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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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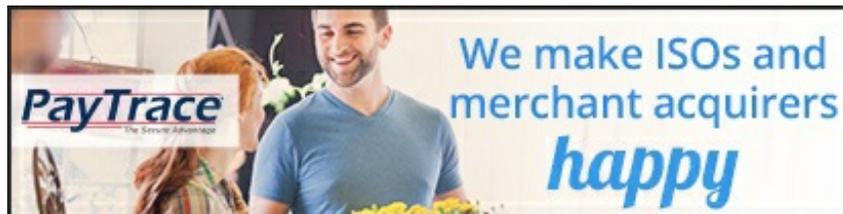
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Trending This Week...

The mobile plays continued this week as [Samsung unveiled Samsung Pay](#) at Barcelona's Mobile World Congress in conjunction with the new Galaxy phones. Samsung Pay uses a combination of NFC and magnetic stripe transmission (MST), which was pioneered by Samsung's recent acquisition - LoopPay. According to Samsung, MST promises instant compatibility with over 30M merchants worldwide.

Not to be left behind, [PayPal announced it is acquiring mobile payment startup, Paydiant](#), in a deal estimated at \$280M. PayPal, looking to grow their pitch to merchants, will utilize Paydiant's platform to offer merchant partners their own branded wallets that do more than just basic mobile payments.

[Does Apple Pay have a fraud problem?](#) Supposedly not, there is a loophole in the way some issuing banks verify credit cards before they are added to Apple Pay - which has been allowing criminals to add stolen credit cards to their iPhones.

[Don't forget to complete TSG's EMV Readiness Survey!](#)

Other highlights include:

- [The Worrying Signs for Big Banks in Fed's Stress Tests](#)
- [PayPal's Schulman Lays Out Plan to Rule the Digital Commerce World](#)
- [Natural Grocers Investigating Card Breach](#)
- [U.S. Labor Market Flexes Muscles in February](#)

Discounted eReports You May Have Missed

- [Global Retail eCommerce Market - \\$1,095](#)

[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: 1899 Bayer Patents Aspirin

On this day in 1899, the Imperial Patent Office in Berlin registers Aspirin, the brand name for a acetylsalicylic acid, on behalf of the German pharmaceutical company Friedrich Bayer & Co.

Now the most common drug in household medicine cabinets, a acetylsalicylic acid was originally made from a chemical found in the bark

- [U.S. Payments Mix - \\$895](#)
- [Key Participants in the Payments Ecosystem - \\$1,450](#)
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- [Merchant Acquiring Value Added Services - \\$990](#)

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Featured

Does Apple Pay Really Have a Fraud Problem?

3/04/15 *The Verge*

Apple Pay is being used for fraudulent activities by criminals with stolen identities and credit cards, as first reported by The Guardian. While Apple Pay encryption has not been breached, the mobile payments system has seen an increase in fraud as criminals exploit a hole in the verification process when you add a new card to Apple Pay, allowing them to add stolen credit cards to their iPhones, according to sources familiar with the situation. But the issue has more to do with the banks than with Apple itself. There is a loophole in the way some issuing banks verify credit cards before they are added to Apple Pay.

Related:

Quartz - [Apple Shirks Responsibility for Fraud Happening on Apple Pay](#)
The Wall Street Journal - [Fraud Starts to Take a Bite Out of Apple Pay](#)

Samsung Reveals Apple Pay Competitor 'Samsung Pay'

3/02/15 *The Guardian*

Samsung has announced "Samsung Pay", a collaboration with MasterCard which sees the Korean firm make a renewed attempt to establish a footing the mobile payment market. The feature will let MasterCard cardholders with a new Samsung Galaxy S6 make in-store transactions with their mobile phone, similar to existing mobile payment systems such as Google Wallet and Apple Pay. ut where those services use near-field communications (NFC) technology to make contactless payments in shops which have newer payment terminals, Samsung Pay is also compatible with older magnetic-stripe card terminals.

