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THE STRAWHECKER GROUP



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Trending This Week...

TSG has released a [new analysis](#) answering the question, has Square disintermediated the U.S. acquiring market? The analysis utilizes data from TSG's merchant database of nearly three million U.S. merchants.

Mobile payments continue to evolve as [BlackBerry partners with PayPal](#) to enter the game, while Samsung Pay [makes plans to reach U.S. in September](#), and CurrentC is [expecting delays](#) in its own launch.

TSG Survey: EMV Acceptance at Restaurants

As the EMV liability shift approaches, there is confusion in the market around how EMV-ready restaurants in the U.S. will take cards and handle tips after October 1.

If your company owns and/or services restaurant merchant accounts, the **very short** survey below is regarding the capabilities restaurants you service will have in receiving tips. We appreciate your participation. Participants in the survey will receive detailed results.

[Click here to take the survey.](#)

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**This Day
in History: 2003**
[Blackout Hits
Northeast United
States](#)

On this day in 2003, a major outage knocked out power across the eastern United States and parts of Canada. Beginning at 4:10 p.m. ET, 21 power plants shut down in just three minutes. Fifty million people were affected, including residents of New York, Cleveland and

Featured

[TSG Analysis: Has Square Disintermediated the U.S. Acquiring Market?](#)

8/13/15 *The Strawhecker Group*

When Square was launched in 2010, the market was intrigued to see how their dongle-based solution, with an easy boarding process and simplified pricing strategy, would impact the U.S. merchant acquiring space. It was a revolutionary approach to card acceptance and has since inspired many competing solutions. With rumors of an upcoming IPO, it seemed appropriate to overlap Square's growth metrics with attrition and other data for some context to evaluate if Square has disintermediated existing U.S. merchant acquiring providers within the SMB market. Please note that the charts below represent U.S. market metrics and do not include Square data.

[Do You Have Change for a Bowie? The Advent of Artisanal Cash](#)

8/9/15 *The New York Times*

Though paper money here typically bears the visage of Queen Elizabeth, the Brixton district of the city last month released a new 5-pound note designed by Jeremy Deller, an artist who won the prestigious Turner Prize in 2004. It features a fuzzy, psychedelic image of an androgynous face surrounded by rainbow clouds and coruscating, swirling etchings. "I wanted something old-fashioned looking," Mr. Deller said. "Something almost pre-currency." One hundred and twenty miles west of Brixton, in the city of Bristol, a pound note issued after a design competition that was open to locals displays a colorful lemur striding atop a vibrant cityscape.

[Samsung Pay works almost anywhere your credit card does](#)

8/13/15 *The Verge*

Until recently, talking about mobile payments without using words like "confusing" or "mess" meant essentially lying. A confounding mix of banks, carriers, manufacturers, point-of-sale systems, and all the competing interests behind those businesses served to make paying with your phone unreliable. Those problems are finally beginning to fade away thanks to wider adoption and simpler back-end systems, but they're not gone yet. Even with Apple Pay, Google Wallet, and the soon-to-be-launched Android Pay, consumers can't be entirely sure that the little NFC icon they see at registers will guarantee that they can tap to pay. Samsung thinks it has a solution for that last problem, though, and predictably enough it's called "Samsung Pay."

[BlackBerry is experimenting with PayPal support in BBM, starting in Canada](#)

8/12/15 *VentureBeat*

With digital payment apps popping up all over the place, it was only a matter of time before someone tackled payments for BlackBerry. That someone is PayPal. Today, the two companies announced they've partnered on a project called BBM Money, which will allow BlackBerry Messenger users to instantly send and receive money. To send money, certain users can now select the new Pay with PayPal icon and connect their PayPal accounts to BBM. The beta project is currently only available to some users in Canada.

