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**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2017/09/LV/02

**Decision¹ of the Thirty Fifth Committee Responsible for Initial
Determination on the Application for Authorisation of the
Acquisition of Afcarme Zimbabwe Holdings (Pvt) Limited by First
Merchant Bank Capital Holdings Plc**

ECONOMIC SECTOR: Banking and Financial Services

30th September 2017

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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 Where possible the information omitted has been replaced by ranges of figures or a general description.

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Information and Relevant Background

1. On 21st April, 2017, the COMESA Competition Commission (hereinafter referred to as “the Commission”) received an application for authorisation of a merger between FMB Capital Holdings PLC (hereinafter referred to as “FMB”), and Afcarme Zimbabwe Holdings (Pvt) Limited (hereinafter referred to as “Afcarme”).
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (hereinafter referred to as the “Regulations”). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or 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 parties operate in more than one COMESA Member State. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

The Parties

FMB

4. FMB is a newly formed holding company incorporated in Mauritius for purposes of this transaction and will be the holding company for all entities under the First Merchant Bank group of Malawi. The Group offers a wide range of financial services across Malawi and Zambia in the Common Market, which include deposit accounts, loans and advances.

Afcarme

5. The parties submitted that the target undertaking is Afcarme, a private company limited by shares, incorporated in Zimbabwe. Afcarme is wholly owned by Barclays Bank PLC. The parties have further submitted that Afcarme is merely a holding entity for the shares held in Barclays Bank Zimbabwe (BBZ), a public company listed on the Zimbabwean Stock Exchange. BBZ is a commercial bank with its headquarters in Harare, Zimbabwe. BBZ offers a wide range of financial services including business banking, corporate banking and retail banking. Afcarme does not have any interest in any other company.

Nature of the Transaction

6. The transaction entails FMB acquiring an indirect controlling shareholding of 52.68% in BBZ by acquiring 100% shareholding in Afcarme.

Competition Analysis

7. The CID defined the relevant market as the provision of:

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- Retail Banking;
- Corporate Banking
- Insurance products to retail customers in Zimbabwe

8. The CID observed that in the Common Market, the merging parties' activities only overlap in Zimbabwe. Further, the merging parties' combined market shares are not significant to result in a substantial lessening of competition.

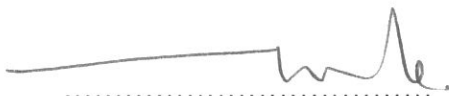
Determination

9. The CID determined that the merger is not likely to have an appreciable effect on competition in the Common Market and would not negatively affect trade between Member States. The CID therefore approved the transaction without conditions.
10. This decision is adopted in accordance with Article 26 of the Regulations.

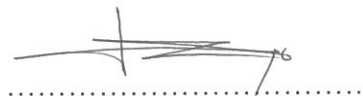
Dated this 30th of September 2017



Commissioner Thabisile Langa (Chairperson)



Commissioner Patrick Okilangole
(Member)



Commissioner Chilufya Sampa
(Member)