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THE STRAWHECKER GROUP

The Trusted Advisor To The Payments Industry



Mar. 21st, 2014
 Edition #396

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Trending This Week...

This morning a [federal appeals court overruled a lower court decision on swipe fees](#) - and revived the previous controversial standards put in place by the Federal Reserve in 2011.

In other news Mt. Gox, which had recently filed for bankruptcy after losing bitcoins, said today [that it found 200,000 bitcoins.](#)

Other highlights include:

- [FTC Wants Congress to Punish Companies for Being Hacked](#)
- [Many Americans Blame Merchants for Data Breaches](#)
- [A Dust-up is Brewing in Mobile Payments, Pitting Isis Against Best Buy, 7-Eleven](#)
- [Harsh Winter's Toll Could Cost the Economy Billions](#)

Want to Meet with TSG at Transact 14?

See how The Strawhecker Group can help your company achieve its goals.

TSG, a Silver Sponsor of Transact 14, will have a wide presence during the upcoming Expo and would be happy to sit down with your company and discuss potential opportunities.

Associates attending include:

- Kurt Strawhecker, Managing Partner, Co-Founder
- Jamie Savant, Partner, Co-Founder
- Ray Sobczyk, Director of Strategic Acquisitions
- Mike Strawhecker, VP & Director of TSG Metrics
- Barry Davis, Senior Management Consultant

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[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: 1871

Stanley Begins Search for Livingstone

On this day in 1871, journalist Henry Morton Stanley begins his famous search through Africa for the missing British explorer Dr. David Livingstone.

In the late 19th century, Europeans and Americans were deeply fascinated by the "Dark Continent" of Africa and its many mysteries. Few did more to increase Africa's fame than Livingstone, one of England's most intrepid explorers. In August 1865, he set out on a planned two-year expedition to find the source of the Nile River. Livingstone also

- **Steve Elefant**, Senior Management Consultant
- **Chuck Fillinger**, Senior Associate - Product & eCommerce Strategy
- **Gerritt Kerckstra**, Senior Management Consultant
- **John Kirkpatrick**, Senior Associate - IT, Data Security & Business Intelligence

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The Difference is Experience

Featured

Appeals Court Resurrects Fed's Debit Card Swipe Fee Limits

3/21/14 Consumerist

In a move that will please banks and annoy retailers, a federal appeals court has overruled a lower court decision on swipe fees - the amount banks charge retailers for each debit card transaction - and revived the previous controversial standards put in place by the Federal Reserve in 2011. Back in 2010, the Dodd-Frank financial reforms passed by Congress directed the Federal Reserve to set swipe fees at a level that represented the actual costs of processing transactions. At the time, the average fee was around \$.44 per swipe.

FTC Wants Congress to Punish Companies for Being Hacked

3/19/14 VentureBeat

Daniel Kaufman, FTC deputy director, wants to penalize companies that experience major security breaches. The Federal Trade Commission is tasked with protecting American consumers, a major piece of which involves safeguarding their data. That also means history's least productive Congress must try to keep up with one of the most rapidly changing industries so the FTC has relevant regulations to enforce. But there's reason to be optimistic, according to Daniel Kaufman, who serves as deputy director of the agency's bureau of consumer protection.

Mt. Gox Says It Has Found 200,000 Bitcoins Worth About \$14 Million

3/21/14 Dealbook

Mt. Gox, the Tokyo-based Bitcoin exchange that collapsed and filed for bankruptcy last month, said it had found 200,000 Bitcoins that were held in an "old-format wallet," or digital storage file. Mt. Gox's former chief executive, Mark Karpeles, issued a statement in Japanese and English on the company's website saying that after it filed for bankruptcy, it began researching these wallets that were used before June 2011. That is when the company discovered the 200,000 Bitcoins, which represent about 24 percent of the coins that went missing when the site failed.

Visa/MasterCard Block US Sanctioned Russian Banks

3/21/14 RT

Visa and MasterCard have stopped servicing the credit cards of customers using Russian banks affected by the economic sanctions announced in Washington, the banks said today. Bank Rossiya, used by close associates of President Vladimir Putin, said in a statement that Visa and MasterCard had "without warning stopped providing its payment services to the bank's clients." An affiliate bank, Sobinbank, which is 100%-controlled by Bank Rossiya, was also affected.

wanted to help bring about the abolition of the slave trade, which was devastating Africa's population.

