



Payments Experts. Powerful Data.
THE STRAWHECKER GROUP

TransactionWatch

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

Week of:

October 26th – October 30th

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Deal Activity Summary

October 26th – October 30th

This Week's M&A Overview

M&A activity continued to make headway in the final week of October with the announcements of several notable acquisitions within the merchant acquiring industry. Foremost, Visa announced on Tuesday (Oct. 27th) their intention to acquire YellowPepper, a Miami-based fintech provider who offers APIs to issuers and processors in the Latin America and Caribbean region. This acquisition helps advance Visa's "network of networks" strategy by applying YellowPepper's platform to Visa's real-time payments solution, Visa Direct. Furthermore on Visa, the company's intended purchase of Plaid, announced earlier this year, is under question by the Department of Justice (DOJ) due to antitrust concerns. The outcome of the DOJ's decision could impair the execution of this transaction.

Separately, REPAY announced this week their acquisition of a B2B payments and accounts payable automation provider, CPS Payment Services. REPAY will pay up to \$93 million for the transaction, of which \$78 million will be paid at closing using cash on hand. The transaction is expected to increase REPAY's total annual B2B payment volume to over \$4 billion and expanded their virtual card offering.

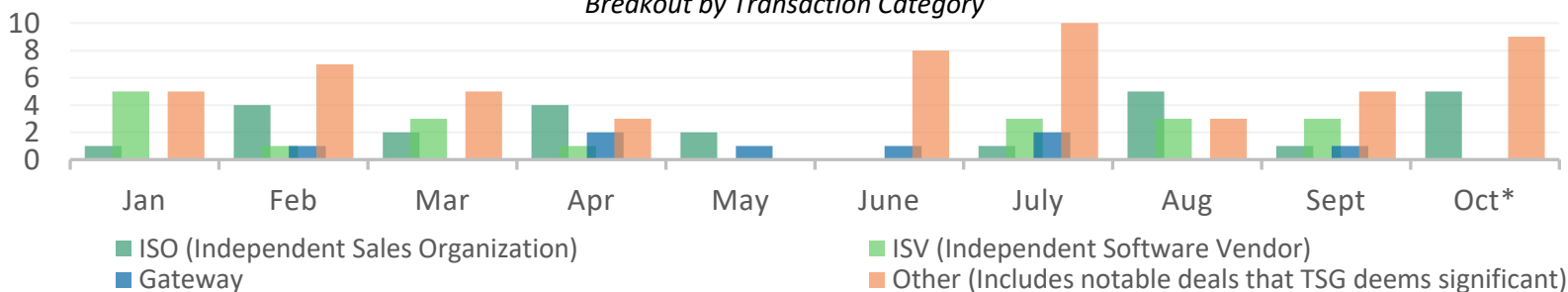
Lastly, Celero Commerce announced on Wednesday (Oct. 28th) their second acquisition of 2020. The company purchased TransNational Payments, Illinois-based ISO. With the addition of TransNational Payments, Celero now serves 40,000 merchants, 150 financial institutions, and processes more than \$14 billion in annual card volume.

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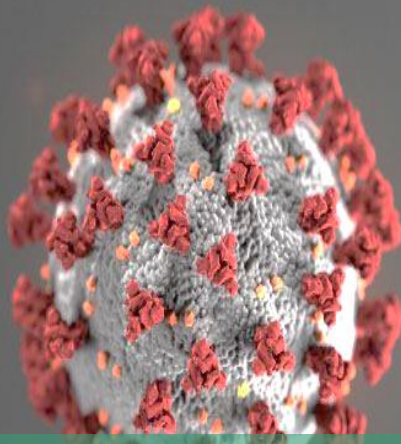
2020 M&A Activity – Year to Date

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 26th – October 30th

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.

The Coronavirus Economy Is a Mixed Bag for Credit-Card Issuers

[The Wall Street Journal](#) | October 28th, 2020

Consumers are spending money as if the coronavirus recession is over. But they are also paying down old debts and avoiding new ones in case the pandemic lasts a while. That is the discordant picture of the U.S. economy that emerged from third-quarter earnings reports from some of the country's largest credit-card issuers.

