How is big data driving the convergence of payments and lending?

Digital technology, the potential of big data analytics, and the rising power of millennial buyers are driving the convergence of payment providers and lending companies - a phenomenon we're seeing for both consumer and small business borrowers.

Technology has transformed point of sale (POS) lending
POS lending is not new. These types of loans have been offered indirectly through department stores and some health practitioners – kids' braces are expensive – for years. But, as with so many aspects of life, the rise of digital technology transformed the concept, allowing merchants to offer loans at the POS. In 2008, in what was then seen as a landmark deal, PayPal's then-parent, eBay Inc., acquired Bill Me Later in a deal worth about US$900m. In the decade since, POS lending has become a consumer trend that is reshaping the entire lending paradigm and driving greater sector convergence.

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How is big data driving the convergence of payments and lending?
Digital technology and customer expectations are seeing payments and lending companies converge in both the retail consumer and small business markets.

Will slow payment systems put the brakes on economic growth?
Economies with outdated payments systems must accelerate the innovation of payments – or lose out to global giants.

Is it time to bring cryptocurrencies into the light?
Cryptocurrencies hold huge potential to transform our working world, but consistent global controls must be put in place first.

How can payment providers become truly omni-channel?
A guide for payment providers as they journey to become omni-channel and meet merchant expectations.

M&A roundup
Deals fell in Q1 but regulatory changes should see activity increase through 2018.

VC roundup
Growing interest in end-to-end payment platforms and niche providers drove strong VC activity.

Transaction overview
M&A and VC

How collaboration and convergence are transforming payments

#payments began as a way for us to connect with banking clients and industry leaders. Over time it has evolved to become a two-way channel of communication - allowing us to collaborate and converge with our audience, to ensure content reflects the topics of most relevance to readers. It’s this theme of collaboration and convergence that very much describes the trends transforming the payments landscape today.

We’ve seen a shift in the changes transforming the payments ecosystem. What began as disruption has evolved into collaboration, which is an important milestone on an industry’s journey toward innovation and transformation. Disruption, in itself, is singular in dimension, and unsustainable. For nontraditional disrupters entering the payments field, creating innovative changes that are fit for the long-term can be difficult to achieve without deep sector experience.

At the same time, legacy payments institutions face a different choice amid changing conditions - transform or cease to exist. Those that embark upon transformation will find that, while they may lack some of the capabilities of those disrupting their sector, their legacy is in fact a competitive advantage against nontraditional disrupters.

Against this backdrop we see disrupters and legacy organizations joining forces. Collaborative disruption is the most effective formula to drive long-term change, by creating an entirely new model for business, generating growth, and differentiating customer experience. Collaboration creates a symbiotic relationship that benefits the entire market ecosystem, and, more importantly, consumers. As financial institutions work together with FinTechs, Big Techs and processors, their cumulative efforts create new innovative approaches that continue to evolve the payments field. At EY, we believe this collaborative mindset will define the future of payments.

In this edition of the newsletter we will discuss collaboration and convergence on a variety of fronts, from the convergence of lending and payments to the rise of cryptocurrencies, and much more.

Best,

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EY Americas Payments Advisory Leader
How is big data driving the convergence of payments and lending?

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Its recent rise is due to two main factors:

- The consumer relationship with credit has changed: This is partly because of fallout from the global financial crisis but is largely due to the rise of millennials. These buyers’ general distrust of credit combined with an expectation of instant fulfillment has fueled demand for installment payments and other “transparent” borrowing options.

- Retailers are under increasing competitive pressure to drive top-line growth: The rise of mega e-commerce retailers has raised the bar for the online shopping experience. To increase shopping cart conversion, merchants are increasingly incorporating a seamless POS lending option that is embedded into the overall commerce experience.

Besides Bill Me Later (which was rebranded as PayPal Credit in 2014), other POS lenders include Swedish-based Klarna, Affirm and Australia’s AfterPay. Models for these companies vary but AfterPay works by taking the risk from the supplier, charging around 4% to merchants and collecting from end users who have linked a debit or credit card to the AfterPay account.

This is a space which is evolving fast. US-based Bread Finance integrates more deeply into merchant websites - well before the paywall. For example, as a consumer browses, product prices are quoted at a nominal price or at a financed monthly price, helping consumers envision different paths to purchasing.

Digital platforms broaden merchant financing options

Just as consumers have access to more financing options at purchase, payments providers are offering different financing options to merchants. Again, the rise of digital platforms and the availability of big data analytics are major drivers, and allow lenders to make faster decisions and offer cheaper alternatives to the traditional merchant cash advance (MCA) – an advance against future debit or credit flows through the merchant account.

As with POS lending to consumers, merchant acquirers are offering these lending products as a way to help customers solve a broader range of business needs – in this case, working capital financing. It also helps increase merchant lifetime values by...
An integrated payments and lending experience can boost revenue for merchants, retention for processors, and profits for lenders. Consumers can win as well.

Introducing additional revenue streams, which is a valuable offset to compressing spreads experienced by the acquirers over the last several years.

In one example, Square launched Square Capital in 2014 to transition its MCA product to a “flexible loan product” through a partnership with Celtic Bank, a Utah-chartered industrial bank. Swift Financial, acquired by PayPal in 2017, provides short-term receivables-based financing services to business owners.

**Data analytics is a catalyst for convergence**

The role of big data algorithms in these new platforms is a key catalyst for greater convergence of lending and payments. When small business lending platform, Kabbage, announced its US$250m investment from Softbank in August 2017, the ability to enhance analytic tools using new data sets (i.e. POS transaction data) was cited as one of the key drivers. More recently, Credibly, a small and medium business lender that has built its lending processes on data science and analytics, announced it is keen to expand outside its core business. Credibly would consider acquisitions that could provide a POS system having data around customers and payments.

Technology companies and alternative lenders like Kabbage tout their ability to analyze vast amounts of traditional and nontraditional data to make streamlined lending decisions: social, geographical, and behavioral data about the small business borrower is all within their platform’s reach. The prospect of adding data directly tied to the timing and magnitude of cash inflows represents a tantalizing new data lake for these lenders to exploit.

**How will payments and lending converge further?**

So where will all of this shake out? First, on the consumer side, we believe that POS lending will become more embedded into the online shopping experience. As behavioral browsing data is increasingly tied to shopping cart data – both abandoned and closed transactions – processors can help the merchant do a better job of not just converting browsers, but creating the right financing offers to optimize credit risk and propensity to buy. And second, like the rest of the retail experience, we expect to see this type of lending migrate across the omnichannel shopping experience, particularly as the penetration of SmartPOS devices increases.

On the commercial side, payment companies with a direct merchant channel are likely to dominate this space either by using their own balance sheet or by partnering or merging with alternative lenders. Payment companies with significant bank channels are likely to lag behind for fear of competing with their bank partners. The allure of accessing entirely new data, not to mention an opportunity to lower challenging customer acquisition costs should also push alternative lenders deeper into the payments space.
Will slow payment systems put the brakes on economic growth?

In an on-demand world, customers expect payments to be made in (near) real time. Can economies with outdated systems accelerate their innovation of payments before they lose out to global giants?

