



Jan. 25th, 2013
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This Week's NewsFilter...

In an unexpected move last night, [Keith Rabois, COO at Square resigned](#). Rumor has it that there were major disagreements between him and CEO Jack Dorsey. At the same time, [Square is pleading its case to attract larger merchants](#).

In other news, the [Federal Reserve Bank of KC provides a new assessment of Durbin's effect](#) warning fixed network fees could crimp competition. In payment news, [First Data and Go Daddy announce Go Daddy Payment Solutions](#).

****** TSG will be attending the [Northeast Acquirers Association Winter Seminar](#) in Vermont from January 29 - 31. Email [Barry Davis](#) to schedule a meeting with TSG during the event. ******

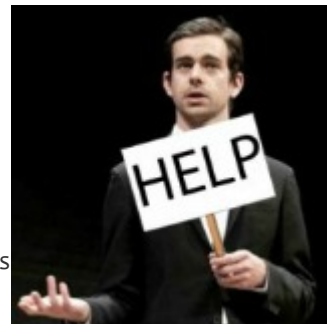


Featured

Square COO Keith Rabois Departs Company

1/25/13 All Things Digital

In a major exec departure, Square COO Keith Rabois will be leaving the San Francisco payments company. Square gave no other information about the sudden management change, but sources said disagreements between Rabois and CEO and founder Jack Dorsey were part of the reason for his exit. It's not clear if there were more serious issues between them, or whether the parting was related to a specific business problem. But



[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

[TSG MPPS Benefits](#)

[MPPS Example Executive Summary](#)

[Case Study: Driving Value Through Competitive Bidding](#)

[Should Traditional Merchant Acquirers "Beware of Square"](#)

This Day in History: 1905 World's Largest Diamond Found

On January 25, 1905, at the Premier Mine in Pretoria, South Africa, a 3,106-carat diamond is discovered during a routine inspection by the mine's superintendent. Weighing 1.33 pounds, and christened the "Cullinan," it was the largest diamond ever found.

Frederick Wells was 18 feet below the earth's surface when he spotted a flash of starlight embedded in the wall just above him. His discovery was presented that same afternoon to Sir Thomas Cullinan, who owned the mine. Cullinan then sold the diamond to the Transvaal provincial government, which presented the stone to Britain's King Edward VII as a birthday gift. Worried that the diamond might be stolen in transit from Africa to London, Edward arranged to send a phony diamond aboard a steamer ship loaded with detectives as a diversionary tactic. While the decoy slowly made its way from Africa on the ship, the Cullinan was sent to

the departure of the No. 2 exec is significant, so definitely more to come on what happened.

MCX Sees ACH As Interchange Salvation. Many Chains Not So Sure

1/23/13 StorefrontBacktalk

The secret sauce for beating interchange is ACH. That, at least, is the plan of the Walmart-led Merchant Customer Exchange (MCX), according to sources familiar with the payment system being developed by the retailer consortium. By using ACH transactions to debit bank accounts or credit lines instead of going through payment-card brands' networks, MCX expects to reduce transaction cost to as little as four cents-and cut Visa and card-issuing banks out of the loop.

New Credit Card 'Checkout Fee' Arrives This Weekend

1/24/13 Daily Finance

Starting on Jan. 27, retailers will have the option of charging it on any purchase made with a credit card. The fee came about as a result of a settlement reached in July 2012 between merchants and credit card networks, and is intended to help defray the costs of the swipe fees charged by those networks. Indeed, it's still unclear whether the nation's larger merchants actually plan to take advantage of their new right to add surcharges.

Top 10 Things You Missed at NRF 2013

1/22/13 RIS

When you're attending the NRF Big Show, it seems like everyone is there - and this year's record attendance of 27,000 means there was indeed quite a crowd. But for those who couldn't make it to New York, RIS News asked some of the industry's top analysts to share their most important takeaways from NRF 2013, as well as the impact they're likely to have throughout the retail industry during the coming year.

Potential Investor - Acquisition Opportunity

TSG has been retained by a [large Top 30 Acquirer](#) who is looking to purchase selected merchant acquiring enterprises that are in certain merchant verticals and/or possess certain feature/function technology.

- The buyer is interested in ISOs with the following vertical expertise: agent bank channel, association marketing, eCommerce market expertise or other growth oriented vertical sales channel.
- ISOs that have relationships with Independent Software Vendors (ISV) or Business Management Software companies are also of high interest.
- The buyer is also interested in ISOs that have access to or have developed certain technology applications such as prepaid card processing, loyalty/demand generation specialty, or gift card technology
- The buyer will consider a post-closing role(s) for senior executives desiring continuity with the acquirer and its dynamic growth strategy.

If interested in selling all or part of your Payments enterprise/business, please [contact us](#) and let us know the vertical expertise or technology capabilities your company possesses.

Mobile Payments

Square Seeks Bigger Merchants

1/23/13 ISO & Agent

England in a plain box. [Click here to read more.](#)

Square Inc. has built its reputation as a quick and simple way for micromerchants to accept card payments, but the company says it's also proven it can serve the more demanding needs of larger retailers. When Starbucks invested in Square last year and agreed to use Square's processing services, the coffee giant chose not to use Square's hardware, a decision that seemed to indicate Square's product was not ready for such a large client.

