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## Visa, Inc. (V)

SunTrust Financial Technology, Business & Government Services Conference

## CORPORATE PARTICIPANTS

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

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## OTHER PARTICIPANTS

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

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## MANAGEMENT DISCUSSION SECTION

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Okay. Thank you. So, we'll go from one right into the other. It's my pleasure again and I'll introduce myself first for those who are in the room and don't know me from earlier, Andrew Jeffrey, Financial Technology and Payments Analyst at SunTrust. I have Bill Gajda with us, did I pronounce your name correctly?

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William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

Perfect.

## QUESTION AND ANSWER SECTION

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Okay. I was afraid I was going to screw that up. Who's title is too long for me to remember, to fit on a business card, probably.

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

That's right.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

SVP of Strategic Partnership and Relationships, is that...

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

And innovation, yeah.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

And Innovation.

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Yeah.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

The thought center of Visa, I would say. And I think Visa is not in a company that's poorly known to anybody in this room and from our perspective, it's one of the best companies in the world and our view, strategically the imperatives for Visa have, kind of, always been protect the franchise and I think that's, you're probably on the front lines of that effort, make sure that there aren't technologies that come up and surprise you and undermine the leadership and the ubiquity that Visa enjoys globally.

So, I wonder from a very high level, if you might just give us your view on the state of play in global payments, I think a year ago, two years ago, disruption was the keyword, you went to Money 20/20 and that's only what everyone wanted to talk about. And it feels like some of that noise has died down a little bit this year. And I wonder...

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Yeah.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

...if that's my perception or if yours as well?

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

No. I think it has. I think about Money 20/20 two or three years ago, we were all getting as an example, getting excited about Bitcoin, all right. Well, Bitcoin has moved on now to blockchain, no one is talking about Bitcoin anymore, but I think, we're having a very adult discussion around what blockchain means, in terms of connecting different tender types to potentially the Visa network and we'll talk about that.

I think, you have to take a look at the recent deal we did with PayPal, that puts a 15-year genie back in the bottle in terms of stirring towards ACH, the person-to-person payment deals, we're doing with Square Cash or Venmo, part of PayPal or Facebook Messenger Money, et cetera. I look a lot of innovation and there's a ton out there and investment continues to accelerate, most of it sees the benefit of leveraging Visa and the other network rails to drive scale.

There's so much innovation happening at that consumer level and we'll talk about that later, about how everyone is looking now at human-centered design, design thinking, taking very traditional services, but just by rethinking of how you present that, adding whole new business models to it.

And I think that when we think about it, to your point, we need to continue to engage and look at all these new technologies, leverage our assets and partner with some of them to get into new businesses and drive more scale. Keep the underlying tenants of the business, fraud and security, to your point, protect the franchise, but most of the partners we see now want to work with the rails. And I think that is a shift maybe from two, three years ago.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Yeah. At least, I mean, it may have always been the case, but certainly from an investor standpoint, perception has changed. So I often get the question, if it's not ACH or some other emerging technology to your point Bitcoin, what do you think about as potential disruption threats out there. I am hard pressed to come up with a lot today.

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

I think one thing that we watch very closely is the regulatory environment. If the Regulator decides in market X that they want to build a national switch and so, we have to look at our processing platform there.

If we take a look at the effect that PSD2 potentially has in Europe, whether it's a threat or an opportunity and you could argue with both ways. I think that we watch the regulators very closely because they can change market dynamics pretty quickly, but I think in terms of whether it's technology or new entrants, I think we're well positioned to displace cash at a rate that we never have.

We didn't have all the tools we needed even three years ago. We didn't have tokens, so we weren't going to put pens on all these devices that wanted to displace cash. We didn't have APIs, so we couldn't work with partners, that weren't members or connected to the Visa network who had businesses that wanted to displace cash. Well we've got tokens, we've got APIs, we've got Visa Direct. These push payments, I think we're well positioned to

kind of, look at where those big pieces of cash remain, whether it's in consumer, business-to-business and we're pretty well positioned now.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

My next question was actually directly, it's a great segue directly focused on that, at least in the U.S. with regard to mobile wallets and devices like the iPhone with which we can pay more easily today.

As a means of displacing cash, it strikes me that the ease of use and the elegance of paying with the iPhone especially juxtaposed with the challenges we've seen with EMV would make it natural. Yet, for whatever reason, consumer behavior hasn't really changed in a meaningful way.

So with all this great technology, you mentioned tokens and APIs and so forth. Is there some structural barrier to consumer adoption that maybe makes the secular shift just take longer?

