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



THE STRAWHECKER GROUP

The Trusted Advisor To The Payments Industry



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## Trending This Week...

[Square continues to diversify](#) as they announced a partnership with Whole Foods this week. The grocery chain will place Square checkout stands at food venues within the stores, such as sandwich counters, juice and coffee bars, pizzerias, and beer and wine bars.

In the midst of the nearly two dozen attacks on major retailers similar to the Target breach, [experts warn of a coming wave of serious cybercrime](#). Meanwhile, [banks push for tokenization standard](#) to secure credit card payments, citing shortcomings in the planned migration to EMV.

Other highlights include:

- [Can PayPal Beat Apple, Google, Amazon and Icahn in the Wallet Wars?](#)
- [Bitcoin Payments: Igniting or Not?](#)
- [First Data Releases January 2014 SpendTrend Analysis](#)
- [EMVCo Adds Nine Organizations to Associates Program in 2013](#)

## Survey Shows 56% Have Increased Spending Toward Improving Retention Practices

The Strawhecker Group announces the availability of a new industry study: **Merchant Acquiring: Leading Practices in Retention Management.**

The retention management study, conducted in late 2013 by Sherry Seetram in cooperation with TSG, surveyed a cross-section of merchant service providers (acquirers and ISOs) that collectively transacted \$550 billion in bankcard sales for more than 1 million merchants.

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

Please [click here](#) if you are interested in ordering the report. The price is \$795. Please email [Info@TheStrawGroup.com](mailto:Info@TheStrawGroup.com)

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[Should Traditional Merchant Acquirers "Beware of Square"](#)

[What Benefits Me By Paying a Credit Card Swipe Fee?](#)

[Use a SmartPhone to Buy Things!](#)

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## This Day in History: 278 A.D. St. Valentine Beheaded

On February 14 around the year 278 A.D., Valentine, a holy priest in Rome in the days of Emperor Claudius II, was executed.

Under the rule of Claudius the Cruel, Rome was involved in many unpopular and bloody campaigns. The emperor had to maintain a strong army, but was having a difficult time getting soldiers to join his military leagues. Claudius believed that Roman men were unwilling to join the army because of their strong attachment to their wives and families.

with questions.

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

## Featured

### [Whole Foods is 1 of 3 Major Deals Square Announced in the Past Week](#)

*2/12/14 Venture Beat*

Square made a splash on Tuesday when it announced that Whole Foods would be using its iPad cash registers, but this isn't the only major retailer Square has snagged. The payments company has also signed deals with Japanese clothing retailer Uniqlo and chocolatier Godiva. These announcements speak to Square's continued evolution into a diversified company that can support the needs of massive corporations as well as individual entrepreneurs.

### [What the Square-Whole Foods Deal Really Means](#)

*2/12/14 FierceRetailIT*

Square announced its partnership with Whole Foods Market with much fanfare earlier this week. As the mobile payments tech provider should. While Square is used primarily by independent retailers and restaurants, this is Square's first deal with a major national grocery chain. And it signifies consumers' growing acceptance of mobile payments.

### [Email Attack on Vendor Set Up Breach at Target](#)

*2/12/14 Krebs on Security*

Last week, KrebsOnSecurity reported that investigators believe the source of the Target intrusion traces back to network credentials that Target had issued to Fazio Mechanical, a heating, air conditioning and refrigeration firm in Sharpsburg Pa. Multiple sources close to the investigation now tell this reporter that those credentials were stolen in an email malware attack at Fazio that began at least two months before thieves started stealing card data from thousands of Target cash registers.

### [EMV: Mature But Still Relevant](#)

*2/12/14 ISO & Agent*

Critics call EMV "last decade's technology," but boosters consider the chip-based security standard as relevant today as it ever has been. Developed as a fraud-resistant payment standard by a consortium of card networks in the early 2000s, the Europay, Mastercard and Visa system governs point of sale payments in nearly every corner of the globe except the United States. Beginning in a few months, however, liability for fraudulent transactions with magnetic stripe cards in the U.S. will begin to shift from the issuing banks to the merchants.

