



# DETERMINATION OF MERGER NOTIFICATION M/21/011 – EASYCASH/BANK OF IRELAND ATMS

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## Section 21 of the Competition Act 2002

### Proposed acquisition by Easycash (Ireland) Limited of a portfolio of ATMs from the Governor and Company of the Bank of Ireland

Dated 16 August 2021

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#### Introduction

1. On 10 March 2021, in accordance with section 18(3) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction whereby Easycash (Ireland) Limited (“Easycash”), a wholly-owned subsidiary of Euronet Worldwide, Inc. (“Euronet”), would acquire a portfolio of 679 Automatic Teller Machines (“ATMs”) (the “Target Assets”) from the Governor and Company of the Bank of Ireland (“Bank of Ireland”) (the “Proposed Transaction”).

#### Background

2. The Commission became aware of the Proposed Transaction through its monitoring and compliance activities on 3 March 2020. Information in the possession of the Commission at the time suggested that Bank of Ireland and Euronet were significant suppliers of ATMs and ATM services in the State.
3. The Commission therefore wrote to Bank of Ireland on 3 March 2020 to enquire whether the Proposed Transaction would be notified to the Commission under Part 3 of the Act. The Commission also requested in its letter that Bank of Ireland provide it with an overview of the Proposed Transaction.
4. Bank of Ireland informed the Commission on 10 March 2020 that it was engaged in a competitive tender process for the sale of the Target Assets and that it would confirm the identity of the preferred bidder once it had been selected by Bank of Ireland. Bank of Ireland informed the Commission on 15 January 2021 that Easycash had been selected as the acquirer of the Target Assets.
5. The Commission wrote to Euronet on 19 February 2021 to enquire whether the Proposed Transaction would be notified to the Commission under Part 3 of the Act.



6. On 23 February 2021, Euronet wrote to the Commission to confirm its intention to notify the Proposed Transaction on a voluntary basis under section 18(3) of the Act.

### **The Proposed Transaction**

7. The Proposed Transaction is to be implemented pursuant to a business sale agreement dated 18 December 2020 (the “Business Sale Agreement”) between Bank of Ireland and Easycash.

### **The Undertakings Involved**

#### *The Acquirer – Euronet*

8. Easycash, a private limited company registered in the State, is part of Euronet, a payment processor specialising as an Independent ATM Deployer (“IAD”). Euronet owns and manages approximately 50,000 ATMs and acts as a service provider to financial institutions for over 139,000 ATMs in over 60 countries worldwide. In the State, Euronet is active in the supply of ATMs and ATM services through its existing portfolio of [...] ATMs.
9. Euronet, through ePay, is also active worldwide and in the State in the distribution and processing of prepaid mobile airtime and other electronic content (such as, for example, prepaid debit cards, prepaid gift cards, and prepaid electronic content). ePay has a network of approximately 748,000 point of sale terminals across approximately 338,000 retailer locations in Europe, the Middle East, Asia Pacific, the United States and South America.
10. Euronet also provides global money transfer services worldwide and in the State, under the brand names *Ria Financial Services Ireland Limited*, *IME Remit*, and *Xe*.
11. For the financial year ending 31 December 2020, Euronet’s worldwide turnover was approximately €[...],<sup>1</sup> of which approximately €[...]<sup>2</sup> was generated in the State.

#### *The Seller – Bank of Ireland*

12. Bank of Ireland, registered in the State, is a financial services group providing a range of banking and financial services predominantly in the State and the United Kingdom. Bank

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<sup>1</sup> Based on worldwide turnover of USD \$[...] and an average USD to Euro exchange rate of \$1 = €0.8768 in 2020. European Central Bank exchange rate information is available at: [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/eurofxref-graph-usd.en.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-usd.en.html).

<sup>2</sup> Based on USD \$[...] of turnover in the State and an average USD to Euro exchange rate of \$1 = €0.8768 in 2020. European Central Bank exchange rate information is available at: [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/eurofxref-graph-usd.en.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-usd.en.html).



of Ireland supplies ATMs and ATM services in the State both within its branch network and outside of its branch network.

#### *The Target Assets – Bank of Ireland ATM Fleet*

13. The Target Assets consist of 679 out of branch ATMs and associated hardware. The Target Assets consist of merchant-fill ATMs and cash-in-transit (“CIT”) ATMs.<sup>3</sup>
14. For the financial year ending 31 December 2020, the turnover of the Target Assets was approximately €[...], all of which was generated in the State.

