

## ABUSE OF DOMINANT POSITION BY GOOGLE IN THE APPLICATION PAYMENT SYSTEM IN INDONESIA

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### ABSTRACT

*The development of the digital economy in Indonesia has reinforced Google's dominance through the Google Play Store as the primary platform for application distribution among Android users. Google's policy mandating the use of the Google Play Billing System (GPBS), with service fees of up to 30%, has raised significant legal and economic concerns. This study analyzes Google's dominance within Indonesia's application ecosystem under Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. Employing a normative juridical method, this research adopts statutory, conceptual, and case-based approaches to evaluate whether Google's policy constitutes an abuse of dominant position. The findings reveal that with a market share exceeding 90%, Google satisfies the criteria for a dominant position as stipulated in Article 25 of Law No. 5 of 1999. The restriction of alternative payment systems and imposition of high service fees potentially hinder competition and harm local application developers. The decision by the Indonesian Competition Commission (KPPU) to sanction Google reflects an effort to enforce the law and foster a fairer digital ecosystem in Indonesia.*

**Keywords:** Business Competition; Competition Law; Digital Economy, Dominant Position,

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### INTRODUCTION

The development of the digital economy in Indonesia has experienced significant growth in recent years, particularly in the application industry and the broader digital ecosystem. This expansion has been driven by increased internet penetration, widespread smartphone adoption, and continuous technological innovation. It aligns with the rising number of internet and smartphone users in the country.<sup>1</sup> Furthermore, government initiatives aimed at promoting digital transformation, along with investments from global technology companies, have accelerated the development of Indonesia's digital ecosystem. These factors have led to a surge in mobile application usage across various sectors, including e-commerce, education, healthcare, and entertainment. Application distribution platforms play a crucial role in this ecosystem, with Google Play Store emerging as one of the dominant players.<sup>2</sup>

Google Play Store plays a pivotal role as the primary application distribution platform for Android users in Indonesia. With a significant market share, it serves as the main channel

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<sup>1</sup>Antara News. (2024, January 31). *Indonesia's Internet Penetration Hits 79.5 Percent, Trend Continues*. <https://en.antaranews.com/news/304593/indonesias-internet-penetration-hits-795-percent-trend-continues>

<sup>2</sup>European Commission. (2018). *Antitrust: Commission fines Google €4.34 billion for illegal practices regarding Android mobile devices to strengthen dominance of Google's search engine*. European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_18\\_4581](https://ec.europa.eu/commission/presscorner/detail/en/ip_18_4581)

through which application developers reach users. Google Play Store enforces a policy requiring developers to use the Google Play Billing System for in-app purchase transactions. The service fees imposed by Google vary, with the following details:<sup>3</sup>

**Table 1.** Google Play Store Service Fees for Developers Based on Revenue and Program Participation..

| Revenue Category                                                                      | Service Fee  |
|---------------------------------------------------------------------------------------|--------------|
| First \$1 million in revenue (if enrolled in the 15% service fee tier)                | 15%          |
| Revenue exceeding \$1 million or not enrolled in the program                          | 30%          |
| Subscription products continuously paid by users                                      | 15%          |
| Eligible developers in specific programs (e.g., Google Play Media Experience Program) | 15% or lower |

In addition, Google has allowed the use of alternative billing systems in certain regions, such as the European Economic Area (EEA), as part of its efforts to comply with local regulations. However, developers who choose to implement an alternative billing system are still subject to service fees, albeit with a 4% reduction from the standard rates.<sup>4</sup>

The service fee policy and the mandatory use of the Google Play Billing System have brought about various impacts on local app developers in Indonesia. High service fees reduce developers' profit margins, particularly for those who are just starting or have a small user base. Additionally, restrictions on alternative payment methods limit developers' flexibility in offering payment options that align with local user preferences. In the operation of a business, issues such as monopolistic practices may inevitably arise—namely, the concentration of economic power by a single business actor that dominantly controls the production and/or marketing of certain goods or services.<sup>5</sup>

Scottish economist Adam Smith asserted that the primary interest in the world of business is the pursuit of maximum profit, and that through a competitive market mechanism, society would ultimately benefit the most from such business activities.<sup>6</sup> However, in practice, when dominant business actors like Google are granted excessive freedom, this profit-driven interest can lead to imbalanced and potentially harmful practices.

