

Financial services M&A finished strong in 2019

Financial Institutions M&A:
Sector trends H2 2019 | Outlook for 2020
Other Financial Services

Asset/Wealth Management

Payments

Stock Exchanges/Clearing Houses/
Trading Venues

Brokers/Corporate Finance

Consumer Finance

Specialty Finance/Marketplace Lending

Financial services M&A finished strong in 2019

M&A in Payments dominated headlines, while the thirst of Stock Exchanges for data aggregation and analytics capabilities came a close second. Consolidation amongst Asset/Wealth Management businesses and Brokers continued at pace, driven by MiFID II, rising operating costs and growing competition. Consumer Finance pivoted to targeting under-served customer segments, including gig economy workers and solopreneurs, whilst Marketplace Lending faced the strain of the UK FCA's new P2P rules

Market overview

Asset/Wealth Management

Industry consolidation continues at pace. Rigorous fee transparency requirements under MiFID II, rising operating costs and growing competition from WealthTech/robo-advisers are forcing managers to combine



Prof. Dr. Roger Kiem
Co-Head of EMEA FIG M&A
FIG M&A
Partner, Frankfurt



Martin Jarvengren
EMEA Corporate Group
FIG M&A/Financial Regulatory
Advisory
Partner, Stockholm

Payments

Megadeals, including Global Payments/Total System Services, Fidelity National/Worldpay and PayPal/iZettle, have dominated headlines, but both deal values and volumes keep smiles on deal-makers' faces



Jan Jensen
Head of Nordic Private Equity
Group
Private Equity
Partner, Stockholm



Leo Graffi
EMEA Corporate Group
FIG M&A
Partner, Milan

Stock Exchanges/Clearing Houses/ Trading Venues

The search for the world's premier listing venue continues—could data aggregation and analytics set competitors apart?



Dr. Jost Kotthoff
Head of Global Technology
Transactions
Technology Transactions
Partner, Frankfurt



Darragh Byrne
Co-Head EMEA Corporate Group
Public M&A/Private M&A
Partner, Stockholm



Franck De Vita
EMEA Corporate Group
FIG M&A
Partner, Paris



Hugues Mathez
EMEA Corporate Group
FIG M&A
Partner, Paris

Consumer Finance

Financial sponsors see opportunities to back new entrants targeting under-served customer segments, including gig economy workers and solopreneurs



Daniel Turgel
EMEA Corporate Group
Fast Growth/Private M&A
Partner, London



Henrik Wireklint
EMEA Corporate Group
Private M&A
Partner, Stockholm



Ashley Ballard
EMEA Corporate Group
FIG M&A
Partner, London



Jonathan Rogers
EMEA Corporate Group
Financial Regulatory Advisory
Partner, London

Specialty Finance/Marketplace Lending

The UK Financial Conduct Authority's new P2P rules add to pressures faced by UK platforms

	Asset/Wealth Management	Payments
CURRENT MARKET	<ul style="list-style-type: none"> □ Consistent; high activity levels 	<ul style="list-style-type: none"> □ Very high activity levels
WE ARE SEEING	<ul style="list-style-type: none"> □ Market consolidation—mostly smaller deals. Some medium-sized deals. No mega-mergers in H2 2019 □ Consolidation amongst fund platforms (e.g., Allfunds's acquisition of Credit Suisse InvestLab, MFEX's acquisition of Société Générale's Luxembourg global fund trading business, etc.) □ Fintech investments: <ul style="list-style-type: none"> – Open Banking (e.g., Eurizon's minority stake in Oval Money) – Online wealth management services (e.g., Allianz's minority stake in Moneyfarm) – Robo-advisory (e.g., BAWAG's minority stake in Finventum) 	<ul style="list-style-type: none"> □ Market participants scale up: <ul style="list-style-type: none"> – Established participants favour mergers, acquisitions, JVs and large-scale cross-border collaboration projects – First movers advance into new business lines and territories (e.g., PayPal's Chinese payments licence, Stripe's cash advancement service, Nets' Hungarian RealTime24/7 JV, etc.) – Europe's unicorns raise megabucks (e.g., Klarna's US\$460 million Venture funding round, Rapyd's US\$100 million Series C funding round, etc.) – Newer entrants stockpile expansion capital from financial sponsors as well as banks (e.g., OPay, Paysend, Payconiq, etc.)
KEY DRIVERS/ CHALLENGES	<ul style="list-style-type: none"> □ Industry-wide pressure on profitability: <ul style="list-style-type: none"> – Rigorous fee transparency requirements under MiFID II – Rising compliance and BAU operating costs – Competition from WealthTech/robo-advisers □ Differing bank prerogatives—some banks seek exits (e.g., Schroders' disposal of 41% of RWC Partners), while others seek new opportunities (e.g., ING's acquisition of 45% of NN Investment Partners) □ Rise in "acqui-hires"—smaller transactions aimed at securing specific expertise/client management teams (e.g., Waverton's acquisition of Timothy James, Ludlow's acquisition of Ivan A Hargreaves, etc.) □ Wide buyer universe for non-core operations—financial sponsors, insurers, sovereign wealth funds, foreign trade buyers and financial services conglomerates 	<ul style="list-style-type: none"> □ Market consolidation: <ul style="list-style-type: none"> – Building scale to compete and conquer (e.g., Global Payments/Total System Services, Fidelity National/Worldpay, PayPal/iZettle, etc.) – Quest for complementary technologies (e.g., Visa's acquisitions of Verifi and Payworks) – Defensive M&A strategies (e.g., Elavon's acquisition of Sage Pay) □ Investors with deep pockets believe in the depth of the payments market: <ul style="list-style-type: none"> – Financial sponsors—both late-stage PE (e.g., KKR's acquisition of Heidelberg) and early-stage VC (e.g., GVA Capital's participation in Paysend's £8.5 million Series B funding round) – Banks—attempting to recapture lost ground
TRENDS TO WATCH	<ul style="list-style-type: none"> □ Importance of ESG—increasing client demand for 'ethical'/'impact' investment opportunities (e.g., Schroders' acquisition of a majority stake in BlueOrchard) □ Consolidation amongst direct lenders □ Growth in outsourcing arrangements (e.g., State Street's provision of investment management services to Lazard Asset Management) 	<ul style="list-style-type: none"> □ Banks continuing to make a comeback into the payments arena □ Fewer global but fully integrated service providers (e.g., FIS, PayPal, Global Payments, etc.), combining in-store and online offerings □ Regulatory scrutiny of payments processing, targeting continued innovation, market competition and consumer safety
OUR M&A FORECAST	<p>▲▲▲▲</p> <p>Sustained high levels of consolidation activity as managers continue to experience the effects of MiFID II. Online wealth management services and robo-advisory are unlikely to be hugely value-accretive in the short term.</p>	<p>▲▲▲▲</p> <p>High levels of M&A activity to continue, bolstered by financial sponsor confidence and growing consumer demand for convenient, on-demand and safe payment technologies.</p>

