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THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



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## Trending This Week...

This week, [Big Brown \(UPS\) was hit with a data breach](#) in 24 states across 51 stores, which occurred after March 26 and was eliminated by August 11. While fraud has yet to be discovered, customer names, addresses, emails, and payment card information were compromised.

This data breach follows closely behind the recent [Albertson's & SuperValu breach](#) as well as [this week's breach of 4.5M patient records](#) from Community Health Systems via Heartbleed.

Needless to say, [banks and retailers are speeding up drive to add chips to credit/debit cards.](#)

Other highlights include:

- [First Data, a Payment Processing Giant, Looks Beyond the Swipe](#)
- [Can Apple With NFC Ignite Mobile Payments?](#)
- [Update on the U.S. Regulatory Landscape for Mobile Payments](#)
- [ETA CEO Jason Oxman: How ETA is Working for You](#)

## 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.

### 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.

[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: 1992

### Hurricane Andrew Pounds Bahamas

Hurricane Andrew hits the Bahamas on this day in 1992. There and in South Florida, where it arrived two days later, the storm was responsible for the deaths of 26 people and an estimated \$35 billion in property damage. Hurricane Andrew was so concentrated that it resembled a tornado in its effects.

## 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.](#)

[Add to Cart](#)

Click here to purchase, report price is \$3,150

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

### [Data Breach at UPS Stores in 24 States](#)

8/21/14 *CNN Money*

United Parcel Service has discovered a computer breach at 51 stores, making Big Brown the latest retailer to lose customer data. UPS said that the hacking had escaped detection at stores in 24 states, or around 1% of its locations. At most stores, the malware attack occurred after March 26, and was eliminated by August 11. No fraud has yet been discovered, UPS said, but customer names, postal addresses, email addresses and payment card information were compromised.

### [Banks, Retailers Speed Up Drive to Add Chips to Credit, Debit Cards](#)

8/18/14 *The Wall Street Journal*

Morgan Montgomery inserted a credit card into a device, pulled it out and tried to pay for her groceries. But the transaction failed because she didn't realize the card was supposed to stay in the machine while she signed for the purchase. "I don't like letting go of it," she said. "I'm worried about leaving it behind." Ms. Montgomery, a 30-year-old business owner from Richmond, Va., was one of 10 consumers who swiped, dipped, tapped and fiddled their way through imaginary purchases earlier this month as part of research being conducted by MasterCard Inc. into new credit cards that are coming to American wallets in an attempt to combat fraud.

### [First Data, a Payment Processing Giant, Looks Beyond the Swipe](#)

8/20/14 *StreetFight*

The largest payment processing company in the U.S. is officially in the marketing business. Last week, First Data Ventures, the payment processing giant's venture wing, announced a partnership and investment with social marketing platform LocalVox - the latest in a string of investments meant to help the payment processing giant enter new markets. First Data declined to disclose financial details of the investment.

On August 15, Andrew formed near Cape Verde in the eastern Atlantic Ocean. It then moved west, attaining hurricane status about 800 miles east of Miami. It was a Category 4 storm when it hit Eleuthera Island in the Bahamas, causing a 23-foot storm surge that devastated nearby Current Island. Andrew then moved due west toward Florida. With a very small diameter, it covered distances faster than most hurricanes. South Florida is vulnerable to hurricanes—as well as being in the likely path of many storms, it is only about 20 feet above sea level. [Click here to read more.](#)

## Regulatory Uncertainty Is Stifling Innovation in Payments

8/19/14 *American Banker*

Those of us with gray hair may remember how, in its heyday, IBM could freeze markets and competitors with a simple announcement about new product developments or changes to a product road map. Buyers would stop, wait and often abandon purchases from IBM competitors based on these communications. The industry acronym for that effect was "FUD": fear, uncertainty and doubt.

