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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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Trending This Week...

This week, [Priority Payment Systems & Cynergy Data announced a merger](#) for their respective merchant acquiring platforms, creating Priority Holdings, LLC. John Priore will continue his role as President and CEO.

[See below for TSG's thoughts and analysis on Priority's merger with Cynergy.](#)

Also in M&A news, [Intuit announced their agreement to purchase Check Inc. for \\$360M](#), accelerating Intuit's ability to offer bill payments across small business and personal finance products.

Other highlights include:

- [Square Launches a 'Don't Call Us, We'll Call You' MCA Service](#)
- [Apple Discussing iPhone Payments Service with High-Profile Retail Brands](#)
- [Dish to Become Largest Company to Accept Bitcoin](#)
- [MasterCard Ups Security for U.S. Cardholders](#)

NEW REPORT: TSG's Gateway Analysis

TSG's latest report offers a side-by-side look at leading gateway providers. [See a preview of every page of this report.](#)

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

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[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 SmartPhone to Buy Things!](#)

[The Top Ten Ways Acquirers Can Block the Breach](#)

[Analysis: Vantiv's Acquisition of Mercury](#)

This Day in History: 1431 Joan of Arc Martyred

At Rouen in English-controlled Normandy, Joan of Arc, the peasant girl who became the savior of France, is burned at the stake for heresy.

Joan was born in 1412, the daughter of a tenant farmer at Domremy, on the borders of the duchies of Bar and Lorraine. In 1415, the Hundred Years War between England and

What is this report?

This report offers a detailed look at leading U.S. gateway providers, their feature/functionality, and other useful details.

How was it completed?

For this analysis, TSG utilized various industry contacts as well as its proprietary Merchant Processing Pricing Benchmark Study.

Why is this useful?

This report provides valuable insight for gateway providers, gateway users, and gateway partners.

The price is \$3,850. Please email Info@TheStrawGroup.com with questions. Following payment, TSG will email a PDF copy of the report.

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Featured

TSG's Thoughts & Analysis on Priority Payments Merger with Cynergy Data

5/30/14 TSG

The announced merger of Priority Payment Systems and Cynergy Data will create the 21st largest (est.) U.S. acquirer with



more than 125,000 merchants and \$20 billion in annual card volume. The merger propels the new Priority into a select group of the largest super-ISOs which include TransFirst, EVO Payments International, iPayment, North American Bancard, CardConnect and First American Payment Systems.

TSG's initial thoughts and analysis:

- Consolidation in the merchant acquiring industry is certainly evidenced by this and other recent transactions including Vantiv/Mercury and Global Payments/PayPros announced earlier this year. This is significant because these three transactions all include Top 40 players.
- The transaction appears to represent a blending of Cynergy's small ISO/Agent model with Priority's Agent Bank, ISO and Referral business models. Both parties bring a separate business growth model and sophisticated back-office systems and expertise to the table.

[Click here to read more.](#)

NOTE: TSG advised Priority on the transaction.

Priority Payment Systems & Cynergy Data Announce Merger

5/28/14 Priority Payment Systems

Priority Payment Systems and Cynergy Data have executed a definitive agreement to merge their respective merchant acquiring platforms, creating Priority Holdings, LLC. Under the terms of the transaction John V. Priore will continue in his present role as President and CEO of Priority

France entered a crucial phase when the young King Henry V of England invaded France and won a series of decisive victories against the forces of King Charles VI. By the time of Henry's death in August 1422, the English and their French-Burgundian allies controlled Aquitaine and most of northern France, including Paris. Charles VI, long incapacitated, died one month later, and his son, Charles, regent from 1418, prepared to take the throne. However, Reims, the traditional city of French coronation, was held by the Anglo-Burgundians, and the Dauphin (heir apparent to the French throne) remained uncrowned. Meanwhile, King Henry VI of England, the infant son of Henry V and Catherine of Valois, the daughter of Charles VI, was proclaimed king of France by the English.

