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International



October 11, 1996

Re: Global Consumer Tracking Study - Canada

Gary Heatherington:

Attached is a new draft which incorporates your feedback. Please let me know if I missed anything. Thank you for all your help with this report. It is appreciated.

Also, let us know:

- Who should be on the distribution list.
- If we should e-mail you the Powerpoint chart files. Your region used them last year.

Cheryl

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513

P-0287

MC 74262

*MasterCard
International*



Global Consumer Tracking Study

Canada - Wave 2



**Global Research
MasterCard International**

MC 74263

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Background

MasterCard International fielded the benchmark wave of the Global Consumer Tracking Study in 14 countries in the first quarter of 1995. The advantage of this study over prior research is that it utilizes a consistent research approach in all countries, allowing reliable comparisons to be made worldwide for MasterCard and its competition.

The second wave of this study was fielded in the summer of 1996 in 16 countries. The timing was changed to coincide with sponsorship activity (i.e., MasterCard's Euro '96 soccer sponsorship and Visa's Summer Olympics sponsorship). Countries monitored in each wave are as follows:

Region/Country	Benchmark Wave (1Q'95)	Wave 2 (Summer 1996)
Asia/Pacific		
• Australia	✓	✓
• Japan	✓	✓
• Korea	✓	✓
Canada	✓	✓
Europe		
• Belgium	✓	✓
• France	✓	✓
• Germany	✓	✓
• Italy	✓	✓
• Netherlands		✓
• Scandinavia		✓
• Switzerland	✓	✓
• UK		
Latin America		
• Argentina		✓
• Brazil	✓	✓
• Mexico	✓	✓
Middle East/Africa		
• South Africa	✓	✓
United States	✓	✓

Objectives

The overall objective of this study is to monitor trends for major plastic brands worldwide across the following key dimensions.

- Market development
- Brand, advertising and sponsorship awareness
- Brand ownership and usage
- Partnership linkages
- Brand imagery

The ongoing information will be used to evaluate the impact of MasterCard's current marketing strategies and provide input to support franchise expansion efforts.

Methodology

The sample universe was adult men and women, ages 18 to 64, who were "banked." "Banked" is defined as having one of the following items: savings, money market account, checking account, auto loan, home mortgage loan or plastic card. The Canadian sample consists of approximately 500 interviews distributed across the forty-five largest cities (64% of the total Canadian population). A multi-stage area probability sampling design was used to ensure projectability. (See Appendix A and Appendix B for further details.)

A thirty-five-minute in-person interview was conducted among qualifying respondents.

As planned, the 1996 wave focused on the select "core" tracking measures, which were identified in the benchmark study in order to execute more targeted cost-efficient means of tracking trends.

The fieldwork on the benchmark wave was conducted during the first quarter of 1995. Fieldwork on the 1996 post wave was conducted during the summer of 1996. The study was managed by The Gallup Organization using local vendors listed in Appendix C for the actual fieldwork in each country.

Notable changes versus the 1995 benchmark wave include:

- A prompt directed at ATM brands because of low levels of awareness and ownership registered in the benchmark wave.
- Additional imagery items needed to monitor MasterCard's end-to-end quality standards.
- Special questions regarding spending and revolving behavior to determine how and why Visa and MasterCard spending levels differ in highly developed markets.

Definitions

Listed below are definitions for some of the terms used throughout the report:

- Banked* Consumers who have at least one of the following: savings, money market account, checking account, auto loan, home mortgage, or plastic cards
- Plastic Cards* Cards that can be used to make payments at merchants or obtain cash from ATMs
- Payment Cards* Cards that can be used to pay for goods and services. There are two types of payment cards:
- General Purpose Cards Cards that can be used at a variety of merchants. These cards include "pay later" cards (monthly billing) and "pay now" cards (purchases deducted directly from bank account)
 - Gas/Store Cards Limited use cards that can be used at department stores or gasoline stations
- ATM Cards* Cards that can be used for ATM cash withdrawals (either an ATM or a general purpose card with ATM cash access capability)
- Unprompted Awareness* Spontaneous mention of brand without being aided or reminded of the brand name by the interviewer
- Prompted Awareness* All brand mentions, both unprompted and prompted. Respondents are provided with lists to aid their recall

Executive Summary - Canada

Market Development

Canada is a highly developed plastic market. Plastic ownership is extremely high and growing based on observed increases in payment function and ATM function ownership since the 1995 benchmark wave. Interest in new card acquisition remains high despite a slight decline from the benchmark wave. This decline is probably a direct result of the growth in plastic ownership.

Brand Awareness, Ownership, and Usage

Increased ownership of ATM/payment function cards is driven by ownership growth for three brands: MasterCard, Visa, and Interac (a domestic pay now product). Interac now surpasses Visa as the most frequently owned brand followed by MasterCard. Other brands have a more nominal presence in the marketplace.

Gains were also registered in unprompted brand awareness for almost every major brand. Interac and American Express registered large gains.

- Increased bank emphasis on Interac has positively impacted both awareness and ownership for this product which is used to eliminate/reduce cheque processing costs.
- American Express launch of a credit product targeted primarily to their existing customer base positively impacted brand awareness but did not translate to ownership changes for Optima or American Express.

MasterCard also made moderate unprompted brand awareness gains, narrowing the advantage held by Visa in this market. These gains were made despite Visa advertising expenditures that are four times larger than MasterCard expenditures. Visa still leads on unprompted brand awareness followed by MasterCard, American Express, and Interac.

Given that consumers remember only an average of four names on plastic payment cards, it is not surprising that many of the secondary marks such as Cirrus, Plus, or Maestro have low brand awareness and even lower claimed ownership levels. As a result, branding strategies that take into account the consumer's ability to remember a finite number of brands are under discussion.

Executive Summary - Canada (Cont'd)

In terms of usage, MasterCard spending is slightly lower than Visa spending. In addition, MasterCard owners are less likely to revoke. Several factors influence the Visa advantage. They are:

- Visa has more reward programs that engender more loyal spending among cardholders.
- Demographic differences in the profile may cause lower revolving/spending. The MasterCard franchise is slightly more educated and more frequently male than is the Visa franchise.
- MasterCard is often the second card in the wallet which often results in less loyalty and usage.

To assist MasterCard in capturing a larger share of spending, several initiatives are underway:

- Improving MasterCard's distribution network: Expansion of membership to include other financial entities beyond the major Canadian banks.
- Value positioning: Offering better service, rewards, and pricing to encourage acquisition and usage loyalty

Brand Imagery

Among brand owners, both MasterCard and Visa are at parity on many imagery dimensions. However, Visa does continue to maintain an advantage in two main areas:

- Worldwide acceptance/easy to find acceptance locations (a function of Visa's acceptance positioning)
- Access to cash advances and money (a function of the number of Visa ATM locations)

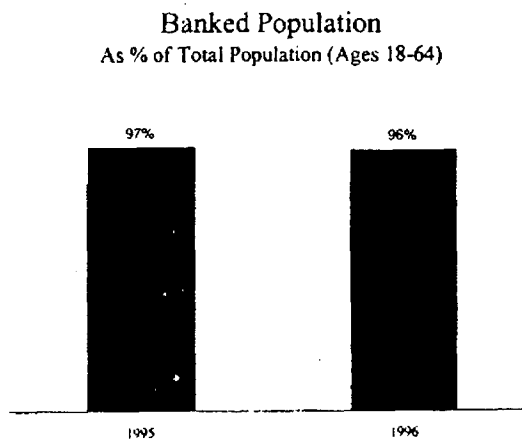
Efforts are underway to combat the MasterCard disadvantage in both areas. The Visa board will be approached regarding a by-law change to allow MasterCard access at Visa ATMs. Since 1993 MasterCard positioning has encompassed an acceptance message aimed at counteracting misperceptions regarding the MasterCard acceptance. This positioning has been effective in narrowing the Visa brand awareness advantage and improving MasterCard acceptance perceptions.

