



FAIR TRADING COMMISSION

Summary Report

TITLE: Acquisition of Massycard (Barbados) Limited by Delta Capital Partners Limited [*Delta/Massycard Barbados*]: Analysis and Decision

DATE: September 14, 2022

**DETERMINATION OF MERGER APPLICATION
Massycard (Barbados) Limited and Delta Capital Partners
Limited**

Section 20 of the Fair Competition Act, CAP.326C of the Laws of Barbados

Dated September 14, 2022

Introduction

1. The Fair Trading Commission (the “Commission”), considered an application filed on July 29, 2022¹ by Delta Capital Partners (Jamaica) Limited (hereafter “Delta,” “DCPL” or the “Purchaser”) and Massycard Barbados Limited (hereafter “Massycard,” “MCBL” or the “Target”) (the “Application”). Collectively, Delta and Massycard are referred to herein as the “Applicants” or the “Parties”².
2. The Application sought the Commission’s approval for the acquisition of the credit card portfolio of Massycard by way of Delta acquiring the assets which relate to the credit card portfolio of Massycard, as set out in an Asset Purchase Agreement negotiated by both parties (the “proposed transaction”).

The Undertakings Involved

Purchaser: Delta Capital Partners (Jamaica) Limited (Delta or DCPL)

3. **Delta** is a private equity firm based in Kingston, Jamaica. Since its launch in July 2020, Delta’s focus has been directed to investments in Fintech, hospitality, media and entertainment, real estate, health and wellness, and finance sectors.
4. Delta Payments Services (Barbados) Limited is a Fintech company incorporated in Barbados in 2021 under the Companies Act CAP 308 of the laws of Barbados (the

¹ Both parties submitted their respective Merger Applications on July 29, 2022 and the official start date of the review was August 3, 2022.

² Both parties are represented by their respective internal counsel.

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“Companies Act”) and is wholly owned by Delta, through a Barbados -based holding company, Delta Group (Barbados) Limited (“Delta Group”), and an upstream St. Lucia holding company, Delta Capital Holdings (St. Lucia) Limited.

Target: Massycard Barbados Limited (Massycard or MCBL)

5. **Massycard** is a company incorporated in Barbados in 2011 under the Companies Act. The sole shareholder of MCBL is Massy (Barbados) Limited (formerly Barbados Shipping Trading & Company Limited). MCBL’s portfolio consists of dual operations:
 - (i) A credit card/ consumer finance line of business; and
 - (ii) A money or value transmission service (remittance services) line of business.

The Proposed Transaction

6. Delta, through its Barbados subsidiary, Delta Payments Services (Barbados) Limited, has proposed to acquire 100% of the Massycard credit card portfolio and selected supporting assets.

Rationale for the Merger

7. The proposed transaction is an aspect of the continuous transformation of the business portfolio and consequent organizational restructuring of Massy Barbados Limited, the parent of MCBL. The reorganization was reflected in a number of divestments that were first reviewed by the Commission in 2019 and continued into 2021 and 2022.
8. There are no pre-existing business linkages or other involvement between the Delta Group and the Massy Group. To this end, the proposed transaction, if approved, will introduce Delta to the financial sector in Barbados.

Relevant Markets

9. The Commission is of the view that the proposed transaction applies to two relevant areas of business: (i) the provision of remittance services and (ii) the provision of closed loop credit card services in Barbados. However, the Commission has further determined that owing to the specificity of the proposed transaction, the relevant product market to the proposed transaction is **the provision of closed loop credit card services.**

Competitive Assessment

10. The Commission considered the impact the proposed transaction is likely to have on the relevant market. In all merger reviews, the Commission is primarily concerned with whether a proposed transaction would result in the creation of a dominant enterprise that has the incentive to abuse its position of dominance by exploiting consumers and/or excluding competitors from the relevant market. Additionally, the Commission's review focuses on the potential lessening of competition arising from the creation of a more concentrated market, which in turn is caused by fewer suppliers in the market which is a potential reduction in consumer choice. One of the effects of this market becoming more concentrated is the increased likelihood of collusion among competitors.