Stock Exchanges/Clearing Houses/ Trading Venues

- Consistent; high activity levels
- Inorganic strategies:
 - Horizontal expansion (e.g., Euronext's acquisitions of Oslo Børs and 66% of Nord Pool)
 - Cooperation arrangements (e.g., Astana International Exchange's central securities JV with Nasdaq)
 - Vertical integration, with a particular focus on data aggregation and analytics (e.g., LSE's acquisition of Refinitiv and Moody's acquisition of RiskFirst)
 - Gas in the tank—IPOs (e.g., Tel Aviv Stock Exchange's 700 million shekels IPO)
- Building international scale—Asia in-bound (e.g., HKEX's rebuffed bid for LSE)
- Domestic consolidation (e.g., Tradegate Exchange's acquisition of Börse Berlin)
- Impact of digitalisation:
 - Banks and fintechs offering trading venues in competition with 'traditional' exchanges—exchanges have turned to financial data as the new battle ground
 - Cautious acceptance of digital asset trading (e.g., Intercontinental Exchange's launch of bitcoin futures trading)
 - Need for digital asset custody solutions (e.g., Euronext's acquisition of 23.5% of Tokeny Solutions)
- Growing confidence in outsourcing solutions (e.g., cloud services provided by Google to Deutsche Börse)
- Nationalistic attitudes and perceived market foreclosure apprehensions continuing to hinder mega deals (e.g., new Italian laws requiring potential bidders for Borsa Italiana to notify the Italian government of acquisition plans)
- Possibility of smaller regional and domestic consolidation deals
- Increasing regulatory scrutiny of pros vs. cons of concentration of information in the hands of the few



M&A to achieve scale is still high on agendas of many European exchanges. However, HKEX's rebuffed bid for LSE highlights the reluctance of shareholders to risk a high-profile aborted deal (regardless of promised benefits and synergies).

Brokers/Corporate Finance

- Consistent; upward
- Household names opt for growth through:
 - Inorganic strategies (e.g., Rothschild's acquisition of Livingstone's UK business and equity investment in Redburn)
 - Organic strategies (e.g., BAML's Emerging Growth & Regional Coverage division, UBS Private Capital Markets division and ICAP's Digital Asset Markets division)
- Flurry of new entrants offering user-friendly online stock trading services (e.g., Lunar, Robinhood, Freetrade, Revolut, etc.)
- Trade consolidators:
 - Experiencing declining revenues—pressure from unbundling of equity research costs under MiFID II, in already over-brokered financial centres
 - Seeking scale and scope/specialist industry expertise
- High buyer appetite:
 - US investors leveraging strength of the US dollar (e.g., INTL FCStone's acquisition of Exotix)
 - Asian investors seeking diversification (e.g., Concordia's 49.9% stake in Stormharbour Securities and Bank of China's acquisition of Goodbody)
- Pressure from commission-free trading offerings:
 - Availability of growth funding from financial sponsors (e.g., Draper Esprit's investment in Freetrade and Velocity Capital's investment in BUX)
 - Tech-savvy customers respond to user-friendly on-demand access to global markets
- Brokers going head-to-head with McKinsey, Bain and BCG in their search for new research customers
- Recalibration of mid-market investment banking business models—focus on private capital solutions, industry/sector specialisms and online offerings



Market consolidation is likely to continue in the short term as brokers recalibrate their offerings to retain market share, in a sector beleaguered by transformational regulation, fintech disruption and unfavourable market conditions.

