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Visa, Inc. (V)

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MANAGEMENT DISCUSSION SECTION

Timothy E. Chiodo
Analyst, UBS Securities LLC

All right. Good morning, everyone. Thank you for joining us. We are glad to have with us today Oliver Jenkyn, the Group President at Visa. We also have joining us and making the trip here to Arizona, we have Jennifer Como, Head of Investor Relations; and Jared Haftel, also part of the Investor Relations team. So before we get into anything, we just want to say thank you for traveling here and being such a big part of our conference to all three of you.

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.

You're welcome. Great to be here.

Timothy E. Chiodo
Analyst, UBS Securities LLC

All right. So I think the investment community has gotten familiar with Oliver over time, but I just want to give a little bit of context here. So, as I mentioned, Group President at Visa. He's been at the company since 2009. He joined, having come over from McKinsey at the time. For context, Visa is organized with five regional presidents. All of those report into Oliver, as do the teams that lead the global merchant relationships, the global client relationships, the global digital partnerships and the global deal negotiation. So it's a lot of purview under Oliver, and we're really glad that he took time out of his schedule to join us.

QUESTION AND ANSWER SECTION

Timothy E. Chiodo
Analyst, UBS Securities LLC
Q

So, again, thank you, Oliver. And we can get going into an update on Q4 trends, if you don't mind.

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.
A

Yeah. So if I could summarize Q4 trends, our fiscal Q4 trends, and then I'll give a little bit into our fiscal Q1, if I had one word, it would be stable. If I had two, would be stable and strong. So, again, the trends for Q4, as we said in our Q4 earnings, relative stability in income growth, relative stability in consumer balance sheet, relative stability in employment, which is resulting in relative strong, stable growth for us. I think our growth was 8% in the US on payment volume, 10% in the last quarter on international. I think we were, I can't remember, it's 11% or 12% on cross-border. So good last quarter.

And then on this quarter, our first fiscal year quarter, because we're October 1 fiscal year, as you know, we did at earnings talk about the first three weeks in October, which was sort of more of the same. And it was, gosh, 7% to 8% on US growth. I think it's about 11% (sic) [12%] on cross-border for those first three weeks of October. And what I'll just say about sort of an update to now, if you look at our fiscal Q1 quarter to date from October 1 until November 30, it's very similar trends to what we reported for those first three weeks of October. So, very stable, good numbers. And of course, that includes the beginning of the holiday season, which, again, is stable and strong in terms of growth. So that's what we're seeing. In a word, stable.

Timothy E. Chiodo
Analyst, UBS Securities LLC
Q

Great. And that applies to both the US trends, and also, just to clarify, the cross-border as well?

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.
A

Yeah. US, the numbers for October 1 through to November 30, or quarter-to-date, Q1 quarter-to-date, stable for US PV and cross-border PV.

Timothy E. Chiodo
Analyst, UBS Securities LLC
Q

Excellent. That's a great update. Glad we got that covered. Let's move on to the next topic, which is the MDL settlement. So plenty of discussion around this. I think it's worth just putting a little context around it and what the implications are for Visa and the broader payments ecosystem.

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.
A

Yeah. We're really happy to have reached an agreement earlier this month or last month along with Mastercard in MDL. As you know, MDL has been going on for, gosh, near 20 years. And so we're pleased to have that behind us finally. I won't go through all of the details of it, but just at a high level, because it is important, but at a high level, merchants will receive important financial relief. They'll have valuable flexibility and options in how they accept payments.

From an interchange point of view, there'll be a 10 basis point reduction in effective average interchange in the US for five years. Rates will be capped at current rates. We cannot raise them for those five-year period of time. And for standard consumer credit cards, so the non-premium consumer credit cards, those rates will be capped at 125 basis points. So, that's interchange.

And then on surcharging and honor-all cards, there'll be greater flexibility for merchants that choose to surcharge regardless of whether they're surcharging anyone else. We just made it easier for them to surcharge if they so choose. And on honor-all cards in credit, there was already a rule that enabled consumers to decide if they want to take debit or credit at Visa that was already split. But now within credit, merchants can decide whether they want to take commercial credit cards, premium consumer credit cards or standard consumer credit cards. That'll be a choice they have to make. And there's also a merchant education program.

