

DETERMINATION OF MERGER NOTIFICATION M/22/058 – GLOBAL PAYMENTS / EVO PAYMENTS

Section 21 of the Competition Act 2002

Proposed acquisition by Global Payments Inc. for sole control of EVO Payments Inc.

Dated: 2 December 2022

Introduction

1. On 24 October 2022, 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 a proposed acquisition whereby Global Payments Inc. (“Global Payments”) would acquire sole control of EVO Payments Inc. (“EVO Payments”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction will be implemented by way of an agreement and plan of merger dated 1 August 2022, whereby Falcon Merger Sub Inc., a wholly-owned subsidiary of Global Payments, will merge with and into EVO Payments, such that, following completion of the Proposed Transaction, Global Payments will have sole control of EVO Payments.

The Undertakings Involved

The Purchaser – Global Payments

3. Global Payments is a payments technology company that delivers software and services to customers globally. It provides a broad range of solutions to enable customers to operate their businesses more efficiently across a variety of channels around the world. Global Payments is headquartered in Georgia, United States of America (“USA”), is listed on the New York Stock Exchange and operates in over 170 countries throughout North America, Europe, Asia Pacific and Latin America.

4. Global Payments' business is structured across the following three main segments:

- (a) Merchant Solutions: Global Payments provides payments technology and software solutions to customers. This includes authorization, settlement and funding services, customer support, chargeback resolution, terminal rental, sales and deployment, payment security services, consolidated billing and reporting.
- (b) Issuer Solutions: The issuer solutions segment provides solutions that enable financial institutions and other financial service providers to manage their card portfolios.
- (c) Business and Consumer Solutions: The business and consumer solutions segment provides financial service solutions to consumers and businesses through its *Netspend* brand and other brands.

5. Global Payments offers the following services to customers in the State:

- (a) E-commerce merchant acquiring (to a *de minimis* extent);
- (b) Issuing processing; and
- (c) E-commerce acceptance.

6. For the financial year ending 31 December 2021, Global Payments worldwide turnover was approximately €[...], of which €[...] was generated in the State.

The Target – EVO Payments

- 7. EVO Payments is a provider of merchant acquiring and payment processing solutions. EVO Payments is incorporated in the State of Delaware in the USA, and is headquartered in Atlanta, Georgia. EVO Payments is listed on the NASDAQ Global Market. EVO Payments has local operations in 12 countries and is able to serve customers in over 50 countries. EVO Payments' clients range from small and mid-size enterprises to multinational companies and organizations across the globe.
- 8. EVO Payments is active in the State through the Irish branch of EVO Payments International GmbH, trading as BOI Payment Acceptance ("BOIPA"), which provides payment services to merchants and which has a marketing alliance with Bank of Ireland relating to the State and the United Kingdom. Through BOIPA, EVO Payments offers the following services to customers in the State:

- (a) Point of sale (“POS”) merchant acquiring;
 - (b) E-commerce merchant acquiring;
 - (c) Provision of POS terminals; and
 - (d) E-commerce acceptance.
9. For the financial year ending 31 December 2021, EVO Payments worldwide turnover was approximately €[...], of which €[...] was generated in the State.

Rationale for the Proposed Transaction

10. The parties state the following in the notification:

“The Proposed Transaction has a clear commercial rationale for Global Payments, in particular as it is expected to expand Global Payments’ presence in new and existing faster growth geographies, add accounts receivable software capabilities that complement Global Payments’ business-to-business offerings, enhance its technology-enabled distribution strategy, and provide the opportunity for meaningful cost synergies.”

Third Party Submissions

11. No third-party submission was received.

Industry Background - Payments Services Sector

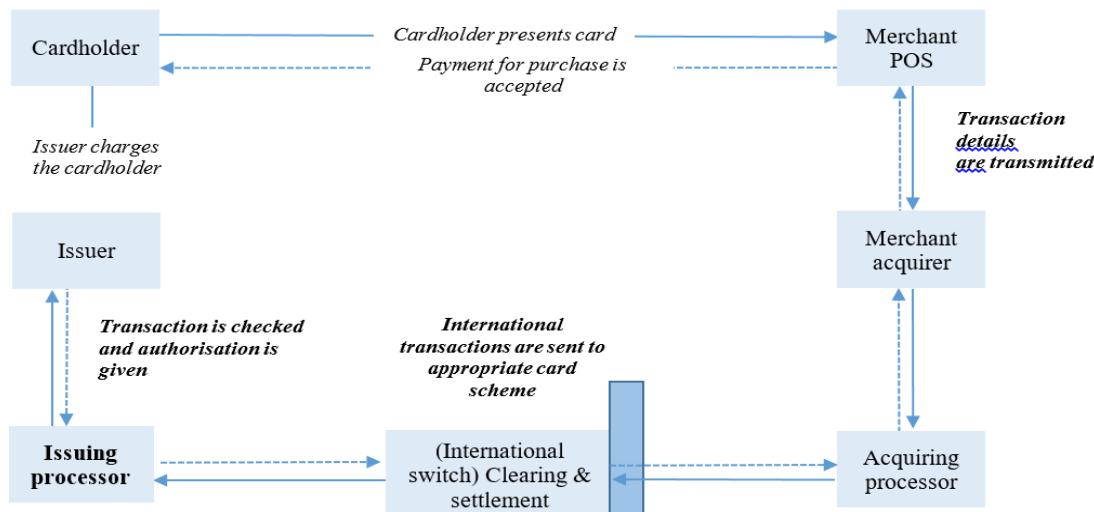
12. The parties are active in the payments services sector. In the notification, the parties provide the following overview description of the payment services sector

