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THE STRAWHECKER GROUP

TransactionWatch

*Weekly Newsletter For Payments Executives That Covers The Most Important
And Relevant Merchant Acquiring Deals And Activity*

Week of:

October 12th – October 16th

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Deal Activity Summary

October 12th – October 16th

This Week's M&A Overview

Stripe continues to make headway in their global expansion efforts with their recently announced acquisition of Nigerian-based payments startup, Paystack. Stripe's new acquisition further emphasizes the company's global expansion strategy, which is also accompanied through their internal growth initiatives which have added seventeen additional countries to its payments platform in the last eighteen months. Although terms of the acquisition were not disclosed; it is suspected that the deal was valued at more than \$200 million, making this Stripe's largest acquisition to date. Furthermore, this deal also highlights Stripe's focus towards the emerging payments market in Africa, in which they believe online commerce will continue to make significant strides in year-over-year growth.

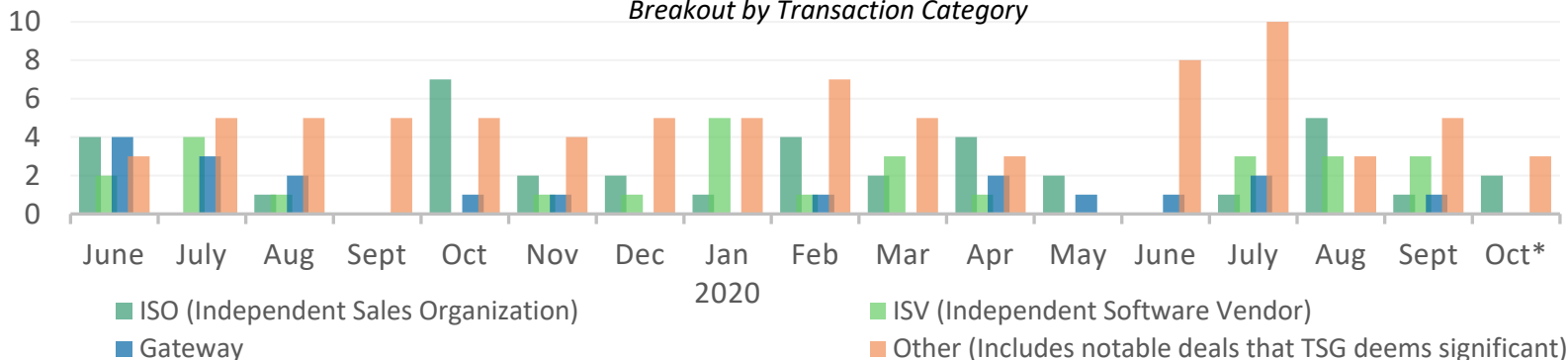
Separately, First Citizens BancShares announced today (Oct. 16th) their intentions to acquire CIT Group for nearly \$2.2 billion. The combined banking group will have approximately \$110 billion in assets and consist of more than 600 bank branches across the country. While this group will predominantly focus on the issuing side of payments, the acquisition of CIT Group could enable First Citizens to expand their merchant services offering into new markets and geographies. However, the sale of this transaction is expected to close in the first half of 2021.

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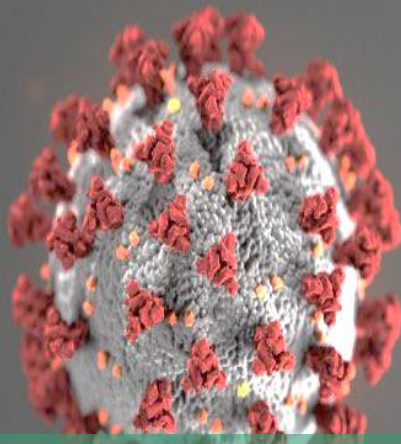
2019-2020 M&A Activity – Year to Date

Breakout by Transaction Category



*As of publication.

Note: TSG's selected M&A activity monitors specific markets relating to the acquiring industry and the general payments market.



COVID-19 Industry Impact

October 12th – October 16th

As the world faces the continuously evolving COVID-19 pandemic, TSG is here to help support our clients by providing valuable information as it relates to COVID-19's impact on the merchant acquiring industry. In order to help keep our readers well-informed about this ongoing crisis and how it relates to the payments market, below are this week's essential news stories.

