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## Trending This Week...

Several study results surfaced this week including [First Data's global study](#) revealing that consumers worldwide seek the same technology experience, followed by [Vantiv's research showing trends within omncommerce](#). Also, [ACI Worldwide released results of a new survey](#) that sheds light on industry trends related to EMV, mobile payments and banking, fraud, and innovation.

In mobile news, [Discover aims to keep pace with the digital era](#) through their arrangement with PayPal, while [Square's CFO talks about how Square has created a new way](#) for small and medium businesses to handle payments and a new way for customers to pay with Square Wallet.

Other highlights include:

- [Apple's iWallet Intentions Still Unknown](#)
- Early Adopters of iPad POS [Vastly Outperform National Avg. in Revenues](#)
- [Banks Say CFPB's Data Collection Breaks Law](#)
- [5 Things I learned Reading Visa's Annual Report](#)

***Confused about merchant aggregation?*** Check out [TSG's Aggregation Proposal](#). Email [Info@TheStrawGroup.com](mailto:Info@TheStrawGroup.com) to speak with the team.

## Featured

**Discover Aims To Keep Pace With Digital Era**

6/19/13 ISO&Agent

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

**UPDATED** [Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

[TSG MPPS Benefits](#)

[MPPS Example Report](#)

[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 Smart Phone to Buy Things!](#)

**This Day in History: 1788**

**U.S. Constitution Ratified**

New Hampshire becomes the ninth and last necessary state to ratify the Constitution of the United States, thereby making the document the law of the land.

By 1786, defects in the post-Revolutionary War Articles of Confederation were apparent, such as the lack of central authority over foreign and domestic commerce. Congress endorsed a plan to draft a new constitution, and on

Discover Financial Services' arrangement to facilitate in-store PayPal transactions across its network illustrates the card brand's ongoing strategy of serving as a multifaceted utility throughout the payments system. Through its integration with the Discover Network, PayPal can potentially reach as many as 8M U.S. merchants and more than 55M U.S. PayPal accounts, while maintaining its policies for moving funds from consumers' PayPal wallets to merchant accounts at acquiring banks.

### **Square Set Out to Change the Payments Game [Video]**

*6/20/13 Total Payments*

Square CFO Sarah Friar talks about how Square are creating a new way for small to medium businesses to handle customer payments - and a new way for customers to pay with Square Wallet. Their new POS devices are made to ease the flow for a consumer and Friar shows that their entire product range is designed to help craft a unique experience that does away with the shackles of the old payments game.

### **Patent or No Patent, Apple's iWallet Intentions Still Unknown**

*6/19/13 The Green Sheet*

Recent developments from Apple Inc. signal advances in its digital wallet initiatives. On June 6, 2013, the U.S. Patent and Trademark Office released the contents of an Apple patent application for a "method and system for managing credits via a mobile device." This adds to a trove of such filings by Apple for its iWallet technology over the past three years.

### **First Data Global Study Reveals That Consumers Worldwide Seek the Same Technology Experience**

*6/19/13 First Data*

Country by country, consumers want it all, and they want it in the palm of their hand. According to a global study released today by First Data, consumers worldwide expect strikingly similar mobile and technology-powered experiences from large and small businesses as well as financial institutions - and their expectations are fueled by skyrocketing smartphone usage.

### **Primary Research by Vantiv Shows New Trends in Omncommerce**

*6/19/13 Vantiv*

"Our research shows that consumers are increasingly seeking integrated and consistent 'Omni-channel' shopping experiences online, in-store and through mobile devices," said Moira Tamayo, senior vice president of marketing. "To make purchase transaction experiences seamless, merchants and financial institutions must provide an omncommerce purchase experience that integrates rewards, security, financial management tools and other value-added functionality."

