house or partnering with a startup like Nuclei. Let's analyze the build versus buy decision.

Sr. No.	Variables	Build in-house	Buy (Partner with a Startup)
1	Product Expertise	Low	High They live and breathe product innovation
2	Budget	High Build as per use case	30% Lower Product cost gets distributed
3	Opportunity Cost	High Higher time to market, loss of business	Low
4	Go To Market time	High Build from scratch	Low Ready to deploy
5	Scouting and Managing Partnerships	Difficult Scout + onboard	Easy Ready set up of partners

Build vs Buy – What is right for Banks?

Product Expertise	Budget	Time to market	Opportunity Costs	Partnerships

- Building expertise requires skills, time, and commitment
 	
- Product and technology innovation is crucial, which is the USP of startups
 	
- Enterprises won't be able to replace the agility and speed of startups
	- Building in-house is expensive. Launching a category requires
	  - Market research & customer development interviews
	  - Design & Testing
	  - Tech development
	  - Scouting and managing partners
	- Building in-house involves reinventing the wheel. It becomes expensive compared to buying from a partner
		- Building from scratch requires multiple steps, which could take anywhere between 1 to 2 years
		
		- Launching via partner reduces go-live time to 6 weeks
			- In a winner-takes-all SaaS market, speed is crucial
			
			- Higher time-to-market could result in loss of business & customers
				- Managing multiple partnerships is cumbersome
				
				- Diverse categories of apps add direct value to your SuperApps
				
				- Building multiple partnerships is time consuming, whereas buying from partners like Nuclei can save those efforts substantially

Conclusion

Banks have a competitive advantage when entering the SuperApp space because of their long-standing trust and existing customer base. Building a SuperApp ecosystem allows banks to gain control over the payment mechanism. It also provides banks enhanced engagement opportunities and the possibility of gaining better customer insights, which in turn, can help them cross-sell products.

Partnering with specialists that have a strong expertise and pre-existing capabilities is the recommended approach because they offer banks a competitive advantage.

Partnerships enable the shortening of the entire development roadmap of an app, accelerating availability of use-cases and reducing the time to profitability.

About Nuclei

Nuclei empowers enterprises and helps them transform the way they engage with their customers digitally. Today, each organization is competing with new-age consumer tech companies in capturing their customer's imagination.

Nuclei's products help them to engage deeply with their customers and embed themselves in their lifestyle. We have three major products.

Arise - Arise Club is an exclusive, members-only offering designed specifically for privileged customers of the bank. Arise Club enables you to institute and launch premium, digital-first membership clubs, providing your clientele exclusive access to banking and curated lifestyle services.

Retail Marketplace - Helps our clients to become a SuperApp and enable their customers to book travel, order food & grocery, pay bills, etc. directly from their mobile app.

SaaS Marketplace - helps our banking clients to offer major SaaS services such as MS Office, Cloud, Accounting Software, HRMS Software, etc. to their SME/SMB customers from their platform and increase spending on their business cards.

Nuclei is currently operating with multiple banks across India, UAE, KSA, Singapore, and the rest of Asia.

Infosys Finacle is proud to be associated with Nuclei to bring SuperApp capabilities to the banking ecosystem.

Website : https://gonuclei.com/

About Infosys Finacle

Finacle is an industry leader in digital banking solutions. We are a unit of EdgeVerve Systems, a wholly owned product subsidiary of Infosys (NYSE: INFY), a global technology leader with over USD 16 billion annual revenues.

We partner with emerging and established financial institutions to inspire better banking. Our cloud-native solution suite and SaaS services help banks engage, innovate, operate, and transform better to scale digital transformation with confidence.

Finacle solutions address the core banking, lending, digital engagement, payments, cash management, wealth management, treasury, analytics, AI, and blockchain requirements of financial institutions globally.

Finacle's componentized structure allows banks to deploy and upgrade solutions flexibly as per their business priorities. Our solutions run in a containerized environment orchestrated by Kubernetes and can be deployed on a private, public, or hybrid cloud. We are differentiated by our functionally rich solution suite, composable architecture, culture and entrepreneurial spirit of a start-up.

We are also known for an impeccable track record of helping financial institutions of all sizes drive digital transformation at speed and scale. Today, financial institutions in more than 100 countries rely on Finacle to help more than a billion people and millions of businesses to save, pay, borrow, and invest better.

For more information, visit www.finacle.com

Why we exist

To inspire better banking so that billions of people and businesses can save, pay, borrow, and invest better.

How we do it

Our solutions and people help banks to engage, innovate, operate and transform better, so that they can improve their customers' financial lives, better.

What we offer

A comprehensive suite of industry-leading digital banking solutions and SaaS services that help banks engage, innovate, operate and transform better.

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For more information, contact finacle@edgeverve.com

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