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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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Trending This Week...

This week M&A in the Payments Industry heats up as [Vantiv announced on Monday they will acquire Mercury Payment Systems](#) for \$1.65B.

[See below for TSG's analysis on the deal.](#)

Square continues to grab headlines as this week they [killed off their Wallet](#), betting instead on their new order-ahead app. Is this the writing on the wall for mobile wallets? Also, according to internal documents, [Square is expecting losses through mid-2015, but then predicts a turnaround.](#)

Other highlights include:

- [Isis Reports 20,000 New Mobile Wallet Users a Day](#)
- [Veracity Payment Solutions Buys Vanco Services](#)
- [Google Opens Wallet to PayPal](#)
- [First Data Releases April 2014 SpendTrend Analysis](#)

Featured

[TSG ANALYSIS - Vantiv's Acquisition of Mercury Payment Systems](#)

5/16/14 TSGMetrics

With the announcement of the planned acquisition of Mercury, Vantiv continues its



[Transaction Advisory](#)

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[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!](#)

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

This Day in History: 1929

First Academy Awards ceremony

On this day in 1929, the Academy of Motion Picture Arts and Sciences hands out its first awards, at a dinner party for around 250 people held in the Blossom Room of the Roosevelt Hotel in Hollywood, California.

The brainchild of Louis B. Mayer, head of the powerful MGM film studio, the Academy was organized in May 1927 as a non-profit organization dedicated to the advancement and

aggressive acquisition strategy to increase penetration into the SMB market; this includes Litle & Co., National Processing Company (NPC), Element Payment Services, and now Mercury Payment Systems.

These transactions benefit Vantiv by:

- Extending current sales channels - for example using Value Added Resellers (VARs) and Independent Software Vendors (ISVs) as an indirect sales force extension
- Targeting more growth-oriented merchant verticals, which are attractive as defined by volume growth, attrition, and/or profitability
 - Mercury's merchant base includes types that are attractive in that they have high profitability and low attrition - these include Education & Non-Profits, Healthcare, Services, and Entertainment. Mercury also has merchants within historically saturated card accepting verticals which are Retail, Restaurants, and Grocery
- Expanding the current focus on the VAR/ISV channel, where Vantiv's solutions are embedded in enterprise software packages, which should increase merchant stickiness and decrease attrition
- Acquiring technology and processes that can be leveraged across the Vantiv merchant acquiring business
- All of the points listed above will help to diversify the profitability contribution which has historically been dominated by Vantiv's legacy major merchant accounts

[Click here to read more of TSG's analysis.](#)

[Vantiv Announces Agreement to Acquire Mercury Payment Systems from Silver Lake](#)

5/12/14 BusinessWire

Vantiv, Inc., a leading provider of payment processing services and related technology solutions for merchants and financial institutions of all sizes, announced today an agreement to acquire Mercury Payment Systems, LLC for an aggregate price of \$1.65 billion. Mercury is a payment technology and service leader whose solutions are embedded into point-of-sale software applications and brought to market through their dealer and developer partners. Mercury is currently majority-owned by Silver Lake, a global leader in technology investing.

[Veracity Payment Solutions Buys Vanco Services](#)

5/13/14 Finextra

Veracity Payment Solutions, a leading merchant acquirer and provider of payment transaction processing services, today announced its acquisition of Vanco Services, LLC, a Minnesota-based provider of electronic payment solutions to faith-based organizations, healthcare organizations, financial institutions, nonprofits, schools, municipalities and other entities. As part of the acquisition, Veracity and Vanco will be rebranded as "Vanco Payment Solutions."

[Square's Status? It's Complicated](#)

5/14/14 CNNMoney

Even in an industry where things happen at Internet speed, the purported reversal of fortune at Square was remarkably fast. In seemingly no time, the mobile payments startup led by Twitter co-founder Jack Dorsey went from darling to impending disaster. Square is a fast-growing but money-losing enterprise, reports proclaimed, with a high burn rate, shrinking balance sheet, and narrowing set of options.

[EMV May Need 4 Years To Reach Ubiquity](#)

improvement of the film industry. Its first president and the host of the May 1929 ceremony was the actor Douglas Fairbanks, Sr. Unlike today, the winners of the first Oscars—as the coveted gold-plated statuettes later became known—were announced before the awards ceremony itself.

