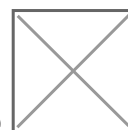


# **22 June 2009: Subject to commitments intended to remedy competition problems on Reunion Island, the Autorité de la concurrence authorises the Banque Populaire / Caisse d'Epargne merger**

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> *Version française*



The Autorité de la concurrence has closely examined the effects of the merger of the Banque Populaire and Caisse d'Epargne groups on the banking markets, while distinguishing the services intended for individuals (retail bank) and those intended for companies (commercial bank). This examination now complete, the Autorité authorises the operation, subject to commitments intended to remedy competition problems identified on Reunion Island.

## **With regard to the market of services intended for individuals**

On the retail banking markets, the new group resulting from the merger will be the second biggest player in most of the markets in question (deposits, savings, housing loan offer, consumer loans, payment cards) after the Crédit Agricole group. However, its market shares on most of its markets will remain below 25%, and therefore the Autorité considers that, on the national level, this operation would not be a threat to competition.

The Autorité also examined the operation's effects on the local level, so as to verify that it would not significantly hamper the diversity of the banking services offer for individuals, insofar as the latter prefer a proximity-based relationship with their banking agency. It appears that, in all of the local areas, and notably in those trade areas in mainland France and in the overseas départements that were the subject of a more in-depth examination, the diversity of the offer would

be maintained, since the five competing groups continue to be in place (Crédit Agricole, Crédit Mutuel, Société Générale, BNPP and La Banque Postale).

However, the Autorité noticed that this diversity would be seriously reduced on Reunion Island, where it would appear that 50% of the island's banking agencies will be attached to the new group.

### **With regard to the market of service is intended for companies**

On the market of banking services for companies, the new group would become the leader in some areas (leasing, credit for local and regional administrations) and second in other areas (deposits, savings, investment credits). The Autorité nevertheless considers that, on a national level, the presence of competing groups (Crédit Agricole, Crédit Mutuel, Société Générale and BNPP, with La Banque Postale playing a more limited role in these markets) would guarantee the continuation of sufficient competition.

The Autorité devoted particular attention to the credit access conditions for SME, for which a national approach could hide local problems. However, a more precise analysis on the level of each département did not bring excessively worrisome situations to light, except on Reunion Island where, as a result of the absence of one of the four major groups (1), the merged Banques Populaires and the Caisses d'Epargne will hold, through three networks (Banque de La Réunion, Caisses d'épargne and BRED), a strong position with most of the banking services available to companies, ahead of the Crédit Agricole.

### **The commitments requested of the new group with regard to Reunion Island**

To remedy the problems specifically identified on Reunion Island, the new group has committed to maintain the legal independence and management autonomy of the three aforesaid branches for a period of five years. During this time, the Autorité will carry out regular reviews of the new group's competitive positioning, so as to determine if these commitments are sufficient or if the sale of assets will be required.

(1)The Crédit Mutuel group is not present on Reunion Island.