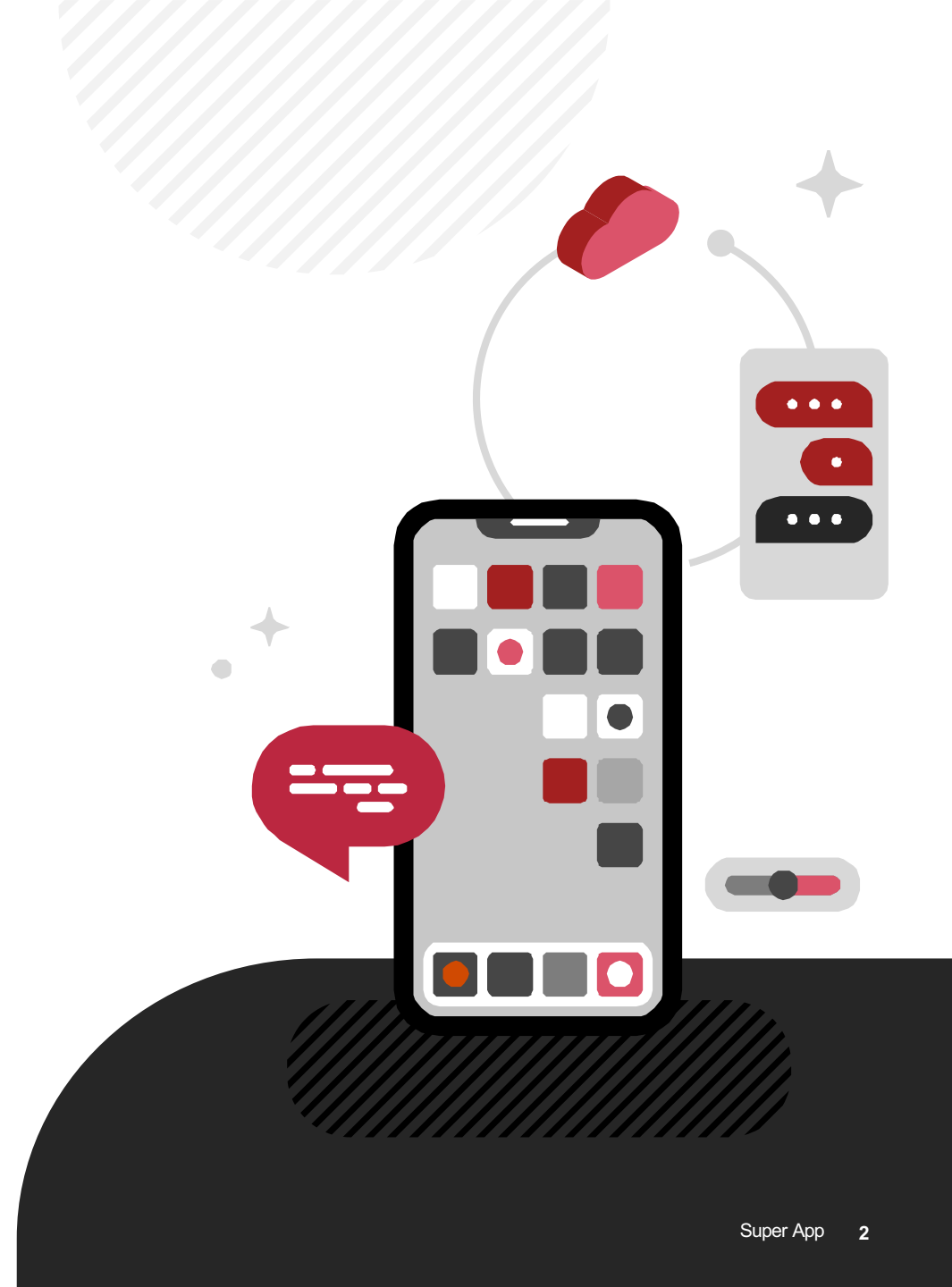

Super App

December 2020



Super Apps

- Financial services, retail, logistics and many other industries changed and transformed considerably in 2020 both worldwide and in Turkey.
- With the significant impact of the pandemic on this change, new players and business models emerged in various industries.
- This global change also stands out in Turkey.
- Recently, the major players of different industries in Turkey have integrated other industries in their applications and are moving into Super Apps.



What is a Super App?

What advantages does it provide to users?

