

## [News story: CMA clears PayPal / iZettle deal](#)

Both companies provide mobile point of sale (mPOS) devices that enable businesses to take 'offline' payments through a card reader connected to a smartphone or tablet. The 2 companies are also active in the emerging market for 'omni-channel' payment services, through which businesses can take 'offline' and 'online' payments through a single provider.

An initial, Phase 1, investigation by the Competition and Markets Authority (CMA) had raised concerns that PayPal's purchase of its rival might reduce competition in the supply of mPOS devices in the UK. This led to the deal being referred for a comprehensive, Phase 2, probe. The CMA then announced in April that it had provisionally found the deal should be cleared. Having consulted on this provisional finding, the CMA has now confirmed the merger has been cleared.

The payments services sector is dynamic and evolving. The CMA's investigation, led by an independent group of panel members, considered in detail how competition between the merging businesses would have been likely to develop in future. It reviewed extensive evidence relating to PayPal's rationale for the merger and what the commercial strategies of PayPal and iZettle would have been if the merger had not taken place. It also considered how customers choose between the more novel mPOS devices, and 'traditional' point of sale devices.

This revealed that, while iZettle and PayPal are 2 of the largest suppliers of mPOS devices, their customers are also willing to switch to 'traditional' POS devices. The 2 largest suppliers of payment services to smaller merchants, Worldpay and Barclaycard, account for almost 60% of the market at present and will continue to constrain the merged company.

The merged company will also face significant competition from other mPOS-only players, such as Square and SumUp, which have both grown significantly in recent years.

In omni-channel services, the CMA found that iZettle would only have been able to develop its offering slowly and would have remained a marginal player for the foreseeable future. The CMA also found that other significant competitors would be more important constraints on PayPal.

Further details, including the full text of the Final Report, are available on the [PayPal/iZettle case page](#).