

**RECEIVED / REÇU**  
April 27, 2012

REGISTRAR / REGISTRAIRE

OTTAWA, ONT.

by / par C. Fortin doc. no. 244

**CT-2010-010**

**THE COMPETITION TRIBUNAL**

**IN THE MATTER OF** the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

**IN THE MATTER OF** an application by the Commissioner of Competition pursuant to section 76 of the *Competition Act*;

**IN THE MATTER OF** certain agreements or arrangements implemented or enforced by Visa Canada Corporation and MasterCard International Incorporated.

B E T W E E N :

**THE COMMISSIONER OF COMPETITION**

Applicant

- and -

**VISA CANADA CORPORATION and  
MASTERCARD INTERNATIONAL INCORPORATED**

Respondents

**WITNESS STATEMENT OF BRIAN WEINER**

1. I am Head of Strategy and Interchange at Visa Canada Corporation (“Visa Canada”). In this capacity, I am responsible for managing the development and execution of Visa's interchange strategy in Canada. I have worked for Visa Canada since January 2006 and have held this position continuously since that time.

2. I am also familiar with and have exercised a management role in respect of Visa Canada's commercial operations, its relationships with financial institutions that issue payment cards (“Issuers”), financial institutions that acquire merchant transactions (“Acquirers”) and

merchants, and the operation and effect of the Visa International Operating Regulations (“VIOR”).

3. Visa Canada is an unlimited liability company formed by amalgamation under the laws of Nova Scotia pursuant to the *Companies Act*, R.S.N.S. 1989, c.81, as amended, with offices in Toronto, Ontario. It is a wholly owned subsidiary of Visa Inc., a Delaware corporation with its principal place of business in San Francisco, California. (Visa Inc. and Visa Canada are referred to collectively herein as “Visa”). The head of Visa Canada is Jim Allhusen, Country Manager.

4. I understand the allegation being made against Visa Canada in this case is that the No Surcharge Rule and Honour All Cards Rule constitute price maintenance under the *Competition Act*.

5. Visa Canada does not generate revenue from the fees that merchants pay Acquirers for card acceptance services and has no commercial interest in either influencing upward or discouraging the reduction of such fees. Rather, Visa Canada’s interest is in maximizing the number and volume of transactions processed over the Visa network over the long term. [REDACTED]

[REDACTED] to the best of my knowledge, Visa Canada has not sought to either influence upward or discourage the reduction of such fees. While I am aware that Acquirers may pass on to their merchant clients the cost of interchange and other costs that Acquirers incur, Visa Canada does not, through its rules or otherwise, require Acquirers to pass on any or all such costs to their customers, or dictate the manner in which their prices are established. These are all matters between merchants and their Acquirers. Although as far as Visa Canada is concerned, Acquirers are free to set their fees to merchants at whatever level the market will bear, to the

extent that lower card acceptance fees encourage a greater number and volume of transactions on the Visa network, through increased merchant acceptance of Visa credit cards for payment or increased Visa credit card transactions, it is in Visa Canada's interests for card acceptance fees to be lower not higher.

6. With respect to the prices that merchants charge their customers for the goods and services they sell, again, Visa Canada does not collect such data. I am not aware of any instance in which Visa Canada has endeavoured to influence upward or discourage the reduction of the price at which any merchant sells its products. As far as Visa Canada is concerned merchants are free to reduce their prices as much as they choose. I am not aware of any instance in which Visa Canada has either refused to deal with a merchant in Canada or altered in any way the terms upon which it deals with any merchant based on that merchant's low pricing or discounting policies. Again, because Visa Canada derives its revenue based on the number and volume of transactions over the Visa network, its commercial interests are best served by merchants (who accept Visa credit cards for payment) maximizing their sales through the adoption of whatever pricing strategies they determine in their business judgment will maximize sales volume.

**I. Competition within the Canadian Payments Industry**

7. In endeavouring to maintain and expand the Visa network, Visa Canada competes vigorously with a large number of alternative payment options in the Canadian payments industry. In deciding how to pay for a product or service, consumers do not generally limit their choice only to Visa, MasterCard or American Express cards. Rather, consumers have an array of payment options available to them. Other methods of payment available to Canadian consumers include other credit and charge cards, debit cards, prepaid cards, merchant charge accounts and private label cards; paper-based forms of payment, including cash, personal cheques, government

cheques, travellers cheques and money orders, points accumulated through rewards programs; and more recently, mobile forms of payment, including payments through mobile applications and web browsers; and other electronic forms of payment not typically tied to a payment card or similar device, including online payment services, wire transfers and electronic benefits transfers.

8. To suggest that cash, debit cards and other payment methods are not substitutes for credit cards ignores the commercial reality within which Visa Canada operates. Visa Canada estimates that transactions over the Visa network account for approximately 20% of consumer spending in Canada and only 1.5% of business-to-business spending in Canada. According to the March 2011 Nilson Report, in 2010, there were approximately 1.775 billion transactions made over the Visa network, representing approximately \$210.54 billion in transaction volume. Over the same period, there were approximately 3.99 billion transactions made over the Interac network representing approximately \$171.5 billion. A copy of the March 2011 Nilson Report is attached as Exhibit "A" to this witness statement.<sup>1</sup>

9. The Commissioner's evidence contains assertions that it is more costly for merchants to accept credit cards than cash. While it may be the case that on a per transaction basis a merchant will generally pay more for a credit card transaction than a cash transaction, this statement fails to take into account the fact that by accepting credit cards, merchants are able to avoid or minimize ancillary costs associated with other forms of payment, for example, the costs of

---

<sup>1</sup> Visa Canada also has a debit product, presently issued only by CIBC. Visa debit has been met with very limited acceptance in Canada, since the Code of Conduct for the Credit and Debit Card Industry in Canada limits the functionality of cards co-badged with both Visa debit and Interac. Accordingly, the current offering of Visa debit available for use in Canada is limited to online or mail-order merchants, though it can be used internationally at the point of sale.

extending credit to customers, fraud protection, pilferage, secure transport for large amounts of cash, bounced cheques, and cashier errors. This comparison also fails to account for the overall benefits to merchants that accrue from accepting credit cards as opposed to other forms of payment.

10. Visa has actively studied the substitutability of other forms of payment and used the results to guide its business strategy. By way of example, attached as Exhibit "B" to this witness statement are the results of a 2008 research study commissioned by Visa Canada to consider the cost to merchants of cash payments. Attached as Exhibits "C" and "D" are Visa internal presentations listing its primary competitors as MasterCard, American Express, Debit, and alternative payment providers, including PayPal.

11. The suggestion that PayPal is only a complement to general purpose credit cards and not a substitute for them is incorrect. Visa Canada also views e-commerce/mobile alternative payment providers like PayPal as a significant competitive threat. PayPal, in particular, has established a global brand name and is a significant player in the e-commerce market and is expanding its presence in the "bricks and mortar" environment. As recently as March of this year, PayPal introduced a new product in Canada called "PayPal Here," which enables traditional merchants to accept PayPal payments in-store. Attached as Exhibit "E" hereto is a copy of an article from [www.thestar.ca](http://www.thestar.ca) (*The Toronto Star*) entitled "New PayPal service takes a bite out of banks, credit card companies" dated March 15, 2012. PayPal's growth is driven by payments at merchants, rather than its eBay marketplace or person-to-person payment, which makes it a direct competitor to Visa Canada.

12. Visa Canada also competes vigorously in all segments against MasterCard, another four party payment system, for the business of Issuers and Acquirers. Competition with MasterCard has intensified markedly in Canada since the introduction of “duality” in November 2008, when the Competition Bureau indicated that it would not oppose Issuers and Acquirers simultaneously issuing credit cards or acquiring both Visa and MasterCard transactions.

13. In particular, on November 7, 2008, the Commissioner of Competition sent a letter to financial institutions, including Visa and MasterCard, that set out the Bureau’s views regarding the issue of credit card duality and dual governance. A copy of this letter is attached hereto as Exhibit “F”. The letter acknowledges that “by allowing banks to issue multiple cards, consumers will benefit from increased choice and better service.”

14. Prior to the introduction of duality, Bank of Montreal, National Bank, and President’s Choice Financial were the major Canadian Issuers of MasterCard products, whereas CIBC, RBC, TD, Scotiabank, and Desjardins all offered Visa credit cards exclusively. Since that time, CIBC, RBC, and JPMorgan Chase have issued both Visa and MasterCard products. TD has purchased the MBNA (MasterCard) portfolio and will also be issuing both Visa and MasterCard products. Competition as it relates to card issuance, enhanced by the Competition Bureau’s approval of duality, has been one of the key, if not the most important, drivers of the relatively modest increase in interchange rates in Canada, along with the introduction of premium cards and changes in transaction mix. Prior to 2008, for example, Visa Canada had not increased interchange rates for several years.

15. Visa Canada also competes against American Express, which serves as its own Issuer and Acquirer. While Visa Canada’s competition with American Express has been particularly intense

with respect to the premium credit card segment and the business to business segment, Visa Canada does not consider American Express a minor participant in Canada; rather, American Express is a formidable competitor that is continually seeking to erode Visa Canada's business by offering cardholders significant rewards and merchants significant benefits, and increasing brand presence and awareness in Canada in order to maximize volume on its system. Furthermore, it is my understanding that American Express generally has a higher cost of acceptance than Visa (or MasterCard) credit cards, but is not subject to these proceedings brought by the Commissioner.

16. Visa Canada also competes with Diners Club and Discover. Although Discover is not issued in Canada, I understand that Discover recently announced its intention to expand its Canadian presence through an agreement with Moneris, one of Canada's largest Acquirers. There are no material barriers to Diners Club or Discover expanding their presence in Canada, as they have in other jurisdictions such as the United States.

17. Visa Canada also engages in promotional activities to target cardholders in order to stimulate transaction volume on the Visa network. For example, the "Visa Perks" program provides rebates to cardholders who shop at participating merchants. Visa Canada also enters into arrangements with merchants to promote Visa credit card acceptance in their stores and increase their revenues.

18. Another significant by-product of competition in payments has been innovation. As Visa Canada faces growing competition from existing and emerging competitors and technologies, it seeks to differentiate its product features from those of other payment methods through innovative product development. For example, Visa Canada has introduced "Visa payWave"

contactless technology whereby a cardholder can simply wave his or her card over a contactless reader to complete a transaction without the need to swipe a card, enter a PIN or sign a receipt. This enables Visa transactions to be completed more quickly and allows Visa Canada to compete more effectively with cash for low-volume payments, a market segment in which Visa Canada has traditionally had difficulty competing and one where speed and convenience are customer priorities.

19. As a result of innovations and investment by Visa Canada and its participating financial institutions in the efficiency, security, and reliability of the Visa Canada network, Canadians can fill up their cars at automated fuel dispensers, make purchases over the Internet, donate to charities online, by mail or telephone, and purchase a coffee without having to sign for the transaction. Canadian consumers have also benefitted from the introduction of Chip/PIN technology, which is intended to reduce fraud rates. Likewise, merchants can sell through additional channels, increase the speed of check-out, and realize cost efficiencies. Furthermore, the payment industry is dynamic. Visa Canada continues to compete by investing in new payment technologies such as digital wallets, which will make mobile transactions more readily available to consumers. These developments are expanding competition within the Canadian payments industry and provide benefits to consumers and merchants.

## **II. Relationship between Visa Canada, Issuers and Acquirers and the Role of Interchange**

20. Visa Canada's relationship with Issuers and Acquirers is governed by the VIOR. The VIOR apply to Canada, as well as to the U.S. and most other regions in which Visa operates (Visa Europe is a separate entity with separate operating regulations). Any specific rules within the VIOR that are country or region-specific (including those applicable to Canada) are marked



as such. The VIOR are publicly available at [http://usa.visa.com/merchants/operations/op\\_regulations.html](http://usa.visa.com/merchants/operations/op_regulations.html). I understand that the most recent version of the VIOR, dated October 15, 2011, the Visa Canada Interchange Guide dated May 2011, which details the domestic default interchange rates made available to Issuers and Acquirers, the Visa Canada Fee Guide dated December 2010, which details all fees charged by Visa Canada to Issuers and Acquirers for the services it provides, and Visa Canada's agreements with Issuers and Acquirers have all been produced to the Commissioner's counsel in this proceeding.

21. While Visa Canada does not generate revenues from the interchange reimbursement fees paid by Acquirers to Issuers or vice versa, Visa Canada does set default interchange rates. This means that Issuers and Acquirers are free to contract separately for any interchange rate they choose and all of Visa Canada's agreements with Canadian Issuers and Acquirers provide that Visa Canada will facilitate and process any interchange amount agreed to by an Issuer and Acquirer if directed to do so by such parties. Although such arrangements are not common in Canada, "on us" transactions (those where the Issuer and Acquirer are under common ownership), accounting for about [REDACTED] of transactions over the Visa network, are not cleared on the VisaNet system, and Visa Canada's default interchange rates do not apply to them. [REDACTED]

[REDACTED]

[REDACTED] Visa

Canada is contractually obligated to implement these arrangements if directed to do so by its customers and would indeed do so, although apart from the "on us" transactions I referred to, Visa Canada has not been asked to implement such a client-supplied interchange arrangement.

22. The reason for the absence of bilateral interchange agreements is that default interchange rates remain the most efficient and productive way for Issuers and Acquirers to interact in a

complicated business environment. Default interchange rates allow Issuers and Acquirers to avoid having to negotiate bilateral agreements with each other, and allow all Issuers and Acquirers—small and large—that subscribe to the default rate table to participate on equal terms.

23. Until 2003, Visa Canada had a single interchange rate applicable to all Canadian credit card transactions at Canadian merchants. My understanding is that Visa Canada’s initial domestic interchange rate upon its inception in Canada was 1.75%, which eventually became 1.75% less \$0.25. In 2003, a \$0.10 minimum interchange fee was introduced and Visa Canada introduced a separate higher interchange rate of 2.00% less \$0.15 with a minimum \$0.10 payment for domestic commercial credit card transactions.

24. Visa Canada’s current default interchange rates for Canadian domestic credit card transactions are publicly available at <http://www.visa.ca/en/aboutcan/mediacentre/interchange/pdf/visa-interchange-rates-current.pdf>, and are as follows. These rates apply generally to all Visa Canada Issuers and Acquirers (in the absence of bilateral arrangements between them or a negotiated merchant specific rate), regardless of size.

Fee Program	Classic, Gold, Platinum	Infinite	All Other Commercial Credit Products
Industry Program – Grocery	1.36%	1.56%	1.85%
Industry Program – Gas	1.21%	1.41%	1.80%
Performance Program – Tier 1	1.40%	1.60%	1.80%
Performance Program – Tier 2	1.45%	1.65%	1.85%
Recurring Payments	1.40%	1.60%	1.85%
Emerging Segments	1.00%	1.20%	1.80%
Electronic	1.54%	1.74%	1.90%
Standard	1.65%	1.85%	2.00%

25. Visa Canada's default interchange rates vary by factors that include how the transaction information is handled (e.g., manually or electronically), the merchant segment from which the transaction is being purchased, the merchant's transaction volume and fraud rates, all of which are designed to contribute to the expansion (increased output) of the Visa network.

26. The "standard" rate applies to a variety of transactions, including those where the card is not present or the magnetic stripe or chip is not read electronically, such as online purchases, telephone order transactions, and carbon paper card imprints. The lower "electronic" rate is charged for other transactions, including those that are fully authorized electronically, where the card is present and the magnetic stripe or chip is read. The cardholder will typically sign for the purchase or use a PIN to authorize the purchase. The existence of different standard and electronic rates reflects the unique value and risk characteristics of different types of transactions. The "performance tier" rates are available in respect of merchants with significant transaction volume paired with low levels of fraud and chargebacks.

27. As shown in the chart above, there are special, lower rates for transactions at grocery stores and gas stations. These industries are strategically important to Visa Canada and Canadians, and these rates were introduced in order to preserve and promote acceptance of Visa credit cards in the face of strong competition from other payment methods.

28. There are also "emerging segments" rates, which apply to tax, utility, and rent payments. Transactions in amounts equal to or greater than \$1,000 that are paid to an elementary or secondary school, college, university, professional school or child care service also qualify for the emerging segment rate. These lower default interchange rates are intended to grow

acceptance of Visa credit cards in certain merchant segments that are considered to be strategically important to achieving network growth and where credit card acceptance as a method of payment is low.

29. The “recurring” rate applies to transactions that are processed on a recurring basis, where there is an agreement in place between the cardholder and the merchant to preauthorize the cardholder’s card and periodically apply a charge.

30. Visa Canada has also entered into agreements directly with merchants to make custom interchange rates available to their Acquirers in return for some form of consideration from the merchant.

31. Although the Commissioner’s witnesses suggest that Visa Canada’s interchange rates have increased dramatically, the fact is that over the last five years (which includes the period during which Visa Canada introduced premium cards) Visa Canada’s effective default interchange rates have increased by approximately [REDACTED] basis points. Indeed, I understand that Visa Canada, which has a larger presence in Canada in terms of transaction volume than MasterCard, generally has lower interchange rates than MasterCard. Conversely, my understanding is that while American Express has a smaller presence in Canada than either MasterCard or Visa, it generally has *higher* “interchange rates” than Visa or MasterCard (because American Express is a three party system, as a technical matter, its system does not involve “interchange” per se).

32. Merchants who choose to accept credit cards do not always accept every brand of card. For example, Costco Canada does not currently accept Visa credit cards in store, but it does accept American Express credit cards. No Frills, a major grocer, accepts MasterCard and Interac cards, but not Visa credit cards.

33. Visa Canada has four categories of consumer credit cards that Issuers may offer to cardholders: Classic, Gold, Platinum and Infinite.<sup>2</sup> At the Visa Classic level Issuers are required to provide cardholders with a basic selection of customer support services. At the Gold and Platinum levels, Issuers are additionally required to provide a number of emergency services including collision loss/damage insurance and a medical referral service. At the Infinite level, Issuers must provide a significantly increased level of service, including dedicated telephone lines and improved service standards, concierge service and emergency medical evacuation. Each of these additional services and offerings entails additional costs for Issuers.

34. At every level, including the Infinite level, these requirements represent only minimum levels of service that Issuers must provide to cardholders. In many cases, and especially with respect to Infinite cards, Issuers provide enhanced offerings as a mechanism to attract high volume and high value reliable cardholders. For example, the enhanced benefits offered by Issuers to Visa cardholders include rewards points (including airline points, travel points, and dividend dollars), welcome bonus rewards, bonus rewards at certain locations (such as gas stations, grocery stores, and drugstores), premium hotel and dining experiences, advance ticket purchases for events and an array of insurance benefits (such as baggage, trip cancellation, trip interruption, travel medical, and auto rental insurance, as well as purchase protection, price

---

<sup>2</sup> Visa Canada also offers a commercial credit card product to Issuers. Visa Canada's commercial credit card products represent approximately 1% of commercial payments volume in Canada.

protection and extended warranties). A 2008 Visa Canada presentation entitled "Consumer Credit Products Overview," which explains the features of the Infinite product, is attached as Exhibit "G" to this witness statement.

