

# Europe

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Everywhere You Want to Be



# Key Takeaways

- Acquisition integration **on track**
- **Market structure and diversity** present growth opportunities
- Complex **regulatory landscape** creates challenges and opportunities
- **Digital capabilities** position us to compete with faster payments
- Engaging with merchants and domestic processors to **accelerate our processing growth**
- Our approach is **tailored by market**



# Europe Acquisition Integration Status Update



Leverage Global Scale

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Deliver Innovation and Digital Capabilities

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Deepen Client Relationships and Secure Volumes

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Transform from Association

# Leverage Global Scale



## Our Thesis

- Bring benefits of global scale and resources
- Fully integrate systems
- Achieve efficiencies in headcount, purchasing, and technology
- Capture \$200MM in pre-tax cost synergies annually by FY20

## Status

- Acquisition integration on track
- Streamlined organization and outperforming on cost metrics

# Deliver Innovation and Digital Capabilities



## Our Thesis

- Accelerate roll-out of innovation platforms and solutions including Visa Developer Platform, Checkout, and Token Service
- Leverage strategic partnerships
- Enhance product suite with value added services such as TrialPay, Cardinal Commerce, and CyberSource

## Status

- Accelerated launch of Visa Checkout and Token Service
- Opened London innovation center and launched Visa Developer Platform
- Leveraging global partnerships like PayPal and Uber
- Initiated fresh product roadmap across Europe

# Deepen Client Relationships and Secure Volumes



## Our Thesis

- Deliver a seamless experience for global clients
- Facilitate client growth via innovative products, services and competitive mindset

## Status

- Migrating to longer-term contracts with performance triggers
- Unified global client service

# Transform from Association



## Our Thesis

- Improve net revenue yield
- Align pricing with client value
- Instill client-centricity in culture and decision-making

## Status

- Introduced faster decision-making and international pricing
- Net revenue yield exceeding our expectations
- Strengthening management team

