



EUROPEAN COMMISSION

DG Competition

Case M.8287-NORDIC CAPITAL / INTRUM JUSTITIA AB

Only the English text is available and authentic.

REGULATION (EC) No 139/2004
MERGER PROCEDURE

Article 6(1)(b) in conjunction with Art 6(2)

Date: 12.6.2017

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Brussels, 12.6.2017
C(2017) 4137 final

PUBLIC VERSION

To the notifying party:

**Subject: Case M.8287 - Nordic Capital / Intrum Justitia AB
Commission decision pursuant to Article 6(1)(b) in conjunction with
Article 6(2) of Council Regulation No 139/2004¹ and Article 57 of the
Agreement on the European Economic Area²**

Dear Sir or Madam,

1. On 12 April 2017, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Nordic Capital Fund VIII Limited (“Nordic Capital”) of Jersey acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of Intrum Justitia AB (“Intrum Justitia”) of Sweden by way of purchase of shares (the “Transaction”).³ Nordic Capital plans to combine the operations of Intrum Justitia with those of its portfolio company Lindorff. Lindorff is referred to as ‘the Notifying Party’ and Lindorff and Intrum Justitia are collectively referred to as ‘the Parties’.

I. THE PARTIES AND THE OPERATION

2. **Nordic Capital** is a private equity investor, primarily investing in large and medium-sized companies in the Nordic region and in German-speaking parts of Europe. It also invests in global healthcare and European industry.
3. **Lindorff** is one of Nordic Capital’s portfolio companies. It is headquartered in Norway and is active in the provision of credit management services (CMS), in particular debt collection, credit information and scoring, payment services and

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 OJ L 1, 3.1.1994, p. 3 (the ‘EEA Agreement’).

³ Publication in the Official Journal of the European Union No C128, 22.04.2017, p. 5.

invoice services, and in debt purchasing. Lindorff is present in the following European countries: Denmark, Estonia, Finland, Germany, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland, Spain and Sweden.

4. **Intrum Justitia** is active in the provision of CMS and factoring and in debt purchasing. It is present in the following European countries: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland and the United Kingdom.
5. The Transaction involves the acquisition within the meaning of Article 3(1)(b) of the Merger Regulation by Nordic Capital of the whole of Intrum Justitia by way of a purchase of shares. Following the Transaction, Nordic Capital will hold an estimated [40-50]% of the shares in Intrum Justitia. The remaining shares in Intrum Justitia are widely dispersed and no other individual shareholder will hold more than 10% of shares. Nordic Capital will therefore acquire *de facto* control over Intrum Justitia.

II. EU DIMENSION

6. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million⁴ (Nordic Capital: EUR [amount], Intrum Justitia: EUR 601 million). Each of the undertakings has EU-wide turnover in excess of EUR 250 million (Nordic Capital EUR [amount] and Intrum Justitia EUR [amount]) but neither achieves more than two-thirds of its aggregate EU-wide turnover within one and the same Member State.
7. The Transaction therefore has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

III. MARKET DEFINITIONS

III.1. Introduction

8. Lindorff and Intrum Justitia are both debt collection agencies active in a large number of countries across Europe. They offer credit management services, including debt collection, to a range of customers including banks, telecoms and utilities companies and SMEs. They are also both active in debt purchasing, primarily in the area of unsecured debt.
9. The Parties' activities are largely complementary from a geographic perspective, with Lindorff being present mainly in Central and Eastern Europe and Intrum Justitia in Western Europe. There are a number of EEA Member States, however, where both are present, including the Denmark, Estonia, Finland, Germany, Italy, the Netherlands, Norway, Poland, Spain and Sweden.
10. The Transaction therefore creates a number of horizontally affected markets within both CMS (including debt collection) and debt purchasing in Finland, Sweden, Norway, Denmark and Estonia. It creates horizontally affected markets in debt

⁴ Turnover calculated in accordance with Article 5 of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C 95, 16.4.2008, p. 1).

purchasing only in Spain, Germany and the Netherlands. The Transaction does not create any reportable vertical links.⁵

11. The Commission has not previously considered the markets for CMS, debt collection or debt purchasing.

III.1.A. *Credit management services (CMS)*

12. The term credit management services (CMS) is used to refer to a number of related services that may be required by companies which provide goods or services on credit. The main types of CMS that can be distinguished are: credit information and scoring, payment services, invoicing and debt collection. CMS can be carried out by the company itself as part of its own operations or can be outsourced to a third party.
13. Credit information and scoring primarily involves performing creditworthiness checks on either new or existing customers, including for the purposes of debt collection.
14. Payment services are services that allow a company to offer its customers flexible payment options, such as invoicing or part-payment, while itself receiving payment immediately on completion of a sale. The payment services provider therefore covers the credit risk in the interim period.
15. Invoicing services involve generating and sending out invoices for transactions between the company and its customers.
16. Debt collection involves the recovery of overdue debts owed to a company including through recourse to legal collection procedures.
17. The Notifying Party submits that there is an overall market for the provision of CMS. It argues that, although there is no demand-side substitutability between the different services, clients often purchase them together in various combinations. The Notifying Party also refers to the high level of supply-side substitutability between different CMS. It maintains that the resources and expertise needed for providing the different types of CMS are largely the same.
18. The Notifying Party further argues that a product market for CMS (or any narrower product market within CMS) should include in-house provision of these services. The main reason for this claim is that, in the Notifying Party's view, a company's decision as to whether to procure CMS will depend on the cost relative to in-house provision, and that as such, in-house provision acts as a competitive constraint on CMS providers.
19. It is not contested that there is no demand-side substitutability between the different CMS services; the market investigation showed that also the supply-side substitutability between the different CMS is more limited than claimed by the Notifying Party. Whilst it is true that there may be some overlap in the resources

⁵ A number of Nordic Capital's portfolio companies are current or potential purchasers of CMS from Intrum Justitia and could also sell debt to Intrum. CMS are not, however, an essential input in these companies' businesses: any company generating receivables within its activities is a current or potential purchaser of CMS. Vertical links are therefore not relevant for the purposes of the competitive assessment of the Transaction.

and expertise required for the different services, it is not the case that all debt collection agencies offer the full range of services or could easily start doing so. A number of competitors mentioned that the largest debt collection companies typically provide the full range of services, but that for smaller companies this may be more difficult. The majority of respondents felt that it would be difficult for a company only active in debt collection to start offering additional services, e.g. invoicing or payment services, due to the significant investment required. Competitors often highlighted the need for dedicated IT systems, for each type of CMS, in particular for payment services⁶, while credit information and scoring also requires a very large database, which takes time to build up.

20. The market investigation indicated that in-house and external provision of CMS, in particular debt collection, are in no way substitutable for the vast majority of respondents. Although many customers perform some CMS in-house, this is most often the early stages of debt collection, e.g. sending the first couple of reminder letters, which does not require any particular expertise. There are also a number of respondents which like to keep collection in-house for their most important customers, in order not to risk damaging the relationship. For the vast majority of cases, however, respondents expressed a very strong preference for outsourcing debt collection as they do not consider it a core activity⁷, and expect that a specialised debt collection provider will be able to achieve better results more efficiently due to their expertise and resources⁸. The legal collection phase was in particular considered to be an area where specific skills and experience are required, which customers do not typically have in-house, making it difficult to carry out collection effectively.⁹ As a result, most customers consider it more cost-efficient to outsource the main part of collection activities.
21. Furthermore, only a minority of respondents would be inclined to insource debt collection activities were prices to increase. This is mainly due to the large investment that would be required to set up in-house collection units¹⁰, and also doubts as to whether, even given a price increase, it would be more economical in the long run to manage debt collection internally. The fluctuations in the volumes of

⁶ “To start providing payment services, investment in IT systems (secured servers, databases, connections to credit information providers, connections between the service provider and the client, user interfaces etc.) will be required.” Competitor, Estonia – Questionnaire 5, Q6.

“It is complex to start offering payment services from scratch. To deliver various types of payment after delivery options requires heavy IT investment and you need to have the right licences and staff with the right skills to have control of regulations and to monitor changes in regulations.” Competitor, Sweden – Questionnaire 3, Q6.

⁷ “We are a bank, not a late collection company. It is not our business strategy to run late collection” Customer, Sweden – Questionnaire 11, Q5.

⁸ “Collection is a specific profession better executed by dedicated professionals” Customer, Finland – Questionnaire 10, Q5.

“The external collection companies have a more efficient collection processes and they possess competence that we do not have in-house.” Customer, Norway – Questionnaire 12, Q5.

⁹ “We tried to do legal debt collection in house a number of years ago but it was stopped by senior management, probably because it was not profitable.” Customer, Denmark – Questionnaire 9, Q28.1.1.

¹⁰ “Once debt collection has been outsourced, it would be costly and complicated to take it in-house again. This is mainly due to systems and the need for recruiting new staff. Qualified staff is also hard to find in the market.” Customer, Denmark – Questionnaire 9, Q28.1.1.

debt cases to be collected on can make it difficult for smaller companies in particular to have sufficient staffing levels without incurring excessive costs.¹¹

22. In view of the above, the Commission considers, firstly, that the market for CMS should be restricted to external provision of these services, as internal provision is not a realistic option for the majority of potential customers¹². For those companies which do choose to use in-house CMS teams for all or some of their customers, this decision results from strategic choices (e.g. giving preferential treatment to the most important customers), rather than a comparison of the cost-effectiveness of internal and external provision. Furthermore, the difficulty of switching between in-house and external provision means that it would be inconceivable for companies to alternate between the two in response to movements in prices or other such considerations.
23. Secondly, the Commission considers that the different services within CMS each form a separate market. Most importantly, the lack of demand-side substitutability between the services is a strong argument against considering that CMS could constitute one product market. As regards the supply-side, the market investigation results confirmed that not all debt collection agencies provide the other CMS, and for those that do, these other services are often offered as ‘add-ons’, particularly on the request of customers, but would not be provided on a stand-alone basis. It would require significant investment for a debt collector to start offering the other CMS. Similarly, for providers that specialise in payment services or invoicing services, for example, starting offering debt collection services would involve the set-up of a whole new business unit – it can in no way be seen as an extension to their existing business. In particular, the need to hold a specific licence for debt collection limits the supply-side substitutability between this and the other CMS, and suggests that it is not considered on a par with other CMS from a regulatory point of view.
24. For the purposes of this case, the only market of relevance is the market for debt collection, as the Parties do not provide any of the other services apart from in a package with debt collection services. The Decision will therefore focus on the analysis and the assessment of the debt collection market.

III.1.A.1 Debt collection

25. Debt collection can involve a range of different measures, all designed with the aim of achieving repayment of a debt. The main phases in the debt collection process are reminders, amicable collection, legal collection and debt surveillance. Debt collection is a regulated process, which can, in most countries, only be carried out by licensed providers. The fees that can be charged for specific services are also very often restricted by law.
26. Sending reminders to a debtor is typically the first stage in the debt collection process. Around 5-7 days after the due date for payment, a letter is sent to the debtor informing them that the debt could be transferred to amicable collection. Letters sent by a third-party debt collection provider can be sent either in its name or in the name of the creditor.

¹¹ “Debt collection is a cyclic activity, and we outsource to have the necessary flexibility” Customer, Norway – Questionnaire 12, Q5.

¹² With the partial exception of the very early stage collection, which in any case does not represent an alternative to the full service offered by CMS providers.

27. If a debt is not paid following one or a number of reminders, amicable collection then begins. The debtor receives a letter demanding payment, usually around 20-30 days after the payment date, warning that legal action could be taken. At this stage, additional action could be taken such as terminating an agreement or an ongoing contract (e.g. for a phone line).
28. Legal collection can only begin after amicable collection has been attempted. The debt collection provider (or the company itself) obtains a court order or other similar judgement allowing it to take enforcement measures, such as the garnishment of salaries or accounts and the seizure of property, goods and chattels.
29. Debt surveillance is usually used when it is clear that a debtor is currently unable to pay a debt. The debtor's financial situation is monitored, and when this improves, the debt can be moved back into amicable collection or legal collection.
30. The Notifying Party submits that, similarly to the CMS market, the debt collection market should be considered to include in-house provision. The Notifying Party maintains that there are companies in all sectors with their own debt collection unit, and also that companies with their own in-house debt collection unit can easily start providing debt collection services to third parties.
31. As described above, the market investigation revealed that the vast majority of respondents do not consider in-house debt collection to be a realistic alternative to the services provided by a specialist debt collector. Most customers acknowledge that they do not have the necessary skills and resources in-house to carry out debt collection, and that they would therefore not be able to achieve the same efficiency as professional debt collectors. Furthermore, customers generally do not consider debt collection as part of their core business activity and therefore have no inclination to devote time and resources to it. For most, there would need to be a very considerable increase in the price of external debt collection (at least more than 10%) for them to consider bringing debt collection in-house, in particular in view of the very significant investment this would require.
32. The Commission therefore concludes that in-house provision of debt collection services should not be considered to form part of the same market as debt collection services being provided to third parties. Potential customers of debt collection services do not generally see in-house collection as a valid alternative, and it is therefore unlikely that this theoretical possibility can act as a competitive constraint on debt collection agencies.
33. The Notifying Party submits that the debt collection constitutes one relevant product market, which should not be further segmented. The Notifying Party submits that most debt collection agencies supply most or all categories of clients, both in terms of their size or sector of activity and for most categories of debt, and that a debt collection agency that does not currently have clients in a particular sector can easily adjust its services to start competing for business from such clients.
34. The sections below set out the possible segmentations of the market for debt collection.

Segmentation of the debt collection market according to the sector in which the creditor operates

35. A possible segmentation of the debt collection market according to the sector in which the creditor is active, distinguishing between the following broad categories: banks and financial institutions, telecoms companies, utilities companies, the public sector and SMEs (including trade, retail and e-commerce).
36. The Notifying Party emphasises that the skills, processes and assets required to compete effectively in debt collection are generally the same for all clients, irrespective of the sector in which they operate. The types of specific requirements that clients in particular sectors may have are, in the Notifying Party's view, easily manageable. It gives the following examples: i) telecoms and utilities clients demand high levels of integration with specific IT systems, and the ability to signal to the company when a service should be cut off to a particular customer; ii) SME clients are more price-oriented and demand cost-effective collection; and iii) banks and other financial institutions are particularly concerned about adherence to ethical standards in collection and accurate reporting.
37. The Notifying Party further argues that the specific skills and resources required for serving a particular type of client can be acquired easily. For example, the IT add-ons can be purchased on the open market, and it is easy to attract and recruit new staff with the required skills and experience. Furthermore, the Notifying Party submits that a debt collection provider wishing to enter a new sector could also consider buying the in-house debt collection activities of a client in that sector. Lastly, the Notifying Party suggests that a debt collection provider could start by competing for smaller clients in a particular sector in order to acquire experience, which would then help it to acquire larger clients. The Notifying Party also mentions that banks in particular often add a new supplier to a benchmarking exercise, initially with only a small percentage allocation of their business, which can be a good opportunity for a debt collection provider to move into the financial sector.
38. The Commission notes, firstly, that some of the arguments put forward by the Notifying Party are very generic and lack sufficient reasoning specific to the debt collection market. In particular, it would be true to say in almost any sector that the expertise needed to start serving a new type of customer could be acquired by recruiting new staff or that new IT systems can be acquired.
39. More importantly, the market investigation confirmed that by no means all debt collection agents serve clients in all sectors, and that even those that do have clients across a number of sectors often see themselves as being specialised in one particular sector. As such, whilst a company may technically be able to meet the basic requirements of clients in all sectors, a specialised company is likely to be able to deliver a better service, and is therefore more likely to be chosen.¹³ Competitors explain that portfolios from different sectors will have different characteristics, which a debt collection provider would need to understand in order to be able to collect on the portfolio effectively.¹⁴ The origin of the debt claim can have

¹³ "A company which is specialised within a sector will be able to provide more accurate service." Competitor, Norway – Questionnaire 4, Q5.

¹⁴ "The cases in different sectors have different characteristics, such as the average face value, expected volume, average age or past-days-due date, sociodemographic characteristics of debtors, etc. These factors are significant in determining how to process cases efficiently." Competitor, Finland – Questionnaire 2, Q4.

consequences for the regulatory requirements relating to collection, and a debt collector would therefore need to have different workflows in place for debts from different sectors.¹⁵ Overall, the need for specialisation relates to both differing legal requirement and clients' needs and preferences.¹⁶

40. Sector specialisation is particularly strong in respect of the financial sector, due to the importance of industry-specific knowledge for serving banks and other financial institutions. Nonetheless, other sectors also have specific requirements, for example, telecoms and utilities customers often have large volumes of claims to process and therefore need debt collection providers to have highly automated systems that can be integrated directly with their own systems.¹⁷ Access to the relevant information registers may also limit the number of competitors active in certain sectors, in particular the public sector.¹⁸
41. Moreover, competitors confirm that expansion into other sectors normally only results from acquisitions¹⁹, as expanding organically within the business would require very significant investment, in particular in new IT systems and staff recruitment and training. The length of time and level of capital that this would involve is typically seen as being prohibitive for most debt collection agencies.
42. In addition, responses from customers demonstrated that they attach great importance to a provider's knowledge of their particular industry. This is one of the criteria most often mentioned when assessing the suitability of a potential debt collection provider²⁰, and strongly indicates that most customers would be hesitant to engage a provider who does not already have an established reputation in their sector. A number of customers in the banking and financial sector in particular emphasised that the need for knowledge of their sector has restricted the number of possible debt collection providers they could choose from, as they consider this expertise crucial to successful debt collection.²¹ In view of this, it would therefore be difficult for providers to move into new sectors where they do not yet have

"We work differently based on the capital, origin of the debt and the legislation in a sector." Competitor, Denmark – Questionnaire 1, Q4.

¹⁵ "Specific segments are associated with different regulatory requirements (for instance, financial institutions and financial literacy, utilities and non-enforceable services, transport and enforceability of penalties, etc.) which result in a variety of adjusted workflows and processes." Competitor, Sweden – Questionnaire 3, Q5.1.

¹⁶ "Clients active in different sectors have different demands as a result of the characteristics of their trade. Laws are different within different sectors (e.g. time bar, VAT)." Competitor, Sweden – Questionnaire 3, Q5.1.

"In parking the requirements are heavy, the debtor wants a photo; in telecoms, each claim is small and we need to minimise the number of steps; in banking, we can only obtain data on the debtor once the claim has moved into legal collection." Competitor, Denmark – Questionnaire 1, Q4.

¹⁷ "Utilities need direct integration in order to be handled efficiently and at low cost." Competitor, Denmark – Questionnaire 1, Q5.1.

¹⁸ "The parking sector is completely excluded for us due to restricted access to the traffic register." Competitor, Estonia – Questionnaire 5, Q4.

¹⁹ "The normal and fastest way to enter or extend operational capabilities is to acquire mid-sized providers. The vast majority of top-tier providers have chosen this way." Competitor, Sweden – Questionnaire 3, Q5.1.

²⁰ Customers, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 9, 10, 11, 12 and 13, Q11.

²¹ "There are not so many debt collectors in Finland that can be used in the insurance business." Customer, Finland – Questionnaire 10, Q12.1.

experience, other than by acquiring an existing business that is already active in a particular sector, as mentioned above.

43. In conclusion, there are strong indications that debt collection providers specialise in particular sectors. Moving into a new sector would require significant investment and may not be feasible even with capital available to invest due to the difficulty of obtaining the large volumes of data needed to compete effectively. In view of these considerations, it appears likely that there may be separate markets for debt collection for clients in different sectors, in particular banks and financial institutions, telecoms companies, utilities companies, the public sector and SMEs (including trade, retail and e-commerce).
44. For the purposes of this case, in any event, it can be left open whether there is one differentiated debt collection market or separate markets exist depending on the sector in which debt collection takes place, as the Transaction gives rise to competition concerns under any plausible market definition.

Segmentation of the debt collection market according to the size of the creditor

45. Another possible segmentation of the debt collection market according to the size of the creditor, distinguishing between large companies (typically major banks, telecoms and utilities providers) and small companies (e.g. SME and online or mail order retailers).
46. The Notifying Party submits that there is no need to distinguish separate markets for different sizes of clients. The Notifying Party argues that providers servicing smaller customers can adapt their systems relatively easily, including by increasing levels of automation gradually so as to extend their service offering to larger customers. It also maintains that clients may be willing to compromise on the level of automation, if, for example, smaller providers are able to offer a better price.
47. The market investigation did not support the Notifying Party's view as to the extent to which smaller providers can mitigate their disadvantage in terms of the system automation. In particular, it would appear unlikely that a smaller provider with lower levels of automation could nonetheless offer a better price than a large provider.
48. The market investigation provided very conclusive evidence that the size of the customer is an important criterion in determining possible debt collection providers. Both competitors and customers confirmed that only the largest debt collection providers would be able to meet the needs of large customers which generate high volumes of cases, and many large customers saw this as a major factor limiting their choice of possible provider.²² They do not consider smaller providers suitably qualified to meet their needs,²³ in particular as they are not able to match the standard of larger providers from a technical point of view, and do not have the

²² "There are only a few collection companies that really come into consideration for a bigger organisation like ours." Customer, Finland – Questionnaire 10, Q21.1.

"There are many options for collection agencies in Denmark but many of them are not able to handle a large customer such as our company." Customer, Denmark – Questionnaire 9, Q21.1.

²³ "Our first debt collector was a small company and it couldn't handle our business because we have so many invoices." Customer, Finland – Questionnaire 10, Q13.1.

same resources to devote to a client.²⁴ The time-sensitive nature of debt collection means that a provider needs to have the capacity to start dealing with large volumes of claims as soon as they arrive. This would not be possible for small companies who lack the staffing levels and the necessary systems to process such volumes of claims quickly and efficiently. The results of the market investigation also highlighted that large customers often require a wider range of services (e.g. including other CMS) that smaller providers may not be able to offer.²⁵

49. Competitors' responses also showed that they consider the skills required to serve large customers to be different to those needed for small customers. Of particular importance to large customers are high levels of compliance, the ability to provide detailed reporting and the integration of the provider and the client's systems. They may also expect the debt collection provider to tailor its collection processes and reporting to their needs, whereas smaller clients would typically accept standard processes and reports.²⁶ Competitors also emphasise the need for systems that can handle large amounts of claims when working with larger customers,²⁷ which, they acknowledge, may make it difficult for small debt collection agencies to meet the needs of these clients²⁸.
50. In addition, competitors were aware that customers, when inviting possible providers to tender for a new contract, may use the size of the debt collection agency and its number of staff as one of the criteria on the basis of which they choose which companies to invite.²⁹ This means that smaller companies would not even have the opportunity to compete for business from large clients.
51. Responses to the market investigation confirmed the Notifying Party's claim that sometimes staff dealing with debt collection move from the creditor to the debt collector as part of the contract. The Commission notes however that it also may further limit the opportunities for smaller providers to take on large clients. Small providers may not have the capacity to take on a proportionally significant number of new staff in this way, as this obviously implies additional costs and administrative work.³⁰
52. In view of the above, the Commission concludes that there may be distinct markets for providing debt collection services to customers of varying sizes, due in particular to the way in which customers' requirements vary with their size, and to the need for certain specific resources (e.g. highly automated IT systems and processes) to serve large customers. As size is a continuum, it is nonetheless

²⁴ "Technical solutions and available resources are our main criteria. We are a large customer, so we do not want to use a small collection agency." Customer, Norway – Questionnaire 12, Q10.1

²⁵ "Some of the smaller companies did not have all the services that we needed." Customer, Finland – Questionnaire 10, Q9.1.1.

²⁶ Competitors, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 1, 2, 3, 4 and 5, Q4.

²⁷ "For large customers we have to have a system that can handle a big amount of claims." Competitor, Norway – Questionnaire 4, Q4.

²⁸ "There may be some challenges for smaller companies to handle big volume clients." Competitor, Norway – Questionnaire 4, Q4.

²⁹ "In bigger tenders, there may be restrictions on the providers that qualify to compete based on turnover, number of staff, age of the company, international network etc." Competitor, Estonia – Questionnaire 5, Q5.

³⁰ "When we outsourced legal handling, Lindorff was the only provider that was able to take over FTE's from the bank. That was the main reason for rejecting other providers at that time." Customer, Sweden – Questionnaire 11, Q10.1.

difficult to define specific markets within debt collection according to the size of the consumer. The Commission also notes that there is some crossover between a segmentation based on size and a segmentation based on client sector, insofar as large customers are predominantly in banking, utilities and telecoms, whereas small customers are more often SMEs or e-commerce/market order retailers. Considering the sector and the size of the client together, the vast majority of competitors stated that not all debt collection providers are able to serve all clients.³¹

Segmentation of the debt collection market according to the age of the debt

53. The Commission has also considered a possible segmentation of the debt collection market according to the age of the debt being collected on. Debt collection can be outsourced at different points in time after the due date for the payment, depending in part on whether the company also carries out the initial stages of the process (e.g. sending the first couple of reminder letters) in-house. In general, ‘younger’ or ‘fresher’ debt is thought to be easier to collect on, and portfolios of young debt are sometimes referred to as ‘spinning’ debt, whereas older debt is expected to be slower to collect on, and is thus ‘long-lasting’.
54. The Notifying Party submits that the age of the debt is not a relevant parameter for segmentation of the market as all debt collectors are able, and do in practice, collect on all ages of debt. The Notifying Party recognises that the approach taken by a debt collector will vary according to the age of the debt, e.g. younger debt is likely to start in amicable collection whereas older debt may be assigned directly to debt surveillance, but argues that this does not affect the ability of debt collection agencies to manage collection on debt of varying ages. In particular, the Notifying Party contends that collection on different vintages of debt requires, in general, the same skills and resources and follows the same processes.
55. The Notifying Party also emphasises that a debt case typically stays with the same debt collection provider for its entire lifetime – this means that, even if a provider takes on a contract for servicing what is initially young debt, some of these cases will not be resolved quickly, and will therefore gradually ‘age’ whilst under the management of the debt collector. Agencies competing for collection contracts for young debt would therefore also need to be able to deal with older debt. As a result, CMS providers in reality manage debt cases of all ages.
56. The results of the market investigation largely confirmed the Notifying Party’s claims. Very few respondents stated that they specialise in a particular age of debt or would only buy debt above or below a specific number of days beyond the due date. The vast majority of competitors confirmed that they would not exclude any possible business based on the age of debt. Similarly, competitors confirmed that the age of the debt largely determines the type of collection that would be carried out³², and that different skills are therefore relatively more important for collection on

³¹ Competitors, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 1, 2, 3, 4 and 5, Q5.

³² “Fresher debt is easier to collect as solvent debtors tend to pay earlier. Thus the mix of insolvent and solvent debtors is more favourable in fresh cases, and this needs to be considered in the process flow.” Competitor, Sweden – Questionnaire 3, Q4.
“Fresh debts are mainly managed through amicable collection whereas old debts mainly require debt portfolio management and trade services.” Competitor, Finland – Questionnaire 10, Q4.

fresh and old debt respectively. Nonetheless, the vast majority respondents confirmed that they would be able to handle debt of all ages.³³

57. A small number of respondents also mentioned that the typical age of the debt may depend on the sector in which the creditor is active.³⁴ The age of the debt may therefore, to some extent, be taken into account in a segmentation of the debt collection market by sector.
58. In view of the above, the Commission considers that for the purpose of this Decision it would not seem appropriate to segment the market for debt collection according to the age of the debt.

Segmentation of the debt collection market according to security level

59. The Commission has considered a possible segmentation of the debt collection market according to the security of the debt being collected on, i.e. whether the debt is secured (on an asset) or unsecured. Collection procedures can vary for the two types of debt, as the final stage in collection of secured debt would involve the seizure and realisation of the asset on which the debt is collected. This would require very different skills and expertise to those needed for standard types of debt collection. In addition, the value that is likely to be able to be realised on the asset in question would also need to be assessed when determining the likely cash flow generated by the debt, and thus the terms of the collection contract.
60. The Notifying Party acknowledges that quite different skills and resources are needed for collection of secured and unsecured debt respectively, but argues that a provider active in one of these areas could easily expand into the other through the recruitment of new staff or by winning a debt collection contract that involves the transfer of staff and systems (i.e. where the client had previously performed in-house collection).
61. In the Commission's view, it is doubtful how easily debt collection agencies could move between secured and unsecured debt, given the vast experience of the two different processes required to be successful in each area. Nonetheless, this question is not of direct relevance to this case, as financial institutions (which represent the main creditors in the area of secured debt) in the Nordic markets do not typically outsource collection on secured debt. As such, secured debt represents only a very tiny proportion of the overall external debt collection market.
62. Respondents to the market investigation confirmed that collection of secured and unsecured debt respectively require very different skills and expertise.³⁵ They mentioned, for example, that collection on secured debt requires knowledge of the market for the asset in question, e.g. the housing market in the case of mortgage debt, and therefore generally needs greater specialisation. The majority of competitors were active only in bidding for unsecured debt, and customers active in the financial sector generally only reported having outsourced collection on

³³ Competitors, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 1, 2, 3, 4 and 5, Q4.

³⁴ “Each sector has distinct characteristics such as . . . average age or number of days past due date” Competitor, Finland – Questionnaire 10, Q4.

³⁵ “Secured debts require different IT-tools, collection processes and competence.” Competitor, Sweden – Questionnaire 3, Q4.

unsecured debt³⁶, thus confirming that there is only a very small market for external collection on secured debt in Denmark, Finland, Norway, Sweden (in the following paragraphs, these four countries may be collectively referred to as the “Nordics” or the “Nordic markets”), and Estonia.

63. Although the Notifying Party refers to the Nordic markets only when stating that collection of secured debt is typically performed in-house, the results of the market investigation suggest that the same is true for Estonia. Respondents, including financial institutions, do not refer to outsourcing of collection on secured debt, and this appears to constitute only a very small part of the market for debt collection.
64. The market share data provided by the Notifying Party also demonstrate that the total size of a hypothetical market for collection on secured debt is very minimal relative to the overall debt collection market in all the affected markets.³⁷
65. In view of the above, the Commission considers that there are strong indications that collection on secured and unsecured debt may be distinct product markets. For the purposes of this case, in any event, the question whether debt collection market should be segmented according to security level can be left open, as the Transaction gives rise to competition concerns under any plausible market definition.

Segmentation of the debt collection market according to category of debtor

66. The Commission has also considered a possible segmentation of the debt collection market according to the category of the debtor, i.e. distinguishing between private customers (B2C debt) and business customers (B2B debt). This distinction could be relevant for almost all the sectors which typically outsource debt for collection. The only categories of creditor which are likely to have exclusively B2C debts are e-commerce and mail order retailers, parking and credit companies which typically issue finance exclusively to consumers.
67. The Notifying Party acknowledges that B2B claims will typically be significantly larger than B2C claims. Nonetheless the Notifying Party submits that a possible segmentation of the market into collection on B2C debts and collection on B2B debts would not be relevant, as customers often outsource collection on portfolios containing a mix of the two types of debt and debt collection providers are able to service both debts of debt using mainly the same knowledge and resources.
68. The fees that can be charged for debt collection services are strictly regulated in all the markets in question, and the fee structure is often different for individual debtors and for businesses. Collection on B2B debts generally involves slightly higher fees than collection on B2C debts. Furthermore, individual B2B debts tend to be larger. A B2B portfolio is therefore likely to contain fewer individual debts than a B2C

³⁶ “Legal collection of secured debts is also done in-house. Mainly because collection agencies don't have the knowledge needed to collect on these debts.” Customer, Finland – Questionnaire 10, Q4.1.

³⁷ Total market size of a hypothetical market for collection on secured debt (2015): Denmark: - ; Sweden: EUR [amount]; Finland: EUR [amount]; Norway: EUR [amount]; Estonia: -. The only market where volumes of secured debt under external collection represent a significant part of the market is Norway, where revenue on collection on secured debt accounts for around [5-10]% of the total (external) debt collection market. On this market, however, Intrum Justitia is only marginally active (with revenue in 2015 of below EUR [amount], and a hypothetical market for debt collection on secured debt in Norway would not, therefore, in any case be considered an affected market.

portfolio of the same size, and could thus potentially be seen as higher risk. This may mean that smaller debt collectors are less likely to compete for collection on B2B debts.

69. The results of the market investigation showed that competitors do often differentiate between B2C and B2B claims when competing for business. Some are nonetheless active in both areas, but many work exclusively or predominantly on B2C claims and are more interested in winning contracts in this area.³⁸ Even those competitors that service both B2B and B2C claims recognise that the processes for collection are very different in the two areas.³⁹ In general, collection on B2B claims is thought to require more skill, including more specialised knowledge of the sector from which the claim originates.⁴⁰ B2C claims can be treated in a more standardised or automated way, whereas B2B claims require individual attention.⁴¹ A small number of respondents not active in collecting on B2B claims explained that this was because they lack the tools and capacity to do so. At the same time, however, debt collectors recognise that the same customers are likely to have both B2B and B2C claims.⁴²
70. Responses from customers mainly suggested that they do not distinguish between B2C and B2B when outsourcing debt collection. Some customer only have one or the other type of claims due to the nature of their business, but for those who have both, they tend to have the same debt collection provider(s), rather than separating the claims and holding two separate tenders.
71. In conclusion, there is evidence to suggest that collection on B2B claims requires greater specialist skills and knowledge than collection on B2C claims, and that, as a result, not all debt collection agencies are able to service B2B claims. From a customer perspective, however, there is generally little differentiation made.
72. In view of the above, it would appear that there may be a separate market for collection on B2B debt. For the purposes of this case, however, the question whether the debt collection market should be segmented according to category of debtor can, in any event, be left open, as the Transaction gives rise to competition concerns under any plausible market definition.

Segmentation of the debt collection market according to value of the individual tickets

73. Lastly, the Commission has considered a possible segmentation of the debt collection market according to the size of the individual debts (or ‘tickets’) within the debt portfolio on which collection is being outsourced.

³⁸ Competitors, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 1, 2, 3, 4 and 5, Q4.

³⁹ “B2B and B2C claims need to be processed differently” Competitor, Sweden – Questionnaire 3, Q5.1.

⁴⁰ “For business claims regulatory knowledge . . . and more specialised product staff are relatively more important than for consumer claims.” Competitor, Sweden – Questionnaire 3, Q4.

⁴¹ “Claims against businesses are generally more difficult to collect as different regulations apply. Consumer claims are more standardised.” Competitor, Finland – Questionnaire 2, Q4.

⁴² “B2B and B2C sectors are regulated differently in Finland and are therefore considered separate market areas. However, practically all larger customers have both B2C and B2B debt collection needs” Competitor, Finland – Questionnaire 2, Q4.

74. The Notifying Party does not submit any arguments relating specifically to this possible segmentation, but is in general of the view that any further segmentation of the debt collection market is unnecessary.
75. The market investigation generally indicated that this criterion is not, on its own, a major consideration for debt collection agencies when choosing which portfolios to bid for. The responses to the market investigation confirmed that competitors do distinguish between larger and smaller tickets in their collection processes. Small tickets are typically simpler to collect on and can be dealt with effectively using automated processes. Larger tickets, on the other hand, are seen as being more complex,⁴³ and tend to require more time and effort.⁴⁴ Most competitors, however, are willing to consider portfolios with different ticket sizes.⁴⁵
76. In view of the above, the Commission considers for the purpose of this Decision that a segmentation of the debt collection market according to value of the individual tickets would not lead to plausible relevant markets.

Conclusion on product market definition for debt collection

77. As described in the sections above, there are strong indications that there may be distinct markets within debt collection, in particular for customers in specific sectors, for secured and unsecured debt, and for B2B and B2C claims. Responses to the market investigation strongly suggest that the expertise and resources required for collection varies according to these characteristics, and that not all competitors are able to offer debt collection services to all customers. Instead, many specialise in a particular sector and/or do not have the capabilities to handle, for example, claims against businesses or secured debts.
78. In particular, servicing customers active in the financial, utility and telecoms sector requires automation and scale given the general high volume of claims that need to be handled. In particular, specialisation appears to be strongest in the financial sector, as the need for sector-specific expertise is greatest, and banks and other financial institutions account for a large proportion of the debt collection market. The Commission will therefore consider separate markets for debt collection based on the customers' sector of activity.
79. Given the fact that customers active in specific sectors (financial sector, telecoms, utilities) are also more likely to be larger in size than customers operating in other sectors, segmenting the market according to the customers' sector of activity is also a good proxy for a possible segmentation based on the customers' size.
80. It also appears likely that there may be a separate market for collection on B2B claims, as these require additional expertise and resources relative to B2C claims. The Commission will therefore also consider this as a possible narrower market.
81. As described above, there are strong indications that collection on secured and unsecured debt may be distinct product markets. In any event, this distinction does

⁴³ "As the size of the ticket increases, so does often the average complexity of the case." Competitor, Sweden – Questionnaire 3, Q4.

⁴⁴ Competitors, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 1, 2, 3, 4 and 5, Q4.

⁴⁵ Competitors, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 1, 2, 3, 4 and 5, Q4.

not need to be made for the present case, since the portion of secured debt outsourced for collection in the markets concerned is minimal.

The relevant geographic market

82. The Notifying Party submits that the geographic market for CMS including debt collection, is national, in particular in view of the fact that the services are mainly procured and provided at national level, and are subject to national regulation. In addition, the importance of language and cultural factors in the provision of CMS also suggests, in the Notifying Party's view, that the markets are national.
83. The market investigation strongly confirmed that the market for debt collection is national. The majority of customers source debt collection at national level, and a collection agency's reputation within a particular country is of paramount importance when choosing a provider. Respondents also considered knowledge of the local market and of the culture and language to be important criteria when evaluating possible debt collectors. Personal contacts with particular providers also appear to play a significant role, again underlining the importance of a local presence. From a supply-side point of view, the majority of competitors confirmed that they operate debt collection business units at national level. The differences in regulation and in collection practices between the markets mean that knowledge of a specific country is crucial to competing effectively⁴⁶, and debt collection agencies therefore typically have local account managers with the necessary expertise. The idea of operating without a local presence is not generally deemed feasible by competitors.⁴⁷
84. The importance of holding extensive data on a particular market, and being known by customers is also highlighted by the way in which debt collection agencies have expanded.⁴⁸ The vast majority of competitors that responded to the market investigation confirmed that setting up operations in a new geographic market would involve significant investment in terms of time and resources, and that, even should a company be willing to make such an investment, there may remain a number of obstacles, in particular the difficulty of acquiring the data needed to start operating, lack of knowledge of local regulations and of customers' needs, and the time required to build a network of possible clients and/or partners to work with.⁴⁹
85. The Commission therefore concludes that for the purpose of this Decision, at least in the markets of relevance to this case (Finland, Sweden, Denmark, Norway and

⁴⁶ "There is always different legislation in each new market and a new way of cooperating with clients" Competitor, Denmark – Questionnaire 1, Q11.1.

⁴⁷ "Serving national customers without a presence in a market is not an option for regulatory and sociodemographic reasons." Competitor, Sweden – Questionnaire 3, Q7.1.

⁴⁸ "Over the last 10 years, the industry has hardly seen any top-tier provider enter a new market by setting up a new organisation. The reason for this is that the time-to-market, data availability and technological platform outweigh the potentially necessary integration costs. The top-tier players' approach to internationalisation has therefore been focused on consolidation, and has increased the bargaining power of those larger players. To enter a market through a new organisation, one would need at least EUR 15m investment over the course of five years." Competitor, Sweden – Questionnaire 3, Q10.2.

⁴⁹ "A barrier for providing services in another country could be that one does not have enough local knowledge about the services that are needed, or how the local companies carry out their business. Furthermore, regulatory requirements could also create a barrier." Competitor, Norway – Questionnaire 4, Q11.1.

Estonia), the geographic market for the provision of debt collection and its potential segments is considered to be national.

III.1.A.2 Other CMS

86. The Transaction creates horizontal overlaps in CMS other than debt collection, but none of these overlaps leads to an affected market.⁵⁰ These markets will not therefore be discussed further in this Decision.

III.1.B. *Debt purchasing*

87. Debt purchasing involves the purchase of a creditor's claim, whereby the ownership of the debt is transferred to the debt purchaser. In the majority of cases, the debt is collected by the purchaser, either in-house or in partnership with a debt collection provider. The Commission has not previously assessed the existence of a possible market for debt purchasing.
88. The Notifying Party explains that debt purchasing is a relatively new area of business, which has only really taken off over the last 15 years. Furthermore, the Notifying Party points out that debt purchasing has developed significantly in recent years, with sellers setting up more sophisticated sales processes and the number of competitors on the market increasing.
89. Debt sales are usually concluded following either a closed tender procedure or bilateral negotiations. Where the seller chooses to hold a tender procedure, it invites a number of potential purchasers to submit offers for the portfolio. At this stage, it provides only fairly limited information on the portfolio and offers are therefore non-binding. Based on the prices offered, the seller will then make a shortlist of its preferred buyers (typically three or four). These buyers are then provided with more detailed information on the portfolio and are invited to submit a binding offer. At this stage, there may also be some negotiations before the seller selects its preferred buyer and concludes a contract for the sale.
90. In some cases, sellers holding closed tenders for debt sales also enlist the services of advisors, which usually manage the running of the tender procedure and often either choose or advise on the potential buyers to invite. Where advisors are involved, the longlist of purchasers invited to submit bids is often somewhat longer than in cases where the seller organises the tender procedure directly.
91. Debt sellers also sometimes prefer to contact one single potential purchaser when they have a portfolio to offer for sale. This party is invited to submit a bid, and there are then usually negotiations between the seller and the buyer on the price and any other terms of the sale. Bilateral negotiations of this type often occur when the debt seller chooses to sell to the debt collection provider currently servicing the portfolio.

⁵⁰ With the partial exception of Finland. The Parties' combined market share in 2016 in payment services in Finland was [40-50]%, with Intrum Justitia bringing a small increment of [0-5]%. The Parties confirmed that neither of them provides payment services as a stand-alone service, but only as part of a package with debt collection services. Moreover, the majority of Intrum Justitia's revenue from payment services in Finland in 2016 was related to [...]. Given the small increment in market shares brought by the Transaction and the fact that payment services are provided in connection with debt collection, which is an affected market in Finland, the market for payment services will not be discussed further in this decision.

92. The Notifying Party submits that four main capabilities are required in order to compete successfully in debt purchasing: i) the ability to value debt portfolios; ii) access to data; iii) the ability to raise funds, i.e. access to capital; and iv) the ability to arrange for collection on the debt.
93. In relation to the first point, i) the ability to value debt portfolios, the Notifying Party explains that debt portfolios are either valued by means of statistical modelling, if the number of individual cases is large, or by analysis of the individual debts and debtors, if the number of cases is smaller. In addition, in the case of secured debts, the purchaser would also need to value the underlying security. The Notifying Party argues that debt purchasers generally possess the skills necessary to value any portfolio.
94. In relation to the second point, ii) access to data, the Notifying Party explains that a potential purchaser will use both the data provided by the seller and other sources of information to value the portfolio. The Notifying Party emphasises that it is in the seller's best interests to provide as much information as possible, at least in the final stage when a smaller number of potential purchasers have been invited to submit binding offers. Otherwise, the bidders will be obliged to leave a large margin for error, in order to be sure to avoid making a loss on the portfolio, and bids will be less competitive.
95. The Notifying Party mentions that purchasers may also use data on comparable portfolios they already own or have collected on, or may buy or obtain additional data from third parties, e.g. credit information agencies or public sources. In the Notifying Party's view, it is not essential to have internal data in order to be able to value a portfolio accurately, as sufficient information can be obtained from the seller and from external sources.
96. In relation to the third point, iii) the ability to raise funds, the Notifying Party submits that debt purchasers can generate capital in a number of different ways, in particular, i) by reinvesting cash collected on their existing portfolios, ii) by issuing new stocks or debt, or iii) by entering into a co-investment agreement with an investment fund.
97. In relation to the fourth point, iv) the ability to arrange for collection on the debt, the Notifying Party argues that a debt purchaser can either collect on the debt itself or outsource collection, thus it is not necessary to have in-house collection capacity to be able to compete effectively on the debt purchasing market.
98. Contrary to the claims made by the Notifying Party, the results of the market investigation indicated that it may be necessary to further segment the debt purchasing market, at least on the basis of the security of the underlying debt (secured debt v. unsecured debt). The results of the market investigation reveal that some competitors focus on the debt portfolios sold by the financial institutions. It seems however that this is because the vast majority of debt portfolios on sale, is sold by financial institutions.
99. The majority of competitors who responded to the market investigation purchase only unsecured debt, and see secured debt as a totally different area of the market, involving quite different skills and processes. The general view was that purchasers

specialise in either secured or unsecured debt, although there are incidences of competitors being seen as strong in both areas.⁵¹ A number of respondents explained that the skills needed to purchase secured debt are far more specialised, as expertise is needed in both the valuation of the underlying asset and in realisation of the value of this asset – both skills which are entirely distinct from those required for valuation of and collection of unsecured debts.⁵²

100. Internal documents provided by the Parties confirmed that they both focus mainly on consumer unsecured debt, and in particular on the financial sector. Internal documents prepared in relation to the merger highlight that Intrum Justitia purchases [share]% of its debt from financial institutions and Lindorff [share]%.⁵³ These proportions, in particular for Lindorff, demonstrate that financial sector debt is a main focus for both the Parties. It should be however underlined that overall, the debt portfolios sold are in vast majority sold by the financial institutions.
101. A significant number of customers see a clear distinction between the markets for secured debt and unsecured debt. The reasons they give for this are similar to those mentioned by competitors, and relate mainly to the different skills and expertise needed for valuation and collection.⁵⁴ Debt collectors were seen as the typical bidders for unsecured debt whereas secured debt is perceived as attracting more interest from investment funds and private equity.⁵⁵ Some respondents did mention that, although investment funds may be present in unsecured debt, it is debt collection companies that are the strongest competitors in this area.⁵⁶ Customers often only had experience in one or the other area (e.g. some banks outside the Nordic markets only sell secured debt, and customers other than banks generally only sell unsecured debt). Many customers were also aware that their unsecured portfolios would be too small to be of interest to investment funds – at least in some markets, the size of a portfolio and its type (secured or unsecured) appear to be related, with secured portfolios typically seen as higher value, and therefore more attractive to financial investors.⁵⁷
102. Some respondents to the market investigation also saw specialisation by sector as typical of the debt purchasing market.⁵⁸ The general picture was often that debt purchasers generally prefer to purchase in the same areas as where they are active in

⁵¹ “Purchasers are typically specialised in secured or unsecured.” Competitor, Denmark – Questionnaire 1, Q41.

⁵² Competitors, Germany, Netherlands, Spain – Questionnaires 6, 7 and 8, Q4.4. Competitors, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 1, 2, 3, 4 and 5, Q38.

⁵³ Nordic Capital internal document of 14 November 2016, entitled 'Intrum Justitia and Lindorff to Combine, Creating the industry leading provider of credit management services,' Form CO, Annex NC16, slides 8-9.

⁵⁴ “They specialise according to secured vs. unsecured, as the collection competence differs significantly according to whether collaterals play a role or not.” Customer, Germany – Questionnaire 14, Q8.1.

⁵⁵ Customers, Germany, Netherlands, Spain – Questionnaires 14, 15 and 16, Q6 and Q7.1. Customers, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 9, 10, 11, 12 and 13, Q38.

⁵⁶ Customers, Spain – Questionnaire 16, Q7.1.

⁵⁷ “The nominal value of (NPL) consumer portfolio's sold in the Netherlands is usually too small (< EUR 25 million) for private equity and asset management companies to be interested. They are more interested in commercial real estate (CRE), secured loans (mortgages), deleveraging transactions and the sale of non-core assets.” Customer, Netherlands – Questionnaire 15, Q11.1.

⁵⁸ “Most purchasers specialise in a specific industry, although seeking opportunities in other industries” Competitor, Denmark – Questionnaire 1, Q41.

debt collection, meaning that if a competitor specialises in the collection of financial sector debt, they would also be mainly interested in purchasing in this same segment.⁵⁹ The reasons for this tendency are further detailed in the section IV.1 below on the link between debt purchasing and debt collection. The specialisation seen by sector in debt collection, in particular specialisation in the financial sector, may therefore mean that segmentation of the debt purchasing market by sector is also relevant, at least insofar as relates to the financial sector, which accounts for a large proportion of all debt sales.

