



10 February 2022

Gavin Jones (Director – Competition Exemptions), Sophie Mitchell (Assistant Director – Competition Exemptions) and Lily Xiao (Senior Analyst – Competition Exemptions)

Australian Competition and Consumer Commission

By email: [exemptions@accc.gov.au](mailto:exemptions@accc.gov.au)

Dear Mr Jones, Ms Mitchell and Ms Xiao

## **AA1000599 – Cardtronics – Submission**

The Armaguard Group (**Armaguard**) thanks the Commission for the opportunity to provide a further submission in relation to the application for urgent interim authorisation from Cardtronics Australasia Pty Ltd (**Cardtronics**) in respect of the proposed Allpoint network.

### **Response to matters raised in Cardtronics' submission dated 2 February 2022**

We refer to Cardtronics' submission dated 2 February 2022 (**Submission**), which was provided to the Commission in response to Armaguard's submission dated 28 January 2022. In the time available Armaguard does not wish to respond in detail to each statement put forward by Cardtronics in its Submission, rather, Armaguard seeks to clarify the following pertinent matters.

- The basic operating software supplied by NCR, namely, the 'XFS layer', is required in order for Armaguard's NCR ATMs to be, and remain, operational. Without the provision of this critical software from NCR, the significant proportion of Armaguard's fleet which is comprised of NCR ATMs would be inoperable. Accordingly, Cardtronics' claim that customers can '*mix and match software from a number of providers*' is misconceived insofar as the XFS layer is concerned. It is a critical input to our business.
- Contrary to Cardtronics' suggestion at various points in its Submission, hardware components are provider-specific and cannot be used in another manufacturer's ATM. That is, the parts are compatible to each manufacturer's devices and are not interchangeable. While it may be possible to have multiple manufacturers' devices within a single ATM network (i.e. 'multi-source'), such a significant change in the composition of the atmx fleet would present significant challenges for Armaguard having regard to the following factors:
  - Armaguard's atmx network is substantially comprised of NCR ATMs, which is reflective of NCR's dominant role in the market for the provision of ATM hardware and software.<sup>1</sup> Accordingly, any change in parts supply, XFS software updates and maintenance arrangements or availability of critical XFS software patches will severely impact the operational capability of Armaguard's atmx network; and

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<sup>1</sup> Armaguard estimates that NCR accounts for ~50% of the market for ATM hardware and XFS software (estimate based on Armaguard's internal industry-based knowledge).

- The cost of replacing all NCR ATMs within the atmx network with equipment supplied by another manufacturer is not a commercially realistic or viable option for Armaguard. The cost of doing so would likely be in excess of [CONFIDENTIAL], which would effectively inhibit the atmx network from operating at all, much less, competitively.

For those reasons, Armaguard is concerned that an urgent interim authorisation may be granted without the Commission having a proper opportunity to consider NCR's increased incentive (as the owner of Cardtronics which is expanding the scope of its activities by engaging in the conduct proposed to be authorised) to use its ability as a supplier to quickly jeopardise rival ATM operators' (such as Armaguard) ability to acquire ATM hardware and software services.

Please do not hesitate to contact us should you have any queries.

Yours faithfully



**Alison Huitfeldt**  
General Counsel

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