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THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



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## Trending This Week...

And so it continues...Target is again in the spotlight [as more details begin to trickle out about the data breach](#) that happened a few weeks ago. See below in the [Featured](#) section for a spattering of articles published this week surrounding the Target breach.

Neiman Marcus, also announced a breach recently and while their CEO [apologized Thursday for the incident](#), she did not cite how many cards were affected or which stores. It is being reported that the breach at went undetected from July to December.

Other highlights include:

- [Wall Street Sees Bitcoin's Legacy as Payment System](#)
- [Putting Square's \\$5B Valuation Into Context](#)
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- [First Data Releases December 2013 SpendTrend Analysis](#)

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## Featured

### [A First Look at the Target Intrusion, Malware](#)

1/15/14 [KrebsOnSecurity](#)

Last weekend, Target finally disclosed at least one cause of the massive data breach that exposed personal and financial information on more than 110 million customers: Malicious software that infected point-of-sale systems at Target checkout counters. Today's post includes new information about the malware apparently used in the attack, according

[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: 1950

[Boston Thieves Pull off Historic Robbery](#)

On this day in 1950, 11 men steal more than \$2 million from the Brinks Armored Car depot in Boston, Massachusetts. It was the perfect crime--almost--as the culprits weren't caught until January 1956, just days before the statute of limitations for the theft expired.

The robbery's mastermind was Anthony "Fats" Pino, a career criminal who recruited a group of 10 other men to stake out the depot for 18 months to figure out when it held the most money. Pino's men then managed to steal plans for the depot's alarm system, returning

to two sources with knowledge of the matter.

[Click here to read more.](#)

[Click here to read part two.](#)

### [Target to Testify to Congress on Data Breach](#)

*1/16/14 NBC News*

Target Corp has agreed to testify before Congress next month about the data breach that compromised credit and debit card and personal data of millions of its customers. **Rep. Lee Terry**, who chairs the commerce, manufacturing and trade subcommittee of the House Committee on Energy and Commerce, said in a statement on Thursday that a hearing conducted by his panel would examine such data breaches and their effect on consumers. The subcommittee said it expects to take testimony from law enforcement officials and others, in addition to one or more representatives of Target, the third largest U.S. retailer.

### [Neiman Marcus CEO Apologizes For Credit Card Data Breach](#)

*1/16/14 The Verge*

"We want you always to feel confident shopping at Neiman Marcus, and your trust in us is our absolute priority," said the chief executive. In addition to the apology, the website has a number of updates on the ongoing investigation. While we still don't know the scale and scope of the data collected, Katz writes that PIN numbers, social security numbers, and birth dates were not compromised. While both credit and debit card information was collected, Neiman Marcus cards have apparently not been abused and the company believes that the breach didn't affect customers who shopped online.



### [Bickering Over Interchange Won't Stop the Next Data Breach](#)

*1/13/14 American Banker*

In "Broken Payment System Guarantees Another Breach like Target's" (BankThink, Jan. 9), merchant attorney Doug Kantor decries what he calls an "almost universal lack of understanding of the essential issues at hand" in the breach. Kantor proceeds to blame the breach not on the criminal enterprise that infiltrated Target's systems, but rather on the card networks, then lodges an unrelated complaint that "we pay the highest swipe fees in the industrialized world."

### [Fraud Patterns Suggest New Breaches](#)

*1/16/14 Bank Info Security*

Investigations and lawsuits are piling up for breached retailers Target Corp. and Neiman Marcus. And card-issuing banks now say fraud patterns may reveal additional breaches at other well-known brands. BankInfoSecurity on Jan. 15 spoke with a handful of executives from U.S. card issuers who said the card-fraud trails suggest that a leading hotel company and a restaurant chain also may have been breached. Whether those potential compromises are linked to Target and Neiman Marcus is unknown, they say.

them before anyone noticed they were gone. Wearing navy blue coats and chauffeur's caps—similar to the Brinks employee uniforms—with rubber Halloween masks, the thieves entered the depot with copied keys, surprising and tying up several employees inside the company's counting room. Filling 14 canvas bags with cash, coins, checks and money orders—for a total weight of more than half a ton—the men were out and in their getaway car in about 30 minutes. Their haul? More than \$2.7 million—the largest robbery in U.S. history up until that time.

