



THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



**PREVIEW**

# Alternative Payments: Product Overviews



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# Alternative Payments Market

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## WHAT IS THIS REPORT?

This 39 page report provides a detailed look at 28 companies that provide a variety of products and services that enable electronic payments. These companies fall within several categories including: card brands, mobile wallets, card readers and apps, P2P/eCommerce, and prepaid. Company profiles provide a wealth of facts and figures such as product overviews, partnerships, recent news, technology, recent developments and other relevant statistics for some of the largest and most established payments providers as well as specialized and up-and-coming industry participants. In addition to the company profiles, this report also includes a one-page overview of some key market statistics on the alternative payments marketplace.

## WHY IS THIS USEFUL?

This information provides a look at the landscape of the mobile and alternative payments marketplace. The report is an excellent tool for competitive awareness, potential partner identification, and general reference purposes.

## HOW CAN IT BE PURCHASED?

To order online with a credit card, please [click here](#). The report is \$2,150.

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**WESTERN UNION WU**  
moving money for better



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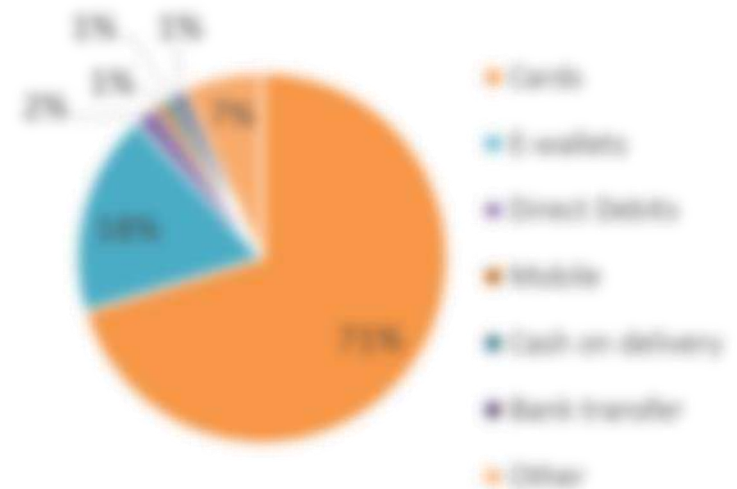


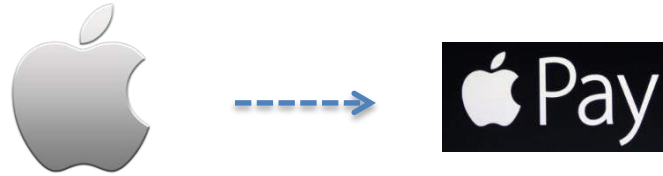
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- 2013 U.S. retail eCommerce sales: \$263.3 billion  
*Source: Statista*
- Estimated 2014 U.S. Retail eCommerce sales: \$304.3 billion  
*Source: Statista*
- Estimated 2017 U.S. Retail eCommerce sales: \$440.4 billion  
*Source: Statista*
- Merchant spending from the top 50 prepaid card issuers: \$118 billion in 2013, \$ 32 billion transactions  
*Source: The Motley Fool*
- 2013 North America mobile payments volume: \$37 billion  
*Source: VeriFone*
- 30 percent of the top 100 internet retailers offer a form of alternative payment  
*Source: Statista*
- Online purchases made using alternative payments (any form of payment other than credit or debit cards) will rise to 59% in 2017 from 43% in 2012.  
*Source: Statista*

