

Marqeta's impressive Q2 earnings highlight shift in consumer spending

Article

By the numbers: API-based issuer-processor **Marqeta** reported a **53% year-over-year (YoY) increase in total processing volume (TPV)** in Q2, per its earnings release. TPV growth mirrored Q1 but slowed from Q2 2021, when pandemic-related factors catapulted TPV up 76% YoY.

A closer look: Although Q2's TPV growth matched Q1, there were key differences in consumer spending, CFO Mike Milotich [said](#) on the firm's earnings call.

- Spending in nondiscretionary categories like supermarkets, drugstores, fuel, and utilities accounted for one-third of Marqeta's Q2 TPV, an increase from the first quarter.
- Growth in discretionary categories like retail, travel, entertainment, and home improvement "decelerated significantly" from Q1, contributing to roughly one-sixth of Marqeta's TPV in Q2. Despite the slowdown, Milotich noted a rebound in travel spending, in line with what [card issuers](#) have reported.

Milotich also said payment trends consumers picked up during the pandemic—like digital banking; buy now, pay later (BNPL); and on-demand delivery—were still popular and helped Marqeta's performance in Q2. Solutions related to expense management also grew in the quarter as businesses prioritized efficiencies and business travel made a comeback.

Block, Marqeta's largest client, again fueled the majority of revenues in Q2, but its share moderated from last year: Block accounted for 69% of Marqeta's revenues in the quarter, down from 72% in Q2 2021. **Afterpay**—which Block [completed](#) its acquisition of in February—may have also been a factor that affected Marqeta's revenues: Without Afterpay, Block's share of Marqeta's revenues may have been even lower.

What's next? Marqeta CEO Jason Gardner announced that he will transition to executive chairman. As Marqeta seeks out a new CEO, it will keep working on three key growth pillars, though it'll be cautious given the macroeconomic environment.

1. **Fueling customer success.** Gardner pointed to Marqeta's [partnership](#) with **Western Union** for this pillar: The remittance firm will use Marqeta's issuing capabilities to offer customers virtual and physical cards through its new digital banking platform. He also highlighted Marqeta's [tie-up](#) with **Branch** and **Uber** to power the Uber Pro debit card.
2. **Broadening customer support capabilities.** Marqeta plans to push further into the credit card space— it launched its credit card platform last year and recently introduced **40 new credit APIs**. Marqeta also wants to scale its business into new verticals to support a more diverse customer base. It recently [moved](#) into the transit space through a partnership with the government of New South Wales in Australia.
3. **Increasing its platform's resiliency, reliability, and scalability.** The company brought faster APIs to its platform in the first half of 2022, and in the second half, it intends to

prioritize product and technology investments to further improve platform performance.

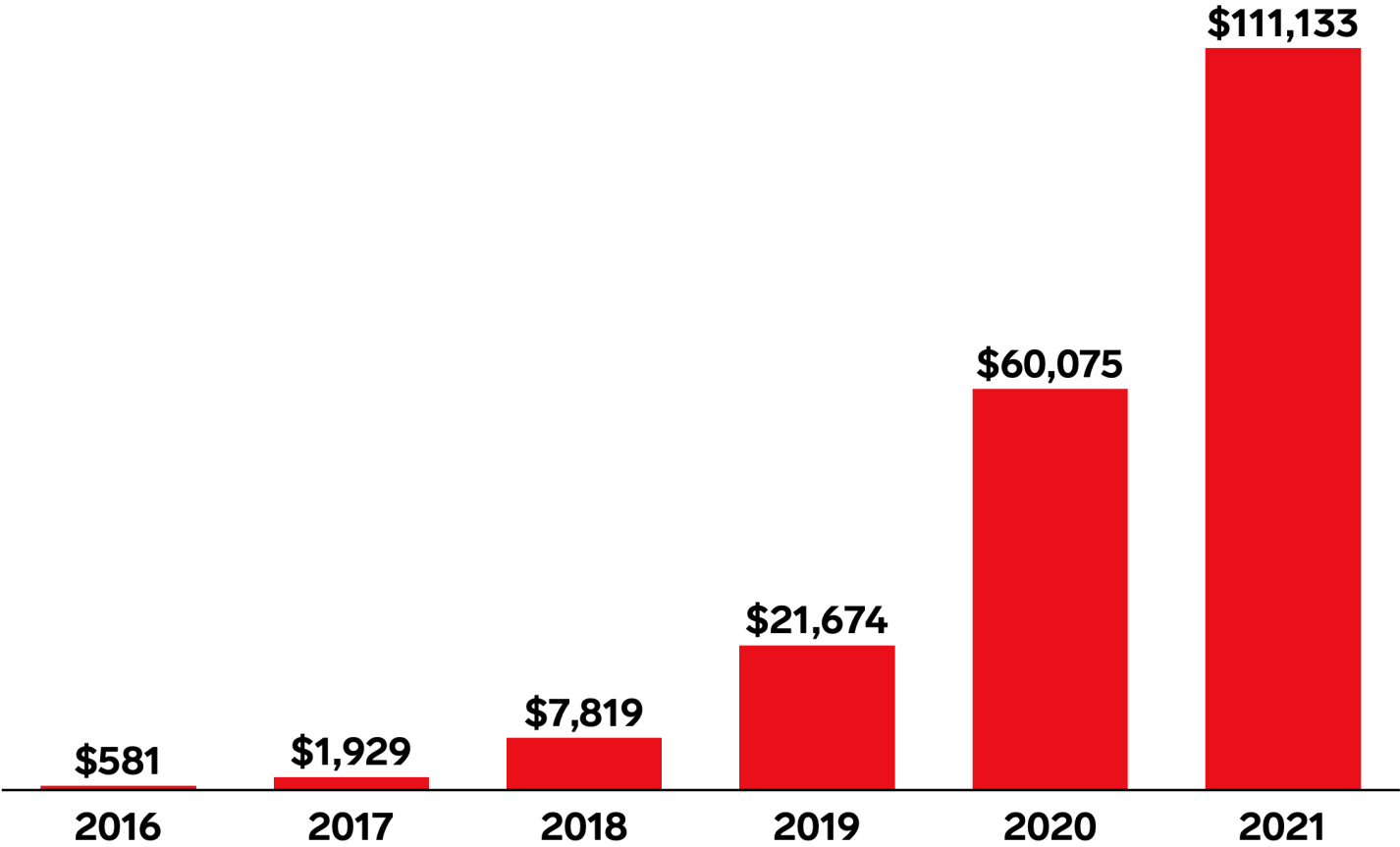
Milotich noted that many fintechs are becoming less aggressive with their expansion efforts, likely because of economic concerns. He said this could cause some of the customers that Marqeta signed in the last 12 months—including cryptocurrency companies—to ramp up their businesses more slowly than anticipated a few months ago.

*This article originally appeared in **Insider Intelligence's Payments Innovation Briefing**—a daily recap of top stories reshaping the payments industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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Marqeta Total Processing Volume (TPV)

millions



Source: Marqeta, 2022
Methodology: This data is from Marqeta's S-1 statement filed with the Securities and Exchange Commission on May 14, 2021 and the company's quarterly earnings releases.

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