

Mastercard and Visa Q3 volumes lifted by stronger travel spending despite tighter economic conditions

Article

The news: The two largest US card networks reported slower payments volume growth in Q3 than the same period a year ago, when the post-lockdown spending boom turbocharged volume gains.

- **Mastercard's Q3 gross dollar volume (GDV) increased 11% year over year (YoY) in Q3**, compared with a 20% YoY jump in Q3 2021.
- **Visa's payments volume grew 10% YoY** on a constant currency basis in the last three months **ending** September 30, 2022. Volume growth slowed from year's 17% YoY increase.

How we got here: The geopolitical and macroeconomic headwinds buffeting Mastercard and Visa, including Russia's war on Ukraine and the uneven global COVID-19 recovery, carried into Q3.

Aside from inflation—which increases nominal payments volume—here are other factors that may have helped buoy Visa's and Mastercard's results:

- **Strong travel spending.** Economic uncertainty didn't thwart consumer travel demand, especially throughout the summer months. Outbound US travel was very strong, and travel in and out of both Asia-Pacific and Latin America recovered sharply during the quarter, Visa CFO Vasant Prabhu said on the firm's earnings call. Stronger travel fueled a 44% YoY and 38% YoY increase in cross-border volume for Mastercard and Visa, respectively.
- **Foreign exchange fees.** Currency volatility helped lift fee-based international revenues for Visa, according to Prabhu. Mastercard most likely benefited from similar fee strength.
- **Global partnerships.** Mastercard **signed card deals** with several fintechs, including **Uber**, and launched its long-awaited **Instacart-JPMorgan co-brand card** in July. Visa partnered with companies like **Fundbox** and **Samsung** in India and expanded Visa Direct through more partnerships.

What's next? Both Visa and Mastercard said they'll keep monitoring how economic conditions develop and update their strategies if needed.

Visa sees growth opportunities for 2023 in three key areas: consumer payments, new payment flows, and value-added services. As cash use declines globally, investing in these areas can help Visa sustain revenue growth. The share of point-of-sale **payments made with cash** is expected to decrease 44% between 2021 and 2025, according to FIS.

Mastercard laid out similar plans: It wants to establish deeper relationships with customers by encouraging them to use both its card services and its open banking innovations—which Mastercard CEO Michael Miebach said were a “tremendous opportunity” during the firm’s [earnings call](#).

Which Payment Methods Have US Adults Used to Make In-Store Purchases?

% of respondents, by demographic, Aug 2022

	Female	Male	18-34	35-54	55-65	Total
Debit card	65%	54%	63%	66%	50%	60%
Credit card	60%	55%	42%	66%	64%	57%
Cash	54%	52%	52%	54%	54%	53%
PayPal	34%	38%	44%	37%	28%	36%
Gift certificate	20%	15%	13%	18%	22%	18%
Apple Pay	15%	17%	29%	12%	6%	16%
Venmo	11%	11%	18%	11%	5%	11%
Google Pay	8%	12%	10%	13%	6%	10%
App provided by retailer (e.g., Starbucks)	12%	8%	11%	13%	6%	10%
Buy now, pay later/installment plan services (e.g. Afterpay, Affirm, Klarna)	8%	7%	10%	9%	3%	7%
Walmart Pay	7%	7%	11%	7%	3%	7%
Samsung Pay	3%	5%	6%	4%	2%	4%
Other electronic wallets	2%	3%	3%	3%	2%	2%
Other	1%	2%	1%	2%	1%	1%
Don't know	0%	0%	0%	1%	0%	0%

Note: in the past month/30 days

Source: "The Insider Intelligence Ecommerce Survey" conducted in Aug 2022 by Bizrate Insights, Aug 24, 2022

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