

Member Relations - Friday Flash Report

Week Ending April 30, 1993

Sales East

Bill Moore
Ext. 8421

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- Citibank has informed MasterCard of their decision to go Interlink. We are working with Citibank to determine when we can make an announcement.
 - Our Interlink seminar with the Tyme Network scheduled for 5/2/93 has drawn over 110 member registrants.
 - Now that National City's Visa Debit launch is underway, conversion of the Indianapolis Master Debit program has been resurfaced with a focus on the conversion/fee waiver program.
 - At the recent Yankee 24 Conference, Terry Hannun, Executive Vice President of Bank of Boulder (with 16,000 merchants), said they had made a MAPP decision for debit terminal over VisaNet, solely on MAPP's earlier delivery of Regional Debit Gateways.
 - Honor refused to sponsor First Citizens NC for Interlink acquiring, because First Citizens is using the Mellon Gateway, which would not allow Honor to see Interlink transactions. The Interlink product office was able to work with Mellon, who will now be their sponsor. Honor will continue to sponsor First Citizens on the issuing side. First Citizens still plans to go live May 17th.
 - Meridian Bank submitted their PS2000 concerns this week. Because VF Factory, a VisaNet lease line, suffered downgraded transactions that Meridian feels could have been corrected during certification, they are requesting \$1,500 from Visa. Additionally, they are seeking another \$10,000 for transactions that were downgraded because of "poor documentation and miscommunication from Member Services".
 - Harris Bank's data capture terminal portfolio is still only 60% downloaded with VisaNet PS2000 software.
 - Michigan National is moving all of their NDC PC Batch merchants to MAPP based on negative experiences with VisaNet's PC2000 product.

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- **South Trust only has 25% of their merchants downline loaded to date. We are their only provider of POS services (1800 terminals), with the exception of 1200 new merchants, (acquired with First American purchase), who are on MAPP. Virgil Pate, Merchant Coordinator, is very unhappy and is talking about converting all their terminals to MAPP.**
- **An ISO of Bank One Wisconsin has requested assistance from VisaNet for the conversion of 1300 terminals from TransNet to VisaNet.**
- **The following Members were notified by Visa that their CVV enrollment form (Acquirer) had not been filed and that PSIRF/TIF2 would not be available to them; these institutions had, in fact, filed the form with Visa. The latter two are requesting reimbursement of lost interchange; First American (Tennessee), Central Bank (LA), Fidelity National Bank, TIB Bank of the Keys.**
- **Mellon has a U.S. Government Agency (NTIS) committed to install POS-Port with in the next quarter.**
- **Mellon Bank is getting slightly more aggressive with its MasterCard Business Card product. The offer has been revamped (13.9% and a revolving option), and has been incorporated into a relationship package supported by the branches and calling officers. They are also interested in procurement.**
- **National City Columbus had a winner in the Westin promotion. The cardholder was upgraded from standard MasterCard to Visa Gold in National City's Visa-only upgrade program in 1992.**
- **Marita Grobbel and Chuck Kinney at NBD, have expressed an explicit need for Visa training and materials on credit cards for their branches. Similar to our training program for Debit, these materials would assist this Member in adding new Visa accounts from NBD's primary marketing point, branches.**
- **Mellon Bank's new fraud detection system, which utilizes neural network technology developed by Nestor Inc., is so accurate that it catches 50% of Mellon's fraud while reviewing about 60 cases per days.**
- **Chase Manhattan reorganization of the Retail Bank will be announced May 5th. Credit cards will be folded into the Retail Bank.**
- **Carter Warren has been promoted to Director of Portfolio Management and Acquisitions of Citibank Maryland (Carol Knight's former position).**

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- Keith Coughy will move from Bankcard to PNC Retail, working on strategic planning. According to Coughy, he will be replaced by Joe Ganzy.
- Chemical, Firststar, Peoples, Bank of Baltimore, Citibank and First Card will participate in the Busch Theme Park promotions.

