



**Cardtronics Australasia Pty Ltd –
Application for authorisation AA1000599
Interim authorisation decision
24 February 2022**

Decision

1. The Australian Competition and Consumer Commission (the **ACCC**) has granted interim authorisation in respect of application for authorisation AA1000599, lodged by Cardtronics Australasia Pty Ltd (**Cardtronics**) on 22 December 2021.
2. Interim authorisation is granted to enable Cardtronics and current and future members of the Allpoint ATM network to make and give effect to contacts, arrangements or understandings between Cardtronics and current and future members of the Allpoint network that contain provisions to the effect that Cardtronics will provide members' cardholders with surcharge-free ATM transaction services (cash withdrawals and balance checks) at Allpoint ATMs.
3. The ACCC grants interim authorisation in relation to Division 1 of Part IV of the Competition and Consumer Act 2010 (Cth) (**the Act**) and section 45(1) of the Act.
4. Interim authorisation commences immediately and remains in place until the date the ACCC's final determination comes into effect, the application for authorisation is withdrawn, or until interim authorisation is revoked.

Background

5. Cardtronics is an ATM deployer currently providing ATM deployment and related services for retail, corporate and financial institution customers. Cardtronics' ATM services include installation, operation, maintenance, transaction processing and cash settlement. Cardtronics also provides cash management services in certain circumstances, which includes forecasting and loading.
6. The Allpoint network is a proposed surcharge-free ATM network that will be owned and operated by Cardtronics. It is intended that cardholders of financial institutions that join Allpoint will not incur any surcharge for performing cash withdrawal transactions and balance checks at Allpoint ATMs.
7. The Allpoint network is intended to enable financial institutions to offer their cardholders the benefits of surcharge-free transactions across a substantial fleet of ATMs around Australia, that extends beyond the size and scope of the financial institution's own fleet.
8. Cardtronics expects that the initial roll out of Allpoint ATMs will include a minimum of approximately 680 ATMs in metropolitan, regional and remote locations which are currently owned and operated by Cardtronics under ATM deployment contracts with a range of merchants. Depending on demand for Allpoint services, Cardtronics may add further ATMs to the network.

9. Cardholders of non-participating financial institutions will be able to use Allpoint ATMs but will be charged a surcharge when doing so.

The application for authorisation

10. Cardtronics seeks authorisation, on behalf of itself and current and future members of the Allpoint and Allpoint+ networks, to make and give effect to contracts, arrangements or understandings between Cardtronics (or its related bodies corporate) and current and future members of the Allpoint and Allpoint+ networks (or their related bodies corporate) that contain provisions to the effect that Cardtronics will provide members' cardholders with:
 - a. surcharge-free ATM transaction services (cash withdrawals and balance checks) at Allpoint ATMs, and/or
 - b. surcharge-free cash deposits at Allpoint+ ATMs and kiosks.
11. The Allpoint+ network is a network of advanced functionality ATMs that Cardtronics is considering establishing separately to the Allpoint ATM network. Cardtronics has not sought interim authorisation for any conduct in relation to the Allpoint+ network.

The authorisation process

12. Authorisation provides protection from legal action for conduct that may otherwise breach the competition provisions of the Act. Broadly, the ACCC may grant authorisation if it is satisfied that the benefit to the public from the conduct outweighs any public detriment, including from a lessening of competition. The ACCC conducts a public consultation process to assist it to determine whether a proposed arrangement results in a net public benefit.

Interim authorisation

13. Section 91 of the Act allows the ACCC, where it considers it appropriate, to grant interim authorisation. This allows the parties to engage in the Proposed Conduct while the ACCC is considering the substantive application.
14. Cardtronics has requested interim authorisation because it wishes to negotiate agreements with financial institutions to join the Allpoint network immediately. Cardtronics submits that an existing ATM network, rediATM, is in the process of being decommissioned. Cardtronics submits that participants in the rediATM scheme are currently looking to enter into alternative arrangements to ensure that they can continue to offer their cardholders surcharge-free ATM withdrawals. Cardtronics submits that if it is unable to negotiate agreements or make its Allpoint network available in the short term it is likely that many (if not all) of the financial institutions currently participating in the rediATM scheme will contract with the other incumbent ATM networks, atmX and Precinct. Cardtronics submits that granting interim authorisation will allow it to compete with these ATM networks for financial institutions to join the Allpoint network.