Joan's village of Domremy lay on the frontier between the France of the Dauphin and that of the Anglo-Burgundians. In the midst of this unstable environment, Joan began hearing "voices" of three Christian saints—St. Michael, St. Catherine, and St. Margaret. When she was about 16, these voices exhorted her to aid the Dauphin in capturing Reims and therefore the French throne. In May 1428, she traveled to Vaucouleurs, a stronghold of the Dauphin, and told the captain of the garrison of her visions. Disbelieving the young peasant girl, he sent her home. In January 1429, she returned, and the captain, impressed by her piety and determination, agreed to allow her passage to the Dauphin at Chinon.

[Click here to read more.](#)

while former Cynergy CEO, Afshin Yazdian, will assume the role of Executive Director overseeing the business integration effort and other strategic initiatives. Financial terms of the transaction were not disclosed.

Square Launches a 'Don't Call Us, We'll Call You' Merchant Cash-Advance Service

5/29/14 Digital Transactions

A veteran of the merchant cash-advance industry believes Square's approach is unique. "I don't know of other MCA or small-business companies that do not accept an application," **Barry Davis, senior management consultant at Omaha, Neb.-based The Strawhecker Group** and former head of business development at Bethesda, Md.-based MCA provider RapidAdvance, says by email. "The closest I have seen is where a merchant acquirer provided merchant data on its portfolio and allowed a major MCA company to directly market to the merchants that had good characteristics for taking on a MCA or loan."

Intuit to Buy Check Inc for \$360 Million

5/27/14 Reuters

Intuit Inc, developer of tax-preparation software TurboTax, said it had entered into a definitive agreement to buy bill-payment service Check Inc for \$360 million in cash and other considerations. The acquisition will help accelerate Intuit's ability to offer bill payments across small business and personal finance products and create opportunities to retain, attract and serve additional customers, Intuit said in a statement on Tuesday.

How Intuit's Deal for Check Could Change the Mobile Money Game

5/29/14 BTN

Intuit Inc., a longtime frenemy of banks, may end up raising the bar for mobile financial services with its latest acquisition. The owner of Quicken, QuickBooks and Mint is buying yet another fintech darling: the mobile bill payment provider Check. The \$360 million deal would give Intuit a goldmine of financial data, mobile-centric bill payment capabilities, a team of technologists aspiring to create the go-to financial app for mobile devices and a business that profits off certain consumer transactions.



Mobile Payments

Apple Discussing iPhone Payments Service with High-Profile Retail Brands

5/29/14 9to5Mac

Apple wants to replace yet another daily tool with your iPhone: your wallet.

Executives from the Cupertino-based technology company have begun discussions with directors from retail store chains about a mobile payments service, according to a source with direct knowledge of the talks. Previous reports indicated that Apple is exploring new payments services through discussions with executives from existing payments

companies. These latest mobile payments-related discussions, which have occurred with retail store brands such as those that sell luxury clothing and premium goods, have taken place over the past couple of months, according to the source.

Dwolla Speeds Up Money Movement; Wages War on Checks

5/29/14 Finextra

Dwolla, the payment network that allows anyone in the United States connected to the Internet to send, request and collect money, today revealed key numbers and trends related to the cost of writing and issuing checks for small and medium-sized businesses (SMBs). The findings, which combine industry and survey data, suggest that 66% of the nation's SMBs spend \$858 a year on maintaining paper check operations, including labor, supplies, maintenance, and wait-times. [Dwolla's Infographic](#)

Merchant's Perspectives of Mobile Payments - Federal Reserve Bank of KC

5/29/14 Federal Reserve Bank of KC

The U.S. payment market has attracted increasing attention from technology firms and their investors seeking to capitalize on mobile and cloud technologies and the growing trend in consumer adoption of smartphones. Although consumers in the U.S. largely have not adopted mobile payments, merchants believe these technologies will address some current barriers to the use of mobile payments. In fact, many merchants are actively developing and implementing mobile payment applications.

Meet Cover, the App that's Determined to Reinvent the Restaurant Experience

5/28/14 The Washington Post

If you run your fingers across your credit card, you'll likely feel a series of useless bumps. The account number and your name are raised up, a relic dating to a time when merchants had to break out a clunky machine and carbon paper to complete a transaction, as Louie CK explained in his classic rant on under-appreciating advances in technology. Those raised characters serve no purpose in a world of electronic payments, where merchants can swipe the magnetic strip on your card.