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Sales West

Jerry Wagner (ext. 3436)

- Norwest reports multiple serious problems with NDC and PS2000 resulting in transactions April 2-9 not qualifying as they should have. FDR will be reporting the transactions to merchants as qualified and has suggested that Norwest ask for reimbursement from NDC. (LP)
- Norwest issued a press release this week announcing their sponsorship of "Choices and Decisions." (LP)
- Debra Rossi of Wells noted that MasterCard has added to their San Ramon staff and split accounts issuer vs. acquirer. Her new Account Executive is acquirer only and was recently at Security Pacific. (LP)
- Bank of Hawaii announced this week its plans to acquire International Savings & Loan of Hawaii. (MS)
- Home Savings of America plans to offer Visa Gold beginning October '93. No firm marketing plans as of now. (AS)
- Great Western will launch Interlink on May 17, 1993. Some internal Great Western problems have delayed the project. (AS)
- Addition to last week's flash regarding BofA and the County of San Diego. The County also contacted Union Bank and San Diego Trust with the same story about Visa changing its surcharge policy. (AS)
- MasterCard has been spending the big dollars on Member executive travel....Bob Sznewajs of BofA was MasterCard's guest at the NCAA Final Four in New Orleans and John Podzik of First Interstate was MasterCard's guest at the Masters Tournament in Augusta, Georgia. (AS)

- The BofA attendees at the recent Issuer Profitability seminar were pleased with the information provided and will recommend BofA's future attendance at Visa seminars. (AS)
- Bank of America will now participate in all four quarters of the Exclusive Escapes program. Orders will average 2.5 million inserts per quarter. (AS)
- Al Oerter U.S. Olympic athlete will be the keynote speaker at the Bank IV, Wichita, Kansas annual meeting on Friday May 7th. Approximately 150 representatives from Bank IV's 89 agent financial institutions will attend the meeting. Visa presentations will focus on Interlink. Bank IV plans to actively promote Interlink to their agent institutions. (TF)
- Fidelity Investments has moved its entire credit card operation from Dallas, Texas, to Salt Lake City, Utah, this month. Anthony J. Nuzzo, former president and CEO of Chemical Bank Delaware is now president of Fidelity Investments. (TF)
- Jon Christofferson, President of First Nationwide Bank, indicated that Ford Motor Company is pleased with the progress thus far with the Citibank/Ford co-branded card and considers the program to be successful. (KA)

Jon Christofferson further indicated that discussions are being conducted with Citibank to take over the Ford Visa Business card program of First Nationwide. Citibank is currently a MasterCard-only business card issuer. (KA)

- Golden One, the second largest credit union in the United States, has expressed an interest in issuing an off-line debit product. Additionally, since putting the Maestro mark on their ATM cards several months ago they have yet to have a Maestro transaction. At this time Bankcard staff is questioning the value of the Maestro decision. (KA)
- First Bank Holding Company of Colorado has requested a VisaNet Service Order be submitted on their behalf to bring Debit services and BASE II in-house. (Their current processor is FDR.) (KA)

- On April 26 Visa attended the Northwest Bankcard Association meeting in Portland, Oregon. Visa gave presentations on CVV, PS2000 and Visa's Integrated debit Strategy. NWBCA, whose president is Diane Wasalino of Key Bank of Washington, is comprised of small banks and credit unions in the Northwest.

Michael Calisamo from MAPP and Michael Park from Maestro spoke at the NWBCA meeting in Portland, as well. Their following comments were noted:

- MAPP is touting a new POS service they are developing dedicated to the multi-lane retail environment. They stated it would be "more powerful than POS-port™."
- MAPP is developing a new POS application with J.L. McKay dedicated to the hotel and restaurant environment.
- MAPP will offer MAPP fee waivers on Maestro transactions acquired through MAPP.
- Maestro is projecting 80 million committed cards worldwide by the end of 1993.
- MasterCard referred to an "integrated debit strategy" involving MasterDebit and Maestro. Maestro is the debit product that would be offered to the entire ATM card base, with a much smaller segment being dual bugged with the MasterCard (MasterDebit) mark.
- Mr. Park hinted that interchange rates on MasterDebit transactions, although the same as credit now, would be broken out and lowered in the future.
- Mr. Park's presentation was on the processing issues a bank must address when developing an off-line debit program. (GL)

- Wyoming Employees F.C.U. requested and received 300 MasterCard promotional items. These items will be distributed to customers who request MasterCard applications during the Member's "in lobby" bankcard promotion.

