



EUROPEAN COMMISSION
DG Competition

***Case M.8460 - PEUGEOT / BNP PARIBAS / OPEL
VAUXHALL FINCOS***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 08/08/2017

***In electronic form on the EUR-Lex website under
document number 32017M8460***



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 Where possible the information omitted has been replaced by ranges of figures or a general description.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, 8.8.2017
C(2017) 5661 final

PUBLIC VERSION

To the notifying parties:

Subject: Case M.8460- PEUGEOT / BNP PARIBAS / OPEL VAUXHALL FINCOS
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004¹ and Article 57 of the Agreement on the European Economic Area²

Dear Sir or Madam,

- (1) On 4 July 2017, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which the undertakings Peugeot S.A. ("PSA", France) and BNP Paribas ("BNPP", France) acquire within the meaning of Article 3(1)(b) of the Merger Regulation joint control of General Motor's European financial subsidiaries and branches (the "Fincos") by way of a purchase of shares (the "Transaction").³ PSA and BNPP are referred hereinafter as the "Notifying Parties", while PSA, BNPP and the Fincos are together referred to as the "Parties".

1. THE PARTIES

- (2) **PSA**, a publicly listed company headquartered in France, is active worldwide in the development, manufacturing and distribution of automotive vehicles under three brands - Peugeot, Citroën and DS. Through its wholly owned subsidiary Banque PSA Finance ("BPF"), it offers loans and leases for the purchase of PSA-branded vehicles and loans to PSA car dealers.

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 C223 du 12/07/2017, page 4.

- (3) **BNPP**, a publicly listed company headquartered in France, is active worldwide in the retail banking and services as well as in the corporate and institutional banking sector. Through its wholly owned subsidiary BNPP Paribas Personal Finance, it offers a full range of personal credit products at points of sale, car dealerships and directly to consumers as well as insurance and savings offers in some countries.
- (4) **The Fincos** including 23 entities in France, Germany, Italy, the United Kingdom, the Netherlands, Spain, Sweden and Switzerland, together constitute the financing business of Opel and Vauxhall and offer automotive financing solutions and related services, mainly to car dealers and customers of Opel/Vauxhall-branded vehicles.

2. THE OPERATION

The Transaction

- (5) The Transaction is linked to the broader acquisition by PSA of the automotive business of Opel/Vauxhall from General Motors ("GM").⁴ According to the Notifying Parties, the Transaction will enable PSA to continue offering financial solutions to purchasers of Opel/Vauxhall-branded motor vehicles. It will also allow BNPP to expand its consumer finance business in Europe by growing its footprint on the automotive financing business.

Joint control

- (6) On 5 March 2017, PSA, through its wholly owned subsidiary BPF, and BNPP, through its wholly owned subsidiary BNPP Personal Finance, entered into a framework agreement setting out the terms and conditions of the Transaction (the "Framework Agreement").
- (7) Under the Framework Agreement, the Transaction will be implemented by the Notifying Parties acquiring joint control over the Fincos via share acquisitions. More specifically, the Notifying Parties will acquire the Fincos through a jointly owned entity, such entity being held equally by each of the parent company with equal voting rights and board representation.
- (8) Both PSA and BNPP will have equal representation on the Fincos' Board.⁵ The following "reserved matters", among others, will require a Board decision: (i) approval of [item related to internal organisation], (ii) approval of [item related to internal organisation], (iii) approval of [item related to internal organisation], (iv) [item related to internal organisation], and (v) decisions involving [...]. Most decisions require unanimity while a limited number of decisions only

⁴ See Case M.8449 – Peugeot/Opel, declared compatible with the internal market by the Commission on 5 July 2017. The two transactions constitute separate concentrations and were therefore notified and reviewed by the Commission separately.

