The Green Sheet
DEDICATED TO THE EDUCATION AND SUCCESS OF THE ISO AND MLS
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What does Washington have in store for acquiring?

Now that the 2012 elections are behind us and a new Congress is about to descend on Washington, financial services companies are bracing for a potential onslaught of new legislative initiatives. Some will take aim at issues raised by the Dodd-Frank Act of 2010; others are being triggered by concerns over network security and protection of individuals' confidential information.

And then there is continuing controversy over payment card interchange, as well as prepaid debit card rules. Here's a look at what's at stake.

Dodd-Frank Act still rankles many

Elizabeth Warren, newly elected Senator from Massachusetts, hasn't even taken her seat on the Senate floor, and lobbyists already are working behind the scenes to block her from getting assigned to the Senate Banking Committee.

According to reports published by *Salon.com* and other media outlets, Sen. Tim Johnson, D-S.D., Chairman of the Senate Banking Committee, is considering the newly elected Democrat for assignment to the Banking Committee, which has two seats to fill when the 113th Congress convenes in January 2013. (Those seats are being vacated by outgoing Democratic Senators Herb Kohl of Wisconsin and Daniel Akaka of Hawaii.)

Certainly Warren, as chief architect of the federal Consumer Financial Protection Bureau, has real-life experience the panel could benefit from. And that's primarily why banking lobbyists are lining up to object, according to the reports.

Typically, Washington lobbyists refrain from such deliberations, and the conventional wisdom is they don't have the clout to block an assignment if Warren really wants it. And even if Warren gets appointed to one of the two vacant panel seats, she's apt to have several new priorities, noted Mary Bennett, Director of Government and Industry Relations at the Electronic Transactions Association.

But the fact that reports like these are surfacing before the new Congress even convenes demonstrates just how controversial the Dodd-Frank Act remains two years after passage. And from the vantage of acquiring banks and their merchant servicing partners, the most contentious part of that legislation was the Durbin Amendment.

That amendment, named for its chief sponsor, Sen. Dick Durbin, D-Ill., instructed the Federal Reserve to regulate debit card interchange: the fees debit card issuers receive from merchant acquirers for each merchant transaction processed through the card networks.

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NotableQuote

Despite the rhetoric, legislation that addresses interchange may end up on the back burner as lawmakers take on more pressing issues such as the evolution of mobile payments and ongoing efforts to better secure payment networks and protect consumer privacy.

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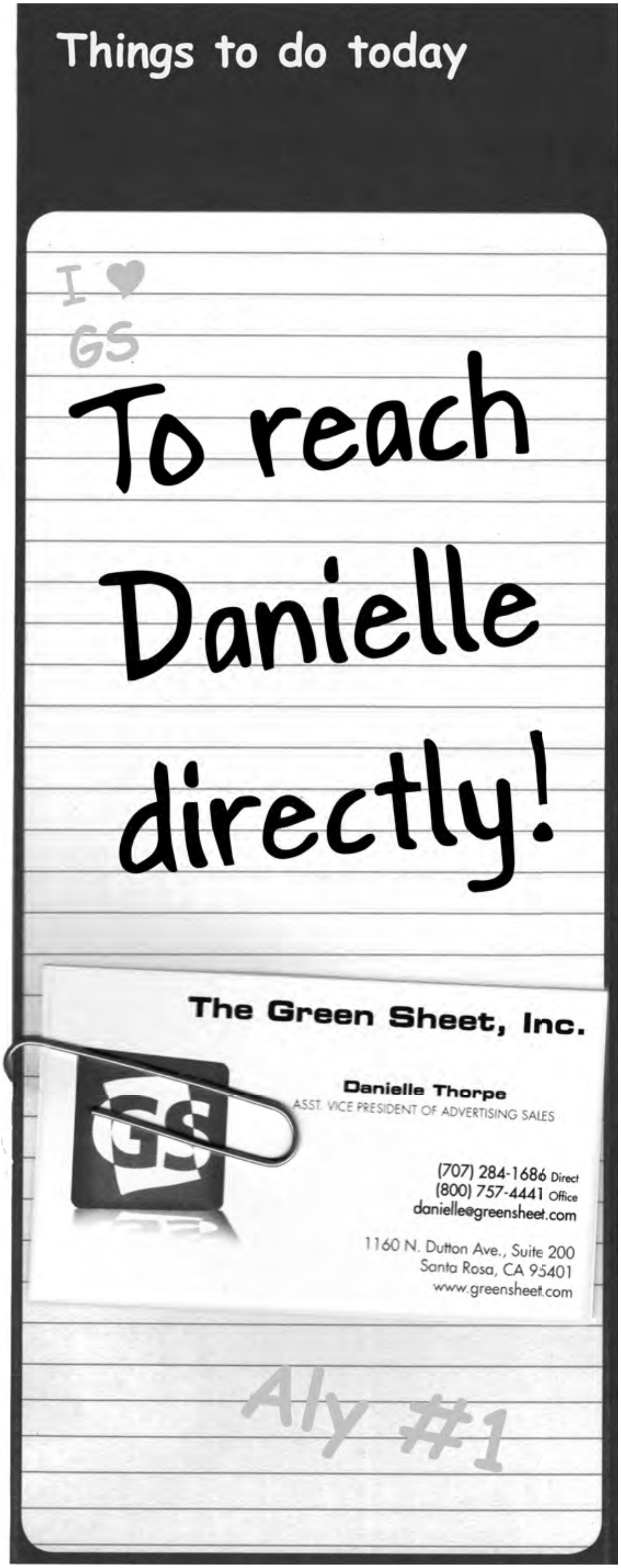

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Why get into prepaid?

I signed with a medium-sized ISO in the Midwest. I would say the company is stuck in its ways, you know, very resistant to change. I've been reading your other website, *Selling Prepaid*, and hearing a lot about prepaid cards lately and the opportunity there.

The ISO offers a standard gift card program to merchants, but nothing else. I would like to approach my ISO with a prepaid card solution that they could integrate into their processing services, but I don't know what to suggest or how to explain why it makes sense. Can you help?

Howard Ryder
Sales Agent

Howard,

The Green Sheet *established* Selling Prepaid *to help ISOs and merchant level salespeople (MLSs) like yourself break out of the credit/debit card box that has been quite successful, but may be limiting in the future.*

The secret to prepaid is its "plastic" nature. Prepaid programs with prepaid cards, or more accurately prepaid accounts, can be molded into a seemingly infinite number of configurations to fit particular merchants for particular needs.

For example, a loyalty program for a Joyeria in a border town looks very different than one for a soap boutique in a tourist district.

The Joyeria's program would be offered in English and Spanish, with maybe a marketing focus on social media sites popular in Mexico, while the boutique would target more sophisticated, high-end mobile app users.

If you're an ATM ISO, did you know that ATMs can now dispense network-branded, open-loop gift cards, just in time for the holidays?

If you've got manufacturing merchants in your portfolio, did you know payroll card programs can help merchants accommodate (and keep) their unbanked workers?

If your own ISO is struggling to limit the attrition of its top performers, did you know that reward and incentive programs boosted with game mechanics can keep producers happy and producing?

It is impossible to give you precise advice on what prepaid offerings you could propose to your ISO. One suggestion is to take a look at your portfolio and spend some time thinking about what kind of prepaid programs would fit your merchants and their customers.

Maybe a select number of merchants could benefit from a restricted authorization network. Another idea is to investigate the growing number of third-party e-gifting and loyalty providers for a potential partner on a solution that might fit your merchant base.

One common argument made by ISOs and MLSs is that you can't make as much in residuals from prepaid because the average ticket sizes are smaller than credit and debit. We humbly suggest that taking a strictly bottom-line philosophy to payments is a dangerous one.

When you think about prepaid, you are forced to imagine payments on a different level, about customer engagement, cloud-based transaction accounts and alternative financial services that help huge swaths of people improve their lives in a stubborn and persistently difficult economy. This seems to be the future of payments; ISOs and MLSs would do well to take note.

So congratulations to you for having the courage to step outside your comfort zone and think more creatively about merchant services. And good luck in investigating the many possibilities that prepaid offers to your ISO.

Editor

Clarification please

A claim regarding a patent made by Electronic Payment Systems in a press release posted on *The Green Sheet*'s home page in August 2012 may be erroneous. The claim regarded EPS' No Credit Check EZ Payment Plan and appeared under the heading "About Electronic Payment Systems (EPS)" toward the bottom of the release.

According to Global Check Service, the only known patent on this type of program is held by Global Check Service's chief executive officer (U.S. patent 7,747,529 B2). GCS stated it has been providing this service since 2005 to thousands of stores nationwide, giving a real benefit to the stores using it, their customers and the agents selling it. *The Green Sheet* has removed the press release in question.

Joy to you

We, at *The Green Sheet*, want to wish all of our loyal readers and advertisers the happiest of holiday seasons. May your merchant customers prosper now and throughout the new year ahead. If you'd like to ask a question or offer a suggestion, reach out to us via email at *greensheet@greensheet.com*, by phone at 800-747-4441 or on Facebook at *www.facebook.com/thegreensheetinc*.


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A quick summary of key articles in this issue to help keep you up-to-date on the latest news and hot topics in the payments industry.

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Cover Story

What does Washington have in store for acquiring?

With the 2012 elections over, a new Congress is about to descend on Washington, and financial services companies are bracing for a potential onslaught of new legislation. Bills dealing with the aftermath of the Dodd-Frank Act of 2010, consumer privacy concerns and network data security are likely to top the list.

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News

PayAnywhere's retail rollout, acquirer opportunity

The nationwide retail launch of North American Bancard's dongle-based mobile POS solution, PayAnywhere, is a strategic move against the dongle-based system of Square Inc. With PayAnywhere now available for small business owners in some of the nation's largest retailers, NAB proclaims it as the only mobile POS system for "real businesses."

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News

ETA Silicon Valley Day offers tech insight

The Electronic Transactions Association's Silicon Valley Day was held Nov. 15, 2012, at the Commonwealth Club of California in San Francisco. The event brought together established industry leaders and technical experts who made predictions about, among other things, what ISOs will require to reinvent themselves and stay competitive.

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News

PCI SIG risk assessment guidance released

The PCI Security Standards Council released best practices designed to help organizations assess and correct security vulnerabilities. The supplement recommends businesses formalize risk assessment methodologies and implement risk assessments on an ongoing basis to mitigate security threats and vulnerabilities quickly.

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Selling Prepaid

Underbanked come into focus

A joint study conducted by the Center for Financial Services Innovation and CORE Innovation Capital into the financially underserved market in the United States illuminates the size of the so-called underbanked and the diversity of alternative financial services they use.

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Selling Prepaid

Change is afoot for Canadian prepaid

Canada has undertaken regulatory initiatives concerning prepaid that resemble those underway in the United States. The Canadian government wants to extend common consumer protections to prepaid cardholders and bring prepaid cards into law enforcement's regulatory fold, so cards can be inspected at Canadian border crossings. Sound familiar?

NEWS

Silver and gold awarded to payment firms

Unified Payments LLC was named a gold winner for the Best in Biz Awards for the Fastest-Growing Company of the Year category. Unified said the award was a result of the ISO's strategic acquisitions, creative sales planning and technological innovation at the POS.

Integrated bill payment, invoicing and cash management solution provider **Bill.com** also became a Best in Biz gold winner, in the Support Department of the Year category. Bill.com said it is the only solution that connects a user's bank, bookkeeping and business.

And POS system provider **Harbortouch** joined the winner's circle as the silver winner in the Small or Medium Business Product of the Year category.

Harbortouch Chief Executive Officer Jared Isaacman said the award "validates the value and quality of our POS system and the program we are offering to our customers."

The Best in Biz Awards is billed as the only independent business awards program judged by members of the press and industry analysts. Over 400 entries were received for the 2012 awards program.

South Carolina releases hack details

The South Carolina Department of Revenue offered rare insight into the forensics of a hack when it released security firm **Mandiant Corp.**'s incident response report. The report details how thieves, beginning in August 2012, accessed the department's database and stole 3.6 million Social Security numbers and 387,000 credit and debit card numbers. Approximately 16,000 of the exposed credit cards were unencrypted. The theft was discovered Oct. 10, 2012.

Mandiant reported the intrusion into the department's system began with a malicious email that unleashed malware and compromised the system after employees clicked on the embedded link.

The security firm theorizes the malware stole the user name and password of employees who clicked on the link. The stolen credentials (at least four IP addresses and four valid user accounts were hijacked during the attacks) were then deployed to access and compromise 44 systems using 33 unique pieces of malicious software and utilities to steal data.

The department said there has been no evidence of attacker activity since its remediation solution was completed Oct. 20, 2012.

FBI lists top fraud attacks

On Nov. 26. 2012, the **FBI**'s **Crime Complaint Center** issued a list of the top nine fraud attacks. Ranked in descending order of frequency of attack and revenue loss they are:

- Clean fraud (thieves provide enough valid personal information associated with stolen credit

RETAIL BRIEFS

- According to the *Small Business Saturday Consumer Insights Survey* released by the **National Federation of Independent Business** and **American Express Co.**, consumers spent $5.5 billion with independent merchants on Small Business Saturday in 2012; AmEx reported card transactions rose 21 percent from 2011's Saturday shopping event.
- A **National Retail Federation** survey conducted by **BIGinsight** revealed 139.4 million American adults shopped in-store or online during Black Friday weekend (Thursday to Sunday). Total spending for the weekend was estimated at $59.1 billion.
- The **Consumer Electronics Association**'s *19th Annual CE Holiday Purchase Patterns Study* projected consumer electronics sales will account for nearly one-third of 2012 holiday gift budgets, at $252 per budget, and 76 percent of gift-giving adults will purchase such products this holiday season.

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b›yond the transaction.

cards (or identities) to give a sheen of legitimacy to fraudulent transactions)

- Account takeover
- Friendly fraud (consumer makes charge card purchase, then disputes it in an effort to obtain merchandise for free)
- Identity theft
- Affiliate fraud (fraudsters gain access to and then steal from legitimate companies and their customers by establishing marketing affiliations with targeted companies)
- Re-shipping (fraudsters outside the United States purchase high-dollar merchandise with stolen cards, ship it to people located in the United States, and then pay them to repackage the merchandise and ship it to locations outside the country)
- Botnets (collections of Internet-connected computers that have been breached by malicious parties that have assumed control of the computers)
- Phishing/pharming/whaling (fraudsters masquerade as trusted parties and trick people into divulging confidential information, sending money to thieves, or allowing access to or control over sensitive data)
- Triangulation schemes (fraudsters sell goods to consumers, who give them valid credit card info; fraudsters then procure the goods using stolen credit cards, ship the goods to the consumers, and pocket the money from the consumers' real cards)

NACHA approves ACH health care payments

NACHA – The Electronics Payments Association on Nov. 27, 2012, adopted a new rule that allows healthcare providers access to the automated clearing house (ACH) network for electronic health care claims payments. The rule also requires the inclusion of the reassociation number (the bridge linking the payment with the explanation of which claims are being paid) with the electronic funds transfer.

The new NACHA rule will be effective Sept. 20, 2013. Financial institutions are required to be ready to send and receive health care payments for health plans and health care providers using the health care EFT standard by Jan. 1, 2013. NACHA estimates the new rule will save the health care industry between $3.1 billion and $4.5 billion over 10 years.

ANNOUNCEMENTS

Calpian receives $5 million loan

Dallas-based merchant processor and portfolio acquisition firm **Calpian Inc.** secured a $5 million loan from Granite Hill Capital Ventures LLC to refinance existing debt and acquire additional credit card portfolios in the United States.

ISO donates to hurricane relief

On behalf of its employees and agent partners, Scottsdale, Ariz.-based merchant services provider **Card Payment Direct** donated an undisclosed amount to the nonprofit organization Habitat for Humanity. The ISO said the donation will be used to help rebuild homes, neighborhoods and communities on the East Coast in the wake of Hurricane Sandy.

EVO changes name

EVO Merchant Services changed its name to **EVO Payments International LLC**. The first aspect of the name change is a desire to reflect the evolving payments landscape in which merchants and consumers alike face a greater selection of payment choices; the second driver behind the name change is EVO's focus on the international expansion of its capabilities.

JetPay soars in Dallas

The Southern Methodist University Cox Caruth Institute for Entrepreneurship named **JetPay LLC** to The Dallas 100 Entrepreneur Awards list of the fastest growing companies in the Dallas area. JetPay, which maintains a business development and account support center in Dallas, was named the 93rd fastest growing company.

TMG adopts V.me digital wallet

Des Moines, Iowa-based payment solution aggregator **The Members Group** now offers Visa Inc.'s digital wallet, V.me, to its community bank and credit union clients. TMG said the cloud-based wallet, which allows cardholders to make online purchases without re-entering card data for each purchase, offers co-branding by financial institutions.

Merchant Warehouse named to Fast 500

Merchant Warehouse landed on Deloitte's Technology Fast 500 at number 468. Henry Helgeson, cofounder and CEO at Merchant Warehouse, said the Boston-based ISO's growth is a product of its ability to accurately predict industry trends, capitalize on its forecasts, and adapt as business models and consumer behaviors change.

Paragon joins forum

Paragon Application Systems joined the Smart Card Alliance's EMV Migration Forum. Paragon, a provider of electronic payment simulation, configuration and testing solutions, said it has helped global acquirers, processors and issuers develop and test their EMV architecture.

