American Express Ecosystem

American Express Company
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New York, New York 10285
Phone: (212) 640-2000: Website https://www.americanexpress.com/

Outside Relationships

Regulators

Key Subjects of Financial Services Regulation

Financial Service Regulators
- *Fed: Board of Governors of the Federal Reserve System*
- *OCC: Office of the Comptroller of the Currency*
- *FDIC: Federal Deposit Insurance Corporation*
- *CFPB: Consumer Financial Protection Bureau*
- *Treasury: U.S. Department of the Treasury*
- *Others: Various Foreign Financial Supervisory Regulators*

Banking Regulation
- Activities, Acquisition and Investments (Fed and OCC)
- Supervision , Regulation and Examination of Banking Holding Companies (Fed, OCC and CFPB)

Capital and Liquidity Regulation
- Capital Adequacy, Liquidity and Risk Management Requirement (the Fed)

Stress Testing and Capital Planning (the Fed)

Dividends and Other Capital Distributions (the Fed and OCC)

Resolution Planning (the Fed and FDIC)

Other Banking Regulations
- Deposit Insurance (FDIC)
- Community Reinvestment (OCC)

Consumer Financial Products Regulation (CFPB and Others)
- Credit, Savings, and Payment Services and Products
- Debt Collection Practices
- Disclosure Laws

Payments Regulation (Other)
- Operation of Merchant Acquirers and Payments Networks, including
- Interchange Fees Payable by Merchants
- Pricing of Card Issuers

Privacy, Data Protection and Governance; Information and Cyber Security (U.S., California and Various Forum Regulators)

Compensation Practices (Fed)

Anti-Money Laundering, Sanctions and Anti-Corruption Compliance
- Reporting of Suspicious Transactions and Recording Keeping Requirements (Treasury)
- Prohibition on Bribes of Foreign Government Officials (Other)
- Prohibition of Business Transactions with Terrorists and Narcotics Traffickers (Treasury/Office of Foreign Asset Control)

Key Subjects of General Business Regulation
- Labor and Employment Matters (Regulation of wages, taxes, pension and retirement plans, fiduciary rules)
- Antitrust, Data Security, and Anti-Bribery Law Enforcers (Antitrust; Cyber Security, and Data Privacy Regulation; Anti-Bribery Law)
- Internal Revenue Authorities (Regulation of Income, Payroll, Withholding Taxes, and Other Taxes)
- Patent, Copyright and Trademark Agencies (Patent, Copyright, and Trademark Registrations, Renewals, Enforcement)

Capital
- Public Debt Holders
- Commercial Banks
- Hedge Counterparties

Suppliers

Customers

Individual Customers (Card Holders)
- U.S. Individual Consumers
- Non-U.S. Individual Consumers

Commercial Customers (Card Holders)
- Small Businesses
- Mid-sized Companies
- Large Corporations

Lianlian DigiTech Co. Ltd. (Chinese Joint Venture Partner)

American Express Global Business Travel Company (Business Trave-Related Services Joint Venture with Certares Investor Group—Qatar Holding, BlackRock, Certares, and Macquarie Capital)

Bond Financing

Working Capital Financing

Foreign Currency and Interest Rate Derivatives and Hedge Arrangements

Financial Services Regulation

Issuance of Charge Cards, Cash Advances/Loans, and Delivery of Rewards and Travel- and Lifestyle-Related Services

Issuance of Charge Cards, Cash Advances/Loans, and Delivery of Rewards and Card Member Services

Payments and Expense Management Services

Commercial Financings

Mainland China Joint Venture for Transaction Processing and Network Clearing

Joint Venture for the Operation of American Express Global Business Travel Company (one of the world's largest travel agency networks with locations in 139 countries offering travel reservations and arrangements, consulting services, proprietary research, and end-to-end meetings and events capabilities)

General Business Regulation

American Express Company (New York Corporation)

Debt Structure

Commercial Loans ($1.878B)
- Short-Term Borrowings @ 0.61% ($1.878B)

Other Financings ($345M)
- Finance Leases @ 5.54% ($17M)
- Floating Rate Borrowings @ 0.42% ($328M)

Long-Term Debt ($42.952B)

