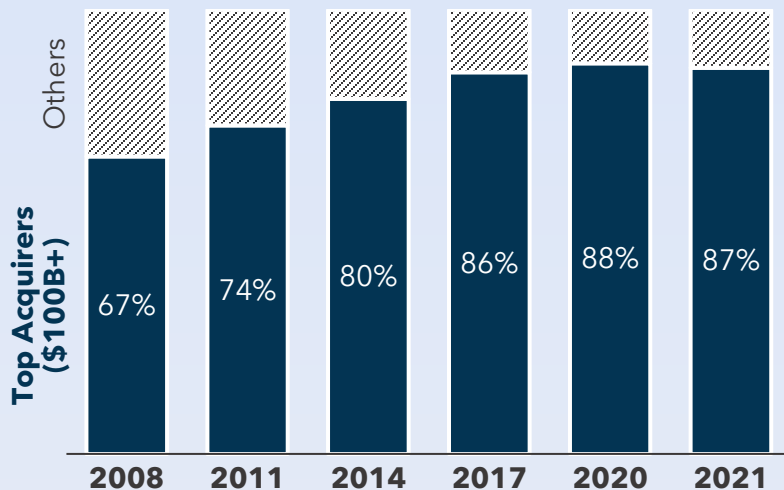


# Landscape of U.S. Merchant Payments Assets

Intense M&A activity in the last two decades raises the question: is there still M&A liquidity in U.S. merchant payments? We developed this infographic using our merchant payments database to illustrate this liquidity, which remains solid (even excluding SaaS and adjacent assets).

## 1 U.S. ACQUIRING MARKET CONSOLIDATION

(% of total U.S. V/MC credit volume; tiers based on est. total annual U.S. card volume)



**Market concentration has increased significantly in the past decade** as the aggregate share of acquirers with more than \$100 billion in annual card volume increased from c. 67% of the market in 2008 to c. 87% in 2021 (corresponding to 11 acquirers in the latter)

### Example causes of consolidation:

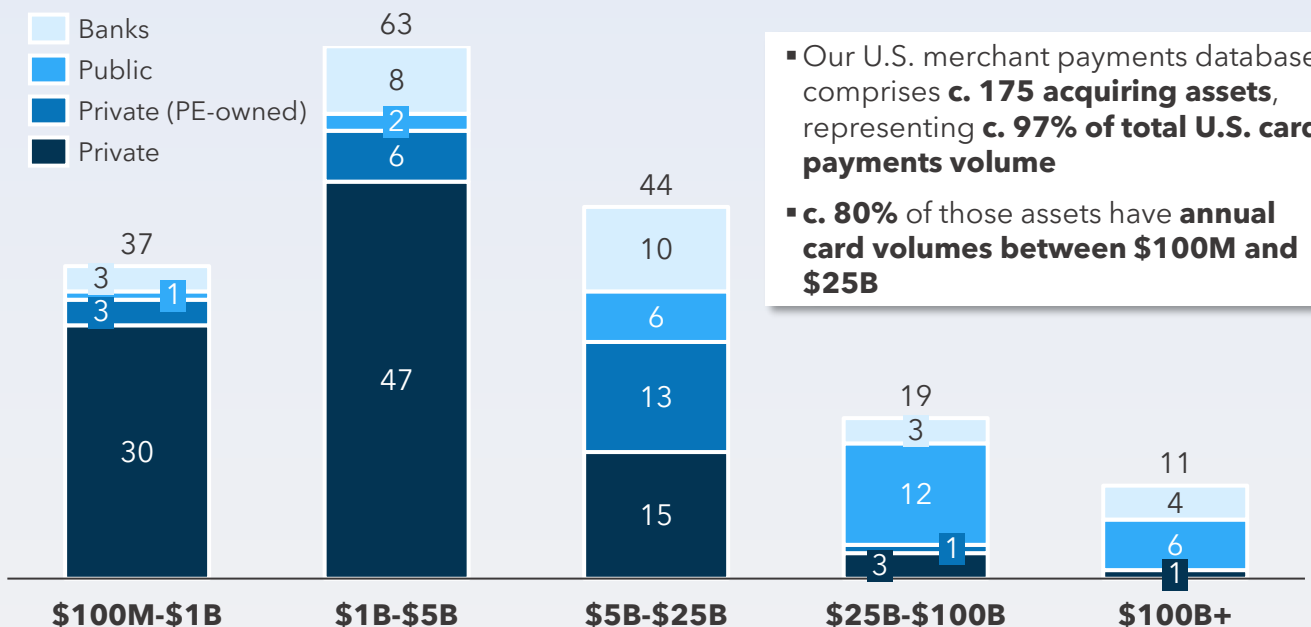
- I. M&A of mid-market specialists
- II. Industry evolution / returns to scale
- III. Fewer players focused on the enterprise merchant segment
- IV. More fintechs processing with larger acquirers

Sources: The Nilson Report; Flagship Advisory Partners research.  
Note: in this infographic, we use the term "acquirers" (and "acquiring assets") to refer to card-network-registered entities (or business units thereof) that market and provide card payment acceptance services to merchants.

