



BY EMAIL

December 1, 2009

Tim Wilson
Head of Visa Canada

Mr. Ralph Moyal
President & CEO
The Retail Merchants' Association
10 Milner Business Court, Suite 401
Scarborough, ON
M1B 3C6

Dear Mr. Moyal,

We received your letter dated November 4, 2009 and are pleased to provide feedback concerning the launch of Visa Debit. We have had extensive consultations with all stakeholders and remain committed to active engagement with you and your organization as we introduce competition to the Canadian debit market.

Fundamental to the Visa Debit proposition are three key principles – to deliver value, maintain transparency and facilitate choice.

1. Value - Businesses and consumers in over 170 countries benefit from Visa Debit. In addition to allowing access to deposit accounts at point-of-sale, Visa Debit will allow Canadian merchants and cardholders to do business together on the Internet, over the phone and anywhere else around the world where Visa transactions are accepted. Our stakeholders will also be able to enjoy a new wave of innovations, such as Visa payWave contactless payments, which mutually benefit merchants and consumers.

Visa Debit helps drive the growth of retail businesses by facilitating electronic payments and e-commerce, which in turn drives efficiencies and economic growth. Visa fundamentally believes that Canadian merchants and cardholders should benefit from a debit product that does more.

2. Maintain transparency - While Visa is fundamentally a 'wholesale' business, working with our financial institution clients and acquirers to deliver products to their customers, we believe that we are able to produce better payments services when we engage directly with stakeholders - including merchants and their associations - on matters of interest to their organizations.

Visa also publishes interchange rates and operating regulations on our web site. We do this in recognition that these are key components that are likely to impact businesses, and in some cases, consumers directly.

As you know, it is mandated in our operating regulations and built into our product design that merchants have the choice to accept Visa Debit. Acquirers are required to be able to process Visa Debit to respond to merchant demand, but merchants are free to determine whether they offer it to their customers.

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3. Choice - As stated above, working with our business partners, we are providing choice to businesses as to whether or not they will accept Visa Debit. We are also offering choice to consumers, who will be able to select Visa Debit or their existing debit product when they make a purchase at a merchant that has chosen to accept Visa Debit.

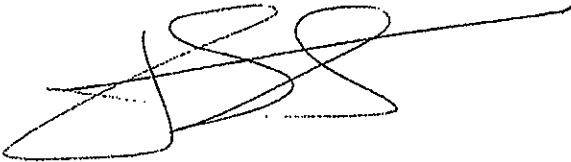
Our goal with Visa Debit is to bring innovation to the Canadian marketplace and to do so in the most efficient way possible, which is to utilize existing EMV connections at merchant terminals. The standard global EMV architecture uses a single combined application for both credit and debit. It does so to offer significant one-time and ongoing cost-savings for industry participants as there is less need for technology development and servicing. For example, acquirers and their merchants will be required to certify and maintain only one connection to Visa for each terminal. As well, acquirer and merchant hardware providers need only certify and maintain one set of standards for acceptance devices.

Merchants that decide to not offer a Visa Debit option to their customers can choose to have the existing EMV application on their terminals modified by their acquirers in order to have the debit functionality disabled.

We believe that both merchants and consumers will welcome our new product innovations. That said, we are committed to providing merchants with choice and have been very transparent about our product design, operating requirements, and interchange rates.

I would welcome the opportunity to meet again with you directly to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to be 'J. Flaherty', written over a horizontal line.

Cc The Honourable James Flaherty, Minister of Finance