

Media Release

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Bankserv acquisitions approved with conditions

The Competition Commission has placed conditions in its approval of the proposed acquisitions by Bankserv, the South African interbank clearing and settlements systems operator of Emid and Nomad respectively. Emid is a specialist provider of “back office” ICT services to small banks and other financial institutions that require account management solutions. Nomad provides software that ensures the smooth transmission of card payment instructions from a retailer’s checkout system to its acquiring bank.

The acquisition of Emid and Nomad forms part of the commercialisation strategy of Bankserv, which was initially created as a utility serving the major banks which are also its major shareholders.

These are small mergers which in terms of the Competition Act do not require compulsory notifications. However, the Commission requested the parties to notify these mergers because concerns were raised over their likely impact on competition.

These concerns are that the transactions may degrade the quality of access to the Bankserv platform currently enjoyed by Emid and Nomad’s competitors, create opportunities for Bankserv to bundle products, or cross subsidise Emid or Nomad’s operations.

The conditions imposed by the Commission will require Bankserv to continue to provide access to its platform in a non discriminatory manner to all parties in need of such access. Pricing should also remain fair and transparent, in accordance to PASA (Payment Association of South Africa) regulations. Bankserv may not bundle its services with the services offered by its new acquisitions. Bankserv is further prohibited from cross subsidising the products and services of Emid and Nomad using profits made from its core activities.

The conditions imposed will exist for a period of 10 years and be reviewed thereafter. During this period Bankserv will be required to report to the Commission annually. Provided good cause is shown, the merging parties or any third party may approach the Commission at any time during the initial 10 year period to revoke or amend these conditions.

ENDS

Further Info:

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