[Click here to read more.](#)



## Mobile Payments

### Jack Dorsey: The Power of the Receipt in Retail [VIDEO]

1/15/14 NRF



Jack Dorsey, Chairman of Twitter and CEO of Square, explains how receipts can be a powerful communications tool, and the positive impact retailers have in communities across America.

### Wall Street Sees Bitcoin's Legacy as Payment System

1/16/14 Bloomberg

While a Texas Senate candidate is accepting Bitcoin campaign donations, and Overstock.com customers can use the technology to buy engagement rings, Wall Street sees its future more as a payment system than a currency. Either way, it's been a profitable investment. Created in 2008, Bitcoin's value took off last year, leaping about 60-fold in the past 12 months to \$936.51 yesterday, with prices ranging from \$16 to more than \$1,200, according to bitcoincharts.com. Gold plunged 26 percent in the same period, while the second best-performing major currency, the 18-nation euro, climbed 7.3 percent versus a basket of its major peers.

### Putting Square's \$5B Valuation Into Context

1/13/14 TechCrunch

Square's growth has been a story of sustained momentum. Rising from a payment-processing run rate of \$1 billion in the middle of 2011, Square is now expected to process some \$30 billion this calendar year. As Square's payment processing run rate has grown - bolstering its revenue in near lockstep - so too has its valuation expanded.

### Mobile Wallet Not Going To Displace EMV

1/13/14 The Point of Sale News

Innovations in mobile technology have made smartphones our go-to source for nearly all activities from search, to location pinning and sharing, and most recently, payments. According to Forrester Research Inc., mobile payments reached \$12.84 billion in 2012 and will grow 60% to \$90.05 billion in 2017. Meanwhile analyst firm Gartner reports that mobile payment transaction values will reach \$235.4 billion in 2013, a 44 percent increase from 2012 values of \$163.1 billion.

### Shopkick expands iBeacon trial to 100 American Eagle

## Outfitters Stores

*1/16/14 GigaOM*

Having just launched its shopper-detecting shopBeacon in two Macy's department stores, Shopkick has decided to scale its trials of Apple's iBeacon technology down to much smaller venues. It's partnering with American Eagle Outfitters to launch shopBeacon in 100 U.S. locations, including both its primary and Aerie lingerie stores. Shopkick said once the pilot goes live next month it will be the largest trial of iBeacon technology in the country. iBeacon uses Bluetooth Low Energy to detect the presence of iPhones and other smartphones as they enter and leave a beacon's limited range.

## Apple Patent Filing Reveals Digital Wallet System

*1/16/14 GigaOM*

Apple has cautiously been dipping its toes into the mobile payments pool. But a freshly-published patent filing describes an entire backend system designed to secure electronic payments made through your phone. Published Thursday by the US Patent and Trademark Office, a patent dubbed "Method to send payment data through various air interfaces without compromising user data" envisions how electronic transactions would securely travel using your existing mobile phone's technology.

## AT&T and Vantiv Announce New Mobile Payments Solutions for Businesses of All Sizes

*1/14/14 AT&T*

AT&T and Vantiv, Inc., a leading provider of payment processing services and related technology solutions, announced today the availability of new payment products that deliver highly secure, integrated and speedy on-the-spot mobile transactions to businesses of all sizes. Mobile payments represent a market opportunity with significant upside as businesses implement new, more integrated ways to manage their operations and sell to customers.

## Sacramento Kings to Accept Bitcoin

*1/16/14 ESPN*

The Sacramento Kings announced Thursday that they would become the first professional sports franchise to accept Bitcoin virtual currency. Beginning on March 1, fans will be able to buy gear in the team store and pay for tickets with the digital money. "When I sold the NBA on keeping the team in Sacramento, my pitch included using the sports franchise as a social network to push the technology envelope," Kings majority owner Vivek Ranadive told ESPN.com. "This is an example of that."

## Samsung May Be Looking To Compete With Google Wallet By Releasing Their Own Product Called Samsung Galaxy Card

*1/15/14 Android Headlines*

Samsung has been all about competing these days. They have shown their prowess in competition with the continued success of the Galaxy S series of devices, among other Galaxy products. They haven't stopped there though. Just about every single Galaxy smartphone or tablet or even phablet carries preloaded Samsung apps that compete (or attempt to) with Google's apps like calendar, mail, hangouts, games, and the Play Store etc. Of course, let's not forget about two other major offerings from Samsung Apps, like S-Voice and Media Hub.

