Comments by the
***Business at OECD* (BIAC) Competition Committee**
to the OECD Competition Committee

Competition in Mobile Payment Services

June 18, 2025

I. Introduction

1. *Business at OECD* (BIAC) welcomes the opportunity to make this written contribution to the roundtable on Competition in Mobile Payment Services. Competition for mobile payment services impacts global trade, shapes consumer behavior, and contributes significantly to economic growth, making it an essential topic to consider and for regulators to understand.

2. The mobile payments industry is rapidly evolving, not only as an enabler of everyday commerce but also as a driver of broader digital transformation across the world. Substantial innovation is changing the way we shop and pay for our goods. With intertwined digital ecosystems, rapidly emerging technologies, and relationships with established financial players that blur the lines between cooperation and competition, the competitive landscape of mobile payments is becoming ever more complex. *Business at OECD* fully supports the OECD Competition Committee's efforts to closely examine these evolving competitive dynamics so that innovation can continue to thrive. This paper explores several key issues affecting the state of competition in mobile payment services.

3. Given the massive and growing impact of mobile payments on nearly every sector of the global economy, a sound understanding of these issues is also critical to ensure an informed and well-balanced enforcement and regulatory approach. *Business at OECD* supports frameworks that foster innovation and protect consumer interests while addressing the challenges that may emerge from disruptive technological trends and the potential risk of concentration of market power.

II. Key Issues Affecting Competition in Mobile Payment Services

4. Traditional payment systems, such as debit and credit card systems, have been under the spotlight of several competition authorities, due to the significant market power of some operators in this sector. Now, we see the emergence of mobile payment systems which in part rely on current payment methods, but it is fast evolving. Competition in mobile payment services is influenced by myriad factors. We address just a few of those factors below to emphasize the rapid pace of innovation and complexity of the mobile payments space and the importance of robust consideration of these issues.

A. Integration Between Mobile Payment Services and Digital Ecosystems

5. Mobile payment services are by their nature tied to mobile devices – predominantly smartphones, but also tablets, smart watches and other wearables. As such, they exist as part of the broader digital ecosystems comprised of all the features and applications available on such devices.

6. By integrating mobile payments into broader suites of mobile technology, opportunities are created to link direct payment capability with the whole range of available digital services – ranging from e-commerce and social media to data analytics and cloud computing. This integration has significant potential to promote consumer convenience and the development of value-added services. It may also raise competitive concerns if control over these innovative tools becomes unduly concentrated among a few players or if access is throttled by dominant players creating barriers to competition by smaller innovators or niche providers.

7. As *Business at OECD* previously noted in its contribution to the 2019 roundtable on Digital Disruption in Financial Markets, larger platforms may "have large installed consumer bases, established reputations, powerful brands, substantial earnings and unfettered access to capital markets."[1] In addition, they may be able to leverage superior information about consumer preferences or to exploit data gathered from their business lines to enable them to tailor their offerings to the customer. Depending on how these resources are utilized, this may drive or thwart competition in mobile payment systems (and moreover in the financial sector).

8. These advantages highlight both the possibility of innovation and efficiency as well as the potential for barriers to entry or other competitive concerns. Addressing the interplay between data integration and competition is important to ensure that market opportunities remain open to all players and that innovation flourishes in a fair competitive environment.

B. Emerging Technologies in Mobile Payments

9. The rapid evolution of technologies such as digital currencies, blockchain, and artificial intelligence (AI) is reshaping the mobile payments sector (among many other areas of the global economy). These innovations have the potential to drive equally rapid changes in the competitive landscape but also raise significant regulatory questions.

10. Digital currencies, for instance, have the potential to enable instantaneous cross-border transactions and reduce reliance on legacy financial systems. Blockchain technology applied within payment networks can enhance transparency and security, while AI-driven analytics can refine risk management and fraud detection for financial transactions.

11. As these and other new technologies proliferate, regulators will be faced with the difficulty of formulating and implementing technical standards and protocols for robust oversight without stifling the innovative potential of these technologies to enhance convenience, efficiency, and security for consumers and businesses. The protection of consumers, at the heart of traditional payment methods, needs to take into account the speed of evolution of mobile payment methods.

