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tsg THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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This Week's NewsFilter..

This week the payments industry saw a number of announcements. Visa Inc. and JPMorgan Chase Announce [Chase Merchant Services](#). Visa also announced an [alliance with Samsung](#) to push NFC, while MasterCard unveiled the evolution of PayPass into [MasterPass](#).

At the Mobile World Congress PayPal warned of the [growing threats from cyber-attacks](#), as data loss incidents rise according to [KPMG's new report](#).

In other payments news, [online gambling is looking better for acquirers](#), VeriFone is to be featured on [All-Star Celebrity Apprentice](#), and CoinStar rolls out [PayPal powered kiosks](#).

Featured

Industry Comments: Visa Inc. and JPMorgan Chase Announce Chase Merchant Services

3/01/13 Baird

The Visa/Chase announcement seems to be pushing payments into a bit of uncharted territory. We would be stretching the truth if we said that we understand Visa and Chase's exact intentions, and we consider it possible that neither perfectly know the other side's intentions. On one hand, this could be the start of issuers gaining more control and changing the dynamics of how they price merchants and how merchants value the service. On the other hand, this could simply be a 10-year contract with slightly better pricing and some incremental marketing/loyalty capabilities.

Mobile World Congress: Visa and MasterCard Rollout Enhanced M-Commerce Platforms

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

[TSG MPPS Benefits](#)

[MPPS Example Executive Summary](#)

[Case Study: Driving Value Through Competitive Bidding](#)

[Should Traditional Merchant Acquirers "Beware of Square"](#)

[ETA/TSG Economic Indicators Report](#)

This Day in History: 1872 Yellowstone Park established

President Grant signs the bill creating the nation's first national park at Yellowstone.

Native Americans had lived and hunted in the region that would become Yellowstone for hundreds of years before the first Anglo explorers arrived. Abundant game and mountain streams teaming with fish attracted the Indians to the region, though the awe-inspiring geysers, canyons, and gurgling mud pots also fascinated them.

John Colter, the famous mountain man, was the first Anglo to travel through the area. After journeying with Lewis and Clark to the Pacific, Colter joined a party of fur trappers to explore the wilderness. In 1807, he explored part of the Yellowstone plateau and returned with fantastic stories of steaming geysers and bubbling cauldrons.

2/25/13 ClickZ

Visa and MasterCard are both using Mobile World Congress, the world's biggest stage for mobile, to reveal deeper efforts for mobile payments across the globe. MasterCard launched MasterPass, an enhanced version of its mobile wallet PayPass, while Visa announced a global partnership with Samsung and a group of technology providers that will broaden its mobile payment program and enable third parties to connect to the system.

VeriFone sells SAIL Mobile POS Business

2/25/13 Mobile Payments Today

Lost in the recent flurry of VeriFone news, including its partnership with MasterCard and low earnings, VeriFone apparently has sold its SAIL Pay mobile point-of-sale business. A notice quietly appeared on the SAIL website saying VeriFone "will soon begin the process of transferring our direct sales business to new ownership." No information on who the buyer is or the terms of the sale are available at this time.

A Juicy Hands-On With The Facebook Omni-Gift Card

2/25/13 TechCrunch

"Uh Facebook Gift Card?", the Jamba Juice cashier said with a twang. "I don't even know what that is." But that didn't stop her from ringing up my purchase with Facebook's invasion of brick-and-mortar commerce. Facebook announced the card last month, and today I was one of the first to try it out. Here's how it felt to swipe Facebook's hopeful disruptor of the \$100 billion US gift card market.

TSG Infographic: What Benefits Me By Paying a Credit Card Swipe Fee

2/20/13 TSG Metrics

The Strawhecker Group has created an Infographic titled 'What Benefits Me By Paying a Credit Card Swipe Fee.' This new Infographic illustrates an explanation of what merchants pay to accept credit cards, why it's paid, and the benefits provided to merchants and consumers. TSG has used considerable primary and secondary research from a plethora of resources to build-out this visualization providing our educated perception of the ongoing discussion around swipe fees.

[Click here to view the Infographic.](#)

Mobile Payments

MasterCard Unveils the MasterPass Digital Wallet, The Evolution of PayPass

2/28/13 Internet Retailer

MasterCard Inc. has unveiled the next iteration of its digital wallet that the card brand says can be used for online, mobile and in-store purchases. Dubbed MasterPass, the service enables consumers to store online payment card information, billing and shipping addresses, and loyalty account numbers they can use when paying for purchases. MasterPass replaces PayPass Wallet Services, which MasterCard had been testing since May 2012.

