Q3 2020 Earnings Call

Company Participants

- Alfred F. Kelly, Chairman & Chief Executive Officer
- Mike Milotich, Senior Vice President of Investor Relations
- Vasant Prabhu, Vice Chairman & Chief Financial Officer

Other Participants

- Craig Maurer, Analyst
- Darrin Peller, Analyst
- Dave Koning, Analyst
- David Togut, Analyst
- Harshita Rawat, Analyst
- James Friedman, Analyst
- Lisa Ellis, Analyst
- Matt O'Neill, Analyst
- Tien-Tsin Huang, Analyst

Presentation

Operator

Welcome to Visa's Fiscal Third Quarter 2020 Earnings Conference Call. All participants are in a listen-only mode until the question-and-answer session. Today's conference is being recorded. If you have any objections, you may disconnect at this time.

I would now like to turn the conference over to your host, Mr. Mike Milotich, Senior Vice President of Investor Relations. Mr. Milotich, you may now begin.

Mike Milotich {BIO 20581476 <GO>}

Thank you, Jordan. Good afternoon, everyone, and welcome to Visa's third -- fiscal third quarter 2020 earnings call. Joining us today are Al Kelly, Visa's Chairman and Chief Executive Officer; and Vasant Prabhu, Visa's Vice Chairman and Chief Financial Officer. This call is being webcast on the Investor Relations section of our website at www.investor.visa.com. A replay will be archived on our site for 30 days. A slide deck containing financial and statistical highlights has been posted to the IR website.

Let me also remind you that this presentation includes forward-looking statements. These statements are not guarantees of future performance, and our actual results could differ materially as a result of many factors. Additional information concerning those factors is available in our most recent reports on Forms 10-K, 10-Q, and 8-K, which you can find on the SEC's website and the Investor Relations section of our website. For historical non-GAAP financial information disclosed in this call, the related GAAP measures and the reconciliation are available in today's earnings release.

And with that, let me turn the call over to Al.

Alfred F. Kelly {BIO 2121459 <GO>}

Mike, thank you very much. The past few months certainly continue to be challenging and our focus has and will always remain on the well-being of our employees, clients and the communities, in which we operate. Even with significant impacts to the economies around the world, many aspects of Visa's business have proven to be resilient and have continued -- and we've continued to invest to propel Visa's growth well into the future in consumer payments, new flows and value-added services. Today after discussing our results, I will then provide an overview of the ways COVID-19 is shifting the way consumers, businesses and governments want to pay and be paid and in turn how Visa is helping them. I will close with some notable deal highlights for the quarter that demonstrates how we continue to enable the movement of money globally.

So to start our third quarter results. Net revenues in the fiscal third quarter were $4.8 billion, a decrease of 17% or 16% in constant dollars. All of the business drivers were significantly impacted by the pandemic. Payments volume this quarter declined 10% globally or 9% excluding China. Cross-border volume excluding intra-Europe, which drives our international transaction revenue declined 47% on a constant dollar basis, driven primarily by the lack of travel. Including intra-Europe volume was down 37%. We processed 30.7 billion transactions or over 337 million per day through the quarter on our network, a 13% decrease over the prior year. However, in each case, the business drivers improved each month throughout the quarter meaningfully for payments volume and processed transactions and only marginally for cross-border volume.

In new flows, Visa Direct grew global transactions in the mid-60s year-over-year. And our value-added services revenue grew in the mid-teens year-over-year. We also effectively managed our expenses, which declined 5% but more importantly this was achieved without affecting investments in our primary growth initiatives. Our non-GAAP EPS declined 23%.

While, COVID-19 certainly impacted our fiscal third quarter performance there are many trends that are accelerating the demand for consumer payments, new flows and value-added services, which will help our business as we look ahead. In consumer payments, even with all the success Visa has had electronifying payments, there is still $18 trillion transacted in cash and check globally.

In today's environment, people are sensitive to touching surfaces, including cash and check and we are seeing this manifest in interest and usage in tap to pay, which we know helps digitize cash at the low ticket level and has historically increased transactions by an average of 20% over time in mature markets globally.

From second quarter to third quarter, we had nearly 50 countries improve tap to pay penetration by more than five percentage points and over 10 countries increased by 10 percentage points or more. We have helped more than 55 countries to increase the tap to pay limits, reducing the share of transactions that require consumer contact by more than 40% in several of those countries.

In the United States, we added more than 80 million contactless cards in the first six months of calendar year 2020 as a number of our financial institution partners accelerated their issuance schedules. Tap to pay is likely to accelerate post-COVID, especially as consumers start going back to the office where they tend to conduct smaller transactions for their commute, paying for public transit fares and buying food and drinks.

Another positive trend has been the shift to e-commerce. This works in our favor because Visa's share of digital commerce where cash is not an option is approximately three times greater than the physical point of sale.

In the United States, Visa credentials active in e-commerce excluding travel were over 12% higher in June than in January. In addition to the total spend per active credential also increased during that time by over 6%, which is notable considering new adopters typically spend less than those used to shopping online.

In fact when you isolate the active credentials who tend to be more significantly engaged in e-commerce, the spend per active credential increased by over 25%. And these trends are not unique to the United States. During this period in the U.K., active e-commerce credentials increased 16% while spend per active credential increased 3%.

In Brazil, active e-commerce credentials increased 11% while spend per active credential increased 12%. In markets where e-commerce is not as developed there are examples of dramatic changes in adoption. Argentina experienced active e-commerce card growth of over 100%, and Romania 70%.

In new flows, we continued our focus on addressing the $185 trillion opportunity. In B2B, the opportunity is across card-based, accounts payable and receivable and cross-border payments. While B2B volume is down during this work from home and very limited travel period, we are continuing to build out our capabilities and relationships to fuel future growth. A couple of quick points from the quarter. We recently established a global partnership with U.K. fintech Conferma Pay which enables companies to provision virtual Visa commercial cards to employees' digital wallets enabling tap to pay and simplifying expense reimbursement.

For our large-ticket cross-border B2B solution called Visa B2B Connect, we continue to build the network out. Many banks are in the implementation phase. And when they are all live by the end of the year, Visa will be processing cross-border transactions in half of the 80 markets where Visa's B2B Connect capability is available.

