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THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



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## Trending This Week...

This week Apple Pay officially launched Monday with iOS 8.1. The launch has [generally been praised for the ease of use and the seamless experience](#), however there has been a few kinks in the system as some Bank of American customers were [double charged](#) earlier this week. Also, Rite Aid, who had initially enabled and supported Apple Pay, has [killed its support](#) due to their inclusion in the CurrentC platform. The competition is heating up!

Following in the footsteps of Square, PayPal, and Amazon - [Etsy has now launched a free credit card reader](#) to some of its U.S. sellers as part of an effort to extend its reach beyond the internet. Etsy is charging 2.75% per transaction, the same as Square.

Other highlights include:

- [Banks, Target, Argue Over Breach Suit](#)
- [Scott Talbott, ETA SVP of Government Affairs, Named Top Lobbyist by The Hill](#)
- [Square Launches App Marketplace to Woo Merchants to Register](#)
- [List of Banks That Will Support Apple Pay in Coming Weeks/Months](#)

**NEW TSG REPORT: Directory of U.S. Merchant Acquirers**  
*The Greatest Reference Tool for Industry Players!*

## What is this report?

TSG's Directory provides profiles on **210 ISO/Acquirers** that include the country's top tier acquirers, along with supplemental ISOs and

[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](#)

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## This Day in History: 1901 First barrel ride down Niagara Falls

On this day in 1901, a 63-year-old schoolteacher named Annie Edson Taylor becomes the first person to take the plunge over Niagara Falls in a barrel.

After her husband died in the Civil War, the New York-born Taylor moved all over the U. S. before settling in Bay City, Michigan, around

technology-centered acquirer's. Company profiles provide factual insights that include (as available) processor relationships, vertical specializations, dollar volume statistics, transaction counts, active merchant outlet totals, key management, corporate structures, business overviews, sponsor banks, and more.

[Click for a preview](#)

### Why is this useful?

This information, built upon primary and secondary research, provides a look at the makeup of the players in the merchant acquiring marketplace. The report is an excellent tool for competitive awareness and general reference purposes. The report is presented in Excel format, which allows you the ability to sort the data in various ways and lets users view the information in a more concise manner.

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## Featured

### Apple Pay in Action



Following the launch of Apple Pay this week, Kurt Strawhecker, Managing Partner of The Strawhecker Group took the opportunity to see if the service lived up to the hype. Strawhecker took a trip to a local Wholefoods and had this to say about his experience. "It was actually faster than swiping a card and entering the PIN. It literally took a matter of seconds from the time I pulled up Passbook and put my thumb on the Touch ID. It was a seamless and convenient experience!" Kurt asked the clerk about launch day and found out a fair number of people came through to try it out.

[Apple Pay Review: The Re/code Bi-Coastal Team Test](#)

1898. In July 1901, while reading an article about the Pan-American Exposition in Buffalo, she learned of the growing popularity of two enormous waterfalls located on the border of upstate New York and Canada. Strapped for cash and seeking fame, Taylor came up with the perfect attention-getting stunt: She would go over Niagara Falls in a barrel.

Taylor was not the first person to attempt the plunge over the famous falls. In October 1829, Sam Patch, known as the Yankee Leaper, survived jumping down the 175-foot Horseshoe Falls of the Niagara River, on the Canadian side of the border. More than 70 years later, Taylor chose to take the ride on her birthday, October 24. [Click here to read more.](#)

*10/24/14 Recode*

Amid all the products Apple introduced this fall, the most impactful might be one that isn't a physical product at all: Apple Pay. It's a service that allows you to load digital versions of your credit cards into Apple's latest devices, and pay for goods with them wirelessly, using a short-range technology called NFC. So, does it work? To find out, your four-person Re/code Reviews team spent most of the week doing the arduous work of shopping, on both coasts.

### **Apple Pay Problems Begin to Surface**

*10/22/14 BTN*

Scattered reports of double payments and failed transactions have begun to bubble to the surface after what initially looked like a relatively smooth introduction of Apple Pay. Some Bank of America customers reported Tuesday that they were charged twice for purchases made through Apple's new payment system. One was a CNN Money reporter who described his experiences being double charged and the difficulties he had in getting the issue resolved.

### **Apple Pay and the Mobile Wallet Tipping Point: It Will Come Down to the Retail Experience**

*10/22/14 Wired*

Since Apple unveiled Apple Pay, the response suggests that it may represent a quantum leap towards the tipping point in the adoption of mobile wallets. The common expectation is that Apple will move the needle in getting a wide swath of consumers to TRY mobile payments. But is it a fool's errand to expect that the current generations of consumers are all of a sudden going to flip the switch and become mobile payers? How much Apple Pay will hasten consumers' decision to pick up mobile payment versus swipe a card will be interesting to watch.