35. In almost all cases, Visa Canada's interchange rates remain lower than those of MasterCard and American Express in Canada. [REDACTED]

[REDACTED] However, this too is not without consequence as Visa Canada faces significant countervailing buyer power on the part of Issuers. For example, CIBC has recently introduced and marketed a series of MasterCard credit cards that compete head-to-head with its Visa products.

36. Visa Canada introduced premium cards in Canada in 2008, with higher interchange rates (reflecting in part the increased rewards offered by Issuers associated with these products), principally to compete for high-spending cardholders with American Express, which has traditionally been the leader in this segment. Higher interchange rates for premium cards also reflect competition with MasterCard for Issuers of cards that will be attractive to the most high-spending cardholders (who are also the most attractive customers for merchants). As shown in the rate chart, the default interchange rate for Visa Canada's premium Infinite cards is only 0.2% higher than for other cards (and it is still significantly lower than the interchange rates applicable to similar MasterCard products. It is my understanding that this rate is also lower than the rate American Express generally charges merchants).

37. Premium credit cards (which Visa Canada introduced in Canada as a competitive response, principally to American Express) have proven to be popular with consumers who

evidently value the benefits associated with them. If merchants could elect either to surcharge Visa premium credit card products, or not accept them at all, they risk losing the ability to attract or retain the patronage of a valuable segment of customers, some of whom would elect to shop at merchants who accept such cards, or do so without surcharge. Such consumers, who will still seek the benefits associated with premium cards, may also elect to pay with a premium American Express credit card (assuming the merchant accepts American Express) which conveys the premium benefits to the cardholder, but generally at a higher cost to the merchant. Canadian merchants who accept Visa premium credit cards should generally be able to attract or retain the business of premium cardholders at the lowest cost relative to the premium products offered by MasterCard and American Express, because, as indicated, Visa Canada's interchange rates associated with its premium products, are generally lower than such rates for MasterCard and American Express premium products in Canada. Attached as Exhibits "H", "I" and "J" to this witness statement are three reports referencing expenditure by cardholders with respect to Visa premium credit card products as compared with Visa non-premium credit card products.

38. The Commissioner's expert alleges that in 2009 Visa introduced a process to allow issuers to convert existing credit cards to premium credit cards (with a higher applicable interchange rate) without reissuing account numbers of new cards to cardholders, through the implementation of Account Level Processing ("ALP"). The Commissioner's expert further states that in certain cases cardholder benefits were not increased even though the interchange rate was increased. Both of these allegations are false. To my knowledge, ALP is not presently used by any Issuer in Canada and Visa Canada does not have any interchange rates available through ALP. The only way for an Issuer to provide a cardholder with a Visa Infinite card is through the

reissuance of a new card. Among other reasons, this is required because Visa's rules mandate that Visa Infinite cards be clearly identified as such with the word "Infinite" on the front of them.

### **III. Acquirers are Not "Resellers" of Visa Canada's Services**

39. Mr. McCormack states in his report that Acquirers are "resellers" of Visa Canada's services to merchants. This is not the case. Mr. McCormack is correct when he states that the services that Acquirers provide merchants are "centered on providing merchants with the ability to accept Visa and MasterCard branded credit cards for payment." I note that this is plainly not a set of services that Visa Canada provides to Acquirers and is therefore clearly not a set of services resold by Acquirers to merchants. Mr. McCormack is incorrect when he states that Acquirers provide merchants with "access to Visa and MasterCard's respective network processing systems" (although, even if this were so, it would not involve the "resale" of any product purchased by Acquirers from Visa Canada to their merchant customers). The fact is, that as the Visa network is operated, Acquirers have access to the Visa network, merchants do not; Acquirers connect to the Visa network, while merchants are connected via electronic terminals supplied by their Acquirers to the proprietary system operated by their Acquirers. It is the case that Visa Canada requires, under the terms of the VIOR, that Issuers who issue Visa credit cards, that Acquirers who offer credit card acceptance services to merchants and that merchants who accept Visa credit cards for payment, all comply with Visa Canada's rules, but this requirement has nothing to do with, nor does it involve, or depend upon the "resale" by Acquirers to merchants of any product that they acquire from Visa Canada.

### **IV. Visa Canada's Relationship with Merchants**

40. A number of the Commissioner's witnesses state that Visa Canada has been unwilling to negotiate with them regarding their concerns about the cost of accepting Visa Canada payment



cards. This is entirely unfounded. Although the cost of acceptance is, ultimately, an issue between merchants and their Acquirers, Visa Canada has entertained or entered into agreements directly with merchants to make custom interchange rates (lower than the default interchange rates that would otherwise apply) available to their Acquirers.

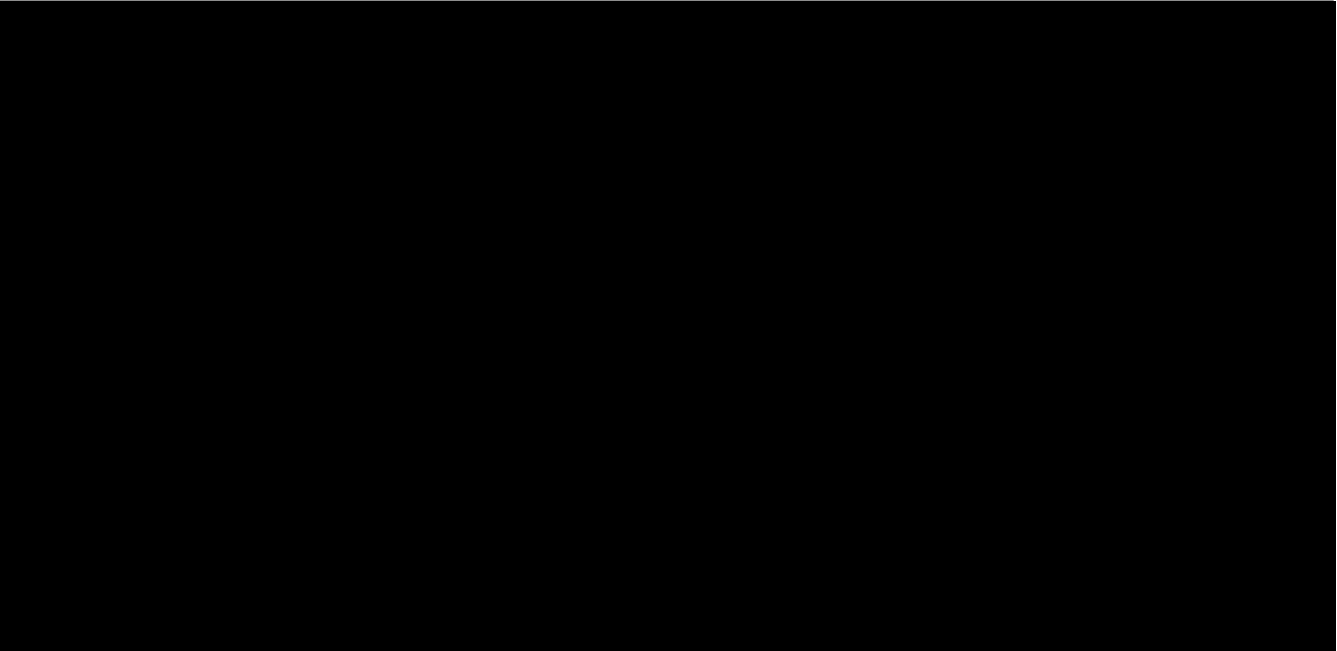
41. Visa Canada is open to negotiating arrangements of this kind with merchants. Visa Canada is, however, a commercial enterprise and, like all businesses (including the merchants who are appearing as witnesses in this proceeding), will generally only enter into business arrangements that it considers beneficial to its overall business interests. As such, where a merchant seeks a preferential interchange arrangement, Visa Canada reasonably expects the merchant to present to Visa Canada a compelling value proposition in exchange for preferential interchange rates. As indicated above, such a value proposition would necessarily entail a proposal to grow Visa credit card acceptance at the merchants location(s). Negotiation, which many of the merchant witnesses say that they desire with Visa Canada, is a two-way street.

42. Mr. Jewer of Sobeys notes that in June 2010, Sobeys introduced a co-branded MasterCard product issued by the Bank of Montreal. This was a business choice, which Sobeys obviously had every right to make. Having made that business choice, Sobeys now actively promotes acceptance of MasterCard by its customers, a business strategy which is patently adverse to the business interests of Visa Canada, and one clearly directed at diminishing, rather than expanding, Visa credit card usage at Sobeys. As difficult as it is to square Sobeys' apparent concern with the use of credit cards by its customers on the one hand, with its active promotion of its own co-branded MasterCard credit card on the other, the fact remains, that having cast its lot with MasterCard (Visa Canada's most significant competitor), it is hardly surprising that Visa

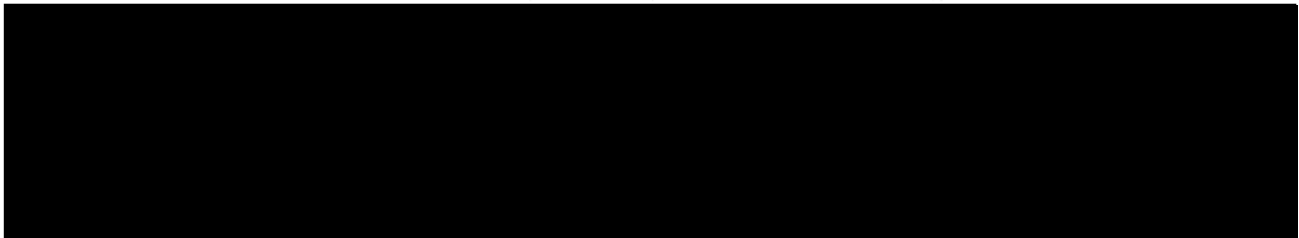
Canada might be reluctant to provide Sobeys with a preferential interchange arrangement (assuming Sobeys sought such, which to my recollection it has not).

43. Even more surprising is any complaint that Sobeys has with respect to the cost of accepting Visa credit cards, when Sobeys is actively promoting MasterCard acceptance; my understanding is that the effective interchange rates for MasterCard products are higher than those for Visa Canada products. Moreover, although Sobeys maintains that card acceptance fees have increased significantly in recent years, the Visa Canada interchange rates applicable to Sobeys transactions are comparable today to what they were in 2007. Attached as Exhibit "K" to this witness statement is a press release dated September 16, 2008 announcing the introduction of the "Club Sobeys MasterCard." Attached as Exhibits "L" and "M" to this witness statement are advertisements for the Club Sobeys MasterCard.

44. Similar points to those referenced above in respect of Sobeys, can be made in respect of WestJet and Shoppers Drug Mart, to the extent that both have adopted and actively market co-branded MasterCard credit cards. Ms. Li of WestJet states that interchange rates are non-negotiable by merchants except in the context of co-brand arrangements. As indicated above, this is not the case, Visa Canada has fostered, and will continue to foster, mutually beneficial business relationships with merchants who are prepared to bring additional value to the Visa network. I find it difficult to reconcile Ms. Li's statement that WestJet "sees no additional benefit from 'premium cards'", with WestJet's introduction of its own co-branded premium MasterCard product. Attached as Exhibits "N" and "O" are advertisements for the RBC WestJet MasterCard and RBC WestJet World MasterCard. Attached as Exhibit "P" to this witness statement is an advertisement for the Shoppers Optimum MasterCard.



46. Although Wal-Mart maintains that it has been unable to effectively negotiate reductions in interchange with Visa Canada, [REDACTED]



47. I often receive calls from small and medium-sized merchants seeking to better understand how Visa Canada operates and to explore opportunities for reducing their credit card acceptance costs. I typically direct such businesses to our interchange rates which are publicly available on our website (and which Visa Canada has published since before it was a Code of Conduct requirement) and explain that this information may be of assistance to these merchants in negotiating lower merchant discount rates with their Acquirers. I also encourage such merchants to shop around, explaining that the acquiring business is highly competitive and I point them to resources such as the CFIB and Retail Council of Canada, both of which have negotiated

preferential card acceptance arrangements with Canadian Acquirers, which are available to small and medium-sized Canadian merchants.

48. There is also no Visa rule preventing merchants from steering customers to their preferred payment method by expressing a preference for another payment method, fully informing their customers of the relative costs of using a Visa card versus another payment, or offering a discount. As I note above, Visa Canada requires all Visa Infinite cards to be clearly marked as such on the front of the card.

49. [REDACTED]

[REDACTED] As Ms. Van Impe notes, the majority of universities in Canada do not accept credit cards for tuition payments; the opportunity to expand Visa credit card acceptance at a Canadian university is entirely consistent with Visa Canada's policy of endeavouring to expand Visa credit card acceptance in underrepresented merchant segments through preferential interchange arrangements, in certain circumstances. [REDACTED]

[REDACTED] Attached to my affidavit as Exhibit "Q" is a copy of a news release from University of Saskatchewan dated July 23, 2010 announcing this change in tuition payment options. Apart from anything else, the fact that the University of Saskatchewan has elected not to accept Visa credit cards illustrates that merchants do have a choice of which payment methods they accept. Merchants do

not have to accept credit cards if they determine that it is not in their commercial interests to do so.

V. **The Canadian Government Has Closely Examined the Credit Card Industry and Did Not Seek Removal of the No Surcharge Rule or Honour All Cards Rule**

50. It is my understanding that the Government of Canada has full authority to require Visa Canada to repeal the No Surcharge Rule, as the Government of Australia did, and/or to repeal the Honour All Cards Rule. The Canadian Government has considered merchant requests to repeal both rules, but has not done so.

51. In 2009 and 2010, the Government of Canada, through the Department of Finance, conducted comprehensive consultations with payment network industry stakeholders, including Issuers, consumers, Acquirers, and merchants, to develop a voluntary code of conduct for the payment card industry. The Department of Finance received extensive submissions from stakeholders, including merchants, with respect to the No Surcharge Rule and the Honour All Cards Rule. Visa Canada had numerous meetings with the Department of Finance, in which I participated. These meetings included discussions concerning surcharging and discounting and the importance of the Honour All Cards Rule.

52. In April 2010, the Government released the Code of Conduct for the Credit and Debit Card Industry in Canada (“the Code of Conduct”), to which Visa Canada, MasterCard Canada and American Express are signatories. A copy of the final Code of Conduct (as revised in May 2010) is attached as Exhibit “R” hereto. A “backgrounder” prepared by the Department of Finance is attached as Exhibit “S” hereto. Though stakeholder submissions had discussed the Honour All Cards Rule and No Surcharge Rule in depth, the Government nevertheless chose not to abrogate these rules in the Code of Conduct.

53. While the Code of Conduct is “voluntary,” Visa Canada understood that absent the Code of Conduct, the measures provided for therein would have been imposed by government regulation. In any event, Visa Canada worked cooperatively and constructively with the Department of Finance in the development of the Code of Conduct and endorses its provisions, even though the Code of Conduct created significant constraints on Visa Canada’s ability to compete effectively in certain types of payments (notably debit). Code of Conduct compliance is monitored by the Financial Consumer Agency of Canada (“FCAC”).

54. The Code of Conduct lists three principal objectives, each of which I believe bears close relevance to the matters at issue in the case brought by the Commissioner. The three objectives are:

- (1) Ensuring that merchants are fully aware of the costs associated with accepting credit and debit card payments thereby allowing merchants to reasonably forecast their monthly costs related to accepting such payments.
- (2) Providing merchants with increased pricing flexibility to encourage consumers to choose the lowest-cost payment option.
- (3) Allowing merchants to freely choose which payment options they will accept.

55. Importantly, merchants participated extensively in the consultations that led to the Code of Conduct. The Department of Finance Backgrounder to the Code of Conduct states that “[t]he Code of Conduct was created to address concerns raised by merchants regarding the business practices of credit and debit card networks, issuers and acquirers” and that “[t]he Code of Conduct is based on extensive discussions with merchant associations representing a comprehensive range of sectors across the country, debit and credit card networks, acquirers, card issuers and consumer groups.”

56. Indeed, merchant representatives have expressed their satisfaction with the Code of Conduct. In an article appearing in the *Toronto Star*, Diane Brisebois, President and Chief Executive Officer of the Retail Council of Canada, called the Code of Conduct “a huge victory for us.” Catherine Swift, President and Chief Executive Officer of the Canadian Federation of Independent Business (“CFIB”) similarly said, “[w]e got almost 95 per cent of what we wanted.” The CFIB also prepared a template thank you letter for its members to send to the Hon. Jim Flaherty, Minister of Finance, calling the Code of Conduct a “major step forward” that gives merchants “more power in dealing with Visa, MasterCard and their bank and processor partners.” A copy of this *Toronto Star* article is attached as Exhibit “T” to this witness statement. A copy of the CFIB letter is attached as Exhibit “U” to this witness statement.

57. The Code of Conduct was developed pursuant to submissions from industry stakeholders, including payment networks and merchant groups. Although the VIOR did have to be modified in some respects to meet the Code of Conduct’s requirements, all of the Code of Conduct’s objectives were met without the need to abrogate either the No Surcharge Rule or the Honour All Cards Rule.<sup>3</sup>

58. Paragraphs 1, 2 and 3 of the Code of Conduct address the first objective, referenced above, ensuring merchants are aware of the costs associated with the acceptance of payment cards. These provisions require Visa Canada and the card network signatories to “make all applicable interchange rates easily available on their websites” and “post any upcoming changes

---

<sup>3</sup> Indeed, quite the opposite of restricting the No Surcharge Rule, the FCAC specifically advises consumers on its website (<http://www.fcac-acfc.gc.ca/eng/resources/faq/QAView-eng.asp?id=347>) that Visa rules prevent merchants from charging a fee for use of their cards. A printout of this website is attached as Exhibit “V” hereto.

to these fees once they have been provided to acquirers.” The VIOR were modified to ensure that:

- (i) Acquirers provide details on: (i) the effective merchant discount rate for each type of payment card from Visa; (ii) all other fees charged to the merchants by the Acquirer; (iii) the total amount of fees applicable to each rate; and (iv) each fee and to which payment card network it relates.
- (ii) Merchants receive a minimum of 90 days notice of fee increases or the introduction of any new fee related to any credit or debit transactions.
- (iii) Merchants are allowed to cancel their contracts without penalty following notification of a fee increase or the introduction of a new fee.

59. Paragraph 5 of the Code of Conduct addresses the second objective, “providing merchants with increased flexibility to encourage customers to choose the lowest payment option,” an issue the Commissioner of Competition has raised in this proceeding. The Department of Finance determined that this objective could be met without abrogating either the No Surcharge Rule or the Honour All Cards Rule,<sup>4</sup> but by permitting merchants to provide discounts to their customers, including differential discounts, for different methods of payment such as cash, or debit cards, or different credit card networks.

