Asia Pacific

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There are more people living inside this circle than outside of it.

Source: World Bank World Development Indicators, April 2017
Key Takeaways

- Asia Pacific represents an attractive **opportunity for growth**
- **Powerful client roster** provides strong foundation
- **Acceptance growth** strategies tied to market maturity
- **Digital** assets and leadership are key
- Our approach is **tailored by market**
Asia Pacific

46 Countries and Territories
900 Financial Institutions
10MM Merchant Locations
908MM Cards
$1.6T Payments Volume

Visa Payments Volume
Asia Pacific 22%

Visa Processed Transactions
Asia Pacific 7%

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.
Demographics and Economic Momentum Create Environment for Growth

GDP Growth ('12-'16)

- Asia Pacific: 4.5%
- EU: 1.5%
- U.S.: 2.1%

Population Growth ('12-'16)

- Asia Pacific: 3.8 B, 0.9%
- EU: 0.5 B, 0.3%
- U.S.: 0.3 B, 0.8%

Per Capita Income Growth ('12-'16)

- India: 9%
- China: 8%
- Vietnam: 7%
- Singapore: 5%
- Indonesia: 5%
- South Korea: 4%
- Hong Kong, China: 3%
- Taiwan: 2%
- U.S.: 2%
- Australia: 2%
- EU: 1%
- Japan: 0%

Source: Oxford Economics (2016) for GDP, Population, Income per capita. Asia Pacific aggregate figures include only for countries where Visa Asia Pacific operates.
$6.1T Cash Opportunity Underpins Growth


China
- $4.4T
- 47% $2.1T

Japan
- $2.3T
- 68% $1.5T

South East Asia
- $1.3T
- 76% $1.0T

India
- $1.1T
- 86% $1.0T

Australia
- $0.6T
- 21% $0.1T

Asia Pacific
- $11T
- 55% $6.1T

Total PCE
- 47% $2.1T
- 68% $1.5T
- 76% $1.0T
- 21% $0.1T

Cash & Check
Capturing the Growth Opportunity in Asia Pacific

**Drive Digital**
- Support mobile payments growth
- Ensure online transaction security through Visa risk assets
- Grow eCommerce solutions in key markets

**Expand Access**
- Expand acceptance reach across developing markets
- Deepen acceptance in new segments in developed markets
- Reach new users with QR and contactless

**Deepen Partnerships**
- Develop new, and deepen existing, bank and merchant partnerships
- Build partnerships with new ecosystem entrants
- Co-create innovative payment and commerce solutions
Powerful Client Roster Provides Strong Foundation

**Australia**
Significant PV with 3 of 5 top issuers

**Japan**
Significant PV with 5 of top 5 issuers

**China**
Significant PV with 6 of 7 top issuers*

**Merchants**
Strategic partnerships with key merchants

Source: Visa Operating Certificates, Country estimates of client portfolio share for Australia, Japan, and China

(* Based on international scheme only, excludes CUP)
## Acceptance Growth Strategies Tailored to Stage of Market Development

<table>
<thead>
<tr>
<th>Emerging</th>
<th>Developing</th>
<th>Developed</th>
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<td>Myanmar, Indonesia,</td>
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<td>Hong Kong, Australia, New</td>
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<td>India, Sri Lanka</td>
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<td>Nepal, China *</td>
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<td>Taiwan, Korea</td>
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</tbody>
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- Focus on acceptance growth in core merchant categories
- POS Terminal, QR Code, mPOS acceptance methods
- ‘Push Payments’
- Risk and fraud products
- Focus of acceptance growth in core and ‘Long tail’ merchant categories
- Product innovation as well as standard POS Terminal, QR Code, mPOS acceptance methods
- E-comm acceptance products (Checkout, 3DS2.0)
- Focus on acceptance growth in Informal Sectors, Untapped segments (eg. Transit)
- Advanced products
- E-comm acceptance products (Checkout, 3DS2.0)
- New business models

* China is a developed market for CUP/Alt Payments etc. but Visa acceptance is still low making acceptance growth a key priority
Leverage Digital Assets

- **Risk Assets**: 32% of total eCommerce volume
- **Tokenization**: 90,149 issuers live, wallet programs launched
- **Contactless**: 28% of total F2F transactions
- **Push Payments**: $4B Volume
- **Consumer Enrollments**: 1.3MM Consumer accounts

Source: Risk Assets: VisaNet May, FY17; Tokenization: May, FY17; Contactless: VisaNet CY16Q4; Push Payments: Internal Report annualized based on Q2 FY17; Visa Checkout: Internal Report February 2017
## Demonetization Effect

