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THE STRAWHECKER GROUP  
The Trusted Advisor To The Payments Industry



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## Trending This Week...

Amid talks of methods to enhance security, and the ongoing shift to EMV, [Verizon released their PCI Compliance report this week.](#)

The report revealed that only 20% of businesses surveyed were PCI compliant, illustrating that the theft of payment card data and other personal information continues to span numerous industries throughout all international markets.

In mobile news, [Square acquired Kili Technology](#), a payment processing company headquartered in Canada. This acquisition is said to provide Square the tools to be able to roll out a mobile card reader that accepts multiple forms of contactless payments sooner rather than later. Meanwhile, [Apple continued to add new merchants](#) to Apple Pay including Jamba Juice and Office Max.

Other highlights include:

- [Outsider No More: ETA President Rossi Signals a Shift in the Industry](#)
- [Apple Pay: Bridging Online and Big Box Fraud](#)
- [Why March 10 Was a Big Day for Bitcoin](#)
- [EU Parliament Backs Cap on Card Processing Fees](#)
- [Here's What Shopping With Apple Watch Will Look Like](#)

## Recent Popular TSG eREPORTS:

- [Global Retail eCommerce Market](#) - \$1,095
- [U.S. Payments Mix](#) - \$895
- [Key Participants in the Payments Ecosystem](#) - \$1,450
- [Merchant Cash Advance Overview](#) - \$1,650
- [Merchant Acquiring Value Added Services](#) - \$990

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[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](#)

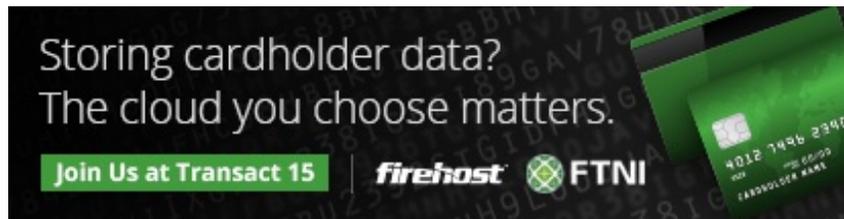
## This Day in History: 1942

### U.S. Army Launches K-9 Corps

On this day in 1942, the Quartermaster Corps (QMC) of the United States Army begins training dogs for the newly established War Dog Program, or "K-9 Corps."

Well over a million dogs served on both sides during World War I, carrying messages along the complex network of trenches and providing some measure of

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



## Featured

### [Verizon: Breaches Are Pervasive Worldwide](#)

*3/12/15 Bank Info Security*

Although breaches of U.S. retailers are widely reported, a new study shows that increases in the theft of payment card data and other personal information span numerous industries in all international markets. Verizon's PCI Compliance Report, now in its fourth year, also shows that while compliance with the Payment Card Industry Data Security Standard has been more of a focus in the last 16 to 24 months for U.S. merchants, maintaining compliance poses increasing challenges for all global industries, says Franklin Tallah, executive consultant of compliance and governance services at Verizon Enterprise Solutions.

### [Outsider No More: ETA President Rossi Signals a Shift in the Industry](#)

*3/09/15 ISO & Agent*

Debra Rossi is taking on the presidency of the Electronic Transactions Association at a time of profound change in the acquiring industry. That change is reflected in the ranks of the organization Rossi now helms. The ETA is now welcoming of the large tech companies its members once considered outsiders or even competitors. Though this change may be unsettling to many ETA members, it's all too familiar to Rossi.

### [Square Acquires Canadian Payments Company Kili](#)

*3/11/15 Venturebeat*

Square announced it's acquired Kili Technology, a payment processing company headquartered in Toronto, Canada. In a blog post announcing the deal, Square details its rationale: "The payments landscape is changing faster than ever - from EMV to NFC," Square said. "That's why we've acquired Kili Technology, a company that has developed silicon, electronics, and software that simplify and optimize payment processing."

### [Apple Pay: Bridging Online and Big Box Fraud](#)

*3/11/15 Krebs on Security*

Lost amid the media firestorm these past few weeks about fraudsters turning to Apple Pay is this stark and rather unsettling reality: Apple Pay makes it possible for cyber thieves to buy high-priced merchandise from brick-and-mortar stores using stolen credit and debit card numbers that were heretofore only useful for online fraud.

