

16 January 2026

House of Lords
Industry and Regulators Committee
London
SW1A 0PW

Re: ACT’s Written Submission to Inquiry into Regulators and Economic Growth

1. ACT | The App Association welcomes the opportunity to respond to the House of Lords Industry and Regulators Committee’s inquiry into the relationship between regulators and economic growth.
2. ACT 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 aim to promote a policy environment that rewards and inspires innovation while providing resources to help our members raise capital, create jobs, and build transformative technologies. Today, the ecosystem the ACT represents—which we call the “app economy”—is valued at more than £4.5 trillion globally and is responsible for more than 400,000 jobs in the United Kingdom (UK).¹
3. The relationship between regulation and economic growth is not straightforward. While well-designed regulations can provide important protection for consumers and strengthen competition, excessive or misplaced regulation can stifle growth. This is especially true for smaller businesses, which often lack the resources and in-house expertise of their larger competitors, leaving them less equipped to manage heavy regulatory burdens.
4. There is a strong case for streamlining regulation to make compliance as straightforward as possible. Every minute and pound spent on regulatory adherence is a resource not spent on growing a business. Therefore, it is essential that such resources are required only for regulations that serve the public good, with unnecessary and burdensome rules stripped away.
5. New regulations can have a wider than intended effect on the tech ecosystem. In a recent letter to the Competition and Markets Authority (CMA) (Appendix 1), ACT members raised concerns about the UK following the European Union (EU) approach to digital market regulation. Regulations intended to increase competition among large firms can have significant downstream consequences for small companies. The letter raises concerns and references data suggesting that changes to mobile ecosystems proposed under the Digital Markets, Competition and Consumers Act 2024 (DMCCA) could harm small businesses and consumers.
6. Artificial intelligence is another emerging regulatory frontier that will significantly influence UK’s opportunities for growth. ACT has developed a series of [policy principles](#)

¹ *App Economy Fast Facts*, ACT | THE APP ASS’N (2023), https://actonline.org/wp-content/uploads/About-the-App-Economy-2023_162023.pdf; *The App Economy in the European Union*, DELOITTE (June 2020), <https://actonline.org/wp-content/uploads/Deloitte-The-App-Economy-in-the-EU-2020.pdf>.

[for AI](#), designed to focus on risk and proportionality—keeping users safe while ensuring small businesses have the space and confidence to innovate.

7. Alongside changes to existing regulations, there are areas of the economy that suffer from a lack of necessary regulation. Standard-essential patent (SEP) licensing is a prime example and an issue where our members have long campaigned for change. In [ACT's submission](#) to the recent Intellectual Property Office (IPO) consultation on SEPs, we drew on our members' expertise and provided constructive proposals to SEP licencing reform.
 8. As the IPO develops a formal response to the consultation, we encourage the Lords to monitor this issue closely, as plugging this regulatory gap could generate growth for British firms.
 9. Finally, we encourage greater collaboration between regulators and the business community, especially small and medium-sized enterprises (SMEs). Regulation for regulation's sake will not deliver growth, nor will rules that benefit only a handful of large companies within the tech ecosystem. We support moves by regulators to adopt a 'pro-growth' agenda. This may involve scaling back existing regulations, filling regulatory gaps, or knowing when to stand back and allow businesses get on with growing.
10. We thank the Committee for its consideration.

Sincerely,



Stephen Tulip
Country Manager
ACT | The App Association

Appendix 1

Mobile Ecosystems Team
Competition and Markets Authority,
The Cabot,
25 Cabot Square,
London,
E14 4QZ

Monday, 22nd December 2025

Mobile Ecosystem SMS designations and roadmaps

11. We, the undersigned, write in response to the Competition and Markets Authority's (CMA) request for feedback on its Mobile Ecosystem SMS designations and roadmaps. As small technology companies and developers, we urge the CMA to ensure that any interventions preserve (1) consumer security and privacy, and (2) developers' ability to reach users through trusted distribution channels.
12. Before the rise of secure digital platforms, consumers were understandably cautious about installing or purchasing software from unfamiliar developers. Today, mobile platforms are how we reach customers, manage subscriptions, and build the trust consumers need to download and pay for our products. Unlike large, well-known companies, startups cannot rely on brand recognition to earn consumer confidence. The safeguards and built-in trust provided by online marketplaces are not incidental to our success; they are key in our ability to start, operate, and scale. Some of us develop for multiple platforms while others focus on just one, but all of us benefit from the core structure of the current mobile ecosystem.
13. We appreciate the past opportunities to share these perspectives directly with the CMA through roundtables and other engagements. We also recognise the CMA's serious attention to our security concerns in both its Apple and Google roadmaps.
14. We support the postponement of measures that would reduce consumer trust in app distribution, including mandates that facilitate sideloading or materially weaken platform security controls. In our view, the CMA should not pursue sideloading-related remedies unless and until the CMA can demonstrate that equivalent security and consumer-protection outcomes will be maintained in practice.
15. Consumer trust and security are the bedrock of the digital ecosystem, particularly as our most sensitive personal data is stored on mobile devices and apps have significant access to that data. At a time when scam prevention is [a priority for the UK government](#) and scamming and malware tactics are increasingly prevalent and sophisticated, expanding sideloading mandates will make it easier for consumers to download apps outside of trusted channels. Bad actors will exploit these pathways when they exist, sometimes in the form of links received in messages pretending to be a grandchild or colleague. [Android has already reported](#) that sideloaded apps contain up to 50 times more malware

than those distributed by trusted marketplaces like the Google Play store. We are also concerned that third-party app stores may operate with untested levels of security, increasing the risk of intellectual property (IP) theft, malware, and scams, [harming trust in small businesses](#). Ultimately, these changes could increase opportunities for data theft and financial fraud, damaging consumer perceptions of small developers and harming confidence in the broader regulatory architecture.

16. Separately, we encourage CMA to protect developers' control over where and how their apps are sold. We have seen proposals suggesting third-party app stores could gain automatic access to the existing app stores' back catalogues. This would risk developers losing control not only over distribution and commercial terms, but also over the context in which our apps appear, who sells them, and what they are sold alongside. This raises risks of impersonation, consumer confusion, increased support burdens, and reputational harm.
17. Finally, the CMA is well-positioned to assess early outcomes and implementation challenges emerging from other jurisdictions, including the European Union's (EU's) Digital Markets Act (DMA). A [recent study of 5,000 European consumers shows](#) that rather than seeing improvements, a majority would like to see a return to pre-DMA products and services and would even pay for this privilege. UK policymakers can avoid the EU's mistakes by grounding policy and enforcement in demonstrated systemic harms and by rejecting proposals pushed by a small number of large companies that use competition policy to boost their own profits at the expense of developers and consumers.
18. Several other areas of the roadmaps interest us, and we are already engaging with the CMA to assist your evidence gathering. As members of ACT | The App Association, we stand ready to provide the CMA with a small-developer perspective on these critical issues moving forward.

Yours sincerely:

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Alter Sapiens
Augmented Solutions
BadVR
Extasy
Factoree
HDK Solutions Ltd
Layers Studios
Lazy Moose Company
Nebula Labs
Nomw Health
Nuke from Orbit
Qube Catalyst
Skillora
TL Tech
Undisclosed DNA
Vaicat International

Yours Sincerely,

A handwritten signature in black ink, appearing to read "S. Tulip". The signature is fluid and cursive, with a large initial "S" and a stylized "Tulip".

Stephen Tulip
Country Manager – UK, The App Association.