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Visa Inc. (V)

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MANAGEMENT DISCUSSION SECTION

Sanjay Sakhrani

Analyst, Keefe, Bruyette & Woods, Inc.

Next up, we have Andrew Torre. He's President of Value-Added Services at Visa, better known as VAS. I want to thank you for joining us. Andrew has been with Visa since 2027 (sic) [2002] (00:00:15), working across product, strategy and pricing. Before he took on his current role, he led Visa's Central and Eastern Europe, Middle East, and Africa regions, CEMEA, overseeing operations across 86 countries and territories. Thank you. Wow, that was a lot of countries that you oversee.

Andrew Torre

President - Value-Added Services, Visa Inc.

It was, certainly. Yeah.

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QUESTION AND ANSWER SECTION

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Well, I mean, you are, as I said, the man of the hour because VAS is kind of the big part of the Visa story for the investment community and obviously for the payments industry. So, having been at Visa for almost 20 years, maybe you could just talk about how your experiences informed your current role and what changes you've made since arriving at VAS?

Andrew Torre
President - Value-Added Services, Visa Inc.

A

Yeah. Thanks, Sanjay. It's great to be here. Thank you all for joining today. So yeah, I've been with Visa now a little over 20 years. I started at Visa in our Commercial Solutions business way back when we were an association. I did that for a number of years and then I actually left Visa, and I went and launched a prepaid card program with Providian. I then went and worked with a fintech called BankServ, which we'd probably describe them as a Payfac now.

But it was – I was running a business where we were doing ACH payments, electronic check truncation, but also card processing. And then before the IPO, I came back to Visa. I started in Corporate Strategy. Then I led our pricing and interchange function. And then in 2012 or so, I kept raising my hand and wanted to go do a client-facing country manager job at Visa. They're some of the most important positions in the company. They sent me to Russia.

And I happened to live there before and speak Russian, so it was a pretty good fit. And I was there from 2013 to 2016 during certainly one of the faster-growing markets. But we all know the sanctions happened, and it changed a lot of the way actually we thought about working with domestic switches and schemes with value-added services there.

I then went on to run Sub-Saharan Africa and then Regional President job. And so, you know, I've had a good mix of product experience earlier in my time, but then really frontline work with clients, with our sales teams. And as you said, there's a lot we've learned from 86 markets.

At Visa, we generally think every market is different and every market is unique. But that said, there are kind of these major market archetypes, and it really changes how we think about addressing client needs in a market. And we've got kind of four major archetypes. You've got these markets that are very digital. Cards have really, really scaled in other forms of payments. We have markets where cards are leading and you've got the right infrastructure, and they're just continuing to kind of eat up P2C or PCE.

Then you've got these markets where you see cards and wallets and real-time payment systems, and everyone's competing. And then we've got these cash-rich archetypes. And I saw all of those markets in CEMEA, which has been very helpful for now how I think about this new role. I started it in June of last year. And right away, one of the things I wanted to do was make sure we can really build quickly, bring better products and capabilities faster into our markets.

And we've done a really good job of addressing that. Just when you look at the signals we have from our sales teams on the ground, all of the data we have on our clients, all of their needs, we've gone from a product

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development standpoint from kind of using AI tools to write code to now agentic tools with human supervision. And it's really been able to elevate a lot of the go-to-market strategy.

If you just think about first, in a traditional way of coding and developing, you're getting lots of signals from clients. They talk about what features and functionality you're looking at, doing market research. And then the reality is, then you want to develop prototypes.

We're using our new agentic toolchain in this pre-loop to very rapidly create prototypes, like very, very quickly. I was an early adopter of this to show our team how powerful it was, and you can develop prototypes very, very quickly. You can get validation.

And then we've got this inner loop with our product and tech people. They're much smaller now. They're no longer these 8 to 10-person groups. They're two to three people, and you almost can't tell who the developer is, who the engineer is, and who the product person. They're largely collocated.

And then on the outer loop, it's obviously managing code deployment and then getting feedback. So we've made real success in this area. This year, we've launched over 350 new products, features, and services, and that's a 25% increase last year. 60% of our developers and product teams have adopted this, and we're going to get to 100%.

