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## Walmart's Fintech Ambition: A Super App, Not The 'Bank Of Walmart'



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*Observations from the Fintech Snark Tank*



(Photo Illustration by Budrul Chukrut/SOPA Images/LightRocket via Getty Images) SOPA IMAGES/LIGHTROCKET VIA GETTY IMAGES

### OBSERVATIONS FROM THE FINTECH SNARK TANK

Giant retailer Walmart has made a couple of big announcements recently regarding its plans to create a financial technology—or “fintech”—business unit:

- **Ribbit Capital partnership.** In January, Walmart [announced](#) a strategic partnership with fintech investment firm Ribbit Capital to “develop and offer modern, innovative and affordable financial solutions.” Ribbit’s investment portfolio includes well-known fintech companies including Robinhood, Credit Karma, and Affirm.
- **Goldman Sachs fintech hires.** More recently, Walmart [hired](#) two key executives away from Goldman Sachs’ fintech unit Marcus to help run the retailer’s new fintech unit. Omer Ismail and David Stark were key players in leading Marcus’ growth to more than \$97 billion in deposits.

“Modern, innovative and affordable financial solutions” is not much of a clue as to what Walmart actually intends to do with its new fintech unit. One common view is that the retailer is on a path to create the [“bank of Walmart:”](#)

*“Walmart took one step closer to being JPMorgan Chase’s biggest nightmare. The world’s largest retailer is gaining even more heft as it seeks to become a one-stop shop for consumers’ financial needs. The move struck fear on Wall Street, which has been begging regulators to halt recent efforts by retailers and startups to begin offering core banking products to millions of consumers.”*

This is a misguided perspective:

1. Walmart’s customer base is predominantly low- to middle-income consumers which is hardly Chase’s sweet spot from a banking or credit card perspective. So forget the whole “nightmare” scenario.
2. The move did not “strike fear” on Wall Street. Walmart was rebuked years ago in its attempt to obtain a banking license and

has found ways to get into financial services anyway.

Reality is, the “bank of Walmart” has been around for a long time.

For years now, Walmart has offered prepaid debit cards, domestic and international money transfers, bill pay services, tax preparation, installment financing, and other financial services through its partnerships with Green Dot, NetSpend, American Express, MoneyGram, PayPal, Jackson Hewitt, and other providers.

## **Did Walmart Give Its New Hires the Steve Jobs–John Sculley Speech?**

It's hard to believe that Walmart needed to hire Ismail and Stark away from Goldman Sachs just to repackage their existing financial services into a cohesive digital challenger bank-like offering.

And it's hard to believe that Ismail and Stark would jump ship to do that.

Put yourself in Ismail and Stark's shoes. You just spent the last five years helping Marcus grow to become a major player in the consumer finance space. And now Walmart comes along and says “how would you like to do it all again, but this time with us?”

Can't imagine that's how it went down.

I'm betting Walmart gave them the “[John Sculley speech](#).” Remember when Steve Jobs recruited Sculley away from Pepsi with the question “Do you want to sell sugar water for the rest of your life or come with me and change the world?”

Walmart probably made a similar pitch, telling the Goldman Sachs execs, “Congrats, you've built a [digital bank](#)—now come to Walmart and help us reinvent the economy.”

## The Coming Walmart Super App?

Walmart's fintech aspiration is a lot bigger than just creating a digital bank—it's creating a true digital ecosystem in the form of a super app.

Karen Webster [wrote](#) this about the “supercenter:”

*“When Walmart reported its Q4 2020 earnings, CEO Doug McMillon described a very different ‘super’ concept at the center of Walmart’s future: the ‘super app.’ He may not have used those two words, but the Connect concept is the super app notion to a tee.”*

Walmart's super app opportunity is a lot bigger than just integrating and digitizing its financial services business or deploying its [Connect](#) concept, which will be a self-service advertising platform for Walmart partners to manage digital ad campaigns.

The super app opportunity includes integrating Walmart's: 1) Shopify marketplace; 2) Connect ad platform; 3) health centers; 4) existing investments in eCommerce, logistics, supply chain, and inventory management; and 5) other product and services not currently affiliated with Walmart.