At the time of the first Oscar ceremony, sound had just been introduced into film. The Warner Bros. movie *The Jazz Singer*—one of the first "talkies"—was not allowed to compete for Best Picture because the Academy decided it was unfair to let movies with sound compete with silent films. The first official Best Picture winner (and the only silent film to win Best Picture) was *Wings*, directed by William Wellman. The most expensive movie of its time, with a budget of \$2 million, the movie told the story of two World War I pilots who fall for the same woman. Another film, F.W. Murnau's epic *Sunrise*, was considered a dual winner for the best film of the year. German actor Emil Jannings won the Best Actor honor for his roles in *The Last Command* and *The Way of All Flesh*, while 22-year-old Janet Gaynor was the only female winner. After receiving three out of the five Best Actress nods, she won for all three roles, in *Seventh Heaven*, *Street Angel* and *Sunrise*.

[Click here to read more.](#)

5/14/14 ISO & Agent

EMV-chip cards might not become ubiquitous in United States until 2018 because no one's teaching merchants and consumers about the technology, according to a new report from Javelin Strategy & Research. "One of the biggest takeaways or suggestions based on the research is that someone really needs to take the reins on the education side," says Nick Holland, senior analyst for payments with Javelin Strategy & Research, and co-author of the report.

[21 Things I Learned About Bitcoin Living On It A Second Time](#)

5/15/14 Forbes

I did "Living on Bitcoin: Part Deux" because every time I talked about living on Bitcoin for a week in 2013, people would ask if it would be easier now. I got sick of saying, "I think so." Now I know that the answer is, "Yes." Last year, I had to bike or walk anywhere I wanted to go, lost 5 pounds, moved out of my home, and constantly felt like a crazy person for asking people if they would accept payment in a made-up currency they'd never heard of.



[Mobile Payments](#)

[Google Opens Wallet to PayPal](#)

5/16/14 Finextra

In a surprising move, Google has opened up its Wallet to rival PayPal for app sales on the Google Play platform. The new feature is being rolled out across 12 countries, with PayPal now available as a payment option in Google Wallet accounts. Users just need to enter their PayPal account login to make purchases.

[Square Finally Gives Up on Square Wallet and Bets on New Order-Ahead App](#)

5/12/14 Re/code

The grand Square Wallet experiment is over. As of today, Square has pulled the app from the Apple and Google app stores. At the same time, it is introducing Square Order, an app that lets shoppers place pick-up orders from, and pay at, coffee shops, cafes and other Square merchants right from their smartphone. Square Wallet was Jack Dorsey's startup's big bet, launched three years ago, to allow coffee shop patrons and restaurant goers to use payment information stored in the app to pay for goods by checking in to a shop via the app and then simply giving a cashier their name at checkout.

[Isis Reports 20,000 New Mobile Wallet Users a Day](#)

5/15/14 NFC World

Isis saw its user adoption growth rate double last month and is now adding an average of 20,000 new users a day, Michael Abbott, CEO of the US carrier-led NFC venture, has revealed. "Since our launch nationwide last November, consumers across the country are experiencing the power and simplicity of paying with their phone and the response has been tremendous," Abbott says.

[Apple Point-of-Sale Upgrade Signals Better Security, NFC Access](#)

5/10/14 Forbes

This week Apple began rolling out a major upgrade to its EasyPay mobile POS system within the U.S., and the choice of new hardware-the iPhone 5s-is eclipsed by other features, including NFC technology. Specifically, the company has taken a pre-emptive strike to ensure the security of customer credit card transactions and prepare for the future possibility of contact-less credit card purchases. According to several sources, including 9to5mac, Apple has switched vendors for the POS shell that will surround the iPhone 5s, and it's the key element of the POS upgrade.

[Report: U.S. Mobile Commerce to Hit \\$114 Billion This Year](#)

5/12/14 Mashable

Mobile commerce sales in the U.S. are expected to soar past \$100 billion this year, driven in large part by strong growth on tablets, according to a new report. Forrester Research projects sales from consumers shopping on mobile phones will increase to \$38 billion this year and sales from tablets will hit \$76 billion, or about \$114 billion in total. That's up significantly from last year when Forrester projected smartphone commerce sales of \$24 billion and tablet sales of \$48 billion.