Consultation

15. The ACCC invited submissions from a range of potentially interested parties including competitors, financial institutions, government and regulatory agencies and consumer and industry associations.
16. The ACCC received two submissions in relation to Cardtronics' request for interim authorisation, both from Armaguard Group (**Armaguard**), which operates the atmX and rediATM networks.
17. Armaguard notes that Cardtronics is owned by NCR Corporation, a supplier of ATM hardware and software. Armaguard submits that it is dependent on the provision of hardware and software from NCR in respect of a significant proportion of its ATM fleet,

which is an essential input in respect of the provision of ATM services by Armaguard. Armaguard submits that granting interim authorisation may quickly jeopardise its ability to acquire ATM hardware and software as NCR would effectively be competing with Armaguard through its ownership of Cardtronics and consequential interest in Allpoint.

18. In response, Cardtronics submits that NCR does not have the ability or incentive to engage in any input foreclosure strategies as the market for the supply of ATM hardware and software is highly competitive and the ATM hardware and software provided by NCR is not an essential input.
19. Cardtronics also submits that the establishment of the Allpoint network does not alter NCR's incentives to supply ATM hardware or software to Armaguard or to Cardtronics' other rivals on competitive terms, as Cardtronics and Armaguard are existing competitors in the supply of ATM deployment services and ATM managed services. Cardtronics submits that the proposed launch of the Allpoint network does not alter this dynamic.
20. Further information in relation to the application for authorisation, including any public submissions received by the ACCC as this matter progresses, may be obtained from the ACCC's website www.accc.gov.au/authorisations.

Reasons for decision

21. In granting interim authorisation, the ACCC considers that some opportunities for Cardtronics to compete with other ATM networks to attract financial institutions may be reduced by any delay in its ability to negotiate and enter into agreements with financial institutions.
22. The ACCC's preliminary view is that public benefits are likely to arise from the conduct for which interim authorisation is sought through the promotion of consumer choice and enhanced competition for ATM transaction services.
23. The ACCC recognises that large financial institutions may have a competitive advantage over smaller financial institutions by virtue of their larger network of own branded ATMs where they can offer their cardholders direct fee free transactions.
24. The ACCC considers that the arrangements between Cardtronics and its financial institution members will allow smaller financial institutions to provide their cardholders with access to a wider network of ATMs on a fee free basis than they would be able to individually. This may also assist them in attracting and/or maintaining customers more generally, as customers may consider the extent of a financial institution's ATM network in choosing between financial institutions.
25. The ACCC also considers that these arrangements will provide customers of the relevant financial institutions with improved access to a larger range of ATMs at which they can transact free of charge.
26. The ACCC notes the concerns raised by Armaguard. The ACCC will consider these issues further in its ongoing substantive assessment of the application for authorisation.
27. However, the ACCC considers that denying interim authorisation would place Cardtronics at a competitive disadvantage to operators of other ATM networks, in seeking to attract financial institutions to their networks.
28. The ACCC also notes that Cardtronics and Armaguard already compete to supply some ATM services and this will remain the case whether or not the Allpoint ATM network is established.
29. The ACCC also considers that the concerns raised by Armaguard are primarily about the impact of the establishment of the Allpoint network on long term supply arrangements with NCR. The ACCC considers that it is unlikely that such concerns

would be realised in the short term under interim authorisation while the ACCC's assessment of the substantive application is ongoing.

30. The ACCC's ongoing assessment of the substantive application for authorisation will be informed by further examination of the issues Armaguard has raised.

Reconsideration of interim authorisation

31. The ACCC may review the interim authorisation at any time. The ACCC's decision in relation to the interim authorisation should not be taken to be indicative of whether or not the final authorisation will be granted.