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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...

[The topic of a Square sale came up again this week](#) - also, it was reported Square lost \$100M in 2013 and is quickly eating up its \$340M supply of venture cash.



Though Square has denied talks, it has been reported that Square had met with Apple, Google, and PayPal in a bid to sell before the cash ran out.

In the wake of recent data breaches, OnDot Systems, a startup based in CA, [unveiled an app that acts as a kind of 'remote control' for your credit, debit, and prepaid cards](#) allowing an individual to turn their cards on and off with the click of a button and tightly control when, where and how they are used.

Other highlights include:

- [Putin Says V/MC Will Lose Market Share](#)
- [PayPal Takes Another Look at NFC](#)
- [Michaels: Why So Long to Report Breach?](#)
- [Amex Serve Announces Largest Free Cash Reload Network in U.S.](#)

**NEW REPORT:** [NFC Survey Results: The Payment Industry's Perception of NFC in the U.S. Card Accepting Market](#)

TSG's latest report offers a simple to read compilation of results from a survey of payments industry professionals on their perceptions and attitudes regarding NFC technology.

Reasons to Purchase:

- The response pool is comprised of payments professionals and not the general consumer market

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

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[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!](#)

[The Top Ten Ways Acquirers Can Block the Breach](#)

## This Day in History: 1983

### Andropov writes to U.S. Student

On this day in 1983, the Soviet Union releases a letter that Russian leader Yuri Andropov wrote to Samantha Smith, an American fifth-grader from Manchester, Maine, inviting her to visit his country. Andropov's letter came in response to a note Smith had sent him in December 1982, asking if the Soviets were planning to start a nuclear war. At the time, the United States and Soviet Union were Cold War enemies.

- Reveals which attributes of NFC are viewed as beneficial promoters and which are viewed as barriers
- Offers a snapshot of NFC market statistics to provide context to the report

## [See a preview of every page of this report.](#)

The price is \$349. Please email [Info@TheStrawGroup.com](mailto:Info@TheStrawGroup.com) with questions. Following payment, TSG will email a PDF copy of the report.

[Add to Cart](#)

## Featured

### [Remote Control for Your Credit Card Protects You From Theft](#)

4/24/14 *Wired*

It's been a banner year for credit card thieves. But new help is on the way. On Thursday, OnDot Systems - a San Jose, California-based startup that's been in stealth mode since it was founded in 2011 - unveiled an app that acts as a kind of "remote control" for your credit, debit, and prepaid cards. With this app - known as CardControl - you can turn your cards on and off with the click of a button, and you can tightly control when, where, and how they're used.

### [Why Square Needs To Sell Itself--And Do It Quickly](#)

4/21/14 *Forbes*

The clock is ticking for Square. Jack Dorsey's payment start-up is burning through massive amounts of cash as it tries to scale its payments business.

Today the Wall Street Journal-citing unnamed people in-the-know-reported that Square lost \$100 million in 2013 and is quickly eating up its \$340 million supply of venture cash. Because of the cash bleed-Square is seeking a suitor desperately. I have heard the same things from sources across the business-that Square had met with Apple, Google, and PayPal in a bid to sell itself before the cash ran out.

### [EMV and the ATM Industry: Moving the Rock Uphill](#)

4/24/14 *ATMarketplace*

In Greek mythology, King Sisyphus was punished by the gods for something or other by being forced to push a gigantic boulder up a hill daily - only to have it roll back down at the end of the day. Some in the ATM industry who are pushing for EMV migration can relate. While progress is being made, it remains an uphill marathon. It lightened the load a little that in February, a federal appeals court sided with The Fed, striking down the Leon decision. That ruling more or less placed in limbo any progress made toward a debit routing solution using a shared application identifier.

### [How The Creator Of Bitcoin May Have Stumbled Onto Something Much, Much Bigger](#)

4/22/14 *Business Insider*

We gave our Person of the Year award for 2013 to Satoshi Nakamoto, the pseudonymous creator of Bitcoin. We know some of you laughed. If you did, you may want to read on. It's becoming increasingly clear that Satoshi's creation has the potential to change how much of commerce itself works, and for reasons not even many Bitcoin fans realize. By many

President Ronald Reagan, a passionate anti-communist, had dubbed the Soviet Union the "evil empire" and called for massive increases in U.S. defense spending to meet the perceived Soviet threat. In his public relations duel with Reagan, known as the "Great Communicator," Andropov, who had succeeded longtime Soviet leader Leonid Brezhnev in 1982, assumed a folksy, almost grandfatherly approach that was incongruous with the negative image most Americans had of the Soviets.