Detroit, as well as Toronto and Ottawa, Canada. Although power companies were able to resume some service in as little as two hours, power remained off in other places for more than a day. The outage stopped trains and elevators, and disrupted everything from cellular telephone service to operations at hospitals to traffic at airports. In New York City, it took more than two hours for passengers to be evacuated from stalled subway trains. Small business owners were affected when they lost expensive refrigerated stock. The loss of use of electric water pumps interrupted water service in many areas. There were even some reports of people being stranded mid-ride on amusement park roller coasters. At the New York Stock Exchange and bond market, though, trading was able to continue thanks to backup generators. [Click here to read more.](#)

Apple Pay Competitor CurrentC May Not Launch Until Next Year

8/12/15 *Re/code*

Google and Samsung are gearing up to join Apple Pay in the battle to replace your wallet later this year, but another payments app backed by big retailers like Walmart may wait a little longer before entering primetime. CurrentC, the payments app being created by a consortium of big retailers known as MCX, may not launch widely this year as originally planned, MCX CEO Brian Mooney told Re/code in an interview on Tuesday. The company will begin a public pilot of its app in Columbus, Ohio, in a few weeks and will not rush a wider rollout if the product is not ready, he said. "This is a long game," Mooney said. "Certainly going faster is always better - that's not necessarily a debatable point. But we're going to do it right."

Square Has Both The Hardware And Software To Help Businesses Of All Sizes

8/11/15 *TechCrunch*

Last week, I visited payments company Square and sat down with its Hardware Lead, Jesse Dorogusker, about much more than hardware. Dorogusker, a former director of engineering at Apple, discussed with me how the company has evolved to much more than a dongle that accepts payments. Not only has the hardware itself evolved, but the company is serving an important role other than just being the physical point of sale. Square has a full stack of software to help companies of any size, as well as a lending arm to help companies level up.



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Mobile Payments & Bitcoin

Samsung Pay vs. Apple Pay: How They Compare

8/13/15 *CBS News*

At a media event in New York Thursday, Samsung announced that its answer to Apple Pay – Samsung Pay – will launch in the U.S. Sept. 28. How does it differ from Apple's mobile payment system? Here are some of the immediate differences and similarities consumers will notice. Unlike Apple Pay, which requires stores to have or install terminals that use near field communication (NFC) for receiving payment information, Samsung's payment system will be "available virtually anywhere you can swipe a card," said JK Shin, the CEO of Samsung's mobile business.

BitX selects Zazoo to offer bitcoin spend using VCPay technology

8/13/15 *The Green Sheet*

London, ug. 13, 2015 - ZAZOO, a business unit of Net 1 UEPS Technologies, Inc. ("Net1") (NASDAQ: UEPS) (JSE: NT1), has signed an exclusive deal with BitX, a leading universal Bitcoin platform that will make it possible for Bitcoin users to spend their crypto-currency online or in-app exclusively using VCPay™, ZAZOO's patented mobile virtual card ("MVC") technology. "We are very excited to be working with BitX as crypto-currencies are

starting to gain prominence worldwide, and are positioned to be one of the next big things in the fin-tech space," says Philip Belamant, Managing Director of ZAZOO.

Square launches service offering small businesses instant deposit of payments - for a fee

8/13/15 *San Francisco Business Times*

Square debuted a new service for merchants designed to help tackle one of their biggest challenges: managing cash flow. Square said sellers using its app will be able to click a button for instant deposit of balances between \$50 to \$2,500, paying a 1 percent fee. Many small business owners may view that as a small price to pay to get access to their money in seconds vs. waiting for the next business day. (Even Square's next-day deposit was a big leap forward from the financial industry's practice of taking three to five days for merchants to get their money from card sales.)

Rite Aid to accept Apple Pay after initial refusal

8/11/15 *USA Today*

Nearly a year after Rite Aid disabled access to Apple Pay, the drug store chain announced that it will accept the tech giant's electronic payment system beginning Saturday. Along with Apple Pay, Rite Aid will also accept Google Wallet and the forthcoming Android Pay in all of its stores around the nation, the company said in a Tuesday press release. Rite Aid is one of the country's largest drug store chains, with nearly 4,600 stores in 31 states. Rite Aid was among several retailers who initially shut out Apple Pay. The group of retailers are members of Merchant Customer Exchange, MCX, (a consortium of big retailers and food chains), which developed its own payment app called CurrentC.