Detailed Findings

A. Size of Banked Universe

The banked universe consists of adults 18 - 64 years who have at least one of the following relationships: savings, checking, money market account, home equity loan, auto loan, mortgage loan or plastic card.

In Canada., nearly all adults are banked. Not surprisingly, this level has remained relatively constant since the 1995 benchmark wave.



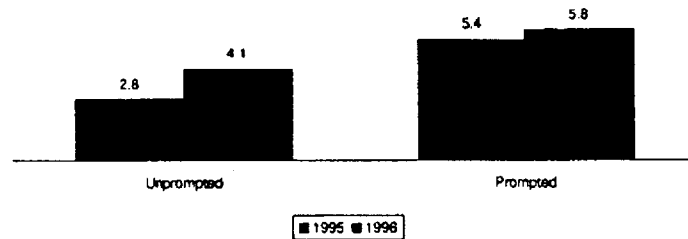
B. Awareness

Number of Brands Recalled

Unprompted brand recall for plastic brands of payment and ATM cards increased in 1996. Almost four brands of payment or ATM cards are remembered by Canadian consumers on an unprompted basis. This change is probably due to a slight wording change made in 1996 in an attempt to increase recall of the ATM brands. The question in 1995 began "Now I would like to discuss your awareness of different names on plastic cards" while the 1996 wording began "Now I would like to discuss your awareness of different names on plastic payment or ATM cards".

When prompted with a list of nine major brands, consumers recognized a little over half, essentially the same level as in the 1995 benchmark wave in which twelve brands were on the prompted brand list.

Number of Brands Recalled



Note: Prompted brand list contained 12 brands in 1995 and 9 brands in 1996.

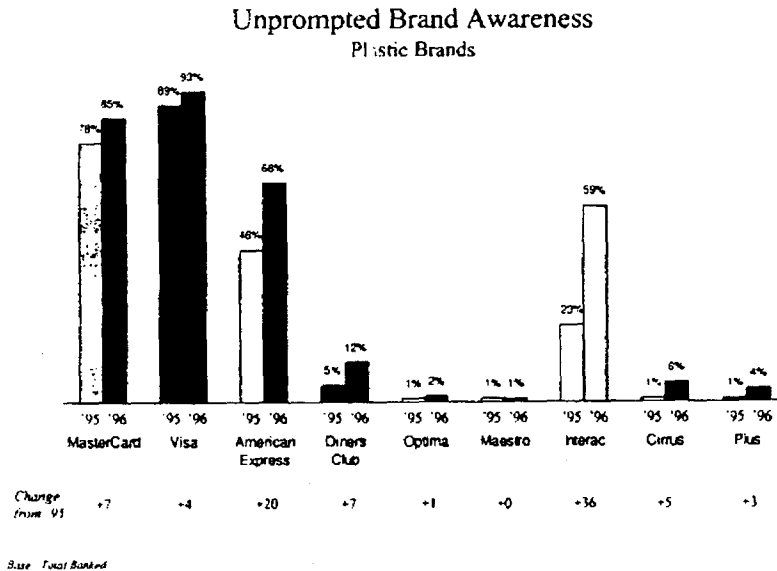
Unprompted Brand Awareness

All major brands in the Canadian market registered increases in unprompted brand awareness. Optima and Maestro are the sole exceptions where unprompted brand awareness remains at nominal levels. Visa and MasterCard continue to be the market leaders followed by American Express and Interac. Unprompted awareness for other brands remain low.

Interac and American Express increased unprompted brand awareness substantially relative to the 1995 benchmark wave.

- The large increase in Interac unprompted brand awareness may be the result of increased emphasis by banks on the Interac Direct Payment in order to reduce bank cheque processing costs.
- The American Express increase is, in part, a function of their Spring 1996 launch of a credit product aimed primarily toward existing customers.

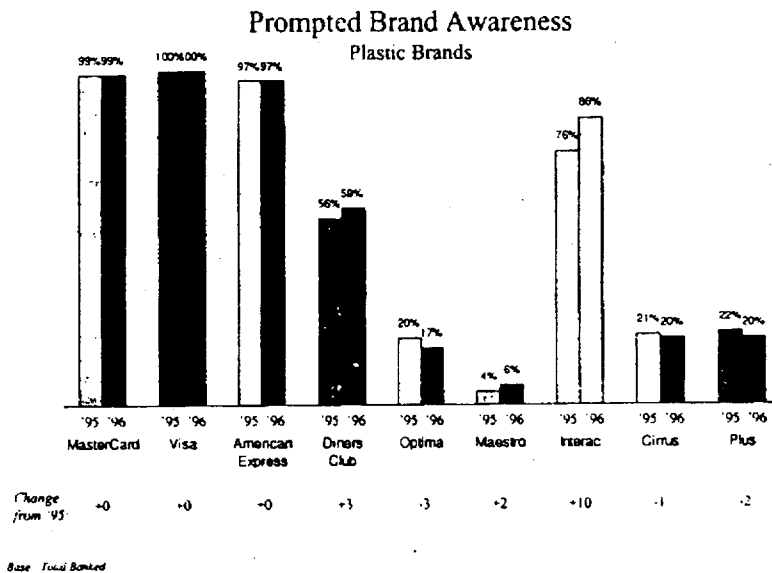
MasterCard, Diners Club, Cirrus, Visa, and Plus had more moderate increases. However, MasterCard continues to narrow the Visa advantage in this market.



Prompted Brand Awareness

After being asked to name all payment and ATM brands they were aware of (unprompted brand awareness), respondents were shown a list of major plastic brands (twelve in 1995, nine in 1996). Then, they were asked to identify the brand names that they were aware of (prompted brand awareness).

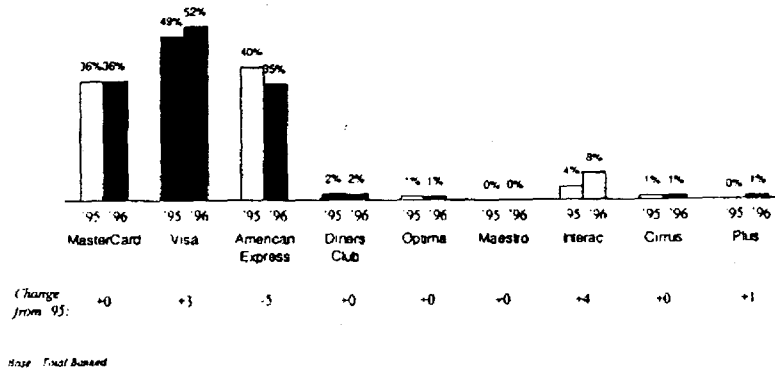
MasterCard, Visa, and American Express continue to exhibit virtually universal awareness in 1996, followed closely by Interac which was the only major brand to show gains in prompted brand awareness. Diners Club has moderately high unprompted awareness while the other brands remain at fairly low levels.



