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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...

Today, [MasterCard and Visa said that they will keep on working in Russia](#) after Putin's government agreed to consider easing demands.

Amex CEO, Ken Chenault, said there will be five platforms that matter to the future of payments: Apple, Amazon, Facebook, Google, and Alibaba and [Amex will be embedded in each.](#)

Groupon attacks tablet-POS with the announcement of an [iPad-based POS solution called Gnome](#), which includes an "all-in-one" cash register.

The Winklevoss twins, surely still bitter, said this week that [Bitcoin will be bigger than Facebook](#) by encouraging financial openness.

Other highlights include:

- [Timeline: Operation Choke Point](#)
- [Mobile Apps Replace Cash on Campus](#)
- [POS Attacks Accounted for a Third of Data Breaches in 2013](#)
- [MasterCard Acquires ElectraCard Services](#)

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## This Day in History: 1934

[Police Kill Famous Outlaws Bonnie & Clyde](#)

On this day in 1934, notorious criminals Bonnie Parker and Clyde Barrow are shot to death by Texas and Louisiana state police while driving a stolen car near Sailes, Louisiana.

Bonnie Parker met the charismatic Clyde Barrow in Texas when she was 19 years old and her husband

## [American Express CEO Ken Chenault: 'There's a \\$25 Trillion Opportunity'](#)

5/21/14 CNNMoney

We are paying for things in new ways; that much is clear. We're paying for taxi rides using our Uber app, checking out personally tailored offers on Facebook, and downloading films to our Amazon Kindles – without ever pulling the plastic out of our wallets. Yet Ken Chenault plans to insure that American Express (AXP) remains in the center of every transaction.

## [Timeline: Operation Choke Point](#)

5/19/14 American Banker

The investigation that Justice Department officials have dubbed "Operation Choke Point" was first disclosed in March 2013. The probe aims to prevent fraudsters from accessing consumer bank accounts by choking off their access to the payments system. Its effects have been felt by banks, payment processors and companies that make short-term consumer loans over the Internet, with some industry officials arguing that at least some of the affected online lenders are legitimate businesses.

**Related:** [Operation Choke Point: The Battle Over Financial Data Between the Government and Banks](#)

## [Visa, MasterCard Stay in Russia as Government Eases Stance](#)

5/23/14 Bloomberg

Visa Inc. and MasterCard Inc. said they'll keep working in Russia after President Vladimir Putin's government agreed to consider easing demands that were made on the payment systems after the U.S. imposed sanctions. Visa and MasterCard executives met with senior officials including First Deputy Prime Minister Igor Shuvalov and came away "very positive" about resolving the problems facing the companies, Visa's country chief, Andrew Torre, said at the St. Petersburg International Economic Forum today.

## [California Senate to Vote on Statewide EMV Mandate](#)

5/21/14 The Green Sheet

The California state senate is advancing a bill that would require California-based bankcard issuers and retailers to adopt Europay/MasterCard/Visa (EMV) chip card technology. The bill, SB 1351, mandates April 1, 2016, as the date by which the processes of those two constituencies be able to support EMV-based transactions. The bill, sponsored by California State Senator Jerry Hill, D-13th District, and introduced in March 2014, passed out of committee on May 6 and may be voted on by the full senate as early as tomorrow, May 22.

## [Is the EMV Journey Worth the Price?](#)

5/19/14 PYMNTS

Call me a skeptic, naysayer, contrarian, payments rebel or girl with a death wish, but I'm still not getting the logic of why EMV is being forced into the US market. What got me back on my high horse were two reports over the last couple of days about how long it's going to take to get EMV "ubiquity" in the US - both cards and terminals. The short answer to that question: minimum 5 years, probably more like 10.

## [Winklevoss Twins: Bitcoin Will Be Bigger than Facebook](#)

5/19/14 The Guardian

It was on a very hot day in July 2012 that the Winklevoss twins discovered bitcoin, while partying in Ibiza. At 32 years old, the enviably athletic pair have both Harvard and Oxford on their CVs, and seem predestined for

(she married when she was 16) was serving time in jail for murder. Shortly after they met, Barrow was imprisoned for robbery. Parker visited him every day, and smuggled a gun into prison to help him escape, but he was soon caught in Ohio and sent back to jail. When Barrow was paroled in 1932, he immediately hooked up with Parker, and the couple began a life of crime together.

