



Visa Criteria for Assessment of Clients in Australia

I. INTRODUCTION

Application for and acceptance of participation in Visa Worldwide Pte. Ltd. (VWPL) payment arrangements shall bind the applicant to abide by the provisions of the *Visa Rules* in effect from time to time. Upon acceptance of an applicant for participation in Visa Worldwide Pte. Ltd. pursuant to the criteria set forth herein, such applicant shall be deemed a client of Visa Worldwide.

The Visa programs comprise of card issuance (credit, debit and prepaid), acquiring, ATM Program (Plus) issuance and ATM program acquiring. Further, such clients are subdivided into Principals, Associates and Participants based on the scope and assumed responsibility for each program.

It is the expectation that all clients shall perform in a sound and safe manner all requirements of *Visa Rules* and any documents referenced or incorporated therein, as amended from time to time. Clients may change their classification upon proper qualification pursuant to the *Visa By-Laws*, prior written notice to Visa, and Visa's consent.

The interpretation and application of the criteria below follow the principles of non-discrimination, transparency, proportionate assessment and market access, in accordance with Australian laws and regulations.

The information provided by the applicant should be treated as confidential and may be disclosed by Visa only to the extent necessary to check its accuracy.

Types of Participation

A Visa client may be any of the following:

- **Principal**. Principal clients have full liability to Visa for the financial obligations they incur as part of their Visa payment arrangement, and as such must be assessed by Visa to have adequate financial resources and processes to meet these responsibilities. Principals may qualify to sponsor Associates and Participants into the Visa payment system based on Visa standards. If they do so, they will be responsible for all reporting and financial obligations to Visa on behalf of their Associates and Participants. Principal clients may sponsor one or multiple Associate and Participants with Visa's prior approval.
- **Associates**. Associates must have a Principal sponsor willing to assume responsibility for handling with Visa, all reporting, financial obligations, and ultimate liability for their Visa payment system activity related to its operations with Visa payment arrangements. The Principal must certify to Visa their sponsorship of an Associate at the time of their initial application and for each and every Visa payment



arrangement activity the Associate undertakes. Associates may have a different Principal sponsor for different Visa payment arrangements; and each arrangement must be specifically linked to a Principal. Associates may manage their own payment programs including directly managing all transactional set ups.

- **Participants.** Participants must have a Principal sponsor willing to assume responsibility for handling with Visa, all reporting, financial obligations, and ultimate liability for their Visa payment system activity related to its operations with Visa payment arrangements. The Principal must certify to Visa their sponsorship of a Participant at the time of their initial application and for each and every Visa payment arrangement activity the Participant undertakes. Participants may have a different Principal sponsor for different Visa payment arrangements; and each arrangement must be specifically linked to a Principal. Participants must operate under programs managed by their Principals but are allowed to feature their brand to their customers.

II. ASSESSMENT CRITERIA FOR VISA CLIENTS

A. Principals

1. Business Operations and Financial Information Criteria:

Potential risks addressed in this section

- ✓ Inability to satisfy all obligations associated with Visa business including meeting commitments to all stakeholders involved in transaction – cardholder, merchant, issuing entity, acquiring entity
- ✓ Inability to settle all Visa transactions
- ✓ Potential for insolvency
- ✓ Reputational damage to Visa Inc and its brand

- Provide a sound business description with a detailed description of the applicant’s plan regarding its planned payment activities (Visa Program), including:
 - The services currently provided by the applicant or to be provided in the following three years.
 - The size/capacity of customers (companies, small companies, niche companies, etc.).
 - Applications from entities already acquiring in the market as a Third Party Agent, Processor, Payment Facilitator or other, must provide a full list of existing customers and corresponding payment volumes for each customer over the previous 12 months.
 - Geographic market (priority regions in the first three years).
 - Corporate structure of the applicant and its economic group, specifying shareholding and controlling power, description of the subsidiaries with the total of assets, equity capital, net revenues in US dollars of each of the companies and description of the associated companies



within the applicant's economic group with such companies' contribution to the group in terms of size and profitability, as well as any of its obligations with the group.

