

NOTICE SEEKING CLEARANCE FOR A BUSINESS ACQUISITION

UNDER SECTION 66 OF THE COMMERCE ACT 1986

31 January 2020

The Registrar
Competition Branch
Commerce Commission
PO Box 2351
Wellington
New Zealand
registrar@comcom.govt.nz

Pursuant to section 66(1) of the Commerce Act 1986, notice is hereby given seeking clearance of a proposed business acquisition in which Verifone, Inc. will acquire assets used to operate the Smartpay business in New Zealand from Smartpay Holdings Limited (and its subsidiaries).

EXECUTIVE SUMMARY

1. Verifone, Inc. proposes to acquire most of the New Zealand assets used by Smartpay Holdings Limited (and its subsidiaries) to operate the Smartpay business in New Zealand (**Smartpay**).
2. Verifone, Inc., through its related companies Verifone New Zealand and Eftpos New Zealand (**Verifone**), and Smartpay are suppliers of payment terminals to merchants in New Zealand. Verifone also supplies payment terminals at the wholesale level to resellers and provides payment processing services in New Zealand.
3. The proposed acquisition will not have the effect or likely effect of substantially lessening competition in a market. This includes because:
 - (a) The only material overlap in the operations of Verifone and Smartpay is in the market for the retail supply of payment terminals to merchants. Post-acquisition, Verifone would have a market share of less than 40% in this market. The acquisition falls within the Commission's concentration indicators, which are indicative of the effect that a particular acquisition may have on competition and supports Verifone's view that the acquisition does not raise any competition concerns.
 - (b) There is vigorous existing competition in the market for the retail supply of payment terminals, which will continue to significantly constrain Verifone post-acquisition. Existing competitors include large national resellers such as Windcave (formerly known as Payment Express) and Eftpos Specialists, as well as a significant range of smaller resellers, who can acquire payment terminals from a number of wholesalers or terminal manufacturers. Banks also provide competing mobile point-of-sale (**mPOS**) products that offer an alternative for merchants, such as ANZ FastPay and BNZ Payclip.
 - (c) Verifone would also continue to be constrained post-acquisition by:
 - (i) Competition and potential competition from new entrants in the market (for which barriers to entry are low), and the constraint imposed by emerging payment technologies that do not rely on traditional payment terminals. For example:
 - (1) Global payment companies such as Adyen and Ingenico (through its subsidiary Bambora) have commenced providing payment solutions to merchants in New Zealand.
 - (2) In-app payment technology and QR code schemes offer alternatives to payment using a payment terminal, and increasingly have the potential to disrupt card payments and the use of payment terminals. The development of open banking will also support real-time account to account payments without requiring a payment terminal.
 - (3) Banks and technology companies are starting to provide software solutions ("SoftPOS") that turn consumer devices into card acceptance devices and remove the need for a merchant terminal.
 - (ii) The countervailing power of merchants, who can readily switch between payment terminal suppliers and also have alternative payment acceptance methods available.

- (d) The proposed acquisition would not enhance coordination between payment terminal suppliers, as the retail terminal market is highly competitive, with a large number of suppliers from well-resourced global competitors to small regional resellers, and a range of different customer and business models.
- (e) The proposed acquisition will not have any anti-competitive vertical effects, as Verifone is already vertically integrated and the acquisition will not provide Verifone with the ability or incentive to foreclose the markets for the wholesale or retail supply of payment terminals. Terminal resellers that acquire Verifone terminals have a range of potential alternative suppliers. In respect of switching services, Verifone will continue to be significantly constrained by the largest provider of switching services in New Zealand, the Ingenico Group (which recently acquired Paymark).

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PART 1: PARTY AND TRANSACTION DETAILS**Applicant's details**

4. This notice is given by Verifone New Zealand.

5. Verifone's contact details are:

(a) Postal address:

PO Box 3437
Wellington 6140

(b) Physical address:

Level 14
80 Boulcott Street
Wellington 6011
New Zealand

(c) Phone number: 0800 338 767

(d) Web address: <https://eftpos.co.nz/> and www.verifone.com

(e) Contact person:

Peter Hansen
General Manager
EFTPOS New Zealand
04 901 5639
phansen@eftpos.co.nz

6. Verifone, through Eftpos New Zealand Limited (which is a wholly owned subsidiary of Verifone New Zealand), supplies terminals directly to merchants under the EFTPOS New Zealand brand. It also supplies payment terminals to resellers, and provides payment processing services.

7. Verifone New Zealand is wholly owned by VeriFone Systems Australia Pty Ltd, and is ultimately wholly owned by Vertex HoldCo Incorporated. Vertex HoldCo Incorporated owns Verifone, Inc., a global manufacturer and supplier of EFTPOS terminals and payment processing services based in the United States. Verifone, Inc is based in the United States, and is not listed on any exchange.¹ Verifone, Inc was acquired by an investor group led by Francisco Partners (a global private equity firm) in 2018.

8. A structure diagram for Verifone is set out in Confidential Appendix A.

9. Verifone's most recent annual report and audited financial statements are available at <https://app.companiesoffice.govt.nz/companies/app/ui/pages/companies/4108320/documents>.

¹ Verifone Systems, Inc was previously listed on the New York Stock Exchange (NYSE: PAY) but is no longer listed on any exchange.

10. Please direct all correspondence and enquiries for Verifone in respect of this notice to:

Buddle Findlay
PO Box 2694
Wellington 6140
Attention: Tony Dellow / Anna Parker
Telephone: 04 498 7304 / 09 363 0639
Email: tony.dellow@buddlefindlay.com / anna.parker@buddlefindlay.com

Other party's details

11. The other party to the transaction is Smartpay Holdings Limited (and its subsidiaries).

12. Smartpay's contact details are:

- (a) Postal address:

PO Box 100490
North Shore
Auckland 0745

- (b) Physical address:

205 Wairau Road
Wairau Valley
Auckland 0627
New Zealand

- (c) Phone number: 09 442 2700

- (d) Web address: www.smartpay.co.nz/

- (e) Contact person:

Marty Pomeroy
Director and Chief Operating Officer
Smartpay
09 442 2714
marty.pomeroy@smartpay.co.nz

13. Smartpay Holdings Limited is listed on the New Zealand and Australian stock exchanges (NZX: SPY; ASX: SMP). The Smartpay business in New Zealand is operated through subsidiaries of Smartpay Holdings Limited, namely Smartpay Limited, Smartpay New Zealand Limited, Smartpay Software Limited, Viaduct Limited, Smartpay Rental Services Limited, and Smartpay Ethos Limited. Those subsidiaries are the only subsidiaries of Smartpay affected by the proposed transaction.
14. Smartpay is a supplier of payment terminals to merchants in New Zealand. It also supplies payment terminals and provides acquiring services in Australia, but the Australian assets are not part of the proposed acquisition.
15. Smartpay's most recent annual report and audited financial statements are available at <http://www.smartpayinvestor.com/results-reports/>.

