

# NewsFilter

Editor: Mike Strawhecker, VP & Director of TSG Metrics  
Co-Editor: Andrew Nuss, Marketing Associate



THE STRAWHECKER GROUP

The Trusted Advisor To The Payments Industry



Dec. 13th, 2013  
Edition #383

New to NewsFilter?



Want to Advertise  
in NF?

[Click here to learn  
more.](#)

## Categories

[Featured](#)

[Mobile Payments](#)

[Regulation & Security](#)

[Economy](#)

[Payments Press](#)

## TSG Resources

[TheStrawGroup.com](#)

[TSG Resource Center](#)

[PaymentsPulse.com](#)

[TSG Overview](#)

## Trending This Week...

[This week ETA & TSG released the 20th Economic Indicators Report.](#) The special introduction for Q3 centers around attractive merchant verticals based upon SIC code groupings from Q3 2012- Q3 2013. [Click here to read the report.](#)

Also this week, [Square bought Evenly](#), an app that makes it easy to share expenses with friends. Square has also released a [new, slimmed-down reader.](#)

[PayPal's president, David Marcus, made some predictions](#) this week for 2014 that include: traditional retailers fighting back, iOS and Android drive a retail revolution, and Bitcoin continuing to gain ground.

Other highlights include:

- [ExxonMobil Among Latest Companies to Join MCX](#)
- [Debit Networks Form Organization to Work on EMV as Court Mulls Durbin Decision](#)
- [First Data Releases November SpendTrend](#)
- [Wells Fargo Launches Agreement with Isis](#)

### ***TSG Study on Front/Back-end Processing Pricing***

TSG has released their seventh edition of this widely popular report which includes the detailed line-item cost of third-party processing to ISOs/MSPs.

[Click here to see a preview of the report.](#)

Please [click here](#) if you are interested in ordering the report. The price is \$4,900. Please email [Info@TheStrawGroup.com](mailto:Info@TheStrawGroup.com) with questions.

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

[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: 2000** **Al Gore Concedes Presidential Election**

Vice President Al Gore reluctantly concedes defeat to Governor George W. Bush in his bid for the presidency, following weeks of legal battles over the recounting of votes in Florida, on this day in 2000.

In a televised speech from his ceremonial office next to the White House, Gore said that while he was deeply disappointed and sharply disagreed with the Supreme Court verdict that ended his campaign, "partisan rancor must now be put aside."

## **Featured**

### **ETA & TSG Release Third Quarter Economic Indicators Report**

*12/13/13 TSG Metrics*

The 20th Edition of the ETA & TSG's U.S. Economic Indicators Report contains a special introduction focusing on the top performing merchant verticals for acquirers and ISOs. This introduction shows that the Health & Medical Services, Entertainment & Recreation, and Construction Services merchant verticals were among the most attractive SIC code groupings from Q3 2012 to Q3 2013. These three merchant verticals had the highest growth rates in terms of card usage over the time period and were some of the most profitable merchants for merchant acquiring portfolios.

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

### **Big Idea 2014: Predictions from PayPal**

*12/11/13 PayPal*

Prediction lists are everywhere this time of year and they often have more to do with sounding clever than sharing insight. So I hesitated last year when a colleague encouraged me to blog about key trends to watch for in the payments industry in 2013. In the end, though, I had a lot of fun writing Looking Ahead to 2013. It was great to go on record with my thoughts about key trends affecting payments. And the blog prompted some fascinating conversations about how technology is transforming shopping experiences.

### **Square Buys Second Company in a Week With Purchase of Payments App Evenly**

*12/11/13 VentureBeat*

Square has acquired Evenly, an app that makes it easy to share expenses with your friends. This is an interesting move for Square, which is mainly dedicated to helping small merchants accept payments on their mobile device. "At Square, we are committed to creating a better experience for our merchants by helping them focus on their customers rather than on the payment itself," product engineering lead Gokul Rajaram said in a blog post.

