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Common Market for Eastern and Southern Africa

Case File No. CCC/MER/02/09/2024

Decision[1] of the 106th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Acquisition of initially 69.67% and up to 80.89% of the issued shares in Finance Trust Bank Limited by Access Bank Plc

ECONOMIC SECTOR: Banking and Financial Services

COMESA COMPETITION COMMISSION
04 MAY 2024

04 May 2024

[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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 5 March 2024, the COMESA Competition Commission (the "**Commission**") received a notification for approval of a merger involving Access Bank PLC ("**Access Bank**" or the "**Acquirer**") and Finance Trust Bank Limited ("**FTB**" or the "**Target**"), 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.

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The Parties

Access Bank (the Acquiring undertaking)

4. The parties submitted that Access Bank was incorporated in Nigeria as a private limited liability company on 8 February 1989 and was issued with a universal banking license by the Central Bank of Nigeria on 5 February 2001. The acquirer is a full-service commercial bank that provides a wide range of banking services such as deposit services, lending services and payment services to individuals, businesses, and other entities.

5. The parties submitted that as part of its continued growth strategy, Access Bank is focused on mainstreaming sustainable business practices into its operations. The parties submitted that Access Bank operates a network of more than 700 branches and service outlets spanning 3 continents, 20 countries and has over 60 million customers and employs over 28,000 people in its operations in Africa and Europe, with representative offices in China, Lebanon, India, and the UAE. The parties submitted that in the Common Market, Access Bank has operations in the Democratic Republic of Congo ("**DRC**"), Kenya, Zambia and Rwanda.

FTB (the Target Undertaking)

6. The parties submitted that FTB is a tier 1 financial institution, licensed and regulated by Bank of Uganda under license number A1.028. The parties further submitted that the FTB has a large network of thirty-five (35) branches serving over 500,000 savers and 42,000 borrowers with over 40% of these being women. The institution was established in 1984 as Uganda Women's Finance Trust (UWFT), an NGO serving low-income women with basic loans and deposit facilities. In 2004, UWFT transformed into an MDI and was renamed Uganda Finance Trust, which in 2013 again transformed into a commercial bank and re-branded Finance Trust Bank (FTB).

7. The parties submitted that FTB continues to serve the low-income segments of the market in urban, peri-urban and rural areas but with special emphasis on women empowerment. The parties submitted that FTB offers a comprehensive range of financial solutions, including loans, deposit accounts, money transfer services, utility bill collection, insurance services, trade and finance, and treasury services. The Parties submitted that FTB has operations in Uganda only.

Jurisdiction of the Commission

8. 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 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*

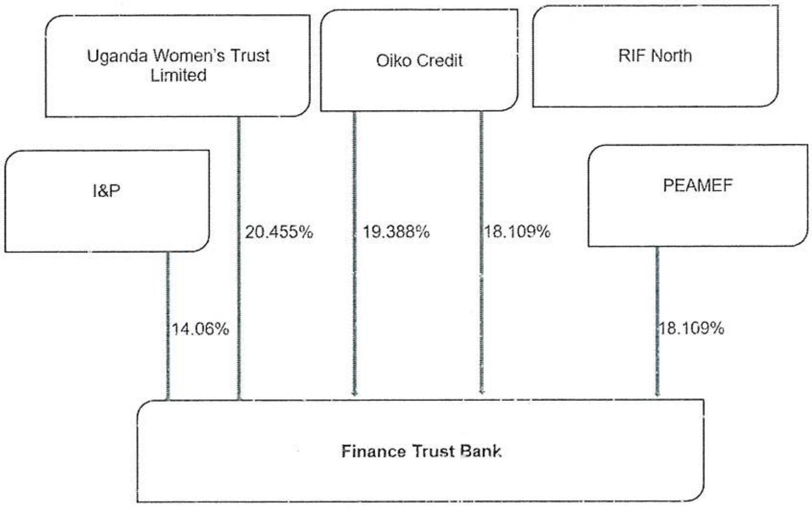
b) *the annual turnover or value of assets, whichever is higher, in the* Common Market of each of at least two of the parties to a merger equals *or exceeds USD 10 million, unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within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