Unprompted Advertising Awareness

On unprompted advertising awareness, Visa, MasterCard, and American Express are the only brands to have a substantial market presence. Most brands, including MasterCard remained stable relative to the 1Q'95 benchmark wave while Visa and Interac posted small gains and American Express experiences a small decline. The increase in Visa advertising awareness may be a function of activity related to their sponsorship of the U.S. summer Olympics. Surprisingly, Visa's substantially larger advertising budget (a four to one spending advantage relative to MasterCard) has not translated into a substantially higher advertising awareness gap between the two brands.

Unprompted Advertising Awareness Plastic Brands



Summary - Awareness

On average, Canadian adults remember an average of four plastic payment or ATM names, representing an increase from the 1995 benchmark wave. Visa leads the market on unprompted brand recall followed by MasterCard, American Express, and Interac. All other brands have relatively limited awareness, particularly secondary brand marks such as Cirrus, Maestro, and Plus.

Unprompted awareness increased substantially for Interac and American Express. MasterCard also posted gains, narrowing the Visa advantage. The Interac and MasterCard gains were probably driven by increases in ownership over the past year and a half. American Express' gain may be a function of their new card launch during Spring 1996.

2
Duke

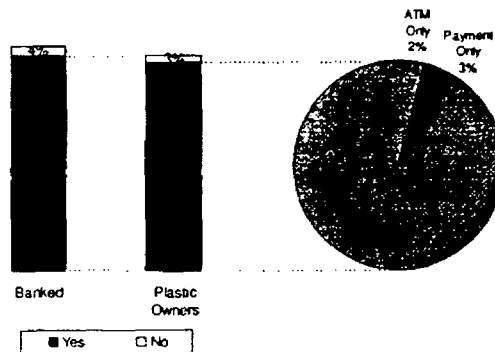
C. Plastic Card Ownership by Card Function

Plastic Ownership

Plastic card ownership in the Canadian market is almost universal among banked adults.

Regarding the functionality of cards owned, almost all own cards with payment and ATM capabilities. Ownership of payment only or ATM only cards is rare.

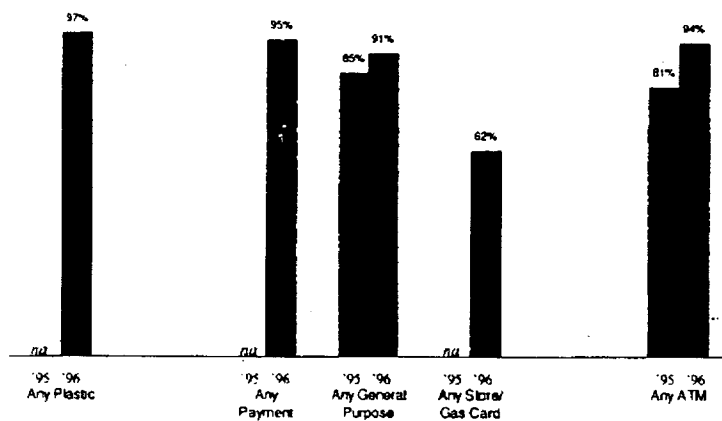
Claimed Plastic Card Ownership
by Card Function



Plastic Ownership

Claimed ownership of both general purpose payment and ATM function cards has increased substantially since 1995. Over 90% of banked adults now claim ownership of general purpose or ATM function cards. Store/gas card ownership is also fairly high with almost two-thirds of banked adults claiming ownership of these specialty payment cards.

Claimed Plastic Card Ownership

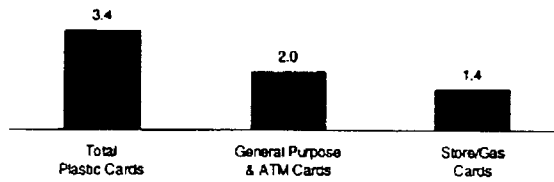


Base: Total Banked
na: Not Asked in 1995

Number of Cards Owned by Card Type

In 1996, slightly over three plastic cards were owned by plastic owners in the Canadian market. In general, two general purpose/ATM cards are held and slightly over one store/gas card is held.

Number of Cards Owned
by Card Type

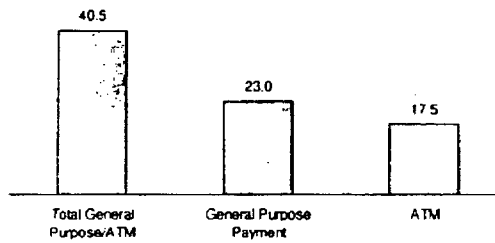


Base: Plastic Owners

Plastic Usage

Canada is a well developed market. Not only is plastic ownership high but plastic usage is well integrated into their daily lives. General purpose and ATM cards are used frequently by plastic owners – on average of once every two to three days. General purpose payment use accounted for slightly over half of all usage occasions while ATM usage accounted for the remainder.

Average Number of Times Used
Past 3 Months

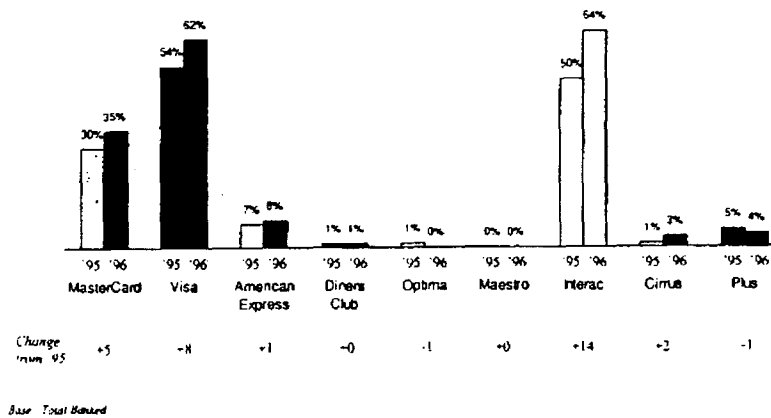


Source: Plastic Owners

Claimed Ownership

Increases in total plastic ownership within the Canadian market are driven by increased brand penetration of Interac, Visa, and MasterCard. On a brand level, Interac and Visa are now the market leaders followed by MasterCard. Ownership of the remaining brands is more limited, showing little or no increases relative to the 1995 benchmark wave.

