

# 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



Feb. 20th, 2015  
Edition #442

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](#)

## Mobile Card-Linked Forum - San Francisco, CA



February 24, 2015  
Marriott San Mateo

## Trending This Week...

This week Apple Pay began to see competition as [Samsung acquired mobile payments startup, LoopPay](#), as part of their plan to integrate mobile payments into the upcoming Galaxy S6. According to Samsung, the LoopPay solution "has the potential to work" in approximately 90% of existing POS terminals.

A federal judge in New York ruled that [American Express violated antitrust laws](#) when it told merchants they couldn't both accept its cards and try and "steer" customers to cards offered by competitors, rejecting Amex's argument it was merely trying to level the playing field. Amex plans to appeal the ruling.

Other highlights include:

- [Google May Pay Wireless Carriers to Revive Google Wallet](#)
- [The U.S. Treasury Will Now Accept PayPal](#)
- [Payment Card Data Compromised in Big Fish Games Breach](#)
- [Visa Expands its Online Payments Service Checkout to 16 Countries](#)

## **NEW** eReport: Surcharging & Convenience Fee Guidelines

### What is this report?

TSG's report, Surcharging & Convenience Fee Guidelines, offers an excellent overview of the background, state laws, and payment card network policies that surround the issue of a U.S. merchant charging additional fees for credit card acceptance. The report provides background information on the litigation that brought surcharging into effect, and a delivers clear look at the conditions, limitations, and policies that impact the ability to surcharge. Card

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

[TSG MPPS Benefits](#)

[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: 1985 Ireland Allows Sale of Contraceptives

In a highly controversial vote on February 20, 1985, the Irish government defies the powerful Catholic Church and approves the sale of contraceptives.

Up until 1979, Irish law prohibited the importation and sale of contraceptives. In a 1973 case, *McGee v. The Attorney General*, the Irish Supreme Court found that a constitutional right

network policies are compared and the surcharge fees that Visa and MasterCard allow for major merchant categories are listed.

[Click here for a preview.](#)

[Add to Cart](#)

[Click here to purchase, report price is \\$725](#)

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

## Featured

### [Samsung Buys LoopPay, All But Confirming New Apple Pay Rival](#)

2/18/15 CNET

Samsung has acquired mobile payments startup LoopPay, as good a sign as any that it will soon launch a competitor to Apple Pay. The company didn't disclose the terms of the deal Wednesday but said it stemmed from an existing partnership with LoopPay. Samsung plans to show off a new mobile payments offering at its Galaxy S6 smartphone launch on March 1, according to sources. "Our goal has always been to build the smartest, most secure, user-friendly mobile wallet experience, and we are delighted to welcome LoopPay to take us closer to this goal," JK Shin, Samsung co-CEO and head of the company's mobile business, said in a press release.

Related: [Samsung's LoopPay: What It Is, and Why You Should Care](#)

### [LoopPay CEO Talks Samsung Deal, Competing Against Apple](#)

2/19/15 USA Today

Samsung's ambitions to turn its phones into digital wallets received an apparent boost Wednesday with the company's acquisition of LoopPay. The Boston-based startup's mobile-payments technology is compatible with some 90% of the merchant point-of-sale terminals that are out there.

Samsung was already an investor in LoopPay and there's considerable speculation that LoopPay technology will be baked into the Samsung's latest flagship phone that is expected to be unveiled March 1 just before the Mobile World Congress starts in Barcelona.

### [American Express Loses Antitrust Suit Over Merchant Rules](#)

2/19/15 Bloomberg

American Express Co. rules barring businesses from asking customers to use lower-cost credit cards violate U.S. antitrust law, a federal judge said in the first definitive decision on practices that allow card firms to collect about \$50 billion a year in merchant fees. The U.S. Justice Department's victory on Thursday in its lawsuit against the credit card company might give merchants more leverage in their effort to cut such costs, which are largely hidden from consumers.

Related: [American Express Antitrust Ruling Won't Help Consumers](#)

### [American Express Comments on Antitrust Suit; Plans to Appeal Ruling](#)

to marital privacy covered the use of contraceptives. Pressured by strong conservative forces in Irish society, particularly the Roman Catholic Church, the government was slow to change the law to reflect the court's decision, and a number of proposed bills failed before reaching the books.