9. The undertakings concerned have operations in two or more Member States. The undertakings concerned held a combined asset value in excess of the threshold of USD 50 million in the Common Market and they each held assets of more than USD 10 million in the Common Market. In addition, the parties did not hold assets of more than two-thirds of their respective aggregate COMESA-wide assets within one and the same Member State. The Commission is thus satisfied that the transaction constitutes a notifiable transaction within the meaning of Article 23(5)(a) of the Regulations.

Details of the Merger

10. The structure of ownership of the target firm before the proposed transaction was submitted as per figure 1 below:

***Figure 1: Pre-merger structure of the Target*[2]**



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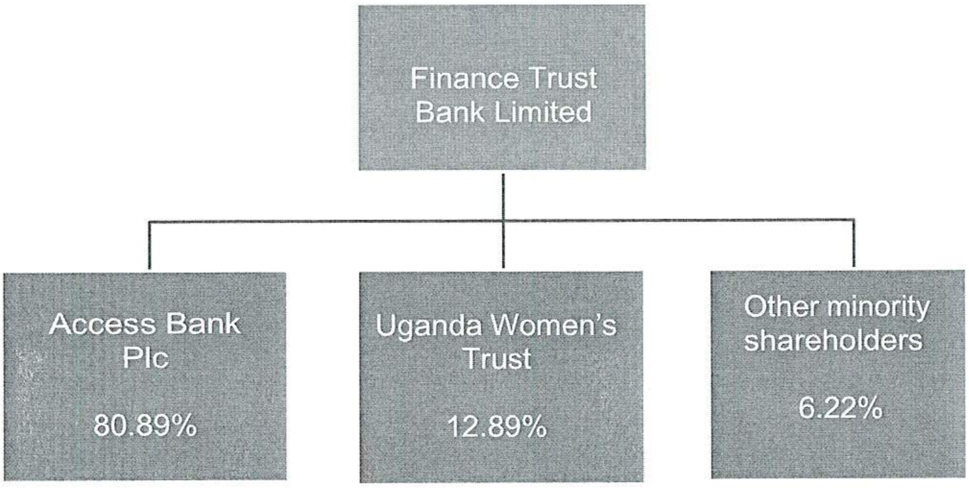
[2] The remaining 9.878% is the minority shareholding.

11. The parties submitted that after completion of the Proposed Transaction, FTB Institutional Shareholders (i.e., OIKO, PEAMEF, I&P and RIF North) will cease to be shareholders of the Target and the Acquirer will hold their shares. Subsequent subscription to 35,000,000 ordinary shares pursuant to a proposed capital investment to be made by Access Bank Plc in Finance Trust will result in Access Bank holding an estimated 80.89% shareholding after completion of the Transaction. The structure of ownership of the merged entity after the proposed transaction will be as presented in figure 2 below:

Figure 2: Post-merger structure of the Target



12. The parties submitted the proposed transaction will enable both banks to merge their technological resources, providing FTB customers with access to secure and diversified digital platforms for the seamless transactions and banking services provided by Access Bank. The parties submitted that after the completion of the transaction, FTB will be able to leverage Access Bank's expertise in building deep sector relevance across several industries and tap into revenue opportunities across new customer segments which cut across business and retail banking.

13. The parties further submitted that the transaction would enable Access Bank to leverage its strong experience in the gender empowerment market by supporting FTB's mission to deliver innovative financial solutions to women who currently comprises about 40% of its customers. The parties submitted that they anticipate that this will enhance competition in the market. The parties further submitted that the target would become part of a multinational franchise and will leverage Access Group's expertise to build deep sector knowledge in priority industries by capturing revenue opportunities in new sectors. The proposed transaction would also enable Access Bank Plc to scale up its operations within the East African market enable

it to promote regional trade finance and other cross-border banking services, by leveraging its presence in key global trade corridors in the broader East African and COMESA regions.

