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***Case No COMP/M.7241 - ADVENT INTERNATIONAL/
BAIN CAPITAL INVESTORS/ NETS HOLDING***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 08/07/2014

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Brussels, 08.07.2014
C(2014) 4943 final

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

To the notifying party:

Dear Sir/Madam,

Subject: Case M.7241 - ADVENT INTERNATIONAL/ BAIN CAPITAL INVESTORS/ NETS HOLDING

Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004¹

(1) On 2 June 2014, the European Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which Advent International Corporation ("Advent International", the U.S.) and Bain Capital Investors L.L.C ("Bain Capital", the U.S.) collectively referred to as "the Notifying Parties" acquire within the meaning of Article 3(1)(b) of the Merger Regulation joint control of the undertaking Nets Holding A/S ("Nets", Denmark) by way of purchase of shares,² hereinafter referred to as "the proposed transaction". The Notifying Parties and Nets are jointly referred to as "the Parties".

1. THE PARTIES

(2) Advent International is a private equity investor with holdings in various sectors, including industrial, retail, media, communications, information technology, internet,

¹ OJ L 24, 29.1.2004, p. 1 ('the Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

² Publication in the Official Journal of the European Union No C 173, 07.06.2014, p. 9.

healthcare and pharmaceuticals. Advent International also controls Oberthur Technologies SAS ("Oberthur"), a company active in the provision of security-based smart cards technology and services. Oberthur also supplies certain private label cards in Denmark and Norway. Advent International also controls KMD Equity A/S ("KMD") a supplier of IT related services and products headquartered in Denmark.

- (3) Bain Capital is a private equity investor with holdings in companies across a number of industries, among which, information technology, communications, healthcare, retail and consumer products.
- (4) Bain Capital and Advent International jointly control WorldPay (UK) Limited and its affiliates (hereinafter "WorldPay"). WorldPay is a provider of electronic payment processing solutions for the most part to merchants located in the UK and the Republic of Ireland. It primarily offers merchant acquiring and payment card acquiring processing services, physical point of sale ("POS") terminals and distance payment cards services ("eCommerce").
- (5) Nets is a provider of payments, cards and information services in Denmark, Norway, Sweden, Finland and Estonia. More specifically Nets provides payment solutions, business, information and E-security services to its customers. It operates the Dankort and BankAxept domestic card schemes in Denmark and Norway, respectively. It is active through Nets Oy as the financial issuer of credit cards in Finland. Nets also provides merchant solutions including physical POS payment processing services, eCommerce payment services dedicated to online merchants, as well as integrated payment services for merchants with both physical and online sales. Finally, through its subsidiary Teller, Nets provides merchant acquiring services for international payment cards, primarily in Denmark, Norway and Sweden.

2. THE OPERATION

- (6) The proposed transaction consists in the acquisition of joint control over Nets by Bain Capital and Advent International via a special purpose vehicle Nassa A/S ("Nassa"). Post transaction Bain Capital and Advent International will hold each 47.25% of Nassa's capital, the remaining non-controlling stake of 5% will be held by ATP Funds. The Board of Directors of Nassa will be comprised of four directors. The Parties will each nominate one director and jointly nominate two independent directors. Resolutions of the Board of Nassa shall be passed by simple majority, provided that such majority must include at least one director nominated by Advent International and one director nominated by Bain Capital. Through their control of Nassa the Parties will jointly control Nets because they will have the right to indirectly appoint and remove seven out of twelve of the directors of the board of Nets that will undertake the day-to day and management functions, including approval of the budget and the business plan. Moreover, commercial decisions in respect of Nets will require consent of both Advent International and Bain Capital. It follows therefore that the Parties will exercise joint control over Nets.
- (7) Therefore, the proposed transaction represents a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

(8)The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million³ (Advent International: EUR [...] million, Bain Capital: EUR [...] million, Nets: EUR [...] million). Each of them has an EU-wide turnover in excess of EUR [...] million (Advent International: EUR [...] million, Bain Capital: EUR [...] million, Nets: EUR [...] million), and they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The notified operation therefore has an EU dimension, within the meaning of Article 1(2) of the Merger Regulation.

4. ASSESSMENT

(9)The proposed transaction gives rise to affected markets in the field of payment services, in particular as regards the merchant acquiring services market and the market for the provision of acquiring processing services where both Nets and WorldPay are active⁴.

