



The Role of Accounting in Managing Platform Economy Monopolies

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Abstract

The expansion of digital platforms has reshaped the structure of modern markets in ways that have attracted increasing attention from economists, regulators, and scholars of accounting. Digital platforms such as online marketplaces, search engines, and social media networks operate as intermediaries that connect multiple groups of users while coordinating economic activity through digital infrastructures. Over time many of these platforms have achieved extremely dominant positions within their respective markets, often supported by strong network effects, large data advantages, and highly scalable technological systems. These dynamics have raised concerns that platform markets may naturally evolve toward monopoly or near-monopoly conditions, creating challenges for competition policy and regulatory oversight). Traditional regulatory approaches have often struggled to address these developments because platform companies generate value in ways that are not always visible through conventional economic indicators such as pricing or output. Accounting practices play a significant role in shaping how these firms are understood and monitored by regulators, investors, and policymakers. Financial reporting systems provide insight into corporate structures, revenue streams, cost allocation, and asset valuation, all of which are essential for assessing the behaviour of dominant firms. However, many digital platforms rely heavily on intangible assets such as algorithms, software ecosystems, and user data, which are not always adequately captured within existing accounting frameworks. As a result, financial reports may fail to fully represent the sources of economic power that sustain platform monopolies. This article explores the relationship between accounting practices and the management of monopolistic tendencies in the platform economy. Drawing on existing academic literature and conceptual analysis, the paper examines how accounting transparency can influence regulatory responses to digital market concentration. The study argues that improved accounting disclosure and reporting standards could enhance the ability of policymakers to detect and manage anti-competitive behaviour within platform markets.

Keywords: Platform Economy; Accounting Transparency; Digital Monopolies; Competition Policy; Financial Reporting; Data Assets

Introduction

Over the past two decades the global economy has witnessed the rapid expansion of digital platforms that mediate an increasing share of economic and social activity. Firms operating in the platform economy have developed business models that differ significantly from those of traditional industrial firms. Instead of producing goods or services directly, platforms primarily facilitate interactions between multiple groups of users who depend on one another for value creation. These companies design digital infrastructures that allow individuals, businesses, advertisers, and developers to interact within a shared technological environment. Once established, such platforms can grow rapidly because digital systems allow them to scale operations across global markets with relatively low marginal costs. As a result, a small number of platform companies have

become some of the most valuable and influential firms in the world economy (Brynjolfsson, Rock, & Syverson, 2021; Parker et al., 2016).

A defining characteristic of the platform economy is the presence of strong network effects, which significantly influence market structure and competition. Network effects occur when the value of a product or service increases as more users join the system. In digital markets this phenomenon can produce self-reinforcing growth because each additional user makes the platform more valuable for existing participants. When a platform reaches a critical mass of adoption, it becomes increasingly difficult for new competitors to attract users because the dominant platform already hosts the largest network of participants and the most extensive dataset of interactions. Over time this dynamic often leads to highly concentrated markets in which one or two firms dominate an entire digital ecosystem (Varian, 2019; Autor, Dorn, Katz, Patterson, & Van Reenen, 2020).

The growing dominance of platform firms has raised significant concerns about competition and market power. Scholars and policymakers increasingly argue that some digital platforms exhibit characteristics similar to monopolies because they function as gatekeepers controlling access to key digital infrastructures. Businesses that wish to reach consumers may depend heavily on dominant platforms for distribution, advertising, or digital visibility. In such situations the platform owner holds substantial influence over pricing structures, search rankings, and access to market opportunities. Critics have suggested that this form of control can enable anti-competitive practices such as preferential treatment of the platform's own services or the strategic acquisition of potential competitors (Khan, 2017; Zuboff, 2019).

Despite these concerns, detecting monopoly power in the platform economy is often more complicated than in traditional industries. Many digital services appear free to users because revenue is generated indirectly through advertising, data monetisation, or subscription-based services in other segments of the platform ecosystem. Conventional antitrust tools frequently rely on indicators such as price increases or reductions in output to identify monopolistic behaviour. However, these indicators may not capture the mechanisms through which digital platforms exercise power, since dominance can arise through control of data flows, digital infrastructure, and user networks rather than through pricing alone (Varian, 2019).