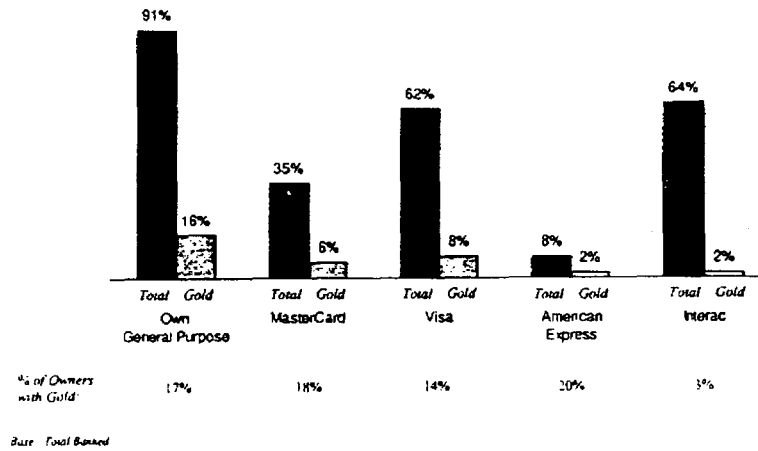
Claimed Ownership Plastic Brands



Claimed Gold Card Ownership

Gold card penetration is moderate among banked adults with approximately one in six adult owning at least one gold card. The level of gold development is fairly similar across the global pay later brands, with about one in six of their cardholders having a gold card. Despite small mentions of gold ownership, Interac does not offer a gold card.

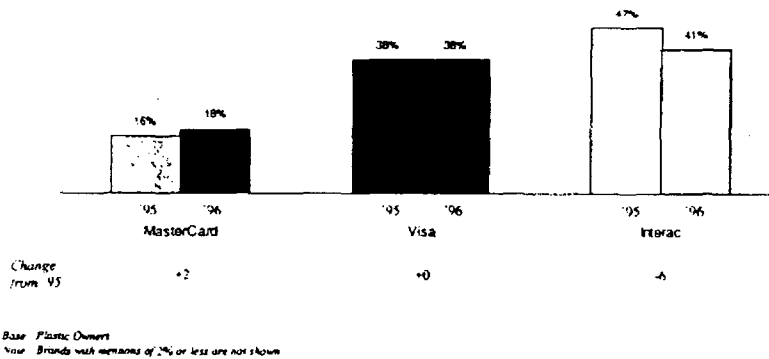
Claimed Gold Card Ownership



Brands Used Most Often

Among the cards owned by Canadian plastic owners, only three brands received significant mentions as the brand most often used. They are the three market leaders in terms of claimed ownership: Interac, Visa, and MasterCard. MasterCard most often usage has increased slightly while Visa most often usage has remained stable, slightly narrowing the Visa advantage on this measure. Despite Interac's large growth in card ownership, it is less likely to be the card used most often relative to the 1995 benchmark wave.

Names on Card Used Most Often
Payment/ATM Brands

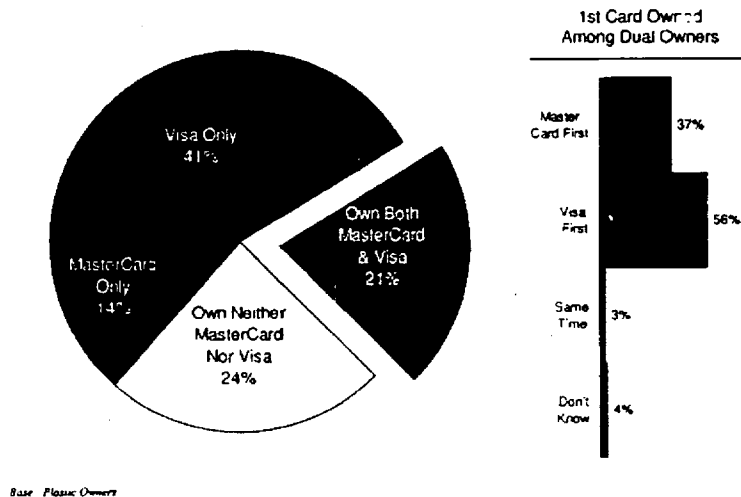


MasterCard and Visa Ownership

Ownership of the global bankcard brands is extremely high. About three out of four plastic owners have either a MasterCard or Visa. Dual bankcard ownership is still somewhat limited with only 21% of plastic owners (28% of bankcard owners) having both a MasterCard and Visa. Visa is generally the first card owned among dual bankcard owners.

The majority of plastic owners have only Visa. Clear opportunity to increase MasterCard ownership exists among this large group of current Visa only owners.

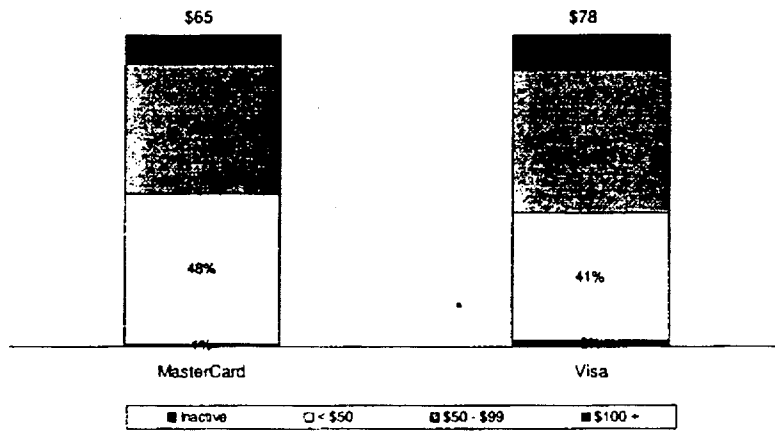
Claimed MasterCard & Visa Ownership



MasterCard and Visa Usage

MasterCard lags Visa slightly on spending in a typical month by approximately \$13. This is driven by a larger Visa base charging \$100 or more per month. Spending differences may be caused by slight demographic differences in the owner base. MasterCard owners are more likely male and more highly educated than are Visa owners. (See Demographic section for further detail).

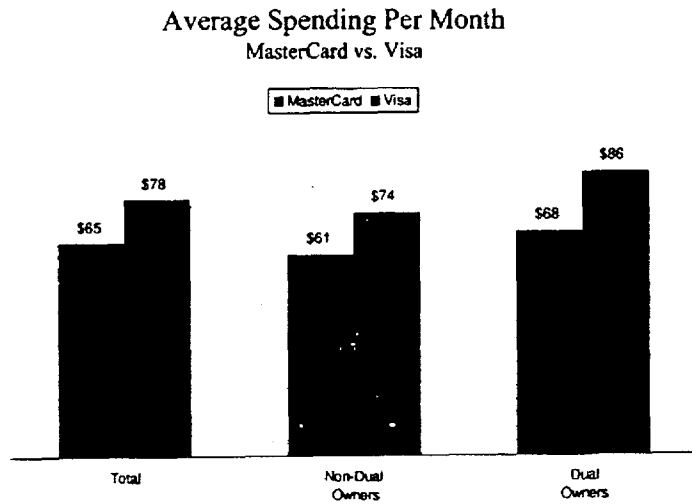
Amount Spent in A Typical Month
MasterCard vs. Visa



Base: Owners of Brand

MasterCard and Visa Usage

The Visa spending advantage is consistent even among non-dual owners.

