

Visa reportedly considering Airwallex investment to drive cross-border payments business

Article

The news: Visa is reportedly looking to invest in cross-border payments fintech **Airwallex**, people familiar with the matter told Bloomberg.

The Australia-based provider is seeking to raise a \$100 million to \$150 million extension to last November's Series E funding round. At that time, it raised \$300 million at a \$3.3 billion valuation. Airwallex's valuation will remain unchanged by the extension, the people said, adding that no final decisions have been made and plans might change.

What does Airwallex do? The fintech caters to global businesses. Its multicurrency accounts let firms accept and transmit global transactions. And businesses can create virtual cards for supplier payments and corporate spending with its borderless card solution.

Airwallex entered the US market last August—joining the likes of **Ramp**, **Rapyd**, and **Brex**—to gain a larger share of the cross-border payments sector. And it recently **launched** its online payments app on **Shopify** so merchants can integrate its solution for their online stores.

Why Visa wants a cut: Cross-border payments are on track to reach **\$156 trillion globally in 2022**, **according to** EY estimates. While major banks invest in the space, smaller fintechs like Airwallex are becoming increasingly popular among business customers thanks to their competitive costs and digital capabilities—which make them more agile and user-friendly.

Here are two reasons Airwallex might be an appealing investment for Visa.

Airwallex can help strengthen Visa's card business. Airwallex has been scaling its card operations—it **brought** its borderless card to the US in February, for instance. Visa may see an opportunity to capitalize on Airwallex's offerings as cards become more popular for B2B payments: **US B2B card payments are expected to grow 8.3% year over year (YoY) in 2022**, **per** Insider Intelligence forecasts. Visa may also be interested in working with Airwallex on other card products to help sustain its payments volume, which **grew** 17% YoY in its fiscal Q2 (ended March 31, 2022).

And it can complement Visa's cross-border payment efforts. Visa has been scaling its card-based push payments platform, Visa Direct, by partnering with global fintechs like **Paysend** and **Veem**. And last July, Visa **acquired** **Currencycloud**, an API-based cross-border payments startup. As transactions become more globalized, investments in cross-border technology can help increase Visa's revenue potential: **30.2% of US companies cited receiving faster cross-border payments as a benefit to enabling B2B cross-border innovations**, **per** PYMNTS and Visa.

Benefits UK/US Companies Expect from Enabling B2B Cross-Border Payment Innovations, Dec 2020

% of respondents

	UK	US
Reduced costs	61.7%	53.8%
Reduced fraud	51.9%	51.1%
Improved cash management	51.1%	56.1%
Improved data visibility	46.6%	40.8%
Send faster cross-border payments	39.1%	33.2%
Reduced errors	34.6%	41.2%
Improved receivers' satisfaction	32.3%	33.6%
Receive faster cross-border payments	30.8%	30.2%
Reduced reliance on check	28.6%	28.6%
Reduce time and resources wasting	19.5%	18.3%
Increase receivables efficiencies	18.8%	29.8%

Source: PYMNTS.com and Visa, "Innovating Cross-Border Payments," June 1, 2021

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