In terms of implications for all of this, I mean, it's definitely more – it's financial relief and more flexibility for merchants. How it unfolds? We'll have to wait and see. It's just important to note, though, that when merchants decide how to make their payment choices, they think about a lot more than just economics. They think about safety, security, reliability, disputes, chargebacks, brand, trust. There's a whole wide range of things that they take into consideration. And so we feel really good about our ability to compete in this space, as we always have, but these are important adjustments and we'll be focused on it.

I guess, the one last thing I should say is, the legal process will continue through FY 2026. So the actual rolling out of this, we'd expect to be more of an FY 2027 event.

Timothy E. Chiodo
Analyst, UBS Securities LLC

Q

All right. I think that covers it well. Thank you, Oliver. All right. Let's move on to an exciting topic, which is agentic commerce. So you've had many announcements recently, partnerships, announcements. Maybe you can just talk a little bit about maybe some of the assets that Visa has and can bring to the agentic world, whether it's tokenization, identity, security, your value-added services portfolio, the list goes on? And then maybe add a little bit more on how Visa's approach to this topic is differentiated.

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.

A

Yeah, great question. More fun to talk about agentic than legal settlements. But listen, I think agentic is going to be a very positive thing for Visa. We feel really good about agentic commerce and the possibilities that it brings. And I'll just maybe start with my simple summary of what we've unveiled in agentic and how we think about it.

So if you had your phone, I'll steal your phone for a second, if you had your phone, this is sort of a simple summary of it with what we announced in Visa Intelligent Commerce at our Product Drop this summer (sic) [spring]. If you had your phone and you open, for example, ChatGPT and you had that usual ChatGPT interface, imagine – again, this is just for hypothetical, imagine, there's a little button at the top. You hit that button and that button says shop for me. Same UI of ChatGPT, a little button that says shop for me. When you hit that button, three things happen. The first thing is you load a credential into ChatGPT so it has a way to pay for you, authenticated, tokenized, secured, domain controlled.

The second thing you do is you personalize it to you. And so you give it a data token on my past transaction behavior, my past purchase behavior, maybe I put some of my family stuff in there. So it's not just an LLM looking out at the world of what it could buy, it's actually looking back into my brain of, like, what would Oliver buy in this situation, because I've given it that history.

And the third thing that happens is you put controls around it. So if it's under $100 in these merchant categories, go ahead and buy it. If it's in these merchant categories, fashion and travel, let me look at it before you actually hit buy. If it's in these merchant categories or above $1,000, you do not have permission to buy for me. So you put controls around it.

And then, when you use ChatGPT, it's not just telling you how many escalators there are in Buenos Aires, it's actually able to go and shop for you. And the way to think about it is, if you ask your kid to go down to the store to get something for you, you have to give your kid a way to pay. They know to not get the full fat milk. They know to get the skim milk because they know you. And you know that the – you tell them that they can't go buy chocolate and cigarettes with the money that you gave them. They've actually just got to go buy the milk, right? So those are controls that you're giving to an agent as if you were to a child.

And so that's what we announced in Visa Intelligent Commerce. And what's happening now in that space is the sandbox is open. People are piloting. We've got issuers and payfacs and acquirers. The LLMs are in there working with these APIs.

We also announced merchant side protocols, a trusted agent protocol, so that – it's merchant-facing protocols because, for the first, whatever, 20-plus years of digital commerce, bots or agents were a bad thing, and we're constantly trying to stop them. Now agents are showing up, and it's a good thing. So we need sort of cryptographic protocols so that when an agent shows up, the merchant knows, okay, this is someone that I recognize and I've seen before. This is someone that has an intent to purchase, and this is an agent with whom I can exchange payment credentials.

So we have protocols to enable the sort of separation from good agents from like bad bots, and those are some of the protocols. Other protocols have been announced, AP2, ACP and others, and we'll have to work through. They're all trying to do the same thing, that's work through making sure there's a good way for that to happen.

And if I could just say one last thing as to how we think about agentic, if you go back in the history of payments, it used to be face-to-face commerce. You showed up in a store and you had a Visa card. Then e-commerce showed up and we set protocols and standards for how it would work, and e-commerce was great for us and for consumers and merchants.

Then mobile commerce came around, different set of protocols, different set of standards, different set of security. We set those protocols and procedures in place, and that went nicely. And now agentic's sort of that next phase. And so what we're focused on is the standards, the protocols, the risk, the fraud, the trust to make sure that there's that next wave of growth in agentic. And we're super excited about it, and we're doing the hard work now to make it so. Not nice PowerPoints and presentations, but the really hard work to sort of weld it into the system of how agentic commerce will work going forward.

