

Unclassified

English - Or. English

20 May 2025

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Competition in Mobile Payment Services – Note by Norway

18 June 2025

This document reproduces a written contribution from Norway submitted for Item 4 of the 146th OECD Competition Committee meeting on 18-20 June 2025.

Antonio CAPOBIANCO
Antonio.Capobianco@oecd.org, +(33-1) 45 24 98 08

JT03566551

Norway

1. Introduction

1. The rapid expansion of mobile payment services is reshaping the payment infrastructure. Changes in the competitive landscape are important factors that will influence innovation and efficiency going forward. The NCA needs to follow this development closely, both nationally and internationally, as efficient payment services support the successful operation and the stability of the economy.

2. Norway stands out globally as one of the countries where residents use their payment cards most frequently each year. In 2023, each resident used their payment cards an average of 550 times. While physical payment cards are used for most of these transactions, the number of mobile payments is rapidly increasing.

3. The central bank of Norway (Norges Bank) publishes annual reports on the payment habits of the Norwegian population, providing valuable insights into the adaption of mobile payment solutions. The latest survey by Norges Bank from spring 2024 showed that 20 percent of in-store payments were made using various mobile payment solutions.

4. In this contribution, Norway will first present a 2018 merger involving mobile payment service providers, including the insights the NCA gained regarding key aspects of competition and innovation in the market at that time. We then provide some insights into the developments following the merger. Additionally, we describe the relationship between the NCA and the FSA, and the roles of both authorities in monitoring financial markets.

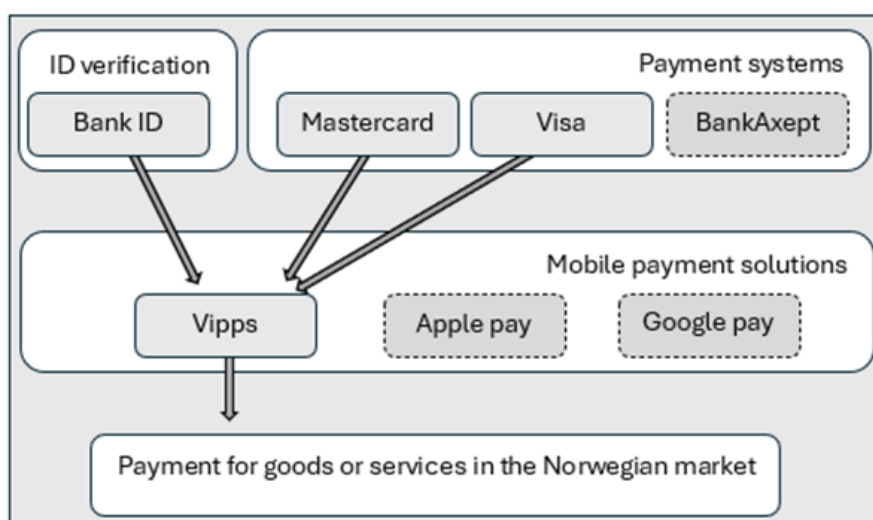
2. Merger between Vipps AS, BankAxept AS and BankID Norge AS

5. In January 2018, the NCA was notified of a merger between Vipps AS, BankAxept AS and BankID Norge AS. The acquiring company, Vipps AS, provides mobile payment services. In April 2018, the NCA decided to approve the merger with remedies ([decision V2018-18](#)).

2.1. The Norwegian market for mobile payments

6. To provide a payment solution in Norway, you need i) a payment system, this is the infrastructure that transfers money from one account to another, ii) a payment solution that can be used in the payment situation, in this case we focused on mobile payment solutions, and iii) an identification system that can verify the identity of the payer.

7. The merging parties operate in different levels of the value chain. In this vertical merger, the NCA considered upstream markets from the market for mobile payment service providers. The value chain and relevant companies are described in the figure to the right.



2.1.1. Payment systems

8. BankAxept AS manages BankAxept, the national card payment system in Norway. BankAxept can only be used in Norway with Norwegian-issued BankAxept cards, most often co-badged with Visa or Mastercard. At the time of the merger, BankAxept offered systems for in-store payments for cards, but did not have functionality for e-commerce or mobile payments. Furthermore, Visa and Mastercard had developed mobile payment solutions in addition to services for in-store payments for cards, and online payments. In Norway, these international payment card systems had higher transaction costs than BankAxept.

9. BankAxept was by far the largest payment system at the time of the merger, with 56 percent of all transactions in Norway and 80 percent of in-store payments. Together, Visa, Mastercard and BankAxept covered more than 95 percent of the market in terms of both the number of transactions and volume. Visa and Mastercard expanded in the Norwegian market due to the increase in online shopping and payment with mobile payment solutions. Although BankAxept had lost market shares to these international payment systems, they still experienced nominal growth measured in both the number of issued cards and in transactions.

2.1.2. Payment solutions

10. Vipps was launched in 2015 as a Norwegian mobile application for peer-to-peer payments. Vipps was initially owned and developed by the largest Norwegian bank, DNB Bank ASA. In September 2017, Vipps AS was established as a separate limited company with several Norwegian banks among its shareholders.

