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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



Feb. 6th, 2015
Edition #440

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Trending This Week...

The opinions on EMV readiness continue this week as [Visa estimates that 70% of credit cards, and 40% of debit cards will be EMV-compliant by the end of 2015](#). On the merchant side, Visa estimates that about 50% of U.S. retailers will have POS terminals in place to accept EMV by year-end.

[Apple continues to add new Apple Pay partners](#), and has also sparked competitors - as Samsung, said to be collaborating with LoopPay, is [set to unveil a similar mobile payment platform](#) with the upcoming Galaxy S6.

In case you missed TSG's Big Data release earlier this week, be sure to check out ['Does Super Sunday boost Local Spending?'](#)

Other highlights this week include:

- [The First Bank of Bud](#)
- [PayPal's Retail Chief Exits 'A Little Frustrated'](#)
- [Bill to Clip Credit Card Fees on Taxes Collected by Colorado Stores](#)
- [TSG Advises The Beekman Group in its Recapitalization of Direct Connect](#)
- [ETA Launches Digital Currency Showcase at TRANSACT 15](#)

Featured eReport: [Global Retail eCommerce Market](#)

What is this report?

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.

[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: 1952

Elizabeth Becomes Queen

On this day in 1952, after a long illness, King George VI of Great Britain and Northern Ireland dies in his sleep at the royal estate at Sandringham. Princess Elizabeth, the oldest of the king's two daughters and next in line to succeed him, was in Kenya at the time of her father's death; she was crowned Queen Elizabeth II on June 2, 1953, at age 27.

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Featured

BIG DATA: Does Super Sunday Boost Local Spending?

TSG Analysis

Super Sunday is one of the most highly anticipated events of the year in the U.S. Every year, 32 teams contend for the opportunity to compete in this event, but the teams involved are not the only competing parties. In fact, a variety of industries compete for business on Super Sunday.

The debate on whether the local and state economy hosting Super Sunday boosts spending can clearly go both ways. On one side, you have observers suggesting that the local economy could see up to a \$600 million boost as a result of Super Sunday. On the other hand, you have economists who say that Super Sunday doesn't boost all that much local spending due to "substitution" (residents and visitors simply shifting their spending to certain categories, instead of increasing their overall consumption) and "leakage" (the tendency for money to circulate out of rather than through a local economy).

[Click here to see the findings.](#)

Visa on Unique EMV Challenges in U.S.

2/03/15 Bank Info Security

Visa's Kimberly Lawrence contends that U.S. migration to EMV is progressing more rapidly than in other markets that have made the transition, requiring outside-the-box rules for debit transactions and cardholder verification. By the end of 2015, Visa estimates that some 70 percent of credit cards and 40 percent of debit cards will be EMV-compliant, Lawrence notes in an interview with Information Security Media Group. On the merchant side, Visa acquirers estimate that about 50 percent of U.S. retailers will have point-of-sale terminals in place by year's end that are equipped to accept contact EMV chip transactions.

The First Bank of Bud

2/05/15 The New York Times

It was zero degrees in Denver on a late December morning, and the ice-covered streets were mostly empty. Mark Mason, wearing a full-length black coat, green wool hat and sunglasses, sat in a white Buick LaCrosse, eyeing the squat building across the street. It was the local branch of the Federal Reserve Bank. "Behind that gate, that's where the armored cars come in," he said, pointing to a parking lot. "They've got a bunch of money in the basement - a bunch." For some months, Mr. Mason, 54, has been thinking about the bank and how, he said, "to break in." Not to take money, but to leave it.

PayPal's Retail Chief Don Kingsborough Exits 'A Little Frustrated'

2/04/15 Recode

Don Kingsborough, the PayPal executive who spearheaded the online

King George VI, the second son of King George V, ascended to the throne in 1936 after his older brother, King Edward VIII, voluntarily abdicated to marry American divorcee Wallis Simpson. During World War II, George worked to rally the spirits of the British people by touring war zones, making a series of morale-boosting radio broadcasts (for which he overcame a speech impediment) and shunning the safety of the countryside to remain with his wife in bomb-damaged Buckingham Palace. The king's health deteriorated in 1949, but he continued to perform state duties until his death in 1952.

