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THE STRAWHECKER GROUP

The Trusted Advisor To The Payments Industry



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[Mobile Payments](#)

[Regulation & Security](#)

[Economy](#)

[Payments Press](#)

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[PaymentsPulse.com](#)

[TSG Overview](#)

Trending This Week...

This week the [Federal Reserve Board filed an appeal](#) to U.S. District Judge Richard Leon's July ruling. The Fed argues that it followed the law and accused retailers of a misguided interpretation of the legislation regarding, for example, routing options for card authentication. [Click here to read the appeal.](#)

In mWallet news, [Blackhawk Network and PayPal are collaborating](#) to combine Blackhawk's vast range of gift cards for the world's top brands, and its digital platform, to PayPal's millions of consumers. In other mobile news, [Dwolla, looking toward faster payment transfers](#), unveiled 'Credit' letting users pay online merchants using credit rather than their own money.

Other highlights include:

- [An Open Letter to the Electronic Payments Industry from Bob Carr](#)
- [Retailers' Mobile POS Use to Triple, but Current Use Remains Low](#)
- [U.S. Durable Goods Orders, Sentiment Suggest Politics Hurting Economy](#)

NEW REPORT: Tablet POS - Merchant Insights & Company Research

TSG's Tablet POS: Merchant Insights and Company Research report ([click here for preview](#)) is a robust offering of quantitative and qualitative insights from the U.S. SMB marketplace. Merchants with under \$2 million in sales were presented a Tablet-POS concept in an effort to gauge the level of interest and values associated with the potential use of a tablet point-of-sale system. In addition to these valuable merchant-level findings, this report also includes market research on tablet POS providers and their offerings. This report offers an incredible value to those who are interested in the growing tablet-POS market. [Click here to order](#) or call 402.964.2617

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

[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: 1881 Pablo Picasso Born

Pablo Picasso, one of the greatest and most influential artists of the 20th century, is born in Malaga, Spain.

Picasso's father was a professor of drawing, and he bred his son for a career in academic art. Picasso had his first exhibit at age 13 and later quit art school so he could experiment full-time with modern art styles. He went to Paris for the first time in 1900, and in 1901 was given an exhibition at a gallery on Paris' rue Lafitte, a street known for its prestigious art galleries. The precocious 19-year-old Spaniard was at the time a relative unknown outside

and order over the phone. This report costs **\$1,195**.

Interested in other reports too? Check out [TSG Metrics Subscription](#).

Featured

[US: Fed Files Anticipated Appeal of Ruling Against Swipe-Fee Caps](#)

10/24/13 CPI

The US Federal Reserve Board has officially replied to a judge's recent decision condemning the Fed's approach to swipe-fee caps as too favorable to the banks. The Federal Reserve Board filed an appeal to US District Judge Richard Leon's July ruling, which found that the caps placed on swipe fees, or interchange fees, were higher than Congress intended, and that the Fed didn't give retailers enough alternatives for routing transactions. But the Fed argued in its appeal that it followed the law, and accused retailers of a misguided interpretation of the legislation regarding, for example, routing options for card authentication.

[Click here to read the Fed's full appeal.](#)

[An Open Letter To The Electronic Payments Industry From Bob Carr](#)

10/23/13 ISO & Agent

Last Wednesday (Oct. 16), I delivered a keynote address to the Strategic Leadership Forum of the Electronic Transactions Association (ETA) on my views of the evolution of the payments industry. At the beginning of this address, I told the audience that some of my comments would be controversial and I kept my promise, knowing that some members of the audience would be supportive and that others might be offended. Frankly, I didn't care if I offended some of the attendees because we need a discussion of what is unethical versus what is criminal in our industry.

[Coping With Debit's Cloud Of Uncertainty](#)

10/22/13 PYMNTS

Financial institutions were just settling into the new regulatory environment created by the Durbin Amendment's Regulation II when Judge Richard Leon's unexpected ruling swiftly upended the sector this July. Since then, the debit industry can best be described as uncertain. That's the defining word of the time according to Steve Sievert, executive vice president of marketing and communications at payments services provider PULSE. In addition, Sievert predicts this "cloud of uncertainty" may not be going away anytime soon.

