

CONTROL OVER 'DATA' BEHIND ALIBABA'S TUSSELE WITH AUTHORITIES

Relevant for: International Relations | Topic: India - China

Mounting pressure: A file photo showing the Ant Group headquarters in Hangzhou. AFPSTR

At the heart of the on-going tussle between Jack Ma's Alibaba Group and regulators in China is the control over "troves of consumer-credit data" that authorities believe have given the e-commerce giant an unfair advantage over its competitors, according to a report on Wednesday.

"How to regulate data monopolies is at the heart of the issue here," an adviser to the antitrust committee of China's State Council, or Cabinet, was quoted as saying by *The Wall Street Journal*.

On December 24, the State Administration for Market Regulation (SAMR) said it had launched a probe into Alibaba's "suspected monopolistic acts", including "forcing merchants to choose one platform between two competitors".

This followed the last minute suspension, the previous month, of what was expected to be a record-breaking \$35 billion initial public offering (IPO) of the Ant Group, which is the group's financial arm and behind Alipay, China's biggest digital payments company.

China's State media said last month Mr. Ma was "summoned" for talks ahead of the Ant Group's IPO, and talks with regulators are on-going.

The People's Bank of China — China's central bank — said last month it was, along with the banking and insurance regulator and the securities regulator, holding talks with the Ant Group aimed at "implementing financial regulatory requirements, holding onto fair competition and protecting consumers' legitimate rights".

The Wall Street Journal report said "central to the crackdown" on the Ant Group was "what regulators view as the unfair competitive advantage the company has over small lenders or even big banks through swaths of personal data harnessed from its payment and lifestyle app Alipay", adding that "equipped with that information, Ant has originated loans to half a billion people and has gotten about 100 commercial banks to supply the majority of the funding".

Authorities now, the report said, were "seeking to overturn that business model" and "planning to break what they see as the company's monopoly over data", including by reportedly considering a plan requiring the group "to feed its data into a nationwide credit-reporting system."

The on-going probe has led to speculation about the future of Mr. Ma, who has cut back on public appearances since the IPO suspension. On Tuesday, the CNBC business news channel in the U.S. reported that the billionaire "was not missing" but "lying low for the time being".

While neither regulators nor State media in China have accused him of personal wrong-doing, he has been asked, Bloomberg reported earlier, to stay in the country while investigations into the group continue.

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