A promotional banner for the PAYTHANK conference. The text reads "PAYTHANK SEPTEMBER 28-30 | LAS VEGAS" in large, bold letters. Below this, it says "FOCUSING ON DEBIT, PREPAID, MOBILE PAYMENTS + ATMS". To the right of the text is a cluster of colorful icons representing various payment methods and technologies like credit cards, mobile phones, and ATMs. At the bottom right, there is a blue button that says "REGISTER NOW" with a right-pointing arrow.

Save \$200 - Use Promo Code TSG200

Regulation & Security

Is Neiman Marcus Case a Game-Changer?

8/10/15 *BankInfoSecurity*

Neiman Marcus has asked a federal appeals court to reconsider its decision to allow a consumer class-action suit filed against the luxury retailer to move forward. In July, a panel of three judges on the U.S. Court of Appeals for the Seventh Circuit reversed a lower-court's September 2014 decision to dismiss the case, which seeks damages for consumers who had payment card data exposed as a result of the retailer's 2013 data breach. If the appellate court does not change the panel's ruling and allows the case to proceed to trial, Neiman Marcus will likely ask the Supreme Court to review the decision. And if that happens, it could lead to a change in case law surrounding consumer class-action suits filed against breached retailers.

The Russian Underground Threat Examined

8/11/15 *The Green Sheet*

Irving, Texas-based global information technology service provider Trend

Micro released Russian Underground 2.0. Authored by Max Goncharov, a member of Trend Micro's Forward-Looking Threat Research Team, the report is a sequel to Russian Underground 101, a study of Russian cyber crime Trend Micro published in 2012. Trend Micro began researching the Russian Underground in 2004. Since then, the Underground has become more professional and sophisticated, mirroring legitimate trends in supply chain management, outsourcing and customer service support.

Cybersecurity Startup May Lock Down \$2.5B Valuation

8/13/15 PYMNTS

Tanium, a California-based endpoint security and systems management company, is looking to raise a big new funding round at a valuation of at least \$2.5 billion, multiple sources told Fortune.

One source even suggested the final figure may top \$3 billion.

While it is unclear if any term sheets have been signed, Institutional Venture Partners is reportedly on board as a new investor.

Tanium's first venture capital funding came last summer in the form of \$90 million from Andreessen Horowitz, which added another \$52 million to the company earlier this year at a \$1.75 billion valuation.

Chip Card ATM 'Shimmer' Found in Mexico

8/11/15 Krebs on Security

Fraud experts in Mexico have discovered an unusual ATM skimming device that can be inserted into the mouth of the cash machine's card acceptance slot and used to read data directly off of chip-enabled credit or debit cards. The device pictured below is a type of skimmer known as a "shimmer," so named because it acts a shim that sits between the chip on the card and the chip reader in the ATM - recording the data on the chip as it is read by the ATM.



Economy

Fed 'close' to hiking rates, economy near normal: Lockhart

8/10/15 Reuters

Economic conditions in the United States have largely returned to normal and a Federal Reserve decision to raise interest rates should come soon, Atlanta Fed President Dennis Lockhart said on Monday.

"I think the point of 'liftoff' is close," Lockhart said in a speech to the Atlanta Press Club. "The economy has made great gains and is approaching an acceptable normal ... conditions are no longer extraordinary."

Stocks Largely Flat as Fed, China Worries Persist

8/13/15 The Street

Wall Street suffered from a case of indecision on Thursday as good news countered the bad. On the one hand, a jump in retail sales and unemployment claims at record lows fed confidence about the robustness of the U.S. economic recovery. On the other, worries over what a better-than-expected economy would mean for the Federal Reserve kept any upward momentum muted, as the probability of a

September rate hike increased.



Payments Press

FIS-SunGard Deal Capitalizes on Banks' Need for Vendor Simplicity

8/12/15 American Banker

As banks look to shorten their list of vendors, the industry's largest technology supplier is looking to lengthen its list of products and services. Fidelity National Information Services, known as FIS, announced Wednesday that it had agreed to buy SunGard Data Systems for \$9.1 billion in cash and stock, including the assumption of debt. SunGard would bring capital markets and asset management solutions to FIS to complement its depth in the banking industry. The deal positions the company to court the world's largest and most complex banks, the area where it is seeing the most growth.

