



Value of Visa

Visa is helping to empower people, economies and businesses.

Fifty years ago, Visa had a vision to offer individuals and businesses a better alternative to cash and checks. Visa's founder, Dee Hock, believed "digital money" could transform currencies and commerce, dismantling economic barriers and transcending national borders by freeing people and businesses to buy and sell with ease and security.

Today, we connect hundreds of millions of people, governments and businesses in more than 170 countries. Together, they have used our credit, debit and prepaid products and services to pay for goods and services safely and reliably.

As we move toward an increasingly interconnected world, we believe that we have an opportunity to extend the value of Visa to new users of our products, to drive convenient and efficient global commerce and to accelerate economic growth.

Empowering People

Electronic payments are making the everyday lives of hundreds of millions of people around the world safer, faster and easier.

(1) Connecting People to Their Money

Visa is committed to empowering as many people and businesses as possible by allowing them to connect to their resources in as many ways as possible - whether they pay now by accessing their account via a debit card, pay later with credit or pay ahead using a prepaid card.

Small Loans Deliver Big Results

For the 4 billion people worldwide who survive on \$4 or less a day, economic opportunities are often in short supply. Experience has shown that there are millions of would-be entrepreneurs in the world's poorest regions, but the capital needed to fund even the smallest business can be scarce. Successful, self-sustaining businesses can be built on loans of as little as \$50. They can provide the momentum that lifts individuals, their families and their communities out of poverty.

Visa and its partner banks, in conjunction with specialist institutions, are investing in microfinance and extending the reach of electronic payments to entrepreneurs in Nicaragua, Peru, the Philippines, Ghana and other countries. For people in these countries, a Visa card can provide secure access to loans, can reduce the risk of theft and is the first step on the road to formal financial services.

FINCA Nicaragua, a microfinance pioneer, in partnership with Bancentro, now offers its clients a Visa debit card as a convenient way to access their loans. Clients can withdraw cash against their loans through ATMs or Bancentro tellers, or buy goods or services whenever they need them.

Sorayda Castellón, from Managua, Nicaragua, began selling tortillas with her first Village Bank loan of \$150 from FINCA. Today, she operates a small pastry café in her home and is able to send her children to school. She receives her loans on a Visa card, which she says provides more security and allows her to manage her loan more efficiently.

(2) Improving Lives through Innovation

Innovation is an important part of Visa's past, present and future. Our investments in innovation reflect our commitment to give more people better access to different types of electronic payments, from secure ecommerce to mobile payments.

Ecommerce Enabled By Electronic Payments

Twenty years ago, few people could have imagined a world where a significant portion of all global airline tickets, hotel rooms and even books would be bought and sold at either end of a personal computer. The ecommerce phenomenon has spawned a parallel economy worth billions of dollars. It has given rise to a new retail channel where more than \$335 billion (Source: JP Morgan; "Nothing but Net 2008 Investment Guide." January 2, 2008) is exchanged globally a year.

The advantage of ecommerce is that it extends access to goods and services to more people in more places. For example, a study found that ecommerce has helped people living in remote areas and people with physical disabilities by providing them with convenient access to goods and services that were previously difficult to attain.

Behind the ecommerce phenomenon are electronic payments. About 85 percent of all ecommerce purchases in the U.S. are conducted on a major global card payment network such as Visa (Source: ComScore Inc. as of December 31, 2007). The 16-digit code on the front of Visa cards is a key that enables access to global commerce either in person or remotely. Visa has embraced ecommerce as an important new way to exchange goods and services and has developed standards and services that support secure ecommerce globally.

(3) Uniting Communities through Sports

The Olympic and Paralympic Games and FIFA World Cup™ are the most popular global sporting events. Not only do these events help instill pride and empowerment, they leave a lasting legacy in terms of improved infrastructure and increased tourism for the host countries.

Visa has been a proud sponsor of the Olympic movement for more than 20 years because we share the Olympic values of empowerment, achievement and global inclusiveness. Through a number of initiatives, including the Team Visa program, Visa has provided financial assistance, as well as life skills training and valuable marketing exposure, to more than 1,000 athletes. This support makes it possible for these extraordinary athletes to pursue their dreams.

Helping Dreams Come True For Paralympic Athletes

Every exceptional athlete is driven by a burning desire to compete and win. For many, though, the cost of achieving their dreams means financial sacrifices that are too hard to bear. Visa believes that exceptional people deserve to be recognized and supported. Cheri Blauwet is one such person. Born and raised on a farm near the town of Larchwood, Iowa, she sustained a spinal cord injury in a farming accident. Undeterred, Cheri became a world-class wheelchair track and road-racing athlete.