- First generation smart phones only provided some basic applications.
- Today, we spend approximately 3 hours a day on applications on our smart phones.
- Time spent on applications has increased by ~25% as a result of social distancing and the restrictions that have become part of our lives due to COVID-19.
- We use various applications on our mobile phones, such as those for mobile banking, digital wallets, e-commerce and public transportation.
- Is it possible to make all these transactions through one single application?
- Super apps provide integration of several transactions, including payment and ID management, using a single application.
- More importantly, super apps can customise these services based on our needs.

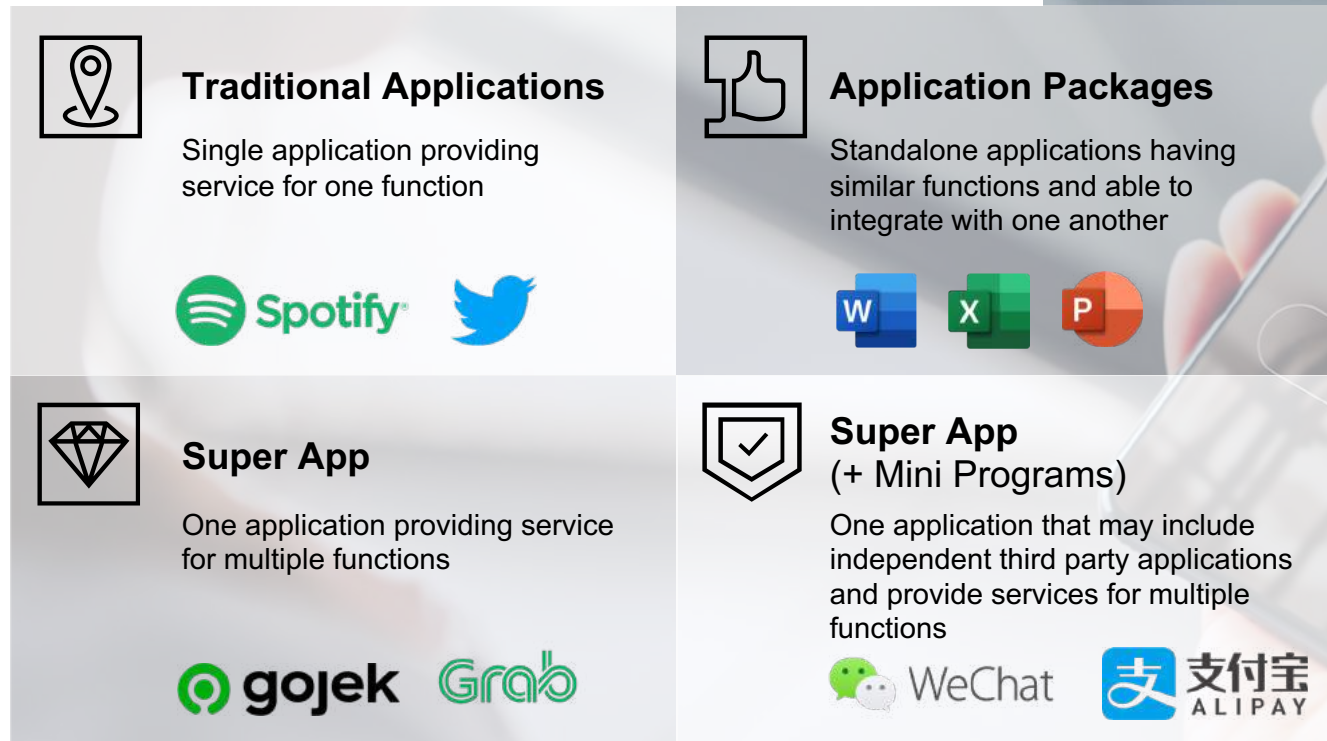


Super apps provide multiple functions in one application

Open banking and API, which interconnect these applications and payment services, are very important.

The importance of the application ecosystem is also observed on the **Mini Programs** created by WeChat and AliPay in Super Apps.




For example, WeChat has more than 1 million **Mini Programs**!



