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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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Trending This Week...

Black Friday sales were [reported to be down](#) - but don't fret; this can be attributed to a longer period of deals over the month of November than seen in the past. However, Cyber Monday [exceeded \\$22B online for the first time](#). Today, following these reports the U.S. economy [added 321K jobs in November](#).

Also this week, check out recently released videos, such as the [segment on last week's 60 Minutes](#), or ETA's new video [outlining the payments industry's cybersecurity initiatives](#).

Other highlights include:

- [Preparing for Chip-and-PIN Cards in the U.S.](#)
- [Bankers: First Data IPO Rapidly Approaching](#)
- [Stripe Valued at \\$3.5B in New Funding](#)
- [Bebe Stores Confirms Credit Card Breach](#)

Apple Pay has now been in the wild for over a month, have you tried it out yet? [Please complete our poll and let us know!](#)

NEW TSG REPORT: Merchant Acquiring Industry Overview

What is this report?

This 48-page report is a guide to understanding the U.S. Payment market and related metrics. The first section is a briefing on the Payments industry, including history and milestones, the transaction value flow and the components, the changing ecosystem, and a look at risk, distribution channels, regulation, and aggregation.

The latter half of the report relates to vital payments metrics illustrating the industry is an attractive market for investors and business owners. Highlights include a look at electronic payments as the driver of commerce in the U.S., the merchant acquiring opportunity, the average life of a merchant, attrition, and what merchant verticals are most attractive.

[Click here for a preview.](#)

[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: 1945

Aircraft Squadron Lost in the Bermuda Triangle

At 2:10 p.m., five U.S. Navy Avenger torpedo-bombers comprising Flight 19 take off from the Ft. Lauderdale Naval Air Station in Florida on a routine three-hour training mission. Flight 19 was scheduled to take them due east for 120 miles, north for 73 miles, and then back over a final

Why is this useful?

This guide will provide newcomers, and industry veterans, with useful information into the various facets of the Payments Industry. This report is an excellent tool for competitive awareness, potential partner identification, and general reference purposes.

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

Featured

ETA: Payments Secured [Video]

12/01/14 ETA



As shoppers flock to retailers this holiday season, the payments industry is working overtime to ensure our networks remain safe, reliable, and secure.

This video outlines the payments industry's cybersecurity initiatives.

What Happens When You Swipe Your Card? [From 60 Minutes]

12/01/14 CBS News

This holiday shopping season you might worry that every time you swipe your credit or debit card some criminal might be swiping your account number and with good reason. The number of reported, illegal intrusions into the computer systems of U.S. companies is at a record high this year and climbing. The hacking of Target, Home Depot, Staples and other top retailers made headlines. Behind the headlines are two separate crimes with two sets of criminals. Sophisticated cyberthieves steal your credit card information.

With Cardless ATMs And VR, Banks Are Vying To Out-Nerd Each Other For Your Attention

12/02/14 Fast Company

Imagine, if you will, the big bank as an incubator. In the year that bitcoin began to grow up and Apple Pay was born, this is precisely what the country's largest financial institutions want you to imagine. Three of them opened up innovation labs to think of what's next in mobile banking; some are starting their own accelerators. The latest research estimates that U.S. mobile payments, currently at \$52 billion, will grow to \$142 billion within five years.

Preparing for Chip-and-PIN Cards in the United States

12/02/14 The New York Times

On a recent morning, eager shoppers swarmed around Covent Garden, a 350-year-old former open-air vegetable market in central London whose

120-mile leg that would return them to the naval base. They never returned.

Two hours after the flight began, the leader of the squadron, who had been flying in the area for more than six months, reported that his compass and back-up compass had failed and that his position was unknown. The other planes experienced similar instrument malfunctions. Radio facilities on land were contacted to find the location of the lost squadron, but none were successful. After two more hours of confused messages from the fliers, a distorted radio transmission from the squadron leader was heard at 6:20 p.m., apparently calling for his men to prepare to ditch their aircraft simultaneously because of lack of fuel.

