



COMESA Competition Commission
Kang'ombe House, 5th Floor
P.O. Box 30742
Lilongwe 3, Malawi
Tel: +265 1 772 466
Email- compcom@comesacompetition.org



**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/06/19/2023

**Decision¹ of the 103rd Meeting of the Committee Responsible
for Initial Determinations Regarding the Proposed Merger
Involving BCP VI Neptune Bidco Holdings Limited and
Network International Holdings Plc**

ECONOMIC SECTOR: Banking and Financial Services



13 December 2023

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

The Committee Responsible for Initial Determinations,

Cognisant of Article 55 of the Treaty establishing the Common Market for Eastern and Southern Africa (the “**COMESA Treaty**”);

Having regard to the COMESA Competition Regulations of 2004 (the “**Regulations**”), and in particular Part 4 thereof;

Mindful of the COMESA Competition Rules of 2004, as amended by the COMESA Competition [Amendment] Rules, 2014 (the “**Rules**”);

Conscious of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation of 2015;

Recalling the overriding need to establish a Common Market;

Recognising that anti-competitive mergers may constitute an obstacle to the achievement of economic growth, trade liberalization and economic efficiency in the COMESA Member States;

Considering that the continued growth in regionalization of business activities correspondingly increases the likelihood that anti-competitive mergers in one Member State may adversely affect competition in another Member State,

Desirability of the overriding COMESA Treaty objective of strengthening and achieving convergence of COMESA Member States’ economies through the attainment of full market integration,

Having regard to the COMESA Merger Assessment Guidelines of 2014,

Determines as follows:

Introduction and Relevant Background

1. On 17 August 2023, the COMESA Competition Commission (the “**Commission**”) received a notification regarding the proposed merger involving BCP VI Neptune Bidco Holdings Limited (“**Bidco**”) and Network International Holdings Plc (“**Network**”), pursuant to Article 24(1) of the Regulations.
2. Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the 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. Pursuant to Article 13(4) of the Regulations, there is established a Committee Responsible for Initial Determinations, referred to as the CID. The decision of the CID is set out below.

The Parties

Bidco

4. Bidco is a newly formed company, established for the purpose of the proposed transaction. Bidco is indirectly owned by Brookfield Business Partners together with private equity funds advised or managed by affiliates of Brookfield Asset Management Limited, and is ultimately controlled by Brookfield Corporation (formerly, Brookfield Asset Management Inc.) ("**Brookfield**"). Brookfield is a global alternative asset manager headquartered in Toronto, Canada that offers a range of public and private investment products and services and is co-listed on the New York and Toronto stock exchanges. Brookfield has joint control over Oaktree Capital Group LLC whose investment focus is on corporate credit, private equity, real assets and listed equities². Brookfield and all the firms controlled by it are referred to as the "**Acquiring Group**". The activities of the Acquiring Group offered in the Common Market include: construction services; scaffolding and related services to industrial and commercial markets; manufacturing of running gear; provision of other components for trailers, recreational vehicles and towable equipment manufacturers; and investment holding company activities.
5. Within the Common Market, the Acquiring Group operates in Burundi, Democratic Republic of Congo ("DRC"), Djibouti, Egypt, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

Network

6. Network is a provider of payment solutions in the Middle East and Africa. It is a public limited company registered in England and Wales, with its shares traded on the London Stock Exchange's main market. Within the Common Market, Network operates in Burundi, Djibouti, Democratic Republic of Congo ("**DRC**"), Egypt, Eswatini, Libya, Kenya, Malawi, Mauritius, Rwanda, Somalia, Sudan, Uganda, Zambia and Zimbabwe.

Jurisdiction of the Commission

7. Article 24(1) of the Regulations requires 'notifiable mergers' to be notified to the Commission. Rule 4 of the Rules on the Determination of Merger Notification

² See <https://www.oaktreecapital.com/>

Thresholds and Method of Calculation (the “**Merger Notification Thresholds Rules**”) provides that:

Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the target firm, operate in two or more Member States, shall be notifiable if:

- a) *the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds USD 50 million; and*
- b) *the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds USD 10 million, unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State.*

8. The undertakings concerned have operations in two or more Member States. The merging parties hold a combined turnover in excess of the threshold of USD 50 million in the Common Market. In addition, the parties do not hold more than two-thirds of their respective aggregate COMESA-wide turnover within one and the same Member State. The notified transaction is therefore notifiable to the Commission within the meaning of Article 23(5)(a) of the Regulations.

