

Acquisition of First Data gives Bidvest merchant banking leg up



The acquisition of the South African subsidiary of First Data Corporation, a global payment company, gave Bidvest Bank exclusive rights to acquiring technology it was using to provide merchant banking services to clients, said Bidvest Bank MD Japie van Niekerk.

While the bank already had an operating agreement with First Data Resources SA, the acquisition gave it an exclusive licence agreement with the company for the next 10 years, with the option to renew, Van Niekerk said on Thursday.

It had renamed the company Bidvest Merchant Services.

First Data services 4,000 financial institutions worldwide and powers more than 2,800 payment transactions every second, totalling \$2.2-trillion in annual transactions. Bidvest Bank had traditionally operated in the foreign exchange and trade and asset finance domains, Van Niekerk said. Bidvest Merchant Services enabled it to offer acquiring services (the ability to process debit and credit card transactions) to merchants, an important part of expanding its business banking offering, Van Niekerk said.

"Typically the large corporations are very well serviced by the bigger banks, which is a space we can't play in.

"The medium-sized businesses often feel they aren't getting the focus and attention they deserve. Since we are smaller and can react quicker, we are in a position to offer them better service," Van Niekerk said.

Rivals Sasfin Bank and Mercantile Bank have also seen opportunity in servicing small to medium-sized businesses. Bidvest Bank's relationships with business owners meant the bank could make lending decisions based on the owners themselves, Van Niekerk said in an earlier interview.

Bidvest Bank targeted businesses with an annual turnover of R5m to R500m that typically required some sort of foreign exchange service, he said.