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Visa, Inc. (V)

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MANAGEMENT DISCUSSION SECTION

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Hello. It's Bryan Keane, senior payments, processors, and IT services analyst at Deutsche Bank. And we're thrilled to have Oliver Jenkyn, who's the Regional President of North America at Visa for a virtual fireside chat today. And both of us are fighting the smoke in staying indoors in Southern California. So, I think what we'll do, we'll keep this chat virtual obviously. And if you have any questions, you can submit your questions through the portal and you can also just e-mail me directly.

So, with that, Oliver, hope you are safe and sound. Thanks for joining us.

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

Pleasure to be here, Bryan.

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QUESTION AND ANSWER SECTION

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

I want to start high level and just thinking about the world changing in 2020 due to the unfortunate impact of COVID-19. But it also has accelerated the movement towards electronic transactions. Is this the catalyst to finally ignite contactless payments adoption at the point of sale in the US?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

I think so. Let me put COVID aside for one second and just talk generally about contactless, and then layer in the catalyst that COVID has been. The contactless in our view, and it's been our view for quite a while at Visa, it's simply a better, more seamless, secure, sanitary, easier way for consumer to pay. It's just a better consumer experience. It's an idea whose time has come in North America and, frankly, it's an idea whose time came in markets around the world a long, long time ago.

So, as contactless payments become ubiquitous, consumers really love it. I used this quote all the time, once the market's gone contactless – and we actually talk to consumers – it's not like they say, I like this contactless payment thing, 17.3% better than the old model. They always say, what the heck were we doing before and why haven't we always paid this way? So, it really is a very positive consumer experience. And our view is, the better consumer experience will always win in the long term. So, that's why we've been investing so hard in it around the world, and specifically now in the US.

But sometimes, that change requires a catalyst, and I think COVID really has been a great catalyst, notwithstanding the fact that we've been making investments here for several years. But where it stands right now, we'll have about 300 million cards in the US, tap-to-pay cards in the US, by the end of the year. I think we're over – slightly over 250 of the top 300 merchants in the US are contactless-enabled. About 70% of all face-to-face transactions take place at terminals and merchants that are contactless-enabled, ready to use.

But most importantly, all the players that need to do the work to support it from the manufacturers, software providers, card stock manufacturers, they're all doing the work and they've all sort of kicked into gear. And consumers are building habituation. This is really the best thing about what happened with COVID. There's nothing good about COVID, but what's a really tiny, small silver lining for payments is that consumers for health-related reasons have been tapping to pay and merchants have been making the efforts getting used to it. Cardholders have been building the habituation, building the muscle memory to do it. And that's all really good and so we feel really good about that.

And I think, again, as face-to-face storefronts begin to open up, we do think there's going to be a really, really positive wave for contactless because, again, contactless, it's an in-person payment experience. And given that in payment – in-person payments are contracting still a little bit right now, we're excited from when it really opens back up, and health reasons are behind us and we think contacts have a really good push. So, we do think it will be the catalyst. And maybe that's, again, a tiny little silver lining to what's overall a really unfortunate situation.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

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One of the stats I saw was that the tap-to-pay increased spend per active card almost 15% to 20%. Is that – is it true and why might that be?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Well, I think, it's a few things. One of the most important things we're looking at obviously is replacing cash and check, and there's still about $4 trillion in cash and check in the US to go and get. And importantly, about 55% – last time I looked at the numbers, it's approximately 55% of all transactions under $10 are still in cash. And the contactless experience is so simple, the simple sort of tap and move on, that it's really more efficient than cash, especially in the small ticket transactions.

And so, again, when things open back up and you're taking public transit to work, you're grabbing a coffee, you're grabbing a bagel, quick-service restaurant, maybe going to the drugstore, all sorts of things that require fast, easy, simple throughput, that simple tap-to-pay experience enabling us to see great transaction lift at all sizes; but, in particular, in those really small transactions where cash is still sort of seen as the easiest thing to use. Just pull out a couple of bucks and make a payment for that bagel. The contactless card is a simpler, easier experience than that. And I think that's one of the – certainly one of the key drivers.

