11-Mar-2025

Visa, Inc. (V)

Wolfe FinTech Forum

Copyright © 2001-2025 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Christopher Suh
Chief Financial Officer, Visa, Inc.

OTHER PARTICIPANTS

Darrin Peller
Analyst, Wolfe Research LLC

MANAGEMENT DISCUSSION SECTION

Darrin Peller
Analyst, Wolfe Research LLC

Good morning, again, everybody. I'm Darrin Peller, covering payments and IT services at Wolfe. Thank you again for being with us at the Wolfe FinTech Forum, day number one. We're really happy to have Visa with us, fresh off their Investor Day from maybe a few weeks back now at this point, but we're really happy to have Chris, the CFO of the company with us. So, thank you so much for joining us.

Christopher Suh
Chief Financial Officer, Visa, Inc.

Thanks for having me.

Darrin Peller
Analyst, Wolfe Research LLC

It's great to have you again.

Copyright © 2001-2025 FactSet CallStreet, LLC

QUESTION AND ANSWER SECTION

Darrin Peller
Analyst, Wolfe Research LLC

Q

Let's just start there. I mean, post Investor Day reaction. Chris, what are some of the most important incremental points or takeaways from the Investor Day, which, I know, takes a lot of work and thought for the company to set up. So, just from your perspective, to ensure investors understand about Visa going forward, we'll just start there.

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah. Hi, Darrin. Thanks for having me. It's great to be here. Yeah. Investor Day. So, it was, as many of you know, the first one that we've done in a while. It was actually pre-pandemic 2020 was the last one that we had one. And so, as we thought about our approach to Investor Day, we wanted to give a fairly comprehensive update. It was, obviously, also the first one with Ryan now as CEO, myself certainly new as CFO. And as you looked across all the presenters for the day, many of whom are Visa veterans, but many of whom doing a new role, leading a new business that they weren't leading in 2020. So, we thought we would take the opportunity to give a pretty comprehensive update.

We feel good about how the day went. We shared a lot of information. This is actually my first time now out speaking since that Investor Day, so we've had a lot of really good conversations with investors, but maybe I'll give you a handful of reflections, I guess, on my part.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Yeah, please.

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

We did do a lot. We gave a lot of information. I think we shared with you progress on a number of fronts. Four things that I would point to. One is we took the time to really articulate our view on the addressable opportunity still in front of us, which is significant across consumer payments, across value-added services, across what we had previously called new flows, now rebranded as commercial and money movement solutions, so across both – all three growth pillars, very significant opportunity.

Two, we gave an update on our strategy, our strategy around consumer payments, value-added services, new flows, card and non-card, and gave very specific strategies by each of those pillars and how we're going to go after that addressable opportunity. Three is we gave a lot of disclosure around the state of the business, the sizing of the various businesses, the yields across various businesses, how we're doing market by market, showing you sort of how we do in cash-rich markets or in more developed markets, and we were pretty transparent about that. And then the fourth thing, of course, we sort of wrapped it all together into a growth framework that we thought made sense.

Clicking into that a little bit, just to hit some of the high points, this is like Investor Day in a 30-second summary. In consumer payments, $23 trillion addressable opportunity still in front of us, cash, ACH, wire, other form – domestic schemes, other forms of less effective, that's more than twice the current PV that we have today with

Copyright © 2001-2025 FactSet CallStreet, LLC

Visa, and we shared a number of strategies to go after that. In CMS, $200 trillion, that's a number we shared before, but we got pretty specific about what we're doing around Visa Direct and B2B to go after that opportunity. And VaaS, we've probably shared the most new disclosures around VaaS, shared with you the four portfolios, each over $1 billion, each growing at very healthy rates, and the very significant addressable market that we have available there.

And then we wrapped it all up, foundational elements, our brand, the power of our network, the security, the reliability of the network, how we're executing from a sales and market standpoint. And so, we put that all together. We showed off some products. We had a showcase demonstrating our product innovation as well. And so, all together, put that together, I think it was a good day. We've had good conversations. A lot of interest in the value-added services and CMS disclosures and the state of the business. You asked about sort of – I would call out one other thing in terms of the post Investor Day conversation that has been around the notion of Visa-as-a-Service. So, Visa-as-a-Service is the evolution of our network and platform strategy. It's really where we've unbundled the Visa stack and we've made many of our class-leading components available to a broader set of customers. I think that's an interesting evolution of our network, and there's been good conversations there as well.

