

# 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



Oct. 3, 2014  
Edition #424

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...

This week, [eBay announced that eBay and PayPal will split](#) into two separate independent publicly traded companies in 2015. This allows eBay and PayPal to capitalize on growth opportunities within the highly competitive, rapidly changing, global commerce and payments markets. Dan Schulman, an executive from Amex, will lead PayPal as President and CEO.

[Now what?](#) Will PayPal become a big buyer of payments companies in the market, or will PayPal become a takeover target?

Other highlights this week include:

- [As PayPal Spins Off, Apple Pay Signals New Era at Cash Register](#)
- [Stripe Leads the Race to the \\$1 Trillion Future of Mobile Payments](#)
- [JPMorgan Reveals Data Breach Affected 76M Households](#)
- [Why Breached retailers Get Hit Again](#)

## NEW TSG REPORT: *Alternative Payments Players*

Learn all about [Apple Pay, Amazon Local Register, and Softcard!](#)

### What is this report?

This 39 page report provides a **detailed look at 28 companies (priced at \$77 per company)** that provide a variety of products and services that enable electronic payments. These companies fall within several categories including: card brands, mobile

[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: 1995

### O.J. Simpson Acquitted

At the end of a sensational trial, former football star O.J. Simpson is acquitted of the brutal 1994 double murder of his estranged wife, Nicole Brown Simpson, and her friend, Ronald Goldman. In the epic 252-day trial, Simpson's "dream team" of lawyers employed creative and controversial methods to convince jurors that Simpson's guilt

wallets, card readers and apps, P2P & eCommerce, and prepaid.

A Senior Finance Leader at a Leading Payment Processor said: *"Immediate feedback has been wildly positive (and I've shared with our Strategy, Product and Finance teams). Timing on this one was especially good!"*

[Click for a preview and free overview of Apple Pay.](#)

[Add to Cart](#)

[Click here to purchase, report price is \\$2,150](#)

If you have any questions, or would like to purchase over the phone, please call 402.964.2617.



## Featured

### [eBay Inc. to Separate eBay and PayPal into Independent Publicly Traded Companies in 2015](#)

9/30/14 PayPal

eBay Inc. said its Board of Directors, following a strategic review of the company's growth strategies and structure, has approved a plan to separate the company's eBay and PayPal businesses into independent publicly traded companies in 2015, subject to customary conditions. Creating two standalone businesses best positions eBay and PayPal to capitalize on their respective growth opportunities in the rapidly changing global commerce and payments landscape, and is the best path for creating sustainable shareholder value, the company said.

### [What the eBay Split Means for PayPal](#)

9/30/14 Recode

PayPal hasn't aged so gracefully, but eBay's decision to spin it off next year could give it renewed life. There are plenty of questions remaining about the plan eBay announced on Tuesday morning to remake PayPal as its own public company, but one thing seems likely: It'll improve hiring and fortify the company amid a recent onslaught of competition from startups such as Stripe and even tech behemoths like Apple.

### [PayPal Sans eBay - Now What?](#)

10/01/14 PYMNTS

PayPal is a big player that doesn't really need eBay anymore. Some 70 percent of PayPal's volume is not coming from eBay, up from 49 percent in 2008. Eighty-nine of the top 500 merchants worldwide and 116 of the top 500 in North America use PayPal. Additionally, 81 of those merchants also sell on eBay. About 160M digital wallets later, PayPal has the lead in the race to get digital accounts populated and used in payments and commerce (at least outside of China), with a growing volume coming

had not been proved "beyond a reasonable doubt," thus surmounting what the prosecution called a "mountain of evidence" implicating him as the murderer.

Orenthal James Simpson-- a Heisman Trophy winner, star running back with the Buffalo Bills, and popular television personality-- married Nicole Brown in 1985. He reportedly regularly abused his wife and in 1989 pleaded no contest to a charge of spousal battery. In 1992, she left him and filed for divorce. On the night of June 12, 1994, Nicole Brown Simpson and Ronald Goldman were stabbed and slashed to death in the front yard of Mrs. Simpson's condominium in Brentwood, Los Angeles. By June 17, police had gathered enough evidence to charge O.J.