[Click here to go to the MasterPass website.](#)

Some doubters accused the mountain man of telling tall tales and jokingly dubbed the area "Colter's Hell." [Click here to read more.](#)

Visa & Samsung Announce Global Alliance to Accelerate NFC Uptake

2/25/13 The Next Web

Visa and Samsung made a joint announcement at Mobile World Congress in Barcelona today, one that could have pretty big ramifications for the uptake of NFC. The so-called "global alliance" will see Visa's payments paired with Samsung's mobile technology to help accelerate the availability of NFC-based smartphone payments, something that thus far hasn't quite lived up to its early promise.

Square Seeking Bigger Retailers

2/27/13 ISO & Agent

Square Inc. has based its sales pitch on the ease of plucking its mobile card reader off a store's shelf and suddenly being able to accept swiped card payments. But Square's new "Business in a Box" product, which starts at \$299, aims to attract merchants that have more complex needs. It can include a cash drawer and a receipt printer, which merchants would otherwise have to purchase separately.

PayPal Co-Founder Levchin Launches New Payments Startup, Affirm

2/27/13 AllThingsD

High-profile Silicon Valley entrepreneur Max Levchin is launching a new mobile payments startup today called Affirm. It's the first project emerging from Levchin's San Francisco tech incubator Hard, Valuable, Fun (HVF), which he started after selling his last company - Slide - to Google and then eventually leaving the search giant. Previous to that, Levchin and investor Peter Thiel had sold PayPal to eBay.

At JCPenney, Everybody Gets A POS iPod In March

2/28/13 StorefrontBackTalk

All JCPenney associates will be able to do in-aisle checkout "within one month," the troubled chain's CEO said during an earnings call on Wednesday (Feb. 27). The move comes as 25 percent of sales transactions in the stores are already being done on mobile POS. By the end of March, "every employee on the floor of a JCPenney store will carry an iPod and be able to check out customers any time and anywhere in the store."

Groupon Fires Its CEO, Andrew Mason

3/01/13 Forbes

Groupon's board did the right thing about two years too late. While Mason's departing comments suggest he has a future as a comedian, its bad business model cost IPO investors 77% of their investment through February 28. And since 2008, Groupon - it offers daily deals on services ranging from pumpkin-picking to skydiving - has lost \$905 million on revenue of \$4.5 billion.

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Regulation & Security.

PayPal Warns Congress of Ecommerce Security Risks

2/27/13 eCommerce Bytes

A top security executive with electronic-payment heavyweight PayPal warned lawmakers on Tuesday of the growing threats from cyber attacks as retail and other forms of commerce increasingly move to the Internet. At a joint House subcommittee hearing, Michael Barrett, PayPal's chief information security officer, urged members of Congress to enact legislation that would promote cybersecurity education and research and development efforts.

Regulate Prepaid Cards as Debit Cards? Not So Fast

2/28/13 BankThink

The basic argument is that the prepaid card has evolved to be almost indistinguishable from checking accounts. From a functional perspective, that is true. From a usage perspective, there are vast differences. According to a recent report from the Federal Reserve of Philadelphia, the lifespan of a prepaid card is often less than six months, 5% to 15% that of a typical checking account.

Who Has Access to Your Data?

2/28/13 Bank Info Security

Russ Dietz of Websense likes to ask organizations: Do you really know who has access to your data? The answers often lead to uncovering security vulnerabilities that have been overlooked. Particularly in this mobile age, data is being accessed in numerous ways, and organizations struggle to know exactly who is gaining access.

Data Loss Incidents Rise With An Increase In Sophistication And Variety Of Attacks, Says KPMG

2/26/13 PR Newswire

Recent incidents of corporate data loss hit the highest levels since 2008 as companies work to improve data security strategies against a greater variety of more sophisticated IT attacks that can pose severe enterprise and reputational risks, says a new report from KPMG International. Data loss attacks affected more than one billion people in the last five years and more than 60 percent of those incidents were the result of hacking.

Economy.

Hail Armageddon

2/28/13 The Washington Post

"The worst-case scenario for us," a leading anti-budget-cuts lobbyist told The Post, "is the sequester hits and nothing bad really happens." Think about that. Worst case? That a government drowning in debt should cut back by 2.2%, and the country survives. That a government now borrowing 35cents of every dollar it spends reduces that borrowing by two cents "and nothing bad really happens." Oh, the humanity!

Less Than 20% Of Business Owners Have Negative Outlook For Remainder Of 2013

2/28/13 Newtek

Newtek Business Services, announced the findings of its SB Authority Market Sentiment Survey, a monthly window into the concerns of independent business owners. Based on a poll of over 1,300 respondents, one of the key findings from the February survey is 45% of business owners feel neutral about the business future over the next 12 months.

U.S. Economy Barely Grew in Fourth Quarter, Revision Shows

2/28/13 The New York Times

Breathe a tiny sigh of relief, if not exactly contentment: the American economy grew just barely in the last quarter of 2012. Output expanded at an annual rate of just 0.1 percent, which is basically indistinguishable from having no growth at all and is far below the growth needed to get unemployment back to normal. But at least the economy did not shrink, as the Commerce Department had originally estimated last month, when the first report suggested that output contracted by an annual rate of 0.1%.

