

Meeting the Multinational Challenge

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Global Vision Group--Expertise in Payments

Global Vision Group (GVGroup) was organized in 2001 and is comprised of 15 payments experts offering consulting services across all regions of the world. Our expertise and hands-on experience provide clients with the insight and tools to succeed in the ever-changing world of payments.

Areas of practice include product development, marketing, efficiency and program performance benchmarking, risk management, technology and infrastructure assessments and emerging payments

- Commercial and B-to-B payments
- Mobile and emerging payment technologies
- Prepaid and stored value products
- Payment acceptance and processing
- Consumer credit and debit cards

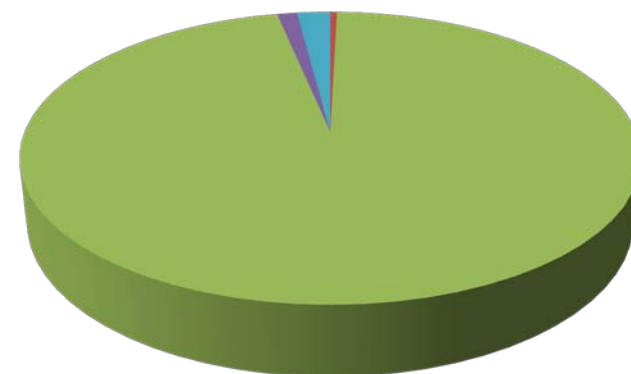
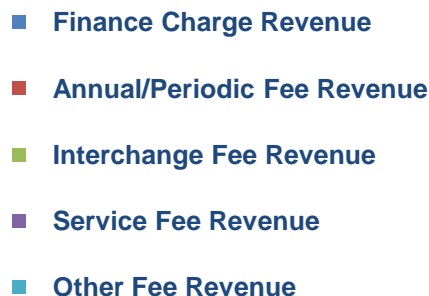
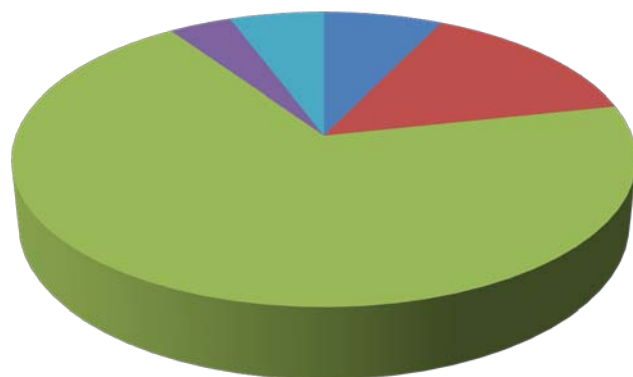
Developing workable strategies and implementing tactical solutions for electronic payment providers and networks for over a decade.

Commercial Card Issuer Revenues*

Global Average

US Average

Shares of Total Revenue



- Interchange revenue comprises a much bigger share of total income for US commercial card issuers than globally
- Global commercial issuers, which includes focus on smaller corporate and SMEs, are able to generate a small amount of interest income along with other fee income from annual card fees, FX, and other services provided

*Includes Travel and Entertainment/Corporate and One Card Programs

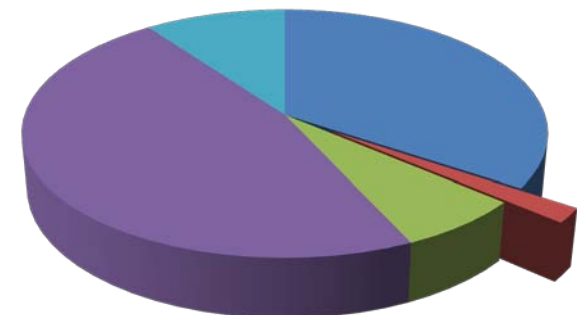
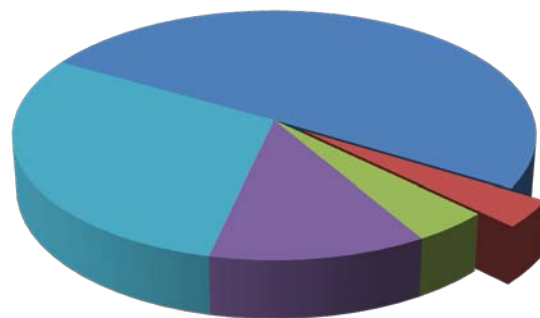
Source: Based on proprietary research by GVGroup, Inc., Visa Inc. and Visa International, "Best Practices for Maximizing Commercial Card Program Performance" presented at PCI Conference, London Feb 2009.

Commercial Card Expenses*

Global Average

US Average

Shares of Total Expense



- US Commercial issuers give back a significant portion of their revenue in the form of rebates and rewards to corporate clients (in order to compete in the marketplace)
- The trend is becoming more global, which puts increased pressure on issuers to enhance their operating efficiency to control direct expenses; including sales, implementation, client servicing and fraud management
- The largest piece of US commercial card issuer direct expense is client reporting

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Source: Based on proprietary research by GVGroup, Inc., Visa Inc. and Visa International, "Best Practices for Maximizing Commercial Card Program Performance" presented at CPI Conference, London Feb 2009.

Meeting the Multinational Challenge Partnership

Benefits of Partnerships

- Visa and MasterCard provide programs to provide support
- Some smaller JV entities and bi-laterals are also able to provide solutions for some markets
- The need for capital and infrastructure investment is substantially lower
- The many complexities of regulatory compliance are the responsibility of the local partner
- Generally responding through partnerships is less disruptive and involves lower financial risk

Challenges of Partnership

- Requires consolidation of data from multiple sources and multiple formats
- No single MNC contract, often with multiple liabilities and corporate guarantees
- There is usually a lack of consistency in pricing, servicing, and product delivery
- Client experiences of US product and service delivery raise expectations of receiving similar service elsewhere (e.g., data, reporting, language, etc.)
- Finding the right partner(s) can be difficult

Meeting the Multinational Challenge

Self-Issuance

Benefits of Self-issuance

- Not surprising this is the solution most large MNC corporates demand
- Generally allows for a single contract and more consistent pricing and liability considerations
- Provides the lead bank with more control over program and service delivery
- Allows for more consistency of SLAs, product features and data for reporting and consolidation
- The business case for following your international customer is generally more sustainable than competing for issuance to local companies

Challenges of Self-issuance

- Requires significant investments in infrastructure support and regulatory compliance
- Processing all transactions on a common platform to achieve consistency/efficiency is not always possible
- Few banks can offer full global coverage without partnerships and bi-laterals
- To compete for local corporate business usually requires offering treasury management services in conjunction with card services
- Cannot assume all processes, business customs, etc. are transportable to foreign markets, i.e., requires “sensitivity” to local business culture

Which Approach Fits Best?

Questions to Consider

- ✓ Are your primary competitors winning your MNC business (domestic or foreign) because of self-issuance capabilities?
- ✓ Is your business case based on “following your customer” to international markets or based on an ability to compete for local issuance in foreign markets?
- ✓ Do you have other bank or partner relationships that can be leveraged in targeted foreign markets?
- ✓ Can you leverage other strategic global expansion initiatives for other products and services in other areas of the bank?
- ✓ Are you ready to make the significant commitment and investment required to support a localized commercial card program, including localized resources, market knowledge, operations, compliance and risk management, disruptions to internal resources and management focus?