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THE STRAWHECKER GROUP



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Trending this week...

EMV is less than a week away, and [many merchants are still wrestling with upgrades](#). As a reminder, TSG released findings last week stating approximately [27 percent of merchants will be EMV-ready by October 1st](#).

In other news, First Data, valued at around \$20-25B, is [planning to raise \\$3B in an IPO](#) that could kick off next week. This would mark the biggest U.S. listing so far this year.

Other highlights include:

- [Sen Durbin: Fed Botched My Interchange Rule](#)
- [Payments Businesses are Damn Hard: The Cover App Edition](#)
- [Samsung Pay Dubbed a Hit in its Initial Rollout](#)
- [Inside Target Corp., Days After 2013 breach](#)
- [The U.S. Merchant Acquiring Transaction Market is Extremely Active](#)

EMV The Liability Shift is Approaching...
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This Day in History: 1957

Central High School Integrated

Under escort from the U.S. Army's 101st Airborne Division, nine black students enter all-white Central High School in Little Rock, Arkansas. Three weeks earlier, Arkansas Governor Orval Faubus had surrounded the school with National Guard troops to prevent its federal court-ordered racial integration. After a tense standoff, President Dwight D. Eisenhower federalized the Arkansas

TSG's [EMV in the U.S. - The Whole Story \(Preview\)](#) is an 86-page guide to help understand what EMV is, who is impacted by the EMV migration and how the shift to EMV will impact the payments environment.

Receive a 50 percent savings on this eReport until October 1st. [Click here to purchase.](#)

This report will provide newcomers, and industry veterans in the merchant landscape and payments landscape, with useful information into the various facets of the U.S. migration to EMV.



Featured

Coming Soon to Checkouts: Microchip-Card Payment Systems

9/23/15 [TSG in The New York Times](#)

A handful of national retailers - most prominently, Walmart and Target - have invested in E.M.V.-ready terminals and spoken publicly about the switch, but many others have stayed silent. Around 27 percent of American merchants will be ready to process E.M.V. cards next month, according to a survey conducted this month by **The Strawhecker Group**, a consulting firm for the payments industry. For small sellers, the readiness rate is even lower. Banks and industry groups estimate that one in five will have their new systems running by Oct. 1. Both systems will continue to be available during a lengthy transition period.

First Data Aims to Raise \$3 Billion in IPO

9/21/15 [The Wall Street Journal](#)

May require a subscription to read. Payment processing giant First Data Corp. is planning to raise \$3 billion in an initial public offering slated to kick off this week, according to people familiar with the matter, the biggest U.S. listing so far this year. First Data, taken private by KKR & Co. in 2007 for about \$26 billion, could file its proposed IPO price range as soon as Monday, the people said. Money raised in the deal would be used to pay down a chunk of the company's \$21 billion in debt. The IPO is expected to give First Data a stock market value of roughly \$20 billion to \$25 billion, depending on the demand it drums up after about two weeks on a "roadshow" pitching the stock to investors, the people said. If all goes to plan, First Data could begin trading the second week of October.

Sen. Durbin: Fed Botched My Interchange Rule

9/23/15 [American Banker](#)

In his Sept. 18 [oped](#), American Bankers Association chief executive Frank Keating claims that the Federal Reserve's debit card interchange fee regulations have not done enough to help merchants or consumers. I agree. The Fed's Regulation II allows interchange rates to be charged at

National Guard and sent 1,000 army paratroopers to Little Rock to enforce the court order.

On May 17, 1954, the U.S. Supreme Court ruled unanimously in *Brown v. Board of Education of Topeka* that racial segregation in educational facilities was unconstitutional. Five days later, the Little Rock School Board issued a statement saying it would comply with the decision when the Supreme Court outlined the method and time frame in which desegregation should be implemented.

