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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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Trending This Week...

Bitcoin, everyone's favorite cryptocurrency, hit the fan this week.

Mt. Gox, a Bitcoin exchange, collapsed earlier this week with nearly \$500M dollars missing in action, fueling protestors in Tokyo demanding their money back and [calling for a bailout](#).

In response the Federal Reserve Chair, Janet Yellen, told senators Thursday that [the central bank can't regulate Bitcoin because it operates outside the banking system](#).

As Bitcoin holders scrambled to find a solution and get their money back, [Mt. Gox filed for bankruptcy protection today in Japan](#) saying it had lost most of the digital currency in a possible theft.

See the current Price Chart of Bitcoin [here](#).

Other highlights this week include:

- [Visa/First Data Partner on EMV Common Debit Solution](#)
- [Square Acquires BookFresh to Continue Expanding Beyond Payments](#)
- [Economy in U.S. Expanded at Slower Pace than First Estimated](#)
- [TSYS Expands Relationship with Commerce Bank](#)

The Essential Guide to Merchant Attrition & Growth

The Strawhecker Group announces the availability of a new industry study: **TSG Attrition & Growth Report**.

This report contains attrition and growth metrics from [TSG's Merchant Portfolio Performance Study \(MPPS\)](#) database of 1.8 million merchants, which is prepared using merchant level data from multiple merchant portfolios representing both Bank



[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 SmartPhone to Buy Things!](#)

This Day in History: 1953 Watson & Crick Discover Chemical Structure of DNA

On this day in 1953, Cambridge University scientists James D. Watson and Frances H.C. Crick announce that they have determined the double-helix structure of DNA, the molecule containing human genes.

Though DNA—short for deoxyribonucleic acid—was discovered in 1869, its crucial role in determining genetic inheritance wasn't demonstrated until 1943. In the early 1950s, Watson and Crick were only two of many scientists working on figuring out the structure of DNA. California chemist Linus Pauling suggested an

and ISO participants, a variety of business models and sales and marketing strategies.

[Click here to see a preview of every page of this 118 page report.](#)

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Featured

[Mt. Gox Files for Bankruptcy - Customer Bitcoins Almost All Gone](#)

2/28/14 BusinessInsider

The troubled MtGoxBitcoin exchange filed for bankruptcy protection in Japan Friday, saying it had lost nearly half a billion dollars worth of the digital currency in a possible theft. Mark Karpeles, who has not been seen in public for several days, re-emerged to tell a press conference that his firm's digital vaults had been almost completely emptied. "We have lost Bitcoins due to weaknesses in the system," the France-born Karpeles said in Japanese. "We are really sorry for causing trouble to all the people concerned," he said, before bowing deeply.

[Too Big To Fail? Crypto-Community Calls For Mt. Gox Bitcoin Bailout](#)

2/27/14 Forbes

The collapse of Bitcoin exchange Mt. Gox is already being described as Bitcoin's "Lehman Brothers moment", with the phrase "too big to fail" following close behind. Only this time, no politician is going to call for a bailout. After protesters began to gather in Tokyo to demand their money back from Mt. Gox, rumors began to swirl that perhaps CEO Mark Karpeles had found investors who were willing to step in and save the day. After a brief moment of elation, these hopes were dashed. If Mt. Gox could collapse so quickly, the world wondered, how could anyone trust Bitcoin again?

[Yellen: Fed Can't Regulate Bitcoin](#)

2/27/14 USA Today

Federal Reserve Chair Janet Yellen told senators Thursday that the central bank can't regulate troubled digital currency Bitcoin because it operates outside the banking system. "I think it's important to understand that this is a payment innovation that's taking place entirely outside the banking industry," Yellen told Sen. Joe Manchin, D-WV. "The Federal Reserve simply does not have the authority to supervise or regulate Bitcoin in any way."

