



# Determination

Application for authorisation AA1000599  
lodged by  
Cardtronics Australasia Pty Ltd  
in respect of  
the Allpoint and Allpoint+ ATM networks  
Authorisation number: AA1000599

Date: 30 May 2022

Commissioners: Keogh  
Brakey

## Summary

The ACCC has decided to grant authorisation to enable Cardtronics to agree with financial institutions who become members of its proposed Allpoint and/or Allpoint+ ATM networks that Cardtronics will provide their cardholders with surcharge-free ATM transactions.

The Allpoint network will offer cash withdrawals and balance checks. The Allpoint+ network will offer advanced functionality ATMs and kiosks that can accept deposit transactions. Cardtronics is an independent ATM deployer and does not have its own cardholders. It will offer membership to its Allpoint and Allpoint+ networks to large and small financial institutions so that cardholders of these institutions have surcharge-free access to these ATMs.

Cardholders of non-member financial institutions will be charged a surcharge fee for transactions on Allpoint and Allpoint+ ATMs. Cardtronics will independently set the surcharge fee.

The ACCC has decided to grant authorisation until 30 May 2032.

The ACCC considers that the arrangements are likely to result in public benefits through promotion of consumer choice and enhanced competition for ATM transaction services and retail banking services, including deposit taking services. The ACCC considers that the arrangements are unlikely to result in any material public detriment.

### 1. The application for authorisation

- 1.1. On 22 December 2021, Cardtronics Australasia Pty Ltd (**Cardtronics**), a major ATM deployer, lodged application for authorisation AA1000599 with the Australian Competition and Consumer Commission (the **ACCC**). Cardtronics is seeking authorisation for 10 years to make and give effect to contracts, arrangements or understandings with financial institutions who become members of the Allpoint and Allpoint+ ATM networks.
- 1.2. The application for authorisation was made under subsection 88(1) of the *Competition and Consumer Act 2010* (Cth) (the **Act**). The ACCC may grant authorisation, which provides businesses with protection from legal action under the competition provisions in Part IV of the Act for arrangements that may otherwise risk breaching those provisions in the Act, but are not harmful to competition and/or are likely to result in overall public benefits.

### Proposed Conduct

- 1.3. Cardtronics is seeking authorisation on behalf of itself and current and future members of the Allpoint and Allpoint+ networks, to make and give effect to contracts, arrangements or understandings between Cardtronics (or its related bodies corporate) and current and future members of the Allpoint and Allpoint+ networks (or their related bodies corporate) that contain provisions to the effect that Cardtronics will provide members' cardholders with:
  - surcharge-free transactions (cash withdrawals and balance checks) at Allpoint ATMs, and/or
  - surcharge-free cash deposit transactions at Allpoint+ ATMs and kiosks,

(the **Proposed Conduct**).

## Interim authorisation

- 1.4. Cardtronics requested interim authorisation to enable it to enter into and give effect to arrangements with financial institutions in relation to the Allpoint network only, while the ACCC is considering the substantive application.
- 1.5. In support of the request for interim authorisation, Cardtronics submitted that an existing ATM network, rediATM, was in the process of being decommissioned. Cardtronics submitted that financial institutions in the rediATM scheme were looking to enter into alternative arrangements to ensure they could continue to offer their cardholders surcharge-free ATM withdrawals. Cardtronics submitted that if it was unable to negotiate agreements or make its Allpoint network available in the short term it was likely that many (if not all) of the financial institutions participating in the rediATM scheme would contract with other incumbent ATM networks. Cardtronics submitted that interim authorisation would allow it to compete with ATM networks for financial institutions to join the Allpoint network.
- 1.6. On 22 February 2022, the ACCC granted interim authorisation in accordance with subsection 91(2) of the Act.<sup>1</sup> Interim authorisation will remain in place until the date the ACCC's final determination comes into effect, the application for authorisation is withdrawn, or until the ACCC decides to revoke interim authorisation.