New COVID-19 Wave Crashes Through Global Economy

[PYMNTS](#) | October 28th, 2020

It's been a week of all the wrong kinds of COVID-19 records getting set all over the world. In the United States, the average number of new daily cases hit another record on Monday (Oct. 26th), as 36 states reported an alarming spike in new cases. And over the past week, the average number of U.S. patients hospitalized with COVID-19 ticked up by at least 5 percent, according to reports. That's a figure experts warn is going to keep climbing, as hospitalization is a metric that tends to lag behind new cases.

Covid-19 Spurs Fintech Regulation Innovation - Study

[Finextra](#) | October 29th, 2020

Covid-19 has led to a strong increase in the use of fintech products and services, prompting central banks and other financial authorities to step up their own regulatory innovation efforts, according to a report from the World Bank and the Cambridge Centre For Alternative Finance (CCAF). The study, which gathered responses from 118 central banks and other financial regulatory authorities in 114 jurisdictions worldwide, shows strong fintech take-up since the outbreak of the pandemic.

U.S. Economy Posts Record Growth In Third-quarter; COVID-19 Scarring To Last

[Reuters](#) | October 29th, 2020

The U.S. economy grew at a historic pace in the third quarter as the government injected more than \$3 trillion worth of pandemic relief which fueled consumer spending, but the deep scars from the COVID-19 recession could take a year or more to heal.



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: July 2020 – October 2020

Transaction Categories:



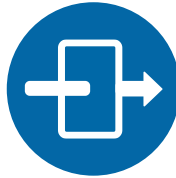
ISO

Independent
Sales Organization



ISV

Independent
Software Vendor



Gateway



Other

Includes notable deals that TSG
deems significant

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Alliance Data	Bread	\$450	10/29/2020
ISO	Celero Commerce	TransNational Payments	-	10/28/2020
Other	Visa	YellowPepper	-	10/27/2020
Other	REPAY	CPS Payment Services	\$93	10/27/2020
Other	Nets Group	CCV Schweiz	-	10/23/2020
ISO	Syncapay	North Lane Tech. (Formerly Wirecard North America)	-	10/22/2020
Other	PaymentCloud	Paysley	-	10/21/2020
ISO	Versapay	Solupay	-	10/20/2020
Other	South Mountain Merger Corp.	BillTrust	\$1,300	10/19/2020
Other	First Citizens Bank	CIT Group	\$2,200	10/16/2020
ISO	Stripe	Paystack	\$200+	10/15/2020



Historical M&A Tracker

Transaction History: July 2020 – October 2020

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



Historical M&A Tracker

Transaction History: July 2020 – October 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
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
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



Headline News

October 26th – October 30th

VISA

Visa's Planned Purchase of Plaid Faces Antitrust Scrutiny at the Justice Department

[The Wall Street Journal](#) | [October 27th, 2020](#)

Visa Inc.'s \$5.3 billion deal to buy a key player in the financial-technology space is in jeopardy because of antitrust concerns, according to people familiar with the matter. The Justice Department could decide soon whether it will sue to block Visa's acquisition of Plaid Inc., a firm that provides the technological infrastructure underpinning an array of next-generation financial apps. After spending the better part of the year scrutinizing the deal, the department is concerned it could limit nascent competition in the payments sector, people familiar with the matter said.



Ant Group To Raise \$34.5 Billion, Valuing It At Over \$313 Billion, In Biggest IPO Of All Time

[CNBC](#) | [October 26th, 2020](#)

Ant Group would raise \$34.5 billion in its dual initial public offering after setting the price for its shares on Monday (Oct. 26th), making it the biggest listing of all time. The Chinese financial technology giant previously said it would split its stock issuance equally across Shanghai and Hong Kong, issuing 1.67 billion new shares in each location. Ant Group's Shanghai-listed shares will be priced at 68.8 yuan each. The issuing of 1.67 billion shares would raise 114.94 billion yuan or \$17.23 billion, according to the exchange rate listed in the official filings.