16. Please direct all correspondence and enquiries for Smartpay in respect of this notice to:

Russell McVeagh
Attention: Troy Pilkington / Bradley Aburn
Telephone: 09 367 8108 / 09 367 8816
Email: troy.pilkington@russellmcveagh.com / bradley.aburn@russellmcveagh.com

Overview of the proposed transaction

17. Verifone proposes to acquire most of the assets of the Smartpay business in New Zealand. The specific assets to be acquired are detailed in the Asset Sale Agreement attached as Confidential Appendix B. The key assets that are proposed to be transferred are:

- (a) [CONFIDENTIAL] [REDACTED]
[REDACTED]
[REDACTED]
- (b) [REDACTED]
[REDACTED]
- (c) [REDACTED]
- (d) [REDACTED]

18. [CONFIDENTIAL] [REDACTED]

[REDACTED] Smartpay will retain and continue to operate its Retail Radio, Alipay, and WeChat businesses (which are described further below). All of these businesses will be run as business units of SmartPay Holdings Ltd and, therefore, will continue to be operated in conjunction with business units operating in Australia, as they do today.

19. The purchase price for the assets is NZ\$70 million.
20. The Asset Sale Agreement was signed on 28 November 2019, and provides for completion following the satisfaction of certain conditions (including Commerce Act clearance).

- [CONFIDENTIAL] [REDACTED]
[REDACTED]

Documents relating to transaction

21. A copy of the Asset Sale Agreement is attached as Confidential Appendix B.

² [CONFIDENTIAL] [REDACTED]
[REDACTED]

Rationale for transaction

Scenario without the transaction

24. If the proposed acquisition did not occur, Smartpay and Verifone would be likely to continue to supply payment terminals as separate entities (ie, the counterfactual is the status quo).

Other agencies being notified of transaction

25. No competition agencies in other jurisdictions have been or will be notified of the proposed acquisition. The transaction only relates to assets in New Zealand.

³ See Smartpay, Sale of New Zealand Business and Assets, 28 November 2019 at <http://nxz-prod-s7fsd7f98s.s3-website-ap-southeast-2.amazonaws.com/attachments/SPY/345113/312992.pdf>.

PART 2: INDUSTRY CONTEXT AND RELEVANT MARKETS

Industry overview

26. A detailed overview of the payments industry is set out in the Commission's recent decision to give clearance for Ingenico Group's acquisition of Paymark.⁴
27. As set out in that decision, consumers in New Zealand can choose to purchase goods and services using electronic or non-electronic methods. Non-electronic payments include cash or cheques, while electronic payments include cards and online banking, and more recent and rapidly emerging technologies such as mobile wallets, QR code based apps, and biometric authentication payment systems.
28. Terminals are used by merchants to accept payments in-store. Transactions are sent from a terminal via a switch to a card issuer, and appear as approved or declined once an issuer has determined that a cardholder has sufficient funds or credit to process the payment. The way that payments are processed depends on the type of card used.⁵
29. Payment terminals are typically manufactured overseas. They are then imported into New Zealand and adapted for the local market by terminal vendors.
30. Terminals that are imported will normally have hardware and software to meet security specifications and standards that are set globally and by card schemes. However, terminal vendors also need to meet additional security and connectivity requirements in New Zealand set by the switch that they will operate on, in order to connect to the switch's network.
31. The main brands of terminal that are imported into New Zealand are Ingenico, Verifone, and PAX. There are also a number of other terminal brands available locally in New Zealand, including Windcave, Invenco, Quest, Spectra, and Castle. The Payments NZ device register (available at <https://www.paymentsnz.co.nz/resources/industry-registers/device-register/>) provides an overview of terminal options available in New Zealand.
32. There are a range of different terminal solutions, with different types supporting different market segments. However, there is generally a high level of substitutability between solutions, and the core functionality of payment terminals remains standardised and commoditised (ie, acceptance of debit and credit card payments).
33. The material segments within the overall terminal market are:
 - (a) Standalone EFTPOS: A standard fixed wired or mobile terminal that operates in isolation from a merchant's other point of sale (**POS**) technology (ie, that is not integrated with a merchant's POS system or other parts of its business). This is the largest part of the market and most merchants that are small to medium enterprises (**SMEs**) utilise standalone EFTPOS. Verifone estimates that there are approximately [CONFIDENTIAL] [REDACTED] standalone terminals in New Zealand.

⁴ Ingenico Group SA and Paymark Limited [2018] NZCC 18 (**Ingenico decision**).

⁵ As detailed in the *Ingenico* decision, the two ways in which transactions may be processed are described as "Switch to issuer" or "S2I" when a customer uses cards such as an EFTPOS card, and "Switch-to-acquirer" or "S2A" when a customer uses cards such as credit cards.

- (b) Integrated EFTPOS: An EFTPOS terminal that is connected (either physically or wirelessly) to a merchant's POS technology (eg, a cash register, or POS software running on the merchant's system) that allows transactions to be initiated from the POS and/or transaction outcomes to be captured by the POS. There are a wide range of integrated/interfaced solutions and each generally work with a range of different POS solutions, but they tend to be more prevalent amongst larger merchants such as large retailers, fuel companies, and supermarkets. Verifone estimates that there are approximately [CONFIDENTIAL] [REDACTED] integrated terminals in New Zealand.
- (c) Unattended EFTPOS: An EFTPOS acceptance device integrated into a "self-service" solution such as a vending machine, parking or ticketing device, or fuel pump. Verifone estimates that there are approximately [CONFIDENTIAL] [REDACTED] unattended devices in New Zealand.
- (d) Mobile point of sale (mPOS): A low cost terminal/card reader connected to software on a merchant's phone to enable card acceptance. In New Zealand, mPOS solutions are predominantly provided to merchants by banks (eg, BNZ Payclip, ANZ FastPay, and Westpac Get-Paid). Verifone estimates that there are approximately [CONFIDENTIAL] [REDACTED] mPOS devices in New Zealand.

34. While growth in more traditional payment terminals is slowing, there are segments of the payment terminal market where growth is significantly higher. For example, the provision of mPOS terminals to very small merchants and unattended payment terminals (for kiosks/parking etc) have seen good growth over recent years.
35. Furthermore, as outlined in the *Ingenico* decision, new payment technologies have been developed in recent years, which include new ways to make use of existing payment types as well as entirely new ways to make payments.⁶ For example:

- (a) Mobile applications that use QR codes (such as Alipay and WeChat) can operate simply with a QR code presented by the merchant (which enables an account-to-account transaction when a customer scans the QR code with a mobile), and do not require a terminal.
- (b) New Zealand is moving to an "open banking" framework that supports real-time account-to-account payments (via a Standardised Application Programming Interface or API).⁷
- (c) Banks and card schemes are launching SoftPOS software solutions that turn consumer, off the shelf (or 'COTS') devices such as consumer phones and tablets into card acceptance devices, and remove the need for a merchant terminal.

