



Unlocking Value in Asia's Portfolio Companies: Why Payments Deserve More Attention



5 October 2025

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In Asia's private equity market, operational performance improvement is the key to delivering returns. With multiple expansion increasingly constrained, sponsors are under pressure to create tangible EBITDA gains within compressed holding periods. Traditional levers such as pricing, procurement and working capital, remain vital, but firms that consistently surface overlooked, high-impact opportunities will differentiate themselves.

Payments as a Performance Lever

In the dynamic world of consumer retail and services, payments are far more than a line item in the P&L—they form the essential backbone of every transaction, underpinning both operational continuity and customer experience. Yet, despite their centrality, payments are too often relegated to the status of a hygiene factor: a routine necessity, managed quietly in the background, unexamined by leadership until an issue surfaces. This oversight is

costly. The reality is that even marginal improvements in payment terms-such as a few basis-point reductions in merchant fees, or more favourable settlement schedules-can have an outsized impact on EBITDA. For businesses handling millions in sales, fine-tuning payment infrastructure delivers direct, measurable gains to the bottom line.

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But the significance of payments extends well beyond cost containment. Payments are inextricably linked to revenue growth and capital efficiency. The friction or fluidity of a payment process can shape conversion rates, influence brand perception, and ultimately decide whether a customer returns or walks away. In a sector where customer experience is paramount, the ease and flexibility of payment options are critical levers for loyalty and differentiation. Further, the mechanics of collections-from authorisation to reconciliation-impact working capital cycles and cross-border cash flow, contributing directly to financial agility and risk management.

In short, payments sit at the intersection of cost, revenue, and capital efficiency in consumer-facing industries. When businesses reframe payments as more than a back-office function, they unlock strategic advantages that ripple across the organisation. This nuanced understanding is especially vital for private equity investors and value-focused leaders, who increasingly view payments as a lever for value creation, not just a technical necessity. Next, let's take a closer look at how payments can be harnessed as a powerful tool in the PE value-creation playbook.

Direct Cost Optimization

One of the most immediate and impactful ways payments influence enterprise performance is through direct cost optimization. The interplay between merchant fees, acquirer relationships, and payment processor negotiations is complex and often daunting-but it is precisely here that expertise yields tangible savings. Organizations that proactively negotiate their merchant fee structures, whether through volume commitments, alternative

settlement schedules, or the adoption of emerging payment rails, routinely realize significant reductions in cost.

***Leveraging data-driven
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For businesses operating across multiple jurisdictions, structuring interchange rates and settlement terms demands both local market knowledge and a global perspective. By leveraging data-driven insights and benchmarking fee structures across geographies, companies can identify discrepancies and opportunities, ultimately driving harmonization and cost reduction. In certain sectors, there is also the possibility to transparently pass on specific payment-related fees to customers-provided such moves are carefully calibrated so as not to disrupt transaction volumes or erode brand trust. The key is strategic execution, clear communication, and a thorough understanding of sector-specific sensitivities.

Adjacent Revenue & Partnership Opportunities

Payments are not just about minimizing costs; they are also a gateway to new revenue streams and innovative partnerships. As the digital payments ecosystem matures, businesses are increasingly capitalizing on affiliate marketing and joint promotions with credit card networks, digital wallets, and Buy Now Pay Later (BNPL) providers. These collaborations go beyond mere transactional relationships-they enable co-branded card programs, loyalty integrations, and customer acquisition campaigns that deliver measurable returns.

Joint promotions with payment partners can dramatically amplify reach and brand equity, while thoughtfully designed co-branding initiatives can become powerful tools for customer retention and engagement. The rise of digital wallets and BNPL solutions offers further avenues for cross-promotion and audience expansion, ensuring payments are interwoven with the broader marketing and commercial strategy. By viewing payment partnerships as strategic, not merely technical, organizations unlock incremental revenue and deepen customer relationships.

Collections & Working Capital Management

Optimizing collections and settlement cycles directly impacts working capital—a critical metric for any business with recurring cash flow requirements. Shortening settlement cycles, whether with payment processors, acquirers, or alternative payment providers, accelerates cash inflows and improves liquidity. This agility is particularly vital for businesses with high transaction volumes, seasonal variability, or complex revenue models.

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Technology plays a central role in transforming collections. Automated recurring billing, subscription management platforms, and dynamic invoicing solutions reduce the risk of late or missed payments, providing stability and predictability. Integration with enterprise resource planning (ERP) and customer relationship management (CRM) systems further enhances visibility into receivables, allowing organizations to track, analyze, and optimize collections in real time. The result is a more robust, responsive, and resilient working capital position that supports growth and innovation.

Cross-Border & FX Flow Optimization

For regional retail chains, service providers, and global e-commerce operators, the challenges associated with cross-border payments and foreign exchange (FX) management are particularly acute. Fragmented flows, fluctuating FX spreads, and unpredictable transaction costs can erode margins and introduce volatility. The solution lies in consolidation, technology, and strategic partnerships.

