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Visa Inc. (V)

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MANAGEMENT DISCUSSION SECTION

Operator: Welcome to Visa's Fiscal Third Quarter 2026 Earnings Conference Call. All participants are in a listen-only mode until the question-and-answer session. Today's conference is being recorded. If you have any objections, you may disconnect at this time.

I would now like to turn the conference over to your host, Ms. Jennifer Como, Senior Vice President and Global Head of Investor Relations. Ms. Como, you may begin.

Jennifer Como

Senior Vice President & Global Head-Investor Relations, Visa Inc.

Thank you. Good afternoon, everyone, and welcome to Visa's fiscal third quarter 2026 earnings call. Joining us today are Ryan McInerney, Visa's Chief Executive Officer; and Chris Suh, Visa's Chief Financial Officer.

This call is being webcast on the Investor Relations section of our website at investor.visa.com. A replay will be archived on our site for 30 days. A slide deck containing financial and statistical highlights has been posted on our IR website.

Let me also remind you that this presentation includes forward-looking statements. These statements are not guarantees of future performance, and our actual results, outcomes, or timing could differ materially as the result of many factors. Additional information concerning those factors is available in our most recent Annual Report on Form 10-K and any subsequent reports on Forms 10-Q and 8-K, which you can find on the SEC's website and the Investor Relations section of our website. Except as required by law, we do not undertake any responsibility to update these forward-looking statements.

Our comments today regarding our financial results will reflect revenue on a GAAP basis and all other results on a non-GAAP nominal basis unless otherwise noted. The related GAAP measures and reconciliation are available in today's earnings release and related materials available on our IR website.

And with that, let me turn the call over to Ryan.

Ryan McInerney

Chief Executive Officer & Director, Visa Inc.

Thanks, Jennifer. In our fiscal third quarter, net revenue was up 14% year-over-year to $11.6 billion and EPS was up 11%, both ahead of expectations. Quarterly payments volume grew 10% year-over-year in constant dollars to cross $4 trillion, the first time in Visa's history, and processed transactions grew 10% year-over-year to 72 billion, reflecting strong and resilient consumer spending.

After record-setting net revenue growth in our second quarter, we continued to build on our momentum in the third quarter in three important ways: one, through our wins in consumer payments, commercial payments, and money movement with a focus on serving our clients; two, with product innovation and development across our business, both what we are building and how we are building it; and three, in continuing to position our value-added services as a key driver of our growth, not just this year, but for years to come. I'll cover all three, starting with our wins across the business.

Our Visa-as-a-Service stack is rooted in serving our clients. We remain obsessed with helping our clients and the entire payments ecosystem scale and grow. A tangible sign of the trust our clients have in Visa and our capabilities is our Net Promoter Score.

For the third consecutive year, we received a score of 76 in our Annual Global Client Engagement Survey, an enviable number in any industry. Most notably, the NPS from both sellers and fintechs each increased several points, with respondents valuing our strong brand, trusted partner relationships, global network strength, reliability, and innovation.

We see the strength of these relationships in our consumer and commercial and money movement solutions business, with our credentials growing 8% year-over-year in the third quarter, and our tokenized penetration nearing 60% of our ecommerce transactions globally.

Let me provide some specific examples. First, in Europe, through portfolio migrations and organic expansion, we have grown credentials by more than 40 million in the last 12 months, which is over 70% faster than the annualized credentials growth we saw in the region from fiscal year 2019 to 2024.

And in the next several years, we expect over 30 million more credentials from wins alone in Europe. An example from this quarter is NatWest, where we have won the entire consumer credit portfolio of their retail bank, demonstrating the strength of our strategic partnership that has been restored over the past five years.

In Latin America, we have continued to bring our innovation and strong relationship management to drive processing penetration and value-added services. We recently renewed our 55-year relationship with Bradesco in Brazil across consumer credit and debit, commercial credit and debit, and several value-added services.

In Colombia, we signed an agreement with Grupo Aval, representing four banks in the country, to drive domestic processing, enable Visa Direct cross-border transactions, and support commercial card issuance in small business. Our processing penetration in the country, which was in the single digits five years ago, is now above 90%.

In the US, we won the consumer debit portfolio of large Southeast community institution, Colony Bank, which is a testament to our clear strategic alignment with our clients and the strength of Visa's debit network and value-added services.

Our commercial and money movement solutions revenue grew 17% year-over-year, with 13% year-over-year commercial payments volume growth, both in constant dollars, as our product development continued to help us win business.

For example, in Europe, we signed an agreement with Corpay to bring our Fleet 2.0 solution to their fleet card platform, supporting new opportunities across the region with capabilities such as EMV chips, digital wallet provisioning, contactless payments, rich transaction data, and global acceptance.

In our CEMEA region, we signed an inaugural B2B travel portfolio in Saudi Arabia with Al Rajhi Bank, one of the largest banks in the region, for our Visa Commercial Choice Travel product, providing flexible interchange, automation, controls, and reconciliation for their OTA clients.

And in the US and across six countries in Europe and Asia Pacific, we renewed with Nium, a fast-growing B2B travel issuer for virtual cards.

In money movement, Visa Direct transactions grew 21% year-over-year this quarter to 4 billion. Expanding relationships to activate new use cases is one key way we enable growth for Visa Direct.

For years, DoorDash, the largest food and grocery delivery platform in North America, has been utilizing Visa Direct for Dasher payouts in the US, Australia, and Canada, as well as Visa virtual commercial cards to enable Dashers to pay for customer orders at physical locations. This past quarter, we enabled Visa Direct to card for DoorDash's Crimson platform, a dedicated personal banking and rewards program built specifically for Dashers, who receive a Visa debit card when they sign up.

With all of these examples, it's clear that our people, products, and technology are resonating and building trust with our clients globally, positioning us for the future.

