

TransactionWatch

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

*Week of:
May 11th – May 15th*

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Deal Activity Summary

May 11th – May 15th

This Week's M&A Overview

The ongoing COVID-19 crisis has largely affected many firms' deal making process which has evidently slowed down activity in the M&A space across a variety of different industries. This continued to be apparent throughout the week with many payment companies remaining silent of any deal announcements. Ensuring that the right deal agreement is properly executed is crucial in this economic environment, which has led to further delays and even cancelations of deals.

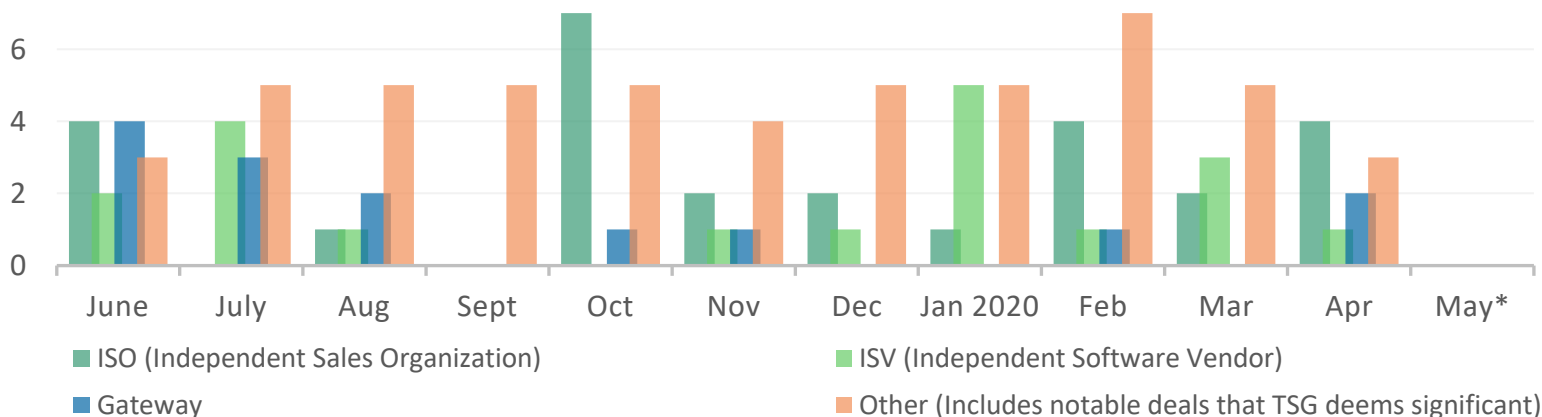
While the foreseeable future carries many uncertainties due to COVID-19, M&A activity in the fintech space could pick up in later 2020. As some players see their valuations decline and their funding dry up, investors may see this as the right opportunity to make a move which has allowed investors to carry more leverage during this time. Many large payments entities with deep pockets and significant resources that are able to weather the storm are also appearing to transition into an offensive stance which could result in a slight uptick in deal activity over the coming months.

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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

May 11th – May 15th

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.

Covid-19 Scuppers Commerzbank Plan To Sell mBank

[Finextra](#) | May 11th, 2020

Germany's Commerzbank is abandoning its plan to sell off its majority stake in Polish unit mBank, concluding the Covid-19 crisis will prevent it getting an acceptable return. Commerzbank signaled its intention in September to sell its 69.3% stake in mBank as part of a wide-ranging overhaul after a merger with Deutsche Bank fell through.

The Visa Foundation Announces Grantees to Support COVID-19 Recovery in U.S. and Canada

[BusinessWire](#) | May 12th, 2020

The Visa Foundation today (May 12th) announced its approval of \$2 million in COVID-19 relief grants for organizations in the U.S. and Canada, including Feeding America, Food Banks Canada, American Red Cross, Direct Relief and Children's Aid, that are supporting the frontline response to the COVID-19 pandemic and providing critical poverty alleviation services for vulnerable households.

Coronavirus Fraud Is In Full Swing — And Businesses Are A Big Target

[PYMNTS](#) | May 11th, 2020

Fraud warnings continue to grow louder as bad actors uncover new opportunities to take advantage of market volatility and other aspects of the unique circumstances of the pandemic. For the B2B fraud landscape, the threat is particularly large. A recent regulatory notice issued by the Financial Industry Regulatory Authority (FINRA) warned that "events with such profound impact" like the coronavirus "routinely create opportunities for financial fraud," with the Business Email Compromise (BEC) a major opportunity for many criminals.

Coronavirus Hits Q1 Fintech Funding

[Finextra](#) | May 13th, 2020

The Covid-19 outbreak has had a significant impact on fintech financing, resulting in the worst Q1 since 2016 for fintech deals and the worst Q1 for funding since 2017. Across the board, fintech funding activity stalled in Q1'20 as the coronavirus outbreaks forced investors to pull back investments, according to data collated by research outlet CB Insights.