Arkansas was at the time among the more progressive Southern states in regard to racial issues. The University of Arkansas School of Law was integrated in 1949, and the Little Rock Public Library in 1951. Even before the Supreme Court ordered integration to proceed "with all deliberate speed," the Little Rock School Board in 1955 unanimously adopted a plan of integration to begin in 1957 at the high school level. The National Association for the Advancement of Colored People (NAACP) filed suit, arguing the plan was too gradual, but a federal judge dismissed the suit, saying that the school board was acting in "utmost good faith." Meanwhile, Little Rock's public buses were desegregated. By 1957, seven out of Arkansas' eight state universities were integrated. [Click here to read more.](#)

an unrealistically high level that far exceeds the real costs of transactions. The Fed's final rule failed to adequately follow the law I wrote and did too little to rein in the lucrative swipe fee price-fixing scheme created by Visa, MasterCard and debit card-issuing banks. Under the Fed's rule, Visa and MasterCard have gleefully raised swipe fee rates on many types of debit transactions, boosting the profits of their big-bank allies but hurting Main Street businesses and their customers.

Blackstone Group Ends Talks to Acquire ATM Maker NCR

9/22/15 New York Post

The Blackstone Group has withdrawn from the auction of ATM maker NCR, marking the second time this year the company has failed to come to terms with a potential buyer, The Post has learned. "Nothing is going to happen," a source said. "The process is over." The Post reported earlier this month that NCR had re-opened sale talks with Blackstone after an earlier auction collapsed. Buyout shop Thoma Bravo made a roughly \$31 a share offer for NCR in July that the company rejected, sources said.

Payments Businesses Are Damn Hard: The Cover App Edition

9/22/15 Recode

Cover, a young payments app, is accepted in 350 restaurants in four cities. It has processed more than \$10 million in transactions since the beginning of the year. But it will record, at most, just \$150,000 in revenue in 2015 after passing on a big cut of its fees to other financial institutions, its founder says. So go the economics of a young payments business. And so ends Cover's life as a stand-alone company. Founder Mark Egerman said today that his startup has sold to European competitor Velocity in a small deal, after passing on taking on more venture capital under less-than-great terms.

COMMENTARY: Five Questions Merchants Should Ask About EMV Terminals

9/22/15 Digital Transactions

Deadline: A date or time when something must be finished: the last day, hour, or minute that something will be accepted. The word "deadline" carries with it the implication of pressure-pressure to act or face the consequences. That's the very word being tossed around when people talk with merchants about the Oct. 1 liability shift. Some people are even using it as a tactic to try to sell merchants on a problem that may not exist in their business. Plain and simple, there's no deadline to upgrade terminals to accept chip transactions. The fact is, the sun will come up on Oct. 1 and a merchant will find the world much as it did on Sept. 30.



Mobile Payments & Bitcoin

Samsung Pay Dubbed a Hit in its Initial Rollout

9/24/15 CNET

Samsung Pay has proven both popular and profitable during its first month of use in South Korea, according to the company. On Wednesday, Samsung announced that its mobile payments system took in more than

\$30 million in transactions in South Korea between August 20, when it launched, and September 20. The service has been successful with merchants and users, Samsung touted, generating more than 1.5 million transactions and recording around 36 percent of its users as active during the first month, with 10 percent of them using it every day.

Visa, Samsung Look Toward More Connected Form Factors for Digital Payments Future

9/23/15 ZDNet

As EMV – or chip and pin – payment methods finally start to infiltrate American stores this fall, Samsung and Visa are among some of the tech and financial industry titans brainstorming beyond the plastic card (and even smartphones) altogether. "I think we're operating under the philosophy that anything that is transactional will be transactional," said Sam Shrauger, senior vice president of Visa's digital solutions unit, during a kickoff event for the 2016 Olympic Games at Visa's Global Headquarters on Wednesday.

Contactless Payment Ring Launches on Kickstarter

9/25/15 Finextra

Former Ukash CEO, David Hunter has joined wearable payments startup Kerv as chairman, as the firm kicks off a crowdfunding campaign for the launch of its first product, a contactless payments ring. Kerv made its [debut on Kickstarter this morning](#) in an effort to raise £77,000 in mass production capital. The ring, which will retail at £49.99 has an outershell made of zirconia ceramic and is scratch resistant and water proof.

