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This Week's NewsFilter...

This week's news has been quite focused on mobile payments. [Square](#) has reported they are now processing \$10B annually, up \$2B from reports a few weeks ago. [BofA](#) has released their own mobile payment solution slightly undercutting Square. Finally, rumors have continued to surface about [Google Wallet](#) going plastic.

On a non-mobile note, [TSYS](#) announced yesterday the acquisition of ProPay. Stayed-tuned for a TSG analysis on this deal.

In other news... Mike Strawhecker, Editor of TSG's NewsFilter, and son of managing partner Kurt Strawhecker, last night asked long-time girlfriend and companion, Becca Culver to marry him. She responded with a simple, "Finally!" Congratulations Mike, we wish you and Becca the best!

Please note, there will be no NF distribution next week, due to the Thanksgiving holiday.

Featured

TSYS Announces Agreement to Acquire ProPay

11/15/12 TSYS

TSYS announced that it has signed an agreement to acquire ProPay®, a Lehi, Utah-based company, that provides simple, secure and affordable payment solutions for organizations ranging from small, home based entrepreneurs to multi-billion dollar enterprises. Founded in 1997, ProPay currently processes for approximately 250,000 small and micro-merchants, with a strong footprint among Direct Selling Entities (DSEs). It offers merchants self-enrollment, instant activation and simplified pricing to begin accepting payments anytime or anywhere - online and offline.

Welsh Carson Pulls TransFirst Sale on Recap, WorldPay

11/15/12 CNBC

Buyout firm Welsh, Carson, Anderson & Stowe has ended talks on the sale of payment processing company TransFirst to pursue a dividend recapitalization, as potential buyers held out for combining it with a unit of private equity-owned peer WorldPay, sources said. Welsh Carson had hired investment boutique Financial Technology Partners to explore a sale of TransFirst, hoping to fetch between \$1.3 billion and \$1.5 billion in a sale, people familiar with the matter told Reuters in September.

[Acquisition Multiples & Attrition Summary](#)

[Merchant Aggregation](#)

[Acquirer Strategic Assessment](#)

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This Day in History: 1532 **Pizarro Traps Incan Emperor Atahualpa**

On November 16, 1532, Francisco Pizarro, the Spanish explorer and conquistador, springs a trap on the Incan emperor, Atahualpa. With fewer than 200 men against several thousand, Pizarro lures Atahualpa to a feast in the emperor's honor and then opens fire on the unarmed Incans. Pizarro's men massacre the Incans and capture Atahualpa, forcing him to convert to Christianity before eventually killing him.

Pizarro's timing for conquest was perfect. By 1532, the Inca Empire was embroiled in a civil war that had decimated the population and divided the people's loyalties. Atahualpa, the younger son of former Incan ruler Huayna Capac, had just deposed his half-brother Huascar and was in the midst of reuniting his kingdom when Pizarro arrived in 1531, with the endorsement of Spain's King Charles V. On his way to the Incan capital, Pizarro learned of the war and began recruiting soldiers still loyal to Huascar. [Click here to read more.](#)

Electronic Transaction Association's First-Ever Silicon Valley Day Held This Week

11/16/12 Commentary from Jamie Savant - TSG Co-Founder & Partner

The Electronic Transaction Association's (ETA) first Silicon Valley Day had more than 100 attendees who had the opportunity to meet Jason Oxman, CEO of ETA at The Commonwealth Club of California. This networking day was open to all ETA member companies as well as those interested in electronic payments and the industry's changing dynamics as 2013 approaches. The theme was focused around the new developments of key partnerships, mobile commerce and wallets, new phone applications, cloud technology, tablet POS systems, and APIs. It appears to be a very chaotic time for merchants as many trends have surfaced recently in regards to payments acceptance. The resounding point from the event was to keep in mind that the **real gold** is the relationship with the consumer.

[Click here to read more commentary.](#)

Worldwide Mobile Payments Volume to Hit \$1 Trillion by 2017.

11/16/12 Finextra

More than a trillion dollars will be spent around the world using mobile devices by 2017, according to IDC Financial Insights, although this will still represent only a drop in the total commerce ocean. Most of the money spent using mobile phones will be in the form of e-commerce, says IDC. NFC payments will also start to gain traction as point-of-sale and mobile device technology takes hold, to become the second-largest category, with P2P fund transfers a distant third, mainly due to a lack of common standards.