Services provided by Verifone

36. Verifone supplies terminals directly to merchants under the EFTPOS New Zealand brand. It also wholesales terminals to resellers, and offers "switching" services (ie, payment processing services) in New Zealand through a link with ANZ and a wholesale agreement with Paymark Limited.

⁶ *Ingenico* decision at [28].

⁷ See, for example, Payments NZ API Centre, *About*, at <https://www.apicentre.paymentsnz.co.nz/about/>.

37. Verifone's presence in the New Zealand payments market is a function of two local acquisitions made in 2013:
 - (a) The purchase of EFTPOS New Zealand Limited from ANZ Bank New Zealand; and
 - (b) The purchase of Sektor Payments Limited from Sektor Limited.
38. As a result of these acquisitions, the key operations of Verifone's payments business are as follows:
 - (a) Terminal wholesaling: Verifone brings Verifone manufactured devices into New Zealand, and provides payment application software development services to allow those terminals to connect to both the Paymark and Verifone switches. Verifone sells those terminals to a wide range of resellers and other entities in the retail terminal market. Verifone also provides full software and hardware support, and maintenance and repairs services for those terminals.
 - (b) Terminal retailing: Verifone supplies terminal solutions directly to merchants (usually under a subscription model). Verifone offers merchants a full service nationwide terminal offering that includes a broad range of payment options to suit merchant requirements, with support, compliance management, repairs and maintenance, and nationwide field service and installation.
 - (c) Payment processing: Verifone provides full service payments switching and processing services to ANZ and its acquired merchants. This includes full S2A and S2I processing. However, Verifone outsources the processing of all of its S2I transactions, other than those where the issuer is ANZ, to Paymark under a wholesale switching agreement. Verifone's switch provides both card present and card not present (digital) transaction processing services, but only for ANZ Bank acquired merchants. It also operates as a front-end 'terminal handler' where Verifone can deploy terminals connected to its switch for non-ANZ acquired merchants. However, in that scenario, Verifone routes all traffic to Paymark under an aggregation agreement, and Paymark remains the switch or processor for those transactions.
39. Verifone provides bundled terminal and switching services, as well as providing terminal services and switching services separately. Terminals supplied by Verifone in New Zealand are all manufactured by Verifone.
40. Verifone currently supplies approximately [CONFIDENTIAL] [REDACTED] terminals to merchants in New Zealand. It also supplies approximately [CONFIDENTIAL] [REDACTED] devices at the wholesale level to resellers and banks.
41. Verifone offers both standalone and integrated EFTPOS, and estimates that approximately [CONFIDENTIAL] [REDACTED] of its [CONFIDENTIAL] [REDACTED] terminals are integrated.
42. Verifone's sales information for the past three financial years is set out in Confidential Appendix C.

Services provided by Smartpay

43. Smartpay is a supplier of payment terminals to merchants. Smartpay offers payment terminals for sale or lease to a variety of customers ranging from "micro-merchants" (eg, fruit market sellers with a single terminal) to national chain stores that require large numbers of terminals. The majority of Smartpay's customers are SMEs (which are merchants that each have around 1-10 terminals).

44. Smartpay currently supplies approximately [CONFIDENTIAL] [REDACTED] terminals to merchants in New Zealand. Smartpay's terminals are all manufactured by PAX Technology [CONFIDENTIAL] [REDACTED]
[REDACTED]⁸
45. Smartpay imports the terminals, and writes its own software to work on the devices. Smartpay has a couple of relationships with resellers of terminals (such as [CONFIDENTIAL] [REDACTED]
[REDACTED]
[REDACTED]), but is not seen as a material participant or competitor in the wholesale terminal market as Smartpay's relationships with resellers involve an insignificant number of terminals. Smartpay also supplies approximately [CONFIDENTIAL] [REDACTED] white-label devices to ASB Bank under an ASB branded merchant offer.
46. Most of the terminals supplied by Smartpay are standalone EFTPOS. Smartpay also offers integrated EFTPOS, but this is a small proportion of its offering [CONFIDENTIAL] [REDACTED]
[REDACTED].
47. Smartpay's sales information for the past three financial years is set out in Confidential Appendix D.
48. Smartpay also operates Retail Radio, Alipay, and WeChat businesses (which, as outlined above, it will retain and continue to operate post-acquisition). By way of further background:
- (a) **Smartpay's Retail Radio business:** Retail Radio operates in both Australia and New Zealand as a provider of in-store audio and video solutions. It is an audio/video system that enables stores to deliver a bespoke audio ambience, whilst also creating and playing promotional messages via audio and digital displays at key times. The Retail Radio offering enables stores to play a customised playlist through their store PA system or display digital signage within their premises. Retail Radio arranges the music licensing and development of the playlist, and creates the store's promotional advertisements and arranges to play them in the right stores at the right times. Further information is available on Retail Radio's website: <https://www.retailradio.co.nz/>. Retail Radio does not compete with any business of Verifone in New Zealand.
 - (b) **Smartpay's Alipay business:** In March 2018, Smartpay announced that it had signed an agreement with Alipay, China's largest online and mobile payments provider, to directly acquire Alipay transactions for its terminals business' offering to its retailer customers. This service is delivered by Smartpay using its own SmartConnect cloud-based payments platform to allow Smartpay retailer customers to process Alipay payments on the same terminal as their EFTPOS and credit card payments. This means that payments can be processed by retailer customers by the end-customer (typically a Chinese tourist/visitor) using their mobile device to scan a QR Code on a terminal display. Further information is available at: <https://www.smartpay.co.nz/alipay-wechat/>. While Verifone also offers Alipay functionality via its terminals, it does so through a third party provider. Verifone is therefore not a competitor to Smartpay in the provision of Alipay/WeChat acquiring services to terminal providers.

⁸ PAX Technology is a global provider of electronic payment solutions (see <https://www.paxtechnology.com/> and <https://www.pax.us/company-overview/> for further information). [CONFIDENTIAL] [REDACTED]
[REDACTED]

Smartpay will continue to be a competitor for the provision of Alipay and WeChat acquiring services post-acquisition to terminal providers.

- (c) **Smartpay's WeChat Pay business:** In addition to its agreement with Alipay, Smartpay has entered into an agreement that enables it to directly acquire WeChat Pay transactions for its retailer customers. This operates in the same way and on the same basis as described above in relation to Alipay.