[Click here to read more.](#)

accounts, Satoshi came up with a real-world solution to a longstanding computer science paradox known as the double-spend problem, or the Byzantine General's problem.

### [Putin Says Visa and MasterCard Will Lose Market Share](#)

*4/24/14 Bloomberg*

Russian President Vladimir Putin said Visa Inc. and MasterCard Inc. will lose market share in Russia after they blocked some transactions because of U.S. sanctions on individuals and banks. "We don't see any steps to punish unconscionable partners, but they are undermining trust, hence will lose market share for sure," Putin said on Rossiya-24 state television in St. Petersburg today.

### [Value-adds: Profit Centers or Freebies?](#)

*4/23/14 ISO & Agent*

With every new value-added product or service, an ISO has to determine an appropriate sales tactic-when to give it away for free, when to bundle it, when to charge upfront or when to levy a monthly or yearly service fee. When deciding on a strategy, ISOs take a variety of approaches. Some believe value should always come with a price tag, while others appear more apt to give things away for free under the right circumstances.



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### [Mobile Payments](#)

### [Xapo Now Offers The First Credit Card Linked To Your Bitcoin Wallet](#)

*4/24/14 TechCrunch*

Bitcoin vault Xapo made news in March after launching an insured, secure repository for big BTC investors. The service, which has gone so far as to bury paper bitcoin keys in underground vaults, has become a big finance darling. Now it's going after the average user by offering credit cards directly linked to a Xapo bitcoin wallet. "Most of our customers keep 90% of their bitcoin in our vault and 10% in their wallet," said Wences Casares. The addition of card access to these wallets will allow that 10 percent to be instantly transferred to cash.

### [PayPal Takes Another Look at NFC](#)

*4/22/14 NFC World*

The arrival of host card emulation (HCE) has led to a re-think of online payments giant PayPal's famously anti-NFC point of view, company president David Marcus has revealed. "I'm moving from being a massive skeptic of NFC, to being cautiously optimistic on NFC HCE take-up in very specific shopping use cases," he says. "For years I've been saying NFC was a technology in search of a problem, designed and embraced by companies thinking about their own interests rather than solving a problem for consumers," he explains.

### [800 Million iTunes Accounts...And Then What?](#)

*4/24/14 PYMNTS*

Folks hoping to learn about any Apple Inc. plans to enter the payments market during the company's April 23 fiscal second quarter earnings call with analysts were totally disappointed. The topic simply never came up.

About as close to a hint came during a discussion about new products, when CEO Tim Cook noted he feels comfortable expanding on what the company is working on but was not ready to pull the strings on anything.

### [How to Mint Your Own Virtual Money](#)

*4/24/14 BBC*

I am the richest person in the world but, sadly, only when it comes to Beebcoins. That is the name of the virtual crypto-currency I created to see how easy it is to leap on the virtual cash bandwagon. That bandwagon briefly propelled each Bitcoin, the best known crypto-currency, to be worth about \$1,200 (£715). Currently each virtual coin trades for much less than half of the value of that November 2013 peak. It is a bandwagon that others, notably Litecoin and Dogecoin, have jumped on to as well.

### [New Digital Currency Litecoin Gains Ground On Bitcoin](#)

*4/24/14 Value Walk*

The bitcoin is not alone. Most people are not aware that the success of the bitcoin has spawned a wave of copycat digital currencies. The vast majority of these copycat virtual currencies will sink little noticed into the sea of history, but a few, such as the litecoin, may actually emerge to compete with the bitcoin as the new currency for the 21st century. Litecoin is less expensive to mine, more plentiful and more suitable for small transactions than bitcoin.