Details of the Merger

9. The proposed transaction entails Bidco acquiring the entire issued and to be issued share capital of Network.

COMPETITION ASSESSMENT

Consideration of the Relevant Markets

Relevant Product Market

10. The Acquiring Group is a global alternative asset manager with an investment focus on renewable power and transition, infrastructure, private equity, real estate, credit and insurance. In the Common Market, the Acquiring Group through its controlled entities is active in construction services; manufacturing of running gear; provision of components for trailers and recreational vehicles; and the manufacturing of towable equipment. Further, it provides commercial scaffolding and related services to industrial and commercial markets and operates as an investment holding company. The Acquiring Group also has a [REDACTED]

digital payments entity incorporated in Egypt, namely [REDACTED]

11. The target provides payment processing services to its customers across two segments, namely merchant services and outsourced payment services.
12. The CID observed that there is no horizontal overlap likely to result from the transaction since the merging parties do not provide similar services. CID noted that although the Acquiring Group has a digital payments entity registered in Egypt, this is not likely to affect the market since the entity is non-operational.
13. The CID limited its relevant product market assessment to the activities of the target undertaking as it is more likely that any competitive effects from the transaction would manifest in this area.

Merchant services

14. Merchant services entail services and solutions that allow merchants to accept digital payments from consumers through credit or debit card processing, payment gateways, QR-codes and mobile payments. The services facilitate electronic transactions between customers and businesses³. Once a customer initiates payment with a merchant, a merchant service provider verifies the transaction details to ensure the availability of funds, and thereafter securely transfers the funds between the customer's account and the business's bank account. In this respect, the merchant service provider act as a bridge between the customer and merchant thus ensuring that the merchant gets their payment once a customer initiates a transaction.

Outsourced payment services

15. Outsourced payment services are payment solutions offered by third parties to financial institutions (i.e., banks) to facilitate a cost-effective provision of payment services. These include debit/credit card processing such as card issuance and management. As a cost cutting measure, financial institutions outsource payment services to payment services providers so that they focus on their core services as a financial institution.
16. The CID considered that merchant services and outsourced payment services are distinct services on account of the characteristics and the intended beneficiaries. Merchant services are intended for businesses, and they facilitate the receipt of payments from a customer to a merchant. To the contrary, outsourced payment

³ <https://stripe.com/resources/more/payment-processor-vs-merchant-acquirer>

services are intended for financial institutions and entail a third party providing this service as opposed to the financial institution.

17. In view of the above, the CID considered relevant markets as the
 - i. *provision of merchant services; and*
 - ii. *provision of outsourced payment services.*

Relevant Geographical Market

18. The CID observed that payment services are provided through various digital platforms and over the internet. Competition in these markets is likely to take place on a cross-border basis since the providers operate beyond national markets. Customers are equally more likely to easily access the services beyond their national borders. For instance, the CID observed that the Target has customers in [REDACTED] and offers its services through its registered entities in these countries while at the same time customers in [REDACTED] access the services from the Target's entities operating from outside these markets. Merchant service providers tend to have payment solutions which allow customers to process payments without the limitation of national borders, for instance, using Visa or Mastercard, allowing the purchase of goods or services on cross-border level.
19. From a supply perspective, merchant service providers and outsourced payment service providers are not likely to be limited by geographic boundaries to provide their services since these services can be provided upon the acquisition of the necessary software and gadgets. Once these gadgets and software are supplied to the merchants or financial institutions the providers should be able to monitor their performance remotely. The CID observed that while there may be a need for routine maintenance of the gadgets, this is not likely to limit the providers from operating on a cross border level. This supposition is supported by the fact that the Target is not physically present in all the Member States that it operates.
20. From a demand perspective, clients benefit from merchant services and outsourced payment services without geographic limitations. For example, merchants can receive payments from clients using mobile money or internet platforms even where customers are transacting from locations outside their country of residence.
21. The CID considered that given the proposed transaction does not raise any horizontal overlaps, the geographic scope of the relevant product markets can be

left open as any alternative geographic scope is not likely to alter the competitive assessment of the transaction.

Conclusion on Relevant Markets

22. Based on the foregoing assessment, and without prejudice to future approach in similar future cases, the CID identified the relevant markets as the provision of:
- i. merchant services in a geographic market which is at least national; and*
 - ii. outsourced payment services in a geographic market which is at least national.*

Market Shares and Concentration

23. The CID considered that the structure of the relevant markets will not be affected because of the proposed transaction given that there will be no accretion of market shares, post-merger.
24. The CID further considered that the relevant markets will remain competitive post-merger given the presence of other operators in the relevant markets. Therefore, the CID concluded that competition concerns are not likely to arise as a result of this merger transaction.

Consideration of Third-Party Views

25. The CID considered submissions from the national competition authorities of Egypt, Kenya, Malawi, Mauritius, and Zimbabwe which did not raise any concerns in relation to the transaction, which submissions are consistent with the CID's findings, as discussed above.

Determination

26. Based on the circumstances of the case and having regard to the foregoing assessment, the CID determined that the merger is not likely to substantially prevent or lessen competition in the Common Market or a substantial part of it, nor be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States. The CID, therefore, approved this transaction.

27. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 13th day of December 2023

Commissioner Dr Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma Commissioner Islam Tagelsir Ahmed Alhasan