[Mt. Gox's Demise Marks The End of Bitcoin's First Wave Of Entrepreneurs](#)

2/25/14 TechCrunch

When I started looking into the Bitcoin startup ecosystem in early 2013, there was something that was just off about half of the founders I met. "I consider myself psychologically unemployable," BitInstant CEO Charlie Shrem told me in a phone interview last year. He described how he built BitInstant with an autistic Welsh hacker named Gareth Nelson whom he had never met in real-life. The call was full of bizarre clicking noises.

incorrect model at the beginning of 1953, prompting Watson and Crick to try and beat Pauling at his own game. On the morning of February 28, they determined that the structure of DNA was a double-helix polymer, or a spiral of two DNA strands, each containing a long chain of monomer nucleotides, wound around each other. According to their findings, DNA replicated itself by separating into individual strands, each of which became the template for a new double helix. In his best-selling book, *The Double Helix* (1968), Watson later claimed that Crick announced the discovery by walking into the nearby Eagle Pub and blurting out that "we had found the secret of life." The truth wasn't that far off, as Watson and Crick had solved a fundamental mystery of science—how it was possible for genetic instructions to be held inside organisms and passed from generation to generation.

[Click here to read more.](#)

Shrem kept getting distracted and he exuded a certain paranoia.

Bitcoin's Mt. Gox: At Look at the Man in Charge

2/26/14 WSJ

Mark Karpelès arrived in Japan in June 2009 with his cat and his hard drives.

Less than five years later, the Frenchman faces accusations his company has lost hundreds of thousands of dollars for customers of his bitcoin exchange, Mt. Gox, where all transactions have been halted and users remain unable to access their money. Mr. Karpelès describes himself on his LinkedIn profile as primarily "a technical geek." His profile cites "a long experience in company creation," but the snowballing popularity of bitcoin and the resulting growth in Mt. Gox's customer base appear to have raised challenges that were more than the company could handle.

Mobile Payments

Square Acquires BookFresh to Continue Expanding Beyond Payments

2/26/14 Mashable

Square has acquired BookFresh, an online appointment booking service, the two companies announced Wednesday. Terms of the deal were not disclosed. BookFresh launched in mid-2009 to provide self-service software to small businesses across a broad range of industries - not just restaurants - to help schedule appointments. BookFresh will continue to offer its software. The startup says its products will operate separately from Square's "for the time being."

The Payments Challenge for Mobile Carriers

2/26/14 Bits

Every cellphone operator is looking for ways to persuade customers to use their smartphones to buy goods online. From Isis, a joint venture of AT&T, Verizon and T-Mobile, to Weve, a similar venture of the British carriers Vodafone, O2 and EE, cellphone carriers are pushing hard into mobile payments. And with good reason. Worldwide payments made through cellphones are expected to rise 38 percent this year, to \$325 billion, compared to 2012, according to the research firm Gartner.

Mobile-Payments Provider for Parking Looks to Serve Offers for Nearby Businesses to Users

2/27/14 Digital Transactions

PayByPhone Technologies Inc., which runs mobile-payment programs for parking in half a dozen U.S. cities, is looking for ways to serve relevant offers to users of its system, a top executive with the company said Thursday. The offers, for example, could include discounts at stores or restaurants near where users have just parked, Barrie Arnold, chief commercial officer for the New York City-based company, said at a mobile-payments conference in Orlando, Fla.

13 Million Social Media Conversations Show What Consumers Think about Mobile Payments

2/24/14 BusinessWire

MasterCard and PRIME Research today released the second annual global MasterCard Mobile Payments Study, which tracked more than 13 million social media comments across Twitter, Facebook, online blogs and forums around the world. The study shows improved sentiment toward mobile payments and rapid growth in consumer use and merchant acceptance. Merchants carry an 88 percent positive rating with many touting mobile acceptance as a competitive advantage. As consumers increasingly turn to mobile options, merchants reluctant to

accept these payments may find themselves at a disadvantage.

Samsung And PayPal Move Against Apple With Galaxy S5 Finger Swipe Payments

2/25/14 Forbes

The usual complaint about Samsung's smartphones is that they shamelessly copy Apple, but can't quite surpass the iPhone. This despite the fact that the Galaxy S line consistently has specs that do indeed surpass their American counterparts. Apple fans then counter that it is the iOS software ecosystem that is responsible for the iPhone's superior user experience. But there is more to UX than apps and yesterday Samsung revealed a collaboration with PayPal that may give it a decisive edge over Apple in the critically important world of mobile payments.