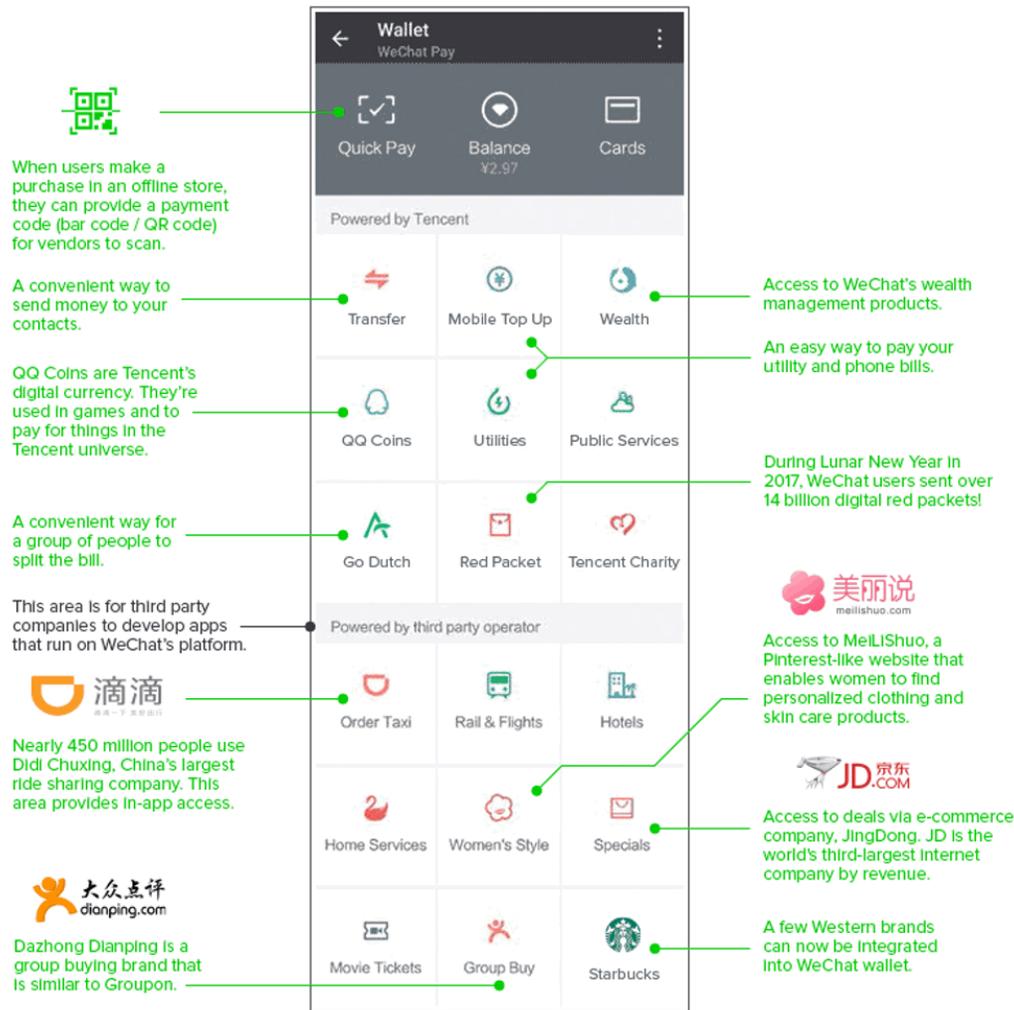
## Wait, What's a Super App?

While hardly a household term in the US—yet—the “super app” concept is often misused and misunderstood. Just selling a lot of different types of products and services on a mobile app does not make an app a super app.

***Super apps are ecosystems. They're enclosed experiences that make it easy to accomplish a wide variety of tasks—as long as the tasks occur within the walled garden.***

To date, super apps don't really exist in the US—but they're dominant

in China. A screen shot of one of the leading super apps, WeChat, demonstrates the breadth of services integrated into a single app.



Source: Visual Capitalist

WeChat super app SOURCE: VISUAL CAPITALIST

The following chart shows a comparison of services included in three of Asia's most popular super apps.

	WeChat	Alipay	Meituan
MAU (Mar 2020):	1 billion+	585.5 million	100.8 million
<b>Lifestyle features</b>			
Messaging, social	✓		
E-wallet, personal finance	✓	✓	✓
Ecommerce	✓	✓	✓
On-demand delivery (food, fresh produce, grocery)	✓	✓	✓
Intra-city courier services	✓	✓	✓
Public transport access	✓	✓	

Public transport e-pass	✓	✓	
Ride-hailing	✓	✓	✓
Bike-sharing	✓	✓	✓
Travel booking (hotel, flights, train tickets)	✓	✓	✓
Utilities bills pay, mobile balance top-up	✓	✓	
Insurance and health services	✓	✓	
E-government services (social security, provident funds)	✓	✓	

Source: TechInAsia

Super apps comparison SOURCE: TECHINASIA

The super app term is often misused here in the US because the technical aspects of a super app are misunderstood.