Almost six years after his expedition began, little had been heard from Livingstone. James Gordon Bennett, Jr., editor of the New York Herald, decided to capitalize on the public's craze for news of their hero. He sent Stanley to lead an expedition into the African wilderness to find Livingstone or bring back proof of his death. At age 28, Stanley had his own fascinating past. As a young orphan in Wales, he crossed the Atlantic on the crew of a merchant ship. He jumped ship in New Orleans and later served in the Civil War as both a Confederate and a Union soldier before beginning a career in journalism.

After setting out from Zanzibar in March 1871, Stanley led his caravan of nearly 2,000 men into the interior of Africa. Nearly eight months passed—during which Stanley contracted dysentery, cerebral malaria and smallpox—before the expedition approached the village of Ujiji, on the shore of Lake Tanganyika. [Click here to read more.](#)

Many Americans Blame Merchants for Data Breaches: Survey

3/18/14 *BTN*

Over half of Americans blame Target and Neiman Marcus for the recent data breaches suffered by their customers and think merchants should prevent future incidents, according to a national survey commissioned by Feedzai. About 60% of more than 2,000 respondents to the "2014 Consumer Reaction to Financial Data Breaches Study" conducted online by Harris Poll in January 2014 said merchants are responsible for data breaches, compared to only 13% who believe the responsibility falls on banks.

Agents Fail To Scrutinize Contracts

3/18/14 *ISO & Agent*

Since starting his ISO in 2009, Michael Hass has recruited more than 200 sales agents, but only one has sent a contract to an attorney for review. Only about a quarter of agents ask specific questions about contracts. "I've seen it where we send our agent agreement to somebody at one o'clock in the afternoon, and it comes back signed, with no comments, questions or concerns, less than an hour later," says Hass, president of Priority Payment Systems PDX, an ISO based in the Portland, Ore., area.

A Company Innovating The Way We Pay For Stuff Ditched Bitcoin And Concentrated On The Dollar Instead

3/17/14 *Business Insider*

Iowa-based startup Dwolla has made a name for itself with its rather painless approach to sending money over the Internet - sending someone \$10 or less is free. Sending more than \$10 costs \$0.25. That's all there is to it. "What about Bitcoin?" becomes the obvious question. "We had merchants operating in the system that exchanged the currency, but we never packaged, sold, converted or distributed the virtual currency," Dwolla's Jordan Lampe told Business Insider.



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Mobile Payments

A Dust-up is Brewing in Mobile Payments, Pitting Isis Against Best Buy, 7-Eleven

3/18/14 *GigaOM*

Best Buy and 7-Eleven have started shutting down NFC capabilities in their stores' point-of-sale terminals, making it even harder for Isis and Google to get their fledgling smartphone payments services off the ground. According to ComputerWorld, payments technology analysts say Best Buy and 7-Eleven began disabling the NFC readers at their checkout stands simply because of the expense. NFC-powered mobile payments have barely cracked the surface in the U.S. - stymied in part by turf wars between Isis and Google - so big retailers see little reason to support it and other smart card technologies.

Who Is Leading The Digital Mobile Payment Influence Battle?

3/18/14 *Forbes*

The way we pay for goods and services is changing, as the world migrates

from cash and credit cards to apps we run on our smartphones. It's an evolution made possible by ubiquitous mobile platforms and always-on Internet connections, fueled by upstarts like Square and Stripe, and propelled by industry veterans like MasterCardMA +0.04% who don't want to be left behind. A recent Forbes magazine cover story on the \$15 Trillion Gold Rush and the battle for control over the future of electronic payment systems, points to the intense competition and technology arms race among the incumbents and the upstarts.

More than 14% of Starbucks Transactions are Now Made with a Mobile Device

3/19/14 GeekWire

Recently, Starbucks has announced a flurry of new digital tools for customers from pre-ordering drinks remotely to a feature debuting today that lets you tip baristas with your smartphone. But the Seattle coffee giant is just getting started. At the company's annual shareholders meeting today in Seattle, Chief Digital Officer Adam Brotman noted that this is just the beginning for Starbucks' plan in the digital world.

