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## This Week's NewsFilter...

MasterCard continues to make it clear that they will [charge a fee to PayPal and Google for their digital wallets](#). Initially, it sounded like Visa was planning a similar fee as well; however, that thought has been debunked and [Visa has no plans for a fee](#), nor does Discover.

LevelUp and their 'Chief Ninja' have expanded their footprint through a new [partnership with Heartland](#).

In mobile-centric news, Fast Company published two articles this week: one about [Starbuck's lackluster roll-out of Square](#) and one with [Starbuck's response to the criticism](#).

Other highlights this week include:

- [Overstock.com Joins V.me Roster](#)
- [VeriFone Announces Executive Appointments](#)
- [Visa May Have to Buy Europe System](#)

## Featured

### Digital Wallet Fee on PayPal 'Appropriate' - But Visa Has No Plans for a Digital Wallet Fee at This Point

3/21/13 Yahoo!

Visa Inc has no plans to implement a "digital wallet" fee at this point, Jim McCarthy, global head of product at the payment network, said on Thursday. The comment came amid concern Visa might follow MasterCard Inc's recent move to impose a new fee on operators of digital wallets, such as PayPal, owned by eBay Inc. A Visa spokesman said on Thursday that Scharf's comments were about evolving relationships with

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

[What Benefits Me By Paying a Credit Card Swipe Fee?](#)

**This Day in History: 1765**

## **Stamp Act Imposed on American Colonies**

In an effort to raise funds to pay off debts and defend the vast new American territories won from the French in the Seven Years' War (1756-1763), the British government passes the Stamp Act on this day in 1765. The legislation levied a direct tax on all materials printed for commercial and legal use in the colonies, from newspapers and pamphlets to playing cards and dice.

Though the Stamp Act employed a strategy that was a common fundraising vehicle in England, it stirred a storm of protest in the colonies. The colonists had recently been hit with three major taxes: the Sugar Act (1764), which levied new

payment industry participants, rather than the potential for a specific new fee from the company.

## **The Knives Come Out: Mastercard will Charge PayPal and Google for Their Mobile Wallets**

*3/20/13 The Verge*

Scharf's statement comes on the heels of an already-announced Mastercard program called the "staged digital wallet operator annual network access fee," which is a long way of saying that it will begin charging companies like PayPal when they use a Mastercard plugged into a PayPal digital wallet. Ebay, PayPal's parent company, has gone so far as to list this fee as something that could harm its business in a recent SEC filing, as Tom Noyes has pointed out.

## **Mobile-Payments Startup LevelUp Expands Its Footprint With a New Heartland Partnership**

*3/21/13 Digital Transactions*

The agreement gives LevelUp access to Princeton, N.J.-based Heartland's 800-person sales staff, which targets many of the key merchant categories LevelUp is looking to penetrate, such as restaurants, convenience stores and grocery stores. Heartland processes for about 10% of U.S. restaurants and 50,000 convenience stores, according to Ian Drysdale, president of Heartland's Network Solutions Group.

## **Not Paying by Smartphone? You Soon Will, Many Bet**

*3/21/13 The Boston Globe*

Even though most consumers don't use their smartphones to pay for anything, some of the world's largest financial institutions and dozens of small tech start-ups are making big bets on the adoption of the so-called mobile wallet. Many of them gathered Wednesday at Harvard University to hash out the future of buying and selling via smartphones and other Internet-connected gadgets during a two-day forum that includes MasterCard, PayPal, and the Boston mobile payments start-up Scvngr Inc.

## **ISOs Differentiate By Helping Merchants Accept Donations**

*3/20/13 ISO & Agent*

In perpetual pursuit of differentiation, some independent sales organizations are turning to charitable giving programs that help merchants drive donations whenever they accept credit cards. It gives ISOs an opportunity to stand out from the competition, retain and add clients, and boost revenue. It gives merchants a tool to polish their images and attract more customers.