American Express Company	American Express Credit Corp.	Lending Trust
2021-24 Fixed Rate Senior Notes @ 3.25% ($18.251B)	2021-27 Fixed Rate Senior Notes @ 2.38% ($6.746B)	2021-23 Fixed Rate Senior Notes @ 2.74% ($8.325B)
2021-23 Floating Rate Senior Notes @ 0.84% ($4B)	2022 Floating Rate Senior Notes @ 0.93% ($300M)	2021-23 Floating Rate Senior Notes @ 0.51% ($4.125B)
2024 Fixed Rate Subordinated Notes @ 3.63% ($0.599B)		2021-202 Fixed Rate Subordinated Notes @ 2.80% ($246M)
		2021-23 Fixed Rate Subordinated Notes @ 0.73% ($79M)

***Credit Ratings* (Senior Secured Long Term)**

Fitch: *A*
Moody's: *A3*
S&P: *BBB+*

Equity Structure

Equity ($22.984B @ 12/31/2020)

Share Repurchase Program	Preferred Stock Authorized: 20M		Common Stock
	Class B	Class C	
Authorized: $440 Million (the maximum amount permitted by the Federal Reserve Board) *Expiration: None* *Balance: $102 Million*	*Issued: 750 Shares* *Fixed Dividend Rate: 5.20%* *Floating Dividend Rate: 3-month LIBOR+ 3.428%*	*Issued: 850 Shares* *Fixed Dividend Rate: 4.90%* *Floating Dividend Rate: 3-month LIBOR+ 3.285%*	*Authorized: 3.6 Billion* *Issued and Outstanding: 805 Million* *Record Holders: 19,446*

Governance

Board of Directors

Stephen J. Squeri	Thomas J. Baltimore.	Charlene Barshefsky	John J. Brennan	Peter Chernin	Ralph de la Vega
Anne Lauvergeon	Michael O. Leavitt	Theodore J. Leonsis	Karen L. Parkhill	Charles E. Phillips	Lynn A. Pike
Daniel L. Vasella	Lisa W. Wardell	Ronald A. Williams	Christopher D. Young		

Executive Committee

Stephen J. Squeri (Chairman, CEO)	Pierric Beckert (President, Global Network Services)	Elizabeth Rutledge (Chief Marketing Officer)	Doug Buckminster (Group President, Global Consumer Services)	Rick Petrino (Chief Operating Officer, American Express National Bank)
Jeff Campbell (Chief Financial Officer)	Glenda McNeal (President, Enterprise Strategic Partnerships)	Mohammed Badi, PhD (Chief Strategy Officer)	Anna Marrs (President, Global Commercial Services)	Monique R. Herena (Chief Colleague Experience Officer)
Alan Gallo (Executive Vice President, Chief Audit Executive Internal Audit Group)	J. Andres Espinosa (Chief Credit Officer and Executive Vice President, Credit and Fraud Risk)	Marc Gordon (Executive Vice President And Chief Information Officer)	Raymond Joabar (President and Chief Risk Officer, Global Risk and Compliance)	Denise Pickett (President, Global Services Group)
Laureen E. Seeger (Chief Legal Officer)		Anré Williams (Group President, Global Merchant & Network Services)		Jennifer Skyler (Chief Corporate Affairs Officer)

Corporate Matters

Strategy & Operation
- Enterprise Services
- M&A Strategies
- Partnership strategies
- Planning
- Administration

Finance
- Financial Reporting
- Corporate Development
- Accounting
- Treasury
- Investor Relations
- Tax

Marketing
- Media
- Communications
- Sponsorships
- Experiences Customer Insights

Strategic Partnerships
- Partnership Strategy
- Partner Relationships (Travel. e-Commerce, Technology, and Retail Partnerships)

Corporate Affairs
- Public & Colleague Communications
- Reputational Risk Management
- American Express Foundation
- Corporate Social Responsibility

Colleague Experience
- Talent Management
- Leadership Development
- Compensation and Benefits
- Culture

Legal
- Government Affairs
- Legal Operations
- Global Security
- Corporate Governance
- Law Compliance
- Corporate Secretarial

Information
- Technology Capabilities Delivery & Operations
- Information Security
- Customer Experience Innovation
- Infrastructure Security
- Technology Risk