So what has it borne? It's borne fruit in all of our product platforms. And it's not just using AI to build better tools. The tools themselves are embedded in AI. So if you think about on the acceptance side, we've got Visa Intelligent Authorization, which uses our globality and scale to route transactions to the place that they're going to have the highest success rate. It also is able to infuse data into the transaction to be able to get either a better interchange rate or to be able to have a higher likelihood of authorization.

We've launched credit on our DPS platform this year using Pismo technology, again, brought through these new agentic tools. In cyber, we've launched our Visa Threat Intelligence Platform, which has AI embedded in it. And then, of course, we've been continuing to use some of the tools we've created, our Visa Agentic Harness, which we used with Mythos and Glasswing to be able to look at our own code, to be able to see where there are potential vulnerabilities. We've now made that available on GitHub, and we're using that to help our clients as well.

So across all of those dimensions, we're seeing better ability to bring clients capabilities faster, and we see just a ton of runway to continue to grow.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Could I just say your experience is vast, and it makes a whole lot of sense how you're sort of working in VAS right now. I guess, you talked about this vast portfolio in VAS, right? It includes issuing, acceptance, risk and security, advisory and other services. Maybe you could just talk about what's the common strategic thread connecting these areas and what Visa's most durable competitive advantage is in VAS?

Andrew Torre
President - Value-Added Services, Visa Inc.

A

Yeah. At the heart, it's right in the name. It's Value-Added Services, right? So we wake up every day, whether you're in one of our product and tech centers or whether you're on the frontline, saying, how can I help my clients perform better? Where are their gaps? Where are their needs? And how can we address them?

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And that's the thread across all of our different product areas. And the way we have traditionally done this is, we've supported Visa payments and value-added services. We've gone beyond Visa payments increasingly, and I'll talk more about that. We're supporting all payments, and then we've gone beyond payments as well.

So in the Visa payment side, we want to make sure, of course, with Visa transactions, we continue to be the best way to pay and be paid. So whether it's an issuing solution, whether it's a network product, whether it's acceptance, whether it's our risk solutions, we're constantly innovating to drive just better performance and address client needs.

If you think about then our move beyond Visa payments into serving other payments, we've had our debit processing asset in the US, which, of course, if you're going to be competitive, you need to support not just Visa debit cards, but other cards.

And then increasingly, in some of our risk products, when our clients feel pain around transaction fraud and risk, we always want to try to help. And we've got this capability called Visa Advanced Authorization. Anytime a transaction is processed – on a transaction, in the authorization message, we provide a Visa Advanced Authorization score, which says how likely is this to be a good transaction or not. I bought a coffee this morning downstairs. I'm based in San Francisco. That transaction came in milliseconds. It got approved because Visa and the data we have suggest that it is likely that Andrew is going to be here and buying a coffee. We had clients that have said, well, we need to support other card brands. Domestic schemes are starting to proliferate as well. We love your Visa Advanced Authorization. Can we bring that same capability to non-card payments where they don't have the data sets and pools to be able to support that?

And that actually started with a client in the UAE when I was there, and we said, let's give it a try. We went out and did a pilot, and we took our data, and it was incredibly effective at also defining whether something was fraudulent or not in another non-Visa card transaction.

So we see huge runway there. Our clients want to be able to get as much as they can from one provider, right? It's just easier; you get synergies. So we've developed that and scaled it. We've got almost 400 million transactions, and we see a lot of appetite for that. That is just apropos of lots of the other things we're doing beyond just Visa payments.

And then beyond payments more broadly, we'll probably talk about core banking with Pismo, we're making real forays into cyber, et cetera, and then our advisory lines of business are all beyond payments where we're providing tremendous value to our clients.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

That makes sense.

Andrew Torre
President - Value-Added Services, Visa Inc.

A

I didn't say the durable advantage, I should have mentioned that. The durable advantage is, when you're Visa and we've been in business for so long and we're providing technology platforms, they've seen the resilience, stability, and security of our network. They know that we're not just innovating for today, but we're seeing around corners and we're able to keep up with what's coming down the road.

