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THE STRAWHECKER GROUP
The Trusted Advisor To The Payments Industry



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Trending This Week...

This week, in light of tomorrow being Valentine's Day, TSG has prepared an analysis utilizing its database of 2.3 million merchants, to answer the question - *What are the most (or least) romantic states in the United States?*



[Click here to see TSG's 50 States of Grey.](#)

Every year, during the second week of February, most Americans rush out and open up their wallets to spend hard-earned money on flowers and jewelry for the ones they love on Valentine's Day. However, not all Americans are equally enthusiastic about Valentine's Day. So, where are the most romantic people (or least romantic) on Valentine's Day? Click here to see the ranking.

The top five most romantic states are North Dakota, South Carolina, Tennessee, Alabama and Indiana. Conversely, **the top five least romantic states** are Oregon, Hawaii, Rhode Island, Nevada, and Utah.

Other highlights this week include:

- [Obama to Issue Cybersecurity Executive Order](#)
- [More Than 1B Records Breached in 2014](#)
- [Watch Your Mobile Wallet](#)
- [PayPal's Retail Future](#)

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[Acquirer Strategic Assessment](#)

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[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: 1633

Galileo in Rome for Inquisition

On this day in 1633, Italian philosopher, astronomer and mathematician Galileo Galilei arrives in Rome to face charges of heresy for advocating Copernican theory, which holds that the Earth revolves around the Sun. Galileo officially faced the Roman Inquisition in April of that same year and agreed to plead guilty in exchange for a lighter sentence. Put under house

Featured

[Obama to Issue Cybersecurity Executive Order](#)

2/13/15 Bank Info Security

President Obama has gone to Silicon Valley to pitch his cybersecurity agenda and issue an executive order to encourage more private sector information sharing. The executive order, according to a White House announcement, would encourage the development of information sharing and analysis organizations, or ISAOs, to serve as focal points for cybersecurity information sharing and collaboration within the private sector and between the private sector and government. Existing information sharing and analysis centers, or ISACs, could constitute ISAOs under the president's framework.

[More Than 1B Records Breached in 2014](#)

2/12/15 ComputerWorld

In IT security, worst case scenarios became commonplace in 2014, and there's no end in sight. Headline-making data breaches will likely continue into this year, as businesses, governments and regulators play catch-up to this threat. The nature of the attacks is changing as well, according to Gemalto, a digital security firm. Records that help criminals with identity theft, which is harder to catch and stop, are the leading goal of attackers. The recently disclosed breach of 80 million records at Anthem, the health insurer, was an identity theft attack.

[The Mycoin Scandal in Hong Kong had Nothing to Do with Actual Bitcoins](#)

2/11/15 Quartz

Last June, two dozen mainland Chinese investors traveled to Hong Kong for a special "bitcoin tour," sponsored by Mycoin, the Hong Kong startup that just unexpectedly closed shop, taking an estimated \$390 million with it. The tour traveled through Hong Kong by bus, stopping at Mycoin's Kowloon headquarters, the city's new "bitcoin ATMs" that have sprung up in the past year, and the handful of shops in the city that take bitcoin.

[Pinterest Is Working on a Plan to Introduce a 'Buy' Button as Soon as This Year](#)

2/12/15 Recode

Move over, Pinning. Here comes buying. Pinterest, the digital scrapbooking service, is laying the groundwork for an e-commerce offering with a "Buy" button that could launch in as little as three to six months, according to multiple sources. One of the people cautioned Pinterest may wait longer to roll it out, while another said the shopping feature would likely start as a limited test.

[PayPal's Retail Future](#)

2/09/15 PYMNTS

Kerfuffle is one of my all-time favorite words. I used it a while back to describe the situation that happened when some CurrentC merchants decided to shut off NFC capabilities at their terminals, thus denying iPhone 6 consumers the opportunity to use Apple Pay. That created a kerfuffle that lit the Twitter-sphere on fire and gave Apple Pay accepting merchants an opportunity to invite consumers into their storefronts.

arrest indefinitely by Pope Urban VIII, Galileo spent the rest of his days at his villa in Arcetri, near Florence, before dying on January 8, 1642.

