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**Common Market for Eastern  
and Southern Africa**

**Staff Paper No: 2016/06/JB/03**

**Decision<sup>1</sup> of the Twenty Second Committee Responsible for Initial  
Determination Meeting Regarding the Proposed Merger between  
MyBucks S.A and Opportunity International Group**

**ECONOMIC SECTOR: Microfinance**

**23<sup>rd</sup> June 2016 – Johannesburg, South Africa**

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<sup>1</sup> 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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. This decision concerns the merger between MyBucks S.A. (hereinafter referred to as "MyBucks") and Opportunity International Group (hereinafter referred to as "Opportunity International"). MyBucks is acquiring sole control of wholly owned subsidiaries of Opportunity International in Kenya, Malawi and Uganda (hereinafter collectively referred to as "Opportunity"). The proposed transaction constitutes a 'merger' for purposes of the COMESA Competition Regulations, 2004 (hereinafter referred to "the Regulations").
2. The transaction was notified with the Commission under Article 24(1) of 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") noted that the Commission has jurisdiction on the said merger because of its regional dimension as provided for under Article 23(3)(a) which states that:

*"This Article shall apply where both the acquiring firm and the target firm or either the acquiring firm or target firm operate in two or more Member States".*

4. Further, regional dimension is met where the merging parties satisfy the merger notification thresholds prescribed under Rule 4 of the COMESA Competition Rules on the Determination of Merger Notification Thresholds and Method of Calculation which stipulates 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 COM\$<sup>2</sup> 50million; 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 COM\$ 10 million,*

*unless each of the parties to a merger achieves more than two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State".*

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<sup>2</sup> One COM\$ is equivalent to one US\$

5. In the case under consideration, the parties have operations in Malawi, Kenya and Uganda. The foregoing shows that the parties have operations in more than two Member States and therefore the regional dimension is satisfied in this merger as set out in Article 23(3)(a) of the Regulations. Further the parties have a combined turnover of more than COM\$ 50 Million and each has a turnover of more than COM\$ 10 million in the Common Market. This therefore means that the Commission has jurisdiction to review the merger.

## **The Parties**

### **MyBucks**

6. MyBucks is a Luxembourg-based financial technology company providing financial products and services to low and middle-income customer segment. MyBucks portfolio of virtual banking services can be accessed through online channels (web and mobile) and internet service points, includes banking and insurance and are provided under the GetSure, GetBucks and GetBanked brands.

### **Opportunity**

7. Opportunity is involved in the provision of financial services such as deposits, loans, and insurance to poor and low-income households and small-scale enterprises.

## **Nature of the Transaction**

8. The transaction involves the acquisition of sole control by MyBucks of wholly owned subsidiaries of Opportunity International in Kenya, Malawi and Uganda.

## **Competition Analysis**

9. The CID defined the relevant markets as the provision of micro-finance and micro-insurance services in Kenya, Mauritius and Uganda. The CID established that the same market concentration will remain post-merger as the parties are not among the top three market players in the relevant markets both pre-merger and post-merger. This therefore means that the market structure is likely to remain unaltered post-merger.
10. The CID observed that the relevant markets are highly contested with several players operating therein. In view of this, the CID established that the merger is unlikely to affect the pattern of trade and structure of the market in the Common Market. This is because it is not foreseeable with sufficient degree of probability that it will frustrate the establishment of undertakings' agencies, branches or subsidiaries in other Member States. The CID noted that the merged entity is


unlikely to unilaterally engage in market foreclosure or influence any other conditions of trade in the Common Market on account of its market position.

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

Dated this 23<sup>rd</sup> day of June, 2016.

  
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Commissioner Thabisile Langa (Chairperson)

  
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Commissioner Patrick Okilangole (Member)  
(Member)

  
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Commissioner Chilufya Sampa