

Small World payments firm sells for £90m

LUCY WHITE

@LucyGJWhite

THE HUNGER for payment services businesses among private equity firms shows no sign of abating, as buyout house Equistone yesterday bought Small World Financial Services for around £90m.

Fellow private equity houses FPE Capital and MMC Ventures sold their stake to Equistone – for FPE, the deal generated three times the £12m it had invested as growth capital.

The deal shows financial buyers such as Equistone are still willing to cough up a premium for payments businesses. Small World's adviser Canaccord Genuity was also running an initial public offering (IPO) process as well as looking for buyers, but Equistone was able to steal the upper hand.

"Demand for cross-border payments is increasing due to macro-demographic trends, and Small World's high-quality customer proposition and scalable business model position it to achieve further organic and acquisitive growth," said Equistone's Andrew Backen.

Last year, Inflexion's investment in card services firm Radius valued the business at £800m. London-based fintech investor Anacap has scooped up e-commerce specialist Heidelberg, and giants Advent International and Bain Capital have a string of deals in the sector under their belts including Worldpay, Nets, ICBPI and Concardis.

Meanwhile, FPE has been cashing in on the payments demand, as Small World represents its second exit in the sector in two months following the sale of Creditcall which generated 4.2 times invested money.

Under FPE's hold, Small World – which operates under brands including Global Link, Express Funds and LCC – grew revenues by five times to more than £110m last year.

The business has a tech platform which allows customers to send money around the world cheaply and securely. Alongside its digital services, it has a physical network of more than 6,000 third-party send-side agents and 80 branches.

It hopes to use the Equistone funding to help develop its new app while hoovering up smaller competitors to expand.