

19-May-2026

# Visa Inc. (V)

JP Morgan Global Technology, Media, and Communications Conference

## CORPORATE PARTICIPANTS

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

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## OTHER PARTICIPANTS

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

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## MANAGEMENT DISCUSSION SECTION

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

All right, thank you, everyone, for joining this morning. My name is Tien-tsin Huang. I'm the Payments Analyst at JPMorgan. And it wouldn't be a tech conference without Visa. So, excited to have Visa kick off the second day here. From Visa, we have Chris Suh, the CFO. Chris, thank you for being with us.

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**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Of course, thanks for having me. Thanks a lot.

## QUESTION AND ANSWER SECTION

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

We have a lot of things to talk about.

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Yes.

A

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

But I thought I'd kick it off just with – I like Ryan talking about Visa being the hyperscaler of payments.

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Right.

A

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Hyperscalers, AI, there's so many big buzz words now in tech. But I thought that was a pretty clever way to describe Visa. What does that mean to you as the CFO?

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Yeah, I think it's a great analogy. I mean, simply put, at the highest level, it means we're curating an ecosystem, helping it be successful, helping the participants in an ecosystem be successful. And in turn, that's going to enable Visa to have more growth opportunities that will drive durable long-term growth for Visa. If I think about what that means, if I just even click down a layer deeper, maybe first just starting with, like, what do we mean when we call ourselves a hyperscaler, the leading global hyperscaler for payments?

A

The way we define it, of course, is that analogous to a more classical sense, we enable an ecosystem, all the participants in the ecosystem to build on our stack. And in turn, that grows the stack, it grows the ecosystem and the participants in it, including Visa. And so, if you think about the layers of our stack, we call it Visa-as-a-Service stack, again, quite analogous. You start with the foundation layer, which is really our network. If you think about sort of the 175 million merchants, the 18 billion endpoints, the 200 countries that we operate in, that forms the infrastructure layer, if you will, analogous to that. Then you have the services layer, which is really the components, the building blocks that we've now componentized, but it's the building blocks of our service, so think about credentials, authentication, tokenization, security, those features now are componentized.

The next layer from that is our solutions layer, which we take the building blocks and the services layer, and we've created solutions that we make available to a broad set of clients. And then finally, the access layer, which is really the client entry point.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Right.

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

So, think client APIs as the best way to do that. And when you sort of wrap that up, it enables us to continue to win in consumer payments and commercial money movement. It enables us to expand our TAM associated with AI and agentic. It allows us to be the interoperability layer between stablecoin and sort of traditional payments, and then sort of just broadly expands the opportunity to continue to deliver success with VAS.

And so, when you put all that together, it's really the evolution of our network strategy, it enables the ecosystem to grow, it enables us to embrace innovation, grow our addressable market and continue to ensure that we continue to see durable long-term growth.

A

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Yeah. And it seems to be working. Last quarter was probably the best quarter we've seen out of Visa in quite some time. So, I thought we start with that before we go into the details, how would you characterize it, Chris, how the quarter landed, how does that inform your thinking for the rest of the year?

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

Yeah. It was an outstanding quarter.

A

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Yeah.

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

It was the best quarter of growth that we've seen in over a decade, excluding kind of the pandemic recovery period.

A

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Sure.

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

We can sort of go into, like, the different puts and takes of that. But maybe the first two statements, like, the broad framing that I would offer is that, one, underlying consumer spend continues to be resilient in the US and internationally, and we're seeing that across multiple dimensions, happy to talk about all of that.

A

And the second thing, just in terms of highlights, reflections on the quarter, is that both, the two areas that we call our growth pillars, value-added services and CMS or commercial and money movement solutions, they're really

thriving. We're executing really well. Those are areas that we focused on for a long time, as you know, strategy, investment, focus. And we're seeing terrific growth, VAS was \$3.3 billion, 30% of our revenue last quarter, and grew 27%. CMS grew 24%. So, those two growth pillars, again, the fastest growing parts of our business are doing really excellent. So that's consumer resilience and strong execution across CMS and VAS.

