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Edition #365

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Trending This Week...

Major news was released Wednesday as U.S. District Judge Richard Leon struck down the current cap on debit card swipe fees. Leon ruled that the Federal Reserve did not appropriately fulfill Congress's intent of the Durbin Amendment, a provision of the Dodd-Frank legislation.

In effect since October 2011, the existing Durbin interchange rules, i.e. 21-cent cap, will remain in place pending revised regulations, which many speculate will be dropped to a 12-cent cap.

News Round-Up:

- [Read the 58 page Memorandum Opinion](#)
- [MarketWatch: Is This the End of the Debit Card?](#)
- [Bloomberg: Swipe-Fee Rule Rejection to Help Merchants at Banks' Cost](#)
- [Forbes: The Real Victims of New Debit Swipe Fee Rule? Consumers, Not Banks](#)
- [Learn About Judge Richard Leon](#)

SMB Merchant Survey: POS Feature/Functionality

This 49 page report highlights results from an online survey of small business owners and those responsible for small business payments. A total of nearly 300 surveys were gathered covering five segments: restaurants, retail sales, retail food/liquor, business/personal services. and auto/boat/mobile dealers/shops. [Click here for a preview of this report.](#) This enhanced preview contains a table of contents containing the outline for the full report, you will know everything you

[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: 1990

Iraq Invades Kuwait

At about 2 a.m. local time, Iraqi forces invade Kuwait, Iraq's tiny, oil-rich neighbor. Kuwait's defense forces were rapidly overwhelmed, and those that were not destroyed retreated to Saudi Arabia. The emir of Kuwait, his family, and other government leaders fled to Saudi Arabia, and within hours Kuwait City had been captured and the Iraqis had established a provincial government. By annexing Kuwait, Iraq gained control of 20 percent of the world's

are getting before you purchase. [You can order it here](#) for \$1,195.

Featured

MasterCard, Visa to License US Debit Solutions to One Another to Ease EMV Migration

7/30/13 Benzinga

MasterCard and Visa Inc. announced an agreement to license their respective common U.S. debit solutions to each other to meet the industry need for a streamlined approach to route U.S. chip debit transactions over multiple, unaffiliated networks. Visa and MasterCard have made certain proprietary EMV chip technologies available to each other and other networks, enabling a debit chip transaction originating from a single chip application to be routed by the merchant to Visa, MasterCard or any other U.S. PIN debit network that elects to participate in these same solutions.

Indictments: New Clues Into Fraud Schemes

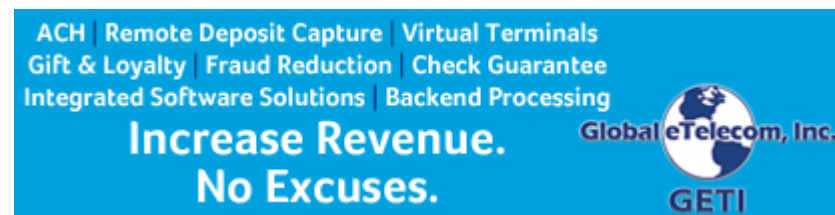
7/31/13 Bank Info Security

Kim Peretti, the ex-prosecutor who helped nab Heartland hacker Albert Gonzalez, says recent indictments offer insights into the actors behind global fraud schemes that affected 160 million cardholders. The indictments reveal that these top-level hacking groups have intricate knowledge of the payments industry, she says.

Thoma Bravo Completes Acquisition of Intuit Financial Services; Newly Launched as Digital Insight

8/01/13 BusinessWire

Thoma Bravo, a leading middle-market private equity firm, announced today it completed the previously announced acquisition of Intuit Financial Services, a division of Intuit, Inc., to form a stand-alone company that provides digital banking and payments capabilities to financial institutions. The transaction, valued at \$1.025 billion, establishes a new company with a familiar name in banking, Digital Insight.