⁵ Pursuant to paragraph 7.2 of the Framework Agreement, "[t]he Board will be composed of [range of numbers] members and shall have at all times an equal number of members appointed by BNP Paribas PF and PSA."

require a simple majority, typically with one party holding a casting vote, depending on the matter.⁶

- (9) In light of these factors, the Commission considers that PSA (via its subsidiary BPF) and BNPP (via its subsidiary BNPP Personal Finance) will acquire joint control over the Fincos.
- (10) The notified operation therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

- (11) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million⁷ [PSA: EUR 54,030 million, BNPP: EUR [...] million and the Fincos: EUR [...] million]. Each of them has an EU-wide turnover in excess of EUR 250 million [PSA: EUR [...] million, BNPP: EUR [...] million and the Fincos: EUR [...] million], but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.
- (12) The notified operation therefore has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

4. ASSESSMENT

- (13) Based on the information submitted by the Notifying Parties, the Transaction gives rise to three horizontally affected markets:
 - a. the market for motor vehicle lending in Belgium;
 - b. the market for motor vehicle lending in Luxembourg, and
 - c. the market for lending services to small and medium-sized enterprises ("SMEs") in Belgium.⁸
- (14) If only non-captive sales are taken into account, a fourth horizontally affected market arises, namely the market for motor vehicle lending in Italy.

⁶ [...] will have a casting vote on matters related to [items related to internal organisation and strategy]; while PSA will have a casting vote on matters related to [items related to internal organisation and strategy].

*Should read "BNPP".

⁷ 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).

⁸ These three markets are horizontally affected whether an overall market (including captive and non-captive sales) or a market limited to non-captive sales is taken into account; see recitals 16 and 32-33.

4.1. Relevant markets

4.1.1. Automotive financing services - motor vehicle lending

4.1.1.1. Product market definition

- (15) In previous cases, the Commission considered that, within retail banking, consumer credit could constitute a distinct market.⁹ The Commission also considered that consumer credit for the purchase of motor vehicles (including lending) and consumer credit offered for the purchase of other consumer goods could possibly constitute separate markets.¹⁰ Finally, within a market for automotive financing services the Commission has further considered a sub-segmentation into (i) the markets for motor vehicle lending and (ii) leasing services for motor vehicles.¹¹
- (16) In relation to motor vehicle lending, the Commission has previously considered a market for motor vehicle lending limited to non-captive activities (the "merchant market"). This would exclude captive activities, *i.e.* the financing services offered by car manufacturers' financing subsidiaries to customers who purchase a vehicle of their own car brand.¹² Ultimately, the Commission left the precise product market definition open. In any event, for the purposes of the present decision, the exact product market definition for automotive financing services can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

4.1.1.2. Geographic market definition

- (17) In previous cases, the Commission considered the geographic market for retail banking services, including consumer credit, to be national in scope.¹³ The Commission also found the geographic market for automotive financing services (and possible sub-segments motor vehicle lending and leasing services for motor vehicles) to be national in scope.¹⁴
- (18) In any event, for the purposes of the present decision, the exact geographic market definition for automotive financing services can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

⁹ See e.g. Case M.3067 – Intesa/Capitalia/IMI.

¹⁰ See e.g. Case M.3067 – Intesa/Capitalia/IMI.

¹¹ See Case M.4420 – Crédit Agricole/Fiat Auto/FAFS, paragraph 13, Case M.3067 - Intesa/Capitalia/IMI, paragraph 35 and Case M.1370 - Peugeot/Credipar, paragraph 5.

¹² See Case M.3067 – Intesa/Capitalia/IMI.

¹³ See e.g. Case M.4420 - Crédit Agricole/Fiat Auto/FAFS.

¹⁴ See Case M.4420 - Crédit Agricole/Fiat Auto/FAFS, paragraph 14, Case M.3067 - Intesa/Capitalia/IMI, paragraph 49, and Case M.1370 - Peugeot/Credipar, paragraph 6.

4.1.2. *Lending to SMEs - car dealer lending*

4.1.2.1. Product market definition

- (19) In previous cases,¹⁵ the Commission considered a segmentation of the corporate banking market based on the customer group, *i.e.* between (i) banking services to large corporate customers and (ii) banking services to SMEs. The Commission has also considered a segmentation of the corporate banking services market based on the category of products (e.g. loans, savings, etc.).¹⁶
- (20) The Notifying Parties submit the car dealer lending forms part of the wider market for loans to SMEs.
- (21) In any event, for the purposes of the present decision, the exact product market definition for lending to SMEs can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

4.1.2.2. Geographic market definition

- (22) The Commission has considered the market for corporate banking, in particular the possible market for lending to SMEs, to be national in scope.¹⁷
- (23) For the purposes of the present decision, the exact geographic market definition for lending to SMEs can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