Let's look at the remainder of new flows. In the United States, P2P is up almost 80%. And in Latin America, we saw progress with P2P apps in Peru where there was nearly a 400%

increase in transactions in Q3 versus Q2. Visa is also excited to announce a global partnership with PayPal including its Venmo, Braintree, Zoom, iZettle and Hyperwallet brands. This is an extension of a long-standing regional partnership with PayPal. This new global agreement will allow PayPal and all of its brands to offer fast Visa Direct-enabled domestic and cross-border payments and expand PayPal's real-time transfer capabilities globally.

In the gig economy food and grocery delivery category, we have seen a nearly 50% growth in transactions from pre-COVID levels and have continued to add new program launches such as Instacart for shopper earnings payouts in Canada. G2C government-to-consumer use cases are gaining momentum employing both Visa Direct and prepaid cards. This quarter let me highlight some of the card examples. In the U.S., the Treasury distributed nearly four million economic impact payments via Visa prepaid cards. We also worked with CaixaBank in Spain on three projects issuing 330,000 prepaid Visa cards with government-allocated funds to support vulnerable families across the region. In France, Natixis partnered with Visa to issue 15,000 cards as a thank you to frontline hospital workers financed by the government.

In value-added services, we've seen more clients turn to us for help. As e-commerce has expanded and new sellers are looking to offer omni-commerce payment capabilities that are safe and secure our CyberSource and fraud and risk capabilities have seen growth. Let me name two recent examples. A recent win in Saudi Arabia with Al Rajhi Bank, the largest acquiring bank in the country will leverage CyberSource to enable e-commerce payments platform for all Saudi Arabian government services through a centralized interface with the country's Ministry of Finance.

Buying online picking up in-store has become very popular among consumers and is a key way for sellers to operate in this environment. However, this use case does bring a higher potential for fraud. One home improvement partner chose Decision Manager a CyberSource fraud offering to quickly review online orders for fraud risk and meet customer expectations for a two-hour pickup. This resulted in a massive increase in Decision Manager transactions in May alone at this merchant. Across all CyberSource risk products in Q3 we saw a nearly 50% year-over-year growth in transactions.

Interest also has grown in our authentication products. CardinalCommerce which provides network-agnostic products for sellers and issuers to leverage the 3D Secure standard has seen accelerated growth in transactions this quarter versus last year. 3D Secure is making steady progress in Europe as well where the ecosystem is ramping up in advance of the secure customer authentication mandate beginning in December for most of Europe. We continue to work with the ecosystem participants as the deadline approaches given that some are not ready for the deadline. EMV 3D Secure transactions in Q3 has grown over 100% compared to Q2.

Data and consulting continue to be valuable to our clients as they navigate this environment. Clients utilized our consulting services at an accelerated rate with almost 60% more projects completed than the third quarter of last year. Visa plays a critical role in providing data and analysis to help clients manage their business through the pandemic. And the client activity on our Visa Analytics Platform increased 60% just from Q2 alone.

Now let me talk to new deals where we made very good progress this quarter. First our momentum in Europe continues. We renewed with one of the largest banks in the Nordics, Nordea to grow debit portfolios across the region. We expanded our partnership with Permanent TSB, a large issuer in Ireland with over 800,000 cards in force making Visa the primary card in most wallets in Ireland. We recently extended our partnership with UBS in Switzerland to debit. And we're winning processing. In Spain, we secured a significant deal to expand our processing capabilities for domestic transactions. Banco Caminos will migrate their issuing and acquiring volumes from their local processor to Visa.

Europe was certainly not the exception in developing and renewing partnerships this quarter. In Singapore, we renewed our partnership with the second-largest debit issuer OCBC Bank to remain the preferred debit card issued to OCBC Bank's personal savings and current account customers. In Korea, we recently secured a renewal with South Korea's biggest issuer Shinhan Card. We renewed our credit and debit partnership with Banco de Bogota, our largest issuer client in Colombia. We recently won started issuance with Kaspi Bank, one of the largest retail banks in Kazakhstan. The bank is moving 100% to Visa over the next few years.

And our leadership position in co-brand also continued. This quarter Visa renewed and expanded its strategic partnership with Best Buy including extending the My Best Buy co-brand relationship. Ford and Visa will collaborate on Ford's new FordPass Rewards Visa Card available to their 4 million FordPass rewards members and other Ford customers.

Another recent co-brand win was with Verizon to launch a Visa credit card that provide savings on Verizon's industry-leading products and services along with benefits for every day and essential purposes. And we signed a co-brand deal with Tiki, one of the leading e-commerce platforms in Vietnam.

A key component to building issuance and acceptance is with fintechs. And this quarter we secured many wallet and neobank wins globally. Let me name a few. Careem, the biggest ride-hailing app in the Middle East and Africa will offer driver payouts with Visa Direct as well as credentials to their over 35 million user base.

Hong Kong's digital transit card Octopus will accept Visa wallet top-ups allowing commuters to pay for transport and to pay in 35,000 retail outlets. In Saudi Arabia, we signed a strategic partnership with Hala [ph] a rising challenger bank that has the potential to penetrate an unbanked population of up to 7 million people.

Neobank Vivid Money announced its official launch in Germany offering Visa debit cards in an all-in-one mobile application including innovative savings and cash-back solutions. In the U.S., U.S.-based Chime with over 8 million accounts launched access to a new Visa secured credit card, which allows consumers to build credit while spending on everyday purchases like groceries and monthly subscriptions. As I've often said, partnerships are fundamental to Visa's business model and these renewals and new deals will certainly help drive growth into the future.

Before I close, I would be remiss if not to comment on the race situation in this country and around the world. For four centuries Black and African-American women and men have experienced many forms of social injustice and discrimination. It is offensive. It is frustrating and it's unacceptable. It must stop.

At Visa, we are committed to do our part. Visa recently announced the next steps in our journey to drive inclusion and diversity across our company. We've announced a number of actions including the establishment of a Visa scholars and jobs program. And very importantly, last week, we announced that we are committing to increasing the number of underrepresented U.S. vice presidents and above by 50% in the next three years and increasing the number of underrepresented U.S. colleagues within Visa overall by 50% in the next five years.

So to close, while there is some uncertainty in the near term for sure, we remain confident about our long-term strategy and growth prospects and our ability to make a positive difference in the world. On one hand, net revenue, EPS overall payments volume, cross-border volume and process transactions declined this quarter. Yet we saw growth in debit and in e-commerce volumes in Visa Direct transactions, growth in tap to pay and click-to-pay enablement and value-added services revenue.