Darrin Peller
Analyst, Wolfe Research LLC

Q

It was nice to come away from that day. With a company of your size, five years later and still having that, call it, 10% or 9% to 12% algorithm from a top line standpoint, in terms of what you can achieve from a growth rate standpoint, medium term, which just impressive, given the magnitude and the size of the business. But before we go further down the focus on the Investor Day and key takeaways in the strategy, just a quick update on recent trends, given so much noise from a macro standpoint, both policy driven and some just economic questions. And so, your recent quarter and your even January 28 data obviously showed some decent trends accelerating. I think you accelerated actually about 1 point even into January across the US, cross-border, international was still strong. So, maybe just help us understand what you're seeing in the state of the consumer now, the health of the consumer. Any comment you can give us on recent trends even since then would be helpful.

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Great. Yeah. It is a little noisy out there admittedly. But maybe then the best place to then start is just like sort of try to be as clear as possible. Let's go back to what I said in the January earnings call, which is a little over a month ago, maybe a month and a half ago. As you pointed out, we were coming off of a strong first quarter where we saw our drivers perform very well. And through the first four weeks of January, through January 28, we commented on our earnings call that in the US, payment volumes in the month of January were pretty consistent with the month of December, although we did point out that January was benefiting from severe weather, a little easier comp from a year ago.

Since then, through the month of February, now we have seen US payment volumes moderate a bit. That was as expected as we talked about as well in our earnings call because of the impact – primarily the biggest single driver being the impact of the leap year, the extra day that we got in February of last year for leap year. And so, quarter to date, if you put that together through February, US payment volumes down slightly from Q1, largest driver being the day benefit from leap year a quarter ago. Those trends have – if I think then outside the US, whether it's transactions, cross-border, or other key markets, those dynamics have largely kind of been consistent as well.

Copyright © 2001-2025 FactSet CallStreet, LLC

It's also worth pointing out that in the month of March, the timing of Easter could have an impact. Easter was in March a year ago. It's late April this year. And so, the relative timing between March and April could have an impact as well. And then maybe the final thing, just reflecting again back to what I said in January, from a revenue perspective, given the strong underlying drivers, we said Q2, revenue growth – net revenue growth is expected to be pretty similar to Q1 with two notable exceptions: one, leap year, which I just talked about; and two, with the stronger US dollar, the FX headwind would be about 1.5 points greater than in Q1.

And so, those are sort of the two big differences. Otherwise, the two quarters we indicated at that time should look relatively similar. Obviously, there's still a few weeks left to go. As you started in your question, there's a little bit of uncertainty, whether it's macro or inflation concerns, or whatever the case might be, we'll continue to focus on the things we can execute and control, and we'll see how the rest of the quarter plays out.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Okay. So, it sounds like – I mean, you're calling out, obviously, the February impact from leap year, you're calling out what could be, obviously, the timing on Easter being an impact. I mean, outside of that, the consumer sounds – is it similar to what you would expect?

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Well, as I've just shared, in terms of – as it's reflected in our volume, it's kind of played out so far through the month of February as we had anticipated, with leap year being the biggest single driver of the differential from, I'd say, Q4 to – or Q1 to Q2.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Okay. Chris, we're getting a lot of questions on inflation potential and what it could mean for the business. So maybe just remind us a bit, if you can, on how sensitive you've seen consumers to the inflation expectations. And more importantly than that, I mean, just how inflation impacts your business? Obviously, there's the volume-based aspect of it and then there's the demand aspect of it.

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Inflation, it's hard to tell. The real answer is it's sort of hard to tell what's happening today. As we've seen higher inflation over the last several quarters as well, you've seen in the reported volumes – volumes have been, there's been variability in quarters. It's impacted our average ticket sizes, as you've seen. In the US, the average ticket sizes have trended – had been through the course of FY 2024 below year-over-year, had – down year-over-year, but that had been improving throughout the course of the year, and some of that may have been related to the inflationary aspects. But it also – it's a basket of goods, as you know, in our payment volume. And so, it really has to – it really depends on sort of the mix of the different categories of spend. There's no direct correlation. I wish I could give you sort of an algorithm that says X equals Y, but it really just depends on which categories we're seeing.