# Europe

**45** Countries and Territories

**3,302** Financial Institutions

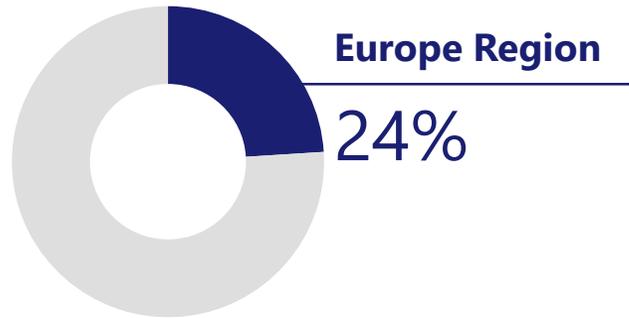
**13MM** Merchant Locations

**\$1.7T** Payments Volume

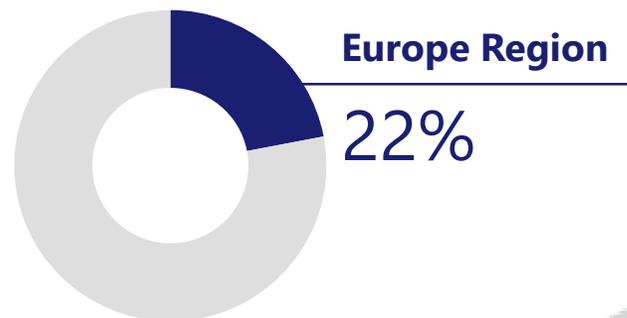
**542MM** Cards



Visa Payments Volume

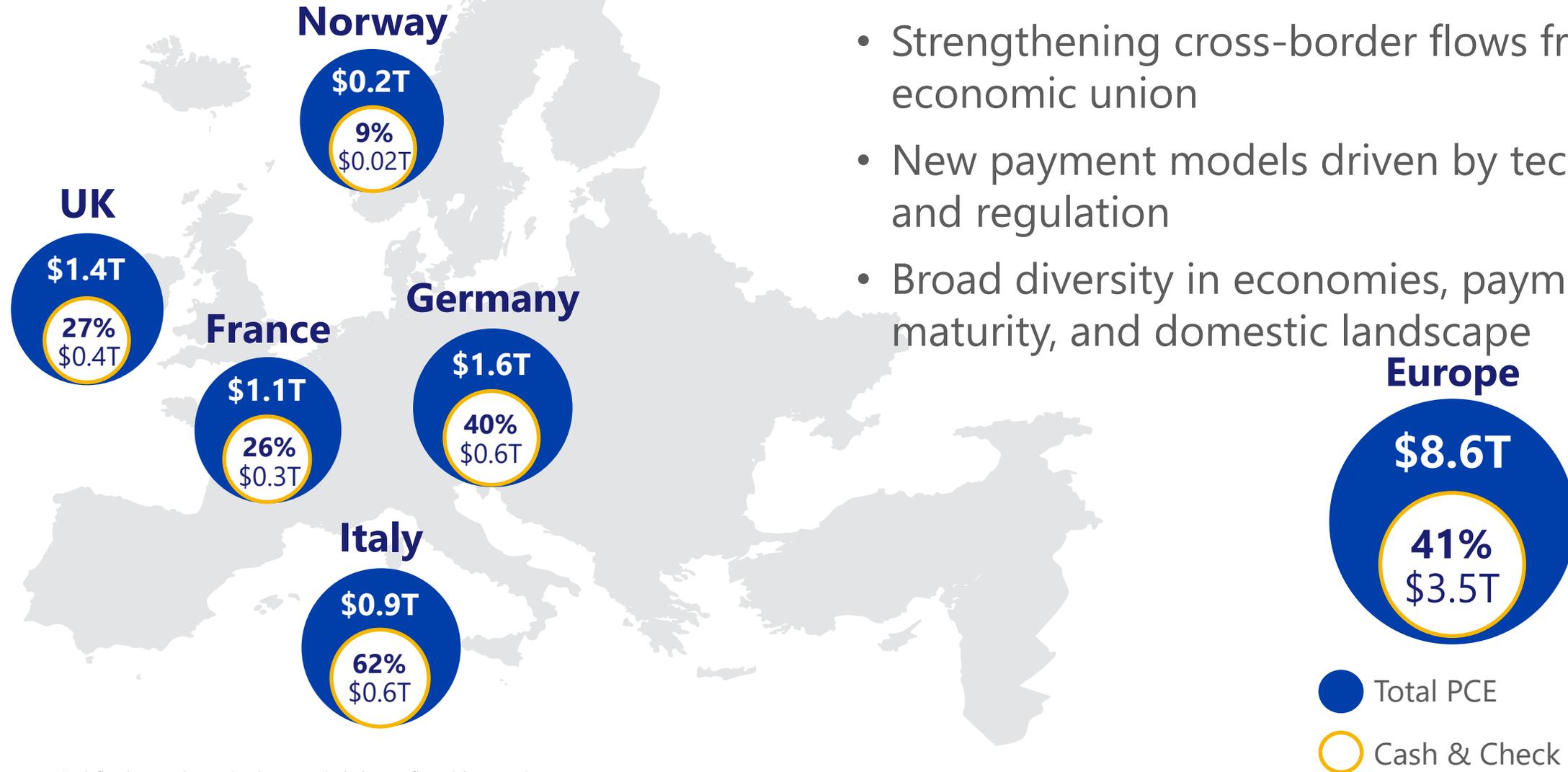


Visa Processed Transactions



Source: Visa Operating Certificates CY2016. Merchant locations are provided by Visa's issuing and acquiring financial institutions; card counts include cards carrying the Visa, Visa Electron, V PAY and Interlink brands as well as PLUS proprietary cards.

