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B2C e-Commerce in LAC

- 20x growth from 2000 to 2007
- Volume projected to triple in the next three years

e-Commerce “Maturity” in LAC

- Lot of room for growth (benchmark, USA at > 1%)
- Highest penetrations in LAC: Puerto Rico (0.48%) and Chile (0.43%)

Source: America Economia, eCommerce Study 2008
### e-Commerce “Basics” in LAC

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>Int. Users</th>
<th>e-Consumers</th>
<th>PC’s</th>
<th>Broadband</th>
<th>Credit Card</th>
<th>Maturity (%)</th>
<th>e-Comm / GDP</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>302,546</td>
<td>71.1</td>
<td>46.9</td>
<td>98.5</td>
<td>24.6</td>
<td>452.9</td>
<td>1</td>
<td></td>
<td>312</td>
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<tr>
<td>Spain</td>
<td>44,950</td>
<td>48.4</td>
<td>13.1</td>
<td>32.9</td>
<td>17.6</td>
<td>117.3</td>
<td>0.3</td>
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<td>123.0</td>
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<tr>
<td>Chile</td>
<td>16,580</td>
<td>44.6</td>
<td>12.7</td>
<td>17.4</td>
<td>6.4</td>
<td>24.1</td>
<td>0.4</td>
<td></td>
<td>47.4</td>
</tr>
<tr>
<td>Brasil</td>
<td>189,335</td>
<td>30.3</td>
<td>3.7</td>
<td>19.9</td>
<td>3.6</td>
<td>46.0</td>
<td>0.4</td>
<td></td>
<td>42.5</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>3,944</td>
<td>21.9</td>
<td>11.6</td>
<td>9.1</td>
<td>3.9</td>
<td>24.4</td>
<td>0.5</td>
<td></td>
<td>41.1</td>
</tr>
<tr>
<td>Mexico</td>
<td>105,200</td>
<td>21.9</td>
<td>1.8</td>
<td>15.8</td>
<td>4.6</td>
<td>20.9</td>
<td>0.2</td>
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<td>37.0</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>4,477</td>
<td>30.0</td>
<td>7.5</td>
<td>26.6</td>
<td>2.8</td>
<td>5.2</td>
<td>0.6</td>
<td></td>
<td>32.5</td>
</tr>
<tr>
<td>Peru</td>
<td>28,068</td>
<td>28.1</td>
<td>9.8</td>
<td>12.5</td>
<td>2.2</td>
<td>17.9</td>
<td>0.2</td>
<td></td>
<td>32.3</td>
</tr>
<tr>
<td>Argentina</td>
<td>39,356</td>
<td>25.4</td>
<td>5.2</td>
<td>11.2</td>
<td>4.1</td>
<td>38.9</td>
<td>0.3</td>
<td></td>
<td>30.1</td>
</tr>
<tr>
<td>Colombia</td>
<td>47,517</td>
<td>21.2</td>
<td>4.0</td>
<td>5.0</td>
<td>1.6</td>
<td>10.9</td>
<td>0.1</td>
<td></td>
<td>26.5</td>
</tr>
<tr>
<td>Guatemala</td>
<td>13,308</td>
<td>13.3</td>
<td>3.3</td>
<td>9.4</td>
<td>0.3</td>
<td>9.9</td>
<td>0.2</td>
<td></td>
<td>21.2</td>
</tr>
<tr>
<td>Panama</td>
<td>3,343</td>
<td>7.1</td>
<td>2.5</td>
<td>5.3</td>
<td>0.7</td>
<td>17.1</td>
<td>1.1</td>
<td></td>
<td>19.8</td>
</tr>
<tr>
<td>Venezuela</td>
<td>27,500</td>
<td>16.8</td>
<td>1.3</td>
<td>9.8</td>
<td>2.5</td>
<td>14.7</td>
<td>0.4</td>
<td></td>
<td>18.8</td>
</tr>
<tr>
<td>El Salvador</td>
<td>7,121</td>
<td>10.7</td>
<td>3.7</td>
<td>6.2</td>
<td>1.1</td>
<td>6.4</td>
<td>0.1</td>
<td></td>
<td>15.0</td>
</tr>
</tbody>
</table>

