



Electronic Money Association

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Competition and Consumer Protection Commission

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By email: colmroche@ccpc.ie, lucyroche@ccpc.ie

22 April 2021

Dear Colm and Lucy

Re: Synch Payments JV between Allied Irish Banks, Bank of Ireland, Permanent TSB and KBC Bank Ireland.

The EMA is the EU trade body representing electronic money issuers and alternative payment service providers. Our members include leading payments and e-commerce businesses worldwide, providing online payments, card-based products, electronic vouchers, and mobile payment instruments. Most members operate across the EU, most frequently on a cross-border basis, and a large proportion are authorised by the Central Bank of Ireland. Many participate in payment schemes at EU and national level, both as direct as well as indirect members. A list of current EMA members is provided at the end of this document.

We write to you to register our views with respect to the proposed Synch Payments JV. At this early stage, we cannot support the JV. We consider that there is insufficient information available at this stage to determine the competitive effect on the wider industry.

We note the Commission, in respect of a notification received by it, “*shall form a view as to whether the result of the merger or acquisition would be to substantially lessen competition in markets for goods or services in the State.*”¹

¹ section 20(1)(c) of the Competition Act 2002 (as amended)

We further note that any Commission finding in relation to the presence or absence of an SLC will be based on all available information considered in the light of all credible theories of consumer harm arising from possible adverse competitive effects.²

Prima facie, the proposed JV appears potentially anti-competitive and warrants further investigation by the Commission.

For example, competition issues the Commission may wish to further consider are:

1. Market share: The JV participants are the largest banks in Ireland. The provision of a payment service jointly between these banks may increase their market share and thereby increase their dominance in the market. The Commission will have to determine whether consumer choice will be reduced as a result, and whether the price for such payments will increase.

2. Barriers to entry: The terms of joining Synch as a participant are unknown at this stage. The Commission will need to assess whether there are impediments to other PSPs joining Synch, such as the need to develop technical capability, high joining fees or onerous contractual conditions. Other barriers may include the requirement to have a settlement account at the Central Bank of Ireland or other EU Central Bank, which may prevent non-banks from joining the scheme. Synch may employ a lengthy onboarding process which may exclude applicant-PSPs from participating for an extended period of time (e.g. a year). Such conditions may create a situation where it is advantageous to be a founding member of Synch and detrimental to be an applicant-PSP. The Commission is tasked with determining whether this is the case.

3. Promoting competition in the EU: The Commission will further have to determine whether Synch is consistent with the European Commission's objective to promote competition within the EU and 'remove market fragmentation'.³

The European Commission notes: *[...] the EU payments market remains, to a significant degree, fragmented along national borders, as most domestic payment solutions based on cards or instant payments do not work cross-border. This comes to the advantage of a handful of big global players, which capture the whole intra-European cross-border payments market.*⁴

Currently, EU PSPs may participate in SEPA Instant, which is a payment scheme developed by the European Payments Council that allows PSPs to process payments instantly. SEPA Instant is an EU-wide solution, whereas Synch is domestic to Ireland. The Commission must determine whether favouring the domestic Synch over the pan-EU

² CCPC Guidelines for Merger Analysis dated 31 October 2014; paragraph 1.7

³ See the European Commission's Communication on a Retail Payments Strategy for the EU [here](#).

⁴ European Commission's Communication on a Retail Payments Strategy for the EU; paragraph 1, p3

SEPA Instant will create “market fragmentation” and defy the objectives of the European Commission.

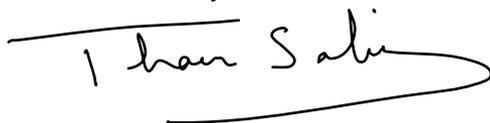
4. The impact on innovation and competition at EU level: European payments regulation, specifically, the second Payment Services Directive 2015/2366 (“**PSD2**”) and local member state implementations of PSD2 such as the Payment Services Regulations 2018 encourage innovation and competition. Specifically, the access-to-account provisions of PSD2⁵ allow PSPs to innovate by developing technology to allow third-party providers access to payment service users’ payment accounts for the purpose of providing additional payment services.⁶ These services are best developed by where instant payments is offered by the PSP, and in particular SEPA Inst.

