ELECTRONIC TRANSACTIONS ASSOCIATION

With special introduction:

What is Average?

A look at market rates around the U.S.

US Economic Indicators Report

Q1 2014 – 21st Edition

Powered By:

This report is a compilation and analysis of US economic data. Its intent is to provide a deeper understanding of the US economy and therefore, the ability for ETA members to better assess their position in the current economic climate. This is the 21st edition of the quarterly released report. Please reference cited sources for more detailed statistics. The views expressed are those of ETA/TSG and are subject to change. They are shared for educational purposes only. The information is based upon information we consider reliable, but its accuracy and completeness cannot be guaranteed.

This report is a member benefit provided to the Electronic Transactions Association's 500+ worldwide member companies.

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ETA members (electronic payments companies) are <u>the</u> driver of commerce in the U.S.

In 2013, there was

$4.9 Trillion

of Volume on Cards in the U.S.

- $408 Billion Per Month
- $13 Billion Per Day
- $560 Million Per Hour
- $9 Million Per Minute
- $155 Thousand Per Second

In 2013, there were

82 Billion

Transactions on Cards in the U.S.

- 7 Billion Per Month
- 224 Million Per Day
- 9 Million Per Hour
- 156 Thousand Per Minute
- 2.6 Thousand Per Second

For context

U.S. GDP:	Federal Government:	U.S. Consumer Spending:
$16 trillion (2013)	collected $2.5 trillion in taxes (2012)	$10.5 trillion (2013)

Card Volume & Transactions includes purchases made on consumer and commercial credit, debit, and prepaid cards.

SOURCE: TSG Estimates

Click to be Directed to:
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The chart shows various performance metrics of a collective merchant portfolio of 2.1 million merchants from 2009 – 2013. All of the metrics are indexed to 2009 = 100.

- **Key Finding:** Although the average account size has grown 25%, and the industry has absorbed interchange regulatory changes during this period as well as a long economic recovery, the Net Revenue Index (as a percent of volume) only declined 2% from 2009 - 2013

TSG Database Market Averages (2009 = 100)	2009	2010	2011	2012	2013
Total Volume per Active Merchant (000s)	100	106	113	118	125
Total Average Ticket	100	99	99	97	97
Total Net Processing Revenue	100	94	92	96	98
Fee Revenue per Account (monthly & annual)	100	109	119	128	125
Net Revenue	100	96	94	99	98

Source: TSG MPPS Database of 2.1 million merchants

Net Revenue – sum of total bankcard and PIN debit gross revenue plus sum of total monthly and annual legacy and emerging account fees and equipment related and other income less sum of total bankcard and PIN debit cost of sales and other cost of sales (gateway fees, processor fees, sponsor bank fees)

Where and what are the highest and lowest priced merchants in the U.S.?

TSG looked at merchants across the U.S. to find out their cost of acceptance

- **Cost of Acceptance to Merchant:** The all in cost of card acceptance (processing + fees); aka gross revenue to the merchant acquirer
- **Size of merchants:** Volume between $100,000 and $250,000 in annual processing volume
- **Sample:** At least 50 merchants
- **Index:** Average Cost of Acceptance in U.S. Market = 100 (TTM Q4 2013)

Cost of Acceptance

Highest Priced

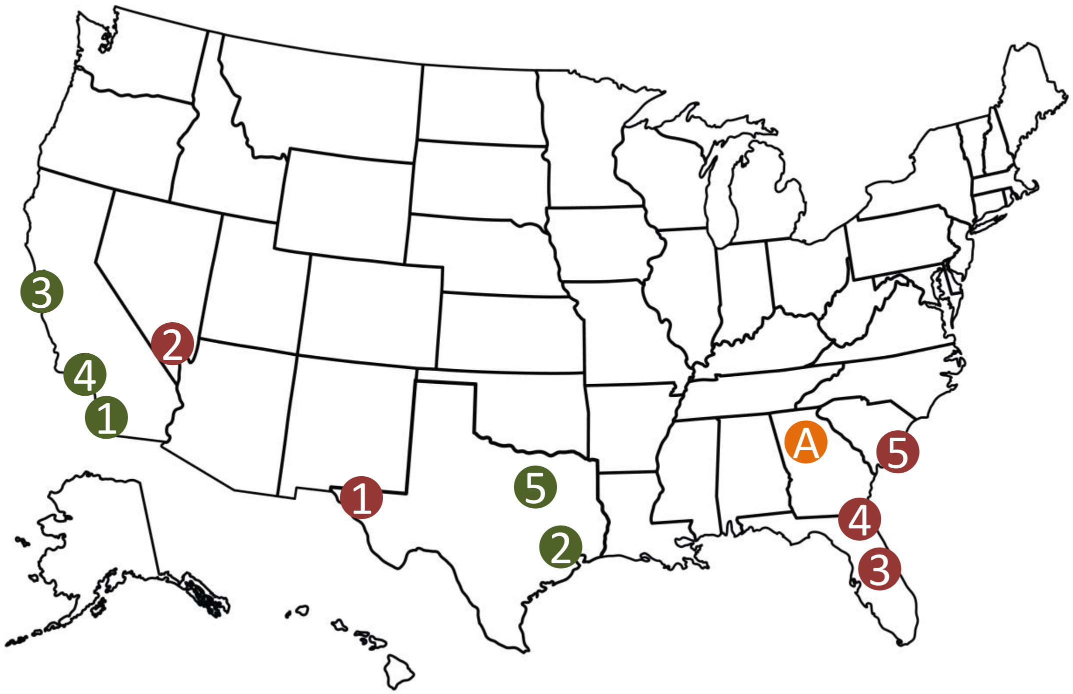
#1: San Diego, CA
Eating, Drinking, & Hospitality
Cost to Merchant: **130**

#2: Houston, TX
Construction Services
Cost to Merchant: **126**

#3: San Jose, CA
Eating, Drinking, & Hospitality
Cost to Merchant: **120**

#4: Los Angeles, CA
Transportation Services
Cost to Merchant: **120**

#5: Dallas, TX
Construction Services
Cost to Merchant: **119**



Lowest Priced

#1: El Paso, TX
Business & Personal Services
Cost to Merchant: **77**

#2: Las Vegas, NV
Health & Medical Services
Cost to Merchant: **77**

#3: Orlando, FL
Auto, Boat, Mobile Repair/Dealers
Cost to Merchant: **78**

#4: Jacksonville, FL
Auto, Boat, Mobile Repair/Dealers
Cost to Merchant: **79**

#5: Charleston, SC
Business & Personal Services
Cost to Merchant: **80**

Average – Atlanta, GA
Business & Personal Services
Cost to Merchant: **100**

Source: TSG MPPS Database of 2.1 million merchants

Where and what types of merchants have the highest and lowest attrition in the U.S.?

TSG looked at merchants across the U.S. to find out their attrition rates

- **Attrition:** Merchant account attrition = net revenue in the beginning of the measurement period but without net revenue at the end of the measurement period
- **Size of Merchants:** Volume between $100,000 and $250,000 in annual processing volume
- **Sample:** At least 50 merchants
- **Index:** Average Attrition Rate in U.S. Market = 1 (TTM Q4 2013)

Rate of Attrition

Highest Attrition

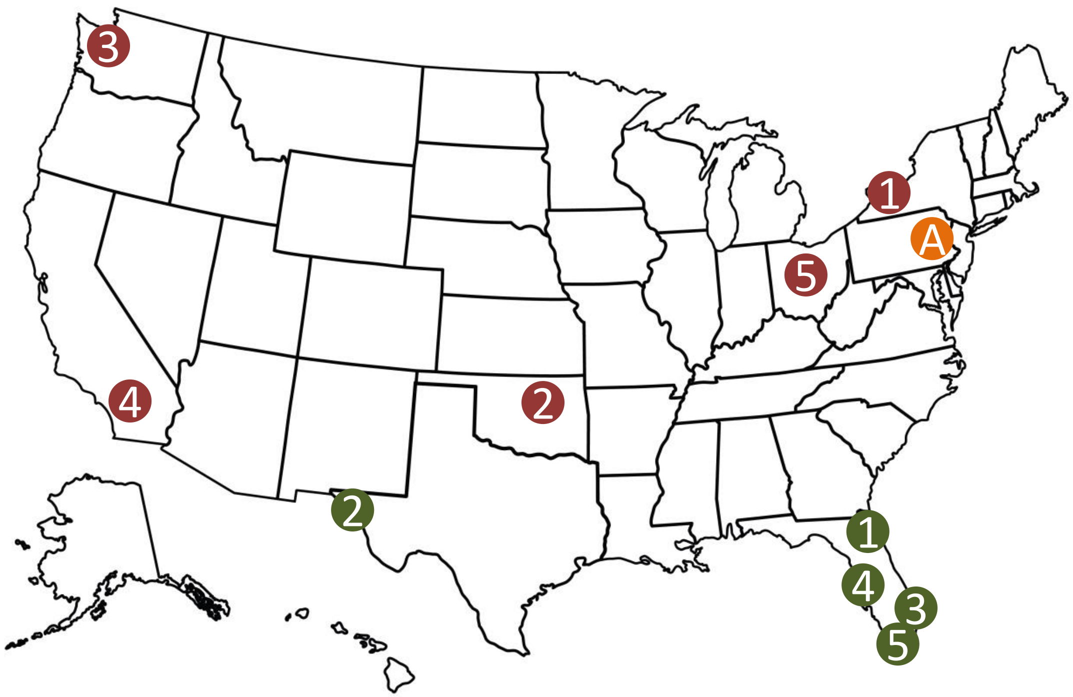
#1: Jacksonville
Eating, Drinking, & Hospitality
Attrition Rate: **2.26**