Super apps rely on mini programs—lightweight apps that run inside another app. They don't need to be downloaded or upgraded through app stores. They make it possible for one app to perform the service of many apps.

The image displays a collection of logos for various services and tools related to WeChat mini programs, organized into several categories:

- News:** Includes logos for 小程序营销 (Mini Program Marketing), 序多多 (Xuduo), 第九程序 (9th Program), and 微信 (WeChat).
- BaaS (Backend as a Service):** Includes WildDog (野狗), LeanCloud (为应用开发加速), and 知晓云 (Zhi Xiaoyun).
- Open Source:** Includes WEPT, PX2RPX, LABRADOR, and logos for GitHub, Docker, and the UK flag.
- Forums:** Includes 微信公众平台 (WeChat Official Account Platform), 咫尺论坛 (Zhi Chi Forum), 小程序社区 (Mini Program Community), 第九程序 (9th Program), and 蜂鸟小程序开发者社区 (Beebird Mini Program Developer Community).
- Generators / SaaS:** Includes 有赞 (Youzan), 上线了 (Shang Line Le), CoolSITE, 小云 (Xiao Yun), SEE小电铺 (SEE Xiao Dian Pu), xcx.La, 从商城 (From Mall), 乘云 (Cheng Yun), 程序云 (Cheng Xu Yun), and 轻芒 (Qing Mang).
- Stores:** Includes 第九程序 (9th Program), 序多多 (Xuduo), 知晓程序 (Zhi Xiaoyun), 微信小程序 (WeChat Mini Program), 91ud.com, SCORE, and 蜂鸟小程序开发者社区 (Beebird Mini Program Developer Community).
- Analytics:** Includes 阿拉丁 (Aladin), GrowingIO, TalkingData, 及策 (Ji Ce), and 腾讯移动分析 (Tencent Mobile Analytics).
- Service Providers:** Includes 即速应用 (Ji Su Ying Yong), 序多多 (Xuduo), 快搞定 (Kuai Gao Ding), and 盈客通 (Ying Ke Tong).

Source: Wechat Wiki

Wechat mini programs SOURCE: WECHAT WIKI

There are a number of benefits to mini programs including:

- **Speed.** Mini programs are cached on the phone, making it faster to load than a mobile app.

- **User experience.** Updates aren't required with mini programs as the latest version automatically loaded.
- **Integration.** Mini programs are tightly integrated: >60 entry points, directly shareable in chats, deep linking to specific subpages.
- **Cost.** Mini programs typically cost 20% to 50% of the development cost of an app, thanks, in part, to a shorter time-to-release.

## Can Walmart Create a Super App in the US?

Two factors have prevented—or at least, provided resistance to—the development of super apps in the US:

- **Industry structure.** Many industries in the US are dominated by oligopolies—three to four really large firms that control 60% to 80% (or more) of the market share in that industry. A company from outside that industry trying to create a super app will be met with resistance from the oligopolies who may see themselves as potential super app creators.
- **Consumer behavior and attitudes.** The heterogeneity of the US population in terms of wants, needs, and desires means that the loss of choice that inevitably comes from using a super app will be rejected by a large number of Americans.

So, Walmart won't be able to create a super app in the US, right?

Wrong. There are two reasons why Walmart's prospects for a super app in the US are legit. Walmart has:

- **An underserved customer base.** Practically everyone in the US shops at Walmart at some point, but the company's core segment—non-urban, low- to middle-income consumers—is

often underserved by the oligopolies dominating many industries.

- **A head start.** Walmart may be starting from scratch in building a super app, but it has decades of experience of building an integrated, cross-industry supply chain. With the exception of Amazon, who else can make that claim (and I'm not even sure Amazon could make that claim)?

Reinventing the way goods and services are provided to low- to middle-income consumers. Now that's an idea that might just resonate with two guys who just spent the past few years helping a bunch of rich fat cats get even richer.

While Walmart will position a super app aspiration in terms of how it benefits low- to middle-income consumers, the company stands to benefit significantly from a successful walled garden.

Walmart's DNA is efficiency and cost control—and that's the ultimate promise of a super app for the supercenter.

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