“Payment systems available to the public allow, for example, a cardholder to use a payment card, such as a debit or a credit card, or other method of payment to pay for products and services purchased at stores (physical or online) without using cash. Through these systems, the merchants are connected with financial institutions, namely the bank issuing the card (issuer bank) and the bank endorsing the cashless payment to the benefit of the merchant (acquirer bank), to execute the entire transaction from the moment of payment until the merchant’s account is credited. Payment transactions can take place as: (a) physical point of sale (“POS”) transactions or (b) e-commerce transactions.”

13. In the notification, the parties explain POS transactions as follows:

“A physical card payment transaction begins when the cardholder uses a payment card to pay for the purchase of goods or services from a merchant. The merchant will seek authorisation for the transaction from its merchant acquirer. The authorisation request is transmitted from the merchant’s POS terminal (card reader) in which the customer entered his/her card. Subsequently, the authorisation request is sent to the acquirer processor, which will identify the scheme network to which the payment card belongs and transmits the request to the issuer processor. The issuer processor will perform checks, such as whether the card is valid and whether the cardholder’s account contains sufficient funds. The result of the authorisation request is sent back to the POS terminal; if the transaction is authorised, the merchant can be sure of payment.”

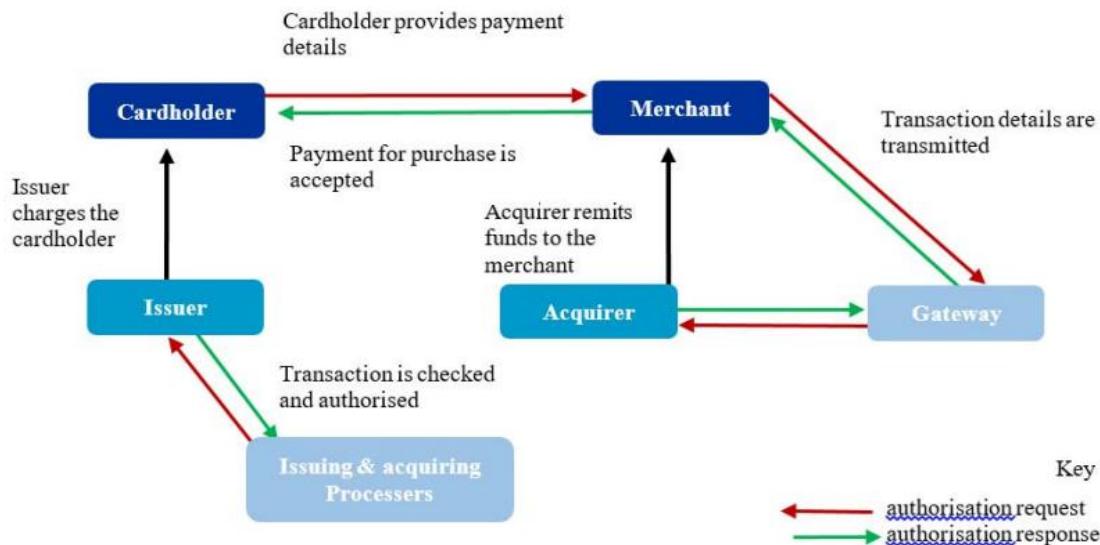
Figure 1: Overview of POS transactions



Source: The parties (paragraph 8, European Commission decision in [Case M.9776 – Worldline/Ingenico](#))

14. The parties explain in the notification, that e-commerce transactions involve similar actors as for physical payment transactions, but do not involve POS terminals. Instead, when making a payment the customer will see a landing page or gateway, which then directs the customer to the appropriate interface for the selected payment method. Figure 2, below, is an overview of e-commerce transaction which the parties included in their notification:

Figure 2: Overview of e-commerce transaction



Source: The parties (paragraph 12 European Commission decision in *Case M.9776 – Worldline/Ingenico*)

Competitive Analysis

Horizontal Overlap

15. As outlined in paragraphs 5 and 8 above, there are two potential areas of horizontal overlap between the activities of the parties in the State:

- E-commerce merchant acquiring; and
- E-commerce acceptance

Relevant Product Market

E-commerce merchant acquiring

16. The European Commission has considered merchant acquiring services in a number of recent cases¹. As outlined by the parties in the notification:

¹ See for example European Commission decision in Case M.7873 – *Worldline/Equens/PaySquare*, paragraph 17 *et seq.*; European Commission decision in Case M.7241 – *Advent International/Bain Capital Investors/Nets Holding*, paragraph 12 *et seq.*; European Commission decision in Case M.7711 – *Advent International/Bain Capital/ICBPI*, paragraph 14 *et seq.*; European Commission decision in Case M.6956 – *Telefonica/Caixabank/Banco Santander/JV*, paragraph 44 *et seq.*; and European Commission decision in Case M.5241 – *American Express/Fortis/Alpha Card*, paragraph 23 *et seq.*

"In previous decisions, the European Commission considered that it may be possible to examine further subdivisions of merchant acquiring on the basis of the following criteria:

- *Types of payment card schemes (international/domestic);*
- *Payment card brands (e.g. Visa, Mastercard);*
- *Type of payment card (debit/credit);*
- *Based on whether the service relates to a physical payment via a POS terminal ("POS merchant acquiring") or a web-based payment ("e-commerce merchant acquiring"); and*
- *Wholesale merchant acquiring (to banks) and retail merchant acquiring (to merchants).*

The European Commission has also recognised that the relevance of each of these factors varies depending on "national specificities". For example, as is the case in other EU Member States, Ireland does not operate a domestic payment card scheme and therefore a distinction on these lines for merchant acquiring services is not relevant in an Irish context. The most recent decisional practice of the European Commission, following detailed market investigations in decisions including Wordline/Ingenico and NEXI/NETS Group, has concluded that POS merchant acquiring and e-commerce merchant acquiring constitute separate product markets, but leaving open any further subdivisions as being immaterial to its assessment.²²

E-commerce acceptance services

17. The European Commission has previously considered the potential market for e-commerce acceptance services.³ The European Commission found in its decision in *Case M.9776 Wordline/Ingenico* that e-commerce acceptance solutions form a separate product market from e-commerce merchant acquiring, with e-commerce acceptance being a technical service and e-commerce merchant acquiring being a financial service. In addition, the European Commission found that no further segmentation of e-commerce acceptance services would be appropriate.⁴

²² See European Commission decision in *Case M.9776 – Wordline/Ingenico*.

³ See European Commission decision in *Case M.9776 – Wordline/Ingenico*.

⁴ See European Commission decision in *Case M.9776 – Wordline/Ingenico, para 98*.

18. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant product market(s) because the Commission's assessment of the likely competitive effects of the Proposed Transaction would be the same however those markets were defined. Nonetheless, the Commission has assessed the likely impact of the Proposed Transaction in respect of the following two product areas in which the activities of the parties overlap in the State following the approach previously adopted by the European Commission:

- a) E-commerce merchant acquiring; and
- b) E-commerce acceptance.

Geographic market

19. Similarly, it is not necessary for the Commission to define the precise relevant geographic markets because the Commission's assessment of the likely competitive effects of the Proposed Transaction in the State would be the same whether the market is defined narrowly as the State or more broadly as the EEA. The European Commission decision for both e-commerce merchant acquiring and e-commerce acceptance services concluded that the markets for each are at least EEA wide.⁵ For the purpose of its assessment of the Proposed Transaction, the Commission has therefore assessed the likely impact of the Proposed Transaction with respect to the EEA and also in relation to the State for completeness.

Horizontal Competitive Assessment

20. In relation to the market for e-commerce merchant acquiring, the parties state in the notification that there are no publicly available resources regarding e-commerce merchant acquiring market shares on an EEA-wide level. The information they provide is drawn from a Nilson Report, Issue 1219, May 2022, "*Europe's 45 largest merchant acquirers*", where it is noted that by volume of transactions, the largest acquirers of e-commerce transactions in Europe are JPMorgan Chase & Co., Adyen N.V., Fidelity National Information Services Inc., Fiserv Inc. and Nexi S.p.A., and by value, the largest acquirers are Adyen N.V., Fidelity National Information Services Inc., Barclaycard International Payments Limited, JPMorgan Chase & Co. and Nexi S.p.A. This group of providers acquires around 75% of all e-commerce transactions in Europe, with JP Morgan Payments and Adyen alone combined acquiring over 40% of all e-commerce transactions in Europe. Both Global

⁵ European Commission decision in *Case M.9776 – Worldline/Ingenico*, para 48.