#2: El Paso, TX
Eating, Drinking, & Hospitality
Attrition Rate: **1.93**

#3: Miami, FL
Grocery, Food, & Liquor
Attrition Rate: **1.92**

#4: Tampa, FL
Auto, Boat, Mobile Repair/Dealers
Attrition Rate: **1.85**

#5: Miami, FL
Eating, Drinking, & Hospitality
Attrition Rate: **1.77**



Lowest Attrition

#1: Rochester, NY
Education & Non-Profits
Attrition Rate: **0.21**

#2: Tulsa, OK
Business & Personal Services
Attrition Rate: **0.22**

#3: Seattle, WA
Entertainment & Recreation
Attrition Rate: **0.24**

#4: Riverside/Ontario, CA
Entertainment & Recreation
Attrition Rate: **0.28**

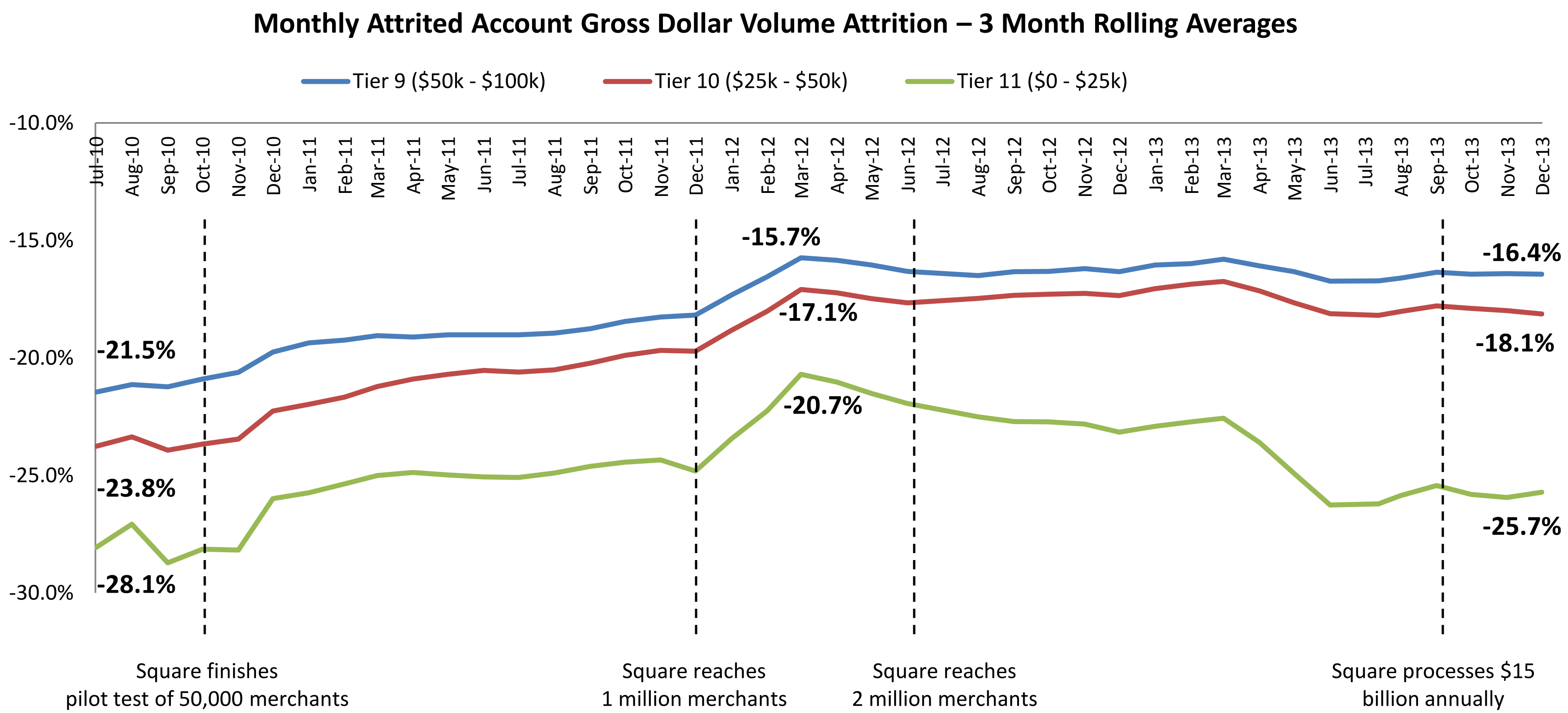
#5: Columbus, OH
Education & Non-Profits
Attrition Rate: **0.29**

Average – Allentown, PA
Wholesale
Attrition Rate: **1**

Source: TSG MPPS Database of 2.1 million merchants

How have Emerging Players Impacted the Merchant Acquiring Market?

- Looking at attrition by tier can help understand the impact of Square and other "emerging players" who focus on the micro-merchant market
- The chart below shows that overall, the three smallest merchant size tiers have all improved in regards to gross dollar volume attrition since July 2010, when Square was entering the U.S. market
- However, the smallest tier's attrition has increased since March of 2012, perhaps indicating some gains in this tier by Square and other emerging players
- **OVERALL:** Average Gross Dollar Volume Attrition has improved from -13.7% in 2010 to -11.5% in 2013 (not shown in chart – see page 10 for more detailed attrition metrics)



Source: TSG MPPS Database of 2.1 million merchants

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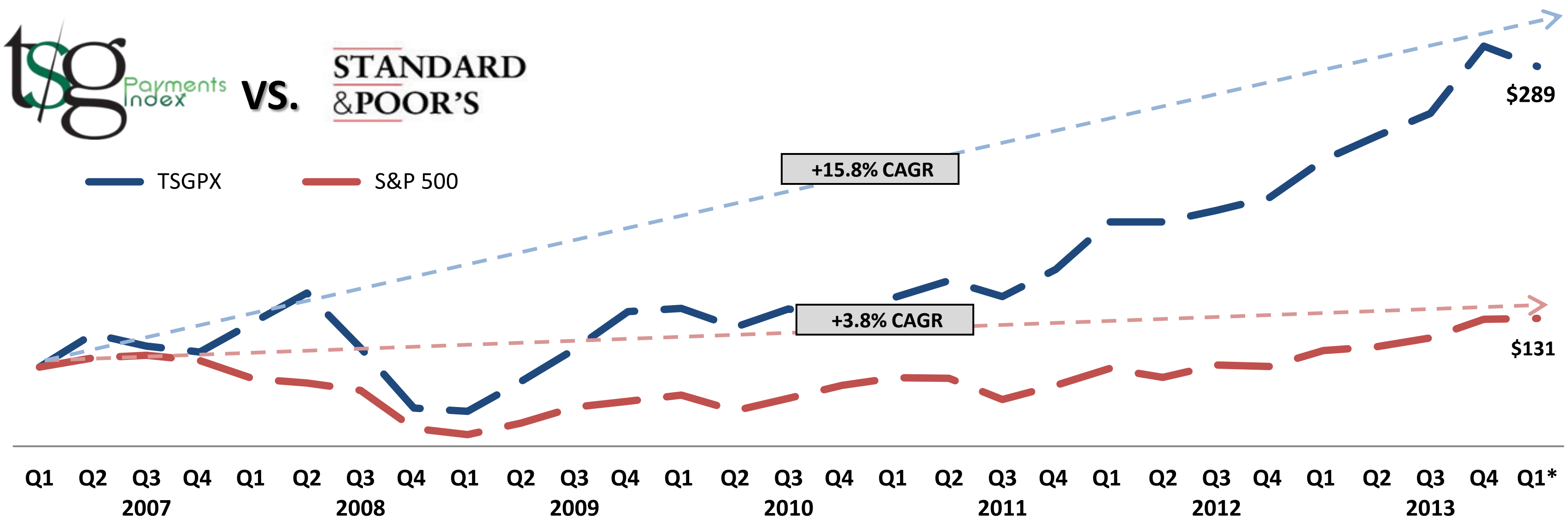
Payments Indicators: Payments Companies Vs. S&P 500

Key Finding: The chart below displays the performance of a $100 investment in an index of selected payments companies which represent the "TSG Payments Index" - this index is calculated on a value weighted basis using market capitalization and is compared to the S&P 500 which is also calculated using the same methodology. A $100 investment in the TSGPX in Q1 2007 would now be valued at $289, as compared to $131 if invested in the S&P 500.



TSG Payments Index	Heartland Payment Systems	vantiv	globalpayments	TSYS	PAYMENT Data Systems
	Acquirer	Acquirer	Processor	Processor	Processor
Planet Payment	Wright Express	VeriFone	NCR	Diebold Innovation Delivered	ACI payment systems
Processor	Specialty Processor	POS Equipment Provider	POS Equipment Provider	Hardware/Software Prov.	Technology Provider
fiserv.	FIS	FUNDtech	Euronet Worldwide	jack henry & Associates Inc.	VeriSign
Technology Provider	Technology Provider	Technology Provider	Technology Provider	Technology Provider	Data Security VAR
VISA	MasterCard	Discover Financial Services	American Express	GCA gcainc.com	Tier
Card Association	Card Association	Card Association/Issuer	Card Association/Issuer	Global Cash Access	Direct Billing
Western Union	Alliance Data	green dot	netSpend	3PEA International	Cardtronics
Money Transfer	Loyalty Solutions Prov.	Prepaid Issuer	Prepaid Issuer	Prepaid Solutions	ATM Operator

The chart above displays the performance of $100 investment in an index of the following listed companies which represent the "TSG Payments Index" - this index is calculated on a value weighted basis using market capitalization and is compared to the S&P 500 which is also calculated using the same methodology. This analysis does not include affects of re-invested dividends. While some of the companies listed in TSG's Payments Index do not meet the requirements to be a S&P 500 listed company (S&P listed companies have a market cap of at least $3 billion), the S&P 500 served to be the best comparable index to TSG's Payments Index since it is one of the most commonly used benchmarks for the overall U.S. stock market. In fact, many consider it to be the definition of *the market.* The companies included in TSG's Payments Index met the criteria that at least 50% of their revenues were produced from electronic payments products or services. Ingenico and Gemalto have been removed due to inclusion of NetSpend and Cardtronics as well as their being traded on non-US exchanges. As of Q4 2011 Fundtech has been removed due to an acquisition and Tier Technologies' name has been changed to Official Payments. Vantiv was added to the index as of Q1 2012. 3PEA International was added in Q1 2013. LML Payment Solutions and Transaction Network Services were removed as of Q1 2013 due to acquisition.

*Calculated using closing data through March 28, 2014.

Payments Indicators: Acquisition Multiples

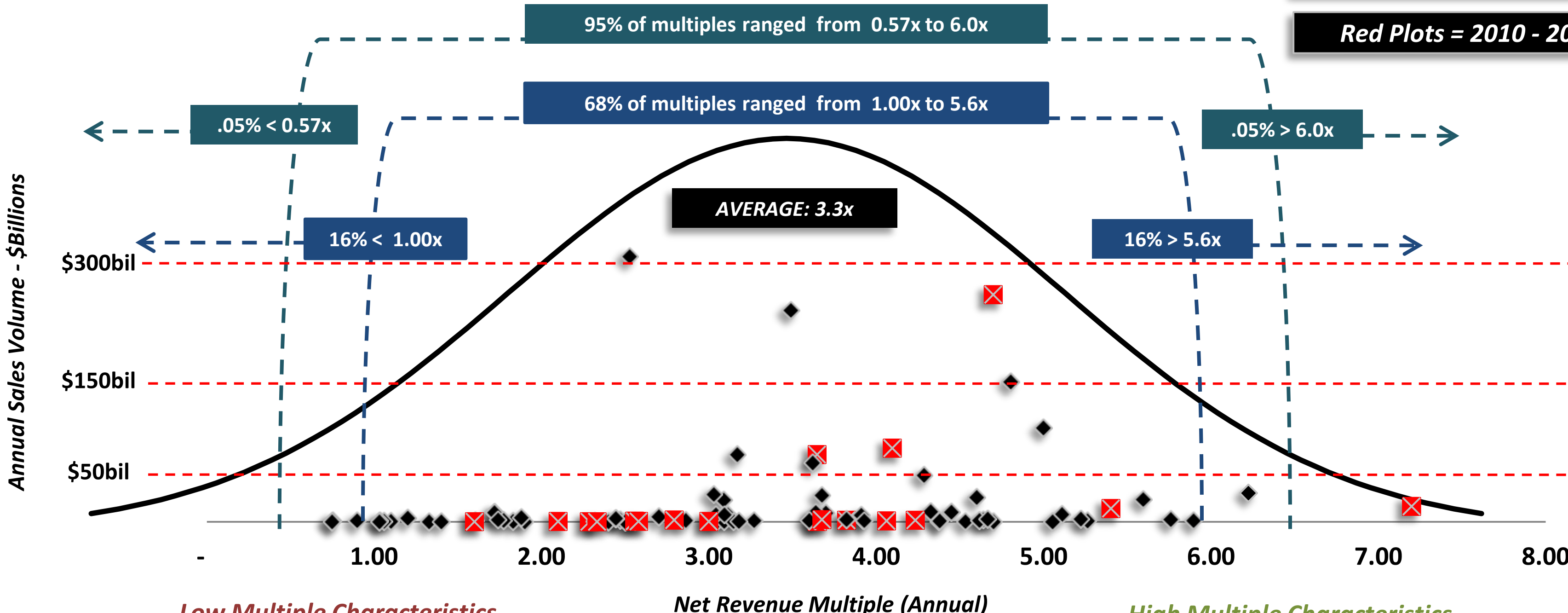
Timeframe: 2000 – 2013

Data Set: 90 Transactions

Purchase Prices: $300K - $30B

Red Plots = 2010 - 2013

Acquisition Multiples - Review of Payments Industry M&A Transactions - A Historical Perspective: Industry Enterprise and Merchant Portfolio Net Revenue Multiples



