RESOLVED: Shareholders of Visa Inc. (“Visa”) request the Board of Directors issue a report, at reasonable expense and excluding proprietary information, on the risks to Visa from mounting public scrutiny of the role played by credit card issuers and payment networks in enabling purchases of firearms, ammunition, and accessories used to commit crimes, including mass shootings, and the steps Visa is taking to mitigate those risks.

Supporting Statement:

Gun violence has become one of the highest-profile public policy issues in the U.S. Increasingly, efforts to stem gun violence are focusing on the roles played by intermediaries, including banks and payment networks, in the firearms business. Following the mass shooting at Marjory Stoneman Douglas High School, banks faced pressure to use their leverage to promote limits on gun sales. Citigroup announced a policy that banking, credit card, lending and underwriting clients could not sell firearms to anyone under 21 or who has not passed a background check. (https://www.nytimes.com/2018/03/22/business/citigroup-gun-control-policy.html) Bank of America stopped lending to companies that manufacture “military-inspired firearms,” such as AR-15-style rifles used by many mass shooters, for sale to civilians. (https://www.nytimes.com/2018/04/10/business/bank-of-america-guns.html?module=inline)

A 2018 investigation by The New York Times found that mass shooters often use credit cards, in some cases obtaining multiple new credit cards, to finance large, unusual purchases of weapons, ammunition and accessories in the days and weeks leading up to the shooting. (https://www.nytimes.com/interactive/2018/12/24/business/dealbook/mass-shootings-credit-cards.html) The Times article asserted that payment networks are “uniquely positioned to see, if [they] chose to do so, a potential killer’s behavior in a way that retailers, law enforcement officials, concerned family members or mental health professionals cannot,” pointing out that they have systems in place to quickly identify fraudulent transactions and crimes such as money laundering and financing terrorism.

Reports indicate that preliminary discussions have taken place among banks and credit card companies about identifying gun purchases. One large bank, according to The Wall Street Journal, said it had discussed with officials a law that would require retailers to report certain firearms-related purchases made with credit cards. (https://www.wsj.com/articles/banks-card-companies-explore-ways-to-monitor-gun-purchases-1525080600?ns=prod/accounts-wsj; https://thepointsguy.com/news/banks-credit-companies-monitoring-gun-purchases/) New York State Comptroller Tom DiNapoli has urged banks and payment processors, including Visa, to reclassify firearms transactions as high-risk, arguing that continued association with such
purchases could lead to “widespread negative publicity and reputational harm.”

As well, there is a precedent for refusing to process payments for particular kinds of purchases. PayPal, Apple Pay, Square and Stripe do not permit their payment services to be used for gun sales, and payment companies do not process payments for online pornography. (https://www.marketwatch.com/story/could-credit-card-companies-ban-gun-sales-2018-02-23) Until 2014, Authorize.Net, a payment gateway owned by Visa and used exclusively for online purchases, refused to process payments for firearm sales. (https://taskerpaymentgateways.com/authorize-net-and-on-line-firearms-sales/)

Given the widespread public debate, we believe that shareholders would benefit from disclosure regarding how Visa is evaluating and managing the risks. Visa currently provides no disclosure on the issue in its SEC filings or Corporate Responsibility & Sustainability Report.

We urge shareholders to vote FOR this proposal.