Related:

PC Mag - [Hands On With Samsung Pay](#)
CIO - [4 Things You Need to Know About Samsung Pay](#)

PayPal Acquires Mobile Payment Startup Paydiant

3/02/15 *Venture Beat*

PayPal announced it is acquiring mobile payment startup Paydiant. Financial details of the deal were not disclosed, though a report from Recode estimated the deal at \$280 million, which PayPal declined to confirm. Founded in 2010, Paydiant helps brands build mobile apps with their own payment system. The startup has provided its services to 9 merchant customers so far: Subway, Orange Leaf, FIS Global, Vantiv, CUWaller, Harris Teeter, Barclaycard, Capital One, and Pulse.

Related:

TechCrunch - [PayPal Buys Paydiant, The Mobile Wallet Behind CurrentC, To Raise Its Game v. Google + Apple](#)
Fortune - [Why Paydiant is Selling to PayPal](#)

The Worrying Signs for Big Banks in Fed's Stress Tests

of willow trees. In its primitive form, the active ingredient, salicin, was used for centuries in folk medicine, beginning in ancient Greece when Hippocrates used it to relieve pain and fever. Known to doctors since the mid-19th century, it was used sparingly due to its unpleasant taste and tendency to damage the stomach.

In 1897, Bayer employee Felix Hoffman found a way to create a stable form of the drug that was easier and more pleasant to take. (Some evidence shows that Hoffman's work was really done by a Jewish chemist, Arthur Eichengrün, whose contributions were covered up during the Nazi era.) After obtaining the patent rights, Bayer began distributing aspirin in powder form to physicians to give to their patients one gram at a time. The brand name came from "a" for acetyl, "spir" from the spirea plant (a source of salicin) and the suffix "in," commonly used for medications. It quickly became the number-one drug worldwide.

[Click here to read more.](#)

3/05/15 American Banker

The Federal Reserve Board announced Thursday that all 31 banks that took the Dodd-Frank Act Stress Test this year held enough capital to withstand a severe recession, a positive sign that the industry hailed as proof the days of the crisis are far behind them. But several of the largest institutions were also teetering on the edge of the leverage and risk-based capital requirements, suggesting that they may have to adopt more conservative capital plans in order to pass the Fed's more comprehensive stress test, the results of which are scheduled to be released on March 11.

EMV Market Readiness Survey

Are you ready for EMV?

By October 2015, merchants will either have to upgrade their terminals to EMV or risk being liable in the event of POS fraud. Just how ready are merchants in the U.S.?

In the months leading up to the deadline, TSG will be surveying the marketplace to measure overall readiness levels and to identify the hurdles faced and the decisions being made for EMV implementation.

[Click here to complete TSG's survey.](#)



Mobile Payments & Bitcoin

PayPal's Schulman Lays Out Plan to Rule the Digital Commerce World

3/05/15 Finextra

Incoming chief Dan Schulman has set out his vision for turning PayPal from a button on a website into the operating system for digital commerce. Schulman, who joined PayPal from American Express and is currently working under the title of president and CEO designee ahead of the firm's spinoff from eBay, told investors at a Morgan Stanley conference in San Francisco that he wants PayPal to become more than just a buy button on websites.

Samsung Pay vs. Apple Pay: There's a Difference

3/05/15 CNET

Not even a year after the launch of Apple Pay, Samsung revealed its own mobile payment solution, launching Samsung Pay at Mobile World Congress in Barcelona. The announcement wasn't a surprise – clues hinting at a payments play surfaced when the company announced its acquisition of LoopPay in February. Though it sounds and acts a lot like Apple Pay, the two services aren't the same. Here's what we know.

Android Pay Is Real, And Will Give Developers The Reins As An API

3/02/15 TechCrunch

Google's Sundar Pichai essentially used today's Mobile World Congress keynote to let the cat out of the bag for a whole host of interesting Google projects, including Android Pay, a new mobile payments framework that will look to succeed where Google Wallet failed. This time, they'll be mostly leaving the apps themselves to developers, and Android Pay is intended primarily as a developer tool made available via API, rather than a centralized app like Apple Pay, for instance.