[Visualizing Bitcoin's Amazingly Fast Spread Around The World](#)

10/24/13 Fast Company

Bitcoin, the global digital cryptocurrency that isn't tied to any central banking authority, has spread like wildfire around the world. Because it allows for anonymity, much of its rise has been linked to illegal activities, such as on the shuttered drug marketplace Silk Road, and its value has been tied to speculators who ratchet up demand. But Bitcoin is also starting to be accepted as a mainstream form of payment for U.S.-centric sites like OkCupid and Wordpress.

[TSG/ETA Report Identifies Business & Personal Services as Attractive Merchant Vertical for Merchant Acquirers](#)

Barcelona, but he had already produced hundreds of paintings. Winning favorable reviews, he stayed in Paris for the rest of the year and later returned to the city to settle permanently.

The work of Picasso, which comprises more than 50,000 paintings, drawings, engravings, sculptures, and ceramics produced over 80 years, is described in a series of overlapping periods. His first notable period—the "blue period"—began shortly after his first Paris exhibit. In works such as *The Old Guitarist* (1903), Picasso painted in blue tones to evoke the melancholy world of the poor. The blue period was followed by the "rose period," in which he often depicted circus scenes, and then by Picasso's early work in sculpture. [Click here to read more.](#)

10/17/13 *TSG Metrics*

Special Edition Economic Indicators Report Released at ETA's SLF

Through analyzing trends in attrition rates, same-store sales, new account production and net revenue margins among a proprietary database of 1.7 SMB million merchants (representing over 20% of the market), the special edition report identifies two merchant verticals that have outperformed and underperformed the database average in terms of value creation since Q4 2010. The report is powered by The Strawhecker Group (TSG), a consulting firm focused on the payments industry.

[Click here for the report.](#)



Mobile Payments

Retailers' Mobile POS Use to Triple, but Current Use Remains Low

10/23/13 *StorefrontBacktalk*

We are happy to hear the news that retailers' use of mobile point-of-sale (POS) systems is expected to triple by 2018, according to a new survey. While only 26 percent of retailers currently have mobile POS systems deployed, more than half of the 100 retail executives surveyed by Infogroup Targeting Solutions and Retail Touchpoints plan to implement the technology by 2018. Only 23 percent said they have no plans to ditch their cash registers in favor of a mobile checkout system.

Strategy Analytics Slashes Forecast for NFC-based Mobile Payments

10/25/13 *FierceMobile*

Strategy Analytics reduced its outlook for near field communications-based mobile retail payments, blaming tepid retailer adoption, slow operator rollouts and limited availability of NFC-capable handsets. Strategy Analytics forecasts that by 2017, 115 million NFC-equipped mobile device owners will spend just over \$48 billion using their phones to complete in-store transactions. This past May, the firm projected worldwide mobile payments would reach \$1 trillion by 2017, crediting rapid growth of NFC technologies driven by handset and point-of-sale terminal upgrades.

Blackhawk Network and PayPal Collaborate to Bring Gift Card Services to the Digital Wallet

10/23/13 *The Wall Street Journal*

Blackhawk Network today announced that it will be collaborating with PayPal to bring gift card services to the digital wallet. This relationship will bring Blackhawk Network's broad range of physical gift cards and eGifts, issued by many of the world's top brands, and its digital platform capabilities to PayPal's millions of consumers in the U.S. For years, consumers have been embracing gift cards and by working together PayPal and Blackhawk Network will address the biggest consumer pain points

Dwolla Aims To Speed Real-Time Payments with Alliance Data Deal for Cardless Credit

10/22/13 Digital Transactions

In its latest gambit to commercialize instant payment settlement, Dwolla Inc. on Tuesday unveiled a service that will let users pay online merchants using credit rather than their own money. The service, which the Des Moines, Iowa-based alternative-payment processor is calling simply "Credit," is intended to accelerate progress toward faster payment transfers, a long-time goal at Dwolla. "The [Dwolla] member gets instant buying power, and the recipient gets instant access to funds," Ben Milne, founder and chief executive of the 5-year-old company, tells Digital Transactions News.

The Cash Register's Days are Numbered

10/22/13 The POS News

As consumers, we've been spoiled for many years now. We want the latest and greatest technology that will make our lives easier, and we want it now. We've become accustomed to getting what we want, as quickly as possible - whether it be the latest version of the iPhone as soon as it's released, or a Smart TV that can deliver content from multiple sources. Consumers are now demanding the same type of high-end technology from retailers when it comes to the point-of-sale (POS).

