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Minato-ku, Tokyo, Japan

Response to the CMA Call for Evidence

Introduction

JANE supports the CMA's consideration of future steering measures in the UK in light of recent international developments relating to Apple's and Google's app store rules.

JANE has consistently emphasized the importance of introducing steering in an effective and timely manner, as well as the need to prevent responses that would circumvent the purpose of the law through merely formal changes. JANE remains strongly concerned that gatekeepers may preserve competitive restraints in substance while appearing to offer choice on the surface, through new fee structures or design-related frictions.

JANE considers that, in highly concentrated mobile OS and app store markets, businesses are particularly vulnerable to high commission fees, usage restrictions, and limits on access to OS functionalities, while consumers' freedom of choice may also be undermined. Accordingly, JANE believes that improving the conditions under which app stores are used and ensuring fair access to OS functionalities are central issues for effective competition policy. These structural concerns are not unique to any particular jurisdiction and are equally relevant in the UK.

Q22(a)(i)

For developments relating to steering, what is the impact of app store service fees paid for steered transactions, and to what extent do these reflect a fair and reasonable charge for the services provided?

In JANE's view, fees imposed on steered transactions should, as a matter of principle, be extremely limited, and can be justified only where they correspond strictly to services that the app store operator actually provides in relation to the relevant transaction and that are objectively necessary and proportionate.

The purpose of the steering intervention contemplated by the CMA is to allow developers to direct users from within apps to external transaction channels, thereby enabling lower prices, more flexible business models, direct customer relationships, and greater scope for innovation. If high fees are nevertheless imposed on steered transactions, such a regime may formally allow steering while, in substance, undermining its pro-competitive effect.

Recent international examples substantiate this concern.

- In Japan, as part of Apple's compliance with the Mobile Software Competition Act (MSCA), Apple imposes a Store Services Fee of, in principle, 15% on purchases of digital goods and services made via external links (10% for developers eligible for the Small Business Program and certain other programs), and applies that fee to transactions completed within seven days after the user taps the external link.

- In the EU, under Apple's revised business terms introduced in response to the DMA, a multi-layered fee structure has been adopted, combining an Initial Acquisition Fee (2%), a Store Services Fee (5% under Tier 1 and 13% under Tier 2, reduced to 10% for certain developers), and a Core Technology Commission (5%) (with full transition to the CTC scheduled in 2026).
- Google also announced a new policy in March 2026 under which steered transactions (including those where users are directed from within an app to make purchases on the web) remain subject, in principle, to a service fee (20% for new installs, or 15% or 10% depending on the circumstances), while an additional 5% billing fee applies only where Google Play Billing is used, thereby maintaining a two-layer fee structure.

These models may be regarded as arrangements that formally allow steering while significantly diminishing its economic effectiveness.

In addition, on 23 April 2025, the European Commission found that Apple had breached its anti-steering obligations under Article 5(4) of the Digital Markets Act and ordered Apple to remove the relevant technical and commercial restrictions. The Commission concluded that Apple's restrictions prevented both developers and consumers from fully benefiting from more advantageous offers available outside the App Store. This decision is an important precedent confirming that gatekeepers should not be permitted to hollow out the value of external steering through fees or conditions while nominally allowing it.

JANE considers that imposing financial burdens solely because a developer uses alternative app stores or alternative payment methods should be viewed very seriously as a circumvention strategy that, while formally allowing the use of alternatives, discourages such use in substance. Charges imposed under different labels—such as so-called core technology-related fees—or fees on transactions completed after link-out likewise risk undermining the purpose of promoting competition.

Accordingly, in the UK as well, any assessment of fees imposed on steered transactions should focus not on their label or formal structure, but on whether they in practice deter the use of alternative transaction channels or make such use economically unrealistic.

JANE further considers that, even where some form of monetary charge might be permitted, requiring individual app developers to disclose or report revenue information or usage data relating to external payments or alternative distribution channels for the purpose of calculating or enforcing such charges may itself constitute an unfair competitive burden. In the UK as well, if gatekeepers are permitted to demand detailed revenue or usage data concerning off-app transactions on the basis of fee systems or compliance monitoring, such access to competitively sensitive information may create further market distortions.

