

U.S. Board Meeting Update Corporate and Purchasing Card Advisor Meeting

June 12, 1996
San Francisco, CA

P-0697

Board Meeting Update: 2/96



Commercial Card Agenda

- Non-Duality
- Inter-Regional Interchange Rate
- Cross-Border Issuance

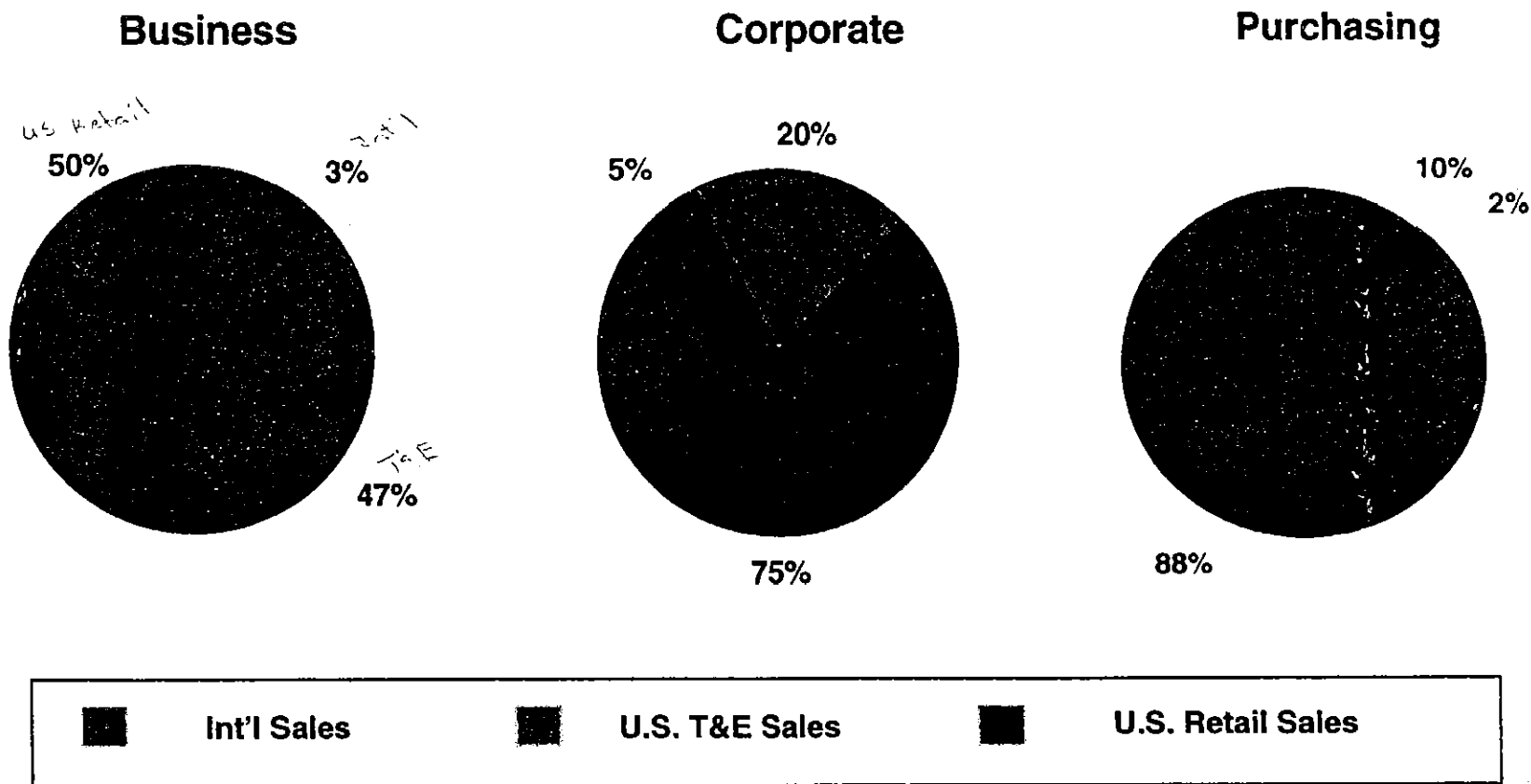
Board Meeting Update

Non-Duality Repealed

- Improve Viability of Commercial Card Business
- Increase Resources Directed Against Commercial Card Business
- Allow VISA and Members to Focus on Real Competitor -- American Express