Cryptocurrency Technology Set to Shake Up Correspondent Banking

3/03/15 BTN

If banks can't beat cryptocurrencies, they might as well join them. That seemed to be the consensus at a Tuesday panel on correspondent banking sponsored by The Society for Worldwide Interbank Financial Telecommunication. The multistep correspondent-banking model is being transformed by new entrants touting faster, cheaper services thanks to cryptocurrency technology, panelists said. They urged financial institutions to consider what they can learn from Bitcoin as well as digital currency developers like Ripple Labs and Stellar Development Foundation.

Pizza Hut, Visa Experimenting With In-Car Ordering

3/03/15 PC Mag

Pizza Hut has taken a break from stuffing artery-clogging goodness into the crusts of its pizza to work on some new technology. The pizza maker is working with Visa and tech consultancy Accenture to develop a concept car that will test mobile online purchases on the go. Visa Checkout would be integrated into a car's dashboard for in-car purchases, like that pizza you want to pick up on the way home. Place your order via voice to make sure your eyes stay on the road.

Former Netscape Director Launches Bitcoin Remittance App Abra

3/04/15 CoinDesk

Bill Barhydt, the entrepreneur and former Netscape director who is credited with giving the first TED Talk on bitcoin, has debuted a bitcoin venture called Abra. The announcement, which came on the final day of Launch Festival 2015, ends seven months of silence for the stealth project. Barhydt previously founded mobile banking startup Boom Financial, which raised \$17m in 2012, and WebSentric, one of the first online meeting services.

Regulation & Security

Mandarin Oriental Credit Card Breach: Morgan Freeman, Kevin Spacey and Lucy Liu Could Be Affected

3/05/15 International Business Times

The Mandarin Hotel Group has confirmed it is investigating a security breach that could have affected the credit cards of many top celebrities and other high-flying guests around the world. The luxury hotel chain has two dozen hotels around the world in major cities such as London, Paris, New York, Barcelona, Hong Kong, Shanghai and Macau.

Natural Grocers Investigating Card Breach

3/02/15 Krebs on Security

Sources in the financial industry tell KrebsOnSecurity they have traced a pattern of fraud on customer credit and debit cards suggesting that hackers have tapped into cash registers at Natural Grocers locations

across the country. The grocery chain says it is investigating "a potential data security incident involving an unauthorized intrusion targeting limited customer payment card data." Natural Grocers emphasized that it "has received no reports of any fraudulent use of payment cards from any customer, credit card brand or financial institution."

EMV Migration: The Merchants Fight Back

3/02/15 Bank Info Security

U.S. banks and credit unions say they're waiting for U.S. merchants to take payments security more seriously. While they agree card security is a shared responsibility, they argue that they, not merchants, have for far too long paid the price for breaches that result in the compromise of card data. But merchants see it differently. And last week during Information Security Media Group's Fraud Summit Los Angeles, representatives from two national retail associations had an opportunity to share their perspectives.

Bill to Stop Interchange Fees on Sales Tax Killed

3/05/15 The Denver Post

A bill that originally aimed to stop banks and credit card issuers from charging interchange fees on the sales-tax portion of a purchase drew no less ire from the financial-services industry when Colorado legislators instead suggested a study about the issue. Bankers called a proposed study of interchange fees "biased" and "unfair" because the outcome, they testified Wednesday, appeared to be predetermined toward legislating the interchange fees.

Economy

U.S. Labor Market Flexes Muscles in February

3/06/15 Reuters

U.S. employment accelerated in February and the jobless rate fell to a more than 6-1/2 year low of 5.5 percent, signs that could encourage the Federal Reserve to consider hiking interest rates in June. Nonfarm payrolls rose 295,000 last month after rising 239,000 in January, the Labor Department said on Friday. The decline in the unemployment rate from 5.7 percent in January took it to its lowest level since May 2008

What the Fed's 2009 Transcripts Reveal About Its Handling of the Recession

3/04/15 The New York Times

The Federal Reserve on Wednesday offered a new window on its response to the Great Recession, publishing complete transcripts of the 11 policy-making meetings held by Fed officials during 2009. In the early months of that year, the Fed pressed ahead with the bold measures it had initiated in 2008 to arrest the financial crisis. By summer it had largely succeeded, and economists would later determine that the economy stopped shrinking in June. Officials then began to grapple with how the Fed could best support and hasten a recovery.

