19 December 2018

APPENDIX 1: ECONOMIC APPENDIX

Response to the CMA's PFs

This Appendix: a) sets out the underlying economic framework necessary to assess whether the Merger would result in an SLC as a result of its impact on the Parties' incentives to innovate (which is very similar to the GUPPI framework); b) considers the extent to which the PFs contain evidence on the relevant factors identified within this framework that would affect the Parties' incentives to innovate post-merger; and c) set outs the reasons why the merger could result in a reduction in the cost of innovating and hence increase incentives to innovate.

1 The Provisional Findings (***PFs***) have failed to assess the theory of harm that the merger would result in a reduction in the Parties' incentives to innovate against a clearly articulated framework. In fact, no such framework has been put forward at all.[1] This seriously undermines the PF's findings of an SLC.

2 The analysis set out below shows that there are strong parallels between the price-based GUPPI framework the CMA frequently uses to assess the incentives to raise prices in horizontal mergers, and the economic framework for assessing the incentives of the Parties to reduce their level of innovative effort post-merger. The key result is that there would be a reduction in the Parties' incentives to innovate post-merger ***if, and only if***, the sales cannibalisation effect[2] of the innovation exceeds any reductions in the costs of innovating (i.e. merger efficiencies). This is the same broad result one observes with a price-based GUPPI.

   a. The size of the cannibalisation effect depends on margins, conversion rates and the level switching between the Parties *as a result of the innovation*. The Parties have submitted previously that there is no evidence of the switching between them visible in the available data on usage patterns of their platforms.

   b. The Parties have submitted to the CMA that the cost of innovating is likely to be lower post-merger as a result of both "copy-paste" efficiencies and the benefits associated with bringing together the Parties complementary assets. In other words, there can be no presumption that the merger will have any adverse effect on innovation.

3 The analysis within the PFs discusses neither of these factors – cannibalisation or changes in the cost of innovations – from either a theoretical or an empirical perspective. In particular, the PFs contain no quantitative analysis of customer switching and relative margins (which underpin the sales cannibalisation effect), or the impact of the merger on the Parties' costs or benefits of innovating. An analysis

[1] No such framework was included in the AIS or the working papers the CMA provided to the Parties.

[2] Specifically, the degree to which the sales uplift resulting from the innovation at one merging Party reflects customers switching from the other merging Party that has not innovated. There is no particular reason to think that this must be positive. Empirical evidence is required.

of these factors would be necessary to understand if the merger would in practice reduce the Parties' incentives to innovate.

4 The parallels with the GUPPI framework suggest that a marginal reduction in incentives to innovate would not give rise to a "substantial" lessening of competition (as in a standard GUPPI analysis which uses a 5%-10% threshold for such a finding). The CMA carries out no analysis as to whether any reduction in the Parties' incentives to innovate post-merger effect would be sufficiently large to represent an SLC.

5 Finally, the analysis in this Appendix only considers the "static" change in incentives to innovate. However, it is important to consider the responses from rivals to the Parties' actions. It is well-known that prices are "strategic complements". As such, if a pricing GUPPI shows that a merging party would have an incentive to increase their prices, it is reasonable to assume a similar response by competitors. On the other hand, as found by Professor Tommaso Valletti, Chief Economist at DG Competition, and his colleagues, innovations are "strategic substitutes". This means that, if the Parties were to reduce their innovative effort post-merger, competitors would have an incentive to step into the resulting gap by increasing their innovation efforts. Given the extent of innovations carried out by competitors recently, it would seem there are no barriers to rivals doing so.

Impact on incentives to innovate

6 To assess the Parties' incentives to innovate pre and post-merger, Figure 1 considers the way in which users of a CCP platform are monetised, and how innovation could influence this.

7 Figure 1 shows that the value of the existing customer base of a CCP depends on:

a. their conversion rates (i.e. the proportion of users of the platform that take out a product via the platform – denoted C_1 and C_2); and

b. the absolute margins (i.e. in £s, denoted M_1 and M_2) that the CCP earns from lenders on each of its users that take out a product via the platform.

8 As a result of innovation there could be more customers attracted to the platform and / or an increase in the conversion rate (%) driven by the innovation (i.e. from C_1 to C_1^*).