After they stole a car and committed several robberies, Parker was caught by police and sent to jail for two months. Released in mid-1932, she rejoined Barrow. Over the next two years, the couple teamed with various accomplices to rob a string of banks and stores across five states—Texas, Oklahoma, Missouri, New Mexico and Louisiana. To law enforcement agents, the Barrow Gang—including Barrow's childhood friend, Raymond Hamilton, W.D. Jones, Henry Methvin, Barrow's brother Buck and his wife Blanche, among others—were cold-blooded criminals who didn't hesitate to kill anyone who got in their way, especially police or sheriff's deputies. Among the public, however, Parker and Barrow's reputation as dangerous outlaws was mixed with a romantic view of the couple as "Robin Hood"-like folk heroes.

[Click here to read more.](#)

success. They famously won a \$65m settlement from Facebook after claiming Mark Zuckerberg had stolen their idea for a Harvard social network, and rowed in the 2008 Olympics.

### Imagining a Real-Time Payment System

5/19/14 *BTN*

If every financial institution in the U.S. were to commit to handling payments in real-time, what would the technology backbone to such a payment network look like? No hard-and-fast answer to this question exists today. For one thing, so many industry players object to the notion of faster payments across the board that it may never happen. But there are existing technology platforms that provide clues.

### Veteran 'Payments Guys' Create Bitnet to Ease Bitcoin Acceptance for Large Merchants

5/21/14 *Digital Transactions*

Bitcoin may remain volatile and controversial, but the digital currency holds enough potential that it is starting to attract seasoned payments professionals, particularly in the business of merchant acceptance. Witness Bitnet, founded in January by a pair of former executives with payments processor CyberSource Corp. to make it easier for large merchants to take customers' Bitcoin and convert it into their local currency.



## Mobile Payments

### Groupon Goes After Square Register With New Gnome Point-Of-Sale Hardware

5/19/14 *TechCrunch*

Groupon is expanding its footprint beyond daily deals yet again this morning with an announcement of an iPad-based point-of-sale solution called Gnome. The platform includes an "all-in-one" cash register that can accept traditional payments as well as Groupon vouchers, integrated customer relationship management software, accounting software and more.

### Darkcoin, the Shadowy Cousin of Bitcoin, Is Booming

5/21/14 *Wired*

Someone out there likes anonymous money. In only a month, the little-known bitcoin alternative known as Darkcoin has rocketed nearly tenfold in value—from around 75 cents a coin to almost seven dollars. Its selling point: Darkcoin offers far greater anonymity than bitcoin, mixing up users' transactions so that it's incredibly difficult to trace a payment to a person.

### Here's How Apple Will Attack Mobile Payments with the iPhone 6 and Beyond

5/20/14 *BGR*

Ever since Apple purchased AuthenTec in July 2012, people have been speculating about the world's largest tech company doing something with mobile payments as it seeks to make the most out of its 800 million (and counting) iTunes accounts. With Apple publicly acknowledging

mobile payments on an earnings call, it may wind up doing so with future iPhones that include Near Field Communications (NFC), a technology that's been around for quite some time, but has never really taken off.

### **Mobile Apps Replace Cash on Campus**

*5/21/14 USA Today*

Dillon Siler rarely walks around with cash in his pocket. He doesn't reach for a credit or debit card to pay his bills either. The Loyola Marymount University student prefers to pay via smartphone apps - everything from checks at restaurants, the monthly rent or just splitting the bill with buddies at bars. "It's changed the way that we go out," he says. "Even interacting with friends. It just makes life a lot easier."

### **BMO Poll: Heavy Dependence on Mobile Devices Among Millennials Changing Financial Behaviours**

*5/23/14 Yahoo! Finance*

According to a BMO Bank of Montreal report, Millennials are spending more time on their mobile devices - ranking them as one of their most cherished personal items, and the increased dependency is paying off financially. The findings are part of a series from BMO on Millennials - those born between 1981 and 2011.