## Regulation & Security

### Experts Differ on Whether EMV Chip Cards Provide Data-

## **Breach Immunity**

*1/14/14 Digital Transactions*

The huge data breach at Target Corp. and now one at upscale department store Neiman Marcus Group and possibly other retailers has introduced many Americans to the term "EMV" and the possibility that more secure Europay-MasterCard-Visa chip cards will replace vulnerable magnetic-stripe credit and debit cards in the United States. But some security and merchant-acquiring executives caution that EMV cards and compatible point-of-sale terminals alone would not have prevented a Target-style breach and that point-to-point data encryption is the answer.

## **Target Breach Spurs Push for Anti-Fraud Card Technology in U.S.**

*1/16/14 BTN*

U.S. banks and merchants face mounting pressure to catch up with technology used in Europe, Asia and Latin America to secure credit- and debit-card data after tens of millions of Target Corp. customers were exposed. Banks had to reissue cards and field client complaints in the weeks since Target first said data from 40 million accounts were compromised during the holiday shopping season. Lenders, retailers and other firms operating in the U.S. payments system need to cooperate with one another to prevent fraud, JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon said yesterday.

## **Target Hackers: Woo hoo, We're Rich! Um, Guys? Anyone Know How to Break Bank Encryption?**

*1/14/14 The Register*

Underground cybercriminals are attempting to decrypt a 50GB dump of encrypted debit card PINs that security watchers reckon were lifted during last year's high profile breach against retail giant Target. Security intelligence firm IntelCrawler reports that a miscreant claiming to be in possession of 50GB of PIN data secured with 3DES encryption posted a request for a hook-up with a PIN hacker on 3 January, offering a fee of \$10 per line. IntelCrawler reckons the hacker is from Eastern Europe.

## **Citi to Replace Debit Cards Involved in Target Data Breach**

*1/15/14 Chicago Tribune*

Citigroup will replace all customer debit cards involved in the data breach at Target Corp, the No.3 U.S. retailer, a spokeswoman for the bank said. The bank did not replace the debit cards sooner because it wanted to minimize disruptions during the holiday shopping season, the New York Times reported earlier, quoting a person briefed on the bank's decision.

## **Evan Schuman: Starbucks Caught Storing Mobile Passwords in Clear Text**

*1/15/14 ComputerWorld*

The Starbucks mobile app, the most used mobile-payment app in the U.S., has been storing usernames, email addresses and passwords in clear text, Starbucks executives confirmed late on Tuesday (Jan. 14). The credentials were stored in such a way that anyone with access to the phone can see the passwords and usernames by connecting the phone to a PC. No jailbreaking of the phone is necessary. And that clear text also displays an extensive list of geolocation tracking points, a treasure trove of security and privacy gems for anyone who steals the phone.

## **Economy**

## **Fed's Beige Book: Most of the U.S. Growing at a Moderate**

## Pace

*1/15/14 BusinessInsider*

Prepared at the Federal Reserve Bank of Boston and based on information collected on or before January 6, 2014. This document summarizes comments received from business and other contacts outside the Federal Reserve and is not a commentary on the views of Federal Reserve officials.

Reports from the twelve Federal Reserve Districts suggest economic activity continued to expand across most regions and sectors from late November through the end of the year. Nine Districts indicated the local economy was expanding at a moderate pace; among these, the Atlanta and Chicago Districts saw conditions improve compared with the previous reporting period.

## First Data Releases December 2013 SpendTrend® Analysis

*1/13/14 First Data*

First Data Corporation, the global leader in payments processing and electronic commerce solutions, today released its First Data SpendTrend® analysis for Dec. 3, 2013, through Dec. 30, 2013, compared to Dec. 4, 2012, through Dec. 31, 2012. SpendTrend tracks same-store point-of-sale data by credit, signature debit, PIN debit, EBT, closed-loop prepaid cards and checks from nearly four million U.S. merchant locations serviced by First Data. Dollar volume growth of 6.1% marked a significant spike compared to November's growth of 4.4% as holiday shoppers were out in full force with no time to procrastinate due to the shortened holiday shopping season.

