



ADVOCACY WORKING GROUP
MARKET STUDIES PROJECT

MARKET STUDIES INFORMATION STORE

JURISDICTION:

Netherlands - Authority for Consumers and Markets (ACM)

UPDATED: DECEMBER 2015

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Netherlands – Authority for Consumers and Markets (ACM)

Sector:	Financial Services											
Market:	Competition in Dutch SME loan market	Range of Possible Outcomes										
End Date:	June 2015	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Duration:												
Source of idea for study:												
Outcome (tick relevant columns):		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the problems)?	<p>Due to the dependence of SMEs on the major banks, it is vital that the SME financing market functions properly. A lack of competition in the SME financing market can be harmful in a number of ways. It can lead to higher financing costs for SMEs, poorer service, and less innovation. It is not only SMEs that experience these adverse effects: SMEs can be forced to pass on the higher financing costs to the customers of their products or services. It is thus also important for consumers and other customers of SMEs that this market functions properly.</p> <p>There have been many changes in the SME financing market over the last few years. SMEs have been hit hard by the recent credit crisis in that banks have been providing less financing, particularly to smaller enterprises. The liquidity and capital requirements set for banks by regulatory authorities have increased significantly. A number of banks have merged or have been taken over since 2008, while others have downscaled their SME activities or discontinued them. Lastly, although the growth rate of new players and alternative forms of financing has increased in recent years, these are still limited in size. All these developments may have consequences for the degree of competition in the market.</p> <p>The availability of SME financing is the topic of a lot of research. However, very little is known about the degree of competition among banks in the SME loan market. The purpose of this study is to provide insight into the degree of competition in the SME financing market and how this has developed in recent years. This can help to identify possible impediments to competition in this market.</p>											
Link to report:	https://www.acm.nl/en/publications/publication/14681/Competition-in-Dutch-SME-loan-market/											

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Sector:	Financial Services	Range of Possible Outcomes										
Market:	The effects of financial standard products on the functioning of financial markets											
End Date:	February 2015											
Duration:	6 months											
Source of idea for study:	In its final report, the Commission on the Structure of Dutch Banks (2013) makes the recommendation that "(...) banks must be obliged to offer a standard variety of complicated financial products that have a substantial and long-term impact on households." The Dutch Ministry of Finance subsequently asked the Netherlands Authority for Consumers and Markets to carry out a study into the "(...) opportunities and risks of standard products to competition in the various financial submarkets."	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Outcome (tick relevant columns):		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the problems)?	According to various stakeholders, financial standard products may promote competition in financial markets, as well as help consumers make better choices. Standard products are products with identical features (except price) that every provider in the market is required to offer. The features of the standard product are determined by the Ministry of Finance. The Commission on the Structure of Dutch Banks and other stakeholders believe that financial standard products help promote competition in the financial markets, in having consumers make socially desirable choices, and in reducing under consumption as a result of choice overload. Partly at the request of the ministry, ACM has conducted a study into the effects of a possible introduction of financial standard products. The ministry has asked ACM to conduct a study into the opportunities and risks of standard products the functioning of financial markets. The possible presence of market failures may prevent the market from reaching a welfare optimum on its own. The presence of market failures may thus be a reason for government intervention. Without concluding anything about whether such market failures exist in the financial sector, ACM has assessed to what extent market failures are											

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	reduced by the introduction of standard products. The emphasis of ACM's study is on the market failure 'market power,' or to what extent standard products help improve competition. The study has been a theoretical analysis because the market failures have not yet sufficiently been proven in practice, and because there is not enough empirical data about the effects of introducing standard products. In order to be able to conclude anything about the likely effects, several assumptions have been made.
Link to report:	https://www.acm.nl/en/publications/publication/14046/The-effects-of-financial-standard-products-on-the-functioning-of-financial-markets/

