**Visa Inc.**

Visa is a global leader, that operates in the financial services industry. They offer secure payment technology to connect consumers, business, banks and governments, allowing them to use digital currencies over cash and cheques. This industry is driven by technological and payment systems innovation. Vis’s strategy is based on accelerating the revenue growth in consumer payments, new flows and value-added services.

Mastercard (MA) and American Express (AXP) are two prominent peers of Visa Inc. within the competitive landscape of the global financial services industry. Like Visa, both companies operate in the payment technology sector, providing a range of credit card and payment processing services. MA, with its extensive network, competes head-to-head with Visa in facilitating secure and efficient electronic transactions worldwide. AXP, on the other hand, offers premium card services and operates its own payment network. Together, these three compete for market share and innovation in an industry that continues to evolve rapidly in response to changing consumer preferences and emerging technologies.

Mastercard, Visa's primary competitor, has consistently exhibited strong financial performance. It focuses on diversifying its portfolio with a wide range of payment services and strategic acquisitions. Mastercard's emphasis on digital payments and partnerships with fintech companies has contributed to its growth.

Visa Inc. continues to experience significant growth, yet there remain untapped market opportunities that should be explored. The realm of payment options is vast, encompassing conventional methods like cash, checks, and wire transfers, as well as an array of electronic payment solutions. The ever-advancing landscape of technology developed alternative payment methods, including cryptocurrencies and blockchain-based systems. These emerging options have the potential to challenge Visa's traditional payment solutions, serving as viable substitute for those seeking innovative and decentralized means of conducting financial transactions.

Although Visa operates in over 200 countries, places like UAE, Venezuela and Libya are yet to be operated in, and provide markets that they may invest within. This potential will help contribute to maintaining market share. Real-time Payment (RTP) Networks have been developed in multiple markets and gives rise to opportunity for Visa to partner with for value added services.

The revenue generated by Visa Inc. is sectioned into 4 primary segments: Services, Data Processing, International Transactions and Other.

* Services consists of services provided to support clients in the usage of Visa’s payment services. This counts for 34% of total gross revenue down from previous years but has grown by 16% from FY21 to FY22.
* Data Processing includes revenue generated from the company's clearing, settlement, authorization, value-added, network access, and other similar services. This counted for around 36% of revenue FY22 and has grown by 13% from last year.
* International transaction is a key growing area of Visa’s revenue and is generated from cross-border transaction processing and currency conversion. In FY22 this counted towards 25% of revenue and has grown by 50% vs FY21.
* Other revenue consists of revenue earned from license fees, value-added services, account holder services, certification, and more. This is the segments that generates the least proportion of revenue at 5% in FY22, although it has grown by 19% vs FY21.

Visa Inc reports its’ revenue between US and International. The International revenue has been a growing portion of Visa’s revenue and has a 56% of revenue in FY22. This can be seen as result of acquisitions of Tint AB and Currencycloud, in Europe and UK respectively.

* Main cost relates to personnel exposes, which has increased due to high number of employees, reflecting the strategy to invest in growth and acquisitions. In FY22 this was 13% of gross revenue.
* The marketing expenses was 3% of revenue, and increased by 18% vs FY21 due to higher spending on World Cup, Olympics and Paralympics in 2022

Industry and Market trends

Over the last decade, there has been a large growth and demand towards digital payments and e-commerce. This increase has led to more revenue generated from processing fees and cross-border transactions. The use of contactless payments has also enabled more revenue to be generated from value-added services.

There has been large investment and collaboration into FinTech companies, to provide innovative payment solution and revenue growth opportunities.

SWOT Analysis

|  |  |
| --- | --- |
| Strength | Weaknesses |
| * Leading operator for digital transactions * Engages in strategic partnerships. * Has global presence, with large brand recognition. * Caters to a diverse range of customers. * Low credit risk, with strong cash flows. | * Operates in a heavily regulated environment. * Relies on banks and FI’s for card issuance. * Intense competition from emerging FinTech companies. * Reliant on contractual relationships. |
| Opportunities | Threats |
| * Expand more into emerging markets. * Partner up with FinTech companies. * Explore the Cryptocurrency and blockchain, which may provide security benefits. * Large shift from cash to digital transactions. | * Economic recession can lead to decreased consumer consumption. * Pressure from competition to lead to pricing wars, decaying profit margins. * Regulatory changes can increase compliance costs and effect operations. * Cybersecurity threats. |

PESTLE

|  |  |
| --- | --- |
| Political | Economical |
| * Government intervention, imposing restrictions * UK to leave EU, affecting data privacy laws (GDPR) | * Recession or economic downturn can affect transaction volume. * Currency exchange rates can impact financial results. * Increase in use of digital payments. |
| Social | Technological |
| * Promoting financial inclusion. * Adjusting products for consumer preferences. | * Advancement in technology, Blockchain and Crypto. * Cybersecurity threats. |
| Legal | Environmental |
| * Antitrust and competition law compliance * Anti-Money laundering, Anti-terrorist financing | * Minimizing environmental footprint * Promoting awareness to ESG and sustainability |

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