U.S. Finance Executives are Among World's Most Optimistic, According to Eighth Annual American Express Survey of Global Finance Leaders

3/04/15 American Express

The U.S. is expected to continue its recovery from the global recession, but it may not have as much company, according to a new study from American Express. Seven in ten U.S. finance executives report that their companies' revenues are higher now than a year ago, and U.S. finance

leaders rank among the most optimistic in the world, with 83% predicting economic expansion. Finance executives' confidence in the U.S. economy has grown each year for the last three years, and the current level represents a high-water mark for U.S. companies over the entire eight years of the survey.



Payments Press

Costco Enters Into a Long Term Co-Brand Credit Card Agreement With Citi and an Acceptance and Co-Brand Agreement With Visa

3/02/15 Costco

Costco Wholesale Corporation announced it has entered into a new co-brand credit card program agreement with Citi and an acceptance and co-brand incentive agreement with Visa. The implementation of these agreements is subject to the purchase of the existing co-brand credit card portfolio by Citi. Under the terms of the agreements, Citi, the world's largest issuer of consumer credit cards, would become the exclusive issuer of Costco's co-brand credit cards and Visa will replace American Express as the credit card network for Costco in the United States and Puerto Rico beginning April 1, 2016.

MasterCard CMO on New Mobile 'Priceless Surprises' and Apple Pay

3/04/15 Ad Age

MasterCard is moving into the mobile ad business. A year ago, the financial company revamped its established campaign with "Priceless Surprises," a social effort that gave customers spontaneous treats, beginning with a Justin Timberlake appearance. On Wednesday, MasterCard unveiled round two: a new app, built with mobile-ad network Kiiip, that lets advertisers reach MasterCard's consumers through smartphone push notifications.

Citi and MasterCard Sign New Global Agreement That Expands Relationship

3/04/15 MarketWatch

Citigroup and MasterCard announced that the companies have signed a new and expanded 10-year agreement. Citi will begin aligning the company's consumer proprietary credit and debit portfolios to the MasterCard network in 2015. Citi will continue to work with other networks, including on consumer co-brands and commercial cards. "Citi is an important partner and the world's largest credit card issuer, operating in the fastest-growing markets," said Ajay Banga, president and CEO, MasterCard.

Majority Of Business Owners Not EMV Ready

3/05/15 Newtek

Newtek Business Services Corp. announced the findings of its SB Authority Market Sentiment Survey, a monthly window into the concerns of independent business owners. Based on a poll of over 990 respondents, the key finding from the February survey is 71% of business

owners were not aware that by October of 2015, Visa and MasterCard will hold the merchant responsible for credit card fraud if they do not have an EMV compliant terminal.

Visa Says We're All Going to Have Internet-Connected Fridges in the Future

3/04/15 Business Insider

Soon we're all going to be buying things with our fridge. That's what Jonathan Vaux from Visa says, at least. We met with Vaux, an executive director at Visa Europe during the Mobile World Congress in Barcelona. "Your fridge will have a payment capability," he said. "People are immediately associating [Samsung Pay] with the phone, but they're the biggest provider of white goods and so I will have a fridge, I'm sure, that will have connected payments in it."

Heartland Acquires Payroll 1

3/02/15 Heartland Payment Systems

Heartland Payment Systems, announced it has acquired privately held Payroll 1, a provider of comprehensive payroll and tax filing products and services for employers in diverse industries throughout the United States.

Established in 1986, Payroll 1 helps employers with their payroll essentials including complete, prompt and accurate data entry; payroll reports and tax returns; online access to human resources data; employee payment options; payroll tax services; and various integration options.