Audit, Risk & Compliance
- Global Risk and Compliance
- Banking Operation Risk
- Credit Quality and Fraud Controls
- Internal and External Audit
- Risk Matters
- Compliance

Global Services
- Customer Service
- Credit Operations
- Fraud Operations
- Consumer Travel and Lifestyle Services

Operations

CARD ISSUING BUSINESSES

GLOBAL CONSUMER SERVICES GROUP (GCSG) (Revenues: $21.326B)

GCSG primarily issues a wide range of proprietary consumer charge cards globally. GCSG also provides services to consumers, including travel and lifestyle services and non-card financing products, and manages certain international joint ventures and its partnership agreements in China.

GCSG Business Metrics

Key Categories	U.S.	Outside the U.S.	Total
Proprietary Billed Business (volume of transactions processed)	$337.6B	$121.1B	$458.7B
Individual Consumer Cards-in-force (number of issued and outstanding cards)	37.7M	16.7M	54.4M
Average Basic Card Member Spending	$12,641/year	$10,175/year	11,881/year
Card Member Loans	$51.4B	$8.7B	60.1B
Net Write-Off Rate (principal, interest, fees)	2.9%	3.7%	3.0%

GLOBAL COMMERCIAL SERVICES (GCS) (Revenues: $10.619B)

GCS primarily issues a wide range of proprietary corporate and small business charge cards. In addition, GCS provides payment, expense management and commercial financing products to merchants.

GCS Business Metrics

Key Categories	Total
Proprietary Billed Business (volume of transactions processed)	$406.5B
Commercial Cards-in-force (number of issued and outstanding cards)	14.5M
Average Basic Card Member Spending	$27,769/year
Card Member Loans	$13.2B
Net Write-Off Rate (principal, interest, fees)	2.4%

Selected Card Types



Infrastructure, Products and Services

Integrated Payments Platform	Innovative Products Appealing To Targeted Customer Needs	Incentive Programs (Membership, Cash Back, and Loyalty Rewards Programs; Credits, Points, Discounts, Other Benefits for Doing Business with AMEX Partners	Digital and Mobile Services	Fraud Prevention	Travel Benefits/Lifestyle Experiences (Airport Lounge Access and Travel Lifestyle Benefits)	Business Travel-Related Services (via its 50%-Owned American Express Global Business Travel Joint Venture)	Date Analytics on Card Member Spending ("Spend-Centric Model")

Competitors (Selected Credit Card Issuers)

Credit Card Issuers							Retail and Store Credit Cards (e.g., Target)
	Bank of America	Chase	Discover	USAA	Wells Fargo	Regional Banks	
	Capital One	Citibank	PNC	U.S. Bank	Barclays		

How American Express Makes Money

Cardholder
(the person who makes the charges on the card and pays the bill)

Merchant
(the store, service provider or business who gets paid with a charge card)

2 Sales of Services and Goods

3A Payment with American Express Charge Cards

KEY
- # Relationship Establishment
- # Transactions

A Cardholder and American Express sign agreement under which American Express issues charge card (together with cash rewards, airline miles, theme park admission, points for rental cars and hotel upgrades, gift cards, and other benefits) in exchange for cardholder's promise to pay annual fees and monthly balances

1 Pay annual member card fees

3C Pay principal amount of card loan, delinquency fees (and interest on delinquent balances), and foreign currency conversion fees on a monthly basis

3B (a) Provides equipment to accept cards, (b) provides transaction processing services, (c) collects payment from cardholder, and (d) pays cash to merchant for the total transaction volume at a discounted rate (i.e., Interchange fee; the average discount rate in 2020 was 2.28%)

B Agreement for merchant to accept American Express cards as payment at an agreed discount rate in exchange for American Express payments processing services

American Express
(the bank that issues card to the holder, provides equipment to merchant to accept cards, accepts payment from cardholders for card transactions, and processes the transactions (e.g., verifies each card is valid, ensures the charge is attributed to the proper cardholders, and makes payment to the merchant)

MERCHANT ACQUIRING BUSINESSES

GLOBAL MERCHANT & NETWORK SERVICES (GMNS) (Revenues: $4.693B)

GMNS operates a global payments network that processes and settles AMEX charge card transactions, acquires merchants, and provides multi-channel marketing programs and capabilities, services and data analytics. GMNS manages the partnership relationships with third-party AMEX card issuers (OptBlue Program), merchant acquirers and a prepaid reloadable and gift card program manager, and *American Express* brand licensing. GMNS also manages loyalty coalition businesses.