Square Opens St. Louis Office to Focus on Midwest

9/23/15 ISO & Agent

Square has opened an office in St. Louis, which will serve the mobile point of sale company's clients in the Midwest. The company plans to immediately hire 40 employees, expanding to more than 200 over the next five years, covering compliance, customer support, IT, recruiting and office experience. The St. Louis office will be the San Francisco-based Square's fourth office in the U.S. The company also has offices in Canada, Japan and Australia.

Google Wallet For iOS Becomes A Peer-To-Peer Payments App

9/21/15 TechCrunch

The new Google Wallet for iOS app has been completely rebuilt with this peer-to-peer focus. With PayPal's new PayPal.me service, Square Cash, Facebook, and even Snapchat, competition is hot and there are plenty of companies in the peer-to-peer payment space already. One of the notable facets of Google Wallet is that it allows to send money to anyone in the U.S. using only an email address, the person doesn't even need to have/use the Wallet service themselves.

Circle Granted First BitLicense

9/22/15 Finextra

Bitcoin startup Circle has become the first firm to be granted a BitLicense from New York state's financial watchdog. The new BitLicenses are the New York State Department of Financial Services' controversial answer to the unique regulatory challenges posed by the nascent crypt-currency industry.

Ledge Uses Venmo to Make Borrowing Money and Paying it Back Dead Simple

9/24/15 TNW

We've all been there - sometimes you simply need to borrow money. Whether it's for a big investment, moving to a new place or life just getting a little rough, Ledge aims to make it dead simple to borrow money from friends, family and others - and actually pay them back. It essentially works like a crowdfunding platform, but with a few twists. After borrowers create a campaign explaining how much cash they need, they give the loan interest rate (which adds a lending incentive), and specify the number of installments payments will be made over.



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Regulation & Security

Malware Warning: Banks, Customers, ATMs Under Fire

9/25/15 Bank Info Security

Security experts warn about a trio of malware threats that are designed to steal cash, online banking credentials as well as payment-card data from point-of-sale devices. The new warnings center on three types of unrelated malicious code. For starters, malware has been spotted in the wild that is being used to drain cash from ATMs in Mexico, although security researchers warn that it could go global. The Shifu banking Trojan, meanwhile, has moved beyond Japan and is now being used to target customers of four U.K. banks.

Inside Target Corp., Days After 2013 Breach

9/21/15 Krebs on Security

In December 2013, just days after a data breach exposed 40 million customer debit and credit card accounts, Target Corp. hired security experts at Verizon to probe its networks for weaknesses. The results of that confidential investigation - until now never publicly revealed - confirm what pundits have long suspected: Once inside Target's network, there was nothing to stop attackers from gaining direct and complete access to every single cash register in every Target store. According to an internal corporate report, Target commissioned the study "in anticipation of litigation" from banks that might join together to sue the retailer in a bid to recoup the costs of reissuing cards to their customers. Last week, a federal judge cleared those claims to go forward in a class action suit.

Fed Approves Same-Day ACH Enhancements

9/23/15 Credit Union Times

The Federal Reserve Board on Wednesday announced the approval of enhancements to the Federal Reserve Banks' same-day ACH service. The enhancements will align the Fed's same-day ACH service with recent amendments to NACHA's Same-Day ACH operating rules. The move will also facilitate the use of the ACH network for certain time critical payments, accelerate final settlement and improve funds availability to payment recipients, the Fed said in a release.

Hackers to Bankers: Pay Up or We Attack Your Website

9/23/15 BTN

It sounds like a movie plot, but it's all too real: a group with the handle DD4BC tries to hold corporations hostage, threatening distributed

denial-of-service attacks unless it is paid a ransom in bitcoins. Comprehensive data is hard to come by, but security vendor Akamai Technologies reported a spike in such attacks from April through June before they eased a bit in July. Its rivals Arbor Networks and Verisign have detected similar patterns, and the Financial Industry Regulatory Authority recently sent warnings to companies to be on guard.

OPM Now Admits 5.6m Feds' Fingerprints Were Stolen By Hackers

9/23/15 *Wired*

When hackers steal your password, you change it. When hackers steal your fingerprints, they've got an unchangeable credential that lets them spoof your identity for life. When they steal 5.6 million of those irrevocable biometric identifiers from U.S. federal employees-many with secret clearances-well, that's very bad. On Wednesday, the Office of Personnel Management admitted that the number of federal employees' fingerprints compromised in the massive breach of its servers revealed over the summer has grown from 1.1 million to 5.6 million.