# \$3.5T Cash Opportunity Underpins Growth



- Strengthening cross-border flows from single economic union
- New payment models driven by technology and regulation
- Broad diversity in economies, payments maturity, and domestic landscape

Note: PCE defined as Purchase PCE (does not include non-financial transactions)  
Source: Oxford Economics & Haver Analytics (2016) for PCE; Euromonitor & The Nilson Report (2016) for Cash & Check penetration in PCE

# Managing a Complex Regulatory Landscape

## Interchange Fee regulation

Fee caps on credit and debit interchange; separation of scheme & processing

**Our response:** maintain active dialogue with regulators and implement compliant, commercially-focused structure

## PSD2

Strong authentication, faster funds and open banking

**Our response:** roll out robust authentication tools, support clients in navigating changing landscape, explore options to expand capability set

## Local and National Regulation

36 National Regulators, EU Institutions, Standards Bodies, and Industry Associations

**Our response:** strengthen local market presence and government relations efforts to influence and shape the evolving requirements

# Capturing the Growth Opportunity in Europe



## Drive Digital

- Drive mobile, digital and IoT
- Grow eCommerce in key markets with debit and Visa Checkout
- Collaborate and co-develop



## Expand Access

- Close key acceptance gaps
- Penetrate P2P, G2C, B2C, B2B
- Leverage contactless to displace cash



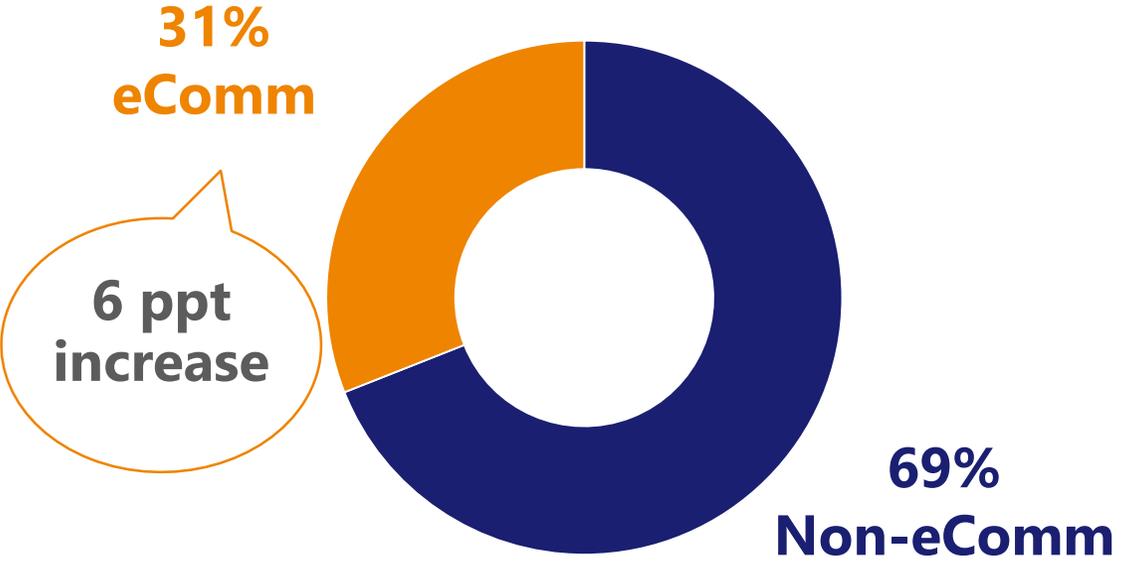
## Deepen Partnerships

- Partner with new European players
- Engage Merchants and Acquirers
- Deepen engagement with domestic processors
- Partner with Governments

