

Article

WhatsApp and Telegram Commerce as an Informal Institution: Trust, Enforcement, and Dispute Resolution in West African Trade Communities

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Abstract

WhatsApp and Telegram have emerged as booming marketplaces across West Africa, to the surprise of many. From fashion and beauty products to food and general goods, thousands of traders are now conducting their business, sometimes entirely, in chat groups. These online marketplaces move huge quantities of goods each day, but they operate informally, with no formal contracts, signed agreements, or even minimal legal protections. This raises the questions: how do people trust each other enough to trade? What do they normally do when things go wrong in a dispute? This paper aims to resolve these questions. While much of the literature on platform commerce either focuses on how digital tools can expand access to markets or on labour precarity, less attention has been paid to the maintenance of order in areas where formal regulations do not apply. We argue that these WhatsApp and Telegram communities function more like informal institutions, shaping economic behaviour through social norms and practices. Our research employs digital ethnography and conversation analysis to explore trade groups in three categories: general goods and resale; fashion and beauty; food markets and groceries. We looked at how the specific designs of these platforms, including message order, receipts, persistent chat histories, and who can or cannot add and remove members, influence trust-building processes, payment negotiations, and even how rule-breakers are dealt with. The first analysis shows that there are three interwoven mechanisms operating here. First, trust-building practices such as vouching for others and credentialing. Second, enforcement mechanisms, including public shaming, calling out bad actors, and group exclusion. Third, negotiation strategies that allow traders to reconcile finances with social relationships. By showcasing what informal institutions look like in practice, this study contributes to broader dialogues around platform economies, digital livelihoods, and economic life in the Global South. It also directly addresses two of the UN Sustainable Development Goals, SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation and Infrastructure).

Keywords: Platform commerce; Informal institutions; WhatsApp markets; Telegram commerce; Digital ethnography; Conversation analysis; Informal economies; West Africa.



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1. Introduction

The widespread diffusion of mobile communication technologies across the Global South has catalysed new forms of economic organisation that call into question traditional perspectives on markets, institutions, and governance (Castells et al., 2012; Aker & Mbiti, 2010). WhatsApp and Telegram are among those that have become important infrastructures for everyday commerce, especially in situations marked by institutional voids, regulatory uncertainty, and limited availability of formal market systems (Donner & Tellez, 2008; Meagher, 2010). Across West Africa, traders increasingly make high-volume transactions using these platforms, often without formal contracts, legal enforcement mechanisms, or institutional oversight. However, despite the lack of visible centralised governance structures, these markets operate with a high degree of efficiency, coordination and continuity.

Existing literature on digital commerce in the Global South has mainly focused on how platforms increase market access, facilitate entrepreneurial activity, and lower transaction costs (Agrawal et al., 2016; Ndemo & Weiss, 2017). Although these contributions are significant, they typically frame platforms as neutral technological intermediaries, neglecting the social and institutional processes that create and preserve economic order (Gillespie, 2010; Plantin et al., 2018). In doing so, they under-theorise a central question: within contexts where formal institutional protections are weak or non-existent, how do actors establish trust, enforce agreements and resolve disputes?

This paper addresses this gap by reconceptualising WhatsApp and Telegram trading communities as informal institutions, systems of governance constituted by shared norms, practices and platform-mediated interactions (North, 1990; Helmke & Levitsky, 2004; Greif, 2006). Against this background, and rejecting the view that treats trust as a residual substitute for formal contracts (Williamson, 1985), we propose that these digital marketplaces operate under a different institutional logic in which trust, enforcement and negotiation are actively produced through social and technological mechanisms. Drawing on qualitative interviews with traders in electronics markets across Nigeria, the study examines how participants negotiate risk, authenticate identity, sanction wrongdoing and maintain transactional order in these digitally mediated contexts.

The analysis contributes to literature in three main ways. First, it contributes to platform economy scholarship by arguing that digital infrastructures do more than facilitate exchange; they also actively constitute the institutional conditions under which exchange happens (Gillespie, 2010; Srnicek, 2017). Second, it contributes to theories of informal institutions by showing how forms of governance can become embedded in platform architectures, with features like group administration, message visibility, or identity signalling integral to rule enforcement and coordination (Helmke & Levitsky, 2004; Greif, 2006). Third, it speaks to literature on entrepreneurship and economic organisation in the Global South, demonstrating how traders create resilient, self-regulating market systems where formal regulatory frameworks are absent (Chen, 2012; Meagher, 2010).

In taking this approach, the paper reframes the analytical lens from platforms as tools to platforms as institutional environments, providing a nuanced perspective on how economic life is structured in digitally mediated informal economies.

2. Literature Review

2.1 Platform Economies and Digital Commerce in the Global South

Digital platforms have changed how economic activity is organised (Srnicsek, 2017; Parker et al., 2016) and enabled new modes of exchange across geographical and institutional boundaries. In the Global South, platforms like WhatsApp and Telegram are particularly important because of their low cost, accessibility, and integration into everyday social life (Donner & Tellez, 2008; Aker & Mbiti, 2010; Ndemo & Weiss, 2017). However, research suggests that these platforms lower barriers to market access and can enable micro and small enterprises to connect with potential customers further afield and support entrants into entrepreneurship (Agrawal et al., 2016; Zanello et al., 2016). More recent work sharpens this picture for the informal economy specifically, showing that digital financial technologies allow informal businesses to move away from trading purely on the margins of formal markets (Senyo, Gozman, Karanasios, Dacre, & Baba, 2022), a shift with particular force in Nigeria, where informal activity remains structurally central to the economy rather than a residual sector awaiting formalization (Etim & Daramola, 2020).

Yet much of this literature has taken an instrumental stance towards platforms, framing them as (better) tools that increase efficiency and connectivity (Plantin et al., 2018). This view frequently neglects how platforms reorganise social relationships and economic activity (Gillespie, 2010). Existing studies pay little attention to the underlying mechanisms by which transactions are coordinated and governed in the absence of formal institutional frameworks (Graham et al., 2017), focusing instead on outcomes such as income generation or market expansion.

2.2 Informal Institutions and Economic Coordination

The concept of informal institutions can be a helpful lens for understanding how economic order is upheld outside formal mechanisms of regulation. Informal institutions are generally defined as socially shared rules, norms, and practices that structure behaviour where formal institutions are weak or ineffective (North, 1990; Helmke & Levitsky, 2004). In the Global South, for example, informal institutions are often more impactful than formal ones across all areas of economic activity (Meagher, 2010; Chen, 2012; Portes, 1994), especially in contexts that are high in uncertainty and low in the enforcement of legal rules.

