



# Visa Contactless Payment

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## Agenda

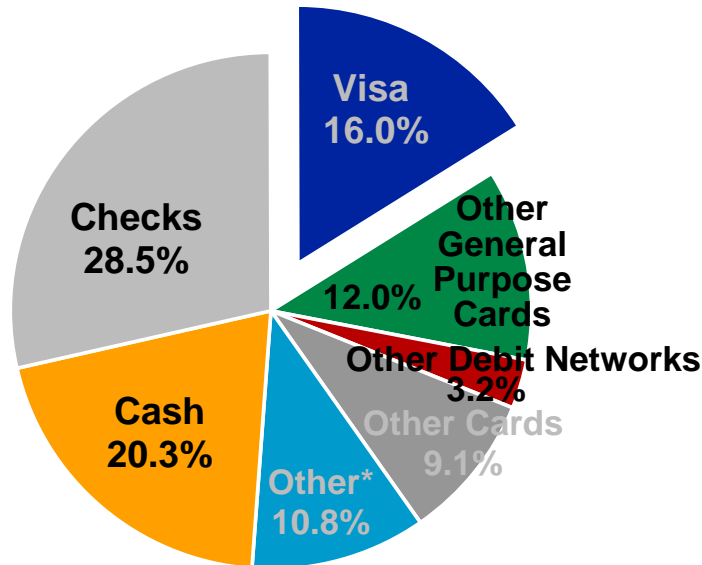
- **Contactless overview**
- **Industry landscape**

# U.S. Opportunity



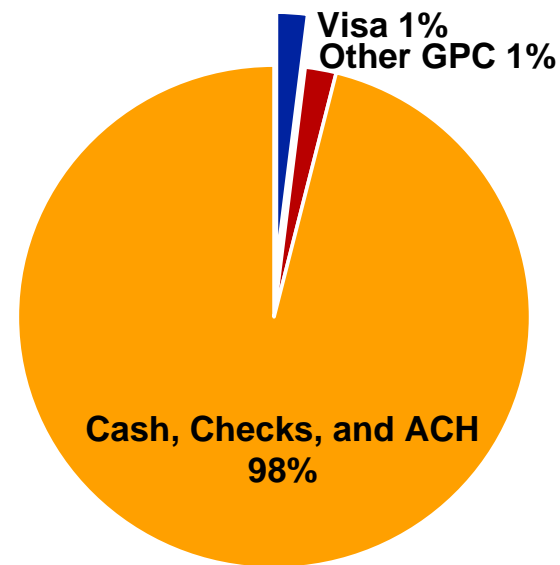
The nearly \$20 trillion in consumer and business purchases made using cash and checks represents a significant opportunity for Contactless payments

2005 Purchase Personal Consumption Expenditures (PCE)



100% = \$6.8 trillion

2005 Commercial Consumption Expenditures (CCE)



100% = \$16.2 trillion

Notes: Visa includes Interlink; Maestro included in Other General Purpose Cards (GPC). Other Cards includes: Proprietary (private label) credit, prepaid and EBT. Electronic and Other Paper includes: Remote or preauthorized payments, money orders, travelers cheques, food stamps. Other Debit Networks includes regional on-line debit purchase transactions; on-line debit cash transactions are not included in Debit. Excludes non-purchase transactions (i.e., health care costs paid by employer); balance transfers and credit card payments also excluded.

Sources: Global Insight, BEA, Nilson

# Contactless Delivers the Benefits



- The primary appeal of contactless for consumers is that it is **fast** and **convenient**
- Contactless cardholders are **increasing the frequency** of their everyday purchases at many contactless-enabled merchants by 35% over credit cards with traditional magnetic stripes
- Merchants report **speed at checkout** is 20 to 40% faster than traditional ways to pay
- When Contactless is at POS, **shorter checkout lines** occur both in-store and at drive-through windows
- Merchants are seeing **repeat visits** as Contactless card customers are returning to their stores more frequently
- Contactless payments can help **reduce cash management** and slippage costs due to less cash handling

Source: Visa Contactless Research – Credit Card Primary Users, June 2006; Cards and Payments International, June 2006. Contactless Cards; Chase 'blink' launch: U.S. deployment of Contactless. Chase "blink" press release 7/31/06

# Contactless Overview

## What is Contactless?



### Contactless Payment Feature

- The ability to perform a Visa transaction across a wireless interface to a physical point-of-sale (POS) device
- The card and cardholder are present at a physical merchant location
- Magnetic-Stripe Data information is transmitted to the terminal wirelessly rather than being read from the card's magnetic stripe
- Contactless is a feature available for credit, debit, and prepaid cards



# Contactless Overview

## What is Contactless?



### Contactless Card Features

*Branding –  
Maximized flexibility  
for issuer*



*Antenna*



*Chip Placement*



*Indicator*

### Integrated Reader/Terminal



*Symbol  
Antenna*



# Contactless Device Evolution



The flexible contactless platform will support multiple, innovative form factors beyond the standard-sized card