Consumer Finance		Specialty Finance/ Marketplace Lending
CURRENT MARKET	<ul style="list-style-type: none"> □ Flat 	<ul style="list-style-type: none"> □ Flat; marginal uptick
WE ARE SEEING	<ul style="list-style-type: none"> □ Partnerships are a common route to market (e.g., Simplex/OKCoin, SoYou/Bankia, etc.) □ Financial sponsor-backed new market entrants (e.g., Portify, backed by Redalpine and Finiata) □ The sun sets on UK payday lending—QuickQuid collapses into administration 	<ul style="list-style-type: none"> □ Funding rounds: <ul style="list-style-type: none"> – By established as well as new market participants – In the form of equity as well as debt – Backed by financial sponsors as well as established banks □ Established market participants scaling up, particularly through bolt-on acquisitions and partnerships □ Collapse of weaker business models—FundingSecure, Lendy and Collateral all went bust in 2019
KEY DRIVERS/ CHALLENGES	<ul style="list-style-type: none"> □ Banks: <ul style="list-style-type: none"> – Brexit planning (e.g., Starling's new £/€ dual currency debit cards) – Retaining customer touch points (e.g., Bank of America's new digital debit card) – Fraud prevention (e.g., Deutsche Bank's Spanish 'motion code' partnership with Mastercard and Idemia) □ Financial sponsors—market opportunity to: <ul style="list-style-type: none"> – Disrupt incumbents and control the customer experience (e.g., Uber Money's new debit and credit card offering) – Conquer new market segments (e.g., finance for the gig economy) □ Payment providers—connecting digital assets to the 'real' world (e.g., Wordline's partnership with Bitcoin Suisse and Simplex's partnership with OKCoin) □ The UK Financial Conduct Authority's interest rate caps have done their job of crippling mega-margin lending 	<ul style="list-style-type: none"> □ Diverse spectrum of investors: <ul style="list-style-type: none"> – Trade consolidators—seeking market share (e.g., Goldmoney acquisition of Lend & Borrow Trust) and embracing digitalisation (e.g., Morses Club's acquisition of U Holdings) – Banks—lower cost of capital associated with debt investments (e.g., National Australia Bank's £200 million debt investment in LendInvest) – Financial sponsors—opportunity to secure early-bird stakes in new entrants targeting under-served markets (e.g., revenue-based financing/royalty-based financing) □ Pressure from the UK Financial Conduct Authority's new P2P rules, which restrict access to sophisticated, high-net-worth individuals or those who commit to limiting their investing to 10% of assets
TRENDS TO WATCH	<ul style="list-style-type: none"> □ Increasing appetite for new technologies to combat growing fraud risk □ Competition from new entrants, providing consumer financing options to suit lifestyle options and needs 	<ul style="list-style-type: none"> □ Differing regulatory prerogatives: <ul style="list-style-type: none"> – Consumers—protecting 'vulnerable' retail investors – Ensuring alternative finance providers thrive and service market needs
OUR M&A FORECAST	<p>▲▲</p> <p>Disruption across the European consumer finance market is likely to continue in the short term. M&A activity is likely to experience a marginal uptick as incumbents and alternative providers lock horns for customer connectivity.</p>	<p>▲▲▲</p> <p>Growing support for alternative finance providers able to proffer financial inclusion for under-served entrepreneurs and SMEs, particularly in emerging markets where bank credit is less readily accessible.</p>

6 key things to consider in the context of asset/wealth management M&A

We have helped clients navigate some of the more complex legal, regulatory and practical considerations that have driven consolidation in asset/wealth management sector, in the wake of MiFID II. We proactively identify the relevant issues to mitigate potential concerns and galvanise deal synergies. Here are **six key things** to consider:

Deal structure



- What will be bought/sold? Who are the sellers?
Note: Many European asset/wealth managers have grown organically over time, which may mean that multiple sets of shares and/or partnership interests may need to be identified and transferred.
- Will all sellers exit on the same basis or on different terms? *e.g.*, rollover, lock-ups, etc.
- Are the commercial prerogatives of all owners fully aligned? Does any seller have the right to veto the deal?
Note: If there are multiple sellers, the ability of the majority to 'drag' minorities into the sale will be key.
- How will the target group be valued? *i.e.*, likely metrics and adjustments.
- What does the buyer intend to do with the target group after closing? *i.e.*, operate as stand-alone, integrate into own business, reposition legacy investments, etc.
- What is the most tax-efficient acquisition structure?
- Are there any carve-out issues? *E.g.*, IT/distribution/payroll/HR dependencies, shared customer contracts, etc.
- Other legal considerations *E.g.*, public disclosure requirements in respect of listed funds, deal term restrictions imposed by listing rules, mandatory tender offer requirements, etc.

M&A process



- Will the target be sold through an auction or a bilateral process?
- What is the proposed deal timeline?
- If dealing with multiple sellers, will the sellers jointly appoint a single 'sellers' representative' to negotiate sale terms on their behalf? Will each seller need independent legal representation?
- What due diligence materials would be provided to potential buyers?
 - are all target management members willing to participate in the sale process? *E.g.*, management presentations, Q&A, etc.
 - any specific legal considerations? *E.g.*, wall-crossing, data protection, antitrust, etc.
 - do any special arrangements need to be put in place? *E.g.*, 'clean teams', standstill arrangements, etc.
- If on the sell-side, how will target management/employee confidentiality and loyalty be maintained during the due diligence/sale process? *E.g.*, employee NDAs, transaction bonuses/other incentives, etc.

Deal value



- Purchase price mechanics can be complex, time-consuming to negotiate and materially impact the transaction process. Key considerations include:
- what will the purchase price comprise? *E.g.*, cash, stock or mix & match.
 - when will the purchase price be paid? *i.e.*, bullet payment at completion or deferred over a period after completion.
 - if deferred, will payment be contingent/calculated on performance of the target over a specified period of time?
 - what protection against 'artificial' reduction of the earn-out value by the buyer should be put in place?
 - would security for payment be needed? *E.g.*, escrow, guarantees, etc.
 - will tax-efficient alternatives be offered to selling individuals? *E.g.*, loan note alternative.
 - how would an earn-out impact the buyer's ability to integrate the target group after closing?