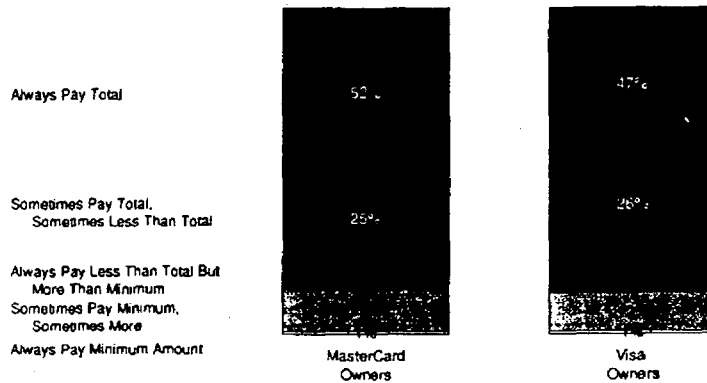


Base: Owners of Brand

MasterCard and Visa Revolving Behavior

MasterCard owners are more likely to pay in full than are Visa owners (52% versus 47%). payments more frequently than Visa owners (i.e., 44% vs. 37%). Once again, these differences may be driven by demographic skews in the owner base. MasterCard owners are more likely male and higher educated than Visa.

Revolving Behavior MasterCard vs. Visa Owners

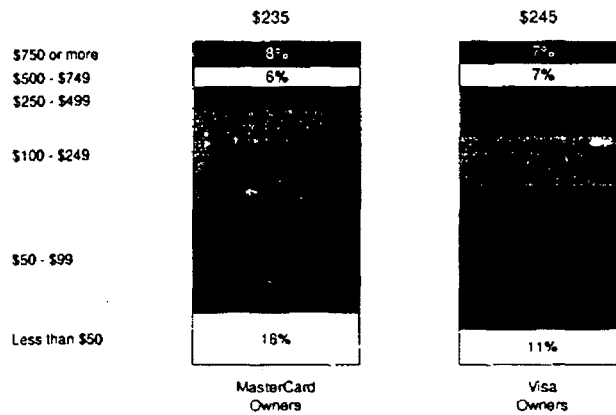


Base: Owners of Brand

MasterCard and Visa Revolving Behavior

When questioned about the amount revolved on all cards when a balance is carried over, Visa card owners tend to revolve a slightly larger amount than MasterCard owners in a typical month (i.e., MasterCard \$235, Visa \$245). This difference was driven by slightly more large balances (over \$250) carried over by Visa owners.

Amount Left Unpaid on All Cards
MasterCard vs. Visa Owners Who Revolve

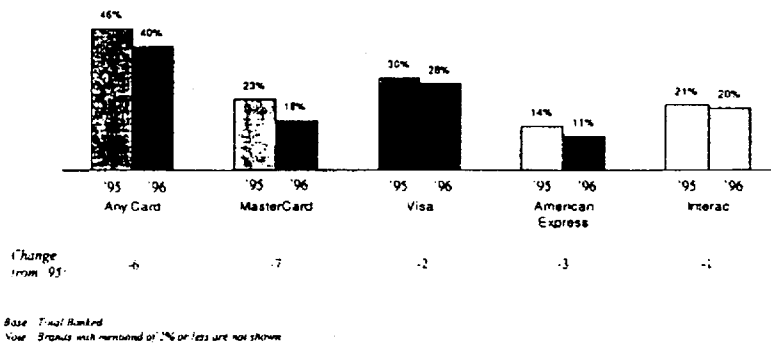


Base: Owners of Brand

New Card Acquisition Interest: Major Brands

Plastic ownership gains made by MasterCard, Visa, and Interac this year has resulted in slightly decreased new card acquisition interest. However, it is important to note that acquisition interest in plastic cards remains strong despite already high category penetration levels. Interest in obtaining a Visa card is highest, followed by Interac, MasterCard, and American Express. All other brands generate low levels of acquisition intent among Canadian consumers.

New Card Acquisition Interest: Extremely/Very Interested Plastic Brands



Summary - Ownership/Usage/Acquisition Intent

Canada is a highly developed plastic card market with almost universal ownership of plastic cards. On average, plastic owners use their 3.4 cards frequently – once every two to three days.

Penetration of ATM function and general purpose payment function cards has continued to increase, resulting in slightly lower new card acquisition interest in the 1996 wave. This is in part do to increased card ownership for Interac (a Canadian on-line product), Visa, and MasterCard. Interac now surpasses Visa as the market leader based on ownership. MasterCard follows these two brands. Claimed ownership levels for other brands are negligible.

Opportunity exist for further MasterCard expansion in the Canadian market. Dual owners of both MasterCard and Visa is still fairly limited, leaving a substantial portion of Visa only owners against which future acquisition efforts can be targeted. A two prong approach is underway:

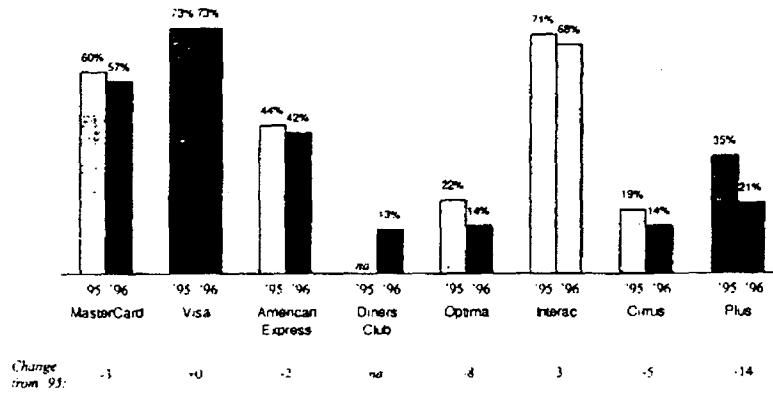
1. The distribution channels are being broadened to include non-traditional members such as U.S. banks and domestic private label card issuers.
2. Revised value positioning for the MasterCard brand to encourage spending loyalty and expand card penetration.

D. Brand Imagery

Overall Opinion

Overall ratings are highest for the brands with the largest owner base: Visa, Interac, and MasterCard. Ratings for the major brands have remained fairly stable (Visa, Interac, MasterCard, American Express). In contrast, overall opinion for the smaller market brands, Plus, Optima, and Cirrus, have declined.

Overall Opinion Among Aware of Brand
% Rating Excellent/Very Good



Base: Skipped aware of brand
Note: Brands with an aware base size below 75 are not shown

Competitive Brand Imagery Among Those Aware of Brand

On competitive brand imagery among those aware of brands, Visa exhibited the strongest image profile followed by MasterCard, Interac, and finally American Express. These ratings are not unexpected since brand owners rate a brand higher than do non-owners.

The only notable exception is on merchant preference where MasterCard, Visa, and Interac receive similar ratings.