Worldline

Worldline Welcomes Ingenico, Creating A New World-class Leader In Payment Services

[Ingenico Newsroom](#) | [October 30th, 2020](#)

By combining forces with Ingenico, Worldline will become Europe's new world-class leader in payment services and joins the league of international payment leaders. Worldline is committed to operating payment solutions that enable viable economic growth and reinforce trust and security in our societies. With its global footprint and its dedication to excellence, innovation and sustainability, Worldline is set to accelerate the development of the European payments industry, further shaping new ways of paying, living and doing business.



Partnership Activity

October 26th – October 30th



Choice Technology Solutions Inks Deal with Merrick Bank

[BusinessWire](#) | *October 26th, 2020*

Choice Technology Solutions, a financial-technology leader in back-office automation, today (Oct. 26th) announced that Merrick Bank has selected the company’s Jarvis all-in-one back-office management platform for its business needs. In the battle to stay competitive and thrive, Jarvis automation helps merchant acquirers, independent sales organizations (ISOs) and sales agents streamline processes and workflows to reduce costs and increase margins, while significantly improving merchant servicing, portfolio management and both merchant and downline reseller partner experience.



TikTok Partners With Shopify On Social Commerce

[TechCrunch](#) | *October 27th, 2020*

TikTok is further investing in social commerce with today’s (Oct. 27th) announcement of a new global partnership with e-commerce platform Shopify. The deal aims to make it easier for Shopify’s over 1 million merchants to reach TikTok’s younger audience and drive sales. The partnership will eventually expand to include other in-app shopping features, as well, the companies said.

Other Notable Partnerships:

- **Paya** is partnering with **Artis Technologies** on providing their clients the ability to offer real-time consumer financing options.
- **American Express** is expanding their partnership with **Uber** to introduce new offerings for their U.S. platinum, gold and green card members.
- **Aegean Airlines** is extending its partnership with **ACI Worldwide** for enhanced fraud protection.
- **Centrapay** is partnering with **Verifone** on launching a new contactless payment solution in New Zealand.



Management Changes

October 26th – October 30th



American Express Has Elected Charles Phillips To Its Board of Directors

Charles Phillips, current Co-Founder and Managing Partner of Recognize, has been appointed to American Express’s Board of Directors effective December 1st, 2020. Mr. Phillips has held several noteworthy roles in his career, including positions at Infor, Oracle, and Morgan Stanley. Additionally, Mr. Phillips also currently serves as a Board Member to the Federal Reserve Bank of New York.

Date Announced	Company	Personnel	New Position	Previous Position
10/26/2020	American Express	Charles Phillips	<i>Board Member</i>	Current Co-Founder and Managing Partner at Recognize
10/27/2020	I2c Inc.	Miguel Olvera	<i>Regional Director of Business Development, Mexico</i>	Country Manger, Mexico at Wirecard
10/28/2020	PayCertify	Tim Murphy	<i>Chief Operating Officer</i>	Global Controls – Center of Excellence at PayPal
10/29/2020	Discover Financial Services	Shifra Kolsky	<i>Senior VP, Controller & Chief Accounting Officer</i>	VP, Assistant Controller at Discover



