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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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Trending This Week...

Square, making the move into the food-delivery market, [announced their acquisition of startup Caviar](#) earlier this week. The terms have not been disclosed but the price has been estimated at roughly \$90M.

[In the wake of Target's data breach](#), net expenses, not covered by insurance, will likely total \$146M for its most recent three quarters, while gross breach expenses will total \$236M for the nine-month period.

Be sure and check out commentary by TSG Partners Kurt Strawhecker and Jamie Savant below on the topics of [Operation Chokepoint](#) and [Re-Pricing](#).

Other highlights include:

- [Gemalto Takes on Hacking with \\$890M SafeNet Deal](#)
- [Retailers Who Take Bitcoin Love It](#)
- [New Visa Service to Help Gas Station Retailers Reduce Fraud at the Pump](#)
- [P.F. Chang's Breach Affects 33 Restaurants](#)

NEW Report: Merchant Aggregation

What is this report?

This 70-page report compares and contrasts the rules and policies of the four major card brands regarding merchant aggregation. Particular attention is paid to how ISOs may participate in relation to the brands, their processor and the sponsoring acquirer institution.

Areas to be covered include:

- Compare and contrast MasterCard, Visa, Discover, and Amex aggregation rules
- Agreement requirements among participants
- Maintaining compliance with brand rules
- Business operations

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

[TSG MPPS Benefits](#)

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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](#)

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

This Day in History: 1974 Nixon Resigns

In an evening televised address, President Richard M. Nixon announces his intention to become the first president in American history to resign. With impeachment proceedings underway against him for his involvement in the Watergate affair, Nixon was finally bowing to pressure from the public and Congress to leave the White House. "By taking

- Processing
- Pricing strategies
- Best practices for success

How was it completed?

TSG's Senior Management Consultant, Gerritt Kerkstra, has extensive knowledge of aggregation allowing him to author this report, in addition to his deep dive into the rules and regulations the four major card brands have produced for the aggregation model.

Why is this useful?

This report is a guide to understanding aggregation, the opportunity available, and how ISOs may participate.

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

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If you are interested in purchasing this report packaged with consulting time for a review and Q/A session, please call 402.964.2617.



Featured

All in a Name?

Commentary on Operation Chokepoint by Kurt Strawhecker, Managing Partner TSG

The owner of a small online art boutique was surprised when she was denied a merchant account, not once - but twice, by two major national merchant acquirers. Later, she learned the actual reason for not being allowed to accept credit cards for her beautiful and unique woven and needlepoint items and patterns - it was due to the unfortunate fact that her name is "Gun" and part of the name of the boutique business includes her name.

This is just one example of the effect of Operation Chokepoint (OCP) which has been using the blunt force of branding entire merchant categories that are legal businesses as "high risk" by government regulators.

[Click here to read more.](#)

Square Orders In, Buying Food Delivery Startup Caviar

8/04/14 Fortune

Square, the mobile payments startup founded by Twitter's Jack Dorsey, confirmed it's making a move into the food-delivery market by announcing the acquisition of startup Caviar on Monday. The companies

this action," he said in a solemn address from the Oval Office, "I hope that I will have hastened the start of the process of healing which is so desperately needed in America."

Just before noon the next day, Nixon officially ended his term as the 37th president of the United States. Before departing with his family in a helicopter from the White House lawn, he smiled farewell and enigmatically raised his arms in a victory or peace salute. The helicopter door was then closed, and the Nixon family began their journey home to San Clemente, California. Minutes later, Vice President Gerald R. Ford was sworn in as the 38th president of the United States in the East Room of the White House. After taking the oath of office, President Ford spoke to the nation in a television address, declaring, "My fellow Americans, our long national nightmare is over." He later pardoned Nixon for any crimes he may have committed while in office, explaining that he wanted to end the national divisions created by the Watergate scandal. [Click here to read more.](#)

did not disclose the terms of the deal, but The New York Times cited anonymous sources last week pegging the price at roughly \$90 million after Tech Crunch first reported on talks between the two San Francisco-based companies in early July.

A Scientific Approach to Re-Pricing

Commentary by Jamie Savant, Co-Founder & Partner TSG

The dog days of summer are upon us as the calendar turns to August. Owners of merchant portfolios are working to hit their numbers by the end of the year. Sales teams are busy trying to bring in new business. However, as an executive of any acquirer would attest, your biggest asset is your existing base portfolio. With that in mind - how can you drive more revenue into your portfolio without causing attrition issues?