She brought home four medals from Sydney and three medals from Athens, including a Gold in the 800 meters. She has become one of the most decorated Paralympic athletes in U.S. history. Cheri is also a champion on the road. She has won the Boston, New York City and Los Angeles marathons several times.

Visa is supporting Cheri and other physically disabled athletes in 11 countries with financial support, life skills training and valuable marketing exposure in pursuit of their Paralympic goals. In 2002, Visa became the first Olympic sponsor to become a worldwide Paralympic sponsor, and Visa was the first global sponsor to extend its sponsorship of the Olympic and Paralympic Games through 2012.

Visa believes that by supporting the Paralympic Games, we are reaching out to the approximately 500 million people in the world with physical disabilities and their families with messages of empowerment and inclusion – values important to Visa.

Empowering Businesses

The transformation from paper to electronic payments has enabled businesses, large and small, to thrive by opening new markets and removing barriers to growth.

(1) Increase Trust in Payments

The integrity of electronic payments is built on trust. We recognize that individuals and business are concerned about security and fraud, and they look to companies such as Visa to address these concerns. Visa works with governments, law enforcement agencies, merchants and technology providers to protect cardholders and minimize the financial, economic and social costs of card fraud.

Security Standards Protect Cardholder Privacy

Protecting cardholder data is the first line of defense for card companies such as Visa. It is imperative that cardholders trust that their information is secure every step of the way.

Visa has taken a prominent role in establishing global standards to protect all stakeholders within the payment system from the negative effects of fraud. Most recently, Visa spearheaded the development of the Payment Card Industry Data Security Standard (PCI DSS), which is an international set of security requirements for any entity that stores, processes or transmits cardholder data.

This means that merchants across the world clearly understand how they are expected to protect their customers' data, that software and hardware developers are required to build systems without security flaws and that cardholders can be assured that the payments system they rely on is secure.

A combination of fines and incentives for merchant banks and others helps to reduce the chances that sensitive cardholder data could be compromised by criminals. By the end of 2007, three-quarters of the largest merchants and nearly two-thirds of midsized merchants in the U.S. had validated PCI DSS compliance.

(2) Empowering Businesses to Succeed

Visa is helping to empower businesses with payment products and services that help boost revenue and drive down costs, extending the benefits of better money to the bottom line.

Visa Commercial payment solutions provide the infrastructure for efficient transactions and a smoother-running economy. In fact, purchasing cards can help businesses, government agencies and other organizations save more than \$50 billion annually (Source: 2007 Purchasing Card Benchmark Survey Report, RPMG Research). Visa is helping to

Fueling Small Business Success

In many countries, small businesses are the engine of the economy. However, many small business owners struggle to manage their cash flow and spend more time than they would like poring over paper invoices and signing checks.

Visa provides small business owners with products that can help them analyze and manage their cash flow more efficiently, cut down on paperwork and earn rewards toward essential business purchases.

In the U.S., Matt Griffin came up with the idea for the Edge Brownie Pan, a custom-built creation that aims to revolutionize the baking industry by catering to those who prefer as much "chewy edge" surface area as possible on each brownie.

Using Visa cards gave Matt the necessary cash engine to build his inventory, which enabled him to evolve from a wholesale-based retailer to a direct seller. Now Matt offers his customers the option to pay with their Visa card. These direct sales, which make up half of his business, have made a huge difference to Matt's bottom line; he was able to get out of business debt in four months.

His Visa Business card also helps him manage his receipts and expenses more efficiently. Before, his employees were using cash or checks to pay for business goods, and they would have to fill out expense reports to be reimbursed, which was time intensive. Now they simply use their Visa cards.

Empowering Economies

Electronic payments can play a critical role in stimulating economic growth and improving the financial welfare of people around the world.

(1) Bringing More People into the Banking System

Extending formal electronic payments into "unbanked" communities can reduce the social and economic impact of financial exclusion in countries worldwide. Research has shown that each dollar deposited in a bank results in \$10 to \$15 more credit and subsequent economic output. (Source: Visa and Global Insight. "The Virtuous Circle: Electronic Payments and Economic Growth." June 2003.)

Financial Literacy Takes Center Stage In South Africa

Too many people in the world are in debt or struggle to join the formal banking system. For more than a decade, Visa has been developing educational programs that teach important lessons and encourage financial responsibility and inclusion.

