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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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Trending This Week...

Payments Industry M&A is the hot topic this week as PayPal agrees to buy payment processor Braintree for \$800M. This acquisition strengthens PayPal's goal of extending its brands into mobile and in-store commerce. See below for a round-up of all things PayPal and Braintree:

- Press Release: [eBay Inc. to Acquire Global Payments Innovator Braintree](#)
- PayPal Commentary: [Why We've Agreed to Acquire Braintree](#)
- Braintree Commentary: [Braintree Teaming Up with PayPal](#)
- Analysis: [BrainTree Deal Would Make PayPal a Stronger Bank Rival - or Ally](#)
- Analysis: [Fast-Growing Braintree Brings Merchant Focus, Market Share to PayPal Wallet, Observers Say](#)

While this news was the highlight of the week, other industry M&A abounded as well, see the links below to direct you to the article in NewsFilter:

- [WorldPay US Buys Century Payments](#)
- [ACI Worldwide to Acquire Official Payments](#)
- [Network Merchants Receives Major Growth Investment from Bregal Sagemount](#)

For more M&A resources, check out TSG's analysis of [Market Transaction Comparables](#) - which looks industry enterprise and merchant portfolio net revenue multiples as well as detail on several comparable transactions from 2010-2012. Email Acquisitions@TheStrawGroup.com if you would like to learn more about TSG's Transaction Advisory Services.

NEW REPORT: Tablet POS - Merchant Insights &

[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: 1779

John Adams Appointed to Negotiate Peace Terms with British

On this day in 1779, the Continental Congress appoints John Adams to travel to France as minister plenipotentiary in charge of negotiating treaties of peace and commerce with Great Britain during the Revolutionary War.

Adams had traveled to Paris in 1778 to negotiate an alliance with France, but had been unceremoniously dismissed when Congress chose Benjamin

Company Research

TSG's Tablet POS: Merchant Insights and Company Research report ([click here for preview](#)) is a robust offering of quantitative and qualitative insights from the U.S. SMB marketplace. Merchants with under \$2 million in sales were presented a Tablet-POS concept in an effort to gauge the level of interest and values associated with the potential use of a tablet point-of-sale system. In addition to these valuable merchant-level findings, this report also includes market research on tablet POS providers and their offerings. This report offers an incredible value to those who are interested in the growing tablet-POS market. [Click here to order](#) or call 402.964.2617 and order over the phone. This report costs **\$1,195**.

Interested in other reports too? Check out [TSG Metrics Subscription](#).

Featured

[Square's Next Move: Jump On A Platform](#)

9/26/13 *ReadWrite*

PayPal just bought Braintree. But the payments giant wasn't the only company having conversations with Braintree, a Chicago-based startup known for its appeal to app developers. Square, a mobile-payments company focused on elegant design and smaller merchants, appears to have been interested in Braintree, too. And that suggests that Square is rethinking what it is and how it should play in the vast, convoluted world where money moves.

[The Morning Download: Competition Roiling Payments Space](#)

9/27/13 *The Wall Street Journal*

May require subscription. Good morning. Bankers should be trembling in their wingtips. EBay Inc., which owns payments processor PayPal, said it is acquiring global payments platform Braintree Payments Solutions LLC for \$800 million. The deal not only strengthens PayPal's position in mobile e-commerce, but gives it access to customer data for over \$12 billion in annual payments, write the WSJ's Ben Fox Rubin and Greg Bensinger. Braintree charges merchants a 2.9% commission and 30-cent transaction fee.

[Capital One And Barclays Pull Out Of Isis Test](#)

9/25/13 *ISO & Agent*

The Isis Mobile Wallet initiative has suffered a setback with Capital One and Barclays pulling out of current testing, but the Isis venture has many issuers staying on to fuel its upcoming nationwide launch. Isis has already confirmed that it will continue to work with JPMorgan Chase and American Express, and Isis is forging new relationships with payment terminal providers. But Capital One informed its cardholders this week that its own credit and debit cards are no longer available in the Isis Mobile Wallet, Capital One spokesperson Chris O'Neill says.

[PayPal Breaks Into Small Business Lending](#)

9/24/13 *Businessweek*

Since bank lending to small business dried up in the aftermath of the financial crisis, a wealth of financing flavors for Main Street merchants has emerged. There are merchant cash advances, peer-to-peer lenders, and online term loans. There are more esoteric products, such as

Franklin as sole commissioner. Soon after returning to Massachusetts in mid-1779, Adams was elected as a delegate to the state convention to draw up a new constitution; he was involved in these duties when he learned of his new diplomatic commission. Accompanied by his young sons John Quincy and Charles, Adams sailed for Europe that November aboard the French ship *Sensible*, which sprang a leak early in the voyage and missed its original destination (Brest), instead landing at El Ferrol, in northwestern Spain. After an arduous journey by mule train across the Pyrenees and into France, Adams and his group reached Paris in early February 1780.

