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Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600

Response to matters taken on notice - Mobile Payments and Digital Wallets inquiry

Please find enclosed our response to matters taken on notice during Google's appearance before the Committee's inquiry into mobile payment and digital wallet financial services.

If you have any questions or require any further information, please contact me directly.

Yours sincerely,

Justin Mining
Manager, Government Affairs and Public Policy

Item 2: impact on Fintechs

Mr GEORGANAS: Are you aware of—I suppose in consultation with your members—any Australian fintech companies that have been forced into using megaplatforms, for example changing their product just to be able to appear in mobile app stores? Basically, is there a model that's based on take it or leave it being extended to fintechs by the mega platforms, and, if so, what impact would that be having?

Ms Longcroft: I am not aware of any fintech being subjected to the conditions to which you refer. I'm not sure if my colleague, Diana, is aware of it, but, if not, we will take that question on notice and return to you as soon as possible.

Ms Layfield: If I may add one small point—and we can obviously get back to you on this. Speaking from the perspective of Google Pay, for example, we would not have any access to any data on Samsung Pay from the play store. That data is segregated. We would not be able, for example, to develop Google Pay in any way based off data for competing payments apps, because we do not have access to that data.

Mr GEORGANAS: We've heard from large e-commerce platforms about, for example, Shopify, using their market power to launch their own products appearing on their platforms and pushing onerous terms on competitors. Is this impact something that has come across to you as well?

Ms Longcroft: No, that impact has not come to my notice.

Mr GEORGANAS: You haven't heard through the industries that you're involved with that this is taking place.

Ms Longcroft: Not to my knowledge, no.

Response:

Google's Android was developed as the first truly open and comprehensive platform for mobile devices. Standing for choice at every level, Android's openness allows: anyone to freely and independently use the Android source code to create differentiated products; device manufacturers to decide which and how many apps to preinstall on their devices; developers unfettered choice to distribute their apps via one or multiple channels (preinstallation, a variety of Android app stores, and downloading from the Internet); and users to fully customise their devices irrespective of any initial app preinstallations by device manufacturers.

This flexibility is at the core of Android. For example, Google allows developers of third-party wallet apps to access and use the NFC chip on Android devices. The ACCC has noted that "*Google's Android platform allows third party apps to directly access the embedded NFC controller in Android devices*".¹ The ACCC explicitly mentioned the example of Samsung Pay, which can be freely installed and used on Android devices despite it competing with Google Pay.

Further, Google does not "push" onerous terms on developers. All apps are subject to the same set of rules and policies (i.e., the Developer Distribution Agreement, or "DDA" and the Developer Program Policies or "DPP") so that the users and developers can have consistent experiences in using our Play store.

As a general rule,² updates to the DDA are notified to developers by email with a 30-day notice period.³ Where changes are more extensive, particularly regarding changes to the Developer Program Policies ("DPP"), Google 1) may solicit input on proposed changes from potentially impacted developers prior to making the change, to understand the impact of the changes and to ensure the proposed changes meet the goal (e.g., protecting users while minimizing developer impact), and 2) allows developers additional time to adjust to the revised terms.

¹ Australian Competition & Consumer Commission Final Determination on Australian banks' collective bargaining with Apple in relation to Apple Pay (31 March 2017), p. li-iii, available at: <https://www.accc.gov.au/system/files/public-registers/documents/D17%2B40724.pdf>

² Changes may be effective immediately in exceptional circumstances, such as when these changes are required by law (see Section 15.2 DDA).

³ See Section 15.2 DDA. Similarly, Google may update its Payment Seller Terms of Service by notifying developers with a 2-month notice period (Section 13 Payment Seller Terms of Service).

For instance, when Google rolled out its Family Policy to provide additional protection for children from harmful and inappropriate content, these changes were announced at the end of May 2019 and the developers of existing apps had 3 months (until 1 September 2019) to prepare and adapt to the changes.