



EUROPEAN COMMISSION  
DG Competition

***Case M.8640 - CVC / BLACKSTONE / PAYSAFE***

Only the English text is available and authentic.

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

---

Article 6(1)(b) NON-OPPOSITION  
Date: 21/11/2017

***In electronic form on the EUR-Lex website under document  
number 32017M8640***



## EUROPEAN COMMISSION

Brussels, 21.11.2017  
C(2017) 7871 final

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

To the notifying parties:

**Subject: Case M.8640 - CVC / BLACKSTONE / PAYS SAFE  
Commission decision pursuant to Article 6(1)(b) of Council  
Regulation No 139/2004<sup>1</sup> and Article 57 of the Agreement on the  
European Economic Area<sup>2</sup>**

Dear Sir or Madam,

(1) On 16 October 2017, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which CVC Capital Partners SICAV-FIS S.A. ("CVC", Luxembourg) and Blackstone Group L.P. ("Blackstone", USA) acquire within the meaning of Article 3(1)(b) of the Merger Regulation joint control of the whole of Paysafe Group PLC ("Paysafe", UK)<sup>3</sup>. The concentration is accomplished by way of a public bid announced on 4 August 2017. CVC, Blackstone referred to as "Notifying Parties" and together with Paysafe as "the Parties".

---

<sup>1</sup> 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.

<sup>2</sup> OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

<sup>3</sup> Publication in the Official Journal of the European Union No C 358, 24.10.2017, p. 8.

## **1. THE PARTIES**

- (2) The CVC Group provides advice to and manages certain investment funds and platforms.
- (3) Blackstone is a global alternative asset manager.
- (4) The Paysafe Group is active in the provision of online and mobile payment processing services.

## **2. THE OPERATION AND THE CONCENTRATION**

- (5) On 4 August 2017, the Notifying Parties announced their recommended cash offer for Paysafe, by way of a an announcement made pursuant to the City Code on Takeovers and Mergers (the "UK Takeover Code"), which constitutes a firm intention to make a public offer under the UK Takeover Code. The Parties will do so via a special purpose vehicle ("Bidco") which will be indirectly and jointly majority-owned by the Notifying Parties.
- (6) The transaction will be implemented by way of a court-sanctioned scheme of arrangement between the Paysafe and its shareholders, pursuant to section 152 of the Isle of Man Companies Act 1931. Following completion of the transaction, Bidco will hold 100% of shares Paysafe and the Notifying Parties will have joint control of Paysafe.
- (7) Paysafe is a FTSE 250 company listed on the London Stock Exchange. It has its own management, financial resources and independent access to the market on a lasting basis. It therefore constitutes a business with a market presence to which market turnover can be clearly attributed and hence, as clarified in paragraph 24 of the Consolidated Jurisdictional Notice ("CJN")<sup>4</sup>, it constitutes an undertaking within the meaning of the Merger Regulation.
- (8) According to the transaction documents, the Notifying Parties will each appoint half of the directors of any board able to control Paysafe. Material decisions, including approval of annual budget and business plan, will require the approval of all directors nominated by each of the Notifying Parties. Accordingly, each of the Notifying Parties has an effective veto right over the strategic decisions of Paysafe.
- (9) Therefore, the notified transaction involves the acquisition of joint control over Paysafe by the Notifying Parties. As neither of the Notifying Parties did previously exert any form of control over Paysafe, the transaction qualifies as an acquisition from third parties pursuant to paragraph 91 of the CJN.<sup>5</sup>
- (10) In the light of the above, the notified transaction constitutes a concentration pursuant to Article 3(1)(b) of the Merger Regulation.

---

<sup>4</sup> Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (OJ C 95, 16.4.2008, p. 1).

<sup>5</sup> Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (OJ C 95, 16.4.2008, p. 1).

### **3. EU DIMENSION**

- (11) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million<sup>6</sup> (CVC: EUR [...], Blackstone EUR [...], Paysafe: EUR 840 million). Each of them has an EU-wide turnover in excess of EUR 250 million (CVC: EUR [...], Blackstone EUR [...], Paysafe: EUR [...]), but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The notified operation therefore has an EU dimension.