#### **Rationale for the Proposed Transaction**

15. Euronet states the following in the notification:

*“The Proposed Transaction will provide [Euronet] with an opportunity to expand its ATM deployment and related transaction processing business in Ireland, leveraging [Euronet’s] existing infrastructure and relationships and driving operating synergies.”*

#### **Contact with the Undertakings Involved**

16. On 20 April 2021, the Commission served a Requirement for Information on Euronet pursuant to section 20(2) of the Act (the “RFI”). This adjusted the deadline by which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1. The Commission also issued an information request to Bank of Ireland (the “Information Request”).
17. Upon receipt of a full response to the RFI from Euronet on 13 July 2021, the “appropriate date” (as defined in section 19(6)(b)(i) of the Act) became 13 July 2021.<sup>4</sup> Bank of Ireland fully responded to the Information Request on 17 May 2021.
18. During its investigation, the Commission requested and received, on an on-going basis, further information and clarifications from the undertakings involved in the Proposed Transaction.

#### **Market Enquiries**

19. During its review of the Proposed Transaction, the Commission issued questionnaires to competitors of Euronet and Bank of Ireland active in the supply of ATMs to site owners in

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<sup>3</sup> See paragraph 24 below for a description of these operating models.

<sup>4</sup> The “appropriate date” is the date from which the time limits for making Phase 1 or Phase 2 determinations begin to run.



the State. The competitors contacted by the Commission were identified by Euronet in the notification and by the Commission through its own review of the relevant market. The Commission also issued questionnaires to site owners who are customers of suppliers of ATMs in the State. The customers contacted by the Commission were identified by Euronet in the notification and by the Commission through its own review of the relevant market.

20. The Commission received responses to questionnaires from competitors active in the supply of ATMs to site owners in the State and from site owners who are customers of suppliers of ATMs in the State.

### **Third Party Submissions**

21. No third party submission was received.

### **Industry Background**

22. The primary function of ATMs is to dispense cash, although they may also perform other functions such as, for example, balance enquiries and PIN services. All ATMs in the State are free-to-use (“FTU”) for cardholders of account providers based in the State (i.e., no fee is paid by the ATM user to withdraw cash).
23. ATM operators generate revenue through an interchange fee. The cardholder’s account provider (the issuer) pays an interchange fee to the ATM operator, when a customer uses an ATM that does not belong to the cardholder’s issuer. This interchange fee is standardised and is set by the relevant card scheme (Visa or MasterCard in the State). ATM operators may also generate revenue by offering ATM users dynamic currency conversion or when cardholders from non-domestic account providers are charged an access fee for the use of an ATM. Dynamic currency conversion is when a cardholder of a non-domestic account provider chooses to complete a transaction in their billing currency using the ATM operator’s exchange rate. The ATM operator will charge a fee for this service.
24. The two ATM operating models are CIT ATMs and merchant-fill ATMs. CIT ATMs are filled with banknotes which are provided by authorised and licensed cash-in-transit providers. Merchant-fill ATMs are filled with banknotes by the merchant or site owner. Merchant-fill ATMs allow a merchant or site owner to use cash that the business has generated to fill the ATM, thus saving the merchant any cash handling fees.
25. ATMs may be located inside a premises such as a bank, a service station or a pub. ATMs where the back of the ATM is inside the premises and the front of the ATM is located outside the premises are known as “through the wall” ATMs.



26. The Commission's market enquiries found that the main reason for a site owner to have an ATM is to generate footfall in their premises. Other reasons cited by site owners include the need to recycle cash and revenue generation. A site owner may receive a fee or a share of the revenue generated from the ATM depending on the specific agreement with the ATM operator. In some instances, where it is not feasible for the ATM operator to profitably place an ATM on a site, the site owner may pay the ATM operator to have an ATM on their site.

#### *Industry Trends*

27. The State is a relatively cash-intensive society.<sup>5</sup> The demand for cash, however, has declined in recent years due to the COVID-19 pandemic and the development of contactless payments. According to a recent report by the Central Bank of Ireland, monthly ATM transactions in the State declined by 40% in February 2021 compared with February 2020.<sup>6</sup>

#### **Market Definition**

28. There is a horizontal overlap between the business activities of Euronet and Bank of Ireland in the State as both operate ATMs.