Relevant markets

49. In the *Ingenico* decision, the Commission considered national markets for:
 - (a) terminal wholesaling; and
 - (b) terminal retailing.⁹
50. For the purposes of this application, Verifone considers that the relevant market is the national market for the retail supply of payment terminals in New Zealand (although notes that the payment terminals considered by the Commission in the *Ingenico* decision are increasingly facing additional competition from other emerging payment technologies).
51. Although Verifone supplies terminals on a wholesale basis, as well as directly to merchants, the merger will only result in aggregation in the market for the retail supply of terminals because (other than a couple of relationships with resellers discussed above) Smartpay only supplies terminals to merchants and does not operate in the terminal wholesaling market.
52. The Commission has also previously defined separate markets for standalone and integrated EFTPOS technology and services, and regional markets for the resale supply of EFTPOS technology and services.¹⁰ However, Verifone does not consider that it is necessary to consider these narrower market definitions for the purposes of considering the proposed acquisition because:
 - (a) As the Commission found in the *Ingenico* decision, all major terminal manufacturers and their resellers in New Zealand now offer both integrated and standalone terminal solutions.¹¹ Merchants that have software that enables terminals to integrate with the merchant's POS software can readily switch between standalone and integrated terminals, and other merchants can also switch by investing in the relevant POS software. It is therefore not necessary to consider separate product markets for standalone and integrated terminals.
 - (b) Although the Commission did not assess whether the geographic markets should be changed in the *Ingenico* decision, the impact of the proposed acquisition is best considered based on a national market. Smartpay and Verifone, and a number of their competitors, operate nationally. Although some of the competitors of Smartpay and Verifone operate on a more regional basis, suppliers based in particular regions can easily supply customers outside their

⁹ *Ingenico* decision at [75]. The Commission also considered markets for switch to issuer (S2I) switching services, switch to acquirer (S2A) switching services, and digital payment gateway services. Although Verifone provides switching services, there will not be any aggregation in switching markets as a result of the proposed acquisition.

¹⁰ Commerce Commission Decision No. 632: *Provenco Group Limited and Cadmus Technology Limited* (5 February 2008) (*Provenco decision*).

¹¹ The Commission also found in the *Provenco* decision that dealers of standalone EFTPOS technology could easily expand into selling integrated technology, that there are similarities in the activity of reselling standalone and integrated technology, and that all that is required is access to a product and access to a different type of customer (*Provenco* decision at [37]).

region. Most retail suppliers do not offer a field or on-site service, and instead courier terminals to merchants and offer technical support via telephone.

Competitors of Verifone and Smartpay

53. The names and contact details of the main competitors of Verifone and Smartpay, and trade/industry associations in which Verifone participates, are set out in Appendix E.

Customers of Verifone and Smartpay

54. As outlined in the *Ingenico decision*, the merchants that use terminals vary in size (from small merchants that have only one site and one terminal such as standalone retail stores, to SMEs such as fast-food restaurants and small retail chain stores, and large merchants such as supermarkets and service stations). Larger merchants have a higher volume of transactions than smaller merchants, and tend to have more complex requirements than smaller merchants.¹²
55. The following are commonly used segments or tiers to describe different types of merchants:
 - (a) Tier 1: Enterprise – Tier 1 merchants are the largest users of payment terminals, such as supermarket chains, which each have 100 terminals or more.
 - (b) Tier 2: Commercial – Tier 2 comprises large merchants such as retail groups, which each have around 10-100 terminals.
 - (c) Tier 3: SME – Tier 3 comprises small to medium enterprises, which each have around 1-10 terminals.
 - (d) Tier 4: Micro – Tier 4 comprises small traders, which have only one terminal.
56. Smartpay's merchant relationships are primarily SMEs. One of Smartpay's core customer groups are taxi operators.
57. Verifone, through its Eftpos New Zealand brand, supplies terminals across all four tiers of merchants. Verifone also supplies terminals to independent resellers such as Eftpos Specialists and EFTCO, and mPOS devices to ANZ and Westpac banks.
58. The details of the key retail customers of Verifone and Smartpay are set out in Confidential Appendix C and Confidential Appendix D.

¹² *Ingenico decision* at [36]-[37].

PART 3: COMPETITION ANALYSIS

No adverse horizontal unilateral effects on competition

59. There will be no substantial difference in competition with and without the proposed acquisition. The market for the retail supply of payment terminals to merchants is highly competitive, with a number of existing and potential competitors. Emerging new payment methods that do not require a merchant to have a terminal also impose a constraint on terminal providers.

How firms compete in the relevant market

60. As outlined in the *Ingenico* decision, there are various ways in which terminal vendors supply customers. For example:¹³
- (a) Verifone imports its own terminals into New Zealand. Verifone competes directly for customers under the EFTPOS New Zealand brand offering an integrated terminal and switch solution, and also supplies via resellers. Verifone terminals are available on both Paymark's switch and its own switch.
 - (b) Smartpay supplies PAX terminals running its own software directly to merchants. Smartpay uses Paymark to switch its transactions.
 - (c) Windcave (formerly Payment Express) supplies Ingenico terminals, and also manufactures terminals for unattended operations such as carparks. Windcave sells directly to merchants. It supplies terminals that use Paymark's switch but also provides solutions to merchants using its own switch. Windcave also has an arrangement with Verifone to provide capability to process S2I transactions through Verifone's access to the Paymark switch.¹⁴
 - (d) Skyzer supplies Ingenico terminals with its own software through a network of resellers, using Paymark to switch its transactions.
61. The prevalent business model in New Zealand is that a merchant pays a monthly subscription or rental that includes the payment terminal, software to enable the terminal to process transactions on the relevant payment switch, and associated services that may include services such as phone support, on-site support, software maintenance, and repairs. Most retail suppliers also sell payment terminals outright to merchants, although Verifone estimates that the proportion of terminals owned outright by merchants (mostly large corporates) is only around 10%-15% of the total market.
62. Suppliers of terminals to merchants include:
- (a) large suppliers who generally offer solutions nationwide and across multiple merchant segments, and tend to specialise in the supply of payment terminals; and
 - (b) a large number of smaller suppliers, who tend to specialise in certain geographic areas. These suppliers often have a more generalised service that includes merchant POS solutions and other in-store technology.

¹³ *Ingenico* decision at [41].

¹⁴ Further details on the arrangement between Verifone (through Eftpos New Zealand) and Windcave, including a copy of the agreement, are set out in Confidential Appendix G.

63. Terminal suppliers compete on the basis of price, as well as innovation relating to the functionality of a terminal and tailoring for specific industries.¹⁵ At a basic level, terminals of different brands have similar functionality. There is significant price competition between terminal suppliers. Terminal suppliers can also differentiate their terminal offers through software innovation and by tailoring products to specific industries. For example, for taxi drivers, Smartpay's terminals have functionality to assist fleet management and reporting. Verifone's terminals allow pre-authorisation of payments that can be completed on a different terminal, which is useful for merchants in the hospitality sector (eg, car rental companies and hotels).
64. Merchants typically enter into contracts for terminal rental with a term of 36-48 months.
65. Verifone acquires customers through both inbound (eg, leads from banks, partners, and telephone or website enquiries) and outbound sales (eg, direct marketing). **[CONFIDENTIAL]** [REDACTED]
[REDACTED]
[REDACTED].
66. Some terminal suppliers have referral arrangements with banks. For example:
- (a) **[CONFIDENTIAL]** [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- (b) **[CONFIDENTIAL]** [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
67. The size of a merchant affects how terminal suppliers compete.¹⁶ For example, for smaller merchants, the merchant's bank may assist the merchant to find a terminal provider (although banks are increasingly leaving it to merchants to find their own solution), or a reseller may approach a merchant to offer its services. Larger merchants may run more formal tender processes. When larger merchants run a tender process, Verifone understands that they typically seek offers from Verifone and Windcave (which is a particularly strong competitor in respect of Tier 1 and 2 customers), and also often approach Paymark for a solution (which may offer a solution using its distributor, Skyzer).