## 2. Background

### Cardtronics

- 2.1. Cardtronics is an ATM operator currently providing ATM deployment and related services for retail, corporate and financial institution customers. Cardtronics' ATM services include installation, operation, maintenance, transaction processing and cash settlement. Cardtronics also provides cash management services in certain circumstances, which includes forecasting and loading.
- 2.2. Cardtronics' business consists of 3 segments:
  - merchant ATM services – Cardtronics currently owns and operates 4,585 ATMs at retail locations pursuant to agreements with merchants who own and/or operate the retail sites
  - corporate ATM services – Cardtronics currently owns and operates 2,038 ATMs at large corporate group sites such as Coles Express, BP, 7-Eleven and Ampol under contracts negotiated with each corporate group, and
  - managed ATM services – Cardtronics operates ATMs on behalf of financial institutions by providing transaction processing, maintenance, general operation and cashing of the ATM. The ATM may be owned by the financial institution or Cardtronics, however the terms on which cardholders can transact at the ATM are set by the financial institution.
- 2.3. In Australia, Cardtronics own existing network of ATMs operates under the Cashzone brand.
- 2.4. In June 2021 Cardtronics was acquired by NCR Corporation (**NCR**) a publicly listed company on the New York Stock Exchange. In Australia, NCR manufactures and

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<sup>1</sup> See ACCC decision of [24 February 2022](#).

supplies ATMs to banks, independent ATM deployers and Cash-In Transit providers. NCR also provides associated software, including ATM software and bank branch software, and associated services related to the maintenance and repair of ATMs.

## The Allpoint network

- 2.5. The Allpoint network is a proposed new ATM network that will be owned and operated by Cardtronics. It is intended that cardholders of financial institutions that join Allpoint will not incur any surcharge for performing cash withdrawal transactions and balance checks at Allpoint ATMs.
- 2.6. The Allpoint network is intended to enable financial institutions to offer their cardholders the benefits of surcharge-free transactions across a substantial fleet of ATMs around Australia, that extends beyond the size and scope of the financial institution's own fleet. This is intended to improve the ability of smaller financial institutions to compete with larger financial institutions who have a larger network of own-branded ATMs where they can offer their cardholders direct fee-free transactions.
- 2.7. Each financial institution will pay Cardtronics a fee in exchange for enabling their cardholders to use ATMs in the Allpoint network without paying a surcharge.
- 2.8. The Allpoint network will operate separately to Cardtronics existing Cashzone network of ATMs. Cardtronics expects that the initial rollout of Allpoint ATMs will include a minimum of approximately 680 ATMs in metropolitan, regional and remote locations which are currently owned and operated by Cardtronics under ATM contracts with a range of merchants. Depending on demand for Allpoint services, Cardtronics may add further ATMs to the network.
- 2.9. Cardholders of non-participating financial institutions will be able to use Allpoint ATMs but will be charged a surcharge, set by Cardtronics, when doing so.

## The Allpoint+ network

- 2.10. In addition to the Allpoint network, Cardtronics is considering establishing the Allpoint+ network, which will have advanced functionality ATMs and kiosks that can accept deposit transactions. Customers of financial institutions that join Allpoint+ will be able to make surcharge-free deposits at Allpoint+ ATMs and kiosks. The financial institutions will pay a fee to Cardtronics for each deposit transaction undertaken by their cardholders at Allpoint+ ATMs and kiosks.
- 2.11. Cardtronics intends to operate the deposit-taking aspect of Allpoint+ using an agency model, pursuant to which Cardtronics will provide deposit-taking services to cardholders on behalf of the financial institutions that are members of Allpoint+.
- 2.12. Some ATMs and kiosks in the Allpoint+ network may also be configured to operate as part of the Allpoint network, which would enable cardholders of financial institutions participating in Allpoint to access surcharge-free withdrawals and balance enquiries at those machines. It is currently intended that Allpoint+ ATMs and kiosks would primarily be offered in regional and remote areas where access to banking services is limited. Financial institutions could join either Allpoint or Allpoint+, or both.
- 2.13. Cardtronics' agreements with participating financial institutions in relation to both the Allpoint and Allpoint+ networks will be non-exclusive. Participating financial institutions will be free to also participate in other ATM networks and/or operate their own ATM fleets.

## ATM networks<sup>2</sup>

- 2.14. The Australian ATM system consists of two distinct types of ATM owners: financial institutions and independent ATM operators who operate standalone ATM networks. Independent ATMs are at a range of venues, including service stations, gaming venues, pubs, supermarkets, restaurants, shopping centres and event venues.
- 2.15. Currently, the two main independent ATM networks that have arrangements with financial institutions to offer their cardholders surcharge-free transactions are:
- atmX, a national ATM network owned and operated by Armaguard. It has over 2,100 ATMs deployed in high street locations, shopping centres and Ampol sites.
  - Precinct, operated by Prosegur. It has approximately 800 ATMs at a range of venues including retail, gaming and hospitality.
- 2.16. A third network, rediATM, also operated by Armaguard (previously operated by Cuscal)<sup>3</sup> and which encompasses more than 30 financial institutions and 1,700 ATMs, is in the process of being decommissioned.
- 2.17. In addition, despite some rationalisation of ATMs in recent years, many financial institutions continue to own and operate ATM fleets. Table 1 lists financial institutions and the number of ATMs in their fleet, Australia-wide.