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With Revenue Stuck in Neutral, First Data Looks to New Top Brass to Kickstart Growth

7/30/13 Digital Transactions

The company's \$189 million loss for the quarter is up \$32 million from 2012's second quarter, though much of the shortfall is attributable to a change in the provision for income taxes, the company says. More significant is that total revenue for the quarter, after adjustments, came in at \$1.7 billion, flat with the same quarter last year. "Revenue growth has been anemic," industry analyst Eric Grover, principal at Minden, Nev.-based Intrepid Ventures, tells Digital Transactions News.

oil reserves and, for the first time, a substantial coastline on the Persian Gulf. The same day, the United Nations Security Council unanimously denounced the invasion and demanded Iraq's immediate withdrawal from Kuwait. On August 6, the Security Council imposed a worldwide ban on trade with Iraq. On August 9, Operation Desert Shield, the American defense of Saudi Arabia, began as U.S. forces raced to the Persian Gulf. Iraqi dictator Saddam Hussein, meanwhile, built up his occupying army in Kuwait to about 300,000 troops. On November 29, the U.N. Security Council passed a resolution authorizing the use of force against Iraq if it failed to withdraw by January 15, 1991. Hussein refused to withdraw his forces from Kuwait, which he had established as a province of Iraq, and some 700,000 allied troops, primarily American, gathered in the Middle East to enforce the deadline.

[Click here to read more.](#)

New Reports: Attrition & Profitability Data

7/26/13 TSG Metrics

The Strawhecker Group is announcing a new series of reports - TSG Data Briefs. Using dynamic data, TSG Data Briefs are host to vital information within the payments industry such as attrition, profitability, vertical attractiveness, and much more. See the previews below, which represent an example of the full report minus the data.

- [U.S. Acquiring Industry Volume & Net Revenue Attrition & Growth: 2010 - Q1 2013 - \\$499](#)
 - Detail on account attrition, dollar volume net attrition, and net revenue net attrition as well as same-store-sales and growth
- [U.S. Merchant Portfolio Profitability: 2009 - Q1 2013 - \\$900](#)
 - A snapshot of the collective performance of TSG's SMB database including attrition & profitability
- [U.S. Merchant Vertical Attractiveness Q1 2013 - \\$3,900](#)
 - Analysis on where opportunities reside within given verticals in the merchant acquiring industry
- [U.S. Merchant Acquiring Discount by Tier: Q1 2012 - Q1 2013 - \\$4,900](#)
 - Profitability decomposition trends by merchant size category

TSG Data Briefs are sourced using thousands of perimeters found in [TSG's exclusive database of 1.6M merchants.](#)

[Click here to order any of these exclusive reports.](#)



Mobile Payments

Are NFC Payments Ready for Prime Time? ISIS Thinks So

8/01/13 Mobile Commerce Daily

The Isis mobile wallet will roll out nationwide later this year and will even make its way onto the iPhone, via a case with an embedded NFC chip. However, whether the necessary infrastructure is in place for wide-scale adoption is still a question. With competition growing in the mobile payments space, Isis, a joint venture of AT&T, T-Mobile US and Verizon Wireless, may be feeling under pressure to get its solution into more consumers' hands before MCX, a collaborative effort of many leading retailers, launches its mobile payments offering this year.

Isis Hopes National Rollout Timeline Will Prod Banks, Merchants to Join

7/30/13 BTN

In a move intended to stimulate the market, Isis says it is taking its mobile payment scheme nationwide ... sometime later this year. The mobile

wallet joint venture - formed by AT&T, Verizon Wireless and T-Mobile USA - has been testing its payment technology in Salt Lake City and Austin since October. The cities have been a petri dish for the consortium, explains Jaymee Johnson, Isis' head of marketing.

Apple Buys Mobile Chip Maker Passif Semiconductor. Are Mobile Payments On The Way?

8/02/13 Fast Company

In a scoop, ex-Wall Street Journal writer Jessica Lessin has learned that Apple purchased chip-making firm Passif Semiconductor, a small California-based firm that concentrates on "switch-based wireless receivers with a low power consumption and a small footprint." Apple confirmed the deal with AllThingsD.com. The acquisition, according to the online scuttlebutt, is an indication that Apple is interested in the sort of short-range radio communications that make systems like Bluetooth work.

