



competitiontribunal  
SOUTH AFRICA

## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM129Nov19

In the matter between

**RCS CARDS (PTY) LTD**

Primary Acquiring Firm

And

**EDCON LTD (in respect only of certain cardholders  
book debt of Edcon Ltd)**

Primary Target Firm

---

Panel	: Yasmin Carrim (Presiding Member)
	: Andiswa Ndoni (Tribunal Member)
	: Halton Cheadle (Tribunal Member)
Heard on	: 15 January 2020
Order Issued on	: 15 January 2020
Reasons Issued on	: 29 January 2020

---

### REASONS FOR DECISION

---

#### Approval

- [1] On 15 January 2020, the Competition Tribunal ("Tribunal") unconditionally approved the large merger transaction whereby RCS Cards (Pty) Ltd ("RCS") intends to acquire ownership of a portion of certain cardholders' book debt owned by Edcon Ltd ("Edcon"), hereunder collectively referred to as 'the merging parties'.
- [2] Our reasons for unconditional approval follow.

## **Parties to the transaction**

### *Primary Acquiring Firm*

- [3] RCS is incorporated in South Africa and is ultimately controlled by BNP Paribas Société Anonyme. RCS does not control any firm in South Africa.
- [4] RCS and its controllers are jointly referred to as the 'RCS Group'.
- [5] The RCS Group provides consumer finance services, focusing on unsecured credit including retail credit card facilities and insurance products in South Africa. The RCS Group is structured into two main business lines: transaction finance (card products) and fixed term finance (loans).

### *Primary Target Firm*

- [6] Edcon's book debt consists of cardholders' book debt owned by Edcon ("Edcon Book Debt"). The Edcon Book debt comprises Edcon store accounts and gross receivables.
- [7] The Edcon Book Debt refers to all claims and entitlements for the use of an Edcon branded store card by individuals who qualify for and have been issued a with an Edcon store card; or claims recorded in the revolving credit facility agreements concluded between Edcon and the principal debtor.
- [8] Edcon is controlled by K2019216440 South Africa Ltd and is listed on the JSE.

## **Proposed transaction**

- [9] RCS intends to acquire the Edcon Book Debt in tranches over a certain period of time. Post transaction, at the end of the period agreed by the parties, RCS will wholly own and control the Edcon Book Debt.

[10] RCS also intends to acquire a portion Edcon's book debt which is currently owned by ABSA Bank in a separate notifiable transaction. We heard both transactions at the same time. The reasons for that transaction is set out separately.<sup>1</sup>

### **Competition assessment**

[11] The merging parties provide consumer retail finance in the form of in-store unsecured credit.

[12] The Commission found a horizontal relationship between the merging parties in the market for the provision of unsecured customer credit related to the purchase of goods in retail stores. The Commission however investigated the proposed transaction in the national market for unsecured credit lending as there are other forms of unsecured credit lending that compete with in-store unsecured lending. Therefore, the market for unsecured credit lending (relevant market) was preferred.

[13] The Commission found that the merging parties will have a combined post-merger market share of less than 10% in the market for unsecured credit lending in South Africa. Given the low post-merger market share, the Commission was of the view that the proposed the transaction is unlikely to change the market structure. The Commission also found that there is an excess of 10 market participants with a greater presence in the relevant market which will continue to competitively constrain the merging parties.

[14] The Commission examined the transaction further and found that the proposed transaction is unlikely to raise existing barriers to entry into the unsecured credit market nor will it give rise to any information exchange concerns.

[15] We enquired from the merging parties as to the effect of the proposed transaction on the current and future cardholders (customers) with credit facility agreements with Edcon. The merging parties submitted that there will be no effect on customers as the proposed transaction essentially deals with which entity would be funding the credit whether it be Edcon or RCS. Customers will retain the same offering.

---

<sup>1</sup> See *RCS Cards (Pty) Ltd and ABSA Bank Ltd (in respect only of cardholders book debt owned by the ABSA Bank Ltd)* (Case No: LM131Nov19).

[16] We were satisfied with the Commission's analysis and the merging parties' response above.

**Public interest**

[17] The proposed transaction did not raise any employment concerns or adversely affect any other public interest ground.

**Conclusion**

[18] In light of the above, we were of the view that the proposed transaction is unlikely to result in a substantial lessening of prevention of competition in any market. In addition, the proposed transaction raises no public interest concerns.

[19] We accordingly approved the proposed transaction without conditions.



---

**Ms Yasmin Carrim**

**29 January 2020**

---

**Date**

**Ms Andiswa Ndoni and Prof. Halton Cheadle concurring.**

Tribunal Case Manager : Ndumiso Ndlovu

For the Merging Parties : R Wilson and S Manley of Webber Wentzel

For the Commission : M Mfuphi and W Gumbie