Trust, reputation, and social networks have been shown to develop in the absence of formal contracts or other structures that facilitate transactions (Greif 2006; Buskens 2002; Williamson 1985). Compliance is maintained and opportunistic behaviour deterred through mechanisms such as repeated interaction, collective monitoring, and reputational sanctioning (Axelrod, 1984; Ostrom, 1990). Yet much of this literature is based on physical or community-based contexts, including local markets and ethnic trading networks (Meagher, 2010; Fafchamps, 2004), and does not yet adequately theorise the proliferation of digitally mediated forms of informality.

A substantial parallel literature frames informality not as an alternative institutional order but as a symptom of institutional voids, gaps or weaknesses in the formal, market-supporting institutions that would otherwise reduce transaction costs and enforce agreements (Perry et al., 2007; Mair & Marti, 2009; Puffer, McCarthy, & Boisot, 2010; Webb, Khoury, & Hitt, 2020). On this account, informal arrangements are best understood as adaptive, second-best responses to institutional absence rather than as institutions worth theorising in their own right. This voids perspective and the informal institutions perspective adopted in this paper, following North (1990) and Helmke and Levitsky (2004), are not fully reconcilable, and the tension between them is addressed directly in the discussion of findings in Section 6.1.

2.3 Trust, Enforcement, and Governance in Digital Marketplaces

Trust is widely regarded as a fundamental element of economic exchange, particularly in contexts marked by high uncertainty and information asymmetry (Luhmann, 1979; Zucker, 1986). In digital marketplaces, much trust is built through reputation systems, ratings, and platform-mediated verification processes (Pavlou & Fygenson, 2006; Resnick et al., 2000). Such formalised mechanisms are largely absent from WhatsApp and Telegram trading environments. Instead, trust is built through practices such as identity verification, sharing testimonials, and in-network validation (Buskens, 2002; Greif, 2006). Systematic reviews of trust in peer-to-peer and social commerce settings identify similar antecedents where formal reputation infrastructure is thin or absent (Huurne, Ronteltap, Corten, & Buskens, 2017). Research on trust transfer shows that confidence built in one channel, such as a personal contact or a social media profile, can carry over to underwrite transactions in another (Xiao, Zhang, & Fu, 2019; Hajli, Sims, Zadeh, & Richard, 2017), a dynamic that closely maps onto the movement between public platform visibility and private WhatsApp or Telegram negotiation documented in this study's findings.

Again, enforcement mechanisms are not formally grounded in established legal instruments but are propped up by social and collective sanctions and exclusion (Ostrom 1990; Fafchamps 2004). Group admins are crucial for maintaining order, and community norms ensure appropriate behaviour and pricing. Instead, disputes are typically resolved through social interaction, clarification, and repairing rapport (Goffman 1959), rather than through formal litigation. While there is increasing interest in platform-mediated commerce (e.g., Srnicek, 2017; Parker et al., 2016), less is known about how these governance mechanisms function within informal digital markets. The architecture of different platforms has yet to be explored as an important factor shaping trust, experimentation, and negotiation processes (Plantin et al., 2018; Gillespie, 2010).

2.4 Platform Architecture as Institutional Infrastructure

Recent studies show that digital platforms are not merely neutral intermediaries but active agents in structuring economic interactions (Gillespie, 2010; Plantin et al., 2018; Srnicek, 2017). The platform's properties, such as message visibility, persistence of communication histories, and membership control, shape how actors interact and coordinate to create or enforce norms (Gibson, 1979; Hutchby, 2001). These affordances shape transaction efficiency and the types of governance that develop within platform-based communities (Bucher & Helmond, 2018).

The platform architecture of WhatsApp and Telegram commerce facilitates new kinds of institutionalisation. Similarly, group structures enable joint monitoring (Ostrom, 1990), and features such as status updates and broadcast lists allow for large-scale reputation signalling at low cost (Buskens, 2002). Encrypted and closed messaging platforms have been shown to host their own informally governed exchange systems in other high-risk commercial contexts, where social media and encrypted apps mediate supply, access, and trust in the near-total absence of formal oversight (Moyle, Childs, Coomber, & Barratt, 2019), lending independent support to the claim that WhatsApp and Telegram architecture is doing genuine institutional work rather than merely hosting informal talk. At the same time, technological vulnerabilities from hacking and AI-generated impersonation pose new risks and call for new governance mechanisms (Irene et al., 2025). This paper contributes to this emerging perspective by conceptualising platform architecture as a form of institutional infrastructure, a particular configuration of embedded affordances that structure the production and enforcement of informal rules.

3. Conceptual Framework: Platform-Mediated Informal

Institutionalisation and the Duality of Affordances

Theoretically, this study sits at the crossroads of informal institutions theory, embeddedness, and platform affordance perspectives, and contributes to these literatures by introducing the concept of degenerative affordances (Irene et al., 2025).

Informal institutions are broadly defined as socially shared rules, norms and practices that organise behaviour in settings where formal institutions lack strength, existence or effectiveness (North, 1990; Greif, 2006; Helmke & Levitsky, 2004). In such environments, economic coordination is maintained not by legal contracts or binding enforcement but by trust, reputation and collective sanctioning (Ostrom, 1990; Fafchamps, 2004). This viewpoint is particularly relevant in the Nigerian context, where informal economic activity predominates, and market actors must turn to alternative governance mechanisms to cope with uncertainty and risk (Meagher, 2010; Chen, 2012).

In addition, embeddedness theory (Granovetter, 1985) emphasises the fact that economic action is embedded in social relations and networks. Transactions are not purely market-based but are oriented by past interactions, common histories, and relational connections (Uzzi, 1997). This embeddedness is illustrated in WhatsApp and Telegram trading environments through trading with known contacts, relying on referrals from trusted connections, and validating potential trades through social networks that emphasise high trust levels, which are essential to initial trust-building and ongoing operation.

Yet they do not fully account for how different types of digital infrastructures subordinate these processes. To relieve this shortcoming, the study draws upon platform affordance theory (Gibson, 1979; Hutchby, 2001; Bucher & Helmond, 2018), which stresses that technical features offer and limit certain modes of action. In the case of WhatsApp and Telegram, affordances such as group structures, broadcast messaging features, persistent chat histories, and identity signalling mechanisms actively facilitate actors' interactions by shaping how they coordinate or enact norms (Gillespie, 2010; Plantin et al., 2018).

Building on this groundwork, the study advances the causal claim that platform-tethered trading environments operate as digitally embedded informal institutions in which governance emerges as a co-production of social norms and platform architecture. Three interactive mechanisms are important in producing institutional order within this system: trust production, informal deterrence and negotiated exchange.

