

# NewsFilter

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THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



Oct 11th, 2013  
Edition #375

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## Trending This Week...

Mobile Payments continues to march forward this week during the Money 2020 conference. [PayPal continues to target brick-and-mortar merchants](#) through the introduction of 'payment code' which enables the purchase of goods via a QR code.

[First Data is expanding into the POS market for SMBs](#) through their acquisition of mobile payment startup, Clover, and has now launched a POS platform.

Finally, Amazon has announced its new ["Login and Pay with Amazon"](#) product which makes it simple to pay for products on non-Amazon sites.

Other highlights include:

- [Feds Call for Greater Due Diligence](#)
- [U.S. Isolating Itself from Global Payments System](#)
- [NY Case Raises Questions About the Future of States' Bans on Credit Card Surcharges](#)
- [First Data Releases New SpendTrend](#)
- [Merchant e-Solutions Provides Progress Report Since Acquisition by Cielo](#)

## **NEW REPORT: Tablet POS - Merchant Insights & 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

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

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[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: 2002 Jimmy Carter Wins Nobel Prize

On this day in 2002, former President Jimmy Carter wins the Nobel Peace Prize "for his decades of untiring effort to find peaceful solutions to international conflicts, to advance democracy and human rights, and to promote economic and social development."

Carter, a peanut farmer from Georgia, served one term as U.S. president between 1977 and 1981. One of his key achievements as president was mediating the peace talks between Israel and Egypt in 1978. The Nobel

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



### Get to Know TSG

The Strawhecker Group will be in attendance at **ETA's Strategic Leadership Forum next week!**

Both Partners, Kurt Strawhecker & Jamie Savant, will be in attendance along with Mike Strawhecker and Senior Associates Barry Davis, Rich Eyberg, and Chuck Fillingner. TSG is a Silver Sponsor of this event. **During the show TSG & ETA will be releasing a special mini-edition of the U.S. Economic Indicators Report.**

[Get in touch with TSG](#) to meet and schedule a time to talk onsite about opportunities for TSG to assist your company in reaching its Fall and Winter goals.

## The New PayPal Hitting High Momentum In Retail Payments

10/09/13 *Forbes*

The announcement may seem to prompt a yawn of payments boredom. It seems so simple, a QR code, that most would say, "big deal." However it is the tremendous amount of work that needed to be done so that it all works in the real world that is the part that most of us can easily miss. It does not help when we assume that this is the "old PayPal." It clearly is not. PayPal is moving fast to become a ubiquitous option at retail merchants.

## No Government Data? MasterCard Has You Covered With Consumer Spending Report

10/10/13 *MasterCard Advisors*

While the government shutdown may delay the release of important monthly economic news and indicators such as the Consumer Confidence and Retail Spending reports, there's no need to play guessing games about the state of consumer spending. The latest SpendingPulse report released today by MasterCard Advisors provides a much-needed glimpse into consumer spending trends from September. According to the report, total U.S. retail sales continued to weaken after peaking at 4.7 percent in June of this year. September retail sales were up only 3

Committee had wanted to give Carter (1924- ) the prize that year for his efforts, along with Anwar Sadat and Menachim Begin, but was prevented from doing so by a technicality—he had not been nominated by the official deadline.

After he left office, Carter and his wife Rosalynn created the Atlanta-based Carter Center in 1982 to advance human rights and alleviate human suffering. Since 1984, they have worked with Habitat for Humanity to build homes and raise awareness of homelessness. Among his many accomplishments, Carter has helped to fight disease and improve economic growth in developing nations and has served as an observer at numerous political elections around the world.  
ace effort. [Click here to read more.](#)

percent year-over-year, which was attributed to a significant drop-off in gasoline spending and no major growth in other sectors.

## **Feds Call for Greater Due Diligence**

*10/09/13 The Green Sheet*

*Scroll down to read more.* In the wake of an increase in the Federal Deposit Insurance Corp.'s scrutiny of banks and payment providers that serve online lenders, decisions made by the agency's field personnel were publicly challenged recently by representatives of the trades in question. Following this outcry, the FDIC issued a Financial Institution Letter (FIL13043) explaining the basis of its actions and formal position on the matter. The FDIC letter assured banks, online lenders and third-party payment processors that it is the FDIC's practice to treat all parties fairly and consistently, but counseled banking institutions and payment companies to be extra vigilant in underwriting and managing these accounts.

