

*Case No IV/M.976 -
BANCO SANTANDER
/ SAN PAOLO /
FINCONSUMO*

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 15/09/1997

*Also available in the CELEX database
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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15.09.1997

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

**Subject: Case No IV/M. 976-BANCO SANTANDER/SAN
PAOLO/FINCONSUMO**

Notification of 12.08.1997 pursuant to Article 4 of the Council Regulation
No. 4064/89.

1. On date 12.08.1997, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No. 4064/89 by which the undertakings BANCO SANTANDER S.A. (BS) and ISTITUTO BANCARIO SAN PAOLO DI TORINO SpA (ISPAO) acquire joint control of the undertaking FINCONSUMO SpA.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation No. 4064/89 and

does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

I THE PARTIES' ACTIVITIES

3. BS is the ultimate parent company of the Santander Group, an international banking and financial group that operates through a network of offices in Spain and investments in Europe and South America.
4. ISPAO is a full service universal banking group. It operates mainly in Italy through a network of 1,242 branches.
5. FINCONSUMO, the target undertaking, was incorporated in October 1988 at the initiative of several Italian regional private banks. It operates essentially in the consumer credit business, through 17 branches located in Italy, mainly in Northern Italy, and in particular, in the Piemonte and Liguria regions. Their shareholders are : ISPAO 20% share; La Reale Mutua Assicurazioni 20%; Credito Agrario Bresciano (CAB) 20%; Banca di Credito del Piemonte (BCP) 20% e Insel 20%.

II THE OPERATION : THE JOINT VENTURE

6. On August 5, 1997, ISPAO and BS, the latter through its wholly owned German subsidiary CC Holding GmbH (CCH), signed a Stock Purchase Agreement with the shareholders of FINCONSUMO. As result of the purchase ISPAO, which already holds a 20% share in FINCONSUMO, will increase its holding to 40%. BS will acquire a 40% share in FINCONSUMO through CCH. CAB retains 10%, BCP 5% and Insel 5%.
7. On the same day ISPAO and BS also entered into a Shareholders Agreement on joint control over FINCONSUMO, which provides for equal rights in relation to the management of FINCONSUMO. The minority shareholders will have no veto rights, and therefore no controlling power over FINCONSUMO. The joint venture will be jointly controlled by ISPAO and BS.
8. The joint venture will continue to perform on a lasting basis all the functions of an autonomous economic entity in the consumer credit activity. As BS is not active in the retail bank in Italy, and neither BS nor ISPAO is active in the consumer credit services in Italy, the creation of the joint venture will not give rise to co-ordination of the competitive behaviours of the parties in accordance with Article 3 (2) of the Council Regulation, and therefore constitutes a concentration within the meaning of its paragraph 1 (b).

III COMMUNITY DIMENSION

9. BS and ISPAO have a combined aggregate world-wide turnover, calculated according to Article 5 (3) (a), in excess of 5,000 million ECU. Each of them has a Community wide turnover in excess of 250 million ECU but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and

the same Member State. The notified operation therefore has a Community dimension.

IV COMPATIBILITY WITH THE COMMON MARKET

A Relevant product market

10. The notified operation concerns only consumer credit services. The parties submit that consumer credit constitutes a separate market. They define consumer credit as a particular type of credit, granted to consumers, which is aimed at financing their purchases of goods. Among other specific characteristics they mention the following: consumer credits are granted generally by specialised financial undertakings to all consumers willing to purchase goods; they are provided only as a service ancillary to the purchase of a product; and directly by the shoppers or dealers at their shops.
11. Consumer credit has been considered as a segment within the broader retail banking sector (see Decision M.850 Fortis/MeesPierson, February 2, 1997 and Decision M. 907 Agos Itafinco, May 12, 1997). Nonetheless, it is not necessary to delineate the relevant product markets further because, in all alternative markets considered, effective competition would not be significantly impeded in the EEA area or any substantial part of that area.

B Relevant geographic market

12. The retail banking sector has been considered as a national market in earlier decisions of the Commission (see Decision M.850 Fortis/MeesPierson, February 2, 1997).
13. It is not necessary for the purpose of this case to delineate the relevant geographic market further because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

C Assessment

14. The market share of FINCONSUMO for 1996 amounts to [...] of total consumer credits granted in Italy. BS has no activities in retail banking in Italy. ISPAO is not present in the consumer credit business in Italy and its market share in the retail bank in Italy does not in any case exceed [...] .

¹ Business secret: Between 0% and 10%.

² Business secret: Between 10% and 20%.

15. In view of the market position of the notifying parties it appears that the notified operation will have a *de minimis* impact on competition in the EEA. Consequently, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA area or any substantial part of that area.

V CONCLUSION

16. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and the functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation N° 4064/89.

For the Commission,