### **E-Receipts are Walmart's Newest Source of Shopper Data**

*5/21/14 FierceRetailIT*

Walmart is rolling out a program to send shoppers e-receipts via its mobile app, and while they're surely thrilled to save a few trees the real impetus is the wealth of customer data it can provide. The retailer hopes to use the feature to collect information on what shoppers are buying, that way it can provide suggested items for their shopping list and offers personalized to their shopping history.

### **McDonald's Adds Value to Mobile Payments with Ordering, Offers**

*5/23/14 Mobile Commerce Daily*

In the latest example of how fast food restaurants are leading the charge with mobile payments, McDonald's has launched the Quick Mac mobile application to enable customers in Austria to order food and pay for it via their smartphones. McDonald's has been aggressively experimenting with a variety of mobile payments strategies in different markets around the world as it looks to unlock the magic formula for delivering the kind of consumer value that will drive adoption.



## **Regulation & Security**

### **POS Attacks Accounted for a Third of Data Breaches in 2013**

*5/21/14 PCWorld*

A third of data breaches investigated by security firm Trustwave last year involved compromises of point-of-sale (PoS) systems and over half of all intrusions targeted payment card data. Even though PoS systems remained a significant target for attackers, as suggested by several high-profile data breaches disclosed by large retailers over the past six

months, the largest number of data theft incidents last year actually involved e-commerce sites, Trustwave said Wednesday in a report that compiled data from 691 data breach investigations conducted by the company around the world.

### **'High Risk' Label from Feds Puts Gun Sellers in Banks' Crosshairs, Hurts Business**

*5/19/14 The Washington Times*

Gun retailers say the Obama administration is trying to put them out of business with regulations and investigations that bypass Congress and choke off their lines of credit, freeze their assets and prohibit online sales. Since 2011, regulators have increased scrutiny on banks' customers. The Federal Deposit Insurance Corp. in 2011 urged banks to better manage the risks of their merchant customers who employ payment processors, such as PayPal, for credit card transactions.

### **Retail Info Sharing: How It Can Succeed**

*5/22/14 Bank Info Security*

In light of the massive Target Corp. breach and other recent retailer breaches, security experts welcome a new effort spearheaded by the Retail Industry Leaders Association to boost cyberthreat information sharing among merchants. But for the effort to succeed in helping to prevent breaches, banking leaders say the association must develop a trusted cyber-intelligence sharing model that builds on the examples already set by other industries, including the financial services sector.

### **Investigators Target eBay Over Massive Data Breach**

*5/23/14 TIME*

Attorneys General in three U.S. states along with European officials are investigating a massive data breach at eBay which may have compromised more than 100 million users' passwords. "The magnitude of the reported eBay data breach could be of historic proportions, and my office is part of a group of other attorneys general in the country investigating the matter," said Florida Attorney General Pam Bondi in a statement Thursday.

### **Fraud Prevention Possible with POS Facial Recognition**

*5/21/14 Reuters*

Lately, the news has been filled with stories of identify fraud. This, paired with the increase in mobile payments, furthers the need for companies to have access to enhanced tracking and security capabilities. A team of Logic PD engineers and designers addressed this real world challenge and uncovered new insights on how the Internet of Things (IoT) technology can help improve people's lives during the Logic PD ACME-thon held in late April.

### **Earnings Show Target Still Reeling From Data Breach**

*5/21/14 Slate*

Target reported first-quarter earnings below expectations and cut its guidance for the year on Wednesday, the latest sign that the retailer is still reeling from the massive data breach it suffered last fall. Profits fell 16 percent and traffic to Target's stores declined for the sixth straight quarter. Investors were ambivalent toward the news, with the company's shares trading sideways in the morning.

## **Economy**

### **Americans' Outlook for U.S. Economy Falls to Seven-Month Low**

*5/22/14 Bloomberg*

Americans' expectations for the economy deteriorated to a seven-month low in May, a sign that the rebound from weakness earlier this year may be limited by still-cautious consumers. An expectations gauge that tracks where the economy is heading declined to 42.5 in May from 48 in the month prior, data from the Bloomberg Consumer Comfort Index showed today. The share of respondents who said the economy was getting worse climbed to the highest level this year.

