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Visa, Inc. (V)

Autonomous Research Future of Commerce Symposium

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MANAGEMENT DISCUSSION SECTION

Craig Jared Maurer
Analyst, Autonomous Research US LP

So, if everybody can come back to their seats, we'll get started. Just wanted to say hi and thanks everybody in the webcast for joining us. This is our Third Annual Autonomous Future of Commerce Symposium. Craig Maurer, I run the Payments team here. And we're lucky to have with us Mike Milotich, head of Investor Relations with Visa.

Mike, I'm not sure how many people have had a chance to meet you yet. So I thought you would introduce yourself, go over your background.

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

Sure. Thank you very much for having me. So, I'm relatively new to the Investor Relations role. It's been almost six months now. My previous role – I've been at Visa for seven years though. In my previous role, I was the Head of Corporate Finance, responsible for all the numbers at the Visa, Inc. level, both in terms of results but also forward-looking. And I also supported our former Head of Innovations and Strategic Partnerships from a finance capacity.

And also prior to Visa, I worked at PayPal and I worked at American Express before that. So, I've seen the business from the issuing perspective at Amex as a sophisticated merchant acquirer in PayPal and now the network business for the last seven years. So, I also have a good sort of understanding of the broader ecosystem.

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QUESTION AND ANSWER SECTION

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Great. Thank you. So, I wanted to just get to the news of yesterday regarding the MDL. Can you discuss what happened yesterday and where we're going from here especially considering that you now have two classes on different timelines and whatnot?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yes. So, we have reached an agreement with the damages class which we had put money aside in the escrow account late in June. So this is just the finalization of that agreement. So where we are from a timing perspective is we have now filed that with the court and we're waiting for them to come back with a preliminary approval which we expect will happen in the next few months.

At that point, the court then hears, waits for merchants if they want to opt out of the class and also hears objections, and that will then also take a few months to occur. And then at that point, the court sort of assesses those objections and determines whether the settlement is fair and reasonable, and assuming that is yes, then it is formally approved. We expect that to be at least a year for that process to play out. And then anyone who does opt out, assuming there are opt out merchants, then we have to handle those on a case by case basis.

In terms of the injunctive relief class, there is no real timeline. Right now, the litigation is moving forward, and in parallel, we are having settlement discussions. But there is no update from a timeline perspective to provide.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Got it. The prior opt-out merchants, I assume all that – does that all reset so to speak now? And in terms of the funds that were essentially returned to the escrow last time or on Mastercard's side returned to their balance sheet, how's that working now? Do you expect those same merchants to opt out again and then have to pursue settlements all over again?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yes. So, how it works, it does reset. So, merchants will have the opportunity to make that election again. There were a number of merchants last time, so between 50 and 100 that we did reach settlement with, so those people are no longer part of the class at all. But for everyone else, there is roughly between 200 and 300 of them who had filed a separate suit. They will have to make the election again. So, we'll see if more or less decide to stay in the class or not, and then we'll handle them one by one. We expect certainly some merchants to opt out again.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Okay. All right. We can leave that discussion. Before we get into more Visa specific discussions, I wanted to ask you a broader discussion, the SRC project.

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Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Where do you stand in terms of your working with the other networks? Has that come together in a fruitful manner that's really moving forward at speed? I think it was – I don't remember if it was Ajay at MasterCard or it was Al at Visa who would discuss sort of first quarter 2019 calendar basis as when we could start to see that market. So...

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. I think that it is progressing well. I mean, it is complicated. You have a lot of people at the table and we're also taking a lot of input from around the ecosystem. So, it's not a simple endeavor, but I guess the good news that how we got here is that everyone is sort of seeing the world the same way after all of us sort of went down our different paths in e-commerce. We're now aligned on the best way to have digital transactions take place both making it easy for merchants in terms of like it works in the physical world, one connection, to accept all card payment, but also making it consistent for consumers where there's quite a bit of confusion now with all the options that take place. So, that's good news.

We're making progress. There are three major work streams that are going on right now. There's the technical specifications. There is the brand or the mark, what the button will look like, and there's also the user experience. So, those are all three things that are moving right now. We expect the specifications that in the next few months, a preliminary version of that will be released, which will allow everyone in the ecosystem to start their work that they need to get going and it will probably be in early 2019 that the brand and user experience comes available. So I'd say, I don't know maybe who said sort of one of Q1 of 2019, I would say that's probably a little early based on where we are now.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Okay. And, what's the – it's sometimes hard to find the distinctions. What's the relationship between SRC which is an EMVCo project and spec with W3C and some of the other initiatives out there. How will you work with – is there a path to work with the Apple Pays or Google Pays, all those things?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. We do think that they are complementary. So what they're really focused on is making it easier to sort of transmit data within checkout from their browsers. And we think that very much is aligned with what we're trying to accomplish. And so it's – we're working sort of in slightly different lanes, so to speak, but they are complementary and we think there's an opportunity for us to really work together and make it as easy, again, as possible for it to conduct commerce both for merchants and consumers.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Have merchants been involved in discussions at all?