PayPal launches mobile POS in Australia

PayPal Inc. reported its PayPal Here mobile proximity payment service is now available at four retailers in Australia. The solution integrates a mobile app with the retailers' physical POS terminals to allow consumers to pay for goods without bankcards or cash. The four Australian retailers are Mexican taqueria chain Guzman y Gomez, fashion retailer Glue Store, artisan sourdough bread bakery chain Sonoma Baking Co. and specialty education retailer Crayons.

ATMs designed to foil crime

Salberg Concrete Products (Pty) Ltd. and its client, **ATM Solutions Inc.**, won an award for a blast-resistant solution for standalone ATMs. "The robust material and structure of the blast proof casing maintains its frame during an explosion, protecting the money vault and ensuring minimal damage to the ATM unit," Salberg stated. ATM Solutions supplies and operates ATMs in South Africa, where ATM bombings have reportedly increased.

China's Tenpay launches AmEx solution

Beijing-based merchant services provider **Tenpay** unveiled the Tenpay American Express Virtual Pay platform. The service allows e-commerce sites in China to offer their customers a way to shop at the online storefronts of overseas retailers that belong to **American Express Co.**'s merchant network, such as Bloomingdale's and Apple Inc.'s App Store.

The platform also offers one-time password protection; each transaction made by an online shopper automatically generates a different password.

Concern grows for mobile device security

Security firm **ThreatMetrix** said its data suggests a dramatic rise in fraud on mobile devices will accompany the rapid growth in transactions originating from those devices.

Cyber-attack risks are exacerbated by mobile device use, because the average consumer logs into retail and banking accounts twice as much via mobile devices as they do via PCs, a frequency that only increases during the holiday season, according to the company.

ISO-processor drop early termination fees

US Bankcard Services Inc., along with its acquiring partner **Elavon Inc.**, eliminated early termination fees for new merchants. "Effective immediately, all new Elavon and USBSI merchants are no longer bound by three-year contracts," the partners said.

"As a result, new merchants may cancel at any time without being assessed an early termination fee. All other merchants will not be affected by this change."

PARTNERSHIPS

ChannelAdvisor, Magento team

Cloud-based e-commerce solutions firm **ChannelAdvisor Corp.** aligned with **Magento** to launch the Magento extension. The new extension, currently in beta mode, will permit Magento e-commerce customers to simplify online channel expansion through ChannelAdvisor's platform, the companies stated.

First Data, Fexco partner

First Data Corp. and Irish-based **Fexco Merchant Services** jointly released the First Data GlobalChoice dynamic currency conversion solution to merchants in Canada. With the expansion, Fexco reportedly now serves over 45,000 merchants globally in 20 nations.

GETI, Transmodus link to cloud

Electronic check, gift and loyalty card processor **Global eTelecom Inc.** recently integrated **Transmodus Corp.**'s linked2pay cloud platform with GETI's ACH payment

processing to enable one-time and recurring payments online and via email, the companies said.

MCR integrates tax suite

Value-added merchant service provider **My Clear Reports** added a new partner, **Exactor**, and incorporated the Exactor Sales Tax Compliance Suite into its virtual business center. According to MCR, the automated end-to-end solution will help merchants address sales tax compliance requirements and offer real-time sales tax reporting and filing services.

PaymentSense, YESpay pair up

ISO **PaymentSense Ltd.** teamed with global card payment service provider **YESpay International Ltd.** to provide an integrated system for small merchants in the United Kingdom that includes hardware, payment service and maintenance via a monthly rental model.

PaymentVision, BFrame join forces

Biller-direct electronic payment gateway provider **PaymentVision** collaborated with software developer **BFrame Data Systems Inc.**, in building an integrated, online, Payment Card Industry Data Security Standard- and Fair Debt Collection Practices Act-compliant payment system to help collection agencies increase efficiency in collection efforts, the companies stated.

Spindle enables SLIDE

Mobile payment solutions company **Spindle Inc.** entered an agreement to engineer the secure payment infrastructure for Slide Safe LLC, a payment platform offered by Florida startup **Anadyne Enterprises LLC** in conjunction with payment processor **Signature Card Services**. The Slide mobile payment product will initially launch at select MetroPCS Wireless Inc. distributors.

WEX teams with Higher One

WEX Inc., a developer of physical, digital and virtual corporate card payment solutions, teamed with campus payment services firm **Higher One** to launch VendorPay, a customized virtual payment solution for higher education institutions that eliminates paper check disbursement to campus vendors and suppliers, the companies stated.

Zipmark allies with RentShare

Zipmark Inc., a company focused on mobile and online payments, formed a strategic alliance with online rent payment portal **RentShare Inc.** to include secure digital checks as a payment option on RentShare's portal. According to Zipmark, property managers will be able to accept and deposit digital check payments, with funds guaranteed the next business morning.

ACQUISITIONS

Mandis buys stake in RapidAdvance

Former Goldman Sachs and Citigroup Inc. executive **Steven G. Mandis** purchased an ownership stake in merchant cash advance provider **Rapid Financial Services LLC**, doing business as **RapidAdvance**. In his new capacity, Mandis will serve as a Strategic Advisor for the company.

Network International boards TimesofMoney

Dubai-based payment solutions provider **Network International LLC** signed a partnership agreement with **Times Internet Ltd.** to acquire a majority stake in **TimesofMoney Ltd.**, an India-based global online remittance and digital payments company. The acquisition will enable NI to open an online remittance service in the Gulf Cooperation Council-India corridor, the company said.

Sino Payments completes TIG merger

Sino Payments Inc., a bankcard processing and merchant acquiring services company focused on the Asian market, recently completed a merger with **Tap Investments Group**. Tap consists of strategic partners in POS and customer relationship management solutions. TIG will reportedly fold its operations into SPI to create a growth platform in the retail solutions market.

APPOINTMENTS

CPP hires Brown-Aquino

Certified Payment Processing hired **Silvery Brown-Aquino** as its new Manager of Quality Assurance. Prior to joining CPP, Brown-Aquino worked for T-Mobile where she served as Business Support Manager and Team Manager. At CPP she is tasked with measuring and improving services offered by CPP's operations and sales departments; and she will document company procedures and best practices.

Horwedel joins SignatureLink board

Mark Horwedel, CEO of the merchant trade association Merchant Advisory Group, joined the Board of Advisors of the cyber security firm SignatureLink Inc.

Kelly tapped by EVO

James G. Kelly is the new CEO at EVO Payments International LLC. He was formerly the President and Chief Operating Officer at Global Payments Inc. Kelly is responsible for accelerating growth and developing electronic payments products and solutions. Former CEO **Ray Sidhom** will continue as the company's Chairman.

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PayAnywhere's retail rollout, acquirer opportunity

PayAnywhere, North American Bancard's mobile POS solution, launched a nationwide retail channel Nov. 19, 2012. The credit card reader and mobile payments software is now sold by some of the nation's largest retailers, including Wal-Mart Stores Inc., OfficeMax Inc., Sam's Club and The Home Depot U.S.A. Inc., among others.

Marc Gardner, NAB and PayAnywhere founder and Chief Executive Officer, said the PayAnywhere solution is "the only mobile POS choice for real businesses" because it is "designed to support the needs of real businesses from the moment a sale begins to when the money is deposited in the bank, and everything in between." The PayAnywhere solution uses a credit card reader in the form of a dongle that attaches to a mobile device through the head-phone portal. It is similar in this way to the card acceptance solution offered by Square Inc., and others. However, Gardner believes PayAnywhere's live 24/7 customer and technical support, along with its comprehensive business intelligence, gives his company an edge over competing mobile POS solutions.

A tool for contractors

Gardner is particularly pleased with Home Depot's decision to feature PayAnywhere at the Pro Desk in its stores. "Home Depot saw the value added between us and Square and decided to put us on the contractor's desk," he said, noting that this decision is significant because it enables PayAnywhere professional contractors. The CEO envisions plumbers, landscapers and other professional contractors will prefer the PayAnywhere solution over continuing to rely on traditional bill-and-collect payment systems because PayAnywhere allows contractors to get paid more quickly.

Traditional merchants get their money faster through PayAnywhere, too, Gardner added. "Holding money is one of the challenges for SMBs," he said. "That is tough on a business that needs to make payroll every Friday."

More than payments

Gardner believes PayAnywhere comes out on top when compared directly with Square for the following reasons:

- PayAnywhere works with any Apple Inc. mobile device, Google Inc. Android-based smart phones or tablets, or Research in Motion Ltd. BlackBerry phones. Square works with Apple and Android devices.
- PayAnywhere is Payment Card Industry (PCI) Data Security Standard (DSS) compliant and has end-to-end encryption. Square said it adheres to the PCI DSS and offers encryption for stored data and public transmission of data.
- PayAnywhere has no monthly fees or minimums, and charges 2.69 percent per swipe or 3.49 percent plus $0.19 for keyed transactions. Square charges 2.75 percent per swipe, or 3.5 percent plus $0.15 for manually entered transactions.

PayAnywhere's business intelligence features include real-time reports that display both cash and credit card transactions. Merchants can view sales; refunds; voids; and totals for the day, week or month. The app also offers Heat Maps to show merchants where sales are taking place in their stores. And PayAnywhere helps

merchants and contractors by placing converging technologies on a single payment platform.

Support in spades

In Gardner's view, the biggest competitive advantage to PayAnywhere is the way in which the company interacts with its customers. "When neutral retailers evaluated our offering, they thought the way we communicated with merchants is spectacular," he said. PayAnywhere's help desk is available at all times to communicate with customers whether the topic relates to technology, installation or chargebacks, for example, Gardner noted. "We offer our customers live customer and technical support, because PayAnywhere believes that if a business owner trusts us to process their money, they deserve a person to talk to whenever they require support," he said. The CEO also stated that PayAnywhere is the only organization providing a mobile POS solution through an agent distribution channel. "Our competitors don't offer their solutions to ISOs and agents," he said.

ETA Silicon Valley Day offers tech insight

Forecasting the payments industry's future was the agenda at the Electronic Transactions Association's Silicon Valley Day held at the Commonwealth Club of California in San Francisco Nov. 15, 2012. The event brought together representatives of new, high-tech payment companies and executives from traditional payment businesses. Among the notable predictions voiced at the meeting were the following:

- There will be opportunities for acquirers, but ISOs will need to reinvent themselves as solutions providers for merchants.
- The move to the Europay/MasterCard/Visa (EMV) global standard will not be the tipping point for consumer adoption of mobile payments.
- Cloud-based, merchant-specific mobile applications appear to be where mobile transactions are headed.

ETA perspective on mobile

ETA Chief Executive Officer Jason Oxman opened the day by welcoming new members of the payments community to the ETA-sponsored event. He proclaimed this moment "a defining time" in the payments industry. "I see the industry embarking on innovation like few in history have ever done," he said. "This industry recognizes that any technology that makes the use of credit cards better for the consumer is a good thing."

"Our common enemy is cash," he remarked. "Only 8 percent of merchants have employed mobile solutions. There is a lot of room for growth and it will happen rapidly." Oxman expects the mag stripe card will continue to be used in the United States even as contactless cards and wallets make them obsolete. "Mag stripe 10 years from now will be around, but it will look like 1950's technology looks to us today," he said.

Oxman said the ETA's Mobile Payments Committee is working to smooth the transition to mobile payments by helping the industry to achieve interoperability, create best practices, and educate legislators and regulators to insure the industry "is not stifled by nascent regulation." He also said the ETA will work with card companies to remove issues for processors and acquirers prior to their 2013 EMV compliance deadline.

Golden age for consultants

Allen Weinberg of the payment consulting firm Glenbrook Partners LLC said innovation in payments has shifted from card company promotions to merchant-centric offerings.

He noted that payment technology companies must have the support of merchants and member service providers to succeed. He added that the current payment technology landscape is chaotic, and the industry is becoming increasingly fragmented as a result.

"Revenues aren't in clearing and settlement anymore," he said. "We are in a

Oxman sees acquirer opportunity in Silicon Valley

New payment technologies developed in California's Silicon Valley represent opportunities for ISOs willing to adapt their business models to emphasize more value to merchants, Jason Oxman, Chief Executive Officer of the Electronic Transactions Association, said in an interview with *The Green Sheet* during the ETA's Silicon Valley Day held in San Francisco on Nov. 15, 2012.

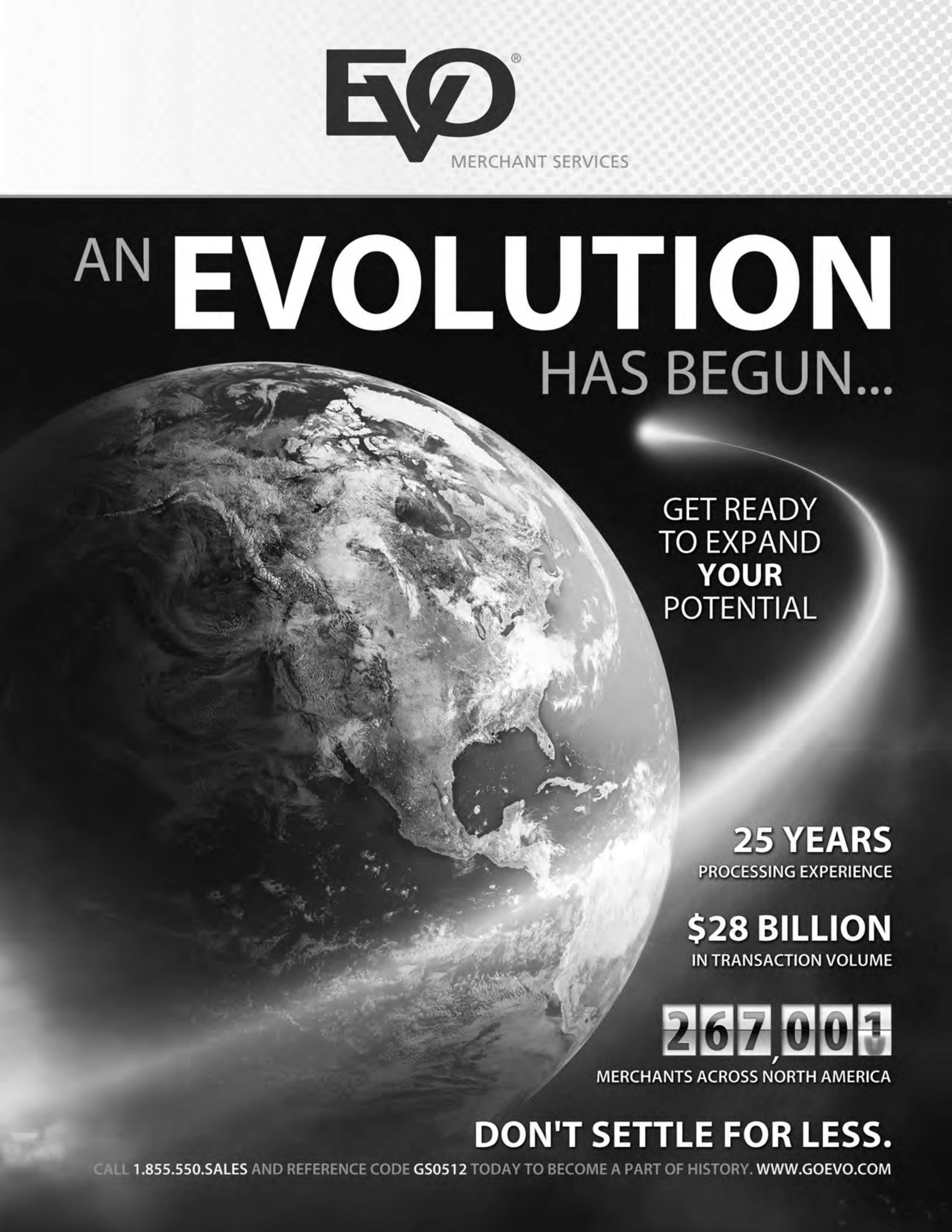
Oxman said every company needs a payment infrastructure to get to market, whether the company is an established and well-funded alternative payment provider such as PayPal Inc., which is now expanding into traditional payments territory, or whether it is an absolute newcomer like Clover Network Inc., which offers a new POS system that works with any Android OS-equipped tablet, phone, cash register or kiosk. "No matter how cool the technology is, it's not worth anything if merchants don't accept it," Oxman pointed out.

Oxman noted that the ISO business model is changing. "The sales representative needs to add more value in their pitch to the merchant," he said. "The ISO needs to offer mobile and cloud payment apps to strengthen its relationship with merchants. At the end of the day, it's still about the merchant. That's what matters."

ETA post-election legislative agenda

When asked about the ETA's legislative priorities following the recent U.S. presidential election, Oxman said the ETA will work to avert the so-called fiscal cliff: the mandatory tax increases and budget cuts required by the Budget Control Act of 2011 to go into effect if Congress doesn't agree on a budget by the end of 2012. "We need certainty to ensure the recovery is not derailed," he said. "Although people voted for a divided government, they sent a signal the economy is a top priority."

Oxman added that he hopes "the legislative component of regulating interchange" is finished and Congress will not risk stifling the innovation and viability of the payments industry by regulating it further. He affirmed that the ETA will continue its efforts to educate legislators and policymakers. The primary ETA message to lawmakers is that "without our industry commerce doesn't happen," he said.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more fragmented, more specialized industry now." He noted that fragmentation in the industry is creating the "golden age of payments" or "certainly" the golden age of payment consulting. And he advised payment professionals to "ask not what mobile payments are; ask how payments fit into the mobile world."

