

# TransactionWatch

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

*Week of:  
June 15<sup>th</sup> – June 19<sup>th</sup>*

This report is based upon information considered reliable by The Strawhecker Group® (TSG), but the accuracy and completeness of such information is not guaranteed or warranted to be error-free. Information provided is as reasonably available, not to be deemed all inclusive. TSG assumes no obligation to update the content hereof. This report is subject to the terms and conditions of a separate license with recipient, is further protected by copyright under U.S. Copyright laws and is the property of TSG. Recipient may not copy, reproduce, distribute, publish, display, modify, create derivative works, transmit, exploit, or otherwise disseminate any part of this report except as expressly permitted under recipient's license with TSG. The Strawhecker Group (TSG) is not endorsed, sponsored by, or in any other way affiliated with any companies identified in this presentation. The trademarks of third parties displayed herein are the property of such parties, and, are provided merely for identification purposes. TSG claims no rights therein. This document has not been prepared, approved or licensed by any entity identified in this report.

© Copyright 2020. The Strawhecker Group®. All Rights Reserved.



# Deal Activity Summary

June 15<sup>th</sup> – June 19<sup>th</sup>

## This Week's M&A Overview

### Table of Contents

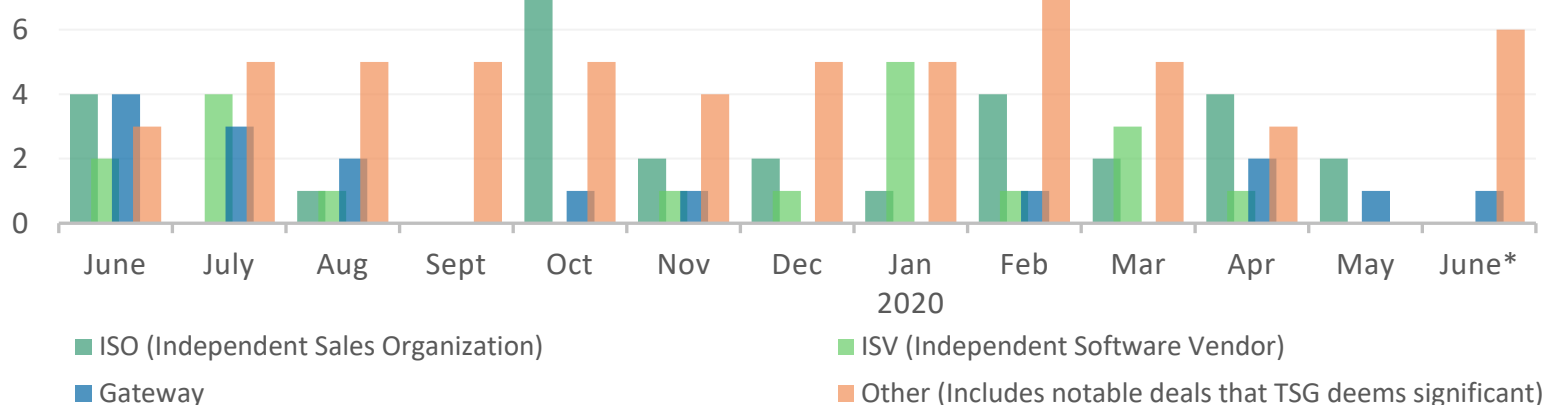
- [Deal Activity Summary](#)
- [COVID-19 Industry Impact](#)
- [Payments Monetization](#)
- [Historical M&A Tracker](#)
- [Headline News](#)
- [Partnership Activity](#)
- [Management Changes](#)
- [TSG Payments Index](#)
- [TSG Buy/Sell Services](#)

M&A activity within the payments ecosystem is showing signs of improvement as several new deals were announced this past week. As the global economy continues to recover, the progression of deals moving forward will likely endure as economic optimism improves and market opportunities become more actionable. COVID-19 has evidently changed consumer spending habits which has created several opportunities for emerging digital payment technologies and market expansion. An example of this was Square's acquisition of Verse announced this week. This acquisition complements Square's peer-to-peer payment service, Cash App, as they share many similarities, however, Verse primarily focuses in the European market. The details of this deal were not disclosed, although it is suspected that it was between \$33 - \$56 million.

In addition, this week also consisted of Planet's acquisition of 3C Payments which will further grow Eurazeo Capital's portfolio of payment companies. The combined payments firm will process 800 million transactions annually from 600,000 merchants globally.