## Consumers Shy Away from Target's Debit Card in the Wake of the Retailer's Data Breach

8/20/14 *Digital Transactions*

Target Corp. on Wednesday reported second-quarter financials largely in line with its lowered expectations, but the discount retailer's top brass also shed some light on how the massive data breach Target disclosed last December affected consumers' applications for and usage of its private-label payment cards, particularly its debit card. Target's results confirm that a data breach can hurt a retailer well beyond the up-front costs for fixing and fortifying computer systems, reimbursing general-purpose card issuers for fraud and re-issuance of compromised cards, and paying network fines.

## Can Apple With NFC Ignite Mobile Payments?

8/18/14 *PYMNTS*

Well, we're just about 3 weeks away now from Apple's "big reveal." September 9, 2014, is the date that Apple is expected to debut its new iPhone 6 and break its silence about all of the various consumer bells and whistles that this new device (devices?) will have. Pundits have predicted for the last three years that one of those bells would be NFC. They've been wrong, as I've predicted, so far. But, I've talked to enough people now and followed enough breadcrumbs to believe that this time will be different.



## Mobile Payments & Bitcoin

### Update on the U.S. Regulatory Landscape for Mobile Payments

8/21/14 *Federal Reserve Bank of Boston*

The Mobile Payments Industry Workgroup (MPIW) convened a second meeting with representatives from federal and state agencies on May 7, 2014 to discuss the status of: 1) the state of the U.S. mobile payments landscape; 2) the regulators' role in mobile; 3) agency coordination around mobile payments; and 4) mobile payment issues related to security, the role of non-bank solution providers and start-ups, and data privacy.

[Click here to read the full paper.](#)

## Tech Race Fuels Bitcoin Mining Bubble

8/22/14 *FT*

May require subscription to view. If Bitcoin is a bubble, it is a bubble that

began deflating on November 29 2013. At its proudest moment the price of one unit of the much-ballyhooed virtual currency was \$1,242, which meant the value of all the Bitcoins in the world was just under \$14bn. These days it trades mostly in a range of \$450-\$650 a coin and at a market cap of \$6.5bn. The jury is still out on whether the Bitcoin technology will prove robust and the currency itself will find mainstream use. If the answer to either question is no, then no amount of hot air is likely to keep the price at current levels.

### Millennials Say 'Venmo Me' to Fuel Mobile-Payment Surge

*8/17/14 Bloomberg*

First, they ditched land telephone lines. Then they cut the cable-TV cord. Now, millennials are chucking their checkbooks and cash. Take Sanket Karuri, a 23-year-old who calls himself the "friend who never has cash at those cash-only places." Instead, he uses his smartphone to split restaurant checks and pay rent, using EBay Inc.'s mobile-payment tool called Venmo. Like many of his peers, he's taken to using the application's name as a verb – telling friends to "Venmo me" – the way predecessors turned "google" and "tweet" into action words.

### Google's Aussie Chief Rejects Wallet for 'More Exciting' Things

*8/21/14 Finextra*

Google Wallet is not coming to Australia anytime soon, with the company's boss in the country declaring she has "more exciting" things to concentrate on. Google first launched its Wallet in the US in 2011 to a wave of expectations, with many predicting that the Web giant would kick-start the mobile payments revolution, taking on the established payments players.

### Of Course eBay has to Spin Off PayPal. Here's Why it Hasn't Done So...Yet

*8/21/14 Pando Daily*

Headlines today say that eBay is still considering a spin off of PayPal. The reports manage to be, at the same time, both thrilling and "duh." If it happens, a PayPal spin-off would be one of the most exciting tech spin-offs ever, with big ramifications for most of the global Internet. While most people acknowledge that PayPal has greatly stagnated under eBay, its network effects have been so powerful that not even a total lack of innovation has been able to dent it.



## Regulation & Security

### Breach at Hospital Chain Shows Heartbleed's Danger to Banks

*8/21/14 BTN*

Heartbleed has resurfaced, and it's likely to give bankers another case of heartburn. The high-profile website vulnerability with the cool logo that made headlines this spring has led to a major data breach. Researchers have confirmed that hackers who stole 4.5 million patient records from Community Health Systems of Franklin, Tenn., broke into the company's network through a hole in the network created by Heartbleed.