9 We differentiate between two types of additional customers that could attracted to the platform by the innovation:

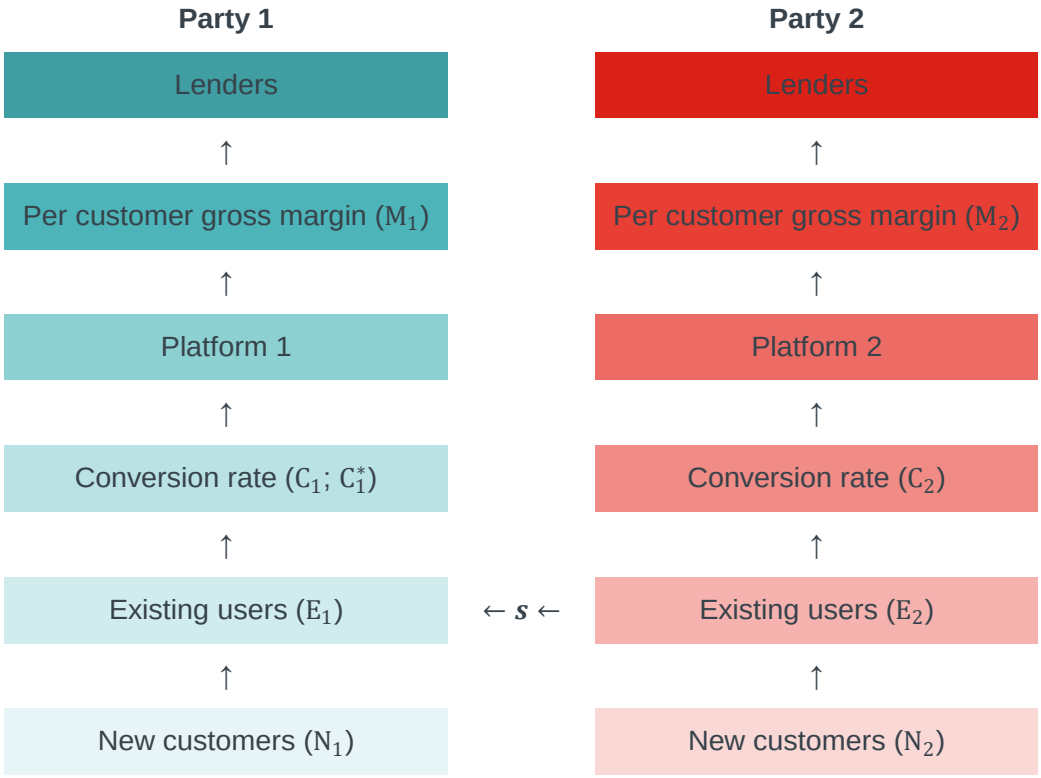
a. those that are new to all CCP platforms or come from rival platforms other than Party 2 (denoted N_1); and

b. those that come from Party 2. We refer to the share of Party's 2 existing user base that switches to Party 1 following the innovation as s.[3]

[3] This is distinct from a diversion ratio because Party 2's customers are not responding to a degradation in Party 2's offering where a portion of those that switch away divert to Party 1 – instead the customers switching to Party 1 are attracted by the innovation offered.

10 Our analysis focuses on the impact of the merger on the Parties' incentives to undertake a given investment in innovation of a given fixed, lump sum, amount.[4]

Figure 1 Key components of the profitability of a CCP innovation



Pre-merger CCP innovation

11 Pre-merger and pre-innovation, Party 1's variable profit for its CCP can be written as the product of its existing customer base, the level of conversions to lead generation and the absolute margins each converted customer earns:[5]

(Equation 1) $$E_1 C_1 M_1$$

12 If Party 1 innovates, it may attract more customers (including those that switch from Party 2 or other competitors or are new to the market) that together with its existing customer base will be converted at the rate resulting from the innovation (C_1^*). These converted customers will generate a margin for Party 1 from Party 1's lenders. Party 1 will also incur a pre-merger cost of innovation (I_1). As such Party 1's pre-merger variable profit after innovating is:

(Equation 2) $$N_1 C_1^* M_1 + sE_2 C_1^* M_1 + E_1 C_1^* M_1 - I_1$$

13 The marginal profit from Party 1's innovation pre-merger (i.e. the difference between Equations 2 and 1) is captured by the variable earnings of Party 1's

[4] To simplify the analysis we assume that innovation does not affect the margin that either Party 1 or Party 2 earns from customers that take out a product via the platform. Allowing margins to vary post innovation does not alter the key conclusions.

