



# 2010 Investor Day

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March 11, 2010





# Global Prepaid Solutions

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**Brian Triplett**  
Head of Global Prepaid Products



# Product and Services Strategy

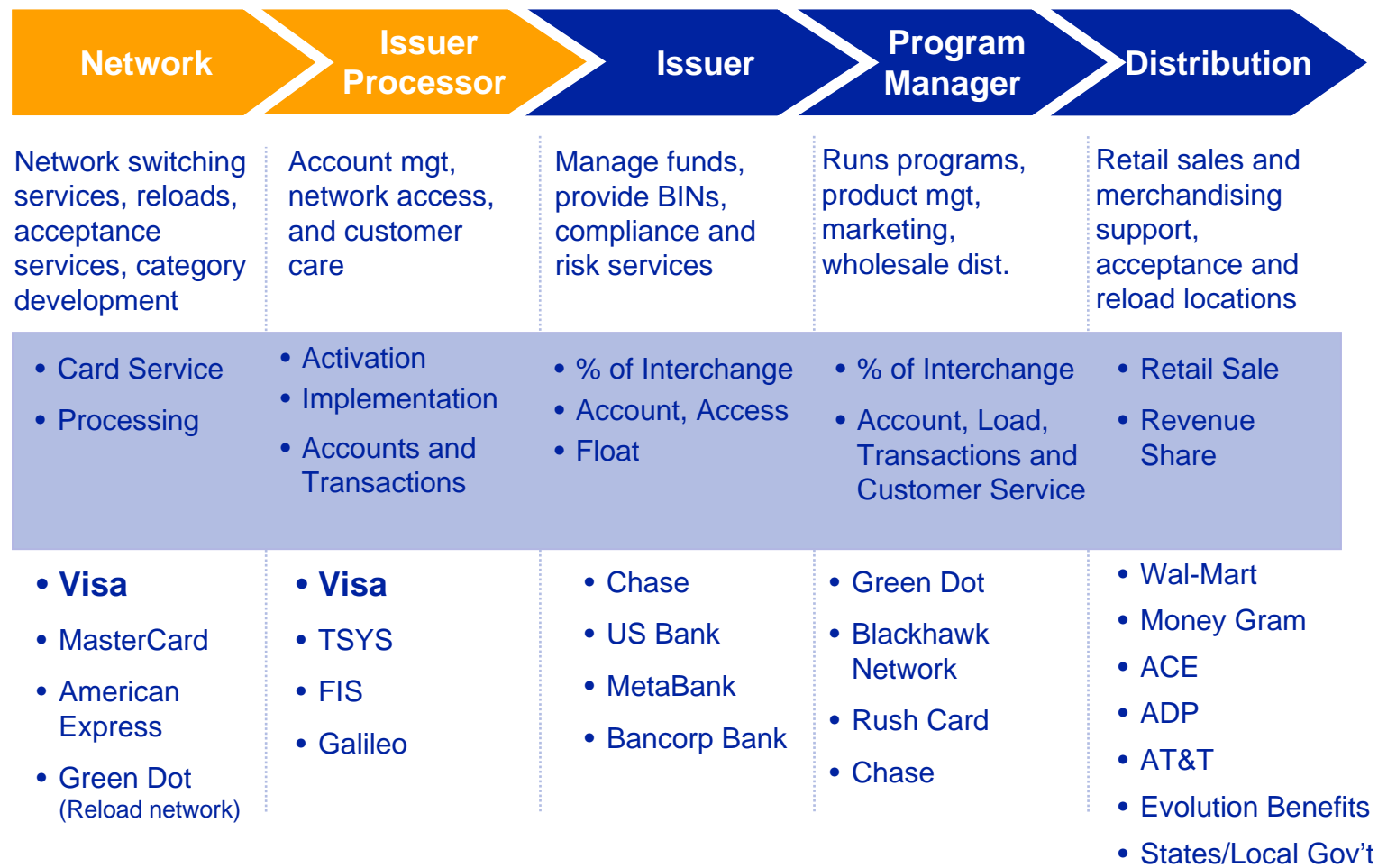


## > Goal:

**Drive growth of Prepaid products across all core segments with an emphasis on the underbanked**

- Expand core business in the U.S.
- Extend to key countries internationally
- Integrate and innovate with other products and services to drive new revenue streams

# Prepaid Value Chain



**Consumers – Corporations – Governments**

Visa participates
  Visa does not currently participate

Sources: Aite Group, "Prepaid Cards: The State of the Industry," 7/2007, Visa Inc. Analysis

# Prepaid Global Expansion



➤ More than **10,000 programs** totaling over **135 million** active Visa cards across **110 countries...**



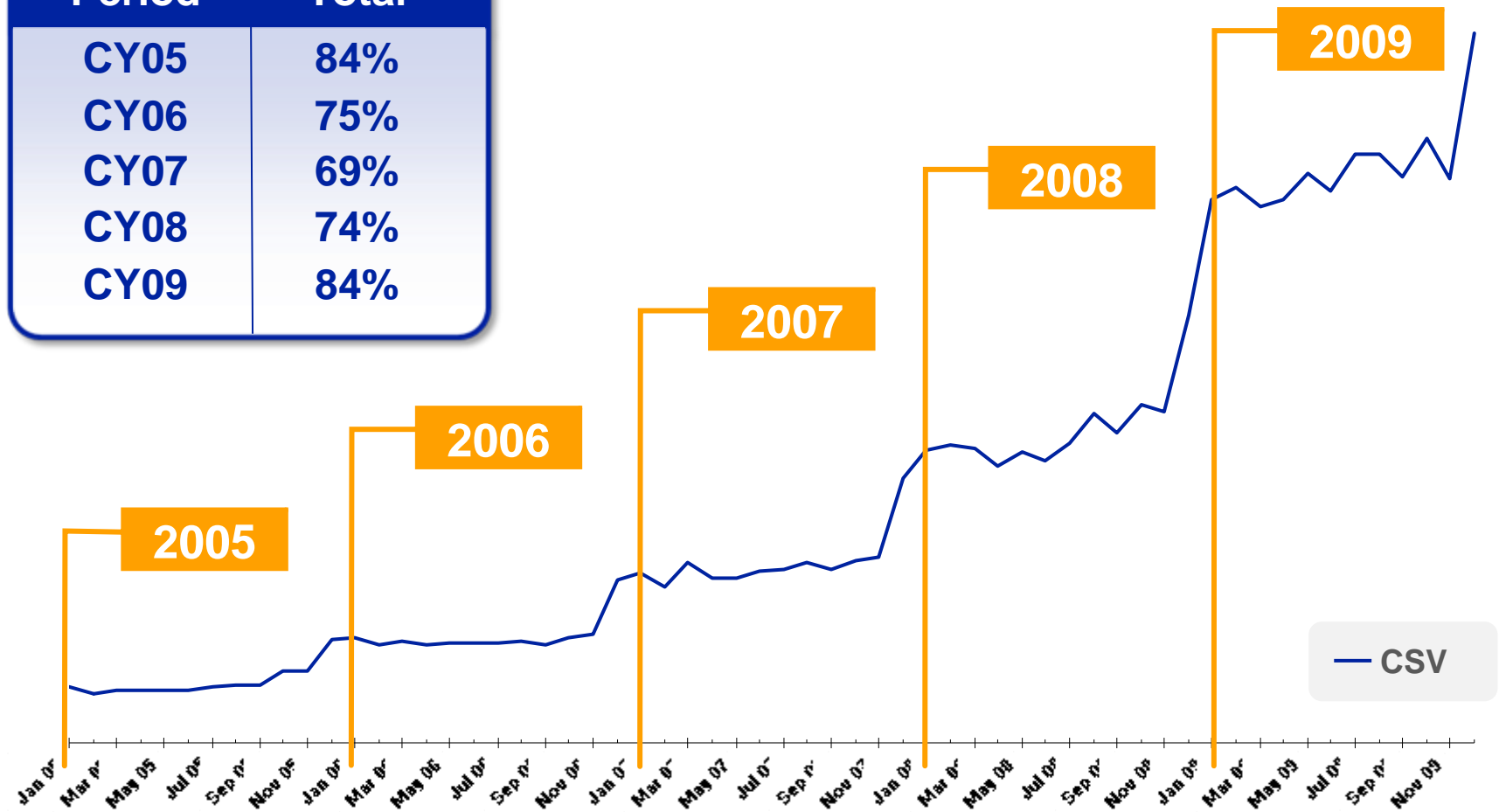
...Prepaid continues to be the **fastest growing** form of payment for Visa for the **sixth consecutive year**