#### Product Market

##### *Views of Euronet<sup>7</sup>*

29. With respect to the relevant product market, Euronet states the following in the notification:

*“[Euronet] submits that, while the precise market definition can be left open in this case, taking into account the decisional practice of the [Competition and Markets Authority] [...], the appropriate basis on which to analyse the Proposed Transaction is by reference to: (i) the supply of ATM services to site owners; and (ii) the supply of ATM services to ATM users.”*

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<sup>5</sup> European Central Bank data shows that the average value of cash withdrawals at ATMs per card issued by resident payment services providers in 2019 was €2,159.70 in the State compared to an average of €1,979.80 and €1,768.20 in the Euro area and in the European Union, respectively. For more information, see:

<https://sdw.ecb.europa.eu/reports.do?node=1000001415>

<sup>6</sup> For more information, see the Central Bank of Ireland Statistical release: *Credit and Debit Card Statistics – February 2021*, which can be accessed at:

<https://www.centralbank.ie/docs/default-source/statistics/data-and-analysis/credit-and-banking-statistics/credit-and-debit-card-statistics/credit-and-debit-card-statistics-february-2021.pdf?sfvrsn=6>

<sup>7</sup> Euronet is the sole notifying party for the Proposed Transaction.



### *Views of the Commission*

30. In analysing the relevant product market, the Commission has taken into account the approach to market definition taken by the Competition and Markets Authority (the “CMA”) in the United Kingdom and considered evidence submitted by Euronet and third parties as part of the Commission’s market enquiries.
31. The market for the supply of ATM services was considered by the CMA in *ME/6648/16 – Completed acquisition by Cardtronics plc of DirectCash Payments Inc.*<sup>8</sup> The CMA assessed that transaction by reference to: (i) the supply of ATMs to site owners; and (ii) the supply of ATM services to ATM users/consumers. The CMA considered whether there might be separate product markets for FTU ATMs and pay-to-use (“PTU”) ATMs but ultimately examined the competitive impact of the transaction by reference to the supply of ATM services (i.e., FTU ATMs and PTU ATMs together).
32. In this instance, the Commission does not need to consider whether there are separate product markets for the provision of FTU ATMs and PTU ATMs to site owners since all ATMs currently operated in the State are FTU for cardholders of account providers located in the State. The Commission’s market enquiries confirmed that providers of ATM services in the State cannot charge an access fee to cardholders of domestic account providers because of the card scheme rules. Cardholders from non-domestic account providers, however, can be charged an access fee to use ATM services.
33. The Commission’s market enquiries confirmed that site owners engage the services of ATM providers for reasons which differ from those of final consumers of ATM services. Site owners typically choose to have an ATM on their site in order to attract customers, recycle cash and to generate revenue from the ATM. One third party expressed the following view to the Commission: *“Retailers use an ATM as a service to their customers and a draw for customers into their shops. In rural village locations, the ATM is the de-facto bank. They also use ATMs as a means of cost effectively recycling cash from the tills.”*
34. The Commission notes that consumers use ATMs to withdraw cash, conduct balance enquiries and for PIN services. The services provided by all ATMs in the State are identical regardless of whether the ATM operator is an IAD or a bank.
35. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. It is not necessary for the Commission to come to a definitive view on the precise relevant product market since the choice of product market will not materially alter the Commission’s conclusions on the likely competitive impact of the Proposed Transaction. In this instance, the Commission has assessed the

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<sup>8</sup> For more information, see *ME/6648/16 – Completed acquisition by Cardtronics plc of DirectCash Payments Inc.*, which can be accessed at:

<https://www.gov.uk/cma-cases/cardtronics-directcash-payments-merger-inquiry>



likely competitive impact of the Proposed Transaction in the following two potential product markets:

- the supply of ATMs to site owners; and
- the supply of ATM services to ATM users.

### Geographic Market

#### *Views of Euronet*

36. With respect to the relevant geographic market, Euronet states the following in the notification:

*“[Euronet] submits that it is not necessary for the [Commission] to reach a firm view on the geographic scope of the supply of ATM services to site owners and the supply of ATM services to ATM users. However, to assist the [Commission], [Euronet] has provided information by reference to [the] supply of these services on a national basis in Ireland.”*

#### *Views of the Commission*

37. The Commission’s market enquiries confirmed that all suppliers of ATMs to site owners and ATM services to ATM users supply these products and services throughout the State. Furthermore, as noted above, all ATMs in the State are FTU for cardholders of account providers located in the State. Since all suppliers of ATMs to site owners can supply an ATM to a site owner located anywhere in the State and all ATMs are FTU for cardholders of domestic account providers in the State, the Commission considers that the competitive conditions across the State are likely to be homogeneous.
38. It is not necessary for the Commission to come to a definitive view on the precise relevant geographic market for: (i) the supply of ATMs to site owners, or (ii) the supply of ATM services to ATM users since the choice of geographic market will not materially alter the Commission’s conclusions as to the likely competitive impact of the Proposed Transaction. In this instance, the Commission has assessed the likely competitive impact of the Proposed Transaction in the State.

### Conclusion on Market Definition

39. The Commission has analysed the competitive impact of the Proposed Transaction in the following two potential markets: (i) the supply of ATMs to site owners in the State; and (ii) the supply of ATM services to ATM users in the State.