Google Looks to Ditch Passwords for Good with NFC-Based Replacement

1/22/13 ZDNet

Google engineers are testing new tools that could replace passwords as the primary way of authenticating identity on the web. Google is currently running a pilot that uses a YubiKey cryptographic card developed by Yubico - a startup operated out of Sweden and the US, which has produced a two-factor authentication fob that can emit encrypted one-time passwords to NFC-enabled smartphones.

Iowa Partners With Dwolla to Offer Electronic Tax Payment Option to Businesses

1/22/13 The Verge

In the mobile payment world, Dwolla remains one of the lesser-known players, though it has a pretty compelling business pitch - transactions under \$10 are free, and bigger ones are only 25 cents each. That low transaction rate has made it desirable to businesses, and now the company is branching out into government as well. Dwolla's home state of Iowa will start using the service to accept some tax payments - specifically, it'll be used for businesses paying Iowa's cigarette stamp tax.

BOKU Announces Mobile Payments Partnership with U.S. Cellular

1/23/13 BusinessWire

BOKU, Inc., the global leader in online mobile payments, today announced a partnership with U.S. Cellular to maximize the adoption of direct-to-bill mobile operator billing as a payment option. BOKU is one of the first payments providers to integrate and launch with U.S. Cellular to provide mobile payments for the carrier's postpaid customers across 26 states.

Time's Running Out for Banks to Get into Mobile Payments

1/22/13 BTN

Using a mobile phone to pay for something at a store still isn't that big a deal - Forrester says such activity represents only 4% of mobile payments in the U.S. But the time may finally be arriving for in-store, or proximity payments executed by mobile devices. In new research, Forrester says consumer comfort, expanding technology options and migration toward payment security standards are combining to put mobile point-of-sale payments on the brink of fast growth.

Macy's Taps Mobile as Silent Salesperson

1/22/13 RIS

Macy's has long innovated in the digital arena and continues to do so with its mobile offerings. Martine Reardon, chief marketing officer for the department store chain, says Macy's mobile apps and content are designed for communication, customer service and marketing. By using

QR codes to lead consumers to rich content such as Bobbi Brown makeup tutorial videos, the mobile channel becomes a "silent salesperson."

Regulation & Security.

New Assessment of Durbin's Effects Warns Fixed Network Fees Could Crimp Competition

1/23/13 Digital Transactions

A sweeping review by the Federal Reserve Bank of Kansas City of the Durbin Amendment's effects warns that competition could be harmed if more payment card networks adopt fixed-pricing plans as they compete for merchant business in the newly regulated debit card environment. The new report is the first of a two-part series and appears in the latest issue of the Kansas City Fed's quarterly Economic Review.

More DDoS Attacks on the Way?

1/22/13 Bank Info Security

The hacktivist group Izz ad-Din al-Qassam Cyber Fighters is claiming it waged online attacks against three banks last week. And it's yet again warning of more distributed-denial-of-service attacks to come. In a Jan. 22 posting on the open forum Pastebin, the group claimed it attacked PNC Financial Services Group, Fifth Third Bank and JPMorgan Chase & Co. last week.

Economy.

U.S. Jobless Claims Drop 5,000 to 330,000

1/24/13 MarketWatch

The number of people who applied for new U.S. jobless benefits fell again last week and remained at a five-year low, though it's unclear whether the decline reflects improved hiring or dwindling layoffs. Initial applications for U.S. unemployment benefits fell by 5,000 to a seasonally adjusted 330,000 in the week ended Jan. 19, the Labor Department said Thursday. That's the lowest level since January 2008, one month into the 2007-2009 recession.

The Small Business Authority Releases the December 2012 SB Authority Index

1/24/13 Newtek

Newtek Business Services, Inc. announced the release of the SB Authority Index of small business indicators for December 2012 reaching 115.79 points. Approved SBA gross lending volume and the Russell Microcap Index led the increase. The SB Authority index is up .23% from November 2012.

Payments Press

First Data CEO Jon Judge to Retire Early for Health Reasons

1/22/13 Omaha World Herald

Payments industry consultant Kurt Strawhecker, formerly of First Data, said Judge is respected and liked as a leader. The president of the Strawhecker Group in Omaha said employment levels, often up and down

in the industry, have been more stable in Omaha under Judge's leadership.

Going forward, he said, the firm will have to grow more aggressively in international markets, as well as be "more quick on its feet" when competing with new players in the rapidly changing merchant acquisition business.

First Data & Go Daddy Introduce Go Daddy Payment Solutions

1/23/13 First Data

First Data Corporation, a global leader in electronic commerce and payment processing, and Web hosting giant Go Daddy, a one-stop shop for small businesses looking to leverage the power of the Internet, today announced Go Daddy Payment Solutions. The application is designed to better serve the electronic payment needs of the small business community.

