**Introduction**

Visa Inc. is an American multinational financial services corporation headquartered in San Francisco, California. It facilitates electronic funds transfers throughout the world, most commonly through Visa-branded credit cards, debit cards and prepaid cards

Visa is the world's second-largest card payment organization (debit and credit cards combined), after being surpassed by China UnionPay in 2015, based on annual value of card payments transacted and number of issued cards. However, because UnionPay's size is based primarily on the size of its domestic market in China, Visa is still considered the dominant bankcard company in the rest of the world, where it commands a 50% market share of total card payments.

Some of Visa inc. competitors include Mastercard, American Express, discover card, to mention a few. Their main business is to process payments between the card issuing bank, cardholder, and the banks of merchants.

Visa’s substitutes include cash, cheques and other forms of electronic payments such as PayPal, Apple pay and Google wallet

The revenue drivers for Visa inc. include transaction fees, data processing fees and international transaction fees while the costs are driven by personnel expenses, marketing expenses and technology expenses.

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.

Visa’s net revenues are impacted by the overall strengthening or weakening of the U.S. dollar as payments volume and related revenues denominated in local currencies are converted to U.S. dollars. In fiscal 2022, exchange rate movements, partially offset by its hedging program, negatively impacted its revenues growth by approximately two-and-a-half percentage points

**SWOT ANALYSIS.**

Swot analysis is simply broken down to the strengths, weaknesses, opportunities and threats that accrue to a business

**Strengths:** One of Visa’s most significant strengths is its widespread acceptance as a leading global payment platform, making it a trusted brand among consumers, merchants, and banks. Furthermore, Visa benefits from a substantial economy of scale and a robust and secure technical infrastructure. Visa’s strong marketing and advertising have further established its brand image, providing users with the perception of quality, reliability, and convenience. These factors have allowed Visa to maintain a dominant market share in the financial services sector.

**Weaknesses**: Visa’s primary weakness stems from its heavy reliance on the credit card market, a sector that faces increasing challenges from alternative payment methods, such as digital wallets and cryptocurrencies. The company also faces intense competition from other major credit card providers such as Mastercard and American Express. Additionally, since Visa operates globally, it is exposed to risks associated with fluctuating currency exchange rates and international regulations, which could impact its overall profitability.

**Opportunities:** Visa has immense opportunities for growth through strategic partnerships and acquisitions of emerging financial technology companies. These collaborations can help expand its product and service offerings and diversify its revenue streams. Moreover, the company can capitalize on the ongoing shift towards cashless transactions and e-commerce to fortify its market position in both developed and emerging markets. Visa can also benefit from investing in mobile and contactless payments, fostering its stake in the rapidly growing digital payments industry.

**Threats:** The financial services industry is subject to a myriad of regulatory risks, which could affect Visa’s operations and revenues. The emergence of new payment technologies such as cryptocurrencies and blockchain pose a significant threat to Visa’s traditional business model. Furthermore, the company’s strong market position also makes it a potential target for cyberattacks and data breaches, requiring constant vigilance and investment in cybersecurity. Lastly, Visa operates in a highly competitive environment, as they face challenges from both established rivals and emerging fintech companies entering the payments space.

In summary, Visa possesses a solid foundation in terms of brand recognition, 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.

 **Strengths**

Strong and secure payment infrastructure

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 ANALYSIS**

**Political factors**: Political factors play a significant role in determining the factors that can impact Visa Inc.'s long term profitability in a certain country or market. Visa Inc. operates in Credit Services in more than a dozen countries and exposes itself to different types of political environment and political system risks. Achieving success in such a dynamic Credit Services industry across various countries is to diversify the systematic risks of the political environment. Visa Inc. can closely analyze the following factors before entering or investing in a certain market

* Political stability and importance of Credit Services sector in the country's economy.
* Level of corruption - especially levels of regulation in the financial sector.
* Bureaucracy and interference in Credit Services industry by government.
* Legal framework for contract enforcement
* Intellectual property protection
* Favored trading partners
* Anti-trust laws related to Credit Services
* Pricing regulations
* Taxation - tax rates and incentives
* Wage legislation - minimum wage and overtime

**Economic factors**: The Macro environment factors such as – inflation rate, savings rate, interest rate, foreign exchange rate and economic cycle determine the aggregate demand and aggregate investment in an economy. While microenvironment factors such as competition norms impact the competitive advantage of the firm. Visa Inc. can use country’s economic factor such as growth rate, inflation & industry’s economic indicators such as Credit Services industry growth rate, consumer spending etc. to forecast the growth trajectory of not only --sector name-- sector but also that of the organization. Economic factors that Visa Inc. should consider while conducting PESTEL analysis are -

* Type of economic system in countries of operation – what type of economic system there is and how stable it is.
* Government intervention in the free market and related Financial
* Exchange rates & stability of host country currency.
* Efficiency of financial markets – Does Visa Inc. need to raise capital in local market?
* Infrastructure quality in Credit Services industry
* Comparative advantages of host country and financial sector in the particular country.
* Skill level of workforce in Credit Services industry.
* Education level in the economy
* Labor costs and productivity in the economy
* Business cycle stage (e.g., prosperity, recession, recovery)
* Economic growth rate, Discretionary income, Unemployment rate, Interest rates

**Social factors**: Society’s culture and way of doing things impact the culture of an organization in an environment. Shared beliefs and attitudes of the population play a great role in how marketers at Visa Inc. will understand the customers of a given market and how they design the marketing message for Credit Services industry consumers. Social factors that leadership of Visa Inc. should analyze for PESTEL analysis are -

* Demographics and skill level of the population
* Class structure, hierarchy and power structure in society.
* Education level as well as education standard in the Visa Inc. ’s industry
* Culture (gender roles, social conventions etc.)
* Entrepreneurial spirit and broader nature of the society. Some societies encourage entrepreneurship while some don’t.
* Attitudes (health, environmental consciousness, etc.)
* Leisure interests

**Environmental factors:** Different markets have different norms or environmental standards which can impact the profitability of an organization in those markets. Even within a country often states can have different environmental laws and liability laws

Before entering new markets or starting a new business in existing market the firm should carefully evaluate the environmental standards that are required to operate in those markets. Some of the environmental factors that Visa should consider beforehand are -

* Weather and Climate change
* Laws regulating environment pollution
* Air and water pollution regulations in Credit Services industry
* Recycling
* Waste management in financial sector
* Attitudes toward “green” or ecological products
* Endangered species
* Attitudes toward and support for renewable energy

**Technological factors**: Technology is fast disrupting various industries across the board. Visa Inc should not only do technological analysis of the industry but also the speed at which technology disrupts that industry. Slow speed will give more time while fast speed of technological disruption may give a firm little time to cope and be profitable. Technology analysis involves understanding the following impacts -

* 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

**Legal factors:** In a number of countries, the legal framework and institutions are not robust enough to protect the intellectual property rights of an organization. Visa should carefully evaluate before entering such markets as it can lead to theft of organization’s secret sauce thus the overall competitive edge. Some of the legal factors that Visa Inc. leadership should consider while entering a new market are -

* Anti-trust law in the Credit Services industry and overall, in the country.
* Discrimination law
* Copyright, patents / Intellectual property law
* Consumer protection and e-commerce
* Employment law
* Health and safety law
* Data Protection

**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

The global payments industry has been growing rapidly ever since the aftermath of the 2008 recession, in 2018 the industry totalled 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).

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.