Debit Business Overview
ATM, Debit and Prepaid Forum
Investment Community Update
Today’s presentations may contain, in addition to historical information, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based on our current assumptions, expectations and projections about future events which reflect the best judgment of management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by our comments today. You should review and consider the information contained in our filings with the SEC regarding these risks and uncertainties.

MasterCard disclaims any obligation to publicly update or revise any forward-looking statements or information provided during today’s presentations.
Opportunities: A Good Time for Debit

U.S. – Debit card use has displaced cash, not credit cards, over the past two years

Europe – There is a significant opportunity to capture domestic transactions like never before

Debit is a fast-growing non-cash payment method globally ...

Latin America – With low card penetration, population growth, and fast-rising incomes, debit is poised for growth

APMEA – Of the world’s top 25 economies, based on GDP, eight countries are in the region

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1 2009 edition of The Economist’s Pocket World in Figures
MasterCard’s Global Debit Strategy

- Win new business
- Retain and grow customer profitability
- Product innovation
- Develop/strengthen debit infrastructure
MasterCard Offers a Flexible Global Product Suite to Meet Local Needs

- Signature Debit
- PIN POS
- ATM
- Prepaid

- ATM
- Prepaid

- PIN POS
- ATM
- Prepaid

- Signature Debit
- PIN POS
- ATM
- Prepaid
Global Strategies at the Local Level

Flexible global approach
MasterCard's global debit platform accommodates local market dynamics while helping banks drive for profitability and meet consumer needs
Aligning Strategy and Investment to Market Maturity

Markets across the globe are in different phases

**Emerging**

*Education & Awareness*
- Build awareness of the basic product
- Driving card acquisition based on the promise of expanded utility

**Growth**

*Increased Utility*
- Driving usage away from the ATM to traditional POS purchase points
- Expanding usage to card-not-present and overseas POS

**Mature**

*Savvy Portfolio Segmentation*
- Segmented product suite to maximize business development
- Enhanced features and benefits
- Complementary technology plays
- Loyalty & Rewards
United States
and Canada
Market Recap
Latin America, Caribbean Region

45 countries
Debit Strategy: Core Components

### Move ATM Transactions to POS
- Expand acceptance across everyday merchant categories
- Use education and promotion to change consumer behavior
- Drive awareness/usage via targeted marketing

### Value-added Features and Innovations
- Enhance core products with improved consumer value propositions
- Deliver premium products for the affluent population

### Key Customer Alignment
- Secure key customers in priority markets
- Align product segmentation strategies with key customers

### Utilize Dual-Brand Approach
- Support local markets and infrastructures
- Deliver Maestro conversions to Debit MasterCard where appropriate
Brazil: Driving Cash to Debit

- The largest emerging market in the world\(^1\)
- Cash is the main payment used; ~56% of Personal Consumption Expenditures (PCE)\(^2\)
- Annual debit card spending is twice that of credit cards\(^1\)
- Consumer education is key to displacing cash at the POS

\(^1\)Lafferty, *World Cards Intelligence: Brazil*, 2008
\(^2\)Economist Intelligence Unit and Euromonitor
Brazil: Increasing Debit Activation

- Caixa Economica Federal Debit Program identified debit card knowledge gap

- Education efforts focused on consumers and retail branch employees

- Resulted in 33% YOY increase in number of debit transactions; 64% increase in purchase volume (Sept.-Nov. 2007)
Mexico: Capturing Debit Through Segmentation – Affluent

• Affluent have needs for convenience, benefits, security and access

• MasterCard built a differentiated debit value proposition for this segment in Mexico

• Platinum Debit MasterCard, the first affluent debit program in Mexico, was introduced in 2009
Asia Pacific, Middle East and Africa Region
111 countries
Enhance Core Product Proposition
- Enhance core products with improved consumer value propositions
- New products “fit to serve” geographic / demographic needs
- Premium products for the affluent population

Debit Innovation
- Complementary technologies to facilitate secure payments, P2P, contactless and consumer
- Compete for domestic processing business
- New technology to secure transit and low-value retail transactions

Drive Acquisition and Usage
- Targeted marketing campaigns to drive product awareness, preference and usage
- Provide comprehensive customer marketing materials to customers to educate their customer service staff and customers

Key Customer Alignment
- Secure key customers in priority markets
- Align product segment strategies with key customers
- Focus on increasing debit card penetration across retail bank payments
• Debit cards are the most popular form of payment card, representing two-thirds of all cards issued\(^1\)

• PIN debit infrastructure is highly developed

• Maestro resides on 62% of PIN debit cards\(^2\)

• Signature debit is relatively new and growing

\(^1\)Lafferty, *World Cards Intelligence: Australia*, 2008
\(^2\)Reserve Bank of Australia, MasterCard Data
• Introduced 12-month signature debit campaign targeting youth population

