

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM078Aug25

In the large merger between:

Lesaka Technologies (Pty) Ltd

Primary Acquiring Firm

And

Zero Research (Pty) Ltd

Primary Target Firm

Panel:	M Mazwai (Presiding Member) Thando Vilakazi (Tribunal Member) A Ndoni (Tribunal Member)
Heard on:	24 November 2025
Order issued on:	24 November 2025
Reasons Issued on:	18 December 2025

REASONS FOR DECISION

Introduction

- [1] On 24 November 2025, the Competition Tribunal (“Tribunal”) unconditionally approved a large merger whereby Lesaka Technologies (Pty) Ltd (“Lesaka”) intends to acquire all of the shares in Zero Research (Pty) Ltd (“Zero Research”).
- [2] Lesaka will additionally acquire a minority shareholding in Bank Zero Mutual Bank (“Bank Zero”), a subsidiary of Zero research, as a part of the proposed merger. Upon implementation of the proposed merger, Lesaka will directly control Zero Research and indirectly control Bank Zero.

Parties to the transaction and their activities

Primary acquiring firm

- [3] The primary acquiring firm is Lesaka, a firm incorporated in South Africa. Lesaka

is wholly owned and controlled by Lesaka Technologies Inc. (“Lesaka Inc.”), a firm incorporated in the United States of America and listed on the National Association of Securities Dealers Automated Quotations (“NASDAQ”) and Johannesburg Stock Exchange (“JSE”). Lesaka Inc. is not controlled by any firms.

- [4] Lesaka controls several firms in South Africa. These firms and their activities are not relevant to the assessment of the proposed merger.
- [5] Lesaka, Lesaka Inc. and all the firms they each control are collectively referred to as the Acquiring Group.
- [6] The Acquiring Group provides financial technology products and services to underserved consumers and small businesses. In South Africa, the Acquiring Group also provides low-cost financial services to underserved and unbanked customers, including services such as transactional accounts, insurance and micro-loans, transaction switching and payment process services.
- [7] Of relevance to the proposed merger is Lesaka’s business-to-customer services offering called EasyPay Everywhere (“EPE”). EPE provides customers with a basic transactional account that allows them to transact by depositing funds into their account, effecting electronic fund transfers (“EFTs”), debit order, cash withdrawals and provides access to micro-loans up to R4 000.

Primary target firm

- [8] The primary target firm, Zero Research, is a firm incorporated in South Africa. Zero Research is not controlled by any firms, and its shareholding is held by executive management as to 62.2% and non-executive employees as to 37.8%, through various firms.
- [9] Zero Research controls Bank Zero, a mutual bank incorporated in South Africa in terms of the Mutual Bank Act. Bank Zero’s shareholding is held by Zero Research as to 98.8%, executive management as to 0.6% and non-executive employees as to 0.6%.

[10] Bank Zero does not control any firms.

[11] Zero Research and Bank Zero are hereinafter collectively referred to as the Target Group.

[12] The Target Group is an app-only bank with a banking platform which enables customers to transact digitally. The Target Group provides personal banking and business banking services, including transactional and cash investment accounts. Of relevance to the proposed merger, is the Target group's ability to hold deposits on behalf of EPE customers.

Rationale

[13] Pre-merger, the Acquiring Group relies on third parties to provide certain financial services to its customers given that it does not have a licence to operate as a bank.

[14] The proposed merger thus affords the Acquiring Group an opportunity to combine its capabilities with the Target Group, including [REDACTED]. From the Target Group's perspective, the proposed merger will enable Bank Zero to continue with its current core activities [REDACTED] potentially to consumers and SMEs.

Competition assessment

[15] The Competition Commission ("Commission") considered the activities of the merging parties and found that the proposed merger results in horizontal overlaps in respect of transactional banking services (i.e., deposit-taking) because both Lesaka and the Target Group have activities in deposit taking.

[16] The Commission assessed the proposed merger in the market for the national provision of transactional banking services.