Source: America Economia, eCommerce Study 2008
LAC Online Buying Population

24% of the population goes online, only 4% buy
20M people buy online in LAC
Most developed countries > 12%
In the US aprox. 71% of the population goes online and 47% buys

Source: America Economia, eCommerce Study 2008
What they buy?  How they pay for it?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Books, CDs, DVDs</td>
<td>20%</td>
</tr>
<tr>
<td>Travel</td>
<td>15%</td>
</tr>
<tr>
<td>Electr. / Gadgets</td>
<td>10%</td>
</tr>
<tr>
<td>Software</td>
<td>10%</td>
</tr>
<tr>
<td>Appliances</td>
<td>10%</td>
</tr>
<tr>
<td>Services</td>
<td>8%</td>
</tr>
<tr>
<td>Flowers / Gifts</td>
<td>7%</td>
</tr>
<tr>
<td>Food</td>
<td>5%</td>
</tr>
<tr>
<td>Games</td>
<td>3%</td>
</tr>
<tr>
<td>Others</td>
<td>3%</td>
</tr>
</tbody>
</table>

B2C e-Commerce in LAC

- Brazil, Mexico & Venezuela 65% of volume
- Volume grew 121% between 2005 and 2007
- Largest growths 05 to 07:
  - Venezuela, 224%
  - Chile, 183%
  - Argentina, 163%
  - México, 143%
- Diverse Marketplaces
  - Disposable Income
  - Technology
  - Marketplace Dynamics
  - Buying Patterns

Source: America Economia, eCommerce Study 2008
B2C e-Commerce in LAC

**2003**

- Brazil: 41%
- Mexico: 16%
- Venezuela: 5%
- Caribbean (w/o PR): 7%
- Argentina: 4%
- Chile: 4%
- Central Am.: 3%
- Puerto Rico: 9%
- Peru: 4%
- Others: 4%

**2007**

- Brazil: 44%
- Mexico: 12%
- Venezuela: 8%
- Caribbean (w/o PR): 8%
- Argentina: 7%
- Chile: 6%
- Central Am.: 5%
- Puerto Rico: 4%
- Colombia: 2%
- Peru: 2%
- Others: 2%

Source: America Economia, eCommerce Study 2008
How secure do I feel?

- Still an issue preventing further growth, but moving on the right direction
- Education, security and confidence are key

Source: America Economia, eCommerce Study 2008
Verified by Visa - Status

Global:
- 200,000 merchants
- 10,000 issuers
- Other Payment Brands using 3D Secure

LAC:
- 20 countries implemented
- 102 Implementations (68 Issuers, 34 Acquirers)
- + 8,000 Merchants
- Opportunity to enable Debit
- Leveraging Dynamic Auth.

Source: Visa
# BRAZIL e-Commerce Landscape

<table>
<thead>
<tr>
<th>Population *</th>
<th>190M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Penetration *</td>
<td>42M = 22%</td>
</tr>
<tr>
<td>e-Shoppers *</td>
<td>7M = 3.7%</td>
</tr>
<tr>
<td>e-Commerce Volume *</td>
<td>US$ 4,899M</td>
</tr>
<tr>
<td>2005 to 2007 Growth *</td>
<td>116%</td>
</tr>
<tr>
<td>Domestic vs International *</td>
<td>85% / 15%</td>
</tr>
<tr>
<td>% of LAC e-Comm *</td>
<td>45%</td>
</tr>
<tr>
<td>% e-Comm out of GDP *</td>
<td>0.38%</td>
</tr>
</tbody>
</table>

**Marketplace Characteristics**
- Biggest LAC player
- Good domestic depth and breadth of products
- Travel concentrates 40% of market
- Biggest players: Gol, Submarino, Americanas, M. Libre
- Acquiring model for GPC: 1 Acquirer per Brand
- Debit cards not enabled for online shopping