Elavon's Simplify Application Makes Payment Security for Mid-to-Large Size Businesses Simple

3/03/15 Elavon

Elavon, a leading global payments provider and subsidiary of U.S. Bancorp, now offers EMV with its Simplify payment application. The application is pre-certified for EMV prior to the October 1, 2015 liability shift deadline, when non-EMV-enabled businesses and card issuers will assume responsibility for any fraud that occurs. EMV, or "Europay MasterCard Visa," is a globally accepted card standard that uses an embedded microchip to provide unique data protection when the card is inserted into a chip-card reader.

Powa, Merchants' Choice Team to Pitch Mobile POS to More Merchants

3/04/15 ISO & Agent

Merchants' Choice Payment Solutions and Powa Technologies have teamed up to launch an integrated tablet-based point of sale system in a bid to meet demand for tablet-based payments. The partnership will bring together Powa's PowaPOS retail payments platform and MCPS's new Foundry POS application, according to a March 4 press release. The Phoenix Group, an independent distributor, will supply merchants with the product.

Apple Reveals One of the Systems behind Passbook and Apple Pay

3/05/15 Patently Apple

The U.S. Patent & Trademark Office published a patent application from Apple that relates to the management of movement states of an electronic device and, more particularly, to the management of movement states of an electronic device using data from a pass application, such as Apple Pay within Apple's Passbook. Apple makes the use of Passbook and Apple Pay look so easy, and it is. Yet behind this simplicity is a very complex set of technologies to ensure that Apple's

Passbook is transmitting and receiving the right information, especially for an app as important as Apple Pay.

Capital One Launches \$150 Million Initiative to Help More Americans Succeed in a Digital Economy

3/05/15 BusinessWire

Capital One announced it will focus \$150 million in community grants and initiatives over the next five years to help empower more Americans to succeed in an ever-changing digitally-driven economy. With its new Future EdgeSM initiative, Capital One will collaborate with leading educational and community organizations across the country to address areas of critical need that impact the nation's current and future ability to grow and prosper in the digital age.

Sage Announces Two New Appointments to Its North American Executive Team

3/02/15 MarketWired

Sage North America, a leading provider of business management software and services to small and medium-sized businesses, today announced the appointments of Paul Bridgewater as CEO of Sage Payment Solutions, and Jim Emerick as executive vice president of customer support. Both will report to President and CEO Pascal Houillon.

Calpian, Inc. Appoints Chris Anderson President of Calpian Commerce, Inc.

3/03/15 BusinessWire

Calpian, Inc., a global mobile payments technology and processing company, announced the appointment this week of Chris Anderson as president of its subsidiary Calpian Commerce, Inc., effective immediately. Anderson previously served as chief financial officer of Calpian Commerce, a role he held since September 2013, in addition to SVP of finance for Calpian, Inc., a title he will retain in his new role.

The Bancorp Finds Commercial Lending Exit, Prepaid Focus Challenging

3/03/15 SNL

The Wilmington, Del.-based company and unit The Bancorp Bank are moving from traditional commercial lending toward a strategy increasingly dominated by specialty lending and the prepaid reloadable card business, as they believe those operations offer better risk-adjusted returns. The third-quarter 2014 decision to exit commercial lending came after the stock took dramatic hits in the second quarter. As The Bancorp tried to transition, it faced roadblocks stemming from a June 2014 consent order that forced the bank to post a quarterly loss and has cost the bank millions to date.

Bluefin Teams with Small Business Workbench

3/03/15 The Green Sheet

Bluefin Payment Systems, the leading provider of card present secure payment technology for Independent Software Vendors (ISVs), enterprises, financial institutions, and small to medium-sized businesses, and Small Business Workbench® an easy-to-use online cash forecasting tool bundled with working capital apps designed specifically for small businesses, have partnered to provide Bluefin's PayConex and QuickSwipe PCI-validated Point-to-Point Encryption (P2PE) solutions to Small Business Workbench® clients.

Global Payments' Integrated Solutions Division,

OpenEdge, Secures Partnership with New West Technologies for Integration to Microsoft Dynamics AX

3/04/15 BusinessWire

Global Payments Inc., one of the largest worldwide providers of payment solutions, is pleased to announce an agreement between its integrated solutions division, OpenEdge, and New West Technologies to integrate Microsoft Dynamics AX with payment processing for multi-location retail operations. With Microsoft Dynamics AX, New West has positioned itself to offer an omni-channel solution to its retail customers.