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Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Certainly, they have – we have reached out to people for input. Yes.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Okay. So, moving on to more Visa specific items, on Visa Europe, it's been part of the organization for a good amount of time now.

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Two years. Yeah.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

And specifically, where are you? I know the technical integration is set to be completed I believe this year.

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yes.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

And then, how quickly can you move forward with new product based on a fully integrated, global platform?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yes. So, I guess that work is already underway because as we've talked about in July, well, the clearing settlement has already been completed in March and then the authorization, we were over halfway through in July. So, anyone who's already moved over, then they already have the full product suite available to them. So, we're already able to start engaging those clients and have them start adopting the advanced capabilities that our clients everywhere else around the world have enjoyed for some time but we have not necessarily been available in Europe until now.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

And I mean, has there been a lot of incoming to Visa from either existing clients or clients that you might not have been dealing with over time, interested in figuring out what you can do now versus what you couldn't do before?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Certainly. And I think that engagement process though it's – we didn't necessarily just wait for this point where we're close to the finish line. That process started some time ago when we kicked off the process to let clients know this is the timeline we're working towards. These are the kind of capabilities that will be available and

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helping get them educated in terms of what capabilities that we have that maybe they didn't have access to before.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

So, in staying focused on Europe, when we think about share gains and losses, other than Santander in the UK with debit which was a Visa customer regardless, so that was a different topic. Within Continental Europe, what have you seen? I mean, there's been a lot of discussion that there's been movement in sort of below the press release level of issuers in terms of share?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. I would say that there were a few deals. There have been some conversions going on this year, deals that were done sort of right around the time of the acquisition, maybe a little bit before when that business was awarded, and usually when you first hear that the decision has been made, it's usually sometime before the volume moves and the bank actually executes it. So, there is some of that going on right now particularly in some of the Nordic markets right now.

But other than that, we're not seeing much in terms of share shift. And we're, I guess, excited with inherently that these last two years we've had to shore up our existing client base and get them into commercial contracts, instead of the sort of owner rebate model that existed before. And with our platform available, we see a lot of opportunity to grow our business now going forward.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

With second quarter earnings or fiscal third quarter earnings, there was significant pricing taken in the market. Could you discuss where you think you are versus your competition at this point? How much progress has been made there, and how the regulatory landscape might color what Visa chooses to going forward especially with the optionality that PSR left to extend their book into the network pricing structure?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. So there is a pricing gap that is it's not an insignificant one. And so, we're aware of that, and we have every intention of closing it. But we're going to do it over time, and we're going to be prudent about it. We don't want to have unintended consequences or sort of disrupt the market in any way. So, a lot of people ask us what inning are we in, and it's hard to say that because it's a dynamic market, and so things are shifting all the time. So, we may be making moves but other competitors also make changes. And so the finish line we see right now, two years from now maybe somewhere different. And so it's hard to say where we are, but we are making progress but it will take time for us to close the gap that exists.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

And going forward in Europe, is the acquisition market open to Visa in Europe following the full integration of Visa Europe, I mean, or is Visa share in Europe going to be prohibitive?

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Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

I don't think so. I mean, I think we're open to it. It's just a matter of, I guess, what opportunities are available in the market. Certainly, we'll look at them. Sometimes our share in the UK particularly previously was a sort of restriction on us. But I would say generally speaking, we're – I don't think we're too prohibited or restricted in any way, but we'll have to see what opportunities come available.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Okay. PSD2 in Europe, how is that – is that reshaping things at all for Visa? Are you seeing any type of movement away from the traditional rails that's of scale or meaningful?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. So, I mean, not yet. We actually see PSD2 as a net opportunity for us in the long run. We think it's going to take a lot of time. So what you haven't seen in the market yet is there haven't been many announcements and then the ones that have been announced, there isn't a lot of specifics about what the economic model will be, how merchants will be charged, how they'll deal with chargebacks, how they're going to work cross-border. So there's still – so there hasn't been a lot of detail there. So we do think it will take time.