Jobless Claims Fall Sharply

2/28/13 CNNMoney

First-time claims for unemployment benefits fell sharply last week, according to a government report that showed an unexpected improvement in the labor market. The Labor Department report showed 344,000 Americans filed for jobless benefits in the latest week, down from 366,000 the previous week. Economists surveyed by Briefing.com had forecast 360,000 would be seeking help in the latest report.

Payments Press

With the Garden State's Greenlight, Online Gambling's Odds Look Better for Acquirers

2/27/13 Digital Transactions

Now that New Jersey has become the third state to legalize online gambling, the market for the first time in years has begun to offer possibilities to acquirers as a promising new source of transaction volume. But questions remain about how and how soon the new state laws will be implemented in practice and about how willing processors and banks will be to handle online-gaming transactions.

Discover Offers Cash Back on New Checking Account

2/27/13 American Banker

Discover Financial Services (DFS) on Wednesday rolled out its long-anticipated checking account, a key step in the company's bid to compete with more established online banks. Initially, the Riverwoods, Ill., company is offering checking accounts only to a limited number of its existing customers, but a larger roll-out is planned for next year.

VeriFone to Be Featured on 'All-Star Celebrity Apprentice'

2/28/13 CSP

VeriFone Systems Inc.'s technology will have a featured role on NBC's All-Star Celebrity Apprentice as Donald Trump brings back famous "fired" apprentices and a past winner from previous season return for another try. The stars on this season will take VeriFone-enabled payment devices

in-hand in a bid to win the company's donation for their favorite charities.

TSYS Signs Full-Service Processing Agreement with MLS Direct Network

2/26/13 TSYS

TSYS announced the signing of a long-term payments agreement with MLS Direct Network of Birmingham, Ala. Through its Merchant Services segment, TSYS will provide full-service payment processing services, in addition to chargeback processing, technical support, and risk management services.

Coinstar Begins Rollout of PayPal Powered Kiosks

2/27/13 PayPal

Starting this month in Texas, Northern California and Ohio, consumers will be able to conveniently and securely add coins and paper currency into or withdraw funds from their PayPal accounts, as well as send money to another PayPal account at select Coinstar kiosks. The rollout will continue at select kiosks throughout the year.

Foursquare Specials for Credit Cards Program Utilizing First Data OfferWiseSM Solution

2/26/13 First Data

First Data Corporation, announced they are working with Foursquare to extend their already-successful Foursquare Specials for Credit Cards program to now accept Visa and MasterCard, and most debit cards. Foursquare has integrated the First DataSM OfferWiseSM solution that seamlessly allows users to sync their card, and then swipe at a participating merchant location to redeem offers and receive savings.

Credit Union 24 Taps Targan to Counsel on Network Expansion

2/26/13 The GreenSheet

Credit Union 24, the nation's largest credit union-owned ATM and point-of-sale (POS) network, announced that it has engaged the services of Holli Targan, a partner with Jaffe Raitt Heuer & Weiss, P.C., to provide legal counsel as the network further expands its payment services for credit unions. Ms. Targan specializes in payment products and services, electronic funds transfer law, compliance and regulatory matters.

Next Gen Dine Integrates Merchant Warehouse Payment Gateway

2/25/13 PRWeb

Next Gen Dine, the Future of Restaurant Dining, can now send end-to-end encrypted credit card payments directly to the Merchant Warehouse payment gateway enabling an even broader base of merchants to integrate Next Gen Dine directly to the payment processor of their choice. This added functionality does not require any changes to an existing Next Gen Dine deployment and uses the standard MagTek iDynamo encrypted credit card reader iPad accessory.

LevelUp Reaches 1 Million Users

2/28/13 Reuters

From LevelUp - Just four months ago, LevelUp reached 500,000 users. So, what did we do? We put our heads down and immediately started racing towards 1 million. And today, after a little black magic and a lot of sleepless nights, we've made it. We. reached. one. million. users.

VeriFone and SK C&C Team On Mobile Wallet Acceptance

2/27/13 VeriFone

VeriFone Systems, Inc., and SK C&C, the Korea-based global IT services company, announced today they are partnering on deployment of open interface standards and technology platforms for management of digital wallet services, acceptance solutions and mobile commerce. The two companies are currently in deployment activity with several large mobile network operators (MNOs).

Online Payments Startup PlastiQ Raises Fresh \$6M

2/28/13 PE Hub

PlastiQ, a Boston-based online payments company, has raised \$6 million in financing. The round was led by Atlas Venture and Flybridge Capital Partners and also included investors in an earlier, \$2.3 million financing sewn up last spring. Those other investors include NextView Ventures, Greenoaks Capital Management and individual investors such as Harvey Golub, the former chairman and CEO of American Express.



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