• Segment is credit averse, travels extensively, makes frequent online purchases

• Meeting local market requirements led to strong results

Campaign drove brand affinity and card acquisition
Europe Region
SEPA Overview
Evolution of SEPA

**Current situation**

- 16 national debit schemes
- Heterogeneous cardholder experience, domestic debit cards are not accepted everywhere in Europe
- Limited competition at national level, many countries have only one acquirer, issuer or processor

**SEPA will...**

- Provide cardholders with a payment card they can use across Europe
- Increase competition and transparency
- Lower barriers to entry for acquirers, issuers and equipment providers
- Benefit European society by reducing the overall cost of payments

SEPA is not just about the 3% of card business cross-border... but also about the 97% of domestic transactions that were not open to competition*

* Source: ECB Blue Book, 2006, Total EU
Multiple Initiatives with a Common Goal

**European Central Bank**

SEPA Progress Report
*Driving a single payment area for the euro zone*

**European Payments Council**

SEPA Cards Framework
*Developing the options, standards and implementing SEPA*

**DG Competition**

Retail Banking Sector Inquiry

**DG Internal Market and Services**

Payment Services Directive
*Creating the legal framework for a single market*
The Payment Services Directive (PSD)

- A legislative initiative covering SEPA from European Commission’s DG Internal Market

- Approved by European Parliament on April 23, 2007 and effective nationally no later than Nov. 1, 2009

- Covers entire European Economic Area (30 countries), not just euro countries

Key PSD Components

- New “Payment Institutions”
- Access to open payment systems
- New rights and obligations
- Rules on transparency

Member states currently going through approval at national level of PSD; not all countries will be ready by November 2009
Payment Services Directive

Impact for MasterCard

PSD has very limited impact on MasterCard as most of the requirements have been in place.

Changes involved focus more on the creation of such requirements for SEPA Credit Transfers and Direct Debits.
SEPA Cards Framework (SCF) Timeline

**March 08, 2006**
Final approval by EPC of SEPA Cards Framework

**Jan. 01, 2008**
SEPA-compliant products available by banks/providers to consumers and merchants

**End of Q1 2006**
National and international schemes presented finalized SEPA cards framework migration plans

**Dec. 31, 2010**
No non-SEPA cards framework compliant schemes in operation
SEPA Cards Framework Update

- Virtually all cards in Europe are now **enhanced with an international, SEPA-wide brand**

- **More than 90%** of all terminals now accept Maestro

- 2007 DG Competition and resulting EPC “clarification” effectively promote the **maintenance of the national schemes** until competing pan-European schemes are established

- EPC currently focused on **harmonization of processing and standards**
Enhanced inter-scheme competition for payments from new entrants like MasterCard—from approximately 17 ATM and POS schemes to over 20 today
What’s Changed Since the Launch of SEPA?

MasterCard has begun processing domestic debit in virtually every European country.

October 19, 2009
MasterCard Positioned to Capture a Large Opportunity in Europe in Light of SEPA

Dual product proposition

“Worldwide PIN debit solution, with extensive European acceptance”

“Global debit proposition”

Largest card share

Europe debit card numbers¹

- MasterCard
- Visa
- Others

Europe debit card share¹

- MasterCard: 63%
- Visa: 33%
- Others: 4%

Significant potential to capture more processed transactions

Europe debit card transactions²

100% = 33.2 billion transactions

¹ Datamonitor, Western European Cards Database 2008
² 2007 European Central Bank Blue Book, RBR
Five Pillars to Drive Debit Growth for MasterCard in Europe

- Enhance dual product offering
- Deliver on issuer agreements
- Get merchant preference
- Increase processing
- Develop infrastructure
Retailer-Driven SEPA:
Central Acquiring, Increased Choice
Under Pan-European Brands

- BP introduced first major rerouting of co-branded local brand-Maestro cards as Maestro-only in the Netherlands

- Completely transparent to consumers … with Maestro matching the local PIN scheme

- Now driving domestic transactions to Maestro

MasterCard has unlocked new incremental volumes
• Most successful loyalty program in Germany; 2 out of 3 households have a PAYBACK loyalty card

• Re-launching existing PAYBACK merchant-only debit card as a free PAYBACK Maestro card

• A decoupled debit card available to all PAYBACK loyalty cardholders

One of the first major loyalty-based, co-brand debit cards in Europe
Retailer and Issuer SEPA Migrations Drive MasterCard Business Across Europe

- In Austria, all banks have migrated from the local brand to Maestro.

- In Ireland, individual issuers have migrated the brand/cards to Maestro-only and retailers are rerouting co-branded cards as Maestro.

- In Portugal, a major issuer has converted its debit portfolio to Maestro from a competitive brand and retailers are rerouting co-branded cards as Maestro.
In Summary

MasterCard's Global Debit Platform

• Focus on profitability

• Address diverse customer needs

• Ensure effective market-level delivery