



GAZDASÁGI
VERSENYHIVATAL

Acquisition in the banking sector

The Hungarian Competition Authority (GVH) authorised Volksbank Zrt. Hungary to buy up the assets and liabilities constituting the portfolio of the Hungarian Branch of BNP Paribas.

On 7 August 2009 Volksbank Zrt. and the Hungarian Branch of BNP Paribas (BNP) entered into an agreement. According to the agreement Volksbank will acquire the assets and liabilities (deposits, securities, credits, loans and guarantees) constituting the portfolio of BNP.

Volksbank started its activity in 1993, since that time it has been providing universal financial services. The BNP Paribas bank-group has been present in Hungary for about 20 years, since 2001 as 100 percent owner of BNP Paribas Hungária Bank Rt. The latter has been functioning as the Hungarian branch of the group since 1 September 2006. Its clients are mostly made up of multinational companies, domestic big and medium sized companies, and financial institutions. It provides special services for its clients.

According to the GVH, as a result of the transaction, the market share of Volksbank rises, but it will probably remain far below 5 percent. It is also important to take into account that Volksbank and BNP are active in different fields of the market. The former is one of the developing small and medium sized banks that provide services for residents and companies, while the latter is specialised in companies and mostly provides special services for them, as a result, its competitors in Hungary are the banks that are considered relatively small. Based on the experience of the GVH, competition is more intensive on the market of financial services for companies than on the one of domestic financial services. It is due to the fact that on the market of banking and financial services for companies switching costs are relatively lower (for instance in the case of credits, depending on the amount of the credit), and thus bank switching is more frequent. As a result, the market positions of the players are more even. Based on all the above mentioned, according to the GVH, the concentration is not likely to result in any detrimental effects.

According to the Competition Act, the GVH may not refuse to grant authorisation for a concentration where the concentration would not significantly reduce competition on the relevant market, in particular as a result of the creation or strengthening of a dominant position. Since there are no concerns for the lessening of competition as a result of the concentration, the GVH cleared the concentration.