Related: [Stolen OPM Fingerprints: What's the Risk?](#)



Economy

Janet Yellen Says Fed Is Likely to Raise Interest Rates This Year

9/24/15 *The New York Times*

The Federal Reserve still intends to raise its benchmark interest rate this year, barring unpleasant surprises, the Fed chairwoman, Janet L. Yellen, said on Thursday. Ms. Yellen, speaking a week after the Fed announced it was not ready to raise interest rates just yet, reiterated that the central bank was not planning to wait much longer. She said that labor market conditions were improving and that the Fed expected inflation to follow.

Millennials: Creative, Ambitious, Financial Optimists? 70% of Millennials Expect Financial Outlook to Improve In the Next Six Months

9/24/15 *American Express*

When it comes to finances, more than half (53% vs. 45% in 2014) of Americans expect a greener outlook in the next six months, and this optimism is strongest among Millennials (70% vs. 64% in 2014) according to the American Express Spending & Saving Tracker. With job and financial confidence high, Americans are comfortably spending and adequately saving. For the second year in a row, employed Americans are reporting that they feel more stable in their jobs than they did a year ago (34% vs. 25% in 2014).



Payments Press

The U.S. Merchant Acquiring Transaction Market is Extremely Active

TSG is assisting buyers and sellers connect as well as by providing transaction support services to assist both buyers and sellers achieve their objectives.

In addition, TSG has been engaged to identify ISO and merchant acquiring business acquisitions and capital partnerships.

Key investment criteria includes:

- First Data back-end portfolios (with and without the sales component)
- Producing monthly Net Revenue of \$20,000 to \$35,000



If you are interested in discussing a potential transaction, please provide high level details of your business and email us at Acquisitions@TheStrawGroup.com. Learn more about [TSG's Transaction Advisory services](#).

All responses will be treated confidentially.

6 out of 10 U.S. Consumers with Credit Cards are Not Ready for EMV

9/21/15 ACI Worldwide

As retailers and banks prepare for the October 1 EMV liability shift-which moves fraud liability from issuing banks to merchants -many consumers have not yet received their new chip-enabled cards, or are simply in the dark about what EMV means, according to a new survey from ACI Worldwide. The new EMV Readiness Survey of 1,000 adults in the U.S. provides insight into consumers' views on EMV, and spotlights issues and implications for banks and retailers, ahead of the busy holiday shopping season.

First Data and Pivotal Team Up to Deliver Simple and Secure Payment Services to Spring Developers

9/23/15 First Data

First Data and Pivotal® announced that they will bring First Data eCommerce services to Spring developers. This new collaboration is designed to make it simple and safe for developers seeking to add payment services to their applications. Together, the companies will provide Spring developers with easy access to payment services, an abstraction layer for portability as part of Pivotal's Cloud Native platform, Pivotal Cloud Foundry®, and a development toolbox.

Green Bits Launches Point Of Sale Service For Cannabis Shops

9/23/15 TechCrunch

Originally, I was trying to come up with a really whip-smart headline for this...like: "Weed Is The Gateway Drug For Gateway Point Of Sale Services," but there was no need. The news is simple: A super-smart group of folks that sold a company (Outright.com) to GoDaddy has launched its point of sale service specifically aimed at shops selling cannabis. They're called Green Bits.

TSYS Extends Agreement with ING Bank N.V.

9/23/15 TSYS

TSYS announced that it has extended its payments agreement with ING Bank N.V. for their commercial card portfolio. TSYS has been supporting ING Bank N.V. since 2009 with the TS2® processing platform, as well as providing additional services. ING is a global financial institution with a strong European base, offering banking services through its operating company ING Bank. Through the TSYS platform ING delivers commercial cards into 14 European countries.