Existing competition

68. Verifone will be constrained post-acquisition by a large number of existing competitors in the market for the retail supply of payment terminals to merchants.
69. Existing competitors in the market for the retail supply of payment terminals include:
- (a) **Windcave (formerly Payment Express)**: Windcave is a provider of EFTPOS and payment solutions to merchants. Verifone estimates that Windcave supplies approximately

¹⁵ Ingenico decision at [43].

¹⁶ Ingenico decision at [42].

[CONFIDENTIAL] [] terminals in New Zealand. The majority of Windcave solutions are integrated. As noted above, Windcave is a particularly strong competitor in respect of large corporate merchants, and is also a major provider of unattended EFTPOS services. Windcave provides an omni-channel proposition, offering terminals, combined with eCom/mCom processing and its own merchant acquiring offer. Windcave resells primarily Ingenico manufactured devices, and also manufactures some of its own unattended devices. It describes itself as a "high growth, innovative leader in payment technology".¹⁷ Further information about Windcave is available at <https://www.paymentexpress.co.nz/> and <https://www.windcave.com/home>.

- (b) **Eftpos Specialists (Technology Holdings):** Eftpos Specialists is a provider of EFTPOS and payment solutions to merchants, which operates a franchise model with branches throughout New Zealand. Technology Holdings is the franchisor of Eftpos Specialists. Verifone estimates that Eftpos Specialists supplies approximately **[CONFIDENTIAL]** [] terminals in New Zealand (primarily standalone terminals). It supplies both Ingenico and Verifone devices. Further information about Eftpos Specialists is available at <http://eftpos-specialists.co.nz/>.
- (c) **A large number of other retail providers (resellers):** Other resellers tend to be regional or local operations, and often provide POS and other retail technology solutions. The resellers tend to range in size with terminal portfolios of only a few hundred terminals through to portfolios of up to around 6,000 devices. The majority of the resellers sell Ingenico terminals (sourced from Ingenico distributor **Skyzer**¹⁸) or Verifone terminals. Many sell both Ingenico and Verifone terminals, and they have the ability to switch between providers very easily. Some resellers also deal with smaller terminal suppliers such as Perception Technologies (which distributes Spectra terminals).¹⁹ Estimates of the number of resellers vary but there are likely to be around 50 such operators active in the market. They include:
 - (i) **Eftco** (<https://eftco.co.nz/>): Eftco is an EFTPOS and payments solutions provider, which has customers across New Zealand that range from large national retail sites (such as Bunnings and Flight Centre) to smaller sole trader operations.
 - (ii) **KIWIeftpos** (<https://kiwieftpos.co.nz/>): KIWI Eftpos & Point of Sale Group is a provider of EFTPOS and POS hardware and software sales and service, with offices in Auckland and Christchurch.
 - (iii) **Otago Business Equipment** (<https://www.otagobusiness.co.nz/>): Otago Business Equipment is a provider of EFTPOS, POS, and office hardware, located in Dunedin and Queenstown.
 - (iv) **Eftpos Warehouse** (<https://eftposwarehouse.co.nz/>): Eftpos Warehouse supplies EFTPOS terminals and other POS systems to large and small businesses in New Zealand.

¹⁷ Payment Express, *About*, at <https://www.paymentexpress.co.nz/about>.

¹⁸ Skyzer is a distributor of Ingenico payment terminals to businesses, with a network of accredited resellers across New Zealand. Further information about Skyzer is available at <http://www.skyzer.co.nz/index>.

¹⁹ See <http://www.perceptions.co.nz/>.

- (v) **Tomizone** (<https://www.tomizone.com/>): Tomizone is an Australasian provider of business technology solutions.
- (vi) **TotalPOS** (<https://totalpos.co.nz/>): TotalPOS is a provider of POS equipment (including EFTPOS) based in the South Island.
- (vii) **POS Mate** (<https://www.posmate.co.nz/>): POS Mate is a provider of EFTPOS and POS solutions for hospitality and retail businesses, with support and sales staff throughout New Zealand.

Other examples of resellers are set out in Paymark's list of accredited resellers – see <https://www.paymark.co.nz/support/finda/>.

- (d) **mPOS:** The mPOS services provided by banks are a significant competitor to Verifone and Smartpay, particularly in the SME sector. Examples of the mPOS services provided by banks are:
 - (i) **ANZ FastPay:** ANZ FastPay is a mobile solution that can accept EFTPOS, Visa, and Mastercard payments "on the go", as well as contactless payments. Further information about ANZ FastPay is available at <https://www.anz.co.nz/business/products-services/online-banking-tools/fastpay/>.
 - (ii) **BNZ Payclip:** BNZ Payclip is a portable payment solution that can accept payments from EFTPOS, Visa, Mastercard, American Express, and UnionPay credit and debit cards using contactless, swipe, or chip and PIN. Further information about BNZ Payclip is available at <https://www.bnz.co.nz/business-banking/payments/payclip>.
 - (iii) **Westpac Get Paid:** Westpac Get Paid is a card reader and mobile app that can accept payments from customers in person or remotely. Further information about Westpac Get Paid is available at <https://www.westpac.co.nz/business/payment-solutions/getpaid/>.

[CONFIDENTIAL] [REDACTED]

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[REDACTED]
[REDACTED]

Estimated market shares

70. Verifone estimates that the market shares in the retail market are as follows:²⁰

Supplier	Terminals [CONFIDENTIAL]	Market share (%) [CONFIDENTIAL]	Terminal manufacturer	Switch
Verifone/Eftpos NZ	[REDACTED]	[REDACTED]	Verifone	Verifone and Paymark (approximately [REDACTED] on Verifone)
Smartpay	[REDACTED]	[REDACTED]	PAX	Paymark
Windcave (formerly Payment Express)	[REDACTED]	[REDACTED]	Primarily Ingenico	Paymark, Payment Express, Verifone (approximately 50% Paymark)
Bank – mPOS (ANZ, BNZ, Westpac combined)	[REDACTED]	[REDACTED]	Verifone and Miura (approximately 65% Verifone and 25% Miura)	Verifone and Paymark (approximately 50% each)
Eftpos Specialists	[REDACTED]	[REDACTED]	Verifone and Ingenico (approximately 60% Ingenico and 40% Verifone)	Paymark
Others	[REDACTED]	[REDACTED]	Ingenico and others (approximately 50% Ingenico)	Paymark
Estimated total	195,000	100%		

71. Based on the market share figures estimated above, the acquisition falls within the Commission's concentration indicators. Post-acquisition, the three largest firms would have a market share of

²⁰ The market share figures are estimated by Verifone management based on an estimated total number of terminals of 195,000. The estimated total number of terminals is based on:

- Verifone having approximately 55,000 terminals connected directly or indirectly to its network;
- Paymark in having approximately 150,000 terminals connected to its network (see <https://www.paymark.co.nz/about/our-story/>);
- an assumption that there is a small amount of double counting (as Woolworths terminals and Verifone Aggregation terminals could be viewed as being connected to both networks).

approximately [CONFIDENTIAL] [REDACTED], and the merged entity would have a market share of approximately [CONFIDENTIAL] [REDACTED].

