**CMA PROPOSED STEERING CONDUCT REQUIREMENT FOR APPLE/GOOGLE MOBILE PLATFORMS RESPONSE OF [AN APP DEVELOPER]**

We strongly welcome the CMA's proposed Steering Conduct Requirement for Apple's mobile platform. In particular, we highly commend the CMA's agility and responsiveness during this process; while steering was not initially scoped in the early stages of the investigation, the CMA deftly pivoted to address it once its significance was highlighted by stakeholders. This demonstrates a commendable willingness to listen to the market and adapt regulatory focus to where it is needed most.

Current app store policies inflate costs for consumers by limiting their access to more competitive transaction options, forcing reliance on high-cost proprietary systems. By removing anti-steering barriers, the CMA can provide consumers with greater choice, transparency, and access to fairer pricing. Crucially, this reform also directly supports UK businesses that rely on app stores to connect with customers. By enabling these businesses to offer more competitive terms, we can reduce overheads, drive investment, and fuel innovation, creating a more dynamic digital marketplace that generates sustainable economic growth across the UK.

It is [an app developer's] view that competition can only be maintained if app developers are free to set lower prices or offer different terms for transactions completed outside the app compared to those made through Apple/Google's native billing system. But for this to be effective, steering needs to be a *real* and *commercially viable* choice thereby incentivising Apple/Google to compete by offering more competitive terms and conditions for access to their native billing.

For [an app developer's platform] alone, we estimate that platform charges represent an annual cost of £4.5m. This represents a significant extraction of capital from the UK economy, which could otherwise be reinvested into expanding our services and supporting jobs. As consumer behavior continually shifts toward viewing television via digital platforms like connected TVs and mobile devices, these platform fees will become an increasingly critical cost burden for content providers. Furthermore, as we actively seek to innovate and diversify our offerings—such as through gaming or TVOD ('download-to-own')—the threat of additional platform charges acts to directly chill that innovation.

Moreover, the Government has stated its position that public service media providers should increase their engagement with consumers on third-party platforms.[1] For the future sustainability of public

[1] See for example the recently published Media Green Paper, Watch This Space: a strategic direction for UK media:

> "*In response to changing audience viewing habits PSM providers have started making some of their content available on third party platforms, like YouTube. The independent media regulator Ofcom has recommended that third party platforms and PSM providers work together to ensure PSM content is prominent and on fair commercial terms. They also recommended that the government should consider underpinning this with legislation*."

And Ofcom's recent report, Transmission Critical: The future of public service media:

> "*PSM content is fighting to be seen and heard…*"
> *"The PSBs need to keep adapting to audience preferences by constantly challenging themselves to test and iterate new ways of distributing and creating content for diverse audience groups.*
> *It is critical that the PSBs and YouTube work together to ensure that PSB content is prominent on its service, and on fair commercial terms. This is important for PSM to continue to connect with all*

service media, it is critical that leveraging third-party distribution represents a genuine choice, rather than a channel for third-party platforms to extract additional revenue out of the UK economy.

To this end, we welcome the CMA's intervention, which could have a modest positive impact on app developers and public service media

But for steering to represent a real and commercially viable choice, the CMA's Conduct Requirement needs to go further in the following respects:

- Apple/Google should not be permitted to charge a steering fee
- Apple/Google should not have access to information about steered transactions
- Apple/Google should not be able to *mandate* app developers surface their native payment systems alongside third party payment options
- We do not believe that interstitial screens can ever be truly 'neutral'
- App developers should be able to surface third party payments via WebViews

We explain each of these points below.

**Steering Fee**

The CMA proposes permitting Apple/Google to charge a fair and reasonable steering fee based on the incremental costs of facilitating steering and the value attributable to the services offered by Apple/Google to the developer. While this superficially appears to be a sensible and proportionate approach, we are concerned that it leaves app developers open to exploitation.

In our previous submission, we highlighted when a transaction occurs externally, the platform (i.e. Apple/Google) provides no payment processing, fraud detection or financial settlement services. Any commission charged on steered payments is therefore unrelated to services performed and there can be no costs incurred or value added by the platform. Any fees charged for steering are, by definition, extractive market rents and should not be permitted under the conduct requirements.

**Data Sharing**

Because the CMA has provisionally decided that Apple/Google can charge a steering fee, the proposal permits Apple/Google to require app developers to report on steered transactions, under "fair and transparent terms".

We strongly object to this provision. Firstly, as explained above, there is no justification for Apple/Google charging any steering fee. As a result, there is no need for them to track steered transactions. Secondly, were there to be any cost associated with steered transactions (which we dispute) the value and and volume of any transaction is irrelevant. The main costs associated with steering relate to setting up the functionality. These would be the same irrespective of the nature of

*audiences, particularly for news, which supports democracy, and for UK children's programming which helps young audiences learn and grow."*

the service or the value of any transaction. Moreover digital transactions notoriously have marginal costs close to zero meaning that the volume of transaction is also meaningless.

