

China begins anti-monopoly probe into tech giant Alibaba

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China has launched an anti-monopoly investigation into e-commerce giant Alibaba

China has launched an anti-monopoly investigation into Alibaba, regulators said Thursday, sending the share price of the e-commerce giant tumbling and intensifying the troubles of its billionaire founder

Jack Ma.

Regulators will also hold "supervisory and guidance" talks with Alibaba's gigantic financial services subsidiary Ant Group, [state media](#) reported, just weeks after its record-breaking IPO was halted at the last minute by Beijing.

The continued squeeze on one of China's most influential companies is the latest sign that the Communist leadership is ready to deflate the ambitions of big tech firms in a runaway internet sector, which has made Ma one of China's richest people with an estimated \$58 billion fortune.

Investigators are probing Alibaba for "suspected monopolistic practices", the State Administration for Market Regulation said in a statement.

The probe threatens to impede the growth of Alibaba, a tech juggernaut which revolutionised the e-commerce landscape of China.

Alibaba shares tumbled 8.6 percent to a five-month low in Hong Kong on the news.

In a statement, the [company](#) said it "will actively cooperate with the regulators on the investigation".

Financial services subsidiary Ant Group said it too would cooperate and "diligently study and strictly comply with regulatory departments' requests".

Jack Ma



Age: 56

- Co-founder and largest shareholder in **Ant Group**
- Co-founder of e-commerce company **Alibaba** in 1999

Ant Group

- ▶ Founded in 2014
- ▶ World-largest digital payments platform
- ▶ Parent company of Alipay, founded by Ma in 2004

Business areas include:

- Food deliveries
- Instant loans
- Micro-investment
- Wealth management
- Insurance

Alipay claims over one billion users

Used by 80 million merchants

Profile of Jack Ma, co-founder of Chinese e-commerce giants Alibaba and Ant Group.

Ant Group made its name via its main product Alipay, the online payments platform and super-app that is now deeply embedded in China's economy.

But the company has also expanded into offering loans, credit, investments and insurance to hundreds of millions of consumers and small businesses, spurring fear and jealousy in a wider banking system geared more for supporting state policy and large corporations.

Its reach into the daily spend of Chinese has also caused anxiety over the potential for personal debt to turn sour and toxify the wider economy.

As global demand for the dual Hong Kong-Shanghai listing pushed the IPO toward record valuations—potentially handing Ma and Ant Group even more funding, legitimacy and clout—Chinese regulators acted.

The outspoken and charismatic Ma—a former teacher—had previously lashed out at China's outdated financial system, calling state-owned banks "pawn shops" in an October speech that led to him being summoned for regulatory talks shortly before Ant's IPO was suspended.

He has edged away from the public limelight since the IPO collapsed.

No one bigger than the Party

Noises from the top of the Chinese Communist Party are ominous for

companies perceived to have outsized ambitions.



Ant Group's massive IPO was halted at the last minute by Chinese authorities

Party leaders at last week's Central Economic Work Conference vowed to strengthen anti-trust measures and "firmly oppose monopolies" while the Party's executive Politburo body has also vowed to crack down on "disorderly capital expansion".

"There is an underlying political message, that no company, and no individual, can grow so big in China to the point where they can potentially challenge the authority of the CCP," Richard McGregor, senior fellow for East Asia at the Lowy Institute in Sydney, told AFP.

This year, Beijing has also implemented new regulations to contain potential risks in China's growing online lending industry, as the fintech arms of internet firms including Alibaba and Tencent have expanded and consolidated power over the market.

"Undoubtedly, Ant will now become a very different company in structure and in balance sheet," said Ryan Manuel, Chief Asia Strategist at Silverhorn Investment.

"Its regulatory environment will appear more like that of a financial services provider and less of a tech company. Its growth will slow. Its market valuation will decrease."

China's market regulator in November issued draft antitrust guidelines for internet platform economies that highlighted examples of anti-competitive behaviour.

State media have repeatedly called for tighter oversight of these firms, warning of potential financial instability as a result of their unregulated rapid growth.

Bad debt in China's chaotic financial system is a perennial risk, and regulators launched a crackdown on a growing nationwide credit addiction three years ago owing to fears of a financial meltdown.

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