72. The fact that the transaction is within the Commission's concentration indicators supports Verifone's position that the proposed acquisition will not have the effect or likely effect of substantially lessening competition.

Potential competition / entry into the market

73. Verifone will be also constrained post-acquisition by the potential entry or expansion of other payment providers. Barriers to entry in the market for the retail supply of payment terminals are very low. This is evidenced by the large number of participants in the market, including relatively small and newer start-up operators.
74. As the Commission found in the *Provenco* decision, it would not be difficult for resellers in a particular region to expand or for a new entrant to enter a particular region. The key requirements to enter the market are:
- (a) access to terminals and associated software;
 - (b) a distribution outlet;
 - (c) sales staff; and
 - (d) the ability to provide basic product support.²¹
75. Verifone estimates that the cost to enter the retail market would be very low (less than \$100,000).
76. Post-acquisition, there would continue to be a choice of wholesalers and manufacturers from whom resellers could acquire terminals, such as Ingenico/Skyzer and PAX. There are also other global terminal manufacturers that could (and in some cases already do) supply terminals in New Zealand, such as [Castles Technologies](#), [Spectra](#), the [Newland Group](#), and Chinese manufacturers such as [BBPOS](#). The key requirements for entry in the wholesale market are:²²
- (a) access to terminals and associated software;
 - (b) certification from the payment switch operator (ie, ensuring that the associated software meets the security and connectivity requirements set by the switch that the device will operate on), and (generally) access to a PCI certified facility for key loading terminals with the security keys for the switches; and
 - (c) establishing a distribution channel and employing technical/support staff.
77. The main requirement to enter the wholesale market is the development and certification of the software that allows the connection of the terminal to the payment switches. Verifone and Skyzer develop and certify this software and sell the hardware/software combination to resellers, while Windcave and Smartpay develop and certify the software themselves for the devices they sell directly to merchants. This software development is a relatively substantive one-off task with

²¹ *Provenco* decision at [38].

²² See, for example, the *Provenco* decision at [16]-[17]. Terminal suppliers are also required to register terminal devices with Payments NZ (if the relevant device is not already registered), but this is not an onerous requirement.

iterations/updates required every few years to address changes to the hardware and software specifications set by the switch provider.

78. There have been a number of new entrants in the market recently, including sophisticated global payment companies such as:

- (a) **Adyen**, which is a global payment company (based in the Netherlands) that provides POS, online, and mobile payment solutions. Adyen has recently commenced deploying devices and services to New Zealand merchants. For example, Verifone understands that Adyen has commenced supplying devices to jewellery retailer, Michael Hill. It is also able to leverage its global brand relationships in New Zealand (eg, Adyen supplies devices to Hermes in Auckland Airport). Further information about Adyen is available at <https://www.adyen.com/>.
- (b) **Bambora / Ingenico / Paymark**. With Ingenico's purchase of Paymark, it is expected that Ingenico will aggressively seek to expand in the retail terminal market, either directly or through its subsidiary Bambora. Verifone understands that Bambora has commenced supplying devices in New Zealand, with a focus on SMEs. Paymark's direct switching relationship with around 70% of merchants in New Zealand provides it with a powerful position to drive such expansion (and therefore significantly constrain the merged entity). One of the main costs of entering the market is the time and money required to undertake certification with Paymark. Paymark/Ingenico is in a strong position to avoid this cost and accelerate certification for its own solutions.

79. There are also other international companies that are potential entrants in New Zealand. For example, **Square, Inc** is a provider of payments hardware and software solutions that is headquartered in San Francisco (NYSE: SQ), with offices in other locations including Melbourne, London, and Tokyo. Square was founded in 2009 to enable businesses to accept card payments. It describes itself as "a cohesive commerce ecosystem that helps our sellers start, run, and grow their businesses", which has "grown rapidly to serve millions of sellers that represent a diverse set of industries and sizes, ranging from a single vendor at a farmers' market to multi-location businesses".²³ Square launched in Australia in 2016,²⁴ and Verifone understands that it has grown rapidly since its launch in Australia.²⁵ Further information about Square is available at <https://squareup.com>.

80. In addition, while payment terminals are somewhat ubiquitous in physical retail environments, there are numerous new technologies that either reduce a merchant's reliance on a payment terminal or involve new ways to make payments that do not require a payment terminal. These include:

- (a) **In-app payments**: There is an increasing prevalence of technologies and solutions that allow customers who are present at a merchant site to complete payment in an app rather than through a payment terminal. The obvious example of this internationally is with ride share services such as Uber, where all payments are made in-app and drivers have no need for payment terminals in their cars, but there are also prominent examples of this technology

²³ Square, Inc, [2019 Annual Report](#), page 4.

²⁴ Square, Inc, [Square arrives in Australia](#), 7 March 2019.

²⁵ For example, in 2017, it was reported that over 60,000 businesses in Australia were using a Square product. See, for example, Australian Financial Review, [Jack Dorsey's Square expands Aussie ambitions after outpacing local targets](#), 2 May 2017.

in physical stores such as the experience at an Amazon Go store.²⁶ This type of technology has also been trialled locally by businesses such as Foodstuffs and is likely to become more prevalent. There are also successful local payment solutions such as BPMe,²⁷ which is currently processing millions of card transactions at BP sites without a payment terminal.

- (b) **QR-based schemes:** QR code schemes operate by the merchant presenting a QR code to customers and do not require a payment terminal. Based on the success of new payment methods in Asia such as Alipay and WeChat, there has been a significant increase in the number of payment options that leverage the scanning of a QR code to complete payment.²⁸ While some payment terminals can support this type of QR payment, the prevailing model in China and elsewhere in Asia is that the merchant avoids having a payment terminal at all, and simply displays a 'static QR code' in their store for consumers to scan via an app on their phone to complete payment. Dynamic QR code payment acceptance is also used in New Zealand without a terminal, such as through POS software running on a PC, tablet, or phone.