Accordingly, at a minimum, the UK regime should ensure that:

- fees on steered transactions are limited to zero or to a strictly cost-based level;
- app store operators are not permitted to impose broad charges on subsequent external transactions merely because an app was discovered or installed via the App Store or Play Store;

- multiple fees under different names cannot be stacked so as to recreate, in substance, the same overall burden;
- the legality of fees is assessed not on the basis of theoretical explanations, but from the perspective of real-world effectiveness—namely, whether developers can in fact make practical use of steering; and
- excessive disclosure or reporting obligations concerning external transaction revenues or usage patterns are not imposed under the guise of administering or collecting app store fees.

In short, JANE considers that high or multi-layered fees, together with the disclosure obligations used to support them, do not constitute fair and reasonable remuneration and are highly likely to nullify the objectives of any steering intervention in practice.

Q22(a)(ii)

For developments relating to steering, what is the impact of how the steering experience is designed and any other relevant factors (for example, the requirement to offer steered transactions alongside Apple’s and Google’s own billing systems and the use of interstitial screens including user disclosures)?

In JANE’s view, the effectiveness of steering depends at least as much—and in some cases more—on the design of the user journey as on the level of fees imposed. The CMA has itself recognized in its Roadmap that, for steering to function as an effective remedy, unnecessary friction must be minimized, especially in areas such as mobile gaming.

Recent international policy designs illustrate this concern. Under Apple’s regime in Japan, external links must be displayed alongside Apple’s In-App Purchase option, and a disclosure sheet is shown when users proceed to an external payment route to indicate that the transaction will occur outside Apple’s control. Google’s new policy, announced in March 2026, likewise envisages external purchase links being displayed alongside Google Play Billing. Although such requirements may appear neutral on their face, they may in practice increase user drop-off and materially reduce the uptake of alternative purchasing routes.

By contrast, in the United States, when a court for a period required Apple to allow steering without additional fees, companies such as Spotify, Kindle, Patreon, and Proton quickly moved to improve price transparency and introduce new purchase pathways. However, following the December 2025 appellate ruling (also referenced in the CMA’s current Call for Evidence), the possibility for Apple to charge a reasonable commission was reintroduced, raising concerns that the practical effectiveness of steering may once again be weakened. This sequence of developments clearly demonstrates that steering must not merely exist in formal terms, but must be implemented in a manner free from material additional burdens or friction if it is to achieve its intended pro-competitive effect.

JANE considers that the assessment of link-out should extend beyond the destination URL or webpage itself and should also encompass the access path, the process, and the method of transition. Designs whereby the designated firm restricts the display of link-out pages to a specific browser, effectively disconnects the user from the originating app during transition, or forces the app to shut down may all amount to substantive restrictions on access to

external transactions. In the UK as well, the relevant question should not be merely whether a link exists, but whether users can reach an external transaction route in a natural and seamless manner.

JANE also considers that pop-ups and notices at the point of link-out should be limited to neutral language, and that wording which unilaterally suggests that the destination is dangerous or fraudulent, or repeated notices that create undue anxiety, should not be permitted. In addition, where a user has already approved link-out from a specific app once, it is important in principle not to require the same strong warning to be shown again. Friction should be kept to the minimum necessary.

Accordingly, the UK regime should at least ensure that:

- developers can direct users externally not only through static links but also through buttons, actionable links, web views, native flows, dynamic links, and other commercially reasonable means;
- developers are not required to display external payment or external purchase options alongside Apple's or Google's own billing options, as such a requirement is not competitively neutral and may instead operate as choice architecture favoring the platform;
- any user disclosures or notices are neutral, concise, and shown only once where possible, and that repeated warnings, overly alarmist language, visually disadvantageous presentation, or unnecessary additional taps are not permitted;
- the assessment of link-out includes not only the destination but also the access path, transition process, transition method, continuity of the app session, and any browser-related constraints; and
- developers are free to communicate price differences, promotions, bundles, refund conditions, subscription terms, and similar matters as part of ordinary competitive commercial activity.