This situation has the potential to create unhealthy business competition and harm public interest, as reflected in Google's dominance that limits payment options and stifles the innovation capacity of local developers within the digital ecosystem. The additional costs and limitations of the payment system may ultimately hinder the development of new features and the growth of the local application industry. This indicates a form of dominance that raises concerns about business practices that are seen as restrictive to competition. In January 2025, the Indonesian Business Competition Supervisory Commission (KPPU) imposed a fine of IDR 202.5 billion on Google LLC for monopolistic practices related to the payment system in the Google Play Store. KPPU found that Google had abused its dominant position by requiring app developers in Indonesia to use the Google Play Billing System with service fees ranging

<sup>3</sup>Reuters. (2025, January 21). *Indonesia fines Google \$12.4 million for unfair business practices*. Reuters. <https://www.reuters.com/technology/indonesia-fines-google-12-million-unfair-business-practices-2025-01-21/>

<sup>4</sup>Rachmatunnisa. (2022, September 5). *Google Perluas Pembayaran Alternatif di Banyak Negara, Indonesia Termasuk*. Detikinet; detikcom. <https://inet.detik.com/consumer/d-6273008/google-perluas-pembayaran-alternatif-di-banyak-negara-in-donesia-termasuk>

<sup>5</sup>Rahmawitri, M., & Hutabarat, S. M. D. (2020). *Praktek Monopoli Pos Dan Kargo Yang Dikelola Oleh Pengelola PT. Angkasa Pura II (Persero)*. *Krtha Bhayangkara*, 14(2), 206-220.

<sup>6</sup>Nadapdap, B., & Hutabarat, S. M. (2015). *Tanggung Jawab Sosial Perusahaan: Antara Kewajiban dan Kesukarelaan*. *Jurnal Yuridis*, 2(1), 111-134.

from 15% to 30%. This practice was deemed to reduce developers' revenue and limit consumer choices.<sup>7</sup> Although this decision has provided a regulatory response, there remains a need for an in-depth academic analysis regarding how Google's conduct fulfills the legal elements of abuse of dominant position under Indonesian competition law.

In response to the ruling, Google stated that it would appeal the decision. The company argued that its policy supports a healthy and competitive app ecosystem in Indonesia. However, the KPPU concluded that Google's dominance, with a market share of 93% in Indonesia, violated local anti-monopoly laws. This case reflects a broader global pattern of scrutiny against Google's business practices. For instance, the European Union has repeatedly fined Google for anti-competitive conduct, including those related to price comparison services and the Android operating system.<sup>8</sup> Over the past decade, the total fines imposed on Google by the European Union have exceeded 8 billion euros. The KPPU's ruling, which imposed a fine on Google, reflects efforts to create a fairer and more competitive digital ecosystem in Indonesia and to protect the interests of local developers from business practices deemed harmful. While the enforcement of such rulings against foreign entities may pose practical challenges, this article focuses on the legal assessment of Google's conduct under Indonesian competition law rather than on the implementation stage of the decision.

Based on the above explanation, it can be concluded that Google's dominance in the app ecosystem in Indonesia raises potential legal issues, particularly related to healthy competition. The Google Play Store policy, which mandates the use of a specific payment system and imposes high service fees, raises questions as to whether such actions violate the principles outlined in Law No. 5 of 1999. Therefore, this research aims to examine:

1. How does Google's dominance in the app ecosystem in Indonesia manifest, and does it meet the criteria for a dominant position according to Law No. 5 of 1999?
2. How can Google's Google Play Store payment system policy be categorized as an abuse of dominant position based on competition law?

## METHOD

This study employs a normative juridical method, focusing on the analysis of substantive and procedural legal norms with approaches including statutory (statute approach), conceptual (conceptual approach), and case (case approach). The statutory approach is used to analyze Law No. 5 of 1999 and relevant regulations governing dominant positions and their abuse in the digital ecosystem. The conceptual approach is employed to understand the concept of dominant position, abuse of market power, and healthy competition, referring to academic literature, legal journals, and the doctrines of legal experts. Meanwhile, the case approach is used to analyze cases of abuse of dominant position by digital platforms such as Google, both in Indonesia and other jurisdictions, referring to decisions made by the Business Competition Supervisory Commission (KPPU). The data used in this research is sourced from primary legal materials, such as laws and related regulations, secondary legal materials including legal journals, books, and reports from competition regulatory bodies, and tertiary legal materials such as legal dictionaries and expert opinions. The data analysis technique used is descriptive-analytic, where relevant regulations and cases are described and then connected