Sector:	Communications												
Market:	Research report into effects of access regulation in the telecommunication market	Range of Possible Outcomes											
End Date:	September 2014	Competition Enforcement Consumer Enforcement Consumer Education Business Education Voluntary Business Compliance Voluntary Business Action Recommendations to Government for Changes in the Law Recommendations to Government to Change Market Structure Recommendations for Changes to Government Policy Referral to Third Parties No Problems Found	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Duration:	4 months												
Source of idea for study:													
Outcome (tick relevant columns):													
Reason for study (what were the problems)?	<p>There is an important debate in the telecom policy field around the policies that will best stimulate broadband network investment and new services development and applications. A focal point in this debate has been whether the regulation of access to dominant operator networks by competitors will provide a positive or negative effect on broadband rollout and innovative services development. The central element of access regulation is the requirement for dominant operators to provide "unbundled" local loop access to their local networks that will provide competitors with direct control over the services they provide to their customers. Incumbent/dominant operators claim that with access regulation potential competitors will avoid investment in broadband rollout. Competitors claim that access regulation reduces the most significant barrier to market entry, increases competition in the services market, allows them to climb the ladder of investment to the point where it is economical to invest in broadband rollout. Research on the experience to date has not provided a definitive conclusion on this important broadband policy debate.</p>												
Link to report:	https://www.acm.nl/en/publications/publication/13465/Research-report-into-effects-of-access-regulation-in-the-telecommunication-market/												

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Sector:	Financial Services												
Market:	Barriers to entry in the Dutch retail banking sector	Range of Possible Outcomes											
End Date:	June 2014	Competition Enforcement Consumer Enforcement Consumer Education Business Education Voluntary Business Compliance Voluntary Business Action Recommendations to Government for Changes in the Law Recommendations to Government to Change Market Structure Recommendations for Changes to Government Policy Referral to Third Parties No Problems Found	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Duration:													
Source of idea for study:	Research by DNB that revealed the market has become (even more) concentrated after the crisis.												
Outcome (tick relevant columns):			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the problems)?	<p>According to DNB, the market share of the three major banks in the Dutch banking sector exceeded 80% in 2011. Subsectors such as the mortgage market have also become more concentrated since the crisis. The combined market share of the three largest banks is very high in a number of other subsectors. As such, the three major banks had a combined share of more than 90% of the market for current accounts, as well as in the area of SME lending. While the degree of concentration of a market is not necessarily an adequate benchmark for competition, empirical studies do in general indicate a negative relationship between concentration and competition in the banking sector. The increase in concentration is partially attributable to the consolidation in the Dutch banking sector. This is caused by mergers, as well as bankruptcies of e.g. DSB and the absence of significant new entrants.</p> <p>Furthermore, the European financial market has the tendency to become increasingly fragmented. Instead of achieving a single European financial market, various foreign banks have in fact drastically scaled back their activities in the Netherlands since the start of the crisis. This phenomenon of banks pulling back to their domestic market is taking place throughout Europe. For example, European banks are increasingly investing in their domestic market rather than participating in cross-border lending.</p> <p>These changes are detrimental to the consumer</p> <p>Insufficient competition is accompanied by high prices, poor quality, limited innovation, and reduced lending to consumers and companies. Research performed by the MFS of ACM into e.g. the mortgage market has shown that the margins earned by the banks in the mortgage market have increased considerably since the crisis began. These higher margins have an adverse impact on the interest rates for consumers. There are also indirect adverse consequences ensuing from reduced competition. For example, reduced competition in SME lending can lead to higher lending rates. This impedes economic growth and innovation.</p> <p>Removal of barriers to entry desirable</p> <p>New market entrants or even the threat thereof — not only foreign market participants but also e.g. pension funds, insurers or new initiatives — can stimulate competition in the Dutch banking sector. Removing or lowering the barriers to entry makes it easier for such new entrants to become active in the Dutch banking sector. This increases the pressure on the existing market</p>												

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participants and ensures that there is more capital available to fund Dutch activities. Ultimately, this additional competition will result in lower prices, better quality, increased innovation, and more lending to consumers and firms. In addition, new entrants can also cause a decline in the systemic importance of the existing market participants, as Dutch consumers then become less dependent on the existing large market participants.

Purpose of the study

The degree of competition in the Dutch banking sector was already suboptimal before the crisis and became worse from there on. The entry of new market participants in the Dutch banking sector, or the threat thereof, can encourage competition. The importance of stimulating competition is emphasised by the Dutch House of Representatives and Cabinet. It is necessary to lower the barriers to entry as much as possible in order to encourage new market participants. Structural improvements can be effected in this manner, including creating a single European market. This ensures a robust and competitive Dutch banking sector in the long term.

