

June 21, 2016

Via Email

Technical Director
File Reference No. 2016-240
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2016-240

Request for comments on Exposure Draft of Proposed Accounting Standards Update Technical Corrections and Improvements to Update No. 2014-09, Revenue from Contracts with Customers, or “the proposed update”

Visa Inc. is a global payments technology company that connects consumers, businesses, financial institutions and governments in more than 200 countries and territories to fast, secure and reliable electronic payments. We operate one of the world’s most advanced processing networks which facilitates authorization, clearing and settlement of payment transactions worldwide.

We appreciate the opportunity to comment on the proposed update. Our response to the question relevant to Visa posed in the Exposure Draft is provided below.

Question 5: The proposed amendments would provide an additional practical expedient to the disclosure of remaining performance obligations in specific situations in which an entity need not estimate variable consideration to recognize revenue. Would the addition of this practical expedient diminish the usefulness of the disclosure information? If yes, please explain why. Would the proposed amendments reduce the cost and complexity of applying Topic 606? If not, why? Are there other situations in which an entity would be required to estimate variable consideration for disclosure but not for purposes of recognizing revenue? (Issue 6)

We support the proposed amendment to provide a practical expedient that an entity need not disclose the remaining performance obligations for specific situations in which an entity need not estimate variable consideration for revenue recognition purposes. While we believe the required disclosure under the new revenue standard could be relevant and useful for many industries, the information to be disclosed by the payments industry would be incomplete and would likely not be meaningful to financial statement users. To a user who is unfamiliar with the disclosure and our industry we are concerned that this disclosure may even be misleading. Thus, the additional practical expedient would result in more meaningful disclosures for readers of our financial statements.

First, we would not include any estimated amounts of variable consideration that are “constrained”, as defined in ASC 606-32-11 through 13. The transaction prices in our contracts typically consist of variable considerations that are based on the number of transactions and the

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gross dollar volume of consumer spending on our branded products, which is highly susceptible to uncertainties and factors outside our control. In fact, more than 90% of our gross revenue is considered variable. Therefore, this disclosure would only reflect a small portion of our expected future revenue and performance obligation. Further, we would apply the practical expedient under ASC 606-10-50-14 to exclude future revenues from certain contracts where we recognize revenue in the amount to which we have a right to invoice. As such, the remaining performance obligations that would be included in the disclosure would be incomplete, not meaningful and could lead to misinterpretations of our future performance. We reached out to members of our investor community to get their feedback on the disclosure requirements as applied by the payments industry and their response was that the information didn't seem very useful due to our contract construct and they would likely disregard the information. This seems to indicate that the information would not have much benefit to financial statements users.

We appreciate the opportunity to submit our views to you. If you have any questions about our comments, please contact me at (650) 432-8165.

Sincerely,

/s/ James H. Hoffmeister
Global Corporate Controller and Chief Accounting Officer

cc: Vasant Prabhu, Chief Financial Officer
Tracey Heaton, Chief Counsel