<sup>7</sup>Caecilia Mediana. (2025, January 22). *Terbukti Monopoli, Google Didenda KPPU Rp 202,5 Miliar*. Kompas.id; PT Kompas Media Nusantara. <https://www.kompas.id/artikel/terbukti-monopoli-dan-memakai-posisi-dominan-dalam-google-play-billing-kppu-denda-google-rp-2025-m>

<sup>8</sup>Prima, E. (2018, July 18). *Terkait Android, Uni Eropa Denda Google Rp 72 Triliun*. Tempo. <https://www.tempo.co/digital/terkait-android-uni-eropa-denda-google-rp-72-triliun-884069>

with competition law theory to draw conclusions on whether the Google Play Store policy can be categorized as an abuse of dominant position under competition law in Indonesia.

## ANALYSIS AND DISCUSSION

### Analysis of Google's Dominant Position in the Indonesian App Ecosystem

Google, through its platform Google Play Store, dominates the majority of the app distribution market in Indonesia. According to StatCounter data (2023), the Android operating system, which is the basis of the Google Play Store, holds 92.4% of the smartphone market share in Indonesia, while iOS has only 7.3%. This dominance of Android directly strengthens the position of Google Play Store as the sole official platform for downloading apps on Android devices, which are the majority of mobile devices in Indonesia.<sup>9</sup> This is further reinforced by Google's policy requiring Android users to access apps exclusively through the Play Store, unless the device is rooted or uses third-party app stores, which have very limited reach. This dependency is further solidified by the lack of alternative platforms with the same user reach as Google Play Store in Indonesia.<sup>10</sup>

The reliance of app developers on the Google Play Store is not limited to distribution but extends to the payment system. Since 2021, Google has enforced a policy requiring the use of the Google Play Billing System (GPBS) for all in-app purchase transactions, taking a commission of 15-30% from each transaction.<sup>11</sup> This policy has had a significant impact on the business models of developers, particularly SMEs and digital startups. A 2022 report by the Indonesian Business Competition Supervisory Commission (KPPU) noted that 95% of app developers in Indonesia have no option to use alternative payment systems other than GPBS.<sup>12</sup> This is due to GPBS being directly integrated into the Android system, making it necessary for developers to incur additional costs to adopt other payment systems. Furthermore, Google can remove apps from the Play Store if developers refuse to use GPBS, as seen in the case of Epic Games globally.<sup>13</sup> The consequences of this monopoly on distribution and payment include high operational costs for developers, which can reduce profit margins and hinder product innovation.<sup>14</sup>

These facts demonstrate that Google occupies a dominant position in the Indonesian application market. Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition regulates the criteria for determining dominant positions in Article 1, paragraph 4, and Article 25.<sup>15</sup> The definition of a dominant position in this law is explained in Article 1, paragraph 4, which states that a dominant position refers to a situation where a business actor has no significant competitors in the relevant market, or the business actor holds the highest position among competitors in the relevant market in terms of financial capacity,

<sup>9</sup>StatCounter (2023). Mobile Operating System Market Share in Indonesia. <https://gs.statcounter.com/os-market-share/mobile/indonesia>

<sup>10</sup>Muslim, A. (2024, August 22). *Developer Aplikasi RI Hasilkan Rp 2,14 Triliun dari Google Play Store*. Investor.id. <https://investor.id/business/370973/developer-aplikasi-ri-hasilkan-rp-214-triliun-dari-google-play-store>

<sup>11</sup>Dewi, I. R. (2021, October 22). *Google Potong 15% Biaya Pengembang Aplikasi di Play Store*. SINDOnews; SINDOnews.com. <https://tekno.sindonews.com/read/576798/207/google-potong-15-biaya-pengembang-aplikasi-di-play-store-1634911851>

<sup>12</sup>Suhanda, A. N. A., & Tarina, D. D. Y. "Implementation of Google Play Billing (GPB) for Indonesian Developers and Consumers based on Law No. 5 of 1999 Concerning Monopoly Practices". *Law Development Journal* 6 no. 4, : 576-587.