Mobile Payments

Burnished by Starbucks, Processing \$10B in Annual Payments - Upstart Square Battles Payment Giants

11/15/12 Reuters

But this month, when Starbucks Inc (SBUX.O) and Square announced that 7,000 coffee shops across the country would begin accepting payment through Square's smartphone app, the small white cubes that were Square's original calling card didn't merit a mention. The subtle shift in Square's business focus, from card readers to nifty software, comes as one of Silicon Valley's most highly-touted startups encounters the brutal realities of the arcane but lucrative electronic payments business.

B of A Launches Square Competitor

11/15/12 BTN

Bank of America is launching a Square-like card-swiping device for smartphones called Mobile Pay on Demand. The service will be marketed through B of A's Atlanta-based joint venture with First Data, Bank of America Merchant Services. Like others looking to appeal to casual card acceptors and small businesses with digital payment aspirations, B of A's Mobile Pay on Demand will hinge on a dongle. The free card reader will give B of A yet another tool to market to potential customers.

PayAnywhere Jumps into Mobile Payments Ring

11/14/12 USA Today

In the past year, Detroit-based PayAnywhere has quietly amassed a formidable retail network - Walmart, Home Depot, Amazon, OfficeMax, Sam's Club, Sears and Kmart are among its partners - to sell its \$9.95 mobile credit card readers to business merchants. "We intend to take on Square head-to-head," says Marc Gardner, CEO and founder of PayAnywhere. The company plans to launch a multimillion-dollar national TV, radio and print ad campaign later this week.

Guitar Center Gets Behind PayPal In A Big Way, And For A Good Reason

11/15/12 Storefront Backtalk

When 235-store Guitar Center agreed to a PayPal proposal to offer the alternative payment method inside its stores, the music chain had very good reason to believe its shoppers would embrace PayPal in a way that the customers of other in-store PayPal retailers-including Home Depot, JCPenney, Abercrombie & Fitch, Toys"R"Us, Foot Locker and Barnes & Noble-might not.

As Visa Launches its V.me Wallet, It Wins Uptake Among Small Banks And Credit Unions

11/14/12 Digital Transactions

As it turns out, digital wallets aren't just a creature of the big banks. With Visa Inc.'s announcement on Tuesday that it has made its V.me digital wallet commercially available, the world's largest payments network said some 53 financial institutions have signed on to offer the product to customers. Among these institutions are several dozen credit unions and community banks looking to have new wallet tech available as the holiday shopping season looms.

Google Pastic Card Ignites Rumor Mill

11/15/12 ISO & Agent

Google has reinvented its mobile wallet a few times, and its latest incarnation, a rumored plastic card, raises questions about the mobile-payment product's direction. The mobile-news site Android Police has posted images of the card as depicted in the app. Google has not confirmed it will offer a plastic-card, but it was already reportedly working with Discover Financial Services, the same card brand that gave the PayPal and Isis wallets a boost in point-of-sale acceptance. A faint Discover brand appears in one of the Android Police photos.

Regulation & Security

U.S. Retail Credit Card Fee Settlement Gets Preliminary OK

11/12/12 Chicago Tribune

A U.S. judge on Friday granted preliminary approval to a proposed \$7.2 billion settlement between merchants and Visa Inc and Mastercard Inc over credit card fees, despite objections from hundreds of retailers, including Wal-Mart Stores Inc. If the deal receives final approval from U.S. District Court Judge John Gleeson of Brooklyn, New York, it would be the largest federal antitrust settlement in U.S. history, offering nearly 8 million merchants \$7.2 billion in cash and temporary reductions in the

interchange, or swipe fees, they pay to process credit and debit transactions.

Consumer Bureau Likely to Propose New Prepaid Card Rules

11/14/12 Prepaid Press

So far, prepaid cards have not been subject to federal rules in the way that bank account debit cards are. For that reason, the CFPB, established in 2010 as part of the Dodd-Frank Act, made an announcement on May 24 regarding an advance notice of proposed rulemaking (ANPR) on the regulation of general purpose reloadable (GPR) prepaid cards. On July 22 the financial oversight bureau put forth a set of 10 questions to agencies and the public asking for comments that would help them define GPR cards under Regulation E.

Discover Financial Services Announces Next Steps for EMV Deployment across the Globe

11/12/12 Discover

Discover today announced the next milestone in its global EMV deployment: a comprehensive strategy and roadmap that includes Discover Network, Diners Club International, PULSE and Discover Card. In alignment with U.S. EMV migration timelines, Discover is introducing Fraud Liability Shift for Discover Network (in the U.S., Canada and Mexico) and PULSE (in the U.S.), effective October 1, 2015 at point-of-sale terminals and Oct. 1, 2017 at automated fuel dispensers.

