

TransactionWatch

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

Week of:

November 16th – November 20th

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Deal Activity Summary

November 16th – November 20th

This Week's M&A Overview

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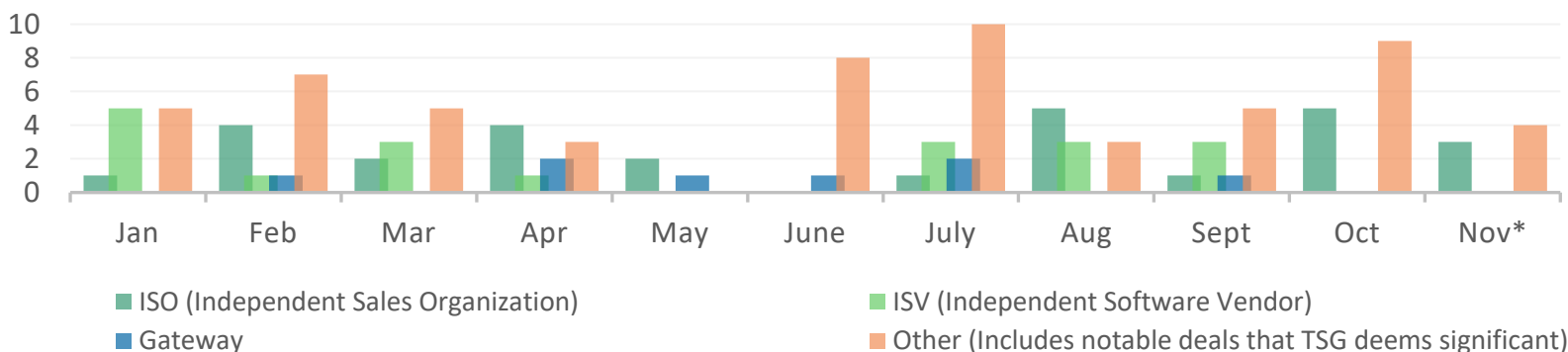
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A flurry of new deals were announced in what was a bustling week as payment entities continue to consolidate and seek expansion across the industry. After months of speculation, Nexi announced their acquisition of Nets for a total consideration of approximately \$9.2 billion. The combined entity will create one of Europe's largest payments company by volume. This acquisition also comes on the heels of Nexi's last acquisition of SIA, which occurred just last month and was valued at about \$5.3 billion. Separately, Santander announced this week their purchase of Wirecard's European merchant technology assets for an estimated \$118 million. This deal will ultimately help accelerate Santander's merchant payments business, Getnet.

Payroc continues to seek growth through acquisitions as the company made the announcement of their purchase of Bluestone Payments, an ISO based in Georgia and founded by Linda Rossetti in 2006. Payroc has had an eventful year in M&A as they rapidly accelerate their global processing volume. Separately, European payments service provider SumUp has acquired POS software provider Goodtill for an undisclosed sum. Acquiring Goodtill adds complementary products and services to SumUp's growing lineup of POS solutions.

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

November 16th – November 20th

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.

Gateways Adapt to E-Commerce As They Contend With Covid-19's Impact

[Digital Transactions](#) | November 20th, 2020

The Strawhecker Group's most recent analysis of 100 payment gateways found that half of them charge a monthly fee, down from 74% in 2019. That is potentially because of the impact of the Covid-19 pandemic, the report says. Other findings show that 52% of all gateways focus on retail, followed by health care, 22%, restaurant, 19%, and education, 14%. Gateways could select more than one.

Unemployment Claims Rise as Economic Worries Grow

[The New York Times](#) | November 19th, 2020

The job market is showing signs of weakening again, as more Americans file for unemployment benefits amid a sharp rise in coronavirus cases and new restrictions on business aimed at curbing the outbreak. Initial claims for state employment insurance jumped by more than 18,000 to over 743,000 last week, before adjusting for seasonal factors, the Labor Department reported Thursday (Nov. 19th).