In this context accounting information becomes particularly important because it provides structured insights into how firms generate and allocate economic value. Financial statements, segment disclosures, and corporate reporting practices reveal details about revenue sources, cost structures, and investment strategies that may otherwise remain hidden within complex digital ecosystems. Regulators frequently rely on accounting information when evaluating mergers, investigating potential anti-competitive conduct, or assessing the financial structure of dominant firms. Without transparent accounting disclosures it becomes difficult to determine whether platform dominance reflects genuine innovation and efficiency or the strategic use of financial resources to suppress competition.

However, the platform economy also exposes significant weaknesses within existing accounting frameworks. Traditional accounting standards were developed in an industrial context where corporate value was closely tied to tangible assets such as factories, equipment, and inventory. Digital platform firms, by contrast, derive a substantial portion of their value from intangible resources including proprietary algorithms, software architectures, brand recognition, and extensive datasets generated through user activity. Many of these assets are internally developed rather than purchased externally, meaning they are often excluded from balance sheets under current accounting rules. This creates a situation in which some of the most valuable resources held by platform firms are largely invisible within conventional financial reports (Lev & Gu, 2016; Haskel & Westlake, 2018).

Data represents a particularly important example of this accounting challenge. The continuous collection and analysis of user data allows platform companies to refine algorithms, personalise services, and target advertising with remarkable precision. These capabilities create significant economic value, yet internally generated datasets rarely appear as recognised assets within financial statements. From an accounting perspective this

omission reflects long-standing concerns about measurement reliability and verification. From a regulatory perspective, however, the absence of data valuation within financial reports may obscure one of the most significant sources of competitive advantage held by digital platforms.

Another challenge arises from the widespread use of cross-subsidisation strategies within platform ecosystems. Large digital platforms frequently operate multiple interconnected services, some of which may initially operate at a financial loss. Profits generated from one segment of the platform can be used to support another segment, allowing the firm to expand rapidly into new markets or undercut competitors on pricing. While cross-subsidisation can be a legitimate business strategy, it may also be used strategically to eliminate competition by sustaining below-cost pricing for extended periods. Identifying such behaviour requires detailed financial reporting that reveals how revenue and costs are distributed across different segments of the platform.

Given these developments, the role of accounting in the platform economy extends far beyond routine financial reporting. Accounting practices shape how digital firms represent their economic activities and how external stakeholders interpret those activities. Financial disclosures influence investor perceptions, regulatory investigations, and public debates about market concentration. If accounting frameworks fail to capture the economic realities of digital platforms, regulators may lack the information necessary to identify and manage monopolistic behaviour effectively.

This paper therefore examines the role of accounting in managing monopolistic tendencies within the platform economy. The study focuses on three central questions. First, how do platform firms develop and sustain dominant market positions within digital ecosystems? Second, what limitations exist within current accounting frameworks when applied to platform-based business models? Third, how might improved accounting disclosures support regulatory efforts aimed at addressing market concentration in digital sectors? By exploring these questions, the paper contributes to broader discussions about transparency, governance, and accountability in the rapidly evolving digital economy.

Literature Review

The Emergence of the Platform Economy

The emergence of the platform economy represents one of the most significant structural transformations in contemporary capitalism. Digital platforms have introduced new forms of organisation in which value creation depends less on the ownership of physical assets and more on the ability to coordinate networks of users through technological infrastructures. Scholars commonly define platforms as digital systems that facilitate interactions between multiple groups of participants who depend on each other for value creation. These interactions may involve the exchange of goods, services, information, or digital content, all of which occur within a technological environment designed and controlled by the platform owner. Because platforms act as intermediaries rather than traditional producers, their business models differ significantly from those of industrial firms that dominated earlier economic eras (Parker et al., 2016; Srnicek, 2017).

A central feature of platform markets is the presence of multi-sided market dynamics. In such markets the platform must simultaneously attract several distinct groups of users whose participation reinforces one another. For example, an online marketplace requires both buyers and sellers, while a social media platform requires users as well as advertisers seeking access to those users. The platform's role is to provide the technological infrastructure that enables these interactions while extracting value through transaction fees, advertising revenue, or subscription services. The success of a platform therefore depends on its ability to maintain a delicate balance between the different sides of the market, ensuring that each group continues to find value in participating within the ecosystem (Evans & Schmalensee, 2016).