[Click here to read more.](#)

revenue-based lending, dynamic discounting, or industry specific factoring arrangements. What most of these models have in common: They're more expensive than bank loans and their terms are harder to understand.

[Here's What Banking And Money Will Be Like 30 Years From Now](#)

9/23/13 Business Insider

In at least one Texas bank and one Ohio credit union, 3D video banking is currently undergoing testing, according to TheFinancialBrand.com, a website for bank and credit union marketing executives. Three-dimensional video banking is similar to a consumer video conference with a bank representative - only in this case, the executive looks like a living, breathing person sitting across from you.



The advertisement features a white box on the left with the text "MONEY2020" in large green and blue letters, and "OCTOBER 6-10, 2013 ARIA, LAS VEGAS" in smaller black text below it. To the right is a blue box with the text "REGISTER NOW AND GET A 20% DISCOUNT!" in white, bold, uppercase letters.

[Mobile Payments](#)

[Facebook Wants to Auto-Fill Your Credit Card Details - Would You Trust It?](#)

9/25/13 Naked Security

On Monday night, a very hush-hush Facebook tiptoed into testing an "Autofill with Facebook" feature - autofill your credit card information, that is - that it will begin rolling out to some users this week, according to The Verge. According to sources familiar with the company's plans, the new payments product will allow online shoppers to make purchases on mobile apps using their Facebook login, AllThingsD reports. Wait, you say - Facebook has my credit card information? Where did it get it from? The NSA?

[Google Gave Up Retail Payments To Get On iPhone. Where Does That Leave Retailers?](#)

9/25/13 StorefrontBacktalk

Why did Google give up on in-store payments with Google Wallet? Well, that's what finally made it possible to get Wallet on iOS and on Android phones from mobile operators Verizon, AT&T and T-Mobile, which it finally managed to do last week. The NFC-based ability to mimic a contactless payment card had to go? It's gone, at least for those phones - the vast majority of smartphones, remember. That was essential for Google to turn a profit on this lose-money-on-every-transaction project. In the end, it was inevitable: To get rid of that bottleneck, in-store NFC payments had to go.

[Intuit Integrates Its QuickBooks Accounting Software With Square's Point Of Sale Products, Via An API Deal](#)

9/24/13 TechCrunch

Earlier today Intuit announced a completely new version of its QuickBooks accounting software, and to kick it off, it's also announcing a new, and rather groundbreaking, partnership. It is integrating with mobile payments juggernaut Square, so that small businesses that use the mobile payment service can automatically feed data from those transactions into their books. The financial terms of the deal were not disclosed, but Dan Wernikoff, senior vice president and general manager

of Intuit Small Business Financial Solutions, confirms to me that it is definitely a "commercial arrangement".

The World's First Bitcoin Escort Agency

9/26/13 ZDNet

Would-be clients of upscale escorts in Birmingham, UK now have way to pay for escort services that's just as discreet as cash and more secure: Bitcoin has officially entered the realm of sex work. The world's oldest profession met the world's youngest currency as escort agency Passion VIP announced it now accepts payment for its adult companionship services in bitcoin. Located in the second most populous British city (after London), Passion VIP is hoping the introduction of bitcoin payments will open up a new market by giving clients an alternative payment method.

Who is right? Winklevosses For, Peter Thiel Against Bitcoin

9/26/13 CoinDesk

It is quite evident that when influential people talk about bitcoin, the masses listen. Strike up a conversation about virtual currencies with an everyday person in your life, and they will recall information received from major news outlets. Mainstream media likes to put things in a neat package so they're easily understood. The PRISM surveillance program, for example, will forever be linked to Edward Snowden because it is difficult to contemplate a secret monitoring program operated by secret people.

Richard Branson Invests in Clinkle's Mystery Payments Product

9/26/13 CNET

Still no word on what Clinkle does, but Virgin Group CEO Richard Branson has decided it's good enough to throw his money, and time, into the mix. The startup announced Branson's investment Thursday but wouldn't say how much he was investing. Branson, who previously invested in mobile payments company Square, joins an already crowded group of high-rollers funding Clinkle. The startup has raised \$25 million in its initial round of funding in June.