Weinberg predicted it will be 2015 before a winner emerges from the wallet wars where combatants in the fight for consumer adoption of mobile wallets include such well-financed initiatives as JVL Ventures LLC's Isis, Google Inc.'s mobile wallet, PayPal Inc.'s offering and Visa Inc.'s V.me initiative, among others.

He called the Merchant Customer Exchange, the mobile payment platform launched by "an impressive list" of national retailers, "beyond fascinating" as an attempt by the retailers to gain control of customer data.

"The revenue in mobile is not in transactions," he stated, adding that in the future acquirers will focus more on merchant-specific payment applications as a primary revenue stream. "Merchants want to control the user experience," he said.

Weinberg believes the tipping point for adoption of mobile payments will arrive with the introduction of a cloud-based system from new companies with technology that will allow customers to simply plug into the payments grid. But that time is not here yet. "Consumer expectations are way beyond what we can deliver," he said.

Plans for the world

Phil Kumnick, Visa's Head of Global Acquirer Processing, said his company wants to actively help acquirers create more transactions, but he thinks the rails transactions run on today are not the rails of the future. He added that simplicity will be critical to consumer adoption. "Consumer behavior will trump the next best gadget," he said.

Kumnick said new companies that are neither encumbered with legacy systems nor protective of legacy revenues are the most disruptive to competitors in the industry.

He also doesn't expect the introduction of EMV to change merchant ideas about payments because the solution is so narrowly focused on security. He predicted the tipping point for mobile payment adoption will be when Apple Inc. enters the payments market.

Gene Alston, Vice President and General Manager of Groupon Inc. Mobile, said his company's mission is to build a local commerce operating system. "Savvy shoppers get connected to local merchants on our platform, and that's our goal," he said, adding that he believes POS systems are the "heartbeat of the local merchant."

PCI SIG risk assessment guidance released

The PCI Security Standards Council (PCI SSC) recently released a set of best practices designed to help organizations assess and correct security vulnerabilities.

The supplement's objective is to help merchants, service providers, acquirers and issuers comply with the Payment Card Industry (PCI) Data Security Standard (DSS). The document was produced by the PCI Risk Assessment Special Interest Group (SIG), which included representatives from banks, retailers, security assessors and technology vendors.

The PCI DSS requires businesses to have a process for assessing payment card data threats and vulnerabilities in their payment systems. This is in addition to requiring that businesses take certain steps to protect data, as well as correct vulnerabilities found.

A risk assessment helps companies to reduce exposure to data theft. The new *PCI DSS Risk Assessment Guidelines Information Supplement* offers guidance from members of more than 60 payments industry organizations.

A key focus area for stakeholders

"As there are a number of risk assessment methodologies out there, our stakeholders were looking for guidance on how to effectively apply these principles to their organizations to meet PCI requirements," said Bob Russo, General Manager of the PCI SSC. "As an open standards body, SIGs are one of the many ways we're able to tap into the brain trust that is our global community."

The supplement recommends that businesses formalize risk assessment methodology in a simple way that accommodates the corporate culture and organizational requirements. It also urges businesses to implement risk assessment continuously to mitigate threats and vulnerabilities quickly.

The document additionally reminds businesses that implementing risk assessment doesn't relieve the organization of its duty to comply with the PCI DSS or other PCI standards. And it emphasizes formal training on risk assessment processes for risk assessors to help them understand threats and vulnerabilities that could negatively impact their companies' systems.

Prepaid in brief

NEWS

Economy favors prepaid rewards

The **Incentive Research Foundation**'s *Fall 2012 Pulse Survey* found that businesses are rewarding employees more often with merchandise, gift cards and individual travel, as economic conditions disfavor group incentive travel programs. Thirty-one percent of survey respondents indicated they intend to increase the use of gift cards as an employee rewards tool in 2013.

The online survey of 2,461 incentive providers, suppliers to the industry and corporate incentive travel buyers showed that merchandise would see the biggest rise in employee usage, with 36 percent of survey respondents saying they would increase merchandise rewards.

Meanwhile, 24 percent of respondents said they added gift cards to their reward programs, while 17 percent had decreased gift card usage in their programs.

According to the IRF, 44 percent of respondents anticipated they would "slightly increase" their budgets for noncash incentive programs in 2013.

Prepaid companies land on Fast 500

Several prepaid card companies were named to **Deloitte**'s 2012 Technology Fast 500 list, which ranks the fastest growing public and private companies in North America by the percentage of revenue growth from 2007 to 2011.

Cloud-based payroll manager **Payoneer Inc**. ranked 34 on the list, with revenue growth of 4,751 percent during this period. Payoneer accelerates the growth of its e-commerce clientele and other businesses by improving the way they make payments to over 200 countries, said Scott Galit, the company's founder and Chief Executive Officer.

Health-care card program manager **Evolution1 Inc.** came in at number 322. The provider of the Benny Prepaid Benefits Card and the Lighthouse1 OneCard said it had saved employers $43 million in administrative costs to date in 2012, eliminated over 52 million paper health care claims, and saved $79 million through automation.

Automated customer service solution firm **Contact Solutions LLC** grew by 189 percent from 2007 to 2011 to rank at number 396. Contact Solutions said it has had 10 consecutive years of double-digit, year-over-year revenue growth.

Gift cards remain hot holiday ticket

The 2012 holiday shopping season will be a windfall for gift card providers, according to the **National Retail Federation**. BIGinsight research, sponsored by the NRF, showed that 81.1 percent of shoppers will purchase at least one gift card during the holidays.

Additionally, shoppers will spend an average of $156.86 on gift cards, which represents the highest amount in the survey's 10-year history, the NRF said.

The survey noted that the average spend per gift card stands at $43.75, with men planning to significantly outspend women on gift cards: $172.98 to $141.66, respectively. The survey also said the most popular gift cards purchased were for department stores, which received 39.1 percent of the vote from the 9,383 consumers polled online.

ANNOUNCEMENTS

AmEx goes mobile

The **American Express Co.** added a mobile gift card service to its Membership Rewards program. AmEx cardholders can use rewards points to purchase gift cards via smart phones.

Thirty-two percent of U.S. general consumers plan to use smart phones to pay for holiday shopping in 2012, an increase of 8 percent from 2011, according to the American Express Spending & Saving Tracker survey.

Blackhawk debuts digital platform

Prepaid card distributor and Safeway Inc. subsidiary **Blackhawk Network** launched Blackhawk Digital. The company said its new e-gifting platform provides startups, e-commerce companies, payment companies, marketers and others access to Blackhawk's network of brand-name, retailer-specific gift cards via social media, digital wallets and other digital payment apps.

CPI expands contactless card encoding capability

Prepaid card manufacturer **CPI Card Group** said it expanded the capabilities in its Nevada facility to support high-frequency contactless card encoding.

The expansion enables CPI to provide a complete, in-house solution for the production, encoding and fulfillment of contactless chip cards for such installations as transit services, special events and theme parks.

Fifth Third Bank issues GPR card

Cincinnati-based **Fifth Third Bank** issued the Access 360o prepaid card. The MasterCard Worldwide-branded, general purpose, reloadable (GPR) card is available at the bank's 1,300 banking center locations.

MyGiftWand becomes eGifter

GroupGifting.com changed the name of its social gifting service, **MyGiftWand**, to **eGifter**. The company said the rebranding represents its evolution via Facebook and mobile apps and coincides with a redesign of its website, found at *www.egifter.com*.

EMV prepaid rolled out via Buy Way

Nanterre, France-based smart card technology provider **Oberthur Technologies** inked a deal to provide Brussels, Belgium-based consumer credit specialist Buy Way Personal Finance with "smart," Europay/MasterCard/Visa- (EMV) compliant prepaid cards.

The Buy Way- and MasterCard-branded EMV prepaid card will be available online and in retail locations across Belgium and The Grand Duchy of Luxembourg.

'Self-activating' prepaid SIM cards for smart phones

T-Mobile USA Inc.'s mobile virtual network operator, **Roam Mobility Inc.**, introduced a self-activating SIM card that delivers three, seven, 14 or 30 days of unlimited, nationwide mobile talk and text. Ready SIM cards are inserted into prepaid smart phones, and users text their ZIP codes to Vancouver, Canada-based Roam Mobility to activate wireless plans.

RBC eliminates expiry, most fees on gift cards

The **Royal Bank of Canada** removed expiration dates and most of the fees on the RBC Visa Gift Card. An RBC poll found that 42 percent of Canadians surveyed said expiration dates and fees were reasons to not purchase gift cards.

PARTNERSHIPS

Bluebird names mobile RDC provider

AmEx chose **Fidelity National Information Services** (FIS) to provide mobile prepaid remote deposit capture technology for the Bluebird card. With FIS InstantFunds Mobile, smart phone users can scan checks via phone cameras to deposit funds to Bluebird accounts.

Wrapp joins Blackhawk Digital

Blackhawk signed a deal to integrate the social gifting app **Wrapp** into the Blackhawk Digital e-gifting network. Using Wrapp, social media users can send and receive gifts via Facebook.

In other news, Blackhawk agreed to distribute a prepaid card co-branded by **Univision Communications Inc.** to grocery outlets in California and Texas.

Incentives linked via prepaid

Alternative payment network **LevelUp Inc.** teamed with **NetSpend Holdings Inc.** to provide GPR cards that offer monetary incentives to consumers who link NetSpend prepaid cards to LevelUp accounts. By linking such cards to accounts, NetSpend cardholders receive $10 credit to their LevelUp accounts.

MADI card launched in Botswana

The MADI Express GPR card was rolled out in the African nation of Botswana. The card is the product of a collaboration between **MasterCard**, London-based **Prepaid Financial Services Ltd.**, Botswana-based **Prepaid Debit Card Services Ltd.** (PDS), and **Kingdom Bank Africa Ltd.** Almost 36 percent of the Botswana population is unbanked, according to PDS.

Alliance to offer mobile prepaid

Program manager **TransCard LLC** and mobile technology provider **DeviceFidelity Inc.** allied to offer a MasterCard-branded mobile prepaid card program to financial institutions, retailers, program managers and mobile network operators.

The program will include a mobile banking app that offers real-time balances, transaction histories, card-to-card transfers, cash-back rewards, reload options and a MasterCard PayPass-enabled POS locator.

ACQUISITIONS

U.S. Bank becomes prepaid processor

U.S. Bank, the lead bank of U.S. Bancorp, acquired Jacksonville, Fla.-based prepaid card processor **FSV Payment Systems**. Financial terms of the transaction were not disclosed, but the acquisition is expected to close in December 2012, with FSV folded into U.S. Bank's Elan Financial Services brand.

APPOINTMENTS

English named to Contis board

U.K.-based end-to-end prepaid solution provider Contis Group Ltd. appointed **Kirsten English** to its board of directors. English has held various executive and nonexecutive positions at financial firms listed on the London, Dublin, NASDAQ and Oslo stock exchanges.

Maggin joins National Gift Card

Gift card marketer and distributor National Gift Card Corp. appointed **Jodi Maggin** as its Vice President of Business Development. Maggin was formerly a vice president at WeSave Inc., an online savings network for state government employees.

Grameen taps Tan for Asia

Microfinance lender Grameen Foundation named **Christopher A. Tan** to the position of Regional Chief Executive Officer for Asia. Tan, previously the foundation's Regional Director for East and Southeast Asia, is tasked with leading the organization's efforts to provide unbanked individuals in Asia with access to financial and information services.

Features

Underbanked come into focus

As demographics go, the so-called underbanked segment is of primary importance to the prepaid card industry. Research conducted by the Center for Financial Services Innovation and CORE Innovation Capital into the financially underserved market in the United States reveals that the number of consumers who can be considered underbanked is larger than previously estimated and that they will continue to adopt prepaid services at a substantial rate.

In the *2011 Underbanked Market Sizing Study* sponsored by investment firm Morgan Stanley, the researchers found that one out of every four U.S. consumers are underbanked, a significantly higher ratio than reported in their 2010 report.

The total underbanked market in the United States stands at approximately $682 billion (in volume), with about $78 billion paid out in fees and interest revenue.

By far the largest financial service product category for the underbanked was short-term credit ($41 billion), with providers of subprime auto loans, especially, raking in over $25 billion in fees and interest revenue in 2011. In comparison, payments accounted for only $8.9 billion, and was made up of such services as money orders, walk-in bill payments, remittances and payroll.

Notably, in year-over-year growth rates between 2010 and 2011, prepaid scored highly. Both payroll and general-purpose reloadable (GPR) cards grew at over 20 percent, while total growth over all the product categories was 7.3 percent.

> **Among the trends that have had the greatest affect on financial services is regulation.**

In a webinar that discussed the report's findings, CFSI Lead Analyst Eva Wolkowitz said prepaid's growth (along with Internet payday loan products) resulted from a mixture of increased uptake of online and mobile technologies by consumers in addition to greater access to the products and lower costs associated with them.

"The advantage of these products is pretty clear from at least a cost perspective," noted Rob Levy, Manager, Insights & Analytics at CFSI and report coauthor. "Using [the] Internet and mobile infrastructure, and not relying on traditional storefront and brick-and-mortar locations, gives them a huge advantage in terms of cost and also reaching the underserved consumers who might not be near traditional bank branches."

Levy expects that trend to continue. "We think the products that capitalize on this infrastructure and usage by underbanked consumers will see more growth in the years ahead," he said. "And the products that rely on older technologies and business models will likely continue to bleed market share."

Is GPR mainstreaming?

Among the trends that have had the greatest affect on financial services is regulation. "Passage of Dodd-Frank [and] the establishment of the CFPB will continue to impact the way different segments grow or retract," Levy said. He highlighted the Durbin Amendment to the Dodd-Frank Act of 2010 as being particularly consequential for prepaid. "Clearly prepaid is hugely impacted by the contentious Durbin Amendment ... as well as at the state-by-state level, particularly for payday loans," he said.

But the consensus opinion reached in the report and by the webinar presenters is that the future looks bright for prepaid. Mike Harris, Managing Partner at Core Innovation Capital, said the top driver of prepaid's success will be the integration of its products with mobile devices.

Harris gave Plastyc Inc. as an example of a cloud-based checking account replacement service that leverages the mobile infrastructure. "A very high percentage of their current customer base are underbanked consumers," he said, adding that financial institutions are recognizing

better ways to offer services without issuing paper checks and charging consumers overdraft fees.

Levy noted the trend of banks entering prepaid will continue to accelerate. Because the movement began in late 2011, the report does not reflect banks' full impact on the industry; next year's study, showing 2012 numbers, will better reflect what affect banks' entrance into prepaid had on overall consumer spending patterns.

Education before action

Looking in from the outside, investors and entrepreneurs might want to dive in to take advantage of the growing underbanked market or, conversely, they may get cold feet at the tightening regulatory environment.

Bryan Wagner, Executive Director of Morgan Stanley Global Sustainable Finance, cautioned against both approaches. He said firms must understand "how consumer preferences are changing, the role that technology is playing, the role that regulatory change will play going forward."

Levy added that the opportunity is present for "high-class, high-quality innovation" in the market. And regulation could be a catalyst for that innovation. "The market could grow in quality but decrease in size," he said.

As for prepaid, CORE instituted CFSI's Compass Principles in how it evaluates what prepaid products and services to invest in. "We're very bullish on the space because consumers are showing with their decision making that it's a product that they want, and they don't want to pay some of the fees that are associated with other alternatives," Harris said.

Change is afoot for Canadian prepaid

Just as the U.S government grapples with how to regulate the prepaid card industry and minimize the use of prepaid cards as money laundering tools by criminals, similar movements are underway up north.

Recently, the Canadian government issued a proposal that would extend consumer protections to prepaid cardholders, and news surfaced that the government's law enforcement arm seeks to crack down on the abuse of prepaid cards for illicit activities.

In late October 2012, the Canadian government published its *Prepaid Payment Products Regulations* proposal via the *Canada Gazette*.

"Canadian consumers have raised concerns regarding some features of prepaid payment products issued by federal financial institutions," the department said. "The terms, conditions, fees and limitations associated with some products are not always made available prior to purchase and can be cumbersome, unclear or even unfair."

The document spells out program disclosure requirements and fee prohibitions that would need to be met by providers of prepaid products in Canada, namely banks. The proposal is focused primarily on the regulation of Canada's network-branded, general-purpose reloadable card market.

Mirroring the movement to standardize fee disclosures by U.S. providers, the Canadian proposal mandates what information must by provided to consumers, such as fee schedules, toll-free customer service phone numbers and how to verify the balances in prepaid accounts. The proposal would also abolish expiration dates on cards that are not promotional in nature; mandate that institutions could not charge overdraft fees; and limit the imposition of maintenance fees to only after cards have been in use for 12 months.

The Canadian Department of Finance attached a regulatory impact analysis statement to the proposal which lays out the government's case for the regulation of the prepaid market in Canada. The department said the consumer safeguards applied to credit and debit products in Canada should be extended to prepaid – a similar argument is made by consumer advocacy groups in the United States.

"Canadian consumers have raised concerns regarding some features of prepaid payment products issued by federal financial institutions," the department said. "The terms, conditions, fees and limitations associated with some products are not always made available prior to purchase and can be cumbersome, unclear or even unfair."