Now, I'll turn to product innovation at Visa. Technology and commerce are evolving faster than ever. As the leading hyperscaler of payments globally, Visa is at the center of this transformation, bringing trust to whatever form commerce takes next. This is showing up in our product development in two ways: in both what we are building and how we are building it.

Let me start with the how AI is changing how work gets done at Visa. With the dawn of the generative AI era, we moved quickly to deploy AI across our enterprise to assist us in areas like engineering, client service, and model orchestration. Now, as we enter the era of agentic AI, we are going beyond AI assistance and harnessing the power of AI to execute work and tasks with our supervision.

We have progressed materially in product development and engineering, deploying new tools, plugins, agent skills, and persistent sessions to create an end-to-end pipeline with human oversight and autonomous capability.

As a result of the unlocks we can realize with this new tooling, we are reforming our product development teams that used to be ten or more into smaller and more nimble agentic squads of two to four. And the results are meaningful for those teams that are using the agentic toolchain, with 80% more code commits and an 80%-plus improvement in requirement definition from 30 days to 5 days, which has translated to 65%-plus faster feature development.

Now to the what. As a result of this new way of working, we are able to design, build, and ship products at an increased velocity with continuous innovation and improvement. I want to touch on two areas where we are deploying our new way of working with great impact: stablecoin and agentic commerce.

We are active and investing in each layer of the stablecoin stack, from blockchain to issuance, wallets, infrastructure and orchestration, and applications. This quarter we've made progress in both the issuance and application layers.

We recently joined Open Standard alongside a strong group of partners. Open Standard plans to issue Open USD, a new stablecoin designed for global money movement. We look forward to helping connect Open USD to real-world payments.

And in the application layer, we launched the Visa Stablecoin Platform for stablecoin minting, movement, and management. It is designed to enable our partners to settle with Visa in stablecoins, provide on-chain wallet-as-a-service infrastructure, and move money between fiat and stablecoins beginning with Open USD, across a wide variety of use cases.

Furthermore, Visa Stablecoin Platform's infrastructure will be integrated with Pismo, which can enable tokenized deposits for financial institutions, and Pismo plans to add third-party tokenized deposit infrastructure providers in the future.

There is much more to come in this space, and Visa is participating and will continue to participate in all of these layers, whether through building Visa products and services, integrating with partners, investing, or acquiring. If stablecoins are reshaping the back end of commerce, we see AI as transforming the front end.

We believe agentic commerce will expand our addressable market and drive future growth for Visa. This quarter, we continued to work across the ecosystem by enabling new seller capabilities such as our Agent Score and Agent Directory, and building infrastructure such as our Token Assurance Framework to ensure agent-initiated transactions are transparent and trusted.

Across payments, partnerships are critical in driving adoption, and AI is no different. We are excited to be partnering with OpenAI to enable secure Visa payments within agentic commerce.

Through the partnership, Visa will provide its global network, credentialing capabilities, and security infrastructure to support agentic commerce experiences, helping consumers and businesses interact and transact with confidence. And as part of our partnership with Meta, Visa is enabling new ways to pay across Facebook and Instagram, powered by Visa Intelligent Commerce, allowing consumers to transact seamlessly and securely with Visa tokens.

All of this progress across stablecoin and agentic demonstrates that we have fundamentally shifted the what and how in our product development life cycle. We now have more than 150 AI-powered applications, and over the last 12 months, we have shipped more than 300 major product releases.

Changes in the way we work and where we invest also impact how we operate the company. Today, we announced that we are eliminating roles, with the majority being in our technology and product teams, to ensure that we are continuing to position Visa for future growth.

Another important area of product development has been in our value-added services, which grew revenue by 34% in constant dollars in Q3, with the vast majority of the revenue linked to transactions, cards, and accounts.

In Issuing Solutions, our network products continue to be key drivers of growth, creating valuable customer experiences. For example, two of our most popular network products, Subscription Manager and Stop Payment Services, which help cardholders view and decide where their card is on file for a subscription or recurring payment, now have 2 billion credentials enrolled. And we continue to develop new products, including our AI Financial Assistant, enabling banks to white-label our AI-powered financial insights from their data and Visa's network data for their cardholders right in the bank's own app and website.

We are also expanding our issuer processing capabilities with DPS full-service credit, bringing the best of Visa, DPS, and Pismo into an integrated credit issuer processing solution designed for fintechs and small to midsize banks. We will be piloting it in Q4, with our first client secured in the US, and it will be generally available next year.

In Acceptance Solutions, I just mentioned our new agentic tools for sellers and enhanced tokens, but this portfolio includes many other capabilities that are driven by both carded and non-carded transactions.

Within Cybersource, for example, some of the largest bank acquirers and sellers globally access the latest solutions, such as Unified Checkout that launched globally in March. Unified Checkout acts as a seamless orchestrator across multiple payment types, with Visa hosting and securing the experience so sellers don't have to rebuild every time commerce evolves. Over 4,500 sellers and acquirers globally have enabled this, with more to come, including one of our largest acquirers in the UK.

In risk and security solutions, we continue to deliver capabilities to the entire ecosystem, leveraging the latest in AI to help clients protect themselves in an increasingly complex threat environment. We built the Visa Vulnerability Agentic Harness, an orchestration layer that allows us to use models like Mythos to find and fix issues at AI speed.

It is available now on GitHub to our clients, along with a technical blueprint, remediation, and validation agents, and we can provide consulting and solutions to help.

In advisory and other, this quarter marked significant engagement for the FIFA World Cup. In marketing services, over the last 12 months, we delivered more than 300 FIFA engagements to more than 240 unique clients, with about 20% of our clients utilizing our services for the first time with far-reaching impact in our regions across 70 markets.

In the US, you likely saw some of our largest clients, such as Chase, Bank of America, Wells Fargo, and Marriott, activate our FIFA offerings and promotions for their customers to drive acquisition and loyalty. In Latin America, we also saw great engagement. Two examples I would highlight.