103. In view of the above, the Commission concludes that purchasing of unsecured debt constitutes the relevant product market in the area of debt purchasing. There may also be a narrower market within this overall market, in particular for the purchase of debt originating in financial sector, this question can, however, be left open as the competitive assessment of Transaction remains the same for the overall market for purchasing unsecured debt and the market for purchasing unsecured debt from financial institutions..

The relevant geographic market

104. The Notifying Party submits that the geographic market for debt purchasing is EEA-wide. The main reasons it gives for this are as follows:
105. Firstly, the Notifying Party contends that it is not necessary to have the ability to collect on the debt in a particular market in order to be able to compete effectively in debt purchasing in that market. It claims that sellers are interested in obtaining the best price for the portfolio and will not consider whether the purchaser is present in collection in that country. Furthermore, a purchaser can easily cooperate with a local debt collection agency if it does not have the knowledge needed to value the portfolio accurately.
106. The Notifying Party further argues that the modelling and analysis skills required to value portfolios are the same across all countries, and that debt purchasers can therefore easily enter a new market without having to develop new tools or processes.
107. Third, the Notifying Party emphasises the importance of the data provided by the seller for valuing the portfolio, thus reducing, in its view, the need for additional information which may come from already being active in a particular national market. Any additional information which is needed can easily be purchased from specialised service providers or obtained from publicly available sources.
108. In relation to the size of portfolio, whilst conceding that investment funds may only be interested in portfolios above a certain size, the Notifying Party maintains that, in general, competitors will be interested in all sizes of portfolio, that sellers will typically invite potential purchasers from beyond their national borders, and that sellers may also bundle debt into larger portfolios if they feel that this will increase the number of interested buyers.
109. Lastly, the Notifying Party mentions that sellers may choose to sponsor the entry of new players into a particular country in order to increase the number of competitors

⁵⁹ Customers, Netherlands – Questionnaire 15, Q8.

present. The seller normally provides some sort of assistance to allow the new entrant to compete on a level playing field with existing competitors.

110. The results of the market investigation strongly contradicted most of the Notifying Party's arguments. A large majority of customers confirmed that, for unsecured debt, it is important to them for the debt purchaser to have local knowledge and many also mentioned that they have a strong preference for selling to purchasers that are active themselves in debt collection in the same geography.⁶⁰ Some sellers are prepared to consider selling to investment funds, but generally only when the investment fund is buying in partnership with a debt collector having local knowledge, that will then collect on the whole of the portfolio.⁶¹ The vast majority of customers emphasise that they still consider debtors as 'their customers' even when a portfolio has been sold on, and therefore attach considerable importance to the debt collection practices of the purchaser. Sellers generally feel that their reputation would suffer were a purchaser to employ bad practices in collection, and they therefore go to great lengths to assure themselves of the credentials of the purchaser.⁶² For unsecured debt, a purchaser who is unknown in the national debt collection market would therefore not be considered in the vast majority of cases. The picture is quite different for secured debt, as local presence is regarded as much less important (again illustrating the clear distinction between purchasing of secured and unsecured debt).⁶³
111. The Notifying Party's second point that the models used for valuing portfolios across markets are the same is not contradicted by the market investigation, but competitors also emphasised the importance of specific benchmark portfolios. These would need to be from the same national market and industry, and it is therefore only competitors that are already active in a specific market that would have such information in-house.
112. Furthermore, competitors almost unanimously confirmed that the data provided by the seller is not sufficient to perform an accurate valuation.⁶⁴ Many competitors regarded in-house data as more valuable, and almost all saw it as at least as valuable in being complementary to the data provided by the seller.⁶⁵ A small number of competitors recognised the existence of other third party sources of information

⁶⁰ "Collection companies are most suitable." Customer, Finland – Questionnaire 10, Q38.

⁶¹ "If a reputable third party conducts the actual collection activities, it could be an option." Customer, Sweden – Questionnaire 11, Q38.1.

"If the portfolio is large enough and the investors team up with the right servicing party, it can be a good arrangement" Customer, Netherlands – Questionnaire 15, Q11.1.

⁶² "To avoid bad collection practices potentially distorting our reputation as the selling institution, we need to know that clients are treated according to good practice." Customer, Norway – Questionnaire 12, Q36.

"We expect our customers to be treated as well as we would treat them ourselves." Customer, Netherlands – Questionnaire 15, Q9.

"We consider ourselves responsible for the treatment of our customers. We do not want to be associated with a potentially unreliable partner." Customer, Netherlands – Questionnaire 15, Q9.

⁶³ Customers, Spain – Questionnaire 16, Q7.1.

⁶⁴ "You need to have experience and data regarding the type of debt you want to buy. Otherwise you will not be able to calculate the right price of the portfolio." Competitor, Denmark – Questionnaire 1, Q42.

⁶⁵ "Own data from collection workout is essential and typically more reliable than those of the seller." Competitor, Germany – Questionnaire 6, Q36.1.

from which data could be bought, but these sources were generally regarded as unreliable and/or not sufficiently detailed.⁶⁶

113. Sellers consider the reputation and collection practices of potential purchasers to be amongst the most important criteria for assessing suitable competitors, and the Notifying Party's argument that sellers will be prepared to look beyond their national borders in order to obtain a better price does not appear to hold. Furthermore, both competitors and customers confirm that portfolios almost always contain debt from a single country. The extent to which sellers with small portfolios can bundle debt to create larger portfolios would appear to be very limited. The market investigation showed that many already only hold fairly occasional sales (typically every 1-2 years), which already include all the debt they consider suitable to sell (based on calculations of the likely rate of return). Further bundling does not therefore seem feasible. A significant proportion of debt is also sold through forward-flow arrangements, where bundling would not in any case be an option.⁶⁷
114. The Notifying Party's last point, relating to sponsoring of market entry, refers, in the Commission's view, to isolated incidents rather than a phenomenon of sufficient scope to have any impact on the overall market landscape. The vast majority of competitors' responses confirmed that it was very difficult to enter neighbouring markets, even for players who are strong elsewhere. One of the main reasons for this is the lack of knowledge and data on the local market, which makes it very difficult to make competitive bids and to collect efficiently on the portfolio.⁶⁸ Competitors also emphasised the need to have debt collection capacity in the market.⁶⁹ In addition, there can be considerable differences in both local debt collection practices and national regulation, which can make it very difficult for a provider that does not know the national market to compete effectively.⁷⁰ All these factors can constitute significant barriers to entry for expanding from one country into a neighbouring market.⁷¹ In addition, competitors emphasised the time and financial investment that would be required to enter a new market, even if all these obstacles were overcome.⁷²
115. In addition to the above, the results of the market investigation also showed that the majority of competitors manage debt purchasing at least in part at national level. In

⁶⁶ Competitors, Germany, Netherlands, Spain – Questionnaires 6, 7 and 8, Q35.1.1 and Q35.1.2. Competitors, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 1, 2, 3, 4 and 5, Q22.

⁶⁷ Forward-flow agreements are situations in which debt purchaser agrees to buy a certain amount of debt at a pre-agreed price to be paid for and transferred from seller in smaller tranches at pre-determined future points in time.

⁶⁸ "In our opinion, buying debt from new area requires a lot of knowledge about the local circumstances (legal, processes, economics etc.). We have not considered expanding to new countries currently." Competitor, Finland – Questionnaire 2, Q44.

⁶⁹ "The most significant barriers are the access to historical data per industry and the availability of a suitable debt collection service, especially when operating with external debt collection providers." Competitor, Denmark – Questionnaire 1, Q46.

⁷⁰ "It is difficult due to the fact that the legal system and access to public information is different in every country." Competitor, Estonia – Questionnaire 5, Q45.
"Each country has their own particular debt collection procedures. They differ a lot and if you don't know how it works it is almost impossible to forecast the outcome" Competitor, Netherlands – Questionnaire 7, Q10.1.

⁷¹ Competitors, Germany, Netherlands, Spain – Questionnaires 6, 7 and 8, Q10.1 and Q11.1. Competitors, Denmark, Finland, Norway, Estonia and Sweden – Questionnaires 1, 2, 3, 4 and 5, Q11.

⁷² Competitors, Spain – Questionnaire 8, Q10 and Q10.1.

some cases, there is collaboration between national and regional/central level, e.g. where national managers are in contact with the sellers and propose the bids they would like to make, but need approval from regional or central level.

116. Similarly, competitors confirm that regulations and market conditions differ significantly between countries, again indicating that markets are likely to be national.⁷³
117. In view of the above, for the purpose of this Decision the Commission concludes that the market for purchasing of unsecured debt and its potential segments are national in scope.

IV. COMPETITIVE ASSESSMENT

IV.1. Link between debt collection and debt purchasing

118. To the extent that debt purchasers then collect on the debt they own, debt collection and debt purchasing are very closely related markets, as both require expertise in valuing portfolios and in collecting on debt. From the point of view of the creditor, the two ‘services’, i.e. external collection on debt and sale of its claims, could also be seen as alternatives. A company which is owed money by its customers has a number of choices available: it can i) choose to collect on the debt itself, if it has the internal resources and expertise necessary, ii) outsource debt collection to an external provider, or iii) sell the debt. The choice between these three options will typically depend on the company’s own resources and the predicted rate of return that each would deliver. As discussed above, option (i) is not realistic for many companies as they do not have the tools and staffing to handle debt collection in-house. The choice between (ii) and (iii) will depend mainly on which the company thinks will achieve the highest rate of return overall, and on their desire to get the debt off their balance sheet and generate income on it immediately.⁷⁴ If a company outsources debt collection, the cash flow this generates will by definition be uncertain, and may be spread over a number of years, whereas a debt sale offers a certain and instant revenue, but without the possibility of higher-than-predicted returns.
119. Even if debt collection and debt purchasing are separate markets, it is clear that there are very strong links between the two activities, and that competitive strength in one area constitutes a significant advantage in the other. The results of the market investigation demonstrated that both competitors and customers perceive debt collection and debt purchasing (on unsecured debt) as closely linked. The main reasons for this are as follows.
120. The vast majority of respondents confirmed that experience in debt collection makes it easier to compete in debt purchasing, and many even considered debt collection experience and capacity a necessity for success in debt purchasing. Debt collectors are better placed than other competitors to value portfolios as they hold large

⁷³ “Conditions differ considerably between countries mainly due to differences in regulation. There are also some differences in the macroeconomic environment and in competitive pressure.”

⁷⁴ “We only sell portfolios if this is a better option in terms of return than maintaining the assets on our balance sheet.” Customer, Spain – Questionnaire 16, Q4.
“The price should justify the decision to sell the debts rather than collecting them through internal and/or external collection processes.” Customer, Netherlands – Questionnaire 15, Q9.

volumes of data that they have amassed over time through their debt collection activities. Competitors described how they use these portfolios as benchmarks in order to predict the likely collection revenue on portfolios they are bidding on, and thus to be able to value the portfolio more accurately and make a more competitive bid.⁷⁵ The advantage of being present in debt collection is therefore all the greater if the provider is active in the same sectors and types of debt in collection and purchasing, as the portfolios will then be more comparable.⁷⁶ One of the reasons for the importance of internal data is that the data provided by the seller is generally considered to be insufficient to value the portfolio accurately and the availability and usefulness of other sources of information is very limited.⁷⁷

121. Furthermore, presence in collection is itself a significant competitive advantage. As mentioned above, when selling portfolios companies are still concerned that debtors will be treated correctly, as they consider any mistreatment of customers as a risk to the company's own reputation, even if this occurs after the portfolio has been sold. As revealed by the responses to the market investigation, for debt sellers, the reputation of the purchaser is one of the most important selection criteria. When organising tender procedures, sellers usually preselect the potential purchasers to invite based on a number of criteria, including their reputation and collection practices. In the knowledge that only purchasers that meet certain requirements are included in the invite to tender, the seller can then choose between the bidders primarily on the basis of price. Whilst most sellers do not exclude selling to a purchaser that does not have its own debt collection activity in-house, they would almost always need to know, before even inviting this competitor to bid, which collection agency it would work with and for this collection agency to have a strong reputation in the market.⁷⁸
122. From the debt purchasers point of view, this is more complicated and it is often the case that debt collectors concentrated their debt purchasing activities in countries where they have collection capacity.
123. The responses to the market investigation also indicated that there is often a direct link, with customers of debt collection services often choosing to sell to their incumbent provider. A significant proportion of competitors report that business from debt collection clients accounts for a large proportion of their debt purchasing. Some respondents suggest that customers would only sell directly to their existing debt collector without holding a tender when the portfolio is quite small (and would therefore arguably not justify the cost of holding tender procedure), whereas for larger portfolios, they claim that most sellers would always hold a tender procedure

⁷⁵ "Benchmarking against a similar portfolio is necessary." Competitor, Netherlands – Questionnaire 7, Q35.1.1.

⁷⁶ "Having debt collection services in place is very helpful for gathering data. The more comparable the tender portfolio is to the debt collection portfolios (e.g. industry, age and average amount of claims), the less risk there is in acquiring the portfolio, as the purchaser can make precise estimations of expected returns." Competitor, Germany – Questionnaire 6, Q36.

⁷⁷ "Debt collection data is by far more important than data provided by the seller." Competitor, Finland – Questionnaire 2, Q70.

"Consultants use generalised quotas for the recovery curves of the portfolio which may neglect the specifics of the buyer." Competitor, Finland – Questionnaire 2, Q69.
Competitors, Spain and Netherlands – Questionnaires 7 and 8, Q35.1 and Q35.1.2.

⁷⁸ "If the portfolio is large enough and the investors team up with the right servicing party, it can be a good arrangement" Customer, Netherlands – Questionnaire 15, Q11.1.

(which does not, of course, prevent the existing debt collector from ultimately participating in the tender and purchasing the portfolio).⁷⁹

124. Both customers and competitors confirm that the debt collection provider will have a number of advantages over other competitors in bidding for the portfolio, and also that there are several practical and cost benefits to the seller; First, the debt collection provider will be best able to value the portfolio as, having collected on it, it will have by far the best knowledge of the portfolio and will be able to predict future cash flow most effectively.⁸⁰ As a result, the debt collection provider will have a lower margin for error on its bid and will therefore be able to submit a competitive price.⁸¹ A minority of customers did, however, acknowledge that the debt collector's in-depth knowledge of the portfolio may result in it offering a lower price.
125. Moreover, several customers explained that depending on the terms of the debt collection agreement, the current debt collection provider may be able to prevent other potential purchasers from having access to data on collection on the portfolio to date, thus further increasing their own advantage in the bidding process. If data on collection are considered to belong to the debt collector, such collector can prevent the owner of the debt from providing data on collection.⁸²
126. In addition, many customers mentioned the convenience of selling to their existing debt collector. The data on the individual debt cases will have already been transferred to this provider, and, to the extent necessary, the customer and the provider's IT systems will already have been integrated to allow the transfer of cases and feedback of information and reporting. As such, very little further integration will be needed at the point of selling the debt, as the cases themselves are already with this provider.⁸³ Selling to the incumbent debt provider therefore minimises the additional work and time entailed by the process of selling a debt portfolio.⁸⁴
127. Many customers also mentioned that they prefer selling to their existing debt provider because they already have a good relationship with them, and know their collection practices. They can therefore sell the portfolio in the knowledge that their customers (i.e. the debtors) will continue to be treated in the same way, and that the company's reputation will not risk being damaged by malpractice on the part of a

⁷⁹ Customer, Spain – Questionnaire 16, Q16.2.

⁸⁰ “The current servicer has an information advantage as it was able to learn from the collections conducted on these claims and thus will be better able to assess the value of the portfolio.” Competitor, Germany – Questionnaire 6, Q16.1.

“As the debt collector has all the information about the debtors, action taken to date, payment history etc. it has a huge advantage over third parties.” Competitor, Netherlands – Questionnaire 7, Q16.1.

⁸¹ “The debt collector has much more information about the portfolio than its competitors, which will reduce risk and uncertainty regarding the portfolio performance, and hence allow it to make the highest bid.” Competitor, Sweden – Questionnaire 3, Q51.1.

⁸² Customer, Netherlands – Questionnaire 15, Q12.2 and Q12.3

⁸³ “It definitely supports a simple sales approach as KYI checks are already performed, compliance requirements already meet at the point of entering into the third party collection agreement as is the technical transfer of receivable details.” Customer, Norway – Questionnaire 12, Q39.1.

⁸⁴ “There are few start-up costs such as implementing workflows, processes and training staff, which makes it easier and cheaper to sell to the debt collection supplier which is already servicing the portfolio.” Competitor, Sweden – Questionnaire 3, Q50.1.

debt purchaser.⁸⁵ There is a very strong feeling amongst sellers that debtors continue to be their responsibility and that any problems with collection practices would reflect on their company. In addition, selling to the existing debt collection provider means that debtors will continue to deal with exactly the same people, and that there will not therefore be any interruption or risk of complaints.⁸⁶

128. Lastly, a large number of respondents mentioned the risk of incurring additional fees if debt is sold to a purchaser other than the incumbent provider. Debt collection contracts often include provisions to ‘compensate’ the debt collector should the owner of the debt choose to sell, but these charges are obviously dropped if the owner of the debt is selling to the current collector. There is therefore also often a financial incentive for customers to sell to their current debt collector.⁸⁷
129. The Parties’ internal documents also confirm that debt collection customers constitute an important source of debt purchasing business. One document states that a “[...]”,⁸⁸ while another explains that “[...]”.⁸⁹ The more general complementarity between debt purchasing and debt collection is also described in an internal document that cites the benefits of this link, namely “[...]”, which lead to “[...]”.⁹⁰
130. As illustrated by the above, there are both financial and other incentives for customers to sell to their existing debt collection provider.⁹¹ The price bid by the debt collector is likely to be competitive, due not only to their knowledge of the portfolio but also because they do not have to take account of the cost of system integration and other processes in their price. The customer also often sees selling to their current provider as the easiest and lowest-risk solution.⁹²
131. A minority of customers were aware of the risk of a conflict of interest in selling to their existing debt collection provider. The knowledge that the customer is likely to

⁸⁵ “The selling party has already established a relationship, and knows the level of compliance (which eliminates the risk of potential reputational damage if a provider does not conduct collection in an appropriate manner).” Competitor, Netherlands – Questionnaire 7, Q16.1.

⁸⁶ “Customers are already in contact with the current debt collector which is an advantage for both parts.” Customer, Estonia – Questionnaire 13, Q39.

⁸⁷ “It is much easier to sell to a provider who is handling the debt collection activities based on the price/ fee structure used in debt collection in Finland. In some cases it can even be an obstacle to sell to some other provider.” Competitor, Finland – Questionnaire 2, Q50.

⁸⁸ Nordic Capital internal document of November 14 2016, entitled 'Intrum Justitia and Lindorff to Combine, Creating the industry leading provider of credit management services,' Form CO, Annex NC16, slide 17.

⁸⁹ Lindorff internal document of October 13 2016, entitled '[name], Market perspective' Form CO, Annex L12, slide 42.

⁹⁰ Internal document of 13 March 2017, entitled 'Intrum Justitia and Lindorff to Combine, Creating the industry leading provider of credit management services,' Form CO, Annex MSC1, slide 47.

⁹¹ “The agency we have been sending our debt collection cases to usually has the most interest in our portfolio. For us as well it is easiest to sell it to a party who has full understand of the contents of the portfolio. They also usually offer a better price than a party that has no knowledge of the portfolio.” Customer, Estonia – Questionnaire 13, Q39.

⁹² “Selling to other companies would be difficult and expensive.” Customer, Finland – Questionnaire 10, Q39.

ultimately sell the portfolio to them may disincentivise efficient collection.⁹³ These customers were therefore reluctant to sell to their debt collection provider.

132. Overall, a majority of customers (around 60%) have sold debt portfolios to the company that was providing them with debt collection services at the time of the sale. For many respondents, this is a normal, routine part of their process for handling debts.⁹⁴ In addition, sellers may not all appreciate that the incumbent provider can provide the best offer for the very reason that it does not have to take integration and other administrative costs into account, whilst other bidders do.⁹⁵ Depending on who bears these costs, this can also mean that another purchaser would have to offer a higher price for the seller to be interested.⁹⁶
133. The arrangements through which customers sell debt to their debt collection providers also vary. Some hold occasional one-off sales via tender procedures, e.g. when a certain amount of debt has accumulated, or when they feel market conditions are favourable for selling, and the debt collection provider is the highest bidder. Others decide to sell the debt to the debt collection provider – again, on a one-off basis – following collection over a certain period of time, and yet others have forward-flow sales to their debt collection provider as part of their standard process for dealing with debts.
134. Whilst, as described above, being active in debt collection can help a debt purchaser to compete effectively, debt purchasing can also improve a competitor’s position in debt collection. The main reason for this is that debt purchasing is a way of acquiring a large volume of portfolio data very quickly, which can then be used in debt collection, e.g. to model debtors behaviour.
135. More generally, the responses to the market investigation confirmed that the specific competences required to compete successfully in the two areas are very similar, and that customers choose external debt collection providers and debt purchasers on very similar criteria, showing that they value the same characteristics. As explained by one of competitors “There is synergy between the debt collection and debt purchasing businesses, whereby the capability to be an active player in both businesses improves the performance of both businesses.”⁹⁷
136. The criteria considered most important by customers in their choice of debt collector or debt purchaser is reputation. In both areas, customers also regard price as a decisive factor. The only major difference in the characteristics that customers value most highly in the two areas is that access to financing and size are considered more important criteria in debt purchasing than they are in debt collection.

⁹³ Customers, Germany – Questionnaire 14, Q12.2., Customers, Netherlands – Questionnaire 15, Q12.1.

⁹⁴ “Usually receivables are sold to the agency handling the collection. Only a few companies have the organisational and economic resources to buy larger portfolios or enter into large scale forward flow agreements.” Customer, Sweden – Questionnaire 11, Q35.

⁹⁵ “Sometimes there's also a fee involved if the customer wants to transfer the portfolio to a new party and to make a bid attractive, the third party needs to cover this fee on top of the purchase price.” Competitor, Sweden – Questionnaire 3, Q50.1.

⁹⁶ “You are more less forced to sell the current collection agency (because it’s too costly and complicated to move it elsewhere). It’s only the VERY few times when the price is MUCH better (25% higher or more) that we even bother selling to anybody else.” Customer, Norway – Questionnaire 12, Q39.1.

⁹⁷ Competitors, Finland – Questionnaire 2, Q3.

137. Furthermore, competitors tend to have the same reputation across the two areas, i.e. a competitor that is perceived to be trustworthy and reliable in debt collection will benefit from the same good reputation with respect to debt purchasing. This means that competitors are likely to be similarly strong in the two areas, and, especially if they specialise in certain sectors in both areas, are likely to have a very similar image and profile.
138. In conclusion, whilst debt collection and debt purchasing are undoubtedly distinct markets, each meeting specific customer needs and requiring to some extent different resources and competences on the part of competitors, it is clear that they are very closely linked. As described above, many of the same skills and attributes are valuable in the two areas, such as valuation and collection capacity, and reputation. Presence in either of the two areas is a significant advantage for competition in the other, in particular as regards debts in the financial sector. Nonetheless, there are competitors present in only one of the two areas, critical requirements for each mean that competitors could not instantly move between the two, and the business models are very different. It can therefore be concluded that the markets for debt purchasing and debt collection are neighbouring markets, which exert a considerable influence on one another. In the competitive assessment of each of these markets, the Commission will therefore take into account any particular competitor's position on the other.

IV.2. Horizontal assessment

IV.2.A. Overall competitive assessment

139. The debt collection and debt purchasing markets are fairly similar in nature across the Nordic markets and Estonia, and the Parties also have similar competitive strengths in all of these countries. The competitive assessment will therefore give a brief overview of aspects common to the whole region before considering each geographic market individually in more detail. Instead, debt purchasing in the other three affected markets (Germany, the Netherlands, and Spain) present peculiar characteristics, which will be discussed for each country specifically in the individual sections. Therefore, these three markets will not be further discussed in the following overall assessment.

IV.2.A.1 Debt collection

140. As explained in section III.1.A.1, there is no need to conclude on possible segmentations within the debt collection market since in any event the Transaction gives rise to serious doubts. Therefore, the Commission will conduct the competitive assessment of the overall debt collection market as well as based on the plausible segmentations relevant for the case. Since the market investigation revealed there are strong indications that the market could be segmented based on the customers' sector of activities, the Commission will assess the impact of the Transaction based on this segmentation. As explained, segmenting the market according to the customers' sector of activity represents also a good proxy for a segmentation based on the customers' size. Given the fact that unsecured debt represents almost the totality of debt outsourced for collection in the five markets concerned, the assessment will de facto relate only to collection on unsecured debt. If the Commission were to segment the debt collection market according to the type of debt (B2B/B2C) the overall assessment of the Transaction would not change; thus this distinction will not be further considered.

141. As can be seen from the table below, the Parties have a very high combined market share in debt collection for the financial sector [40-70]% in all countries, with an increment of at least [20-30]% in all countries except Norway. The Parties are also very strong in debt collection for the telecoms sector and the utilities sector in a number of the countries, sometimes with a high increment. Apart from in Finland, the Parties' combined market share is somewhat lower in debt collection for trade, SMEs and e-commerce, but the increment brought by the weaker of the two Parties is significant (with the exception of Denmark), showing that they are both strong in this sector.

Table 1: The Parties' market shares in debt collection, in the five countries where affected markets arise, overall and per sector, 2015

Client segments	Company	Denmark	Sweden	Finland	Norway	Estonia
Overall	Lindorff	[5-10]%	[5-10]%	[20-30]%	[20-30]%	[10-20]%
	Intrum Justitia	[10-20]%	[20-30]%	[30-40]%	[5-10]%	[10-20]%
	Combined	[20-30]%	[20-30]%	[50-60]%	[30-40]%	[30-40]%
Financial sector	Lindorff	[20-30]%	[20-30]%	[30-40]%	[50-60]%	[10-20]%
	Intrum Justitia	[20-30]%	[20-30]%	[20-30]%	[0-5]%	[30-40]%
	Combined	[40-50]%	[50-60]%	[60-70]%	[60-70]%	[50-60]%
Utilities	Lindorff	[0-5]%	[0-5]%	[40-50]%	[5-10]%	[10-20]%
	Intrum Justitia	[5-10]%	[50-60]%	[20-30]%	[0-5]%	-
	Combined	[10-20]%	[50-60]%	[60-70]%	[5-10]%	[10-20]%
Telecoms	Lindorff	[0-5]%	[5-10]%	[0-5]%	[20-30]%	[40-50]%
	Intrum Justitia	[50-60]%	[10-20]%	[50-60]%	[5-10]%	-
	Combined	[60-70]%	[10-20]%	[50-60]%	[30-40]%	[40-50]%
Public sector	Lindorff	-	[0-5]%	[30-40]%	[20-30]%	-
	Intrum Justitia	-	[20-30]%	[50-60]%	[0-5]%	-
	Combined	-	[30-40]%	[80-90]%	[30-40]%	-
Trade, SME, eCommerce, Other	Lindorff	-	[5-10]%	[10-20]%	[10-20]%	[5-10]%
	Intrum Justitia	[10-20]%	[10-20]%	[30-40]%	[5-10]%	[10-20]%
	Combined	[10-20]%	[20-30]%	[40-50]%	[10-20]%	[20-30]%

Parties' arguments

142. The Notifying Party submits that product markets narrower than an overall market collection for debt collection are not relevant, that the merged entity will hold a significant market share only in a small number of countries, in narrow areas of the market, and will not be able, or have the incentive, to raise prices or reduce the quality of its services.

143. The Notifying Party provides several arguments with regard to all the geographic markets for debt collection affected by the Transaction; the Notifying Party submits that these aspects define the competitive conditions in all these five countries and assure that the Transaction will not create or enhance market power in relation to debt collection and will not result in harm to customers. The Notifying Party puts forward three main arguments, which in their opinion apply to any of the five countries in which the debt collection market is affected by the Transaction: i) that it is easy for customers to switch debt collection provider; ii) that it is easy for new entrants to enter the debt collection market, and that the entry of new providers is therefore likely; and iii) that customers can and do perform debt collection in-house, which acts as a competitive constraint on external debt collection agencies. Each of these points is developed in further detail below.

i) Switching providers is easy

144. The Notifying Party emphasises, first, that there are a large number of competitors active on the market that could easily increase the volumes of debt collection cases they manage. Amongst these competitors, there are many that offer other CMS alongside debt collection, in the same way as do the Parties. There is also a mix of both well established and newer players, and of internationally active and local providers. The Notifying Party thus argues that a customer wishing to switch provider would have a wide choice of other options.
145. The Notifying party further submits that debt collection providers can start serving new clients quickly and easily, meaning that a customer always has the option to switch. The Notifying Party explains that, although the IT systems of the CMS provider and the client need to be configured, this is often very easy and can be achieved within a short time. The Notifying Party does recognise, however, that this would depend on the client's specific IT system, and could sometimes be a lengthier process. In addition, the Notifying Party states that larger clients often expect a higher level of automation, e.g. for transferring debt cases to the debt collection provider and for sending back messages on the state of the cases and the action to be taken. The Notifying Party maintains, however, that such a system would not necessarily require a greater degree of configuration. More generally, the Notifying Party acknowledges that putting in place a more complex reporting system, as desired by some clients, can be a more time consuming aspect of the set-up for new clients.
146. The Notifying Party maintains that any differences in the requirements for customers from different sectors are minimal, and that, in general, the complexity of setting up systems for taking on a new client varies between individual clients, rather than being determined by their sector or any other characteristic.
147. The Notifying Party points out that the services provided by debt collection agencies are, to a large extent, homogenous and that fees charged to debtors for different services are regulated. As a result, the debt collection process is very standard across providers who compete on the fees they charge to the customer (i.e. the creditor) and solution rates.
148. The Notifying Party submits that switching costs are low in debt collection and the exclusivity clauses are now used much less often than in the past, and are rarely used by large clients. This means that customers can easily conclude a contract with an additional provider. In addition, the Notifying Party states that contracts are typically short (1-2 years) and often contain termination clauses.
149. Lastly, the Notifying Party mentions the use of benchmarking, i.e. where customers have two or more debt collection providers concurrently, to which they allocate cases according to their performance over the most recent period. According to the Notifying Party, benchmarking is most often used by larger customers, and makes it easier for them to compare the performance of different providers and to move their business accordingly. The Notifying Party points out that it is easy for customers to compare the performance of their different providers due to the homogeneity of the services offered, and that any increase in price or fall in collection rates is therefore quickly identified and disciplined. This makes the threat of a customer switching provider more credible. Moreover, even if one particular provider is given all or almost all a customer's cases at a particular point in time, the customer can quickly move business away again should standards fall.

150. The Notifying Party maintains that the Parties are rarely the only two providers competing in a benchmarking exercise, and that, even where this is the case, the customer could easily add other providers of suitable calibre.

ii) It is easy for new providers to enter the debt collection market

151. The Notifying Party submits that barriers to entry are low in debt collection, particularly because there are no significant sunk costs and the level of capital required to set up a business is modest. The Notifying Party also adds that a debt collection licence can be obtained quickly and easily in all the countries concerned, and that there are no significant technical barriers to entry.⁹⁸ In addition, the Notifying Party stresses that the resources and expertise necessary for competing in debt collection are easy to acquire in the five affected countries. In particular, there is extensive data available from public sources and market knowledge can be obtained by recruiting experienced staff. Lastly, debt collection providers can use the same systems to serve different categories of client, thus reducing the initial investment required to start competing effectively.

152. Following on from the above, the Notifying Party also submits that potential new entrants can enter the debt collection market quickly, and that new entry is likely in the coming years. Firstly, debt collection is a profitable and growing market, meaning that new competitors have an incentive to enter. The Notifying Party also points out that there are no significant capacity constraints in debt collection. New providers can easily start offering services on a small scale and then build up gradually. In addition, small providers can benefit from new technological solutions, which allow them to provide services in a cost-effective way, and thus to offer competitive prices, without having the scale advantage of larger established players. More generally, the Notifying Party maintains that new providers can increase their service portfolio quickly.

153. In addition, the Notifying Party highlights two specific ways in which new competitors can enter the debt collection market: i) companies that perform debt collection in-house sometimes then start offering debt collection services to third parties, and thus transform this activity into a part of their business; and ii) customers sometimes ‘sponsor’ the entry of a new player in order to ensure a competitive market. This may involve awarding a contract to a very new provider that is not yet fully operational on the market, often within a benchmarking exercise.

iii) In-house debt collection acts as a competitive constraint

154. The Notifying Party submits that performing debt collection in-house is the starting point for most clients, and that they generally keep part of their debt collection in-house, e.g. sending initial reminders. This allows them to vary the point in the collection cycle at which they outsource. Furthermore, having some in-house collection means that customers can easily compare the costs of external collection with their own internal costs and solution rates. As a result, the possibility of customers ‘insourcing’ debt collection acts as an effective competitive constraint on external providers such as the Parties.

⁹⁸ In the Notifying Party’s view, the only main technical requirement for starting to compete in debt collection is a platform, which can be obtained for just over EUR 100 000 for a company with 50 FTEs.

155. In addition, the Notifying Party claims that it is easy for clients that generate a limited number of claims to expand their in-house debt collection capacity. The Notifying Party acknowledges, however, that it would be more difficult for larger clients, and that they are therefore more likely to look for another CMS provider if they are unhappy with the service offered by their current debt collector. The Notifying Party emphasises that some larger companies have, nonetheless, chosen to start performing debt collection in-house. In the Notifying Party's view, this constitutes a strategic decision on the part of the business, as a much higher level of investment would be required than for a company with a small number of cases to handle. The Notifying Party adds that companies can in-source gradually, e.g. by initially starting to perform only the early stages of debt collection in-house. The Notifying Party estimates that it would take on average six months to set up a functioning debt collection unit.

Conclusion

156. In summary, therefore, the Notifying Party submits that the Transaction would not be damaging to competition on the market for debt collection, as customers would continue to benefit from a choice of providers and high levels of service. The Notifying Party maintains that there is currently a wide range of debt collection agencies active on the market, which can easily expand their capacity to meet new customers' needs, and that customers can switch between providers easily. Furthermore, barriers to entry are low meaning that new entrants are likely to join the market. Lastly, customers' ability to perform debt collection in-house acts as a constraint on debt collection agencies, as there is a credible threat that the client could decide to perform debt collection in-house again if prices are no longer advantageous.

Commission's assessment

157. In response to the points put forward by the Notifying Party, as outlined above, the Commission makes a number of observations. Firstly, while the Notifying Party may consider a narrower segmentation of the debt collection market unnecessary, the market investigation provided strong evidence that such a segmentation may be appropriate, as described in the product market definition. Moreover, even if a wider market for debt collection is considered, it is clear that there is considerable differentiation within this market, and that all competitors are not equally capable of serving all clients. In addition, contrary to the Notifying Party's claim, in all five of the countries in question, the Parties have a significant combined market share in debt collection overall, and very high market shares in several of the main narrower sectors, i.e. these are not isolated incidences where the Parties' market shares are coincidentally higher than their typical level. By way of illustration, the Parties have combined market shares of over [40-50]% in all sectors in Finland, over [40-50]% in the financial sector in all countries, and over [40-50]% in at least two of the three main sectors (utilities, telecoms and financial sector) in all countries except Norway (where they have over [30-40]% in telecoms and over [60-70]% in the financial sector).

158. The market investigation provided strong evidence to challenge the three main arguments put forward by the Notifying Party: i) that it is easy for customers to switch debt collection provider; ii) that it is easy for new entrants to enter the debt collection market, and that the entry of new providers is therefore likely; and iii) that customers can and do perform debt collection in-house, which acts as a

competitive constraint on external debt collection agencies. Each of these is addressed in the following sections.

i) “Switching providers is easy”

159. The Notifying Party’s claim that there are a large number of competitors active on each of the national markets is true, to the extent that there are a large number of registered debt collection providers. The market shares held by many of these competitors demonstrate, however, that they are unlikely to be able to exert significant competitive pressure. There is no more than one other competitor with a market share of over 10% in any of the five countries⁹⁹ and generally very few others, sometimes none, with market shares over 5%. This highlights that the Parties are consistently two of a very small group of larger providers.
160. Furthermore, as already discussed in the section on product market definition, the market investigation confirmed that not all debt collection providers are able to serve all clients. There is some evidence of specialisation by sector, with providers earning a reputation for expertise in collection for a particular sector, e.g. the financial sector, telecoms or utilities, and customers also valuing sector specific knowledge. Furthermore, responses from both customers and competitors indicated very strongly that providers need to have a certain level of capacity, specific tools, resources and expertise in order to be able to serve larger clients, such as major banks, telecoms and utility companies. In particular, processing the volumes of claims generated by such customers demands sophisticated IT systems with a high level of automation. The debt collection provider would also need to have a very large capacity in terms of personnel, as cases need to be dealt with very quickly once they arrive, in order for the chances of successful collection not to fall. Large customers are not generally willing to trust smaller providers with their debt collection business. Customers feel very strongly that their reputation is at stake when they send cases for external collection, and are therefore very conservative in their choice of providers. This makes it even more difficult for smaller providers to compete, in particular for larger customers, and the established players therefore tend to form a ‘top tier’, competing mainly with each other rather than with any of the smaller players active on the market. Larger customers with more complex requirements therefore have a very limited choice of possible providers.
161. The market investigation also demonstrated that, contrary to the Notifying Party’s claim, switching providers is perceived as a difficult and time-consuming process by both customers and competitors. Competitors confirmed that the work needed to configure IT systems and put other operational procedures in place with a new customer, especially a customer with a large volume of claims, can be very extensive, requiring up to 12 months in some cases. The responses provided by customers also showed that they are reluctant to switch providers, due mainly to the expense and inconvenience involved. The importance of reputation and trust in the debt collection market, as mentioned above, also contributes to the reluctance to switch. Although most customers recognise that it would not be impossible for them to move to a new provider, many have not switched at all over the last five years, and the general indication is that, for many customers, a small increase in price or deterioration of the service provided would not be sufficient to make them look for

⁹⁹ In Denmark, there are no such providers, with the next closest competitor having a market share of [5-10]%.

alternative providers. Even if the information provided by the Notifying Party in relation to the time necessary for taking on new clients is assumed to be representative (which responses suggest it may not be, with most competitors citing longer period of time), it is clear that there is a strong disincentive for customers to switch provider – both the cost and the time (up to six months) associated with moving to a new provider has the natural consequence that the market is very sticky, giving a significant advantage to incumbent players such as the Parties.

162. The Notifying Party's claim that the services provided by debt collection agencies are fairly standard is mainly validated by the results of the market investigation. Customers confirmed that the services themselves vary little between providers, as the steps in a debt collection case are laid down by law (i.e. a case cannot be moved into the next phase unless certain steps have already been carried out and/or a certain time period has elapsed.) Nonetheless, customers confirmed that they value a provider's ability to service their debts for the whole of the collection cycle, i.e. from the initial reminders right through to legal collection. This is a criteria that can sometimes differentiate providers, as not all are able to offer legal collection. Furthermore, many customers also prefer to source other CMS from their debt collection provider, for reasons of convenience, and many smaller providers do not offer these other services. As mentioned above, debt collection providers also vary considerable in terms of their capacity and the sophistication of their platforms and systems. Larger providers naturally benefit from their scale advantage in terms of being able to invest more in the development of IT solutions. In view of this, whilst it may be true that providers cannot easily differentiate themselves on the services they offer, there are nonetheless a number of other important criteria on which customers choose their provider. Customers tend to use these characteristics as a starting point for identifying possible suitable debt collectors, thus often eliminating all but the top tier at this stage, and then make their final choice on the basis of price.
163. As stated by the Notifying Party, contracts for debt collection are often quite short, and the use of exclusivity clauses does not appear to be standard practice. The responses provided to the market investigation suggested that contracts are typically for periods of 18-24 months, broadly consistent with the information provided by the Notifying Party. Nonetheless, many customers mention there being penalties for terminating a contract early. Moreover, irrespective of the contractual terms imposed on customers, the practical costs and implications of changing provider act as a very strong deterrent. The freedom or lack of provided by typical contracts is not therefore of any real consequence in determining the nature of competition on the market. Many customers renew their contract with the existing provider without holding a tender procedure each time the contract comes up for renewal, as they know that it is very unlikely that any other debt collector could offer a price sufficiently below that offered by the incumbent provider to compensate the additional costs involved in switching.
164. The market investigation showed that, whilst benchmarking is used by a small number of large customers, this is by no means standard practice on the market. For many smaller and medium-sized customers the cost of setting up a benchmarking system is too high for the gain that could be expected. Responses also suggested that benchmarking is fairly new in the debt collection market, and that even those customers currently using it are not always very experienced with the system. Moreover, customers that use benchmarking are almost by definition customers with large volumes of cases and/or more complex cases, whose needs can only be met by a very small number of providers. This means that the choice of possible

providers for the benchmarking exercise is very limited – whilst the customer may be able to change the value of cases that they allocate to each provider according to their performance, there is relatively limited scope for adding new providers. Furthermore, Lindorff and Intrum Justitia would almost always be two of the main contenders for a place in the benchmarking exercise, and the Transaction would therefore have a significant effect on customers who benchmark, and who therefore need a certain minimum number of credible competitors in order for the benchmarking to be effective, i.e. in order to be able to effectively maintain competition in this way.

ii) *“It is easy for new providers to enter the debt collection market”*

165. Contrary to the claim made by the Notifying Party, barriers to entry are very high in the debt collection market. Whilst it may be relatively easy to obtain the necessary licence, and the levels of capital required for entry are not especially high, there are other significant obstacles which make it very difficult for new entrants to gain a foothold in the market. Competitors very strongly emphasised the importance of having both experience on a particular national market and extensive historic data and models for that market. They explained that debt collection works quite differently in each of the markets, and that a provider would therefore need to be familiar with the local practices. Even more importantly, it is widely considered to be almost impossible to start competing on a new national market, even for a competitor already present on neighbouring markets, due to the paramount importance of data on similar portfolios. Debt collection providers rely heavily on such data to predict collection rates and to determine their strategy for collection. Competitors confirmed that such data is not generally available from any public sources and cannot be easily purchased, and that it is therefore very difficult for new entrants to compete effectively. As a result, it is very rare that an entirely new player would enter any of the national debt collection markets. Instead, existing debt collection providers generally look to expand through acquisitions, i.e. purchasing a smaller player on a market in which they are not yet active. From a competition perspective, this does not, however, constitute new entry on the market, and it is therefore true to say that the established players are, to some extent, protected by the very high barriers to entry. This also makes it extremely unlikely that the loss of one main competitor would lead to new entry, i.e. the market would not, on its own, counter the effects of the Transaction.
166. Furthermore, the results of the market investigation suggest that it is very difficult for smaller players to increase their market share. As explained above, switching providers is a costly and time-consuming process, and customers are often reluctant to engage ‘unknown’ debt collection providers due to the risk to their reputation. Customers have a very strong conviction that any malpractice on the part of the debt collection provider will reflect badly on them, and are therefore inclined to stay with providers they know and trust. In addition, smaller providers generally do not have the technological capacity to meet the needs of larger clients, and it is therefore very difficult for them to move into the top tier of providers. A large number of respondents also emphasised the advantage that larger debt collection providers have due to the volumes of data they are able to amass – processing a large volume of cases allows them to acquire large banks of data more quickly, which in turn allows them to predict collection rates more accurately and to manage debt cases more efficiently and successfully. It is therefore very difficult for smaller providers to break through, as they have a significant disadvantage to overcome in terms of both their collection capacity and their data resources.

167. Lastly, the Notifying Party maintained that market entry can occur when a company that performs debt collection in-house starts offering debt collection services to third parties, or when a large customer chooses to sponsor entry by supporting a new player. Although the Notifying Party provided a small number of examples of both cases, the results of the market investigation confirmed that these are isolated incidences, and that neither scenario – companies expanding from in-house to third party provision, or large customers sponsoring entry – occurs sufficiently often to be considered as part of the normal functioning of the market. The vast majority of market respondents had very little or no experience of such events, and, as such, it is highly unlikely that either could have any meaningful influence on the ease of entry to the debt collection market in general. As further explained below, it is very rare for large companies to perform debt collection in-house, and cases where this has happened, and where the company has then gone on to develop this into a business activity by serving third parties can only be regarded as ‘one-off’ cases, that there is no reason to expect would occur again. Similarly, sponsorship of a new entrant by a large customer would appear to be a very isolated phenomenon, which has and would only occur in very specific circumstances.

iii) “In-house debt collection acts as a competitive constraint”

168. The results of the market investigation very strongly confirmed that customers are not generally at all inclined to perform debt collection in-house. The vast majority state that they have neither the necessary expertise nor the resources available and that starting to perform debt collection in-house would require significant investment and would take time to put in place. Moreover, most customers simply do not regard debt collection as part of their core business, and have no interest in keeping it in-house. They generally believe that debt collection is better performed by specialists, i.e. external debt collection agencies, which they expect to be able to process the cases more efficiently than they could themselves, and to achieve better results. As a result, the vast majority of customers were quite sure that performing collection in-house would be less cost-effective.

169. Furthermore, customers confirmed that they would not consider bringing collection in-house again were prices for external debt collection to rise. As mentioned above, setting up a debt collection capacity in-house would involve considerable time and expense. The decision as to whether or not to outsource debt collection is generally regarded as a strategic decision, rather than one which would depend merely on the price for external debt collection at any particular point in time. The level of investment required to start, or re-start, performing debt collection in-house is such that companies could certainly not easily switch between in-house and external provision according to fluctuations in the prices for external debt collection. Competitors also confirmed that they do not see internal debt collection as a real threat to their business, i.e. whilst there may be a risk of customers moving to competitors if, for example, prices increase, the idea of customers starting to perform collection in-house is not seen as a realistic scenario. As such, the Notifying Party’s claim that in-house debt collection provision acts as a competitive constraint is not validated by the responses to the market investigation – instead, customers acknowledge that once they have outsourced debt collection, it would be very complicated and costly to start collecting in-house again. This would only be done as part of a change in strategy rather than in reaction to a change in the services offered by debt collection providers. Competitors are aware of this, and know that the only real competition comes from other debt collection providers.

Conclusion

170. As described above, competition on the debt collection market is already fairly limited for certain types of customer. Whilst there may be a large number of providers active overall, only a very small number of these are able to serve large clients. Furthermore, switching between providers is difficult, and customers are inclined to value reputation and trust, making them less likely to change providers purely on grounds of price. Barriers to entry are high in the debt collection market, as it is difficult for a potential new entrant to acquire the knowledge and data needed to compete successfully. Lastly, customers do not consider in-house collection as a realistic possibility, meaning that providers are only constrained by the competitive forces in the external debt collection market.

171. The market conditions in each of these markets are discussed in more detail in the sections below.

IV.2.A.2 Debt purchasing

172. As explained in section III.1.B, the Commission concludes that in this case the purchasing of unsecured debt constitutes the relevant product market. Should the Commission consider possible differentiations based on the sectors from which debt was originated the competitive assessment would not change. Most of debt portfolios being sold on the market are originated from financial institutions; which means that the Parties' strength on the overall market already constitutes a reliable indication of their strength in the financial sector. In any event, the Transaction gives rise to serious doubts in Estonia, Denmark, Finland, Norway, and Sweden (and does not raise competition concerns on the debt purchasing market in Germany, Spain and the Netherlands).

173. The Notifying Party did not provide complete market share data on debt purchasing, but provided an estimate of the Parties' market shares in debt sales via tenders (i.e. a market excluding sales resulting from bilateral negotiations). The table below shows the Parties' market shares for the period 2013-2015 on this restricted market.

Table 2: Debt purchasing, % of tenders won on the basis of adjusted market size (2013-2015)

Company	% of tenders won									
	Estimated total value of tenders (over 3-year period)									
	Finland EUR [amount] mn		Norway EUR [amount] mn		Sweden EUR [amount] mn		Estonia EUR [amount] mn		Denmark EUR [amount] mn	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Lindorff	[10-20]%	[30-40]%	[20-30]%	[30-40]%	[20-30]%	[30-40]%	[20-30]%	[40-50]%	[20-30]%	[60-70]%
Intrum Justitia	[5-10]%	[10-20]%	[10-20]%	[5-10]%	[10-20]%	[20-30]%	[0-5]%	[0-5]%	[20-30]%	[10-20]%
Combined	[20-30]%	[40-50]%	[30-40]%	[40-50]%	[40-50]%	[50-60]%	[20-30]%	[40-50]%	[40-50]%	[70-80]%

174. The market shares in the table above were calculated on the basis of a total market size for the market for all tenders, which has itself been calculated by applying a

correction factor to the tenders the Parties are aware of.¹⁰⁰ In addition, the data do not take into account any sales concluded following bilateral negotiations. The data should therefore be treated with caution, particularly as it appears that a significant proportion of business on the market for debt purchasing may result from bilateral negotiations, where reputation and pre-existing relationships with potential sellers are very important.