# Digital Growth will Accelerate in Europe

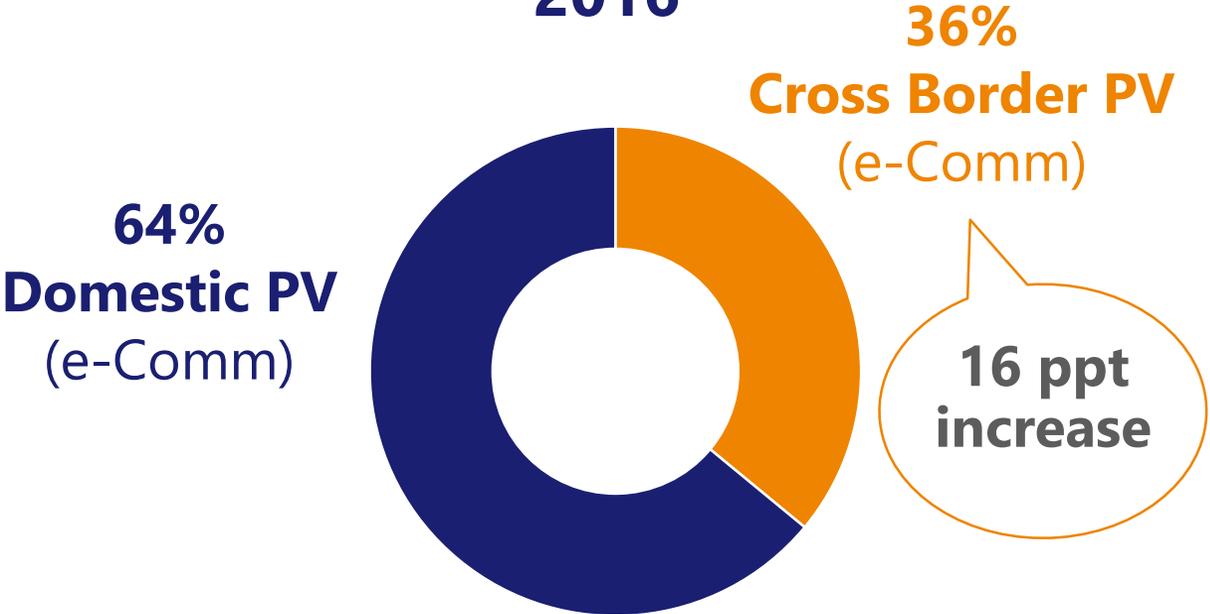
## UK eCommerce

2016



## Europe Developed Markets\*

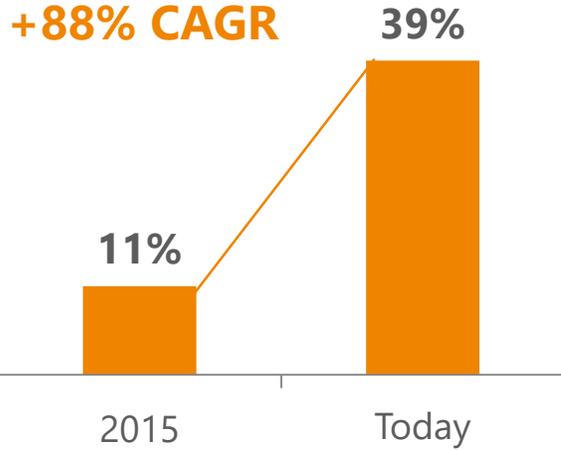
2016



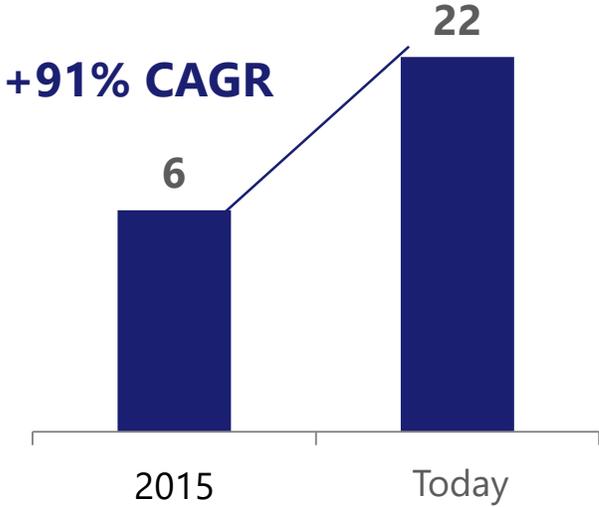
Source: VisaNet and Operating Certificate data (2013 to 2016)  
\*Selected countries: Denmark, France, Germany, Italy, Luxembourg, Norway, Sweden, UK