Note: As of October 2009 Visa Inc., and Visa Europe

# Visa U.S. Prepaid Volume Trends



Period	Total
CY05	84%
CY06	75%
CY07	69%
CY08	74%
CY09	84%



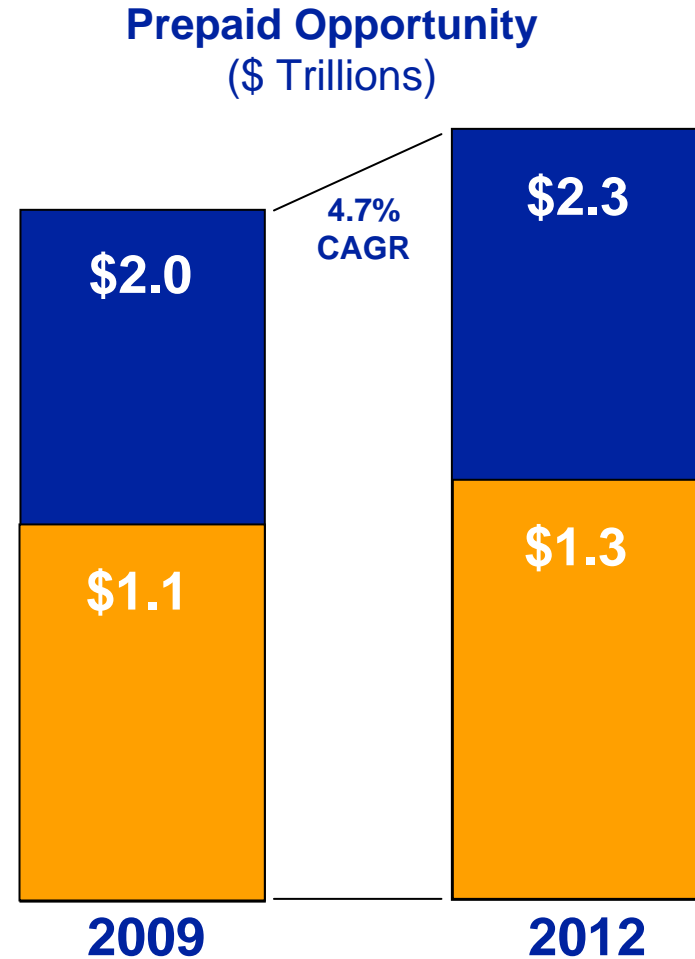
Source: VisaNet

Note: Total Volume (CSV) = Payments Volume + Cash

# U.S. Estimated Industry Opportunity



- 2009 U.S. prepaid segment estimated at \$2.0 trillion 56% or \$1.1 trillion is the projected cardable opportunity
- Category growth projected at 4.7% compounded annual growth
- Leading segments as percent of cardable opportunity:
  - General Purpose: 33%
  - Payroll: 15%
  - Government: 10%
  - Gift: 10%



Visa Inc. U.S. Prepaid Industry Segment Study, 2009

Figures represent estimated prepaid industry opportunity and do not reflect anticipated Visa volumes, transactions or prepaid segment share.

The estimated opportunity sizing in this presentation is directional only and Visa is not responsible for any business decisions made using the enclosed data.

# Leader in Major Prepaid Categories



➤ Visa measures leadership not in individual programs but by breadth of reach and depth of our relationships

- **Gift: 57%** Visa share compared to Amex 28%, MA 15%\*
- **Government Disbursements: 71** programs in **39** states
- **General Purpose:** distribution in **90,000** retail locations
- **Payroll:** over **10,000** companies run Visa payroll programs
- **Healthcare: 7 of top 10** insurance companies offer Visa
- **Incentive: 80%** of incentive program managers prefer Visa

\* Source: IRI Sales Data CY2009

# Industry Awards and Recognition



➤ Annual PayBefore Awards recognize Visa and our Partners' contribution to prepaid across all major categories

- **Best Government Program:** US Bank Visa Reliacard
- **Most Innovative Program:** US Bank PayID card
- **Best General Purpose:** Walmart Visa MoneyCard
- **Best New General Purpose:** Western Union Visa MoneyWise Card
- **Best Non-US Program:** Vancouver 2010 Olympic Games, Citizens Bank of Canada and Vancity Credit Union
- **Best B2B Corporate Funded Card:** Bancorp Visa InsurCard
- **Best B2C Corporate Funded Card:** Sprint Referral Rewards Visa Card

\* Source: PayBefore Industry Awards; PayBefore.com

# Differentiated Prepaid Innovation



Comprehensive product portfolio, network enhancements and operational support

## Products



Consumer



Corporate & Government



Employee Benefits

## Platform Services

Partial Authorization

Advanced Authorization

Visa ReadyLink

Auto-Substantiation

Visa AuthorizeFirst

Network Services

## Infrastructure

Rules & Guidelines

Regulation

Analytics

Operations

Innovation

Processing

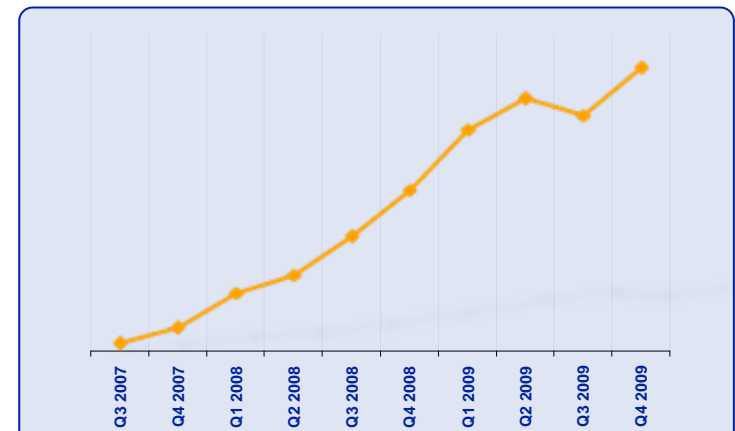
# Visa ReadyLink Load Innovation



- National retail reload network with over **50,000** participating locations
- **Immediate availability** of funds
- Introduced ability to **reload through ATM's**



Active Merchant Locations



Quarterly Load Activity

# Partial Authorization Success



- Improves **customer and merchant experience** by easily enabling split tender at the point-of-sale
- Developed and **introduced first by Visa** (April 2005)
- In major merchant categories, **increased approvals by up to 44%**, decreased NSF declines up to 82%
- Over **45,000 locations** with a growth rate of 41%, anticipate accelerated adoption as Debit issuers utilize PA to satisfy **new overdraft requirements**



Note: Transactions include offline and Interlink; Partial Authorizations in MM for CY2009. Source: VisaNet

# Prepaid Innovation and Integration



# Focus for 2010 and Beyond



- **Growth:** With a focus on the underbanked, accelerate expansion in the U.S. and lay the infrastructure for expansion in key geographies around the world

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- **Innovation:** Open new channels of distribution with an emphasis on commercial and government segments

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- **Partnership:** Differentiate value-add through increased marketing programs, client portfolio analytics, comprehensive research and creation of new product categories



# Global Commercial Solutions

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**Darren Parslow**  
Head of Global Commercial  
Product Strategy



# Product and Services Strategy



## > Goal:

**Provide differentiated, innovative payment solutions to enable commercial spend capture**

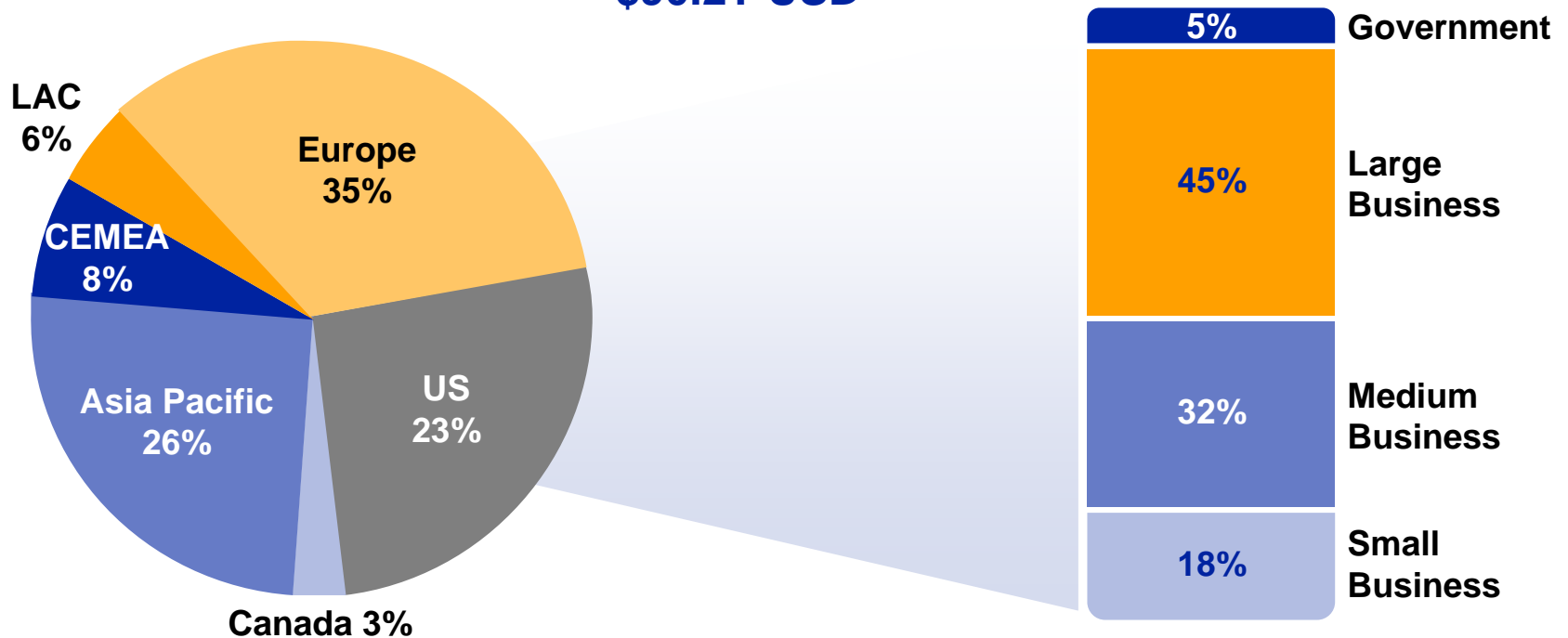
- **Grow the core** to drive revenue growth
- Expand platform to **new geographies**
- **Penetrate** commercial opportunity via products that accelerate shift to electronic payments
- Utilize technology and information platform innovations to capture **new spend categories**

# Global Commercial Opportunity



➤ **Commercial Consumption Expenditure (CCE) Index Measures Business-to-Business and Government Spending**

