

# Visa anticipates slower revenue growth this quarter as it eyes M&A opportunities

Article

**By the numbers:** Visa's payments volume grew 7% year over year (YoY) in its fiscal Q1 2023 (ended December 31, 2022), per its earnings release. Growth slowed from the post-lockdown

20% YoY increase the same period a year ago.

The firm's cross-border volume jumped 22% YoY during the quarter, down from 40% the year before.

**Digging deeper:** CEO AI Kelly highlighted three areas that contributed to the firm's performance during Visa's [earnings call](#).

#### Issuer and fintech partnerships.

- Visa renewed its partnerships with **Bank of America**, **Capital One**, and **Commerce Bank**. Those banks form a large part of the firm's US network volume, which **[we forecast would hit \\$5.897 trillion](#)** in 2022. We expect network volume will reach \$6.735 trillion this year.
- Visa also signed several global fintech deals in Latin America, Australia, and India. Kelly called out Visa's co-brand deal with India-based ecommerce giant **Flipkart**, which counts **more than 400 million registered customers**, [according to](#) Bain & Company.

#### Travel tie-ups.

- Like rival **Mastercard**, Visa benefited from strong travel demand last quarter. Domestic US travel surged 84% YoY during the period, per Emburse. Travelers attending the **[FIFA World Cup](#)** and loosened domestic travel restrictions in China also helped boost Visa's volume.
- Kelly highlighted Visa's co-brand deals with three major travel partners during the quarter: **[Qatar Airways](#)**, **[Southwest Airlines](#)**, and **Star Alliance**.

#### Value-added services.

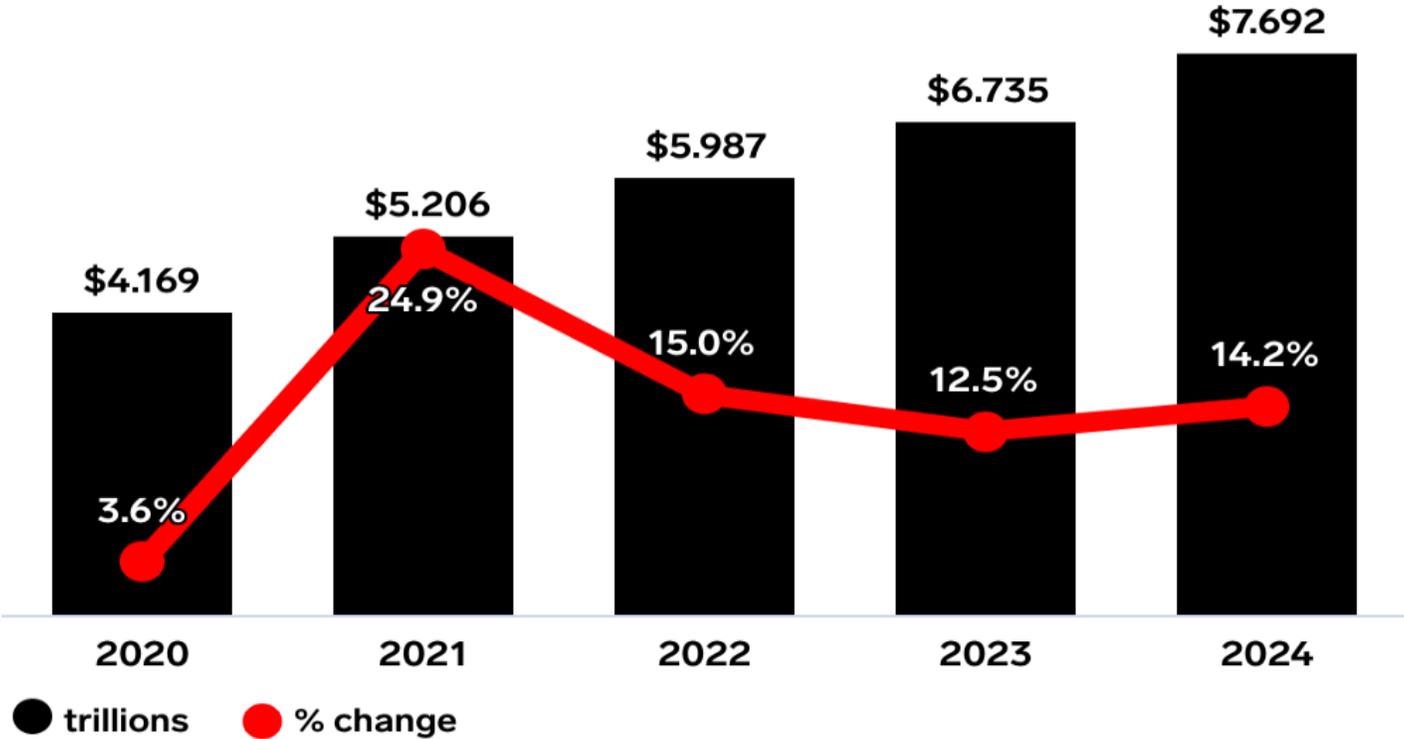
- **Value-added services contributed \$1.7 billion in revenues during Visa's Q1**—up more than 20% YoY on a constant currency basis, Kelly said.
- Visa Direct—Visa's card-based push payments platform—was a sustained focus area for the firm last quarter. Several global fintechs began using Visa Direct last quarter, including **bKash** in Bangladesh and **GoHenry** in the UK.
- The company also expanded Cybersource, its fraud detection solution, through tie-ups with issuers in **[Germany](#)** and Saudi Arabia.

Inflation likely also **[played a role](#)** in Visa's performance, but to a lesser extent because price increases have cooled in recent months.

**Looking ahead:** Kelly will step down as CEO, succeeded by Visa president Ryan McInerney in February. McInerney will oversee the company’s growth efforts, which include expanding via acquisitions: During the earnings call, Kelly suggested that falling fintech valuations are an opportunity for Visa to make acquisitions.

CFO Vasant Prabhu said he expects Visa’s departure from Russia and evolving exchange rates will hurt Visa’s revenue growth this quarter. But the firm will keep a pulse on the current economic environment to maintain its trajectory.

## Visa Network Card Transaction Value US, 2020-2024



*Note: represents the aggregate dollar amount of purchases made with cards carrying the Visa, Visa Electron, V PAY and Interlink brands; includes consumer and commercial cards; excludes returns, balance transfers, cash advances and other activity*

*Source: eMarketer, November 2022*

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