

# TransactionWatch

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

*Week of:  
June 22<sup>nd</sup> – June 26<sup>th</sup>*

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# Deal Activity Summary

June 22<sup>nd</sup> – June 26<sup>th</sup>

## This Week's M&A Overview

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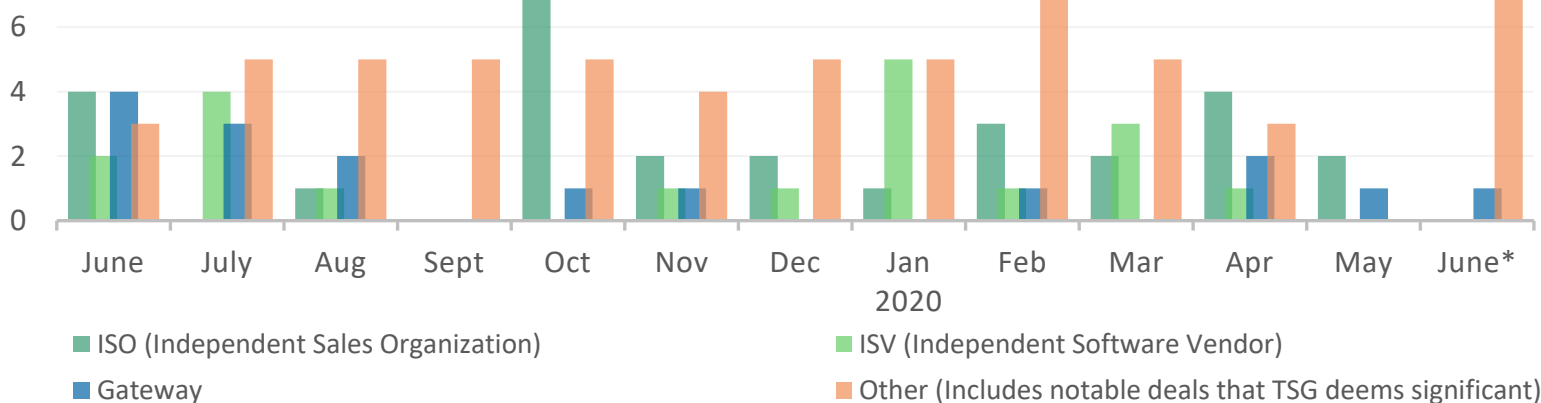
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The ongoing battle between Mastercard and Visa continued to take shape this week with Mastercard's announcement to acquire Finicity for a total consideration of \$985 million. Mastercard's acquisition of Finicity follows Visa's recent acquisition of Plaid for \$5.3 billion, which was announced in February of this year. Both Finicity and Plaid offer similar core technologies, further suggesting that Mastercard and Visa are maintaining comparable strategies as the evolution of digital payments continues to progress. Both of their recent acquisitions help aid in their goal to diversify their business beyond payment card transactions, and further into the integration of fintech providers and emerging technologies in this space.

In other M&A news, it was announced this week that Ally Financial and CardWorks called off their merger agreement, stating that COVID-19 has disrupted the economic environment to further carry out the deal. Announced in February, this deal between the two firms was valued at approx. \$2.65 billion.

### 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 22<sup>nd</sup> – June 26<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.**

## **Square, Jack Dorsey's Pay Service, Is Withholding Money Merchants Say They Need**

[The New York Times](#) | June 23<sup>rd</sup>, 2020

*Jack Dorsey has won plaudits for his corporate activism during the coronavirus crisis, taking on President Trump in his role as Twitter's chief executive and donating nearly a third of his total wealth to pandemic relief. But at Mr. Dorsey's other company, Square, a payments business where he is also chief executive, he is facing a growing chorus of unhappy customers.*

## **Visa Launches Small Business Hub to Help Entrepreneurs Put their Best Digital Foot Forward**

[BusinessWire](#) | June 24<sup>th</sup>, 2020

*Visa, alongside nearly 20 leading small business solution providers, today (June 24<sup>th</sup>) announced a new online resource for small businesses, Visa Small Business Hub, to help entrepreneurs build stronger customer relationships and expand their businesses. With a focus on how to start, run and grow a strong, digitally-enabled business, Visa Small Business Hubs are now live in more than 20 countries and tailored to each region's unique SMB needs*

## **US Banks Saw \$2T Increase In Deposits During Pandemic**

[PYMNTS](#) | June 22<sup>nd</sup>, 2020

*A record \$2 trillion has been deposited into U.S. bank accounts since the coronavirus first hit the U.S. in January, according to a report by the Federal Reserve Board. In April alone, deposits grew by \$865 billion, more than the previous record for an entire year, CNBC reported Sunday (June 21<sup>st</sup>).*

## **COVID-19-Related Costs Top \$7B For US Retailers**

[PYMNTS](#) | June 23<sup>rd</sup>, 2020

*Some of the largest online and brick-and-mortar retailers in the United States have spent more than \$7 billion for everything from Plexiglas partitions and face masks to extra pay since the coronavirus crisis hit in March. Amazon has reported some of the biggest coronavirus related costs so far, anticipating \$4 billion in added costs in the second quarter alone, Amazon Founder and CEO Jeff Bezos told investors during a wrap of the company's first-quarter financial results.*