And so I think that's – and I think also the last thing I'd say on that is, it's those simple, everyday, about-town experiences that build that memory for consumers. And so, again, once people are out and about a bit more, we think that will help drive transaction lift and habituation in a material way.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

In the US, would you call the tap-and-pay with the card the stepping stone of mobile payments or not necessarily?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

I don't think so. What we're seeing in the US and in most markets around the world is that that tap-to-pay experience on a physical card is greater than and growing faster than the mobile payment experience, the tap-to-pay with a phone. And I think that's – the functionality is there on the card, the capability, the familiarity. I think people are just very used to paying that way, and I think they'll continue to do it for a long chunk of time. But the data supports it. We're certainly seeing in the US more tap-to-pay on cards than there is on mobile device, and it's growing significantly faster.

Having said that, we want the simple and easiest way to pay for a consumer and make them choose whatever they prefer. So, if they prefer using a mobile device to make that tap-to-pay payment because that's just how they like to do things, that's fantastic. If they're more used to doing it via card and that's their preference, that's fantastic as well. We just want to make sure it's how the consumer wants to pay and it's seamless, easy, secure. So, we're relatively indifferent to which one is which growing, but the data is showing that that card – the familiarity with the card is winning out at the moment in most markets around the world, and currently in the US as well.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

So, shouldn't this contactless trend help push up growth rates a little bit in the US when you normalize for the overall COVID impact on volumes?

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Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. Certainly. Certainly. I think if you look just specifically at the impact of contactless on what growth would have otherwise been without contactless, for sure. I mean, without any doubt, believe me that this – for all the reasons I mentioned earlier, that this will cannibalize cash-based payments and will increase the growth rate of debit and credit. So, if you look at it just on that one piece, that's true.

When you think about it across the whole North American business, as I know you can appreciate, it's hard to separate the sort of multiple variables that are driving growth. So, there's a wide range of things that are impacting the growth in credit and debit, most of which are overshadowed by what's happening from a macroeconomic point of view with COVID. And so how we isolate the specific impact of contactless is sometimes a little bit difficult. But without doubt, this will be a – will have a positive impact on growth rates of both debit and credit for us and for our issuers.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

Yeah. We saw the latest data trends for August and we saw the acceleration of volume of growth rates moderated [ph] at touch (00:09:23). But to be honest with you, I think it was better than I anticipated in August considering there was less stimulus. And part of that has been the strength, I think, in debit versus credit with debit being up over 24% in August, which has been surprising, and credit still lags. So, I was just hoping you could just sum up what you're seeing in the recovery in August and the differences between debit and credit.

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. This is something obviously we stare at every day. But just to build on the first comment that you made, again, it's still a good recovery. I think our Q3, fiscal year Q3 for us, payment volume was still down in the US. And then in Q4, payment volume was up about 8% so far in Q4, with growth of 8% in July, 7% in August per our recent 8-K. So, that's good.

Credit was consistent at about an 8% decline. And then debit went, I think – gosh, I think it went – dropped by about 2 percentage points from, gosh, I think it was 26% to 24%. But overall, those are pretty good numbers. I agree with your characterization. There's a bit of a dip, it was on the debit side, but it was a small dip.

My main message is similar to yours when I look at August. I'm not worried about it, and we watch the data really, really closely. The recovery is going to take some time. It's going to have some ups and downs, some leveling off periods, catch your breath and then hopefully grow again. So, I don't think it's – I personally don't think it's part of a bigger story. And, again, there are reasons certainly why there's a little bit of moderation on the debit side largely with the unemployment benefits coming off a little bit, which are on prepaid cards which we put in the debit category.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

Debit versus credit.

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

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Yes. So, debit is obviously growing much stronger than credit, and there's several reasons for it. This isn't new. First of all, in difficult times, there is what we refer to as the rise of the pragmatic consumer. And history has shown it. So, folks become very pragmatic and deliberate about what they're buying, how they pay, what products they choose to use. And there's a shift to spending money that I've got versus borrowing money to make those purchases. And we've seen it in past downturns. It's relatively common. This is more stark than we've seen it in times past the separation between debit and credit. But the fact that it's happening is something that is quite consistent and very similar to past downturns.

