

# NewsFilter

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THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



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## Trending This Week...

A short week due to the holiday has by no means been a lack of industry news. First, this morning [P.F. Chang's issued a breach update](#) saying the attack was the work of a "highly sophisticated" gang and that forensic experts continue to investigate the full extent of the breach.

Next, bitcoin continues to make headway as both [Newegg](#) and [1-800-Flowers](#) announced acceptance for online transactions.

U.S. Rep. Blaine Luetkemeyer proposed a bill this week that would put a [choke-hold on Operation Choke Point](#). A spokesperson for ETA announced support for the bill concerned that Choke Point may impose liability on processors who merely processed transactions.

Other highlights include:

- [Is Bitcoin a Joke? People Thought that About the Internet Too](#)
- [ISIS: The m-Wallet with the Wrong Name at the Wrong Time](#)
- [Modest Growth Trend Continues in Small Business Economy](#)
- [Visa & MasterCard Given Russian Boost](#)

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Happy 4th of July!

## NEW REPORT: Next Day Funding Survey

*Did you Know: 9 out of 10 respondents offer next day funding?*

What is this report?

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

[TSG MPPS Benefits](#)

[MPPS Example Report](#)

[ETA/TSG Economic Indicators Report](#)

[Case Study: Driving Value Through Competitive Bidding](#)

[Should Traditional Merchant Acquirers "Beware of Square"](#)

[What Benefits Me By Paying a Credit Card Swipe Fee?](#)

[Use a SmartPhone to Buy Things!](#)

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

[Analysis: Vantiv's Acquisition of Mercury](#)

## This Day in History: 1964

### Johnson signs Civil Rights Act

On this day in 1964, U.S. President Lyndon B. Johnson signs into law the historic Civil Rights Act in a nationally televised ceremony at the White House.

In the landmark 1954 case *Brown v. Board of Education*, the U.S. Supreme Court ruled that racial segregation in schools was

TSG has noted increasing interest in the topic of so called "next day merchant funding" among industry participants. However, there seems to be confusion over a standard definition of what this service means, along with differing requirements that may impact the actual availability of this service to merchants. This report offers a detailed look at leading U.S. third-party processors and merchant acquirers and how each supports next day settlement funding.

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

### How was it completed?

Via a survey, TSG obtained data from 10 processors/acquirers. The survey was completed in early 2013.

### Why is this useful?

This report provides valuable insight for all companies that provide or would like to provide a next day funding program. This was done to better understand how acquirers/processors and sponsor banks offer this service while also understanding their requirements, boundaries, and constraints around the service.

The price is \$2,850. Please email [Info@TheStrawGroup.com](mailto:Info@TheStrawGroup.com) with questions. Following payment, TSG will email a PDF copy of the report.

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## Featured

### [P.F. Chang's Issues Breach Update](#)

*7/02/14 Bank Info Security*

Restaurant chain P.F. Chang's China Bistro has issued an update to customers concerning its data breach investigation, saying the hack attack was the work of a "highly sophisticated" gang, and that digital forensic experts continue to investigate the full extent of the breach, and put related information security improvements in place. "An investigation of this nature takes time, and while we would like to be in a position to provide further information, we can only share details that have been confirmed by the investigators," Rick Federico, CEO of P.F. Chang's said.

### [Is Bitcoin a Joke? People Thought that About the Internet Too.](#)

*6/30/14 Vox*

Bitcoin has enjoyed a meteoric rise over the last 18 months. The value of one unit of the cryptocurrency has soared from \$13 at the beginning of 2013 to \$600 today. Investors have poured millions of dollars into Bitcoin-based startups. And Bitcoin got a surprisingly warm reception in its first Congressional hearings last fall. Yet Bitcoin still faces widespread skepticism. The payment system's many critics argue that it doesn't have any compelling advantages over the conventional financial system.

### [Get Paid: GoDaddy Links With PayPal, Dwolla, Stripe For A](#)

unconstitutional. The 10 years that followed saw great strides for the African-American civil rights movement, as non-violent demonstrations won thousands of supporters to the cause. Memorable landmarks in the struggle included the Montgomery bus boycott in 1955-- sparked by the refusal of Alabama resident Rosa Parks to give up her seat on a city bus to a white woman--and Martin Luther King, Jr.'s famous "I have a dream" speech at a rally of hundreds of thousands in Washington, D.C., in 1963.