Completion certainty



- Depending on the licences held by investment management vehicles within the target group, change-in-control notifications/approvals involving multiple financial regulators may be triggered
- Antitrust notifications/approvals may also be triggered, largely depending on overlapping revenue footprint of the buyer and the target group
- Our experience is that buyers often seek to mitigate their risk in the period between signing and closing through:
 - bring-down of contractual warranty protection
 - pre-completion undertakings which provide oversight/control over the target group's operations
 - purchase price adjustments based on AuM /AuA/net revenue run rate
 - walk-away rights if the AuM/AuA at closing is below pre-agreed thresholds
 - key man conditions/thresholds
 - material adverse change termination rights

Employment matters



- For many buyers, a key deal driver is accessing and retaining talented investment professionals with asset class experience and expertise
- Retention of top talent is often about incentive arrangements. Key considerations include:
 - who are the "key individuals" without which the buyer will be less inclined to proceed?**Note:** identifying the relevant individuals early and understanding their remuneration packages (through due diligence) will be key to formulating an effective strategy to retain them post-closing.
- what is the impact of the proposed transaction on existing target management incentive arrangements, and in particular on vesting triggers?
- what retention packages would the buyer be willing to offer to key staff? *E.g.*, new service contracts for key staff (as a condition to closing), "skin in the game" through a new management incentive programme.

Regulatory matters



- Buyers will be particularly focused on:
 - existing regulatory and compliance weaknesses of investment managers within the target group
 - impact of recent regulatory changes on the target group's operations *E.g.*, MiFID II, etc.
 - the target group's preparedness to comply with new regulatory regimes
- In our experience, deal timetables are often extended due to interaction with financial regulators. Key contributing factors include:
 - buyers taking longer to complete their due diligence, since regulatory diligence is now as much about the future as it is about the past
 - regulators increased scrutiny of buyers' business plans and the effect the proposed transaction would have on the target group's clients
 - the transaction being used by regulators to require changes to the target's post-closing governance arrangements *E.g.*, appointment of additional independent directors.

Other financial services—Publicly reported deals & situations



Asset/Wealth Management

Asset/wealth
management
market
consolidation

Profits across Western Europe's €6 trillion private banking sector fell 8% to €13.5 billion in 2018 from €15.4 billion in 2017, the most since the global financial crisis
(FT–September 2019)

Deal highlight:

White & Case represented Amwal LLC, one of Qatar's leading asset managers, in the transfer of certain investment management funds and mandates to Aventicum Capital Management, an asset management business controlled by Credit Suisse

Mid-sized:

Ostrum Asset Management & La Banque Postale
Merger of asset management operations *(December 2019)*

Trea Asset Management
Acquisition of Novos Activos Financeiros Espana *(December 2019)*

Donner & Reuschel
Acquisition of Berenberg's asset management business unit *(October 2019)*

Tilney
Acquisition of Smith Williamson *(September 2019)*

Nykredit & Sparinvest
Merger *(June 2019)*

Abu Dhabi Financial Group & SHUAA Capital
Merger *(June 2019)*

Smaller:

Brooks Macdonald
Acquisition of Cornelian Asset Managers *(November 2019)*

Brewin Dolphin
Acquisition of Investec's Irish wealth management business *(November 2019)*

Banca Generali
Acquisition of 90.1% of Valeur Fiduciaria *(October 2019)*

BT Asset Management
Acquisition of Certinvest Pensii *(October 2019)*

Eastspring Investments/ Prudential
Acquisition of 50.1% of Thanachart Fund Management *(October 2019)*

CFO Sim
Acquisition of 52% of Alpe Adria Gestioni Sim *(September 2019)*

Delen Private Bank
Acquisition of Nobel Asset Management *(September 2019)*

AFH Financial
Acquisition of Mulberry IFA *(September 2019)*

AFH Financial
Acquisition of AE Garment IFS *(September 2019)*

Aventicum Capital Management
Acquisition of selected funds and mandates of Amwal *(September 2019)*

Kingswood Holdings

Acquisition of WFI Financial *(August 2019)*

KBL European Private Bankers
Acquisition of Bank am Bellevue *(August 2019)*

Azimut
Acquisition of Rasmala Egypt Asset Management *(August 2019)*

Goldman Sachs Asset Management
Minority equity investment in Slate Asset Management *(August 2019)*

Charles Stanley
Acquisition of Myddleton Croft *(August 2019)*

Brown Shipley
Acquisition of NW Brown & Co. *(August 2019)*

Liontrust Asset Management
Acquisition of Neptune Investment Management *(July 2019)*