## **Money2020 Stirs Up Cashless Society Debate**

*10/11/13 Finextra*

While much of the chatter at the Money2020 conference in Las Vegas centred on schemes to eliminate hard cash, former Citibanker Jay Bhattacharya took a contrarian approach, brandishing a newspaper clipping from 1972 that confidently forecast the arrival of a cashless society by the end of the 1970s. The yellowing clipping, headlined 'Cashless Society Predicted by Credit Card Use', claimed cash and paper cheques would disappear with the mass adoption of credit cards and the unveiling of ATM machines at more than 5,300 banks owned by the Interbank Card Association.

## **Consumers Rack up \$1 Billion in Online Spend Per Day, on 188 Days in 2013**

*10/10/13 Visa*

New data from Visa shows consumers are spending more online than ever before. eCommerce sales on the Visa network\* have surpassed \$1 billion a day for 188 days in the first nine months of the year, demonstrating that billion-dollar eCommerce days have become the norm rather than the exception. The data coincides with a recent Visa survey - The Way We Pay: e- and mCommerce Trends - showing 27% of smartphone users and 24% of tablet owners have used their mobile device to make a purchase in the past 12 months.

## **U.S. Isolating Itself from Global Payments System**

*10/10/13 American Banker*

Last year the U.S. contributed close to 20% of the world's gross domestic product despite coming off the back of the biggest economic downturn since the 1930s Great Depression. The U.S., U.K., Germany, Russian and former Soviet states, and China dominate the world's payment landscape, but in volume of nonbank payments the U.S. dominates with more than half of the world's total. In terms of global electronic payments and transactions, the picture is similar with Canada and the U.S. still accounting for half the global payments volume in the last few years. It would be reasonable to think that this is due, at least in part, to a healthy payments and banking infrastructure.

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## Mobile Payments

### First Data Quietly Buys Payments Startup Clover; Launches Point Of Sale Platform For Merchants

10/09/13 *TechCrunch*

Last year, payments processing giant First Data quietly acquired Andreessen Horowitz-backed mobile payments startup Clover to help the company expand into point of sale for small businesses. Today, First Data is debuting its point of sale platform to small and medium-sized businesses, Clover. As Clover founder Leonard Speiser explains that when you visit most merchants, you still see traditional point of sale terminals despite some of the other iPad-based options on the market like Square and others.

### Here's Why You Didn't Know Amazon's New Payments Product Isn't, Well, New

10/09/13 *All Things D*

The payments world - and tech press - was all abuzz yesterday when Amazon announced its new "Login and Pay with Amazon" product. And with good reason: The product makes it dead simple to pay for products and services on non-Amazon websites by punching in your email address and Amazon password and then choosing the shipping address and payment method that's already stored in your Amazon account. Since Amazon has more than 200 million customer accounts, the company, in theory, has the network of credit cards in place to someday challenge PayPal for alternative checkout method supremacy on commerce sites.

### Apple's Mobile Commerce Mojo

10/07/13 *PYMNTS*

How many people have you heard say that Apple's best days are behind them? Well, I can tell you that it is the buzz in Silicon Valley, big time, and just about everywhere else too. A few days after the second anniversary of Steve Job's passing, the chatter seems even more pronounced. People seem quite convinced that the innovation in the market today is Steve's last bit of work now just seeing the light of day, and that the innovation pipeline beyond that is thin indeed.

### Dwolla Abruptly Announces the Closure of its Bitcoin Service

10/11/13 *TNW*

Payment processing company Dwolla is to cease working with virtual currency Bitcoin from the end of this month, in an unexpected move that is likely to impact a number of Bitcoin startups. In an email to customers (highlighted by Coindesk) Dwolla, which processes "millions" of dollars in payments per day, says there is "uncertainty and confusion" around Bitcoin and its service is not sustainable - although it could be linked to other factors. Back in May, the US Department of Homeland Security seized \$2.9 million in Bitcoin from Dwolla, as part of an investigation into Mt. Gox, the Web's largest exchange service.

