



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



COMESA
Common Market for Eastern
and Southern Africa

Case File No. CCC/MER/1/1/2019

Decision¹ of the Fifty-Fifth (55th) Committee Responsible for Initial Determination Regarding the Proposed Acquisition of Banque Malgache de l'Ocean Indien by Banque Centrale Populaire

ECONOMIC SECTOR: Banking and Financial Services

2nd May 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 Where possible the information omitted has been replaced by ranges of figures or a general description.

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Information and Relevant Background

1. On 19th February 2019, the COMESA Competition Commission (hereinafter referred to as the "**Commission**") received a notification for approval of a proposed merger involving Banque Centrale Populaire ("**BCP**") and Banque Malgache de l'Océan Indien ("**BMOI**").
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

BMOI

4. BMOI is a Malagasy commercial bank with a network of 19 branches located in the main economic areas of the island (Antananarivo, Toamasina). BMOI provides retail and corporate banking services in Madagascar to individuals, professionals, SMEs, institutions and international clients. BMOI is a subsidiary of Banque Populaire Caisse d'épargne International et Outre-Mer ("**BPCE IOM**"), which is itself a wholly-owned subsidiary of the Banque Populaire Caisse d'épargne group.

BCP

5. BCP is a public limited company governed by Moroccan law which is listed on the Casablanca Stock Exchange and a member, alongside the Banque Populaires Régionales of the Crédit Populaire of the Morocco group of banks. BCP offers banking and bancassurance services to businesses, individuals and professionals. In the Common Market, BCP operates in Madagascar and Mauritius.

Nature of the Transaction

BCP, through its wholly owned subsidiary BCP International, intends to acquire the entire shareholdings held by BCPE International et Outre-Mer ("**BCPE IOM**") in BMOI. This constitutes 2,130,198 shares representing 71.01% of the share capital and voting rights of BMOI.

Competition Analysis

6. The CID defined the relevant markets as follows:
 - a) provision of deposit products to retail customers in Madagascar;

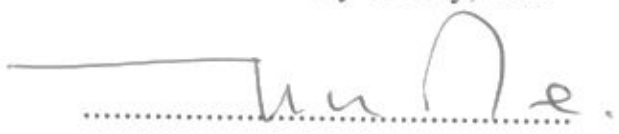
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- b) provision of lending products to retail customers in Madagascar;
 - c) provision of deposit products to corporate customers in Madagascar; and
 - d) provision of lending products to corporate customers in Madagascar.
7. The CID observed that the transaction is not likely to raise competition concerns due to the minimal market shares of the respective parties in the relevant markets. The CID also observed that the relevant markets are characterised by presence of other strong competitors which will continue to give competitive pressure to the merging parties post-merger.

Determination

8. The CID determined that the merger is not likely to substantially lessen and prevent competition in the Common Market or any substantial part of it. It was also determined that the merger transaction does not affect a substantial part of the Common Market. Consequently, the transaction is not likely to negatively affect trade between Member States. The CID therefore approved the transaction.
9. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 2nd day of May, 2019



Commissioner Patrick Okilangole (Chairperson)



**Commissioner Brian Lingela
(Member)**



**Commissioner Thembelihle Dube Nee Dlamini
(Member)**