



TrendWatch 2.0

Q2 2010

Payments System Industry Synopsis

Q2 2010



Editorial Comment

Random Thoughts

Regrettably, this quarter's man-made disaster in the Gulf of Mexico and the almost certain passage of Dodd-Frank and the Durbin Amendment thereto are sure to dwarf the first quarter's natural catastrophes in terms of lives being uprooted and economic carnage. Still, we move on.

When did "gift" become a four letter word? Prepaid card operators InComm, NetSpend and others are scrambling to meet the August 22 compliance date to insure that merchandisers take the steps necessary to remove the estimated 150 million in noncompliant gift cards from their racks for destruction. Despite bi-partisan cooperation in the House resulting in extension of the upcoming deadline, the Senate has yet to act.

As painful as meeting the CARD Act requirements will be, it appears that the prepaid card segment managed to escape the full wrath of legislators under Dodd-Frank and Durbin. Carve-outs for payroll, GPR, and government benefits might even breathe new life into the industry which we note is beginning to show signs of orbit fatigue. Springbok, once an industry darling, filed for Chapter 11 last month leaving KeyBank holding a \$15 million bag of IOUs. Creditors will be meeting on July 26 to sort things out. For its part, Green Dot has been moving ahead in its quest for public ownership and pushing for regulator approval of its request to purchase a Utah bank.

As if fighting a two-front war isn't taxing enough, Green Dot now has Wal-Mart as a shareholder and has converted its upcoming IPO into a shareholders' payday rather than keeping the proceeds itself. Perhaps we're watching the final throes of a once high-spirited and entrepreneurial segment giving way to middle age? We certainly hope not.

Where are the regulators (or the cops)? Last quarter we made a snide remark about C\$ (cMoney), a mobile payments start-up that had raised \$15 million from Kodiak Capital and had gone through a reverse-merger to become public. We couldn't figure out the business model and said so. Seems we we're not alone because a couple of emails came into Dorado Industries expressing less than satisfactory experiences with company representatives. Over the weekend, the very smart people at TechCrunch published a note titled "This Mobile Payments Company May Self Destruct in 15 Minutes" and detailed the terms of the new C\$ arrangement for \$100 million in PE money from AGS Capital (might wind up being a hundred thousand), pending litigation with a CEO that never made it to the office, and a 28 year old founder who lists as part of her qualifications "dance, gymnastics, soccer, softball and tennis."

Evelyn Rusli wrote the piece; www.techcrunch.com is the URL.

Maybe middle aged industries aren't all that bad.

Until October.



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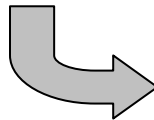


2010 Predictions versus Results

- ACI Worldwide will roll back its sunset schedule for Base24 Classic in response to the currently raging firestorm of user protest.
 - March: ACI is still hanging tough; time will tell.
 - June: New pronouncements from ACI suggest that those wedded to Classic can remain so long as they are willing to absorb steep increases in maintenance fees. A tune from the Coca Cola song book.
- Facebook will enter the payments space with its own PayPal-like offering.
 - March: Facebook announces a partnership with PayPal for payment of advertiser fees and “foreign” exchange for Facebook Credits.
 - June: Take a look at what Payment is all about in the M&A section.
- More EFT networks will restructure exclusive pricing for merchants and issuers to garner higher returns on both sides and to insure transaction flows.
 - March: So far, the number of exclusive pricing systems is up to three – NYCE, PULSE, and Star.
 - June: Looks like the Durbin Amendment kicked this can down the alley.
- 2D and 3D bar codes similar to those used by the Starbucks mobile app and some airlines will leak into the industry.
 - March: Starbucks expands 2D barcode acceptance to 1,000 in-store facilities at Target. mFoundry, one of the three key players in mobile banking and payments, built the latte vendors app which Target tweaked internally.
 - March: Check out www.cimbal.com.
 - June: Read Scott Loftness - <http://paymentsviews.com/2010/07/06/an-approaching-tipping-point-in-mobile-boarding-passes/>
- Consumers will wake up to the fact that opting out of overdraft fees related to ATM and POS transactions will cost them just as much as NSF fees and reverse course.
 - March: The opt-in deadline date of August 15 falls on a Sunday which is chaotic enough but we'll have to wait until Q4 before this prediction can be judged.
 - June: Waiting for the final tally.
- Rebuffed by Citibank, Obopay will find a serious partner for institutionalizing low cost P2P and trans-border payments.
 - March: No movement yet.
 - June: Societe Generale and Obopay launch in Senegal.
- An EFT network will become a true association (held over from 2009 by popular request.)
 - March: Waiting to see if new exclusive pricing schemes change network economics.
 - June: This one is getting a bit long in the tooth but something is bound to happen.
- There's one more big bank merger out there. This will be the year.
 - March: There are a couple of super-regionals talking with a drawl.
 - June: KeyBank has a well timed article in the WSJ about being a buyer and not a target; generally a good indication that the reverse is true.

