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THE STRAWHECKER GROUP

The Trusted Advisor To The Payments Industry



Jan. 16th, 2015  
Edition #437

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## Trending This Week...

[Bitcoin has seen better days](#), as the price of plummeted 32% in two days this week, bringing it down to \$181.45, its lowest level since October 2013.

In mobile payment news, [PayPal Here](#) adds support for Windows and their dongle will be updated to support contactless and EMV later this year. Ahead of the Apple Watch, [details have emerged that claim](#) it will have a four digit passcode users will need to type in before Apple Pay can be used for payments.

Also, this week [TSG has put together an analysis of what 2015](#) may hold for the industry - check it out!

Other highlights include:

- [Chase Breach: Prosecutors Demand Details](#)
- [Layoffs Hit Softcard](#)
- [IMF Chief Says Global Economy Faces Strong Headwinds](#)

## NEW TSG REPORT: [U.S. Payments Mix](#)

**Did you know: Wholesale Clubs have a credit mix of 63%, while signature debit makes up 13% and PIN debit accounts for 12%**

### What is this report?

Sourced from TSG's database of 2.3 million U.S. merchants (a resource that holds a 98% correlation, on a state-by-state basis, to the entire U.S. merchant market), this report provides the volume mix of credit and debit payments in the U.S market, itemized by industry type. Listed is the percentage mix of credit card, signature debit, PIN debit, and "other" payment methods for each industry type. In addition, the total average ticket and sample size (merchant total) for each industry is provided.

[Click here for a preview.](#)

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[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: 1919 Prohibition Takes Effect**

The 18th Amendment to the U.S. Constitution, prohibiting the "manufacture, sale, or transportation of intoxicating liquors for beverage purposes," is ratified on this day in 1919 and becomes the law of the land.

The movement for the prohibition of alcohol began in the early 19th century, when Americans

### **Why is this useful?**

This report can be used by companies inside and outside of the payments industry to truly understand how consumers spend at different merchant types.

[Add to Cart](#)

Click here to purchase, report price is \$1,195

If you have any questions, or would like to purchase over the phone, please call 402.964.2617.

### **Featured**

#### **Payments Industry 2015; No Clever Predictions Just Thoughtful Analysis**

##### *TSG Commentary*

Prediction lists are everywhere around the start of a new year and where there's a lot of speculation, clever headlines often take the stage over the sharing of insight. So, with that said, take a look at The Strawhecker Group's careful analysis of what 2015 may hold, without the leaps of faith.....or clever headlines.



2014 was a big year for the payments industry. The introduction of Apple Pay garnered a lot of attention, the variety of data breaches got major payment players (and the public) focused on security issues and major payment players started to lay the foundation for a digital ecosystem.

Despite heightened focus, increased investment dollars and strong media buzz around the payments industry there has been relatively little change in how we pay for things. NFC payment hasn't taken off despite the introduction of Apple Pay and POS integrations are incredibly fragmented.

[Click here to read more.](#)

#### **Bitcoin Plummets 32 Percent in Two Days**

##### *1/14/15 Bloomberg*

The price of bitcoin has plummeted 32 percent in two days, as the virtual currency's volatility threatens to undermine its ability to gain mainstream use. Bitcoin's price declined 15 percent yesterday and 20 percent today to \$181.45, its lowest level since October 2013, according to CoinDesk's Bitcoin Price Index, an average of bitcoin prices across leading global exchanges. Bitcoin's 58 percent plunge last year already made it one of the biggest money-losing investments of 2014, worse than oil or the ruble.

Related: [Bitcoin's Plunge Bites 'Miners'](#) - May require subscription to view.

concerned about the adverse effects of drinking began forming temperance societies. By the late 19th century, these groups had become a powerful political force, campaigning on the state level and calling for total national abstinence. In December 1917, the 18th Amendment, also known as the Prohibition Amendment, was passed by Congress and sent to the states for ratification. [Click here to read more.](#)

## Chase Breach: Prosecutors Demand Details

*1/15/15 Bank Info Security*

A group of about 20 state attorneys general has sent a letter to JPMorgan Chase and its outside counsel demanding the bank reveal far more details about its breach last year that exposed information related to 76 million households and 7 million small businesses. For example, the prosecutors want to know the basis for Chase's statement that there is "no evidence that account numbers, passwords, user IDs, dates of birth or Social Security numbers were compromised during this attack."