In conclusion, design-related friction is a competitive constraint at least as important as fees, and in some cases even more important. The CMA should therefore assess not only whether steering is legally permitted, but also whether an ordinary user can complete an external transaction without undue difficulty and whether the overall user journey has been substantively degraded by the platform.

Q22(a)(iii)

For developments relating to steering, what is the effect, or otherwise, of these developments on users' privacy and security or prevalence of fraud (including any examples or evidence relating to the extent to which any privacy, security or fraud risks have materialised as a result of the introduction of steered transactions)?

JANE fully recognizes that privacy, security, and fraud prevention are legitimate policy objectives. However, it considers that these objectives must not be used as a pretext for anti-competitive design choices or broad exceptions.

When announcing its changes in Japan, Apple argued that alternative app marketplaces and external payments create malware, fraud, privacy, and security risks, and explained that it had introduced protective measures such as notarization and marketplace authorization in response. However, this does not mean that broad frictions—such as high fees, mandatory parity display, or repeated warning screens—are thereby automatically justified. Risk mitigation measures must be evidence-based and necessary and proportionate to the legitimate objective pursued.

JANE considers that justifications should be interpreted strictly, and that “consistency of the user experience” or “ensuring convenience” should not in themselves be accepted as valid grounds for restricting competition. Moreover, where security, privacy, or similar concerns are invoked to justify restrictive measures, the burden of proof should lie with the regulated firm, which should be required to explain clearly what the concrete problem is and why a less competition-restrictive alternative would not suffice. This approach is equally valid in the assessment of steering rules in the UK.

Nor can it be assumed that, absent a blanket exclusion of alternative app stores or other alternative distribution channels, serious security problems will immediately and inevitably arise. What matters is the implementation of proportionate safeguards tailored to specific and demonstrable risks. Where consumers may derive clear and understandable benefits in terms of price, security, or app availability, there may be real demand for alternative channels. Safety-related claims should therefore be treated not as a basis for blanket restrictions, but as questions of concrete and proportionate design.

JANE has consistently warned against the risk that gatekeepers may invoke seemingly legitimate concepts such as “security,” “privacy,” or “user experience consistency” in order to avoid ensuring fair competitive conditions and effective consumer choice. The same concern applies in the steering context. Put simply, safety-related claims should not be treated as a general defence for maintaining competitive restraints unless they are supported by specific and verifiable evidence.

Accordingly, the UK regime should ensure that:

- platform operators claiming privacy, security, or fraud risks are required to provide concrete and verifiable evidence;
- responses to risk are implemented through targeted measures—such as trader identification requirements, payment regulation, consumer protection law, reasonable notices, and fraud enforcement—rather than through blanket prohibitions or heavy friction;
- consistency of UI/UX or generalized convenience is not accepted in itself as a justification for restricting competition;
- genuinely necessary safeguards are distinguished from friction designed primarily to protect the platform’s own commercial interests; and
- any safety measure remains the least restrictive necessary and does not render the overall remedy ineffective.

For these reasons, JANE does not consider that the introduction of steering as such would automatically create excessive privacy, security, or fraud risks. Rather, the key issue is the design of evidence-based and proportionate safeguards. Safety matters, but it should not serve as the basis for a general restriction on competition.

Q22(b)

For developments relating to wider app store rules, to what extent can or would these changes be likely to swiftly and effectively increase competitive pressure on Apple's and Google's app distribution, benefitting UK mobile users and developers and thus potentially reducing (or not) the need for any steering intervention?

In JANE's view, broader changes to app store rules—such as alternative app stores, sideloading, and alternative in-app payment options—may be beneficial in the medium to long term, but they do not reduce the need for a steering intervention in the UK at the present time. Rather, as the CMA has itself recognized, steering is a more direct and potentially faster-acting remedy than other, more complex and uncertain measures.

That assessment remains valid. While expanding distribution outside app stores or introducing alternative payment routes may in theory increase competitive pressure, it remains uncertain whether sufficient competitive discipline would arise in practice within a short period, given network effects, user inertia, security assessments, and implementation costs.

