

From: Mark (CSN) Jones <[REDACTED]>
Sent: Tuesday, 9 May 2023 1:27 PM
To: Armaguard-Prosegur Merger <Armaguard-Prosegur-Merger@acc.gov.au>
Cc: Mergers RU <mergersru@acc.gov.au>; Corey Tedesco <[REDACTED]>
Subject: Commonwealth Bank: Armaguard/Prosegur – submission in relation to undertaking

[REDACTED]

Dear Alex and Lynette,

Thank you for your email of 1 May 2023 seeking feedback on the revised proposed Undertaking offered by Armaguard and Prosegur (the **Applicants**).

CBA offers the following brief comments in respect of the revised Undertaking, and requests that these comments be treated as **Confidential to CBA**, given the reference to CBA's ongoing contractual arrangements with Armaguard and limitations on CBA's ability to make public comments about those arrangements.

In CBA's view, the revised proposed Undertaking – though less complex in its approach to pricing - does not address CBA's concerns that

- the proposed merger amounts to a shift from two suppliers to one, and will result in a vertically integrated monopoly supplier, and a substantial lessening of competition in each of the supply of CIT and ATM related services;
- the undertaking itself remains largely unenforceable – [REDACTED]
[REDACTED]
[REDACTED]
- if the merger proceeds, whether subject to the initial proposed Undertaking or revised proposed Undertaking, the merged firm is expected to raise prices in respect of ATM Maintenance Services, and to raise prices in respect of CIT services to the upper amount permitted by either Undertaking. CBA notes
 - [REDACTED]
[REDACTED]
 - [REDACTED]
[REDACTED]
 - the merged firm has the ability and incentive to extract maximum profits in respect of ATM maintenance services, including because its ability to raise prices in respect of CIT services is limited by the Undertaking until 2026.

The fact is that the proposed merger will lead to an integrated monopoly supplier and an unavoidable, substantial lessening of competition in respect of CIT services. In turn, this is expected to lead to a lessening of competition in relation to ATM related services, compounded because the revised Undertaking allows the merged firm to raise its prices (/reduce the quality of

services) in respect of ATM maintenance services / ITS services in an unconstrained way.

Regards

Mark



Mark Jones

He/Him/His

Executive General Manager

Customer Service Network

Mobile [REDACTED]

EA Chris Murace

Mobile [REDACTED]

Email [REDACTED]

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