COVID-19 Is Changing Consumer Behavior At The Point-Of-Sale

[Forbes](#) | [October 12th, 2020](#)

As shelter-in-place orders spread across the US in mid-March, cash was already coming under fire as a potential vehicle for spreading COVID-19. Media articles and nightly news reports quickly began targeting the unsanitary aspects of physical currency, and many merchants started affixing signs to their storefronts or checkouts encouraging the use of cards, and in some cases outright banning cash.

COVID-19 Has Forced More Than Three-Quarters of Banks to Change Their Future Banking Strategy

[Yahoo! News](#) | [October 13th, 2020](#)

Marqeta, the global modern card issuing platform, today (Oct. 13th) released a report that examines how banks intend to change their strategies in response to the COVID-19 pandemic. According to the findings, COVID-19 has had a significant impact on almost all (96%) European banks, with over three-quarters (78%) planning to change their future banking strategy to adapt to changes in consumer behavior, such as the accelerated adoption of digital banking services and cashless payments.

Adyen's 2020 Retail Report Reveals American's Shopping Habits and Post-Pandemic Outlook

[PR Newswire](#) | [October 15th, 2020](#)

Adyen, the global payments platform of choice for many of the world's leading companies, today (Oct. 15th) announced U.S.-specific findings from its 2020 Global Retail Consumer Survey which explored how consumers' perspectives and spending habits shifted during the COVID-19 pandemic and what their outlook will be post-pandemic.

Covid-19's Long Shadow Is Prompting a Rise in Gift Card Sales, Including Digital Cards

[Digital Transactions](#) | [October 15th, 2020](#)

With a looming holiday shopping season inflected by uncertainties surrounding the effects of the Covid-19 pandemic, payments firms are trying to work out how consumers may change spending habits this year. A study released Thursday (Oct. 15th) indicates processors expect a healthy jump in e-commerce volume, including a surge for gift cards.



Payments Monetization

Drive Growth Through The Monetization Of Payments

The continuous adoption of integrated software solutions among business owners has created a large opportunity for independent software vendors (ISVs). Effectively implementing payment processing capabilities can create significant payment revenue through their platform, increasing overall market valuation.

The process of [monetizing payments within ISVs](#) can be challenging and time consuming as there are several models to choose from. An ISV needs to evaluate factors such as the revenue opportunity, the level of risk, the resources required, and the overall customer relationship.

The Strawhecker Group's expertise and experience can [provide customized guidance](#) on your firm's go-forward strategy and execution.

EXPERTISE

TSG has served leading software companies and is well positioned to build-out a payment strategy that helps you avoid barriers to entry. **TSG can assess your current situation, review relationships, and develop a roadmap to your financial and operational objectives.**



INDUSTRY CONTACTS

TSG is highly knowledgeable of payment providers and can pin-point the appropriate partner to create a cohesive solution for you and your customers. **TSG can provide an experienced guide that will reduce complexity, speed up implementation, and maximize your investment.**



TSG can identify and assess areas of payment monetization and provide support to a relationship that is financially beneficial and increases enterprise value. Whether it is a new or existing offering, TSG can provide actionable insights to maximize the benefits of integrated payments among software solutions.

For more information, please contact MI@thestrwegroup.com



Historical M&A Tracker

Transaction History: June 2020 – September 2020

Transaction Categories:



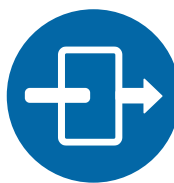
ISO

*Independent
Sales Organization*



ISV

*Independent
Software Vendor*



Gateway



Other

*Includes notable deals that TSG
deems significant*

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
<i>Other</i>	First Citizens Bank	CIT Group	\$2,200	10/16/2020
<i>ISO</i>	Stripe	Paystack	\$200+	10/15/2020
<i>Other</i>	Paynetics	Wirecard (UK and Ireland Corporate Card Portfolio)	-	10/9/2020
<i>ISO</i>	Nexi	SIA	\$5,300	10/5/2020
<i>Other</i>	Castles Technology	Spire Payments	-	10/1/2020
<i>ISO</i>	SIBS	Wirecard (Romania)	-	9/28/2020
<i>Other</i>	Paya	The Payment Group	-	9/21/2020
<i>ISV</i>	Clearent	Wintac	-	9/23/2020
<i>Other</i>	Fleetcor	AFEX	-	9/17/2020
<i>Other</i>	Payroc	Blackline Partners (dba eConduit)	-	9/15/2020
<i>ISV</i>	North American Bancard	Salido	-	9/10/2020