Furthermore, we've demonstrated our discipline. We've been able to reduce expenses by 5% this quarter while still investing in future growth. And we returned capital to our shareholders at historic levels and retained our dividend. All of this speaks to the resiliency of our business model. We have the scale, a trusted brand, digital products financial levers and most importantly, a talented team to emerge from this pandemic even stronger. We remain confident in the efficacy of our global network of network strategy, as we enable the movement of money for everyone everywhere.

Now, for more detail let me turn it over to Vasant.

Vasant Prabhu {BIO 1958035 <GO>}

Thank you, Al and good afternoon, everyone. As we did last quarter, we will provide a fair amount of color on the business trends we are seeing as we navigate through this unprecedented time. I'll begin with the key business drivers then review our financial results and close with some perspectives on the next quarter.

Starting with U.S. payments volume. For the quarter U.S. payments volume declined 7%, a sharp decline from mid-April was followed by a V-shaped domestic spending recovery. Volumes declined 18% in April, before returning to positive territory in June. July volumes through the 21st are up 7%. This recovery was jump-started by the economic impact payments and enhanced unemployment benefits, helped along by pent-up demand fulfillment and accelerated by the relaxation of shelter in place requirements.

Debit outperformed credit by almost 30 points. Debit spending was up 8% while credit spending declined 21% in the quarter. Credit spending recovered 21 points from a decline of 30% in April to a decline of 9% in July through the 21st. Debit spending bounced 30 points from down 5% in April to up 25% in July. The outperformance of debit versus credit is driven by several factors. Some of them are more likely to persist than others. First, the government's economic impact payments were directly deposited into consumers checking accounts benefiting debit. Second, in times of economic uncertainty, consumers have a propensity to shift spending from money they borrow to money they have in the bank. Third, as you know, there has been a significant shift to online purchases in almost every day almost every -- in most every day spend categories which favors debit. Fourth, affluent customers tend to use credit for discretionary spending in categories such as travel, entertainment and restaurants, which have been especially hard-hit by the pandemic. Fifth, the last tranche of economic impact payments as well as unemployment benefits in over 20 states were distributed via Visa prepaid cards, which lifted debit growth by several points in May and June. Finally, in the U.S. Visa Direct was up over 75% this quarter, due to strong growth in a variety of use cases ranging from P2P, to insurance payouts, to payroll. The significant growth in debit demonstrates the acceleration of the secular shift away from cash to digital forms of payment as a result of the pandemic.

The COVID crisis has also significantly accelerated the secular shift to e-commerce. Card not present spend excluding travel has grown over 25% every week since mid-April, which is 2x the pre-COVID growth rate. Card present spending improved steadily through the quarter as reopenings went into effect from declining almost 50% in early April to declining in the high single-digits by late June, but there has been little improvement since. It is too early to tell what all the underlying causes of this recent stabilization are. Recovery trajectories for card present volumes are relatively similar across states. In terms of U.S. spend by category excluding Visa Direct, performance can be summarized in three groups based on COVID impact and the recovery we've seen to-date. Each group represents roughly a third of our U.S. payments volume. The first group includes categories, such as food and drug stores, home improvement and retail goods. These categories have consistently grown at or above their pre-COVID growth rates in the high teens or even higher every week since mid-April. The second group includes categories that experienced spend declines between 10% to 50% in April and had all recovered to growth by the end of June. These segments include automotive, retail services, department and apparel stores, health care, education, government and business supplies. The third group includes categories that are the hardest hit by this pandemic: travel, entertainment, fuel and restaurants. These categories declined over 50% in April and are still declining year-over-year, although, each improved by between 20 to 45 points during the quarter.

Travel remains the most impacted category still down over 50%. Fuel gallons purchased are growing again, but spend is down more than 15% in July driven by lower prices. Within the restaurant category, card present spend is still declining, while card not present spend continues to grow significantly with quick-service restaurants outperforming.

Moving on to trends in the rest of the world. International payments volume declined over 12% in constant dollars in the third quarter. Similar to the U.S., debit significantly outperformed credit with debit down only 3% and credit down 20%. Card present spend improved through the quarter, as countries reopened, while card not present excluding travel spend remained elevated. Performance across categories was broadly similar to the U.S. Our best performing region continues to be CEMEA, which declined 5% in constant dollars. Within CEMEA, Russia, Eastern Europe and Central Asia had positive growth in the quarter fueled by a rapid recovery after April declines as well as client wins. Europe payments volume declined 10% in constant dollars in the third quarter. Central and Southeastern Europe which include Poland, the Czech Republic and Hungary recovered rapidly to post positive growth in the quarter. The U.K. returned to growth in June, driven by consistently strong card not present growth.

Italy is almost back to prior year levels in June following one of the strictest lockdowns within Europe. Canada declined 15% and Latin America declined 13% in constant dollars. Brazil spend decline early in the quarter was one of the shallowest, but the recovery has also been slow. Brazil is now back near 2019 levels of domestic spending fueled by strong card not present growth. Asia Pacific payments volume declined 16% in constant dollars. Reopening of the Asian economies has been gradual with multiple phases depending on the country. Two of the least impacted countries were Korea and New Zealand, both of which were close to flat in the quarter. Domestic spending in Japan and Australia was back to 2019 levels by late June. India remains one of the most impacted markets globally. Processed transactions declined 13% in the quarter. Although this lags volume growth due to a mix shift, the trajectory of the processed transactions recovery is similar improving from a 24% decline in April to a 4% decline in June. Growth in July through the 21st is flat. Domestically, the mix of spend has shifted from low ticket to higher ticket categories.

Cross-border transactions on the other hand are holding up better than volumes due to the mix shift from high ticket travel-related spending to lower ticket non-travel e-commerce. Cross-border -- constant dollar cross-border volume excluding volume within Europe declined 47% in the third quarter. Volumes declined 51% in April and improved marginally in May to decline 45%, but there has been little -- since. For the month of June and in July through the 21st, the rate of decline has stayed at 44%. Constant dollar cross-border volume including volume within Europe declined 37% in the quarter. It's important to remind you that cross-border volume excluding volume within Europe drives our international fees.

As you know, the cross-border spend decline is driven by travel. Travel-related spend, which includes both card present and card not present in travel categories represented roughly two-third of our pre-COVID cross-border volume excluding volume within Europe. Travel-related spend declined 78% in the quarter and was still declining over 70% at the end of June. To have a recovery in cross-border travel, you have to have a reopening of borders. At this point, borders remain largely closed. The World Tourism Organization reported at the end of June that out of 217 countries, 189 or 87% had completely or partially closed their borders to foreign visitors. Of the remaining 28 countries, 10 had completely or partially suspended flights. Several other countries like the U.K. require quarantines and the rest had imposed visa restrictions or demand medical certificates.