Certainly another driver of it is discretionary spend. Consumers can track their discretionary spend while nondiscretionary holds up, and debit is a more nondiscretionary product and credit is a more discretionary product. Related to that, affluent consumers, who spend more on credit and more on discretionary, had been restricted with shelter-in-place from doing the sorts of discretionary stuff they would like to do like travel, like restaurants, etcetera

Another reason for the growth in debit has been that the government's EIP pushing that through to prepaid cards, unemployment pushing it through the prepaid cards. And as I've said prepaid, we count in our debit category. And so a lot of that has helped lift those debit numbers, and Visa Direct continues to do well in this environment as well.

So, a lot of those are the reasons that are driving it. But the most important reason is a consumer psyche and this responsible pragmatic spend what I've got not what I borrow in this period of time. And, frankly, we even see it in credit even to folks that stay spending on credit cards. So, for folks that aren't migrating to debit but are staying on their credit cards, you even see a migration from credit products, from more experiential travel products to much more pragmatic, no-fee cashback credit card.

So, this is sort of a slide all the way across the credit spectrum to more pragmatism. And, frankly, this is going to stay for a while, coming out of the last recession to sort of 2008, 2009, 2010. It took a few years where debit was growing stronger than credit for a period of time before consumers got comfortable again. So, I think it's quite common. But I will say the spread between debit and credit is greater in this downturn than normal.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

And then are you guys pretty indifferent on the yields on – but if it – it feels like – I think, from the last call, it seemed like yields would be pretty similar between debit and credit. And I don't know if that changes between off-line or online debit, but maybe you could just talk about the yields that you guys get. Because I think when people originally think about it, they think, well, discount rates are higher on credit versus debit, but that's not necessarily how Visa gets paid.

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. There's a short answer and then there's a really painfully long answer. But the short answer is, we really are quite indifferent between which product is coming across. It's not a big driver of difference.

The slightly longer answer is there's different offsetting factors, for example, like one of the reasons that credit yields – a thing that drives credit yields down is there's more concentration amongst the big credit issuers. And so there's a bit more pressure on yield in that side. However, on the debit side, we have to win the transaction twice, given the Durbin Amendment. [ph] You guys should – got to get on the issuer's part (00:15:19), but then you've got routing considerations on the other side, which balances out debit yield.

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So, the short answer is, we genuinely are relatively indifferent, but there are approximately 300 considerations that make one better or – but then there's a countervailing force. So, it actually gets quite complicated when you go into the weed. But if we spend two hours talking about it, we'd still come back to the same conclusion which is we're relatively indifferent between them.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

We've noticed the buzz around credit installments and particularly some buzz happening here in the US. What's the opportunity for Visa for credit installments?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. So, we think credit installments is very real and very tangible and a great opportunity. Consumers see value in the option when they're shopping. And it's not a theoretical thing. We've seen it in markets around the world. When presented with this option, it's something that the facts bear out and the data bear out. It is something that consumers like. And so if consumers see value in a certain payment and transaction experience, then Visa is going to work hard with our partners to help deliver to them.

We have a two-pronged approach. First of all, we'll partner with existing installment players like Affirm, or Afterpay, Klarna, others. So, we'll work with models that are already out there, and there's different forms of partnerships with those folks. But also, the second prong for us is Visa's proprietary installment solutions which we're working with our partners to bring to market. And we think this can be quite valuable, essentially leveraging the Visa network and Visa connectivity into all of the ecosystem players to put an installment platform onto the Visa ecosystem. And there's value for all the players by doing so.

So, the merchants, they only need to do one solution globally where eligible clients can use these installments in-store, online, traveling abroad, etcetera. Merchants can display installment plans in simple integrated ways so that a consumer doesn't have to be redirected to a third-party website to get advantage of it. We can put it right into that experience. Financial institutions are able to offer this service to their cardholders to add additional value.

So, there's – given the infrastructure that we built in Visa, layering in an installment capability that can pipe into all of our acquirers and all of our merchants, while at the same time all of our issuer processors and issuers, is something that can bring a valuable, consistent, sort of ubiquitous installment program to scale quite quickly. So, we're working on that now. We're partnering with TSYS/Global Payments, Commerce Bank in the US, and others to begin to bring this to market.

So, again, two-pronged strategy: partner with existing players that are out there doing this, but also work on a solution that we could bring to scale for market leveraging the connections and the partnerships and the infrastructure that we've got as well. We're excited about both of those.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

Does any of this disintermediate you guys or does this – or are you guys still – would still be involved in this process?