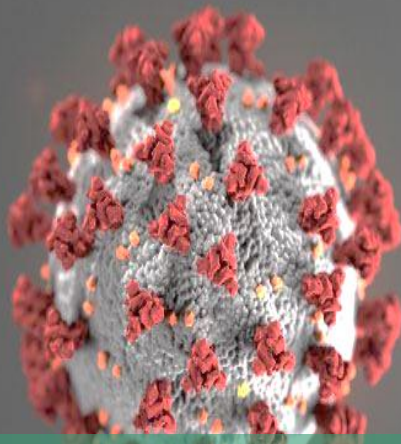
## 2020/2019 M&A Activity – Year to Date

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

June 15<sup>th</sup> – June 19<sup>th</sup>

**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.**

## **Mastercard Research Shows Surge in Digital Payments as E-commerce Reaches New Heights Around the World**

[Mastercard Newsroom](#) | June 18<sup>th</sup>, 2020

*The way we shop is changing. With constraints imposed on our daily lives due to COVID-19, consumers are adopting new payment habits at an accelerated pace, according to a global study by Mastercard conducted in 15 markets. Consumers are increasingly moving away from cash and opting for contact-free and digital payments experiences – and they don't expect to go back.*

## **Record Gain in U.S. Retail Sales Offers Hope of Faster Recovery**

[Bloomberg](#) | June 16<sup>th</sup>, 2020

*American consumers are getting their groove back as a record surge in May retail sales offered some hope of a quicker recovery from the pandemic-induced recession. The 17.7% advance from the prior month, to \$485 billion in receipts, was the biggest gain in data going back to 1992, following unprecedented declines in the prior two months, according to Commerce Department data out Tuesday (June 16<sup>th</sup>).*

## **£38 Billion Provided To 910,000 UK Businesses By Lenders Through Covid-19 Loan Schemes**

[Finextra](#) | June 16<sup>th</sup>, 2020

*Figures published by HM Treasury today (June 16<sup>th</sup>) reveal that lenders have provided £38.2 billion through the three major government-backed lending programmes. £3.3 billion has been approved to 83,000 businesses in the past week, with more applications expected to be approved in the coming days as the industry continues to help the UK get through these tough times.*

## **CCAF, World Bank And The World Economic Forum Investigate Covid-19's Impact On Global Fintech**

[Finextra](#) | June 15<sup>th</sup>, 2020

*The Cambridge Centre for Alternative Finance (CCAF) at the University of Cambridge Judge Business School is partnering with the World Bank Group and the World Economic Forum to launch a Global Covid-19 FinTech Market Rapid Assessment Survey.*





## 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](mailto:MI@thestrwegroup.com)



# Historical M&A Tracker

Transaction History: January 2020 – May 2020

## Transaction Categories:



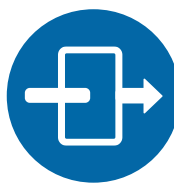
**ISO**

Independent  
Sales Organization



**ISV**

Independent  
Software Vendor



**Gateway**



**Other**

Includes notable deals that TSG  
deems significant

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Gateway	Planet	3C Payment	-	6/18/2020
Other	Professional Datasolutions	National Payment Card Association (ZipLine)	-	6/18/2020
Other	Boku	Fortumo Holdings	\$41	6/17/2020
Other	Square	Verse	-	6/15/2020
Other	TAS Group	Infraxis	-	6/10/2020
Other	Infibeam Avenues	Cardpay Technologies	-	6/8/2020
Other	Zip	QuadPay	\$403	6/2/2020
ISO	Base	LucentPay *merchant accounts	-	5/28/2020
Gateway	Checkout.com	Pin Payments	-	5/26/2020
ISO	Ontario Systems	SwervePay	-	5/19/2020
Other	Santander	Ebury	\$453	4/29/2020



# Historical M&A Tracker

Transaction History: January 2020 – May 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Euronet	Dolphin Debit	-	4/28/2020
ISO	Rapyd	Korta	-	4/24/2020
Gateway	Worldline	GoPay	-	4/23/2020
ISV	Gojek	Moka POS	\$130	4/22/2020
ISO	Payroc	Gateway Payments	-	4/22/2020
Gateway	Harbour & Hills	Global Envoi	-	4/8/2020
Other	SoFi	Galileo Financial Technologies	\$1,200	4/7/2020
ISO	Celero Commerce	FlashBanc	-	4/7/2020
ISO	VizyPay	Echo Daily	-	4/2/2020
Other	Brex	Neji	-	3/24/2020
Other	Brex	Compose Labs	-	3/24/2020
Other	Brex	Landria	-	3/24/2020
ISV	Fiserv	Bypass Mobile	-	3/18/2020
Other	Accuity	Apply Financial	-	3/12/2020
ISO	Nets	Polskie ePłatnosci (PeP)	\$439	3/11/2020
Other	InterPayments	SurchX	-	3/6/2020
ISV	Mindbody	ZeeZor	-	3/4/2020