TrendWatch Scorecard/Summary – Q2 2010

	Activity Level	Industry Impact	Entrenched Payer Impact	
				Positive Mixed Negative
Med				1. New Payment Forms
Mixed				2. ATM Restructuring
Med				3. POS Volume Trend
High				4. Legal/Regulatory Issues
Mixed				5. Prepaid Card Growth
Med				6. Earnings Announcements
Med				7. Industry Investments



Industry Players To Watch

FIS: \$2.5 billion stock buyback and \$1.5 billion in senior notes equals more leverage – theoretically great for making money on money but is now the time?

Facebook: It's getting closer to being in the payments business via acquisitions and "strategic" compacts.

MPC: With debit interchange reductions almost a done deal, what sort of lobbying will MPC use with the Fed to minimize rates?

Square: Seemed to have jumped the gun and is retrenching its security systems.

Merchant Services Firms: Durbin amendment is quite likely going to alter pass-through pricing.

Green Dot: Wal-Mart stock gift and conversion of the IPO to a secondary offering suggests something is up.

Congress: Buoyed by the (probable) passage of Dodd-Frank and Durbin (sounds like a law firm or mortuary), could credit card rates be next?

Market & Industry Situation

- 1 – Venmo, Cimbale, and Apple's patent applications are kicking up some dust.
- 2 – Triton and Tranax events curtail competition for new devices. On the other hand, Brazilian manufacturer Itautec S.A. has announced it will enter the U.S. at the low end.
- 3 – Will Durbin Amendment dampen or accelerate volume? Yes.
- 4 – Dodd-Frank and Durbin can't be trifled with.
- 5 – Durbin carve-out helps; Springbok's BK filing doesn't.
- 6 – FIs are starting to unwind loss reserves, a good sign.
- 7 – Q2 investments slowed way down again and VC fund raising fell by 49 percent compared to Q1.



2010 Payments Industry YTD Yields

Q2 appears to have been as damaging to our basket of payments equities as Q1 was considerate. Average YTD yields fell to the negative ten percent mark while the YTD yields for the Dow and S&P were -6.56 and -7.81 percent, respectively. Although it would be difficult to establish a direct causal relationship between these results and last quarter's Congressional wrangling over the Durbin Amendment and interchange in general, all that noise couldn't have helped.