<sup>13</sup>Paul, K., & Sweney, M. (2020, August 14). *Apple and Google remove Fortnite video game from app stores*. The Guardian; The Guardian. <https://www.theguardian.com/technology/2020/aug/13/fortnite-maker-lawsuit-apple-app-store-removal>

<sup>14</sup>Kim, Y. P. "Does the Anti-Google Law Actually Help Google and Hurt Startups?." *Geo. LJ Online*, 110, 120.

<sup>15</sup>Undang-Undang Republik Indonesia Nomor 5 Tahun 1999 tentang Larangan Praktik Monopoli dan Persaingan Usaha Tidak Sehat, LN No. 33 Tahun 1999, TLN No. 3817.

access to supply or sales, and the ability to adjust the supply and demand of specific goods or services.<sup>16</sup>

Article 25, paragraph (1) of Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition stipulates that business actors are prohibited from using their dominant position, either directly or indirectly, to impose trade conditions that aim to prevent or obstruct consumers from obtaining competing goods and/or services, both in terms of price and quality. Additionally, business actors are also prohibited from restricting markets and technological development, as well as hindering other business actors who have the potential to become competitors from entering the relevant market. Furthermore, Article 25, paragraph (2) emphasizes that a business actor is considered to hold a dominant position if one business actor or a group of business actors controls 50% or more of the market share for a specific type of goods or services. Additionally, a dominant position can also occur if two or three business actors or groups of business actors control 75% or more of the market share for a specific type of goods or services.

Google, through the Android operating system, commands around 93.45% of the mobile device market share in Indonesia as of December 2024. This dominance is further reinforced by its control over the distribution of Android applications through the Google Play Store, which accounts for 98%. Both of these figures significantly exceed the 50% market share threshold set by Article 25 paragraph (2) of Law No. 5 of 1999, indicating that Google meets the criteria for market dominance. Additionally, Google's main competitor in Indonesia, the Apple App Store, is only available for iOS devices, with a market share of about 6.49% as of December 2024. Meanwhile, third-party app stores like Huawei AppGallery have very limited usage and are not fully integrated into the Android ecosystem.<sup>17</sup> This situation demonstrates that Google has no significant competitors in Android app distribution in Indonesia, in line with the definition of dominant position in Article 1, paragraph 4 of Law No. 5 of 1999.

Although Law No. 5 of 1999 does not explicitly mention a market share percentage threshold for determining a dominant position, Article 25 paragraph (2) states that a business actor is considered dominant if they hold  $\geq 50\%$  market share for a specific type of goods or services. With Google Play Store controlling 92.4% of the market (based on Android penetration) and 98% of app distribution, Google has met the criteria for market dominance according to the law. Additionally, Article 1, paragraph 4 of Law No. 5/1999 defines a dominant position as a situation where a business actor has no significant competitors or holds the highest position in terms of market share. The fact that app developers have no practical alternatives to Google Play Store (due to technical barriers, costs, or the risk of app removal) further solidifies Google's dominant position.

### **Abuse of Google's Dominant Position in App Payment Systems**

Google has leveraged its dominance in the Indonesian app market by implementing policies that are considered coercive and discriminatory. One such policy is the requirement for all app developers to use the Google Play Billing System (GPBS) for every in-app purchase transaction. This policy was introduced in 2011 and mandates developers to comply with the payment system established by Google.<sup>18</sup> Such a policy may be regarded as an abuse of

<sup>16</sup>Nazhari, A. F., & Irkham, N. Analisis Dugaan Praktik Predatory Pricing dan Penyalahgunaan Posisi Dominan dalam Industri E-Commerce. *Jurnal Persaingan Usaha* 3n no 1, : 19-31.

<sup>17</sup>Wang, H., Liu, Z., Liang, J., Vallina-Rodriguez, N., Guo, Y., Li, L., & Xu, G. "Beyond Google Play: A Large-Scale Comparative Study of Chinese Android App Markets." In *Proceedings of the Internet Measurement Conference 2018*, 293–307. ACM, 2018.