CARDFREE Signs Exclusive Deal with Bluedot Innovation for Its High Precision Location Services to Enable Offers

3/05/15 Yahoo! Finance

CARDFREE, the leading mobile commerce provider to large merchants, announced that it has entered into an exclusive agreement to use Bluedot Innovation's revolutionary location services technology in restaurants in the U.S. Bluedot Innovation is enabling a new generation of location-based commerce through its cutting-edge technology that delivers 20x the precision of competing products. It offers the maximum achievable precision of GPS but without the battery drain usually experienced or the need for new hardware, such as beacons or sensors.

ACI Worldwide and STS PayOne Partner to Provide ePayment and Fraud Prevention Services to the Middle East

3/02/15 ACI Universal Payments

ACI Worldwide, a leading global provider of electronic payment and banking solutions, and STS PayOne, a leading regional provider of ePayment solutions and services in Middle East and Africa, have announced a high-value, integrated solution that combines the market-leading ACI ReD Shield® fraud prevention solution with the ePayment Gateway services offered by STS PayOne.

Ingenico Mobile Solutions Launches Industry's First mPOS Solution Enabling NFC Acceptance of Apple Pay, MasterCard, Contactless, and Visa payWave

3/02/15 Ingenico

From the 2015 GSMA Mobile World Congress conference in Barcelona, Ingenico Mobile Solutions, the global reference in mobile payment acceptance, unveiled the industry's first audio-jack based NFC/contactless mobile card acceptance solution with support for Apple Pay, MasterCard contactless and Visa payWave.

Mercury Team Wins Stevie Award for Customer Service

3/03/15 Vantiv

Mercury Payment Systems, a Vantiv company and a provider of payments technology and services for small- and medium-sized businesses (SMBs), was awarded a Bronze Stevie award in the "Front-line Customer Service Team" category during the ninth annual Stevie Awards for Sales & Customer Service. Last year, Mercury took home the Bronze award in the same category. The Stevie Awards for Sales & Customer Service are the world's top sales awards, business development awards, contact center awards, and customer service awards. The awards were presented to honorees during a gala banquet on Friday, February 27 at the Bellagio in Las Vegas.

MyLife Increases Payment Conversion Rates After Switching to BlueSnap

3/03/15 PR Newswire

Global payment gateway BlueSnap announced that MyLife, the leading service for protecting reputations and privacy, has increased payment conversion rates significantly since implementing BlueSnap in January 2015. The switch to BlueSnap has allowed MyLife to increase initial and recurring revenue. MyLife empowers people to discover, remove and monitor private information that has been published on the web.

Line Partners with CyberSource to Enhance Mobile Payments

3/03/15 Mobile Payments Today

CyberSource, a Visa Inc. company, today announced a strategic partnership with Line Corp., a Japan-based Internet services and mobile app company. This agreement will allow Line, a mobile messenger service app, to enhance its mobile payment service Line Pay, according to a press release. Line said in the announcement that the partnership will allow it to leverage CyberSource's payment management platform to enable its full suite of payment and fraud management services for Line Pay.

Cardtronics Launches ATMpass

3/03/15 Cardtronics

Cardtronics, Inc., the world's largest retail ATM owner / operator, has launched ATMpass, a membership program that gives consumers surcharge-free cash access at thousands of participating ATM locations. ATMpass was developed to give consumers the freedom to choose convenient ATM cash access, independent of their financial institution's ATM network. With an ATMpass membership, users can obtain surcharge-free cash on-the-go at premier retailers where they already shop, saving time and money.

Blackhawk Network Announces New Market-Leading Features for its Digital Services Platform

3/04/15 Blackhawk Network

Blackhawk Network, Inc., a leading prepaid and payments network, announced it has expanded its digital services platform to provide additional market-leading features to meet consumers' gift card needs. The digital services platform is now enabled with exchange services, which allows users to instantly sell their retail, restaurant and a large variety of other brands' gift cards.



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