Industry Player	12/31/2009	6/30/2010	Price Δ	Cap Value Δ	YTD 2010 Yield
Alliance Data Systems	\$ 64.59	\$ 59.52	\$ (5.07)	\$ (301.7)	-7.8%
Cardtronics	\$ 11.06	\$ 12.96	\$ 1.90	\$ 77.3	17.2%
Discover Financial Services	\$ 14.71	\$ 13.98	\$ (0.73)	\$ (351.1)	-5.0%
Euronet Worldwide	\$ 21.95	\$ 12.79	\$ (9.16)	\$ (461.7)	-41.7%
Fidelity National Information Services	\$ 23.44	\$ 26.82	\$ 3.38	\$ 644.9	14.4%
First Data (Future Use)					
Fiserv Inc.	\$ 48.48	\$ 45.66	\$ (2.82)	\$ (439.6)	-5.8%
Global Cash Access Holdings	\$ 7.49	\$ 7.21	\$ (0.28)	\$ (21.6)	-3.7%
Green Dot (Future Use)					
Heartland Payment Systems	\$ 13.13	\$ 14.84	\$ 1.71	\$ 64.0	13.0%
Jack Henry & Associates	\$ 23.14	\$ 23.88	\$ 0.74	\$ 62.1	3.2%
MasterCard Worldwide	\$ 255.98	\$ 199.53	\$ (56.45)	\$ (7,304.6)	-22.1%
Online Resources	\$ 5.26	\$ 4.15	\$ (1.11)	\$ (33.0)	-21.1%
TNS	\$ 25.69	\$ 17.44	\$ (8.25)	\$ (207.1)	-32.1%
Total System Services	\$ 17.27	\$ 13.60	\$ (3.67)	\$ (724.5)	-21.3%
Visa	\$ 87.46	\$ 70.75	\$ (16.71)	\$ (14,135.0)	-19.1%

Sources: Company releases, Morningstar.com, Bloomberg.com
 2010 YTD yield excludes dividends; based on 12/31/09 and 6/30/10 closing prices



WTF (Why The Fed)?

If you popped over to this page because of the provocative title in the Table of Contents and are looking for a rant over the Dodd-Frank bill or Durbin Amendment, you're in the wrong place. Flip to page 18 and come back here.

Hundreds of thousands of words (most quite nasty) have been written about how Dodd-Frank and Durbin came to pass and what it might or might not mean to FIs, processors, ISOs, and consumers. In our view, the most fair and balanced of these writings comes from Lee Manfred and his colleagues at First Annapolis when they wrote in their May 27th special edition of the Navigator newsletter, "the Durbin Amendment attempts to address incredibly complex and controversial issues in about a thousand words. Political leanings aside, a hastily drafted and implemented law brings untenable systemic risks along with potentially unintended consequences."¹ Enough said, and correctly so.

Our angst at Durbin centers on the instrument's assertion that the Federal Reserve Bank is the proper body to determine just what "reasonable and proportional" interchange rates ought to be.

Why The Fed?

Frankly, we're concerned that the Fed has not demonstrated a history of understanding how even the services it provides to the financial services industry ought to be priced. Indeed, the Monetary Control Act of 1980 was enacted by Congress in part to force the Fed to price its currency and coin, wire transfer, ACH, check and other back office services in a manner consistent with private sector providers. Up to that point, the Fed had been striking bundled services prices below its cost leading Congress to conclude that the agency may be dulling competition and manipulating the supply of services.

¹ First Annapolis makes its Navigator newsletter available by free subscription through this URL - <http://www.firstannapolis.com/user/register>

In light of Durbin's direction to the Fed to consider the functional similarities between debit and checks, we're more than a bit nervous that the Fed bean counters might dust off their pre-1980 cost analysis techniques and cause some real damage.

Fortunately, a last minute change to the Durbin Amendment directed the Fed to consider issuer fraud costs when addressing their added charge of limiting costs to those considered as "incremental costs" of a debit transaction. Or not. What types of fraud? Merchant, data breach-related, lost/stolen card, AML schemes? And what about fraud detection, mitigation and remediation costs? Omit one fraud type or related cost and some issuers are going to be truly disadvantaged. At the end of the day, it may not matter because truly accurate and aggregated data on fraud in the U.S. is almost nonexistent. Catch-22.