In South Africa, which rates low in international surveys on economic literacy, Visa has run a number of successful financial literacy programs using the popular oral storytelling tradition. The program, aimed at unbanked and newly banked people in the country, communicates the importance of financial responsibility through "industrial theater."

Essentially, audiences of low-income South Africans receive financial literacy education through an entertaining play that features two well-known actors. The production focuses on budgeting, what a debit card is and how it works, and fundamental security issues such as keeping your PIN safe. The 35-minute performance is followed by a question and answer session that encourages participation and fosters better understanding. Questionnaire-based research conducted by Visa at shows in 2007 has shown that educating consumers in this manner has a high impact because the audiences both understand and remember the core messages well. Of the 1,646 questionnaires filled in, where respondents answered 10 questions about the content of the show, 93 percent of the answers were correct.

Visa has run a total of 293 shows as of March 2008. The shows have reached 86,308 people in low-income communities across sub-Saharan Africa. In 2008, Visa partnered with the South African Department of Trade and Industry to combine financial literacy and consumer education. The Minister of Trade and Industry, Mandisi Mpahlwa, in March 2008 formally thanked Visa for our contribution to empowering South African consumers.

(2) Increasing Government Efficiency

In most economies, the government is the single largest purchaser of goods and services, as well as one of the primary collectors of funds. When a government moves to electronic payments for its own operations, a large portion of the economy can become more efficient, transparent and accountable. Many government agencies are turning to Visa payment cards as a way to reduce the cost and complexity of distributing benefits to millions of people in dozens of countries.

U.S. State Governments Save Money With Visa

Many people who receive child support, unemployment assistance and other benefits do not have a bank account or access to a payment card. In the United States, Visa estimates there are about 80 million consumers without a traditional banking relationship or access to a payment card. They receive nearly \$1 trillion in annual payments and rely heavily on cash for everyday transactions.

The U.S. federal government and more than 30 U.S. states use Visa prepaid cards to deliver vital benefits payments, the advantages of which extend beyond the choice, convenience and security enjoyed by recipients. U.S. taxpayers are indirect beneficiaries, too, since states and federal agencies that have implemented these programs are enjoying significant savings compared with those that still issue checks.

The U.S. General Service Administration (GSA) is the federal agency responsible for managing government spending. It has switched much of its spending away from paper to electronic payments. The results have been impressive. In 2007, \$27 billion was spent by 3 million cardholders for spending as diverse as fuel expense and office supplies (Source: www.gsa.gov/smartpay). By converting from paper to electronic payments in 2006, it is estimated that the GSA saved U.S. taxpayers \$1.7 billion through reduced paperwork, improved compliance and vendor discounts (Source: RPMG Research Corporation; "Purchasing card use by the U.S. federal government: A status report." January 2006).

(3) Stimulating Economic Growth

Electronic payments are critical to the development of modern, strong economies. Visa products can promote transparency and accountability, reduce transaction costs, increase the number of people with access to formal financial services and decrease

the size of the gray or informal economy, all of which help stimulate economic growth and employment.

Economies with Electronic Payments

Cost-effective and adaptable, Visa products bring people into the formal banking system. Not only does this improve individuals' lives, research has shown that every dollar deposited in a bank can boost economic output (Source: Visa and Global Insight. "The Virtuous Circle: Electronic Payments and Economic Growth." June 2003). Less money under the mattress and more in the banking system increases capital and overall liquidity, speeds up access to funds and stimulates economic growth.

Efficiencies over cash- and check-based systems can result in cost savings equivalent to up to 1 percent of gross domestic product (GDP), according to a Global Insight analysis of 50 countries (Source: Visa and Global Insight. "The Virtuous Circle: Electronic Payments and Economic Growth." June 2003). For the U.S. economy, that translates into roughly \$60 billion in annual savings.

A study by the Brazilian Central Bank in 2007 found that replacing paper-based payments with electronic methods would result in savings of 0.7 percent in Brazil's GDP (\$1.8 trillion in 2007 – Source: CIA World Factbook).

Meanwhile, in Canada, electronic payments are estimated to have contributed \$122 billion to the Canadian economy in the past two decades. This represents nearly 20 percent of the \$631 billion cumulative growth in the Canadian economy over the same period (Source: Visa and Global Insight. "The Virtuous Circle: Electronic Payments and Economic Growth." June 2003).