In Brazil, a leading bank worked with Visa to launch multiple campaigns, including a promotion entering cardholders for a chance to win tickets for every 100 reais spent, with more chances for new cardholders. From February to June, this campaign had 1 million cardholder participants, with an 8% lift in card activation and $400 million in incremental payments volume.

In Mexico, the launch of a new FIFA card helped drive significant card issuance for one issuer, with nearly 400,000 new debit cards and more than 250,000 new credit cards, and 5 joint FIFA campaigns, which included rewards bonuses on Team Mexico game days that multiplied upon a win drove a more than 5x increase in average transaction size.

With all of the enthusiasm around FIFA, we are very pleased to have extended our long-standing global partnership agreement as the Official Payment Technology Partner for FIFA tournaments. It is unique sponsorship assets like these that make Visa a partner of choice for our value-added services.

In our first three quarters of 2026, I have seen the momentum across our business continue to build: through the Net Promoter Score from our clients, through the rate of client renewals and wins, through the accelerated rollout of innovative products and solutions, through the increasing engagement in our value-added services, and by consistently delivering strong financial results to our investors. The opportunity ahead is significant, and I am confident that we have significantly shifted our ability to build and grow the future of payments faster and better than ever before.

Now, over to Chris to discuss our financial performance.

Christopher Suh

Chief Financial Officer, Visa Inc.

Thanks, Ryan. Good afternoon, everyone. We delivered a strong quarter, a reflection of resilient consumer spending, improved key business drivers, and effective execution of our strategy.

In constant dollars, global payments volume was up 10% year-over-year, cross-border volume excluding intra-Europe was up 12%, and total processed transactions grew 10%.

Fiscal third quarter net revenue was up 14% year-over-year better than our expectations, primarily due to stronger-than-expected key business drivers, higher-than-expected value-added services revenue, and better-than-expected FX.

Third quarter net revenue was up 13% in constant dollars. EPS was up 11% year-over-year in both nominal and constant dollars, better than expected primarily due to stronger-than-expected net revenue growth.

Let's go into the details. US payments volume grew 10% year-over-year, up about 2 points from Q2, a growth rate not seen since fiscal 2019, excluding the post-COVID recovery, with both card-present and card-not-present growth accelerating strongly.

US payments volume growth was the result of several factors, including higher tax refunds, the cost of fuel, retail, including the timing of promotional shopping events, strong Visa Direct growth, and FIFA-related spend. US credit rose 11% year-over-year, up more than 1 point from Q2. Debit accelerated by more than 2 points from Q2 to grow 9% year-over-year.

Growth across consumer spend bands saw incremental improvement from Q2, with the highest spend band continuing to grow the fastest. Across our volume, both discretionary and non-discretionary spend remained strong. We do not see signs of the lower-spend consumer weakening in our volumes.

Third quarter total international payments volume was up 10% year-over-year in constant dollars, generally consistent with the growth we've seen over the past several quarters.

Now, to cross-border volume, which I'll speak to in constant dollars and excluding intra-Europe transactions. Q3 total cross-border volume grew 12% year-over-year, up more than 1 point from Q2. Cross-border ecommerce volume was up 16%, 3 points above Q2, primarily driven by retail, including the timing of promotional shopping events. Travel-related cross-border volume was up 10%, consistent with Q2. While the conflict continued to be an offsetting factor, commercial and US inbound continued to improve. And in June, the FIFA World Cup boosted inbound North America and Latin America volume.

I want to zoom in on the tournament's impact on our key business drivers. As we all know, the FIFA World Cup brought many visitors to the US. From the first whistle on June 11 through the Round of 32 matches on June 30, we saw both host cities as well as destination cities benefit from the influx of fans. A few highlights, total card-present spend in the US accelerated, with card-present transactions up as much as 20% in select host cities on match days.

We saw acceleration in tap-to-pay, with weekly tapped transit transactions reaching a peak of nearly 40% year-over-year growth in US host cities. Tap-to-pay transit transactions in Boston were up more than 50% for the June tournament period.

Focusing on inbound cross-border card-present spend, US host cities increased by nearly 25% year-over-year from June 11 to June 30, with the most significant increases driven by fans from Norway, Uruguay, and Ecuador.

By spend categories in host cities, entertainment and restaurants saw the highest growth in cross-border spend. Match days drove spikes in host cities, with Kansas City topping out at 1,000% year-over-year cross-border card-present transaction growth. And for destinations like DC Metro and Las Vegas, we saw a pickup in spend prior to the knockout matches. And the US wasn't the only beneficiary, as Mexico and Canada saw inbound cross-border card-present volume growth of more than 70% and 35% year-over-year, respectively, from fans from countries with matches there.

With that as a backdrop, I'll move to discuss our financial results. Starting with the revenue components, service revenue grew 14% year-over-year versus the 9% growth in Q2 constant dollar payments volume growth, primarily due to pricing and card benefits. Data processing revenue grew 17%, above the 10% growth in processed transactions, primarily due to pricing, strong value-added services performance, and higher cross-border transaction mix.

International transaction revenue was up 6%, below the 12% increase in constant dollar cross-border volume growth, excluding intra-Europe, primarily due to lapping the currency volatility peak last year and mix. Other revenue grew 45%, primarily driven by growth in advisory and other value-added services, especially marketing services revenue, as well as pricing. Client incentives grew 18%, a step-up of 4 points from Q2, primarily due to lapping low incentive growth last year and strong client performance.

Now, to our three growth engines. Consumer payments revenue was driven by strong payments volume, cross-border volume, and processed transaction growth. Commercial and money movement solutions revenue grew 17% year-over-year in constant dollars. CMS revenue stepped down from Q2 due to the absence of performance adjustments benefits that helped Q2 and lapping pricing impacts that started in Q3 of fiscal 2025.