[5] Party's 1's total profit would also reflect any fixed costs associated with operating the CCP. As we are looking at the change in incentives to undertake an investments, which the fixed costs associated with running the CCP would not directly affect, the fixed costs associated with running the CCP have no effect on the results of our analysis.

potential new customers resulting from innovation, the difference in the existing customers' earnings (driven by the change in conversion rate from innovation) and the cost of innovation.

(Equation 3) $$N_1 C_1^* M_1 + sE_2 C_1^* M_1 + E_1 \Delta C_1 M_1 - I_1$$

14 Pre-merger Party 1 would innovate so long as the result of Equation 3 was positive – i.e. the benefits of the innovation from higher sales and higher levels of conversion exceed the costs of innovating.

Post-merger CCP innovation

15 Post-merger the Parties' joint profit on their CCPs is the sum of their profits from both existing customer bases:

(Equation 4) $$E_1 C_1 M_1 + E_2 C_2 M_2$$

16 If Party 1 innovates post-merger (resulting in a new conversion rate C_1^*) there are two adjustments captured in Equation 5 below, which differs from the pre-merger situation set out in Equation 2:

a. First, the profits made on customers switching from Party 2 are not necessarily a benefit from innovation from the perspective of the merged firm (this will depend on the conversions and margins earned by each Party).

b. Second, the cost of innovation may have fallen due to post-merger efficiencies (from I_1 to $I_{1,M}$). In particular, we note given the principal innovations on a CCP platform relate to software developments, the incremental costs of applying an innovation to an additional platform are likely to be substantially lower than the initial costs of developing the innovation.

(Equation 5) $$N_1 C_1^* M_1 + sE_2 C_1^* M_1 + [E_1 C_1^* M_1 + (1-s) E_2 C_2 M_2] - I_{1,M}$$

17 The marginal profits of the merged entity resulting from Party 1's innovation (the difference between Equations 5 and 4) is the margin earned from Party 1's new (i.e. to Party 1 and Party 2) converted customers, the difference in effective margins (i.e. margins multiplied by conversion rates) scaled by the number of Party 2's customers that switched to Party 1 (where this could be negative), and the change in effective margins from Party 1's converted existing customer base, along with the cost of post-merger innovation.

(Equation 6) $$N_1 C_1^* M_1 + sE_2 (C_1^* M_1 - C_2 M_2) + E_1 \Delta C_1 M_1 - I_{1,M}$$

18 Post-merger Party 1 would innovate so long as the result of Equation 6 was positive – i.e. the benefits of the innovation from higher sales and higher levels of conversion exceed the costs of innovating.

The pre- and post-merger difference in incentive to innovate in CCPs

19 Comparing the marginal profit from innovation pre- and post-merger (Equations 3 and 6), then if the following condition holds it is less profitable for Party 1 to innovate post-merger.

(Equation 7) $$sE_2 C_2 M_2 > I_1 - I_{1,M}$$

20 The left hand side of Equation 7 is the "sales cannibalisation" effect. The right hand side of Equation 7 is the "merger efficiency" effect. Equation 7 shows that there can only be a reduced incentive to innovate post-merger if the cannibalised sales

from Party 2 exceed the change in the lump sum costs of innovating post-merger, i.e. the profits lost from Party 2's existing customer base that switch are greater than the cost difference in innovation.[6]

21 In a standard GUPPI case (e.g. a horizontal retail merger) the CMA requires a minimum diversion for materiality, typically sufficient to give rise to a GUPPI of 5%-10%. Given that the key inputs to the calculation in Equation 7 above are broadly the same as in the GUPPI calculation, it would make sense to use a similar framework for assessing materiality.