Creditcall and Gravity Payments Deliver EMV SDKs to Speed up EMV Migration

9/22/15 BusinessWire

Creditcall, the EMV-ready payment gateway and EMV migration specialist, has partnered with trusted credit card processing and financial services company Gravity Payments to simplify and speed up the EMV migration process for ISVs, VARs, and developers. With the October 1st Liability Shift looming, the integration of Creditcall's ChipDNA EMV SDKs for iOS, Android, Windows, and Linux, paired with Gravity Payments' payment platform, GravityPay, allows integrators to benefit from the fastest and easiest path to EMV.

American Express and the Seattle Seahawks Redefine the Power of Being a "12"

9/23/15 American Express

American Express and the Seattle Seahawks announced a multi-year partnership to bring excitement and value to passionate Seahawks fans - also known as the "12s." With strong relationships with both Card Members and merchants and a legacy of working with sports partners, American Express will work with the Seahawks and select merchants to amplify the fandom around one of the best-supported teams in professional sports. Card Members and fans will be given a range of unique offers, experiences and benefits that are designed to magnify the excitement around the season.

ShopKeep Acquires Ambur POS

9/21/15 BusinessWire

ShopKeep, the cloud-based technology and business management solution for independent merchants, today announced its acquisition of Ambur, an iPad and iPhone point of sale system for more than 1,500 restaurants. Founded by former restaurateurs Ansar Khan and James O'Leary, Ambur provides a feature-rich set of options specifically designed for full-service, quick-service and fast casual restaurants, as well as bars and food trucks.

Shopify Announces New EMV Credit Card Reader That Accepts Chip and Pin, and Apple Pay

9/25/15 Yahoo! Finance

Shopify Inc., a leading cloud-based multichannel commerce platform, today announced the launch of its new credit card reader that will allow Shopify merchants in the U.S. to securely accept chip and pin, tap, and swipe credit and debit cards as well as contactless payment technologies like Apple Pay™.

Barclays and Verifone Agreement Opens Pingit as Mobile Payment Solution

9/23/15 Mobile News

The Pingit app allows customers to pay for goods and services quickly without having to enter long bank card numbers. Barclays and Verifone have signed an agreement allowing business in the UK to offer Pingit as a mobile payment solution. This new agreement will give any of Verifone's 20,000 business clients in the UK the opportunity to integrate the Pingit app into their online retail channels.

Payright Health Solutions and Priority Payment Systems Partner to Improve Patient Education and Financial Management Services for Health and Home Care Market

9/24/15 PRWeb

Priority Payment Systems and PayRight Health Solutions announced today a partnership to help improve patient payment education and financial management. Under this agreement, Priority will license PayRight's healthcare payment technology to power Priority's MX Medical and MX Home Care solutions, providing comprehensive tools for identifying patient eligibility and responsibility combined with a wide variety of payment options.

Silicon Valley Bank and MasterCard Invite Startups to Apply for Commerce.Innovated.

9/22/15 MasterCard

Silicon Valley Bank and MasterCard are inviting startups from across the United States to apply for Commerce.Innovated., a program designed to help companies that are working in payments, fintech and commerce grow their businesses. Commerce.Innovated. is a four month virtual program that provides startups with the resources to help refine and scale their solutions through access to operational and industry expertise from Silicon Valley Bank, MasterCard and their respective networks.

PowaPOS Expands Global Footprint Through Partnership with Canadian Leader CT-Payment

9/24/15 EON

Powa Technologies today unveils its partnership with Canada's leading independent Canadian payment processor, CT-Payment. At CT Payment's 2015-2016 ISO Event this week, the PowaPOS T25 is being introduced to the CT-Payment's ISO and software developer partners as a preferred tablet-based POS platform for meeting the growing demand from their retail clients.

7-Eleven and PayNearMe Introduce A Full-Service Bill Payment Center For Cash Users

9/24/15 LTP

7-Eleven introduced the PayNearMe Bill Pay app, on September 22, 2015. The mobile app, which is available to download for free in the Google Play store or iTunes App Store, is particularly helpful for the financially underserved and those who prefer to use cash. Better yet, the new app will allow cash users to keep track of payment history, set reminders, and securely pay their bills in less than a minute with just a trip to their local 7-Eleven store.

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