### **ATM ISOs See a Deposit Bonanza But View Card Networks As Obstacles to Innovation**

*6/18/13 Digital Transactions*

ATM owners and operators are thrilled about the new opportunities deposit automation and mobile devices are creating for their industry. They're not so thrilled about the major card networks, according to survey findings released Tuesday by the ATM Industry Association, an

May 25, 1787, the Constitutional Convention convened at Independence Hall in Philadelphia. On September 17, 1787, after three months of debate moderated by convention president George Washington, the new U.S. constitution, which created a strong federal government with an intricate system of checks and balances, was signed by 38 of the 41 delegates present at the conclusion of the convention. As dictated by Article VII, the document would not become binding until it was ratified by nine of the 13 states.

Beginning on December 7, five states--Delaware, Pennsylvania, New Jersey, Georgia, and Connecticut--ratified it in quick succession. However, other states, especially Massachusetts, opposed the document, as it failed to reserve undelegated powers to the states and lacked constitutional protection of basic political rights, such as freedom of speech, religion, and the press. In February 1788, a compromise was reached under which Massachusetts and other states would agree to ratify the document with the assurance that amendments would be immediately proposed.

[Click here to read more.](#)

international trade group of ATM independent sales organizations, vendors, processors and related companies. The ATMIA conducted what it calls its first "global ATM innovation survey" earlier this quarter, with 79% of 176 respondents completing all questions.

### **More Young People Ditching Credit Cards**

*6/20/13 The New York Times*

Younger adults seem to be developing an aversion to credit cards and the debt that comes with them. A new analysis of data about millions of consumers from FICO, creator of the widely used FICO score, finds that in 2012, 16 percent of those aged 18 to 29 had no credit cards at all. That's up from 9 percent in 2005, before the recession.

## **Mobile Payments**

### **Where In The World Is ISIS Wallet?**

*6/20/13 PYMNTS*

My, how time flies when you are having fun in the digital wallet space! Since we all had such a great time together reminiscing about Google Wallet last week, I thought it might be interesting to do the same about some of the other digital wallets in the market - there are so many now! Since someone was asking me just the other day about ISIS, and its been a while since we've heard from them, I was inspired. So, just Where in the Wallet World is ISIS these days?

### **The Bitcoin Believers**

*6/17/13 FT Magazine*

A growing band of young evangelists believe the virtual currency Bitcoin is the economic future. But how long before regulation catches up with them? My goal is to get rich," says Jonathan Mohan, blunt as you like. Given that the 23-year-old Queens native is studying entrepreneurship at New York's Baruch College, the statement is hardly surprising. What marks Mohan out is that when he daydreams of wealth, it is not dollar signs that flash up before his eyes, it is Bitcoin.

### **Early Adopters of iPad POS Vastly Outperform the National Average in Revenues**

*6/20/13 BusinessWire*

ShopKeep POS announced same store sales for its merchants during May 2013 have increased by an average of 17.4% over May 2012. According to an Intuit Small Business Index, small businesses nationwide on average saw a 0.6% drop in overall revenue during the same period. "The statistics speak to a broader trend that early adopters of iPad POS systems are generally more successful in today's marketplace," said Jason Richelson, Founder and CEO of ShopKeep POS.

### **Starbucks: Mobile Payments Now 10% of All U.S. Transactions**

*6/19/13 FierceMobileContent*

Mobile payments now account for more than 10 percent of all transactions across Starbucks stores nationwide, the coffeehouse chain said Tuesday. The Starbucks Card Mobile App connects iPhone, Android and BlackBerry devices to prepaid Starbucks Card accounts to enable barcode-based checkouts. Mobile payments represent "a very sticky

transaction by virtue of the fact that people have preloaded their money that we hold for them in anticipation of that coming transaction," Troy Alstead, Starbucks' chief financial officer and chief accounting officer, revealed Tuesday at the Jefferies Global Consumer Conference.

### **Research: Faster Mobile Check-outs Mean Bigger Payouts**

*6/19/13 PayPal*

In 2012, PayPal enabled \$14 billion worth of mobile payment volume and in 2013 we expect to exceed \$20 billion. In addition to our leadership in this space, recent research from eMarketer found that people spent \$25 billion on purchases made from phones and tablets in 2012, an increase of 81 percent from the year before, which compiles data from 120 sources that track commerce. They also predict that by 2016, mobile will be \$87 billion, or a quarter of all e-commerce.