As we click in, there are many sort of puts and takes into the quarter. We saw stronger volatility than we anticipated. It's still a drag year over year, but it's certainly better than we anticipated. We saw incentives coming in lower than we anticipated, deal timing, some performance adjustments. And so, those are – and then value-added services, of course, as I indicated, continues to be really strong. A lot of that pulls through to the full year. We were happy to take the strong half one, combined with our revised outlook for the second half, and raise our full year guide for both revenue and EPS. Stronger volatility, stronger value-added services too, which is really, again, and highlight, FIFA World Cup is only about 20 days away.

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**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

That's right.

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**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

We see great client enthusiasm for it. And enthusiasm also translates into working with Visa to activate the brand, our investment in the FIFA brand and the logos. And we see that, I gave some examples on the earnings call. We talked about a client in LAC who has 20 million cards and they did a campaign with us, and they've seen a 10% uplift in active cards, which drives more payments volume.

So, it's a great flywheel that's working as well, and in years that we have something like a World Cup going on, it's even more tailwind to growth. So, all in all, really great quarter, growth in the areas we'd like to see and consistency, I think, that pulls through to the full year.

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**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Good. So, drilling, you know, on volume, you gave an example there.

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**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Yeah.

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**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Chris, just thinking about the volume acceleration, how much of it is cyclical versus secular and some of the things that you're promoting? Because even if I look at the US accelerating, I think it's the fastest growth we've seen in three years. And to me it quiet some of the worries around saturation and high card penetration. Cyclical versus secular, how would you describe it?

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**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Yeah, I mean, you're right. I mean, the first statement, I'd say, I agree with you, underlying drivers, I'd just call consumer resilient, that's shorthand for across the breadth of the business, US PV up about 1.5 point in the quarter. Some of that was tax return driven, we talked about that. There's a, by all measures, higher tax returns landing in consumers' pockets. But also underlying fundamental strength, we're seeing discretionary spend, nondiscretionary spend be strong. We're seeing debit and credit be strong. We're seeing spend across different – from low-spend bands to high-spend bands, all being quite healthy. So, all the indications, US continues to be quite healthy.

International PV as well, stable, strong in most markets, with one exception being CEMEA, which was down 2.5 points, but that was really concentrated around the conflict.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

Sure.

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

And happy to talk about that as well. But all in all, sort of indications that there are good, strong underlying fundamentals across our drivers. We're seeing it in PV. We're seeing it in processed transactions. We're seeing it in cross-border as well. And so, that was all through Q2. And then, in the period subsequent to that, I gave – in my earnings commentary, I gave the update through April 21. And we said, okay, at the end of Q2, we saw US PV continue to remain strong. In fact, maybe up a little bit. I know it's only three weeks.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

Sure.

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

And then, PT was kind of staying in the – it did moderate a little bit, but sort of staying there. And the cross-border had moderated down a little bit. And I gave the reasons being timing of Ramadan as well as the conflict in the Middle East impacting travel. Just by way of update through now May 14: We've seen all those levers, US PV, processed transactions, cross-border with travel and e-commerce, all improved a little bit from that April 21 date. It's up slightly since that timeframe. And so – again, it just shows it's not like one thing driven, some sort of secular thing. We're seeing broad-based strength and it's consistent in all the metrics that we track.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

It's good update. That's encouraging for sure. So, you mentioned the conflict. Let's just drill in on that and cross-border. I think going into the quarter, Chris, you know this, there was a lot of concern around the conflict, airline capacity being drawn down. Of course, like you just said, things were tracking pretty well. How do we separate these headlines from actual performance? We're always trying to, of course, get an edge and try to predict based on some of these signals, but it didn't quite play out. What is your exposure there? What signals do you watch, and what does the outlook assume specifically?