175. The market shares are provided over a 3-years period (2013-2015). Given the fact that debt sales can change considerably between one year to another both in terms of volume and value, the Commission believes that taking into account an extended period of time allows to better assess the Parties' strength on the market.¹⁰¹ The Parties did not provide relevant information on market shares for their competitors.¹⁰²
176. As can be seen from the table, the Parties' combined market shares in debt collection are particularly high in terms of value, at above [40-50]% in all five markets and reaching as high as [70-80]% in Denmark. In terms of volume, the Parties combined market share is also considerable, at over [40-50]% in Sweden and Denmark, over [30-40]% in Norway and over [20-30]% in Finland and Estonia.
177. The Notifying Party underlines that it does not agree with a definition of the debt purchasing market at country level, and that, at EEA-wide level the Parties would have a combined market share of well below 20%. Even if the markets are considered to be national, the Notifying Party claims that the Transaction would not create competition concerns. It puts forward a number of arguments, which are outlined briefly below.
178. First, the Notifying Party submits that debt purchasing is a bidding market, and that the sophisticated auction processes used by sellers allow them to ensure a good level of competition between bidders. In addition, the Notifying Party maintains that a seller will compare the offers made for a portfolio purely on the basis of price. The Notifying Party therefore submits that the seller will not be influenced by potential purchasers' performance in debt collection, or whether they are even present in debt collection in a certain country.
179. The Notifying Party also emphasises that, as a bidding market, debt purchasing cannot be analysed on the basis of market shares. The Notifying Party claims that (historical) markets shares not necessarily reflect the real competitive position of potential purchasers and do not have any bearing on purchasers' chances of winning future tender procedures.

¹⁰⁰ The correction factor was calculated in order to account for the tenders in the market the Parties are not aware of. The Notifying Party submits that because the Parties are likely to have a better visibility on tenders for the larger portfolios, their data are most likely to miss tenders for the smaller debt portfolios. Therefore, a correction factor is conservatively applied to the smallest tenders accounting for 25% of the face value (i.e. the lowest quartile of tenders). Correction factors (for number of tenders and face value) are applied to the bottom 25% segment to obtain the corrected number of tenders and face value of the bottom 25%. Therefore, the adjusted total market size is the sum of the top 75% segment and the adjusted bottom 25% segment, for number of tenders and face value of tenders.

¹⁰¹ The Parties also provided in their submission market shares for the individual years.

¹⁰² The consideration expressed in this paragraph and the one above also apply to Germany, the Netherlands, and Spain, which will be discussed in their individual assessments.

180. The Notifying party does acknowledge that some portfolios are sold via bilateral negotiations rather than through a tender procedure. The Notifying Party maintains, nonetheless, that the fact that the seller could, at any moment choose to organise a tender for the sale, means that the purchaser is still subject to the threat of competition, even if the competition is not yet active on the market.
181. Second, the Notifying Party submits that there are a large number of bidders active on the debt purchasing market in each country affected by the Transaction. A seller would typically invite 4-5 bidders to compete in a particular tender, but this can be increased up to as many as 10 potential purchasers. The Notifying Party maintains that, following the Transaction sellers will easily be able to find additional purchaser to maintain the same level of competition in the tender process. More generally, the Notifying party claim that there are a wider range of actors present in debt purchasing in the Nordic markets and Estonia, including Nordic and European debt purchasers, investment funds and investment banks. The Notifying Party points out that investment funds are particularly active in competing in tenders for sales from large financial institutions.
182. The Notifying Party further submits that barriers to entry are low in debt purchasing, at least with respect to entry from neighbouring markets. The Notifying Party maintains that a debt purchaser's ability to assess and value a portfolio is not based on knowledge specific to the country. Moreover, as the collection on the debt can be outsourced, a debt purchaser can compete successfully in a certain market without necessarily being present in debt collection. In addition, the Notifying Party also submits that debt purchasers already present on a certain market can easily increase their activity and start competing for larger portfolios.
183. Third, the Notifying Party claims that the Parties only compete against one another in a minority of tenders. The Notifying Party submits that the data on debt purchasing tenders known to the Parties, organised in the period 2013-2015 in the EEA demonstrate that the Parties only compete against one another in a minority of tenders, which would suggest that the Parties are not close competitors. The Commission notes that the Notifying Party acknowledged that the Parties were not able to ensure the comprehensive matching of tender data, and thus, it is likely that not all tenders in which the Parties competed against one another were identified. More importantly the Commission notes that, as the Notifying Party admits, an important portion of debt sales is organised through bilateral negotiations between the seller and the potential bidder, who often is the current collecting agent servicing the portfolio to be sold. Taking into account the fact that in all five countries concerned the financial institutions constitute the main debt selling market and the Parties' have very strong position on the market for debt collection in the financial sectors it is likely that the tender data are not a good indication of the extent to which the Parties exert competitive pressure one against another.
184. Fourth, the Notifying Party submits that sellers have considerable negotiating power, and that as such, no single buyer, including the merged entity following the Transaction, would be able to exercise any form of market power.
185. In summary, the Notifying Party argues that the merged entity's position in debt purchasing would not be such as to harm competition as there would remain a wide range of strong competitors active on the market, including both deb collectors and investment funds. In addition, debt purchasing is a market where sellers have considerable power, meaning that it is highly unlikely that any buyer could exert a significant influence on the market.

Commission's assessment

186. The Commission's analysis, including the results of the market investigation, lead to the conclusion that competition on the debt purchasing market may not be entirely as suggested by the Notifying Party.
187. The results of the market investigation confirmed that debt sales can be concluded following either tender procedures or bilateral negotiations, as suggested by the Notifying Party. However, whilst the Notifying Party presents the debt purchasing market as a "bidding market", where each tender gives all competitors the same chance to compete again and past market shares have little relevance, the views of market participants suggested a more nuanced reality.
188. Firstly, the responses from both customers and competitors indicated that sales following bilateral negotiations are also very common. Some competitors even win most of their business from sales concluded with debt collection clients, where no tender is held. Customers also reported selling to the same debt purchaser that has purchased their previous portfolios. In view of this, there would appear to be some doubt as to the veracity of the Notifying Party's claim that the fact that the seller could hold a tender means that purchasers are still forced to submit competitive prices even in sales concluded through bilateral negotiations. When a seller has repeatedly sold to either the same debt purchaser or to its debt collection agency, the threat of a tender procedure would hardly seem credible.
189. Whilst bilateral negotiations are, therefore, an important part of the market, the market investigation did also confirm that, for many sellers, it is standard practice to hold tenders. Equally, however, the nature of competitive tenders does not facilitate such open competition as suggested by the Notifying Party. Customers are generally only prepared to sell to purchasers that meet certain standards, in relation to their debt collection practices, reputation and financial stability. They therefore typically keep a list of the potential buyers they have already vetted and invite only these competitors to compete in any particular tender procedure. This allows sellers to compare the bidders mainly on the basis of price, as they know that all the bidders meet their required standards. As a result, despite the fact that debt purchasing is a bidding market, established players with good reputations and a history of purchasing debt portfolios are far more likely to be invited to submit bids for any particular sale.
190. In addition to the above, responses to the market investigation contradicted the Notifying Party's argument that debt sellers are indifferent to purchasers' presence and performance in debt collection. The vast majority of customers confirmed that the purchaser's reputation and collection practices are of the utmost importance. Sellers are generally of the opinion that any bad practice on the part of the purchaser would reflect badly on their company and could have damaging consequences for the company's reputation. Sellers typically continue to regard the debtors as their customers, and are therefore only prepared to sell to purchasers that they feel they can trust to treat their customers correctly. A significant proportion of customers stated that they would only sell to a purchaser that is going to collect on the debt itself, rather than outsourcing it to a debt collection agency, as they cannot otherwise be sure of the debt collection practices that will be used.¹⁰³ Contrary to

¹⁰³ Please see references to the responses to questionnaires in the relevant country-specific sections.

the Notifying Party's claim, aspects other than price are therefore very important in the debt purchasing market, and established debt collectors with strong reputations for good practice, such as Lindorff and Intrum Justitia, are at a considerable advantage.

191. The importance of collection practices in sellers' choice of a debt purchaser also confirms once again the strong link between debt collection and debt purchasing. The Parties' strong position in the debt collection market therefore gives them a clear advantage over almost all competitors in debt purchasing. Given that the data provided by the Notifying Party on debt purchasing is to some extent incomplete (as explained above), the Parties' strong position in debt collection, and in particular in debt collection in the financial sector, the sector which accounts for the largest proportion of debt sales, can also be seen as a further indication of their strength in debt purchasing.
192. The market investigation results in all the five countries revealed that both Lindorff and Intrum Justitia enjoy a similarly strong reputation in debt purchasing as in debt collection. They are well regarded by customers who value their high standards of service, ethical collection practices and high quality platforms and tools, whilst competitors also regard them as consistently among the top players, recognising similarly their professionalism and experience. The only real difference between the characteristics that customers value in the Parties in debt purchasing relative to debt collection is that their financial capacity, i.e. their ability to raise capital is also of relevance in debt purchasing. This is thus a further criterion on which the Parties generally outperform their competitors, particularly as many of the debt collectors only present in one or a small number of markets do not have the same levels of financing available.
193. It is clear from the responses to the market investigation that the Parties are considered to be very similar companies in relation to debt purchasing – they are both perceived as strong competitors as a result of their financial capacity and debt collection expertise, and both tend to specialise in the financial sector.
194. The results of the market investigation indicate that the number of potential purchasers may be much lower than suggested by the Notifying Party. Firstly, as mentioned above, customers would almost always only invite bidders that have been pre-selected and are reluctant to sell to purchasers that do not have a good reputation and standing in the market. Respondents to the market investigation further indicated that large financial investors are often more interested in secured rather than unsecured debt, and would only consider bidding for portfolios above a certain value. Furthermore, many customers would not consider inviting investment funds to bid for their portfolios as they know that they are too small to be of interest. In addition, sellers' concern as to how the debtors are treated means that many are unwilling to sell to financial investors, or would do so only if the investor is purchasing in partnership with a debt collector, which would then collect on the debt.
195. According to both customers and competitors, the main actors on the unsecured debt purchasing market (which is, in the Nordic markets, the main part of the market) are the larger debt collectors. Large financial investors are typically either not interested and/or not considered suitable purchasers, whilst smaller debt collectors do not have the financial resources necessary to compete for most of the portfolios on sale. The number of actors present on the debt purchasing market is therefore, if anything, even more limited than in debt collection. Some of the smaller players who may

exert at least some competitive pressure in debt collection would not have the capital to compete in debt purchasing, meaning that sellers have even less choice of potential buyers.

196. In addition, the results of the market investigation contradicted the Notifying Party's claim that barriers to entry are low in the debt purchasing market. Respondents confirmed that, in order to compete successfully, a debt purchaser needs to have the same type of expertise and data as is necessary for debt collection – both in order to value the portfolio accurately and, in most cases, in order to be able to collect on the debt. This means that, a purchaser that has no activity in debt collection would be at a significant disadvantage in performing valuations, as it would have no data specific to that market to use as reference portfolios, and many sellers would not consider it to be a suitable purchaser, as it would need to outsource debt collection.
197. Furthermore, it is doubtful whether it would be possible for smaller players to expand their activity in debt purchasing as easily as suggested by the Notifying Party. Even if a small company could engage a consultant to advise on the valuation of the portfolio, recruiting sufficient staff to carry out the debt collection would represent a significant investment. Even if a company could increase its resources sufficiently to manage the cases from additional or larger portfolios, a small company would be unlikely to have comparable data to that held by larger players, and would thus be at a significant disadvantage in valuing the portfolio and performing collection.
198. Moreover, responses to the market investigation suggested that raising finance to compete in tenders is not as easy as suggested by the Notifying Party. Many customers mentioned the large size of their portfolios as a factor restricting the number of possible purchasers they have to choose from. A significant proportion of customers and competitors mentioned the Parties' financial capacity as amongst their main strengths in debt purchasing, suggesting that not all competitors have the same ability to compete for portfolios as do the Parties.
199. The Notifying Party's claim that sellers have considerable negotiating power in debt sales, and that contracts are generally concluded on their terms would appear to be true to a certain extent, and for some competitors. The responses to the market investigation confirmed, firstly, that the larger sellers that hold tenders for debt sales quite frequently are experienced in the process and have developed their approach to debt sales in order to generate sufficient competition, whilst minimising the cost of the whole procedure and also ensuring that only purchasers with the right credentials are invited to bid. At the same time, however, there are also many smaller sellers in the market, that tend to sell to either their debt collector or other purchasers with which they have experience, precisely because they do not have either experience in holding tenders or the financial resources to either organise a tender themselves or enlist the services of a consultant. Furthermore, whilst it may be true that sellers usually draft the sales contracts, and can withdraw a portfolio from sale if they are not happy with the prices offered, their power is nonetheless reduced if there are limited possible purchasers, as is often the case. If the seller has chosen to sell a particular portfolio in order to improve its balance sheet, it may not be at liberty to wait until market conditions have improved to obtain better price, and is thus may, nonetheless, be forced to sell. Sellers' negotiating power is therefore very much dependent on market conditions, and is, in any case, reduced by the relatively limited competition on the market, at least for portfolios of above a certain value.

200. Lastly, there is very little evidence of sellers sponsoring the entry of new competitors, as described by the Notifying Party. Whilst this may have happened in a limited number of cases, it is clear that these are isolated incidences rather than being representative of a more generally tendency on the market. As such, they cannot be considered to make market entry easier in general. As described above, barriers to entry are typically very high on the debt purchasing market.

Conclusion

201. As illustrated by the above arguments, there are a limited number of competitors active on the debt purchasing market for unsecured debt, and only a very small number that have the same competitive advantages as the Parties – in particular, both a strong presence in debt collection and the financial capacity to bid for all sizes of portfolio. Furthermore, the strong link between debt collection and debt purchasing means that the barriers to entry for debt collection – in particular the need for expertise on the local market and large volumes of data, that can only be accumulated through historic activity in debt collection – apply equally in debt purchasing. The need for high levels of capital in order to bid for portfolios then creates an additional barrier to entry in debt purchasing. The Parties have an extremely strong position on the debt purchasing market, thanks in part to their strength in debt collection, in particular in the financial sector. Very few other players are able to compete effectively with them, as they do not have both the same reputation and capacity in debt collection and the same financial strength.
202. The market conditions in each of these markets are discussed in more detail in the sections below.

IV.2.B. Competitive assessment per country

IV.2.B.1 Finland

IV.2.B.1.1 Finland – Debt collection

203. The Parties hold a combined market share of [50-60]% in the debt collection market in Finland, Intrum Justitia being the largest player with [30-40]% and Lindorff the second largest player with [20-30]% (2015).¹⁰⁴ The next largest competitor is OK Perintä with a market share of [10-20]%. No other competitor has a market share of above [5-10]%.

¹⁰⁴ Market shares were very similar in 2013 and 2014. In 2014, combined shares of [50-60]% (Intrum Justitia: [30-40]%; Lindorff: [20-30]%). In 2013, combined shares of [50-60]% (Intrum Justitia: [30-40]%; Lindorff: [20-30]%).

Table 3: Debt collection market shares, Finland (2015)

Competitor	Revenue (MEUR)	Market share
Intrum Justitia	[amount]	[30-40]%
Lindorff	[amount]	[20-30]%
Lindorff + Intrum Justitia	[amount]	[50-60]%
OK Perintä	[amount]	[10-20]%
Sergel	[amount]	[5-10]%
Trust Kapital Group (Ropo)	[amount]	[0-5]%
Svea Perintä	[amount]	[0-5]%
Visma Duetto	[amount]	[0-5]%
Gothia (Arvato)	[amount]	[0-5]%
Cash in consulting	[amount]	[0-5]%
Other	[amount]	[10-20]%
<i>Total</i>	<i>[amount]</i>	<i>100%</i>

204. Were the market to be segmented by sector, the Parties' combined shares would reach more than [80-90]% in debt collection for the public sector in 2015, more than [60-70]% in debt collection for the financial sector and for utility companies, and more than [50-60]% in debt collection for telecoms companies. In all these sectors, except for telecoms, the increment brought by the Transaction exceeds [20-30]%.¹⁰⁵

Table 4: Debt collection market shares, by client segments, Finland (2015)

Client segments	Company	Revenue (MEUR)	Share
Financial sector	Lindorff	[amount]	[30-40]%
	Intrum Justitia	[amount]	[20-30]%
	Combined	[amount]	[60-70]%
Utilities	Lindorff	[amount]	[40-50]%
	Intrum Justitia	[amount]	[20-30]%
	Combined	[amount]	[60-70]%
Telecoms	Lindorff	[amount]	[0-5]%
	Intrum Justitia	[amount]	[50-60]%
	Combined	[amount]	[50-60]%
Public sector	Lindorff	[amount]	[30-40]%
	Intrum Justitia	[amount]	[50-60]%
	Combined	[amount]	[80-90]%
Trade, SME, eCommerce, Other	Lindorff	[amount]	[10-20]%
	Intrum Justitia	[amount]	[30-40]%
	Combined	[amount]	[40-50]%

¹⁰⁵ Market shares by segment did not differ significantly in the preceding two years. The Parties have gained shares in the telecoms sector over time, having combined shares of [30-40]% in 2013 (increment brought by Lindorff of 5-10%), and of [50-60]% in 2013 (increment brought by Lindorff of 5-10%).

205. The Notifying Party acknowledges that the Transaction would combine the top two players in third party debt collection in Finland. It argues, however, that the Transaction would not significantly impede effective competition in the Finnish market.
206. The Notifying Party submits that a number of strong competitors will remain active on the market, in particular OK Perintä, Sergel, Trust Kapital Group and Svea. In the Notifying Party's view, these companies are established competitors to the Parties and would continue to exert competitive pressure on the combined entity following the Transaction.
207. In addition, the Notifying Party submits that switching providers is easy in Finland, as services are homogenous, switching costs are low and contracts with debt collectors are most often non-exclusive and of short duration (1-2 years). The Notifying Party argues that customers often multisource (i.e. work with more than one debt collector in parallel) and benchmark the performance of their collection providers in order to compare their fees and collection rates. The Notifying Party maintains that these aspects are already sufficient to prevent the merged entity from raising prices or reducing the quality of its services.
208. Furthermore, the Notifying Party argues that there are no significant barriers to entry in the Finnish debt collection market and that there are powerful financial incentives to enter the market in view of the relatively high regulated collection fees.
209. Lastly, the Notifying Party considers expansion into debt collection from closely related areas of activity to be easy and expects the trend of entry from neighbouring markets to continue due to the high regulated collection fees.
210. The Commission notes that the Parties' combined market share of [50-60]% on the overall market for debt collection is of itself an indication that the merged entity would gain a dominant position on the debt collection market in Finland. Furthermore, the Transaction would combine the top two players on the market, with market shares of [30-40]% and [20-30]% respectively, while the next largest competitor, OK Perintä, would have a market share of [10-20]% and no other competitor would have a market share of above [5-10]%. Should the market be further segmented according to the customers' sector of activity, the Parties' combined market share would exceed [60-70]% in many sectors (the financial sector, utilities and the public sector – in the latter, reaching around [80-90]%). In all these sectors, the relevant increment brought by the Transaction would exceed [20-30]%.
211. The results of the market investigation reflect the strong position of the Parties. The vast majority of customers who responded confirm that the Parties are the top two debt collection providers active on the market, and a significant number identify Lindorff and Intrum Justitia as the only two providers able to serve their needs. These are mainly large customers, which need debt collectors to handle a large volume of claims.¹⁰⁶ They explain that smaller providers are not able to handle the

¹⁰⁶ Customers, Finland – Questionnaire 10, Q21.

volume of cases they generate, as they do not have the necessary resources, and that Lindorff and Intrum Justitia are the only providers able to meet the needs of large companies. Their choice is therefore already very restricted.¹⁰⁷ One customer states, for example, that “there are only two relevant competitors, Lindorff and Intrum, which can offer services for large companies and handle mass volumes.”¹⁰⁸

212. The fact that not all debt collection providers active on the Finnish market can serve all types of clients is also confirmed by competitors. In particular, smaller providers are deemed not to be able to serve large clients due to their lack of expertise, adequate IT systems and scale.¹⁰⁹ Moreover, competitors confirmed that starting to provide collection services to large clients is a lengthy and costly process (taking up to 18 months). Integrating the client and the provider’s systems and transferring data both demand significant investment.¹¹⁰
213. All competitors that responded to the market investigation also confirmed that Lindorff and Intrum Justitia are the top two competitors on the Finnish market¹¹¹ and that they have a particularly strong position in serving large customers¹¹². One competitor states, for example, that “Lindorff and Intrum Justitia already have practically a duopoly in certain larger customer segments.”¹¹³
214. Contrary to the claim made by the Notifying Party, the market investigation revealed that switching is not considered to be easy and that customers do not change provider often. The majority of customers that responded to the market investigation stated that there are a number of obstacles which prevent them from switching debt collection providers.¹¹⁴ System integration is the main barrier. Although many customers acknowledge that switching would not generate significant costs for them, others explain that the cost and additional work created by switching provider is not negligible.¹¹⁵ One customer also explains that switching would create significant internal disruption and would put the smooth running of the collection process at risk.¹¹⁶
215. The results of the market investigation revealed that customers switch very rarely: the vast majority of customers who responded to the market investigation have not changed their debt collector in the past five years.¹¹⁷

¹⁰⁷ “In the Finnish market there are not many options to choose if you like to get a well-known operator.” “In Finland [other] debt collectors are normally small companies and they can’t handle big business like our cases.” “No other provider [apart from the Parties] with sufficient resources exists.” Customers, Finland – Questionnaire 10, Q13 and Q21.

¹⁰⁸ Customers, Finland – Questionnaire 10, Q21.

¹⁰⁹ Competitors, Finland – Questionnaire 2, Q5.

¹¹⁰ Competitors, Finland – Questionnaire 2, Q32.

¹¹¹ Competitors, Finland – Questionnaire 2, Q12.

¹¹² Competitors, Finland – Questionnaire 2, Q35.

¹¹³ Competitors, Finland – Questionnaire 2, Q35.

¹¹⁴ Customers, Finland – Questionnaire 10, Q12.

¹¹⁵ “Our company has built up connection from our system to Intrum Justitia's system and if that should be built up again, it would cost lots of money and time.” Customers, Finland – Questionnaire 10, Q12.

¹¹⁶ “From cost perspective, the main burden comes from internally making this happen. This would affect both the internal staffing as well as reliability of our invoicing / collecting. It is quite hard to estimate this in euros, but for now (after negotiating competitive pricing) the cost of switching is deemed too high.” Customers, Finland – Questionnaire 10, Q12.

¹¹⁷ Customers, Finland – Questionnaire 10, Q13.

216. Moreover, the vast majority of customers confirmed that the next time they choose a new debt collection provider, the incumbent will have an advantage over other providers. In particular, it will have better knowledge of the company and its clients, and integrated systems will already be in place.¹¹⁸ Many respondents report that putting systems in place with a new provider can take between six months and a year. Customers responses also show that IT integration is not the only aspect of moving to a new provider to be considered – it also takes time for a new debt collector to gain a full understanding of the business.¹¹⁹ Both customers and competitors also argue that the time depends on the customer’s size, meaning that more time is required for larger customers. While respondents believe the process would be relatively quick for small-medium size customers (between a few days and a few months), for large companies much more time is required (up to 18 months).¹²⁰
217. In addition, switching during a running contract is even more difficult. Competitors explain that although customers could theoretically change providers before the end of their contract, this is unlikely to happen in practice. Customers may have to pay penalty fees to the collection agency and of the need to transfer data for ongoing cases would create a significant obstacle. Customers may also be dependent on the cooperation of their current provider, which would hold the data on current cases.¹²¹
218. Moreover, the market investigation results showed that, when customers do switch or look for a new or additional supplier, the Parties often compete for the same customers. The vast majority of customers explained that both Lindorff and Intrum Justitia have participated in recent tender procedures they held. In some cases, the Parties were the only companies competing.¹²² One customer, for example, explains that “we invited Intrum Justitia and Lindorff to bid . . . some of the smaller companies did not have all the services that we needed.”¹²³
219. The majority of customers that responded to the questionnaire do not make use of multi-sourcing, i.e. do not use multiple providers. Among the small number of customers who do multisource, the vast majority use the services of both Lindorff and Intrum Justitia. In a few cases customers also have a third provider, which, however, plays a very minor role.¹²⁴ The majority of competitors also confirmed that they do not provide services as part of multi-sourcing agreements.¹²⁵ Market participants do not generally consider multi-sourcing to be a standard practice in Finland, although it is relatively more common in the financial sector.
220. Nearly all customers that responded to the market investigation perceive Lindorff and Intrum as each other’s closest competitors. Many customers do not mention any other competitor in Finland that can be considered a close competitor to either one of the two companies. Lindorff and Intrum Justitia are generally perceived as the

¹¹⁸ Customers, Finland – Questionnaire 10, Q14.

¹¹⁹ “[It will take] 6 months, but this would only mean from system perspective. For a service provider to get really inside our business (and system challenges) an estimate of an additional 6 months is needed.” Customers, Finland – Questionnaire 10, Q12.

¹²⁰ Competitors, Finland – Questionnaire 2, Q32, Customers, Finland – Questionnaire 10, Q12.

¹²¹ Competitors, Finland – Questionnaire 2, Q33.

¹²² Customers, Finland – Questionnaire 10, Q9.

¹²³ Customers, Finland – Questionnaire 10, Q9.

¹²⁴ Customers, Finland – Questionnaire 10, Q6.

¹²⁵ Competitors, Finland – Questionnaire 2, Q28.

only companies of their size and capacity.¹²⁶ The vast majority of competitors also identify the Parties as each other's closest competitors. A small number of other competitors are also mentioned as close competitors to the Parties - OK Perintä, Svea, Ropo Group (former Trust Kapital) and Sergel, but only by a small number of respondents. Both Parties are perceived as strong players with good data, processes, reputation and scale, and that are able to provide a full range of CMS. Moreover, both are considered to be strong in servicing large clients.¹²⁷

221. Contrary to the Notifying Party's claims, the majority of competitors that responded to the market investigation do not expect any new providers to enter the Finnish market in the near future.¹²⁸ Moreover, competitors explain that entering new segments within the debt collection market is not necessarily easy. Certain sectors, such as the financial sector and the public sector, are seen as being very difficult to enter due to the skills and resources required to compete effectively, namely proven experience, capital and advanced IT systems. It is generally accepted that the normal and fastest way to expand operational capabilities is via acquisition, which also involves a significant investment.¹²⁹

222. The vast majority of respondents believe that the Transaction will have a negative impact on the Finnish debt collection market. Customers expect there to be a significantly reduced choice of providers (leaving almost no choice for larger customers), increases in prices and a reduction in the quality of services offered.¹³⁰ One customer explains that "there are only two providers in the Finnish market today . . . competition will be reduced, and [there could be an] impact on pricing, services, etc. It will probably increase the provider's power from a customer/provider perspective."¹³¹

223. A number of respondents were also concerned that the type of service packages offered may change¹³² Even if the merged entity would not be able to increase the debtors' fees that are set by law,¹³³ the Parties could still raise prices by combining debt collection with other CMS for which a commission (not regulated by law) is paid. A competitor noted that

"The Transaction will probably not affect directly debt collection pricing since it is regulated, but can affect the pricing of whole contract if other services are included. The Transaction will lead to a situation where the [merged] company will have a dominant market position, and it will be in the position to set the pricing and services offered in the market."¹³⁴

¹²⁶ Customers, Finland – Questionnaire 10, Q15-20.

¹²⁷ Competitors, Finland – Questionnaire 2, Q13-14.

¹²⁸ Competitors, Finland – Questionnaire 2, Q31.

¹²⁹ Competitors, Finland – Questionnaire 2, Q5.

¹³⁰ Customers, Finland – Questionnaire 10, Q28.

¹³¹ Customers, Finland – Questionnaire 10, Q28.

¹³² Customers, Finland – Questionnaire 10, Q28.

¹³³ The Notifying Party submits that debt collection fees charged to a debtor for consumer debts are regulated by law, while debt collection fees for business debts are not regulated at present.

¹³⁴ Competitors, Finland – Questionnaire 2, Q34.

224. Another competitor also explains that the merged entity could pursue a different strategy, namely decreasing prices in the short-term, in order to push some companies out of the market and then increase prices.¹³⁵
225. In general, competitors believe that the Transaction will have a very negative impact on the debt collection market in Finland.¹³⁶
226. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt collection in Finland.

IV.2.B.1.2 Finland - Debt purchasing

227. Based on the estimates provided by the Parties' on their market shares in debt sales via tenders (i.e. a market excluding sales resulting from bilateral negotiations), the debt purchasing market in Finland is an affected market. The Parties combined market shares reach [20-30]% in volume and [40-50]% in value, with a relevant increment: Lindorff has a [10-20]% market share in volume and [30-40]% in value, while Intrum has a [5-10]% market share in volume and [10-20]% in value.

*Table 5: Debt purchasing, % of tenders won on the basis of adjusted market size (2013-2015) in Finland*¹³⁷

	Number of tenders		Value of tenders	
Corrected total market size	[number]	100%	EUR [amount] mn	100%
Lindorff	[number]	[10-20]%	[amount]	[30-40]%
Intrum Justitia	[number]	[5-10]%	[amount]	[10-20]%
Combined	[number]	[20-30]%	[amount]	[40-50]%

228. The Notifying Party's submissions regarding the overall debt purchasing market and the Commission's general findings, which equally apply to Denmark, Estonia, Finland, Sweden and Norway are summarized in section IV.2.A.2 above. As explained above, the Notifying Party claims that the debt purchasing market is EEA-wide in scope and has not provided any specific arguments regarding the competitive conditions on national markets. In particular, the Notifying Party has not put forward any arguments as regards the closeness of competition, credibility of alternative suppliers or buyer power on the debt purchasing market in Finland. The Notifying Party also has not commented on the above market shares, even though they indicate that the Transaction could lead to significant impediment of effective competition on the Finnish debt purchasing market.
229. Contrary to the Notifying Party's claim that debt purchasing is to a large extent a bidding market and it is characterised by sophisticated auction processes, the market investigation revealed that in Finland the vast majority of customers typically invite

¹³⁵ Competitors, Finland – Questionnaire 2, Q34.

¹³⁶ Competitors, Finland – Questionnaire 2, Q34.

¹³⁷ The market shares in the table above have been calculated on the basis of a total market size for the market for all tenders, which has itself been calculated by applying a correction factor to the tenders the Parties are aware of (see Footnote 101). In addition, the data do not take into account any sales concluded following bilateral negotiations.

a selected group of purchasers to submit bids in the context of selling debt portfolios. Moreover, a number of customers explain they actually engage into bilateral negotiation, typically with their debt collection provider.¹³⁸ Competitors also confirmed that tenders usually consist of invitations to a selected number of market participants to submit bids.¹³⁹ A few competitors explain that organising tenders for debt purchasing in Finland is not very common, with the exception of the financial sector and possibly the telecom sector where this practice is somewhat more common.¹⁴⁰

230. The link between debt collection and debt purchasing is strongly confirmed by the market investigation. The majority of customers responding to the questionnaire believe that the ability to perform debt collection is perceived as an important requirement for debt purchasers.¹⁴¹ Even if evidence regarding sellers' preference to sell portfolios to their current debt collector is mixed, many respondents actually recognise that selling a debt portfolio to the incumbent collector is more convenient, especially in relation to the ease of transferring data.¹⁴² Moreover, a significant portion of sellers confirmed that they happened to sell their portfolios to their debt collection provider at the time of the sale.¹⁴³ Competitors responding to the market investigation also confirmed that a high portion (up to 70% both in terms of number of sales and value of the portfolios) of debt they purchase is originated from customers served in debt collection.¹⁴⁴ Respondents also believe that a company that uses a debt collection agency is more likely to sell its portfolios to this agency.¹⁴⁵ For example, one competitor explains that:

“Typically, (third party) debt collection providers are in favour of buying those portfolios from both the selling-party side as well as from an internal, operational point-of-view. The selling party has already established a relationship, is experienced about the level of compliance (prevents from potential reputational damages if a provider is not behaving accordingly) and available reporting. The buy-side provider can leverage the data from the portfolio which helps significantly to evaluate the portfolio and guarantees a very high certain forecast about its profitability. Moreover, there are few start-up costs such as implementing workflows, processes and training staff, which makes it easier and cheaper to sell to the debt collection supplier which is already servicing the portfolio. All in all, the in place debt collection supplier has significant advantages against other external players.”¹⁴⁶

231. A significant majority of responding sellers also believe that companies who have internal databases (e.g. data gathered through other debt purchases and/or debt collection activities) are better placed to value portfolios on sale.¹⁴⁷ Contrary to what is argued by the Notifying Party, the data provided by the seller is not

¹³⁸ Customers, Finland – Questionnaire 10, Q30.

¹³⁹ Competitors, Finland – Questionnaire 2, Q68.

¹⁴⁰ Competitors, Finland – Questionnaire 2, Q68.

¹⁴¹ Customers, Finland – Questionnaire 10, Q36.

¹⁴² Customers, Finland – Questionnaire 10, Q39.

¹⁴³ Customers, Finland – Questionnaire 10, Q40.

¹⁴⁴ Competitors, Finland – Questionnaire 2, Q49.

¹⁴⁵ Competitors, Finland – Questionnaire 2, Q50.

¹⁴⁶ Competitors, Finland – Questionnaire 2, Q50.

¹⁴⁷ Customers, Finland – Questionnaire 10, Q42.

sufficient on its own to allow a debt purchaser to accurately value the portfolios on sale.¹⁴⁸ The necessary data cannot be acquired on the market off-the-shelf, since specific knowledge, especially related to the debt collection process, is needed.¹⁴⁹

232. Furthermore, debt sellers who want to sell their debt portfolios to a company which is not their incumbent debt collection provider may incur in penalties and additional costs.¹⁵⁰ Competitors responding to the market investigation have also confirmed that it is easier for customers to sell debt to their current debt collector and that there are obstacles to selling debt to other purchasers. For example, one competitor explains that “It is much easier to sell to a provider who is handling the debt collection activities based on the price/fee structure used in debt collection in Finland. In some cases it can even be an obstacle to sell to some other provider.”¹⁵¹

233. However, only a limited number of players active in debt collection are able to compete for larger debt portfolios, since not all of them have sufficient capital requirements. This means that the choice of debt purchasers is potentially even more limited than the choice of debt collectors. One competitor clearly explains this concept, stating that:

“There is synergy between the debt collection and debt (portfolio) purchasing wherefore capability to be active player in both businesses improves the performance of both businesses. Debt purchasing requires however significant capital for initial debt acquisitions, special knowledge and insight on debt and debtor rating and risk analysis and is therefore possible only for the largest players in the market.”¹⁵²

234. The Notifying Party claims that there are numerous active bidders exerting strong competitive pressure in the debt purchasing market, including international investment companies. Contrary to this claim, the market investigation revealed that the vast majority of responding sellers do not consider international private equity firms or asset management companies as suitable buyers.¹⁵³ In Finland, nearly all sellers consider either Lindorff or Intrum Justitia as their preferred buyer for debt portfolios. Among these, about half considers the Parties as the only suitable buyers

¹⁴⁸ “[...] it is left to the debt collection provider to draw statistical comparisons from other portfolios which have the same characteristics. This specific data is hardly replicable due to the different circumstances and recovery performances of every provider.”

“Data gathered during debt collection is crucial and gives advantage in evaluation [of debt portfolios]. They are not complementary since debt collection data is by far more important than data provided by seller. Generally the information provided by seller is included in the data that collector has.” Competitors, Finland – Questionnaire 2, Q69-70.

¹⁴⁹ Competitors, Finland – Questionnaire 2, Q69.

¹⁵⁰ “[...] it is very complex or nearly impossible to sell debt to other corporate as where the debts are in collection (legislation, debt collectors costs).”

“We see that if we would use some other company to sell those invoices it would be more difficult and also current debt [collection] company should give their permission to sell to other companies.” Customers, Finland – Questionnaire 10, Q30 and Q39.

¹⁵¹ Competitors, Finland – Questionnaire 2, Q50.

¹⁵² Competitors, Finland – Questionnaire 2, Q3, Q 56: “Having strong financial backings from shareholders Lindorff was able to buy significantly into portfolios which were able to subsidize debt collection businesses and enabled scale for further growth. Therefore Lindorff has gathered a valuable data asset which most other players do not have.”

¹⁵³ “Collection companies are [the] most suitable [buyers].” Customers, Finland – Questionnaire 10, Q38.

for their debt portfolios. Only a minority of respondents mention as suitable purchasers PRA, Arvato, OK Perintä, Sergel, and Svea.¹⁵⁴

235. All competitors responding to the market investigation have also confirmed that Lindorff and Intrum Justitia are the top two players in the market. Other top competitors mentioned by at least two respondents are OK Perintä and Arvato.¹⁵⁵ Thus, the number of players in the market is rather limited. No competitor mentions international investment companies among the top five competitors active in the country.¹⁵⁶

236. All sellers responding to the questionnaire have identified Lindorff and Intrum Justitia as closest competitors, in particular due to their size and capacity to buy large portfolios. The majority of these respondents have also identified Lindorff as the only close competitor to Intrum Justitia and *vice versa*.¹⁵⁷ In general, sellers perceive both Parties as experienced companies, with good reputation, good offering and extensive datasets.¹⁵⁸ Furthermore, when sellers specify which companies have participated in their most recent tenders, the Parties are always both present.¹⁵⁹ Also competitors responding to the market investigation have identified the Parties as each other's closest competitor. Both companies are described as large in size and with extensive databases that they can leverage from debt collection.¹⁶⁰ For example one competitor mentions among the Parties' main strengths the fact that they have "massive internal data and knowledge based on third party debt collection."¹⁶¹ A significant portion of responding competitors mention that when competing in tenders for debt portfolios, they frequently meet both Parties.¹⁶²

237. The vast majority of sellers who responded to the market investigation believe that the Transaction will have a negative impact on the debt purchasing market, especially in terms of reduced competition and possible price drops in offers to sellers.¹⁶³ For example, one seller says "As two of the largest players (from our perspective) in this field, and with only a handful of other competitors, this [merger] might affect the pricing in the future."¹⁶⁴ Another seller claims that:

"They [the Parties] are probably the two biggest players on this field. They both have extensive data and combined it will be a monster. Combined they will have a very clear visibility for prices that has been paid on winning portfolios. They will be very difficult to compete with by other purchase providers. Most probably is someone else will win tenders, they will offer too much."¹⁶⁵

¹⁵⁴ Customers, Finland – Questionnaire 10, Q37.

¹⁵⁵ "Based on our experience in the Finnish DP market, there is a fairly limited amount of active players in the market." Competitors, Finland – Questionnaire 2, Q52 and Q54.

¹⁵⁶ Competitors, Finland – Questionnaire 2, Q60.

¹⁵⁷ Customers, Finland – Questionnaire 10, Q45.

¹⁵⁸ Customers, Finland – Questionnaire 10, Q45 and 46.

¹⁵⁹ Customers, Finland – Questionnaire 10, Q33.

¹⁶⁰ Competitors, Finland – Questionnaire 2, Q56.

¹⁶¹ Competitors, Finland – Questionnaire 2, Q51.

¹⁶² Competitors, Finland – Questionnaire 2, Q65.

¹⁶³ Customers, Finland – Questionnaire 10, Q51.

¹⁶⁴ Customers, Finland – Questionnaire 10, Q51.

¹⁶⁵ Customers, Finland – Questionnaire 10, Q51.

238. The negative impact of the Transaction on the debt purchasing market is also confirmed by competitors responding to the market investigation. Competitors believe that the Parties already have a very strong position on the market and together they will hold a dominant position, also leveraging their activities in debt collection. This could negatively affect the prices they offer to debt sellers, who would also have a much reduced choice of potential buyers for their portfolios.¹⁶⁶ for example, one competitor explains that:

“If the transaction will happen, it will give more dominant market position to the Company. Intrum Justitia and Lindorff as separate companies are already having market leader positions today and after the transaction the position would be even stronger.”¹⁶⁷ “Given the fact that usually the debt collector wins the DP [Debt Purchase] deal, the merged company will have huge advantage in the debt purchasing market. They together will have a far superior database compared to any other competitor in the market.”¹⁶⁸ Another competitor explains that: “[the merged entity] would be in a position where they can price more efficiently and avoid negative risks, and in the long term some providers will drop out from the competition. This could eventually mean higher costs to the clients.”¹⁶⁹

239. In conclusion, the Commission considers that taking into account the strong link between debt collection and debt purchase, and the fact that the Transaction raises competition concerns on the debt collection market in Finland could already give grounds to concerns with regard to the debt purchasing market. The high market shares of the Parties confirm that further and the market investigation results reveal that indeed the Parties are the two largest players on the debt purchasing market in Finland with limited number of alternative players, especially for larger portfolios.

240. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt purchasing in Finland.

IV.2.B.2 *Norway*

IV.2.B.2.1 Norway - Debt collection

241. The Parties have a combined market share of [30-40]% in debt collection in Norway. Lindorff is the current market leader with [20-30] % whilst Intrum Justitia is a somewhat smaller player with [5-10]% market share (2015).¹⁷⁰ The strongest competitor to the merged entity would be Kredinor, with a market share of [10-20]%. No other competitors have above [5-10]% market share.

¹⁶⁶ Competitors, Finland – Questionnaire 2, Q72.

¹⁶⁷ Competitors, Finland – Questionnaire 2, Q72.

¹⁶⁸ Competitors, Finland – Questionnaire 2, Q73.

¹⁶⁹ Competitors, Finland – Questionnaire 2, Q73.

¹⁷⁰ Market shares were very similar in 2013 and 2014: 2014: [30-40]% with an increment of [5-10]% brought by Intrum Justitia; 2013: [20-30]% with an increment of [5-10]% brought by Intrum Justitia.

Table 6: Debt collection market shares in Norway (2015)

Competitor	Revenue (MEUR)	Market share
Lindorff	[amount]	[20-30]%
Intrum Justitia	[amount]	[5-10]%
Lindorff + Intrum Justitia	[amount]	[30-40]%
Kredinor	[amount]	[10-20]%
Visma	[amount]	[5-10]%
Conecto (SpareBank1)	[amount]	[5-10]%
Svea	[amount]	[0-5]%
Sergel	[amount]	[0-5]%
Arvato	[amount]	[0-5]%
Alektum	[amount]	[0-5]%
Others	[amount]	[20-30]%
<i>Total</i>	<i>[amount]</i>	<i>100%</i>

242. Were the market to be segmented by sector, the Parties' combined market shares would reach [60-70]% in debt collection for the financial sector in 2015, [30-40]% in debt collection for telecoms companies and [30-40]% in debt collection for the public sector. The increment brought by the Transaction is most significant in telecoms, where Intrum Justitia has a market share of up to [10-20]%.¹⁷¹

Table 7: Debt collection market shares, by client segments, Norway (2015)

Client segments	Company	Revenue (MEUR)	Share
Financial sector	Lindorff	[amount]	[50-60]%
	Intrum Justitia	[amount]	[0-5]%
	Combined	[amount]	[60-70]%
Utilities	Lindorff	[amount]	[5-10]%
	Intrum Justitia	[amount]	[0-5]%
	Combined	[amount]	[5-10]%
Telecoms	Lindorff	[amount]	[20-30]%
	Intrum Justitia	[amount]	[5-10]%
	Combined	[amount]	[30-40]%
Public sector	Lindorff	[amount]	[20-30]%
	Intrum Justitia	[amount]	[0-5]%
	Combined	[amount]	[30-40]%
Trade, SME, eCommerce, Other	Lindorff	[amount]	[10-20]%
	Intrum Justitia	[amount]	[5-10]%
	Combined	[amount]	[10-30]%

¹⁷¹ Market shares by segment were similar, and sometimes slightly higher, in the preceding two years. In 2013, the Parties' combined markets share reached [60-70]% in the financial sector (with an increment of [0-5]% brought by Intrum Justitia), [10-20]% in utilities (increment of [0-5]%), and [40-50]% in telecoms (increment of [10-20]%). In 2013, the Parties' combined market shares were also [60-70]% in the financial sector (with an increment of 5-10%) and [40-50]% in telecoms (increment of 5-10%).

243. By way of introduction, the Notifying Party mentions that the worsening macroeconomic environment in Norway, is likely to increase demand for debt collection in the coming years. The Notifying Party points out that a number of new competitors have entered the market, and it expects to see further market entries.
244. The Notifying Party submits that the Parties have only a modest combined market share in Norway, and that the merged entity would continue to face strong competition from many competitors, including in particular Kredinor, the current number two in the market. It adds that the debt collection market in Norway is highly competitive and fragmented, with around 100 registered providers active.
245. The Notifying Party further argues that the Parties are not seen as particularly close competitors in Norway, and that Kredinor, Arvato and Sergel are all seen as closer competitors to Lindorff, the current market leader.
246. The Notifying Party emphasises that customers can switch suppliers easily, and that both the practice of sourcing suppliers via tenders and of using benchmarking between multiple suppliers mean that the merged entity will remain under strong competitive pressure. The Notifying Party states that debt collection contracts are usually of 1-3 years duration, and do not, in general, include exclusivity clauses.¹⁷² It maintains that clients can therefore multisource, and can easily switch suppliers if they are unhappy with one of their providers.
247. The Notifying Party further argues that debt collection customers have significant buyer power. In its view, they have a large number of credible suppliers to choose from, and are at liberty to switch between suppliers. Furthermore, the use of tenders to choose providers means that they will typically receive a number of competitive offers. The practice of benchmarking (as mentioned above) allows customers to measure their debt collection providers against one another, thus increasing competition.
248. Lastly, the Notifying Party submits that it is quick and easy to obtain a debt collection licence in Norway, the main requirements being for the company to be registered in Norway, and for the main personnel to be suitable and qualified to run the business. It reports that former staff of large players on the market have successfully set up their own businesses and can easily recruit colleagues with the necessary expertise. In addition, it submits that benchmarking exercises can help new players to enter the market, as customers are often prepared to allocate a small percentage of their debt cases to an unknown provider, whilst they would be less likely to engage a party with which they have no experience for the entire contract. Entering the debt collection market from neighbouring CMS markets is also a possible strategy for entry, in the Notifying Party's view.
249. The results of the market investigation confirmed Lindorff's status as market leader, and also showed that Intrum Justitia is perceived to be a much stronger player than would be suggested by the market shares. The majority of customers rated Lindorff as number one in the market. Those that didn't almost always named Intrum Justitia, whilst no customers regarded Kredinor as a market leader. Overall, Intrum Justitia was ranked significantly more often amongst customers' top five debt collection

¹⁷² The Notifying Party does, however, acknowledge that there may be exclusivity clauses for smaller collection contracts.

providers than was Kredinor, with Visma (the number three in the market according to the market shares provided by the Notifying Party) barely recognised by customers.¹⁷³ Lindorff and Intrum Justitia were also invited to compete in tenders significantly more often than any other providers.¹⁷⁴

250. For competitors, Lindorff is also the clear market leader, with all respondents naming it as the number one debt collection provider. Unlike customers, however, competitors unanimously ranked Kredinor as the next strongest competitor, with Intrum Justitia third. Visma, the third-placed competitor according to the market shares provided by the Notifying Party, was mentioned less often, and typically lower ranked, whilst other competitors were only mentioned occasionally.¹⁷⁵ Even if competitors typically rank Kredinor above Intrum Justitia, the general picture of the competitive landscape is still very different to that suggested by the market shares: competitors see Lindorff, Kredinor and Intrum Justitia (in that order) as the three major players on the market, with other competitors not in the same class. Competitors also reported meeting both the Parties in over 50% of tenders.¹⁷⁶
251. The results of the market investigation therefore give a very strong indication that Intrum Justitia's position on the Norwegian market is much stronger than suggested by its market share. The Parties appear to be a clear number one and number two on the market in customers' minds, and number one and three for competitors. There is a clear top three of Lindorff, Kredinor and Intrum Justitia, followed, at some distance, by a small group of other second-tier competitors, such as Arvato, Sergel and Svea. The very large number of other competitors referred to by the Notifying Party clearly do not exert any competitive pressure on the major players such as Lindorff and Intrum Justitia.
252. Lindorff has a very good reputation amongst customers in the Norwegian market and is generally regarded as a professional and trustworthy provider, with good technical solutions, skilled employees and good relationships with customers.¹⁷⁷ Customers also value the range of services that Lindorff offers in addition to collection services.¹⁷⁸ Only a small number of customers identify weaknesses, which mainly related to a perceived lack of flexibility and a reluctance to adapt to individual customer's needs. Some saw these characteristics as being a consequence of its size and market-leading position. Other customers, meanwhile, stated that Lindorff was flexible and responded appropriately to customers' needs.¹⁷⁹
253. Competitors also commented on Lindorff's reputation and expertise. Its strengths, as perceived by competitors, cover almost all the criteria of relevance to debt collection: it has industry expertise and high volumes of market data, it benefits from its size and scale, it is part of an international group and is present across

¹⁷³ Customers, Norway – Questionnaire 12, Q21.2.