And overall, what we saw through the last cycle of inflation is that the consumer remained relatively resilient through all of that. And so, we're not macroeconomists, but we continue to be data-driven from that standpoint, and we'll just share with you as we see it, when we see it in the data.

Copyright © 2001-2025 FactSet CallStreet, LLC

Darrin Peller
Analyst, Wolfe Research LLC

Q

Okay. Another key driver, obviously, is cross-border, right? It's one of the most important variables for your business model. And so, if you could just revisit what you're seeing. I mean, obviously, it's been holding up extremely well, so is e-comm, actually, for that matter. So, cross-border, e-comm, regular travel, cross-border, what are you embedding in your outlook from a cross-border standpoint? And maybe just help us understand what's driving that strength?

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah, cross-border has been sort of a strength. It was a strength pre-pandemic. It was a – after going through the valley, it was sort of a major strength post-pandemic. And it's continued to normalize a bit with travel, as we've all seen in the data. As you pointed out, in this last quarter, 16% cross – in Q1, 16% total volume growth, cross-border – total cross-border volume. And it was actually the same growth in travel – cross-border travel and cross-border e-commerce, both at 16%. That wasn't always the case. And in fact, if you go, again, pre-pandemic, e-commerce was a smaller share of the business and growing a little bit faster than travel. In Q4, in fact, even before this last Q1, e-commerce had grown at 15%. So, that's been more the steady grower, and travel had dipped down to 12% before we saw the acceleration into the first quarter. So, it continues to be a strength.

In terms of sustainability and what we have embedded into our expectations, I don't guide on cross-border travel numbers specifically. Travel, in particular, is kind of inherently hard to predict, especially at different geos and different corridors. But at the start of the year, I did indicate what was embedded in our planning, guidance for the year. We said, hey, the Q4 trends are basically what we've assumed throughout FY 2025. That's the planning assumption that we used. Q1 came in a little better than that, and then we've kind of extrapolated that into the Q2, what was embedded into the Q2 guide. We'll have to see how the second half of the year plays out.

Maybe the final comment then – is then sustainability of that. Two things I'd point to. One is the mix. We talked about e-commerce and travel. Well, pre-pandemic, e-commerce, again, the higher growing portion of it was about a third of total cross-border volumes. Today, it's about 40%. And so, just the mix of the faster-growing piece of the component of cross-border is a net benefit if things continue the way they are. And then, the second thing is it is broad-based, which is across corridors. So, put Asia aside for a second, LAC, CEMEA, Europe, and the US, in and out travel has continued to be strong, growing faster than domestic. That's, all things equal, broad-based strength is better than narrow in terms of durability.

And in Asia, it continues to recover, continues to improve. There's two markets we're watching in particular. I would say, inbound to China, outbound out of Japan. They both continue to be below 2019 levels. Presumably, at some point, they will sort of revert to the mean at some level. And when that happens, that could be a tailwind to growth, but we'll continue to watch those markets very carefully. So, all in all, continue to see strong cross-border. It's important for our business. It's important for our economics. And like I said, we'll continue to be data-driven and share with you what we see.

Darrin Peller
Analyst, Wolfe Research LLC

Q

And on that note, I mean, it's maybe related to cross-border, but FX volatility obviously has been getting – it's getting higher, right? It's been higher now for some time, although – albeit it was a headwind quite a bit of the year last year and even into this year. Where are we now on it? And what's embedded on the FX vol side relative to your guidance? Any maybe conservatism in your outlook for that?

Copyright © 2001-2025 FactSet CallStreet, LLC

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

So, exactly right. Last year, it was a pretty much a headwind. We had – the highest point of volatility last year was in Q1, and then it sort of meaningfully declined throughout the course of the year. And so, that was a drag on year-over-year growth throughout most of FY 2024. Going into this year, Q1 was better than Q4, but still down a little bit year-over-year. And our expectation that we shared was that should volatility remain at those levels, it no longer becomes a drag starting in the current quarter that we're in. We'll let you know how we did in a few weeks.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Okay. Let's shift to a little bit of a bigger picture question now in terms of your outlook and your medium-term targets. And starting off with the fact that we just did exit a quarter where your growth rate on US volume was 7% to 8% on US, you had 10% to 11% international volume, but you're guiding medium term to consumer payments volume growth of 5% to 7%. So, just help us understand and reconcile the trajectory we're in right now versus the 5% to 7% embedded in your outlook.