Timothy E. Chiodo
Analyst, UBS Securities LLC
Q

All right. Thank you, Oliver. I like – I appreciate the – bringing it to life for us with the – what it's like for the consumer. So thank you for that.

All right. Somewhat of a related topic, tokenization, monetization. So this is a big one in the investment community. So tokenization, I think it's a pretty much a consensus view here. It is good for the payments ecosystem, right? It reduces fraud. It increases authorizations. It is a win-win. I don't think that's really even disputed. But what investors are often looking to learn more about is how Visa's approach to monetizing this capability has evolved and how we can think about what these tokens are doing and how Visa will be compensated for that?

Oliver Jenkyn A
Group President-Global Markets, Visa, Inc.

Yeah. Well, just to further solidify, the tokens are good, if there's any doubt, we've been at this for over a decade. We were at 1 billion tokens in, gosh, 2020, a 10 billion tokens in 2024. I think we're at about 16 billion tokens right now. About half of our digital commerce transactions are tokenized. Our goal is to get to 100% tokenization. And the reason it's proliferating is because it's good. It increases approval rates by 5 percentage points, which is huge. It reduces fraud by over 35%. These are like no-brainers in terms of how a payment system would operate. And so we'll continue to push to getting to 100%.

And in terms of the benefits to us of tokenization, and there's multiple of them, first of all, just better transactions in the digital world results in more transactions for us, more usage, and Visa being more prevalent and predominant in digital transactions just because it works better, and we get all the benefit from that volume and that lift and the sort of central role that we play.

Two, there's also what I'll refer to as value-added services around tokens. And so there's lifecycle management of tokens, there's account updaters when your card changes, and you've got a consistent token. So, there's players like Booking where they use these value-added services. And we signed a deal with them recently where they're going to use these token-based value-added services. And I think the number is over 60 markets around the world because they can use the functionality of the token to get access to these value-added services to complete transactions.

And then, of course, as is always the case, how we price our fees and interchange to continue to incent the adoption of tokens in the ecosystem in a way that's beneficial to all the actors, but also enables us to price the value for the service that we're providing in tokenization, is something that we've made some changes to and we'll continue to make changes to token pricing – to price of the value that we're bringing and to price for the new features and functionalities that we'll continue to bring. So, a lot of opportunity in this space for, again, merchants, payfacs, issuers and for us as well.

Timothy E. Chiodo Q
Analyst, UBS Securities LLC

All right. Excellent. Thank you for covering that one, Oliver. We're going to go to another one that's a big topic in the investment community, which is value-added services. So, it's – we talked about this actually a little bit on the last earnings call, but it's definitely a standout. A few years ago, the business was about 20% of revenue and growing 20%. Now it's approaching 30% of revenue and growing even faster, right? So, the contributions to your growth are even larger. So would you have expected this business to perform this well? And how should investors think about this business going forward?

Oliver Jenkyn A
Group President-Global Markets, Visa, Inc.

Yeah. I love value-added services and it has got a long, long, long runway for future growth. It's really fantastic for us and for the folks that have purchased our value-added services. But let me just give a little bit of context for why we're pushing on an open door here.

Keeping up in payments is really hard for our clients because payments isn't moving money from A to B. That's really easy. Payments is auth, clear, settle, security, liability, chargeback, dispute resolution, digital platform investments, cybersecurity, it's all the stuff that's wrapped around a transaction. And it's really hard for our clients to keep up with all of those investments. I'll give you a quote from the CEO of one of our most important clients, who shall remain nameless.

We were in a meeting and this CEO said to me, I have 15 major projects in my development queue right now. And as you know, the binding constraint is usually not OpEx, it's usually like actual development capacity. So I have 15 major projects in my development queue right now for payments. He said, I only want to do five of them. Five of them will differentiate me. The other 10 I have to do just to keep up, just to keep up, and they're not going to differentiate me. And this CEO said, why don't you do those 10 for me, do them once, do them world-class, give them to me through APIs or through the endpoint connections we've got. And I'll purchase them from you. And then I'll take my resources against these five or other parts of my bank, and I'll focus on what's differentiating me. And this was a CEO of a bank who did a lot of this stuff himself and the bank did a lot themselves. And [ph] this is really important (00:15:08). This is several years ago.

