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PROCESSING BENCHMARK TSG's Most Popular Report

****If you negotiate just two standard line items by just one-quarter of a penny, you will have paid for the retail price of this report. Given the great ROI - it explains why it is the most popular report that we publish. ****

Trending This Week...

This week TSG has published findings [examining recent price compression....or lack thereof.](#)

At the Midwest Acquirers Association's annual conference this week [ISOs were urged to protect residuals](#) during processing negotiations.

In mobile news, MCX continues to bring the heat with the announcement of [Dekkers Davidson as CEO](#), who was most recently Managing Director at Barclaycard US. With the recent addition of retailers, the push to [attract small merchants](#), and new leadership it will be interesting to see what MCX does next.

Other highlights include:

- [Cordray Confirmation Solidifies CFPB's Power](#)
- Fed Says U.S. Economy Growing at '[Modest to Moderate](#)' Pace
- eBay Inc. Reports [Strong Q2 2013 Results](#)
- [ETA/Goldman](#) releases survey results

Merchant Acquiring for Dummies

TSG has just released the **U.S. Merchant Acquiring Industry Overview** report. This report highlights the merchant acquiring industry focusing on several key topics including: electronic payments growth, the acquiring market landscape, and the impact of mobile payments on incumbent merchant acquirers. [Click here for a preview of this report.](#) **This enhanced preview**

[Transaction Advisory](#)

[Acquisition Multiples & Attrition Summary](#)

UPDATED [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 Smart Phone to Buy Things!](#)

This Day in History: 1799

Rosetta Stone Found

On this day in 1799, during Napoleon Bonaparte's Egyptian campaign, a French soldier discovers a black basalt slab inscribed with ancient writing near the town of Rosetta, about 35 miles north of Alexandria. The irregularly shaped stone contained fragments of passages written in three different scripts: Greek, Egyptian hieroglyphics and Egyptian demotic. The ancient Greek on the Rosetta Stone told archaeologists that it was inscribed by

contains a table of contents containing the outline for the full report, you will know everything you are getting before you purchase. The full report is 38 pages, [you can order it here](#) for \$1,950.

Featured

Merchant Acquiring Price Compression.... Or Lack Thereof

7/19/13 TSG Metrics

Removing the effects of Durbin, price compression seems to be more muted than would be implied by recent attention when examining TSG's database by Vintage. 2009 saw an adjusted rate of 2.81%, while 2013 came in at 2.80% - a very minimal change. Looking at the bar chart, the prices/discount rates represent the rates charged on new merchants in the first quarter of the year they were opened (vintage year). The blue bars represent the actual rates for each vintage, while the red in the 2012/2013 vintage years are adjusted to remove the effects of the Durbin amendment on prices.

[Click here to read more.](#)

Is This the End of Merchant Acquiring?

7/18/13 Transaction Trends

Article written by Mike Strawhecker, VP & Director of TSG Metrics

When reading and hearing some recent comments from Wall Street analysts and media outlets on the payments industry, Mark Twain's famous remark, "Reports of my death have been greatly exaggerated," comes to mind.

For example, following the cancellation of the WorldPay auction, Reuters reported, "Once a lucrative sector, payment processing has come under pressure from increased competition and technological change that has seen many companies struggle to retain their customers and maintain their pricing models" ("Bain, Advent Cancel Sale of WorldPay's U.S. Unit," May 2013). This theory was supported by citing the TransFirst and First American Payment Systems cancelled auctions, as well as First Data's apparent shopping of its financial services business.

ISOs Urged To Protect Residuals During Processing Negotiations

7/18/13 ISO & Agent

Above all else, ISOs and agents should make sure their residual payments never end. "Most important is that you get paid forever -- even if you're sitting in jail," Jill Miller, a partner at the law firm of Jaffe, Rait, Heuer & Weiss PC, told an audience here at the Midwest Acquirers Association 11th Annual Conference. Her comments on the importance of negotiating a processing contract that assures ISOs will receive their share of transaction fees as long as the merchant pays them.

ETA, Goldman Sachs Research Release Annual Merchant Acquirer and ISO Survey

7/18/13 ETA

The ETA and Goldman Sachs Global Investment Research released the findings of the second annual ETA-GS Merchant Acquirer and ISO Survey.

priests honoring the king of Egypt, Ptolemy V, in the second century B.C. More startlingly, the Greek passage announced that the three scripts were all of identical meaning. The artifact thus held the key to solving the riddle of hieroglyphics, a written language that had been "dead" for nearly 2,000 years.