### **4. COMPETITIVE ASSESSMENT**

#### **4.1. Overview of Parties' activities**

- (12) Paysafe is a global provider of end-to-end payment solutions. Paysafe's products and services are used by businesses and by consumers to connect and transact through payment processing, digital wallets, and online payment solutions, geared towards mobile initiated transactions, real-time analytics, and the convergence between bricks-and-mortar and online payments.
- (13) The transaction gives rise to two horizontal overlaps between Paysafe and New Day (a CVC controlled company), as both companies are active in (a) the provision of card issuing in the UK; and (b) the provision of personal loans in the UK.
- (14) New Day is a consumer finance provider in the UK. It issues store and credit cards and recently (since December 2016) entered the consumer finance sector by offering personal loans.
- (15) Moreover, the transaction gives rise to the following vertical relationships between Paysafe, active in the upstream provision of online payment services and three CVC controlled companies (Tipico, Sisal and Sky Bet), active in the downstream provision of online betting and gaming services in (a) Germany (Tipico); (b) Italy (Sisal); and (c) the UK (Sky Bet).
- (16) Tipico is a provider of online and in-store betting and gaming services. Tipico is predominantly active in Germany, but also in Austria, Belgium, Denmark, Malta, Netherlands, and Sweden.
- (17) The Sisal group is a gaming and betting operator in Italy. Its primary activities include in-store retail gaming, including operating gaming machines, horse racing and sports betting at betting shops, and online gaming and betting services.
- (18) Sky Bet provides online betting and gaming services to customers in the UK, and, to a lesser extent, in Ireland, Italy, Finland, Gibraltar, Isle of Man and the Channel Islands.

---

<sup>6</sup> Turnover calculated in accordance with Article 5 of the Merger Regulation.

## 4.2. Relevant markets

### 4.2.1. *The provision of online payment services*

- (19) The Commission has not yet reached a definite conclusion regarding the exact product market definition for mobile payments.<sup>7</sup> For example it has left open whether mobile payments are in a separate product market than online payment methods (e.g. via the internet) and/or offline payments at the point of sale. It has also left open the issue of whether there are distinct narrower product markets for digital wallets and/or prepaid products.
- (20) The Commission has previously<sup>8</sup> considered the geographic scope for the provision of online payment services as being wider than national in scope, but left open the exact geographic market due to the absence of competition concerns.
- (21) For the purposes of the present case, there is no reason to deviate from the above precedents. The transaction does not raise any competition concerns in the market for the provision of online payment services under any of the possible market delineations described above.

### 4.2.2. *The provision of card-related activities*

- (22) The Commission has distinguished three main card-related activities: (i) the issuing of cards to individuals and companies; (ii) card processing; and (iii) the merchant acquiring for card payment acceptance.<sup>9</sup>
- (23) Within the activity of issuing of payment cards, the Commission has considered that debit cards and credit/charge cards belong to separate markets.<sup>10</sup> However, the Commission has left open whether the market can be further broken between pure "store" or universal credit cards, personal or corporate credit cards, domestic or international credit cards and card brand (Visa, Mastercard, American Express, etc)
- (24) The Commission has previously defined the geographic scope for the provision of card issuing services as being likely national in scope, but left open the exact geographic market due to the absence of competition concerns.<sup>11</sup>
- (25) For the purposes of the present case, there is no reason to deviate from the above precedents. The transaction does not raise any competition concerns in the market for the provision of card-related activities under any of the possible market delineations described above.

---

<sup>7</sup> Case COMP/M.6967 – BNP Paribas Fortis / Belgacom / Belgian Mobile Wallet JV – 11 October 2013.

<sup>8</sup> Case COMP/M.6967 – BNP Paribas Fortis / Belgacom / Belgian Mobile Wallet JV

<sup>9</sup> Cases COMP/M.5241 – American Express/Fortis/Alpha Card; COMP/M.5384 – BNP Paribas / Fortis; COMP/M.6164 – Barclays Bank /Egg credit card assets; M.7873 Worldline Equens

<sup>10</sup> Cases COMP/M.5384 – BNP Paribas / Fortis; COMP/M.6164 – Barclays Bank /Egg credit card assets. M.7873 Worldline Equens

<sup>11</sup> COMP/M.5384 – BNP Paribas / Fortis; COMP/M.6164 – Barclays Bank /Egg credit card assets; M.7873 Worldline Equens