¹⁷⁴ Customers, Norway – Questionnaire 12, Q9.1.1.

¹⁷⁵ Competitors, Norway – Questionnaire 4, Q12.

¹⁷⁶ Competitors, Norway – Questionnaire 4, Q26.

¹⁷⁷ “Professional actor in the marked. Largest player. Good reputation in terms of quality and professionalism.” Customer, Norway – Questionnaire 12, Q15.

“Professional, experienced, has sufficient and well-trained staff, sophisticated systems with many integrations to standard ERP systems.” Customer, Norway – Questionnaire 12, Q16.1.

¹⁷⁸ Customers, Norway – Questionnaire 12, Q15-16

¹⁷⁹ “[Lindorff is] willing to adopt changes and listening to us as a customer when we request changes.” Customer, Norway – Questionnaire 12, Q15.

Europe, and it enjoys a good reputation in the market. Similarly to customers, a minority of competitors also saw Lindorff's size as a potential weakness, in view of the risk of losing touch with customers and becoming too inflexible.¹⁸⁰

254. The vast majority of customers named Intrum Justitia as Lindorff's closest competitor in Norway. They mentioned the similar size and comparable recovery rates of the two companies. The next closest competitor was generally considered to be Kredinor, with other providers only being mentioned occasionally, suggesting that only Intrum Justitia and Kredinor are generally seen as real alternatives to Lindorff.¹⁸¹ Competitors, meanwhile, typically named Kredinor as Lindorff's closest competitor, with Intrum Justitia second.¹⁸²
255. Customers' overall perception of Intrum Justitia is very similar to that of Lindorff. They see Intrum Justitia as a professional and reputable service provider, which offers reasonable prices, good customer service and IT tools.¹⁸³ Intrum Justitia is also seen as being a flexible provider, which is able and willing to tailor its solutions to individual customers' needs.¹⁸⁴ Customers also valued Intrum Justitia's international presence. A minority of customers stated, however, that Intrum Justitia's technology is not up-to-date and that its systems are inefficient. One also questioned its market knowledge in Norway.
256. Competitors generally viewed Intrum Justitia as a strong, international provider, with high standards of customer service, high quality tools and competitive prices. Intrum Justitia's size was also mentioned as an advantage, as was its ability to provide a broad range of services, covering all aspects of CMS and factoring. At the same time, however, some competitors felt that Intrum Justitia's size could become a possible weakness – the same concern as expressed in relation to Lindorff. In addition, some competitors voiced similar views as customers in relation to Intrum Justitia's technology, which they see as outdated.¹⁸⁵
257. Customers' responses indicated that they see Lindorff as by far the closest competitor to Intrum Justitia. Kredinor was also mentioned as next closest competitor by a significant proportion of respondents, but other competitors were named by only a minority of respondents. Considering these responses together with the views on Lindorff's closest competitors, it is clear that customers regard Lindorff and Intrum Justitia as each other's closest competitors, with Kredinor some way further behind. Other competitors are not generally considered to be close competitors to either of the Parties.
258. Competitors, meanwhile, also consistently ranked Lindorff as Intrum Justitia's closest competitor and Kredinor as second closest.¹⁸⁶ Overall, therefore,

¹⁸⁰ Competitors, Norway – Questionnaire 4, Q13.

¹⁸¹ Customers, Norway – Questionnaire 12, Q17.

¹⁸² Competitors, Norway – Questionnaire 4, Q13.

¹⁸³ Customers, Norway – Questionnaire 12, Q18-19.

“They are an international brand, professional and easy to work with.” “Very good relationship between our customer services and personnel in Intrum Justitia. Very good web tool, good prices and a good reputation. Good experience with our products and market.”

¹⁸⁴ Customers, Norway – Questionnaire 12, Q19.1. “Professional, serious, adaptive to unique customer needs.”

¹⁸⁵ Competitors, Norway – Questionnaire 4, Q13.

¹⁸⁶ Competitors, Norway – Questionnaire 4, Q14.

competitors' views on the closeness of competition between the Parties would seem to tie in with their ranking of the top three on the market: they see Lindorff as a clear market leader, followed by Kredinor and then Intrum Justitia. As such, Kredinor is Lindorff's closest competitor, as it is next highest ranked, and Lindorff is Intrum Justitia's closest competitor, being the market leader. This confirms again that the Parties and Kredinor are the three main players on the market, with other providers having a lesser influence on competition.

259. A significant proportion of customers confirmed that it is not easy for them to switch suppliers. The main reasons mentioned were contractual issues, in particular 'lock-in' clauses, and the extra expense that would be created by having to integrate their systems with a new provider.¹⁸⁷ The fact that the current provider already has this integration in place, and has already established certain procedures with the customer mean that it is much more convenient and less costly for the customer not to switch.¹⁸⁸ In addition, many customers expect the existing provider to be able to achieve better results in future compared to a new provider, as it will benefit from the knowledge on a particular customer's claims that it has built up over time.¹⁸⁹ Switching provider is also generally seen as a fairly lengthy exercise – customers' estimates as to the time it would take to have systems in place with a new provider vary considerably, but some thought it could be as long as 6-12 months.¹⁹⁰ A large majority of customers stated that the current provider will have an advantage when the contract next comes up for renewal.¹⁹¹ This is also due to customers' wish to avoid reputational risk. If they know and trust their current provider, they are unwilling to take the risk of trying out an alternative, even if the price might be slightly better.¹⁹² This type of behaviour on the part of customers creates a genuine barrier to entry as it makes it very difficult for new entrants, or existing but smaller players, to gain market share, even if the incumbent players underperform.
260. Customer's reluctance to change providers is borne out by the actual switching rates: around half of customers who responded to the market investigation had not changed debt collection provider at all during the last five years, and, of those which had switched provider, the vast majority had only changed once.¹⁹³ Responses from competitors also suggested that switching could be very time-consuming, especially for large clients with more complex or larger volumes of cases. Competitors explained that it could take up to a year and a half for them to integrate their systems with those of a new client.¹⁹⁴
261. Customers' responses to the market investigation confirmed that they do choose to hold tenders in the majority of cases, but there were also a significant proportion of

¹⁸⁷ Customers, Norway – Questionnaire 12, Q12. "A collection agency always wants to get paid in full (no matter whether collections are successful or not), which means it's often impossible to switch provider."

¹⁸⁸ Customers, Norway – Questionnaire 12, Q12.

¹⁸⁹ Customer, Norway – Questionnaire 12, Q14.1. "Its unique insight and information on our claims and processes gives our existing provider an advantage over external, less well informed providers."

¹⁹⁰ Customers, Norway – Questionnaire 12, Q12.2.

¹⁹¹ Customers, Norway – Questionnaire 12, Q14.

¹⁹² Customer, Norway – Questionnaire 12, Q14.1. "We know their systems and the contact persons we have at their company. They have a good knowledge of our business model and of the type of customers we have, and how to handle them."

¹⁹³ Customers, Norway – Questionnaire 12, Q13.

¹⁹⁴ Competitors, Norway – Questionnaire 12, Q32-33.

respondents that had entered into contracts without holding a tender, i.e. based on an offer from only one provider.¹⁹⁵ Competitors were of the opinion that larger customers with significant volumes of debt cases would typically hold tenders, but that medium-sized or smaller companies would be more likely to negotiate with one player only.¹⁹⁶ Where customers do organise tenders, they are usually quite restrictive in their choice of participants, preferring to invite providers they have experience with or that have a certain reputation and status on the market.¹⁹⁷ The way in which sales are concluded, i.e. via private arrangements or following closed tenders, therefore puts established players at an even stronger advantage, and makes it very difficult for smaller or newer players to compete.

262. Contrary to the Notifying Party's claim, the vast majority of customers that responded to the market investigation do not think it would be possible or desirable for them to start performing debt collection in-house again. The vast majority of customers explain that this would not be feasible, due to the investment that would be required and the time it would take to have an in-house system.¹⁹⁸ Starting performing collection in-house would require, in particular a large scale reorganisation internally, purchasing and maintenance of new IT systems, consultation with legal advisors and recruitment and training of new specialised staff.¹⁹⁹ The very reason for which many customers have outsourced debt collection in the first place is that they do not have the necessary expertise or resources internally, and external collection is therefore considered more efficient and cost-effective.²⁰⁰ The effective absence of the option to perform debt collection in-house indicates that buyer power is significantly less strong than suggested by the Notifying Party,

263. Responses from Norwegian customers provided some evidence that the number of providers able to serve large customers is very limited. A number of customers noted that only the larger providers would be able to meet their needs, partly due to capacity, and partly due to their preference for debt collection providers that also offer other CMS.²⁰¹ Some customers are worried that smaller debt collection agencies won't be able to handle their volumes of claims effectively, or won't have the necessary technical sophistication.²⁰² Customers therefore feel reassured by a

¹⁹⁵ Customers, Norway – Questionnaire 12, Q9.

¹⁹⁶ Competitors, Norway – Questionnaire 4, Q27.

¹⁹⁷ Customers, Norway – Questionnaire 12, Q10.

¹⁹⁸ Customers, Norway – Questionnaire 12, Q27.1.

“We do not have the competencies and will not prioritise this task in-house. Increased prices would be charged to our customers.”

¹⁹⁹ Customers, Norway – Questionnaire 12, Q27.1.1. [Steps to be taken:] “recruiting staff, investing in IT systems/infrastructure, training staff, maintaining systems, working with a legal firm, setting up investigation units etc. I would estimate min one year before up and running.”

²⁰⁰ Customer, Norway – Questionnaire 12, Q5.

²⁰¹ Customer, Norway – Questionnaire 12, Q10.1. “We are a large customer for a collection agency, so we do not want to use a small collection agency.” “We use a debt collector for purposes other than ordinary collection as well. (...) we also use this provider to run quality checks on our portfolios in order to improve the granting of new credits. Such analyses will be of better quality if they are run by an agency with a high collection market share within the products we are selling. So size is important for us.”

²⁰² Customer, Norway – Questionnaire 12, Q10.1.

provider that they know to be one of the biggest on the market.²⁰³ In addition, many of the smaller debt collection agencies do not provide additional services, or do not offer all stages of the debt collection value chain, e.g. in particular legal collection. This is important for many customers that wish to outsource all aspects of debt collection,²⁰⁴ and/or other CMS.²⁰⁵ Customers' preference for larger providers thus reveals that the competitive pressure exerted by the numerous smaller players is much less significant than claimed by the Notifying Party.

264. Competitors also confirmed that not all debt collection agencies in Norway would be able to serve all customers. In particular, the requirements for serving large, international customers would exclude many smaller providers from this area of the market. Competitors emphasised the importance of offering services at all points of the value chain, and of having systems that can handle large volumes of claims.²⁰⁶ Dealing with large volumes of cases quickly and efficiently is seen as being very challenging for smaller companies. Some competitors explained that only debt collection companies with presence in other countries would be able to serve customers which trade internationally. Given the criteria for serving large, international customers, Lindorff and Intrum Justitia are clearly well qualified to meet these needs, whilst many of the other competitors on the Norwegian market do not have the necessary scale or international presence.

265. In addition to the above, a small number of customers also mentioned that they are currently looking to standardise their debt collection outsourcing across the Nordic region and Estonia, and are therefore looking for a single debt collection provider that can meet their needs across this region.²⁰⁷ The pool of competitors which could do this is therefore much smaller than the number of competitors active in Norway. In particular, Kredinor, which would be the strongest competitor to the merged entity, the only other player with a market share over [10-20]%, and the only other player seen as a realistic alternative to the Parties by most customers, is only active in Norway and would therefore not come into consideration for this customer, or any others wishing to find a debt collection provider which can serve their needs across a number of markets.

266. Contrary to the Notifying Party's claim, competitors consider that barriers to entry are very high in the Norwegian market. In their view, it would be very difficult for a new company to start competing on the market without local knowledge, as this is essential both for valuing and collecting on portfolios. Regulatory requirements were also considered to create a barrier to entry.²⁰⁸ One competitor explained that,

²⁰³ Customer, Norway – Questionnaire 12, Q10.1. “In this type of industry it's important to work with the serious players on the market. Therefore it's always better to work with some of the very big ones, because they don't want to risk their reputation.”

²⁰⁴ Customer, Norway – Questionnaire 12, Q10.1.

²⁰⁵ Customer, Norway – Questionnaire 12, Q10.1.

²⁰⁶ Competitors, Norway – Questionnaire 4, Q5. “For large customers we have to have a system that can handle a big amount of claims.” “A large customer automatically demands more manpower, IT capacity, closer follow up.”

²⁰⁷ Customers, Norway – Questionnaire 12, Q14.1. “We are working on the harmonisation of all our collection processes . . . part of this harmonisation process will be to request collection services from one collection agency for the whole region. We will choose the collection provider with the best solution and prices for the region as a whole.”

²⁰⁸ Competitors, Norway – Questionnaire 4, Q10-11.

as a result, entry almost always comes about through the acquisition of a smaller player already active on the market, rather than through organic growth.²⁰⁹

267. A significant minority of customers expressed concern about the Transaction in respect of the debt collection market.²¹⁰ They explained that the Parties are two of the largest players on the Norwegian market, and that losing one will therefore undoubtedly have an impact.²¹¹ One customer mentioned that the Parties have often been in competition with each other for its debt collection contract, and that the loss of one of the two will certainly be felt on the market.²¹² Another customer stated that for customers wishing to work with a large debt collection agency, there will no longer be any choice at all.
268. One customer was in favour of the Transaction, and explained that it would allow them to benefit from the best aspects of both providers' services. Although this customer uses the combined strengths of the two companies to argue *for* the merger, this opinion again shows that the Parties are considered to be the best providers on all criteria. This customer sees a combination of Lindorff and Intrum Justitia as a company that could offer "the best systems combined with the best people, attitude and pricing"²¹³. It also emphasises the attractiveness of the merger in terms of creating one provider that could serve them equally well across the Nordic region.²¹⁴ Both these arguments indicate the competitive advantage that the merged entity would have over all other competitors, which would not be able to match this all-round strength and geographic presence.
269. While some competitors indicate that the Transaction would have no impact on the market, some submit that the Transaction would have an impact mainly in that the merged entity would be in a class of its own in terms of size, holding a very large market share.²¹⁵ According to competitors this would allow it to exert considerable influence over the debt collection market, potentially leading to price rises. As explained by one of competitors: "The combined entity will establish a new league of provider which will reduce the mobility in the market as some segments will only have one provider. All in all we estimate more than [60-70]% of the market to relate to the combined entity - de-facto shaping the future of the debt collection and also debt purchasing market in Norway."²¹⁶ Furthermore, it is expected that the merged entity would be the only provider on some segments of the market, such as utilities leading to a dangerous monopoly situation.²¹⁷ Competitors also emphasise that

²⁰⁹ Competitors, Norway – Questionnaire 4, Q10.2.

²¹⁰ Customers, Norway – Questionnaire 12, Q28.

²¹¹ Customers, Norway – Questionnaire 12, Q28. "Two already super big collection agencies that will merge? Of course it will have a HUGE impact on the market."

²¹² Customers, Norway – Questionnaire 12, Q51.1, Q28.1. "One less competitor when it comes to general service providers. Lindorff and Intrum have typically competed quite intensely to secure us as a client when we tender for general debt collection services."

²¹³ Customers, Norway – Questionnaire 12, Q29.

²¹⁴ Customer, Norway – Questionnaire 12, Q25."Lindorff and Intrum Justitia are strong in different countries in the Nordic markets, and the merger would allow customers to have the same provider in all countries, without ever having to take the second best provider in any market."

²¹⁵ Competitors, Norway – Questionnaire 4, Q34.

²¹⁶ Competitors, Norway – Questionnaire 4, Q73.1.1.

²¹⁷ Competitors, Norway – Questionnaire 4, Q34.1"More aggressive prices. Monopoly on certain sectors – e.g. public sector, health and utilities."

competition would be reduced for very large customers, who would suffer from the lack of choice of provider.²¹⁸

270. In conclusion, as demonstrated by the market investigation, Lindorff and Intrum Justitia are very strong players on the Norwegian debt collection market, and have very similar profiles. Contrary to the picture presented by the market shares, the Parties are two of the top tier of three providers, the third player being Kredinor. Other competitors do not offer a realistic alternative for many large customers. Importantly, the Parties both have a strong international presence, a characteristic valued highly by many customers, whereas Kredinor is active exclusively in Norway.

271. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt collection in Norway.

IV.2.B.2.2 Norway - Debt purchasing

*Table 8: Debt purchasing, % of tenders won on the basis of adjusted market size (2013-2015) in Norway*²¹⁹

	Number of tenders		Value of tenders	
Corrected total market size	[number]	100%	EUR [amount] mn	100%
Lindorff	[number]	[20-30]%	[amount]	[30-40]%
Intrum Justitia	[number]	[10-20]%	[amount]	[5-10]%
Combined	[number]	[30-40]%	[amount]	[40-50]%

272. The Notifying Party’s submissions regarding the overall debt purchasing market and the Commission’s general findings, which equally apply to Denmark, Estonia, Finland, Sweden and Norway are summarized in section IV.2.A.2 above. As explained above, the Notifying Party claims that the debt purchasing market is EEA-wide in scope and has not provided any specific arguments regarding the competitive conditions on national markets. In particular, the Notifying Party has not put forward any arguments as regards the closeness of competition, credibility of alternative suppliers or buyer power on the debt purchasing market in Norway. The Notifying Party also has not commented on the above market shares, even though they indicate that the Transaction could lead to significant impediment of effective competition on the Norwegian debt purchasing market.

273. As can be seen from the table above, the Parties have a combined market share of [40-50]% (by value) in debt purchasing tenders over the period 2013-2015. The increment brought by Intrum Justitia is fairly modest in terms of value ([5-10]%), but much more significant in volume ([10-20]%), suggesting that Intrum Justitia is a

²¹⁸ “Some challenges with very large players.” Competitor, Norway – Questionnaire 4, Q35.1.

²¹⁹ The market shares in the table above have been calculated on the basis of a total market size for the market for all tenders, which has itself been calculated by applying a correction factor to the tenders the Parties are aware of (see Footnote 101). In addition, the data do not take into account any sales concluded following bilateral negotiations.

more active player on the market than its market share by value might suggest.²²⁰ The Parties are stronger overall in debt purchasing than in debt collection, possibly reflecting their strength in debt collection for the financial sector, where the largest clients for debt purchasing are typically found.

274. The Norwegian debt purchasing market is characterised by a preference for one-off sales over forward-flow agreements. Debt sellers typically perform an internal assessment of the overdue debts that have accumulated every couple of years, and then decide whether it would be advantageous to sell the debt portfolios rather than continuing to hold them on the company's balance sheet. Sales are therefore fairly infrequent (from a seller's perspective) and dependent on market conditions.²²¹
275. The market investigation showed that debt purchasing is a fairly concentrated market. Customers named a fairly small group of potential debt purchasers, most of which are also active in debt collection. These include, in addition to the Parties, Conecto (SpareBank 1), Svea, Kredinor and Collector. B2 Holding and PRA Group, which are not active in debt collection in Norway, are also named by some debt sellers as possible bidders.²²² Debt purchasers are generally thought to be interested in all types of portfolio, although it is recognised that some of the debt collection companies may not be able to compete for larger portfolios.
276. The responses from competitors generally confirmed the views of customers. Just over half of respondents (all of which are active in debt collection in Norway) are also active in debt purchasing. As seen across the Nordic markets, debt purchasers are mainly focused on unsecured debt. A number of competitors in Norway specialise to some extent in financial sector debt, as this is seen as the most profitable area.²²³
277. Most potential debt sellers organise tender procedures when they decide to sell a certain portfolio. They are typically very cautious in choosing the participants to invite, and will carry out thorough analysis before including a potential buyer in a tender procedure. In particular, sellers in Norway are keen to have assurance that the bidders have good reputations and only employ the best debt collection practices. They see this as important in terms of protecting their own companies' reputations and avoiding any bad publicity.
278. Only a very small minority of Norwegian customers think that international private equity funds or asset management firms would be suitable buyers for their debt portfolios.²²⁴ The main reason for sellers' reluctance to sell to this type of buyer is the importance of best practice in debt collection and of knowledge and expertise

220 In addition, the proportion of tenders won by each Party in each of the years (based on an uncorrected market size) also shows that market shares vary considerably from year to year. Intrum Justitia won less than [0-5]% of known tenders by value in 2015, but [30-40]% in 2014, whilst Lindorff won [10-20]% (by value) in 2014, and [50-60]% in 2016. The percentage won by each of the Parties by number of tenders also varies over the three year period.

221 Customers, Norway – Questionnaire 12, Q31 “High level capital assessments trigger potential sales processes. We monitor the accumulation of non-performing loans (NPLs) to decide if volumes are sufficient for a potential sale or not.”, “The bank sells debt portfolios after an internal assessment. There are several years between the sales of portfolios.”

222 Customers, Norway – Questionnaire 12, Q34.1.

223 Competitors, Norway – Questionnaire 4, Q37-38.

224 Customers, Norway – Questionnaire 12, Q38.

relating to the seller's area of business.²²⁵ A number of customers point out that it is more difficult for them to check the credentials of larger investment firms and to be sure that their customers will be treated well. Responses from competitors generally confirmed that such firms are active as buyers on the debt purchasing market in Norway, but that they would often bid in partnership with a debt collector.²²⁶

279. The market investigation strongly confirmed the presence in Norway of the same link between debt collection and debt purchasing as seen in the Nordic region in general. First, the vast majority of customers confirm that they would have a preference for selling to their current debt collector. They mention, in particular, that this makes the selling process much simpler and less costly, as details on the receivables have already been transferred and the debt collection provider has already passed all the necessary compliance checks.²²⁷ One customer also explained that the incumbent debt collection provider may be able to hold back information on their collection on the portfolio to date, meaning that the seller cannot provide other potential bidders with the information they would need to make an accurate valuation. This effectively traps the seller and prevents them from getting any competitive offers from other potential purchasers.²²⁸ Another customer also regarded the debt collection provider's prior knowledge of the portfolio as an advantage.

280. Customers' responses demonstrated that most, whilst acknowledging the advantages of selling to their debt collector, do hold tender procedures for the sale of their debt portfolios.²²⁹ The simplicity and lower cost of selling to the debt collection provider still, however, weighs heavily in their final decision – one customer mentioned that if the prices submitted by other bidders were similar, they would still favour their current provider, and another stated that the price would need to be significantly better (i.e. at least 25% higher), which in their experience is very rarely the case, for them to consider selling to another purchaser.²³⁰ The only disadvantage of selling to the current debt collection provider mentioned by customers in Norway was that there might be less room for negotiation once an offer has been submitted. This may reflect the fact that the current debt collection provider is able to produce a more accurate valuation, and is therefore certain of the lowest price it is willing to offer.

²²⁵ Customer, Norway – Questionnaire 12, Q38. “Having a proven track record in best-practice debt collection is a key criteria for us.”

²²⁶ Competitors, Norway – Questionnaire 4, Q60.

²²⁷ Customers, Norway – Questionnaire 12, Q39.1 “It definitely favours a simple approach to sales as KYI [know your investor] checks have already been performed, compliance requirements are already met.” “Our experience is that [selling to the] current debt collection agency ensures a smoother transition of ownership, compared to our experience when transferring portfolios from one agency to another.”

²²⁸ Customer, Norway – Questionnaire 12, Q12.1. “[...] has on occasion held back information, in order to prevent us from getting a good price for the portfolio from other purchasers, and thus to allow them to make the highest bid on the portfolio instead.”

²²⁹ Customer, Norway – Questionnaire 12, Q39.1. “Despite these facts a tender process would always be launched in order to ensure the best possible transaction both in terms of pricing, compliance and ethical considerations.”

²³⁰ Customer, Norway – Questionnaire 12, Q39 “You are more or less forced to sell to the current collection agency (because it's too costly and complicated to move it elsewhere). It's only the VERY few times when the price is MUCH better (25% higher or more) that we even bother selling to anybody else.” “Our current collection agency would be preferred if the price is comparable.”

281. The views expressed by competitors on the link between debt collection and debt purchasing were largely in line with those of customers. Competitors also recognised that it was much more convenient for debt collection customers to sell to their collection provider than to any other purchaser, and that it significantly reduces the administrative costs associated with debt sales, especially if the seller does not hold a tender.²³¹ Competitors emphasised the advantage of having systems that are already integrated, meaning that it is much quicker to start transferring data and to implement the sale agreement. Based on the market investigation results it is not possible to conclude on the average proportion of debt purchasing business coming from debt collection customers; however, one competitor indicated that in their case the proportion amounts to 90%.²³²
282. More generally, competitors also confirmed the importance of skills related to debt collection in order to compete successfully in debt purchasing (i.e. even if bidding for a portfolio that they have not collected on). The majority of competitors regarded the ability to analyse and value portfolios as a necessary skill,²³³ and many also mentioned the importance of having collection capacity.²³⁴ The way in which the purchaser will collect on the debt is also a main consideration for customers when choosing a debt purchaser. A significant proportion rated the ability to perform debt collection in-house as an important criterion, as it allows them to have greater confidence that debtors will not be treated inappropriately. Customers are very conscious of the risk to their own reputation that could be created by malpractice on the part of the new owner of the debt portfolios, and the reputation of the purchaser is therefore also very influential in their choice.²³⁵
283. The results of the market investigation demonstrated that Lindorff and Intrum Justitia are generally regarded as very strong players in debt purchasing. Customers almost unanimously name them as the top two in the market, with other competitors only getting occasional mentions among the top five.²³⁶ Customers have a very high opinion of Lindorff as a debt purchaser, and emphasised in particular its high ethical standards, reputation and expertise. It is seen as a top competitor with good insight into the market, which allows it to offer competitive prices. Its financial capacity to bid for larger portfolios and international presence were also seen as strengths.²³⁷
284. Intrum Justitia was also generally well regarded by customers, although some customers were less familiar with Intrum Justitia than with Lindorff, and it does not inspire quite the same confidence. Its experience, competitive pricing and financial capacity were mentioned as being amongst its main strengths, and one customer also considered it to have particular expertise in handling claims from the financial sector.
285. Competitors also regarded Lindorff as a clear number one on the market, all ranking it as the strongest player in debt purchasing. Intrum Justitia is, however, slightly less

²³¹ Competitors, Norway – Questionnaire 4, Q49-50.

²³² Competitors, Norway – Questionnaire 4, Q49.

²³³ Competitors, Norway – Questionnaire 4, Q41.

²³⁴ Competitors, Norway – Questionnaire 4, Q48.

²³⁵ Customers, Norway – Questionnaire 12, Q36. “To avoid bad collection practice potentially distorting the reputation of us as the selling institution. We need to know that clients are treated according to good practice.”

²³⁶ Customers, Norway – Questionnaire 12, Q37.

²³⁷ Customers, Norway – Questionnaire 12, Q43.

highly rated by competitors. PRA is generally seen as the number two in Norway, followed by a small group of other competitors including Intrum Justitia.²³⁸ Similarly to customers, competitors describe Lindorff as a competent, professional purchaser, with a good reputation and good knowledge of the market. Competitors also commented on the size of its existing portfolio, its funding and its experience in debt collection as particular strengths.²³⁹ Moreover, relative to other competitors, Lindorff is seen as having a particular advantage in terms of the size of its databases, which it has built up thanks to the financial backing which has allowed it to acquire a large volume of portfolios.

286. As mentioned above, competitors generally rated Intrum Justitia less highly than Lindorff, but it is nonetheless seen as a strong player. One competitor mentioned its international presence, its in-depth insight into markets and its local operational units as particular strengths.²⁴⁰ Intrum Justitia was one of the two providers (the other being PRA Group) most often named by competitors as the closest competitor to Lindorff.²⁴¹ Competitors consistently rated Lindorff as Intrum Justitia's closest competitor, followed by PRA Group.²⁴²
287. Customers' views on the closeness of competition between Lindorff and Intrum Justitia were largely consistent with their perception of the Parties as the top two in the market. Intrum Justitia was the purchaser most often named as Lindorff's closest competitor, followed by Conecto (SpareBank 1) and Kredinor. A small number of other competitors were mentioned very occasionally (e.g. Axactor, Svea and PRA). Lindorff was also consistently named by customers as Intrum Justitia's closest competitor, with other debt purchasers barely mentioned. Customers regard the two companies as being interested in similar portfolios, and as being similarly financially strong, thus able to bid for larger portfolios.
288. The majority of customers were of the opinion that the Transaction would have an impact on the Norwegian debt purchasing market. They are concerned about the possible effect of the loss of one of the major players, and expect to see the choice of potential debt purchasers reduced, leading potentially to lower prices being offered for portfolios.²⁴³ Some customers think that the merged entity will have a dominant position on the debt purchasing market.²⁴⁴
289. Competitors had mixed views on the impact of the Transaction on the market for debt purchasing. Some were less certain as to whether there would be significant consequences for competition but others were very concerned by the prospect of the merged entity becoming a dominant player with the power to control at least certain parts of the market. One competitor stated that some customers will be left with

²³⁸ Competitors, Norway – Questionnaire 4, Q52.

²³⁹ Competitors, Norway – Questionnaire 4, Q56. “Having strong financial backing from shareholders, Lindorff was able to invest significantly in portfolios, which allowed it to subsidise its debt collection business and provided the scale for further growth. As a result, Lindorff has obtained valuable data, which most other players do not have.”

²⁴⁰ Competitors, Norway – Questionnaire 4, Q56.

²⁴¹ Competitors, Norway – Questionnaire 4, Q54.

²⁴² Competitors, Norway – Questionnaire 4, Q55.

²⁴³ Customer, Norway – Questionnaire 12, Q52. “The merger will have a negative impact for us as a client, because we will have far fewer alternatives (none if we want to work with any of the really big players on the market).

²⁴⁴ Customer, Norway – Questionnaire 12, Q51 “They will totally dominate the debt purchase industry.”

only one suitable provider, and expects the merged entity to gradually extend its influence to cover the whole debt purchasing (and debt collection) market, starting from the financial sector where it will be strongest.²⁴⁵

290. In conclusion, the market investigation confirmed that Lindorff is a very clear market leader in debt purchasing in Norway, its home country. It enjoys an excellent reputation amongst customers and has the financial capacity to bid for portfolios which are out of the reach of other debt collection providers. Views on Intrum Justitia's position on the market are more mixed, but it is at least one of a small group of followers, and potentially (at least in customers' minds) number two behind Lindorff. Although there are also a number of larger financial investors present on the market, customers expressed a definite reluctance to sell to purchasers that are not active in debt collection in Norway. This makes it much more difficult for competitors of this type, such as B2B Holding and PRA Group, to compete on the Norwegian market. Of the other debt collectors active in debt purchasing, none has the international scale of the Parties and may not thus be able to bid competitively for larger portfolios, especially in the financial sector where the Parties also have particularly extensive expertise and experience from their debt collection business.

291. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt purchasing in Norway.

IV.2.B.3 *Sweden*

IV.2.B.3.1 *Sweden – Debt collection*

292. The table below shows the market share of the Parties and their competitors in debt collection in 2015. The merged entity would be the clear market leader with a market share of close to [30-40]%, while the closest competitor, Svea Inkasso, would hold around [10-20]%. No other competitors would have a market share of above [5-10]%, meaning that the merged entity and Svea Inkasso would form a clear top tier of two major providers.

²⁴⁵ Competitor, Norway – Questionnaire 4, Q73.1.2. "...the combined entity will establish a new league of provider which will reduce mobility in the market as some segments will only have one provider." "The combined entity will be able to establish itself as the only provider in certain areas of the market (beginning with financial institutes and then diversifying into other segments) due to its size and capabilities. The larger customers therefore may only have one buyer to sell to."

Table 9: Debt collection – Revenue (MEUR) in Sweden (2015)

Competitor	Revenue (MEUR)	Share
Intrum Justitia	[amount]	[20-30]%
Lindorff	[amount]	[5-10]%
Lindorff + Intrum Justitia	[amount]	[20-30]%
Svea Inkasso	[amount]	[10-20]%
Alektum	[amount]	[5-10]%
Sergel	[amount]	[5-10]%
Arvato	[amount]	[0-5]%
PayEx	[amount]	[0-5]%
Collector	[amount]	[0-5]%
Visma	[amount]	[0-5]%
Other	[amount]	[0-5]%
<i>Total</i>	<i>[amount]</i>	<i>100%</i>

293. Should the market be further segmented by sector, the Parties would have a combined market share of more than [50-60]% in debt collection for the financial sector and for utility companies and more than [30-40]% in debt collection for the public sector. In the financial sector the increment brought by the Intrum Justitia exceeds [20-30]%.

Table 10: Debt collection market shares, by client segments, in Sweden (2015)

Client segments	Company	Revenue (MEUR)	Share
Financial sector	Lindorff	[amount]	[20-30]%
	Intrum Justitia	[amount]	[20-30]%
	Combined	[amount]	[50-60]%
Utilities	Lindorff	[amount]	[0-5]%
	Intrum Justitia	[amount]	[50-60]%
	Combined	[amount]	[50-60]%
Telecoms	Lindorff	[amount]	-[5-10]%
	Intrum Justitia	[amount]	[10-20]%
	Combined	[amount]	[10-20]%
Public sector	Lindorff	[amount]	[0-5]%
	Intrum Justitia	[amount]	[20-30]%
	Combined	[amount]	[30-40]%
Trade, SME, eCommerce, Other	Lindorff	[amount]	[5-10]%
	Intrum Justitia	[amount]	[10-20]%
	Combined	[amount]	[20-30]%

294. The Notifying Party describes Sweden as a mature debt collection market, with a number of strong well-established players active. At the same time, however, a relatively high proportion of debt collection is still performed in-house, which forms a main focus for debt collection providers. The Notifying Party also points out that a number of digital debt collection providers have recently entered the market, demonstrating the dynamic competitive nature of the market.
295. The Notifying Party submits that Lindorff is not currently one of the top two players on the market. It is of similar size to several competitors, such as Sergel and Alektum, and less than half the size of the current number two on the market, Svea. The Notifying Party explains that a number of strong competitors will remain active

on the market, in particular Svea, Alektum, Sergel, Arvato, Visma, OpusCapita and PayEx, which will continue to exert competitive pressure on the combined entity following the Transaction. The Notifying Party also points out that a number of these competitors are also active in the provision of debt collection to customers in the financial sector, the area where the Parties are strongest.

296. Furthermore, the Notifying Party argues that there are no significant barriers to entry on the debt collection market in Sweden. It is relatively easy to obtain a debt collection licence, and applications are usually processed within 2-3 months. The Notifying Party also submits that entry can take place in a number of different ways. The Notifying Party further explains that there are no capital requirements for entering the Swedish debt collection market, and that the necessary staff and resources can be acquired easily. In particular, IT systems can be purchased from third party providers and a large amount of information on debtors is publicly available. The Notifying Party also maintains that new entrants can quickly develop a good reputation on the Swedish market, either as a result of their reputation in other CMS, or by building up a record of good performance.
297. The Notifying Party explains that the fees that can be charged to debtors for collection services are regulated by law, and are independent of the level of the debt. Overall, the level of the fees is slightly lower than in the other Nordic markets.
298. The Notifying Party submits that debt collection contracts, at least for larger customers, are mainly non-exclusive in Sweden, and customers can therefore conclude contracts with additional providers without incurring any penalties or other fees. The Notifying Party does, however, acknowledge that smaller customers are very likely to have exclusive contracts, meaning that they cannot use other providers. The Notifying Party emphasises that even exclusive contracts do not usually specify minimum volumes, and the customer is not therefore obliged to transfer any cases. Debt collection contracts are typically of relatively short duration (around 1-2 years) in Sweden, and usually include a termination period of 1-3 months.
299. In addition, the Notifying Party also acknowledges that contracts with 'lock-in' clauses are sometimes used in Sweden, although it claims that these have become less common in recent years. The effect of such contracts is that the customer would have to pay a penalty fee in order to change provider for the debt surveillance phase. The Notifying Party argues that customer's bargaining power has often led to such clauses being waived.
300. The Notifying Party submits that customers can switch provider easily in Sweden, and that a new provider is usually chosen via a tender procedure. In addition, the Notifying Party observes that downward pressure on prices has increased in recent years in the Swedish market, and that margins are under pressure. The Notifying Party expects this trend to continue after the Transaction, as a result of the strong competition already present on the market, and the credible threat of new entry.
301. The Notifying Party claims that benchmarking has become a relatively common practice among larger customers in Sweden, and that more and more customers are now taking up this practice. The first were in the banking sector, but benchmarking is now also becoming increasingly widely used in the telecoms and utilities sectors. The Notifying Party argues that benchmarking allows the customer to generate competition between debt collection providers, and to incentivise improved collection rates. It also provides an opportunity for smaller providers to start

working with major customers, as customers often prefer to try out a new provider by allocating a small part of their portfolio to it, whilst still keeping on a known, larger provider.

302. As noted above, in Sweden the Parties have a combined market share of [20-30]% on the overall market for debt collection, and over [50-60]% in the markets for debt collection for the financial sector and for utilities respectively. The Transaction will lead to the combination of the number one and number four players on the market. These market shares do not, however, give a true reflection of the competitive strength of the Parties, which are viewed by market participants as the two strongest competitors on the Swedish debt collection market. Although the market shares suggest that Lindorff is only the number four on the market, both customers and competitors generally regarded it as the second strongest provider, after Intrum Justitia.
303. All competitors identified Intrum Justitia and Lindorff as the number one and two debt collection providers in Sweden. This very strongly suggests that Lindorff's position on the market is much stronger than indicated by the market shares. Likewise, all competitors identified the Parties as each other's closest competitors.²⁴⁶ The market investigation also showed that in the majority of cases in which a tender for debt collection services was organised, both Intrum Justitia and Lindorff were competing in the tender. In some cases, the Parties were the only companies that submitted bids.²⁴⁷
304. Whilst competitors recognise the presence of a relatively large pool of providers, they are generally of the opinion that smaller providers would struggle to serve large customers. Large customers are seen as having different requirements compared to smaller or medium-sized companies, the latter being more often willing to accept standardised services and reporting.
305. A large majority of customers also identified the Parties as being among the top five collection providers able to serve the needs of their company.²⁴⁸ The Parties are considered to be professional companies with good reputations, large scale and good relationships with customers.²⁴⁹ One customer states, for example, "Lindorff is one of two major providers in Sweden (Intrum Justitia the other one). They have experience in debt collection of financial claims, a good reputation, competitive pricing and also located in all our markets." A significant number of customers also see the Parties as the only debt collection providers able to meet their needs. The main reasons for this are their capacity to handle large volumes of cases and their specialist knowledge of the banking sector.²⁵⁰ The vast majority of customers identified the Parties as each other's closest competitors in the Swedish market.²⁵¹
306. Moreover, the market investigation showed that in the large majority of cases in which a tender for debt collection services was organised, both Lindorff and Intrum

²⁴⁶ Competitors, Sweden – Questionnaire 3, Q12, Q14, Q15.

²⁴⁷ Customers, Sweden – Questionnaire 11, Q9.

²⁴⁸ Customers, Sweden – Questionnaire 11, Q21.2.

²⁴⁹ Customers, Sweden – Questionnaire 11, Q15.

²⁵⁰ Customers, Sweden – Questionnaire 11, Q10 and Q21. "They are the two big players in the market." "They were considered the only suppliers large enough to handle our volumes and with sufficient banking knowledge."

²⁵¹ Customers, Sweden – Questionnaire 11, Q17, Q20.

Justitia competed in the tender. In some cases, the Parties were the only companies to submit bids.²⁵² Customers explained that they were very selective in choosing the debt collection providers they invite to bid for their contracts. Factors such as size, experience in the market, reputation and public perception, previous contacts and market research were all taken into account. This demonstrates that customers often assess possible debt collectors based on the information they have already, before even considering the price or other aspects of the package that a provider may offer. Size and reputation were also named amongst the main criteria for choosing from amongst the competitors that submitted bids.²⁵³ Although price is also an important factor for customers, many have a clear preference for choosing market leaders, due to the trust they have in their abilities, such that other providers will struggle, even if they can compete on price and performance. This strongly contradicts the Notifying Party's arguments that competition is mainly focused on price and that smaller providers can easily develop a reputation in the market.

307. The results of the market investigation also show that switching provider may not be easy as claimed by the Notifying Party. Competitors had varying views on the time it would take to put in place all the necessary systems to start serving a new customer, but some stated that it could be as long as 12 months. In general, competitors confirmed that the need for integration of systems and transfer of data in particular mean that there is considerable time and cost associated with changing provider.
308. Responses to the market investigation confirmed that multi-sourcing is fairly widely used in Sweden. Many larger customers use two or more debt collection providers simultaneously, and a large proportion of these also have benchmarking exercises set up. Where customers multi-source, Lindorff and Intrum Justitia are very often both among the providers used, and are in some instances the only two providers.
309. Contrary to the claims made by the Notifying Party, the market investigation also revealed that the majority of customers consider there to be significant obstacles related to switching debt collection providers. The integration of their systems with those of a new provider was generally viewed as the main barrier. Most customers did not consider the cost of switching to be prohibitive but views on this were mixed, with some also considering the cost a main reason for not moving to a new provider.²⁵⁴ The cost and time associated with the practical aspects of changing provider were also not the only factors that deter customers from switching. Customers' actual switching habits also confirm that there is a strong tendency to stay with the same provider. The vast majority of customers have either not changed their debt collection provider in the last five years, or have changed only once.²⁵⁵ The majority of customers also state that when they next choose a debt collection provider, the incumbent will have a significant advantage relative to other providers. The main reasons for this were that the current provider already knows the customer's processes and requirements and already has a relationship with the

²⁵² Customers, Sweden – Questionnaire 11, Q9.

²⁵³ Customers, Sweden – Questionnaire 11, Q7 and Q10. “We decided to use the three largest debt collection companies in Sweden.”

²⁵⁴ Customers, Sweden – Questionnaire 11, Q12. “The switching costs (...) In relation to our overall general costs that is a small amount but as a proportion of collection cost it is significant.”

²⁵⁵ Customers, Sweden – Questionnaire 11, Q13.

debtors, and that choosing the current provider would avoid going through the process of integrating systems again.²⁵⁶

310. In addition, competitors also confirmed that it would usually be difficult for a customer to change provider before the end of their contract. This is only possible if specifically provided for in the contract, and it is very likely that there will be penalty fees to pay. One competitor also suggested that certain additional fees may apply even if the customer is switching at the end of the contract.²⁵⁷
311. Contrary to the claim made by the Notifying Party, the majority of competitors do not expect any new providers to enter the Swedish market in the coming years. Barriers to entry are deemed to be considerable, and even where some of these barriers could be overcome, the cost would be too great for there to be an incentive to enter the market. One competitor stated, for example that “in the past 10 years the industry has hardly seen any top-tier provider enter a new market by building up a new organisation”.²⁵⁸ Furthermore, competitors explain that entering new segments of the debt collection market may also not be easy. One competitor stated that significant investment is needed in order to be able to serve customers in all sectors. The main areas where a provider would have to make changes are IT systems, data and analytics, and staff with expertise in the sector.²⁵⁹
312. A large majority of customers believe that the Transaction will have a negative effect on the Swedish debt collection market. Customers are mainly concerned about the consequences of the transaction for their choice of providers, prices and levels of service. In particular, some larger customers fear that they would be left with almost no choice of provider, as there are already so few providers that can meet their needs. Others are concerned that there could be significant price increases, due to the dominant position that the merged entity would have on the Swedish market. One customer explained, for example, that “for a major bank with large volumes, a broad product/service portfolio and specific demands on handling, knowledge and ethical standards etc. there are in our view only two primary suppliers in Sweden: Lindorff and Intrum Justitia”.²⁶⁰
313. The vast majority of competitors are also of the opinion that the Transaction will have a negative impact on the Swedish debt collection market. A number of competitors believe that the Transaction will create a monopoly and reduce competition. Competitors also expect the merged entity to be particularly strong in certain sectors, in particular the financial sector, and for customers with large volumes of cases. Their reasons were very similar to those mentioned by customers, namely that the number of providers that can meet the needs of large customers is already very limited. In addition, one competitor explained that the volume of data

²⁵⁶ Customers, Sweden – Questionnaire 11, Q14.

²⁵⁷ Competitors, Sweden – Questionnaire 3, Q33. “Some sort of “poison pill” i.e. a cost to transfer the debts (often connected to costs for legal actions) often apply if a customer want to change DC also after the contract has ended.”

²⁵⁸ Competitors, Sweden – Questionnaire 3, Q10.

²⁵⁹ Competitors, Sweden – Questionnaire 3, Q5.

²⁶⁰ Customers, Sweden – Questionnaire 11, Q28. “There are only two major providers in the Swedish market today. This means that competition will be reduced, and possible impact on pricing, services etc. It will probably increase ‘provider power’ from a customer/provider perspective.” “I think the merger between two dominant players on the market [will] have a big impact on [the] level of prices.”

held by the merged entity and its scale will make it impossible for other providers to compete.²⁶¹

314. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt collection in Sweden.

IV.2.B.3.2 Sweden – Debt purchasing

315. The table below shows the percentage of tenders won by the Parties during the period 2013-2015, on the basis of the adjusted market size calculated by the Notifying Party.

*Table 11: Debt purchasing, % of tenders won on the basis of adjusted market size (2013-2015)*²⁶²

	Number of tenders		Value of tenders	
	[number]	100%	EUR [amount] mn	100%
Corrected total market size	[number]	100%	EUR [amount] mn	100%
Lindorff	[number]	[20-30]%	[amount]	[30-40]%
Intrum Justitia	[number]	[10-20]%	[amount]	[20-30]%
Combined	[number]	[40-50]%	[amount]	[50-60]%

316. The Notifying Party’s submissions regarding the overall debt purchasing market and the Commission’s general findings, which equally apply to Denmark, Estonia, Finland, Sweden and Norway are summarized in section IV.2.A.2 above. As explained above, the Notifying Party claims that the debt purchasing market is EEA-wide in scope and has not provided any specific arguments regarding the competitive conditions on national markets. In particular, the Notifying Party has not put forward any arguments as regards the closeness of competition, credibility of alternative suppliers or buyer power on the debt purchasing market in Sweden. The Notifying Party also has not commented on the above market shares, even though they indicate that the Transaction could lead to significant impediment of effective competition on the Swedish debt purchasing market.
317. As can be seen from the table above, the Parties have a very high combined market share in Sweden, in particular when measured in terms of value where it reaches almost [60-70]%. In view of the strong link between debt collection and debt purchasing, and in particular the Parties very strong position in debt collection for the financial sector in Sweden (where they have a combined market share of [50-60]%, with an increment of at least [20-30]%), it is to be expected that they would also be very strong in debt purchasing.
318. The general characteristics of the debt purchasing market in Sweden are similar to those in other countries. Sales are organised through closed tender procedures or

²⁶¹ Competitors, Sweden – Questionnaire 3, Q34-35 “There are a lot of players on the market but only a few of them have a full range of services and the capacity to take on large customers. Typically, customers choose between Intrum and Lindorff and that choice will not be possible after the merger.”

²⁶² The market shares in the table above have been calculated on the basis of a total market size for the market for all tenders, which has itself been calculated by applying a correction factor to the tenders the Parties are aware of (see Footnote 101). In addition, the data do not take into account any sales concluded following bilateral negotiations.

bilateral negotiations, and sellers would typically only consider inviting purchasers that have been pre-approved.