**Table 1: ATM fleets of financial institutions in Australia**

<b>Financial institution</b>	<b>Number of ATMs as at 30 June 2021</b>
ANZ	1,274
Commonwealth Bank of Australia	2,492
NAB	895
Westpac	1,301
Bank of Queensland	569
Bendigo and Adelaide Bank	497
Other financial institutions	729
ATM deployers	18,300 (including approximately 11,000 Cardtronics ATMs)
<b>Total ATMs nationwide</b>	<b>26,047</b>

- 2.18. In relation to deposit-taking services, Cardtronics understands that these services are currently only supplied by financial institutions as part of retail banking services provided at bank branches, through on-site ATMs (with deposit-taking functionality) or through bank tellers. Cardtronics submits that Bank@Post (a deposit-taking service

<sup>2</sup> The information in this section is taken from Cardtronics' submission in support of the application for authorisation.

<sup>3</sup> Armaguard acquired Cuscal's interest in the rediATM scheme in 2019.

operated by Australia Post) performs a similar role to a bank branch and provides deposit-taking services to customers on behalf of a range of financial institutions, including at more than 1,800 sites in rural and remote locations.

- 2.19. Cardtronics submits that in the past decade, the ATM sector has changed significantly due to a decline in demand for cash, decline in the use of ATM services and the number of ATMs and decline in the number of bank branches. With respect to cash and ATM services, Cardtronics submits that significant parts of the population still heavily rely on cash for many of their payments, and the most common way consumers withdraw cash remains through ATMs.

### 3. Consultation

- 3.1. A public consultation process informs the ACCC's assessment of the likely public benefits and detriments from the Proposed Conduct.
- 3.2. The ACCC invited submissions from a range of potentially interested parties including financial institutions, potential competitors, state and federal government and relevant regulatory bodies, and consumer and industry associations.<sup>4</sup>
- 3.3. The ACCC received two submissions, both from Armaguard, during the initial consultation process. Armaguard submits that:
- Cardtronics is the largest ATM operator in Australia and has a significantly larger presence compared to Armaguard which gives it substantial scale in a shrinking market for ATM cash services, and
  - Cardtronics' parent company, NCR, is the leading supplier of ATM hardware and software, including to Armaguard which is dependent on the provision of hardware and software from NCR in respect of a significant proportion of its ATM fleet.
- 3.4. In response, Cardtronics submits that NCR does not have the ability or incentive to engage in any input foreclosure strategies as the market for the supply of ATM hardware and software is highly competitive and the ATM hardware and software provided by NCR is not an essential input.
- 3.5. Cardtronics also submits that the establishment of the Allpoint network does not alter NCR's incentives to supply ATM hardware or software to Armaguard or to Cardtronics' other rivals on competitive terms, as Cardtronics and Armaguard are existing competitors in the supply of ATM deployment services and ATM managed services (i.e. the services described at paragraph 2.1). Cardtronics submits that the proposed launch of the Allpoint network does not alter this dynamic.
- 3.6. These issues are discussed at paragraphs 4.10 to 4.20.
- 3.7. On 21 April 2022, the ACCC issued a draft determination proposing to grant authorisation for 10 years. No submissions were received, and a pre-decision conference was not requested, following the draft determination.
- 3.8. Public submissions by Cardtronics and interested parties are on the Public Register for this matter.

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<sup>4</sup> A list of the parties consulted and the public submissions received is available from the ACCC's public register [www.accc.gov.au/authorisationsregister](http://www.accc.gov.au/authorisationsregister).

## 4. ACCC assessment

- 4.1. Cardtronics has sought authorisation for Proposed Conduct that would or might constitute a cartel provision within the meaning of Division 1 of Part IV of the Act and may substantially lessen competition within the meaning of section 45 of the Act. Consistent with subsections 90(7) and 90(8) of the Act, the ACCC must not grant authorisation unless it is satisfied, in all the circumstances, that the conduct would result or be likely to result in a benefit to the public, and the benefit would outweigh the detriment to the public that would be likely to result (authorisation test).
- 4.2. In making this assessment the ACCC has had regard to:
  - the relevant areas of competition likely to be affected by the Proposed Conduct, particularly the supply of ATM transaction services to ATM cardholders, the deployment and operation of ATMs and the supply of retail banking services, including deposit taking services, and
  - the likely future without the Proposed Conduct. The ACCC considers that without the Proposed Conduct, Cardtronics will not enter into agreements with financial institutions to provide their cardholders with surcharge-free transactions, as doing so may risk breaching the Act.

