

***Case No COMP/M.1764 -
SKANDINAVISKA
ENSKILDA BANKEN /
BFG BANK***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 10/12/1999

*Also available in the CELEX database
Document No 399M1764*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.12.1999

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 COMP/M.1764 – Skandinaviska Enskilda Banken/BFG Bank
Notification of 9.11.99 pursuant to Article 4 of Council Regulation No 4064/89

1. On 10.11.1999, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89¹, whereby the Swedish undertaking Skandinaviska Enskilda Banken AB (“SEB”) acquires control of the German undertaking BfG Bank AG (“BfG”).

I. THE PARTIES

2. SEB is active in the banking sector. The SEB group is one of the largest financial groups in the Nordic area. The group offers a broad range of banking and insurance services mainly in the Nordic countries. The main services are retail banking (also Internet), corporate banking and international financial products.
3. BfG is the fifth largest private commercial bank in Germany. Its main businesses with basis in Germany are retail banking (also Internet), corporate banking and international financial products.

II. THE OPERATION

¹ OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

4. SEB will through the proposed transaction acquire sole control of BfG by way of purchase of all of the shares.

III. CONCENTRATION

5. The concentration consists of the acquisition by SEB of control of BfG by way of purchase of shares. Therefore, the transaction is a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

IV. COMMUNITY DIMENSION

6. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion² (SEB: EUR 5 938 million; BfG: EUR 2 683 million). Each of the undertakings have a Community-wide turnover in excess of EUR 250 million (SEB: EUR 5 522 million; BfG: EUR 2 618 million). Furthermore, the parties do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension. It does not constitute a co-operation case pursuant to Article 57 of the EEA Agreement.

V. RELEVANT MARKETS

Relevant product markets

7. Both SEB and BfG are full service banks offering a comprehensive range of banking services.
8. According to the Commissions past practice³, banking and financial services may be divided into three main categories that can constitute separate markets: 1) retail banking, 2) corporate banking, and 3) activities related to financial markets.
9. By *retail banking* is meant banking services to households which consist, for example, of deposits, lending, credit cards and mutual funds and other forms of asset management.
10. By *wholesale or corporate banking* is meant banking services to corporate clients which consists, for example, of deposits, lending, international payments, letters of credit and advice concerning mergers and acquisitions.
11. With regard to *activities related to financial markets*, the following activities may constitute distinct services markets: trading in equities, bonds, and derivatives, foreign exchange and money markets.

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

³ Case No. IV/M.1029 – Merita/Nordbanken, Case No. IV/M.1340 – BNP/Dresdner Bank – Austrian Joint Venture, case COMP/M.1714 – Föreningssparbanken/FI-Holding/FIH

12. For the purpose of the present case, it is not necessary to define the relevant product/service markets, since the operation would not lead to the creation or strengthening of a dominant position under any possible market definition.

Relevant geographic markets

13. According to the parties the geographic delineation of the three main markets may vary. The retail market is predominantly national, corporate banking is partly international and financial services are international.
14. The Commission has stated in previous cases, that with regard to *retail banking* the relevant geographic market is to be considered national in scope due to the competitive conditions, which in individual Member States are still different due to the importance of local presence (network of branches). On the other hand, an increasing trend points towards internationalisation and the present situation may change in the longer term with the introduction of the single currency and new technologies, e.g. internet and telephone banking.
15. According to the Commissions practice, certain service segments with regard to *corporate banking* will continue to be required and supplied at a national level. However, some segments of corporate banking seem to have a more international dimension. In earlier decisions the Commission has found that the relevant geographic market appears to be national for small and medium-sized corporate clients and international for large corporate clients.
16. With regard to *activities related to financial markets*, the Commission has found financial services to be international in earlier decisions⁴ in respect to activities such as equity and debt issues, and international as regards money markets etc.
17. However, for the purpose of this case, it is not necessary to define the relevant geographic scope, because even under the narrowest market definition, the concentration does not create or strengthen a dominant position.

VI. COMPETITIVE ASSESSMENT

18. SEB is one of the main banks in Sweden and has significant market shares for virtually all types of banking services in Sweden. However, SEB is mainly active in the Nordic countries. Outside Scandinavia there are only minor overlaps with the activities of BfG.
19. BfG is mainly active in Germany, where it is a substantial bank. However, its market share is less than 15% on any possible market relevant market.
20. The operation only leads to market share additions in corporate banking in Germany and in retail banking in Luxembourg. On both markets will the parties have market shares of less than 15% after the merger. In particular the merger does not lead to market share additions in Sweden or the other Nordic countries.
21. If the geographic market was wider than national, then the market shares of the parties would be even lower than set out above.

⁴ Case No. M.1029 – Merita/Nordbanken.

VI. CONCLUSION

22. 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 and Article 57 of the EEA Agreement.

For the Commission,