[Click here to read more.](#)

Gemalto Takes on Hacking With \$890 Million SafeNet Deal

8/08/14 Bloomberg

Gemalto, a developer of software and chips that make transactions more secure, agreed to buy data-protection company SafeNet Inc. for \$890 million in cash to bolster its offerings against threats such as hacking. The acquisition, from private-equity firm Vector Capital, will be funded with existing cash reserves and debt, Amsterdam-based Gemalto said today in a statement. The company expects to complete the deal in the fourth quarter.

Type of Merchant, Customer Base Dictate Which Merchants Should Act First on EMV

8/06/14 Digital Transactions

With a major deadline arriving in October 2015, U.S. payments players are expected to be busy in the coming months converting systems to be compliant with the Europay-MasterCard-Visa chip card standard. But with liability for counterfeit card fraud shifting in 14 months to the party not prepared for EMV, how urgent is chip card readiness for merchants?

More Merchants Demanding Integrated POS

8/06/14 ISO & Agent

A growing number of brick-and-mortar merchants want more from their point of sale systems than basic payment processing. Instead of just a terminal, today's POS is packed with software applications that enable store owners to manage their entire business on the same device they use to accept payments. A number of factors are driving the surge in integrated payments. Hardware costs are coming down, especially since the introduction of tablet systems.

Foot Locker's Ken Hicks Talks Omnichannel, Inventory and the Future of Payments

8/04/14 FierceRetailIT

Ken Hicks, Foot Locker chairman and CEO, took the reins of the retailer in 2007 as the United States was facing down its worst recession in decades. Under his leadership, the footwear and sports apparel company has managed to deliver 17 consecutive quarters of comparable store sales growth and its best-ever financial results for the 2013 fiscal year.

Money
20/20

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Mobile Payments & Bitcoin

Apple May Collaborate with Visa on Mobile Payments

8/04/14 MarketWatch

Apple could form an alliance with Visa that would enable the iPhone-maker to set up what an analyst portrayed as a mobile payments system "on steroids." Pacific Crest analyst Josh Beck said news of changes in Visa's system, including improved security, could allow tech companies to enhance and expand their mobile payments systems.

Retailers Who Take Bitcoin Love It

8/06/14 Mashable

If you've been following the news about Bitcoin, you've probably come away with the idea that the currency is unstable, potentially lucrative and more of a novelty than an actual payment method that people use on a daily basis. Retailers who take Bitcoin say something different. For them, the currency is a viable, preferable alternative to credit cards that don't carry the same risk of fraud and have lower transaction fees. Merchants say bitcoin payments aren't a huge part of their business, but the niche is growing steadily.

How Bitcoin Went Legit

8/07/14 Management Today

Even eight months ago, the world of Bitcoin was a dark and dangerous place. Now the government is looking into making the UK the Bitcoin capital of the world. The currency is finally growing up. To Bitcoin purists, this must feel all wrong: this week George Osborne announced a review into uses for the cryptocurrency as part of plans to make the UK a world capital for financial technology ('fintech' to its friends).

Can N*Sync's Joey Fatone Get Wocket Wallet Users to Buy Buy Buy?

8/07/14 American Banker

NXT-ID is working with Joey Fatone, former member of the boy band N*Sync, to kick off a series of celebrity endorsements for its biometric Wocket wallet. The company published several photos of Fatone holding or pocketing the Wocket device, which allows users to store data from plastic cards by swiping them through an included reader. Wocket can hold up to 10,000 credentials, which are locked until consumers authenticate themselves with voice biometrics or a typed or drawn password.

BTC.com Domain Sold to GAWMiners for Record \$1 Million

8/04/14 CoinDesk

The domain name BTC.com has been sold to bitcoin mining equipment specialist GAWMiners. It had been on the market for less than a month before GAWMiners chief executive Josh Garza secured the \$1m deal. GAWMiners is a relatively large mining hardware vendor. The Connecticut-based firm sells a wide range of SHA-256 and scrypt ASICs,

including hardware from Bitmain, Gridseed, Innosilicon, Rock Miner, SilverFish as well as its own GAWMiners brand machinery.



Regulation & Security

Target's Breach Costs Continue to Mount

8/05/14 Bank Info Security

Target Corp.'s net breach expenses not covered by insurance will likely total \$146 million for its most recent three quarters following the company's massive December 2013 data breach that compromised payment card information. Gross breach expenses will total \$236 million for the nine-month period, says Eric Hausman, a spokesperson for the retailer.