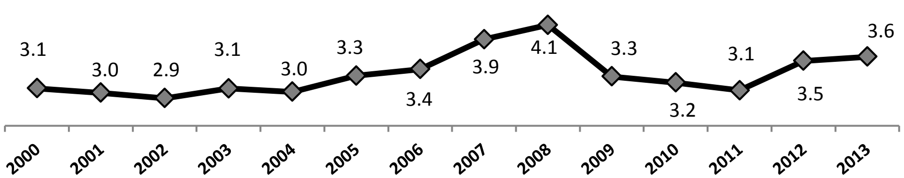
Low Multiple Characteristics

- No sales channel/force included in sale
- Stagnant or declining growth
- High attrition (> 20% per year)
- Low net revenue margins
- No merchant account portability
- No competitive sales strategy
- High losses
- Little or no profitability
- Few cost synergies to buyer

High Multiple Characteristics

- Sales channel/force included in sale
- Solid sales growth (> 10% per year)
- Low attrition (< 15% per year)
- Solid net revenue margin
- Strong management team
- Ease of merchant account portability
- Sustainable strategy or market niche
- Low losses
- Good profitability
- Good cost synergies to buyer
- Technology

Net Revenue Multiples: ***Three Year Rolling Averages***



Net Revenue = Gross Revenue + Other Income − Cost of the Transactions

Other Income
- Equipment revenue
- Lease revenue
- Additional service revenue
- Monthly fees

Cost of the Transactions:
- Interchange
- Assessments and network fees
- Residuals paid to sub-ISOs
- Third Party Processing Costs

Source: TSG internal records

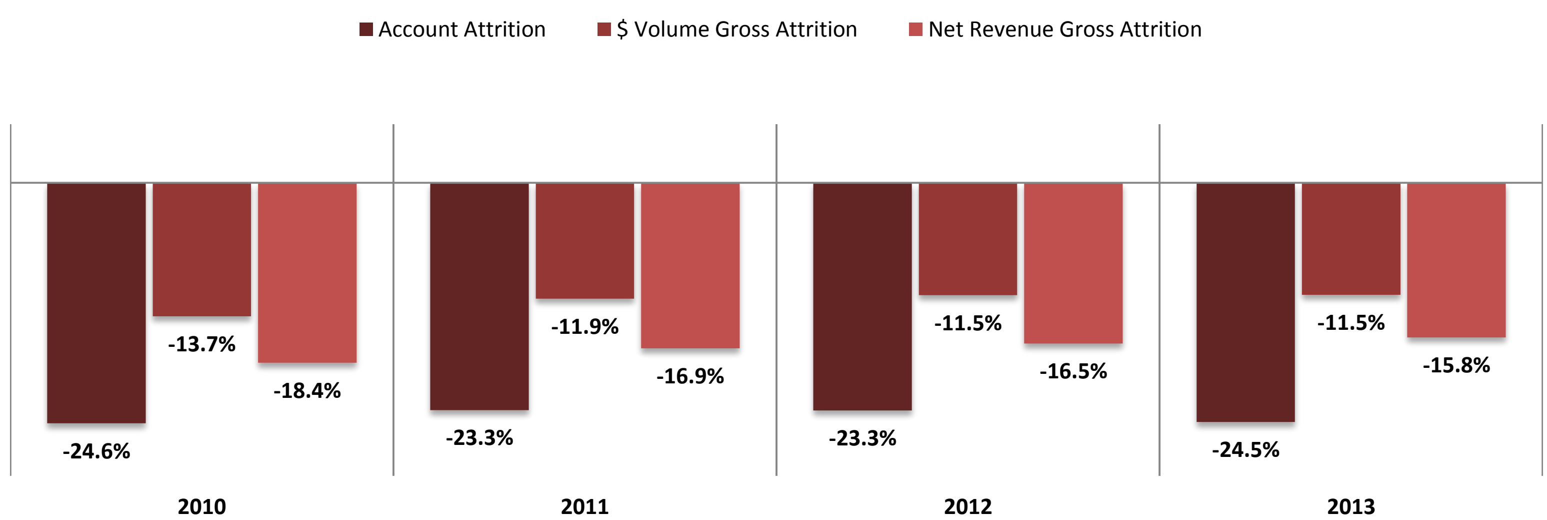
Payments Indicators: Attrition Summary

Key Findings:

- Account Attrition has remained flat from 2010 – 2013 (-24.6% to -24.5%)
- Dollar Volume Gross Attrition has improved from 2010 – 2013 (-13.7% to -11.5%)
- Net Revenue Gross Attrition has improved from 2010 – 2013 (-18.4% to -15.7%)

Definitions:
Merchant Account Attrition – attrited active accounts defines as those with net revenue in the beginning of the measurement period but without net revenue at the end of the measurement period
Gross $ Volume Attrition – dollar volume of attrited active merchant accounts as a percent of total dollar volume at the beginning of the measurement period
Gross Net Revenue Attrition – net revenue of attrited active merchant accounts as a percent of total net revenue at the beginning of the measurement period

Annual (TTM) Average Account, Volume Gross, Net Revenue Gross Attrition: 2010 – 2013



Source: TSG database of 2.1 million merchants

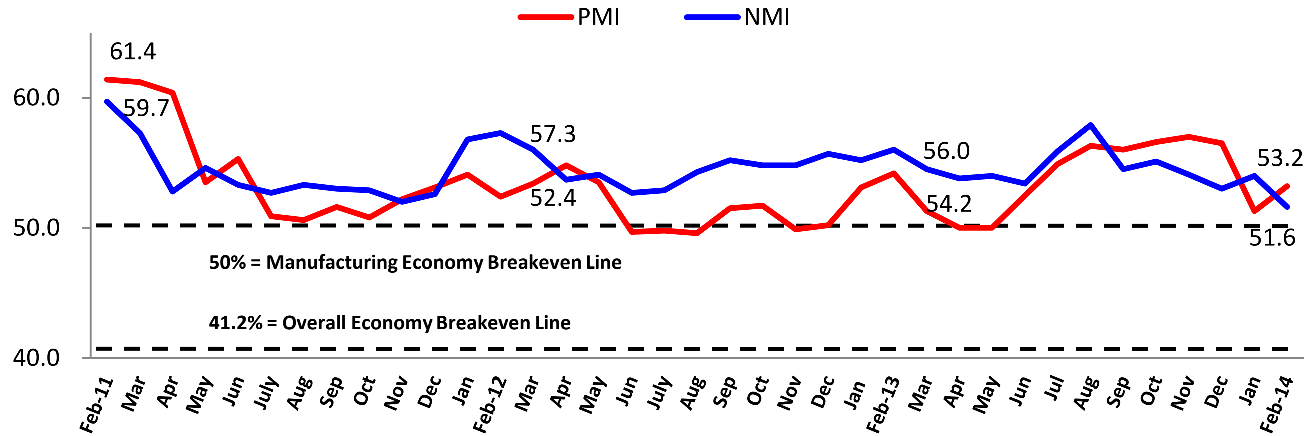
Macroeconomic Indicators

Manuf. & Non-Manuf. Activity
(Feb 2011 – Feb 2014)

Manufacturing: Activity in the manufacturing sector continued to accelerate for the ninth consecutive month in February 2014 and the overall economy grew for the 57th consecutive month. The February PMI registered 53.2%, an increase of 1.9% over January's reading. Contacts mentioned weather conditions as a factor impacting February, but optimism continues to be seen going forward. **14 of the 18 manufacturing industries reported growth in February**, the four industries that contracted are apparel, leather & allied products, petroleum and cola products, and miscellaneous manufacturing.

Non-Manufacturing: The non-manufacturing sector continued its trend above 50 at a lower pace in February 2014 **with 10 of the 18 industries reporting growth.** Survey respondents' comments indicate a slowing in the rate of growth month over month of business activity and are cautious regarding business conditions and the economy going forward. *Source: Institute for Supply Management*

Manufacturing & Non-Manufacturing Activity



PMI: an index of manufacturing activity based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

NMI: an index of non-manufacturing activity based on indicators with equal weights: business activity, new orders, employment and supplier deliveries.

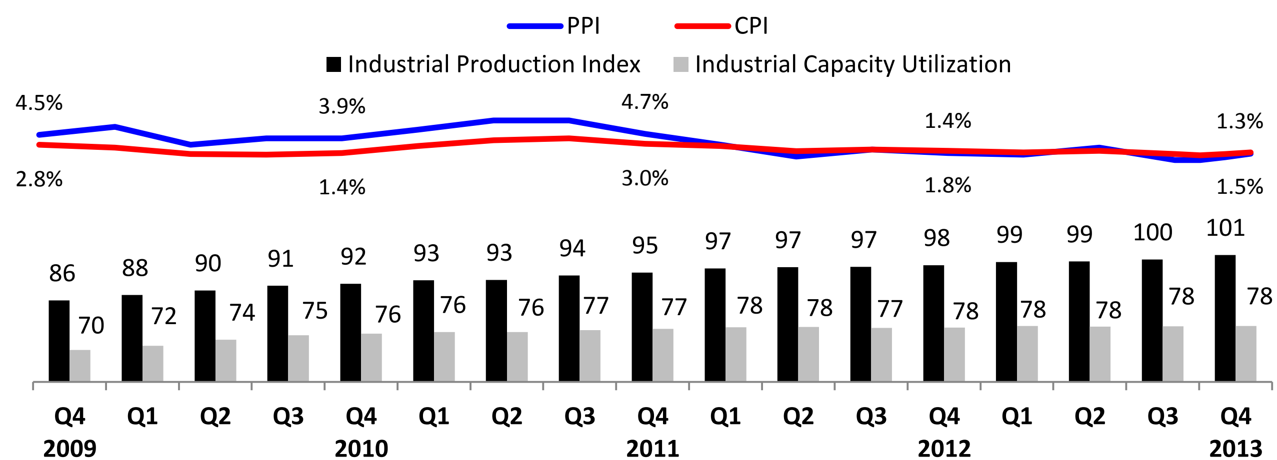
Production, Utilization & Prices
(Q4 2009 – Q4 2013)

PPI & CPI: As of December 2013, the PPI has decreased 0.1% YOY while the CPI has decreased 0.3%. Growth in these inflation measures has been fairly consistent since Q2 2012 with slightly above average deceleration in Q3 readings. **Contraction on both the CPI and PPI has been largely attributed to energy prices, primarily gasoline among the CPI index**.

Industrial Production & Capacity Utilization: Industrial capacity utilization is up slightly in Q4 2013 and has increased every quarter since Q4 2012. Industrial production does not include service sector output, the largest component of the U.S. economy. **Capacity Utilization has been very steady at an index of 78 which is just below the average dating back to 1972 of 80.** Below average levels of utilization is likely to keep inflation rates below Fed target rates of around 2% which in turn will likely prevent the central bank from tightening monetary policies to any strong degree. *Source: Federal Reserve, BLS.gov*

Production, Utilization and Prices

(Capacity Utilization in % of total capacity – quarterly average, PPI & CPI S.A. 12 mo. % change at end of Qtr.)