In 1979, the Irish health minister, Charles Haughey, introduced a bill limiting the legal provision of contraceptives to "bona fide family planning purposes." Signed into law in November 1980, the Health (Family Planning) Act ensured that contraceptives could be sold by a registered pharmacist to customers with a valid medical prescription. Still, many people saw the law as too strict. Over the next several years, a movement began to make contraceptives more easily available, causing bitter divisions inside and outside of the Dail, Ireland's main house of Parliament.

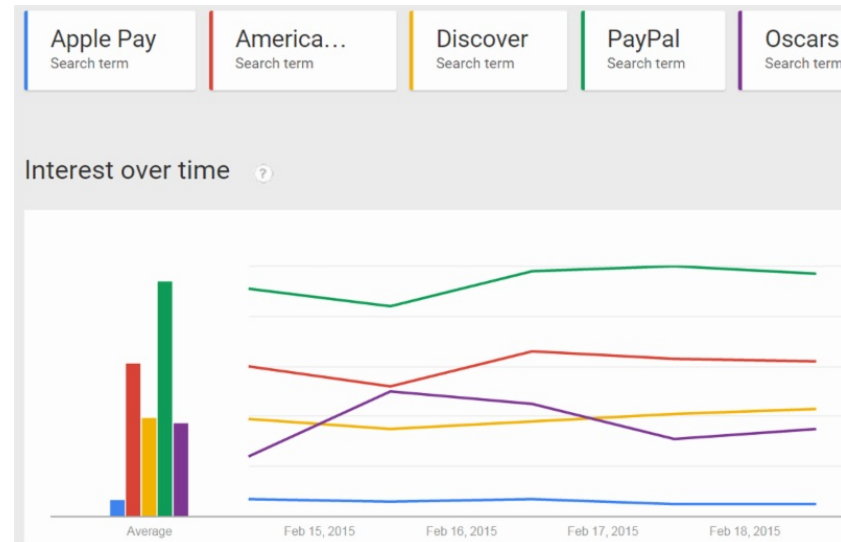
[Click here to read more.](#)

2/19/15 *StreetInsider*

American Express issued the following statement today regarding a federal court's ruling in the U.S. Department of Justice lawsuit: "American Express is disappointed in the court's ruling, which we believe will harm competition to the detriment of consumers and merchants. American Express intends to appeal the court's ruling at the appropriate time."

## Trending Industry Keywords

2/20/15 TSG



The above chart illustrates how specific terms related to the Payments Industry have trended on Google, in the U.S., over the last few days (Google's most recent data is through Wednesday). To compare to trending current events, we have overlaid the search terms with 'Oscars.' Interestingly, Apple Pay continues to have very low search volume despite the brand name, while PayPal represents the highest search volume.

## Why Slow Electronic Payments Can Cause Cash Flow Problems

2/18/15 NPR

Electronic messages can circle the globe in an instant these days. But electronic payments can still take days to complete, and that slow pace puts consumers at greater risk of getting hit with late payments, overdraft fees or other costs. Now, regulators are pushing for faster electronic payments.

## Encryption Methods Start to Clash with PCI Rules

2/18/15 ISO & Agent

Encryption has become a political hot potato for the Payment Card Industry Security Standards Council as it compiles a list of validated encryption vendors and services - and leaves off some companies that say they deserve to be recognized as secure. At least one company left off the list questions some of the requirements, while those validated through PCI say encryption is a process that can't leave any room for error. The PCI Council first introduced its encryption standards in 2011.

## MCA, Factoring an Oasis in SMB 'Credit Deserts'

2/19/15 PYMNTS

In a post-recession world, small businesses are still struggling to find funding particularly in areas hardest hit by recent bank failures. Many are turning to alternative methods-merchant cash advance and factoring among others-to fill the void left by these so-called "credit

deserts" found across the United States. Industry experts disagree about whether or not a small business lending gap actually exists in the nation; big banks say they aren't seeing many SMB loan applications, while SMBs say those big banks aren't approving their requests for capital.