This model is growing exponentially and there are now local payment operators looking to offer QR solutions as an alternative to debit/credit card payments (eg,

<https://choicetopay.com>). For example, [CONFIDENTIAL] [REDACTED]

[REDACTED]. The use of QR solutions is expected to further grow as the banks open up access to their payment systems with common payment initiation APIs.²⁹ The "open-banking" framework being adopted in New Zealand uses standardised APIs to support real-time account payments. This approach has significant potential to disrupt card payments and the use of payment terminals, by using QR codes or phone-based services that do not require a terminal.

- (c) **SoftPOS:** SoftPOS is a new technology that provides a like-for-like alternative to standard payment terminals, and removes the need for a merchant terminal. SoftPOS is a software-based solution that enables consumers to use their devices (eg, phone or tablets) as card acceptance devices, which leverages the near-field communication (**NFC**) capability of most standard smartphones and tablets to allow them to operate as a payment terminal to accept contactless card payments and mobile phone payments.

A large number of banks, card schemes, and technology companies globally are driving the technology. For example, National Australia Bank has launched a pilot service in partnership

²⁶ See, for example, *Amazon Go: cashier-less grocery shopping experience* at <https://www.youtube.com/watch?v=VoY4zuhpJQk>. It has recently been reported that Amazon is planning to open cashierless Amazon Go supermarkets and pop-up stores in 2020, and has indicated its plan to commercialise and license the technology to other retailers (see Pymnts.com, [Amazon Go Supermarkets, Pop-Up Stores coming in 2020](#), 20 November 2019 and Matt Day (Bloomberg), [Amazon is planning to open cashierless supermarkets next year](#), 20 May 2019).

²⁷ See BP, BPMe, at https://www.bp.com/en_nz/new-zealand/home/products-and-services/bpme.html.

²⁸ See, for example, information about Mastercard Merchant Presented QR ("a mobile-based payment solution that allows any merchant to accept payments securely without a terminal") at <https://developer.mastercard.com/documentation/masterpass-qr-client-sdks/2>. See also examples in other jurisdictions such as Pymnts.com, [Mastercard, UnionPay, Visa Launch Standardized QR Code For E-Payments In Thailand](#) (10 May 2017) and information about Visa QR payments at <https://www.visa.com.ng/pay-with-visa/featured-technologies/visa-qr.html>.

²⁹ See Payments NZ, *Payments NZ launches API Centre*, 21 May 2019 at <https://www.paymentsnz.co.nz/resources/articles/payments-nz-launches-api-centre>.

with a payment systems provider (Quest Payment Systems) and Visa to put payments acceptance software onto Android handsets that then port back to NAB's merchant acquiring services.³⁰ Samsung Electronics also recently announced that it will deploy NFC-enabled contactless payment acceptance on mobile devices in partnership with Mobeewave (a provider of contactless mobile card payment acceptance services) in Canada from October 2019 and globally from 2020.³¹ [CONFIDENTIAL] [REDACTED]

[REDACTED]³²

- (d) **Biometrics:** Globally there are a number of innovations that leverage different types of biometric authentication (eg, finger prints, retina scans, facial recognition) that look to replace the need for current payment terminals. These solutions generally link a consumer's biometric credentials to a particular payment method (whether that be a payment card or a bank account or a prepaid wallet), and allow consumers to transact by authenticating via biometric technology connected to the merchant's POS. Local examples of this technology include a 'smile to pay' technology pilot currently being promoted by Paymark and Spark.³³
81. Although such new payment technologies are unlikely to replace the need for terminals completely in the near future and uptake by merchants may take time, the Commission has previously recognised the constraint that new payment technologies can have on providers in the payments industry. In the *Ingenico* decision, the Commission found that, even if the threat posed by alternative technologies is not immediate, it may nevertheless affect conduct now. For example, the Commission observed that "*[t]he merged entity may perceive a risk to engaging in conduct that makes terminals unattractive, as it could encourage banks and merchants to look to other technologies, hastening the speed at which alternative technologies are taken up*".³⁴
- [CONFIDENTIAL] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
82. Cash is also a substitute for card payments. Although consumers typically expect that card payment via a payment terminal will be available at physical merchant outlets and few merchants require customers to pay with cash, cash usage remains relatively persistent. For example, a recent Reserve Bank of New Zealand survey found that 11% of New Zealanders prefer to pay using cash.³⁵ The presence of cash as an alternative payment method means that payment terminals need to be competitively priced to merchants so that, when combined with the acceptance cost of cards, the cost/benefit analysis is superior to a cash only proposition.

³⁰ See, for example, Julian Bajkowski, [NAB wants Android handsets to replace card payment terminals](#), 6 August 2019 and Finextra, [NAB tests 'tap-on-phone' payment software](#), 6 August 2019.

³¹ Samsung, [Samsung and Mobeewave Partner to Deploy mPOS Payments Worldwide](#), 15 October 2019.

³² [CONFIDENTIAL] [REDACTED]

³³ See, for example, <https://www.paymark.co.nz/blog/facial-recognition/> and <https://www.spark.co.nz/5g/home/articles/paymark/#/>.

³⁴ *Ingenico* decision at [200].

³⁵ Reserve Bank of New Zealand, [Cash Use in New Zealand - Public Survey 2019 High Level Findings](#), 30 October 2019, page 8.

Countervailing power of customers

83. Verifone will also be constrained by the countervailing power of merchants post-acquisition. As outlined above, merchants can readily switch between payment terminal suppliers (particularly at the end of their contract term). They also have alternative payment acceptance methods available to them, including new payment technology and traditional methods such as cash.

No adverse co-ordinated effects on competition

84. The merger will not enhance the ability of Verifone and other competitors to coordinate their behaviour, including because:

- (a) As outlined above, the relevant market is highly competitive. The market includes large global suppliers as well as small regional resellers, with a range of different customers (who are price sensitive) and business models, and limited price transparency.
- (b) Barriers to entry are low, and existing suppliers could readily expand and others could enter, which reduces the likelihood of any coordination.
- (c) The market is also subject to disruption as a result of innovation in the payments industry and the development of alternative payments technology that removes the need for a terminal.
- (d) Merchants have countervailing power, as they can readily switch between payment terminal suppliers and alternative payment acceptance methods.
- (e) There is no history of anti-competitive coordination in the relevant market.