Isis CEO: Foundation is Here for Mobile Payments

2/25/14 Cnet

When Michael Abbott took the job as chief executive of mobile payments venture Isis, his mother demanded that he make the service easy enough for her to use. After giving it a go during last year's trials, she put her stamp of approval on the service, Abbott said during his keynote address during the Mobile World Congress trade show on Tuesday. Indeed, Abbott believes the pieces are set for the broader adoption of mobile payments, or the ability to pay for goods and services with your phone.



Regulation & Security

Visa and First Data Partner on EMV Common Debit Solution

2/26/14 MarketWatch

Visa Inc. and First Data's STAR® Network announced an agreement to share Visa's common debit solution offering issuers, acquirers and merchants a streamlined and cost-effective approach for debit EMV chip adoption. EMV cards contain an embedded computer processor or a chip that generates a one-time code for each transaction making it nearly impossible for criminals to counterfeit. This feature will help protect merchants and issuers from fraud losses stemming from counterfeit payment cards used at the POS.

The Brighter Side Of Breaches?

2/26/14 ISO & Agent

No one ever wishes for a data breach. But payments companies see a silver lining in the widespread publicity devoted to the holiday breaches at Target and Nieman Marcus. The attacks could help ISOs raise awareness of payment security matters among small businesses owners. Many of those merchants are finally paying attention, now that two major corporations-and millions of their customers-have fallen prey to hackers.

2 More Breaches Linked to Target?

2/27/14 Bank Info Security

Verizon Communications Inc. is looking into two apparent retail breaches that may be linked to recent high-profile incidents, including the Target

Corp. breach. Bryan Sartin of Verizon's Enterprise Solutions unit told the Wall Street Journal he couldn't disclose the names of the two retailers. But during the RSA Conference 2014, Gartner analyst Avivah Litan told Information Security Media Group the two retailers were reportedly located in Europe and the U.S.

Hackers Set Off 60,000 Alerts During Neiman Marcus Security Breach

2/25/14 FierceRetailIT

Hackers set off roughly 60,000 alerts in Neiman Marcus' security system, alerts that were ignored, during an attack that compromised customer account information during a four month period in 2013. The alerts went undetected due to card-skimming software programmed to delete itself each day from Neiman Marcus' registers and then be reloaded. The thieves had also given the malware a name almost identical to the company's payment software, so that when the endpoint protection logs were reviewed, entries tied to it wouldn't stand out.

EU Accepts Visa Europe's Offer to Cap Its Inter-Bank Fees

2/26/14 Nasdaq

European Union regulators Wednesday accepted an offer from Visa Europe to cap its interbank fees to the same level as MasterCard Inc.'s to settle an antitrust probe. Europe's largest card payments company will cut the fees it charges retailers to 0.3% of the value of each transaction, a reduction of between 40% and 60%, the European Commission said. Rival MasterCard Inc. agreed to cap fees at that same level in 2009.

Researchers Find More than 100 Malware Families Targeting Bitcoin

2/27/14 Finextra

The rise of bitcoin over the last year has piqued the interest of cybercrooks, who have created more than 100 unique families of malware designed to steal virtual currencies, according to Dell SecureWorks. The crypto-currency community is currently reeling from news that troubled exchange MT. Gox appears to have lost nearly 750,000 bitcoins - worth hundreds of millions of dollars - to malleability-related theft.

Economy

Economy in U.S. Expanded at Slower Pace Than First Estimated

2/28/14 Bloomberg

The economy in the U.S. grew at a slower pace in the fourth quarter than previously estimated, giving the expansion less momentum heading into 2014. Gross domestic product grew at a 2.4 percent annualized rate from October through December, compared with the 3.2 percent gain issued last month, revised figures from the Commerce Department showed today in Washington. The median forecast of 85 economists surveyed by Bloomberg called for a 2.5 percent increase.

Yellen Nods to Cold Weather, Says Unclear Impact on Economy

2/27/14 Reuters

Federal Reserve Chair Janet Yellen said on Thursday the central bank would be on alert to make sure recent signs of weakness in the U.S. economy are due to cold weather and storms, and not signals of a more fundamental slowdown. "Since my appearance before the House committee, a number of data releases have pointed to softer spending than many analysts have expected," Yellen, who took the reins at the Fed

on February 1, told a Senate Banking Committee hearing, referring to a February 11 testimony.