(10)More precisely, Nets and WorldPay both offer merchant acquiring and acquiring processing services to serve their national customers through the provision of physical POS terminals or web-enabled payment interfaces. Nets is focused on the provision of these services and actively targets customers based in Denmark, Finland, Sweden, Norway and Estonia. WorldPay is predominantly focused on supplying and targeting customers based in the UK and Ireland. Notwithstanding this very different geographic focus, WorldPay generates some revenues in Nets' core territories⁵ arising through sales aimed at supporting existing customers of WorldPay beyond the core jurisdictions in which those merchants are currently and for the most part serviced (the UK and Ireland) and mainly for eCommerce transactions. Insofar as large online merchants require merchant acquiring and acquiring processing solutions, WorldPay will support those retailers geographically according to the retailers' place of business. Similarly, as a general principle, Nets actively targets customers located in its core markets and generates no more than [0-5]% of its revenues outside these core markets.

³ Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p1).

⁴ There is also a limited horizontal overlap between the activities of Nets and KMD, a company controlled by Advent International, in the field of corporate distance payment services where they both supply credit transfer services via the Danish NemKonto payment scheme. Their combined market share will be of less than [0-5] % in any plausible geographic market definition. As regards vertical links, the proposed transactions results in a vertical link between the Trusted Service Managers services (TSM) offered by Advent International's subsidiary, Oberthur, and Nets' mobile wallet platform. According to the Parties, Nets is in the process of developing a mobile wallet platform solution but it is not yet active on this market. Oberthur's market share in the market for the provision of TSM services is below [20-30]% in any plausible geographic market definition..There is also a vertical relationship between Advent International's subsidiary, KMD, which supplies IT management services to a company jointly owned by Nets and Post Denmark A/S, e-Boks A/S ("e-Boks"), active in the supply of secure electronic mailbox services in Denmark and Norway. Nevertheless the market shares of both KMD and e-Boks in their respective markets are very low.

⁵ According to the Parties, in 2013 WorldPay revenues in Nets' core areas (Denmark, Estonia, Finland, Norway and Sweden) accounted for [0-5]% of the business unit's total revenues.

(11) On the whole, therefore, WorldPay and Nets target their services to firms located in their respective domestic regions and only provide services to a very limited extent in each other's core jurisdictions as a result of which the geographic overlap of their activities is very limited.

4.1. Market definition

4.1.1. Merchant acquiring

4.1.1.1. Product market definition

(12) The Commission has previously defined separate markets for payment card issuing and merchant acquiring services.⁶ The Commission has also considered that merchant acquiring services should be regarded as a distinct product market from payment card processing.⁷ In addition, the Commission has envisaged a possible further segmentation, based on: (i) payment card schemes (domestic/international), (ii) payment card brands (Visa, Visa Electron, MasterCard, Maestro etc.) and (iii) the type of payment card (credit/debit).⁸

(13) In the present case a further segmentation between merchant acquiring services for payments through physical POS terminals and merchant acquiring services for payments through web-enabled interfaces (eCommerce) has been considered.

(14) In the opinion of the Notifying Parties the distinction between domestic and international cards is increasingly blurred because international cards can be used for domestic payments and also as a result of the creation of the Single Euro Payment Area. In addition, the fundamental services provided by the merchant acquirer are the same, irrespective of the card/scheme used. From the demand side, an overwhelming majority of merchants choose to enter into a single agreement to acquire merchant acquiring services covering as many types of payment cards as possible. Nevertheless, the Notifying Parties acknowledge the existence of pricing differences between domestic/international payment cards, between debit/credit cards and, between the different brands of cards.

⁶ See Commission decision of 3 October 2008 in Case No COMP/M.5241 – American Express/Fortis/Alpha Card, paragraph 23; Commission decision of 3 October 2007 in Case No COMP/M.4844 - Fortis/ABN AMRO Assets, Commission decision of 2 June 2005 in Case No M.3740 Barclays Bank/Foreningssparbanken/JV, paragraph. 11. In the context of antitrust proceeding see Commission decision of 19 December 2007 in Cases No COMP/34.579 – MasterCard, COMP/36.518 -EuroCommerce and COMP/38.580 – Commercial Cards.

