Google’s New User Choice Billing (UCB) System

Why in news?

Google’s new user choice billing (UCB) system will allow users to opt for an alternative billing option next to Google Play’s billing system.

What is the new billing system?

- In user choice billing (UCB) system the app developers can use third party billing system but the app developer’s needs to pay a service fee of 11-26%.
- Google introduced the user choice billing due to the order of competition commission of India, which asked Google to allow developers to use a third-party billing system.

What are the issues with the Indian startups?

- **Loss of revenue** - The service charge takes away a big portion of part of their revenue and that will impact their profitability.
- **Lack of choice** - Start-ups don’t have much choice as the mobile market is a duopoly of Apple and Google.
- **Google’s dominance** - Google is leveraging its dominance in the app marketplace to impose entry barriers for other digital payments service providers.
- **Delay in adjudication** - Due to poor bench in competition commission of India, which needs quorum to hear a case, the adjucation is getting delayed.
- **Doctrine of necessity** - The user choice billing (UCB) is noncompliance with the essential regulatory functions.
- **Payment processors charges** - The app developers will also have to pay payment processors charge which range from 1-4%.

What are the possible solution?

- Google should have a service fee slab in user choice billing (UCB).
- Creating a level playing fields for app developers.
- Removal of anti-competitive practices in payments system.

Quick facts

Competition Commission of India(CCI)

• CCI was established by the Central Government in October 2003.
• CCI consists of a Chairperson and 6 Members appointed by the Central Government.
• The functions of the CCI
  - To eliminate practices having adverse effect on competition,
  - Promote and sustain competition,
  - Protect the interests of consumers and
  - Ensure freedom of trade in the markets of India.
• Quorum (3 members) must be maintained in adjudication conducted by CCI.

References

1. The Hindu Business Line | Impacts On Startups
2. The Hindu Business Line | Issues Of User Billing System
3. CCI | About CCI

