

***Case No COMP/M.2578 -
BANCO SANTANDER
CENTRAL HISPANICO /
AKB***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 12/11/2001

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12/11/2001
SG(2001) D/292112

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 COMP/M.2578 BANCO SANTANDER CENTRAL HISPANO/AKB
Notification of 10/10/2001 pursuant to Article 4 of Council Regulation No 4064/89

1. On 10.10.2001, the Commission received a notification of a proposed concentration arising from the acquisition of AKB Holding GmbH (AKB), belonging to Märkische Bau-Union GmbH (MBU) by Banco Santander Central Hispano S.A. (Santander Central Hispano).
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and with the EEA agreement.

THE PARTIES

3. Santander Central Hispano is a credit institution whose main activities are developed in Spain and Portugal, as well as in other EU Member States and Latin America. Its relatively minor activities in Germany are developed through its subsidiary CC Holding GmbH (CC Bank Holding) which controls CC Bank AG (CC Bank) and CC Leasing GmbH (CC leasing).
4. AKB is a holding company of a group focussed on the motor vehicle financing business mainly through its subsidiaries AKB Privat und Handelsbank AG and AKB Leasing GmbH. AKB Bank is mainly active in the operation of bank and stock market transactions of all types, with the exception of investment business, notably: motor vehicle selling loans, stock/purchasing loans for motor vehicle importers/dealers, investment loans for private and commercial users, deposit taking business, money transaction and mediation of insurance policies.

THE OPERATION

5. The operation results from the agreement entered into by Santander Central Hispano and MBU - the sole shareholder of AKB - that sets out an irrevocable call option in favour of BSCH to acquire the total shares of AKB, which may be exercised at any time during the period from [...]. The exercise of the said call option will confer Santander Central Hispano direct or indirect ownership of 100% of the shares of AKB. Likewise, MBU is granted an irrevocable put option to sell all AKB shares to Santander Central Hispano, which may be exercised during the period from [...]. During the transition period from the signature of the agreement until the date of exercise of any of the put and call options, to the extent legally permissible and possible, MBU shall not take certain business operations and corporate actions without the prior written approval of Santander Central Hispano. Those operations include, among others, the determination of the new business and financing plans for 2002 and following years as well as [...]. The approval of Santander Central Hispano shall not be withheld or delayed unreasonably.
6. The transaction, by which Santander Central Hispano intends to acquire sole control of the whole of AKB, is a concentration within the meaning of article 3(1) (b) of the Merger Regulation.

COMMUNITY DIMENSION

7. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion. Each Santander Central Hispano and AKB have a Community-wide turnover in excess of EUR 250 million (Santander Central Hispano €15 738 million; AKB €446million), 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.

COMPETITIVE ASSESSMENT

Relevant product market

8. Following the practice of the Commission assessing cases in the banking sector, there are three major market segments: Retail banking, Corporate Banking and 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. By 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. With respect to financial markets the following activities may constitute distinct service markets: trading in equities, bonds, and derivatives, foreign exchange and money markets (i.e. treasury bills and commercial paper from banks and companies). It cannot be excluded that a further subdivision of retail banking, corporate banking and financial market services is relevant for the assessment of market conditions. However, for the purposes of this decision, it is not necessary to define the relevant product markets since irrespective of the precise definition to be adopted, the assessment of the notified concentration would not change.

Relevant geographic market

10. From the geographical point of view, the activities of the retail banking sector have been traditionally considered national in scope, due to the competitive conditions which in individual member states are still different and the importance of local presence (network

branches). With regard to the market for corporate banking, the Commission has generally taken the view that certain product segments continue to be required and supplied at national level. However, some sectors of corporate banking seem to have a more international dimension. In this respect, the relevant geographic market appears to be national for small and medium-sized corporate clients and international for large corporate clients¹. Finally, as regards financial market services, the Commission considers that the relevant geographic market appears to be international in scope². For the purposes of this decision it is not necessary to define the relevant geographic markets, since irrespective of the precise definition to be adopted, the assessment of the notified concentration would not change.

Assessment

11. The parties do not have any overlapping activities other than in Germany in retail banking and corporate banking. As regards retail banking the combined market share of the parties is well below 10% in any possible market definition with the exception of the narrowest possible one, namely consumer credit for motorcycles where the combined market share of the parties is around 29%. The market share of the parties for corporate banking is negligible in any possible market definition (less than 2%).
12. Therefore, the proposed transaction 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.

CONCLUSION

13. 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,
Mario Monti
Member of the Commission

¹ See case IV M. 1029 Merita/Nordbanken.

² See case IV M. 938 Bacob Banque/Banque Paribas Belgique