

MEMORANDUM

GOVERNMENT
DEPOSITION
EXHIBIT
448

To: Hans van der Velde
Patrick Bowden

From: Sandra Alzetta *Sandra Alzetta*

Date: 21st February, 1996 *Iskovich and Meshi*

Subject: Meeting with Zvi Itskovitch and Zvi Meshi, ICC
Thursday 22nd February 1996

Thursday's meeting with Zvi Itskovitch (Senior Vice President of Bank Leumi and current Chairman of ICC) and Zvi Meshi (General Manager of ICC) has been arranged at the request of ICC. No agenda has been submitted, but I expect that the following points will be raised:

- Itskovitch will want to explain the initiatives being undertaken by ICC in order to ensure good brand support for 1996/97

Background

We provided ICC with US\$1.5million brand support this year to help in their initiatives against Amex.

- Itskovitch may wish to discuss the October 1995 election for the sub-region 6 director (to replace Yaacov Dior who resigned this summer). ICC very much regret losing their place on the Visa EU and International board.

Background

Visa's position was that Zvi Meshi was not eligible to stand as a candidate in his position as General Manager of ICC, as ICC had only been upgraded to Principal Member in June and had therefore not yet paid fees to Visa on its own behalf. As such, ICC put Itskovitch forward as their candidate, even though he had never met any of the sub-region 6 Members. Unsurprisingly, he was not elected (Sebastiao de Lancastre from Unicre, Portugal was elected).

- Itskovitch will no doubt also wish to touch upon the subject of acquiring exclusivity, which invariably crops up every few years.

Background

ICC and its associated banks (which include Bank Leumi and Israel Discount Bank) together issue almost 1 million Visa cards. ICC is currently the only Visa Acquirer in Israel.

Bank Hapoalim, is the only Eurocard Issuer and Acquirer, and has recently become Amex's franchise partner. Hapoalim also issues a small Visa programme (12,000 cards).

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Some years ago Hapoalim requested to acquire Visa cards. ICC appealed against this, stating that it would be unfair for Visa to permit this as Eurocard would not allow ICC the same rights in Israel. Visa's response has been that we will not allow one bank to have an unfair advantage over another (ie, we would not allow Hapoalim to acquire Visa if ICC were not permitted by EuroPay to acquire EC/MC).

ICC periodically request that we confirm to them that they will have exclusive acquiring rights in Israel. Our position is that we cannot do this as we are an open membership association and this would be in conflict with our regulations - however, ICC should have confidence in our integrity in ensuring that they will not be placed in an unfair position.

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