

Cofece-031-2022

## **Cofece investigates possible relative monopolistic practices in the market of development, distribution and processing of payments of mobile applications and digital content, as well as related services**

- *This investigation is relevant because of the millions of Mexicans who download from app stores, which amounted to more than 4.8 thousand million in 2021, representing around 29 thousand million Mexican pesos in revenue for applications developers that same year.*
- *Applications allow a wide variety of functionalities and content to be added to electronic devices, among the most common are those related to video games, entertainment, photography, video and social networks.*
- *Were a relative monopolistic practice to be proven, the responsible economic agent(s) could be sanctioned.*

**Mexico City, September 30, 2022.-** The Investigative Authority (AI, per its initials in Spanish) of the Federal Economic Competition Commission (Cofece or Commission) published today, on its website, the extract of the initiation agreement of an *ex officio* investigation, file number IO-005-2022, for the possible realization of relative monopolistic practices in the market for the development, distribution and payment processing of mobile applications and digital content, as well as related services.

The Federal Economic Competition Law (LFCE, per its initials in Spanish, or Law) establishes that relative monopolistic practices are acts, contracts, agreements, procedures or combinations carried out by one or several economic agents with substantial power and that have, or may have, the object or effect of unduly displacing other market agents, substantially impeding their access or establishing exclusive advantages in favor of one or more economic agents. Examples of these practices are tied purchases or sales, exclusivities, discriminatory prices or treatment, raising costs for other economic agents, refusal to deal, among others.



This inquiry is carried out based on Articles 12, section I, 28, section II, 52, 66 and 71 of the LFCE, as well as 16 and 17, section II, of the Organic Statute of the Federal Economic Competition Commission, to analyze if any of the conducts foreseen in article 56 of the LFCE and/or 10 of the LFCE of 1992 are met, since there is an objective cause that could indicate the realization of possible relative monopolistic practices foreseen in the above mentioned regulations. To carry out this investigation, the AI has a term of up to 120 business days, counted from the date of initiation of the investigation, which may be extended for the same period up to four times

This investigation, which began on September 30, 2022, should not be understood as a prejudgment on the responsibility of any economic agent. The foregoing, since so far, no violations of antitrust regulations have been identified

Mobile applications allow a wide variety of functionalities and content to be added to electronic devices, including smart watches, tablets and cell phones. Among the most common applications are those related to video games, entertainment, photography and social networks. These applications are produced by developers and distributed to users of these devices, mainly through App Stores. Developers can generate revenue from their applications through different business models, including advertising, in-app purchases and in downloads with a cost.

The investigation analyzes the developers' business models and the mechanisms through which payments are processed in the App Stores. This research is relevant considering the millions of Mexicans who download from these stores, which amounted to more than 4.8 thousand million in 2021, representing around 29 thousand million Mexican pesos in revenues for applications developers that same year

If by the end of the investigation no elements that presume the realization of said anticompetitive practice are found, the Board of the Commission may resolve its closure. In the case that elements that presume an infringement of the Law are found, those who are responsible will be called to a trial-like procedure to present their defense. If a relative monopolistic practice is proven, the responsible economic agents could be sanctioned with fines of up to 8% of their income and the order to suppress the conduct.

[Extract of the initiation agreement](#)



[What is a relative monopolistic practice? \(in Spanish\)](#)

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**MORE COMPETITION FOR A STRONGER MEXICO**

*The Federal Economic Competition Commission safeguards competition and free market access.*

*Through its work, it seeks better conditions for consumers, that more services are supplied with higher quality and that there is a “level-playing-field” for companies*

