

Day 7C Strategy Toolkit

Digital Finance Intensive Course | 1-page quick reference
7 frameworks for diagnosing digital finance firms

1. Porter's 5 Forces (1979)

Industry profitability is shaped by 5 forces: threat of entry, supplier power, buyer power, substitutes, rivalry.

Example: Stripe faces low buyer power (millions of small merchants) but high substitute threat (Square, Adyen).

2. Business Model Canvas (Osterwalder, 2010)

9 blocks: customer segments, value propositions, channels, relationships, revenue streams, key resources, key activities, partnerships, cost structure.

Example: Nubank's BMC has a unique 'channels' block: 100% mobile, zero branches.

3. Helmer's 7 Powers (2016)

Sustainable moats come from 7 powers: scale, network, counter-positioning, switching costs, branding, cornered resource, process power.

Example: Ant Group's primary power was data-driven network economies; regulation neutralized counter-positioning.

4. Rogers' 5 Adoption Segments (1962)

Innovation adopters fall into 5 segments: innovators (2.5%), early adopters (13.5%), early majority (34%), late majority (34%), laggards (16%).

Example: Bitcoin reached late-majority in 2024; CBDCs still in innovator / early-adopter phase.

5. Bass Diffusion Model (1969)

Rate of adoption depends on innovation push and word-of-mouth pull:

$$\frac{dN}{dt} = \left(p + q \cdot \frac{N}{m} \right) (m - N)$$

where p = innovation coefficient, q = imitation coefficient, m = market size, N = adopters at time t .

Verbal: rate of new adoption = innovation push (p) + word-of-mouth pull ($q \cdot N/m$), times remaining non-adopters ($m - N$).

Example: Nubank fitted with $p \approx 0.005$, $q \approx 0.4$; the q/p ratio = 80 indicates word-of-mouth-driven growth.

6. Henderson-Clark 2x2 (1990)

Innovation type depends on whether it changes *component* knowledge or *architectural* knowledge. Architectural innovation (mobile-first banking) is invisible to incumbents.

Example: BBVA struggled to absorb mobile-first thinking despite owning all the components.

7. McKinsey Three Horizons (2000)

Innovation portfolio: H1 (defend core), H2 (emerging adjacencies), H3 (future bets). Incumbents typically over-invest in H1.

Example: Ant Group 2020: H1 payments, H2 lending, H3 credit scoring + tokenization. 2026: H3 ambitions truncated by regulation.

Frontier 2024-2030: AI in finance | Tokenization | CBDCs | Regulatory consolidation

Day 7C builds on Day 7A pillars (TC, information asymmetry, two-sided markets, innovation) and Day 7B platform power equation.