Some of the things that we think in the PSD2 environment that people need to kind of keep in perspective is – so for one is, what's in it for the consumer? So, how are you going to get consumers to change their payment behavior? It's hard to change consumer behavior without significant incentives. And given the market dynamics aren't necessarily a lot of economics to play with from incentives, particularly when people are comfortable paying with their Visa card. They trust the Visa brand. They know it's reliable. So, that's something that needs to be considered.

How are people going to deal with cross-border? So, you may be able to use sort of alternative rails for a given market. But if you want to have sort of a pan-European offering, then how are you going to manage that connectivity to the different accounts? So, there's still a number of things that need to be considered that we think play to our strengths. So, one, for example, is that PSD2 requires two-factor authentication to manage risk.

And this is something that we have a lot of experience and capability to offer and to do it in ways that reduce friction because that's another – two-factor authentication can be a little bit abrasive in terms of its implementation if you always are being prompted for passwords and other things. And we have a lot of experience and sophisticated capabilities to offer to people as they're coming up with new solutions.

And also that connectivity piece, so the fact that we are connected into all the accounts in Europe and that infrastructure is already in place and can be used to facilitate cross-border and regional offerings, we think that is something that will be our benefit and our opportunity in the long run as it rolls out over time.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Got it. So, if we can cross the Atlantic and talk about the U.S., first, more of a macro question in the U.S. coming out of the recession, debit took the lead in terms of growth and in more recent years, credit has had a meaningful resurgence. So, where do you think we stand there in terms of what's driving that resurgence in credit growth, what areas do you see strength in?

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Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. Yeah. I would say it's pretty broad based. I mean, I would say both in credit and debit, both are growing in the double digits for us in the U.S. which particularly the debit number, it hasn't been up at those levels in some time. I would say on the consumer side we're seeing a pretty broad base. We have the ability to look at the data by segment in terms of what types of merchants consumers are shopping at and we're really seeing a fairly broad-based healthy spend growth in all areas, so with a little help from rising gas prices, but I would say there isn't one particular area.

And then also, in commercial, so our B2B business is also growing faster than the overall growth. So, that is leading to some of the acceleration. Some of that is just momentum in the business that we've been working on for some time. Some of it we are getting some benefit from some small conversions I guess, as you said, in Europe can sort of go below the radar in terms of discussing, but we're getting some benefit there. So, it's both consumer and commercial that are causing that growth. It was about 10.5% percent this past quarter.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Got it. You won U.S.A. away from MasterCard which was a 30-year partner of MasterCard and a surprising announcement. So, where did Visa see the opportunity to differentiate itself versus MasterCard with that big customer?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. I mean, in all these big deals, I would say they're always very competitive. And whether you're the incumbent or the challenger, it's always quite competitive. And so, I would say the one thing it almost never is is price. It's a competitive market. I would say, usually, in those bigger deals, there's very little price differences when it's all said and done at the end of the day and the final decision is made.

So, it comes down to a couple of things we feel that I guess played to our strengths in the case of U.S.A. One is that it's a membership organization, and so brand matters a lot, and we have done a lot of work to show that our brand was something that really resonated with their membership and something that their members would feel good about being sort of associated with and working with. So, that was one aspect.

And then a lot of it is, in a lot of these bigger deals not just U.S.A. is the market is moving very quickly. There's a lot of new capabilities, a lot of innovation. So, it's all about the client support model that you have. And it's not just the sort of the day-to-day relationship manager, the person that's really talking with the bank on a day-to-day basis, but it's also bringing what we call One VISA, which is all of our subject matter experts to the forefront to help that client be successful.

So, this is expertise in product, digital, risk, marketing, all those things that Visa has a lot of expertise and a lot of experience, and we can help our clients be successful, and that's also obviously in our interest. The more successful they are, the more successful we'll be. And so, I would say, the brand and the combination of capabilities and sort of how you bring them to support the client is usually what sort of breaks the tie of the economics.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

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Got it. A lot has been made of value-added services being brought to bear on these contract negotiations. When we look at the two income statements of the two networks, we do see a significant difference in terms of revenue being driven by other services at Mastercard versus Visa. And so, I'm curious, where do you think you are in terms of building out some of those capabilities versus peers, whether it's data analytics, safety and security, loyalty or some of the other things? Because prior management not talking about AI right now but prior management, in fact, going back two CEOs was very negative on Mastercard's acquisition path when in reality, it's turned out to generate some nice additional revenue for them. So, just some updated thoughts.