When Napoleon, an emperor known for his enlightened view of education, art and culture, invaded Egypt in 1798, he took along a group of scholars and told them to seize all important cultural artifacts for France. [Click here to read more.](#)

Among key findings, the survey revealed merchant acquirers prefer to partner with new entrants to the electronics landscape; loyalty-based solutions lower attrition and open new revenue streams; and merchant acquirers have a positive outlook on the future of electronic payments, with 60 percent expecting volume growth to accelerate.

High Profits Signal Danger for Big Banks

7/18/13 The New York Times

In their latest earnings reports, the biggest banks in the United States are reporting eye-popping levels of profitability that surprise even Wall Street analysts. Goldman Sachs's profit doubled in the second quarter of this year from the comparable quarter a year ago. JPMorgan Chase could make \$25 billion for the whole year. Bank of America reported that net income rose 63 percent. Even Citigroup, so often the sick man of American megabanks, managed its best results since 2007, with \$4.2 billion in net income in the quarter.

US Should Follow EU's Lead: Lower Credit Card Swipe Fees To Lower Costs For Merchants & Consumers

7/17/13 MarketWatch

The Financial Times and other news media have reported that the European Commission is proposing a cap on credit card swipe fees at 0.3%, drastically lower than the current cost for U.S. consumers to swipe their cards. The European Commission also is proposing a ceiling on debit card swipe fees of 0.2%. The Merchants Payments Coalition, a group of U.S. merchants and retailers concerned about the rising cost of swipe fees and the lack of competitiveness and transparency in the credit card industry, issued this statement today in response to this news.

Mobile Payments

MCX Names Dekkers Davidson Chief Executive Officer

7/18/13 EON

The Merchant Customer Exchange (MCX) Board of Managers named Dekkers L. Davidson its Chief Executive Officer. Davidson, most recently Managing Director at Barclaycard US, has been a leader in the financial services and mobile industries for more than 25 years. At Barclaycard, he launched the first cloud-based mobile commerce wallet in the U.S. specifically designed to be merchant friendly, creating deals and partnerships with more than 50 retailers, along with card issuers, processors, and technology partners.

MCX Makes Bid to Win Over Small Merchant as Rollout Date Nears

7/18/13 Mobile Commerce Daily

As more big retailers such as Kohl's and Circle K hop on board with Merchant Customer Exchange to create a central mobile payments solution, the company is also coying up to small merchants to create a bigger list of retail partners. Since announcing plans to launch last year, MCX has been partnering with some of the biggest retailers, including Walmart and Target, to create a universal mobile payment system that can be used by multiple retailers.

Nine Months After Launch, Isis Usage Sputters Among Small Merchants

7/17/13 Digital Transactions

Nine months after the Isis mobile wallet launched in Austin, Texas, and Salt Lake City, usage among small merchants appears to be sporadic at best, despite considerable fanfare and promotion at the launch. But some of the factors blamed by merchants contacted by Digital Transactions News have little to do with the product's merits, and some merchants remain enthusiastic about the technology.

Clinkle Opens Waitlists To U.S. College Students, Teases A Bit More About What The \$25M App Will Look Like

7/16/13 Tech Crunch

Clinkle, the much-hyped mobile payments startup that recently announced a \$25 million round, announced today that it is opening its wait lists to college students across America. The company, which has been in stealth mode since 2011, says the students that build the largest wait lists, proportional to their school's student body size, "will be among the first to experience Clinkle on their campuses."

Mobile Payments Bring Taxi Cabs Into the 21st Century

7/19/13 Digital Journal

Taxi cabs have been cruising the United States helping passengers traverse the landscape for close to a century. And for most of that 100 year period, cash and coin have been the only compensation taxi drivers could accept.

These days, however, mobile technology is bringing the taxi cab experience into the 21st century.

Regulation & Security

Cordray Confirmation Solidifies CFPB's Power

7/16/13 American Banker

The Senate's approval of Richard Cordray's nomination to run the Consumer Financial Protection Bureau likely puts an end to another crucial fight over the bureau's structure and its ability to impose far-reaching regulations on the industry. Republicans' decision to lay down their swords in their prolonged challenge to Cordray - who has been running the agency under a controversial recess appointment - undercuts their efforts to force structural changes at the agency.

Cyberattacks Against Banks Continue to Rise: Prolexic Report

7/17/13 BTN

On the eve of Quantum Dawn 2, the cybersecurity exercise SIFMA is conducting to test the banking industry's ability to cope with cyberattacks (the date was recently changed to July 18), a new report suggests that cyberattacks continued to increase in the second quarter of 2013. According to a report released Wednesday by Prolexic Technologies, DDoS incidents increased 20% in the second quarter, compared to the first quarter.

