**Market Research Report for Visa Inc.**

**Industry Identification**

It operates in the financial service industry, primarily focusing on electronic payment solutions, including credit and debit card transactions, and also digital technologies.

**Close Peers for Visa Inc.**

* MasterCard Inc.
* American Express Company

Substitutes and New Markets

|  |  |
| --- | --- |
| Substitutes | New Markets |
| * Digital wallets such as Apple Pay, Google Pay. * Digital currency such as Cryptocurrencies * Peer-to-peer Payment such as PayPal | * Regions where digital payment is accepted and on the rise. Location like Asia, Africa |

**Key Revenue and Cost Drivers**

|  |  |
| --- | --- |
| Revenue Drivers | Cost Drivers |
| * Payment volume * Transaction fees * International transactions * Other revenue such Licensing fees, value added services | * Personnel expenses * Professional fee * Marketing * Network and processing * General and administration * Litigation provision |

The key revenue drivers for Visa Inc are payment volume on visa products for purchased goods and services.

Revenue per transaction \* transaction volume.

Based on payments volume and number of transactions, Visa is one of the world’s largest electronic payments system.

**Industry/Market Trends**

The industry is experiencing a shift towards digital and contactless payments where lots of players are coming in. Also, the surge in online shopping has increased payment volume and transaction fees. Having presence in 200 countries, visa is also expanding its international presence to capture international transaction market. However, with competitions in the industry, revenue growth may be affected.

On the cost drivers, marketing and promotion will increase so as to potentially increase international presence. Investment in technological advancement such as AI, blockchain and innovation is important.

**SWOT GRID**

|  |  |
| --- | --- |
| **Strength**   * Global Payment Network * Strong Brand Recognition * Digital Service Expansion * High Transaction Volume | **Weakness**   * Regulatory Compliance * Data Security Challenge * Limited Control over Fees |
| **Opportunity**   * Growing Digital Payments * Emerging Market Expansion * Cross-Border Transactions * Technological Innovations | **Threat**   * Competition * Cybersecurity threats * Economic Downturn |

* Visa is a well-recognised brand and benefits from a global payment network. Changes in payment preferences propelled its expansion in digital services, which drives high transaction volume.
* Compliance and regulations can be costly.
* New revenue stream can be achieved by leveraging on the growth in digital payments, cross-border transactions and expansion in emerging markets.
* Competition from tech giants like Apple, Google can disrupt the industry.

**Strengths**

Strong and secure payment infrastructure

* Strong distribution network

Market leadership and strong brand value

Strong strategic partnerships with card issuers and merchants

Resilient business model that protects against inflation

**Weakness**

Lack diversification in business model

Lack of product development to combat new and emerging payment methods

Lack of innovation

**Opportunities**

Increasing preference for online shopping and cash-less transactions due to the pandemic

Opportunities to collaborate with emerging competitors like PayPal and mobile wallets

Loyal and large customer base that can be introduces with new or add on products

Availability of vast data that can be researched for product development

**Threats**

Threat of becoming obsolete due to new and emerging payment technologies

Increased competition owing to duopoly market

Lack of differentiation from competitor

Large amount of personal data that needs to be secured for privacy

Threat of fraudulent activities

Threat of money laundering and terrorism financing

**PESTEL GRID**

|  |  |
| --- | --- |
| **Political** | * Financial regulations * Cross-border policies * Trade policies |
| **Economic** | * Global economic trend * Currency exchange rate * Inflation rates |
| **Social** | * Changing consumer preference * Financial inclusion * Demographic shift |
| **Technological** | * Technological innovations * Digital payment advances * Data security measures |
| **Environmental** | * Sustainability trends * Climate change impact |
| **Legal** | * Data protection laws |

* **Political:** Government policies affect cross-border transactions.
* **Economic:** Economic conditions influence currency exchange rates and global payment trends.
* **Social:** Demographic changes impact consumer payment preferences.
* **Technological:** Technological innovations drive digital payments.
* **Environmental:** Environmental concerns drive sustainability efforts.
* **Legal:** Data protection laws affect the industry.

**Political**

Demonetization (India)

Attitude of ruling party about cards instead of cash

Government backed local competitors

Tax legislations

**Social**

Attitude towards credit cards/savings

Card penetration in developing countries

Increasing number of elderly people becoming digitally literate

**Technological**

Impact of technology helping competitors and new entrants

Costs for new technology adoption and prevention of fraud and crime

Crypto currency gaining market share

Emerging mobile wallets like paypal

Penetration of ATMs and Point of sale

Tokenization, Biometrics, Machine learning

Tap to pay, Scan to pay

**Environmental**

Global warming impact on weather issues which affect spending patterns

Seasonality impact on spending patterns

Covid and work from home culture increasing the use of cards in e-commerce compared to cash

**Legal**

KYC and privacy laws in various countries

Anti money-laundering laws

Privacy and data protection laws

**COMPETITIVE ENVIRONMENT ANALYSIS**

Visa is a global leader in the payment industry, with a vast network and strong brand recognition. With its focus on expanding digital services and entering emerging markets.

It’s a competitor, MasterCard, a global payment network involved in digital payment innovations.

Both Visa and MasterCard have experienced revenue growth due to the shift towards digital payments. As a result of competitive environment with players like fintech, tech giants entering the space, investing in technology, partnerships and market expansion will be required to capture the evolving payment landscape

The global payments industry has been growing rapidly ever since the aftermath of the 2008 recession, in 2018 the industry totaled revenues of 1.9 trillion.

The strategy for Visa is to expand their core Business which consists of Core Products (cards), Tap to pay technology, Ecommerce (outpacing physical retail), Access & Acceptance (new markets), Partnerships (through fintech development) and Ventures (strategic investments to enrich broader payment systems). In 2019 Visa acquired earth port EarthPort that allows Visa to reach 99 percent of the world’s banked population in 88 countries, including the top 50.

Visa provides auxiliary or value – added services which is a growth opportunity. Visa’s fraud and security services run by artificial intelligence-powered risk scoring engine helped financial institutions prevent about $25 billion in fraud. In addition, Visa provides tokenization services and their product, developed by their provider Bell ID, allows users for much lower fees. Visa also provides data analytics, settlement and other services within this group of services.

Mastercard’s strategy is to broaden their capabilities as consumers and merchants demand enhanced payment options, with Mastercard focusing its technology on the business-to-business market which Mastercard estimated is a $25 trillion market annually in the U.S. Mastercard have begun implementing this strategy through various acquisitions.

**References:**

[**https://annualreport.visa.com/home/default.aspx**](https://annualreport.visa.com/home/default.aspx)