1. **Key Strategic Risks and Potential Impacts**

As a multi-jurisdiction corporation operating in a rapidly evolving payments industry, a highly connected global economy and an environment characterized by intense competition and stepped-up regulatory scrutiny, the company faces a number of strategic risks and challenges.

The most significant and critical risks with the potential to de-rail the company’s strategic priorities are listed below.

***Strategic Risk #1 (Regulation)***

* The payments industry continues to face heightened regulatory oversight. The introduction of new rules and restrictions relating to privacy and data protection, anti-money laundering, anti-corruption, etc. is reshaping the way the industry operates. It has necessitated investment in new processes and systems, and curtailment of certain activities.

Regulations continue to evolve and will undoubtedly create additional pressure for industry participants to be compliant. Non-compliance comes at a high cost in the form of fines, potential termination of licenses and significant reputational damage.

* New regulation relating to interchange fees (for e.g. under Dodd-Frank in the U.S. or the IFR in the E.U.) has a direct bearing on how rates are set with a consequent impact on transaction volumes. This directly affects revenues and the profitability of Visa.
* Government imposed restrictions in some countries (China, Russia, etc.) favor domestic players in that they require domestic payments processing to be done in-country. Where Visa does not have such capability, it directly affects its ability to compete in those markets.

***Strategic Risk #2***

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***Strategic Risk #3***

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