Trickle Of Jobs Returning To U.S. Shores Could Soon Become A Torrent

2/27/14 AllBusiness

For most U.S. companies, the trend to "offshore" manufacturing and assembly work to companies in China and other parts of Asia made economic sense at the time. Manufacturing facilities could be constructed in Asia at a lower cost than in the U.S. with little regulation, and labor could be provided at lower prices. Additionally, there was a general perception that U.S. quality levels were lower than offshore quality. But things began to change in the last few years as the economic recession reduced labor rates in the U.S. and labor rates in developing countries in Asia began to increase, leveling the playing field.

Larry Summers Nails The Radical Economic Implications of The Facebook-WhatsApp Mega-Deal

2/26/14 Business Insider

Ponder for example that the leading technological companies of this age, I think for example of Apple and Google, find themselves swimming in cash and facing the challenge of what to do with a very large cash hoard. Ponder the fact that WhatsApp has a greater market value than Sony with next to no capital investment required to achieve it. Ponder the fact that it used to require tens of millions of dollars to start a significant new venture. Significance new ventures today are seeded with hundreds of thousands of dollars in the information technology era.



Payments Press

First Data Executive, Ed Labry, to Leave at End of Year

2/28/14 OWH

A top First Data executive who served as the payment processing firm's interim CEO in 2013 has been placed in an advisory-only role through the end of 2014, when he will leave the company, according to a regulatory document filed Thursday. Vice Chairman Ed Labry will receive a severance package of \$4.95 million, paid over 24 months, plus health insurance coverage for his dependents.

TSYS Expands Relationship with Commerce Bank

2/27/14 BusinessWire

TSYS announced that it has renewed its payments agreement with Missouri-based Commerce Bank. The multi-year agreement includes renewed processing for Commerce's consumer, commercial and retail credit card portfolios, as well as its signature debit portfolio. In addition, the agreement allows TSYS to further serve Commerce Bank by providing PIN debit services.

Newtek Business Services' SBA 7(a) Lender Ranked as 6th Most Active Through the Fourth Quarter of 2013

2/27/14 Newtek

Newtek Business Services, The Small Business Authority®, announced that the U.S. Small Business Administration ranked Newtek Small

Business Finance as the 6th most active SBA 7(a) lender among all bank and non-bank lenders, by lending volume, for the period ended December 31, 2013. Newtek continues to retain its position as the largest non-bank SBA 7(a) lender. The Company also announced that for the year ended December 31, 2013, Newtek Small Business Finance funded in excess of \$180 million in SBA 7(a) loans, which helped bring Newtek's total internal loan servicing portfolio level to over \$500 million as of the date of this release.

Visa® Enhances Industry Fraud Detection on Prepaid Cards

2/27/14 EON

Visa Inc. announced that it has completed technical development of a new service aimed at detecting and preventing fraud schemes that target the use of prepaid cards. Visa's Prepaid Clearinghouse Service (PCS) is a centralized database that allows financial institutions, processors and prepaid program managers to share prepaid card data such as enrollments, load funding, suspected fraudulent information and previously reported fraud on existing card accounts. PCS will provide critical information sharing to better identify and stop fraudulent enrollments, funding, use and other fraud schemes involving prepaid cards.

MasterCard Launches In-App Purchasing Model, Buys Digital Wallet C-SAM

2/24/14 ZDNet

The global credit card brand had a few announcements to kick off the annual trade show in Barcelona this week, starting with a new in-app purchasing capability for the MasterPass platform, which up until now has been browser-based only. The latest iteration of MasterPass is designed to eliminate the need to store payment card credentials across numerous mobile apps, saving a lot of time and anguish on the part of consumers when having to retype long strings of numbers on a tiny touchscreen.

Post Office Looks to Financial Services

2/26/14 NACS

The U.S. Postal Service has a big problem, one that it wants to solve by expanding financial services for customers, the Washington Post reports. The USPS has been struggling for years to become financial solvent, as its traditional means of revenue have plummeted and its pension obligations have skyrocketed. This week, the USPS inspector general recommended that the beleaguered agency offer more financial services, such as prepaid debit cards and small loans.

Chase Enters Crowded Mobile Wallet Space, Rounding Out its Mobile Strategy

2/27/14 Mobile Commerce Daily

As the mobile wallet competition continues to heat up, Chase has decided to throw its hat in the ring with a checkout solution, but it remains to be seen if there is any space for more services. Chase has announced that it will be developing Chase Wallet and a new checkout experience called Quick Checkout, which will let merchants offer one-click checkout for consumers on mobile and desktop. Chase had already partnered with Isis, but this new branded wallet shows that the bank is even more invested in the space.