### [It's 'Fits and Starts' in Mobile-Payments Evolution, Finds An IDC Survey](#)

*4/22/14 Digital Transactions*

An industry as intrinsic to commerce as electronic payments is unlikely to make wholesale moves to new technologies like mobile payments. That applies to consumers, too, who appear to be moderating their use of mobile payments. Data from the IDC Financial Insights 2014 Consumer Payments Survey reveal that consumer adoption of mobile payments, which 37.2% of respondents reported using, is slightly higher than the 33.9% in the previous survey released in 2012.

A promotional banner for the NOMIS FORUM 2014. On the left, a photograph shows a group of men in business attire sitting at a table, engaged in a discussion. To the right of the photo, the text reads "NOMIS FORUM 2014" with a logo. Below this, it says "Join us to consider how to combat the challenges of a Price War." and "May 28 - 29, 2014". A red button in the top right corner contains the text "LEARN MORE / REGISTER".

NOMIS FORUM 2014

Join us to consider how to combat the challenges of a Price War.

May 28 - 29, 2014

LEARN MORE / REGISTER

## [Regulation & Security](#)

### [Experian Breach Exposes Broad Problems at Credit Bureaus: Brian Krebs](#)

*4/22/14 BTN*

Do credit bureaus need to be held to higher levels of accountability for the massive amounts of consumer data they hold? Security expert and former Washington Post reporter Brian Krebs says that the answer is yes, and backs up this assertion with fresh new details of fraud related to the previously reported theft of personal data from the credit bureau Experian. Krebs reported on his blog Monday about two separate incidents connected to the Experian theft that could have implications for the way credit bureaus manage and store the personal data of millions of Americans.

### [Michaels: Why So Long to Report Breach?](#)

*4/23/14 Bank Info Security*

Industry analysts are debating whether the arts and crafts store chain Michaels took too long to determine that its point-of-sale network had been breached by malware. Although it announced in January that it had detected suspicious activity on its network, the company did not reveal until April 17 that an investigation confirmed a breach potentially compromised account information for 3 million payment cards.

### **Facebook, Google, Intel, Microsoft, NetApp, Qualcomm, VMware And The Linux Foundation Form New Initiative To Prevent The Next Heartbleed**

*4/24/14 TechCrunch*

The OpenSSL Heartbleed disaster definitely opened up many people's eyes to how underfunded and understaffed many of the open source projects the web relies on are. To prevent the next Heartbleed, Facebook, Google, Intel, Microsoft, NetApp, Qualcomm, VMware and The Linux Foundation today announced the "Core Infrastructure Initiative." This initiative will fund and support important open source projects "that are in need of assistance."



## **Economy**

### **U.S. Bank 2014 Small Business Survey Shows for the First Time in Five Years a Majority of Owners Are Optimistic about the Economy**

*4/24/14 BusinessWire*

For the first time in five years, a majority of small business owners are optimistic about the economy, and business owners in regions of the country that last year were most concerned about the economy are now looking up according to results of the 2014 U.S. Bank Annual Small Business Survey. Now in its fifth year, the U.S. Bank Annual Small Business Survey measured the opinions of more than 3,000 small business owners who shared their views on the state of the national and their local economy today, general business conditions and challenges, and their outlook for 2015.

### **Economists Expect US to Shake Off Winter Slowdown**

*4/21/14 CNBC*

This winter's brutal weather took a toll on sales growth for U.S. businesses, according to a survey of economists released Monday. But the group expects business to pick up again now that the worst of the harsh weather is over. A majority of companies responding to the latest quarterly survey by the National Association for Business Economics said sales are growing, but that growth was less widespread than a similar survey three months ago. The number of firms reporting higher profit margins also fell slightly.

### **The American Middle Class Is No Longer the World's Richest**

*4/22/14 The New York Times*

The American middle class, long the most affluent in the world, has lost that distinction. While the wealthiest Americans are outpacing many of

their global peers, a New York Times analysis shows that across the lower- and middle-income tiers, citizens of other advanced countries have received considerably larger raises over the last three decades. After-tax middle-class incomes in Canada - substantially behind in 2000 - now appear to be higher than in the United States. The poor in much of Europe earn more than poor Americans.