## Brazil Online Buyer Profile **

**Gender**
- Male: 56%
- Female: 45%

**Occupation**
- Student: 11%
- Household: 9%
- Part time employee: 5%
- Employee/Professional: 71%
- Retired: 4%

**Age**
- 20 - 24: 29%
- 25 - 34: 32%
- 35 - 44: 19%
- 45+: 20%

MEXICO e-Commerce Landscape

<table>
<thead>
<tr>
<th>Population *</th>
<th>107M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Penetration *</td>
<td>22M = 21%</td>
</tr>
<tr>
<td>e-Shoppers *</td>
<td>1.9M = 1.8%</td>
</tr>
<tr>
<td>e-Commerce Volume ^</td>
<td>US$ 1,377M</td>
</tr>
<tr>
<td>2005 to 2007 Growth ^</td>
<td>143%</td>
</tr>
<tr>
<td>Domestic vs International *</td>
<td>56% / 44%</td>
</tr>
<tr>
<td>% of LAC e-Comm *</td>
<td>12%</td>
</tr>
<tr>
<td>% e-Comm out of GDP *</td>
<td>0.16%</td>
</tr>
</tbody>
</table>

Marketplace Characteristics
- 2nd biggest LAC player
- Limited domestic offering, mainly travel
- Travel concentrates 66% of market
- Biggest players: Volaris, Aeromexico, Mexicana
- Acquiring model for GPC: Banks acquire multiple Brands
- Debit cards not enabled for online shopping (except for 1 bank)

Mexico Online Buyer Profile **

- Gender: 19% Male, 81% Female

<table>
<thead>
<tr>
<th>Occupation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>21%</td>
</tr>
<tr>
<td>Household</td>
<td>4%</td>
</tr>
<tr>
<td>Part time employee</td>
<td>5%</td>
</tr>
<tr>
<td>Employee/Professional</td>
<td>69%</td>
</tr>
<tr>
<td>Retired</td>
<td>1%</td>
</tr>
</tbody>
</table>

Age
- 20 - 24: 11%
- 25 - 34: 40%
- 35 - 44: 25%
- 45+: 25%

ARGENTINA e-Commerce Landscape

| Population * | 40M |
| Internet Penetration * | 10M = 25% |
| e-Shoppers * | 2M = 5% |
| e-Commerce Volume * | US$ 740M |
| 2005 to 2007 Growth * | 163% |
| Domestic vs International * | 73% / 27% |
| % of LAC e-Comm * | 7% |
| % e-Comm out of GDP * | 0.30% |

Marketplace Characteristics
- Increased domestic offering in last two years
- Biggest players: Gol, Aer. Argentinas, M. Libre
- Acquiring model for GPC: 1 Acquirer per Brand
- Debit cards not enabled for online shopping
- Acquiring model for GPC: 1 Acquirer per Brand
- Verified by Visa deployed for credit transactions

Argentina Online Buyer Profile **

Gender
- Male 64%
- Female 36%

Occupation
- Student 11%
- Household 5%
- Part time employee 5%
- Employee/Professional 73%
- Retired 6%

Age
- 20 - 24 16%
- 25 - 34 33%
- 35 - 44 28%
- 45 + 23%

My first online purchase

- Brazilians respondents are more “experienced” buyers, as most of them started doing e-Commerce more than 3 years ago.
- Mexicans respondents are “newcomers”, with 40% of buyers having less than 1 year of experience.

Source: Ipsos e-Commerce Study - August 2007
LAC e-Commerce Opportunities

Overall
- Low Internet and low broadband penetration

Low Debit usage on Internet
- Banks don’t enable Debit for online purchasing

International Acceptance
- Merchant Declines
- Lack of adequate information
- Limited shipping options
- Perceived incremental risk

Issuer Declines
- Tight risk policies, rigorous scoring models, risk associated with CNP transactions and lack of education drive this behavior

Enable SME’s / New Segments
e-Commerce, a combined effort

Telcos:
Internet / Broadband.
PROMOTION
Promote technologies

Banks:
Bancarization.
Enable products.
SECURITY
Security

Visa:
Educate.
Enable businesses

Merchants:
Ensure depth / breath of product offering

Government
Legislation.
Foundations

eMerchant.
Educate.
INNOVATION

Services:
Transparency and efficiency in product delivery

e-Commerce, a combined effort

eCommerce in Latin America. Presentation at CTST 2009
17
e-Commerce Status and Trends in Latin America

Guillermo Rospigliosi
Visa Inc.
Presentation for CTST The Americas