



Payments Experts. Powerful Data.
THE STRAWHECKER GROUP

TransactionWatch

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

Week of:

May 26th – May 29th

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

May 26th – May 29th



Table of Contents

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

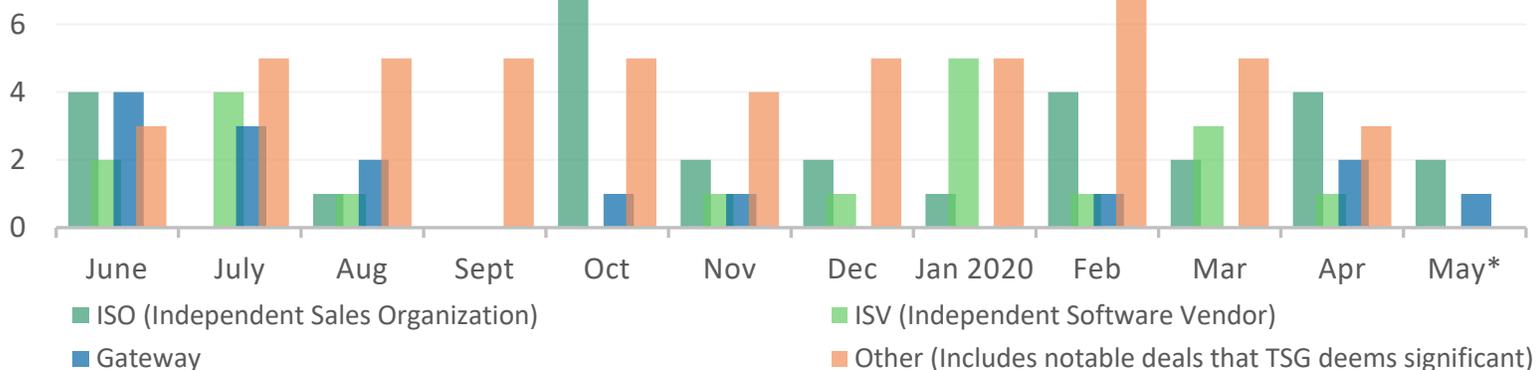
This Week's M&A Overview

Economic optimism is becoming more apparent due in part by the reopening of merchant establishments across the nation. In the coming weeks and months, many merchants will execute their plans for reopening and put their focus towards driving foot traffic within their walls in a safe manner. As the economy begins to see some improvement since COVID-19 grinded many areas to a halt, several companies are moving forward with their acquisition agendas. This week saw a few acquisitions in the payments space, one of which included Checkout.com's acquisition of Pin Payments. This purchase of Pin Payments enables Checkout.com to further expand into the APAC region, especially in the eCommerce market. Pin Payments has obtained a strong foothold in Australia and New Zealand, which amasses to more than 12,000 merchants.

In addition, payment provider Base announced their purchase of merchant accounts from LucentPay for an undisclosed amount this week. Base is seeking to drive additional growth on their platform and build upon the existing relationship with LucentPay which already consisted of providing processing services to their merchant base.

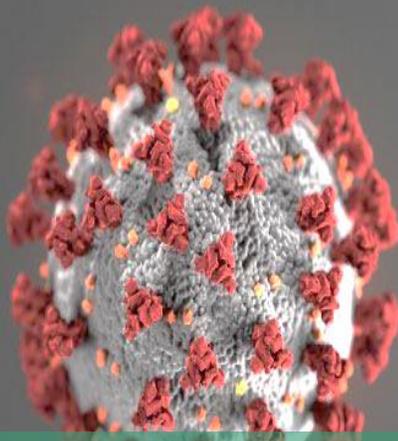
2020/2019 M&A Activity – Year to Date

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 26th – May 29th

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.

SumUp Releases New Tool To Help Businesses Go Cashless

[Finextra](#) | May 26th, 2020

UK-based payments service provider SumUp is launching today (May 26th) an online payment tool to help businesses adapt to ongoing social distancing measures. SumUp's latest solution is part of the company's ongoing push into the online retail space, as part of a bigger drive to provide a complete toolkit for merchants.

A New Study Shows How Acquirers Can Help Merchants Recover From Covid-19's Heavy Toll

[Digital Transactions](#) | May 28th, 2020

Fully 25% of U.S. merchants that accept payment cards experienced a drop of 56% or more in card volume in April compared with February, finds a new study from The Strawhecker Group. After analyzing billions of transactions from more than 1 million card-accepting merchants across the United States, the Omaha, Neb.-based research firm said the drop is staggering.

Amid Pandemic, Firms Look To Negotiate Debt Covenants

[PYMNTS](#) | May 28th, 2020

The pandemic has decimated top and bottom lines for firms across virtually all verticals. And for firms carrying debt amid declining balance sheets and continued cash burn, there's danger in triggering repayment as they violate covenants on that debt. As estimated by Moody's Investors Service, a number of larger, publicly traded companies are seeking to negotiate debt terms with their lenders and avoid violations as they navigate the economic downturn.

