

Unclassified

English - Or. English

10 June 2025

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Competition in Mobile Payment Services – Note by the United Kingdom

18 June 2025

This document reproduces a written contribution from the United Kingdom submitted for Item 4 of the 146th OECD Competition Committee meeting on 18-20 June 2025.

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1. Introduction

1. The UK Competition and Markets Authority (CMA), Financial Conduct Authority (FCA) and Payment Systems Regulator (PSR) welcome the opportunity to contribute to the OECD's Roundtable on Competition in Mobile Payment Services.

2. This paper sets out the UK's framework for considering potential issues relating to mobile payments. It then provides an overview of mobile payments in the UK context, including competition issues that may arise, before highlighting recent work undertaken in this area by the CMA, FCA and PSR. It then explains how agencies co-operate in their work on this topic, which enables complex issues such as mobile payments to be informed by a breadth of regulatory expertise and cross-agency working.

1.1. Background on relevant UK agencies

3. The CMA is the UK's principal competition and consumer protection authority and helps people, businesses and the UK economy by promoting competitive markets and tackling unfair behaviour.

4. Particularly relevant to mobile payment services, the CMA has recently taken on a new role in relation to digital markets, expanding the CMA's remit to a new pro-competition tool under the Digital Markets Competition and Consumers Act (DMCCA) 2024.¹

5. The FCA aims to ensure financial markets work well for individuals, for businesses, and for the medium-to-long-term growth and competitiveness of the UK economy. Its regulatory remit gives it a particular interest in issues such as how digital wallets may impact competition in the supply of financial services and the operational resilience and systemic safety of the UK financial services sector. The FCA assesses that some digital-wallet-related services and activities fall within its regulatory perimeter – for instance, e-money issuance by a staged wallet² in exchange for customer funds. Other aspects of digital wallets, such as card tokenisation³, fall outside it.

6. The PSR aims to ensure that the UK's payment systems work well for everyone who uses them. It has statutory objectives to promote the interests of service users, and to promote effective competition and innovation in payment systems.⁴ The PSR considers that its powers could potentially extend to digital wallets to the extent they provide

¹ [Digital Markets, Competition and Consumers Act 2024](#)

² Staged wallets require pre-loading with funds before use, in contrast to pass-through wallets which do not hold funds themselves but 'pass through' a secure representation of an underlying payment card.

³ Tokenisation replaces a card's primary account number (PAN) with a device primary account number (DPAN) or 'token'. This is intended to reduce the risk of the consumer's payment details being stolen electronically.

⁴ See <https://www.psr.org.uk/about-us/the-psr-purpose/> for more details

infrastructure used for the purposes of operating a payment system or provide services to non-participants that enable the transfer of funds using a payment system.⁵

7. The Government has announced its intention to consolidate the PSR and its regulatory functions mainly within the FCA. In the meantime, the PSR continues to work closely with regulators and other authorities, particularly the FCA, on common areas of interest.

2. Competition in Mobile Payments

2.1. Context

8. Almost all (94%) of 16+ year olds in the UK – around 56 million consumers – currently have access to a smartphone, and the average UK user spends around 3 hours a day using a mobile device.⁶ Nearly 15,000 businesses are involved in the development of apps used on mobile devices in the UK.⁷

9. In 2023, nearly 40% of payments in the UK market were made using contactless methods, and a third of adults make contactless payments with mobile wallets.⁸ Growth in contactless payments is driven by younger adults, with 91% of those aged 25-34 regularly making contactless payments, but extends across age groups. 42% of adults reported being registered for at least one mobile payment service in 2023, up from 30% in 2022. While younger cohorts again lead the way in using mobile payments, UK Finance believes that over the next decade, older age groups will catch up with younger cohorts in adopting mobile payments, while increased acceptance of cards by small businesses has facilitated more widespread usage. These factors suggest that growth in uptake of mobile payments will continue.⁹

10. Generally and as noted by the OECD in their call for participation, mobile payments can take several forms including the purchase of physical goods or services in person at a merchant's physical point-of-sale payment terminal, online purchases via the web or mobile apps, and making and receiving peer-to-peer money transfers.

11. In-person mobile payments can be underpinned by several technologies, including NFC (Near Field Communication) chips and QR codes. The UK has a well-developed infrastructure of contactless NFC Point of Sale terminals, with widespread deployment of contactless payment cards since the early 2010s, and all bank-issued payment terminals since January 2020 being capable of accepting contactless payments.¹⁰ Contactless transfer of payment credentials via NFC is therefore essential to the take-up of in-person mobile payments in the UK.

