

TransactionWatch

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

*Week of:
July 13th – July 17th*

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Deal Activity Summary

July 13th – July 17th

This Week's M&A Overview

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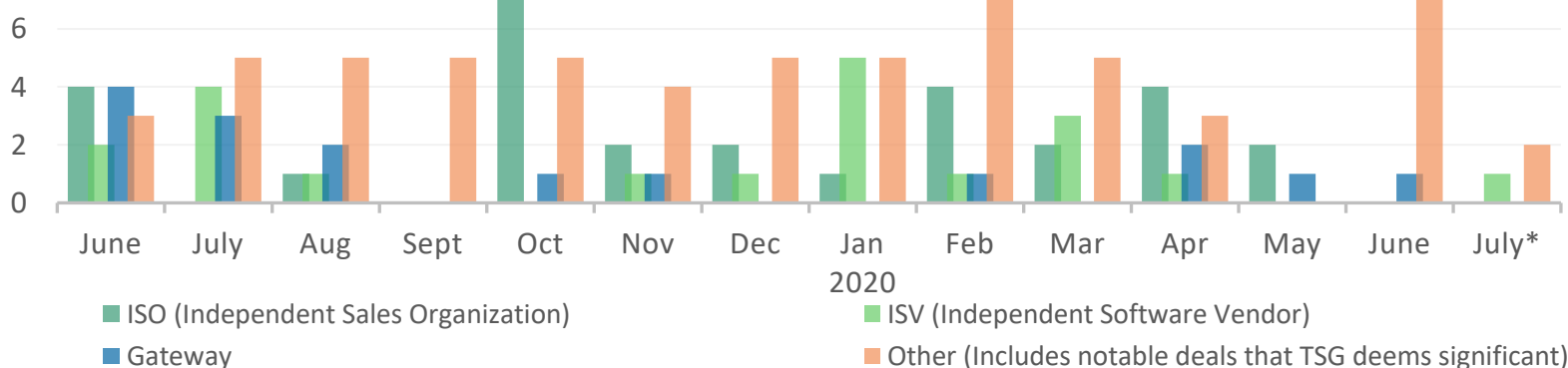
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While M&A activity was slow this week in the merchant acquiring industry, several large financial institutions reported their second quarter results which provides insight into the general economic environment. JPMorgan Chase, for example, reported its total card transaction volume for the quarter decreased approximately 16% compared to the same period last year. However, payment volumes towards the end of the quarter are showing improvements and reaching closer to normal levels. In terms of JPMorgan Chase's merchant processing for the quarter, the company reported volumes that were nearly the same as the year prior. Alternatively, U.S. Bancorp, which owns Elavon, reported its merchant processing revenues have decreased by 34% year-over-year in the second quarter. This is partly due to Elavon's large presence in the travel and hospitality industry, which is still recovering from COVID-19.

As payment volumes across the U.S., as well as internationally, continue to make improvements, many merchant service providers will likely return to a close to normal level of operation. One area that has proven to more than withstand COVID-19 has been eCommerce, which is expected to see continued interest from buyers.

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

July 13th – July 17th

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.

JPMorgan Sets Aside More Than \$10 Billion to Cover Coronavirus Loan Losses

[The Wall Street Journal](#) | July 14th, 2020

JPMorgan Chase & Co. set aside \$10.47 billion to cover potential losses on loans to borrowers hurt by the coronavirus pandemic, cutting its second-quarter profit in half. The nation's biggest bank by assets is stockpiling reserves, worried about how the pandemic will affect the financial health of its consumer and corporate clients. JPMorgan put aside more than \$8 billion for potential loan losses in the first quarter, which ended just weeks into the crisis.

ACI Worldwide Research Reveals Increase in June eCommerce Sales – Largest Since the Start of COVID-19 Pandemic Restrictions

[BusinessWire](#) | July 14th, 2020

Global eCommerce sales rose 28 percent in June 2020 compared to June 2019, making it the largest year-over-year (YoY) increase in sales since COVID-19 restrictions were put in place in March. The analysis by ACI Worldwide of hundreds of millions of eCommerce transactions from global merchants also showed a continued increase (117%) in athletic, footwear and sporting goods sales.