C. Reliance on vs. Competition with Traditional Financial Players

12. Mobile payment services exist at the convergence between traditional financial institutions and modern digital technologies. For example, mobile payments using an iPhone through Apple's Wallet app can be made using a consumer's preexisting credit or debit cards through NFC technology or in some countries through Apple's own "Apple Card" financial product, which in turn is offered through Goldman Sachs Bank.[2]

---

1 OECD, Digital Disruption in Financial Markets – Note by BIAC, DAF/COMP/WD(2019)69, ¶ 45 (May 31, 2019), https://one.oecd.org/document/DAF/COMP/WD(2019)69/en/pdf [hereinafter BIAC Note re Digital Disruption].

2 *Apple Card*, APPLE, https://www.apple.com/apple-card/.

13. The collaboration between these two distinct groups can yield significant benefits. Traditional financial institutions can offer robust regulatory compliance, deep customer trust, extensive networks, and secure, and scalable infrastructure, while digital-native technology providers bring agility, customer-centric design, and "out-of-the-box" thinking to the equation. This synergy can accelerate the development of mobile payment services that are more efficient, secure, intuitive, and responsive to evolving consumer needs and help to achieve significant improvements in transaction speed, data security, and overall user experience. This can be particularly important in developing countries and rural areas to promote financial inclusion. And one should not forget that mobile payment solution has fostered financial inclusion in many developing countries and in rural areas.

14. The relationship between traditional and new technology players in mobile payments is competitive as well as collaborative, however. At the point of sale, consumers often have a choice between classic modes of payment and new mobile payment technologies. Shifting consumer preferences and technology could also give rise to payment modalities that bypass traditional payment networks and institutions altogether.

15. As these competitive dynamics evolve, it is important to maintain a neutral and fair regulatory framework that protects consumers without "picking winners and losers" among the various options vying to facilitate consumers' transactions at the point of sale. Policy makers should ensure they consult widely when providing input in varying forms that may impact outcomes to ensure broad stakeholder perspectives are taken into account. As BIAC again noted in its 2019 contribution on Digital Disruption, "[T]o maintain a stable financial system, regulators and lawmakers have an important contribution to make to ensure regulation is extended to all aspects of financial services, regardless of the provider, and to create an environment where the right sort of innovation can flourish . . . achiev[ing] the important objective of creating a level playing field amongst players while protecting the consumer and ensuring security in this area."[3] It would also be important for regulators to continue and increase the dialogue with key stakeholders, including in formal consultations, considering the rapid dynamics of the sector.

16. A competitive landscape requires that both traditional financial industry players and digital players – whether FinTech companies or BigTech platforms expanding into mobile payments – operate on an even footing without any party gaining an undue advantage through inconsistent regulatory regimes, especially considering the potential negative effects that could affect the economic landscape beyond the payments sector.

III. Recent Enforcement Actions in Mobile Payments

17. A sampling of recent enforcement efforts in the mobile payments space also illustrates the challenges and importance of assessing competition in mobile payments.

18. For example, the United States Department of Justice (DOJ) filed suit in September 2024 to challenge Visa's practices regarding debit payment networks, alleging that Visa leveraged its significant share of "non-contestable" debit transactions to force merchants into running the majority of "contestable" transactions through Visa's network as well.[4] In DOJ's telling, this conduct was driven by Visa's concern "that fintech debit networks would displace Visa as an intermediary between both sides of a debit transaction"[5] and that "its Big Tech 'frenemies' would launch debit networks that compete with Visa by

[3] BIAC Note re Digital Disruption, *supra* note 1, ¶ 53.

[4] Complaint, U.S. v. Visa, Inc., No. 1:24-cv-7214 (S.D.N.Y. Sept. 24, 2024), ECF No. 1, *available at* https://www.justice.gov/archives/opa/media/1370421/dl.

[5] *Id*. ¶ 113.

displacing card-based funding options with payments directly from consumers' bank accounts."[6] While BIAC takes no position on this litigation, we note that the resolution of this lawsuit has the potential to affect U.S. purchases of everyday goods totaling more than $4 trillion each year.[7]

19. The European Commission also initiated an investigation in November 2024 into Visa and Mastercard's fee structures and their impact within the European Economic Area.[8] The investigation reportedly focuses on "scheme fees" for participation in the card network, which are separate from interchange fees capped by the 2015 EU Interchange Fee Regulation.[9] While the primary concern of the investigation is apparently focused on the justification and burden of different types of fees charged to merchants, it could have broader implications for mobile payments that rely on the Visa or Mastercard networks.