### **Branches Hold Strong in Face of Digital Onslaught - FDIC**

*2/19/15 Finextra*

Despite the rise of online and mobile banking, there has been only a modest decline in the number of branches in the US over the last few years, according to research from the Federal Deposit Insurance Corporation (FDIC). As of June 2014 FDIC-insured institutions operated 94,725 banking offices, a decline of just 4.8% from the all-time high.

## **Mobile Payments & Bitcoin**

### **Google May Pay Wireless Carriers to Revive Google Wallet**

*2/20/15 The Verge*

Google Wallet has had, at best, a checkered history. Blocked by carriers, it suffered through changing product direction and competition from its own partners. Then, of course, Apple Pay was released and quickly became the leader of mobile payments. So a Wall Street Journal report that says Google is looking to revive Wallet to make it a genuine competitor is no surprise, and neither is it a surprise that in order to make it happen, Google needs to "wrangle" various carrier partners.

### **Merchants Worldwide Are Installing More Contactless Terminals-And Turning on NFC**

*2/17/15 Digital Transactions*

Some 9.5M NFC-capable POS terminals were shipped globally in 2014, up 33% from 2013 and bringing the worldwide installed base to 21.4M units, Berg Insight reported. In the United States, 75% of terminals shipped, or 1.5M units, were NFC-capable, a number only barely exceeded by Europe, where 80% of shipments had NFC included. In the U.S., the installed base of NFC-capable terminals stood at 3.7M at year's end, or 17% of the worldwide total.

### **Morgan Stanley Leads 20 New Bank and Credit Union Additions for Apple Pay**

*2/18/15 Apple Insider*

Apple continues to expand the reach of its popular mobile payment system, with the Cupertino company rolling out support for cards from nearly two dozen additional financial institutions - including major investment bank Morgan Stanley - on Wednesday. All told, Apple has now added support for nearly 100 of the more than 700 banks and credit unions that have signed up to integrate Apple Pay.

### **Here's Why Bitcoin Will be Bigger Than the Internet**

*2/16/15 VentureBeat*

Serial entrepreneur Wences Casares created Argentina's first internet provider and later sold his online brokerage firm to Banco Santander for \$750M in 2000. He was 25 years old. Now 40, Casares is a star of the Silicon Valley bitcoin scene, but his Argentinian roots inform much about him. The son of a cattle rancher, he sees the world in literary and philosophical terms, speaking of the arc of human existence over thousands of years.

## The U.S. Treasury Will Now Accept PayPal

2/19/15 *The Verge*

Last year US government agencies collected a whopping \$3.37 trillion in revenue. That's roughly \$90 billion a day that the public pays into government coffers. In an attempt to bring this massive operation into the 21st century, the Treasury announced today that it will begin accepting some of those fees through PayPal and Dwolla.

## Dell Expands Bitcoin Payments to UK and Canada

2/19/15 *CoinDesk*

Dell has announced it has expanded its bitcoin payments program to consumers in the UK and Canada. The announcement was revealed today at eTail West, an annual e-commerce conference, during a keynote address by CIO Paul Walsh. In remarks, Walsh suggested that the decision was prompted by customer demand and the positive feedback the company had so far received for its US offering.

## Apple Invents a New Apple Pay Lower NFC Power Mode Feature

2/14/15 *Patently Apple*

The U.S. Patent & Trademark Office published a patent application from Apple that reveals a new Apple Pay feature that will be able to lower NFC power drain when not in use. Apple's invention relates to the management of near field communications by using low power modes of an electronic device such as an iPhone.



## Regulation & Security

### Russian National Charged in Largest Known Data Breach Prosecution Extradited to United States

2/17/15 *DOJ*

A Russian national appeared in federal court in Newark today after being extradited from the Netherlands to face charges that he conspired in the largest international hacking and data breach scheme ever prosecuted in the United States. Vladimir Drinkman, 34, of Syktyykar and Moscow, Russia, was charged for his alleged role in a data theft conspiracy that targeted major corporate networks, stole more than 160M credit card numbers, and caused hundreds of millions in losses. Prior to his extradition, he had been detained by the Dutch authorities since his arrest in the Netherlands on June 28, 2012.

