

Industries | Finance

BNP Paribas, Axa Said to Mull €1.4 Trillion Asset Manager JV

- French firms consider combining units in joint venture
- Hunt for scale is heating up in asset management industry

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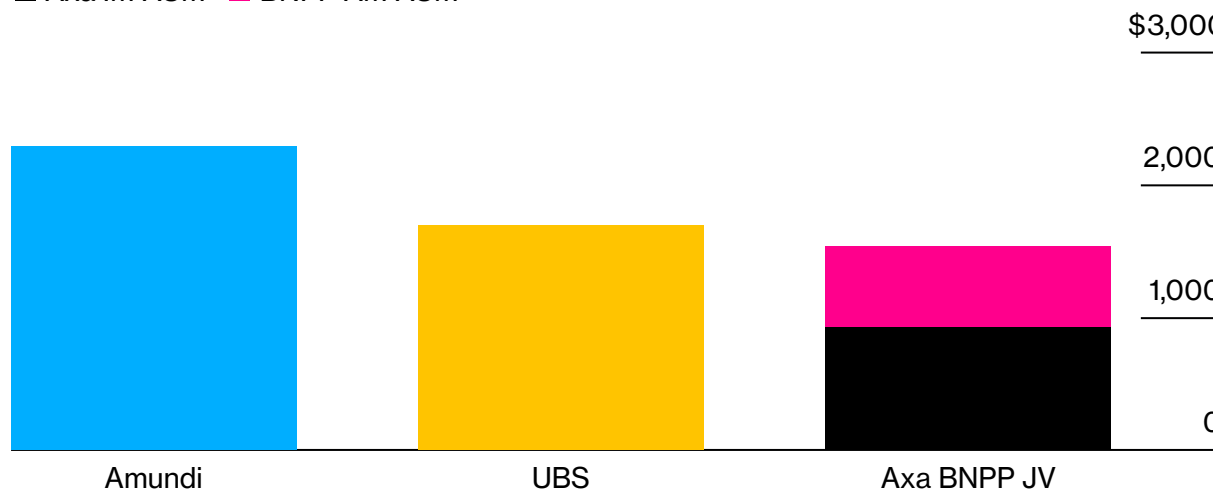
Axa SA is studying options for its investment manager and has been contemplating a combination with BNP Paribas SA’s asset manager, a joint venture that would have total assets under management of about €1.4 trillion (\$1.5 trillion).

Discussions between the firms have focused on creating a joint venture between Axa Investment Managers and BNP Paribas Asset Management, according to people familiar with the matter, who asked not to be identified because the talks are private. Such a move would create one of the largest European firms by AUM.

BNP Paribas, Axa JV Would Be One of Europe's Largest Asset Managers

The possible combination would have assets under management of \$1.5 trillion

■ Axa IM AUM ■ BNPP AM AUM



Source: Company filings
Note: Data as of end March 2024

Deliberations are ongoing and there’s no certainty the talks will lead to a transaction, they added. Any deal would be a rare example of an insurer

and bank combining their asset managers. Axa has also evaluated the possibility of combining the business with the asset management arms of other French rivals, one of the people said.

BNP Paribas and Axa shares were up more than 2% as of 1:06 p.m. in Paris. Representatives for Axa and BNP Paribas declined to comment.

Asset managers across the globe are looking to consolidate, with the operations of many banks and insurers seen as too small. In Europe, firms such as France's Amundi SA – Europe's largest asset manager with \$2.3 trillion under management – have been buying rivals to increase their scale, which ultimately determines the management fee income of those firms. In 2021, Goldman Sachs Group Inc. agreed to buy the asset-management arm of Dutch insurer NN Group NV

Others have expanded into new areas by acquiring money managers with assets and strategies those firms don't have.

Axa Investment Managers had €859 billion of assets under management at the end of March while BNP Paribas Asset Management had €562 billion, according to its website.



Thomas Buberl *Photographer: Jeenah Moon/Bloomberg*

The most active area is private markets with many mid-sized firms exploring options and big asset managers such as BlackRock Inc. expanding in the area.

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Axa Chief Executive Officer Thomas Buberl has shifted the insurer's focus from life insurance to property and casualty and health insurance so Axa becomes less sensitive to market risks. The insurer's asset management business manages Axa's premium income which is mainly invested in the fixed income market.

BNP Paribas is seen as open to deals to deploy some of its excess cash accumulated from the sale of its US retail business as the prospect of lower interest rates encourage banks to diversify their income streams.

The issue of control is likely to be key in any discussions. Deutsche Bank AG's asset management arm was said to hold preliminary talks in 2019 about teaming up with firms including UBS Group AG, Axa and Amundi. DWS Group didn't explore scenarios where Deutsche Bank would lose control over the unit, the people said.

(Updates with 2021 deal in fifth paragraph.)

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