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Yeah, I almost want to sort of – we should talk about the conflict and the impact of the conflict in general. But I go back to the statement that I just made, which is across our cross-border volumes, consistent strength and stability that we've seen not just this last quarter, but for many quarters. We've continued to be strong. But let's unpack, because there a lot of puts and takes. In the quarter, we did see travel in the CEMEA region, in particular in March as the conflict accelerated, if that's the right word. The travel was impacted. But there was offsets. There was strength in the US notably, which we called out, and strength in the US comes from lapping – there's two or three things that I would call out, lapping, low inbound volumes from a year ago from Canada.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Right.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

That helps both travel and e-commerce. There was strength in LAC, because actually some currencies in LAC, notably Brazil, Mexico, Colombia had strengthened versus the US dollar. And that always has an inbound – historically has an inbound lift. We're seeing that, that also travel and e-commerce benefiting travel from AP was strong OTA volumes that we saw that, that helped on the travel line. And so, those things, we're seeing stronger commercial volumes in there as well commercial cross-border volumes. And so, those were the puts and takes that got us there, which then got us to a pretty strong number in Q2, offsetting the March impact.

And then the update, now, it's kind of like what I just did with total volumes, just to drill into the cross-border thing a little bit deeper. As I indicated in your last question, cross-border did tick down.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Yup.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

And there was two things that I called out. One is the timing of Ramadan. It just – we were lapping the post-Ramadan surge from a year ago in the first weeks of April, and then the conflict in the Middle East. And so, through May 14, we're actually seeing cross-border in total kind of be aligned to the levels that we saw in February. And if you recall what I said on earnings, we said if you just normalize for the Ramadan timing, it actually, that April stub-period, the 21 days would have been close to February as well.

And so, the implication of all that is we've seen some strengthening in fact in the post-April timeframe to get us back to the February levels in total. And so, again, lot to unpack, but we're seeing – even in spite of some variation from region to region, we're seeing strengthen and consistency and healthy travel and e-commerce volumes.

And I think the second part of your question is, like, well, why...

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Yeah.

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

...do we see that? And I do think it goes back to the – we talk about this regularly. We talk about the fact that the exposure to Visa's business is one of the most diverse anywhere, and that applies to cross-border. It applies to the fact that no single region is more than 25% of our inbound (sic) [issued] volume. We've talked about that consistently. Also the fact that e-commerce is now a bigger percent of total cross-border, about 40%, and e-commerce has more association with everyday spend. And then, there's things like more cross-border commercial volumes and other things like that, which is, again, the diversity of the business provides for great resilience, consistent health that gets reflected in aggregate.

A

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Yeah. So, mix diversity is the answer, right? That's driving a lot of the resilience that you see overall in the performance of the business. One more, if you don't mind, Chris, just, I always hate to ask it, but just with FX volatility, you've mentioned it, how big of a contributor could that be or is that to the model?

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

Yeah, as I indicated, it was one of the sources of outperformance relative to our expectations. It was a drag year over year because we had some high volatility a year ago. But this is kind of notoriously hard to predict, I would say, given how much variability, how much volatility there has been in the volatility line. Maybe if I could just take a minute to step back and explain, because I can't size it for you in the same way, in exactly the way that you asked, but I could give you some...

A

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Please.

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

...I could try to dimensionalize it a bit. The place I'd start is sort of understanding what it is that – how we monetize volatility, and maybe just working backwards, how do we report it out, so that when you all look at it in our P&L – we have a line in our revenue reporting called international transaction revenue, that's primarily driven by our cross-border volume, but it's not all our cross-border volume. Cross-border revenue can land in different places, but international transaction revenue, which is defined as when the merchant and the issuer are not in the same country.

A

So, that's cross-border by definition. And so, it drives off of – and so we monetize that cross-border volume in two ways in international transaction. One is, we collect fees on that volume.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Yes.

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

And then secondly, because we transact in 160 currencies and settle in 25, at our scale, we can offer currency conversion services to our clients. And when that happens, that's the second part of the fee structure in international transaction revenue. And so, mechanically, every day we publish a bid-ask spread, and then as volatility goes up or goes down, it changes the size of the spread and therefore how we monetize it.