1-in-3 Consumers Plan to Spend Less This Upcoming Holiday Season

[Discover Press Release](#) | November 18th, 2020

The COVID-19 pandemic has affected the lives of millions, and its impact will trickle into how much, and where, consumers plan to spend this holiday season, according to Discover's annual Holiday Shopping survey. The number of consumers who plan to curb spending almost doubled in one year, from 18% in 2019 to 35% in 2020. The survey also shows Generation Xers and millennials are the most likely to cut back their spending this year, 42% and 36%, respectively.

COVID Casts More Doubt On Future Of Bank Branches

[PYMNTS](#) | November 20th, 2020

Physical banking was already on the decline before the COVID-19 pandemic put much of the physical economy into the deep freeze for a year and left customers scrambling to digitize their day-to-day lives as much as possible and as fast as possible. Consumers were already shifting an increasing number of their account management activities to online sites and mobile apps.



B2B Payment Network

Navigating Through The B2B Payment Network

The B2B Payment Network has evolved significantly. Are you up to speed on the market opportunities currently available? TSG has proven results of helping clients [navigate the emerging B2B space](#). Whether starting new or improving the program you already have, there are critical questions you must ask.

LOOKING TO START A NEW AP PROGRAM?

- Do you know there is a simple way to start this program at **no cost to you**?
- Do you know how much **additional revenue** you could potentially be generating?
- Are you aware that you could **be reducing manual processes and costs**?
- Are you looking for a way to **improve reconciliation processes** for yourself and your suppliers?

DO YOU ALREADY HAVE AN AP PROGRAM?

- How **old** is your AP program?
- Are you **optimizing your returns**? Do you know you could potentially be leaving money on the table?
- The competition among AP Automation companies is aggressive when bidding for new business, **do you know how your program compares** against the industry?
- Are you looking to **exceed supplier acceptance targets**?

Whether you're looking to start a new program or improve your current accounts payable system, The Strawhecker Group is fully equipped to guide you through this initiative. TSG can help you partner with the right issuer to derive the most benefit from your program and maximize your ROI.

For more information, please email Info@thestrwegroup.com



Historical M&A Tracker

Transaction History: August 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
<i>Other</i>	SumUp	Goodtill	-	11/19/2020
<i>ISO</i>	Payroc	Bluestone Payments	-	11/18/2020
<i>Other</i>	Santander	Wirecard (Technology Assets)	\$118	11/17/2020
<i>Other</i>	PNC Financial	BBVA (U.S. Operations)	\$11,600	11/16/2020
<i>ISO</i>	Nexi	Nets Group	\$9,200	11/15/2020
<i>ISO</i>	Lightspeed POS	ShopKeep	\$440	11/5/2020
<i>Other</i>	Shift4 Payments	3dcart	-	11/5/2020
<i>Other</i>	Alliance Data	Bread	\$450	10/29/2020
<i>ISO</i>	Celero Commerce	TransNational Payments	-	10/28/2020
<i>Other</i>	Visa	YellowPepper	-	10/27/2020
<i>Other</i>	REPAY	CPS Payment Services	\$93	10/27/2020



Historical M&A Tracker

Transaction History: August 2020 – October 2020

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



Historical M&A Tracker

Transaction History: August 2020 – October 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
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
Other	Corsair Capital	MSTS	-	7/30/2020



Headline News

November 16th – November 20th



Mastercard Extends Open Banking Efforts with Close of Finicity Acquisition

[BusinessWire](#) | November 19th, 2020

Mastercard today (Nov. 19th) announced it has completed its acquisition of Finicity, a leading North American provider of real-time access to financial data and insights. “Today is a great milestone as we continue to build out the solutions that deliver on the potential of open banking,” said Craig Vosburg, president, North America, Mastercard.



Payment Company Affirm Files To Go Public With Revenues Doubling Year-over-year

[CNBC](#) | November 18th, 2020

Payments company Affirm filed its IPO prospectus with the Securities and Exchange Commission on Wednesday (Nov. 18th), and plans to list on the Nasdaq under the symbol “AFRM.” The San Francisco-based company, founded and led by PayPal co-founder Max Levchin, offers online installment loans. Affirm has been one of the more popular start-ups in the space. It announced a partnership with Shopify earlier this year, allowing merchants to offer installment loans on products they sell, and works with 6,500 merchants including Peloton, Expedia and Walmart.

