

The Payments Press - McDonald's and Visa, Card Spending Up, BMO and Bitcoin

INVESTMENT CONCLUSION:

Below are recent articles of interest in the payments industry, as we intend to publish a roundup of relevant stories every week. Click on the links to read the entire story.

KEY POINTS:

- **McDonald's & Visa Experiment With Payment via Mobile App in Singapore** Users of McDonald's (MCD - \$96.02; Neutral, Janney analyst Mark Kalinowski) McDelivery mobile app in Singapore can now use their Visa (V - \$226.06; Neutral) cards to pay for orders. "The process requires customers to create a one-time user account on the app and register their Visa cards. When orders are placed, the pre-registered Visa account will be used and payment can be made with a single click. According to company officials, card details are encrypted and securely managed by Visa's payment gateway CyberSource."
- **Capital One Joins clearXchange Network** Capital One (COF - \$72.42; Neutral, Janney analyst Sameer Gokhale) has joined the clearXchange network as an owner, becoming the fourth owner alongside Bank of America, JPMorgan Chase, and Wells Fargo, and the fifth bank customer. "clearXchange is the first network in the U.S. created by and for financial institutions that lets customers send person-to-person payments easily and securely with only an email address or phone number. As a member of the network, Capital One will expand its capabilities to provide customers the ability to pay anyone with a U.S. bank account without requiring sensitive account information."
- **U.S. 2013 Credit and Debit Card Purchases Increased 8% Over 2012** Spending over the four major networks on consumer and commercial credit, debit, and prepaid cards issued in the U.S. combined to generate over \$4 trillion in spending at merchants in 2013, up 7.9% from 2012, according to The Nilson Report. "'Visa debit cards remain the most popular payment method of American consumers, followed by Visa credit cards,' said David Robertson, Publisher of The Nilson Report. Visa credit cards generated \$1.079 trillion in spending at merchants last year, up 9.9% over 2012."
- **BMO Closes the Door on Bitcoin Businesses** The Bank of Montreal is closing its bitcoin-related business accounts across all of Canada. "(Cointrader CTO and co-founder Paul) Szczesny blames the decision on recent statements by Canadian finance minister Jim Flaherty, who singled out bitcoin as a threat to financial stability. 'It is important to continually improve Canada's regime to address emerging risks,' said Flaherty, 'including virtual currencies such as bitcoin, that threaten Canada's international leadership in the fight against money laundering and terrorist financing.'"
- **Regulators and Hackers Put Bitcoin to the Test** Digital currency Bitcoin finds itself struggling, as it has recently encountered hurdles that could determine whether it survives as a viable currency on a mass scale. "Bitcoin has already survived several bouts of volatility that were even wilder than the one last week. But during those crises, nearly everyone involved was a speculator and the currency was much further from real-world success. Now that Silicon Valley and Wall Street have begun to buy in, and everyday uses for Bitcoin are becoming more common, the stakes are much higher."