**CPI & PPI seasonally adjusted, the Industrial Production & Capacity Utilization indexes are monthly averages for the quarter*

Macroeconomic Indicators

New Home Sales
(Feb 2012 – Feb 2014[1])

<u>**New Home Sales:**</u> **Sales of new residential homes have been relatively flat in recent reports, as sales have decreased 1% from February 2013 to February 2014; and have decreased 3% from Jan 2014.** According to the National Association of Home Builders (NAHB) the bad weather took a toll on February sales, however builders are continuing to increase their inventory of homes for sale as they anticipate a relatively strong spring.

<u>**New Home Construction:**</u> **New home construction decreased approximately 6% in February 2014 from the year prior to an annual rate of 907,000, however still in-line with January 2014 only decreasing .2%.** According to NAHB builders are in a holding pattern due to the weather keeping many from getting into the field. Spring is expected to see an improvement following the winter lull. *Source: US Census, National Association of Home Builders*

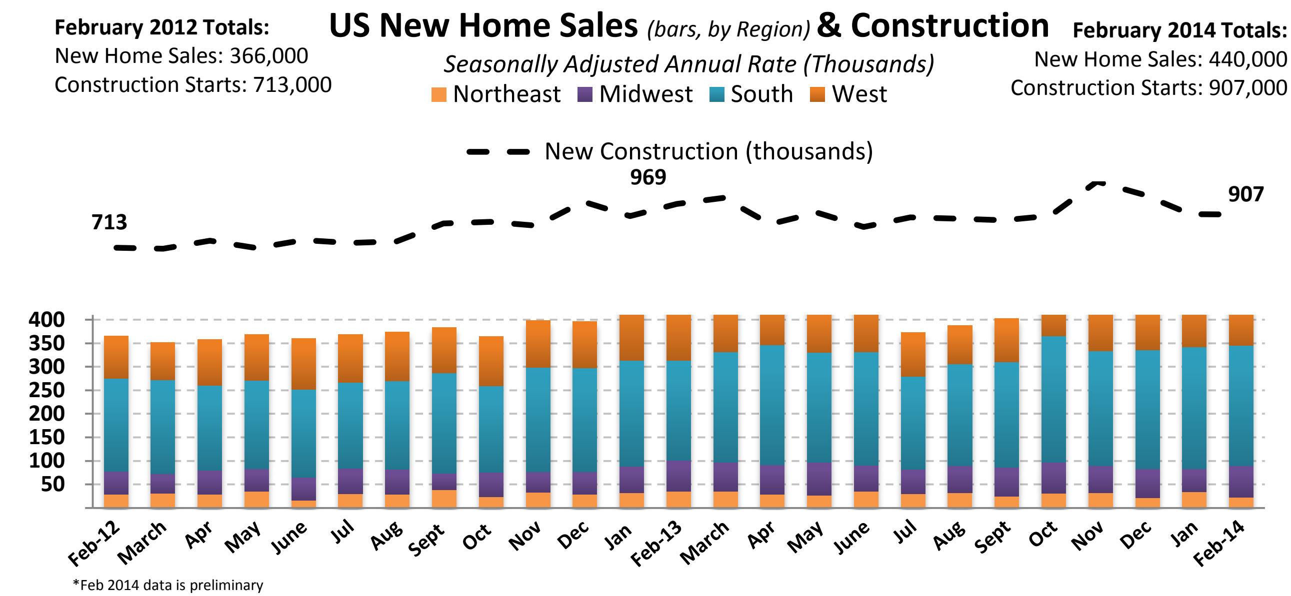
Revolving vs. Non-Revolving Credit
Q1 2008 to Q4 2013

<u>**Consumer Credit & Debt Service:**</u> The bar chart(s) represents the seasonally adjusted annualized percent change in outstanding consumer credit, both revolving and non-revolving credit types. The line chart represents the household debt service ratio which is the ratio of debt payments, including mortgage and consumer debt, to disposable personal income and is estimated by the Federal Reserve. **Most notable for 2013 Q4 numbers is the expansion in revolving consumer credit, an indication consumer confidence is higher and consumers are charging purchases to credit. This is the highest it has been since mid-2008.** Growth in non-revolving consumer credit has been slowing since Q4 2011 but remains at well above average rates since 2008 due to the continued historically low interest rates. Debt service ratio is at its lowest level in the data presented as of Q4 2013 and is likely to continue its decline given the slowdown in both revolving and non-revolving credit balances. This is a positive for consumers' personal budgets and free cash flow.

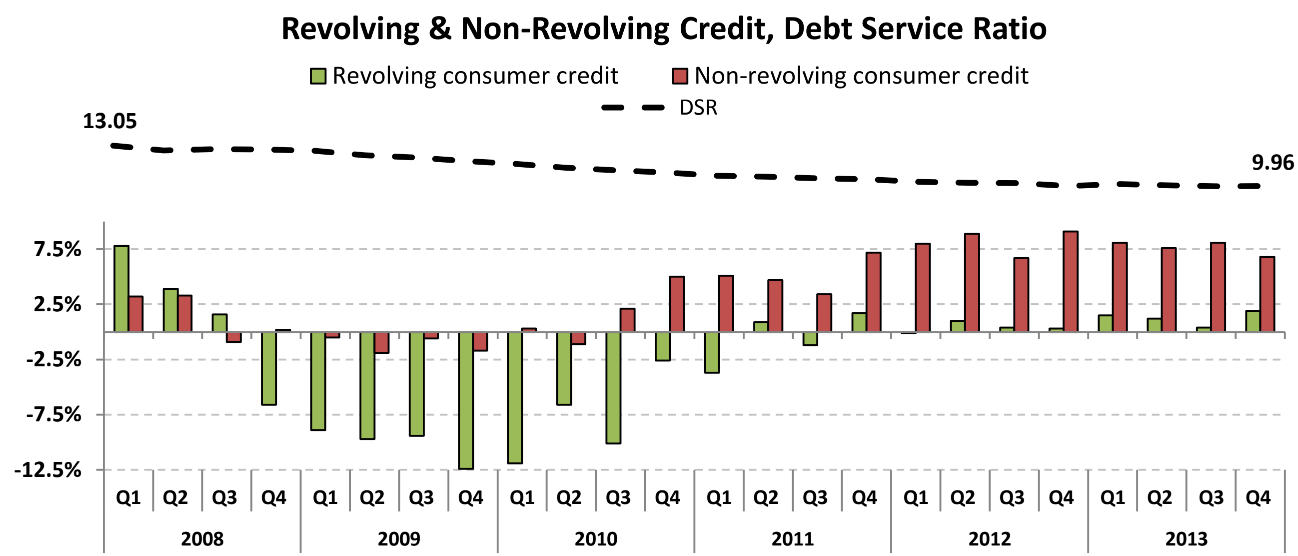
Sources: BLS.gov, BEA.gov, Federal Reserve.gov

February 2012 Totals:
New Home Sales: 366,000
Construction Starts: 713,000

February 2014 Totals:
New Home Sales: 440,000
Construction Starts: 907,000

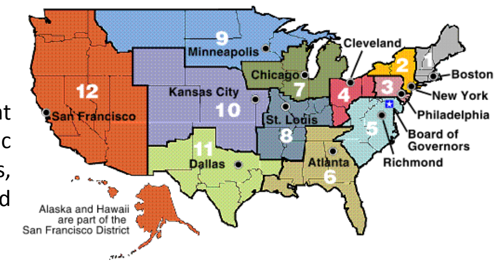


*Feb 2014 data is preliminary



Microeconomic Indicators

Fed's Beige Book Regional Comments
(Districts 1 - 6)



Current Economic Conditions by The Federal Reserve Board: Commonly known as the Beige Book, this report is published eight times per year, most recently on March 5, 2014. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. This and the following page are a graphical interpretation of each district's report (selected information only). The 'last report' referenced (report prior to 03/05/2014) was released on January 15, 2014.

District #1: Boston	
Overall	Modest increases in revenues and sales
Manufacturing	Most reported higher sales and a positive outlook
Retail	Most report 2013 YOY sales increases ranging from 3 percent to mid-single digits; prices remain steady
Residential Real Estate	Mixed results for sales of single family houses and condos

District #2: New York	
Overall	Modest decline at the beginning of 2014 due to inclement weather
Real Estate	Weather and difficulty obtaining credit created a mixed report
Retail	Sales below YOY levels to start 2014 due to weather
Finance & Banking	Decrease in demand for consumer loans/mortgages, no change for commercial

District #3: Philadelphia	
Overall	Slight decline due to weather, outlook remains optimistic
Retail	Moderate decline due to snow storms and power outages; Valentine's Day Sales weak
Finance & Banking	Little overall change in total loan volume, bankers remain optimistic
Manufacturing	High optimism but deteriorating levels of activity due to weather

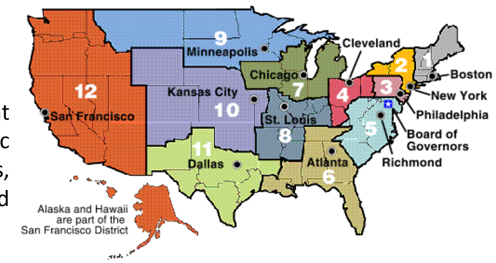
District #4: Cleveland	
Overall	Business activity continued at a moderate pace early in 2014
Consumer Spending	Disappointment in January sales and down YOY
Banking	Business credit showed little movement while consumer credit demand grew
Manufacturing	Steady demand to growing at a robust pace over the last six weeks, production higher compared to a year ago

District #5: Richmond	
Overall	Increased modestly on balance despite business closings due to weather
Retail	Modest revenue growth slightly restrained by winter storms
Banking	Consumer borrowing slowed while commercial lending remained strong
Labor Markets	Mixed results as hiring slowed for some sectors, while others saw demand

District #6: Atlanta	
Overall	Slow expansion, but outlook remains positive and growth is expected near-term
Retail	Declining sales due to weather and increasing healthcare premiums
Labor Market	Job growth remained muted; businesses relied on tech to enhance output
Manufacturing	Moderate expansion, improvements in new orders and production

Microeconomic Indicators

Fed's Beige Book Regional Comments
(Districts 7 - 12)



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District #7: Chicago	
Overall	Economic activity slowed due to severe weather, contacts remain optimistic
Manufacturing	Slowed to a modest pace, contacts remain cautiously optimistic
Business Spending	Growth slowed to a modest pace, several contacts reported expansion plans
Consumer Spending	Slowed due to poor winter weather after necessities were purchased

District #8: St. Louis	
Overall	Economy expanding at moderate pace; activity positive in many sectors
Manufacturing	Positive activity - plans to add workers, expand operations and facilities
Real Estate	Home sales increased on a YOY basis, commercial and industrial improved
Agriculture	Red meat production was 1.2 percent higher than in 2012

District #9: Minneapolis	
Overall	Moderate economic growth specifically in spending, construction, manufacturing
Consumer Spending	Moderate Increase in consumer spending since last report
Labor Market	Slight tightening with moderate overall wage increases
Manufacturing	Activity increased moderately increasing particularly in Minnesota and Dakotas

District #10: Kansas City	
Overall	Remained stable and expected to improve in coming months
Consumer Spending	Declined moderately due to weather and softening in consumer confidence
Banking	Steady loan demand, improved loan quality, stable deposit levels
Agriculture	Crop conditions waned; livestock strengthened

District 11: Dallas	
Overall	Economic activity grew at a moderate pace over the past six weeks
Labor Market	Held steady or increased slightly at most firms
Retail	Slightly weaker due to bad weather, but YOY growth remained positive
Energy	Demand for oil field services remained healthy over the past six weeks

District #12: San Francisco	
Overall	Expanded modestly from late Dec. through mid-Feb., limited price pressures
Real Estate	Housing demand advanced as home prices rose further and commercial trended upwards
Retail	Recent reports indicated that both in-store and online sales were soft
Manufacturing	Mixed activity from late Dec. through mid-Feb.