The Commission's View of Competition within the Market(s)

11. From the Commission's perspective, the demand for closed loop credit cards has been suppressed by a number of factors³:
- i. **Closed Loop vs Open Loop:** Closed loop credit cards can be limiting in terms of the ability to utilise the card outside of the closed loop network (*i.e.*, the credit

³ The reader is asked to note well that no attempt was made to establish direct causality between the listed factors and the relative demand for closed-loop cards. The link is speculative.

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card can be used only within the participating partner or merchant network). In contrast, open loop cards can be used worldwide where the card brand or network which processes the transactions is accepted (*e.g.*, VISA, MasterCard, American Express or Discover credit cards). **It is noteworthy that at present, there are two closed loop credit card providers in operation inclusive of the Massycard. In recent years, a number of closed loop credit card providers have transitioned to an open loop platform.**

- ii. **Transition from CarIFS:** In Barbados, there was a transition from the Caribbean Integrated Financial Services Inc. (CarIFS) system (a Barbados-based ABM network provider) to the VISA/MasterCard platform⁴. The transition from the CarIFS platform occurred in 2020. The new VISA/MasterCard platform provides cardholders with debit cards⁵ the ability to access their funds from respective accounts at any ATM, as well as the ability to use debit cards at local, regional and international point of sale systems⁶.
- iii. **COVID-19 pandemic:** Consumer credit demand declined during the pandemic due to the lack of economic activity on island as a result of multiple lockdowns and the resulting loss of jobs.

12. Owing to the characteristics of a closed loop network, one can argue that the Massycard, as with all closed loop cards, operate in a distinct market. Consider that Massycard has a definitive list of partners who will accept the card. As a result, it has created a unique ecosystem/market of merchants and customers. **This market is two-sided (comprising a defined network of merchants as one market, and a group of cardholders as another).** Arguably, there is exclusivity in the closed loop credit card merchant network insofar that the network is accessible to

⁴ CarIFS is a Barbados-based Automated Banking Machine (ABM) network provider offering customers of financial institutions in Barbados the ability to have 24-hour access to cash from their bank accounts via affiliated ABMs in the country.

⁵ Both bank and credit union issues debit cards.

⁶ [Financial institutions move to VISA and MasterCard as CariFS system ends - Barbados Today](#) accessed April 4, 2022

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participating merchants only. Thus, card issuers can be said to exist in their own narrow market (*e.g.*, the market of Massycard holders and transactions).

13. It is anticipated that Delta Payment Services (Barbados) Limited will enhance the Massycard credit card which will provide additional financing options for Barbadian cardholders.
14. Owing to the structure of the proposed transaction and the pre- and post-merger arrangements thereof, the Commission has determined that the proposed transaction will not result in a change of any concentration given the takeover of assets of the credit card portfolio by Delta, a company not operating in the relevant market pertaining to the proposed transaction in Barbados or affiliated with any entities in Barbados which are presently in operation. Such a transaction will have no effects on the structure of the closed loop credit card services market, *per se*, and therefore the market concentration will remain the same post-merger as it did pre-merger.

Conclusion

15. The Commission, pursuant to Section 20(5) of the Fair Competition Act CAP.326C of the Laws of Barbados (the "FCA") has completed its analysis of the Application.
16. In accordance with the factors that the Commission is mandated to consider in the conduct of its merger investigations laid out at Section 20 (7) (a) to (e) of the FCA, the Commission has considered all of the information before it (inclusive of submissions from the Applicants as well as secondary sources) in order to determine the likely impact of the proposed transaction on competition in the relevant market. On the basis of the assessments done, the Commission has determined that the relevant market is **the provision of closed loop credit card services in Barbados**. Massycard will retain the remittance services line of

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business and thus competition within that market did not feature throughout the Commission's analysis.

17. The Commission made the following findings regarding the proposed transaction:

- **Delta does not operate in any of the relevant markets pertaining to the merger transaction in Barbados;**
- **The proposed transaction will not result in a change in the distribution of market power or market concentration; and**
- **The enhancement of the Massycard credit card portfolio by Delta will result in additional consumer choice and innovation through the introduction of new products and services for consumers by way of the digital economy.**

18. In light of the foregoing, the Commission has resolved that the proposed transaction as currently structured and presented qualifies to be permitted under Section 20 of the FCA.

19. The Commission therefore recommends that the proposed transaction be permitted without conditions attached.