**Real-time payments in an on-demand world**

The rise of technology has changed – and raised – customer expectations around the products they want, and exactly how these products and services should be delivered. When we can communicate via instant messaging and buy groceries with one tap, we expect payments to be immediate, or close to it. And in many countries, including the UK and Singapore, near-real-time payments are the new normal, after efforts by governments, banks and payment providers to ensure the right factors are in place to enable these systems. These countries share some common characteristics, including significant economies of scale, a dominant currency, an open economy and enabling new regulation, such as Europe’s Revised Payment Service Directive (PSD2) that obliges banks to share customer data with third-party payment providers.

As our world economy becomes more globalized, countries with near-real-time payment structures will reap a strong competitive advantage. For those countries where payments systems are outdated, innovation is an economic priority – before local payment providers lose out to global payment giants such as PayPal, Apple Pay and Facebook Pay.

*Figure 1: Differences and drivers for modernization of payment infrastructures*

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Transparency</th>
<th>Efficiency</th>
<th>Leadership</th>
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<tr>
<td>Innovation of payments is a key driver for financial inclusion, money velocity and also the protection of the local markets or currencies.</td>
<td>In less efficient economies, the payments system is not always transparent in fees, settlement times or the common rules of adoption.</td>
<td>Cash is still widely used, as it is more efficient (e.g. processing times, costs) due to a lack of standardization and integration of the payment infrastructure.</td>
<td>Leadership in the payments domain is missing. There is a demand to stimulate, and regulate the payment infrastructure.</td>
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Innovative payments infrastructures are those that meet users' needs now and are flexible enough to adapt to future developments.

**Roadblocks to payments innovation**

How can economies with outdated infrastructure leapfrog to a more advanced payments system? Innovation can only occur when the circumstances are right. And in many markets, key challenges remain that may slow the pace of change:

- **A weak financial business case:** Payments innovation is driven by volume and economies of scale, with providers receiving a fee per transaction. Economies without the scale and volume to make this profitable for providers may need to consider alternative business models, such as fixed fees or government subsidies, before attempting payments innovation.

- **Technical challenges:** Outdated legacy systems, insufficient technical infrastructures, or capability and resource restrictions can hinder innovation.

- **Users unwilling to change:** Users will need to be ready to adopt new solutions. Creating customer willingness to change will involve tailoring solutions to suit specific cultural attitudes to payments. For example, in some countries, direct debit is a preferred payment method while, in others, people dislike “losing control” over their outgoing money.

- **Leadership mandate:** Which institution should drive payment innovation – government, banks, regulators or others? In many regions, this lack of role clarity, or a formal oversight function to enforce payment rules and regulations, is a big stumbling block to changing payments systems.

**Key questions to guide payments design**

Innovative payments infrastructures are those that meet users’ needs now and are flexible enough to adapt to future developments. When designing new systems, countries with outdated payments systems should consider some critical questions, including:

- **What principles should guide payments innovation?** Countries should set principles that address target use cases, system capabilities, governance structure, the appropriate economic model, security concerns and the existing system. These principles will vary from country to country, depending on circumstances.

- **What is the most cost-effective clearing and settlement solution?** The financial and knowledge investment needed to establish an effective clearing and settlement system may be beyond the capabilities of smaller economies. In these cases, a better solution may be to join a central or regional clearing and settlement hub, where the vendor offers a payment infrastructure for multiple payment rails (separately), processed in one central location. TARGET 2, which operates across Europe, is one example of this type of hubs though smaller countries could establish their own, private hub.

- **Can instant payments lead to other instant functionalities?** Offering (near) instant payment functions enables many new use cases for consumers and progresses the evolution towards reduced use of cash. Sweden is leading the world in progressing towards a cashless society, leveraged off the widespread adoption of real-time payments in that country. But it’s worth noting that that significant effort and commitment from all stakeholders in the payments chain will be required if innovation is to be successful, and deliver the required return on investment.

- **How do we balance regulation and innovation?** Getting the regulatory balance right can be difficult. While it’s critical that payment systems are safe and secure, an environment that is too “locked down” may restrict innovative new players from entering the market. Economies that resist new entrants are unlikely to see the innovation needed to move on from the status quo.

- **Which international standards are “must haves”?** Developing new payment systems that are future-proof and fit for a global economy will require careful consideration of appropriate regulatory standards, including ISO20022 and Europe’s PSD2.

**Modern payment structures are essential for modern economies**

As customer demands change rapidly, many economies must rethink how payment infrastructures can fast-track, not slow down, their growth. Modernizing payment systems is no quick fix but those that ask the right questions when approaching change, can make the right choices around payments design and reap the rewards of a stronger economic future.
Bringing cryptocurrencies into the light

The potential for cryptocurrencies to increase speed and lower the cost of doing business is threatened by theft, poor security and criminal activity.

Cryptocurrencies have the potential to positively disrupt financial services by increasing the speed and reducing the cost of doing business. But coordinated international action around controls will be needed to ensure these new currencies do not enable criminal activity and tax evasion.

As the growth of cryptocurrency markets accelerate, so too does the urgent need for regulatory controls around crypto assets. Many people assume that the security of blockchain technology, the almost tamper-proof distributed ledger that underlies cryptocurrencies, ensures the security of the cryptocurrencies themselves. But crypto exchanges are regularly hacked, with the biggest hack so far taking place this January when Coincheck lost US$530m.

Meanwhile, the flood of initial coin offerings (ICOs) invites abuse, and the anonymity of cryptocurrency means they can facilitate illegal dealing in everything from weapons to drugs to human trafficking. So while the underlying technology might be secure, cryptocurrencies themselves are not intrinsically so. And even if cryptocurrencies were secure, their ease of use supports criminal activity.

Asserting regulatory controls won’t be easy. Their dramatic value fluctuations make cryptocurrencies more like commodities than currencies, argue many. Regulators are perplexed by crypto’s nontraditional background and around the world we see discrepancies in views around its soundness and use.

Balancing security, transparency and innovation

Governments and industry are keen to ensure that regulation doesn’t stifle innovation that could unlock the potential of crypto assets. Already we see exciting developments, for example, Kenyan startup BitPesa – a bitcoin-based remittance service that integrates with Kenya’s mobile money system M-Pesa to reduce friction and fees in transactions. In trade finance, the DLT that underpins cryptocurrencies may allow for supporting documentation to be attached directly to financial transactions, reducing risk of human error or exploitation.

But the risks of cryptocurrencies must be addressed before they can live up to their potential. Many of these risks relate to crypto’s anonymity. Although the path of a cryptocurrency token on the blockchain’s open, decentralized distributed network is transparent for all to see, the actual ownership of that token and what it was used for is not.