### [Here's What Shopping With Apple Watch Will Look Like](#)

*3/13/15 Forbes*

Are you comfortable paying for your weekly grocery shop with a mere wave of the wrist? You'll be able to in a few short weeks when the Apple Watch makes its much-hyped debut.

psychological comfort to the soldiers. The most famous dog to emerge from the war was Rin Tin Tin, an abandoned puppy of German war dogs found in France in 1918 and taken to the United States, where he made his film debut in the 1922 silent film *The Man from Hell's River*. As the first bona fide animal movie star, Rin Tin Tin made the little-known German Shepherd breed famous across the country.

In the United States, the practice of training dogs for military purposes was largely abandoned after World War I. When the country entered World War II in December 1941, the American Kennel Association and a group called Dogs for Defense began a movement to mobilize dog owners to donate healthy and capable animals to the Quartermaster Corps of the U.S. Army. Training began in March 1942, and that fall the QMC was given the task of training dogs for the U.S. Navy, Marines and Coast Guard as well.

[Click here to read more.](#)

If you move your Apple Watch-wearing hand anywhere near a store's payment terminal, mobile wallet system Apple Pay will activate automatically, using your primary credit card to pay for your purchases.

## **Campaign Pushes for U.S. Adoption of Chip & PIN**

*3/09/15 Finextra*

A campaign designed to put pressure on US card issuers to embrace chip and PIN, rather than just chip and signature, technology has been launched. America is finally making the shift from magstripe-based payments to EMV, with the card firms setting a deadline of this October for retailers to upgrade their POS hardware. However, unlike in Europe, banks do not have to issue PINs with the new chip cards, meaning customers can sign for in-store purchases.

## **Shoppers Favor Retailers That Accept Mobile Wallets-And Punish Those That Don't**

*3/12/15 Digital Transactions*

While big-time companies like Apple Inc., Google Inc., and Samsung Electronics Co. prepare to battle it out for control of mobile payments, evidence is emerging that consumers may be strongly inclined to reward merchants that accept mobile wallets and punish those that don't. Some 30% of consumers are using a mobile wallet for payment, according to a January survey.

## **LAST CHANCE: 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**

## **Reports of Plastic Card Extinction Are Greatly Exaggerated**

*3/12/15 Bank Think*

Apple Pay, Google Wallet, Samsung Pay and PayPal are just a few of the solutions which financial technology commentators predict will bring about the downfall of cash and the plastic card. Others predict cashless and plastic-free societies by 2025. But such prophecies are greatly exaggerated. This month, the Smart Payment Association published statistics revealing that a staggering 1.5 billion smart payment cards were shipped globally in 2014.

## **Samsung to Waive Fees for Mobile Payment Service**

*3/10/15 Business Korea*

Samsung Electronics, which is gearing up to launch its own mobile payment service in Korea and the U.S this summer, has decided not to collect fees on Samsung Pay to help dominate the rapidly-growing mobile payments market. Samsung's move appears to be aimed at securing new markets related to mobile payments, rather than putting a halt on its market expansion by demanding 0.0015 percent fees.

### **Why March 10 Was a Big Day for Bitcoin**

*3/11/15 Fortune*

Three bitcoin startups announce funding and big-name backers, on the same day that the price hits a new benchmark. If January 4, on which the second-largest bitcoin exchange BitStamp was hacked to the tune of \$5 million, was bitcoin's "Bloody Sunday," you could call March 10 its Fat Tuesday.

### **Apple Adds 14 New Merchants to Apple Pay Website Including Jamba Juice and Office Max**

*3/10/15 Apple Insider*

Apple quietly announced the new Apple Pay retail partners in a recent change to the payment service's informational webpage, which now lists a total of 61 supporting stores. The updated list now includes Bashas', Coca-Cola Vending, Dan's Fresh Market, Dick's Fresh Market, Fudruckers, Jamba Juice, Jersey Mike's, JetBlue, Lin's Fresh Market, Maceys, Office Max, Pep Boys, Regal Cinemas and Walt Disney World. CEO Tim Cook highlighted Coca-Cola's vending machines during yesterday's event as a "cool and convenient" place to use Apple Pay. The beverage giant currently operates 40,000 Apple Pay-compatible machines and plans to bring that number to 100,000 by the end of 2015.

### **How Apple Pay Is Supposed to Work on the Apple Watch**

*3/09/15 Recode*

When Apple first unveiled its mobile payment system called Apple Pay last year, the company said it would work with the iPhone and the forthcoming Apple Watch. Today, Apple unveiled more information about the Apple Watch, including more details on the Apple Pay functionality. Here's how Apple Pay is supposed to work on the Apple Watch.

