

NewsFilter

Editor: Mike Strawhecker, VP & Director of TSG Metrics
Co-Editor: Andrew Nuss, Marketing Associate



THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



July 11th, 2014
Edition #412

New to NewsFilter?



Want to Advertise
in NF?

[Click here to learn
more.](#)

Categories

[Featured](#)

[Mobile Payments &
Bitcoin](#)

[Regulation & Security](#)

[Economy](#)

[Payments Press](#)

TSG Resources

[TheStrawGroup.com](#)

[TSG Resource Center](#)

[PaymentsPulse.com](#)

[TSG Overview](#)



TSG @ MAAA!

Kurt Strawhecker, Manager Partner of TSG will be presenting at MAAA in Chicago next week. Interested in seeing how TSG can help your company? [Email us](#) if you would like to set-up a meeting.

Trending This Week...

This week, following recent speculation, [Isis has decided to change its name](#) to avoid being associated with the militant group, ISIS, however the new brand has yet to be announced.

Also this week, [TSG has put together a round-up of information and news for Operation Choke Point](#), an effort by the federal government to cut off fraudulent merchants' access to the financial system. This will be a very hot issue going forward.

Lastly, some BREAKING NEWS: [LeBron is going back to Cleveland.](#)

Other highlights this week include:

- [Rival Discover Weighs in at Amex Trial](#)
- [Cash Will Be King of Washington State Pot Payments, at Least for a While](#)
- [PayPal's Braintree Moves to Be the Cash Register for Every App](#)
- [Target to Seek Lawsuit Dismissals](#)

NEW REPORT: Next Day Funding Survey - ONE DAY SPECIAL PRICE

Did you Know: 9 out of 10 respondents offer next day

[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 SmartPhone to Buy Things!](#)

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

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

This Day in History: 1804

Burr slays Hamilton in duel

In a duel held in Weehawken, New Jersey, Vice President Aaron Burr fatally shoots his long-time political antagonist Alexander Hamilton. Hamilton, a leading Federalist and the chief architect of America's political economy, died the following day.

Alexander Hamilton, born on the Caribbean island of

funding?

What is this report?

TSG has noted increasing interest in the topic of so called "next day merchant funding" among industry participants. However, there seems to be confusion over a standard definition of what this service means, along with differing requirements that may impact the actual availability of this service to merchants. This report offers a detailed look at leading U.S. third-party processors and merchant acquirers and how each supports next day settlement funding.

[Click here to see a preview of this report.](#)

Call today and order by 4:00pm CT and receive a 30% discount (sale price of \$1,999). Please email Info@TheStrawGroup.com with questions. Following payment, TSG will email a PDF copy of the report.



Alternative ODFI for processing
Take control of your payment processing. Sage serves as your alternative ODFI for ACH and Check 21 payments.

[Learn More](#)

Sage Payment Solutions EFT

Featured

Operation Choke Point Round-Up

7/11/14 *The Strawhecker Group*

As we start the second half of the year, it is apparent that one of the top issues that payments providers need to be on top of is Operation Choke Point.

[Operation Choke Point](#) is an effort by the federal government to cut off fraudulent merchants' access to the financial system. While the payments industry may agree with the ultimate goal

of removing unseemly players, over the past few months, the Justice Department (via the FTC) has created a sense of uncertainty around what merchant types are "high risk" and therefore not suitable to process electronic transactions.



Operation
CHOKE POINT

[Click here to read more.](#)

Isis Flees Brand Tainted By Terror

7/08/14 *InformationWeek*

Isis, the electronic payment service founded by AT&T Mobility, T-Mobile USA, and Verizon Wireless, has decided to change its name to avoid being associated with the Islamic State of Iraq and Syria, the militant group also known as ISIS (the English translation of the group's name as rendered as an acronym). CEO Michael Abbott announced the company's intention to rebrand itself in light of the militant group's involvement in violence against civilians and government forces in Iraq and Syria.

Rival Discover Weighs In at AmEx Trial

Nevis, came to the American colonies in 1773 as a poor immigrant. (There is some controversy as to the year of his birth, but it was either 1755 or 1757.) In 1776, he joined the Continental Army in the American Revolution, and his relentless energy and remarkable intelligence brought him to the attention of General George Washington, who took him on as an aid. Ten years later, Hamilton served as a delegate to the Constitutional Convention, and he led the fight to win ratification of the final document, which created the kind of strong, centralized government that he favored. In 1789, he was appointed the first secretary of the treasury by President Washington, and during the next six years he crafted a sophisticated monetary policy that saved the young U.S. government from collapse. With the emergence of political parties, Hamilton was regarded as a leader of the Federalists.