OpenTable Begins Testing Mobile Payments

7/30/13 Bits

OpenTable lets users book a restaurant reservation with its smartphone app or Web site. Now the company is getting ready to take the next step and let diners pay for the meal with its app, too. The payment process, still in testing, will be straightforward, Matthew Roberts, chief executive of OpenTable, said in an interview. At the end of a meal, the diner would open the OpenTable app and pay the check with the tap of a button. The diner can review the check, adjust the tip and finish the payment.

Bitcoin and the Rise of a Digital Counterculture

7/31/13 MoneyBeat

Several hundred entrepreneurs, dreamers, technophiles, and the simply curious gathered Tuesday in midtown Manhattan for "Inside Bitcoins," a one-day conference promoting and exploring the mushrooming world of digital currencies. There was a lot of talk about regulatory hurdles, and freedom of speech, replacing an archaic financial system, and of course fiat currencies, which are almost treated like a dirty word among the faithful.

Powering the Payment Stream

7/29/13 StreetFight

For years, local search has fed consumers to a technological black hole. The systems on which local businesses rely to manage day-to-day operations - services like payment processing, inventory management, scheduling, and the point of sale systems that tie it all together - have remained offline, relegated to legacy tools or silo-ed in digital products not built for the web.



Regulation & Security

Why Did Gonzales Hackers Like European Cards So Much

Better?

7/30/13 StorefrontBacktalk

Last Thursday's (July 25) indictment of five more Albert Gonzalez gang members by federal prosecutors in New Jersey is a reminder of how big that operation was (and may still be) and how far authorities still have to go before they have it wrapped up—after all, only one of the five is in U.S. custody, with a second one awaiting extradition in the Netherlands. But a sharp-eyed Washington Post reporter noticed an oddity in the indictment that has less to do with cops and robbers than with mag-stripe and chip-and-PIN: Stolen European card numbers were sold for \$50 each, while U.S. numbers fetched a mere \$10.

Suspicious Activity Reports: What the Numbers Show

7/29/13 Portals & Rails

Initially intended to help law enforcement identify individuals and organizations involved in money laundering and terrorist financing, Suspicious Activity Report (SAR) filings are also used to help detect activities related to consumer fraud and identity theft. Depository institutions (DIs) and money services businesses (MSBs) together file about 98 percent of all SARs submitted annually to the Financial Crimes Enforcement Network (FinCEN).

The Merchant and the King: A Payments Parable

8/02/13 BankThink

Once upon a time, there was a great kingdom. The subjects in this kingdom had a favorite pastime: shopping. It was important for shopping to be easy. The merchants did not like to barter goods for their wares. So, the merchants went to the Money-Changer ("MC") and asked for help. "MC," said the merchants, "our customers come to our shops and ask us to take a bushel of corn for payment. We try to accommodate them, but then we have to hold bushels of corn. Is there any way you can help us?"

Economy.

162,000 Job Gains in July; Jobless Rate Falls

8/02/13 USA Today

Employers added 162,000 jobs in July, adding to worries that the labor market may finally be wobbling amid federal spending cuts and a payroll tax increase. The unemployment rate fell from 7.6% to 7.4%, lowest since December 2008, the Labor Department said Friday. A consensus forecast of economists had estimated that 185,000 jobs were added last month. Businesses added 161,000 jobs on healthy gains by retailers, restaurants and professional and business services. Federal, state and local governments added 1,000.

U.S. Expands at Brisk Pace in Q2, Defying Gloom

7/31/13 CNBC

U.S. economic growth unexpectedly accelerated in the second quarter, laying a firmer foundation for the rest of the year that could bring the Federal Reserve a step closer to cutting back its monetary stimulus. Gross domestic product grew at a 1.7 percent annual rate, the Commerce Department said on Wednesday, stepping up from the first-quarter's downwardly revised 1.1 percent expansion pace.

Fed Sees Risk of Disinflation, Maintains Bond Buying Pace

7/31/13 Bloomberg

The Federal Reserve said persistently low inflation could hamper the economic expansion and pledged to keep buying \$85 billion in bonds every month. "The committee recognizes that inflation persistently below its 2 percent objective could pose risks to economic performance, but it anticipates that inflation will move back toward its objective over the medium term," the Federal Open Market Committee said today after a two-day meeting in Washington.