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Part of our secret sauce is also our account executives and others that sit with the clients. And it's, of course, our distribution network. We've got 14,000 financial institution partners that opt in every day. We've got tons of connections. We've got lots of sellers that want to work with us. So it's easy then when you've got that trust and security, and you've got the data and intelligence on what our clients want, to be able to develop and scale more broadly.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Got it. I think one of the questions investors have is, how much visibility there is to the sales cycle, right? I mean, maybe you could just talk about how that sales motion has evolved over time. Is it really add-on to existing deals? Is it a new source of getting a deal in through the door? So maybe you can just talk about the sales motion.

Andrew Torre
President - Value-Added Services, Visa Inc.

A

Yeah. We have a ton of visibility in our own sales processes, and it wasn't always that way. But we've invested a ton of money with our CRM systems to be able to bring the total seller experience client back into everything we do.

It really starts with our account executives. We have account executives that cover all 14,000 financial institutions, acquirers, Payfacs, tech partners, large co-brand partners, we cover them all. So we have AEs that are deeply thinking about them. I am always amazed when I go into an office. I was in the UAE and South Africa last week, and I walk into an office and our account executives there, and I love it when our client says they're really part of our team, which is great because they spend a lot of time there and we spend a lot of time thinking about how we can help serve our clients.

So we have this tremendous amount of data. We do a lot of account planning as well as part of this. And when we made the move to stand up VAS and our commercial and money movement groups, we brought in these specialized sellers because some of the sales and some of the tools are much more complex from a technology standpoint.

So we have 450 VAS sellers, and we have sales engineers being able to make sure not only do we sign and win the deal, we implement it flawlessly. So we've really spent a lot of time on that as well. And what that allows us to do is, with that data, with that understanding of our clients and we're monitoring their performance in real time, we understand what the opportunities are and we're always looking at ways we can help them.

So when it comes into deals, if a deal is up for renewal, for example, we are mapping whether it's a 3, 5, 7, 10-year vision of how do we differentiate ourselves and what can we provide to really make them grow at a faster pace. And VAS is certainly a big part of that. It really comes out – last year's renewal with Navy Fed, there was everything in there. There was consumer, there was commercial, there was Visa Direct, there was VAS, there was DPS. And a lot of that comes in as part of the plan we have to help support their business growth.

We had a win last year with a client, and a lot of that win was born on the fact that we had a bunch of VAS solutions that they wanted around modernization and really just getting to market faster. And so we've won that. We're busy implementing them with VAS. And then, of course, the deals tend to be episodic, but we're always around and engaging them during the course of the deals as well. So it's a big part of our go-to-market motion.

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Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

And how has that process changed over time?

Andrew Torre
President - Value-Added Services, Visa Inc.

A

Yeah, it's a good question. The process has changed over time. We have much better and more aligned incentives in the organization. There's no daylight between what the AE needs to achieve and the VAS specialist sellers. Same things with the AEs and the specialized sellers in commercial and money movement as well. They're aligned. They're going to market. The account teams, the specialized sellers sit on the account teams as well.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Got it. And I guess like when we think about the 14,000 financial institution clients, like how much of the growth will be increased adoption of the VAS products versus boots on the ground that deepen engagement with other clients for initial sales?

Andrew Torre
President - Value-Added Services, Visa Inc.

A

Yeah, it's both. I talked about the AEs and the VAS sellers. There are two other actors that are really important to our frontline go-to-market sales motions. They're our client success managers. So these are the people that deeply understand how our clients connect to us, how they operate. Every time we do a business enhancement release, these are the people on the frontlines over the weekend making sure the business enhancement releases go well.

So they're kind of a good adjunct to the account executives. They understand kind of the back office and how the technology works. And then increasingly, as we've grown our consulting and analytics team, these folks are in the office embedded with our clients increasingly every day. So there's a lot of data we get from that.