Then there's the notion of conflict of interest. Frequent TrendWatch readers may recall our rant last quarter over the lack of interchange within the ACH system. We don't like that this ubiquitous form of preauthorized and ad hoc payment lacks a vehicle for rewarding risk-taking. As most everyone knows, the Fed is one of only two ACH operators left – two others, Visa and the Arizona Clearing House Association withdrew years ago citing declining profitability based on Fed pricing. In essence, Durbin anointed the operator of a system which competes with online debit to arrive at a price for value exchange between two parties. These same parties could just as easily use decoupled debit or bill pay products to accomplish the same transaction. Both of these products and others like them settle through the ACH (read: Fed).

To avoid any sense of impropriety would the Fed seriously consider abandoning its ACH operator role in exchange for becoming the Exchequer of Interchange Rates?

We doubt it; a pity.



Interesting News This Quarter

Subject	Source/Date	Substance
AT&T	Press Release June	<ul style="list-style-type: none"> • AT&T enters the mobile acceptance market via an arrangement with Apriva, the Scottsdale, AZ based wireless access provider. AprivaPay is a browser-based application designed for use on smartphones by small business owners. A separate card reading device can be attached to the retailer's mobile phone to obtain "card present" pricing.
Plastic Jungle	PaymentsNews May	<ul style="list-style-type: none"> • Plastic Jungle, the barter site for unwanted/unused prepaid and gift cards, cuts a deal with Offerpal Media to allow consumers to convert unused and partially redeemed gift cards into a payment method for virtual currencies. Researchers suggest that there are \$30 billion in unredeemed gift cards that PJ would like to see converted to virtual currencies by social gamers and digital goods buyers. So, if we can go from real to virtual currency, can the reverse also be accomplished? Stay tuned.
Offerpal Media	Press release May	<ul style="list-style-type: none"> • Offerpal Media (name ring a bell?) announces the beta launch of GamePoints.com. The website rewards its members with virtual currency for use in their favorite online games when shopping at brand name retailers like Target, OfficeMax, and Barnes & Noble. Other links on the website deliver virtual currency when surveys are taken or movie tickets are purchased. Same question: if it works in one direction, is a round trip option on the horizon?
Bling Nation	PaymentsNews May	<ul style="list-style-type: none"> • Bling Nation, the alternative payments system with a hyperlocal focus, partners with Bankers' Bank of the West to allow the FI to wholesale Bling's POS services to its 350 client banks. Bling has been scratching out its markets one at a time and thinks this approach will speed things up a bit.
Swipely	American Banker May	<ul style="list-style-type: none"> • We talked about Blippy, the Internet's recent Chatty Cathy version of Twitter, last quarter. Enrollment in Blippy allows members to see each purchase consumers make with enrolled credit/debit cards or at specified retailer locations. Blippy experienced a data security hiccup last quarter which makes the recent roll-out of Swipely in test mode very timely. Armed with \$7.5 million in VC money, Swipely plans a serious run at the category leader. Unlike Blippy, Swipely removes users' account numbers and other sensitive card data before posting a record of each purchase onto Facebook and other social media sites. Users have the ability to add transaction details as well as photos of the purchased item. Then there's the chat portion of the offering where users can cluck about what and where they bought things. Beautiful.