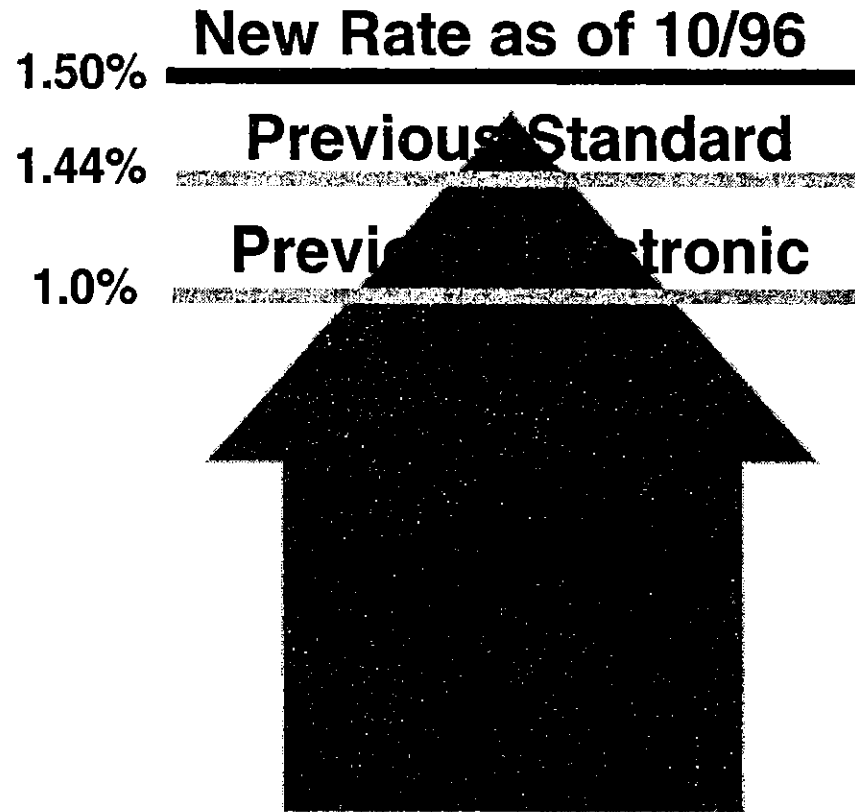
Board Meeting Update: 2/96

Mix of US versus International Business by Product

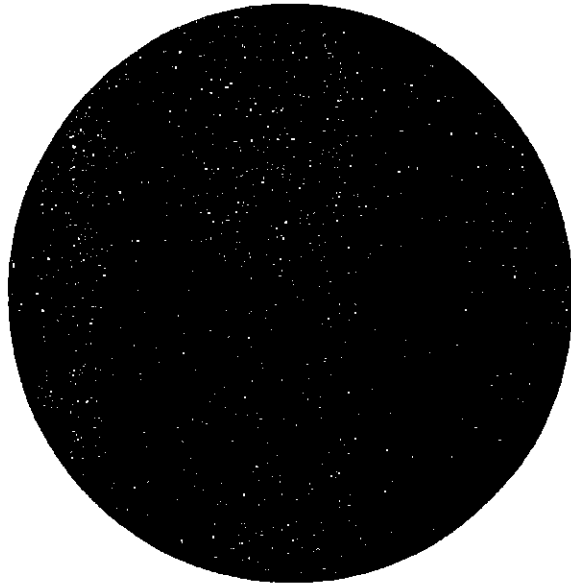


Board Meeting Update: 2/96

Inter-Regional Interchange Increase



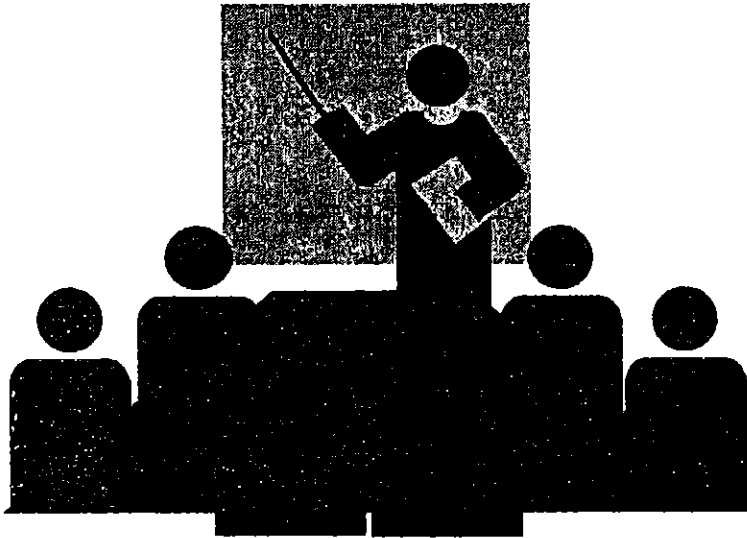
Board Meeting Update: 2/96



Cross-Border Issuance Discussion

- American Express Competitive Situation Review
- Importance of Commercial Cards Reinforced
- Discussion of Need for Cross-Border Issuance in Commercial Market to Service Multi-Nationals

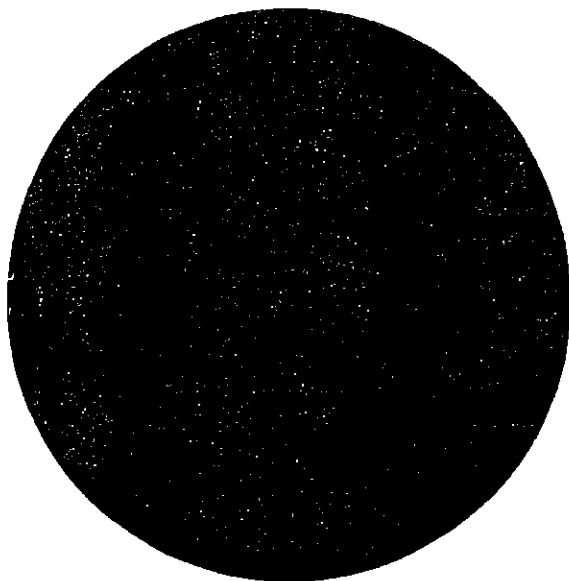
Board Meeting Update: 6/96



Commercial Card Agenda Items

- Cross-Border Issuance
- Service Fee Waivers
- Interchange Discussion

Board Meeting Update: 6/96



Cross-Border Issuance

- Approved by US Board
- Approved by International Board
- Phased Implementation
- Specific Rules Apply

Board Meeting Update: 6/96

Multi-National Issuance Participation Requirements

- Each Case of Issuance Must Be Registered With the Visa Region Into Which Cards Are Being Issued
- Issuance Is Permitted When:
 - No Qualified Issuer Exists in the Local Market
 - Qualified Issuers Did Not Respond to Request to Participate in Bid Within Five Business Days of Being Asked *Has to be a Certified Local Issuer*
 - Bidding Member Is Unable to Come to Terms With Qualified Local Issuers

Only have to ask 1 Issuer.

Use Issuer makes a deal and then they shop the deal, if there isn't a taker then you do it. You need to make sure you can fulfill it

Board Meeting Update: 6/96

Multi-National Issuance Participation Requirements

- A BIN Designated for Multi-National Issuance Will Be Required.
- Issuers Must Comply With Local Laws and Local Visa Association Rules.
- Issuer Must Already Be an Approved Issuer of Corporate or Purchasing.
- Must Be Issuing Cards to a Multi-National Corporation, and Cards Can Only Be Issued to Employees of the Corporation.
- Service Fees Will Be Payable at the Local Rate to the Region Into Which Cards Are Issued.
- International Chargeback Rules Will Apply to All Transactions.