---

<sup>4</sup> The Honour All Cards Rule already allowed merchants who accept Visa debit not to accept Visa credit, and vice versa prior to the Code of Conduct coming into effect.



60. The third objective, allowing merchants to freely choose which payment options they will accept, is addressed by Code of Conduct paragraphs 1, 2, 3, and 4. Under these provisions, merchants who accept a payment network's credit product are not required to accept that network's debit product and vice versa. The VIOR already provided this exception to Visa Canada's Honour All Cards Rule. Again, having closely examined the issue, the Department of Finance concluded that no further limitations on Visa Canada's (and the other payment networks') Honour All Cards Rule was necessary to meet the Code of Conduct's objectives and address the concerns expressed by merchants.

61. I am also aware that merchants and other stakeholders have had frequent recourse to the Code of Conduct since its introduction.

  
\_\_\_\_\_  
**BRIAN WEINER**

April 10, 2012

**EXHIBIT A**

# THE NILSON REPORT

For 40 years, the leading publication covering payment systems worldwide.

MARCH 2011 | ISSUE 067

## CANADA CARDS

Purchase volume on credit cards issued in Canada increased 7.0% or \$20.50 billion in 2010 following a decline of 0.2% or \$0.50 billion in 2009. In 2010, American Express's purchase volume increased 9.2% or \$2.18 billion. Visa's purchase volume increased 7.6% or \$13.59 billion. MasterCard's purchase volume increased 5.3% or \$4.73 billion. On Interac cards, Canada's only general

... turn to page 7

## STATE EMPLOYEES' CU WANTS EMV CHIPS

State Employees' Credit Union of North Carolina (SECU) will convert its existing 1.0 million mag-stripe-only Visa debit cards to combination mag-stripe and EMV contact chip cards by year-end. Oberthur Card Systems will provide the cards and the personalization services.

... turn to page 5

## FISERV MAKES MOBILE AND PREPAID ACQUISITIONS

The Payments unit of information management and electronic commerce systems company Fiserv announced two acquisitions this month — M-Com and Maverick Network Solutions. Terms were not disclosed on either transaction. Fiserv's Payments unit generates more than \$2.20 billion of Fiserv's total \$4.10 billion

... turn to page 6

## SILVER TAIL SYSTEMS FRAUD PROTECTION

Former fraud prevention experts at eBay and PayPal who built antifraud and antiphishing defenses for those companies have formed Silver Tail Systems to market a product that captures every click of a Web session. Called Forensics, the product was first installed at ING Direct's U.S. website in May of last year. ING wanted to identify man-in-the-middle and man-in-the-browser

... turn to page 5

## KOOKMIN CARD SPINOFF IN KOREA

KB Financial Group in Korea spun off its Kookmin Card credit card unit March 2. The card company had operated as a separate unit within Kookmin Bank, the biggest unit within KB Financial, since 2003. Kookmin Credit Card company, which will operate as an affiliate of KB Financial Group, plans to meet growth projections by selling cardholders other financial products including

... turn to page 12

## Purchase Transactions at Top U.S. Acquirers 2010

Acquirer	Trans. (Bil.)	Market Share	Change vs. 2009
First Data*	14.90	24%	6.3%
BAMS	12.45	20%	0.8%
Fifth Third	8.51	14%	1.4%
Chase Paymentech	6.90	11%	1.2%
Heartland	2.60	4%	8.8%
WorldPay	2.59	4%	11.6%
Elavon	2.18	3%	8.4%
Global Payments	2.15	3%	1.9%
Wells Fargo	1.53	2%	1.1%
TSYS	1.08	2%	2.5%

Note: Includes all general purpose credit, debit and prepaid card transactions, including signature and PIN debit.

\* First Data includes Citi, SunTrust & Sovereign.

© 2011 The Nilson Report

## TOP U.S. ACQUIRERS

The 10 largest U.S. merchant acquirers ranked by general purpose transactions (generated by PIN-based debit cards and by credit cards carrying the brands of Visa, MasterCard, American Express,

... turn to page 9

WWW.NILSONREPORT.COM

- Order back issues
- View front-page articles for the last 3 years
- Find links to upcoming conferences

INSIDE: FAST FACTS • 2-4

CHARTS: CANADA — VISA & MASTERCARD CREDIT CARD ISSUERS, DEBIT'S SHARE OF PURCHASE TRANSACTIONS, GENERAL PURPOSE CARDS • 6,7,8  
MERCHANT ACQUIRERS IN THE U.S. 2010 • 9,10,11 | KOREA'S TOP 10 CREDIT CARD ISSUERS • 12

© HSN Consultants Inc. 2011 THE NILSON REPORT Reproducing or allowing reproduction or dissemination of any portion of this newsletter in any manner for any purpose is a copyright violation subject to substantial fines. Yearly Subscription for 23 print and electronic issues is \$1,295. ISSN 1087-8718  
THE NILSON REPORT: 1110 Eugenia Place, Suite 100, Carpinteria, CA 93013 USA • PHONE (805) 684-8800 • FAX (805) 684-8825 • info@nilsonreport.com

**HUNTINGTON NATIONAL BANK** will provide CashEdge's Popmoney person-to-person email and mobile payments service to its customers. CashEdge's money movement platform processed over \$64 billion in online funds transfers for bank customers in 2010. Jeff Dennes is SVP, Director Online and Mobile Services at Huntington, (614) 531-8897, jeff.dennes@huntington.com. Neil Platt is SVP and General Manager, U.S. Banking at CashEdge, (212) 478-6015, nplatt@cashedge.com.

**HEARTLAND PAYMENT SYSTEMS**, the 5th largest U.S. acquirer ranked by transactions processed, will offer its Web merchants the software-only PIN-based payment product of Acculynk. The product uses a graphical PIN pad that appears on the buyer's computer screen. Ashish Bahl is CEO at Acculynk, (678) 894-7017, abahl@acculynk.com. Steve Elefant is CIO at Heartland, (972) 295-8833, steven.elefant@e-hps.com.

**GUARDIAN ANALYTICS**, specialist in behavioral analytics fraud prevention software, has raised \$11 million in Series D funding. Spit Rock Partners led the round, with existing investors Foundation Capital and Sutter Hill Ventures contributing ongoing investments. Terry Austin is CEO at Guardian Analytics, (650) 383-9200, taustin@guardiananalytics.com.

**PAYMENTS GATEWAY**, which white labels its payment management services to 20,000 U.S. merchants, software vendors, and other service providers, will offer Payment Card Industry Data Security Standard (PCI DSS) compliance validation for Level 3 and 4 merchants. Trustwave will provide the information security and compliance solutions. Jeff Thorness is CEO at Payments Gateway, (469) 675-9920 x709, jeff.thorness@paymentgateway.com. Robert McCullen is CEO at Trustwave, (312) 873-7499, rmccullen@trustwave.com.

**DIMPLEDOUGH** will provide prepaid card management services to TxVia, a prepaid card program manager of consumer, government, and commercial products. Lee Poskanzer is EVP, Marketing & Sales at DimpleDough, (603) 664-6718, lposkanzer@dimpledough.com. Anil Aggarwal is CEO at TxVia, (212) 937-4151, anil@txvia.com.

**CALPIAN** has paid \$725,000 in cash and issued 417,277 shares of its common stock to acquire the residuals of independent sales organization Cooper and Schifrin. Harold Montgomery is CEO at Calpian, (214) 758-8603, haroldmontgomery@calpian.com.

**INTELISPEND PREPAID SOLUTIONS** will issue and handle program management for prepaid cards on the Discover network. Farhan Ahmad is GM, Prepaid and Director, Emerging Payments at Discover, (224) 405-1385, farhanahmad@discover.com. Sheree Stewart is VP, Strategic Partnerships at Intelispend, (636) 226-2000, sheree.stewart@intelispend.com.

**FIRST DATA** has been given U.S. Patent No. 7,822,640, titled "Multi-card Bulk Package Identifying Activation Systems and Methods," which covers technology that lets merchants activate at the point of sale all of the cards in a multipack at once rather than having to individually scan or key in each number. Dan Farrell is VP, Prepaid Card Products and Services, (303) 967-5381, daniel.farrell@firstdata.com.

**OFFICIAL PAYMENTS CORP.** and **MASTERCARD** have formed a partnership that will enable MasterCard cardholders to pay personal and business taxes online with the lowest percentage convenience fee among card payment brands (1.9%) at ChoicePay.com/MasterCard. Officialpayments.com accepts American Express, Discover, MasterCard, Visa, and Bill Me Later, as well as PIN-based Accel, NYCE, Pulse, and Star debit cards. OPC is a unit of Tier Technologies. Mathias Lilja is VP, U.S. Market Development at MasterCard, (914) 249-3708, mathias\_lilja@mastercard.com. Alex Hart is CEO at Tier Technologies, (571) 382-1028, alex.hart@officialpayments.com.

## FEATURED CONFERENCE

### NACHA PAYMENTS 2011

Four-Day Conference  
April 3-6, 2011  
The Austin Convention Center  
Austin, Texas

Subscribers to  
The Nilson Report  
will receive the  
member rate when  
you use the Member  
Discount Code (MDC)  
NRPTAN11.

Topics include: payments system legal & regulatory issues & impacts, corporate account takeover: detection & prevention, remote deposit capture & remotely created checks, community bank & small business opportunities, NACHA operating rules and NACHA industry initiatives, healthcare opportunities: collaboration & innovation, mobile banking & payments. Speakers represent: Federal Reserve Banks, Mercedes-Benz Financial, Walmart, Southwest Airlines, Equens SE, U.S. Secret Service, PayPal, GE Corporate Treasury, SWIFT, Amazon.com, Costco, Target, Procter & Gamble, AT&T, and more. Cost is \$1,525 (member); \$1,825 (nonmember). Contact Member Services at NACHA, (703) 561-1100, info@nacha.org. Register at <http://payments.nacha.org>.

## FEATURED CONFERENCE 20%

### CIT MEXICO 2011

Two-Day Conference  
April 13-14, 2011  
The Centro Banamex  
Mexico D.F., Mexico

Subscribers to  
The Nilson Report  
will receive a  
20% discount (use  
code CEoarNR).

Topics include: strategies developed to encourage the use of credit cards and their impact on the banking process, safety standards: EMV migration, the new law on mobile banking, payment through mobile, the development of the prepaid card market, technology for electronic payments and transactions, and contactless payment in transport. Speakers represent: Banamex, Banorte, Banco de Mexico, Condusef, Ixe Banco, Latinia, Metro de Mexico, Officemax, Payment Media, Prisma Consulting, Si Vale, Smart Card Alliance, Inteligencia, and more. Cost is \$680 (€499). Contact Isabel de la Cuesta at IIR España, 34 (91) 700-4902, isa@iirspain.com. Register at [www.iirspain.com/mexico](http://www.iirspain.com/mexico).

# FAST FACTS

**PLASTYC**, which provides its iBankUP money management service and Upside line of prepaid Visa cards to U.S. consumers considered to be underbanked, has received \$2 million from Core Innovation Capital, the investment partner of the Center for Financial Services Innovation (CFSI). Patrice Peyret is CEO at Plastyc, (646) 485-5267, patrice.peyret@plastyc.com. Arjan Schütte is Managing Partner at Core Innovation Capital, (212) 780-0193, arjan@corevc.com.

**BB&T** now offers FDIC-insured MoneyAccount prepaid Visa cards for a monthly fee of \$10 to individuals who do not qualify for a traditional checking account. Online banking and bill payments, mobile banking and alerts, ATM cash withdrawals and enquiries (at BB&T terminals), and more are provided at no additional charge. Scott Qualls is SVP, Deposit Access Products Manager at BB&T, (919) 745-5080, squalls@bbandt.com. Brian Triplett is Head, Global Prepaid Products at Visa, (650) 432-4191, btriple@visa.com.

**CONTROLSCAN'S** Milestone Merchant Reporting service segments merchants into one of seven different PCI compliance categories to identify what tools, information, or assistance are needed to reach full compliance. Joan Herbig is CEO, (678) 279-2689, jherbig@controlscan.com.

**PAYDQ**, an electronic bill payment and presentment company, will use the MasterCard Remote Payment and Presentment System (RPPS) to electronically modify its customers' receivable process in order to allow all online bank bill pay payments to be settled electronically. Kathy Norgaard is CEO at PayDQ, (712) 388-2132 x1003, knorgaard@paydq.com.

**PNC FINANCIAL** is the first bank to offer its credit and debit cardholders software from Visa that alerts them when they approach preset spending limits. Mike Ley is VP Payments and eBusiness at PNC, (412) 762-9701, michael.ley@pnc.com. Bill Gajda is Head, Mobile Product Innovation at Visa, (650) 432-3200, bgajda@visa.com.

**VERIFONE'S** card payment and digital media solutions for taxis are being offered for free to London's licensed black cabs. The card payment system includes a driver-side terminal with receipt printer, and a passenger-facing PIN device. The digital media system includes a full-color display screen for advertisements and streaming media. Shaun Burger is VP and GM, Northern Europe, MEA, 44 (1895) 275-167, shaun\_b1@verifone.com.

**UKASH**, which sells prepaid vouchers consumers buy at retail locations for use Web purchases, has expanded into Argentina and Brazil. The company already sells its vouchers in Uruguay, Colombia, Mexico, and Bolivia. Paul Coxhill is Marketing Director, 44 (207) 089-4042, paul.coxhill@ukash.com.

**PAYSAFECARD**, which sells prepaid vouchers in 27 countries through 300,000 retail outlets, processed 35 million transactions last year, predominantly for payment of online games, virtual goods, and Internet telephony. Paysafecard can be used at 3,500 online merchants as well as to buy Facebook Credits. The company also offers private label cards. Michael Mueller is CEO at paysafecard group, 43 (1) 720-8380 x11, muellerm@paysafecard.com.

**MONERIS SOLUTIONS** has added ThreatMetrix Device Identification capabilities to its suite of online merchant fraud protection tools. The acquirer supports card payments from 350,000 merchant locations including their websites. Terry Langdon is Director, Web-based Solutions at Moneris Solutions, (416) 734-1053, terry.langdon@moneris.com. Bert Rankin is VP, Marketing at ThreatMetrix, (650) 417-6146, brankin@threatmetrix.com.

**MIRA INFORM** provides business information reports, credit reports, debt collection, background check, market overview, and credit management consulting to clients in more than 100 countries. Its online database holds over 1 million reports. Minesh Gandhi is Managing Director, 91 (22) 4044-8005, mineshgandhi@mirainform.com.

**LML PATENT CORP.**, a wholly owned subsidiary of LML Payment Systems, has entered into a litigation settlement and technology license agreement with Citigroup. Citi will pay \$7.5 million to settle LML's patent violation claim and will receive licenses to LML patents for electronic check conversion transactions. Patrick Gaines is CEO at LML, (604) 689-4440, patrick@lmlpayment.com.

## MANAGEMENT CHANGES

**Bob Cook**, formerly at VeriFone, has been appointed VP, Sales, Financial Markets at **VIVOTECH**, (408) 984-9187, bcook@vivotech.com. **Steve Hino**, formerly at Wincor Nixdorf, has been appointed VP, Sales, EMEA at **VIVOTECH**, 44 (1925) 269-550, shine@vivotech.com. **David Hunter**, formerly at Paysafecard, has been appointed CEO at **UKASH**, 44 (207) 089-4085, david.hunter@ukash.com. **Andrew Waskey** has been appointed VP, Payment Solutions at **CHARGE SMART**, (443) 695-0104, awaskey@chargesmart.com. **Stanislav Syatkin** has been appointed SVP, Payments at **SYMTECO**, 44 (207) 060-5670, stanislav.syatkin@symteco.com. **Jeff Weikert**, formerly at Checkfree, has been appointed VP, Sales at **REWARDS NOW**, (404) 398-8555, jweikert@rewardsnow.com. **James Hicks** has been appointed President, Asia Pacific Ltd. Venture at **GLOBAL PAYMENTS**, (852) 3529-3518, james.hicks@globalpay.com. **Mike Vaselenak** has been appointed Regional Director, Canada at **ACONITE**, (905) 460-7754, mike.vaselenak@aconite.net. **Deepak Chandrasekhar** has been appointed CEO at **OBOPAY**, 91 (22) 3090-4545, deepak@obopay.com. **Andrew Wiseman** has been appointed Head, Global Products and Marketing at **TRAVELEX GLOBAL BUSINESS PAYMENTS**, 44 (207) 400-4000, andrew.wiseman@travelex.com. **Liz Curtis**, formerly at Chase Paymentech, has been appointed Manager, Financial Institutions at **FIRST AMERICAN PAYMENT SYSTEMS**, (817) 938-9094, liz.curtis@first-american.net. **Bill Hodge** has been appointed Regional Manager, North America at **SYSNET GLOBAL SOLUTIONS**, 353 (1) 495-1300, william.hodge@sysnetglobalsolutions.com.

**YESPAY INTERNATIONAL** now offers EasyV-Gift Card, an online closed-loop prepaid product than can be used at any electronic point-of-sale system. EasyV-Gift Card is provided as a fully hosted and managed service. Chandra Patni is CEO at YesPay, 44 (871) 221-9510, chandra.patni@yes-pay.com.

**PAYMENTEZ** is a platform for processing micropayments made in Latin America by players of online games. The platform has 4 million active users and handles 650 transactions every second. It has processed more than 8 million transactions since November 2009. Juan Franco is CEO at Mentez, (786) 975-2339, jfranco@mentez.com.

**BARCLAYCARD** will buy the 1.1 million credit card accounts in the Egg portfolio owned by Citigroup in the U.K. Valerie Soranno Keating is CEO at Barclaycard, 44 (207) 116-1000, valerie.sorannokeating@barclaycard.co.uk.

**SYSNET GLOBAL SOLUTIONS**, a provider of information security services, has achieved Payment Forensics Investigator status from the PCI Security Standards Council. Nick Prescot is Senior Consultant, Data Forensics team at Sysnet Global Solutions, 44 (7899) 878-380, nick.prescot@sysnetglobalsolutions.com.

**HID GLOBAL** has introduced gift card issuance projects at Korean retailers Home Plus and Shinsegae E-mart. The pilot tests use HID Global's card printers and reader/encoders. Kenneth Cheung is Director, Sales, Secure Issuance in North Asia at HID Global, (852) 3160-9800, kcheung@hidglobal.com.

**PAYX INTERNATIONAL** is offering the 2011 edition of its "Card Acquiring and Switching Products: An Independent Assessment of Products and Suppliers" along with a series of workshops to assist customers in navigating the choices available to them from market intelligence and strategic advice and through payments expertise. Adrian Hausser is CEO, 44 (773) 667-0667, adrian.hausser@payxintl.com.

