

26 May 2023

Simon Pomery
Director, Competition Exemptions
Australian Competition & Consumer Commission
17/2 Lonsdale Street
Melbourne VIC 3000

Miriam Kolacz
Assistant Director, Competition Exemptions
Australian Competition & Consumer Commission
17/2 Lonsdale Street
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Dear Mr Pomery, Ms Kolacz,

Proposed merger between Armaguard and Prosegur

I write in relation to the Further Revised Proposed Undertaking submitted by Armaguard and Prosegur (the **Applicants**).

I understand that, given the very late stage at which the Applicants have submitted this undertaking, the ACCC will not be conducting a public consultation.

Nevertheless, I wish to inform the ACCC of the inadequacy of the undertaking.

The ACCC has conducted a very thorough review and has accurately identified the real risk that, should the merger be authorised, the merged entity will use its monopoly power in CIT services to squeeze out competing ATM deployers leading to a substantial lessening of competition and leaving consumers to face higher prices and lower service quality for accessing cash.

The undertaking does not protect against this. As outlined in my previous letter of 8 May 2023, Next Payments' current contract with Prosegur will not protect it from discriminatory practices. A broad commitment by the Applicants not to 'unreasonably discriminate' against competitors like Next Payments is not sufficient. Any discrimination will be difficult to detect and enforce. It will require Next Payments to bring any issues to the ACCC's attention, the ACCC to expend its resources upon investigating the complaint and then enforcement action being taken – meanwhile Next Payments and other ATM deployers will struggle to continue to compete.

The only way to avoid this outcome is a structural remedy – the divestment of the Applicants' ATM networks.

Failing that, the only hope for Next Payments would be to turn to a third party CIT provider like Authentic. However, the undertaking does not provide Authentic with a fair chance to compete with the merged entity as the Applicants have not committed to make their surplus trucks available.

In these circumstances, I respectfully urge the ACCC not to authorise the merger.

Yours sincerely

Tim Wildash
Executive Chairman
Next Payments Pty Ltd

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