Commercial payments volume grew faster than Visa's overall payments volume, up 13% in constant dollars and accelerating 2 points from Q2, driven by 1 point of acceleration from both US and international volume growth. While we have a handful of client wins that have helped us since Q4 of fiscal 2025, the bulk of the strength in our commercial payments volumes has been from our underlying business in both domestic and cross-border portfolios, which we expect to continue well into the future.

Visa Direct transactions grew 21% year-over-year, with continued strength in both domestic and cross-border. Value-added services revenue grew 34% year-over-year in constant dollars to $3.8 billion, primarily due to three factors: one, underlying business drivers, which included strength in marketing services engagements related to FIFA; two, pricing; and three, the acquisition of Prisma.

While we had strong growth in all of our portfolios, value-added services revenue was higher than expected, primarily due to greater utilization of our network products in issuing solutions and acceptance solutions. In fact, when we look at VAS results over the past 12 months, all four of our VAS portfolios have individually grown faster than their respective historical growth rates disclosed at Investor Day.

Looking collectively at issuing solutions, acceptance solutions, and risk and security solutions, the revenue has grown more than 20% year-over-year every quarter over the last 12 months in constant dollars. This is faster than the fiscal 2021 to 2024 CAGR for total VAS revenue that we disclosed at Investor Day in February of 2025.

For our advisory and other portfolio, in addition to the strong marketing services revenue growth, we've also increased the velocity of our consulting projects through the help of AI. Just this past quarter alone, for over 700 clients across 100-plus countries and territories, we delivered 1,200 consulting projects, which is more than we delivered for all of 2019. Advisory and other continues to grow the fastest of the VAS portfolios, and we expect it to continue to well into the future, driven by a focus to better serve our clients.

Operating expenses grew 17%, primarily driven by marketing and personnel expenses. This was above our expectations, primarily due to larger-than-expected FX impact from balance sheet remeasurement and higher-than-expected personnel expense as a result of deferred compensation mark-to-market, which as a reminder is EPS neutral. This was partially offset by the timing of some marketing expenses that shifted into Q4.

In our GAAP results, we had $563 million in severance costs related to changes to our workforce, including those that Ryan discussed, as we continue to focus on driving efficiency across the company and reinvest those savings in our highest potential growth opportunities.

Non-operating expense was $35 million, better than our expectations, primarily due to the investment income from the deferred compensation mark-to-market impact I just mentioned. Our tax rate for the quarter was 18.4%, consistent with our expectations. EPS was $3.32, up 11% year-over-year, better than expected with an approximately 0.5 point of benefit from exchange rates.

For our non-GAAP results, Prisma and Newpay added a little under 1.5 points to net revenue growth, approximately 2 points to operating expense growth, and approximately 0.5-point to EPS growth.

In Q3, we bought back $4.9 billion in stock and distributed $1.3 billion in dividends to our shareholders. In May, we settled our previously announced exchange offer for class B-1 and class B-2 common stock. We also funded the litigation escrow account by $250 million, which has the same effect as a stock buyback. At the end of June, we had $28.4 billion remaining in our buyback authorization. And in July, we expanded our commercial paper capacity to $7 billion.

Now let's look at drivers through July 21, with volume growth in constant dollars. US payments volume was up 9%, with both credit and debit up 9% year-over-year. A step-down from June, primarily due to retail including the timing of promotional shopping events, the lack of a days mix benefit that helped June, and the change in the cost of fuel. For cross-border volume, excluding transactions within Europe, total volume grew 14% year-over-year, with ecommerce up 18% and travel up 12%. Processed transactions grew 9% year-over-year.

As we move to our guidance, let me remind you that it is on an adjusted growth basis defined as non-GAAP results in constant dollars and excluding acquisition impacts. You can review these disclosures in our earnings presentation for more detail.

Now, moving to Q4 and the full-year financial expectations. We expect Q4 net revenue growth in the high end of low-double-digits, similar to Q3 on an adjusted basis. For drivers, we are assuming that the broader consumer spend stability continues from a macro perspective and our overall drivers remain resilient and strong. On volatility, we are assuming that current levels which are generally in line with Q1, persist, implying more of a drag than was incorporated previously.

On incentives, we expect to have renewed about 20% of our payments volume by the end of the fiscal year, and when we combine that with some new business we've won, this puts Q4 incentive growth slightly above Q3 on a nominal basis.

We expect Q4 operating expense growth in the low-double-digits, which includes some Q3 expenses shifting to Q4. Non-operating expense is expected to be about $80 million. And our tax rate in the fourth quarter is expected to be around 19%. As a result, we expect fourth quarter EPS growth to be in the low end of mid-teens. For our non-GAAP nominal Q4 financials, Prisma and Newpay will add approximately 1-point to net revenue growth, approximately 1.5 points to operating expense growth, and approximately 0.5-point to EPS growth.

Pulling it all together for the full year. We expect full-year net revenue growth to now be in the low end of low-teens. We expect full-year operating expense growth in the low end of low-teens. Non-operating expense for the full year is expected to be about $165 million. Our tax rate for the full year is expected to be between 18% and 18.25%. As a result, we expect full-year EPS growth to now be in the low end of mid-teens.

In closing, we are already several weeks into our fourth quarter and engaging in our strategic and financial planning work for 2027, and I wanted to make a few comments. As we do every year, we are running a number of scenarios to arrive at our assumptions for the macroeconomic environment, key business drivers, and volatility. We have clear line of sight into our expected renewals, product pipeline, and the expected pricing impact across our solutions, which as you know has tended to be similar in its contribution in the past few years.

We have conviction in our strategy and our ability to continue to deliver strong results across consumer payments, commercial and money movement solutions, and value-added services. All of this will result in our guidance that we will provide next quarter.

