

**BREAKING NEWS**

Former White House counsel Don McGahn recently rebuffed Trump's request to say the president didn't obstruct justice in seeking to dismiss Mueller

# THE WALL STREET JOURNAL.

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**MARKETS**

## Bank of America Considers Scrapping First Data Payments Partnership

Bank of America recently expanded in-house merchant card processing team



Bank of America in recent years has expanded its unit focused on payments across its business lines.  
PHOTO: KEVIN HAGEN FOR THE WALL STREET JOURNAL

*By AnnaMaria Andriotis and Rachel Louise Ensign*

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Bank of America Corp. [BAC -0.44% ▼](#) is considering dissolving the huge payment-processing joint venture it has with First Data Corp. [FDC 0.68% ▲](#) and developing its own business to move money between consumers and merchants, according to people familiar with the matter.

Like its rivals, Bank of America is rushing to meet demand from consumers and businesses for modern money-moving technology, which promises a steady stream of fees with each transfer or swipe. Leaving the joint-venture would give the bank more control of its business that focuses on moving money for merchants.

The decade-old partnership has been particularly lucrative for First Data. Bank of America was still reeling from the financial crisis when it negotiated the deal, allowing First Data to extract generous terms. First Data has a

majority ownership stake in the joint venture—Bank of America Merchant Services—and it accounts for about 10% to 12% of First Data’s revenue, according to estimates by Bernstein analysts.

If the bank ends the partnership, it could still work with First Data and other outside firms.

A final decision on the partnership, which expires in June 2020, hasn’t been made, said people familiar with the matter. Both companies are required to give a year’s notice before ending it, according to a securities filing.

Banks and financial-technology companies are locked in a fierce competition for the business of connecting merchants and their customers.

Payment processors enable gas stations, grocery stores and other merchants to accept debit- and credit-card payments. They help move money from a customer’s account to the merchant’s, and they often sell the terminals used at registers to accept card payments.

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Would you trust your bank more than a company like Venmo to handle your personal payments? Why? Join the discussion.

Citigroup Inc. in March said it was starting a new unit to provide merchant-processing services for big clients. JPMorgan Chase & Co. has its own processing unit, which has struck lucrative partnerships with big merchants including Amazon.com Inc. since ending its own joint venture with First Data in 2008.

First Data is the largest company in the so-called merchant-acquisition business in the U.S. when including partnerships with banks. Bank of America Merchant Services, the fourth-largest merchant acquirer, processed about 17.3 billion card transactions in 2018, according to the Nilson Report. Top clients include Target Corp. and Best Buy Co. , people familiar with the matter said.

Fiserv Inc. earlier this year announced plans to acquire First Data in a \$22 billion deal.

Bank of America in recent years has expanded its unit focused on payments across its business lines. Its Enterprise Payments division, which houses teams working on multi-bank ventures such as Venmo competitor Zelle and Real-Time Payments, has in recent months hired dozens of employees, including some from the joint venture, focused on merchant payment-

processing, some of the people said. Guy Harris, a longtime top executive at U.S. Bancorp payment-processor Elavon, was brought on to help run the group.

The bank also is putting merchant-services representatives inside branches in an effort to sell existing clients these products, two people said.

“The modern payment system is our foundation for the future,” Bank of America Chief Executive Brian Moynihan said in April.

The First Data partnership has been fraught with issues for years, people familiar with the matter said. Clients have experienced delays getting money from customers, the people said, and outages have kept merchants from accepting cards for short periods.

Clients complaints have caused concern within Bank of America because many of these merchants have other relationships with the bank, one of the people said.

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