<sup>18</sup>Populinanda, L., Sarjana, I. M., & Priyanto, I. M. D. "Google Play Billing Monopoly in the Digital Media Era from the Law's Perspective." *Proceedings of the Creative and Collaborative Communication Conference (CCOMM)* 1, no. 1 (October 2023): 103–118.

dominant position. Abuse of dominant position is defined as an act committed by a business actor holding a dominant position, in which such position is abused through various practices prohibited under Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition.<sup>19</sup>

Article 25 paragraph (1) of Law No. 5 of 1999 prohibits business actors in a dominant position from imposing trade terms aimed at preventing and/or obstructing consumers from accessing goods and/or services that compete in terms of price or quality, as well as restricting market access and technological development. In this context, Google's dominance over the Android ecosystem and app distribution serves as a key factor establishing it as a business actor in a dominant position. Google has exploited this dominance by enforcing the Google Play Billing System (GPBS), which compels app developers to use Google's proprietary payment system. This policy not only limits payment method options but also contains anti-steering clauses that prohibit developers from directing users to alternative payment systems. Such practices lead to innovation restrictions and exploitation of market power.<sup>20</sup>

The exclusive nature of the Google Play Billing System (GPBS) policy creates a structural imbalance between Google as the platform owner and app developers as business actors who rely on the Android ecosystem. In the absence of freely accessible alternative payment systems, Google unilaterally imposes trade terms that are burdensome and unequal. Such provisions may be categorized as forms of tying and bundling, where a product or service can only be accessed if the user also accepts an additional product or service from the same provider.<sup>21</sup> Within the framework of competition law, tying and bundling practices can violate the principles of fair competition when they hinder other business actors from competing effectively.

The implementation of the GPBS not only limits access to alternative payment systems, but also directly affects the cost structure borne by app developers. Google imposes a service fee ranging from 15% to 30% for every transaction conducted through GPBS, which ultimately burdens both developers and consumers. This fee may be classified as *excessive pricing*, a form of abuse of dominant position in which a business actor sets prices significantly higher than what would be considered fair in a competitive market.<sup>22</sup> In this context, consumers are harmed due to the lack of freedom to choose more efficient and economical payment methods, while small and medium-sized enterprises face growth obstacles due to heavy cost pressures.<sup>23</sup>

While establishing that the GPBS fee constitutes *excessive pricing* requires quantitative benchmarking and cost-based comparisons, the imposition of 15–30% service fees by Google, which are significantly higher than typical payment processing costs and applied within the context of its dominant position in the app distribution ecosystem, suggests that such pricing may exceed a fair economic value. International jurisprudence, such as the EU's tests for *excessive pricing*, supports the notion that a price is abusive when it bears no reasonable relation to the economic value and surpasses what would be expected in a competitive market.<sup>24</sup>

<sup>19</sup>Alfarizi, M. F. *Penyalahgunaan Posisi Dominan dalam Perspektif Kejahatan Korporasi Berdasarkan Undang-Undang Nomor 5 Tahun 1999 tentang Larangan Praktek Monopoli dan Persaingan Usaha Tidak Sehat* (Doctoral dissertation, Universitas Brawijaya, 2014).

<sup>20</sup>Rusche, C., & Mouton, J. "The Anti-Steering Provision of Article 5(4) of the DMA: A Law and Economics Assessment on the Business Model of Gatekeepers and Business Users." *European Journal of Law and Economics* 57, no. 1 (2024): 207–237.

<sup>21</sup>Musielak, M. "The Evolution of Classical Evaluation Standards in Competition Law: The Legal Assessment of Tying in View of Challenges Raised by Digital Markets." *Studia Prawa Publicznego* 3, no. 35 (2021): 113–139.

<sup>22</sup>Hou, L. *Excessive Prices within EU Competition Law*. In *Dominance and Monopolization*, 333–356. London: Routledge, 2017.

<sup>23</sup>Djaka, M. "Tinjauan Asas Demokrasi Ekonomi atas Penyalahgunaan Posisi Dominan dalam Membatasi Pengembangan Teknologi di Era Industri Kreatif: Studi atas Tarif Layanan Google Play Store." *Jurnal Hukum & Pembangunan* 53, no. 2 (2023): 229–250.

<sup>24</sup>Serra, P. "European Union Case Law on Excessive Pricing: An Economic Assessment." *Journal of Competition Law & Economics* 21, no. 3 (2025): 413–432. <https://doi.org/10.1093/joclec/nhaf009>.