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

I mean, the first place I'll start is that the growth framework that we shared at Investor Day, which you're referring to, the 5% to 7%, I mean, it's not guidance. I just want to be clear. What we shared with you is a framework for growth and a long-term framework for growth, where we said we've given you the opportunity and the strategies by which we're going after this growth. And as you can see how it all sort of plays out, it will impact the total growth of Visa. So, let's focus a little bit on the consumer payments, but I kind of want to bring it back to that growth framework a little bit, because I think that's instructive as well.

So, on the consumer payment side of it, I think the most important takeaway from Investor Day is, A, number one, we have great confidence that we'll continue to outgrow. We have outgrown. We'll continue to outgrow the addressable underlying PCE. We have great confidence in our ability to do that. And why do we have the ability? I know this has been a topic of conversation, obviously, in the US and in other places. A few things I'll point out, Jack Forestell, our Chief Product Officer – Chief Product and Strategy Officer, did I think a really good job.

If you haven't had a chance to go back and watch his sort of the – his Investor Day presentation, I think it's worthwhile. He pointed to six things. Number one, that we talked about the opportunity that we have in the $23 trillion. Two, he talked about the six ways, among many other ways, that we're going to go after it. That's along focused strategies around cross-border, across affluent, from sort of an innovation standpoint with tokenization, with credit solutions, and with A2A. And so, we're going after it in sort of a multi-pronged approach.

And he also showed you that we've continued to execute really, really well. Seven markets that he showed, all with cash remaining under 10% of its total PCE. And in all those markets, we've continued to grow really strongly. So, the consumer payment story, again, we continue to expect that we'll outgrow. Even though that gap between PV and addressable PCE has narrowed and likely to continue to narrow, we'll continue to outgrow it. We have great confidence in our ability to do so. And then, zooming out to the overall growth framework, where a big part of Visa's strategy has been to diversify outside of consumer payments.

And so, with the strong growth in value-added services and new flows, when you add that all together, over the last few years, as that PV, PCE gap has narrowed, we've continued to deliver double-digit revenue growth. And I think that's an important point as well.

Copyright © 2001-2025 FactSet CallStreet, LLC

Darrin Peller
Analyst, Wolfe Research LLC

Q

All right. So, it's almost like you're putting it in as a placeholder that you're going to outperform the market, and even with whatever that number is outperforming the market, you're going to show us that double-digit given value-added services and new flows, and the other pieces of the pie are really that strong.

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah. I think we gave you all the pieces, by which, I think, you could sort of pretty intelligently predict where you think we'll fall on that growth curve. I mean, the way the growth framework showed 9% to 12% as you know, and that had different sort of levels of growth around consumer payments, value-added services, and new flows.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Very quickly, just short term for a minute again, there's some business that you had, that had shifted over the last year, a couple of contracts that I know went to a competitor, and so it was impacting US volume growth rate this year. That's lapping, I think, in your calendar second quarter. That should obviously have a slight tailwind to US volume. I just want to make sure we're right about that.

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah. Correct. We haven't spoken too much about it in detail, but I will acknowledge that there was some client portfolio losses, transitions, and we will lap those specific ones you're referring to in the second half.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Second – right, in second – of really calendar second half, right?

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Okay. All right. And then, just shifting gears a little more, I mean, you've completed, I think, 60% of your full year planned renewals in fiscal first quarter. And so maybe just touch on how you view the current landscape for portfolio renewals between large and small deals right now, and really what you're seeing in the market.

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Every year – just to, again, maybe structurally just describe it a little bit, in any given year, you have – so our typical sort of contract term is about five to seven years, and so any given year, you have roughly 15% to 20% of payment volumes impacted by renewal activity that come up for renewal. In FY 2025, we shared that we expect that to be on the higher end, around 20%. It was about 15% in FY 2024, so it's a little bit of a bigger volume year. And to your point, the sort of unusual timing of such that the majority of it, or 60% of it anyway, happens in Q1.

