

4th August 2021

Mr Andrew Wallace MP
Chair of Parliament Joint Committee on Corporations and Financial Services

Dear Mr Wallace,

Re: An Inquiry into Mobile Payment and Digital Wallet Financial Services

Thank you for the opportunity to be served as expert witnesses at the Public Hearing on 27th July 2021. We would like to provide our response on two questions taken on notice which were asked by Mr Julian Hill MP.

1. Google's claim on data usage

Mr Hill's question 1: *We received evidence yesterday from Google—I haven't got the words in front of me—that categorically denied using or monetising that data in any way. I'm not sure whether you were listening to that evidence. If not, perhaps you could take on notice a response to that once you've had the opportunity to review the transcript. I'd be very interested in any perspectives you had to add. Is there anything you wanted to add now, or are you happy to take that on notice?*

Our response:

In Section “Google Pay – Privacy and Security” (page 8 of Submission 15), Google claimed that Google Pay protects user data:

- “The personal information of Google Pay users is never sold to any third party”.
- “Transaction history is not shared with any other Google service for targeting ads”.

Ms Diana Layfield, Vice President – Product Management and Partnerships, testified in the Public Hearing (26 July 2021) that “Google does not monetise data from Google Pay in Australia”, and “our ads monetisation does not receive that data from Google Pay”.

However, in Section 5 “Privacy” of Google Pay’s Terms of Service,¹ it is specifically mentioned that “you also permit Google to share your personal information with merchants, payment processors, and other third parties”. It is widely believed that Google make use of the users’ data for research purposes² and for marketing other Google services to users³ (Submission 8 of RBA). In the case of Google Pay, the marketing information presented to users is currently in the form of relevant offers that are reportedly based on sensitive transaction data, such as merchants and location. A difference to other Google services is that users can turn on/off the feature “Personalisation within Google Pay”, which is a new feature available

¹ https://payments.google.com/payments/apis-secure/u/0/get_legal_document?ldo=0&ldt=googlepaytos&ldl=und

² <https://www.marketing91.com/business-model-of-google-pay/>

³ <https://www.exchange4media.com/digital-news/google-pay-to-serve-targeted-ads-to-users-based-on-spends-111562.html>

from 15th March 2021, to see such offers in their Google digital wallet. It was specifically mentioned in a blog post of Google Pay Vice President – Product, Ambarish Kenghe, that *“Turning on 'Personalisation within Google Pay' will provide a more tailored experience within Google Pay. For example, you’ll receive more relevant offers and rewards based on your activity within Google Pay, including your transaction history”*.⁴

As per its application programming interface (API)⁵, it is our view that Google Pay acts as an intermediary for businesses to “send location-based notifications, real-time updates, and messaging to engage with customers anytime, anywhere” when access consent to transaction data is given. It is widely viewed that Google currently does not monetise its Google Pay because it aims to increase the market share. However, it is expected that the business model of Google Pay, like Google Maps, could change in the future should opportunities arise. Google Maps only began allowing advertisements in 2019, 14 years after it first launched.⁶

Yours sincerely

Dr Lien Duong, School of Accounting, Economics and Finance.

Dr Duc-Son Pham, School of Electrical Engineering, Computing and Mathematical Sciences.

Professor Grantley Taylor, School of Accounting, Economics and Finance.

Dr Baban Eulaiwi, School of Accounting, Economics and Finance.

⁴ <https://india.googleblog.com/2021/03/your-privacy-at-heart-of-google-pay.html>

⁵ <https://pay.google.com/about/business/passes-and-rewards/>

⁶ <https://www.bloombergquint.com/technology/google-flips-the-switch-on-its-next-big-money-maker-maps>