COVID-19 Will Ignite New Agendas For Payment Trends And Regulations

[Finextra](#) | July 15th, 2020

With the Covid-19 pandemic bringing to the fore long-term trends in the banking and payments industries, professionals shared their views on what lies ahead as part of PayExpo's digital event. Most notably, the decline in the use of cash has accelerated, with fewer shops accepting only electronic means of payment and even more commerce taking place online. This will however have ramifications for the unbanked who rely on paper money as their only method of transacting.

Retail Footfall Still Lower In June Despite Reopening 'Turning Point'

[NewsChain](#) | July 13th, 2020

Retail footfall for June more than halved against the same month last year as shopper demand remains low despite the "turning point" of reopening thousands more stores. New figures from retail experts Springboard revealed that footfall across UK shopping destinations fell by 56.6% in June compared to the same month in 2019.



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: February 2020 – June 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
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
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



Historical M&A Tracker

Transaction History: February 2020 – June 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Zip	QuadPay	\$403	6/2/2020
ISO	Base	LucentPay <i>*merchant accounts</i>	-	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
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



Historical M&A Tracker

Transaction History: February 2020 – June 2020

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



Headline News

July 13th – July 17th



Wirecard Boasted of Hundreds of Partnerships. Some Were Less Than Meets the Eye.

[The Wall Street Journal](#) | July 15th, 2020

Before it unraveled in an accounting scandal, Wirecard AG WDI -5.29% built up an image as a fast-growing financial technology company. It spewed out news releases publicizing partnerships with blue-chip names such as SAP SE, Zurich Insurance Group and SoftBank Group Corp. The Wall Street Journal found that some of those partnership announcements were misleading or were promoted without the agreement of the companies involved. The Journal reached out to more than 300 companies with which Wirecard said it had entered partnerships or collaborations.



Jack Ma's Fintech Giant Tops 1.3 Billion Users Globally

[TechCrunch](#) | July 14th, 2020

The speculation that Alibaba's fintech affiliate Ant Group will go public has been swirling around for years. New details came to light recently. Reuters reported last week that the fintech giant could float as soon as this year in an initial public offering that values it at \$200 billion. As a private firm, details of the payments and financial services firm remain sparse, but a new filing by Alibaba, which holds a 33% stake in Ant, provides a rare glimpse into its performance.



BigCommerce Files To Go Public

[TechCrunch](#) | July 13th, 2020

As expected, BigCommerce has filed to go public. The Austin, Texas, based e-commerce company raised over \$200 million while private. The company's IPO filing lists a \$100 million placeholder figure for its IPO raise, giving us directional indication that this IPO will be in the lower, and not upper, nine-figure range.



Partnership Activity

July 13th – July 17th



Visa has launched its Visa Installment pilot program for the U.S. market with TSYS as the first issuer technology partner to offer the new solution to participating financial institutions. Visa has also teamed up with ChargeAfter, a buy now, pay later provider, on expanding this solution to merchants across the U.S. As the deferred payments market grows both domestically and internationally, Visa is advancing its capabilities and offerings to cater towards the growing demand. Visa is piloting its installment payment solutions in the U.S. and Russia and is beginning to plan out its global execution strategy.



eCommerce provider, BigCommerce, has made several significant announcements this week including their expanded support for Adyen as well as their upcoming IPO. Their new partnership with Adyen enables its merchant base of over 60,000 to access Adyen's all-in-one payment solutions. This new integration helps further improve BigCommerce's merchant experience and provides Adyen with additional access to new potential merchants on its payments platform.

Other Notable Partnerships:

- **Nymbus** teams up with **Payrailz** on enhancing its digital-first banking products and services.
- **Monese** partners with **Paysafe** on providing its customers with increased access to cash services.
- **NAB** signs a five-year deal with **Microsoft** on further development of the bank's multi-cloud platform.
- **Visa** partners with the **Federal Bank** on rolling out Visa Secure for eCommerce purchases in India.
- **MoneyLion** partners with **MetaBank** and **Mastercard** on launching its new RoarMoney digital solution.
- **Nium** teams up with **Visa** on expanding its card issuance service across the European region.
- **Barclaycard** is teaming up with **FreedomPay** in the U.K. and Europe on bringing new acquiring services to its customers.