No adverse vertical effects on competition

85. The transaction does not raise vertical effect issues. Verifone is already a vertically integrated payment company, and the acquisition of Smartpay would not change Verifone's ability or incentive to foreclose any market. In particular:

- (a) With or without the acquisition of Smartpay, terminal suppliers will be able to acquire terminals from Verifone or a range of other terminal wholesalers and manufacturers (such as Ingenico/Skyzer and PAX). Verifone currently operates at both the wholesale and retail level in the terminal markets, and its incentive to supply terminals to resellers post-acquisition will not change as a result of the proposed acquisition. For example, if Verifone increased the price of terminals that it sells to resellers, resellers could readily acquire terminals from a number of other suppliers.³⁶
- (b) The switching market will not be affected by the proposed acquisition. Verifone could not foreclose the ability of other terminal suppliers to access switching services, and will continue to be significantly constrained by Ingenico/Paymark (the largest provider of switching services in New Zealand).³⁷ For example, Verifone could not raise the costs of competing terminal suppliers that connect to the Verifone switch, as the suppliers could switch to use Paymark's switch (or in some cases Windcave/Payment Express' switching services). As outlined

³⁶ This is consistent with the *Provenco* decision, which found (at [39]) that there would be alternative wholesalers that customers could switch to and that there are no barriers to resellers switching to wholesalers.

³⁷ As set out in the *Ingenico* decision at [X5]-[X7], Paymark is the leading provider of switching services in New Zealand and is the only switch that can process certain types of card transactions.

above, competing terminal suppliers already predominantly use Paymark's switching services rather than Verifone's switching services.³⁸

86. Accordingly, for the reasons outlined above, the proposed acquisition would not have the effect or likely effect of substantially lessening competition in a market.

³⁸ The Commission's reasons for granting clearance in the *Ingenico* decision are also relevant. For example, the Commission found that raising the costs of rivals such that merchants face higher prices and/or degraded quality is likely to encourage the take up of alternative payment types that do not require the relevant switch (paragraphs [X11] and [201]-[204]).

PART 4: CONFIDENTIALITY

87. Confidentiality is sought for the information in this application included in square brackets and highlighted as follows:
- [●] information is confidential from the public
- [●] information is confidential from the public and Smartpay
- [●] information is confidential from the public and Verifone.
88. Confidentiality is also sought for all of Appendices A, B, C, D, F, G, H, I, J and K, and parts of Appendix E (as highlighted in square brackets).
89. A public version of this notice with the confidential information deleted will be provided to the Commission.
90. We request that we be notified of any request made under the Official Information Act 1982 for the information, and be given the opportunity to be consulted as to whether the information remains commercially sensitive at the time that the request is made.
91. These requests for confidentiality are made because the information is commercially sensitive and disclosure would be likely to unreasonably prejudice Verifone or, alternatively, the person who is the subject of or who provided the information. A schedule setting out the reasons for each request is attached as Confidential Appendix K.

PART 5: DECLARATION

I, Peter Hansen, have prepared, or supervised the preparation, of this notice seeking clearance.

To the best of my knowledge, I confirm that:

- all information specified by the Commission has been supplied;
- if information has not been supplied, reasons have been included as to why the information has not been supplied;
- all information known to the applicant that is relevant to the consideration of this notice has been supplied; and
- all information supplied is correct as at the date of this notice.

I undertake to advise the Commission immediately of any material change in circumstances relating to the notice.

I understand that it is an offence under the Commerce Act to attempt to deceive or knowingly mislead the Commission in respect of any matter before the Commission, including in these documents.

I am a director/officer of Verifone and am duly authorised to submit this notice.

Name and title of person authorised to sign:

Sign: _____ Date: _____

CONFIDENTIAL APPENDIX A: VERIFONE STRUCTURE DIAGRAM

[REDACTED]

CONFIDENTIAL APPENDIX B: ASSET SALE AGREEMENT

[REDACTED]

CONFIDENTIAL APPENDIX C: VERIFONE SALES AND KEY CUSTOMERS

[REDACTED]

CONFIDENTIAL APPENDIX D: SMARTPAY SALES AND KEY CUSTOMERS

[REDACTED]

APPENDIX E: CONTACT DETAILS FOR MAIN COMPETITORS AND TRADE/INDUSTRY ASSOCIATIONS

Competitors

Supplier	Website	Address	Contact details
Windcave (formerly Payment Express)	https://www.windcave.com/	33 Wilkinson Road Ellerslie, Auckland 1060	Andy Cullen, CEO [REDACTED] [REDACTED]
Eftpos Specialists (Technology Holdings)	http://eftpos-specialists.co.nz/	Various franchises throughout New Zealand (see http://eftpos-specialists.co.nz/our-locations/)	Tony Guy,CEO [REDACTED] [REDACTED]
Eftco	https://eftco.co.nz/	PO Box 10515 Te Rapa, Hamilton 3241	Alex Castle, CEO [REDACTED] [REDACTED]
KIWIeftpos	https://kiwieftpos.co.nz/	PO Box 33-131 Christchurch 8244	Steve Batey, CEO [REDACTED] [REDACTED]
Otago Business Equipment	https://www.otagobusiness.co.nz/	PO Box 717 Dunedin	Marty Hughes, CEO [REDACTED] [REDACTED]
Eftpos Warehouse	https://eftposwarehouse.co.nz/	110 Wairau Rd, Wairau Valley Auckland 0627	0800 222 068 hello@eftposwarehouse.co.nz
Tomizone	https://www.tomizone.com/	110 Wairau Rd, Wairau Valley Auckland 0627	Ian Bailey, MD [REDACTED] [REDACTED]

Supplier	Website	Address	Contact details
Ingenico / Paymark / Bambora	https://www.ingenico.com/ / https://www.paymark.co.nz/ / https://www.bambora.com/en/nz/	PO Box 799 Auckland 1140	Bruce Proffit [REDACTED] [REDACTED]
Adyen	https://www.adyen.com/	PO Box 10095 1001 EB Amsterdam The Netherlands	Hayley Fisher [REDACTED] [REDACTED]

Industry Associations in which Verifone participates

Association	Website	Address	Contact details
Retail NZ	http://www.retail.org.nz/	Retail NZ PO Box 12086 Wellington 6144	Greg Harford, CEO Greg.Harford@retail.kiwi 027 243 2842
Restaurant Association of New Zealand	https://www.restaurantnz.co.nz/	PO Box 8287 Symonds Street Auckland 1150	09 638 8403 info@restaurantnz.co.nz
Hospitality New Zealand	https://hospitality.org.nz/	Level 2, Orbit Systems House 94 Dixon Street Wellington 6011	Julie White, Acting Chief Executive julie@hospitality.org.nz 04 385 1369

CONFIDENTIAL APPENDIX F: [CONFIDENTIAL] [

[REDACTED]

CONFIDENTIAL APPENDIX G: EFTPOS SERVICES AGREEMENT WITH WINDCAVE

[REDACTED]

CONFIDENTIAL APPENDIX H: ILLUSTRATION OF MPOS SUBSTITUTION – SPREADSHEET

[REDACTED]

CONFIDENTIAL APPENDIX I: ILLUSTRATION OF MPOS SUBSTITUTION – GRAPH

[REDACTED]

CONFIDENTIAL APPENDIX J: INFORMATION RELATING TO QR BASED TRANSACTIONS

[REDACTED]

CONFIDENTIAL APPENDIX K: SCHEDULE OF CONFIDENTIAL INFORMATION

[REDACTED]