As we speak, cross-border travel, especially by air is even not possible or very difficult. While no one corridor derives a large portion of our volumes -- drives a large portion of our volumes, some of our most important corridors remain closed. Borders have to reopen before we can get a sense of what the cross-border recovery trajectory might be. In the few corridors, where cross-border travel is now possible, we have seen some significant recoveries. For example Americans are traveling again to Mexico and the Caribbean. Since the April low, these corridors have seen cross-border card-present volumes recover by 30 to 40 points.

Travel to and from Switzerland to France and Germany is almost back to normal. Russian travel to neighboring countries has picked up. Travel from Europe to the UAE is gaining momentum. It is important to note that the vast majority of cross-border travel spend is on personal cards and not for business travel. Consumer travel demand for visits to friends relatives and for vacations is more likely to remain intact post-COVID perhaps even enhanced. The consumer travel recovery is likely to start with people going to countries within their geographic zone of comfort. This is already evident as we look at short-haul cross-border travel which we define as less than 3,000 miles. Short-haul air travel is recovering faster than longer haul corridors. Similarly drive to hotels are doing better as are leisure hotels versus business hotels.

Growth in cross-border e-commerce spend excluding travel has been consistently in the high teens to low 20s since mid-April. The strong growth is fueled by retail spending which is growing about 30% since mid-April and drives the majority of non-travel e-commerce spend. In most countries, we see that once a consumer decides to buy something online rather than go to a local store, there is a higher likelihood the purchase becomes cross-border with little regard to where the item is shipped from. The strength in retail is offset by declines in entertainment, education, and government some of which are tied to travel and represent a meaningful portion of card-not-present non-travel spend.

Much of the color I just provided excludes volume within Europe. Within the EU, borders have largely reopened. Intra-Europe cross-border card-present spend is up 40 points from the trough in April through three weeks in July, another indication of the possible trajectory of the cross-border recovery when borders do reopen.

A quick review of our third quarter financial results. Net revenues declined 17% in the quarter or 16% in constant dollars. Third quarter service revenues were flat with prior year and reflect last quarter's volumes. Data processing revenues declined 5% supported by strong value-added services growth as well as acquisition-related revenue. International transaction revenues decreased 44% in line with the decline in cross-border volumes excluding volume within Europe. Other revenues declined 8% over the prior year due to value-added services impacted by the pandemic. The value-added services impacted by the pandemic include lower use of travel-related card benefits, lower marketing-related services for clients as many slowed marketing activities, and fees we waived on certain services which surged at the outset of the pandemic.

We should note that had we reported service fees without a lag our service fees would have declined 11% and reported net revenues would have dropped an additional 4.5

points to approximately 21.5%. These lower service fees will impact our reported revenues next quarter.

Before I move on, let me provide some more detail on where value-added services revenues are captured in the P&L. In the third quarter, total value-added services revenue grew in the mid-teens including acquisitions. Approximately two-thirds of our value-added services revenues are included in data processing as many of them are transaction-based revenue streams. These value-added services grew in the mid-teens driven by the strength in U.S. debit and prepaid issuer processing, CyberSource, as well as authentication and fraud services as Al highlighted. The remaining value-added services revenue is split roughly evenly between service fees and other revenue.

Value-added services and service fees also grew in the mid-teens. Value-added services recorded in other revenues grew in the mid-single digits due to acquisitions, increased use of our data products, and consulting, offset by declines in the usage of card benefits and marketing services I described earlier. Client incentives declined 2% versus last year and were 23.8% of gross revenue. As we've indicated before, the vast majority of incentives are tied to payments volumes. However, incentives declined less than gross revenue pushing up incentives as a percent of gross revenue. Let me explain why.

First, incentives are generally tied to total payments volumes and only selectively to cross-border volumes. As declines in cross-border volumes have been deeper than total payments volumes and cross-border volumes have higher yields, incentive declines lag gross revenue declines. Second, heavy renewal activity like we had in fiscal year 2019, causes incentives to grow faster than gross revenue. As a result, the decline in incentives lags gross revenue on the way down. Offsetting these factors to some degree is the service fee lag. As I mentioned earlier, service fee lag mitigated the gross revenue decline reported this quarter. This will impact us negatively next quarter.

Third quarter GAAP and non-GAAP operating expenses declined 5% as we were able to execute additional cost management initiatives, particularly in the areas of marketing and G&A. These expense reductions were achieved while sustaining investments in our longer-term growth initiatives. Acting early and decisively has helped us to reduce expenses fast. Non-GAAP non-operating expense was $118 million for the fiscal third quarter. Interest income was lower due to the sharp drop in interest rates. Interest expense was higher from our $4 billion debt issue. The non-GAAP tax rate was 19%.

Finally, some perspectives on the fourth quarter. Forecasting revenues remains a challenge in this environment. It is difficult to predict when borders will reopen and what the trajectory of the cross-border travel recovery will be post re-openings. Domestic volumes have bounced back nicely in most countries and inevitably the rate of recovery will slow. Other uncertainties include the impact of the recent spike in infections and the economic impact of stimulus payments tapering off or ending altogether around the world.

A few points to note as you model revenue growth for the next quarter. As I indicated earlier had we reported service revenues without a lag, third quarter net revenue would have declined an additional 4.5 points. This will cause fourth quarter reported net revenue growth to be lower than the third quarter absent the change in trend on key business drivers. Continued recovery in domestic payments volumes and transactions will improve the data processing revenue trend, but not reported service revenues. This will be partially offset by higher incentives related to the increasing volumes. As such the most important variable that would improve the fourth quarter net revenue growth rate is cross-border volume excluding intra-Europe.

One other point to note driven by these turbulent times: if the cross-border recovery remains sluggish through the fourth quarter, the revenue mix shift away from cross-border will persist. Adding in the impact of the service fee lag, incentives as a percent of gross revenues are likely to increase by two to three points over the third quarter levels. This percentage should normalize as cross-border volumes improve and the domestic volume recovery stabilizes.

Non-GAAP operating expenses in the fourth quarter are expected to decline roughly in line with the reductions we delivered in the third quarter. Non-GAAP non-operating expenses are expected to be around $140 million. Even with a significant COVID-19 impact, we expect to generate a very healthy level of free cash flow this year. We ended the quarter with over $17 billion of cash equivalents and investment securities on hand. With access to the commercial paper market on favorable terms and our $5 billion revolver our liquidity position remains strong.