By this time, several land radar stations finally determined that Flight 19 was somewhere north of the Bahamas and east of the Florida coast, and at 7:27 p.m. a search and rescue Mariner aircraft took off with a 13-man crew. Three minutes later, the Mariner aircraft radioed to its home base that its mission was underway. The Mariner was never heard from again. Later, there was a report from a tanker cruising off the coast of Florida of a visible explosion seen at 7:50 p.m.

[Click here to read more.](#)

glass-fronted stores now include popular American companies like Apple and Shake Shack. But when consumers here pulled out a credit card to make a purchase, they got an extra layer of security compared with most shoppers in the United States. A chip embedded into all credit and debit cards in Europe - a technology known as E.M.V. - has cut many forms of card fraud by more than 65 percent in the last decade.

Will Consumers Switch To EMV?

12/03/14 ISO & Agent

A year after the Target data breach prompted retailers to step up their transition to EMV-chip acceptance, many consumers finally have EMV cards or can access the same security through Apple Pay's new mobile wallet. But will they finally change their habits? The iPhone 6 and iPhone 6 Plus handsets create an EMV transaction when used for a contactless payment, so many shoppers may not even realize they are improving their security when making a mobile payment.

Bankers: First Data IPO Rapidly Approaching

12/01/14 Fox Business

Wall Street's top firms believe the initial public offering of First Data Corp., a little known payment processing company, could be among the most lucrative deals in the coming months, generating as much as \$40 million in fees, the FOX Business Network has learned. Officials at First Data, a company that works with banks and merchants in the field of processing payments, led by its chief executive Frank Bisignano, have been meeting with investment bankers in recent weeks about a possible financing over the next 12 months.

2015 to be a High-Stakes Year for ATM Attacks, Kaspersky Predicts

12/02/14 ATM Marketplace

"Predictions," the first part of the Kaspersky Security Bulletin, takes a look at what next year might look like in the security industry - and sees a continuing face-off between ATM deployers and organized crime groups. Kaspersky Lab forecasts high-stakes targeted cyberattacks pinpointing banks, as well as the development of malware that can take cash directly from ATMs, according to a company news release.

Commentators Want New York's BitLicense To Be Clear and Ensure a Level Playing Field

12/04/14 Digital Transactions

The Electronic Transactions Association, the national merchant-acquiring trade group, said in its seven-page commentary that "the scope of the definition of virtual currency needs to be carefully crafted so that it clearly excludes services and products not intended to be covered." The Washington, D.C.-based ETA explained that "a number of our members share a common core of concerns.



Mobile Payments & Bitcoin

Apple Pay Partner Stripe Valued at \$3.5 Billion in New Funding

12/02/14 Bloomberg

Stripe Inc. has raised \$70 million in a financing round that values the digital-payments startup at \$3.5 billion. The funding is from new and existing investors, said Kelly Sims, a spokeswoman for the San Francisco-based company. The fundraising doubles the value of Stripe since January, when it raised money at a \$1.75 billion valuation.

How mPOS Morphs At A Global Level

12/04/14 PYMNTS

mPOS isn't so much focused on micro-merchants anymore, according to Benoit Boudier, SVP of International Sales for ROAM. Rather, it's become an important part of payment acceptance in general, both in the U.S. and on the international stage. MPD CEO Karen Webster recently caught up with Boudier to get the scoop on what's new in the world of mPOS - how EMV, Apple Pay, Etsy, and other new developments in the space have been morphing mPOS into various dimensions - and quite possibly pushing it to its tipping point.

California Says State Law Grants Right to Oversee Bitcoin

12/04/14 BusinessWeek

California officials are considering whether to regulate digital currencies such as bitcoin after concluding they have the authority to do so under existing law. Staff at California's Business Oversight Department have determined that a state law governing money transmitters, used to regulate businesses such as Western Union Co., may also apply to digital currencies, in which units of money are created and exchanged independent of central banks, said Tom Dresslar, a spokesman for the department.