Simpson with the murders. Simpson had no alibi for the time frame of the murders.

Some 40 minutes after the murders were committed, a limousine driver sent to take Simpson to the airport saw a man in dark clothing hurrying up the drive of his Rockingham estate. A few minutes later, Simpson spoke to the driver through the gate phone and let him in. During the previous 25 minutes, the driver had repeatedly called the house and received no answer.

For the first time in U.S. history, a debate between major party presidential candidates is shown on television. The presidential hopefuls, John F. Kennedy, a Democratic senator of Massachusetts, and Richard M. Nixon, the vice president of the United States, met in a Chicago studio to discuss U.S. domestic matters. [Click here to read more.](#)

from the mobile device.

## [As PayPal Spins Off, Apple Pay Signals New Era at Cash Register](#)

9/30/14 *The New York Times*

Not a single purchase has been made with Apple's new payment system, Apple Pay, which will allow people to pay for everyday goods with their smartphone. But the service, expected in the coming weeks, already has the technology industry scrambling to profit from a future in which apps could regularly replace cash, checks and credit cards. If doubts remained about the far-reaching implications of Apple's entry into the market, they were almost surely cast aside on Tuesday.

## [How Visa Chief Is Fighting Back as Transactions Go Digital](#)

10/02/14 *Businessweek*

A 4-foot-tall robot with a video screen for a head swerves past an orange couch and bumps into the wall of a conference room. A few feet away, an engineer tests a virtual reality headset that can allow a coffee-shop owner to forecast hot-chocolate sales during a blizzard. This is Visa Inc. new outpost in San Francisco -- part executive office, part design laboratory and entirely the brainchild of Charlie Scharf, Visa's chief executive officer.

## [Plastic Stochastic](#)

10/04/14 *The Economist*

"DON'T bail out the big banks on Wall Street another time," thundered Richard Durbin, an American senator, "Once in a political lifetime is enough!" His amendment to the Dodd-Frank financial reform of 2010 capped the fees banks can charge merchants to process debit-card transactions, on the grounds that banks were gouging businesses and their customers. But the limits on "interchange fees", as the financial jargon has it, have not worked out as planned. They have resulted, by one calculation, in the transfer of between \$1 billion and \$3 billion annually from poor households to big retailers and their shareholders.



## [Mobile Payments & Bitcoin](#)

### [Apple Pay: An In-Depth Look at What's Behind the Secure Payment System](#)

10/02/14 *TUAW*

With Apple Pay slated to go live later this month, one can soon expect to see an avalanche of fear mongering from pundits who, like PayPal, will question the wisdom of trusting Apple with user credit card information.

The reality, though, is that Apple Pay is an exceedingly secure mobile payment platform. In fact, it may very well be the safest way to make any type of credit card payment. To understand why, below is a general overview of how the system works behind the scenes.

### [Stripe Leads the Race to the \\$1 Trillion Future of Mobile](#)

## Payments

9/30/14 *Wired*

Stripe is having a moment. Almost as soon as Apple announced its new pay-by-iPhone service, the online payments startup released its specs for supporting Apple Pay—a clear sign the world's most valuable company had brought Stripe into its inner circle. Facebook's new "Buy" button is powered by Stripe's code. And so is Twitter's.

## Reddit Ponders Creating Its Own Cryptocurrency

9/30/14 *GigaOM*

Reddit's announcement of \$50 million in funding today came with an unusual caveat - the company plans to give 10 percent of the series B round back to its user base. But how do you distribute company equity among so many people? It appears as though Reddit is turning to cryptocurrency.

## Apple Pay's Impact on Restaurant Loyalty Marketing

9/30/14 *Pizza Marketplace*

In the restaurant world, loyalty and payments possess an inexorable link. Marketers rely on transaction data from individual customers to increase personalization, targeting and effectiveness of loyalty programs. But long-term customer retention is hard for restaurants; BIA/Kelsey estimates that two-thirds are lacking in any loyalty program at all.