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Well it does, and I think some of that's unique to markets like the U.S. or markets that look like the U.S. So if you think about it and I think we're in that interim period where people are experiencing a different consumer experience with chip and PIN or chip and signature.

Much more friction compared to swipe and go, right and so, I think there's a pent-up desire to use Apple Pay, Samsung Pay, Android Pay at the point of sale, but we haven't closed the acceptance gap, right.

And so, I think if we were able to turn on all these NFC devices that exist in these merchants, but the software hasn't been turned on or the training hasn't been done, I think people are really understanding that, that tap-and-go is a much better consumer experience than what EMV introduces into the market.

And I've always said, I think the biggest catalyst for mobile payments in the U.S. was going to be the introduction of EMV and that whole new customer experience, the challenges we haven't addressed, the acceptance footprint. I live in the UK, I moved there four months to five months ago.

And I use contactless for 80% to 90% of my transactions, right, they solve transportation, right. Acceptance footprint is 80% or 90%, so virtually every day spend I have gas increasingly, certainly groceries, pharmacies, et cetera all accepting it, it's a whole different experience. And that'll come here, that pent-up demand will get addressed, and we'll start to see it accelerate once we address that acceptance footprint.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Is there a role for pins in the context of tap-and-go payments? I know Visa has been reluctant to adopt its chip-and-PIN or endorse it in the U.S...

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Yeah.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

...the way that exists in other markets?

Q

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

It's funny. So, I would say – I think we're going to hopefully see a situation where we're, kind of, just leapfrogging PIN, because it's a very old kind of construct. Always in the U.S. we've talked about a chip-and-choice, but because of the way that issuers network were configured the amount of investment it was going to take, even think about PIN, they've moved more towards signature.

A

If you take a look at the Europe, most EMV models, in fact all of them that I've seen are kind of chip-and-PIN, it's just been well established there. I think what we're going to see now is increasingly, like we see in transit tap-and-go or phone-and-go, and there isn't any user experience beyond that required at the point of sale because we've been able to authenticate you through biometrics, through location, through device ID.

As an example, if you go to the UK today, if you use a contactless card, an NFC card and virtually every card in the UK is chip and contactless. It's a £30 limit, if you use your card, right. So I go to the grocery store a lot of the time, and it's over £30, it means I've got to do dip-and-PIN, except if you use Apple Pay or Android Pay because we've added that biometric authentication, there's no limit on a mobile transaction for contactless, right.

And so no PIN required, it could be £150, £200, just biometric authenticate, tap and get out of there. And so I think that PIN is becoming a bit of an outdated construct when we think about all the ways we can authenticate a device for a person.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Now I certainly look forward to the time I can use Apple Pay at Whole Foods and not have to sign, right? That kind of drives me crazy when I think about the authentication and the security that's embedded.

Q

So clearly from a consumer standpoint, it's a better experience for anybody who has paid with an iPhone especially relative to EMV as it exists in the U.S. and you talked about the acceptance bottleneck. What about the value proposition to the consumer, convenience is a big one, but we hear a lot about loyalty and integrated solutions, is there, I mean, do we reach that, sort of, happy medium where acceptance is nearing ubiquity and there's, sort of, something in it for me as a consumer too?

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

Yeah. I think that – I look at it three ways in terms of what makes us successful and if you take a look at markets like Australia as an example, there's about 80% or 85% of all transactions were contactless, right And that's just based on almost ubiquitous acceptance and a very, kind of, simple user experience.

A

And then you tap on the fact that you can start using your contactless card or mobile phone for everyday small transactions like transit, that's actually cash displacement, so really good for the ecosystem but also a much better consumer experience than having to top up on Oyster Card or fumble through change to get to a transit.

But then the third thing is the loyalty piece you talked about and we've actually just started rolling it out in Europe and our first example where, you're now going to – whether it's with a plastic card or a mobile device, link that loyalty card to the token or the card that you put into the device or just to a plastic card, because everyone knows the experience today, swipe my Visa card, swipe my loyalty card or tap my phone, swipe my loyalty card.

Well, we're launching with our first client in Europe, this card linked loyalty where if they tap their card or tap their phone, it's there, and all the benefits of that loyalty program are linked now in that wallet. And to that physical card, it doesn't require mobile and so that's where this is all going.

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Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Does that, sort of, presage an environment in which these mobile wallets become more financial institution-specific or bank branded, issuer branded, because today the wallets we're seeing are a bit more technology company brand, Apple Pay...