⁷ See Commission decision of 3 October 2008 in Case No COMP/M.5241 – American Express/Fortis/Alpha Card, paragraph 23; Commission decision of 3 October 2007 in Case No COMP/M.4844 - Fortis/ABN AMRO Assets, Commission decision of 2 June 2005 in Case No M.3740 - Barclays Bank/Foreningssparbanken/JV, paragraph. 11. In the context of antitrust proceeding see Commission decision of 19 December 2007 in Cases No COMP/34.579 – MasterCard, COMP/36.518 - EuroCommerce and COMP/38.580 – Commercial Cards.

⁸ Case COMP/M.4316 Atos Origin/Banksys/BCC, paragraph 21; Case COMP/M.4814 AIB/FDC/JV, paragraph 13; Case COMP/M.5968 Advent/Bain Capital/RBS WorldPay, paragraph 12; Case COMP M.6956 Telefonica/Caixa Bank/Banco Santander/JV, paragraph 46; and Case COMP/M.6967 BNP Paribas Fortis/Belgacom/Belgian Mobile Wallet, paragraph 106.

- (15) The Notifying Parties further submit that besides the existence of differences between merchant acquiring services provided through a physical POS terminal and through web-enabled interfaces the market should not be segmented in this way, essentially because the majority of merchants require both types of services. Nevertheless, there is a specific category of customers made of large online merchants (such as airline companies). WorldPay targets this customer category through its eCommerce division which has a wider geographic spread than WorldPay's remaining divisions, mirroring the global footprint of large online merchants.
- (16) Ultimately, the Notifying Parties submit that it is not necessary to delineate the precise scope of the product market definition.
- (17) The majority of the participants in the market investigation considered that the market for merchant acquiring services can be segmented based on the card schemes i.e. national/international. Customers generally consider this segmentation relevant for countries where there is a domestic card scheme in place such as Dankort in Denmark or BankAxept in Norway. This is due to the differences in terms of price. In addition some suppliers focus their business activities on one or the other type of card schemes. Customers may also have different merchant acquirers for international and for domestic card schemes.
- (18) Customers and competitors also consider that the segmentation based on the type of card (credit/debit) is appropriate due to differences in terms of price, interchange fees or commercial conditions.
- (19) As to the segmentation based on card brand, the Commission considers, on the basis of the results of the market investigation that from the demand side, there is no need to divide the market for merchant acquiring in this manner. By contrast, from the supply side the results of the market investigation were inconclusive.
- (20) Finally, the majority of the respondents considered that the market could be segmented between merchant acquiring services for physical POS terminals and merchant acquiring services for web-enabled interfaces. This is due to material differences concerning technical infrastructure, commercial strategy, risk and fraud management requirements. Some customers have separate contracts for each type of services with different terms and conditions and even different services providers.
- (21) The Commission considers that for the purpose of this case the market for merchant acquiring services could be segmented depending on the card scheme (national/international), the type of card (credit/debit), the card brand, and lastly depending on whether services are required for payments made through physical POS terminals or via web-enabled interfaces.
- (22) However, the precise scope of the product market definition can be left open since the proposed transaction will not give rise to serious doubts as to its compatibility with the internal market irrespective of the product market definition.

