

GRGI Response to the CMA Provisional Findings and the Notice of Possible Remedies for Publication

Introduction

The information that the CMA have taken into account when reaching their findings and coming to conclusions on potential remedies is not available to GRGI so we are unable to comment fully on the reports.

The ATM market is truly global therefore there are CMA remedies under consideration for the UK which may well have international repercussions that will potentially impact on the competitiveness of ATM manufacturers in other countries.

Provisional Findings

In general GRGI go along with most of the conclusions drawn such as ATMs and teller assist devices are not substitutes, customer segmentation, local presence, overlap in the supply of ATM hardware, FSS software and services etc.

However the provisional conclusion that the acquisition of Wincor Nixdorf by Diebold may be expected to result in an increase in the price of ATMs in the UK is the opposite of what we would have expected.

Possible Remedies

GRGI share the view of the CMA that a price cap is not a viable option and that there is already much competition with ATM software and maintenance.

In general there is concern that with the aim of CMA to assist the introduction of a competitor to be positioned with suitable capabilities to compete on the same basis as the Parties will have a negative impact on all other competitors who have invested in the UK and are looking to grow without the benefit of this remedy.

Appointing a distributor to sell the Parties ATMs will have restricted appeal if these are legacy models they can be expected to only be required by customers for a limited period. Also any distributor attempting to sell directly against the manufacturer in the UK would find it difficult to be successful.

For any organisation already with an internationally known brand the use of either the Diebold or Wincor brand name would have a very limited value, if anything. Requiring the Parties to produce legacy ATMs for the UK market only will be reflected in a significant additional cost factor when compared to when they were manufactured for a global demand.

To enable a company to purchase a package comprising selected operations of either Diebold's or Wincor's ATM business in the UK raises a number of concerns such as:

- How will it be ensured that the sale will be completed at a true market value? Anything less will mean that the new entrant will have a cost benefit over existing competition.

- Transfer of existing customer contracts, we would envisage can only be undertaken with the agreement of those customers and be dependent upon the remaining contractual term.

The remedy that the Parties assist the selected competitor by giving access to their R&D facilities would put all those companies who have already invested in their own R&D to achieve UK compliance at a significant disadvantage. Also would this facility be provided into the future?

Of the remedies that would be seem to be generally attractive are the facilities, if requested by a customer, for the Parties to certify their software on a given manufacturer's ATM platform in an agreed timeframe and to maintain the equipment at a market price. This would need to be monitored by a third party to ensure that the certification was undertaken in a suitable timeframe and cost and that competitively priced maintenance is provided for the useful life of the ATM.

As far as GRGI are concerned we cannot register any interest in these remedies for example the transfer of certain assets from Diebold or Wincor until more information is available.

GRGI 16th Jan 2017