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[Regulation & Security](#)

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**NEXT GEN DINE**  
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## Trending This Week...

This week the interchange settlement continues to escalate as [Visa sues Wal-Mart](#). Also, the number of merchant opt-outs has been made public, [reaching nearly 8,000](#) (out of 8 million).

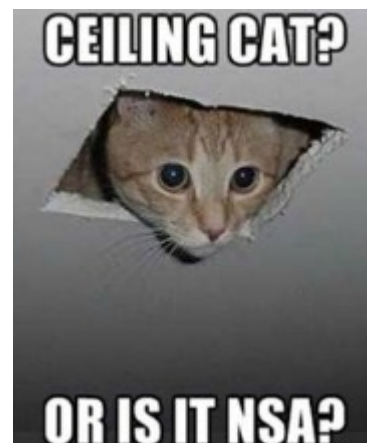
In other news, TSG has [published a WorldPay auction postmortem analysis](#).

According to TechCrunch, [NFC stands for Nobody F\\*\\*\\*\\*\\* Cares](#), while Apple continues to receive patents related to their potential [iWallet](#) and Square Wallet receives a [makeover](#).

**This is definitely worth a watch:**  
PayPal Teases Cash for Registers Program with [Goofy Video](#)

Other highlights include:

- [The NSA's Credit Card Data Grab](#)
- First Data Releases [May 2013 SpendTrend Analysis](#)
- Discover Is an ['Underappreciated Growth Story'](#)



## Featured

[TSG Analysis - WorldPay Auction Postmortem](#)

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

[TSG MPPS Benefits](#)

[MPPS Example Report](#)

[ETA/TSG Economic Indicators Report](#)

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

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

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

[Use a Smart Phone to Buy Things!](#)

**This Day in History: 1777**

**Congress adopts the Stars and Stripes**

During the American Revolution, the Continental Congress adopts a resolution stating that "the flag of the United States be thirteen alternate stripes red and white" and that "the Union be thirteen stars, white in a blue field, representing a new Constellation." The national flag, which became known as the "Stars and Stripes," was based on the "Grand Union" flag, a banner carried by the Continental Army in 1776 that also consisted of 13 red and white

*6/12/13 TSG Metrics*

Following the cancellation of the WorldPay sales process, [announced exclusively by Reuters](#), some analysts and media outlets have commented that the payments industry may be declining in attractiveness from previous levels. For example, according to the Reuters article, "Once a lucrative sector, payment processing has come under pressure from increased competition and technological change that has seen many companies struggle to retain their customers and maintain their pricing models."

The above statement may assume that all payments companies are exposed to the same competitive threats and that valuations are strictly based on sector attractiveness; this may be inappropriately painting the entire industry with a broad brush ([see previous TSG analysis](#)). It should also be noted that the three final bidders were major investment firms that are not currently highly invested in the merchant acquiring industry, yet are pursuing opportunities in this segment, indicating that they find it to be attractive.

**[Click here to read more.](#)**

**Visa Sues Wal-Mart As Interchange Fight Escalates**

*6/14/13 Finextra*

The ongoing battle between card schemes and US merchants over interchange fees has escalated, with news that Visa is to sue the nation's largest retailer Wal-Mart over its rejection of a previously negotiated \$7.2 billion class action interchange settlement. The settlement, agreed by law firms acting on behalf of class action plaintiffs in July last year, has since been rejected by a host of top retailers and trade groups, who have counter-sued the card schemes in search of heftier fines.

**Number of Opt-Outs in \$7.2B Credit Card Settlement Made Public**

*6/14/13 Reuters*

Nearly 8,000 merchants out of a proposed class of 8 million have opted out of a \$7.2 billion class action settlement involving an alleged conspiracy to inflate credit card fees. The number of merchants, made public in a court document filed on Wednesday, represents less than one percent of potential class members and is in line with the expectations of the two main defendants, Visa Inc and MasterCard Inc.

