27 March 2020

Hon. Bill Morneau, P.C., M.P.
Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario

Dear Minister Morneau,

Re: Visa Canada's Interchange Undertaking and Covid-19

As you are aware, Visa Canada entered into a revised Voluntary Undertaking Commitment to reduce the average effective interchange rate for domestic consumer credit Visa transactions from the current 150bps to 140bps. In addition, we agreed to restrict rate ranges by product category. The new Undertaking is effective beginning May 2020.

In order to ensure the stability, security, reliably and resiliency of the digital payments ecosystem during these unprecedented times, Visa has delayed a global technology release originally scheduled for April until July 2020. This delay means that Visa is unable to systematically implement the Interchange Undertaking commitments that were due to be in place beginning in May; however, we remain committed to the Interchange Undertaking and intend to implement a mechanism to provide the benefit of the announced interchange reductions, but through a reconciliation approach. The process we are implementing will rely upon a series of rebalancing transactions and other mechanisms until the Visa global technology release is implemented and this takes places systematically. For some merchants, this may require a refund transaction provided to them from their acquirer.

Visa is committed to fulfilling our commitment, and will do so, while recognizing in these unprecedented times we need to be nimble and adjust to unique challenges when they arise.

We have been in contact with your officials and with the Financial Consumer Agency of Canada and will continue to provide updates as we implement these mechanisms. We are available to respond to any questions or concerns you or your officials may have.

Sincerely,

Stacey Madge
Country Manager & President

Copies:
Judith Robertson, Commissioner, FCAC

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