### **Banks, Target Argue Over Breach Suit**

*10/23/14 Bank Info Security*

Target Corp. and several banking institutions continue to argue back and forth over the retailer's request to have the Minnesota District Court dismiss a consolidated class action lawsuit the institutions filed following the retailer's December 2013 data breach. The retailer on Sept. 2 requested that the court dismiss the class action lawsuit, asserting the case should be thrown out because the retailer has no direct contractual business relationship with the financial institutions.

### **The Road To EMV In The U.S. - Experts Sound Off**

*10/24/14 PYMNTS*

There are few subjects that highlight the chasm of opinions between payments players quite like EMV. That EMV is coming; of that there can be no doubt. In a little more than a year, merchants will either have to have to upgrade their terminals to EMV or risk being liable in the event of POS fraud. Whether this is a good thing is another issue. Among EMV fans, the opinion is that EMV is a time-tested, secure and non-invasive way to make sure customer data is safe at the point-of-sale.

### **Why America Has Been Slow to Adopt Modern Credit-Card Technology**

*10/22/14 The Economist*

Last week Barack Obama issued an executive order requiring the federal government to issue new "chip-and-PIN" credit and debit cards. The administration describes the order as part of an effort to help "drive the market towards more secure payment systems." That's right: like most Americans' credit cards, the cards that the government sends to millions

of people for social security payments, government-employee pensions, and veterans' benefits use the old-fashioned technology of magnetic strips and signatures.

## [Scott Talbott, ETA SVP of Government Affairs, Named Top Lobbyist by The Hill](#)

10/22/14 *The Hill*

Scott Talbott was included in The Hill's list of the top lobbyists of 2014. From corner offices all over town, the members of The Hill's Top Lobbyists list are the advocates, lobbyists and professional agitators who shape the policy decisions made in the nation's capital. The names are all players to know in the competitive world of Washington advocacy.



The Strawhecker Group, a media sponsor, will be present at the upcoming **Money 2020** conference! [Email us](#) to set up a meeting to see how TSG can help you succeed!

## [Mobile Payments & Bitcoin](#)

## [Square Launches App Marketplace to Woo Merchants to Register](#)

10/23/14 *ZDNET*

Following in the footsteps of tech giants large and small, consumer and enterprise, Square is throwing open the digital doors its own App Marketplace. The payments platform provider is touting the one-stop shop to merchants as a hub for finding relevant apps not only from Square itself but also other business applications tailored to work with Square. On the flip side, developers can also bring their apps to Square sellers.

## [Etsy Introduces Credit Card Reader to Go Beyond the Web](#)

10/23/14 *Recode*

Online marketplace Etsy will start offering free credit card readers to some of its U.S. sellers as part of an effort to extend its reach beyond the Internet. The dongles, which can be plugged into a smartphone or tablet, will be used in conjunction with an Etsy app to allow sellers to accept credit card and debit card purchases while hawking their wares at craft fairs and in other retail settings. Etsy says more than a third of the people who sell goods on its online marketplace who are based in the U.S. also sell their products at craft fairs.

## [Rite Aid Disables Apple Pay Support](#)

10/23/14 *Tuaw*

Rite Aid has reportedly disabled support for Apple Pay according to a report published today in MacRumors. Though the NFC terminals at Rite Aid stores are technically compatible with Apple Pay, it appears that steps are being taken to specifically prevent what would be otherwise valid transactions. Naturally, some Apple Pay users are frustrated at this surprising turn of events given that Apple Pay transactions worked well at Rite Aid earlier in the week.

## List of Banks That Will Support Apple Pay in Coming Weeks/Months

10/23/14 9to5Mac

Visa has published a list of banks and financial institutions that will support Apple Pay in the United States "in the coming weeks," while MasterCard has its own list of supported banks arriving in the coming months. The mobile payments service officially launched on Monday, October 20th and currently supports cards issued by Bank of America, Capital One, Citi Bank, Chase and Wells Fargo Bank.

## Visa Veterans Raise \$14.5M for Bitcoin Processing Platform

10/20/14 Finextra

Bitnet, a bitcoin payments processor targeting large merchants that was set up earlier this year by a gaggle of Visa and CyberSource veterans, has raised \$14.5 million in a series a funding round led by Highland Capital Partners. The round was also joined by Japanese e-commerce giant Rakuten, Webb Investment Network, Bitcoin Opportunity Corp, Stephens Investment Management, Commerce Ventures and Buchanan Capital Management.