Not only is competition and innovation reflected in EU payments regulation, innovation is also given a high priority in the European Commission [Retail Payments Strategy](#), where particular emphasis is laid on the wider rollout of SEPA Instant across the EU, and interoperability between Member states. These core priority areas were [publicly supported by the European Council](#) in March this year.

The Commission must determine if Synch accords with values represented by EU payments regulation and expressed by the European Commission; whether Synch will innovate and create technology to give effect the European Commission’s strategy or if Synch will rely on outdated technology and develop very little. Similarly the Commission is tasked with determining whether Synch will increase competition within the EU or whether Synch is closed and propriety in nature. Unfortunately the decision to undertake this initiative over the past 2 years has already directly impacted and delayed the adoption of SEPA Instant in Ireland, leaving Ireland as an outlier amongst other EU member states, where the adoption of SEPA Instant is either already established or plans for further rollout are underway.

In light of these outstanding issues, we urge the Commission not to approve the JV at this early stage, but rather proceed to Phase 2 examination.

Yours sincerely,



Dr Thaer Sabri
Chief Executive Officer
Electronic Money Association.

⁵ PSD2; article 67 and 68

⁶ Payment initiation services and account information services

Current list of EMA members as at 22 April 2021

[AAVE LIMITED](#)
[Account Technologies](#)
[Airbnb Inc](#)
[Airwallex \(UK\) Limited](#)
[Allegro Group](#)
[American Express](#)
[Azimo Limited](#)
[Bitpanda Payments GmbH](#)
[Bitstamp](#)
[BlaBla Connect UK Ltd](#)
[Blackhawk Network Ltd](#)
[Boku Inc](#)
[CashFlows](#)
[Circle](#)
[Citadel Commerce UK Ltd](#)
[Contis](#)
[Corner Banca SA](#)
[Crosscard S.A.](#)
[Crypto.com](#)
[Curve](#)
[eBay Sarl](#)
[ECOMMPAY Limited](#)
[Em@ney Plc](#)
[emerchantpay Group Ltd](#)
[ePayments Systems Limited](#)
[Euronet Worldwide Inc](#)
[Facebook Payments International Ltd](#)
[Financial House Limited](#)
[First Rate Exchange Services](#)
[FIS](#)
[Flex-e-card](#)
[Flywire](#)
[Gemini](#)
[Globepay Limited](#)
[GoCardless Ltd](#)
[Google Payment Ltd](#)
[HUBUC](#)
[IDT Financial Services Limited](#)
[Imagor SA](#)
[Ixaris Systems Ltd](#)
[Modulr FS Europe Limited](#)
[MONAVATE](#)
[Moneyhub Financial Technology Ltd](#)
[MuchBetter](#)
[myPOS Europe Limited](#)
[OFX](#)
[OKTO](#)
[One Money Mail Ltd](#)
[OpenPayd](#)
[Optal](#)
[Own.Solutions](#)
[Oxygen](#)
[Park Card Services Limited](#)
[Paydoo Payments UAB](#)
[Paymentsense Limited](#)
[Payoneer](#)
[PayPal Europe Ltd](#)
[Paysafe Group](#)
[Plaid](#)
[PPRO Financial Ltd](#)
[PPS](#)
[Remitly](#)
[Revolut](#)
[SafeCharge UK Limited](#)
[Securiclick Limited](#)
[Skrill Limited](#)
[Snowy Pay Ltd.](#)
[Soldo Financial Services Ireland DAC](#)
[Square](#)
[Stripe](#)
[SumUp Limited](#)
[Syspay Ltd](#)
[Token.io](#)
[Transact Payments Limited](#)
[TransferMate Global Payments](#)
[TransferWise Ltd](#)
[TrueLayer Limited](#)
[Trustly Group AB](#)
[Uber BV](#)
[Vitesse PSP Ltd](#)
[Viva Payments SA](#)
[WEX Europe UK Limited](#)
[Wirex Limited](#)
[WorldFirst](#)
[WorldRemit LTD](#)