Microeconomic Indicators

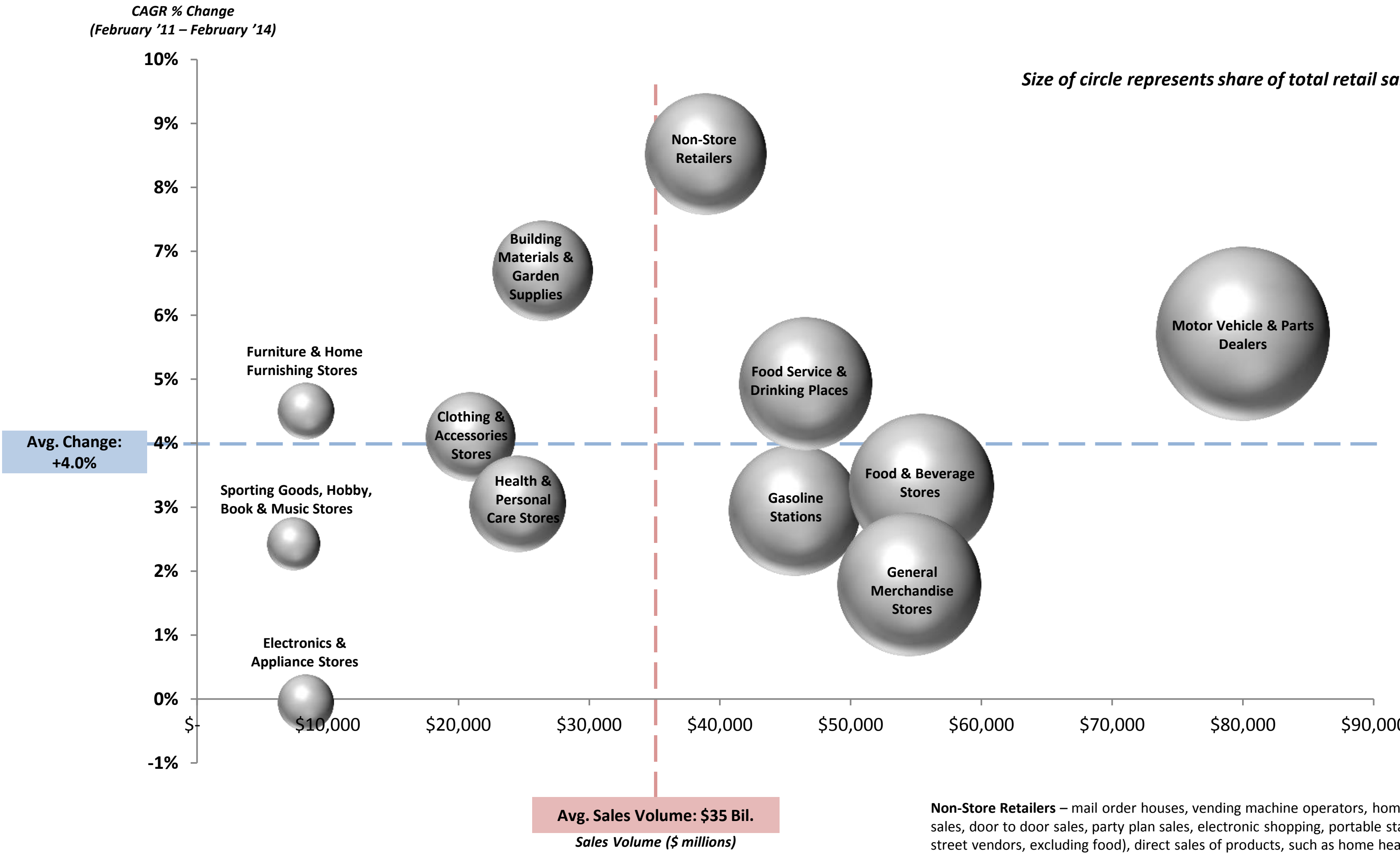
Below is a chart representing the overall movement in economic/business conditions in each of the Federal Reserve districts over the past 3 years

Overall Conditions: 6 Weeks Ending	Sept 2010	Dec 2010	Mar 2011	Jun 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013	March 2014
District #1: Boston	↑	↑	↑	↑	→	↑	↑	→	→	↑	↑	↑	↑	↑	↑
District #2: New York	↓	↑	↑	↑	↓	↑	↑	→	↑	→	↑	↑	↑	→	↓
District #3: Philadelphia	→	→	↑	↑	↓	↑	↑	↑	→	↑	↑	↑	↑	↑	→
District #4: Cleveland	↑	↑	↑	↑	↑	↑	↑	↑	↑	→	↑	↑	↑	→	↑
District #5: Richmond	↓	↑	↑	→	↓	↑	↑	→	→	→	→	→	→	↑	↑
District #6: Atlanta	↓	↑	↑	→	↑	↑	↑	↑	→	↑	↑	↑	→	↑	↑
District #7: Chicago	↓	↑	↑	↑	↑	↑	↑	→	→	→	→	↑	→	↑	→
District #8: St. Louis	↑	→	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
District #9: Minneapolis	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
District #10: Kansas City	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
District #11: Dallas	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
District #12: San Francisco	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑

Microeconomic Indicators

Retail Sales by Segment

The chart below provides an overview of US Retail and Food Services, shown according to the twelve major NAICS codes. From February 2011 to February 2014[1], the two highest growth retail segments, excluding Gasoline Stations and Motor Vehicle & Parts Dealers, were Non-Store Retailers and Building Materials & Garden Supplies. The two lowest growth retail segments for this period were Electronic & Appliance Stores and General Merchandise. *Source: US Census* *1:* January 2014 data is advanced



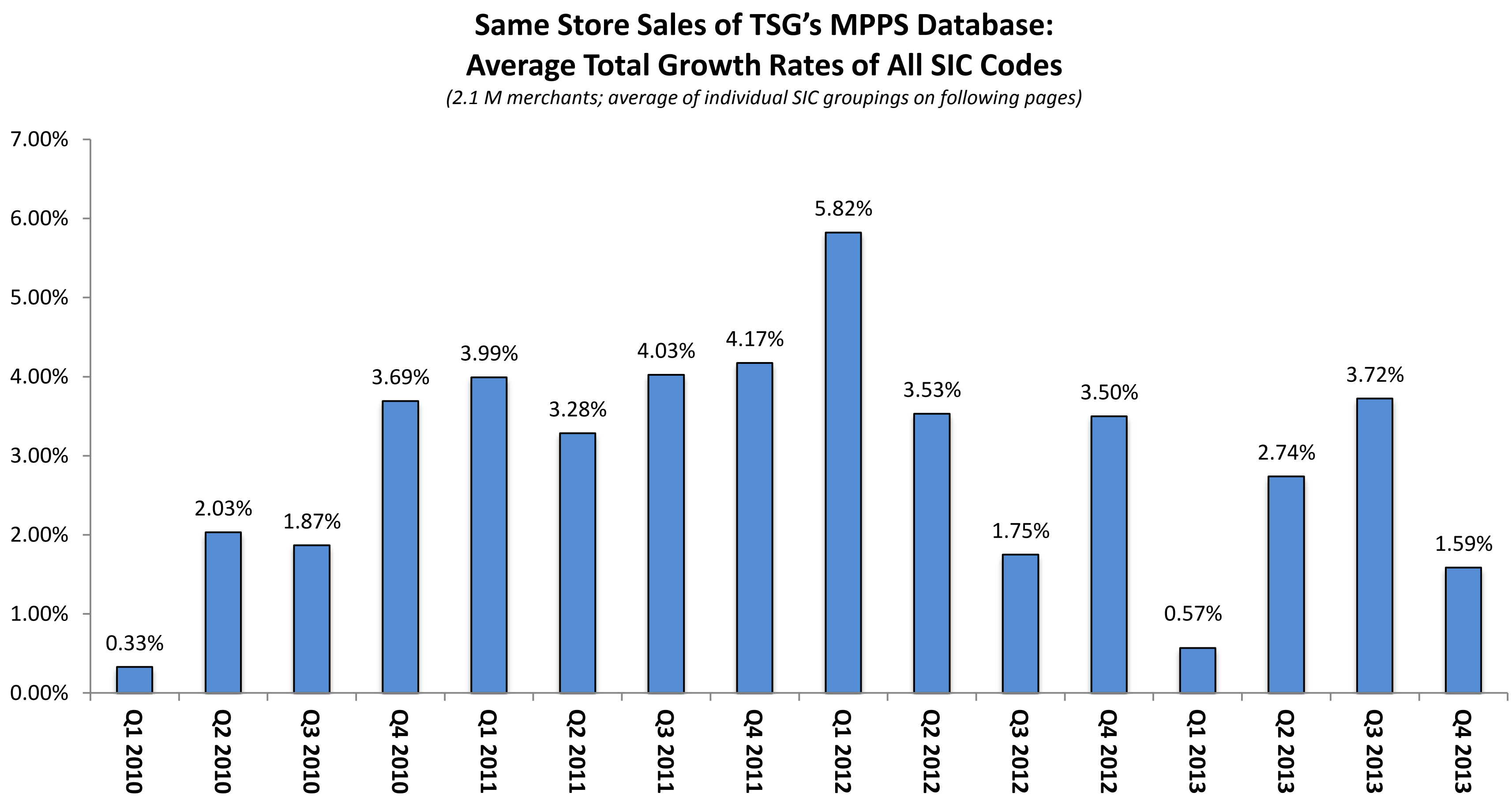
Non-Store Retailers – mail order houses, vending machine operators, home delivery sales, door to door sales, party plan sales, electronic shopping, portable stalls (e.g. street vendors, excluding food), direct sales of products, such as home heating oil dealers and newspaper delivery. 81% of these non-store retailers were made up of electronic shopping and mail order houses as of December 2011.

Microeconomic Indicators

U.S. Same-Store Sales (Q1 2010 – Q4 2013)

An average of the quarterly year-over-year growth rate of sales for TSG's 14 Standard Industrial Classification (SIC) codes representing the U.S. Market provides a high-level look at the economic climate in recent history. The contraction in Q1 2013 can be largely attributed to the number of processing days in Q1 2013 vs. Q1 2012; there were 4% less days in Q1 2013. Same store sales growth in Q2 and Q3 2013 accelerated consecutively, while Q4 slowed down a bit to 1.59% growth over the same quarter previous year. Following pages illustrate same store sales trends among the fourteen SIC groups within TSGs 2.1 million SMB merchant acquiring database.

Please see these links for more information on TSG's MPPS: Overview / Ex. Report

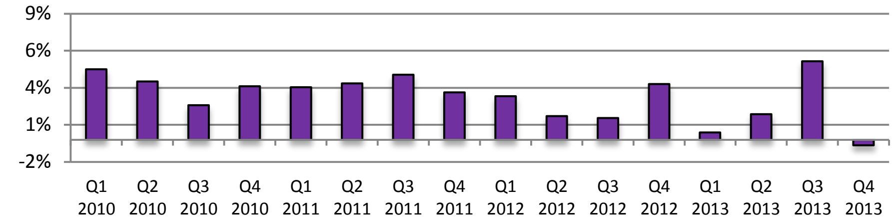


Microeconomic Indicators

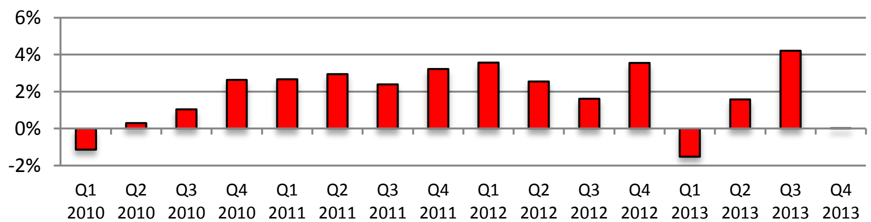
The following charts show the quarterly year-over-year growth rate of each SIC group for each quarter from Q1 2010 through Q4 2013. In Q4 2013 ten of the fourteen SIC groupings experienced annual increases in same store sales volumes. Transportation Services, Wholesale, and Construction Services led the way with all having annual growth of at or above 6 percent. Health & Medial Services, Construction Services, Business & Personal Services, Auto, Boat, & Home Dealers, and Entertainment & Recreation each saw near or above a 2 percent jump YOY.

