

# NewsFilter

Editor: Mike Strawhecker, VP & Director of TSG Metrics  
Co-Editor: Andrew Nuss, Marketing Associate



THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



Sept. 05, 2014  
Edition #420

New to NewsFilter?



Want to Advertise  
in NF?

[Click here to learn more.](#)

## Categories

[Featured](#)

[Mobile Payments & Bitcoin](#)

[Regulation & Security](#)

[Economy](#)

[Payments Press](#)

## TSG Resources

[TheStrawGroup.com](#)

[TSG Resource Center](#)

[PaymentsPulse.com](#)

[TSG Overview](#)

## Trending This Week...

Ahead of Apple's iPhone and smartwatch announcement next week it has been all but confirmed that the next iPhone [will be host to NFC](#).

With rumors of Apple [partnering with card brands](#), and today reported [negotiations with several US issuers](#) to give Apple back a portion of card-present interchange fees, Apple is looking to throw payments through a loop. Unfortunately, the recent [iCloud scandal](#) might prove to be problematic for their big move.



In other mobile payment news, the industry saw new branding for Isis and MCX this week. [Isis has rebranded to Softcard](#) to distance itself from the militant terror group, and [MCX announced CurrentC](#), the name of their mobile wallet to debut in 2015.

In breach news, [Home Depot took a hit this week](#) as data suggests nearly all U.S. stores were involved in an apparent credit/debit card breach, [renewing pressure on retailers and credit-card providers](#) to strengthen payment-system security.

Other highlights include:

- [McDonald's Preparing for Launch of NFC-Based Mobile Payments System](#)
- [Goodwill Admits Card Breach at 330 US Stores](#)
- [FIS to Acquire Clear2Pay in EUR 375M Deal](#)
- [Heartland Payment Systems Completes Acquisition of TouchNet](#)

[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!](#)

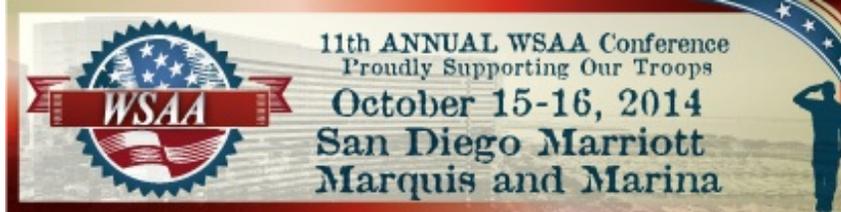
[The Top Ten Ways Acquirers Can Block the Breach](#)

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

## **This Day in History: 1975 General Ford Survives First Assassination Attempt**

On this day in 1975, President Gerald R. Ford survives an attempt on his life in Sacramento, California.

The assailant, a petite, red haired, freckle-faced young woman named Lynette Fromme, approached the



## **Featured**

### **Breached: Nearly All U.S. Home Depot Stores Hit**

*9/03/14 KrebsOnSecurity*

New data gathered from the cybercrime underground suggests that the apparent credit and debit card breach at Home Depot involves nearly all of the company's stores across the nation. Evidence that a major U.S. retailer had been hacked and was leaking card data first surfaced Monday on the cybercrime store rescator[dot]cc, the shop that was principally responsible for selling cards stolen in the Target, Sally Beauty, P.F. Chang's and Harbor Freight credit card breaches.

### **Home Depot's Suspected Breach Adds Security Pressure**

*9/03/14 Bloomberg*

Home Depot Inc. (HD)'s investigation of a suspected hacker attack is renewing pressure on retailers and credit-card providers to strengthen payment-system security. The largest home-improvement chain said yesterday that it was working with banks and law enforcement on the possible incursion, following a report by KrebsOnSecurity that a "massive" batch of stolen credit- and debit-card information was posted for sale online.

### **Apple Agrees Interchange Fee Rebates for M-Payments**

*9/05/14 Payments Cards & Mobile*

Ahead of the launch of the iPhone 6 next week, tech giant Apple has reportedly negotiated deals with several US issuers to give Apple back a portion of card-present interchange fees, around 15 to 25 basis points, on each transaction. The issuers have also agreed to extend card-present rates to Apple for all transactions involving their cards with Apple's new mobile payments scheme.