Aaron Burr, born into a prestigious New Jersey family in 1756, was also intellectually gifted, and he graduated from the College of New Jersey (later Princeton) at the age of 17. He joined the Continental Army in 1775 and distinguished himself during the Patriot attack on Quebec. A masterful politician, he was elected to the New State Assembly in 1783 and later served as state attorney. In 1790, he defeated Alexander Hamilton's father-in-law in a race for the U.S. Senate.

[Click here to read more.](#)

7/10/14 The Wall Street Journal

A top executive of Discover Financial Services testified Thursday that the credit-card company would give incentives to merchants, including lower fees, to encourage consumers to use its cards if American Express Co. is forced to drop rules that prohibit such steering. In the fourth day of a civil antitrust trial between the U.S. Justice Department and AmEx, the government called Roger Hochschild, Discover's president and chief operating officer, as a witness.

Card Use Continues To Increase

7/09/14 ISO & Agent

U.S. consumers, whose use of revolving debt fell by more than 15% once the Great Recession hit, are finally re-embracing the credit card. The thaw in spending appears to be in its early stages, but the trend line is now clear: borrowing with plastic is picking up steam. "Going forward, we are expecting faster balance growth," says Mustafa Akcay, assistant director of consumer credit economics at Moody's Analytics. "U.S. consumers are becoming more comfortable in holding credit," notes Scott Anderson, the chief economist at Bank of the West.

Can a Show About Nothing Teach One (Almost) Everything They Need to Know About Payments

7/08/14 PYMNTS

I don't think that anyone would dispute the fact that change in payments happens slowly, not because we don't want things to change but because so many people have to change sort of at the same time for change to occur. The result is that it seems like we talk about the same things forever. Take mobile payments. Haven't we been talking about it for an eternity already and we're still sort of nowhere really? It made me wonder if payments is really the show about nothing.

Cash Will Be the King of Washington State Pot Payments, at Least for a While

7/07/14 Digital Transactions

Like their brethren in Colorado, the new marijuana stores in the state of Washington will be operating mostly on a cash basis, but operators hope that the federal government eventually will remove obstacles preventing them from getting payment card merchant accounts and business checking accounts. On Monday, the Washington State Liquor Control Board issued the first 24 of what are expected to be more than 330 licenses for cannabis retailers.

How Prepared is Restaurant Industry for End of Swipe & Sign?

7/08/14 Hospitality Technology

The U.S. payment industry is in a period of transition. October 2015 will mark the end of swipe-and-sign. While card brands are committed to swapping mag-strip for EMV chip-based cards, the standard for authentication remains under debate: signature capture or PIN. While PIN authentication is considered the more secure option, there's concern that Americans, who tend to have a variety of credit cards, would struggle to manage multiple PINs.

Money
20/20

**REGISTER USING DISCOUNT
CODE STRAWH20
AND GET 20% OFF!**

Mobile Payments & Bitcoin

PayPal's Braintree Moves To Be The Cash Register For Every App

7/09/14 Forbes

It can be notoriously difficult for mobile developers to earn money from the apps they make. Braintree, the e-payments firm that eBay bought last year for \$800 million, thinks it can change that. Online payments giant has just launched a set of software tools that allow a developer to put its credit-card-payments system and a PayPal button into their app in under 10 minutes. Building in one of Braintree's virtual cash registers previously took around half an hour, while adding the PayPal button could take more than a day, a Braintree spokesman says.

State of Bitcoin Q2 2014 Report Reveals Expanding Bitcoin Economy

7/10/14 CoinDesk

One of the reasons bitcoin's price was such a big topic in Q2 is because it witnessed a significant recovery, rising 39.4% during the second quarter. A number of factors explain bitcoin's price rebound in the second quarter, including what appears to be a stabilizing regulatory situation in China as well as continued interest in bitcoin by large, well-established brands such as DISH, Expedia, and Apple.

