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



THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



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## Trending This Week...

This week was host to ETA's Strategic Leadership Forum (SLF), [which brought together more than 400 of the industry's top payments executives](#). During SLF, [ETA & TSG released a special edition Economic Indicators Report](#), which examines the top 5 topics impact the industry this year as well as several payments indicators affecting the industry.

Other highlights include:

- [Vista Equity in Talks to Acquire TransFirst](#)
- [\\$150M in Funding Gives Square a Chance to Fend Off Apple and Amazon](#)
- [Chase Breach: Who Else was Attacked?](#)
- [No Slowdown in Payments as Boku Buys Mopay](#)

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

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[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: 1985 Achille Lauro hijacking ends**

The hijacking of the Italian cruise ship Achille Lauro reaches a dramatic climax when U.S. Navy F-14 fighters intercept an Egyptian airliner attempting to fly the Palestinian hijackers to freedom and force the jet to land at a NATO base in Sigonella, Sicily. American and Italian troops surrounded the plane, and

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## **Featured**

### **ETA Wraps Largest Strategic Leadership Forum in 25 Year History**

10/09/14 ETA

The Electronic Transactions Association (ETA) announced that the 2014 Strategic Leadership Forum (SLF) at The Breakers in Palm Beach, Florida was the largest to date, attended by more than 400 top payments and technology executives. "This is a tremendous time of change for our industry - new competitors, new technologies, and shifting consumer behaviors," said Jason Oxman, ETA CEO. "This year's Strategic Leadership Forum brought together hundreds of payments executives from traditional payment leaders to technology innovators, to explore the next generation of payments. ETA events deliver high-level intelligence and networking unlike anything else in the industry."

### **Special Edition ETA/TSG Economic Indicators Report**

10/09/14 TSG

The report, produced by ETA and The Strawhecker Group, examines the top five topics impacting the industry this year including: data breaches, PayPal's split from eBay, Apple Pay, the competition between Amazon and Square, and EMV. The report then discusses payments indicators currently affecting the industry. One such indicator, the TSG Payments Index (TSGPX), compares payments companies to the S&P 500 and finds that a \$100 investment in the TSGPX in Q1 2007 would now be valued at \$286, as compared to \$138 if invested in the S&P 500. Other indicators to follow include a look at the balance between merchant attrition and growth, and a review of 90 payments acquisitions from 2000 - 2014.



[Click here to read the report.](#)

### **Exclusive: Vista Equity in Talks to Acquire Trans First**

10/07/14 Reuters

Buyout firm Vista Equity Partners is in talks to acquire TransFirst Inc, a payment processing company that has filed for an initial public offering, for as much as \$1.5 billion including debt, according to people familiar with the matter. TransFirst owner Welsh, Carson, Anderson & Stowe is in discussions to sell the company to private equity peer Vista as an alternative to an IPO, the people said this week. They added that a

the terrorists were taken into Italian custody.

On October 7, four heavily armed Palestinian terrorists hijacked the Achille Lauro in the Mediterranean Sea off the coast of Alexandria, Egypt. Some 320 crewmembers and 80 passengers, were taken hostage. Hundreds of other passengers had disembarked the cruise ship earlier that day to visit Cairo and tour the Egyptian pyramids. Identifying themselves as members of the Palestine Liberation Front—a Palestinian splinter group—the gunmen demanded the release of 50 Palestinian militants imprisoned in Israel. If their demands were not met, they threatened to blow up the ship and kill the 11 Americans on board. The next morning, they also threatened to kill the British passengers.

The Achille Lauro traveled to the Syrian port of Tartus, where the terrorists demanded negotiations on October 8. Syria refused to permit the ship to anchor in its waters, which prompted more threats from the hijackers. That afternoon, they shot and killed Leon Klinghoffer, a 69-year-old Jewish-American who was confined to a wheelchair as the result of a stroke. His body was then pushed overboard in the wheelchair. [Click here to read more.](#)

decision to purchase VistaFirst will be sold to Vista Equity is expected as early as the end of this week.

## Apple Pay Furor Cools Down At ETA Forum

10/09/14 ISO & Agent

Hardly anyone at this week's gathering of acquiring executives could utter a sentence without the phrase "Apple Pay." But at the same time, the excitement surrounding Apple Inc.'s foray into payments didn't seem as unbridled here at the Electronic Transactions Association Strategic Leadership Forum as in the days following the Apple Pay announcement a month ago.