Interesting News This Quarter – Continued

Subject	Source/Date	Substance
Kudzu Interactive	New York Times June	<ul style="list-style-type: none"> • Kudzu Interactive has developed another way to monetize smartphone application development. Investors appear to agree with the approach since Kudzu recently raised \$7.0 million from Norwest Venture Partners and early investors to bulk up the company’s Snapfinger restaurant ordering application. App downloads are free to the user while restaurants like Boston Market, California Pizza Kitchen, Outback Steakhouse and Subway pay Kudzu from 3 to 10 percent each time a meal is pre-ordered through the application. Snapfinger presents menus from 28,000 restaurants in 1,600 cities nationwide and in Canada.
Eureka Payments	PaymentsSource June	<ul style="list-style-type: none"> • Three former executives with Humboldt Merchant Services (now part of Moneris Solutions) have formed Eureka Payments with an eye on capturing the online and wireless merchant niche. Eureka believes it has the underwriting prowess and technology needed to be successful in this higher risk merchant category where high holdbacks and reserves make for safer transacting. Time will tell.
Bling Nation	PaymentsSource June	<ul style="list-style-type: none"> • Bling takes its Bankers’ Bank of the West wholesaling strategy one step farther in striking a partnership with PayPal. The new relationship gives Bling users access to larger retailers that accept the eBay-owned payments scheme. Reminder: Bling’s advisory board includes John Reed (former Citibank CEO), Jeff Stiefler (former AMEX President), Carl Pascarella (former Visa CEO) among other equally smart banking and payments gurus. Bling remains a company to watch.
Target	Press Release June	<ul style="list-style-type: none"> • Last quarter Target announced plans to cease issuing its Visa co-branded credit card in favor of its private label offering. A follow-on notice announces that the retailer is revamping its rewards program so that shoppers who use the Target credit and debit cards will receive 5 percent off each purchase at the point of sale. Target continues to support the co-branded card but hopes that attrition and acceptance of the new rewards program will convince shoppers to convert.
CashEdge	Press Release June	<ul style="list-style-type: none"> • U.S. Bank becomes the first major bank to incorporate the CashEdge POPMoney P2P service with its online and mobile money transfer channels. POPMoney had previously been used by a handful of small to mid-sized banks and reportedly moved \$50 billion through these institutions in 2009.



Interesting News This Quarter – Continued

Subject	Source/Date	Substance
Mint.com	Bank Innovation July	<ul style="list-style-type: none"> Intuit’s Mint.com personal financial management subsidiary has plans to become a bank or at least offer banking services through an intermediary relationship by yearend if what Aaron Patzer, CEO and founder, expects comes to pass. Mint’s Goals application permits hypothetical transfers for planning and modeling purposes and the PFM firm wants to enable transaction execution in the near future. Mint.com becoming a bank or something bank-like may cause some friction with the relationships another Intuit subsidiary, Digital Insight, has with its banking clients. Update: Bank Innovation published a partial retraction. Mint intends to find a list of banks that will work with it to aid Mint users to set up accounts that can be used with the website’s Goals program – a preferred partners list, if you will.
Tempo Payments	American Banker June	<ul style="list-style-type: none"> Tempo Payments continues to pursue its deployment of decoupled debit card programs by soliciting the non-for-profit affinity group sector. Doctors Without Borders is the latest humanitarian organization to enroll using a MasterCard-branded instrument. Tempo plans to give DWB 50 basis points of signature debit purchases and 10 bp of every PIN debit purchase amount. First Bank and Trust (Brookings, SD) issues the cards which are funded via ACH debits. Other enrolled programs include Green Peace, Breast Cancer Foundation, Arthritis Foundation, and In Defense of Animals.
Discover	Press Release July	<ul style="list-style-type: none"> Discover Financial Services continues to expand its global reach and card acceptance footprint with news that members of the Serbian payment network DinaCard can use Discover, Diners Club, and PULSE networks for international purchases and cash withdrawal transactions outside of Serbia.
Kwedit	PeHUB.com July	<ul style="list-style-type: none"> Kwedit, the alternative payment network lambasted by Stephen Colbert for its virtual credit concept aimed at teenagers and its funny name, is moving into hard currency as it launches PayNearMe. The new scheme involves users making tentative purchases or reservations then depositing cash with a retailer in exchange for a receipt number which is then fed back to the website to close the transaction. 7-Eleven is one of the retailers already enrolled to be a PayNearMe fulfillment site.
orderTalk	Press release June	<ul style="list-style-type: none"> orderTalk, a ten year old company that specializes in online ordering systems for the restaurant, fast food, and hospitality segments announces that an unnamed Boston restaurant chain is testing an iPad based in-store system for order entry and payment. Customers or employees use restaurant iPads to order meals and make credit or debit card payments through merchant services relationships in place with Chase Paymentech LLC, First Data Corp., Fifth Third Processing Solutions LLC and Mercury Payment Systems Inc. Is there a “SuperSize It” app?