Burger King Has Its Way With a New Mobile-Payments and Loyalty App

3/20/14 Digital Transactions

It may perennially trail McDonald's Corp. among the leading U.S. hamburger chains, but Burger King Worldwide Inc. is on track to take the lead in mobile payments. Miami-based Burger King this week said it plans to roll out a smart phone app offering mobile payments and digital-coupons beginning in April. The virtual coupons will be available chainwide first, but mobile payments soon will be accepted in "a sizable number" of Burger King's 7,000-plus U.S. stores, a company spokesperson says.

Bitcoin Startup Investments Surpass \$17 Million

3/20/14 Bloomberg

Bitcoin startups in North America have received the lion's share of the digital currency's venture-capital investments, drawing \$98.6 million to date, according to a report. Investors have funded 19 Bitcoin startups in the region, compared with nine in Asia totaling \$13.3 million and three in Europe with \$5.6 million, according to the report, which surveyed merchants, banks, regulators and Bitcoin companies.

The Threats That Help PayPal

3/16/14 BITS

The best thing that happened to PayPal in years may also be why it has turned into a Wall Street football: a big upswing in innovation, fed by the prospect of irrelevance. About two years ago, "We recognized we needed" a shake-up, said James Barrese, the company's chief technical officer. "We'd taken our eyes off the ball." New ways of thinking about payments and money itself by competitors, he added, "just increased the urgency."

Apple's Decision to Ignore NFC is Looking Better Every Day

3/19/14 BGR

For years, Apple pundits' favorite game was to guess when the iPhone would finally support NFC, or Near Field Communication. If only Apple would support NFC, then mobile payments would take off, and we could finally stop paying cash and credit cards. But Apple never did support NFC and it appears it made the right decision: According to GigaOm, major retailers Best Buy and 7-Eleven are ditching their NFC sensors in their stores.

Aussies to Ditch Physical Wallets for Mobiles by 2021

3/20/14 Finextra

Mobile wallets will have replaced their leather counterparts in Australia by 2021, research commissioned by CommBank suggests. In a survey of 1024 Aussies carried out for the bank by Lonergan Research, 73% of respondents expect to have ditched their physical wallet for their handset within seven and a half years. Cash and card payments are predicted to disappear even sooner, within six and half years.



Regulation & Security

Sally Beauty Breach: Link to Target?

3/18/14 Bank Info Security

Now that Sally Beauty Holdings Inc. has acknowledged payment card data was exposed during a recent cyber-attack, security experts are debating whether the incident is connected to the Target Corp. and Neiman Marcus malware-related breaches. On March 17, the cosmetics supplies retailer and distributor noted in a statement that details on fewer than 25,000 credit and debit accounts were illegally accessed and "may have been removed."

NACHA Unveils Real Time ACH Settlement Plan

3/19/14 CreditUnionTimes

The Electronic Payments Association said it has a plan to move the industry into real time ACH transaction settlement. The organization announced Tuesday it adopted a phased approach to make the shift. Currently, the system functions on a single, next-day settlement and NACHA said the process will enable multiple, same-day settlement options.

Banks, Stay Wary of Marijuana-Related Businesses

3/18/14 BankThink

Contrary to being positioned by the mainstream media as a thumbs-up decision for the banking sector, recent guidance by the Department of Justice and the U.S. Treasury does not provide solid legal protection for banks that serve marijuana-related businesses. Banks should move ahead with extreme conservatism on this issue, because despite the fact that some businesses operate legally in certain states under state law (Colorado and Washington, for example) marijuana possession and distribution violates numerous federal laws.

Economy

Harsh Winter's Toll Could Cost the Economy Billions

3/21/14 NBC News

As spring kicks off, states and businesses are just beginning to add up the bill of one of the coldest and costliest winters in memory. That total will likely total tens of billions of dollars after everything from pothole repair bills to lost productivity from grounded air flights are factored in. The overall impact on the U.S. economy is hard to peg with any accuracy. But with a \$16 trillion economy, just a one-tenth of a percent drag from missed work, canceled flights or lost retail sales amounts to \$4 billion for

the three-month winter season.