Network effects are widely regarded as one of the most powerful drivers of platform growth and market concentration. When more users join a platform, the value of the network increases for all participants because

the number of potential interactions expands. This dynamic can create self-reinforcing growth patterns where the largest platform becomes increasingly attractive to new users simply because it already hosts the largest community. Over time this process may produce “winner-takes-most” market outcomes in which a small number of firms dominate the entire digital landscape. Empirical research on market concentration has shown that several digital sectors exhibit precisely this pattern, with dominant platforms capturing a disproportionate share of economic value within their industries (Autor et al., 2020).

Another factor contributing to platform dominance is the accumulation of large datasets generated through continuous user interactions. Data plays a crucial role in improving algorithms, refining recommendation systems, and enhancing targeted advertising strategies. The more data a platform collects, the more accurately it can predict user preferences and optimise services. This creates a feedback loop in which larger platforms benefit from superior data resources, allowing them to improve their services further and attract even more users. Smaller competitors often struggle to replicate these capabilities because they lack access to comparable datasets, reinforcing the market advantages of established platforms (Varian, 2019).

These characteristics have led some scholars to argue that digital platforms represent a new stage in capitalist development where data extraction and network coordination serve as the primary sources of economic power. According to Srnicek (2017), platforms function as central infrastructures within the digital economy, organising economic activity around their technological systems. Once a platform achieves dominance within a particular sector, it can expand into adjacent markets, acquire potential competitors, and integrate multiple services within a single ecosystem. Such developments have raised important questions about how regulatory institutions should respond to the concentration of economic power within platform markets.

Platform Monopolies and Market Power

The increasing dominance of digital platforms has sparked extensive debate regarding the nature of monopoly power in the digital economy. Traditional economic theories of monopoly typically focus on situations where a single firm controls the supply of a product or service, allowing it to influence prices or restrict output. However, platform monopolies operate through different mechanisms that are not always captured by conventional models of market power. Rather than relying solely on price control, digital platforms often maintain dominance by controlling the technological infrastructures through which economic interactions occur. Businesses and consumers may rely heavily on these infrastructures to access markets, meaning that the platform owner effectively governs the conditions under which economic participation takes place (Khan, 2017). This type of structural influence over digital marketplaces can grant platform firms considerable economic power even when their services appear inexpensive or free to users.

One important dimension of platform monopoly involves the role of gatekeeping. Digital platforms frequently act as intermediaries that determine how information, products, and services are distributed within their ecosystems. For instance, search engines determine which websites appear most prominently in search results, while online marketplaces decide how products are ranked and displayed to potential buyers. Because visibility within these platforms strongly influences economic outcomes, the algorithms used to organise information can effectively shape competitive conditions. Scholars have argued that this gatekeeping role gives dominant platforms the ability to privilege their own services or impose conditions on third-party participants who depend on the platform for market access (Zuboff, 2019). In such cases, market power emerges not through direct ownership of resources but through control over the digital infrastructures that coordinate economic activity.

Another factor reinforcing platform monopolies is the difficulty of switching between competing platforms once users have invested time and resources in a particular ecosystem. Switching costs may arise from several sources, including the loss of accumulated data, the effort required to rebuild networks of contacts, or the inconvenience of learning new interfaces. When these costs are high, users may remain on a dominant platform even if alternatives exist. This dynamic strengthens the network effects that already favour large platforms, further reducing the likelihood that smaller competitors will be able to challenge the dominant firm. Empirical

research on digital markets has shown that industries characterised by strong network effects often experience high levels of concentration, with a small number of firms capturing the majority of economic value (Autor et al., 2020).

The acquisition of potential competitors also plays a significant role in reinforcing platform dominance. Large technology firms frequently acquire smaller startups that possess innovative technologies or promising business models. In some cases these acquisitions may enhance efficiency by integrating complementary services. However, critics argue that they may also eliminate emerging competitors before they have the opportunity to challenge the dominant firm's position. Khan (2017) highlights how large platforms can use their financial resources to purchase companies that might otherwise evolve into competitive threats, thereby preserving their control over digital ecosystems. The ability to engage in such acquisition strategies is often closely linked to the substantial financial resources generated by platform-based revenue models.