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William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Right.

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Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

...Google Pay et cetera. So...

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William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Yeah. I think that's – and it's going to change market-to-market, but you're right and the way I think about Samsung or Android or Apple is they're different versions of operating systems, right. And one is more highly vertically integrated than the other, but basically we started with enabling operating systems, because of their broad distribution to make payments.

If you take a look at what's happening in Europe, faster than it's happening in the U.S., banks are now leveraging their mobile banking presence, their mobile banking app and adding that cloud-based NFC payments as well as supporting the pace.

Because I think everyone is, kind of, saying we're still in this expansionary period, where we don't really know where consumers are going to land in terms of how they want to pay, whether it's online using Visa Checkout or online payments or in-app payments or at the point of sale.

So, we're going to see Samsung Pay, Android Pay, now PayPal, they're going to become a token requestor, PayPal Pay, Android Pay and then banks with their own wallets. And we'll watch it expand for the next two years or three years. And then we'll see depending on the market a bit of consolidation around some of the winners. But more and more banks are now starting to dip their toe into their own wallets.

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Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Right. Yeah, it creates a lot of possibility and perhaps some consumer confusion too I guess. And actually it brings me to another question which, it feels like it's tangentially related to Visa today and correct me if you think

I'm wrong, but I'm thinking about P2P which is predominantly an ACH based function today and obviously Venmo is probably the most recognizable name.

Two questions, one, is there a business model there in your opinion. And if the answer is yes, is there a way for Visa to perhaps participate in a more economically accretive way in that business model?

William Gajda

Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.

A

Absolutely, it's Visa Direct, I guess probably not many people know this, but I guess seven or eight or maybe nine years ago, we made a small but fundamental change to our network that allowed any Visa card to push a payment to any Visa card.

You think about how we grew up, it's always a pull payment, a merchant pulls the balance from a debit or credit card and a merchant initiates the transaction et cetera. But we turned that around eight years or nine years ago through a series of two transactions. One, called the AFT, a funding transaction.

So if I'm sending money to you, I'm going to fund the transaction, that is, take that money from my debit card and get it ready to send to you and then you're going to get what's called an OCT, an Original Credit Transaction, which is basically a credit on your card like you'd returned something, but we enabled that for push payments.

And what we were missing though is a really compelling channel or a really compelling user experience to bring it to life, but if I take a look at Venmo, Square Cash, Facebook Money, what they're doing with Messenger, et cetera. They're now using Visa Direct, not ACH, for those transactions. Because it is fast payments, it uses established rails, the funding mechanism for all of those – if someone has put their Visa card in those wallets anyways, right. And so we're now using those Visa Direct rails, where people have already accumulated many consumers who just want to pull down a phone number or pull down an email address and send money, well now we're in the backend. So all of those wallets that you talked about are now moving towards our AFT and our OCT transaction.

Andrew Jeffrey

Analyst, SunTrust Robinson Humphrey, Inc.

Q

And it certainly it seems like that scenario where banks are investing to the extent that's the case, that can drive revenue from [indiscernible] (14:59)?

William Gajda

Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.

A

Well, even Zelle, so the clearXchange and their wallets' called Zelle, you know that group of – I don't know how many banks are involved now in that. They're now moving again to our rails, because of its scale and simplicity and security, because ACH wasn't designed for consumer payments.

Andrew Jeffrey

Analyst, SunTrust Robinson Humphrey, Inc.

Q

Yep.

William Gajda

Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.

A



Whether at the point-of-sale or consumer-to-consumer, we've optimized our network to do it. And the important thing to realize is a couple things. One is, it's a new transaction for us. Those were cash and check transactions, I owe you \$30 for lunch because you paid. I either paid you cash because I was in front of you, or it was really hard to get you \$30. Those are volumes that we weren't getting, that was cash and check. I think the other thing to realize is that it's a bit different than a traditional four-party transaction. There's no real acquirer, there's kind of my issuer and your issuer on the sending and receiving end. And so we've changed the flows and the economics to reflect that to kind of build volumes and this is a product that you're going to see growing worldwide.

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Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Okay. Terrific. Maybe we can move onto to e-commerce, then maybe we'll touch on B2B. You mentioned the PayPal deal, which was kind of a sea-change in some ways, certainly for PayPal's approach to the market. With regard to PayPal, maybe you can touch on that and what you think about as far as funding mix and the shift there and – but also I think about Amazon as a pretty important competitor and e-commerce growth in general, is there – do you have an observation as to just – is that entirely accretive to Visa. There are some – is an Amazon private-label card something you need to worry about or think about in your long-term planning? So a couple of questions in there.