Hybrid social-platform processes construct trust, such as reputation signalling, validation from a network or group of others, and identity verification practices, among others (Resnick et al., 2000). This promotes informal enforcement through collective governance mechanisms, in which group administrators and community members enforce norms with the promise of sanctioning misconduct. Negotiated exchange is a more human description of transactional interaction.

3.1 The Duality of Platform Affordances: Generative and Degenerative Dynamics

While platform affordances create the possibility of informal institutional order emerging, this study argues that they also establish dynamics that may disrupt and destabilise such an order. To articulate this tension, the paper builds on previous work on degenerative affordances (Irene et al., 2025), conceptualising platform features as having a dual character (dual purpose): generative and degenerative.

The platform's properties enable opportunities for generative affordances (Hutchby, 2001; Bucher & Helmond, 2018), such as coordination, trust-building, and governance. Status updates and broadcast messaging facilitate reputation signalling at scale (Buskens, 2002), group structures enable collective monitoring (Ostrom, 1990), and persistent chat histories offer transparency and accountability (Resnick et al., 2000). By making interactions visible, traceable, and socially embedded (Granovetter, 1985), these affordances lead to informal institutional arrangements. However, these very same affordances may devolve over time as they are subject to manipulation, exploitation and technological co-evolution (Irene et al., 2025). Identity signalling properties like voice notes, previously a source of authenticity (Chesney & Citron, 2019), are weak to AI-assisted reproduction and become less and less reliable. Likewise, the transparency and scale of group-based trading contexts broaden market access but heighten vulnerability to exploitative agents, fraud, and other misconduct (Pavlou & Fygenson, 2006). This duality offers a necessary theoretical insight: rather than self-sustaining systems or fixed structures, platform-mediated informal institutions are inherently unstable and continuously negotiated (further nuanced discussions are not yet found in the literature, e.g. North, 1990; Greif, 2006).

3.2 Adaptive Institutional Repair

In response to the destabilising effects of degenerative affordances, actors engage in what can be conceptualised as adaptive institutional repair (Irene et al., 2025). This involves continuously modifying and reinforcing informal rules, practices, and verification strategies to maintain transactional order, a dynamic process consistent with Ostrom's (1990) account of self-organised institutional adaptation and Greif's (2006) analysis of institutional evolution under uncertainty. Examples include shifting from trust-based transactions to deposit or payment-on-delivery systems; increasing reliance on physical verification; strengthening admin enforcement roles; and developing shared heuristics for identifying fraud such as price benchmarking.

3.3 Theoretical Contribution

By integrating informal institutions theory, embeddedness, and platform affordance perspectives, this study advances a novel theoretical proposition: **P1 - Digital platforms such as WhatsApp and Telegram function as dual-function institutional infrastructures that both enable and destabilise informal economic governance through the interaction of generative and degenerative affordances.** Figure 1 summarises this framework.

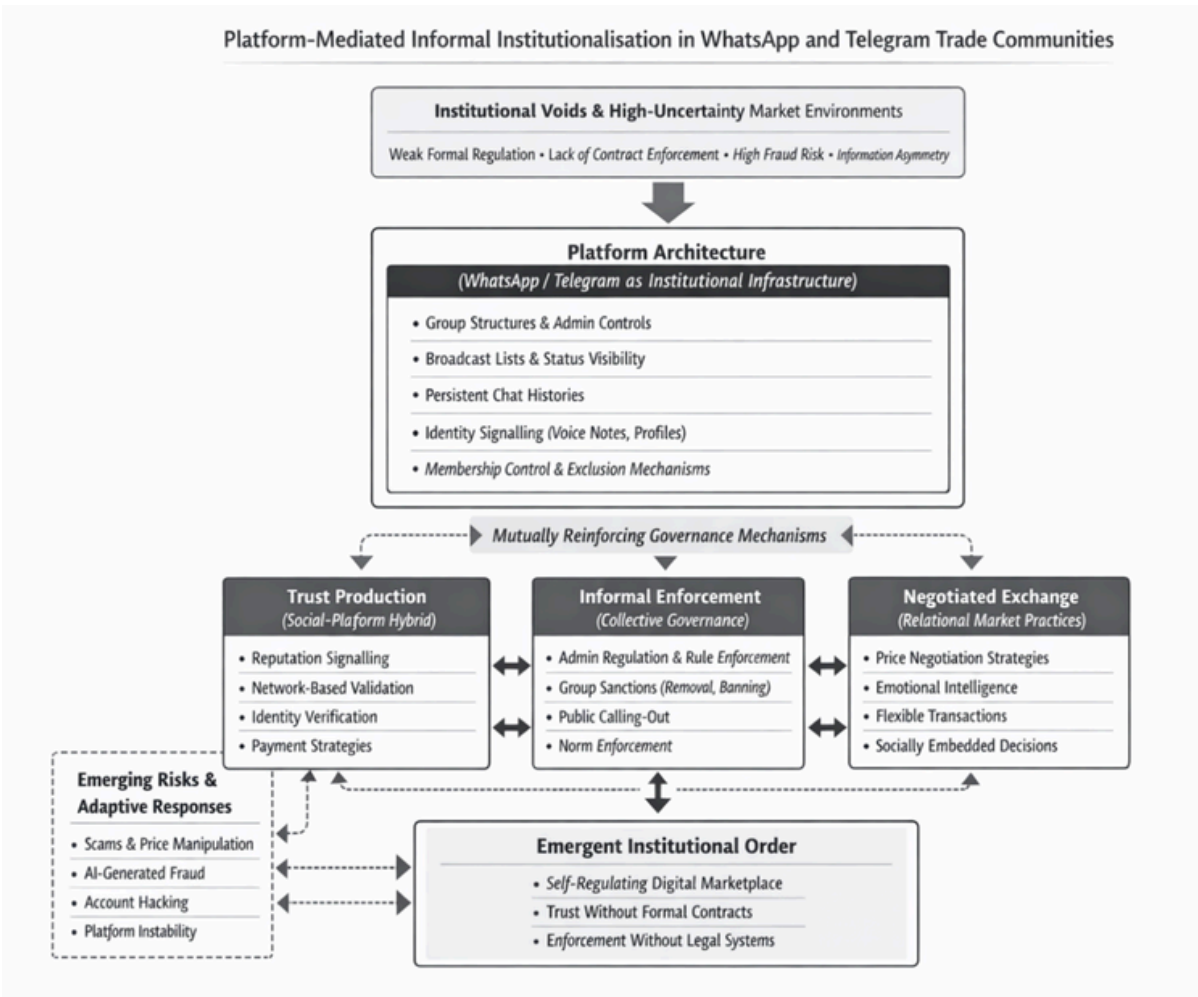


Figure 1. Conceptual framework: platform-mediated informal institutionalisation and the duality of affordances

4. Methodology

This study uses a three-tier qualitative design involving digital ethnography, corpus-based conversation analysis (CA), and key informant interviews to explore how trust, enforcement, and negotiation are co-produced in WhatsApp and Telegram trading communities in Nigeria and Ghana. The design is a response to the theoretical framework (Figure 1); informal governance in these communities happens through interaction; it is constituted by platform affordances and sustained via social mechanisms that only leave traces, more or less visible, in digital traces. No one way captures this particularly well. The three layers are integrated sequentially and iteratively, each layer informing the others as the research always enters one of the proposed tests.