319. There is a strong link between debt collection and debt purchasing, which would appear to be even more pronounced in Sweden than in some of the other markets. The majority of customers have sold their debt portfolios to their current or then debt collector at some point in the past, and almost all customers are firmly convinced of the advantages of selling to their debt collection provider. The reasons they gave are very similar to those already discussed in the overall section on the link between debt collection and debt purchasing (e.g. lower costs, less inconvenience and administrative work associated with the transfer, no need for further integration of IT systems, the debt collector's knowledge of the portfolio, and certainty about how debtors will be treated), and therefore will not be discussed again here. For some respondents, selling to another purchaser was not even considered a feasible option, as the additional costs involved would make it unprofitable.²⁶³
320. In addition, competitors also confirmed that the data provided by the debt seller during a tender for a debt sale is insufficient to allow a debt purchaser to accurately value a portfolio. Debt purchasers that are also active in debt collection are therefore at a clear advantage in terms of their ability to value the portfolio accurately, as they will have extensive in-house databases that can be used to construct benchmark portfolios. Whilst the Notifying Party claims that a particularly large amount of data is publicly available in Sweden, a significant proportion of competitors believed that the information provided by the seller is not sufficient to value a portfolio, and that further data comes from debt collection. Whilst specific pieces of information, such as bailiff information, may be publicly available, data from collection is nonetheless invaluable to performing an accurate valuation.²⁶⁴
321. Respondents' perception of Lindorff and Intrum Justitia as debt purchasers were largely consistent with their views on the Parties as debt collectors, reflecting the strong link between the two areas. All competitors considered the Parties to be the top one and two purchasers of debt in Sweden, and as each other's closest competitors.²⁶⁵ Customers also see the Parties as the market leaders in debt purchasing by some distance. The vast majority names the Parties as their preferred potential buyers, whilst other competitors (e.g. PRA Group, Svea, B2Holding, Sergel, Sileo, Alektum) were all only named by a minority of customers.²⁶⁶ Furthermore, a large majority of customers that had sold debt portfolios in the last three years had sold to one of the Parties.²⁶⁷
322. Customers see Lindorff as a professional company with a good analytical team, considerable experience and a good reputation. Its large internal database (which it has developed over the years from the portfolios it has worked on) is also seen as a major strength. Both customers and competitors consider Lindorff to be particularly strong in the banking sector. They also mention its financial capacity as a factor that

²⁶³ Customers, Sweden – Questionnaire 11, Q30 and Q39. “The cost of selling to anyone other than the debt collection agency has proven high, i.e. not a profitable solution.”

²⁶⁴ Competitors, Sweden – Questionnaire 3, Q69.

²⁶⁵ Competitors, Sweden – Questionnaire 3, Q52, Q54, Q55.

²⁶⁶ Customers, Sweden – Questionnaire 11, Q37, Q45, Q46.

²⁶⁷ Customers, Sweden – Questionnaire 11, Q33.

distinguishes it from many competitors. One competitor explained that its financial backing from shareholders has allowed it to grow through acquisitions of portfolios, which have in turn helped it to build up very comprehensive internal databases.²⁶⁸

323. Intrum Justitia is also regarded as a strong competitor on the Swedish market. The characteristics that customers associate with Intrum Justitia are largely the same as for Lindorff. It is considered to be a professional, reliable company, with considerable experience in debt purchasing, a strong valuation team and a good reputation. In addition, customers value its size and financial capacity, seeing it as one of the most active players in debt purchasing. Similarly to Lindorff, Intrum Justitia is known by both customers and competitors to be particularly focused on the banking sector, although competitors also consider it a strong player in other sectors. One competitor specifically mentioned Intrum Justitia's position as market leader in debt collection as one of its main advantages in debt purchasing. It is thought to hold data on most debtors' in the Swedish market, and can therefore always perform accurate valuations of portfolios.²⁶⁹
324. In stark contrast to the picture of the debt purchasing market provided by the Notifying Party, the debt purchasing market in Sweden is very much dominated by large debt collectors, with financial investors only playing a minor role. The majority of customers do not consider financial investors as suitable buyers for their debt.²⁷⁰ The small minority of customers that would be willing to sell debt to an international private equity firm would only do so if it were to cooperate with a local, reputable debt collection company, and offered a good price. None of the competitors that responded to the market investigation had, however, been involved in such co-investment agreements in the past three years.²⁷¹
325. Customers' reluctance to sell to private equity firms is consistent with the characteristics they generally value in debt purchasers. A large majority mentioned reputation, price and size/capacity as the three most important criteria when evaluating the suitability of a potential debt purchaser.²⁷² The importance of reputation is mainly due to sellers' fear that their own image could be tarnished if debtors of their company are badly treated by the party they sell the debts on to. Contrary to the Notifying Party's statement that customers will choose primarily on price, as the collection on the portfolio no longer has consequences for them, the responses from customers in Sweden show that reputation and standing in the market are at least as important. Furthermore, the importance of both reputation and size in customers' minds makes it particularly difficult for new or smaller purchasers to enter the Swedish debt purchasing market or to increase their market share.
326. Competitors also emphasised the importance of reputation on the debt purchasing market, with the majority considering it to be essential or very important for competing successfully. The other characteristics seen as most important by

²⁶⁸ Customers, Sweden – Questionnaire 11, Q43, Competitors, Sweden – Questionnaire 3, Q52.

²⁶⁹ Customers, Sweden – Questionnaire 11, Q46, Competitors, Sweden – Questionnaire 3, Q53.

²⁷⁰ Customers, Sweden – Questionnaire 11, Q39.

²⁷¹ Customers, Sweden – Questionnaire 11, Q41.

²⁷² Customers, Sweden – Questionnaire 11, Q36.

competitors were IT systems, databases, the ability to analyse portfolios and industry knowledge.²⁷³

327. The importance of the above criteria for competing successfully in debt purchasing also illustrate why barriers to entry are in fact very high on the Swedish debt purchasing market, contrary to the claims made by the Notifying Party. Reputation and scale cannot be achieved quickly, and the importance of trust and existing relationships mean that fewer players are unlikely to be invited to compete in tenders. In addition, the particularly strong tendency to sell to the debt collector means that a large part of the Swedish debt purchasing market is effectively closed to competition.
328. Competitors generally considered that regulatory requirements, access to historic data, and the need for debt collection services all constitute major barriers to entry. One competitor explained, “It is demanding as you either will have to start a greenfield operation or have to acquire a debt collector. . . It is also necessary to have local competence and reference portfolios in order to value and price portfolios”.²⁷⁴
329. A significant proportion of customers in Sweden expressed concern about the possible consequences of the Transaction on the debt purchasing market. Many felt that they would now have a limited choice of purchasers, and in some cases no choice at all, as in the past the Parties have been by far the strongest bidders for larger portfolios. Customers with large volumes of debt cases and those in the banking and telecoms sectors were therefore particularly concerned by the possible impact of the Transaction in terms of prices. One customer stated, for example, “for the larger portfolios, especially in banking, Intrum Justitia and Lindorff have most often been two of the last or even the two last bidders remaining in an auction”. Another customer stated that “the impact of this merger is likely to be worst in Sweden and for companies with large volumes of invoices, like us”.²⁷⁵
330. The majority of competitors consider that the Transaction will have an impact on the market. Similarly to customers, competitors were particularly concerned about the effects of the merger for larger customers, for whom they envisage the merged entity becoming the only viable purchaser. The merged entity’s scale was seen as a major factor in the dominant position it will occupy on the market. According to some competitors, it will be able to value the portfolios more accurately and thus push other providers, which will not be able to compete with it on price, out of the market. A competitor stated that the merged entity would be able to establish itself as the sole provider in certain areas of the market, starting with the banking sector, and to subsequently extend its influence in other sectors.²⁷⁶
331. In conclusion, the Parties are seen as the strongest players on the debt purchasing market in Sweden, in particular in view of their expertise in analysis and their financial capacity. They are widely considered to be each other’s closest competitors and have very similar profiles on the Swedish market. Furthermore, the majority of customers who have sold debt in the past three years have sold to one of

²⁷³ Competitors, Sweden – Questionnaire 3, Q48.

²⁷⁴ Competitors, Sweden – Questionnaire 3, Q44.

²⁷⁵ Customers, Sweden, - Questionnaire 11, Q51-52.

²⁷⁶ Competitors, Sweden – Questionnaire 3, Q72-73.

the Parties, and they are often the two strongest bidders, in particular for larger sellers. Post-Transaction, the combined entity will be unrivalled in terms of its scale, financial strength and internal databases.

332. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt purchasing in Sweden.

IV.2.B.4 Estonia

IV.2.B.4.1 Estonia - Debt collection

333. The Parties hold a combined market share of [30-40]% in the debt collection market in Estonia, with Intrum Justitia having a market share of [10-20]% and Lindorff of [10-20]% (2015), being respectively top two and top three players in the market.²⁷⁷ The current market leader is Julianus Inkasso with a market share of [20-30]%.²⁷⁸ The next largest competitors have significantly lower shares (Inkassokeskus with a market share of [5-10]% and Credireform with a market share of [5-10]%). Other competitors hold individual shares of [5-10]% or less.

Table 12: Debt collection market shares, Estonia (2015)

Competitor	Revenue (MEUR)	Market share
Intrum Justitia	[amount]	[10-20]%
Lindorff	[amount]	[10-20]%
Lindorff + Intrum Justitia	[amount]	[30-40]%
Julianus Inkasso	[amount]	[20-30]%
Inkassokeskus	[amount]	[5-10]%
Credireform	[amount]	[5-10]%
SPT Inkasso	[amount]	[5-10]%
Plusplus Inkasso	[amount]	[5-10]%
Other ²⁷⁹	[amount]	[20-30]%
<i>Total</i>	<i>[amount]</i>	<i>100%</i>

334. Were the market to be segmented by sector, the Parties' combined shares would reach more than [50-60]% in debt collection for the financial sector, with a relevant increment brought by Lindorff of [10-20]%.²⁸⁰

²⁷⁷ Market shares were not significantly different in 2013 and 2014. In 2014, combined shares of [30-40]% (Intrum Justitia: [10-20]%; Lindorff: [20-30]%). In 2013, combined shares of [30-40]% (Intrum Justitia: [10-20]%; Lindorff: [10-20]%).

²⁷⁸ In 2014 and 2013 Julianus Inkasso was the second strongest player, with a market share of [10-20]% (2014) and [10-20]% (2013). In those two years Intrum Justitia was the market leader, followed by Julianus Inkasso and then Lindorff.

²⁷⁹ Includes 18 competitors with market shares of 2% or less.

²⁸⁰ Market shares in the financial sector were slightly lower in the two preceding years. In 2014 the combined market shares were [40-50]% with an increment brought by Lindorff of [0-5]%, while in 2013 combined shares were [30-40]% with an increment brought by Lindorff of [0-5]%. Beyond the financial sector Lindorff is also rapidly grown in the utilities segment, in which it had a market share

Table 13: Debt collection market shares, by client segments, Estonia (2015)

Client segments	Company	Revenue (MEUR)	Share
Financial sector	Lindorff	[amount]	[10-20]%
	Intrum Justitia	[amount]	[30-40]%
	Combined	[amount]	[50-60]%
Utilities	Lindorff	[amount]	[10-20]%
	Intrum Justitia	[amount]	-
	Combined	[amount]	[10-20]%
Telecoms	Lindorff	[amount]	[40-50] %
	Intrum Justitia	[amount]	-
	Combined	[amount]	[40-50]%
Public sector	Lindorff	[amount]	-
	Intrum Justitia	[amount]	-
	Combined	[amount]	-
Trade, SME, eCommerce, Other	Lindorff	[amount]	[5-10]%
	Intrum Justitia	[amount]	[10-20]%
	Combined	[amount]	[20-30]%

335. The Notifying Party acknowledges that the Transaction will combine the top two and three debt collection players in Estonia. However, it believes the Transaction will not significantly impede effective competition in the Estonian market. The Notifying Party argues that Julianus Inkasso, the current market leader, will remain a competitor of similar size of the merged entity with a market share of [20-30]%. In addition, several other competitors with market shares between [0-5] and [10-20]% will remain on the market.
336. The Notifying Party also explains that the Estonian debt collection market is young, very small and underdeveloped. Notwithstanding this fact, it is characterised by a large number of competitors, which do not need a license in order to supply debt collection services in Estonia.
337. According to the Notifying Party, clients have strong buyer power based on the ease of switching provider and the predominance of in-house debt collection which remains the overwhelmingly used method for collection in Estonia. Customers' threat to move or return to in-house collection in such market constitutes a significant competitive constraint to the Parties' activities.
338. The Notifying Party explains that debt collection contracts in Estonia are generally very simple, of no fix duration and not exclusive. Clients can use several collectors in parallel, and switch between these at will. It also indicates that smaller clients in Estonia switch debt collectors very regularly. The Notifying Party concedes that a few debt collection contracts with large clients may have a period of exclusivity included, with however modest penalties for breach of such clause.
339. Furthermore, the Notifying Party argues there are no significant barriers to entry into the Estonian debt collection market since no regulatory requirements apply and

of less than [0-5]% in both 2014 and 2013. Conversely, Lindorff has lost shares over time in both the telecoms and the public sector. In telecoms it had a share of [80-90]% in 2014 and of [90-100]% in 2013, while in the public sector it had a share of [0-5]% in both years.

there are no significant technical barriers or capital needs. New entrants are free to compete on price and clients have every ability and incentive to test new players.

340. The Commission notes that post-Transaction the merged entity would have a combined market share of [30-40]%, becoming the largest player on the Estonian debt collection market. The next largest competitor will be Julianus Inkasso with a market share of [20-30]%. Beyond these two players there will be a number of competitors, none of the reaching the market share of [10-20]%. Should the market be further segmented according to the customers' sector of activity, the combined market shares of the Parties would exceed [50-60]% in the financial sector, with a relevant increment brought by the Transaction ([10-20]% by Lindorff).
341. The results of the market investigation confirmed the strong position of the Parties on the Estonian market. The vast majority of customers responding to the market investigation submit that the Parties are among the top three debt collection providers, together with Julianus Inkasso. Only a fourth player in the market (Creditreform) is mentioned as a suitable provider by a relevant number of respondents.²⁸¹ In particular, some international customers underlined the limited choice of providers able to collect debts from both domestic and international debtors and able to meet their servicing requirements. One international customer explained that “[In] the last tender to select a debt collection provider [...] Intrum Justitia and Lindorff were the only bidders, as they were the only companies meeting the tender requirements at the time.”²⁸² Competitors have also identified Lindorff and Intrum Justitia among the top five players in Estonia and explained that not all players active in the market are able to serve all types of customers, especially in relation to larger and international customers.²⁸³
342. The market investigation partly confirmed the view of the Notifying Parties that the Estonian debt collection market is rather small and underdeveloped. Performing large portions of debt collection in-house is not uncommon and is mainly justified by the need to keep a direct relationship with the customers.²⁸⁴ However, a majority of customers also explained that they would still prefer to acquire certain collection services from external providers rather than performing them in-house, in case of a small but permanent increase in prices.²⁸⁵ That is because professional debt collectors are considered to be more efficient in dealing with debt cases, especially the most complex ones that cannot be solved in-house since they require specific expertise.²⁸⁶ Additional resources and relevant training would be needed to insource those cases, with adjustments that can take up to one year to be implemented.²⁸⁷ This means that moving or returning to in-house collection is not considered a feasible option for collection services that have been outsourced.
343. Contrary to what the Notifying Party submitted, the market investigation revealed that switching does not happen often. The vast majority of customers responding to the market investigation have never changed their debt collection provider in the

²⁸¹ Customers, Estonia – Questionnaire 13, Q21.

²⁸² Minutes of a pre-notification call with a customer in Estonia on 8 March 2017.

²⁸³ Competitors, Estonia – Questionnaire 5, Q12 and Q5

²⁸⁴ Customers, Estonia – Questionnaire 13, Q4.

²⁸⁵ Customers, Estonia – Questionnaire 13, Q27.

²⁸⁶ Customers, Estonia – Questionnaire 13, Q4 and Q27.

²⁸⁷ Customers, Estonia – Questionnaire 13, Q27.

past five years.²⁸⁸ For many customers switching would not generate significant costs, but some do explain that data transferring and system integration may constitute relevant barriers. For example, one customer explains that there are “Mainly information flow related obstacles - developing new system and integration, handling the debts in transition period.”²⁸⁹

344. In addition, the vast majority of customers confirmed that next time switching will occur, i.e. they will be selecting a new debt collection provider, the incumbent will have an advantage versus other providers; in particular, it will have better knowledge of the company and its clients, and integrated systems already in place.²⁹⁰ Customers explained that it would be difficult to transfer old cases to a new provider and that having more than one collector at a time is not convenient, especially for smaller customers that typically have a smaller number of claims to handle.²⁹¹ These elements constitute a further incentive to keep the incumbent provider at the time of contract renewal and thus not to switch.
345. The majority of customers responding to the investigation do not multi-source, i.e. use multiple debt collectors in parallel.²⁹² Competitors also confirmed that multi-sourcing is not common, although some mention that it is relatively more common for large customers.²⁹³
346. The majority of customers have identified Lindorff and Intrum Justitia as close competitors, together with Julianus Inkasso. Customers generally perceive Lindorff and Intrum Justitia as professional partners with good reputation, good customer-orientation, and high quality services.²⁹⁴ While Julianus Inkasso is also identified as a strong player on the Estonian market, it does not have the scale and the international footprint of Lindorff and Intrum Justitia, which benefit from their broad geographic presence, especially in view of serving large international customers.
347. The market investigation did not reveal that new entries in the Estonian debt collection market are expected to materialise in the near future. One competitor also explains that absence of local knowledge constitutes a relevant barrier to enter the market from other countries.²⁹⁵ Moreover, some competitors explain that entering new segments of the debt collection market can also take a number of months, depending on the complexity of the cases (especially in the financial and the public sectors).²⁹⁶
348. In relation to the possible impact of the Transaction, some customers express concerns in relation to a reduced choice of providers, possible increase of prices and

288 Customers, Estonia – Questionnaire 13, Q13.

289 Customers, Estonia – Questionnaire 13, Q12.

290 Customers, Estonia – Questionnaire 13, Q14.

291 Customers, Estonia – Questionnaire 13, Q6 and Q12.

292 Customers, Estonia – Questionnaire 13, Q6.

293 Competitors, Estonia – Questionnaire 5, Q29.

294 Customers, Estonia – Questionnaire 13, Q15-20. Minutes of a pre-notification call with a customer in Estonia on 8 March 2017. “The price and the services offered by Lindorff and Intrum Justitia are very much comparable.”

295 Competitors, Estonia – Questionnaire 5, Q10.

296 Competitors, Estonia – Questionnaire 5, Q32.

reduced quality of services offered.²⁹⁷ For example, one explains that “[The merged entity] will be too big, Nordic oriented monopolist with exclusive right for providing services to business owned or managed from Nordic countries.”²⁹⁸ These concerns are particularly strong for larger customers that need larger debt collectors. For instance, one customer explains that “The competition in general is tight as there are a number of players on the market but most of them are small players, which definitely do not meet [our] requirements.”²⁹⁹ Competitors did not express strong concerns with respect to the Transaction. The Commission notes, however, that the stronger players could follow the potential price increase post-merger and thus they would have less incentive to express concerns about the impact of the Transaction. Smaller competitors did mention among the likely effects of the Transaction, reduced competition and potential increase in the level of prices.³⁰⁰

349. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt collection in Estonia.

IV.2.B.4.2 Estonia – Debt purchasing

350. Based on the estimates provided by the Parties’ on their market shares in debt sales via tenders (i.e. a market excluding sales resulting from bilateral negotiations), the debt purchasing market in Estonia is an affected market. The Parties combined market shares reach [20-30]% in volume and [40-50]% in value, with an increment brought by Intrum Justitia in the order of [0-5]% ([0-5]% in volume and [0-5]% in value).

*Table 14: Debt purchasing, % of tenders won on the basis of adjusted market size (2013-2015) in Estonia*³⁰¹

	Number of tenders		Value of tenders	
	[number]	100%	EUR [amount] mn	100%
Corrected total market size	[number]	100%	EUR [amount] mn	100%
Lindorff	[number]	[20-30]%	[amount]	[40-50]%
Intrum Justitia	[number]	[0-5]%	[amount]	[0-5]%
Combined	[number]	[20-30]%	[amount]	[40-50]%

351. The Notifying Party’s submissions regarding the overall debt purchasing market and the Commission’s general findings, which equally apply to Denmark, Estonia, Finland, Sweden and Norway are summarized in section IV.2.A.2 above. As explained above, the Notifying Party claims that the debt purchasing market is EEA-wide in scope and has not provided any specific arguments regarding the competitive conditions on national markets. In particular, the Notifying Party has not put forward any arguments as regards the closeness of competition, credibility of alternative suppliers or buyer power on the debt purchasing market in Estonia.

²⁹⁷ Customers, Estonia – Questionnaire 13, Q28.

²⁹⁸ Customers, Estonia – Questionnaire 13, Q28.

²⁹⁹ Minutes of a pre-notification call with a customer in Estonia on 8 March 2017.

³⁰⁰ Competitors, Estonia – Questionnaire 5, Q34.

³⁰¹ The market shares in the table above have been calculated on the basis of a total market size for the market for all tenders, which has itself been calculated by applying a correction factor to the tenders the Parties are aware of (see Footnote 101). In addition, the data do not take into account any sales concluded following bilateral negotiations.

The Notifying Party also has not commented on the above market shares, even though they indicate that the Transaction could lead to significant impediment of effective competition on the Estonian debt purchasing market..

352. The table above shows that the Parties have a combined market share of [40-50]% (by value) in debt purchasing tenders over the period 2013-2015. Although the increment brought by Intrum Justitia is modest, the market investigation revealed that Intrum Justitia is a stronger player than suggested by the market shares submitted by the Notifying Party.
353. First, many respondents to the market investigation identified Lindorff and Intrum Justitia as close competitors. In particular, customers consider both companies to have good knowledge of the market and the financial sector, reputation, data, and financial capability.³⁰² Also competitors underlined that Parties' have very much common strengths such as scale, knowledge and access to funds, which give both of them significant advantages in purchasing debt portfolios, especially from larger sellers, typically active in the financial sector.³⁰³
354. Second, the majority of respondents confirmed the existence of a strong link between debt collection and debt purchasing. Therefore, given Lindorff's and Intrum Justitia's individual market shares in the debt collection market, they are both well placed to strongly compete in debt purchasing; and particularly in the financial sector in which both of them hold strong positions in collection and where the largest clients for debt purchasing are typically found.
355. On the one hand, the ability to perform debt collection is considered one of the most relevant criteria by customers when assessing the suitability of debt purchasers.³⁰⁴ Customers also recognise that selling debt portfolios to the incumbent debt collector is more convenient in terms of data transferring and in view of preserving a continued relationship with debtors.³⁰⁵
356. On the other hand, competitors confirmed that incumbent debt collectors have a fair advantage over other players when purchasing debt portfolios from their clients in collection, especially due the availability of valuable information gathered in collection and necessary to place better offers.³⁰⁶ In fact, while the data provided by sellers in the context of a debt sale is sufficient to allow participants to make their offers, debt collectors can make "large" use of data gathered in debt collection, a relevant resource in the context of valuing portfolio.³⁰⁷
357. The market investigation showed that debt purchasing is a fairly concentrated market. Customers and competitors named a relatively small group of potential debt

³⁰² Customers, Estonia – Questionnaire 13, Q37.

³⁰³ Competitors, Estonia – Questionnaire 5, Q56.

³⁰⁴ Customers, Estonia – Questionnaire 13, Q36 and Q38. For example, one customer explains that "We need to know how the portfolio will be handled after we have sold it. We want to be sure that portfolio is handled by an experienced debt collection company with a good reputation."

³⁰⁵ Customers, Estonia – Questionnaire 13, Q39. For example, one customer explains that "It's important that the customers or debtors are treated well. Customers are already in contact with the current debt collector which is an advantage for both parts. They have good relationship with debtors and if the price is reasonable, the first choice for us is the current debt collector."

³⁰⁶ Competitors, Estonia – Questionnaire 5, Q51.

³⁰⁷ Competitors, Estonia – Questionnaire 5, Q69 and Q70.

purchasers, which are also active in debt collection.³⁰⁸ Moreover, the market is small in size and driven by existing relationships. Reputation is of paramount importance; thus sellers typically invite companies that are known to them or with which they had some form of cooperation to submit bids for their portfolios.³⁰⁹ This requirement further limits the choice of purchasers that are actually invited to place offers and actively participate in debt sales.

358. Moreover, many customers do not believe that international private equity firms or asset management companies are suitable buyers for their debt portfolios.³¹⁰ For example, one customer explains that only “Companies located in Estonia knowing the local market and customers [are suitable].”³¹¹ Competitors also confirmed that such buyers are typically not active on the Estonian market.³¹²
359. When assessing the impact of the Transaction respondents were less certain as to whether there would be significant consequences for competition. This can be partly explained by the fact the debt purchasing market is still not very much developed and thus does not constitute a primary business for market participants. However some respondents did mention that in their view competition would decrease and the merged entity would gain a very strong position in the market.³¹³
360. In conclusion, the strong link with debt collection would already give sufficient grounds to raise concerns on the debt purchasing market. In addition, the market investigation revealed that choice of debt purchasers is already limited, especially for larger customers that require purchasers to be large well-known operators in the market.
361. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt purchasing in Estonia.

IV.2.B.5 *Denmark*

IV.2.B.5.1 *Denmark – Debt collection*

362. In Denmark, the Transaction would lead to a combination of the number one (Intrum Justitia, [10-20]%) and number three players (Lindorff, [5-10]%) on the debt collection market. The strongest of the remaining competitors would be Collectia with a market share of only [5-10]%, followed by a number of other smaller players. Following the Transaction the leading position of Intrum Justitia, which already pre-merger is significantly bigger than its competitors, would be additionally strengthened leading to a significant gap between the new market

³⁰⁸ Customers, Estonia – Questionnaire 13, Q37; Competitors, Estonia – Questionnaire 5, Q52.

³⁰⁹ Customers, Estonia – Questionnaire 13, Q30. For example, one customer explains that “The Estonian market is small and the companies that are interested in and capable of debt purchasing are known to us.” Another explains that “We choose from the partners who have previously made us offers or we have had cooperation with.”

³¹⁰ Customers, Estonia – Questionnaire 13, Q38.

³¹¹ Customers, Estonia – Questionnaire 13, Q38

³¹² Competitors, Estonia – Questionnaire 5, Q60 and Q61.

³¹³ Customers, Estonia – Questionnaire 13, Q51; Competitors, Estonia – Questionnaire 5, Q72.

leader with the share of [20-30]% and the second largest supplier with the market share of one third of that size (Collectia, [5-10]%).³¹⁴

Table 15: Debt collection market shares in Denmark (2015)

Competitor	Revenue (MEUR)	Market share
Lindorff	[amount]	[5-10]%
Intrum Justitia	[amount]	[10-20]%
Lindorff + Intrum Justitia	[amount]	[20-30]%
Law firms	[amount]	[50-60]%
Collectia (Transcom)	[amount]	[5-10]%
KIS	[amount]	[0-5]%
Sergel	[amount]	[0-5]%
Alektum	[amount]	[0-5]%
Apcoa	[amount]	[0-5]%
PayEx	[amount]	[0-5]%
Arvato	[amount]	[0-5]%
Total	[amount]	100%

363. As can be seen, these market shares are relatively modest for the merging Parties. The reason for this is the assumption that law firms play a significant role on the Danish market, and hold a [50-60]% combined market share in debt collection. This aspect will be further discussed below.

364. The Parties' combined market share is much higher in sectors characterised by large customers, whose needs cannot be met by the majority of law firms. Were the market to be segmented by sector, the Parties' combined market shares would reach [60-70]% in collection for telecoms (with the increment of [0-5]% brought by Lindorff) and of [40-50]% for the financial sector, with the two Parties having equal market shares ([20-30]% each).³¹⁵

³¹⁴ During the last three years the position of the Parties on the debt collection market in Denmark has been quite stable: in 2013 Intrum Justitia had the market share of [20-30]% and Lindorff of [5-10]% (which gives combined share of [20-30]%) and in 2014 Intrum Justitia had the market share of [10-20]% and Lindorff of [10-20]%, leading to the combined market share of [20-30]%. Also the position of competitors has not fluctuated significantly, with a steady trend of decreasing importance of law firms (combined market share of law firms in Denmark has been decreasing from estimated [50-60]% in 2013 and [50-60]% in 2014) to the benefit of Collectia, whose market share has increased from [5-10]% in 2013 and [5-10]% in 2014.

³¹⁵ Market shares by segment were similar, and sometimes slightly higher in the preceding two years. In 2013, the Parties' combined markets share reached [50-60]% in the financial sector (with the increment of [20-30]% brought by Intrum Justitia) and [70-80]% in telecoms (with the increment of [10-20]% brought by Lindorff).

Table 16: Debt collection market shares, by client segments, Denmark (2015)

Client segments	Company	Revenue (MEUR)	Share
Financial sector	Lindorff	[amount]	[20-30]%
	Intrum Justitia	[amount]	[20-30]%
	Combined	[amount]	[40-50]%
Utilities	Lindorff	[amount]	[0-5]%
	Intrum Justitia	[amount]	[5-10]%
	Combined	[amount]	[10-20]%
Telecoms	Lindorff	[amount]	[0-5]%
	Intrum Justitia	[amount]	[50-60]%
	Combined	[amount]	[60-70]%
Public sector	Lindorff	-	-
	Intrum Justitia	-	-
	Combined	-	-
Trade, SME, eCommerce, Other	Lindorff	-	-
	Intrum Justitia	[amount]	[10-20]%
	Combined	[amount]	[10-20]%

365. The Notifying Party submits that its arguments related to the general competitive conditions on the debt collection market, apply also to Denmark. In particular the Notifying Party underlines that debt collection services are homogenous and fees are regulated therefore the merged entity could not effectively raise prices. Furthermore, according to the Notifying Party the market is characterised by the presence of strong customers who are cost conscious and can easily switch suppliers, while switching is possible and easy, in particular because of the presence of many credible alternative suppliers, including multinational CMS providers as well as well-established national players. Lastly, the Notifying Party submits that the barriers to entry are low and thus any attempt of the merged entity to raise prices or reduce quality would be constrained by likely, timely and sufficient entry.
366. As regards the debt collection market in Denmark the Notifying Party submits that on this market in particular there is a large number of credible debt collecting companies who effectively compete with the Parties. Furthermore, the Notifying Party notes that the increment generated by the Transaction ([5-10]% market share of Lindorff) is small and since there are other competitors with similar or larger market shares the Transaction does not eliminate a particularly strong competitive constraint on Intrum Justitia.
367. The Notifying Party does not submit any arguments with regard to very strong position of the merged entity in certain sectors, in particular financial sector and telecoms, other than stating that the market for debt collection should not be segmented according to any criteria.
368. The Notifying Party submits that the Danish market is particular in that law firms had a state-imposed monopoly to perform legal collection until 1 January 2008. The Notifying Party claims that even though the legal debt collection monopoly for law firms was scaled back, law firms have been able to maintain their strong position and specialised third party debt collectors struggled to gain market shares. The Notifying Party submits that the strength of the Danish law firms is one of several factors which will ensure that the merged entity could not exercise market power post-Transaction.

369. The Notifying Party submits that contracts in Denmark are rarely exclusive, nor do they guarantee volumes of business; clients can therefore use several providers. Furthermore, contracts are generally of short duration (1-2 years) and clients have complete freedom to switch providers even during the contract term if they are not satisfied with the performance of the given provider. The Notifying Party presents four examples of customers over the last three years (as from 2013) who decided to switch from Intrum Justitia to an alternative provider.
370. The Notifying Party further argues that the Parties are not seen as particularly close competitors in Denmark. First because most rival CMS providers in Denmark, like the Parties, provide or would be able to provide all types of debt collection services. Second, the Notifying Party believes that the Parties' performance in terms of solution rates is similar to that of other debt collectors in the market. Third, there is a range of competitors who participate in the same benchmarks as one or both of the Parties, which according to the Notifying Party indicates that there is a range of debt collecting companies considered by customers to be close alternatives to the Parties, including the smaller players, such as Alektum and Svea. Fourth, there are at least five competitors active in all client categories where the Parties overlap. Finally, the Notifying Party submits that examples of client losses and client benchmarks show that competitors, including relatively recent entrants, exert competitive pressure on the Parties.
371. The results of the market investigation confirmed Lindorff's status as a market leader, and also showed that Intrum Justitia is perceived to be a much stronger player than would be suggested by the market shares. The Parties are generally seen as two of three 'tier 1' suppliers on the Danish market.
372. The market investigation results revealed that, contrary to the Notifying Party's claims, a significant number of customers, in particular large customers having large number of relatively small debt tickets, consider that law firms are not capable of handling their cases.³¹⁶ Some customers state that law firms are considered to be inefficient and too expensive to process large volumes of small claims (as it is typical e.g. for telecoms). While there are customers that consider that law firms are capable of providing all kinds of debt collection to any client, they often explain that this is not preferable. As explained by one of customers:
- “they [the law firms] would be able to do so [provide debt collection services], but when having a high volume of cases, it is not preferable. This is purely from a cost perspective, as the legal process is both expensive and time consuming. In a perfect world, cases are resolved before legal action have to be taken.”³¹⁷
373. More generally, customers confirmed that law firms are perceived to have attractive proposition for large and more complex cases, which often require legal collection. In cases when automated, amicable collection constitutes the major part of debt collection services required the majority of law firms are either not capable to provide the required services, or at least would not be cost efficient.³¹⁸

³¹⁶ Customers, Denmark – Questionnaire 9, Q22.

³¹⁷ Customers, Denmark – Questionnaire 9, Q22.

³¹⁸ Customers, Denmark – Questionnaire 9, Q22. “The law firms are to us primarily for larger and more complex cases, while the collection providers have a more specialized set up for handling many

374. Furthermore, the respondents to the market investigation recognised that law firms are not active in debt purchasing which is seen as a significant competitive disadvantage, vis-à-vis the Parties, in particular when competing for customers in the financial sector. Such customers, if they decide to sell debt portfolios, for convenience and other reasons, like to sell non-performing portfolios to the collector who currently collects on that portfolio. Clearly, the law firms would not be in position to offer such a possibility.
375. Similarly to customers, competitors submit that law firms are used for the legal part of the collection, but not for debt surveillance or for long lasting amicable collection. Competitors also note that law firms, even the largest and specialised in debt collection, are not active in debt purchase.³¹⁹
376. In view of these arguments the Commission considers that law firms are not in position to constrain the Parties, in particular in competition for large customers such as telecoms or utilities, as well as financial institutions. This fact is best illustrated by the Parties' market shares on markets for debt collection in these segments. As presented above the combined position of the Parties reaches [60-70]% as regards collection for the telecom industry and [40-50]% in collection for the financial sector. It appears that with regard to those customers the law firms do not exert meaningful competitive pressure on the Parties.
377. The market investigation revealed that the Parties are close competitors. The vast majority of customers and competitors listed almost exactly the same features of the two Parties: professionalism, good reputation, very high recovery rates, multi-country presence, financial strength, high quality etc.³²⁰ Both Intrum Justitia and Lindorff have also the same strengths in common, namely: ability to provide services in other countries, financial strength and the ability to handle big portfolios and the ability to purchase debt portfolios; strong brand, good relationships with customers.³²¹
378. A significant majority of customers consider that Lindorff is the closest competitor of Intrum Justitia, the market leader. The only other competitor mentioned by more than one customer as a close competitor to Intrum Justitia was Collectia, but Lindorff was named most often. All the responding competitors consider that Intrum Justitia is the closest competitor of Lindorff and all of them consider that Lindorff is the closest competitor of Intrum Justitia. This is the assessment provided by the respondent to the market investigation even though according to the market shares estimates Collectia is the second largest debt collector in Denmark, following Intrum Justitia and ahead of Lindorff. The submissions of the market participants indicate that even though Lindorff is a smaller player when measured by overall

smaller collection amounts.”; “most law firms are too expensive when it comes to small claims”; “a law firm cannot big scale bad debt collection.”

³¹⁹ Competitors, Denmark – Questionnaire 1, Q16. “Many law firms are used by clients for the legal part of early collection. Only a few law firms handle late collection. Law firms are not well organized to handle long term amicable collection, but are specialized in legal collection.” “They [law firms] can be divided into two groups, those who are direct competitors and those who do Debt Collection at minor level. There are 3-5 who has Debt Collection as a main product, and they compete directly with DC agencies, though none of them offers Portfolio Purchase. The other part doesn't play any role in the market.”

³²⁰ Customers, Denmark – Questionnaire 9, Q15, 18, 20, Competitors, Denmark – Questionnaire 1, Q13, 14, 15.

³²¹ Customers, Denmark – Questionnaire 9, Q22, Competitors, Denmark – Questionnaire 1, Q13.

market share, its offering, expertise, specialisation and strengths make Lindorff the most similar competitor to Intrum Justitia in qualitative terms. It is also possible that the Lindorff's market shares are underestimated and in fact its position is more comparable to the position of Collectia.

379. The majority of customers consider that Lindorff and Intrum Justitia are among the top three debt collecting agents in Denmark. As explained by one of customers:

“the current market already has a limited number of players with only three big ones which are able to take customers with a high number of cases. The merger will reduce this to two: Collectia and Intrum/Lindorff. This could affect competition and lead to increased prices and lowered guaranteed recovery rates, improving the margins of the debt collection companies.”³²²

380. All the competitors who responded to the market investigation indicated that Intrum Justitia is the market leader in Denmark and Lindorff is the second largest debt collection provider. All the competitors indicated that whenever they participate in a tender for a debt collection contract they frequently (in more than 50% of cases) compete in such tenders with both Intrum Justitia and Lindorff.³²³

381. The responses of competitors active on the Danish market do not confirm that Notifying Party's claim that many competitors offer or are able to offer various CMS services, as the Parties do. To the contrary, most of the competitors who responded to the market investigation do not offer all CMS services. For example, some competitors indicate that credit information and scoring capabilities are difficult to offer because they require having large data bases. Ability to provide payment services seems to be even more challenging: it requires considerable IT development and strong platform and the ability to integrate with various ecosystems; all these needs in combination with strict regulatory requirements results in the assessment that offering payment services is expensive and heavy to implement.³²⁴ The Commission therefore considers that it is unlikely that a competitor would develop such skills simply at the request of one of its customers and the fact that the Parties offer services other than debt collection gives them an important competitive advantage.

382. Based on the results of the market investigation it may appear that switching the debt collection supplier is not difficult: a majority of customers indicated that when they were switching to a new debt collector they have not encountered any obstacles to the switching.³²⁵ Approximately 30% of customers, however, indicated that switching is not easy: due to IT costs and complexity the need for system integration, sharing of both physical and electronic archives and sometimes also contract terms. The Commission also notes that the vast majority of customers actually remain loyal to their incumbent debt collecting agent. Amongst the responding customers only a minority have changed the debt collection agent during the last five years and if they did, they did it only once in that period. Therefore, either due to convenience or to avoid more concrete obstacles and hurdles related to switching, it appears that customers change their debt collection supplier

³²² Customers, Denmark – Questionnaire 9, Q22.

³²³ Competitors, Denmark – Questionnaire 1, Q.27.

³²⁴ Competitor, Denmark – Questionnaire 1, Q6.

³²⁵ Customers, Denmark – Questionnaire 9, Q13.

significantly less often than the duration of contracts (usually of 1 to 2 years) would suggest.³²⁶

383. Basically all the competitors indicated that contrary to the arguments put forward by the Notifying Party, an entry is unlikely.

384. An important number of customers and competitors raised concerns about the impact of the Transaction on the debt collection market in Denmark. They have provided comments similar to those: “the market is already small and if the largest agencies merge the competition will no longer be there...”³²⁷ Also a number of respondent underlined the link between debt collection and debt purchase: “there will be one very large player that will sit on most purchased debt.”³²⁸

385. Competitors were also quite concerned about the impact of the Transaction and the future position of the merged entity: “There are many competitors today but the market is consolidating and Intrum and Lindorff are already dominating the Danish market.”³²⁹ As explained by one of competitors: “with the new company would establish a different league of providers who can leverage on a different scale and data pools which both creates significant competitive advantages.”³³⁰ Another competitor underlined the importance of scale:

“They will grow and will be able to invest heavily in their CMS systems. The CMS business is a “big numbers game” meaning that size is important for efficiency and profitability. Another advantage is that they will cover the most of Europe and due to that be able to collect internally on international collection.”³³¹

386. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt collection in Denmark.

³²⁶ Customers, Denmark – Questionnaire 9, Q13.

³²⁷ Customers, Denmark – Questionnaire 9, Q52.

³²⁸ Competitors, Denmark – Questionnaire 1, Q35 “There will be very few competitors and none of the same size [as the merged entity].” Customers, Denmark – Questionnaire 9, Q29. “The merged entity will be able to leverage data and operational scale more than any other provider in the market. Even though the processed volumes may come from debt purchase the combined operational capabilities put the entity in a position to offer prices which could hardly be matched by incumbent providers.”

³²⁹ Competitors, Denmark – Questionnaire 1, Q36.

³³⁰ Competitors, Denmark – Questionnaire 1, Q36.

³³¹ Competitors, Denmark – Questionnaire 1, Q35

IV.2.B.5.2 Denmark – Debt purchasing

Table 17: Debt purchasing, % of tenders won on the basis of adjusted market size (2013-2015) in Denmark³³²

Corrected total market size	Number of tenders		Value of tenders	
	[number]	100%	EUR [amount] mn	100%
Lindorff	[number]	[20-30]%	[amount]	[60-70]%
Intrum Justitia	[number]	[20-30]%	[amount]	[10-20]%
Combined	[number]	[40-50]%	[amount]	[70-80]%

387. The Notifying Party’s submissions regarding the overall debt purchasing market and the Commission’s general findings, which equally apply to Denmark, Estonia, Finland, Sweden and Norway are summarized in section IV.2.A.2 above. As explained above, the Notifying Party claims that the debt purchasing market is EEA-wide in scope and has not provided any specific arguments regarding the competitive conditions on national markets. In particular, the Notifying Party has not put forward any arguments as regards the closeness of competition, credibility of alternative suppliers or buyer power on the debt purchasing market in Denmark. The Notifying Party also has not commented on the above market shares, even though they clearly show that the Transaction would lead to a significant impediment of effective competition on the Danish debt purchasing market.

388. Based on the estimates provided by the Parties’ on their market shares in debt sales via tenders (i.e. a market excluding sales resulting from bilateral negotiations), the debt purchasing market in Denmark is an affected market. As can be seen from the table above, the Parties have a combined market share of [70-80]% (by value) in debt purchasing tenders over the period 2013-2015. The increment brought by Intrum Justitia is not insignificant: [10-20]% in terms of value and [20-30]% when measured by the number of tenders.³³³ The Parties are stronger overall in debt purchasing than in debt collection, possibly reflecting their strength in debt collection for the financial sector, where the largest clients for debt purchasing are typically found.

389. The fact that it is estimated that the merged entity would have [70-80]% share on the debt purchasing market in Denmark clearly indicates the existence of a dominant position and shows that the Parties’ combined position would be unique and incomparable to the position of any alternative debt purchaser.

390. The market investigation revealed that the Parties have very strong position on the debt purchasing market in Denmark. The responding customers consider that they are the top two players on this market: Intrum Justitia most often mentioned by

³³² The market shares in the table above have been calculated on the basis of a total market size for the market for all tenders, which has itself been calculated by applying a correction factor to the tenders the Parties are aware of (see Footnote 101). In addition, the data do not take into account any sales concluded following bilateral negotiations.

³³³ In addition, the proportion of tenders won by each Party in each of the years (based on an uncorrected market size) also shows that market shares vary considerably from year to year.

customers as the market leader and Lindorff as the number 1 or number 2 debt purchaser.³³⁴

391. According to the sellers of debt portfolios (customers) Lindorff complies with high ethical standards, has excellent reputation and expertise in valuation of portfolios, in-depth knowledge and experience. The customers indicated that it is important for them that Lindorff ensures a fair professional handling of their customers.³³⁵ Lindorff's strengths include the fact that it is large, financially strong and present in a number of countries. Intrum Justitia is considered to have very similar features: it is considered to respect high ethical standards, it has a good reputation, is present in many countries and is considered to be professional and financially strong. Competitors were not able to identify any weaknesses in Intrum Justitia or in Lindorff.³³⁶
392. All these features are very important for the debt sellers. Contrary to the Notifying Party's claim that competition takes place with each new tender and that the current market shares and the track record do not reflect market power, the market investigation results demonstrate that track record, reputation and scale of the potential purchasers are very important for debt selling customers. Companies who do not comply with these requirements would not even be invited to participate in a tender and they would not even be considered in the context of bilateral negotiations.
393. Furthermore the market investigation results for Denmark confirmed that the strong position of the Parties in debt collection gives them a significant competitive advantage on the debt purchasing market. In particular it is recognised that the debt collecting agents have the experience from managing the cases concerned and are best placed to correctly price the portfolio. Furthermore, they know the client and have all the necessary processes and workflows in place (potentially tested and improved over time to best meet the customer's requirements). Lastly some respondents indicated that penalty fees may apply if the seller takes away the portfolio from the current debt collecting agent in transfer it to a third party debt purchaser.³³⁷ Some competitors indicated that up to 70% of portfolios would be sold to the collector. Another competitor explained that "if prices offered are at least equal or close to equal the seller will sell to the servicer" [for reasons listed above].³³⁸
394. The market investigation results do not confirm the Notifying Party's submission that barriers to entry are low and the ability to value debt portfolios are not country specific. The competitors underlined that for the valuation of portfolios it is very important to have the debt collection activity in place. It is very helpful for gathering the data.³³⁹

³³⁴ Competitors, Denmark – Questionnaire 1, Q53.

³³⁵ Customers, Denmark – Questionnaire 9, Q44.

³³⁶ Competitors, Denmark – Questionnaire 1, Q53.

³³⁷ Competitors, Denmark – Questionnaire 1, Q50. "If you have worked on the cases your knowledge of the cases is way better – and you will be able to price portfolio correct." [disadvantages of selling to a debt purchaser other than the current debt collector: "penalty fee in connection with terminating a collection contract + logistics of the transfer."

³³⁸ Competitors, Denmark – Questionnaire 1, Q51.

³³⁹ Competitors, Denmark – Questionnaire 1, Q71.2.

395. When describing the competitive conditions on the debt purchasing market in Denmark both customers and competitors were sceptical already about the current situation and about its deterioration in result of the Transaction. As explained by one of the customers “you can only sell to companies with a capital fund behind, because it is impossible to finance debt acquisition in the Danish banks. If Lindorff and Intrum Justitia is merging, then there is only one and they will become a monopoly.”³⁴⁰

Competitors who responded to the market investigation also consider that the Transaction could have a negative impact on the competition terms. As explained by one of competitors: “The combined entity may establish themselves as the only provider in certain areas of the market (beginning with the financial institutions and then diversifying into other segments) due to their size and their capabilities.”³⁴¹ Another competitor explained the importance of the Parties: “Intrum and Lindorff are clearly the market leaders in Denmark. They will become extremely dominant on the Danish market.”

396. In view of the above the Commission considers that the Transaction gives rise to serious doubts as to its compatibility with the internal market in relation to the market for debt purchasing in Denmark.

IV.2.B.6 Germany – Debt purchasing

397. The market for debt collection in Germany is not an affected market. The competitive analysis will therefore focus exclusively on the debt purchasing market. The table below shows the percentage of tenders won by the Parties during the period 2013-2015, on the basis of the adjusted market size calculated by the Notifying Party.

Table 18: Debt purchasing, % of tenders won on the basis of adjusted market size (2013-2015)³⁴²

	Number of tenders		Value of tenders	
	[number]	100%	EUR [amount] mn	100%
Corrected total market size	[number]	100%	EUR [amount] mn	100%
Lindorff	[number]	[20-30]%	[amount]	[10-20]%
Intrum Justitia	[number]	[5-10]%	[amount]	[0-5]%
Combined	[number]	[20-30]%	[amount]	[10-20]%

398. The debt purchasing market in Germany functions in a very similar way to the markets in the Nordic countries. Debt sales normally take place following closed tenders, where the seller invites a number of selected potential purchasers to bid, or following bilateral negotiations. Customers in Germany only invite bidders which meet certain criteria are invited. These criteria relate in particular to the reputation,

³⁴⁰ Customers, Denmark – Questionnaire 9, Q52. “there will no longer be a functioning market for debt in Denmark”.