### **Square Co-Founder Tristan O'Tierney Latest Exec to Leave After String of Departures**

*6/15/13 Venture Beat*

Tristan O'Tierney has left Square to circle the globe. O'Tierney was one of the founders of Square, which is now one of Silicon Valley's hottest tech companies. O'Tierney cofounded the company in 2009 with Twitter cofounder Jack Dorsey to make it easier for microbusiness owners to accept credit card payments.

## **Regulation & Security**

### **Banks Say CFPB's Data Collection Breaks Law**

*6/21/13 American Banker*

The U.S. Chamber of Commerce is accusing the Consumer Financial Protection Bureau of breaking the law in collecting detailed information on individual credit-card accounts. "The bureau has not issued an order or regulation imposing on businesses an obligation to provide account-level data on an ongoing basis," David Hirschmann, CEO of the chamber's Center for Capital Markets Competitiveness, wrote in a June 19 letter to the agency. "Because it has failed to comply with this statutory requirement, we believe the Bureau's data demands are unlawful."

### **Supreme Court Stops Merchant Class-Action Suit vs. American Express**

*6/20/13 The Wall Street Journal*

The U.S. Supreme Court on Thursday blocked an antitrust lawsuit that alleged American Express Co. (AXP) used its muscle in the corporate card market to force merchants to accept the company's less desirable payment cards--and the fees that go with them. The high court, in a 5-3 ruling by Justice Antonin Scalia, said the merchants that brought the lawsuit must arbitrate their claims instead of bringing them in court.

### **RSA's Coviello: Cyber-Attacks to Worsen**

*6/20/13 Bank Info Security*

Cyber-attacks will become more destructive within three to five years, predicts Art Coviello, executive chairman of the security firm RSA. "There's about to be a big change," he says in an interview at RSA Conference Asia Pacific in Singapore [transcript below]. Today, it's difficult for cybercriminals to launch a destructive attack from the Internet

without some manual intervention, Coviello says. But when the Internet migrates to IPv6, the whole environment will change, he says.

### **Cyberthieves Are Going Low-Tech, And The Only Way To Stop Them May Be To Go Even Lower**

*6/18/13 StorefrontBacktalk*

At a time when retail IT is getting better at locking down just about every avenue cyberthieves have of breaking in-PINpads, wireless networks, connections with processors-it's nice to know the bad guys are still able to hit retail security where it isn't. (OK, it's not nice, but you know what we mean.) According to FICO, scammers are now using a decidedly low-tech technique for stealing payment-card information from consumers-and there's no special reason the same trick won't work against store employees for the keys to a retail network.

### **A Startup Looks to Stop Fraud With a New Method for 'Fingerprinting' Phone Calls**

*6/19/13 The Verge*

One of the most cherished and time-honored traditions of computer security conferences like Def Con has been the Social Engineering contest. It's a simple but satisfying hacker bloodsport - contestants sit inside a glass isolation booth in front of a live audience and call up companies to see how many network security details and other secret information they can coax from clueless customer service representatives.

## **Economy.**

### **Citibank Small Business Pulse® Reveals Three-Year High in Owners' View of Business Conditions**

*6/18/13 BusinessWire*

More small business owners say business conditions are good or excellent today than at any point in years, according to the latest Citibank® Small Business Pulse released today. Nearly half of small business owners (48%) rate conditions as good or excellent, up from 43% in May 2012 and twice the rate three years ago (24%). Current confidence also represents a rebound from August 2012, when the fiscal cliff caused uncertainty.

### **Bernanke Says Fed on Course to End Asset Buying in 2014**

*6/19/13 Bloomberg*

Federal Reserve Chairman Ben S. Bernanke said the central bank may start dialing down its unprecedented bond-buying program this year and end it entirely in mid-2014 if the economy finally achieves the sustainable growth the Fed has sought since the recession ended in 2009. The Federal Open Market Committee left the monthly pace of bond purchases unchanged at \$85 billion, while saying that "downside risks to the outlook for the economy and the labor market" have diminished.