Jobless Claims Rise Slightly

3/20/14 USA Today

The number of people seeking U.S. unemployment benefits rose 5,000 last week to a seasonally adjusted 320,000, which is close to pre-recession levels and suggests a stable job market. The four-week average of applications, a less volatile figure, fell 3,500 to 327,000, the lowest since late November, the Labor Department said Thursday. Applications are a rough proxy for layoffs. Their current pace suggests that companies are confident enough about economic growth to keep their staff levels.



Payments Press

Inside Chase Merchant Services

3/18/14 PYMNTS

I had the chance to visit with Mike Passilla recently to get the scoop on the Chase Merchant Services (CMS) Group he leads at Chase and the value it delivers to consumers and merchants. I've written before that my view on CMS is that it has all of the essential ingredients for creating the next three-party system in payments. Its deal with Visa gives it a direct connection to merchants via a network now branded as ChaseNet, its ownership of Paymentech gives it the ability to process payments and onboard merchants, and its access to Chase cardholders gives it a customer base that is highly attractive to merchants.

In Pictures: The Most Influential Women in Payments, 2014

3/17/14 PaymentsSource

These 20 women have reached impressive heights in a traditionally male dominated industry and have played a vital role in helping their organizations stay ahead of the curve.

Clinkle Revealed: Here's What the Embattled Startup Is (And Isn't) Building

3/18/14 Recode

For a company that hasn't publicly launched its product yet, Clinkle has received a ton of media coverage, not much of it flattering. Here's a recap: Last week, the company's biggest hire to date, former Netflix CFO Barry McCarthy, left the heavily funded startup after just five months. Former Twitter designer Josh Brewer, who had just started at Clinkle a week earlier, followed McCarthy out the door on the same day. And a betting man would wager there's a good chance that operations exec Andy Rendich ends up leaving, since McCarthy hired him at Clinkle and the two are close from their days at Netflix.

MasterCard Supports Smaller Businesses with Greater Transparency in Payments

3/19/14 EON

MasterCard announced a new initiative to help smaller merchants create efficiencies in their operations by accepting electronic payments. The effort combines changes to the company's U.S. region rules with best practices and insights developed from conversations with smaller merchants. The new standards deliver greater transparency and value to smaller business owners.

Visa and PULSE Agree on EMV Common Debit Solution

3/21/14 BusinessWire

Visa Inc. and PULSE, a Discover Financial Services company, announced an agreement to enable financial institutions that issue EMV debit cards on both the Visa and PULSE networks to use Visa's common debit solution. Visa's common application identifier (AID) supports U.S. debit regulations requiring the ability to route transactions over multiple, unaffiliated networks. A common debit solution shared among all participants will help to accelerate EMV chip adoption in the United States and provide a uniform platform that will enable network innovation.

Elavon Introduces Payment Integrated Loyalty Program

3/18/14 Elavon

Elavon, a wholly owned subsidiary of U.S. Bancorp and a leading global payment solutions provider, is bringing to market Fanfare, an easy-to-use loyalty program that delivers rewards to patrons of small to mid-sized businesses right at the point-of-sale. With Fanfare, businesses can build deeper relationships with their customers by providing meaningful rewards via integrated technology. With Fanfare it is easy for consumers to sign up and track loyalty rewards via a customized website.

TSYS Merchant Solutions Announces Partnership with Navy Federal

3/19/14 TSYS

TSYS Merchant Solutions announced today a new partnership with Navy Federal Credit Union designed to provide Navy Federal's merchant members with the ability to accept credit and debit cards as payments for their goods and services. TSYS Merchant Solutions, a wholly owned affiliate of TSYS, is ranked as the seventh largest merchant acquirer in the U.S. by number of active merchant outlets according to The Nilson Report.

Bluefin Payment Systems Receives PCI Validation for PayConex™ Point-to-Point Encryption (P2PE) Solution

3/18/14 Herald Online

Bluefin Payment Systems, the leading provider of integrated, cloud-based payment and security technology, announced today that its Point-to-Point Encryption (P2PE) Solution, PayConex™ P2PE, has received Payment Card Industry (PCI) validation. Bluefin is the first and, to date, the only U.S.-based company to attain PCI validation for a P2PE Solution; two European companies have also received validation.

