

News story: ATM merger faces in-depth investigation

Both companies – Cardtronics plc (Cardtronics) and DirectCash Payments (DCP) – are independent ATM deployers supplying cashpoints to site owners, such as convenience stores and pubs.

Independent ATM deployers face competition from banks and building societies to supply ATMs to large site owners in high ‘footfall’ locations such as supermarkets, shopping centres or transport hubs. However independent ATM deployers also supply smaller non-corporate customers whose cashpoints typically have lower numbers of transactions and are often pay-to-use.

Cardtronics and DCP supply both free-to-use and pay-to-use ATMs.

Following its initial investigation, the Competition and Markets Authority (CMA) believes that, in those local areas where there is insufficient competition from rival ATMs, the merger could lead to increased surcharge fees for customers withdrawing cash. Given the potential lack of suitable sites and the cost of supplying new ATMs, entry into these local areas by competitors would not be sufficiently likely to prevent an increase in fees.

The merger will now be referred for an in-depth phase 2 investigation by an independent group of CMA panel members – unless Cardtronics is able to offer undertakings which sufficiently address the substantial lessening of competition in relation to supply of ATMs to users on a local basis.

Cardtronics has until 10 May 2017 to offer undertakings that might be accepted by the CMA. If no undertaking is offered or accepted, then the CMA will refer the merger for a phase 2 merger investigation. Further details on the investigation can be found on the [case page](#).