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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/03/14/2025

**Decision¹ of the 118th Meeting of the Committee Responsible
for Initial Determinations Regarding the Proposed
Acquisition of Control of Baobab S.A.S by Beltone Capital**

ECONOMIC SECTOR: Banking and Financial Services



22 June 2025

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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

Having regard to the COMESA Merger Assessment Guidelines of 2014;

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;

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

Determines as follows:

Introduction and Relevant Background

1. On 11 April 2025, the COMESA Competition Commission (“**the Commission**”) received a notification of a merger regarding the Proposed Acquisition of Control of Beltone Capital (**Beltone**, together with its controlled affiliates and controller, Beltone Holding S.A.E, the “**acquiring group**”) and Baobab S.A.S (**Baobab**, together with its controlled affiliates, the “**Target Group**”), 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

Beltone (the “Acquiring Firm”)

4. Beltone is a company incorporated under the laws of Mauritius. The Acquiring Group is a financial services group mainly offering a suite of financial solutions through its two main platforms: Investment Banking and Non-Bank Financial Institutions (“NBFI”). The Investment banking platform provides several services, namely investment banking, securities brokerage, asset management and research. The growing NBFI platform houses diverse offerings, including private equity & direct investment, venture capital, leasing & factoring, mortgage finance, consumer finance, microfinance, and small and medium-sized enterprise financing.
5. In the Common Market, the Acquiring Group operates in Egypt only.

Baobab (the “Target Group”)

6. Baobab is incorporated as a société par actions simplifiée² under the laws of France.
7. Baobab, together with its controlled affiliates, is referred to as the Baobab Group.
8. The Baobab Group is a French financial services firm specializing in lending solutions, particularly focused on small businesses. The Baobab Group’s range of product offerings includes micro, small and medium enterprises loans, savings solutions, and mobile payments.
9. In the Common Market, the Baobab Group operates in DRC and Madagascar and conducts the business of microlending and other financial services.

Jurisdiction of the Commission

10. 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:

² Simplified joint-stock company



- 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”.*
11. The undertakings concerned have operations in two or more Member States. The undertakings concerned derived a turnover of more than the threshold of USD 50 million in the Common Market and they each derived a turnover of more than USD 10 million in the Common Market. In addition, the parties do not hold more than two-thirds of their respective aggregate turnover or asset value in one and the same Member State. The CID was thus satisfied that the transaction constitutes a notifiable transaction within the meaning of Article 23(5)(a) of the Regulations.

Details of the Merger

12. The notified transaction concerns the proposed acquisition by Beltone [REDACTED]
[REDACTED]
[REDACTED] of Baobab [REDACTED].

Competition Analysis

Consideration of the Relevant Markets

Relevant Product Market

13. 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”.***
14. The CID observed that the acquiring group's main operations in the Common Market relates to the offering of financial solutions through its two main platforms: Investment Banking and Non-Bank Financial Institutions (“NBFI”). The investment banking platform provides several services, namely investment banking, securities brokerage, asset management and research. Investment banking refers to the services of assisting an entity to raise capital and execute transactions such as mergers and acquisitions. Security brokers conduct research into investment options, link sellers and buyers on the financial market and offer investment suggestions and expert advisory services to the buyer with respect to securities



transactions. Asset management refers to the management of assets, including securities and intangible assets.

15. The CID noted that the NBFI platform includes private equity and direct investment, venture capital, leasing & factoring, mortgage finance, consumer finance, microfinance, and small and medium-sized enterprise financing.
16. The CID further noted that Baobab offers lending solutions which is particularly focused on small and medium enterprises. The CID further noted that Target Group's range of product offerings include micro, small and medium enterprises loans, savings solutions and mobile payments.
17. The CID gathered that within the Common Market, Baobab operates through:
 - i. IMF Baobab RDC S.A., an entity operating in DRC, as a microfinance institution providing micro-loans and SME loans up to USD 200,000 to businesses in urban areas with individual liability³; and
 - ii. Baobab Banque Madagascar, an entity operating in Madagascar, providing retail banking services in Madagascar.
18. The CID noted that an overlap exists in the activities of the merging parties with respect to the provision of microfinance. The CID further observed that in line with Paragraph 8.4 of the COMESA Merger Assessment Guidelines and given that the transaction was a horizontal merger, it focused its assessment on the overlapping activities of the parties.
19. The CID noted that microfinance refers to the provision of financial services to low-income who typically do not have access to the traditional banking system. Microfinance covers a range of financial services such as savings, credit and other essential financial services to poor and low-income people.⁴ Microfinance facilitates access to financial services by vulnerable clients.
20. The CID further noted that microfinance is typically very prominent in the developing countries.
21. The CID gathered that microfinance is provided by microfinance institution such as Beltone and Baobab in DRC. The CID observed that microfinance is provided by both microfinance companies, like the merging parties and other entities including non-governmental organisations, credit unions, cooperatives, registered

³ www.fmo.nl/project-detail/64250 accessed 21 June 2025

⁴ Decision of the 106th 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



banking institutions, non-bank financial institutions and parts of State-owned banks.⁵