[Square Launches A \\$10 Per Month Customer Feedback Tool For Sellers](#)

5/13/14 TechCrunch

Square continues to reach for additional revenue streams with today's announcement of yet another new product called Square Feedback - a tool that turns a company's digital receipts into a customer feedback and polling solution. The company, which currently claims to deliver over 10 million digital receipts per month by email and text, will now enable business owners to ask their customers about their experience right from the receipt.

[Coinbase Gives College Kids \\$10 of Bitcoin in Bid to Spur Virtual Currency Use](#)

5/15/14 GigaOM

Virtual currency is grand in theory, but do ordinary people actually use it? That may explain why wallet service Coinbase has taken to giving it away to students at the world's top 500 universities. In a blog post this week, the well-funded San Francisco start-up announced it's giving \$10 worth of bitcoin to those with a ".edu" address who sign up for a Coinbase account, and that it hopes the giveaway will "spur the growth of the ecosystem."



[Regulation & Security](#)

[Target Breach Lawsuits Consolidated](#)

5/15/14 Data Breach Today

Dozens of class action lawsuits filed on behalf of banking institutions, consumers and shareholders against Target Corp. in the wake of the retailer's massive breach are being consolidated into three groups. In their lawsuits, banking institutions claim Target should be responsible

for card re-issuance and replacement expenses that card issuers have incurred as a result of the retailer's breach, which is estimated to have exposed some 40 million debit and credit cards.

Retailers Launch Cyber Info-Sharing Center

5/14/14 Bank Info Security

In the wake of large-scale data breaches against retailers such as Target, Neiman Marcus and Michaels, the Retail Industry Leaders Association has launched the Retail Cyber Intelligence Sharing Center in an effort to strengthen defenses against cyber-attacks and protect consumers. Companies participating in the initiative include Target, Lowe's, Nike, Safeway and Walgreens, according to a statement from RILA.

EMV Migration Won't Save Retail

5/14/14 FierceRetailIT

In the wake of multiple data breaches, retailers are casting about looking for answers, solutions and a place to lay blame. But so far, there seem to be more questions than answers. Namely, will EMV save retailers? Target's Steinhafel may have been a sacrificial lamb, a gesture to shoppers and investors that the retailer takes the massive data breach that compromised more than 70 million customers' accounts and personal information very, very seriously.

Consumer Protection in the Bitcoin Era

5/14/14 BankThink

A common trope about Bitcoin is that it is "unregulated." That half-truth stirs doubts about the digital financial future. But Bitcoin is like digital cash - yes, it is unregulated in itself, but it is fully regulated in its important uses. Consumer protection will be different in the Bitcoin era, though, and with the Conference of State Bank Supervisors' Emerging Payments Task Force meeting in Chicago on Friday, regulators should be aware that the thoughtful and deft will have a role in shaping the future. Others will not.

Economy

First Data Releases April 2014 SpendTrend® Analysis

5/12/14 First Data

First Data Corporation, the global leader in payment technology and services solutions, today released its First Data SpendTrend® analysis for April 1, 2014 through April 30, 2014, compared to April 2, 2013 through May 1, 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 merchant locations serviced by First Data.

At Last, Recovery Heads Where the Fed Wants It

5/13/14 CNBC

The Federal Reserve finally seems to be getting what it wants. Two indicators of economic health that the Fed and its chairwoman, Janet L. Yellen, have identified as keys to a stronger recovery - modestly higher inflation and a more robust job market - finally seem to be moving in the right direction, according to new data released by the government on Thursday. In particular, economists said, a rise in the Consumer Price Index in April, along with several other reports this week, suggest a broader economic firming is underway after a weak, weather-plagued start to 2014.

Jobless Claims in U.S. Reach Lowest Level in Seven Years

5/15/14 Bloomberg

The fewest Americans in seven years filed applications for unemployment benefits and consumer prices rose by the most in 10 months, adding to signs the economy is gaining momentum. Jobless claims dropped by 24,000 to 297,000 in the week ended May 10, less than any economist projected in a Bloomberg survey and the least since May 2007, figures from the Labor Department showed today in Washington. The consumer price index increased 0.3 percent in April, the biggest advance since June, after rising 0.2 percent the prior month.