**Big Brother Is Watching You Swipe: The NSA's Credit Card Data Grab**

*6/11/13 TIME*

The National Security Agency isn't just snooping into phone and online communications. It also appears to be keeping a close eye on credit card transactions. Why? And what can they see? The presumed purpose of NSA's credit card tracking is to help it stop terrorism. Agents hope to ferret out terrorists who are buying bomb ingredients, visiting hotbeds of radicalism, and moving funds illicitly. But the program's reach is so broad, some say it will inevitably sweep up purchases made by innocent American citizens, as well.

**PayPal, ShopKeep Turn up the Heat in the Battle for Tablet-Based Mobile Acceptance**

stripes. According to legend, Philadelphia seamstress Betsy Ross designed the new canton for the Stars and Stripes, which consisted of a circle of 13 stars and a blue background, at the request of General George Washington. Historians have been unable to conclusively prove or disprove this legend.

With the entrance of new states into the United States after independence, new stripes and stars were added to represent new additions to the Union. In 1818, however, Congress enacted a law stipulating that the 13 original stripes be restored and that only stars be added to represent new states. [Click here to read more.](#)

### *6/13/13 Digital Transactions*

PayPal Inc. and ShopKeep POS on Thursday turned up the temperature in what is becoming a hotly contested market for mobile acceptance with tablet computers. Announcing details for its "Cash for Registers" program, which it introduced a month ago, PayPal said it will waive processing fees on volume up to \$20,000 a month through Jan. 31. The program officially gets under way July 10, which means early-bird merchants could get more than six months' worth of free processing.

### **What's Next for Payment Aggregators?**

#### *6/10/13 Mobile Payments Today*

The ranks of POS payment aggregators - payment service providers (PSPs) that act as the merchant or record - are growing. Square, Intuit, and PayPal are the most visible players, and there are new market entrants on a regular basis. They are lured by the promise of a large untapped market and low cost of customer acquisition. Early entrants targeted micro-merchants, occasional sellers, and highly mobile but low volume businesses like home service and repairs. Most of this new breed of PSPs started with mobile acceptance in mind, but have been actively transitioning to tablets and fixed POS across a range of hardware.

## **Mobile Payments**

### **Study: Small Business Owners Make Progress, Share Struggles with Mobile Payments**

#### *6/13/13 ControlScan*

As mobile commerce activity increases within the U.S. marketplace and payment processing advances alongside it, ISOs, acquirers and other merchant service providers must reposition themselves to meet the immediate and future needs of the businesses they serve. A newly released research report from ControlScan and TransFirst promises to help meet this objective, sharing important insights into small merchants' progress and struggles in implementing various mobile payment tech.

### **NFC Stands For Nobody F\*\*\*\*\* Cares And Apple Gets That**

#### *6/13/13 TechCrunch*

If you think QR codes are a bad joke then consider NFC. Near Field Communications' evangelists have been trying to get smartphone owners to share stuff by bumping and grinding their phones for years. And progress has been painful, to put it mildly. The reality is NFC is an ugly wasteland of non-use. Ever seen anyone IRL tapping their phones together? Or tapping on an NFC tag or reader? It's about as rare as hen's teeth.

### **Square Wallet for iPhone Gets Redesigned With a Visually-driven UI and Streamlined Payments**

#### *6/13/13 TNW*

Mobile payment service Square has updated its Wallet app for iOS to version 3.0, introducing a redesigned interface, various speed improvements and other changes that streamline the checkout process. According to Square, this release makes the app a "sleeker, snappier payment experience." Indeed, the new look places emphasis on imagery, and overall, it polishes the previously decent-looking app to a level of quality you'd expect from a design-focused company.