Boku acquires Mobileview Italia to expand carrier-billing service in Europe

8/13/15 VentureBeat

Mobile payments startup Boku announced today that it has bought Mobileview Italia, a move that will help the San Francisco-based company increase its footprint in Europe. Boku did not disclose the amount it paid, but noted that Mobileview already has deals in place with Italy's four largest carriers. Founded in 2009, Boku lets consumers pay for content using their mobile phone accounts. This means they don't need a credit card to purchase items via their phone, something that can be a challenge in developing countries where credit card adoption remains low.

Eliot Partners with Womply to Offer "Eliot Insights" for Merchants

7/24/15 Womply

Eliot Management Group, a leading merchant services provider, and Womply have partnered to offer merchants Eliot Insights, a powerful platform to provide Eliot's merchants with the data they need to grow and protect their businesses. Eliot Insights is a new platform for small business owners, that provides an easy to use intelligence tool with customized analytics. Eliot Insights enables small businesses to identify and monitor close competitors, defend their online reputation, and view the effect of events such as weather or holidays on their revenue. With revenue trends and comparisons, revenue ranking against competitors, and notifications of recent online reviews all included, business owners can now view key elements of their businesses consolidated through the lens of a single platform – Eliot Insights.

Massdrop Raises \$40M in Series B Financing Led by August Capital to Build the Future of Community Commerce

8/13/15 WebWire

Massdrop, the leading community for enthusiasts, today announced a \$40M Series B financing round led by August Capital with continued support from First Round Capital, Mayfield Fund, and Cowboy Ventures. Founded with a vision to inspire a new wave of community driven commerce, Massdrop has emerged as an expansive community for enthusiasts with passions ranging from high fidelity sound reproduction and mechanical keyboard assembly to quilting and fountain pens. Massdrop's user base has grown 7X since the past year, now reaching over a million users as they continue to expand their community.

Mobile payments startup PaidEasy raises \$2 million

8/12/15 Mobile Payments Today

PaidEasy, a New York City-based mobile payments startup that specializes in restaurants, Wednesday announced a seed round of funding valued at \$2 million from private investor Ivor Ichikowitz. PaidEasy said in a press release that it launched out of beta just this week and plans to use the money to establish a footprint in New York City and the surrounding area. Gregg Jackowitz, CEO of PaidEasy, said that the money will go directly into acquiring new merchants; furthering its technology development; and bringing on sales and marketing personnel.

TD, MasterCard and Nymi pilot heartbeat-authenticated contactless payments

8/11/15 Finextra

Canada's TD Bank, MasterCard and tech firm Nymi have completed what they claim is the world's first wearable contactless credit card payment to authenticate the user through their heartbeat. The firms kicked off a small, 100-person pilot of the contactless wristbands with TD customers in Toronto, Ottawa and Regina. Other Canadian banks are set to conduct their own trials later this year. The Nymi bracelet has an embedded sensor which recognises the wearer's unique electrocardiogram. For the pilot an NFC-enabled prototype of the band, which is linked to a user's MasterCard, has been developed.

Heartland, VersaPay Partner on Accounts Receivable Product

8/13/15 PaymentsSource

The payment processors Heartland Payment Systems in Princeton, N.J., and VersaPay in Toronto have partnered to sell a cloud-based accounts receivable product. The venture combines Heartland's Portico Gateway product and VersaPay's ARC product. Financial terms of the companies' agreement were not disclosed. The joint effort is designed to help merchants "automate manual billing systems, improve cash flows, condense days outstanding, lower cost and improve the overall experience for the bill payment recipient," Joe Wysocki, senior director of e-commerce for Heartland, said in an Aug. 13 news release.

Debit Network Alliance selects Gemalto to guide US EMV deployment

8/13/15 Finextra

Gemalto (Euronext NL0000400653 GTO), the world leader in digital security, has been selected by the Debit Network Alliance¹ (DNA), a consortium of leading U.S. debit network providers, to deliver EMV consulting services.



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