This anonymity is not compatible with current laws and global regulatory trends demanding more transparency to guard against money laundering, tax avoidance and other criminal activities. If governments cannot see a transaction, they cannot identify evaded taxes.1 Even Switzerland has had to relax privacy laws in order to transfer money in and out of the country.2

Anonymity also puts large financial institutions in a bind. New laws that tighten liability rules for large companies, such as banks and accounting firms, could impact financial institutions’ willingness to accept or transfer crypto currencies. The EU and UK’s anti-money-laundering directives and Criminal Finances Act compel financial institutions to ensure that they do not deal with any transaction related to criminal activities. Even “not confirming” that taxes have been paid on the crypto currency being transferred into a bank could be considered as facilitating criminal activity. Similarly, if the owner of a crypto asset is anonymous, financial institutions may struggle to identify illegal movements of sanctioned assets or activities of people and organizations subject to economic sanctions.

A coherent view has been slow to emerge from the global community, with regulation emerging on a country-by-country basis.

**Diverse regulatory perspectives**

With these risks in mind, it is easy to see how poorly regulated cryptocurrencies could have disastrous consequences, leaving consumers open to fraud risk, reducing government coffers, and even being used to fund terrorism, human trafficking and other criminal activity.

A coherent view has been slow to emerge from the global community, with regulation emerging on a country-by-country basis, without international coordination.

Interestingly, it is less democratic countries that see crypto as a more immediate threat – specifically to their own central authority over the money supply – and have been quicker to address the absence of regulation. While China was once home to the world’s most active cryptocurrency exchanges, authorities banned these last year and have since moved to block access to platforms that offer exchange-like services. Chinese regulators have been at the forefront of a global push to rein in the frenzy surrounding cryptocurrencies amid concerns over excessive speculation, money laundering, tax evasion and fraud.

The tougher stance is beginning to catch on. In the US, the Securities and Exchange Commission (SEC) has launched multiple probes, saying many coin issuers, their lawyers and advisors may have breached its rules. SEC Chair Jay Clayton has said he believes most digital tokens are effectively securities and should be regulated as such. However, Clayton also acknowledges that terminology and definitions in the industry are evolving, that DLT has incredible promise for the financial industry and that regulators must be flexible.

In Europe, the European Securities and Markets Authority (ESMA) stresses that ICOs are extremely risky, highly speculative investments that may fall outside the regulated sector. Meanwhile, the European Supervisory Authorities (ESAs) for securities, banking and insurance and pensions said in a joint statement in February that they were “concerned” about an increasing number of people buying “highly risky” virtual currencies without being aware of the risks involved. Since virtual currencies and exchanges used to trade them are not regulated under EU law, the regulators warned that cryptocurrency investors are not protected in the event of an exchange going out of business or a cyber-attack. Mark Carney, Governor of the Bank of England (BoE), has emphasized that crypto assets behave differently from other currencies but also argues that their regulation is vital.

In Spain, the tax authority has sought names and trading information on cryptocurrency buyers as part of an investigation into crypto-enabled tax evasion and money laundering. Requests for trading information have been sent to 60 companies.

South Korea has introduced measures to tackle speculation in the sector, banning the use of anonymous bank accounts in cryptocurrency trading. And India’s government has announced it will take measures to “eliminate” the use of cryptocurrencies in “illegitimate activities or as part of the payment system.”

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3 “EY research: initial coin offerings (ICOs),” EY, December 2017. [www.ey.com/Publication/vwLUAssets/ey-research-initial-coin-offerings-icos/$File/ey-research-initial-coin-offerings-icos.pdf](www.ey.com/Publication/vwLUAssets/ey-research-initial-coin-offerings-icos/$File/ey-research-initial-coin-offerings-icos.pdf)


Anonymity is not compatible with current laws and global regulatory trends demanding more transparency.

Call for a consistent global approach
Current lack of international consensus on the governance of cryptocurrencies (or crypto assets) perpetuates gaps, increases opportunities to evade regulation and is contrary to common reporting standards, the Foreign Account Tax Compliance Act (FATCA) and intergovernmental data-sharing. A consistent global approach to regulating cryptocurrencies is needed, using new methods adapted for this novel financial instrument.

In March, International Monetary Fund (IMF) Managing Director Christine Lagarde laid out some possibilities. She said the IMF was focused on encouraging countries to develop policies that ensure financial integrity and protect consumers in crypto assets in much the same manner as it has done for the traditional financial sector. Lagarde also claimed the technology behind crypto assets can be used to “fight fire with fire,” e.g., by using DLT to speed up information-sharing between market participants and regulators. This could be used to create registries of standard, verified customer information and help fight cross-border tax evasion. Another possible – though more radical – way to bring cryptocurrencies into the light would be for a country to create a central bank digital currency (CBDC). This is essentially today’s currency in digital form. On the plus side, a CBDC would be far superior to alternative digital currencies (ADCs) such as bitcoin. ADCs do not function well as a store of value: prices are too volatile, defenses against hacking are too weak and their backing is nonexistent. By contrast, central bank money is the quintessential store of value. The DLT is the current key competitive advantage ADCs have, and it’s something central banks can and will acquire. Research from EY and Cambridge University shows that 63% of central banks and 69% of other public sector institutions (OPSIs) are experimenting with DLT protocols. But, for now the cons of a CBDC outweigh the pros. A freely available CBDC poses significant technology, security, privacy and legal challenges and would create a discrepancy between “flat” and “non-flat” digital currencies. Most consumers would be drawn to the former, pushing non-flat digital currencies further into the experimental fringes where criminal activity could persist.

Collaborative effort can unlock crypto potential
Cryptocurrencies (and the underlying DLT) have enormous potential to positively disrupt financial services by increasing the speed and lowering the cost of doing business. But we must first ensure that appropriate controls are put in place to ensure against cryptocurrencies becoming enablers of criminal activity and tax evasion. Bringing cryptocurrencies into the light will require a collaborative effort by international bodies, individual governments and the financial services industry to implement a coherent, consistent set of controls.

How can payment providers become truly omni-channel?

Developing a sustainable and commercially successful omni-channel operating model requires payment providers to think beyond a sales-centric approach. Those that can combine their products and services, customer management system and high performing payments platform, can create a compelling omni-channel offering that meets the demands of today’s merchants.

The term “omni-channel” originates from the retail industry, where merchants strive to present a consistent offering of their products and services, with harmonized pricing and terms of conditions (T&C). In supporting merchants to achieve this goal, payments providers must offer a consistent customer experience across different distribution channels, while also supporting the merchant’s own requirements for a true omni-channel service offering.

Technology advances have enabled payments providers to provide this omni-channel offering, with integrated digitally-enabled products and services laying the groundwork for the emergence of a true omni-channel product portfolio, where network and terminals, POS payments, online payments, merchant acquiring, dynamic currency conversion (DCC), etc. work seamlessly together. A true omni-channel approach gives payments providers the ability to combine products into solutions that meet the needs, and complement these with additional value-added services (VAS) that, if priced consistently, gives companies a new competitive advantage.

But offering a true omni-channel experience to merchants is difficult for most payments providers, particularly because large retailers have specific requirements regarding retail customer experience, payment methods, shop and backend integration, value-added services and reporting. Overcoming these challenges requires payment providers to develop a series of strategies to consider how to consistently meet merchant’s requirements for an omni-channel offering at every stage of their customer relationship.