# Historical M&A Tracker

Transaction History: January 2020 – May 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISO	Fiserv	MerchantPro Express	-	3/3/2020
ISV	RevSpring	Loyale Healthcare	-	3/3/2020
Gateway	Checkout.com	ProcessOut	-	2/26/2020
ISO	Santander	Elavon Mexico	\$85.7	2/24/2020
Other	Intuit	Credit Karma	\$7,100	2/24/2020
ISO	Ally Financial	CardWorks	\$2,650	2/18/2020
Other	LendingClub	Radius Bancorp	\$185	2/18/2020
ISV	Flywire	Simplee	-	2/13/2020
Other	Klarna	Moneymour	-	2/12/2020
ISO	REPAY	Ventanex	\$50	2/10/2020
Other	Square	Dessa	-	2/7/2020
Other	Intercontinental Exchange	Bridge2 Solutions	-	2/5/2020
ISO	Australis Capital	Paytron Merchant Services	-	2/4/2020
Other	Worldline	Ingenico	\$8,600	2/3/2020
Other	Accenture	Mudano	-	2/3/2020
ISO	Cornerstone Payment Systems	Move Your Mountain	-	1/31/2020
Other	WEX	eNett; Optal	\$1,700	1/24/2020



## Headline News

June 15<sup>th</sup> – June 19<sup>th</sup>



### ***American Express Receives Clearance to Begin Processing Local Transactions in Mainland China***

[American Express Newsroom](#) | June 13<sup>th</sup>, 2020

American Express announced today (June 13<sup>th</sup>) that its joint-venture in mainland China, Express (Hangzhou) Technology Services Company Limited (“Express Company”), has received approval from the People’s Bank of China (PBOC) for a network clearing license. With this, American Express becomes the first foreign payments network to be licensed to clear RMB transactions in mainland China. The company expects to begin processing transactions later this year.



### ***With a Loss Before Britain’s High Court, Visa And Mastercard Face an Interchange Reckoning***

[Digital Transactions](#) | June 17<sup>th</sup>, 2020

Merchants in the United Kingdom won an important battle against interchange fees on Wednesday (June 17<sup>th</sup>) but it remains uncertain just how much that will mean to them in terms of remuneration from Visa Inc. and Mastercard Inc. The case also could have ramifications for similar action in the U.S. market, some observers say. Britain’s Supreme Court handed down a long-awaited ruling that the networks’ interchange schedules unlawfully restrict competition.



### ***Banco Safra Launches in the U.S. with ACI Worldwide’s Cloud-Enabled Payments Solutions***

[BusinessWire](#) | June 16<sup>th</sup>, 2020

ACI Worldwide, a leading global provider of real-time electronic payment and banking solutions, today (June 16<sup>th</sup>) announced that Banco Safra, the world’s largest privately-owned bank, will utilize ACI’s UP Retail Payments solution and UP Framework deployed in the public cloud via Microsoft Azure. Banco Safra will benefit from ACI’s cloud-enabled solutions and API connectivity as it expands its operations into the U.S. market with a new acquiring offering – SafraPay.





## Partnership Activity

June 15<sup>th</sup> – June 19<sup>th</sup>



# shopify

In their efforts to expand their online marketplace and better compete against Amazon, Walmart announced that they are partnering with Shopify which will enable sellers to showcase their products through both platforms. Walmart Marketplace, which brings in 120 million monthly visitors, has a goal of adding 1,200 Shopify sellers to its platform this year. Walmart's eCommerce business has been booming so far this year and reported a 74% growth in Q1 2020.



F1 PAYMENTS

F1 Payments, together with Cross River Bank and RS2 Software, are partnering on developing payment processing services for the North American market. This partnership will combine each company's payment technology to offer various products and services centered around increasing customer experiences and optimizing efficiencies. F1 Payments will ultimately utilize RS2's processing network along with Cross River's sponsorship to deploy these new payment offerings.

### Other Notable Partnerships:

- **Mastercard** partners with **Octet Europe** on offering a trade system across the European Economic Area (EEA).
- **JotForm** partners with **PayPal** on increasing payment options for its users.
- **Adyen** expands alternative payments acceptance through adding **Amazon Pay** integration.
- **WhatsApp** launches payments service in Brazil through partnerships with **Visa**, **Mastercard**, and processing through **Cielo**.
- BNPL provider, **Splitit**, partners with **Mastercard** for international expansion support.