Image of Major Brands Among Those Aware of Brand
% Describes Exactly/Very Well

	MasterCard	Visa	American Express	Interac
<i>Acceptance</i>				
Wide acceptance worldwide	66%	83%	68%	29%
Wide acceptance in Canada	86%	93%	62%	68%
<i>Signage</i>				
Easy to find acceptance locations	76%	90%	66%	72%
<i>Brand Preference</i>				
Merchants do not prefer card	12%	11%	17%	10%
<i>POI Service Quality</i>				
Quick transactions	72%	83%	59%	72%
Accurate transactions	71%	84%	61%	76%
Transactions always go through	65%	80%	51%	65%
<i>Emergency Services</i>				
Emergency card replacement	46%	56%	46%	41%
Emergency cash advances	62%	75%	53%	45%
<i>Fraud</i>				
Protection against fraudulent charges	32%	39%	27%	22%
<i>Customer Service</i>				
Prompt/dependable customer service	66%	80%	53%	62%
Accurate/efficient customer service	62%	75%	52%	59%
				(Cont'd)

Competitive Brand Imagery Among Those Aware of Brand (Cont'd)

Image of Major Brands Among Those Aware of Brand
% Describes Exactly/Very Well

	MasterCard	Visa	American Express	Interac
<i>Personal Information Management</i>				
Responsible use of account information	54%	64%	41%	55%
<i>Utility</i>				
Value through services/features	50%	58%	43%	44%
Good for T&E	77%	88%	71%	38%
Access money/services anywhere	64%	74%	56%	51%
Make purchases/get cash in many ways	68%	77%	52%	64%

Competitive Imagery Among Brand Owners

Among brand owners, Visa's advantage dissipates on many attributes. MasterCard and Visa have similar ratings on most attributes. However, Visa maintains an advantage on:

- "Worldwide acceptance", "Canadian acceptance" and "Easy to find acceptance locations": This is probably the result of Visa's consistent acceptance advertising message. However, efforts have been made to combat this perception using the following acceptance message: *"No card is accepted in more places worldwide than MasterCard. Not Visa. Not American Express."* The use of this tag line, begun in 1993, has helped improve acceptance imagery as well as reduce the Visa brand awareness advantage.
- "Cash advances" and "Access to money/services anywhere": The non-duality of the Canadian market has placed MasterCard at a disadvantage relative to Visa. Only 2,500 out of 16,000 ATMs accept MasterCard. Visa by-laws would need to be amended to overcome this problem.

Interac ratings remain substantially lower than the global bankcards on virtually all dimensions. In part, this may be a function of the relatively recent and rapid expansion of the franchise coupled with the fact that fewer benefits/features are offered with this product.

Image of Major Brands Among Owners of Brand
% Describes Exactly/Very Well

	MasterCard	Visa	Interac
<i>Base:</i>	<i>(171)</i>	<i>(307)</i>	<i>(312)</i>
<i>Acceptance</i>			
Wide acceptance worldwide	76%	88%	30%
Wide acceptance in Canada	92%	98%	74%
<i>Signage</i>			
Easy to find acceptance locations	84%	93%	79%
<i>Brand Preference</i>			
Merchants do not prefer card	10%	12%	10%
<i>POI Service Quality</i>			
Quick transactions	91%	89%	82%
Accurate transactions	94%	93%	86%
Transactions always go through	88%	90%	72%
			(Cont'd)

Competitive Imagery Among Brand Owners (Cont'd)

Image of Major Brands Among Owners of Brand
% Describes Exactly/Very Well

	MasterCard	Visa	Interac
<i>Base:</i>	(171)	(307)	(312)
<i>Emergency Services</i>			
Emergency card replacement	57%	60%	48%
Emergency cash advances	74%	81%	48%
<i>Fraud</i>			
Protection against fraudulent charges	42%	44%	24%
<i>Customer Service</i>			
Prompt/dependable customer service	85%	88%	71%
Accurate/efficient customer service	81%	83%	67%
<i>Personal Information Management</i>			
Responsible use of account information	74%	69%	63%
<i>Utility</i>			
Value through services/features	58%	63%	48%
Good for T&E	90%	92%	42%
Access money/services anywhere	72%	79%	56%
Make purchases/get cash in many ways	78%	83%	72%

MasterCard and Visa Brand Imagery vs. Quality Standard

A comparison of MasterCard's brand imagery to the quality standard indicated several areas of strength including Canadian acceptance, easy to find acceptance locations, merchant brand preference, and all measured aspects of point of interaction service quality.

Areas of weakness for MasterCard included worldwide acceptance, emergency card replacement and cash access, protection against fraudulent charges, accurate customer service, and responsible use of account information. Visa also did not meet the MasterCard quality standard on most of these items. The sole exception was worldwide acceptance where Visa not only outperformed MasterCard but also met the quality standard.

MasterCard Imagery Ratings Relative to Quality Standards & Visa
Among Owners of Brand
% Describes Exactly/Very Well

	Quality Standard	MasterCard	Visa	Gap	
				MasterCard vs. Std	MasterCard vs. Visa
<i>Acceptance</i>					
Wide acceptance worldwide	85%	76%	88%	-9%	-12%
Wide acceptance in Canada	85%	92%	98%	+7%	-6%
<i>Signage</i>					
Easy to find acceptance locations	80%	84%	93%	+4%	-9%
<i>Brand Preference</i>					
Merchants do not prefer card	10%	10%	12%	+0%	-2%
<i>POI Service Quality</i>					
Quick transactions	80%	91%	89%	+11%	+2%
Accurate transactions	80%	94%	93%	+14%	+1%
Transactions always go through	80%	88%	90%	+8%	-2%
<i>Emergency Services</i>					
Emergency card replacement	85%	57%	60%	-28%	-3%
Emergency cash advances	85%	74%	81%	-11%	-7%
<i>Fraud</i>					
Protection against fraudulent charges	80%	42%	44%	-38%	-2%

(Cont'd)

MasterCard and Visa Brand Imagery vs. Quality Standard (Cont'd)

MasterCard Imagery Ratings Relative to Quality Standards & Visa
Among Owners of Brand
% Describes Exactly/Very Well

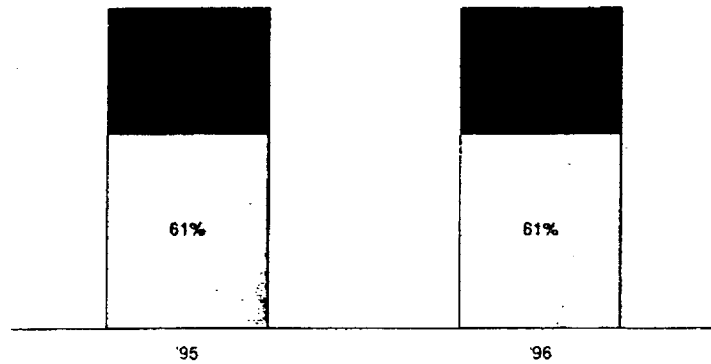
	Quality Standard	MasterCard	Visa	Gap	
				MasterCard vs. Std	MasterCard vs. Visa
<i>Customer Service</i>					
Prompt/dependable customer service	≈ 85%	85%	88%	+0%	-3%
Accurate/efficient customer service	≈ 85%	81%	83%	-4%	-2%
<i>Personal Information Management</i>					
Responsible use of account information	≈ 85%	74%	69%	-11%	+5%
<i>Utility</i>					
Value through services/features		58%	63%		-5%
Good for T&E		90%	92%		-2%
Access money/services anywhere		72%	79%		-7%
Make purchases/get cash in many ways		78%	83%		-5%

Brand Differentiation - Payment Usage

About six out of ten banked adults see differences across the various payment brands. This level has remained unchanged relative to the 1995 benchmark wave.