## Ga. Tech To Allow Bitcoin at Games

10/01/14 *ESPN*

Georgia Tech fans won't need to hit the ATM to pay for snacks and drinks at games soon, as the school reached a deal to become the first college program to use bitcoin for concessions sales. The school announced the agreement Wednesday with BitPay, a bitcoin processing company. It will allow fans to purchase concessions in the student section at Bobby Dodd Stadium using the Internet currency beginning with Saturday night's game against Miami.



## Regulation & Security

### JPMorgan Reveals Data Breach Affected 76M Households

10/02/14 *USA Today*

The cyberattack on JPMorgan Chase & Co., first announced in July, compromised information from 76 million households and 7 million small businesses, the company revealed Thursday in a filing with the Securities and Exchange Commission. Contact information, including name, address, phone number and e-mail address, as well as internal JPMorgan Chase information about the users, was compromised, the filing said. However the bank said no customer money appears to have been stolen.

### How RAM Scrapers Work: The Sneaky Tools Behind the Latest Credit Card Hacks

9/30/14 *Wired*

News broke of yet more large-scale credit-card breaches at big-box stores, this time at Albertson's and Supervalu, grocery chains in the American west. The breaches follow in the wake of other recent breaches at Target and Home Depot, all of which have one thing in common—the stealth tool the thieves used to steal the valuable card data. In the world of hacking, every malicious tool has its heyday—that period when it rules the underground forums and media headlines and is the challenger keeping computer security pros on their toes.

### **What's in Store After Supervalu Breach**

*10/01/14 FierceRetailIT*

The latest retail security breach—hitting grocery retailer and wholesaler Supervalu for the second time this year—targeted its POS systems. However, security experts warn that retailers need to be prepared for other types of attacks. Minneapolis-based retailer Supervalu said earlier this week that an intruder installed malware into the portion of its computer network that processes payment-card transactions for Shop 'n Save, Shoppers Food & Pharmacy, and corporate-owned and franchised Cub Foods stores.

### **Why Breached Retailers Get Hit Again**

*10/01/14 Bank Info Security*

In the wake of this week's news that a second point-of-sale breach has struck grocery chain SuperValu, experts warn many more retailers are likely to suffer a similar fate. In fact, security researchers say many compromised retailers fail to completely eradicate malware from their networks or close off malicious remote access points after an initial breach is discovered. This leaves the door open for ongoing attacks.

### **Vote to End the "Choke Point" Extortion Racket**

*9/30/14 NRA*

Imagine, with your credit rating and long relationship with your financial institution, you get a notice from your banker that your services are cut off immediately. No checking. No investments. Savings closed. Or even that your assets are frozen. If you are in business, this could ruin you. Pronto. And there's no explanation and no appeal.

### **MasterCard 'SafetyNet' Identifies Attacks Before They Begin**

*10/02/14 The Telegraph*

MasterCard has launched a new tool called SafetyNet, which is designed to reduce the risk of cyber hacking of banks and payment processors by identifying potential attacks before they occur. Hackers are using increasingly sophisticated ways to compromise account data and security defenses. While banks have their own tools to protect against attacks, SafetyNet adds a new level of protection into the payment system.

### **Signature Systems Jimmy John's Breach Expands**

*9/28/14 KrebsOnSecurity*

Signature Systems Inc., the point-of-sale vendor blamed for a credit and debit card breach involving some 216 Jimmy John's sandwich shop locations, now says the breach also may have jeopardized customer card numbers at nearly 100 other independent restaurants across the country that use its products.

## Hiring Surge Pushes U.S. Jobless Rate to Six-Year Low of 5.9%

10/03/14 Bloomberg

A surprisingly powerful surge in hiring pushed unemployment to a six-year low of 5.9 percent in September as the U.S. labor market showed renewed vigor. The 248,000 gain in payrolls last month followed a 180,000 increase in August that was bigger than previously estimated, the Labor Department reported in Washington.