And I'll give you a good example of how our advisory businesses really help our clients. So, it was a little over a year ago, we noticed in Asia – well, the Regional President of AP noticed that one of our largest clients in the market was degrowing. And he asked our consulting and analytics teams, can you go in and see how we can help them?

And we came up with the – we're not just going to help make recommendations, we're going to roll up our sleeves. We are going to take your KPIs. So, they were attriting customers, they were degrowing. They had some challenges along a number of multiple dimensions there. So we said, okay, your goals are our goals. We are going to embed teams with you, and we're going to do the work together with you. And it was a really big success.

And it kind of just shows you, when you look at all the steps that our clients have to take around acquiring new customers, this client had a problem where we're seeing with other places – clients around the world where there's a lot of growth in the affluent market, but there's also a lot of demand and competition for that. And this client had fallen behind on their card benefits and their card value proposition. So the first thing we did was we came in and really helped them create a really great card value proposition, because you can't expect to attract and engage customers unless you're really at the level of competition, hopefully better. So we did that.

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And then through the process of doing this, we found out that they had some other opportunities as well. They were declining too many transactions, especially transactions when you're overseas. Those were certainly consumers that were most vulnerable.

If I were to check out of the hotel overseas and I couldn't use my card, that's a problem, right? And then, so we worked with them through this, and part of naturally finding these opportunities was selling in other VAS services that solve these problems. This worked incredibly well. We did 40 of them in FY 2026, and we're looking to more than double them because it really powers our clients' business, and it's a natural way when you see opportunities we bring in and sell behind that.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.
Q

And like when you benchmark success, obviously you can look at the growth rate and say, wow, it's successful. But maybe relative to the competition, what are you guys doing different relative to the competition?

Andrew Torre
President - Value-Added Services, Visa Inc.
A

Yeah. So we can benchmark our clients against lots of different dimensions. We can benchmark them on just a product portfolio. We can benchmark them against the market. We can benchmark them against some of the more nimble players. We can benchmark them on any dimension across anywhere on the globe. We can benchmark them on how high their authorization rates are. We can benchmark them on what their conversion is, when they're acquiring customers, how fast they activate, how deep they're driving engagement and on almost any dimension, we can benchmark them, and we do. And that data is always on, and we're using it. And we love it when our clients come to us and challenge us.

In fact, almost every single account has a quarterly business review where the leadership team of the client and our leadership teams in markets sit around and we talk about – and they push us, how can you make me better? Because often they're comped on how they're doing against competitors in the market.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Got it. So, maybe I'm going to go into each of the areas, starting with issuing solutions. On the earnings call, I think Ryan said that issuing, acceptance, and risk, security grew over 20% collectively in fiscal year 2026, and you expect them again to grow that much in 2027. Maybe you could just talk about what's powering in that portfolio, starting with issuing, and then driving the strength there.

Andrew Torre
President - Value-Added Services, Visa Inc.
A

Sure. So yeah, they're all growing north of 20%. Issuing also growing north of 20%, and it's got kind of three major areas to think about. One, I just referred to the card benefit side. The client in Asia that had real challenges with their customer value proposition and you just can't win unless you've got a good customer value proposition today. And it's not just in the affluent, ultra-high-net-worth, you've got the Gen Zs, which are top of mind for our customers. It's a cohort they don't know that well. They're starting to really spend. They're very digital, and these are the customers of the future. So, we really work and help develop a series of benefits.

You've had traditional benefits like airport lounge and insurance and things like that. But we're able to do a lot more. For example, in Q4 of last year, we launched our Infinite series. We have over 70 clients in 40 markets

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using the product. We have 15 in Latin America, and Santander in Mexico. And this Infinite is high-net-worth, ultra-high-net-worth, and it's got Infinite Privilege and Infinite Private. And within those, you can really differentiate your customers.

I'll just give you one example because I was in the UAE last week, and in that launch, we're able to provide assets that's going to be really relevant to the ultra-high-net-worth in the UAE, and it features things like yachts and private jet perks. And it can be that, but it can also be things that Gen Z wants, which is they're excited about gaming, they're excited about experiences and dining. So, it's kind of everything in between. So that's our card benefits business. It's a good source of growth for us, and we're doing more to be able to give these clients – our clients these experience for their cardholders.