³⁴¹ Competitors, Denmark – Questionnaire 1, Q74.

³⁴² The market shares in the table above have been calculated on the basis of a total market size for the market for all tenders, which has itself been calculated by applying a correction factor to the tenders the Parties are aware of (see Footnote 101). In addition, the data do not take into account any sales concluded following bilateral negotiations.

financial stability and collection methods of the purchasers.³⁴³ Responses from competitors suggest that bilateral negotiations may be less common in Germany than in the Nordic markets. It is thought that sellers would only sell small portfolios this way, whilst for larger portfolios it is standard practice to hold a tender procedure.³⁴⁴

399. Both one-off and forward-flow debt sales are very common on the German market, and customers' responses illustrated a wide range of strategies for dealing with debt. Companies that sell debt on a one-off basis typically assess the debt they hold on a yearly basis. They assess whether selling the debt is predicted to generate a higher return than continuing to collect on it, but may also take into account punctual considerations, such as market conditions and the need to generate one-off profits or improve the balance sheet.
400. The link between debt collection and debt purchasing seems to be similar in Germany to that described in the Nordic markets, although probably a bit weaker. The majority of customers have sold to their debt collection provider at some point in the past, and most consider there to be advantages to selling to the current purchaser, both in terms of the speed and convenience of the process, and likelihood of obtaining a better price for the portfolio.³⁴⁵ Competitors also recognised that it was easier for customers to sell to the current debt collection provider, and emphasised the superior ability of the debt collector to value the portfolio accurately and submit a competitive bid.³⁴⁶ A significant number of competitors reported that a large proportion of their debt purchasing business comes from debt collection customers.³⁴⁷ A minority of customers were, however, concerned by the risk of a conflict of interest and therefore avoided selling to their debt collector.³⁴⁸ Some competitors also pointed out that, while the debt collector may have certain advantages, the price would still need to be right, otherwise the seller would look for another purchaser.³⁴⁹
401. A very large majority of customers in Germany mentioned reputation and price as the two most important criteria when evaluating the suitability of a potential debt purchaser.³⁵⁰ Reputation is seen as being of particular importance as companies expect their customers to be treated in the way that they would have treated them themselves. The ability to perform debt collection in-house and the quality and integration of IT systems were also mentioned as very important criteria by a significant minority of respondents.³⁵¹
402. Competitors also emphasised the importance of reputation on the debt purchasing market, with the majority considering it to be essential or very important for

³⁴³ Customers, Germany – Questionnaire 14, Q3.1.

³⁴⁴ Competitors, Germany – Questionnaire 6, Q34.1 and Q34.2.

³⁴⁵ Customers, Germany – Questionnaire 14, Q12-13.

³⁴⁶ Competitors, Germany – Questionnaire 6, Q16.

³⁴⁷ Competitors, Germany – Questionnaire 6, Q15 and Q34.2.

³⁴⁸ Customers, Germany – Questionnaire 14, Q12. “We have never sold or even offered a portfolio to a debt collector that had an active contract with us. This has allowed us to ensure that the debt collector is not faced with a potential conflict of interest.” Concerns of this type were not voiced by the customers in the Nordic countries.

³⁴⁹ Competitors, Germany – Questionnaire 6, Q16.1 and Q16.2.

³⁵⁰ Customers, Germany – Questionnaire 14, Q9.

³⁵¹ Customers, Germany – Questionnaire 14, Q9.

competing successfully. The other characteristics seen as most important by competitors were databases and the ability to analyse portfolios; and also industry knowledge, local market knowledge, IT systems and understanding of local culture.³⁵²

403. Lindorff and Intrum Justitia were among the potential debt buyers often mentioned by customers as their preferred choice, but they were two from among a number of competitors all mentioned by a large number of customers as strong competitors. The others included EOS (which was most often highest ranked), Hoist, PRA Group and GFKL. In addition to this leading group, there were also a large number of other players that were each mentioned by a couple of respondents. These included KRUK, Zyklus, Link, Arvato, ForInso and Proceed. It was also noticeable that many respondents did not have any particular preference for one purchaser over another within those they considered the leading competitors.³⁵³ This is consistent with the practice of inviting all potential purchasers that fulfil certain basic criteria, and then choosing the final purchaser more on the basis of price.
404. Competitors' views on the strongest players on the market largely coincided with those of customers. The three purchasers on average ranked highest were EOS, Lindorff and GFKL. A number of competitors also mentioned Infoscore, Intrum Justitia, Hoist, PRA Group, Creditreform and Universum. This again suggests that the Parties are two of a fairly large and evenly-matched leading group of debt purchasers.³⁵⁴
405. Lindorff is generally regarded as a strong competitor on the German market. Customers see Lindorff as a professional, reliable company, with high quality, automated processes.³⁵⁵ It is known to be particularly focused on the banking sector. Intrum Justitia was sometimes mentioned by customers as being amongst Lindorff's main competitors, but a number of other competitors, including EOS, GFKL, Infoscore, PRA Group and Hoist were mentioned more frequently.³⁵⁶ Competitors also consider Lindorff to be particularly strong in the banking sector, and see its financial capacity as being its major strength.³⁵⁷ The companies named by competitors as closest competitor to Lindorff were largely the same as those named by customers, with GFKL and EOS featuring most strongly, alongside Intrum and a number of other players.³⁵⁸
406. Customers were generally less familiar with Intrum Justitia than with Lindorff (which is consistent with its lower market share) and there was some suggestion that it is more active in debt collection than debt purchasing. Those who did have a view on Intrum Justitia generally considered it to have a very good reputation. The characteristics most often noted, such as professionalism and reliability, were very similar to those mentioned for Lindorff.³⁵⁹ Whilst Lindorff was mentioned as being

³⁵² Competitors, Germany – Questionnaire 6, Q14.

³⁵³ Customers, Germany – Questionnaire 14, Q10.

³⁵⁴ Competitors, Germany – Questionnaire 6, Q18.

³⁵⁵ Customers, Germany – Questionnaire 14, Q16.

³⁵⁶ Customers, Germany – Questionnaire 14, Q18.

³⁵⁷ Competitors, Germany – Questionnaire 6, Q18, Q6.

³⁵⁸ Competitors, Germany – Questionnaire 6, Q20.

³⁵⁹ Customers, Germany – Questionnaire 14, Q19.

amongst Intrum Justitia's closest competitors, a number of other companies, including PRA, Hoist, EOS and GFKL were named more often.³⁶⁰

407. Competitors also saw Intrum Justitia as a slightly weaker player than Lindorff, and mention it having more of a focus on debt collection. Some do not consider Intrum Justitia to be in the leading group in Germany.³⁶¹ The companies mentioned by competitors as being close competitors to Intrum Justitia were largely the same as those named by customers, but quite a number respondents did not have views on Intrum Justitia's closest competitors, possibly reflecting the fact that it is not itself seen as a major competitor.³⁶²
408. Some customers also considered private equity firms or other large financial investors as potential purchasers of their debt portfolios, but opinions were divided on this point. Some customers were also aware of large investors working with debt collection agencies.³⁶³
409. The German debt purchasing market is perceived by both competitors and customers as being a very dynamic, competitive market. Customers observe that prices have increased in recent years, and note that new entrants have entered the market.³⁶⁴ Competitors also comment on the large number of players active on the market, and see an increasing preference for selling debt rather than outsourcing it for external collection.³⁶⁵
410. Only a very small minority of customers envisage the Transaction having any impact on the market for debt purchasing in Germany. The vast majority are unconcerned as they feel that there is sufficient competition on the market for the loss of one competitor not to have any effect on prices or service. Even those respondents who do express the view that there may be consequences refer very generally to the potential risks of losing one competitor, but are not by any means convinced that this particular merger will actually cause any impact to be felt by customers, i.e. debt sellers.³⁶⁶
411. Some competitors voiced concerns related mainly to the scale advantage that the merged entity will have, particularly due to its strength in debt collection and debt purchasing.³⁶⁷ These arguments would, however, appear to be negated by the Parties' very modest combined position in debt collection in Germany. Furthermore, they are not consistent with competitors' own views that Intrum Justitia is not really a 'tier 1' competitor in debt purchasing in Germany,³⁶⁸ as is reflected in the market shares (with Intrum Justitia bringing an increment of only [0-5]% in value and [5-

³⁶⁰ Customers, Germany – Questionnaire 14, Q21.

³⁶¹ Competitor, Germany – Questionnaire 6, Q22.2.

³⁶² Competitors, Germany – Questionnaire 6, Q21.

³⁶³ Customers, Germany – Questionnaire 14, Q11-13.

³⁶⁴ Customers, Germany – Questionnaire 14, Q9 and Q22.

³⁶⁵ Competitors, Germany – Q37, Q37.1 and Q13. “The German market is a very competitive environment with around 60 players active.”

³⁶⁶ Customers, Germany – Questionnaire 14, Q24-25. “In Germany the competition is still strong (average of more than 15 potential buyers in each tender)” Q25

³⁶⁷ Competitors, Germany – Questionnaire 6, Q38-39.

³⁶⁸ “Intrum is only a middle player with a lot of internal problems in the last few years in the German market.” Competitor, Germany – Questionnaire 6, Q38.

10]% in volume to the Parties’ combined market shares of [10-20]% and [20-30]% respectively, measured by number of organised tenders).

412. In conclusion, the results of the market investigation demonstrate that the German market for debt purchasing is a very competitive market, with a large number of players active and further new entries considered possible in the coming years. Lindorff is a strong competitor but Intrum Justitia is viewed as not being among the leading group of major players. There are, in any case, at least four or five other major competitors, in addition to a much larger group of smaller players, all of which will continue to exert competitive pressure after the Transaction.
413. In view of the above the Commission considers that the Transaction does not give rise to serious doubts as to its compatibility with the internal market in relation to the market for debt purchasing in Germany.

IV.2.B.7 The Netherlands – Debt purchasing

414. The market for debt collection in the Netherlands is not an affected market. The competitive analysis will therefore focus exclusively on the debt purchasing market. The table below shows the percentage of tenders won by the Parties during the period 2013-2015, on the basis of the adjusted market size calculated by the Notifying Party.

Table 19: Debt purchasing, % of tenders won on the basis of adjusted market size (2013-2015)³⁶⁹

	Number of tenders		Value of tenders	
	[number]	100%	EUR [amount] mn	100%
Corrected total market size	[number]	100%	EUR [amount] mn	100%
Lindorff	[number]	[20-30]%	[amount]	[5-10]%
Intrum Justitia	[number]	[5-10]%	[amount]	[0-5]%
Combined	[number]	[30-40]%	[amount]	[10-20]%

415. The debt purchasing market in the Netherlands is still relatively small compared to other European countries (worth an estimated EUR [amount] billion over three years compared to EUR [amount] billion in Spain, EUR [amount] billion in Poland and EUR [amount] billion in Germany), but market participants report that it is rapidly becoming more competitive. The number of potential purchasers has increased in recent years, and prices are stable or rising.³⁷⁰ Competitors describe the Dutch market as relatively immature compared to other European markets. The vast majority of sales occur within the banking, telecoms and utilities sectors, as other companies have not yet started selling debt as a standard part of their business activities.³⁷¹

³⁶⁹ The market shares in the table above have been calculated on the basis of a total market size for the market for all tenders, which has itself been calculated by applying a correction factor to the tenders the Parties are aware of (see Footnote 101). In addition, the data do not take into account any sales concluded following bilateral negotiations.

³⁷⁰ Customers, Netherlands – Questionnaire 15, Q22-23.

³⁷¹ Competitors, Netherlands – Questionnaire 7, Q6, Q13 and Q37.1 “Buying or even selling debt has a negative image. The financial regulator mentions it as something they don’t like.”

416. The characteristics of the Netherlands debt purchasing market are very similar to those described for Germany. Most debt sales are agreed following a closed tender procedure, where the seller invites a number of known and trusted potential purchasers to submit initial bids. Customers in the Netherlands have very similar concerns to those in Germany, in terms of ensuring that debtors continue to be treated correctly even when the debt has been sold on, and therefore prefer to invite only purchasers that have been pre-assessed.³⁷² Customers in the Netherlands do also sometimes enter into bilateral negotiations with a specific purchaser, most often their debt collector.³⁷³
417. Both one-off debt sales and forward flow agreements are common in the Netherlands. The number of bidders invited can be slightly lower than in Germany, with most often around five, and rarely more than ten, potential purchasers invited to submit offers.³⁷⁴
418. The majority of customers have, at some point in the past, sold debt portfolios to their debt collector.³⁷⁵ A number of customers have only ever sold to their debt collection provider. The following reasons explain preferring to sell to the debt collector: the debt collector's knowledge of the portfolio often means they can offer a better price; selling to the existing collector minimises reputational risk, as the end-customer (i.e. the debtor) continues to be contacted by the same company before and after the sale; the data on the individual cases has already been transferred, thus avoiding additional administrative work; collection results are likely to be better thanks to the debt collector's experience with the debtors (which again allows the debt collector to offer a better price); risk allocation is easier to negotiate as both parties know the portfolio; and selling to a purchaser that is not the current debt collector may entail penalties or fees.³⁷⁶
419. Competitors' views on the practice of selling to the debt collector were somewhat more mixed, although all respondents acknowledged that it was easier and possibly more profitable for a collection customer to take this approach.³⁷⁷ Similarly to customers, competitors felt that less experienced sellers would be more likely to sell to their debt collector.³⁷⁸
420. The competitive landscape in the Netherlands is characterised by the presence of a number of strong competitors, none of which is a stand-out leader. Customers on average ranked the Parties highest in their listing of top competitors, but a number of other players were also very close to them, namely Arrow, Direct Pay and Hoist. In addition to this group of major players, customers also named a range of other

³⁷² Customers, Netherlands – Questionnaire 15, Q3.

³⁷³ Customers, Netherlands – Questionnaire 15, Q3.1.

³⁷⁴ Customers, Netherlands – Questionnaire 15, Q6.

³⁷⁵ Customers, Netherlands – Questionnaire 15, Q13.

³⁷⁶ Customers, Netherlands – Questionnaire 15, Q12. “An advantage the current debt collector might have over other investors is the collection data and experience.”

³⁷⁷ Competitors, Netherlands – Questionnaire 7, Q16-17. “As the debt collector has all the information about the debtors, action taken to date, payment history etc. it has a huge advantage over third parties.”

³⁷⁸ Competitors, Netherlands – Questionnaire 7, Q16.2.

competitors, including Infoscore, Alektum and Arvato, who they would also consider selling to.³⁷⁹

421. Competitors also named a number of players that they consider to be strong actors on the Dutch debt purchasing market. Lindorff was most often named as the top competitor, whilst Intrum was amongst a fairly large group of other strong competitors, including Arrow, Hoist, Fiducré, PRA and DirectPay.³⁸⁰
422. Reputation and price are generally considered as by far the most important criteria for choosing a debt purchaser (both rated as ‘very important’ by a majority of customers who responded). National or local knowledge and the ability to perform debt collection are both also considered important or very important by a significant proportion of respondents.³⁸¹ Competitors confirmed that international investment companies are active on the Dutch market, and that they often buy in partnership with debt collectors.³⁸²
423. According to competitors, the main skills needed to compete effectively in the Netherlands debt purchasing market are: i) the ability to value the portfolio (for which a benchmark database and scoring models are needed); ii) the financial capacity to bid; and iii) the operational capacity to collect on large volumes of cases.³⁸³ In terms of specific competences, competitors’ views were largely in line with those of customers. The three criteria considered essential by a majority of competitors were databases, industry knowledge and local market knowledge. Understanding of local culture, reputation, IT systems, the ability to analyse portfolios and in-house collection capability are also all essential or very important for some competitors.³⁸⁴
424. The vast majority of customers consider Lindorff to have a very good reputation, a large customer base and a good capital position. It is described as trustworthy, respectable, professional, experienced and reputable. A small number of respondents do, however, mention that its prices are too low. The fact that it has its own debt collection capacity and is known for good practice in debt collection is also seen as an important strength.³⁸⁵ Further strengths are its IT systems, large customer database, industry knowledge, capacity, international presence and full range of services (legal and amicable collection). Customers consider Arrow (which has recently acquired Vesting Finance in the Netherlands) to be Lindorff’s closest competitor, followed by Intrum Justitia and Hoist.³⁸⁶
425. Competitors perceive Lindorff as a strong, experienced player, which has the financial capacity needed to compete effectively in debt collection. The development of debt collection platforms is, however, seen by some as a

³⁷⁹ Customers, Netherlands – Questionnaire 15, Q10.

³⁸⁰ Competitors, Netherlands – Questionnaire 7, Q18.

³⁸¹ Customers, Netherlands – Questionnaire 15, Q9.

³⁸² Competitors, Netherlands – Questionnaire 7, Q25.

³⁸³ Competitors, Netherlands – Questionnaire 7, Q7.

³⁸⁴ Competitors, Netherlands – Questionnaire 7, Q14.

³⁸⁵ “Strong focus on both respectful and effective communication towards debtors”

“Lindorff will not put our reputation at stake, which makes for a good relationship with debtors”
Customers, Netherlands – Questionnaire 15, Q16-17.

³⁸⁶ Customers, Netherlands – Questionnaire 15, Q18.

weakness.³⁸⁷ The closest competitors to Lindorff, from competitors' point of view, are Hoist, Arrow and Intrum Justitia.³⁸⁸

426. Customers generally appear to be less familiar with Intrum Justitia than with Lindorff. Most consider it to be one of the large, respectable firms, and describe it as professional and experienced. A small number have, however, had bad experiences, and there is some suggestion that Intrum is less active in the Netherlands than in other geographic markets. Its main strength is seen as being its industry knowledge and experience, large databases and the provision of a range of services (amicable and legal collection). Its main weakness is its lack of a clear profile or direction. A number of customers also associate Intrum Justitia more with the provision of bulk services (mainly debt collection) rather than debt purchasing. It is thought of as inflexible by some customers.³⁸⁹ Customers consider Intrum Justitia's closest competitors to be Lindorff and Arrow (Vesting Finance), followed by Hoist, Direct Pay and Infoscore.³⁹⁰
427. Competitors' views on Intrum Justitia are very similar to those of customers. It is generally considered to have a good reputation, but some say that it lacks experience in the financial debt purchasing market and that it has had some reputational issues.³⁹¹ Competitors see Lindorff, Arrow and Hoist as Intrum Justitia's closest competitors.³⁹²
428. Most customers in the Netherlands are very happy with the current market conditions and go as far as to call it a 'sellers' market'.³⁹³ They mention that the number of interested buyers has increased, including as a result of foreign investors entering the Dutch market.³⁹⁴ The general consensus is that the market is very competitive and sellers are able to get good prices for their portfolios. Some competitors also expect to see more international investment companies enter the market in the coming years.³⁹⁵
429. A large majority of customers in the Netherlands say that the Transaction will have no impact on the market. For the small minority which expressed concerns, these related mainly to the Parties combined resources in terms of databases. Competitors' responses confirm this picture: a small number set a minimum amount above which they are interested, whilst the majority say that the size of the portfolio is not of particular importance.³⁹⁶
430. The majority of competitors are of the opinion that the Transaction will have an impact on the market. The main reasons for their concern are the merged entities combined strength in debt collection and debt purchasing, and its ability to leverage

³⁸⁷ Competitors, Netherlands – Questionnaire 7, Q19.

³⁸⁸ Competitors, Netherlands – Questionnaire 7, Q20.

³⁸⁹ Customers, Netherlands – Questionnaire 15, Q19-20.

³⁹⁰ Customers, Netherlands – Questionnaire 15, Q21.

³⁹¹ Competitors, Netherlands – Questionnaire 7, Q19.

³⁹² Competitors, Netherlands – Questionnaire 7, Q21.

³⁹³ Customer, Netherlands – Questionnaire 15, Q23. "It is a sellers' market at the moment. Parties are interested and the prices offered are satisfactory" Customer, Netherlands – Questionnaire 15, Q23.

³⁹⁴ Customer, Netherlands – Questionnaire 15, Q23. "The number of interested debt purchasing companies (both national as international) is strongly increasing."

³⁹⁵ Competitors, Netherlands – Questionnaire 7, Q37.1.

³⁹⁶ Competitors, Netherlands – Questionnaire 7, Q4.

its international presence. Some competitors think that it will therefore become difficult for local players to compete.³⁹⁷ These arguments appear, however, to be unsubstantiated, as the Parties' combined presence in debt collection is fairly modest (debt collection market is not affected by the Transaction), and their main competitors, in particular Hoist and Arrow (Vesting Finance) are also present in debt collection. Similarly, these competitors are active internationally, so the ability of the merged entity to use expertise gained in other, potentially more developed debt purchasing markets, is in no way unique.

431. In conclusion, the Transaction is unlikely to have any significant impact on the Dutch debt purchasing market. A large number of other competitors will remain active on the market, including strong international players such as Arrow and Hoist, which will be able to exert competitive pressure on the merged entity. Furthermore, there are strong indications that the Dutch market is very competitive, and that the expected entry of further new players will only serve to reinforce this trend.

432. In view of the above the Commission considers that the Transaction does not give rise to serious doubts as to its compatibility with the internal market in relation to the market for debt purchasing in the Netherlands.

IV.2.B.8 Spain – Debt purchasing

433. The market for debt collection in Spain is not an affected market. The competitive analysis will therefore focus exclusively on the debt purchasing market. The table below shows the percentage of tenders won by the Parties during the period 2013-2015, on the basis of the adjusted market size calculated by the Notifying Party.

*Table 20: Debt purchasing, % of tenders won on the basis of adjusted market size (2013-2015)*³⁹⁸

	Number of tenders		Value of tenders	
	[number]	100%	EUR [amount] mn	100%
Corrected total market size	[number]	100%	EUR [amount] mn	100%
Lindorff	[number]	[5-10]%	[amount]	[5-10]%
Intrum Justitia	[number]	[5-10]%	[amount]	[0-5]%
Combined	[number]	[10-20]%	[amount]	[10-20]%

434. As can be seen from the table above, the Parties do not have a combined market share of above 20% when considering the three years 2013-2015 combined (the only period for which the Notifying Party has provided figures on the basis of the corrected market size). If, however, each year is considered individually (thus on the basis of an uncorrected market size, i.e. simply the percentage of tenders of which the Parties are aware which they won), the combined market share is above 20% in

³⁹⁷ Competitors, Netherlands – Questionnaire 7, Q38-39. “It will be more difficult for smaller competitors to stay on or enter the market.”

³⁹⁸ The market shares in the table above have been calculated on the basis of a total market size for the market for all tenders, which has itself been calculated by applying a correction factor to the tenders the Parties are aware of (see Footnote 101). In addition, the data do not take into account any sales concluded following bilateral negotiations.

2013.³⁹⁹ The market is therefore analysed as an affected market, but it can already at the outset be noted that the Parties' market shares are not generally especially high, and have declined considerably in recent years, from [20-30]% (by value) in 2013 (based on an uncorrected market size), to [10-20]% in 2014, and further to [5-10]% in 2015, with Lindorff winning no new tenders in 2015.

435. The debt purchasing market in Spain is slightly different in nature to the markets in the other countries in question in this case. Debt sales from banks account for the vast majority of the portfolios sold, and sales of secured debt are more common than in the other markets, in particular the Nordic markets where banks very rarely sell secured debt. The competitors which responded to the market investigation had only ever purchased debt from banks, although at least some of them would also be interested in purchasing from other sectors such as utilities and telecoms.⁴⁰⁰ Banking debt is generally considered the most attractive for buyers.⁴⁰¹ Furthermore, the value for which debt portfolios are sold (as a percentage of face value) is very low relative to the other markets. The very low prices which can be obtained for unsecured debt portfolios in particular also have an effect on the whole functioning of the market, and in particular on sellers' approach to debt sales.
436. Similarly to in other markets, debt sales can be concluded following either closed tender procedures or bilateral negotiations. Relative to sellers in other countries, Spanish debt sellers are more inclined to enlist the services of an advisor to help them in the organisation of tender procedures.⁴⁰² Where sellers instead choose to enter into bilateral negotiations with a single potential purchaser, the motivation is also, at least sometimes, slightly different to in other countries, as sellers sometimes choose to sell to the same buyer as they know they won't get a better price elsewhere, so it would not be worth investing time and resources in a tender procedure.⁴⁰³ Nonetheless, bilateral negotiations do often take place with the current debt collector, and, as in other markets, there is a clear link between debt collection and debt purchasing, although perhaps not as strong as in other markets.⁴⁰⁴
437. A large majority of customers who responded had sold to their current debt collector at some point in the past. The reasons for choosing to do so mainly related to convenience and price, and also the assurance provided by working with a party you already have experience with. Spanish customers see there being a number of advantages in selling to their existing debt collector, namely that they may be able to submit a higher bid due to their knowledge of the portfolio, the process will be smoother, and any reputational risk to the seller is reduced.⁴⁰⁵ Respondents did, however, also mention that the current debt collection provider's knowledge of the

³⁹⁹ Percentage of tenders of which the Parties are aware won: 2013: [30-40]% by volume, [20-30]% by value; 2014: [10-20]% by volume, [10-20]% by value; 2015: [5-10]% by volume, [5-10]% by value.

⁴⁰⁰ Competitor, Spain – Questionnaire 8, Q6.

⁴⁰¹ Competitors, Spain – Questionnaire 8, Q4.1.

⁴⁰² Customers, Spain – Questionnaire 16, Q3-4. Competitors, Spain – Questionnaire 8, Q34.

⁴⁰³ Customer, Spain – Questionnaire 16, Q3.1.

⁴⁰⁴ Customers, Spain – Questionnaire 16, Q13.

⁴⁰⁵ Customers, Spain – Questionnaire 16, Q12-13.

portfolio may mean that it offers a lower price,⁴⁰⁶ and if this is the case they are likely to sell to another buyer.⁴⁰⁷

438. Competitors also gave a slightly more nuanced picture of the link between debt purchasing and debt collection than was seen in many other markets. Although competitors acknowledge the advantages from a customer's point of view of selling to their existing debt collector, some respondents were not yet active in debt collection in Spain, or had only become active recently, and did not perceive this as a major problem.⁴⁰⁸ Competitors do, however, recognise that the current debt collector is better placed to value the portfolio and that customers may favour them for reasons of convenience and due to the fact that they have already established a relationship and know the collection practices of this provider.⁴⁰⁹
439. As mentioned above, sales of secured debt are much more common in Spain than in the other markets discussed in this case, and the same banks often sell both secured and unsecured debt.⁴¹⁰ Customers make a broad general distinction between the competitors they consider to be potential purchasers of secured and unsecured debt respectively. The main buyers of secured debt are investment funds, venture capital funds and banks, whilst the typical competitors in unsecured debt are debt collection agencies. Customers explain that this is due to the need for local debt collection operations for competing in unsecured debt portfolios. Some respondents note that investment funds do also compete for unsecured portfolios, but the debt collection companies are seen as the most competitive players in this area.⁴¹¹ Competitors also confirm this distinction. Financial institutions are perceived as being interested in secured or mixed portfolios, whereas debt collection companies focus mainly on unsecured debt.⁴¹²
440. One of the notable specificities of the Spanish market is the general absence of forward-flow sales. The vast majority of debt sales are one-off agreements, and sales are usually financially motivated rather than being part of a more general strategy. Banks typically compare the expected return on collection on a particular portfolio with the price they could expect to get, given the market conditions at any particular moment in time, and then decide whether to sell on this basis.⁴¹³
441. The sheer number of competitors present in debt purchasing in Spain also distinguishes this market from most of the others considered in this case, in particular the Nordic markets. Whereas in the Nordic markets, a seller might invite all the potential purchasers it considers suitable to bid, in Spain debt sellers are conscious of the need to restrict the number of bidders they invite, in order to encourage participation.

⁴⁰⁶ Customers, Spain – Questionnaire 16, Q12.3.

⁴⁰⁷ Customer, Spain – Questionnaire 16, Q12.1 “We have included our current debt collector in our debt sales tenders, but they have not always offered the best bid.”

⁴⁰⁸ Competitors, Spain – Questionnaire 8, Q15. “In Spain there are several investors which do not have their own debt collection operations but which buy portfolios. They use external servicers.” Q16.1.

⁴⁰⁹ Competitors, Spain – Questionnaire 8, Q16-17.

⁴¹⁰ Customers, Spain – Questionnaire 16, Q6.

⁴¹¹ Customers, Spain – Questionnaire 16, Q7.1.

⁴¹² Competitors, Spain – Questionnaire 8, Q6.

⁴¹³ Customers, Spain – Questionnaire 16, Q4.

442. When organising tender procedures, sellers usually invite between 10 and 20 potential purchasers to bid, although there can even be up to 50 invited bidders.⁴¹⁴ The competitors most often named by customers as their preferred buyers included Axactor, Gescobro (Cerverus), Hoist, KRUK, Grove Capital and the Parties. A range of other competitors were also mentioned, and some customers indicated that they do not see a great deal of differentiation between the different players.⁴¹⁵ Competitors generally made slightly more of a distinction between the major actors on the Spanish market, with Lindorff, EOS and Axactor often perceived as the strongest players. They also, however, named a large number of other purchasers regarded as strong competitors, including Intrum Justitia, Cabot, Gescobro (Cerverus) and PRA Group.⁴¹⁶ Nonetheless, similarly to customers, some competitors did note that there were too many competitors present on the Spanish market to be able to have any overview or to rank them in terms of their market position.⁴¹⁷
443. The vast majority of Spanish customers consider international private equity firms and asset management companies to be suitable potential purchasers for debt portfolios. Competitors also see international investment firms as important actors on the Spanish debt market, and observe that they usually purchase in cooperation with debt collection providers.⁴¹⁸
444. The criteria considered most important by Spanish customers when evaluating the suitability of a possible buyer are reputation and price (both judged to be important or very important by the vast majority of respondents). Industry knowledge and the level of capital held were also important to a significant number of respondents.⁴¹⁹
445. Competitors consider internal databases and the ability to analyse portfolios to be the most important requirements for competing successfully on the debt purchasing market in Spain. They also note the importance of in-house collection capacity, IT systems, industry knowledge and local market knowledge.⁴²⁰
446. The majority of customers perceive Lindorff as a major player, with expertise and a long track record in the debt purchasing business. They cite its major strengths as being its capacity, technology, experience and good analytical skills. A small minority of customers do, however, also note that Lindorff's reputation has suffered slightly in Spain due to some recent management issues, but these are understood to have been resolved.⁴²¹ Intrum Justitia is also generally seen as a strong competitor, although there is some divergence of opinion as to its commitment to the Spanish market, with a minority saying that it has not focused particularly on the Spanish market in recent years. Its main strengths are perceived as being its expertise in valuation, size, experience, reputation, knowledge of the Spanish market and international presence. Competitors generally view Lindorff as the market leader, and comment on its experience and reputation amongst customers. Intrum Justitia is

414 Customers, Spain – Questionnaire 16, Q6.

415 Customers, Spain – Questionnaire 16, Q10.

416 Competitors, Spain – Questionnaire 8, Q18.

417 Competitors, Spain – Questionnaire 8, Q18.1. “there are too many competitors in this market.”

418 Competitors, Spain – Questionnaire 8, Q26.1.

419 Customers, Spain – Questionnaire 16, Q9.

420 Competitors, Spain – Questionnaire 8, Q14.

421 Customers, Spain – Questionnaire 16, Q16-17.

also considered to be an experienced player, with the necessary capital to compete.⁴²²

447. In terms of closeness of competition, customers generally view Lindorff and Intrum Justitia as two of a fairly large group including Gescobro (Cerverus), PRA, KRUK, Link Capital, Axactor, Grove, Cabot, Aiqon, EOS and Hoist, which they see as all being fairly comparable, and equally close competitors to the Parties. The Parties are not therefore seen as closer competitors to each other than either is to any other of these and a range of other players.⁴²³
448. Competitors do not generally regard Intrum Justitia as one of Lindorff's main competitors. They instead consider Axactor, Cabot and EOS to be closer competitors to Lindorff. Lindorff is however, named as one of Intrum's main competitors, alongside KRUK, EOS, Cabot and Axactor. Overall, competitors did not emphasise any particular characteristic that would make Lindorff and Intrum Justitia closer competitors than either is to any other of the major debt purchasers.⁴²⁴
449. The vast majority of customers think that the Transaction will have no impact on the Spanish debt purchasing market, and even those who consider some effect possible recognise that it is likely to be limited by the number of other competitors present, and do not in fact have any concerns.⁴²⁵ Most respondents also note that prices are currently rising on the Spanish debt purchasing market. Customers have seen the interest in debt purchases grow over the last 3-4 years, with experienced players from other markets starting to compete in Spain.⁴²⁶ This has further increased the already wide choice of possible purchasers.
450. A number of competitors were also of the opinion that further new competitors from either other European countries or the US are likely to enter the Spanish market. Competitors note that Spain is one of the three biggest debt purchasing markets in Europe, and is as such attractive for investors.⁴²⁷
451. Some competitors were of the opinion that the Transaction will have an impact on the market. Their concerns related mainly to the Parties' strength in debt collection and debt purchasing, and the advantage this will give them in terms of the combination of their in-house data resources.⁴²⁸ Whilst it is true that the Parties have, together, a relatively strong position in debt collection for financial institutions (with a combined market share of around [10-20]% in 2015, although

⁴²² Competitors, Spain – Questionnaire 8, Q19.

⁴²³ Customers, Spain – Questionnaire 16, Q18 and Q21.

⁴²⁴ Competitors, Spain – Questionnaire 8, Q20-21.

⁴²⁵ Customers, Spain – Questionnaire 16, Q24. “There are many other companies that compete [in addition to the Parties].”

⁴²⁶ Customers, Spain – Questionnaire 16, Q23. “During the last 3-4 years there has been a clear appetite for purchasing in Spain, which has, from our point of view, helped us to conclude all our debt sales successfully.” “We have seen the arrival of experienced players (already active and present in other European markets) in the Spanish market.”

⁴²⁷ Competitors, Spain – Questionnaire 8, Q13 and Q37.1. “Competitors from the US/Eastern Europe that so far have not been active in Spain may enter the market.”

⁴²⁸ Competitors, Spain – Questionnaire 8, Q22 and Q38-40.

“We believe that the merged entity will be in a very strong position in the market in Spain, because the combination of being a debt servicer and a debt purchaser gives them a hugely dominant position regarding data and regarding pricing of portfolios.”

not leading to an affected market⁴²⁹), only a very small increment ([0-5]%) was brought by Intrum Justitia. Furthermore, a combined market share of less than [20-30]% shows that the Parties are by no means dominant on the debt collection market, and there are a large number of other competitors active in debt purchasing with similar expertise in debt collection, such as EOS Group, Axactor, KRUK, Cabot and Gescobro. Overall, given the number of both national and international players active on the Spanish debt purchasing market, and the apparent lack of significant differentiation between them, it appears highly unlikely that the merged entity would be able to use its combined data resources to influence prices on the market.

452. In conclusion, there are a very large number of competitors active on the market, including strong international players, and sellers are often served by advisors, who have a detailed knowledge of the market and can thus ensure they obtain the best possible price for their portfolios. Both the practice of using advisors, and the relatively high number of purchaser usually invited to bid in tenders, also makes the market especially open and competitive.

453. In view of the above the Commission considers that the Transaction does not give rise to serious doubts as to its compatibility with the internal market in relation to the market for debt purchasing in Spain.

V. PROPOSED REMEDIES

454. In order to render the concentration compatible with the internal market, the undertakings concerned have modified the notified concentration by entering into the following commitments, which are annexed to this decision and form an integral part thereof (the “Commitments”).

455. In view of addressing the concerns identified during the market investigation, the Notifying Party has committed to divest the full overlap between Lindorff and Intrum Justitia in both the debt collection and the debt purchasing markets, in Denmark, Estonia, Finland, Norway and Sweden, i.e. in all five countries in which competition concerns were identified. In particular, the Commitments involve the divestment of the entire CMS (including debt collection) business and debt purchasing business of Lindorff in Denmark, Estonia, Finland and Sweden, and of the entire CMS (including debt collection) business and debt purchasing business of Intrum Justitia in Norway. Regarding debt collection, the remedy package includes both debt collection performed on third party’s debt and on debt owned by the divested business in the relevant country. All assets and operations to be divested under the Commitments are referred to as the “Divestment Business”.

456. In particular, the Divestment Business includes in each market (where present): tangible assets (external debt collection contracts, other CMS contracts, historic debt portfolios, rental agreements for office premises); intangible assets (collection systems, payment and invoicing systems, customer and credit records, IT system and valuation models, debt collection/consumer credit licences); and employment contracts (including those related to the management teams).

⁴²⁹ Market shares in debt collection in the financial sector: 2015: Lindorff [10-20]%, Intrum Justitia [0-5]%; 2014: Lindorff [10-20]%, Intrum [0-5]%; 2013: Lindorff 5-10%, Intrum [0-5]%.

457. In addition, the Divestment Business includes a licence for the use of the Lindorff brand name in Denmark, Estonia, Finland and Sweden, and of the Intrum Justitia brand name in Norway for up to [...] years, together with other transitional arrangements for the supply of IT services (currently shared by various entities owned by the respective Parties) and a licence for the third party collection system in Denmark, which is operated by Lindorff Norway (not part of the Divestment Business).
458. In order to guarantee the viability and the competitiveness of the Divestment Business the Notifying Party also commits to (i) a best effort obligation to secure the transfer to the purchaser of debt collection and debt portfolios contracts containing change of control / ownership provisions; (ii) a non-compete obligation for collection customers invoking a change of control provision at the time of the transfer; (iii) a non-solicit obligation in relation to the key personnel included in the Divestment Business.
459. The Divestment Business does not include certain functions, contracts and products related to Lindorff's group-wide activities, and employees who work exclusively for Lindorff Group related functions, including legal and compliance, IT, human resources and the Shared Service Centre.
460. For a complete description of the Divestment Business and all its assets, see the full text of the attached Commitments.
461. The table below contains financial information for the Divestment Business.

Table 21: Financial information for the Divestment Business (2016-2018)

Country	Figures EUR million	2016 Actual	2017 Forecast	2018 Forecast
Finland	Net revenue	[amount]	[amount]	[amount]
	EBITDA margin	[margin]%	[margin]%	[margin]%
Estonia	Net revenue	[amount]	[amount]	[amount]
	EBITDA margin	[margin]%	[margin]%	[margin]%
Sweden	Net revenue	[amount]	[amount]	[amount]
	EBITDA margin	[margin]%	[margin]%	[margin]%
Denmark	Net revenue	[amount]	[amount]	[amount]
	EBITDA margin	[margin]%	[margin]%	[margin]%
Norway	Net revenue	[amount]	[amount]	[amount]
	EBITDA margin	[margin]%	[margin]%	[margin]%

462. In addition the Notifying Party has entered into related commitments, *inter alia* regarding the separation of the divested businesses from their retained businesses, the preservation of the viability, marketability and competitiveness of the divested businesses, including the appointment of a monitoring trustee and, if necessary, a divestiture trustee.
463. The Notifying Party submits that the Commitments will eliminate the competition concerns entirely since the sale of the Divestment Business will entirely remove the overlap between the activities of Lindorff and Intrum Justitia in the affected markets. The Notifying Party submits that the Commitments are therefore comprehensive and effective from all points of view since they include all assets and staff that contribute to the current operation and/or that are necessary to ensure the viability and competitiveness of the Divestment Business. Furthermore, it is

submitted that such Commitments are capable of being implemented effectively within a short period of time since the Divestment Business involves a structural remedy of an existing business performed by existing legal entities.

464. Moreover the Notifying Party commits to sell or procure the sale of the Divestment Business to one single suitable Purchaser. The Notifying Party submits that the scope of the remedy includes all that is required to compete effectively, regardless of the identity of the ultimate buyer. Therefore the Divestment Business will continue as a competitive force on the market under the control of a third party purchaser, able to continue to exercise competitive pressure on the merged entity in the affected countries post-Transaction.

VI. ASSESSMENT OF THE PROPOSED REMEDIES

465. The Commission analysed the suitability of the Commitments to remedy serious doubts in this case against the standard set out in the Commission Notice on Remedies.⁴³⁰

VI.1. Framework for the Commission's assessment of the Commitments

466. Where a notified concentration raises serious doubts as to its compatibility with the internal market, the parties may modify the notified concentration so as to remove the grounds for serious doubts identified by the Commission, with a view to having the concentration declared compatible with the internal market pursuant to Article 6(1)(b) in conjunction with Article 6(2) of the Merger Regulation.

467. In assessing whether or not the commitments will restore effective competition, the Commission considers their type, scale and scope, with reference to the structure and the particular characteristics of the market in which the Commission has identified serious doubts as to the compatibility of the notified concentration with the internal market.⁴³¹

468. Divestiture commitments are the best way to eliminate serious doubts resulting from horizontal overlaps in the merging parties' activities.⁴³² Other commitments (such as licensing) may be suitable to resolve serious doubts if these commitments are equivalent to divestitures in their effects. The divested activities must consist of a viable business that, if operated by a suitable purchaser, can compete effectively with the merged entity on a lasting basis and that is divested as a going concern.⁴³³

469. The business to be divested must include all the assets which contribute to its current operation or which are necessary to ensure its viability and competitiveness, and all personnel which are currently employed or which are currently shared between the business to be divested and other businesses of the parties, but which contribute to the operation of the business or which are necessary to ensure its viability and competitiveness. Otherwise, the viability and competitiveness of the business to be divested would be endangered. The business to be divested must

⁴³⁰ Commission Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (2008/C 267/01), (the "Commission Notice on Remedies").

⁴³¹ Commission Notice on Remedies, paragraph 9.

⁴³² Commission Notice on Remedies, paragraph 17.

⁴³³ Commission Notice on Remedies, paragraph 23.

therefore include the staff that perform essential roles for the business, at least in a sufficient proportion to meet the ongoing needs of the business to be divested.⁴³⁴

470. Furthermore, the intended effect of the divestiture will only be achieved if and once the business is transferred to a suitable purchaser with the ability to maintain and develop the business to be divested as a viable and active competitive undertaking.

VI.2. Results of the market test

471. To assess the suitability of the Commitments to remove serious doubts in this case, the Commission launched a market test on 18 May 2017.

472. The market test indicated that the Commitments proposed in this case are suitable overall, in that they include all the necessary assets, and provide for the divestiture of the standalone debt purchasing and CMS businesses (including debt collection) currently owned by Lindorff in Estonia, Denmark, Finland and Sweden, and by Intrum Justitia in Norway.⁴³⁵

473. The results of the market test were positive as regards the feasibility of the transfer and the viability of the Divestment Business. However, many respondents have identified the need to guarantee that the Divestment Business includes adequate support / coordination functions, which are generally managed at the group level and may not be included in the national businesses.⁴³⁶

474. The majority of respondents also confirmed that a suitable purchaser would be able to integrate the Divestment Business and to successfully rebrand during a [...] -year period. Brand is recognized as being a very important asset and it is generally thought that the Divestment Business will benefit from the brand licensing agreement and will be able to manage the transition after the license expires.⁴³⁷

475. The market test confirmed that the Commitments are sufficient to generate a new competitive force in the market. The majority of customers responding to the market test would consider signing a debt collection contract with the Divestment Business or selling their debt portfolios to it.⁴³⁸ The majority of customers also considered that the Divestment Business would be strong enough to exert a competitive pressure similar to the one existing pre-Transaction.⁴³⁹

476. The market test revealed that the risk of key personnel leaving the Divestment Business in order to join the merged entity could endanger the viability of the

⁴³⁴ Commission Notice on Remedies, paragraphs 25 and 26.

⁴³⁵ Customers – Questionnaire R2, Q3. For example, “I think yes your proposed commitments would benefit the market.” “This solution will give us another sufficiently large alternative supplier, and will therefore keep the level of competition to a level very close to today.”
Competitors – Questionnaire R1, Q4.

⁴³⁶ Competitors – Questionnaire R1, Q9. “[The] Divestment Business needs to be sufficiently equipped with central/coordinating functions across its various businesses in order to fully function. If to be acquired by an industrial player such as us, this requirement is, of course, less important vs. e.g. a financial investor.”

⁴³⁷ Competitors – Questionnaire R1, Q20-22. “[...] years should be long enough for rebranding.”
Customers – Questionnaire R2, Q7-8. “Both brands well rooted on the market, but [the proposed] time frame allows market information and adaptation of new brand.”

⁴³⁸ Customers – Questionnaire R2, Q4-6.

⁴³⁹ Customers – Questionnaire R2, Q16.

remedy. Such personnel possess the relevant business know-how and typically keep the relationship with the customers. Thus, further actions to mitigate of the described risk are needed to ensure the effective implementation of the remedy proposal.⁴⁴⁰

477. The vast majority of respondents considered the transitional agreements included in the Divestment Business to be sufficient in scope and duration for the purchaser to be able, subsequently, to operate the business independently.⁴⁴¹
478. The market test further indicated that the composition of the Divestment Business, i.e. it being a mix of Lindorff and Intrum Justitia businesses, does not affect its attractiveness or viability. Respondents overall do not believe this could endanger the viability and the competitiveness of the Divestment Business. In particular, they confirmed the Notifying Party's view that the businesses are operated at national level, and that the purchaser would therefore need to integrate five separate business, each with its own systems and processes, irrespective of which of the Parties business is sold in which country.⁴⁴²
479. Many customers responding to the market test believe that an international investor would be a suitable buyer, as well as debt collection agencies already operating in the market.⁴⁴³
480. In conclusion, the market test revealed that market participants are positive about the remedy proposal and its ability to restore competition post-merger. However, a few elements emerged during the test required some changes to the proposed Commitments, as explained in the following section.

VI.3. Suitability of the proposed commitments to remedy serious doubts in the area of debt collection and debt purchasing

481. The Commission considers the Commitments proposed by the Notifying Parties as suitable to remedy serious doubts raised in the debt collection and the debt purchasing markets in Denmark, Estonia, Finland, Norway, and Sweden.
482. The Commitments provide for the removal of the full overlap of the Parties' activities in both debt collection and debt purchasing in the five countries concerned, i.e. for a clear-cut structural remedy.
483. As explained above, the Divestment Business includes all tangible and intangible assets and personnel needed to effectively run the business. In particular the Divestment Business is an attractive business with [800-1 000] full time employees, five dedicated local management teams (one in each affected country), and [9 000-11 000] ongoing client contracts. The Divestment Business achieved a turnover of over EUR [amount] million in 2016 through its debt collection activities, and includes historic debt portfolios with a total book value of EUR [amount] million.
484. In view of the results of the market test and the importance attached to data and models used in relation to national businesses, the Notifying Party proposed to

⁴⁴⁰ Competitors – Questionnaire R1, Q11-12.

⁴⁴¹ Competitors – Questionnaire R1, Q16.

⁴⁴² Competitors – Questionnaire R1, Q30.

⁴⁴³ Customers – Questionnaire R2, Q14.

include in the Divestment Business all historical data and models acquired through collection on portfolios (either third party or owned) in a country and/or used for the purposes of debt collection and/or purchasing in that country.