In view of the above, ACM has decided to conduct this study of barriers to entry. The focus of this study is on retail banking markets in which consumers and SMEs are the buyers. Concrete recommendations are made for the significant barriers identified by ACM that can be reduced through policy.

In addition to competition, policymakers and politicians naturally also include other objectives, such as financial stability, when shaping policy for the financial industry. Ultimately, it is up to the politicians to achieve a balance between these objectives, if necessary. Here, ACM would like to emphasise that competition and stability are not necessarily mutually exclusive objectives, but can in fact reinforce each other, according to recent scientific literature. Hence, the widely-held view that there is a trade-off between competition and financial stability is not unequivocally true.

Link to report:

<https://www.acm.nl/en/publications/publication/13257/Barriers-to-entry-into-the-Dutch-retail-banking-sector/>

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Sector:	E-Commerce										
Market:	Indications concerning web retailing	Range of Possible Outcomes									
End Date:	June 2009	Competition Enforcement Consumer Enforcement Consumer Education Business Education Voluntary Business Compliance Voluntary Business Action Recommendations to Government for Changes in the Law Recommendations to Government to Change Market Structure Recommendations for Changes to Government Policy Referral to Third Parties No Problems Found	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Duration:	9 months										
Source of idea for study:	Media reports, indications and tip-offs										
Outcome (tick relevant columns):			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the problems)?	<p>Reason for study On February 26th, 2008 , the Netherlands Competition Authority (NMa) publicly called for retailers to report any competition-law problems they have encountered with regard to selling their products/services online (hereafter: web retailing). This public call was made in response to various media reports about suppliers allegedly treating web retailers differently than traditional retailers.</p> <p>Conclusion: Despite the NMa's call to support the indications with as many documents as possible, such as letters or emails, the majority of these indications lacked such evidential support, as did an overwhelming majority of the reactions to the NMa's questionnaire. In the few cases where documents had been included, the information that these documents contained was too limited to trigger any further investigation into a specific industry, because, for example, they did not relate to any competition-law violations.</p> <p>Study relates to the discussion on the assessment of vertical agreements</p>										
Link to report:	https://www.acm.nl/nl/download/bijlage/?id=7800										

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Sector:	Insurance										
Market:	Auto repair insurance	Range of Possible Outcomes									
End Date:	April 2009	Competition Enforcement Consumer Enforcement Consumer Education Business Education Voluntary Business Compliance Voluntary Business Action Recommendations to Government for Changes in the Law Recommendations to Government to Change Market Structure Recommendations for Changes to Government Policy Referral to Third Parties No Problems Found	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Duration:	9 months										
Source of idea for study:	Complaints by consumers and auto (glass) repair shops about the behaviour of auto(glass)insurance companies.										
Outcome (tick relevant columns):											
Reason for study (what were the problems)?	NMA had received a substantial number of reports on the anti-competitive role that insurance companies allegedly played on the auto repair market.										
Link to report:	https://www.acm.nl/nl/download/bijlage/?id=7799										

Sector:	Water Utilities										
Market:	Industrial Water	Range of Possible Outcomes									
End Date:	March 2009	Competition Enforcement Consumer Enforcement Consumer Education Business Education Voluntary Business Compliance Voluntary Business Action Recommendations to Government for Changes in the Law Recommendations to Government to Change Market Structure Recommendations for Changes to Government Policy Referral to Third Parties No Problems Found	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Duration:	6 months										
Source of idea for study:	Merger case – second phase										
Outcome (tick relevant columns):											
Reason for study (what were the problems)?	This market analysis is the result of the investigating of the creation of the proposed joint venture of Evilim Industriewater BV (Evilim) by Dutch water companies Evides Industriewater BV (Evides Industriewater) and NV Waterleiding Maatschappij Limburg (WML), which was a second phase merger. The market study provides a general overview of how the industrial water industry functions as a market.										
Link to report:	https://www.acm.nl/nl/download/bijlage/?id=7737										