The next is around our network products and solutions, and this is using kind of network intelligence to solve things. One of the things we've really been able to do over time is just watching how our issuers authorize transactions. If for some reason they're down, for example, we can step in and authorize just like they would authorize. So that's called Smarter Stand-in Processing. But we also have other network solutions. I suspect almost everyone in this room has subscriptions. They've become very popular in the US, so popular that there was a ton of demand.

So we've taken a couple of sets of functionality to allow cardholders to look in your mobile banking app and you can see everywhere you've got a subscription, which is super helpful, and then decide whether you want to change it or do something with it. So we've got over 2 billion credentials in that. So we're constantly looking at ways we can create better experiences, better intelligence with our network products. And then, of course, on the issuing side, we've got our processing platforms, our issuer processing platforms and then also with core banking with Pismo.

Sanjay Sakhrani Q
Analyst, Keefe, Bruyette & Woods, Inc.

And I want to talk about that.

Andrew Torre A
President - Value-Added Services, Visa Inc.

Let's do it.

Sanjay Sakhrani Q
Analyst, Keefe, Bruyette & Woods, Inc.

...because that's a hot topic.

Andrew Torre A
President - Value-Added Services, Visa Inc.

Yeah.

Sanjay Sakhrani Q
Analyst, Keefe, Bruyette & Woods, Inc.

All right. So, when you guys announced the acquisition of Pismo, many investors sort of viewed core processing as somewhat outside your traditional role. Maybe you could talk about what you were trying to solve and why it's been so successful.

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Andrew Torre
President - Value-Added Services, Visa Inc.

A

Yeah. I talked about getting really good signal from clients. So we spend a ton of time with clients, and we were hearing similar things over and over again. We were hearing that there's a ton of cost and complexity. We were hearing this from heads of retail, we were hearing it from the chief technology officers and the innovation officers. I've got multiple processors. It's cumbersome. It's costly to be able to do that. When we announced the Visa Flexible Credential, which, for those of you who don't know it, it's the ability to take one card or one PAN, and on the back end, it can either be debit, it can be credit, it could be multiple forms of credit, it could be prepaid, it could be loyalty, which sounds amazing until, as you're a bank, you're trying to figure out, how am I going to implement this, right?

So, agility to market was a real big thing. And a lot of our traditional financial institutions are on legacy infrastructure, and then the new fintechs were coming in, and time to market is incredibly important. It's never been more important to be able to get a new product or service to market because you can start to sweep up consumers. So that operating agility was important.

Architecture and tech debt was another one. The legacy environments have been around 20, 30 years. The ability to then expose things to API, do real-time processing and also the tech debt has become even more important now with bad actors having AI. Tech debt means you probably have more vulnerabilities.

And then the last thing is engineering capacity. While legacy infrastructure works, it consumes an increasing amount of time of our financial institution clients' engineering. And that engineering should be put on other things that really help differentiate them. So we took all four of these signals, and we said we think we should be able to play in this space, leveraging our experience with DPS, but we wanted something that was modern, cloud-native, API-based that would address these things, the agility, et cetera.

We looked at over a dozen companies, and Pismo was the clear winner in this space. And it's really borne out that way. I mean, if you look at what we're able to do with this platform, it's incredibly impressive. I talk to clients. We can roll out new features, new functionality, and upgrades daily. Our clients tend to have their own operating environment here, so we can do it seamlessly. So we can move at their speed and at the agility they want, and allows them to scale across different markets.

On the processing side, we support debit, credit, and commercial. We've had a good win with Westpac. But we can also start with our clients on Pismo just because it's net new. We can just say, listen, let's prove out one use case for you. Do you want to do credit with us? Do you want to do commercial? They don't have to move everything over. They can move part of the business, test it, learn, and then decide over time they'll expand.