And that was really the beginning of this idea of, like, we can do it once world-class. By the way, I think also in the meeting, I said, well, let's talk about those five things that are differentiating, because I think we can help with those as well, but it opened up a whole new level of conversation in value-added services. And the growth has not stopped. In our Investor Day, you would have seen we talked about some growth numbers by geography. I think we talked about Continental Europe and Nordics and Japan, which are like 20%, 30%, 40% VAS growth. We talked about the growth rates across the four business units. You got advisory, you got risk and identity services, you've got issuing solutions, you've got acceptance solutions, all growing from, like, mid-high teens into the 30s, and they're going to continue to do so.

And just, like, I love all of the business lines. Advisory is the most natural. We're sitting with clients. We're talking about their business. And at Visa, we have the smartest people in the world on payments working for us, and we just shifted the conversation. So, that sounds really important, let us help you with that, be it consulting, be it marketing services, be it managed services.

Risk and identity, I fly around the world talking to clients, it's like all I do. And I would say 95%-plus of the conversations I have, have a conversation about risk and identity. And it ends with, how can you help me? I need help.

Issuing solutions and acceptance solutions on the other side of the ecosystem, these are deep infrastructural partnership, very sticky relationships that we have with clients that were a very natural extension. All of these business lines have wonderful long-term growth. We feel great about all of them. And so I think VAS is really exciting, I think, for you guys to look at, but from a revenue and a client point of view, we're just – we're pushing on an open door. This is deep demand from our clients. It's much more pull than push. And I think it's going to continue for a long time to come.

Timothy E. Chiodo
Analyst, UBS Securities LLC

Q

All right. Perfect. Well, a related topic is value-in-kind incentives. And we appreciate that that's not only related to value-added services, but it seems to be a topic that's been a little bit more prevalent over the last few years. So we wanted to dig into really two things. One, has anything changed around this topic of value-in-kind incentives over the last, call it, three to five years? And two, can you just talk about sort of the win-win associated with this, in terms of maybe deepening relationships with clients or driving experimentation with new services?

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.
A

Yeah.

Timothy E. Chiodo
Analyst, UBS Securities LLC
Q

Anything you can just help us become smarter on this topic?

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.
A

Yeah, I think cut and paste the passion I just had for VAS and apply it to VIK as well. I'm just as passionate about the long-term potential in VIK, but maybe just a little bit of context. So if you think of – just so we're level set on exactly what VIK is. We have thousands of agreements with our partners around the world in the issuing side, acquiring side, payfacs, where we've got incentives that we're paying them for aligning our interests. And what VIK essentially does, it takes a portion of those cash incentives and it converts it into VIK. Think of it as essentially like coupons that clients can then use to buy services from us. It's a small portion of the incentives. But when you put them across all the deals, it's a material amount. And that's then VIK that they can use to purchase services from us.

It's incredibly valuable for a few reasons. For one, it ensures that our clients always have resources to invest in the business. When you do some of these deals with the client, the CFO of the institution will take that money and take it to the bottom line. And then we'll be doing a five-year partnership with someone and they have no money to invest. VIK ensures that there's money dedicated to growing this business, which is in the best interest of the payments team. That's one.

Two, it results in real deep partnerships, because as soon as that agreement's signed, the next conversation is what should we be working on together? How can we work on those things together? The third thing is, it results in very sticky relationships, much more substantive conversations. And the fourth thing is that when you've got this VIK, it really incents the exploration of trying new types of VAS or CMS products or new types of implementation. So it can be very valuable in actually driving things forward in our business.

So having VIK is a wonderful opportunity. I think there's a lot more sort of sell-in of VIK potential for us for years to come and there's going to be much more active utilization of that VIK going forward.

And just to sort of level set, VIK, as excited as I am about it, VIK's a small percentage of overall incentives and VIK is actually a small percentage of VAS revenue. I mean, they're important numbers, but in the broader scheme of things, they're still relatively small. So there's a lot of upside. But VIK is very, very exciting for us and very exciting for our clients as well. So, again, pushing on an open door in a really positive way for years to come.

Timothy E. Chiodo
Analyst, UBS Securities LLC
Q

Excellent. Well, you touched on this topic a little bit. It's a nice segue into the next topic, which is incentives. So on the last earnings call, Visa mentioned that in fiscal year 2026, you expect to renew about 20%-ish of your payments volume. That's somewhat similar to last year. Maybe you could talk about, one, how investors should be thinking about incentives and incentives growth? But more importantly, maybe call out what might be different in those incentives discussions with your clients today versus maybe 3, 5, 10 years ago?