Sales and lead generation
As the first touchpoint for merchant clients, the payment provider’s omni-channel sales function needs to be able to consistently quote prices and T&C for all available products and features. This may be achieved through product bundles (i.e., solutions) for specific verticals or completely orthogonal features and feature sets. A useful example may be to consider the situation of buying a car – you may not always be able to add a sunroof (think convertible) but it is always possible to add GPS navigation.

| Figure 2: The omni-channel operating model |

### 1. Contracts
- One contract per merchant
- One contact person (AM, KAM)
- One service telephone number

### 2. Billing & Reporting
- One statement per merchant
- Billing all contracted components
- Cross-channel and cross-product reporting

### 3. Check-out Experience
- Cross-channel checkout functionality for merchant end customers
- Cross-channel fraud and chargeback handling

### Scope
- Unified product portfolio
- Common pricing scheme
- Uniform terms and conditions
- Cross-channel distribution
- Cross-channel sales management with measuring and performance indicator system

### Pre-conditions
- Implementation of all contract components in the billing system
- Harmonized billing cycles
- Harmonized reporting system

### Costs and synergies
- CRM integration (if necessary, also intermediate solutions)
- Integrated key figure system for sales
- Legal costs for contract harmonization
- Training Sales and Service

### Costs and synergies
- Integrated Billing System (Merchant Billing)
- Unified billing events
- Common output management
- Integration of key figure systems and control instruments

### Costs and synergies
- Integration processing systems (including fraud)
- Integration of business processes
- Integration in cash register systems and shopping carts
Becoming omni-channel is critical if payments providers are to stay competitive in a tight market.

Contracts and data
When the leads are ready to mature into contracts, merchants typically expect to have just one contract that combines the selected features from the different solution spaces, i.e. POS terminal rent, online payment gateway, cards acceptance, acquiring, reporting, and value-added solutions. They expect:

- Low effort on their end to manage the contracts, e.g. to monitor, track, and manage contract periods, automatic renewal, reference accounts etc.
- Single touch point for service requests and complaints and a high first-call resolution rate

Implementing these requirements efficiently requires the omni-channel payments provider to first analyze the various interaction points with the merchant and the various information (both static and dynamic) that are typically spread throughout the company. They will need to harmonize these structures and processes to create a single-point of truth for merchant and payments data. This “golden source” must be available both internally and externally to ensure consistent views across the data. In other words, the service agent on the phone must see the exact same reference data and transaction data as the merchant in the online merchant portal.

Billing and reporting
Payment providers will need to create a single monthly statement for the merchant that includes all billable items, line item costs, further information such as extra costs and hold-backs, and the total sum due. Doing this will require identifying the companywide billing events to be harmonized and ensuring these feed into one consolidated billing system. Again, it’s critical that products and pricing are consistent and that the information from CRM and sales system is harmonized with billing to ensure any rebates or sales-related pricing adjustments are made.

On the other hand, reporting is very specific to the customer segment. Most large retailers do their own data analysis so are satisfied with a structured data set with information on transactions, status, payment information, chargebacks, etc. The challenge here is to collect the various transaction data across all payment methods and channels and create that single data pool per merchant.

Small-to medium retailers hand typically have no dedicated reporting framework available. Successfully meeting the needs of these clients will require omni-channel providers to offer capable analysis tools in the merchant portal that enables merchants to “slice-and-dice” their data to gain useful insights.

Check-out experience
These foundations help the omni-channel payments provider support merchants provide consistent check-out experiences for retail customers. For example, a customer who buys goods online and receives rebate vouchers will want to use those if he or she walks into a bricks and mortar store. This may sound simple but usually these vouchers are qualified by analyzing the underlying payments data (online or store) so this will need to be harmonized across all channels to ensure that, at checkout, the eligibility and amount of the voucher can be verified. And if this customer then decides to return part of this purchase, either online or instore, this reverse payments transaction must be handled seamlessly as well.

The challenge in all this is that it requires the omni-channel payments provider to set up internal processes independently from payments channels and payment methods. This is difficult considering that the various payment schemes have different processes, rules and regulations for chargeback or retrieval processes, e.g. the number of chargebacks that are allowed for specific types of merchants (MCC). Omni-channel payment providers may want to invest in a workflow management system that reduces the manual effort required and helps back office staff operate the different processes in a unified way.

Becoming omni-channel is investing in the future
Becoming truly omni-channel will require payments providers to radically reinvent their operating models. They will need to harmonize products and services, integrate data models and data sources, re-model internal processes and educate their staff. This requires a huge investment and, in the world of shrinking margins and increasing competition from start-ups, even big international players may find this difficult to achieve (especially considering shareholder pressure). But becoming omni-channel is critical if payments providers are to stay competitive in a tight market.

Alexander Christoph
The first quarter of 2018 saw a reduction in payments-related deal activity as the number of disclosed transactions decreased from 42 in Q4 2017 to 35 deals. Total transaction value also fell from US$9.7b to US$5.3b, representing one of the slowest quarters in terms of value since Q2 2017.

The acquisition of a majority stake in Trustly, a Swedish provider of bank-to-bank payment solution, by Nordic Capital stood out with a post-deal valuation of approximately US$870m, reflecting the continued importance of alternative payment methods (APMs).

Strategic players are still pursuing product-led acquisitions to enhance their existing product portfolio, eg. to build more integrated (true) omni-channel propositions. Q1 2018 also saw ING’s acquisition of a 75% stake in Dutch-based payment service provider Payvision Group, at an implied enterprise value of around US$440m. Payvision Group is an omni-channel payment service provider specializing in cross-border e-commerce transaction (one of the highest growing sector e-commerce segments).11

M&A activity and deal characteristics

A total of 35 M&A transactions were announced in the first quarter of 2018, continuing the slowdown of deal activity since the peak of Q3 2017. The financial terms of nine transactions were disclosed in the first quarter of the year, amounting to a total value of US$5.3b. This was similar to that of Q1 2017 (US$5.5b), suggesting that there is no material weakening of investment appetite in payments deals.

Deal value this quarter was driven primarily by a few large transactions: Silver Lake and P2 Capital Partners’ c.US$3b investment into Blackhawk Network Holdings, Nordic Capital’s majority stake investment into Trustly at an implied enterprise value of c.US$866m and ING’s acquisition of a 75% stake in Payvision Group at an implied enterprise value of cUS$440m. These three deals accounted for about 80% of total transaction value this quarter.

Established in 2008, Trustly is one of Europe’s major providers of bank-to-bank payment solutions. With an implied enterprise value of c.US$866m, this transaction highlights the growing importance of APMs. According to WorldPay research, APMs in the EMEA region are expected to account for 70% of all online transactions by 2021, an increase from 60% in 2016 and surpassing both credit and debit cards. The use of bank transfers is expected to grow by three percentage points from 2016 to 2021 to 22%. This shift is driven by consumers’ demand for convenience and the instantaneous nature of bank transfers. Also regulatory changes such as PSD2 across Europe and Open Banking in the UK specifically will further open access to bank accounts to third parties and drive increased innovation in bank-to-bank payments in the region.

Sources: EY analysis, Capital IQ, Mergerstat M&A Database, company websites.

