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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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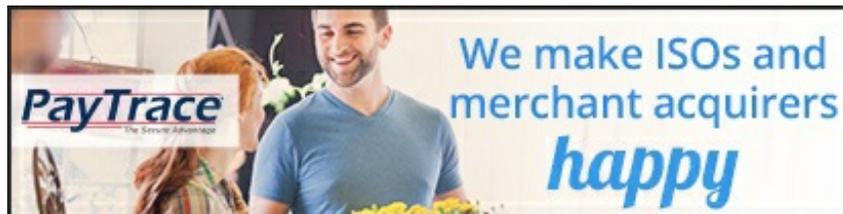
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Trending This Week...

The debate on EMV readiness continued this week as [views on adoption](#) vary greatly based on the individual asked. According to predictions, only half of the 12M terminals in the U.S. will be converted by the end of 2015 - but is the adoption rate happening quickly enough?

Speaking of quick, this week the Federal Reserve released a long-awaited [report sketching out the road to faster U.S. payments](#). The report looks at ways to move payments to near real-time, and offers suggestions for speeding up the network, improving security, and working with financial institutions.

Other highlights this week include:

- [FDIC Attempts to End Operation Choke Point with Letter, Action](#)
- [Tim Cook: 2015 Will be the Year of Apple Pay](#)
- [Fed's Payments Leaders Show Interest in Cryptocurrency, Privacy Tech](#)
- [U.S. Economy Slowed in Q4, but consumer Spending Boomed](#)

NEW TSG REPORT: [Global Retail eCommerce Market](#)

Did you know: *China / US are by far the world's leading eCommerce markets, combining for about half of global eCommerce sales in 2014.*

What is this report?

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

[TSG MPPS Benefits](#)

[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: 1948 Gandhi Assassinated

Mohandas Karamchand Gandhi, the political and spiritual leader of the Indian independence movement, is assassinated in New Delhi by a Hindu fanatic.

Born the son of an Indian official in 1869, Gandhi's Vaishnava mother was deeply religious and early on exposed her son to Jainism, a morally rigorous Indian religion that advocated nonviolence.

This 44-page report is a guide to understanding trends in the global eCommerce market. Check out a preview [here](#) to learn more, or purchase below.

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Featured

Will the U.S. Be Ready With Secure Chip Cards and Payment Terminals?

1/27/15 *ComputerWorld*

Only about half of the 12 million merchant payment terminals in the U.S. will be converted to accept more secure smart credit and debit cards and NFC-ready smartphones by the end of 2015, according to financial officials working to support the conversion. Matt Barr, MasterCard senior vice president of U.S. emerging payments, recently said in an interview that the current rate of smart card adoption in the U.S. is "impressive" with "very exciting momentum." But Jordan McKee, an analyst at 451 Research, said Tuesday that the U.S. is behind the rest of the world in using smart cards and will continue to lag for years.

Related: [More than 50% of Retailers Not Fully Prepared as EMV Deadlines Approach - ACI](#)

Federal Reserve Sketches Road To Faster US Payments

1/26/15 *Forbes*

The Federal Reserve has released a long-awaited report and recommendations for the US payments system: Strategies for Improving the U.S. Payment System. Looking at ways to move payments to near real-time, a change from the ACH system which can take several days, the reports offers suggestions for speeding up the network, improving security, and working with financial institutions.

Major Banks Cashing In On Apple Pay Potential

1/29/15 *PYMNTS*

On Jan. 22, 1984, Apple ran a commercial during the third quarter of the Super Bowl that helped define its brand, teasing to the release of the Apple Computer Macintosh that ended by saying "you'll see why 1984 won't seem like 1984." Fast forward to 2015 when consumers have entered Tim Cook's "year of Apple Pay." And, if the Super Bowl on Feb. 1 is anything like the AFC and NFC Championship games, viewers rooting on the Patriots and Seahawks are likely to see commercials for Apple Pay.

FDIC Attempts to End Operation Choke Point With Letter, Action

1/28/15 *The Washington Times*

In an effort to put an end to Operation Choke Point - a financial task force that was created by the Obama administration to "choke out" businesses it finds objectionable like gun shops - the Federal Deposit Insurance Corp. issued a letter Wednesday saying all banks should examine their customer relationships on a case-by-case basis and not by industry operational risk.

Gandhi was an unremarkable student but in 1888 was given an opportunity to study law in England. In 1891, he returned to India, but failing to find regular legal work he accepted in 1893 a one-year contract in South Africa.