These dynamics have led many scholars to conclude that digital platforms require new approaches to competition policy and regulatory oversight. Traditional antitrust frameworks often rely heavily on price-based indicators to assess monopoly power, but such indicators may not capture the structural advantages held by digital platforms. Instead, regulators may need to examine factors such as control over data, access to digital infrastructure, and the strategic use of cross-platform integration. Accounting information can play an important role in this process because financial disclosures reveal how firms allocate resources across different segments of their operations. By examining these disclosures, regulators may gain insight into whether a platform's dominance arises from innovation and efficiency or from strategies designed to suppress competition.

Accounting Challenges in the Digital Economy

The rise of the digital economy has introduced significant challenges for traditional accounting frameworks that were originally designed for industrial production systems. Conventional financial reporting emphasises tangible assets and relatively straightforward revenue structures, reflecting the economic realities of manufacturing-based firms where physical capital played a dominant role in value creation. Digital platform firms operate in a fundamentally different environment where value is often generated through intangible resources such as software architectures, algorithms, intellectual property, and data-driven analytics. Because many of these resources are internally developed rather than purchased externally, they are often excluded from balance sheets under existing accounting standards. This omission has led some scholars to argue that financial reporting increasingly fails to capture the true economic value of modern corporations (Lev & Gu, 2016).

The growing importance of intangible assets is widely recognised as a defining characteristic of contemporary economic systems. Haskel and Westlake (2018) describe the modern economy as one increasingly dominated by investments in intangible capital, including software, research and development, branding, and organisational knowledge. These assets possess unique characteristics that distinguish them from physical capital. They are often scalable, meaning they can be used simultaneously in multiple locations without significant additional cost. They also tend to generate spillover effects that allow firms to expand their influence across different markets. Because accounting frameworks were historically designed to measure tangible investments, they struggle to represent the value of these intangible resources accurately.

User data presents a particularly complex challenge within the accounting treatment of digital assets. Platform firms collect enormous volumes of behavioural information from users interacting with their services. This data can be analysed to identify patterns of consumption, predict user preferences, and refine algorithmic decision-making systems. In many cases the ability to analyse user data becomes a central driver of competitive advantage because it allows firms to improve service quality and deliver highly targeted advertising. Despite its importance, internally generated data is rarely recognised as an asset in financial statements due to difficulties associated with measurement reliability and verification. Consequently, one of the most valuable resources held by digital platforms remains largely invisible within conventional accounting reports (Lev & Gu, 2016).

Another issue concerns revenue recognition and cost allocation within multi-sided platform markets. Platform firms frequently operate several interconnected services within the same ecosystem, and revenue may be generated from only one side of the market while other participants receive services at little or no direct cost. For instance, social media platforms often provide free access to users while generating revenue through advertising purchased by businesses seeking to reach those users. This structure complicates traditional accounting models that assume relatively straightforward relationships between production costs and revenue generation. Accurately representing the financial performance of such platforms requires accounting methods capable of capturing these complex interactions between different sides of the market.

Cross-subsidisation strategies further complicate accounting analysis within the platform economy. Large digital platforms may use profits from one segment of their operations to support another segment that is strategically important but not immediately profitable. For example, revenue from advertising services may be used to fund the expansion of cloud computing infrastructure or to subsidise pricing in digital marketplaces. While cross-subsidisation can reflect legitimate business strategies aimed at expanding innovation, it may also be used to establish or reinforce monopolistic positions by allowing dominant firms to sustain below-cost pricing for extended periods. Detecting such strategies requires detailed financial disclosures that reveal how resources are distributed across different segments of the platform.

These accounting challenges have significant implications for regulators attempting to monitor competition in digital markets. If financial statements fail to capture the economic value of data assets or the strategic use of cross-subsidisation, policymakers may struggle to assess the true extent of a platform's market power. Accounting transparency therefore becomes an important element of digital market governance. Improved reporting standards could help reveal how digital firms allocate resources, how they generate profits from user data, and how their financial structures influence competitive dynamics within platform ecosystems.

Theoretical Framework

Understanding the relationship between accounting practices and platform monopolies requires a conceptual framework that connects financial reporting with broader theories of market power and information transparency. One useful perspective is the theory of information asymmetry, which highlights how unequal access to information can distort economic decision-making. In many markets firms possess more detailed knowledge about their operations than external stakeholders such as regulators, investors, or consumers. Accounting systems exist partly to reduce this asymmetry by providing structured disclosures about financial performance and organisational activities. When accounting disclosures are incomplete or poorly suited to emerging business models, information asymmetry may increase, making it more difficult for regulators to evaluate corporate behaviour effectively (Deegan, 2020).

