

Visa's Currencycloud acquisition amplifies focus on cross-border payments

Article

The news: Visa signed a definitive agreement to [acquire](#) Currencycloud, an API-based cross-border payments startup. Currencycloud powers foreign exchange banking and payment

services for nearly **500** global firms, including **Monzo** and **Revolut**. The deal values Currencycloud at GBP700 million (**\$898 million**) and builds on Visa's relationship with the startup: The issuer **led** an **\$80 million** investment in Currencycloud in early 2020.

How we got here: Cross-border payments were **throttled** early last year—the onset of the pandemic led to **dips** in international trade and supply chain disruptions and an overall drop in consumer spending. Visa's cross-border volume **sank 37%** year over year (YoY) in its **fiscal Q3 2020** (ended June 30, 2020).

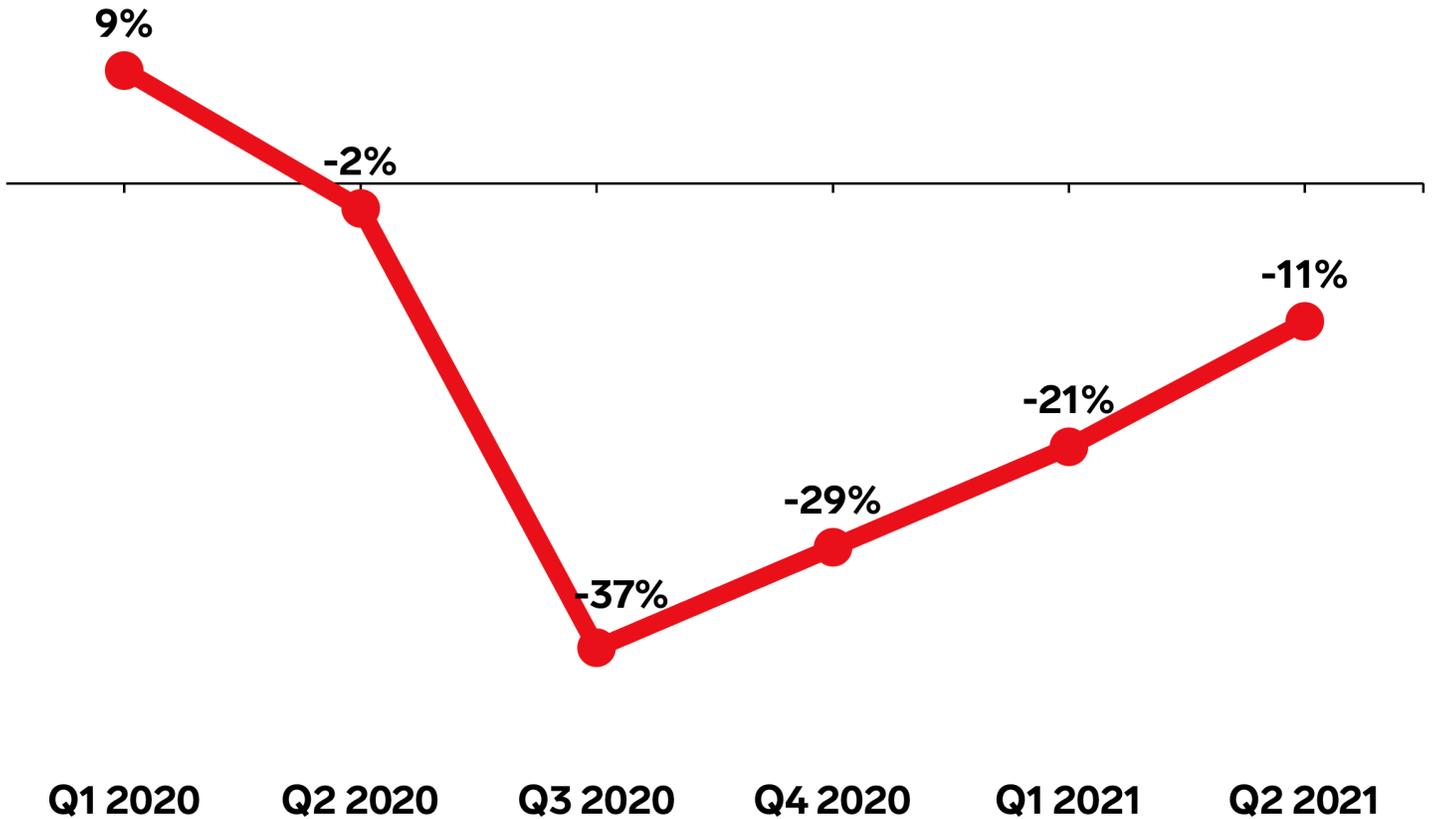
But now, volume is rebounding: Visa's cross-border volume decreased **11%** YoY in its fiscal Q2 2021 (ended March 31, 2021)—though this is still short of the **9%** YoY growth Visa **notched** in its fiscal Q1 2020 (ended December 31, 2019).

The opportunity: Visa and Currencycloud both stand to benefit from the acquisition as cross-border payments recover.

- **Currencycloud can drive Visa's cross-border ambitions.** Before the pandemic, Visa used new services to extend its reach in the market: In 2017, it **launched** Visa Direct, its near-instant push payments platform that facilitates cross-border transactions. And in 2019, Visa **introduced** its cross-border B2B payments platform, Visa B2B Connect. Acquiring Currencycloud reignites that push by opening up new payment opportunities for remittances and B2B payments and building out its noncard business.
- **And Currencycloud can tap into Visa's vast partner network.** The startup can use that global network to expand its client base, which can help the company increase revenues and become a leader in the cross-border payments space, which hit **\$130 trillion** in 2019, **per** McKinsey.

The bigger picture: Currencycloud is Visa's second major fintech acquisition this year—in June, it **acquired** open-banking provider **Tink**. This suggests that Visa is moving toward fintech acquisitions to help it expand and scale its own solutions—an approach that may prove to be more cost-effective than in-house R&D.

Visa Annual Cross-Border Volume Growth



Note: Visa's fiscal Q2 2021 ended March 31, 2021

Source: Visa, 2021

Methodology: Data is from Visa's quarterly earnings releases.

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