

The sector M&A landscape

During the Perth 2017 Globalscope conference, the network's global Financial Services sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

A key theme is the increasing reliance on both digital payments and cryptocurrency around the world. More details can be obtained from team members or regional heads.

Sector themes

Digital Payments Providers Under Pressure

Mounting consumer pressure for faster, seamless, cheaper and more secure digital payments will press companies to collaborate and move quickly in order to keep up. This will also fuel consolidation in the industry. The latest development is the global fund Hellman & Friedman, which is fronting an investor group, bidding to acquire the Nordic payment system provider NETS for \$5.1bn. Hellman & Friedman wants to use the NETS platform for European consolidation of the payment service industry and subsequent expansion into e-commerce.

Banks Continue to Embrace Cloud & AI Tech

Banks are exploring opportunities for IT to increase their range of services and value proposition. In Russia, for example, these efforts are largely led by Sberbank which recently announced the launch of a cloud service for SME / e-commerce companies. There are plans, too, to develop a legal chat-bot and other initiatives in the high-tech area. M&A opportunities may arise for smaller IT companies that develop FinTech solutions that can be "plugged in" to larger corporates.

Notable recent transactions

Canaccord Genuity Acquires Hargreave Hale

Canadian wealth manager Canaccord Genuity has acquired UK-based wealth manager Hargreave Hale for *circa* £80m. The Hargreave Hale business will be merged with Canaccord's existing UK wealth management business.

Canada's CIBC Acquires \$5bn PrivateBancorp

Canadian Imperial Bank of Commerce has completed the \$5bn acquisition of Chicago-based PrivateBancorp. According to CIBC CEO Victor Dodig, the deal has been almost three years in the making.

Macquarie Acquires Green Investment Bank

Macquarie Group, along with support from Universities Superannuation Scheme, acquired the UK Government's Green Investment Bank for £2.3bn. The Green Investment Bank provides banking and lending services to eco-friendly projects.

Lower-mid market observations

Largest Russian Institution Under Watch

Russia's Central Bank announced the launch of a financial rehabilitation program for Otkritie Group, the country's largest private financial institution. According to Russian monetary authority, Otkritie requires a significant capital increase and extensive measures to improve its financial health. As a result of the process, Russia's Central Bank may take up to 75% equity position in the group.

Blockchain in Focus, but Uncertainty Lingers

Central banks and governments continue to voice their views on Bitcoin and other cryptocurrencies, which has resulted in prices becoming even more volatile than usual. One example is the recent ban imposed by Chinese authorities on initial coin offerings in the country, which led to a dramatic drop in Bitcoin prices and put a question mark on the future of a Chinese blockchain-based economy.

M&A trends & market analysis

The following data are compiled specifically for the Financial Services sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2017.