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## Regulation & Security

### Staples Likely Breached, Retailer Defenses Back in Spotlight

10/21/14 ArsTechnica

Office supply retailer Staples is investigating a possible breach of its systems following reports from the banking industry of fraudulent credit and debit card transactions at stores in the northeastern United States. On Tuesday, the company acknowledged that a breach may have occurred and that it had contacted the appropriate law enforcement agencies. The retailer declined to provide further details.

### Almost Half of Americans Likely to Avoid Retailers Affected by Data Breaches

10/20/14 PR Newswire

This holiday season, almost half of Americans are likely to avoid shopping at stores that were affected by data breaches over the past year, according to a new CreditCards.com report. This includes large retailers such as Target, Home Depot and Neiman Marcus. 45% of major credit and debit card holders say they would "definitely" or "probably not" shop at a retailer where consumers' personal information was exposed. This includes 29% who probably would not shop there, even if they used to frequent the store, and 16% who definitely would no longer shop there.

### Spike in Malware Attacks on Aging ATMs

10/20/14 Krebs on Security

This author has long been fascinated with ATM skimmers, custom-made fraud devices designed to steal card data and PINs from unsuspecting users of compromised cash machines. But a recent spike in malicious software capable of infecting and jackpotting ATMs is shifting the focus away from innovative, high-tech skimming devices toward the rapidly aging

## **Costs and Benefits of Building Faster Payment Systems: The U.K. Experience and Implications for the United States**

*10/22/14 Federal Reserve Bank of Boston*

This paper studies the economic cost-benefit analysis behind the decision by the United Kingdom on how to implement its Faster Payments Service (FPS), which allows consumers and businesses to rapidly transfer money between bank accounts, and draws implications for the U.S. payments system.



## **Economy**

### **U.S. Jobs Market Holds Firm; Factory Activity Slows a Bit**

*10/23/14 Reuters*

New claims for U.S. unemployment benefits held below 300,000 for a sixth straight week last week, suggesting the labor market was shrugging off jitters over a slowing global economy. Weakening growth in China and the euro zone, however, appears to be impacting the manufacturing sector, with other data on Thursday showing factory activity at a three-month low in early October. Even so, the sector was still moving forward at a healthy clip.

### **Small Business Economy Continues To Grow Modestly**

*10/23/14 Newtek*

Newtek Business Services, Inc. The Small Business Authority®, announced the release of the SB Authority Index of small business indicators for September 2014 which reached 129.17 points. The Russell Microcap Index, new entity formation and retail sales led the increase. The SB Authority Index is up 0.28% from August 2014. On a year-over-year comparison, the SB Authority Index is up 5.88%.

### **Rosier Outlook for Small Business as Optimism Returns to Pre-Recession Levels, According to the Fall American Express OPEN Small Business Monitor**

*10/23/14 Amex*

Small business owners' optimism on business prospects and the economy continue to rise, according to the Fall 2014 OPEN Small Business Monitor. Currently, 63% of business owners maintain a positive outlook, a level not reached since fall of 2007 (64%). Stronger revenue growth could be fueling this optimism as more entrepreneurs say their revenues are higher when compared to a year ago (42%, up from 38% in 2013).

## **Payments Press**

### **The Clearing House to Build Real-Time Payments System**

*10/22/14 American Banker*

The movement to develop a faster U.S. payment system has a new, influential convert. The Clearing House, announced Wednesday plans to build a real-time payment system to be used by all of the country's

financial institutions. The effort will be a "multi-year endeavor," according to the group's press release. "The only way a system like this will be successful is if it's ubiquitous and not just a small set of banks," Clearing House president and chief executive Jim Aramanda said.

### **First Data Introduces New Beacon Technology to Enhance Mobile Loyalty for Local Merchants**

*10/23/14 First Data*

Thousands of individual small to medium-sized businesses across the United States are receiving a device that brings the future of retail technology right into their stores: the Perka™ beacon. First Data Corporation, the global leader in payment technology and services solutions, has enhanced the Perka mobile loyalty solution with the Perka beacon, a small, low-powered device that communicates wirelessly with the Perka app, enabling increased customer engagement and a faster, more personalized retail experience.