Nearly Eight in 10 Americans Carry Less Than \$50 in Cash

5/12/14 MarketWatch

Nearly eight in 10 Americans (78%) carry less than \$50 in cash on a daily basis, according to a new report. Breaking the numbers down even further, 49% of Americans carry \$20 or less each day, including nine percent who don't carry any cash at all. Only seven percent of Americans typically carry \$100 or more. Eighty-six percent of women carry less than \$50 on a daily basis, compared to only 70% of men. The results were fairly even across age groups, income levels and educational attainment.



Payments Press

eBay CEO: We Are 'Actively Considering' Bitcoin Integration

5/14/14 CoinDesk

eBay CEO John Donahoe told shareholders at the annual meeting in San Jose, California, yesterday that the company is "actively considering" integrating bitcoin with PayPal. When asked by a shareholder about bitcoin's potential role in global trade, Donahoe responded by saying that the digital currency "will play a very important role in the future", eCommerce Bytes reports.

TSYS Sees Opportunities in Mobile and Prepaid, But EMV Will Be Slow

5/14/14 BTN

Executives at processor Total System Services can't predict which of the many existing mobile payments technologies will dominate the payments landscape of the future, but they plan to aggressively go after the processing business that follows. "I don't know who is going to win in mobile payments, but we sure are going to benefit from it," said Dan Henry, CEO of TSYS' NetSpend prepaid card business, at the processor's May 13 analyst day in New York.

Alibaba: The Other 550M Gorilla in Payments

5/12/14 PYMNTS

Business news junkies were in heaven last week with the continuing coverage of Alibaba's IPO. A search on those two words delivered, on Saturday at least, 129k articles on the topic, and easily that many more on things like Founder and Chairman Jack Ma's likely net worth after the IPO (~\$15 billion if not more), what he hates about business (business plans - says he never had one and never will), his philosophy on building a business (start with no money - it makes you appreciate value and make tough choices) and more salaciously, what Alibaba is likely do with the

billions of dollars raised thru the IPO.

American Express Expands Merchant Network Through OptBlueSM Program

5/14/14 BusinessWire

American Express today announced the expansion of OptBlue, a new merchant acquiring program that extends U.S. small merchant coverage. There are now 10 participating acquirers in OptBlue, five of which are among the top 10 in the United States. New to the program are: First Data, EVO, Merchant e-Solutions and First American Payments Systems. The program was announced at American Express' Financial Community meeting earlier this year with Vantiv, Global Payments, Heartland Payment Systems, Worldpay, Transfirst and JetPay as the first participants.

MasterCard and PULSE to Enable Common Debit EMV Solution

5/13/14 The Wall Street Journal

MasterCard and PULSE, a Discover Financial Services company, have reached an agreement that will allow financial institutions that issue EMV debit cards that participate in both the MasterCard and PULSE networks to use MasterCard's common debit solution on those cards. The agreement will help accelerate EMV deployment for the networks' mutual debit card issuers, merchants and acquirers.

Ballpark Boosts Sales With Real-Time Payment Solution

5/14/14 The POS News

A lot of work goes into welcoming 1,500 baseball fans at each Brazos Valley Bombers home game. The concession stands have to be stocked with enough food; fan merchandise must be plentiful; and service needs to be top-notch. Of course, the team has to do its part and win. For Uri Geva, CEO and owner of the Brazos Valley Bombers, a collegiate summer baseball team based in Bryan, TX, having shelves stocked is only part of the game. Selling what's on those shelves is what scores a home run in his mind.

Providence's Swipely Doing Over \$2 Billion in Sales on Analytics & Marketing Platform

5/15/14 BostInno

Providence's Swipely, which provides an analytics offering to help small businesses better target marketing efforts, is now doing over \$2 billion in annual sales on its platform - up 100 percent in six months. Swipely works with businesses in over 40 states to provide insights on more than 10 million consumers. Regionally, the company calls restaurants like Barbara Lynch Gruppo - the brains behind Boston eateries B&G Oysters, Drink and The Butcher Shop - along with Rosa Mexicano, Fig & Olive and Sarabeth's, customers.