## 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:



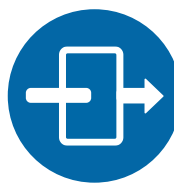
**ISO**

*Independent  
Sales Organization*



**ISV**

*Independent  
Software Vendor*



**Gateway**



**Other**

*Includes notable deals that TSG  
deems significant*

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
<i>Other</i>	Mastercard	Finicity	\$825	6/23/2020
<i>Gateway</i>	Planet	3C Payment	-	6/18/2020
<i>Other</i>	Professional Datasolutions	National Payment Card Association (ZipLine)	-	6/18/2020
<i>Other</i>	Boku	Fortumo Holdings	\$41	6/17/2020
<i>Other</i>	Square	Verse	-	6/15/2020
<i>Other</i>	TAS Group	Infraxis	-	6/10/2020
<i>Other</i>	Infibeam Avenues	Cardpay Technologies	-	6/8/2020
<i>Other</i>	Zip	QuadPay	\$403	6/2/2020
<i>ISO</i>	Base	LucentPay <i>*merchant accounts</i>	-	5/28/2020
<i>Gateway</i>	Checkout.com	Pin Payments	-	5/26/2020
<i>ISO</i>	Ontario Systems	SwervePay	-	5/19/2020



# Historical M&A Tracker

Transaction History: January 2020 – May 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Santander	Ebury	\$453	4/29/2020
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 ePłatności (PeP)	\$439	3/11/2020
Other	InterPayments	SurchX	-	3/6/2020





# Historical M&A Tracker

Transaction History: January 2020 – May 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISV	Mindbody	ZeeZor	-	3/4/2020
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
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 22<sup>nd</sup> – June 26<sup>th</sup>



### **Ally Financial, CardWorks Call Off Merger Agreement Due To COVID-19 Pandemic**

[MarketWatch](#) | June 24<sup>th</sup>, 2020

Shares of Ally Financial Inc. jumped 11% in extended trading Wednesday (June 24<sup>th</sup>) after it agreed with Cardholder Management Services Inc. (CardWorks) to call off their merger deal. Under the initial agreement, announced in February, Ally was to acquire CardWorks. Neither party will be required to pay the other a termination fee or break-up fee.



### **Checkout.com Triples Valuation To \$5.5bn In Series B Fundraise**

[Checkout.com Newsroom](#) | June 22<sup>nd</sup>, 2020

Leading global payment solution provider Checkout.com becomes one of the most valuable fintechs globally. Today (June 22<sup>nd</sup>) the company announces a \$150m Series B funding round, tripling the value of the online international payments business. The \$5.5bn valuation reflects a growing business demand for transformative online payment solutions that perform across all geographies and channels.



### **German Payments Firm Wirecard Files For Insolvency After Revealing \$2 Billion Accounting Black Hole**

[CNBC](#) | June 25<sup>th</sup>, 2020

Wirecard will file for an application to open insolvency proceedings with the district court of Munich, the company said Thursday (June 25<sup>th</sup>). The company said in a short statement that management had decided to seek court protection “due to impending insolvency and over-indebtedness.” It marks a tumultuous fall for Wirecard, once a high-flying tech darling in Germany, after the company revealed that 1.9 billion euros (\$2.1 billion) of cash on its balance sheet had gone missing.





## Partnership Activity

June 22<sup>nd</sup> – June 26<sup>th</sup>



### SAMSUNG Pay

Samsung Pay announced a new partnership with Curve, a digital banking platform based in the United Kingdom, as well as Mastercard on launching a new digital payment solution. The new offering, Samsung Pay Card, will allow customers to sync multiple loyalty and bank cards on a Samsung mobile device. This new solution aims to improve the convenience of digit wallet solutions and further drive user adoption of the technology. Samsung Pay Card is expected to launch later this year in the United Kingdom.



Visa forms a strategic partnership with TerraPay, a global payments infrastructure provider, on the development of real-time payment interoperability solutions. This new partnership agreement aims to drive financial inclusion for digital payments and global remittances. These new solutions will target the adoption of mobile wallet use and digital currency payments and remittances for both domestic and global transactions.

#### Other Notable Partnerships:

- **i2c** teams up with **Credit Sesame** on providing customers money management services.
- **Bittrex** partners with **Mastercard** for their international expansion efforts.
- **MoneyGram** partners with **Global Money Express** on increasing their market share in China and South Asia.
- **Qupital** teams up with **eBay** on providing financing services to eBay sellers.
- **N26** expands partnership with **TransferWise** on offering foreign currency transfers.
- **FIS** partners with **FICO** on developing an advanced anti-money laundering solution.



# Management Changes

June 22<sup>nd</sup> – June 26<sup>th</sup>

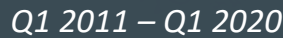


**Paysafe:**

## Paysafe Has Appointed Former Priority Payments Executive As CEO Of Its Newly Formed U.S. Acquiring Division

Paysafe announced on Thursday (June 25<sup>th</sup>) the appointment of Afshin Yazdian as CEO of the company's newly formed U.S. Acquiring division effective July 1<sup>st</sup>. Mr. Yazdian comes from Priority Payment Systems, where he served as President. In addition, Paysafe also noted the retirement of O.B. Rawls, who has been in the payments industry for almost four decades.

Date Announced	Company	Personnel	New Position	Previous Position
6/22/2020	NCR	Timothy Oliver	CFO	CFO at the Goldstein Group
6/24/2020	CoinPayments	Hugo Janse van Rensburg	CFO	Senior Insolvency Accountant at Cayman
6/24/2020	Google Cloud	Yolande Piazza	VP of Financial Services	CEO of Citi Fintech
6/25/2020	CurrencyCloud	Stuart Bailey	Chief Technology and Product Officer	Chief Product Officer at CurrencyCloud
6/25/2020	Paysafe	Afshin Yazdian	CEO of U.S. Acquiring	President of Priority Payment Systems



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

11 | t/g





## 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.