**2008 Global CCE  
\$90.2T USD**



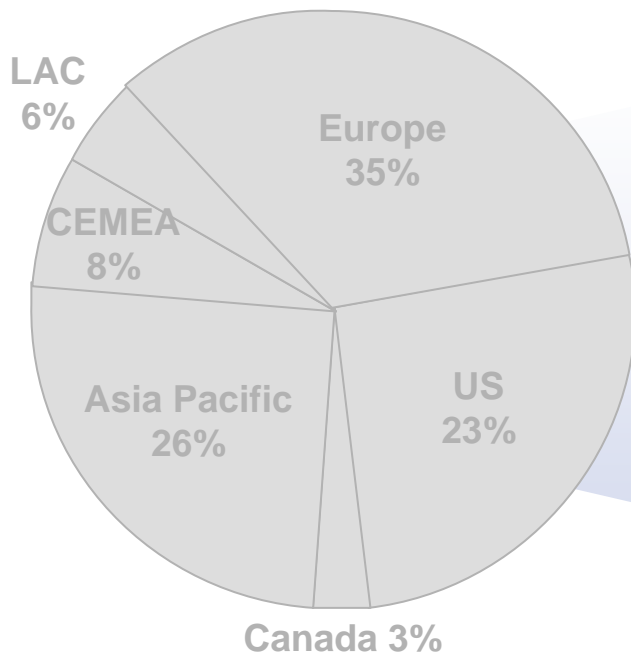
Source: Visa Commercial Consumption Expenditure Index; Economist Intelligence Unit (EIU) modeling and analysis, June 2009. Global CCE index data sources include Bureau of Economic Analysis (BEA), U.S. Census Bureau, Organization for Economic Cooperation and Development (OECD), STructural ANalysis (STAN) Database, EuroStat Database, General Government Accounts from the National Accounts of OECD Countries, United Nations Statistics Division National Accounts Main Aggregates Database, EIU proprietary databases, government data and EIU model estimates where government data was unavailable. Large contracted defense spending not included in CCE index.

# Global Commercial Opportunity

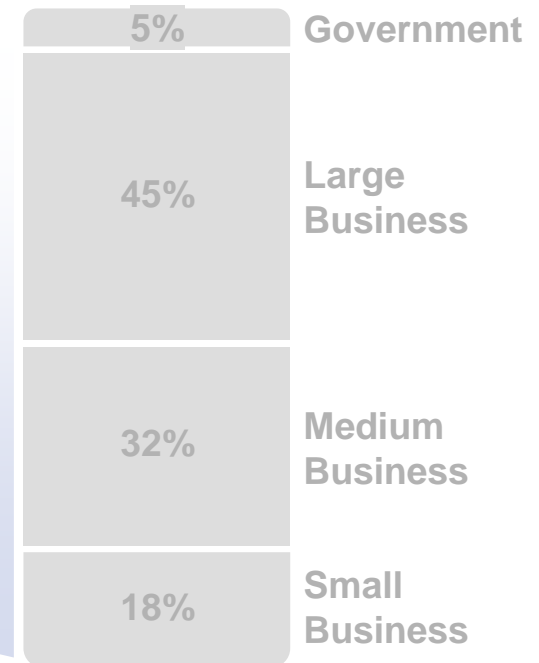


Commercial Consumption Expenditure (CCE) Index Measures Business-to-Business and Government Spending

## 2008 Global CCE \$90.2T USD



- Addressable by cards: ~10%
- Addressable by new platforms: TBD
- Current card industry CCE penetration: ~2%



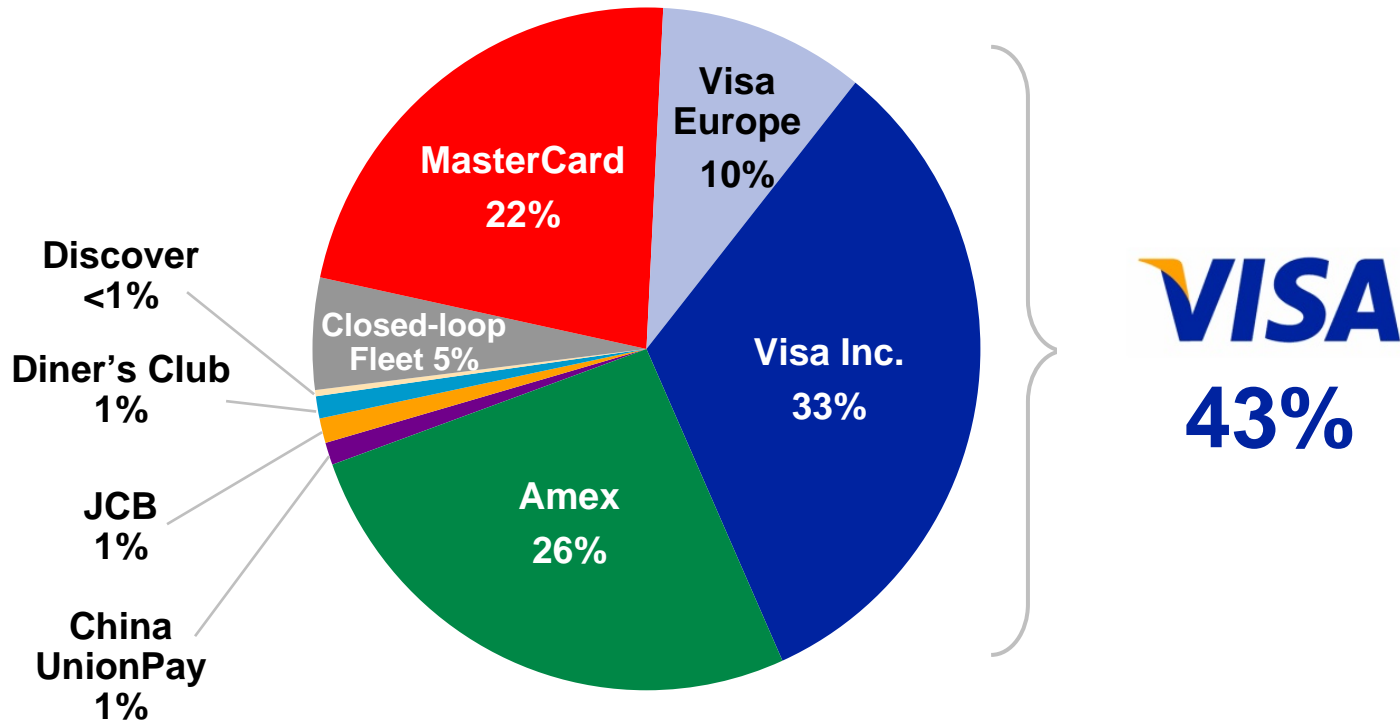
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# Global Commercial Leadership



➤ Visa is the commercial segment leader with 43% volume share

## 2009 Global Commercial Card Volume by Brand



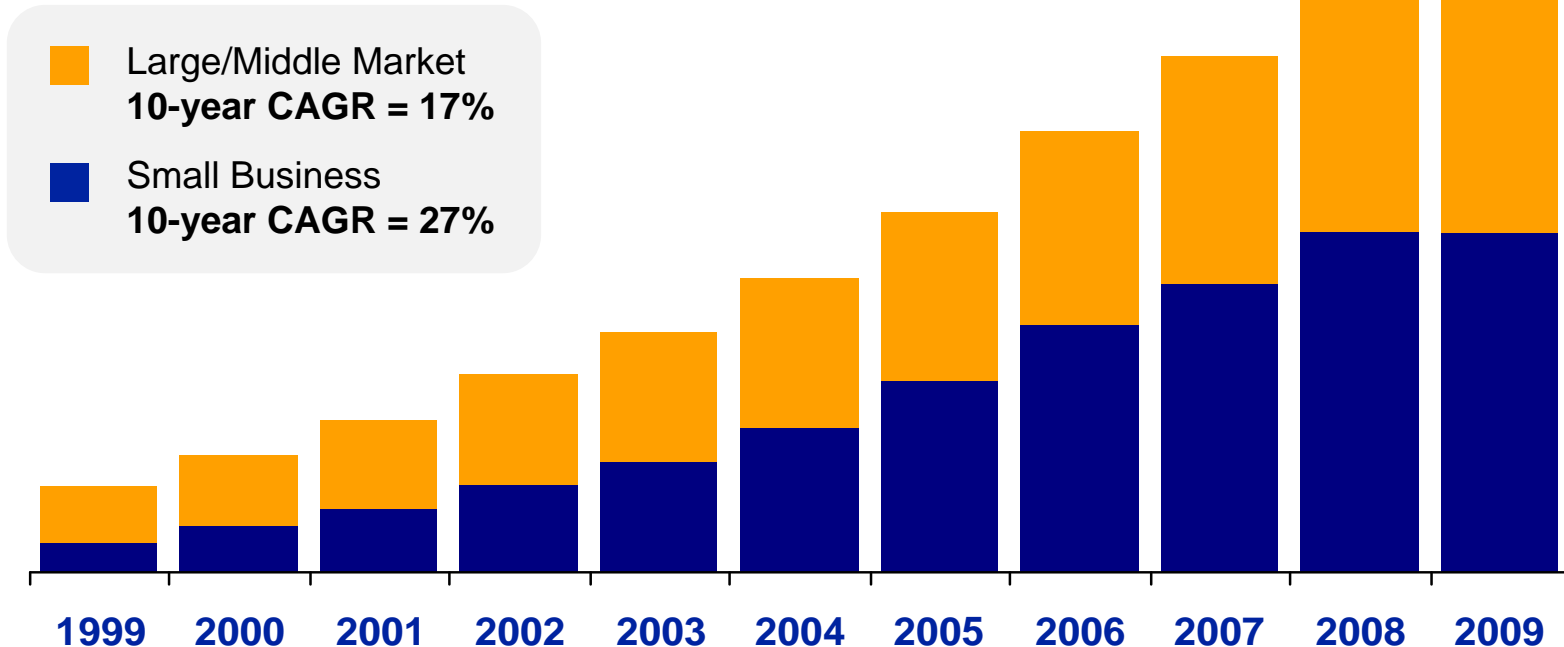
# Global Commercial Performance



➤ Visa Commercial product volume has delivered over 20% growth over the last 10 years

## Visa Inc. Commercial Volume 1999 – 2009 CAGR = 22%

**\$318B**



Source: Visa Inc. Operating Certificates for 4 quarters ending September each year in constant dollars. Purchase volumes shown for Business Credit, Business Debit, Corporate, Purchasing. CAGR = Compound Annual Growth Rate. \$318 billion for 4 quarters ending September 2009.