U.S. eCommerce Sales By Payment Type  
*Source: Statista*





Overview	Recent Developments / Pilots	Recent News
<ul style="list-style-type: none"> <li>Apple Pay is a contactless payment technology utilized through the NFC chips within Apple Watch and iPhone 6</li> <li>One touch pay with Apple's Touch ID</li> <li>Also works in apps, for example making a purchase through Target's iOS app</li> <li>Cards are stored via Passbook                             <ul style="list-style-type: none"> <li>Add iTunes credit/debit card or take a picture of a new card to add</li> <li>Passbook also stores boarding passes, tickets, coupons and more</li> </ul> </li> <li>A unique Device Account Number is assigned, encrypted and securely stored in the devices 'Secure Element' instead of using your actual credit/debit card numbers                             <ul style="list-style-type: none"> <li>Actual card numbers are never shared with merchants</li> <li>Apple doesn't store transaction details – Passbook stores recent purchases</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Apple Pay will roll-out in October 2014 at 220,000 stores in the U.S.</li> <li>Negotiated deal with leading issuers to provide card present rates for transactions made on Apple's mobile payment platform                             <ul style="list-style-type: none"> <li>Deal also gives Apple a portion of the card present interchange fees, around 15 basis points on each transaction</li> <li>Rates will not apply to a new buy button in EasyPay Apple has developed</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>9/11/14 – <a href="#">Apple Pay's Success Could Hinge on Who Pays Transaction Fees</a></li> <li>9/10/14 – <a href="#">Will Stores Warm Up to Apple Pay?</a></li> <li>9/10/14 – <a href="#">Why Banks are Buying in to Apple Pay</a></li> <li>9/09/14 – <a href="#">Payments Processors Hold Key Tokenization Role in Apple Pay</a></li> <li>9/09/14 – <a href="#">Here's Apple Pay in Action</a></li> <li>9/09/14 – <a href="#">Apple Announces Apple Pay</a></li> </ul>
<h3 data-bbox="343 953 490 982">Technology</h3> <ul style="list-style-type: none"> <li>NFC along with Touch ID fingerprint recognition</li> <li>Apple hardware's 'Secure Element'</li> <li>Apple iOS operating system</li> <li>iBeacon: Bluetooth low-energy allowing retailers to identify customers, provide offers and take payments                             <ul style="list-style-type: none"> <li>In place at Apple stores, and a limited retail locations that include Macy's, American Eagle, Safeway, and Giant Eagle</li> </ul> </li> </ul>	<h3 data-bbox="942 749 1051 778">Partners</h3> <ul style="list-style-type: none"> <li><b>Merchants:</b> BabiesRUs, Bloomingdale's, Disney, DuaneReade, Macy's, McDonalds, Nike, Panera, Petco, Sephora, Staples, Subway, ToysRUs, Unleashed, Walgreens, Disney Parks, Whole Foods</li> <li><b>In-app merchant partners:</b> Disney, Groupon, Instacart, MLB, OpenTable, Panera, Sephora, Starbucks, Target, Tickets.com, Uber</li> <li><b>Card brands:</b> Visa, MasterCard, and American Express, while Discover and China UnionPay will join shortly</li> <li><b>Card issuers:</b> JPMorgan Chase, Bank of America, Capital One, Citi, Amex, Wells Fargo (coming soon: Barclaycard, Navy Federal, PNC, USAA, US Bank)</li> </ul>	<h3 data-bbox="1450 811 1638 839">Differentiators</h3> <ul style="list-style-type: none"> <li>Potential to be highly disruptive as Apple has done with past products</li> <li>Large brand following with 40% of U.S. smartphone market share and more than 800M iTunes accounts that include payment details</li> <li>Proven reputation of simple, seamless technology</li> <li>Well positioned for adoption due to partnerships with card brands, banks, and merchants</li> <li>Security claims will most likely ease customer fears</li> <li>Good timing as more consumers are aware of mobile payments and more merchants have means of accepting</li> </ul>

# About TSG

*The Strawhecker Group* (TSG) is a management consulting company focused on the electronic payments industry.

## *TSG's Service Groups*

**Payments Strategy** - Payments Strategy encompasses the full spectrum of advisory services within the Payments Industry. The depth of these services is built on deep industry knowledge - the Partners and Associates of the firm have an average of over 20 years of industry experience. With clients from card issuers to merchant acquirers, TSG has the experience and expertise to provide real-time strategies.

**Transaction Advisory** - Whether buying or selling, seeking investment funding, or planning your company's exit strategy, TSG's experience can be critical to achieving success. TSG has performed more than 100 Payments Company Valuation and/or Business Assessments in the past three years - ranging in value from \$1 million to \$1 billion.

**TSG Metrics** - TSG Metrics, the strategic research and analysis division of TSG, provides the Payments Industry with highly focused research and industry-wide studies. TSG Metrics takes data, boils it down to information, transforms it to knowledge and presents it to provide wisdom to its client partners.

## *TSG's Unparalleled Experience*

TSG consists of Industry leaders with extensive experience leading teams through explosive growth periods, mergers and acquisitions, and international and domestic expansion within the Payments Industry. Both Partners and Associates of the firm have held key senior management positions at leading industry companies including First Data / First Data International, Visa Inc., MasterCard, TSYS, Humboldt Merchant Services, WorldPay, Heartland Payment Systems, Cardservice International, iPayment, Alliance Data, RapidAdvance, Accenture Consulting, Redwood Merchant Services, Chase Paymentech, as well as other leading financial institutions and Payments companies.

## *TSG's Influence Shapes the Payments Industry*

Over the last three years, TSG has completed over 400 projects for more than 200 different clients including financial institutions, merchant acquirers, card issuers, card associations, technology providers, ISOs, processing companies and the investment community. Additionally, the firm and its Associates sit on several industry committees whose focuses range from emerging product development to governmental regulation advisement.

*Other recent TSG reports and analysis include (Click for more information):*

The Top 10 Ways  
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Breach

TSG Analysis: Global  
Acquisition of PayPros

What Benefits Me By  
Paying a Credit Card  
Swipe Fee

TSG Mobile Payments  
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Economic Indicators  
Report

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