## **Still No Apple Mobile Wallet, But A Card-Number Keychain That May Be Just A Bit Too Clever**

*6/12/13 StorefrontBacktalk*

Anyone who was expecting Apple to jump into in-store mobile payments this week is probably feeling...well, comfortably disappointed. The big keynote speech at Apple's Worldwide Developers Conference contained, as usual, no sign of the "iWallet" that some Apple fans insist will be coming any day now. But there was something just a little bit like a mobile wallet, and that's sure to keep the wishful thinking alive.

## **Apple Granted a Key iWallet Patent for Mobile Pay Service**

*6/11/13 Patently Apple*

On June 11, 2013, the US Patent and Trademark Office officially published a series of 37 newly granted patents for Apple Inc. In this particular report we cover a key iWallet patent that relates to setting financial rules for controlling a subsidiary account such as one for a child, employee or spouse that an account holder will be able to control via a new iTunes "Mobile Pay" Service.

## **PayPal Teases Cash for Registers Program with Goofy Video**

*6/12/13 Mashable*

Who knew PayPal had a sense of humor?The online payment giant is attempting to create some buzz for its Cash for Registers program with this goofy video, a spoof of Law & Order and other cop shows that features a couple of detectives attempting to answer the question: "Who killed the cash register?"

## **"Life on Bitcoin": These Newlyweds Plan to Live for 90 Days Entirely on Bitcoin, and Film the Whole Thing**

*6/10/13 PandoDaily*

Austin and Becky Craig, documentarians and soon to be newlyweds, are taking on this challenge firsthand with an ambitious plan to live only using bitcoin for the first 90 days after returning from their honeymoon on July 27. The Provo, Utah residents are entering this project without any pre-experience using bitcoin and without making any prior arrangements for how to handle life's everyday transactions: rent, food, gasoline, etc. The entire adventure will be captured by a documentary film crew, and the couple will also post daily vlogs detailing their triumphs and struggles. The final film will be called "Life on Bitcoin."

## **Regulation & Security**

### **CFPB Report Raises Concerns About Impact of Overdraft Practices on Consumers**

*6/11/13 CFPB*

The Consumer Financial Protection Bureau (CFPB) released a report on bank and credit union overdraft practices that raises concerns about whether the overdraft costs on consumer checking accounts can be anticipated and avoided. The report shows big differences across FIs when it comes to overdraft coverage on debit card transactions and ATM withdrawals, drawing into question how banks sell this account feature. The report also finds that consumers who opt in for overdraft coverage end up with more costs and more involuntary account closures.

## **U.S. Regulator: Virtual Currencies Have 'Nothing to Fear'**

*6/13/13 WSJ - May require subscription*

The United States' top anti-money-laundering regulator Thursday said her agency isn't working to clamp down on virtual currencies, though authorities expect exchanges and administrators for digital cash to comply with the same rules that apply to other financial institutions. The comments may allay some concerns following high-profile moves against exchanges for virtual money.

## **Why Banks Pay for ATM Cash-Outs**

*6/12/13 BankInfoSecurity*

Global international law enforcement collaboration has been credited for the swift indictment of individuals allegedly linked to the \$45 million global ATM cash-out and money-laundering scheme that made headlines in May. But financial fraud experts say banking institutions are not doing enough to ensure payments processors and third-party vendors are adequately protecting cardholder data to thwart cash-out schemes and other fraud. So when schemes occur, the banks are ultimately to blame.

## **Economy.**

### **First Data Releases May 2013 SpendTrend® Analysis**

*6/11/13 First Data*

First Data Corporation, a global leader in electronic commerce and payment processing, today released its First Data SpendTrend® analysis for May 1-31, 2013 compared to May 1-31, 2012. SpendTrend tracks same-store consumer spending by credit, signature debit, PIN debit, EBT, closed-loop prepaid cards and checks at U.S. merchant locations. Dollar volume growth increased 6.0% in May compared to April's 5.1% growth.