Bitcoin ATM Builder Takes Aim at Traditional Financial Services

7/08/14 LA Times

In a makeshift office - a living room crowded with desks, monitors and a beanbag chair - a handful of programmers are hacking away on computers, aiming to make their mark on the multibillion-dollar financial services industry. This condo on the 19th floor of a trendy high-rise in the heart of downtown is the headquarters of Robocoin, the maker of automated teller machines that turn bitcoins, the growing virtual currency, into hard cash.

You Can Now Buy a Car With Bitcoin and Have It Delivered With a Bow

7/08/14 Recode

Add used cars to the list of products you can now buy with a currency that didn't even exist a decade ago. Beepi, a two-month-old company that operates an online market for used-car sales, will start accepting bitcoin as a form of payment, CEO Ale Resnik told Re/code in a recent interview. Beepi is working with bitcoin payment processor Bitpay to make it possible. While some niche sites allow for used-car purchases with bitcoin, Beepi says it's the first peer-to-peer car marketplace to accept the virtual currency.

Disgraced MtGox CEO to Auction off Bitcoins.com Domain

7/08/14 GigaOM

Bitcoin auctions are apparently in vogue right now. Last week, it was seized bitcoins from the illegal Silk Road marketplace. This week, it's the bitcoins.com domain from Mark Karpeles, who owns the once dominant, now tragic bitcoin exchange MtGox. Karpeles vowed to distribute at least some of the earnings from the auction to the beleaguered exchange's creditors.

Bitcoin Startup Xapo Sets \$40 Million Fundraising Record

7/08/14 Bloomberg

Xapo, a provider of secure online storage for bitcoins, said it doubled the amount of money it has raised from investors to \$40 million, the most gathered by a startup focused on the virtual currency. Greylock Partners and Index Ventures led the \$20 million funding round, with additional investments by Emergence Capital Partners, PayPal Inc. co-founder Max Levchin, venture capitalist Yuri Milner, and Yahoo! Inc. co-founder Jerry Yang.



Regulation & Security

Target to Seek Lawsuit Dismissals

7/08/14 Bank Info Security

Target Corp. has requested that a U.S. district court halt the discovery process for class action lawsuits stemming from its December 2013 data breach until the court can consider its forthcoming motions to dismiss most of the suits. "The experiences of courts and litigants with similar motions to dismiss in data breach related class actions instruct that Target has a substantial likelihood of succeeding in seeking dismissal of all or most of the claims anticipated in the consolidated complaints," attorneys for Target said in a July 3 filing.

CFPB: ACE Cash Express Must Pay \$10M For Pushing Borrowers Into Payday Loan Cycle Of Debt

7/10/14 Consumerist

Another payday lender faces a hefty fine - to the tune of \$10 million - for allegedly pushing borrowers into a cycle of debt. The Consumer Financial Protection Bureau announced Thursday that it was seeking an enforcement action against ACE Cash Express, one of the largest payday lenders in the United States, for allegedly engaging in illegal debt collection practices in order to push consumers into taking out additional loans they could not afford.

Retailers Face SEC Scrutiny for Security Disclosure

7/09/14 FierceRetailIT

The U.S. Securities and Exchange Commission is looking into whether companies properly handled and disclosed cyber attacks in the wake of a series of major data breaches. The investigations began in recent months and are focused on whether companies adequately protected data and kept investors informed about the impact of any damages from a breach, according to people familiar with the matter, as reported by Bloomberg.

Should the CFPB Regulate Bitcoin?

7/07/14 American Banker

What happens when you mix a cutting-edge payments technology with the newest financial regulator on the block, both of which stir policy passions?

Bitcoin, meet the Consumer Financial Protection Bureau. A serious debate began after the mere suggestion last month that regulators should weigh consumer protection concerns when charting how they will handle virtual currency.

Feds Charge Carding Kingpin in Retail Hacks

7/08/14 *KrebsOnSecurity*

The U.S. Justice Department on Monday announced the arrest of a Russian hacker accused of running a network of online crime shops that sold credit and debit card data stolen in breaches at restaurants and retailers throughout the United States. The government alleges that the hacker known in the underground as "nCux" and "Bulba" was Roman Seleznev, a 30-year-old Russian citizen who was recently arrested by the U.S. Secret Service.