22 Finally, the analysis above relates only to the Parties' incentives to innovate and does not take in to consideration the response from rivals to their actions. Even if there was a reduction in incentives for the parties' to innovate, it does not follow that the overall level of innovation in the market would be reduced.

23 Whereas prices are "strategic complements" i.e. if one firm puts up prices, others also have an incentive to put up prices, DG Competition economists Federico, Langus and Valletti[7] show that innovation is a 'strategic substitute', i.e. reductions in innovation by one firm leads to increased incentives for other firms to innovate. As a result, if hypothetically post-merger, the Parties' incentives to innovate were to decrease, it would also increase the incentives to innovate for rivals. The Parties would naturally anticipate this response from rivals and adjust their actions accordingly. For this reason the CMA cannot infer that any reduction in the Parties' incentive to innovate post-merger would necessarily imply a reduction in the actual level of innovation across the market as a whole.

Factors the CMA needs to measure

24 The above framework sets outs that in order to assess whether the merger would result in a reduction in the Parties' incentives to innovate, the CMA would need to consider:

a. the values of switching from Party 2 to Party 1 as a result of innovation (s);

b. margins (M_i) and conversion rates (C_i) at the Parties' platforms;

c. the usage of each of the Parties' platforms (E_i); and

d. the spend (and subsequent change) in innovation costs (I_1 and I_{1M}).[8]

25 Elements a. to c. above relate to the "sales cannibalisation" effect, while element d. relates to the "merger efficiency" effect. This analysis is similar to a standard price-based GUPPI analysis in that the incentive to invest is influenced by diversions, but even if the diversions are positive, it does not automatically follow

[6] Even if Equation 7 is satisfied, it does not follow that the given investment in innovation would not take place – a reduction in the incentives to innovate does not imply that the net benefit of investing in a given innovation is less than zero (i.e. Equation 7 being satisfied does not imply that Equation 6 is less than zero). It simply implies that the benefit from innovating would be lower post-merger as some of the additional new customers at Party 1 where the innovation takes place would not be new users to the merged entity.

[7] A Simple Model of Mergers and Innovation, 2017

[8] Similarly, the above framework sets out that in order for the CMA to assess whether this change in the Parties' incentive to innovate would in turn correspond to a reduction in their innovative efforts, the CMA would also need to consider the impact of the innovation on attracting new customers to the Parties; and how conversion rates at the Parties' platforms would change as a result of the innovation.

that there is a substantial change to the Parties' incentives. The CMA therefore needs to apply some level of materiality threshold to its measure.

26 We note that the analysis within the PFs discusses none of the factors set out above from either from a theoretical or an empirical perspective. In particular, the PFs contain no quantitative analysis of customer switching and relative margins (which underpin the sales cannibalisation effect), or the impact of the merger on the Parties' costs or benefits of innovating. An analysis of these factors would be necessary to understand if the merger would in practice reduce the Parties' incentives to innovate.

27 The Parties note that they have provided analysis to demonstrate that there is no evidence of switching between the Parties in response to changes in the offer. The CMA has criticised this analysis, but presented no analysis of its own which is immune to these criticisms, particularly its assessment of Experian's internal documents.

28 Furthermore, if the CMA found that the Parties' incentives to innovate were reduced by the merger, it would need to consider the response of rivals in order to establish that innovation across the market as a whole would be reduced. This would involve analysing whether the Parties' rivals faced any barriers to innovating. The PFs contains no such analysis and the observable facts of recent entry suggest that barriers to entry and innovation are low.

Impact of the merger on the costs of innovating

29 The economic framework above shows that, even if an innovation was associated with a sales cannibalisation effect, the Parties' incentives to innovate post-merger may not be adversely affected if the merger reduced the cost of innovating.

30 There are two reasons why the Parties' costs of innovating could be lower post-merger:

a. First, the merger will allow the Parties to combine their complementary skills and assets to reduce the cost and increase the effectiveness of their innovation. As set out in the Merger Notice:

"*the impact of the Transaction is best understood in light of its rationale, which is motivated by a drive to innovate and increase consumer engagement in a rapidly evolving commercial, technological and regulatory environment*" (paragraph I).

