



Headline News

Hong Kong "Shoppers' Paradise" Status Confirmed by Latest Visa Inbound Traveller Spending Data

The latest data on Visa inbound traveller spending in Hong Kong in 2005 and the first half of 2006 show strong growth that enforces the territory's position as a shoppers' paradise with Visa as the preferred payment card. Spending from Mainland China is an increasingly significant contributor to this trend, but the growth also reflects the success of Visa's continued dedication to providing enhanced and privileged services to its cardholders.

Growth in Visa spending by travellers far exceeds total visitor spend

In 2005, there were 23 million travellers to Hong Kong, spending a total of HK\$106 billion, up by 14 percent from the previous year. During the same year, visitors spent HK\$17 billion on their Visa cards, representing a much faster 25 percent year-on-year increase.

The growth trend for traveller Visa spend has continued, reaching HK\$9 billion during the first half of 2006, a 12 percent increase compared to the corresponding period of 2005.

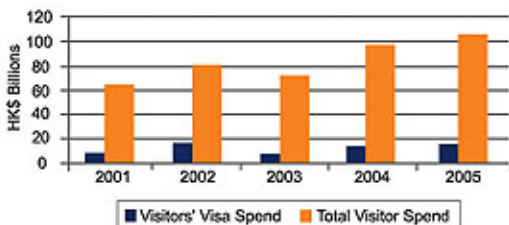
This growth reflects travellers' confidence in using their Visa cards for safe and convenient shopping in Hong Kong with further benefits of improved management of travel expenses and privileges at select merchants. Visa is now accepted at over 80,000 merchants, ATMs and banking offices in the SAR.

Increasing contribution from Mainland China cardholders

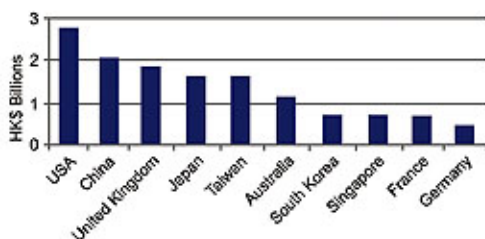
In 2005, the United States was the top Visa spending market of origin, followed by China, the United Kingdom, Japan and Taiwan, which together accounted for 59 per cent of the total inbound traveller Visa spend in Hong Kong.

Cardholders from Mainland China spent HK\$2 billion in 2005 compared to HK\$2.9 billion from the United States and HK\$1.8 billion from the United Kingdom. Between 2001 and 2005, Mainland China's spending has far outperformed the next fastest growing markets, with a 448 percent increase as compared with Russia's 226 percent increase and New Zealand's 209 percent rise. The Mainland Chinese share of total international Visa spend rose from 3 percent in 2001 to 12 percent in 2005, while the American's share dropped from 20 percent to 17 percent over the same period.

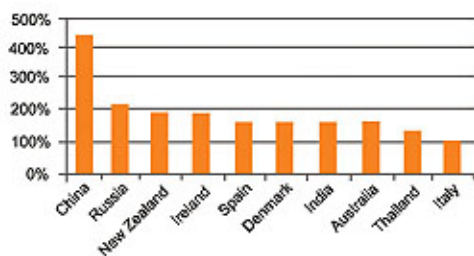
Visa spend by international cardholders and total visitor spend in Hong Kong, 2001-2005



Top 10 cardholder source markets in terms of Visa international inbound spend in Hong Kong in 2005

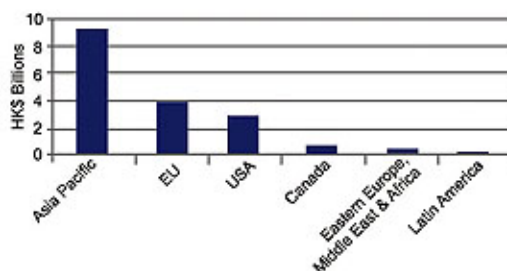


Top 10 cardholder source markets in terms of Visa international inbound spend growth in Hong Kong, 2001-2005



Looking at the regional level, Asia Pacific cardholders were the top spenders in Hong Kong spending HK\$9 billion in 2005, followed by the European Union with HK\$4 billion. The European Union's spending surged by 36 percent in 2005, while spending from Asia Pacific, United States and Canada each rose by 22 percent. Spending from Latin American visitors showed the strongest growth rate with a 64 percent increase in 2005.

Visa international inbound spend in Hong Kong of six source regions 2005



The average spend per transaction in Hong Kong in 2005 decreased to HK\$1,312 from HK\$1,365 in 2004. Mainland Chinese Visa cardholders had the highest average transaction size of HK\$1,997, spending the most on jewelry, women's ready to wear and miscellaneous apparel and accessories. Russians followed with an average transaction size of HK\$1,950 spending mostly on jewelry, accommodation and miscellaneous apparel and accessories.

In 2005, point-of-sale transactions made up 88 percent of the total Visa transactions in Hong Kong, a level maintained into the first half of 2006. Online transactions accounted for 8 percent of the total international Visa spend in Hong Kong in 2005.

