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**VISA Public Sector**  
**Philadelphia Federal Reserve**  
**Payments Forum**  
**July 11 – 12, 2011**

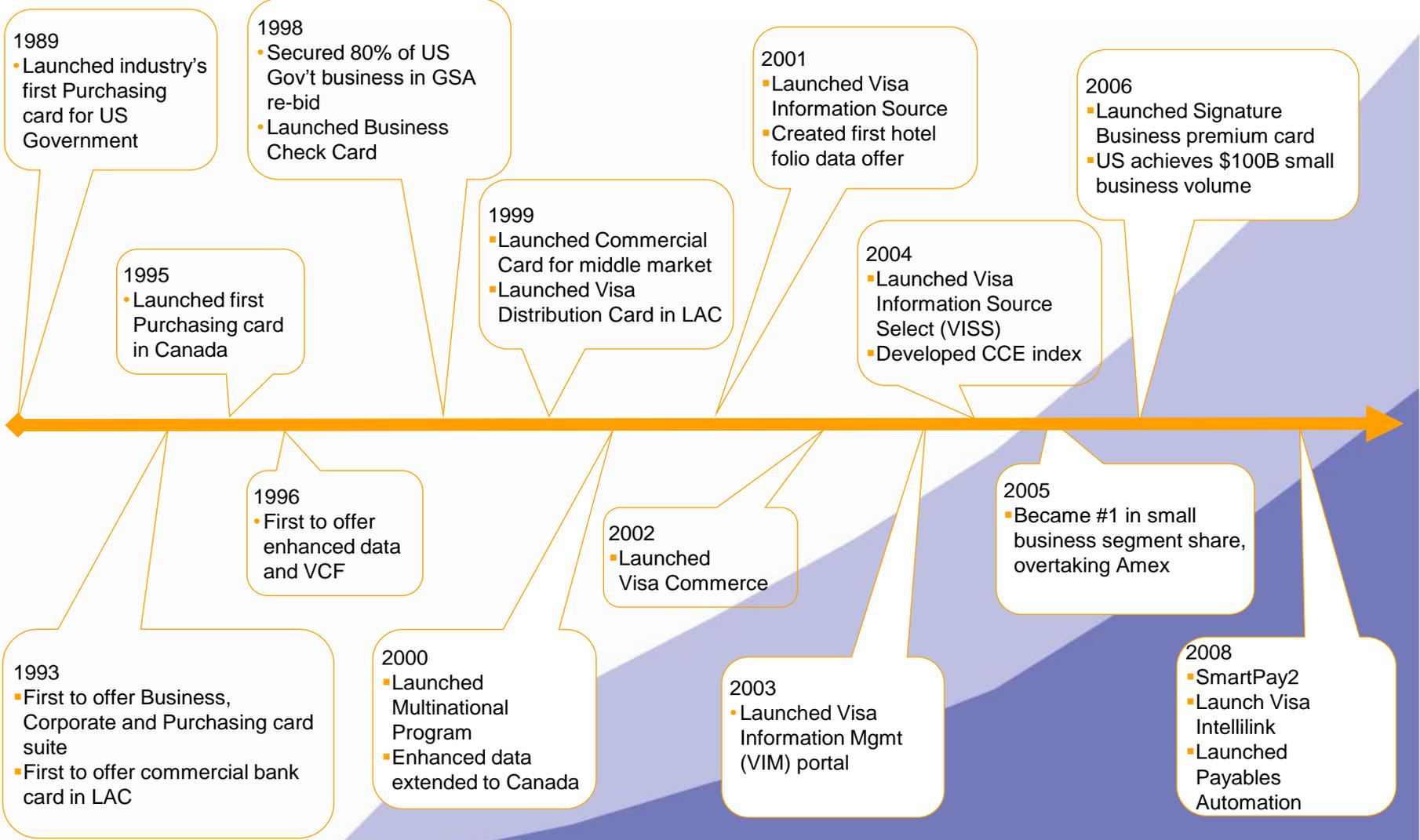
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# Visa Commercial: A History of Growth and Innovation



# Roles and Responsibilities



## Issuer

- Issue cards
- Assume credit risk
- Fraud monitoring
- Risk mitigation
- Provide EAS
- Provide customer service
- Provide custom products and enhancements

## Visa

- Sets standards and rules
- Provides systems/operations
- Move money and data
- Provides risk management
- Balance the needs of Issuers, Acquirers, Merchants, Cardholders and Businesses
- Provide expert service/support to Issuers, Acquirers, Merchants, Cardholders and Businesses

## Acquirers

- Process Transactions
- Underwrite supplier risk
- Generate reports
- Provider customer service
- Differentiate service with custom products and enhancements
- Assess processing fees to suppliers