22. The CID observed that while more formal MFIs are increasingly similar to retail banks, in terms of the services they offer, they still retain their peculiar characteristics. MFIs can be distinguished from traditional banks by virtue of their customer base. CID also noted that MFIs also use innovative ways to target vulnerable customers who are not eligible for conventional banking. The CID observed that some of the innovative products offered by MFIs include those that target group lending and monitoring, progressive lending (according to which loans are divided in regular instalments that can be cashed by the borrower only if repayment records are positive), short repayment instalments, deposits or notional collateral.
23. From a supply perspective, CID noted that the cost of capital grows with risk and is traditionally higher in MFIs compared to mainstream banking institutions. The CID further noted that MFIs also tend to suffer from lack of economies of scale; small loans with high unitary costs of screening and monitoring, which substantially increase operating costs.
24. For the above reasons, the CID was of the view that MFIs and commercial banks cannot be considered to be in the same market as they target different customer bases, have different prices and different operating mechanisms. MFIs are likely to rely on personal warranties to provide the access to finance.
25. Hence, the CID considered that while MFIs face some degree of competition from traditional banking institutions, the different financial requirements and conditions that they offer to low income and poor customers face compared to traditional banks, suggest that the competitive constraints imposed by traditional banks are relatively limited. MFIs are therefore in separate a market from that of the conventional banks and other financial institutions.⁶ In *MyBucks/Opportunity*, the CID recalled that it had identified distinct markets for microfinance services.⁷
26. In view of the foregoing, the CID thus considered that a distinct market can be identified for the provision of microfinance.
27. Based on the foregoing, the CID concluded that the relevant product market is ***the market for the provision of microfinance***.

⁵ Ibid

⁶ Ibid

⁷ Decision of the 22nd CID meeting regarding the merger between MyBucks S.A and Opportunity International Group (23 June 2026). Accessed at: https://comesacompetition.org/wp-content/uploads/2023/05/CID-Decision-MyBuck_Opportunity-International-Group.pdf



Relevant Geographic Market

28. The COMESA Guidelines on Market Definition define the relevant geographic market as comprising “...***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***”.⁸
29. The CID has traditionally held that banks and other financial institutions tend to operate within the confines of the national law of a particular country by virtue of the licences they are given⁹. It is unlikely that as a result of more favourable conditions in other countries, the merging parties would be able to easily switch to set up operations or branches in these other countries, as they would need to obtain the relevant licenses in these jurisdictions. The time required for seeking regulatory approvals in other Member States would not allow the merging parties to enter in a manner that is swift and without risks, as contemplated under the SSNIP test. The need for banks to establish local branches also points towards the existence of a national market.
30. From a demand perspective, the CID observed that it was highly unlikely that a significant number of low-income individuals or SMEs located in the Member States where the parties operate, for instance, would be able or willing to acquire microfinance from a Member State or country other than where the customer is located in response to a small but significant deterioration of the price and terms and conditions offered by microfinance institutions in that Member State.
31. Therefore, the CID considered that the geographic scope for the provision of microfinance is national.

Conclusion on Relevant Markets

32. Based on the foregoing assessment, and without prejudice to the CID’s approach in similar future cases, the relevant market has been identified as the **provision of microfinance in DRC, Egypt and Madagascar**.

⁸ Paragraph 8

⁹ CID decisions in Transnational Bank Plc/ Access Bank Plc (2019); Arab Bank Corporation (B.S.C)/ Blom Bank Egypt S.A.E (2021); ABSA/ Mauritian Retail and Business Banking Branch of HSBC (2024).



Consideration of Substantial Lessening of Competition or “Effect” Test

Market Shares and Concentration

33. The parties submitted the below estimated market shares for the provision of microfinance by the target and its competitors in DRC and Madagascar per Tables 1 and 2 below.

Table 1: Estimated Market shares for the provision of microfinance in DRC¹⁰

Supplier	Estimated Market Shares (%)
Kafo Jiginew	[25-30]
Baobab	[10 -15]
Cofina	[10 -15]
Amifa	[5 - 10]
Soro Yiriwaso	[0 - 5]
Others	[30 -35]
Total	100

Table 2: Estimated Market shares for the provision of microfinance in Madagascar¹¹

Supplier	Estimated Market Shares (%)
Access Banque	[35 -40]
Baobab	[30 -35]
CECAM	[15 -20]
ACEP	[0 - 5]
Total	100

34. The CID noted that Baobab is the second largest market player in both DRC with a market share of [10 -15]% and in Madagascar with a market share of [30 -35]%. Notwithstanding the market share of over [30 -35]% in Madagascar, the CID was of the view that the transaction will not lead to any accretion of market share as the merging parties do not operate in the same markets.

Consideration of Third-Party Views

35. In arriving at its determination, the CID also considered submissions from the national competition authorities of DRC, Egypt and Madagascar which confirmed the absence of competition and public interest concerns.

Determination

36. 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

¹⁰ Information claimed as confidential by merging parties

¹¹ Information claimed as confidential by merging parties



to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.

37. The CID, therefore, approved the transaction.

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

Dated this 22nd day of June 2025

Commissioner Dr Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma

Commissioner Vipin Naugah