Major Chain Loses PCI Compliance When Data Center Moves

7/16/13 StorefrontBacktalk

One of the nation's 15 largest retail chains had done a tremendous job segmenting its network to reduce the scope of its PCI assessment. All of that was thrown away, though, during a simple data center transition, when Networking made a security change but no one ever bothered to tell senior IT management.

For Bitcoin VCs, There's No Sexier Word Than "Compliance"

7/15/13 All Things Digital

There are few things that people agree on about bitcoin. But here's one: If the controversial payment method is going to receive mainstream adoption, it's going to have to get easier to both buy and sell. As a result, when you look around at U.S. startups trying to enter the space, a large chunk are bitcoin infrastructure businesses, either trying to build an exchange to rival Mt. Gox, a digital wallet, or tools to trade or transfer the currency.

The Legal Side to Risk Assessment

7/18/13 Bank Info Security

Former federal banking examiner Amy McHugh says detailed risk assessments have to be a priority. And recent legal decisions handed down by courts in disputes involving incidents of corporate account takeover prove just how critical those assessments are, she adds. Ongoing and regular risk assessment allows banking institutions to test their technologies and adjust to the changing threat landscape - two points to which regulators and the courts are holding banks and credit unions more accountable.

Economy.

Factory, Labor Market Data, Offer Bright Sign for Economy.

7/18/13 Reuters

New claims for U.S. jobless benefits fell last week and factory activity picked up in the Mid-Atlantic region in early July, signs of a stronger economy that could help push the Federal Reserve to ease its monetary stimulus. Thursday's data bolsters the view that economic growth could pick up after a dismal first half of the year in which consumers were smacked by tax hikes and deep cuts in the federal budget.

Fed Says U.S. Economy Growing at 'Modest to Moderate' Pace

7/17/13 Bloomberg

The U.S. economy maintained a "modest to moderate pace" of growth in recent weeks, bolstered by industries ranging from housing to manufacturing, the Federal Reserve said today. "Residential real estate and construction activity increased at a moderate to strong pace in all reporting districts," the Fed said in its Beige Book business survey, which is based on anecdotal reports from its 12 regional banks. "Manufacturing expanded in most districts since the previous report."

Retail Sales Up 6% from Last Year

7/15/13 Chain Store Age

U.S. retail and food services sales totaled \$422.8 billion last month, according to new advance estimates from the U.S. Census Bureau. This represents a 0.4% increase from \$421.2 billion in the prior month, and a

more substantial 5.7% increase from \$399.9 billion in the same month last year.

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Payments Press

eBay Inc. Reports Strong Second Quarter 2013 Results

7/17/13 BusinessWire

Global commerce platform and payments leader eBay Inc. reported that revenue for the second quarter ended June 30, 2013, increased 14% to \$3.9 billion, compared to the same period of 2012. The company reported second quarter net income on a GAAP basis of \$640 million, or \$0.49 per diluted share, and non-GAAP net income of \$822 million, or \$0.63 per diluted share.

Regional Bank Fifth Third Bancorp 2Q Profit Rises 58 Pct; Adjusted Earnings Top Expectations

7/18/13 The Washington Post

Regional banking company Fifth Third Bancorp's second-quarter net income rose 58 percent, thanks partly to the sale of shares of its Vantiv payment processing subsidiary. Cincinnati-based Fifth Third on Thursday reported net income available to common shareholders of \$594 million, or 66 cents per share, for the three months ended June 30. That compares with \$376 million, or 40 cents per share, a year earlier.

JPMorgan, Wells Fargo, BofA, Goldman Sachs Post Strong Q2 Results

7/18/13 ValueWalk

JPMorgan Chase & Co., Wells Fargo & Co, Bank of America Corp and Goldman Sachs Group Inc announced strong second-quarter results exceeding Wall Street expectations. The recent results from the top U.S. banks clearly provide sufficient pointers that the financial sector is steadily emerging from the recent economic crisis, despite challenges posed by new regulations and the slowdown in emerging markets.

First Data Suspends 401K Contributions

7/16/13 Atlanta Business Chronicle

Atlanta-based First Data Corporation will suspend 401(k) contributions to employees and replace cash bonuses with stock. The move is part of the new chief executive's strategy to return the company to profitability, reports The Wall Street Journal. The change starts Jan. 1 and will save the company about \$60 million in cash next year, the WSJ added.

American Express Profit Rises on Customer Spending

7/17/13 The Wall Street Journal

American Express Co. AXP -2.70% Wednesday said second-quarter profits rose 4.9%, beating Wall Street estimates, as customers spent more on their cards and borrowed more despite uncertainty about the global

economy. AmEx reported net income of \$1.41 billion, or \$1.27 a share, from \$1.34 billion, or \$1.15 a share a year earlier. Revenue, net of interest expense, rose 3.5% to \$8.25 billion.

