

MEMORANDUM

TO: David Brooks
Bill Moore

MAY 14 1996

FROM: Joe Venuti

DATE: May 10, 1996

SUBJECT: American

American Express

During the past month, [redacted] expressed interest in [redacted] American Express. Issuers such as [redacted] Capital, Advanta and [redacted] FL about such joint business [redacted]

Below, please find examples [redacted]

Bank of Boston

After hearing Harvey Golub's speech in Atlanta last week, Jeff Slawsky from Bank of Boston feels that VISA is most vulnerable in the commercial products market. American Express has a proven track record with strong corporate relationships established. He believes that Visa's products and support pale in comparison to what American Express could offer the banks. Jeff feels as though that an American Express corporate card venture would be appealing to Bank of Boston. Bank of Boston is an institution that has a large network of corporate clients but minimal in-house expertise to adequately service this base with card products.

Bank of New York

The Bank of New York has expressed an interest in working with American Express in their response to the AFL-CIO bid. Catherine Marsh, President BONY (DE) feels that Visa members wishing to issue American Express products will challenge VISA by-laws. She believes that VISA should take a pro-active role in working with American Express to support their members instead of waiting for a member to force the change in Visa's by-laws.

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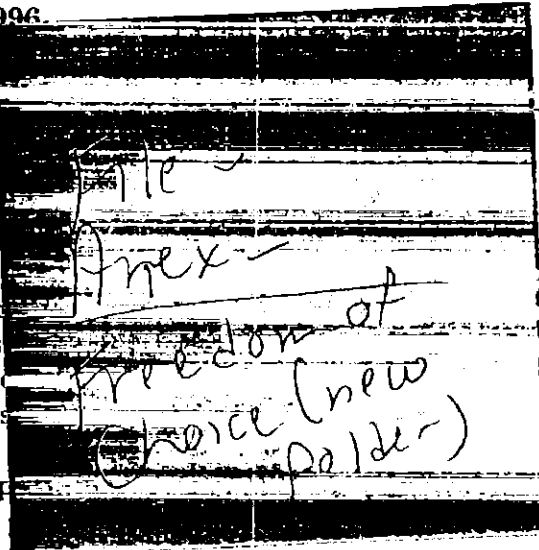
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Carl Peronella
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MEMORANDUM

TO: David Brooks
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FROM: Joe Venuti

DATE: May 10, 1996

SUBJECT: American Express Flash Points

American Express

During the past month, several members in the North East Region have expressed interest in exploring business opportunities with American Express. Issuers such as Bank of New York, Bank of Boston, First USA, GE Capital, Advanta and Fleet are rumored to be talking to American Express about such joint business arrangements.

Below, please find examples of the potential threat:

Bank of Boston

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Catherine has cited Banc One's (Dayton) arrangement to offer pre-approved line of credit products utilizing American Express customer data to identify prospects and then solicit them by mail. American Express has 1.5 small Business accounts. In addition, American Express uses Banc One's Triumph processing software.

Advanta

Advanta is rumored to be actively in development of a joint co branding program with American Express.

Advanta is working with American Express to test equipment leasing services.

GE

Through an acquisition, GE inherited an existing joint card deal with American Express in European market.

In the US we feel the American Express threat will come first within the GE commercial card group and then might spill over into the branded and co branded products.

FUSA

The threat of FUSA participating in a card issuance agreement with American Express is very real. Prior to joining FUSA, Randy Christofferson, President FUSA Bank, was a rising star at AMEX and worked very closely with Harvey Golub

Additionally, FUSA is trying very hard to establish themselves in the Commercial card market, teaming up with American Express could bring them instant credibility.

Given FUSA's strength in mass marketing, cobranding and merchant processing this could be a very powerful alliance.

It is imperative that we make sure Mr. Tolleson is in lockstep with the Visa position on this issue.

Fleet

A contact from Fleet called to alert me that Fleet executive management has requested that an analysis be conducted to measure the potential opportunity of a Fleet/American Express venture.

Capital One

Although Capital One has not stated that Visa should permit Members to issue American Express cards, they did think that Harvey raised some valid points about the Association dollars being spent to benefit a few select issuers. Capital One questioned if Visa's sponsorship of the NFL, for example, favors MBNA unfairly over all the other issuers. They also registered a complaint about the funding spent on co-branding deals, which does not benefit Capital One as they are not in that line of business.

First USA

First USA has indicated that they have joined American Express' External Sales Agency Program. Through the program, First USA receives \$50 for each merchant outlet they sign up to accept the American Express card. American Express is, in effect, enlisting Visa Member Financial Institutions in their campaign to take business away from the banking industry.

I will keep you updated as further information becomes available.