Note: Mini programs are applications that are independent from Super Apps and are developed by third parties.
Source: S&P Global, Strategy& analysis

One of the most successful Super Apps: WeChat (with its monthly active users and range of services)

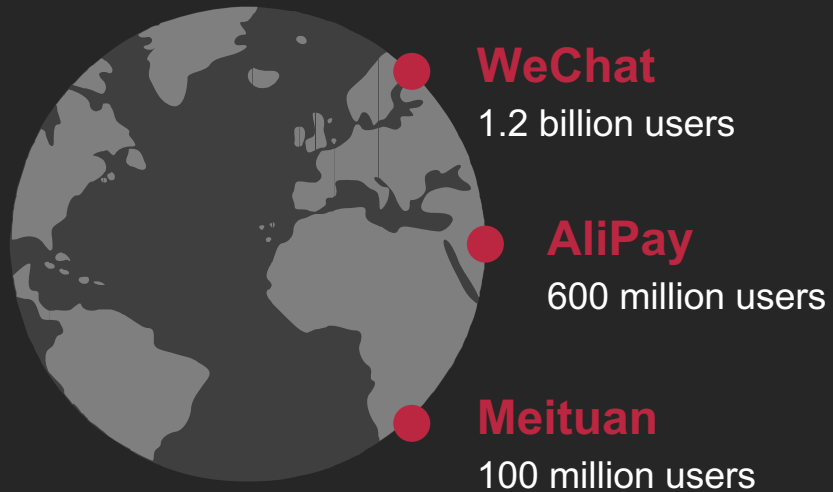
Comparison of services for Super Apps

	 WeChat Monthly Active Users (1 billion +)	 Alipay Monthly Active Users (550 billion +)	 Meituan Monthly Active Users (100 billion +)
Messaging	✓		
E-wallet	✓	✓	✓
E-commerce	✓	✓	✓
Delivery (catering, food, etc.)	✓	✓	✓
Inner-city courier services	✓	✓	✓
Public transportation e-tickets	✓	✓	
Car sharing	✓	✓	✓
Bicycle sharing	✓	✓	✓
Travel / accommodation reservations	✓	✓	✓
Invoice payments	✓	✓	
E-government services	✓	✓	
Health and insurance services	✓	✓	

Note: Numbers of active users as of March 2020
Source: techinasia.com, Strategy& analysis Super Apps 5

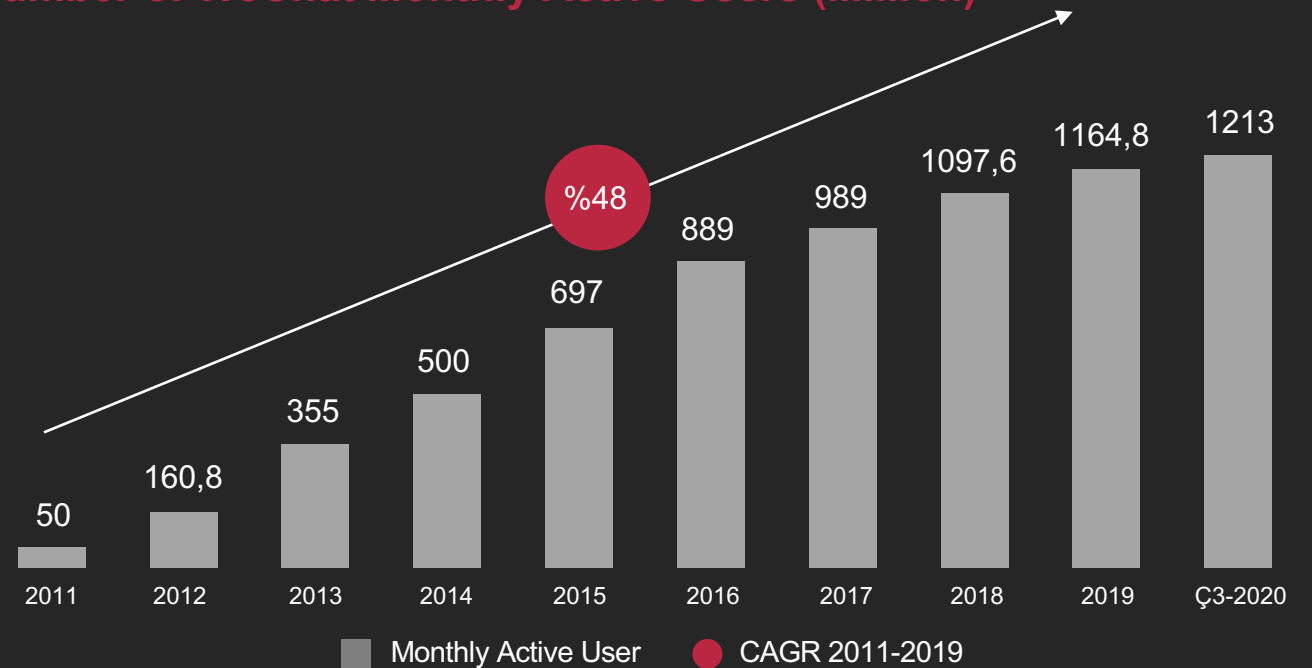
Rising Super Apps

- Super apps focus on finance and payments
- Main examples in Asia:



WeChat serves more than one billion users monthly and achieved annual growth of 48% between 2011 and 2019.

Number of WeChat Monthly Active Users (Million)



Will Super Apps become widespread?

Background stories

- **Meituan** started as a restaurant application.
- Now, it is the most preferred application for hotel reservations in China.

Fewer examples in the West

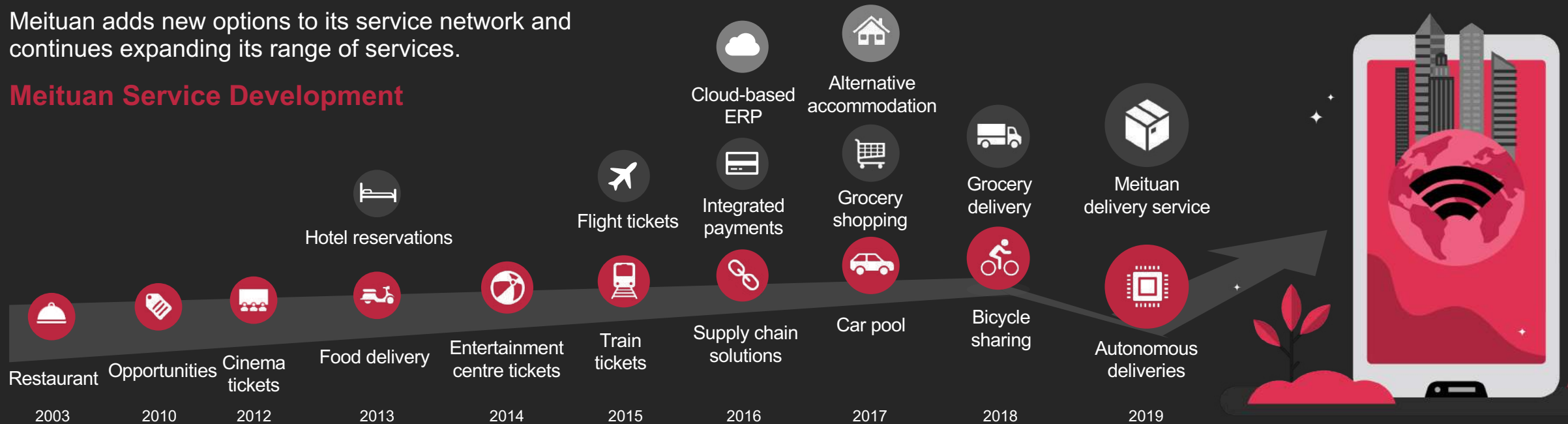
Whatsapp announced its **Carts** application to facilitate shopping.

Becoming widespread

- The surveys show that more than **80%** of consumers express interest in **Super Apps**.
- But, the dynamics of each market should be evaluated separately.

Meituan adds new options to its service network and continues expanding its range of services.

Meituan Service Development



What kind of risks do Super Apps generate?

Why should businesses follow up Super Apps closely? What strategies should they develop?

- New players put businesses from various industries in the background.
- Therefore, businesses should follow up the early practices of Asia and develop strategies to adapt to Western markets.

Super Apps provide integrated services and payment for all industries.