In the third quarter, we bought back 5.2 million shares for almost $900 million at an average price of $180.47. Year-to-date, we bought back 36 million shares for $6.5 billion at an average price of approximately $180. Our dividend policy remains unchanged. Crises create both risks and opportunities. We have moved fast to mitigate risks by ensuring strong liquidity, reducing expenses while sustaining key growth investments and closely monitoring network performance, security, daily settlement, fraud and other key metrics. The crisis accelerated many favorable secular trends: the digitization of cash, the shift to e-commerce and the penetration of tap to pay.

Visa Direct momentum has remained very strong and value-added services have continued to grow in the mid-teens. Our focus remains on helping all our stakeholders, cardholders, clients, governments, regulators and of course, our own associates as they navigate through these unusual times.

With that, I'll turn this back to Mike.

Alfred F. Kelly {BIO 2121459 <GO>}

Mike, I think you're on mute. Mike, you're on mute.

Vasant Prabhu {BIO 1958035 <GO>}

Al maybe we should turn to questions. Operator, why don't we move to questions?

Alfred F. Kelly {BIO 2121459 <GO>}

So Vasant, I also understand that we had a technical issue that some people might not have heard the end of mine and the beginning of yours.

Vasant Prabhu {BIO 1958035 <GO>}

Okay.

Alfred F. Kelly {BIO 2121459 <GO>}

I'm looking for a little -- I was hoping Mike would give us a little direction whether we should summarize those points. Maybe --

Vasant Prabhu {BIO 1958035 <GO>}

Mike is suggesting we keep going.

Alfred F. Kelly {BIO 2121459 <GO>}

Okay. So maybe what I would suggest is that let me just quickly summarize what I said at the end and maybe you could talk a little bit about U.S. debit before we open it up to questions.

Vasant Prabhu {BIO 1958035 <GO>}

Okay.

Alfred F. Kelly {BIO 2121459 <GO>}

So what I said is that certainly the future is going to have uncertainty associated with it, but we continue to believe in our strategy and our growth prospects. Certainly, there were things that declined in the quarter: net revenue, EPS, overall payments volume, cross-border volume and processed transactions. But we did see growth in a number of important areas: growth in debit, growth in e-commerce volumes, growth in Visa Direct transactions, growth in tap to pay, advances in click-to-pay enablement and growth in value-added services revenue.

We also demonstrated our ability to reduce our expenses while continuing to invest in the future and we returned capital to shareholders at historic levels and retained our dividend. So net-net, we believe that our business model is resilient and we have a lot of confidence in the efficacy of our global network of network strategy. I think it would be helpful, if you'd Vasant could just comment on U.S. debit because I think a lot of people might not have heard it from what I understand.

Vasant Prabhu {BIO 1958035 <GO>}

Okay, Al. Yes. So I talked about why debit was outperforming credit. As you may have heard debit has bounced back about 30 points and is now growing at about 25% in the first three weeks of July whereas credit recovered by less than that and is still declining 9% through the first three weeks of July, whereas credit recovered by less than that and is still declining 9% through the first three weeks of July. I went through six reasons for that. I'll do those quickly.

Economic impact payments going directly into checking accounts helps debit. In times of economic uncertainty, consumers do shift spending away from money they have borrowed, to money they have in the bank. Third reason, the shift to online has caused a lot of everyday spend categories to move to e-commerce, which has favored debit, because normally debit is used for everyday purchases. Affluent customers reason number four, tend to use credit for discretionary purposes like travel, entertainment and restaurants, which have been especially hard-hit in times like these. The economic impact payments this is reason number five, were distributed using Visa prepaid cards in 20 states, including the unemployment benefits which lifted our debit growth in May and June.

And then finally, Visa Direct, which helps our debit numbers was up over 75% this quarter as a whole bunch of use cases performed really well. So I think, we'll probably stop there Al and take questions. I think we might have lost Mike, so we can take questions.

Mike Milotich {BIO 20581476 <GO>}

Jordan, are you there?

Operator

Yes, I'm here Mike.

Mike Milotich {BIO 20581476 <GO>}

Jordan, if we can go into Q&A that would be great.

Questions And Answers

Operator

(Operator Instructions) Our first question comes from Lisa Ellis from MoffettNathanson. Your line is now open.

Q - Lisa Ellis {BIO 18884048 <GO>}

All right. Good afternoon, guys. Hopefully you can hear me I guess.

A - Vasant Prabhu {BIO 1958035 <GO>}

Yes we can.

Q - Lisa Ellis {BIO 18884048 <GO>}

So I'm going to hit a topic you did not cover on the call. Al, question for you about big tech. The big tech companies are now facing elevated regulatory pressure obviously very present right now in the U.S. also in Europe related to some of their competitive practices. Can you comment on, how this regulatory scrutiny you see affecting one those firms' initiatives in payments? Like in particular, are there anything -- any practices that they're doing that you at Visa or Visa would view should be scrutinized? And then also, do you view this sort of regulatory scrutiny on big tech as a plus for the payments ecosystem and for Visa or as potentially a negative? Thank you.

A - Alfred F. Kelly {BIO 2121459 <GO>}

Well, Lisa as you might imagine, we have relationships with all of the companies that you would consider big techs. Some are a bit more extensive than others, but we certainly have relationships with all of them. I certainly can't comment and wouldn't comment on regulatory scrutiny that they are experiencing. But if it involves payments, and we can be helpful to them, or helpful to the government in either advocating or explaining what's going on we will jump into that. There was a case with a payment initiative that we had going with Facebook in Brazil in the last month, where we did just that as an example.

I think that, these big techs are -- certainly, have attracted lots and lots of users and have developed relationships with them. And some of those relationships are going to require money movement or payments capability. And we certainly want to be there, and be the partner to work with them on those particular things. And we'll leave it to them to figure out and deal with any of the regulatory issues that they're facing. And we're a phone call away, if we can be helpful. But I think in most cases, it's kind of up to them to resolve them.

Jordan, next question?

Operator

Our next question comes from Matt O'Neill from Goldman Sachs. Your line is open.

Q - Matt O'Neill

Yes. Hi. Thank you for taking my question. I was hoping you could provide some anecdotal views on what I think is probably the next leg of the sort of secular catalyst here the sort of silver lining of this pandemic, if there is one which is obviously the e-com growth has been robust. But how are the bank partners and merchant partners sort of thinking about the move back into brick-and-mortar commerce in what will inevitably be a significantly greater demand for contactless payments?

