

**COMPETITION TRIBUNAL OF SOUTH AFRICA**

**Case No: 111/LM/Oct08**

In the matter between:

**JDG Trading (Pty) Ltd**

Acquiring Firm

and

**Maravedi Group (Pty) Ltd**

Target Firm

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Panel : D Lewis (Presiding Member), Y Carrim (Tribunal Member) and N Manoim (Tribunal Member)  
Heard on : 3 December 2008  
Order issued on : 3 December 2008  
Reasons issued on : 11 December 2008

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**Reasons for Decision**

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**Introduction**

[1] On 3 December 2008 the Tribunal approved the acquisition by JDG Trading (Pty) Ltd of Maravedi Group (Pty) Ltd. The reasons follow below.

**The transaction and parties**

[2] The primary acquiring firm is JDG Trading (Pty) Ltd (“JDG Trading”), a subsidiary of JD Group Limited (“JD Group”). JDG Trading has joint control in Maravedi Group (Pty) Ltd, the primary target firm in the proposed transaction, in which it holds 42.65%, along with Absa Group which also holds 42.65%, and Thebe Investment Corporation (Pty) Ltd which is the minority shareholder with 9.48%.

[3] In terms of the proposed transaction JDG Trading will increase its shareholding in Maravedi Group from 42.65% to 90.52% by buying ABSA

Group's and Maravedi Management's shares, thus moving from joint to sole control, with Thebe Investment Corporation remaining as the minority shareholder.

#### **Rationale for the transaction**

- [4] The rationale for JDG Trading is to form a separate financial division. Absa, which used to fund Maravedi Group, is no longer prepared to provide funding, whereas JDG Trading is prepared to fund Maravedi Group.

#### **Effect on Competition**

- [5] JDG Trading is active in the sale of household durable goods such as furniture and electronic appliances on cash and credit, and collects its own book debts, though in certain instances it outsources to third parties. Maravedi Group through its subsidiaries is active in the business of acquisition and collection of delinquent debtors' book, and originating and advancing of credit through the mechanism of various financial products such as unsecured personal loans and credit card facilities.
- [6] There is a horizontal overlap between the activities of the merging parties in the market for the provision of unsecured credit in South Africa, in which JDG has 6% market share pre merger, and Maravedi Financial Solutions has 0.1% premerger.
- [7] Post merger, the merging parties will have a market share of 6.1% which is relatively low compared to major players in the relevant market such as SBSA - 20%, ABSA - 19%, FNB - 15%, Nedbank - 11% and ABIL/Ellerines - 10%.<sup>1</sup>
- [8] The proposed transaction also results in vertical integration in that Maravedi Group collects debt on behalf of JDG Trading from JDG Trading's debtors in respect of household durable goods. According to the Commission's investigation, for the financial year ended 31 August 2007, Maravedi Group

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<sup>1</sup> These market share figures take into account the market share figures in another merger between JDG Trading and Blake and Associates Holdings (Pty) Ltd Case No.: 110/LM/Oct08, which was decided by this Tribunal on 27 November 2008.

collected debts totalling approximately 5.88% of Maravedi Group's annual turnover in the business of collecting debts and approximately 0.03% of JDG Trading's annual turnover in the business of selling household durable goods. These figures are insignificant to raise any foreclosure concerns.

[9] The Tribunal finds that the proposed transaction is unlikely to substantially prevent or lessen competition due to low market share accretion post merger and the lack of foreclosure concerns.

**Public Interest**

[10] The transaction does not raise any significant public interest concerns.

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Y Carrim

**11 December 2008**  
Date

**D Lewis and N Manoim concurring.**

Tribunal Researcher: L. Xaba

For the merging parties: Levy, Feinsteins & Associates Incorporated

For the Commission: X. Nokele