### Public benefits

- 4.3. The Act does not define what constitutes a public benefit. The ACCC adopts a broad approach. This is consistent with the Australian Competition Tribunal (the **Tribunal**) which has stated that in considering public benefits:

*...we would not wish to rule out of consideration any argument coming within the widest possible conception of public benefit. This we see as anything of value to the community generally, any contribution to the aims pursued by society including as one of its principal elements ... the achievement of the economic goals of efficiency and progress.*<sup>5</sup>
- 4.4. The ACCC considers that public benefits are likely to arise from the Proposed Conduct through the promotion of consumer choice and enhanced competition for ATM transaction services and retail banking services, including deposit-taking services.
- 4.5. The ACCC recognises that large financial institutions may have a competitive advantage over smaller financial institutions by virtue of their larger network of own-branded ATMs where they can offer their cardholders direct fee-free transactions. Large financial institutions may also have an advantage through a larger network of bank branches that can facilitate deposit-taking services through on-site ATMs (with deposit-taking functionality) or through bank tellers.
- 4.6. The ACCC considers that the arrangements between Cardtronics and its financial institution members will allow smaller financial institutions to provide their cardholders with access to a wider network of ATMs on a fee-free basis than each would be able to individually through their own network of ATMs. This may also assist them in attracting and/or maintaining customers more generally, as customers may consider the extent of a financial institution's ATM network in choosing between financial institutions.
- 4.7. The ACCC also considers that these arrangements will provide customers of the relevant financial institutions with improved access to a larger range of ATMs at which

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<sup>5</sup> Queensland Co-operative Milling Association Ltd (1976) ATPR 40-012 at 17,242; cited with approval in Re 7-Eleven Stores (1994) ATPR 41-357 at 42,677.



they can transact free of charge, particularly in rural and remote areas by providing additional or alternative cash access points to consumers. In particular, Allpoint+ could provide additional or alternative deposit-taking functionality for consumers in regional communities where bank branches have been removed.

- 4.8. The ACCC notes that the Allpoint and Allpoint+ networks will compete with existing ATM networks (predominantly Armguard's atmX and Prosegur's Precinct networks) to attract financial institutions. The ACCC also considers that increased competition between ATM networks to attract financial institutions resulting from the establishment of the Allpoint and Allpoint+ networks will likely manifest, over time, in more favourable terms and conditions for financial institutions and improved offerings, including ATM network scope and geographic coverage.

## Public detriments

- 4.9. The Act does not define what constitutes a public detriment. The ACCC adopts a broad approach. This is consistent with the Tribunal which has defined it as:

*...any impairment to the community generally, any harm or damage to the aims pursued by the society including as one of its principal elements the achievement of the goal of economic efficiency.<sup>6</sup>*

- 4.10. The ACCC notes Armguard's concerns that NCR, as the owner of Cardtronics, has an incentive to disadvantage ATM operators that compete with Cardtronics through the terms and conditions on which NCR supplies, or offers to supply, ATM hardware and software services. Armguard notes that its atmX network is substantially comprised of NCR ATMs.
- 4.11. With respect to ATM hardware, Cardtronics submits that Armguard does not currently acquire hardware from NCR and has not directly acquired hardware components from NCR for 15 years. With respect to software, Cardtronics submits that there are a range of providers who compete with NCR.
- 4.12. Cardtronics submits that it would not be credible for NCR to cease to offer its core products and services to parties that account for a significant proportion of demand for these services in the hope that doing so would enable Cardtronics to gain a competitive advantage in respect of its new offering. Cardtronics submits that any advantage would be temporary and would ultimately damage NCR's core business as demand would shift to other suppliers of hardware and software services.
- 4.13. Both Armguard and Cardtronics submit that one particular software component necessary to operate ATMs can only generally be acquired from the manufacturer of the ATM. This is the software support, upgrades and patches necessary to support the 'XFS layer' which enables the ATM to operate. In effect Armguard is reliant on NCR for software support for the XFS layer for ATMs in its fleet originally sourced from NCR.
- 4.14. Cardtronics submits that refusing to supply XFS layer software services to any owner of an NCR ATM would be likely to seriously impact NCR's reputation in Australia and globally. Cardtronics submits that any potential concerns about this would lead acquirers to favour other ATM manufacturers in the future.
- 4.15. The ACCC notes that in establishing the Allpoint and Allpoint+ networks, Cardtronics is seeking to compete with Armguard, and other incumbent ATM networks, to attract financial institutions to their networks.