So, we're in 28 markets now. It's the question, when I travel to markets, our clients ask me a lot about Pismo, and our country managers, they want it – they want it to come to markets. There's always work we need to do to open a new market, and we're constantly looking at prioritizing. We're eventually going to get everywhere, but we're at 28 now and we're going to grow. And then on the US side, I mentioned how it's supporting our debit processing system there with credit. We had a good core banking win with Wells Fargo on the ledger. So we're incredibly excited about the asset, tons of demand, tons of runway for growth.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

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And I guess, like just one related question. I mean, Wells Fargo was a great win. I mean, do you see other big institutions like that following suit across the world, or do you think it's sort of more geared towards a mid to small-market bank?

Andrew Torre
President - Value-Added Services, Visa Inc.
A

On the core banking side?

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.
Q

On the core banking side.

Andrew Torre
President - Value-Added Services, Visa Inc.
A

Okay. There's some – Wells Fargo started with the ledger, and the ledger is kind of the backbone of any core banking solution. So the legacy infrastructure has been around 20, 30 years. Every client around the world is going to have to contend with, I need to get off of legacy infrastructure at some point. Just the costs are going to be too high on legacy infrastructure. But they do it thoughtfully; they do it carefully. So this is a trend that will play out, in my opinion, over the course of the next 5 or 10 years. But I think when you start to see some clients around the world start to really upgrade their core, I think you'll see more.

There is also really benefits in upgrading your core because when you do that, you can start to look at areas you want to do or areas you want to outsource. So, it can become much more componentized as well, which will ultimately give financial institutions more flexibility.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.
Q

And do you think like larger financial institutions have a bigger budget so they can actually do that versus smaller institutions, because cost is always an inhibitor?

Andrew Torre
President - Value-Added Services, Visa Inc.
A

Yeah. I think cost is – first of all, it depends how much tech debt and how much complexity they have. Because the cost of running these systems is not that high actually, because we've got workloads in the cloud, the cost is when do you want to do the transformation and what's the calculus in the financial institution of when do the costs of continuing to support legacy infrastructure, the cost, the agility, the tech debt, when do they get overwhelmed? And I think you'll start to see clients do some of the things I said. They'll maybe start testing us out with kind of issuer processing, and then they'll see how cores play out. It's also really important, people still have to get used to really putting workloads into the cloud itself. So we're making sure that everything we do, we're active-active to be able to support that type of functionality because especially when you're running cores, you want to make sure you're always online, you're always ready, and the cloud technology is getting better and better as well.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.
Q

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Got it. So we're going to move on to acceptance solutions and the next big popular topic, tokenization and tokens period. Maybe you could talk about the impact that token pricing has had during this year and over time what you expect from it, and how do we get to like 100% tokenized ecommerce?

Andrew Torre
President - Value-Added Services, Visa Inc.

A

Yeah. We definitely want to get to 100% tokenized transactions, and we want to get there because tokens are much better. If you just look at – if you take a step back, I think we launched tokens a little over 10 years ago and they solve two basic problems. They – especially in ecommerce, you get higher approval rates. Consumers and sellers themselves love higher approval rates. There's about a 5% uplift when a transaction is tokenized. And you also have a significant reduction in fraud, about 35% or so. On ecommerce, we're about 60% token penetration, and we want to get tokens out in every single corner of the ecosystem. And we've got real focus on the areas where there's still opportunity, how we get from 60% to 100%.

Some of it is just around there's lots of stored credentials in merchants and acquirers and payfac. We want to get tokens in those places. Guest checkout is still pretty significant. For those of you who've done a guest checkout, it's painful. You've got to input a PAN, and you have more card abandonment. But the ability in guest checkout to put a token is really, really powerful as well. We see new markets where there's opportunity, and we see the ability with new technologies to be able to do more. So there's a bunch of areas there.

On the pricing side, we hadn't priced tokens for many, many years. They've got broadscale adoption. We started pricing in April of this year, and we're always incredibly thoughtful about how we price. So, of course, we're pricing to value because we just talked about the ways in which tokens deliver real value, but we also want to make sure we continue to increase adoption. We want to get to this 100% adoption. It makes consumer and seller experience better.