In this light, the GPBS fees display key traits of abuse under the criterion of *excessive pricing*, especially considering the constrained alternatives for developers in Indonesia.

Furthermore, the presence of the anti-steering clause in the GPBS policy further reinforces Google's dominant position by restricting communication between developers and users. This clause prohibits developers from providing information or links to alternative payment methods that may be more beneficial to users.<sup>25</sup> In practice, this provision hinders price transparency and limits consumer choice, thereby contradicting the spirit of consumer protection and freedom of enterprise. Such a provision can be interpreted as a form of market restriction, which is prohibited under Article 25 paragraph (1)(b) of Law No. 5 of 1999, which forbids business actors from restricting markets and technological development.

This exclusivity practice in the payment system also creates entry barriers for new businesses seeking to compete in the app distribution market. When app developers are required to use a specific payment system that is costly and closed, the opportunities for local or alternative payment service providers to grow become severely limited. These barriers result in market foreclosure, which is the closing of market access for potential competitors aiming to offer more efficient and innovative payment solutions.<sup>26</sup> This imbalance further entrenches Google's market power and undermines the competitive integrity of the digital ecosystem. Regulatory measures against market dominance practices by global tech companies like Google have been increasingly reinforced across various jurisdictions through progressive antitrust policies. One key legal instrument that serves as a reference is the Digital Markets Act (DMA), enacted by the European Union in 2022. The DMA explicitly targets companies classified as *gatekeepers*—businesses that hold a dominant position within the digital ecosystem. In this context, Google is one of the entities subject to obligations such as opening access to alternative payment systems and prohibiting the locking-in of users to a single platform. In the event of non-compliance, the DMA grants the European Commission the authority to impose sanctions of up to 10% of a company's global annual revenue, serving both as a repressive and preventive approach against exploitative market dominance.<sup>27</sup>

A similar case occurred in India, where the Competition Commission of India (CCI) imposed a fine of USD 113 million on Google for anti-competitive practices related to the Android ecosystem and the Play Store. In its findings, the CCI concluded that Google abused its dominant position by requiring developers to use Google's payment system and by restricting the distribution of apps through alternative app stores. The CCI considered Google's approach as one that hinders innovation, limits user choice, and creates structural dependence on Google's ecosystem. This ruling is significant in the context of developing countries like Indonesia, as it demonstrates that antitrust authorities in the Global South can and should play an active role in addressing imbalances in market power.<sup>28</sup>

Meanwhile, South Korea took proactive steps earlier through the revision of the Telecommunication Business Act in 2021. The amendment explicitly prohibits app store operators such as Google and Apple from requiring app developers to use their proprietary in-app payment systems. This made South Korea the first country in the world to legislate the right of developers to freely choose alternative payment methods. The law emerged out of concerns over market dominance that hindered the growth of local startups and created an

<sup>25</sup>JJagga, S. "Anti-Google Law: An Analysis." *Competition Commission of India Journal on Competition Law and Policy* (2022): 97–111.

<sup>26</sup>Populinanda, L., Sarjana, I. M., & Priyanto, I. M. D. "Google Play Billing Monopoly in the Digital Media Era from the Law's Perspective." *Proceedings of the Creative and Collaborative Communication Conference (CCOMM)* 1, no. 1 (October 2023): 103–118.

<sup>27</sup>Bostoen, Frederic. "Understanding the Digital Markets Act." *The Antitrust Bulletin* 68, no. 2 (2023): 263–306.

<sup>28</sup>Chopra, Neha. "Google Abusing Its Dominant Position": The Competition Commission of India." *International Journal of Law, Management & Humanities* 6, no. 2 (2023): 1026.

unfair monopoly on commission fees. The implementation of this regulation has compelled Google to modify its business policies in South Korea, serving as evidence that regulatory pressure can lead to more pro-competitive policy shifts.<sup>29</sup>

The aforementioned cases collectively illustrate a global trend toward stricter regulation of digital platform dominance. Whether through supranational mechanisms like the DMA, domestic competition authorities such as India's CCI, or sectoral legislation like that in South Korea, all reflect an international consensus that the dominance of large tech companies requires firm oversight and intervention. This is essential to ensure that digital innovation does not solely benefit a handful of dominant actors, but also empowers local businesses and consumers.

