



Annual Interchange Undertaking Validation

On November 4 2014, Visa Canada issued an Undertaking to reduce domestic consumer credit interchange rates.

Since that time, Visa has made several public announcements of various adjustments to its interchange rates designed to achieve this commitment. These adjustments have been spread across the merchant community with targeted reductions for charities and rates typically applicable to small business. Our recent actions, announced in April and July, will lower rates for a number of merchant categories including grocery stores, bakeries, butchers, dairies, restaurants and convenience stores reducing interchange for merchants where Canadians shop for essentials every day. It is our understanding that Visa acquirers have passed these reductions on to merchants--who have responded positively to these changes.

With the Undertaking now being in effect for a full year, Visa retained KPMG in a specified procedures engagement to assist Visa in validating that (i) Visa's average effective interchange rate for domestic transactions for the first 12 months of the Undertaking; and (ii) changes to be implemented in the upcoming 12 months will reasonably achieve a rate of 1.50 for the next 12 months of the Undertaking.

Visa has provided the Department of Finance with this report which demonstrates that Visa's actions are in accordance with its public commitments.

Visa believes the Undertaking will continue to help in building stronger and more productive relationships with our merchant partners. Visa looks forward to continuing to work closely with financial institutions and merchants across the country to deliver safe, reliable, easy to use and innovative payment tools for Canadians.