## Heartland CEO Predicts Apple Pay Will Force MCX To Abandon Mobile-Wallet Exclusivity

10/08/14 Digital Transactions

Never one to mince words, Bob Carr, chief executive of the big merchant acquirer Heartland Payment Systems Inc., predicts that demand for Apple Inc.'s new Apple Pay mobile-payment service will force the retailer-controlled MCX to abandon a policy of requiring its members to accept only MCX's CurrentC mobile wallet. "MCX has this idea it's us or nobody, you have to swear that you're not going to use any other alternative-payment system," Carr said at the Mobile Payments Conference.

## \$150M in Funding Gives Square a Chance to Fend Off Apple and Amazon

10/06/14 Wired

Square is poised for its next act. The San Francisco-based payments startup has raised an additional \$150 million, at a \$6 billion valuation. A spokesman for the company confirmed a new round of funding with The Times on Sunday, though he wouldn't comment on the valuation or how much was raised. With this money, investors have bought Square some time as it struggles to live up to the lofty expectations that have hovered over the company ever since CEO Jack Dorsey founded it back in 2009.

## Plastc Replaces Your entire Wallet With One Incredible Card

10/07/14 BGR

There is a gap between now and several years down the road when mobile payment solutions are truly ubiquitous, and Palo Alto-based startup Plastc might be the company to fill that gap. Formed by PixelMags founders Ryan Marquis and Mark Stubbs, Plastc is building a solution that may be ideally suited to bridging the divide between current and future payment technologies. Plastc's offering involves a digital wallet app and a small plastic card that is exactly the size of a credit card.

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## Mobile Payments & Bitcoin

### Will Apple Pay Flip Debit To Credit?

10/06/14 PYMNTS

There's no doubt that Apple Pay has a lot going for it. It's the payment method birthed by a beloved consumer brand and technology giant, it

has the backing of the biggest payments players on the planet and it has those same players using their own marketing dollars to build consumer excitement and promote it. As a new entrant to payments, it doesn't get much better than that. As it's been described, it also seems to have a lot to offer consumers.

### **Facebook And Twitter Are Making A Push As Shopping Destinations**

*10/05/14 Business Insider*

They're not just for sharing any more: Facebook and Twitter are now looking to play a bigger role in shopping. Both major social networks have unveiled plans to start using "buy" buttons on their sites, which could start having an impact on "social shopping" in the coming holiday season. The idea of using social networks such as Facebook to promote e-commerce has been around for some time, but so far has failed to deliver much. Facebook had some short-lived programs for "digital gifts" and another program selling virtual goods via Facebook games.

### **Consumers Bullish on a Mobile Payments Future**

*10/09/14 eMarketer*

The more things change in the US mobile payments space, the more they seem to stay the same. The landscape continues to rapidly evolve, with many players experimenting with and launching new products. Consumers remain tepid about paying for goods and services with their phones at the point of sale, although increased exposure to mobile payments is helping drive adoption and growth, according to a new eMarketer report, "US Mobile Payments 2014: Updated Forecast and Key Trends Driving Growth."

### **Square Lets You Pre-Order Coffee So It's Hot When You Arrive**

*10/08/14 Mashable*

Square really wants to be a part of your daily routine, so what better place to start than coffee? Square announced a new feature on Wednesday that lets customers pre-order a cup of coffee so that their beverage is ready when they arrive. The centerpiece of the feature is something Square has dubbed "arrival prediction," which is essentially a fancy name for a location tracker. The customer's pre-order is only submitted to the baristas when the app determines they need to start brewing the coffee, based on the customer's current location and the prep time for the drink.

### **Overstock Hires Counterparty Developers to Build Cryptosecurity Stock Exchange**

*10/07/14 CoinDesk*

Global e-commerce giant Overstock.com has hired the developers behind peer-to-peer decentralized exchange Counterparty to develop a new stock market platform powered by cryptocurrency technology. The developers will work on a platform called 'Medici', an evolution of Overstock's previously announced 'cryptosecurity' offering that will allow not only Overstock, but other businesses, the ability to issue cryptosecurities to the investing public.



## Regulation & Security

### Dairy Queen Customer Data Compromised by Backoff Malware

*10/10/14 BTN*

International Dairy Queen, the ice cream chain owned by Warren Buffett's Berkshire Hathaway Inc., said customer data were compromised by hackers. The breach with the so-called Backoff malware affected 395 of more than 4,500 U.S. locations, the unit of Omaha, Nebraska-based Berkshire said today in a statement. The systems contained customer names, and the numbers and expiration dates of their payment cards. Less than 600,000 cards were affected, said Dean Peters, a spokesman for Dairy Queen.