10 Source: Capita IQ, EY analysis.
11 Source: Capita IQ, EY analysis.
12 Source: Capita IQ, EY analysis.
13 Source: Worldpay, EY analysis.
Another major deal of Q1 was ING’s acquisition of a 75% stake in Payvision Group, a Dutch-based omni-channel payment service provider with a focus on mid-market e-commerce merchants and cross-border e-commerce activity. Payvision also provides merchants with value-added analytics capabilities to help them drive sales and reduce inefficiencies. The transaction featured an implied enterprise value of c.US$440m and an EV/EBITDA multiple of 78x based on the Group’s 2016 EBITDA.14 This transaction reflects how strategic buyers are still looking to pursue product-led acquisitions, in particular where existing portfolios can be enhanced. The acquisition will allow ING’s business customers to accept payments through a broad range of methods (more than 80 payment methods across 150 currencies) and provide the end consumer with a seamless shopping experience.15

Transactions in the first quarter were heavily geared towards strategic buyers, with notable names such as Ingenico Group, ING, MasterCard and Visa all announcing transactions of strategic importance. Ingenico’s US$120m acquisition of New Zealand-based payments service provider Paymark16 represents continued geographic diversification and expansion into the Asia-Pacific market. The combination of its terminal assets with Paymark’s as well as with Bambora’s existing merchant acquisition capability, will enable Ingenico to provide an end-to-end proposition for omni-channel merchants. MasterCard’s acquisition of Oltio, a mobile banking and payment solution provider in South Africa, is another example of a product and capability-led acquisition, also featuring geography expansion, in particular into emerging markets.17 Visa’s acquisition of Fraedom Holdings, a travel and expense management solution provider that also offers payments services with operations in the UK, the US, Australia, New Zealand, China and Canada, will allow Visa to offer a comprehensive range of business solutions to its corporate clients, ultimately allowing Visa to own the merchant relationship with its large B2B client base.

The median EBITDA multiple for all deals year-to-date decreased from 14.4x in 201718 to 8.9x in 2018 year-to-date. The median revenue multiple for the same period also decreased from 3.2x to 1.8x.19 Despite the decline of valuation multiples based on disclosed transactions, investors are still expected to continue to pursue and pay premiums for attractive payments opportunities throughout the rest of 2018, including in areas such as product and capability enhancement, in particular sector specialist capabilities in industries such business software solutions. Geographic diversification – predominantly into emerging markets such as China and India, where e-payments adoption such as the use of e-wallets is expected to show very strong growth – is also expected to continue.

In Q1 2018, 34% of targets were based in Europe, followed by 31% in North America and 23% in Asia. Of the four largest deals during this quarter, two took place in Europe, one in the US and one in Asia, in contrast to the fourth quarter of 2017 which was dominated by transactions in North America and Asia. Opportunities in emerging markets are expected to increasingly attract cross-border buyers, driving further M&A activities across the globe throughout 2018.

14 Source: Capital IQ, EY analysis.
15 Source: GlobeNewswire, Company website, EY analysis.
16 Source: Company website, EY analysis.
17 Source: Capital IQ, EY analysis.
18 Includes all deals in 2017.
19 Transaction multiples are based on implied enterprise value, EBITDA and revenue data sourced primarily from Capital IQ.
Funding activity
The first quarter of 2018 saw 54 companies raise just over US$1b in funding, all of which was equity funding. Investment activity in the VC space has remained stable since Q4 2017, both in terms of number of deals (56 in Q4 2017) and deal value (US$1.2b in Q4 2017). Most funding activities concentrated on early stage and seed investments.

Q4 2017 activity was diversified in terms of payment segments but with a strong focus on mobile and e-commerce driven solutions. In Q1 2018, this trend continued, with overall investment funding widely spread across a number of segments, but with a particular focus on platform providers who operate in multiple segments and provide comprehensive end-to-end payment services, as well as other merchant services to businesses.

When considered in geographic terms, the number of transactions remained in line with the previous quarter. But by transaction value, South America accounted for c.20% of the total, the highest this region has attracted over the past year.

Investment trends
Overall, Q1 2018 saw a wide range of investment interest across different payment segments with two prominent themes:

1) Integrated platform providers with payments and other bundled product offerings for both businesses and consumers

An integrated payments platform allows users to carry out activities and tasks in addition to traditional payments acceptance or collection. The payments capabilities offered through the platform usually form the foundation of the offering, as it enables the capture and generation of user data (both payments details and spending behaviour) to allow the provision of other services (e.g. Wechat). The use cases are vast across both consumer and businesses.

2) Sector-specific payment propositions

When considered in geographic terms, the number of transactions remained in line with the previous quarter. But by transaction value, South America accounted for c.20% of the total, the highest this region has attracted over the past year.

20 Sources: EY analysis, Crunchbase
For example, consumer and personal finance providers are able to better target consumers with more appropriate products based on individual spending habits, while consumers can access multiple product offerings from one single platform. For businesses, an integrated payments solution can provide management with better visibility through merchant transaction data, and allow them to react and preempt challenges accordingly.

It is not surprising that integrated payments platforms are becoming more popular amongst consumers and businesses, as users are increasingly looking for one-stop-shop solutions to meet their personal and business financing needs. In this quarter, we saw Visa lead the venture funding round of Lydia with a total investment of US$16m. Lydia is a French-based mobile app that allows consumers to monitor multiple bank accounts, make payments to businesses and make transfers to peers through a single portal. The company was launched in 2013 and already has more than a million users, with more than 2,000 new users signing up daily. The investment into Dubai-based The Mint Corporation (accumulated US$100m in funding to date), which provides payments and financing solutions for consumers, and investments into US based WealthIntel, which provides payments, financing and social commerce solutions, also reflect investor appetite to invest into integrated payments platform globally.

Another notable trend in the VC investment landscape is the increasing interest in specialist providers, including sector specialists in areas such as property, education and demographics, that cater to the unbanked or individuals with no credit history. There are still significant opportunities within niche sectors and demographics where there is ample unmet merchant and consumer demands. Sectors such as housing, education and healthcare, where multiple parties are involved in the payment ecosystem and where payment flows span multiple channels, naturally generate inefficiency for merchants, with a limited number of providers currently in the market which can fully accommodate those needs. In Q1 2018, YapStone, a payment platform for large and complex industries (eg. holiday rent payment and storage rent payment) attracted US$71m in funding from Premji Invest and has raised c.US$190m in overall funding to date. In terms of a niche demographic play, Petal Card, which issues credit cards to people who do not have a credit history (eg. international students and migrants) received US$13m in series A funding from Valar ventures in Q1 2018.

Throughout 2018 we can expect more investments underpinned by these themes, in particular with regards to integrated payments platform. It is expected that their importance will magnify as the world becomes more connected through physical devices and virtual infrastructures.