Converting CA to text-based asynchronous interaction requires concrete methodological choices for properties not present in spoken conversation. Turn-taking: in spoken conversation, turns are arranged via a real-time system of transition-relevance places; in WhatsApp, messages can come ‘simultaneously’ from the platform’s view and must be related sequentially by content, threading, and timing metadata rather than by the mechanics of turn allocation. Recipient design: spoken conversation is predominantly dyadic or a bounded interactional space; WhatsApp group audiences vary in size and composition, so messages are designed for a group recipient with relevant characteristics unknowable in full to the sender. We follow Giles et al. (2015) in treating such variation as analytically relevant rather than disqualifying CA as an analytic method. The use of WhatsApp data as a primary research material is itself methodologically established; a recent scoping review of WhatsApp-based health systems research demonstrates its viability as a data source while also cataloguing the consent, privacy, and data management challenges it raises (Manji, Hanefeld, Vearey, Walls, & De Gruchy, 2021), challenges addressed directly in the ethical considerations set out in Section 4.4.

Nigeria and Ghana are chosen as key national sites, allowing the analysis to differentiate between governance mechanisms that are general characteristics of platform-based commerce and those tied to specific national contexts. In each country, the study compares different commodity types and transaction structures by examining three commercial sectors: general trade and resale; fashion and beauty; and food and groceries. The research team’s prior access to WhatsApp and Telegram commerce communities, as well as their insider knowledge of community norms and relational dynamics (Pink et al., 2016), eased the entry problem typical of digital ethnographic approaches in closed communities, while providing interpretive resources vital for analysing indirect governance talk.

Table 1: Research design overview

Design element	Specification
Research tradition	Qualitative; interpretivist; institutional and interactional analysis
Layer 1	Digital ethnography - 12 months across 40 communities, WhatsApp and Telegram, Nigeria and Ghana
Layer 2	Corpus-based conversation analysis - ~180 analysed sequences across three governance mechanism types
Layer 3	Key informant interviews - 20 participants: administrators, established traders, marginal members
Sectors	General trade/resale; fashion and beauty; food and groceries
Platforms	WhatsApp and Telegram (cross-platform comparison built in from design stage)
Sampling logic	Purposive community selection; theoretical sampling for CA corpus; snowball for key informants
Analytic approach	Grounded theory orientation; sequential-ethnographic triangulation; contrastive analysis across layers
Team	3 researchers; insider positionality; systematic reflexive practice

Table 1: Research design overview

The research team of three members brings an important methodological asset to the design in terms of (a) existing access to WhatsApp and Telegram commerce communities, and (b) insider knowledge of the community norms, commercial practices, and relational dynamics that animate them. This access eliminates the entrée problem that typically constitutes the most time-consuming phase of digital ethnographic research in closed communities, and the insider positionality provides interpretive resources, particularly for the CA analysis of indirect speech acts and implicit governance norms, that an outside researcher would not have. Section 4.3 addresses its implications for reflexivity. The data were collected in three layers:

1. Digital ethnography (layer 1) involved sustained observation of 40 purposively selected communities (Nigeria 20 and Ghana 20) over twelve months, structured across three phases. An orientation phase (months 1-3) mapped community structure, key actors, and norms. A focused observation phase (months 4-9) systematically documented trust-building sequences, enforcement sequences, and payment and credit negotiation sequences, the three governance mechanisms identified in the theoretical framework, and generated the initial CA corpus. An analytical phase (months 10-12) ran concurrently with CA and interviewing, using findings from those layers to revisit and refine the ethnographic record. Communities were selected to ensure variation across sectors, platform (WhatsApp and Telegram), size (under 50 to 500+ members), maturity, and national context. The cross-platform comparison is theoretically necessary: WhatsApp and Telegram differ in group size limits, message persistence, and admin control granularity in ways that the framework predicts will produce differences in governance form.

1. Corpus-based conversation analysis (layer 2) provides the tools for demonstrating, in interactional detail, how governance mechanisms are sequentially organised. The CA corpus was constructed through theoretically guided sampling from the ethnographic observation data, generating approximately 55 trust-building sequences, 68 enforcement sequences, and 57 credit and payment negotiation sequences, around 180 sequences in total, distributed across sectors, platforms, and countries. The analysis examines turn construction, preference organisation, and repair mechanisms, adapted for the text-based asynchronous interaction of group messaging. Applying CA to WhatsApp and Telegram data requires explicit methodological decisions: sequential position is established from threading architecture, timestamp metadata, and content analysis; preference organisation is identified through the standard criteria of promptness, hedging, and formatting; repair sequences are of particular analytical importance as sites where community rules are made explicit and authority invoked.

2. Key informant interviews (layer 3) access backstage governance dynamics not visible in the chat record: administrator decision-making, historical enforcement precedents, and the subjective experience of credit obligation. Twenty participants were recruited purposively across three role types, community administrators (5), established traders (10), and newer or more marginal members (5), through direct approach and snowball referral. Interviews were conducted via video call, lasted approximately 40-60 minutes, and were audio-recorded with consent and transcribed verbatim.

4.2 Analysis

The three layers are integrated through sequential-ethnographic triangulation. For each governance sequence type identified by CA, the procedure establishes the sequence type's structure; documents the ethnographic context in which it operates; and brings key informant accounts into dialogue with the CA findings. Divergence across layers, between enacted governance visible in the chat record and experienced governance reported by participants, is treated as analytically productive rather than as a validity problem. Contrastive analysis also operates across platforms, interpreting differences in how equivalent governance mechanisms are organised in WhatsApp and Telegram communities through the affordance distinctions central to the theoretical framework. The overall analytic orientation is grounded theory (Charmaz, 2014), with open coding of interview transcripts and fieldnotes running alongside CA analysis in continuous iterative dialogue. Figure 2, presented below, shows the resulting data structure from first-order concepts through aggregate dimensions.