M&A/Alliance Activity

Buyer/Investor	Target	Payments Emphasis	Possible Strategy
InComm	GroupCard	Social gifting	Well established in the terrestrial prepaid card realm, InComm moves into the social network gifting arena by acquiring GroupCard for an undisclosed amount. By linking the two companies, InComm merchants gain access to Facebook and MySpace social platforms enabling them to sell and distribute gift cards online away from their proprietary websites. GroupCard is InComm's second acquisition in social networking this year.
Matrix Partners	Zong	Mobile payments	Matrix Partners invests \$15 million in US based online payments provider Zong. Zong is designed to let users make online purchases for virtual goods by selecting the appropriate button at checkout and entering their telephone number and a secure PIN which is sent to the device in real time. This is the first round of funding for Zong since its spinout from Echovox earlier this year.
Google Ventures	Corduro	Mobile merchant services startup	Google Ventures invests an undisclosed amount in Corduro, a service designed to provide small businesses and not-for-profit organizations with the ability to accept a full range of payments via mobile devices. The Texas based startup is not particularly forthcoming with details on what services are offered and how it all works – unless you're an investor we conclude.



M&A/Alliance Activity - Continued

Buyer/Investor	Target	Payments Emphasis	Possible Strategy
Management Team	Triton Systems	ATM manufacturer	31 years after its founding, Triton is once again in the hands of its management team. Dover Corp. agreed to sell the ailing ATM maker for an undisclosed price. Dover had executed a definitive agreement with Nautilus Hyosung for \$63 million in consideration. That deal tanked six months after it was announced. Triton is said to have an installed base of 158,000 units on a worldwide basis.
Apparently No One	Tranax Technologies	ATM manufacturer	In other cheery ATM news, Tranax Technologies has filed for Chapter 7 bankruptcy after a judge awarded Nautilus Hyosung (name rings a bell) over \$5 million in trade debt for machines delivered but unpaid for. Tranax and its principal supplier were embroiled in a legal fist fight earlier in the decade resulting in the company being acquired by Eltna, a Korean holding company. Things could be worse for the ATM ISO sector; the Harkin amendment could have become law.
Digital River	fatfoogoo	Online commerce service/in-game seller	Premier web commerce provider Digital River acquires Europe-based in-game and online commerce service provider fatfoogoo for \$10 million. DR's intention is to expand its position in gaming-related commerce and lever its strong in-store capabilities.



M&A/Alliance Activity - Continued

Buyer/Investor	Target	Payments Emphasis	Possible Strategy
Grotech Ventures Steve and Jean Case	HelloWallet	Personal finance website/application	HelloWallet, a web-based personal finance application carries an endorse from President Bill Clinton on its landing page. The company raised \$3.6 million from Grotech and the Cases to fund working capital. The site charges \$5.00 per month for enrolled members but offers “scholarships” to one needy family for every five paying users. HelloWallet comes at personal finance advisory services in a pretty unique way. From its website: “On March 9, 2010, Mayor Gavin Newsom and Treasurer Jose Cisneros of San Francisco announced that the city would become the first in the country to provide financial guidance to all of its residents—a solution provided by HelloWallet. This initiative will help democratize access to financial guidance for the first time in this country.” Go figure.
Apparently No One	Wesabe	Personal finance website/application	Wesabe fails to find a way to monetize its services and joins the ranks of other PFM failures like Shryk and expensr (now part of moneyStands) in the dead pool. Wesabe takes at least \$4.7 million of PE money and endorsements by several banks and credit unions with it.