Regulation & Security

Data Broker Giants Hacked by ID Theft Service

9/25/13 Krebs on Security

An identity theft service that sells Social Security numbers, birth records, credit and background reports on millions of Americans has infiltrated computers at some of America's largest consumer and business data aggregators, according to a seven-month investigation by KrebsOnSecurity. The Web site ssndob[dot]ms (hereafter referred to simply as SSNDOB) has for the past two years marketed itself on underground cybercrime forums as a reliable and affordable service that customers can use to look up SSNs, birthdays and other personal data on any U.S. resident.

Visa, MasterCard Fees Under Fire In France, U.S.

9/23/13 Investors

Visa and MasterCard were forced to cut processing fees in France on Monday and may soon be required to reduce fees in the U.S. on a pending trial. Under the new rules from French regulators, Visa and MasterCard will slash interbank fees to 0.28% from 0.5% and cut ATM fees to 0.55 euro (74 cents U.S.) from 0.75 euro (\$1.01). The new regulations only apply to transactions within France, not with the rest of the European Union.

Two Plead Guilty in International \$200 Million Credit Card Fraud Conspiracy

9/23/13 FBI

New York man today admitted his role in one of the largest credit card fraud schemes ever charged by the Justice Department following the guilty plea of another conspirator last week, New Jersey U.S. Attorney Paul J. Fishman announced. Qaiser Khan, 49, of Valley Stream, New York, pleaded guilty today before U.S. Magistrate Judge Madeline Cox Arleo in Newark federal court.

Economy

U.S. Data Gives Conflicting Signals on Economy's Health

9/26/13 Reuters

Another economic report on Thursday showed a worrisome decline in consumer prices during the second quarter. Together, the data offers a challenge for the Federal Reserve, which wants to see more evidence that the U.S. economy is gaining momentum before it scales back a bond-buying stimulus program. The Fed last week flagged a rise in interest rates as a threat to the economy, and also said that employment and inflation remain too weak. The National Association of Realtors said its Pending Homes Sales Index, based on contracts signed last month, decreased 1.6 percent last month.

Majority of Americans Doubt Benefits of Fed Stimulus

9/25/13 Economix

Only one in three Americans has confidence in the Federal Reserve's ability to promote economic growth, while little more than a third think the Fed is spinning its wheels, according to a New York Times/CBS News poll. The remaining respondents said they did not know enough to answer. The Fed has been trying for five years to speed the nation's recovery from the Great Recession by reducing borrowing costs to the lowest levels on record.

Payments Press

WorldPay US Buys Century Payments

9/26/13 Finextra

The WorldPay Group is pleased to announce that WorldPay US has recently agreed to the purchase of Century Payments, a nationally recognized leader in the payment industry. With this transaction, WorldPay US will strengthen its strategic partnership model and gain advanced sales tools and analytics. For customers in both businesses, this opens up the future prospect of new and innovative solutions as the businesses integrate.

VeriFone Names Paul Galant Chief Executive Officer

9/23/13 VeriFone

The Board of Directors of VeriFone Systems, Inc. announced that it has appointed Paul Galant Chief Executive Officer and Member of the Board of Directors, effective October 1, 2013. Prior to joining VeriFone, Mr.

Galant, 45, served as the CEO of Citigroup Inc.'s Enterprise Payments business since 2010. In this role, Mr. Galant developed innovative digital payments services for Citi's institutional and government clients, enabling them to expand into growth markets and helping them to meet their consumers' current and future needs for secure mobile payments and commerce.

ACI Worldwide Strengthens Position in Electronic Bill Payments with Acquisition of Official Payments

9/23/13 ACI Worldwide

ACI Worldwide, a leading international provider of payment systems, and Official Payments Holdings, Inc., a leading provider of electronic bill payment solutions, today announced that they have entered into a definitive transaction agreement. Under the terms of the agreement, ACI Worldwide will acquire Official Payments in an all cash transaction for \$8.35 per share. The boards of directors of both companies have unanimously approved this transaction.

Network Merchants Receives Major Growth Investment from Bregal Sagemount

9/27/13 Yahoo!

Network Merchants, LLC, a leading provider of e-commerce payment gateways and value-added services, announced today that Bregal Sagemount has made a significant growth investment in the company. The existing management team, led by Chief Executive Officer Jim McKenzie, will continue to run the business. Network Merchants provides a comprehensive suite of gateway and security features, distributed exclusively through a channel of over 400 affiliate partners that serve more than 60,000 merchants worldwide.

GTCR Announces \$500 Million Partnership with Douglas Bergeron to Form Opus Global Holdings

9/25/13 GTCR

GTCR, a leading private equity firm, today announced it has entered into a partnership with Douglas G. Bergeron to form Opus Global Holdings, LLC ("Opus Global"), headquartered in Palo Alto, California. Opus Global represents the second partnership between Mr. Bergeron and GTCR and will focus on pursuing companies across certain segments of the financial technology industry. GTCR, the firm that pioneered the Leaders Strategy™ - partnering with management leaders in growing industries to create market-leading companies - plans to invest up to \$450 million of equity capital to support the strategy.

