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PLATINUM 70 YEAR

MoneyMe completes SocietyOne merger, names new management

SocietyOne chief executive Mark Jones is leaving after MoneyMe formally completed its acquisition of the unlisted non-bank lender on Tuesday. MoneyMe chief executive Clayton Howes will stay on at the helm of the combined entity.

The merger is part of a wave of consolidation in the non-banking lending space, as smaller players race to build scale and private equity interest increases. Last week, Blackstone sold its 70 per cent stake in unlisted Latrobe Financial to Brookfield Asset Management for about \$1.6 billion.

Shares in lenders Pepper Money, Judo, Latitude Financial and Liberty Financial have all traded well below their recent initial public offering levels, as investors wait for proof the freshly listed lenders can weather the rising interest rate environment.

With \$994 million in its loan book – or a 68 per cent increase – and about \$150 million in revenue from the combined entity, Mr Howes thinks the company's product suite, which spans lending, credit cards, transactional accounts and buy now, pay later, will set it up to take on the major banks.

"The combination of MoneyMe and SocietyOne will lead us to being a formidable non-bank lender and closes the gap to the major banks," Mr Howes said.

The Lachlan Murdoch, Ryan Stokes and James Packer-backed SocietyOne was expected to pursue a listing on the ASX but in December agreed to the \$132 million takeover offer.

SocietyOne board member Dave Taylor will join the MoneyMe board. He said the two entities had very little customer overlap and would work well to broaden channels to market.

"The two businesses do bring together very complementary distribution opportunities," Mr Taylor said.

Last month MoneyMe had to scrap equity raising plans to complete the merger and instead turned to private equity giant PEP for \$25 million.

Mr Howes said MoneyMe had been a tightly held stock and the institutional placement was pulled because of geopolitical uncertainties despite support from shareholders.

“With the geopolitical situation we thought we would rely on our existing relationship with PEP,” Mr Howes said, adding the \$25 million comprises primarily a debt instrument, with some form of warrants.

Mr Taylor said the merger would broaden MoneyMe’s register and range of institutional investors.

“The bulk of SocietyOne’s register which comes across to MoneyMe is larger institutional investors, particularly banking entities, super funds and Westpac – all of those saw good value in this business model and good value in the amalgamation,” Mr Taylor said.

News Corp, Seven West Media, Consolidated Press Holdings, Australian Capital Equity and Reinventure Group, which is backed by Westpac, backed the deal, which resolves issues around SocietyOne’s slow pace of product development and its ageing technology systems.

The combined entity will run on MoneyMe’s proprietary platform Horizon.