### [Senators Durbin and Franken Ask Fed To Do More To Protect American Consumers From Payment Card Fraud](#)

*2/13/14 eNews PF*

U.S. Senators Dick Durbin (D-IL) and Al Franken (D-MN) yesterday wrote to the Chair of the Federal Reserve, Janet Yellen, asking her and the Federal Reserve Board to enhance payment card security by providing oversight and enforcement of a fraud prevention law that Congress enacted in 2010. Today's letter follows last week's Senate Judiciary Committee hearing on the series of recent data breaches which put consumers' credit and debit card information at risk. [Click here to read the full letter.](#)

To get rid of the problem, Claudius banned all marriages and engagements in Rome. Valentine, realizing the injustice of the decree, defied Claudius and continued to perform marriages for young lovers in secret.

When Valentine's actions were discovered, Claudius ordered that he be put to death. Valentine was arrested and dragged before the Prefect of Rome, who condemned him to be beaten to death with clubs and to have his head cut off. The sentence was carried out on February 14, on or about the year 270.

Legend also has it that while in jail, St. Valentine left a farewell note for the jailer's daughter, who had become his friend, and signed it "From Your Valentine."

For his great service, Valentine was named a saint after his death.

[Click here to read more.](#)

## [Can PayPal Beat Apple, Google, Amazon And Icahn In The Wallet Wars?](#)

*2/13/14 Forbes*

The clogged roads of San Jose teem with Priuses, which merely serve as earnest slalom gates for David Marcus to blow through in his black Porsche Panamera Turbo on a January afternoon. The 40-year-old president of PayPal has been in a rush since taking the top job 21 months ago. He's overseen a sweeping overhaul of the payment company's technology. He's rolled out a passel of new products to let his 143 million users pay with their phones.



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## [Mobile Payments](#)

### [MCX Adds Paydiant to Power Mobile Payments and Expands QSR Reach with Wendy's](#)

*2/12/14 PR Newswire*

Merchant Customer Exchange (MCX) today announced that it will add Paydiant's cloud-based, white label platform to its custom developed mobile commerce infrastructure. 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. MCX merchants represent more than 70 prominent brands with 110,000 locations that process more than \$1 trillion in payments annually.

### [Bitcoin Payments: Igniting Or Not?](#)

*2/14/14 PYMNTS*

So far Bitcoin is a bust as new payment systems go. That might come as a surprise given all the attention this digital currency has gotten, the many tens of millions of dollars in funding various Bitcoin-related ventures have received, and the volumes written on it every day. To see what I mean, it's useful to compare Bitcoin with a successful payment system that launched around the same time.

### [Apple's Next Trick: Making the Retail POS Disappear](#)

*2/11/14 StreetFight*

Mobile payments is yet another sector that has fallen into the grips of local. That's not because of m-commerce (i.e. Amazon Mobile), but the area that's come to be known as "proximity payments." This refers to people buying items in physical stores - a much bigger opportunity given the scale of local offline retail.

### [ISOs Hone Their Tablet-based Point-of-Sale Products](#)

*2/11/14 Digital Transactions*

Up Solutions, the cloud-based point-of-sale division of United Merchant Services Inc., has set its Up Tab restaurant POS system at zero cost for resellers, the company announced today. Separately, Harbortouch has updated its POS Sales Center iPad app with new functions. Comprising an Android-based tablet, stand, printer, card reader, and cash drawer, United Merchant Services' Up Tab system will be available for salons and retail stores later this year.

### [PayPal Chief Reams Employees: Use Our App or Quit](#)

2/11/14 *Venture Beat*

The president of PayPal has had it with employees who don't enthusiastically use the company's products. David Marcus sent a memo to employees working at PayPal's San Jose, Calif., headquarters yesterday, scolding them for not installing the company's app and forgetting their PayPal passwords. It's been brought to my attention that when testing paying with mobile at Cafe 17 last week, some of you refused to install the PayPal app (!!!!!!!), and others didn't even remember their PayPal password.



## Regulation & Security

### Experts Warn of Coming Wave of Serious Cybercrime

2/10/14 *The Washington Post*

The rash of attacks against Target and other top retailers is likely to be the leading edge of a wave of serious cybercrime, as hackers become increasingly skilled at breaching the nation's antiquated payment systems, experts say. Traditional defenses such as installing antivirus software and monitoring accounts for unusual activity have offered little resistance against Eastern European criminal gangs whose programmers write malicious code aimed at specific companies or buy inexpensive hacking kits online.