## U.S. Spending Is Up 0.5% as Economy Stabilizes

9/29/14 The New York Times

Americans increased their spending by a significant amount in August, offering welcome evidence that the economy is on solid footing heading into the final quarter of the year. Consumer spending in August rose 0.5 percent from the previous month after showing no gain in July, the Commerce Department reported on Monday. It was the best result since spending also expanded 0.5 percent in June.

## Payments Industry Challenged by Soaring Growth in Non-Cash Transactions

9/30/14 Finextra

Non-cash payments volumes are expected to increase by nearly 10% percent to reach 366 billion transactions in 2013, fueled by strong growth in developing markets and mobile payments, according to the 10th annual World Payments Report from Capgemini and Royal Bank of Scotland (RBS).

## Small Business Economy Lacks Confidence Needed For Growth

10/01/14 Newtek

Newtek Business Services, Inc., The Small Business Authority®, announced the findings of its SB Authority Market Sentiment Survey, a monthly window into the concerns of independent business owners. Based on a poll of over 1,300 respondents, the key finding from the September survey is 93% of business owners have not been denied access to a traditional bank loan. Additionally, 89% of business owners do not need capital to expand, advertise, or purchase inventory.



## Payments Press

## Ingenico Is Leveraging EMV And Apple Pay

10/01/14 ISO & Agent

Ingenico Group is using its experience in EMV-chip terminal upgrades and new momentum from Apple Pay to position itself for the U.S. conversion to smart-card technology. The French terminal maker has seen a significant bump in requests for Near Field Communication configurations on EMV terminals to accept Apple's new mobile payment system, said Thierry Denis, president of Ingenico North America. The U.S. card networks are pushing most companies to accept EMV-chip cards, which improve security over magnetic-stripe cards, by October 2015.

## **MCX's InComm Deal Might Give Currency To the Idea That Its Network Is Building Momentum**

*9/30/14 Digital Transactions*

Prepaid card services provider InComm Holdings Inc. announced today that it has struck a "strategic partnership" with Merchant Customer Exchange (MCX), parent firm of the fledgling mobile-payments network owned by merchants and recently branded as CurrentC. But exactly what the partnership will do for the long-aborning MCX is not clear. Neither company would comment beyond a press release Atlanta-based InComm issued.

## **First Data Announces Additions to Senior Leadership Team**

*10/01/14 First Data*

First Data Corporation, the global leader in payment technology and services solutions, today announced a series of appointments to its senior leadership team. This strengthening of the company's Management Committee represents an important part of First Data's ongoing transformation from a payments processor to a collaborative technology company and solutions provider for merchants and financial institutions around the world.

## **Dwolla Announces Strategic \$9.7M Investment Led by CME Group**

*9/30/14 Silicon Prairie News*

Dwolla founder and CEO Ben Milne took the stage at Sibos in Boston Tuesday morning and announced the company has raised \$9.7 million in funding led by strategic investor CME Group. According to TechCrunch, "the investment is significant because it opens the door wider for Dwolla's enterprise activity, and the idea of using its platform as the backend for transactions elsewhere-for example in CME's own exchanges."

## **FIS Completes Acquisition of Clear2Pay**

*10/02/14 FIS*

FIS™, the world's largest provider of banking and payments technology solutions and a global leader in consulting and outsourcing solutions, announced it has completed its acquisition of Clear2Pay. The transaction brings new corporate payment solutions and services, inclusive of high-value and cross-currency corporate payments, payments managed services, and payments processing utilities that will further bolster FIS' payments portfolio across all geographies.

## **Larry Drury Joins Vantiv as Chief Marketing Officer**

*10/01/14 Vantiv*

Vantiv, Inc., a leading provider of payment processing services and related technology solutions for merchants and financial institutions of all sizes, announced that payments industry veteran Larry Drury will join the company as chief marketing officer. Drury will report directly to the chief executive officer and will be responsible for leading the company's marketing and communications efforts, including strategic brand positioning, research, thought leadership, corporate, product and industry marketing, demand generation and sales support.