## Clinkle Pivots From Its Soured Brand To "Treats" For Sharing Discounts

*1/14/15 TechCrunch*

Not since Color has a startup been as widely laughed at as the troubled Stanford payments startup Clinkle. So it's little surprise that the company has changed the name of its app to "Treats", as well as its direction. After seeing the company's site had rebranded, I spoke with 23-year old CEO Lucas Duplan to find out how Treats will work. The private beta product now centers on you paying for things with a Treats debit card to earn "Treats" - essentially lottery tickets you send to friends that pay for the entirety of their next purchase if they "win".

## Toward Better Privacy, Data Breach Laws

*1/13/15 Krebs on Security*

President Obama on Monday outlined a proposal that would require companies to inform their customers of a data breach within 30 days of discovering their information has been hacked. But depending on what is put in and left out of any implementing legislation, the effort could well lead to more voluminous but less useful disclosure. Here are a few thoughts about how a federal breach law could produce fewer yet more meaningful notice that may actually help prevent future breaches.

## Who Carries Around Wads of \$100s? A Pickpocket's Guide

*1/12/15 BusinessWeek*

Quick, how much cash is in your wallet? If you're like the average American, barely enough for a couple of movie tickets: The median consumer carries just \$22. A handful of people roll bigger. Roughly one in five people carry more than \$100. One in twenty carry a pickpocket's dream-\$100 bills-according to a new study by Claire Greene and Scott Schuh of the Federal Reserve Bank of Boston. They were trying to shed light on some of the biggest mysteries about U.S. currency: Where is it all? And why do certain people carry so much more than everyone else?

## U.S. Card Producers Prepare To Crank Out EMV Cards in Big Numbers

*1/14/15 Digital Transactions*

U.S. credit and debit card issuers will be mailing hundreds of millions of Europay-MasterCard-Visa (EMV) chip cards to their customers this year and next now that the payment card networks' EMV liability shift looms just eight months away. Estimates about chip card issuance vary, but all involve big numbers, with well over 1 billion EMV cards potentially in the hands of U.S. consumers by the end of 2016. The Princeton Junction, N.J.-based International Card Manufacturers Association predicts that its U.S. and Canadian members will produce 1.63 billion financial cards this year, some 60% of the magnetic-stripe variety and 40% EMV. Factor out about 11% of cards going to Canadians and you have 578.5 million financial chip cards being delivered to Americans.



## **Mobile Payments & Bitcoin**

### **PayPal Here Adds Windows Support, Will Launch An EMV Card Reader Later This Year**

*1/14/15 TechCrunch*

The PayPal Here card reader, PayPal's hardware device that lets merchants accept credit and debit card payments through a dongle attached to their iOS or Android device, is being updated with support for EMV and contactless transactions, the payments company announced today at the National Retail Federation conference taking place this week in New York. An alternative to competitors like Square, the new reader will allow PayPal merchants to accept transactions via any chip card, magnetic strip, or contactless payment form, including mobile wallets.

### **Twitter Exec: Commerce Play Focuses on Movie, Concert Tickets**

*1/15/15 Mobile Commerce Daily*

A Twitter executive at Mobile Marketer's Mobile FirstLook: Strategy 2015 conference said the social site's move toward mobile commerce sales initially will embrace movie and concert tickets because they are simplest to process. The consumer is unlikely to support a broad commerce conversion but would accept sales of movie and concert tickets once Twitter completes testing a "buy button," as announced in September.

### **Three Key Apple Patents Detail Apple Pay and Touch ID Systems**

*1/15/15 Patently Apple*

On January 15, 2015, the US Patent & Trademark Office published a series of three patent applications from Apple that detail the specifics behind Apple Pay via Touch ID. The patent filings meticulously detail how the system will work with making future banking transactions or at current participating retailers and for purchasing apps and other digital media online via the App Store, iTunes and future online stores.