4.1.1.2. Geographic market definition

- (23) The Commission has previously found that the geographic market for merchant acquiring may be national in scope or is, at most, EEA wide, irrespective of the type of card, the card scheme and the card brand.⁹
- (24) The Notifying Parties submit that the Commission does not need to conclude on the precise scope of the geographic market definition, since the proposed transaction gives rise to no competitive concerns even on the narrowest (national) level.
- (25) As regards the hypothetical segment of merchant acquiring services for payments through web-enabled interfaces, the Notifying Parties consider that the market is at least EEA wide, if not worldwide.
- (26) The results of the market investigation are inconclusive as regards whether the scope of merchant acquiring services for payments through a physical POS terminal is national or wider. However they point to a market definition wider than national for the segment of merchant acquiring services for payments through web-enabled interfaces.
- (27) Indeed, even though some players provide POS services across the EEA, the respondents to the market investigation stress the importance of having a local presence and access to local infrastructure. In addition, the existence of national card schemes (such as Dankort in Denmark and BankAxept in Norway) and country specific technical requirements create obstacles for cross-border activity in the POS segment, which are less relevant for web-enabled activities.
- (28) In Denmark, Dankort debit cards or co-branded Visa/Dankort cards are the most common payment product issued. The same applies to Norway and to the BankAxept national card scheme. Therefore, a merchant acquirer should be able to provide acceptance of these national cards in order to be competitive in these countries and be in a position to operate a large scale business. This factor is less important for web-enabled merchant acquiring services where the transactions are generally processed through international card schemes such as MasterCard or Visa.
- (29) Further, payment services at the POS through physical terminals are made using "On-line" or "Off-line" technology, depending on the country. For instance, the UK and Ireland are "Off-line" PIN technology countries whereas Sweden, Denmark and Norway are based on "On-line" PIN technology. Therefore, [...].
- (30) Therefore, based on the result of the market investigation, and for the purpose of this case, the Commission considers that the market for merchant acquiring services for all plausible market segmentations, except web-enabled transactions, is most likely national in scope, whereas the market for merchant acquiring services for payments made through web-enabled interfaces would be at least EEA-wide. However, the

⁹ Case COMP/D.1/29.373 *VISA II*, paragraph 45; Case COMP/37.860 *Morgan Stanley/Visa International and Visa Europe*, paragraph 41; Case COMP/M.2567 *Nordbanken/PostGirot*, paragraphs 17-18; Case COMP/M.4316 *Atos Origin/Banksys/BCC*, paragraphs 19-23; Case COMP/M.5241 *American Express/Fortis/Alpha Card*, paragraph 28; Case COMP/M.5968 *Advent/Bain Capital/RBS WorldPay*, paragraph 12; Case COMP M.6956 *Telefonica/Caixa Bank/Banco Santander/JV*, paragraph 46; and Case COMP/M.6967 *BNP Paribas Fortis/Belgacom/Belgian Mobile Wallet*, paragraph 106.

precise scope of the geographic market definition can be left open since the proposed transaction does not give rise to serious doubts irrespective of the geographic market definition.

4.1.2. Acquiring processing

4.1.2.1. Product market definition

(31) The Commission has previously defined a distinct market for payment card processing, and within that has distinguished between acquiring processing and payment card issuer processing, although it left the market definition open.¹⁰

(32) According to these previous decisions acquiring processing is the merchant oriented side of processing a transaction. It includes the network routing of payments towards the corresponding issuing entity and the POS authorisation. Issuing processing is the issuer oriented side of processing a card transaction. It mainly includes the financial and technical requests for payment authorization from the issuing entity, maintenance of local and international blocking lists, verification of card limits, management of card accounts, generation of cardholder statements and invoicing. The Parties agree with this product market definition.

(33) On the basis of the results of the market investigation, the Commission has confirmed that acquiring processing and issuing processing should be regarded as different segments due mainly to the nature of the services provided, the pricing structure, the regulatory framework and the competitive landscape. Indeed, the majority of players offering both services often provide them as separate services to their customers.

(34) In addition, several competitors have mentioned that national card schemes require processes specific to a particular country, whereas international schemes have the same processing in all countries.

(35) The Commission has also investigated whether a segmentation between services for POS transactions and services for web-enabled transactions should be made. One supplier explained that although transactions are processed in the same way when they reach the acquiring processor there are some differences as regard the technical infrastructure. Both suppliers and customers stress the particularly important role of security in the web-enabled segment due to the higher risk of fraud. However, the vast majority of the suppliers process both types of transactions. Also the majority of customers need acquiring processing for both POS transactions and web-enabled transactions.

(36) Therefore, based on the results of the market investigation, and for the purpose of this case, the Commission considers that the market for acquiring processing services could be further segmented between national/international card schemes, and between acquiring processing for POS transactions and acquiring processing for web-enabled transactions. Ultimately, the precise scope of the product market definition can be left

¹⁰ Case COMP/M.4316 Atos Origin/Banksys/BCC, paragraph 17; Case COMP/M.4814 AIB/FDC/JV, paragraph 15; and Case COMP/M.5968 Advent/Bain Capital/RBS WorldPay, paragraph 12.

open, since the proposed transaction does not raise serious doubts as to its compatibility with the internal market with respect to any plausible market definition.