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6 Re 7-Eleven Stores (1994) ATPR 41-357 at 42,683.



- 4.16. The ACCC considers that any incentive for NCR to discriminate against competitors to Cardtronics is likely to exist with and without the Proposed Conduct. Cardtronics already competes with Armaguard, and other providers, to supply ATM deployment and ATM management services. Cardtronics also currently operates a wide range of ATMs through the Cashzone network that compete with Armaguard, and other operators ATMs, for retail customers. Cardtronics will continue to compete in these areas whether or not the Allpoint and/or Allpoint+ ATM networks are established. However, Cardtronics also competing with Armaguard to attract financial institutions to its Allpoint and Allpoint+ networks may increase such incentives.
- 4.17. The ACCC also notes that there are a number of other suppliers of ATM hardware and software from which competitors of Cardtronics could acquire these products and services, other than software that is tied to the ATM (the XFS layer).
- 4.18. With respect to the XFS layer, the ACCC notes that the ATM operator being reliant on the manufacturer for the provision of support services could provide opportunities for a manufacturer to charge more or give less, compared to a situation where the ATM operator had a range of potential suppliers of these services. This would be the case with and without the Proposed Conduct, although incentives to engage in such behaviour may be greater for NCR with the Proposed Conduct. One way businesses would be expected to manage this risk is by negotiating terms for the provision of ongoing support services at the time of entering into contracts to acquire the ATM fleet.
- 4.19. More generally, arrangements for the provision of these ongoing support services is one element of competing ATM manufacturers offers which acquirers will have regard to in making decisions about who to acquire ATMs from. The ACCC considers that if the quality of support services provided by an ATM manufacturer were to decline, this would likely impact their future sales to that customer as well as other acquirers of ATM fleets.
- 4.20. The ACCC also notes that any such conduct would not be protected from legal action under the competition provisions of the Act by any authorisation granted.
- 4.21. Having regard to these considerations, the ACCC considers that the Proposed Conduct is unlikely to result in any material public detriment.

## Balance of public benefit and detriment

- 4.22. For the reasons outlined in this determination, the ACCC is satisfied that the Proposed Conduct is likely to result in a public benefit and that this public benefit would outweigh any likely detriment to the public from the Proposed Conduct.

## 5. Determination

### The application

- 5.1. On 22 December 2021, Cardtronics lodged application AA1000599 with the ACCC, seeking authorisation under subsection 88(1) of the Act.

### The authorisation test

- 5.2. Under subsections 90(7) and 90(8) of the Act, the ACCC must not grant authorisation unless it is satisfied in all the circumstances that the Proposed Conduct is likely to result in a benefit to the public and the benefit would outweigh the detriment to the public that would be likely to result from the Proposed Conduct.

- 5.3. For the reasons outlined in this determination, the ACCC is satisfied, in all the circumstances, that the Proposed Conduct would be likely to result in a benefit to the public and the benefit to the public would outweigh the detriment to the public that would result or be likely to result from the Proposed Conduct, including any lessening of competition.
- 5.4. Accordingly, the ACCC has decided to grant authorisation.

### Conduct which the ACCC has decided to authorise

- 5.5. The ACCC has decided to grant authorisation AA1000599 to enable Cardtronics and current and future members of the Allpoint and Allpoint+ networks to make and give effect to contracts, arrangements or understandings in relation to surcharge-free ATM transaction as described in paragraph 1.3 and defined as the Proposed Conduct.
- 5.6. The Proposed Conduct may involve a cartel provision within the meaning of Division 1 of Part IV of the Act or may have the purpose or effect of substantially lessening competition within the meaning of section 45 of the Act.
- 5.7. The ACCC has decided to grant authorisation AA1000599 until 30 May 2032.

### 6. Date authorisation comes into effect

- 6.1. This determination is made on 30 May 2022. If no application for review of the determination is made to the Australian Competition Tribunal it will come into force on 21 June 2022.