

Mastercard and Visa report quarterly gains, eye BNPL and crypto to fuel growth

Article

The news: Visa and Mastercard reported strong payments growth in their earnings, with both card networks well past their pandemic declines.

Visa's total payment volume increased 17% year over year (YoY) in its [fiscal Q4](#) (ended **September 30), spurred by strong debit spending and improved credit spending, Visa CEO Al Kelly [said](#) on the company's earnings call.**

- The quarter's total payment volume bump outpaced Q4 2020's 4% YoY growth. Volume was also 121% of 2019's, according to Kelly.
- Visa's total credit and debit volumes grew 18% YoY and 15% YoY, respectively.

Mastercard's gross dollar volume (GDV) surged 20% YoY, and purchase volume jumped 23% YoY in [Q3](#).

- Mastercard's GDV outperformed Q3 2020's 1% YoY growth. And the metric surged roughly 21% YoY, putting spending solidly above pre-pandemic levels.
- In Q3 2021, volume for Mastercard's US credit and charge programs increased 36.1% YoY, and its US debit programs' volume grew 9% YoY.

How we got here: Visa and Mastercard benefited from improved economic metrics like unemployment, which at the end of Q3 stood at 4.8%, down 3 percentage points from the same quarter last year, per the US Bureau of Labor Statistics.

Improved employment bumped up spending and—coupled with successful COVID-19 vaccine campaigns—likely increased consumers' risk appetite, which could've translated to higher card spending. In September, US retail sales excluding automotive and gasoline **increased 5.4% YoY (+11.5% YoY), [per](#) Mastercard SpendingPulse.**

What's next? Both card networks can expect a volume boost from the holiday season, which is expected to turn in **\$1.147 trillion in US retail sales, [according to](#) eMarketer forecasts from Insider Intelligence.**

Here's what else is going on with these titans:

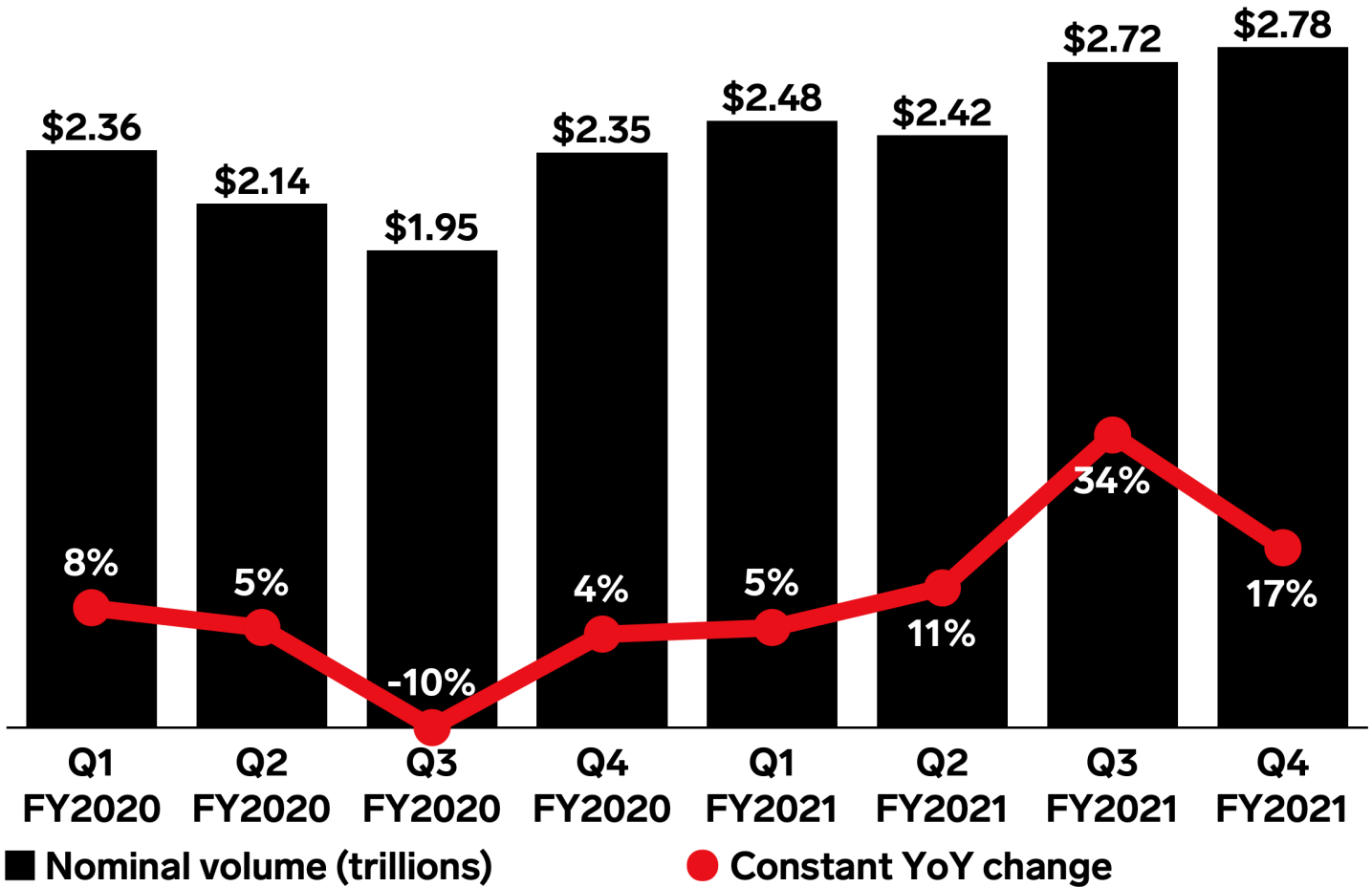
- The US Justice Department is looking into whether the financial incentives that Visa reportedly provided to fintechs like **PayPal** and **Square** kept them from using competing card networks, [per](#) The Wall Street Journal. The probe is part of a larger investigation into Visa, and although investigators have yet to draw any conclusions, it has the potential to bring operational changes to Visa's business that could dampen revenues. But, Visa is also [expanding](#) its buy now, pay later solution, which should help drive payments growth.

- Mastercard recently [announced](#) its own BNPL offering, which will launch in Australia, the UK, and the US in early 2022. The solution can help the network capture market share from players like **Afterpay** and **Klarna**. And it also made a [huge step](#) into cryptocurrencies: Any banks or merchants on Mastercard’s network will soon be able to integrate cryptos into their products—something that could supercharge GDV and revenues.

***Go deeper:** Check out [“The Payments Ecosystem”](#) to read more about Visa’s and Mastercard’s relationships with players in the payments space.*

Visa Payments Volume

trillions



Note: Visa's fiscal Q4 2021 ended September 30, 2021

Source: Visa, 2021

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

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