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Trending This Week...

This week, ETA & TSG have released the latest U.S. Economic Indicators Report. Be sure to check out the special introduction: [Disintermediation & Industry Price Compression](#).

[Judge Richard Leon is not wasting time](#); he has given the Fed until August 21st to respond with their stance on immediately rewriting debit card swipe fee regulation.

In mobile this week [Groupon takes a leap beyond the dongle](#), integrating with VeriFone and Ingenico for their Breadcrumb mobile payments.

In other news, we would like to congratulate Michael Strawhecker, Editor of NewsFilter and VP & Director of TSG Metrics, who yesterday married Rebecca Culver in Tulum, Mexico. We wish you both the best as you begin your lives together!



56% of SMBs Paid Under \$1K for POS Hardware

The Strawhecker Group has recently released a new report titled - *SMB Merchant Survey: POS Feature/Functionality*. This 49 page report highlights results from an online survey of small

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

UPDATED [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: 1896

Gold discovered in the Yukon

While salmon fishing near the Klondike River in Canada's Yukon Territory on this day in 1896, George Carmack reportedly spots nuggets of gold in a creek bed. His lucky discovery sparks the last great gold rush in the American West.

Hoping to cash in on reported gold strikes in Alaska, Carmack had traveled there from California in 1881. After running into a dead end, he headed north into the isolated Yukon Territory, just

business owners and those responsible for small business payments. A total of nearly 300 surveys were gathered covering five segments: restaurants, retail sales, retail food/liquor, business/personal services, and auto/boat/mobile/dealers/shops. [Click here for a preview of this report](#). **This enhanced preview contains a table of contents containing the outline for the full report, you will know everything you are getting before you purchase. [You can order it here](#) for \$1,195.**

Featured

ETA/TSG Release Q2 2013 U.S. Economic Indicators Report

8/14/13 TSG Metrics

The Electronic Transactions Association (ETA), the trade association of the global electronic payments industry, and The Strawhecker Group (TSG), a management consulting company focused on the payments industry, have released the U.S. Economic Indicators Report for the second quarter of 2013. Published quarterly with analysis from TSG for the benefit of ETA member companies, the 18th edition of the report shows strong industry performance during the second quarter.

This edition kicks-off with a special introduction: *Disintermediation & Industry Price Compression*, as a follow-up to last quarter's topic. Data indicates, adjusted for Durbin, that gross pricing is at levels nearly identical to those in 2009 indicating little, if any, price compression overall.

The TSGPX continues to outperform the S&P 500, showing the continued strength of the payments industry. TSG's industry metric, the Gross Value Profit Index (GPVI) shows the value of merchant portfolio revenue streams using data from TSG's internal database of 1.6M merchants, representing nearly 20% of the U.S. brick and mortar merchant market. According to the latest report, the GPVI shows a growth rate (CAGR) of 16 percent since Q4 2010.

[**Click here to read the report.**](#)

Fed Given Week by Judge to Respond on New Swipe-Fee Rules

8/14/13 Bloomberg

The U.S. Federal Reserve was given a week to tell a federal judge its position on immediately rewriting regulations setting debit card swipe fees in the wake of a court found the current rule unlawful. U.S. District Judge Richard Leon in Washington today ordered Fed General Counsel Scott Alvarez to appear in his courtroom on Aug. 21 after a lawyer for the Fed said it hadn't made any decisions on how to replace the current rule, or whether to appeal the judge's ruling.

Judge Denies FTC A Restraining Order Against An ISO

8/15/13 ISO & Agent

A federal judge on Wednesday denied a Federal Trade Commission motion for a temporary restraining order that would have shut down Merchant Services Direct LLC, a Spokane Valley, Wash.-based ISO. The FTC

across the Canadian border. In 1896, another prospector, Robert Henderson, told Carmack of finding gold in a tributary of the Klondike River. Carmack headed to the region with two Native American companions, known as Skookum Jim and Tagish Charlie. On August 16, while camping near Rabbit Creek, Carmack reportedly spotted a nugget of gold jutting out from the creek bank. His two companions later agreed that Skookum Jim--Carmack's brother-in-law--actually made the discovery.

[Click here to read more.](#)

still plans to bring the case to trial. The agency has charged that the ISO misrepresented itself as the current merchant services provider, Visa, MasterCard or a bank when making sales calls to potential clients.

Groupon Goes Beyond The Dongle, Links Up With Verifone, Ingenico Terminals For Breadcrumb Mobile Payments

8/14/13 Tech Crunch

Groupon is kicking off a new expansion for its Breadcrumb mobile payment service that it hopes will bring yet more businesses on to its platform: it's announcing integrations with Verifone and Ingenico, two of the biggest producers of payment terminals used at the point of sale, so that merchants can use these to process card payments instead of dongles attached to their iOS or Android smartphones and tablets.