TSG Payments Index

Q1 2011 – Q3 2020

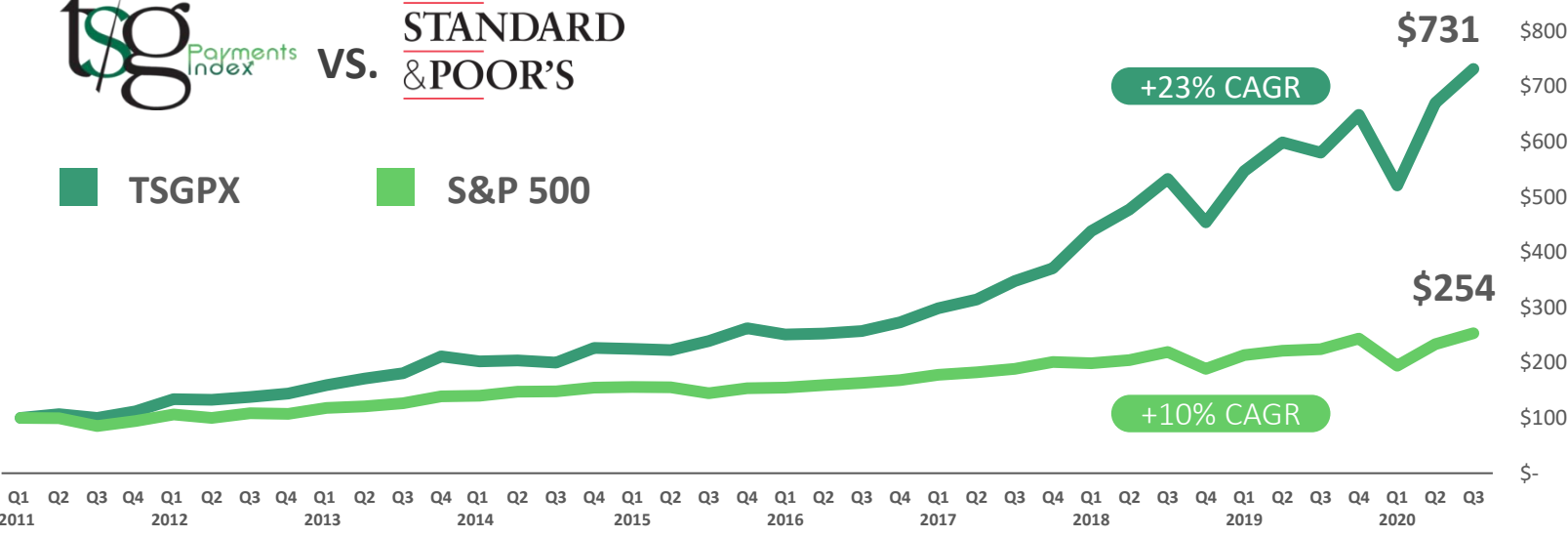
*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic



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

Shift4
PAYMENTS

In its sale to

LIGHTHOUSE
NETWORK

payroc
STABILITY IN PAYMENTS

In the acquisition of

Integrity

CLARUS
MERCHANT SERVICES

In the acquisition of

NAMS

PARTHENON
CAPITAL PARTNERS

In the acquisition of

NXGEN
& **pay**scape®

APPLIED MERCHANT™

In its Merger with

BLUE SQUARE
RESOLUTIONS

Terrapin
Financial Services, LLC

In its sale to

BluePay

Goldman Sachs

On their funding event with

Newtek
"The Small Business Authority"

Goldman Sachs

On their funding event with

Bluefin
Payment Systems

PIVOTAL
PAYMENTS

In the acquisition of

CAPITAL
PROCESSING NETWORK

BregalSagemount

In due diligence support of its investment into

YAPSTONE
POWERING PAYMENTS

THE BEEKMAN GROUP LLC

In its recapitalization of

Direct Connect

sage

In a merchant portfolio purchase from

Heartland
PAYMENT SYSTEMS™

PRIORITY
PAYMENT SYSTEMS

In its merger with

cynergydata

Mutual of Omaha Bank Ⓜ

On the organization of its joint venture with

First Data

SIG
SUSQUEHANNA
GROWTH EQUITY, LLC

On their investment in

PaySimple®

CAYAN

In the acquisition of

CPS
CARD PAYMENT SERVICES

payroc
STABILITY IN PAYMENTS

In the acquisition of

iTransact

talus pay

In acquisition of the operation assets of

PROLIFIC
BUSINESS SOLUTIONS

BluePay

In the acquisition of

Primax
Defining Card Processing

KeyBank

On their joint venture with

Elavon



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.