Historical M&A Tracker

Transaction History: June 2020 – September 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Gateway	Verifone	2Checkout	-	9/8/2020
Other	Cornerstone Brands	FXPress Payments	-	9/1/2020
ISV	MRI Software	RentPayment	-	9/1/2020
ISO	Railsbank	Wirecard U.K. (Wirecard Card Solutions)	-	8/28/2020
Other	WorldRemit	Sendwave	~\$500	8/25/2020
ISV	Mastercard	IfOnly	-	8/24/2020
Other	Afterpay	Pagantis SAU & PMT Technology	~\$59	8/24/2020
ISO	PagSeguro Digital	Wirecard Brazil	-	8/21/2020
Other	American Express	Kabbage	-	8/17/2020
ISO	Fortis Payment Systems	Blue Dog Business Services	-	8/11/2020
ISV	SpotOn	Seatninja	-	8/11/2020
ISO	Payroc	Strategic Payment Systems	-	8/10/2020
ISV	TouchBistro	TableUp	-	8/5/2020
ISO	FinTech Acquisition Corp. III	Paya	\$1,300 (Enterprise value)	8/3/2020
Other	Apple	Mobeewave	\$100	7/31/2020
Gateway	CITCON	OPAY	-	7/31/2020
ISV	Trust Payments	Mobilize Systems	-	7/30/2020



Historical M&A Tracker

Transaction History: June 2020 – September 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Corsair Capital	MSTS	-	7/30/2020
Other	ZenBusiness	Joust	-	7/30/2020
Other	Quadient	YayPay	\$20	7/29/2020
Other	Prove (formerly Payfone)	Early Warning Service's 'Mobile Authentication' Business	-	7/29/2020
ISO	Network International	DPO Group	\$288	7/28/2020
Other	Enova	OnDeck	\$90	7/28/2020
Gateway	Paysafe	Openbucks	-	7/27/2020
Other	REPAY	cPayPlus	\$16	7/23/2020
Other	NewOak Finance	FuturePay	-	7/23/2020
ISV	HealthEdge	Burgess Group	-	7/21/2020
ISV	Square	Stitch Labs	-	7/10/2020
Other	Heidelpay Group	Paysafe's 'Pay Later' business	-	7/9/2020
Other	Paytm	Raheja QBE	\$76	7/6/2020
Other	MFS Africa	Beyonic	-	6/30/2020
Other	Mastercard	Finicity	\$825	6/23/2020
Gateway	Planet	3C Payment	-	6/18/2020
Other	Professional Datasolutions	National Payment Card Association (ZipLine)	-	6/18/2020



Headline News

October 12th – October 16th



PayPal Takes Aim At Klarna With ‘Pay in 3’ Service For UK Shoppers

[CNBC](#) | [October 13th, 2020](#)

PayPal says it's launching a “buy now, pay later” service in the U.K. that lets shoppers finance their purchases over three interest-free monthly instalments. The U.S. tech giant is perhaps better known for its online payment tools, but it's been branching out into credit in the years since it acquired lending platform Bill Me Later.



Shift4 Payments Launches QR Code Ordering Solution

[BusinessWire](#) | [October 12th, 2020](#)

Shift4 Payments, a leading provider of integrated payment processing, today (Oct. 12th) announced a contactless QR code ordering solution for restaurants. This solution provides restaurants with a custom QR code that can be displayed on table tents, placemats, etc. for customers to scan with their phone in order to view the menu and place their order. The order is sent directly to the restaurant's point-of-sale (POS) system so that it can be prepared and served like any other order.



European Fintech Firm Revolut Plans To Apply For U.S. Banking License

[Reuters](#) | [October 12th, 2020](#)

Digital banking app Revolut is planning to apply for a bank charter with the Federal Reserve Bank of San Francisco and California's Division of Financial Institutions within weeks, CNBC reported on Monday (Oct. 12th), citing people with knowledge of the matter. Even though Revolut's bank charter will be with California, it will allow the lender to operate widely throughout the United States through interstate agreements, according to the report.