Copyright © 2001-2025 FactSet CallStreet, LLC

That's largely played out. We saw very successful and active renewal activity in the first quarter. And so, that's all sort of playing out the way that we anticipate.

Zooming out to your broader question, though, it remains – we operate in a very competitive industry. We continue to compete effectively and successfully. And we're able to renew our existing client relationships and expand on them in many ways. It just goes to show we have a very localized strategy. We have great client engagement in all of our regions around the world. Each quarter, we go through a whole list of many of our positive outcomes with clients. I can't obviously rattle all of them off, but I'll point to a couple just illustratively that we've talked about maybe in the last quarter or two.

In Europe, we announced our – well, sorry, with BNP Paribas, sorry, in Europe, we announced a renewal and expansion, expansion into France and Belgium. In AP and to CEMEA, we announced a renewal and expansion of Standard Chartered Bank. We're going to renew our credit portfolio in certain markets in Asia, renew our debit portfolio in certain markets in Africa, and we're going to expand credit into the Middle East.

And so, there's a number of wins in LAC. We talked about our deal with RBC, expanding in commercial and consumer across 10 markets in the Caribbean. And so, again, we continue to be really successful on this front, but it remains a very competitive environment. And I think we do a good job of partnering with our clients to really grow the ecosystem in total.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Can I ask – I mean, from a competitive standpoint, there is a perception among investors, at least, that with higher rebates and incentives that things were kind of tougher from a competitive standpoint. And it looks like we've maybe gotten a little more rational again, at least from a pricing standpoint. Can you just give us a sense of what you're seeing? I mean, do you think competition is any different today than it was over the past couple of years, whether it's versus other large payments companies that you compete with or other local networks or anything else?

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Why don't I do this in maybe a couple ways, as I indicated in the last question, it remains a competitive environment. And thankfully, we've done a really good job of competing, and so that's all good. From a pricing standpoint we've consistently said we price to value. And what does that really mean? That means as long as we're continuing to be successful, adding value to the health of the ecosystem, whether that's higher auth rates, better fraud management, whether we're able to deliver new services and products that help our clients be successful, we're helping the overall ecosystem be successful, our clients grow, at the end of the day it's a balancing act, and we want our clients to grow. We want the whole ecosystem to grow and all participants to benefit from that. And if we do a good job of sort of managing the delicate balance of that ecosystem, I think that: A, we feel really good about our ability to do so; and B, it's good for all participants in that ecosystem.

And so: A, it remains competitive; B, we price to value, and we think we continue to deliver increasing levels of value, feel good about that. And then maybe the last thing I'll say is, because you started with sort of an incentive question, which is, again, something that we've consistently said, we really manage to net revenue growth. And incentives at the end of the day are a tool for us to continue to align interests with our partners, to grow volumes, grow revenue. And really, we play the long game from that standpoint, because that's really the goal, to continue long-term health and growth of the ecosystem.

Copyright © 2001-2025 FactSet CallStreet, LLC

Darrin Peller
Analyst, Wolfe Research LLC

Q

Right. If I'm not mistaken, I mean, you did a lot of your incentives and rebates, as you said, in Q1, and Q2 has a tough comp, but then it really should be an easier growth from a year-over-year standpoint in the second half, right? Just given how much you've already done, [ph] seen some (00:24:04) rebates.

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah. I mean – listen, I haven't given sort of quarterly cadence for that, but we've tried to give a little bit of the shape of the year with our commentary about it being [ph] from it (00:24:12).

Darrin Peller
Analyst, Wolfe Research LLC

Q

Yeah. That makes sense. And then, quickly on local networks, this came up with a call – actually, I was in a meeting with Oliver Jenkyns (sic) [Oliver Jenkyn] at your Investor Day, having lunch, actually. And at the end of the day, I mean, he was really excited about local networks still being an opportunity and a source of share gains for you guys. What do you see there, I guess, in terms of European or other local network opportunities versus, perhaps, do you see any of the opposite extreme where governments are trying to do more on their own? Is that shaping up anywhere like Russia did years ago, anywhere else?

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah. So...

Darrin Peller
Analyst, Wolfe Research LLC

Q

[ph] But it's your side (00:24:44).