Queen Elizabeth, born on April 21, 1926, and known to her family as Lilibet, was groomed as a girl to succeed her father. She married a distant cousin, Philip Mountbatten, on November 20, 1947, at London's Westminster Abbey. The first of Elizabeth's four children, Prince Charles, was born in 1948.

[Click here to read more.](#)

payment giant's move into the physical retail world, has left the company, sources told Re/code and Kingsborough confirmed in a phone call Tuesday night. And he admits the company didn't accomplish as much as it should have in its attempt to make PayPal a popular payment option in brick-and-mortar shops. "I think we were able to move the needle, but I have to say I leave a little frustrated in that I wish we as an executive team would have done more," he said.

[With EMV Chip Migration on Track, U.S. Payments Industry Looks Ahead to Mobile, eCommerce and Tokenization at Smart Card Alliance 2015 Payments Summit](#)

2/05/15 Nasdaq

The migration of the world's largest and most complex payment ecosystem to EMV chip technology is well underway, industry leaders at the Smart Card Alliance 8th Annual Payments Summit agreed. Conference speakers highlighted industry collaboration on education as one of the next steps to completing a successful migration, and looked ahead to building on the EMV framework to solve the open challenges of mobile and e-commerce payment.

[Congressman Reintroduces Bill to End Operation Choke Point](#)

2/05/15 The Daily Signal

Rep. Blaine Luetkemeyer, R-Mo., today reintroduced legislation to end the Justice Department initiative known as Operation Choke Point. "While steps have been made in the case against Operation Choke Point, there is still a need for my legislation to be reintroduced this Congress," he said in a press release.

[Jobs Report Crushes Expectations](#)

2/06/15 Bloomberg

Employers in the U.S. added more jobs than forecast in January, capping the biggest three-month gain in 17 years, and workers' earnings jumped. The 257,000 advance in payrolls last month followed a 329,000 gain in December that was bigger than previously reported, figures from the Labor Department showed Friday in Washington. The median forecast in a Bloomberg survey of economists called for a 228,000 increase. The unemployment rate climbed to 5.7 percent as the improving job market lured more Americans into the labor force.

[Bitcoin Fallacy Led to Silk Road Founder's Conviction](#)

2/06/15 CNN Money

Despite all the hype, Bitcoin isn't anonymous. It's electronic cash. And like anything digital, it leaves a trail of bits. The latest example? The guilty verdict in the trial of Ross Ulbricht, the kingpin behind the online drug bazaar Silk Road. His attorney took a stunningly odd approach to his defense: Yes, Ulbricht ran the site. Yes, those millions of dollars in bitcoins are his. But he stopped running Silk Road a long time ago.



[Mobile Payments & Bitcoin](#)

Apple Pay adds BECU, BBVA Compass, Others Ahead of Rumored 'Samsung Pay' Launch

2/03/15 Apple Insider

Millions more consumers now have access to Apple Pay as BECU, Golden 1, Alliant, and First Tech - four of the ten largest credit unions in the country - have been added as partners alongside leading regional banks BBVA Compass and Fifth Third, while Samsung is rumored to introduce a payments program of its own at the Galaxy S6 launch next month.

Samsung Could Bring the Fight to Apple with Its Own Mobile Payment System

2/05/15 Stuff

When Apple introduces something innovative, Samsung's not normally too far behind, and recent rumors surrounding mobile payments mean that a battle for the high street tills could be right around the corner. According to the latest whispers, Samsung is collaborating with Massachusetts based start-up LoopPay, to bring mobile payments to the Galaxy S6 and S6 Edge.

MCX Braves Upstream CurrentC Launch

2/04/15 The Green Sheet

Three years after Merchant Consumer Exchange (MCX) disclosed plans for a digital wallet, the CurrentC app is available for free download in Google Play and Apple iTunes stores. Users in select launch zones can enter an invitation code and use the app at local stores and restaurants, while others can request to be notified when merchants in their areas are app-enabled.