And then, if I could just have a quick unrelated follow-up. I was just wondering, if there's any update on the Plaid acquisition and any comments around the lawsuit there? Thank you very much.

A - Alfred F. Kelly {BIO 2121459 <GO>}

Well, interestingly enough as you probably could see in some of our charts as card-not-present has -- I'm sorry as card-not-present has started to work its way back it lagged obviously card-not-present it was impacted much more greatly by the pandemic. Card-not-present volumes have held up, so we're not seeing any declines there. And I think that what all issuers and anybody who's rooting for economies around the world to come back would love to see a situation where both card-not-present and card-present both bounce back and that bricks-and-mortar commerce on main streets and communities around the world continue to grow. I think the case for contactless Matt has been made. We have seen consumers and governments and merchants voting through their actions and contactless has had -- or tap to pay had tremendous momentum kind of going into COVID.

And if anything COVID had accelerated the momentum of tap to pay even in the United States, which we know has been further behind, but as I cited we've added 80,000 -- or I'm sorry, our issuers have added 80 million credentials that are tap to pay-enabled in the first six months of the year. Something like 80% of the merchant volume is -- that is occurring in the face-to-face world is occurring at terminals that are enabled for tap to pay. So I think it's going to just continue to grow everywhere around the world. And I believe that the COVID situation will help accelerate the growth here in the United States at a perhaps faster pace than it might have happened otherwise.

As for Plaid --

A - Vasant Prabhu {BIO 1958035 <GO>}

Al, I might add a couple of things. One crisis fosters innovation as you know. And if anything this has made more and more merchants focus on omni-channel commerce which CyberSource is very much in the middle of. And increasingly merchants are getting better and better at serving customers, seamlessly across bricks-and-mortar as well as e-commerce. It has also made a lot of categories that never used e-commerce become a lot better at e-commerce. And that's -- you've seen that in a lot of everyday spend categories. You've seen that with restaurants.

And more broadly across retail people have come up with more innovative ways like curbside delivery has been perfected in many ways. And that we think is going to be here with us, which is really a way where you order online but you may pick up physically. So you have one more delivery option, you can get it delivered after a day or two delay or you can get it right away by going and picking it up. So there's a lot going on. And I think the most important point that Al made was that even as we've seen card-present improve from minus 50 to minus high single-digits, card-not-present has stayed very robust continuing to grow at those mid-20s levels for quite a while now. So lots of changes underway.

A - Alfred F. Kelly {BIO 2121459 <GO>}

Matt, let me address your Plaid question. It's still pending regulatory approval. And we certainly are expecting to close by the end of the calendar year and are doing everything we can to comply with any request from the regulators that are looking at it. We are as excited about the Plaid acquisition today, as we were back in January, when we made the announcement. And we really believe we got the asset we wanted. And all of the various benefits that we have articulated in prior calls we believe are still there. Everything from the depth of their integration with fintechs, the fact that they are most attracted to a lot of fintechs that they're positioned in terms of how far along they are we believe they have the best team. And we see it as the best way to integrate into Visa.

So we're -- we remain very excited about Plaid and hopeful to close by the end of the year.

A - Mike Milotich {BIO 20581476 <GO>}

Next question please, Jordan.

Operator

Our next question comes from Darrin Peller from Wolfe Research. Your line is now open.

Q - Darrin Peller {BIO 16385359 <GO>}

All right. Hey, guys. Thanks. Just a couple of quick ones. First on the fourth quarter, fiscal fourth quarter comments. Just to clarify I think you guys are saying that the -- just the lag effect of services versus prior quarter volume would impact that line by four points. But I guess we're just wondering if the -- just given the trends we're seeing on transactions processed flattening out, shouldn't those trends be enough to offset that when it comes to growth in fiscal Q4? And then Al just bigger picture, when we think about the services, all these other value-added services you guys are doing well with I mean, do you see these sticking around post-COVID in terms of the demand you're seeing for analytics and potentially the card-not-present service fees or CyberSource?

A - Alfred F. Kelly {BIO 2121459 <GO>}

So, why don't I let Vasant answer the first piece and I'll come back and address the second piece?

A - Vasant Prabhu {BIO 1958035 <GO>}

Sure. So if you look at the various lines on the revenue line, service fees as you indicated and as we told you in the comments are known already. They're going to report service fees based on our volumes in the third quarter. And the volumes in the third quarter was hopefully the low point. And as we said had we not done a lag, our service fees would have been down 11% and total net revenue would have been down as you said in that 4, 4.5 range. So that is going to happen. That's a known fact. And even if volumes improve on the domestic front and transactions improve, the service fee number isn't going to change next quarter. So that's locked in. So when volumes do improve which we expect will be the case on domestic volumes and transactions, transactions revenues will definitely go up.

Value-added services revenues will definitely go up. But the other thing that goes up is the contra-revenue line incentives. Incentives will go up to reflect the higher volumes because we don't book incentives with a lag. Incentives will go up but the benefit of that revenue from the higher incentives we won't get on the services line -- service fee line, we will get it on -- we will definitely get it on the processing line. So there's something of an offset there. I just want you to be aware of that. But the biggest variable is going to be cross-border. If there's a change in trend in cross-border and it improves then that would be the single biggest reason to expect Q4 trends to be better than Q3, recognizing that you've got pressure going in the other direction from the service fee lag. So there's some complexity created by these things because of the turbulent times we're in. We've tried to help you with it.

And hopefully, we can help you some more if you like answer more questions later on.

A - Alfred F. Kelly {BIO 2121459 <GO>}

And Darrin on your second question, I'm very bullish on what's going to happen with value-added services in a post-COVID world. First of all two-thirds of our value-added service is a platform-type services, CyberSource issuer processing risk and fraud. The need for those is going to continue. And if anything the volumes and transactions that will run through those will go up.

Where we've seen some declines are in travel-related card benefits which is going to get better as travel comes back. We've also waived some fees because of the pandemic. And once we're past the pandemic, we won't waive those fees as readily, so that volume will go up. Travel-related benefits will go up, as I said, as travel comes back. So I see value-added services being very well positioned coming out of COVID and feel very good about the contribution they'll make and how they'll continue to diversify our revenue profile over time.

A - Vasant Prabhu {BIO 1958035 <GO>}

Yes. I think the other things to add there, three of our largest value-added services we think are going to sustain their growth which has already accelerated. Our issuer processing business, which is directed towards debit. Debit has become the engine for cash conversion right now. Debit growth rates as you saw are 25% in the first three weeks of July. So as long as debit growth rates are at an accelerated level, the issuer processing business will clearly have high growth rates. CyberSource always benefits from the shift to e-commerce. And now with their focus on omni-commerce, CyberSource clearly is benefiting from the shift.