The department believes the regulations would be beneficial for a "broad spectrum of Canadian consumers" and not costly for banks to implement. It also stated that the Financial Consumer Agency of Canada would enforce the regulations, so no new government agency would need to be created.

In the United States, passage of the Durbin Amendment to the 2010 Dodd-Frank Act mandated the creation of the Consumer Financial Protection Bureau to oversee the entire financial services industry, including prepaid.

Mounted card patrol

In November 2012, Canadian news outlets reported on another proposal that targets prepaid. This effort involves the Royal Canadian Mounted Police, which wants to add the inspection of prepaid cards at border crossings.

As in the United States, Canadian law enforcement is worried about the possibilities of criminal organizations employing prepaid cards to smuggle and launder illicit funds. The reports said RCMP Commissioner Bob Paulson pitched the idea at a June 2012 meeting of law enforcement representatives from Canada and its allies, including the United States.

The reports quoted from a note of Paulson's proposal that said law enforcement in Canada, as well as its counterparts in allied countries, cannot check prepaid cards because they do not fall under the definition of monetary instruments in anti-money laundering (AML) legislation.

For more information about the issue from the United States' perspective, see "FinCEN pushes for cross-border prepaid enforcement," *SellingPrepaid*, Nov. 16, 2012, issue 12:11:A.

Concerns about overreach

Debate has begun in Canada about the regulation of prepaid from consumer protection and law enforcement standpoints.

On the legal news site, Lexology, attorneys from the Toronto-based law firm of Borden Ladner Gervais LLP wrote in an analysis of the consumer protection regulatory proposal that the definition of prepaid is too vague and may include products not intended to be regulated, such as secured credit cards.

On the law enforcement side, Canadian Privacy Commissioner Jennifer Stoddart reportedly is concerned that broadening AML policies to include prepaid cards will impinge on law abiding prepaid cardholders, such as students studying abroad who receive funds from parents via prepaid cards.

The regulations also raise privacy concerns as they involve the collection of more personal information about legitimate prepaid cardholders, Stoddart said.

What Amazon's wine distribution model portends for payments

By Brandes Elitch
CrossCheck Inc.

We've had a lot of changes lately in Sonoma County, home of *The Green Sheet* and my company, CrossCheck Inc. This year we were named the second best wine destination, after Tuscany by TripAdvisor.com. This would be astonishing to anyone who visited here, say, 25 years ago, when tourists went directly to Napa and bypassed Sonoma. Now we say: Napa is auto parts; Sonoma is wine.

Recently, I attended a meeting of a local organization, called BayPay (*www.baypayforum.com*). It is a resource for payment professionals in the San Francisco Bay area. I was surprised to learn that the organization has 2,300 members. (Who knew there were that many payment professionals in the area? I thought I must be out of the loop.)

A corrected assumption

Anyway, the meeting revolved around a vote taken by the members on what was the most promising new development in payments, and guess who won? Yes, it was Square Inc. But the discussion centered on other players, notably PayPal Inc. and Amazon Inc., and even traditional merchandisers such as Starbucks Coffee Co., as well as grocers and big-box retailers.

Then one of the attendees, Archie Emerson (*www.eaglenx.com*), commented on the PayPal business model, and how PayPal tries to get the consumer to pay from a pre-arranged demand deposit (DDA) account (or from a credit already in a PayPal account), so that PayPal doesn't have to pay interchange to a card issuer.

You could have heard a pin drop, because everyone else in the room just assumed that interchange was a fixed, inevitable and immutable part of the card-not-present world. They forget that all payments ultimately come out of the DDA account, and there are alternatives to interchange. PayPal has figured this out.

Three's the Amazon charm

Now, another big change is happening. Amazon.com is getting into the wine business, or to be more accurate, the company wants to dominate the wine business. You might think that this is no big deal, but you would be mistaken. It is easier to ship a weapon in the United States than to ship a bottle of wine.

After Prohibition, wineries were required to use a three-tier distribution system of producers, licensed wholesalers and retailers. In 2005, the U.S. Supreme Court struck down laws in two states that prevented wineries from shipping directly to consumers, and some cracks started to appear in the traditional three-tier model. However, to comply with existing federal and state laws, today a winery would have to comply with 10,000 rules and regulations, literally.

Remember the line from an old commercial, "It's not nice to fool Mother Nature"? Well, it's not smart to bet against Amazon. Sure, the company failed twice before in this space. In 2000, it invested in a startup called Wineshopper.com, then launched state by state to climb the regulatory mountain, but Wineshopper.com went broke just a year later.

Next, Amazon regrouped with a successor company, New Vine Logistics, but a few years later the other investors in the venture pulled out. Amazon wanted to offer a platform for licensed wineries to sell, but not hold licenses itself, but the regulatory agencies ruled that everybody in the chain had to be licensed.

Then, a year ago, things changed again. Now regulators have determined that a third party (a website) could "be involved" in the sale of wine as long as the winery, or license holder, "controlled, or was ultimately responsible" for the transaction.

Now, an online buyer can complete the entire transaction on the Amazon website, and the winery will handle the compliance and shipping, so the winery is controlling the transaction. The new regulatory stance is what opened the door for Amazon in this space.

An ISO for wineries

This is serendipity for small wineries (we have 250 of them here) because most of them are too small to have a major distributor sell their wines. In fact, just being able to get into all the states where selling wine directly is legal would be a big thing.

This begs a discussion of how Amazon itself is doing. On Oct. 25, 2012, the company released its quarterly earnings. It posted a loss of $274 million, and an operating loss of "only" $28 million. Two years ago, Amazon invested $175 million in a company called LivingSocial, and this quarter it wrote off $169 million of this investment, an astonishing 95 percent loss.

As analyst Brian Nichols pointed out, Amazon is a company with slow growth and no timetable to profitability, and what will happen when consumers have to start paying the sales tax? Yet, one analyst, Pascal-Emmanuel Gobry, said that Jeff Bezos is the next Steve Jobs. Amazon has had

Some analysts have said that if the company just cut back on growth, it could be really profitable, but who knows? Amazon has a market cap of over $100 billion. If you are an ISO, is this a company you want to bet against?

an annual operating margin of only 2 percent over the last 5 years – not acceptable in many industries.

Some analysts have said that if the company just cut back on growth, it could be really profitable, but who knows? Amazon has a market cap of over $100 billion. If you are an ISO, is this a company you want to bet against? Amazon websites attracted over 100 million unique visitors in August 2012. What Amazon is really doing here is performing the role of ISO for the winery: processing the transaction and taking payment and getting a commission for doing so.

ISOs should study this carefully, because this is not the last industry where payment processing will be turned upside down.

A streamlined network

Now, the most interesting part, at least for an ISO in the payments system, is what does Amazon charge? Amazon charges the winery a 15 percent referral fee, a cooperative fee of $49 for every $350 in sales, and a subscription fee of $39.99 a month.

As I calculate this, the commission just for the cooperative fee is 14 percent. Is it too expensive for a winery? Well, it depends on your price point and how much in incremental sales Amazon can generate for you.

But if suddenly you can sell all your wine in one month, just like on the QVC shopping network, well, as my wife the winemaker says when asked about her wine preference, "The best wine is sold wine."

Then, on top of this, consumers will pay a shipping charge of $9.99 for up to 6 bottles, and $19.96 for a case (12 bottles). Wineries have to make up the difference between this and the actual shipping cost. Amazon has thought of everything.

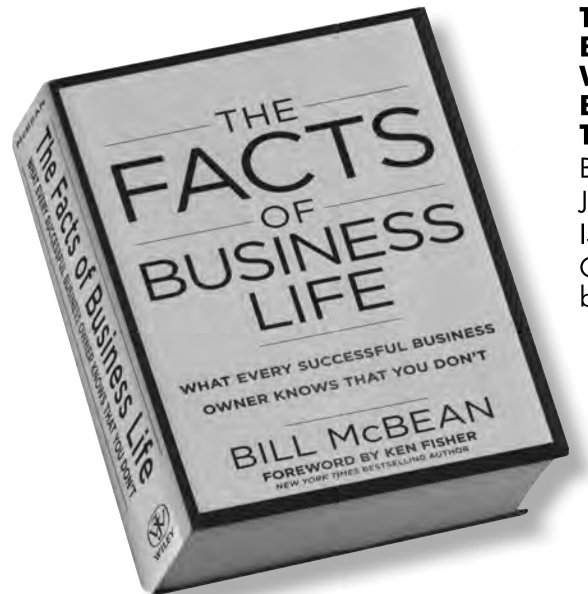
Remember, before this, the winery sold to a distributor who sold to a retailer who sold to a consumer. Sometimes, a wine broker was involved, too. Each party took a commission, perhaps 10 to 20 percent. What Amazon is really doing is creating a more efficient payment network. In contemplating this, you have to ask yourself, What industry will Amazon go after next, and of course, how can you compete with it?

Brandes Elitch, Director of Partner Acquisition for CrossCheck Inc., has been a cash management practitioner for several Fortune 500 companies, sold cash management services for major banks and served as a consultant to bankcard acquirers. A Certified Cash Manager and Accredited ACH Professional, Brandes has a Master's in Business Administration from New York University and a Juris Doctor from Santa Clara University. He can be reached at brandese@cross-check.com.

How and when to apply the facts of business life

We're all familiar with the facts of life. But what about the facts of business life? Bill McBean, author of *The Facts of Business Life: What Every Successful Business Owner Knows That You Don't*, makes a convincing case that facts of business life do indeed exist, and business owners ignore them at their own peril.

In the book, McBean sets forth seven facts of business he has identified in a career that has spanned more than four decades. He also fleshes out five stages in the business life cycle and offers instructions on how and when to use the facts at each stage of the life cycle.



The Facts of Business Life
What Every Successful Business Owner Knows That You Don't
By Bill McBean
John Wiley & Sons Inc.
ISBN 978-1-118-09496-9

The facts

Here are McBean's seven facts of business life, each followed by a quote from the author:

1. If you don't lead, no one will follow: "[I]n order to have effective employees, your business first has to have effective leadership, which has to include defining success and failure based on the culture that's expectations-based, and rewards those who meet and exceed those expectations."

2. If you don't control it, you don't own it: "[G]reat procedures and processes need controls, and these in turn create great employees. This happens because procedures and processes operate the business, and employees operate the processes."

3. Protecting your company's assets should be your first priority: "The key is to understand what all of your company's assets are, and then guard them closely and work to maximize the profits they represent."

4. Planning is about preparing for the future, not predicting it: "Being able to plan better than your competitors can give you a significant competitive edge in the market."

5. If you don't market your business, you won't have one: "If marketing isn't done, very little good will happen. You have to make the necessary effort to connect consumers to your company."

6. The marketplace is a war zone: "[I]n order to be successful and remain that way, you have to continually focus on the market, react to it, and fight for what you believe should be yours."

7. You don't just have to know the business you're in; you have to know business: "Having tunnel or limited vision as far as business knowledge is concerned is akin to dropping out of high school. … [W]hat is most important is not how much you know, but what you know and what you do with that knowledge."

The business life cycle

Learning to apply these facts is what the book's nine chapters address in detail. And using them in different ways to suit the five stages of the business life cycle is a contribution McBean claims as uniquely his own. The life cycle consists of five levels: 1. Ownership and opportunity; 2. Creating your company's DNA; 3. From survival to success; 4. Maintaining success; and 5. Moving on when it's time to go.

McBean's experience includes leadership positions at General Motors Corp., commercial lending portfolio management, and automobile dealership ownership, including turning several underperforming auto dealerships into an enterprise with yearly sales of more than $160 million. He is now General Partner of McBean Management, an investment company, as well as Executive Director and Chairman of the Board at OurMentors and Net Claims Now.

Data security gaps persist among Level 4 merchants

In continuing to monitor Level 4 merchant progress toward adoption of Payment Card Industry (PCI) Data Security Standard (DSS) best practices, **ControlScan** and **Merchant Warehouse** conducted an annual survey of brick-and-mortar, MO/TO and online merchants. Results from this year's survey of 603 merchants found gaps exist between brick-and-mortar and online merchants in terms of awareness and actions taken toward achieving PCI compliance.

"The four years' worth of data now in place show that Level 4 merchants have an urgent need for education and hands-on support to effectively protect their businesses from data thieves," said David McSweeney, Executive Vice President, Operations at Merchant Warehouse.
Level 4 PCI DSS compliance findings:

- 47 percent of respondents were unsure or not at all familiar with the PCI DSS.
- 70 percent of e-commerce merchants understand PCI DSS is mandatory.
- 52 percent of brick-and-mortar merchants understand it is mandatory.
- 70 percent of e-commerce merchants have completed PCI DSS validation.
- 45 percent of brick-and-mortar merchants have completed validation.

"Just under half of this year's respondents indicated they are unaware of the PCI DSS," stated Joan Herbig, Chief Executive Officer at ControlScan. "That finding, combined with the fact that 79 percent of respondents think their business has little-to-no risk of breach, indicates a serious disconnect between Level 4 merchants and the ISOs and acquiring banks serving them."

Overall, the survey found a majority of those familiar with the PCI DSS rank security as "medium" or "high" as an organizational priority. When all respondents were figured into the calculation, the overall PCI compliance rate for Level 4 merchants was 30 percent. Merchant commentary and actionable steps are also covered by the report.

To view the report,
A Tale of Two Merchants: The Fourth Annual Survey of Level 4 Merchant PCI Compliance Trends,
visit *www.controlscan.com/whitepapers/merchant_study_2012.php*.

Hurdles in the cloud

Cloud encryption and tokenization gateway provider **CipherCloud** surveyed attendees at the cloud-focused Dreamforce San Francisco 2012 event regarding implementation of cloud-based applications within organizations and found a number of concerns over data security are inhibiting cloud adoption.

Top concerns about cloud adoption:

Data security	**66 percent**
Data privacy	**56 percent**
Data leakage	**52 percent**
Compliance issues	**34 percent**
Data residency	**26 percent**

Source: CipherCloud survey, September 2012

Holiday cyber attack prevention strategies

Distributed Denial of Service (DDoS) protection services firm **Prolexic Technologies** published a new white paper that warns e-commerce businesses of DDoS attacks in the 2012 holiday season. *Strategies for Surviving a Cyber Attack this Holiday Season* examines the damage DDoS attacks can cause online businesses and recommends best practices to mitigate and minimize the impact of such attacks.

ATMIA polls industry

The **ATM Industry Association**, in conjunction with **Kahuna ATM Solutions**, plans to release results from the third annual *U.S. Independent ATM Deployer (IAD) Survey* next February during the 2013 ATMIA U.S. Conference and Expo. For the survey, IADs were polled online about legislative and compliance issues, Europay/MasterCard/Visa (EMV) standard and near field communication migration, and new products and services planned for release in 2013.

Unencrypted payment data rates remain high

The second annual **SecurityMetrics Inc.** *2012 Payment Card Threat Report* revealed that 70.92 percent of merchants store unencrypted payment card data on business networks, of which 55 percent is attributable to the financial, hospitality and retail industries. The report identifies common areas of payment card data leakage and offers successful prevention strategies.

B2B e-commerce to outpace B2C

A **Forrester Research Inc.** report, *Key Trends in B2B eCommerce for 2013*, predicted U.S. companies and government agencies will purchase $559 billion online in 2013, outperforming business-to-consumer e-commerce spending projections of $252 billion for the year. Trends outlined in the report include refining the user experience, migration from offline to online channels and rising demand for talent in this arena.

Theoretical approach to payment behavior

A recent study presented by the **Federal Reserve Bank of Boston** discusses consumer behavior with regard to rapidly changing payment instruments and its relevance to policy interest. *Explaining Adoption and Use of Payment Instruments by U.S. Consumers* extrapolates from a cross-section of data to develop a structural model of adoption and use of payment instruments.

Banks roll with mobile

The third annual **First Annapolis Consulting** *Mobile Banking and Payments Study* revealed 81 of the top 100 U.S. FIs now offer some form of mobile banking. "The findings from the study indicate that banks are beginning to leverage their mobile applications to build a 'pathway to payments' by enabling features like bill payment and P2P," stated Paul Grill, Partner at First Annapolis Mobile Commerce & Alternative Payments.

TMG weighs in on EMV

A white paper from **The Members Group** entitled *The EMV Roadmap: Designing Your Financial Institution's Plan* outlines practical guidelines for financial institutions (FIs) considering migration to the EMV standard in response to card brand timelines for EMV adoption and ensuing changes in fraud liability.

"With liability shift timelines in place, financial institutions may feel compelled to implement EMV immediately," wrote co-authors TMG Director of Client Relations Matt Flynn and Brandon Kuehl, TMG Product Development Architect. "However, it's important to understand these timelines are not mandated."

The paper noted that during previous liability shifts, between 30 and 60 percent of merchants and issuers updated their technology in time to meet network deadlines. The authors recommended a pragmatic approach to EMV, urging FIs to prepare a thorough cost-benefit analysis when considering system upgrades that are EMV compliant.

Key points FIs should address include:

- How does the potential cost of fraud loss compare to investment costs for EMV upgrades?
- What is the value of top-of-wallet positioning among international cardholders?
- Which portfolio segments are best positioned for EMV?
- What costs will be born in training employees and cardholders on the new standard?

Once EMV is determined to be the right path, format selection is the next concern to address. Visa reportedly prefers chip-and-signature, while MasterCard prefers chip-and-PIN. The authors suggested hybridization of formats as a possibility.

