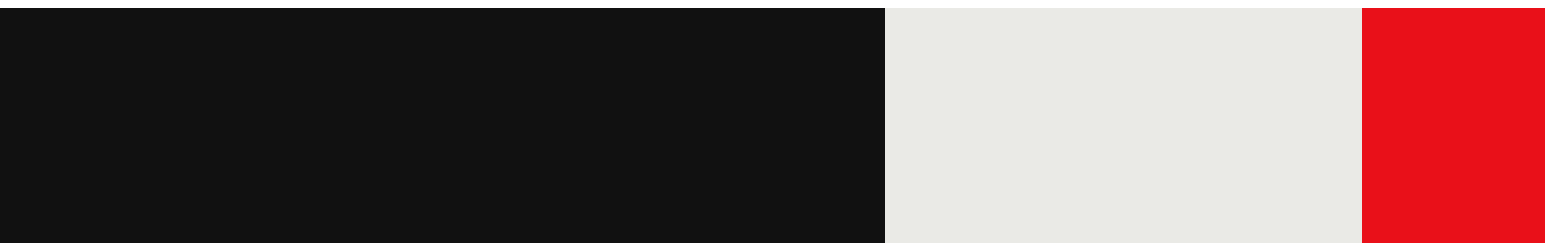


Fiserv's acquisition frenzy will help accelerate growth after mixed Q1

Article



The news: Fiserv's adjusted revenues increased 5% YoY in Q1 2025, per its earnings release.

- Merchant solutions revenues grew 5% YoY.
- Financial solutions revenues increased 6% YoY.

The market reaction: Despite steady growth, Fiserv's share price closed almost 19% lower on Thursday after missing Wall Street estimates, per Reuters.

Weaker demand for both its payments processing unit and its point-of-sale (POS) arm, **Clover**, sparked investors' concern.

Fiserv's **payment processing revenues dropped 9% YoY**—a sharp contrast with 10% growth a year ago.

- Fiserv CFO Robert Hau attributed part of this drop to a termination fee that boosted revenues in 2024.
- But weaker discretionary spending—especially for travel and restaurants—also hurt the segment, per Hau. Grocery and quick-service restaurant volume held up.

Clover revenues grew 27% YoY. Clover's gross payment volume (GPV) increased 8% YoY, a far cry from 19% a year ago.

- The deceleration was attributed in part to the leap year bump in 2024 and a later Easter this year, pushing the holiday into Q2.
- A spending slowdown in Canada, Clover's largest international market, also hurt volume.

What's next? Fiserv is leaning on acquisitions to expand its operations and accelerate growth. The company made four international acquisitions in the last two months.

- Fiserv acquired Canada-based Payfare to grow its embedded finance capabilities and push further into serving the gig economy.
- It bought CCV, which will help the company accelerate Clover's rollout across Europe.
- The company also acquired payfac **Pinch Payments**, which serves merchants in Australia and New Zealand.
- And Fiserv will acquire Brazilian fintech **Money Money** to grow its cash flow and financing solutions for merchants in the market.

Our take: Fiserv, along with the rest of the payments industry, faces uncertainty in the wake of tariffs and other macroeconomic concerns. And given Clover primarily serves small- and medium-sized businesses (SMBs), which may be more vulnerable to an economic slowdown, Fiserv could particularly be threatened.

- We expect retail sales in 2025 to range from \$7.324 trillion to \$7.614 trillion depending on how limited or heavy the tariffs are, per our forecasts.
- The heavy tariffs scenario is a 3.8% reduction from the limited scenario, which corresponds to our prior forecast for the year.

But Fiserv’s expansion push, especially in international markets, will help the company reaccelerate its volume momentum despite the uncertain year ahead.