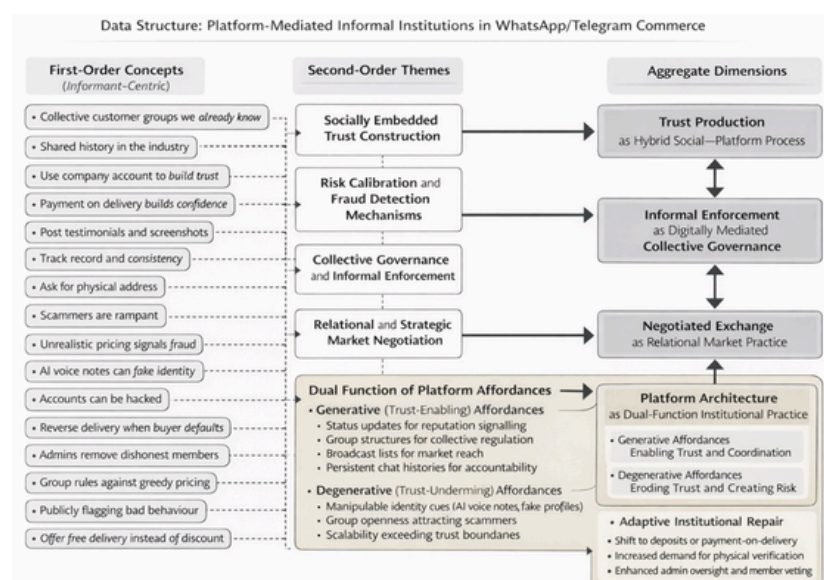


Figure 2. Data structure: first-order concepts, second-order themes, and aggregate dimensions, following the Gioia method.

4.3 Researcher Role and Reflexivity

The research team's insider position is a methodological asset and an analytical responsibility. As community members and traders, the researchers have access to the interpretive background and shared knowledge of community norms, commercial conventions, and relational dynamics that make governance practices legible. This background cannot be acquired quickly by an outside researcher, and its absence would significantly impair both the ethnographic analysis and, crucially, the CA of indirect and implicit governance talk.

The methodological responsibilities of insider positionality were managed through four practices. Systematic reflexive journaling: each researcher maintained a running record of their interpretive assumptions, the moments where insider knowledge was being deployed, and the alternative interpretations they were setting aside. Analytical dialogues: weekly team meetings included an explicit reflexivity component in which team members justified and challenged interpretive decisions. Member validation: preliminary interpretations of CA findings were shared with key informant participants for response. Audit trail: all analytical decisions, including decisions about which threads to include in the corpus and how to categorise sequences, were documented in a form that enabled independent scrutiny.

4.4 Ethical considerations and rigour

The study received ethical approval prior to data collection and followed the Association of Internet Researchers' guidelines (Franzke et al., 2020), treating closed WhatsApp and Telegram groups as private spaces requiring explicit consent. We applied a tiered consent protocol: administrator consent before observation; individual participant consent before CA corpus inclusion; and standard informed consent for interviews. Anonymisation extended beyond name replacement to include business names, pricing information, geographic markers, and product details, all of which are commercially sensitive and potentially identifying. The team stored data on encrypted institutional servers, with access restricted to the research team.

Rigour was addressed through prolonged engagement (twelve months of observation), insider positionality providing experiential interpretive resources, member validation of preliminary CA findings, peer debriefing through weekly team analytical dialogues, and a full analytical audit trail. The study's primary limitations are its geographic and sectoral specificity, the CA corpus's unsuitability for claims about population-level frequency, and the interpretive risks of insider positionality that reflexive practices mitigate but cannot eliminate.

5. Findings

Analysis of interview data from twenty participants and digital ethnographic material drawn from 40 WhatsApp and Telegram groups reveals that platform-based commerce operates as a socially embedded, digitally mediated institutional arrangement. These markets are not unregulated vacuums but sites in which trust, pricing, governance, and risk are continuously produced through interaction, community norms, and platform affordances. Four interrelated findings structure the analysis.

5.1 Trust is assembled through traceable presence, relational history, and practical verification

A central finding across all interviews is that trust is not presumed but actively constructed through layered social and technical practices. Participants consistently distinguished between WhatsApp and Telegram, characterised as high-trust environments anchored in known contacts, and broader platforms such as Instagram and Facebook, understood as low-trust spaces populated by relative strangers. As some participants put it:

"WhatsApp and Telegram are for people close to you - family, friends, and those who have your number. It is a high-trust environment" (P2)

"If they are regular, I trust them enough to deliver... even before they pay" (P18)

This framing recurs across sectors: the beauty products seller and a handbag seller emphasised that long-term presence was itself the foundation

"My customers trust me because I have been in business a long time and provide solutions to their problems" (P12)

"You can't have 100% trust because you don't see them... I have been hurt once and am now very careful" (P9)

The restaurant owner described extending credit to established customers before payment, trusting them "enough to deliver items like peppered snails even before they pay" (p5). These accounts confirm that trust within platform markets is relational and cumulative rather than transactional and instantaneous.

Beyond prior relationships, trust is produced through what the data reveals as traceable presence - the visible accumulation of a consistent, historically embedded identity within the platform. Sellers maintain this through regular product posts, status updates showcasing testimonials and demonstrations, and screenshots of completed transactions. The beauty products seller described using videos specifically to show "how my products work and how customers can trust our service" (P8). The handbag seller noted that "we always keep screenshots of transactions for reference" (P11), while another participant, a cocoa and cashew trader, described recording price discussions via voice notes "so they can't be changed later" (P14), a form of evidentiary practice that creates an accountable transactional history.

Practical verification devices supplement relational trust. A respondent insists on a physical address and a live voice call before proceeding with unfamiliar contacts, treating refusal as "a definitive indicator of a scam" (P17). A platform requires a deposit to establish commitment, while another participant trader described dispatching someone physically to verify an office address in their locality before proceeding. Another participant's account reveals the stakes of trust failure: "I have been hurt once and am now very careful" (P6). These graduated verification practices function as informal identity infrastructure substituting for formal contractual mechanisms.

The digital ethnography confirms these patterns. An admin-controlled Marketplace requires standardised listings, i.e. condition, defect, price, location, that constitute a form of structured accountability. The Instagram data from one participant shows a seller who has curated dedicated profile highlights for "Sales," "Reviews," and "Size Chart," building an institutional identity rather than a personal one.