### **Jobs, Government, and Economy Remain Top U.S. Problems**

*5/19/14 Gallup*

Twenty percent of Americans name unemployment or jobs as the most important problem facing the country in May, up from 14% who mentioned these issues in April. Dysfunctional government (19%) and the economy in general (17%) also rank among the top problems. These three issues – jobs, economy, and government – have been at the top of the "most important problem" list since the beginning of the year.

### **Sales of Existing Homes Rise; Jobless Claims Are Higher**

*5/22/14 The New York Times*

U.S. home resales rose in April and the supply of properties on the market hit its highest level in nearly two years, hopeful signs for the stalled housing market recovery. The National Association of Realtors said on Thursday existing home sales increased 1.3 percent to an annual rate of 4.65 million units, marking only the second gain in sales in nine months.



### **Payments Press**

#### **MasterCard Acquires ElectraCard Services**

*5/19/14 MasterCard*

MasterCard today announced that it has entered into an agreement with Opus Software Solutions Pvt. Ltd., ("Opus") to acquire its subsidiary, ElectraCard Services Private Limited, ("ECS"), a leading global provider of software solutions and processing services for electronic payment and card systems. MasterCard previously had a minority investment in ECS. This transaction is anticipated to close in the second quarter of 2014.

#### **Newtek Hires New Presidents for Managed Technology Solutions and Newtek Merchant Solutions**

*5/20/14 Newtek*

Newtek Business Services, Inc., The Small Business Authority®, announced that it has attracted and retained the talents of two senior executives, Richard Rebetti and Bruce Hopkins. Richard Rebetti joins Newtek as President and Chief Operating Officer of Newtek Technology Services. Mr. Rebetti has over 20 years' experience in both business development and executive operations of high technology and communications companies.

#### **Tim Hortons Launches Mobile Payments at All Canadian,**

## U.S. Locations

*5/22/14 Financial Post*

You can now pay for your "double double" with your smartphone. Tim Hortons Inc. announced today that its mobile payment option is available at all of its locations across Canada and the U.S. The Oakville, Ont.-based coffee chain started pilot testing the technology - in which customers tap their devices and pay with the TimmyMe app on iOS, Android and BlackBerry 10 - at select outlets in December.

**Related:** [Canadian Man Rescues Baby Moose, Takes It To Tim Hortons](#)

## Software Helps ISOs Manage Merchant Relationships

*5/19/14 ISO & Agent*

New software called Pegasus, like the winged horse of Greek mythology, helps ISOs manage just about every aspect of their relationships with merchants. "It's a cradle to grave tool for merchant account management," says Rick Jernigan, the ISO who invented and refined the customer relationship management (CRM) package. "It starts the moment you get a lead, and it goes all the way through the boarding process."

## The FIDO Alliance Welcomes Visa to the Board of Directors

*5/20/14 Visa*

The FIDO (Fast IDentity Online) Alliance, an industry consortium revolutionizing online authentication with standards for strong authentication, today announced that Visa Inc., the global payments technology company, has joined the FIDO Alliance and been appointed to the Board of Directors. Visa Europe will join the alliance as a sponsor member and will be represented on the board by Visa Inc.

## Heartland Payment Systems Unveils New Brand Identity

*5/19/14 Heartland Payment Systems*

Heartland Payment Systems, one of the nation's largest payment processors and leading provider of merchant business solutions, has unveiled a new brand identity. The new branding initiative better reflects Heartland's dramatic evolution from a small debit and credit card processor to a leading national business solutions provider serving a range of industries from retail to restaurant, parking to petroleum, to higher education, lodging and hospitality.

## Why NFC Could Soon Become the Real Deal

*5/20/14 TSYS*

Financial institutions suddenly find themselves in a race to develop mobile apps that use near-field communication (NFC), a payment method that until recently has been plagued by false starts and difficult economics. NFC has languished in part due to the inability of banks and phone carriers to agree on how much should be paid for access to a computer chip on a phone that has transactional functionality.