### Operation Choke Point Won't Go Away Quietly

2/19/15 *American Banker*

The Justice Department program Operation Choke Point set a dangerous precedent by pushing banks to sever relationships with lawful businesses. Now the Federal Deposit Insurance Corp. is taking important steps to undo the damage - but some people apparently haven't gotten the memo. The FDIC issued a financial institutions letter in late January encouraging banks to manage their risks on a customer-by-customer basis rather than by grouping entire industries according to "reputational risk."

## **Payment Card Data Compromised in Big Fish Games Breach**

*2/18/15 SecurityWeek*

A piece of malware installed on the systems of Seattle-based casual gaming company Big Fish Games has been used to steal customer payment information. According to Big Fish Games, the company discovered the breach on January 12. The malware was installed on the billing and payment pages of the company's website and it appears to have intercepted customer data such as names, addresses, payment card numbers, expiration dates, and CV2 codes. The attackers have not been identified.

## **The Great Bank Heist, or Death by 1,000 Cuts?**

*2/16/15 KrebsOnSecurity*

The Times' story, "Bank Hackers Steal Millions Via Malware," looks at the activities of an Eastern European cybercrime group that Russian security firm Kaspersky Lab calls the "Carbanak" gang. According to Kaspersky, this group deployed malware via phishing scams to get inside of computers at more than 100 banks and steal upwards of USD \$300M - possibly as high as USD \$1B.

## **Congress to Consider Info-Sharing Bills**

*2/18/15 Bank Info Security*

With President Obama calling on Congress to enact cyberthreat information sharing legislation, Rep. Mike McCaul likes to remind the commander in chief that the House of Representatives twice passed such measures in each of the past two Congresses. And, in each case, the White House threatened to veto the measures that died in the Senate. "I am glad that the president finally came to the table on this issue and delivered a proposal to Congress last month," says McCaul, the Texas Republican who chairs the House Homeland Security Committee.

## **Economy**

### **The U.S. Economy According to the White House in 10 Charts**

*2/19/15 The Wall Street Journal*

The Economic Report of the President, released Thursday, frames Barack Obama's agenda to overhaul the corporate-tax code, boost infrastructure spending, approve new trade agreements and improve worker-friendly labor policies as the best way to boost the nation's economic output and productivity. No time to read more than 400 pages? Here are highlights with charts from the report, produced by the White House Council of Economic Advisers.

### **U.S. Annual e-Retail Sales Surpass \$300B for the First Time**

*2/17/15 Internet Retailer*

2014 was another banner year for U.S. e-retailers. Web sales blew past the \$300 billion threshold for the first time, closing the year at \$304.91 billion, on an unadjusted basis, according to estimates released Tuesday by the U.S. Commerce Department. Web sales were up 15.4% from \$264.28 billion in 2013. On an adjusted basis, full-year web sales were \$303.94 billion.

### **Fed Appears to Hesitate on Raising Interest Rate**

*2/18/15 The New York Times*

The Federal Reserve is not sounding like an institution that is ready to

raise its benchmark interest rate in June. Fed officials at their most recent policy-making meeting in January worried that economic growth remained fragile, and that raising rates prematurely could undermine recent gains, according to an official account released Wednesday.

## **Payments Press**

### **Visa Expands its Online Payments Service Checkout to 16 Countries**

*2/19/15 GigaOM*

After seven months of testing Visa Checkout in the U.S., Canada and Australia, the financial giant has decided to bring the online payments service to 13 additional countries in 2015. Checkout allows you store your credit card details into a kind of cloud wallet and then pay at merchant's websites and in their mobile apps by entering just a user name and password.

### **Visa Agrees Russian Processing Deal**

*2/19/15 Finextra*

On 18 February 2015, JSC NPCS and Visa Payment System LLC concluded a bilateral agreement on operating and clearing services on domestic VISA payment system card transactions to be provided by NPCS processing center.

### **American Express Plans for Life After Costco**

*2/18/15 Fierce Retail*

To make up for the losses, AmEx will expand other parts of its business, and spend on marketing and rewards programs to try to get Costco customers to use the card at other stores, CEO Kenneth Chenault told Bloomberg Business. "We will focus on opportunities in other parts of our business where we see significant potential for growth and more attractive returns over time," he said on an analyst conference call.

