

***Case No COMP/M.1367 -  
INCHCAPE HOLDINGS  
HELLAS / EFG  
EUROBANK***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 11/02/1999

*Also available in the CELEX database  
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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 11.02.1999  
SG (99) D/1163

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 parties

Dear Sirs,

**Subject: Case No IV/M.1367 – INCHCAPE HOLDING HELLAS/EFG EUROBANK**  
Notification of 11.01.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On January 11, 1999, the Commission received notification of a concentration pursuant to Article 4 of Council Regulation No 4064/89, by which the undertakings Inchcape Holdings Hellas S.A. and EFG Eurobank S.A. acquire joint control of a newly created undertaking which constitutes a joint venture.

**I. The parties**

2. Inchcape Holdings Hellas S.A. (“Inchcape Holdings”) is a holding company established under Greek law. The principal activities of the Inchcape companies in Greece are the distribution, sale and lease of new and used motor vehicles and the provision of insurance services. Inchcape Holdings is a member of the Inchcape Group which is an international services and marketing group operating in several countries world-wide.
3. EFG Eurobank S.A. (“EFG Eurobank”) is a bank established under Greek law and operating in Greece, offering a full range of banking and financial services.
4. Inchcape Holdings and EFG Eurobank are the parent companies of the joint venture which is herewith created. The joint venture, which will be called Autofin Bank S.A.,

will take the form of a banking company to be incorporated under Greek law. The joint venture will be active in the provision of consumer financing for the purchase of new and used cars, motorcycles, scooters and leisure boats.

5. Toyota Hellas S.A. (a company belonging to the Inchcape Group) and EFG Eurobank already jointly control Tefin S.A. (Tefin). Tefin was set up in 1994 as a trading company with a view to engage in credit sales of cars through the network of Toyota dealers. As Tefin is a trading company it cannot provide banking loans itself nor engage in other banking transactions in the field of consumer financing, such field being reserved by the Greek law to banking institutions. Thus, in 1995 Tefin ceased sales on credit to consumers; instead, Tefin has concentrated on its main activity, which is the sale of cars, and referred the consumer finance part of the deals to EFG Eurobank. In setting up the joint venture, Inchcape and EFG Eurobank decided that this will take over that part of EFG Eurobank's business which is presently being referred by Tefin. Tefin is not an undertaking concerned in the present concentration.

## **II. Full function joint venture**

6. The joint venture will be controlled in accordance with a 50:50 interest of the parent companies in its share capital. The Board of Directors will be composed of 10 directors, 5 directors being nominated by each party. The Board of Directors shall be in quorum if an equal number of Directors appointed by each party is present or represented and decisions shall be adopted by majority of four fifths of all the members of the Board. Matters of decisive influence, such as the appointment and mandates of the General Manager or the approval of the budget will be decided on by a majority of the Board members. The parent companies will share equally the voting rights in the joint venture and will therefore have joint control over the joint venture.
7. The parent companies made the necessary investment in terms of capital, staff and appropriate business and administrative structure and organisation, so that the joint venture operates independently of its shareholders. A General Manager, to be jointly appointed by the parent companies, will have responsibility for the day to day management of the joint venture. These requirements also constitute conditions precedent for the issuance by the Bank of Greece of the relevant licence for the establishment and operation of a bank. Moreover, although the joint venture will concentrate its activities on providing consumer financing for the purchase of cars, motorcycles and leisure boats, it will also provide other banking services which it is under an obligation to provide under Greek law. The joint venture will therefore have financial and operational autonomy.
8. The creation of the joint venture will not lead to the co-ordination of the competitive behaviour of the parent companies. The parent companies are not direct or indirect competitors, since Inchcape Holdings is not engaged in the provision of consumer financing services.
9. Accordingly, the notified concentration will lead to the creation of a full-function joint venture between Inchcape Holdings and EFG Eurobank.

### **III. Community dimension**

10. The notified concentration has Community dimension in accordance with Article 1(2) of the Council Regulation. The combined aggregate world-wide turnover of the two undertakings concerned is more than MEUR 5 000. The aggregate Community-wide turnover of each of the two undertakings concerned is more than MEUR 250. Moreover, none of the undertakings concerned achieve more than two-thirds of its aggregate Community-wide turnover within one and the same Member State.