## OmniPay Wins CNP Best Processor Judges Choice Award in Orlando, Florida

*5/23/14 First Data*

OmniPay, a First Data Corporation, company and global payments processor, today announced that it has won the Best Processor - Judges Choice Award at the 2014 Card Not Present (CNP) Expo held in Orlando, Florida. The Best Processor - Judges Award recognizes the company which most effectively responded to the special requirements of merchants operating in the CNP space.

## **First Data Receives 'Innovations Award' from Noble Systems**

*5/20/14 PR Web*

Noble Systems Corporation, a global leader in unified contact center technology solutions, recently presented its "Innovations Award" to First Data and TeleCheck, First Data's industry-leading check acceptance, check processing and risk analytics service provider. The award was announced at the Select Noble Users Group Americas 2014 Conference - a gathering of Noble Systems clients and partners - held in Orlando, Florida earlier this year.

## **TrustCommerce Among First Validated as PCI DSS 3.0 Compliant**

*5/19/14 TrustCommerce*

TrustCommerce, a leading provider of Point-to-Point Encryption (P2PE) payment solutions, today announced it is one of the first to achieve Payment Card Industry Data Security Standard (PCI DSS) 3.0 validation. TrustCommerce is a Level 1 Service Provider. The PCI DSS version 3.0, released November 2013, is the third major update to the PCI DSS. Reporting guidelines were made available in February 2014; however, existing PCI DSS 2.0 compliant vendors have until January 1, 2015 to move to the new standard.

## **Fiserv Collaborates with University of Connecticut School of Business on Next-Generation Banking Apps**

*5/21/14 Fiserv*

Fiserv Inc., a leading global provider of financial services technology solutions, and the University of Connecticut School of Business, one of the top public business schools in the nation, today announced that Fiserv is participating in the university's Financial Accelerator Program to help educate students and foster innovation.

## **Citi Launches Citi Mobile Snapshot across the U.S.**

*5/21/14 MarketWatch*

Citi launched Citi Mobile® Snapshot, a new opt-in feature of the Citi Mobile® app, for all U.S. banking and credit card customers. Citi Mobile Snapshot enables customers to view deposit and credit card balances and recent transactions without having to log into their accounts. The national launch follows a successful beta test conducted with customers over the past three months. Citi is the first major U.S. bank to offer the feature.

## **TransFirst and National Funeral Directors Association Announce Exclusive Processing Agreement**

*5/19/14 TransFirst*

TransFirst, a leading provider of transaction processing services and payment enabling technologies, announces that it has been endorsed by the National Funeral Directors Association (NFDA) as its new provider of payment processing solutions. NFDA entered into the exclusive agreement with TransFirst on April 1.

## **BlueSnap Integrates with Avalara for Cloud-Based Sales Tax Compliance Automation**

*5/21/14 The Paypers*

Global payment gateway BlueSnap has integrated with Avalara, a provider of sales tax and compliance automation services in the cloud. As a result of this partnership, BlueSnap merchants are set to be able to use Avalara's cloud-based solution AvaTax functionalities from within their existing workflow to automatically calculate the final tax amount on every

invoice.

## Optimal Payments Honored at CNP Awards 2014

5/22/14 *Hawaii News*

Optimal Payments, a leading global online payment solutions provider, has been awarded one of the top recognitions at the Card-Not-Present (CNP) Awards on May 21, part of the CNP Expo from May 19-22, 2014 in Orlando. The CNP Awards honor the companies, programs and solutions that have distinguished themselves in the card-not-present space. The CNP Customer Choice Award winners are selected by customers for their experience and longstanding reputation in the card-not-present industry.

## WEX Bringing Fleet Fuel Card to Canada

5/20/14 *TruckNews*

The WEX Fleet Card, used by 315,000 customers representing seven million vehicles in the US, is coming to Canada and has its eyes set on the trucking industry here. The company provides a fleet card that can be used across 10 fuel networks in the US and Canada for fuel and related purchases. It provides detailed reporting and fraud prevention features to help fleets reduce their total fuel spend.



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