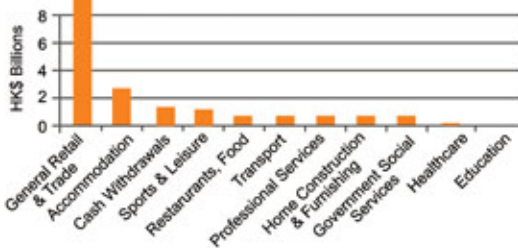
Retail goods continues to be the most popular

In 2005 retail goods remained the most popular spend categories among international Visa cardholders in Hong Kong, accounting for 52 percent of the total Visa spend. Compared with other markets in Asia Pacific, Hong Kong had the highest percentage of spend on retail reflecting the widespread acceptance of Visa at retail outlets and the SAR's reputation as a shoppers' paradise.



Throughout 2005 and the first half of 2006, the top three retail merchants were clothing merchants, jewelry stores and department stores. In the first six months of 2006, clothing merchants accepted Visa spending of HK\$1.4 billion, jewelry stores HK\$879 million and department and discount stores HK\$650 million.

Visa international inbound spend in Hong Kong in 2005 by broad spend category



Opportunities for further growth

The continued preference of visitors to use Visa cards reveals a strong potential for Visa to continue to grow in Hong Kong. The growth in traveller Visa spend is also evidence of Visa’s continued success in developing promotional programs for the Hong Kong tourist industry and the use of Visa cards.

According to separate Visa research on inbound visitors conducted in June 2006, travellers prefer to use their Visa card because it is "fast and convenient" and because of its "wide acceptance". The research also shows that visitors will use their cards more often when they receive preferential treatment from merchants.

This is why Visa develops inbound tourist programs and promotions with select merchants to give discounts and free merchandise at the point-of-sale level. This promotions-based strategy will ensure that Visa will continue to build inbound tourist spend in the years to come to the benefit of banks, merchants and cardholders.





Visa News

Visa announces global restructuring

Visa recently announced plans to restructure from a membership association to a public global corporation called Visa Inc.

Visa Inc. will be created through a series of mergers involving Visa Canada, Visa USA and Visa International, which includes the operating regions of Asia Pacific, Latin America and the Caribbean, and Central and Eastern Europe, Middle East and Africa. Visa Europe will retain its membership association structure and will operate as a licensee of Visa Inc.

The reorganization will result in a new stock corporation owned by Visa members that will eventually seek a listing on a major stock exchange. The new structure will allow Visa to accelerate its growth through enhanced global operational efficiency, greater access to capital, and the handling of certain legal claims that exist in some markets. It also allows Visa to capitalize on the advantages of its local market expertise and execution.

New Country Manager for Hong Kong and Macau

Visa International recently appointed Mr. Jim Dixon as Country Manager, Hong Kong and Macau following the departure of Ms. Prudence Chan.



Jim was the Country Manager for the Philippines for the past two and a half years. Prior to this he was stationed in Japan and Singapore in various senior management roles. With 15 years of service to Visa in Asia Pacific, Jim is already known to many of Visa's members where he has worked on market-specific marketing, productivity and profitability projects in the past.

Over the coming months Jim will be working hard to meet all of our friends and colleagues in the payment industry to ensure that we are working closely together to further grow the business in Hong Kong and Macau.

Visa joins other payment brands to strengthen global cardholder data security

Securing cardholder information has always been one of Visa's top priorities.

Visa's latest move towards this end was the formation of an independent council for the management of the Payment Card Industry (PCI) Data Security Standard (DSS) alongside American Express, Discover Financial Services, JCB and MasterCard Worldwide.



By establishing an independent and transparent forum to manage the PCI Data Security Standard for the payments industry, Visa and the founding members are developing a system that is more accessible and efficient for all stakeholders. The Council will benefit more than a billion global payment card users by providing a higher level of security protection against data theft and fraud.

Visa will continue to manage compliance and enforcement of the standards as part of its Account Information Security program which has been running for some years. Visit ap-ais.scanalert.com for more information.



Marketing News

Visa launches new television commercial featuring Olympian Liu Xiang

Chinese Olympic Gold Medalist Liu Xiang is the face of Visa's latest regional ad campaign. The campaign will feature in three markets across Asia Pacific including Hong Kong and 12 cities in Mainland China.



Be A Lady card tailor made for ladies

Visa together with Wing Lung Bank and Be A Lady Limited have launched the Be A Lady Visa card. The card is designed for modern women who strive to pursue a healthy lifestyle.

Olympic Games Visa Card for collectors and sports lovers

Visa and Bank of China (Hong Kong) have again teamed up to launch the new Bank of China (BOC) Olympic Games Visa card. The card is designed for sports lovers and Beijing Olympic aficionados.

Promotion Name	Applicants	Period	Framework
<p>Tax n' Win</p>	Taxpayers using Visa cards	1 Dec 2006 to 31 Jan 2007	<ul style="list-style-type: none"> ■ Every HK\$10,000 paid on a tax bill gives one lucky draw entry (maximum 20 entries) ■ Prizes total HK\$200,000 in value and including a tour package and gift coupons ■ For more information go to www.taxprogram.com.hk Get hot this Christmas
<p>Get hot this Christmas</p>	All Visa cardholders	15 Nov 2006 to 15 Jan 2007	<ul style="list-style-type: none"> ■ Every HK\$/MOP300 spent on Visa cards gives one lucky draw entry ■ Prizes includes Visa credits worth HK\$/MOP50,000, tour packages and buffet vouchers. ■ For more information go to www.visachristmas.com.hk