And then, finally our risk and fraud services, certainly benefit as things move more to e-commerce which is where fraud is an area that we can really help a lot on. So they're reasons to believe that higher growth rates can sustain post-COVID.

A - Mike Milotich {BIO 20581476 <GO>}

Next question, Jordan.

Operator

Our next question comes from James Friedman from Susquehanna. Your line is now open.

Q - James Friedman {BIO 20091873 <GO>}

Hi, thank you. Al in your prepared remarks you shared some P2P growth characteristics. You were going kind of quick there. I -- that disclosure was new at least to me. But I was wondering if you could repeat what you said and also at the same time share some use cases about how you're seeing the P2P applications develop?

A - Alfred F. Kelly {BIO 2121459 <GO>}

Well, what I said in my remarks was that P2P is up almost 80% in third quarter and in Latin America -- that was in the United States I'm sorry up 80% in the third quarter. And in Latin America there we saw progress with two different apps -- P2P apps in Peru where we saw a nearly 400% increase in transactions in Q3 over the prior quarter Q2.

We've got this tremendous track record of working with P2P providers. And as we said in the past, we were heavily skewed toward the United States and Russia. But we're -- and where we have relationships with most of the big P2P providers; Square Cash, Venmo, Zelle etcetera, I think that now we're seeing our P2P capability through our Visa Direct platform becomes something that people are looking to us for as P2P applications are developing in other countries around the world.

A - Vasant Prabhu {BIO 1958035 <GO>}

Since we had some issues earlier we'll run longer. So we'll probably go for at least 10 minutes past the hour.

Operator

Our next question comes from Craig Maurer from Autonomous Research. Your line is open.

Q - Craig Maurer {BIO 4162139 <GO>}

I was hoping Vasant, you could comment on if we see cross-border -- the cross-border recovery continue to stagnate into next year and domestic volume continue to pick up intra-Europe cross-border continue to pick up where should we be thinking about incentives as a percentage of gross revenue going? What's the risk to next year in terms of upside from that percentage? And then perhaps, Al maybe a comment or two on the renewal of the Durbin Amendment version 2 or 3 whatever we're at this point and EPI in Europe? Thanks.

A - Vasant Prabhu {BIO 1958035 <GO>}

Yes. In times like these I think it's not easy to make long-term projections clearly. In terms of cross-border and its recovery yes it's possible I suppose that it remains sluggish. It all depends on borders reopening. Wherever borders have been opened or the restrictions have not been significant, we've seen some pretty quick recoveries.

So to the extent that there are borders reopening, it may not be globally but there could be corridors opening up as we're already hearing Australia, New Zealand you've seen that it's mostly open across the EU. It's starting to open in other geographies within regions. So it's not black and white, I think in terms of the cross-border recovery. You could see some changes in travel patterns because of how countries open up. But if cross-border remains depressed certainly the mix won't help us. And that will cause the percentage of incentives to gross revenue to stay higher than what you might call -- what it would might have been normalized mix of earnings -- of revenues.

The other factor that's influencing it is probably most acute in the fourth quarter which is the service fee lag. Normally our service fees from one quarter to another don't have such significant swings because our business tends to be quite stable, so that service fee lag effect will moderate. So, I think the best way to describe it is, it will probably normalize from the levels you see in the fourth quarter. It will certainly normalize because of service fee stabilizing. It will probably normalize some because the cross-border business will recover in corridors, but we'll wait and see how fast cross-border normalizes.

A - Alfred F. Kelly {BIO 2121459 <GO>}

Let me address your other two questions you asked about Durbin. Visa is fully compliant with all the requirements of the Durbin Amendment. And we don't have any rules or requirements or other restrictions that inhibit a merchant's ability to select their routing decisions make the routing decision of their choice. And merchants are free and often do route to various unaffiliated networks enabled on a debit card. So that would -- I think we're in good shape as it relates to Durbin.

EPI, we have a history of dealing with either regions or groups of countries or countries developing their own scheme or intra-market network. It's something that we're very, very used to dealing with. We do know though that developing a network is not an inexpensive thing to do and it's not a onetime investment. You have to continue to push and invest and innovate and be creative to stay ahead as it relates to all the elements of security, fraud prevention, risk, authentication etcetera. And so we will continue to monitor and engage constructively with regulators and banks in Europe on EPI. But on the other hand, we're going to continue to invest heavily behind our various networks to make them as good as they could possibly be. And we will be continuing to focus on making sure that our clients know the benefits that they can obtain by doing business with us and running on our networks.

A - Mike Milotich {BIO 20581476 <GO>}

Next question please, Jordan.

Operator

Our next question comes from Tien-Tsin Huang from JPMorgan. Your line is open.

Q - Tien-Tsin Huang {BIO 6065319 <GO>}

Hey thanks. I just want to ask on the spread in U.S. debit and credit I know you went through it a couple of times Vasant. But it's wider than what we saw in 2008, 2009. So is there a way to try and quantify how much of the debit outperformance we can attribute to secular versus stimulus benefits? And curious, also, I just want to make sure any impact on yield differences between the two products. I don't think so, but just wanted to make sure.

A - Vasant Prabhu {BIO 1958035 <GO>}

Yes. There are some modest yield differences depending on parts of the world and so on. I don't think you should view that as a huge factor. In terms of the reasons that might stick as we go ahead, I think we went through five reasons. One, the economic impact payments and unemployment benefits being distributed on Visa prepaid cards, clearly, that's linked to the crisis and probably is not something that will continue. Affluent customers putting off some discretionary items like travel entertainment and restaurants, which has hit credit in particular, that probably normalizes over time, so that you can attribute to COVID. The propensity for people to spend money -- spend the money they have versus money from -- borrowed money that is something you do see in times of uncertainty.

And then, some of the economic incentive impact payments going into checking accounts, clearly, has helped debit. But there's a few others that are clearly sticking. The fact that Visa Direct is still going very strong, that has been helping debit for a long time and we'll continue to do that. The fact that debit has become the mechanism for cash conversion to digital in everyday spend categories and in just about -- in most categories, which have seen a big increase in e-commerce has benefited debit, I think some of that sticks. So I think the best way to describe it is that, the acceleration of cash conversion has disproportionately helped debit and that is most likely going to stick.