4.2. **Competitive assessment**

4.2.1. *Notifying Parties' views*

- (24) In the automotive financing market, PSA and the Fincos are active as so-called "captive financing companies" ("CFCs") which offer their services almost exclusively to customers who purchase a vehicle of their own car brand, or through their branded car dealers.¹⁸ Most original equipment manufacturers ("OEMs") have their own CFC, such as Volkswagen, Renault Nissan, Fiat, BMW or Daimler.
- (25) The Notifying Parties claim that the Transaction does not raise competition concerns for the following reasons.
- (26) First, CFCs only exist to support the sales of motor vehicles manufactured by their car parent company. Hence, from a demand-side perspective, they would

¹⁵ See M.3894 - UNICREDITO/HVB; M.2567 - NORDBANKEN/POSTGIROT; M.4844 - FORTIS/ABN AMRO ASSETS, M.5384, BNP PARIBAS/FORTIS, paragraph 11.

¹⁶ See M.4844 - Fortis/ABN AMRO ASSETS, paragraph 26.

¹⁷ See COMP/M.4844 - Fortis/Abn Amro Assets, paragraph 80 and COMP/M.6168 - RBI/EFG Eurobank/JV, paragraph 17.

¹⁸ In the case of the Parties, on the hand the Fincos offer financial services primarily to customers purchasing an Opel/Vauxhall vehicle or to Opel/Vauxhall branded car dealers, while on the other hand BPF offers its financial services to customers purchasing a Peugeot, Citroën or DS vehicle (all PSA brands) or to PSA branded car dealers.

not compete with other CFCs, but rather compete with companies offering other financing solutions, in particular retail banks, such as BNPP. Therefore, the services provided by the Fincos would not be substitutable with the services provided by other CFCs, including BPF and vice versa. On this basis, according to the Notifying Parties the horizontal overlaps triggered by the Transaction should only be analysed between the Fincos and BNPP and not between the Fincos and BPF.

- (27) Second, from a supply-side perspective, the Notifying Parties submit that BPF will still operate a CFC business and finance the acquisition of PSA-branded vehicles, while the Fincos will continue to finance the acquisition of Opel/Vauxhall-branded vehicles. Furthermore, [description of the Parties' future business strategies].¹⁹
- (28) Third, the Notifying Parties argue that in all affected markets the Parties' combined market shares are moderate, the increment brought about by the Transaction is very limited and the concentration levels ("HHI") are very contained.
- (29) Fourth, the Notifying Parties argue that they will continue to face well-established competitors (in particular large retail banks) in markets which are characterized by low barriers to entry. In particular, in the motor vehicle lending market, entry is facilitated by the fact that loans are non-complex products, hence any financing company providing general financing services could enter the market. Moreover, no regulatory approval is required to offer such products.
- (30) Finally, the Notifying Parties claim that it would not be profitable for PSA to raise prices for Opel loans, as the availability of financing deals contributes to the sale of Opel-branded cars, which is its core business and that PSA's joint control over the Fincos business will prevent BNPP from taking any such action.

4.2.2. *Commission's assessment*

- (31) The Commission preliminarily notes that competition for the provision of automotive financing and related services in relation to a vehicle of a specific brand generally occurs between the CFC of the brand in question and other operators offering financial solutions (*e.g.* loans), in particular retail banks. It follows that other CFCs do not offer these services for cars of brands other than their own, hence CFCs of different car brands are not in competition.
- (32) For CFCs such as the Fincos or BPF, non-captive sales are nearly inexistent. They occur essentially only when, at the time of purchasing a new PSA vehicle (for BPF) or of an Opel/Vauxhall vehicle (for the Fincos), the PSA or Opel/Vauxhall car dealer buys back the customer's used car. This used car will then be resold to another customer using financing and related services offered by BPF or Fincos.

¹⁹ The Notifying Parties confirmed [description of the Parties' future business strategy for the EEA] in the next five years.