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah. When we talked about – yeah, let me try to address that. When we talked about the big opportunity that we saw in consumer payments, the $23 trillion, that includes a certain amount of volume that's run on domestic schemes, our broad sort of positioning on consumer payments is that we're very committed to work to ensure that Visa remains the best way to be paid – pay and be paid on all consumer payments, whether it's carded, non-card, et cetera, et cetera. And so, that's where our focus has been. We've had good success, and I share Oliver's enthusiasm. We've had good success, and we've talked about a number of wins against domestic schemes. I think it's sort of fair to acknowledge that the robustness of our network and our capabilities and features are – outshine many of those in these domestic schemes.

Our approach has been sort of consistent, I'd say, because they are evolving, to your point. Governments are getting involved and sort of the dynamics maybe are slightly different with the type of offerings, and hence the expansion of our strategy around consumer payments to be both card and non-card. But we approach it, in many ways, in a consistent way. One, on the carded side of the business, this is what we know how to do. We know how to win issuance. We know how to win acceptance. We know how to deliver innovation that makes the consumer engagement experience really great, like the Flex Credential, as an example of that.

Copyright © 2001-2025 FactSet CallStreet, LLC

Now that we're sort of venturing against or with sort of alternative payments and things like this in these markets as well, you've heard us talk a lot more about non-card or A2A networks. We've launched our own Visa-branded A2A. Tink helps us go do that. And in markets where A2A networks have flourished a little bit, we're seeing progress. So, Tink, for example, is now processing 6 million transactions a month in the Nordics, where the Nordics, where A2A and RTP transactions are doing well. And the Nordics is next on the list of the expansion of our Visa A2A service, which we announced in the UK last year. And so, again, we're having some local strategies specific to that.

And then, maybe the third thing I'll say is that, with Visa-as-a-Service, as we continue to think about the opportunity to unbundle the Visa stack, offer things like Visa A2A Protect for other players and participants in these networks that also is a differentiator and a valuable way that we can differentiate ourselves and Visa and also grow our opportunity as well.

Darrin Peller
Analyst, Wolfe Research LLC

Q

But are you seeing any other governments try to pivot to that direction of doing more on their own or trying to move away from multinational companies?

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah. I mean, you're seeing it in – like if I think about sort of the real-time payments clearing that's where we see it most actively. It's – let's say, by last count, I think there's 70 countries that have some form of a real-time clearing network now. I think, though, the way that we've seen it evolve, it's relatively small. They haven't gained a lot of traction, except in certain markets. And really, for us, it's come down to: A, what's the level of investment that the governments have made behind these networks, these sort of new networks, these alternative payment networks, and are they serious about it; and B, is there really a glaring need or a problem that needs to get solved. And in cases where there is, then you've seen sort of these payment networks flourish; and in other cases, they haven't. And like I said, we continue to think about how we work with, coexist, partner with, in some cases, and compete and adapt in these markets. They are small, but they are growing, and so you've heard us adapt our strategy.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Yeah. I mean, I think the Visa-as-a-Service strategy kind of addresses that, right? You now can offer even those companies, if – I don't know, take Pix in Brazil or other markets, you could offer them value-added services, right?

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Right.

Darrin Peller
Analyst, Wolfe Research LLC

Q

That may wrap around what they're doing and make it more secure. So, maybe we just shift for a moment to VaaS in general. I mean, you have issuing, acceptance, risk and ID, advisory and open banking are kind of the main categories, all of them growing double digits. And you guided to a strong growth rate. I think you said, what, mid to high teens or high teens. When we think about the potential for that, where are you investing most of your incremental dollars now? And how much of it is organic versus M&A driven going forward?

Copyright © 2001-2025 FactSet CallStreet, LLC

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Right. Value-added services is doing great. The business itself has been one of the highlights for Visa, led by the very capable Antony Cahill, who's the Global President of Value-Added Services, who you heard from on Investor Day. There's a lot going on in this business, and we tried to be, like I said, pretty transparent about the success we're seeing. You pointed to the four solutions, but – four portfolios, as we call them, but maybe I'll just click into that for a second. So, issuing solutions, acceptance, risk and security, and advisory and other, all for over $1 billion each, with issuing solutions at north of $3 billion, and all of them growing at mid-teens or even higher, with advisory and other growing the fastest over the last three years.