For more information on the divisions and inclusions of each code, please see this link: [SIC Category Detail]

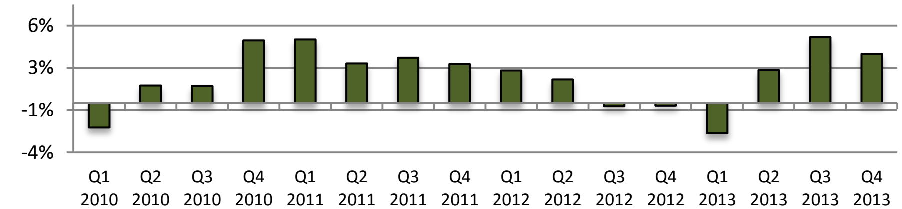
SIC 4 | **Grocery, Food & Liquor Stores**



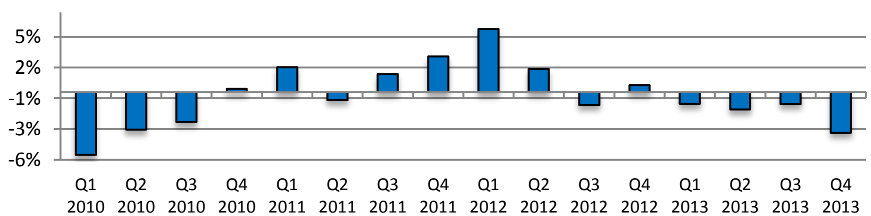
SIC 1 | **Eating, Drinking & Hospitality**



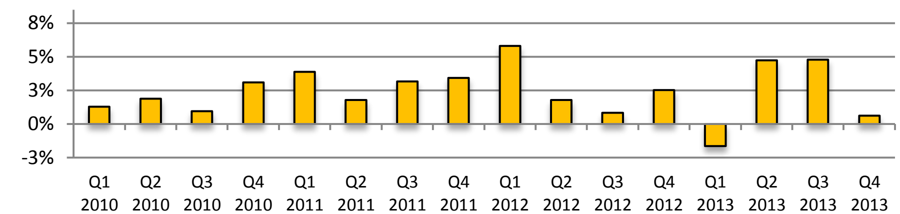
SIC 5 | **Auto, Boat, & Mobile Home Dealers & Repair Shops**



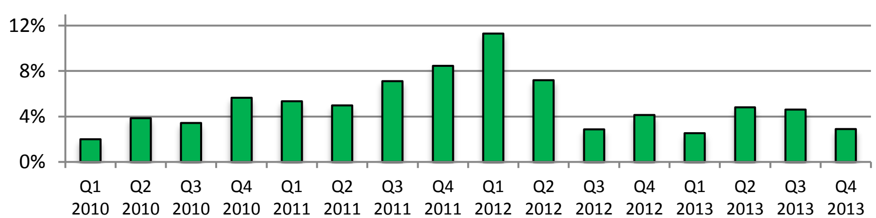
SIC 2 | **Retail**



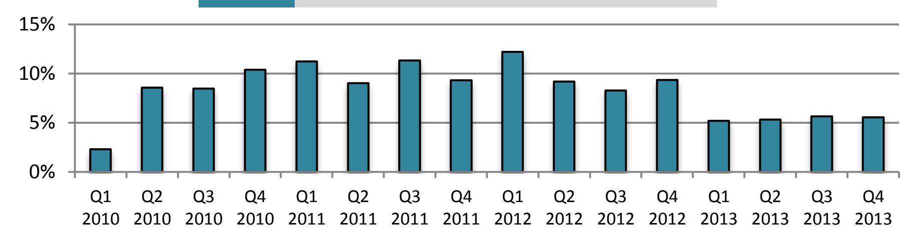
SIC 6 | **Home Furnishing, Supply & Auto**



SIC 3 | **Business & Personal Services**



SIC 7 | **Wholesale**

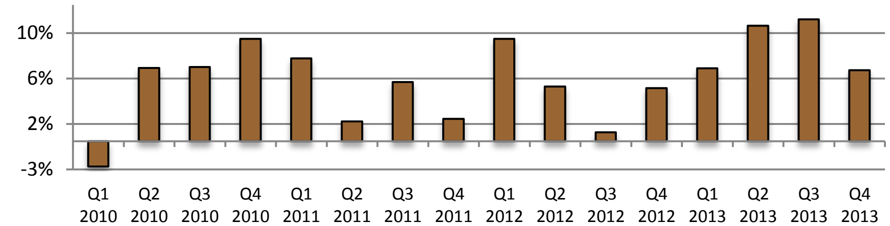


Microeconomic Indicators

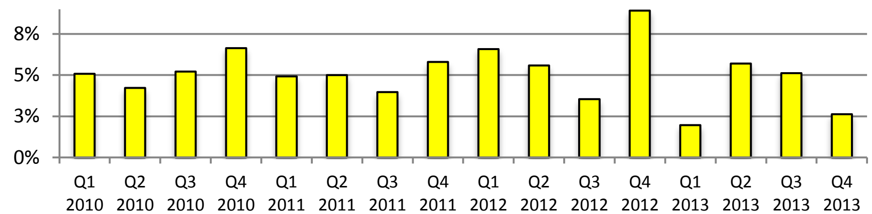
Petroleum sales are up 5 percent for the first time since Q1 2013 as gas prices rose throughout the country. Manufacturing continues to remain flat or show small drops from the same quarter in the previous year.

For more information on the divisions and inclusions of each code, please see this link: [SIC Category Detail]

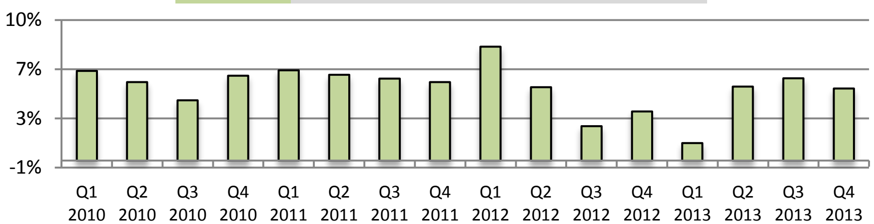
SIC 11 **Construction Services**



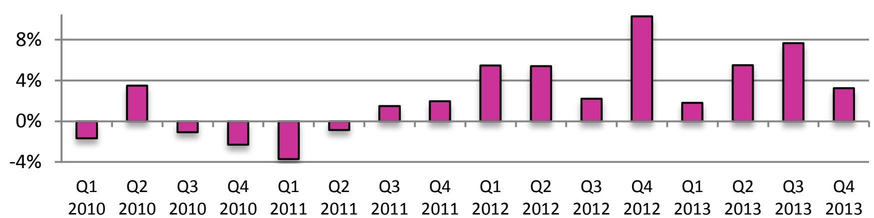
SIC 8 **Education, Non-Profits, Public Services & Interest Groups**



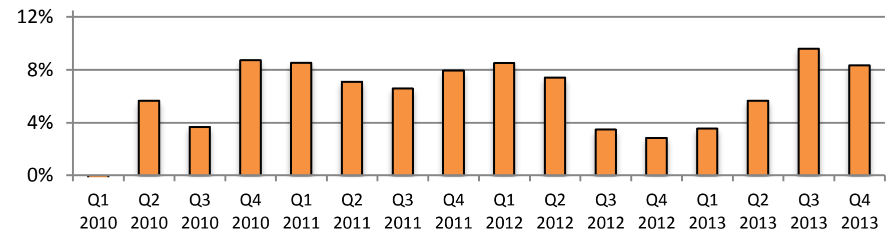
SIC 9 **Health & Medical Services**



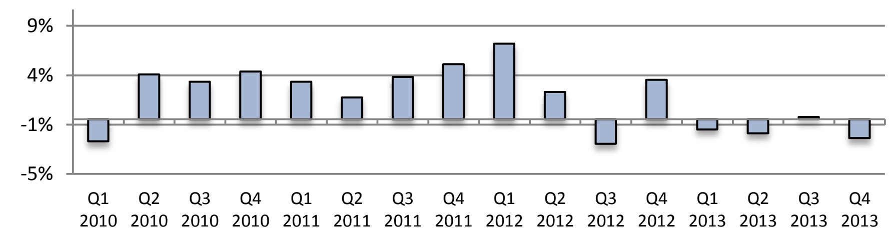
SIC 10 **Entertainment & Recreation**



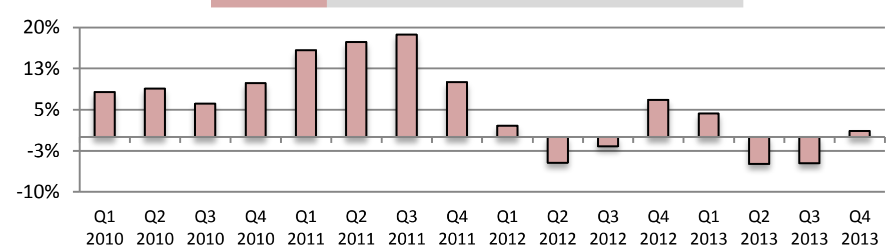
SIC 12 **Transportation Services**



SIC 13 **Manufacturing**

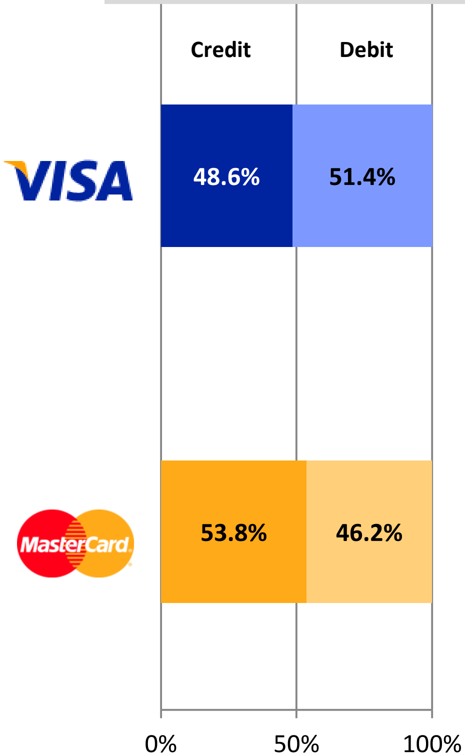


SIC 14 **Petroleum**



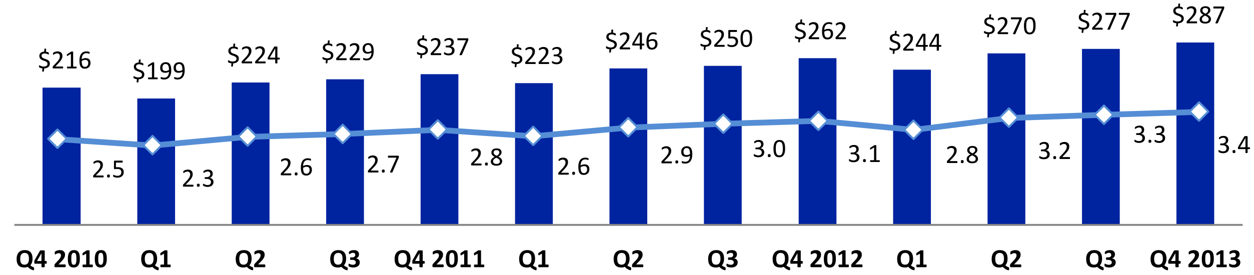
Card Volumes

Payment Type Mix: $ Volume
(Visa and MasterCard's Q4 '13)