Partnership Activity

October 12th – October 16th



PCI Pal Announces Strategic Alliance with Stripe to Rapidly Deploy Payment Security Deployments

[Yahoo! Finance](#) | *October 13th, 2020*

PCI Pal, the global provider of cloud-based secure payment solutions, has today announced an alliance with the global payment services provider, Stripe. For organizations already using Stripe's range of payment infrastructure services for web-based businesses, they can now quickly deploy PCI Pal's security solutions to ensure payment collections are handled in accordance with the very latest PCI DSS rules.



Mastercard Partners with Signzy for Global Rollout of Video KYC

[Mastercard Newsroom](#) | *October 13th, 2020*

Mastercard today announced a partnership with Signzy, a leading RegTech startup based in India, to enable Signzy's video-based KYC (Know Your Customer) solution for its banking customers. With this partnership, Mastercard customers will benefit from a completely paperless, remote and secure onboarding solution for end-users.

Other Notable Partnerships:

- **Cambridge Global Payments** and **Ripple** announce partnership on delivering cross-border B2B payment solutions.
- **Mastercard** teams up with **Stride** on providing comprehensive benefits to gig-economy workers.
- **Rapyd** partners with **InComm Payments** for cash bill pay and load solutions in the U.S.
- **Bendigo Bank** forms a strategic alliance with **Tyro** for merchant acquiring services.



Management Changes

October 12th – October 16th



signature
PAYMENTS

Signature Payments Announces Jeff Fortney As VP of Partner Relations

Signature Payments has appointed Jeff Fortney as VP of Partner Relations where he will be responsible for supporting the firm's new Agent and ISO partners. Fortney has held several senior level positions in the payments industry, including roles at TouchSuite, Clearent, and Paymentech.

Date Announced	Company	Personnel	New Position	Previous Position
10/13/2020	Integral	Kevin Wilson	<i>Managing Director – Business Development</i>	FCX at Citi
10/13/2020	Signature Payments	Jeff Fortney	<i>VP of Partner Relations</i>	Senior VP at TouchSuite
10/14/2020	Brex	June Sauvaget	<i>Chief Marketing Officer</i>	Global Head of Consumer & Product Marketing at Spotify
10/15/2020	OFX Group	Leonard Shen	<i>Board Member</i>	Chief Compliance Officer at Visa



