

Visa's earnings reflect resilience despite Russia exit

Article

By the numbers: Visa's payments volume increased 17% year over year (YoY) in its fiscal Q2 (ended March 31, 2022), per its earnings presentation. Growth decelerated from the previous quarter (+20% YoY) but outpaced the same period last year (+11% YoY).

- **Credit card volume jumped 22% YoY**, rebounding strongly from flat growth in fiscal Q2 2021. Growth was driven in part by spending from affluent customers, Visa chairman and CFO

Vasant Prabhu [said](#) on the company's earnings call.

- **Debit card volume growth slowed to 12% YoY** compared with the same period in 2021 (+24% YoY). Prabhu attributed the slowdown to last year's stimulus payments and the [resurgence](#) in credit card spending.
- **Cross-border volume grew 38% YoY**, strongly outperforming the same period last year (-11% YoY). The metric rebounded in February as the omicron COVID-19 variant subsided, which made way for more travel, though gains were tempered by Visa's departure from Russia in early March.

A closer look: Here are two key factors that contributed to Visa's performance in Q2.

Departure from Russia

- Visa halted operations in Russia in response to the country invading Ukraine. At the time, Visa [said](#) Russia accounted for 4%, or \$964 million, of net revenues in its fiscal 2021, according to a Securities and Exchange Commission (SEC) filing.
- The network's exit affected performance for key services, including Visa Direct, its card-based push payments platform: Prabhu said Russia was Visa Direct's second-largest market.
- But the card network doesn't expect long-term damage—earlier this month, Prabhu [told](#) the Wall Street Journal that revenue losses from leaving Russia will likely be made up by growth elsewhere within a year.

New partnerships

- Visa forged several deals that helped fuel payments growth, like partnering with **Vodacom South Africa**, which strengthened its presence in the increasingly [cashless](#) African market. Combined with previous partnerships with firms like **M-PESA Africa** and **Safaricom**, the Vodacom deal helps Visa reach **130 million customers in the region**.
- Visa also moved further into Latin America by [signing](#) a deal with small-business payments provider **Tribal Credit** to help expand credit lines, improve card distribution, and update security measures and encryption for Tribal Credit's business cardholders across the region. Pushing further into the market can help Visa capitalize on the region's growing digital payments adoption.
- And in February, cross-border payments fintech **Paysend** [integrated](#) Visa Direct into its platform to expand payout capabilities. A month later, India-based telcom provider **Airtel**

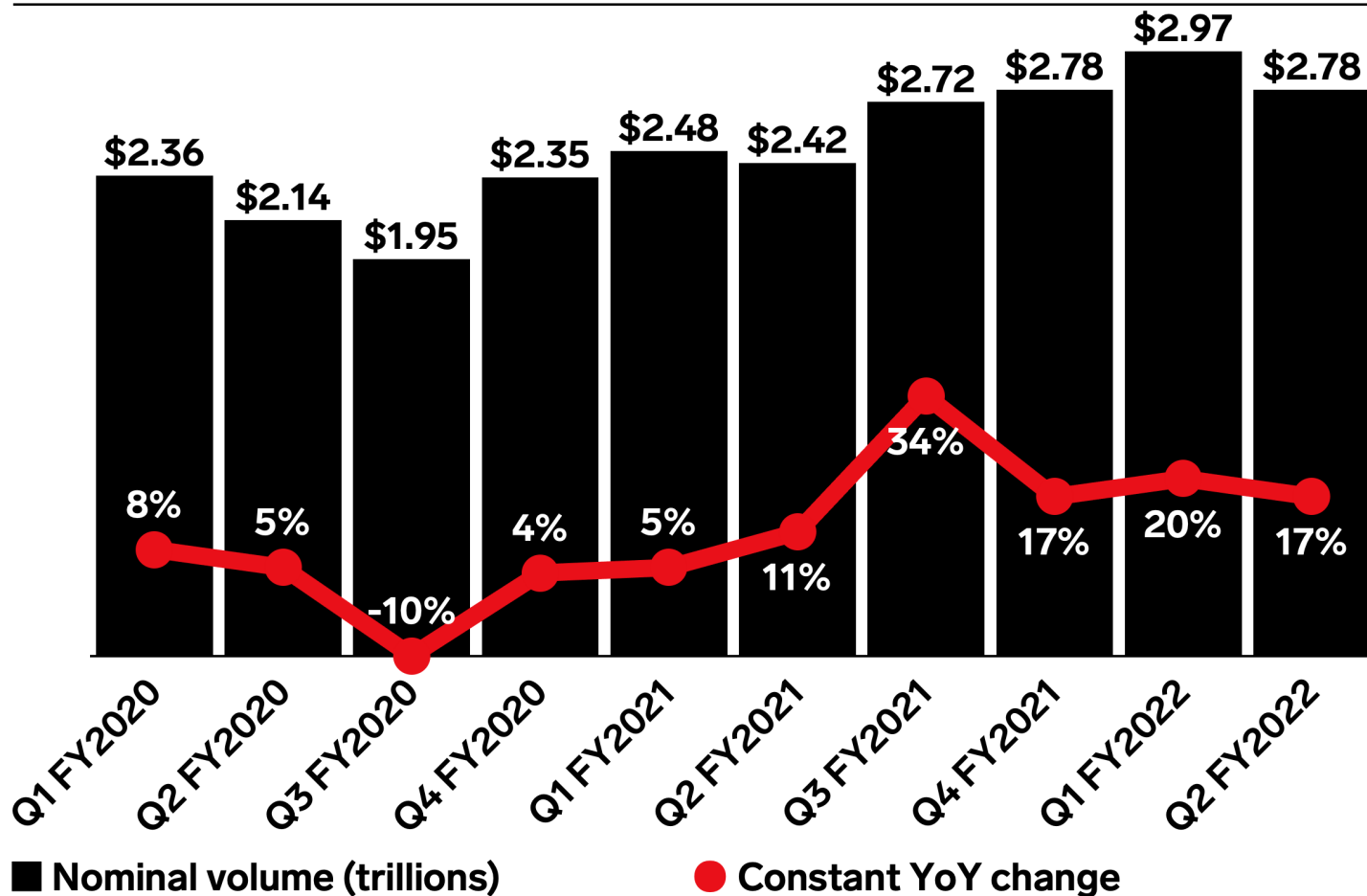
launched a Visa-branded co-brand card. These tie-ups can help Visa bolster its global presence and boost payments volume.

What's next? Visa plans to focus more on open banking as the emerging tech gains steam within payments.

Visa closed its acquisition of open banking provider **Tink** in March. CEO Al Kelly said Visa wanted to position itself in the middle of open banking, particularly in Europe. Tink recently expanded into five new markets, including the Netherlands and Norway. Open banking-powered payments cut cards out of the transaction process, so Visa may be looking to use Tink to avoid being disintermediated and to create new card-powered payment synergies with the technology.

Visa Payments Volume

global



Source: Visa, 2022

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

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