Kohl's Points to Mobile Rewards Program as Key Competitive Advantage

12/04/14 The Wall Street Journal

After surviving Black Friday and Cyber Monday traffic, Kohl's Corp. is preparing for the next wave of holiday shopping. The retailer is betting its loyalty program, which features a mobile wallet inside the Kohl's app, will provide a key competitive advantage for this holiday season and beyond, and help make up for a bleak third quarter where earnings fell 20%. A pilot program across 300 stores in 2013 and 2014 produced about 10 million enrollees in the loyalty program, CIO Janet Schalk told CIO Journal.

Regulation & Security

Bebe Stores Confirms Credit Card Breach

12/05/14 KrebsonSecurity

In a statement released this morning, women's clothier chain bebe stores inc. confirmed news first reported on this blog Thursday: That hackers had stolen customer card data from stores across the country in a breach that persisted for several weeks last month. Bebe stores said its investigation indicates that the breach impacted payment cards swiped in its U.S., Puerto Rico and U.S. Virgin Islands stores between Nov. 8, 2014 and Nov. 26, 2014. The data may have included cardholder name, account number, expiration date, and verification code.

Justice Department's Controversial Probe Hits Its Own Choke Point

12/03/14 American Banker

Twenty-one months ago, the Justice Department launched an

investigation designed to enlist banks in law enforcement's fight against consumer scams. The probe, colorfully named Operation Choke Point, was quickly embroiled in controversy. Its critics, chiefly financial industry lobbyists, payday lenders and congressional Republicans, cast it as a symbol of government overreach. They focused mostly on Choke Point's side effects - specifically, whether it discouraged banks from doing business with lawfully operating but stigmatized industries, including state-licensed payday lenders, check cashers and ammunition dealers.

Target Fails to End Banks' Lawsuit Over Data Breach

12/02/14 Reuters

A federal judge on Tuesday rejected Target Corp's bid to dismiss a lawsuit by banks seeking to recoup money they spent reimbursing fraudulent charges and issuing new credit and debit cards because of the retailer's late 2013 data breach. U.S. District Judge Paul Magnuson in St. Paul, Minnesota said Target played a "key role" in allowing hackers to infiltrate its computer systems.

Entertainment Payroll Firm Breached

12/04/14 Bank Info Security

ART Payroll, which serves the entertainment, advertising, and events production industries, is notifying an undisclosed number of individuals of a data breach that may have compromised sensitive information, including Social Security numbers. The Screen Actors Guild-American Federation of Television and Radio Artists, an American labor union that represents more than 165,000 actors and other performers, issued a statement on its website, saying some of its members have received a notice from ART Payroll regarding the breach.

Cybersecurity Seen as DoD Priority Under Carter

12/03/14 Gov Info Security

Ashton Carter is a Ph.D. physicist and an expert in nuclear weaponry and procurement, but the likely defense secretary nominee understands that cyberdefense must be a priority in running the Pentagon. "Cybersecurity won't get lost," says Jane Holl Lute, who as deputy secretary of the Department of Homeland Security worked closely with Carter when he was Defense Department deputy secretary. "He understands the importance of the issues, the need for collaborative action. He understands the role defense has, and homeland security, that lies at the heart of effective cybersecurity."



Economy

Jobs Report: U.S. Economy Added 321,000 Jobs In November, Unemployment Steady At 5.8%

12/05/14 Forbes

Friday morning The Bureau of Labor Statistics reported the strongest payroll additions in four years. Employers added 321,000 jobs in November, a number far greater than the 230,000 economists were predicting. The unemployment rate, which is drawn from a different survey of households, remained steady at 5.8% the lowest level since the recession.