As the leading hyperscaler of payments globally, we're excited about the opportunities ahead, the investment decisions we're making, and our ability to drive Visa's future revenue growth.

And now, Jennifer, hand it back to you.

Jennifer Como

Senior Vice President & Global Head-Investor Relations, Visa Inc.

Thanks, Chris. And with that, we're ready to take questions. As a reminder, please limit yourself to only one question.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Will Nance with Goldman Sachs. Your line is open.

Will Nance
Analyst, Goldman Sachs & Co. LLC

Q

Hey, thank you for taking the questions. Obviously very strong results. Chris, I wanted to maybe double-click on some of the cross-border trends that you called out around US inbound and the World Cup. And maybe I missed it, but sounds like some very strong impacts in specific cities. Do you have any color or quantification on the degree to which that boosted the cross-border travel numbers in aggregate in June and July? And just how we should be thinking about kind of normalizing for that as we look for the remainder of the quarter? Appreciate it. Thank you.

Christopher Suh
Chief Financial Officer, Visa Inc.

A

Sure. Hi, Will. Thanks for the question. Yeah. Overall, it was a very good quarter for cross-border across both travel and ecommerce. Now, you were specifically asking about inbound and sort of the relationship with FIFA. We did see inbound into the US continue to improve this quarter, and FIFA did help both North America and Latin America in the month of June.

The thing that I'd point out also is that, as we've spoken about many times, our cross-border volumes are very well distributed. No region comprises more than 25%. And so, while there is good enthusiasm around FIFA and that was great to see, the overall underlying health of travel and ecommerce continues to be healthy, and that's something that we anticipate will continue into Q4.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. James Friedman with Susquehanna. Your line is open.

James E. Friedman
Analyst, Susquehanna Financial Group LLLP

Q

Thank you. I wanted to ask about the delta between cross-border and international revenue, the volume versus revenue mix. I think you alluded to some of this, Chris, in your prepared remarks, but if you could elaborate on that, it would be helpful. Thank you.

Christopher Suh
Chief Financial Officer, Visa Inc.

A

Sure, happy to do so. Hey, James. I mean, building a little bit on the question Will asked, first we start with the fact that our cross-border business remains healthy. We saw strong underlying health and stability across both travel and ecommerce. That's the first place I'd start.

The difference that you point out between international transaction revenue and the cross-border volume I talked to is really related to two things, and they're similar things that I've spoken about in previous quarters. One is volatility, and volatility primarily related to the fact that last year in Q3, we're lapping the peak of the year, the highest volatility quarter was Q3 of last year, and we're lapping that in this quarter.

And then the second factor is the mix of the business, and the composition of our yields within international transaction revenue can and does vary across our business. For example, different clients or different products like Visa Direct, which typically has a lower yield than our carded transactions and different regions or currencies can also contribute to that mix difference. So, those are the two primary factors. But the main message I'd send is that the underlying cross-border business remains quite healthy.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Timothy Chiodo with UBS. Your line is open.

Timothy E. Chiodo
Analyst, UBS Securities LLC

Q

Great. Thanks a lot. I want to touch a little bit on Pismo, DPS, and the broader core banking and issuer processing business that you're combining here. Really often investors have two big broad questions about these initiatives. One is around strategy and one is around bank size.

On the strategy side, the topic is usually, hey is this about new revenue streams? Is it about expanding the pie in negotiations? Is it about deepening relationships with issuers? And the answer might be all of the above. And on the bank side focus, it's often is it about large banks, like the big names we've seen announced like Wells Fargo and Citi, or is it about smaller banks and fintechs? And again, the answer might be both. But I'm hoping you could elaborate on those two topics: the strategy and then the bank size. And really, for the bank size, it's more about what are the different things that you're doing for the different sizes of banks. Thanks.

Ryan McInerney
Chief Executive Officer & Director, Visa Inc.

A

Thanks, it's Ryan. I guess stepping back at the broadest level, the Pismo strategy is about identifying and understanding client needs and then bringing solutions to help solve those client needs. And when I first described the Pismo acquisition to investors, I explained that it was based on the last several years hearing from our clients around the world that there were two important priorities that they had. One is modernizing their stacks, moving to the cloud, moving to API-based services, so on and so forth. And then the second was helping clients move more quickly into more geographies with a cloud-based issuer processing stack that would help them do that.

And as you fast-forward to today, we're seeing product-market fit broadly in those areas. And we believe over time that will help us deepen our relationships with clients, that'll help us generate more revenue, that'll help us strengthen our partnership with our clients to your question by helping them meet these needs. So that I think gets to the first part of your question.

To the second part of your question, I guess let me step back and put it in the context of our overall issuer processing and core bank strategy. I'll start in the US. So, in the US, we have two assets: we have DPS and we have Pismo. I'll try to go through this systematically. So, the first thing I'll do is talk about issuer processing. So, DPS is and has been the leading debit issuer processing platform in the US. DPS services banks of all sizes, big and small and will continue to do so in the future.

And now if I shift to Pismo, as a reminder, Pismo is a cloud-native, API-based issuer processing and core banking platform. It essentially provides processing for all payment products, whether it's debit, credit, commercial, DDAs, current accounts, and the like. And increasingly in the US, what we're seeing is smaller banks and midsize banks, as well as fintechs, are looking for an integrated debit and credit processing solution that will help them simplify their operations and accelerate product innovation, and that's the market need that has led us to the DPS-Pismo solution that we've talked about.

It's not a market need we've seen from large issuers. We expect that large issuers will continue to run their highly customized debit platforms and credit platforms separately. But we do see a market need with small-to-midsize issuers and fintechs. So, we launched the new platform in the US which essentially combines Visa DPS and Pismo capabilities into an integrated issuer processing solution that we can put to work. And as I said in my prepared remarks, we've already had success with one client.