## **Supervalu Hit With Lawsuit After Breach**

*8/20/14 Bank Info Security*

A class action lawsuit has been filed against the Supervalu supermarket chain following recent revelations of a breach that potentially compromised customer payment card data from point-of-sale systems. In the suit, which was filed in the U.S. District Court for the Southern District of Illinois, the plaintiffs claim Supervalu failed to abide by best practices and industry standards concerning the security of its payment processing systems.

## **NRF Asks U.S. Supreme Court to Review Swipe Fee Ruling**

*8/18/14 Chain Store Age*

The NRF on Monday told the U.S. Supreme Court that the debate over debit card swipe fees is "of staggering importance" and asked the justices to review a ruling that left the Federal Reserve's cap on the billions of transactions conducted each year at 21 cents rather than reducing it to a lower level. "There's so much at stake here for U.S. retailers and their customers that we have no choice but to pursue this case as far as possible," NRF senior VP and general counsel Mallory Duncan said.

## **Weak Passwords Remain Easy Prey, Firm Says**

*8/20/14 ISO & Agent*

Merchants are still using pedestrian passwords that crooks can easily break, security company Trustwave has found. Of the nearly 630,000 stored passwords that Trustwave obtained during penetration tests in the past two years, its technicians were able to crack more than half in just a few minutes and 92% within 31 days.

## **Economy**

### **U.S. Economy Adding Better Jobs, Not Just More Jobs**

*8/21/14 MSNBC*

Gallup released some interesting data this morning, noting that 58% of full- or part-time workers are "completely satisfied with their job security." That's not an overwhelming majority, but it's the best result Gallup has found since it started asking the question 20 years ago. This, when combined with data on job openings, job creation, and unemployment filings, paint a pretty encouraging picture.

### **Fed Dissenters Increasingly Vocal About Inflation Fears**

*8/20/14 The New York Times*

An increasingly vocal minority of Federal Reserve officials want the central bank to retreat more quickly from its stimulus campaign, arguing that the bank has largely exhausted its ability to improve economic conditions. The debate, reflected in an account of the Fed's most recent policy-making meeting published on Wednesday, is likely to dominate the gathering of central bankers and economists at Jackson Hole, Wyo., Thursday through Saturday.

### **Are The Retailer Blues Over?**

*8/21/14 PYMNTS*

Several major public retailers this week reported second-quarter earnings, with a general consensus that positive days appear likely ahead. Or at least that's the outlook they generally see based on market conditions today that could change quickly given their fragile state with tensions rising overseas and other factors that remain in flux, such as job

security. Comparable same-store (or comp) sales for most of the merchants, which included such names as department-store giants Target and TJX (Marshall's and T.J. Maxx) as well as home-improvement retailers Lowe's and The Home Depot, are improving, are at least average comp tickets are.



## **Payments Press**

### **ETA CEO Jason Oxman: How ETA Is Working For You**

*8/21/14 ETA*

As CEO of the Electronic Transactions Association, it is my sincere pleasure to update you on some of the exciting new advances ETA is making on your behalf. At ETA, advancing your business is our job. ETA offers cutting edge news and information, facilitates business expansion and connections, provides industry information, education and certification, and advocates on issues critical to our members' success.

### **Square Announces Powerful Analytics to Help Sellers Make Better Business Decisions**

*8/21/14 MarketWired*

The world's largest retailers employ armies of statisticians and analysts to help them increase sales. Today, Square levels the playing field for merchants of all sizes by adding Square Analytics to its complete Register service. The powerful reporting and analytics tool delivers sellers actionable data to increase sales and better serve their customers. Square Analytics integrates the full suite of Square Register products including Pickup, Invoices, and Appointments, making it the most robust point of sale service.

### **Heartland Payment Systems Named 2014 Best Company to Sell For By Selling Power Magazine**

*8/21/14 Heartland Payment System*

Selling Power magazine has named Heartland Payment Systems, the nation's fifth largest payments processor and a leading provider of merchant business solutions, the top company to sell for in the United States. This marks the seventh consecutive year Heartland has received a top five distinction on Selling Power's "50 Best Companies to Sell For" list, and the fourth time Heartland has received the number one ranking.