### **PayPal President David Marcus: Bitcoin is Good, NFC is Bad**

*12/10/13 CNET*

Online payments will look completely different in the next decade, and Bitcoin has a better chance at revolutionizing commerce than the NFC tap-to-pay technology, PayPal President David Marcus predicted Tuesday. "I really like Bitcoin. I own bitcoins," Marcus said at the LeWeb conference here. However, he believes people today don't correctly understand what bitcoins actually are, and he's not yet ready to let people link their bitcoin wallets with their PayPal accounts.

### **Q&A With Diane Vogt Faro: A Life In On The Acquiring Side**

*12/09/13 ISO&Agent*

Diane Vogt Faro, a pioneer of the acquiring business, has served as president of the Electronic Transactions Association and was a founder of Women Networking in Electronic Transactions, or W.net. After a distinguished career with First Data that included stints as president of Global Merchant Services and CEO of Chase Merchant Services, Faro is now president of the National Benefit Programs and Faro Payments

"I accept the finality of the outcome, which will be ratified next Monday in the Electoral College" he said. "And tonight, for the sake of our unity as a people and the strength of our democracy, I offer my concession."

Gore had won the national popular vote by more than 500,000 votes, but narrowly lost Florida, giving the Electoral College to Bush 271 to 266.

Gore said he telephoned Bush to offer his congratulations, honoring him, for the first time, with the title "president-elect." [Click here to read more.](#)

Consulting Inc. She's also served on the Merchant Link and Front Stream Payments boards.

## At Bitcoin Conference, Two 'Gurus' Draw a Crowd

*12/11/13 USA Today*

In the highly insulated world of Bitcoin devotees, a small clutch of early adopters are treated like rock stars. Shortly after his panel on investment opportunities, former child star Brock Pierce (The Mighty Ducks) was engulfed by a throng of admirers. He wasn't surrounded for his acting chops but for making a small fortune investing in Mastercoin Foundation, which lets people create their own cryptocurrency using the Bitcoin computing protocol. "Next year will be the year of Bitcoin," says Pierce, managing director of Clearstone Global Gaming Fund and an advocate of virtual currency since the late 1990s.

## The Unexpected Power Shift In Payments

*12/09/13 PYMNTS*

I think it's pretty safe to say that the "traditional" advertising and loyalty ecosystems are dying a slow death and should probably be put out of their respective miseries. Mobile/connected devices powered by apps and enriched by data in real time have engulfed them. The result is a giant shifting of the power that they once had to develop and control the information flow that was supposed to influence consumer actions to those with the tools, channels and data to deliver better outcomes in real time. Those new players are the platforms that power commerce and payment.

## Mobile Payments

### ExxonMobil Among Latest Companies to Join Merchant Customer Exchange

*12/09/13 The Sacramento Bee*

The Merchant Customer Exchange (MCX) today announced that ExxonMobil, Giant Eagle, Kum & Go and Rite Aid Corporation are among the growing number of merchants to become MCX members. MCX is a group of leading merchants dedicated to improving the shopping experience by offering consumers a widely-accepted, customer-focused and secure mobile commerce platform.

### Google Gets Aggressive in Mobile Wallet Rollout, But What's Next?

*12/12/13 BankThink*

Google's rapid-fire rollout of KitKat, the latest version of its Android mobile operating system, is likely to enroll a substantial number of new users to the company's mobile wallet. But the burning question is: once we're all signed up, what is Google's next step? The deployment of KitKat is especially noteworthy because it's happening so fast - much of the coverage of Google's software highlights how unusual it is to see a major operating system update proceed without significant carrier-imposed delays.

### A \$25M Bet on Bitcoin: Is This Really the "Tipping Point?"

*12/12/13 GigaOM*

Is Bitcoin about to enter the mainstream? It sure looks that way after high profile investors plowed \$25 million into Coinbase, a start-up that provides Bitcoin-related services to more than 600,000 people and to a growing list of well-known merchants. Yet Coinbase's boast that Bitcoin is at a "tipping point" may be premature. The currency still has a lot to prove, especially when it comes to showing that Bitcoin can ever catch on as an everyday payment mechanism. Here's an overview of what recent

big investments really mean, and what it will take for Bitcoin to stick around for good.

