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Debit card startup to expand, add jobs

Wilmington firm wins venture-fund backing

By *ANDREW EDER*
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A Wilmington startup is looking to expand its payment card business, aided by a round of financing from investors including a Wilmington venture fund and the state of Delaware.

Maverick Network Solutions is "aggressively" looking for employees in the areas of sales and operations and hopes to quadruple employment to 20 by the end of the year, said CEO Jim Shanahan.

Shanahan, one of four payment industry veterans who started Maverick in 2006, said the company is looking to take advantage of developments in the industry that have expanded access to card networks and allowed for new types of payment technologies. Maverick offers prepaid cards and "private-label" debit cards issued by stores.

"We think it's a real game changer to be able to offer consumers an alternative debit card through the merchants," he said.

Maverick's planned expansion is backed by an investment from a group led by venture funds Innovation Ventures LP of Wilmington and Emerald Stage2 Ventures LP of Philadelphia. Shanahan said the financing totaled \$1.5 million.

The Delaware Economic Development Office contributed \$500,000 to the investment round through its emerging technologies pre-venture fund, which targets startups poised for rapid growth.

Maverick, which markets its products to businesses, began selling cards in September. Shanahan said its most popular product is the private-label debit card, which deducts payments from a consumer's checking account but can be used only at the issuer's stores.

Shanahan said Maverick's target market of gas stations and convenience stores benefit from the debit card by saving on credit card fees -- a typical store's third-largest operating expense, behind labor and rent.

Maverick's fees are 50 percent to 75 percent less than typical credit card fees, Shanahan said. In turn, the retailer can offer incentives like loyalty or reward programs to attract consumers to the debit cards.

Maverick also markets prepaid cards that companies can use as promotional tools, employee incentives or even as a way to distribute pay to workers.

The credit card industry, a Delaware mainstay since the passage of the Financial Center Development Act in 1981, is suffering amid a recession and impending regulatory changes. Card issuers are laying off employees and restricting access to credit.

Shanahan, formerly of MBNA, sees advantages for Maverick in the credit card industry's struggles, beginning with a surplus of industry talent available in the area.

Maverick also can position its debit cards as a cost-saving measure for businesses, an easy sell during a recession, Shanahan said.

And he said the company should benefit from industry trends that have seen consumers make more transactions on debit cards than credit cards since 2005.

"It [debit] is definitely going to expand its lead given the economic conditions," Shanahan said.
