

Merger of retail investment software firms raises competition concerns

The Competition and Markets Authority (CMA) is concerned that the loss of competition brought about by the merger could result in UK investors losing out as a result of higher prices, fewer options and less innovation.

FNZ purchased GBST in November 2019. Both companies have a significant presence in the UK. They are 2 of the leading suppliers of solutions involving software and/or servicing to retail investment platforms in the UK.

After completing its initial Phase 1 investigation, the CMA found that FNZ and GBST are close competitors in what is a concentrated market with few other significant suppliers. Smaller or less well-established firms find it difficult to enter or scale up because of the risks and reluctance of customers to change suppliers.

As part of its investigation, the CMA undertook extensive market testing and looked at evidence from a number of third-party stakeholders including investment platforms, external consultants, competitors and industry bodies. It also examined the companies' internal documents and assessed the extent of competition in recent tenders in this sector.

Joel Bamford, Senior Director of Mergers at the CMA, said:

Investment software is critical to the operation of retail investment platforms which are used by many investors in the UK.

FNZ is already the largest supplier and has purchased an established rival who is trusted by many platforms, with few remaining competitors left in the market. We are therefore concerned that this transaction could lead to customers losing out.

FNZ must now address the CMA's concerns within 5 working days. If it is unable to do so, the deal will be referred for an in-depth (Phase 2) investigation.

For more information, visit the [case page](#).

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