



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM197Oct17

In the matter between:

Sasfin Bank Ltd

Primary Acquiring Firm

and

Absa Technology Finance Solutions (Pty) Ltd

Primary Target Firm

Panel	: AW Wessels (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 20 December 2017
Order Issued on	: 20 December 2017
Reasons Issued on	: 22 January 2018

Reasons for Decision

Approval

- [1] On 20 December 2017, the Competition Tribunal ("Tribunal") approved the proposed transaction between Sasfin Bank Ltd ("Sasfin") and Absa Technology Finance Solutions (Pty) Ltd ("ATFS").
- [2] The reasons for approving the proposed transaction follow.

Parties to the proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Sasfin, a company incorporated in accordance with the company laws of the Republic of South Africa. Sasfin is a wholly-owned subsidiary of

Sasfin Holdings Limited, a bank controlling company listed on the Johannesburg Securities Exchange ("JSE").

- [4] The Sasfin Group operates in the broad banking and financial services sector, providing multiline banking and financial services and mainstream products.
- [5] One of the firms which Sasfin controls, Fintech (Pty) Ltd ("Fintech"), offers asset rental finance solutions to businesses and equipment suppliers. It provides financing for *inter alia* office automation equipment, industrial equipment, audio visual equipment, IT equipment, automated teller machines, medical equipment and CCTV equipment.
- [6] Sasfin is furthermore active in the technology financing segment through Sunlyn (Pty) Ltd ("Sunlyn"). Sunlyn has its own sales force for the origination of discounting and finance contracts. Sunlyn however does not retain these contracts for itself as it does not have the necessary capital base to do so but instead cedes the underlying contracts to Sasfin.

Primary target firm

- [7] The primary target firm is ATFS, a wholly-owned subsidiary of Absa Bank Ltd ("Absa"), which in turn is a wholly-owned subsidiary of the JSE listed Barclays Africa Group Limited.
- [8] ATFS provides discounting and direct financing solutions to discounting entities, i.e. to the suppliers of technology equipment, secured against technology rental agreements as well as, in some instances, financing solutions directly to end-users i.e. the purchasers of technology equipment.

Proposed transaction and rationale

- [9] In terms of the Sale Agreement, Sasfin intends to acquire the business of ATFS. Sunlyn, as an associate entity of Sasfin, will acquire the business of ATFS in order to facilitate the securitisation of the loans arising from the ATFS business following the implementation of the proposed transaction.
- [10] The proposed transaction affords the Sasfin Group the opportunity to grow its technology equipment rental book and acquire a new customer base.

Impact on competition

- [11] The Competition Commission ("Commission") identified a horizontal overlap between the activities of the merging parties in respect of the national market for the provision of financing for office automation equipment.
- [12] The Commission found that the merged entity will have a market share of less than 25% in this market. Further, the Commission found that the merged entity will face competition from a number of firms in this market, including Quince Capital, Merchant West and Wesbank. The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition.
- [13] We concur with the Commission that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

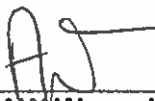
- [14] In relation to the effect of the proposed transaction on employment, the Tribunal requested clarity on the fact that the merging parties submitted that the proposed transaction will not result in any negative effect on employment, yet they offered an undertaking that there will be no merger-specific job losses for a period of only one year following the implementation of the proposed transaction.¹
- [15] During Tribunal questioning the merging parties submitted that although the above was their initial undertaking in the merger filing, their undertaking now extends to one in which no job losses would take place as result of the proposed transaction even beyond a one year period.²
- [16] The proposed transaction further raises no other public interest concerns.
- [17] Given the merging parties' undertaking that there will be no job losses or retrenchments as a result of the proposed transaction, we conclude that the proposed transaction raises no public interest concerns.

¹ Merger Record, pages 8 and 66.

² Transcript page 9, line 8, to page 12, line 5.

Conclusion

[18] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Furthermore, based on the merging parties' undertaking that there will be no job losses or retrenchments as a result of the proposed transaction, the proposed transaction raises no public interest concerns. Accordingly, we have approved the proposed transaction unconditionally.



Mr AW Wessels

22 January 2018
DATE

Mrs Medi Mokuena and Ms Andiswa Ndoni concurring

Case Manager: Kameel Pancham
For the merging parties: Mark Griffiths of Norton Rose Fulbright
For the Commission: Simphiwe Gumede