And so, that's been – when we guided to Q2 January, if you remember, at the beginning of January, volatility was pretty low, and then it went up significantly throughout the course of the quarter. And so, hence, we over-performed, and then we are lapping some high numbers from a year ago. But that all said, we've kind of reverted back to where we started the year...

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

Yeah.

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

...in terms of the full year volatility number. Yeah. So, that's how volatility lands on our P&L. Now, we're anticipating sort of a normal year in total. Obviously, geopolitical events and things like this can impact that. And so, we'll have to see how it all plays out.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

Yeah. Well, despite the drag, despite the conflict and everything else, right, like we said earlier, the results have been really quite strong...

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

Yeah.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

...strongest in quite some time. So let's pivot...

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

Yes.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

...just for the sake of time, let's do value-added services, right? You mentioned 30% of revenues...

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Yes.

A

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

...and growing to 20s plus for, what, a year now? You mentioned a few, like FIFA, some projects that you do. So, my question here is, what's more episodic...

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Yeah.

A

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

...one-time-type revenue versus structural growth that you're seeing from value-added services to get you to that mid-20s number in the end?

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Yeah. Totally, value-added services has been a continued highlight. We had a particularly strong quarter at the 27% growth rate, 30% of the business today. And if you think about where – in 2019 the combination of VAS and CMS was about 23% of the business. And today, just VAS alone in Q2 was 30%.

A

So we've come a long way. I do think that we've been benefiting by clarity of strategy, clarity of focus, going after big addressable markets that are either core or core adjacent, where we have a great position to capture. And it's a big TAM and we're early days in that and we've invested behind it, both in product and go-to-market. And so, like, those are all the things you'd want, I think, a company to do to go after a big addressable opportunity.

That all said, VAS is, I know sometimes, like, it's not as easy to understand what all the pieces are, and so, there's a lot of services. Value-added services is not a product, it's sort of a growth division, with hundreds of products and services. We categorize them into four portfolios, each of them are big. The last time we shared the numbers, the smallest was \$1.3 billion, the biggest was \$3.5 billion, that applies to FY '24 numbers, and they were all growing in the mid-teens or higher. And so, you're seeing breadth across the business. They're issuing solutions which are services – and products and services targeting our issuing clients, really driven off of Visa transactions.

The second are acceptance solutions, for the namesake, products and services targeting clients on the merchant side of the house. Those are really driven by all payment transactions, Visa and non. The third is risk and security solutions. It really is about protecting the ecosystem and also the underlying basis is all transactions. And then the fourth is advisory and marketing (sic) [other] services, and that's really driven by engagements.

To now, just sort of like go into your question a little bit more in terms of what's driving it episodically, the strength has been not just this quarter or not just this year.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Sure.

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

And in the three years that I've been at Visa, I think we've grown more than 20% (sic) [almost] every single quarter. And over the last four quarters, we've seen that even accelerate a little bit more. And so that just go – and if you go back to all the earnings commentary that we make, you see that different things drive growth in any particular quarter, which all just is indicative that the business is quite healthy across the broad breadth of things.

And maybe the final thing I'd say, just sorry to spend so much time on VAS.

A

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

It's important.

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

It's really important. And the message that I would also convey is, when we think about that breadth of business that we talked about, the four portfolios, the hundreds of services, the billions of dollars that it's driving, the vast majority of that business is very deeply connected to our card network business, right. Transactions, that's account. So, and cards. So across the breadth of the business, there's a very durable, underlying fundamental connection to the core business, and that gives us great comfort.

And then, we continue to expand, geo expansion, product expansion, even through acquisitions like Pismo and Featurespace, those are going to be additive to going to capture that TAM where the ability to continue to add more value, which means we have the ability to price to that value. And so, when you add that all up, both the past performance and our outlook for value-added services, it's a business that we continue to be very optimistic about.

A

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Sure. No, that make sense too. So I thought we'd just drill into one. I picked issuing if you don't mind.

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

Yes.

A

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Let's do issuing and think about Pismo has had a lot of success since you acquired it. You just mentioned it. And you mentioned on the call that you picked up some new business with Wells Fargo, which...

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Right.