20. And more specifically, in the same year, the European Commission investigated and accepted commitments against practices that restrict competition in the mobile payments system, such as Apple's initial refusal to allow third-party mobile wallets to access NFC technology on iPhones.[10] In some circumstances, at the EU level, the Digital Markets Act (DMA)[11] may represent another tool (along with competition law) to enforce competition in the mobile payment services.[12] The UK has similarly been active in this space.[13]

IV. The Role of Government in Mobile Payments

21. The Background Note for this roundtable asserts that governments have promoted payment infrastructures and alternative retail-level rails, building national payment switches and fast payment systems.[14] In practice, the government institutions making these policy decisions are Central Banks, which are often regulators of banks, FinTechs, and new payment providers. Given this, it is essential to analyze the potential effects of competitive neutrality of a government-owned retail payment system – such as PIX in Brazil or CoDi in Mexico – on overall innovation and consumer protection. Without clear governance frameworks to ensure a level playing field between traditional payment systems and those developed, operated, and administered by Central Banks, there may be potential conflicts of interest.

---

6 *Id.* ¶ 115.

7 *Id.* at 4.

8 *EU Probes Visa and Mastercard Over Impact of Payment Fees on Retailers*, COMPETITION POL'Y INT'L (Nov. 6, 2024), https://www.pymnts.com/cpi-posts/eu-probes-visa-and-mastercard-over-impact-of-payment-fees-on-retailers/.

9 *Id.*; and Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions, 2015 O.J. (L 123) 1.

10 Press Release, Eur. Comm'n, Commission Accepts Commitments by Apple Opening Access to "Tap and Go" Technology on iPhones (July 10, 2024), https://ec.europa.eu/commission/presscorner/detail/en/ip_24_3706.

11 Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act), 2022 O.J. (L 265) 1.

12 The European Commission addressed issues with Apple Pay through the DMA where "following the expiry of the ten-year period, Apple is obliged to comply with the requirements of the DMA as it relates to payments using the NFC functionality on iPhone, and for as long as Apple's obligations apply, Apple shall continue to provide the NFC Technical Solution to HCE Developers." Case AT.40452 – Mobile Payments, Proposal of Commitments to the European Commission, ¶ 4.2, (July 11, 2024), https://ec.europa.eu/competition/antitrust/cases1/202428/AT_40452_10155330_9978_4.pdf.

13 Press Release, Competition & Mkts. Auth., CMA to Investigate Apple and Google's Mobile Ecosystems (Jan. 23, 2025), https://www.gov.uk/government/news/cma-to-investigate-apple-and-googles-mobile-ecosystems.

14 OECD, Competition in Mobile Payment Services – Background Note, DAF/COMP(2025)2, ¶ 113 (May 23, 2025), https://one.oecd.org/document/DAF/COMP(2025)2/en/pdf.

22. New government-backed faster payment systems may also have unintended consequences, e.g., the lack of "fiscal equity" among payment rails. The digital nature of both traditional and real-time payments (RTP) facilitates the digital supervision of financial transactions for tax compliance purposes.[15] In addition, a firm's knowledge that transactions are recorded by banks, credit card companies, mobile operators or others can serve as a major deterrent to evasion.[16] Overall, there exists potential for RTP systems to improve tax productivity.

23. Studies suggest a positive correlation between card use and value added tax (VAT) compliance. One study leveraged regional variation in mobility restrictions across Europe during the COVID-19 pandemic to examine the relationship between payment methods and tax compliance. It found that reductions in cash usage were associated with increased VAT evasion, while greater use of card payments – driven by stricter mobility restrictions – was linked to improved VAT compliance.[17]

24. However, government-backed payment systems are facing tradeoffs between rapid adoption and distinguishing between person-to-person transfers (P2P) and person-to-business (P2B) payments. Generally, in developing markets, merchants and small businesses tend to use personal accounts rather than business accounts to process payments because P2B transactions generate VAT liabilities whereas P2P do not.

