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## This Week's NewsFilter...

2013 is here, what will happen in the payments industry this year?

According to a survey, [mobile payments will boom in 2013](#), [Starbucks will sell coffee alongside Square readers](#), and [Justin Bieber will push prepaid](#).

It will be an interesting year to say the least!

### Other Highlights:

+ [No U.S. Bank Is Safe](#)

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## Featured

### Potential Investor - Acquisition Opportunity

TSG has been retained by a [large Top 30 Acquirer](#) who is looking to purchase selected merchant acquiring enterprises that are in certain merchant verticals and/or possess certain feature/function technology.

- The buyer is interested in ISOs with the following vertical expertise: agent bank channel, association marketing, eCommerce market expertise or other growth oriented vertical sales channel.
- ISOs that have relationships with Independent Software Vendors (ISV) or Business Management Software companies are also of high interest.
- The buyer is also interested in ISOs that have access to or have developed certain technology applications such as prepaid card processing, loyalty/demand generation specialty, or gift card technology
- The buyer will consider a post-closing role(s) for senior executives desiring continuity with the acquirer and its dynamic growth strategy.

If interested in selling all or part of your Payments enterprise/business, please [contact us](#) and let us know the vertical expertise or technology capabilities your company possesses.

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

[TSG MPPS Benefits](#)

[MPPS Example Executive Summary](#)

[Case Study: Driving Value Through Competitive Bidding](#)

[Should Traditional Merchant Acquirers "Beware of Square"](#)

## This Day in History: 1999 *The euro Debuts*

On this day in 1999, for the first time since Charlemagne's reign in the ninth century, Europe is united with a common currency when the "euro" debuts as a financial unit in corporate and investment markets. Eleven European Union (EU) nations (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain), representing some 290 million people, launched the currency in the hopes of increasing European integration and economic growth. Closing at a robust 1.17 U.S. dollars on its first day, the euro promised to give the dollar a run for its money in the new global economy. Euro cash, decorated with architectural images, symbols of European unity and member-state motifs, went into circulation on January 1, 2002, replacing the Austrian schilling, Belgian franc, Finnish markka, French franc, German mark, Italian lira, Irish punt, Luxembourg franc, Netherlands guilder, Portugal escudo and Spanish

## U.S. Continues to Add Jobs at Slow Pace, Report Shows

1/04/13 *The New York Times*

Despite their concerns about looming tax increases and government spending cuts, American employers added 155,000 jobs in December, about apace with job growth over the last year, the Labor Department reported on Friday. The unemployment rate was 7.8 percent, the same as in November, whose rate was revised up from 7.7 percent. "It's another month of fairly stable, solid, moderate job creation."

## Survey: Despite Initial Missteps, Mobile Payments Will Boom in 2013

1/02/13 *GigaOm*

This year the mobile wallet was a bust here in the U.S., but a panel of 200 mobile industry execs, developers and insiders think mobile payments will be among the most compelling consumer applications in 2013, along with social networking and location apps. According to the new survey mobile payments and commerce will not only get big but they'll be powered largely by the old-school financial companies.

## Challenges Plague ATM Industry In 2012

1/03/13 *ISO & Agent*

ATM deployers aren't likely to experience many years as interesting - or challenging - as 2012. The year began with the race to meet a March 15 deadline to adhere to Americans with Disabilities Act regulations. Advancements also came in mobile deposit, video tellers and prepaid-card issuing from ATMs. Meanwhile, they began to shoulder the burden of the United States' EMV smart card transition.

## Fiscal-Cliff Deal Passes Congress

12/31/12 *MarketWatch*

After a day of wrangling, the House of Representatives voted Tuesday night to pass a bipartisan deal undoing the fiscal cliff of austerity measures, which began going into effect at the start of the year. The final vote tally was 257 to 167. A majority of Republican House members opposed the bill, with a total of 151 Republicans and 16 Democrats voting against it.