In the context of the platform economy, information asymmetry is particularly pronounced because digital firms operate complex technological infrastructures that are not easily observable from outside the organisation. Algorithms, data analytics systems, and digital network structures often remain proprietary, meaning that external stakeholders cannot directly observe how these systems influence economic outcomes. Accounting disclosures therefore become one of the primary mechanisms through which regulators attempt to understand how digital platforms generate revenue and allocate resources. If these disclosures fail to represent the underlying economic processes accurately, the ability of regulators to assess market dominance becomes significantly constrained.

Another theoretical perspective relevant to this discussion is the political economy approach to digital capitalism. Scholars such as Srnicek (2017) argue that digital platforms function as central infrastructures within contemporary capitalism, organising economic interactions around their technological ecosystems. From this perspective, the economic power of platforms stems not only from their ability to generate profits but also from their capacity to shape the structure of markets themselves. When a platform becomes the primary interface

through which businesses and consumers interact, it gains considerable influence over the distribution of economic opportunities within that market.

Accounting practices intersect with this political economy perspective because financial disclosures influence how the activities of dominant platforms are interpreted by regulators and policymakers. Transparent reporting may reveal patterns of resource allocation that suggest anti-competitive strategies, while opaque reporting may obscure the mechanisms through which platform dominance is maintained. In this sense accounting functions as more than a technical measurement system; it also acts as a governance mechanism that shapes the visibility of corporate power within digital markets.

A third theoretical concept relevant to this analysis involves the relationship between intangible capital and economic concentration. As intangible assets become more important within modern economies, firms that successfully accumulate such assets may achieve significant advantages over competitors. Intangible resources such as proprietary algorithms, brand reputation, and data infrastructures often exhibit increasing returns to scale, meaning that the benefits of investment grow as the firm expands. These characteristics may naturally favour large firms that already possess extensive technological capabilities, contributing to the emergence of “superstar firms” that dominate particular industries (Autor et al., 2020). Accounting frameworks that fail to capture the value of these assets may therefore underestimate the degree of concentration present in digital markets.

Together these theoretical perspectives highlight the importance of accounting transparency in managing the risks associated with platform monopolies. Financial reporting systems influence how market power is measured, how corporate behaviour is interpreted, and how regulatory responses are designed. Understanding the limitations of existing accounting frameworks is therefore essential for evaluating the role that accounting can play in maintaining competitive digital markets.

Methodology

This study adopts a conceptual and qualitative research approach to examine the relationship between accounting practices and the management of monopolistic tendencies in the platform economy. Rather than collecting primary empirical data, the paper relies on critical analysis of existing academic literature drawn from fields including accounting, economics, digital platform studies, and competition policy. This approach is appropriate because the objective of the study is to explore theoretical connections between financial reporting systems and digital market power rather than to measure a specific empirical relationship.

Conceptual research is widely used in accounting scholarship when examining emerging economic phenomena that may not yet have well-established measurement frameworks. The platform economy represents such a phenomenon because digital firms rely heavily on intangible assets and complex network structures that challenge conventional accounting practices. By synthesising insights from multiple academic fields, conceptual analysis can help identify gaps in current knowledge and propose directions for future research or policy development. In the present study, literature related to platform economics, intangible asset accounting, competition policy, and information asymmetry is examined to develop a coherent understanding of how accounting disclosures interact with platform market dynamics.

The literature reviewed in this paper includes peer-reviewed journal articles, academic books, and policy analyses addressing digital platforms and financial reporting. Sources were selected based on their relevance to three central themes: the structure of the platform economy, the emergence of digital monopolies, and the accounting treatment of intangible assets and data resources. Particular attention was given to widely cited works that have shaped debates about digital market concentration and accounting transparency. These sources provide the conceptual foundation necessary for analysing the ways in which accounting systems may influence regulatory responses to platform dominance.

Through this approach the study aims to develop an analytical framework that connects accounting disclosure practices with broader economic and regulatory concerns. While conceptual research cannot provide direct empirical verification of specific claims, it offers a structured means of exploring how existing theories and evidence may be integrated to address emerging policy challenges. In the case of the platform economy, such analysis is valuable because many regulatory debates still lack a clear understanding of how accounting systems interact with digital business models.

