EN

Case No COMP/M.7369 - SANTANDER / PSA / JVS

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REGULATION (EC) No 139/2004
MERGER PROCEDURE

Article 6(1)(b) NON-OPPOSITION
Date: 03/12/2014

In electronic form on the EUR-Lex website under document number 32014M7369

Office for Publications of the European Union
L-2985 Luxembourg

EUROPEAN COMMISSION

Brussels, 3.12.2014
C(2014) 9346 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 parties:

Dear Sir / Madam,

Subject: Case M.7369 - SANTANDER/ PSA/ JVs
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139 / 2004[1]

1. On 5 November 2014, the European Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which the undertaking Santander Consumer Finance, S.A., ("SCF", Spain), a fully owned subsidiary of Banco Santander S.A ("Santander", Spain), and Banque PSA Finance S.A. ("Banque PSA", France), a wholly owned subsidiary of Peugeot S.A. ("Peugeot", France), acquire within the meaning of Article 3(1)(b) of the Merger Regulation joint control of several newly created companies constituting joint ventures ("JVs") by way of purchase of shares. Santander and Peugeot are collectively referred to as "Notifying Parties".

[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.

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I. THE PARTIES AND THE OPERATION

2. SCF is the consumer finance arm of the Santander Group, a Spanish-based group mainly active in retail banking, asset management, corporate and investment banking, treasury and insurance. The group has presence throughout Europe, the United States of America, Latin America and Asia. Santander is active in automotive financing through its full-service retail banking business. It also partners in a number of automotive financing joint ventures, such as in the UK with Hyundai and Kia.

3. Banque PSA offers loans and leases related to motor vehicles associated with Peugeot, Citroën and DS –branded vehicles as well as loans to dealers of these brands. Banque PSA is a subsidiary of Peugeot, which is a French-based group, mainly a manufacturer of motor vehicles, passenger cars as well as light commercial vehicles, and related spare parts.

4. The JVs will offer automotive financing solutions, e.g. loans and leases, as well as related services, such as insurance, in Austria, Belgium, France, Germany, Italy, Luxembourg, Poland, Portugal, Malta, the Netherlands, Spain, Switzerland and the United Kingdom.[2]

5. The proposed transaction consists in the acquisition of joint control by SCF and Banque PSA of several newly created companies constituting joint ventures by way of purchase of shares. In accordance with the Consolidated Jurisdictional Notice[3], the transaction constitutes a unitary transaction due to the fact that, following the closing, SCF and Banque PSA shall acquire joint control over all JVs created and that it follows from the provisions of the Framework and Investment Agreement in particular that all of the different acquisitions forming part of this transaction are provided for in a single contract, and that a single purchase price is agreed for the entire transaction, so that all of these acquisitions are linked together.

6. The JVs will be fully functional entities. They will have all resources necessary to operate independently. Banque PSA will transfer all its existing assets (including the right to use brands and trade marks), liabilities and employees in its automotive and insurance business to the JVs and SCF will provide funding to the JVs. Each JV will also possess its own management team as well as a board of directors dedicated to day-to-day management of the JVs business.

7. The JVs will finance the sale of PSA-branded vehicles and will offer automotive financing services (loans, lease financing and insurance), which offer an added value and for which there are separate markets, characterised by the existence of companies specialising in lending, leasing and insurance.

8. Moreover, the JVs will play an autonomous role in the automotive financing market exclusively with third party customers, i.e. purchasers/lessees of PSA-branded motor vehicles and independent PSA dealers (i.e. authorised dealers that do not belong to the PSA Group). Accordingly, the JVs will not depend on sales to their parent companies but have direct access to the market and their own customers.

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2 […].

3 Commission Consolidated Jurisdictional Notice under Council Regulation No 139/2004 on the control of concentrations between undertakings, OJ No C 95, 16.4.2008, p. 1, at para. 38 – 40.

9. Finally, the JVs are set up on a lasting basis, as the initial term of cooperation is […] years with the possibility of continued renewal for additional […] year periods.

10. SCF and Banque PSA will hold 50% of the shares and voting rights in each JV. […].

11. The […] management control over the JVs is assured by a list of reserved matters regarding the business of the individual JVs, which will require a favourable decision in the […], including: (i) approval of the […]-year business plan; (ii) approval of new products, services or projects; (iii) approval of the annual budget; (iv) material expenditure not included in the budget; (v) material agreements above certain thresholds; and (vi) appointment/removal of the CEOs and Deputy CEOs of each JV. […], so both SCF and Banque PSA have a veto right over the decisions.