A

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

...has gotten a lot of attention there. So...

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Yeah.

A

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

...tell us about the thesis there, why is it important for you to own...

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Sure.

A

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

...Pismo? Own processing assets? We have a lot of other issuer processors that are here at the conference, Chris. So, why is it important and a differentiator for Visa to own that?

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Yeah. I'll try to – those three categories – I think three different questions sort of embedded in there. One is the thesis behind the Pismo. Pismo is a cloud-native issuer processor core banking platform. It's very complementary to our existing. We didn't really have a core banking platform. And we had DPS, which was primarily debit, primarily US-based. And so – and Pismo was debit, credit, commercial, and it was like I said cloud-native and it was international.

A

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Right.

Q

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

And so they were sort of good complements to that. We've seen – you mentioned – you referenced the Wells Fargo win. I think it's indicative of our strategy. It's a global strategy. It addresses clients from large to small.

A

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Good.

Q

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

...The Wells Fargo deal is a great example of the confidence that we have in the service as well as now endorsed by a very significant client. Obviously, it's early days and we're going to have to prove all that out. But that's all on plan. We've expanded Pismo, five new countries, expanded. I talked about geo expansion in FY 2025. That's 15 new countries that we've entered since the acquisition. So, geo expansion, product expansion, kind of consistent with that thing that I talked about with value-added services to capture more TAM through that way.

The combination of the two is powerful. You can really have an end-to-end solution across issuer processing, core banking platform and our payments network, the distribution that Visa brings to an incredible technology that we found in, Pismo that now has a global distribution platform with Visa, with our client engagements, I think it makes for a really compelling story and a compelling value prop for our clients.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

So you also bought Prisma and Newpay. And so you're now you're combining that together, it feels like, with Pismo – I mean, we have to pay attention, right? Because anytime Visa buys something, you put it on your network, you're going to amplify the growth rate. Why was it important to fill it out? Specifically, I think Argentina's, the geo there.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Yeah. It is Argentina, exactly.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

[ph] Yeah, so, (00:24:03) why is that so important?

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Well, it is a very Argentina-specific...

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Yeah.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

...strategy. We bought two companies really there in one transaction, Prisma and Newpay. And Prisma is a credit/debit issuer processor. And Newpay is an RTP network, plus an ATM network. And that's a little bit new for us, but it makes great sense given Argentina RTP and ACH networks comprise 45% of the PCE in Argentina.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Good.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

And so, that's an interesting opportunity for us to, in a single market, go do that. I think Prisma has a lot of the same attributes that I just described with Pismo in Argentina. The combination of the Visa distribution and the brand can really have that end-to-end solution for clients. It's a very comprehensive way to engage from a go-to-market standpoint.

And we can also bring a lot of, I mean, Prisma's had a lot of success in the market. They have good – a lot of clients and then deep penetration into that market. But now, we can also improve by bringing our global innovation and technology platform that – we could bring more advanced technology, whether it's around risk and authentication or tokenization. We can invest in that market. And I think the combination of that, as I said, the RTP share of the business, the issuer processing side of the business combined with Visa's – the strength that Visa brings, I think we can really accelerate growth in Argentina.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Okay. No, it's fair, that makes sense. You mentioned tokenization, and it feels like owning some of these assets gives you an advantage to deploy some of these tokens. But can you update us? We're quite bullish on the tokenization opportunity for Visa. So, a decade plus in building that out, and it feels like it's gaining more momentum. So, maybe quickly just go through tokenization. Where are you with penetration? What's next for us to expect in terms of growth? I know agentic gets a lot of attention there. We can talk about that separately if you like. But just tokenization, where is it? Where do you see the momentum going?