### **Jobless Claims Rise More Than Forecast in U.S. Holiday Week**

*4/24/14 Bloomberg*

More Americans than forecast filed applications for unemployment benefits last week as the Easter holiday period made it more difficult to adjust the data for seasonal variations. Jobless claims increased by 24,000 to 329,000 in the week ended April 19, the most in a month, a Labor Department report showed today in Washington. The median forecast of 44 economists surveyed by Bloomberg called for an increase to 315,000. The adjustment during spring holidays is hard to quantify from year to year, a Labor Department spokesman said as the figures were released to the press.



### **Payments Press**

### **American Express Serve® Announces Largest Free Cash Reload Network in U.S.**

*4/21/14 MarketWatch*

American Express announced its full service reloadable prepaid Account, American Express Serve, will be available for purchase at 4,100 Walmart stores nationwide. These Walmart stores will also become a part of Serve's free cash reloading network. This means Serve customers can now add cash to their Account for free across 19,500 U.S. Walmart, CVS/pharmacy®, and participating 7-ELEVEN® locations.

### **ShopKeep Raises \$25 Million to Get Retailers to Ditch Cash Registers for iPads**

*4/24/14 Mashable*

"I don't have a credit card," Jason Richelson's roommate told him. "I can't spend any money on this Internet thing." That thought helped pave the way for InternetCash, a financial technology company that offered prepaid cards for online shopping. InternetCash was a failure. The company launched in 1999, just before the Dot Com bubble burst. It hired too many people, purchased unnecessarily expensive software systems and invested "crazy amounts" in marketing that didn't work. "We made every mistake in the book," Richelson, one of the company's four co-founders, recalls. "InternetCash went out of business like everyone else back then."

### **Square Plans Major Staff Expansion in NYC and a New East Coast HQ**

*4/24/14 GigaOM*

Square will open a new New York City satellite headquarters this summer that will house up to 350 employees - and it plans to fill it. Square said on Thursday that it's aggressively hiring engineers, designers, support representatives and other staff in what has become one of Square's most important global markets.

## **Visa's Revenue Misses Wall Street Estimates as Profit Climbs 26%**

*4/25/14 Businessweek*

Visa Inc., the world's biggest bank-card network, reported an increase in fiscal second-quarter profit as a gain in revenue missed analyst estimates.

Net income for the three months ended March 31 rose 26 percent to \$1.6 billion, or \$2.52 a share, from \$1.27 billion, or \$1.92, a year earlier, Foster City, California-based Visa said yesterday in a statement. Adjusted earnings per share, which exclude a tax gain, were \$2.20, two cents better than the average estimate (V:US) of 31 analysts surveyed by Bloomberg. Revenue climbed to \$3.16 billion, missing the \$3.18 billion estimate.

## **TSYS Reports First Quarter 2014 Total Revenues Increased 32.1%**

*4/22/14 Yahoo! Finance*

TSYS reported results for the first quarter of 2014 and announced the sale of its business interests in Japan. The accompanying financial statements have been adjusted to exclude the Japanese results from ongoing operations in 2014 and 2013 with those results reported as "discontinued operations" for all periods presented.

## **PayPal is Piloting a Wireless Smartwatch Payment System**

*4/24/14 Fast Company*

From parking apps to Square, one of the key elements in the growth of the mobile industry is finding ways to make it easier for people to part with their money. Now PayPal is piloting a new program to enable wireless payments with smartwatches. The pilot, which PayPal is trying out in its on-campus Starbucks in San Jose, pairs Bluetooth Low Energy beacons with Samsung Galaxy smart wearables. No bank card or smartphone is needed—just a face, and a wrist wearing the watch.

## **Payment Startup LevelUp Thinks It Has Found A Way To Charge Merchants A 0% Credit Card Processing Fee**

*4/21/14 Business Insider*

If you walk into a store in Boston, there's a good chance you'll see a sleek, white box near the checkout counter. That box is a QR-code scanner made by LevelUp, a Massachusetts-based startup that offers one of the cheapest ways for merchants to handle credit card payments on the market. Currently, LevelUp works with 14,000 stores and it charges merchants a 2% credit card processing fee. Square, by comparison, charges 2.75% per online purchase or swipe. Square loses money by charging this rate, whereas LevelUp says it recently started breaking even on its 2%. MasterCard's standard rate appears to be 3-4%.