## 2 U.S. ACQUIRING ASSETS BY ANNUAL VOLUME TIER

(no. of assets as of Aug. 2022; tiers based on est. 2021 total U.S. card volume)

non-exhaustive



Our U.S. merchant payments database comprises **c. 175 acquiring assets**, representing **c. 97% of total U.S. card payments volume**

**c. 80%** of those assets have **annual card volumes between \$100M and \$25B**

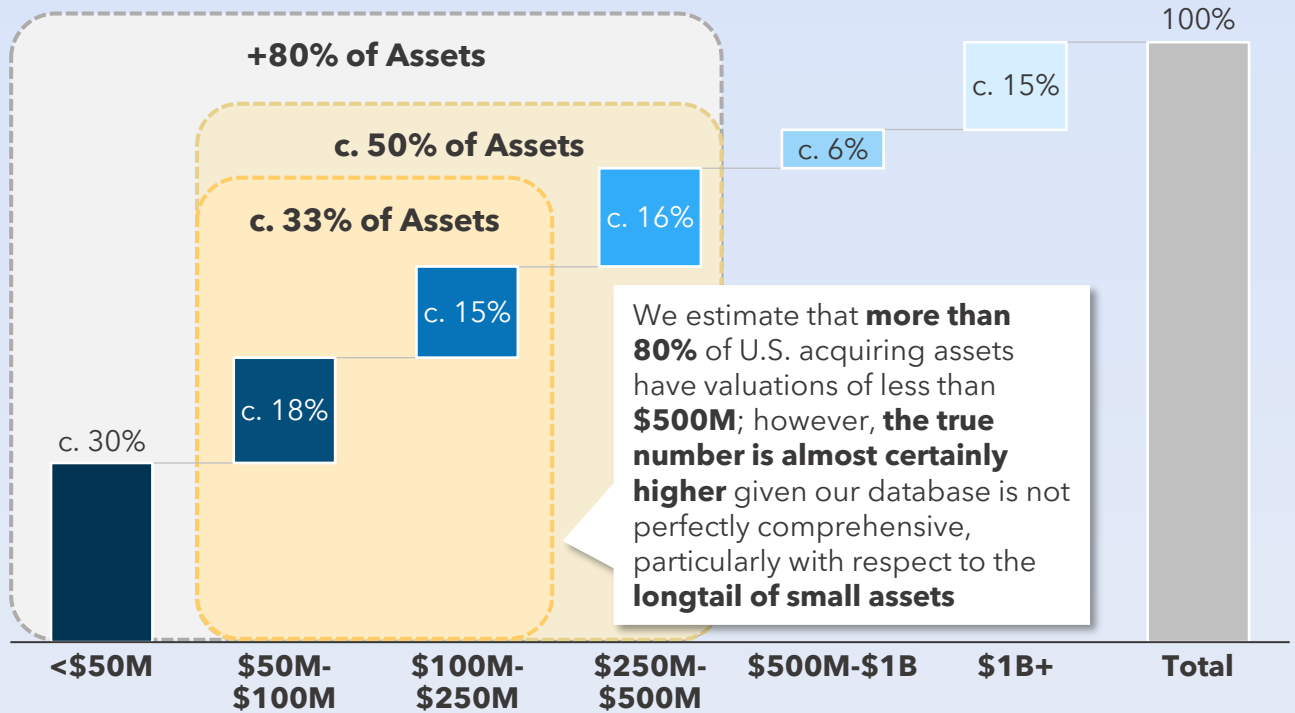
Sources: The Nilson Report; Flagship Advisory Partners research. Notes: "Banks" includes public and private banks. "Public," "Private," and "Private (PE-owned)" include non-bank assets. "Private (PE-owned)" includes (non-bank) assets with majority private equity or other financial sponsor ownership. We excluded acquiring assets that process less than \$100M in total annual purchase volumes from this chart given the difficulty in censusing such assets.

# Landscape of U.S. Merchant Payments Assets

3

## DISTRIBUTION OF U.S. ACQUIRING ASSETS BY VALUATION

(est. % of assets by valuation range; based on rough estimates of assets' valuations)

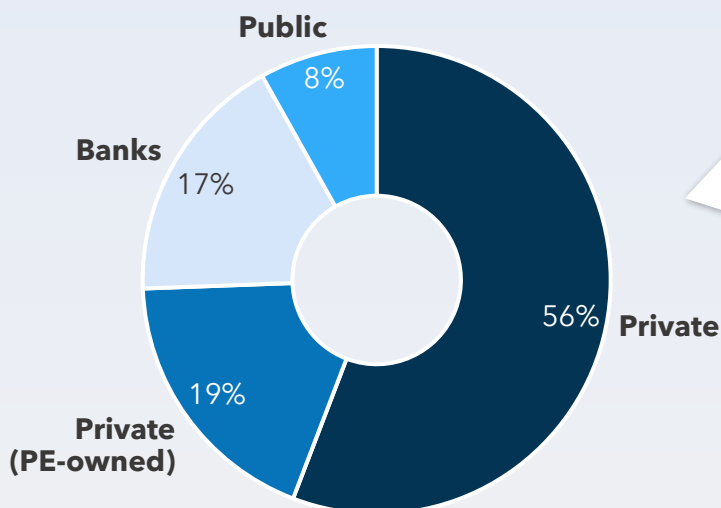


Sources: Flagship Advisory Partners research. Note: this distribution is an approximation based on the estimated standalone valuations of enterprises' respective merchant acquiring / payment acceptance business units.

4

## BREAKDOWN OF MID-SIZED ACQ. ASSETS BY OWNERSHIP

(% of U.S. acquiring assets with estimated valuations between \$50M and \$500M)



- **c. 65** U.S. acquiring assets have enterprise values between \$50M and \$500M and are privately owned
- Of these c. 65 assets, we estimate that **one-third have in-house product stacks** powering their propositions (i.e., own gateway)

Sources: Flagship Advisory Partners research.

**In conclusion, there remains an abundance (>100) of small and mid-sized acquiring assets in the U.S. despite heavy M&A for the past two decades.**