# Contactless is Key in Europe to Convert Cash

## Contactless Penetration of Face-to-face Transactions



## Monthly Contactless Transit Transactions (MM)



- Europe leads the world in contactless infrastructure
  - More than 160MM contactless cards with 30% penetration
  - 4.6MM contactless terminals, expanding 62% in 2016
- Mandates driving contactless on all new cards from 2016 and all terminals by 2020

Source: VisaNet (2015, 2017) for Contactless penetration and Transit transactions; RBR (2016 Report) for Contactless terminals; Visa Operating Certificate (2016) for Cards



# Engaging with Merchants and Domestic Networks to Drive Processing Growth

## European Processing

- **Room for growth:** despite being Europe's largest payment brand, Visa processes less than 15% of the 180B interbank transactions
- **Fragmented market:** top 10 players represent less than 60% of card payments
- **Consolidation trend:** clients and networks require scale and greater functionality



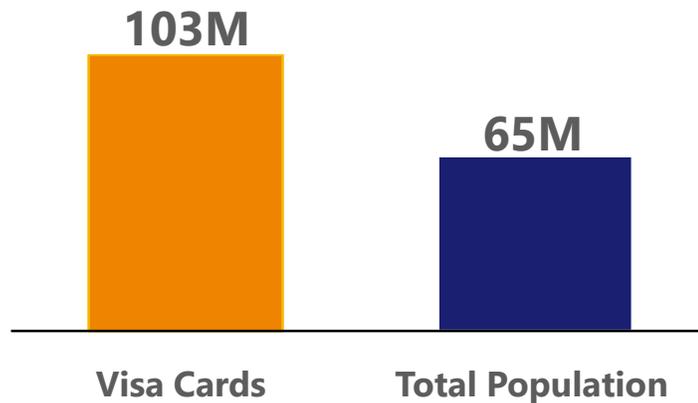
## Visa Processing

- **Market leader:** our large client base will look to Visa for support
- **Geographic expansion:** opportunity to expand beyond our four key markets via investment, partnership and acquisition
- **Expand beyond core network services:** CyberSource, APIs, token, etc.

# Capturing the Opportunity in the UK



## Leading Debit Base



## Growth Opportunity

**\$2.7T**

*PV opportunity across P2P, G2C, B2C and B2B*

- Card well-positioned to capture growth
- Regulatory enablers
  - Open Banking
  - PSD2
  - Faster Funds mandate

## Unique Visa Assets

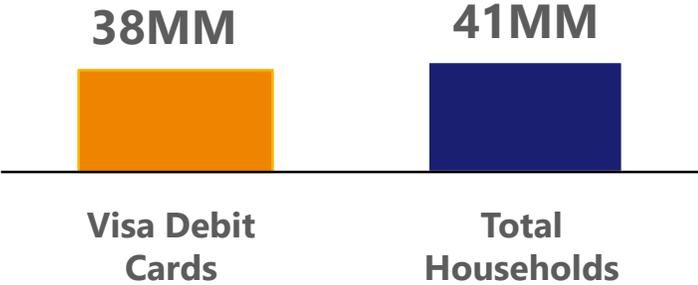
- 1 Unparalleled bank relationships
- 2 Strong consumer brand
- 3 Established VisaNet platform
  - Visa Direct
  - Open Checkout
  - Cybersecurity
  - VisaNet integration a key enabler