## **Domino's Pizza® Now Accepting Payment via Google Wallet**

*4/21/14 MarketWatch*

Domino's Pizza is adding even more convenience to its customer experience by integrating Google Wallet with its Android ordering app. Domino's customers who have an Android device can now pay for their online orders using Google's digital wallet. Google Wallet is a free mobile payment system that allows users to store debit cards, credit cards and loyalty cards electronically on their mobile phone.

## **QikServe and PayPal in Mobile Payments Collaboration**

*4/24/14 The Paypers*

Mobile technology company QikServe has entered a strategic collaboration with PayPal that is set to enable the UK hospitality sector to take orders and payment using the PayPal app on their customer's

smartphone.

QikServe's mobile ordering solution can now be integrated into PayPal's payment app. This means that restaurants and bars can enable customers to order and pay for food and drink through their smartphone.

### **Angus Davis of Swipely, on Working Around Flaws**

*4/24/14 The New York Times*

Q. Were you in leadership roles early on? A. I was a bit of a rebel. I didn't really fit in. I actually went to four high schools in five years. I was thrown out of one because I hacked the phone system at my boarding school. It was the first year that they put the phones into every kid's room - this was before cellphones, and back when calls were expensive - and we figured out a way to call home free instead of punching in a special code that billed the call to each student's account.

### **Payments Innovation Isn't Just for Big Business**

*4/24/14 First American Payment Systems*

Exciting developments have taken over the world of digital payment processing in recent years. Businesses that previously had no online presence are suddenly turning into e-commerce powerhouses. In other cases, mobile point-of-sale solutions are uncovering a whole new way to think about the traditional checkout experience. However, when most people think of these innovations, the focus typically goes straight to big-name retailers such as Wal-Mart or Starbucks.

### **NetSpend, Western Union to Introduce Co-Branded Prepaid Card in the U.S.**

*4/21/14 TSYS*

NetSpend, a TSYS Company and leading provider of prepaid cards and related financial services, announced it has joined forces with Western Union to develop an innovative co-branded prepaid card, available later this year. "Combining the strengths of Western Union's global brand and expertise in moving money with NetSpend's deep prepaid knowledge and unique product capabilities, creates an incredible opportunity for us to better serve an underserved market," said Dan Henry, chief executive officer of NetSpend.

### **Worldpay Joins the Hybris Extend Partner Program**

*4/23/14 WorldPay*

Worldpay, a global leader in payment processing, risk and alternative payments, today announced the launch of an e-commerce integration module with hybris, an SAP company and the world's fastest-growing commerce platform provider, giving customers access to Worldpay's end-to-end services including payment processing, alternative payments, fraud and acquiring services, through the hybris platform.

### **Review: Loop Mobile Wallet**

*4/22/14 CNNMoney*

Imagine walking into a store, gathering some items you want to purchase and waving your smartphone across a the credit card terminal to pay. This scenario is not a reality that's fast approaching – it's possible today. In recent years, a number of technology companies have started to subtly say: Forgo the need to carry around a stack of plastic cards in your pocket! Don't worry about having enough cash! Sure, there's nothing wrong with carrying these items around, they say. But wouldn't it be nice if you didn't have to?

### **Checkout Taps Shawn Budde as CEO**

*4/23/14 The Green Sheet*

2Checkout, a global online payments provider, today announced the appointment of Shawn Budde as Chief Executive Officer. The hire caps a months-long executive search headed by former CEO Tom Dailey, who continues to serve on the Board of Directors and is an active investor in 2Checkout. Mr. Budde has more than 25 years of experience in the finance industry including executive roles at Citibank and Capital One; data analytics experience at Sears Holdings; and as co-founder and President at ZestFinance, a VC-backed technology company.

An advertisement with a light blue background. On the left, there are four shopping cart icons arranged in a 2x2 grid, followed by a large red arrow pointing to the right, and then a single shopping cart icon. To the right of the arrow and cart is the text "Want to be a Merchant Aggregator?" in a dark red, serif font.

Want to be a  
Merchant  
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