



DETERMINATION OF MERGER NOTIFICATION M/21/004 – AIB/BOI/PTSB – SYNCH PAYMENTS JV

Section 21 of the Competition Act 2002

Proposed creation of a joint venture, Synch Payments D.A.C., between Allied Irish Banks, P.L.C.; the Governor and Company of the Bank of Ireland; Permanent TSB P.L.C.; and KBC Bank Ireland P.L.C.

Dated 8 December 2021

Introduction

1. On 8 April 2021, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of the proposed creation of a joint venture, Synch Payments D.A.C. (“Synch”), between Allied Irish Banks, P.L.C. (“AIB”); the Governor and Company of the Bank of Ireland (“BOI”); Permanent TSB P.L.C. (“PTSB”); and KBC Bank Ireland P.L.C. (“KBC”) (the “Proposed Transaction”). AIB, BOI, PTSB, KBC and Synch are the parties (the “Parties”).

The Proposed Transaction

2. The Proposed Transaction will be implemented pursuant to a Joint Venture and Shareholders Agreement dated 21 December 2020 between AIB, BOI, PTSB, KBC, Synch and the Banking & Payments Federation Ireland Company Limited by Guarantee (“BPF¹”) as amended by way of a Variation Agreement between the same parties dated 7 April 2021 (together, the “JV Agreement”). Pursuant to the JV Agreement, AIB, BOI and PTSB will hold [...], [...] and [...] respectively of the total issued share capital of Synch. Under the terms of the JV Agreement, the rights afforded to each of AIB, BOI and PTSB is such as to give rise to a position whereby each of AIB, BOI and PTSB will acquire joint control of Synch for the purposes of section 16(1)(b) and section 16(4) of the Act.

¹[...].



3. Pursuant to the JV Agreement, KBC will hold [...] % of the total issued share capital of Synch, but will not have joint control of Synch.

The Undertakings Involved

AIB

4. AIB is a direct subsidiary of AIB Group P.L.C (“AIB Public”), a public limited company incorporated in the State and listed on the Irish Stock Exchange.
5. AIB Public and its subsidiaries (the “AIB Group”) provide a range of banking products and services to personal, business and corporate customers in the State and the United Kingdom. In the State, the AIB Group provides two types of banking products and services:
 - a) **Retail Banking** - includes mortgages, consumer lending, small and medium-sized enterprise lending, asset-backed lending, wealth management and daily banking.
 - b) **Corporate, Institutional and Business Banking** - includes specialised finance, commercial finance, syndicated finance and corporate finance advisory services. In addition, the AIB Group provides private banking services and advice to corporate clients.
6. The AIB Group also participates in international syndicated finance transactions through teams based in New York and Dublin.

BOI

7. The BOI group of companies (“the BOI Group”) is a financial services group providing a range of banking and financial services in the State and the United Kingdom. BOI is the main operating entity and licensed bank of the BOI Group. The parent company of BOI, Bank of Ireland Group P.L.C, is a public limited company incorporated in the State.
8. In the State, BOI is active in the provision of retail banking products and services to personal and business customers. As part of its retail banking activities in the State, BOI provides residential/owner occupier mortgages and buy to let mortgages at a variety of fixed and variable rates. BOI also provides services including current and deposit accounts, associated services such as payment cards and overdraft facilities, and credit facilities to personal and business customers in the State.



PTSB

9. PTSB, a public limited company incorporated in the State, is a subsidiary of Permanent TSB Group Holdings P.L.C (“PTSB Group”). PTSB Group provides a range of banking and financial services to personal and small business customers in the State.

The Joint Venture - Synch

10. Synch is a designated activity company incorporated in the State (registered number 679126) whose registered office is at Floor 3, One Molesworth Street, Dublin 2. In the notification, the Parties submit that Synch is a full function joint venture jointly controlled by AIB, BOI and PTSB. Following the implementation of the Proposed Transaction, Synch will create an instant mobile payment service. The Parties state the following in the notification:

“Synch will create a new industry wide, common solution and open payment service in Ireland that can be used, subject to the Draft Synch Licence Agreement and the standard participant eligibility requirements, by all financial institutions (including consortia of smaller financial institutions) that issue Euro denominated IBANs to Irish customers.”

11. Synch will initially facilitate instant peer-to-peer payments between customers of financial institutions (i.e. AIB, BOI, PTSB and KBC) which are licensed participants of the Synch mobile payments service, through its mobile app. Synch also intends to broaden the services it initially provides to include instant “person-to-merchant” payments services. The Parties provide the following information in the notification:

“It is also intended, once the concept is proven, to expand the Synch Mobile Payments Service to the merchant acquirer sector, so that the merchant acquirer sector will be able to provide an alternative to customers for in-store and online merchant card acceptance.”

Investigation



12. On 19 May 2021, the Commission served a Requirement for Further Information (“RFI”) on each of AIB, BOI, PTSB, and Synch pursuant to section 20(2) of the Act. The service of these RFIs adjusted the deadline within which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1. The Commission also issued an information request to KBC.
13. Upon receipt of a full response to the RFIs, the “appropriate date” (as defined in Section 19(6)(b)(i) of the Act) became 29 October 2021.²
14. Six third party submissions were received by the Commission during the Phase 1 investigation. The Commission engaged with these third parties to discuss their submissions in greater detail. The competition concerns expressed in these submissions have been assessed by the Commission as part of its review of the likely competitive impact of the Proposed Transaction.
15. The Commission conducted market enquiries which included sending questionnaires to competitors and potential customers, as well as to other industry stakeholders. In some cases, the Commission also contacted third parties by telephone and/or e-mail to seek further details regarding their responses.

Analysis

16. The Commission is unable, at this stage, to reach a determination that the Proposed Transaction will not lead to a substantial lessening of competition in any market for goods or services in the State. Accordingly, it intends to carry out a full investigation under section 22 of the Act.

² The “appropriate date” is the date from which the time limits for making both Phase 1 and Phase 2 determinations begin to run.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(b) of the Competition Act 2002, as amended (the “Act”), has determined that it intends to carry out a full investigation under section 22 of the Act in relation to the proposed creation of a joint venture, Synch Payments D.A.C., between Allied Irish Banks, P.L.C.; the Governor and Company of the Bank of Ireland; Permanent TSB P.L.C.; and KBC Bank Ireland P.L.C.

For the Competition and Consumer Protection Commission

Brian McHugh
Member
Competition and Consumer Protection Commission