



emERCHANTS takes a gamble on growth

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Prepaid card supplier emERCHANTS is betting on revenue from a pipeline of new business to turn its fortunes around. The company made a loss of A\$5.4 million for the year to June – slightly more than the A\$5.3 million it lost in 2012/13.

The company is in the process of transforming its business from its non-reloadable gift card base to a higher margin reloadable business model.

In coming months it will launch a card program for betting company Sportsbet, supplying Sportsbet customers with personalised cards for immediate access to winnings via ATMs.

The company already has similar programs with Ladbrokes Digital and Bet Easy and aims to be the market leader in the supply of "winnings cards".

It is also working on a card partnership with the payday lender Cash Converters.

Last year it signed an agreement with Mitsubishi Motors Australia where its cards will be used for payment of sales incentives and commissions.

And it is working on an agreement with the Queensland government to be the preferred supplier of prepaid cards to various government departments.

Total dollars loaded into the company's prepaid card rose 25 per cent to \$168 million, year on year. Revenue-generating transactions rose 14 per cent to 4.5 million.

The total number of active cards rose four per cent to 537,000.

Despite the increase in activity, revenue grew by only 2.9 per cent to \$5.2 million. Expenses were \$9.9 million.

There was a cash flow deficit from operating activities of \$3.2 million, compared with \$3.1 million in 2012/13. The company has net cash of \$4.5 million.

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