## U.S. Data Points to Firming Labor Market, Inflation Tame

*1/16/14 The New York Times*

The number of Americans filing new claims for unemployment benefits fell for the second consecutive week last week, suggesting a sharp step-down in job growth in December was likely to be temporary. The better labor market tone was also captured by a survey on Thursday showing an acceleration in manufacturing activity in the Mid-Atlantic region, accompanied by a rise in factory jobs. "We view the tepid December payroll gain as an aberration and expect job creation to look stronger in January," said John Ryding, chief economist at RDQ Economics.

## Payments Press

### PayPal Makes Buying Products Faster with its New In-context Checkout Process, Available by June

*1/13/14 TNW*

PayPal is getting back to its roots to focus on improving its core feature: the checkout process. The payment processing company today announced that it is releasing an updated experience to its online checkout system. It will have a seamless integration with merchant websites that lets consumers buy products quicker and with the same process across all devices. It is expected to be released earlier this year worldwide.

### Twitter Said to be Teaming with Stripe for In-tweet Payments

*1/16/14 CNET*

Twitter may soon be a platform retailers use for more than just advertising and marketing. If a report published today is accurate, retailers may soon be able to sell products and take payments directly in tweets. According to the report by Recode on Thursday, Twitter may be teaming up with the online payments service Stripe to make it possible for retailers to accept credit cards directly through tweets.

## **Total Merchant Services Integrates Technology And Transactions**

*1/15/14 ISO & Agent*

A West Coast-based super ISO is combining transaction services, electronic marketing and tablet technology to create a compelling "bundle" for ISOs and agents to sell to merchants. "2014 will be a very exciting year for us as we bring the technology together for retailers and package it for our sales partners to present," says Jeff Broudy, vice president of sales and marketing for Total Merchant Services Inc.

## **Visa Trims Slogan to Expand Meaning**

*1/13/14 The New York Times*

Visa has joined the ranks of the reducers by bringing back a theme, "It's everywhere you want to be," featured in campaigns from 1985 to 2006, as "Everywhere you want to be." The theme replaces "More people go with Visa," which ran from 2009 through last year. Executives at Visa and BBDO Worldwide, its creative agency, say there are more differences between the longer and shorter versions than just a missing word.

## **VeriFone CEO Paul Galant to keynote at Transact 14: Powered by ETA**

*1/14/14 The Green Sheet*

The Electronic Transactions Association (ETA), the global trade association representing the payments technology world, announced today the addition of VeriFone CEO Paul Galant as a keynote speaker for "TRANSACT 14: Powered By ETA," the industry's largest payments and technology event. TRANSACT will be the first major speaking appearance for Mr. Galant since his recent appointment as VeriFone's CEO. TRANSACT 14 will take place April 8 - 10, 2014 at the Mandalay Bay in Las Vegas, and registration is open now at [www.electran.org/transact14](http://www.electran.org/transact14).

## **TSYS Announces Consumer-Driven Account Controls**

*1/16/14 TSYS*

TSYS announced plans to release TSYS Authorization Controls<sup>SM</sup> - a new product that enables credit and debit cardholders to turn their account "on" or "off" from any user interface. This innovative product can be integrated with existing mobile and other online customer service tools, and will help financial institutions empower their consumers to manage their own account preferences, reduce fraud and build customer loyalty.

## **Vantiv and Microsoft Partner to Bring Omni-Channel Commerce & Payment Solutions to Businesses of All Sizes**

*1/13/14 Vantiv*

Today, at the National Retail Federation's Annual Convention, Vantiv, Inc., a leading provider of payment processing services and related technology solutions for merchants and financial institutions of all sizes, and Microsoft announced an agreement to deliver a new range of solutions for mobile POS and cloud-connected payments that can help businesses maximize their customer reach at any scale, end-to-end.

## **Microsoft and AnywhereCommerce Forge Strategic Relationship for Surface mPOS Solutions**

*1/13/14 AnywhereCommerce*

AnywhereCommerce, a global payments technology provider, announced it has joined the Microsoft Designed for Surface third party development program. As a result of this relationship, Microsoft will offer AnywhereCommerce's suite of secure and flexible mobile point of sale

(mPOS) solutions that are integrated into Microsoft's Surface solution for retailers.