One final option offered by the authors is that issuers choosing to migrate to chip-and-signature cards now can add chip-and-PIN functionality later. However, chip-and-PIN technology does not allow merchants to designate routing of PIN transactions, which conflicts with the Durbin Amendment to the 2010 Dodd-Frank Act and could exclude debit issuers from the EMV equation the authors noted

To download the free white paper, visit *themembersgroup.com/premvroadmap.*

Big data management basics

Collecting big data is one step. What businesses do with the data is yet another. Aberdeen Group surveyed businesses about big data management and determined the top performers approached big data management in several distinct ways.

What businesses are doing with big data	Top performers	Average performers
Meeting demand for data access	82%	62%
Percent of data accessed for analysis	34%	15%
Yearly change in amount of accessible data	26%	12%

Source: Aberdeen Group, Analyst Insights, *Go Big or Go Home? Maximizing the Value of Analytics and Big Data, September 2012*

The Phoenix Group

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ISO/MLS benefits:
- Largest independent terminal distributor in North America
- Full-service POS provider
- Authorized terminal repair facility
- Asset protection for all costs of replacement or repair
- Robust online order entry system
- Aggressive pricing through economy of scale
- Processor neutral

Complete, connected, independent POS provider

The Phoenix Group is North America's largest independent distributor of POS terminals, providing terminal services that include supply, deployment, encryption, software updates, repair, replacement and more – at optimal prices, according to TPG founder and Chief Executive Officer Scott Rutledge.

The company works exclusively with ISOs and banks that sell merchant services, and it serves customers in both the United States and in Canada. "That's important because many of our customers have clients across borders," Rutledge said.

Rutledge pointed out that TGP has "very strong ties" with the major terminal manufacturers – including VeriFone Inc., Equinox Payments LLC, Ingenico SA, RDM Corp., MagTek Inc. and others – that set the company apart as a provider of comprehensive, terminal-based services at scaled pricing.

Any type of terminal or terminal-related service or accessory sold by these brands is sold by TPG, he said. The company's terminals include conventional models, wireless terminals, and virtual and mobile models, along with options for built-in POS technology now taking hold, for example, Europay/MasterCard/Visa (EMV) and near field communication readers.

"We know from history that there are customers out there that don't have great ties to manufacturers or visibility of what's going on down the line," Rutledge said. "A lot of people talk about strong manufacturing relationships, but we have 12 years of history proving it.

"It's a wide-open relationship; the more we do business together with our customers, the more exposure they'll have to market pricing, EMV, encryption, security and everything that's currently out there."

Calling the shots

According to Rutledge, TPG operates completely independently. It is not partnered with a particular processor, and it is not owned or operated by an outside investor or venture capitalist. This means TPG can seek the best possible services and deals for its merchant customers because it is not in league with a particular distributor or business interest, he said.

"I own 100 percent of the company," Rutledge said. "We always keep our goals in line with our customers versus chasing down what a specific processor might want or board of directors might be interested in."

Another advantage Rutledge pointed out is that the company performs all of its services autonomously: clients who need repair, upgrades or other types of help get assistance directly from TPG. "We do everything in house, so it doesn't go back to the OEMs," he said. "With competitors, if there's a warranty, repair or legacy issue, they have to send the terminals back to the manufacturer, who has to send them to Mexico or somewhere else to get them repaired. We do all of that in-house."

Rutledge stressed that despite the company's independent status, TPG leverages its strong relationships with the major manufacturers to keep its clients up to speed on new technology and informed of their different product and pricing options. "We'll partner with our customer and bring the manufacturer in to talk about new products and everything there is on the market," he said.

Rutledge added that TPG's prices on terminals are highly competitive, even compared with the distributors themselves. "We're known for being aggressive on pricing; because of our volume, we're able to buy at costs lower than most others.

If you want a good deal on a Sony [television], you go to BestBuy, not Sony," he said. "Our equipment pricing is going to be better than if you bought it from the [manufacturers]."

Offering complete POS services

TPG was founded in 2001 as a terminal distributor. It began adding other services in 2003, and by 2004, was a full-service provider, according to Rutledge.

In addition to supplying equipment, the company's services include terminal deployment, repairs, supplies and accessories, overnight replacements, software upgrades, encryption, key injection, PIN entry device signing, phone assistance and billing.

Rutledge said TPG's services platform was bolstered in 2010 when it acquired the Total System Services Inc. (TSYS) subsidiary, TSYS POS Systems and Services LLC.

"TSYS had some front-end software we didn't have that allowed customers a very robust order entry platform," Rutledge said. "It gave us a really nice platform with full visibility on all orders, equipment, repairs, deployments." He added that customers who conduct business with TPG can do so entirely online, though they have the option of phone assistance as well.

The company's repair and replacement service is more comprehensive than what the typical warranty offers, Rutledge said. He called it an "all-encompassing asset protection plan" that covers not only product defects or malfunctions, but also things like breakage and spills.

"If it surges, or if there's a spill or drop, card reader doesn't work – whatever – you get a brand new terminal for zero out of pocket cost," he said. He noted that the program costs $7 a year and covers all costs related to replacement or repair, including shipment costs.

He said the protection plan is great for reducing attrition since merchants that don't want to pay several hundred dollars to replace a terminal – in the event it is broken for reasons not covered by traditional warranty – will commonly leave their ISO for another one to avoid that layout of cash.

TPG is an authorized repair facility, meaning that the terminal manufacturers with which it has partnered have all certified it as a repair service for their respective machines. "They come in and inspect, and you pay fees to have that factory authorization," Rutledge said.

"The difference is you can change the oil on my car if you're not an authorized [car dealership], but if you're authorized you can do whatever needs to be done on that car.

"We have the backing of the manufacturer as opposed to, 'we're just gonna poke around in the terminal,'" he added. "A lot of competitors don't have the same training to do repair.

"They don't support all the brands, maybe one or two models, while we support everything they put out. In warranty or out of warranty, defects problems, all of it – we handle it all."

Working with ISOs

TPG keeps about $10 million of inventory on hand at any given time, Rutledge said. "When people want products, we can handle anyone's needs at any time at whatever volume they're looking for," he said, adding that the company has thousands of products and can incorporate any specific program an ISO asks for through software integration.

"When we contract with an ISO, if they have a gift card program or specialty program, we'll load whatever they want," he said.

He said billing options for ISOs and merchants are flexible. Merchants can pay for terminals and related services either upfront or with installments made over periods of six to 12 months.

Also, ISOs can either bill the merchant for products and services or turn the billing over to TPG, which docks the merchant's account with an automated clearing house payment and then redirects whatever money is owed to the ISO. "Anyway we can facilitate the transaction, we'll do it," Rutledge said.

He noted that ISOs can choose how much they want to mark up the price of products and services; markups vary from a substantial percentage of the wholesale cost down to nothing. Some ISOs use TPG's products to simply increase retention while others seek additional revenue, he said.

"I don't think there is a general number ISOs typically want out of their sale," Rutledge said. "Some will say I want to sell this at [a certain dollar amount or percentage over the wholesale cost], while others will say I want to keep this as low as I can."

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Washington & acquiring continued from page 1

Interchange debate may recede

The legislative edict resulted in a controversial rate-capping plan that more than a year after implementation still elicits near visceral reactions from affected parties. In a letter sent to congressional leaders in September 2012, for example, the American Bankers Association complained that "nothing is ever enough for some in the retail community," and that the only beneficiaries of the Durbin Amendment thus far have been big-box retailers.

The letter went on to urge lawmakers to reject additional calls for interchange regulation. "It is time for Congress to say enough is enough," ABA President and Chief Executive Officer, Frank Keating, wrote.

Sen. Durbin quickly shot back with a scathing rebuke, countering that the card companies and big banks have been "rigging the systems to avoid competitive market forces," and that it's now up to Congress to set the market straight.

"While Congress' interchange reform law has helped curb these abuses when it comes to debit cards, the credit and mobile payment systems still suffer from excessive swipe fees, a lack of transparency and a dearth of real competition," Durbin wrote in a letter of response to Keating.

"Based on your letter, it appears your association wants to keep things that way." The senator went on to insist he wasn't giving up the fight against credit and debit card interchange.

Despite the rhetoric, legislation that addresses interchange may end up on the back burner as lawmakers take on more pressing issues such as the evolution of mobile payments and ongoing efforts to better secure payment networks and protect consumer privacy.

"I think it's possible that interchange fatigue will set in with Congress," said the ETA's Bennett. "It's an ugly fight between banks and retailers" and most members of Congress don't want to be put in the position of taking sides.

Bennett also referenced the recent legal settlement under which Visa Inc., MasterCard Worldwide and a group of card-issuing banks agreed to pay more than $6 billion in cash to disgruntled merchants, plus create additional savings through interchange fee reductions. The lawsuit, filed in 2006 by a large group of retailers, alleges that Visa and MasterCard engaged in price fixing in violation of federal anti-trust statutes, resulting in at least eight years of what retailers consider interchange overcharges.

A federal judge gave preliminary approval to the settlement in November 2012; final approval is expected in early 2013. But not if a large portion of the plaintiffs have their way. According to Doug Kantor, a Partner in Steptoe & Johnson LLP, which represents the National Association of Convenience Stores, the settlement is opposed by a majority of the named plaintiffs.

Mallory Duncan, Senior Vice President and General Counsel for the National Retail Federation, complained that the money being paid out "represents less than three months' worth of swipe fee collections." However, he noted that provisions of the settlement which limit future legal remedies available to retailers regarding interchange practices were the real deal breaker.

Duncan said that although the NRF is not a party to the present lawsuit, the trade association (which was party to a previously settled challenge to interchange, dubbed the Wal-Mart case) has been authorized by its members (many of which are part of the suit) to file legal challenges to the settlement on their behalf. Duncan gave no indication of what exactly the NRF will do.

Cyber security, privacy are concerns

While there's no broad consensus on what, if anything, Congress will do with regard to interchange, there is a real sense that widespread concerns over cyber security and the protection of personal financial information accessible online will result in legislative action during the upcoming Congress.

As the 112th Congress winds down, there are at least three privacy and security bills with broad support in the Senate; each would establish a national data breach notification standard. Plus, the White House has said it also backs a national breach notification standard. Cyber security is also an aspect of homeland security, so there's less of a chance Congress will drop the ball on this.

Requirements for notifying consumers who have had their personal financial information compromised by network security breaches vary considerably among the 46 states and U.S. territories that have enacted breach notification laws, according to the National Conference of State Legislatures.

On top of that, numerous federal statutes contain data security and privacy provisions, said Linda Grimm, Director of Consulting Services at Compliance Solutions & Resources. And running afoul of some of these (such as the Health Insurance Portability and Accountability Act) can be a lot messier and costlier than Payment Card Industry Data Security Standard violations, Grimm added. "There are so many more potential implications with the FTC and states coming down on [acquirers and their partners]," she said.

The Federal Trade Commission, which has federal authority to pursue legal action in cases related to privacy and breach notifications, has created a stir over the last few years by imposing serious audit requirements in response to breached companies that fail to properly notify consumers when their personal information has been compromised. Google Inc., for example, has 20 years of comprehensive privacy audits to look forward to under a 2011 settlement with the FTC regarding alleged violations of its own privacy commitment to Gmail accountholders.

The Dodd-Frank Act, meanwhile, handed the CFPB broad authority for enforcing rules regarding the security and privacy of nonpublic personal financial information.

Mobile won't be ignored

Mobile banking and payments may become a legislative issue, as suggested by Sen. Durbin's comments regarding interchange (mentioned earlier in this article), as well as by other lawmakers' comments. For example, Rep. Shelly Moore Capito, R-W.Va., Chair of the House Financial Services Subcommittee on Financial Institutions and Consumer Credit, convened a subcommittee fact-finding session in March 2012 titled "The Future of Money."

"We are, I think, on a precipice of some fundamental change in the way money is exchanged between consumers and businesses," Capito said in her opening remarks.

But many more issues must be resolved before Congress can make a serious attempt at legislating in the mobile arena. "There's a lot of confusion," said Bob Bucceri of Chaddsford Planning Associates LLC and the Electronic Funds Transfer Association. "I don't think Congress has figured out how to deal with this. It's a jurisdictional issue, and it's going to be hard for them to step in until that's figured out."

The jurisdictional issue pits leaders of the House and Senate Banking Committees against those that focus on commerce and leaders of the House and Senate telecommunications committees. As it stands now, there is no direct government oversight of mobile payments, although plenty of existing laws and regulations can be applied.

The Gramm-Leach-Bliley Act of 1999, for example, governs the use of personal information banks maintain on consumers. The Electronic Fund Transfer Act provides protections for consumers who have funds electronically deposited or withdrawn from their bank accounts. The FTC Act prohibits "unfair or deceptive acts and practices" in commerce, and the Truth-in-Lending Act governs consumer credit transactions. And then there are the telecommunications statutes that govern the mobile carriers.

Prepaid cards, remittances are on federal radar

Although there is likely to be legislative arm wrestling

over banking and payment issues, there is a greater likelihood of action on the regulatory front, according to Bucceri. "There are still hundreds of pages of regulations that have not been written yet," Bucceri said.

For example, the CFPB will be scrambling to meet several rulemaking deadlines established under the Dodd-Frank Act. "They're going to have to get into a rulemaking mode pretty quickly," he added.

Regulation of reloadable prepaid debit cards is a certainty. The CFPB took its first steps in that direction in May 2012 with an Advanced Notice of Proposed Rulemaking (ANPR) on extending Reg E protections to prepaid debit cards. The bureau has said it is particularly concerned about rapid consumer adoption of prepaid debit cards in lieu of checking accounts despite the existence of little to no cardholder protections.

More than 200 consumers and organizations responded to the bureau's request for comments on the ANPR. One theme that arose often in those comments was the necessity of adopting a broad definition of prepaid cards, so as to address mobile and other new form factors.

"Increasingly, GPR card products are now accessible via cell phones and smart phones, and such expansion is expected to continue over the long term," wrote L. Cary Whaley, Vice President of Payments and Technology Policy at the Independent Community Bankers Association in Washington. "Any regulation should avoid tying disclosure to the physical card."

Other comments urged the bureau to prevent certain new twists to prepaid cards, such as overdraft protection and savings products. "Mixing credit and prepaid deposits undermines the integrity of the prepaid card market and the safety of the consumers who use the cards," wrote a trio of consumer advocates: the National Consumer Law Center, the Center for Responsible Lending and the Consumer Federation of America. "'Prepaid' should mean prepaid," their joint letter stated.

Also up at the CFPB: federal consumer protections for people using banks and nonbanks to send remittances overseas. In August 2012, the CFPB issued strict new disclosure requirements for international remittances, which were initially to take effect in February 2013.

In late November 2012, however, the bureau said it was taking another look at the plan and it put implementation on hold.

Bucceri said that in addition to the CFPB, he expects to see more involvement of both the U.S. Department of the Treasury and the Federal Reserve on the regulatory front in 2013. The Financial Crimes Enforcement Network (FinCEN) is expected to issue final rules that require travelers to declare balances in excess of $10,000 on prepaid cards at U.S. border crossings.

FinCEN, which operates out of the Treasury Department, is responsible for enforcing money laundering rules, which currently are limited to requiring that travelers declare cash holdings of $10,000 or more.

Cash deposits at banks and person-to-person remittances involving $10,000 or more in cash trigger similar reporting requirements by banks and other providers of financial services.

Some of the goings on in Washington will affect the merchant acquiring chain. So make your voice heard: contact your elected representatives, both state and federal.

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Building a road map for the coming year

By Jeff Fortney
Clearent LLC

I have never given much thought to the New Year's Day holiday. To me, the last day of one year and the first day of the next are no different than any other two days of the year. I see New Year's simply as an excuse to party – and millions take advantage of that excuse every year.

However, the idea of planning a new beginning has merit. It is an opportunity to take stock of our progress and start fresh. And though I have always tended to look forward, one of my favorite sayings – from philosopher George Santayana – reads: "Those who cannot remember the past are condemned to repeat it."

Starting anew requires retrospection, as well as forward planning. Businesses understand this concept and use it to plan their next 12 months. They start the process well before Dec. 31 so they can hit the ground running in January.

Adjusting the rear-view mirrors

Retrospection and forward planning are prudent for our profession, as well. Some larger companies start this process in October, with high-level plan construction followed by sub-plans to accomplish their main objectives. Smaller offices may not go this far.

Yet, being successful requires the same retrospection and forward planning. Regardless of the size of your business, planning is important, because those who fail to plan, plan to fail.

Those new to the industry may be tempted to overlook this process because they are focused on one thing: signing more business. Be careful not to fall into this trap.

Education index

Instead, mirror those who have been successful in the business, and develop a plan for your success. To do so, you must first look back at the past year and ask yourself these questions:

- What did I try that didn't work?
- What was I successful at?

What didn't work?

You may find it hard to admit when your efforts are not working. However, if you are committing time to an activity or leading your sales effort with a specific product and are not seeing the production increase you expected, it may be time for a change.

I asked GS Online MLS Forum members what they attempted that did not work for them. In response, **BLUESTAR** identified one change in strategy as ineffective. "Recruiting agents didn't work," **BLUESTAR** wrote. "We still support existing agents but have stopped adding new ones. I have a new-found respect for all of the companies out there that choose the agent route."