## **Pivotal Payments Ready for Apple Pay**

*9/29/14 Pivotal Payments*

Pivotal Payments, a leading provider of merchant services and global payment processing solutions, announced its proprietary FlexPoint

platform will support credit and debit transactions through Apple's recently unveiled Apple Pay. FlexPoint securely integrates with third party applications and can adapt to any sales environment, offering virtually unlimited options at the checkout.

### **Merchant Warehouse Hires Ken Paull to Accelerate Growth**

*10/02/14 Merchant Warehouse*

Payment technologies leader Merchant Warehouse® today announced the addition of Ken Paull as Chief Revenue Officer, responsible for overseeing the company's sales, marketing and business development functions. Paull will be instrumental in bringing the company's Genius™ Customer Engagement Platform™ to ISVs, VARs, dealers and retailers of all sizes across all vertical segments, at a time when consumer security and integrating emerging payment methods are major priorities for businesses everywhere.

### **Global Payments" OpenEdge Fully Supports Apple Pay**

*10/01/14 Nasdaq*

Global Payments Inc. said Wednesday that its Integrated Solutions division, OpenEdge, fully supports Apple Pay, and will deliver the service to more than 2,000 integrated software application developers. Apple Pay is a new category of service that will transform mobile payments with an easy, secure and private way to pay with Apple, Inc. iPhone 6 and iPhone 6 Plus.

### **Planet Group Now Supports AmEx OptBlueSM**

*9/29/14 TMC*

Planet Group Inc., the leading provider of software and consulting services that turn technology into valuable business solutions for the electronic payments industry, announced that its Acquire360 and Exception360 offerings now fully support the OptBlue program from American Express Co (AMX).

### **Skrill USA Appoints Christopher Russell as CEO**

*10/01/14 The Green Sheet*

Leading digital payments company Skrill announces the appointment of Christopher Russell as Chief Executive Officer (CEO) of Skrill USA, Inc. Christopher joins Skrill from World First, where he held the position of President and CEO for World First USA. He will lead all of Skrill's US operations, empowering businesses and consumers to process safe, convenient and secure payments through innovative digital technologies. Christopher replaces Neil Steinhardt, who has left Skrill to pursue other opportunities.

### **Boku Launches New E-Money Era for Carrier Billing in Partnership with Major Mobile Network Operators in Europe**

*10/02/14 Yahoo! Finance*

Boku, Inc., the global leader in mobile payments, unveiled a new initiative, working with its wholly-owned subsidiary, Boku Account Services UK Ltd, and a number of leading Mobile Network Operators (MNOs), to reinvent its European direct carrier billing business. Prior to this initiative, carrier billing in Europe has operated under an exemption to the European Union's Payment Services Directive (PSD), which was originally designed to facilitate the purchase of mobile wallpapers and ringtones and limited carrier billing purchases to digital content.

### **Datacap Systems Adds Support for Voltage Security™**

## P2PE

10/02/14 *The Point of Sale News*

Datacap has announced completion of the integration of Voltage SecureData Payments, the leading point-to-point payments encryption solution (P2PE), to its retail payment interfaces. Support of this powerful solution can help merchants that use one of Datacap's Independent Software Vendor (ISV) partners to maintain complete separation of cardholder data from their integrated POS application environment.

## National Payments Association Lends Support to Lawsuit Against Operation Choke Point

10/02/14 *ValleyNewsLive*

The Third Party Payment Processors Association (TPPPA), the not-for-profit industry association representing and promoting the interests of payment processors, their banks and merchants, filed a brief, amicus curiae, in support of the Community Financial Services Association of America (CFSA) lawsuit against federal banking regulators to end Operation Choke Point and the abuse of regulatory power. The TPPPA has a strong and independent interest in this case proceeding to allow a full and fair hearing to shed light on regulators' treatment of banks that have relationships with processors and merchants in politically-disfavored industries.



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.