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Yeah, I mean, like, consistent with what you just said, we've been bullish, if that's the right word, on tokenization for a long time. We've been investing behind it broadly, meaning, innovation, adoption. We've been really pushing on adoption. And to date, I think we're pretty happy with where we're at. Over 50% of e-commerce transactions are now tokenized.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Right.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

And that's 30% up year over year. And so, good progress on kind of the look back, if you will. We think that we can get to a state where the vast majority, near 100% should be tokenized on an e-commerce transaction basis. And so there's still a lot of work to do. Even though, we've come a long way, there's plenty of growth to go. I think there's – we're working across the ecosystem. There's all the benefits, and I won't repeat all those. But at the highest level, higher auth rates, lower fraud, modern credentials, programmable credentials in some sense.

I think we can go after new markets, we can go after in terms of tokenization – additional sort of getting the other 50%, you can go after use cases like stored credentials. That's a decent-size opportunity out there. And we're working with a lot of parties to go penetrate deeper into, like, stored credentials. You can go after lots of sort of different use cases as well. And so, we're going to continue to grow. I think the tokenization utilization, agentic, as you mentioned, it becomes a critical enabler for those...

**Tien-Tsin Huang**  
*Analyst, JPMorgan Securities LLC*

Q

Sure.

**Christopher Suh**  
*Chief Financial Officer, Visa Inc.*

A

...scenarios. And so, that's another place of focus for us as well. And so, we're going to continue to drive adoption, utilization. And like I said, we've proven out, I think, to the ecosystem broadly that there's a lot of benefits...

**Tien-Tsin Huang**  
*Analyst, JPMorgan Securities LLC*

Q

Yeah.

**Christopher Suh**  
*Chief Financial Officer, Visa Inc.*

A

...to a tokenized transaction.

**Tien-Tsin Huang**  
*Analyst, JPMorgan Securities LLC*

Q

Yeah, I think it's a tech conference, so I have to ask you about agentic commerce. So it actually...

**Christopher Suh**  
*Chief Financial Officer, Visa Inc.*

A

Of course.

**Tien-Tsin Huang**  
*Analyst, JPMorgan Securities LLC*

Q

...we feel like tokenization could be foundational, especially network tokens for agentic to take off, not just here in the US, but globally. I think we had a bunch of companies, we had Accenture...

**Christopher Suh**  
*Chief Financial Officer, Visa Inc.*

A

Okay.

**Tien-Tsin Huang**  
*Analyst, JPMorgan Securities LLC*

Q

...yesterday, talked quite a bit about how excited they are about agentic commerce, like, OpenAI, probably we'll talk about it as well here later on...

**Christopher Suh**  
*Chief Financial Officer, Visa Inc.*

A

Sure.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

...the same stage. So, how do you see agentic playing out? You have such an important role here in developing the framework for it? What should we be watching? It feels like the four-party model will stay intact, but there are different motivations for different players to promote it? What's your view on it?

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Yeah, I mean, we're incredibly excited and it's early days.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Sure.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

I'd say both those things.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Right.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

And the excitement, again, shorthand means we've been actually meaningfully putting a lot of work into this for a long period of time. We rolled out our initial view of Visa Intelligent Commerce, now it's been more than a year ago when we had the product drop event. And so, this is something that we view as sort of beyond linear, like it's the evolution of e-commerce into agentic commerce. From an opportunity standpoint, maybe I'll start there, we think it accelerates our opportunity to grow, and it does it in probably four meaningful ways. One, it digitizes – it accelerates the digitization of transactions further, of payments. Two, we think it enables B2B scenarios to rapidly accelerate. That's been – we've been looking at B2B scenarios, B2B money movement for a long time and it's been more elusive to penetrate.

Three, we think agents will just create more transactions. We think they'll intelligently split transactions. And for us, transactions are a very important unit of measure in our business. And fourth, when you add that all up, us and many others who forecast this would indicate that GDP growth would accelerate by something between 80 and 150 basis points, depending on whose forecast you're looking at.

So, when you add that all up, that's just a bigger pool of opportunity for Visa to go after. And so, that's important. So, again, I talked about our framework for looking at structurally large TAM opportunities to go after. There's a lot of work to do in that. I think with any sort of payments, when you get into the payment side, it's, there is lots of layers to it. You've heard us and many other parties talk about protocols and standards. I think that's a really important layer. There needs to be trust and standards and protocols at many layers, between the consumer and the agent, the agent and the merchant, and all – and then all the way through to complete the payments experience, we've put our views out there with Visa Trusted Agent Protocol or VTAP, which without going into

gory details, just basically at the end of the day, if you want to use a Visa card, we're going to support that. If you want to use a card, you're going to support that through the protocols. That's one layer.