Edmond de Rothschild
Acquisition of 34% of Eraam *(July 2019)*

ICEA Lion Group
Acquisition of Stanlib Kenya *(July 2019)*

Bellevue Group
Acquisition of Adbodmer *(June 2019)*

Hauck & Aufhäuser
Acquisition of Crossroads Capital Management *(June 2019)*

Direct lending
M&A

Bain Capital Credit
Acquisition of Immobiliare Stampa *(November 2019)*

Restructurings	Prudential Split of Prudential and M&G to create two FTSE 100 companies <i>(October 2019)</i>	Investec Group Demerger of Investec Asset Management <i>(August 2019)</i>	
'Acqui-hire'—search for top talent	Waverton Investment Management Acquisition of Timothy James & Partners <i>(December 2019)</i> St. James's Place Acquisition of Policy Services <i>(December 2019)</i> Ludlow Wealth Management Acquisition of Ivan A Hargreaves & Co <i>(November 2019)</i>	AFH Financial Acquisition of Broadleaf Financial <i>(September 2019)</i> Wren Sterling Acquisition of T D Armstrong Financial Planning <i>(July 2019)</i>	1825 Acquisition of Grant Thornton's Independent Financial Advice unit <i>(July 2019)</i> Alpha FMC Acquisition of Axxsys <i>(June 2019)</i>
'Data'—the name of the game	Confluence Technologies Acquisition of StatPro Group <i>(September 2019)</i>		
Fund platform consolidation	BNP Paribas Acquisition of 22.5% of Allfunds <i>(October 2019)</i> The Share Centre Acquisition of 13,000 accounts from J.P. Morgan <i>(October 2019)</i>	Allfunds Acquisition of Credit Suisse InvestLab <i>(September 2019)</i>	MFEX Acquisition of Société Générale's Luxembourg global fund trading business <i>(June 2019)</i>
Differing FI prerogatives	Tag-out: Schroders Disposal of 41% of RWC Partners <i>(October 2019)</i>	Tag-in: Standard Bank Acquisition of Stanlib Ghana <i>(July 2019)</i> Schroders Acquisition of majority stake BlueOrchard <i>(July 2019)</i>	ING Acquisition of 45% of NN Investment Partners TFI <i>(July 2019)</i>
Cooperation arrangements	State Street Provision of investment manager operations outsourcing services to Lazard Asset Management <i>(June 2019)</i>		

**High buyer
appetite**

Deal highlight:

White & Case represented Houlihan Lokey, financial adviser to private equity investor Epiris, on Epiris' public offer for IFG Group

Financial sponsors:

Carlyle Group

Acquisition of Harwood Wealth Management *(December 2019)*

Epiris

Acquisition of IFG Group *(August 2019)*

Insurers:

Prudential

Acquisition of 50.1% of Thanachart Fund Management *(September 2019)*

Legal & General

Acquisition of MyFutureNow *(August 2019)*

Mutua Madrileña

Acquisition of 20% of Cygnus Asset Management *(July 2019)*

SWFs:

QIA

Asset management JV with Credit Suisse, Aventicum Capital Management *(August 2019)*

Foreign buyers:

Lincoln Peak Capital

Acquisition of 27% of RWC Partners *(October 2019)*

Fosun

Acquisition of TENAX Capital *(July 2019)*

Fosun

Hauck & Aufhäuser's acquisition of Crossroads Capital Management *(June 2019)*

Financial services conglomerates:

BCS Financial

Acquisition of Uralsib Asset Management *(September 2019)*

Sumitomo Mitsui Financial Group

Acquisition of TT International *(August 2019)*

Management/MBOs:

Craigs Investment Partners

Acquisition of 49.9% of Craigs Investment Partners by management *(December 2019)*

**Technological
embrace**

Established players embrace fintech:

Verium

Acquisition of significant minority stake in DSwiss *(December 2019)*

Alpha Financial Markets

Acquisition of Obsidian Solutions *(November 2019)*

Eurizon

Acquisition of minority stake in Oval Money *(October 2019)*

Allianz Asset Management

Acquisition of minority stake in Moneyfarm *(September 2019)*

M&G Investments

Participation in £110 million Venture funding round for Sonovate *(September 2019)*

BAWAG

Acquisition of 49% of Finventum *(June 2019)*

SimCorp

Acquisition of AIM Software *(June 2019)*

Turbo-charge for WealthTech:

Mergence Group

Acquisition of 2Engage *(November 2019)*

Rosecut

Successful Seed funding round, led by Qventures *(October 2019)*

Scalable Capital

€25 million Series C funding round led by BlackRock, HV Holtzbrinck Ventures and Tengelmann Ventures *(August 2019)*

Savity Vermögensverwaltung/Finventum

Equity investment by BAWAG *(June 2019)*



Payments

Scaling-up of
market players

Non-banks now account for ¼ of the institutions offering payment services or payment instruments, up from 14% in only 6 years (*Finextra–November 2019*)

Payments processing is driving the fintech venture market, with 3 mega-transactions accounting for US\$87 billion in deal value during H1 2019 (*Finextra–August 2019*)

Market highlight:

20 European banks collaborate on the Pan European Payment System Initiative, a payment system to rival Visa, Mastercard and BigTech

Deal highlight:

White & Case represented Nets, a leader in the payments industry, on its acquisition of Finnish software developer Poplatak

Mergers:

Payroc, Payscape, NXGEN and BluePay Canada

Merger (*October 2019*)

Global Payments & Total System Services

Merger (*September 2019*)

Payr & Hudya

Merger (*July 2019*)

Fidelity National & Worldpay

Merger (*July 2019*)

PayPal & iZettle

Merger (*June 2019*)

Acquisitions:

Nets

Acquisition of Poplatak (*December 2019*)

Nexi

Acquisition of Intesa Sanpaolo's retailers' payment business (*December 2019*)

Payoneer

Acquisition of optile (*December 2019*)

EML Payments

Acquisition of Prepaid Financial Services (*November 2019*)

Visa

Acquisition of 20% of Interswitch (*November 2019*)

Wirecard

Acquisition of AllScore Payment Services (*November 2019*)

Elavon

Acquisition of Sage Pay (*November 2019*)

Ebury

Acquisition of Frontierpay (*October 2019*)

Mastercard

Acquisition of Nets' account-to-account payments business (*August 2019*)

EML Payments

Acquisition of PerfectCard (*July 2019*)

Worldline

Acquisition of remaining 7% in equensWorldline (*July 2019*)

Mastercard

Acquisition of Transfast (*July 2019*)

Visa

Acquisition of Verifi (*July 2019*)

Visa

Acquisition of Payworks (*July 2019*)

Access Group

Acquisition of Eazy Collect (*June 2019*)

PPRO

Acquisition of allpago (*June 2019*)

PayU

Acquisition of Iyzico (*June 2019*)