12. Therefore, the proposed transaction qualifies as a concentration within the meaning of Article 3.1(b) of the Merger Regulation.

II. EU DIMENSION

13. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million[4] (Santander: EUR 73 512 million, Peugeot EUR 54 090 million). Each of them has an EU-wide turnover in excess of EUR 250 million (Santander: EUR […] million, Peugeot EUR […] million) and they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.

14. The notified operation therefore has an EU dimension within the meaning of Article 1(2) of the Merger Regulation.

III. COMPETITIVE ASSESSMENT

15. According to the Notifying Parties, the proposed concentration gives rise to only one horizontally affected market in the EEA, which is the market of motor vehicle lending in Spain. Notifying Parties confirmed that there would be no affected vertical relationship under any plausible alternative market definition. Therefore, only the market for motor vehicle lending in Spain will be further analysed.

III.1. Product market definition

16. The Commission has previously found consumer loans to be a distinct market and has also, within this segment, considered the possibility of distinguishing the motor vehicle lending from credits offered for the purchase of other consumer goods and that there is an overall market for automotive financing.[5] Ultimately the Commission left the product market definition open.

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

[5] See M.3067 – INTESA / CAPITALIA / IMI, paragraph 35; and M.1370 – PEUGEOT / CREDIPAR, paragraph 5.

17. The Notifying Parties submit that the offering consumer credit does not require the possession of a banking licence and that in many Member States, including Spain, not even a particular authorisation is required. Therefore the Notifying Parties submit that from the supply side, the market for automotive financing encompasses not only retail banks, but also captive finance companies (such as Banque PSA) and other financial institutions offering consumer credit. From the demand side, the Notifying Parties submit that the purchasers of a motor vehicle also have the possibility to use financial leasing as an alternative to credit financing.

18. In the present case, the product market definition for motor vehicle lending can be left open, as the proposed concentration does not raise serious doubts as to its compatibility with the internal market with respect to any plausible market definition.

III.2. Geographic market definition

19. In previous cases, the Commission considered the geographic market for automotive financing (lending and leasing services) to be national in scope.[6] The Notifying Parties submit that the geographic market for automotive financing is national.

20. In the present case, the geographic market definition for motor vehicle lending can be left open, as the proposed concentration does not raise serious doubts as to its compatibility with the internal market with respect to any plausible market definition.

III.3. Competitive assessment

21. Of all plausible geographic and product market definitions, only the market of motor vehicle lending in Spain is affected and will be analysed in this section.

22. According to data provided by the Notifying Parties, in 2013 the Spanish market for motor vehicle lending reached a volume of […] units, which represented a total value of EUR […] billion. The combined market shares of the Notifying Parties in Spain would reach [20-30]%, both in value and volume, with an increment of [5-10]% (in value) and [5-10]% (in volume). Other important players on the market for motor vehicle lending in Spain are VW FS ([20-30]% in volume), BBVA ([10-20]% in volume), RCI Banque ([10-20]% in volume), BMW Bank ([5-10]% in volume), Cetelem ([5-10]% in volume) and Toyota Kb ([0-5]%in volume). Their market shares in value are similar with the ones in volume.

23. The Notifying Parties submit that the Spanish market for motor vehicle lending is characterised by a high degree of competition caused by a large number of credible lenders, such as retail banks, captive finance companies and specialised finance companies (often subsidiaries of major Spanish retail banks) which all offer loans to customers to purchase motor vehicles.

24. The Notifying Parties also argue that the market entry barriers are very low and there are no barriers to expansion that would prevent an existing market player to rapidly expand its loan offer. In view of the fact that the purchase of a motor vehicle is a major, one-off investment for most costumers, customers usually spend considerable time and effort to identify the most attractive offer to finance their motor vehicle purchase. Moreover, customers are usually not locked in with previous lenders for such a purchase.

6 See M.3067 – INTESA / CAPITALIA / IMI, paragraph 49; and M.1370 – PEUGEOT / CREDIPAR, paragraph 6.

25. The market investigation neither revealed concerns nor particular comments from the market participants in Spain.

26. Taking into account the moderate presence of the Notifying Parties on the market for motor vehicle lending in Spain, the existence of other strong players that appear to continue exercising competitive constraints on the merged entity and the fact that none of the respondents to the market investigation raised any concerns as regards the transaction, the Commission takes the view that he proposed transaction would not give rise to serious doubts as to the compatibility of the notified concentration with the internal market.

IV. CONCLUSION

27. 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)
Margrethe VESTAGER
Member of the Commission