Payments and EVO payments estimate their share of supply in the market for e-commerce merchant acquiring in the EEA to be in each case below 5%.

21. In relation to the market for e-commerce acceptance services, the Commission notes that there is no information available specifically on this market, either on an EEA basis or on the basis of the State. However, the parties state the following in the notification:

“... given that e-commerce acceptance services are often procured, and provided, together with e-commerce merchant acquiring services (and in particular in the Parties’ case), the Parties estimate that their shares of supply in e-commerce acceptance would be no higher than their estimated shares of supply in respect of e-commerce payments processed.”

E-commerce merchant acquiring

22. The parties are both active in the market for e-commerce merchant acquiring. Each party's market share⁶ in relation to e-commerce merchant acquiring at an EEA level is estimated to be less than 5%, therefore the increment arising from the Proposed Transaction is relatively small, at less than 5%. In the State, Global Payments has a limited presence in merchant acquiring, the parties' combined share of e-commerce merchant acquiring is estimated at less than 2%, and the increment arising from the Proposed Transaction is *de minimis* at less than 1%.

23. Furthermore, following implementation of the Proposed Transaction, there will remain a number of competitors which will continue to exert a competitive constraint on Global Payments in the provision of e-commerce merchant acquiring such as Fidelity National Information Services Inc., Stripe Technology Europe Limited, First Merchant Processing (Ireland) DAC trading as AIB Merchant Services, JPMorgan Chase & Co. and Adyen N.V.

E-commerce acceptance services

24. The parties are both active in the market for e-commerce acceptance services. The parties' estimated share of e-commerce payments processed in the State in 2021, is provided in the Table

⁶ Parties estimates based on Nilson Report, Issue 1219, May 2022, “Europe’s 45 largest merchant acquirers”.

1, below. Table 1, below, illustrates Global Payments' e-commerce acceptance service provision, including as distributed via its relationship with Elavon Financial Services DAC⁷ and EVO Payments/BOIPA's e-commerce merchant acquiring and, by extension, e-commerce acceptance provision. Given that EVO Payments does not supply its e-commerce acceptance services outside of its network of acquiring clients, its shares for this segment are no higher than its shares for e-commerce merchant acquiring.

Table 1: Estimated share of e-commerce payments processed in the State, 2021

Supplier	Value of transactions	
	(€, M)	%
Global Payments	7,700	23.3%
EVO Payments/BOIPA	304	0.9%
Combined	8,004	24.2%
Others	25,110	75.8%
TOTAL	33,114	100.0%

Source: the parties, based on Central Bank of Ireland ("CBI") data

25. Each party's market shares in relation to e-commerce acceptance services are estimated at less than 1% at an EEA level, therefore the increment arising from the Proposed Transaction is minimal. In the State, Global Payments market share is estimated at 23.3% and EVO Payments' estimated market share is 0.9%, therefore the parties' combined share of e-commerce acceptance services following completion of the Proposed Transaction is estimated at less than 24.2%, with an increment arising from the Proposed Transaction being *de minimis* at less than 1%.
26. Furthermore, following implementation of the Proposed Transaction, there will remain a number of competitors which will continue to exert a competitive constraint on Global Payments in the provision of e-commerce acceptance services such as Fidelity National Information Services Inc., Stripe Technology Europe Limited, First Merchant Processing (Ireland) DAC trading as AIB Merchant Services, JPMorgan Chase & Co. and Adyen N.V.
27. In light of the above the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in relation to:

⁷ Global Payments also has an agreement under which e-commerce acceptance services are provided to Elavon, who re-sell these services to their customers under their own branding

- (a) E-commerce merchant acquiring in the State; and
- (b) E-commerce acceptance in the State.

Vertical relationship

28. There is an existing vertical relationship between the parties as a result of Global Payments's supply of e-commerce acceptance services for distribution upstream, to Elavon Elavon Financial Services DAC, who are active downstream in the supply of e-commerce acceptance services directly to merchants, in which both EVO Payments and Global Payments are active in the State. Global Payments is already active both upstream and downstream, and supplies a third party downstream in the market for e-commerce acceptance services. The acquisition of a minor increment via EVO Payments of less than 1% share of supply would make no difference to these existing incentives to supply parties downstream.
29. In light of the above, the Commission considers that the Proposed Transaction is unlikely to give rise to any input foreclosure concerns.

Conclusion on competitive analysis

30. 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

31. No ancillary restraints were notified.

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 acquisition, whereby Global Payments Inc. would acquire sole control of EVO Payments Inc., 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