11. At the time of the merger, Vipps offered mobile payment solutions within the market segments of peer-to-peer payments, in-store payments, payments to small businesses, clubs and associations, online payments, payments in mobile applications, and payments via invoices. Vipps has been using Visa, Mastercard and Account-to-Account transfers as underlying payment systems, as BankAxept only recently provided systems compatible with mobile payment solutions.

12. At the time of the merger, Vipps had over 2,8 million downloads, which corresponded to approximately 49 percent of Norway's population. In 2018, no major international players such as Apple Pay or Google Pay were established in Norway.

2.1.3. Identification services

13. When onboarding a mobile payment solution, the end user must perform two-factor authentication with the payment solution provider. Consequently, the mobile payment solution relies on access to an ID solution to identify new end users.

14. BankID Norge AS provides 'Bank ID' as a solution for personal electronic identification for authentication and signing on the internet. BankID meets the highest security requirements for electronic identification. Initially, Bank ID was mainly used for accessing banking services and public electronic services.

15. In 2017, BankID had 3,8 million unique users and accounted for 83.5 percent of logins in the ID portal used for various public services. BankID was considered a standard solution in the market. A survey of BankID users indicated that 70 percent of respondents in November 2017 associated BankID with "general" login and signing.

16. At the time of the merger, BankID Norge AS was in the process of developing xID, which was an identification solution with lower security requirements. BankID Norge AS was also working on developing a solution that met the requirements for strong customer authentication under PSD2.

2.2. Impact of the merger

17. The NCA had three main concerns about how the merger could have negative impact on competition in the market for mobile payment services.

2.2.1. Input foreclosure

18. Since its launch, Vipps had experienced significant growth, and had ambitions to expand its operations across multiple segments and increase the share of paid transactions. Network effects in the market for mobile payment solutions mean that once a product or service gains an initial advantage and attracts a critical mass of users, it can become the preferred choice, making it difficult for competitors to catch up. This often leads to high market concentration and can result in a single company dominating the market.

19. On this basis, the NCA considered that the parties could have incentives to limit access to BankAxept and/or BankID for competing entities that could potentially win significant market share at the expense of Vipps.

2.2.2. Input foreclosure - BankAxept

20. The majority of Vipps' competitors did not consider access to BankAxept necessary to establish themselves as providers of payment solutions in Norway. This was due to the presence of international payment card systems and the launch of PSD2.

21. However, several competitors pointed out that it would be difficult for new players to establish themselves in the mobile in-store payment segment without access to the BankAxept infrastructure, as it was a more cost-effective payment card system than the international systems.

22. Based on this, the NCA considered access to BankAxept as an important input factor to mobile payment solutions, and was concerned that restricted or limited access to BankAxept would significantly hinder effective competition in the market.

2.2.3. Input foreclosure - BankID

23. All providers of payment solutions must ensure that users identify themselves with a high-security ID solution. Thus, ID solutions with a high security level are a crucial input factor in the market for payment solutions.

24. The market for ID services is characterized by network effects as payment solutions depend on the widespread adoption of the relevant ID solution. BankID had a competitive advantage due to its widespread use. Further, competitors were described as niche players and poor substitutes for BankID. In addition, regulatory requirements related to the establishment of a customer base constitute a barrier to entry in the market.

25. Based on this, the NCA considered access to BankID as an important input factor to mobile payment solutions and was concerned that restricted or limited access to BankID would significantly hinder effective competition in the market.

2.2.4. Exclusion as a result of tying the sale of BankAxept and Vipps

26. The NCA considered that the merged entity could have incentives to bundle the sale of BankAxept and Vipps to stores and other merchants.

27. Merchants that requested BankAxept were primarily physical stores. Since BankAxept was a more cost-effective payment system compared to Visa and Mastercard, merchants preferred BankAxept over the international payment card systems. If merchants could not gain access to BankAxept without purchasing Vipps, it could make them less likely to become customers of competing payment solutions.

28. Based on this, the NCA assessed that product bundling could reduce the customer base for the merged entity's competitors in the payment solutions market and make it more difficult to compete effectively against Vipps.

2.3. Remedies

29. The NCA approved the merger between Vipps, BankAxept and BankID with remedies. Vipps was required to provide access to BankAxept and BankID on non-discriminatory terms to third-party payment solutions.

30. The initial decision from the NCA in 2018 was valid for three years, until April 2021. The remedies have since been renewed twice and are currently valid until April 2027. The remedies have been renewed because the NCA has determined that BankAxept and BankID remain important inputs in the payment solutions market.

3. Development in the Norwegian market for mobile payment systems post-merger

31. Since the merger in 2018, Vipps has increased its user base in Norway to 4,6 million, marking a 60 percent increase from when the acquisition was approved. Following its merger with Danish MobilePay A/S in 2022, Vipps has gained significant traction in Denmark and Finland (as MobilePay), and it has also entered the Swedish market. Vipps/MobilePay can now be used for peer-to-peer payments across Norway, Denmark, Sweden and Finland.