485. The proposed remedy includes all the business functions and roles currently present in Lindorff's and Intrum Justitia's national businesses and that are needed for the viability of Divestment Business. In view of the results of the market investigation, the Notifying Party proposed to include in the Divestment Business also the group functions and related personnel necessary for the viability of the Divestment Business and which are not performed at the national level.
486. Considering the proposed amendments to the Commitments following the market test, the Commission believes that all necessary assets and personnel are included in the Divestment Business to ensure the viability and the competitiveness of such Business.
487. In relation to key personnel, the Commitments proposed by the Notifying Party included the standard non-solicit clause for key personnel for a period of [number] months, i.e. the merged entity cannot solicit former employees between the effective date (adoption of the decision) and [number] months following the closing of the transaction (i.e., following the transfer of the legal title to the Divestment Business to the purchaser). Given the results of the market investigation and the paramount importance of key personnel retention for the viability of the Divestment Business, the Notifying Party agreed to extend the standard non-solicit clause to [number] months after closing.
488. The Commission considers that the amendment described above concerning personnel are suitable to remedy the concerned emerged during the market test and ensure the viability of the Divestment Business.
489. As explained above the Notifying Party proposed to include in the Divestment Business a [...] -year branding licence for the name "Lindorff" in Finland, Sweden, Estonia and Denmark and for the name "Intrum Justitia" in Norway. The market investigation results revealed that brand licensing is a feasible option and that the period of [...] years is sufficient to allow the purchaser to rebrand its businesses. Therefore, the Commission agrees with the proposed Commitments.
490. The Commitments include the divestment of Lindorff's businesses in four countries and of Intrum Justitia's in one country. The Commission notes that both debt collection and debt purchasing markets in the five countries concerned are national in scope and that the proposed remedy entirely removes the overlap at the national level. The market test did not reveal any significant drawback of the proposed remedy set up. Therefore, the Commission considers that Commitments are capable to fully remove the Parties' overlap in the five countries concerned.
491. The Commitments proposed by the Notifying Party included a non-compete clause for debt collection contracts with a change of control provision. In order to allow the purchaser to secure all possible contracts in order to keep running the business, the Commission believes that a non-compete clause in relation to contracts with change of control clauses for a period of [number] months after closing is sufficient. In view of the results of the market test, the Notifying Party agreed on extending the non-compete clause to all contracts (with or without a change of control provision) during the period between the effective date (adoption of the decision) and [...]. For the same purposes the Notifying Party has also added to the Commitments a non-

solicit-clause related to customers, i.e. the merged entity commits not to solicit companies that were customers of the Divestment Business on the effective date, during the period between the effective date and [...]. The Commission agrees with the proposed changes and believes that the final version of the Commitments will ensure an effective transfer of assets to the Divestment Business.

492. The Commitments include the standard criteria for a suitable purchaser (contained in section D of the Commitments), in particular that the purchaser must have the financial resources, proven expertise and incentive to maintain and develop the Divestment Businesses as viable and active competitive forces in competition with the merged entity and with other competitors. Moreover, the Commitments include the provision to sell the Divestment Business to a single purchaser. The Commission believes that the criteria for a suitable purchase are adequate and that the single buyer solution is the most appropriate option in this case. In particular, the creation of a new international player active in a number of Nordic countries will allow to replicate a similar competitive pressure to the pre-Transaction situation.
493. In view of the results of the market tests and the need to guarantee the viability and competitiveness of the Divestment Business in each of the countries concerned, the Notifying Party proposed to strengthen the purchaser's criteria. The Purchaser will have to provide the Commission with the business plans for the Divestment Business in all the five countries; the Purchaser can only be approved if the Commission is satisfied that such business plans are viable and sufficiently likely to succeed, and demonstrate the necessary understanding of and commitment to each of the markets. The Commission considers that this requirement will ensure that the Divestment Business will effectively compete in each of the five countries and will keep exercising the competitive pressure in the long-run.
494. On this basis, the Commission considers the Commitments to be sufficient in scope and suitable to eliminate serious doubts as to the compatibility of the Transaction with the internal market in relation to CMS, including debt collection, and debt purchasing given the purpose of Article 6(2) of the Merger Regulation.

VI.4. Conclusion on the Commitments

495. For the reasons outlined above, the Commission concludes that the Commitments entered into by the undertakings concerned are sufficient in scope and suitable to eliminate the serious doubts as to the compatibility of the Transaction with the internal market in relation to CMS, including debt collection, and debt purchasing in the five concerned countries, i.e. Denmark, Estonia, Finland, Norway, and Sweden, given the purpose of Article 6(2) of the Merger Regulation.

VII. CONDITIONS AND OBLIGATIONS

496. Pursuant to the first sentence of the second subparagraph of Article 6(2) of the Merger Regulation, the Commission may attach to its decision conditions and obligations intended to ensure that the undertakings concerned comply with the commitments they have entered into *vis-à-vis* the Commission with a view to rendering the concentration compatible with the internal market.
497. The achievement of the measure that gives rise to the structural change of the market is a condition, whereas the implementing steps which are necessary to achieve this result are generally obligations on the parties. Where a condition is not fulfilled, the Commission's decision declaring the concentration compatible with the

internal market and the EEA Agreement no longer stands. Where the undertakings concerned commit a breach of an obligation, the Commission may revoke the clearance decision in accordance with Article 8(6)(b) of the Merger Regulation. The undertakings concerned may also be subject to fines and periodic penalty payments under Articles 14(2) and 15(1) of the Merger Regulation.

498. In accordance with the basic distinction between conditions and obligations, the decision in this case is conditional on full compliance with the requirements set out in Section B of the final Commitments (including the Schedules), which constitute conditions. The remaining requirements set out in the other Sections of the said Commitments are considered to constitute obligations on Nordic Capital.

499. The full text of the final Commitments is annexed to this Decision and forms an integral part of this Decision.

VIII. CONCLUSION

500. For the above reasons, the Commission has decided not to oppose the notified operation as modified by the Commitments and to declare it compatible with the internal market and with the functioning of the EEA Agreement, subject to full compliance with the conditions in Section B (including Schedules A to F) of the Commitments annexed to the Decision and with the obligations contained in the other Sections of the said Commitments. This decision is adopted in application of Article 6(1)(b) in conjunction with Article 6(2) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)

Margrethe VESTAGER

Member of the Commission

Case M. 8287 – Nordic Capital/Intrum Justitia

COMMITMENTS TO THE EUROPEAN COMMISSION

Pursuant to Article 6(2) of Council Regulation (EC) No 139/2004 (the “*Merger Regulation*”), Nordic Capital Fund VIII (the “*Notifying Party*”) hereby enters into the following Commitments (the “*Commitments*”) vis-à-vis the European Commission (the “*Commission*”) with a view to rendering the acquisition of sole control within the meaning of Article 3(1)(b) of the Merger Regulation by the Notifying Party over Intrum Justitia AB (“*Intrum Justitia*”) (the “*Concentration*”) compatible with the internal market and the functioning of the EEA Agreement.

Through the Concentration, Intrum Justitia will acquire sole control over Lock Topco and subsidiaries (“*Lindorff*”), by transfer of all its shares from the Notifying Party and certain other minority sellers in exchange for newly issued common shares in Intrum Justitia.

This text shall be interpreted in light of the Commission’s decision pursuant to Article 6(1)(b) of the Merger Regulation to declare the Concentration compatible with the internal market and the functioning of the EEA Agreement (the “*Decision*”), in the general framework of European Union law, in particular in light of the Merger Regulation, and by reference to the Commission Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (the “*Remedies Notice*”).

Section A. Definitions

1. For the purpose of the Commitments, the following terms shall have the following meaning:

Affiliated Undertakings: undertakings controlled by the Parties and/or by the ultimate parents of the Parties, whereby the notion of control shall be interpreted pursuant to Article 3 of the Merger Regulation and in light of the Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (the “*Consolidated Jurisdictional Notice*”).

Assets: the assets that contribute to the current operation or are necessary to ensure the viability and competitiveness of the Divestment Business as indicated in Section B, paragraph 5 (a), (b) and (c) and described more in detail in the Schedules.

Closing: the transfer of the direct or indirect legal title to the Divestment Business to the Purchaser.

Closing Period: the period of [time] from the approval of the Purchaser and the terms of sale by the Commission (adjusted as required for financial services approvals, as applicable).

Confidential Information: any business secrets, know-how, commercial information, or any other information of a proprietary nature that is not in the public domain.

Conflict of Interest: any conflict of interest that impairs the Trustee's objectivity and independence in discharging its duties under the Commitments.

Divestment Business: the Divestment Business Finland, Divestment Business Estonia, Divestment Business Sweden, Divestment Business Denmark, Divestment Business Norway and Divestment Group Organisation, as defined in Section B and in the Schedules, which the Notifying Party commits to divest.

Divestiture Trustee: one or more natural or legal person(s) who is/are approved by the Commission and appointed by the Notifying Party and who has/have received from the Notifying Party the exclusive Trustee Mandate to sell the Divestment Business to a Purchaser at no minimum price.

Effective Date: the date of adoption of the Decision.

First Divestiture Period: the period of [time] from the Effective Date.

Historical Debt Portfolios: all debt portfolios currently owned by Lindorff purchased from customers in Denmark, Estonia, Finland, and Sweden and the debt portfolios currently owned by Intrum Justitia purchased from customers in Norway.

Hold Separate Manager: the person appointed by the Notifying Party for the Divestment Business to manage the day-to-day business under the supervision of the Monitoring Trustee.

Intrum Justitia: Intrum Justitia AB (publ) a limited liability company incorporated under the laws of Sweden, registered under number 556607-7581.

Key Personnel: all personnel necessary to maintain the viability and competitiveness of the Divestment Business, as listed in the Schedules, including the Hold Separate Manager.

Lindorff: Lock Topco AS (and subsidiaries), incorporated under the laws of Norway and registered under number 913 852.

Monitoring Trustee: one or more natural or legal person(s) who is/are approved by the Commission and appointed by the Notifying Party, and who has/have the duty to monitor the Notifying Party's compliance with the conditions and obligations attached to the Decision.

Notifying Party: Nordic Capital Fund VIII, a limited liability company incorporated under the laws of Jersey, having its registered office at 26 Esplanade, St Helier, Jersey JE2 3QA, Channel Islands, acting in its capacity as General Partner to Nordic Capital VIII Alpha L.P. and Nordic Capital VIII Beta L.P.

Parties: the Notifying Party, Intrum Justitia and Lindorff.

Personnel: all staff currently employed by the Divestment Business including staff seconded to the Divestment Business, shared personnel as well as additional personnel listed in the Schedules.

Purchaser: the entity approved by the Commission as acquirer of the Divestment Business in accordance with the criteria set out in Section D.

Purchaser Criteria: the criteria laid down in paragraph 17 of these Commitments that the Purchaser must fulfil in order to be approved by the Commission.

Schedules: the schedules to these Commitments describing in more detail the Divestment Business (namely Schedules A to F, covering five different countries and the Divestment Group Organisation).

Trustee(s): the Monitoring Trustee and/or the Divestiture Trustee as the case may be.

Trustee Divestiture Period: the period of [time] from the end of the First Divestiture Period.

Section B. The commitment to divest and the Divestment Business

Commitment to divest

2. In order to maintain effective competition, the Notifying Party commits to divest, or procure the divestiture of the Divestment Business by the end of the Trustee Divestiture Period as a going concern to a purchaser and on terms of sale approved by the Commission in accordance with the procedure described in paragraph 18 of these Commitments. To carry out the divestiture, the Notifying Party commits to find a purchaser and to enter into a final binding sale and purchase agreement for the sale of the Divestment Business within the First Divestiture Period. If the Notifying Party has not entered into such an agreement at the end of the First Divestiture Period, the Notifying Party shall grant the Divestiture Trustee an exclusive mandate to sell the Divestment Business in accordance with the procedure described in paragraph 30 in the Trustee Divestiture Period.
3. The Notifying Party shall be deemed to have complied with this commitment if:
 - (a) by the end of the Trustee Divestiture Period, the Notifying Party or the Divestiture Trustee has entered into a final binding sale and purchase agreement and the Commission approves the proposed purchaser and the terms of sale as being consistent with the Commitments in accordance with the procedure described in paragraph 18; and
 - (b) the Closing of the sale of the Divestment Business to the Purchaser takes place within the Closing Period.
4. In order to maintain the structural effect of the Commitments, the Notifying Party shall, for a period of 10 years after Closing, not acquire, whether directly or indirectly, the possibility of exercising influence (as defined in paragraph 43 of the Remedies Notice, footnote 3) over the

whole or part of the Divestment Business, unless, following the submission of a reasoned request from the Notifying Party showing good cause and accompanied by a report from the Monitoring Trustee (as provided in paragraph 44 of these Commitments), the Commission finds that the structure of the market has changed to such an extent that the absence of influence over the Divestment Business is no longer necessary to render the proposed Concentration compatible with the internal market.

Structure and definition of the Divestment Business

5. The Divestment Business consists of the following corporate entities active in debt collection, other credit management services and debt purchasing:
 - i. Lindorff Oy, Lindorff's entire business in Finland (excluding Latvian and Lithuanian branches) ("Divestment Business Finland", see Schedule A);
 - ii. Lindorff Esti AS, Lindorff's entire business in Estonia ("Divestment Business Estonia", see Schedule B);
 - iii. Lindorff Sverige AB, Lindorff Payment Services AB and Lindorff Payment Services Holding AB, Lindorff's entire business in Sweden ("Divestment Business Sweden", see Schedule C);
 - iv. Lindorff Danmark A/S and Lindorff A/S, Lindorff's entire business in Denmark ("Divestment Business Denmark", see Schedule D);
 - v. Intrum Justitia AS (including subsidiary Intrum Justitia Finans AS), Intrum Justitia's entire business in Norway ("Divestment Business Norway", see Schedule E).

In addition, the Divestment Business includes a Divestment Group Organisation, consisting of senior, experienced Key Personnel, who will work exclusively at the Divestment Business group level, ensuring effective group management and group support functions for all the entities listed above.

The legal and functional structure of the Divestment Business as operated to date is described in the Schedules. The Divestment Business, described in more detail in the Schedules, includes all assets and staff that contribute to the current operation or are necessary to ensure the viability and competitiveness of the Divestment Business, in particular:

- (a) all tangible and intangible assets (including all available data and models related to the Divestment Business' debt collection and debt purchasing activities, as well as intellectual property rights, in particular a [...] -year branding licence for "Lindorff" for the Divestment Business Finland, Divestment Business Sweden, Divestment Business Denmark and Divestment Business Estonia, and "Intrum Justitia" for the Divestment Business Norway);
- (b) all licences, permits and authorisations issued by any governmental organisation for the benefit of the Divestment Business;

- (c) all contracts, leases, commitments and customer orders of the Divestment Business; all customer, credit and other records of the Divestment Business;
- (d) the Personnel; and
- (e) a best efforts obligation to secure the transfer to the Purchaser of debt collection customer contracts containing a change of control provision, failing which the Notifying Party agrees not to enter into new agreements with such customers for a period of [...] after Closing; except agreements where a customer’s in-house business unit with a collection activity is acquired through a structural transaction, and where it can be established to the satisfaction of the Monitoring Trustee that the collection activities covered by the transaction and those handled under the customer contract with a change of control provision respectively are distinct so that the Monitoring Trustee is comfortable that the transaction does not transfer to the Notifying Party any of the activity performed under the contract in question.

For customers which on the Effective Date used both Lindorff and Intrum Justitia as debt collection suppliers, the Notifying Party can continue to provide services under existing contracts and can prolong/renew such contracts, without increasing their scope in terms of volume and categories of debt cases covered by the contract.

As regards contracts with an annual income value of over EUR [...] (“Material Contracts”), approximately the following volumes of contracts are affected by this provision:

Divestment Business	No of Material Contracts containing a change of control provision	Approximate total number of debt collection contracts	Value of Material Contracts containing a change of control provision
Finland	[20-30]	[6 000-8 000]	[10-20] MEUR
Estonia	[0-10]	[30-50]	[0-10] MEUR
Sweden	[0-10]	[5 000-7 000]	[0-10] MEUR
Denmark	[0-10]	[150-300]	[0-10] MEUR
Norway	[0-10]	[3 000-5 000]	[0-10] MEUR

It is noted that the vast majority of customer contracts do not contain change of control provisions. It should be noted that especially in [...] and [...], a large proportion of the third party debt collection contracts are contracts with [...]. Almost all of them are based on standard contract terms, which do not include change of control clauses.

- (f) a best efforts obligation to secure the approval of the entities from which the Historical Debt Portfolios forming part of the Divestment Business were purchased by the Parties (the “Originators”) in order to allow for their transfer to the Purchaser, where required for change of ownership, failing which the Parties agree to enter into an

agreement with the Purchaser for debt collection servicing of the Historical Debt Portfolio in question. The Parties also commit to a best efforts obligation to secure consent from the Originators where it is required for the transfer of the debt collection servicing.

It is noted that the overwhelming majority of Historical Debt Portfolios are unaffected by this provision. The majority of portfolio contracts for smaller portfolios do not contain any change of control clauses. Contracts for larger portfolios, especially portfolios sold by the larger banks, often contain change of control clauses that regulate the resale of the portfolio as such, but not a change of control of the company holding the portfolio. However, some banks, e.g. [...], do include broader change of control clauses in their portfolio contracts. It is also more common for synthetic ownership portfolios in Denmark. Of the two largest portfolios included in the Divestment Business - [...] in Sweden, only the transfer of [...] will require consent (the change of control provision related to [...] has now expired after three years). It is estimated that the [...] portfolio would generate EUR [0-10] million in revenue this year. The total value of Historical Debt Portfolios affected by change of control clauses is approximately [0-10] million in Denmark and [40-50] million in Sweden. There are no affected portfolios in the other country businesses.

- (g) a best efforts obligation to secure approval from [...], the third party service provider of [...] to Lindorff, for the extension of the existing arrangement to cover the Divestment Business, where required, for a transitional period of at least [...] months unless otherwise agreed with the Purchaser.
6. In addition, the Divestment Business includes the benefit, for a transitional period of up to [...] after Closing and on terms and conditions equivalent to those at present afforded to the Divestment Business, of all current arrangements under which the Parties or its Affiliated Undertakings supply products or services to the Divestment Business, as detailed in the Schedules. This includes a [...] -year branding licence for “Lindorff” for the Divestment Business Finland, Divestment Business Sweden, Divestment Business Denmark and Divestment Business Estonia, and “Intrum Justitia” for the Divestment Business Norway. Strict firewall procedures will be adopted so as to ensure that any competitively sensitive information related to, or arising from, such transitional arrangements will not be shared with, or passed on to, anyone outside the relevant division providing the service to the Divestment Business.
 7. The Notifying Party shall sell or procure the sale of the shares and/or assets in the Divestment Business to one single suitable Purchaser.

Section C. Related commitments

Preservation of viability, marketability and competitiveness

8. From the Effective Date until Closing, the Notifying Party shall preserve or procure the preservation of the economic viability, marketability and competitiveness of the Divestment Business, in accordance with good business practice, and shall minimise as far as possible any risk

of loss of competitive potential of the Divestment Business. In particular the Notifying Party undertakes:

- (a) not to carry out any action that might have a significant adverse impact on the value, management or competitiveness of the Divestment Business or that might alter the nature and scope of activity, or the industrial or commercial strategy or the investment policy of the Divestment Business;
- (b) to make available, or procure to make available, sufficient resources for the development of the Divestment Business, on the basis and continuation of the existing business plans;
- (c) to take all reasonable steps, or procure that all reasonable steps are being taken, including appropriate incentive schemes (based on industry practice), to encourage all Key Personnel to remain with the Divestment Business, and not to solicit or move any Personnel to the Parties' remaining business. Where, nevertheless, individual members of the Key Personnel exceptionally leave the Divestment Business, the Notifying Party shall provide a reasoned proposal to replace the person or persons concerned to the Commission and the Monitoring Trustee. The Notifying Party must be able to demonstrate to the Commission that the replacement is well suited to carry out the functions exercised by those individual members of the Key Personnel. The replacement shall take place under the supervision of the Monitoring Trustee, who shall report to the Commission;
- (d) not to enter into any contract – or prior agreement, formal or informal, providing for such a contract to be concluded after Closing – with any companies that are customers of the Divestment Business on the Effective Date, and not to solicit companies that were customers of the Divestment Business on the Effective Date; except where in the context of a structured tendering process of a customer Lindorff or Intrum Justitia, as the case may be, has submitted a binding bid before the Effective Date and as a result of that bid enters into a contract with the customer after the Effective Date and the Monitoring Trustee is satisfied that by the Effective Date this process was at a sufficiently advanced stage for it to be reasonable to allow the merged entity to enter into that contract; for customers which on the Effective Date used both Lindorff and Intrum Justitia as debt collection suppliers, the Notifying Party can continue to provide services under existing contracts and can prolong/renew such contracts, without increasing their scope in terms of volume and categories of debt cases covered by the contract.

Hold-separate obligations

9. The Notifying Party commits, from the Effective Date until Closing, to keep the Divestment Business separate from the business(es) it is retaining and to ensure that unless explicitly permitted under these Commitments: (i) management and staff of the business(es) retained by the Parties have no involvement in the Divestment Business; (ii) the Key Personnel and Personnel of the Divestment Business have no involvement in any business retained by the Notifying Party and do not report to any individual outside the Divestment Business.

10. Until Closing, the Notifying Party shall assist the Monitoring Trustee in ensuring that the Divestment Business is managed as a distinct and saleable entity separate from the business(es) which the Notifying Party is retaining. Immediately after the adoption of the Decision, the Notifying Party shall appoint a Hold Separate Manager. The Hold Separate Manager, who shall be part of the Key Personnel, shall manage the Divestment Business independently and in the best interest of the business with a view to ensuring its continued economic viability, marketability and competitiveness and its independence from the businesses retained by the Notifying Party. The Hold Separate Manager shall closely cooperate with and report to the Monitoring Trustee and, if applicable, the Divestiture Trustee. Any replacement of the Hold Separate Manager shall be subject to the procedure laid down in paragraph 8(c) of these Commitments. The Commission may, after having heard the Notifying Party, require the Notifying Party to replace the Hold Separate Manager.
11. To ensure that the Divestment Business is held and managed as a separate entity the Monitoring Trustee shall exercise the Parties' direct or indirect rights as shareholder in the legal entity or entities that constitute the Divestment Business (except for its rights in respect of dividends that are due before Closing), with the aim of acting in the best interest of the business, which shall be determined on a stand-alone basis, as an independent financial investor, and with a view to fulfilling the Notifying Party's obligations under the Commitments. Furthermore, the Monitoring Trustee shall have the power to replace members of the supervisory board or non-executive directors of the board of directors of the Divestment Business, who have been appointed on behalf of the Notifying Party. Upon request of the Monitoring Trustee, the Notifying Party shall cause its representatives to resign as members of the boards or shall cause such members of the boards to resign.

Ring-fencing

12. The Notifying Party shall implement, or procure to implement, all necessary measures to ensure that the Parties do not, after the Effective Date, obtain any Confidential Information relating to the Divestment Business and that any such Confidential Information obtained by the Parties before the Effective Date will be eliminated and not be used by the Parties. This includes measures vis-à-vis the Notifying Party's appointees on the supervisory board and/or board of directors of the Divestment Business. In particular, the participation of the Divestment Business in any central information technology network shall be severed to the extent possible, without compromising the viability of the Divestment Business. The Notifying Party may obtain or keep information relating to the Divestment Business which is reasonably necessary for the divestiture of the Divestment Business or the disclosure of which to the Notifying Party is required by law.

Non-solicitation clause

13. The Parties undertake, subject to customary limitations, not to solicit, and to procure that Affiliated Undertakings do not solicit,
- (a) for a period of [...] after Closing, the Key Personnel, sales and customer relations employees, account managers, debt purchasing analysts and other important Personnel. A list of Personnel covered by this undertaking shall be agreed with the Monitoring Trustee, with the view of preserving the viability and competitiveness of the Divestment Business.

- (b) for a period of [...] after Closing, companies that were customers of the Divestment Business on the Effective Date.

The commitment under (a) applies to all personnel of the Parties' retained business, including the Personnel that the Parties may recruit from the Divestment Business during [...] after Closing.

The Monitoring Trustee will monitor compliance with these commitments for the respective periods mentioned above.

Within one month from the Effective Date the Parties will provide the Monitoring Trustee with detailed information on all the measures they envisage to put in place to comply with the commitments in this point 13. The Monitoring Trustee will assess and approve such measures and may ask the Parties to modify and strengthen them if need be to ensure effective implementation of the commitments.

The Parties will provide the Monitoring Trustee with all necessary and detailed information, in particular prior to the possible recruitment of Personnel and the signing of contracts with companies that were customers of the Divested Business at the Effective Date, so as to enable the Monitoring Trustee to assess compliance with the commitments.

Due diligence

14. In order to enable potential purchasers to carry out a reasonable due diligence of the Divestment Business, the Notifying Party shall, subject to customary confidentiality assurances and dependent on the stage of the divestiture process:
 - (a) provide to potential purchasers sufficient information as regards the Divestment Business;
 - (b) provide to potential purchasers sufficient information relating to the Personnel and allow them reasonable access to the Personnel.

Reporting

15. The Notifying Party shall submit written reports in English on potential purchasers of the Divestment Business and developments in the negotiations with such potential purchasers to the Commission and the Monitoring Trustee no later than 10 days after the end of every month following the Effective Date (or otherwise at the Commission's request). The Notifying Party shall submit a list of all potential purchasers having expressed interest in acquiring the Divestment Business to the Commission at each and every stage of the divestiture process, as well as a copy of all the offers made by potential purchasers within five days of their receipt.
16. The Notifying Party shall inform the Commission and the Monitoring Trustee on the preparation of the data room documentation and the due diligence procedure and shall submit a copy of any information memorandum to the Commission and the Monitoring Trustee before sending the memorandum out to potential purchasers.

Section D. The Purchaser

17. In order to be approved by the Commission, the Purchaser must fulfil the following criteria:

- (a) The Purchaser shall be independent of and unconnected to the Parties and their Affiliated Undertakings (this being assessed having regard to the situation following the divestiture);
- (b) The Purchaser shall have the financial resources, proven expertise and incentive to maintain and develop the Divestment Business as a viable and active competitive force in competition with the Parties and other competitors;
- (c) The acquisition of the Divestment Business by the Purchaser must neither be likely to create, in light of the information available to the Commission, *prima facie* competition concerns nor give rise to a risk that the implementation of the Commitments will be delayed. In particular, the Purchaser must reasonably be expected to obtain all necessary approvals from the relevant regulatory authorities for the acquisition of the Divestment Business.
- (d) The Purchaser must provide detailed business plans for the future of the Divestment Business in each of the five countries, for both debt purchasing and debt collection. The Purchaser can only be approved if the Commission is satisfied that these business plans are viable and sufficiently likely to succeed, and demonstrate the necessary understanding of and commitment to each of the markets.

18. The final binding sale and purchase agreement (as well as ancillary agreements) relating to the divestment of the Divestment Business shall be conditional on the Commission's approval. When the Notifying Party has reached an agreement with a purchaser, it shall submit a fully documented and reasoned proposal, including a copy of the final agreement(s), within one week to the Commission and the Monitoring Trustee. The Notifying Party must be able to demonstrate to the Commission that the purchaser fulfils the Purchaser Criteria and that the Divestment Business is being sold in a manner consistent with the Commission's Decision and the Commitments. For the approval, the Commission shall verify that the purchaser fulfils the Purchaser Criteria and that the Divestment Business is being sold in a manner consistent with the Commitments including their objective to bring about a lasting structural change in the market. The Commission may approve the sale of the Divestment Business without one or more Assets or parts of the Personnel, or by substituting one or more Assets or parts of the Personnel with one or more different assets or different personnel, if this does not affect the viability and competitiveness of the Divestment Business after the sale, taking account of the proposed purchaser.

Section E. Trustee

I. Appointment procedure

19. The Notifying Party shall appoint a Monitoring Trustee to carry out the functions specified in these Commitments for a Monitoring Trustee. The Notifying Party commits not to close the Concentration before the appointment of a Monitoring Trustee.
20. If the Notifying Party has not entered into a binding sale and purchase agreement regarding the Divestment Business one month before the end of the First Divestiture Period or if the Commission has rejected a purchaser proposed by the Notifying Party at that time or thereafter, the Notifying Party shall appoint a Divestiture Trustee. The appointment of the Divestiture Trustee shall take effect upon the commencement of the Trustee Divestiture Period.
21. The Trustee shall:
- i. at the time of appointment, be independent of the Parties their Affiliated Undertakings;
 - ii. possess the necessary qualifications to carry out its mandate, for example have sufficient relevant experience as an investment banker or consultant or auditor; and
 - iii. neither have nor become exposed to a Conflict of Interest.
22. The Trustee shall be remunerated by the Notifying Party in a way that does not impede the independent and effective fulfilment of its mandate. In particular, where the remuneration package of a Divestiture Trustee includes a success premium linked to the final sale value of the Divestment Business, such success premium may only be earned if the divestiture takes place within the Trustee Divestiture Period.

Proposal by the Notifying Party

23. No later than two weeks after the Effective Date, the Notifying Party shall submit the name or names of one or more natural or legal persons whom the Notifying Party proposes to appoint as the Monitoring Trustee to the Commission for approval. No later than one month before the end of the First Divestiture Period or on request by the Commission, the Notifying Party shall submit a list of one or more persons whom the Notifying Party proposes to appoint as Divestiture Trustee to the Commission for approval. The proposal shall contain sufficient information for the Commission to verify that the person or persons proposed as Trustee fulfil the requirements set out in paragraph 21 and shall include:
- (a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Trustee to fulfil its duties under these Commitments;
 - (b) the outline of a work plan which describes how the Trustee intends to carry out its assigned tasks;

- (c) an indication whether the proposed Trustee is to act as both Monitoring Trustee and Divestiture Trustee or whether different trustees are proposed for the two functions.

Approval or rejection by the Commission

- 24. The Commission shall have the discretion to approve or reject the proposed Trustee(s) and to approve the proposed mandate subject to any modifications it deems necessary for the Trustee to fulfil its obligations. If only one name is approved, the Notifying Party shall appoint or cause to be appointed the person or persons concerned as Trustee, in accordance with the mandate approved by the Commission. If more than one name is approved, the Notifying Party shall be free to choose the Trustee to be appointed from among the names approved. The Trustee shall be appointed within one week of the Commission's approval, in accordance with the mandate approved by the Commission.

New proposal by the Notifying Party

- 25. If all the proposed Trustees are rejected, the Notifying Party shall submit the names of at least two more natural or legal persons within one week of being informed of the rejection, in accordance with paragraphs 19 and 24 of these Commitments.

Trustee nominated by the Commission

- 26. If all further proposed Trustees are rejected by the Commission, the Commission shall nominate a Trustee, whom the Notifying Party shall appoint, or cause to be appointed, in accordance with a trustee mandate approved by the Commission.

II. Functions of the Trustee

- 27. The Trustee shall assume its specified duties and obligations in order to ensure compliance with the Commitments. The Commission may, on its own initiative or at the request of the Trustee or the Notifying Party, give any orders or instructions to the Trustee in order to ensure compliance with the conditions and obligations attached to the Decision.

Duties and obligations of the Monitoring Trustee

- 28. The Monitoring Trustee shall:
 - (i) propose in its first report to the Commission a detailed work plan describing how it intends to monitor compliance with the obligations and conditions attached to the Decision.
 - (ii) oversee, in close co-operation with the Hold Separate Manager, the on-going management of the Divestment Business with a view to ensuring its continued economic viability, marketability and competitiveness and monitor compliance by the Notifying Party with the conditions and obligations attached to the Decision. To that end the Monitoring Trustee shall:

- (a) monitor the preservation of the economic viability, marketability and competitiveness of the Divestment Business, and the keeping separate of the Divestment Business from the business retained by the Parties, in accordance with paragraphs 8 and 9 of these Commitments;
- (b) supervise the management of the Divestment Business as a distinct and saleable entity, in accordance with paragraph 10 of these Commitments;
- (c) with respect to Confidential Information:
 - determine all necessary measures to ensure that the Parties do not after the Effective Date obtain any Confidential Information relating to the Divestment Business,
 - in particular strive for the severing of the Divestment Business’ participation in a central information technology network to the extent possible, without compromising the viability of the Divestment Business,
 - make sure that any Confidential Information relating to the Divestment Business obtained by the Parties before the Effective Date is eliminated and will not be used by the Parties and
 - decide whether such information may be disclosed to or kept by the Notifying Party as the disclosure is reasonably necessary to allow the Notifying Party to carry out the divestiture or as the disclosure is required by law;
- (d) monitor the splitting of assets and the allocation of Personnel between the Divestment Business and the Parties or Affiliated Undertakings;
- (iii) oversee the determination of the compensation to be paid by the Purchaser to the Notifying Party for the transitional services referred to in paragraph 6 and detailed in the Schedules to be provided at terms and conditions equivalent to those at present afforded to the Divestment Business;
- (iv) propose to the Notifying Party such measures as the Monitoring Trustee considers necessary to ensure the Notifying Party’s compliance with the conditions and obligations attached to the Decision, in particular the maintenance of the full economic viability, marketability or competitiveness of the Divestment Business, the holding separate of the Divestment Business and the non-disclosure of competitively sensitive information;
- (v) review and assess potential purchasers as well as the progress of the divestiture process and verify that, dependent on the stage of the divestiture process:
 - (a) potential purchasers receive sufficient and correct information relating to the Divestment Business and the Personnel in particular by reviewing, if available, the

data room documentation, the information memorandum and the due diligence process, and

- (b) potential purchasers are granted reasonable access to the Personnel;
- (vi) act as a contact point for any requests by third parties, in particular potential purchasers, in relation to the Commitments;
- (vii) provide to the Commission, sending the Notifying Party a non-confidential copy at the same time, a written report within 15 days after the end of every month that shall cover the operation and management of the Divestment Business as well as the splitting of assets and the allocation of Personnel so that the Commission can assess whether the business is held in a manner consistent with the Commitments and the progress of the divestiture process as well as potential purchasers;
- (viii) promptly report in writing to the Commission, sending the Notifying Party a non-confidential copy at the same time, if it concludes on reasonable grounds that the Notifying Party is failing to comply with these Commitments;
- (ix) within one week after receipt of the documented proposal referred to in paragraph 18 of these Commitments, submit to the Commission, sending the Notifying Party a non-confidential copy at the same time, a reasoned opinion as to the suitability and independence of the proposed purchaser and the viability of the Divestment Business after the sale and as to whether the Divestment Business is sold in a manner consistent with the conditions and obligations attached to the Decision, in particular, if relevant, whether the sale of the Divestment Business without one or more Assets or not all of the Personnel affects the viability of the Divestment Business after the sale, taking account of the proposed purchaser;
- (x) assume the other functions assigned to the Monitoring Trustee under the conditions and obligations attached to the Decision.

29. If the Monitoring and Divestiture Trustee are not the same legal or natural persons, the Monitoring Trustee and the Divestiture Trustee shall cooperate closely with each other during and for the purpose of the preparation of the Trustee Divestiture Period in order to facilitate each other's tasks.

Duties and obligations of the Divestiture Trustee

30. Within the Trustee Divestiture Period, the Divestiture Trustee shall sell at no minimum price the Divestment Business to a purchaser, provided that the Commission has approved both the purchaser and the final binding sale and purchase agreement (and ancillary agreements) as in line with the Commission's Decision and the Commitments in accordance with paragraphs 17 and 18 of these Commitments. The Divestiture Trustee shall include in the sale and purchase agreement (as well as in any ancillary agreements) such terms and conditions as it considers appropriate for an expedient sale in the Trustee Divestiture Period. In particular, the Divestiture Trustee may include in the sale and purchase agreement such customary representations and warranties and indemnities as are reasonably required to effect the sale. The Divestiture Trustee shall protect the

legitimate financial interests of the Notifying Party, subject to the Notifying Party's unconditional obligation to divest at no minimum price in the Trustee Divestiture Period.

31. In the Trustee Divestiture Period (or otherwise at the Commission's request), the Divestiture Trustee shall provide the Commission with a comprehensive monthly report written in English on the progress of the divestiture process. Such reports shall be submitted within 15 days after the end of every month with a simultaneous copy to the Monitoring Trustee and a non-confidential copy to the Notifying Party.

III. Duties and obligations of the Parties

32. The Notifying Party shall provide and shall cause its advisors to provide the Trustee with all such co-operation, assistance and information as the Trustee may reasonably require to perform its tasks. The Trustee shall have full and complete access to any of the Parties' or the Divestment Business' books, records, documents, management or other personnel, facilities, sites and technical information necessary for fulfilling its duties under the Commitments and the Notifying Party and the Divestment Business shall provide the Trustee upon request with copies of any document. The Parties and the Divestment Business shall make available to the Trustee one or more offices on their premises and shall be available for meetings in order to provide the Trustee with all information necessary for the performance of its tasks.
33. The Parties shall provide the Monitoring Trustee with all managerial and administrative support that it may reasonably request on behalf of the management of the Divestment Business. This shall include all administrative support functions relating to the Divestment Business which are currently carried out at headquarters level. The Notifying Party shall provide and shall cause its advisors to provide the Monitoring Trustee, on request, with the information submitted to potential purchasers, in particular give the Monitoring Trustee access to the data room documentation and all other information granted to potential purchasers in the due diligence procedure. The Notifying Party shall inform the Monitoring Trustee on possible purchasers, submit lists of potential purchasers at each stage of the selection process, including the offers made by potential purchasers at those stages, and keep the Monitoring Trustee informed of all developments in the divestiture process.
34. The Notifying Party shall grant or procure Affiliated Undertakings to grant comprehensive powers of attorney, duly executed, to the Divestiture Trustee to effect the sale (including ancillary agreements), the Closing and all actions and declarations which the Divestiture Trustee considers necessary or appropriate to achieve the sale and the Closing, including the appointment of advisors to assist with the sale process. Upon request of the Divestiture Trustee, the Notifying Party shall cause the documents required for effecting the sale and the Closing to be duly executed.
35. The Notifying Party shall indemnify the Trustee and its employees and agents (each an "**Indemnified Party**") and hold each Indemnified Party harmless against, and hereby agrees that an Indemnified Party shall have no liability to the Notifying Party for, any liabilities arising out of the performance of the Trustee's duties under the Commitments, except to the extent that such liabilities result from the wilful default, recklessness, gross negligence or bad faith of the Trustee, its employees, agents or advisors.

36. At the expense of the Notifying Party, the Trustee may appoint advisors (in particular for corporate finance or legal advice), subject to the Notifying Party's approval (this approval not to be unreasonably withheld or delayed) if the Trustee considers the appointment of such advisors necessary or appropriate for the performance of its duties and obligations under the Mandate, provided that any fees and other expenses incurred by the Trustee are reasonable. Should the Notifying Party refuse to approve the advisors proposed by the Trustee the Commission may approve the appointment of such advisors instead, after having heard the Notifying Party. Only the Trustee shall be entitled to issue instructions to the advisors. Paragraph 35 of these Commitments shall apply *mutatis mutandis*. In the Trustee Divestiture Period, the Divestiture Trustee may use advisors who served the Notifying Party during the Divestiture Period if the Divestiture Trustee considers this in the best interest of an expedient sale.
37. The Notifying Party agrees that the Commission may share Confidential Information proprietary to the Notifying Party with the Trustee. The Trustee shall not disclose such information and the principles contained in Article 17 (1) and (2) of the Merger Regulation apply *mutatis mutandis*.
38. The Notifying Party agrees that the contact details of the Monitoring Trustee are published on the website of the Commission's Directorate-General for Competition and they shall inform interested third parties, in particular any potential purchasers, of the identity and the tasks of the Monitoring Trustee.
39. For a period of 10 years from the Effective Date the Commission may request all information from the Parties that is reasonably necessary to monitor the effective implementation of these Commitments.

IV. Replacement, discharge and reappointment of the Trustee

40. If the Trustee ceases to perform its functions under the Commitments or for any other good cause, including the exposure of the Trustee to a Conflict of Interest:
- (a) the Commission may, after hearing the Trustee and the Notifying Party, require the Notifying Party to replace the Trustee; or
 - (b) the Notifying Party may, with the prior approval of the Commission, replace the Trustee.
41. If the Trustee is removed according to paragraph 40 of these Commitments, the Trustee may be required to continue in its function until a new Trustee is in place to whom the Trustee has effected a full hand over of all relevant information. The new Trustee shall be appointed in accordance with the procedure referred to in paragraphs 19-26 of these Commitments.
42. Unless removed according to paragraph 40 of these Commitments, the Trustee shall cease to act as Trustee only after the Commission has discharged it from its duties after all the Commitments with which the Trustee has been entrusted have been implemented. However, the Commission may at any time require the reappointment of the Monitoring Trustee if it subsequently appears that the relevant remedies might not have been fully and properly implemented.

Section F. The review clause

43. The Commission may extend the time periods foreseen in the Commitments in response to a request from the Notifying Party or, in appropriate cases, on its own initiative. Where the Notifying Party requests an extension of a time period, it shall submit a reasoned request to the Commission no later than one month before the expiry of that period, showing good cause. This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to the Notifying Party. Only in exceptional circumstances shall the Notifying Party be entitled to request an extension within the last month of any period.
44. The Commission may further, in response to a reasoned request from the Notifying Party showing good cause waive, modify or substitute, in exceptional circumstances, one or more of the undertakings in these Commitments. This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to the Notifying Party. The request shall not have the effect of suspending the application of the undertaking and, in particular, of suspending the expiry of any time period in which the undertaking has to be complied with.

Section G. Entry into force

45. The Commitments shall take effect upon the date of adoption of the Decision.

Schedule A - Finland

1. The Divestment Business as operated to date has the following legal and functional structure:

The Divestment Business in Finland consists of Lindorff Oy and its wholly-owned subsidiary Lindorff Invest Oy, which constitutes the entirety of Lindorff's debt collection, other credit management services (namely payments and the invoice and information service), and debt purchasing activities in Finland (the "**Divestment Business Finland**"). The proposed commitments will remove the entire overlap between Lindorff and Intrum Justitia in debt collection and debt purchasing in Finland.

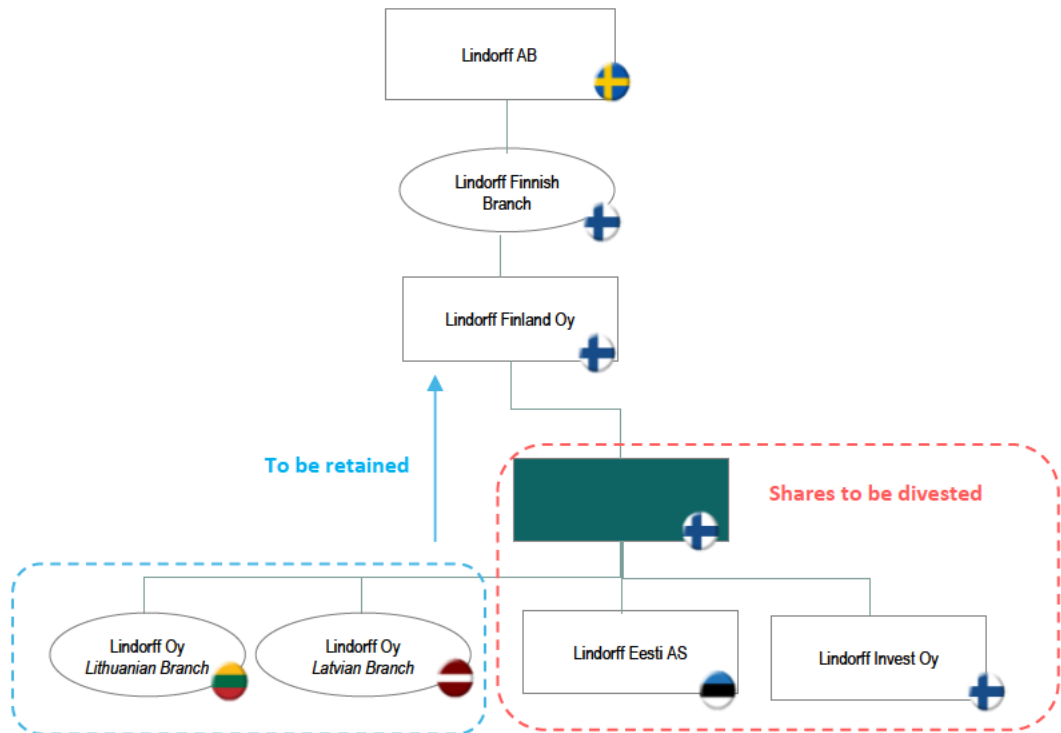
The debt collection business functions by receiving payment for collecting on:

- (i) debt owned by third parties; and
- (ii) in-house servicing of Historical Debt Portfolios owned by Lindorff Invest Oy, a subsidiary of Lindorff Oy.

The debt collection activities provided range from sending reminders on behalf of clients, to formal debt collection procedures (including legal action). The IT systems, including any models, tools or other systems required for debt collection are part of the Divestment Business or offered as a transitional service (see 2(a) and (h) below). The Divestment Business Finland includes the entire credit management services, including payments, business of Lindorff in Finland.

The debt purchasing business involves a debt purchasing team with analytical capabilities for evaluating debt portfolios available for sale on the market, specifically providing origination services (i.e. contacts with sellers), valuation and pricing of the portfolios and ongoing, active management of the portfolios (e.g. determination of collection strategy) post-acquisition. The Historical Debt Portfolios owned by Lindorff Invest Oy also form part of the Divestment Business Finland.

The chart below illustrates the legal organisational structure of the Divestment Business Finland, including the equivalent business in Estonia (Lindorff Esti AS) which is part of the same corporate group (see Schedule B for more detail on Estonia):



2. In accordance with paragraph 5 of these Commitments, the Divestment Business includes, but is not limited to:

a. The following main tangible assets:

- employment contracts for [300-400] full time employees, of which [0-10] work with debt purchasing;
- the three rental agreements for offices and one for a storage location in Helsinki, Turku and Lahti;
- the collection systems;
- the invoicing and payment systems;
- over [6 000-8 000] external debt collection contracts entered into by Lindorff Oy with its clients;
- Historical Debt Portfolios currently owned by Lindorff Invest Oy;
- all available data and models related to the Divestment Business Finland – encompassing all (historical) data and models that have been acquired through collection on portfolios (either third party or owned) in Finland and/or used for the purposes of debt collection and/or debt purchasing in Finland – irrespective of which Lindorff entity is currently holding such data and models;
- relevant IT systems necessary for debt purchasing activities, including models, tools and other systems required; and

- client payment contracts related to Finland.
- b. The following main intangible assets:**
- the debt collection licence issued by the Regional State Administrative Agency of Southern Finland to [...] (Lindorff Oy is also registered as a “creditor” with the same entity).
- c. The following main licences, permits and authorisations:**
- See (b) above.
- d. The following main contracts, agreements, leases, commitments and understandings:**

The top external debt collection contracts are listed in the table below:

Customer	Total turnover generated in 2016 in MEUR (% of Divestment Business Finland)
[Client 1, Finance]	~[0-10] (~[0-5]%)
[Client 2, Insurance]	~[0-10] (~[0-5]%)
[Client 3, Banking]	~[0-10] (~[0-5]%)
[Client 4, Utilities]	~[0-10] (~[0-5]%)
[Client 5, Finance]	~[0-10] (~[0-5]%)
[Client 6, Insurance]	~[0-10] (~[0-5]%)
[Client 7, Media]	~[0-10] (~[0-5]%)
[Client 8, Insurance]	~[0-10] (~[0-5]%)
[Client 9, Banking]	~[0-10] (~[0-5]%)

- e. The following customer, credit and other records:**

All customer, credit and other records currently held by the Divestment Business Finland.

- f. The following Personnel:**

The Divestment Business Finland includes [300-400] full-time employees, of which [0-10] work with debt purchasing, located in three Finnish offices (Helsinki, Turku, Lahti), including a dedicated management team (see Key Personnel below). This covers:

- all employees currently engaged in debt collection and other credit management service activities for Lindorff Oy in Finland, both in relation to third party debt customers and the Historical Debt Portfolios owned by Lindorff Invest Oy.

These employees are either already employed by the Divestment Business Finland or will be transferred (circa [20-30] full-time employees) from Lindorff Finland Oy prior to divestment, as the majority of their work relates to and/or is required by the Divestment Business Finland;

- the existing debt purchasing valuation team ([0-10] full time employees).

g. The following Key Personnel:

A summary of the management team and other Key Personnel is set out below¹:

Role	Name	Year of birth	Location	Worked with the company since (year)
Management Team				
Managing Director	[...]	[...]	Helsinki	2015
Director Operations	[...]	[...]	Turku	2003
Director Finance	[...]	[...]	Turku	2014
HR Manager	[...]	[...]	Turku	2011
IT Manager	[...]	[...]	Turku	1997
Director Clients/ Director Communications	[...]	[...]	Turku	1999
Director Invoice and Payment Services	[...]	[...]	Turku	2014
Director Sales & Marketing	[...]	[...]	Turku	2010
Director Business	[...]	[...]	Turku	2010

¹ Note that all debt purchasing and sales and marketing Personnel are listed as Key Personnel.

