

« FinTech » sector-specific inquiry: The Autorité de la concurrence issues its opinion

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Faced with significant changes in the payments sector, characterised in particular by the arrival of large digital platforms, the Autorité notes several watch points.

On 13 January 2020, the Autorité started proceedings ex officio to assess the competitive situation in the sector of new technologies applied to financial activities and, more specifically, to payment activities. After conducting hearings, sending targeted questionnaires, launching a public consultation and making use of numerous studies and publications, the Autorité is now issuing its opinion.

At the end of an in-depth investigation, the Autorité considers that technological innovation and changes in regulations have enabled the arrival in the payments sector of new players, FinTechs and BigTechs, which have developed, alongside traditional banking players, innovative payment methods for consumers, and new diversified services (account management, VAT payment assistance for SMEs, etc.).

The Autorité notes the important role played by FinTechs in developing new innovative services by seizing all the opportunities created by regulations. It also notes that traditional banking players use different strategies to stay in touch with the most innovative segments of the market: takeovers through acquisitions, equity investments, internal development.

One of the main phenomena highlighted by the Autorité in its investigation is the arrival of large BigTechs platforms in the payments sector, with the development of services using the name of the company (Apple Pay, Google

Pay, Amazon Pay in particular). This development seems particularly significant, because platform-type actors have considerable advantages to assert: they control ecosystems based on large communities of users, have access to large data sets and have the technical capacity to put them to good use. In addition, by relying, for the realisation of the payment, on the traditional banking actors and the groups of bank cards, the large platforms have the capacity to draw significant profits, without being subjected to the regulatory constraints which weigh on banking players.

The developments described in the investigation have the capacity to upset the competitive balances that have until now been in place. The Autorité highlights in particular the existence of competitive risks linked to the strengthening of the market power of large digital platforms or the locking of consumers into an ecosystem as well as the risk of marginalisation, over time, of traditional banking players.

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