

Competition concerns remain about FNZ's purchase of GBST

The Competition and Markets Authority (CMA) reassessed the deal, following its request to the Competition Appeal Tribunal (CAT) for a remittal of its original 'Phase 2' decision to block the merger. This request was made after FNZ's appeal to the CAT.

A group of independent CMA panel members has found in its reassessment that the purchase of retail investment platform solutions provider GBST by rival firm FNZ could substantially reduce competition. The CMA is concerned that this could lead to investment platforms – and therefore UK consumers who rely on these platforms to administer their pensions and other investments – facing higher costs and lower quality services.

Overall, the evidence the CMA considered, which included additional and updated evidence submitted during the remittal, shows that FNZ and GBST are close competitors and few other significant suppliers offer effective and competitive alternatives. The CMA's findings are based on the companies' own tender data and internal documents, as well as information provided by customers, competitors and other stakeholders. The CMA also found that if FNZ purchased GBST, the merged business would be the largest supplier in the market.

The CMA inquiry group carrying out the investigation has therefore provisionally concluded that the deal would substantially lessen competition and has considered different remedy options to address these concerns.

In the CMA's original Phase 2 decision, the group found that FNZ selling the entire GBST business was necessary to address its competition concerns. After considering new representations and evidence during the remittal, the group has provisionally found that its current competition concerns would also be effectively and proportionately addressed by requiring FNZ to sell GBST, but with a right to subsequently buy back a limited set of assets from GBST relating to its capital markets business. These assets would be restricted to those that do not affect GBST's competitiveness in the supply of retail investment platform solutions.

Martin Coleman, Chair of the CMA inquiry group, said:

Based on the latest evidence, we have come to the provisional conclusion that a merger of FNZ and GBST would significantly decrease competition in the retail investment platform solutions market.

The reduction of competition in the market could lead to higher prices or poorer service for retail platforms to the ultimate detriment of UK consumers who hold pensions or other investments

that are managed by these platforms.

Views are invited on the provisional findings and on the proposed remedy being considered by the CMA by 30 April 2021.

For more information, visit the [FNZ/GBST merger inquiry case page](#).

For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.