

***Case No COMP/M.2400 -  
DEXIA / ARTESIA***

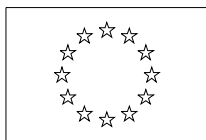
Only the English text is available and authentic.

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

---

Article 6(1)(b) NON-OPPOSITION  
Date: 14/06/2001

*Also available in the CELEX database  
Document No 301M2400*



## COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14.06.2001

SG(2000)D/289182

PUBLIC VERSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To notifying party

Dear Sir/Madam,

**Subject: Case No COMP/M.2400 - Dexia/Artesia**

Notification of 10 May 2001 pursuant to Article 4 of Council Regulation No 4064/89

1. On 10 May 2001, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89<sup>1</sup> by which Dexia S.A./N.V. ("Dexia"), the financial holding company of the Dexia group, will acquire 99.53% of the shares in Artesia Banking Corporation S.A./N.V. ("Artesia") by purchase of shares.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation 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

3. Dexia is a European banking group with three main business lines: public finance, retail services (primarily in the Benelux countries) and investment banking. Artesia is a financial services group, fully owned by the investment company Arcofin. Artesia is active in retail banking and insurance, mainly in Belgium and, to a lesser extent also in other countries, in particular The Netherlands, France and Luxembourg.

---

<sup>1</sup> 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).

## II. THE CONCENTRATION

4. On 13 March 2001 Dexia and Arcofin signed an Acquisition Agreement, pursuant to which Dexia will acquire 99.53% of the share capital of Artesia currently held by Arcofin. In return, Arcofin will receive 15.5% of shares in Dexia. As a result, Dexia will acquire sole control over Artesia according to Article 3 (1) (b) of the Merger Regulation.

## III. COMMUNITY DIMENSION

5. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion<sup>2</sup> (Dexia: EUR billion [ ]; Artesia: EUR billion [ ]). Each of the two undertakings concerned have a Community-wide turnover in excess of EUR 250 million (Dexia: EUR billion [ ]; Artesia: EUR billion [ ]), but they 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 under the EEA Agreement pursuant to Article 57 of that Agreement.

## IV. COMPATIBILITY WITH THE COMMON MARKET

### A. Relevant product markets

6. The markets concerned by the proposed operation are retail banking, corporate banking as well as life and non-life insurance.

#### Banking

7. Retail banking is the provision of services to household customers, whereas corporate banking services are provided to large multinational companies and SMEs.<sup>3</sup> Household and corporate banking comprise different saving and lending services such as current (transaction) accounts, loans, mortgages, mutual funds and asset management services.
8. Credit to local authorities has been considered to be a product market in its own right, given that customers and conditions of the loans differ from normal bank loans.<sup>4</sup>
9. In the present case, however, it is not necessary to decide whether retail and corporate banking or the market for credit to local authorities could be further divided into narrower

---

<sup>22</sup> 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.

<sup>3</sup> See for instance Case Com/M. 1029-Merita/Nordbanken

<sup>4</sup> See for instance Case Comp/M. 1254-Dexia/Argentaria/Credito Local

product markets, since the operation does not raise serious competition concerns with any possible alternative market definition.

### Insurance

10. As regards insurance services a distinction can be drawn between three large insurance categories: life, non-life and reinsurance.<sup>5</sup> Life and non-life insurance can further be divided into as many product markets as there are different kinds of risks covered, given that their characteristics, premiums and purposes are distinct and that there is no substitutability for the consumer between the different risks insured.<sup>6</sup>
11. In the present case, however, it is not necessary to exactly define the relevant insurance markets, since the operation does not raise serious competition concerns with any possible alternative market definition.

## **B. Relevant geographic markets**

### Banking

12. Whereas retail and corporate banking (at least with regard to SMEs) as well as credit to local authorities are activities which can be considered to be largely national in scope, financial market services can usually be regarded as being of European or even international dimension. Investment banking services are still to a large extent national.<sup>7</sup>

### Insurance

13. Competition for life and non-life insurance primarily takes place at a national level, as a result of distribution channels, the established market structures, fiscal constraints and different regulatory systems.<sup>8</sup> In contrast, for re-insurance the market can be considered to be world-wide in view of the need to pool risks on an international basis and the conduct of the re-insurance business.<sup>9</sup>
14. In the present case, however, it is not necessary to exactly define the exact scope of the relevant banking or insurance markets, since the operation does not raise serious competition concerns with any possible alternative market definition.

## **C. Assessment**

### Retail and corporate banking

---

<sup>5</sup> See for example Case Comp/M.1172-Fortis AG/GB

<sup>6</sup> See for example Case Comp/M. 1082-Allianz/AGF

<sup>7</sup> See for example Case Comp/M.873-Bank Austria/CA

<sup>8</sup> See for instance Case Comp/M. 759-Sun alliance /Royal Insurance

<sup>9</sup> See for example Case Comp/M. 862-AXA/UAP

15. As regards retail banking, Artesia has a minimal presence in any Member State other than Belgium with market shares well below 5% in France, Luxembourg and The Netherlands. The parties' combined position in any of these Member States would not exceed 15% activities on any market or sub-segment concerned.

16. In Belgium, the parties estimate that their combined share in overall retail banking does not exceed 20%, except for bonds issued by banks to retail customers. The table below indicates the parties' combined market position in the different segments as well as on the overall markets for credits and deposits.

