



# Italian Competition Regulator Pronounces on the Advertising of In-App Purchases

**Enforcement actions have been settled in return for extensive consumer protection led commitments**

Regulator: The Italian Competition Authority "ICA"

## RISK BAROMETER:



## JURISDICTION RELEVANCE:

ITALY

## TIMELINE:

Implementation as of 2021

## WHAT YOU SHOULD KNOW:

- From the Federal Trade Commission (FTC) settlement with Tapjoy to the [UK call for evidence on loot boxes](#) and CAP Code, there is global scrutiny on advertising in-app purchases. In this vein, the ICA has settled enforcement actions with EA ([September 30th 2020](#)) and Activision Blizzard (AB) ([November 17th 2020](#)), in return for commitments focused (largely) on game platforms, app storefronts and Italian affiliate websites.
- The reasons are familiar: misleadingly advertising games as "free to play" and insufficient transparency that games contain in-app purchases and/or loot boxes, especially in games accessed by under 18's.
- Certain commitments are bespoke and for EA, more extensive. However, taken together they encompass:
  - » **In-app purchase signposting:** Prominently display the PEGI label indicating in-game purchases on the storefront adjacent to the "buy now" button. The term "free to play" should be modified. Use clear, prominent and comprehensible written explanations that games have in-app purchases on storefronts. Apply Italian translations and versions.
  - » **Loot box signposting:** Display the PEGI label indicating random in-app purchases and use written explanations on the same basis.
  - » **Drop rates:** The term "INFORMATION ON THE PROBABILITIES RELATING TO THE CONTENT OF YOUR

PURCHASE" should be hyperlinked to a specific page with drop rates. Information on drop rates should also be provided in-game.

- » **Parental controls:** Pro-actively share parental control information on game platforms and via email when under 18 accounts are registered.
- » **Children and expenditure:** Ensure that in-game purchases are off-by-default in child accounts. Teen accounts (16-18) have a spend limit default of 25 euros per month (EA only).
- » **Refunds:** Clearly explain and signpost the right to refunds in the terms of sale and order summary and insert an easy-to-use tool for refunds into game platforms.

## MOST TELLING:

"... not in a way that undermines the particular operation and characteristics of the game." (Commitment B on the provision of drop rates in-games, [AB Settlement](#))

## DELANY & CO HOT TAKE:

The rules show a predisposition to technical minutiae (e.g., enlarging the PEGI symbol for in-game purchases by 66% on store fronts). Yet it is positive that loot boxes are **not** referred to as gambling – and the limited extension of scope to in-game content (for the disclosure of drop rates) is caveated with functionality considerations. In short, this is a comparatively practical approach to consumer protection guidance on advertising in-app purchases.

Endnotes: [1] Rough translation of: "... fermi gli specifici adeguamenti richiesti in ragione del peculiare funzionamento e della caratterizzazione anche grafica di ciascun videogioco ..."