

ACT | The App Association feedback to the United Kingdom Competition and Markets Authority's working paper 7 regarding the mobile browsers and cloud gaming market investigation

ACT | The App Association is a global trade association for small and medium-sized technology companies. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology. App Association members are located around the world, including the UK, showing that with coding skills and an internet connection, an app maker can succeed from anywhere.

The App Association welcomes the chance to provide feedback on the United Kingdom Competition and Markets Authority's (CMA) working paper regarding its investigation into the mobile browsers and cloud gaming markets. However, we believe the proposed remedies, though well-intentioned, risk overstepping and causing more harm than good. Further, we remain concerned that the CMA is assuming that market leadership automatically implies the existence of abuse of that leadership position and consumer harm.

Moreover, these remedies seem to mirror a growing trend of heavy-handed regulation seen in other jurisdictions, like the European Union's Digital Markets Act (DMA). While the DMA aims to promote fair competition, it has faced criticism for its one-size-fits-all approach, which fails to consider the diverse and dynamic nature of digital markets. Adopting similar measures in the UK could lead to unintended consequences, particularly for small and medium-sized enterprises (SMEs) that thrive in flexible, innovation-friendly environments provided by larger platforms.

We urge the CMA to reconsider whether intervention in this case is the best solution. Regulatory overreach, especially without rigorous economic analysis and a fully developed evidence base, could unintentionally stifle innovation, reduce consumer choice, and disproportionately harm SMEs that depend on the infrastructure provided by larger platforms. The dynamic nature of the digital economy demands a more nuanced approach—one that acknowledges the benefits of existing market structures while effectively addressing genuine harms. We continue to have concerns that the CMA's analyses and proposed remedies underestimate, and may undermine, the benefits of current digital platform policies for SMEs.

We stress that the CMA's analysis should reflect that market share is not a de facto indicator of market power constituting anti-competitive behaviour. The focus should be on demonstrated harms to consumers and competition, which current evidence does not conclusively demonstrate.

We strongly urge the CMA to generally account for the security, privacy, and intellectual property protection-related benefits digital platforms provide across its proposed remedies. Smaller developers particularly benefit from not having to optimize for multiple engines, which is resource-intensive and technically challenging. We encourage the CMA to distinguish between restrictions that genuinely harm competition and those that enhance consumer security and privacy. While some functionalities offer enhanced user experiences, not all significantly impact user choice. The CMA is encouraged to focus on critical functionalities that significantly affect the user experience and competitive landscape. Because security and privacy are paramount for users, the CMA should ensure that any regulatorily mandated changes to features do not undermine the high security and privacy standards that users expect.

We request that the CMA pursue remedies that reflect that centralised control for a platform ensures unified adherence to security standards, protecting users from potential vulnerabilities, including in the context of browsers. This centralized approach is crucial for maintaining a secure and stable browsing environment. Further, careful vetting of new features through centralised platforms is critical to ensuring that user privacy and data security are not compromised. Additionally, centralized control helps mitigate the risks of copycat apps, which can lead to intellectual property theft, reputational damage, and a reduction in consumer trust—core aspects that underpin the digital economy. The CMA's remedies should not undermine such important features.

Should the CMA insist on imposing remedies that mandate sideloading, we request that the CMA carefully avoid dismantling the cohesive security framework that platforms rely on to protect users from malicious software and data breaches. We strongly encourage the CMA to avoid unintentionally introducing vulnerabilities into the digital platform ecosystem by bypassing the controlled app store environments, which are designed to ensure that only vetted applications reach consumers. This not only increases the risk of malware but also erodes user trust—an essential component of the digital economy. By enforcing these changes, the CMA risks exposing consumers to significant security threats and undermining the integrity of the app ecosystem.

We note our concern with respect to the CMA's proposed choice architecture remedies, like mandatory choice screens. Our members' experience and analysis show that these remedies often create artificial choices that fail to benefit consumers or small developers. Instead, they tend to solidify the dominance of already-powerful players who can afford prime placements on these screens. Additionally, the challenges in making these remedies user-friendly and truly effective in enhancing consumer choice are substantial. The CMA's limited focus for these complexities underestimates the risks involved. We urge the CMA to reconsider its reliance on choice screens and to explore alternative approaches that more effectively balance competition with user experience.

Finally, we strongly encourage the CMA to consider the disproportionate impact of its potential remedies on SMEs. SMEs lack the resources to handle the heightened risks and

increased development complexities that come with a fragmented market created by government intervention. This could stifle innovation and reduce consumer choice, ultimately undermining the competition the CMA seeks to enhance.

We urge the CMA to reconsider the above in crafting a balanced approach that promotes competition while protecting the security and stability of the digital ecosystem. We also encourage further consultation and study, including with respect to the implementation and impact of the DMA, before the UK proceeds with interventions into its digital markets. A comprehensive understanding of the DMA's implementation and impacts will enable the UK to build on key lessons learned with respect to both the DMA's requirements as well as its rollout.

In conclusion, the App Association welcomes the CMA's interest in mobile ecosystems and supports its efforts to maintain the UK's fair and competitive digital economy. We support the CMA's goal of fostering a competitive digital market, but we believe the proposed remedies could be too blunt to achieve this. These remedies risk unintended consequences—stifling innovation, harming SMEs, and reducing consumer choice. We urge the CMA to take a more balanced, evidence-driven approach that fully considers the impacts before moving forward.

Sincerely,

Mike Sax
Founder and Chairperson

Stephen Tulip
UK Country Manager