### **Bloggers Attack Reports of Apple Pay Fraud**

*3/09/15 FierceRetailIT*

Bloggers are fighting back against reports of Apple Pay fraud. Last week, many prominent media sources, including the Guardian, the Wall Street Journal and FierceRetailIT, reported on statements by an Experian executive that Apple Pay fraud is "rampant." The bloggers are questioning the extent of the fraud, the reliability of the evidence supporting the contention and how clearly it was reported that Apple Pay itself is not responsible.



## **Regulation & Security**

### **Operation Choke Point: Plaza Bank Becomes Third to**

## Settle

3/12/15 WSJ

Irvine, Calif.-based Plaza Bank reached a \$1.2 million settlement with the Justice Department Thursday, resolving allegations it failed to stop a scam operator who withdrew money from customers at other banks. The civil settlement is the third public case in a federal probe known as Operation Choke Point, an effort designed to force banks to take more responsibility for monitoring the activities of customers deemed to be a high risk of fraud.

## European Parliament Backs Cap on Card Processing Fees

3/10/15 BBC

The European Parliament has backed a deal to cap the fees retailers pay to process debit and credit card transactions, which EU officials say will mean savings for customers. Use of credit and debit cards in Europe is continuing to grow. There are currently 760 million payment cards in circulation in the EU, which works out at about 1.5 per person.

## NEXTEP, a POS Systems Provider, is Investigating a Possible Breach

3/09/15 SC Magazine

Michigan-based provider of point-of-sale devices, NEXTEP SYSTEMS, is investigating a possible security compromise of customer systems, according to a statement emailed to SCMagazine.com on Monday by Tommy Woycik, president of NEXTEP SYSTEMS. "NEXTEP was recently notified by law enforcement that the security of the systems at some of our customer locations may have been compromised," according to the statement.

## Tech CFOs Boost Spending on Cybersecurity: Report

3/05/15 CIO Journal

Chief financial officers at technology companies have increased security spending in the past year as they buy up new security tools and develop ways to respond to breaches. It highlights the CFO's growing role the cybersecurity discussion, and the realization that adequate cybersecurity requires more robust tools. Out of 100 U.S. technology CFOs surveyed by accounting firm BDO USA LLP, 67 said they've increased spending on cybersecurity measures in the past 12 months

## Are Remotely Managed Point of Sale Devices Safe? Risks Exposed by Hackers

3/13/15 The PointofSale News

The recent news of 5,800 fuel tank monitoring systems being hacked, commonly known as Automated Tank Gauges (ATGs), has highlighted the risks posed by remotely managed devices on corporate network security. ATGs are classic examples of this, and are used at most of our nations' convenience stores to manage fuel inventories and protect against spills. They have also proven to be convenient entry points into corporate networks.



## [U.S. Retail Sales Fall in February, Weather Likely a Factor](#)

3/12/15 CNBC

U.S. retail sales unexpectedly fell for a third straight month in February likely as harsh weather kept consumers from automobile showrooms and shopping malls, which could hurt growth prospects for the first quarter. The Commerce Department said on Thursday retail sales dropped 0.6 percent after declining 0.8 percent in January.

## [First Data Reveals Consumer Spending Impact from Record-Breaking Boston Snow Storms](#)

3/11/15 First Data

Boston has been under a deep freeze this winter and so has consumer spending according to a new SpendTrend® report released today by First Data Corporation, the global leader in payment technology and services solutions. While fair weather and an improving economy brought higher sales elsewhere, the analysis of more than 25,000 local Boston merchants showed a drastic drop of 6.2% in overall spending during the period of historic blizzards of January and February. Nationally, consumer spending increased 1.5% during the same time period.

## [Jobless Claims Drop 36,000 to 289,000 Labor Market Stable](#)

3/12/15 MarketWatch

Just one week after spiking to a 10-month high, the number of people applying for unemployment benefits sank below the key 300,000 mark in early March, a reassuring sign that the U.S. labor market remains on the mend. Initial jobless claims fell by 36,000 to 289,000 in the seven days extending from March 1 to March 7, the Labor Department said Thursday, reversing a sharp uptick last month that was likely triggered by a spate of bad weather. New claims had jumped at the end of February to the highest level since last May.



## [Payments Press](#)

## [NACHA's Payments Innovation Alliance Releases White Paper: "Leveraging the Mobile Channel for ACH Payment Innovation"](#)

3/10/15 NACHA

NACHA-The Electronic Payments Association® announced today that its Payments Innovation Alliance released a white paper, "Leveraging the Mobile Channel for ACH Payment Innovation." The paper asserts that the payments industry and its embrace of mobile stand at an important crossroad. The increasing use of mobile devices by consumers and corporates, the steady introduction of new mobile point-of-sale solutions, and the advancement of the ACH Network together make mobile an important option for moving money and payment information.