Economy

In U.S. Data, a Contradiction That Makes No Sense

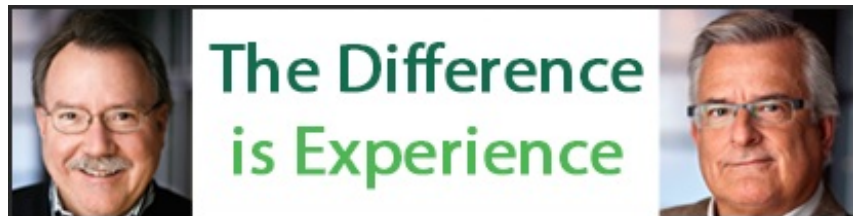
7/10/14 *The New York Times*

The first quarter of this year was the worst for the United States economy since the depths of the Great Recession in early 2009. During the same period, employers hired more people than in any quarter over the last six years, signaling gathering strength in the economy. It is hard to imagine how both of those statements could be true, but they are what government statistics indicate. While the employment numbers have been strong, the government sharply cut its estimate of first-quarter gross domestic product late last month.

Fed Mulls Policy Exit, Eyes End of Asset Purchases

7/09/14 *Reuters*

The Federal Reserve has begun detailing how it plans to ease the U.S. economy out of an era of loose monetary policy, indicating it will end its asset purchases in October and appearing near agreement on a plan to manage interest rates in the future, according to minutes of the last Fed policy meeting. The minutes from the June 17-18 meeting indicate the Fed envisions using overnight repurchase agreements in tandem with the interest it pays banks on excess reserves to set a ceiling and floor for its target interest rate.



Payments Press

The Next Big Thing You Missed: Startup's Plan to Remake Banks and Replace Credit Cards Just Might Work

7/08/14 *Wired*

Dressed in a bright green t-shirt with the name of his startup-Affirm-emblazoned across the chest, Levchin looks and sounds like just another idealistic Silicon Valley entrepreneur rehearsing for Demo Day. But he isn't. As the co-founder and former CTO of PayPal, Levchin is also one of the Valley's foremost experts on the payments industry. When he says he wants to overhaul banking, you should take him seriously.

PayPal Makes Next-Day Settlement a Reality

7/07/14 *PayPal*

As PayPal has transformed over the last 18 months, we've focused on

becoming a better partner to the millions of businesses we work with online and in-store. Last fall, we introduced PayPal Working Capital, which is issued by the lender, WebBank, to help small businesses fund their growing companies. Last month, we unveiled the latest version of the online business account experience to help make it easier for businesses to manage their money.

First Data Launches the PayLucky™ Solutions

7/08/14 First Data

In person or online, the U.S. gambling market is evolving rapidly, with new technologies and more participants coming to the gaming table. In response to increasing demand for ease and convenience in this complex and growing industry, First Data, the global leader in payment technology and services solutions, has launched PayLucky™ Solutions for legalized online and offline gambling and gaming. The forums for this activity are wide and ever expanding, including land-based casinos, Native-American gaming, racetrack betting (pari-mutuel), lotteries and poker, among others.

The Strawhecker Group Expands Merchant Advisory Services

7/08/14 The Strawhecker Group

The Strawhecker Group (TSG), a management consulting company focused on the global electronic payments industry, is announcing the expansion of its Merchant Advisory services for large merchants to support their needs in the wake of ever-changing payment acceptance standards, security infrastructure needs, card brand requirements, and new technologies.

PCI's Russo Stepping Down

7/08/14 Info Risk Today

Bob Russo, long-time general manager of the Payment Card Industry Security Standards Council, will retire at the end of the year. His replacement, Stephen Orfei, is slated to take the helm in September, when the PCI Council will host its North American Community Meeting in Orlando.

Merchant Warehouse Uncovers Missed Opportunity for Retailers This Back-to-School Shopping Season

7/08/14 Merchant Warehouse

Back-to-school shopping is the second largest retail event of the year, only behind holiday shopping. However, businesses are failing to use loyalty programs in order to take full advantage of the \$72.5 billion back-to-school shopping opportunity, according to findings from a new study, conducted in June 2014 by payment technologies leader, Merchant Warehouse.

Bluefin Payment Systems Introduces the Only PCI-Validated Point-to-Point Encryption (P2PE) Solution for Small to Medium-Sized Businesses in the US and Canada

7/09/14 PRWeb

Bluefin Payment Systems, the leading financial technology provider of secure payment solutions, announced today that their PCI-validated PayConex™ Point-to-Point Encryption (P2PE) Solution is now available through the company's Virtual Terminal product. This provides access for every business in North America to a PCI-validated P2PE Solution. Bluefin's PayConex Virtual Terminal turns any computer into an enhanced credit card terminal.

