

Decision not to accept commitments

Competition Act 1998

Google Play Billing
51183

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1. INTRODUCTION AND RELEVANT BACKGROUND

- 1.1 For the reasons set out in this document, the Competition and Markets Authority (the ‘**CMA**’) gives notice under paragraph 4 of Schedule 6A of the Competition Act 1998 (the ‘**Act**’) that it has decided not to accept the commitments offered by Alphabet Inc., Google Ireland Limited, Google UK Limited (company number 03977902) and Google LLC and any other member of their corporate Group (together, ‘**Google**’) in April 2023 (the ‘**Proposed Commitments**’), as consulted upon in the CMA’s Notice of Intention to Accept Commitments published on 19 April 2023 (the ‘**NIAC**’).
- 1.2 In June 2022, the CMA opened an investigation under section 25 of the Act, having determined that it had reasonable grounds to suspect that Google had infringed the provisions set out in Chapter II of the Act (the ‘**Chapter II prohibition**’) in relation to the distribution of native applications (or ‘**apps**’) on Android devices in the UK. The Chapter II prohibition prohibits a dominant company from abusing its position in a way that affects trade within the UK.
- 1.3 In the NIAC, the CMA set out concerns arising from Google Play’s rules which oblige app developers offering digital content to use Google Play’s own billing system¹ (‘**GPB**’) to process in-app payments (the ‘**GPB Requirement**’). The CMA explained that those competition concerns related to the potential negative effects of those rules on a) other companies’ ability to compete with Google to provide payment services to app developers selling access to digital content or services through their app; and b) app developers’ ability in certain respects to retain a direct relationship with users of their apps who purchase such digital content or services.²
- 1.4 To address these concerns, on 18 April 2023 Google offered the Proposed Commitments to the CMA. Under the Proposed Commitments, developers distributing apps via the UK Play Store would be given the option of using an alternative billing system for processing in-app transactions by implementing either User Choice Billing (‘**UCB**’) or Developer Only Billing (‘**DOB**’).³
- 1.5 The CMA issued the NIAC⁴ on 19 April 2023 and invited responses from interested third parties to the consultation on whether or not the Proposed Commitments should be accepted by the CMA. The consultation closed on 19 May 2023.

¹ Google Play’s billing system is Google’s in-app system for Google Play users to purchase digital content or services from app developers including, for example, one-time only purchases and subscriptions.

² Set out in more detail in the [NIAC](#), section 4.

³ UCB would allow app developers to use alternative billing systems for purchases of access to digital content or services *alongside* GPB; DOB would allow app developers to use alternative billing systems for purchases of access to digital content or services *instead of* GPB.

⁴ Pursuant to paragraph 2 of Schedule 6A of the Act.

- 1.6 The CMA received written responses to the NIAC consultation from 43 parties, including app developers, payment services providers, consumer organisations, industry associations and other interested parties.

2. SUMMARY OF RESPONSES

- 2.1 Only three of the 43 respondents were supportive of the Proposed Commitments. Almost all of the remaining responses raised concerns about the Proposed Commitments.⁵
- 2.2 The two key concerns raised by respondents in the consultation were:
- (a) The service fee reduction proposed by Google for app developers choosing alternative billing (3% for DOB; 4% for UCB) may be insufficient to cover the total costs of developers offering alternative billing. Respondents identified a number of costs associated with offering alternative billing systems which they considered were either underestimated or omitted in the representations made by Google in support of its Proposed Commitments as set out in the NIAC, including payment processing costs and additional costs associated with customer support or being the merchant of record for in-app transactions.⁶
 - (b) The interstitial screens required by Google may create unnecessary friction and/or present information in an unduly negative/misleading manner for users. Respondents submitted that these factors would further contribute to a reduction in user uptake of any alternative billing system and therefore undermine the viability for app developers of providing such an alternative.⁷
- 2.3 Additional concerns were also raised for example regarding the transaction data required to be reported to Google and the reporting process, and ways in which developers might potentially fear retaliation from Google for taking up alternative billing options.
- 2.4 Many respondents pointed to similar arrangements implemented in other jurisdictions which they claimed have not led to developers taking up the opportunity to use alternative billing in any significant numbers in practice.
- 2.5 A number of respondents to the consultation raised wider concerns about Google's app store rules such as the overall level of Google's commission fee, and Google's anti-steering rules which they considered would remain a concern were the Proposed Commitments to be implemented.

⁵ Two respondents were not in favour of Google being obliged to allow app developers to offer alternative billing systems. One response raised matters unrelated to the investigation.

⁶ Google is the merchant of record when GPB is used.

⁷ The CMA notes that Google has since implemented changes to the interstitial screens it requires to be displayed to users in relation to alternative billing offered outside the UK: [Alternative billing APIs | Google Play's billing system | Android Developers](#).

3. THE CMA DECISION NOT TO ACCEPT COMMITMENTS

- 3.1 Having regard to the responses to the NIAC, the CMA has decided that it would not be appropriate to accept the Proposed Commitments.
- 3.2 In particular, the consultation responses show that, although under the Proposed Commitments GPB would no longer be mandatory *in principle*, certain conditions and requirements in place under the terms of the Proposed Commitments could affect whether the commitments were effective *in practice* in addressing the CMA's competition concerns. The CMA is not satisfied that the Proposed Commitments would adequately ensure that the option of offering an alternative billing system is an effective one for app developers, by providing those app developers wishing to switch with realistic scope to do so. Accordingly, the CMA is not satisfied that the Proposed Commitments would address the competition concerns arising from the GPB Requirement.
- 3.3 The CMA has engaged in further discussions with Google since publication of the NIAC and receipt and review by the CMA of the responses to the consultation on the Proposed Commitments. However, no suitable revised commitments have been offered.
- 3.4 The CMA has therefore decided not to accept the Proposed Commitments.