

COFECE sanctioned *Dun & Bradstreet* for refusal to deal in the market for credit information belonging to legal entities and individuals carrying out business activity

- *The fine totals 27.4 million pesos.*
- *Dun & Bradstreet abused its market power when refusing to exchange its primary data base with Círculo de Crédito.*

Mexico City, February 25, 2019.- The Federal Economic Competition Commission's (COFECE or Commission) Board of Commissioners sanctioned *Dun & Bradstreet, S.A., Sociedad de Información Crediticia (Dun & Bradstreet)* with a fine of 27.4 million pesos for refusal to deal, an anticompetitive conduct, in the national market for the collection and processing of credit information belonging to legal entities (companies or corporations) and individuals carrying out business activity.

Credit Information Companies (CIC) or Credit Bureaus are organizations that collect information pertaining to the credit history of individuals and legal entities (companies or corporations) generated by lending institutions (banks, commercial enterprises, public institutions, etcetera). The system operates in the following manner: when an entity (legal entity or individual) takes out a loan with a public or private institution, information regarding their behavior and the terms of the loan is generated. The lenders generate information on the fulfillment of the loan's payment conditions and provide said information to the CICs (generally only to those they are affiliated). The CICs collect and process the information into information credit products, among which are Credit Reports, which may be sold to lenders (or users) that may be used to make better decisions on whom to grant credit and under which conditions.

Three CICs operate in Mexico: *Trans Union de México (Trans Union)*, *Dun & Bradstreet* and *Círculo de Crédito*. The first two belong to the same economic interest group (*Buró de Crédito* or *Credit Bureau*). *Trans Union* and *Círculo de Crédito* operate in the market for individual's credit information, and *Dun & Bradstreet* and *Círculo de Crédito* in the market for legal entities. CICs are asymmetrical when it comes to the volume of information each holds, especially in the legal entity segment, in which *Dun & Bradstreet* hold 15 times more credit applicants than *Círculo de Crédito*.



In 2015, COFECE's Investigative Authority initiated an ex-officio investigation (file: IO-001-2015) for the possible commission of relative monopolistic practices (abuse of dominance or vertical restraints) in the market for credit information, which concluded in August 2017 with a Statement of Probable Responsibility with the indictment of two anticompetitive practices: price discrimination and refusal to deal, allegedly carried out by *Trans Union* and *Dun & Bradstreet*, respectively.

As lenders are usually affiliated to only one CIC and provide said company with information, each has a different data base. For lenders to have the full credit history of their current and potential customers, which is contained in the totality of all CIC data bases, the *Law to Regulate Credit Information Systems (Ley para Regular los Sistemas de Información Crediticia* or LRSIC) compels companies to share the information they collect among each other. In the case of information exchange among CICs that handle national credit information of legal entities and individuals with commercial activity, the Board of Commissioners determined that *Dun & Bradstreet* abused their market power by refusing to exchange their primary data base with *Círculo de Crédito*. As such, access by said CIC to the market for the collection and processing of credit information as well as the commercialization of credit information products of legal entities and individuals with commercial activity was hindered. Therefore, the Board of Commissioners fined *Dun & Bradstreet* 27.4 million pesos.

Regarding possible price discrimination in the market for individual's credit information, according to the investigation, this would have consisted in the setting of diverse prices for the users that purchase individual's credit reports (banks, commercial enterprises, public institutions, etcetera), that find themselves under similar conditions, with the purpose and effect of granting exclusive advantages to the shareholder-users at *Trans Union (Banamex, BBVA Bancomer, Banorte, HSBC México, Santander and Scotiabank Inverlat)*.

COFECE's Board of Commissioners determined this conduct was not demonstrated, having analyzed the evidence and the statements of said economic agent, the individuals notified of the statement of probable responsibility for their possible participation in this practice in representation of *Trans Union* and the aforementioned banks.

Once the parties are notified of the resolution, the Federal Law on Economic Competition grants the sanctioned economic agents the right to go before the Federal Judiciary to review the legality of COFECE's actions.

See in Spanish: what is a relative monopolistic practice?



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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. This contributes to people’s well-being and the efficient functioning of markets. With its work, COFECE seeks better conditions for consumers, more services of higher quality and a “level playing field” for companies.