What didn't work for **BLUESTAR** may yet be working for other companies, but it was not the right approach for his business at this time. **BER** also shared that "leading with loyalty" was not a winning strategy for him. The product

Keep in mind that just because a particular sales strategy or product offering proves unsuccessful at a particular point in time doesn't mean you should abandon it altogether. Examine why you originally chose that product or marketing effort.

may have value, but not the value he feels is necessary to open doors and sign more merchants.

The experiences of both of these agents are proper approaches to answering the question. After all, no answers will be right or wrong in all situations. If you find it difficult to determine what didn't work, examine what you did differently this year and what products you added to your toolbox.

Did your new efforts or tools increase, decrease or have no impact on your success in signing new merchants? If you found they either hindered your success or had no impact, then the answer is clear.

Retracing the turns that got you off course

Once you have identified what didn't work, you need to ask yourself why your effort was ineffective. Your answer may surprise you; you may find you gave up on the product too soon or reverted to old habits too quickly. In essence, were you committed to the strategy or product?

Keep in mind that just because a particular sales strategy or product offering proves unsuccessful at a particular point in time doesn't mean you should abandon it altogether. Examine why you originally chose that product or marketing effort.

Perhaps your reasoning was sound, but you miscalculated the results. The product can still be part of your toolbox; it just doesn't have to be your lead. Before moving on, be sure to take a close look at how you came to your projection, so you can avoid that same mistake as you plan for 2013.

What strategies paid off?

The question of what worked tends to be easier to answer because a good salesperson in any profession knows what works and what continues to drive his or her success. **BER** identified a list of factors that work for him.

"Leading with POS, networking, targeting larger merchants, and targeting hospitality," **BER** said. "I also found asking for specific referrals, such as asking for an introduction to a specific merchant, to be quite successful."

BLUESTAR found that the alternative to what didn't work for him in 2012 positively impacted his success. "We have gone to an almost completely referral-source-driven sales strategy, and for us it has completely changed the way we do business," **BLUESTAR** said. "Let's just say that I have seen the light, and I don't think we will ever do business the old way again."

Others found concentrating on the basics to be the best course of action. **1SLICK67** said, "For the past 12 months, I focused only on acquiring credit card accounts with no extras of any kind. My results were, to my surprise, up over 10 percent in residuals in every merchant category."

Keeping your eyes on the road

Although products and sales techniques were often the answer to the question, others found that simply freeing time to allow for more sales efforts made the biggest difference. **JOHNMCKEE** was very clear on the benefit of this approach, stating, "In the ATM business, I have added partners to do the dirty work of loading cash, maintenance, etc. That way I can stay focused on selling, as opposed to handling all of the headaches associated with the ATMs' functions. It has definitely increased my production."

For planning purposes, it is essential to be specific when articulating what worked. More sales calls may be an answer, but what did you do to free up time to make those calls? For example, many will book specific time on their calendars for sales calls.

Some choose to stop doing all activities unrelated to sales during prime sales hours, while others found a way to eliminate distractions. Each led to more sales calls.

For both questions, be as objective in your answers as possible, rather than subjective. Something you may have enjoyed doing may not have increased your sales. Subjectively, it may have improved your mental approach. But unless you increased sales over the previous year, it may not have the value you desired. Once you have completed the retrospective aspect of planning, you can start looking forward to 2013. This last process involves creating three distinct elements:

- Personal goals
- A professional plan
- An action plan.

Setting personal goals

This step is not commonly practiced by many. Yet, it's something that nearly every salesperson should do. Personal goals are why we work, and being

In sales, we must be thick-skinned because rejection is common. At times, personal goals may be the only reason to make that call to an irate merchant or to tell a merchant he or she was declined.

successful requires a lot of hard work. In sales, we must be thick-skinned because rejection is common. At times, personal goals may be the only reason to make that call to an irate merchant or to tell a merchant he or she was declined. Goals make all of your efforts and rejections worthwhile.

A personal goal must be tangible. It should not be vague like signing merchants to make more money. Rather, try an incentive like buying a new car, paying off debts or even learning a new hobby. Personal goals should be something you can visualize. Just saying you want a new car doesn't give you a clear goal. Be specific about the car, model and even the year. Be realistic, but make it a challenge.

Next, build a personal goal binder. Ideally you would create a page for each personal goal with pictures of those goals. No words, just visual examples of your personal goals. This binder should be something you carry with you. When you are forced to do something negative, this visual reminder helps you remember why you work.

Professional plan

Your personal goals are necessary to properly design your professional plan. I call it a plan, not a goal, because the purpose is to aide you in reaching the personal goals you have already set. Before you start to plan, you must first establish your baseline. This is the production you must meet each day. In other words, it's the amount you need in order to break even – not reach your goals.

A baseline may be your existing revenue from your residuals. If so, you must factor in attrition so that you include the need to replace those merchants who leave. Although we all want to say our portfolios are attrition-proof, some merchants will leave based on factors that are beyond our control.

Once you have established the baseline, determine how much growth above that baseline is needed to reach your goals. Translate the revenue needs into your residuals and your average earnings per merchant. This gives you a target. Remember to add in the necessary merchants to address attrition. This number will reflect your targeted growth for 2013.

Action plan

Having a target is good. But without putting specific actions in place, that target will be nothing but a dream. These actions have a common theme. They must be in addition to what you do successfully today, and they must propel you toward your goals.

Several forum members have their action plans in place. **CCGUY** sees 2013 as "the year of the POS" and intends to incorporate POS products into his offering. **BER**, on the other hand, has planned very specific actions. He wrote that they include:

- More networking, less door knocking
- Community involvement to create brand awareness
- Creating, sponsoring and running co-promotion events for hospitality merchants to create brand awareness (for example, restaurant week, pub crawl, dine-out evenings)
- Writing for a local hospitality publication
- Playing more golf, selling more golf courses
- Growing his sales staff to cover areas not close by, geographically.

Map the path to success

An action plan can have many components or a select few. They should all be measurable so that you can determine if they're bringing you closer to your goals.

For example, if you say you are going to concentrate on a specific market segment, you must clearly define your steps if you want to be successful. You also must set clear expectations for your results. Here's an example, "By making 10 calls in this segment, I will garner one new deal and five referrals."

Creating the action plan is but one step. The next – and most important – step is executing the plan. Remember, an action plan is only worthwhile if you execute it. Track your efforts daily, and set specific target dates to examine your success and make any needed modifications.

Most of all, remember that no two years are ever the same. Take the time to create a sound plan, and 2013 can be one of your best years yet.

Jeff Fortney is V ice President, ISO Channel Management, with Clearent LLC. He has more than 17 years' experience in the payments industry. Contact him at jeff@clearent.com *or 972-618-7340. To learn about how Clearent can help you grow faster and go further, visit* www.clearent.com.

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The ROI of training

By Joe Porco
Harbortouch

In order to succeed in any type of sales, it is vital to continue educating yourself about the products and services that you are selling. Some of this can be done on your own or in the field, but it's important to remember that training sessions have a tangible return on investment (ROI), and the investment is an investment in yourself.

Before any training session I lead, I always reflect on the needs of the group to which I will be presenting and keep a keen eye on the ROI that I will deliver. Following are some of the key items that make up the ROI when you participate in any product or service training session.

Product information

The most obvious goal of attending any training session is to learn more about the product or service. By educating yourself on the products you are selling, you become a more knowledgeable salesperson. This allows you to provide a consultative sale and earn the trust of potential customers, leading to more sales and happier, long-term customers.

Product positioning

A key takeaway from the training should be how you can better position the product you are selling and yourself as a salesperson. The result should be that you think differently about the product or service's real-world application and develop unique sales propositions to differentiate yourself. You don't necessarily need to reinvent the wheel, but certainly put your own spin on it.

Peer collaboration

At in-person training sessions, you have a unique opportunity to meet and greet with peers in your industry. Most of the year, you are insulated within your local business environment. Even if you are in the field all day long, most of your interaction is with merchants. Industry trainings are one of the best opportunities to hear the thoughts of people that do exactly what you do. Although you are all in the same business, everyone has their own expertise and their own perspective. This presents an unparalleled chance to hear what is working for others and what isn't.

The connector

In addition to being the facilitator and instructor of the program, the trainer should also be a connector. As an attendee, one of your goals should be to form a long-term ongoing relationship with the trainer. The trainer should be your "connector" for company resources, research and merchant demos.

Naturally, you should be fully capable of conducting your own product demonstrations by the end of the session; however, when you engage an enterprise level opportunity, your action plan should include "your corporate resources." Use your trainer as a key resource.

Lessons learned

It has been my pleasure to have trained hundreds of ISOs and merchant level salespeople so far in my career. Currently, I conduct online webinars every week in addition to in-person trainings. And it is my goal to make the sessions I lead as informative as possible, as well as enjoyable.

Along the way I've learned that developing a world-class training program requires vision, and it's exciting when it begins to come to fruition. It's also important for a trainer to attend training sessions as an attendee, too. And, no matter whose training sessions you attend, the key to getting the most out of it is that you participate as fully as you can.

Joe Porco is a seasoned POS sales professional and National Sales Trainer for Harbortouch, an emerging leader in the POS industry. His strategies are tried and true representations of daily sales activities that led him to turn around territories plagued with issues, as well as earn him sales leadership recognition. Joe regularly shares his strategies as part of Harbortouch's free POS training program. If you would like to know more about this innovative program, email jporco@harbortouch.com.

How to handle your new 1099-K tax responsibility

By Troy Thibodeau
Convey Compliance Systems Inc.

In 2011, the Internal Revenue Service implemented Section 6050W of the tax code. As of Jan. 1, 2012, and starting with tax year 2011, payment processors are required to submit information via 1099-K forms on all electronic transactions they handle in a given year on behalf of individual merchants.

In 2012, the first year the reporting requirement was officially active, the IRS allowed an extra year for systems to be put into place and did not penalize processors for misinformation or noncompliance in their 2011 reporting.

In January 2012, the IRS received around 9 million 1099-K forms, a sixth of the 54 million it predicts it should collect annually. In January 2013, the requirement to file 1099-K forms will become mandatory, and penalties for noncompliance will be enforced.

So, in January 2013, the IRS expects an additional 45 million 1099-K forms. This means there is little room for error, and internal processes must be set up as soon as possible to handle this new influx of tax information.

Missed opportunity

For processors that filed 1099-K forms in January 2012, valuable lessons were learned as they were able to implement information collection and filing processes without fear of receiving an active B-Notice.

A B-Notice, or a CP2000, is a note sent by the IRS to inform an acquirer that the information submitted on the 1099-K form was incorrect or missing. It asks the acquirer to begin the process of obtaining the correct information from the merchant.

Last year, B-Notices sent out for incorrectly filed 1099-Ks were tests; they were a good indicator of which merchants were missing what information.

Now that 1099-K regulation is fully enforced, any incorrectly filed 1099-Ks will be returned with a B-Notice, a $100 fine (up from $50) and a maximum penalty of $1.5 million. That means processors must focus on collecting as much correct information from merchant clients now.

More importantly, a merchant who does not file the correct information is subject to backup withholding; the acquirer that filed the 1099-K must withhold 28 percent (which will rise to 30 percent if the Bush era tax cuts are allowed to expire) of that merchant's income until a time when the tax information is amended.

Best practice for TIN collection, matching

Organizations should be collating all their merchant clients' Taxpayer Identification Numbers (TINs) and accurate business names now. Those processors that did file last year experienced a high number of incorrectly filed 1099-K forms, so we predict that this will be an industry-wide problem this tax season.

By focusing on missing or incorrect TINs, processors can better pinpoint where they may be receiving B-Notices. There are some great online TIN matching programs on the market that can help a business instantly corroborate the information they have on file, so finding where there are holes should be relatively painless.

I recommend that correct TIN and name collection be done via a cost-effective, three-tiered strategy. First, emails should be sent to all merchants with missing information. Then, a postcard should be mailed to those who do not respond electronically.

Finally, those who continue to not provide correct information should be called. It's crucial that organizations collect all the data they can before a B-Notice is sent. After that, an outbound mailing packet must be sent to every merchant subject to a B-Notice in order to officially collect the missing data.

I have found that this approach, which includes a variety of engagement methods, is the most inexpensive and efficient route to compliance.

Prepare internal systems

All payment processors must establish both internal systems and client-facing procedures for handling the IRS reporting requirements. That means making sure you have an electronic system in place that allows you to populate and correct 1099-K forms.

An organization must also do print-tests to ensure that its mailing systems work, as well as transmission tests to the IRS to make sure the organization is able to submit its information in a timely manner.

Equally important, processors should incorporate internal systems for managing their withholding responsibilities. I know from experience that the practice of reconciling, balancing and investigating backup withholding is extremely tricky.

Firms need to establish parameters now to allow adequate time to develop proper systems for managing withholding, which may require outside professional assistance to assure compliance.

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In my opinion, B-Notices will be a huge issue for processors this tax season. My experience indicates that around 40 percent of filers incur a B-Notice the first time a new 1099 regulation is enforced on an industry. This means processors must be prepared to withhold many millions of dollars of income.

Prove your value

Processors' customer service departments must also be prepared to handle incoming tax reporting questions and educate merchants. Last year, processors found that merchants were generally confused about their responsibilities and very much appreciated having informed customer service agents on hand to guide them through the process. This is an opportunity to offer a value-added service to your merchant customers.

Most importantly, customer service agents must be able to adequately warn merchants about withholding. For many small merchants, not receiving 28 percent of their income may be the difference between profit and loss, or possibly losing their business. It's important they understand the risks.

Electronic filing wins

Section 6050W specifically prohibits processors from passing the costs of 1099-K filing onto merchant clients. Some organizations were considering adding a "compliance fee" to their costs last season, but that is strictly prohibited. The cost of this regulation must be borne by the payment processing industry, so those firms that best handle the financial burden of this new regulation will win in the long run.

One cost-effective measure is to make the 1099-K process electronic. Printing and mailing forms is a costly endeavor, but electronic filing converts a delayed process into a real-time one.

Amendments can be made instantaneously, and collected data can be populated in moments. Paperwork is no friend to business, and eliminating it helps acquirers and merchants make this process much easier.

Turn a burden into an opportunity

Section 6050W is now law, and the IRS has publicly stated that real-time, information-led filing is its long-term goal.

This means that 1099-K filing is now a part of the payment processing business and must be treated as such. Looking at the process as a year-round endeavor – from information collection to filing – will create better, more cost-efficient processes and happier clients.

Some businesses will treat 1099-K regulation as a burden and will do all they can to avoid spending time and money on getting it right. Those businesses will lose customers and end up spending more time and money on penalties and withholding in the long run.

The businesses that look upon 1099-K filing as an opportunity to serve as an information resource and assist merchants with hassle-free filing will collect more clients and become market leaders.

Troy Thibodeau, Executive V ice President of Convey Compliance Systems Inc., began his 20-plus year career as a CPA at Price Waterhouse and has spent the past 12 years helping organizations automate regulatory and financial processes. With Convey, he ensures the company provides its clients the best possible tax information reporting experience. For more information, visit www.convey.com, call 800-334-1099 or email Thibodeau at tthibodeau@convey.com.

200 ways to get noticed – Part 2

By Nancy Drexler
Acquired Marketing

This is the second of two articles, each offering 100 tips to maximize your sales and marketing success. This article covers use of email, social media, blogs, advertising and collateral, and the media. The first article appeared in *The Green Sheet*, Nov. 12, 2012, issue 12:11:01, and offered advice on using email, as well as tips regarding presentations and webinars.

Via email

101. Take the drip approach: send concise, consistent messages in flights of three to seven.

102. Start by sending emails one to two days apart; then increase the interval as the prospect moves through the funnel.

103. Make sure each message builds on the previous message. The emails should work together as a single campaign, driving prospects through the sales funnel.

104. At the top of the funnel, when recipients have demonstrated no commitment to buy, offer tips to inform or educate, not to sell. In the middle of the campaign, focus on the main benefits of doing business with you.

105. At the bottom of the funnel, make intelligent offers that give prospects a reason to buy.

In social media

106. Establish "social proof" by being visible where your customers are. This legitimizes your business.

107. Create accounts on LinkedIn, Facebook and Twitter. It's never too late to get started.

108. Write from the heart.

109. Start an e-zine or newsletter, or write a book.

110. Pay attention to the interests of your readers and feed those needs.

111. Seek your customers' advice on matters relating to your business; this will give them a sense of investment in your company.

112. Studies show a correlation between online reviews and customer trust. Solicit reviews and manage them quickly and appropriately.

113. Host a boast board.

114. Promote industry leaders.

115. Respond to every post.

116. Respond to criticism. Respond calmly and openly to show consumers that you value their opinions and are not afraid to face and deal with negative experiences.

117. Generate active conversations on social media by asking a question. You'll show up in the feeds of all who respond.

118. Run a contest.

119. Post photos. Everyone likes looking at pictures.

120. Incentivize Twitter followers with offers, using phrases such as "Follow us on Twitter and get ______."

On Facebook

121. Post tons of photos.

122. Very short and very long posts have a higher percentage of likes.

123. Posts between 400 to 500 characters have the greatest number of shares.

124. Personalized posts – those that use the words "I" and "me" – get more likes.

125. Get more likes and shares by posting later in the day – ideally between 6 p.m. and 8 p.m. EST.

126. Post on weekends and get more likes.

127. Don't post on Thursday; it's the worst day for generating likes.

On Twitter

128. Tweets with 120 to 130 characters get the most click-throughs.

129. Place links 25 percent of the way through your tweet for the best click-throughs.

130. Tweets with the following words or symbols have higher click-through rates than those without: via, @, RT, please, and check.