### Banks Push for Tokenization Standard to Secure Credit Card Payments

2/12/14 *ComputerWorld*

A group representing 22 of the world's largest banks is pushing for broad adoption in the U.S. of payment card technology called tokenization, citing shortcomings in the planned migration to the Europay MasterCard Visa (EMV) smartcard standard over the next two years. The Clearing House Payments Company (TCH), whose owners include Bank of America, Citibank, Capital One and JP Morgan Chase, is working with member banks to see how tokenization can be applied to online and mobile payment environments to protect against fraud.

### Charges in ATM Skimming Scheme

2/11/14 *Bank Info Security*

A Romanian man faces charges that he directed a large-scale ATM skimming scheme that allegedly defrauded Wells Fargo, Citibank, TD Bank and multiple other financial institutions out of at least \$5 million, federal prosecutors say. Marius Vintila faces a six-count criminal complaint, according to the U.S. Attorney's Office for the District of New Jersey. Vintila and his conspirators allegedly installed skimmers and pinhole cameras at bank ATMs to steal thousands of customer bank account numbers and PIN codes.

## Economy

### First Data Releases January 2014 SpendTrend® Analysis

2/12/14 *First Data*

First Data Corporation, the global leader in payments processing and electronic commerce solutions, today released its First Data

SpendTrend® analysis for Jan. 1, 2014, through Jan. 31, 2014, compared to Jan. 1, 2013, through Jan. 31, 2013. 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.

### **Jobless Claims in U.S. Increased to 339,000 Last Week**

*2/13/14 Bloomberg*

More Americans than forecast filed applications for unemployment benefits last week, underscoring the uneven progress in the labor market.

Jobless claims increased by 8,000 to 339,000 in the week ended Feb. 8 from 331,000 in the prior period, a Labor Department report showed today in Washington. The median forecast of 52 economists surveyed by Bloomberg called for a decrease to 330,000.

### **Drop in Retail Sales Bodes Ill for GDP Reports**

*2/13/14 MarketWatch*

Sales at U.S. retailers fell sharply in January and the final two months of 2013 turned out weaker than initially reported, offering more evidence the economy may have softened toward the end of the year. Sales tumbled a seasonally adjusted 0.4% last month, the Commerce Department said Thursday. Economists polled by MarketWatch had expected a 0.1% drop.



## **Payments Press**

### **U.S. Bank Pushes Voice Biometrics to Replace Clunky Passwords**

*2/13/14 BTN*

When U.S. Bank announced Wednesday that it's piloting voice biometrics for possible use by customers to access account information, it joined a line of banks that have been testing this technology, including Wells Fargo (WF) and Barclays. Voice biometric software users log in to an application or website by speaking a word or phrase. That word or phrase is compared to a previous recording the customer has made, to verify it's the same user.

### **Revel Systems Adds Native Bitcoin Transactions To Its POS Offering**

*2/12/14 TechCrunch*

Previously, Revel customers could accept Bitcoin transactions using third-party plugins, but now it's integrated as an optional payment method directly into the platform alongside LevelUp, PayPal, cash and credit. The reason behind the integration is to provide its users with access to all the latest payment methods, according to Revel co-founders Lisa Falzone and Chris Ciabarra, and Bitcoin has been a request from a decent number of its clients. "If you actually search 'Revel' and 'Bitcoin' prior to this release, you'll see a lot of our clients were already accepting it through our third-party access button," Ciabarra explained. "But it is double-entry.

### **EMVCo Adds Nine Organizations to Associates Program in 2013**

*2/12/14 The Green Sheet*

As adoption of EMV® technology continues to gain momentum globally, EMVCo has witnessed growing participation in its Associates Programme with nine new organisations joining in 2013. Launched in March 2010, the EMVCo Associates Programme provides the global payments community with a platform to engage in the work of EMVCo, a global technical body which is collectively owned by American Express, Discover, JCB, MasterCard, UnionPay and Visa.

### **Rapid shopBeacon™ Adoption Is the Latest shopkick Success Signal**

*2/13/14 CNBC*

shopkick, the most widely used real-world shopping app, today reported rapid expansion across several key company metrics, from expanded testing of its leading edge shopBeacon technology to the cash value awarded to its growing consumer-base. Among the fastest-growing metrics is the deployment of shopBeacon, which started with 2 Macy's stores in late November and will be active in thousands of stores nationwide by the end of Q1.