Historical M&A Tracker

Transaction History: January 2020 – April 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	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



Historical M&A Tracker

Transaction History: January 2020 – April 2020

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



Historical M&A Tracker

Transaction History: January 2020 – April 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
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
Other	RS2	Kalicom Kassen System	-	1/23/2020
ISV	DNA Payments	Zash AB	-	1/17/2020
Other	Far Point Acquisition	Global Blue	\$2,600	1/16/2020
ISV	Goldman Sachs Merchant Banking	Aptos	-	1/13/2020
Other	Visa	Plaid	\$5,300	1/13/2020
Other	PayU	PaySense	\$185	1/10/2020
ISV	Nets	Poplatek	-	1/9/2020
ISV	MTBC	CareCloud	-	1/8/2020
ISV	Lightspeed	Gastrofix	\$100+	1/7/2020
Other	Mastercard	RiskRecon	-	12/23/2019



Headline News

May 11th – May 15th



As Shut-in Consumers Turn to E-Commerce, Visa Boosts Support for Key Online Technologies

[Digital Transactions](#) | [May 13th, 2020](#)

With the world rushing to their phones, tablets, and PCs to buy what they need and want at a time when most physical stores are closed, the payment networks are maneuvering to smooth out online transactions. This includes chucking clunky checkouts and opening the way for transactions to go ahead when card credentials change. Visa Inc., for example, said Wednesday (May 13th) it has added 28 gateways, acquirers, and payment-service providers to its tokenization service, and 27 more to its one-click online buy button.



PayPal Raises \$4 Billion In Debt Deal As Business Soars During Pandemic

[MarketWatch](#) | [May 11th, 2020](#)

PayPal Holdings Inc., a digital payments platform that helps money move online, raised \$4 billion in the corporate bond market on Monday (May 11th), underscoring how companies that make life under lockdown easier can also borrow cheaply. The company's 10-year slug of bonds priced at 160 basis points over Treasury's to yield about 2.3%, according to a person with direct knowledge of the dealings.



Mastercard Says New Data Show Spending Headed Toward 'Normalization Phase'

[Digital Transactions](#) | [May 14th, 2020](#)

New network data from Mastercard Inc. show U.S. switched volume is off 6% year-over-year for the week ending May 7th compared with a 26% decline in the week ending April 30th. Mastercard on Thursday (May 14th) released two more weeks of network data, for the weeks ending May 7th and April 28th, after issuing data for the preceding April weeks earlier. After several months of declines in consumer and business spending due to governmental lockdown orders worldwide to control the Covid-19 pandemic, Mastercard now says the economy may be moving from what it calls "stabilization" toward "normalization" as restrictions gradually ease in many places.



Partnership Activity

May 11th – May 15th

wirecard

Wirecard has entered into a strategic partnership with Varengold Bank on providing fintechs access to capital in their efforts to refinance loan portfolios. Through this agreement, Wirecard merchants will have access to Varengold Bank's financing solutions which will help assist in their efforts to efficiently scale their operations. In addition, Varengold Bank customers will have further access to Wirecard's banking-as-a-service solutions including digital banking capabilities, prepaid card issuing, acquiring and loan fronting services.

Payoneer

In their efforts to further drive digital global payments, Payoneer has teamed up with administration app ANNA. Through this partnership, ANNA's clients of freelancers and SMBs can receive international payments through EUR or USD currency. Prior to this partnership with Wirecard, ANNA customers were limited in their cross-border capabilities which has impacted their ability to operate internationally.

Other Notable Partnerships:

- **Prairie Credit Unions** team up with **IBM Canada** for digital transformation and payment services in Canada.
- **MoneyGram Payment Systems** partners with **Federal Bank** to offer cost-effective direct to bank credit options for customers in India.
- **American Express** teams up with **Invoiced** to help drive digital B2B payments through offering an exclusive discount for customers.



Management Changes

May 11th – May 15th



USA Technologies Appoints Sean Feeney As Its New Chief Executive Officer

USA Technologies announced Monday (May 11th) the appointment of Sean Feeney as CEO effective May 8th, 2020. Feeney previously served as CEO at DefenseStorm Inc. as well as CEO of GT Nexus in which he oversaw its sale to Infor in 2015.

Date Announced	Company	Personnel	New Position	Previous Position
5/11/2020	USA Technologies	Sean Feeney	CEO	CEO at DefenseStorm Inc.
5/12/2020	Wells Fargo	Chintan Mehta	Group CIO and Head of Digital Technology & Innovation	CIO of Digital at Wells Fargo
5/12/2020	Wells Fargo	Munish Kumar	CIO and Head of Wealth & Investment Management Technology	
5/14/2020	NMI	Leo Castro	Chief Marketing Officer	Head of Marketing at Clover
5/15/2020	Certified Payments	Matthew Landers	VP of Sales	VP of Sales and Strategic Referral Partnerships at Paysafe



Custom Curated Target Lists

Need Help Finding The Right Deal?

Different circumstances bring different opportunities for buyers and sellers alike. As the investment landscape changes, so does the analysis needed to understand where opportunities lie. To help support and ensure smart, profitable deals are being made, The Strawhecker Group can assist your firm's strategic growth plans by developing custom curated target lists of high-growth companies.

TSG has the capability to develop custom and timely targeted lists and provide market intelligence on high-growth companies across the payments industry. These custom curated target lists will provide further insight into the payments market and present key company targets that match your firm's criteria, whether it is for acquisitions, investments, or partnerships. Understanding and identifying attractive investments or buyers can provide the needed intuition for a successful purchase or engagement.



Acquisition

Identification of acquisition targets based on your criteria.



Investment

Intelligence on which payments companies are high or low performing.

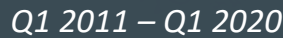


Partnership

Discover which companies can boost your payment capabilities.

TSG is well positioned to support your firm's strategic development and augment your deal making process. TSG's custom curated target lists are flexible and can comprise of a wide range of market entities including eCommerce providers, acquirers/ISOs, gateways, and ISVs. Based on your firm's needs, TSG can provide market intelligence on actionable high-growth targets.

For more information, please contact tsgmetrics@thestrawgroup.com



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

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.