**POINTS.COM**, a subsidiary of Points International, now offers its members in Canada the ability to convert their American Airlines, US Airways, and Groupe Aeroplan frequent flyer miles earned from the airlines and any co-branded card spending for cash, which is deposited into a PayPal account. Other loyalty programs that convert points to cash in a PayPal account include United Online, MyPoints.com, and Starwood Hotels. Martin Tongue is VP, Business Development at Points International, (416) 596-6363, martin.tongue@points.com.

## OTHER CONFERENCES & SEMINARS

**SEAA 2011:** March 21-23, 2011. The Hyatt Regency Bonaventure, Weston, Florida. Estimated attendance: 450-500. Cost for the 3-day conference is \$50. Contact John McCormick at SEAA, (314) 216-8600, info@southeastacquirers.com. Register at www.southeastacquirers.com/conference.

**CARDS & PAYMENT METHODS BRAZIL 2011:** March 22-24, 2011. The Hotel Blue Tree Premium Faria Lima, São Paulo, Brazil. Estimated attendance: 80. Cost for the three-day conference is \$1,942. **Subscribers to The Nilson Report will receive a 20% discount.** Contact Gabriela Ferraz at IQPC, 55 (11) 3164-5600, atendimento@iqpc.com. Register at www.cartoesbr.com.

### 16TH ANNUAL CARDS & PAYMENTS

**AUSTRALASIA 2011: Payment Innovation for banks, retailers and government.** March 28-29, 2011 at the Hilton Hotel, Sydney, Australia. Estimated attendance: 400. Cost for the two-day conference ranges from \$2,425 to \$3,587. Register online at <https://secure.terrapinn.com.au/V5/rCalc.aspx?E=3747> or call customer service on 61 (2) 9021-8808. For more information visit our website [www.terrapinn.com/2011/cards](http://www.terrapinn.com/2011/cards).

### GIFT CARD, GIFT VOUCHER AND RELOADABLE CARD SUMMIT 2011:

March 30, 2011. The Lancaster London, London, England. Estimated attendance: 250. Cost for the one-day conference is \$575. **Subscribers to The Nilson Report will receive a 10% discount. (Use priority code XX2103NILSON.)** Contact John Kotsinonos at IIR USA, (646) 895-7338, jkotsinonos@iirusa.com. Register at [www.giftandreloadablecardsummit.com](http://www.giftandreloadablecardsummit.com).

### SCA 2011 ANNUAL CONFERENCE:

May 3-5, 2011. The Hyatt Regency McCormick Place, Chicago, Illinois. Estimated attendance: 500. Cost for the three-day conference ranges from \$600 to \$1,160. **Subscribers to The Nilson Report will receive a 20% discount.** Contact Bill Rutledge at SCA/Cnxt, (212) 866-2169, bill@cnxt.com. Register at [www.smartcardalliance.org](http://www.smartcardalliance.org).

### CAC CONFERENCE 2011 – DENMARK:

May 10-11, 2011. The Nationalmuseet (Festsalen), Copenhagen, Denmark. Estimated attendance: 120-150 delegates. Cost for the two-day conference is \$1,120 (€799). **Subscribers to The Nilson Report will receive a 20% discount.** Contact Kurt Andersen at CAC, 45 (21) 29-6840, kurt.andersen@card-academy.com or Preben Bergholdt at CAC, 45 (40) 46-6121, preben.bergholdt@card-academy.com. Register at [www.cac-cardacademy.com](http://www.cac-cardacademy.com).

### CARDS MIDDLE EAST 2011:

May 17-18, 2011. The ADNEC, Abu Dhabi, UAE. Estimated attendance: 2,500 visitors. Cost for the two-day conference is \$2,195. **Subscribers to The Nilson Report will receive a 15% discount.** Contact Emma Roborgh at Terrapinn ME, 971 (4) 440-2501, emma.roborgh@terrapinn.com. Register at [www.terrapinn.com/2011/cme](http://www.terrapinn.com/2011/cme).

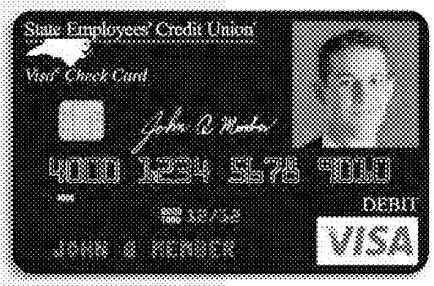
### PAYMENT CHINA 2011:

May 25-27, 2011. The Renaissance Beijing Chaoyang Hotel, Beijing, China. Estimated attendance: 350. Cost for the three-day conference is \$2,595 (Buy Two Get One Free). **Subscribers to The Nilson Report will receive a 20% discount.** Contact Michael Du at Global Leaders, 86 (21) 5236-0030 x6012, michael.du@globaleaders.com. Register at [www.paymentchina.com](http://www.paymentchina.com).

# STATE EMPLOYEES' CU WANTS EMV CHIPS

(from page 1)

Only about 5% of all SECU debit card transactions occur outside the United States where EMV cards initiate authorizations from a chip instead of a stripe. When the new SECU Visa debit cards are used in EMV countries, they will also initiate authorizations from the chip, but the cardholder will not



be prompted for a PIN as local cardholders would be. The point-of-sale terminal will tell the clerk to ask for a signature instead.

SECU uses Visa's Debit Processing Service for

transaction switching. Visa DPS is making systems changes to be able to provide a validation response for SECU when EMV data from foreign transactions is delivered by VisaNet. In-house programmers at SECU changed its card-authorization software in order to accommodate more detailed EMV data messages.

ABOUT 5% OF SECU DEBIT TRANSACTIONS OCCUR OUTSIDE THE U.S.

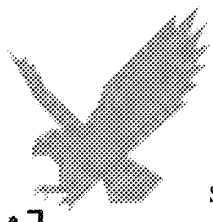
SECU also hopes to convert its 267,000 Visa credit cards to chip. They must wait for First Data Corp., which handles card account processing on those products on behalf of PSCU Financial Services, to be able to provide support. Leanne Phelps is Senior VP, Card Services at State Employees' Credit Union in Raleigh, North Carolina, (919) 839-5134,

leanne.phelps@ncsecu.org.

# SILVER TAIL SYSTEMS FRAUD PROTECTION

(from page 1) ...

attacks that include fraudsters logging into an online banking session using stolen credentials. Silver Tail



## SilverTail Systems

Systems says Forensics also works with Web merchants who want to fight another type of fraud called merchandise mule. This involves fraudsters duping honest people into receiving stolen goods under the guise of working from home and then reshipping them out of the country.

Silver Tail Systems says that Forensics works by detecting the ways in which a fraudster's buying habits differ from those of a legitimate buyer. For one thing, fraudsters quickly select goods that can be easily resold for cash and then jump right to

the merchant's checkout page. Forensics creates a fraud score in about an hour.

Silver Tail has a companion product called Mitigation that alerts merchants in real time about suspected fraud based on rules established by the merchant. Mitigation's business rules can be tested before deployment without using resources from a company's IT department.

The software delays shipping of merchandise until the fraud score is delivered.

Merchants can allow fraudsters to complete a transaction without their knowing what revealed the fraud, making it more difficult for crooks to reverse engineer how

they were detected.

Merchants can tell the fraudster that the order has been completed even though they are not going to ship the merchandise. They could show a Web page that tells the fraudster he needs to contact customer support to complete the order. Or, if they believe the action has been performed by a bot and not a human, they could insert a Captcha (challenge-response test) to prevent the bot from

being able to complete the transaction.

Silver Tail Systems gets all of its data from the Span port of the switch — essentially a copy of all HTTP traffic coming into the Web servers — making it possible to install

its software in a few hours. The company can offer Forensic (but not Mitigation) on a hosted

... MAKES IT HARDER FOR FRAUDSTERS TO DISCOVER HOW THEY WERE DETECTED.

... turn to page 6

DO NOT COPY THIS REPORT. Reproducing or allowing reproduction of any portion of this newsletter in any manner for any purpose constitutes a copyright violation subject to substantial fines.

**SILVER TAIL SYSTEMS FRAUD PROTECTION**

basis. Currently, all Silver Tail Systems customers are in the U.S. However, several U.K. customers will go live in the second quarter. The company is looking for resellers in other world regions.

Silver Tail has received \$3.9 million in Series A

clusively on Microsoft server and database platforms. They support bill payment, ACH, point of sale, remote payments, and P2P money transfers as well as banking functions, offering interoperability across multiple handsets.

M-Com competitors include ClairMail, Sybase, mFoundry, Blaze Mobile, Comviva, Obopay,

MShift, and Firethorn. Software development will continue in New Zealand where M-Com was founded in 2000. Adam Clark, former CEO at M-Com, will continue to lead the unit as Senior VP Mobile Solutions at Fiserv in Norcross, Georgia, (704) 408-8508, adam.clark@mcom.co.nz.

**FISERV MAKES MOBILE AND PREPAID ACQUISITIONS**

In annual revenue. Its assets include Corillian Online banking software, CheckFree bill payments, and ZashPay person-to-person money transfers.

Overall, Fiserv provides services to about 10,000 financial institutions in more than 100 countries.

M-Com's platform delivers marketing and promotions. It will also be able to provide hosting for all services. Fiserv's financial stability, maturity of processing services, and scale of distribution will take M-Com farther faster than the company would have been able to manage on its own.

M-Com applications work ex-

purpose debit brand, purchases increased only 3.8% of \$5.92 billion.

Purchases at merchants on all general purpose cards accounted for 92.1% of total dollar volume, up from 91.4% in 2009. Cash volume of \$40.48 billion in 2010 was down from \$42.31 billion in 2009.

Purchase transactions were up 319.5 million or 4.8% in 2010. Visa had the highest increase, up 154.0 million, followed by Interac debit cards with an increase of 88.1 million, MasterCard with an increase of 66.0 million, and American Express

with an increase of 11.5 million. Interac's share of total purchase transactions was 57.0%, down from 58.5% in 2009.

The average amount of a purchase transaction increased for American Express and Interac, but declined for Visa and MasterCard in 2010. Amex's average was \$149, up 2.0% and Interac's average was \$41, up 1.5%. Visa at \$111 was down 1.9%, and MasterCard at \$88 was down 1.2%.

All credit card brands increased their purchase

**Visa & MasterCard Credit Card Issuers in Canada 2010**

Issuer	Brand	10	09	Outstandings	Total Volume	Purchase Volume
		(\$ mil)	(\$ mil)	(% Chg)	(% Local Chg)	(% Local Chg)
Canadian Imperial	V/MC	1	1	\$63,818.7	3.8%	4.2%
Royal Bank of Canada	V/MC	2	2	\$62,554.0	9.9%	9.6%
Scotiabank	V/MC	3	3	\$21,199.5	5.6%	11.6%
Bank of America	MC	4	4	\$16,614.6	0.5%	2.1%
TD Canada Trust	V	5	5	\$36,275.4	11.1%	12.1%
BMO Bank of Montreal	MC	6	6	\$39,583.2	4.1%	4.7%
Fed. des caisses Desjardins	V	7	7	\$21,731.2	9.7%	9.1%
Canadian Tire	MC	8	8	\$4,090.3	1.4%	3.0%
Capital One	MC	9	9	\$3,399.7	-8.4%	3.9%
PC Financial	MC	10	10	\$2,078.2	-2.7%	9.9%
National Bank of Canada	MC	11	11	\$1,948.9	-2.8%	6.9%
JPMorgan Chase	MC/V	12	12	\$826.2	4.0%	7.2%
ATB Financial	MC	13	13	\$649.6	5.9%	4.7%
HSBC Canada	MC	14	14	\$357.5	9.6%	7.7%
Home Trust	V	15	15	\$339.8	11.6%	15.0%
Laurentian Bank	V	16	16	\$263.5	6.3%	11.9%
Vantiv Savings CU	V	17	17	\$234.7	0.0%	1.4%
U.S. Bank	V	18	18	\$125.5	-3.2%	-1.6%
Walmart	MC	19	19	\$83.0	new	new
Wells Fargo Financial	MC	20	20	\$39.9	-5.0%	-1.8%
Peoples Trust Company	MC/V	21	21	\$58.0	50.3%	31.3%
Bank of America Nat'l Assn.	V	22	22	\$16.6	26.3%	82.6%

Some prior year figures have been restated. Includes both consumer and commercial (if not specified). Percent change applies to current figures total volume, purchase volume and cash volume are based on Canadian currency. Conversion factors from www.bankofcanada.com/currency. To convert back to Canadian dollar, divide outstanding by 0.699377 and volume figures by 0.69855. V=Visa, MC=MasterCard. (1) Doesn't include prepaid cards. (2) Includes

MAR 2011: \* B332E 507; T1E 08320N 081201; IF YOU ARE READING THIS NEWSLETTER BY WAY OF A WEB SITE OR SERVER, there has been a violation of copyright law which carries substantial fines. No company has been granted the right to post this publication.

**CANADA CARDS**

purpose debit brand, purchases increased only 3.8% of \$5.92 billion.

Purchases at merchants on all general purpose cards accounted for 92.1% of total dollar volume, up from 91.4% in 2009. Cash volume of \$40.48 billion in 2010 was down from \$42.31 billion in 2009.

Purchase transactions were up 319.5 million or 4.8% in 2010. Visa had the highest increase, up 154.0 million, followed by Interac debit cards with an increase of 88.1 million, MasterCard with an increase of 66.0 million, and American Express

**Ranked by Outstandings**

10	09	Cash Volume	Total Accounts	Active Accounts	Credit Cards
Rank	Rank	(\$ mil)	(000)	(000)	(000)
4	4	\$3,393.7	1	4,100	6,819
2	3	\$4,657.6	4	3,983	7,523
3	1	\$4,606.3	8	1,835	2,947
1	2	\$4,766.1	7	2,407	8
7	7	\$2,338.8	5	2,099	11,853
6	5	\$2,707.9	2	3,993	10,152
5	6	\$2,968.2	1	2,661	12,339
9	9	\$1,142.6	7	1,819	3,733
8	8	\$1,310.5	6	1,706	5,477
12	12	\$155.3	10	1,065	2,213
10	10	\$494.8	14	1,821	2,141
14	14	\$97.9	11	2,096	2,516
11	11	\$330.8	13	1,806	5,477
15	16	\$59.1	16	332	433
18	18	\$30.0	19	88	232
16	17	\$39.0	18	190	116
17	18	\$34.7	19	190	220
21	22	\$5.9	15	215	188
19	19	\$25.0	new	new	81
20	21	\$10.9	21	61	68
13	15	\$116.1	9	2,348	2,417
22	23	\$0.6	10	6	14

Interac's share of total purchase transactions was 57.0%, down from 58.5% in 2009.

The average amount of a purchase transaction increased for American Express and Interac, but declined for Visa and MasterCard in 2010. Amex's average was \$149, up 2.0% and Interac's average was \$41, up 1.5%. Visa at \$111 was down 1.9%, and MasterCard at \$88 was down 1.2%.

All credit card brands increased their purchase

MAR 2011: \* B332E 507; T1E 08320N 081201; IF YOU ARE READING THIS NEWSLETTER BY WAY OF A WEB SITE OR SERVER, there has been a violation of copyright law which carries substantial fines. No company has been granted the right to post this publication.



## CANADA CARDS

(from page 7) ...

volume per card. American Express's purchase volume per card was \$6,199, up 7.5%. Visa's per-card figure was \$5,940, up 6.6%, and MasterCard's

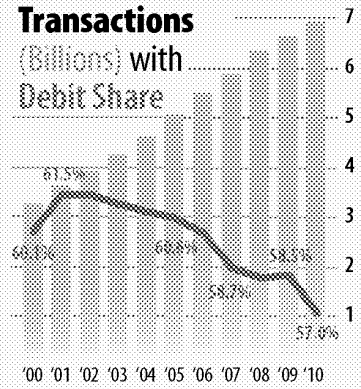
general purpose cards, down from 65.6%. MasterCard had the highest percentage increase in cards, up 4.5% or 2.1 million, followed by Interac, up 1.6 million, Visa up 0.9% or 290,000, and American Express up 1.6% or 70,000.

There were 22 issuers of Visa and MasterCard cards in Canada in 2010. Off the list were GE Money Bank, which no longer issues cards, and Citi, which sold its card business to CIBC at the end of August. Walmart began issuing MasterCard cards in June.

Visa's largest issuer based on outstandings, total volume, and purchase volume was Canadian Imperial Bank of Commerce. TD Canada Trust was the largest Visa issuer based on total accounts, active accounts, and cards.

BMO Bank of Montreal was the largest MasterCard issuer based on total volume, purchase volume, total accounts, active accounts, and cards. MBNA Canada Bank, an affiliate of Bank of America Corporation, was the largest MasterCard issuer based on

### Purchase Transactions (Billions) with Debit Share

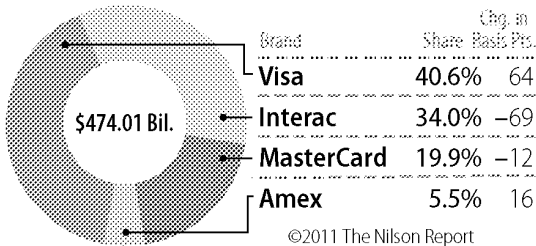


©2011 The Nilson Report

outstandings and cash volume.

There were eight issuers with more than 100.0 million Visa/MasterCard purchase transactions. They included Canadian Imperial Bank of Commerce with 498.2 million up 2.5%, Royal Bank with 488.9 million up 10.6%, BMO Bank of Montreal with 355.8 million, up 5.9%, TD Canada Trust with 332.9 million, up 12.5%, Federation des caisses Desjardins with 192.9 million, up 13.2%, Scotiabank with 175.1 million, up 29.2%, PC Financial with 165.7 million, up 10.0%, and MBNA Canada Bank (Bank of America) with 129.6 million, up 7.1%. Prior issues: 944, 920, 897, 878, 855, 835, 811, 791, 766, 741, 718, 692, 668, 645, 620, 598

### Purchase Volume Market Shares 2010



was \$1,929, up 0.8%. Interac's purchase volume per card was \$4,138, down 0.3%.

General purpose credit and debit cards in circulation totaled 124.5 million at year-end 2010, up 3.3% over 2009. Visa, MasterCard, and American Express cards totaled 85.6 million, up 3.0%. Interac debit cards totaled 39.0 million, up 4.2%.