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William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Yeah. So first on PayPal, from my perspective, we miss the PayPal phenomenon kind of 15 years ago. I think we underestimated its impact in terms of solving what was then a lot of friction at the point-of-sale. If you think about whether it's the other wallets that have emerged including our Checkout, but particularly people moving to mobile where it's a very seamless experience. PayPal wasn't necessarily solving on mobile what they solved on the big screen. And at the same time, so that was a challenge. At the same time, they wanted to get to the point-of-sale, had a lot a – of kind of failed efforts to do that, but they still realized in order for PayPal to continue to grow, they needed to offer customers a multimodal wallet.

And so if you look at the PayPal deal in essence, it's got three major components. The first one is, we're going to stop steering from ACH, which is a pretty big deal, right. Most of us have put a Visa card at some point in our PayPal wallets or we're going to now see PayPal convert the major funding source for those accounts back to Visa and you probably already seen ads where they're inviting people or extolling the virtues of putting a Visa card into your PayPal account, that really just formalized itself as a program yesterday, right.

The second thing we said to PayPal is, we need better data. Because they front all those transactions as a merchant of record, we weren't getting as much data as we needed on the merchant ID, right, details of the transaction, et cetera. So, the second thing we said is, we need more data integrity. And they said, the quid pro quo for that is, you get to become a token requestor and you need to think it exactly like Android. The PayPal wallet is a cloud-based wallet just like Android; it will be a Visa token at the point-of-sale.

So for us as we see ACH converted to Visa for e-commerce transactions and as PayPal takes those PayPal balances wherever they came from and are fronted now by a Visa card, a tokenized Visa card at the point of sale that is accretive to Visa. Now, it's too early to see or to tell you what that looks like, because it was just kind of formalized and being launched yesterday. But as I said, I think, we feel pretty good about the deal and we're busy now replicating the agreement we have in United States around the world with PayPal. So, we think, that's a pretty significant deal.

Regarding to your question on Amazon. I mean, Amazon doesn't steer and Amazon is a really big Visa client, right, because most people again from their Amazon 1-Click accounts or Amazon Prime accounts with Visa, and so we continue to work very closely with Amazon. I guess, with any merchant, there is a potential for private label or potential to think about steering, but at the heart of it is and maybe you can argue what the merchant proposition is or what's the consumer proposition right? And so, I think if you're really conscious of what consumers want to do and what that seamless consumer experience is, you need to let them pay the way they want to pay. And Amazon as I said, most people want to pay with their Visa card.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Okay.

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

Right.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

It makes a lot of sense. I know that's how I pay for purchases on Amazon. B2B is a big opportunity and we've spent some time internally at SunTrust, thinking about and talking about and writing about it, it's multi-trillion dollar...

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

Multi-trillion. Yeah.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Bigger than consumer payments by a couple fold at least. Again an area that's been dominated by checks over the years, ACH has started to become more relevant, certainly your competitors made a big investment in ACH.

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

Yeah.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

You mentioned push payments, which seem like a nice potential alternative. And now the blockchain...

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

Right.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

...could play a pretty significant role. I guess technologically, how do you envision that evolving, it's a fairly complex technology. And then from an economic perspective, should we think about blockchain fees or interchange if you want to call it that, may be is sitting somewhere between cards and ACH, so how does it monetize over time?

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**William Gajda**

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

**A**

Yeah. It's a good question. So, I would say, when I think about commercial, we've long had commercial programs they're some of our fastest growing programs, but we didn't really have the assets to harness that multi-trillion dollars that you've talked about, that's happening on a B2B basis. But I think, you've mentioned the two things that are causing us to think differently about it and we're investing in both of them. One is push payments, so if you think about government disbursements, there are markets around the world, where 30% of GDP is government disbursements. And they're either sending cash in envelopes or checks and both the cost, the security, the fraud et cetera are extremely high in those environments. And so, one of the fastest growing ways we are seeing for push payments using Visa Direct are those government disbursements, right. So that is one way I think we're going to – we're going to tackle that big kind of B2B2C expenditure.

I think the second though is blockchain and its potential. I'll give you a couple of use cases. I think we've got three or four proof-of-concepts that are going on regarding blockchain. One of them is a big area that we'll all talk about in the next three years to five years is the Internet of Things, IoT. So, machines initiating a transaction and terminating a transaction and no human intervention. While a lot of those transactions could be a \$0.01 transaction or a \$0.001 transaction, right?