12. Mobile payments, whether in-person or remote, are typically provided via pass-through or staged digital wallets. These securely store credentials and enable users to provide them to merchants and other third parties. While payment cards are at present the

⁵ See FS25-1 (2024) paragraph 3.57 for more details.

⁶ [CMA to investigate Apple and Google's mobile ecosystems - GOV.UK](#)

⁷ [CMA to investigate Apple and Google's mobile ecosystems - GOV.UK](#)

⁸ UK Finance: [UK Payment Markets Market Summary, July 2024](#)

⁹ [Summary UK Payment Markets 2024.pdf](#)

¹⁰ UK Finance: [UK Payment Markets Market Summary, July 2024](#)

most prominent use case, other forms of credential that can be stored in and used via digital wallets include IDs, tickets, and building or vehicle access passes.

13. Use of digital wallets is growing rapidly in the UK. The proportion of card transactions using a digital wallet increased from 8% in 2019 to 29% in 2023, with a higher proportion at in-store terminals.^{11,12} The proportion of consumers relying on pass-through digital wallets for most of their card transactions is also growing, with approximately 20% of card users using a digital wallet for over 50% of their card transactions in 2023.¹³

14. By facilitating more efficient and secure means of making payments that benefit consumers and businesses, digital wallets also support economic growth through increased productivity and innovation in financial services.¹⁴

15. The increased uptake of mobile payments is thus closely linked to increased use of digital wallets in both UK and global contexts, and competition issues in mobile payments are linked to competition issues around mobile wallets.

2.2. Competition issues

16. Given the importance of mobile payments, including wallet services, to people, businesses, and the UK economy, it is critical that competition works well. Effective competition could also ensure opportunities for businesses seeking to innovate in this space and enable new use cases. For digital wallets, this could include in-app contactless transactions in in-store payments, car keys, closed-loop transit, corporate badges, student IDs, and home keys.¹⁵

17. Several factors may potentially prevent a competitive marketplace for digital wallets and thus digital payments on mobile devices. Access to NFC hardware and software to permit contactless in-person payments on mobile devices is a critical factor in enabling competition amongst payments methods in the UK, given the uptake of mobile contactless payments that use this technology in the UK market.

18. Access to NFC technology is mediated through the providers of mobile operating systems. The role of mobile operating system providers in mediating this access, and any terms and conditions associated with such access, affects how third parties can compete with mobile providers' own mobile wallet and mobile payment products.

19. Similarly, choices made by mobile operating system providers around how their own mobile wallet and mobile payment services are promoted to users, and how this may differ from how third-party wallet and mobile payment services are offered, will likely affect the relative uptake of these services. Such factors may include the provision of default wallets or payment apps, their placement on the device, and any choice architecture associated with their usage.

¹¹ [FCA and PSR report on digital wallets | FCA](#)

¹² An estimated 14% of point-of-sale terminal transactions and 38% of e-commerce transactions, by value, involved a digital wallet in 2023

¹³ [FCA and PSR response to the CMA's invitation to comment](#)

¹⁴ [FS25/1: Big tech and digital wallets](#)

¹⁵ [FS25/1: Big tech and digital wallets](#)

20. The two major mobile operating system providers, Apple and Google, have adopted different approaches to granting third party developers access to NFC technology, which may have different implications for competition and regulatory responses.

21. On Google's Android operating system, access to the NFC chip – including to Card Emulation functionality which underpins contactless payments – is open to third parties without restrictions. Android supports a technical approach to contactless payments via Host Card Emulation (HCE).

22. On Apple's iOS operating system, access to the NFC chip for payments uses a Secure Element (SE) based technical approach and was until 2024 limited to Apple's own Apple Wallet and Apple Pay products. Following an antitrust investigation, Apple has made commitments to the European Commission that enable access to NFC via HCE for third-party developers within the European Economic Area (EEA) starting in iOS 18.1.¹⁶ In parallel, Apple has also unilaterally offered third-party developers in certain other jurisdictions, including the UK, access to its 'NFC & SE Platform' subject to contractual agreements.¹⁷

23. Promoting effective competition in mobile payments and wallets cuts across the responsibility and areas of expertise of several UK regulators and should be approached holistically.

3. Work to date

24. The CMA, FCA and PSR have used a range of formal and informal powers to investigate or better understand the potential competition issues in mobile payments.