Discussion and Analysis

Accounting Visibility and Digital Market Power

One of the central issues in understanding platform monopolies is the question of economic visibility. Platform firms derive much of their influence from assets and capabilities that are difficult to observe through conventional financial statements. Accounting reports were historically designed to describe production-oriented firms where assets such as buildings, equipment, and inventory represented the core sources of value. In contrast, digital platforms rely heavily on technological infrastructure, algorithmic systems, and accumulated datasets that coordinate user interactions across large networks. These elements create significant economic advantages but often remain poorly represented within financial disclosures. Scholars have argued that this disconnect contributes to a situation in which the economic power of digital platforms is not fully visible within the accounting frameworks used by regulators and investors (Lev & Gu, 2016; Haskel & Westlake, 2018).

The visibility problem becomes particularly important when evaluating monopoly power in digital markets. Traditional competition analysis often focuses on pricing behaviour, output restrictions, or direct control over production capacity. However, platform monopolies operate through a different mechanism in which control over networks and data infrastructures becomes the primary source of market influence. When a platform becomes the central intermediary connecting buyers, sellers, advertisers, and consumers, it effectively controls the conditions under which economic interactions occur. Financial statements may show strong revenue growth and profitability, but they rarely reveal the structural advantages created by large-scale user networks and proprietary algorithms. Without more transparent reporting practices, regulators may struggle to determine whether platform dominance results primarily from innovation or from strategies that reinforce market concentration (Varian, 2019).

Accounting therefore plays an indirect but important role in shaping how digital monopolies are perceived. Financial disclosures influence how analysts interpret corporate performance and how policymakers evaluate the structure of digital markets. If accounting reports fail to capture the value of platform ecosystems and intangible infrastructures, the scale of market concentration may be underestimated. Some scholars argue that improved reporting practices could enhance regulatory oversight by providing clearer insight into the internal structures of platform firms. For instance, more detailed disclosures regarding data resources, algorithmic systems, and platform infrastructure could help regulators understand how digital firms sustain competitive advantages over long periods of time.

Another aspect of accounting visibility involves the relationship between financial reporting and investor perception. Investors rely heavily on accounting disclosures when assessing the performance and growth potential of technology firms. When financial statements omit significant intangible assets, investors may rely on alternative signals such as market share, user growth, or platform engagement metrics. This situation creates a parallel information environment where formal accounting reports coexist with informal indicators of value creation. The divergence between these two sources of information further highlights the limitations of conventional accounting frameworks in representing the economic reality of platform markets.

Ultimately, improving accounting visibility may not eliminate monopoly power in digital markets, but it can enhance the ability of regulators and stakeholders to identify the mechanisms through which such power is exercised. Transparent financial disclosures provide a structured basis for evaluating corporate strategies and

assessing whether dominant firms are using their resources in ways that undermine competition. In this sense accounting becomes part of the institutional infrastructure through which digital market power is monitored and governed.

Intangible Assets and the Problem of Data Valuation

The growing importance of intangible assets represents one of the most significant challenges facing modern accounting systems. In traditional manufacturing industries, the majority of corporate investment was directed toward physical capital such as machinery, factories, and logistics infrastructure. These assets were relatively easy to measure and could be recorded within financial statements using well-established accounting methods. Digital platform firms operate in a very different environment where value creation depends heavily on intangible resources such as software systems, brand recognition, intellectual property, and proprietary algorithms. These assets often generate long-term economic benefits but are difficult to measure with the same level of reliability as physical capital (Haskel & Westlake, 2018).

Among these intangible resources, data has emerged as one of the most strategically important assets in the platform economy. Digital platforms collect enormous volumes of behavioural information from users interacting with their services. This data may include search queries, purchasing histories, browsing patterns, social connections, and location data. Through sophisticated analytical tools, firms can transform these raw datasets into predictive insights that improve recommendation systems, optimise advertising strategies, and personalise user experiences. Over time the accumulation of such information becomes a significant competitive advantage because it allows platforms to refine their algorithms and improve service efficiency.

Despite the economic significance of data, accounting frameworks generally do not recognise internally generated datasets as formal assets. One reason for this omission involves measurement uncertainty. Determining the precise monetary value of a dataset is difficult because its usefulness depends on how it interacts with algorithms, technological infrastructure, and user behaviour within the platform ecosystem. Additionally, datasets are often continuously updated as users interact with digital services, meaning their economic value evolves over time. These characteristics make it challenging to apply traditional asset recognition criteria that require reliable measurement and clear evidence of future economic benefits.