By centralizing payment flows and leveraging specialized fintech solutions, businesses can reduce FX spreads and minimize transaction costs, ensuring funds move efficiently and at the lowest possible cost. Advanced platforms provide real-time FX management and hedging tools, enabling businesses to mitigate currency risks and protect profitability. These capabilities are essential for organizations with significant international exposure,

helping them navigate volatility while capturing the benefits of borderless commerce.

Mobilising Payments for Private Equity Growth

Payments are not merely transactional - they are transformational, and they deserve a place in every private equity value-creation agenda.

In a recent engagement, we supported a private equity backed multi-site operator, with 30 locations turning over in excess of \$200 million. The mandates span revenue growth (including pricing and new product offerings), customer retention, cost optimization.

***Case examples shows
recurring savings of
0.3% of revenues
through a targeted
effort***

One of the workstreams focussed on payment optimization. By consolidating the company's patchwork of providers, renegotiating fee structures with acquirers, and selectively passing through certain premium card fees to members, the business realized savings equivalent to 0.3% of revenue. These are not one-off savings but recurring annual improvements that directly hit the bottom-line and valuation of the business.

To put this in perspective:

- That impact exceeded the annual EBITDA contribution of several "front-of-house" growth initiatives.
- It required minimal investment and was executable within months, delivering fast, tangible results aligned with a PE timeline.
- At the same time, the introduction of smarter billing systems reduced failed collections and improved member experience—a double win of efficiency and customer loyalty.

This case demonstrates how payments, often overlooked, can rival or surpass traditional levers in impact, while offering repeatability across a portfolio.

Payments are no longer just a back-office function - they are a fast, repeatable lever for value creation. For private equity sponsors under pressure to deliver EBITDA gains within short holding

periods, payments optimisation offers one of the most direct and scalable opportunities available. Small shifts in fee structures, settlement terms, and collections processes can generate outsized returns that flow straight to the bottom line and increase exit valuations.

Across a portfolio, the impact compounds. Standardising payments creates synergies, improves liquidity, and enhances customer experience - all while requiring minimal capital investment. For sponsors looking to surface quick wins and build sustainable performance improvements, payments deserve a permanent place in the value-creation playbook.

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Advisor profiles

Michel Brekelmans is Managing Director at SCP/Asia based in Singapore. He has over 25 years of experience in strategy consulting, M&A and performance improvement. Before founding SCP/Asia in 2016, Michel spend 20 years at L.E.K. Consulting, initially in London and Los Angeles and from 2002 in Asia. Michel was a Senior Partner, member of L.E.K.'s Asia Regional Management Committee and led L.E.K.'s offices in Singapore and Greater China. He can be reached at: m.brekelmans@scpartnersasia.com.

David Lunt is the founder of Payment Matters and has over 20 years of experience in payments, financial services, and transport. He has led major projects across Australia, the UK, and Asia, with expertise in strategy, vendor negotiations, risk management, and regulatory engagement. David's focus is on helping businesses simplify complex payment ecosystems, uncover hidden costs, and deliver measurable improvements in efficiency, customer experience and revenue. David's direct email is: davidl@paymentmatters.com.au.



SCP/Asia was founded in 2016 by bringing together a group of experienced professional advisors with supplementary skills in consulting, research, and industry. We help our clients by creating clarity and consensus on what drives the value of their business and by working together to develop strategies, evaluate investments and implement solutions that are highly focused on the most critical areas that drive growth and profitability.

Our clients include PE/VC investors, portfolio companies and corporate clients across Asia and our expertise is concentrated in the following domains:

- **Consumer:** Retail, Consumer Products & Services, Education, F&B, Media & Entertainment, Travel
- **B2B:** Industrial, Business Services/ Industrial Services, IT Solutions, Chemicals, Energy, Power & Cleantech
- **Healthcare:** Pharma & Biotech, Medtech, Healthcare Services, Wellness, Pharma Value Chain

For more info visit <http://scpartnersasia.com> or e-mail info@scpartnersasia.com.



Payment Matters was founded to help businesses gain clarity and control over their payment ecosystems. We work with clients to uncover hidden costs, simplify complex fee structures, and build smarter strategies that reduce spend and improve efficiency. Our approach combines near-term cost savings with longer-term resilience, ensuring payments become a lever for growth rather than just a back-office necessity. Our clients include mid-sized and enterprise businesses across Australia and internationally, with expertise concentrated in the following areas:

- **Cost optimisation:** forensic audits of processing fees, interchange, and scheme costs
- **Operational efficiency:** streamlining authorisation, settlement, and reconciliation processes
- **Strategic planning:** building future-ready payment models across cards, wallets, and emerging rails
- **Governance and risk:** supporting compliance, resilience, and regulatory alignment

For more information visit <https://paymentmatters.com.au> or paymentmatters.blog.

Turning Payments into Portfolio Gains

For operating partners, payments are a fast, repeatable lever for EBITDA growth. Unlike front-of-house initiatives, optimisation here requires minimal capex and delivers measurable results in months. The impact compounds across a portfolio, higher cash conversion, stronger customer retention, and improved exit valuations.

Next step: Commission a rapid diagnostic on one of your portfolio companies. Within days, you'll know whether payments are leaving value on the table, and how to capture it.

Contact us today to schedule a payment diagnostic and unlock hidden EBITDA gains in your portfolio.