MasterCard and Visa brands accounted for 65.4% of all

**EIGHT ISSUERS HAD MORE THAN 100 MIL. PURCHASE TRANSACTIONS.**

## Canada General Purpose Cards 2010 vs. 2009

Brand	Total		Volume (bil.)		Cash		Transactions (mil.)				Cards	
	Total	Chg.	Purchases	Chg.	Cash	Chg.	Total	Chg.	Purchases	Chg.	(mil.)	Chg.
Visa	\$210.54	7.1%	\$192.44	7.6%	\$18.10	1.9%	1,775.0	9.6%	1,739.0	9.7%	32.4	0.9%
Interac	\$171.50	2.5%	\$161.21	3.8%	\$10.29	-14.6%	3,970.0	2.3%	3,970.0	2.3%	39.0	4.2%
MasterCard	\$106.51	4.2%	\$94.51	5.3%	\$12.00	-3.2%	1,098.0	6.5%	1,078.0	6.5%	49.0	4.5%
Amex	\$25.94	9.1%	\$25.85	9.2%	\$0.09	-13.1%	174.3	7.0%	174.0	7.1%	4.2	1.6%
<b>Totals</b>	<b>\$514.49</b>	<b>5.0%</b>	<b>\$474.01</b>	<b>5.7%</b>	<b>\$40.48</b>	<b>-1.5%</b>	<b>7,017.3</b>	<b>4.4%</b>	<b>6,961.0</b>	<b>4.5%</b>	<b>124.5</b>	<b>3.3%</b>
<b>Credit Cards</b>	<b>\$342.99</b>	<b>6.3%</b>	<b>\$312.80</b>	<b>7.0%</b>	<b>\$30.19</b>	<b>-0.2%</b>	<b>3,047.3</b>	<b>8.3%</b>	<b>2,991.0</b>	<b>8.4%</b>	<b>85.6</b>	<b>3.0%</b>

Currency figures are in U.S. dollars. Change figures are based on Canadian dollars. Some prior year figures have been restated. Credit card totals are for Visa, MasterCard, and American Express, and include Visa & MasterCard prepaid cards. Interac is a debit card brand, and some purchase transactions include cash back at the point of sale.

©2011 The Nilson Report

# TOP U.S. ACQUIRERS

(from page 1) ...

Discover, Diners, and JCB) accounted for 54.89 billion transactions, up 8.9% from 50.39 billion in 2009.

Ranked by volume rather than transactions, they accounted for \$2.932 trillion — up 8.5% from \$2.701 trillion. Ranked by Visa and MasterCard signature-based credit and debit card volume alone, they accounted for \$2.167 trillion — up 8.9% from \$1.999 trillion.

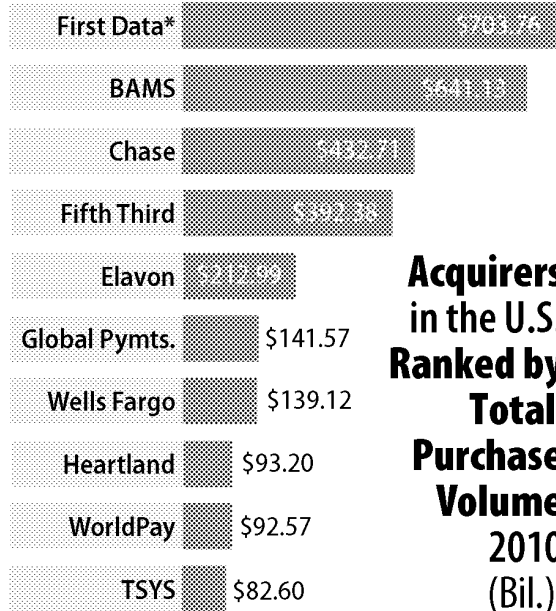
In the charts on page 1 and on this page, First Data figures include merchant acquiring contracts owned by the company outright under its First Data Merchant Services division, including Cardservice International (shown as First Data in the table on pages 10 and 11), and First Data's revenue-sharing alliances with SunTrust Merchant Services, Citi Merchant Services, and Sovereign Merchant Services, which are essentially wholly owned entities of First Data. However, business generated by these revenue-sharing alliances are also listed separately on page 10.

Pages 10 and 11 rank the 94 largest portfolios of merchant card-processing contracts based on purchase volume generated by Visa and MasterCard signature-based credit and debit cards. Fifth Third moved up based on its acquisition of NPC. TSYS Merchant Solutions is the new name for First National Merchant Solutions.

Acquirers in the top 50 with average amounts per transaction over \$100 for Visa and MasterCard transactions included TransFirst, Moneris, Intuit, Merrick Bank, Fidelity, Key, JetPay, M&T Bank, Capital One, First Hawaiian, TD Bank, and Newtek. Those with average amounts per transaction under \$50 included Fifth Third, Citi, Heartland, WorldPay, Mercury, The Bancorp Bank, Cynergy, and Bank-Card Services.

The top 5 accounted for \$1.754 trillion, up 8.4% or \$135.96 billion from 2009. Transactions generating that volume totaled 32.57 billion, up by 2.75 billion or 9.2%. The average amount per transaction declined 0.7%, from \$54.27 to \$53.87.

When combining all general purpose activity, the top 5 acquirers accounted for \$2.383 trillion generated by 45.36 billion transactions. This represented a \$169.32 billion increase in purchase volume, up



**Acquirers in the U.S. Ranked by Total Purchase Volume 2010 (Bil.)**

\* First Data includes Citi, SunTrust, and Sovereign  
© 2011 The Nilson Report

7.6%, while the transactions were up 8.2% or 3.45 billion. The average transaction amount declined 0.5%, from \$52.82 to \$52.53.

For the top 5 PIN debit acquirers, volume was up 15.0% to \$462.14 billion on transactions of 10.76 billion, up 12.4%. The average transaction amount increased 2.3%, from \$41.99 to \$42.96.

The acquirers with PIN-based debit card volume over \$10 billion included Fifth Third, BAMS, First Data, Chase Paymentech, WorldPay, Wells Fargo, and Heartland.

Based on volume from credit cards other than Visa and MasterCard, Chase Paymentech was the largest, followed by BAMS, Fifth Third, Global Payments, Elavon, and Wells Fargo.

Among the 57 acquirers that reported American Express volume separately, those with the largest Amex card volume were Chase Paymentech (\$46.53 billion), BAMS (\$39.92 billion), Fifth Third (\$22.99 billion), Wells Fargo (\$19.58 billion), and Global Payments (\$18.29 billion).

Among the 64 acquirers that reported Discover Card volume separately, those with the largest Discover card volume were Chase Paymentech (\$10.86 billion), Fifth Third (\$9.39 billion), Global Payments (\$6.11 billion), and BAMS (\$4.55 billion). Prior issues: 945, 922, 899, 876

**THE TOP 5 ACCOUNTED FOR \$1.754 TRILLION, UP 8.4% FROM 2009.**

Merchant Acquirers in the U.S. 2010

Ranked by Visa/MasterCard Volume

Rank	Company, Headquarters	Bank Cards (V&MC)	Other Credit	PIN Debit	Active Merchant Outlets	Rank	Company, Headquarters	Bank Cards (V&MC)	Other Credit	PIN Debit	Active Merchant Outlets			
10	109	Volume (mm)	Trans. (ml)	Chg. (%)	Volume (mm)	Trans. (ml)	Volume (mm)	Trans. (ml)	Chg. (%)	Volume (mm)	Trans. (ml)			
1	Bank of America (BAMS) Georgia <sup>(a)</sup>	\$472,989.2	3%	9,260.9	515.1	\$123,670.7	2,674.9	850,000	3%	\$2,806.2	31.9	3,333.6	3.0	20,157
2	First Data Georgia <sup>(a)</sup>	\$402,000.0	3%	5,885.0	280.0	\$113,000.0	2,800.0	990,000	4%	\$2,770.0	36.9	\$887.7	0.7	18,544
3	Chase Payment Solutions Texas	\$336,309.6	14%	5,489.8	626.2	\$38,907.8	781.7	305,850	25%	\$2,442.2	36.9	\$1,444.4	2.5	34,155
4	Fifth Third Processing Solutions Ohio <sup>(a)</sup>	\$197,642.5	24%	4,238.4	508.5	\$161,852.5	3,764.9	647,403	8%	\$2,382.0	36.9	\$301.0	1.9	25,720
5	Elavon Georgia <sup>(a)</sup>	\$182,675.9	7%	1,889.6	125.3	\$9,326.9	168.2	842,679	-4%	\$2,350.0	43.5	—	—	23,549
6	Citi Merchant Services Illinois <sup>(a)</sup>	\$121,569.5	14%	5,204.7	—	—	—	222,625	16%	\$2,203.1	35.8	—	—	13,150
7	Global Payments Georgia	\$109,041.9	11%	11,762.7	216.7	\$8,129.8	172.7	745,000	36%	\$2,164.1	37.6	—	—	12,025
8	Wells Fargo Merchant Services Calif <sup>(a)</sup>	\$105,517.6	12%	1,202.8	\$20,871.9	\$12,729.8	195.2	227,955	51%	\$2,080.5	43.8	\$285.6	8.6	34,625
9	Heartland Payment Systems N.J.	\$71,603.0	6%	1,799.7	\$11,493.4	\$10,106.4	688.9	238,155	46%	\$2,019.0	34.0	\$297.0	0.4	8,000
10	TSYS Merchant Solutions Neb. <sup>(a)</sup>	\$67,408.2	11%	938.8	\$12,315.3	\$2,875.5	53.7	308,941	8%	\$1,976.7	8%	\$144.4	1.5	14,398
11	WorldPay Georgia	\$59,622.2	16%	1,748.0	\$12,053.5	\$20,894.4	657.1	159,088	19%	\$1,763.8	13.1	\$30.2	0.6	6,004
12	SunTrust Merchant Serv. Georgia <sup>(a)</sup>	\$29,808.6	4%	402.5	\$5,522.6	\$2,942.0	57.2	94,993	48%	\$1,698.8	15.2	—	—	10,008
13	PNC Merchant Services Pennsylvania <sup>(a)</sup>	\$27,459.2	23%	413.6	\$6,123.2	\$3,206.7	53.4	94,986	-2%	\$1,659.0	22.0	\$288.0	2.3	5,400
14	TransFirst New York	\$25,627.7	5%	241.0	\$5,099.8	\$783.0	13.5	160,827	7%	\$1,624.5	24.6	\$267.9	1.9	17,006
15	Payment Tennessee	\$22,162.1	-6%	335.1	\$3,348.7	\$1,170.9	27.6	126,970	8%	\$1,600.0	17.4	\$50.0	0.3	8,400
16	Moneris Solutions Illinois	\$20,663.7	11%	1,990.0	\$3,485.1	—	—	100,663	30%	\$1,424.3	30%	\$50.0	0.3	9,443
17	EVO Merchant Services New York	\$20,602.3	8%	311.3	\$3,964.1	\$1,169.8	29.0	254,393	1%	\$1,310.5	13.8	\$536.9	4.9	11,567
18	Intuit Payment Solutions Calif. <sup>(a)</sup>	\$19,472.1	11%	151.4	\$4,390.2	\$679.4	12.8	306,988	1%	\$1,265.7	11.3	\$305.8	1.6	3,796
19	Merrill Bank Utah	\$19,049.9	24%	147.6	\$4,207.5	\$1,411.2	35.1	119,384	8%	\$1,168.3	12.8	\$233.7	2.0	3,750
20	Fidelity Nat'l Info. Serv. (FIS) Florida	\$15,668.0	9%	130.0	\$6,200.0	\$360.0	0.5	82,000	1%	\$924.2	9.4	\$13.8	0.1	5,510
21	Mercury Payment Systems Colorado	\$15,498.2	30%	544.3	\$3,163.0	\$1,421.5	45.7	59,073	4%	\$880.0	-13%	94	0.8	4,933
22	Merchant E-Solutions California	\$15,478.0	15%	234.0	\$8.8	\$325.0	5.4	71,000	-4%	\$880.0	1.1	\$2.5	<0.1	3,000
23	The Bancorp Bank Delaware	\$12,200.0	76%	495.0	0.3	\$103.0	1.3	40,000	45%	\$782.2	10.8	\$106.5	1.4	3,980
24	BBK North Carolina	\$11,315.9	14%	143.4	\$182.5	\$579.2	10.9	45,506	-4%	\$74.6	8.7	\$14.2	0.1	5,378
25	Sovereign/Santander Massachusetts <sup>(a)</sup>	\$11,262.4	9%	194.8	\$1,778.1	\$877.2	22.1	65,699	16%	\$648.6	16%	\$0.6	0.3	3,544
26	Sage Payment Solutions Virginia <sup>(a)</sup>	\$11,110.2	5%	132.0	—	—	—	89,378	4%	\$624.0	4%	\$140.0	0.9	3,000
27	Cynegy Data Georgia	\$11,000.0	6%	240.0	0.0	—	—	100,000	33%	\$557.3	7.4	\$43.8	0.4	8,784
28	First American Payment Systems Texas	\$10,204.8	9%	153.2	\$2,051.4	\$988.1	21.8	141,338	0%	\$533.1	6.3	—	—	1,700
29	MSI Merchant Services New Jersey	\$9,992.8	18%	126.4	\$173.3	\$361.3	11.5	109,926	-4%	\$521.7	3.8	\$103.1	0.8	5,179
30	North American Bancard Michigan <sup>(a)</sup>	\$9,066.7	32%	170.5	\$1,468.5	\$665.4	19.4	115,927	9%	\$456.5	5.7	—	—	3,588
31	Key Merchant Services Ohio <sup>(a)</sup>	\$8,547.9	7%	83.9	\$688.3	\$230.9	3.8	74,629	5%	\$451.7	5%	—	—	4,000
32	Total Merchant Services Colorado	\$8,000.0	7%	133.0	—	—	—	102,500	1%	\$449.7	1%	\$21.5	0.2	4,400
33	Redwood Merchant Services Calif	\$7,005.0	8%	80.1	\$86.1	\$17.0	0.5	110,405	12%	\$406.1	6.4	—	—	2,200
34	United Bank Card New Jersey	\$6,985.9	11%	114.9	\$1,435.2	\$334.4	11.1	126,450	8%	\$365.7	8%	—	—	4,920
35	Payment Processing, Inc. California	\$6,452.6	23%	89.7	\$1,221.1	\$155.9	3.1	31,456	40%	\$350.0	40%	\$78.0	0.3	2,200
36	JePay Merchant Services Texas	\$5,674.0	20%	28.0	\$1,492.9	\$2.2	0.1	30,000	190%	\$300.3	190%	\$34.5	0.2	2,190
37	Commerce Bancshares Missouri	\$5,553.2	10%	84.5	\$1,041.3	\$157.0	6.1	10,279	-10%	\$225.9	2.6	—	—	1,400
38	Element Payment Services Arizona	\$4,897.2	23%	59.9	\$840.9	\$225.0	3.1	27,235	19%	\$207.9	2.8	—	—	900
39	M&T Bank New York	\$4,298.8	8%	27.3	\$811.1	\$18.1	0.3	14,500	5%	\$176.5	5%	—	—	1,806
40	Financial Transaction Services Ohio	\$4,062.4	19%	64.3	\$430.6	\$258.8	9.8	16,017	4%	\$157.1	4%	—	—	600
41	PowerPay Maine	\$4,051.0	14%	42.5	\$926.7	\$417.0	0.8	44,167	3%	\$152.8	3%	—	—	650
42	Payment Alliance Int'l Kentucky	\$3,710.2	-14%	59.8	\$600.0	\$195.4	4.6	24,356	27%	\$154.7	3%	—	—	1,872
43	Merchants' Choice Pymt. Sol. Texas	\$3,655.0	16%	53.2	\$610.2	\$260.0	4.8	37,000	9%	\$136.4	9%	—	—	800
44	BBVA Compass Alabama	\$3,380.6	10%	39.8	\$113.3	\$121.1	2.0	21,533	-11%	\$122.7	0.9	\$11.2	<0.1	722
45	Capital One Merchant Services Texas	\$3,220.5	22%	27.7	\$863.3	\$75.9	1.3	13,857	1%	\$68.8	1%	—	—	900
46	First Hawaiian Hawaii	\$3,173.6	11%	27.4	\$393.0	\$800.9	14.1	7,490	5%	\$207.9	2.8	—	—	1,806
47	Priority Payment Systems Georgia	\$3,168.6	69%	45.9	\$544.6	\$215.5	3.1	24,358	4%	\$157.1	4%	—	—	600
48	TD Bank New Jersey	\$3,044.6	24%	29.7	\$409.3	\$44.8	0.8	15,670	3%	\$152.8	2%	—	—	650
49	BankCard Services California	\$2,910.0	11%	70.0	\$290.0	\$441.5	14.0	21,000	27%	\$154.7	3%	—	—	1,872
50	Newtek Elect. Pymt. Proc. Wisconsin	\$2,903.4	25%	29.1	\$481.0	\$165.5	1.7	14,812	9%	\$136.4	9%	—	—	800

Some prior year figures have been restated. Uses percent change to compare prior year figures. Figures are net (gross minus chargeback). Bank Cards = Visa and MasterCard credit and debit cards. Other Credit Cards = American Express, Clip, Discover, Diners Club, Carte Blanche, F&B, and EBT. (1) First Data owns 51%. Bank of America owns 49%. (2) First Data owned and managed business distinct from alliances/joint ventures. (3) Includes NPC for 2010. (4) Owned by U.S. Bancorp. Does not include joint-venture partnership with Key. (5) Has a revenue sharing alliance with First Data. (6) Wells Fargo owns 60% and First Data 40%. (7) Prior name was First National Merchant Solutions. (8) Includes some business for which it doesn't own the merchant contract. (9) First Data owns 40%. (10) Was Innovative Merchant Solutions. (11) Elavon owns 51%.

IF YOU ARE READING THIS NEWSLETTER BY WAY OF A WEB SITE OR SERVER, there has been a violation of copyright law which carries substantial fines. No company has been granted the right to post this publication.

DO NOT COPY THIS REPORT. Reproducing or allowing reproduction of any portion of this newsletter in any manner for any purpose constitutes a copyright violation subject to substantial fines.

## KOOKMIN CARD SPINOFF IN KOREA

(from page 1)

sales financing and insurance, as well as travel packages.

Kookmin Card ranks fourth among general purpose credit card issuers in Korea behind Shinhan, Samsung, and National Agricultural Cooperative Federation. It ranks third among Korean payment card issuers based on combined credit and debit spending.

Kookmin is the second largest merchant acquirer in Korea. It has

processing contracts with merchants that own 2 million outlets.

Those outlets generate 700 million transactions annually valued at \$27 billion.

Among Kookmin's other assets is majority interest in JSC Bank Center in Kazakhstan. Young Park is Strategy

Development Manager at Kookmin Credit Card Co. Ltd. in Seoul, South Korea, 82 (2) 2073-0504, [aromi@kmc card.co.kr](mailto:aromi@kmc card.co.kr).

