*Visa Inc.*

*Introduction*

Visa Inc is a multinational corporation in the financial industry, founded in 1958, that facilitates electronic fund transfers, including credit and debit cards, and prepaid card transactions. The company also operates VisaNet, a transaction processing network that enables authorization, clearing and settlement of payment transactions. The company serves consumers, merchants, financial institutions and government entities. Visa provides the technology and infrastructure that allows individuals, businesses, and financial institutions to make secure and convenient electronic payments and transactions worldwide. While Visa does not issue cards directly to consumers, it operates as a payment network, connecting cardholders, merchants, and banks to facilitate transactions.

*Revenue and cost drivers*

Th pie chart below represents the main revenue drivers of the organisation for the 2022 financial year:

The net revenues of the company are primarily generated from payments volume on Visa products for purchased goods and services, as well as the number of transactions processed on their network. Approximately 45% of the total revenues generated are in the US and the rest are internationally. Net revenues increased in 2022 by 22% mainly due to the year-over-year growth in nominal payments volume, processed transactions and nominal cross border volume, partially offset by higher client incentives. The net revenues are impacted by exchange rates of the US dollar, since payments volume and related revenues denominated in the local currencies are converted to US dollars. In 2022, exchange rate movements negatively impacted the revenues of the company by approximately two and a half percentage points.

Visa Inc’s operating expenses typically include a range of costs associated with running its business and maintaining its payment processing network. The chart below represents each cost driver as a percentage of the total revenue of the company.

*Competitors and market trends*

The shift towards digital payments, that saw a substantial increase especially during the pandemic due to the adoption of online and mobile payments, continues to be a significant revenue driver for Visa and this is a trend that is expected to persist. However Visa operates within a highly competitive industry and despite being the most popular payment method in 67 countries it has huge competition with its primary competitors being major global financial firms and payment processing corporations. Its two primary competitors include Mastercard and American Express. Additionally, the company faces competition from evolving digital payment services and alternative financial platforms such as PayPal, Stripe, Klarna and cryptocurrency wallets accepting Bitcoin and Etherium. Therefore, in order to stay ahead it such a competitive environment, it must continually adapt to new technologies and constantly innovate.

 *SWOT Analysis*

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| *Strengths** Widespread acceptance
* Trusted by consumers, merchants and banks
* Benefits from economies of scale and a robust secure infrastructure
* Established brand image
 | Weaknesses* Heavily related on the credit card market facing increasing challenges from alterative payment methods (i.e. digital wallets and cryptocurrencies)
* Intense competition from major credit card providers
* Since it operates globally, it is exposed to risks associated with fluctuating currency exchange rates and international regulations
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| Opportunities* Can growth through strategic partnerships and acquisitions of emerging financial technology companies
* Capitalize shifting towards cashless transactions and e-commerce
* Invest in mobile and contactless payments fostering its stake in the digital payments industry
 | **Threats*** Emergence of new payment technologies such as cryptocurrencies and blockchain
* Having a strong market position makes it potential target for cyberattacks and data breaches
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To summarize the above, Visa possesses a solid foundation in terms of branding, market share and technical infrastructure. However the company must continuously adapt and evolve in response to the ever changing financial landscape and emerging competition to maintain its edge and sustain growth.

*PESTEL Analysis*

Visa Inc PESTEL analysis, as shown below, is a strategic tool to analyse the macro environment of the organisation. Changes in the macro environment factors can have a direct impact on the organisation, alongside other players in the Credit services. They can impact the firm’s competitive advantage or overall profitability levels of the financial industry. PESTEL analysis provides great detail about operating challenges Visa Inc. will face in the prevalent macro environment other than competitive forces. For example an Industry may be highly profitable with a strong growth trajectory but it won't be any good for Visa Inc. if it is situated in unstable political environment.

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| P | E | S | T | E | L |
| * Political stability and importance of credit services
* Risk of military invasion
* Level of corruption
* Bureaucracy and interference in credit services
* Legal framework for contract enforcement
* Intellectual property protection
* Trade regulations and tariffs
* Favoured trading partners
* Anti-trust laws
* Pricing regulations
* Taxation
* Wage legislation
* Product labelling
 | * Type of economic system
* Government intervention in the free market
* Exchange rates and stability of host country
* Efficiency of financial markets
* Infrastructure quality
* Comparative advantages of host country
* Skill level of work force
* Education level in economy
* Labour costs and productivity
* Business cycle stage
* Economic growth rate
* Discretionary income
* Unemployment rate
* Inflation rate
* Interest rates

  | * Demographics and skill level of population
* Class structure, hierarchy and power structure in the society
* Education standard in the Visa industry
* Culture
* Entrepreneurial spirit and broader nature of the society
* Attitudes
* Leisure interests
 | * Recent technological developments by Visa Inc competitors
* Technology’s impact on product offering
* Impact on cost structure in Credit Services Industry
* Impact on value chain structure in financial sector
* Rate of technological diffusion
 | * Weather
* Climate change
* Laws regulating environment pollution
* Air and water pollution regulations in Credit Services industry
* Recycling
* Waste management in financial sector
* Attitudes towards green or ecological products
* Endangered species
* Attitudes towards support for renewable energy
 | * Anti-trust law in Credit Services industry and overall in the country
* Discrimination law
* Copyright, patents
* Consumer protection
* E-commerce
* Employment law
* Health and safety law
* Data protection
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*Conclusion*

Visa’s business model has successfully established itself as a financial giant globally, facilitating secure transactions at unapparelled speeds. By focusing on providing an extensive network of partners, fostering innovation and emphasizing security, Visa has become one of the main players in the payment industry. As the world economy is evolving and technological improvements facilitate a transition towards a more digitalized, cashless world, Visa’s continuous growth and adaptation to emerging technologies will be unavoidable in order to scale its operations and maintain its dominance as a reliable, trusted financial infrastructure. While competition in the industry should not be underestimated, Visa has a solid and strong foundation, vast infrastructure and commitment to innovation making it well equipped to tackle future challenges and maintain its position as a leader in the payments ecosystem.