21 Sources: EY analysis, Crunchbase.
<table>
<thead>
<tr>
<th>Date announced</th>
<th>Target company</th>
<th>Market</th>
<th>Target company industry</th>
<th>Buyer(s)</th>
<th>Market</th>
<th>Enterprise Value (US$m)</th>
<th>Stake (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Jan. 2018</td>
<td>Government Payment Services, Inc.</td>
<td>US</td>
<td>Engages in processing electronic payments of credit and debit cards on behalf of consumers for government entities in the United States</td>
<td>Securus Technologies, Inc.</td>
<td>US</td>
<td>Not disclosed</td>
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<tr>
<td>9 Jan. 2018</td>
<td>KG Incis Co., Ltd.</td>
<td>South Korea</td>
<td>Operates in the electronic payment gateway market in South Korea</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
<td>563.7</td>
<td>4</td>
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<tr>
<td>10 Jan. 2018</td>
<td>PayMaxx Pro, LLC</td>
<td>US</td>
<td>Develops payment processing solutions</td>
<td>M&amp;A Ventures, LLC</td>
<td>US</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>16 Jan. 2018</td>
<td>Blackhawk Network Holdings, Inc.</td>
<td>US</td>
<td>Provides a range of prepaid gift, telecom, and debit cards in physical and electronic forms; and related prepaid products and payment services in the United States and internationally</td>
<td>Silver Lake; P2 Capital Partners, LLC; P2 Capital Master Fund I, LP; Silver Lake Partners V</td>
<td>US</td>
<td>3019.2</td>
<td>95</td>
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<tr>
<td>17 Jan. 2018</td>
<td>Paymark Limited</td>
<td>New Zealand</td>
<td>Provides electronic payment transaction processing services</td>
<td>Ingenico Group – GCS</td>
<td>France</td>
<td>120.4</td>
<td>100</td>
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<tr>
<td>17 Jan. 2018</td>
<td>iKaaz Software Private Ltd.</td>
<td>India</td>
<td>Provides mobile payment platform that enable enterprises, business correspondents, and merchants to extend cashless transactions to their customers</td>
<td>GrabTaxi Holdings Pte Ltd</td>
<td>Singapore</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>18 Jan. 2018</td>
<td>China UnionPay Co., Ltd.</td>
<td>China</td>
<td>Operates a bankcard association in China. It operates an inter-bank transaction settlement system and also offers terminal maintenance, card-issuing data processing, bankcards and terminals testing, Internet security certification, and bankcard points</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>18 Jan. 2018</td>
<td>mPAY24 GmbH</td>
<td>Austria</td>
<td>Provides an online-payment platform for e-commerce and m-commerce</td>
<td>Heidelberger Payment GmbH</td>
<td>Germany</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>18 Jan. 2018</td>
<td>Stelo S.A.</td>
<td>Brazil</td>
<td>Offers e-commerce payment processing services</td>
<td>Aliança Pagamentos e Participacoes Ltda</td>
<td>Brazil</td>
<td>38.9</td>
<td>70</td>
</tr>
<tr>
<td>29 Jan. 2018</td>
<td>Payvision B.V.</td>
<td>Netherlands</td>
<td>Provides e-commerce payments processing solutions</td>
<td>ING Groep N.V.</td>
<td>Netherlands</td>
<td>444.4</td>
<td>75</td>
</tr>
<tr>
<td>30 Jan. 2018</td>
<td>Final, Inc.</td>
<td>US</td>
<td>Provides a physical card and a mobile application that protects the users account from fraud, theft, breaches, and card cancellation</td>
<td>The Goldman Sachs Group, Inc.</td>
<td>US</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>30 Jan. 2018</td>
<td>Protinus Infotech Pvt. Ltd.</td>
<td>India</td>
<td>Offers secure payment solutions for merchants and businesses</td>
<td>The Mobile Wallet Pvt. Ltd.</td>
<td>India</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>31 Jan. 2018</td>
<td>MyBucks S.A.</td>
<td>Luxembourg</td>
<td>A financial technology company, provides various financial products and services to the low and middle-income customers</td>
<td>Apeiron Investment Group Ltd; Infinitum Limited</td>
<td>Malta</td>
<td>Not disclosed</td>
<td>7</td>
</tr>
<tr>
<td>5 Feb. 2018</td>
<td>BestPay</td>
<td>Brazil</td>
<td>Provides payment processing services for merchants</td>
<td>Grupo Garantia</td>
<td>Brazil</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>6 Feb. 2018</td>
<td>Restaurant Manager and POSitouch and Future POS</td>
<td>US</td>
<td>Restaurant Manager LLC develops POS software for foodservice industry, Restaurant Data Concepts, Inc., doing business as POSitouch, develops, supports, and markets POS software and hardware systems for the hospitality industry. Future POS, Inc. develops POS software for the restaurant and hospitality markets</td>
<td>Shift4 Payments</td>
<td>US</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>Date announced</td>
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</tr>
<tr>
<td>7 Feb. 2018</td>
<td>Transferzero Money Transfer Entidad De Pago, S.A.</td>
<td>Spain</td>
<td>Develops an online money transfer platform</td>
<td>BitPesa Ltd.</td>
<td>Kenya</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>7 Feb. 2018</td>
<td>PRESEND Nordic AB</td>
<td>Sweden</td>
<td>Manages prepaid card program for shopping malls in the Nordic-Baltic region</td>
<td>EML Payments Limited</td>
<td>Australia</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>8 Feb. 2018</td>
<td>Integrity Payment Systems, LLC</td>
<td>US</td>
<td>Provides financial transaction processing services</td>
<td>Payroc LLC</td>
<td>US</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>8 Feb. 2018</td>
<td>MOL Global, Inc.</td>
<td>Malaysia</td>
<td>Operates a payments platform that facilitates online and mobile commerce for consumers through a network of payment channels in Malaysia and internationally</td>
<td>ZV-Midas Pte. Ltd.</td>
<td>Singapore</td>
<td>99.9</td>
<td>15</td>
</tr>
<tr>
<td>9 Feb. 2018</td>
<td>Fraedom Holdings Limited</td>
<td>UK</td>
<td>Develops travel and expense management solutions</td>
<td>Visa Inc.</td>
<td>US</td>
<td>195.7</td>
<td>100</td>
</tr>
<tr>
<td>20 Feb. 2018</td>
<td>CreditCall Limited</td>
<td>UK</td>
<td>Provides credit card payment processing services and online payment systems to companies in Europe, North and South America, South Africa, the Asia-Pacific, and internationally</td>
<td>Network Merchants, LLC</td>
<td>US</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>20 Feb. 2018</td>
<td>IRN Payment Systems</td>
<td>US</td>
<td>Offers online payment processing solutions</td>
<td>Shift4 Payments</td>
<td>US</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>21 Feb. 2018</td>
<td>Eurogiro A/S</td>
<td>Denmark</td>
<td>Provides cross-border remittance and payment solutions related to retail and wholesale financial services in Denmark and internationally</td>
<td>Inpay A/S</td>
<td>Denmark</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>22 Feb. 2018</td>
<td>Cortex MCP, Inc.</td>
<td>US</td>
<td>Engages in developing an IP-protected mobile payment and wallet platform with a focus on secure payment methodology, and ID/credential storage and verification</td>
<td>Uphold, Inc.</td>
<td>US</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>5 Mar. 2018</td>
<td>Paylane</td>
<td>Poland</td>
<td>Provides online payment processing services</td>
<td>Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.</td>
<td>Poland</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>5 Mar. 2018</td>
<td>Duales Inc</td>
<td>Canada</td>
<td>Offers financial remittance and electronic fund transfer services</td>
<td>CUV Ventures Corp.</td>
<td>Canada</td>
<td>1.0</td>
<td>10</td>
</tr>
<tr>
<td>6 Mar. 2018</td>
<td>Ottio (Pty) Ltd</td>
<td>South Africa</td>
<td>Develops and provides mobile banking and payment solutions</td>
<td>MasterCard Africa, Inc.</td>
<td>South Africa</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>7 Mar. 2018</td>
<td>Togetherwork Holdings, LLC</td>
<td>US</td>
<td>Develops group management software and payments solutions</td>
<td>GI Partners, LLC; GI Partners Fund V LP</td>
<td>US</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>12 Mar. 2018</td>
<td>PT Walletku Indompet Indonesia</td>
<td>Indonesia</td>
<td>Develops a payment wallet</td>
<td>TNG (Asia) Limited</td>
<td>Hong Kong SAR</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>12 Mar. 2018</td>
<td>Kayou Payment Services Co., Ltd.</td>
<td>China</td>
<td>Provides electronic fund transfer services through its fixed-line telephone-based payment system</td>
<td>Nanjing Mingpeng Information Technology Co., Ltd.</td>
<td>China</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>13 Mar. 2018</td>
<td>Qiwi plc</td>
<td>Cyprus</td>
<td>Operates electronic online payment systems primarily in the Russian Federation, Kazakhstan, Moldova, Belarus, Romania, the United Arab Emirates, and internationally</td>
<td>Melqart Asset Management (UK) Ltd</td>
<td>United Kingdom</td>
<td>Not disclosed</td>
<td>5</td>
</tr>
</tbody>
</table>
## Transaction overview