# Commercial Innovation Milestones



**1989**

Launched industry's first Purchasing Card for the U.S. Government

**2001**

Launched Visa Information Source web-based reporting

**2006**

Launched Signature Business premium card

**1999**

Launched Commercial Card for Middle Market

**2005**

Introduced Program Optimization

**1997**

Launched Fleet Card

**2004**

Created Commercial Consumption Expenditure (CCE) index

**2009**

Introduced Syncada

**1998**

Launched Business Check Card

**2001**

Launched first hotel (folio) data offering

**2008**

Launched Meetings Card

**1993**

First to offer suite of Business, Corporate and Purchasing payment cards

**2003**

Launched Visa Information Management

**2008**

Launched Visa Payables Automation

**2009**

Launched IntelliLink Spend Management

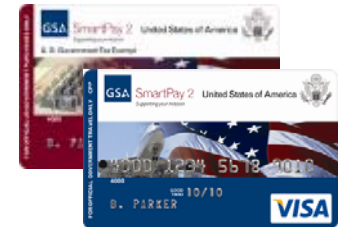
# Global Commercial Product Portfolio



Segment

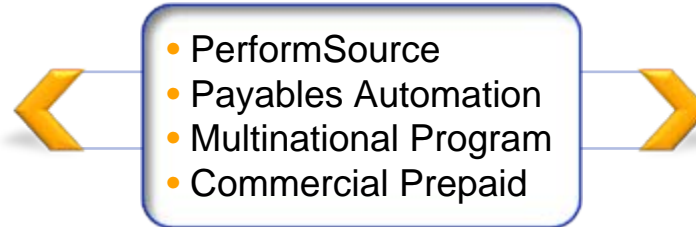


Core Products



Specialized Products

Vertical Cards



Data and Reporting

## Visa IntelliLink



Regulatory



Spend & Expense Management



Compliance, Fraud & Misuse

# Small Business Products



➤ Delivering compelling value propositions to meet the financial needs of small businesses

Cash Flow

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Convenience

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Control

## Small Business Products



Notes: <sup>1</sup>Selling, general and administrative expenses; <sup>2</sup>Cost of goods sold; <sup>3</sup>Visa Business Line of Credit Access Card not shown

# Small Business Innovation



# 1

## Visa Business Network (VBN)

- Help small business owners **connect** and achieve goals

THE  
VISA BUSINESS  
NETWORK BETA

# 2

## Visa SavingsEdge

- Radio and digital **advertising support** with merchant mentions promoted through online channels

Visa SavingsEdge

Save your business money the hassle-free way.

# 3

## Convenience Acceptance

- Enable acceptance via emerging payment and technology channels
  - Invoice/POS Convergence
  - Electronic Bill Presentment & Payment (EBPP)



# Large/Middle Market/Government Products **VISA**

➤ Meeting sophisticated requirements of large companies through core T&E and purchasing platforms

**Spend Visibility and Control**

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**Cash Flow Management**

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**Cost Savings from Process Efficiencies**

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**Integration with Financial Reporting Systems**

## Large/Middle Market/Government Sector Products



- Middle Market One Card



- T&E
  - Multinational Program
  - Central Travel Accounts



- Procurement & Payables



- Public Sector

# Large/Middle Market/Government Innovation **VISA**

1

## Vertical Solutions

- Targeted **industry and geographic** solutions to drive commercial payment spend capture
  - Meetings Card
  - Visa Cargo
  - Visa Agro
  - Distribution Card



2

## Visa PerformSource

- Optimization tools and benchmarking to drive adoption of **industry best practices**
  - Key metrics and process benchmarking
  - Payables spend analysis



3

## Visa Payables Automation

- Delivers **cost and process efficiencies** related to the accounts payables process for mid/large-sized companies
  - Non-card / single-use / real-time capabilities
  - Purchase controls for invoice spend



# Visa IntelliLink Platform



## ➤ Visa IntelliLink Spend Management

- **Global solution that provides spend visibility, insight and control**
  - Information reporting
  - Expense management
  - Non-card spend integration
  - Consolidated multinational management

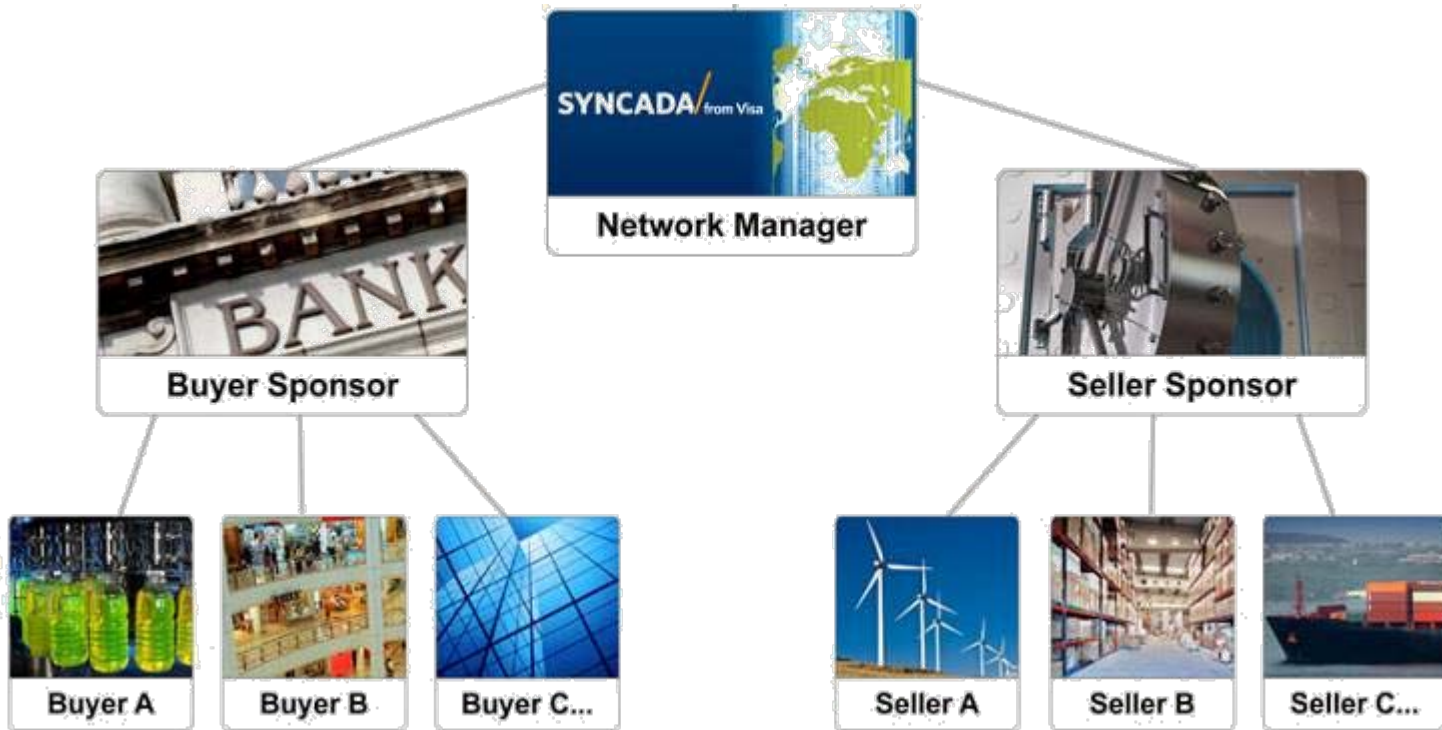


## Visa IntelliLink Compliance Management

- **Fraud and misuse management, strategic sourcing and predictive tools currently used by the U.S. Government; expanding to U.K., Canada and private sector in 2010**



➤ Enabling increased control and efficiency over financial supply chains through global business-to-business network



➤ **Invoice Processing**

➤ **Invoice Payment**

➤ **Trade Finance**

\* Syncada is a joint venture between Visa and US Bank



# Global Processing and Acceptance

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**Marc Luet**

Head of Global Processing,  
Acceptance and Advisory Services

# Processing Strategy



## > Goal:

**Deliver processing services and solutions that drive Visa's product and acceptance growth**

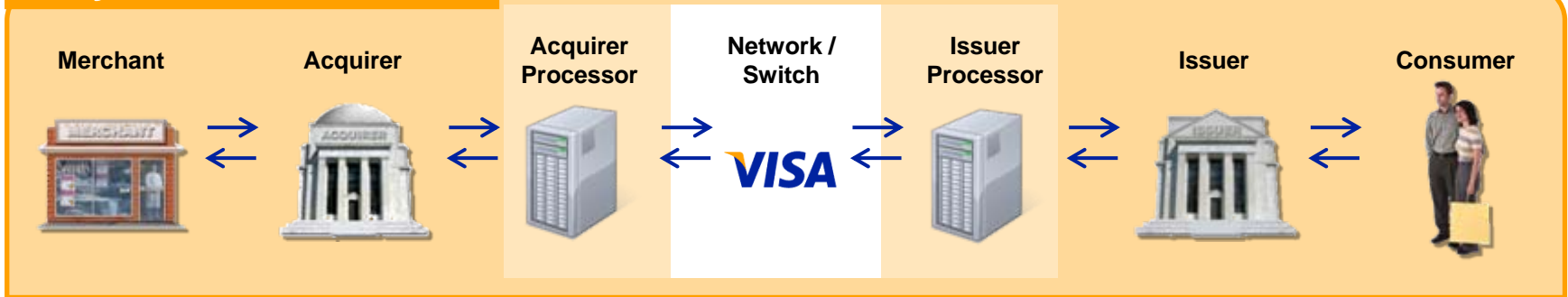
- Drive increased number of transactions over VisaNet
- Deepen client relationships by expanding into the processing value chain
- Deliver value added services enabled by processing the transaction