- China - WeChat
- Japan - LINE (LINE Pay)
- South Korea - KakaoTalk (Kakao Pay)

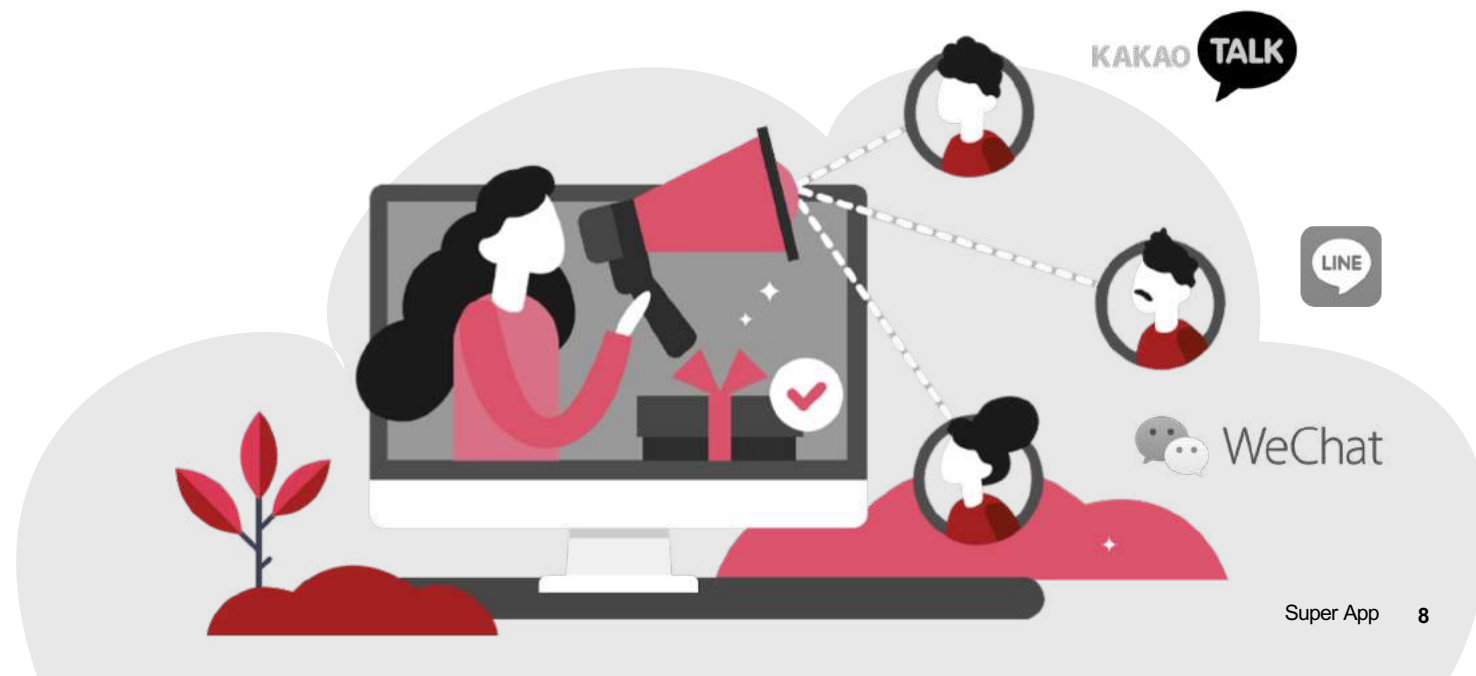
Businesses should consider:



Not remaining in the background with regard to customer relations



Using customer data effectively



The greatest power of Super Apps: Big Data

Do traditional banks face difficulties in processing the data with the same efficiency?

Is it possible to use the data in a similar way?

- Super Apps have accumulated a significant amount of data.
- On the other hand, the data of banks, telecom operators and loyalty programmes should not be underestimated.

Here is the main question: How is this data utilised?

Businesses own a very valuable source of data.