Members would like an update regarding

Countries Outside of the United States
 Canada
 UK
 Australia / Pacific Rim
 Hong Kong
 Singapore

Board Meeting Update: 6/96

Cross-Border Issuance Timeframes

- Corporate Card: 10/96
- Purchasing Card: 7/97
- Business Card: Not Applicable



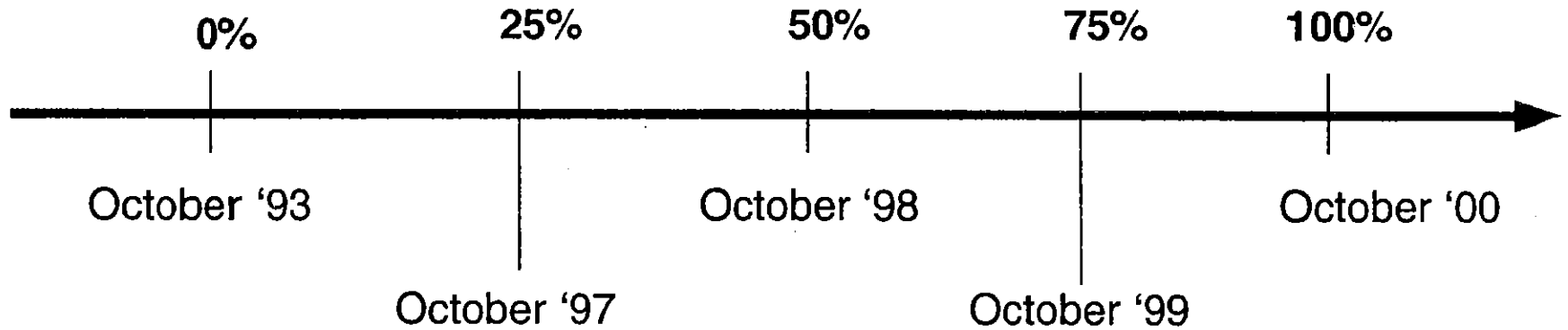
Board Meeting Update: 6/96

Service Fee Waiver Extension

- Provides Issuers with Additional Financial Support During Critical Start-Up Period
- Extends 100% Service Fee Waiver Another Year
- Service Fees Now Waived Until 10/97
- Fees Phase In Over Three Years

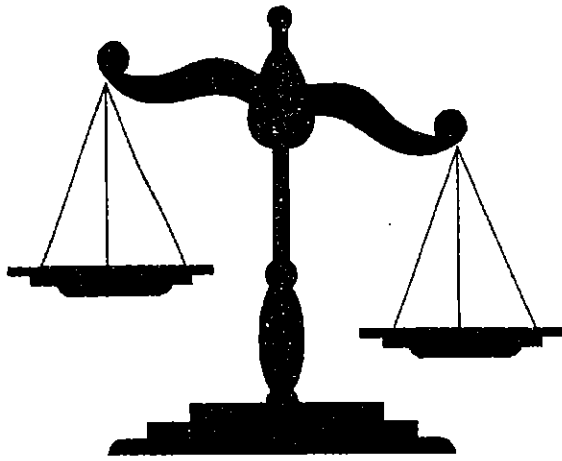
Board Meeting Update: 6/96

Service Fee Waiver Structure



Member will pay 25 - 1995
50 - 1998
75 - 1999
100 - 2000

Board Meeting Update: 6/96



Interchange Discussion

- Need to Increase Corporate Card Profitability
- Need to Increase Flow of Data from Point of Sale
- Incentive Rates Can Be Effective In Changing Behavior at the Point of Sale
- Balancing Needs of Issuers with Challenges Facing Acquirers

Board Meeting Update

Conclusions

- Board Clearly Supporting Commercial Card Issues
- Interchange Likely to Go to a Vote in October, 1996
- An Update on Cross-Border Issuance Will Be Given at Next Advisor Meeting