Dish to Become Largest Company to Accept Bitcoin

5/29/14 ABC News

Dish Network Corp. says it will become the largest company yet to accept payment in bitcoin. The satellite TV company says it will begin accepting the digital coins through payment processor Coinbase by September. Coinbase will instantly convert the bitcoins into cash, eliminating the risk of price fluctuations to Dish. Dish's chief operating officer, Bernie Han, says the idea came from company employees who had become avid bitcoin users.

Overstock CEO Patrick Byrne Reports \$1.6 Million in Bitcoin Sales

5/27/14 CoinDesk

In a new interview with FOX Business, Overstock CEO Patrick Byrne has reported new bitcoin sales figures for the e-commerce giant, noting the company has processed \$1.6m in purchases so far this year. The news follows the 4th March announcement by the company that it had passed \$1m in year-to-date sales, less than two months after its decision to begin accepting the alternative payment method at the start of the year.



SMALL CHANGES BIG RESULTS

MWAA ANNUAL CONFERENCE 2014

Regulation & Security

MasterCard Ups Security for U.S. Cardholders

5/28/14 Finextra

MasterCard today announced enhancements to its industry leading security efforts, providing U.S. cardholders with greater protection from fraud and identity theft. In the most recent development, cyberintelligence firm IntelCrawler last week described attacks in nearly 40 nations, including the U.S., using a new type of POS malware known as Nemanja. "Fraud prevention and detection is a 24/7 job at MasterCard.

Consumer Groups Set Sights On Debit, Prepaid

5/29/14 PYMNTS

The U.S. Public Interest Research Group (USPIRG), joined by other consumer-advocacy organizations, last week celebrated the fifth anniversary of the Credit CARD Act by calling for similar action to address fees associated with debit and prepaid cards, something opponents to such action say requires careful consideration before being acting upon by Congress.

e-Commerce, Not POS, Source of most Retail Breaches

5/28/14 FierceRetailIT

For all the attention paid to point of sale systems as the cause of security breaches at retail, e-commerce breaches are really more common, according to a new report from Trustwave. While payment card data continued to top the list of the types of data compromised, the report notes that 45 percent of data thefts in 2013 involved confidential, non-payment card data - a 33 percent increase from 2012.

Why More Retailer Breaches on the Way

5/27/14 Bank Info Security

The number of point-of-sale networks infected with new and enhanced strains of retail-oriented malware has significantly increased, researchers say. As a result, they predict that retailer breaches that expose everything from card data to personally identifiable information will continue to grow.

In the most recent development, cyberintelligence firm IntelCrawler last week described attacks in nearly 40 nations, including the U.S., using a new type of POS malware known as Nemanja.

Economy

U.S. Economy Stumbles in Q1, But Prospects Brighter

5/29/14 Reuters

The U.S. economy contracted for the first time in three years in the first quarter as it buckled under a severe winter, but there are signs it has rebounded and economists say it could grow as much as 4 percent in the current quarter. The Commerce Department on Thursday slashed its estimate of gross domestic product to show the economy shrank at a 1.0 percent annual rate.

Weekly Jobless Claims Sink Near 2007 Low

5/29/14 *USAToday*

The number of Americans seeking unemployment benefits for the first time is once again touching a level mostly unseen since before the recession, a sign of the job market's improving strength. Seasonally adjusted initial claims fell to 300,000, a decrease of 27,000 from the previous week's revised level, the Labor Department said Thursday. The previous week's level was revised up by 1,000 to 327,000.

Amex: Beat the Heat: 176 Million Americans Gearing Up for Summer Getaways

5/29/14 *American Express*

More Americans will find relief from the heat this summer, with 75% planning a summer getaway (steadily rising from 69% in 2013 and 59% in 2012). In addition, nearly half of travelers plotting a trip to cool off at a beach, river or lake, according to the latest American Express Spending & Saving Tracker. More travelers will stay closer to home, with 70% planning to explore the U.S. this summer (vs. 65% in 2013), while 17% plan a trip overseas (on par with 2013).



