

How the DOJ's Apple lawsuit could shake up the mobile wallet industry

Article

The news: The Department of Justice (DOJ) [sued](#) Apple, alleging it engaged in anticompetitive practices across its suite of devices and services, including **Apple Pay**.

- The DOJ argued Apple “inhibited the creation” of cross-platform, third-party digital wallets and prevented third-party apps from offering tap-to-pay functionality.

What's in the lawsuit?

- Prosecutors argue that Apple Pay and Apple Wallet's exclusive NFC access has kept third-party developers from creating competing wallets.
- They said this not only “deprives users” of the benefits and innovations third-party wallets could provide, but it also discourages consumers from switching to a different smartphone, as they would have to leave the familiarity of an everyday app.
- It also claims Apple “uses its smartphone monopoly to extract payments from banks” for each Apple Pay credit card transaction, an expense that cuts into funding for features and benefits that issuing banks could otherwise offer customers.

What's next? Apple is preparing a motion to dismiss the case—kicking off a drawn-out legal fight.

This is far from a slam-dunk case for the DOJ: Apple has a long history of litigation and a [successful track record](#) of fighting antitrust claims.

What could happen? Apple faces anything from a fine to a forced breakup. But looking at what's happening in the European Union gives us an idea of a likely outcome.

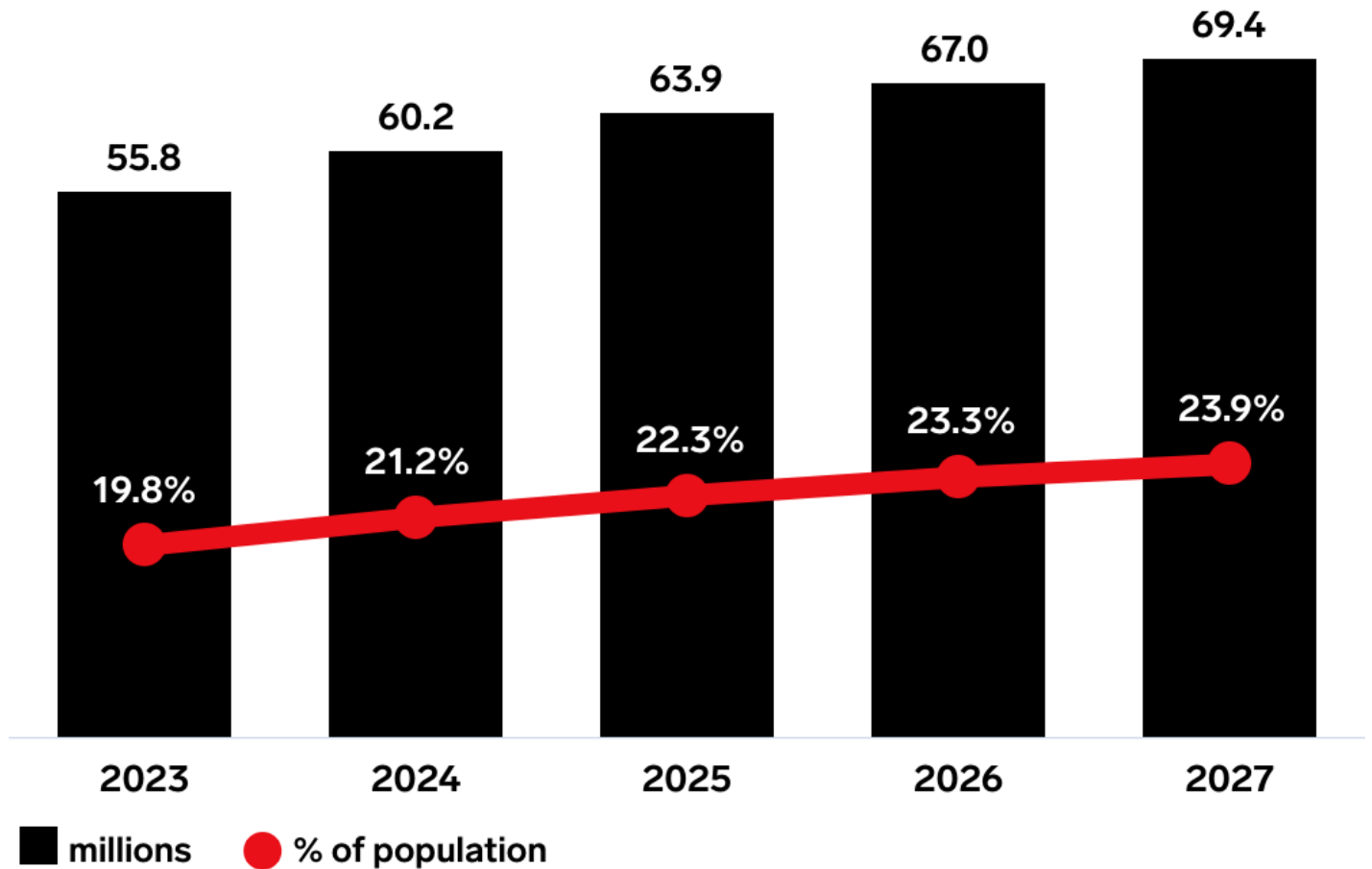
- In response to a [European Commission investigation](#), Apple proposed letting third-party mobile wallet and payment providers access the iPhone's NFC capabilities in the EU.
- If Apple makes this same proposal in the US, it could change the dynamic of the mobile wallet industry, giving competitors like **Google Pay**, **Samsung Wallet**, and **PayPal** a chance to fight over Apple's share of users.

Our take: Given Apple's extremely [loyal base of customers](#) and the near decade it had to entrench Apple Pay habits, this likely wouldn't impact Apple Pay too severely. Getting consumers to change their habits without proper incentives will be very hard for other mobile wallets to pull off.

[Dig deeper: For more on the state of US digital wallets and Apple's competitive advantage, check out the latest episode of Behind the Numbers: The Banking & Payments Show.](#)

Apple Pay Users and Penetration

US, 2023-2027



Note: ages 14+; mobile phone users who make a proximity mobile payment transaction using Apple Pay via mobile phone at least once per month

Source: Insider Intelligence | eMarketer, April 2023

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