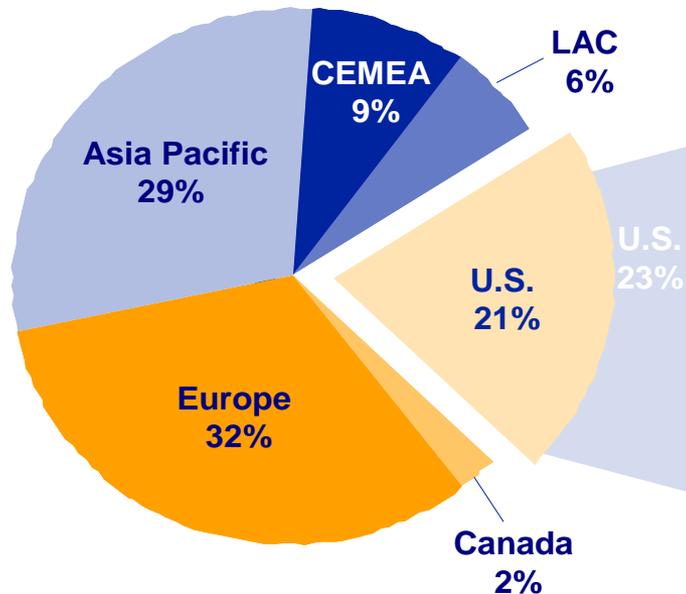
# Global Commercial Opportunity



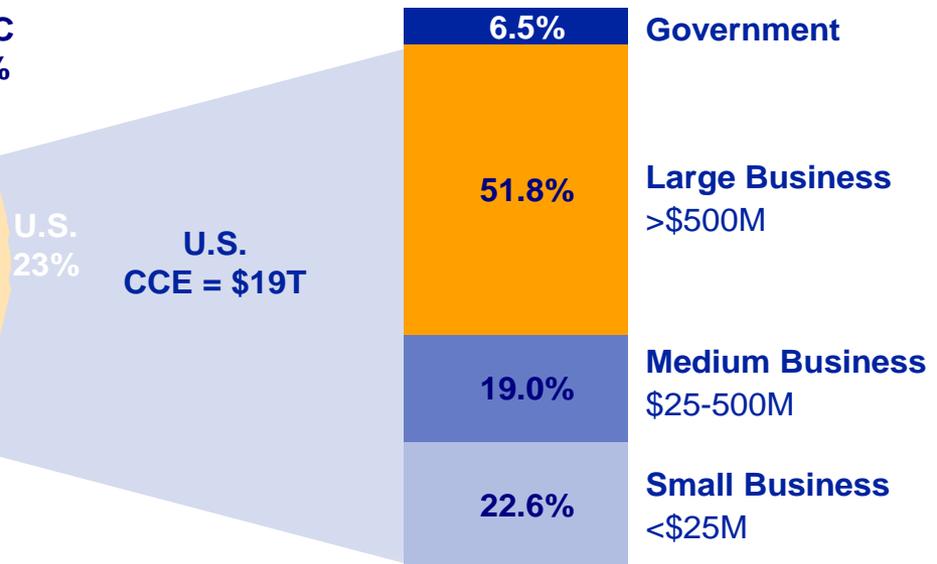
## U.S. Commercial Opportunity

The U.S. accounts for 21% of global CCE

**2009 Global CCE Distribution**  
100% = \$88T



**2009 U.S. CCE Segment Distribution**  
100% = \$19T



Source: Visa Commercial Consumption Expenditure Index; Economist Intelligence Unit (EIU) modeling and analysis, July 2010. Global CCE index data sources include Bureau of Economic Analysis (BEA), U.S. Census Bureau, Organization for Economic Cooperation and Development (OECD), STructural ANalysis (STAN) Database, EuroStat Database, General Government Accounts from the National Accounts of OECD Countries, United Nations Statistics Division National Accounts Main Aggregates Database, EIU proprietary databases, government data and EIU model estimates where government data was unavailable. Large contracted defense spending not included in CCE index.

# Background of Participation



- Prior to SmartPay
  - Diners/Amex travel card brands from inception of use in mid 80s
  - Visa was 100% of purchase card brand
- Last eight years under SmartPay
  - Visa brand for 80% of purchase card business
  - Visa brand for 79% of travel card business
  - \$17B volume last year
- SmartPay 2
  - Visa grew to approximately 90% of purchase and travel volume
  - Introduced datamining tool for misuse and spend analysis
  - GSA total SmartPay volume grown to \$30B annually
  - Savings to government through efficiencies far exceeds rebates
- Only scratched the surface of what is possible

# State and Local - Commercial



- State and Local volume grown to \$6B annually
- Purchase volume grew by 13% 2009 vs 2008 (still compiling 2010 data)
- Visa grew to approximately 83% of purchase and travel volume
- Introduced Intellilink datamining tool for misuse and spend analysis
  - Tool provides visibility to end customer of data issues – level 2 and level 3 accuracy, itinerary data, etc.
  - Data quantity and accuracy becoming increasingly important to government customers.
- Increased use of single use accounts, invoice payment tools, prepaid programs (Currently three States have implement AP solutions and 6 more are either implementing or in contract negotiations)

# Benefits of a Card Program



- Savings
  - GSA estimated \$1.7B per year
  - Studies showing \$50 to \$90 per transaction
  - Rebates – critical to State and Local governments
- Transparency
  - Data for program analysis
  - Fraud and misuse detection
  - Strategic sourcing
  - Policy compliance
- Protection
  - Fraud scoring
  - Dispute resolution and recovery
  - Zero liability
  - Enhancements – travel assistance, lost/stolen, etc.

# Payment System Risk



**Maintaining and enhancing stakeholder trust in Visa as the most secure way to pay and be paid**

