

[REDACTED]

From: [REDACTED]
Sent: Tuesday, 8 May 2018 11:47 a.m.
To: Registrar
Subject: FW: Ingenico acquiring 100% of Paymark Network/Switch and Pursuant to section 66(1) of the Commerce Act 1986

Importance: High

PS: from the documents issued to date on the above, I see this as a sale of 100% of the shares in Paymark to Ingenico, however the term “merger” is used in your documents (e.g. Statement of Preliminary Issues dated 23 April 2018).

As a merger is “an agreement that unites two existing companies into one new company”, therefore, I see this as a sale and not a merger.

Thanks

From: [REDACTED]
Sent: Monday, 7 May 2018 12:09 PM
To: 'registrar@comcom.govt.nz'
Subject: Ingenico acquiring 100% of Paymark Network/Switch and Pursuant to section 66(1) of the Commerce Act 1986
Importance: High

[REDACTED]

Background

I have been supplying Eftpos terminals in NZ [REDACTED]

The majority of my customers are smaller retailers, with 1- 2 Eftpos terminals, a number of these also intergrate to Point of Sales system or Cash Register

I supply a range of products in addition to Eftpos terminals, including Point of Sale systems, Cash Registers and Scales.

When VeriFone purchased the ANZ/Eftpos NZ business, they subsequently decommissioned the NZ/Eftpos NZ network and replaced it with their own VeriFone/Eftpos NZ network (refer: www.verifone.com/en/us/gateways). As a terminal supplier, one major concern I have personally experienced with this is, a merchant can now ONLY use a VeriFone Eftpos terminal to connect to their network.

So if a merchant is on the ENZ network, as they can only connect a VeriFone Eftpos, this clearly has reduced terminal completion for any one of the 20% of merchants in NZ on their network.

In practice, this meant that they immediately has some 35,0000 VeriFone terminals they could immediately sell to these merchants in NZ, this is addition to the those they have been able to supply to merchants on Paymark.

While Payment Express provide terminals that run on their own network, in my experience they supply a segment of merchants in NZ, which tends to be either corporate customers like The Warehouse, Mitre 10, MacDonald's or Countdown etc. or sites with an integrated/interfaced Point of Sale/Eftpos requirement e.g. Wellington Hospitality Group. They don't (generally) supply to the average High Street retailer needing a stand-alone attended Eftpos.

As per Ingenico own documents on your website, Ingenico "manufactures payment terminals which are resold into New Zealand by unrelated third party distributors" which is Payment Express and not from Skyzer the current NZ Ingenico distributor.

In comparison, on the Paymark network, currently the following (attended) terminal choices are available:

- VeriFone
- Smartpay/PAX
- Perception/Spectra
- Eftpos Warehouse/Castle Tech
- Quest

Ref: www.paymark.co.nz/assets/Paymark-Approved-Devices.pdf

Concerns

Having dealt with ANZ/Eftpos NZ prior to the takeover by VeriFone in May 2013 and Eftpos NZ/VeriFone since, my primary concern is around the lessening of completion (and merchant choice) of attended Eftpos terminals available on the Paymark network/switch (after any Ingenico takeover).

If Ingenico were to follow the VeriFone/Eftpos NZ example and (a) either replace the current Paymark network/switch or (b) limit/restrict connection of Eftpos terminals to Ingenico only, this will clearly reduce completion.

Given the industry we are in, security is a major on-going concern, ALL Eftpos terminals (both attended and unattended) need to go thru an extensive (and expensive) certification process prior to general release to NZ merchants [REDACTED]

[REDACTED] therefore my 2nd concern is any future implementation of a new Ingenico network/switch or other Ingenico restrictions, would significantly lessen entry of other terminal suppliers into NZ .

Summary

In principle, I'm neutral on the takeover of Paymark by Ingenico, BUT unless rules/guidelines are given by the Commerce Commission that encourages other terminal vendors to enter the NZ market or maintain the current levels of alternative terminal access (e.g. VeriFone, Spectra, Smartpay, Quest and Castle Tech) to their network/switch, I strongly believe that NZ merchants will be disadvantaged, especially the general (non-integrated/interfaced) portion of the market.

Given that the 80% of your "average" High Street retailers is currently on Paymark and their terminal software and Pin encryption etc. is only suitable for their network/switch, any replacement of the current Paymark network and/or restriction by 3rd party suppliers (e.g. VeriFone), will in practice potentially create a duopoly of Eftpos NZ/VeriFone terminals and Paymark/Ingenico terminals.

My personal view is that any takeover by Ingenico needs controls to maintain access by other terminal distributors to the Paymark network.

Yours sincerely