### **Sales at U.S. Retailers Rebound in May**

*6/13/13 MarketWatch*

Retail sales rose a seasonally adjusted 0.6% last month, the Commerce Department said Thursday. Economists polled by MarketWatch had forecast 0.5% increase. Yet the details of the retail report were somewhat mixed in a sign of lingering softness in the American economy. U.S. gross domestic product is expected to expand less than 2% in the second quarter and the latest sales figures contain little evidence that growth is about to speed up.

### **Man of Steel vs. Ben Bernanke**

*6/12/13 Fox Business*

Superman and Federal Reserve Chairman Ben Bernanke are both mild-mannered. They are both calm, even in the face of global disasters. They are both sometimes said to be from other planets. Superman wears an "S" on his chest. Where he comes from, it's a symbol of hope. Mr. Bernanke prefers the "\$". Where he comes from, there is no problem that this symbol cannot solve.

### **Number of New Jobless Claims Near Five-year Low**

*6/13/13 Chicago Tribune*

New claims for jobless benefits in the United States fell last week, nearing its lowest level in five years. Initial claims for state unemployment benefits

declined 12,000 to a seasonally adjusted 334,000, the Labor Department said on Thursday. That was the smallest number of first-time applications since early May and near levels last seen the early days of the 2007-09 recession. The jobless claims reading beat the expectations of economists polled by Reuters, who had expected a decline of 1,000.

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## **Payments Press**

### **Combining Products Brings Security To Forefront**

*6/14/13 ISO & Agent*

The CSR PCI Toolkit and CSR Breach Reporting Toolkit are becoming part of the My Clear Reports virtual business center for merchants. The thinking begins with the supposition that merchants visit the MCR business center just about every day to manage and view reports and alerts on their transaction processing, check processing, gift and loyalty cards, customer relationships, marketing, banking activity, collective purchasing, and sales tax filings, says Dino Sgueglia, My Clear Reports president and CEO.

### **How Big Data Helps Banks Strengthen Ties with Small Business**

*6/13/13 BTN*

Small businesses have a crying need for better analytics. A survey by Baynote found that 93% of retailers rate analytics as somewhat or most important to customer retention. More than 60% of businesses use an ersatz spreadsheet for business intelligence, according to SAS statistics. When you think of the small business owners you know, they simply don't have time to do investigative number crunching on their own business; they thereby may miss sales or cost-savings opportunities.

### **Discover Is an 'Underappreciated Growth Story': Analyst**

*6/13/13 The Street*

Discover Financial Services has managed to diversify its lending during a period of slow credit card growth, which is just the right formula, according to Oppenheimer analyst Ben Chittenden. Chittenden on Wednesday initiated his firm's coverage of Discover with an "outperform" rating and a 12-18 month price target of \$55.00. The target implies a potential gain of 16% over the stock's closing price of \$47.47 on Wednesday.

### **Could Apple Become Your Next Bank?**

*6/13/13 Yahoo! Finance*

Apple could become your next bank -- and that's not as surprising as it might seem. Sears stepped into the banking industry from consumer retail in the 1980s with its Discover Card, before selling Discover to Morgan Stanley 12 years later. Discover revolutionized credit cards at the time. Its card didn't have an annual fee, and it set the pace for reward cards.

## **PayPal Chooses Gravity Payments To Enable PayPal Card Acceptance In Seattle**

*6/11/13 Herald Online*

Gravity Payments, the largest credit card processor in Washington State, accepts PayPal's proposed partnership enabling PayPal card acceptance at all of Gravity Payments' over 10,000 participating merchant locations. This partnership provides PayPal access to loyal Gravity Payments customers in Washington, where Gravity has established the largest market share.

## **Elavon and RCG Global Services announce Strategic Partnership**

*6/11/13 Yahoo! Finance*

Elavon, a wholly owned subsidiary of U.S. Bancorp (USB) and a leading global payment solutions provider, has selected RCG Global Services® as a strategic global sourcing partner for business consulting and technology services. RCG's targeted solutions apply industry expertise to business initiatives, blueprints to effect business change and technology to achieve success.

