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**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2016/09/JB/09

**Decision¹ of the Twenty Sixth Meeting of the Committee Responsible for
Initial Determination Regarding the Proposed Acquisition of Emerging
Markets Payments Holdings (Mauritius) Limited by Network International**

ECONOMIC SECTOR: Finance

30th September 2016 – Johannesburg, South Africa

¹ In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 13 June 2016, the COMESA Competition Commission (hereafter referred to as "the Commission") received a notification regarding the acquisition of Emerging Markets Payments Holdings (Mauritius) Limited (hereinafter referred to as "EMP") by Network International LLC (hereinafter referred to "NI").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction is likely to have the effect of substantially preventing or lessening competition; or would be contrary to public interest in the Common Market.
3. The Committee responsible for Initial Determination (hereinafter referred to as "the CID") established that the Commission has jurisdiction on the transaction because it has a regional dimension in accordance with Article 23 of the Regulations.

The Parties

Network International LLC

4. NI is a limited liability company incorporated in the Emirate of Dubai, United Arab Emirates ("UAE"). NI is an electronic payment services provider, providing a range of services including third-party card issuing and processing, ATM management and monitoring. In addition, NI provides technical and operational services to issuers of credit cards, charge cards, debit cards and other means of payment and related commercial and financial transactions. NI is active across the Middle East and Africa, with operation centres in, inter alia, the UAE and Egypt. NI provides payment solutions to a variety of industries including banks, financial institutions and retail merchants, as well as government, telecoms, and transport markets.

Emerging Markets Payments Holdings (Mauritius) Limited

5. EMP is a limited liability company incorporated in accordance with the laws of Mauritius. EMP is controlled by Actis EMPH Ltd ("Actis EMPH"). Actis EMPH is a limited liability company incorporated in accordance with the laws of Mauritius. Actis EMPH is wholly controlled by funds managed by Actis LLP, a limited liability partnership incorporated in accordance with the laws of England and Wales.
6. EMP is a payment solutions provider in Africa and the Middle East and provides a range of electronic payment services, which include all mechanisms by which consumers pay for their consumption, including acquiring and processing, ATM services, cheques, point of sale terminals, electronic transfers and e-commerce.
7. EMP services a range of card schemes, including Visa, MasterCard, American Express, Diners Club and UnionPay, and can address payment channels including card, mobile and internet. EMP provides its services to various industries, including: banks, financial institutions and retail merchants. EMP services approximately 130 banks, 35,000 retailers, governments and consumer finance institutions in 45 countries across the Middle East and Africa.

Nature of the Transaction

8. NI acquired 100% of the share capital of EMP from the Sellers (the "Transaction"), in accordance with the Sales and Purchase Agreement, which was signed by the Sellers and NI on 1 March 2016. The Transaction was closed and completed on 12 May 2016, resulting in NI having sole control of EMP.

Competition Analysis

9. The CID defined the relevant markets as the provision of payment solutions services to:

- acquirers;
- issuers; and
- retail merchants

in the following Member States: DRC, Egypt, Kenya, Malawi, Uganda, Zambia and Zimbabwe.

10. The CID established that the same market concentration (CR3) will remain post-merger as the parties are not among the top three players in the relevant markets. The CID observed that the relevant markets are highly contested. In view of this, the CID established that the merger is unlikely to affect the pattern of trade and structure of the relevant market. This is because it is not foreseeable with sufficient degree of probability that it will frustrate competition in the Common Market or negatively affect trade between Member States.

Determination

11. The CID determined that the merger is not likely to substantially prevent or lessen the degree of competition in the Common Market and is not likely to negatively affect trade between Member States. The CID approved the transaction.
12. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 30th day of September, 2016.



Commissioner Matthews Chikankheni (Chairperson)



Commissioner Thabisile Langa (Member)



Commissioner Chilufya Sampa (Member)