Funding rounds:

OPay

Successful US\$120m Series B funding round (*November 2019*)

Cardlay

Successful €9 million Series B funding, led by SEB Bank (*November 2019*)

Stripe

Participation in US\$100 million Series C funding round for Rapyd (*October 2019*)

Visa and Mastercard

Participation in US\$250 million Series C funding round for Plaid (*September 2019*)

Klarna

Successful US\$460 million Venture funding round, led by Dragoneer, CBA and BlackRock (*August 2019*)

Paysend

Successful £8.5 million Series B funding round, led by GVA Capital (*July 2019*)

Payconiq

Successful €20 million funding round, led by Belfius, BNP Paribas, ING and KBC (*July 2019*)

SumUp

Successful €330 million debt funding round, led by Bain Capital Credit (*July 2019*)

**Scaling-up of
market players**

Currencycloud

Successful £32 million Series E funding round, led by Goldman Sachs (July 2019)

JVs:

Visa

Africa payments JV with MFS Africa (December 2019)

Finabl

Cross-border remittances JV with Alipay (November 2019)

GoCardless

Recurring overseas payments JV with TransferWise (November 2019)

Danske, Handelsbanken, Nordea, OP Financial, SEB and Swedbank

P27 payments collective (October 2019)

Mail.Ru, Alipay, RDIF, MegaFon and USM

Russian payments JV (October 2019)

Finastra

DLT cross-border payments JV with Ripple (October 2019)

Mastercard

Cross-border payments JV with R3 (September 2019)

Visa, Samsung and First Data

Software-based point-of-sales JV (September 2019)

Apple Pay

Credit card JV with Goldman Sachs (August 2019)

Wirecard

Digital payments JV with SisalPay (July 2019)

SumUp

European SME electronic payment JV with Mastercard (July 2019)

Optal

Commercial banking payments JV with Lloyds Bank (July 2019)

Swish

In-store payments JV with Nets (July 2019)

P27

Real-time, cross-border payment infrastructure JV with Mastercard (June 2019)

Bottomline Technologies

Real Time Payments Express Service partnership with Starling Bank (June 2019)

Wirecard

Cashless payments partnership with KaDeWe (June 2019)

Collaborations:

Sibs API Market

Launch of Sibs' API platform which brings together 24 financial institutions (August 2019)

Bluecode, ePassi, momo pocket, Pagaqui, Pivo, Vipps and Alipay

Development of unified QR code to promote digital payment interoperability for European travellers (June 2019)

Global Payments and Ingenico

Launch of joint international innovation programme (June 2019)

**New licences/territories/
business lines:**

Paysend

Launch of money transfer service to Turkey (December 2019)

PayPal

1st foreign business to secure Chinese payments licence (September 2019)

Stripe

Launch of corporate credit cards offering (September 2019)

Stripe

Launch of cash advancement service (September 2019)

Apple

Apple Card JV with Goldman Sachs (August 2019)

Xoom

Launch across 32 new European markets (July 2019)

Nets

Hungarian RealTime24/7 JV with GIRO Zrt. (July 2019)

Revolut

Launch of Apple Pay in 12 new countries across Southern Europe, CEE and Balkans (June 2019)

Wirecard

Launch of boon Planet (June 2019)

Volante Technologies

Launch of Single Euro Payments Area (June 2019)

WorldRemit

Launch of UK/Kenya payment services capabilities for SMEs and employees (June 2019)

Start-up support:

Visa

Launch of Visa Partner, an online access portal for fintechs (September 2019)

**High appetite
and deep
pockets**

Private equity/Venture capital:

Durable Capital Partners

Equity investment in Rapyd
(December 2019)

Oak HC/FT

Participation in US\$100 million
Series C funding round for Rapyd
(October 2019)

Toscalfund Asset Management

Equity investment into Lemon
Way (October 2019)

**General Catalyst, Sequoia and
Andreessen Horowitz**

Participation in US\$250 million
Series F funding round for Stripe
(September 2019)

KKR

Acquisition of Heidelpay
(August 2019)

Dragoneer and BlackRock

Participation in US\$460 million
Venture funding round for Klarna
(August 2019)

GVA Capital

Participation in £8.5 million Series
B funding round for Paysend
(July 2019)

Banks:

US Bancorp

Elavon's acquisition of Sage Pay
(November 2019)

SEB Bank

Participation in €9 million
Series B funding for Cardlay
(November 2019)

RBS

Participation in £60 million Series
A funding round for Pollinate
(November 2019)

Intesa Sanpaolo

Acquisition of minority stake in
MatiPay (October 2019)

**Belfius, BNP Paribas, ING and
KBC**

Participation in €20 million funding
round for Payconiq (July 2019)

Nordea

Equity investment in Mondido
(June 2019)

**Overarching
prerogatives**

Encouraging competition:

**UK Competition Markets
Authority**

Investigation of competition
concerns relating to Bottomline
and EPG merger (October 2019)

Bank of England

Grant of access to BoE overnight
accounts, to level playing field
with commercial banks
(June 2019)

Encouraging safety:

European Banking Authority

Strong Customer Authentication
standards required by
31 December 2020 (October 2019)

UK Payment Systems

Regulator

'Confirmation of Payee'
implementation deadline for
UK High Street lenders set for
31 March 2020 (August 2019)

Encouraging innovation:

European Commission

Brussels roundtable on
development and availability of
cross-border instant payments
(June 2019)

UK HM Treasury

Long-term review of UK's
payments landscape and
regulatory framework (June 2019)



Stock Exchanges/Clearing Houses/Trading Venues

Inorganic growth

Deal highlight:

White & Case represented Tradegate Exchange and its shareholders, Deutsche Börse and Tradegate Wertpapierhandelsbank, on the acquisition of Börse Berlin

Acquisitions:

Cboe Global Markets
Acquisition of EuroCCP
(December 2019)

Euronext

Acquisition of 66% of Nord Pool
(December 2019)

Deutsche Börse

Acquisition of Nasdaq's NFX
(November 2019)

Tradegate Exchange

Acquisition of Börse Berlin
(October 2019)

Hong Kong Exchanges and Clearing

Bid for London Stock Exchange
(September 2019)

Johannesburg Stock Exchange

Acquisition of 74.85% of Link Market Services South Africa
(August 2019)

Euronext

Acquisition of 19.8% and 10% of Oslo Børs from DNB and KLP, respectively (June 2019)

IPOs:

Tel Aviv Stock Exchange

700m shekels IPO on TASE
(July 2019)

Horizontal cooperation:

Astana International Exchange

Central securities JV with Nasdaq Dubai (July 2019)

Albanian Securities Exchange and Vienna Stock Exchange

Market data distribution JV
(June 2019)

The new battle ground—financial data

Organic:

Deutsche Börse

Launch of Qontigo
(September 2019)

Inorganic:

Luxembourg Stock Exchange

Acquisition of 10% of Origin
(December 2019)

Moody's

Acquisition of RiskFirst
(July 2019)

Equistone Partners Europe

Acquisition of Moody's Analytics Knowledge Services business
(July 2019)

London Stock Exchange

Acquisition of Refinitiv (July 2019)

Refinitiv

Data access JV with BattleFin
(June 2019)

Digital world demands—outsourcings and bolt-ons

Deutsche Börse

(Cloud solutions)

Outsourced cloud services by Google (September 2019)

Euronext

(Digital asset custody)

Acquisition of 23.5% of Tokeny Solutions (July 2019)

Protectionism interferes with deal-making

Borsa Istanbul

Acquisition of 10% of Borsa Istanbul by Turkish Wealth Fund
(December 2019)

Shanghai Stock Exchange

China's suspension of the Shanghai-London Stock Connect scheme (December 2019)

Warsaw Stock Exchange

Rumoured interest in Bratislava Stock Exchange (September 2019)

Borsa Italiana

New Italian law requiring foreign potential bidders to notify the Italian government of any acquisition plans (September 2019)



Brokers/Corporate Finance

Buyer appetite	INTL FCStone Acquisition of Exotix Partners <i>(December 2019)</i> Concordia Financial Group Acquisition of 49.9% of StormHarbour Securities <i>(November 2019)</i>	Bank of China Acquisition of Goodbody Stockbrokers <i>(November 2019)</i>	Renta 4 Banco Acquisition of BNP Paribas Personal Investors <i>(September 2019)</i>
Search for alternative revenue	Organic: BAML Launch of BAML Emerging Growth & Regional Coverage <i>(July 2019)</i> UBS Launch of UBS Private Capital Markets <i>(July 2019)</i> ICAP Launch of Digital Asset Markets <i>(June 2019)</i>	Inorganic: Dierickx Leys Acquisition of Lawaisse <i>(December 2019)</i> TP ICAP Acquisition of Louis Capital <i>(December 2019)</i> flatex Bank Acquisition of DeGiro <i>(December 2019)</i> GTS Acquisition of Barclays' equities automated options trading assets <i>(December 2019)</i> BNP Paribas Securities Services Acquisition of strategic stake in AssetMetrix <i>(November 2019)</i>	Houlihan Lokey Acquisition of Fidentiis Capital <i>(November 2019)</i> Rothschild Acquisition of Livingstone's UK business <i>(October 2019)</i> Arkios Italy Acquisition of 51% of Integrae Sim <i>(October 2019)</i> Banca Valsabbina Acquisition of 26% of Integrae Sim <i>(October 2019)</i> Rothschild Acquisition of minority stake in Redburn <i>(July 2019)</i>
Mounting pressure	Lunar (Online trading) Launch of online stock trading feature <i>(December 2019)</i> Robinhood (Online trading) Launch of commission-free stock trading in the UK <i>(November 2019)</i>	Freetrade (Zero-commission stock trading) Successful US\$15 million Series A funding round, led by Draper Esprit <i>(October 2019)</i> Revolut (Mobile trading) Launch of commission-free stock trading <i>(August 2019)</i>	BUX (Mobile trading) Successful US\$12.5 million Venture funding round, led by Velocity Capital and Holtzbrinck Ventures <i>(June 2019)</i>



Consumer Finance

Healthy investor appetite

Private equity/Venture capital:

Redalpine and Finiata

Participation in £7 million Series A funding round for Portify (December 2019)

Sarwa Capital

Consumer finance JV Premium Card (November 2019)

Deserve

Successful US\$50 million Series C funding round, led by Goldman Sachs (November 2019)

Management:

PPRO Crosscard

Acquisition of Crosscard by existing PPRO investors (December 2019)

Strategic investors:

Agos Ducato

Acquisition of ProFamily (July 2019)

Cembra Money Bank

Acquisition of cashgate (July 2019)

Trade consolidators:

Paragon ID

Acquisition of Thames Technology (November 2019)

New entrants

Portify

Successful £7 million Series A funding round, led by Redalpine and Finiata (December 2019)

Uber

Launch of Uber Money debit and credit cards (October 2019)

Starling

Launch of £/€ dual currency debit cards (October 2019)

Crédit Agricole

Consumer financing JV, SoYou, with Bankia (October 2019)

National Bank of Kuwait

NFC-enabled credit card JV with Visa (June 2019)

