



DETERMINATION OF MERGER NOTIFICATION M/10/015 -

An Post/PostPoint

Section 21 of the Competition Act 2002

Acquisition by An Post of PostPoint

Dated 31 May 2010

Introduction

1. On 19 May 2010, in accordance with Section 18(1) of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed transaction whereby An Post would acquire sole control of One Direct (Ireland) Limited ("ODIL"), a wholly owned subsidiary of Postbank Ireland Limited ("Postbank"). ODIL holds and operates the PostPoint business.
2. Postbank is currently jointly owned by An Post and BNP Paribas Fortis. The proposed transaction arises in the context of the orderly wind-down of Postbank which was announced by its shareholders on 26 February 2010¹. After the transaction, An Post intends to continue the operation and development of the PostPoint network.

The Undertakings Involved

The Acquirer

3. An Post is the State-owned Irish postal services operator. An Post's activities in the State include the provision of postal services, sale of stamps, receipt of utility bill payments on behalf of utility companies, sale of gift cards, and vouchers under the "One4All" brand and processing of television licence payments.
4. These products and services are provided through a network of stand-alone post offices, post office counters located within independent owned retail stores, and via the internet.
5. An Post also provides certain products and services as an agent of government departments and entities and commercial entities (including PostPoint). For example, An Post distributes welfare payments on behalf of the Department of Social and Family Affairs, distributes savings products on behalf of National Treasury Management Agency and provides money transmission services such as Western Union money transfers and Eurogiro payments. As an agent of PostPoint, An Post sells pre-paid mobile phone top-up in return for a commission.
6. In addition, An Post provides back-office services to PostPoint in respect of the sale of top up credits for pre-paid mobile phones and the receipt of utility bill payments by PostPoint. Payment information

¹ www.postbank.ie/portal/start.asp.

obtained at a PostPoint terminal² is transferred to the central computer system of An Post where the payment information is processed, stored and forwarded to the utility/mobile phone operator in question.

The Target

7. ODIL is a company that holds and operates the PostPoint business unit. PostPoint's activities in the State include the sale of top up credits for pre-paid mobile phones, pre-paid international (fixed line) telephone cards, and tolling tags for the electronic payment of road tolls. These products are distributed through a network of independent retail agents operating PostPoint terminals.
8. As an agent of An Post, PostPoint is also active in the sale of stamps, the receipt of utility bill payments, the sale of gift cards and vouchers under the "One4All" brand and the processing of television licence payments. In return, PostPoint receives a commission from An Post.

Analysis

9. As indicated in paragraphs 5 and 8 above, both An Post and PostPoint are involved in the same activities as a result of the agency relationship between the two companies. The overlap in the activities of the parties is unlikely to raise competition concerns since An Post already exercises joint control over PostPoint and the proposed transaction will not affect the competitive structure of any of the markets in which the parties are involved³.
10. The Authority therefore considers that the proposed acquisition of ODIL by An Post will not raise any competition concerns in the State.

Ancillary restraints

11. The share purchase agreement imposes a non-compete and non-solicitation obligation on Postbank for a duration of two years following the completion of the proposed transaction, or, if earlier, until the date of wind-down of Postbank. The Authority considers that these provisions are directly related and necessary to the proposed transaction.

² PostPoint's retail agents have an electronic point of sale (EPOS) device installed at their retail premises which is connected to the PostPoint network.

³ The merged entity will continue to face competition from alternative suppliers of the products and services provided by the parties. For example, suppliers of mobile phone top-up services include the mobile phone operators, operators of payment networks similar to PostPoint such as Payzone and operators of vending machines providing mobile top-up services such as Omnivend. Utility bills can be paid via the utility provider, the customer's bank account, postal orders or by operators of payment networks similar to PostPoint such as Payzone. Gift cards and vouchers are sold directly by individual retailers or shopping centres. Stamps are also supplied by a significant number of retailers throughout the State.

Determination

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed acquisition by An Post of sole control of One Direct (Ireland) Limited will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, the acquisition may be put into effect.

For the Competition Authority

Dr Stanley Wong
Member of the Competition Authority