

COMPETITION COMMISSION OF INDIA

21st November, 2012

Combination Registration No. C-2012/11/90

Order under Section 31 (1) of the Competition Act, 2002

1. On 5th November, 2012, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”), given by Standard Chartered Bank, India Branch (hereinafter referred to as “**SCB India**”) regarding the proposed acquisition by SCB India of the performing loan portfolios of personal instalment loans, loans against property and home loan finance of Barclays Bank Plc., India Branch (hereinafter referred to as “**Barclays India**”) and the performing loan portfolios of personal instalment loans and loans against property of Barclays Investments and Loans (India) Limited (hereinafter referred to as “**BILIL**”).
2. The said notice was given to the Commission pursuant to the execution of two Framework Deeds, one between Barclays India and SCB India and the other between Barclays Bank Plc., BILIL and SCB India, both executed on 26th October, 2012. It has been submitted in the notice that since both the Framework Deeds relate to the proposed acquisition by the same acquirer and their closings are cross conditional to each other as per the terms contained in the said Framework Deeds, a single notice in terms of sub-regulation (4) of Regulation 9 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”) has been filed by the acquirer.
3. In terms of Regulation 14 of Combination Regulations, on 7th November, 2012, SCB India was required to provide certain information and document(s). SCB India filed their reply to the said letter on 14th November, 2012.
4. As per the details provided in the notice and the documents annexed thereof, as already stated, the proposed combination comprises of the acquisition of performing loan portfolios of personal instalment loans, loans against property and home loan finance of Barclays India (“**Barclays India portfolio loans and related assets**”) upon the terms and conditions set out in the Framework Deed signed between Barclays India and SCB India on 26th October, 2012 and the acquisition of performing loan portfolios of personal instalment loans and loans against property of BILIL (“**BILIL portfolio loans and related assets**”), upon the terms and conditions set out in the Framework Deed signed between Barclays Bank Plc., BILIL and SCB India on 26th October, 2012, respectively, which in each case includes related customer



data, files and other customer arrangements related to these loans. Barclays India portfolio loans and related assets and BILIL portfolio loans and related assets are hereinafter collectively referred to as “**Portfolio loans and related assets**”. Further it has been stated that SCB India is not acquiring any of the processes, infrastructure, physical assets or employees of Barclays India and BILIL and that Barclays India and BILIL would notify the unsecured and secured loan customers about the transaction.

5. The proposed combination falls under Section 5(a) of the Act.
6. SCB India is a branch of Standard Chartered Plc., a company incorporated in England and Wales, which is the holding company of the Standard Chartered group engaged in providing banking and financial services in over seventy countries across the globe. SCB India is currently operating in India through 95 branches situated across 37 cities and is engaged in the business of providing various banking and financial services such as personal banking, preferred banking, priority sector banking, private banking, SME banking, NRI banking, corporate banking, wholesale banking, loans and mortgages and insurance & investment services.
7. Barclays India is a branch of Barclays Bank Plc., a company incorporated in England and Wales, which is the operating company of the Barclays group providing banking and financial services in over fifty countries across the globe. Barclays India is currently operating in India through 9 branches and is engaged in providing banking and financial services such as retail banking including banking products like current & savings accounts, time deposits, NRI accounts & debit cards; corporate banking and other similar services.
8. BILIL, a wholly owned subsidiary of Barclays Bank Plc., is a non-deposit taking Non-Banking Financial Company (NBFC) registered with RBI. BILIL is currently operating through various branches spread across around 50 cities in India and is engaged in the business of providing loan against security to corporate clients and high net worth individuals, personal loans, loan against property, business instalment loans, fund raising through issue of debentures, corporate bonds and money market instruments to finance its activities.
9. It has been stated in the notice that Barclays India is exiting the lines of business pertaining to personal instalment loans, loans against property and home loan finance and that BILIL is exiting the lines of business pertaining to personal instalment loans and loans against property and accordingly, they are transferring their respective Portfolio loans and related assets to SCB India. SCB India, as a part of its business expansion plan i.e. growth and expansion of their presence in consumer banking business in India, is proposing to acquire the Portfolio loans and related assets from Barclays India and BILIL.



10. As per the RBI's publication "A Profile of Banks, 2011-12", as on 31st March, 2012, there were around 86 scheduled commercial banks, comprising of 26 public sector banks, 20 private sector banks and 40 foreign banks, operating in India through 83229 offices. As per the RBI's *Report on Trends and Progress of Banking in India, 2011-12*", at end-March 2012, there were around 40 foreign banks operating in India with 323 branches. In case of NBFCs, as per the RBI's *Report on Trends and Progress of Banking In India, 2011-12*, the total number of NBFCs registered with RBI at the end of June 2012 were 12,385, out of which around 273 were deposit taking NBFCs and around 375 were systematically important- non-deposit taking NBFCs (NBFCs-ND-SI). As per the said report, during the year 2011-12, the total assets held by NBFCs-ND-SI amounted to around INR 921300 crore, of which loans and advances accounted for around INR 590000 crore. Further, as an indication of the total size of the personal loan segment in India, it is observed from the latest RBI press release on "Sectoral Deployment of Bank Credit – September, 2012", issued on 31st October, 2012 and Statement I and II annexed therewith pertaining to data on sectoral deployment of credit collected on monthly basis from select 47 scheduled commercial banks which accounts for about 95 percent of the total non-food credit deployed by all the scheduled commercial banks, that out of the total outstanding for personal loan segment in India which has been indicated as INR 818800 crore in the statement, the outstanding for housing (including priority sector) has been indicated as INR 421300 crore and for other personal loans has been indicated as INR 151200 crore.

11. From the information provided in the notice and other documents on record regarding the total number of accounts and outstanding of Barclays India and BILIL in the personal instalment loan, loan against property and home loan finance segment in India and about the number of accounts and end net receivables being transferred by Barclays India and BILIL to SCB India in these segments, it is observed that the total loan portfolio of Barclays India and BILIL in each of these segments as well as the Portfolio loans and related assets being transferred to SCB India constitute a very small percentage of the overall size of the respective loan segment in India. Further, it is also observed that total outstanding of SCB India in the personal instalment loan, loan against property and home loan finance segment also constitute a very small percentage of the overall size of the respective loan segment in India. Further, as observed earlier, in addition to SCB India, Barclays India and BILIL, there are a large number of other players in the banking and financial services sector, who are engaged in the business of providing personal loans including personal instalment loans, loan against property and home loan finance, in India. In view of the foregoing, it is observed that the proposed combination is not likely to raise any adverse competition concern.



12. Considering the facts on record and the details provided in the notice and the assessment of the proposed combination after duly considering the relevant factors mentioned in the sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
13. This approval is without prejudice to any other legal/statutory obligations as applicable.
14. This order shall stand revoked if, at any time, the information provided to the Commission is found to be incorrect.
15. The Secretary is directed to communicate to SCB India accordingly.



Certified True Copy

[Handwritten Signature]
29/11/12
ANIL K. VASHISHT
Office Manager
Competition Commission of India
New Delhi