# Management Changes

June 15<sup>th</sup> – June 19<sup>th</sup>

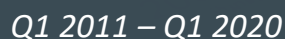


**ingenico**  
GROUP

## Ingenico Group Appoints Former Global Payments Exec. Damian Tanenbaum To Head of Customer Delivery & COO

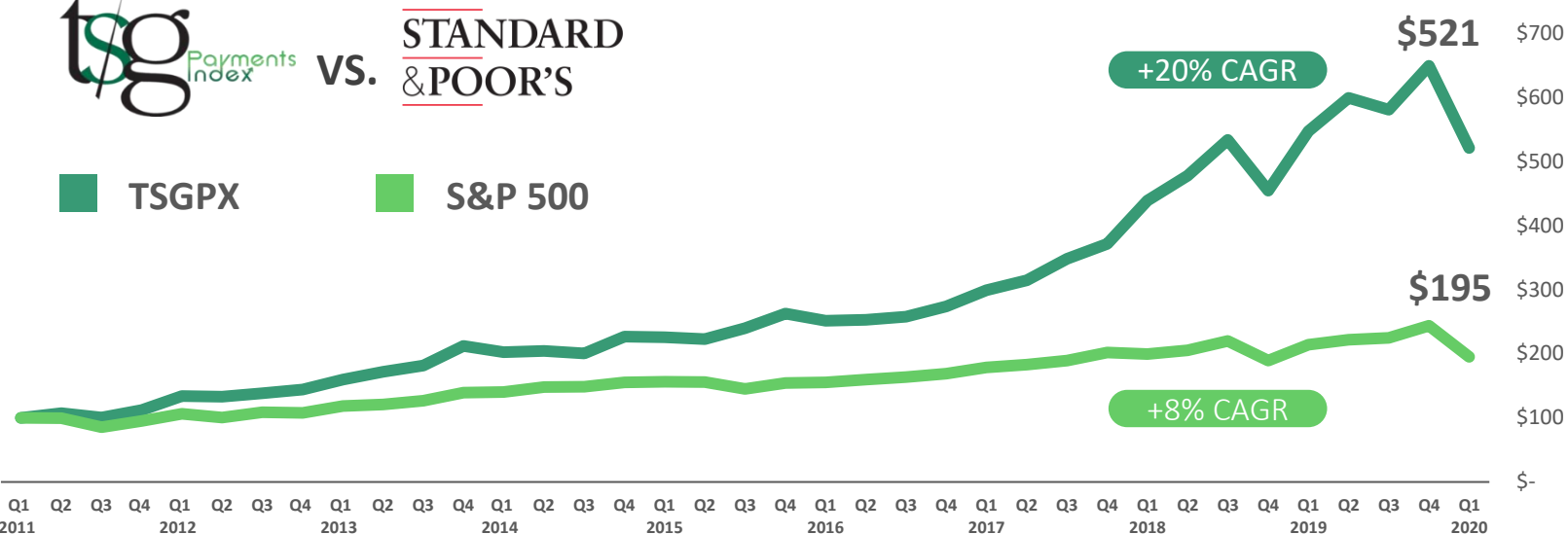
Ingenico announced this week the appointment of Damian Tanenbaum to Head of Customer Delivery and COO. Mr. Tanenbaum comes to Ingenico from Global Payments, where he served as EVP of Contact Center & Customer Experience.

Date Announced	Company	Personnel	New Position	Previous Position
6/15/2020	Green Dot Bank	<b>Greg Quarles</b>	<i>CEO</i>	CEO of American State Bank & Trust
6/16/2020	Liquidnet	<b>Sujay Telang</b>	<i>Head of Equities Technology</i>	Managing Director at Goldman Sachs
6/16/2020	Nymbus	<b>Jim Modak</b>	<i>President &amp; CFO</i>	CFO of SQN Capital Management
6/16/2020	Ingenico Group	<b>Damian Tanenbaum</b>	<i>Head of Customer Delivery &amp; COO</i>	Senior VP of Operations at TSYS and Global Payments
6/17/2020	Square	<b>Darren Walker</b>	<i>Board Member</i>	Currency President of the Ford Foundation
6/18/2020	I2c Inc.	<b>Kevin Fox</b>	<i>EVP of American Sales</i>	EVP at NovoPayment
6/19/2020	Wirecard	<b>James Freis</b>	<i>Interim CEO</i>	Current Board Member at Wirecard



**VS.** STANDARD  
& POOR'S

 S&P 500



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 \$521 in Q1 2020, as compared to \$195, if invested in the S&P 500.**

On average, payments companies grow at a compounded rate that is **12% 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.