## [Global Payments and Discover Financial Services Announce Streamlined Card Acceptance on the Discover Global Network in Canada](#)

*3/12/15 Global Payments*

Global Payments Inc., a leading worldwide provider of payment technology services, and Discover Financial Services announced a streamlined acceptance solution for Discover cards for merchants in Canada. The new program will simplify acceptance of Discover, Diners Club International, PULSE and affiliated network cards for Global Payments' Canadian merchants, offering a comprehensive solution which provides value by offering a single statement.

### **PayPal Establishes New Security Center**

*3/10/15 PayPal*

Security has always been a top priority at PayPal. For more than 15 years, we've been committed to keeping millions of people's money safer online. While we have industry-leading fraud models and verification techniques, and a world-class security team, we're always looking for ways to make our systems even more secure to stay well ahead of cybersecurity threats.

### **PinPoint Rewards Integrates with Clover POS System**

*3/10/15 The Green Sheet*

Few businesses can benefit more from effective customer loyalty programs than small and mid-size businesses, who typically get a sizeable portion of their business from repeat customers. But highly effective loyalty programs have typically been too expensive for many such businesses to deploy, and too complicated to manage. Thanks to Clover POS and PinPoint Rewards, that has now changed.

### **TSYS Named as a 2015 World's Most Ethical Company by the Ethisphere Institute**

*3/09/15 TSYS*

TSYS announced that it has been recognized by the Ethisphere Institute, the global leader in defining and advancing the standards of ethical business practices, as a 2015 World's Most Ethical Company. The World's Most Ethical Companies designation recognizes those organizations that have had a material impact on the way business is conducted by fostering a culture of ethics and transparency at every level of the company.

### **Intuit Integrates with Bigcommerce, Shopify in eCommerce Push**

*3/12/15 ZDNet*

Financial services and accounting software giant Intuit is looking to increase its ecommerce presence amongst small merchants. The company announced that it has integrated QuickBooks Online with the ecommerce platforms of Shopify and Bigcommerce. In similar fashion to previous Intuit partner integrations, the connections to Shopify and Bigcommerce focus on automating expense tracking and bookkeeping, while at the same time creating a data-driven picture of business performance.

### **KeyBank Hopes Financial Health Scores Get Clients' Number**

*3/09/15 BTN*

KeyBank customers have a new way to track their financial health: the Cleveland bank will be publishing scores meant to show them how they are doing financially and how they stack up to their peer groups. The new stats, which are not credit scores, are a result of KeyBank's new exclusive partnership with HelloWallet, a provider of guidance on personal financial matters.

## **Merchants' Choice Payment Solutions (MCPS) and Womply Partner to Offer Foundry Business Insights**

*3/10/15 PRWeb*

Merchants' Choice Payment Solutions (MCPS) and Womply have partnered to launch Foundry Business Insights, the market leading platform enabling merchants to grow and protect their businesses™. Running a small business is a challenging and demanding endeavor that requires hundreds of decisions every day. Foundry Business Insights presents an opportunity for merchants to truly differentiate how they manage their business by simplifying, consolidating, and presenting the data merchants need to drive their daily decisions.

## **Heartland Payment Systems Collaborates with BitPay**

*3/10/15 BitPay*

BitPay has worked hard to build and leverage partnerships with existing payment processing networks. These networks are a key to driving widespread bitcoin adoption because we are able to reach large groups of businesses through each partnership. We are announcing today the establishment of a new referral partnership with Heartland Payments Systems.

## **McDonald's and MasterCard Announce Three-Year Strategic Collaboration Across Middle East and Africa**

*3/09/15 MasterCard*

MasterCard and McDonald's today announced a strategic collaboration to introduce innovative electronic payment solutions at McDonald's restaurants in UAE and across other key markets in the Middle East and Africa. The announcement, which highlights the iconic quick-service brand's ongoing commitment to convenience, aims to leverage the power of both brands to bring customers innovative payment solutions that are safe, simple and secure.

## **NCR Puts Security First for Retailers, Certifies Connected Payments for PCI 3.0 Ahead of Schedule**

*3/12/15 MarketWatch*

NCR Corporation, the global leader in consumer transaction technologies, today announced that its payment security solution, NCR Connected Payments, has achieved PCI-DSS 3.0 certification, nearly one year ahead of the required deadline for North America. The PCI-DSS 2.0 specification is set to expire at the end of 2015. NCR completed its 3.0 certification early based on demand from its retail customers in order to ensure the latest specifications and best-in-class security standards are incorporated into the solution.