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Payments Press

First Data Reports Second Quarter 2013 Financial Results

7/30/13 First Data

First Data Corporation today reported its financial results for the second quarter ended June 30, 2013. Consolidated revenue for the second quarter was \$2.7 billion, up \$24 million, or 1%, compared to a year ago, primarily driven by a \$29 million increase in reimbursable debit network fees, postage and other. Adjusted revenue, which excludes certain items including debit network fees, was \$1.7 billion, flat year-over-year.

MasterCard Incorporated Reports Second-Quarter 2013 Financial Results

7/31/13 BusinessWire

MasterCard Incorporated announced financial results for Q2 of 2013. The company reported net income of \$848 million, up 19%, and earnings per diluted share of \$6.96, up 23%, in each case versus the year-ago period, excluding a special item representing a charge related to the U.S. merchant litigation's taken in the second quarter of 2012. These net income and earnings per diluted share growth figures are reconciled to their comparable GAAP measures in the accompanying financial tables.

Heartland Payment Systems Reports Record Quarterly Earnings

7/31/13 Heartland Payment Systems

Heartland Payment Systems, Inc. announced Adjusted Net Income and Adjusted Earnings per Share of \$23.1 million and \$0.62, respectively, for the quarter ended June 30, 2013, compared to Adjusted Net Income and Adjusted Earnings per Share of \$20.5 million and \$0.51, respectively, for the quarter ended June 30, 2012. GAAP net income from continuing operations for the quarter ended June 30, 2013 was \$19.7 million, or \$0.53 per share compared to \$18.0 million, or \$0.43 for the quarter ended June 30, 2012.

Dolan Takes TMS American Strategy To Canada

7/29/13 ISO & Agent

Total Merchant Services is expanding north of the border. The Woodland Hills, Calif.-based ISO has hired a veteran of the Canadian acquiring business to head a new Toronto office. But TMS is not moving north to fit in with the Canadian way of doing business, says Tom Dolan, general manager of the ISO's Canadian office. "We're taking our U.S. model and applying it to Canada - essentially breaking the mold," Dolan says.

UBPS Changes Company Name to JetPay® Corporation

8/01/13 Herald Online

Universal Business Payment Solutions Acquisition Corporation, announced that the Company will immediately change its name to JetPay Corporation. The Company received overwhelming approval of its stockholders at its Annual Meeting yesterday for the change. The newly titled JetPay Corporation also announced that effective August 12, 2013, the ticker symbol for its common stock on the NASDAQ Capital Market would change from "UBPS" to "JTPY" to reflect the new name.

Merchant Warehouse Announces Partnership with POSiOS

8/01/13 Merchant Warehouse

Merchant Warehouse®, a leading innovator of payment technologies and merchant account services, announced a partnership with POSiOS, a point-of-sale (POS) developer that leverages cloud technologies to enhance customer service. Focused on the restaurant industry, the integration of Merchant Warehouse's Genius™ Customer Engagement Platform™ enables POSiOS to offer an expanded solution to its customers with greater flexibility, simplicity and customization.

Newtek Hires Thomas Harkins as Chief Credit and Risk Officer for Newtek Merchant Solutions

8/01/13 Newtek

Newtek Business Services, Inc. is pleased to announce that it has attracted and retained the talent of Mr. Thomas Harkins. Mr. Harkins will be joining Newtek as Senior Vice President, Chief Credit and Risk Officer of Newtek Merchant Solutions. He has over 30 years of experience in the electronic payments industry, and brings sound management experience in credit, risk management and operations within the merchant processing and credit card arenas.

PNC Bank's First-Ever "Pop-Up Branch" Debuts in Atlanta

8/01/13 PR Newswire

The opening of PNC Bank's first-ever portable "pop-up branch" brings banking to consumers with a temporary site designed to generate new business via the bank's newest concept branch, while raising brand awareness in a new Southeast market.