## Competitive Assessment

### The Supply of ATMs to site owners in the State

#### Market Structure

40. Market concentration refers to the degree to which production/supply in a particular market is concentrated in the hands of a few large firms. The most commonly used measure of concentration is the Herfindahl-Hirschman Index (“HHI”), which is defined as the sum of the squares of the market shares of all firms participating in the market. According to the Commission’s *Guidelines for Merger Analysis* (31 October 2014)(the “Merger Guidelines”),<sup>9</sup> any market with a post-merger HHI greater than 1,000 may be regarded as concentrated and any market with a post-merger HHI greater than 2,000 may be regarded as highly concentrated. In a concentrated market, a change in the pre-merger HHI compared to the post-merger HHI of less than 250 is “unlikely to cause concern”. In a highly concentrated market, a change in the pre-merger HHI compared to the post-merger HHI of less than 150 is “unlikely to cause concern”. Therefore, if the post-merger HHI is above 2,000 and the change in the HHI is greater than 150, this indicates that firms in that market may be able to exercise market power.
41. With regard to the Proposed Transaction, Table 1 below indicates that following implementation of the Proposed Transaction, the HHI in the potential market for the supply of ATMs to site owners in the State will increase by 1347, from 1839 to 3186, therefore coming within the Merger Guidelines’ definition of a highly concentrated market. The Commission could not conclude, based on HHI screening, that the Proposed Transaction is unlikely to raise competition concerns and thus, had to intensify its analysis of the likely impact of the Proposed Transaction in the relevant market.
42. Table 1 below sets out the current shares of Euronet, the Target Assets and their competitors in the potential market for the supply of ATMs to site owners in the State. The potential market for the supply of ATMs to site owners does not include bank branch ATMs. Following implementation of the Proposed Transaction, Euronet’s share of the supply of ATMs to site owners in the State would be [50-60]%. Brink’s is the next largest competitor in this potential market with a share of almost [10-20]%, followed by Cashzone ([5-10]%), Your Money Kiosk ([5-10]%), EuroCash ([5-10]%), iATM ([5-10]%), Ulster Bank ([0-5]%) and The ATM Co. ([0-5]%).

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<sup>9</sup> *Guidelines for Merger Analysis* adopted by the Commission on 31 October 2014, available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/CCPC-Merger-Guidelines.pdf>.





**Table 1: The supply of ATMs to site owners in the State, 2021**

Supplier	By number of ATMs	
	ATMs	%
Euronet	[...]	[20-30]%
The Target Assets	[...]	[20-30]%
<b>Combined</b>	<b>[...]</b>	<b>[50-60]%</b>
Brink's Cash Services (Ireland) Limited ("Brink's") <sup>10</sup>	[...]	[10-20]%
Cardtronics Ireland Limited ("Cashzone") <sup>11</sup>	[...]	[5-10]%
BWG Group Unlimited Company ("Your Money Kiosk")	[...]	[5-10]%
EuroCash ATMs Limited ("EuroCash")	[...]	[5-10]%
iATM Asset Finance Limited ("iATM")	[...]	[5-10]%
Ulster Bank Ireland DAC ("Ulster Bank")	[...]	[0-5]%
The ATM Supply Company Limited ("The ATM Co.")	[...]	[0-5]%
<b>Total</b>	<b>[...]</b>	<b>100%</b>
<b>HHI Pre-Proposed Transaction</b>	<b>1839</b>	
<b>HHI Post-Proposed Transaction</b>	<b>3186</b>	
<b>HHI Change</b>	<b>1347</b>	

Source: The Commission, based on information provided by the parties and third parties.

43. Paragraph 3.3 of the Merger Guidelines states: "A high level of market concentration post-merger is not sufficient, in and of itself, to conclude that a merger is likely to lead to [a significant lessening of competition]. Other relevant factors (such as, for example, the closeness of competition between the merging parties, market dynamics, barriers to entry and expansion, etc.) will be examined by the Commission before any conclusion is reached concerning the likely competitive impact of a merger". An analysis of the competitive effects of the Proposed Transaction with reference to the potential market for the supply of ATMs to site owners is set out below.

### Competitive Effects Analysis

#### *Views of Euronet*

44. Euronet states the following in the notification:

<sup>10</sup> Brinks is active in the supply of ATMs in the State through its subsidiary PointCash by Brinks.

<sup>11</sup> Cashzone is owned by Cardtronics plc.