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. I would say that we feel we have all the same capabilities that they have. We just maybe aren't quite as vocal about it. What we hear from clients is that we're not losing deals or anything because of a capability gap. So, when it comes to risk products, loyalty, processing data and analytics, we feel we have comparable offerings. There is some differences in, I would say what they call advisors and what we consider our consulting kind of organization. I'd say, we are a little bit more narrowly focused in our view than their perspective in terms of how we look to help our clients. So I would say that's really the only difference.

The other thing though that I would say is that our approach is also a little bit different. You mentioned the income statement because that's an important distinction. So, we offer a lot of those capabilities. Sometimes we charge them directly. Sometimes they're sort of bundled in, in the client incentive package. Sometimes they're just included in the overall bundle. And so, you also just have to be careful because the accounting can also be very different, so you can't just look at the revenue. You also have to look at the expense side and look at the overall income that's generated because that's where we feel is a little bit more of an apples-and-apples comparison, depending on how you treat the services and structure them into client arrangements.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Okay. Speaking about the income statement and incentives, over time, the discussion has been if we see incentives grow as a percentage of gross, that's a good thing because it means our customers are growing as well. Now, yes, I understand that that does obviously take away from net revenue growth. But how do we think about that long-term? I mean, it's always been this very difficult line to...

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

It is.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

...get behind in terms of trends. Then you had ASC 606 that is changing that paradigm at least for a year. So, how do we think about that?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. I would say that certainly there's been acceleration in our numbers in the last two years that's related to Europe. And the – you also have to be a little bit careful there because even though our P&L, the line items that we share with revenue, and what they share sort of looks similar, there's actually lots of important differences that in terms of how things show up. So, sometimes it's also hard to get a read between the two organizations.

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We do think that the increases we've seen over the last two years won't continue at that rate because we're sort of getting through all the deals we've done in Europe. We would like to see that number slow, but it's also something that's out of our control. The incentives are largely driven by the competitive environment. And so, as we get into deals, and as I said, usually the pricing is pretty similar, and if we still think it's a good deal for the business and creates value, then we'll do it.

But that client incentive line really is a product of the competitive environment. But we also try to encourage people to look at just the net revenue and not get, I guess, too fixated on the two components because, ultimately, it's the net revenue growth that ultimately is the bottom line.

Craig Jared Maurer
Analyst, Autonomous Research US LP
Q

First, are there any questions in the room? I don't want just to be too formal but – okay. So, I wanted to shift cross-border. Cross-border, there has been some differences over the last few years in terms of growth rates.

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.
A

Yes.

Craig Jared Maurer
Analyst, Autonomous Research US LP
Q

Visa has discussed losing some share in certain markets on cross-border. And related or not, AI has recently talked about spending – the increase in personnel cost growth has been related to enhancing management outside the U.S.

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.
A

Yes.

Craig Jared Maurer
Analyst, Autonomous Research US LP
Q

So, how are all those things tie together and how should we think about whether the growth rates can converge?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.
A

Yeah. I would say there – those two things are not necessarily related. But I guess let me, I guess, give you a little color. I would say, one, when you're comparing our cross-border growth, it's just important to remember particularly when you're comparing the constant dollar growth that we have different methodologies and something that we disclosed four or five years ago. And that can make a significant difference particularly in times when the dollar is strengthening. So, that's just something just to highlight.

There's also some mixed impacts that are important. I'll talk to sort of the regional differences that you mentioned in a minute. But there are important mix differences in terms of – at certain times, our strength in the U.S. or the UK is a benefit for us. And there are other times when those markets, because they're so mature are not growing as fast, they really just – so, I would say there is definitely a mix component. I guess we don't apologize for our

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position in the U.S. market. We're happy with it, but sometimes from a mixed perspective, it can have a – sometimes it's a tailwind. Sometimes it's a headwind in comparison to what's going on in other markets.

But as you said, I mean, even setting those two things aside, our overall payment volume has been growing a little slower in both Europe and in Latin America, and some of that has to do with in Europe. Some of that has to do with reporting differences. It's not quite apples-to-apples comparison. Some of it is some of these conversions that I mentioned that were awarded around the time of the acquisition. And in Latin America, a lot of it is – Brazil was not performing as well, but we think we're actually past that. The performance in Brazil has started to pick up sort of consistently over the past few quarters. So, we think we're sort of moving past that.