### **Initial Jobless Claims Rise, But Still Show Labor Market Growth**

*6/20/13 LA Times*

Initial jobless claims jumped by 18,000 last week, but remained at a level that indicates moderate labor market growth. There were 354,000 people who filed for first-time unemployment benefits in the week ending Saturday, up from a revised 336,000 the previous week, which was near a

five-year low, the Labor Department said Thursday. The increase was more than expected. Analysts had predicted that the number would rise to about 340,000.

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## **Payments Press**

### **5 Things I Learned Reading Visa's Annual Report**

*6/17/13 The Motley Fool*

Here are five things I learned from Visa's annual report. I knew Visa was the biggest player in the industry, but I didn't realize that by most measures, it's nearly twice the size of rival MasterCard. Credit payment volume growth plunged during the financial crisis, but debit-card growth made up the slack. Now things are changing. With consumer debt deleveraging ending and the economy on the mend, credit is back in the driver seat.

### **Three Key Takeaways From Vantiv's Talk With Investors**

*6/17/13 Cincinnati Business Courier*

It's been a little more than a year since Vantiv Inc. completed its IPO, and so far, so good. The Symmes Township-based payment processor's stock has soared more than 50 percent since it went public in March 2012. Earnings have soared, too, as the number of transactions it processed jumped almost 20 percent last year. That means CFO Mark Heimbouch had a good story to tell when he spoke to analysts and investors at the William Blair Growth Stock Conference in Chicago on Wednesday.

### **MasterCard Announces Leadership Changes in its Latin America and Caribbean Region**

*6/19/13 MasterCard*

MasterCard announced today the appointment of Gilberto Caldart as president of its Latin America and Caribbean business, effective August 1. Caldart, who currently heads the company's GeoSouth Division (Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay) for MasterCard LAC, will report to Ann Cairns, president of MasterCard's International Markets. He succeeds Richard Hartzell, who will take on a new role as head of MasterCard's business with merchants and acquirers across its international markets.

### **ACI Worldwide Survey: EMV Will Accelerate Adoption of Mobile Technologies, Industry Monitoring Mobile Wallet Adoption**

*6/19/13 ACI Worldwide*

ACI Worldwide, a leading international provider of payment systems, today released the results of a new survey of banks, retailers and payment processors that sheds new light on industry trends related to EMV, mobile payments and banking, fraud and innovation. Among the principal findings, ACI found that those intimately involved in banking and

payments believe that EMV is poised to drive the adoption of mobile technology.

### **Banks Turn to Fees to Make Mobile Pay**

*6/17/13 BTN*

At the recent Mobile Banking Summit in Miami, a question bankers raised several times was, how do we make money off mobile banking? Mobile app development projects can cost \$1 million to \$5 million, and often boards and executive committees want to see some kind of return on investment before approving such projects. The obvious answer is fees. Some in the industry feel it's reputationally risky to charge fees for mobile banking services. Some believe mobile banking initiatives pay for themselves because the channel is much lower cost than branches.

### **Payments Council Dares to Think Differently About UK's Payments Infrastructure**

*6/17/13 Payments Council*

The publication of the first ever Payments Roadmap - An Initial Report (17 June 2013), spells out the Payments Council's revolutionary approach towards assessing the options for building on the world leading payment services currently used by UK customers. The Roadmap will be a ground breaking document, and is designed to be a mechanism to shape the nation's payments infrastructure in a way that provides the maximum benefits to everyone who makes and receives payments.

### **EBay CEO Confident of Getting China Payments License**

*6/17/13 Reuters*

EBay Inc's PayPal division will become the first foreign company to secure a payments license in China, CEO John Donahoe predicted, but the e-commerce giant is taking a cautious approach to expansion in the country. Donahoe sees "encouraging signs" from the Chinese authorities, but said it remained next-to-impossible to guess when its fast-growing PayPal unit would finally get the green light to operate in the world's second largest economy.