And so we've got service fees already built in to make sure that merchants get tokens and lifecycle management. But we realize there are some unique things that we do as a network to be able to get the right incentives across both sides of the network. So in order to get tokens from 60% to 100%, it's going to take real collaboration on the seller side and the issuer side. And this is something we do very well with a series of incentives to be able to drive that adoption and behavior.

We launched a Digital Commerce Authentication Program, which really makes sure that we've got the right incentives for merchants to be able to start to tokenize transactions and share data. And when they share the data with the issuers, it makes the decisions better. So when we launched this program and created some interchange and pricing incentives to really drive adoption, we thought we'd get a 100, 200 basis point lift. We're seeing a 300 basis point lift. So it's really proving out. So we feel really good about that program, and we think that'll help us get a long way to getting more adoption and more value out of the tokens as well.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

So are you going to take a guess on when we get to 100%? Five years?

Andrew Torre
President - Value-Added Services, Visa Inc.

A

Hopefully while I'm still working at least.

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Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Okay, got it. All right. Moving on to risk and security solutions. Ryan spoke to the increased cyber demand on the call as well, and I think he talked about cyber as more than just risk and security solutions. How would you define Visa's cyber offering today, and where are you seeing the most interest from clients?

Andrew Torre
President - Value-Added Services, Visa Inc.

A

Yeah. So I spend a lot of time with clients, and this cyber has become a top-three issue. In fact, last week when I was in South Africa and the UAE, it was literally the first word out of almost all of our clients' mouths. We've always been known for trust, scalability, and resiliency. But everyone's certainly concerned about cyber. And our clients experience different things. They experience, obviously, fraud on payments, they experience identity theft, they experience account takeover, and they're all part of this single connected trust problem. And we've been in this space for a long time. It extends beyond risk and security. It extends across all of our different portfolios. But we look at it in four areas.

And I'll get to the punch line now, we still see tons of growth in this. But the first area is certainly around the threat intelligence space. Visa has been using our own tools for years and years not just to monitor our network, but to monitor the payment ecosystem itself. And we took one of our solutions which we built for our self, our own kind of threat intelligence platform, and we productized it to be able to support our clients. And that took a little bit of UI and UX. We embedded AI because, as you can imagine, right now there's a ton of signal out there. You could have credentials that are in the dark web that are yours that have been compromised. There's lots of other signal, and our clients often need to know which signal is the most important, which signal is the most urgent.

And our intelligence platform is able to score it and tell you which one you ought to go after first. And we are increasingly bringing better data in with this. We announced a partnership and made a small investment with this company called Overwatch, which is a pretty incredible capability. They've all developed – they have developed a bot army, an agent army to go crawl in the dark web, and they act like they're part of the bad actors in that web. They're constantly pulling data and bringing it back. So we're using that data for our own network, but we're also able to bring that into our threat intelligence platform to be able to better inform our clients if something's happened, whether there's a breach or there's something they need to do. So that's one in that space.

Then there's identity, access, and behavioral trust solutions. We played in this space with our Consumer Authentication Service. We recently announced, and we're hoping to close BioCatch. BioCatch sits squarely in the identity space. We're incredibly excited about this space. We've learned over time that the credential is no longer the weakest link, it's us, it's the consumer. And we're continually seeing when they're manipulated, when they're being scammed, it's happening digitally.

So BioCatch has an SDK. They play directly in the mobile device and online when consumers are using the service, and it can very quickly tell whether – just the way I don't have my phone on me, but the way I pick up my phone whether I'm using multiple fingers, one finger, the angle I have and it creates a biometric, is this Andrew? It also may know it's me, but it may know I'm under duress. For example, if I'm being phished or scammed, I'm no longer adding something from rote memory, I'm waiting for someone to tell me something, and the way I approach it, the way I type on the screen is very, very different. So we're excited about that acquisition, and when it closes, we're excited about it.