- Short term goals and strategic long-run purposes (5 years).
 - Specify activities, as applicable, for example card segmentation plans, POS, e-commerce, others.
 - Total composition ratio of capital by economic sector and loans sourcing.
 - Market opportunities to expand or strengthen the payment market that justify the license request.
 - Competitive advantages (for example, if the company provides services as payment/account conciliation; inventory control for e-commerce companies; credit line for working capital tied to sales); or uses innovative technologies (PIN/PAD; Tokenization, etc.).
 - Details of Australian domestic business presence and plans for engagement with Visa and specific market stakeholders (for example, headquarter address, number of branches and agencies, affiliate entities, number of employees and function/role types).
 - Other requirements considered relevant during the proposal evaluation.
- Demonstrate that applicant's management, resources (including investment in the relevant business and financial wherewithal to support), and operational plans support a reasonable expectation that it will be able to meet its Visa Program projections and operate successfully in the Visa system.
 - Demonstrate ability to comply with general financial soundness principles (to be assessed at the time of application as well as assessed throughout the time when they hold a license) on a regular basis but, in any event, not less than once per year or as law requires. In reviewing such financial soundness principles the following documentation will be examined:
 - Title Documents (Certificates of Incorporation, Memorandum and Articles of Association or other such similar documents).
 - Audited financial statements for the last three fiscal years prepared by a major accounting firm in accordance with the International Financial Reporting Standards including detailed notes to the accounts and the auditor's opinion.
 - Report from major rating agencies, where applicable.
 - Information about the quality of assets, total gross loans, overdue loans, loan loss reserves and the aging of their past due loans.
 - Composition of any investment portfolio.
 - Loans to shareholders, directors or related third parties.



- Capital composition, broken down by capital categories as defined by the BASEL Accord (i.e. Tier 1, Tier 2 and Tier 3) – only applies to Financial Institutions
- Three banking references from institutions acceptable to Visa.
- Other financial and legal documentation as may be required by Visa.
- Have the technical ability to connect to Visa’s technology infrastructure (VisaNet) or confirmation of the ability / intent to appoint a VisaNet processor (Agent) who will connect to Visa’s technology infrastructure (VisaNet).
- Have a settlement account as indicated in the Visa Rules and follow sound settlement practices to ensure the smoothness of the Visa Payment System.
- Complete Visa procedural requirements including applications, providing signatures and paying fees to commit to terms and conditions of participation and license agreements.
- Demonstrate commitment to and compliance with Visa Rules.

Note: Visa conducts a financial review of applicants, which includes but is not limited to, an evaluation of capital adequacy, asset quality, management quality, earnings, and liquidity. This review is proportionate to the Visa Program plan and must demonstrate sufficient capital and financial capacity, including ample liquidity to absorb the potential settlement risks deriving from the intended payment activity. Visa will ascertain at its own financial standards the necessary financial capacity of the applicant to undertake the proposed Visa activity.

2. Anti-Money Laundering and Terrorist Financing Criteria

Potential risks addressed in this section

- ✓ Inability to control for Money Laundering in accordance with Australian and globally-recognized conventions
- ✓ Inability to control for Terrorist Financing in accordance with Australian and globally-recognized conventions

- Provide full details of the institution’s ownership and control, including details of its beneficial ownership, to allow Visa to assess any risks related to those with significant influence over the institution’s direction and activities.
- Demonstrate the existence of a robust anti-money laundering (AML), anti-terrorist financing (ATF) and sanctions compliance program that meets Visa standards including:



- A designated AML officer.
 - Internal controls/policy/procedures (including customer due diligence and suspicious transaction monitoring and reporting).
 - An independent review mechanism of AML controls, policies, and procedures.
 - Employee training on AML controls, policies, and procedures.
- In reviewing this aspect, Visa examines details submitted by the applicant in a tailored questionnaire, along with information available on a number of public and proprietary databases. For applicants which fall into Visa's 'non-FI' category, Visa also examines copies of the applicant's AML Policy and Procedures documentation and a copy of the report from the most recent independent audit of the applicant's AML program.

3. Data Security Criteria

Potential risks addressed in this section

- ✓ Unauthorised access to personal and commercial data
- ✓ Unauthorised use of personal and commercial data
- ✓ Fraud

- Demonstrate ability to comply with bank secrecy assurance / data protection standards.
- Conduct business and operations in a way judged compatible with Visa's corporate reputational standards, such as but not limited to, demonstration of policies and procedures for examination for the payment programs the organisation intends to implement as follows:
 - Fraud and security controls.
 - Corporate and ethics governance.
 - Sound business practices.
 - Business strategy.
 - Business continuity.
 - Information consistency and security.
 - Information conciliation.
 - Services availability.