## **Mobile Payments**

## **Starbucks's Shoddy Square Rollout Baffles Baristas, Confuses Customers**

duties on imports of textiles, wines, coffee and sugar; the Currency Act (1764), which caused a major decline in the value of the paper money used by colonists; and the Quartering Act (1765), which required colonists to provide food and lodging to British troops. [Click here to read more.](#)

*3/20/13 Fast Company*

About 7,000 Starbucks locations offer a supposedly simple system for letting customers pay with credit and debit cards using Square Wallet. Starbucks even invested \$25 million in the payments startup. So why can't baristas make it work?

### **Starbucks Execs Respond To Square Criticism: Innovation Is Messy.**

*3/21/13 Fast Company*

"We just thought a lot of people would come up and say, 'I'm going to pay with my phone,'" says chief digital officer Adam Brotman. "We didn't realize a lot of customers were going to come up and say, 'I'm going to pay with Square.'"

### **Apple's Rumored iPhone 5s Could Jump Start Mobile Payments**

*3/21/13 Forbes*

According to the U.S. Census Bureau, consumers spent an estimated \$2.4 trillion on their credit cards in 2012. That's a fertile market that is in the cross hairs of the growing mobile payment industry. Fueling that is the continued growth in the global smartphone base, particularly among Gen Z (18-23 year olds), Gen Y Millennials (24-32) and Gen X (33-46). According to Comscore, those cohorts have mobile phone penetration greater than 95% with 61%-72% of respondents having a smartphone.

### **March Madness on the Hardwoods, Mobile Madness in the Payments Arena**

*3/18/13 Portals & Rails*

As I was thinking about the upcoming tournament, I realized a similar situation is developing with mobile payments at the point of sale (POS). It seems that every day, I read an article or blog with differing viewpoints on what company, wallet, or solution will come out as the "winner" for mobile payments at the POS. This got me thinking how a "bracket" would look for the mobile payments ecosystem. Interestingly, many of the attributes usually found with the successful basketball teams in March are similar to those attributes I believe are necessary for successfully competing in the mobile payments arena.

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## **Regulation & Security**

### **ThreatMetrix Study Finds Nearly 40 Percent of Retail Organizations Have No Online Fraud Prevention**

*3/21/13 ThreatMatrix*

ThreatMetrix™, the fastest-growing provider of integrated cybercrime prevention solutions, today announced the results of a study, which found that 40 percent of retailers have no online fraud prevention in place, despite 85 percent considering online fraud prevention a high

priority. According to CyberSource's "2013 Online Fraud Report," online fraud resulted in approximately \$3.5 billion in North American revenue loss in 2012.

### **Subway Hit By Ultimate Cyberthief Inside Job: A Double-Insider**

*3/19/13 StorefrontBacktalk*

A federal indictment unsealed on Friday (March 15) involving a Subway cyberthief attack might be an example of the ultimate insider attack. The thefts were actually double-insider attacks, in that one of the accused was a former franchisee of Subway-an employee is the typical insider attack, but an owner also qualifies-and he then ran a POS company that sold systems to Subway franchisees.

## **Economy**

### **Jobless Claims Point to Layoffs at Lowest Level Since 2008**

*3/21/13 CNN Money*

Initial jobless claims rose to 336,000, from an upwardly revised 334,000 the previous week, the Labor Department said Thursday. The minor increase is not unusual, since the initial claims report is notoriously choppy. Meanwhile, a four-week moving average -- which smooths out the volatility -- shows that initial claims are at their lowest level in five years. Jobless claims are considered a proxy for layoffs, and their recent lows coincide with other data indicating that layoffs at the start of 2013 were back at pre-crisis levels.

### **Fed to Maintain Stimulus Efforts Despite Jobs Growth**

*3/20/13 The New York Times*

Employment has been increasing at a healthy clip for the last few months, but the Federal Reserve is not ready to relax just yet. "We need to see sustained improvement," the Fed's chairman, Ben S. Bernanke, said at a news conference on Wednesday. "One or two months doesn't cut it. So we're just going to have to keep providing support for the economy and see how things evolve."

### **Bernanke: We Will Do What It Takes to End 'Too Big to Fail'**

*3/20/13 American Banker*

Federal Reserve Board Chairman Ben Bernanke on Wednesday said regulators would take additional steps to eliminate the problem of "too big to fail" if current efforts fall short. Although he noted progress that regulators have made, including new capital and liquidity rules targeting the largest institutions, the central banker was clear that "too big to fail" has not yet been solved.