*“Following completion of the Proposed Transaction, [Euronet’s] estimated share of the total number of ATMs in Ireland will be modest [...], and it will continue to face strong competition from a significant number of other providers of ATM services. These include IADs that have commenced operations in [the State] in recent years, such as Cashzone (which is owned by Cardtronics plc), EuroCash, Independent ATM Company (known as iATM), Notemachine, Point Cash by Brinks, The ATM Co. and Your Money Kiosk (Owned by BWG Group).”*

#### *Views of the Commission*

45. Assessing the likely competitive effects of the Proposed Transaction requires the identification of any relevant theories of harm (i.e., how the proposed transaction could result in a substantial lessening of competition) and an analysis of those theories of harm through an evaluation of the available evidence.
46. The Commission analysed the likelihood of the Proposed Transaction leading to unilateral effects which, as explained in paragraph 4.8 of the Commission’s “*Guidelines for Merger Analysis*”, occur when “*a merger results in the merged entity having the ability and the incentive to raise prices at its own initiative and without coordinating with its competitors.*”<sup>12</sup> In the case of the potential market for the supply of ATMs to site owners in the State, unilateral effects could occur if, following implementation of the Proposed Transaction, Euronet reduces the fees it pays to site owners (or increases the fees it charges some site owners) for having an ATM on their site or by offering inferior terms to site owners.
47. In considering the likelihood of unilateral effects following implementation of the Proposed Transaction, the Commission assessed a number of factors including the closeness of competition between the parties, the extent to which Euronet will face competitive constraints in the supply of ATMs to site owners in the State, and the ease of switching ATM supplier by site owners.
48. The Commission considers that the Proposed Transaction is unlikely to give rise to any unilateral effects in the potential market for the supply of ATMs to site owners in the State for the reasons set out below.

#### Closeness of competition

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<sup>12</sup> The Commission’s “*Guidelines for Merger Analysis*” can be accessed at:  
<https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/CCPC-Merger-Guidelines.pdf>



49. Information provided to the Commission by the parties and third parties as part of the Commission's market enquiries indicates that Euronet and Bank of Ireland are not especially close competitors in the supply of ATMs to site owners in the State and do not compete more closely with each other than they do with the other competitors in this potential market. This view is based on the following evidence.
50. First, a number of third parties contacted by the Commission (including customers of the parties) expressed the view that IADs such as Cardtronics, Brink's, and iATM are close competitors of the parties in the supply of ATMs to site owners in the State.
51. Second, the parties use different criteria to determine whether a site owner is eligible for an ATM, with Bank of Ireland using more stringent criteria.<sup>13</sup> Bank of Ireland informed the Commission that in order for a site owner to be eligible for an ATM it must meet, *inter alia*, the following criteria: [...]. In contrast, Euronet informed the Commission that it does not set [...]. Euronet informed the Commission that in order for a site owner to be eligible for an ATM, it will consider the following factors: [...].
52. Third, Bank of Ireland and Euronet rarely compete against one another in the same tender for the supply of ATMs to site owners in the State. Euronet informed the Commission that it has participated in [...] tenders for the supply of ATMs to site owners in the past five years.<sup>14</sup> Bank of Ireland informed the Commission that it has participated in [...] tenders in this potential market in the past five years.<sup>15</sup> Of these tenders, Euronet and Bank of Ireland have only competed against each other once, in a tender to supply ATMs to [...]. Bank of Ireland was successful on that occasion, although it currently supplies [...]. Aside from the tender to supply ATMs to [...], Euronet and Bank of Ireland have not competed against each other in any other tender for the supply of ATMs to site owners in the State in the past five years.
53. In light of the above evidence, the Commission considers that the parties do not compete with one another any more closely for the supply of ATMs to site owners in the State than the parties compete with other competitors such as Cardtronics, Brink's, and iATM.

#### Competitive Constraints in the Supply of ATMs to Site Owners in the State

54. As illustrated in Table 1 above, following implementation of the Proposed Transaction, Euronet will face a competitive constraint from a number of IADs currently active in the supply of ATMs to site owners in the State. These include Brink's,<sup>16</sup> Cashzone,<sup>17</sup> iATM,

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<sup>13</sup> This was confirmed to the Commission by [...].

<sup>14</sup> Euronet was successful in [...] of these [...] tenders.

<sup>15</sup> Bank of Ireland was successful in [...] of these [...] tenders.

<sup>16</sup> [...].

<sup>17</sup> [...].



The ATM Co., Your Money Kiosk,<sup>18</sup> and EuroCash. The Commission's market enquiries have confirmed that each of the parties' competitors supply ATMs to site owners throughout the State. In addition to the competitors listed in Table 1 above, the Commission's market enquiries found that RMS Cash Services Limited, trading as Pivotal ("Pivotal"), entered the potential market for the supply of ATMs to site owners in the State in 2021.<sup>19</sup>

55. One site owner who went to tender for a supplier of ATMs to their sites [...] expressed the following view to the Commission about the level of competition in the supply of ATMs to site owners in the State: "[we] have seen an increase in competition not a decrease."