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.

A

Well, let me hit on the specific question first and then I'll talk more generally about incentives. I've been – in my role, I've been on the front line negotiating our partnership agreements with clients for a decade and a half. So I've got the real arc of time of how things have changed. And I think in a sentence as much – I'd say as much as things have changed, they stayed the same, by which I mean the things that we're talking about, the investment areas that clients want to put money against, the protections that they want, like the specifics that are within a contract, those changed, they've changed markedly over the years. But the actual level of competition, it's a highly, highly competitive market. The sort of core structuring of those incentives, the reason they exist and the alignment of priorities, that's the same as it was when I started in 2009, like the fundamentals of that partnership agreement and the movement of money in incentives is relatively similar. The things we're incenting and the protections they want are different.

So, again, as much as things have changed, they stayed the same, highly competitive market, but it's not like there's some sort of step change difference. It's more just what we're negotiating on.

Now, just to back up for a second on incentives. The reason incentives are so important is there a way for us to ensure that we're aligned with our clients on what's most important, not just when we're negotiating a deal, but on a rainy Tuesday afternoon in February, two years after the deal is signed, you need to have incentives so that you're waking up working on the same things and prioritizing the same things. Saying nice things when you sign a contract is not enough. And incentives ensure that that motivation is aligned and the interests are aligned between parties. So, it's a very, very powerful tool that is in the best interest of us and our clients.

You mentioned the 20% renewing this year. That sounds right. I must admit I haven't looked at that. I've got my pipeline. And I just – when you're running a marathon and you're in mile 2, you're not thinking about what mile 21 is going to look like. You're just managing your pipeline. You're talking to clients. You're working it through. But it feels right because our deals are usually five to seven years. That's our usual tenure. We definitely have some that are 10. We have some that are shorter, but 5 to 7 years. So, being around 20% sounds right.

I will just say, it doesn't make that big a difference for me as the guy that's responsible for them because you're renewing partnerships when they come up and when clients want to change what they're focused on, and it's just managing the pipeline and working it through. But I think that number has got to be about right. But incentives are – it's a very powerful tool and it really aligns us and our clients in an important, important way.

I should say one last thing, housekeeping thing. My partner, Chris Suh and I, our CFO, we spend a lot of time on incentives. We have thousands of incentive contracts, and we put a ton of time against forecasting the incentives, making sure we've got them right. And it's really one of the most important things that we do, not just at the beginning of the year and every quarter, but throughout the year. But just have to say that there can be shocks one way or the other across these thousands of contracts. They're like one-time shocks. So we do our best to get it right. It's a major focus for us, but sometimes it can, like, slide one way or the other just based on shocks that are existing in Argentina or the Ukraine or something like that, which can impact those incentives in a quarter.

Timothy E. Chiodo
Analyst, UBS Securities LLC

Q

All right. Great. Well, Oliver, we are pacing great here. We've got about five minutes left and two questions. One is on market models and one is on the cross-border capability. Let's see if we can hit both of them. On market model, so at the Investor Day, you spoke about four market models, cash rich, high potential, high potential challenger and digitally mature. Can you talk a little bit about those models and what you're doing particularly well today?

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.

A

Yeah, those are – I love the market models. So, let me just take a second why is it so important. Again, we operate in 200 countries and territories, rolls up into 24, 25 clusters, that rolls up into five regions, and we run our business geographically by those regions. However, if you're Indonesia and you neighbor Australia, and you're both in the Asia Pacific region, you don't have that much to talk about. Trust me, I've been in the room, while they're at a client conference, they literally – they just end up talking about cricket.

And so they don't have that much to talk about, because Australia should be talking to the Nordics. Australia should be talking to Canada, to the UK. Indonesia should be talking to Egypt, to Pakistan, to El Salvador. Those are the ones that are in a similar stage of development. So we run the company by geography, but we complement it with these market models. And it's something that's very unique that a global company like Visa can provide. We do that for our country managers and our local leaders. We also do it for our clients.

So, we're connecting, in client forums, CEOs of these organizations so they can actually talk to people around the world who they might not have a lot in common with broadly, but on payments are in a very interesting stage of market development. And so we leverage that in a very, very powerful way. And again, it's something uniquely that Visa can offer to our clients. We feel great about it.