[Do Not Panic About the Black Friday Spending Report](#)

12/01/14 Washington Post

The National Retail Federation released some gloomy findings on Sunday about the start of the holiday shopping season: Total projected sales tumbled 11 percent to \$50.9 billion during the long weekend compared with \$57.4 billion last year, and a smaller share of consumers reported hitting the stores or shopping online.

[Cyber Monday Sales Exceed \\$2 Billion Online for First Time](#)

12/04/14 CNP

Online sales topped \$2 billion on Monday, becoming the heaviest online spending day in U.S. history, according to digital measurement firm comScore. The \$2.04 billion raked in by online retailers on Cyber Monday was 17 percent more than last year and the first time ever e-commerce merchants surpassed \$2 billion in sales on one day. So far, growth in e-commerce sales has been strong.

[PayPal Reports Record-Breaking Number Of Black Friday Shoppers And Sales On Mobile](#)

12/01/14 TechCrunch

The move to offer online shoppers earlier access to Black Friday deals - beginning as early as Thanksgiving Day this year - resulted in record-breaking numbers of consumers shopping on mobile, reports PayPal. Based on its online commerce data, the company reports having seen a 47% increase in PayPal global mobile payment volume on Thanksgiving compared with Thanksgiving 2013, and a 62% increase for Black Friday 2014 over last year.

[Retailers Love Holiday E-Commerce Growth, but That Doesn't Mean It's Profitable](#)

12/01/14 Recode

For a brick-and-mortar retailer, fast-growing online sales are often something to brag about. But during the holiday season, strong e-commerce sales numbers can come with a big trade-off: Tiny profits or even a loss. Online retailers recorded double-digit growth for Black Friday* and the weekend that followed, compared with last year, according to data from Adobe, ChannelAdvisor, Custora and Monetate, all of which make e-commerce or marketing software for online retailers.

[Payments Press](#)

[Four Months After Acquisition, Square Launches iOS App For Food Delivery Service Caviar](#)

12/04/14 TechCrunch

Over the summer, Square purchased food delivery startup Caviar. Today, it's making ordering on the service even easier with the launch of a mobile app. Square announced the acquisition of the curated food delivery service in August for a reported \$90 million. Since then, the service has been adding new markets that it's available in and now has an iOS app to enable customers to place orders from their mobile phones.

[What Do The God Particle, Yodeling and Knights Have To Do With The Future Of Payments?](#)

12/01/14 PYMNTS

"Vague but exciting." These three words could be used to describe just

about any early-stage idea when it's first presented. I'll bet every investor or strategic partner has had the same reaction to many of the ideas they've been pitched over the years to reinvent payments and commerce. And, I'll also bet that most of them are probably pretty happy that they found most of those ideas just vague enough to keep their checkbooks tightly closed. Much of the time "vague" is code for no real there, there.

MasterCard Lab for Financial Inclusion in East Africa

12/03/14 MasterCard

MasterCard hosted a press event at the National Press Club on Wednesday, December 3 to announce the opening of its MasterCard Lab for Financial Inclusion in East Africa. Located in Nairobi, Kenya, the lab will seek to develop practical and cost-effective financial tools that expand access for more than 100 million people and help them build stable futures over the long term.

Elavon and Bank of the West Extend 21-Year Marketing Alliance

12/04/14 BusinessWire

Elavon, a leading global payments provider, and Bank of the West have extended their 21-year referral agreement for merchant services through 2021. Referrals for new business will be marketed through Bank of the West's 22-state banking network of more than 650 commercial office and retail branch locations.

Moneris Adds UnionPay to Card Acceptance Offerings for Canadian Merchants

12/01/14 Moneris

Moneris Solutions Corporation, Canada's largest credit and debit card processor, announced the availability of UnionPay card acceptance for merchants across Canada by partnering with UnionPay International. Moneris is the first Canadian acquirer to offer a full processing solution for the UnionPay card portfolio, including all of their domestic- and internationally-issued debit and credit cards.