- (33) As a consequence, the Commission considers that a market limited to non-captive sales only (which excludes the captive activities of CFCs for their respective brands, or "merchant market") is likely to better reflect the economic reality and the competitive dynamics of these markets.
- (34) In any event, it is not necessary to conclude on this point, as the Transaction does not raise serious doubts as to its compatibility with the internal market irrespective of the approach adopted in this respect.
- (35) As indicated in Recitals (13) and (14), the only markets affected by this Transaction are the markets for (i) motor vehicle lending in Belgium, (ii) motor vehicle lending in Luxembourg, (iv) motor vehicle lending limited to non-captive sales in Italy and (iv) lending services to SMEs in Belgium. These affected markets will therefore be analysed in the section below.

4.2.2.1. Motor vehicle lending in Belgium

- (36) The table below provides the Parties' and their competitors' market shares in the market for motor vehicles lending in Belgium in 2016. Market share data is provided under the two alternative approaches for the overall market (captive and non-captive) and for the merchant market only (non-captive).

2016 ²⁰	BELGIUM			
	Captive and non-captive		Non-captive	
	Value (M€)	Volume (# of contracts)	Value (M€)	Volume (# of contracts)
Fincos	[0-5]%	[0-5]%	[0-5]%	[0-5]%
BNPP	[30-40]%	[30-40]%	[40-50]%	[40-50]%
BPF	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Combined	[40-50]%	[40-50]%	[40-50]%	[40-50]%
ING + Record	[10-20]%	[5-10]%	[15-20]%	[10-15]%
Beobank	[10-20]%	[5-10]%	[10-15]%	[5-10]%
KBC + CBC	[5-10]%	[5-10]%	[5-10]%	[5-10]%
Belfius Bank	[5-10]%	[5-10]%	[5-10]%	[5-10]%
Cofidis	[0-5]%	[5-10]%	[0-5]%	[5-10]%
AXA Bank	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Crelan	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Others	[5-10]%	[0-5]%	[0-20]%	[0-25]%
TOTAL	100%	100%	100%	100%
Market size	[...]	[...]	[...]	[...]
HHI post-Transaction	2 241		NA ²¹	
Δ HHI	404		6	

Source: Commission's calculations based on data provided in Form CO.

²⁰ Estimated market shares for competitors correspond to the Parties' best estimate for 2015.

²¹ The Notifying Parties are unable to provide a precise HHI estimation of the merchant market. They expect the HHI level to be slightly higher than on the overall market, but to remain within similar ranges.

- (37) First, the Commission considers that, although the Parties' combined market shares are relatively high both if an overall market (including captive and non-captive sales) is considered ([40-50]% in value and [40-50]% in volume) and if a market limited to non-captive sales is taken into account ([40-50]% in both volume and value), the increment brought by the Fincos and BPF remains limited on the overall (captive and non-captive) market ([0-5]% in value and [0-5]% in volume for the Fincos and [0-5]% in value and [0-5]% in volume for BPF) and is *de minimis* ([0-5]%) on a possible market that includes only non-captive sales.
- (38) Second, post-merger, the Fincos will continue to face competition from a number of large and well established competitors, including, among others, ING/Record, KBC and Beobank.
- (39) Third, in Belgium, the Fincos and BPF generate [the vast majority] of their business from captive sales.²² This indicates that their activities only marginally overlap with each other and with BNPP's activities. Importantly, as indicated in Recital (27), [description of the Parties' future business strategy] in the next five years.
- (40) Finally, the market investigation confirmed that the Transaction is unlikely to raise concerns in the market for motor vehicle lending in Belgium.²³
- (41) Based on the above considerations, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market in the market for motor vehicles lending in Belgium.

4.2.2.2. Motor vehicle lending in Luxembourg

- (42) The table below provides the Parties' and their main competitors' combined market shares on the market for motor vehicles lending in Luxembourg in 2016. As for Belgium, market share data is provided under the two alternative approaches for the overall market (captive and non-captive) and for the merchant market (non-captive) under the two possible market share calculation methods based either on value or volume.

²² In 2016, in Belgium, the Fincos generated [the vast majority] of their loans (both in value and volume) in relation to Opel/Vauxhall-branded vehicles, and BPF generated [the vast majority] of their loans (both in value and volume) in relation to PSA-branded vehicles.

²³ For completeness, only one competitor raised concerns due to BNPP's strong position in the market. The Commission considers however that BNPP's position is not merger specific and that the increment brought about by the Transaction is negligible.