Competition Assessment

Consideration of the Relevant Markets

Relevant Product Market

14. Paragraph 7 of the Commission's Guidelines on Market Definition states that a ***"relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer/customer, by reason of the products' characteristics, their prices and their intended use"***.

15. Access Bank is active mainly in the provision of retail and corporate banking services such as lending and deposit services to its customers in DRC, Kenya, Rwanda, and Zambia while FTB is mainly active in the provision of retail banking, corporate banking, deposit and credit products and other public sector products in Uganda only. Accordingly, both parties are generally active in the provision of retail and corporate banking services.

16. The provision of banking services entails a wide range of banking and financial services across various types of customers. In view of their distinct characteristics, a segmentation can be made by type of customers, and type of products as highlighted below.

17. Retail banking entails all banking services provided to private individuals and very small enterprises, such as deposit account services (i.e., current accounts, saving accounts, cash deposits, cheque collection etc.); payment services including ATM services, payment card issuing, credit transfer, direct debit, standing orders and cheques; lending (personal loans, consumer credit, overdraft facilities, mortgages etc.); and investment products such as mutual funds, pension funds and securities brokerage and custody services (management of custody accounts and processing of corporate actions such as dividend distribution[3].

18. To the contrary, corporate banking services entail tailor-made financial services that financial institutions offer to their corporate clients in the context of corporate financing and raising capital - including working capital finance, term loans, asset finance, trade and specialised finance, pre-and post-shipment finance, structured finance, and commodity finance. For instance, corporate customers require working capital to fund their payments when expected receipts are late, and banks

[3] See case No M.8414 – DNB / Nordea / Luminor Group, paragraph 15, dated 14/09/2017

normally provide the type of working capital necessary to meet the needs of such customers whose transaction accounts go into deficit. There exist deposit products provided to corporate and retail customers which are similar in principle with the major difference being the type of customers served and the manner in which the customers are served. For instance, corporate customers unlike retailer customers often get a dedicated bank teller in view of the large sums of money typically involved. Further, corporate customers are likely to have bargaining power to negotiate favourable interest rates against their deposits and may also be offered access to loans linked to their corporate profile.

19. In view of the above, it can be said that retail banking and corporate banking services belong to separate market segments based on the nature of the products/services. While retail banking products/services are standardised and customer-oriented, corporate banking are business-oriented and can be tailored or customized according to the specific needs and requirements of the clients. It is also noted that, in retail banking, the number of clients with small-value accounts are much more than corporate banking; thus, the bank has an extensive clientele portfolio. Retail customers are characterised by their smaller transaction values and therefore retail banking is volumes driven. In corporate banking, the number of clients is much lesser than retail banking, but the existing clients have significant balances and make high-value transactions. Therefore, corporate banking is mainly transaction value driven. Thus, from a supply perspective the two can be differentiated.

20. Further to the above, there exists a strong level of relationship between the bank and its corporate clients, implying that the provision of corporate banking services requires professionals with a higher standard of customer relationship expertise. Due to these transactional and existing distinctive requirements, and complex product nature in corporate banking services, it is highly unlikely that in response to a small but significant non-transitory increase in the interest rates of retail banking charges on the retail service, a significant number of retail customers would swiftly switch to corporate services. In view of the foregoing, from the customer perspective, it can be concluded that the corporate and retail market segments are distinct.

21. The CID further considered that there exist distinct products that are offered to different customers under both the retail and corporate banking segments. It is noted that the parties both provide loan, deposit and payment services to their customers which can be considered as distinct, for reasons discussed below.

