

# Bulgarian Competition Authority Investigates the Banking Market

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The Bulgarian Commission for Protection of Competition (CPC) has launched a sector inquiry into the banking services market following their decision of 1 March 2018. The decision was triggered following a conducted overview of the current interest rates, fees and commissions published on the websites of the banks – members of the Association of Banks in Bulgaria, and applied thereby in the provision of services to clients. Over the years, the CPC has already investigated and analysed the Bulgarian bank market. However, the last analysis was performed almost 10 years ago in 2008.

Given the considerable significant public interest in the bank sector, the CPC has decided to conduct a new wide-ranging survey in the sector for the period 2015 – 2017, in order to obtain more detailed information on the current processes and to attempt to identify possible additional measures to contribute to the proper and effective functioning of the competitive market environment.

Sector inquiries will be aimed at gathering and analysing large volumes of market information from as many market participants and interested parties as possible. The Commission shall further examine whether any barriers exist for customers to switch between banks for a specific service or whether there is any tying/bundling.

It is expected that the CPC will approach market participants with specific requests for information, which should be carefully addressed.

As part of its inquiry, the CPC typically determines the relevant markets and examines their specifications and structures, barriers to entry, market participants, the degree of market concentration, sector dynamics, regulations, self-regulations, and uses this information to draw conclusions on the state of the competitive environment. Also, depending on its findings and whether they raise certain competition law flags, the CPC may initiate individual procedures against separate market participants. In these procedures, the CPC usually investigates possible prohibited agreements, practices, abuse of dominance or other market behaviours which may contradict competition regulation.

The importance of a sector inquiry should not be underestimated due to the possible financial implications for businesses in the case that an individual proceeding is initiated as a consequence of such inquiry. The sanctions imposed by the CPC are up to 10% of the total turnover of the last financial year.