### **iPhone 6's NFC Chip May Do Far More Than Just Mobile Payments**

*9/03/14 VentureBeat*

All the conversation about the NFC chip in the iPhone 6 has so far centered around enabling mobile payments. But that's not all we should be talking about. NFC is a technology standard that specifies a set of radio frequencies used by two devices in close physical proximity to exchange files and data. VentureBeat reported in June that an NFC chip will (finally) be included in the iPhone 6, which will be unveiled September 9. The chip will be made by NXP, our source says.

**Related:** [Apple Lands Digital Wallet Deal with Amex, Visa, MasterCard](#)

### **MCX Launches CurrentC, a Mobile Wallet for Walmart, Best Buy and Other Retailers**

*9/03/14 GigaOM*

In 2012, dozens of big retailers like Walmart, Target, CVS and Best Buy banded together to create their own smartphone payments network and mobile wallet. Two years later, that payment platform finally has a name, CurrentC, and a launch timeline, 2015. The Merchant Customer

president while he was walking near the California Capitol and raised a .45 caliber handgun toward him. Before she was able to fire off a shot, Secret Service agents tackled her and wrestled her to the ground. Seventeen days later, another woman, Sarah Jane Moore, a mentally unstable accountant, tried to assassinate Ford while he was in San Francisco. Her attempt was thwarted by a bystander who instinctively grabbed Moore's arm when she raised the gun. Although she fired one shot, it did not find its target. The bystander, a former Marine and Vietnam veteran named Oliver Sipple, was publicly thanked by Ford three days later.

Lynette Fromme, nicknamed "Squeaky," was a member of the notorious Charles Manson family, a group of drug-addled groupies who followed cult leader Manson. Manson and other members of his "family" were convicted and sentenced to prison for murdering former actress Sharon Tate and others in 1969. [Click here to read more.](#)

Exchange, or MCX, has private pilots going on in several member stores in different parts of the country, but on Wednesday it said it would expand that pilot program to many more stores throughout 2014 and launch commercially in 2015 on a regional and national level.

### [Isis Mobile Wallet Rebrands To Softcard To Distance From Militant Terror Group](#)

*9/03/14 TechCrunch*

Isis, the U.S. mobile wallet platform backed by AT&T, T-Mobile and Verizon, is rebranding. "In a few weeks, Isis Wallet will become Softcard. It's a different name for the same great way to pay," the company notes on its homepage. The move comes about two months after Isis announced that it would change its name, to distance itself from any potential association with the hardcore Islamic militant group of the same name that has been involved in a lot of gruesomely detailed deaths of U.S. and other citizens.

### [Charles Scharf: Visa's Open-Armed Leader](#)

*9/04/14 Fortune*

When J.P. Morgan Chase JPM was preparing to launch mobile check depositing in 2010, Charles Scharf, who was running its retail-banking unit, paid an unusual personal visit to Mitek Systems, maker of the mobile-capture technology used by Chase. He wanted to see for himself how the tech would work. It's an example of Scharf's hands-on approach. A 27-year banking veteran, Scharf, now 49, has been CFO of Citigroup's investment bank and held roles at Bank One before it merged with Chase, where he stayed for eight years.

Money  
20/20

REGISTER USING DISCOUNT  
CODE STRAWH20  
AND GET 20% OFF!

## [Mobile Payments & Bitcoin](#)

### [McDonald's Preparing for Launch of NFC-Based Mobile Payments System](#)

*9/04/14 Mobile Commerce Daily*

Indications that McDonald's could be ready to launch a NFC mobile payments platform in two weeks signal that, after trials in other countries and parts of the United States, the world's largest restaurant chain finally feels it is able to get a much-demanded service right. An internal memo sent to McDonald's franchises this week informed employees that they must be trained on the NFC payment systems by Monday, Sept. 15, by which time the hardware must be installed and tested.

### [Apple's iCloud Scandal Problematic for iWallet](#)

*9/03/14 BTN*

For Apple, the timing couldn't be worse to launch a mobile wallet. The Cupertino, Calif., company is investigating reports that vulnerabilities in its iCloud storage service led to the leak of intimate photos of Jennifer Lawrence, Kate Upton and many other celebrities. Even if Apple is blameless, the high-profile incident erodes the perception that iCloud is a secure service and could create doubts about Apple's ability to protect other sensitive information, such as payment credentials in its expected iWallet.

## PayPal Introduces an SDK for PayPal Here, its Square-like Credit Card Reader

9/04/14 TNW

Transaction service PayPal has introduced its own SDK today to support its PayPal Here mobile payment system and to help merchants supercharge their transactions and back-end while using the payment service. According to PayPal, the new SDK for the PayPal Here card reader has an easy to use API that allows developers to integrate the payment system into other areas of a business, including other payment systems like merchant traditional POS (point of sale) systems that use a card swiper.