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Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. We'd actually still be involved in the process. I think – listen, our overall philosophy is, we want to electronify and digitize as much payment as possible and we want to do it with a great consumer experience. And as long as we're supporting initiatives and efforts and ideas and people who are doing that, it's our view that we'll find a healthy role for us to play and we'll get our fair share of the business.

So, for us – again, new models, new ideas are going to come up, we want to participate in, and how we participate might change based on what other parties are bringing to the table. But if it's a good experience in digitizing and electronifying payments, if those things are happening, we're going to want to be involved and we're going to bring our assets and our capabilities and our connective tissue to bear to help make it a success. So, we feel good that we'll have a nice role to play and help bring these things to scale.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

Got it. I wanted to ask about new deals. I guess first, high level, the market does feel competitive. I think for Visa, 30% of deals renewed in fiscal year 2019, and then it felt like another 25% to 30% in fiscal year 2020. So, that's a lot of renewals, 50% to 60% in two years. Are the economics of renewal getting worse since rebates and incentives seem to be rising as a percentage of revenue?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

It's a good question. Maybe I'll start – I'll start at a high level then get more specific. So, as you know, Bryan, I've been running North America for about a decade now. So, I'm quite used to the ongoing competitive dynamic and the sort of constant deal – you finish a deal, another one lines up, and then you've got another one on the co-brand side, then you got an issuer one, you got an acquirer one, got a processor one, and then you're back to the issuer one.

So, it's quite a – it's a constant flow of deals in our industry. And I would just say, I don't think – so, there's always pressure, there's always competitive dynamics, but I personally don't think there's anything materially different about the current environment than in years past. I think there's consistent and healthy tension and competitive pressure in the system, but I don't feel like there's any sort of material step change or difference versus years past.

Now, as you mentioned, we probably, long-term average, renegotiate about 20% of deals a year. We're a little higher in 2019. We'll probably, all-in, be a little higher – I mean, 2019, we're close to 30%. As you said, I think, probably 25-plus percent this year. So, it's probably been just factually a little bit higher because some bigger deals have renewed. But, again, I don't feel like there's some sort of step change difference in what's happening. It's that sort of consistent ongoing competitive pressure.

And just as a reminder, of course, as you guys know, on incentives, they play a very important role for us. They're common in deals to align interests and drive outcomes. We put them in there to help drive and incent our clients to grow. The vast majority of our incentives are variable and, therefore, are designed to adjust with client performance and incent greater client performance.

But, again, there's always pressure on incentives and renewals to drive up incentives for the most part over time. But overall, we feel pretty good about it. And even with incentives sliding up, overall, our net revenue yield has

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continued to increase. So, we've been able to find ways to balance things out. So, I guess I'd summarize it by saying plenty of competitive pressure, but similar level of pressure and tension has existed in the system appropriately for several years.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

Visa recently won the combo of two large bank deals. I think it's the Truist deal where you guys I think are gaining on the SunTrust side, and then the TSCF (sic) [TCF] (00:23:12) Chemical Bank deal where I think Chemical Bank becomes new to you guys. When did those deals start to ramp up and have an impact? Is that fiscal year 2021?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. Not too much I can say about these. So, just a couple things. We're really excited about – I'll start with Truist. Really excited about Truist. It's a great team over there. It's a great institution. We're proud to have them as key partners.

In terms of your specific question of when the volume comes, it's not really our place to say. Truist is managing through a lot of other priorities and they've got sort of flexibility to work it into their sort of hierarchy of priorities. So, I'll leave it at that. I wouldn't want to get ahead of them. And the truth is, they do have some flexibility as they balance all the things on their plate. So, we're excited to do more with Truist, we're excited about the partnership, but some of that flexibility is with them. And similar with TCF and Chemical. We're delighted with that partnership. It's a topping. It's about a top 25 bank. But, again, we haven't commented on those financials yet.

The one thing I'll say slightly more broadly though, Bryan, that we feel really good about, and I mentioned this at Investor Day, when we look at our portfolio mix, we're really happy with who we've got on the Visa team. At Investor Day, we said 19 of the largest 25 portfolios in North America are Visa. That's pretty amazing and pretty powerful. Partners are choosing us. And, again, the Truist win is a good example of that.