## **TGI Fridays Extends Use of Verifone's Payment as a Service for 'Pay at the Table'**

*3/11/15 BusinessWire*

Verifone announced that TGI Fridays UK, the popular American-style restaurant chain, has completed a payment system upgrade for its restaurants after renewing its contract to continue using Verifone's Payment as a Service, which bundles payment hardware, software, gateway and support services into a single integrated solution.

## **Financial Institutions Can Meet Growing Demand for Mobile Banking Among Small and Mid-Sized Businesses with New Mobiliti Business from Fiserv**

*3/11/15 Fiserv*

Fiserv, Inc., a leading global provider of financial services technology solutions, announced the availability of Mobiliti Business™, a comprehensive, secure and easy-to-use mobile banking solution designed to meet the unique needs of business banking users. Mobiliti Business delivers mobile banking and payment services to small and mid-sized businesses via downloadable apps for iPhone® or Android™ devices.

### **Cardtronics Expands to Poland**

*3/12/15 Nasdaq*

Cardtronics, Inc. announced expansion of its European presence into Poland, partnering with Shell Poland as its first customer in this new geographic market. Cardtronics is the world's largest retail ATM owner / operator. This new ATM services arrangement in Poland with Shell - with which Cardtronics has a global relationship - calls for Cardtronics to initially operate at least 50 ATMs at key service stations across the country.

### **NMI Launches Payments Enablement Platform for VARs and ISVs**

*3/09/15 NMI*

NMI, a leading provider of e-commerce payment gateway enablement technology for Independent Sales Organizations (ISOs), today announced the expansion of its payments enablement platform for the Value Added Reseller (VAR) and Independent Software Vendor (ISV) markets. NMI's payments enablement platform technology allows web and mobile application developers, shopping carts, domain registrars, hosting providers and Customer Relationship Management (CRM) solutions or any e-commerce solution providers to offer their own branded payment gateway services as part of their product and service offerings.

### **Visa Issues Millennial Marketing Challenge to Startups at SXSW**

*3/10/15 AdAge*

Visa will enlist the startup world for answers to some of its biggest marketing challenges in a competition that will kick off at SXSW this week. Dubbed the "Everywhere Initiative," after Visa's "Everywhere you want to be" platform, the competition aims to get fresh perspectives on key business initiatives like reaching the millennial market. The competition is part of a broader effort to fuel digital innovation through new partnerships and ventures, said Shiv Singh, senior VP-global head of digital and marketing transformation at Visa.

### **Sonic Drive-In's Largest Franchisee Group Begins Deployment of Mobivity's SmartReceipt POS Cloud Technology**

*3/10/15 MarketWired*

Mobivity Holdings Corp., an award-winning provider of patented smart receipt marketing solutions and mobile marketing technologies, announced that Mason-Harrison-Ratliff Enterprises ("MHR"), Sonic's largest franchisee group with multiple owners operating 275 Sonic locations, has deployed Mobivity's patented SmartReceipt technology at various Dallas area locations and is planning additional deployments in Mississippi and Florida.

### **Fifth Third Bank Adopts Dave Ramsey's New SmartDollar Financial Wellness Program**

*3/12/15 EON*

Fifth Third Bank, which through its partnerships administers 32,000

retirement plans for more than seven million employee participants across the United States, today announced the availability of Dave Ramsey's new SmartDollar financial wellness program for its client retirement plan participants.

### **Bank of America Hires Utilities Executive for Tech Role**

*3/06/15 Charlotte Business Journal*

Duke Energy Corp. executive Brett Carter is leaving the company to become chief operating officer at Bank of America Corp.'s Global Technology & Operations unit. The companies, both based in Charlotte, announced Carter's job change today. Carter will begin working at the nation's second-largest bank later this month. He will be based in Charlotte and will report to Cathy Bessant, head of Global Technology & Operations.

### **Commonwealth Bank Australia Offers Contactless Payments on Android Mobile**

*3/11/15 Financial Review*

Commonwealth Bank became the first big bank to offer contactless mobile payments across all Android devices that have the latest software and contactless payments capability on Wednesday, replacing its stop-gap contactless MasterCard sticker. But users of the new app have to enter a PIN twice - once to open the app and then to authenticate the transaction - which may be a barrier to moving from tap and go cards to mobiles.



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