A - Alfred F. Kelly {BIO 2121459 <GO>}

And Tien-Tsin, it's Al. I would only add that I think the -- if I look back, same observation you do about the 2008, 2009 time frame. But e-commerce is just much, much bigger and it just appears that people who are doing card-not-present e-com non-travel are using their debit cards much more than their credit cards.

A - Mike Milotich {BIO 20581476 <GO>}

Next question, please.

Operator

Our next question comes from David Togut from Evercore. Your line is open.

Q - David Togut {BIO 1496355 <GO>}

Thank you. Good afternoon. Could you parse out some of the drivers of the 36% decline in international transaction revenue yield? I imagine a lot of that's just the big drop in cross-border travel. But if you could help us think through the drivers in terms of how much might be inter-European versus debit? And how should we think about international transaction revenue yield going forward?

A - Vasant Prabhu {BIO 1958035 <GO>}

Yes. So I think it's very important to continue to point people to the decline of cross-border volumes, excluding intra-Europe volumes. The decline was roughly -- was 47% in cross-border constant dollar volumes excluding intra-Europe. So the revenue decline is, roughly as you can see, in line with that. The reason being that -- and if you look at total cross-border volume that includes intra-Europe. Intra-Europe looks more like a domestic transaction. In fact in our international revenue line, the contribution from intra-Europe transactions is very small. The international revenue line is driven almost entirely by volume excluding intra-Europe.

Now there's a few other things there that can have an impact. Exchange rate shifts can. Changes in currency volatility can. So that explains -- and then, some small changes in mix in terms of which corridors are doing better than others, because of some yield differences across corridors. But that explains the 44% decline in revenues versus the 47% decline in volumes ex intra-Europe. But as you can see watching that volume line ex intra-Europe is the best indicator and that's what you should focus on.

Q - David Togut {BIO 1496355 <GO>}

Got it. And just as a quick follow-up, could you just comment on the 10% growth in processing transaction yield year-over-year and thoughts going forward?

A - Vasant Prabhu {BIO 1958035 <GO>}

Right. There's two factors driving it. One is that, cross-border transactions have held up a little better than cross-border volume. So the mix has helped a bit, because cross-border transactions for processing have a higher yield. And the second is we have value-added services and some acquisitions in that line. And as you heard, value-added services are growing in the mid-teens in that line. So those two things have helped data processing yields go up.

Q - David Togut {BIO 1496355 <GO>}

Much appreciated.

A - Mike Milotich {BIO 20581476 <GO>}

Next question, please.

Operator

Our next question comes from Dave Koning from Baird. Your line is open.

Q - Dave Koning {BIO 7310416 <GO>}

Yeah. Hey, thanks guys. And I guess following up on that last question, you said that the ex-intra-Europe volume down 47% but 44% revenue decline. Is that gap going to change much? I know FX volatility probably helped a little bit in Q3 to make revenue a little better than the volume decline. But are there any other kind of yield factors in there other than FX volatility to think about?

A - Vasant Prabhu {BIO 1958035 <GO>}

The variables that can make a difference there, first of all the 44% to 47% is a relatively small delta. There'll always be some differences between the two. They won't match each other precisely. But you're right, currency volatility is one factor. Another factor would be mix. Certain corridors can have better yields than others. So if the recovery of cross-border favors higher-yielding corridors, you can have something of a difference. But other than that, it should track pretty closely to volumes, ex intra-Europe volumes.

Q - Dave Koning {BIO 7310416 <GO>}

Okay. Well, thank you.

A - Mike Milotich {BIO 20581476 <GO>}

And Jordan, we'll take one last question.

Operator

Our last question comes from Harshita Rawat from Bernstein. Your line is open.

Q - Harshita Rawat {BIO 18652811 <GO>}

Hi, thank you for taking my question. Al, can you expand upon your recent conversations with regulators and governments? Now on one hand some merchants are lobbying for lower fees in this crisis and I understand that's not a new phenomenon. But then there are very real benefits of digital payments, especially in this current environment. So just -- can you just talk about how your conversations with regulators and governments are evolving in this crisis? Thanks.

A - Alfred F. Kelly {BIO 2121459 <GO>}

Look, I think like many people governments are finding themselves in uncharted territory here. And they're all well intentioned trying to figure out the right things to do. Our biggest piece of advice to governments as it relates to core payments is to do no harm at the moment. I mean, right now I think the less amount of moving parts, as we're fighting through this pandemic is the best answer for everybody. This is not a time for any kind of changes.

Governments are also increasingly talking to us in terms of looking for information that we have in terms of trends, because they're trying to understand what's happening in their economies. And in many ways, we could get them real-time picture of what's going on faster than they can get it themselves. And the last thing, I would say is that, there's a lot of interest in the form of governments to become more role models in terms of what they want to see in their countries from a digital adoption point of view. And so as they are -- have ginned [ph] up stimulus programs, unemployment programs, thank-you programs, and all kinds of other things, they're looking to Visa to help advise them on how they could distribute funds digitally as opposed to cutting checks. So, I think my view at the moment is that governments have -- are being very, very thoughtful and reasonable in terms of what they're saying, and they're also being good listeners. And so, we're going to continue to do our job to provide them with whatever information they need and to provide them with whatever advice and counsel we can provide to be helpful to them both in their role as governments, and setters of laws as well as in their role as potential clients for various Visa services.

Before we close out, one of the things I gather that did not -- when we had a little blackout with -- in terms of the transmission was I did before I closed make a comment about the race situation in the country and around the world. And I'd like to just cite that again. For four centuries, Black and African-American women and men have experienced incredible forms of social injustice and discrimination. And it's offensive, it's frustrating and it's unacceptable and it has to stop.

At Visa, we've committed to do our part. We recently announced the next steps in our journey to drive inclusion and diversity across our company. We announced a number of actions, including the establishment of a Visa scholars and jobs program. But very importantly, last week we announced that we're committing to increase the number of underrepresented U.S. vice presidents and above by 50% in the next three years and increase the number of underrepresented U.S. colleagues within Visa overall by 50% in the next five years. We want to do our part to eradicate the social injustice in the world. It's way past time that that has to be the case.

With that, thank you to everybody. Mike, did you want to --

A - Mike Milotich {BIO 20581476 <GO>}

Yes. Thank you, Al. So yes, once again, I apologize for the technical challenges. We will make sure that the replay that's on our website as well as the transcript reflect everything. And if you have additional questions of course feel free and reach out to us here on the Investor Relations team and we're happy to help you. So, thanks so much and have a great day.
