COMESA Competition Commission
COMESA Competition Commission
Kang'ombe House, 5th Floor-West Wing
P.O. Box 30742
Lilongwe 3, Malawi
Tel: +265 (0) 1 772 466
Email- compcom@comesa.int

Common Market for Eastern and Southern Africa

Case File No. CCC/MER/9/34/2019

**Decision[1] of the Sixty-Sixth (66th) Committee Responsible for Initial Determination Regarding the Proposed Acquisition of Transnational Bank Plc by Access Bank Plc**

**ECONOMIC SECTOR:** Banking and Financial Services

14th November 2019

[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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 9th October 2019, the COMESA Competition Commission (the "Commission") received a notification for approval of a merger involving Access Bank Plc and Transnational Bank Plc.

2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (the "**Regulations**"). 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. The Committee Responsible for Initial Determination (the "CID") established that the parties operate in more than one COMESA Member State and they meet the prescribed notification thresholds. 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

*Access Bank Plc (the Acquirer)*

4. It was submitted that Access Bank Plc is a company incorporated in Nigeria and listed on the Nigerian Stock Exchange. It is the largest bank in Nigeria and Africa's leading bank by customer base. It is a full-service commercial bank providing lending and deposit services. It operates through a network of more than 600 branches and service outlets, spanning three continents, 12 countries, and 39 million customers. In the Common Market, Access Bank Plc derives turnover in the Democratic Republic of Congo, Rwanda, and Zambia.

*Transnational Bank Plc (the Target)*

5. It was submitted that Transnational Bank Plc is a public company incorporated in Kenya operating a banking business which mainly caters for its agri-business customers. In the Common Market, Transnational Bank Plc only derives revenue in Kenya.

## Nature of the Transaction

6. The parties have submitted that Access Bank plc and certain shareholders of Transnational Bank Plc have entered into a proposed transaction where Access Bank Plc will acquire up to 100% of the issued share capital of Transnational Bank Plc.

## Competition Analysis

7. The CID defined the relevant markets as follows:
   a) the provision of deposit products to retail customers in Kenya;
   b) the provision of lending products to retail customers in Kenya;
   c) and the provision of deposit products to corporate customers in Kenya;

d) the provision of lending products to corporate customers in Kenya.

8. The CID observed that the relevant markets were highly fragmented and served by numerous players. The proposed transaction would further not result in a change in market structure due to the absence of operations of the acquiring group in Kenya pre-merger.

## Determination

9. The CID determined that the merger is not likely to substantially lessen or prevent competition in the Common Market or any substantial part of it. The CID further determined that the transaction is not inimical to the single market imperative of the Treaty Establishing the Common Market for Eastern and Southern Africa. The CID therefore approved the transaction.

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

Dated this 14th of November, 2019

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**Commissioner Patrick Okilangole (Chairperson)**

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Commissioner Brian M. Lingela

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**Commissioner Thembelihle Precious Dube née Dlamini**