32. Apple Pay and Google Pay were launched in Norway in 2018, followed by other NFC-based payment solutions like Garmin Pay. Banks operating in Norway have largely embraced various payment solutions, but initially, only a few banks supported Apple Pay

due to Apple's exclusive rights to the NFC chip in iPhones. The market participants' reluctance to adopt the Apple Pay functionality has been attributed to their stakes in Vipps.

33. In 2020, Vipps opted to offer a solution for in-store payment based on QR technology. However, due to insufficient adoption, the service was discontinued in 2023. Following the European Commission's settlement with Apple Pay, Vipps gained access to the NFC chip on iPhones and introduced NFC payment functionality in its application on 9 December 2024. This development subsequently led to the owner banks of Vipps allowing their cardholders to use Apple Pay.

34. Although the remedies provide access to essential inputs like BankID and BankAxept, and PSD2 also facilitates this, there has been limited entry of competitors to the established banks in the Norwegian market for payment solutions since 2018, and after the implementation of PSD2 into the Norwegian financial legislation in 2019.

35. One significant factor that may contribute to this is the lengthy process of operationalizing PSD2 through API development. Fintech actors have also raised concerns about the quality and stability of the APIs, which have hindered their ability to compete on equal terms and achieve sufficient adoption among Norwegian customers. Additionally, access to BankAxept as a payment solution for mobile payments was delayed because Vipps, post-merger, halted the rollout of the service. It was only in 2024 that this functionality became available to Norwegian banks, and Vipps itself adopted the service in its application on 9 December 2024.

36. In the Norwegian market, there were indications that the peer-to-peer segment had already tipped in favour of Vipps at the time of the merger due to network effects. Payments with terminal-based solutions (including watches and similar devices) accounted for 8 percent of in-store payments in 2023. Although there are no up-to-date numbers available, there are indications that the number of mobile phone payments is increasing, and that Apple Pay and Google Pay account for a large proportion of such payments. Access to BankID has been important in this development.

4. The relationship between the NCA and the FSA

37. The FSA is an independent government agency that strives to promote financial stability and orderly market conditions and to instil confidence that financial contracts will be honoured, and services performed as intended. Both the NCA and the FSA are concerned with the financial markets and how they function, even though the two authorities do not enforce the same regulations. To coordinate both authorities' efforts, the NCA and the FSA are in regular contact through meetings and consultation processes.

38. The NCA and the FSA may have overlapping interests in mergers in the financial sector. For instance, mergers between banks that exceed the notification thresholds must receive approval from both authorities.¹ If needed, it is possible for the NCA and the FSA to exchange confidential information within the legal framework of the Public Administration Act.

39. In handling the merger between Vipps AS, BankAxept AS, and BankID Norge AS, the NCA and the FSA held two meetings.

¹ Concentrations involving companies with a combined annual turnover of over 1 billion NOK in Norway must be approved by the NCA. All mergers and acquisitions between banks must be approved by the FSA.

40. The NCA and the FSA also meet in a forum for competition policy, which was initiated by the Ministry of Finance in 2014. In this forum, the NCA, the FSA and the consumer authorities discuss topics related to competition in the financial sector. The purpose of these meetings is cooperation and exchange of information between agencies that have complementary and/or overlapping areas of responsibility. The meetings in the forum for competition policy are held biannually.

5. Concluding remarks

41. The market for mobile payment solution is an important and growing market in Norway. Through a merger reviewed by the NCA in 2018, Norway has gained valuable insights into key factors influencing competition, the competitive landscape, and the direction of innovation within the mobile payment services sector. In this contribution Norway aims to share key insights and experiences gained from this case and hopefully add to the knowledge on these markets across the OECD.

42. When handling the merger between Vipps AS, BankAxept AS, and BankID Norge AS, the NCA assessed the potential impacts on competition, particularly concerning input foreclosure and product bundling. The NCA concluded that access to essential services is important to secure competition, and therefore imposed remedies granting providers of mobile payment solutions access to BankAxept and BankID on non-discriminatory terms.

43. Access to BankID has been important in ensuring competition in the Norwegian market for mobile payment solutions. However, following the merger, BankAxept halted the development of its mobile payment functionality. BankAxept is more cost-effective than the international card payment systems currently in use. The development of such functionality would thus likely increase acceptance of mobile payment solutions among merchants. This would enhance competition within the market for payment solutions. It is anticipated that access to BankAxept, facilitated by the imposed remedy, will be important for maintaining competition in the future.

44. The NCA's impression from this case is that, since the peer-to-peer segment of the market had developed for a while prior to the merger, it might have already tipped in favour of Vipps. However, the market for mobile in-store payments is still an immature market in Norway. The remedies imposed by the NCA have contributed to a level playing field in this important and growing market. As the market continues to evolve, the ongoing validity of these remedies until April 2027 will play a role in shaping the landscape of mobile payment solutions in Norway, and may contribute to ensuring that the market does not tip in favour of one player.

45. Network effects may be a challenge to effective competition in this market. In emerging markets characterized by network effects, there is a greater likelihood of securing competition during the early stages of market development.