Payments Press

TSYS Names New Global Chief Procurement Officer

5/27/14 *TSYS*

TSYS announced that Walter Taylor, a senior executive with more than 30 years of technology and operations experience in the payments and financial services industry, has been named group executive, chief procurement officer, responsible for procurement, vendor management and supplier management. Prior to joining TSYS, Taylor served as executive vice president, strategy, of Genesis10, where he was responsible for the firm's overall strategy for information technology staffing and consulting with clients in the financial services industry.

iPayment Partners with VeriFone to Bring Next Generation POS to Main Street Merchants

5/27/14 *VeriFone*

VeriFone Systems, Inc., and iPayment, Inc., today announced a complete tablet point of sale solution. iPayment POS is designed for the more than 150,000 small business merchants iPayment currently serves directly, through independent sales organizations (ISOs) and other multiple direct distribution channels throughout the U.S. "We evaluated all the tablet POS offerings on the market and it became abundantly clear that VeriFone has a superior product backed by market-leading expertise and deep support capabilities that would best serve our customers."

Pivotal Payments Expands its Canadian Card Acceptance Platform to Include Discover Financial Services

5/28/14 *Pivotal Payments*

Pivotal Payments, a leading provider of merchant services and global payment processing solutions announced a merchant acquiring agreement with Discover Financial Services that allows Pivotal's Canadian merchants to accept all cards on the Discover Global Network, including Discover, Diners Club International and PULSE. Discover Global Network is

the third largest payments network in the world, operating in 185 countries and territories.

Allied Wallet Becomes Licensed MasterCard Issuer

5/28/14 Yahoo! Finance

Allied Wallet, a globally leading provider of online payment processing multi-currency merchant services, and a PCI Level 1 secured payment gateway, was recently granted the privilege to issue MasterCard and Maestro cards in various regions of Europe. MasterCard has strict regulations for any financial institution that seeks to issue payment cards.

Vantiv Announces Pricing of Secondary Public Offering

5/27/14 Vantiv

Vantiv, Inc. announced today the pricing of a previously announced underwritten secondary public offering (the "Offering") of 5,780,000 shares of its Class A common stock by Fifth Third Bank (the "Selling Stockholder") at a price to the public of \$30.95 per share. The Selling Stockholder will receive all of the proceeds from the Offering.

SecureNet™ Named Best Payment Processor by Customer Choice at CNP Awards

5/27/14 SecureNet

SecureNet has been selected as the best payment processor at the CNP Awards, announced at the 2014 CNP Expo in Orlando. The annual event brings together merchants, banks, card networks and payments processors to explore how the industry can leverage card-not-present in an increasingly multi-channel environment. Every year, the CNP Awards recognize the best products, services and organizations in the card-not-present payment space. Each of the nine categories includes a judges' winner and Customer Choice winner.

Swipely Secures \$20 Million Series C Financing to Accelerate Growth

5/29/14 PRNewswire

Swipely, the simple way for merchants to understand customers and grow sales, announced it has completed a \$20 million Series C round of financing. Pritzker Group Venture Capital led the investment and was joined by existing investors First Round Capital, Index Ventures and Shasta Ventures. Swipely will use the new funding to accelerate growth, helping more leading restaurants and retailers make smart operating decisions with data.

Japan: MasterCard and WebMoney Launch Prepaid Card Dubbed WebMoneyCard

5/29/14 The Paypers

MasterCard, together with WebMoney, a Japanese electronic money and online payment system, and Credit Saison, a Japanese financial services company, has launched WebMoneyCard, a MasterCard-branded prepaid card issued in Japan. The WebMoneyCard can be used both online and at physical merchants that accept WebMoney or MasterCard payment cards.

The Members Group and TMG Financial Services Receive Prestigious Marketing Honors

5/28/14 TMG

Payments processor The Members Group and its sister company, credit card agent issuer TMG Financial Services, each received recognition from the Iowa Chapter of the American Marketing Association. Both

companies earned multiple NOVA Awards for excellence in marketing campaigns.

According to AMA Iowa, the NOVA Awards received a record number of entries in 2014. The competition is unique because judges apply triple weight to campaign results.



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