We're also, to your question, deploying Pismo in the US to help banks of all sizes migrate their core bank platforms to the cloud. And as you referenced, we announced Wells Fargo in that space. So that gives you hopefully, to your question, a very clear sense of kind of the product and segment strategy we're pursuing in the US. Outside the US, our single go-to-market platform is Pismo. And we've now entered 19 new markets since the acquisition. We're seeing market demand from a range of different client types both for issuer processing and for core banking.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Fahed Kunwar with Rothschild & Co. Redburn. Your line is open.

Fahed Kunwar
Analyst, Rothschild & Co. Redburn

Q

Hi, guys, and thanks for all the detail today. I just wanted to ask about the revenue algo. Chris, I think you talked about this in your remarks around VAS and CMS. And from memory, it was kind of like 9% to 11% net revenue growth based on 15% to 17% for CMS and VAS and 5% to 7% for consumer payments. It does now appear for probably the best part of two years that has been quite different with CMS and VAS growing probably close to mid-20s and consumer payments probably growing more like low-single-digits.

And obviously, the 13% to 14% revenue growth is well ahead of 9% to 11%. How should we think about that algo now going out beyond this year into longer term? I'm not asking for new long-term guidance, but just in general, like is there something that will change this algo, or do you see this as more sustainable? And is mix between the fee or product areas being more in the kind of like growth areas you've had in the last couple of years versus what you identified at the Investor Day? Thank you.

Christopher Suh
Chief Financial Officer, Visa Inc.

A

Got it. Yeah, thanks for the question. I mean, we're obviously very pleased with how the year has played out across value-added services, across CMS business. Value-added services this quarter, almost a third of our revenue, growing at 34%, that's an awesome result. It really reflects the strong execution against the strategy that we laid out at our Investor Day which is, I think, the point you're referencing against.

And that's what we're focused on. We're focused on running the company. We're focused on executing our strategy, driving product innovation, delivering for our clients, and taking all the steps that we've talked about to continue to run the company better and position us for sustained long-term growth. That's our focus right now. We'll continue to focus on that as we close out FY 2026.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Tien-Tsin Huang with JPMorgan. Your line is open.

Tien-Tsin Huang
Analyst, JPMorgan Securities LLC

Q

Hi, thanks. Great results. On the US side, looks like volume up 10%. You called out that is the highest in quite a bit of time here. So, do you mind just going back and maybe unpacking the growth a little bit more across the items you called out? I heard tax refunds, fuel prices, Visa Direct. I think there's some timing and the World Cup, of course. Just trying to separate the event-driven spend versus the strong underlying trends and maybe some wins in there as well. Thanks.

Christopher Suh
Chief Financial Officer, Visa Inc.

A

Yeah, sure. Happy to do so. Hi, Tien-Tsin. Yeah, it was a great quarter for the US. I mean, the place I'd start with is, as Ryan remarked, the consumer spend environment remains strong, resilient. I think the results reflect that. And the strength, I would also note, is pretty broad-based. We're seeing improvements around credit and debit, discretionary spend, non-discretionary spend, card-present, card-not-present, and across the spend bands as well. As I remarked in my commentary, we didn't see any signs of weakening across the lower parts of the spend band either. And so, again, point to broad-based strength reflecting consumer resiliency.

And then, as you called out some of the ones, I called these out on the call, happy to give more color, but there was a number of factors that contributed to that acceleration that we saw in Q3. To go through the whole list: it was higher tax returns, the cost of fuel, retail, which included the timing of some promotional shopping events, strength in Visa Direct, and of course the enthusiasm around FIFA that we've seen. Those were all contributors. And all-in-all, when you put that all together, a great quarter for the US in Q3.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Jeff Cantwell with Seaport Research. Your line is open.

Jeff Cantwell
Analyst, Seaport Research

Q

Hey, thank you. Just on the Open USD initiative. Ryan, this question is for you, since you seem to me like you would be the kind of person who would never back down from a good old skirmish, verbally, of course. So, my question to you is: in your opinion, is Open USD going after Circle and Tether and the established players in the stablecoin realm? Is this the one that's ultimately going to be the winner? Would love to hear your thoughts there. Thanks.

Ryan McInerney
Chief Executive Officer & Director, Visa Inc.

A

Well, let me start with kind of Visa. Visa, going forward, will remain multi-coin, multi-chain. Our role is not to pick winners. Our role is to help clients connect to the stablecoin ecosystem securely and at scale regardless of which stablecoin, which network, which infrastructure ultimately gain adoption.

And so, now going back to the Open Standard, the Open Standard is designed with neutral governance and shared economics in mind, and it's designed that way because they believe that model will help scale stablecoins for payments. As much as we talk about stablecoins on this call and in other venues, stablecoins really have yet to scale beyond a few use cases, like stablecoin-linked cards that we've issued in various places around the world. So, we're proud to be a partner of Open USD.

We do think that Open USD has the chance to scale as a payment-based stablecoin. We think that it is designed in such a way that it creates the incentives for players in our ecosystem to drive it and to use it. But like I said at the beginning, our view of the future is multi-chain, multi-coin. We're not here to pick winners and losers. We're here to enable our clients to be successful, and that'll be our strategy continuing going forward.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Andrew Schmidt with KeyBanc Capital Markets. Your line is open, sir.

Andrew Schmidt
Analyst, KeyBanc Capital Markets, Inc.

Q

Hi, Ryan. Hi, Chris. Thanks for taking the questions this evening. I just want to ask about value-added services growth. Chris, I think you did a great job sort of illustrating the durability of the growth drivers beyond just the marketing services. But maybe you could just dimensionalize just the go-forward path here from a growth perspective. I know there's some things that obviously may not recur, but at the same time, the portfolio is getting larger, the other components are accelerating. Would love to understand the growth profile going forward a little bit better. And then, just on the expense side, remind us the expenses attached with some of these marketing-related revenues. I know there's a little bit of linkage there. A reminder there would be helpful, too. Thanks so much.