# What is Processing?



Processing is comprised of three components: network, issuer and acquirer processing

## Payments Value Chain



### Acquirer Processing:

- Merchant set-up and ongoing maintenance
- POS terminal setup and servicing
- Billing statement management
- Help desk and technical support
- Connectivity to Network
- Risk Fraud management

### Network Processing:

- Transaction authorization, clearing, and settlement processing
- In-flight transaction risk services
- Exception item processing
- Establishment of business practices and standards

### Issuer Processing:

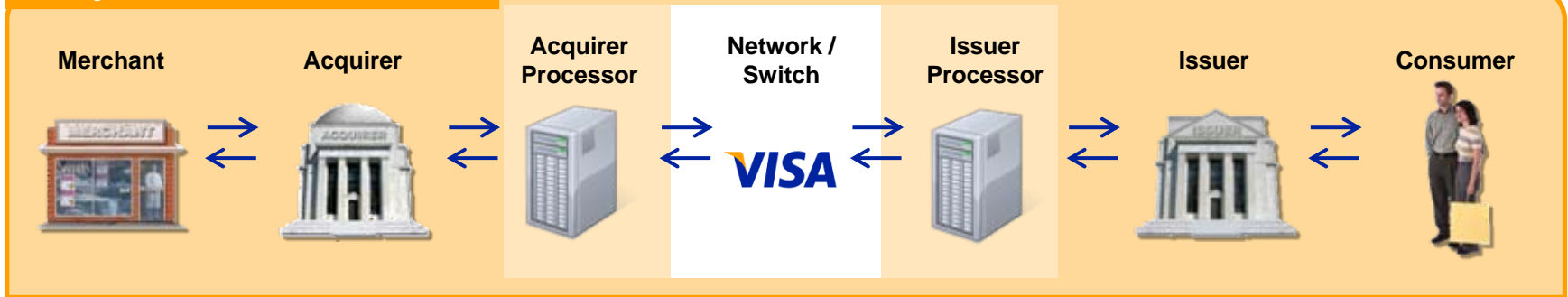
- Transaction processing – authorization, settlement, ATM Driving
- Fraud/Risk services
- Back office tools/operations
- Card management
- Network Connectivity / Gateway Services
- Call Center services

# What is Processing?



Processing is comprised of three components: network, issuer and acquirer processing

## Payments Value Chain



### Currently Evaluating

- Merchant set-up and ongoing maintenance
- POS terminal setup and servicing
- Billing statement management
- Help desk and technical support
- Connectivity to Network
- Risk Fraud management

### VisaNet

- Transaction authorization, clearing, and settlement processing
- In-flight transaction risk services
- Exception item processing
- Establishment of business practices and standards

### DPS & VPS

- Transaction processing – authorization, settlement, ATM Driving
- Fraud/Risk services
- Back office tools/operations
- Card management
- Network Connectivity / Gateway Services
- Call Center services

# VisaNet Overview



➤ VisaNet is a centralized and modular payments network, providing three essential functions in one complete, flexible package



## Transaction Processing

- 130 million transactions every day
- 165 currencies
- Over 195 countries
- Over 16,000 financial institutions
- Capable of handling over 20,000 transaction messages per second

## Risk Management

- Protect against:
  - Fraud
  - Theft
  - Unauthorized use
- Deliver real-time fraud scoring and multiple layers of security

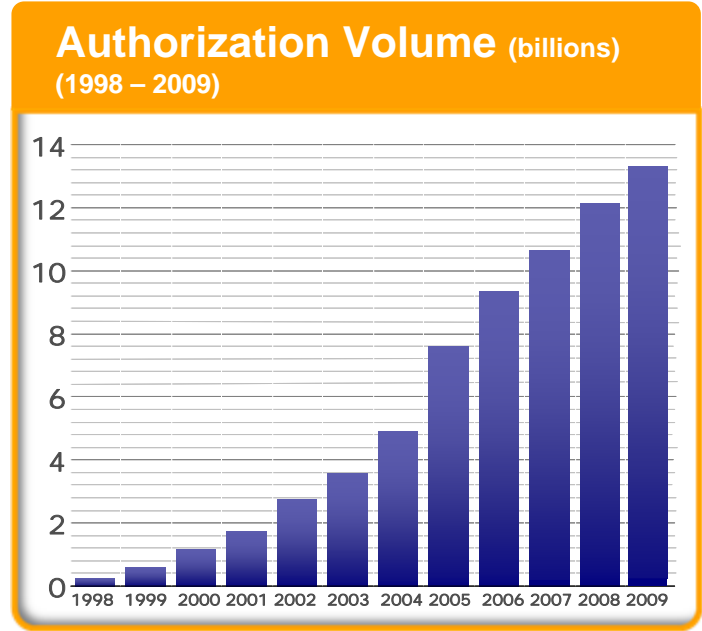
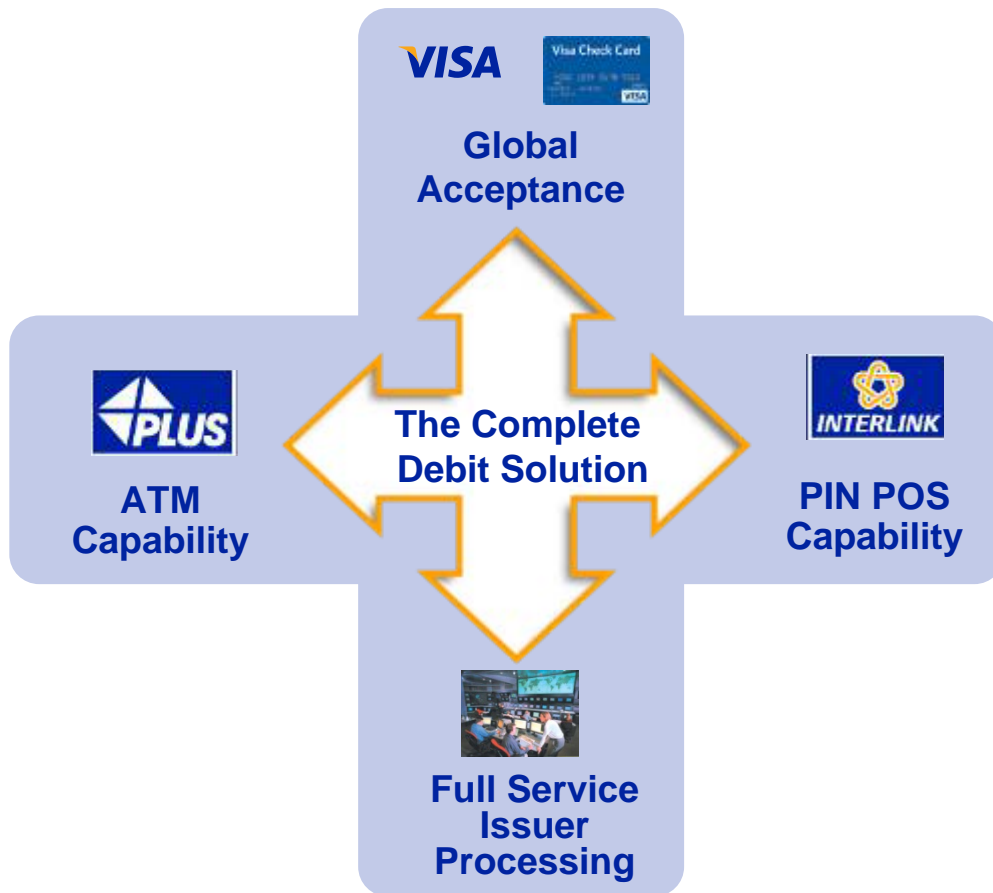
## Information & Analytics

- Transformation of data to business intelligence
- Optimization of revenue
- Enrichment of the cardholder experience
- Empowerment of governments and businesses to better manage expenditures

# DPS Overview



➤ Debit Processing Service (DPS) is Visa's issuer processing provider in the U.S. to provide processing services to support Visa brand product strategies and strengthen key client relationships



Source: DPS

# VPS Overview



➤ Recognizing the strategic and financial importance that DPS proved to be in the U.S., VPS was formed in 2008 to serve as the issuer processing provider for international clients

## Strategic Rationale for Creation of VPS

- Expansion into value chain outside U.S.
- Support product development and brand
- Drive incremental revenue

## VPS Service Offering

### Tailored Programs

- Multiple:
- Products
  - Currencies
  - Card types
  - Languages

### Multi-Channel Enablement

- Retail POS
- Mobile
- Online
- ATM
- Branch

### Program Management

- Credit and fraud risk management
- Exception processing
- Card and account management
- Reporting