### Chase Breach: Who Else Was Attacked?

*10/09/14 Bank Info Security*

Citigroup Inc., E\*Trade Financial Corp., Fidelity Investments, Regions Financial Corp., HSBC, Bank of the West and payroll services provider Automated Data Processing Inc. are now believed to have been probed by the same hackers that targeted JPMorgan Chase, according to news reports. But so far, none of those firms believes any of their data was compromised, although federal investigators are reportedly not entirely convinced.

### How Not to Handle a Data Breach

*10/07/14 BTN*

There's almost no good way to tell bank customers that their personal data has been stolen. But some banks do a particularly bad job of communicating during a security incident. Example: one consumer came home last week to find a voicemail from his bank (one of the top five) telling him his account had been compromised by a "midsize retailer breach." The message raised more questions than it answered. What was midsize - the retailer or the breach? What information was stolen? What was he supposed to do about it?

### CFPB Eyes Checking Account Screening

*10/08/14 Credit Union Times*

The CFPB will review how credit unions and banks use reporting agencies to screen members when they open a checking account. In his prepared remarks during a checking account access and screening forum hosted Wednesday by the bureau, Director Richard Cordray criticized credit unions and banks for using credit reporting agencies to screen for checking accounts. However, in his remarks he interchanged credit agencies with consumer reporting agencies like ChexSystems, which reports deposit account loss, fraud and NSF activity.

### How Operation Choke Point Hurt My Ammo Business

*10/08/14 The Daily Signal*

My business is a victim of Operation Choke Point-a government program run by the U.S. Department of Justice-which shuts down businesses it doesn't like by cutting off their access to banks and payment processors. In my case, that's TomKat Ammunition, which sells ammunition in Maryland. PNC Bank's gateway service is supposed to "enable any business to process credit card transactions via a secure online gateway." It said nothing on their website about offering their services to only select industries.

## Economy

## Will this Holiday Season be the Shot in the Arm that Retailers Need?

10/07/14 *The Washington Post*

As the economy continues its streak of slow, steady improvement, the National Retail Federation offered an upbeat forecast Tuesday for the upcoming holiday shopping season. The trade association expects retail sales to increase 4.1 percent this November and December to \$616.9 billion - much better than the 3.1 percent uptick seen last year.

## IMF Again Slices Global Growth View

10/07/14 *MarketWatch*

Stagnation in Europe and a weaker-than-forecast recovery in Japan has led the International Monetary Fund to again cut its global growth outlook, according to forecasts released Tuesday. The IMF now sees 2014 global growth of 3.3% and 2015 growth of 3.8%, a decline of 0.1% for 2014 and 0.2% for 2015 from forecasts made in July.

## Don't Sell Consumer Spending Short, a Report Says

10/06/14 *The Upshot*

The encouraging September jobs report, which showed unemployment dipping below 6 percent, stole the limelight on Friday, but it is the quiet release of another government report that has presented economists with unexpected fodder for debate. An article, published in the Bureau of Labor Statistics's Monthly Labor Review, dismissed warnings that stalled incomes, changing demographics and tighter credit could make consumer spending less capable of powering the economy.



## Payments Press

### No Slowdown in Payments as Boku Buys Mopay

10/07/14 *CNBC*

Few markets in technology are more crowded than mobile payments. That was the case even before Apple made its loud entrance as part of the iPhone 6 launch last month and prior to eBay's announced plans a week ago to spin off PayPal. In a lesser-known corner of the industry, called carrier billing, two start-ups are coming together to try to expand. Boku, based in San Francisco, announced Tuesday it's acquiring Germany's mopay, and if the combined company has its way, more consumers will start buying things using just their phone number.

### UK Card Transactions Top One Billion a Month for First Time

10/09/14 *Finextra*

The pound in our pocket is increasingly being displaced by the plastic in our wallet says the UK Cards Association, with new figures showing that the number of debit and credit card transactions made in a single month passed one billion for the first time in August. Consumers made 1.006 billion transactions using their debit and credit cards in the UK in August, up by 9.2% on the same month in 2013.

## **Global Payments Rebrands Its Worldwide Integrated Solutions Division to "OpenEdge"**

*10/01/14 Global Payments*

Global Payments Inc. is pleased to announce the rebranding of its global integrated solutions division to OpenEdge™. The acquisitions of PayPros and Accelerated Payment Technologies (APT) formed the integrated solutions division of Global Payments. Now branded as OpenEdge, this division drives innovation through the integration of advanced payments technology, adding value to software applications and resulting in better solutions for enterprise software providers, developers and their customers throughout North America.