Facebook's Plans for Mobile Payments under Wraps, but Sneak Peeks Emerge

2/03/15 PaymentWeek

You've got to hand it to Facebook for playing the dichotomy; its entire stock in trade is openness of information and getting people to put up posts voluntarily describing every single tiny fact about their day, but when it comes to what Facebook has in mind for its own operations, it can keep quiet better than the Great Stone Face of Nathaniel Hawthorne fame. But recent remarks from the company from earnings reports, interviews and beyond have coalesced together to form a potential picture of just where Facebook is planning to go with mobile payments, and the idea may just be a more unusual one than expected.

Swatch Plans Payment-Enabled Smartwatch

2/05/15 Finextra

Swatch is to launch an Internet-enabled smartwatch featuring mobile payment functionality in the next two to three months. The Swiss watchmaker, whose brands include Tissot, Longines and Omega watches, is looking to counter the effect of the recent spike in the country's currency on its financials and ward off the threat from Apple, which is expected to roll out its own smartwatch in April.

EMV May Make Apple Pay Look Complicated!

2/05/15 TechBitzz

In a term frequently saved for designing or ladies' styles, Apple Pay users call the pay system "elegant" because it is so easy to use. That simplicity has permitted Apple to stay away from the unpropitious question that typically goes hand in hand with mobile payments plays: Swiping a card is really simple. Why would I need to change?

Regulation & Security

Bill to Clip Credit Card Fees on Taxes Collected by Colorado Stores

2/3/15 The Denver Post

Sales taxes would be exempt from the transaction fees retailers are charged each time a consumer uses a credit or debit card under a bill introduced at the Colorado legislature. In what would become the first law of its kind nationally if passed, House Bill 1154 aims to trim the fees processors charge retailers for letting customers pay with plastic. Known as interchange or swipe fees, they can be as high as 3 percent of the total purchase amount, including the sales tax.

EMVCo Aims for a 'Smoother Experience' in Revised Spec for Online Payment Security

2/6/15 Digital Transactions

With the Europay-MasterCard-Visa (EMV) chip card movement well under way in the U.S. market, a key standards body is training its sights on a technology many believe could combat the fraud EMV is expected to drive to the Web. By the end of this year, EMVCo plans to have a draft specification ready for a thoroughly revised version of 3D Secure, which is better known in the e-commerce community by the trade names given it by Visa Inc. and MasterCard Inc., Verified by Visa and SecureCode, respectively.

CFPB Orders Subprime Credit Card Company to Refund \$2.7 Million for Charging Illegal Credit Card Fees

2/4/15 CFPB

The Consumer Financial Protection Bureau (CFPB) ordered Continental Finance Company LLC, a subprime credit card company based in Delaware, to refund an estimated \$2.7 million to approximately 98,000 consumers who were charged illegal credit card fees. The agency found that the company's "fee-harvester" subprime credit cards misrepresented certain fees and hit consumers with illegal charges. The order also requires the company to pay a civil penalty of \$250,000.

New Target CIO: Bull's-Eye On Innovation

2/3/15 InformationWeek

Target has named Mike McNamara, the former CIO of retailer Tesco, as its new CIO and executive VP. The move suggests Target is ready to turn its focus back to tech-driven innovation and ecommerce, having dealt with a disastrous breach of customer data in late 2013. McNamara spent 15 years with the UK-based Tesco, which is known for technology innovation, including in-store scan-as-you-shop services, extensive customer-data analytics, and supply-chain optimization. McNamara launched a Tesco innovation lab last year and chaired the company's tech office in India.

Data Breach at Health Insurer Anthem Could Impact Millions

2/4/15 KrebsOnSecurity

Anthem Inc., the nation's second largest health insurer, disclosed Wednesday that hackers had broken into its servers and stolen Social Security numbers and other personal data from all of its business lines. Given the company's size, this breach could end up impacting tens of millions of Americans. Anthem didn't specify how many consumer records may have been breached, but it did say all of the company's business units are affected.