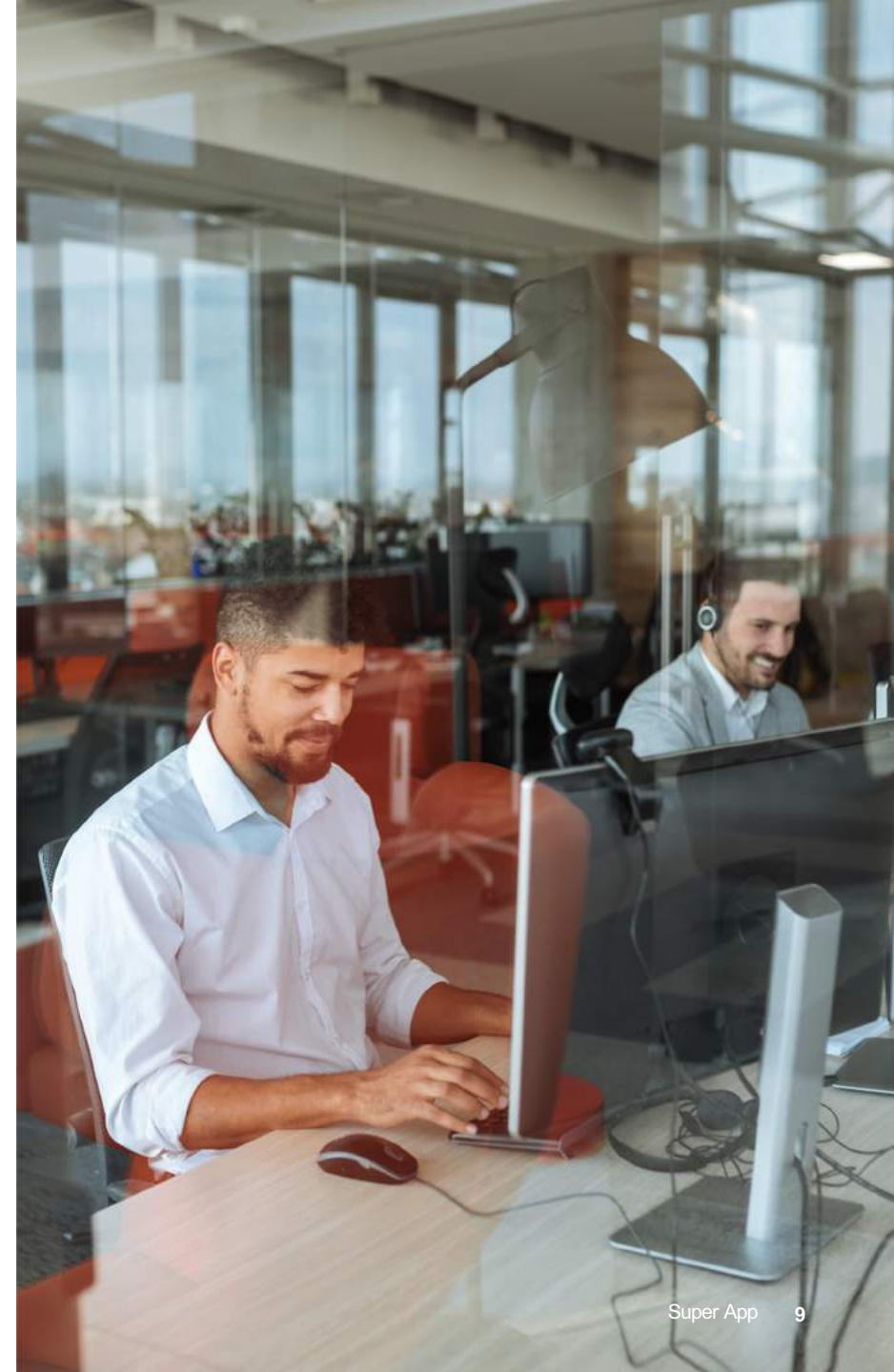
Better understanding of customer needs and providing better offers, suggestions and solutions



Providing better service proposals based on usage rate



Improving operational processes



Super Apps in Turkey



A fast-growing sector with high competition which attracts investors.



- Key e-commerce players
- Large banks
- Food delivery service providers
- Telecom operators

Some businesses:

- Keep away from it
- Do not have a clear strategy
- Or do not consider from the customer's perspective

How to compete with Super Apps?

There are good examples of domestic and foreign businesses competing with Super Apps.

Although Super Apps seem like a threat for banks and businesses in various industries, this is indeed an opportunity.

Businesses should decide on their strategies:



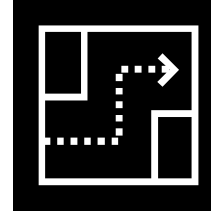
A leading position



An active player in the ecosystem



Only providing service in the background



They should be proactive

Understanding clients' needs and providing tailor-made value propositions to them will bring solid success.

It's essential for success to establish an ecosystem extending to food delivery, shopping and transportation.

Moving forward...

Businesses should:

- 1 Develop their strategies
- 2 Determine their positioning in the value chain
- 3 Determine the services to be provided to the market
- 4 Develop current and future capabilities for providing services
- 5 Determine competitive advantages and permanent moves
- 6 Establish their own ecosystem
- 7 Use the data to increase income, customer satisfaction and operational efficiency



Those who can develop the right strategy, analyse customer data efficiently and establish the correct ecosystem will win.



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