25. This challenge has already materialized in Costa Rica, where the Ministry of Finance and the Central Bank have not agreed on the issue of VAT evasion through SINPE, the SMS-based fast payment system owned and administered by the Central Bank. The Ministry of Finance faces the challenge of tax evasion and eroding the tax base. The Ministry of Finance has emphasized the need to coordinate efforts with the Central Bank of Costa Rica (BCCR) to establish effective mechanisms for collecting taxes from those using this payment method for commercial purposes and, consequently, are subject to VAT payment (Flores, 2021).[18]

26. Another potential unintended consequence of government-backed payments systems is the decrease of safety and security, which in developing countries, is a prevalent risk that can support illegal activity.[19]

27. Finally, government-backed payment systems should embed "privacy by design" principles. This will not only protect consumers' and merchants' data but will allow that the overall mobile payments systems grow in trust and accountability.

---

15 Ariane Brockmeyer & María Sáenz Somarriba, *Electronic Payment Technology and Tax Compliance: Evidence from Uruguay's Financial Inclusion Reform*, 17 AM. ECON. J.: ECON. POL'Y 242 (2025).

16 Albrecht Bohne, Antonios M. Koumpias & Annalisa Tassi, *Cashless Payments and Tax Evasion: Evidence from VAT Gaps in the EU*, (ZEW, Discussion Paper No. 23-060, 2023), https://ftp.zew.de/pub/zew-docs/dp/dp23060.pdf.

17 *Id.*

18 Patricia Leitón, *Ministro de Hacienda Aboga por Mecanismo Para Combatir Evasión del IVA en Sinpe Móvil*, LA NACIÓN (June 16, 2021), https://www.nacion.com/economia/consumo/ministro-de-hacienda-aboga-por-mecanismo-para/L2BWWBX27NBGJHVSH32POZMK2U/story/.

19 *See, e.g.*, *Brazilian Pix Payment Network: A Case Study in "Faster Payments, Faster Fraud,"* ABOUT FRAUD (July 19, 2022), https://www.about-fraud.com/pix-scam-in-brazil/; and David Feliba, *FEATURE-"Pix Gangs" Cash in on Brazil's Mobile Payments Boom*, REUTERS (June 14, 2023), https://www.reuters.com/article/markets/feature-pix-gangs-cash-in-on-brazils-mobile-payments-boom-idUSL8N37Z4E1/ (detailing other shapes of security concerns such as scams and documented fraud).

28. For example, a recent study used the BCCR's un-anonymized data to construct a network model of transactions using SINPE's logs.[20] The study used "[t]ransaction-level data on the use of SINPE and several administrative data" and documents how the government-backed RTP has been adopted throughout the economy.[21] It must be noted that the authors used information which "includes individual identifiers that can be linked to SINPE."[22] This study highlights the risk of a data privacy breach which would affect sensitive information of SINPE's users.

V. Conclusion

29. *Business at OECD* reaffirms its support for the OECD Competition Committee's initiative to examine competition in mobile payment services. The issues highlighted in this comment, including data integration, technological innovation, and the evolving roles of traditional versus digital players, underscore the multifaceted challenges facing this rapidly evolving industry. Recent enforcement actions in the U.S. and Europe demonstrate the dynamic nature of this space and the challenges of fostering competition that benefits consumers across the economy.

30. In our view, regulators should adopt a balanced, flexible, and neutral approach to foster effective competition from different payment solutions and business models, allowing for innovation, competition, and consumer choice. Such an approach must be attentive to the benefits of integration and innovation while proactively addressing risks that could lead to market distortion and avoiding unfair advantages that could skew competitive incentives. We look forward to the upcoming roundtable as an invaluable forum for further exchange and collaboration on these critical issues.

---

20 Fernando E. Alvarez, David Argente, Francesco Lippi, Esteban Méndez & Diana Van Patten, *Strategic Complementarities in a Dynamic Model of Technology Adoption: P2P Digital Payments* (Nat'l Bureau of Econ. Rsch., Working Paper No. 31280, 2023), https://www.nber.org/system/files/working_papers/w31280/w31280.pdf.

21 *Id*.

22 *Id*. at 25.