### Dedicated Client/ Cardholder Support

- Account maintenance
- Alerts and notification
- 24/7 call center support

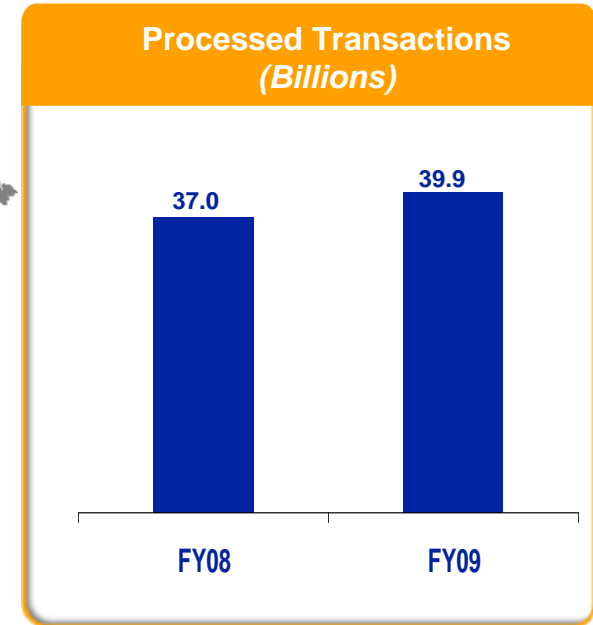
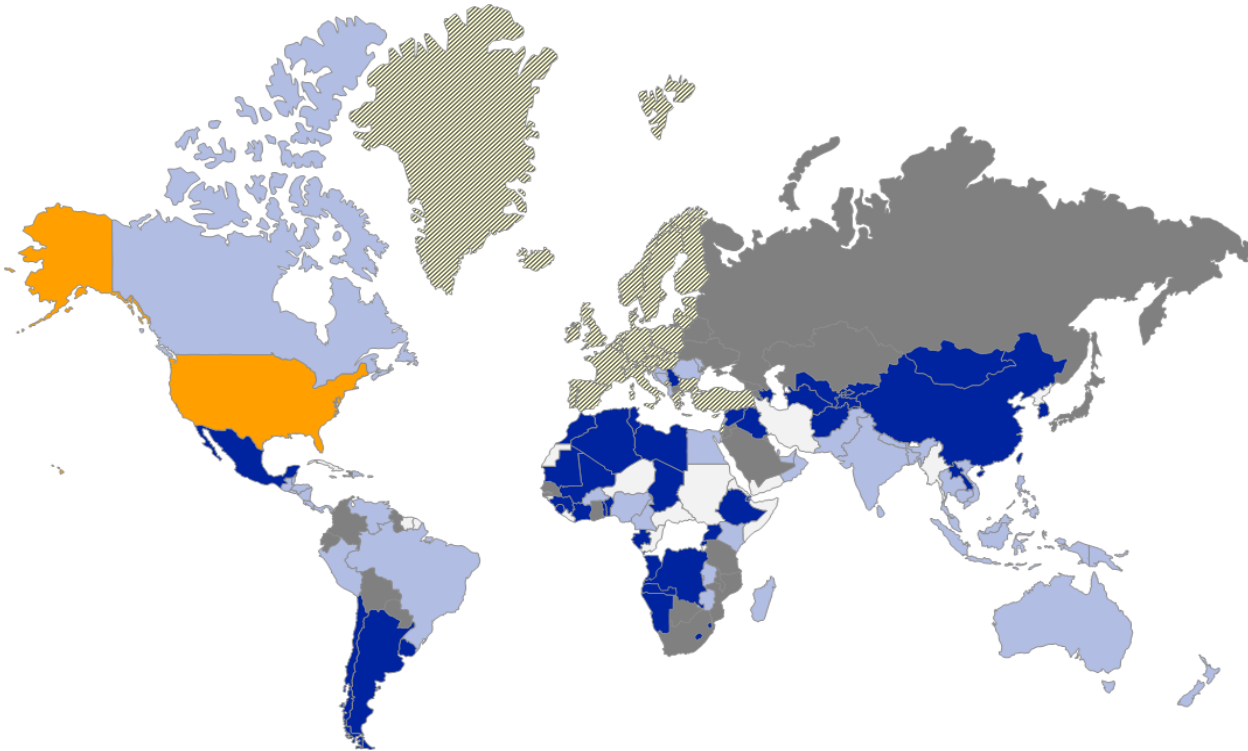
### Network Transaction Processing

- Authorization routing
- Settlement reconciliation

# Global VisaNet Penetration



➤ Outside the U.S., Visa faces network processing challenges



~100%: U.S.

>50%: Canada, Australia, India, Brazil

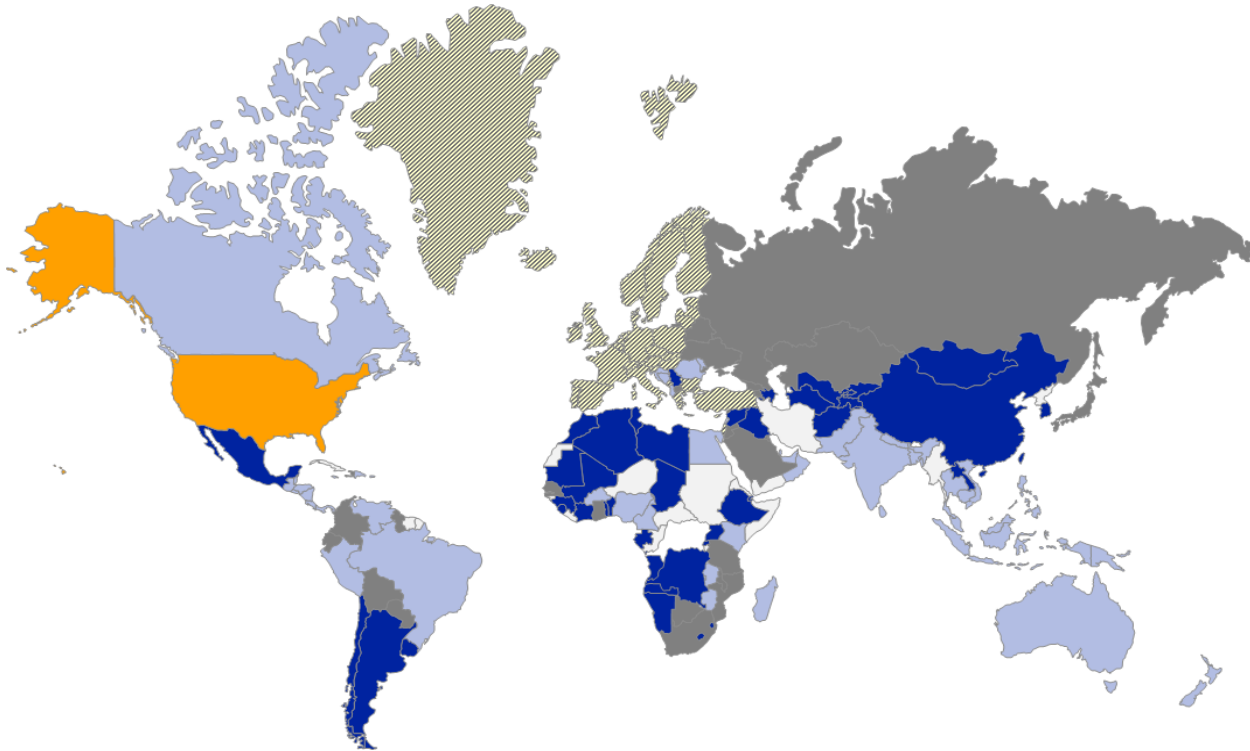
<50%: Russia, Japan, GCC

0%: China, Mexico, South Korea

# Global VisaNet Penetration



➤ Outside the U.S., Visa faces network processing challenges



## Alternatives to VisaNet

1. On-us transactions
2. Bi-lateral arrangements
3. Domestic / 3<sup>rd</sup> party networks

■ ~100%: U.S.

■ >50%: Canada, Australia, India, Brazil

■ <50%: Russia, Japan, GCC

■ 0%: China, Mexico, South Korea

# Acceptance Strategy



## > Goal:



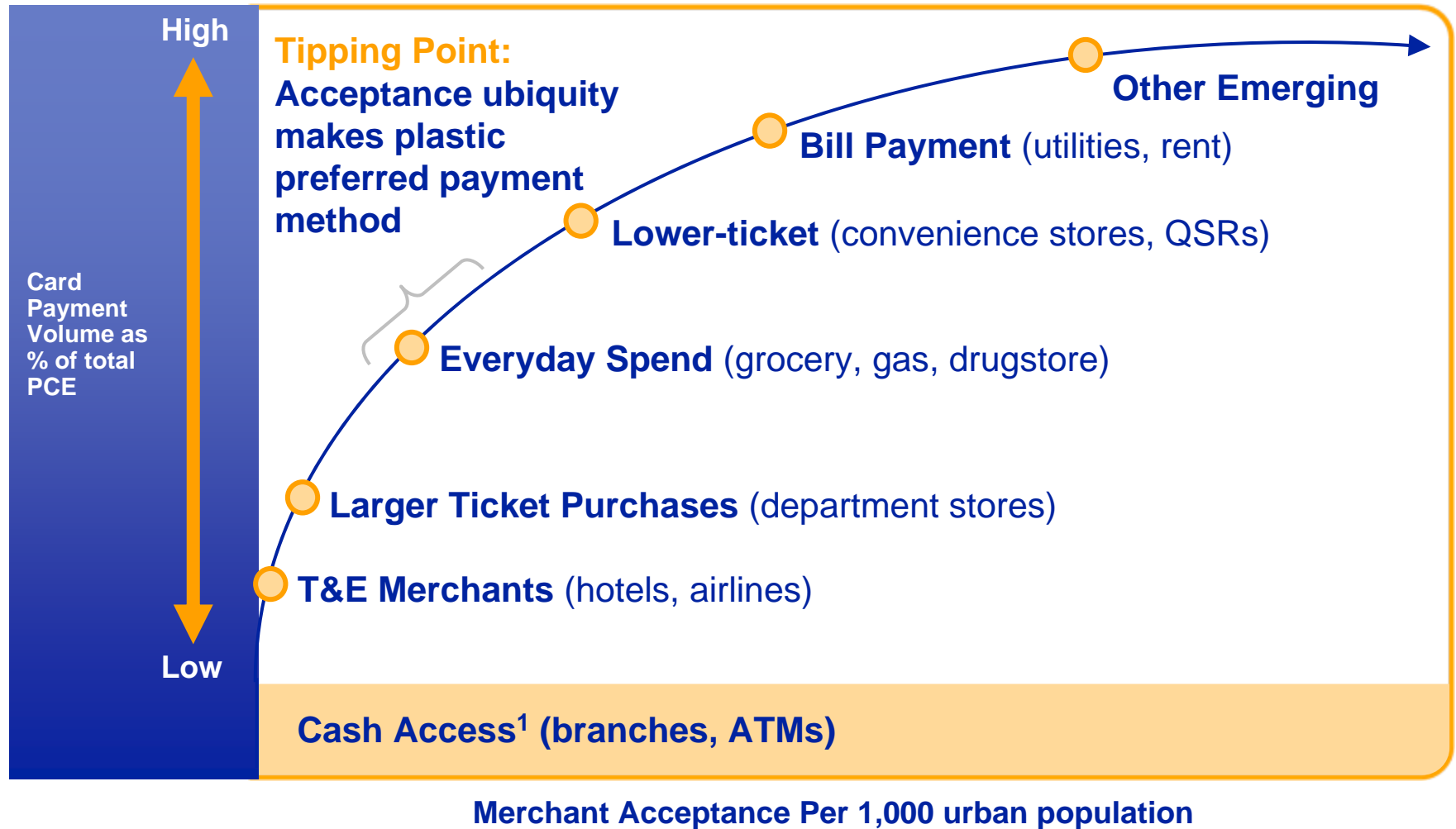
### **Accelerate the electronification of commerce**