Galileo, the son of a musician, was born February 15, 1564, in Pisa, Italy. He entered the University of Pisa planning to study medicine, but shifted his focus to philosophy and mathematics. In 1589, he became a professor at Pisa for several years, during which time he demonstrated that the speed of a falling object is not proportional to its weight, as Aristotle had believed. According to some reports, Galileo conducted his research by dropping objects of different weights from the Leaning Tower of Pisa. From 1592 to 1630, Galileo was a math professor at the University of Padua, where he developed a telescope that enabled him to observe lunar mountains and craters, the four largest satellites of Jupiter and the phases of Jupiter. He also discovered that the Milky Way was made up of stars. Following the publication of his research in 1610, Galileo gained acclaim and was appointed court mathematician at Florence.

[Click here to read more.](#)



Mobile Payments & Bitcoin

Watch Your Mobile Wallet

2/12/15 Bloomberg

After years of false starts, mobile payments are beginning to live up to the hype. They accounted for \$52 billion worth of U.S. transactions last year, up from \$32 billion in 2013, and are expected to rise to \$67 billion this year, according to analyst Forrester Research. From Uber to Starbucks, startups and old-school retailers alike see the benefits of letting customers leave their credit cards in their wallets or even at home.

Google is Reportedly Testing a Service that Will Let You Pay by Saying Your Initials

2/11/15 BusinessInsider

Google is testing a payments service that will let people with Android phones pay by saying their initials to the person at the cash register, The Information reports. The experimental service, called "Plaso," is only being used by Google employees as of now, and works at places like Panera and Papa John's, The Information's sources say.

Mobile Check Deposit Breaks Loose from Its Shackles

2/12/15 American Banker

For such a time-saving product, mobile deposit capture could be a slowpoke. It sometimes took a long time for interested customers to receive permission from their banks to deposit checks with their smartphones. And when customers did get the OK, transactions deemed suspicious were slow to go through. Security concerns and other practical factors were to blame.

Fed Researcher Sets Out Vision for Government Cryptocurrency

2/09/15 Finextra

A senior researcher at the Federal Reserve Bank of St Louis has floated the idea of a government-backed 'Fedcoin' that uses a bitcoin-style protocol but the US dollar as the monetary object, combining the best of cryptocurrencies and cash. In a recent conference presentation and blogpost, St Louis Fed director of research David Andolfatto offers qualified support for bitcoin as a "potentially promising payment system".

Starbucks App For iOS Has Been Updated To Support Apple Pay

2/12/15 Forbes

Starbucks has recently updated its iOS app so that you can use Apple Pay to quickly reload your Starbucks Card. Touch ID makes the process even faster because you will be able to add funds to your balance without having to enter passwords or credit card numbers. The secured payment information is already stored within the Apple Pay app.



Regulation & Security

Fed's Payments Overhaul on Fast Track

2/11/15 Bank Info Security

The Federal Reserve, which just two weeks ago announced a plan for faster and more secure payments, now says it's prepared to play a more hands-on role if private sector progress with the rollout lags. During a webinar Feb. 10, Dave Sapenaro, first vice president of the Federal Reserve Bank of St. Louis - who's taking a lead role in carrying out the Fed's plans - said the central bank is willing to expand its operational oversight if necessary.

Fuel Station Skimmers: Primed at the Pump

2/13/15 KrebsOnSecurity

I recall the first time I encountered an armed security guard at a local store. I remember feeling a bit concerned about the safety of the place because I made a snap (and correct) assumption that it must have been robbed recently. I get a similar feeling each time I fuel up my car at a filling station and notice the pump and credit card reader festooned with security tape that conjures up images of police tape around a crime scene.

More Cooperation Is Necessary to Fight Payments Crime

2/12/15 American Banker

This week's White House Summit on cybersecurity at Stanford University comes at a pivotal time for payment and security professionals, which have an opportunity to cooperate to fight Internet crime. A number of executives from the payments industry will join President Obama and Cabinet officials at the event. It's rare that such heightened attention is spent cybersecurity - an issue that is critical to our nation's future.