### **Apple Pay to be Locked Down on Apple Watch with Four Digit Passcode**

*1/14/15 CSO*

Just like the iPhone, Apple Watch will have a four digit passcode that users will need to type in before Apple Pay can be used for payments. Key details about how Apple Watch will work have emerged today via an unreleased companion Apple Watch app that Apple has been working on. The Watch app is installed on an iPhone and used to control settings and configure key features on Apple's wearable.

### **Layoffs Hit Softcard, the Mobile Wallet Venture Backed by the Big Wireless Companies**

*1/11/15 Recode*

Softcard, a payment technology consortium backed by Verizon Wireless, AT&T and T-Mobile, has laid off 60 employees in a restructuring, the

company said. The layoffs affected between 12 percent and 30 percent of its employees, according to the staff size range the company discloses on LinkedIn. "Softcard is taking steps to reduce costs and strengthen its business," the company said in a statement.

## **Regulation & Security**

### **Disappointing Bank Earnings May Fuel Attack on Dodd-Frank**

*1/15/15 The Street*

There are a number of reasons why big banks like J.P. Morgan, Citigroup and Bank of America have been reporting weaker-than-expected earnings for the fourth quarter. But one common theme seems to have emerged: unlike the big money managers like Blackstone and BlackRock, banks are no longer allowed to trade in financial markets for themselves – a practice known as proprietary trading. And that's taking a toll on their bottom line.

### **Park-N-Fly And OneStopParking Confirm Suspected Breaches**

*1/14/15 Consumerist*

After looking at the transactions on compromised credit cards, security experts at banks suspected that breaches may have occurred at two airport parking companies: the suspected breaches at Park-N-Fly and OneStopParking. Both companies have since confirmed that they were breached, but that doesn't mean that the same person or group targeted both companies.

### **Heartland First to Offer Comprehensive Merchant Breach Warranty**

*1/12/15 Heartland Payment Systems*

Heartland Payment Systems, one of the nation's largest payment processors, today announced it is the first company to offer a comprehensive warranty that protects businesses from payment card breach losses in the event of a breach. Heartland's breach warranty is offered at no charge to its Heartland Secure™ merchants in the first year and can be extended for \$8.33 per month per card-entry device.

### **CFPB Says "Scorecard" Will Help Colleges Avoid Offering Fee-Laden Campus Debit Cards to Students**

*1/14/15 Cleveland*

The Consumer Financial Protection Bureau wants to create a "safe student account scorecard" that would make it easier for colleges to avoid offering campus-linked debit cards that fleece students. About 40 percent of the nation's college students attend schools that partner with banks or financial companies to offer campus-branded debit cards. "When students first arrive on campus, they face a dizzying array of decisions, and trusting their school shouldn't lead to adopting a financial product with tricks and traps."

## **Economy**

### **IMF Chief Says Global Economy Faces "Very Strong" Headwinds**

*1/15/15 Nasdaq*

Strong headwinds from weak investment, substantial debt burdens and high unemployment are preventing a pickup in global economic growth despite a strengthening U.S. recovery and tumbling oil prices,

International Monetary Fund Managing Director Christine Lagarde said. A healthier U.S. and cheaper energy "won't suffice to actually accelerate the growth or the potential for growth in the rest of the world," the head of the emergency lender to nations said in a speech Thursday at the Council on Foreign Relations in Washington.

### **U.S. Small Business Confidence at Eight-Year High; Job Openings Rise**

*1/13/15 Reuters*

U.S. small business optimism jumped in December to its highest level in more than eight years, the latest sign of strength in the economy even as dark clouds settle over global growth. The outlook was further bolstered by other data on Tuesday showing job openings approached a 14-year high in November. "There are concerns about global growth, but the fundamentals for the U.S. economy are very solid and what's going on overseas should only be a minor drag."

### **43% Prefer Online, Yet 29% Actually Made Last Purchase Digitally**

*1/14/15 Fierce Retail*

While consumers are more enthusiastic in 2015 about online shopping and digital interactions with retailers, their behavior still lags behind. According to a new IBM study, consumer expectations are not being met, and retailers will need to close the gap in order to create trust and loyalty. Looking at 110,000 consumers in 19 countries, 43 percent of respondents said they prefer to shop online, however, only 29 percent actually made their last purchase online.

