

# Judge grills Apple exec about whether company is defying order to enable more iPhone payment options

May 9 2024, by Michael Liedtke

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People try out iPhone products at an Apple Store in Beijing, Sept. 28, 2021. A federal judge on Wednesday questioned whether Apple has set up a gauntlet of exasperating hurdles to discourage the use of alternative payment options in iPhone apps, despite a court order seeking to create more ways for consumers to pay for digital services. Credit: AP Photo/Andy Wong, file

A federal judge on Wednesday questioned whether Apple has set up a gauntlet of exasperating hurdles to discourage the use of alternative payment options in iPhone apps, despite a court order seeking to create more ways for consumers to pay for digital services.

The verbal sparring between Judge Yvonne Gonzalez Rogers and the head of Apple's [app store](#) kicked off a hearing focused on whether Apple is still steering U.S. consumers to its once-exclusive app payment system in defiance of an injunction aimed at promoting more choices that could help lower prices.

Gonzalez Rogers' order requires Apple to allow app developers to display links to other options besides the company's own payment system in the U.S. Apple makes billions of dollars annually from that setup, which imposes commission ranging from 15% to 30% on digital transactions completed within the most popular iPhone apps.

Apple's app store and its commission system also is being targeted in another antitrust case recently filed by the U.S. Justice Department in a case alleging the iPhone walls off competition in a variety of ways that stifle competition and innovation.

Gonzalez Rogers often sounded frustrated and skeptical as she periodically chimed in during four hours of testimony from Matthew Fischer, the Apple executive in charge of the iPhone app store.

The tone of the judge's questions indicated she is concerned Apple's efforts to comply with her order have been primarily designed to protect the company's profits instead of making it easier for iPhone users to switch to other in-app payment options, as she intended.

Gonzalez Rogers was particularly pointed as she grilled Fischer about whether Apple had deliberately made it more cumbersome and

confusing for consumers to make digital purchases through alternative services.

"Other than to stifle competition, I can see no other answer," the judge said as she tried to dissect the rationale for Apple's design of alternative payment option system for iPhone apps.

Fischer maintained Apple is complying with the judge's order while still trying to shield iPhone users from bad actors on the internet and enabling the Cupertino, California, company to reap a return on its investments in the app store and other mobile software.

Toward that end, Apple has introduced a new commission structure ranging from 12% to 27% on digital transactions initiated from within an app and completed on an alternative payment option. After Gonzalez Rogers said it sounded like Apple was still collecting a "windfall," Fischer said the company expected its effective commission rate on digital transactions processed by alternative payment options to be about 18%.

"We are running a business," Fischer said.

Apple spent more than two years trying to overturn the order that Gonzalez Rogers issued as part of a broader antitrust battle that the company won. The injunction requiring Apple to allow links to alternative app payments took effect in January after U.S. Supreme Court refused to review the case.

But Fischer disclosed Wednesday that Apple so far has only received and approved applications to display links to alternative payment systems from 38 apps so far—a fraction of the roughly 2 million iPhone apps available in the U.S. Fischer couldn't specify how many of those apps engage in digital transactions when asked by Gonzalez Rogers, who

ordered Apple to provide the number as the proceedings progress this month.

Video game Epic Games cites the muted interest in applying for in-app links to alternative payment options as evidence that Apple was still rigging the system in its favor.

Epic, maker of the popular Fortnite video game, is trying to force Apple to make more sweeping changes to accommodate alternative payment options after it unsuccessfully tried to persuade Gonzalez Rogers that the iPhone app store had turned into a price-gouging monopoly during a 2021 trial.

The effort is being supported by Facebook and Instagram owner Meta Platforms, Elon Musk's X short-messaging service, music streaming service Spotify and long-time Apple rival Microsoft.

Apple's current alternative [payment](#) formula "is guaranteed to continue extracting excessive commissions from developers" while also blocking them from steering consumers to other places where they could buy the same [digital services](#) for lower prices, Epic asserted in documents leading up to Wednesday's hearing.

In its own pre-hearing briefs, Apple accused Epic of trying to get Gonzalez Rogers to micromanage its business in ways designed to boost the video game maker's profits.

"Epic has repeatedly made clear that what it wants is access to and use of Apple's tools and technologies without having to pay for them," Apple argued.

The court hearings are scheduled to resume Friday when another top Apple executive, Phil Schiller, is expected to testify. Gonzalez Rogers

hopes to wrap up the hearings by May 17, but told lawyers Wednesday it might take longer than that.

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Citation: Judge grills Apple exec about whether company is defying order to enable more iPhone payment options (2024, May 9) retrieved 13 July 2024 from

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