

VISA U.S.A. INC.

MEETING OF THE PRODUCT DEVELOPMENT & MARKETING COMMITTEE

February 9, 1993

GOVERNMENT
DEPOSITION
EXHIBIT
629

P-0601

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VISA U.S.A. INC.
MEETING OF THE PRODUCT DEVELOPMENT
AND MARKETING COMMITTEE

February 9, 1993

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VISA U.S.A. INC.

MEETING OF THE PRODUCT DEVELOPMENT AND MARKETING
COMMITTEE OF THE BOARD OF DIRECTORS

February 9, 1993

A meeting of the Product Development and Marketing Committee of the Board of Directors of Visa U.S.A. was held at The Four Seasons Hotel in Washington, D.C. on February 9, 1993 at 1:00 p.m. All Committee members were present and Visa staff were present. Mr. Edmund P. Jensen acted as Chairman and Mr. Stanton R. Koppel acted as Secretary.

255. DUALITY OF ADVISOR MEETING PARTICIPATION

The Committee discussed the implications of the corporation's policy of differentiation of products and services from those of MasterCard for the continued practice of having Members' personnel serve on advisory committees of both companies. The Committee recommended that the issue be given further consideration by management.

256. MARKETING UPDATE

The Board received a report of the latest wave of the Credit Card Image Study, which has been conducted since 1985. The latest results showed Visa improving its excellence rating, as did all brands included in the study. Visa's margin over Discover narrowed as Discover continued to improve. Visa's image as the "Best Credit Card" increased to its highest level at 57%, compared to 19% for MasterCard, 13% for American Express and

11% for Discover. Analysis of sales volume results for 1992 showed increases in target markets substantially greater than the overall sales volume increase. For example, lodging, airline and car rental volume increased 15%, 17% and 16% respectively, direct marketing 16%, health care 12% and supermarkets 101% compared to the 9% overall increase.

257. DEFENSE VS. MASTERCARD CO-BRANDED PROGRAMS

The Committee received a report of the research and development efforts on cardholder usage incentive programs to counter heavily promoted consumer offers on MasterCard cards, such as the GM and GE offerings undertaken since the last meeting. The original concept of offering rebates on competing major auto brands proved unfeasible. Research indicated a more favorable consumer reaction to rebates on a variety of popular branded products. The Committee supported further research to validate the concept and expedited development of a program.

258. ATLANTA CONVENTION AND VISITORS BUREAU

In order to authorize a five-year promotional program in cooperation with the Atlanta Convention and Visitors Bureau (ACVB), upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the corporation is hereby authorized to expend up to \$1.5 million, in addition to \$0.5 million to be contributed by Visa International, and to provide additional promotional value of at least \$1 million in support of a five-year marketing program in connection with the ACVB;

And be it further

RESOLVED, that the officers of the corporation are authorized to enter into agreements for the implementation of such program on such terms and conditions as they may deem appropriate.

259. VISA AUTO RENTAL INSURANCE PROGRAM

In order to restore the 31-day auto rental insurance coverage for foreign rental transactions on Visa Gold cards and to achieve cost reductions and improve service to cardholders in connection with auto rental insurance, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that for the policy year commencing March 1, 1993, the coverage period for auto rental insurance on Visa Gold card for rental transactions outside the United States be maintained at 31 days;

And be it further

RESOLVED, that the corporation is authorized to terminate its agreement with the current auto rental insurance carrier and its claims administrator and to obtain replacement coverage and claims service respectively from BCS Insurance Company and its claims administrator, Access America, Inc., with no change in coverages.

260. COMMERCIAL MARKET STRATEGY

The Committee received a report of the development efforts accomplished for the range of card products to address the procurement and travel and entertainment requirements of small, medium and large business, which included product design and systems feasibility studies. The Committee expressed approval of the direction taken and the plans presented to develop Operating Principles, marketing plans, processing system specifications and bids, and plans for Member support activities for these products. These will be reviewed with the Committee at its next meeting.