Development & Digitalization				
Director Debt Purchase	[...]	[...]	Helsinki	2013
Director Clients	[...]	[...]	Turku	2007
Client sales and marketing (outside management team)				
Sales Manager	[...]	[...]	Turku	2014
Key Account Manager	[...]	[...]	Turku	2008
Sales and Digital Marketing Specialist	[...]	[...]	Turku	2014
Key Account Manager	[...]	[...]	Turku	2012
Account Executive	[...]	[...]	Helsinki	2016
Sales Manager	[...]	[...]	Turku	2012
Key Account Manager	[...]	[...]	Tampere	1987
Manager, Channels & Sales Campaigns	[...]	[...]	Turku	2008
Digital Marketing Manager	[...]	[...]	Turku	2014
Sales Executive	[...]	[...]	Turku	2010
Account Executive	[...]	[...]	Helsinki	2017
Senior Analyst, Debt Purchase	[...]	[...]	Turku	2011
Other debt purchasing (outside management team)				
Portfolio Analyst, Debt Purchase	[...]	[...]	Turku	2011
Senior Debt Purchasing Analyst	[...]	[...]	Turku	2014

- h. The arrangements for the supply with the following products or services by the Parties or Affiliated Undertakings for a transitional period of up to [...] (extendable on request of the Purchaser for up to [...]), or as otherwise specified below:

- IT: Shared Infrastructure services, e.g. data network services, data centre services and voice/services;
- IT: Shared Workstation and end-user support services, e.g. PC and mobile device support, end-user helpdesk support;
- IT: Shared Internet online services, e.g. client/debtor web services and reporting services;
- IT: Shared Application services, e.g. administrative/finance systems, archiving and reporting systems;
- Operations: certain back office services, data warehousing and finance functions outsourced to [one of the Baltic countries]; and
- Licence for use of the Lindorff brand name in Finland for [...].

3. The Divestment Business shall not include:

- (i) The Lindorff Oy branches in Latvia and Lithuania and the assets held by them;
- (ii) One Group IT employee, as well as any contract in fact unrelated to the activities of the Divestment Business Finland, which are instead related only to group-wide activities.

The Divestment Business Finland includes FTEs with equivalent functions at national level. The employee to be retained is currently formally employed by the entities falling within the Divestment Business Finland but his activities are entirely unconnected. The Notifying Party commits that all functions necessary for the viability of the Divestment Business Finland are nevertheless included.

4. If there is any asset or personnel which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business and necessary for the continued viability and competitiveness of the Divestment Business, that asset or adequate substitute will be offered to potential purchasers.

There are no such assets or personnel.

5. Financial information on the Divestment Business Finland

The table below contains information from the accounts of Lindorff Oy, showing the turnover and EBITDA of the Divestment Business Finland. These figures cover the last three completed financial years and the forecast for 2017 and 2018.

Figures in EURm	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Forecast
Net revenue	[...]	[...]	[...]	[...]	[...]
EBITDA	[...]	[...]	[...]	[...]	[...]
EBITDA Margin	[...]	[...]	[...]	[...]	[...]

Approximately EUR [...] million of the revenues of Divestment Business Finland were generated from third party debt collection and approximately EUR [...] million came from the Historical Debt Portfolios.

The main tangible assets of the Divestment Business Finland are the Historical Debt Portfolios, amounting to a total book value of EUR [...] million, consisting primarily of unsecured, non-performing consumer debts.

Schedule B - Estonia

6. The Divestment Business as operated to date has the following legal and functional structure:

The Divestment Business in Estonia consists of Lindorff Eesti AS, which constitutes the entirety of Lindorff's debt collection and debt purchasing activities in Estonia (the "Divestment Business Estonia"). The proposed commitments will remove the entire overlap between Lindorff and Intrum Justitia in debt collection and debt purchasing in Estonia.

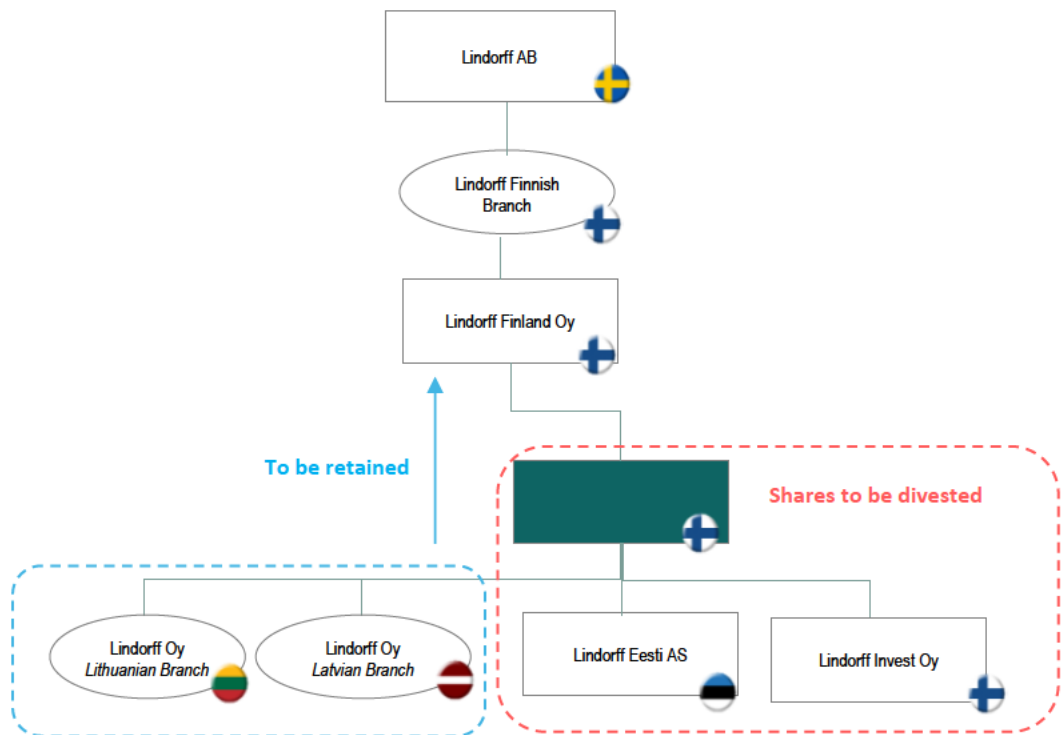
The debt collection business functions by receiving payment for collecting on:

- (iii) debt owned by third parties; and
- (iv) in-house servicing of debt portfolios owned by Lindorff Eesti AS.

The debt collection activities provided range from sending reminders on behalf of clients, to formal debt collection procedures (including legal action). The IT systems, including any models, tools or other systems required for debt collection are part of the Divestment Business (even if not in the Divestment Business Estonia itself, which is a reflection of its current relationship with the Divestment Business Finland) or provided via a transitional service (see 2(a) and (h) below). The Divestment Business Estonia includes the entire credit management services business of Lindorff in Estonia.

The debt purchasing business in Estonia involves a debt purchasing team operating from Finland as part of Lindorff Oy (part of the Divestment Business Finland), with analytical capabilities for evaluating debt portfolios available for sale on the market, specifically providing origination services (i.e. contacts with sellers), valuation and pricing of the portfolios and ongoing, active management of the portfolios (e.g. determination of collection strategy) post-acquisition. The Historical Debt Portfolios relating to Estonia and owned by Lindorff Eesti AS also form part of the Divestment Business Estonia. All statistical models necessary for valuing Historical Debt Portfolios, all data and other records relating to historic collection on Historical Debt Portfolios, any relevant IT systems necessary for debt purchasing activities, including models, tools or other systems required will form part of the Divestment Business, whether directly through the Divestment Business Estonia or via the Divestment Business Finland.

The chart below illustrates the legal organisational structure of the Divestment Business Estonia, which is part of the same corporate group as Lindorff Oy:



7. In accordance with paragraph 5 of these Commitments, the Divestment Business includes, but is not limited to:

a. The following main tangible assets:

- Employment contracts for [10-20] full time employees (reliant on the Divestment Business Finland for debt purchasing personnel);
- the rented office located in Tallinn;
- [30-50] debt collection contracts entered into by Lindorff Eesti AS with its clients;
- the Historical Debt Portfolios relating to Estonia and currently owned by Lindorff Eesti AS; and
- all available data and models related to the Divestment Business Estonia – encompassing all (historical) data and models that have been acquired through collection on portfolios (either third party or owned) in Estonia and/or used for the purposes of debt collection and/or debt purchasing in Estonia – irrespective of which Lindorff entity is currently holding such data and models.

It is noted that the Divestment Business Estonia does not have its own collection system. It currently uses the system found within the Divestment Business Finland.

b. The following main intangible assets:

N/A

c. The following main licences, permits and authorisations:

A debt collection licence is not required in Estonia.

d. The following main contracts, agreements, leases, commitments and understandings:

The top external debt collection contracts are listed in the table below:

Customer	Total turnover generated in 2016 in MEUR (% of Divestment Business in Estonia)
[Client 1, Waste management]	~[0-10] (~[0-5]%)
[Client 2, Telecom]	~[0-10] (~[0-5]%)
[Client 3, Education & Health]	~[0-10] (~[0-5]%)
[Client 4, Marketing]	~[0-10] (~[0-5]%)
[Client 5, Telecom]	~[0-10] (~[0-5]%)
[Client 6, Telecom]	~[0-10] (~[0-5]%)
[Client 7, Waste management]	~[0-10] (~[0-5]%)
[Client 8, Fitness/gym]	~[0-10] (~[0-5]%)
[Client 9, Banking]	~[0-10] (~[0-5]%)

e. The following customer, credit and other records:

All customer, credit and other records currently held by the Divestment Business Estonia.

f. The following Personnel:

The Divestment Business Estonia includes [10-20] full-time employees located in an office in Tallinn, including a dedicated management team (see Key Personnel below).

This covers all employees currently engaged in debt collection activities for Lindorff Eesti AS, both in relation to third party customers and the Historical Debt Portfolios owned by Lindorff Eesti AS. It is noted that the debt purchasing team analysis operates from Finland and is part of the Divestment Business Finland.

g. The following Key Personnel:

A summary of the management team is set out in the table below:

Role	Name	Year of birth	Location	Worked with the company since (year)
Head of Sales	[...]	[...]	Tallinn	2016
Head of Debt Collection Team	[...]	[...]	Tallinn	2016/ 2015
Senior Lawyer	[...]	[...]	Tallinn	2016
Chief Accountant	[...]	[...]		

h. The arrangements for the supply with the following products or services by the Parties or Affiliated Undertakings for a transitional period of [...]:

- Licence for use of the Lindorff brand name in Estonia.

Otherwise, as is currently the case, the Divestment Business Estonia relies on support from Lindorff Oy (i.e. the Divestment Business Finland). For this reason, there would be no need to provide transitional arrangements from the Parties, but instead such support services would continue to be provided from Lindorff Oy (in relation to which, please refer to Schedule A).

8. The Divestment Business shall not include:

One employee currently holding a role for Communications and Marketing for the Baltics region (based outside Estonia). As the Latvian and Lithuanian branches do not form part of the Divestment Business, this employee will not automatically form part of the Divestment Business Estonia but can be included at the option of the Purchaser.

The Notifying Party commits that all functions necessary for the viability of the Divestment Business Estonia are included.

9. If there is any asset or personnel which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business and necessary for the continued viability and competitiveness of the Divestment Business, that asset or adequate substitute will be offered to potential purchasers.

There are no such assets or personnel.

10. Financial information on the Divestment Business Estonia

The table below contains information showing the turnover and EBITDA of the Divestment Business Estonia. These figures cover the last three completed financial years and the forecast for 2017 and 2018.

Figures in EURm	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Forecast
Net revenue	[...]	[...]	[...]	[...]	[...]
EBITDA	[...]	[...]	[...]	[...]	[...]
EBITDA Margin	[...]	[...]	[...]	[...]	[...]

Approximately EUR [...] million of the revenues of Divestment Business Estonia were generated from third party debt collection and approximately EUR [...] million came from the Historical Debt Portfolios.

The main tangible assets of the Divestment Business Estonia are the Historical Debt Portfolios, amounting to a total book value of EUR [...] million, consisting primarily of unsecured, non-performing consumer debts.

Schedule C - Sweden

11. The Divestment Business as operated to date has the following legal and functional structure:

The Divestment Business in Sweden consists of Lindorff Sverige AB, Lindorff Payment Services AB and Lindorff Payment Services Holding AB, which constitutes the entirety of Lindorff's debt collection, other credit management services (namely payments and the invoice and information service), and debt purchasing activities in Sweden (the "Divestment Business Sweden"). The proposed commitments will remove the entire overlap between Lindorff and Intrum Justitia in debt collection and debt purchasing in Sweden.

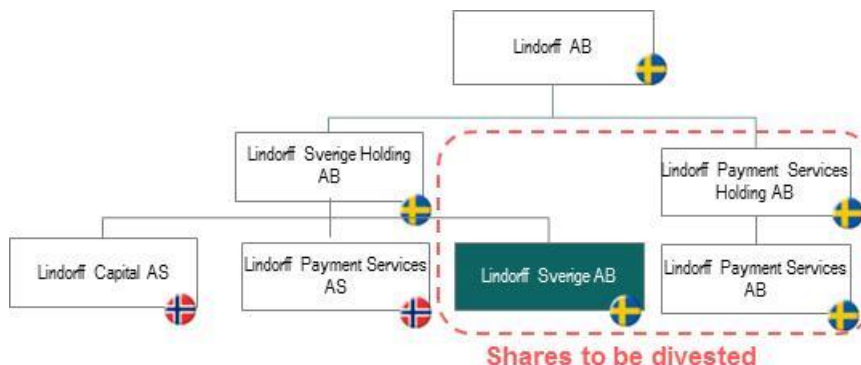
The debt collection business functions by receiving payment for collecting on:

- (v) debt owned by third parties; and
- (vi) in-house servicing of Historical Debt Portfolios owned by Lindorff Sverige AB.

The debt collection activities provided range from sending reminders on behalf of clients, to formal debt collection procedures (including legal action). The IT systems, including any models, tools or other systems required for debt collection are part of the Divestment Business or offered as a transitional service (see 2(a) and (h) below). The Divestment Business Sweden includes the entire credit management services, including payments, business of Lindorff in Sweden.

The debt purchasing business involves a debt purchasing team with analytical capabilities for evaluating debt portfolios available for sale on the market, specifically providing origination services (i.e. contacts with sellers), valuation and pricing of the portfolios and ongoing, active management of the portfolios (e.g. determination of collection strategy) post-acquisition. The Historical Debt Portfolios relating to Sweden and owned by Lindorff Sverige AB also form part of the Divestment Business Sweden.

The chart below illustrates the legal organisational structure of the Divestment Business Sweden:



12. In accordance with paragraph 5 of these Commitments, the Divestment Business includes, but is not limited to:

a. The following main tangible assets:

- employment contracts for approximately [200-300] full time employees, of which [0-10] work with debt purchasing;
- the rental agreements for two office locations in Stockholm and Gothenburg and three storage sites in Stockholm (1) and Gothenburg (2);
- the collection system;
- over [5 000-7 000] external debt collection contracts entered into by Lindorff Sverige AB with its clients;
- Historical Debt Portfolios currently owned by Lindorff Sverige AB;
- all available data and models related to the Divestment Business Sweden – encompassing all (historical) data and models that have been acquired through collection on portfolios (either third party or owned) in Sweden and/or used for the purposes of debt collection and/or debt purchasing in Sweden – irrespective of which Lindorff entity is currently holding such data and models;
- any relevant IT systems necessary for debt purchasing activities, including models, tools and other systems required; and
- client payment contracts related to Sweden owned by Lindorff Payment Services AB.

It is noted that the Divestment Business Sweden currently relies on the Payments and invoicing systems in the Divestment Business Finland.

b. The following main intangible assets:

- the consumer credit licence granted by the Swedish Financial Supervisory Authority (Finansinspektionen) to [...].

c. The following main licences, permits and authorisations:

See (b) above.

d. The following main contracts, agreements, leases, commitments and understandings:

The top external debt collection contracts are listed in the table below:

Customer	Total turnover generated in 2016 in MEUR (% of Divestment Business Sweden)
[Client 1, Financial services]	[0-10]([0-5]%)
[Client 2, Banking]	[0-10]([0-5]%)
[Client 3, Banking]	[0-10]([0-5]%)
[Client 4, Banking]	[0-10]([0-5]%)
[Client 5, Banking]	[0-10]([0-5]%)
[Client 6, Banking]	[0-10]([0-5]%)
[Client 7, Finance]	[0-10]([0-5]%)
[Client 8, Financial Services]	[0-10]([0-5]%)
[Client 9, Retail]	[0-10]([0-5]%)
[Client 10, Retail]	[0-10]([0-5]%)

e. The following customer, credit and other records:

All customer, credit and other records currently held by the Divestment Business in Sweden.

f. The following Personnel:

The Divestment Business Sweden includes [200-300] full-time employees, of which [0-10] work with debt purchasing, located in two Swedish offices (Stockholm and Gothenburg), including a dedicated management team (see Key Personnel below). This covers:

- all employees currently engaged in debt collection and other credit management service activities for Lindorff Sverige AB in Sweden, both in relation to third party customers and the Historical Debt Portfolios owned by Lindorff Sverige AB.
- the existing debt purchasing valuation team (three full-time employees).

g. The following Key Personnel:

A summary of the management team and other Key Personnel is set out below¹.

Role	Name	Year of birth	Location	Worked with the company since (year)
Management team				
Country Manager	[...]²	[...]	Stockholm	2013
Director Finance	[...]	[...]	Gothenburg	2013
Business Chief Information Officer	[...]	[...]	Stockholm	2016
Director HR	[...]	[...]	Stockholm	2013
Director Sales&Marketing	[...]	[...]	-	-
Director Identity & Comm	[...]	[...]	Stockholm	2016
Director Operations	[...]	[...]	Stockholm	2015
Director Debt Purchasing	[...]	[...]	Stockholm	2015
Director Legal&Compliance³	[...]	[...]	Stockholm	2015
Client sales and marketing (outside management team)				
Head of DP sales and 3PC banking and finance	[...]	[...]	Stockholm	2015
New sales SME	[...]	[...]	Stockholm	2015
Sales Assistant	[...]	[...]	Stockholm	2016
Payment sales	[...]	[...]	Stockholm	2015

¹ Note that all debt purchasing and sales and marketing Personnel are listed as Key Personnel.

² [Country Manager] is currently formally employed by Lindorff AB and will be transferred into the Divestment Business Sweden prior to the divestment.

³ He/She is not part of the management team but reports directly to the Country Manager.

Head of new sales	[...]	[...]	-	-
Head of KAM	[...]	[...]	-	-
KAM	[...]	[...]	Stockholm	2015
KAM	[...]	[...]	Gothenburg	2016
KAM	[...]	[...]	Stockholm	2013
KAM/Bid	[...]	[...]	Stockholm	2015
KAM	[...]	[...]	Stockholm	2010
Other debt purchasing (outside management team)				
Debt purchasing analyst	[...]	[...]	Stockholm	2014
Debt purchasing analyst	[...]	[...]	-	-

h. The arrangements for the supply with the following products or services by the Parties or Affiliated Undertakings for a transitional period of up to [...] (extendable on request of the Purchaser for up to [...]) or as otherwise specified below:

- IT: Shared Infrastructure services, e.g. data network services, data centre services and voice/ services;
- IT: Shared Workstation and end-user support services, e.g. PC and mobile device support, end-user helpdesk support;
- IT: Shared Internet online services, e.g. client/debtor web services and reporting services;
- IT: Shared Application services, e.g. administrative/finance systems, archiving and reporting systems;
- Operations: certain back office services, data warehousing and finance functions outsourced to [one of the Baltic countries]; and
- Licence for use of the Lindorff brand name in Sweden for [...].

13. The Divestment Business shall not include:

Approximately [10-20] employees providing work or services exclusively for other Lindorff Group-related functions, such as Group Legal and Compliance, Group IT and BI, Group HR and Group LBS (Shared Service Centre). The Divestment Business Sweden includes FTEs with equivalent functions at national level (with the exception of Group LBS and that is the outsourced back office centre in [one of the Baltic countries] which is being offered as a transitional service under 2(h) above).

The employees to be retained are currently formally employed by the entities falling within the Divestment Business Sweden but their activities are entirely unconnected. The Notifying Party commits that all functions necessary for the viability of the Divestment Business Sweden are nevertheless included.

- 14. If there is any asset or personnel which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business and necessary for the continued viability and competitiveness of the Divestment Business, that asset or adequate substitute will be offered to potential purchasers.**

There are no such assets or personnel.

- 15. Financial information on the Divestment Business Sweden**

The table below contains information from the accounts of Lindorff Sverige AB, showing the turnover and EBITDA of the Divestment Business Sweden. These figures cover the last three completed financial years and the forecast for 2017 and 2018.

Figures in EURm	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Forecast
Net revenue	[...]	[...]	[...]	[...]	[...]
EBITDA	[...]	[...]	[...]	[...]	[...]
EBITDA Margin	[...]	[...]	[...]	[...]	[...]

Approximately EUR [...] million of the revenues of Divestment Business Sweden were generated from third party debt collection and approximately EUR [...] million came from the Historical Debt Portfolios.

The main tangible assets of the Divestment Business Sweden are the Historical Debt Portfolios, amounting to a total book value of EUR [...] million, consisting primarily of unsecured, non-performing consumer debt.

Schedule D - Denmark

16. The Divestment Business as operated to date has the following legal and functional structure:

The Divestment Business in Denmark consists of Lindorff Danmark A/S and Lindorff A/S, which constitutes the entirety of Lindorff's debt collection, other credit management services (namely payments and the invoice and information service), and debt purchasing activities relating to Denmark (the "Divestment Business Denmark"). The proposed commitments will remove the entire overlap between Lindorff and Intrum Justitia in debt collection and debt purchasing in Denmark.

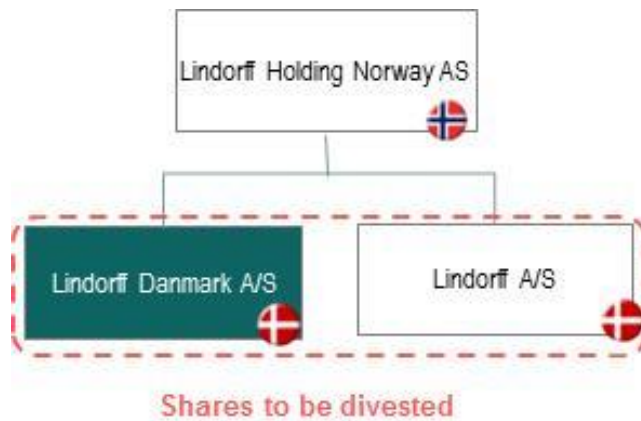
The debt collection business functions by receiving payment for collecting on:

- (vii) debt owned by third parties; and
- (viii) in-house servicing of historical debt portfolios owned by Lindorff Danmark A/S.

The debt collection activities provided range from sending reminders on behalf of clients, to formal debt collection procedures (including legal action). The IT systems, including any models, tools or other systems required for debt collection are part of the Divestment Business or offered as a transitional service (see 2(a) and (h) below). The Divestment Business Denmark includes the entire credit management services, including payments, business of Lindorff in Denmark.

The debt purchasing business involves a debt purchasing team with analytical capabilities for evaluating debt portfolios available for sale on the market, specifically providing origination services (i.e. contacts with sellers), valuation and pricing of the portfolios and ongoing, active management of the portfolios (e.g. determination of collection strategy) post-acquisition. The historical debt portfolios owned by Lindorff Danmark A/S also form part of the Divestment Business Denmark.

The chart below illustrates the legal organisational structure of the Divestment Business Denmark:



17. In accordance with paragraph 5 of these Commitments, the Divestment Business includes, but is not limited to:

a. The following main tangible assets:

- employment contracts for approximately [100-200] full time employees, of which [0-10] work with debt purchasing;
- the rental agreements for two office locations in Taastrup and Horsens;
- approximately [150-300] external debt collection contracts entered into by Lindorff Danmark A/S with its clients;
- Historical Debt Portfolios currently owned by Lindorff Danmark A/S;
- all available data and models related to the Divestment Business Denmark – encompassing all (historical) data and models that have been acquired through collection on portfolios (either third party or owned) in Denmark and/or used for the purposes of debt collection and/or debt purchasing in Denmark – irrespective of which Lindorff entity is currently holding such data and models;
- relevant IT systems necessary for debt purchasing activities, including models, tools and other systems required; and
- client payment contracts related to Denmark owned by Lindorff A/S.

It is noted the Divestment Business Denmark does not have its own collection system (it currently uses a system outside of Denmark within Lindorff). The Notifying Party commits to agree with the Purchaser a transitional service or licensing arrangement on an unlimited, irrevocable, sub-licensable basis (on terms equivalent to those currently afforded the Divestment Business Denmark) to replicate the current set-up. The latter would allow a Purchaser effectively to reproduce a collection system such that it would become a licensing asset of the Divestment Business Denmark. Furthermore, the Divestment Business does not have its own Payments or invoicing systems and relies on the systems in the Divestment Business Finland.

b. The following main intangible assets:

- the consumer credit licence/debt collection licence granted by the Danish National Police Commissioner to [...].

c. The following main licences, permits and authorisations:

See (b) above.

d. The following main contracts, agreements, leases, commitments and understandings:

The top ten external debt collection contracts are listed in the table below:

Customer	Total turnover generated in 2016 in MEUR (% of Divestment Business Denmark)
[Client 1, Insurance]	~[0-10] (~[0-5]%)
[Client2, Fuel]	~[0-10] (~[0-5]%)
[Client 3, Insurance]	~[0-10] (~[0-5]%)
[Client 4, Fitness/gym]	~[0-10] (~[0-5]%)
[Client 5, Financial services]	~[0-10] (~[0-5]%)
[Client 6, Fuel]	~[0-10] (~[0-5]%)
[Client 7, Financial services]	~[0-10] (~[0-5]%)
[Client 8, Banking]	~[0-10] (~[0-5]%)
[Client 9, Retail]	~[0-10] (~[0-5]%)
[Client 10, Fuel]	~[0-10] (~[0-5]%)

e. The following customer, credit and other records:

All customer, credit and other records currently held by the Divestment Business Denmark.

f. The following Personnel:

The Divestment Business Denmark includes [100-200] full-time employees, of which [0-10] work with debt purchasing, located in two offices in Taastrup and Horsens, including a dedicated management team (see Key Personnel below). This covers:

- all employees currently engaged in debt collection and other credit management service activities for Lindorff Danmark A/S in Denmark, both

in relation to third party customers and the historical debt portfolios owned by Lindorff Danmark A/S;

- the existing debt purchasing valuation team ([0-10] full time employees).

g. The following Key Personnel:

A summary of the management team and other Key Personnel is set out in the table below⁴⁴⁸:

Role	Name	Year of birth	Location	Worked with the company since (year)
Management team				
Country Manager	[...] ⁴⁴⁹	[...]	Taastrup	2017
Chief Financial Officer	[...]	[...]	Horsens	2013
Business Chief Information Officer	[...]	[...]	Horsens	2012
Head of HR and Communications	[...]	[...]	Horsens	2016
Head of Legal and Compliance	[...]	[...]	Horsens	2017
Director of Sales	[...]	[...]	Taastrup	2017
Director of Operations	[...]	[...]	Horsens	2013
Head of Debt Purchasing	[...]	[...]	Horsens	2013
Client sales and marketing (outside management team)				
Sales Manager	[...]	[...]	Taastrup	2017
Other debt purchasing (outside management team)				
Debt Purchasing Analyst	[...]	[...]	Horsens	2016

h. The arrangements for the supply with the following products or services by the Parties or Affiliated Undertakings for a transitional period of up to [...] (extendable on request of the Purchaser for up to [...]) or as otherwise specified below:

- IT: Shared Infrastructure services, e.g. data network services, data centre services and voice/ services;

⁴⁴⁸ Note that all debt purchasing and sales and marketing Personnel are listed as Key Personnel.

⁴⁴⁹ [...] has not yet been appointed Country Manager of the Danish Divestment Business, but it is envisaged that he/she will be appointed for this function well in advance of the divestment.

- IT: Shared Workstation and end-user support services, e.g. PC and mobile device support, end-user helpdesk support;
- IT: Shared Internet online services, e.g. client/debtor web services and reporting services;
- IT: Shared Application services, e.g. administrative/finance systems, archiving and reporting systems;
- IT: collection system for third party collections operated by Lindorff in Norway under licence; and
- Licence for use of the Lindorff brand name in Denmark for [...].

18. The Divestment Business shall not include:

Certain functions, employees, contracts and products related to group-wide activities, including the Group Portfolio Manager and the Director of Debt Collection Services.

The Divestment Business Denmark includes FTEs with equivalent functions at national level. The employees to be retained are currently formally employed by the entities falling within the Divestment Business Denmark but their activities are entirely unconnected. The Notifying Party commits that all functions necessary for the viability of the Divestment Business Denmark are nevertheless included.

19. If there is any asset or personnel which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business and necessary for the continued viability and competitiveness of the Divestment Business, that asset or adequate substitute will be offered to potential purchasers.

There are no such assets or personnel.

20. Financial information on the Divestment Business Denmark

The table below contains information showing the turnover and EBITDA of the Divestment Business Denmark. These figures cover the last three completed financial years and the forecast for 2017 and 2018.

Figures in EURm	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Forecast
Net revenue	[...]	[...]	[...]	[...]	[...]
EBITDA	[...]	[...]	[...]	[...]	[...]
EBITDA Margin	[...]	[...]	[...]	[...]	[...]

Approximately EUR [...] million of the revenues of Divestment Business Denmark were generated from third party debt collection and approximately EUR [...] million came from the Historical Debt Portfolios.

The main tangible assets of the Divestment Business Denmark are the historical debt portfolios, amounting to a total book value of EUR [...] million, consisting primarily of unsecured, non-performing consumer debts.

Schedule E – Norway

21. The Divestment Business as operated to date has the following legal and functional structure:

The Divestment Business in Norway consists of Intrum Justitia AS (including subsidiary Intrum Justitia Finans AS), which constitutes the entirety of Intrum Justitia’s credit management services (“CMS”) business (mostly debt collection, but also Sales Ledger Services), and debt purchasing business in Norway (the “Divestment Business Norway”). The proposed commitments will remove the entire overlap between Lindorff and Intrum Justitia in debt collection and debt purchasing in Norway.

The debt collection business functions by receiving payment for collecting on:

- (ix) debt owned by third parties; and
- (x) in-house servicing of Intrum Justitia Norwegian Historical Debt Portfolios which are owned by separate legal entities (Intrum Justitia Finans AS, a subsidiary of Intrum Justitia AS, and Intrum Justitia Debt Finance AG).

The debt collection activities provided range from sending reminders on behalf of clients, to formal debt collection procedures (including legal action). This means that the Divestment Business Norway includes the entire CMS business of Intrum Justitia in Norway.

The debt purchasing business involves all the Norwegian resources of Intrum Justitia AS, namely a debt purchasing manager, and around [0-10] debt collection staff dedicated to collection on Norwegian Historical Debt Portfolios.¹ Intrum Justitia AS does not include debt purchase analysts since to date it has not performed the volume of debt purchasing to justify a full time employee. The company obtains debt purchase analysis assistance on an *ad hoc* basis from the wider Intrum Justitia business.²

The Notifying Party undertakes to use best efforts (with reference to industry standard) to incentivise at least one debt purchase analyst who has assisted Intrum Justitia Norway in the past in the valuation of debt portfolios in Norway from another part of Intrum Justitia to transfer to the Divestment Business. Should the relevant analyst(s) not agree to join the Divestment Business, the Notifying Party shall (with reference to industry standard) incentivise at least one debt purchase analyst from any part of Intrum Justitia to transfer to the Divestment Business or,

¹ Debt collection staff are not allocated exclusively to collection on third party debts or Historical Debt Portfolios. However, it is estimated that, on average, around [0-10] full time employees are engaged in collection on Norwegian Historical Debt Portfolios.

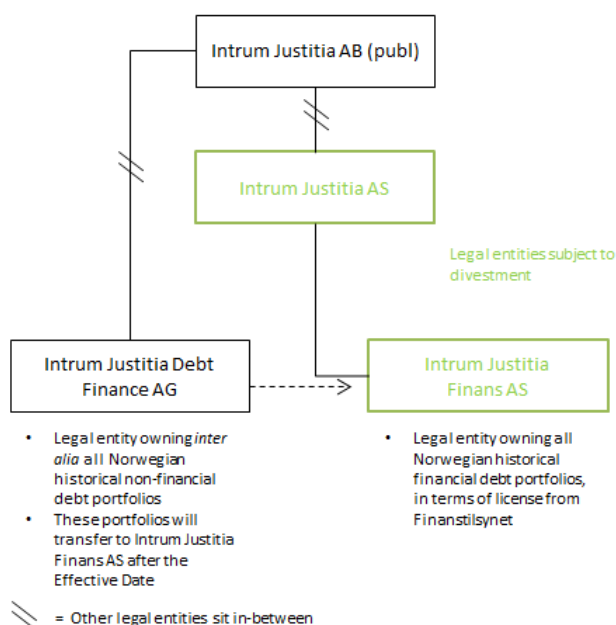
² Analysts build statistical models from scratch for evaluation of debt portfolios in Norway on a case-by-case basis.

failing that, recruit a debt purchase analyst to Intrum Justitia AS by the time of divestment. The Notifying Party undertakes to train the analyst that has been recruited to Intrum Justitia AS, or alternatively moved from another part of Intrum Justitia to the Divestment Business, in the relevant field, covering in particular Intrum Justitia's models, know-how and experience in debt purchasing both in general and specifically in Norway.

The [...] debt collection IT system, which is included in the Divestment Business Norway (see details further below), contains all data relating to historic collection on Norwegian Historical Debt Portfolios. No other IT resources are required for debt purchasing. This means that the Divestment Business Norway includes the entire debt purchasing business of Intrum Justitia in Norway. It also includes ownership of Norwegian Historical Debt Portfolios:

- Intrum Justitia Finans AS, a subsidiary of Intrum Justitia AS owns all Intrum Justitia Norwegian *financial* Historical Debt Portfolios and will transfer together with Intrum Justitia AS as part of the Divestment Business Norway;
- Intrum Justitia Debt Finance AG (Zug, Switzerland) owns the Norwegian *non-financial* Historical Debt Portfolios, and these Historical Debt Portfolios will be transferred without delay after the Effective Date to Intrum Justitia Finans AS, in order to form part of the Divestment Business Norway.

The chart below illustrates the legal organisational structure of the Divestment Business Norway:



22. In accordance with paragraph 5 of these Commitments, the Divestment Business includes, but is not limited to:

a. The following main tangible assets:

- the approximately [100-200] full time employees ([0-10] engaged in debt purchasing, one of whom is yet to be identified);
- the rented office located in Oslo;
- around [3 000-5 000] external debt collection contracts entered into by Intrum Justitia AS with its clients;
- all Norwegian Historical Debt Portfolios; and
- all available data and models related to the Divestment Business Norway – encompassing all (historical) data and models that have been acquired through collection on portfolios (either third party or owned) in Norway and/or used for the purposes of debt collection and/or debt purchasing in Norway, irrespective of which Intrum Justitia entity is currently holding such data and models.

b. The following main intangible assets:

The debt collection IT system, [...] (provided by [...] under license to Intrum Justitia Norway AS). Transfer of the existing license as part of the Divestment Business Norway requires approval from [...],³ and the Notifying Party will use best efforts to secure the approval from [...] for the transfer of the existing license.

c. The following main licences, permits and authorisations:

Intrum Justitia AS holds a debt collection license granted by the Norwegian financial services authority (Finanstilsynet).

A financial license from Finanstilsynet allowing Intrum Justitia Finans AS to own Norwegian financial debt portfolios.⁴

d. The following main contracts, agreements, leases, commitments and understandings:

The top ten external debt collection contracts are listed below:

³ Note that Intrum Justitia Norway AS acquired the [...] license through its acquisition of [...] in 2010, and received approval from [...] at that time to take over the license.

⁴ The existing financial license would need to be altered from Intrum Justitia to the purchaser based on an application to Finanstilsynet. This can be arranged in time for closing of the sale of the Divestment Business.

Customer	Total turnover generated in 2016 in MEUR (% of Divestment Business Norway)
[Client 1, Health/education]	~[0-5] (~[5-10]%)
[Client 2, Pharmacology]	~[0-10] (~[5-10]%)
[Client 3, Financial services]	~[0-10] (~[5-10]%)
[Client 4, Telecom]	~[0-10] (~[0-5]%)
[Client 5, Publishing]	~[0-10] (~[0-5]%)
[Client 6, Gas]	~[0-10] (~[0-5]%)
[Client 7, Public Administration]	~[0-10] (~[0-5]%)
[Client 8, Telecom]	~[0-10] (~[0-5]%)
[Client 9, Road assistance]	~[0-10] (~[0-5]%)
[Client 10, Fitness/gym]	~[0-10] (~[0-5]%)

e. The following customer, credit and other records:

All customer, credit and other records held by Intrum Justitia AS today.

f. The following Personnel:

The Divestment Business Norway includes approximately [100-200] full-time employees located in Oslo, employed in debt collection activities, both in relation to third party debt and in relation to Intrum Justitia's own Norwegian Historical Debt Portfolios and in debt purchasing.

g. The following Key Personnel:

A summary of the management team is set out below.

Role	Name	Year of birth	Location	Worked with the company since (year)
Managing Director (CEO)	[...]	[...]	Oslo	2008
Finance Director (CFO)	[...]	[...]	Oslo	2016
Purchased Debt and Operations Director	[...]	[...]	Oslo	2006
Sales & Marketing Director	[...]	[...]	Oslo	2015
HR Director	[...]	[...]	Oslo	1989
Legal Counsel	[...]	[...]	Oslo	2000

The Sales & Marketing team for debt collection and debt purchasing is set out below.

Role	Name	Year of birth	Location	Worked with the company since (year)
Head of Marketing	[...]	[...]	Oslo	2016
Key Account Manager	[...]	[...]	Oslo	1981
Key Account Sales SME	[...]	[...]	Oslo	2001
Head of Large Sales	[...]	[...]	Oslo	2015
Key Account Sales	[...]	[...]	Oslo	2016
Key Account Sales	[...]	[...]	Oslo	2016
Key Account Sales	[...]	[...]	Oslo	2017
Key Account Sales	[...]	[...]	Oslo	2000

h. The arrangements for the supply with the following products or services by the Parties or Affiliated Undertakings for a transitional period of up to [...] (extendable on request of the Purchaser for up to [...]) or as otherwise specified):

- Ownership and maintenance of hardware in the Intrum Justitia Group-wide data centre, located in Amsterdam, also including management of the LAN/WAN network;
- Provision of telephony, owned and managed centrally within Intrum Justitia;

- System for Sales Ledger Services (Intrum Justitia’s own pan-Nordic system that handles the administration of sending out invoices, reminders etc.);
- Intrum Justitia’s own online solutions for communication with clients and debtors (group-wide web portal); and
- Licence for use of the Intrum Justitia brand name in Norway for up to [...].

23. The Divestment Business shall not include:

The Divestment Business Norway is that of Intrum Justitia AS as it exists today, including its subsidiary Intrum Justitia Finans AS. There are no exclusions.

24. If there is any asset or personnel which is not covered by paragraph 2 of this Schedule but which is both used (exclusively or not) in the Divestment Business and necessary for the continued viability and competitiveness of the Divestment Business, that asset or adequate substitute will be offered to potential purchasers.

There are no such assets or personnel.

25. Financial information on the Divestment Business Norway

Please see below an extract from the accounts of Intrum Justitia AS showing the turnover and EBITDA of the Divestment Business Norway.

Targeted business - Norway (Intrum Justitia AS)					
Figures in EURm	2014	2015	2016	2017F	2018F
Total revenue	[...]	[...]	[...]	[...]	[...]
EBITDA	[...]	[...]	[...]	[...]	[...]
EBITDA Margin	[...]	[...]	[...]	[...]	[...]
Key assumptions					
General	[...]				
Revenue	[...]				
Expenses	[...]				

The Divestment Business Norway includes the Historical Debt Portfolios relating to Norway, amounting to a total book value of around EUR [...] million.

Of the EUR [...] million revenue of the Divestment Business Norway, roughly EUR [...] million ([...]%) is attributable to income from the Norwegian Historical Debt Portfolios, while roughly EUR [...] million ([...]%) is attributable to CMS (mostly third party debt collection, which accounts for roughly EUR [...] million turnover).

Schedule F – Group Functions

26. Legal and functional structure

The Divestment Business consists of the Divestment Business Denmark, the Divestment Business Estonia, the Divestment Business Finland, the Divestment Business Norway and the Divestment Business Sweden (the “**National Businesses**”). The structure and functions of each National Business is described in Schedules A-E. Debt collection, other credit management services and debt purchasing activities – as well as most of the supporting functions, such as HR, legal, and building management – are performed on a national level, which means that the National Businesses are independent and self-sufficient entities.

The Lindorff Group, to which most of the National Businesses currently belong, is decentralised and provides very limited group functions to its subsidiaries, especially in Northern Europe, where the Lindorff entities are long-established market players with well-developed local organisations and structures (the same is true of Intrum Justitia AS in Norway, in relation to Intrum Justitia Group). The functions provided to these companies by the Lindorff group are limited to coordination, standardisation, alignment and advisory services within the following areas, together referred to as the “**Group Functions**”:

- Communication;
- Debt Purchasing;
- Finance;
- HR;
- IT;
- Legal & Compliance; and
- Sales.

In order to ensure that the Divestment Business has continued access to the Group Functions on a pan-Nordic level, the Notifying Party has set up a Divestment Group Organisation, consisting of senior, experienced Key Employees, currently either working for the Lindorff Group, or performing Group Functions on the level of the National Businesses. Divestment Group Organisation Key Employees will work exclusively at the Divestment Group level, ensuring effective group management and support for all National Businesses.

Additional group functions may be included in the Divestment Business after a reasoned request by the Hold Separate Manager or the Purchaser, which is approved by the Monitoring Trustee. Such a reasoned request shall be made in writing and the Monitoring Trustee shall – after obtaining a written opinion from the Notifying Party – determine whether the requested additional functions are necessary for the continued viability and competitiveness of the Divestment Business.

The Divestment Group Organisation is a functional division within the Divestment Business and it does not encompass any legal entities. All Divestment Group Organisation personnel will be employed by the National Businesses and located in the countries encompassed by the Divestment Commitments. This follows the current structure of both the Lindorff and Intrum Justitia Groups, in which group level employees and personnel performing group functions are often employed by different companies within the groups and located in different countries where the group is active.

27. In accordance with paragraph 5 of these Commitments, the Divestment Business includes, but is not limited to:

a. The following main tangible assets:

All available data and models related to the National Businesses – encompassing all (historical) data and models that have been acquired through collection on portfolios (either third party or owned) in the countries where the National Businesses are operating and/or used for the purposes of debt collection and/or debt purchasing in these countries; irrespective of which Party or entity is currently holding such data and models, but with the exception of data that the Parties may not legally disclose to another party (e.g. third party collection data owned by the client, which refuses to approve such disclosure) – to the extent they are not included in any of the National Businesses.

b. The following Key Personnel:

The Divestment Group Organisation includes [10-20] Key Personnel¹, as summarised below:

Group Function	Name	Year of birth	Location	Worked with the company since (year)
Debt purchasing				
Head of Debt Purchasing	[...]	[...]	Sweden	2016
Other				

¹ The employment contracts for these Key Personnel are held by the National Businesses.

CEO / Hold Separate Manager for Divestment Business	[...] (subject to EC approval)	[...]	Norway	2016
CFO	[...] (Recruitment in progress)	[...]	-	-
Head of Communications	[...]	[...]	Sweden	2016
Head of HR	[...]	[...]	Finland	2010
Head of IT	[...]	[...]	Finland	2014
Head of Legal & Compliance	[...]	[...]	Denmark	2017
Head of Sales	[...] ²	[...]	Denmark	2012

Note that in neither Lindorff nor Intrum Justitia is there a group function for debt collection; this activity is operated and managed entirely at a national level. Hence, there is no provision for a debt collection group function in the Divestment Business.

The Key Personnel responsible for Divestment Business group functions other than activities specific to the debt purchasing industry (listed under “Other” in the table above) are included in the Divestment business at the discretion of the Purchaser. However, they will in any event take up their group function roles immediately following the Effective Date to ensure the effective management of the Divestment Business until Closing.

The competences and envisaged functions of the Divestment Group Organisation Key Personnel are described in more detail below.

[...], CEO and Hold Separate Manager (subject to EC approval)

Background: [...]

Envisaged function: [...] will be responsible for the day to day management of the Divestment Business on the group level, as well as the development of business strategies and objectives for the Divestment Business. At the Effective Date, [...] will also be appointed the Hold Separate Manager of the Divestment Business.

² [...] has not yet accepted the position as [Head of Sales] for the Divestment Group Organisation. However, the Parties are confident that they will secure his acceptance shortly, and in any event before the Effective Date.

CFO (under recruitment)

The Parties are in the process of recruiting a CFO for the Divestment Group Organisation and commit to fill the position with a person possessing the appropriate competences and experience of supra-national group management functions prior to, or as soon as possible after the Effective Date. The Parties are primarily searching for suitable candidates within the Divestment Business and, as a second option, within the Lindorff and Intrum Justitia Groups. A short list of candidates will be presented to the Commission before the Effective Date.

Envisaged function: XX will be responsible for the financial objectives, policies, processes and programs for the Divestment Business, in order to ensure that the Divestment Business has a strong and sound financial and accounting structure.

[...] (Communications)

Background: [...].

Envisaged function: [...] will be promoted to his/her new position prior to the Effective Date. As Group Head of Communications of the Divestment business, [...] will be responsible for managing the public relations of the Divestment Business, write and deliver press releases, handle media contacts and produce public relations policies for the Divestment Business. This will ensure that the National Businesses have access to Communications group functions equivalent to the ones currently provided by the Lindorff and Intrum Justitia Groups.

[...] (Debt Purchasing)

Background: [...].

Envisaged function: [...] will retain his/her position as Head of Debt Purchasing for the entities encompassed by the Divestment Business after the Effective Date. As Group Head of Debt Purchasing of the Divestment business, [...] will be responsible for coordination of cross-border debt purchasing activities, management and execution of large debt portfolios (including performance management) and analytical support. This will ensure that the National Businesses have access to Debt Purchasing group functions equivalent to the ones currently provided by the Lindorff and Intrum Justitia Groups.

[...] (HR)

Background: [...].

Envisaged function: [...] will be promoted to his/her new position prior to the Effective Date. As Group Head of HR of the Divestment business, [...] will oversee, coordinate and govern HR policies across the Divestment Business, ensuring that the National Businesses have access to HR services equivalent to the ones currently provided by the Lindorff and Intrum Justitia Groups.

[...] (IT)

Background: [...].

Envisaged function: [...] will be promoted to his/her new position prior to the Effective Date. As Group Head of IT of the Divestment business, [...] will be responsible for ensuring that the Divestment Business continues to develop and use the best technology solutions on the market. This will ensure that the National Businesses have access to IT group functions equivalent to the ones currently provided by the Lindorff and Intrum Justitia Groups.

[...] (Legal & Compliance)

Background: [...].

Envisaged function: [...] will be promoted to his/her new position prior to the Effective Date. As Group Head of Legal&Compliance of the Divestment business, [...] will coordinate and oversee the compliance functions of the Divestment Business, ensure strict compliance with legal rules and guidelines in all relevant countries and provide advice on legal matters to the Management. This will ensure that the National Businesses have access to Legal & Compliance group functions equivalent to the ones currently provided by the Lindorff and Intrum Justitia Groups.

[...] (Sales)

Background: [...].

Envisaged function: [...] will be promoted to his/her new position prior to the Effective Date. As Group Head of Sales of the Divestment business, [...] will be responsible for the leadership and performance, together with national sales directors, of cross-border business development targeted on the acquisition and retention of clients, revenue growth and the development of cross-border accounts. This will ensure that the National Businesses have access to Sales group functions equivalent to the ones currently provided by the Lindorff and Intrum Justitia Groups.

c. Should the Purchaser decide not to acquire certain other Group Functions (as listed above) as part of the Divestment Business, arrangements can be made by the Notifying Party for the supply of the Group Functions to the Divestment Business for a transitional period of up to [...] (extendable on request of the Purchaser for up to [...]).