22. A deposit is an investment made by an account holder in a bank for security and/or gaining interests that will benefit an individual in future. On the other hand, loan services are provided by the bank to customers that need financial assistance

which they repay in the future as principal plus interest computed on simple or compound interest. Further, with regards to loans, banks require collateral from a customer given the risks of default associated with loans. There is thus no direct demand substitutability between loan and deposit services given that each segment is intended for a distinct purpose. For example, a customer who requests a loan for investment purposes will not be affected by the rates on deposit accounts as he/she cannot substitute with the latter to fulfill the intended needs. Each product has its own distinct purpose and separate preconditions and requirements to be fulfilled by the customer.

23. Payment services entail cash deposit or withdrawal through electronic payment and this comprises either direct debit, standing order, credit transfer, debit card or credit card transaction or mobile banking payment solutions. Such transactions are often carried out through online platforms. Payment services can be considered as distinct from deposit services or loan services on the basis that payment services play the role of transferring deposit balances held in banks across other banks, from bank to customers or from customers to banks (i.e., mobile money to bank account transfer). In this respect, banks may be seen to act as financial intermediaries facilitating the movement of funds between other financial institutions and private individuals.

24. With the advancement in technology, payment services have advanced over the years. The digitization of payment services refers to the transformation of traditional cash-based transactions into electronic transactions facilitated by digital technology advancement over the years. This process has been rapidly evolving with advancements in technology. The shift from cash to electronic payment methods such as credit/debit cards, mobile wallets, and online payment platforms has been significant over the years. This enables faster, more convenient, and secure transactions. Further, the widespread adoption of smartphones has led to the rise of mobile payment solutions. Mobile wallets like Apple Pay, Google Pay, and Samsung Pay allow users to make payments using their smartphones, often integrating features like NFC (Near Field Communication) for contactless transactions. With the growing emphasis on hygiene and convenience, contactless payment methods using NFC technology have become increasingly popular. These methods allow users to simply tap their cards or mobile devices on a payment terminal to complete a transaction. Digital wallets store payment information securely and allow users to make transactions digitally. payment platforms enable individuals to transfer funds directly to one another using their mobile devices. Apps like Venmo, PayPal, and Cash App have gained widespread popularity for their convenience in splitting bills, paying friends, or sending money to family members.

25. Further, given that payments services are available to both corporate and retail customers, there is not much of a distinction between corporate and retail customers as relates to payment services as the advancement in technology has greatly enhanced the ease with which payments can be made by both corporate and retail customers. It is noted that the core function of payment services is to facilitate the safe and efficient transfer of money between a buyer and seller. It does this by providing a range of services to a merchant, including a payment gateway, payment processing, and merchant accounts.

26. In light of the different purposes and the distinctive features of deposits, loans, and payment services, it is considered that they should be categorized as distinct product markets.

27. The assessment further notes that these different product categories can each be further segmented into narrower markets. For instance, there may exist different types of deposits, such as savings accounts, current accounts and time deposits (interest from deposit determined on time agreement between the customer and the bank). Similarly, payment services could be categorised by the mode of payment being used i.e., credit card, debit card, bank transfer or mobile to bank transfer. While there is clear differentiation among some of the products offered within each category product, there exists nonetheless some degree of demand substitutability across other products[4]. Further, it is noted from a supply perspective that the various products are extensively linked due to the fact that they are distributed through the same branch offices, mobile and internet banking facilities[5]. Most banks offer all or at least a wide range of products under a given category to offer a one-stop shopping experience for customers who would save on information costs.

28. The CID further noted FTB's submission that it is a bank that strives to serve the low-income segments of the market in urban, peri-urban and rural areas with special emphasis on women empowerment. The CID sought to ascertain the gender aspect of the customers targeted by FTB and if there are characteristics of their offerings which are distinct to women. A review of FTB's annual report showed that FTB was established as a Women's Finance Trust, an NGO serving low-income women with basic loans and deposit facilities. The annual report however shows that over time FTB has evolved into a multigender bank that services both men and women. Thus, even though FTB may have packages to cater for women as a marketing line, these packages may not significantly differ from general packages accessible to both men and women regardless of gender. As such, the

[4] A similar argument was made in European Commission Case No COMP/M.4844-Fortis/ ABN AMRO Assets, dated 03/10/2007, paragraphs 24 and 25.