And the same is true, not just for large issuers, but also with neobanks and fintech and digital platforms where we measure our performance, and I measure it and review it personally, and we look at our win rate at about 70% with these players as well. So, we feel really good about that. And a lot of this work, and it will be the same with TCF Chemical and Truist and whatever the next deals are, we earn this not with any silver bullet, but with like day-in, day-out, dirt under the fingernails. We work with our clients to find opportunities for them to grow faster, new products that they could work into their portfolio, new value-added service they can make use of, new sponsorship and marketing things that work well with their own brands.

So, a lot of it is just, again, day-to-day hard work with our clients, trying to help them drive their business. And I think long term, over the years and years that we've worked on this, it's resulted in us getting to a good position with our current clients and hopefully ones that want to join the team.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

What's the new logo deal pipeline look like now? Is it depleted some or are there still plenty of things out there that you guys can gain?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

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Yeah. Sorry. Say it again. The deal pipeline?

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

Just the new – yeah, the deal pipeline. Just thinking about new deals and especially more on the new logo, kind of the additional business potentially you could win, kind of how SunTrust and Chemical Bank become new business. Just thinking about new logos versus the renewal side we talked about.

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. Well, there's plenty. I mean, the pipeline, as you can imagine, like any business does, we've got a sort of detailed pipeline of where different conversations are, partly based on renewal, but partly based on just our market intelligence of stuff that we know was going to come to market, if it's new fintech players or new platforms that are coming into the space. And that the pipeline is really full. As you can imagine, we're locking down our FY 2021 plan. So, we're digging through our pipeline trying to understand what's coming and what our odds are of winning these different businesses, etcetera.

But then, of course, the one thing that we have no insight to but are always ready to respond to is whether there are mergers like BB&T and SunTrust, which wasn't in anybody's pipeline when the appropriate year started, and then happened and everyone had to respond quickly. So, listen, I think the pipeline is quite full on new deals, but there could easily be two or three sort of surprises of things that new mergers, new acquisitions that we need to pivot to quickly.

I mentioned Truist as an example, but you have all the [ph] tightened process on mergers (00:27:46), right? The Fiserv, FIS Global, all of those mergers that came together really changed the industry as well and resulted in new conversations and new opportunities with those institutions. So, pipeline is full, lot to do, and it's the stuff that's not in the pipeline yet, but could easily pop up over the course of the year that we'll have to respond to quickly.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

I want to ask you three or four more topics, and I know we only have about five minutes. So, we'll run through some of these quickly. But talking – I wanted to ask about the success in generating new payment flows, and especially Visa Direct. I know growth rates have been coming there and closer to 70% I think, on this – 60%, 70%, something like that in the last couple of quarters. Can you just talk about how sustainable in the opportunity to gain more on Visa Direct in the US?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. Well, Visa Direct is fantastic for us, and I think for the industry with the new use cases opening up. We feel great about it. You're right that the growth rate will moderate over time just because the denominator is getting bigger, but it's – the actual business that we're winning and the use cases that we're opening up, we feel great about. The great thing about Visa Direct is, we're uniquely positioned for these new use cases. We've got our size in credit and debit, our relationships with issuers, acquirers, fintechs, processing penetration.

Payment is a really complex system, and Visa is plugged into all of the ecosystem players in an at-scale industrial strength way. So, when Visa Direct and the ability to push payment comes along, for these new use cases, it's

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like just add water and stir. It's ready to go. And I think that's a real advantage for us. So, we'll continue to push Visa Direct. The existing use cases like P2P are doing great, but we're advancing new ones. We would have done it without COVID, but COVID is helping in many ways. But we've got remittance opportunities, cross-border remittance opportunities, insurance disbursements, earned wage access, tipping opportunities.