MasterPass by MasterCard Makes European Debut in UK

7/29/13 MasterCard

British consumers will be the first in Europe to experience MasterPass by MasterCard. Major high street and online brands, including, Argos* Boots UK*, House of Fraser*, The Hut Group, and Seetickets.com join thousands of retailers in the United States, Australia and Canada offering MasterPass to their consumers. MBNA is confirmed as one of the first issuers on the MasterPass platform in the UK.

EMV from a Payment Processor's Perspective [VIDEO]

7/30/13 TSYS

Learn how EMV affects acquirers and merchants.

BB&T Partners with Payment Alliance International to Expand Presence in Atlanta with Branded ATMs in Rite Aid Stores

7/30/13 PAI

Payment Alliance International (PAI), a leader in retail ATM solutions, and BB&T Corporation (NYSE: BBT), one of the largest financial services holding companies in the U.S., have jointly announced today they have entered into an agreement to brand over 130 Rite Aid Corporation ATMs in the Atlanta area. While PAI will own and operate all of the ATM placements, BB&T customers will enjoy the familiar appearance of the BB&T brand on the ATM, as well as surcharge free access for their transactions.

PULSE to Deploy Paydiant's Mobile Payment Solution

8/01/13 Discover

PULSE, one of the nation's leading debit/ATM networks, and Paydiant, a provider of a cloud-based mobile wallet and offer redemption platform, are working together to provide an easy-to-use mobile commerce solution for PULSE participants. The Paydiant solution will enable PULSE financial institution and merchant partners to quickly deploy contactless payment and cash access functionality to better serve their mobile-minded customers.

Sterling Bank Expands Its Digital Capabilities through Retail and Business Digital Solutions from FIS

7/29/13 Yahoo! Finance

Engaging customers on their own terms is the future of banking, and Spokane, Wash., based Sterling Bank, the principal operating subsidiary of Sterling Financial Corporation (STSA), is meeting those needs with the help of FIS™ (FIS). FIS, the world's largest provider of banking and payments technology, today announced that the \$9.94 billion bank signed a multi-year agreement to deploy FIS' Business eBanking and Mobile Banking solutions - creating new and easier ways for customers to manage their money, while also supporting the bank's plans for growth.

FTNI to add Mobile Support to ETran

7/30/13 FTNI

Financial Transmission Network Inc. (FTNI), a provider of industry leading receivable management solutions, today announced plans to add mobile support to its industry leading receivables solution. ETran, FTNI's SaaS based and PCI-compliant platform already processes Check21, ACH, Credit Card and Cash payments and donations will not add mobile device support to the platform.

Green Dot Reports Second Quarter 2013 Non-GAAP Revenue Growth of 4%

7/30/13 Daily Finance

Green Dot Corporation, today reported financial results for the second quarter ended June 30, 2013. For the second quarter of 2013, Green Dot reported a 4% year-over-year increase in non-GAAP total operating revenues¹ to \$142.6 million and non-GAAP diluted earnings per share¹ of

\$0.33. GAAP results for the second quarter were \$140.6 million in total operating revenues and \$0.25 in diluted earnings per share.

Cardtronics Introduces 'Preferred Branding' for FIs

7/30/13 ATM Marketplace

Retail ATM operator Cardtronics Inc. has expanded its ATM branding product line with the launch of a new program - Preferred Branding - that increases FI and accountholder access to premium Cardtronics ATM locations. The traditional branding solution from Cardtronics, Principal Branding, allows a single FI to brand an ATM using items such as toppers, screens and exterior signage, Cardtronics explained in a press release.

Scanbuy Processes Over 21 Million Mobile Barcode Scans in Q2 2013

8/01/13 The GreenSheet

Scanbuy, Inc., the world's leading mobile engagement solutions provider, today released its quarterly trend report showing that it processed over 21 million of the estimated 105 million total commercial QR Code and UPC mobile barcode scanning traffic in Q2 2013. "Our Q2 2013 Mobile Barcode Trend Report provides the inside scoop on who's scanning, what attracts them, and why these connections are revolutionizing the way major brands and retailers are engaging their customers with a managed code platform like ScanLife."



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