#### Barriers to Switching

56. Euronet states in the notification that site owners in the State can easily switch between suppliers of ATMs.
57. The majority of customers (i.e., site owners) contacted by the Commission expressed the view that there are little or no barriers to switching ATM supplier in the State.<sup>20</sup> Most customers contacted by the Commission, however, stated that they had not attempted to switch ATM supplier in recent years as they are satisfied with their ATM supplier.<sup>21</sup>
58. During its market enquiries, the Commission found evidence of site owners switching between suppliers of ATMs in the State. [...]. Bank of Ireland informed the Commission that [...].
59. In light of the evidence above, the Commission considers that the barriers to switching ATM supplier for site owners in the State appear to be relatively low.

#### Ease of Entry/Expansion

60. Euronet informed the Commission that it began supplying ATMs to site owners in the State in 2016. YourCash Ireland entered the potential market for the supply of ATMs to site owners in the State in January 2016 and was acquired by Euronet in October 2016.

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<sup>18</sup> [...].

<sup>19</sup> See paragraph 64 below for more details on Pivotal's entry into the State in 2021.

<sup>20</sup> Only one customer contacted by the Commission expressed the view that the costs of switching ATM supplier in the State may be significant. This customer, however, informed the Commission that it has not attempted to switch ATM supplier in recent years.

<sup>21</sup> Of the customers (i.e., site owners) contacted by the Commission [...], informed the Commission they had switched ATM supplier since 2016. Information provided to the Commission by Bank of Ireland in the Information Request indicates that [...] sites have switched from Bank of Ireland to another ATM supplier since 2016, including [...]. Information provided to the Commission by Euronet in response to the RFI indicates that [...] ATMs had been removed from a customer's site at the customer's request since 2016.



Euronet expanded its presence in the State through the acquisition of approximately 400 *Easycash*-branded ATMs from Ulster Bank in 2018.

61. As noted above, Brink's began supplying ATMs to site owners in the State in 2020 through its acquisition of Allied Irish Banks P.L.C's ("AIB") non-branch ATM network. The ATM Co. entered the potential market for the supply of ATMs to site owners in the State in 2018. Cardtronics, Your Money Kiosk and iATM all entered this potential market in the State in 2016.
62. Pivotal began supplying ATMs to site owners in the State in 2021 when it won the tender to supply [...] with ATMs. As noted above, [...] won the contract to supply [...] with ATMs in 2017, thereby expanding its presence in the supply of ATMs to site owners in the State.
63. In light of the above evidence, the Commission considers that the barriers to entry or expansion for the supply of ATMs to site owners in the State appear to be relatively low.

#### Conclusion on Competitive Assessment

64. The Commission, having taken into account all of the evidence described above, considers that any attempt by Euronet to unilaterally reduce the fees it pays to site owners (or otherwise harm competition) is likely to lead to customers switching to rival suppliers of ATMs. Following implementation of the Proposed Transaction, Euronet will face a competitive constraint from a large number of suppliers of ATMs in the State (as listed in Table 1 above). The evidence available to the Commission indicates that the parties are not especially close competitors in the supply of ATMs to site owners in the State, barriers to switching by customers appear to be relatively low, and there are few, if any, barriers to entry or expansion in the supply of ATMs to site owners in the State.
65. In light of all the available evidence, the Commission considers that the Proposed Transaction will not give rise to any horizontal competition concerns in the potential market for the supply of ATMs to site owners in the State.

#### The Supply of ATM services to ATM users in the State

##### Market Structure

66. Table 2 below indicates that following implementation of the Proposed Transaction, the HHI in the potential market for the supply of ATM services to ATM users in the State will increase by 488, from 1316 to 1804, therefore coming within the Merger Guidelines' definition of a concentrated market. The Commission could not conclude, based on HHI screening, that the Proposed Transaction is unlikely to raise competition concerns and thus, had to intensify its analysis of the likely impact of the Proposed Transaction in the relevant market.



67. Table 2 below sets out the current shares of Euronet, the Target Assets and their competitors in the potential market for the supply of ATM services to ATM users in the State. ATM users can avail of services from ATMs located in either a bank branch or a non-bank site. Following implementation of the Proposed Transaction, Euronet's share of the supply of ATM services to ATM users in the State would be [30-40]%. Bank of Ireland is the next largest competitor in the supply of ATM services to ATM users in the State with a share of [10-20]%, followed by Brink's ([10-20]%), AIB ([5-10]%), Cashzone ([0-5]%), Your Money Kiosk ([0-5]%) and others ([10-20]%).