Retail banking<sup>10</sup> (figures for Belgium in 2000, according to the notification)

<b>Product/ competitors</b>	<b>Dexia</b>	<b>Artesia</b>	<b>Combined</b>
Current accounts	[5-10]	[0-5]	[10-15]
Time accounts	[0-5]	[0-5]	[5-10]
Savings accounts	[10-15]	[5-10]	[15-20]
Consumer credits	[10-15]	[5-10]	[15-20]
Long term credits	[5-10]	[0-5]	[5-10]
mortgages	[10-15]	[5-10]	[15-20]
<i>Bank bonds</i>	<i>[25-30]</i>	<i>[0-5]</i>	<i>[30-35]</i>
Overall credits	[10-15]	[5-10]	[15-20]
Overall deposits	[5-10]	[50-55]	[10-15]

17. As regards corporate banking, Artesia has a minimal presence in any Member State other than Belgium with market shares well below 5% in France, Luxembourg and The Netherlands. The parties' combined position in any of these Member States would not exceed 15% activities on any market or sub-segment concerned

18. In Belgium, the parties estimate that their combined shares in corporate banking do not exceed 15% in any segment or in the overall market, except for mortgages, where the parties' combined share slightly exceeds 15%. The table below indicates the parties' combined market position in the different segments as well as on the overall markets for credits and deposits.

Corporate banking<sup>11</sup> (figures for Belgium in 2000, according to the notification)

<b>Product/competitors</b>	<b>Dexia</b>	<b>Artesia</b>	<b>combined</b>
Current accounts	[0-5]	[0-5]	[5-10]
Time accounts	[0-5]	[5-10]	[10-15]
Savings accounts	/	[0-5]	[0-5]
Consumer credits	[5-10]	[0-5]	[5-10]

<sup>10</sup> Based on the categorisation applied by the Belgian National Bank NBB.

<sup>11</sup> Based on the categorisation applied by the Belgian National Bank NBB.

Long term credits	[5-10]	[5-10]	[10-15]
<i>mortgages</i>	[15-20]	[0-5]	[15-20]
Overall credits	[5-10]	[5-10]	[10-15]
Overall deposits	[0-5]	[5-10]	[5-10]

19. In both retail and corporate banking in Belgium, Dexia/Artesia after the concentration will continue to face competition from other important Belgian and international players with market shares which are significantly higher or at least comparable to the parties' market shares, in particular KCB, BBL and Fortis Bank. In the retail sale of bank bonds, where Dexia has around [30-35]% market share, Artesia will only add an increment of less than [less than 5]%. The parties will face competition from a number of other players, the most important of which is Fortis (30-35% market share), but BBL and KBC are also active in this market. As far as mortgages are concerned, the parties will face competition from market leader Fortis (20-25% market share) as well as from KBC (15-20%) and BBL (5-10%).

#### Credits to local authorities

20. The offering of credits to local authorities has traditionally been Dexia's core activity (Dexia was previously called "Gemeentekrediet/Credit Communal de Belgique). Depending on whether one limits the markets to local authorities or includes also non-local authorities (like regions, communities), Dexia's share in Belgium<sup>12</sup> is [80-85]% or [65-70]% respectively. Dexia's market share, however, has been in decline since due to liberalisation<sup>13</sup> in 1997 a number of other banks have entered the market (KBC, Fortis, BBL). Artesia is one of the banks who entered the market but its market shares are negligible (estimated by the parties at less than 1%). Therefore, the impact arising from the concentration would be minimal.

#### Insurance

21. On the overall insurance market the parties even after the concentration will only be the fifth largest player in Belgium with a market share of less than 8%, after Fortis (25%), AXA (13%), KBC (10.7%) and OMOB (10.6%). As regards non-life insurance, the parties' combined market shares after the concentration will be well below 15% in any segment.<sup>14</sup>

22. In life insurance in Belgium the parties after the operation would still only be the third largest player with an overall combined market share in life insurance of around 12-13%, the market leader being Fortis (30%), and number two KBC (12.8%), followed by OMOB (11-13%) and Axa (8-9%).

23. There is only one market within life insurance where the parties' combined market share will exceed 15%, which is the so-called "segment 23" of the life insurance market in Belgium (life insurance connected to investment funds and comprising marriage and birth).

---

<sup>12</sup> Dexia holds a [40-45]% market share for the provision of credit to local authorities in France, but Artesia is not present on this market.

<sup>13</sup> Since 1997 local authorities must put contracts to tender for amounts in excess of 8.6 BEF million.

<sup>14</sup> Figures taken from the Annual report of the Belgian Association of Insurance Companies, BVVO.

In this segment, the parties will achieve around 18-19% combined market shares. The parties, however, even after the concentration would face strong competition from market leader Fortis (33-35%) and number two KBC (18-19%).

24. Finally, the concentration does not lead to serious competition concerns regarding its effects on the distribution network of Dexia/Artesia. Although Dexia will extend its branch coverage through the concentration to areas where it has not been present before, its main competitors have a larger or at least comparable branch network coverage in Belgium.
25. It can thus be concluded that the proposed operation does not lead to serious doubts with regard to its compatibility with the Common market.

## **VI. CONCLUSION**

26. 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 : Mario MONTI*  
*Member of the Commission)*