Source: Visa Operating Certificate (2016) for Cards; Office for National Statistics (2017) for Population; McKinsey Global Payments Map – UK Country Level (2015) for Opportunity

# Capturing Germany's Growth Potential

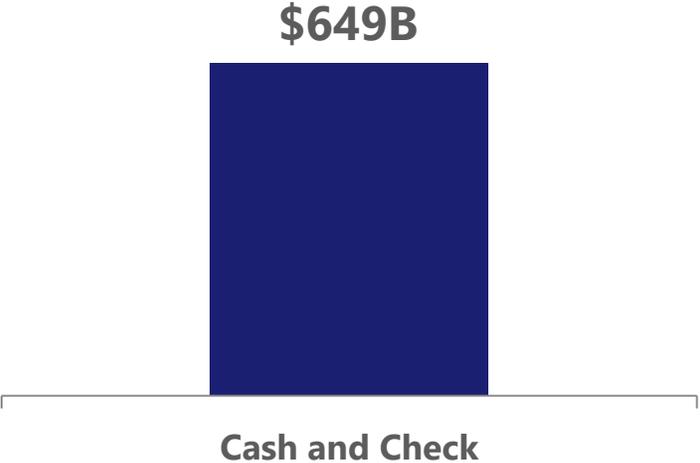


## Starting Position



- \$41B Visa Payments Volume

## Opportunity



- Largest single cash opportunity in Europe

## Path to Accelerate

- **Expand acceptance:** 1MM terminals to 2MM
- **Drive contactless:** increase penetration from 10% to 100%
- **Introduce digital services:**
  - Tokenize V Pay cards
  - Launch Visa Checkout
- **Shape consumer perceptions via brand and larger market presence**
- **Promote Visa capabilities versus local processors**

Source: Euromonitor & The Nilson Report (2016) for Cash and Check; Retail Banking Research (2016 report) for Terminals; Visa Operating Certificate (2016) for PV & Contactless penetration



# Poland: Drive to a Cashless Economy



## Government-led cashless drive

*“Our goal is to **digitize the economy and society** to deliver a paperless, cashless Poland. Our vision is ... **an entirely digital, cashless society**”*

*Deputy Minister for Development,  
Tadeusz Kościński – June 2017*

**Objective: From 20% to 80% cashless payment penetration in a few years**

## Opportunity

### A leading contactless market

- 70% of Visa transactions and 90% of terminals

### Rapidly growing card penetration (since 2009)

- 250% increase in acceptance
- PCE penetration nearly doubled
- 400% growth in card transactions

### Driving value from Visa network

- 80% PV transactions Visa-processed

## Path to Accelerate

### Visa/bank Market Development Fund

#### \$170MM investment to:

- Double acceptance over the next 4 years
- Introduce loyalty solutions and Visa Token Service
- Expand preference and cross-border volumes via trusted brand campaigns

Source: Oxford Economics (2009, 2016) & Haver Analytics (2016) for Penetration of PCE; VisaNet (ERIC, 2016) & Visa Business & Economic Insights (2016) for Contactless transactions, Visa Processed transactions & Terminals; National Bank of Poland (2009, 2016) for card acceptance, Visa Operating Certificate (2016) for Card transactions

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# Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to, among other things, our future operations, prospects, developments, strategies, business growth and financial outlook. Forward-looking statements generally are identified by words such as "believes," "estimates," "expects," "intends," "may," "projects," "could," "should," "will," "continue" and other similar expressions. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended September 30, 2016 and our subsequent reports on Forms 10-Q and 8-K. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

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Note: All brand names and logos are the property of their respective owners, are used for identification purposes only, and do not imply product endorsement or affiliation with Visa. With the exception of slide titled "Acceptance Penetration Drives PCE Penetration," PCE is defined as Purchase PCE (does not include non-financial transactions).