TSG Payments Index

Q1 2011 – Q3 2020

*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic

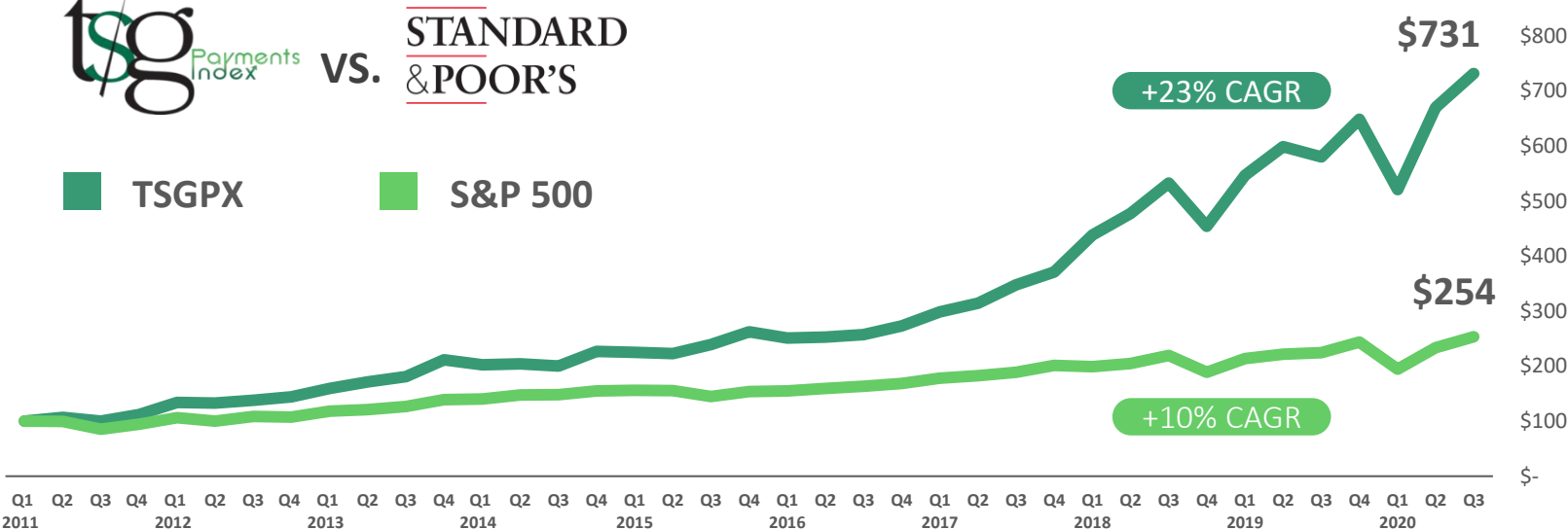


VS.

STANDARD
& POOR'S

TSGPX

S&P 500



Payments companies have been thriving in recent years and are becoming more valuable and profitable for the company and its investors. With strong earnings year after year, many payments companies are rapidly increasing their market capitalization and gaining the attention of additional stakeholders.

The chart displays the performance of a \$100 investment in an index of selected payments companies which represent the "TSG Payments Index" – this index is calculated on a value weighted basis using market capitalization and is compared to the S&P 500 which is also calculated using the same methodology. **A \$100 investment in the TSGPX in Q1 2011 would be valued at approximately \$731 in Q3 2020, as compared to \$254, if invested in the S&P 500.**

On average, payments companies grow at a compounded rate that is **13% higher** than that of the industry average. This growth rate is more than double of the industry average and represents the attractiveness of the payments market. The Payments Index is depicted to portray the growing nature of the payments market and hints at where this market is headed in the coming years.





TSG Buy/Sell Consulting Services

Buy-Side

- Buyers use TSG's due-diligence subject matter experts for support on a variety of key decision criteria can affect the value of the property. TSG assists buyers by acting as their advisor as they evaluate the financial value, benchmarking key performance metrics, determine risk, and evaluate the value of any technology assets.

Sell-Side

- The key factor in a successful asset sale is understanding the true value of your enterprise. Value is defined as the "amount a buyer is willing to pay." TSG has a pulse of the market and performs an extensive evaluation of value drivers to ensure potential "sellers" understand the value of their company in the marketplace – prior to starting the sales process. In addition, buyers can use the data to assess offers that have been received for an accurate and fact-based assessment of the offer.

Private Equity

- TSG can help private equity firms understand the landscape before investing and can build a market analysis to determine which investment is the best fit to create the highest ROI. TSG provides investors and financial institutions with the documented valuation information needed to support funding events.

Restructuring & Re-Capitalization

- TSG can facilitate strategic exercises to help forge a new path ahead and can help with implementation of a new structure to ultimately maximize the value and performance of the entity.

30+
ACQUISITIONS
AND INVESTMENT
TRANSACTIONS



250+
COMPLETED
PAYMENTS CO.
VALUATIONS



8 of 12
OF THE LARGEST
PAYMENTS TRANS
IN THE LAST YEAR



\$10-100M
TYPICAL DEAL
RANGE





TSG Buy/Sell Consulting Services

TSG Has Advised For Many Leading Companies in the Payments Industry



In its
sale to



In the
acquisition of



In the
acquisition of



In the
acquisition of



In its
Merger with



In its
sale to



On their funding
event with



On their funding
event with



In the
acquisition of



In due diligence support
of its investment into



THE BEEKMAN GROUP LLC

In its
recapitalization of



In a merchant portfolio
purchase from



In its
merger with



On the organization of
its joint venture with



On their
investment in



In the
acquisition of



In the
acquisition of



In acquisition of the
operation assets of



In the
acquisition of



On their joint
venture with





Payments Experts. Powerful Data.
THE STRAWHECKER GROUP®

ANALYTICS + CONSULTING

The Strawhecker Group (TSG) is a fast-growing analytics and consulting firm. The company serves the entire payments ecosystem, from fintech startups to Fortune 500 companies. The firm provides its clients with advisory services, research and analytics to help them plan and execute their strategic initiatives. Based in Omaha, a recognized payments industry hub, TSG is an established leader in this high-growth, ever-evolving space.