EVO Payments International and MagTek Sign Agreement for Security Services

2/25/14 PRNewswire

EVO Payments International (EVO), a leading payment service provider

operating in the United States, Canada and Europe, and MagTek, a global leader in retail electronic payments security technology, today announced an agreement to incorporate MagTek's products and services to bolster further EVO's payment security offerings. The arrangement enables MagTek's security solutions and hardware to deliver a proven, dynamic security offering to EVO's partners and merchants to protect all types of payment transactions.

Moneris to Enable UnionPay Acceptance for Canadian Merchants

2/27/14 Moneris Solutions

Moneris Solutions Corporation ("Moneris"), Canada's largest credit and debit card processor, and UnionPay International Co., Ltd., a payment network with card acceptance in more than 140 countries and regions, announced today that they have entered into an agreement regarding Moneris' acceptance of UnionPay cards beginning later this year.

ACI Worldwide, Inc. Reports Financial Results for the Quarter and Year Ended December 31, 2013

2/27/14 ACI

"ACI has finished an important transitional year," commented Phil Heasley, ACI President and CEO. "The integration of Online Resources is substantially complete, Official Payments is on schedule and our EBPP business is performing better than expected. Our Universal Payments strategy came to fruition in 2013 and we have seen encouraging interest in the marketplace. Our overall pipeline is at record levels and we have enhanced our financial guidance. We are very confident our efforts have positioned us to successfully take advantage of significant opportunity in 2014 and beyond."

LevelUp & Fodler Buddy Up to Help You Pay For Your Takeout Online

2/26/14 BostInno

Two Boston startups are buddying up with the hopes of hitting a new stride: LevelUp announced Wednesday that it will provide online payment services to online food delivery company Fodler. This marks the company's first attempt to break into the virtual payment space. Chances are, you've seen LevelUp's payment scanners propped up on countertops before; over 8,000 stores and restaurants boast the company's physical products. With the Fodler partnership, however, LevelUp is taking its payment tech out of the physical realm and into the world of the Web - a world that is largely dominated by a few big players, like PayPal and Square.

Revel Systems iPad Point of Sale Partners With Index, Offers Personalized Customer Experience for the Enterprise

2/26/14 Yahoo! Finance

Revel Systems, the leader in iPad point-of-sale (POS) announced that it has partnered with Index, a retail software company that brings the personalization and measurement of online commerce to the offline world. Together, Revel Systems and Index will provide retailers with a revolutionary point of sale solution that takes in-store customer experiences to the next level.

Knox Payments Launches with \$900K to Speed Up Painfully Slow Online Check-Outs

2/26/14 Venture Beat

Presenting today at the LAUNCH festival, Knox Payments is raising the curtains on a new service for merchants. Similar to Balanced and Dwolla,

Knox Payments allows merchants to accept payments directly from their customer's bank accounts. These transactions are known as ACH payments.

But, while ACH payments are old news, Knox Payments hopes to stand out with an extreme focus on speed.

Apriva Receives US Patent for Wireless Encryption Technology

2/26/14 Apriva

Apriva, the leading provider of end-to-end wireless transactions, gateway services, and secure information solutions, announced it has been awarded US patent #8,627,061 for developing methods that support robust encryption technologies for government and commercial mobile devices in wireless networks.

Mozido Names Walmart Exec Scott Sandlin as President

2/27/14 PRWeb

Creator of New Businesses That Include SamsClub.com Joins Mobile Payments Innovator Scott Sandlin, former Head of Financing, Protection, and Home Services of Walmart, has been named President and a member of the Board of Directors Mozido, a global leader in white-label, cloud-based mobile payment services. The appointment is effective immediately. Mr. Sandlin, who was selected to lead Mozido as the company enters a new growth phase resulting from its recent investment round, joins the company after providing 25 years of business leadership at Walmart, the world's largest retailer.



The advertisement features a blue background with a white border. On the left, there are four shopping cart icons arranged in a 2x2 grid. A large red arrow points from this group towards a single shopping cart icon on the right. 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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