Moreover, as set out in paragraphs V, W and X of the Merger Notice:

"*In particular, from Experian's perspective, the Transaction will allow it to improve its consumer proposition through several routes:*

(i) access to ClearScore's [✂].[9]

(ii) access to ClearScore's [✂].

(iii) access to ClearScore's [✂]*, as a nimble technology entrant.*

[9] A click-through occurs when a consumer clicks on one of the credit products listed on the financial product lead generation providers' platform. The click-through rate is often calculated as the number of click-throughs divided by the number of consumers who have logged in over a particular period, or divided by the customer base.

From ClearScore's perspective, the Transaction will also allow it to improve its consumer proposition through the following routes:

(i) use of Experian's [✂]*. ClearScore is seeking to use its post-Transaction* [✂]*, to the benefit of consumers. This would be less feasible absent the Transaction due to* [✂]*; and*

(ii) access to [✂]*.*

There will also be further mutual benefits for both Parties, which will be combined for the benefit of consumers, including:

(i) [✂]*; and*

(ii) [✂]."

These points were extensively developed in Section 24 "*Efficiencies and customer benefits*" of the Merger Notice, at the start of the Phase 1 process. Further, the Parties have made additional submissions in this regard during Phase 2 and during the Site Visit.[10] It is therefore entirely incorrect for the CMA to state that "*the Parties have not submitted any evidence as to why these cannot be achieved without the Merger*" (13.64). Rather, the CMA has simply not engaged with this evidence.

b. Second, one aspect of cost-efficiencies between the Parties is that software updates are easily transferable once developed, and so the cost of these innovations does not directly scale by platform numbers (the "copy-paste" innovation efficiency). [✂] lists a number of innovations that are currently being developed by Experian which, once completed, could be copied onto ClearScore to the benefit of ClearScore's existing users. Hence, the merger would relieve the need for ClearScore to repeat the work required for these innovations. Subsequently freeing up their resources post-merger, to develop additional tools and services.

   [✂] provides approximate estimations for the time required by Experian developers on each innovation. Each team, made up of approximately [✂] people, has their time allocated on a [✂] incremental basis. Therefore, for example, a team of [✂] people will spend [✂] working on [✂] innovation. In total, to complete all of the "copy-paste" innovations in Experian's pipeline, it would take a team of [✂] people [✂]. This is [✂] of work that ClearScore will not have to carry out following the merger.

   While these figures are approximations, it provides an order of magnitude of the cost savings that can occur following the merger. To provide further context from the Experian side, there are approximately [✂] developer teams for the UK consumer business at present (this figure does vary over time). The projects below therefore correspond to around [✂] of the available development capacity at present for the UK consumer business.

[✂]

[10] See, for example, Response to the Phase 1 Decision at paragraph 4.11, Response to the Issues Statement at paragraph 4.34; and Response to the Annotated Issues Statement at paragraph 2.3.

31 Taken together, these factors suggest that, other things being the equal, the effect of the merger is likely to be **to enhance the Parties' incentives to innovate**.

Conclusion

32 The PFs have failed to set out a coherent framework that is necessary to assess how the incentives for innovation would change for the Parties (or any other firm) post-merger. As a result, the PFs have failed to assess the relevant key features that would affect any change in the Parties' incentives to innovate post-merger, including the extent of sales cannibalisation associated with any innovation, and the impact of the merger on the costs of innovating.

33 The evidence shows that when considered within the appropriate economic framework, the merger would *not* reduce the Parties' incentives to innovate. On the contrary, the merger is likely to reduce the cost of innovating as a result of "copy-paste" efficiencies and efficiencies from bringing together the Parties' complementary innovation assets, therefore allowing the Parties to bring more innovation from the sandbox into the pipeline.

34 Finally, even if the CMA were to establish that the Parties' innovative efforts would be significantly reduced post-merger, it does not follow that overall level of innovation in the market would be reduced. This is because the nature of innovations as strategic substitutes means that a reduction in innovation efforts by the Parties is likely to trigger rivals to look to fill the innovation gap. The Parties would naturally anticipate this response from rivals and adjust their actions accordingly.

19 December 2018

NEW USER ACQUISITION SHARES

Estimates based on MSM's, Credit Karma / Noddle's and TotallyMoney's business plans

This appendix provides estimates of the share of new user acquisitions for the Parties, MSM and Credit Karma / Noddle over the period to December 2021.