Florida Fines Square \$500K for Operating Without a License

8/14/13 American Banker

Florida regulators have fined the payments start up Square \$507,000 for operating in the state without a money transmitter license. In a July 24 order, the Florida Office of Financial Regulation said Square has been operating as a money transmitter in the state since February 2010 but did not apply for a license until Nov. 13, 2012. "Specifically the Office finds that [Square's] existing payment processing services including Square Register and stored value/prepaid access card services required a license under Florida law," the regulator said.



Mobile Payments

Facebook to Test New Payments Product in Bid to Simplify Mobile Purchases

8/15/13 All Things D

Facebook plans to test a new payments product that would allow online shoppers to make purchases on mobile apps using their Facebook login information, according to sources familiar with the company's plans. The product, sources say, would allow any shopper who has previously provided Facebook with their credit card details to make purchases on partnering e-commerce mobile apps without entering billing information. Facebook confirmed the test, which is expected to launch in the next month or so, to AllThingsD.

Chase Goes All-In on ISIS, Announces Plans for Nationwide Rollout

8/12/13 Engadget

We'd hardly call Isis a juggernaut, but the would-be Google Wallet-slayer is certainly building steam. After convincing American Express to back it in a nationwide rollout, Chase has decided to hop on the expansion train as well. The mobile payment launch partner is clearly quite happy with how pilot programs in Austin, Texas and Salt Lake City, Utah went.

Mobile Wallets Reshaping Payments Industry Branding

8/12/13 Mobile Payments Today

In the U.S. point-of-sale retail environment, consumers are accustomed to looking for Visa, MasterCard, American Express and Discover's acceptance marks at cash registers and on entry doors. But as payment cards bearing these legacy network imprints get rolled into mobile wallets, their brands may fade into the background, according to a report from the Mercator Advisory Group.

Stripe Comes to Europe, Starting in the U.K. - But Serious Competition Awaits

8/15/13 GigaOM

The payments company Stripe has officially moved beyond North America, taking itself out of beta in the U.K. on Thursday. The move means Stripe supports the British pound and the euro for the first time. Stripe is a rival to the likes of PayPal and Braintree, in that it offers startups a way to embed payments functionality in their services. Stripe's big selling point is its ease of integration - all it requires is the insertion of a few lines of code.



Regulation & Security

Harbor Freight Breach May Be Biggest Of 2013, Issuers Say

8/12/13 StorefrontBacktalk

What looked initially like a two-store payment-card breach may end up being one of the biggest breaches of 2013. In late July, the 425-store discount hardware chain Harbor Freight Tools posted signs in its stores, warning customers that there might have been a problem with some in-store card transactions. Now it appears thieves were using multiple kinds of malware to tap transactions between June 14 and July 20, and the breach has affected at least 30,000 card holders at just two card issuers. That's eventually expected to climb into the millions.

Guilty Plea in Massive Card Fraud

8/12/13 Bank Info Security

New Jersey is a hotbed of activity in the crackdown on card fraud. Federal authorities there announced last week that a fourth defendant has pleaded guilty in a case revealed in February involving a massive global credit card fraud scheme that spanned nearly 10 years. The latest guilty plea in that case came about two weeks after another massive New Jersey fraud case grabbed headlines.

The PCI Council Wants To Get into Your Head with Its Pending Update to Security Standards

8/15/13 Digital Transactions

The coming update to the Payment Card Industry data-security standard (PCI) will include new guidelines about physically protecting credit and

debit card terminals, when third-party vendors share security responsibilities with merchants, protecting card data in a computer system's short-term memory, and strengthening passwords, among others.

Congress Starts Looking Into Bitcoin

8/13/13 Politico

A Senate committee is pressing federal regulators and law enforcement officials to explain how they plan to oversee Bitcoin and other virtual currencies as the issue gains increasing attention from government officials concerned about the role these new markets will play in the future.



Economy.

U.S. Consumer Sentiment Weakens in August

8/16/13 The New York Times

U.S. consumers, bracing for higher interest rates and slightly slower economic growth, were a bit less optimistic in August as sentiment retreated from last month's six-year high, a survey released on Friday showed. The Thomson Reuters/University of Michigan's preliminary reading on the overall index on consumer sentiment slipped to 80.0 from 85.1 in July, the highest since July 2007.