#### 4.2.3. *The provision of consumer credit services*

- (26) The Commission stated in the past<sup>12</sup> that, at its most general, consumer credit consists of the supply of personal financing and other means of credit to individuals in order to purchase consumer goods as well as to finance consumption.
- (27) The Commission has also considered that the provision of card-based consumer credit should be viewed as a separate and distinct product market from personal loans, which loans sold directly via banks and consumer finance provided at the point of sale,<sup>13</sup> although the Commission considered that it was not necessary to reach a definitive conclusion on market definition in that case.
- (28) For the purposes of the present case and given that the transaction does not raise any competition concerns, the exact product market definition for the provision of consumer credit services can be left open.
- (29) The Commission has previously found, with regard to retail banking services, that the geographic market for personal loans is generally national in scope due to the different competitive conditions within individual Member States and the importance of a network of branches.
- (30) For the purposes of the present case, there is no reason to deviate from the above precedents. The transaction does not raise any competition concerns in the market for the provision of consumer credit services under any of the possible market delineations described above.

#### 4.2.4. *The provision of gaming and betting services*

- (31) The Commission has previously considered the market for the provision of gaming services,<sup>14</sup> leaving open the question of whether different types of gaming and betting activities constitute a single product market or not.
- (32) The Commission has consistently taken the view in previous decisions that the geographical scope of betting markets is national due to differences in terms of demand across national territories and in the national regulatory systems, in particular with regard to the granting of licences.
- (33) For the purposes of the present case, there is no reason to deviate from the above precedents. The transaction does not raise any competition concerns in the market for the provision of online gaming services under any of the possible market delineations described above.

---

<sup>12</sup> COMP/M.6164 – Barclays Bank /Egg credit card assets.

<sup>13</sup> Cases COMP/M.7078 - Santander Consumer Finance / El Corte Ingles / Financiera El Corte Ingles; COMP/M.5384 – BNP Paribas / Fortiss.

<sup>14</sup> Cases M.8058 - Novomatic / Lottomatica / JV; M.4114 – Lottomatica/GTECHs.

### 4.3. Competitive assessment

#### 4.3.1. Horizontal overlaps

- (34) In the market for the provision of card-related activities in the UK, where both Paysafe and New Day are active in, Paysafe's market share is de minimis, (well below [0-5]%) and New Day's is below [10-20]%.
- (35) In the market for the provision of personal loans in the UK, the combined market shares of the Paysafe and New Day are negligible (less than [5-10]%).
- (36) Therefore no affected markets arise from these two horizontal overlaps.

#### 4.3.2. Vertical relationships

- (37) On the upstream side of the market, online payment services, Paysafe's market share in all of the EEA Member States it is active in is below [0-5]%.
- (38) On the downstream side of the market the market shares of Sisal, Skybet and Tipico are under [10-20]% under almost all plausible product market definitions and geographic scopes, with the only exception of a possible sub-segmentation for the provision of betting activities in Germany, where Tipico has a market share of around [50-60]%.

##### 4.3.2.1. Notifying Parties' view

- (39) The Notifying Parties submit that there can be no input foreclosure that is to restrict access to or the use of Paysafe's services to rivals of Tipico. Indeed, Paysafe's market shares in Germany are very low, below [0-5]%, which means that there would be plenty of providers of online payment services, or even other payment mechanisms, to which rivals of Tipico would be able to switch to.
- (40) Similarly, there can be no customer foreclosure that is to restrict access of rivals of Paysafe to Tipico. Firstly, online gaming operators do not represent a significant customer base for online payment services. Secondly, customers of online gaming companies prefer to have at their disposal a number of different payment methods, therefore a restriction to only Paysafe as a means of payment for its services would likely not be in Tipico's commercial interest.

##### 4.3.2.2. Commission's assessment

- (41) The Commission, in agreement with the arguments put forward by the Notifying Parties, considers that post-Transaction, there would be no risk of either input foreclosure or customer foreclosure.
- (42) This is corroborated by the very low market shares of Paysafe in the German online payment services market (as far as a potential input foreclosure is concerned) and the modest part online betting services represent for the overall income of online payment services, as well as the existence of multiple payment methods customers of online betting services can use (as far as a potential customer foreclosure is concerned). The absence of potential customer

foreclosure problems is also confirmed by the fact that none of operators active in payment services in Germany voiced any concern in that regard.

- (43) In view of the above the Commission considers that no concerns arise from these vertical relationships.

## **5. CONCLUSION**

- (44) 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)*

*Margrethe VESTAGER  
Member of the Commission*