Klarna.

Klarna Reaches A Record 11 Million Customers In The US

[Klarna](#) | November 19th, 2020

Klarna, the leading global payments provider and shopping service, today (Nov. 19th) announced that it has reached a record 11 million customers in the US, representing a 106% increase year over year and a rapid climb from the 10 million milestone reached only three weeks before. The Klarna app has also seen accelerated momentum with currently more than two million monthly active users in the US.



Partnership Activity

November 16th – November 20th



Adyen Partners with Affirm Making it Easier for Merchants to Provide a Transparent Pay-Over-Time Option at Checkout

[Affirm](#) | November 17th, 2020

Adyen, the global payments platform of choice for many of the world's leading businesses, today (Nov. 17th) announced a partnership with Affirm, a payment method that provides consumers a transparent way to pay over time online and in-store.



A World of Opportunity: Shopify Launches Partnership with Alipay to Help Merchants Access New Global Consumers

[Shopify](#) | November 17th, 2020

Today (Nov. 17th), we're announcing a partnership with Alipay, Asia's leading digital wallet platform, unlocking the power of cross-border commerce for Shopify's merchants. The new payment gateway will allow Shopify merchants to seamlessly accept payments through Alipay from more than one billion annual active users in China alone — and, in the future, hundreds of millions more across Asia.

Other Notable Partnerships:

- **American Express** teams up with **PayPal** to enable U.S. card members the ability to send money to another PayPal or Venmo customer in the American Express app.
- **Sezzle** partners with **Wix** to offer their buy now, pay later service to Wix's base of merchants and online stores.
- **Marqeta** and **Uber** enter into a strategic global card-issuing partnership.
- **Citi** teams up with **Mastercard** for Google Pay Plex accounts.



Management Changes

November 16th – November 20th



TRUIST

Sal Karakaplan Joins Truist Financial To Head The Firm's Newly Formed Enterprise Payments Group

Truist Financial Corp. has appointed Sal Karakaplan to head the company's newly formed Enterprise Payments Group. Under his new role, Karakaplan will be responsible for managing and strategizing Truist's payments products and services. Karakaplan joins Truist from JPMorgan Chase, where he served as Executive Director, Integrated Payments Strategy.

Date Announced	Company	Personnel	New Position	Previous Position
11/17/2020	Truist Financial	Sal Karakaplan	Head of Enterprise Payments	Executive Director, Integrated Payments Strategy at JPMorgan Chase
11/19/2020	Paysafe	Scot McClintic	SVP iGaming Product & Strategy	Chief Product Officer & General Manager at Penn National Gaming



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

tsg
Payments
Index

VS.

STANDARD
& POOR'S

TSGPX

S&P 500

\$731

+23% CAGR

\$254

+10% CAGR

\$800
\$700
\$600
\$500
\$400
\$300
\$200
\$100
\$-

Q1 2011 Q2 2011 Q3 2011 Q4 2011 Q1 2012 Q2 2012 Q3 2012 Q4 2012 Q1 2013 Q2 2013 Q3 2013 Q4 2013 Q1 2014 Q2 2014 Q3 2014 Q4 2014 Q1 2015 Q2 2015 Q3 2015 Q4 2015 Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019 Q1 2020 Q2 2020 Q3 2020

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
Payments
Index

Euronet
WORLDWIDE

EVERI

EVOPAYMENTS
INTERNATIONAL

FIS

ACI
UNIVERSAL
PAYMENTS.

AllianceData.

AMERICAN
EXPRESS

CARDTRONICS

Diebold Nixdorf

DISCOVER

fiserv.

shopify

Square

mastercard

globalpayments

paysign

jack henry
& ASSOCIATES INC.

usbank

PayPal

VISA

WESTERN
UNION WU

green
dot

USIO

VERISIGN

NCR

wex



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.