Economy

Wells Fargo Survey: Small Business Optimism Highest in Seven Years

2/5/15 Yahoo! Finance

Small business owners report they are the most optimistic in seven years, according to the latest Wells Fargo/Gallup Small Business Index, with stronger revenues, improved cash flow and increased hiring contributing to the improvement. In the latest quarterly small business survey, conducted Jan. 5-9, the overall Index score, which measures small business owner optimism, jumped to positive 71 (+71), significantly up from +58 in November 2014 and up from +45 in January 2014. While the score is still below pre-recession levels, it is the highest it has been since January 2008 when the Index score was +83.

Small Business Economy Continues To Grow Modestly

2/4/15 Newtek

Newtek Business Services Corp., The Small Business Authority®, announced the release of the SB Authority Index of small business indicators for December 2014 which reached 129.87 points. Approved SBA lending volumes, new entity formation and the Russell Microcap Indexed the increase. The SB Authority Index is up 0.28% from November 2014. On a year-over-year comparison, the SB Authority Index is up 4.34%.

Millennials Make 2015 the Year of the Milestone

2/2/15 American Express

It's been widely reported that for many Millennials, "30 is the new 20," with many delaying major life milestones, like full-time employment, marriage and having children. However, recent data from the American Express Spending & Saving Trackers suggests that as the economy continues to recover, Millennials will make 2015 a year of major purchases and life experiences.

Payments Press

The Strawhecker Group Advises The Beekman Group in its Recapitalization of Direct Connect

TSG

The Strawhecker Group ("TSG") is pleased to announce the advisement of Beekman Investment Partners II, LP ("Beekman") in their recapitalization of Direct Connect Holdings, LLC ("Direct Connect" or the "Company"), a leading provider of credit and debit card payment processing services. Beekman partnered with Direct Connect's President and Chief Executive Officer, Matt Clyne, who will continue to lead the Company and maintain a significant ownership interest going forward.

ETA Launches Digital Currency Showcase at TRANSACT 15

2/2/15 PRNewswire

The Electronic Transactions Association (ETA), announced new digital currency features, including the centerpiece World of Bitcoin exhibit showcase, at TRANSACT 15, the payments industry's largest and most important event. ETA also announced a partnership with exhibitor BitPay that makes ETA the first trade association to accept bitcoin payments for trade show exhibition and sponsorship, association membership, and professional development programs.

MasterCard Opens New Technology Hub in India to Further Enhance Global Innovation in Digital Payments

2/4/15 MasterCard

MasterCard celebrated the official opening of a new Technology Hub in India. The facility in Pune, together with its Vadodara counterpart, represents the company's largest Tech Hub outside of the US. It will be a key part of the company's strategy to drive the development of cutting-edge payment technologies aimed at enabling a cashless world.

Digital River Expands Relationship with American Express to Enhance Payment Services in Mexico

2/3/15 The BusinessWire

Digital River, Inc., a leading global provider of Commerce-as-a-Service solutions, announced today that it has expanded its relationship with American Express to include support for fully localized American Express card purchases in Mexico. In combination with American Express, Digital River will process Mexican pesos and support consumer installment payment plans through its Digital River World Payments solution.

First Data and Capgemini Form Global Alliance to Deliver Next Generation Payment Solutions

2/5/15 First Data

First Data Corporation, a global leader in payment technology and services solutions, and Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, have formed a global alliance to develop next generation payment technology software using First Data's VisionPLUS® and AccessPLUS solutions.

Neiman Marcus, Office Depot Simplify Shopping via MasterCard Digital Wallet

2/02/15 Mobile Commerce Daily

Neiman Marcus, Office Depot and Rue La La are among the latest retailers to leverage MasterPass, MasterCard's digital wallet, and its in-application purchasing capabilities. Joining the MasterPass club means the retailers' consumers can pay for purchases with any enrolled payment card, anywhere online or in-app, using any device, eliminating the time-consuming need to enter detailed payment and shipping information with every purchase.

TransFirst Names Disman as CFO, Travis Accepts Advisory Role

2/5/15 The Green Sheet

TransFirst®, a leading provider of transaction processing services, has announced major changes to TransFirst's executive leadership team. Long-standing Chief Financial Officer, Mark Travis, has transitioned to an advisory role with the company and Nancy Disman, who joined TransFirst in 2014 as Senior Vice President for Investor Relations, has assumed the role of Chief Financial Officer.