## TSG Releases New, Expanded Directory of U.S. Merchant Acquirers - *Do You Know the Industry's Top Players?*

12/21/12 *TSG Metrics*

*TSG's Directory of U.S. Merchant Acquirers* provides profiles on 200 companies that include the country's top tier acquirers, along with supplemental ISOs and technology-centered acquirer's. Company profiles provide factual insights that include (as available) processor relationships, vertical specializations, dollar volume statistics, transaction counts, active merchant outlet totals, key management, corporate structure, business overview, sponsor banks, and recent announcement links.

[Click here for report preview.](#)

Report price: \$2,900 // [Click here to order](#)

peseta. A number of territories and non-EU nations including Monaco and Vatican City also adopted the euro.

Conversion to the euro wasn't without controversy. Despite the practical benefits of a common currency that would make it easier to do business and travel throughout Europe, there were concerns that the changeover process would be costly and chaotic, encourage counterfeiting, lead to inflation and cause individual nations to lose control over their economic policies. [Click here to read more.](#)

## **Mobile Payments**

### **Starbucks Gives Square Another Leg Up**

*1/03/13 The Street*

Square's deal with Starbucks may have huge ramifications for the mobile payments industry, and by selling its mobile payment readers in 7,000 Starbucks U.S. stores, it'll give Square another heads up on the competition. According to media reports, Starbucks will sell its readers in the stores, further adding to the deal the two companies agreed in August, whereby Square's service would be used in 7,000 Starbucks U.S. locations.

### **Bieber Joins Ex-Addicts Fighting Chase in Prepaid Market**

*1/01/13 Bloomberg*

The allure of the fast-growing U.S. market for prepaid debit cards is pitting niche players like pop star Justin Bieber against financial giants including JPMorgan Chase & Co. and American Express Co. Both Bieber and JPMorgan want to sell more of the cards, a part of the financial services business that holds as much as \$1.7 billion in potential fees for banks seeking new revenue streams as they face growing competition and regulation.

### **The Year Ahead for NFC: Commercial Launches at Hand**

*1/03/13 NFC Times*

The 10-year anniversary of the official birth of NFC came and went quietly on Sept. 5, 2012. It was on that day ten years ago that co-creators of the technology, NXP Semiconductors, then called Philips; and Sony; first announced their development of NFC. But the companies last September issued no press releases commemorating the anniversary and made no mentions on their blogs or on Twitter.

### **2013 Unlikely to Be UK's Year of the Mobile Wallet**

*1/04/13 Finextra*

Smartphone penetration in the UK may be 60% and rising but 2013 is unlikely to be the year of the mobile wallet, according to ICM Research. A survey of 2015 Brits shows that a third would definitely or probably use their mobile as a wallet to make payments, collect vouchers, to use as event tickets and on public transport.

## **Regulation & Security**

### **DDoS Hacktivists: No U.S. Bank is Safe**

*1/02/13 Bank Info Security*

The hacktivist group Izz ad-Din al-Qassam Cyber Fighters claims that its second phase of distributed-denial-of-service attacks has affected nine banks since Dec. 11, and it warns that more attacks are on the way. "Rulers and officials of American banks must expect our massive attacks! From now on, none of the U.S. banks will be safe from our attacks," the hacktivists write in a Jan. 1 post on Pastebin.

### **The FDIC Urges Banks To Ride Herd on Their Mobile-Payments Partners**

*12/31/12 Digital Transactions*

Mobile payments are the all the rage in the banking, retailing, and software industries, but the Federal Deposit Insurance Corp. is cautioning banks to keep a short leash on their mobile-payments vendors. The FDIC also warned in a recent report that banks' role in mobile payments could be reduced as providers seek to simplify complex existing payment processes.

## **Economy**

### **December Retail Sales Up Despite Setbacks**

*1/03/13 USA Today*

December retail sales ended on a high note, with better-than-expected results, despite setbacks, in the form of Hurricane Sandy and fiscal cliff-weary customers. Sales for the month rose 4.8% excluding drug stores, according to Retail Metrics, whose most recent forecast was for a 3.4% gain. "A few retailers had a strong month and it really lifted the number up," Perkins says. "That final week was stronger than most of us thought it was."

