



28 January 2022

Gavin Jones (Director – Competition Exemptions) / Gemma Smith (Analyst – Competition Exemptions)

Australian Competition and Consumer Commission

By email: exemptions@accc.gov.au

Dear Mr Jones and Ms Smith

AA1000599 – Cardtronics – Submission

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

About Armaguard

Armaguard has a proud history of having operated in the cash-in-transit space since 1938 and we are a trusted partner for organisations of all sizes. Understanding that cash as a payment mechanism has been in decline over recent years, Armaguard is committed to ensuring that it has capabilities to provide innovative and integrated end-to-end solutions that enable convenient, nationwide access to cash for financial institutions and the community.

Armaguard, through its wholly owned subsidiary Armaguard Technology Solutions Pty Ltd (**ATS**), is a relatively 'new' participant in the ATM industry. As the Commission is aware, in early 2019, Armaguard (via ATS) acquired the interests of Cuscal Limited in the rediATM Scheme and its hardware ATM assets. Since that time, Armaguard (via ATS) has set out to develop a connected wholesale cash infrastructure model. As we have deepened our understanding of the rediATM network, engaged with members and monitored the acceleration of trends regarding the declining use of cash and ATM services, we have evolved a 'Direct Connection' model, which has led to the inception of atmX.

Issues with interim authorisation

Armaguard understands that Cardtronics has requested what is in effect an urgent interim authorisation to allow it to engage in proposed conduct in relation to the Allpoint network prior to the Commission's detailed consideration and final determination. The urgency stems from Cardtronics' claim that:

- current and previous 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 after the rediATM Scheme is no longer offered; and
- if Cardtronics is unable to offer services making its Allpoint network available before the Commission has a chance to consider properly the application, then it is likely that such

Armaguard Group

Level 1, 37 Vaughan Street, Essendon Fields Victoria

www.armaguard.com.au

financial institutions currently participating in the rediATM Scheme will contract with other providers, such as atmX or Precinct.

Armaguard notes the following matters in relation to this claimed urgency:

- first, the fact that the rediATM Scheme is in the process of being decommissioned has been widely known and a matter of public knowledge for a considerable period of time; therefore it is difficult to reconcile Cardtronics' justification for urgency for an interim authorisation with that fact; and
- second, the rediATM Scheme is still operating for some participants who want it and has not yet been entirely dissolved.

Armaguard is of the opinion that an urgent interim authorisation would not permit the Commission to properly consider issues raised by the application before Cardtronics embarks on the proposed conduct. In particular, the following matters should be considered carefully. Cardtronics:

- is the largest ATM operator in Australia (with ~11,000 ATMs)¹ and around the globe, and has a significantly larger presence compared to Armaguard (which has only ~2,000 ATMs), which gives it substantial scale in the shrinking addressable market/s for ATM cash services; and
- was acquired by NCR Corporation (**NCR**) in June 2021.

NCR is the largest manufacturer of ATMs both globally and in Australia and is the leading supplier of ATM hardware and software. Indeed, Armaguard 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.

The proposed conduct therefore involves the expansion of the activities of the newly vertically integrated NCR/Cardtronics that is competitive with Armaguard in circumstances where Armaguard is dependent for essential inputs on NCR. Armaguard submits that interim authorisation without due and proper consideration by the Commission of that dynamic is inappropriate and may quickly jeopardise Armaguard's ability to acquire ATM hardware and software services having regard to the fact that NCR is now effectively competing with Armaguard through its ownership of Cardtronics and consequent interest in the Allpoint / Allpoint+ networks.

We would be pleased to consider this matter with you further. Please do not hesitate to contact us should you have any queries.

¹ See here: [Cardtronics Australia - Worldwide ATM & Financial Kiosk Services for Financial Institutions and Merchants](#)

Yours faithfully



Alison Huitfeldt
General Counsel

Armaguard Group | Level 1, 37 Vaughan Street, Essendon Fields, Victoria
armaguard.com.au