Payment Card Brand Differentiation % Rating Cards Better/Best/Same

□ Some Better/Best ■ All the Same ■ Don't Know

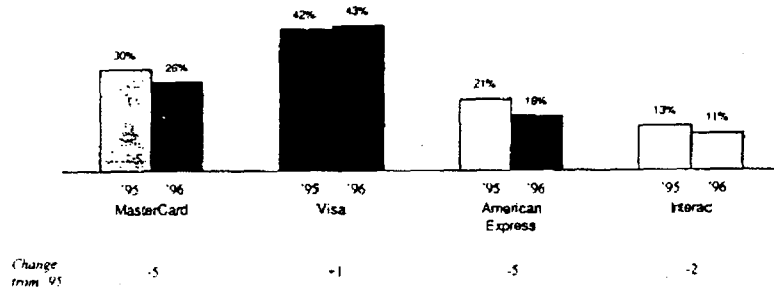


Note: Total Banked

Best/Better Card - Payment Usage

Brands which are perceived as being better than others for payment usage include Visa followed by MasterCard, American Express, and Interac. Relative to the benchmark wave, Visa brand superiority ratings were stable while both MasterCard and American Express card better/best ratings declined for payment usage.

Perceived Superiority of Brand
As Payment Card



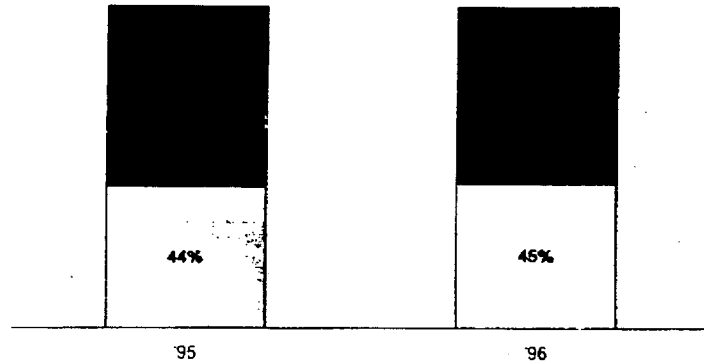
Note: Total Ranked
Brands with mentions of 1% or less are not shown

Brand Differentiation - ATM Usage

Compared to payment usage, ATM usage brand differentiation is considerably lower with less than half of banked adults seeing any brand as better or worse in 1996. This level has remained relatively stable from the 1995 benchmark wave.

ATM Card Brand Differentiation % Rating Cards Better/Best/Same

□ Some Better/Best ■ All the Same ■ Don't Know

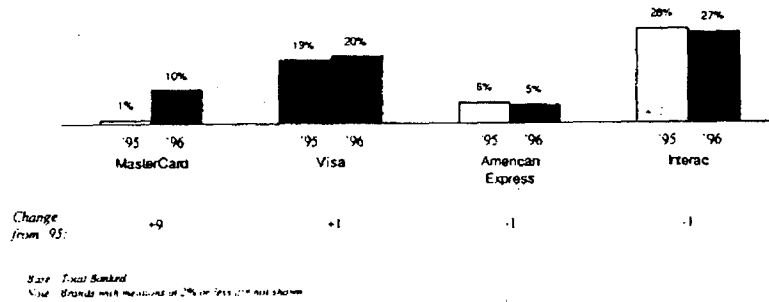


Base: Total Banked

Card Better/Best - ATM Usage

On perceived brand superiority for ATM usage, MasterCard perceptions have increased dramatically from the benchmark wave, narrowing the advantage held by Visa for ATM cash access superiority. Interac leads the brands for perceived ATM cash access brand superiority followed by Visa, MasterCard, and finally American Express.

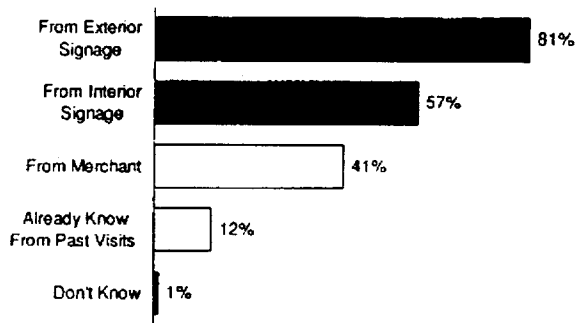
Perceived Superiority of Brand As ATM Card



Ways of Determining Card Acceptance

Expectedly, exterior signage was by far the predominant means of determining card acceptance. Interior signage and "hearing it from the merchant" were secondary means for many, while familiarity from past visits was mentioned by a minority of plastic owners. This reinforces the importance of decalization of store doors and windows.

Ways of Determining Card Acceptance



Base: Plastic Owners

Summary - Brand Imagery

Visa imagery ratings are substantially stronger than MasterCard on virtually all dimensions among banked adults aware of the brand. This is, in part, a function of Visa's higher ownership. Consumers tend to rate brands owned more favorably than brands that are not owned.

Among brand owners, both MasterCard and Visa are at parity on many imagery dimensions. However, Visa does continue to maintain an advantage in two main areas:

- Acceptance/easy to find acceptance locations (a function of Visa's acceptance positioning)
- Access to cash advances and money (a function of the number of Visa ATM locations)

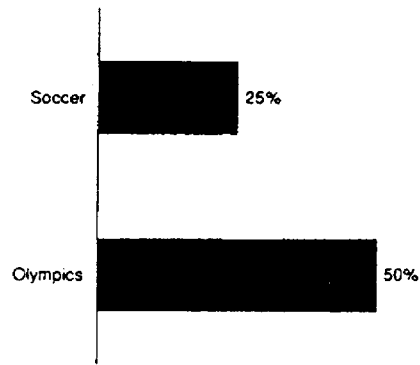
Efforts are underway to combat the MasterCard disadvantage in both areas. The Visa board will be approached regarding a by-law change to allow MasterCard access at Visa ATMs. MasterCard positioning has encompassed an acceptance message aimed at counteracting acceptance misperceptions regarding MasterCard acceptance.

E. Sponsorship

Sports Viewership

Expectedly, Olympic viewership (held in Atlanta during the interviewing period) was considerably higher than soccer viewership in Canada. Almost half of Canadian banked adults viewed some portion of the Olympics versus one-in-four for soccer.

Sports Viewership

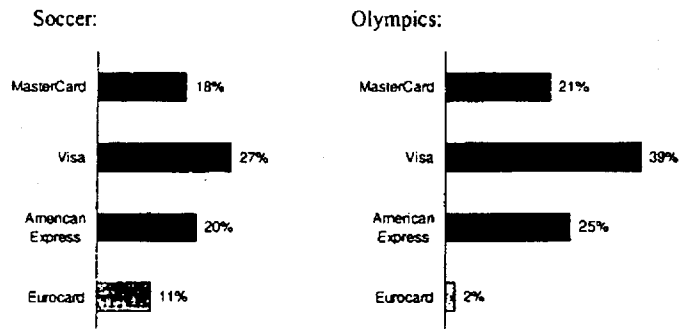


Base: Total Banked

Prompted Recall of Sports Sponsors

Correct sponsor identification for these events was limited. Visa, the largest market brand, received credit for both the soccer and Olympic sponsorship. Based on high mentions of other plastic brands, there is a great deal of confusion regarding the sponsors.