### **GNC Selects VeriFone for Consumer Engagement at the Point of Sale**

*1/16/14 VeriFone*

Leading health, wellness and sports nutrition retailer future-proofs and upgrades payment infrastructure with VeriFone. VeriFone Systems, Inc., announced that it has been selected by GNC Holdings, Inc., the nation's largest specialty retailer of health, wellness and sports nutrition products, as a partner in their ongoing effort to upgrade their payment network. GNC will deploy VeriFone's newest NFC-enabled multimedia payment device, at more than 3100 of its U.S. retail locations.

### **Heartland Partners with AJB to Reduce Transaction Costs for Merchants**

*1/14/14 Heartland Payment Systems*

Heartland Payment Systems, one of the nation's largest payment processors and a leading provider of merchant business solutions, and AJB Software Design, Inc., a leader in integrated payment solutions, today announced a strategic partnership designed to not only help merchants comply with security mandates, EMV and other emerging forms of payment, but also leverage Heartland Portico Gateway's™ Dynamic Interchange Management.

### **WorldPay and Delego Integrate to Combine SAP Enterprise Systems with Online Payments**

*1/16/14 Realwire*

WorldPay, a global leader in payment processing, risk and alternative payments and Delego, a global supplier of SAP integration software for processing electronic payments, today announced an integration of WorldPay's end-to-end payment services with Delego's electronic payment processing platform. The Delego / WorldPay integration combines SAP enterprise systems with online payments. The Delego software securely captures electronic payment transaction data from customers and this information is routed to the WorldPay Gateway.

### **Primax Enters Into Processing Service Agreement With First Data**

*1/15/14 Primax*

Primax, a premier provider of debit and credit card issuing and merchant acquiring programs, products and services, today announced that it has entered into a payments card processing service agreement with First Data, the global leader in payments processing and electronic commerce solutions. In December of 2013, Primax closed on the transaction to acquire the processing business of New England Bankcard Association Inc. (NEBA).

### **ACI Worldwide Unveils Payment Device Vendor Support for Its Point to Point Encryption Solutions**

*1/14/14 ACI Worldwide*

ACI Worldwide announced that major payment device vendors including VeriFone, Ingenico and Equinox support its Point to Point Encryption (P2PE) solutions. P2PE is an emerging encryption technique in the payments industry that protects sensitive cardholder data in transit-as it is transmitted from a merchant's store to its acquiring bank. ACI's Point to Point Encryption solutions are used with the company's leading retailer payments solution, providing a more secure path for consumer transactions.



## Square Admits It Has Permanently Slashed Its iPad Stand's Price to \$99

*1/15/14 Re/code*

When Square announced its Square Stand product in July, two topics dominated the discourse around it: Its impressive sleek design and its aggressive \$299 price point. Only one of those things now remains. In December, Square slashed the price of the Stand to \$99; at the time, company spokeswoman Khobi Brooklyn maintained that it was a special "holiday price." But she confirmed on Tuesday that the "price is staying at \$99."

## ROAM Launches its New Mobile Commerce Platform Enabling mPOS Management for Businesses

*1/13/14 Roam Data*

ROAM announced that its new mobile payments engine, ROAMmcm 5, is now available in the U.S. ROAMmcm 5 is the first enterprise-ready mobile point of sale (mPOS) solution and the first EMV-ready solution that enables businesses to quickly deploy and centrally manage global mPOS environments. By supporting EMV-based transactions, such as chip & PIN and chip & signature, ROAM enables businesses to extend their mobile strategies into new geographic markets.

## BECU Partners with Payment Alliance International to Increase Convenient ATM Access at Rite Aid Stores

*1/14/14 PAI*

Payment Alliance International (PAI), a leader in retail ATM solutions, and BECU, the largest credit union in Washington and one of the top five financial cooperatives in the country, jointly announce today that they have entered into an agreement to brand 138 ATMs located at Rite Aid stores in Washington state. PAI will own and operate all of the ATMs inside Rite Aid stores. BECU members will enjoy surcharge-free access and convenience at BECU-branded ATMs in Rite Aid stores for cash-only transactions.

## Brink's and 2Checkout Partner to Launch Brink's Checkout

*1/14/14 2CO*

2Checkout has recently banded together with the security gurus at Brink's to launch Brink's Checkout, a new payment processing service that guarantees a safe way for online merchants to sell worldwide. The collaboration uses the technology that 2Checkout has spent the last 15 years honing while Brink's will market and connect a new network of digital sellers to a platform devoted to security and global access. Read the full press release below for more details.



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