Customer Service - Don't Forget the Basics

9/24/13 Merchant Warehouse

With the holiday season just around the corner, businesses around the world are focused on preparations for what will likely be their busiest time of year. As we turn the corner to 'holiday 2013', it's important to remember the basics, especially when it comes to delivering superior customer service.

American Express Announces Plans to Create New Joint Venture for Business Travel

9/25/13 American Express

American Express Company announced plans to create a joint venture designed to accelerate the transformation of its Global Business Travel (GBT) division. American Express is in ongoing discussions with regard to a proposed joint venture in which it would share the ownership of the joint venture with an investor group led by Certares, a firm headed by senior management with significant experience in the travel industry. It is

expected that GBT's operations, business relationships and other assets would be held and operated by the joint venture entity.

UniCredit Selects First Data to Introduce Mobile Payment Capabilities

9/24/13 First Data

First Data Corporation, the global leader in electronic commerce and payment processing, today announced that leading European commercial bank UniCredit has selected it to assist in the execution of its mobile payments strategy. UniCredit's agreement with First Data will see the bank bring to market a number of products and solutions which will broaden the range of its payments services and help build an integrated payments experience for its customers.

North American Bancard Touts New Vice President of Operations

9/23/13 Mobile Marketing Watch

One of the nation's largest and most respected names in mobile payments and credit card processing, North American Bancard, has just announced the appointment of Geoffrey Stocki to serve as NAB's new Vice President of Operations. Stocki joins the ranks of North American Bancard effective immediately, we're told, and will "work closely with the existing team to drive operational efficiencies for the company during this period of expansion."

Merchant Warehouse Integrates with ReSource for Big Data

9/25/13 The Green Sheet

Merchant Warehouse®, a leading provider of payment technologies and merchant account services, today announced a new partnership with ReSource, Inc. of the Rockies (ReSource), a point-of-sale (POS) and web-based business-management systems provider. Focused on providing business insights through the POS, ReSource's integration with Merchant Warehouse's Genius™ Customer Engagement Platform™ enables merchants to create deeper connections with their customers and make better business decisions in a more efficient manner.

SHAZAM BOLT\$ Mobile App Now Available for Both Android and iPhone Devices

9/23/13 CU Insight

The SHAZAM network today announced Android smartphone and tablet users can access the SHAZAM BOLT\$ mobile app through Google Play. Currently offered by more than 300 of SHAZAM's participant financial institutions, the app alerts debit cardholders to potential fraud and allows them to check balances. Apple mobile device users can also access SHAZAM BOLT\$ from iTunes.

UMS Secures Funding from Goldman Sachs for Technology Platform Enhancements

9/23/13 The GreenSheet

United Merchant Services, Inc. ("UMS"), a leader in payment processing and POS systems, announced today that it has secured funding from The Goldman Sachs Group, Inc. (NYSE: GS). Proceeds will be used to further enhance the Company's technology platform, client services, and sales by expanding its geographical footprint worldwide.

"We are very excited about this investment," said Jay Yoon, CEO / President of UMS.

Processing \$1B Annually, Swipely Announces A Partner Network To Support Growth

9/24/13 Swipely

Swipely announced today that the flow of payments through its system has doubled since April, with the firm now processing charges at a yearly run rate of \$1 billion. It reported a \$500 million annual run rate in April, and a \$250 million run rate three months prior. Swipely is notable for its non-traditional location: Providence, Rhode Island. Its CEO Angus Davis calls its home base an advantage, as the talent market is not as constrained as it is in Silicon Valley.

POS Portal Partners with IDology to Automate the Online Merchant Application Process and Prevent Fraud

9/25/13 Nasdaq OMX

POS Portal, Inc. announced a partnership with IDology, Inc., the leading provider of real-time technology solutions that verify an individual's identity and age for anyone conducting business in a customer-not-present environment. Through this partnership, IDology will provide comprehensive identity verification and fraud prevention solutions within POS Portal's P2 platform, a completely cloud-based CRM system that is ideal for Independent Sales Organizations (ISO's) both large and small.

SafetyPay and Paymentez Partner To Offer Latin American Gamers A Secure and Seamless Payment Option

9/25/13 PRWeb

SafetyPay™, the real time online-banking payment solution that enables consumers to shop from merchants worldwide and pay directly from their bank account in their local currency, today announced a partnership with Miami-based Paymentez, a leader in helping social games, online games and virtual content companies extend their reach and monetize their products in Latin America.



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