**THE COMPANY IS ALSO THE 2ND LARGEST ACQUIRER IN KOREA.**

## Korea's Top 10 Card Issuers

Rank	Issuer	Cards <sup>(1)</sup> (Mil.)
1.	<b>Shinhan</b>	25
2.	<b>Samsung</b>	18
3.	<b>Nonghyup<sup>(2)</sup></b>	13
4.	<b>Kookmin</b>	12
5.	<b>Hyundai</b>	11
6.	<b>Lotte</b>	9
7.	<b>Woori</b>	6
8.	<b>Hana SK</b>	5
9.	<b>KEB</b>	3
10.	<b>Citibank</b>	3

(1) Credit cards only. (2) Nat'l Agricultural Cooperative Fed.  
© 2011 The Nilson Report

## FISERV MAKES MOBILE AND PREPAID ACQUISITIONS

(from page 7)

Among more than 200 M-Com clients worldwide are SunTrust and KeyBank in the U.S., ANZ in Australia, Acleda Bank in Cambodia, Scotia Bank in Canada, and Bangkok Bank in Thailand. Erich Litch is Division President, Digital Channels at Fiserv in Hillsboro, Oregon, (503) 629-3300, [erich.litch@fiserv.com](mailto:erich.litch@fiserv.com).

**fiserv.**

Maverick Network Solutions entered the U.S.

market 18 months ago focused on acting as a program manager and account processor for prepaid incentive and rewards cards. It has been renamed Prepaid Solutions from Fiserv.

Services sold to corporate clients have included decoupled debit cards and restricted-use prepaid cards accepted only at select merchants. Phil Valvardi, former CEO at Maverick Network Solutions, is General Manager at Prepaid Solutions from Fiserv in Wilmington, Delaware, (302) 658-7225, [philip.valvardi@fiserv.com](mailto:philip.valvardi@fiserv.com). Prior issue: 933

Fiserv had been providing Maverick with prepaid card-fulfillment services while referring its own bank clients to other prepaid processors. Now it will promote Maverick's technology to those clients while continuing to support the company's existing corporate clients.

Fiserv will bundle Maverick's prepaid platform with other services available in its payment division including online bill payments, Accel/

Exchange PIN-based debit network services, debit card account processing, P2P money transfers through ZashPay, and walk-in bill payments. Rahul Gupta is Group President, Card Services at Fiserv in Brookfield, Wisconsin, (262) 879-5910, [rahul.gupta@fiserv.com](mailto:rahul.gupta@fiserv.com). Prior issues: 964, 957,

951, 948, 946, 944, 941, 940, 939, 937, 935, 934, 931, 930, 928, 917, 916, 902

**MAVERICK HAS BEEN RENAMED PREPAID SOLUTIONS FROM FISERV.**



David Robertson, Publisher

MARCH 17, 2011

<b>Acculynk</b> www.acculynk.com	<b>Core Innovation Capital</b> www.corevc.com	<b>HSBC Canada</b> www.hsbc.ca
<b>Aconite</b> www.aconite.net	<b>Cynergy Data</b> www.cynergydata.com	<b>Huntington National Bank</b> www.huntington.com
<b>American Express</b> www.americanexpress.com	<b>DimpleDough</b> www.dimpledough.com	<b>Hyundai</b> www.hyundai.com
<b>ANZ</b> www.anz.com	<b>Diners Club</b> www.dinersclub.com	<b>IIR España</b> www.iirspain.com
<b>ATB Financial</b> www.atb.com	<b>Discover Card</b> www.discovercard.com	<b>IIR USA</b> www.iirusa.com
<b>Bank of America</b> www.bankofamerica.com	<b>eBay</b> www.ebay.com	<b>ING Direct</b> www.ing.com
<b>Bancorp Bank, The</b> www.thebancorp.com	<b>Elavon</b> www.elavon.com	<b>InteliSpend Prepaid Solutions</b> www.intelispending.com
<b>Bangkok Bank</b> www.bangkokbank.com	<b>EVO Merchant Services</b> www.goevo.com	<b>Interac</b> www.interac.ca
<b>Barclaycard</b> www.barclaycard.co.uk	<b>Fed. des caisses Desjardins</b> www.desjardins.com	<b>iPayment</b> www.ipaymentinc.com
<b>BB&amp;T</b> www.bbt.com	<b>Fidelity Nat'l Info Services</b> www.fisglobal.com	<b>IQPC</b> www.iqpc.com
<b>BMO Bank of Montreal</b> www.bmo.com	<b>Fifth Third Processing Services</b> www.ftpsllc.com	<b>JCB International</b> www.jcbinternational.com
<b>CAC</b> www.cac-cardacademy.com	<b>First American Payment Systems</b> www.first-american.net	<b>JetPay Merchant Services</b> www.jetpayms.com
<b>Calpian</b> www.calpian.com	<b>First Data</b> www.firstdata.com	<b>JPMorgan Chase</b> www.jpmorganchase.com
<b>Canadian Imperial Bank/Comm.</b> www.cibc.com	<b>Fiserv</b> www.fiserv.com	<b>KeyBank</b> www.key.com
<b>Canadian Tire</b> www.ctfs.com	<b>GE Money</b> www.gemoney.com	<b>Kookmin Card</b> www.kmcard.co.kr
<b>Capital One</b> www.capitalone.com	<b>Global Leaders</b> www.globaleaders.com	<b>Korea Exchange Bank (KEB)</b> www.keb.co.kr
<b>CashEdge</b> www.cashedge.com	<b>Global Payments</b> www.globalpaymentsinc.com	<b>Laurentian Bank Canada</b> www.laurentianbank.ca
<b>ChargeSmart</b> www.chargesmart.com	<b>Guardian Analytics</b> www.guardiananalytics.com	<b>LML Payment</b> www.lmlpayment.com
<b>Chase Paymentech</b> www.chasepaymentech.com	<b>Heartland Payments</b> www.heartlandpaymentsystems.com	<b>M-Com</b> www.mcom.co.nz
<b>Citibank</b> www.citibank.com	<b>HID Global</b> www.hidglobal.com	<b>MasterCard</b> www.mastercard.com
<b>ControlScan</b> www.controlscan.com	<b>Home Trust</b> www.hometruster.com	<b>Maverick Network Solutions</b> www.mavericknetworksolutions.com

**MBNA Canada**[www.mbna.ca](http://www.mbna.ca)**Mentez**[www.mentez.com](http://www.mentez.com)**Merchant E-Solutions**[www.merchante-solutions.com](http://www.merchante-solutions.com)**Mercury Payment Systems**[www.mercurypay.com](http://www.mercurypay.com)**Merrick Bank**[www.merrickbank.com](http://www.merrickbank.com)**Mira Inform**[www.mirainform.com](http://www.mirainform.com)**Moneris Solutions**[www.moneris.com](http://www.moneris.com)**MSI Merchant Services**[www.msihq.com](http://www.msihq.com)**NACHA**[www.nacha.org](http://www.nacha.org)**National Bank of Canada**[www.nbc.ca](http://www.nbc.ca)**Nonghyup Bank**[www.nonghyup.com](http://www.nonghyup.com)**North American Bancard**[www.naban.card.com](http://www.naban.card.com)**Oberthur Card Systems**[www.oberthurcs.com](http://www.oberthurcs.com)**Obopay**[www.obopay.com](http://www.obopay.com)**Official Payments**[www.officialpayments.com](http://www.officialpayments.com)**PayDQ**[www.paydq.com](http://www.paydq.com)**Payment Processing, Inc.**[www.paypros.com](http://www.paypros.com)**Payments Gateway**[www.paymentsgateway.com](http://www.paymentsgateway.com)**PayPal**[www.paypal.com](http://www.paypal.com)**paysafecard**[www.paysafecard.com](http://www.paysafecard.com)**PayX International**[www.payxintl.com](http://www.payxintl.com)**PC Financial**[www.pcbank.ca](http://www.pcbank.ca)**Peoples Trust Company**[www.peoplestrust.com](http://www.peoplestrust.com)**Plastyc**[www.plastyc.com](http://www.plastyc.com)**PNC Financial**[www.pnc.com](http://www.pnc.com)**Points.com**[www.points.com](http://www.points.com)**PSCU Financial Services**[www.pscufs.com](http://www.pscufs.com)**Redwood Merchant Services**[www.redwoodmerchantservice.com](http://www.redwoodmerchantservice.com)**RewardsNOW**[www.rewardsnow.com](http://www.rewardsnow.com)**Royal Bank**[www.rbc.com](http://www.rbc.com)**Sage Payment Solutions**[www.sagepayments.com](http://www.sagepayments.com)**Samsung**[www.samsung.com](http://www.samsung.com)**Scotiabank**[www.scotiabank.com](http://www.scotiabank.com)**Shinhan Card**[www.shinhan.com](http://www.shinhan.com)**Smart Card Alliance**[www.smartcardalliance.org](http://www.smartcardalliance.org)**Southeast Acquirers**[www.southeastacquirers.com](http://www.southeastacquirers.com)**Sovereign Bank**[www.sovereignbank.com](http://www.sovereignbank.com)**State Employees CU**[www.ncsecu.org](http://www.ncsecu.org)**SunTrust**[www.suntrust.com](http://www.suntrust.com)**Symteco**[www.symteco.com](http://www.symteco.com)**Sysnet Global Solutions**[www.sysnetglobalsolutions.com](http://www.sysnetglobalsolutions.com)**TD Canada Trust**[www.td.com](http://www.td.com)**Terrapinn**[www.terrapinn.com](http://www.terrapinn.com)**Tesco Bank**[www.tescofinance.com](http://www.tescofinance.com)**ThreatMetrix**[www.threatmetrix.com](http://www.threatmetrix.com)**Total Merchant Services**[www.totalmerchantservices.com](http://www.totalmerchantservices.com)**TransFirst**[www.transfirst.com](http://www.transfirst.com)**Traveler Global Business Pymts.**[www.travelerbusiness.com](http://www.travelerbusiness.com)**Trustwave**[www.trustwave.com](http://www.trustwave.com)**TSYS**[www.tsys.com](http://www.tsys.com)**TxVia**[www.txvia.com](http://www.txvia.com)**Ukash**[www.ukash.com](http://www.ukash.com)**U.S. Bank**[www.usbank.com](http://www.usbank.com)**United Bank Card**[www.unitedbankcard.com](http://www.unitedbankcard.com)**Vancity Savings CU**[www.vancity.com](http://www.vancity.com)**VeriFone**[www.verifone.com](http://www.verifone.com)**Visa**[www.visa.com](http://www.visa.com)**ViVOtech**[www.vivotech.com](http://www.vivotech.com)**Walmart**[www.walmart.com](http://www.walmart.com)**Wells Fargo**[www.wellsfargo.com](http://www.wellsfargo.com)**Woori Bank**[www.wooribank.com](http://www.wooribank.com)**WorldPay**[www.worldpay.us](http://www.worldpay.us)**YesPay International**[www.yes-pay.com](http://www.yes-pay.com)

**EXHIBIT B**

**Document Redacted**



**EXHIBIT C**

**Document Redacted**

**EXHIBIT D**

**Document Redacted**

**EXHIBIT E**



Back to New PayPal service takes a bite out of banks, credit card companies

## New PayPal service takes a bite out of banks, credit card companies

March 15, 2012

Francine Kopun

New PayPal service takes a bite out of banks, credit card companies

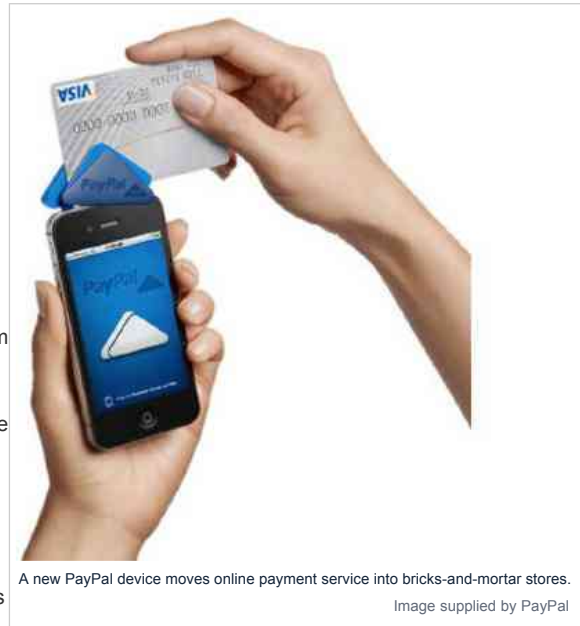
PayPal, the king of online payments, is making it easier for customers to buy anything, anywhere, anytime, from anyone — online and in person.

“This whole notion of online and offline is going away, the lines are blurring,” Darrell MacMullin, managing director of PayPal Canada, said Thursday.

Shoppers won't need a PayPal account or even a mobile phone to use their credit cards with the new system, called PayPal Here. The payment transaction puts PayPal between the merchant and the customer, scooping some of the profit that banks and credit card companies had been taking from such sales.

Participating merchants get a free device from PayPal — a small blue triangle — that they can plug into their smartphone to swipe credit cards, including Visa, MasterCard and American Express. The device, which works on Apple iPhones now and will soon be available on Google Android phones, cannot accept debit cards.

The free app that comes with it records the transaction. No credit card data is stored in the merchant's phone.



A new PayPal device moves online payment service into bricks-and-mortar stores.

Image supplied by PayPal

The cost to merchants is 2.7 per cent of each credit card purchase. As with other credit card transactions, there is no charge to shoppers.

PayPal, which started up 12 years ago as a way to facilitate online sales, lets a shopper store all her purchasing power in a PayPal account, including credit card numbers, bank accounts and cash balances, shipping and billing addresses. PayPal then acts as a go-between, offering customers security because they aren't entering their financial and personal information to a website every time they make an online purchase.

PayPal Here expands PayPal's business into bricks-and-mortar stores, opening a vast new market and taking direct aim at [Square](#), the startup whose tiny white card reader has become increasingly common at small businesses.

Square recently said it processes more than [\\$11 million worth of payments](#) every day. PayPal is hoping to squelch the competition with the strength of the PayPal brand and by charging merchants slightly less than Square's 2.75 per cent fee.

PayPal estimates global sales using mobile phones will reach more than \$7 billion this year.

In Toronto, Caplansky's Delicatessen and Aromochology — a make-your-own-perfume business — are the first two merchants to sign on, and are featured in promotional materials provided to the media by PayPal.

Caplansky's runs a mobile food truck and Aromochology is sold online, at wedding and baby showers and trade shows.

Renting a mobile credit-card terminal from her bank for the One of a Kind Show cost her \$300 for a week, said Ashlee Firsten, a partner in Aromochology. On top of that, she had to pay a percentage of sales to the credit card companies.

The PayPal Here service is cheaper, allowing her to make a profit sooner while still accepting customers' credit cards.

“It takes away that whole barrier to entry for small businesses,” she said.

PayPal, which is owned by eBay Inc., has 4 million active customers in Canada and 106 million worldwide. PayPal's revenue was \$4.4-billion last year, up 28 per cent over 2010.

According to Industry Canada, there are a million businesses in Canada with between two and 99 employees.

**EXHIBIT F**



## **The Competition Bureau's Letter to Financial Institutions — Duality and Dual Governance of Credit Card Networks in Canada**

### List of Recipients

BMO Financial Group  
Canadian Tire Bank  
The Bank of Nova Scotia  
CIBC  
Banque Laurentienne du Canada  
Banque Nationale du Canada  
President's Choice Bank  
RBC Financial Group  
TD Bank Financial Group  
Amex Bank of Canada  
Citibank Canada (U.S.A.)  
HSBC Bank Canada  
J.P. Morgan Bank  
MBNA Canada Bank (U.S.A.)  
Associate General Counsel Canada Capital One Bank  
Wells Fargo Financial  
Retail Council of Canada  
Canadian Federation of Independent Business  
Consumers Council of Canada  
Canadian Restaurant and Foodservices Association  
ATB Financial  
Chastelain, General Counsel  
CUETS Financial  
Home Trust Company  
Le Mouvement Desjardins  
Vancity  
Counsel and Secretary Visa Canada Corporation  
MasterCard Canada Inc.  
November 7, 2008

Dear Recipient:

The purpose of this letter is to advise you of the Competition Bureau's (the "Bureau") views regarding the issue of credit card duality and dual governance. These views are based on recent developments in the credit card industry, and more particularly, the recent transitions of Visa and MasterCard (the "major credit cards") from member-owned associations to publicly held corporations that are not controlled by their issuers or acquirers (the "restructurings").

The Bureau is an independent agency that contributes to the prosperity of Canadians by protecting and promoting competitive markets and enabling informed consumer choice.

In the past, the potential for credit card issuers and acquirers to issue credit cards or acquire transactions for more than one of the two major credit card networks had been restricted by the rules of the Canadian credit card associations. These rules addressed potential concerns of the Bureau because they eliminated any likelihood of conflict that either issuers or acquirers could be a member of both associations and thereby be able to simultaneously influence the corporate governance and competitive decisions of both associations (“dual governance”). Entities, whether issuers or acquirers, had to choose which of the major credit cards they would issue to consumers or use for merchant acquiring. In light of the restructurings and subsequent information obtained from various industry participants, the Bureau is no longer concerned that there is a potential for a member, or group of members, of one credit card network to negatively influence the competitive operations of another card network through dual governance. Because of the restructurings, issuers and acquirers are no longer involved in most of the governing decisions of the major credit card networks. As a result, the Bureau will not pursue enforcement action under the Competition Act against a credit card network or its issuers and acquirers who enter into an agreement to simultaneously issue multiple credit card brands or acquire transactions for multiple credit card networks.

I would note, however, that the Bureau would be concerned if a dominant or major supplier in a market, for instance a payment systems network, induces a customer (e.g., an issuer) to deal exclusively with the supplier such that competition is likely to be lessened substantially in a market. Also, the Bureau may take enforcement action if it finds that the governance structure of a payment system network is such that one or more issuing or acquiring customers of a network can materially influence the decisions of more than one credit card network.

By allowing banks to issue multiple credit cards, consumers will benefit from increased choice and better service.

A copy of this letter will be made available on the Bureau’s website at <http://www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/home>

Thank you for your assistance in this matter.

Yours truly,

Sheridan Scott

**EXHIBIT G**

**Document Redacted**

**EXHIBIT H**

**Document Redacted**

# EXHIBIT I

**Document Redacted**



**EXHIBIT J**

**Document Redacted**

**EXHIBIT K**



## MasterCard Canada Press Section

### Press Releases

---

#### **Club Sobeys MasterCard® Becomes Preferred Payment Card at Sobeys Stores in Ontario and Western Canada**

*Club Sobeys MasterCard card to be equipped with MasterCard PayPass™ and chip technology*

**TORONTO, September 16, 2008** – MasterCard Canada and Sobeys Inc. today announced an agreement that makes MasterCard Sobeys' preferred payment card at Sobeys banner stores in Ontario and Western Canada. The agreement includes the launch of the first Sobeys-branded payment card, called Club Sobeys MasterCard.

"Sobeys and MasterCard are committed to providing Canadians with the best possible experience at the check-out," says Kevin Stanton, President, MasterCard Canada. "MasterCard is proud to provide Sobeys banner stores with their first payment card for Ontario and Western Canada, and pleased to bring our convenient, secure and innovative payment technologies to their customers. I think this is yet another great example of how retailers and MasterCard help consumers get more from their purchases."