M&A/Alliance Activity - Continued

Buyer/Investor	Target	Payments Emphasis	Possible Strategy
Jack Henry & Associates	iPay Technologies	Electronic bill pay provider	Jack Henry pays \$300 million for the largest independent electronic bill pay operation in the US. Venture firms Spectrum Equity Investors and Bain Capital Ventures enjoyed the big payday. iPay's customer base includes 3,600 banks and credit unions.
SAP	Sybase	Financial services database and mobile technology provider	SAP buys Sybase in a \$5.8 billion all cash deal to gain access to mobile technology and entry into the emerging complex event processing (CEP) environment. Sybase's messaging network includes 850 operator relationships worldwide.
BlueRun Ventures	Payment	Facebook e-commerce solution provider	Payment works as an ecommerce merchant services provider inside of Facebook enabling owners of small businesses to vend directly through their Facebook Fan pages. Payment also provides a search tool that FB's 500 million friends may use to find Facebook commercial vendors.
InComm	Coinstar prepaid business line	Gift card malls	InComm's fourth acquisition for 2010 is a market share grab as it pays \$40 million to expand its number of retail distribution outlets by 25,000 with a good share of that number being in the EU.



M&A/Alliance Activity – Continued

Buyer/Investor	Target	Payments Emphasis	Possible Strategy
Andreessen Horowitz	BOKU	Mobile payments	VC firm Andreessen Horowitz (of Netscape and Opsware fame) take an undisclosed position and initiate an advisory role in BOKU a reasonably successful mobile payments provider. BOKU claims to have reach to 1.8 billion mobile subscribers on a worldwide basis.
Edison Venture Fund	RewardsNOW	Customer loyalty program operator	Edison invests \$7.5 million to fund growth of the firm's turnkey direct marketing and loyalty program products as well as its credit, debit, and online banking services. The RewardsNOW Board will be expanded to include two senior Edison managers.
Wal-Mart	Green Dot	Prepaid card program operator	Green Dot issues 2.2 million shares of Class A common shares while GD extends its commercial relationship with Wal-Mart and GE Money through 2015. Shortly afterwards, Green Dot announced that its upcoming IPO will be a secondary offering only and the company will receive none of the funds raised.
Criterion Capital Partners	Bebo	Social network	AOL agrees to sell its Bebo subsidiary to Criterion for \$10 million. AOL had announced in April that it planned to either sell or shutter the social network it purchased in 2008 for \$850 million. By arranging a sale, AOL is entitle to write off the \$840 million loss in value against future taxes. Neat for AOL shareholders, but a rather embarrassing moment for management, we think.



M&A/Alliance Activity – Continued

Buyer/Investor	Target	Payments Emphasis	Possible Strategy
FIS	Compliance Coach	Risk assessment software and compliance tools	Integrated banking service provider FIS beefs up its risk management suite of services with acquisition of Compliance Coach and in doing so gains new relationships with 1,500 client organizations.
Fifth Third Processing Solutions	TNB Card Services	Credit card processing	Troubled Town North Bank, owned by several Texas credit unions, sells its credit card processing subsidiary to Fifth Third Processing Solutions for an undisclosed sum. The purchaser is majority owned by Advent International and gains relationships with 370 credit unions.



Useful Links for More Information

We threw a lot of new names out again this quarter. Here's a list of links for you to learn more.

Company	Role	Link
cMoney (proceed at your own peril)	Mobile payments	www.cmoney.com
Swipely	Social network for braggarts	www.swipely.com
Offerpal Media	Prepaid-to-virtual payments	www.offerpalmedia.com
Kudzu Interactive	Restaurant ordering/payment system	www.kudzuinteractive.com
Zong	Mobile payments	www.zong.com
Corduro	Mobile payments platform	www.corduro.com
HelloWallet	Subscription PFM application	www.hellowallet.com
Payvment	Facebook payments provider	www.payvment.com
Cybersource	Ecommerce processor	www.cybersource.com
BOKU	Mobile payments provider	www.boku.com

Durbin Amendment Rant



Enough said!