Regulation & Security

Settlement Nears in Lawsuit Over Schnucks Credit Card Breach

10/24/13 KMOV

The suburban the St. Louis-based grocery chain Schnucks Markets has agreed to a settlement in a class-action lawsuit stemming from a computer system breach that compromised credit and debit cards of about 2.4 million customers. The St. Louis Post-Dispatch reports that a preliminary settlement was presented to St. Louis Circuit Judge David Dowd on Wednesday. The judge is expected to rule in the coming weeks.

What Can Retailers Do to Prevent Credit Card Fraud?

10/23/13 StorefrontBacktalk

While credit card processors and retailers have made strides to combat credit card fraud, it is still rampant across the U.S. In fact, credit card fraud jumped 17 percent between January, 2011, and September, 2012, according to the most recent data from the FICO® Falcon® Fraud Manager Consortium. Debit cards obviously have better safeguard measures in place, since debit card fraud rose less than 1 percent between January, 2011, and September, 2012. Plus, the average fraud loss per compromised account fell by 3 percent.

Tyfone Confronts Data Security 'Cross Over'

10/24/13 The Green Sheet

On Oct. 7, 2013, mobile identity verification and security firm Tyfone Inc. entered a pilot program with Wisconsin-based CoVantage Credit Union to test Tyfone's connected smartcard (CSC) technology. The CSC chip hardware, that can be integrated into different form factors, such as a plastic card, microSD card or key chain dongle, is designed to protect consumers' banking and payment data at a time when the two-factor authentication method of user name and password is widely seen as broken.

Economy

U.S. Durable Goods Orders, Sentiment Suggest Politics Hurting Economy

10/25/13 Reuters

Orders for a wide range of U.S.-made capital goods plummeted in September and consumer sentiment weakened sharply in October, signs that a budget battle in Washington has held back the economy. New orders of non-military capital goods other than aircraft, an indicator of business spending plans, fell 1.1 percent last month, the Commerce Department said on Friday. That could be a sign businesses were shutting their wallets as the fiscal debate was heating up in Washington.

Jobless Claims Fall to 350K; 4-Week Average Up

10/24/13 USA Today

The number of Americans seeking unemployment benefits dropped 12,000 to a seasonally adjusted 350,000 last week, though the total was elevated for the third straight week by technical problems in California. The Labor Department said Thursday that the less volatile four-week average jumped by nearly 11,000 to 348,250. Weekly applications have been inflated for the past three weeks, largely because California has been processing a large number of applications that were delayed because of a computer upgrade.

For Some, Joblessness Is Not a Temporary Problem

10/25/13 The New York Times

MOST Americans who lose their jobs these days are able to find new ones quickly. But those who do not are likely to remain unemployed for a long time. In some other industrialized countries, long-term unemployment has risen to record levels, even as overall unemployment has begun to decline. "This is a major source of concern," said Stefano Scarpetta, the director for employment, labor and social affairs at the Organization for Economic Cooperation and Development, whose members are 34 mostly developed countries.

Payments Press

Vantiv Reports Third Quarter 2013 Results

10/24/13 Vantiv

Vantiv, Inc. announced financial results for the third quarter ended Sep. 30, 2013. Revenue increased 14% to \$532.3 million in the third quarter as compared to \$466.7 million in the prior year period. Net revenue increased 14% to \$294.2 million in the third quarter as compared to \$258.5 million in the prior year period. Vantiv's 14% net revenue growth was due primarily to 9% transaction growth and a 5% expansion in net revenue per transaction. On a GAAP basis, net income attributable to Vantiv, Inc. was \$35.7 million or \$0.24 per diluted share during the third quarter, compared with \$24.3 million or \$0.19 per diluted share in the prior year period.

TSYS Reports Third Quarter 2013 Adjusted Cash EPS Increased 37.0%

10/22/13 TSYS

TSYS reported results for the third quarter of 2013, which includes the operating results of our NetSpend acquisition that closed on July 1, 2013. "This is the first quarter that NetSpend has been included in our consolidated financial statements and as our fourth operating segment. Their results were outstanding as revenues grew 22.2% over last year making a significant contribution to our overall results this quarter," said Philip W. Tomlinson, chairman and chief executive officer of TSYS.