So, every year, when we do Visa Direct, we say, well, the stuff that we secured over the past few years, how can that continue to grow? And what are the new use cases and who are the partners that we're going to work with to bring those new use cases to market? So, we think Visa Direct's had a long, long runway for growth. But the growth rate will moderate just by the law of large numbers as the denominator gets bigger.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

What's the real-time payments opportunity for Visa in the US? And how does the Fed's move towards real-time payments over the next couple years impact your strategy in the US?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. So, on RTP broadly and globally, we're engaging with governments and central banks or bank consortiums globally on real-time payments, including the Fed here in the United States. And we're focusing our time on RTP in where we think the greatest opportunity exists and where we can add the most value because, as you all know, with RTP, there's different layers. There's like the core underlying clearing and settlement pipe, just the sort of core plumbing. And then, on top of that, you have value-added services and application layers that actually bring the pipe to life. And we're spending our time, for the most part, in those value-added service application layers as opposed to that core infrastructure layer.

We think that's where we can add the most value. We think that's where we can bring these RTP systems to life. And we're super excited about that, the conversations we're certainly having with the Fed. And Plaid can play a role in that as well when that gets completed in terms of playing an important connective tissue layer into those RTP systems, but same with other acquisitions like Cardinal and Verifi and Bell ID for authentication, dispute, tokenization capabilities.

So, again, very focused on the application, the value-added services, layers of RTP that make it work, that make it have functionality and capabilities and less focused on building the pipe. I think that's sort of where we're most focused on the RTP space, and we feel good about that.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

Where are we on the rollout of Visa B2B Connect and can that be a material contributor to revenue growth in the future?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

A

Yeah. We're super excited about B2B Connect. I mean, B2B Connect, it's just – it's going to take some time, obviously. But for B2B Connect, it's about a $10 trillion large-ticket cross-border opportunity that we're focused on, and a lot of that's touching the US on one side or the other. And we think B2B Connect really genuinely solves a lot of the pain points that are out there today. So, we do think it's an opportunity.

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I mean, if you look at the typical cross-border payment, you've got a whole bunch of banks that are touching it, three or four banks to reach the ultimate beneficiary. Everybody's taking their cut financially. The data is getting degraded. Transparency is being lost. In today's day and age, that system, the idea that that's the best we can do, I think, is something that we're not willing to accept. And so we're super excited about B2B Connect providing this multilateral network to improve the cost, reduce the friction, increase the transparency. And so we're building this out.

Again, unlike other things that are just add water and stir, we've got to build this network out. But we feel good. So, we can operate in 80 countries today. We'll be able to operate in another 30 countries the next 18 to 24 months. And we're working really closely with a great list of clients who are doing the work to build this out right now so that we can get this live. It is a major commitment and focus for us and we're really excited about the trajectory. But it's going to be – Bryan, it's going to be sort of in the slightly longer term bucket than the stuff that's going to show up next couple quarters. We got to build this out, but it's a very worthy investment in our minds.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Q

Got it. We have about a minute left, Oliver. I did want to ask you about the value-added services business. Has that been hit by the pandemic and is it possible that could be even stronger coming out of COVID-19?

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

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Yeah. Listen, there's the COVID story on value-added services and then there's the straight value-added services story. Just – I'll do the latter first. We're very bullish on value-added service. We've been putting time, effort, investment, all this focus, mental energy into this for a long time, and it's really starting to hit its stride. And as you suggest, COVID has helped it in many ways. And so it's something we're very focused on.

We don't have time, but there's a ton of great examples across advisory services. And people are asking different questions of our Consulting & Analytics team, but they're still asking the questions. There's Cybersource [ph] in the lift (00:34:59) that Cybersource can deliver as more people are coming online and looking for omni-solutions. Our analytics platform, as people are coming to us saying, I need better access to data, what's happening against benchmarks because there's so much uncertainty in the market. That's going well. Our issuer processing platform, our authentication products including Cardinal as more is going online and we need to manage the risk. And then, of course, Plaid will play a big role in it.

If we had another hour, we could go to the value-add service in more detail. But it's a major focus for us and it really feels like we're getting significant traction and clients are increasingly looking to us to say, how can you help me with this? And we're really pleased to be able to have solutions that can support them.

Bryan C. Keane
Analyst, Deutsche Bank Securities, Inc.

Awesome, Oliver. We covered a lot of material in 35 minutes. Thanks so much and I know you're busy. And stay healthy and we'll be in touch.

Oliver Jenkyn
Executive Vice President & Regional President-North America, Visa, Inc.

Thanks, Bryan. Thanks, everyone. Bye-bye.

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