Newtek Business Services Recruits High Profile Electronic Payment Processing and Technology Professionals

1/22/13 Newtek

Newtek Business Services is proud to announce that it has attracted and retained the talents of a legendary executive in the electronic payment processing and technology space - Randy Sagar, who has also retained the services of Mike Valerio and William Berry. Randy, Mike and William are highly focused on growing customer count and distributing Newtek's full suite of products, including but not limited to the Newtek Advantage™ operating platform and its business applications that focus on payroll, insurance, web traffic statistics and cloud merchant processing.

[Click here to learn about Newtek Advantage.](#)

TSYS Signs Long-Term Payments Agreement with Priority Payment Systems, LLC

1/24/13 TSYS

TSYS today announced the signing of an agreement with Priority Payment Systems, LLC, to provide full-service payment processing services. Based in Alpharetta, Ga., Priority Payment Systems is one of the fastest-growing Independent Sales Organizations (ISOs) in the country and has established itself as a leading innovator in the electronic payments industry.

TSYS Reports 2012 Earnings Per Share Up 13.1%

1/22/13 The Street

TSYS today reported results for the fourth quarter and full year with basic earnings per share (EPS) at \$0.33 for the quarter, an increase of 3.7%, and \$1.30 for the full year, an increase of 13.1% over 2011. Revenues before reimbursable items for the quarter were \$418.6 million, an increase of 2.7%, and \$1,618.5 million for the year, an increase of 5.0% over 2011.

Elavon Adds NCR Silver POS Technology to SMB Suite

1/23/13 The Green Sheet

NCR Corporation and Elavon have agreed to combine NCR's tablet and mobile-based point-of-sale (POS) technology with Elavon's payment processing and distribution channels to extend easy, secure and affordable POS solutions to small business customers.

ACI Worldwide Alleviates Dodd Frank Compliance Burden for Financial Institutions

1/23/13 ACI Worldwide

ACI Worldwide announced its Money Transfer System™ is helping financial institutions achieve Dodd-Frank compliance, well in advance of the original deadline of February 7, 2013. This regulation, a requirement of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, is one of the major issues facing financial institutions in 2013.

Paymetric Continues to Drive Strong Business Growth

1/23/13 Paymetric

Paymetric, Inc., the leading provider of integrated and secure enterprise payment acceptance solutions, today announced a year of record company growth for 2012. Paymetric's Software as a Service (SaaS) subscription fee revenue grew by 66 percent year-over-year (2011-2012) and 2012 also marked another record year for sales growth.

MasterCard Qualifies Acquirer Systems' Card Personalization Validator, PIVOT, for Latest Requirements

1/24/13 Acquirer Systems

Acquirer Systems announced that MasterCard Worldwide has qualified the Acquirer Systems Personalisation Validation Toolkit, PIVOT, against their most recent card personalization requirements, Version 5.5. Accurate testing and validation of both contact (EMV) and contactless and mobile MasterCard® PayPass™ cards is vital to the global interoperability of payment cards.

Quattro Launches Next Generation Integrated Processing Services to Support Card and Mobile Payments

1/22/13 Quattro

Quattro launches integrated processing services that will support Card & Mobile payments by leveraging VeriFone's innovative PAYware CMS card management system to offer end to end issuing and acquiring services for banks, card issuers and merchant acquirers globally for all payment types.

Six Credit Unions Select OnCU from Fiserv for Account Processing

1/23/13 Yahoo! Finance

Fiserv, Inc. announced that six credit unions have selected the OnCU® account processing platform, and multiple integrated Fiserv solutions for online banking, bill payment, credit and debit processing and mobile access. OnCU is a fully automated solution for credit unions that want to outsource their technology operations.

CrossCheck Certifies on PrimeTrex One All-in-One Payment Terminal

1/22/13 CrossCheck

CrossCheck, Inc. announced the development and certification of CrossCheck's check guarantee applications on the PrimeTrex One all-in-one payment terminal and check scanner from TechTrex, Inc. These applications support authorizations through CrossCheck's host for standard check guarantee and electronic check conversion services.

Pageonce Now Processes \$1M In Mobile Bill Payments Each

Day And Expects Payment Volume Run-Rate To Hit \$1B By Mid-2013

1/23/13 *TechCrunch*

The mobile payments space gets a lot of attention, especially as it seems that a new startup or financial institution launches "a new way to pay, issue rewards or power transactions from a mobile phone" every second, to borrow Leena's words. Yet, while this "fustercluck" draws most of the headlines, there's an equally large opportunity on the slightly-less-crowded side of the "mobile payments" market: Bill pay. Pigeon, the maker of a personal finance service for your mobile device, would seem to be the case-in-point.

TSG Releases New, Expanded Directory of U.S. Merchant Acquirers - *Do You Know the Industry's Top Players?*

12/21/12 *TSG Metrics*

TSG's Directory of U.S. Merchant Acquirers provides profiles on 200 companies that include the country's top tier acquirers, along with supplemental ISOs and technology-centered acquirer's. Company profiles provide factual insights that include (as available) processor relationships, vertical specializations, dollar volume statistics, transaction counts, active merchant outlet totals, key management, corporate structure, business overview, sponsor banks, and recent announcement links.

[Click here for report preview.](#)

Report price: \$2,900 // [Click here to order](#)



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