There's a lot of work going in on the issuing side to help merchant – or have issuers get ready. There's a lot of work going on, on the acceptance side, as you think about enabling merchants to initiate agentic payments in a trusted way. There's work going on with developers. We're working – we've talked about Visa CLI, which is the Command Line Interface, which is really letting developers experiment using the protocols put out by Tempo.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

Right.

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

And so, there's work at every layer. But I think at the end of the day, for payments to really work in a seamless, frictionless way, the trust and security layers are probably the most important. And this is where plays into Visa's strength. And so, we think we have a great position to help enable this future scenario and we'll keep at it.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

Yeah. No, I'm sure there's going to be more to study, but the foundation is being laid, it feels like, and Visa has been very, very – playing a big role in that. So, no, thanks for walking through that.

I know we're almost out of time. I thought really...

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

Yeah.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

...ask just maybe a couple more. I didn't ask you about CMS. It did accelerate. So just quickly on that, it does feel like the commercial side is maybe getting a little bit more momentum.

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

Yup.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

Q

Is that a fair characterization or is there other factors that are driving some of the CMS [indiscernible] (00:32:57) today. Thank you.

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

A

Yeah. I would agree with the momentum statement. And some of it is more, and some of it is consistent, like, Visa Direct has been consistent performer for a period of time that you see the transaction growth which we publish every quarter has been strong. It was I think 23% in the second quarter. You've seen commercial payment volumes, PV, accelerate. That's been the part that's better. A year ago, it was high-single digits, and this quarter it's at 11 points of growth, a point above where it was even last quarter. And so, that's been good to see. We did see strong revenue growth this quarter. It was aided by some deal adjustments that – we call them performance adjustments. And so, there's a little bit of timing in that as well. But nonetheless, underlying fundamentals continue to be strong, and one of the important growth levers in our business that we've talked about consistently.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

Yeah. No, B2B has been something we've been talking about for a while...

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Yeah.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

...so we're always going to ask you about it, Chris.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Yes.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

So we're just about out of time.

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

Yeah.

**Tien-Tsin Huang***Analyst, JPMorgan Securities LLC*

Q

I think I started with the hyperscaler question and we're thinking about the evolution of Visa. It does feel quite different than when I first got to know it, whatever it was two decades plus ago. The card conversion story, it feels like it's yesterday. And now we're talking about value-added services, agentic and CMS. So, help us organize how you think of Visa over the next decade? Is this really this push towards VAS and that's going to dominate the conversation a little bit like we had today? Is it going to be more CMS-led? It would be agentic? How would you encourage us to organize it?

**Christopher Suh***Chief Financial Officer, Visa Inc.*

A

All of it. I know we have like 20 seconds, so I'll give like the highest-level answer that's the most comprehensive, which is at some level our strategy is working. We've been at this for a long time. We've been focused on the right

addressable markets. We've been investing behind this from a product and service standpoint. We've been executing really well. And it takes time in the payments ecosystem for these things to pay off and it's really actually gratifying to see that our strategy is working, that the durability of our business and our network is playing out the way that it has over the course of time as we've gone through innovation and shifts, and as we have in the past many times. And it gives me great optimism that we'll continue to be able to do so as we navigate through this next generation of innovation shifts, whether that's agentic or stablecoin, I think we're in great position to continue to grow.

**Tien-Tsin Huang**

*Analyst, JPMorgan Securities LLC*

For sure, it feels that way. I know you're working hard and it's nice to see it all come together. Chris, I know you've been traveling everywhere. Thank you for being here with us. Means a lot to me, thank you so much, yeah.

**Christopher Suh**

*Chief Financial Officer, Visa Inc.*

Thanks so much. Thanks, everyone.

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