2016	LUXEMBOURG			
	captive and non-captive		non-captive	
	Value (M€)	Volume (#of contracts)	Value (M€)	Volume (#of contracts)
Fincos	[0-5]%	[0-5]%	[0-5]%	[0-5]%
BNPP	[40-50]%	[30-40]%	[40-50]%	[40-50]%
BPF	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Combined	[40-50]%	[40-50]%	[40-50]%	[40-50]%
BCEE	[30-40]%	[30-40]%	[30-40]%	[30-40]%
BIL	[5-10]%	[5-10]%	[5-10]%	[10-15]%
Raiffeisen	[5-10]%	[5-10]%	[5-10]%	[5-10]%
ING	[5-10]%	[0-5]%	[5-10]%	[5-10]%
Record Bank	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Buy Way	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Others	[0-5]%	[0-5]%	[0-10]%	[0-5]%
TOTAL	100%	100%	100%	100%
Market size	[...]	[...]	[...]	[...]
HHI post-transaction	3 156		NA ²⁴	
Δ HHI	329		7	

Source: Commission's calculations based on information provided in Form CO.

- (43) First, the Commission considers that, although the Parties' combined market shares are relatively high both if an overall market (including captive and non-captive sales) is considered ([40-50] % in both value and volume) and if a market limited to non-captive sales is taken into account ([40-50]% in volume and [40-50]% in value), the increment brought by the Fincos and BPF remains limited on the overall (captive and non-captive) market ([0-5]% in value and volume for the Fincos and [0-5]% in value and volume for BPF) and is *de minimis* ([0-5]%) on a possible market including non-captive sales only.
- (44) Second, post-merger, the Fincos will continue to face competition from a number of large and well established competitors, including, among others, BCEE, BIL and Raiffeisen.
- (45) Third, the fact that the vast majority of the Fincos' and BPF's business is generated from captive sales²⁵ indicates that, in Luxembourg, their activities only overlap to a very marginal extent with each other as well as with BNPP's activities. Importantly, as indicated in Recital (27), [description of the Parties' future business strategy] in the next five years.
- (46) Finally, the market investigation confirmed that the Transaction is unlikely to raise concerns in the market for vehicle lending in Luxembourg.
- (47) Based on the above considerations, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market in the market for motor vehicles lending in Luxembourg.

²⁴ The Parties are unable to provide a precise HHI estimation of the merchant market. They expect the HHI level to be slightly higher than on the overall market, but to remain within similar ranges.

²⁵ In 2016, in Luxembourg, the Fincos generated [the vast majority] of their loans in value and [the vast majority] in volume in relation to Opel/Vauxhall-branded vehicles, and BPF generated [the vast majority] of their loans (both in value and volume) in relation to PSA-branded vehicles.

4.2.2.3. Motor vehicle lending in Italy

- (48) As regards the market for motor vehicle lending in Italy, on the hypothetical overall market including captive and non-captive sales of these services in Italy, the Parties' combined market share remains below 20%. Considering only non-captive sales, the combined market shares lead to a very moderately affected market ([20-30]%) with *de minimis* increments brought by the Fincos and BPF ([0-5]% each).
- (49) Respondents to the market investigation did not raise any concern with regard to the market for motor vehicle lending in Italy.
- (50) Based on the above considerations, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market in the market for motor vehicles lending in Italy.

4.2.2.4. Lending services to SMEs in Belgium

- (51) As regards the market for lending to SMEs, the Parties' combined market shares are moderate ([20-30]%) with *de minimis* increments brought by the Fincos ([0-5]%) and by BPF ([0-5]%).²⁶
- (52) Also in relation to lending to car dealers, the Notifying Parties explain that the market is wide and that, in this space, CFCs in general are insignificant players compared to retail banks, since they merely focus on lending services to dealers of their own car brand.
- (53) Respondents to the market investigation did not raise any concerns with regard to the market for lending services to SMEs in Belgium.
- (54) Based on the above considerations, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market in the market for lending services to SMEs in Belgium.

5. CONCLUSION

- (55) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)

Karmenu VELLA

Member of the Commission

²⁶ If a narrower market limited to lending to car dealers only is considered, the Transaction does not lead to any affected markets.