

# Global Payments snaps up EVO Payments to drive growth in key segments

Article

**The news:** Digital payments giant **Global Payments** will acquire US-based **EVO Payments**, which offers payment technology and acquiring services, in an **all-cash deal valuing EVO at \$4**

billion, per a press release.

**Why it's worth watching:** EVO Payments will support three key initiatives for Global Payments—helping the firm sustain revenues, which grew 8% on a constant currency basis in Q2, compared with 28% YoY in the same period last year.

- 1. Expand its global footprint.** The deal will give Global Payments access to markets like Poland, Germany, Chile, and Greece so it can reach more merchants and expand its addressable market. EVO will also help strengthen Global Payments' presence in markets like the US and Canada, where digital payments are quickly displacing cash: **The share of point-of-sale payments made using cash declined 3.5% year over year (YoY) in 2021, according to FIS.**
- 2. Improve B2B software solutions.** Global Payments will get access to EVO's accounts receivable software, helping improve the giant's B2B services. B2B payments are increasingly going digital, and companies are turning to providers that can help them streamline their accounts payable and accounts receivable processes. US B2B transaction volume is expected to increase nearly 4% YoY in 2022 to hit \$28.611 billion, per Insider Intelligence forecasts.
- 3. Strengthen integrated payments offerings.** Global Payments can become more attractive for companies that want to work with an “all-in-one” payment services provider. EVO's capabilities will let Global Payments offer a wider range of connected services so firms can rely less on third-party providers and decrease payments fragmentation.

**Our take:** Economic uncertainty may have informed Global Payments' decision to acquire EVO Payments.

The company might be able to navigate economic headwinds by using EVO to focus on scaling in-demand solutions and driving payment efficiencies. Further solidifying that focus and minimizing operating costs, it also agreed to sell the consumer assets of **Netspend**, the firm's prepaid card unit.

**The bigger picture:** A series of megamergers in 2019 led to substantial consolidation in the payments space as payment providers snapped up companies to help them quickly scale and keep up with digitization in commerce.

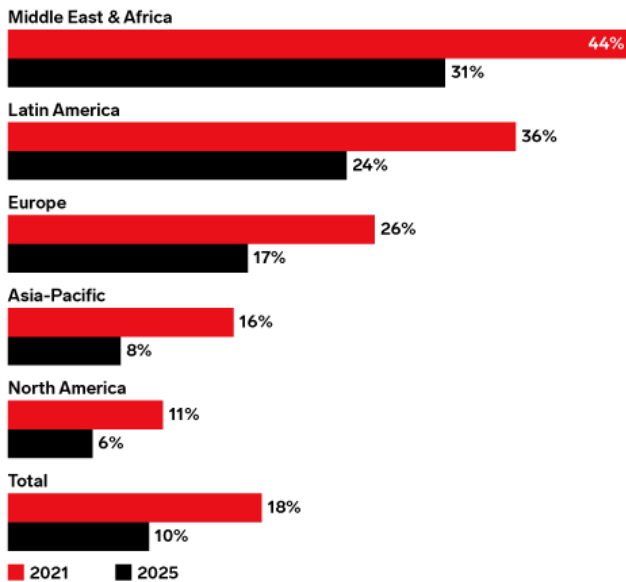
- **FIS purchased Worldpay** for a whopping \$35 billion.

- Fiserv acquired First Data for \$22 billion.
- And Global Payments merged with TSYS in a \$21.5 billion deal.

As weakening economic signals raise fears of a broader slowdown, there could be another round of megamergers in the payment space that further increases consolidation.

### Share of Point-of-Sale Transactions Made with Cash, by Region, 2021 & 2025

% of total point-of-sale transaction value



Source: FIS, "The Global Payments Report," March 2, 2022

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