Recent international experience also shows that broader reforms do not necessarily generate adequate competitive pressure on their own. Apple's regime in Japan formally allows alternative app marketplaces and external payments, but still subjects them to fees, mandatory parity display, authorization requirements, and other conditions. In the EU, the European Commission has found Apple in breach of its anti-steering obligations, showing that formal rule changes alone have not achieved the objectives of the law. Google's March 2026 policy likewise offers broader formal options while maintaining substantial fees and conditions. In other words, even where broader reforms are introduced, competition may still fail to function effectively depending on how those reforms are designed.

It is important to note that, where consumers are offered clear and understandable benefits in terms of price, security, or app availability, there may well be latent demand for alternative app stores and other alternative distribution channels. This does not mean that broader app store reforms are meaningless. Rather, it means that their pro-competitive effect depends heavily on how they are implemented. In particular, if alternative app stores or alternative payment options are formally permitted but subjected to separate fees, burdensome conditions, mandatory parity display, repeated warnings, or strict disclosure obligations, the reform will remain merely formal and will not generate swift and effective competitive pressure.

In this respect, the common challenge across jurisdictions is not simply whether alternatives are allowed in formal terms, but whether the conditions are such that alternatives can actually be used. JANE considers that imposing financial burdens because developers use alternative app stores or payment methods, requiring revenue or usage reporting, constraining access paths or transition methods, and relying on repeated and excessive

warnings may all amount to substantive competitive restraints or circumvention strategies. The same applies in the UK.

For that reason, the UK should not wait for broader structural reforms before acting. It should instead adopt effective steering measures independently and as a priority. In particular, enabling developers to direct users appropriately from within apps to their own websites or other lower-cost transaction channels has the potential to generate the most immediate competitive pressure on app store commissions.

Accordingly, JANE's conclusions are as follows:

- broader changes to app store rules may have complementary value in the future, but they do not reduce the present need for a steering intervention;
- in light of international experience, steering is one of the most swift and proportionate measures available to increase competitive pressure in the UK;
- the UK should not simply transplant models from other jurisdictions, but should instead design a steering regime that is effective both economically and in terms of user experience, and that is robust against circumvention; and
- in doing so, it is important from the outset to preclude forms of circumvention that could neutralize formal reform, including fees under different labels, constraints on access paths and transition methods, repeated warnings, excessive reporting requirements, and broad discretion justified by reference to safety concerns.

Conclusion

JANE believes that the CMA should move forward with a steering intervention in the UK. The most important lesson from recent international developments is that steering must not merely be permitted in formal terms; it must be designed in a way that allows it to be used in practice. High fees, multi-layered fee structures, mandatory parity display, excessive warnings, and broad discretionary exceptions can all deprive steering of its economic and practical value. The UK is in a position to draw on the experiences of the US, EU, Japan, and others to design a regime that is simpler, more effective, and more resilient against circumvention.

The core issues in app store competition do not differ materially from one jurisdiction to another. The central problem is not whether alternatives are formally allowed, but whether gatekeepers can maintain their existing position of dominance through high or differently labeled fees, friction in access-path design, excessive warnings, disclosure obligations, and broad discretion justified by reference to safety concerns. UK policy design should address precisely these circumvention risks head-on.

About Japan Association of New Economy

Japan's newest business association dedicated to creating an environment in which individuals and private companies can maximize their potential for economic and social reform centered on digital. With the basic principle of "Give more authority to private sector", JANE publishes numerous policy proposals and statements of both regulatory reform and market creation type every year.

It has a diverse membership that transcends the boundaries of size and industry, ranging from start-ups to large corporations, and from IT companies to construction and manufacturing companies. In addition, more than half of the approximately 50 board members and executives are founders of the company, which distinguishes JANE as an "economic organization where entrepreneurs gather".

In 2022, the year of its 10th anniversary, JANE is further revitalizing its activities under the new slogan "Japan Transformation" as a guideline that encompasses the origin of its activities: the promotion of "innovation, entrepreneurship, and globalization".