RapidAdvance Names Jim Fink as Director of Strategic Partnerships

2/5/15 The GreenSheet

Mark Cerminaro, Chief Revenue Officer of the financial services company RapidAdvance, has announced that his company has recruited Jim Fink as Director of Strategic Partnerships. Fink, a payments industry executive with more than twenty years of experience, will be responsible for ensuring that RapidAdvance "continues to offer the services, support and flexibility that make the company the obvious choice for ISOs, ISVs

and any reseller connecting small and medium-sized businesses to working capital," Cerminaro said.

Pivotal Payments and Tender Retail partner to develop a powerful North American integrated payment solution

2/3/15 13ABC

Pivotal Payments, a leading provider of technology-driven global payment processing, today announced its partnership with Tender Retail (a division of ACCEO Solutions Inc.), one of North America's top providers of payment integration software solutions, in the development of a new EMV integrated payment service that adds simplicity and security to the retail and quick service restaurant industries, allowing both companies to reach a broader market.

Shift4 Introduces True P2PE Solution

2/3/15 Shift4

As the "year of the breach" spills over into its sixth straight quarter, merchants are in desperate need of security solutions that can actually protect them from the relentless tide of cyberattacks. Unfortunately, one of the most promising security solutions is being kept from many merchants who need it by an unnecessarily stringent standard.

ACI Worldwide Confirms Commitment to ReD Shield with Multimillion Dollar Investment Plans

2/3/15 ACI

ACI Worldwide, a leading global provider of electronic payment and banking solutions, has confirmed its commitment to the continuing development of ReD Shield®, its flagship eCommerce fraud prevention solution. The solution is central to ACI's Universal Payments (UP) omnipayments offering for leading retailers that the company supports around the globe.

The SHAZAM Network Adds Person-to-Person Payments to SHAZAMBOLT\$ Mobile App

2/4/15 Shazam

This week's update to SHAZAM BOLT\$, the mobile app offered by the SHAZAM Network, will give debit cardholders even greater access to their cash. New features include a person-to-person (P2P) money transfer service and an interactive ATM locator.

NXGEN Appoints John Barrett as President of North American Sales

2/4/15 NXGEN

NXGEN International, the payment services company, announced that John Barrett has joined the company as President of NXGEN Payment Services. Barrett brings over 20 years of sales and sales operations experience and an in-depth understanding of how to drive incremental revenue within sales, channel and customer organizations. In his new role at NXGEN, Barrett will be responsible for creating and implementing overall operations and sales strategies designed to help achieve the company's North American business objectives in the U.S. and Canada.

H&M eCommerce to Expand in 2015

2/2/15 RIS

Swedish fashion retailer H&M reported an earnings increase of 12% and sales increase of 17% for its fourth quarter, greatly attributed to its expansion in the United States and China. The quickly growing company had opened 379 stores last year - more than one per day - and has no

plans of slowing down, with another 400 locations slated to open this year. The majority of the new stores will be located in the U.S. and China, but also dabble in new markets including India, South Africa, Peru, Taiwan and Macau.

First American Payment Systems Endorsed by Community Bankers Association of Illinois

2/4/15 WKRG

First American Payment Systems has partnered with the Community Bankers Association of Illinois (CBAI) as an endorsed merchant services provider for the Association. CBAI, and its business services subsidiary Community BancService Corporation, Inc. (CBSC), is the only Illinois trade association that exclusively represents community banks.

Premier Bank's Holding Company to Acquire Nebraska City Bank

2/3/15 OWH

Premier Bancshares Inc., the bank holding company for Omaha-based Premier Bank, plans to acquire Farmers Bank and Trust of Nebraska City. Chris Maher, president and CEO at Premier Bank, told The World-Herald the deal is expected to close by March 31, pending regulatory approval. As of Sept. 30, 2014, federal filings show Farmers Bank and Trust had about \$51 million in assets.

CardFlight Announces Release Of SwipeSimple 2.0

2/6/15 The Street

CardFlight, a leader in mobile point of sale (POS) technology is announcing the release of version 2.0 of its SwipeSimple mobile application. The updated app is now available in the Google Play Store and Apple App Store.



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