4.1.2.1. Geographic market definition

- (37) The Commission has previously left open the geographic market for acquiring processing services¹¹, although it mentioned that for processing national payment cards the market tends to remain national due to various entry barriers. The most recent market investigation indicated that acquiring processing also with respect to international cards is still national in scope.¹²
- (38) The Notifying Parties consider that, should there be a segmentation between POS/web-enabled transactions, the geographic scope of the market for acquiring processing transactions at the POS would be national, whereas the scope of the market for acquiring processing for web-enabled transactions would be wider, EEA or even global. According to the Notifying Parties, this is due to the fact that online merchants, with a presence in more than one country, will often enter into a single contract for all their acquiring processing needs. Moreover, the procurement of acquiring processing services by such customers is usually centralised. In addition, there are no territorial restrictions to enter the market for acquiring processing for web-enabled transactions with regard to Europe, insofar as suppliers do not need to have local presence to provide services in one specific country, provided that customers' card scheme acquiring licences cover the relevant country or are pan-European.
- (39) On the basis of the results of the market investigation, the Commission considers that for the purpose of this case the scope of the market for acquiring processing, for all plausible market segmentations except web-enabled transactions, is national. This is due to limitations related to the need to have local presence and connections with the local POS infrastructure and other legal requirements. Moreover, some suppliers mentioned that in some countries, referring to Denmark and Norway, there are strong national elements related to the existence of national card schemes that limit cross-border activity for processing national cards (technical requirements in particular).
- (40) As regards the geographic scope of the market for acquiring processing for web-enabled transactions, on the basis of the results of the market investigation the Commission considers that it could be wider than national, most probably EEA-wide. Indeed, customers indicated that in order to cover their needs in this segment they look for suppliers that are able to handle transactions in several jurisdictions.
- (41) However, the geographic market definition can be left open for the purpose of this case as the proposed transaction does not raise serious doubts as to its compatibility with the internal market with respect to any geographic definition.

¹¹ Case COMP/M.4316 *Atos Origin/Banksys/BCC*, paragraph 26-27; Case COMP/M.4814 *AIB/FDC/JV*, paragraph 15; and Case COMP/M.5968 *Advent/Bain Capital/RBS WorldPay*, paragraph 12.

¹² Case COMP/M.4814 *AIB/FDC/JV*, paragraph 20.

4.2. Competitive assessment

4.2.1. Merchant acquiring

- (42) The activities of Nets and WorldPay overlap in the provision of merchant acquiring services in Denmark, Finland, Ireland, Norway, Sweden and the UK.
- (43) The overlaps giving rise to affected markets are limited to Finland, Ireland, UK, Denmark and Norway.
- (44) In the first three countries the increment is close to [0-5]% (due to the limited presence of WorldPay in Finland and of Nets in Ireland and the UK) and the combined market share of Nets and WorldPay does not exceed [50-60]% ([50-60]% in Finland, [20-30]% in Ireland and [30-40]% in the UK).
- (45) In Denmark and Norway the combined market share of Nets and WorldPay exceeds [50-60]% and the increment, although limited ([0-5]% or less), is higher for certain segments. Therefore, the competitive assessment will focus on these two countries.
- (46) The Commission will first assess the market for merchant acquiring services and will then analyse the segmentations based on the differences between national/international card schemes, credit/debit cards and card brands. Finally, it will focus on the alternative segmentation based on the differences between merchant acquiring services for payments at the POS through physical terminals and merchant acquiring services for payments through web-enabled interfaces.

(i) Overall market for merchant acquiring in Denmark and Norway

- (47) The Notifying Parties submit that WorldPay's market share generated in Denmark and Norway corresponds to merchants located in Ireland and the UK which have specifically requested a uniform e-Commerce payment solution across its international operations (or in a specific territory).
- (48) In Denmark, the combined market shares of Nets and WorldPay on the overall market for merchant acquiring is [90-100]% in 2013. However, the overlap generated by WorldPay's limited activities in this country is of only [0-5]%. Post-transaction, the Parties will continue to compete with Nordea and Swedbank each of them having a market share of [0-5]%. As to Norway, the Notifying Parties combined market share on the overall market for merchant acquiring is [5-10]% with an increment of [0-5]%, thus it does not result into an affected market.

