

Visa's fiscal Q2 shows stable consumer spending and a spike in tokenization

Article

By the numbers: Visa's payments volume grew 10% year over year (YoY) globally in its fiscal Q2 2023 (ended March 31, 2023), per its earnings release—down from a 17% YoY jump a year

ago amid the post-lockdown recovery.

- **Credit card volume led with 13% YoY growth**, followed by debit at 7%. Both slowed from the year prior, at 22% YoY and 12% YoY, respectively.
- Cross-border volume was a large growth contributor, increasing **24% YoY**. Newly instated CEO Ryan McInerney said during Visa's conference call that **cross-border volume is at 130% of pre-pandemic levels**.

Digging deeper: McInerney highlighted two areas that will be key payments growth opportunities.

Tokenized credentials.

- Visa has **6 billion tokenized credentials in use**, up 90% YoY. Tokenization is a security technology that replaces sensitive account information with a unique digital identifier that can then be pushed to digital wallets or stored with merchants for online payments.
- The rise of Tap to Pay contributed to this growth. **Almost three-quarters (74%) of all in-person transactions** outside the US use Tap to Pay.
- And the US—while a smaller share—is booming: Tap to Pay accounted for **34% of all in-person transactions**, up 10% YoY and 700% from three years ago. We expect **total proximity mobile payment transaction value** to reach **\$552.41 billion** in 2023, up 26.9% YoY, per our forecast.

B2B digitization.

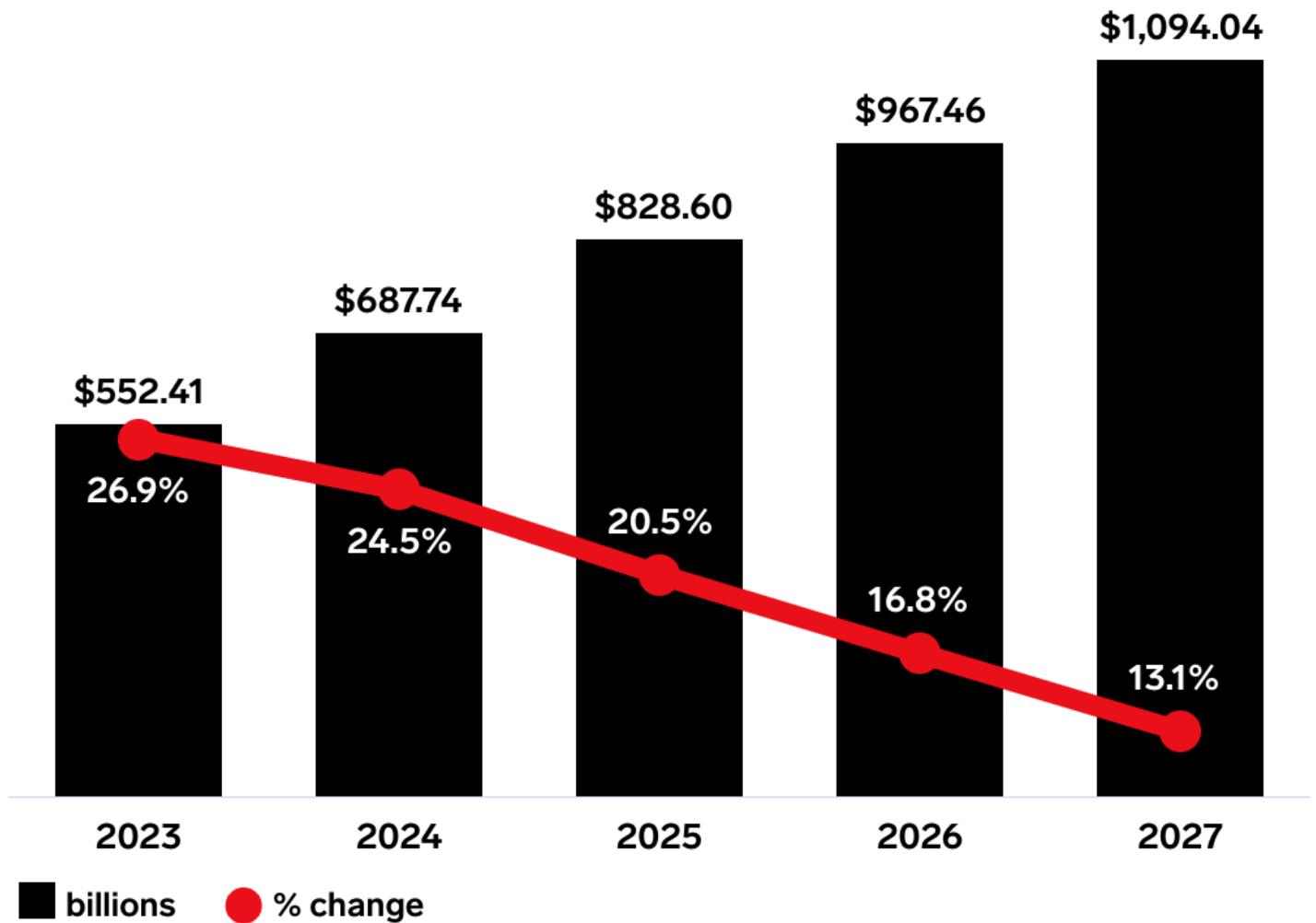
- B2B transactions are “the largest component of new flows,” according to McInerney. He noted that traditional issuance is the core of B2B, representing the majority of the **\$760 billion in commercial payments volume** in the first half of fiscal year 2023. We expect **card B2B payment transaction value** will reach **\$1.955 trillion** in the US this year, according to our forecast.
- And on the noncard side, Visa's bank-based cross-border network—Visa B2B Connect—is also gaining momentum: Visa signed approximately 30 new banks across 20 countries during the first half of fiscal 2023. The network now connects 90 countries globally, targeting a **\$10 trillion cross-border opportunity**.

Looking forward: In discussing inflation and the state of the economy, McNerney argued “the consumer is still in good shape.” He noted payment volumes should remain stable over the next quarter.

- Payments volume ticked down over the first three weeks of April as moderating inflation contributed to lower ticket sizes.
- And nondiscretionary spending is holding up, with strong growth in services, especially travel and entertainment. McNerney expects Visa’s volume will keep relying on the strength of cross-border travel.

Proximity Mobile Payment Transaction Value

US, 2023-2027



Note: the value of point-of-sale transactions made by using mobile phones as a payment method

Source: eMarketer, April 2023

eMarketer | [InsiderIntelligence.com](https://www.insiderintelligence.com)

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