Settling in Natal, he was subjected to racism and South African laws that restricted the rights of Indian laborers. Gandhi later recalled one such incident, in which he was removed from a first-class railway compartment and thrown off a train, as his moment of truth. From thereon, he decided to fight injustice and defend his rights as an Indian and a man. When his contract expired, he spontaneously decided to remain in South Africa and launched a campaign against legislation that would deprive Indians of the right to vote. He formed the Natal Indian Congress and drew international attention to the plight of Indians in South Africa. In 1906, the Transvaal government sought to further restrict the rights of Indians, and Gandhi organized his first campaign of satyagraha, or mass civil disobedience. After seven years of protest, he negotiated a compromise agreement with the South African government.

[Click here to read more.](#)

The government agency followed the action with a memorandum to its supervisory staff requiring examiners put in writing their recommendation to terminate an account, which the financial institution must review before the account is ended.

Agents' Expectations Are Rising

1/27/15 ISO & Agent

Salespeople expect more from their ISOs these days, industry sources report. "You've got to provide them something they couldn't get on their own," said Doug Small, director of third-party sales at Cayan, which recently changed its name from Merchant Warehouse. "That used to mean a physical office, but now it's, 'Can you provide them with POS solutions, integrated mobile payment solutions as well as what you've been doing for the last few years.'" But beyond embracing technology, ISOs should become more generous-or at least more creative-with compensation.

U.S. Economy Slowed in 4th Quarter, but Consumer Spending Boomed

1/30/15 *The New York Times*

Economic growth slowed at the end of 2014, but robust consumer spending during the final quarter of the year, which is expected to continue as Americans enjoy the benefits of lower energy prices, suggested that the economy was likely to pick up speed again in 2015. At 2.6 percent, the rate of growth in the final three months of the year was a significant downshift from the blistering 5 percent pace recorded in the third quarter, but is still considered relatively healthy.



Mobile Payments & Bitcoin

Tim Cook: 2015 Will be the Year of Apple Pay

1/27/15 CNET

Apple Pay has become the most popular payment option of its kind, Apple CEO Tim Cook said during the company's earnings call Tuesday. The service continues to add financial institutions to its roster – it's now up to 750 banks and credit unions – and makes up more than \$2 out of every \$3 spent on purchases using contactless payments, according to Cook. (Contactless payments cover any devices – smart-cards included – that make payments using a radio frequency.)

In the Shadow of Apple Pay, Google Wallet Expands Its Online Reach, Too

1/26/15 *Wired*

Apple Pay is changing the way we buy stuff, bridging the gap between the online world and that good old fashioned universe where we walk into drug stores, fast food restaurants, and coffee shops. But it's not the only one. PayPal is also working to break down the barriers between online payments and off-line payments, to give us a way of paying for stuff in either place, with equal ease. Countless startups are now offering Bitcoin wallet services that work in similar ways.

As Apple Closes in on Samsung, the Rivals Get Set to Lock

Horns in M-Payments

1/29/15 *Digital Transactions*

With Apple Inc.'s record results in the fourth quarter, the computer giant appears to be closing in on long-time rival Samsung for dominance in the crucial worldwide smart-phone market. Meanwhile, Samsung is working to catch up with Apple Pay, the highly publicized mobile-payments service Apple launched in October.

The Winklevoss Brothers on Gemini, the 'NASDAQ of Bitcoin'

1/29/15 *CoinDesk*

Cameron and Tyler Winklevoss aren't shy about issuing bold predictions for Gemini, their recently revealed bitcoin exchange project. Calling it the "NASDAQ or Google of bitcoin", the president and CEO, respectively, believe Gemini will be the fully regulated, fully compliant and fully banked institution the US bitcoin ecosystem needs to develop to its full potential. In a new interview with CoinDesk, the brothers - prominent bitcoin investors and two of the largest-known holders of bitcoin - opened up about Gemini, discussing why they feel the exchange can become the market leader in what has been an increasingly active part of the space.

Western Union's Apple Pay Move Should Light a Fire Under Banks

1/28/15 *American Banker*

Western Union is adopting a vastly different use of Apple Pay than what banks and merchants have so far considered. It is enabling Apple Pay as a funding mechanism for money transfers and in-person bill payments at thousands of Western Union locations. This new spin on Apple's mobile wallet, which was designed for in-store and in-app purchases, may spur banks to rethink their approach to money transfers.

Regulation & Security

Fed's Payments Leaders Show Interest in Cryptocurrency, Privacy Tech

1/29/15 *BTN*

The release of the Federal Reserve's road map for building a speedier, safer payments system earlier this week triggered eager speculation about how anonymous transactions and cryptocurrency could figure into the effort. A question-and-answer session hosted by Federal Reserve officials shed more light on the issue Thursday.

Every \$100 of Fraud from Mobile Payments Costs Merchants \$334 in 2014, up from \$283 in 2013

1/26/15 *Business Wire*

LexisNexis® Risk Solutions Inc., released its annual True Cost of Fraud Mobile study, which indicates that as merchants flock to the mobile channel so too are fraudsters. Revenue that mobile commerce (mCommerce) merchants lost to fraud spiked 70 percent in 2014 to 1.36 percent compared to 0.80 percent in 2013. For comparison, all merchants lost 0.68 percent of revenue to fraud in 2014 in comparison to 0.51 percent in 2013.