[5] A similar finding was established by the European Commission in its approval of the merger between Nordbanken and Postgirot who were also active in the banking sector (Case No COMP/M.2567, decision dated 08/11/2001, paragraph 38).

assessment notes that the facts at hand does not support a further segmentation of the market in terms of gender.

29. In view of the foregoing, and in line with its previous decisions[6], the CID has considered that the respective markets for loans, deposits and payment services do not warrant further segmentation in this transaction.

30. On the basis of the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the relevant product markets are construed as follows:

   a) **Provision of corporate deposit services,**
   b) **Provision of retail deposit services,**
   c) **Provision of corporate lending services,**
   d) **Provision of retail lending services, and,**
   e) **Provision of payment services.**

Relevant Geographic Market

31. Paragraph 8 of the Market Definition defines the relevant geographic market as follows:

"The relevant geographic market comprises the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous, and which can be distinguished from neighbouring areas because the conditions of competition are appreciably different in those areas".

32. With respect to the provision of deposits, loans, payments, services, it is recalled that the acquirer provides its services in DRC, Kenya, Rwanda and Zambia and target provides its services in Uganda. By virtue of the licenses they are given, banking services tend to be regulated under the relevant laws in a country where the services are provided such that different requirements for operation are likely to apply in different countries. Corporate lending services (in particular advances and loans to corporate entities involved in international exports) tends to be predominantly national in scope since they usually require a close relationship between a bank and its clients in order to best tailor the funding to the particular needs of the clients.[7]

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[6] See for instance the CID decisions in the merger involving Transnational Bank Plc and Access Bank Plc (2019); and the acquisition by Arab Bank Corporation (B.S.C) of Blom Bank Egypt S.A.E (2021).
[7] See Case No IV/M.596 - Mitsubishi Bank/Bank of Tokyo, paragraph 8.

33. It is unlikely that as a result of more favorable conditions in other countries, the merging parties would timely switch to set up operations or branches in such countries, as they would need to obtain the relevant licenses in these jurisdictions, as contemplated under the SSNIP test.

34. From a demand perspective, it is unlikely that a significant number of individuals or corporate customers located in Uganda would be able or willing to substitute purchase of banking products/services from Uganda to another country in response to a small but significant deterioration of the terms and conditions offered by banks in Uganda.

35. The above demonstrates that the geographic scope for the relevant markets is likely to be national given the limited possibility of timely substitution of the products/services.

36. It is noted that with the advancement in technology, payment services can be conducted from any part of the world with ease. However, the majority of such platforms still require registration, electronic wallets or accounts with local institutions in order to engage in international payments. There exist some payment platforms such as Paypal (which however requires a valid credit card issued by a financial institution, likely to be the country of domicile) and Amex (which is available only for a certain income category) whose services consumers can procure irrespective of their location. It is also recognized that certain customers that have residential status or commercial activities in more than one country may be able to conduct transactions across borders with relative ease. However, such cross-border transactions would only apply to a limited segment of customers, typically in a higher income segment.

37. In view of the above and noting that the target's activities in the provision of deposit, loan, and payment products/services can be limited to one geographic market, being Uganda, the relevant geographic market is construed as Uganda.

Conclusion of Relevant Market Definition

38. For purposes of assessing the proposed transaction, and without prejudice to its approach in future similar cases, the CID has identified the following relevant markets:

a) **Provision of corporate deposit services in Uganda,**

b) **Provision of retail deposit services in Uganda,**

c) **Provision of corporate lending services in Uganda,**

d) **Provision of retail lending services in Uganda, and**

e) **Provision of payment services in Uganda.**

Market shares and Concentration

39. The parties submitted that market shares at the disaggregated level of the identified relevant markets are not available. The parties submitted the estimated market shares of the target and its competitors in Uganda for the year 2023 covering the broad markets for the provision of deposit services as reflected in Table 1 below.