Our network is not very good at processing \$0.01 transactions. With the ability to use blockchain to conduct and interrogate those transactions if you need to, and then when you hit your millionth transaction to initiate that payment on the Visa rail and terminate it on a Visa rail because, we're pretty good at that. It's that intersection of blockchain as a connective tissue between other tender types that is a machine talking to a machine, and then using our global network to actually create and/or to distribute that value. So, that's one proof-of-concept we're working on is micro-payments.

I think another one is international merchant transfers and we're working with our partner Chain on this one. So you're a business sitting here in New York, you want to send money to a business sitting in Singapore. It's hard work now. It's not same day. It's not uncomplicated and it's not inexpensive. So again, we think about blockchain being able to carry all the information required between this merchant and this merchant to confirm that a contract has taken place, that goods have been delivered or service had been delivered. And then the minute that blockchain is closed, a Visa transaction initiates for the value embedded in that blockchain to this merchant in Singapore and they've got their money in seconds.

Interbank transfers, correspondent banking, right. Not uncomplicated, not inexpensive. And so, we think blockchain has huge potential to provide a very low cost, transparent, inspectable way to leverage our network for kinds of transactions that were just not optimized for today.

In terms of the economics, I think generally, we've recognized to move into this B2B space where you're talking potentially transactions that are thousands or hundreds of thousands or millions of dollars a piece with all that other information that has to accompany it, that our economics have to change as well, but you can just take our today's interchange model that exist between a consumer and merchant point-of-sale and go like this.

And so, as much as we're spending time through this proof-of-concept on the technology and linking Visa to blockchain, it's – what do the economics have to look like to me to make sense. And again, like push payments, these are new transactions for us, right. So if we're able to crack that, that's virtually all accretive to Visa and another way to kind of protect the franchise and extend that network.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

Yeah. The advantage of having the scale that you do. And those are some applications actually that I hadn't thought of. So, that's...

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Early days, right. But it's exciting, yeah, yeah.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

So, I'll ask you one more and it's sort of a philosophical question and a strategy question with regard to partnerships, PayPal is a kind of an easy one to understand, I think.

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Right.

Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Q

When trying to understand the economics, but more broadly, Visa has done M&A in the past, I think about CyberSource, which was a critical value add in e-commerce, but generally, is there an active buy versus build conversation within Visa, is M&A part of the strategy or are you have at the point where it's more about investing in technology that makes you more embedded generally as a company and payments?

William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

A

Yeah. I think M&A is always part of Visa strategy. But if you think about the bars high for M&A for us, and I run our winter program until I move to Europe. And we thought about the difference between just inviting a startup to come talk to Visa, because believe me I wanted to talk to Visa or to invest in them.

The question I always had when I went to the investment committee is, what is it that raises the bar from just working with these companies and maybe doing an incubation to actually wanting a piece of it, right? Because the bar is pretty high, and I would say that that's probably true of M&A. I mean, we talked about it when we started the conversation. Most of the players that are coming into this space, one levers the rails, they want to work with Visa. We tend not to have difficulty getting the meetings. Because, these companies want to grow hopefully leveraging some of our assets and so we need to really think on, in terms of M&A on – like CyberSource, is it a whole new set of insights, a whole new customer base. And in CyberSource, it was an entirely new e-commerce platform with broad manager and 600,000 merchants globally. Is there this big strategic and/or adjacent business benefit we're going to get?

And I'd say that, whether it's in the area of processing or what's happening on some of these adjacent technologies blockchain et cetera, there could be some of those candidates, right. I think most of our activity will probably be to invest in these technologies. Certainly, investment spending time with the companies and running proof-of-concepts and doing incubation.

And then in those circumstances where investing as opposed to partnering makes sense because we get a lot of influence in terms of development of that technology or we get insights, we couldn't get as just a partner that we really need to understand, which is why invested in Chain. So, we invested in our blockchain company called Chain, and it was because, it was the way we were going to get deep enough into the company to get those insights. We invested in Square, right. We invested in Stripe, right. And again, we could have partnered with them, but investment either got us a disproportion amount of influence or disproportion amount of insight in terms of the future of those companies and that space. And I think that's how we think about it.

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### Andrew Jeffrey

*Analyst, SunTrust Robinson Humphrey, Inc.*

Okay. Wonderful. I appreciate your time. That's helpful.

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### William Gajda

*Senior Vice President, Innovation and Strategic Partnerships, Visa, Inc.*

Now listen, thank you very much. Thanks for treating us for your lunch.

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