

INTERVIEW

RS2's growth fuelled by evolution of payments industry

30 years after its relocation to Malta to implement a card-based management system for a leading local bank, RS2 is today servicing some of the world's largest banks, financial institutions, fintechs, acquirers, and payment service providers across the world. "Notwithstanding global economic slowdown and a period of sluggish growth and heightened inflation, RS2's expansion in Europe and Latin America led to several key milestones and significant growth in 2023 and the outset of 2024 is already promising," states Radi Abd El Haj, Chief Executive Officer of RS2.

Established in 1988 in Frankfurt as a software solutions provider, RS2 began offering core banking applications to banks and financial institutions and transforming into a global payments processor and technology provider with seven offices worldwide.

"Today, RS2 empowers some of the world's largest banks, financial institutions, fintechs, acquirers, and payment service providers across Europe, the US, Latin America, Asia Pacific, and the Middle East who rely on RS2's platform and expertise to underpin their international acquiring and issuing activities, leveraging RS2's cloud-native, modular platform enabling fully configurable payments setup and fast time-to-market through a single API integration," explains Abd El Haj.

RS2 relocated its headquarters to Malta in 1993 to implement a card-based management system for the then Mid-Med Bank.

"In the 1990s, card management systems were a niche market and we focused more on developing and distributing our card management software, BankWORKS® and sought expansion into the Central and

Eastern European and Mediterranean markets."

15 years later, in 2008, RS2 went public with an initial public offering on the Malta Stock Exchange and a promise to be at the forefront in payments processing technology. In fact, in 2013, the company started focusing on offering a new processing solution as a 'managed service,' providing development and maintenance services to licensed clients and expanding operations in North America, Asia Pacific, and the Middle East.

"2020 was a milestone year as RS2 entered a new era with the launch of merchant services in Germany to combine banking and consumer services on one single platform, a strategic move which unveiled Beyond by RS2, a new brand of merchant solutions offering full payment services to merchants, partners, ISOs, from card acceptance, payment processing to POS terminals, SoftPOS, eCommerce solutions, value-added services and card issuing services," he explains.

In 2022, RS2 obtained an e-Money Institution license from the German regulator, the German Federal Financial Supervisory Authority (BaFin), for its

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subsidiary RS2 Financial Services GmbH.

El Haj notes that the particularly challenging economic environment brought by the past few years saw RS2's resilience turn these challenges into opportunities for further growth.

"The pandemic propelled the adoption of digital financial transactions and electronic payments, as remote and hybrid working and living became more prevalent, a surge in digital payments that significantly influenced RS2's processing solutions business and led to an uptick in transaction volumes."

"And while the Russian invasion of Ukraine exacerbated the global economic slowdown, leading to a period of sluggish growth and heightened inflation we kept witnessing notable increases in client inquiries and demands which resulted in significant growth and several key milestones in the second half of 2023 and the beginning of 2024."

El Haj explains how notable deals in the US, namely a major processing outsourcing agreement signed with one of the largest acquirers in the United States to provide merchant payment processing technologies and services for a six-year term, as well as a strategic plan for expansion in Europe and Latin America continue to fuel RS2's growth.

"We managed to close 2023 positively by securing various processing outsourcing deals with leading acquirers globally

while also gaining traction in the acquiring sector in Europe," he adds.

RS2's global expansion continues in key regions such as the US, APAC, and Latin America with Colombia, Peru, and Mexico being the latest additions.

"2024 will see us adding the Dominican Republic and Chile to our global network and efforts are also underway to further extend our presence in the Middle East and Africa, all supported by our state-of-the-art, cloud-native platform, BankWORKS."

RS2's latest product enhancements such as the introduction of a new servicing portal, reconciliation services, and an orchestration layer to facilitate the digitalization and integration of clients' businesses are key to the company's consistent growth.

"We also launched our Beyond SoftPOS solution to further diversify our offerings. The flexibility, cost-effectiveness, security, and user-friendliness of this solution now make it appealing to a wider merchant base including those in the catering industry, delivery businesses, reselling partners, and acquirers."

El Haj notes how RS2's growth is being reflected in the value to shareholders and on the back of the positive performance outlook, in August 2023, the board of directors had declared a €3m interim scrip dividend with the option to receive

their dividend either in cash or in new Ordinary or Preference shares as applicable. The dividends were paid/shares were allotted in November 2023.

"We know that as the payments industry continues to evolve, 2024 will be a year of significant innovation, and change but also more growth for RS2," he adds.

"Our focus will remain on making payments more convenient, secure, and personalized for merchants and consumers through cutting-edge technology and security measures on one single platform to provide seamless online and in-store payment experiences while we keep implementing and delivering our strategy for more growth and expansion across Europe and the US," he concludes.

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