Yet trust is fragile, as most participants raised concerns about AI-generated voice imitation and account hacking. As one participant warned: "Scammers can hack an account and then scam all of your followers" (P3). This points to an important dynamic i.e. the same affordances that enable trust-building are increasingly vulnerable to exploitation, requiring participants to continuously recalibrate their verification practices (Irene et al, 2025).

5.2 Exchange is relational and conversational but structurally controlled by sellers

A second finding is that exchange within these platform markets is iterative and socially embedded but structurally asymmetric. Buyers engage in extended interaction sequences that function less as straightforward information retrieval and more as performances of seriousness, establishing relational standing before commitment is possible. One beauty products seller captured this clearly:

"We might discuss for an hour, sharing pictures and instructions on how to use the products before they purchase" (P8)

"You have to understand your client... be social... compliment them" (P8)

One restaurant owner described a similar pattern:

"People either call me or chat with me privately on WhatsApp after seeing my posts. We negotiate prices privately" (P3)

A forex and clothing trader confirmed the general sequence:

"If you see something in a group, you go and talk to the person privately to buy or sell" (P11)

Within this relational process, sellers retain substantial structural control over the terms of exchange. Pricing strategies are carefully calibrated to manage expectations without conceding authority. One participant's approach is explicit, rather than offering a direct discount, he slightly adjusts the base price and offers free delivery to according to him: *"one stone to kill two birds" (P7)*, preserving the product's perceived value whilst slyly managing buyers' expectations of a "promo." One participant takes a firmer position:

"I don't negotiate; I buy quality and sell at a fixed price unless I am running a bonus/promo" (P9)

Another participant described admin-mediated pricing:

"The admin often sets the prices so as not to scare away buyers, but we still negotiate through messages" (P17)

These varied strategies reveal sellers managing the tension between relational openness and commercial control.

Verification practices are similarly seller-controlled. One platform deploys deposit requirements as a filter, distinguishing serious buyers from fraudsters before dispatching goods. One participant described a consignment arrangement in which trust enables deferred payment:

"Members might import goods and trust me to sell them and pay them back" (P16)

One participant's account of evaluating "previous deal records" before agreeing terms shows that verification is a formal stage in high-value transactions, not an incidental check. The exchange in the digital ethnographic data vividly illustrates this dynamic: the buyer moves through sequential turns, such as requesting prices, asking for a discount, announcing a collection time, and confirming availability, while the seller controls the pace and terms throughout. This shows that the exchanges are not just economic but rather relational labour.

5.3 Platform commerce operates through a dual-layer market structure: affective visibility and private transaction

A third and theoretically significant finding is the systematic architectural separation between public visibility and private transactional closure. This pattern appears consistently across all data sources and should be understood not as an informal workaround but as the structural logic through which these markets operate.

In the Instagram data from one participant which spans nine comment thread screenshots covering multiple posts, the pattern is unvarying i.e. public comments generating aesthetic engagement ("*Beautiful* ❤️", "🔥🔥🔥", "lovely," "I want this dress") while every transactional inquiry, regardless of phrasing, is redirected with "*check DM.*" Price is sometimes disclosed publicly i.e. 'N50,000' when asked directly, but ordering procedures, size confirmation, and payment are displaced into private messaging. Crucially, these two layers generate entirely different kinds of social activity: the comment section produces social proof, community, and affective attachment, while the DM handles commercial commitment. The comment from a buyer asking, "*Please are you on WhatsApp?*" - met with "*Yes ma'am, click link in bio, it will take you to our WhatsApp*" shows sellers actively funneling buyers from lower-trust platforms toward higher-trust channels. Multiple comments asking about the song playing in the background, interspersed with commercial inquiries, illustrate how the affective layer and the transactional layer coexist without integration.

The interview data explains why this bifurcation persists. One participant describes negotiating "*prices in private*" after public posting, while another confirms, "*if you see something in a group, you go and talk to the person privately*" (P6). One other participant explicitly states that transactions begin with "*a signal or offer in the group*" and that "*negotiation happens in private messages*" (P11). The structure is not incidental but deliberate: private channels enable selective disclosure, identity verification, and controlled negotiation away from collective scrutiny. It also creates informational asymmetry: buyers in the public layer cannot see what terms others have obtained, and the seller's actual conversion rate remains opaque.

The WhatsApp group data shows the same structure in a different register. Admin-only broadcast groups such as Marketplace, a Superstore, Foods sellers, and Thrifty Deals operate as curated one-way channels: product content is pushed to members, while buying activity is directed to personal contact, DM, or phone. An African food Mart group deploys a collective buying mechanism, "*if we can have 50 people out of 500 of us in the group who can buy 20kg bags*" (P15), transforming platform reach into purchasing leverage. This is a sophisticated form of structured market-making, quite distinct from the chaotic space in which informal commerce is often assumed to operate.

5.4 Governance is community-produced, temporally structured, and continuously repaired

A final finding concerns how order is maintained in the absence of formal enforcement. These markets are governed by admin's authority, community pricing norms, platform-specific structural controls, temporal regulation, and adaptive repair. Informal governance is not a substitute for formal governance but a distinct institutional mode with its own logic. Admin authority is the primary governance mechanism across all groups and sectors. Every participant described admins in governance terms:

"Admins play a vital role by ensuring everyone adheres to the rules and settling disputes"
(P2)

According to other participants,

"If a member is dishonest, the admins will move them out of the group, suspend them, or report the account" (P5)

"Dishonest people are simply removed from the group" (P19)

"Admins block and remove them immediately" (P6)

"Admins are like management; they set rules, monitor conversations to prevent insults, and resolve disputes" (P3)

The consistency of this characterization across the interview data from multiple sectors, i.e. electronics, beauty, food, fashion, jewellery, agriculture, points to admin authority as a structural feature of these markets rather than an idiosyncratic arrangement.

Pricing norms constitute a second governance layer. One participant described explicit rules against *"atrocious pricing"* with social sanction and admin expulsion as consequences. The restaurant owner articulated a relational rule:

"The most important rule is not to 'collect' each other's customers; it causes big problems. You must be truthful and treat others like family" (P19)

One participant noted that the admin "often sets the prices so as not to scare away buyers." These norms function as informal price regulation, redistributing market power toward collective fairness rather than individual profit maximisation.

Temporal structuring is a dimension of governance the original findings underemphasized. The digital ethnographic material reveals systematic use of time as a market-organising device. Some participants' "Eid Dhamaka" promotions (offers starting 12 March, ending at Eid), recurring weekend price lists ("SPECIAL WEEKEND OFFERS ARE STILL ON!!!!!!", Friday 27th–Sunday 29th March), and daily opening announcements ("We are OPEN TODAY as usual from 9 am–8pm") reintroduce temporal discipline into what are otherwise always-on platforms. One participant's seasonal bean offer similarly creates urgency and coordinated demand. This temporal governance creates buying cycles, manages inventory expectations, and produces a predictable market rhythm that informal platforms do not generate automatically.

