

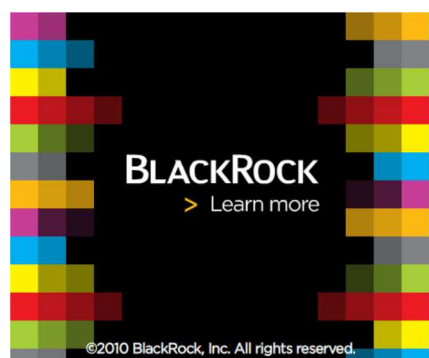
Acquisition plans given the AXA

3 May 2010 | by Mike Taylor



The **Australian Competition and Consumer Commission's** (ACCC's) decision to block **National Australia Bank's** (NAB's) acquisition of **AXA** Asia Pacific was born of one thing – a more detailed understanding of the financial services industry and the central role played by platforms.

What few people would have known is that the ACCC's gaining of a greater understanding was not an epiphany – it was the product of some intense canvassing of a number of key players in the financial services industry, including interviews with a number of chief executive officers.



Allied to those discussions was the fact that the competition regulator also obtained the research findings of companies intimately familiar with the Australian platform industry such as Wealth Insights and **Investment Trends**.

It appears that while the Wealth Insights and Investment Trends data delivered the ACCC personnel a broad outline of the evolution and workings of the platform industry, their interviews with the chief executives helped to fill in the gaps.

Thus, while a number of daily newspaper commentators and columnists dutifully pronounced that NAB's acquisition of AXA Asia Pacific was a foregone conclusion, there were those in the industry who believed it might well be vetoed by the ACCC or, at the very least, be subject to some strict caveats.

As the dust settles on the ACCC's decision and NAB contemplates its options, the banking group's chief executive, Cameron Clyne, has every right to believe his company has been subject to the regulatory equivalent of a rugby referee's 'square up' – the euphemism for a referee who, believing they previously got something wrong, delivers a second, different, decision to balance the ledger.

In the case of the ACCC's veto of the AXA Asia Pacific acquisition, there are many in the financial services industry who believe it represented a 'square up' for the ACCC's decision to approve **Westpac's** merger with **St George**.

According to data collected by Wealth Insights, the merger of Westpac with St George had a far more fundamental impact on narrowing the ownership of Australian platforms than would have been the case if NAB had gained control of AXA Asia Pacific.

Wealth Insights managing director Vanessa McMahon earlier this year told *Money Management* the merger had been "inspired" because it delivered control of one of the leading platforms for "non-aligned" planners in the form of **BT** along with a platform for "aligned" planners in the form of Asgard.

"It may not have been obvious to everyone at the time but it proved to be very clever because it has had the effect of delivering the Westpac Group control (of more than) one-quarter of the primary market," she said.

While the ACCC has based its veto of the NAB bid for AXA Asia Pacific on the question of control of wraps, its analysis with respect to the Westpac/St George merger made only passing reference to platforms and was far more focused on planner numbers.

One of the conclusions to be drawn from comparing the two analyses is that, nearly three years' after the event, ACCC personnel held a deeper understanding of the financial services industry.

No doubt recognising this would be an industry perception, the ACCC made clear that its decision was not based on the ownership of platforms per se but on the narrower issue of the ownership and control of wraps.

ACCC chairman Graeme Samuel sought to place his organisation's decision into a context far removed from suggestions of a 'square up' or notions of complying with a broader political agenda.

"At the heart of the ACCC's decisions are concerns about innovation and, as a consequence, future rigorous and effective competition between retail investment platforms," his initial statement said.

He said the ACCC had extensively investigated both the **AMP** bid for AXA Asia Pacific and that of NAB over the past four months and had "received information from a wide range of sources, including fund managers, financial advisers and other market

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