Amadeus and Worldpay Partnership Further Simplifies Travel Payments

12/03/14 Real Wire

Amadeus and Worldpay, a global leader in payment processing, risk management and alternative payments, announce at the 8th annual Airline & Travel Payments Summit (ATPS) event, a global agreement to integrate Worldpay's extensive payment services into the Amadeus Payment Platform (APP).

AribaPay Takes Off

12/02/14 The Street

Ariba® Pay™ is catching fire. More than \$1 billion in payments have been made to nearly 1,300 suppliers using the innovative cloud-based service as companies seek to improve the speed and accuracy of B2B payments. Launched in July by Ariba, an SAP Company, and Discover Financial Services (NYSS), AribaPay combines the unique insights and information-sharing capability of the Ariba Network with Discover's trusted global payments infrastructure to automate billing and settlement processes, enabling buyers and suppliers to reduce costs and complete the procure-to-pay process faster, easier, and with greater transparency.

MasterCard Calls on Australia to Introduce Level Playing Field for Crypto Currencies

12/02/14 Finextra

MasterCard has called on Australia to force Bitcoin transactions to go through "regulated and transparent administrators" in the same way as other participants in the country's payments system. In its submission to a Senate inquiry into cryptocurrencies, the card giant argues for a "level playing field" with technology neutral regulations that can apply to the likes of Bitcoin and Ripple.

Braintree Goes International with One Touch Mobile Payments

12/03/14 TNW

Mobile payment platform Braintree has begun rolling out its One Touch payment experience in Australia, Canada, France, Germany, Italy, the Netherlands, Spain, Sweden and the UK today. Having launched its single touch payment system on Android and iOS platforms in the US in September, the company intends to soon reach all 43 markets that it serves, beginning with the aforementioned countries.

Indiana-Based Interra Chooses First Data for Another Five Years

12/01/14 First Data

Citing First Data Corporation's superior solution set, Interra Credit Union in Goshen, Indiana, has extended its merchant acquiring referral agreement with First Data for an additional five years, adding to a decade-long relationship. The continuing agreement gives Interra the ability to enhance its brand with access to world-class solutions that put the tools used by larger financial institutions into the hands of smaller entities like Interra, which has 13 branches supporting 57,000 customers.

Line Launches Mobile Payments Service as it Continues to Push Beyond Mobile Messaging

12/04/14 VB

Popular mobile messaging platform Line is officially rolling out a new Line Pay service around the world next week. First unveiled back in October, Line Pay will let users connect their accounts with a credit card to make digital payments anywhere, directly from their phones. Initially, however, the service will be restricted to a handful of affiliated services and shops, such as Line's own online store.

Bank of South Pacific Taps ACI Worldwide for Fraud Protection

12/01/14 The Green Sheet

ACI Worldwide, a leading global provider of electronic payment and banking solutions, today announced that Bank of South Pacific Limited (BSP), the largest bank in Papua New Guinea and the South Pacific, has selected the company to power its fraud protection.

Google Cloud Goes PCI Compliant, Opening it Up for Payment Apps

12/03/14 BCN

Google announced that its cloud platform is now PCI certified, paving the way for companies to use the platform to handle services that process or store credit card information. The company is among a growing set of providers being validated for their compliance with Payment Card Industry (PCI) Data Security Standards (DSS), a framework governing secure data processing and handling of credit and debit card information.

Earthport and Ripple Labs Announce Global Partnership to Improve the Efficiency and Speed of Cross-Border Payments

12/04/14 Earthport

Earthport and Ripple Labs today announced a global partnership which will see the two companies use their combined expertise and technology to offer real-time cross-border bank payments. Earthport's new offering will integrate the Ripple protocol alongside its payments network and platform, bringing a wider choice to financial institutions, in particular to optimize their liquidity management and minimize the need to pre-fund a payment account while executing cross-border transactions.



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