Business Metrics

Key Categories	Total
Net Revenue (after provision for credit losses)	$4.605B
Marketing, Business Development, Rewards and Card Member Services Expenses	$1.303B
Salaries, Benefits, and Other Operating Expenses	$1.914B
Total Expenses	$3.217B
Segment Income (after tax)	$954M

Merchant Categories

130 Merchant Categories

Retail	Healthcare	
Restaurant	Lodging	
Services	Mail Order	Travel & Entertain-ment

Pricing Structure

Processing Rate (% plus flat rate)	Network Fee (0.15% for any charge)
Retail Merchants (for sales under $75): 1.60% plus $0.10	Cross-Border Fee (0.40% for any international charge)
Restaurant Merchants (for sales under $25): 1.85% plus $0.10	Manual Keyed Fee (0.30% for any manually keyed-in taction charge)
Services Merchants (for sales under $400): 1.60% plus $0.10	
Mail Order Merchants (for sales under $150): 1.70% plus $0.10	
Voice Authorization Fee (0.65% if Merchant POS system calls for AMEX authorization)	

Support Services for Merchants

Integrated Payments Platform	Algorithms and Analytics for Underwriting Risk	Targeted Marketing and Information Services	Fraud Reduction and Prevention

Competitors (Selected Credit Card Merchant Platforms and Payments/Processing Networks)

Credit Card Merchant Network Platforms			Mobile-Based Payment Platforms		Regional Payment Networks
China Union Pay	JCB	Discover/Diners Club International	Alipay	PayPal	National Payments Corp. of India
Mastercard	VISA		Apple Pay	Venmo	

CARD NETWORK BUSINESS

American Express operates a payments network through which it licenses to third-party banks and other financial institutions in over 100 countries the right to issue local currency American Express-branded cards in their countries and/or serve as the merchant acquirer for local merchants.



SMALL BUSINESS BANKING SERVICES

Through its Kabbage subsidiary, AMEX offers small businesses a No-fee, no Minimum Deposit Online Checking Account with Mobile Deposits, a Credit Card, Bill Pay, Savings Features, and Access to a Network of ATMs and Retail Locations for Cash Transactions.

Outside Relationships

Customers

Customers (Merchants)
- Large Companies
- Medium-Size Companies
- High Volume Small-Size Merchants (at Least $1 Million in Amex transactions per year)

OptBlue Partners
- Eligible Third-Party Merchant Acquirers and Payment Processing Companies (Payment Depot, Stax, Payment Cloud, Square, National Processing, Host Merchant Services)
- Software, Hardware, and Transaction Professing Services under OptBlue Program
- Interchange Fees
- Low Volume Small- Size Merchants (Less than $1 Million in Amex transactions per year)

Software and Hardware (e.g., Credit Card Machines and Point of Sale Systems) (under Direct Agreement with AMEX)

Charge Card Transaction Settlement and Payment Processing Services (under Direct Agreement with AMEX)

Data Analytics, Fraud Prevention, and Marketing Support Services

Interchange Fees (aka " Swipe" Fees")

OptBlue Processing Payment Program (Allows U.S. Third-Party Payments Processors—a Merchant Acquiring Bank or Merchant Service Provider—to Sign Up Low-Volume Small Businesses as Merchants to Accept AMEX Charge Cards for Payments; Small Business Merchants Pay (a) Affordable Interchange Fees at Processors' Wholesale Processing Rates Agreed with AMEX plus (b) a Processor Mark-Up)

Wholesale Interchange Fees (aka " Swipe" Fees")

Provides Kabbage Digital Checking Accounts

Capital

Significant Shareholders
- Berkshire Hathaway, Inc. (18.87%)
- The Vanguard Group, Inc. (5.49%)
- Wellington Management Co. LLP (5.07%)
- SSgA Funds Management, Inc. (4.08%)
- BlackRock Fund Advisors (3.52%)
- Institutional Ownership: 51.11%