[17] Based on data received from the South African Reserve Bank (“SARB”)¹ website, the Commission found that the Acquiring Group has an estimated market share of 0.006%, whereas the Target Group has a market share of approximately 0.006% based on total deposits. The merged entity will therefore have approximately 0.01% market share post-merger.

[18] The Commission further contacted competitors of the merging parties during its investigation such as ABSA Bank, FirstRand Bank, Nedbank, Standard Bank, Capitec Bank, African Bank and Tyme Bank. None of the competitors raised any concerns related to the proposed merger.

[19] There is no vertical relationship between the merging parties. However, pre-merger Lesaka’s EPE business relies on African Bank as a sponsor (for holding Lesaka’s deposits) as Lesaka does not have a banking licence. Post-merger Lesaka will transfer (subject to approval by the Prudential Authority, SARB and Competition Authorities) its EPE business to Bank Zero. No foreclosure concerns arise since Lesaka’s deposits held by African Bank are insignificant, and account for █████ of African Bank’s deposits. Furthermore, African Bank has not raised any concerns related to the proposed merger.

[20] Given the above, we concluded that the proposed merger raises no competition concerns.

Public interest

Employment

[21] The merging parties provided an unequivocal undertaking that the proposed merger will not have a negative effect on employment, and in particular will not result in retrenchments.

[22] Based on the above, we are of the view that the proposed merger is unlikely to have a negative impact on employment.

¹ This data has previously been used in previous merger decisions such as *African Bank and Grindrod* case no.: 2022JUL0025; *African Bank and The Commercial Property Finance and Capital Equipment of Sasfin Bank* case no.: 2024Apr0017; and *African Bank and The Commercial Property Finance and Capital Equipment of Sasfin Bank* case no.: LM021May24.

Promotion of a greater spread of ownership

- [23] The Commission found that the Acquiring Group has shareholding by historically disadvantaged persons (“HDPs”) of 15.04%.
- [24] The Target Group, being Zero Research and Bank Zero do not have any B-BBEE certificates reflecting their HDP ownership levels.
- [25] However, the shareholding of Zero Research is held by executive management and non-executive employees. In turn, Zero Research holds 98.8% of the interest in Bank Zero, with the remaining 1.2% held by executive management and non-executive employees.
- [26] The merging parties indicated that the cumulative HDP shareholding of the Target Group is approximately 44.2% based on the HDP shareholders of the Target Group.
- [27] The Commission found that the HDP shareholders of the Target Group will remain invested in the Target Group post-merger. They will also acquire a direct interest in Lesaka Inc. pursuant to the proposed merger. The HDP shareholders of the Target Group will therefore benefit from holding shares in a listed company.
- [28] The Commission further noted the fact that the proposed merger will result in the employees of Bank Zero participating in a broad-based Employee Share Ownership Plan (“ESOP”) launched by Lesaka in 2024 pursuant to the merger between *Net1 Applied Technologies South Africa (Pty) Ltd v Ovobix (RF) (Pty) Ltd and Luxiano 227 (Pty) Ltd (“Net1 Merger”).*² The ESOP has a 3% shareholding in Lesaka Inc. Therefore, 33 (out of a total of 41) employees of Bank Zero will become participants of the ESOP pursuant to the proposed merger. The remaining 8 employees are senior executives and are not eligible to participate in the ESOP.

² Under case No. LM121Nov21.

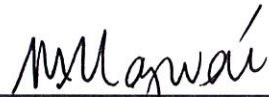
[29] Based on the above, we concluded that the proposed merger raises no substantial issues regarding the promotion of a greater spread of ownership.

[30] No other public interest issues arise.

Conclusion

[31] For the reasons set out above, we concluded that the proposed merger was unlikely to substantially prevent or lessen competition in any relevant market; further that the proposed merger does not raise public interest concerns.

[32] We therefore unconditionally approved the proposed merger.



Ms Mondo Mazwai

Prof. Thando Vilakazi and Ms Andiswa Ndoni

18 December 2025

Date

Tribunal Case Manager:

Tarryn Sampson

For the Merging Parties:

Chris Charter and Tairine Jones

For the Commission:

Ndivhuwo Moleya and Londiwe Senona