## The Amazon mPOS Effect

9/04/14 PYMNTS

Amazon's been in the market for about a month with its mPOS solution and theories about the impact that it will have on the mPOS ecosystem. Eric Hoffman, SVP and U.S. General Manager for ROAM is pretty bullish on the opportunities that it will create for SMBs and has a few of his own theories on how Amazon will carve out the market. Hoffman caught up with MPD CEO Karen Webster to share his thoughts, along with how he is seeing retailers use mPOS to increase basket size and close more sales.

## TaxJar Brings Simplified Sales Tax Compliance to Square Sellers

9/04/14 MarketWired

TaxJar, the online service that manages sales tax filing for ecommerce merchants, today announced the availability of its service to all Square sellers. More business owners can now easily eliminate the complexity and time involved in filing state and local sales tax by linking their TaxJar and Square accounts. "Preparing and managing sales tax is a necessity for businesses of all sizes," said Mark Faggiano, CEO of TaxJar.

## Macy's Launches a Digital Wallet

9/01/14 FierceRetailIT

Macy's is hopping on the digital wallet bandwagon. The retailer said in an Aug. 26 announcement that shoppers would be able to use the new option to manage special offers and make in-store and online payments. To use the new service shoppers simply sign into their Macy's profile and choose "My Wallet" before registering a Macy's credit card. Star Pass promotions will automatically be added to the wallet and applied online.

## Top US Colleges Begin Offering Bitcoin Courses

9/04/14 CoinDesk

Two top-ranked US universities, New York University and Duke University, are offering courses on cryptocurrencies for the first time. Professor Miller taught the first class of NYU's new course, The Law and Business of Bitcoin and Other Cryptocurrencies, yesterday. 35 students attended the session - the first in a series of 14 - which covered the fundamentals of money.



**BLUESTAR**  
JETS  
ANY JET, ANY TIME, ANY WHERE

Please Call Joe at 916 996 0682

# Regulation & Security

## Visa & MasterCard are Rolling Out Technology that Replaces Cardholder Information

9/05/14 *The Australian*

The credit card industry is accelerating efforts to keep sensitive customer information out of the hands of merchants, as a rash of data breaches at major US retailers erodes confidence in electronic payment systems.

Visa and MasterCard are rolling out technology that replaces cardholder information such as account numbers and expiration dates with a unique series of numbers that validates the customer's identity.

## Goodwill Admits Card Breach at 330 US Stores

9/04/14 *Info Security*

An investigation lasting over a month has finally concluded that customers of over 300 Goodwill thrift stores in 20 US States may have had their card details compromised after malware was installed on third party payment processing systems. Goodwill Industries International (GII), to give it its full name, is a social enterprise which operates a network of 165 community-based agencies in the US and Canada, selling donated clothing and household items and providing various services to businesses and government agencies.

## Banks: How to Stop POS Breaches

9/04/14 *Bank Info Security*

While U.S. banks and credit unions scramble to connect the dots in the suspected payment card breach at building-supply retailer Home Depot, experts say more financial institutions are taking proactive steps to help merchants mitigate their risk of cyber-attacks. Over the last nine months, calls for stronger card security have been fueled by retail POS breaches suffered at Target Corp., Neiman Marcus, P.F. Chang's, SuperValu and, most recently, Goodwill Industries.

## Target Requests Bank Lawsuit Dismissal

9/04/14 *Data Breach Today*

Target Corp. is asking a court to dismiss a consolidated class action lawsuit filed by financial institutions following the retailer's December 2013 data breach. The suit, among other things, seeks compensation from the retailer for certain breach-related expenses, such as reissuing affected payment cards and covering the cost of fraud.

## Canadian Finance Minister Presses for Lower Credit Card Fees for Stores

9/04/14 *The Globe and Mail*

Canadian Finance Minister Joe Oliver is pressing credit-card companies and banks to accept lower transaction fees paid by retailers, which the government claims are among the highest in the world, according to two people familiar with the talks. The government, which flagged the issue in its 2014 budget, wants MasterCard Inc. and Visa Inc. to voluntarily curb fees by about 10 per cent, said one person, speaking on condition they not be identified because the talks aren't public.