In the context of Indonesia, KPPU has assessed that this action restricts payment method choices for consumers and hinders healthy competition in the digital application market. In addition to imposing a fine, the KPPU also ordered Google to stop requiring the use of GPBS in the Google Play Store. In response to the ruling, Google filed an appeal to the Central Jakarta District Court in February 2025. Google argued that the Android ecosystem is open, and Google Play is just one of many ways for users to obtain apps in Indonesia. The company also emphasized that their business practices support a healthy and competitive app ecosystem in Indonesia. Based on Article 12 Paragraph (2) of Government Regulation Number 44 of 2021 on the Implementation of Monopoly and Unfair Business Competition Practices, Google LLC is required to submit a bank guarantee of 20 percent of the fine imposed by the KPPU if they have objections to the KPPU's Decision.<sup>30</sup>

However, Google's argument in the appeal that the Android ecosystem is open and that Google Play is just one of many app distribution channels in Indonesia needs to be critically examined. Although technically the Android operating system is open-source, in practice, Google exerts strong control over the distribution and visibility of apps through its dominance of the Google Play Store, which has de facto become the primary gateway for Android users in Indonesia. Statistics show that the majority of Android users download apps through Google Play, rather than through sideloading or third-party app stores, meaning that the claim of open choice does not adequately reflect the market reality.

Furthermore, the obligation to use the Google Play Billing System (GPBS), coupled with the threat of app removal from the platform, not only limits developers' technical choices but also forces them to comply with a non-negotiable commission fee scheme. This practice substantively creates dependency and narrows the space for other market players, especially local app developers who lack balanced bargaining power. In the context of an increasingly concentrated digital market, it is crucial to distinguish between potential technical choice and actual market access.

Therefore, Google's defense does not negate the fact that there has been an abuse of dominant position, as prohibited in Articles 17 and 25 paragraph (1) letter b of Law No. 5 of 1999. The KPPU has lawfully and justifiably assessed that Google Play's dominance in the distribution of Android apps, coupled with the imposition of its internal payment system, constitutes a form of market control that hampers competition. The KPPU's ruling is also consistent with global trends, where many countries such as the European Union, South Korea, and India have declared similar practices as violations of competition law.

Thus, Google's appeal should not be judged solely on the narrative of "technical choice" or "open ecosystem," but should be viewed within the framework of protecting a healthy

<sup>29</sup>Jagga, S. "Anti-Google Law: An Analysis." *Competition Commission of India Journal on Competition Law and Policy*(2022): 97–111.

<sup>30</sup>Peraturan Pemerintah Nomor 44 Tahun 2021 tentang Pelaksanaan Praktek Monopoli dan Persaingan Usaha Tidak Sehat, LN No. 54 Tahun 2021, TLN No. 6656.

national digital market structure. In the Indonesian legal system, the purpose of Law No. 5 of 1999 is to prevent market-dominant players from using their market power to limit, hinder, or complicate competitors. The KPPU's ruling not only aligns with this spirit but also marks an important milestone in protecting Indonesia's digital sovereignty amid the global platform power dynamics.

## CONCLUSION

The implementation of the Google Play Billing System (GPBS) by Google reflects an abuse of dominant position that contradicts the principles of fair competition as regulated in Law No. 5 of 1999. This policy not only limits the choice of payment systems for developers and consumers but also creates structural dependency and includes coercive provisions, such as the anti-steering clause. Such practices lead to restricted access for other market players, the emergence of excessive commission fees, and hinder innovation and technological development. Experiences in various countries, such as the European Union, India, and South Korea, show that strict regulation of digital platform dominance is both possible and effective in protecting healthy market structures. Regulations such as the Digital Markets Act, interventions by the Competition Commission of India, and revisions to South Korea's Telecommunication Business Act set a precedent that dominance should not go unmonitored.

In the context of Indonesia, the decision by the Business Competition Supervisory Commission (KPPU) regarding Google is in line with the national legal framework and consistent with global trends. Therefore, Google's claims about the open ecosystem and technical choices cannot be used as justification to ignore the imbalanced market reality. The enforcement of law against such dominance is an essential step in maintaining digital sovereignty and ensuring a fair and inclusive business climate for both local players and national consumers.

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## Regulations

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