- Increase acceptance locations in targeted geographies and merchant categories
- Drive usage by delivering a superior customer experience at the point of sale
- Enhance value of network by delivering new products and services to customers
- Accelerate PCE penetration by supporting global acceptance infrastructure

# Acceptance Across Segments



## Country Development Lifecycle



<sup>1</sup>Cash access is the foundational element for most geographies, with the exception of the U.S. and Canada, where cards were used for payment volume prior to the development of ATMs

# U.S. Priority Segments



Although the U.S. is a sophisticated market from a payments perspective, there are still several large segments for Visa to grow acceptance

Category	Key Tactics
<b>Debt Repayment</b>	<ul style="list-style-type: none"><li>• Partner with top financial institutions</li><li>• Develop usage programs with partners</li></ul>
<b>Bill Payment</b>	<ul style="list-style-type: none"><li>• Create consumer awareness through marketing programs</li><li>• Promote usage through leading billers</li><li>• Provide incentives to 3rd parties and acquirers to sign up new acceptors</li></ul>
<b>Charities</b>	<ul style="list-style-type: none"><li>• Partner with top charities</li><li>• Launched charitable giving portal</li></ul>
<b>Healthcare Out of Pocket</b>	<ul style="list-style-type: none"><li>• Create healthcare best practices</li><li>• Establish relationships with key industry groups and industry service providers</li><li>• Evaluate healthcare provider portal</li></ul>
<b>Vending and Taxi</b>	<ul style="list-style-type: none"><li>• Establish industry partnerships to grow acceptance</li><li>• Provide incentives to expand acceptance</li><li>• Promote awareness with cardholders</li></ul>

# Global Priority Segments



➤ Everyday spend is a focus across most priority countries but tactics vary based on market conditions

Country	Priority Segments
<b>India</b>	Retail, Bill Pay, Insurance
<b>Russia</b>	Grocery, Petrol, QSR, Bill Pay
<b>Brazil</b>	Grocery, Petrol, QSR, Bill Pay
<b>Japan</b>	Grocery, Drug, Convenience
<b>GCC</b> (Saudi Arabia)	Grocery, Small Ticket
<b>Australia</b>	QSR, Small Ticket, Bill Pay
<b>Mexico</b>	Petrol, Grocery, Retail, Small Ticket, Bill Pay

## Acceptance Levers

- Acquirer / processor infrastructure
- Economic incentives
- Operational support
- Best practices & toolkits
- Awareness marketing
- Targeted merchant promotions

# Visa Corporate Strategy



**Vision:** The world's best way to pay and be paid  
**Mission:** Accelerate the electrification of commerce

**Grow participants of network:** Issuers, acceptors, cardholders, new users

**Grow usage of network:** Drive brand preference, expand channels, increase processing penetration

## Turning Strategy Into Action

Developing domestic processing action plans for eight priority countries

Rolling out value added services like advanced authorization outside the U.S.

Competing for SBI-led JV in India

Expanding VPS into new countries

Rolling out enhanced mobile application offering for DPS clients

Executing acceptance initiatives in priority countries



# Building on Trust: Securing the Payments System

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**Ellen Richey**  
Chief Enterprise Risk Officer

# Payment System Risk: The Mission



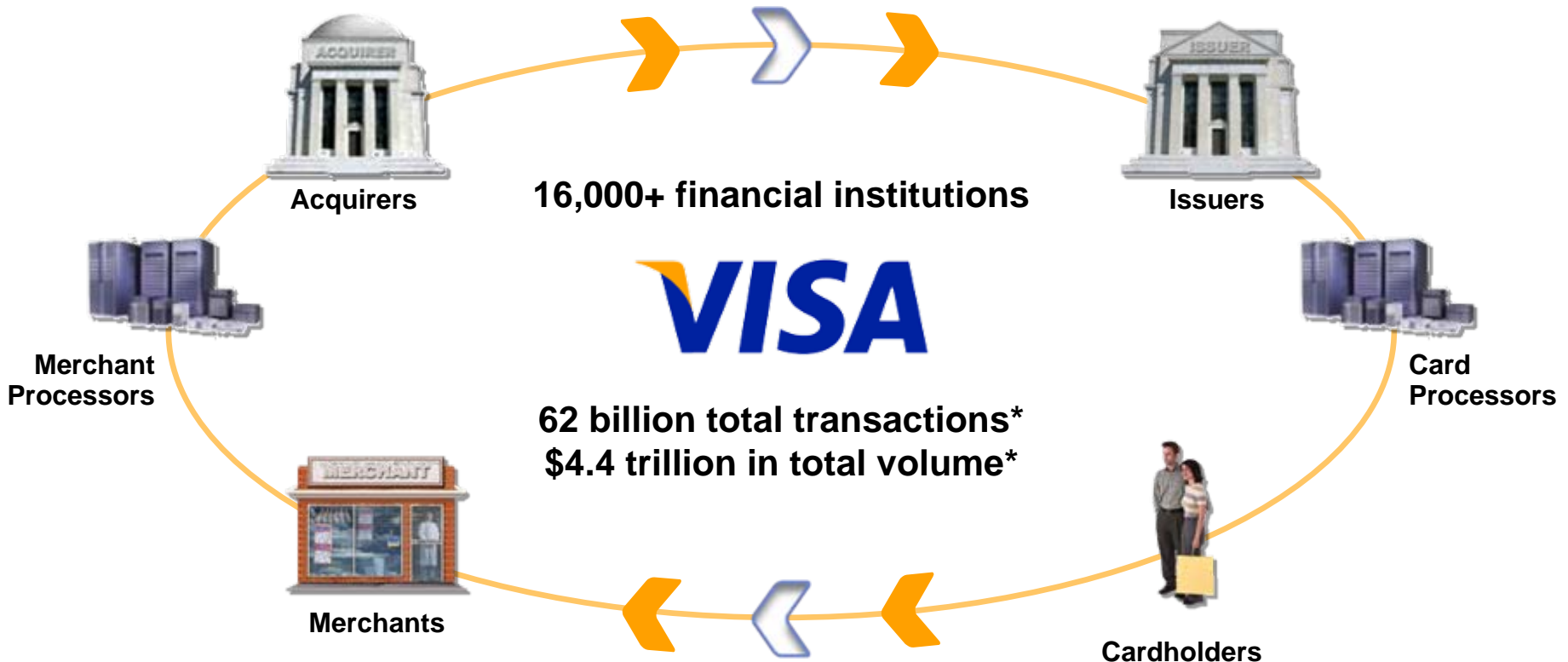
➤ Sustain **stakeholder trust** and **business growth** by promoting the integrity and security of the payment system