Christopher Suh
Chief Financial Officer, Visa Inc.

A

Yeah. Thanks for the question, Andrew. Yeah, as I said, VAS is having an outstanding year, and that strength, that performance is broadly across all the portfolios. I gave a lot of detail, as you pointed out, in my prepared commentary, but I'll just maybe highlight by saying the key point, all four portfolios are growing faster over the past 12 months compared to the growth rates that we shared at Investor Day.

And so we've seen acceleration broadly across. And certainly marketing services is having a great year with the enthusiasm around FIFA, but again, clearly the other three portfolios, issuing solutions, acceptance solutions, and risk and security are also collectively growing north of 20%.

And so that really indicates the breadth of the strength of the business. As I said in the last question it's really a reflection, I think, of our strong execution against our strategy. There's great momentum. And obviously, we're not speaking about FY '27 at this point, but directionally, it's a big opportunity in front of us. We continue to execute really, really well. And we anticipate that those businesses will continue to be strong.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Sanjay Sakhrani with KBW. Your line is open sir.

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

Q

Thank you. I wanted to just touch on the workforce reductions and the associated cost savings. I'm just curious: is the expectation to reinvest all of those savings or actually sort of drop some of those down to the bottom line? And then as we think about the reinvestment of those savings, over what period of time do you guys anticipate a return? Thank you.

Ryan McInerney
Chief Executive Officer & Director, Visa Inc.

A

Hey, it's Ryan. Let me just start, and then Chris, feel free to add or correct or not. The investments that we have in front of us are enormous. I think what we've shown over the last couple years is that we can drive efficiencies. We can take the savings that we generate from those efficiencies, and we can invest those savings against the strategic levers that we laid out and our strategy at our Investor Day and deliver accelerated performance as a result. And we continue to feel good about the opportunities ahead of us.

You look out in the consumer payments opportunities, we're continuing to invest against expanding acceptance in cash-rich markets around the world; strengthening our differentiated affluent value propositions; winning in cross-border and e-comm. We've talked a lot about VAS on this call, but just enormous investment opportunities in risk and security and marketing services; and to the earlier discussion scaling Pismo and Featurespace. In CMS, just a range of investment opportunities, whether it's unified B2B payments and acceptance, embedded finance, Visa Direct, which we've talked about. And then on top of that, stablecoins, agentic, our brand and our advertising, growing kind of in emerging markets, and obviously the Visa as a Service stack.

So, the timing of it is continual. It's just we're constantly driving improvements and efficiency, identifying savings opportunities. We've done the work in advance to identify the return on investment of redirecting those savings and putting that into the business to drive the results. And the track record is what the track record is, which we feel really good about and the opportunities that are ahead of us, which are enormous. So, that's kind of the context for all of this.

Christopher Suh
Chief Financial Officer, Visa Inc.

A

Yeah, I think Ryan covered it really, really well. The flywheel is working. The thing I'd add is, over the past several years, as Ryan kind of referenced, we've grown and diversified our business, and we've done that while maintaining our industry-leading operating margins. Looking forward, we do expect that we'll continue to be able to deliver strong margins into the future as well.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Darrin Peller with Wolfe Research. Your line is open.

Darrin Peller
Analyst, Wolfe Research LLC

Q

Hey, thanks guys. Your guidance for fiscal fourth quarter calls for low double digits to low teens including M&A. And that's incorporating I think tough levels of FX vol. You mentioned, but it also likely incorporates uncertainties around the Middle East and less FIFA revenue. So I'm trying to just reconcile the strength we're seeing in that kind of guide for fiscal fourth quarter despite those headwinds. So maybe just help us understand – I know VAS is going well, was there any other key drivers that are providing your conviction on the strength exiting the year, and are any of those unsustainable as we look forward?

Christopher Suh
Chief Financial Officer, Visa Inc.

A

Yeah, thanks for the question, Darrin. We've had strong revenue growth really every quarter this year in Q3, and we expect Q4 to be strong as well. And as I guided, Q3 to be in line with Q4 on an adjusted basis.

Ryan McInerney
Chief Executive Officer & Director, Visa Inc.

A

Q4 to be in line with.

Christopher Suh
Chief Financial Officer, Visa Inc.

A

Sorry, Q4 to be in line with Q3 on an adjusted basis. And underlying that is the strong drivers that you're referencing: strong VAS growth. From a technical perspective, there are two offsetting factors as you think about the model. One is volatility, which, as we exit Q3, we think Q4 will be closer to the Q1 level, obviously, that could change, but that's the level that we're anticipating. And the second is incentives, which we talked about, which is really a reflection of our new and renewal business.

But if I just step back a little bit, I mean, throughout the course of this year I referenced we've had strong results all year, and we've done what any good company would do, which is from this position of strength we've taken the opportunity to continue to lean into our investments to fuel our future growth. We've increased the velocity of product innovation. We've engaged with clients in a deeper way. That's all in an effort to continue to secure our industry leadership position and propel our long-term future growth. So we do expect a strong Q4. We feel great about that as a launching point and think that we're well positioned for FY '27 as well.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Paul Golding with Macquarie Capital. Your line is open, sir.

Paul Golding
Analyst, Macquarie Capital (USA), Inc.

Q

Thanks so much for taking the question. I just wanted to ask around AI. It seems like it's factoring in more prominently or in a tangible way in the business. We heard the comments around product development and the advisory project turnaround cadence. I just wanted to ask what inning you'd say we're in in terms of penetration across the enterprise of AI solutions that are helping accelerate the business. Thanks so much.

Ryan McInerney
Chief Executive Officer & Director, Visa Inc.

A

It's tough for me to say what inning. I feel really good about the progress that we've made in kind of a post-generative AI world. But again, just if you zoom out a bit, like we've had a long history of AI at Visa. We were an early adopter of AI many, many years ago. And then you kind of jump forward to where we are today. I mentioned some metrics in my prepared remarks, but we're seeing fantastic results.