### **Clover Releases New Payments System Integrating iBeacon and Apple Pay**

*10/22/14 Let's Talk Payments*

Clover and its parent company, First Data, had been working with Apple to prepare for the launch of Apple Pay. Post the launch of Apple Pay, Clover has enabled its cloud-based point-of-sale platform to accept Apple Pay In-App payments. Clover recently did something unique at Bierhaus. It launched a first of its kind solution to integrate Apple Pay with iBeacon, using Estimote Beacons.

### **Discover Says It's "In Discussions with Apple" to bring Discover cards to Apple Pay**

*10/20/14 TUAW*

As it stands now, Apple Pay currently works with MasterCard, Visa, and American Express credit cards. And conspicuously missing from that lineup is Discover Card. But no need to fret Discover card users. Discover earlier today indicated via Twitter that they're engaged in discussions with Apple to join the Apple Pay mix.

### **Vantiv Launches Innovative Mobile Solution for Financial Institutions to Drive Consumer Mobile Payments Preference**

*10/21/14 Vantiv*

Vantiv, Inc., a leading provider of payment processing services and related technology solutions for financial institutions and merchants of all sizes, announced today the launch of MobiMoney, an innovative mobile payments app that provides cardholders with a secure and easy-to-use debit card management tool, which helps financial institutions build brand loyalty.

### **TSYS Releases its Fourth Annual Consumer Payment Preferences Study**

*10/20/14 TSYS*

TSYS announced the results of its 2014 nationwide consumer primary research study. This fourth annual Consumer Payment Choice Study includes the latest data on key consumer payment preferences and new insights on a range of popular industry topics. The results provide insightful information for use in developing and confirming payment strategies and initiatives.

### **Mozido Receives \$185 Million in Series B Funding from**

## MasterCard

10/22/14 Mozido

Mozido, a provider of mobile financial, retail and marketing services, today announced a two-part round of Series B funding of up to \$400 million. The first \$185 million has been funded by MasterCard, Wellington Management, H.R.H. Sheikh Nahyan of UAE, and Julian H. Robertson, Jr., chairman and chief executive officer at Tiger Management. A total of \$265 million in capital has been raised by Mozido over the past 12 months, making Mozido the top-funded private mobile payments company.

## Point-Of-Sale Providers Can Help Restaurant Owners Access Capital

10/23/14 The POS News

Restaurant owners are seeking differentiation and value in their point-of-sale systems, and providers are responding. They are developing mobile apps, integrated social media capabilities and cloud-based services. One value-added service that most POS providers may not be aware of, however, is one that helps restaurant customers tackle one of their biggest challenges - access to capital. Restaurants need a steady influx of cash to keep operating and to expand their services.

## Harbortouch Unveils "Pay-at-the-table" Perkwave Mobile App Powered by Apple Pay™ Technology

10/20/14 HarborTouch

Harbortouch, a leading national point of sale (POS) system and merchant services provider, has unveiled Perkwave, a mobile application that uses Apple Pay™ technology to enable restaurant customers to pay at the table quickly, easily and securely. The app also includes built-in loyalty and rewards functionality. "Apple Pay is now available to tens of millions of consumers across the US, and Harbortouch has worked proactively to ensure that our merchants are able to support these potential customers through the Perkwave app," explains Harbortouch CEO Jared Isaacman.

## Anovia Payments Partners with CardFlight to Offer Mobile Point of Sale Solutions to Merchants and Developers

10/23/14 PR Newswire

CardFlight, a leader in mobile point of sale (POS) technology, and Anovia Payments, a leading payment service provider, are announcing an agreement to provide customized mobile payment solutions to Anovia's VARs, partners and merchants. As part of the partnership, Anovia will leverage CardFlight's SwipeSimple product as their preferred mobile POS solution.

## Jumio Intros New Scanning Tech for Mobile Retailers

10/21/14 Mobile Payments Today

Jumio Inc., an online and mobile credentials management company, today introduced BAM Checkout, a new, all-in-one credit card and identification scanning technology for mobile retailers, according to a press release. BAM Checkout's embeddable product is intended to provide a simple checkout experience by enabling users to bypass nearly all manual key entry when completing a mobile purchase.

## Flint Scores \$9.4M to Help More Small Businesses Stay Brick-and-Mortarless

10/22/14 VentureBeat

Flint Mobile's target audience is the businessperson whose operating equipment is mostly "your phone, keys, and wallet," CEO and co-founder

Greg Goldfarb told VB. The company announced it has landed a \$9.4 million round to help businesses keep their equipment inventory low. Founded in the spring of 2011, the company offers an iOS or Android app that can accept credit cards without a card reader. Credit card numbers are scanned, and additional card verification info is entered manually.



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