

South Korean law could end Apple's and Google's platform payments domination

Article

The news: South Korea may become the first country to end **Apple's** and **Google's** domination of payments on their mobile platforms, according to Bloomberg.

The Telecommunication Business Act could set a radical precedent for breaking up the mobile duopoly's lucrative app store operations and control over commission fees. The bill was delayed by other legislation and will now go before lawmakers at a future plenary session.

Why it's worth watching: This is the latest in a series of antitrust laws aimed to break up Apple's and Google's app stores and monopolistic control over how developers sell apps and in-app purchases.

- The bill, which is expected to pass into law behind the support of the ruling party's super-majority, opens the door for developers like **Fortnite-maker Epic Games** to transact directly with users.
- Apple is **settling** an **antitrust case** allowing developers for more app price points, and ostensibly allows them to communicate directly with users about alternative purchase options. The settlement is seen as a minor capitulation benefitting US-based developers earning less than \$1M a year.
- US senators **introduced** a bill this month to curb anticompetitive app store policies. The **Open App Markets Act** would ban companies from forcing developers to use their app store's payment systems

What's next? Google described the legislative process in South Korea as rushed, and Apple said the provisions would undermine parental controls, privacy, and trust—which have been tentpole features of the Apple brand.

- Both companies are lobbying politicians to block passage in South Korea.
- This legislation could be the first domino to fall and break-up the duopoly's tight hold on its payment and app systems.

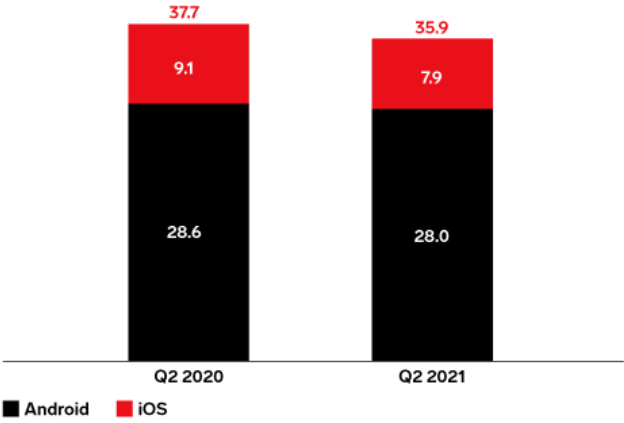
The big takeaway: If this bill passes into law, South Korean mobile app users will have a free choice in which provider they use to make in-app payments, while developers can choose how they'd like to get paid.

It is a law various countries could attempt to emulate to pry away Apple's and Google's control of their app stores ecosystems. App store monopolies are the easiest spot to rein in Big Tech—and they are also major sources of income for Apple and Google:

Consumers spent \$72.3 billion in the Apple App Store and \$38.6 billion in the Google Play Store in 2020, per Statista.

Mobile App Store Downloads Worldwide, Android vs. iOS, Q2 2020 & Q2 2021

billions



Source: Sensor Tower, "Store Intelligence Data Digest: Q2 2021," July 15, 2021
268002 eMarketer | InsiderIntelligence.com