## NACHA Announces Formation of Board Advisory Group

9/03/14 *NACHA*

The Electronic Payments Association® today announced the formation of a Board Advisory Group, creating a more formal mechanism for non-

financial institution providers and users of the ACH Network to directly communicate with the NACHA Board of Directors. This group will enter into dialogue with the NACHA Board and provide input and feedback on topics significant to the ACH Network and to those that use or support and enable the use of ACH payments by others.

## **Economy**

### **Hiring Slows as U.S. Adds 142,000 Jobs in August**

*9/05/14 MarketWatch*

Hiring in the United States slowed in August as the economy created just 142,000 jobs, marking the smallest gain since December. The deceleration in hiring last month ended a six-month streak in which the U.S. added at least 200,000 jobs a month, the best stretch of job creation since 2006. The number of jobs created also fell well short of Wall Street's forecast calling for a 228,000 gain.

### **Fed Beige Book Surveys Finds Economic Pickup**

*9/03/14 USA Today*

The U.S. economy expanded at a modest to moderate pace over the past six weeks as a booming auto industry and tourism continued to drive growth, the Federal Reserve said Wednesday. The pickup in activity was moderate in the New York, Cleveland, Chicago, Minneapolis, Dallas and San Francisco bank districts. Philadelphia, Atlanta, St. Louis and Kansas City reported modest growth. In Boston, "business activity appears to be improving," and Richmond reported further strengthening, the Fed said in its Beige Book, named for the color of its cover.

### **Mobile Commerce to Be Worth \$516B by 2017**

*9/02/14 FierceMobileIT*

Mobile commerce, or m-commerce, will drive an estimated \$516 billion in sales over the next three years, accounting for more than 70 percent of all mobile Internet revenue. That is the prediction of a new report from research firm Digi-Capital, which says that all mobile Internet revenue will top \$700 billion annually by 2017.

### **The American Economy's Great Growth Slowdown**

*9/03/14 Fortune*

Like clockwork, it happens every year: public-sector forecasters like the Federal Reserve or the Congressional Budget Office revise down their projections for U.S. economic growth. In June, the Fed amended its projections for annual GDP growth in 2014, from almost 3% to 2.3%, after disappointing growth in the first quarter of the year made achieving that target nearly impossible.



## **Payments Press**

### **FIS to Acquire Clear2Pay in EUR 375M Deal**

*9/03/14 StreetInsider*

Fidelity National Information Services signed a definitive agreement to

acquire Brussels-based Clear2Pay. Upon closing, the addition of Clear2Pay will bolster FIS' global payments capabilities across all geographies through the addition of new payments managed services and payments processing utilities that will enhance its abilities to deliver differentiated enterprise payments solutions.

### **The U.S. EMV Migration Produces a Windfall for POS Terminal Producer VeriFone**

*9/04/14 Digital Transactions*

It's a good time to be a point-of-sale terminal maker when all of your customers have to go through the payments equivalent of abandoning the horse and buggy and jumping into an automobile. With a major U.S. deadline for converting from magnetic-stripe payment cards to the Europay-MasterCard-Visa (EMV) chip card standard now just 13 months away, POS payment technology provider VeriFone Systems Inc. on Thursday reported that sales of its chip-card-reading equipment are brisk.

### **Pizza Hut and Visa Checkout Ready to Dish Up A Million Pizzas**

*9/04/14 BusinessWire*

Visa Inc. and Pizza Hut are teaming up to offer pizza to hungry fans this Fall - up to one million free pizzas for consumers who use Visa Checkout, the easier way to pay online. Visa is kicking off its national television advertising campaign with Pizza Hut on Sunday, Sept. 7 featuring professional surfer Kolohe Andino paying for a Pizza Hut order using Visa Checkout while riding a tube wave.

### **MasterCard Puts Seven Startups on the Start Path Accelerator**

*9/03/14 Finextra*

MasterCard launched its search in May, inviting firms from the European commerce ecosystem that have already secured seed funding and have a live or planned beta in place to apply for the 12-month program. The card scheme says it received applications from startups in more than 30 countries. The seven firms selected will decamp to Dublin for an intensive four month phase where they will work with MasterCard and mentors from partners, including Asos and Capital One.

### **Heartland Payment Systems Completes Acquisition of TouchNet Information Systems, Inc. and Establishes New Bank Credit Facility**

*9/04/14 Yahoo! Finance*

Heartland Payment Systems, one of the nation's largest payment processors and leading provider of merchant business solutions, announced that the Company has completed the acquisition of TouchNet Information Systems, Inc., an integrated commerce solutions provider to higher-education institutions. TouchNet adds over 600 higher education clients serving over six million students - nearly one-third of the higher-education enrollment in the United States - to Heartland's Campus Solutions business.