### NFC is Dead - No it's Not! (and more from the Money2020 event)

10/09/13 *VeriFone*

This week in Las Vegas, a fairly young payments event called, "Money2020" was going on and it has already garnered attendees from 60 countries, most of the top payments-focused companies in North America, and more mobile wallet and mobile payments startups than you can throw a stick at. This year VeriFone was actively involved, sponsoring the WiFi for more than 4,000 users as well as attending a

number of informative sessions on everything from Payment Trends in Emerging Markets, to short sessions by companies like Amazon and PayPal who made announcements around new product offerings.

### **Punchh, The Virtual Stamp Card That Connects A Restaurant's Cash Register To A Customer's Smart Phone**

*10/10/13 TechCrunch*

Punchh is a CRM platform for the brick-and-mortar business world that takes the old punch card that you get at a coffee shop or restaurant and makes it an app that a restaurant can hook into its point of sale (POS) system. Today, the company has launched a new customer segmentation tool that allows a restaurant to explore customer sales information down to a granular level.

### **Mobile Payments Developments from ISIS Wallet at Money2020**

*10/09/13 Mobile Commerce Press*

Money2020 was stirring with the latest mobile payments news that was released by the Isis smartphone based wallet through the presentation made by its CEO, Mike Abbott. The primary focus of the presentation was that the service makes paying simple, secure, and smarter. The central element of the Isis mobile payments wallet is that a user is able to add a multiple credit cards into this digital service, and that each of these cards can be accessed through a single password or pin. Moreover, the type of card that can be added to the wallet is not limited to credit.

### **Jack Dorsey's Reputation Is Crushed In Nick Bilton's Book On The Early Days Of Twitter**

*10/09/13 Business Insider*

Twitter's Jack Dorsey has overhyped his role as founder, and he was often more of a distraction than a leader at the company, according to Nick Bilton's new book, "Hatching Twitter: A True Story of Money, Power, Friendship, and Betrayal." Bilton's treatment of Dorsey's role at the company is brutal. He describes him as an NYU dropout with a ring through his nose, who listened to punk on his laptop in coffee shops and couldn't even get a job at a shoe store.

## **Regulation & Security**

### **New York Case Raises Questions About the Future of States' Bans on Credit Card Surcharges**

*10/09/13 Digital Transactions*

An injunction that puts New York State's ban on merchants' credit card surcharges on hold could be a prelude to a bigger legal assault on states' surcharge restrictions. If pro-surcharging merchants prevail, their actions could add some oomph to a provision in the pending settlement of unrelated litigation over interchange that nominally would permit surcharges but in practice is nearly meaningless to regional and national retailers.

### **PayPal and the National Cyber Security Alliance Unveil Results of New Mobile Security Survey**

*10/09/13 BusinessWire*

PayPal and the National Cyber Security Alliance today unveiled the results from a new Zogby Poll highlighting the latest trends, concerns and misperceptions around mobile security and commerce. The survey is in support of National Cyber Security Awareness Month (NCSAM), an effort that educates millions of people each year about the importance of online safety and security. "Mobile devices present unique security

advantages including location information and biometric authentication. According to our survey, more than half of mobile consumers are comfortable using biometrics to authenticate themselves on mobile devices."

## **Fraud Happens. So What Do You Do?**

*10/07/13 Portals & rails*

As both a data junkie and someone interested in payments fraud, I must admit that I am envious of my colleagues across the pond in the United Kingdom. The Financial Fraud Action UK recently released Fraud the Facts 2013, its annual report providing insight and data on payments fraud in the U.K. financial services industry. Unfortunately, no such report exists in the United States.

## **Breaches: Holding Retailers Accountable**

*10/10/13 Bank Info Security*

The Vermont Attorney General's \$30,000 settlement with a breached retailer is significant because it demonstrates that states can play a role in holding retailers accountable for losses associated with card fraud, one banker says. As a result of this case, more banking institutions may ask state attorneys general to conduct investigations after card fraud is linked to a retailer, says Marjorie Meadors, who oversees card fraud prevention for Louisville-based Republic Bank & Trust, a community bank with \$3.2 billion in assets.

## **Nordstrom Finds Cash Register Skimmers**

*10/10/13 KrebsonSecurity*

Scam artists who deploy credit and debit card skimmers most often target ATMs, yet thieves can also use inexpensive, store-bought skimming devices to compromise modern-day cash registers. Just this past weekend, for instance, department store chain Nordstrom said it found a half-dozen of these skimmers affixed to registers at a store in Florida.