Table 1: Estimated Market Shares in the provision of deposit services in Uganda

Name of Company	Estimated Market Share (%)
Kenya Commercial Bank	18.1
Post Bank Limited	14.4
Bank of Africa	14.0
Finance Trust Bank	***8.0***
I&M Bank	6.9
Top Finance Bank	6.3
EXIM Bank	5.7
Bank of India	5.6
Echo Bank	4.4
Opportunity Bank[8]	3.9
Cairo Bank Uganda	3.8
Tropical Bank	3.6
United Bank of Africa	2.6
Guarantee Trust Bank	2.2
ABC Capital Bank	0.6
Total	**100**

40. From the table above, it is noted that pre-merger, the target market shares in the broad market for deposits are not significant i.e. 8%. The acquiring entity has no activities in Uganda and as such the transaction will not lead to any market share accretion in the deposit services market post transaction. It is noted that there will not be any change to the existing market concentration levels of 46.55 (CR3[9] = 18.1% +14.4% +14.0%). This CR3 is an indication that the market is not concentrated and hence subject to competition. The transaction will not lead to a change in the existing market structure.

[8] The Bank of Uganda on 27th March announced the transition of three banks ABC Capital Bank, Guaranty Trust Bank (U) Limited and Opportunity Bank Limited from a Teir I commercial bank license to a Teir II Credit Institution License- https://bou.or.ug/bouwebsite/bouwebsitecontent/MediaCenter/press_releases/2024/Mar/Transition-of-Three-Commercial-Banks-to-credit-Institutions.pdf

[9] Market concentration CR3 measures the extent to which market shares are concentrated between a small number of firms. The Commission is unlikely to find concern in mergers where the sum of the market shares of the top three firms is less than 70%.

41. With regards to lending services, the parties submitted their estimated market shares and their competitors' market shares as per table 2 below.

Table 2: Estimated Market Shares the parties' and their competitors in the provision of lending services in Uganda

Name of Company	Estimated Market Share (%)
Kenya Commercial Bank	14.4
Post Bank Limited	12.3
Bank of Africa	12.2
I&M Bank	11.1
Top Finance Bank	8.8
Echo Bank	7.9
United Bank of Africa	5.9
Finance Trust Bank	***4.9***
EXIM Bank	4.9
Bank of India	4.0
Guarantee Trust Bank	3.5
Opportunity Bank	3.3
Tropical Bank	3.2
Cairo Bank Uganda	3.0
ABC Capital Bank	0.5
Total	**100**

42. From the table above, it is noted that pre-merger, the target's market shares in the broad market for deposits are not significant i.e. 4.9%. The acquiring entity has no activities in Uganda and as such the transaction will not lead to any market share accretion in the lending services market post transaction. To this end, it is noted that there will not be any change to the existing market concentration levels of 38.9 (CR3 = 14.4% +12.3% +12.2%). Similar to the deposit market, the lending market is not concentrated and hence subject to competition. The transaction will not lead to a change in the existing market structure in the lending markets in Uganda.

43. With regards to the provision of payment services, the parties submitted that they were unable to provide information on the market shares of the target's competitors due to insufficient information to permit the determination of the volumes of payment services provided by the Target's competitors. The parties did not also submit their estimated market shares in the defined relevant market. It should however be noted that payment services essentially support the bank's provision of core services such as loan and deposit services. Therefore, the size of the parties' activities in these services are likely to reflect those of the deposit and loan services. Further, payment services are also offered by other institutions other than banks so it can be presumed that once those other entities offering payment

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services are factored in, it is unlikely that the transaction will raise competition concerns in the market for payment services. it is further noted that in the absence of overlaps in the parties' activities in Uganda, the transaction will not result in any market share accretion in Uganda.