For these reasons, we believe that sharing this information [redacted] a tool to chill competition. App developers would be forced to give precise real-time conversion data directly to Apple and Google. Because Apple (via Apple TV+) and Google (via YouTube) are direct competitors in the content streaming market, giving them detailed insights into which in-app prompts and content journeys drive high-value external subscriptions would give them a structural data advantage, allowing them to optimise their own rival services at [an app developer's] expense.

**Side-by-side Mandates**

CMA proposes permitting Apple/Google to mandate that developers surface their proprietary payment systems alongside third party payments. In our previous submission we highlighted that supporting native app payments require significant investment in product development, ensuring that those payment systems work seamlessly on each of the devices and operating systems through which the [an app developer's platform] is provided. Furthermore, the requirement to support native billing creates administrative redundancies, forcing app developers to maintain dual accounting and customer management systems.

Allowing this concession significantly diminishes the utility of this remedy which is supposed to lower operating costs and give app developers real choice over how they manage customer relationships. It is important that the CMA recognise that the true cost of using native Apple/Google billing goes beyond the 15-30% commission charged on in-app purchases when internal maintenance costs are factored in. Allowing Apple/Google to require support of their native payment systems drastically narrows the commercial benefit of third party payments and may even eliminate it as a viable commercial choice.

**Interstitial screens**

Under the CMA's proposal, Apple/Google will be permitted to surface a single "neutral" interstitial screen when customers click out to a third party site, e.g. to take payment. We welcome the CMA's suggestion that these screens should not have the purpose or effect of discouraging an end-user from completing a transaction. However, we are concerned that by their very nature, interstitial screens send a message that the steered transaction is dangerous, which is not the case.

Apple/Google's main argument is that these screens are necessary for consumer protection: protecting users from scams, data theft, or unregulated payment processors. However, in the UK, any alternative payment service provider, gateway or merchant acquirer must be authorised and regulated by the Financial Conduct Authority (FCA) under the Payment Services Regulations. These provide an established, strict baseline of safety, data security and fraud protection.

This means that, by definition, all steered payments made by UK consumers will be safe. To allow interstitial screens is to give Apple/Google the status of quasi regulators which is wholly disproportionate, in contravention of DMCCA principles, under which the CMA must ensure that any conduct requirements are proportionate. If the FCA already mitigates a specific risk, forcing mandatory interstitial screens introduces unnecessary friction that harms competition and erodes the trust that [an app developer] have established with our customers over a longer period that Apple or Google have been in existence.

It's worth noting that the situation in the UK is very different from the US (Apple/Google's principal market) where financial regulation is highly fragmented and confusing. Unlike the UK, there is no single US payments regulator, with responsibility split across different federal agencies (the CFPB for consumer protection, FinCEN for anti-money laundering) and state-by-state money transmitted licences, meaning to operate nationally a US payment provider needs separate licences from all 50 states. In this situation, a neutral universal interstitial screen may be justified, a point that Apple has successfully argued in US court.

There is no such regulatory vacuum in the UK. By allowing global tech gatekeepers to impose their own quasi-regulatory warnings, the CMA would be actively surrendering what is a unique domestic advantage. It would mean subordinating the UK's established consumer protections to a one-size-fits-all global policy designed by the platforms, artificially degrading the efficiency of the UK digital economy. Instead of leveraging the strength of our regulated market to promote frictionless trade, permitting these screens enables gatekeepers to penalise UK businesses and erode the competitive edge that our strong statutory protections provide.

**Webviews**

WebViews allow developers to render webpages directly within their native app, rather than force the user to exit the app into a standard web browser, e.g. to complete a transaction. As such, they are crucial to ensuring steered transactions can be completed seamlessly without adding additional friction to the customer process.

Apple/Google oppose WebViews on the basis that they cause confusion - because they look like an integrated part of the app, users might think they are transacting within the Apple App Store or Google Play Store and therefore could be exposed to additional security risks. We fundamentally challenge this narrative. Banning WebViews is an anti-competitive tactic designed to inject artificial friction into the steering process:

- **UX Continuity and Reduced Friction**: Launching a separate web browser is clunky, slow, and creates a disruptive user experience WebViews allow developers to maintain a consistent User Interface/User Experience (UI/UX). By keeping the user within [an app developer's] environment, developers can reduce the drop-off that inevitably occurs when journey length and friction increase
- **Data Integrity and Session Management:** Handoffs from a native app to an external web browser are notoriously prone to errors, which can cause user sessions to be dropped entirely. WebViews allow for much more reliable session management and data attribution

In addition, and as explained above, steered payments are secure, meaning there is no harm to users from a seamless payment journey meaning there is no justification for Apple/Google concerns.

Yet, these frictions have a direct and tangible impact on conversion and customer retention. A recent study found that more than a third of streaming subscribers cancelled their service because of poor app experience rather than price or content, with younger audiences the most sensitive to friction - 43% said they would cancel their service due to poor user experience.

In this respect, it is highly relevant that both Apple and Google operate digital content services (Apple TV and YouTube) that compete directly with [an app developer's platform]. Any friction in the [app developer's platform] user journey has a direct positive impact for these services.

For these reasons, Apple/Google should be required to support WebViews for steered transactions as part of their conduct requirements.