The absence of data valuation within financial statements has important implications for understanding platform monopolies. If data functions as a major source of competitive advantage, then accounting reports that exclude data assets may significantly underestimate the economic power of digital firms. Regulators examining corporate financial statements may therefore lack information about one of the most important drivers of market concentration in the digital economy. Lev and Gu (2016) argue that this problem reflects a broader decline in the relevance of financial reporting as intangible investments become increasingly central to corporate value creation.

Addressing this challenge may require the development of new reporting approaches that capture the strategic importance of data without relying solely on traditional asset valuation methods. For example, firms could be required to disclose information about the scale and scope of their data collection activities, the role of data in revenue generation, and the technological infrastructure used to process and analyse user information. Such disclosures would not necessarily require assigning precise monetary values to datasets but could still improve transparency regarding the economic foundations of platform business models.

Cross-Subsidisation and Platform Pricing Strategies

Cross-subsidisation represents another area where accounting analysis becomes essential for understanding the competitive strategies of digital platforms. In multi-sided markets, platforms often generate revenue from one group of users while offering services at low or zero cost to another group. This pricing structure can help platforms attract large numbers of participants and create the network effects necessary for sustainable growth.

For instance, many social media platforms provide free services to users while generating revenue through advertising purchased by businesses seeking to reach those users. Similarly, online marketplaces may offer low transaction fees to sellers while earning income from advertising or premium service subscriptions.

Although such pricing structures can reflect legitimate economic strategies, they also create opportunities for dominant platforms to engage in aggressive competitive behaviour. Large firms with diversified revenue streams may subsidise certain services for extended periods in order to attract users and weaken potential competitors. Because these subsidies can be funded by profits generated elsewhere within the platform ecosystem, smaller firms may struggle to compete with the artificially low prices offered by dominant platforms. Scholars studying digital competition have noted that this strategy can contribute to “winner-takes-most” market outcomes where one platform eventually captures the majority of users (Autor et al., 2020).

Accounting disclosures related to segment reporting play an important role in identifying cross-subsidisation strategies. Segment reporting requires companies to provide financial information about different components of their operations, allowing analysts to examine how revenue and costs are distributed across various business units. In the context of digital platforms, such disclosures can reveal whether profitable services such as advertising are subsidising the expansion of other services such as cloud computing or digital marketplaces. However, existing reporting standards may not always capture the complexity of integrated platform ecosystems where services share common technological infrastructures.

Greater transparency in segment reporting could therefore enhance the ability of regulators to evaluate pricing strategies within digital markets. If financial disclosures clearly indicate how resources are allocated across platform services, competition authorities may be better equipped to identify situations in which cross-subsidisation is being used strategically to undermine competitors. Improved accounting transparency would not necessarily prevent firms from pursuing aggressive growth strategies, but it could provide regulators with the information needed to assess whether such strategies distort market competition.

Accounting Information and Antitrust Enforcement

Accounting information plays an important supporting role in antitrust investigations and competition policy. When regulators evaluate potential monopolistic behaviour, they often rely on financial disclosures to understand how firms generate revenue and allocate resources. Accounting data may reveal patterns of pricing, investment, and market expansion that suggest the presence of anti-competitive strategies. For example, sustained losses in a particular segment of a firm’s operations may indicate the use of predatory pricing designed to eliminate competitors. Conversely, unusually high profit margins may signal the presence of monopoly power in markets with limited competition.

In digital markets the interpretation of accounting data becomes more complex because platform firms often operate across multiple interconnected sectors simultaneously. A single platform may provide advertising services, digital marketplaces, cloud computing infrastructure, and data analytics solutions. The financial relationships between these services may be difficult to disentangle without detailed reporting requirements. As a result, competition authorities may face challenges when attempting to determine whether a platform’s dominance arises from efficiency or from strategies designed to exclude competitors.

Some scholars have suggested that improved accounting disclosure could strengthen the effectiveness of antitrust enforcement in digital markets. Transparent reporting regarding revenue sources, investment patterns, and segment performance could help regulators understand how platform firms structure their operations and whether certain strategies contribute to market concentration. While accounting reforms alone cannot resolve all competition issues associated with digital platforms, they can provide a clearer informational foundation for regulatory decision-making.

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