Card Breach Hints at Lingering Concerns

1/28/15 *Bank Info Security*

French Lick Resort, which has two locations in Indiana, is reporting a

possible breach affecting guests' payment card information over a nine-month period. The latest incident shows that the payment ecosystems of U.S. businesses continue to be tainted with memory-scraping malware and point-of-sale attacks, says JD Sherry, vice president of technology and solutions at Trend Micro.

Economy

Fed Raises Assessment of Economy While Staying Patient on Rates

1/28/15 Bloomberg

The Federal Reserve boosted its assessment of the economy and played down low inflation while repeating a pledge to stay "patient" on raising interest rates. The Federal Open Market Committee described the expansion as "solid," an improvement over the "moderate" performance it saw in December. It substituted "strong" for "solid" in its evaluation of job gains after a meeting Wednesday in Washington.

How 2014's Huge Market Moves Are Affecting the Economy in 2015

1/27/15 TheUpshot

Global financial markets made a series of epic moves in the second half of 2014: toward a sharply lower price of oil, much lower interest rates, and a far stronger dollar. We're now seeing how, for better and worse, those moves will affect the American economy in 2015. A number of business and economic reports Tuesday showed the kinds of winners and losers we can expect for months to come as the impact of those market moves percolates through companies large and small.

Thanks to the iPad, iOS Dominated Holiday mCommerce

1/27/15 eMarketer

Apple accounted for 51.3% of device activations during the week leading up to Christmas, and recent research suggests the brand's devices weren't just popular presents—they were popular shopping tools throughout the holidays as well. According to Adobe Digital Index, iOS devices accounted for three-quarters of US mcommerce sales this past season. This was due largely to the iPad, which was the mobile device of choice for holiday shoppers, with 48% of sales.

Payments Press

Visa Reports Better-than-Expected Profit

1/29/15 Reuters

Visa Inc, the world's largest credit and debit card company, reported a better-than-expected quarterly profit on Thursday due to a good holiday season and a strengthening U.S. job market that encouraged people to spend. The company said e-commerce, which mainly uses cards, was "extraordinarily strong during the holiday season." But Chief Executive Charlie Scharf said consumer spending on the whole, while at "reasonable" levels, was not accelerating.

MasterCard Profit Beats Expectations as Customers Spend More

1/30/15 Reuters

MasterCard Inc, the world's No. 2 debit and credit card company, reported a better-than-expected profit for the holiday shopping quarter as customers swiped their cards more often. The company, whose shares were up 4 percent in premarket trading on Friday, said worldwide

purchase volume increased 12.1 percent to \$858 billion in local currency terms during the fourth quarter, while its cross-border volumes rose 19 percent.

TSYS Reports 2014's Fourth Quarter Adjusted EPS Grew 20.8% And The Full Year Grew 13.2%

1/27/15 TSYS

TSYS reported results for the fourth quarter and full year of 2014. "We finished 2014 on a high note. Organic revenue grew 5.8%, year over year, with total revenues growing 18.5% and revenues before reimbursable items up 20.2%," said M. Troy Woods, president and chief executive officer of TSYS. "With the purchase of 5.2 million shares of our stock during the year and our annual dividend of \$0.40 per share, we deployed over 94% of available free cash flow to our shareholders in 2014.

PULSE Introduces New Brand Identity to Support Expanded Payments Solutions

1/29/15 BusinessWire

PULSE, one of the nation's leading debit/ATM networks, today unveiled a new corporate logo and acceptance mark. The rebranding preserves many elements of PULSE's original marks while also identifying the network more closely with its parent company, Discover Financial Services. The new logo and acceptance mark are more contemporary and feature the familiar Discover orange.

With PayPal Spinoff Imminent, eBay Raids Apple for Payments Talent

1/26/15 SFGATE

PayPal is still technically a part of eBay. But with the former set to spin off sometime this year, eBay is wasting no time in preparing for life without its payments brand. To that effect, eBay, based in San Jose, has created a new division led by chief product officer RJ Pittman to develop payments technology. The company recruited Pittman in 2013 from Apple, where he led the company's worldwide e-commerce platform for the Apple online stores. Pittman was also a product management group leader at Google.

YC-Backed Final Raises A Million For Its Fraud-Fighting Credit Card

1/27/15 TechCrunch

Credit card startup Final, which is focused on combating fraud online and off while giving consumers more control over their spending, has raised \$1 million in seed funding from investors including Ludlow Ventures, T5 Capital Partners, Y Combinator and other fintech angels, in advance of the launch of its 2015 pilot program. The company tells us it already has 37,000 consumers signed up on the waitlist to try the new card when it becomes available.