Finally, adaptive institutional repair is how these markets sustain themselves amid chronic uncertainty. When trust signals weaken, new ones take their place: deposits replace open trust, company accounts replace personal ones, address verification supplements messaging, and service centres formalise defect handling. One participant's account of infrared management captures this elegantly:

"If they fail to send a proper receipt or bank debit alert, I don't respond" (P11)

Another participant's physical verification of the office address represents a more extreme step, dispatching someone to confirm a digital claim. One participant's practice of apologising for Lagos traffic delays and encouraging advance ordering illustrates how relational repair sustains commercial relationships amid infrastructural instability. Another participant's account of a "what I ordered versus what I got" experience is resolved by absorbing the loss rather than incurring return costs, revealing that dispute resolution is often internalised rather than escalated, thereby preserving the relational continuity on which future transactions depend.

5.5 Theoretical synthesis

Taken together, the findings support a reconceptualisation of WhatsApp and Telegram commerce as a digitally mediated informal institution, a socially regulated market system characterised by high social governance and low formal legality, sustained through continuous human and platform-mediated work. Its structure depends on two analytically distinct but empirically intertwined economies (a) an affective economy of visible engagement through which participants generate attention, establish identity, and participate in the social life of the platform; and (b) a transactional economy of private exchange through which pricing, commitment, and payment are actually settled. The systematic decoupling of these two economies (high engagement does not predict or reveal purchase) challenges linear models of digital commerce and reveals a multi-layered, socially embedded market process whose workings cannot be read from observable platform activity alone. Trust is not a fixed attribute of participants but an ongoing practical accomplishment; governance is not absent but relocated and continuously reproduced through admin authority, community norms, platform affordances, temporal structuring, and adaptive repair.

6. Discussions

This study set out to examine how trust, enforcement, and negotiation are produced in WhatsApp and Telegram trading communities in Nigeria, and to advance a theoretically grounded account of how economic order is maintained in the absence of formal institutional protections. The findings reveal four interrelated mechanisms, namely traceable presence and relational trust assembly, seller-controlled relational exchange, a dual-layer market structure, and community-produced governance through adaptive repair, that together constitute a distinctive form of digitally mediated informal institutionalisation. This section discusses the implications of these findings for three bodies of scholarship: informal institutions theory, platform affordance perspectives, and debates on economic organisation in the Global South.

6.1 Informality as dynamic institutional order, not institutional absence

A central theoretical contribution is to challenge the framing of informality as institutional absence. The findings demonstrate that these markets are not ungoverned spaces but sites of active, socially produced order (North, 1990; Helmke & Levitsky, 2004). This aligns with North's (1990) foundational distinction between formal and informal institutions but extends it in an important direction: whereas North treated informal institutions primarily as background constraints shaped by history and culture, the findings here show them being actively and continuously produced through everyday interaction, platform-mediated practices, and adaptive repair. This finding sits in direct tension with the institutional voids tradition, which explains informal economic activity as an adaptive response to gaps in formal, market-supporting institutions (Perry et al., 2007; Mair & Marti, 2009; Puffer et al., 2010). That tradition is not wrong that formal protections are largely unavailable in this setting; no participant in this study had recourse to contract law or regulatory enforcement.

But it stops short of explaining the empirical regularities documented here: the same admin authority structures, pricing norms, and verification practices recur across forty independently managed communities, multiple sectors, and two platforms. A pure institutional void account, in which formal absence leaves a residual space that actors fill in variable and idiosyncratic ways, does not straightforwardly predict this degree of structural convergence. Webb, Khoury, and Hitt's (2020) distinction between formal and informal institutional voids offers a useful refinement: participants in this study operate within a formal institutional void in Webb et al.'s terms, but not an informal one, since dense, convergent informal governance is precisely what the data show. What is absent is formal legal infrastructure; what is present, and under-theorised as an institution in its own right, is a stable informal governance order that performs many of the same coordinating functions. This resonates with Granovetter's (1985) embeddedness argument, evident in the reliance on prior relationships, shared norms, and community reputation documented across all twenty participants and multiple sectors. The restaurant owner's practice of delivering before payment, and the beauty seller's hour-long pre-purchase discussions, are not inefficiencies but forms of relational investment that underpin institutional stability, supporting Meagher's (2010) account of network embeddedness in Nigerian informal economies while extending it into digital contexts she did not consider. What the findings add to this tradition is a focus on the techno-social mechanisms of informal institutionalisation: admin authority, pricing norms, temporal structuring, and adaptive repair are not merely social but depend on platform features that enable them to function at scale (Gillespie, 2010; Plantin et al., 2018).

6.2 Platform architecture as dual-function institutional infrastructure

The study's second contribution concerns the role of platform affordances in shaping institutional order. The generative affordances of WhatsApp and Telegram, including persistent chat histories enabling evidentiary accountability, group structures facilitating collective monitoring, and admin controls enabling norm enforcement, are documented across all sectors, consistent with Ostrom's (1990) conditions for self-organised governance and Buskens' (2002) analysis of reputation effects in network-embedded exchange. The cocoa trader's voice-note price recording and the beauty seller's video demonstrations illustrate how affordances function as active components of informal institutional infrastructure rather than neutral efficiency tools (Hutchby, 2001; Bucher & Helmond, 2018). However, the findings also reveal the degenerative dimension of this same infrastructure. AI-generated voice imitation undermines identity verification (Chesney & Citron, 2019); account hacking converts trusted seller identities into fraud vectors. The theoretical proposition that digital platforms function as dual-function institutional infrastructures is thus empirically grounded (Irene et al., 2025): these are not stable institutions that occasionally face disruption but inherently unstable systems in which order is continuously contested. Participants develop their own counter-practices, including deposit requirements, physical verification, company account migration, and price benchmarking, constituting themselves as active institutional producers rather than passive recipients of platform governance (Gillespie, 2010).

6.3 The dual-layer market structure and the limits of visibility-based models of digital commerce

The systematic decoupling of affective visibility from transactional closure has implications beyond this specific context. Existing social commerce models tend to treat visible engagement as a proxy for commercial intent and conversion (Pavlou & Fygenson, 2006; Resnick et al., 2000). The findings challenge this directly: high engagement, expressions of desire, price inquiries, and fire emojis do not translate into observable transactions, which are systematically displaced into private messaging.

