



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM162Mar20

In the matter between:

Volvo Financial Services Southern Africa (Pty) Ltd

Primary Acquiring Firm

And

The Volvo Finance Debtors Book, owned by Wesbank, Primary Target Firm

A division of FirstRand Bank Limited

Panel	:	Enver Daniels (Presiding Member)
	:	Imraan Valodia (Tribunal Member)
	:	Andreas Wessels (Tribunal Member)
Heard on	:	31March 2020
Order Issued on	:	31March 2020
Reasons Issued on	:	31March 2020

Reasons for Decision

Approval

- [1] On 31 March 2020, the Competition Tribunal ("Tribunal") unconditionally approved the transaction involving Volvo Financial Services Southern Africa (Pty) Ltd and The Volvo Finance Debtors Book, owned by Wesbank, a division of FirstRand Bank Limited.
- [2] The reasons for approving the proposed transaction follow.

Parties to the proposed transaction

Primary acquiring firms

- [3] The primary acquiring firm is the Volvo Financial Services Southern Africa (Pty) Ltd ("VFS"), a company incorporated in terms of the laws of the Republic of South Africa. VFS is a 100% controlled by Volvo Group Southern Africa (Pty) Ltd ("Volvo Group SA").
- [4] VFS provides financial services to customers who buy Volvo Group SA products. VFS provides equipment financing, which encompasses construction, mining equipment and fleets of trucks used for commercial purposes.

Primary Target Firm

- [5] The Primary Target Firm is Volvo Finance Debtors Book owned by Wesbank, a division of FirstRand Bank Limited (Debtors Book/Target Business).
- [6] The Target Business is a Debtors Book controlled and owned by Wesbank. The Debtors Book includes information on entities and individuals that are currently being financed by Wesbank in relation to Volvo equipment brand within mining, construction, logistics, marine and industrial sectors. Debtors Book excludes finance for passenger motor vehicles for personal use.

Proposed transaction and rationale

- [7] In terms of the proposed transaction, Wesbank agreed to sell the Debtors Book, which includes information on entities and individuals that owe money to Wesbank. The acquisition also entails the rights attached to the Debtors Book. Post-merger, VFS will solely control the Debtors Book.

- [8] The merging parties submitted that the proposed transaction arose pursuant to an option in favour of VFS contained in the joint enterprise agreement concluded with Wesbank to acquire the Debtors Book. The financing services provided to Volvo Group customers, who were financed by Wesbank, was always provided under the joint brand of Wesbank, combined with VFS and UDTFS. The merging parties submitted that it, therefore, made business sense to acquire the Debtors Book and to continue providing solutions provided to Volvo Group customers, financed by Wesbank, because that has always been provided under the VFS and UDTFS brands.

Impact on competition

- [9] The Commission considered the activities of the merging parties and found that there is a horizontal overlap in relation to the provision of equipment financing as it relates to the Debtors Book provided by VFS.
- [10] The Commission found that VFS as result of acquiring the Debtors Book from Wesbank will have a market share of less than 1% in the provision of equipment financing post-merger and that they will be constrained by the likes of First Rand, Nedbank, ABSA and Standard Bank. The Commission also engaged with market participants such as Nedbank, ABSA and Standard Bank who have indicated that they do not have any concerns with the proposed transaction.
- [11] Given the above, the Commission concluded that the proposed transaction is unlikely to lead to any substantial prevention or lessening of competition in any relevant market in South Africa due to low market share accretion.
- [12] We concur with the Commission's findings

Public interest

- [13] The merging parties confirmed that the proposed transaction will have no adverse effect on employment in South Africa and raises no other public interest concerns.

Conclusion

- [14] In light of the above, we concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approved the proposed transaction unconditionally.



Mr Enver Daniels

31 March 2020

DATE

Prof Imraan Valodia and Mr Andreas Wessels concurring

Tribunal Case Manager	:	Ms Busisiwe Masina
For the merging parties	:	Ms Ahmore Burger-Smidt of Werksmans Attorneys
For the Commission	:	Mr Tumiso Loate