261. VISA DEBIT IDENTITY STRATEGY

In order to implement a strategy for establishing Visa Debit as consumers' preferred deposit access payment method, replacing cash and checks, upon motion duly made, seconded and unanimously carried, it was

RESOLVED that the corporation establish a common theme for the Visa Debit service, to be used by the corporation, and to be made available for Members' use, for advertising and public relations purposes;

And be it further

RESOLVED that the corporation hereby adopts the name "Visa Check Card" to denote the Visa Debit service, which name shall be used by the corporation and made available to Members for their use in connection with the service pursuant to such Operating Regulations as may be adopted.

262. SURCHARGES, WIRE TRANSFER MONEY ORDERS, AND THE GOVERNMENT MARKET

(a) Wire Transfer Money Orders

In order to implement the phase-out of the use of Visa Cards to initiate wire transfer money orders in lieu of a standard Visa merchant agreement, upon motion duly made, seconded, and unanimously carried, it was

RESOLVED, that amendments to the Operating Regulations are hereby adopted as set forth in Exhibit A, which is attached to the minutes of this meeting.

(b) Proposed Class of Service for Mandated Government Market

In order to provide for a new class of service in the event such classification is needed to accommodate legislation related to surcharges on

government payments made with a Visa Card, upon motion duly made, seconded, and unanimously carried, it was

RESOLVED, that amendments to the Operating Regulations set forth in Exhibit B, attached to the minutes of this meeting, are hereby adopted, to become effective only at such time as the president of the corporation deems appropriate.

263. BILL PAYMENT

The Committee received a report of developing market trends that open opportunities for Members profitably to improve customer services in this "last frontier" of paper-based banking. Research also identified the need for leadership in setting standards for customer identification and security procedures and for reducing risks that are developing in the settlement process. Management outlined development of two parallel efforts designed to complement the electronic banking and bill payment services which may be offered by Members as value-added services to their best customers. The first priority is to define rules and pricing for use of Visa card products and Visa systems in electronic bill payment. The second is to explore ways to streamline the overall bill payment process. The Committee reviewed with approval the plans presented to proceed with a pilot project incorporating Visa and Interlink card use.

264. VISA CALLING SERVICE

At the last meeting, a concept was proposed for a Visa Calling Service to supplant the existing VisaPhone Service. The Committee received a report of extensive development activities undertaken to evaluate the technical feasibility of the concept and to define costs and benefits to Members as well

as to the local and long-distance telecom carriers that are necessary participants in the service. Management did not recommend accepting or implementing this service proposal at that time because its value as a brand enhancement and retention tool did not outweigh the proposed costs of implementation and promotion. The Committee requested that staff explore the potential for making available to Visa cardholders services currently offered in connection with competing card brands.

265. CONSUMER CREDIT PRODUCTS STRATEGY REVIEW

The Committee received a report of the work to date of the Consumer Credit Products Member Working Group. This group consists of senior bankcard officers, many of whom also serve on standing Visa advisor groups. The Working Group's mission is to advise Visa staff in the strategic review process which will provide Members and Visa with an updated, integrated association-level consumer credit product and market development agenda for the next several years to bring Members enhanced profitability. The Group is expected to meet up to three times during 1993.

266. OPERATING REGULATIONS

(a) International Electron Operating Regulations

In order to approve the adoption of various proposed amendments to the International Operating Regulations, or, alternatively, to support their adoption by the Visa International Board in the event that action is required to adopt such amendments, upon motion duly made, seconded, and unanimously carried, it was

RESOLVED, that amendments to the International Operating Regulations are hereby approved as set forth in Exhibit C, which is attached to the minutes of this meeting;

And be it further

RESOLVED, that the representatives of the Region on the Visa International Board are requested to support the adoption by the Visa International Board of the above-mentioned amendments to the International Operating Regulations in the event that such action is required for their adoption.

(b) U. S. Operating Regulations

In order to amend various provisions of the U.S. Operating Regulations in accordance with proposals reviewed during the Committee meeting, and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that amendments to the Operating Regulations as set forth in Exhibit D are hereby adopted;

And be it further

RESOLVED, that the Secretary is directed to attach Exhibit D to the minutes of this meeting.

There being no further business, the meeting was adjourned.


Stanton R. Koppel
Secretary