Simplex

Debit/credit card US\$ deposits JV with OKCoin (June 2019)

Amaiz

Launch of specialist lending service for 'solopreneurs' (June 2019)

Bank of America

Launch of digital debit card (June 2019)

Payday lenders—end of an era

QuickQuid

Collapse into administration (October 2019)

Combatting growing fraud risk

Deutsche Bank

Spanish 'motion code' card JV with Mastercard and Idemia (December 2019)



Specialty Finance/Marketplace Lending

Scaling up

Marketplace lending is expected to top £6 billion in 2019 *(AltFi–November 2019)*

Equity/debt investments:

Zopa

Successful £140 million Series H funding round, led by IAG Capital *(December 2019)*

Duke Royalty

Successful £20 million open offer, retail offer and further direct subscriptions *(October 2019)*

CrossLend

Successful €35 million Series B funding round, led by Santander InnoVentures *(October 2019)*

LendInvest

£200 million debt investment from National Australia Bank *(August 2019)*

Acquisitions:

Goldmoney

Acquisition of Lend & Borrow Trust *(August 2019)*

Morses Club

Acquisition of U Holdings *(June 2019)*

Alliances:

Fellow Finance

Consumer loans JV with Citadeal Bank *(November 2019)*

Funding Circle

German and Dutch SMEs lending JV with Avida Finans *(June 2019)*

New entrants

ID Finance

Successful £4.4 million crowdfunding round *(November 2019)*

Become

Successful US\$12.5 Series A funding round, led by Magenta Venture Partners *(November 2019)*

Growing pressure on P2Ps

ThinCats

Closure of its P2P platform *(December 2019)*

FundingSecure

Collapse into administration *(October 2019)*

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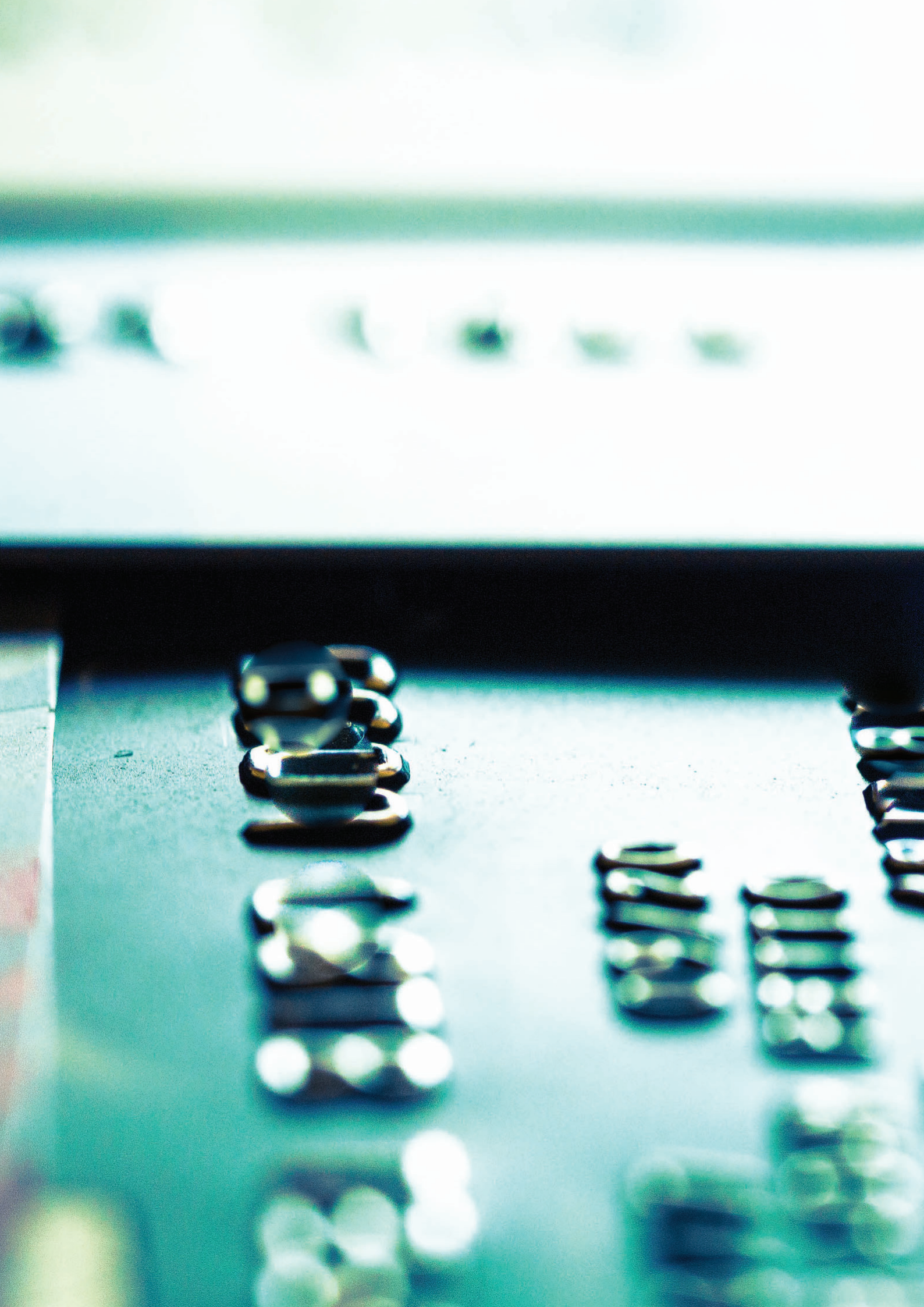
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