Intuit Acquires Level Up Analytics, A Consulting Firm With A Specialty In Data Analytics

10/24/13 Tech Crunch

Intuit has acquired Level Up Analytics, a Mountain View-based consulting company that focuses on data science, big data and analytics. Terms of the deal were not disclosed. All the employees from the Level Up Analytics team will join Intuit. In a statement, Intuit described the deal as an "acqui-hire," its fifth this year. The company did not provide the names of the other consulting firms.

PayPal & Equity Bank Bid to Bring Global e-Commerce to Kenya

10/25/13 Finextra

PayPal is bidding to tap into the fast growing African market through a partnership with Kenya's Equity Bank which will let the country's merchants sell to customers around the world. The tie-up means that e-merchants in Kenya can sell to PayPal's customer base of more than 137 million active accounts in 193 markets around the world and move the proceeds to their Equity Bank accounts.

Why and How KeyBank Has Become Big Data-Driven

10/21/13 BTN

KeyBank over the past year has become very deliberately data-driven: anyone who wants to make a decision based on business experience or gut instinct needs to provide numbers to back it up or risk having that decision overturned. Big Data and analytics have become popular, and some believe overused, buzzwords in banking and many other industries. In some cases, this is more rhetoric than practice.

American Express Tries Mobile Payments Without the Smartphone

10/21/13 Businessweek

Technology companies mustered great enthusiasm in recent years over paying for things with smartphones, promising it would be easier and more useful than credit cards. The stack of plastic in your wallet shows it hasn't quite caught on. Now American Express (AXP) is introducing a new way to pay that it says will be even easier than a smartphone: your credit card. The company is introducing a program to allow customers to use points from its rewards program to pay for taxi cabs in New York.

Square's Credit Card Payments Are Great, But Here's What The Company Actually Does Best

10/24/13 Business Insider

Speaking at the NYPay Unconference, an event organized by Consult Hyperion to discuss the world of payments and banking, author and entrepreneur Brett King took a moment to talk about Square. "Everyone thinks Square's greatest accomplishment was turning a smartphone into a point-of-sale device," he said. "That's great and all, but the real achievement is in the way that Square's completely reinvented merchant onboarding."

Moneris Solutions and CenPOS Announce New Strategic Partnership

10/22/13 BusinessWire

Moneris Solutions Corp. ("Moneris"), one of North America's largest payment processors, announced today it has formed a strategic business partnership with CenPOS, a leading provider of cloud-based payment management solutions for the business-to-business market. CenPOS has integrated Moneris' advanced payment processing function into its cloud-based omni-channel payment platform to transform the payment processing experience for businesses that sell to other businesses (B2B).

VARStreet Partners with Mercury for Payment Processing

10/23/13 PRWeb

VARStreet Inc., the leading provider of integrated Sales Quoting and e-Commerce software for IT and Office products Channel, today announced a partnership with Mercury to offer payment processing and revenue generation solutions to its customers. With the new integration, VARStreet customers will have the ability to access Mercury's best-in-class payment technologies without any hidden fees. VARStreet provides a complete hosted and customizable e-Solution ensuring quick uptime and scalability at a minimal cost.

Former Netflix CFO Barry McCarthy Joins Super-Secretive Payments Startup Clinkle As COO

10/22/13 Tech Crunch

Super-secretive start-up Clinkle hasn't had a lot to say about what it's up to, but it's announcing a big hire today that it no doubt hopes will propel it forward in the mobile payments market. As the company prepares for public launch next year, Clinkle has brought on former Netflix CFO Barry McCarthy as its COO. McCarthy has spent the last few years as an executive advisor to Technology Crossover Ventures, and has served on the boards of a number of Silicon Valley companies, including Chegg, Eventbrite, Wealthfront, and Pandora.

PointsPay Wins Banking IT-Innovation Award 2013

10/21/13 Loylogic

Loylogic, the leading innovator of loyalty e-commerce and e-payment solutions, has received the "Banking IT Innovation Awards 2013" award. The award was announced on October 10th by the "Sourcing in the Finance Industry" competence centre comprising industry sector experts and representatives of the Universities of Leipzig, St. Gallen and Zurich.



The advertisement features a light blue background. On the left, there are four shopping cart icons arranged in a 2x2 grid. A large red arrow points from this group towards a single shopping cart icon on the right. To the right of the arrow, the text "Want to be a Merchant Aggregator?" is written in a bold, dark red font.



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