**Table 2: The supply of ATM services to ATM users in the State, 2021**

Supplier	By number of ATMs	
	ATMs	%
Euronet	[...]	[10-20]%
The Target Assets	[...]	[10-20]%
<b>Combined</b>	<b>[...]</b>	<b>[30-40]%</b>
Bank of Ireland <sup>2223</sup>	[...]	[10-20]%
Brink's	[...]	[10-20]%
AIB <sup>24</sup>	[...]	[5-10]%
Cashzone	[...]	[0-5]%
Your Money Kiosk (BWG)	[...]	[0-5]%
EuroCash	[...]	[0-5]%
iATM	[...]	[0-5]%
The ATM Co	[...]	[0-5]%
Others <sup>25</sup>	[...]	[10-20]%
<b>TOTAL</b>	<b>[...]</b>	<b>100.0%</b>
<b>HHI Pre-Proposed Transaction</b>	<b>1316</b>	
<b>HHI Post-Proposed Transaction</b>	<b>1804</b>	
<b>HHI Change</b>	<b>488</b>	

Source: The Commission, based on information provided by the parties and third parties.

68. As referred to in paragraph 43 above, a high level of market concentration post-merger is not sufficient, in and of itself, to conclude that a merger is likely to lead to a significant lessening of competition. An analysis of the competitive effects of the Proposed Transaction with reference to the potential market for the supply of ATM services to ATM users is set out below.

<sup>22</sup> Following implementation of the Proposed Transaction, Bank of Ireland will continue to supply ATM services in the State through its branch ATMs, which do not form part of the Proposed Transaction.

<sup>23</sup> Bank of Ireland recently announced that it intends to close 88 of its branches in the State commencing September 2021. 169 Bank of Ireland branches will remain following these closures. For more information see: <https://www.irishtimes.com/business/financial-services/here-is-the-list-of-bank-of-ireland-branch-closures-1.4497941>

<sup>24</sup> AIB has recently announced that it intends to close 15 of its branches in the State by the end of 2021. 170 AIB branches will remain following these closures. For more information see: <https://www.irishtimes.com/business/financial-services/aib-cites-pandemic-and-shift-online-as-it-closes-15-branches-1.4625611>

<sup>25</sup> Permanent TSB Public Limited Company ("Permanent TSB") currently operates 76 branches in the State, but it recently announced its intention to acquire a further 25 branches from Ulster Bank: <https://www.rte.ie/news/business/2021/0723/1236761-ulster-bank-permanent-tsb-deal/>



### Competitive Effects Analysis

#### *Views of Euronet*

69. Euronet states the following in the notification:

*“There is no prospect of any adverse impact to consumers arising as a result of the Proposed Transaction. As required by international card associations (including VISA and MasterCard), the Purchaser does not currently charge the holders of any domestically-issued bank cards in Ireland for cash withdrawal or balance enquiry transactions at ATMs as ATMS are free-to-use [...] for domestic cardholders in Ireland [...]. All ATMs in the State are therefore free to use for the holders of domestically-issued bank cards, which currently account for the vast majority ([...]%) of ATM withdrawals in Ireland.”*

#### *Views of the Commission*

70. The Commission considers that the Proposed Transaction is unlikely to give rise to any unilateral effects in the potential market for the supply of ATM services to ATM users in the State for the reasons set out below.

### Competitive Constraints in the Supply of ATM services to ATM users in the State

71. As illustrated in Table 2 above, following implementation of the Proposed Transaction, Euronet will face a competitive constraint from a large number of competitors currently active in the supply of ATM services to ATM users in the State. These include Brink's, Cashzone, iATM, The ATM Co., Your Money Kiosk, and EuroCash. In addition, other competitors active in the supply of ATM services to ATM users in the State include Bank of Ireland, AIB and Permanent TSB.

### Barriers to Switching

72. Euronet states the following in the notification: *“The ATM services currently available to customers/consumers in the Irish market could be said to be broadly homogenous in that customers/consumers may not perceive any actual or real difference between them in terms of brand loyalty.”*

73. The Commission considers that the services provided by ATMs in the State are homogenous and that there are no costs or barriers to ATM users switching between





suppliers of ATM services in the State. An ATM user in the State can use the services of any ATM without facing additional costs or any other barriers to switching.<sup>26</sup>

74. In light of the above, the Commission considers that there are no barriers for customers to switch suppliers of ATM services in the State.