Restaurant Payments App Cover Raises \$5.5 Million From Spark Capital

7/10/14 TechCrunch

Cover wants to facilitate the process of paying your check at the end of the meal, removing friction and encouraging more restaurants to accept mobile payments. To get more restaurants - and users - signed up, the company just raised a \$5.5 million Series A round of financing led by Spark Capital. The new round follows \$1.5 million in seed funding that Cover had raised last spring.

Synchrony Financial Invests in Mobile Payment Startup LoopPay, Inc.

7/09/14 Yahoo! Finance

Synchrony Financial today announced the completion of a strategic investment in LoopPay, Inc., an innovative mobile payments platform company. LoopPay is expected to provide Synchrony Financial with special features and benefits for its cardholders and retail partners.

SAFCo Selects ACI Worldwide for Electronic Bill Payment Solutions

7/08/14 ACI Worldwide

ACI Worldwide, a leading international provider of electronic payment and banking solutions, announced that Southern Auto Finance Company (SAFCo) has selected its UP Bill Payment Solution to increase consumer convenience and reduce payment processing costs. SAFCo customers will be able to pay their loans electronically on a mobile device, computer or via phone with a debit card or ACH. They will also have the option to sign up for an ongoing electronic bill payment relationship or to make their loan payment quickly with no sign-up required.

Former Braintree Director Joins SecureNet as SVP of Risk Management

7/10/14 The Green Sheet

SecureNet announced today that former director of underwriting and risk management for Braintree, Matt Odirakallumkal, has been named as senior vice president of risk management. "Matt brings more than a decade of industry experience to the SecureNet team and will play a critical role in leading our efforts to improve the merchant experience," said Brent Warrington, CEO at SecureNet. "His customer-focused philosophy to underwriting and risk management is in perfect alignment with SecureNet's approach, and we are proud to have him join the team.

MasterCard and Women 2.0 - Working Together to Inspire Entrepreneurs, Innovators in Technology

7/10/14 MasterCard

Ever hear the adage - great minds think alike? That's what MasterCard and Women 2.0 think about entrepreneurship and innovation. People who are strong in these areas make great leaders and business owners - that's why MasterCard is partnering with Women 2.0 to bring together aspiring and current innovators in technology.

US Bankcard Services, Inc. Unveils sure3 Online Turn-key Solutions

7/10/14 US Bankcard Services

US Bankcard Services, Inc. (USBSI) would like to present sure3, a suite of online turn-key solutions from sure3 tek, Inc. These solutions offer merchants an easy way to create feature-rich websites to increase their business's online reach. sure3 provides many convenient solutions,

including Online Restaurant Solutions and Online Booking Solutions. sure3's solutions come with automatic updates, do not require technical skills, complicated set up processes or maintenance, and are accessible from any device, mobile or desktop.

[Linkpay Launches Out of Stealth, Built to make Payments Easy for Everyone](#)

7/08/14 Linkpay

Linkpay is the payment industry's first 100% cloud-built, omni-channel payment platform. Built from the ground up to handle everything including, merchant accounts, gateway, card storage and tokenization, recurring subscription, PCI security, point-of-sale, gift and loyalty, localized global payment types and direct payout - all within a cloud infrastructure. Merchants now have a complete payment service through a single, secure partner.

[ChannelNet and Fiserv Partner to Expand Borrowers' Online Self-service Ability to Managing Delinquencies](#)

7/10/14 MarketWatch

ChannelNet, in partnership with Fiserv Inc., has launched unique functionality that gives borrowers facing hardship the power to restructure their own installment loan or mortgage payment. This first-to-market feature is only one aspect of the newly enriched LoanLink™ offering from Fiserv.



THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



Copyright © 2014 The Strawhecker Group. All Rights Reserved. Unless noted, TSG does not take responsibility for content or opinions. Articles are sourced as appropriate throughout.

'SafeUnsubscribe' below will remove you from all TSG communications, this includes email blasts as well as NewsFilter. Please be aware of this before you choose to unsubscribe. Thank you, we appreciate your continued readership.