As the strength of the civil rights movement grew, John F. Kennedy made passage of a new civil rights bill one of the platforms of his successful 1960 presidential campaign. As Kennedy's vice president, Johnson served as chairman of the President's Committee on Equal Employment Opportunities. After Kennedy was assassinated in November 1963, Johnson vowed to carry out his proposals for civil rights reform.

[Click here to read more.](#)

## Mobile & Web Payment Service

*6/30/14 TechCrunch*

As GoDaddy gears up for a \$100 million IPO, the domain and web services company is adding on more features that will help it make more profitable revenues from its 12 million small-business customers. The latest of these puts GoDaddy further into the world of e-commerce. Now, it is launching "Get Paid," a new online and mobile payments service created with existing digital payments heavyweights PayPal, Dwolla and Stripe.

## ISIS: The mWallet With The Wrong Name At The Wrong Time

*7/02/14 PYMNTS*

When coming up with a name for their mobile wallet, the telecom partnership that gave birth to the ISIS mobile wallet likely considered several factors--was it catchy, would people remember it easily--in short, was ISIS the kind of name that was going to grab on to potential users' minds and not let go until they had started buying things with it? It is hard to imagine that anyone ever stopped a meeting to ask "Is it possible that a Sunni insurgent group is also going to choose this name and then cut a bloody swath of revolution through northern and western Iraq; thus giving us a recognizable brand name for all the wrong reasons?"

## Bill Would Put a Chokehold on the Justice Department's Operation Choke Point

*7/01/14 Digital Transactions*

The U.S. Department of Justice's controversial Operation Choke Point, an effort to cut off high-risk merchants' access to electronic payments by challenging the banks and processors that serve them, continues to draw fire. The latest missile comes in the form of a bill from U.S. Rep. Blaine Luetkemeyer, R-Mo., who says his proposal would "restore the balance between financial institutions and regulators and protect private industry from the organized bureaucratic intimidation and regulation under way by the Obama Administration."

## "Buy Now" Buttons Start Appearing in Tweets. Is Twitter Shopping Finally Here?

*7/01/14 Recode*

Two things stand out about the sneakers pictured above in a screenshot from Twitter. First, their list price is a cool \$170 million (though we imagine that's a glitch). Second, there's a "Buy now" button included in the tweet.

What's that you say? You didn't know you could buy stuff directly from a tweet? Neither did we. So what do we have here? The products being shared in these tweets come from a shopping app called Fancy.



## Mobile Payments & Bitcoin

## Venture Capitalist Tim Draper Wins \$19 Million Government Bitcoin Auction

*7/02/14 Recode*

Tim Draper, the founding partner of venture capital firm Draper Fisher Jurvetson, was the winning bidder in a recent government auction of about \$19 million worth of bitcoin, according to a son and the CEO of a startup in which he has invested. Avish Bhama, the CEO of a bitcoin startup called Vaurum, published a blog post this morning reporting that Draper would be handing over the 30,000 or so bitcoin to the startup to help build up liquidity in overseas bitcoin markets.

### **Online Retail Giant Newegg Now Accepts Bitcoin**

*7/01/14 CoinDesk*

Popular online computer hardware and software retail giant Newegg has announced it is now accepting bitcoin as a payment option - a move that had been widely anticipated by its customers. The Los Angeles-based company, which recorded \$2.8bn in annual revenue in 2013, made the announcement today, saying it will use BitPay as the payment processor to convert bitcoin sales into US dollars.

### **1-800-FLOWERS.COM(R) to Accept Bitcoin for Online Transactions**

*7/01/14 The Wall Street Journal*

1-800-FLOWERS.COM, Inc., the world's leading florist and gift shop, today reported that it will begin accepting bitcoin, the world's most widely used digital currency. Beginning this fall, bitcoin will join familiar payment options, including Visa, MasterCard, American Express, and PayPal, that are available to the company's customers across its extensive family of gifting sites, including 1-800-FLOWERS.COM, FannieMay.com, Cheryls.com, ThePopcornFactory.com, 1-800-Baskets.com, FruitBouquets.com, and Stockyards.com.

### **Litecoin Slumps As Bitcoin Recovers Some Of Its Former Luster**

*6/30/14 TechCrunch*

During the height of the 2013 Bitcoin bubble, Litecoin soared, crossing the \$40 mark late in the year. Since then, mostly tracking Bitcoin, Litecoin's value has faded. Today, you can buy a Litecoin for just under \$9. That cryptocurrencies are dealing with post-bubble excesses is hardly news. What's more interesting is that Litecoin, which largely followed Bitcoin's price fluctuations, has recently decoupled from its bigger sibling, failing to enjoy a price bump in recent weeks as Bitcoin itself found new legs.