The CMA's use of user base shares does not reflect the correct metric of competitive constraint

1 The CMA has argued that the future competitive constraint exerted by MSM and Credit Karma/Noddle over the Parties can be measured by reference to those parties' future share of the total user base for free CCTs. To undertake this analysis the CMA has relied on (i) MSM and Credit Karma/Noddle's projections for user growth, (ii) the Parties' projections for their own user growth, and (iii) data on the current size of the free CCTs currently in the market.

2 The results of the CMA's analysis are set out in Paragraph 10.129 of the PFs.

"That is not to say that we have dismissed the possibility of [✂]*. Indeed, we have calculated what the Parties' share of free CCT users might be under two different scenarios. In both scenarios we have, on a cautious basis, assumed* [✂]*. That is, by the end of 2021 Noddle would have* [✂] *users and MSM would have a little over* [✂] *users. Under one scenario, if we apply a cautious growth rate of 10% to the merged entity (and if we ignore any incumbency advantage that the Parties might enjoy), in terms of the number of CCT users, the Parties would still account for over* [✂] *by the end of 2021, Credit Karma/Noddle around* [✂] *and MSM around* [✂]*. Under another scenario in which we use Experian's post-Merger growth projections, the merged entity would account for around* [✂] *of users and* [✂]*."*

3 The Parties do not consider that the CMA's analysis properly reflects the strength of the constraint that the existing entry and expansion plans of MSM and Credit Karma/Noddle will have on them. This is because it focuses on the total user base, rather than the share of new users that will be won by MSM, Credit Karma/Noddle and the Parties respectively.[1]

4 As explained at the Remedies Hearing, competition is focused on acquiring new users. This is because new customers are far more likely to purchase a product via a CCP than older customer cohorts. [✂] is based on data from Experian [✂]. This pattern has been stable over time.

[1] Note that there is no evidence in the Provisional Findings that a large user base gives rise to any market power or deterioration in the offer of parties with a large user base.

[✂]

5 The Parties note that Paragraph 11.8 of the PFs and the accompanying footnote 204 support the view that shares of new users are more informative for the purposes of assessing the current competitive dynamic than the total user base.

"[…] We consider user acquisitions over the last six months to be particularly informative of the current competitive dynamic amongst free CCTs since they illustrate the success of a supplier's recent competitive activity as opposed to the stock of customers a supplier may have acquired over a significant period of time."[2]

"We consider this to be particularly relevant for a free product where there is less incentive for a user to unsubscribe even if they are no longer using the product."[3]

6 Third party evidence also supports this conclusion. As quoted in Paragraph 10.34 of the PFs, a third party told the CMA that "*it is incredibly hard to sell a consumer a free credit report and then monetise them on getting a financial product because their need is the credit report not the financial product*". The CMA itself acknowledges this point in Paragraph 10.36 of the PFs: "*we note that it is a continuing challenge to monetise users of CCTs in circumstances where a significant proportion of them use CCTs primarily to find out their credit score, rather than to look for credit products*".

7 Given these views, it is unclear why the CMA has carried out its analysis of the growth of MSM and Credit Karma/Noddle in terms of the shares of the existing user base, rather than in terms of shares of new users, which are clearly more relevant. We explore this below.

The CMA's own approach shows that MSM and Credit Karma / Noddle will win a substantial proportion of new users over the next 3 years

8 It is possible to use the CMA's approach in Paragraph 10.129 of the PFs, together with data contained in the CMA's Event Analysis Working Paper, to infer the change in the user base of each of MSM, Credit Karma/Noddle and the Parties up until 2021. From this information it is then possible to estimate the share of new users over this period that MSM and CreditKarma / Noddle and the Parties would expect to win if they achieved their growth targets.[4,5]

9 In particular, we focus on comparing the shares of new users for these rivals with the *increment* to the Parties' share arising from the merger. This is the relevant consideration for assessing the impact of the merger.[6] [✂].

10 We also note that these entry and expansion plans are carried out under pre-merger conditions, i.e. absent any response to a deterioration of the Parties' offers.