### **Bank Customers to Sign in With 'Finger Vein' Technology**

*9/04/14 BBC*

A new way of accessing bank accounts is being launched which identifies individuals through the unique pattern of veins in their fingers. Instead of having to use a series of passwords and numbers, users will be able to log on to their accounts by placing one of their fingers into a scanner. The technology is quite distinct from fingerprint recognition.

## **Ingenico Group Deepens Strategic Partnership with BanBajío, a Leading Bank in Mexico**

*9/02/14 Ingenico*

Ingenico Group, global leader in seamless payment, announces that Banco del Bajío (BanBajío), one of Mexico's largest banks, will deploy Ingenico's innovative smart terminals as part of the bank's nationwide update and expansion of its installed base.

## **eProcessing Network Announces Release of ePNTexting**

*9/02/14 Yahoo! Finance*

In today's mobile environment, merchants are faced with the challenge of effectively communicating to their existing and potential customers via mobile channels to help increase brand awareness and strengthen customer loyalty. eProcessing Network understands the needs of the small to mid-sized merchant and offers ePNTexting, a low-cost Web-interface solution that allows merchants to send SMS text messages, reminders and alerts to their customers' mobile devices.

## **Auchan Group Selects ACI Worldwide to Provide Industry-First, Pan-European Centralized Card Payments Platform**

*9/03/14 ACI*

ACI Worldwide, a leading global provider of electronic payment and banking solutions, today announced that Auchan Group, one of the world's largest food retailers, has selected the company to deliver its new SEPA-compliant European card payments platform, the first of its kind in Europe.

## **BB&T to Buy 11 Citibank Branches in Houston, 30 Others in Texas**

*9/03/14 Houston Chronicle*

BB&T is aggressively expanding its Texas footprint, even as Citi cuts retail branches in the Lone Star state. On Wednesday, BB&T said it will buy 41 Citibank branches with a combined \$2.3 billion in deposits and \$87 million in loans in the Dallas, Houston, Midland and Odessa markets. The Houston area currently has 12 BB&T branches and will see its 13th location open in two weeks. After the acquisition, the area will have 24 branches.

## **Barclaycard and Orange Shut Down Quick Tap NFC service**

*9/04/14 Payments Card & Mobile*

Barclaycard and mobile network operator Orange are to close their Quick Tap NFC mobile payment service at the end of October. Quick Tap was launched in 2011 and was one of the first NFC mobile payment services in the UK. According to Barclaycard, the company will now focus on developing other services related to mobile NFC.

## **Mozido Partners with Jamaica Cooperative Credit Union League to Bring Mobile Financial Services to the Nation's Underbanked**

*9/04/14 MarketWatch*

Mozido, a global leader in mobile financial services and the Jamaica Cooperative Credit Union League (JCCUL), through its subsidiary Centralized Strategic Services Ltd (CSS), have partnered to create a mobile wallet, branded JCUES (Jamaica Credit Unions E-payment Services), that extends financial services to Jamaica's underbanked population.

## Update Version 1.3.6 Released for USAePay Android Mobile Payment Application

9/03/14 PRWeb

The leading secure payment gateway, USAePay, recently released update version 1.3.6 of the USAePay point of Sale Credit Card Payment System application for Android devices. The payment gateway is dedicated to providing a secure and efficient experience to merchants in industries including but not limited to retail, hospitality, restaurant and transportation.

## EPIC and U.S. Bank Multi Service Aviation Network Announce Global Card Acceptance

9/02/14 Yahoo! Finance

Pilots no longer need a wallet full of charge-card options when traveling domestically or internationally. EPIC® and U.S. Bank today announced the release of the enhanced EPIC Card, cobranded with the U.S. Bank Multi Service Aviation Network– the first card issued by a fuel supplier to provide global acceptance via U.S. Bank's exclusive, aviation-specific network.



THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



Copyright © 2014 The Strawhecker Group. All Rights Reserved. Unless noted, TSG does not take responsibility for content or opinions. Articles are sourced as appropriate throughout.

'SafeUnsubscribe' below will remove you from all TSG communications, this includes email blasts as well as NewsFilter. Please be aware of this before you choose to unsubscribe. Thank you, we appreciate your continued readership.