The introduction of the Club Sobeys MasterCard as the preferred payment card at Sobeys grocery stores in Ontario and Western Canada will be supported by advertising and in-store signage.

#### **About MasterCard PayPass**

MasterCard *PayPass* uses radio frequency technology to securely transmit payment details wirelessly between the *PayPass* device and the merchant's terminal. The transaction is then processed through the MasterCard network for clearing and settlement. *PayPass* cards can also be used in the traditional manner anywhere MasterCard is accepted.

MasterCard *PayPass* is ideal for traditional high-volume retail environments where speed is essential. As of 2Q 2008 there are nearly 37 million MasterCard *PayPass* cards and devices in use at more than 122,000 merchants worldwide.

#### **About Chip Cards**

Each new chip card carries a small computer processor chip with memory, logic and a configuration of software applications. The chip holds information in an encrypted form and when it is used in combination with a PIN (personal identification number) it can significantly enhance security. Canadian MasterCard chip cards will also continue to carry magnetic stripes in order to be compatible with non-chip payment sites and locations.

Credit and debit cards are being upgraded to chip in order to enhance the security of payments and particularly to protect the Canadian market from global fraud migration as chip rolls out in other countries. Already more than 70 per cent of payment cards issued in Europe are chip-enabled.

#### **About Sobeys stores in Ontario & Western Canada**

For more than 100 years, the Sobeys name has been a hallmark of quality, value, innovation and customer service for Canadian food shoppers. Sobeys banner stores offer a superior food shopping experience featuring extensive fresh produce, bakery and deli departments, and complemented by a wide variety of services including pharmacy, floral and photo finishing. In Ontario and Western Canada, Sobeys banner stores serve customers through a network of 194 locations.

#### **About MasterCard Worldwide**

MasterCard Worldwide advances global commerce by providing a critical economic link among financial institutions, businesses, cardholders and merchants worldwide. As a franchisor, processor and advisor, MasterCard develops and markets payment solutions, processes over 18 billion transactions each year, and provides industry-leading analysis and consulting services to financial institution customers and merchants. Through its family of brands, including MasterCard, Maestro® and Cirrus®, MasterCard serves consumers and businesses in more than 210 countries and territories. For more information go to [www.mastercard.com](http://www.mastercard.com).

Contacts:

Julie Wilson  
MasterCard Canada  
416-365-5594  
[Julie\\_Wilson@mastercard.com](mailto:Julie_Wilson@mastercard.com)



**EXHIBIT L**



## Have a rewarding day.

\$10 off groceries just for making your first card purchase

### Introducing the No Fee BMO® Club Sobeys MasterCard®

Every card purchase gets you closer to redeeming for instant cash off groceries or other great Club Sobeys rewards<sup>1</sup>.



- Earn double Club Sobeys points<sup>2</sup> when used in-store with your Club Sobeys card
- Earn 1 Club Sobeys point for every dollar you spend everywhere else you use your card
- Earn even more points with promotions exclusive to BMO Club Sobeys MasterCard Customers
- **Receive a welcome Bonus of 1,375 Club Sobeys points just for making your first card purchase. That's redeemable for \$10 off groceries at Sobeys<sup>3</sup>.**
- No annual fee<sup>4</sup>

[Apply Now ▶](#)

[Show Details](#)

**EXHIBIT M**





**EARN DOUBLE POINTS AT SOBEYS.**

**BMO Club Sobeys MasterCard**

The advertisement is a horizontal banner with a green left half and a blue right half. On the green background, there are two credit cards: a silver BMO Club Sobeys MasterCard in the foreground and a green Sobeys card behind it. To the right of the cards, the text 'EARN DOUBLE POINTS AT SOBEYS.' is written in white, bold, sans-serif font. On the blue background, the text 'BMO Club Sobeys MasterCard' is written in white, bold, sans-serif font. To the right of the text is a white line-art icon of a shopping cart.

Source: <http://www.bmoclubsobeys.com/en/Rewards-MasterCard/Earn-Rewards-Faster.aspx>

**EXHIBIT N**



**Rewards**

**WestJet RBC MasterCard**

- Apply for WestJet RBC MasterCard
- Program terms and conditions
- Frequent Guest Program
- Reward milestones
- Program terms and conditions
- How to sign up

**Book a flight with your WestJet dollars**

Log in here to redeem for flights originating in Canada. To redeem for flights originating from cities outside of Canada, please call 1-888-937-8538. Please note that flights operated by WestJet partners are not available for redemption at this time.

WestJet ID	Password
------------	----------

**LOG IN**

[Forgot your WestJet ID or Password?](#)

**Questions?**

Learn even more about the WestJet RBC MasterCard by visiting our [frequently asked questions](#).

**WestJet RBC® MasterCard†**



**Earn. Redeem. Fly. Simple.**

With the WestJet RBC® MasterCard† you earn WestJet dollars† on everyday purchases-, and redeem them for any WestJet flight or WestJet Vacations package, at any time, to anywhere we fly.

**Limited time offer! Apply online by November 14, 2011 and receive up to \$350 WestJet dollars a welcome bonus^ - in most cases this is enough for a round-trip flight\*\*!**

Earn up to 1.5% back in WestJet dollars on everyday purchases and up to 2% back when you purchase WestJet flights or WestJet Vacations packages with your card†.

Redeem any amount of WestJet dollars towards any flight booked with WestJet or WestJet Vacations\*. Use them to reduce the cost or pay the full fare\*....even on seat sales.

Fly to any of WestJet's 71 destinations in Canada, the US, Mexico or the Caribbean.

Simple. Travel whenever you want with no blackout periods or seat restrictions.

**Take your WestJet experience to new heights, with your choice of two WestJet RBC MasterCard cards:**

**WestJet RBC World MasterCard**



Receive a welcome bonus of \$350 WestJet dollars\*.

Earn 1.5% back in WestJet dollars on your everyday purchases-.

Earn 2% back in WestJet dollars on flights or vacation packages booked with WestJet or WestJet Vacations-.

Protect yourself with MasterCard Chip and PIN technology.

Make purchases conveniently with MasterCard PayPass† - it's just a simple tap of your card.

Enjoy a host of premium travel insurance options.

Take advantage of automatic membership to MasterCard experiences and offers.

Receive exclusive access to hotel discounts and upgrades.

Enjoy preferential golf and spa rates, wine tour packages and much more.

**WestJet RBC MasterCard**



Receive a welcome bonus of \$100 WestJet dollars<sup>^</sup>.

Earn 1% back in WestJet dollars on your everyday purchases<sup>-</sup>.

Earn 1.5% back in WestJet dollars on flights or vacation packages booked with WestJet or WestJet Vacations<sup>-</sup>.

Protect yourself with MasterCard Chip and PIN technology.

Make purchases conveniently with MasterCard PayPass<sup>‡</sup> - it's just a simple tap of your card.

Enjoy valuable insurance coverage.

## APPLY FOR YOUR WESTJET RBC MASTERCARD TODAY

©Registered trademarks of Royal Bank of Canada. RBC and Royal Bank are registered trademarks of Royal Bank of Canada. <sup>‡</sup>Registered trademarks of WestJet Airlines Ltd. WestJet dollars, WestJet Credit Card Program and WestJet Vacations are registered trademarks of WestJet Airlines Ltd. All other trademark(s) are the property of their respective owner(s).

<sup>^</sup> Limited time offer only. Welcome bonus for the WestJet RBC MasterCard is usually \$25 WestJet dollars and welcome bonus for the WestJet RBC World MasterCard is usually \$100 WestJet dollars. Please allow 4-6 weeks for the welcome bonus of \$100 or \$350 WestJet dollars, depending on the card you choose, to appear on your credit card statement after the first purchase transaction date. Additional cardholders, as well as existing WestJet RBC MasterCard or WestJet RBC World MasterCard cardholders, are not eligible for this bonus offer. This offer may not be combined or used in conjunction with any other offer.

<sup>\*\*</sup> Taxes, fees and surcharges are not included as part of the cost of a round-trip flight and are the responsibility of the traveller. Round-trip flight offer is based on WestJet's system wide average fare of \$171 each way. Seats at or below the average fare price are limited and may not be available on all flights. Advertised fares only apply to flights marketed and operated wholly by WestJet, and are not applicable when travelling with our codeshare, interline or other airline partners. Advance purchase required. New bookings only. 100% Non-refundable. Fares are subject to change. Flights may not operate on certain days. One-way flight examples include: Vancouver to Calgary, Vancouver to Los Angeles, Toronto to Fort Lauderdale or Halifax to Toronto. Offer may not be combined with other promotions. Some restrictions apply.

<sup>-</sup> You will earn up to 1.5% back in WestJet dollars on your everyday purchases and up to 2.0% back when you purchase WestJet flights or WestJet Vacations packages, depending on the card you chose. The additional 0.5% back in WestJet dollars is calculated separately and is in addition to the WestJet dollars you earn on everyday purchases, however it may not be accrued under certain circumstances. In order to receive the additional 0.5% in WestJet dollars, WestJet or WestJet Vacations must appear as the merchant on your credit card statement. WestJet dollars are earned on net purchases only; they are not earned on cash advances (including RBC Royal Bank<sup>®</sup> credit card cheques, balance transfers, cash-like transactions and certain bill payments), interest charges or fees, and credits for returns and adjustments will reduce or cancel the WestJet dollars earned by the amounts originally charged.

<sup>\*</sup> WestJet dollars can be used to pay for all or part of the published fare of a regularly scheduled WestJet flight and up to \$500 per person of a WestJet Vacations package. Advance booking requirements will vary based on the destination when purchasing a WestJet Vacations package. WestJet dollars cannot be applied against taxes, fees or surcharges. Other restrictions may apply. All terms, conditions and restrictions applicable to the WestJet Credit Card Program<sup>‡</sup> are established by WestJet and shall apply to all bookings, travel arrangements and other services offered or provided by WestJet. WestJet, not Royal Bank of Canada, is responsible for the WestJet Credit Card Program. For complete details, please visit [westjet.com/creditcard](http://westjet.com/creditcard).

**EXHIBIT O**



WestJet Rewards

**WestJet Rewards**  
 WestJet Rewards details  
**WestJet RBC MasterCard**  
 Using your WestJet dollars  
 Program terms and conditions

Already have WestJet dollars?

**REDEEM NOW**

Check your account

Looking for your WestJet dollars balance and transactions?

Go to [mywestjet.com](http://mywestjet.com) and sign in.

[Check your WestJet dollars account](#)

Questions?

Learn more by visiting our frequently asked questions.

[Visit the help section](#)

WestJet RBC® MasterCard†



With the WestJet RBC® MasterCard† you earn WestJet dollars® on everyday purchases-, and redeem them for any WestJet flight or WestJet Vacations package, at any time, to anywhere we fly. And best of all, \$1 WestJet dollar = \$1 CDN towards travel with WestJet\*.

Limited time offer on the WestJet RBC® World MasterCard†.

Apply before April 30, 2012 and make your first purchase by June 15, 2012 to receive a \$99 round-trip companion flight. ^ Just purchase your flight on any WestJet-operated flight in Canada or the continental U.S. and bring your companion along for \$99 (plus taxes, fees and surcharges). And why not save even more by using your welcome bonus of \$100 WestJet dollars to purchase your companion's ticket?

[Learn more](#)

**Earn Redeem Fly Simple**



Earn up to 1.5% back in WestJet dollars on everyday purchases and up to 2% back when you purchase WestJet flights or WestJet Vacations packages with your card-.

WestJet RBC® World MasterCard†

Apply today and earn a welcome bonus of \$100 WestJet dollars and \$99 round-trip companion flight. ^  
 Earn 1.5% back in WestJet dollars on your everyday purchases-.  
 Earn 2% back in WestJet dollars on flights or vacation packages booked with WestJet or WestJet Vacations-.  
 Protect yourself with MasterCard Chip and PIN technology.  
 Make purchases conveniently with MasterCard PayPass‡ - it's just a simple tap of your card.  
 Enjoy a host of premium travel insurance options.  
 Take advantage of automatic membership to MasterCard experiences and offers.  
 Receive exclusive access to hotel discounts and upgrades.  
 Enjoy preferential golf and spa rates, wine tour packages and much more.

WestJet RBC® MasterCard†

Apply today and earn a welcome bonus of \$50 WestJet dollars. ^  
 Earn 1% back in WestJet dollars on your everyday purchases-.  
 Earn 1.5% back in WestJet dollars on flights or vacation packages booked with WestJet or WestJet Vacations-.  
 Protect yourself with MasterCard Chip and PIN technology.  
 Make purchases conveniently with MasterCard PayPass‡ - it's just a simple tap of your card.  
 Enjoy valuable insurance coverage.

APPLY NOW

APPLY NOW

® Registered trademarks of WestJet Airlines Ltd. WestJet dollars, and WestJet Vacations are registered trademarks of WestJet Airlines Ltd.

® Registered trademarks of Royal Bank of Canada. RBC and Royal Bank are registered trademarks of Royal Bank of Canada.

‡MasterCard is a registered trademark and PayPass and Tap & Go are trademarks of MasterCard International Incorporated. Used under license. All other trademark(s) are the property of their respective owner(s).

~You will earn up to 1.5% back in WestJet dollars on your everyday purchases and up to 2.0% back when you purchase WestJet flights or WestJet Vacations packages, depending on the card you choose. The additional 0.5% back in WestJet dollars is calculated separately and is in addition to the WestJet dollars you earn on everyday purchases, however it may not be accrued under certain circumstances. In order to receive the additional 0.5% in WestJet dollars, WestJet or WestJet Vacations must appear as the merchant on your credit card statement. WestJet dollars are earned on net purchases only; they are not earned on cash advances (including RBC Royal Bank® credit card cheques, balance transfers, cash-like transactions and certain bill payments), interest charges or fees, and credits for returns and adjustments will reduce or cancel the WestJet dollars earned by the amounts originally charged.

\*WestJet dollars can be used to pay for all or part of the published fare of a regularly scheduled WestJet flight or a WestJet Vacations package. Advance booking requirements will vary based on the destination when purchasing a WestJet Vacations package. WestJet dollars cannot be applied against taxes, fees or surcharges. A minimum amount of \$25 WestJet dollars must be redeemed at one time for WestJet Rewards; this requirement is waived if you are a WestJet RBC MasterCard holder. Other restrictions may apply. All terms, conditions and restrictions applicable to WestJet Rewards are established by WestJet and shall apply to all bookings, travel arrangements and other services offered or provided by WestJet. WestJet, not Royal Bank of Canada, is responsible for WestJet Rewards.

^ The \$99 round-trip companion flight voucher is available on new approvals of the WestJet RBC World MasterCard only. Please allow 4-6 weeks after the first purchase transaction date for the welcome bonus of \$50 or \$100 WestJet dollars on the WestJet RBC MasterCard and the WestJet RBC World MasterCard respectively, to appear on your credit card statement and for the \$99 round-trip companion flight voucher to appear on your WestJet account, accessible at [www.mywestjet.com](http://www.mywestjet.com). The first purchase must be made before June 15, 2012 for you to be eligible to receive the \$99 companion flight voucher. Round trip base fare of the companion guest will be \$99 and may only be used if the companion is travelling with you on the same itinerary. Applicable taxes, fees and surcharges on the companion ticket are the responsibility of the traveller and must be paid at time of booking. The companion flight voucher is valid for travel anytime on all published fares anywhere in Canada and the U.S. (excluding Hawaii and Puerto Rico) on WestJet-operated flights with no travel restrictions or blackout periods. The companion flight voucher is valid for new bookings only made through WestJet's Sales Super Centre within one year of issuance, cannot be applied to existing reservations or on new reservations made on [www.westjet.com](http://www.westjet.com) and is not valid on group bookings and WestJet Vacations bookings. Your ticket and your companion's ticket must be booked at the same time and prior to the companion flight voucher expiry date. The \$99 companion flight voucher may only be used as described and has no monetary or exchange value and is only available to the primary cardholder on a new WestJet RBC World MasterCard account. Additional cardholders, as well as existing WestJet RBC World MasterCard and WestJet RBC MasterCard cardholders, are not eligible for the companion flight voucher or welcome bonus offer. This offer may not be combined or used in conjunction with any other offer. WestJet reserves the right to withdraw this offer at any time.

[About WestJet](#)   [Media and Investor Relations](#)   [Great jobs](#)   [Site map](#)   [Terms of use](#)   [Contact us](#)

[Privacy policy](#)   [Tariffs and conditions of carriage](#)   [Service fees](#)   [Taxes and fees](#)   © WestJet. All rights reserved.

**EXHIBIT P**





Source: <http://www.murale.ca/Optimum/ShoppersOptimumMastercard.aspx>

# EXHIBIT Q



University Communications

## UNIVERSITY NEWS

FOR IMMEDIATE RELEASE – July 23, 2010

501-121 Research Drive  
Saskatoon SK  
S7N 5C8 Canada  
Telephone: (306) 966-6607  
Facsimile: (306) 966-6815  
Email: [communications@usask.ca](mailto:communications@usask.ca)  
Website: [www.usask.ca/mediaroom](http://www.usask.ca/mediaroom)

### University of Saskatchewan announces change in tuition payment options

As part of the University of Saskatchewan's (U of S) commitment to fiscal responsibility, the Board of Governors has approved a change in the options available to students for payment of tuition. The following changes take effect September 1, 2010:

- The U of S will continue to accept MasterCard for tuition payments.
- Payments of tuition with MasterCard will only be accepted online. In-person credit card payments will be discontinued.
- A one per cent administration fee will be charged on all tuition payments made with MasterCard.
- The U of S will no longer accept VISA cards for tuition payments. VISA does not allow universities to charge an administration fee.

"In our business practices, we strive to balance the desire to be client-oriented with the need to be responsible with public funds entrusted to our institution, while also being conscious of what comparator institutions are doing," said Vice-President Finance and Resources Richard Florizone. "With that in mind, we looked carefully at a number of options in regards to the rising cost of accepting credit cards for tuition payments. Most Canadian universities no longer accept credit cards for tuition payments, but, with the support of the student unions, we chose to retain the option for students by implementing an administration fee to help offset the cost."

In 2009-10, the U of S paid about \$900,000 to accept credit cards for the payment of tuition.

"The new administration fee will cover about half of this expense moving forward, which will allow us to redirect those savings into projects geared toward enhancing the student experience such as the university section of the Place Riel expansion which will house the Student Health and Counseling Centre," said Florizone.

The fee will only apply to tuition payments made by MasterCard. Other payment options include:

- Online or telephone banking
- Payment at a bank or ABM
- Payment by mail
- Wire transfer of funds
- In person by cash, cheque or debit card at Student Accounts, Administration Building

This change in payment methods applies to tuition payments only. The U of S will continue to accept both VISA and MasterCard with no administration fee for other payments including application fees, transcripts, donations and other activities such as bookstore, computer store, animal clinics and non-credit course fees through the Centre for Continuing and Distance Education.