B. Associates

1. Business Operations and Financial Information Criteria:

Potential risks addressed in this section

- ✓ Inability to satisfy all obligations associated with Visa business including meeting commitments to all stakeholders involved in transaction – cardholder, merchant, issuing entity, acquiring entity
- ✓ Inability to settle all Visa transactions
- ✓ Potential for insolvency
- ✓ Reputational damage to Visa Inc and its brand

- Provide a sound business description with a detailed description of the applicant’s plan regarding its planned payment activities, including:
 - The services currently provided by the applicant or to be provided in the following three years.
 - The size/capacity of customers (companies, small companies, niche companies, etc.).
 - Applications from entities already acquiring in the market as a Third Party Agent, Processor, Payment Facilitator or other, must provide a full list of existing customers and corresponding payment volumes for each customer over the previous 12 months.
 - Geographic market (priority regions in the first three years).
 - Corporate structure of the applicant and its economic group, specifying shareholding and controlling power, description of the subsidiaries with the total of assets, equity capital, net revenues in US dollars of each of the companies and description of the associated companies within the applicant’s economic group with such companies’ contribution to the group in terms of size and profitability, as well as any of its obligations with the group.
 - Short term goals and strategic long run purposes (5 years).
 - Specify activities, as applicable, for example card segmentation plans, POS, e-commerce, others.
 - Total composition ratio of capital by economic sector and loans sourcing.
 - Market opportunities to expand or strengthen the payment market that justify the license request.
 - Competitive advantages (for example, if the company provides services as payment/Account conciliation; inventory control for e-Commerce companies; credit line for Working Capital tied to sales); or uses innovative technologies (PIN/PAD; Tokenization, etc.).



- Details of Australian domestic business presence and plans for engagement with Visa and specific market stakeholders (for example, headquarter address, number of branches and agencies, affiliate entities, number of employees and function/role types).
 - Other requirements considered relevant during the proposal evaluation.
- Demonstrate that applicant's management, resources (including investment in the relevant business and financial wherewithal to support), and operational plans support a reasonable expectation that it will be able to meet its Visa Program projections and operate successfully in the Visa system.
- Demonstrate ability to comply with general financial soundness principles (to be assessed at the time of application as well as assessed throughout the time when they hold a license) on a regular basis but, in any event, not less than once per year or as law requires. In reviewing such financial soundness principles the following documentation will be examined:
 - Title Documents (Certificates of Incorporation, Memorandum and Articles of Association or other such similar documents).
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- Information about the quality of assets, total gross loans, overdue loans, loan loss reserves and the aging of their past due loans.
- Composition of the investment portfolio.
- Loans to shareholders, directors or related third parties.
- Capital composition, broken down by capital categories as defined by the BASEL Accord (i.e. Tier 1, Tier 2 and Tier 3) – only applies to Financial Institutions
- Three banking references from institutions acceptable to Visa.
- Other financial and legal documentation as may be required by Visa.
- Demonstrate commitment to follow Visa Rules; if already a participant in the Visa system in other geographies demonstrated compliance under their current agreements to Visa rules and policies



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Potential risks addressed in this section

- ✓ Inability to control for Money Laundering in accordance with Australian and globally-recognized conventions
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- Demonstrate the existence of a robust anti-money laundering (AML), anti-terrorist financing (ATF) and sanctions compliance program that meets Visa standards including:
 - A designated AML officer.
 - Internal controls/policy/procedures (including customer due diligence and suspicious transaction monitoring and reporting).
- An independent review mechanism of AML controls, policies, and procedures.
- Employee training on AML controls, policies, and procedures.
- Demonstrate ability to comply with bank secrecy assurance / data protection standards.
- Conduct business and operations in a way judged compatible with Visa’s corporate reputational standards, such as but not limited to, demonstration of policies and procedures for examination for the payment programs the organization intends to implement as follows:
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C. Participants

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Timeframes:



Visa will provide a decision on complete applications within six months of all documentation being received from applicants.

How to apply:

To commence the application process, please contact your Visa representative or APCEMEALicensing@visa.com. Please note, applications can only be assessed once full details have been provided to Visa Inc.