

Mastercard Acquires Danish PayTech Firm Nets For \$3.19B

Digital payments firm Mastercard has just conducted its largest ever deal, further strengthening its capabilities in real-time payments as the firm moves away from its traditional card products.

The New York-listed firm said that it is acquiring the majority of the corporate services businesses of Danish paytech firm Nets for \$3.19 billion. The deal will strengthen Mastercard's existing account-to-account (A2A) capabilities and help the payments giant to tap into a more expansive customer base. A partnership will also help it improve applications for end-user solutions such as bill payments.

"The global opportunity for real-time payments is accelerating," said Michael Miebach, chief product & innovation officer, Mastercard. "This deal strengthens our unique position as the one-stop partner for any bank, merchant or government's payment needs. The combination with existing Mastercard assets such as Vocalink, Transfast, and Transactis delivers real-time payment capabilities, innovation, and expertise that are truly differentiated."

The acquisition also provides even more depth and scale to the Mastercard Send and Transfast technologies that deliver cross-border payments to bank accounts, mobile wallets and cards.

The deal would also allow it to extend the expertise it currently has in the US, Asia, the UK, the Middle East, and Africa to Continental Europe.

Mastercard's acquisition of Nets comes as the real-time payments are in focus with banks and other financial institutions looking to it for growth. A report by ACI Worldwide and Ovum show that 85% of banks in Europe especially expect real-time payments to drive revenue growth.

Real-time payments are much faster than traditional alternatives such as cash and cheques while helping the banks improve the efficiency of their operations and reduce the cost of exception handling. In this case, the acquisition of the Nets services helps Mastercard to build on the recent partnership with P27 to deliver real-time and batch payments to Nordic markets.

The transaction, which is anticipated to close in the first half of 2020, is subject to regulatory clearances and other customary closing conditions. Mastercard expects the transaction to be dilutive for up to 24 months after the deal closes, primarily related to purchase accounting and integration related costs.

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