### **Economic Lessons From Switzerland's One-Day, 18 Percent Currency Rise**

*1/15/15 The New York Times*

These are strange and unnerving times in global financial markets, and if Thursday's jaw-dropping move in the Swiss currency didn't prove it, nothing will. It is not every day that the currency of an advanced, economically important country rises by double-digit percentages against the currencies of other such countries within mere hours. But that is what happened to the Swiss franc on Thursday.

## **Payments Press**

### **Capital One Buys Level Money, An Excellent Spending Tracker**

*1/12/15 The Verge*

Level, an elegant but slow-growing app for tracking your spending, has been acquired by Capital One, the companies said today. The app, which was a favorite of ours when it launched in 2013, monitors your purchases and tells you how much you can spend each day without overdrawing your account. Capital One, which started as a credit-card company but has growing ambitions as a bank, says Level will help it build products geared toward a younger generation.

### **First Data and UL Collaborate to Simplify EMV™ Adoption for Retailers**

*1/13/15 First Data*

First Data, the global leader in payment technology and services solutions, and UL, an industry leader in payment security and compliance, today announced a collaboration to help U.S. merchants expedite their acceptance of EMV-enabled credit and debit cards. Large-

scale theft of consumer payment data from merchants' integrated point-of-sale (POS) systems is among the biggest issues facing the payments industry.

### **Elavon Joins Verizon Partner Program**

*1/13/15 BusinessWire*

Elavon, a leading global payment solutions provider to more than 1.3 million business customers and wholly owned subsidiary of U.S. Bancorp, has joined the Verizon Partner Program (VPP), which tailors regional and national opportunities for systems integrators, value added resellers, agents and solutions providers to accelerate delivery and adoption of Verizon solutions for meeting small and medium business requirements.

### **Verifone Announces Multiple mPOS Initiatives for Retailers**

*1/14/15 Retail Customer Experience*

Verifone made three announcements this week at the National Retail Federation's annual Big Show trade conference that focus on the mobile point-of-sale market, EMV and mobile payments. The company announced in a press release that Delhaize America has selected Verifone's multimedia, EMV and NFC-capable MX 925 payment terminals to enhance consumer engagement at the point of sale across all of Delhaize America's U.S. locations. Delhaize America is among the Top 25 U.S. retailers according to the National Retail Federation, and is one of the country's largest food retailers.

### **Apriva Finds Partner For Backend Functions**

*1/14/15 ISO & Agent*

Apriva is integrating its payments gateway with software that performs backend functions that include inventory management, reporting, accounting and email marketing. A firm called POS on Cloud provides the software for those tasks and automatically updates point of sale systems connected with Apriva as new types of payment emerge, Apriva announced this week. Retailers and restaurateurs benefit from the integration because the updates keep their point of sale systems ready to handle the latest changes in payments, such as mobile acceptance & EMV.

### **MasterCard Agrees to Move Payment Processing to Russia**

*1/13/15 The Moscow Times*

International credit and debit card company MasterCard has agreed to transfer card processing inside Russia to the local state-owned system, Russia's Central Bank said Monday. Russian authorities have obliged foreign card companies, which have stopped providing services for some Russian banks subject to Western sanctions, to move Russian processing to the local system or pay a hefty security deposit.

### **Why Citi Is Buying IBM's New Mainframe for Mobile Transactions**

*1/14/15 BTN*

In an era where businesses are increasingly focused on cloud computing, Citigroup is turning instead to souped-up hardware in the form of IBM's newest z13 mainframe, which it says can help it better deal with the explosive growth in mobile and online transactions. The mainframe, which launched Wednesday, comes with an impressive list of capabilities.

### **MasterCard and Masabi Bring Mobile Ticketing to Athens Transport System**

*1/14/15 Finextra*

Athens' public transport network is moving into the 21st century, ditching its current cash only fare system for a mobile ticketing platform from MasterCard and Masabi. The deal is the first for a new global partnership between MasterCard and Masabi, combining the former's payment technology with the latter's JustRide mobile ticketing platform.