### **IV. Relevant markets**

#### Product markets

11. The relevant product market which is affected by the creation of the joint venture is that of consumer financing, which forms part of the much wider market for the provision of banking and other credit services. Consumer financing means the provision of personal loans and other forms of credit to individuals intended to finance the purchase of consumer goods, usually motor vehicles and household equipment.
12. Credit to individuals for the purchase of consumer goods may take several forms such as consumer (or personal) loans, the use of credit cards, occasional overdraft facilities and credit directly by commercial undertakings through credit sales. One can therefore distinguish two distinct consumer financing markets, depending on the means the credit is put at the disposal of the purchaser: the banking consumer finance sector, encompassing those forms of credit services that can be only offered by banks under the Act n° 2286/28.1.1994 of the Governor of the Bank of Greece, and the non-banking consumer financing sector, which comprises credit facilities that can be put forward by non-banking institutions, including the sellers of the consumer goods themselves (i.e., in the form of credit sales). However, it is not required to precisely delineate the boundaries of substitution and competition between those two alternatives, as under either market definition the operation is not likely to raise serious doubts as to its compatibility with the common market.

#### Geographic markets

13. The joint venture will be active in the provision of consumer financing and other banking services exclusively in Greece. The relevant geographic market for the provision of banking services to individuals has been considered by the Commission as being national (cases IV/M.850 - Fortis/MeesPierson; IV/M.907 – Agos Itafinco). The relevant geographic market for the assessment of the present concentration is national.

### **V. Competitive assessment**

14. The notified concentration does not give rise to any affected markets. EFG Eurobank's market shares in Greece are approximately [%]<sup>1</sup> and [%]<sup>2</sup> in terms of the total consumer finance market and the banking consumer finance market, respectively. EFG Eurobank's market share calculation also reflects the consumer financing sales made by two banks belonging to the EFG Bank Group (i.e., Bank of Crete and Bank of

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<sup>1</sup> Business secret – between 8-13%

<sup>2</sup> Business secret – between 10-15%

Athens) as well as those consumer financing sales referred to EFG Eurobank by Tefin S.A. (see point 5 above).

15. In the consumer finance market in Greece, the joint venture will face competition by incumbent banks (i.e., National Bank: [%]; Commercial Bank: [%]; Citibank: [%]; XiosBank: [%]; and a multitude of approximately 35 other banks accounting for the remaining [%] of the market), as well as by financing companies of car manufacturers (i.e., Fiat Credit, Firen, Serfin), newly established banks (Ford Credit, Open Bank) and finally consumer goods companies with own financing facilities.

## **VI. Ancillary restraints**

16. The Shareholders Agreement provides for the following non-compete clauses:
  - (1) For an initial period of two years from the start up of the joint venture's operations, EFG Eurobank undertakes not to seek to establish business relationships with car distributors with whom the joint venture will have established relationships in order to promote the granting of consumer loans for the purchase of their cars.
  - (2) For a period of five years from the start up of the joint venture's operations, EFG Eurobank undertakes not to establish a business relationship with distributors with which the joint venture may have established business relations during the above initial two year period, or with other dealers or independent traders which are clients of Tefin at the time of the signing of the Shareholder Agreement.
17. The purpose of the first non-compete clause is to enable the joint venture during the two first years of its operation to approach distributors, including those who may have been co-operating with Tefin before, for the purpose of establishing a solid client basis for its autonomous and long-lasting development. The purpose of the second non-compete clause is to enable the joint venture to consolidate its relationships with those distributors which may have become its clients during the above initial two years period, by preventing Eurobank from approaching such distributors for the subsequent three years.
18. According to the notifying parties, the non-compete clauses imposed on one of the parents are necessary and aimed to encourage and assist the autonomous and independent development of the joint venture in the relevant market and to ensure its viability during an initial period after the start up of its operations. A five-year period may be justified by the need to protect one parent's investment in the joint venture, by preventing the other parent from taking advantage of its privileged access to know-how or goodwill generated by the joint venture itself.
19. As to their effect on competition, these restraints have a limited impact as they concern only one segment of the relevant market that is, the car segment. Furthermore, the joint venture will, in any case, face strong competition by other banks which are already active or may become active in this market. These non-compete clauses are directly related to, and necessary for, the implementation of the joint venture and may therefore be considered as ancillary to the concentration.

## **VII. Conclusion**

20. 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,  
*(signed : Hans Van Den Broek*  
*Member of the Commission)*