New Jobless Claims Fall to Near Six-Year Low

8/15/13 LA Times

Even as hiring remains mediocre, at least workers can take heart in this: Employers are holding on more tightly to their existing staff. In the latest sign of diminishing layoffs, the number of workers applying for new unemployment benefits fell last week to the lowest level in nearly six years, the U.S. Labor Department reported Thursday.

First Data Releases July 2013 SpendTrend® Analysis

8/12/13 First Data

First Data Corporation, a global leader in electronic commerce and payment processing, today released its First Data SpendTrend® analysis for July 2-30, 2013 compared to July 3-31, 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. July's dollar volume growth of 7.7% marked a 12-month high and an uptick from June's growth of 7.1%.

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Payments Press

New Reports: Attrition & Profitability Data

7/26/13 TSG Metrics

The Strawhecker Group is announcing a new series of reports - TSG Data Briefs. Using dynamic data, TSG Data Briefs are host to vital information within the payments industry such as attrition, profitability, vertical attractiveness, and much more. See the previews below, which represent an example of the full report minus the data.

- [U.S. Acquiring Industry Volume & Net Revenue Attrition & Growth: 2010 - Q1 2013 - \\$499](#)
 - Detail on account attrition, dollar volume net attrition, and net revenue net attrition as well as same-store-sales and growth
- [U.S. Merchant Portfolio Profitability: 2009 - Q1 2013 - \\$900](#)
 - A snapshot of the collective performance of TSG's SMB database including attrition & profitability
- [U.S. Merchant Vertical Attractiveness Q1 2013 - \\$3,900](#)
 - Analysis on where opportunities reside within given verticals in the merchant acquiring industry
- [U.S. Merchant Acquiring Discount by Tier: Q1 2012 - Q1 2013 - \\$4,900](#)
 - Profitability decomposition trends by merchant size category

ROI of this data:

At a cost of \$4,900 buyers would need to acquire approximately five (5) new accounts processing around \$170K in annual volume in the identified merchant verticals from this analysis in order to generate enough gross profit to cover the cost of the engagement. (Assuming annual gross profit per merchant of .00598)

TSG Data Briefs are sourced using thousands of perimeters found in [TSG's exclusive database of 1.6M merchants.](#)

[Click here to order any of these exclusive reports.](#)

The Bitcoin Machine is Now available for Pre-Order

8/16/13 GigaOM

A startup that makes a machine that turns regular currency into Bitcoins has now started accepting pre-orders for the device. Lamassu, based in Portugal, plans to initially make 15 of its Bitcoin Machines and the company says it will ship those in September, and the rest of its pre-orders will ship by the end of the year. The device costs \$5,000 and Lamassu CEO Zach Harvey says in an email that the preliminary production run has already been funded with orders paid in Bitcoin.

Find Your Target Audience

8/01/13 GreenSheet

Andrew Nuss, Marketing Manager of The Strawhecker Group, a management consulting company focused on the merchant acquiring sector of the payments industry, agrees that it's important to do your research before becoming a sponsor. "TSG looks at what provides the

best bang for our buck," he said. "We compare the visibility of different options with the various price points to determine which will get the most 'impressions' with individuals and serve as a means to reach new potential clients." According to Nuss, it's not always about being in front of the biggest audience; it's about the quality of that audience.

JetPay(R) Announces Change of NASDAQ Ticker Symbol to "JTPY"

8/12/13 MarketWatch

JetPay(R) Corporation announced that the Company will change its NASDAQ ticker symbol to "JTPY" effective at the start of Monday's trading (prior nasdaq common stock symbol:"UBPS"). JetPay Corporation (formerly Universal Business Payment Solutions Acquisition Corporation) ("JetPay" or the "Company") is making this change to reflect the Company's name change to JetPay Corporation, announced on August 1, 2013. JetPay provides a vertically integrated set of solutions that meet business needs for card acceptance, processing, payroll, tax and other financial transactions.

TSYS Supports EMV Campaign in Kenya

8/12/13 TSYS

TSYS® announced that it supports Paynet, one of Kenya's leading financial services providers to issuers and acquirers, in its 'Great Migration to EMV Chip Card' campaign. Founded in 2003 and headquartered in Nairobi, Kenya, Paynet has been a TSYS client since 2004. It licenses PRIME 4, the latest version of the TSYS licensed card and merchant management solution, to manage its Visa card portfolio and provide a full range of outsourced front- and back-office card processing and fraud management services.

New Chase Paymentech Solutions Include Mobile Payments App

8/13/13 Mobile Payments Today

Chase Paymentech announced the launch of "Chase Checkout," solutions to help merchants seamlessly accept payments from in-store, online or mobile transactions. The solutions include the Chase Mobile Checkout app, which lets merchants securely accept card payments from iOS- and Android-enabled smartphones with the new app and an encrypted card reader, according to a news release.