Merchant Warehouse Announces Partnership with TouchBistro at NRA 2014 Chicago

5/13/14 Merchant Warehouse

Payment technologies innovator Merchant Warehouse® today announced a partnership with TouchBistro, a leader in iPad point of sale (POS) technology solutions for cafes, bars, food trucks and restaurants. The seamless integration with the Genius™ Customer Engagement Platform™ gives TouchBistro's customers in the hospitality industry the flexibility to accept any type of payment, as well as immediate certification, in time for the 2015 EMV deadline.

Alliance Data's Canadian Loyalty Business Signs New Multi-Year Agreement With Moneris

5/15/14 PRNewswire

Alliance Data Systems Corporation, a leading provider of loyalty and marketing solutions derived from transaction-rich data, today announced its Canadian coalition loyalty business signed a multi-year agreement with Moneris Solutions Corporation ("Moneris"), Canada's largest credit and debit card processor, as a sponsor in the AIR MILES® Reward Program.

Fiserv Granted U.S. Patent for Customer Value Optimization Process

5/14/14 Fiserv

Fiserv, Inc., a leading global provider of financial services technology solutions, announced that it has been granted a patent by the U.S. Patent and Trademark Office for a customer value optimization process in its Predictive ScoresSM solution. This is the second patent that has been awarded for Predictive Scores. Using this newly patented process, financial institutions can benefit from the ability to proactively identify and approach customers with the optimum product, service or treatment they may need at the right time, through the appropriate channels.

Bluefin Payment Systems Brings the Security of PayConex™ PCI-Validated P2PE to the Utility Billing Market

5/14/14 PRWeb

Bluefin Payment Systems, the leading financial technology provider of secure payment technologies for a variety of retail merchants and software platforms, is bringing the security and innovation of its PayConex™ point-to-point encryption (P2PE) solution to the utility billing market, the only Payment Card Industry (PCI) Council validated P2PE solution in North America to date. Bluefin specializes in integrated cloud-based solutions for independent software vendors (ISVs), SaaS providers and merchants through their PayConex platform.

Tesco Collaborates with NCR to Redefine the Customer Experience

5/15/14 NCR

NCR Corporation, the global leader in consumer transaction technologies, announced today that Tesco is improving the customer checkout experience by piloting a new, high-speed retail checkout solution from NCR. Each unit allows three shoppers to pack and pay at the same time, using innovative imaging technology to automatically scan products placed on a conveyor belt. The four units at the new Tesco Extra 24-hour store in Lincoln, U.K. are the first public Tesco pilot of the solution.

What We Have Been Up to at Circle

5/16/14 Circle

Last year (2013), we grew obsessed with evolving consumer finance, giving people greater control of their own money, and enabling Bitcoin as a mainstream solution globally. We created Circle to make this happen. Why? We felt that Bitcoin - and the broader idea of a new global digital currency - was a brave, natural step toward modernizing our global monetary system. Like the best of the Internet, it represents an open, democratic, distributed, decentralized architecture owned by everyone.

LoopWallet™ Android App Now Available as First Universally Accepted Mobile Payment App

5/14/14 Yahoo! Finance

LoopPay, Inc., the first smart wallet provider to deliver a solution accepted at virtually every retail point-of-sale terminal, today announces

the availability of its LoopWallet app for Android at the Google Play Store. The free LoopWallet app for Android now significantly expands the number of consumers who can store all their cards on their phones and pay faster at just about anywhere they shop with Loop Ready™ devices.

BBVA Boosts Digital Transformation Effort With Two US Hires

5/14/14 Finextra

The US arm of Spanish banking group BBVA has tapped two high-profile technology veterans to help spearhead its efforts to become a role model for digital banking transformation. Jeff Dennes, who led digital and innovation efforts at SunTrust, Huntington and USAA, will head the new business development and digital transformation division of BBVA Compass, the group's US franchise. Mark Jamison, previously chief digital officer at Capital One Bank, will join BBVA as the director of customer experience and business intelligence, working from Madrid.

Worldpay Group Invests in Innovative US Payments Start-up Pazien

5/14/14 Realwire

Worldpay Group, a global leader in payment processing, risk and alternative payments, has made a strategic investment in Pazien Inc., an innovative start-up founded by industry veterans David Burrows and Jason Pavona, located in Boston, MA. Pazien is creating products that simplify and demystify the payments ecosystem, which is becoming more complicated for businesses of all sizes around the globe to understand and manage.



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