(ii) Market segmentations based on the differences between national/international card schemes, credit/debit cards and card brands.

- (49) Should the market be split into national/international card schemes, the overlap would arise as regards international card schemes only. The combined market share of the Nets and WorldPay in this segment in Denmark would be [80-90]% with an increment of [0-5]%. The HHI is [6000-7000] and the post-merger HHI delta [200-300]. According to the Notifying Parties, the market share would not differ materially if a segmentation into credit/debit cards, or card brands was considered. WorldPay offers essentially merchant acquiring for international card schemes, and focuses mainly on merchant acquiring services for credit cards and for international card brands. Nets and WorldPay will continue to compete post-transaction on the segment

for international card schemes with Swedbank and Nordea, having each a market share of [5-10]%.

(50) In Norway, if only international card schemes were considered the combined market share of the Parties would be [40-50]% in 2013 with an increment of [0-5]%. The market shares would not be materially different if a segmentation between credit/debit cards or card brands was considered. In the segment for international card schemes, the Notifying Parties will continue to face competitive constraints from other market players among which Elavon ([20-30] %), Nordea ([10-20]%), Handelsbanken ([5-10]%) and Swedbank ([5-10]%).

(iii) Market segmentation based on the differences between merchant acquiring services for payments through POS terminals and merchant acquiring services for payments through web-enabled interfaces

(51) Worldpay does not have physical presence or POS terminals in Denmark and Norway. The Commission has confirmed this on the basis of the market investigation. Therefore, should the market be segmented into merchant acquiring for payments at the POS through physical terminals and merchant acquiring for payments through web-enabled interfaces, the overlap arising in Denmark and Norway would be limited to the second segment mentioned.

(52) As indicated in the section on geographic market definition the geographic scope of the segment concerning the provision of merchant acquiring services for payments through web-enabled interfaces would be wider than national, probably EEA-wide or even global. The combined market shares of the Parties in a hypothetical EEA wide market would be of [10-20]% (with an increment of [0-5]% for Nets).

(53) Even though there is no overlap as regards the Danish and Norwegian markets for merchant acquiring services for payments at the POS through physical terminals, the market investigation revealed that WorldPay has [limited activity] in Finland for the provision of merchant acquiring and acquirer processing services for payments at the POS. Therefore, the Commission has investigated whether WorldPay can be considered as a significant potential competitor in this market.

As regards Denmark and Norway, competitors consider the domestic card schemes existing in these countries as the main barrier to entry, followed by the need to set up local infrastructure and the need to adjust to some specific technical requirements. Indeed, the Finnish national card scheme has been phased out, as opposed to Denmark and Norway where it plays an important role. In addition, Finland is a country based on "Off-line" PIN technology as it is the case for WorldPay's core countries, namely the UK and Ireland, whereas Denmark and Norway are based on "On-line" PIN technology. According to the Notifying Parties, the lack of a national card scheme and the similarities in terms of PIN technology between the UK and Ireland on the one side and Finland on the other side [...]. In any case the overlap in this country is close to [0-5]% for all segments even if account is taken of this recent contract.

(54) The Notifying Parties submit and the internal documents provided show that [...].

(55) Overall customers and competitors consider that following the transaction, the intensity of competition in the market for merchant acquiring will remain unchanged, irrespective of the segment considered. WorldPay is not perceived as a player currently exerting a significant competitive constraint in Nets' core jurisdictions, nor as

a potential competitor. In any case, there are other players that could be seen as potential competitors (Barclays, Global Collect, Ongone, etc.)

(56) In the light of the above mentioned elements, the Commission considers that the proposed transaction does not raise serious doubts as to its compatibility with the internal market.

4.2.2. Acquiring Processing

(57) In the overall market for acquiring processing, the Parties' activities overlap in Denmark, Estonia, Finland, Ireland, Norway, Sweden and the UK. Due to their different geographic focus, in all these countries the increment brought by the transaction would be minimal (less than [0-5]%). However, in Denmark and Norway Nets' market shares in the last three financial years on the overall market for acquiring processing were very high (in 2013 they reached [90-100] % in Denmark and [90-100]% in Norway)¹³. Therefore, the analysis of the impact of the proposed transaction will focus only on these two countries.