2005	Spring 2006	Early 2007	2007-08
Cards	Mini Card	Micro Tag	Mobile



- Full-sized card
- Magnetic stripe and contactless functionality



- Companion card ½ size of full-size card
- Magnetic stripe and contactless functionality



- Companion device ½ size of a Mini Card
- Contactless functionality only, no magnetic stripe



# Contactless Card Penetration Growing



- There are **over 6 Million** Visa Contactless cards globally
- Three Visa issuers have deployed Contactless cards in the U.S.
- Several Visa issuers are in various stages of deployment
- Industry reports indicate MasterCard with approx. 10 million cards issued; AMEX with 2 million (*Celent, August 2006*)





# Merchant Acceptance at Approximately 30,000 U.S. Locations



- **National**

- 7-11
- CVS
- McDonald's
- Jack-in-the-Box

- **Regional**

- AMC Theaters
- Arby's
- Cinemark
- Duane Reede
- KFC

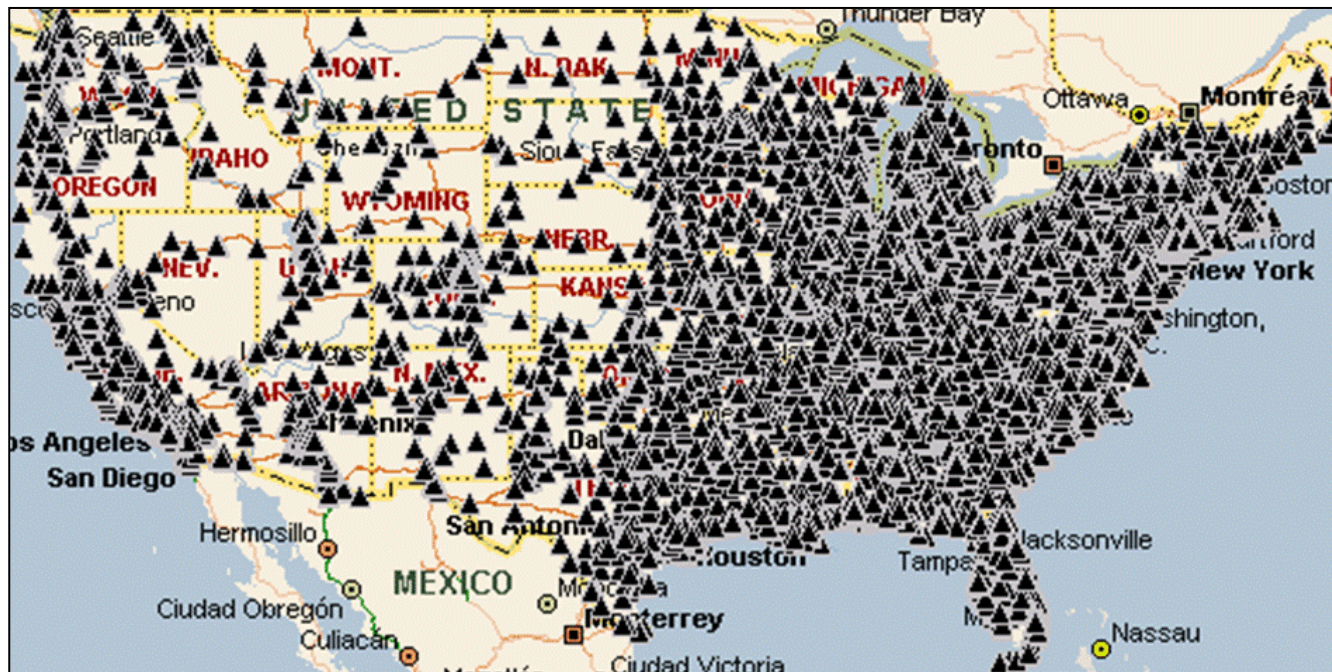
- **Regional, cont.**

- Meijer
- Quick Chek
- Quizno's
- RaceTrac
- Regal Cinemas
- Ritz Camera
- Sheetz
- Walgreen's
- Wawa
- Wolf Camera



Access or link to the merchant directory at [www.visa.com/contactlesspayments](http://www.visa.com/contactlesspayments)

# Visa Contactless is in Major Markets Nationwide



Note: Active DMAs include: Atlanta, Colorado, New York, Philadelphia, Orlando, Dallas

Source: Visa; Merchant Acceptance as of June 2006

# Contactless Security Measures



- Each card has own built-in secret “key” to encrypt vital information
  - Key is NEVER transmitted
  - Key uses 128-bit and triple DES encryption
- The Visa payment network will automatically reject any attempt to use the same transaction information more than once
- Visa Contactless cards transmit information over a very short distance to a special reader – less than 2 inches
- In keeping with evolving best practices in the industry, the vast majority of newly issued Visa Contactless cards do not transmit the cardholder’s name during a transaction
- To protect cards in the mail, Visa strongly recommends that issuers use packaging that shields new cards in the envelope, preventing them from being read
- In the rare event of fraud, the Consumer is protected by Visa’s Zero Liability service