US *Credit Card* Payments Volume & # of Transactions

(Columns show Volume in $ Billions, Line shows # of Transactions in Billions)
(Visa fiscal year Oct – Sept, data in chart reported on normal year)

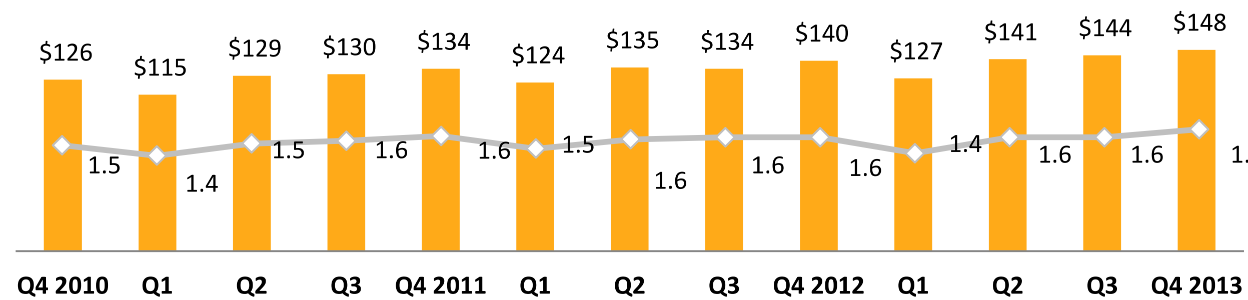


Q4 2012 to Q4 2013: Credit Card Payments

Volume: **+9.5%** **Transactions:** **+9.7%**

US *Credit Card* Payments Volume & # of Transactions

(Columns show Volume in $ Billions, Line shows # of Transactions in Billions)



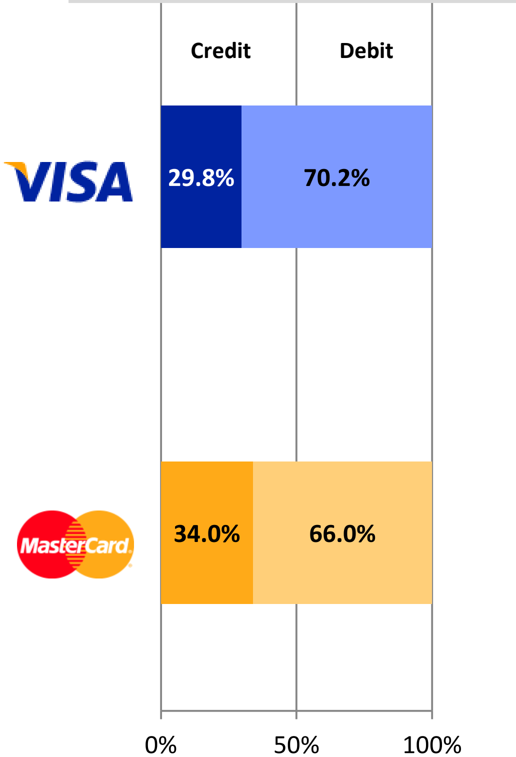
Q4 2012 to Q4 2013: Credit Card Payments

Volume: **+5.7%** **Transactions:** **6.2%**

** % may not calculate due to rounding*

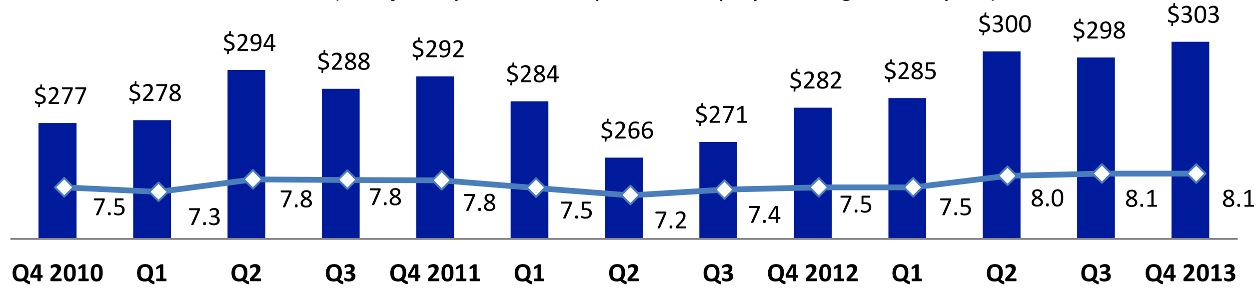
Card Volumes

Payment Type Mix: # of Transactions
(Visa and MasterCard's Q4 '13)



US *Debit Card* Payments Volume & # of Transactions

(Columns show Volume in $ Billions, Line shows # of Transactions in Billions)
(Visa fiscal year Oct – Sept. Data displayed using normal year)

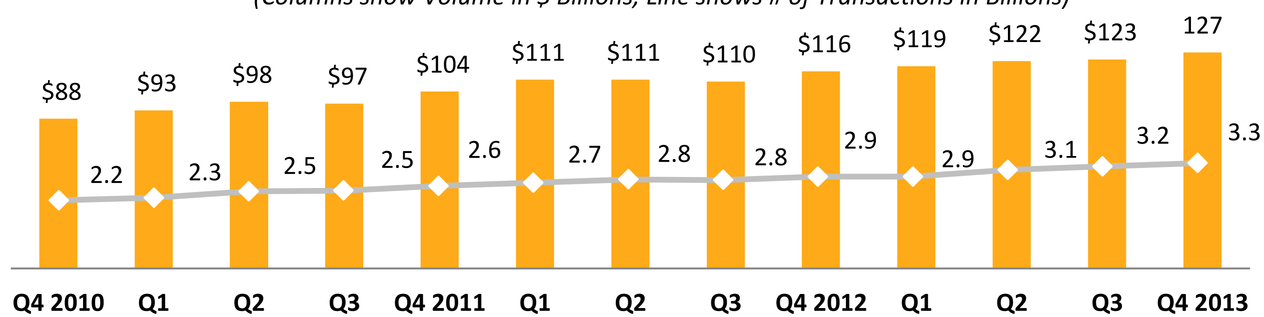


Q4 2012 to Q4 2013: Debit Card Payments

Volume: **+7.4%** **Transactions:** **+8.0%**

US *Debit Card* Payments Volume & # of Transactions

(Columns show Volume in $ Billions, Line shows # of Transactions in Billions)



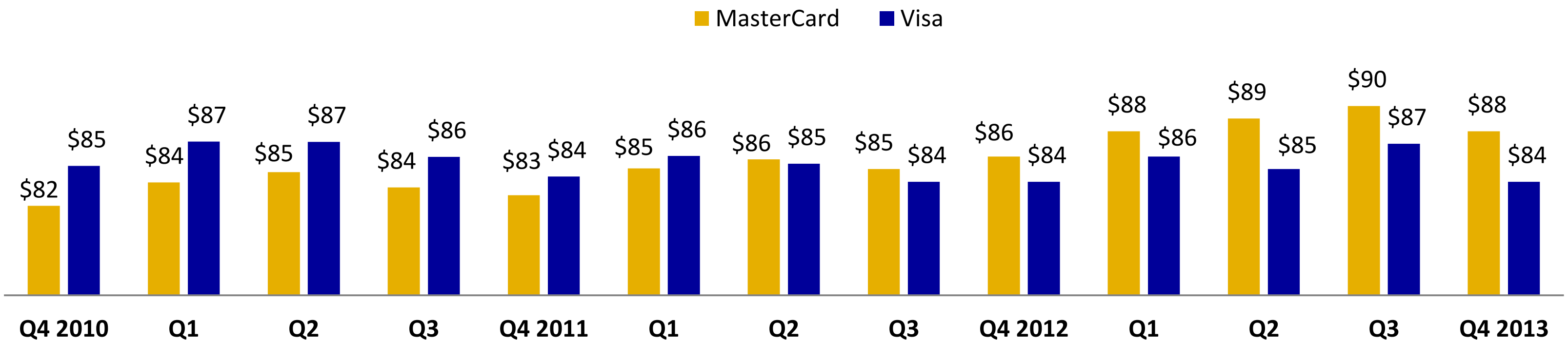
Q4 2012 to Q4 2013: Debit Card Payments

Volume: **+9.5%** **Transactions:** **+13.8%**

** % may not calculate due to rounding*

Card Volumes

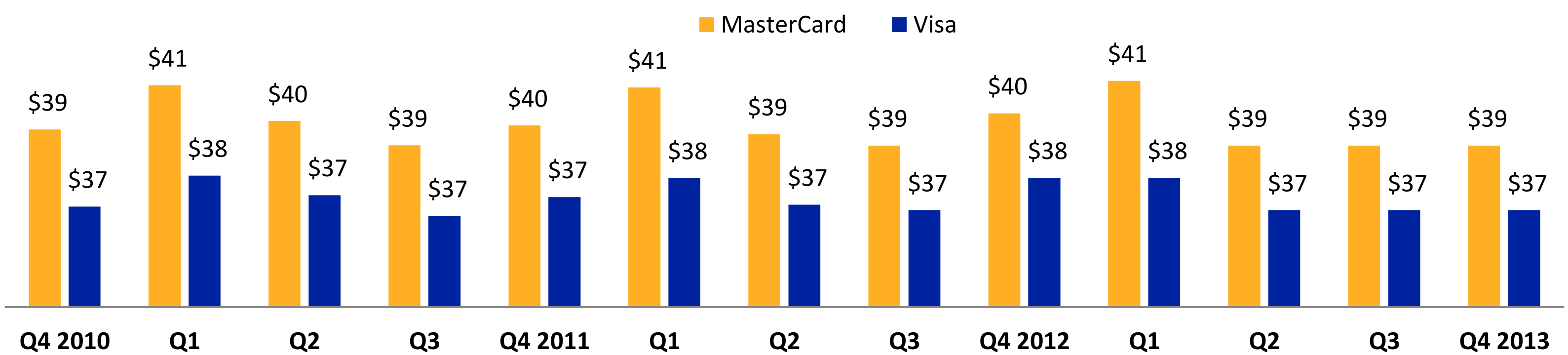
MasterCard & VISA US *Credit Card* Average Tickets