### **Beacons, Social Commerce To Play Bigger Role for 2014 Holiday Season**

*6/30/14 Mobile Marketer*

Mobile's role during the 2014 holiday shopping season will be bigger than ever, opening up both opportunities and challenges for marketers as they eye beacons, social commerce, image recognition and streamlined experiences to help support mobile-equipped shoppers. By November of this year, the IBM Digital Analytics Benchmark forecasts mobile will account for more than 20 percent of site sales and more than 43 percent of site traffic, up from last year as well as earlier this year.



## **Regulation & Security**

## **Restaurant Point-of-Sale Vendor Breached: Dairy Queen, Buffalo Wild Wings and TacoTime Affected**

*7/01/14 Tripwire*

Point-of-Sale and security systems provider Information Systems & Supplies Inc. (IS&S) has sent out letters to their customers regarding a breach where their Log-Me-In credentials were compromised. The breach occurred multiple times between Feb. 28 and April 18 of 2014. The company provides services to a number of restaurants including Dairy Queen, Buffalo Wild Wings, Taco Time and others.

## **NXP's 'Security Matters' Survey Reveals Consumer Push for Secure Credit Card Technologies**

*7/02/14 PRWeb*

NXP Semiconductors N.V., the global leader in secure banking and eGovernment deployments, announced the results of the 'Security Matters: Americans on EMV Chip Cards' survey. To gain further understanding of how confident Americans are in the security of EMV chip card technology and debit/credit card purchases in general, NXP polled more than 1,000 American adults on credit card usage, behavioral trends and consumer sentiment toward the electronic and cashless movement.

## **Class Action Against P.F. Chang's Claims Restaurant Failed to Protect Customer Data**

*6/30/14 Washington Examiner*

A class action lawsuit has been filed against P.F. Chang's after customers claim it failed to protect their data. P.F. Chang's China Bistro Inc. failed to take adequate measures to protect its customers' credit and debit card data from theft and disclosed the data breach on June 12, plaintiffs say. John Lewert claims while P.F. Chang's alleged it only found out about the data breach days before it informed customers, he and other class members believe the breach likely began in September and may have affected nearly seven million credit and debit card accounts.

## **Economy**

### **Modest Growth Trend Continues In Small Business Economy**

*6/30/14 Newtek*

Newtek Business Services, Inc., The Small Business Authority®, announced the release of the SB Authority Index of small business indicators for May 2014 which reached 127.41 points. The Russell Microcap Index, approved SBA lending volumes and new business formations led the increase. The SB Authority Index is up 0.37% from April 2014. On a year-over-year comparison, the SB Authority Index is up 7.31%.

### **Economic Data Lifts Wall Street**

*7/01/14 The New York Times*

The Standard & Poor's 500-stock index reached a record high on Tuesday after a report showed that manufacturing accelerated and as China's factory sector expanded in June for the first time in six months. At midday the Dow Jones industrial average rose 0.80 percent and the Standard & Poor's 500-stock index was up 0.70 percent. The Nasdaq composite index gained 1.19 percent.

### **Mergers Hit a 7-Year High, Propelled by a Series of Blockbuster Deals**

*6/30/14 Dealbook*

Deal makers have been thinking big this year. Buoyed by some of the biggest deals in recent memory, 2014 has so far been the kind of year that bankers and lawyers have been awaiting for some time. "People are willing to make bigger bets on transactions than they were two years ago," said Stephen Arcano, a partner at the law firm Skadden, Arps, Slate, Meagher & Flom. And it appears that the factors that have been driving the waves of consolidation will keep propelling mergers for the rest of the year.



## **Payments Press**

### **Visa and MasterCard Given Russian Boost**

*7/02/14 Finextra*

Visa and MasterCard may escape having to pay billions of dollars in security deposits to carry on operating in Russia after the country's central bank rowed back on its initial demands. In May Russia introduced a new law requiring the US card giants to deposit collateral with the central bank equivalent to the value of two days of processing volumes - estimated at \$2.9 billion.

### **Visa Australia Head Says Future Proof Australia's Payments**

*6/30/14 Blue Notes*

Australians are changing the way they pay with unprecedented speed. Take the adoption of contactless and, soon, mobile payments. In the past 12 months, usage of contactless has doubled. Forty per cent of all face-to-face Visa transactions in Australia are now made using Visa payWave, our contactless technology. With this infrastructure for contactless payments already in place, the jump to mobile payments will happen quickly.