(MB)

Nonmember Processor Liaison

Tom Schramm (ext. 3531)

- Confusion exists with processors on the rules regarding qualifications for the supermarket rate after April 1, 1993. Processors have indicated that specifications require downgrade to standard if supermarket transactions cannot meet T1IF2 requirements. Some members indicate the downgrade should be to T1IF1 instead of standard, according to the Regs. The product office advised that a Member Letter is being prepared to clarify the issue.
- First USA indicates that MasterCard has a very aggressive ISO (MSP) program which includes site visits to ISOs, a completed ISO questionnaire and evidence of financial stability, including audited financials. MasterCard has also indicated the fees for their Maestro registration program for MSPs will be only a fraction of the registration fees Interlink will charge.
- Several of NDC's members have expressed great concern over NDC's PS2000 performance. Since April 1, files have been lost and had to be recreated, causing financial loss to members. In addition, NDC is still working to resolve problems they are having in their matching process. Rejects, while diminishing, are not totally fixed; affects Michigan National, First USA, First Wisconsin and Harris Trust. Following up with NDC.

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Consumer Product Support

Fran Schall (ext. 3264)

- A Marketing Advisor informed us of a recent "telephone chain" started by one of the seven Marketing Advisors who are also part of the MasterCard Marketing Committee. The initiator of the chain informed the others that it is likely that they will be forced by Visa to serve on only one Association's Marketing group. Apparently, the same group had a similar discussion the last time this issue came up and decided as a group that they should all resign from the Visa Advisors if such a policy were adopted. Their reasoning was that they all have Visa Board representation, so it's better to have a say in MasterCard decisions through their Marketing Committee. Additionally, MasterCard holds at least one of its meetings in an international location and pays for spouses to attend. Based on these reasons, the group has supposedly agreed to resign as a group from the Visa Marketing Advisors should that become necessary after the next Visa Board Meeting.
- GM will be launching a new major advertising campaign in the next 60-90 days which will feature their MasterCard. It is unlikely that GM will introduce a Visa card during the early stages of this campaign, although they will consider the feasibility of adding Visa next year. The MasterCard program continues to grow, with 50,000 new accounts opened weekly. GM is considering expansion of its program into the UK, France, Spain, Germany, Mexico, Brazil, and Australia. Brand decisions have not been made except in the UK, where GM is having discussions with Barclays about a GM Barclaycard MasterCard. Visa has been asked to provide some activity data, market share and market potential statistics for each of these countries.
- A couple of Members who attended our Member Executive Conference in previous years say that they will not attend the conference this year unless we pay for their hotel accommodations as MasterCard has been doing for invitees at its annual President's Circle Meeting. This MasterCard meeting is a "by-invitation" 2-3 day meeting for senior bank card management. The program includes a half day business meeting, with the remainder of time spent on golf and other social activities. The only expense paid by Members is airfare for themselves and their spouses.

- Several Member attendees at the recent Profitability seminars told us about MasterCard's continued increase in the size of their Member Relations staff, which is already significantly larger than Visa's. These Members indicated they and their staffs are visited more regularly by their MasterCard AEs (compared to their Visa AEs). AEs are routinely bringing in gifts and promotional items for all employees in most of the larger and medium-sized centers. Tickets to sporting and other local events and golf outings are used heavily by the MasterCard AEs. Additionally, Pete Hart and Peter Dimsey are making the rounds at most large and mid-sized Members, meeting with senior management and their direct reports and occasionally walking through the centers to meet other staff and shake hands.
- We heard that Pete Hart recently held a several-day off-site strategy meeting/pep rally with the Maestro/MasterDebit and Member Relations staffs. Similar to a five-day session he had with all marketing/sales/PR staff two years ago, the focus this time was on how to reinvigorate the Maestro sales effort.