Mastercard Debuts Covid-19 Recovery Insights Tool

[Finextra](#) | May 29th, 2020

Businesses and governments across the globe are looking for resources to help better manage the health, safety and economic risks presented by the recent pandemic. To assist in these efforts, Mastercard has launched Recovery Insights, a set of tools, innovation and research that can provide some certainty today and support data-driven decision-making for a more digital tomorrow.



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@thestrwegroup.com



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
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



Historical M&A Tracker

Transaction History: January 2020 – April 2020

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



Historical M&A Tracker

Transaction History: January 2020 – April 2020

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



Headline News

May 26th – May 29th

MARQETA

Modern Card Issuing Leader Marqeta Valued at \$4.3B in Latest Round

[BusinessWire](#) | [May 28th, 2020](#)

Marqeta, the global modern card issuing platform, announced today (May 28th) that it has raised an additional \$150 million in new capital from a leading institutional investor, valuing the company at \$4.3 billion. This latest financing comes on the heels of Marqeta's previously announced \$260 million equity financing in May 2019, which was led by Coatue and included participation from Vitruvian Partners and several others.

wirecard

Wirecard Postpones 2019 Results For A Third Time

[MarketWatch](#) | [May 26th, 2020](#)

Wirecard AG said late Monday (May 25th) that publication of its consolidated financial statements for 2019 would be postponed for the third time as not all audit procedures have been completed. The German digital-payment services company said its financial statements would now be published on June 18th instead of June 4th.

vesta

Vesta Secures \$125 Million Investment From Goldfinch Partners

[BusinessWire](#) | [May 29th, 2020](#)

Vesta, a fintech pioneer in fraud protection and fully guaranteed payment technologies, has secured \$125 million in new growth capital from private equity firm Goldfinch Partners. The funding will provide Vesta with the resources to invest in growth and continue the global deployment of its fraud protection and e-commerce payment solutions.



Partnership Activity

May 26th – May 29th

stripe

Stripe is making a large push in Japan which included a new engagement with JCB. The two firms first established a partnership in 2018 and have now since built upon it to improve its offering for Stripe customers and JCB cardholders. Merchants using Stripe can now more easily and quickly accept online payments with JCB in Japan and surrounding Asian markets. In addition, Stripe merchants will now have faster payouts to JCB funds. Furthermore, in addition to the partnership with JCB, Stripe announced the opening of an engineering office space in Japan which will focus on developing solutions specifically to businesses in Japan.



SAMSUNG pay

Samsung Pay has released additional details surrounding their upcoming debit card which is created through a partnership with SoFi. Samsung's new debit card will run on Mastercard's rails and be issued by Bancorp Bank. The new debit card program is named Samsung Money by SoFi and will tie directly into the Samsung Pay application. It is scheduled to become available later this summer, however, customers can begin to signup on the waitlist.

Other Notable Partnerships:

- **The Industrial and Commercial Bank of China (ICBC)** is offering three-year term deposit services through **Alipay**.
- **Citcon** forms a strategic partnership with **Tulip** on enabling QR mobile payment solutions for the luxury and fashion retail industry.
- **Xero** is partnering with **Transferwise** on offering financial tools for SMBs as they begin to reopen for business.
- **PruPay** partners with **PayPal** on developing technology for accepting payments via text messaging.



Management Changes

May 26th – May 29th



VISA

Visa Names Chris Newkirk As The Company’s Chief Strategy Officer

Visa announced the appointment of Chris Newkirk for the newly created position of Chief Strategy Officer effective June 15th. Mr. Newkirk will lead the organization’s Corporate Strategy division and report to Visa’s Chairman and CEO Al Kelly. Mr. Newkirk comes from Capital One where he served as President of Small Business, International & Walmart Partnership.

Date Announced	Company	Personnel	New Position	Previous Position
5/26/2020	Leumi UK	George Evans	<i>COO</i>	Head of Operations, IT, and Change at Europe Arab Bank
5/27/2020	Contis	Lara Oyesanya	<i>General Counsel and Chief Risk Officer</i>	UK Counsel and Legal Director at Klarna
5/27/2020	OpenPayd	Ruth Evans	<i>Board Advisor</i>	Current Chair of Stop Scams UK
5/28/2020	Visa	Chris Newkirk	<i>Chief Strategy Officer</i>	President of Small Business, International & Walmart Partnership at Capital One
5/28/2020	BIS	Tara Rice	<i>Head of Secretariat for the Committee on Payments and Market Infrastructure</i>	Deputy Head of Secretariat at BIS