Economy.

Consumer Confidence High, Outlook Good for Holiday Season

11/13/12 TechJournal

The economy may be advancing only slowly and the so-called fiscal cliff remains a threat, but U.S. consumer confidence for the first half of 2012 hit the highest levels since the beginning of the recession in 2008. Even better, that confidence appears to continue high as we enter the holiday season. So says the Consumer Expectation Index from Experian Marketing Services, based on weekly results from the trusted Experian Simmons National Consumer Study, for which 25,000 adults are surveyed annually.

U.S. Retail Sales Drop in October

11/14/12 AP

Americans cut back on spending at retail businesses in October, an indication that some remain cautious about the economic outlook. Superstorm Sandy also depressed car sales and slowed business in the Northeast at the end of the month. The Commerce Department said Wednesday that sales dropped 0.3 percent after three months of gains. Auto sales fell 1.5 percent, the most in more than a year.

Payments Press

Statistics Show Increase in Retention - Profitability per Merchant Remains Strong

11/05/12 National Benefit Programs

National Benefit Programs ("NBP"), the leading provider of merchant benefit programs in the processing industry, recently released statistics related to its ground breaking Merchant Benefit Program. According to Mark Zisholtz, CEO, "the statistics validate the efficacy of the program. It continues to have a profound effect on revenue for all of our clients in the processing industry. Now, we have proven statistics related to retention. In uncertain times, these statistics impress upon the importance of the competitive advantage the program delivers."

RapidAdvance Announces A New Program Allowing Small Business Owners Faster Access to Capital

11/01/12 PRWeb

Rapid Financial Services, LLC, one of the nation's leading providers of short term financing to small businesses, today announced that they have introduced a new program to provide small business owners with working capital within 24hrs. RapidAdvance's new Rapid Funding Platform enables small business owners who are approved for capital to access their financing the next day.

NetSpend and LevelUp Announce New Partnership

11/15/12 Investors

LevelUp, the world's first "interchange zero" payment network, today announced a partnership with NetSpend Holdings, Inc. (NTSP), a leading provider of general purpose reloadable cards, that will offer a \$10 incentive to consumers who link their NetSpend prepaid cards to their LevelUp accounts. "We're incredibly excited to work with NetSpend on what will be the first-ever incentive to link NetSpend prepaid cards to the LevelUp payment network," said LevelUp Chief Ninja Seth Priebsch.

Revel Systems Signs On Goodwill And Belkin As It Focuses On Expanding Retail Reach

11/12/12 TechCrunch

The retail partners for Revel this time around are Belkin, which has just opened its first dedicated retail outlet over this past summer in LA, and plans to open many more locations complete with Revel's system in place in the future. Goodwill has retired its existing POS solution in 23 Goodwill stores across Florida, where the second-hand goods company is piloting the solution as a low-cost alternative to its previous POS. Revel's system costs less than half what Goodwill is replacing it with, the company shared in a press release.

FIS to Provide InstantFunds Mobile Technology for AmEx Bluebird

11/15/12 BusinessWire

FIS, the world's largest provider of banking and payments technology, today announced that American Express® chose FIS' InstantFunds Mobile technology to provide mobile-driven remote check capture for Bluebird accounts. "Consumers are increasingly mobile and tech-savvy and constantly seek convenience. They want the option to perform any financial or purchasing transaction with a mobile phone," explained Gary Norcross, president and chief operating officer, FIS.

JetPay Named to Dallas 100 Fastest Growing Company List

11/15/12 Residual Lending

JetPay, LLC announced today it was awarded the 93rd fastest growing company in the Dallas area by the Dallas 100tm making the list now 2 years in a row. The Dallas 100tm was founded by Southern Methodist University Cox Caruth Institute for Entrepreneurship which honors the ingenuity, commitment and perseverance of the fastest growing privately-held entrepreneurial businesses in Dallas.

eProcessing Network Enhanced Processing on Multiple Platforms

11/14/12 The GreenSheet

eProcessing Network, LLC, understands the need for small to mid-sized merchants to expand their client base by offering credit card processing to a wider variety of customers, including the ever-growing market of corporate and government accounts. To help merchants acquire and retain corporate clients and maintain a competitive advantage, eProcessing Network (ePN) now offers Merchant Level III - Enhanced Data Processing through multiple processing platforms.



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