### **American Express Names Jeffrey Campbell Chief Financial Officer**

*6/20/13 American Express*

American Express Company today announced the appointment of Jeffrey C. Campbell as executive vice president and chief financial officer. Mr. Campbell, 52, will lead the company's Finance organization and represent American Express to investors, lenders and rating agencies. He will also become a member of the company's Operating Committee.

### **WSAA Launches Scholarship Fund for ETA CPP Program**

*6/17/13 The Green Sheet*

The Western States Acquirers Association (WSAA) & the Electronic Transactions Association (ETA) are launching the industry's first scholarship program to benefit 10 qualified ISOs & MLSs who want to sit for the ETA's CPP exam. Scholarships will pay for the cost of the ETA CPP Exam fee and includes the CPP Study Guide via e-mail. The ETA Certified Payments Professional credential signifies that an individual has demonstrated the knowledge and skills required to perform competently in today's complex electronic payments environment.

## **Heartland Payment Systems(R) Named to IDG's Computerworld 100 Best Places to Work in IT List for Third Consecutive Year**

*6/18/13 Heartland Payment Systems*

Heartland Payment Systems, one of the nation's largest payment processors and leading provider of merchant business solutions, today announced that it has been named to IDG's Computerworld 2013 List of Best Places to Work in Information Technology (IT). This is the third consecutive year Heartland finished as one of the top 100 organizations that build innovative IT teams while providing superior benefits and compensation.

## **Shift4 to Simplify Complex and Costly Migration to U.S. EMV**

*6/19/13 Shift4*

Shift4 Corporation, the world's largest independent payment gateway, today issued an open letter to merchants and payments industry players highlighting Shift4's ability to drastically reduce the time and costs involved in developing and certifying EMV-ready solutions for the U.S. market. EMV, Chip and PIN, Smart Card - no matter what you call it, there's no sugar-coating the fact that bringing this technology to the U.S. is going to be an expensive and convoluted process."

## **The New and Improved PayAnywhere App and Merchant Portal are Here!**

*6/18/13 PayAnywhere*

Change is good...and we've made some great changes to the PayAnywhere app and merchant portal that we think you're going to love. The latest and greatest upgrades to the PayAnywhere iOS app and merchant portal include boosted performance, new bilingual in-app support with Spanish language prompts and new advanced inventory features.

## **Barclays Extends Mobile Payments to Retailers with Buyit**

*6/19/13 Finextra*

Barclays customers will soon be able to use their Pingit mobile payments app to make purchases by scanning QR codes on adverts, the bank's managing director of cash management, Richard Martin, has told Finextra. Built on the Faster Payments rails, the Pingit app, which lets users make immediate person-to-person payments using just mobile phone numbers, has proved hugely popular.

## **Punchey Launches to Support Small Businesses Doing Bigger Transactions**

*6/18/13 PRWeb*

Punchey Inc., the company that makes it easy and cost-effective for small businesses to accept larger transactions via mobile or desktop, today announces its launch out of private beta. The company's new hardware and software give small businesses access to powerful customer relationship management tools, as well as rates optimized for businesses with orders of \$50 and more, to turn payments into marketing and revenue-boosting opportunities.

## **PointsPay: "Best Loyalty Industry Innovation"**

6/19/13 Loyalty 360

Loylogic, the leading innovator of loyalty e-commerce and e-payment solutions, has won the award for the 'Best Loyalty Industry Innovation' for PointsPay at the Loyalty Awards in London on June 11, 2013. PointsPay is the world's first global mobile payment wallet that enables payments with loyalty currencies at over 32 million merchants worldwide.

### **CrossCheck Becomes Preferred Payment Guarantee Provider for SBMA**

6/19/13 CrossCheck

CrossCheck, Inc., a leading provider of check guarantee and electronic check processing services to the building supply industry, has been named the preferred payment guarantee company for the Southern Building Materials Association (SBMA). Special check processing programs including Standard Check Guarantee and Remote Deposit Capture Plus, will be available to the association members.



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