### **Payment Processor Stripe Now Allows Any Business to Accept Bitcoin**

*2/19/15 CoinDesk*

Stripe has officially launched its bitcoin payments integration following nearly a year of beta testing. With the launch, Stripe is now allowing merchants in its network that have US dollar bank accounts to accept bitcoin. Integration for merchants is made possible through either its API or as part of its Checkout feature.

### **Once You Tap - You Won't Go Back!**

*2/18/15 MasterCard*

Whether at major retailers, grocery stores or parking, using vending machines or taking mass transit and taxis, Europeans love tapping to pay for their everyday purchase. In the last quarter of 2014, tap transactions in Europe grew by 174 % year on year and tappers increased their usage by more than 20%. In the UK and Poland, more than 90% of tappers declared themselves completely satisfied when using contactless to make a payment.

### **ProPay Adds Visa Checkout**

*2/17/15 TSYS*

ProPay®, a TSYS® company, announced today that it has added yet another checkout option - Visa Checkout, an easy and secure way to pay online from Visa. Enrolling in Visa Checkout is intuitive and simple, and consumers can store and use any Visa debit or credit card, as well as

cards from other major brands. Once enrolled, consumers simply provide their username and password to complete the payment process, without re-entering card and address information or leaving the merchant's website.

### **MaRS Partners with PayPal, UGO, and Moneris Solutions to Power Financial Technology Innovation in Canada**

*2/19/15 Let's Talk Payments*

New technologies have clearly transformed the way we shop and pay. With the advent of technology, customer experience has gained centre stage across the commerce value chain. Firms operating across the chain, including those in CPG, Retail, Banks and Fintech are in the process of building seamless products catering to the needs of the customer. Apart from the incumbents, new players - mostly startups - have also focused on new products.

### **Payments Start-up iZettle Makes Chip & PIN Card Reader Available for Free**

*2/17/15 PCWorld*

With a free Chip & PIN card reader, Swedish mobile payments company iZettle is lowering the threshold for small companies to start accepting card payments. The Card Reader Lite, released Tuesday, connects to tablets or smartphones via an audio cable and it is meant to lower the cost barriers small merchants face when setting up their businesses, iZettle said.

### **eProcessing Network Integrates with PowaPOS for Superior Retail Processing**

*2/18/15 BusinessWire*

eProcessing Network, LLC (ePN), the leading independent payment gateway and software development company in the electronic payments processing industry, announced integration of its ePNMobile for Tablet iOS and Android Application with Powa Technologies' PowaPOS T25 - the industry's first all-in-one POS platform purpose-built for tablet-based payments.

### **Merchant e-Solutions Selects ControlScan for Data Security and Compliance Partnership**

*2/16/15 ControlScan*

ControlScan, a leading provider of unified security and compliance solutions for small and mid-sized businesses (SMBs), announced that it has completed the launch of its all-new partnership with Merchant e-Solutions (MeS). MeS chose ControlScan in November to implement a security and compliance program for merchants, and today more than 30,000 of the SMBs MeS services have access to signature support.

### **Evertec Appoints Smith to Board**

*2/18/15 The GreenSheet*

EVERTEC, Inc. announced that Brian J. Smith has been appointed to the Company's Board of Directors as an independent director, effective February 13, 2015. Mr. Smith currently serves as Group President of Latin America for The Coca-Cola Company, a position he has held since January 2013.

### **Cardlytics® Moves Corporate Headquarters to Ponce City Market**

*2/18/15 Yahoo! Finance*

Cardlytics®, the data and advertising company that pioneered the global



Card-Linked Marketing industry, announced today that it has moved its corporate headquarters to Ponce City Market in midtown Atlanta. Coming closely on the heels of Cardlytics' \$70 million round of financing in October of 2014, the move consolidates the company's four Atlanta-based offices under one roof in more than 75,000 square feet in the historic site.

### **First Data Chairman and CEO Frank Bisignano Announces Partnership with the Institute for Veterans and Military Families Housed at Syracuse University**

*2/17/15 First Data*

First Data, announced a new seven-year, \$7M commitment to the Institute for Veterans and Military Families at Syracuse University to fund education, research, training and opportunities for transitioning veterans entering the business community. This funding will directly support innovative programs designed specifically for transitioning military service members, and veteran and military spouse small business owners.



**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.