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We've played in the transaction intelligence space for a long time. I talked about VAA, Decision Manager. Featurespace is a great capability for us to create specific models for clients and use that data. And I mentioned our Visa Intelligent Authorization. And then, of course, we've got solutions to protect our clients if something bad happens. So if they go down, we have our Smarter Stand-in Processing to be able to authorize on their behalf. We've got a capability called Visa Risk Manager. We've had clients who have been infiltrated before where they take over their authorization systems.

We have a Risk Manager tool which has a bunch of rules for clients, it can stop transactions and it sits outside of their perimeter, so they're protected there, as well as our Agentic Harness. So lots of demand, lots of runway, and we're continuing across all of our product platforms to continue to meet it.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Okay. So we've got less than two minutes, but I want to get through like three things.

Andrew Torre
President - Value-Added Services, Visa Inc.
A

Okay.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Right.

Andrew Torre
President - Value-Added Services, Visa Inc.
A

Speed dating.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.
Q

All right, speed. So I want to talk about advisory and other because that's one of the fastest-growing areas, and you had FIFA-related marketing expenses in 2026. Maybe you could talk about 2027 and what makes you excited about that segment.

Andrew Torre
President - Value-Added Services, Visa Inc.
A

Yeah. So we're lapping an absolutely incredible year with the FIFA event held right here in the US, the finals here in New York. And every time we have either the Men's or Women's World Cup, we get better, we get smarter. We worked with more clients than we ever have on this FIFA campaign. 20% of the clients we worked with, I think it was, across 70 different countries were new.

So we've learned how to better monetize these assets to create great experiences, acquisition engine. So lots of things happening there. It's given us real conviction that we're going to go deeper, and we're going to have more sponsorship assets. And I talked about it around card benefits, but the same things, there's a huge appetite in gaming, in music, in dining. And you'll see us bring more sponsorship assets. Our clients want it from us, and they know it can drive and empower their business.

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Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Okay. Another leg to this stool for VAS. Is there another leg that you guys are thinking about, and how would it be achieved, through organically or through acquisition?

Andrew Torre
President - Value-Added Services, Visa Inc.

A

Yeah. We're – there's obviously a lot going on. There's a lot more in cyber. We're very interested in this space. There's certainly areas in stablecoin. If you think of the four or five layers, depending on how you skin it on the stablecoin stack, we think we've got a real right to bring a lot of the things we do to payments around identity, around some of the risk solutions, et cetera. Pismo is already able to support stablecoin payments.

We've got an issuer, Gnosis Pay, on it, and we're going to be looking to integrate Pismo into our Visa Stablecoin Platform there. So early days, but we think we have a real right to win in this space and products coming out. And then obviously, agentic commerce, big, big opportunities there.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Q

That's what I wanted to talk about last, last but not least, but probably something we could talk about for 45 minutes is agentic commerce. How big of an opportunity is it for VAS? Where does it fit in? How quickly does it impact revenues in your mind?

Andrew Torre
President - Value-Added Services, Visa Inc.

A

I'm going to really quickly go through this. So, you're seeing – innovation starts slowly until it's sudden. And what you've seen over the course of the last month or two months is real, real interest in agentic commerce. You've seen Instinct, you've seen Muse. And we deeply believe that the future of agentic commerce is tokens. It's agentic tokens, which we can talk about some other time that add real value. We've got our Visa Intelligent Commerce platform that really allows these transactions to work the way they're supposed to work.

I was just – as I mentioned, in South Africa and in the UAE and a bunch of our clients, it's not just in the US, clients all over the world see this coming and want to get in our agentic sandbox with Visa Intelligent Commerce to start figuring out how they can adopt because there is a lot of consumer interest. And of course, our clients want to be there where their consumers want to be. So more coming, but I think we're very well positioned to capitalize on agentic commerce, both as Visa and VAS.

Sanjay Sakhrani
Analyst, Keefe, Bruyette & Woods, Inc.

Andrew, thank you so much.

Andrew Torre
President - Value-Added Services, Visa Inc.

Thank you.

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Sanjay Sakhrani

Analyst, Keefe, Bruyette & Woods, Inc.

Appreciate your time. We got through a lot.

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