### **Payment Alliance Works with SchoolsFirst FCU to Brand Rite Aid ATMs**

*8/21/14 PAI*

Payment Alliance International, a leader in retail ATM solutions, and SchoolsFirst Federal Credit Union announced they have entered into an agreement to brand ATMs at 109 Rite Aid pharmacies in the metropolitan Los Angeles area. PAI will own and operate the ATMs, which will be outfitted with SchoolsFirst's logo and corporate colors. SchoolsFirst members will benefit from surcharge-free access to cash at these select Los Angeles-area Rite Aid pharmacies beginning this August.

### **Worldpay US Teams with OnDeck to Provide Access to**

## Working Capital Services

*8/20/14 Yahoo! Finance*

Worldpay, a leading global provider of payment services, announced its relationship with OnDeck, a technology-powered Main Street lender. Worldpay will leverage OnDeck's platform and proprietary technology to allow its small and mid-sized merchants access to OnDeck financing. Worldpay customers rely on the company's credit card processing services including face-to-face, virtual and mobile payment systems.

## Ingenico Group, FreedomPay and ScanSource consortium power the first PCI-certified P2PE and EMV payment solution in North America

*8/19/14 Ingenico*

Ingenico Group, global leader in seamless payment, has joined with FreedomPay®, a state-of-the-art commerce platform and payment processor, and ScanSource, Inc., the leading international value-added distributor of specialty technology products, to release the first Payment Card Industry (PCI)-certified, fully-functional, point-to-point encryption (P2PE) payment solution in North America.

## YapStone Appoints Four Key Senior Executives

*8/19/14 The Green Sheet*

YapStone, a leading global provider of web and mobile payment solutions, today announced four key senior hires. The company named John Malnar as Vice President and Chief Financial Officer, David Weiss as Vice President of Corporate Development, Alida Rincon as Vice President of Legal and Compliance and Wendy Roberts as Vice President of Risk. The four executives will help with YapStone's continued accelerated growth in the online and mobile payments space, which has seen an increase of 35% in annual revenue over ten years.

## Square Capital Inks Deal with Victory Park Capital to Expand Financing Program

*8/19/14 San Francisco Business Times*

Square Capital said Tuesday that Victory Park Capital will provide the capital to extend "hundreds of millions of dollars" in financing to more businesses.

San Francisco-based Square said it has already advanced nearly \$50 million to about 10,000 businesses through Square Capital, which made its official debut in May.

## 2Checkout and WooThemes Partner to Enable Merchants Around the World to Accept Payments from Anyone, Anywhere

*8/22/14 MarketWatch*

2Checkout, a leading online payment provider to merchants worldwide, and WooThemes, maker of the WooCommerce plugin for WordPress, today announced a partnership to offer 2Checkout's online payment technology to WooCommerce users. The integration allows WooCommerce merchants in nearly 200 countries to accept payments in 26 currencies, as well as increases conversion rates over a standard hosted form.

## PAYTOO Improves its Bill Payment Service with a Nationwide Coverage

*8/19/14 PR Newswire*

PAYTOO Mobile Wallet™ enhances its services once again providing the

bill payment functionality on a nationwide coverage. Now, everything is going to be mobile and more convenient for the consumer. PAYTOO Mobile Wallet™ is reaffirming its goal to provide the best financial services to the under or unbanked customers. This new bill payment feature provides fast, secured and convenient online bill payment solutions.

## Yahoo Launches E-Commerce Platform

8/18/14 *FierceRetailIT*

Yahoo introduces Stores, an e-commerce platform that helps retailers start, build and grow businesses online. "Yahoo Small Business took the best of everything we've learned from our million-plus customers over the past 16 years, and applied it to Yahoo Stores to give small business owners a more powerful, streamlined and beautiful way to turn their ideas into a business," wrote Amit Kumar, head of Yahoo Small Business, in an announcement.



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