Suppliers

Professional Services Firms
- PwC LLP (Audit Services)
- Universal McCann (Part of IPG) (Media Services)
- Rich Feuer Anderson Lobbying Services)
- Stroock & Stroock & Lavan LLP Litigation Services)
- Shook, Hardy & Bacon LLP Litigation Services)

Regulators

Securities Regulators
- US Securities and Exchange Commission (Securities Law Disclosure and Financial Reporting Requirements; Anti-Bribery Law Enforcement)
- New York Stock Exchange (Stock Listing and Maintenance Rules)

Securities Regulation and Stock Exchange Listing Rules

Dividends and Common Stock Repurchases

Equity Capital

Professional Services

Key Company Data

(as of 12/31/2020)

Share Data
- Stock Exchange: NYSE
- Ticker Symbol: AXP
- Share Price: $162.13 (as of 06/17/2021)
- 2020 Earnings Per Share: $3.77
- Earnings Per Share (Trailing 12 Months): $6.10
- Forward Annual Dividend: 1.72 (1.04% Yield)
- Market Capitalization: $130.24B

Financial Highlights

Results of Operations
- Net Revenues: $36.087 Billion
- Total Expenses: $27.061 Billion
- Net Income: $3.135 Billion

Financial Position
- Total Assets: $191.367 Billion
- Total Liabilities: $168.383 Billion
- Total Equity: $22.984 Billion

Cash Flows
- From Operations: $5.591 Billion
- From Investing: $11.632 Billion
- From Financing: ($9.068) Billion

Metrics
- Gross Margin: 72.65%
- Net Profit Margin: 14.06%
- Return on Assets: 1.61%
- Return on Capital: 4.04%

Resources

Employees: 63,700

Principal Executive Offices: Lower Manhattan, Phoenix, Arizona, Sunrise, Florida, Gurgaon, India, Brighton, England, Manila, Philippines, Tokyo, Japan, Kuala Lumpur, Malaysia, and Sydney, Australia

Blue Box Values:
- We Back our Customers
- We Make It Great
- We Do What's Right
- We Respect People
- We Embrace Diversity
- We Stand for Inclusion
- We Win as a Team
- We Support Our Communities

Background Information

Credit Card vs. Charge Card

The American Express Card is not a credit card. Instead, it is a charge card, meaning that purchases made with the American Express must be paid in full within a defined grace period. Customers can not accumulate an unpaid balance month after month with an AMEX card, but they also do not pay extortionate interest rate charged by credit card companies.

Closed System

American Express differs from Visa, Mastercard, and other major credit card brands by operating in a closed system, where the company controls both consumer card issuance and merchant acceptance. As a result, AMEX payment processing fees are higher overall than other card brands.

Fees

The credit card system is paid for with fees charged on issuing the card and each credit card transaction. Merchants pay the transactions fees to American Express and likely pass the cost on to customers. American Express is both a transaction processor and issuer of cards, so it gets the full cut of fee revenue, in contrast to Visa and Mastercard, which only provide payments processing services and banks issue Visa- and Master-card branded cards.

Partner Relationships and Co-Branding Agreements

Relationships with a Limited Number of Financial Institutions to Issue AMEX Cards

Selected AMEX Partner Relationships
- Delta Air Lines (Largest Strategic Partner; Airline Lounge Access)
- Fine Hotels and Resorts (Exclusive to Platinum and Centurion-Branded Cardholders; Hotel Credits, Free Breakfast, Late Checkout, Etc.)
- PayPal
- Bill.com
- Hilton Hotels Worldwide
- Marriott International Hotels
- British Airways
- Lowes
- SAP Ariba and Coupa
- OptBlue Program Partners (Payments Processing Companies and Merchant Acquirers—i.e., Banks Offering AMEX Charge Cards)

Selected Participating Banks and Credit Unions
- Wells Fargo (Wells Fargo Propel American Express)
- U.S. Bank (U.S. Bank FlexPerks Gold American Express Card)
- USAA
- Navy Federal
- Standard Chartered Bank
- American Express National Bank

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