44. The parties submitted that the barriers to entry into the banking sector in Uganda include regulatory obstacles including approvals and licenses required from the Bank of Uganda. The parties submitted that the Bank of Uganda recently increased the minimum capital requirements for Tier 1 Commercial Banks in Uganda from US$6.7m to US$40.8m and set a deadline of June 30, 2024, for all financial institutions to comply with this new requirement. This constitutes a significant capital barrier for new entrants to the market.

45. Other entry requirements in the banking sector may include the high technological costs to establish systems, capital and liquidity requirements, compliance with money laundering regulations and consumer protection which may also act as barriers to entry in the banking sector. It may take approximately 12 months to enter the banking market given the regulatory and licensing requirements and the quantum of investment required.

46. It should be acknowledged that the existing entry requirements in the banking sector may act as barriers to new entrants. A minimum capital requirement may constrain the number of new banks entering the market and the swiftness within which such entry occurs. The parties submitted that entry into the Ugandan banking sector has been limited to acquisition of existing banks. Below is a list of recent entrants into the Uganda market and a description of other transactions that have taken place in this sector in the last 3 years:

    a) Acquisition of Orient Bank Ltd. by I&M Group PLC – April 2021.

    b) In 2021, Centenary Bank undertook a corporate reorganization by which the bank altered its corporate structure by creating a holding group structure including the formation of specialist subsidiaries. The banking business was transferred to a banking subsidiary.

    c) Acquisition of Top Finance Bank Limited by Salaam African Banking – August 2022.

    d) Stanbic Bank undertook a corporate reorganization by which the bank altered its corporate structure by creating a holding group structure including the formation of specialist subsidiaries. The banking business was transferred to a banking subsidiary. The reorganization was concluded in 2021/ 2022.

47. Further consideration should be given to the extent to which such entry is timely, likely and sufficient. Entry is timely when it is rapid enough to render unprofitable

any anti-competitive strategy by incumbent firms. The regulatory requirements are not likely to delay rapid entry which may take place through mergers and acquisitions i.e., within a period of 1 - 2 years. In the past 3 years, Uganda has witnessed some acquisitions involving entry and expansion as highlighted above.

48. Globally, in financial markets, mergers tend to be the most effective method of entry. In view of the above, while it is recognized that the banking markets in Uganda are characterized by regulatory barriers, entry is still possible through mergers and acquisitions as seen above.

49. As set out above, the parties' pre- and post-merger market shares are not significant, and the merged entity will not be a leading player in the banking sector in any of the defined relevant markets and hence not likely to hold a dominant position. Therefore, competition concerns are not likely to arise post-merger. Further, the banking sector in Uganda is not concentrated and is characterized by the existence of several players hence the merged entity will continue to face competition from other strong rivals' post-merger.

50. The CID also observes that the presence of a bank in other countries may increase its attractiveness at national level, by facilitating cross-border transactions. As a result, notwithstanding the relatively small market shares of FTC per-merger, the transaction could result in higher market shares for the merged entity in the long run, as a result of the acquiring group's overseas presence. It is observed that in the Common Market, the acquiring group has presence in DRC, Kenya, Zambia and Rwanda.

51. The table below depicts the estimated market shares of the acquiring group in the Common market as submitted by the Parties.

Table 3 – Estimated Market Shares of the Acquiring Group in the Common Market

Country	**Access Group's Market % shares in Lending Services**	**Access Group's Market shares % in Deposit Services**
Rwanda	1.7	4.8
Zambia	2.0	3.0
DRC	1.4	3.0
Kenya	0.1	0.2

52. From the table above, it is noted that the acquiring group is a small player in the Common Market and as such it is unlikely for the transaction to result in higher market shares for the merged entity in Uganda as a result of the acquiring group's overseas presence.

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Consideration of Third-Party Views

53. In arriving at its determination, the CID also considered submissions from the National Competition Agencies of DRC, and Kenya which confirmed the absence of competition and public interest concerns.

Determination

54. 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 will it be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.

55. The CID, therefore, approved the transaction.

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

Dated this 04th day of May 2024

Commissioner Dr Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma **Commissioner Islam Tagelsir Ahmed Alhasan**