And I really don't know. I don't know how to predict what inning we're in other than to say we've had very good deployment of the AI tools across the company especially in product and engineering, as I mentioned. We're getting good adoption in other parts of the company. I think we still have enormous opportunity ahead of us there, and we're just going to continue to lean in to using these tools to drive efficiency and effectiveness, shipping products better, faster, and ultimately better serving our clients and the ecosystem.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Dominick Gabriele with Loop Capital. Your line is open.

Dominick Gabriele
Analyst, Loop Capital Markets LLC

Q

Hey, thanks so much for taking the question. I was just wondering, Ryan, if you could talk about your ability to capture market share against local European schemes and how that competition has changed over time. Thanks so much.

Ryan McInerney
Chief Executive Officer & Director, Visa Inc.

A

Yeah. So in Europe, and I said this in my prepared remarks, we continue to win. And we're winning from a number of players across the board, but local schemes is one of them. In the environment that we're in right now, issuers, whether they be fintechs or banks around the world to serve their customers they need innovation. They need new products. They need reliability. They need resilience. They want access to products like Visa Flex.

They want access to Visa Direct. They want affluent propositions. They want more sophisticated virtual card propositions.

All of those types of innovations and those investments, those are things we've been investing in for years. We've been deploying billions of dollars. We've been driving our roadmap out all around the world, and it's hard to keep up I think for many domestic schemes around the world and that presents opportunities for us. Ultimately, again, in service of our clients. So we feel good about our track record. We feel good about our ability to win. I mentioned some of the, I guess, 30 million cards or so that we expect to convert from wins over the coming years in Europe, and we're excited about that.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

Next question, please.

Operator: Thank you. Our next caller is Dave Koning with Baird. Your line is open.

David John Koning
Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Hey, guys. Thank you. You called out cross-border e-comm very strong through the last quarter, and I think you said promotions, FIFA, et cetera. It stayed really high in July. Were those factors influencing July too, and that we should expect a little bit of a falloff in the next couple months?

Christopher Suh
Chief Financial Officer, Visa Inc.

A

Yeah, let me go through that, Dave, in detail. It's a good question. We did see cross-border volumes in ecommerce at 16%, but even intra-quarter, if you notice what we published in our slides, it accelerated through the quarter, and we actually hit a higher level in the month of June. And the July number that you point out is a little bit of a moderation from the June peak.

And so the acceleration intra-quarter for the quarter was, as I pointed out, was driven by retail, which included the timing of the promotional shopping events. And then the June, the intra-quarter June was benefited by days mix and retail, the retail event that I just spoke about. And then as we pull that forward through the first three weeks of July, it is slightly lower than the month of June, and it's the inverse of the things that helped June. So days mix and the reversal of the timing of the retail including the timing of the retail promotional shopping event. Those are the factors. When I zoom out, I do think June and July are unusually high, and I would anticipate that it settle back down to a more typical relationship relative to travel.

David John Koning
Analyst, Robert W. Baird & Co., Inc.

Q

Thank you.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

A

And last question, please.

Operator: Thank you. Harshita Rawat with Bernstein. Your line is open.

Harshita Rawat
Analyst, Bernstein Institutional Services LLC

Q

Hi, good afternoon. Ryan, I want to ask about your updated thinking related to agentic commerce and Visa. There were quite a few announcements coming out of your Payments Forum on OpenAI partnership, new capabilities. Tell us more about how you see Visa's opportunity within agentic commerce, not just with regards to capturing and tokenizing those volumes, but also creating an opportunity for you to sell more of your services and expand your addressable market into new economic constructs like agent-to-agent transactions. Thank you.

Ryan McInerney
Chief Executive Officer & Director, Visa Inc.

A

Sure. Well, I guess let me start at the highest level. We believe that AI and agentic commerce will expand our addressable market. We believe we're in the very early stages of what's going to be a major adoption curve in payments. I think to get a sense of like how this progresses from here, it's instructive to look at other kind of major cycles that we've been through, whether it was ecommerce or mobile commerce, tokenization, tap to pay. These innovations and these kind of major forces, they followed a similar pattern, right?

You have an early period where Visa and other players are establishing standards, were announcing, launching, and shipping new products as you mentioned, and then you migrate into the early adoption period of the curve, which ultimately then leads to growing consumer momentum and ultimately broad scale.

And all of those kind of ones that I mentioned previously have gone through that and they've achieved that broad scale. And we don't think agentic commerce will be any different, but we're in the very early stages. So you have consumers that are already using AI to shop, and then the next phase will be enabling agents to transact on their behalf, whether with or without them in the loop, and that's where we come in.

I think the ultimate thing that's going to accelerate that adoption is going to be trust. Trust that the payment is secure. Trust that the agent is authorized. Trust that the transaction reflects the consumer's actual intent. And then that protections exist if something goes wrong. And if you look at the products that we've announced over the last several quarters, they're all directly intended to address that trust and ensure that our users have trust in using Visa credentials to make agentic commerce transactions. So that's where we're investing.

I think across all of this, the timing is tough to predict, I think to the latter part of your question, but our view is pretty simple. Agentic commerce is a when, not an if. We're building like the products, the services, the protocols, ensuring that the ecosystem has what it takes, and this will happen. And it will be a positive tailwind for Visa once we get through those steps of the journey.

Jennifer Como
Senior Vice President & Global Head-Investor Relations, Visa Inc.

And with that, we'd like to thank you for joining us today. If you have additional questions, please feel free to call or email our Investor Relations team. Thanks again and have a great day.

Operator: Thank you all for participating in Visa's fiscal third quarter 2026 earnings conference call. That concludes today's call. You may disconnect at this time and please enjoy the rest of your day.