Mozido and SecureNet™ Enhance Payments Offerings with Partnership

3/19/14 PRWeb

Mozido and SecureNet™ are teaming up to offer enhanced payment options in Mozido's white-labeled mobile apps for clients. SecureNet, which allows merchants to accept payments in-store, online and via mobile devices, will power the payment processing through Mozido-built mobile apps. "Mozido has experienced tremendous demand for payment choices in our mobile solutions, and the SecureNet platform allows us to offer more choices such as pre-paid, credit, and debit cards on all popular networks," said Scott Sandlin, President of Mozido.

Trustwave Acquires Cenzip to Enhance Cloud-based Security Testing Platform

3/18/14 Trustwave

Trustwave today announced the acquisition of Cenzip, Inc. The acquisition brings together Cenzip's dynamic application security testing technologies with Trustwave's cloud-based application, database and network penetration testing and scanning services. The combination will create one of the industry's broadest, integrated security testing platforms designed to help businesses rapidly identify and address security weaknesses, thereby significantly helping to reduce threats and risks.

Pamela Galligan Joins Mercury Payment Systems as Chief Compliance Officer

3/18/14 Mercury

Mercury Payment Systems, a leading payments technology and services provider for small- and medium-sized businesses (SMBs), has announced the appointment of Pamela Galligan as chief compliance officer and head of industry relations. In this role, Galligan will lead Mercury's compliance efforts with both internal and external policies and regulations, and will manage Mercury's relationships with its key partners in the payments industry.

BlueSnap Boosts Ecommerce Payment Conversions by Up to 10% Using Big Data

3/18/14 PRNewswire

BlueSnap, a global payment gateway, today announced that the company is using big data to improve payment conversions by 5 to 10% for thousands of online and mobile merchants. BlueSnap now analyzes hundreds of data combinations, including shopper location, currency, merchant location, transaction dollar amount and card type to optimally route transactions, maximize conversion rates and thereby increase revenues for merchants.

Fiserv to Advance Debit EMV Adoption in the U.S. through Visa's Common Solution

3/17/14 Yahoo! Finance

Fiserv, Inc. (FISV), a leading global provider of financial services technology solutions, announced an agreement to make Visa's common debit EMV solution available for the Accel™ debit network. Under the agreement, Fiserv will adopt Visa's common debit solution offering issuers, acquirers and merchants a simple, streamlined approach for debit EMV adoption. The agreement will help enable the development of regulation-compliant debit EMV solutions using a common Application Identifier (AID).

Fifth Third Bank Announces Financial Supply Chain Management Services

3/19/14 The Wall Street Journal

Fifth Third Bank announces a service offering for companies with more than \$500 million in revenue that will help optimize their financial supply chain, which includes the transactions that take place between the business and its suppliers involving the purchase of goods and services. Through this offering, the Bank works closely with clients to implement the appropriate financial supply chain solution to support the company's capital strategy while also improving the quality of supplier relationships.

JetPay® Card Services Introduces MAC--the Money Access Visa® Prepaid Card

3/18/14 MarketWatch

JetPay® Corporation ("JetPay" or the "Company") JTPY -0.02%, through JetPay Card Services, is pleased to introduce the MAC (Money Access VISA® Prepaid Card). The first phase of the MAC rollout begins today and will focus on employees and employers that are clients of JetPay's payroll

processing business, JetPay Payroll Services. Employees, friends, and families of these businesses will be invited to make MAC the card that they use to help them with their everyday shopping, budgeting, bill payment or other financial services needs.

Ezetap Gets Additional Funding From Amex To Expand Its Mobile Payment Platform Across Emerging Markets

3/19/14 Tech Crunch

Ezetap, a Bangalore-based mobile payment startup that uses a rectangular device to turn any mobile phone into a point-of-sales terminal when plugged in, is raising additional funding from American Express. Last month, the startup had raised \$8 million in Series B funding led by Helion Advisors, Social+Capital and Berggruen Holdings.

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