Q4 2012 to Q4 2013: Credit Card Ave. Ticket

MasterCard: **+2.3%** **Visa:** **0.0%**

MasterCard & VISA US *Debit Card* Average Tickets



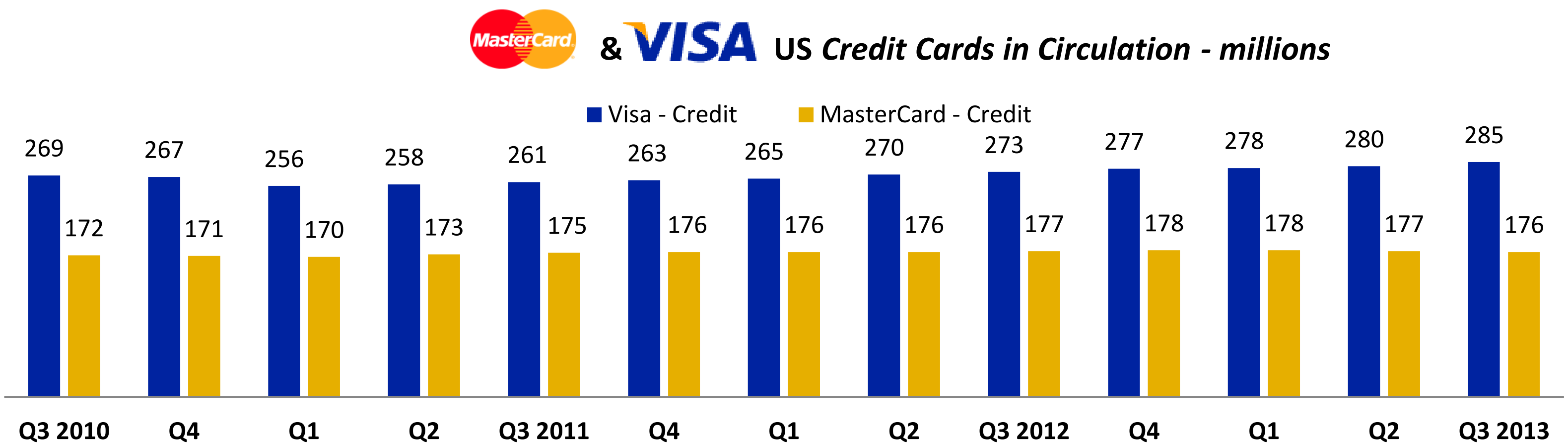
Q4 2012 to Q4 2013: Debit Card Ave. Ticket

MasterCard: **-2.5%** **Visa:** **-2.6%**

**Ave tickets may not match data in previous slides due to rounding*

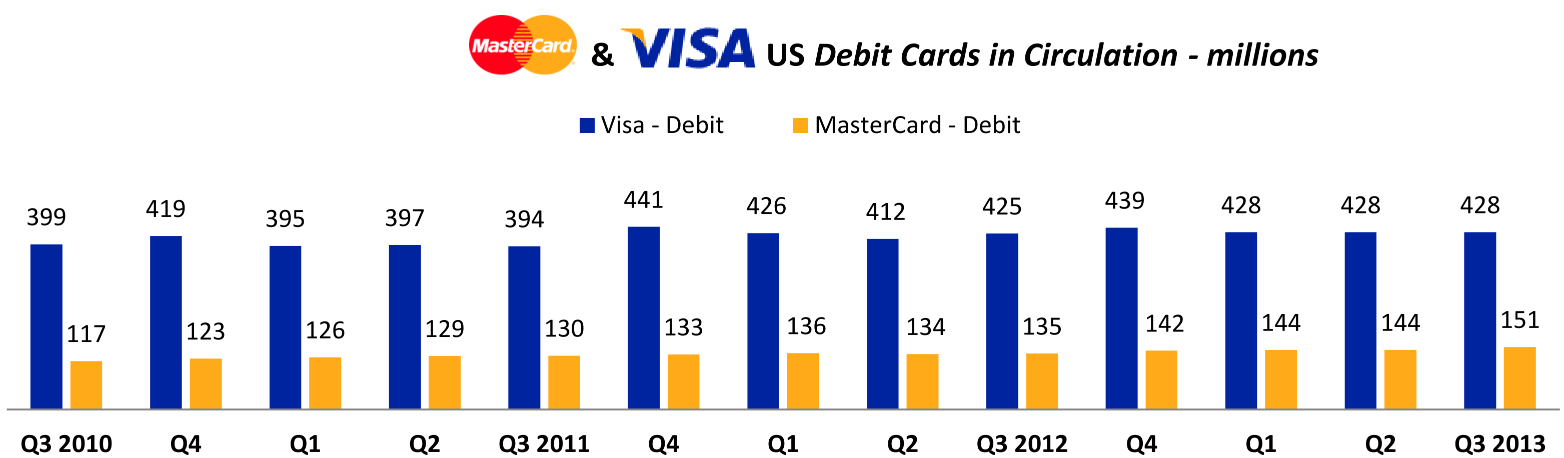
** % may not calculate due to rounding*

Card Volumes



Q3 2012 to Q3 2013: Credit Cards in Circulation

MasterCard: **+0.6%** **Visa:** **-0.6%**

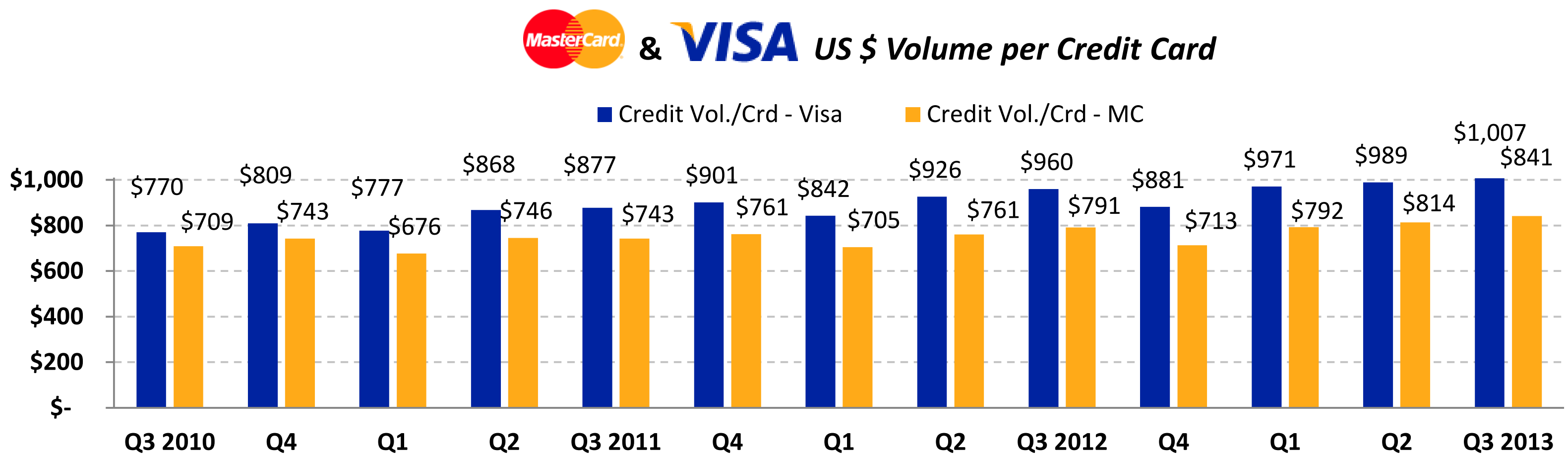


Q3 2012 to Q3 2013: Debit Cards in Circulation

MasterCard: **+11.9%** **Visa:** **+0.7%**

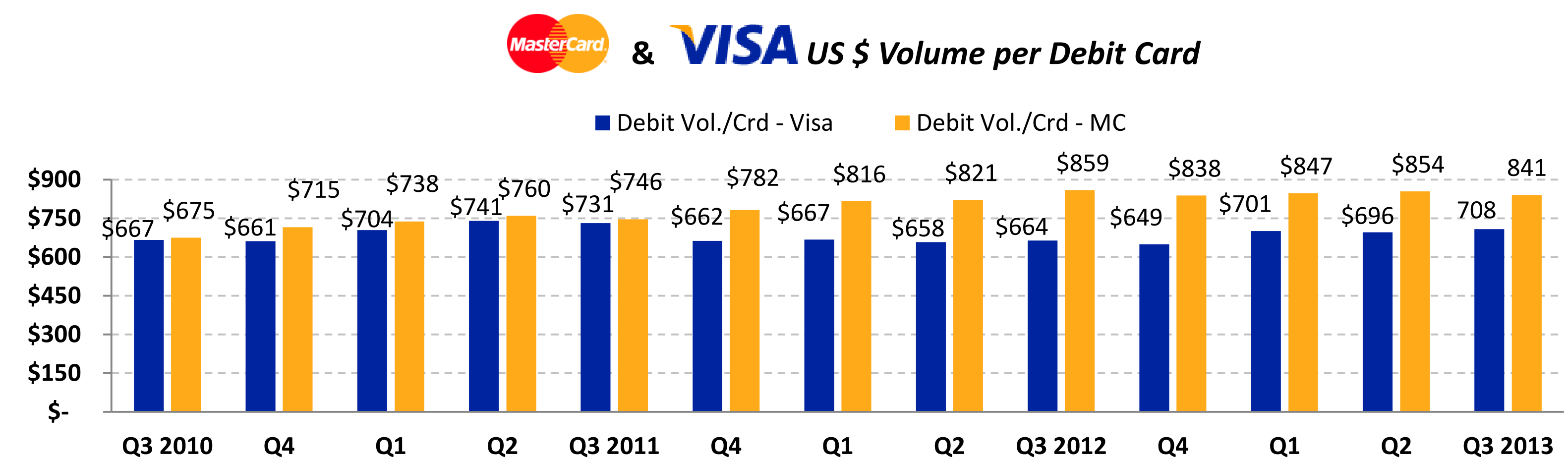
** % may not calculate due to rounding*

Card Volumes



Q3 2012 to Q3 2013: Volume per Credit Card

MasterCard: **+6.3%** **Visa:** **+4.9%**



Q3 2012 to Q3 2013: Volume per Debit Card

MasterCard: **-2.1%** **Visa:** **+6.6%**

** % may not calculate due to rounding*

About ETA

The Electronic Transactions Association (ETA) is an international trade association representing companies who offer electronic transaction processing products and services. The purpose of ETA is to influence, monitor and help shape the merchant acquiring industry by providing leadership through education, advocacy and the exchange of information. ETA's membership spans the breadth of the payments industry, from financial institutions to transaction processors to independent sales organizations (ISOs) and equipment suppliers. More than 500 companies worldwide are members of ETA. Please visit www.electran.org for more information.

About TSG

The Strawhecker Group (TSG), founded in 2006, is a management consulting company focused on the global electronic payments industry.

TSG clients include merchant acquirers/ISOs, issuers, the card brands, technology and mobile companies, processors, major merchants, bank specialty lenders and private equity firms, as well as banks and financial institutions.

The TSG team consists of proven industry leaders with extensive experience leading companies through explosive growth periods, mergers and acquisitions, technology-driven strategies, and data-driven decision making within the Payments Industry.

TSG's Service Groups

Payments Strategy - Payments Strategy encompasses the full spectrum of advisory services within the Payments Industry. The depth of these services is built on deep industry knowledge - the Partners and Associates of the firm have an average of over 20 years of industry experience. With clients from card issuers to merchant acquirers, TSG has the experience and expertise to provide real-time strategies.

Transaction Advisory - Whether buying or selling, seeking investment funding, or planning your company's exit strategy, TSG's experience can be critical to achieving success. TSG has performed more than 100 Payments Company Valuation and/or Business Assessments in the past three years - ranging in value from $1 million to $1 billion.

TSG Metrics - TSG Metrics, the strategic research and analysis division of TSG, provides the Payments Industry with highly focused research and industry-wide studies. TSG Metrics takes data, boils it down to information, transforms it to knowledge and presents it to provide wisdom to its client partners.

Other recent TSG reports and analysis include (Click for more information):

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- **TSG Analysis: Global Acquisition of PayPros**
- **What Benefits Me By Paying a Credit Card Swipe Fee**
- **TSG Mobile Payments Infographic**
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