131. Tweets heavy on noun usage get fewer clicks than those with action verbs.

132. For the best response, Tweet on Friday, Saturday and Sunday, later in the day.

On blogs

133. Create a blog.

134. Personalize your blog by letting readers know who you are and why you are blogging.

135. Post on your blog on a regular schedule, and on others' blogs as well.

136. Link to any related users or bloggers.

137. Reward those who comment by acknowledging their posts.

138. Ask commenters to elaborate on their posts.

139. Refer to commenters by name.

140. Write new posts based on readers' comments.

141. Don't dominate the conversation.

142. Make it easy for readers to bookmark your site.

143. Include a simple way for readers to contact you.

144. Include RSS feeds.

145. Highlight your favorite blogs, including those of readers, prospects and customers.

146. Encourage responses by ending all posts with some variation of "What do you think?"

147. Participate in discussions on other sites, and encourage bloggers to participate on yours.

148. Join blogging groups, online tribal communities and social media-based challenges.

149. Ask industry insiders to post on your blog.

150. Post blog content on your social media page.

In advertising and collateral

151. Be visible. The more places customers find you, the more they trust your brand.

152. Utilize the full media mix to support a single theme.

153. Go beyond the expected with size, color, layout and copy.

154. Align promotions with targeted needs.

155. Focus on the response you want, and make it easy for readers to deliver it.

156. Push a constant flow of communication, including product updates and sales tips.

157. Send greeting cards to acknowledge birthdays, anniversaries and small successes.

158. Promote higher responses by using an opt-in box to allow prospective customers to get on waiting lists for your product, event or sale. Drop hints that build anticipation.

159. Encourage action by promising a small premium or white paper. Or hold a drawing for one high-value gift.

160. Try a high-impact, direct mail campaign by sending part of a gift and offering to bring the rest to your next meeting. Then call to schedule it.

161. When preparing white papers, create a branded title page that includes your logo, the white paper title and a corresponding image.

162. Use images in white papers to break up the copy.

163. Make use of pull quotes and sidebars. A pull quote in a paper excerpts an important point, in color and in large type. Similarly, a sidebar can summarize an important point, draw a conclusion, or link to other information or contact forms.

164. Sponsor something.

165. Be larger than life.

166. Use color in an unusual way.

167. Shock.

168. Include a mirror.

169. Focus on sex or money.

170. Say less but say it better.

171. Focus on one or two benefits only.

172. Make the product the hero.

173. Don't talk about yourself.

174. Reinforce brand.

175. Drive action.
176. Make the reader do something, like turn the page upside down.
177. Make sure your headline matches your visual.
178. Deliver on the headline in the first or second line of copy.
179. Show the result of a bad choice.
180. Show how you are different.
181. Put regular items in unusual circumstances.
182. Repeat and repeat again.
183. Use quick response codes.

By the media

184. Use standard press release formatting that includes release date and contact information, plus a newsworthy headline and a quote from a reliable source.
185. Create press releases that aren't related to news. Articles starting with "Fifty ways to," "New uses of" or "Simple solutions to" always stand out.
186. Understand journalists. Know their deadlines, how they want to receive pitches (for example, by email or phone), and the topics they write about.
187. Focus on cross-breed journalists, those who write for print and web, to get better coverage.
188. Connect with journalists through LinkedIn, which they use to find sources.
189. Be prepared. Once you say something on the record, you usually cannot revoke it. Make sure all your interviewees have the same objectives, the same talking points and a uniform understanding of what can and cannot be said.
190. Allow the press to interview only those you want written about or cited. The more vaunted the interviewee, the better the coverage.
191. Respect a reporter's time and deadlines.
192. Follow up on interviews by emailing the reporter additional information or sound-bite quotes.
193. Announce news of importance to readers.
194. Comment on breaking news by adding insight or alternative opinions.
195. Take a stand on a heated issue.
196. Offer a unique angle or approach.
197. Get reviewed.
198. Build an online library of print-worthy photos to supplement press coverage.
199. Consider video. Quality is not as important as the fact that you can offer it.
200. Do not assume you have control over a journalist's words. You do not have the right to edit or revise.

Nancy Drexler is the President of Acquired Marketing, a boutique marketing firm for businesses in the payments industry. To learn more about what Acquired Marketing can do for you, visit www.acquiredmarketing.com *or call 917-743-5258 or email* nancyd@signapay.com.

Marketing your business in 2013: Do you have a plan?

By Peggy Bekavac Olson
Strategic Marketing

With the new year close at hand, have you started developing an annual marketing plan for your business? If not, today is the time to begin. First, identify what you want your business to achieve in the coming year. This entails defining specific business goals and objectives. At a minimum, set basic financial goals for revenue and profitability achievement.

You may also want to set additional goals and objectives for your organization, such as introducing a new product or service, increasing brand awareness and recognition, securing investment capital, adding staff, or even moving into a larger facility. The possibilities are endless; it's up to you to set the stage for your business in 2013.

Review previous marketing performance

Once business goals are in place, the first step in planning for the coming year's marketing efforts is to examine the past. Critically review all the marketing activities your business has undertaken during the past year and evaluate their results. Ask and answer these questions:

- Did we achieve overall marketing success?
- Did we reach the intended goal(s) of each marketing strategy and effort?
- Which tactics and activities were effective? Why?
- Which tactics and activities were ineffective? Why?
- Which tactics and activities were the most cost effective?
- Which tactics and activities were the most expensive?
- Has our target market(s) changed?
- Was our annual marketing budget adequate to achieve our goal(s)?
- Were we able to stay within our annual marketing budget?
- Did we have adequate staff and agency resources to properly execute?
- What tactics and activities should we eliminate for the coming year?
- What tactics and activities do we want to invest more in for the coming year?
- What tactics and activities do we want to experiment with during the coming year?
- Should we reallocate resources to better performing tactics and activities?

Understanding the prior year's performance plays an important role in building a strong, viable annual marketing plan for the coming year.

Develop strategies and tactics

The next step is to develop high-level marketing strategies that support your business goals, and then select from a variety of tactics and campaigns that can be used to achieve them. These can include advertising, events, publicity, direct marketing, Internet marketing, social media and more.

Use insights from the past year to help with this year's plan. Incorporate what worked well and nix what doesn't. Make adjustments and tweak tactics to make them even better than before. Be adventurous; don't be afraid to try new strategies and tactics to help achieve your goals.

Sample strategies and tactics

Following are three sample strategies and a host of marketing tactics to support their achievement. These strategies and tactics are just examples; they may or may not be adequate to support successful achievement for any given company. They are provided to give you a framework to work from.

Example 1: Strategy – increase corporate brand awareness and recognition

Supporting tactics: issue press releases regularly throughout the year; exhibit at tradeshows in target market(s); advertise in journals or online publications in target market(s); develop social media profiles to attract and engage friends/followers; develop and promote white papers on topics of value to target market(s); conduct thought-leadership webinars on topics of value to target market(s); and secure speaking engagements at high-profile events in target market(s).

Example 2: Strategy – increase merchant leads

Supporting tactics: develop lead list(s) for target market(s) of decision makers and influencers; develop referral relationships with pertinent organizations and individuals in target market(s); conduct monthly email blast campaigns; conduct monthly direct mail campaigns; conduct quarterly executive door opener campaigns; utilize search engine optimization and pay-per-click advertising; and develop lead nurturing program.

Example 3: Strategy – launch new value-added service

Supporting tactics: construct buyer persona, service

positioning and messaging, and value proposition statement; develop marketing collateral and sales aids, and update website; issue press release for service launch; conduct email cross-sell campaign for existing portfolio merchants; promote via direct mail; run sales incentive contest; and create initial sales testimonials for further promotion.

For each strategy you undertake, estimate the financial outlay for each supporting tactic. Then calculate the total spend for each strategy, as well as for all strategies combined. Budgets for each strategy and for the complete marketing plan should be reviewed during the approval process to ensure moving forward as defined makes sense.

Also identify ways to track and measure marketing tactics to gauge effectiveness. Using unique 800 telephone numbers, URL click-throughs, website landing pages and website interaction statistics are all good examples of tracking and measurement mechanisms.

Now execute

Once your strategies, tactics and budget are in place, execute your plan. Execution is ongoing and takes place throughout the year.

At times, execution can be slow and steady, and at other times, frenetic and fast-paced. The value of your plan is to keep your business on track while ensuring marketing opportunities and budgets are maximized.

Your plan should provide a disciplined approach to reaching your business objectives, yet be flexible enough to adapt to changing market conditions and business opportunities throughout the year.

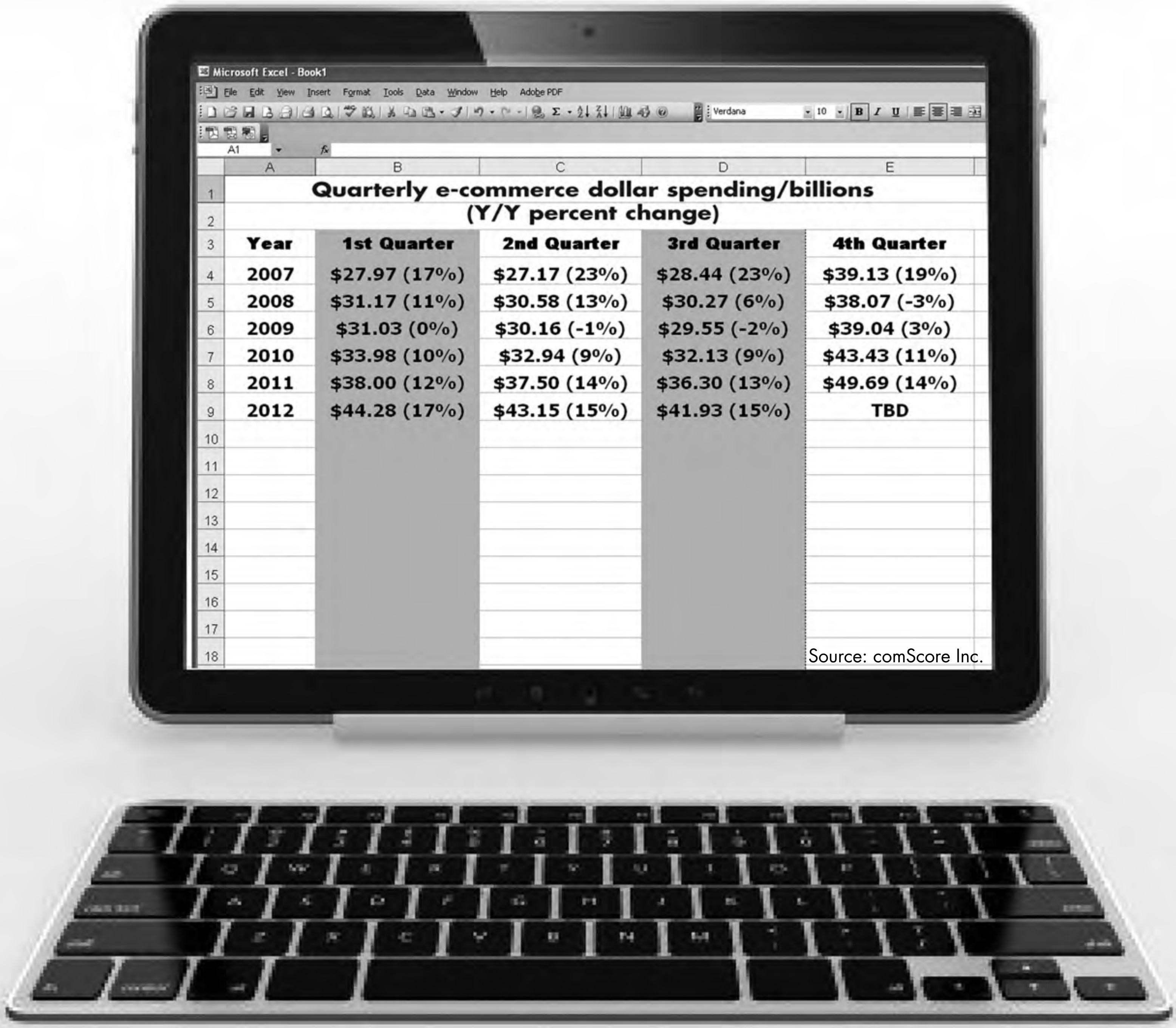
By continually tracking and measuring effectiveness, you'll be certain of what is and isn't working. So make adjustments as you go; don't wait until the end and wish you'd made changes to improve effectiveness in process.

Ringing in the new year with a solid marketing plan in place is a great way to start the year off right and help ensure you achieve your business goals. Here's wishing you a wonderful holiday season and a prosperous 2013.

Peggy Bekavac Olson is founder and principal of Strategic Marketing, a full-service marketing and communications firm specializing in financial services and electronic payments. She serves on the Board of the W omen's Network in Electronic Payments and on the Program Planning Committee for the Electronic Transactions Association. She can be reached at 480.706.0816 or peggyolson@smktg.com. *Information about Strategic Marketing can be found at* www.smktg.com.

U.S. e-commerce spending at a glance: 2007-2012

Tracking global commerce in the digital world, comScore Inc. has charted the rise of e-commerce spending in the United States in recent years. Interestingly, e-commerce spending growth remained negligible during the depths of the recession before rebounding to pre-recessionary double-digit, year-over-year quarterly growth. A business analytics firm, comScore projected November and December 2012 e-commerce spending would reach $43.4 billion, up from $37.2 billion in 2011.



Quarterly e-commerce dollar spending/billions
(Y/Y percent change)

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2007	$27.97 (17%)	$27.17 (23%)	$28.44 (23%)	$39.13 (19%)
2008	$31.17 (11%)	$30.58 (13%)	$30.27 (6%)	$38.07 (-3%)
2009	$31.03 (0%)	$30.16 (-1%)	$29.55 (-2%)	$39.04 (3%)
2010	$33.98 (10%)	$32.94 (9%)	$32.13 (9%)	$43.43 (11%)
2011	$38.00 (12%)	$37.50 (14%)	$36.30 (13%)	$49.69 (14%)
2012	$44.28 (17%)	$43.15 (15%)	$41.93 (15%)	TBD

Source: comScore Inc.

Mobile banking provides a pathway to mobile payments

By Stephen Kiene and Jeff Crawford
First Annapolis Consulting

Editor's Note: This article was first published in First Annapolis Navigator, October 2012 edition;

As new entrants to payments such as Isis, Google and Apple grab headlines, it can be easy to overlook banks and their mobile activity. Financial institutions have an important role to play in any future payments framework, and they are leveraging their own assets and capabilities to create a pathway to mobile payments.

At the end of the third quarter, the three largest banks in the U.S. announced that their mobile banking activation is approaching 30 million customers and is growing at close to 30 percent per year. Activity is also intensifying at the other end of the spectrum with smaller banks adopting advanced features such as mobile remote deposit capture of checks.

As mobile banking adoption continues to grow, banks will be able to leverage their existing customer base, along with their role as trusted financial custodians, to help shape mobile payments.

As part of its third annual Mobile Banking and Payments Study, First Annapolis examined the consumer-facing mobile offerings of the top 100 U.S. financial institutions (FIs) to evaluate mobile banking and payments adoption. Since the emergence of mobile banking five years ago, financial institutions have steadily improved functionality to provide customers with increased opportunities to access and control their personal finances using their mobile devices.

Currently, 81 banks offer mobile capabilities to their customers, up from 73 last year, and 54 in 2010. From the simplest features (such as account balance inquiries) to advanced payments functionality (like person-to-person [P2P] transfers and mobile wallets), the constant innovation has begun to blur the lines between banking functions and payment activities.

While credit unions and institutions without retail payments offerings are concentrating almost exclusively on banking functionality such as mobile remote deposit capture (mRDC) and mobile bill pay, the largest banks and most credit card issuers are progressing even further down the pathway to payments. In addition to offering bill pay as a mobile option, these larger financial institutions recently began aggressively promoting features that allow customers to manage credit card rewards, view and redeem offers, and earn loyalty points from their favorite retailers, all from a mobile device.

Nine banks have now instituted in-app rewards redemption functionality while four now offer mobile coupons directly through the bank interface. These offerings are slowly bridging the gap between traditional account management and the bank's new role as a facilitator of mobile commerce.

P2P payments allow the FIs to further expand this role by enabling direct transfers from a bank account to another individual through networks such as Popmoney and clearXchange.

While incorporating these new marketing and payments features, banks have also expanded their activity in mobile wallets. Over the last year, mobile payment headlines have been dominated by discussion of various wallet concepts and their potential to transform the way consumers spend money.

