

COMPETITION COMMISSION OF INDIA

28th December, 2011

Combination Registration No.: C-2011/12/15

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

1. On 12th December, 2011, 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**”) of the proposed combination between Standard Chartered Bank, India Branch (hereinafter referred to as “**SCB India**”) and Barclays Bank PLC, India Branch (hereinafter referred to as “**Barclays India**”).
2. The notice under sub-section (2) of Section 6 of the Act was filed by SCB India pursuant to the framework agreement signed by Barclays India and SCB India on 7th December, 2011 and relates to acquisition of the credit card business of Barclays India by SCB India. It is stated in the notice that the credit card business proposed to be acquired includes selected sale accounts, customer relationship, customer data & files and outstanding receivables of identified cardholders (hereinafter referred to as “**credit card assets**”).
3. The proposed acquisition falls within Section 5(a) of the Act.
4. It is stated in the notice that SCB India is not acquiring any of the processes, infrastructure, assets or employees of Barclays India. Further, it is also stated in the notice that Barclays India will notify the concerned credit card customers about the transaction along with the offer of SCB India for re-carding, and those customers who convey their objection to receiving the SCB India credit cards will not be issued credit cards by SCB India.
5. It is also stated in the notice that for identified customers of Barclays India whose credit card relationship will be migrated to SCB India, Barclays India would not (i) in any capacity (except for any regulatory or statutory reporting purposes), use any information which it has from the customer data and files in respect of the identified cardholders (who, at the time of transfer to SCB India are not customers of Barclays India or any other group company of Barclays India, other than as a cardholder), to conduct marketing activities in relation to any of products of Barclays India in India; and (ii) for a period of two years from the transfer date, in any capacity (except for any regulatory or statutory reporting purposes), use any information which it has from the customer data and files (or information derived from the customer data and files) in respect of identified cardholders (who, at the time of transfer to SCB India, are not customers of Barclays India or any



other group company of Barclays India, other than as a cardholder), to conduct any marketing activities in relation to credit cards in India.

6. SCB India is a branch of the Standard Chartered Bank Group (hereinafter referred to as “**SCB Group**”). SCB Group is involved in providing banking services such as consumer banking, priority banking, private banking, wholesale banking, small and medium enterprise banking and Islamic banking, across the globe, in over 70 countries. The ultimate parent company of the SCB India is Standard Chartered PLC, a company incorporated in England and Wales. It has been stated in the notice that SCB India has been granted a banking license by the Reserve Bank of India (RBI) under the Banking Regulation Act, 1949 and carries on business in India through its 95 branches/offices. SCB India provides various financial services such as personal banking, preferred banking, priority sector banking, private banking, SME banking, wholesale banking, loans and mortgages, NRI banking, insurance and investment services including credit card(s) facilities.
7. Barclays India is a branch of the Barclays Bank PLC, which is the operating company of the Barclays Group, a company incorporated in England and Wales. Barclays Group is a global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services, across the globe in over 50 countries. It has been stated in the notice that Barclays India has been granted a banking license by the RBI under the Banking Regulation Act, 1949 and carries on business in India through its 9 offices. Barclays India provides services such as credit card facilities, retail banking, premier banking, corporate banking and other similar services.
8. It has been stated in the notice that Barclays India has been providing credit card services to its customers in India since the year 2007 and that 2008 onwards it has been reducing issuance of new credit card(s). It is also stated in the notice that since August 2011, Barclays India has not issued any new credit card(s). It is reducing focus on the credit card business and accordingly proposed to transfer the credit card assets to SCB India. Further, that it is also stated in the notice that SCB Group is committed to the growth and expansion of their presence in the consumer banking business in India, to capture the long term growth that the Indian market offers. Accordingly, SCB India proposes to acquire the credit card assets from Barclays India.
9. As regards engagement of SCB India and Barclays India, in any activity relating to the production, supply, distribution, storage, sale and service or trade in products or provision of services which is at different stages or levels of production chain in which either SCB India or Barclays India is involved, it has been stated in the notice that Scope International Private Limited, a company incorporated under the Companies Act, 1956, is a wholly owned subsidiary of Standard Chartered Bank, United Kingdom and acts as the global shared services centre of the SCB Group and handles a wide range of value-added services such as banking operations, finance and accounting services, and software



development and maintenance etc. In India, Scope International Private Limited also acts as a back office for credit cards operations of SCB India. It is stated in the notice that another company of the SCB Group, Standard Chartered Finance Limited, a company incorporated under the Companies Act, 1956, is a subsidiary of Standard Chartered Bank, United Kingdom provides marketing services to support the financial products offered by SCB India. It is also stated in the notice that Barclays Shared Services Pvt. Ltd, a company incorporated under the Companies Act, 1956 and a 100 per cent subsidiary of Barclays Group, started operations in India in the year 2007 and provides business process outsourcing services and support across the Barclays Group.

10. The proposed combination concerns the credit card business in India. Credit Card refers to a plastic card assigned to a cardholder, usually with a credit limit, that can be used to purchase goods and services on credit. The Banks issuing credit cards are guided by the RBI in matters pertaining to operations of credit card business in India. In this regards, the RBI master circular dated 1st July, 2010 states that prior approval of the RBI is not necessary for banks desirous of undertaking credit card business either independently or in tie-up arrangement with other card issuing banks and the banks with net worth of ₹100 crore and above can undertake credit card business with the approval of their respective boards.
11. As per the publicly available information, it is observed that the credit card business in India is fragmented with presence of many players. It is observed that five prominent players amongst them i.e. HDFC Bank, ICICI Bank, State Bank of India, Citibank and HSBC have a combined share of approx 77 per cent of the number of active cards in India.
12. As per the RBI's monthly bulleting published in November 2011, for the FY ending 31st March 2011, the total size of the credit card business in India in terms of value of sales is ₹ 75,515.68 crores and in terms of number of active credit cards is 180.39 lakhs. It is also observed from the notice and other documents on record that, as regards the total credit card business in India, for the period ending 31st March, 2011, the aggregate share (in percentage terms) of SCB India and Barclays India taken together, both in terms of number of active credit cards and value of sales, is in single digit.
13. The Commission considered the proposed combination in its Ordinary Meeting held on 28th December, 2011.
14. It is noted that the credit cards business in India is fragmented with presence of many players and that as regards the total credit card business in India, the aggregate share (in percentage terms) of SCB India and Barclays India taken together, both in terms of number of active credit cards and total value of sales, is in single digit. Further, it is observed that SCB India and Barclays India have no arrangement among themselves in any activity, relating to the production, supply, distribution, storage, sale and service or



trade in products or provision of services which is at different stages or levels of production chain in the credit card business in India. Given the foregoing, the proposed combination is not likely to have an adverse effect on competition in India.

15. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the proposed acquisition of the credit card assets of Barclays India by SCB India, the Commission is of the opinion that the proposed acquisition is not likely to have an appreciable adverse effect on competition in India. The Commission therefore, hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
16. This approval is without prejudice to any other legal or statutory obligations as applicable.
17. This order shall stand revoked if, at any time, the information provided by SCB India is found to be incorrect.
18. The Secretary is directed to communicate to SCB India accordingly.



Certified True Copy

[Handwritten Signature]
28/12/11
ANIL K. VASHISHT
Office Manager
Competition Commission of India
New Delhi