## Retailer Takes Customer Tracking to New Level for the Holidays

*12/11/13 StorefrontBacktalk*

As we have discussed here before, more retailers are adding technology to track customers' traffic and purchases in stores, from iBeacons to infrared sensors. The practice is becoming so common, in fact, that the Future of Privacy Forum estimates that around 1,000 small and large retailers are using some type of sensors to monitor the pathways their customers take throughout the store. Macy's is the largest and most recent example of a retailer effectively using customer tracking in an attempt to increase customers' purchases this holiday season.

## Here Comes The Mobile Payments Bubble -- Why Aren't We Scared Yet?

*12/09/13 Forbes*

The promise of mobile payments is undeniable; many investors and entrepreneurs have rightly identified this area as an opportunity to make billions. In fact, the payments industry is already worth \$35 billion annually and growing exponentially. But despite the appearance of mobile payments as a lucrative opportunity, not everyone is going to succeed in this crowded market. We are still early in the hype cycle, but already the specter of a ripe tech bubble looms.

## How Apple's Lightning-Plug Guru Reinvented Square's Card Reader

*12/09/13 Wired*

When we talk about the design of a piece of hardware, we usually default to observations about its outward appearance—its form, its color, the materials it's made of. Often, though, that's only half the equation. For a product like the new Square Reader—a sleek update to the familiar credit card-swiping dongle that's nearly twice as thin as its predecessor—most of the design work is out of sight. It exists in the meticulous selection and arrangement of the components inside—the delicate stacking of circuitry and silicon that make our gadgets go.



## Regulation & Security

### Debit Networks Form Organization to Work on EMV As Court Mulls Durbin Decision

*12/11/13 Digital Transactions*

Ten U.S. debit networks have formed the Debit Network Alliance LLC, an organization meant to ensure they have a competitive stake in the debit industry following the U.S. payment-industry migration to the EMV chip card standard, expected within a couple of years. The new group has sprung up as an appeals court considers a federal-court decision this summer that ordered the Federal Reserve to rewrite its rules implementing the Durbin Amendment.

### CFPB Turns Focus to Arbitration Agreements in Credit Contracts

*12/12/13 Inside ARM*

Richard Cordray, Director of the Consumer Financial Protection Bureau (CFPB) is in Dallas today to speak at a field hearing on arbitration clauses in credit contracts. The Bureau also released a report Thursday that showed arbitration clauses are commonly used by large credit card issuers and that roughly 9 out of 10 clauses allow banks to prevent consumers from participating in class actions. In prepared remarks, Cordray will note that the CFPB wants to explore the arbitration process and the contract clauses that trigger it, as the Bureau views arbitration as "a way to resolve disputes outside of the court system."

## **Too Late for EMV in the U.S.?**

*12/09/13 Bank Info Security*

While some payments networks and banking institutions are hopeful advanced chip technology that complies with EMV - the Europay, MasterCard, Visa standard - will eventually be adopted in the U.S., Anton Chuvakin, an analyst with the consultancy Gartner, says it could be too late. Chuvakin says more advanced payments options trump EMV card transactions, and he questions whether the investment in EMV makes sense. "I don't see EMV making an impact in 2014, 2015 or 2016," Chuvakin says during this interview with Information Security Media Group.

## **ATMIA Announces EMV Routing Actions**

*12/12/13 ATM Marketplace*

The ATM Industry Association has issued a position paper urging payment networks and ATM deployers to work together to retain open market flexibility in routing choices. The organization also announced that it has retained Tremont Capital Group Inc. to conduct an analysis of routing choices. EMV migration is more complex in the United States where multiple networks exist, said a news release from ATMIA. Compounding this confusion, the organization said, is a recent U.S. District Court ruling that Durbin Amendment routing requirements are not being met by current Fed guidelines.

