

Future of Banking: Archived article on mergers and acquisitions in EU - 1998. The process of consolidation of companies continued in a frenzy for the following decade.

Merger fever is hitting Europe. In November 1998 alone mergers and acquisitions reached a new record of \$58.5 billion of which \$38.5 billion was from operations exceeding \$1 billion, according to a survey by JP Morgan Securities.

Banking, oil industry, retail, telecommunications are just a few areas of intense activity. But merger announcements no longer dazzle investors who worry now about "soft issues" such as desertion by demoralised senior executives, walking away with vital knowledge of systems and customers.

When Wells Fargo and First Interstate Bank merged in 1996 there were major problems. Wells Fargo tried imposing its virtual banking culture and failed, with the drive to electronic banking at shopping centres and Internet access. At the same time they sacked 75% of FIB's senior managers, and with them went data about how to operate IT systems. As a result records were lost, ATMs were slow, and tens of thousands of account holders defected to competitors. The weakened Wells Fargo then quickly fell into a takeover by Norwest of Minneapolis.

Mergers raise many complex issues. Merging often fails because managers see organisations as structures instead of tribes. For more on this see [Futurewise](#).

### **Other recent significant banking mergers:**

- Keycorp and Society Corp (1995)
- Bank of Boston and Shawmut National (1995)
- Chase Manhattan and Chemical Banking (1996)
- Mitsubishi Bank and Bank of Tokyo (1996)
- Union Bank of Switzerland and Swiss Bank Corp (1997)
- Banc One and First Chicago NBD (1998)

New mergers, joint ventures and acquisitions in Europe are reviewed by the European Commission which has a month to approve them or start a four month investigation. Here is a list for the first part of November alone to give an indication of the volume of proposals.

Companies under one month EU review: (11/98), , - French electricity giant Electricite de

France's (EdF) acquisition of London Electricity Plc (Notified Dec 4), - Plans by Newell Co , consumer goods from pencils to cookware, to buy Rubbermaid Inc , which makes plastic products, including home storage containers, toys and infant products (Notified Dec 3), , - Joint venture between Deutsche Lufthansa AG's airport services unit and Menzies Transport Services Ltd, subsidiary of John Menzies Plc , to handle passenger and cargo services at Britain's northern Manchester airport (Notified Dec 2), , - Akzo Nobel Coatings BV, a unit of Akzo Nobel NB , and Glaverbel NV's 100-percent subsidiary Glaverfin BV to take a 24-percent stake each in Eijkelkamp Beheer BV, a company that distributes flat glass and paints currently owned by the Eijkelkamp family of the Netherlands (Notified Dec 2), , - British controls and automation group Siebe Plc to buy rival engineering company BTR Plc (Notified Dec 2), , - French carmaker PSA Peugeot Citroen to buy a 50-percent stake held by General Electric Capital in their Credipar joint venture, active in credit and leasing for cars sold through the Peugeot/Citroen network (Notified Dec 1), , - Re-acquisition by Philips Electronics NV of assets contributed to a telephone equipment joint venture with Lucent Technologies which the two partners have decided to terminate (Notified Nov 25), , - Swedish joint venture between Kuwait Petroleum Europe BV, a unit of state-owned Kuwait Petroleum Corp, and Sweden's OK oil cooperative (Notified Nov 23), , - Banque Nationale de Paris and Dresdner Bank AG to form an Austria-based firm to handle their activities in eastern Europe (Notified Nov 20), , - Ford Motor Co and German auto parts maker ZF Friedrichshafen AG to form a joint venture to make continuously variable automatic transmissions (Notified Nov 20), , - SAirGroup , Westdeutsche Landesbank , asset management firms VC Vermoegens and BECO Vermoegens and several individuals to share control of German airline and tour operator LTU Group (Notified Nov 20), , - Dutch farm machinery maker New Holland NV , a unit of Italian car producer Fiat SpA , to buy a 75 percent stake in construction machinery company Orenstein & Koppel AG from Germany's Krupp group (Notified Nov 20)., , - British malt producer Hugh Baird & Sons Ltd and brewer Scottish & Newcastle Plc to transfer their malting and grain merchandising business to a new joint venture, Bairds Malt Ltd. Hugh Baird is controlled by ConAgra Inc and Tiger Oats Ltd (Notified Nov 19), , - Symbian joint venture between Motorola , Ericsson , Nokia and Psion to design, market and support software platforms, applications and development tools for the next generation of mobile phones (Notified Nov 20), , - Joint venture between the British subsidiary of France's Thomson-CSF and British engineering firm Lucas Varity Plc to develop automotive radar sensors for car cruise control and collision avoidance systems (Notified Nov 3; declared incomplete Nov 13; completed Nov 19), , - Kingfisher Plc to buy French do-it-yourself home improvements retailer Castorama Dubois Investissements SCA (Notified Nov 16), , - STET International Netherlands, controlled by Telecom Italia SpA , to take a stake in state-owned Telekom Austria AG. Telecom Italia also has a stake in Telekom Austria's mobile phone subsidiary Mobilkom (Notified Nov 13), , - ABB Transportation Participations BV, which is part of Swiss-Swedish engineering firm ABB , to buy Finmeccanica's 53-percent stake in Elsag Bailey Process Automation NV and launch a public bid for all remaining shares in the Dutch-based firm (Notified Nov 3 - extended two weeks - deadline Dec 16),

DETAILED REVIEWS IN PROGRESS, , - Joint venture between AT&T Corp and British Telecommunications Plc to provide global network facilities and communication services (Full probe started Dec 4), , - Merger between Danish meat processing cooperatives Slagteriselskabet Danish Crown AmbA and Vestjyske Slagterier AmbA (Notified Oct 5) (Full probe started Nov 6), , - German food retailer Rewe Internationale to buy Austrian upmarket

grocery chain Julius Meinl AG (Full probe started Sept 29),