JOINT VENTURES (FINANCIAL SERVICES): HALIFAX/CETELEM/DAWN

Subject: Joint ventures
Turnover

Industry: Financial services

Parties: Halifax plc
Cetelem SA
Harry Dawn Ltd

Source: Commission Statement IP/99/138, dated Ist March 1999

(Note. This is one of the rapidly increasing number of cases involving banks and financial institutions under the Merger Regulation. It is noticeable that, while the turnover figures are, by the standards of commerce generally, rather high, there is no finding of a dominant position being created or strengthened as a result of the establishment of the joint venture.)

The European Commission has authorised Halifax Plc, which main activity is retail banking within the United Kingdom and Cetelem SA, controlled by Paribas, principally active in providing consumer loans for household equipment in France, Belgium, The Netherlands, Italy, Spain and Portugal, to establish joint control of the newly created Harry Dawn Ltd. The operation will have no impact on competition in the European Economic Area.

Halifax's main activity is retail banking within the United Kingdom. On a minor scale, it carries on retail banking activities in Spain and insurance activities in Luxemburg. Worldwide turnover was €11,940 million in 1997.

Paribas, the French banking and financial services group, is the holding company of Cetelem SA, a company mainly active in France but also in Belgium, Netherlands, Italy, Spain and Portugal. Cetelem's principal activities are mainly consumer loans for household equipment. It also provides finance leases, operating leases and home loans. Its worldwide turnover was €19,476 million in 1997.

Halifax and Cetelem will each hold 50% of the shares of the joint venture. As a result of the joint venture, the parties will be able to offer financial products in the United Kingdom, which neither offers at present. The five largest competitors in these segments are: First National Bank, HFC/Beneficial Bank, Lombard Direct, GE Capital and Capital Bank.

In view of the market position of the parties to the concentration, it appears that the operation will not have impact on competition in the common market and consequently does not create or strengthen a dominant position. For those reasons the Commission has decided to declare the operation compatible with the common market and with the EEA Agreement. □