## **Economy**

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

*12/11/13 First Data*

First Data Corporation, the global leader in payments processing and electronic commerce solutions, today released its First Data SpendTrend® analysis for Oct. 31, 2013 through Dec. 2, 2013 compared to Nov. 1 through Dec. 3, 2012. SpendTrend tracks same-store point-of-sale data by credit, signature debit, PIN debit, EBT, closed-loop prepaid cards and checks at U.S. merchant locations. November dollar volume growth of 4.4% marked a downtick from October's growth of 6.8%. Although the cold and dry weather at the end of the month offered perfect holiday shopping weather, several portions of the country earlier in the month dealt with blasts of snow hindering shopper foot traffic.

### **Rising Retail Sales Signal Stronger Economy**

*12/12/13 The New York Times*

Retail sales rose solidly in November, adding to signs of a strengthening economy that could draw the Federal Reserve closer to slowing the pace of monetary stimulus. The upbeat picture was clouded somewhat by a report on Thursday showing the biggest jump in a year in first-time claims for jobless benefits. Economists, however, largely dismissed that report as skewed by a late Thanksgiving and other factors.

## **Payments Press**

## **Wells Fargo Launches Agreement with Isis**

*12/12/13 Wells Fargo*

Wells Fargo & Company and Isis®, the mobile commerce joint venture created by AT&T Mobility, T-Mobile USA, Inc. and Verizon Wireless, today announced the first phase of an agreement that allows Wells Fargo Visa consumer credit card holders to load their cards into the Isis Mobile Wallet®. This launch enables cardholders to securely pay, redeem coupons and present loyalty credentials, all with the tap of their phone.

## **Household Use of Mobile Bill Pay Doubled in 2013: Fiserv**

*12/11/13 American Banker*

The number of households using mobile bill payments doubled in the last year, according to a survey released Wednesday by the financial technology company Fiserv. Sixteen million U.S. households paid a bill using an app, text or mobile browser in 2013, up from 8 million in 2012, Fiserv said. Smartphone users drove this increase, as bill payments in that group rose 150%, to 30% of smartphone users. Those who use smartphones to pay bills say they do so because of the convenience (70%), the ability to pay anytime (55%) and the desire to save time (49%).

## **MasterCard Introduces Payroll Card Standards**

*12/13/13 BusinessWire*

MasterCard today released new standards designed to help employees take full advantage of the benefits of having their paycheck electronically deposited onto payroll cards. The payroll card standards require employers and payroll card providers to offer cardholders greater insight on these programs through educational resources and increased transparency of any fees. Additionally, the standards ensure the employee has a fee-free way to access their pay and check available balances.

## **TSYS Releases Importance of 3D Secure with EMV**

*12/11/13 TSYS*

TSYS announced the release of a white paper titled "EMV is Not Enough: Considerations for Implementing 3D Secure." The paper considers the impending U.S. migration to Europay, MasterCard, and Visa (EMV) chip to combat fraud, but concludes that there are additional steps issuers must consider to mitigate fraud risk. This report concludes that there are clear lessons to be learned in the U.S. from the UK's introduction of EMV - and the resulting rise in card-not-present fraud.

## **iBeacon Pioneers Estimote Raise \$3.1M Seed Round**

*12/10/13 Tech Crunch*

Jakub Krzych, founder of Estimote, has announced a \$3.1 million seed round raise from Innovation Endeavors, Betaworks, Bessemer Venture Partners, Birchmere Ventures, Valiant Capital Partners and others. The company is already shipping its small Bluetooth products, called Beacons, to retailers and they expect a huge rush in orders as they line up large clients next year. "In the future apps will not be designed just for smartphones. They will also be developed and installed on top of retail stores and other real world locations - like airports, museums or hospitals," said Krzych.

## **Intrix Technology Acquires Merchant Processing USA**

*12/10/13 Intrix*

Intrix Technology, Inc., a technology enabled ISO and leading payment processor, today announced it has acquired Merchant Processing USA based in Southfield, Michigan. Merchant Processing USA specializes in providing credit card and check-processing services to small and mid-sized business, including retailers, business-to-business providers and e-

commerce companies.

