

***Case No IV/M.1331 -
ING / BHF***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 16/11/1998

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 16.11.1998

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sirs,

Subject: Case No IV/M.1331 - ING/BHF

Notification of 16.10.1998 pursuant to Article 4 of Council Regulation No 4064/89

1. On 16 October 1998, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89¹ by which ING Groep N.V. (ING) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of BHF-BANK Aktiengesellschaft (BHF).
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

I. THE PARTIES AND THE OPERATION

3. ING is an integrated financial service provider offering a comprehensive range of life and non-life insurance, commercial and investment banking, asset management and related products mainly in the Netherlands and Belgium, but also world-wide. BHF

¹ OJ L 395, 30.12.89 p. 1; corrected version OJ L 257 of 21.9.1990, p. 13; as last amended by Regulation (EC) No 1310/97, OJ L 180, 9.7.1997, p. 1, corrigendum in OJ L 40, 13.2.1998, p. 17.

activities comprise corporate banking, asset management, private banking and financial market services, mainly in Germany.

4. ING already holds [...] in BHF due to recent acquisitions from the public and from larger packages. Further, ING will acquire [less than 5%] from Allianz Versicherung-AG and [less than 10%] from Münchener Rückversicherung AG increasing its present shareholding to 39.2%.

II. CONCENTRATION

5. In the light of presence in shareholders meetings (1996 73%, 1997 70% and 1998 64%), 39.2% will confer ING a majority voting power and hence de facto control within the meaning of the Merger Regulation². Thus, the transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Regulation.

III. COMMUNITY DIMENSION

6. The combined aggregate worldwide turnover of the undertakings concerned exceeded 5,000 million ECU in the last financial year (ING: 22,882 million ECU; BHF: 2,793 million ECU). The aggregate Community-wide turnover of each of them was more than 250 million ECU (ING: 12,867 million ECU; BHF: 2411 million ECU).
7. The undertakings concerned do not generate more than two-thirds of their aggregated Community-wide turnover within one and the same Member State. Hence, the concentration has a Community dimension.

IV. COMPATIBILITY WITH THE COMMON MARKET

A. Relevant product markets

8. The notifying party considers, following the practice of the Commission assessing cases in the banking sector, three major market segments: retail banking, corporate banking and international financial products.
9. However, in the present case it is not necessary to conclusively define the relevant product markets because, even on the narrowest market definition, the concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic markets

10. The notifying party states that the relevant geographic markets are either national or international in scope depending on the sector.

² See Commission notice on the concept of concentration. OJ C 66 2.3.1998 p.5 par. 14

11. However, in the present case it is not necessary to conclusively define the relevant product markets because, even on the narrowest market definition, the concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

C. Competitive assessment

12. The merger, seen in perspective, is largely complementary. ING having substantial market positions in the Netherlands (18% of the assets of the Dutch banking system, 17% of its loans and advances and 17% of its deposits) and in Belgium (14% of the assets of the Belgian banking system, 20% of its loans and advances and 14% of its deposits). However, BHF has a less marked activity in Germany, where it ranks 22nd by assets and it has de minimis activity in the Netherlands and no activity in Belgium. ING activities in Germany are very reduced (far below 1% of the German financial system).
13. While ING is a strong player in insurance in the Netherlands (market shares, life 24%, non-life 10%) and in Belgium (market shares life 8.1% and non-life 3%), BHF has no insurance activities. The new entity will only rank 7th in a ranking of European banks by assets. It will not be in the front line of corporate banking and financial markets either. However, the European financial sector is becoming more and more opened and in many aspects global.
14. In view of the market position of the parties to the concentration, it appears that the notified operation will have no or de minimis impact on competition in the EEA. Consequently, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

V. CONCLUSION

15. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,