MasterCard Brings Contactless Payment to the PGA TOUR

1/26/15 MasterCard

MasterCard, the official card of the Waste Management Phoenix Open, and the PGA TOUR® are bringing the latest payment technology to the spectator experience with the introduction of contactless acceptance. Food and beverage concessions at the 2015 Waste Management Phoenix Open near the 16th hole at TPC Scottsdale will be contactless enabled through a partnership with Prom Management Group, which provides catering to 38 professional golf tour events, allowing golf fans to make payments using Apple Pay, the easy, secure and private way to pay.

ANX on Innovation in the eCommerce and mCommerce Environments

1/26/15 The Green Sheet

Kamran Chaudhary, Director of Compliance Technology at ANXeBusiness Corp., believes EMVCo's decision to leverage 3DS is in sync with other efforts within the industry to secure payments in CNP and mobile environments. "Bluefin's recent certification of mobile P2P, using an encrypted USB device that can be used in card-not-present environments is just one example of the innovation that is going on in the e-commerce and m-commerce environments and the payments industry's investment in security," Chaudhary said.

Kim Martin Joins Vantiv as Chief Human Resources Officer

1/26/15 Vantiv

Vantiv, Inc., a leading provider of payment processing services and related technology solutions for merchants and financial institutions of all sizes, announced that Kim Martin will join the company as chief human resources officer. Martin will report to Chief Executive Officer Charles Drucker and will be responsible for all human resources functions, including recruiting, talent development and performance management.

USA Technologies Announces Support for Apple Pay

1/27/15 MarketWatch

USA Technologies, Inc., a leader of wireless, cashless payment and M2M/IoT solutions for small-ticket, self-serve retailing industries, announced a nationwide rollout of new acceptance points for Apple Pay, a new category of service that transforms mobile payments with an easy, secure and private way to pay.

Google Wallet Partnership Puts Instant Buy in 200,000 WePay Shops

1/28/15 PaymentWeek

Once again the mobile payments space has found itself under a major shakeup, as Google Wallet recently arranged a partnership with payment processing service WePay, an arrangement that will give Google Wallet users a lot more buying power in the field. The partnership calls for Google Wallet's Instant Buy API to be added to the roster of WePay shops out there, and given that that represents around 200,000 such shops total, calling it any less than a major move does it a disservice.

NCR Silver Offers Small Businesses More Payment Options

1/26/15 NCR

The NCR Silver™ cloud-based point-of-sale (POS) system for small businesses is expanding payment acceptance options. The integration of NCR Silver with a growing number of payment alternatives, including Apple Pay™, Bitcoin and LevelUp, coincides with increasing consumer demand for smarter, safer and more seamless ways to pay.

Swyp bids to Replace Wallets with a Single Card

1/27/15 Finextra

Swyp has become the latest startup to promise to replace the credit, debit, gift and loyalty cards in customers' wallets with a single card and app combo. Expected to ship in the autumn for an initial price of \$49, Swyp consists of a smartphone app and a thin metal card with a small display screen, three buttons and a rechargeable battery that lasts for up

to two years.

Mozido Hires Former MasterCard Exec

1/27/15 Austin Business Journal

The Austin-based company announced Tuesday that it hired Ron Hynes, previously MasterCard's executive vice president of global prepaid solutions. He held several positions during eight years at MasterCard - which is a Mozido investor. Before that, Hynes was senior vice president of prepaid solutions for JPMorgan Chase & Co., according to his online profile.

Cachet Adds Prepaid Cards to Apple Pay

1/28/15 NFC World

Prepaid card issuers using Cachet Financial Solutions' Select Mobile Money white label platform can now offer their customers a way to charge Apple Pay transactions to their prepaid account balance, the company has announced. "iPhone 6 or iPhone 6 Plus users simply click the Apple Pay icon from within their white label Select Mobile Money app, bringing their prepaid card as top-of-wallet within Passbook to securely complete the transaction with Apple Pay," Cachet says.

USAePay Android App Version 1.4.0 is Available to Download on Google Play

1/26/15 PRWeb

Industry leading payment gateway USAePay, recently released Android App update version 1.4.0, available for free download on the Google Play Store. Designed to meet the needs of today's merchants, USAePay makes processing payments seamless, speedy, and secure.

Dolphin Debit Serves Up Splashy Numbers for 2014

1/29/15 ATM Marketplace

Dolphin Debit, which owns and operates ATMs for credit unions and banks, has released data on its 2014 performance, reporting revenue growth of 35 percent on the year. The company credits the year's healthy returns to strong growth - both in its client portfolio and in the number of transactions performed at ATMs under management, according to a press release.



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