**For more information, contact:**

Teri Rosenfelt, University Communications  
University of Saskatchewan  
Tel: 966-5659  
Email: [teri.rosenfelt@usask.ca](mailto:teri.rosenfelt@usask.ca)

**EXHIBIT R**

## **CODE OF CONDUCT FOR THE CREDIT AND DEBIT CARD INDUSTRY IN CANADA**

### **PURPOSE**

The purpose of the Code is to demonstrate the industry's commitment to:

1. Ensuring that merchants are fully aware of the costs associated with accepting credit and debit card payments thereby allowing merchants to reasonably forecast their monthly costs related to accepting such payments.
2. Providing merchants with increased pricing flexibility to encourage consumers to choose the lowest-cost payment option.
3. Allowing merchants to freely choose which payment options they will accept.

### **SCOPE**

The Code applies to credit and debit card networks, (referred to herein as payment card networks), and their participants (e.g. card issuers and acquirers<sup>1</sup>).

The payment card networks that choose to adopt the Code will abide by the policies outlined below and ensure compliance by their participants. The Code of Conduct will be incorporated, in its entirety, into the payment card networks' contracts, governing rules and regulations.

The Code will apply within 90 days of being adopted by the card networks and their participants. Networks and acquirers will have up to nine months to implement Element 1. Issuers will have up to one year to re-issue cards already in circulation that contravene Element 6 or 7.

### **REQUIREMENTS FOR PAYMENT CARD NETWORKS**

By adopting the Code, payment card networks agree to provide any requested information regarding actions taken by themselves or participants to the Financial Consumer Agency of Canada, for the purpose of monitoring compliance with the Code. In addition, payment card networks agree to pay for the fees associated with monitoring compliance with the Code, as determined by the Financial Consumer Agency of Canada.

### **POLICY ELEMENTS**

## **1. Increased Transparency and Disclosure by Payment Card Networks and Acquirers to Merchants**

The payment card networks and their participants will work with merchants, either directly or through merchant associations, to ensure that merchant – acquirer agreements and monthly statements include a sufficient level of detail and are easy to understand. Payment card networks will make all applicable interchange rates easily available on their websites. In addition, payment card networks will post any upcoming changes to these fees once they have been provided to acquirers.

Payment card network rules will ensure that merchant statements include the following information:

- Effective merchant discount rate<sup>2</sup> for each type of payment card from a payment card network;

- Interchange rates and, if applicable, all other rates charged to the merchants by the acquirer;

- The number and volume of transactions for each type of payment transaction;

- The total amount of fees applicable to each rate; and,

- Details of each fee and to which payment card network they relate.

This information must be presented in a manner that is clear, simple and not misleading.

**2. Payment card network rules will ensure that merchants will receive a minimum of 90 days notice of any fee increases or the introduction of a new fee related to any credit or debit card transactions. Payment card networks will provide at least 90 days notice to acquirers for rate and / or fee changes and at least 180 days notice for structural changes<sup>3</sup>.**

Notification is not required for fee changes made in accordance with pre-determined fee schedules, such as those based on merchant sales volume, provided that the schedules are included in the merchant's contract.

**3. Payment card network rules will ensure that following notification of a fee increase or the introduction of a new fee,**

**merchants will be allowed to cancel their contracts without penalty.**

By signing a contract with an acquirer, a merchant will have the right to cost certainty over the course of their contract. As a result, in the event of a fee increase or the introduction of a new fee, merchants will be allowed to opt out of their contracts, without facing any form of penalty, within 90 days of receiving notice of the fee increase or the introduction of a new fee.

Merchants may not cancel their contracts in relation to fee increases made in accordance with pre-determined fee schedules, such as those based on merchant sales volume, provided that the schedules are included in the merchant's contract.

**4. Payment card network rules will ensure that merchants who accept credit card payments from a particular network will not be obligated to accept debit card payments from that same payment card network, and vice versa.**

Payment card networks will not require merchants to accept both credit and debit payments from their payment card network. A merchant can choose to accept only credit or debit payments from a network without having to accept both.

**5. Payment card network rules will ensure that merchants will be allowed to provide discounts for different methods of payment (e.g. cash, debit card, credit card). Merchants will also be allowed to provide differential discounts among different payment card networks.**

Discounts will be allowed for any payment method. As well, differential discounting will be permitted between payment card networks.

Any discounts must be clearly marked at the point-of-sale.

**6. Competing domestic applications from different networks shall not be offered on the same debit card. However, non-competing complementary domestic applications from different networks may exist on the same debit card.**

A debit card may contain multiple applications, such as PIN-based and contactless. A card may not have applications from more than one network to process each type of domestic transaction, such as point-of-sale, Internet, telephone, etc. This limitation does not apply to ABM or international transactions.



**7. Payment card networks will ensure that co-badged debit cards are equally branded.**

Payment card network rules shall ensure that the payment networks available on payment cards will be clearly indicated. Payment card networks will not include rules that require that issuers give preferential branding to their brand over others. To ensure equal branding, brand logos must be the same size, located on the same side of the card and both brand logos must be either in colour or black and white.

**8. Payment card network rules will ensure that debit and credit card functions shall not co-reside on the same payment card.**

Debit and credit cards have very distinct characteristics, such as providing access to a deposit account or a credit card account. These accounts have specific provisions and fees attached to them. Given the specific features associated with debit and credit cards, and their corresponding accounts, such cards shall be issued as separate payment cards. Consumer confusion would be minimized by not allowing debit and credit card functions to co-reside on the same payment card.

**9. Payment card network rules will require that premium credit and debit cards may only be given to consumers who apply for or consent to such cards. In addition, premium payment cards shall only be given to a well-defined class of cardholders based on individual spending and/or income thresholds and not on the average of an issuer's portfolio.**

Premium payment cards have a higher than average interchange rate. They must be targeted at individuals who meet specific spending and/or income levels.

**10. Payment card network rules will ensure that negative option acceptance is not allowed.**

If payment card networks introduce new products or services, merchants shall not be obligated to accept those new products or services. Merchants must provide their express consent to accept the new products or services.

---

<sup>1</sup> “Acquirers” are entities that enable merchants to accept payments by credit or debit card, by providing merchants with access to a payment card network for the transmission or processing of payments.

<sup>2</sup> The effective merchant discount rate is calculated as the total fees paid by the merchant to an acquirer, related to the processing of a specific type of payment card from a payment card network, divided by the total sales volume for that type of payment card.

<sup>3</sup> Structural changes are significant changes to the fee structure for a payment card network. This includes the introduction of new types of interchange or other fees, a change to the interchange rate structure or the introduction of a new type of credit or debit card.

**EXHIBIT S**



[Home](#) > [Publications and reports](#) > [Backgrounder: Code of Conduct for the Debit and Credit Card Industry in Canada](#)

## BACKGROUNDER: CODE OF CONDUCT FOR THE DEBIT AND CREDIT CARD INDUSTRY IN CANADA

The Code of Conduct was created to address concerns raised by merchants regarding the business practices of credit and debit card networks, issuers and acquirers. The Code:

1. Ensures that merchants are fully aware of the costs associated with accepting credit and debit card payments, thereby allowing merchants to reasonably forecast their monthly costs related to accepting such payments.
2. Provides merchants with increased pricing flexibility to encourage consumers to choose the lowest-cost payment option.
3. Allows merchants to freely choose which payment options they will accept.

The Code is based on extensive discussions with merchant associations representing a comprehensive range of sectors across the country, debit and credit card networks, acquirers, card issuers and consumer groups.

It applies to the credit and debit card networks, acquirers and issuers.

Acquirers are the companies that enable merchants to accept payments by credit or debit card. They provide merchants with the payment terminals that transmit or process payments through the credit or debit card networks. From a consumer perspective, it is the company whose name is on the point of sale terminal at a merchant.

Issuers are companies that issue debit and credit cards to consumers.

The majority of credit and debit cards in Canada are issued by banks. However, credit unions and caisses populaires also issue credit and debit cards.

The Code does not discriminate across merchants by size or type. All receive equal treatment in terms of measures to promote greater transparency and disclosure and merchant choice.

The Code only applies to debit and credit cards, foreign or Canadian, used to conduct transactions with merchants in Canada.

The Financial Consumer Agency of Canada will be responsible for monitoring compliance with the Code by the credit and debit card networks.

Pursuant to Budget 2010, the Government has introduced legislation that will provide the Minister of Finance with the authority to regulate the market conduct of the credit and debit card networks and their participants, if necessary.

The Code will be in force 90 days after it is adopted by the credit and debit card networks and their participants. Issuers will have up to one year to re-issue debit cards that are already in circulation, in order to comply with the ban on competitive co-badged debit cards and the requirement to ensure that co-badged debit cards are equally branded (a competitive co-badged debit card is a debit card that has access to more than one debit network system, for the same type of debit payment transaction, e.g. domestic point-of-sale or internet).



Date Modified: 2010-04-15

**EXHIBIT T**



Back to Flaherty's credit-debit code tougher than expected

## Flaherty's credit-debit code tougher than expected

April 16, 2010

Dana Flavelle

Canadians may not notice much difference in the way they use plastic to make purchases.

But federal Finance Minister Jim Flaherty's voluntary code of conduct for the credit and debit card industry has fundamentally changed the rules of the game, merchants and consumer advocates say.

Among the highlights:

- Banks will no longer be able to issue premium credit cards that cost merchants more to process without first asking consumers whether they want them
- Credit card companies, like Visa and MasterCard, will not be allowed to enter Canada's low-cost debit market by piggybacking on the existing Interac Association network.
- Merchants who accept a company's credit card can't also be required to accept their debit product. And they can terminate contracts with payment processors who raise or introduce new fees.

"It's a huge victory for us," said Diane Brisebois, president and chief executive officer of the Retail Council of Canada.

"We got almost 95 per cent of what we wanted," said Catherine Swift, president and CEO of the Canadian Federation of Independent Business.

"It's much better than we expected," said Anu Bose, a spokesperson for Options Consommateurs, an influential Quebec-based consumer group.

The Canadian Federation of Independent Grocers also welcomed the announcement.

TD Bank said it would sign on to the code immediately, as did the Interac Association.

"We think the minister did a good job of balancing the interests of all the participants," said Jeff Van Duynhoven, president TD Merchant Services. TD is one of the few banks that hasn't outsourced its merchant services division to a third party.

BMO Financial Group also said it "strongly supports" the code. It wasn't immediately clear what BMO will do with the estimated 1.5 million co-badged debit cards it has issued that are no longer compliant with the code.

Visa Canada said it "is concerned that it (the code) does not go far enough in creating an environment that encourages meaningful competition in the Canadian payments arena, and favours merchants at the expense of consumers."

The country's largest payment processor, Moneris Solutions, said it needs more time to examine the proposals.

Flaherty has given the industry 30 days to adopt the code and another 90 days to bring their practices into line with its provisions.

Otherwise, he repeated his earlier threat that he would regulate.

There are already signs Visa and MasterCard may be altering their business plans in response to the new environment, some industry members said.

Flaherty's announcement comes in response to complaints from merchants and small business about rising credit card fees, which they say now add 2 per cent, or \$4 billion a year, to the cost of processing card payments.



Minister of Finance Jim Flaherty and Minister of Intergovernmental Affairs Josee Verner announcing a code of conduct for credit and debit card industry in Canada.

Colin McConnell/Toronto Star

As Visa and MasterCard prepared to enter Canada's low-cost debit market this year, merchants feared those payment processing fees would rise as well.

Flaherty moved to address both issues.

"The code gives merchants more clout in negotiating credit and debit card processing fees and should lead to lower costs for consumers," Flaherty said at a press conference at Toronto's Eaton Centre.

The Consumers Association of Canada said it welcomed the code but encouraged consumers to "haggle" with merchants to ensure they pass on any savings.

The Interac Association, which operates Canada's existing debit network, said the code helps provide a level playing field.

"It's a good day for the health of the Canadian payment system," said Mark O'Connell, president and chief executive officer of Interac.

The Royal Bank of Canada directed reporters to the Canadian Bankers' Association statement, which said it supports choice and competition. "The banks will now examine those parts of the code that pertain to their operations."

**EXHIBIT U**





# Thank you for helping small business battle Visa and MasterCard!

To: Hon. Jim Flaherty, Minister of Finance

Fax to CFIB: 1 613 235-4137

From: \_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Business name

\_\_\_\_\_  
Member email (optional)

Dear Minister Flaherty:

Your quick action to support CFIB's vision for a Code of Conduct for the Credit and Debit Card Industry is a major step forward and will help give me more power in dealing with Visa, MasterCard and their bank and processor partners.

Among many positive changes, the Code will:

- ▶ Help protect low cost debit in Canada by ensuring Interac isn't forced to be a back up for Visa and MasterCard;
- ▶ Allow me to get out of contracts if hit with fee hikes;
- ▶ Stop banks from pumping out costly "premium" credit cards to consumers who haven't requested them;
- ▶ Increase disclosure so I know what each card costs my business;
- ▶ Prevent "negative option" contracts that sneak in new options I don't want.

We're counting on you to help monitor the code and help resolve any problems in the future.

**Thank you for acting on the 45,000 alerts sent to you by CFIB members like me!**

DIN0708-1005

CFIB Asked



Government Listened

CFIB Code of Conduct (July 7, 2009) and Debit Letter (Sept. 22, 2009)	Summary of Final Code of Conduct (April 16, 2010)
<p><b>Transparency of Merchant Rates:</b> Merchants should have a right to know the total cost of accepting a card before processing a transaction.</p> <p><b>Full and Simplified Disclosure of Fees:</b> Credit card companies and banks should provide simple, easy to understand descriptions of each individual element of the charge and the purpose behind each charge.</p>	<p>1. Increased Transparency and Disclosure by Payment Card Networks (PCNs) and Acquirers to Merchants. Merchant-acquirer agreements and monthly statements to include sufficient detail and be easy to understand. Statements must include: effective merchant discount rate for each type of card; interchange rates; number and volume of transactions; details and totals of each fee. ✓</p>
<p><b>Notification of Fee Changes:</b> There should be a reasonable notification period put in place before any increase in fees, such as 90 days.</p>	<p>2. Merchants will receive a minimum of 90 days notice of any fee increases or any new fee related to any credit or debit card transactions. ✓</p>
<p><b>Contracts and Penalties:</b> Merchant fees should not be subject to change within a contract period. If the price goes up, merchants should have the opportunity to opt out of the contract without penalty.</p>	<p>3. Following notification of a fee increase or the introduction of a new fee, merchants will be allowed to cancel their contracts without penalty. Merchants will be able to opt out of their contracts, without penalty within 90 days of receiving notice of a fee increase or introduction of a new fee. ✓</p>
<p><b>Right to Refuse Cards:</b> Merchants should be able to refuse any category of card.</p>	<p>4. Merchants who accept credit card payments will not be obligated to accept debit card payments from the same payment card network, and vice versa. ✓</p>
<p><b>Right to Surcharge or Discount:</b> Merchants should be able to freely price their acceptance of different payment methods. Discounting and surcharging without restrictions may incent consumers to use less costly forms of payment.</p>	<p>5. Merchants will be allowed to provide discounts for different methods of payment (e.g. cash, debit card, credit card). Merchants will also be allowed to provide differential discounts among different payment card networks. ✓</p>
<p><b>Routing of Debit Transactions:</b> Priority routing of transactions to one debit network should be prohibited.</p> <p><b>Ability to Refuse Debit Options:</b> Merchants should retain the ability to refuse to offer Visa and MasterCard debit while still offering Interac.</p>	<p>6. Competing applications from different networks shall not be offered on the same debit card. However, complementary applications from different networks may exist on the same debit card. A number of different debit applications may exist on the same card but only one can be used for each type of transaction (e.g. Interac for domestic point-of-sale, cirrus for ABMs, etc...). ✓</p>
<p><b>Promotion of Debit Options:</b> If it is decided that competing products will be permitted on the same card, all options on cards and terminals should be displayed with equal prominence.</p>	<p>7. Co-badged debit cards are equally branded. Brand logos must be the same size, located on the same side of the card and both must be in colour or black and white. ✓</p>
<p><b>Competing Debit Products:</b> No competing debit products should be allowed on the same card.</p>	<p>8. Debit and credit card functions shall not co-reside on the same payment card. ✓</p>
<p><b>Distribution of Premium Cards:</b> Premium cards should only be distributed upon request.</p> <p><b>Targeting of Premium Cards:</b> Premium cards should only go to a well-defined group of higher spend customers.</p>	<p>9. Premium credit and debit cards may only be given to consumers who apply for or consent to such cards. In addition, premium cards shall only be given to a well-defined group of cardholders. ✓</p>
<p><b>No negative options in contracts:</b> Full disclosure and separate written acceptance should be required before merchants add other options to their terminals.</p>	<p>10. Negative option acceptance is not allowed. Merchants must agree in writing to accept new products or services. ✓</p>

**EXHIBIT V**



## Financial Consumer Agency of Canada

### FREQUENTLY ASKED QUESTIONS

[ [New Search](#) ]

#### QUESTION:

Can a merchant charge a fee when I use my credit card to pay for a purchase?

#### ANSWER:

According to MasterCard and Visa merchant rules, merchants cannot charge a fee (surcharge) when you use your credit card. American Express requires its merchants to treat American Express cards the same way they treat other payment products.

Note that, under the Code of Conduct for the Credit and Debit Card Industry in Canada, merchants may choose to offer some discounts for payment methods that cost less, but they are not required to do so.

For more information, or if you have been charged a fee, you may wish to contact the credit card company whose brand appears on your card (MasterCard, Visa or American Express).

#### RESOURCE(S):

- FCAC's Consumer Service Centre: 1-866-461-3222 (toll-free)
- [MasterCard – Rules](#)
- [Visa – Rules](#)

#### CLASSIFICATION OF THIS FAQ:

Category	Sub-category
Credit cards	Applications

#### RELATED QUESTION(S):

When I paid for my purchase with a debit card at a point-of-service (POS) terminal, I was charged a fee. Is that allowed?
---

THE COMMISSIONER OF  
COMPETITION  
Applicant

-and-

VISA CANADA CORPORATION  
et al.  
Respondents

Court File No. CT-2010-010

---

**THE COMPETITION TRIBUNAL**

---

**WITNESS STATEMENT OF BRIAN WEINER  
(Sworn April 10, 2012)**

---

**BLAKE, CASSELS & GRAYDON LLP**

Barristers & Solicitors

199 Bay Street

Suite 4000, Commerce Court West

Toronto, Ontario M5L 1A9

**Robert Kwinter LSUC #26251D**

Tel: 416-863-3283

**Randall Hofley LSUC #31633L**

Tel: 416-863-2387 and 613-788-2211 (Ottawa)

Lawyers for the Respondent,

Visa Canada Corporation