## **Economy**

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

*10/10/13 First Data*

First Data Corporation, a global leader in electronic commerce and payment processing, today released its First Data SpendTrend® analysis for Aug. 31, 2013 through Sept. 30, 2013 compared to Sept. 1, 2012 through Oct. 1, 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. Overall dollar volume growth of 5.3% in September fell from last month's growth of 7.3%.

### **Government Standoff Shakes Trust in U.S. Debt**

*10/09/13 Dealbook*

In good times and bad, the world's financial system has long been able to rely on one thing: that the United States government would pay back its debt on time. This assumption has made short-term government debt the most basic building block of the financial system, as reliable as a dollar bill. In recent days, however, the fiscal impasse in Congress has been testing investors' confidence. As a result, investors have been shifting their money out of the \$1.7 trillion market for the short-term

government debt known as Treasury bills, worried, for the moment at least, that they may not be the risk-free asset they have known.

### **The High Cost, for the Poor, of Using a Bank**

*10/10/13 The New Yorker*

In September, I attended a meeting on how to help low-income people get better access to financial services. I found myself sitting next to an executive from a large financial-services firm, who told me that he had recently pretended to be without a bank account for an entire afternoon. He and several people in his department had been sent to check-cashing stores in places like Harlem to cash checks, send money, and pay bills, to experience what it might be like to live without a bank account. He became animated as he pulled a file from his briefcase and showed me the stack of receipts he had accumulated in his afternoon of living on the edge.

## **Payments Press**

### **Merchant e-Solutions Provides Progress Report Since Aquisition by Cielo**

*10/09/13 Merchant e-Solutions*

Merchant e-Solutions (MeS), a U.S.-based provider of end-to-end global payment solutions and a company from the Cielo group, is ending the year following its acquisition by Cielo with some major achievements under its belt and an optimistic outlook to the coming year. In August of 2012, Silicon Valley-based MeS was acquired by Cielo, Latin America's leader in electronic payment solutions.

### **Buy Items Inside Magazine Apps With MasterCard's 'ShopThis'**

*10/08/13 PCMag*

Flipping through the pages of Esquire or Vanity Fair, you're likely to find shiny new products that would look great on your mantle or in your closet. The tablet versions of many popular magazines currently provide links to retailers' websites, but a new offering from MasterCard will help you make a purchase without ever leaving the pages of your favorite magazine. "As consumers embrace a more digital lifestyle, the way they shop and pay for things is changing," Garry Lyons, chief innovation officer for MasterCard, said in a statement.

### **First Data OfferWise Solution Integrates with Bing Offers Card-Linked**

*10/07/13 Yahoo! Finance*

First Data Corporation, a global leader in electronic commerce and payment processing, today announced that the First DataOfferWiseSM solution has been integrated with Microsoft's Bing Offers Card-Linked, which consolidates local deals from a number of deal providers. OfferWise is an open platform that enables retailers to electronically attach offers to any consumer payment card or mobile wallet to allow streamlined and automatic redemption of the offer at the point of sale (POS).

### **Apriva Urges ISOs To Take On Vending Machines**

*10/08/13 ISO & Agent*

Credit and debit card payments at vending machines could present a whole new realm of opportunity for independent sales organizations. But first, ISOs should ask themselves if they're ready to learn a complicated new niche and willing to help sometimes clueless vending machine owners navigate the electronic-transactions business, a vendor tells ISO&Agent Weekly. Independent vending machine owners,

often called vending operators, want to go cashless and need someone to show them how.

### **Heartland Payment Systems® and Tabbedout Serve Up Integrated Mobile Payment Solution to Drive Consumer Engagement**

*10/11/13 Heartland Payment Systems*

Heartland Payment Systems, one of the nation's largest payment processors and a leading provider of merchant business solutions, and Tabbedout, the free mobile payment app that allows consumers to open, view and pay tabs with their phones, have announced a strategic partnership to deliver an integrated mobile payment solution designed specifically for restaurant and bar operators.