### Q1 2018

<table>
<thead>
<tr>
<th>Date announced</th>
<th>Target company</th>
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<th>Enterprise Value (US$m)</th>
<th>Stake (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>33 14 Mar. 2018</td>
<td>Trustly Group AB</td>
<td>Sweden</td>
<td>Provides online banking payment and processing solutions in Europe</td>
<td>Nordic Capital; Nordic Capital Fund IX</td>
<td>Sweden</td>
<td>865.9</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>34 14 Mar. 2018</td>
<td>Infinypool Online Payment Solutions India Private Limited</td>
<td>India</td>
<td>Develops a group payment social app that helps users to plan and pool/collect money for purchases or others such requirements</td>
<td>Wibmo Inc.</td>
<td>US</td>
<td>Not disclosed</td>
<td>100</td>
</tr>
<tr>
<td>35 26 Mar. 2018</td>
<td>Small World Financial Services Group Limited</td>
<td>UK</td>
<td>Provides customer service and market-specific payment solutions to consumers and businesses worldwide</td>
<td>Equistone Partners Europe</td>
<td>United Kingdom</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Date announced</td>
<td>Target</td>
<td>Market</td>
<td>Round</td>
<td>Financial volume (US$m)</td>
<td>Total funding (US$m)</td>
<td>Lead investor</td>
<td>Market segment</td>
</tr>
<tr>
<td>----------------</td>
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<td>---------------</td>
</tr>
<tr>
<td>8 Jan. 2018</td>
<td>Previde</td>
<td>UK</td>
<td>N/D</td>
<td>1.1</td>
<td>3.7</td>
<td>Scottish Enterprise</td>
<td>Data analytics</td>
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<tr>
<td>9 Jan. 2018</td>
<td>Alkami Technology</td>
<td>US</td>
<td>D</td>
<td>70.0</td>
<td>173.4</td>
<td>General Atlantic</td>
<td>Other</td>
</tr>
<tr>
<td>9 Jan. 2018</td>
<td>Finexio</td>
<td>US</td>
<td>A</td>
<td>4.0</td>
<td>5.0</td>
<td>James R Heistand</td>
<td>Processing</td>
</tr>
<tr>
<td>10 Jan. 2018</td>
<td>Petal Card, Inc.</td>
<td>US</td>
<td>A</td>
<td>13.0</td>
<td>16.6</td>
<td>Valar Ventures</td>
<td>Issuing</td>
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<tr>
<td>11 Jan. 2018</td>
<td>The Mint Corporation</td>
<td>Canada</td>
<td>N/D</td>
<td>3.0</td>
<td>100.7</td>
<td>Other</td>
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</tr>
<tr>
<td>12 Jan. 2018</td>
<td>Wealthntel Inc.</td>
<td>US</td>
<td>N/D</td>
<td>6.4</td>
<td>Other</td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>12 Jan. 2018</td>
<td>Toetag</td>
<td>India</td>
<td>Venture</td>
<td>1.3</td>
<td>2.3</td>
<td>Tropical Star Limited</td>
<td>Payment acceptance devices and software</td>
</tr>
<tr>
<td>15 Jan. 2018</td>
<td>RazorPay Software</td>
<td>India</td>
<td>B</td>
<td>20.0</td>
<td>31.5</td>
<td>Tiger Global Management</td>
<td>Payment acceptance devices and software</td>
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<tr>
<td>18 Jan. 2018</td>
<td>Varo Money</td>
<td>US</td>
<td>B</td>
<td>45.0</td>
<td>73.4</td>
<td>The Rise Fund</td>
<td>Other</td>
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<tr>
<td>18 Jan. 2018</td>
<td>Ledger</td>
<td>France</td>
<td>B</td>
<td>75.0</td>
<td>85.1</td>
<td>Alternative payment systems</td>
<td>Providers bitcoin security hardware and software wallet products</td>
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<tr>
<td>18 Jan. 2018</td>
<td>NetPay</td>
<td>UK</td>
<td>Debt</td>
<td>1.4</td>
<td>1.4</td>
<td>OakNorth Bank</td>
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<td>23 Jan. 2018</td>
<td>SheerID</td>
<td>US</td>
<td>B</td>
<td>18.0</td>
<td>32.1</td>
<td>Centana Growth Partners</td>
<td>Security</td>
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<td>24 Jan. 2018</td>
<td>Appetize</td>
<td>US</td>
<td>B</td>
<td>20.0</td>
<td>40.0</td>
<td>Shamrock Capital Advisors</td>
<td>Payment acceptance devices and software</td>
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<td>25 Jan. 2018</td>
<td>StoreHub</td>
<td>Malaysia</td>
<td>A</td>
<td>5.1</td>
<td>6.1</td>
<td>Payment acceptance devices and software</td>
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<td>25 Jan. 2018</td>
<td>CreditStacks</td>
<td>US</td>
<td>Seed</td>
<td>4.0</td>
<td>4.0</td>
<td>500 Startups</td>
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<tr>
<td>30 Jan. 2018</td>
<td>Moneyonmobile</td>
<td>India</td>
<td>N/D</td>
<td>7.6</td>
<td>16.0</td>
<td>Other</td>
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</tr>
<tr>
<td>Date announced</td>
<td>Target</td>
<td>Market</td>
<td>Round</td>
<td>Financial volume (US$m)</td>
<td>Total funding (US$m)</td>
<td>Lead Investor</td>
<td>Market segment</td>
</tr>
<tr>
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<tr>
<td>30 Jan. 2018</td>
<td>Spendesk</td>
<td>France</td>
<td>A</td>
<td>9.9</td>
<td>11.0</td>
<td>Index Ventures</td>
<td>Issuing</td>
</tr>
<tr>
<td>30 Jan. 2018</td>
<td>SpherePay</td>
<td>Singapore</td>
<td>Venture</td>
<td>10.0</td>
<td>30.0</td>
<td>Titanium Value</td>
<td>Payment acceptance devices and software</td>
</tr>
<tr>
<td>31 Jan. 2018</td>
<td>Drop</td>
<td>Canada</td>
<td>A</td>
<td>21.0</td>
<td>7.8</td>
<td>New Enterprise Associates</td>
<td>Couponing and loyalty</td>
</tr>
<tr>
<td>31 Jan. 2018</td>
<td>Ebanx</td>
<td>Brazil</td>
<td>Venture</td>
<td>30.0</td>
<td>26.4</td>
<td>FTV Capital</td>
<td>Acquiring</td>
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<td>5 Feb. 2018</td>