I love all of the market models and I think about it as like managing a portfolio. Cash-rich is like seed, it's like Series A, it's like we're planting seeds in sub-Saharan Africa that'll drive growth in the long term. You've got challenger markets, which are wonderful markets like India and Brazil, but there's a unique challenger, be it a Pix or UPI, NPCI, RuPay, where how we compete and how we partner is unique and different. And those markets need to be talking to each other.

You have high potential, like Japan, like Germany, like Mexico, that have all the infrastructure that is required for growth, but they still have over 50% of their transactions in cash and legacy infrastructure. And then you have fully developed markets like the Nordics, like Australia. And how we build product and how we go to market has to be different for those considerations, not because they're all in Asia or they're all in Europe. It's a very powerful way to actually run our business from a marketing point of view, from a government engagement point of view, from a product development point of view. And so we use it quite actively.

In terms of the one I love the most, I love them all, but I got to tell you, as I travel around the world, the one that really stands out for me is high potential. Like, when you go to Japan and Germany and Mexico and you just look at, it basically looks like the United States 25 years ago from a – just from a payments point of view, no broader commentary than that, just I mean from a payments point of view. There's so much cash, there's so much infrastructure, sophisticated institutions, sophisticated citizens, there's just huge, huge growth ahead.

And so I feel most excited about high potential, but I really think about the market models as like a portfolio of different stages of investment for our future. And it feels great that we've got all of those stages, because I plan to be here for a while and I want all of these to grow over time, and we need all of them.

Timothy E. Chiodo
Analyst, UBS Securities LLC
Q

All right. Thank you, Oliver. Last question to bring us home here. So the cross-border capability, so Visa's cross-border acceptance, you've got trust, settlement, banking relationships, licenses. Globally you've been doing this for a long time. It's a really challenging thing. We and I think many investors consider to be a real moat for the business and something that would be very challenging for others to replicate. But given some other local networks can at times attempt to build this out maybe via partnerships, maybe you could just talk about just how challenging it is to build out this cross-border capability and a little bit of the difference between kind of having it on your own versus doing it via connecting with other local networks?

Oliver Jenkyn
Group President-Global Markets, Visa, Inc.
A

Yeah. It's a great question. I think sometimes we take for granted how incredible this is. So let's just think about it for just one second. You can go anywhere in the world, online or in person, anywhere in the world, you don't know the merchant, merchant doesn't know you. The merchant's bank doesn't know your issuing bank, different culture, different language, different currency, different time zone. You have literally nothing in common with any of this institution. And you can complete a transaction as if it's the coffee shop down your street. No one knows anyone else. The only common thread through that that they trust is Visa, the brand, the trust, the rules, the economics, the fact that there's disputes and protections if anything goes wrong, that's what enables that. It's incredibly difficult to build, buy or partner to achieve. It's incredibly difficult. And we take it for granted because we've built it, but it took decades for this to be built. And I think it's truly unique.

And so, if you think of other folks trying to partner their way into this, it's really hard. What's the economic model going to be? How is dispute resolution going to be? Who's going to deal with the protections if anything goes wrong? How is technical interoperability going to work? How do I know that the brand has the acceptance? How do I know that they're going to be able to show up and use that product if it doesn't happen to work at that place? What if the merchant doesn't know it? It's just really difficult.

I think building a patchwork of this international connectivity is strategically really interesting and could look good on PowerPoint. But having lived and breathed it for all the time I've lived and breathed it, it's brutally difficult. And the only reason that we and Mastercard have been able to do that is we've been at it for decades and one person was in control to say what the rules were, and if you want to do this, here are the rules. It's very difficult to do in the partnership model.

And so I do think it's an enormous moat for us. But said more positively than moat, it's just a wonderful value creation that we've introduced literally to the world to enable cross-border digital or in-person commerce to be as easy as, again, going down your local street and buying a coffee. So there'll be competition on these things for sure and we welcome the competition, it makes us better, but it's hard. It's really hard.

Timothy E. Chiodo
Analyst, UBS Securities LLC

All right. Well, Oliver, I have to say, it's been a real pleasure having you here. It's the first time we ever had a chance to do this.

Oliver Jenkyn

Group President-Global Markets, Visa, Inc.

Pleasure. Thank you so much.

Timothy E. Chiodo

Analyst, UBS Securities LLC

I want to thank you again for making this trip and taking time out of your schedule as well as Jennifer and Jared for being here. Again, thanks on behalf of everyone at UBS for being such a big part of our conference.

Oliver Jenkyn

Group President-Global Markets, Visa, Inc.

Thanks, everyone.