
From: Shields, Susie
Sent: Tuesday, April 27, 1999 2:19 PM
To: Keeley, Rupert; Batt, Christopher; Cobb, Anne; Katz, Bennett; Pascarella, Carl; Eitingon, Daniel; Goggin, Dennis M.; Fry, Derek; Van Der Velde, Hans; Partridge, James; Williamson, Malcolm; Barnes, Ray
Subject: 18-19 March 1999 MEC Minutes
Categories: Barnes

Attached is the revised draft in accordance with comments received from Malcolm. We will ask for approval of these minutes at the next MEC meeting



Min 18 19 March 1999

Susie Shields for Bennett Katz

P-1288

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**VISA INTERNATIONAL
MANAGEMENT EXECUTIVE COMMITTEE
San Francisco, California
18-19 March 1999**

Attendance: All members were present except Jonathan Sanchez. In addition, Dick Balzer, Chris Batt and Deloitte & Touche attended. Bennett Katz acted as Secretary.

Place & Time: Mandarin Oriental Hotel, San Francisco, California, 18-19 March 1999

Advance Materials: Advance Materials distributed prior to meeting.

639. Approval of Minutes

Upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the minutes of the Management Executive Committee meeting of 22 February 1999 are hereby approved.

640. June Board Meeting

The Committee reviewed the proposed agenda for the June Board. Based on discussion, the attached Exhibit A reflects the consensus.

641. Citigroup and Branding

The Committee reviewed the status of Citigroup and branding.

Based on discussion, the attached Exhibit B reflects the consensus.

642. Risk Management

Deloitte & Touche reviewed their report with the Committee. Exhibit C summarizes the findings of Deloitte.

643. VisaNet 2

The Committee reported three alternatives. Alternative 1 is to develop one system for use by U.S., Regions and other countries; Alternative 2 is to develop a mirror image of the one system which uses the same computers and operating centers; Alternative 3 is to develop a large scale system for the U.S. and a scaleable solution for the rest of the world. The pros and cons are set forth in Exhibit D.

It was ~~reported~~felt that the Executive Committee ~~is leaving~~should leave the decision to the U.S., as long as it pays all the incremental costs above Alternative 1.

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644. Olympics and All Boards Meeting

(a) **Olympics**

It was agreed that those Members requesting trips must bear the risk of cancellations. Invitees by central and Regions should be tightened up: no friends or vendors. It should be used for Visa promotions.

We are reassessing our sponsorship in light of recent Olympic developments.

(b) **All Boards Meeting**

Lisbon meeting has been canceled, but International Board meeting is in Sydney. There will be an All Boards Meeting in Vancouver in 2001.

645. Cross Border Issuance and Acquiring

This issue should be looked at in light of Internet, EUJ developments and multinational financial institutions.

Bennett Katz was asked to look into these issues, including our position relative to MasterCard, including eligibility.

646. Visa and Transport

This matter was deferred pending circulation of a paper on the subject by Hans van der Velde. Dan Eitingon is to appoint someone to review the position.

647. Internet Fraud

It was agreed that Hans van der Velde will take the lead in exploring this issue and recommending solutions.

648. President's Projects

(a) **Organization**

The MEC reviewed this issue dealing with large Members vs. other Members and the issue of the role of the centre vs. the Regions.

Because of a conflict, Bain ~~refused to continue~~ had felt the need to withdraw and Booz Allen has been retained. They will be contacting MEC members.

Malcolm reviewed the results of the first steering committee meeting and those minutes will be circulated.

A summary of the discussion is attached as Exhibit E.

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(b) Reduce Costs

This project is first looking at ways of saving costs at the centre, first focusing on the big prizes. ~~It is believed that we can save U.S. \$46 million on top of other big savings if we combine our marketing and advertising vendor relationships, some of which involves more global negotiation with suppliers.~~

New procedures have been implemented for hiring consultants and a paper will be circulated on global travel policy.

A summary of the discussion is attached as Exhibit F.

(c) Planning Project

The object is to have a three-year plan prior to June. ~~It starts Monday and Tuesday.~~ Malcolm is to issue guidelines. Will lead to debate in May. Then GSS and staff will say what they intend to do for the Regions, which will lead to the budget. It will be regionally lead, with the centre responding.

Regions will need to get an estimate of discrete pricing and VisaNet 2 allocations.

Malcolm wants greater transparency for next year. It was pointed out that next year we should save U.S. \$40 million on Y2K project; and have cost savings in place. However, we will have additional VisaNet 2 funding.

A summary is attached as Exhibit G.

649. Communications

Malcolm advised the MEC that he ~~intended~~ felt it desirable to issue a President's letter to the International Board, Regional Boards and where necessary to all Members covering important matters. In addition, ~~he intends~~ she felt it important to issue an employee letter covering: (i) how well we are doing this year, (ii) competition, (iii) fair treatment of employees, and (iv) importance of paying attention to cost. This message needs to be reinforced by the MEC members. After discussion, it was agreed that communication to other than Board Members carried risk that it got into the hands of MasterCard at least, and that communication was probably more desirable if left to Board Members only.

650. MEC and Process

Since Op Reg Principles need not be formally approved by the MEC, they only will be circulated for comment. If there is disagreement, it will be elevated for decision.

There being no further business, the meeting was adjourned.

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Bennett R. Katz

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