P.F. Chang's Breach Affects 33 Restaurants

8/04/14 Info Security

P.F. Chang's customers may be looking for eggrolls at the restaurant, but cybercriminals bent on instead rolling the chain's security were able to compromise card data in 33 restaurants across the US. "We have determined that the security of our card processing systems was compromised, and we have reason to believe that the intruder may have stolen some data from certain credit and debit cards that were used during specified time frames at 33 P.F. Chang's China Bistro branded restaurant locations in the continental United States."

Russian Hacker Mob Amasses 1.2B Password Haul

8/05/14 Slash Gear

What's described as the biggest known collection of stolen usernames, passwords, and email addresses has been amassed by a Russian crime collective, security researchers have warned today, with 420,000 sites apparently compromised. The vast stockpile was identified by research firm Hold Security - which last year broke the news on the Adobe Systems hack - which says it includes data snatched from Fortune 500 company sites among others.

PCI SSC Publishes Third-Party Security Assurance Guidance

8/07/14 Convenience Store Decisions

Businesses are rapidly adopting a third-party operations model that can put payment data at risk. This week, the PCI Security Standards Council, an open global forum for the development of payment card security standards, published guidance to help organizations and their business partners reduce this risk by better understanding their respective roles in securing card data.

Economy

A New Report Argues Inequality Is Causing Slower Growth. Here's Why It Matters.

8/05/14 TheUpshot

Is income inequality holding back the United States economy? A new report argues that it is, that an unequal distribution in incomes is making it harder for the nation to recover from the recession and achieve the kind of growth that was commonplace in decades past. The report is interesting not because it offers some novel analytical approach or crunches previously unknown data. Rather, it has to do with who produced it, which says a lot about how the discussion over inequality is evolving.

Jobless Claims Fall as Average Drops to Eight-Year Low

8/07/14 Bloomberg

Fewer Americans filed applications for unemployment benefits last week, sending the average over the past month to an eight-year low, a sign the labor market continues to gain momentum. Jobless claims decreased by 14,000 to 289,000 in the week ended Aug. 2 from 303,000 in the prior period, a Labor Department report showed today in Washington. The median forecast of 47 economists surveyed by Bloomberg called for an increase to 304,000.

Stampede of Mergers Could Mean Growth, or Irrationality, Ahead

8/07/14 DealBook

A sharp upturn in deal activity is often thought to herald a stronger economy and a buoyant stock market. The theory: Corporate chieftains see strength building in their business lines, which gives them the confidence to pursue ambitious acquisitions of other companies.



Payments Press

New Visa Service to Help Gas Station Retailers Reduce Fraud at the Pump

8/07/14 BusinessWire

Visa Inc., the global leader in payments, is helping U.S. fuel retailers prevent credit and debit card fraud at the pump with intelligent analytics that identify higher-risk transactions that may be fraudulent. While global fraud rates across the Visa payment system remain near historic lows - less than 6 cents for every \$100 transacted - fuel pumps can be targets for criminals because they are often self-service terminals.

5 Billion More Chances To Buy

8/08/14 PYMNTS

Everyone loves shopping online right up until the end when credit cards must come out, passwords must be created (or remembered) and personal information that one has entered thousands of times before must be entered again. On a desktop, it is frustrating. But on a mobile phone, where one can only easily see one screen at a time, it can be a deal breaker for consumers. Sometimes those shoppers come back when they are at a desktop device and can finish the online transaction, but they often just give up and go to Walmart.

Intuit Buying UK-based Cloud Payroll Service PaySuite

8/07/14 ZDNet

Intuit continues to rack up acquisitions this year, shifting its focus across the pond with the purchase of PaySuite, a cloud-based, self-service payroll software provider. PaySuite and Intuit actually already have significant ties. Back in April, the duo announced plans to integrate PaySuite with Intuit's flagship QuickBooks Online software to line up accounts and payroll in a single dashboard.

Comerica Announces Agreement with Vantiv to Deliver Payment Processing Solutions for Bank's Merchant Services Customers

8/05/14 Vantiv

Comerica announced it has reached an agreement with Vantiv, Inc., a leading provider of payment processing services and related technology, to provide payment processing solutions for the bank's Merchant Services customers. "Comerica made the decision to engage a new partner with the needs of our Merchant Services customers foremost in mind," said Albert P. Taylor, senior vice president, National Bank Card Services. "With this new agreement, our customers will benefit from a comprehensive suite of payment solutions."

TSYS Signs Agreement with the Philippines' Metrobank Card Corporation

8/07/14 TSYS

TSYS announced today that it has signed an agreement to license its PRIME payment transaction processing platform to Metrobank Card Corporation in the Philippines. MCC is a strategic joint venture between Metrobank and Australia New Zealand Bank and is one of the largest issuers and acquirers in the Philippines' market.