**1.8X**
- POS transaction growth

**1MM**
- New Acceptance Points*

- 86% of currency demonetized
- Cash shortage drove digital payments growth

## Government Push for Digital Payments

- Waiver of import duty on POS terminals
- Tax breaks
- Common QR standard
- Drive usage through consumer and merchant incentives
- Pushed deployment of 1M incremental POS terminals

## Significant Growth in Everyday Spend

- Fuel 3.2X
- Food & Grocery 1.9X
- Dept. Stores 1.8X
- Restaurants 1.8X

- Growth driven by non-discretionary, everyday, low ticket spend

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*Acceptance Point: POS Terminal or a QR Acceptance Location

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Source: POS transaction, Acceptance Point growth: Reserve Bank of India, monthly data, Mar’17 vs. Jul-Oct’16 average; Demonitization percentage: Reserve Bank of India; Growth in everyday spend: VisaNet March’17 vs. Pre-demonetization 12 week average.

*Acceptance Point: POS Terminal or a QR Acceptance Location
Capturing the Opportunity in India

Growing Debit

200MM
Incremental Card Issuance

2X
Transaction Growth

- $1T cash displacement opportunity remains
- Investment in debit marketing and activation

Expanding Acceptance

10MM (4X)
Acceptance points

- Expand traditional and digital
- Focus on underpenetrated categories
- Scale acceptance through FinTech partnerships

Delivering Digital Innovation

25%
Contactless and QR transactions

- Investment in QR, tokenization, Visa payWave, Visa Checkout
- Support government digital payments push, cashless cities

Source: India targets over the next 3-5 years; Cash displacement opportunity data: Visa estimates based on Oxford Economics and Euromonitor.
Capturing the Opportunity in Japan

The Debit Opportunity

- **Cards (M)**
  - FY16: 4 M
  - 3-5 years: 5X

- **PV ($B)**
  - FY16: 4 B
  - 3-5 years: 6X

Focus on Processing to Deepen Value Creation

- **% Processed**
  - FY10: 17%
  - FY16: 32%
  - 3-5 years: 3X

Government Partnership Key to Digital & Contactless

- $1.5T cash displacement opportunity
- Targeting 27 new debit issuers (currently 17)
- Deepen value creation for clients by rolling out value added services e.g. risk solutions, tokenization, etc.
- Interoperable contactless key focus for Tokyo 2020 and Visa’s digital strategy

Source: Debit Cards, PV: FY16 Operating Certificates, Japan targets over the next 3-5 years; Processing Penetration, VisaNet; PCE Data: Visa estimates based on Oxford Economics and Euromonitor
Capturing the Opportunity in South East Asia

Sizable Fast-Growth Markets

- Myanmar: 13%
- Singapore: 4%
- Vietnam: 10%
- Malaysia: 8%
- Philippines: 8%
- Thailand: 2%
- Indonesia: 10%

PCE $T & ’13-’16 CAGR

SEA

$1.3T

Focus on Digital to Capture Opportunity

- Digital issuance and acceptance key to future growth

- Fastest growing AP region with $1T cash displacement opportunity (76% of PCE)
- Visa has leading share in 6 out of the 7 markets
- Scaling deployment of digital solutions
- Acceptance Development Programs

Source: SEA PCE and 13-16 growth: Visa estimates based on Oxford Economics, Euromonitor, Bank of Thailand
Capturing the Opportunity in Australia

**Advanced Market With Significant Opportunity**

- Cash: 21%
- Electronic: 79%

**Deepening Processing Penetration**

- FY16: 82%
- FY17: 88%
- 3-5 years: 97%

**Contactless Leader**

- % of face-to-face transactions:
  - Taiwan: 30%
  - Singapore: 52%
  - Hong Kong: 22%
  - Australia: 84%
  - New Zealand: 66%

- $100B cash displacement opportunity remains
- Deep partnerships to drive VisaNet processing growth
- Enables advanced value-added solutions to partners (e.g. risk and loyalty solutions)
- Continue roll-out of contactless payments
- Lays platform for Future of Payments and digital collaboration with partners

Source: 1PayWave penetration with collection-only reported transactions included.
Capturing the Opportunity in China... Long-Term

• **Strong** existing China business and deep client partnerships;
  – Leading share (among international schemes)
  – Strong cross-border growth

• Significant **long-term growth** opportunity

• Preparing for, and executing on, **market entry strategy**

• Highly competitive market, requires **tailored strategy**
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