# The Center of Electronic Payments

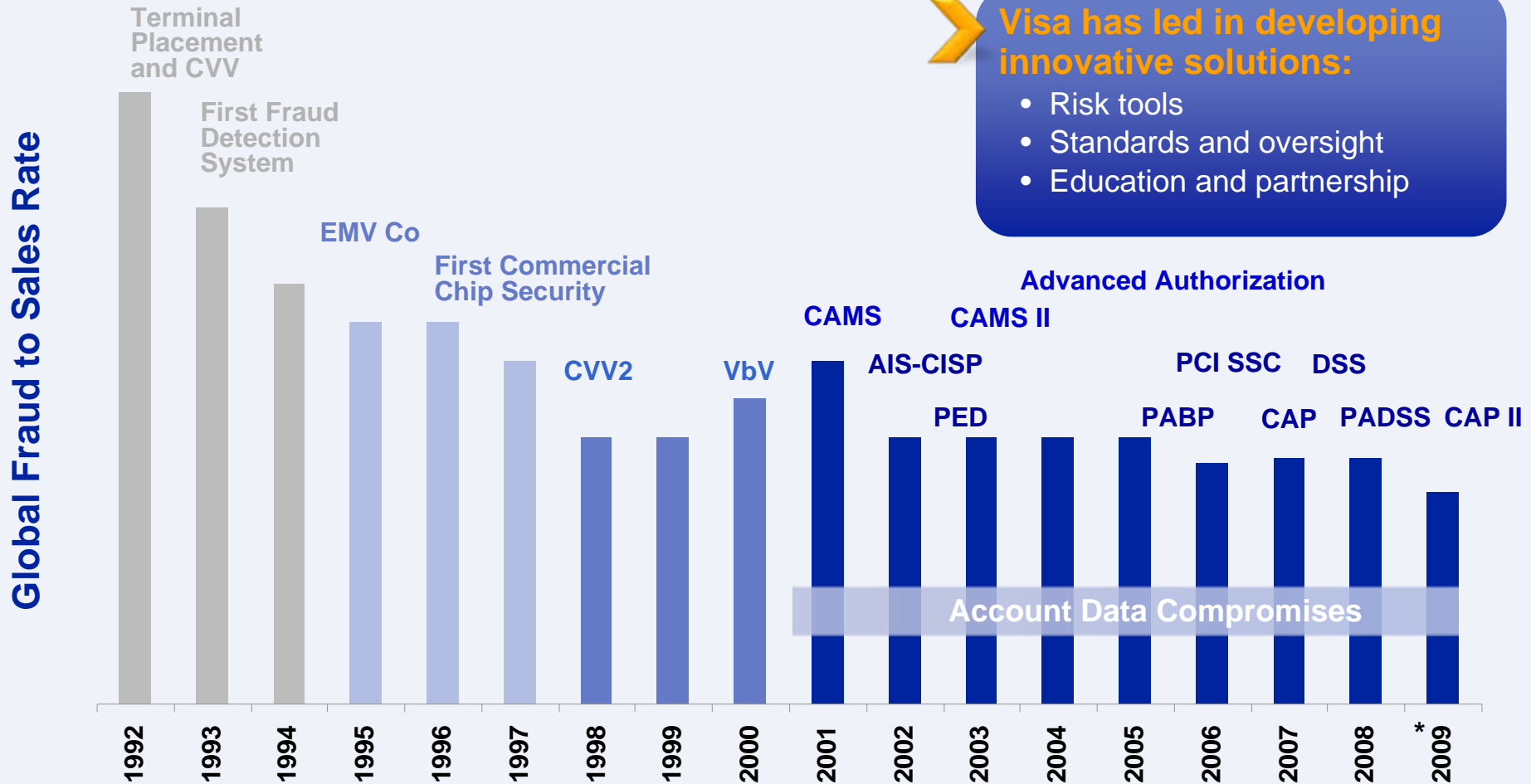


Protecting the payment system is a shared responsibility among participants



\* Source: Visa Inc. data for 12 months ended December 2009

# Controlling Fraud through Innovation



Visa has led in developing innovative solutions:

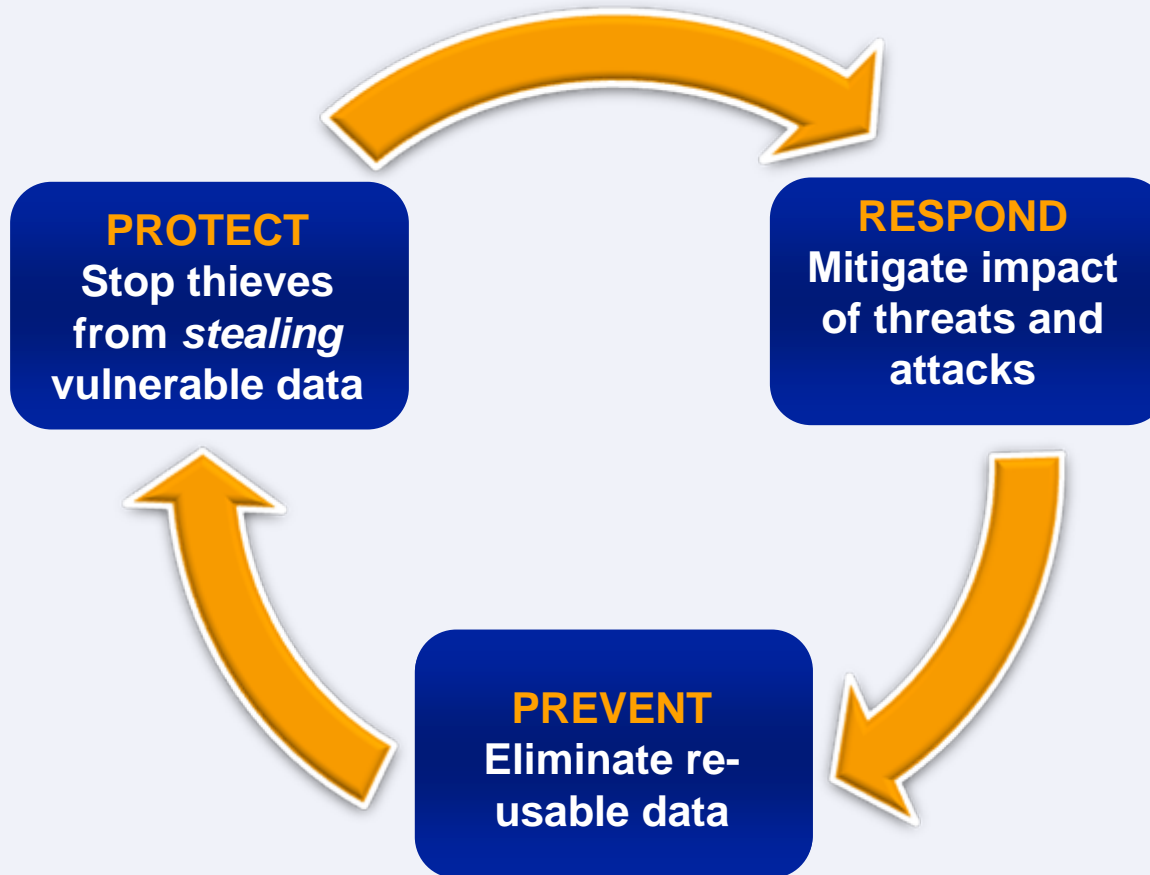
- Risk tools
- Standards and oversight
- Education and partnership

Source: Visa Inc. - Reported fraud to Sales Volume  
 \*2009 through September

# Payment System Risk Strategy



➤ **Maintain Trust in Visa Payments**



➤ **Partner with Clients & Stakeholders**

# 2010: The Security Challenge



➤ **Fraudsters have evolved their business models and migrated between channels, products and geographies**

➤ **Criminals continue to adapt and challenge the system**

- The number of compromise incidents involving cardholder information has grown globally
- Stakeholder costs are increasing
- Security tops consumer concerns
- Regulators name “cybersecurity” a top priority

## THE WALL STREET JOURNAL

The Menace in the Machines ---  
Cyber-Scams On the Uptick In  
Downturn  
M.P. McQueen  
29 January 2009

## Consumer Reports

Falling economy pushing  
cybercrimes up  
May 21, 2009

## The Washington Post

Visitors to a Brazil bank's web site  
were redirected to a counterfeit site  
designed to steal customer  
credentials  
24 April 2009

## LA PRENSA - PANAMA



Nov 2009

# Protect the System



➤ Lead the industry in protecting vulnerable payment data

## Standards

- Data Security
- Application and Device Security
- Encryption

## Education

- Training and Consulting
- Implementation guidance
- Best Practices and Guidelines

## Tools

- Device and service testing
- Analytics and Reporting
- Alerts and Bulletins

## Oversight

- Incentive Programs
- Requirements and Mandates
- Partnerships and Compliance

Opportunity: Shrink the “Card Data Environment” to reduce stakeholder cost and risk

# Respond to Threats



➤ Minimize the impact of threats on stakeholders through early identification and advanced event management

	Identify	Analyze	Mitigate
Tools & Solutions	<ul style="list-style-type: none"><li>• Consumer Alerts</li><li>• Fraud ID systems</li></ul>	<ul style="list-style-type: none"><li>• Point of Compromise Tools</li></ul>	<ul style="list-style-type: none"><li>• Proactive Alerts</li><li>• Authorization Solutions</li></ul>
Programs & Processes	<ul style="list-style-type: none"><li>• Cyber Intelligence &amp; Investigations</li><li>• Fraud Control Programs</li></ul>		<ul style="list-style-type: none"><li>• Zero Liability</li><li>• Incident Response</li></ul>
Information & Partnerships	<ul style="list-style-type: none"><li>• Intelligence Sharing</li><li>• Risk Councils</li></ul>	<ul style="list-style-type: none"><li>• Performance Benchmarking</li></ul>	<ul style="list-style-type: none"><li>• Risk Services</li><li>• Public/Private Partnerships</li></ul>

Opportunity: Identify attacks earlier to shut down fraud faster  
Empower consumers to protect themselves from fraud

# Prevent Attacks



➤ Reduce the incentive for criminals to steal data by eliminating re-usable data from the system

Authenticate Participants

- Signature/PIN
- Passwords
- Challenge-Response
- One time pass-codes

Only the legitimate customer can initiate a transaction

Authenticate Devices

- CVV/CVV2
- dCVV
- IP Validation
- Smart Cards
- Tokenization
- Trusted PC

Data can only be used for the original transaction

Static Data → Dynamic Data

Opportunity: Make transaction data useless by moving to dynamic authentication technologies

# 20/20 Vision



## *The Future of Payments Security*

- 1 Dynamic Authentication:** allowing merchants to focus less on security and more on commerce

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- 2 Powerful Security:** among stakeholders who retain vulnerable data

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- 3 Intelligent Response:** to shut down fraud and put criminals behind bars

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- 4 Solutions that Engage Consumers:** to protect themselves from fraud

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- 5 Innovation, Leadership & Collaboration:** making clients prefer Visa



# Questions and Answers Session

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Brian Triplett  
Darren Parslow  
Marc Luet  
Ellen Richey



# 2010 Investor Day

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