Global Payments Signs Referral Agreement with BitPay to Offer Bitcoin Payment Acceptance

8/06/14 Global Payments

Global Payments Inc., one of the largest worldwide providers of payment solutions, today announced that it has signed a referral agreement with BitPay, the world leader in business solutions for the bitcoin digital currency. This relationship allows Global Payments to incorporate the cryptocurrency into its product suite and to offer bitcoin payment acceptance to its worldwide merchants.

SecureNet™ to Launch Innovative Global Infrastructure for International Payments

8/06/14 SecureNet

SecureNet unveiled plans to launch an innovative global infrastructure built around its cloud-based PayOS™ platform, which will allow for fully integrated international payment processing. Merchants of all sizes will be able to accept payments in more than 130 currencies worldwide upon the official launch slated for later this year. With the launch, developers and merchants will be able to easily integrate SecureNet's international payment processing capabilities into any website or mobile app.

Merchant Warehouse Integrates PayPal Into Genius Platform

8/04/14 Market Wired

Payment technologies leader Merchant Warehouse® today announced the integration of PayPal with the Genius™ Customer Engagement Platform™. This integration will make PayPal's in-store payments available to thousands of brick-and-mortar businesses across the U.S., without

requiring merchants to make additional investments in POS software or hardware.

BlueSnap and iGlobal Stores Collaborate to Provide a Seamless Checkout Experience

8/05/14 Let's Talk Payments

iGlobal Stores, a provider of software for e-commerce companies, and global payment gateway BlueSnap announced a new partnership designed to enable merchants to reduce logistics costs, automate international tax and shipping calculations and meet local obligations - all while providing a seamless checkout experience in over 180 countries, with just a simple integrated checkout page.

Money20/20 Announces The 'Money20/20 Hackathon'

8/06/14 Business Solutions

Money20/20, recently announced the launch of the 'Money20/20 Hackathon' to be held October 31 to November 2, 2014 at the Aria Resort & Casino convention facility in Las Vegas, immediately before the kick-off of 2014's Money20/20, which will take place November 2-6. The Money20/20 Hackathon will host hundreds of talented developers, designers and entrepreneurs who will compete in teams of one to five members over a 36-hour period.

Feedzai Launches Apps On Shopify And Big Commerce Platforms

8/05/14 Yahoo! Finance

Feedzai, a data science company that uses real-time, machine-based learning to analyze big data to prevent fraud, today announced that it has developed ecommerce apps for the Shopify and Big Commerce platforms. The only fraud prevention solution available for true omnichannel commerce, Feedzai's fraud prevention software is now available on two leading ecommerce platforms in order to help online retailers identify potentially fraudulent transactions.

Paym Sees Over One Million Users and £6.5 Million Spent in First 100 Days

8/06/14 Finextra

More than one million people have registered with their bank or building society for Paym, the UK bank-backed mobile number payment service that was launched in late April. Customers of Bank of Scotland, Barclays, Cumberland Building Society, Danske Bank, Halifax, HSBC, Lloyds Bank, Santander and TSB have been able to send and receive Paym payments since 29 April 2014.

Paychex Announces Payroll Card Solution for Small- and Medium-Sized Businesses

8/05/14 Yahoo! Finance

Paychex, Inc., a leading provider of payroll, human resource, insurance, and benefits outsourcing solutions for small- to medium-sized businesses, today announced the Skylight® PayOptions™ Program, a payroll card program that allows employers to provide employees with a convenient alternative to traditional direct deposit and paper paychecks by directly depositing their wages onto the Skylight ONE® Prepaid MasterCard®.

The Bancorp Bank Wins VISA's "Global Service Quality Performance Award"

8/01/14 The Bancorp, Inc.

The Bancorp, Inc. is pleased to announce that Visa, Inc. has awarded The Bancorp Bank ("The Bancorp") the Visa "Global Service Quality Performance Award" for the year 2013. The award was presented by Visa, Inc. representatives at a ceremony on July 30, 2014 at The Bancorp's Wilmington, Delaware headquarters.

KryptoKit Launches RushWallet: An Instant, Cross-Platform Bitcoin Wallet

8/07/14 TechCrunch

In an effort to help widen bitcoin's reach and create a simpler experience when dealing with the online currency, KryptoKit, makers of the bitcoin wallet browser extension, launched RushWallet, a new easy-to-use bitcoin wallet that works on all web browsers and mobile devices and unlike other wallets, it doesn't require any login credentials.



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