(i) Overall market for acquiring processing in Denmark and Norway

(58) According to the Notifying Parties, their position in the overall market for acquiring processing does not give rise to any competition concerns for several reasons. Firstly, the increment brought by the transaction is of less than [0-5]% and the HHI delta is of less than [100-200]. Secondly, WorldPay focuses on UK and Ireland, [...]. Thirdly, WorldPay's transactions in Denmark and Norway are [...]. Moreover, WorldPay is providing acquiring processing services to its services as an ancillary service to its merchant acquiring activities for its customers [...].

(59) In addition, the Parties mention a recent decision of the Danish Competition Authority that imposes Nets to follow certain maximum prices with respect to front-end acquiring processing for a period of two years. Also in Norway, Nets (i.e., Nets and Teller) is under an obligation to grant non-discriminatory access to its payment solutions until 2017.

(60) Finally, the Parties mentioned banks' capabilities to conduct their own acquiring processing services (as it is the case in Sweden, where the majority of banks have this service internalised).

(61) Indeed, the presence of WorldPay in these two markets does not reveal constant sales volume. Moreover, a review of the market shares for the last three consecutive years shows that the volume of the transactions of WorldPay in both Denmark and Norway has [...] (with the exception of year 2012 when the volume for transactions in Denmark [...] compared the previous year).

(62) The replies of the participants in the market investigation indicate that WorldPay is perceived as a provider oriented towards customers using mostly web-enabled transactions, whereas Nets seems to be rather focused on merchants with physical POS terminals, with a dominant position in both Denmark and Norway.

¹³ In the other markets the combined market shares were of [60-70]% in Estonia, [90-100]% in Finland, [30-40]% in Ireland, [10-20]% in Sweden and [40-50]% in UK. In all these countries, the overlap is close to [0-5]%.

(63) On the basis of the results of the market investigation, the Commission has confirmed too that WorldPay is not a close competitor of Nets in acquiring processing and that it is hardly known as supplier of acquiring processing services in Denmark or Norway. Moreover, the Commission has also confirmed that banks have their in-house capabilities to do acquiring processing themselves.

(64) Therefore the Commission considers that the proposed transaction does not raise serious doubts as to its compatibility with the internal market regarding the overall market for acquiring processing services.

(ii) Market segmentation based on the differences between acquiring processing services for national/international card schemes

(65) Should the market be segmented between national/international card schemes the overlap would only arise as regards international cards schemes as WorldPay does not provide acquiring processing services for national cards schemes.

(66) In Denmark, the combined market shares of the Parties excluding the national cards transactions (transactions processed through Dankort scheme) are similar to the ones on the overall market for acquiring processing, and reach [90-100]% in 2013 with an increment of [0-5]% brought by WorldPay. In Norway, the market position would be slightly different reaching [60-70]% in 2013 if the national cards transactions (transactions processed through BankAxept scheme) are excluded, with an increment of [0-5]% brought by WorldPay.

(67) In spite of the limited competition remaining post-merger, the arguments mentioned above as regards the overall market for acquiring processing are relevant also for the hypothetical market of acquiring processing for international cards schemes, which is the only segment where WorldPay is active. Therefore, based on these arguments the Commission considers that the proposed transaction does not raise serious doubts as to its compatibility with the internal market regarding acquiring processing for international cards schemes.

(iii) Market segmentation based on the differences between acquiring processing for payments through POS terminals and acquiring processing for payments through web-enabled interfaces

(68) Should the market be segmented into acquiring processing for POS/web-enabled transactions, the second segment would not be an affected market as the combined market shares of the Parties would remain below [10-20]% at EEA level, with WorldPay and Nets competing with other suppliers such as Elavon, Barclays, First Data, etc.

(69) As for the segment for physical POS, WorldPay is not active in the countries where Nets is present, except for [...]. Nets and Worldpay combined market share on the market for physical POS in Finland is estimated at [90-100]% due to Nets share. However, the increment is close to [0-5]% and, as explained above, [...].

(70) In the light of the above mentioned elements, the Commission considers that the proposed transaction will not raise serious doubts as to its compatibility with the internal market.

5. CONCLUSION

(71) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

For the Commission
(signed)

Joaquín ALMUNIA
Vice-President