Atlanta Merchant Services Professionals, Launch FIO Financial Solutions to Help Small Businesses "Figure It Out"

7/18/13 PRWeb

Atlanta merchant services provider, FIO Financial Solutions launched its suite of small business solutions this past month with the opening of its company doors in Woodstock, Georgia. The company plans to help small businesses gain working capital by offering merchant cash advances, credit card processing, access to small business loans, and term loans.

Anovia Payments, New Global Processor, Launches

7/17/13 Anovia

Starting with a blank canvas, industry leader Kevin Jones began in March of this year to build a revolutionary new payments company. He hand-selected a team of payment experts, and charged them with identifying proven merchant solutions and packaging them in simple, responsive, user-friendly sets. He enlisted industry developers to create an encompassing and robust strategic partner business management tool that could accommodate all products, merchants and partners from all corners of the world.

Fractals™ From Alaric Selected by Heartland Payment Systems® for Fraud Detection

7/17/13 The Sacramento Bee

Alaric, a global supplier of fraud prevention and payments solutions, today announced that one of the world's largest payment processors, Heartland Payment Systems, Inc., has selected Alaric's Fractals™ fraud prevention and detection product to monitor more than 300 million card transactions that it processes each month.

Mercury Strengthens Executive Team with Sales and Human Resources Leadership

7/18/13 Mercury

Mercury®, a leading provider of payment processing and revenue generating solutions, added Brett Narlinger, a former Bank of America Merchant Services and First Data executive, to head up its sales team. The company also added Pattie Money as senior vice president of human resources. Money previously spent 13 years at Monotype Imaging Holdings Inc., where she helped lead the organization through high growth and a successful public offering.

TransFirst® and PlainsCapital Bank Renew Merchant Services Alliance

7/17/13 TransFirst

TransFirst, a leading provider of transaction processing services and payment enabling technologies, is pleased to announce the renewal of its merchant services alliance with PlainsCapital Bank. The agreement runs through 2018.

ACI Worldwide Recognized by Independent Research Group as Best in Class for Payments Capability

7/18/13 ACI

ACI Worldwide a leading international provider of payment systems, announced that ACI Universal Payments Platform, the enterprise payments solution unveiled earlier this year, has been named a 'Best-in-Class' solution in Payments Capability in the 2013 Payments Hub report by CEB TowerGroup. Universal Payments Platform's broad capabilities meant it was rated in each category evaluated in the feature audit of the research.

Electronic Funds Transfer Association Launches EMV Information Site

7/16/13 BusinessWire

The Electronic Funds Transfer Association has launched "EMV Update," a source of timely, objective information on the migration of EMV technology to the American electronic payments industry, the group announced today. EMV is a security standard designed to increase protection against the theft of payment card identification data. Theft of this data could permit unauthorized access to a cardholder's funds.

U.S. Bank Expands Digital Wallet Options for Its Customers with Addition of Square

7/18/13 US Bancorp

U.S. Bank - a leader in delivering mobile purchasing power to its customers - has added Square to its digital wallet options available to customers via their iOS and Android smartphones. Customers can link their U.S. Bank credit, debit, or prepaid account to the Square application to make purchases from their smartphone.

3Delta Systems Celebrates 10 Years, Issues Cyber Security White Paper

7/16/13 The GreenSheet

3Delta Systems, Inc.®, a leader in online business-to-business (B2B) payment processing and the first to commercialize a credit card tokenization service, CardVault,® was today joined by ThomasNet in celebrating CardVault's tenth year of safeguarding customers' confidential credit card data from would-be cyber thieves.

RBC Preps Cloud-based Mobile Payments Service

7/18/13 Finextra

The Royal Bank of Canada (RBC) is preparing a mobile NFC payments service which will see sensitive user data stored in the cloud rather than the handset. The bank says it plans to bring its patent-pending RBC Secure Cloud mobile payments service to market by the end of the year, enabling debit and credit cards to be linked to a number of smartphone platforms.

Data Breach Trial Involving Micros Set to Start

7/15/13 Baltimore Business Journal

A trial is set to start Monday in U.S. District Court in Baltimore over a Texas restaurant chain's computer security-breach lawsuit against Columbia-based Micros Systems Inc. Cotton Patch Cafe, based in Grapevine, Texas, filed suit in 2009 claiming Micros Systems is liable for breaches in the credit card processing system the restaurant chain bought from Micros for its restaurant in Nacogdoches, Texas.



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