### **Eighty-three Percent of Financial Industry Professionals Predict Real-time Payments Will Be Universally Available Within Five Years**

*10/09/13 ACI Worldwide*

Real-time payments are expected to be universally available across financial services institutions within five years, reveals a recent survey by ACI Worldwide. More than 200 financial industry professionals from around the world participated in this September 2013 survey, and more than 80 percent believe the shift from batch to real-time-authorizing and executing transactions, securely and immediately-is within sight.

### **TSYS Expands Processing Agreement with MainStream Merchant Services, Inc.**

*10/08/13 TSYS*

TSYS announced the signing of a contract extension with MainStream Merchant Services, Inc., of Alpharetta, Ga., to continue providing a full range of services to include authorization/capture and clearing/settlement, as well as bank identification number (BIN) sponsorship. MainStream Merchant Services has become a leader in payment processing, with more than \$1 billion annually in credit card transactions.

### **BlueSnap Mobile Technology Alleviates Shopper Abandonment Rate with One Click Mobile**

*10/08/13 BlueSnap*

BlueSnap, a smarter payment gateway, today announced that the company's SnapMobile optimization technology that provides a one-click checkout experience for shoppers using mobile devices has received a very positive response from customers. With shopper abandonment rates reaching upwards of 70 percent or more on mobile devices, merchants have been relying on BlueSnap to make it easy for shoppers to purchase from any device with just one click.

### **MasterCard Enters into Agreement to Acquire Provus - The Leading Independent Turkish Payment Solutions Provider**

*10/10/13 Investors*

MasterCard announced that it has entered into an agreement to acquire Provus, Turkey's leading independent payment solution and processing provider. The acquisition will build on MasterCard's strategy of increasing its processing presence in high-growth markets and deliver superior processing solutions and innovative value added services for both financial institutions and customers in the emerging prepaid and mobile payments space.

### **FirstBank to Join the clearXchange Network**

*10/10/13 clearXchange*

clearXchange, the largest person-to-person (P2P) payments network in the U.S. created by and for financial institutions, and FirstBank, the second-largest bank by deposits in Colorado, announced today that FirstBank will join the clearXchange network. With clearXchange, FirstBank customers will be able to send payments from their existing FirstBank account safely and conveniently using only the recipient's mobile number or e-mail address and without providing sensitive account information.

### **American Express Aims to Serve Unbanked and Underbanked**

*10/09/13 Banking Tech*

Amex, home of that object of envy, the Black Card, is expanding in an unexpected direction - to provide services to the unbanked and underbanked. "Our financial systems are failing to meet the needs of a large portion of people around the world," Dan Schulman, group president, enterprise growth at American Express said at Money2020 in Las Vegas. "There are more than 2 billion people in the world, and 70 million in the US, that are poorly served by the traditional financial system.

### **The Bancorp Teams Up with Marqeta**

*10/08/13 The Bancorp Bank*

The Bancorp, Inc. ("The Bancorp") and Marqeta, the commerce and payments innovator, today announced a new issuing and processing partnership. As a result of the newly formed relationship, The Bancorp will be able to offer its clients and program managers Marqeta's leading multi-purse functionality, while at the same time being able to issue open and closed loop prepaid cards to Marqeta's growing customer base.

### **Groupon Updates BreadCrumb POS In Push To CRM**

*10/09/13 StreetFight*

Groupon has rolled out new features for its Breadcrumb point-of-sale (POS) app Wednesday morning, adding Customer Relationship Management (CRM) capabilities to the product. The CRM features give merchants the opportunity to track customers by storing their contact information while analyzing purchase behaviors, helping Groupon connect its emergent POS tech to its marketing business.

### **Green Dot Corporation names Grace Wang as Chief Financial Officer**

*10/08/13 MarketWatch*

Green Dot Corporation announced it has named Grace Wang to the position of Chief Financial Officer. Ms. Wang joins Green Dot from JP Morgan Chase where she most recently was based in London and held the position of Managing Director and Chief Financial Officer of Investor Services Sales for Europe, Middle East and Africa (EMEA), a \$6 billion JP Morgan Chase institutional business. Prior to becoming CFO of that division, Ms. Wang held various senior finance and leadership roles at JP Morgan Chase since 2004, including EMEA CFO and Head of International Strategy and Business Development of the Treasury and Securities Services division.



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