## **TSYS Transforms Cardholder Experience for Business**

*10/07/14 Businesswire*

TSYS announced new functionality for TSYS CentreSuite®, its online self-service solution for commercial cardholders, as part of a multi-staged transformation designed to enhance the user experience and provide greater performance and functionality to issuing banks and administrators. TSYS has completed the first in a multi-stage transformation with the newly designed online Statements Module, with responsive design for quality viewing and ease of use on mobile devices.

## **First Data Expands Commitment to Veteran-Owned Small Businesses with Launch of 'First Data Salutes'**

*10/08/14 First Data*

First Data Corporation, the global leader in payment technology and services solutions, today announced the launch of First Data Salutes. First Data Salutes is the company-wide military engagement strategy aimed at helping the veteran-owned business community and service members and their families transitioning to civilian careers.

## **Square Cash For iOS Now Lets You Send Money To Nearby Friends Via Bluetooth**

*10/07/14 TechCrunch*

Square Cash, the payments company's mobile money app and competitor to Venmo, has today rolled out a new update that lets users send cash by way of Bluetooth Low Energy (BLE). Called "Nearby Payments," this new feature works on devices running iOS 8, the company says, and offers an alternative to its previous means of sending money by way of text message, mobile number or email. Cash users can configure their nearby visibility in the updated app so that they're visible only to their contacts, or to everyone.

## **CardConnect Hires Chief Revenue Officer**

*10/08/14 CardConnect*

CardConnect announced today that Scott Dowty has joined the company as Chief Revenue Officer, a newly created position at the fast-growing provider of payment processing and technology solutions. Dowty brings more than 20 years of experience driving rapid revenue and profit growth in the public and private sectors. At CardConnect, he will oversee all sales and marketing initiatives, along with managing the company's strategic partnerships and acquisitions.

## **Mobile Payment Network Zapp Wins Big-Ticket Retailer Support**

*10/08/14 Finextra*

VocaLink-backed mobile payment venture Zapp claims to have won the the largest coalition of retailer support for a new payment method ever

announced in the UK, as leading brands representing a customer base of some 35 million people sign up ahead of a projected 2015 launch.

### **VeriFone's IntelliNAC Moves New Transaction Volume for Phoenix Managed Networks**

*10/09/14 VeriFone*

VeriFone Systems, Inc., announced today that Phoenix Managed Networks has completed the deployment of VeriFone's next-generation IntelliNAC i6 network access controller to Phoenix's PCI compliant transactions network. IntelliNAC has been certified by select payment processors on the Phoenix network and is now processing nearly one hundred million transactions a month.

### **National Payment Card Association Rebrands as ZipLine**

*10/06/14 PRWeb*

National Payment Card Association (NPCA), an alternative payments pioneer and provider of some of the most successful mobile and card-based decoupled debit (ACH) payment solutions, today announced it will rebrand as ZipLine. Happening on the heels of the company's appointment of Stephen Goodrich as CEO, the rebranding reflects ZipLine's intense focus on providing next generation payment solutions and services that deliver extremely compelling value to merchants and consumers, a company official said.

### **Newtek to Offer American Express Full Acquiring Program to Small Business Customers and Sales Channels**

*10/08/14 Newtek*

Barry Sloane, Newtek's Chairman, President and Chief Executive Officer said, "We are extremely excited to be able to participate in the American Express Full Acquiring Program earlier than many other merchant processors, and offer, to our merchants, the advantage of better service, reduced American Express processing costs and additional payment choices for their consumers."

### **Crystal Clear Payments Announces Strategic Alliance With Elan Financial Services**

*10/09/14 BusinessWire*

Crystal Clear Payments, a leader in payment products for community financial institutions nationwide, announced today a new strategic alliance with Elan Financial Services, a leader in EFT processing, to provide ATM and card processing for Crystal Clear Payments' community financial institution customers.

### **Blue Bamboo Unveils the Free PocketPOS Pay Application on Google Play**

*10/09/14 Blue Bamboo*

Blue Bamboo, an innovative electronic payment solution provider today unveils the completely free application PocketPOS Pay Application on Google Play. This application is powerful and easy-to-use, which is designed for credit and debit card payments. This app supports Blue Bamboo's PocketPOS product line: P25 series of mobile printers, P10 low-cost receipt printer and Bluetooth P200 multi-functional EMV payment printer.



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