<td>MyBucks S.A.</td>
<td>Luxembourg</td>
<td>N/D</td>
<td>14.3</td>
<td>1.4</td>
<td>Other</td>
<td>Other</td>
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<tr>
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<td>Dwolla</td>
<td>US</td>
<td>Venture</td>
<td>12.0</td>
<td>8.6</td>
<td>Foundry Group</td>
<td>Money transfer</td>
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<tr>
<td>12 Feb. 2018</td>
<td>YapStone</td>
<td>US</td>
<td>C</td>
<td>71.0</td>
<td>2.3</td>
<td>PremjiInvest</td>
<td>Other</td>
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<tr>
<td>13 Feb. 2018</td>
<td>Tipalti</td>
<td>US</td>
<td>C</td>
<td>30.0</td>
<td>5.2</td>
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<td>14 Feb. 2018</td>
<td>Moneyonmobile</td>
<td>India</td>
<td>N/D</td>
<td>5.0</td>
<td>2.0</td>
<td>ST Group</td>
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<td>Germany</td>
<td>B</td>
<td>14.5</td>
<td>2.3</td>
<td>Visa</td>
<td>Payment acceptance devices and software</td>
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<tr>
<td>15 Feb. 2018</td>
<td>Lydia</td>
<td>France</td>
<td>Venture</td>
<td>16.1</td>
<td>396.4</td>
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<td>21 Feb. 2018</td>
<td>Greenlight Financial Technology</td>
<td>US</td>
<td>A</td>
<td>16.0</td>
<td>12.0</td>
<td>TTV Capital</td>
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<td>22 Feb. 2018</td>
<td>Team Labs</td>
<td>US</td>
<td>Seed</td>
<td>4.0</td>
<td>0.5</td>
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<td>22 Feb. 2018</td>
<td>RecargaPay</td>
<td>Brazil</td>
<td>B</td>
<td>22.0</td>
<td>8.0</td>
<td>Alternative payment systems</td>
<td>A mobile payment platform and wallet for Brazil with over 10 million wallets</td>
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<tr>
<td>26 Feb. 2018</td>
<td>TransferGalaxy</td>
<td>Sweden</td>
<td>Venture</td>
<td>3.7</td>
<td>28.2</td>
<td>Alfvén &amp; Didrikson</td>
<td>Money transfer</td>
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<tr>
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<td>Current</td>
<td>US</td>
<td>A</td>
<td>1.0</td>
<td>0.7</td>
<td>Fifth Third Capital</td>
<td>Payment acceptance devices and software</td>
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<tr>
<td>1 Mar. 2018</td>
<td>Nu Pagamanetos</td>
<td>Brazil</td>
<td>E</td>
<td>150.0</td>
<td>2.7</td>
<td>DST Global</td>
<td>Other</td>
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<td>7 Mar. 2018</td>
<td>RateX</td>
<td>Singapore</td>
<td>Venture</td>
<td>2.3</td>
<td>1.0</td>
<td>Insignia Ventures Partners</td>
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<td>9 Mar. 2018</td>
<td>ClassWallet</td>
<td>US</td>
<td>Venture</td>
<td>0.7</td>
<td>4.0</td>
<td>Florida Funders</td>
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<td>Date announced</td>
<td>Target</td>
<td>Market</td>
<td>Round</td>
<td>Financial volume (US$m)</td>
<td>Total funding (US$m)</td>
<td>Lead investor</td>
<td>Market segment</td>
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<td>39 9 Mar. 2018</td>
<td>PayGreen (Watt Is It SAS)</td>
<td>France</td>
<td>Venture</td>
<td>1.2</td>
<td>5.3</td>
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<td>Offers online payment solution for processing transactions</td>
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<td>40 12 Mar. 2018</td>
<td>BioCatch</td>
<td>Israel</td>
<td>B</td>
<td>30.0</td>
<td>270.0</td>
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<td>41 13 Mar. 2018</td>
<td>Pine Labs</td>
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<td>E</td>
<td>82.0</td>
<td>62.5</td>
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<td>42 14 Mar. 2018</td>
<td>AccessPay</td>
<td>UK</td>
<td>Venture</td>
<td>1.4</td>
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<td>44 15 Mar. 2018</td>
<td>Jewel Paymentech</td>
<td>Singapore</td>
<td>A</td>
<td>Undisclosed</td>
<td>1.9</td>
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<td>45 19 Mar. 2018</td>
<td>Paypermint Pvt. Ltd.</td>
<td>India</td>
<td>Venture</td>
<td>2.7</td>
<td>54.5</td>
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<td>47 21 Mar. 2018</td>
<td>Averon</td>
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<td>Euro Asia Pay Holdings</td>
<td>Canada</td>
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<td>50 22 Mar. 2018</td>
<td>Ebriza Software</td>
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<td>51 23 Mar. 2018</td>
<td>Soluciones Móviles</td>
<td>Peru</td>
<td>Seed</td>
<td>0.5</td>
<td>23.0</td>
<td>AVP Seed Fund 1</td>
<td>Payment acceptance devices + Software</td>
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<td>52 23 Mar. 2018</td>
<td>Shanghai Yinjia Financial Services Group</td>
<td>China</td>
<td>N/D</td>
<td>31.6</td>
<td>0.1</td>
<td>Suzhou Tianma Specialty Chemicals Co</td>
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<td>53 27 Mar. 2018</td>
<td>Midigator</td>
<td>US</td>
<td>Venture</td>
<td>30.0</td>
<td>7.3</td>
<td>LLR Partners</td>
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<td>54 28 Mar. 2018</td>
<td>CardUp</td>
<td>Singapore</td>
<td>Seed</td>
<td>1.7</td>
<td>1.1</td>
<td>Sequoia Capital</td>
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</tr>
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