#### Ease of Entry/Expansion

75. As explained above, the Commission considers that barriers to entry and expansion in the potential market for the supply of ATMs to site owners in the State appear to be relatively low. Since all suppliers of ATMs to site owners currently active in the State are also active in the supply of ATM services to ATM users in the State, the Commission considers that barriers to entry and expansion in the supply of ATM services to ATM users in the State are also relatively low.

#### Card Scheme Rules for the Supply of ATM services to ATM users in the State

76. Both Euronet and Bank of Ireland informed the Commission that the Visa, MasterCard and other card scheme rules do not allow ATM operators to charge an access fee to cardholders of domestic account providers unless there are laws or regulations which permit ATM operators to do so.<sup>27</sup> Both Euronet and Bank of Ireland informed the Commission that there are no laws or regulations in the State which permit ATM operators to charge an access fee and, therefore, all ATMs in the State are FTU for cardholders of domestic account providers. The card scheme rules, however, permit ATM operators in the State to charge an access fee to cardholders of non-domestic account providers.<sup>28</sup>
77. As explained in paragraph 23 above, ATM operators generate revenue through the interchange fee paid by the account provider of the ATM user. Both Euronet and Bank of Ireland informed the Commission that Visa and MasterCard set the interchange fees which are paid to ATM operators.
78. In light of the above, the Commission considers that, following implementation of the Proposed Transaction, Euronet will not have the ability to introduce access fees for the

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<sup>26</sup> As noted in paragraph 22 above, all ATMs in the State are FTU for cardholders of account providers based in the State. This is not, however, the case for cardholders of account providers based outside the State.

<sup>27</sup> Other card scheme rules include American Express, Discover, UnionPay International and JCB rules. Euronet informed the Commission in its response to the RFI that, to Euronet's knowledge, only American Express issues cards in the State. As these are credit cards, they are not typically used in ATMs in the State and, as a result, Euronet does not charge any access fee to cardholders of domestic account providers.

<sup>28</sup> For further information on the Visa scheme rules, see "Visa Core Rules and Visa Product and Service Rules", April 2021 which are accessible at:

<https://www.visa.com.bs/dam/VCOM/download/about-visa/visa-rules-public.pdf>

For further information on the MasterCard scheme rules, see "Transaction Processing Rules", December 2020 which are accessible at:

<https://www.mastercard.us/content/dam/mccom/global/documents/transaction-processing-rules.pdf>



ATM services provided to cardholders of domestic account providers. Furthermore, the Commission considers that, following implementation of the Proposed Transaction, Euronet will not have the ability to increase the interchange fees it receives from account providers since these fees are set by Visa and MasterCard.

#### Conclusion on Competitive Assessment

79. The Commission, having taken into account all of the evidence described above, considers that any attempt by Euronet to unilaterally increase the price it charges for the supply of ATM services to ATM users in the State (or otherwise harm competition) following implementation of the Proposed Transaction is likely to lead to ATM users switching to rival suppliers of ATM services in the State. Following implementation of the Proposed Transaction, Euronet will face a competitive constraint from a large number of suppliers of ATM services in the State (as listed in Table 2 above). The evidence available to the Commission indicates that there are no barriers to ATM users switching between suppliers of ATM services in the State. Furthermore, the Visa, MasterCard and other card scheme rules will prevent Euronet from introducing fees for ATM services provided to cardholders of domestic account providers in the State.
80. In light of all the available evidence, the Commission considers that the Proposed Transaction will not give rise to any horizontal competition concerns in the potential market for the supply of ATM services to ATM users in the State.

#### **Vertical Relationship**

81. Euronet states in the notification that there is no vertical relationship between the parties in the State. The Commission has not identified any existing vertical relationship between the parties in the State. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

#### **Conclusion**

82. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

#### **Ancillary Restraints**

83. Clause 16 (*Restrictions on Business Activities*) of the Business Sale Agreement contains restrictive obligations on Bank of Ireland, including non-solicitation obligations. The duration of these non-solicitation obligations does not exceed the maximum duration



acceptable to the Commission.<sup>29</sup> The Commission considers these restrictions to be directly related to and necessary for the implementation of the Proposed Transaction.

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<sup>29</sup> In this respect, the Commission follows the approach adopted by the European Commission in paragraph 26 of its Notice on restrictions directly related and necessary to concentrations (2005) OJ C56/03. For more information see [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



## **Determination**

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed transaction whereby Easycash (Ireland) Limited, a wholly-owned subsidiary of Euronet Worldwide, Inc., would acquire a portfolio of 679 Automatic Teller Machines from the Governor and Company of the Bank of Ireland will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

**Brian McHugh**

**Member**

**Competition and Consumer Protection Commission**