Even with Small Merchants Lagging, EMV Proceeds

2/11/15 ISO & Agent

It may take years for most small merchants to accept EMV-chip cards in the U.S., but the country's ultimate goal of adopting the secure payment technology is coming together faster than what was seen in other EMV markets. The U.S. payments industry could have the majority of its EMV chip-card migration completed "inside of three years," or half of the time it took in some other countries, said Carolyn Balfany, senior vice president of product delivery for MasterCard.

Economy

U.S. Retail Sales Data Point to Slower Economic Growth

2/12/15 Reuters

U.S. consumer spending barely rose in January as households cut back on purchases of a range of goods, suggesting the economy started the first quarter on a softer note. Sluggish spending came despite cheap gasoline and a buoyant labor market, leaving economists to speculate that consumers were using the extra income to pay down debt and boost

savings.

As Thermometer Drops, Jobless Claims Rise

2/12/15 The Wall Street Journal

More Americans filed new claims for unemployment benefits last week, but the increase is likely more reflective of seasonal volatility rather than a shift in the labor market. Initial jobless claims increased by 25,000 to a seasonally adjusted 304,000 in the week ended Feb. 7, the Labor Department said Thursday. Economists surveyed by The Wall Street Journal had expected 290,000 new claims.

A Strong Dollar Could Actually Be Beneficial to the U.S. Economy

2/13/15 The Street

The U.S. dollar has gotten very strong recently and looks like it will stay strong for some time to come. The U.S. government should come out in support of a strong dollar and take action to create programs that will help the economy thrive in a strong-dollar environment. Since the early 1960s, White House officials and Treasury secretaries have vocally supported a strong dollar but have seldom backed up their words with actions.

Payments Press

First Data Reports Profitable Fourth Quarter

2/10/15 First Data

First Data Corporation today reported financial results for the fourth quarter ended December 31, 2014. Consolidated revenue for the fourth quarter was \$2.9 billion, the highest since First Data's privatization in 2007 and up 3% versus the prior year period. Adjusted revenue, modified for items such as the exclusion of pass-through debit network fees and postage, was up 4% versus the prior year period to \$1.8 billion or 6% excluding currency impacts.

Visa Launches Mobile Location Service to Improve Card Payment Experience When Traveling

2/12/15 BusinessWire

Visa Inc., the global leader in payments, is introducing a new mobile service designed to reduce unnecessary purchase declines often triggered when consumers travel outside of their home area. Visa Mobile Location Confirmation uses mobile geo-location information to more reliably predict whether it is the account holder or an unauthorized user making a payment with a Visa account.

Vantiv Reports Fourth Quarter and Full-Year 2014 Results

2/12/15 Vantiv

Vantiv, Inc. announced financial results for the fourth quarter and full-year ended December 31, 2014. Revenue increased 31% to \$733.8 million in the fourth quarter as compared to \$558.4 million in the prior year period. Net revenue increased 30% to \$402.2 million in the fourth quarter as compared to \$308.6 million in the prior year period, primarily due to strong growth in our Merchant Services segment.

Heartland Acquires Dinerware and pcAmerica POS Firms

2/13/15 Finextra

Heartland Chairman and Chief Executive Officer Bob Carr said, "The acquisitions of pcAmerica and Dinerware, combined with Xpient, Liquor POS and other Heartland products and services, will enable us to offer

unique integrated commerce capabilities that are effective, secure and simple to use. With the EMV shift around the corner and the increased emphasis on security, Heartland is now uniquely positioned to offer our capabilities to an additional 90,000 business locations with this new division."

Mozido Extends Reach into Great China Through Acquisition of PayEase Corp

2/10/15 Mozido

Mozido, a cloud platform mobile payments and retail engagement solutions provider, today announced it will introduce its products and solutions to China through PayEase. Mozido has acquired PayEase Corp., a Delaware technology and payments company previously owned in part by CapInfo Company Ltd. (1075.HK). Mozido also gains a cross-border payment gateway that makes mobile payments processing possible for foreign merchants looking to expand business into China.