### **TransFirst® Teams Up with GeeBo® Inc.**

*2/13/14 TransFirst*

TransFirst® announces that it has teamed up with the GeeBo® app, a secure, cashless mobile shopping solution designed to protect the credit card information of customers. GeeBo is a division of JCS Enterprises Inc., a sales, marketing and manufacturing company specializing in Virtual Concierge wall and free standing units for businesses.

### **Litle & Co. Adds Advanced Fraud Detection Capabilities Powered by ThreatMetrix**

*2/10/14 Yahoo! Finance*

Vantiv, Inc. (VNTV), announced that its subsidiary Litle & Co. has signed an agreement with ThreatMetrix(TM), the fastest-growing provider of integrated cybercrime prevention solutions, to incorporate ThreatMetrix's Payment Fraud solution into Litle's Fraud Toolkit. With the addition of ThreatMetrix, Litle now offers merchants ever more advanced tools - including device fingerprinting, IP geolocation, proxy and VPN detection, and reputation scoring - for detecting and preventing sophisticated, emerging fraud attacks.

### **Merchants' Choice Payment Solutions Partners with OnDeck**

*2/12/14 PRWeb*

Merchants' Choice Payment Solutions (MCPS) announced they have partnered with OnDeck, the technology powered main street lender. OnDeck's technology platform will be integrated into the MCPS merchant portal to connect the company's merchants to fast and easy growth capital. OnDeck uses its proprietary OnDeck Score™, which allows MCPS merchants a vastly improved borrowing process that includes decisions in minutes and funding in as fast as 1 business day.

### **Heartland Payment Systems® Announces New Chief Branding Officer**

*2/12/14 Heartland Payment Systems*

Heartland Payment Systems®, one of the nation's largest payment processors and a leading provider of merchant business solutions, has hired award-winning branding and strategic marketing expert, Michael McMillan, as chief branding officer. He will be responsible for leading branding and marketing initiatives to drive business objectives and build brand preference and equity for Heartland products and services.

## **Feedzai Launches Social Connector to Help Banks and Consumers Make Commerce Safer**

*2/11/14 Feedzai*

Feedzai, a big data science and software company that uses real-time, machine-based learning to prevent fraud, today announced its Social Connector™ software that lets banks and consumers use social media infrastructure to make commerce safer. The new social connector enhances protection for financial institutions within omnichannel commerce, as social data is infused into Feedzai's fraud prevention software to better predict and prevent payment loss in real-time.

## **BlueSnap Hires CFO Bill Sobo to Support Payment Business Growth**

*2/12/14 PR Newswire*

Online payment solutions provider BlueSnap today announced the appointment of 25-year finance executive Bill Sobo as Chief Financial Officer. Sobo's background includes COO, CFO and VP positions at high-growth companies that have undergone acquisitions and IPOs under his guidance. The addition of Sobo to the BlueSnap team follows 18 months of rapid growth fueled by BlueSnap's industry-leading 180-country global payment processing capabilities.

## **Osama Bedier Joins WePay's Board of Directors**

*2/12/14 WePay*

We are thrilled to announce the addition of Osama Bedier to WePay's board of directors. Considering his prior experience, Osama is the perfect fit to help us accelerate development of WePay's API for platforms. Osama has worked on a number of the past decade's most successful payments products. He's one of the few payments executives to have built category-defining products from scratch, including PayPal Checkout, PayPal's Adaptive Payments, PayPal's first mobile offerings, and Google Wallet.

## **NBS Payment Solutions Acquires The Assets of Equinox Payments**

*2/10/14 Equinox Payments*

NBS Payment Solutions Inc. announced that it has completed the acquisition of substantially all of the assets of Equinox Payments, LLC ("Equinox"). Equinox is a leading provider of payment terminals, applications and support services in the United States. NBSPS is a leading provider of payment terminals, applications and services to the Canadian market and is a wholly-owned subsidiary of Brookfield Asset Management Inc. Terms of the transaction were not disclosed.



The advertisement features a blue background. On the left, there are four shopping cart icons arranged in a 2x2 grid, with a large red arrow pointing to the right towards a single shopping cart icon. To the right of the arrow, the text "Want to be a Merchant Aggregator?" is written in a bold, dark red font.



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