### **JCPenney Is Predicted To Vanish In 2013 By People Who Are Truly Awful At Predictions**

*1/02/13 StorefrontBacktalk*

It's New Year's, which means prediction time-and JCPenney, Talbots and Pacific Sunwear are "Brands That Will Disappear in 2013," according to investment blog 24/7 Wall St. This should send a chill down the collective spines of these chains-except that these prognosticators have a lousy history of guessing which retailers will disappear. For example, in 2011 and 2012, Sears, American Apparel, A&W Restaurants, RadioShack, Zales and Blockbuster were all supposed to vanish. They're all still around.

## **Payments Press**

### **Discover Launches Game-Changing New "it" Credit Card**

*1/02/13 BusinessWire*

Discover Financial Services today announced the national launch of Discover it™, a no annual fee credit card which offers cardmembers the rewards and service for which the company is known, while providing a unique combination of features, benefits and an enhanced customer experience.

### **NCR Buys Video Banking Vendor uGenius**

*1/03/13 BTN*

NCR Corp. purchased the Sandy, Utah-based video banking software maker uGenius Technology Inc. The two companies have collaborated since 2011 in the development of an ATM that allows bank customers to talk to a teller remotely through a video connection, NCR said in its Jan. 3 announcement. NCR purchased a minority stake in uGenius in 2012. NCR did not disclose the financial terms of last year's investment or the acquisition which closed Dec. 31.

### **Primus Makes Growth Equity Investment in CardinalCommerce**

*12/31/12 Primus Capital*

**TSG Advised Primus on This Transaction**

Primus Capital today announced a growth equity investment in CardinalCommerce, the global leader in enabling authenticated payments, secure transactions and alternative payment brands both for eCommerce and mCommerce. CardinalCommerce's SaaS software platforms for merchants, banks, processors and transaction supply chain providers create friction-free interoperability among otherwise disparate and incompatible OSs and enable technology-neutral authentication across a wide range of applications.

### **Banco Popular and EVO Form Merchant Acquiring Venture in Spain**

*12/28/12 EVO*

Banco Popular has reached an agreement with EVO Payments International, one of the largest merchant acquirers in the US, to form a joint venture to provide merchant acquiring services to the Spanish market. Under the proposed transaction, EVO will acquire a controlling interest in Banco Popular's merchant acquiring business in Spain.

### **Fiserv Signs Minn. Bank to Mobile Banking Platform**

*1/03/13 Mobile Payments Today*

Tech provider to the financial services industry, Fiserv Inc., has landed another banking client for its Mobiliti mobile banking product. The company announced that Bremer Bank, an \$8.1 billion bank based in St. Paul, Minn., will use Mobiliti to power mobile banking, payments and account alerts.

### **Trust One Payment Services Is Purchased by Charge Payment, LLC**

*1/02/13 Fort Mill Times*

"Our decision to join Charge Payment reflects a unique opportunity to partner with its founder and CEO, Greg Daily, one of our industry's most successful entrepreneurs, to create a new organization with a goal of becoming one of the industry's leading merchant acquirers. Greg has previously co-founded and built two transaction processing companies, including taking both companies public.

### **UBPS Completes Acquisitions of JetPay & A D Computer**

*12/31/12 The GreenSheet*

Universal Business Payment Solutions Acquisition Corporation today announced that it completed its acquisitions of the JetPay companies and the A D Computer Corporation companies. The transactions were approved by the UBPS stockholders on December 28, 2012 and consummated on that same date.

### **Element Payment Services Named Business Solutions Magazine Best Channel Vendor for 2013**

*1/02/13 Element*

Element Payment Services, a leader in PCI compliant payment processing solutions, announces that it is the proud recipient of Business Solutions magazine Best Channel Vendor Award for 2013. The award is presented based on the input of Value-Added Resellers (VARs) and Independent Software Vendors (ISVs) across the industry and rates vendors on factors such as technology, service and support.

## Debit, Credit Card Hybrids Fall Flat

1/02/13 *American Banker*

When banks were bracing for damage to revenues from debit card fee caps two years ago, industry observers predicted they'd fight back with a new breed of hybrid products that steered consumers toward more lucrative credit card transactions. Today, such predictions look overblown at best. Instead, many banks have kept hybrid credit and debit cards in testing mode for lengthy periods, suggesting that single cards offering dual payment options are yet to live up to their initial promise - and may never do so.



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