Management Changes

July 13th – July 17th



Clear.Bank[®]

ClearBank Hires New CFO and Chief Information Officer

ClearBank has announced their appointment of James Hopkinson as the company's new CFO. James comes over to ClearBank from Standard Chartered where he served as Co-head of Finance and CFO. In addition, ClearBank also appointed Stuart Morley as Chief Information Officer. Mr. Morley comes from venture capital firm Eight Roads where he served as the Technology Partner.

Date Announced	Company	Personnel	New Position	Previous Position
7/13/2020	ClearBank	James Hopkinson	<i>CFO</i>	Co-head of Finance and CFO at Standard Chartered
7/13/2020	ClearBank	Stuart Morley	<i>Chief Information Officer</i>	Technology Partner at Eight Roads
7/16/2020	Apify	Thomas Trepanier	<i>Director of Business Development, Roxe</i>	Managing Director at Global Accelerated Ventures
7/16/2020	Wells Fargo	Lola Ninonuevo	<i>COO for the EMEA region</i>	COO, Global Banking and Markets Europe at HSBC
7/16/2020	Wells Fargo	Richard Place	<i>CFO for the EMEA region</i>	CFO for NatWest Markets at RBS Group



TSG Payments Index

Q1 2011 – Q2 2020

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

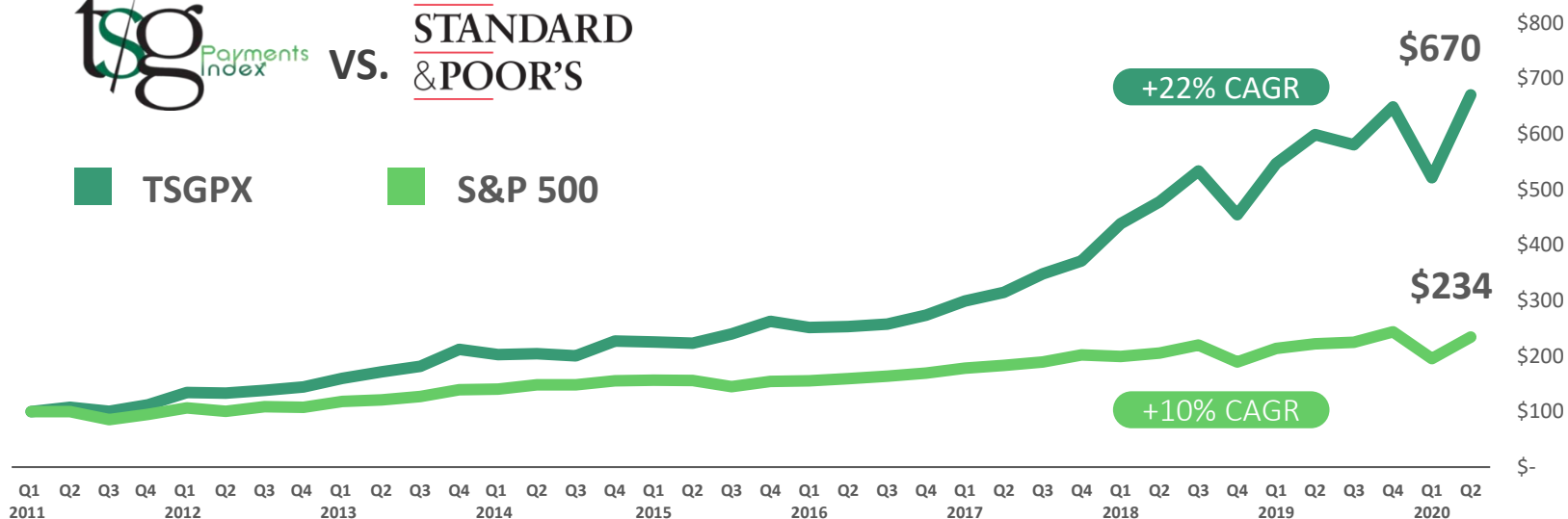


VS.

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 \$670 in Q2 2020, as compared to \$234, 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.