## **Payments Press**

### **Overstock.com Joins Roster of 35 eCommerce Merchants that Accept V.me by Visa**

*3/20/13 Daily Finance*

Visa Inc. announced that Overstock.com, Inc. is the latest top eCommerce merchant to accept V.me by Visa payments. The discount retailer added V.me as a streamlined checkout option, making it simple to enroll in the digital wallet service and checkout using only a username and password.

Overstock.com joins other leading online merchants 1-800-FLOWERS.COM, LivingSocial, Newegg.com and 31 more since V.me's launch.

### **VeriFone Announces Executive Appointments**

*3/18/13 VeriFone*

VeriFone Systems, Inc., announced the appointment of Jennifer Miles to president, VeriFone Americas; Bulent Ozayaz to president, VeriFone Southern Europe, Russia, Middle East and Northern Africa; Johan Tjärnberg to president, VeriFone Europe and Southern Africa; and Eliezer Yanay to chief operations officer, effective today. "VeriFone is committed to build on our customer focus and operational excellence," said Richard McGinn, interim CEO of VeriFone.

### **Merchants Can Leverage Transactional Data for Big Benefits, Says Tranzlogic**

*3/19/13 Yahoo! Finance*

Data-driven marketing has been a huge trend to hit the scene in recent years. But with all the talk about "Big Data" these days, it seems very few businesses in the payment industry know how to actually use Big Data to see real benefits. Tranzlogic is changing that. The company has developed a proprietary process that transforms merchant's credit card transaction data into actionable customer intelligence that revolutionizes the way they market to clients.

### **Starbucks Looks at Digital and Loyalty Momentum Around the World**

*3/20/13 Business Wire*

Starbucks world-class My Starbucks Rewards™ loyalty program continues to resonate with customers, driving increased revenue, traffic and purchases and further differentiating Starbucks from competitors. Adam Brotman, chief digital officer, announced the exciting evolution of the My Starbucks Rewards™ loyalty program into the world's first cross-channel, multi-brand loyalty program, reflecting further successful execution against the company's Blueprint for Profitable Growth strategy.

### **Update on Groupon's Breadcrumb POS**

*3/18/13 The POS News*

About a year ago, in May 2012, Point of Sale News reported Groupon's acquisition of Breadcrumb's restaurant point of sale (POS) iPad operating system. In October, we ran an overview of the system's beta release in 100 New York cafes, bars and restaurants, and the release of the POS system nationwide.

### **Visa May Have to Buy Europe System**

*3/20/13 Mobile Payments Today*

The European banks that currently own Visa Europe are thinking of setting up their own competing payments network in Europe. Not only would this mean new competition for the card giant in its European markets, but it would also mean that Visa would have to buy the European network from its current owners - at a price that could go as high as \$11 billion, industry analysts said.

### **Blackhawk Network Plans IPO of Shares Valued at \$200**

## Million

*3/18/13 Bloomberg*

Blackhawk Network Holdings Inc., a gift-card provider owned by Safeway Inc. filed for a U.S. initial public offering as consumers increase prepaid spending. The company filed to raise as much as \$200 million, which is a placeholder that may change. The stock will be sold by existing investors including Safeway, according to a filing today with the U.S. Securities and Exchange Commission.

## AOC Receives Award for Innovation in Commercial Payments

*3/21/13 AOC*

AOC Solutions, Inc. (AOC) - announced that it won a Commercial Payments International Global Excellence Award for creating an automated, electronic payments process that enables organizations to leverage their own cash-on-hand more effectively to pay for vendor goods or services instead of having to obtain a more traditional line of credit from a bank or other lender.

## Flint and NXGEN Partner to Market Mobile Payments via Thousands of SMB Channels

*3/21/13 PRWeb*

Flint Mobile, Inc. announced a partnership with Fidano. Flint provides a unique, frictionless solution for mobile small businesses by eliminating the need for extra card reader hardware or reliance on consumer adoption of a proprietary mobile wallet. NXGEN International processes over \$5 billion in transaction volume per year and is partnering with Flint to drive growth in the untapped market segment of mobile non-countertop businesses.



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