Prompted Recall of Sports Sponsors Among Viewers



Rate Based Viewers of Sport

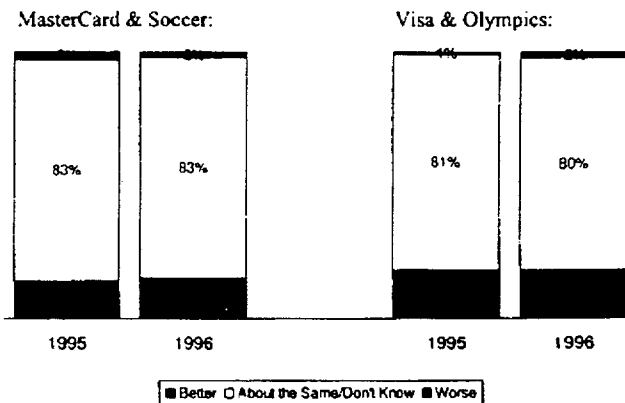
Sponsorship Impact on Opinion of Brand

Regardless of actual sponsorship knowledge, Canadian banked adults were questioned about the potential impact of specific event sponsorship on their opinion of a brand.

For MasterCard, approximately one in seven indicated a better opinion of the brand resulting from the sponsorship of the International Soccer championships. This level was similar to 1995.

For Visa, approximately one in six said their opinion of the brand would increase as a result of an Olympic sponsorship. The slightly higher opinion for Visa's sponsorship may be a function of interest in the event among Canadian consumers.

Opinion of Brand as Result of Sponsorship MasterCard vs. Visa



Base: Total Banked

F. Demographics

Demographic Profiles of Banked Adults, Plastic Owners and Brand Owners

Due to the substantial overlap in total banked and plastic owners, demographic profiles of these groups are virtually identical.

Although MasterCard and Visa have similar profiles, the brands differ slightly on a few dimensions. The MasterCard franchise skews male, more highly educated, and more under age 35 than the Visa franchise.

Interac differs from the global bankcards on a few key dimensions. Interac owners are less likely to travel internationally, are younger with somewhat lower incomes, and less often married.

Demographic Profiles of Banked Adults and Plastic Owners

	Banked Adults				
	Total	Plastic Owners	MasterCard Owners	Visa Owners	Interac Owners
<i>Base:</i>	(500)	(484)	(171)	(307)	(312)
Past 2 Year International Travel	59%	60%	66%	67%	59%
Gender	100%	100%	100%	100%	100%
Male	47%	47%	49%	46%	46%
Female	53%	53%	51%	54%	54%
Age	100%	100%	100%	100%	100%
Under 35	39%	39%	41%	38%	48%
35 - 49	38%	38%	34%	39%	37%
50 or Older	23%	23%	25%	23%	15%
Income	100%	100%	100%	100%	100%
Under \$15,000	12%	11%	6%	6%	11%
\$15,000-\$34,999	30%	30%	30%	27%	34%
\$35,000-\$49,999	22%	22%	21%	24%	20%
\$50,000-\$74,999	29%	30%	34%	35%	29%
\$75,000 or More	6%	6%	9%	7%	6%

(Cont'd)

Demographic Profiles of Banked Adults, Plastic Owners and Brand Owners (Cont'd)

Demographic Profiles of Banked Adults and Plastic Owners

	Banked Adults				
	Total	Plastic Owners	MasterCard Owners	Visa Owners	Interac Owners
<i>Base:</i>	(500)	(484)	(171)	(307)	(312)
Education	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Less Than High School	15%	14%	10%	12%	12%
High School Graduate	26%	26%	25%	25%	25%
Some College/Trade School	28%	28%	24%	28%	30%
College Graduate	31%	32%	41%	35%	33%
Marital Status	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Married	52%	53%	60%	59%	46%
Single	26%	25%	18%	23%	28%
Other	22%	22%	22%	18%	26%

Appendix- A

Sample Design

In all countries, probability sampling will be used at the household level, incorporating the following minimum guidelines:

- a) Household Selection
 - i) Geographical sampling units are randomly selected, typically stratified by level of urbanization
 - ii) Interviewing is done primarily during the weekends and weekday evenings
 - iii) Starting points, that is the house at which the interviewer starts are assigned by supervisors
 - iv) A random route is followed by each interviewer, with set guidelines regarding the route to be walked and the number of houses to be approached
 - v) All interviewers record the results from each household which they approached
- b) Selection of Individuals
 - i) In all households, a table is filled in which clarifies the age and sex of all people living in the household
 - ii) Procedures which have been proven to best represent the true population parameters for respondent selection are used
- c) Screening Criteria
 - i) Contact a representative sample of individuals, ages 18 to 64. Of those contacted, at least 500 will qualify for the interview by owning/having one or more of the following items: bank account, mortgage or auto loan, money market account, plastic payment or ATM card.
 - ii) The complete data set of qualified and non qualified respondents will be weighted to national parameters based on sex, age, and income. In countries where income is not an accurate measure of socio-economic status, due to high refusal rates, other questions will be used for weighting (education, occupation)
- d) Interviewing Training
 - i) Interviewers conduct one to two practice interviews and contact field supervisor with all questions
 - ii) Interviewer briefings take place in all countries either in-person or through the mail with follow-up discussions between the interviewers and their supervisors
 - iii) At least 15% of all interviews are verified by supervisors, either over the phone or in-person
 - iv) The main office for Gallup reviews the result codes from interviewer contact sheets to make sure that proper sampling techniques are used in all locations
 - v) Interviewers point out any problem areas and make suggestions for future waves in an Interviewer Feedback Form

Appendix- B

Population Parameters for Each Country

Country	Targeted Region for Sampling	Proportion of Population Represented in Sample	Proportion of Sample Banked	Number of Adults, Ages 18 - 64
<u>Asia/Pacific</u>				
Australia	National	100%	99%	11,543,000
Japan	National	100%	100%	81,933,000
Korea	Urban Areas	83%	89%	27,475,000
<u>EMEA & C</u>				
Canada	45 Largest Cities	64%	96%	17,629,000
Belgium	Non-Rural	55%	100%	8,150,000
France	National	100%	100%	34,228,000
Germany	National	100%	88%	52,892,000
Netherlands	Non-Rural	80%	100%	9,869,000
Switzerland	National	100%	97%	4,311,500
Scandinavia	National	100%	99%	11,242,000
United Kingdom	National, Excluding N. Ireland	97%	91%	35,827,000
South Africa	8 Largest Metro Areas	37%	58%	20,931,000
<u>Latin America</u>				
Argentina	3 Large Metro Areas	42%	61%	17,938,540
Brazil	Urban Localities	52%	83%	35,952,826
Mexico	Urban Areas	36%	35%	4,486,049
<u>United States</u>	National	100%	85%	158,234,000

Appendix- C

The study was managed by The Gallup Organization using local vendors. The following table lists the vendors that conducted the actual fieldwork in each country.

Vendors By Country

Country	Vendor (Field Service)
<u>Asia/Pacific</u>	
Australia	Roy Morgan Research Center
Japan	JMAR/Gallup (Japan Market Research Group)
Korea	Hankook Research Co., Ltd.
<u>EMEA & C</u>	
Canada	Telepoll
Belgium	Market Response
France	Gallup France
Germany	Market Response International GmbH
Netherlands	Market Responds
Switzerland	
Scandinavia	
United Kingdom	Gallup U.K.
South Africa	Markinor
<u>Latin America</u>	
Argentina	
Brazil	Instituto Gallup de Opinião Publica
Mexico	IMOP S.A.
<u>United States</u>	The Gallup Organization

Appendix- D

Questionnaire