TSG Payments Index

Q1 2011 – Q1 2020

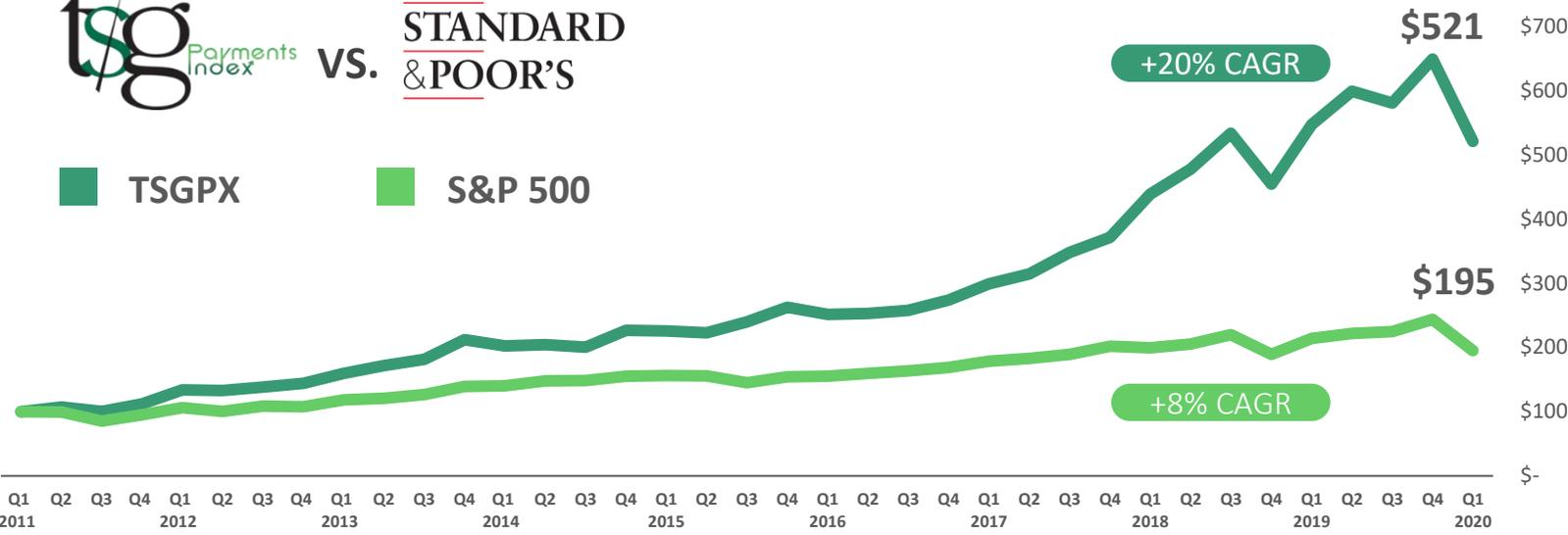
*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic



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 \$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


Shift4
 PAYMENTS

In its sale to

 **LIGHTHOUSE**
 NETWORK


 STABILITY IN
 PAYMENTS

In the acquisition of

 **Integrity**


 CLARUS
 MERCHANT SERVICES

In the acquisition of

 **NAMS**


 PARTHENON
 CAPITAL PARTNERS

In the acquisition of

 **NXGEN**
 &  **payScape**


 APPLIED MERCHANT

In its Merger with

 **BLUE SQUARE**
 RESOLUTIONS


 Terrapin
 Financial Services, LLC

In its sale to

 **BluePay**


 Goldman Sachs

On their funding event with

 **Newtek**
 "The Small Business Authority"


 Goldman Sachs

On their funding event with

 **Bluefin**
 Payment Systems


 PIVOTAL
 PAYMENTS

In the acquisition of

 **CAPITAL**
 PROCESSING NETWORK

 **BregalSagemount**

In due diligence support of its investment into

 **YAPSTONE**
 POWERING PAYMENTS


 THE BEEKMAN GROUP LLC

In its recapitalization of

 **Direct Connect**


 sage

In a merchant portfolio purchase from

 **Heartland**
 PAYMENT SYSTEMS


 PRIORITY
 PAYMENT SYSTEMS

In its merger with

 **cynergydata**


 Mutual of Omaha Bank

On the organization of its joint venture with

 **First Data.**


 SIG
 SUSQUEHANNA
 GROWTH EQUITY, LLC

On their investment in

 **PaySimple**


 CAYAN

In the acquisition of

 **CPS**
 CARD PAYMENT SERVICES


 STABILITY IN
 PAYMENTS

In the acquisition of

 **iTransact**


 talus
 pay

In acquisition of the operation assets of

 **PROLIFIC**
 BUSINESS SOLUTIONS

 **BluePay**

In the acquisition of

 **Primax**
 Defining Card Processing


 KeyBank

On their joint venture with

 **Elavon**



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.