### **Bluefin Payment Systems and Industry Retail Group, a Vector Security® Company, Announce Partnership for Bluefin's PCI-Validated Point-to-Point Encryption (P2PE) Solutions**

*1/12/15 BusinessWire*

Bluefin Payment Systems has announced a partnership with Industry Retail Group (IRG) to provide Bluefin's PCI-Validated Point-to-Point Encryption (P2PE) Solutions to IRG Clients. Bluefin offers the most comprehensive suite of P2PE solutions in the industry. In March 2014, Bluefin was validated by the PCI Security Standards Council (SSC) for their PayConex P2PE payment platform.

### **Bank of America's Mobile Deposits are Surging**

*1/15/15 Quartz*

Bank of America has shed 43,500 employees and shuttered more than 600 branches, or about 11% of its banking centers over the past two years. Meanwhile, mobile banking accounts have risen by 37.5% over the same time period. Now, 12% of all deposits at Bank of America are made through mobile devices, up from 4% just two years ago.

### **Xapo Ups its Bitcoin Storage Security by Stashing a Key in Space**

*1/15/15 GigaOM*

Bitcoin has had a messy start to 2015 when you consider the breach of the Bitstamp exchange alongside plummeting prices and miners going dark. But for Xapo CEO Wences Casares, it's just growing pains as the infant cryptocurrency tries to build a more solid infrastructure and go mainstream. To do its part, bitcoin storage and wallet company Xapo plans to announce Thursday several new security features to further strengthen its vaults and make that storage free to use.

### **Fiserv Puts Control in the Hands of Cardholders With Mobile Card Management Application**

*1/14/15 Fiserv*

Fiserv, Inc., a leading global provider of financial services technology solutions, launched today CardValet™, a mobile card management application that helps financial institutions improve cardholder engagement and reduce fraud losses by allowing cardholders to monitor and control how, when and where their cards are used.

### **ShopKeep Pocket Mobile App Debuts for iOS**

*1/14/15 FSR*

ShopKeep, the cloud-based technology provider with more than 16,000 registers in use by retail shops, restaurants, and other organizations, announced the launch of its new iOS mobile application, ShopKeep Pocket. The new app will work in tandem with ShopKeep Register, the company's point of sale application, and offers users the ability to monitor business operations via their mobile devices, permitting increased connectivity and productivity on-the-go.

### **MoneyPass® Partners with Monitise to Offer Mobile Card**



## Services

*1/15/15 Monitise*

Monitise plc, a global leader in Mobile Money solutions, today announced that it has partnered with the MoneyPass Network to offer a range of advanced Mobile Money services and card control capabilities to card issuers in the United States. The MoneyPass Network is operated by Elan Financial Services, a division of U.S. Bank.

## NCR Announces Midtown Move, New Jobs

*1/14/15 Patch*

NCR has announced a move inside the perimeter, a decision which will create thousands of new jobs in the Midtown area. According to the Atlanta Business Chronicle, NCR is relocating its headquarters from Duluth to Cenergy North, near the new Technology Village. The Chronicle reports that the move will be complete by early 2018 and will include the construction of 1.5 million square feet of mixed-use space spread out over several eight to 10 story office buildings.

## NACHA Board Elects New Officers

*1/14/15 The GreenSheet*

The Electronic Payments Association today announced the election of new officers and the addition of five new and two re-elected members to its Board of Directors. The Board consists of 19 voting members representing a diverse set of depository financial institutions of all sizes and types that support and warrant the payments on the ACH Network.

## W.net Names Newly Elected 2015 Board of Directors

*1/15/15 The GreenSheet*

Women's Network in Electronic Transactions (W.net), the premier organization dedicated to women in payments, has announced its board of directors for 2015. The 15-member board will be led by Linda Rossetti, president, Bluestone Payments.

## Wirecard Presents First Payment Wearable on HCE Basis

*1/15/15 PR Newswire*

Wirecard AG is presenting a payment wearable solution based on host card emulation (HCE) technology. The Wirecard Smart Band is set to be showcased by the technology and payment specialist through a user scenario at this year's DLD15, which will be taking place in Munich from 18 to 20 January 2015 and is entitled "It's Only The Beginning". For a quick and contactless payment process, the user simply holds the intelligent armband against the NFC payment terminal.



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