### **First Data Appoints Gretchen Garrigues as Chief Marketing Officer**

*6/30/14 First Data*

Accomplished financial marketer Gretchen H. Garrigues has joined First Data Corporation, the global leader in payment technology and services solutions, as chief marketing officer. In this role, she will lead the company's global marketing efforts, including corporate and product marketing, branding, innovation and thought leadership. Garrigues will be based in New York City and will report to Joe Plumeri, vice chair of First Data's board of directors.

### **Magento Will Pull the Plug on Magento Go and ProStores**

*7/01/14 Internet Retailer*

Magento, the e-commerce platform of eBay Inc.'s e-commerce division eBay Enterprise, will discontinue two of its products geared toward small and mid-sized e-retailers, Magento announced today. The Magento Go and ProStores platforms, which count as clients 10,000 merchants, will go dark as of Feb. 1, 2015. Magento will continue to offer the Enterprise and Community editions of its e-commerce platform, which are geared toward larger e-retailers.

## **BBVA Introduces NFC-Enabled Mobile Payments Based on Visa's HCE Specifications**

*6/30/14 Mobile Payments Today*

BBVA today announced it is the first global banking group to commercially launch mobile NFC payments based on new cloud-based (HCE) payment specifications from Visa, according to a press release. The new cloud-based system will enable BBVA customers with NFC-enabled Android handsets to make contactless purchases by downloading an updated version of the BBVA Wallet app, available immediately.

## **Twitter Said to Agree to Buy TapCommerce for \$100 Million**

*6/30/14 Bloomberg*

Twitter Inc. (TWTR) agreed to buy mobile-advertising company TapCommerce, seeking to make more money outside of its main microblogging service by expanding promotions on smartphones and tablets. Twitter will pay almost \$100 million to acquire TapCommerce, according to a person with knowledge of the matter. TapCommerce targets people on their mobile phones or tablets with ads for things they've already expressed interest in buying, urging them to complete the purchase.

## **MasterCard Concludes Acquisition of Pinpoint**

*7/01/14 MasterCard*

MasterCard announced that it has completed the acquisition of Pinpoint Pty. Ltd. ("Pinpoint"), Australia's leading provider of loyalty and rewards services to financial institutions across the Asia Pacific region. Pinpoint was founded in Sydney in 1984, and has been developing innovative customer loyalty and incentive programs for over 30 years. A leading loyalty service provider in Asia Pacific, Pinpoint offers a full suite of loyalty services from point schemes and benefit programs through to redemption services.

## **Hearing Set for SmartMetric Patent Infringement Case Against Card Brands**

*6/30/14 The Green Sheet*

SmartMetric started patent infringement proceedings against the payments card giants, Visa Inc and MasterCard International some three and a half years ago in the Southern District Court of California. The lawsuit brought by SmartMetric, Inc. is over the use of its patented technology by the payments card monoliths in respect of the new EMV chip cards that are being issued in the United States.

## **Fiserv Partners with Micronotes to Bring Clients a Measurable Boost in Digital Cross-Sales**

*6/30/14 Fiserv*

Fiserv, Inc., a leading global provider of financial services technology solutions, announced today it has partnered with Micronotes to provide its clients with Micronotes® Cross-Sell™, a technology-enabled service leveraging data analytics and interview technology to personalize banking and deepen customer relationships. Deployed online or via the mobile channel, the Micronotes process is an alternative to online advertising with fast automated interviews that engage customers in a brief question and answer session designed to personalize cross-sell offers.

## **Optimal Payments to Acquire California Based Meritus Payment Solutions to Accelerate Expansion in U.S. Payments Market**

7/01/14 Yahoo! Finance

Optimal Payments Plc, a leading global online payments and risk management provider, has entered into a definitive agreement to acquire all of the partnership interests of California based payment processing entity TK Global Partners LP ("Meritus") (doing business as 'Meritus Payment Solutions') for consideration of \$210 million consisting of \$150 million in cash and \$60 million of Optimal Payments shares (issued in equal tranches over four years commencing on the first anniversary of the closing date), subject to customary closing adjustments.

### **Telecom Italia, Payleven Enter mPOS Distribution Partnership**

6/30/14 The Paypers

Telecom Italia and mobile payments services provider payleven have entered a strategic partnership, enabling Telecom Italia to provide to its customers an enhanced mobile card payments solution. The chip & PIN card reader and a mobile app are available, enabling business owners to use their smartphone or tablet to accept payments.



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