



# Emerchants cashes in on corporate bookmakers

**John Stensholt**

The rollout of debit cards by the corporate bookmakers could provide a considerable boost to listed corporate card provider **Emerchants**.

In June, Emerchants signed an agreement with corporate bookmaker Sportsbet to provide its clients personalised cards for immediate access to their gambling winnings.

Emerchants charges fees when an amount is loaded onto a card and with each card transaction.

A similar agreement was brokered with Matthew Tripp's Beteasy in May to provide its clients reloadable Visa cards and an industry-first venture with Ladbrokes's Australian operations that began in March.

It is likely other corporate bookmakers could strike similar deals in the coming months to keep up with their competitors, particularly after the success of the Ladbrokes card which allows punters access to their winnings almost immediately via cash machines and eftpos terminals.

Punters with online betting accounts previously had to wait one business day

or up to 48 hours for their cash to be transferred to their bank accounts.

Emerchants chief executive **Tom Cregan** told *The Australian Financial Review* its corporate customers would roll out the cards in time for the Spring Carnival. Ladbrokes's cards will have Betstar branding, after it bought the company for \$25 million from Alan Eskander and his family in April.

"We think this sector is going to be a really good one for us and there is a lot of growth there," Mr Cregan said.

"At the moment the cards are more for withdrawals but we think there is potential there as well for the cards to be able to have cash loaded onto them [for immediate use for betting] and also for the cards to contain loyalty features."

There was potential for deals with other online gaming businesses, including those operating casino-like or poker games, and a further move into the mobile payments space via smartphones and apps.

Mr Cregan joined Emerchants in January 2012 after a stint as executive vice-president of United States pre-paid cards firm NetSpend Corporation.

While there Mr Cregan oversaw a

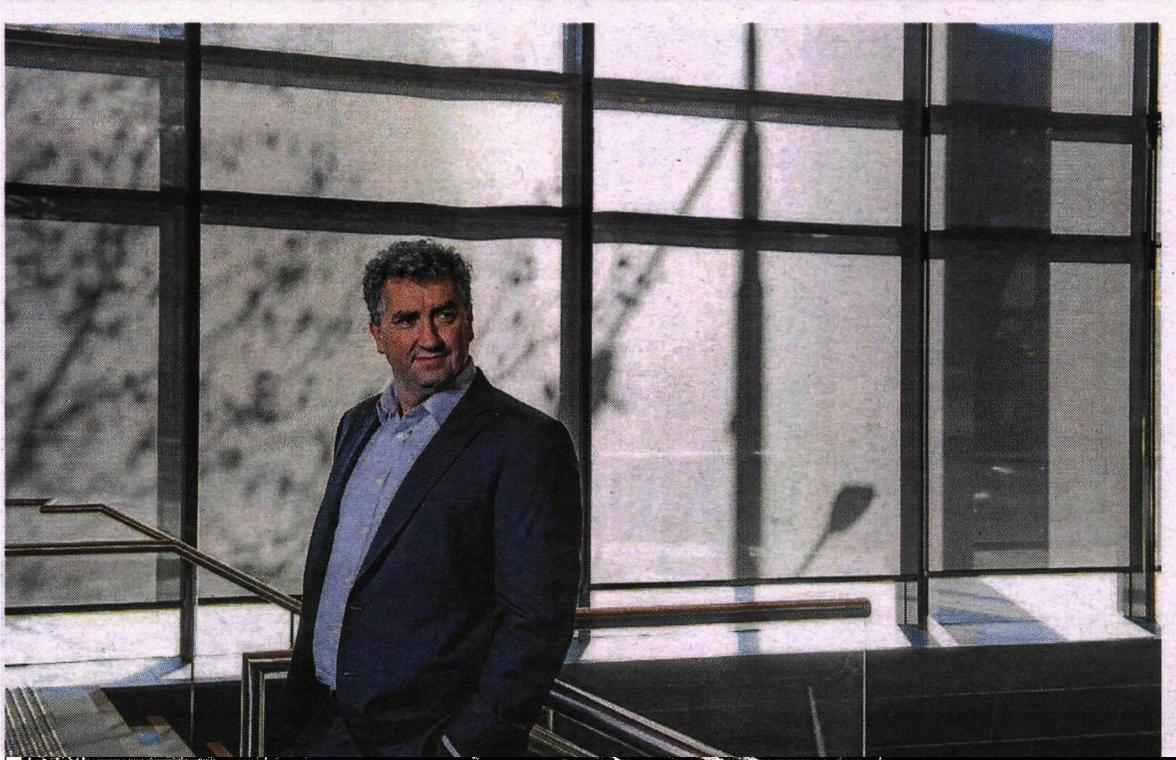
change in focus from gift cards to reloadable cards used by employees and customers.

"We had \$37 million EBITDA and about \$35 million of that was from gift cards," said Mr Cregan. "But I didn't think that sustainable so I told the board we should change. By the end we had 2 million customers and were doing \$85 million EBITDA, mostly from the reloadable cards."

Mr Cregan has tried a similar change at Emerchants, where board members include former Bank of Queensland CEO **David Liddy**, ex-Alinta CEO **Bob Browning** and Peter Martin, the former boss of Rothschild Australia Asset Management. Former Macquarie boss **Allan Moss** and Seven West Media director **Peter Gammell** are also shareholders.

As well as the bookmakers, Emerchants has signed deals to provide pre-paid cards for petty cash and employee expense purposes with several charities and the Queensland government.

Its shares have doubled in the past 12 months. Mr Cregan said Emerchants is on track to come close to breaking even by the end of the 2015 financial year.



Tom Cregan from Emerchants says its customers will roll out their debit cards by September. PHOTO: JESSE MARLOW