3.1. CMA

25. In January 2025, the CMA launched Strategic Market Status (SMS) investigations into Apple and Google's mobile ecosystems, comprising the operating system, distribution of apps and the browser on mobile devices, under the pro-competition tool (as noted at paragraph 4).^{18, 19}

26. These investigations consider the extent to which Apple and Google have SMS, which includes the extent to which these firms have substantial entrenched market power, in relation to their mobile ecosystem. Interventions can then be implemented in relation to SMS firms.

27. Alongside launch of these investigations, the CMA invited comments on the potential harms arising in relation to Apple and Google's activities in mobile ecosystems and potential interventions. One such area of concern is the extent to which these firms could use their control of mobile operating systems to extend their market power into other activities. Potential interventions set out in the ITC, if warranted, could include:

- Requirements for Apple and Google not to restrict interoperability as required by third-party products and services (such as rival browsers, digital wallets and

¹⁶ [Commission accepts commitments by Apple opening access to 'tap and go' technology on iPhones](#)

¹⁷ [NFC & SE Platform for Secure Contactless Transactions - Support - Apple Developer](#)

¹⁸ [CMA to investigate Apple and Google's mobile ecosystems - GOV.UK](#)

¹⁹ [CMA to investigate Google's search services - GOV.UK](#)

connected devices) to function effectively and compete with Apple's and Google's own products and services.

- A requirement for Apple to make changes to rules or policies where necessary if its current rules or policies prohibit certain third-party services from operating on iOS devices (such as rival wallets).
- Requirements for Apple and Google to make changes to choice architecture in factory settings or subsequent device settings; in order to enable users of mobile devices to make active and informed choices about the product or services they use and/or set as a 'default' service.

28. The CMA has received the FCA/PSR response to its ITC and has engaged on a regular basis with both regulators to understand the issues in more depth. The PSR and FCA particularly noted the significance of considering digital wallets in the light of the competition concerns and opportunities heard from stakeholders during their call for input on big tech and digital wallets. The response drew particular attention to stakeholders highlighting the need for potential CMA interventions to focus on ensuring open access to the mobile device NFC on reasonable terms.

29. The SMS investigations are currently ongoing, and a proposed decision along with a roadmap for any potential interventions (should either firm be found to have SMS) will be published in July 2025.

3.2. FCA and PSR

30. The PSR and FCA have both separately undertaken work relating to digital wallets:

- The PSR undertook a call for information exercise and published a report on contactless mobile payments in 2018.²⁰ It considered various issues, such as tokenisation standards and access to key hardware and software elements. It concluded that the development of contactless mobile payments had the potential to bring significant benefits for participants in payment systems and the people and organisations that use them. At that time, contactless mobile payments were a relatively new development but were also a fast-developing feature of the payments sector. For those reasons, the PSR stated that it would continue to monitor developments in the rapidly changing sector.
- The FCA examined digital wallets as part of a discussion paper and feedback statement on big tech entry and expansion in retail financial services in 2023.²¹ Many respondents argued there was data asymmetry of data and data sharing mechanisms between big tech firms and other firms operating in financial services. In response, the FCA published a call for input and feedback statement on this issue.²² This observed that, if big tech firms achieve widescale adoption of digital wallet and payment authentication and verification services, they could become a gatekeeper to cardholders. As digital wallets evolve, the gatekeeper risk could extend to a range of downstream financial retail financial markets. Big tech access

²⁰ [Contactless mobile payments: A PSR Report \(2018\)](#).

²¹ [FS23/4: Potential competition impacts of Big Tech entry and expansion in retail financial services \(2023\)](#).

²² [FS24/1: Potential competition impacts from the data asymmetry between Big Tech firms and firms in financial services \(2024\)](#).

to consumer data through digital wallets could further reinforce the criticality of their cloud, data and AI services upstream.

31. Building upon this previous work, in July 2024, the FCA and PSR jointly collaborated in publishing a Call for Information on big tech and digital wallets to understand the opportunities and risks that digital wallets' increasing popularity creates.²³ This included extensive engagement with businesses and representative groups. A feedback statement was published in February 2025.²⁴ This highlighted that digital wallets represent a significant opportunity for innovation and growth, and for non-card forms of payment as they become available, particularly for retail transactions. However, while the majority of stakeholders viewed digital wallets as posing significant benefits to consumers, many raised concerns, including:

- **Competition between digital wallets may not be working well.** Almost all stakeholders raised concerns with Apple's restrictions on their NFC technology and some were concerned by Apple's and Google's ability to steer consumers to use their own digital wallets
- **There may be barriers to enabling effective competition between payment systems within digital wallets.** Stakeholders suggested that the card schemes' position in UK retail payments could be entrenched unless consumers are able to access alternative forms of payment through digital wallets as they come to market.
- **There are operational resilience and consumer rights and protection issues.** If consumers retain fallback options like physical cards or cash, systemic risk is minimal. However, this risk may increase as individuals potentially become more dependent on digital wallets.
- **The majority of stakeholders view the current regulatory framework as not fully effective and needing improvements.**

32. The feedback statement recognised that, in many instances, concerns needed to be further analysed and considered. The proposed next steps were informed by engagement with stakeholders and other regulators. These included further engagement with HM Treasury and digital wallet providers, and working closely with the CMA as it investigates digital wallets as part of its Apple and Google mobile ecosystems SMS investigations.

4. Cooperation between regulators

4.1. Cooperation mechanisms within the DMCCA

33. Where the CMA proposes to use its digital markets tool, it has a statutory duty to consult the regulators specified in the Act, including the FCA, where it considers that their remits and responsibilities might be impacted by the exercise of its functions.²⁵ The FCA also has the ability to make recommendations to the CMA.

²³ [CP24/9 Big tech and digital wallets call for information \(2024\)](#).

²⁴ [FS25/1: Big tech and digital wallets feedback statement \(2025\)](#).

²⁵ The CMA will also be open to input from the wider domestic and international regulatory community outside those regulators with which it is required by the Act to consult - [Digital Markets Competition Regime Guidance](#)

4.2. Digital Regulation Cooperation Forum (DRCF)

34. The UK established the Digital Regulation Cooperation Forum in 2021. The DRCF brings together four UK regulators with responsibilities for digital regulation – the CMA, the FCA, the Information Commissioner’s Office and Ofcom. The DRCF will continue to coordinate cooperation between the regulators to support the regulators in their goal to unlock economic growth throughout the UK digital economy while protecting and empowering people in their use of digital services.

35. The DRCF’s recently published 2025/26 Workplan sets out how the DRCF will support innovative businesses and organisations, promote competition, and improve safety for users of digital services, such as digital wallets and mobile payments.²⁶

4.3. The UK’s concurrency regime

36. The UK has a concurrent competition regime. This refers to the fact that like the CMA, the sector regulators (e.g. in the communications, energy, water, aviation, rail, financial services and payment systems sectors) have powers to enforce the prohibitions against anti-competitive agreements and abuses of a dominant position in the sectors for which they are responsible, and can also carry out market studies and refer markets to the CMA for a detailed market investigation.

37. The concurrency arrangements include mechanisms that seek to support the sharing of powers between the CMA and the sector regulators, ensure that the use of the powers is co-ordinated, and that the CMA and regulators benefit from each other’s knowledge and expertise. These include legal requirements on the CMA and sector regulators to consult each other on the exercise of their concurrent powers. These legal requirements are more detailed in relation to Competition Act enforcement than they are in relation to market studies and market investigation references.

38. In addition to legal requirements, the CMA and regulators have adopted a variety of institutional measures, including bilateral memoranda of understanding between the CMA and each regulator, setting expectations on how we will work together. The CMA and sector regulators have also established a multilateral network – called the UK Competition Network (UKCN) – for the CMA and sector regulators to discuss issues related to the exercise of their concurrent powers.²⁷

39. The benefits of a concurrent approach to competition enforcement are that the regulators bring their deep knowledge of the relevant sector; while the CMA, as the competition authority, brings its in-depth competition experience and economy-wide perspective as well as ensuring there is a consistency of approach across both regulated and unregulated sectors.

5. Conclusion

40. Mobile payments form a significant and growing part of the UK payments landscape, and the mobile wallets through which they are accessed have a range of potential use cases beyond traditional card payments that are likely to increase importance over time.

²⁶ [DRCF Workplan 2025/26 | DRCF](#)

²⁷ [10 year review of the competition concurrency arrangements - GOV.UK](#)

41. Given the importance of digital payments and wallet services to consumers, businesses and the UK economy, ensuring effective competition will remain very important for UK regulators. The role played by mobile ecosystem providers in mediating access to NFC hardware and software may impact competition in this space.

42. The cross-cutting nature of issues raised by mobile payments and digital wallets, which span regulatory perimeters, and the rapid developments in this sector, require a joined-up approach from regulators and competition authorities. This is enabled in the UK context through a range of cooperation mechanisms, permitting both breadth and depth of regulatory and domain expertise.