VeriFone Launches Way2ride Mobile App for New York City Taxis

8/15/13 VeriFone

World leader in taxi payments introduces groundbreaking app and cloud-based payment platform to make it easier to get in and get out of cabs without fumbling for your wallet VeriFone Systems, Inc. announced, Way2ride, a mobile app that allows New York City taxi passengers to get in, tap, and get out the moment their ride is over.

Braintree Launches Mobile Marketplace Solution to Fuel Innovation in Rising Collaborative Economy.

8/14/13 Braintree

Mobile phones and tablets are fast becoming consumers' primary computing devices and are fueling the growth of marketplaces that ease

everyday tasks from finding a ride to hiring a painter. Braintree, the global payment platform behind the best next-generation online and mobile purchasing experiences-including Airbnb, Angry Birds, Fab, Hotel Tonight and Uber-today launched Marketplace, simplifying how marketplace owners pay and manage a number of sellers while decreasing administrative and regulatory burdens.

Heartland School Solutions Launches mySchoolBucks(R) Mobile Application

8/12/13 Heartland

Available on Apple iOS and Android, Heartland's new mySchoolBucks app provides parents convenient access to their students' meal accounts and enables them to use their smartphones or mobile devices to prepay school related fees, replenish their child's account using credit cards, debit cards or electronic checks, and view recent activity for their children while on the go.

BlueSnap Hires Payments Leader Manny Pansa to Manage Customer Relationships and Lead New Revenue Opportunities

8/15/13 Payments Market

BlueSnap announced that it has hired Manny Pansa, a proven payments leader to lead the account management and merchant and shopper support teams to grow and enhance the relationships with existing BlueSnap customers, instilling BlueSnap's commitment to customer service.

American Express Serve Becomes Prepaid Account Partner for League of Legends; World's Most Played Game

8/12/13 American Express

American Express today announced a new strategic partnership with Riot Games to bring in-game rewards to League of Legends players through everyday spend with the American Express Serve® Prepaid Account. The American Express Serve Prepaid Account enhances the League of Legends experience by integrating a reward-based system called RP+. The RP+ program gives gamers Riot Points (RP), the virtual currency used to purchase in-game items.

Bluefin Payment Systems Announces Plans to Introduce Point-to-Point Encryption (P2PE)

8/12/13 Yahoo! Finance

Bluefin Payment Systems announced that it will introduce a PCI-validated Point-to-Point Encryption (P2PE) solution validated through qualified P2PE assessor, 403 Labs, LLC, in Q4 of 2013. The PCI P2PE Standard requires a PCI-approved point-of-interaction device (POI) and HSM (hardware security module) key management; software solutions are not currently eligible for P2PE validation. To date, no U.S.-based company has attained Council validation for a hardware-based P2PE process.

SecureNet Payment Systems Launches Mobile PayOS App & Card Reader

8/14/13 Fort Mill Times

SecureNet Payment Systems today announced the launch of Mobile PayOS, the latest in mobile payment technology empowering merchants

of all sizes to turn any iOS mobile device into a secure mobile payment solution. Mobile PayOS enables business owners to quickly and easily accept payments and manage their business on-the-go. SecureNet's mobile solution includes a free mobile application and fully encrypted card reader, available for mobile iOS devices today, and soon Android.

Cynergy Data now offers American Express OnePoint Program

8/13/13 The Green Sheet

Cynergy Data today announced that as part of the company's ever expanding portfolio of merchant credit card processing benefits it is now proud to offer the American Express OnePoint Program. The American Express OnePoint Program is a cost-effective and comprehensive credit card acceptance solution that provides small to mid-size merchants the convenience of a single source for statements, settlement and support for all major card brands.

Sage Pay Introduces Omni-Channel Payment Integration Feature

8/16/13 Finextra

Sage Pay, Europe's leading multichannel payment processor, has today launched a new solution that will solve a common reconciliation problem for retailers. Using Sage Pay's new omni-channel payment integration feature, retailers will be able to view reports for all transaction data in one portal.

Shopify Launches Shopify Payments

8/12/13 SF Gate

Shopify, the leading ecommerce platform used to create and run online stores, today introduced Shopify Payments, a powerful and easy-to-use credit card processing system. Shopify is the first and only ecommerce platform to offer a payment solution that is fully integrated with an online store. Shopify merchants can now accept and manage VISA, MasterCard, and American Express payments directly through Shopify instead of having to go through a third-party payment gateway.



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