### **Clinkle Experiences Growth Pains as 25% of Staff Shown Pink Slips**

*12/10/13 Finextra*

Payments start-up Clinkle appears to be experiencing severe growth pains as it lays off staff and restructures its operations in the wake of a recent \$25 million funding round. Founded by 22-year old Lucas Duplan, Clinkle turned Silicon Valley heads in June when it announced a \$25 million seed funding round before it had even launched its first product. Although continuing to operate in stealth mode, the company is understood to have developed a prototype application that uses high-frequency sound waves to transfer payment signals between mobile devices and merchant terminals.

### **Element Announces Release of its TransForm Suite of PCI Compliant Mobile Processing Solutions**

*12/10/13 GlobeNewswire*

Element Payment Services, Inc., A Vantiv Company (NYSE: VNTV) and a recognized leader in PCI compliant payment processing solutions, announced today the release of its TransForm® Mobile solution suite. Incorporating Element's TransForm® approach to PCI compliance, the new mobile solution suite removes the value and accessibility of cardholder data and helps eliminate risk.

### **Sage Launches New Mobile App for Prepaid Business Card**

*12/09/13 The Green Sheet*

Sage North America today announced new mobile capabilities for the Sage Business Prepaid Visa Card, which allows businesses to instantly allocate funds to employees while managing employee spending based on company policies. Using the Sage Business Prepaid Visa Card mobile application ("app"), businesses can place daily spending limits on cards and restrict card usage by merchant category. Administrators can also use the mobile app to set funding rules for each card as well as set zero balances and block cards.

### **Loop Mobile Wallet Oversubscribes \$10M Angel Round**

*12/12/13 The POS News*

Loop, the first smartphone-enabled commerce solution accepted at virtually every point-of-sale terminal, today announces it has secured more than \$10 million in funding and will start shipping its mobile app and its first AppCessory, the Loop Fob, to its pre-order customers and Kickstarter backers this month. Loop has solved the biggest problem facing mobile payments to date, by delivering a mobile wallet solution accepted nearly everywhere on day one. Loop's patented invention transforms existing mag stripe readers at every point of sale terminal today, into contactless payment receivers with no change required by the merchant.

### **Mozido Gets \$30 Million for Growth**

*12/09/13 Mozido*

Austin-based Mozido said it has received the first \$30 million of a committed \$70 million round of financing to launch its mobile services around the world. The company, which moved its headquarters from Dallas to Austin in January, plans to offer mobile commerce and payment services to the millions of consumers who don't have established banking relationships.

### **Tim Hortons Launches NFC Payments Service Using Host Card Emulation**

12/13/13 NFC World

North American coffee chain Tim Hortons has launched an NFC mobile payments service using Host Card Emulation (HCE) at 3,500 locations in Canada and 800 in the United States. It is currently available to customers with BlackBerry 10 smartphones and support for Android phones will be added in January 2014. To use the new Quickpay service, customers link their existing prepaid Tim Card to their TimmyMe mobile app.

### CBA Launches NFC Payment System for Samsung S4

12/12/13 *Technology Spectator*

Commonwealth Bank Australia (CBA) is set to become the first bank in the world to allow customers to pay for goods with a simple tap with their Samsung Galaxy S4 smartphone. As part of its push to lead new advances in the payments space, the bank has partnered with both Samsung and MasterCard Australia, to introduce Australia's first mobile wallet, near field communication (NFC) powered payment system.



Want to be a  
Merchant  
Aggregator?



**tsg** THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



Copyright © 2013 The Strawhecker Group. All Rights Reserved. Unless noted, TSG does not take responsibility for content or opinions. Articles are sourced as appropriate throughout.

'SafeUnsubscribe' below will remove you from all TSG communications, this includes email blasts as well as NewsFilter. Please be aware of this before you choose to unsubscribe. Thank you, we appreciate your continued readership.