The affective economy is not a preliminary stage in a linear conversion funnel but a structurally separate layer that generates social proof and community belonging independently of purchase (Goffman, 1959; Uzzi, 1997). The "check DM" mechanism is simultaneously a trust filter, a market-making device, and a source of structural informational asymmetry that strengthens sellers' negotiating position (Williamson, 1985). This finding suggests that commercial performance in informal digital markets cannot be assessed from observable platform activity, and that the attention-conversion model dominant in formal platform economy research (Srnicsek, 2017; Parker et al., 2016) does not transfer straightforwardly to informal economy contexts.

6.4 Governance without formality: rethinking institutional order in Global South digital economies

A persistent framing in informal economy scholarship treats informality as a transitional state characterised by a governance deficit (Portes, 1994; Chen, 2012). The evidence here suggests a different reading: these markets exhibit sophisticated, self-organising governance arrangements, administrative authority, pricing norms, temporal structuring, and evidentiary practices that constitute a durable institutional mode rather than a residual or transitional one, consistent with Ostrom's (1990) analysis of enduring self-governing commons. This has direct policy relevance for SDG 8 and SDG 9, as identified in this paper's aims. Support for informal digital commerce in contexts like Nigeria should not be predicated on the assumption that formalisation is necessary for these markets to function. What they require is not formal oversight but platform-level security improvements, stronger authentication, better account protection, and more effective fraud reporting (Chesney & Citron, 2019) that address degenerative affordance dynamics without disrupting the community-based governance arrangements that sustain them.

6.5 Limitations and future directions

The study is empirically grounded in Nigeria across five sectors, and findings may not transfer directly to other national or sectoral contexts (Meagher, 2010). The CA corpus cannot support population-level frequency claims (Schegloff, 2007), and insider positionality introduces interpretive risks that reflexive practices mitigate but cannot eliminate (Lincoln & Guba, 1985). Future research should examine how these governance arrangements evolve as AI-generated fraud becomes more sophisticated (Chesney & Citron, 2019) and pursue comparative work across national contexts and platform ecosystems to identify which governance mechanisms are general features of platform-mediated informality and which are context-specific (Helmke & Levitsky, 2004).

7. Conclusion

This paper examined how trust, enforcement, and negotiation are produced in WhatsApp and Telegram trading communities in Nigeria and, in doing so, advanced a more theoretically grounded account of how economic order is maintained in informal digital markets. The central argument, supported by interview data from twenty participants across five sectors and digital ethnographic material from 40 groups, is that these platform markets constitute digitally mediated informal institutions: socially regulated market systems characterised by high social governance and low formal legality, sustained through continuous human and platform-mediated work (North, 1990; Granovetter, 1985; Irene et al., 2025).

Four findings underpin this argument. Trust is not assumed but assembled from traceable presence, relational history, and practical verification practices that substitute for formal contractual mechanisms (Greif, 2006; Buskens, 2002). Exchange is relational and conversational in form but structurally asymmetric, with sellers retaining control over verification, pricing, and the pace of commitment through deliberate strategies (Goffman, 1959; Williamson, 1985). Platform commerce operates through a dual-layer market structure in which an affective economy of visible engagement and a transactional economy of private exchange are systematically decoupled, a structural logic rather than an informal workaround (Gillespie, 2010; Uzzi, 1997). Governance is community-produced, temporally structured, and continuously repaired through administrative authority, community pricing norms, and adaptive institutional practices that respond to emerging fraud risks in real time (Ostrom, 1990; Helmke & Levitsky, 2004).

7.1 Theoretical contributions

The paper makes three interrelated theoretical contributions. First, it reconceptualises informality not as an institutional deficit but as a dynamic, adaptive mode of governance, showing that the absence of formal rules does not preclude sophisticated institutional order. Instead, it displaces the production of order into social interaction, community norms, and platform-mediated practices. This extends informal institutions theory (North, 1990; Granovetter, 1985; Meagher, 2010) by specifying the digital mechanisms through which informal governance is enacted and sustained, rather than simply describing its outcomes.

Second, the study advances platform affordance theory by empirically grounding the concept of dual-function institutional infrastructure. Platform features are shown to be simultaneously generative, enabling trust-building, collective monitoring, and reputational signalling, and degenerative, as the same affordances become vectors of fraud, impersonation, and institutional destabilisation (Ostrom, 1990; Greif, 2006). This extends the degenerative affordances framework (Irene et al., 2025) into empirically rich informal-economy terrain, demonstrating that platform-mediated institutional order is inherently unstable and must be continuously reconstructed through adaptive repair. In doing so, it shifts the analytical focus from platforms as tools to platforms as contested institutional environments.

Third, the dual-layer market structure identified in the findings, namely the systematic decoupling of affective visibility from transactional closure, offers a theoretically novel contribution to social commerce scholarship (Pavlou & Fygenson, 2006). By demonstrating that visible engagement does not predict or reveal purchase in informal digital markets, the paper challenges the attention-conversion model that dominates formal platform economy research and proposes a more nuanced, multi-layered account of how commercial exchange is organised in socially embedded market contexts (Granovetter, 1985; Uzzi, 1997).

7.2 Practical implications

The findings have clear implications for platform providers, policymakers, and development practitioners. The governance arrangements documented here are self-organising and contextually adapted; they function not despite the absence of formal oversight but through community-level mechanisms that formal regulation is unlikely to replicate.

Policy support for informal digital commerce should therefore not be predicated on formalisation as a prerequisite for market functionality. Instead, these markets require platform-level interventions that address the degenerative affordance dynamics documented here, specifically stronger authentication mechanisms, better account protection against hacking, and more effective infrastructure for reporting and removing fraudulent actors, without disrupting the community-based governance arrangements that sustain them. These findings speak directly to SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation and Infrastructure), demonstrating both the productive capacity of informal digital economies and the specific vulnerabilities that threaten the livelihoods they support.

7.3 Final reflection

WhatsApp and Telegram markets are often discussed in terms of what they lack, such as formal contracts, legal enforcement, and institutional oversight. This paper has argued for a different starting point: asking not what is absent but what is present, and how it works. What is present is a sophisticated, adaptive, and socially produced institutional order that sustains high-volume commerce under conditions of chronic uncertainty, limited infrastructure, and persistent fraud risk (Meagher, 2010; Chen, 2012). Understanding how that order is produced and what threatens to destabilise it is not only a theoretical question but an urgent practical one for the millions of traders across the Global South for whom these platforms are not a supplement to formal economic life but its primary infrastructure (Castells et al., 2012; Aker & Mbiti, 2010).

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