Wells Fargo Offers New Sweetener for ATM Users

2/09/15 BTN

Add redeeming rewards to the list of things Wells Fargo ATMs can do. The San Francisco bank, which is regarded as an ATM innovator, announced the new redemption option at its 12,500 ATMs last week. Consumers can withdraw the cash rewards, transfer them into checking or savings or apply them toward loans. Customers earn the rewards when they use their credit cards, and they may redeem them at the ATM once they accumulate \$20 worth.

Ignore the Naysayers! Here's Why Apple Pay Will Be a Winner

2/10/15 Digital Transactions

Here's a resolution that the payments industry should consider: Stop doubting market capabilities and start anticipating currents within the technological wave. With the unveiling of Apple Pay, naysayers are already coming out in full force. However, I've spent considerable time in the card-not-present environment, giving me a unique perspective on these developments. With every introduction of new technology, the innovation usually precedes the industry's ability-and many times willingness-to adapt.

J.G. Wentworth, Visa Enter Prepaid Card Agreement

2/09/15 StreetInsider

The J.G. Wentworth Company announced that it will enter the prepaid card category and expand the Company's product offerings to new and existing customers through an agreement with Visa Inc. The J.G. Wentworth prepaid Visa cards will initially be offered to certain existing customers in place of a paper check to provide more efficient and convenient access to funds.

Wendy's to Launch Mobile-Friendly POS Terminals at 2,600 Locations

2/10/15 Lowcards

Wendy's is working to stay ahead of the fast food competition by installing mobile friendly payment terminals at more than 2,600 locations. The new point-of-sale system will enhance the company's mobile rewards program and promote opportunities for mobile ordering in the future. The new POS system is currently being used in all 957 company-operated locations, but the company plans to have it in all of its locations by the end of 2016.

Shazam Adds Speedy P2P Transfer Option to Bolts Mobile App

2/09/15 Mobile Payments Today

A new update to the Shazam Bolts mobile app offers debit cardholders a person-to-person money transfer service and an interactive ATM locator, according to a Shazam Network press release. The P2P feature lets Shazam Bolts cardholders send money to other enrolled cardholders instantaneously. According to research firm Forrester, P2P transaction volume is expected to grow to \$17 billion by 2019.

UnionPay International and TD Merchant Services Sign Agreement to Expand UnionPay Card Acceptance in North America

2/11/15 PR Newswire

UnionPay International and Canada's TD Merchant Services announced on February 10 that they have entered into an agreement regarding TD's acceptance of UnionPay cards in North America, beginning later this year. The two sides agreed to enable 100,000 merchants within a three-year period as well as to realize the acceptance of UnionPay's innovative payment methods including contactless payment with UnionPay chip cards.

Costco to Ditch AmEx Cards at U.S. Stores Next Year

2/12/15 Yahoo! Finance

Warehouse club retailer Costco Wholesale Corp will stop accepting American Express Co's credit cards at U.S. stores from next year, threatening nearly 8 percent of the worldwide annual spending on its cards. AmEx said on Thursday the loss of the contract would hurt earnings for the next two years, sending its shares down as much as 7 percent and wiping out about \$6 billion of market value.

JetPay Helps WePay Launch in Canada

2/11/15 MarketWatch

JetPay® Payment Services, a division of JetPay Corporation, a leading provider of debit and credit card processing, payroll, HR and prepaid card services, today announced that it helped WePay® to successfully launch its Canadian Operations. WePay is the leading provider of integrated payment services to crowdfunding sites, small business software and online marketplaces.

JetBlue Will Let You Buy Food and Booze With Apple Pay

2/10/15 TIME

Apple and JetBlue want to give you one less reason to complain about the miracle of human flight. The airline will begin accepting Apple's new mobile payments service Apple Pay for mid-flight purchases of food, drinks and amenities next week. JetBlue will become the first airline to accept Apple Pay. To make the new service work, JetBlue is issuing iPad Minis to 3,500 flight crewmembers.



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