And so, breadth, scale, and opportunity and execution has been strong. I'll also point out what's most encouraging to me, or one of the more encouraging things, is also the fact that even at this scale, almost $9 billion in FY 2024, growing 20%, we're only penetrated about sort of, let's say, 1% to 3% in each of the portfolios that we operate in. And so, that's a revenue statement. The revenue opportunity remains quite significant in front of us.

In terms of prioritization, we've invested in this business all along. We're really fortunate that we have the ability, the balance sheet, and the ability to really invest organically, inorganically, think about how we grow all these markets. Like we do across Visa for value-added services, we start with: A, is there a client need, is there a market need, is there a client need. And if the answer is yes, then we look at is – we ask ourselves a few questions.

One is, is Visa uniquely suited to help address that? If the answer is yes, then how do we go about doing that? Do we enhance an existing product or service? Or alternatively, do you have to build a new one? Or do you have to acquire it, for that matter? And if you look across what we've done in VaaS, in issuing solutions, we acquired Pismo. But we've also been investing in our own solutions. We talked about Smarter Stand-In Processing, for example.

In Acceptance Solutions, previously acquired CyberSource, Verifi. We talked about the fact that we're investing in Authorize.net, whole new reimagined, refreshed service coming out later this year, advanced tools, sophisticated tools, using the AI agent, ANET, as we've cleverly dubbed it, coming out later this year. Risk and advisory, we've acquired Featurespace, we've closed that acquisition. And we've always – this has been a strength of ours. We've had industry-leading fraud detection risk management services there.

Advisory and other, we've grown an advisory business, marketing services business at very healthy rates, but we've also got Tink as part of that, part of the other, advisory and other, where we're seeing early days and growth. And so, it's really a combined hybrid approach, acquisitions, homegrown investment in product and services. We've done, I think, a pretty good job, and we'll continue to focus on these areas [ph] as we see growth (00:32:26).

Darrin Peller
Analyst, Wolfe Research LLC

Q

Okay. Maybe just one last question for me, and then maybe we'll have time for just one quick one. But just from a policy standpoint, a lot of noise in the market, obviously, right now. And so, what policy changes are you most focused on within this current administration? Maybe just comment on how tariffs have impacted the consumer in the past? And then, any outlook or anything that's changed post-election in terms of expectations from the DOJ suit or regulated debit changes or anything else worth mentioning at the moment?

Copyright © 2001-2025 FactSet CallStreet, LLC

Christopher Suh
Chief Financial Officer, Visa, Inc.

A

Yeah, there's a lot going on there, as you called out. I'll try to unpack it maybe into a couple of distinct buckets. From a macro standpoint, at the beginning of the conversation, we noted that there's a level of uncertainty that we're all watching, but we also consistently said we're not macro economists. And in the past, we've continued to see resilience even in the – when tariffs – in the last administration we saw some tariffs, inflation has been a thing over the last few years, and through all of that, the consumer has remained relatively resilient and our volumes have remained relatively stable. And so, that's sort of the best pattern recognition that we have. Obviously, again, I'll sort of disclaim all that saying we're not macro economists, and we don't know how all that will play out in terms of recession or not recession, all these questions that are sort of popping up, but we'll continue to control what we can control.

On the second part of your question, from a policy regulation standpoint, it's early days. We continue to be constructively engaged. We continue to stand by our business practices. We continue to feel good that we've been pro-competition, pro-growth, pro the benefit of all players in the ecosystem, and we'll continue to defend our right to do so.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Any quick ones? We have about 30 seconds, I guess.

Darrin Peller
Analyst, Wolfe Research LLC

Okay. Then why don't we leave it there, guys?

Christopher Suh
Chief Financial Officer, Visa, Inc.

Great.

Darrin Peller
Analyst, Wolfe Research LLC

Thank you so much, Chris.

Christopher Suh
Chief Financial Officer, Visa, Inc.

I appreciate it.

Darrin Peller
Analyst, Wolfe Research LLC

Thanks for being with us.

Christopher Suh
Chief Financial Officer, Visa, Inc.

Thanks for the time.

Copyright © 2001-2025 FactSet CallStreet, LLC

Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2025 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.

Copyright © 2001-2025 FactSet CallStreet, LLC