

# Activity 7A: Platform Diagnosis

Digital Finance Intensive Course

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Day 7A companion (Economic Theory) | 45 min | Groups of 3-4

## The 4-Pillar Diagnostic Framework (from Day 7A):

### Pillar 1: Transaction Costs (TC)

Which TC does it eliminate?

Search / bargaining / enforcement

### Pillar 2: Information Asymmetry

Which asymmetry does it resolve?

Adverse selection / moral hazard / signaling

### Pillar 3: Two-Sided Markets

Who is subsidised, who pays?

Which side has stronger network effects?

### Pillar 4: Innovation Theory

Sustaining or disruptive? Low-end or new-market?

Christensen: who is the non-consumer served?

**Your task.** Your group is assigned **one platform** from the list below. Apply all four pillars to your platform. Each group presents a 3-minute diagnosis to the class. Time: 35 min analysis + 10 min presentations.

## Platform assignments (one per group):

Group	Platform	Context clue
A	<b>Stripe</b>	Developer-first payment API; 2.9% + \$0.30 per card transaction
B	<b>Ant Group / Alipay</b>	QR payments, Sesame Credit, Yu'e Bao, MYbank
C	<b>Robinhood</b>	Zero-commission mobile brokerage; revenue from PFOF and Gold subscriptions
D	<b>Uniswap</b>	Decentralised AMM; $x \cdot y = k$ pricing; LP fees 0.3% per swap
E	<b>Nubank</b>	Brazilian neobank; zero-fee credit card; 100m+ customers

## Diagnosis worksheet – complete one column for your platform:

Diagnostic question	Your platform: .....	Evidence / reasoning
<p><b>P1: TC eliminated</b> Which transaction cost type? Search / bargaining / enforcement? How large was the TC before?</p>		
<p><b>P2: Information asymmetry</b> What did the incumbent know that users did not, or vice versa? How does the platform resolve it?</p>		
<p><b>P3: Two-sided pricing</b> Who pays, who is subsidised? What are the cross-group externalities? Is multi-homing possible?</p>		
<p><b>P4: Disruption type</b> Sustaining, low-end, or new-market disruption? Who was the non-consumer or over-served segment?</p>		
<p><b>Durable moat</b> Which pillar creates the hardest-to-replicate advantage? Why can't an incumbent simply copy it?</p>		
<p><b>Mechanism risk</b> What is the failure mode or regulatory risk? Which pillar does the risk threaten?</p>		

**Presentation guide (3 min per group):**

1. State the platform's primary TC reduction in one sentence
2. Identify the information asymmetry resolved and how
3. Explain the pricing structure using Rochet-Tirole logic
4. Classify the innovation type and name the non-consumer or over-served segment
5. State which pillar provides the most durable moat and why

**Class debrief question:** After all groups present, vote: which platform has the strongest combined moat across all four pillars? Which has the weakest? What would it take to unseat it?