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2 Provisional Findings, Paragraph 11.8

3 Provisional Findings, footnote 204.

4 This analysis does not account for any change in the user base of paid-for CCTs. However, given [✂].

5 The shares quoted by the CMA in Paragraph 10.129 of the PFs sum to [✂] so imply that the remaining free CCTs account for [✂] of the user base of all free CCTs in December 2021. The free CCTs included in this other category are not specified in the PFs and so we are unable to estimate the change in their user base over the period.

6 The CMA's "share of user base" approach suffers from this issue, looking as it does at the combined share of the Parties rather than the increment arising from the merger.

CMA base case, no growth in other free CCTs

11 For the CMA's base case, assuming a 10% growth rate in the Parties' free user base, the share of new users is set out below in [✂].

[✂]

12 These results show that:

a. Credit Karma/Noddle is expected to have [✂] the new user shares of Experian, while MSM is expected to have [✂] the new user share of Experian. [✂]; and

b. each of MSM and Credit Karma/Noddle would be expected to win [✂].

CMA sensitivity case, no growth in other CCTs

13 [✂] sets out the same analysis as in [✂], but for the CMA's sensitivity analysis. This is based on the Parties' post-merger growth projections for their user base.

[✂]

14 These results show that:

a. the Parties would be expected to win [✂]; and

b. looking at the increment from the merger, both MSM and Credit Karma / Noddle [✂].

Impact of expected growth in Totally Money – CMA base case

15 We note that the actual shares in [✂] and [✂] of new user acquisitions for MSM, Credit Karma/Noddle and the Parties are conservative (i.e. the Parties' shares are upwardly biased) as they assume no growth in the user base of other free CCTs. However, the Parties note that Table 11.1 of the PFs shows that TotallyMoney accounted for 10% to 20% of the average number of new users across free CCTs in the first half of 2018, and as set out at the Remedies Hearing, [✂].

16 Based on this information it is possible to extend the analysis to account for TotallyMoney's expected growth. We model two scenarios for the growth of TotallyMoney over the period to December 2021 for both the CMA's base case and sensitivity cases:

a. TotallyMoney adds [✂] users over the next [✂] and none thereafter (**Scenario 1 in** [✂]); and

b. TotallyMoney continues to add [✂] new users a year until the end of 2021, totalling [✂] new users over the period (**Scenario 2 in** [✂]).

17 Under the CMA's base case (i.e. the Parties grow at 10% per annum), the two scenarios for TotallyMoney's expansion imply that the increment in new user shares arising from the merger is in each case extremely small ([✂]), and much smaller than the share of any of MSM, Credit Karma/Noddle and TotallyMoney individually, let alone on a combined basis.

[✂]

[✂]

18 In each case, TotallyMoney's share of new user acquisitions in both scenarios is [✂] (particularly in Scenario 2).

19 Under the CMA's sensitivity case, the two scenarios for TotallyMoney's expansion imply that the increment in new user shares arising from the merger is larger than the base-case ([✂]), but still smaller than the share of any of MSM, Credit Karma/Noddle and TotallyMoney individually (except in Scenario 1, where TotallyMoney will gain marginally fewer new users than Experian).

[✂]

[✂]

Conclusion

20 Based on these results, the CMA's own approach shows that MSM and Credit Karma / Noddle will win a [✂] new users over the next 3 years. Moreover, to the extent that new user shares approximate the constraint from one Party on another, [✂].[7]

21 The CMA's analysis does not account for the expected growth of TotallyMoney, which has been successful in winning new users in the past year and which has strong growth plans. Adjusting the CMA's analysis to account for TotallyMoney's forecast growth in user numbers strengthens the conclusions that:

a. the Parties will continue to face substantial competition from other CCTs over the near term; and

b. [✂].

22 [✂].

23 In conclusion, MSM, Credit Karma/Noddle and TotallyMoney will [✂] the competitive rivalry currently exerted by each of the Parties on the other, and [✂]. This is before the impact of any response to a post-merger deterioration is considered.

24 Therefore the Parties' incentives to compete and innovate will not decrease in the near future, but rather are likely to increase.

[7] The Parties note that the CMA has provided no evidence that a high share of new users gives rise to any market power or any deterioration of the offer.