One thing in Europe that's also important is that there's a very large fintech community in Europe and particularly fintechs who are very focused on cross-border, who have very cross-border-centric offerings, they're very focused on that market. And Visa Europe, the association, I guess, wasn't quite as open to working with those types of companies as Visa, Inc. is, and so that's also something we're changing in terms of not only engaging with those players but making it easier for them to work with us which was not necessarily something that happens sort of in the association days. And so, that's an area where we're making a lot of progress that we think you're going to see sort of in the near future. But that's also a critical component of it.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Got it. In these cross-border markets that are important to both networks, there's been this global rise of sort of nationalism and data protection, and we've seen GDPR in Europe. How's that – do you think we're going to see more domestic networks like an Elo in Brazil pop up where the government is saying to the banks, I want you to do this, I want you to convert your cards over, and that does have an impact on local markets?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. So, I guess we do see that. I mean, as you mentioned, Elo in Brazil, that's happened in Russia over the past few years. But I'd say it's still, I guess, relatively limited, but at the same time, it's also not new, right. There are lots of markets that have had domestic brands for some time and a lot of it is we just tried to engage with governments to help them understand not just in these cases but whether it be data localization or sort of a myriad of issues that come and just educating them on the implications of those decisions in terms of, are you really going to get all the same level of innovation, safety and security that you're going to get with a global network because a lot of this investment in innovation can be very expensive. And so, that scale is helpful.

You also have like something we've been migrating to is a data center strategy that we're basically right in the final stages of executing where previously we were operating our network out of two data centers in the U.S. And now we have a data center in Europe and in Asia, all of which can handle the full load and back each other up. So, in terms of that reliability, redundancy, cyber security, those kinds of issues, we think are all important and we, I guess, include in our dialogue with governments when they're considering these types of things.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Okay. Just want to double check any questions in the room. Okay. I can certainly keep going. Why don't we turn back to the U.S. Chase, that contract I believe was signed in 2013 and will be up in 2023. Chase has obviously been aggressively expanding sort of their vertical ability to capture transactions where they're the acquirer, issuer network through ChaseNet, so on and so forth.

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Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yes.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Now, you're seeing the Clearing House making a big push for its own tokenization capability which will take into account I believe it's the top seven banks in the U.S. Is there a risk that these banks can one day offload their debit capability from Visa to The Clearing House?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

I mean, is there some risk? I guess, sure. There's always a risk in that, but I think – we think there are a lot of things that are mutually beneficial in our relationship with Chase or even with The Clearing House like even with their Zelle P2P offering now. There's a few of the largest banks have connected, but they're still leveraging us to connect to the thousands of financial institutions that people may want to get involved in. One of the things that's harder to replicate – not to say that they can't try but that's much harder to replicate – are the nodes of our network.

So, although our network is very sophisticated from a technology perspective and has a lot of capabilities, it's those – all the cards and the acceptance locations, that is very difficult to replicate. And so that's where – and it also requires a lot of investment to maintain that operation and do it at scale particularly with the kinds of cyber risks and the fraud and risk-type protections that come with someone who's using our network. So, I guess, is it a risk? Yeah. We think right now at least it's a small one, and we're well positioned to have win-win relationships with those institutions as opposed to something that turns more into a competitive type arrangement.

Craig Jared Maurer
Analyst, Autonomous Research US LP

Q

Okay. We have time for one more question. I wanted to pull from your background which was at PayPal, you were responsible for lowering their cost of transactions, right, for all intents and purposes. Now, you're on the opposite side with Visa. So, what are your thoughts related to how that relationship, how that back and forth is happening and sort of the conflicts of interest that might be inherent in that relationship?

Mike Milotich
Senior Vice President-Investor Relations, Visa, Inc.

A

Yeah. I mean, it's great to see two members of the family at least from my perspective come together. I think the arrangement or the deal that was struck a couple of years ago now has been I think both companies publicly has been very mutually beneficial. I think it's been good for both sides. I mean, I think what it really shows is that as payments are getting more and more competitive that, I guess, consumer choice and removing friction is what is sort of going to win out in the day, that that's a big part of where payments are moving.

So, whether we talked about the one button, we didn't talk about it today, but we've talked a lot about contactless and we feel like that's really removing friction at the point-of-sale. And so I think that the deal we made with PayPal has created a win-win for both companies, where we're just making it easier for consumers to make the purchases they want to make; and therefore, that sort of rises the tide for both.

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Craig Jared Maurer

Analyst, Autonomous Research US LP

Okay. I think we have to end it there. Thanks again, Mike, for joining us. And we'll resume again in five minutes with [indiscernible] (34:32)

Mike Milotich

Senior Vice President-Investor Relations, Visa, Inc.

Thank you. Thank you for having me.

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