

# Visa's earnings highlight strong consumer spending even as economic uncertainty looms

Article

**The data:** Visa's payments volume grew 12% year over year (YoY) in its fiscal Q3 2022 (ended June 30, 2022), [per](#) its earnings release.

- **Growth slowed considerably from [last year's](#) 31% YoY increase**, though this was heavily influenced by a post-lockdown spending surge coupled with stimulus payments.
- Visa's Q3 2022 payments volume was at 136% of 2019 levels, CEO AI Kelly [said](#) on the company's earnings call—**reflecting robust consumer spending relative to pre-pandemic levels**.

**Key context:** Inflation likely played a role in Visa's payments growth—though it's difficult to pinpoint to what extent: Kelly noted that there's a gap in consumer price index inflation versus inflation in card-related spending categories, adding that consumers aren't using their cards for transactions like buying a home, for instance.

Kelly also said that historically, Visa has seen personal consumer expenditure remain strong even during inflationary periods. Taking a closer look at cardholders, Kelly said that affluent customers are continuing to strengthen their spending and non-affluent customer spending remains relatively resilient.

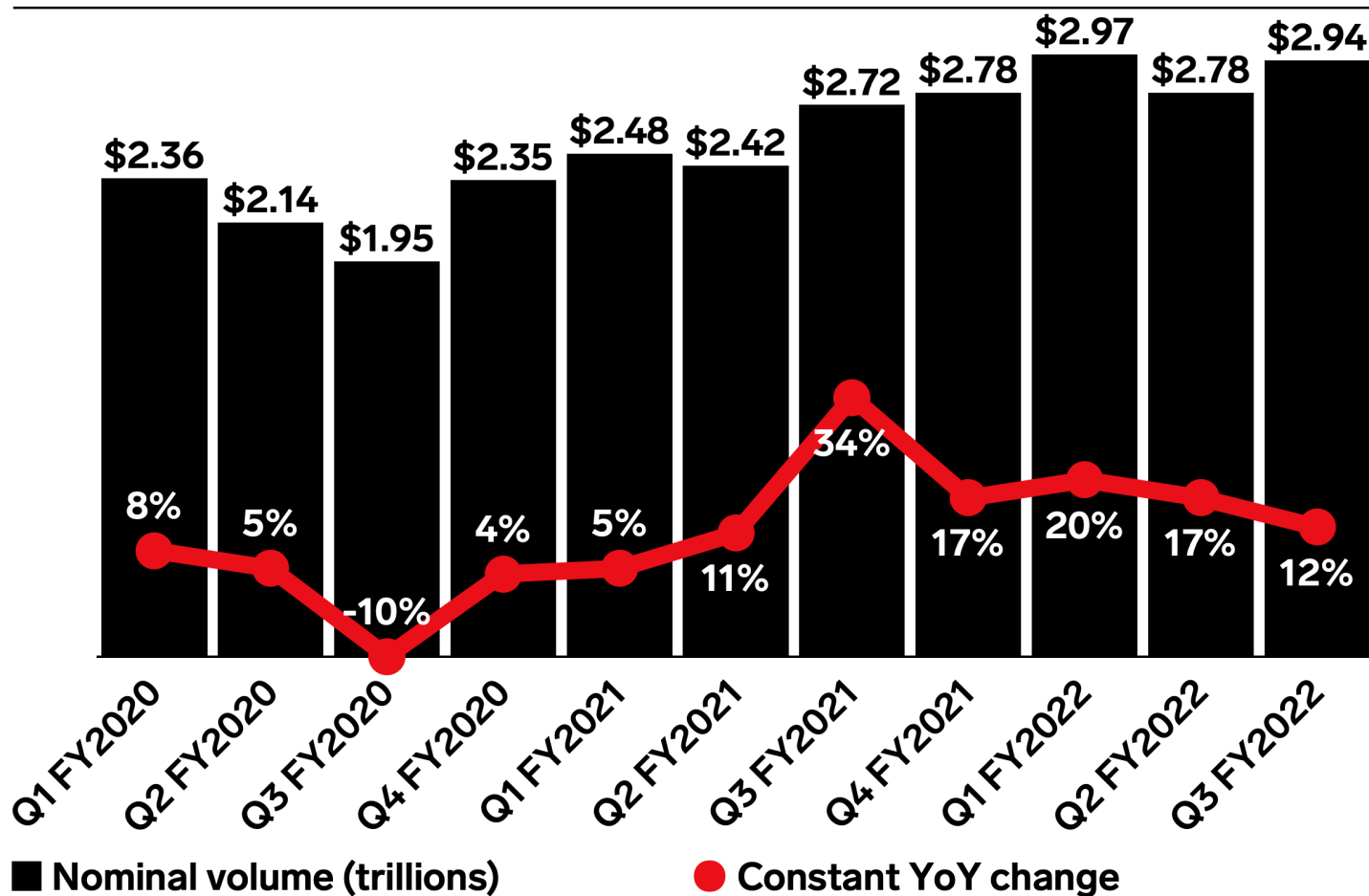
**How we got here:** A number of factors likely contributed to Visa's strong earnings.

- **Travel spending.** Cross-border travel-related spending (excluding intra-Europe) surpassed pre-pandemic levels for the first time in Q3, CFO Vasant Prabhu said on the firm's earnings call. This trend checks out with what other major issuers have [reported](#) in their earnings, and highlights **persistent demand for travel and entertainment despite inflation**.
- **Expansion of value-added services.** Visa Direct, the firm's card-based push payments platform, helped fuel payments volume in Q3. Visa expanded the offering to help businesses operating within categories like cross-border payments, [earned wage access](#), and peer-to-peer (P2P) payments. Visa also expanded its Token ID solution and its consulting and analytics services, helping further drive revenues.
- **Growth in key markets.** Visa continued to forge deals in global markets, particularly with fast-growing fintechs. **Kelly called out Brazil and India as two key markets** contributing to an increase in issuing agreements and acceptance expansion.

**Our take:** In our [Era of Uncertainty: Credit Cards](#) report, we outline the potential impacts of a recession on the credit card space. These factors could affect major card networks like Visa.

- **A recession could hamper credit card spending in the short term.** During times of economic uncertainty, spending tends to lean toward debit cards. As a card network, this may not affect Visa substantially, though it could affect volume for some of its issuing partners.
- **In the long term, a recession may lead to BNPL taking share from credit cards.** Interest-free BNPL solutions may become more attractive as consumers seek out products that prioritize payment flexibility and budget management. This could help fuel growth for Visa Installments, the firm's BNPL program, which it's been [building out](#).

## Visa Payments Volume global



Source: Visa, 2022

Methodology: These figures are from Visa's quarterly earnings presentations.

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