## **MasterCard and Kount Join Forces to Help Merchants Fight e-Commerce Fraud**

*6/10/13 BusinessWire*

MasterCard Worldwide and Kount, a leading provider of fraud prevention and management technology, today announced an agreement to make MasterCard's Expert Monitoring Fraud Scoring for Merchants available to Kount and its merchant customers. MasterCard's Expert Monitoring Fraud Scoring for Merchants Application Programming Interface (API) improves an online merchant's ability to detect and prevent fraudulent purchases.

## **Next Gen Dine Now Integrated with Heartland Payment Systems**

*6/12/13 PRWeb*

Next Gen Dine by Prelag Partners LLC is now integrated Heartland Payment Systems. The popular cloud-based iPad point of sale system just got better. The new integration will provide faster and more secure payment processing to clients. Heartland payment processor attaches easily to the Next Gen Dine licensed iPad and facilitates payment making for restaurant customers. Servers will have the ability to take payments anywhere in the restaurant.

## **CardConnect Launches CoPilot**

*6/11/13 ATM Marketplace*

Philadelphia-based payment processor CardConnect has introduced CoPilot, a business management tool for ISOs and agents. "CoPilot brings every aspect of running a successful, growing ISO to each agent's fingertips," said Angelo Grecco, senior vice president of ISO sales at CardConnect. "It can be accessed virtually from any device - desktop or mobile - and provides one place to track everything in your portfolio, from merchant application processing to risk monitoring, reporting and interchange analysis."

## **Allied Wallet Happily Announces a New American Express Certification**

*6/13/13 Opensource Magazine*

Allied Wallet, global provider of multi-currency merchant services, secured credit card processing, and a PCI Level 1 payment gateway, has recently been EMEA Certified by American Express. Allied Wallet has always been a service that is dedicated to connecting communities all over the globe by providing a payment processing engine with which merchants can sell products or services in 196 countries.

### **Heartland Payment Systems(R) Named to Fortune 1000 List**

*6/10/13 Heartland Payment Systems*

Heartland Payment Systems, one of the nation's largest payment processors and a leading provider of merchant business solutions, today announced that it has been named to the 2013 FORTUNE 1000 list of America's largest companies by FORTUNE magazine. In its fourth consecutive year on the list, Heartland ranked No. 942 with 2012 revenues of \$2.013 billion.

### **Litle & Co. Wins 2013 CNP "Judges Choice" Award at CNP Expo**

*6/10/13 Vantiv*

Vantiv, Inc., a leading provider of payment processing services and related technology solutions for merchants and financial institutions of all sizes, announced today that its subsidiary, Litle & Co., a leading ecommerce payment processor, won a 2013 CNP Award at the CNP Expo held May 20-23 in Orlando, Fla.. Litle landed "Judges Choice" honors for Best Chargeback Management Program at an evening ceremony held on May 22.

### **Chirpify Cuts Out the PayPal Middle Man, You Can Now Pay Directly in Your Social Streams**

*6/11/13 Digital Trends*

Social commerce start-up Chirpify has been bringing payments to social networks for about a year now. Originally, the payment system was only available to Twitter, later adding Instagram, and most recently Facebook to the its mix. The idea? To enable payments between friends, brands, and artists (so ... just about anyone) with nothing more than a tweet, Instagram hashtagged comment, or Facebook reply.

### **Green Dot to takeover Walmart MoneyCard program from GE Capital Retail Bank**

*6/11/13 BBR*

California-based prepaid card provider Green Dot has entered into an agreement with GE Capital Retail Bank to acquire the reloadable prepaid card business marketed under the Walmart brand. Based on the terms of the deal, which is expected to complete during the second half of the year, the acquirer will assume certain liabilities of GE Bank and transfer the deposits under the Walmart MoneyCard program.







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