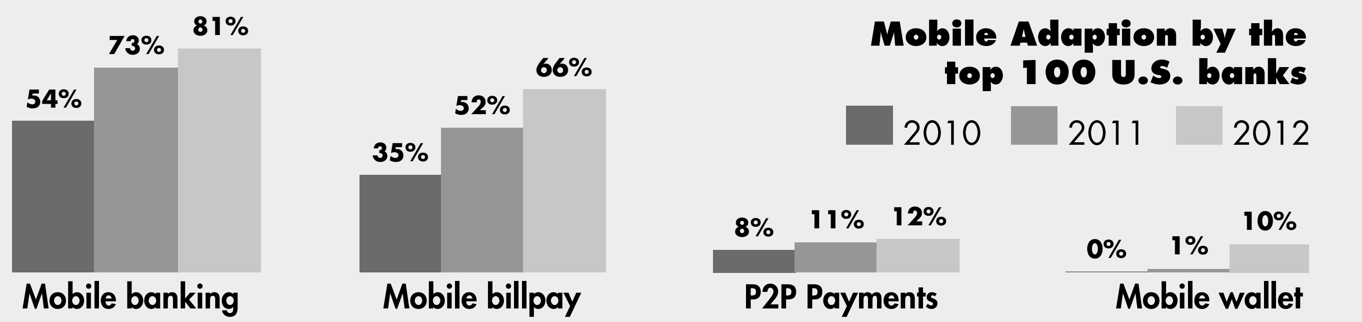
While technology companies, mobile network operators and even retailers have garnered most of the attention for their competing models, card-issuing banks are playing an increasingly larger role as both partners and developers in this space. Since Citi joined with Google in 2011 as a first-to-market, mainstream wallet initiative, nine other banks have announced partnerships or trials to enable mobile payments for their customers.

While some partnerships merely make it easier to add bank cards to wallets that are owned and operated by technology companies, a few banks are taking a proactive approach to developing innovative new marketing and payments tools.

Examples include Sovereign Bank's loyalty incentive program with LevelUp and Bank of America's recently announced payments trial using 2D bar codes. These developments represent cutting edge functionality offered by financial institutions and demonstrate banks' increasing activity in the growing mobile payments space.

However, banks face many competitive pressures from inside and outside of the industry as they develop the latest mobile features and functionality, and there is no obvious path forward in such a fragmented and fast-paced technology environment. Effectively targeting investments in this mobile environment requires a different strategy for large card-issuing banks compared to smaller credit unions and non-issuing banks.

For larger issuers, new investments should enable payment products and further integrate payment and



Source: First Annapolis research and analysis

deposit accounts. The pathway to payments for these banks will likely also involve the adoption of marketing and rewards functionality to provide additional compelling use cases for consumers to adopt a bank-provided wallet.

For smaller banks, mobile priorities should remain focused on core functionality improvement and deposit account management. Features like mRDC and intuitive servicing options can help smaller institutions compete for customers with the largest U.S. banks based on the utility of their offerings.

While heretofore mobile has mostly been an interesting new servicing channel, banks are now recognizing that mobile banking is a necessary customer interface (particularly for the affluent, tech-savvy and underserved segments) and a critical platform for providing a pathway to payments. But just offering account access functionality will not be enough; banks need a wallet and marketing strategy that leverages their roles as trusted payments providers and effective managers of risk in order to succeed in the new digital payments landscape.

For more information, please contact Stephen Kiene, Consultant specializing in Mobile Commerce and Emerging Payments, at *stephen.kiene@firstannapolis.com*; or Jeff Crawford, Senior Consultant specializing in Mobile Commerce and Emerging Payments, at *jeff.crawford@firstannapolis.com*.

BoostYourBiz

Loyalty and the holiday spirit

Much discussion in the payments industry is devoted to how to keep merchants loyal to ISOs and merchant level salespeople (MLSs). But during the holiday season, sales organizations and agents might ask themselves how they can stay loyal to their merchants.

No doubt the holiday shopping season is pressure packed for merchants. But it is also the prime time for retailers to expand their customer base, as shoppers can be won over by great customer service and become loyal customers into the future. ISOs and MLSs can also cement relationships with merchants by demonstrating they can be counted on when merchants need them the most.

During these hectic days, prospective merchant customers are not keen on sales calls, but a quick drop-in by MLSs on merchants already in their portfolios might make for a potent differentiator. Take a quick look around and see how business is doing. If there is time, engage the business owner or clerk about POS issues. Ask how the terminal is functioning, whether enough supplies are on hand, etc.

MLSs can also purchase something at the store, be it an eye-catching knick knack or an item the agent planned to purchase online. By buying gifts from their merchants, MLSs show reciprocal loyalty. Not only are they adding to the merchant's bottom line, they are offering a powerful gesture of allegiance.

Serving those less prosperous

An underperforming merchant might be especially thankful with a drop-in during the holidays. And there is value in focusing on local shops with lower revenues but with good growth potential. Agents can bring their experience and expertise to suggest ways merchants with lackluster sales can increase their results, such as with a loyalty program, cash advance or perhaps a charitable giving solution.

That is what the holiday season is all about: focusing on those less fortunate than ourselves and trying to help improve their lives, or at least their spirits. A few minutes of personal attention, advice and words of encouragement could make the difference for a struggling mom-and-pop shop in resolving to keep its doors open into 2013, turning the financial corner and then rewarding its service provider with loyalty long into the future.

Mobile inventory manager

Product: mInventory

Company: retailcloud

Cloud-based retail management company, retailcloud continues to innovate with the introduction of mInventory, the latest addition to its mobile POS suite. The new application enables small and midsize businesses (SMBs) to easily add, organize and manage inventory via their Google Inc. Android devices, according to the company.

"We believe that mobile is a very powerful device especially for SMB retailers," stated Kevin Colaço, founder of retailcloud. "The ubiquitousness of smart phones, as well as the low cost of entry of Android devices, means that small and midsized merchants can now use mobile technology to get solutions that up to now were only available to larger retailers."

Ideal candidates for mInventory include small merchants who may lack a formal cataloging system or new merchants seeking to build an inventory management system from scratch. Fortunately for SMBs, retailcloud has managed to keep the process simple, the company noted.

"Simply scan the bar code right from the warehouse, stockroom or receiving area and you are on your way," said Eric Kirk, Vice President Sales at retailcloud. "Inventory is the biggest asset for all retailers, so the management of inventory is key to success; not only will you now have your products accessible on your mobile devices, but these items will be immediately sent to the retailer's back-office system."

According to retailcloud, the application streamlines all inventory processes so that when merchants add inventory into their systems, they simultaneously access the category management tools to analyze how well product categories are organized.

With this tool, merchants can adjust products accordingly, which may enhance sales based upon more efficient product groupings. And real-time competitor inventory pricing is also available through the app.

In terms of pricing, mInventory can either be used in conjunction with retailcloud's free mPOS solution or as part of its paid premium license program.

"The full retail solution is based on the number of points of purchase at each location," said Sheena Shastri, who handles marketing for the company. "ISOs continue to receive up to 30 percent on our license fees [as] resellers; and channel partners can get license packs that can reflect discounts as high as 50 percent of the list price and set their own retail pricing. Channel partners can also private-label the application and restrict the payment processing options on merchants they board into the system."

Features of mInventory include:

- Scans bar codes on new and existing merchandise
- Sends scanned information to back-office system
- Provides real-time competitor inventory pricing information
- Offers inventory analysis reports for better organization
- Allows merchants to quickly update quantities, receive products

retailcloud

800-776-1450
www.retailcloud.com

POS terminals built for hospitality

Product: P1230 and P1530

Company: NCR Corp.

When global technology company NCR Corp. introduced the stylish, energy-efficient P1230 and P1530 POS terminal series platform for the hospitality industry, it earned accolades from the Industrial Designers Society of America and ultimately won a Silver Award at the International Design Excellence Awards honoring top achievements in industrial design.

"Our newest generation of point-of-sale terminals offers a compact and award-winning design with increased capabilities needed in today's hospitality market," stated Carlyle Taylor, Vice President of Hardware for NCR Hospitality.

"They are built for nonstop reliability and provide a lower total cost of ownership for our hospitality customers through reduced power consumption and increased performance."

To withstand hospitality environments, the terminals are equipped with spill resistant, high impact enclosures to ensure continuous operation.

The 30 series features high-resolution LED color displays with resistive or capacitive touch-screens for optimum display quality, the company stated. Touch-screens are available in two sizes: the 12-inch P1230 and 15-inch P1530.

According to NCR, the terminals are powered by Intel Corp.'s new-generation Atom D2700 dual-core processors and feature passive cooling with solid-state technology, which all combined drive significant energy efficiency and reliability through lower power consumption.

And with passive cooling, the 30 series' fan-less configuration improves overall reliability by preventing forced air through the unit, which reduces system contaminants.

Multiple operating systems available include Microsoft Corp. Windows 7 Professional, POSReady 7, and Windows Embedded Compact 7.

The terminals provide several connectivity options, including four serial ports, three standard USBs, one powered USB 12V connection, one DVI video port, two dedicated cash drawer ports and additional expansion options. Having powered serial ports reportedly eliminates the need for power bricks, eradicating another point of potential failure.

The system's built-in expansion capabilities can support new devices and peripherals, making it unnecessary to purchase expander units, the company said.

For example, NCR offers customer-facing displays so customers can view orders, as well as on-screen promotions and specials presented by merchants.

Features of P1230 and P1350 include:

- Small footprint designed for hospitality environments
- Touch-screens available in 12-inch (P1230), 15-inch (P1530) sizes
- Built-in security features for multiple for ms of payment
- Energy-efficient, passive cooling with solid-state technology
- Winner of inter national award for excellence in industrial design

The 30 series' enhanced security features reportedly include a secure mag stripe reader with triple DES encryption, an ultraviolet light for cash validation, biometric login, driver's license and credit card validation, and clock-in and manager override functions. The terminals can either be wall-mounted or positioned on a countertop, depending on merchant preference.

NCR Corp.

800-225-5627
www.ncr.com

Visit *www.greensheet.com/datebook.php* for more events and a year-at-a-glance event chart.

Trade Associations

Northeast Acquirers Association

NEAA Winter Seminar & Outing

Highlights: The NEAA's winter show is the oldest regional acquirers tradeshow in the United States. The event, now in its 28th year, is returning to The Grand Summit venue near Mt. Snow, Vt. It is an outgrowth of the NEAA's mission to serve as an educational forum for financial institutions, ISOs, merchant service providers and merchant level salespeople in the acquiring industry.

The focus of this event will be to provide information and networking opportunities to help attendees and vendor partners prosper in the ever-changing payments industry.

Registration categories for the show are attendee, industry expert and vendor. This seminar is underwritten by its preregistered, exhibiting vendors and cannot accommodate "roaming vendors."

When: Jan. 29 – 31, 2013
Where: Grand Summit Resort, Mt. Snow, Vt.
Registration: *http://www.northeastacquirers.com/events/2013_winter_attendee_reg.pdf*

Trade Associations

Smart Card Alliance

2013 Payments Summit

Highlights: In this sixth annual conference, the Smart Card Alliance will continue its coverage of all leading transaction platforms, including Europay/MasterCard/Visa (EMV), mobile and transit payments.

Taking place in a larger facility than previously, the event will bring together leading smart card practitioners, solutions developers, end users and suppliers.

On the agenda will be how to achieve the migration of the U.S. payments ecosystem (the largest in the world) to the EMV global transaction security standard; how to provide clarity for the financial institutions, card issuers, acquirers and merchants involved; near field communication and mobile wallet integration; and the role transit payments can play in expanding the use of open standards-based contactless bankcard and mobile payments.

When: Feb. 5 – 7, 2013
Where: Grand America Hotel, Salt Lake City
Registration: *www.cvent.com/events/2013-payments-summit/event-summary-7c5bd01867cc4b64b85ea8bb33a97c16.aspx*

Industry Events

ATM Industry Association

ATMIA US Conference 2013

Highlights: For its 14th annual U.S. conference, ATMIA will focus on innovation as the industry seeks to adapt during a time of significant transformation. Topics addressed will include the advent of multichannel payments, Europay/MasterCard/Visa migration, regulatory developments, differential surcharging and advances in ATM technologies.

The keynote speaker will be Stephen J. Dubner, co-author of *Freakonomics* and *SuperFreakonomics*, which have reportedly sold over 5 million copies in 35 languages.

Dubner promises a presentation that provides a wealth of insights on economic, business and social issues, with the aim of helping attendees gain new perspectives on the problems and challenges they face.

When: Feb. 19 – 21, 2013
Where: Kierland Westin Resort & Spa, Scottsdale, Ariz.
Registration: *www.atmia.com/conference-usa/registration-information*

Industry Events

IIR Holdings Ltd.

8th Annual Prepaid Expo

Highlights: This annual event welcomes the entire stored-value payments industry, providing a platform where prepaid professionals can discuss regulatory issues, emerging and mobile payment technologies, distribution challenges, and consumer behaviors affecting the industry. This year, the expo will analyze the evolution of payments, including disruptive technologies such as mobile wallets, near field communication and the Europay/MasterCard/Visa global standard.

Event organizers promise ample networking opportunities with industry executives, exclusive analyses designed to help attendees uncover market potential, and information on the impact upcoming rules and regulations are likely to have on the prepaid sector.

Through programs, workshops, panels and case studies, the event aims to help attendees maximize opportunities for growth, both domestic and international.

When: March 4 – 6, 2013
Where: The Peabody Orlando, Orlando, Fla.
Registration: *www.iirusa.com/prepaid/registration.xml?step=start#.UK0Qou-2rlc*

WaterCoolerWisdom:

Good manners sometimes means simply putting up with other people's bad manners.
– H. Jackson Brown Jr.

Appreciation, moderation make for merry holidays

Given the nature of the payments business, it is likely that most ISOs and merchant level salespeople (MLSs) attend more than the average number of parties every holiday season. It's especially important for payment professionals to connect with community members at this time of year, by perhaps participating in holiday food and toy drives, or by just sharing heartfelt greetings during a time that is joyous for many.

It is also common to accept as many holiday party invitations as possible from clients, as well as host or attend parties organized for co-workers and colleagues.

This can add stress to a season that is likely already packed with shopping and planning for celebrations with family and friends. How can you not just survive this hectic time but make the most of the chance it presents to improve working relationships or connect with potential clients in new ways? Following are several helpful tips.

Rest up

No matter how busy you are, find a little time for yourself every day. You could close your office door, sit down at your desk, take a few deep breaths and reflect on things in your life that you are grateful for. Or maybe taking a walk would do the trick. The important thing is to remember to not go at full speed all day and into the evening throughout the season. Give yourself breaks. And, be sure to get plenty of sleep every night.

Eat and drink wisely

It's likely boxes of cookies, nuts and candy will appear at your office, and the gatherings you attend are bound to have tempting food and drinks to enjoy. Savor these treats; don't just gobble them up without thinking. Pay attention when you're eating and drinking; listen to the signals your body gives you about when enough is enough. And when it comes to alcoholic beverages, you know what your limits are. Drink only as much as you can handle gracefully. And, of course, if you're going to get behind the wheel of a car, never let your blood alcohol level go over the legal limit for driving.

Focus on other people

While you will, of course, want to enjoy yourself, you'll be at your best if you don't pay much attention to any nervous, judgmental or a variety of other feelings that might arise for you in social situations. Ask people questions about their lives, and listen closely to their answers. Aim to make at least two new friends per gathering, and try to learn a few new things about people you already know.

Plan ahead

Sometimes it's hard to be spontaneous and think of the right questions to ask while at a party. It's a good idea to come up with a list of people you want to converse with, as well as what you'd like to know about them beforehand. This will help you have some control of the direction your conversations take.

Appreciate what you have

You may feel obligated to show up at some functions you wouldn't attend if you felt you could skip them without negative repercussions. Don't let these feelings get in your way. Be kind to the folks in the room with you. Appreciate the fact that your presence is wanted, that you are integral to many groups, that you have a livelihood and, as a payment professional, that you have great power to fashion a career exactly to your liking.

Good Selling!SM

Paul H. Green, President and CEO

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A Truly Unparalleled Opportunity to Revitalize Your Revenue Stream!

By leading with POS systems, you will get in front of more decision makers. Avoid the “rates and fees” sales pitch and begin offering something of real value to the merchant. Once the merchant realizes the advantages of a full-featured POS system over a standard credit card terminal, the sale becomes effortless. Instead of being just another credit card rep, this program quickly makes you the merchant’s most important vendor. Harbortouch’s free POS program has changed the rules of the game!

More than double your average monthly residual!

Double your average monthly processing volume!

Benefit from approximately 66% less merchant attrition!

Earn up to $500 up-front commission per POS system!

An average merchant needs 2-3 systems, which means $1,000 - $1,500 in your pocket

YOUR PATH TO A STABLE, MORE PROFITABLE RESIDUAL PORTFOLIO

Higher Margins!

Due to the high value offered by a free POS system, there is no need to decrease your margins by lowering the merchant’s processing rate. The processing rates and fees become a secondary concern, allowing you to maintain a lucrative residual on these accounts.

Large Accounts!

You are also able to reach the better quality, higher volume merchants who require the efficiency and reporting of a full featured POS system.

Lower Attrition!

Since a POS system is integral to the merchant’s business operations, Harbortouch offers unmatched retention benefits. This lack of attrition provides you with a much more stable residual stream and a more valuable bank card portfolio overall.

Harbortouch Offers More Than Just POS

Free POS Systems | Free Electronic Cash Registers | Free Terminals | Free Gift Cards | Free POS Leads
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Visit www.isoprogram.com today

for more information on the free POS program
and how to become a "Certified Harbortouch Reseller"

For more information, contact:
Brian Jones, EVP Sales and Marketing: 800-201-0461 x 136
Jonathan Brandon, National Sales Manager East: 800-201-0461 x 145
Brian Fitzgerald, National Sales Manager Central: 800-201-0461 x 257
Max Sinovoi, National Sales Manager West: 800-201-0461 x 219

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Change the rules with free POS systems.

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The Program You Want

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You can set the pricing as you choose or use our simple pay-as-you-go model

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