

## Business Profile on Visa Inc. (V)

### Visa Inc. (V) Founders and Origin Story

Visa Inc. was founded in the early 1950s by Dee Hock, an American businessman and former CEO of Bank of America. The company was initially established as BankAmericard, a credit card program launched by Bank of America in Fresno, California. Hock played a key role in developing the concept of a universal credit card system and was instrumental in the formation of Visa Inc.

The catalyst for the creation of Visa Inc. was the growing demand for a more efficient and secure payment system that could be used by consumers and merchants worldwide. BankAmericard was one of the first credit cards to be widely accepted, but it faced challenges such as fraud, high processing fees, and limited acceptance by merchants.

One of the main obstacles faced by the founders of Visa Inc. was convincing other financial institutions to join the network and adopt the universal credit card system. Hock and his team had to overcome skepticism and resistance from competitors, but they eventually succeeded in forming partnerships with other banks to create a global payment network.

Visa Inc. received substantial funding from participating banks and financial institutions to support the development and expansion of the credit card network. The company was located in San Francisco, California, and quickly grew to become one of the largest payment technology companies in the world.

Today, Visa Inc. is a multinational corporation with operations in over 200 countries and territories, processing billions of transactions annually and generating significant revenue for its stakeholders.

### Company Statistics: Visa Inc. (V)

Below is a comprehensive table detailing various statistics about Visa Inc.:

Aspect	Details
Symbol	V
Founded	1958

CEO	Alfred F. Kelly Jr.
Headquarters	Foster City, California, United States
Revenue	\$23.0 billion (2020)
Net Income	\$12.1 billion (2020)
Number of Employees	Approximately 21,000 (2021)
Market Cap	Approximately \$450 billion (2021)
Stock Exchange	NYSE

Key Products	• Visa credit cards
	• Visa debit cards
	• Payment systems

Visa Inc. is a global payments technology company that enables secure and convenient electronic payments. With a significant market presence and a diverse portfolio of products, Visa has established itself as a leader in the financial services industry.

Business Plan Artwork

## Leadership Team at Visa Inc. (V)

Visa Inc. is a global payments technology company that enables fast, secure, and reliable electronic payments. The company is led by a team of experienced executives who bring diverse expertise to drive Visa's growth and innovation.

### Current Leadership Team:

Name	Title	Background	Objectives
Alfred F. Kelly Jr.	Chairman and Chief Executive Officer	Alfred Kelly has a background in finance and technology, previously serving as President of American Express and as CEO of Intersection Co.	Mr. Kelly's objectives include driving digital payments innovation, expanding Visa's global reach, and fostering partnerships with banks and merchants.

Ryan McInerney	President	Ryan McInerney has a strong background in financial services, having previously held leadership roles at JPMorgan Chase and Morgan Stanley.	As President, Mr. McInerney focuses on developing new payment solutions, enhancing Visa's network infrastructure, and driving growth in emerging markets.
Vasant M. Prabhu	Chief Financial Officer	Vasant Prabhu brings extensive financial expertise, having served as CFO of Starwood Hotels & Resorts and as a partner at TPG Capital.	Mr. Prabhu's objectives include optimizing Visa's financial strategies, managing risk, and supporting long-term business growth.

## Summary:

- Visa Inc. is led by a seasoned leadership team with a focus on driving innovation, expanding market presence, and optimizing financial strategies.
- The leadership team consists of individuals with diverse backgrounds in finance, technology, and marketing, bringing a broad range of expertise to the company.
- The objectives of the leadership team include driving digital payments innovation, expanding global reach, developing new payment solutions, and optimizing financial performance.

## Visa Inc. (V) Founders and Origin Story

Visa Inc. was founded in the early 1950s by Dee Hock, an American businessman and former CEO of Bank of America. The company was initially established as BankAmericard, a credit card program launched by Bank of America in Fresno, California. Hock played a key role in developing the concept of a universal credit card system and was instrumental in the formation of Visa Inc.

The catalyst for the creation of Visa Inc. was the growing demand for a more efficient and secure payment system that could be used by consumers and merchants worldwide. BankAmericard was one of the first credit cards to be widely accepted, but it faced challenges such as fraud, high processing fees, and limited acceptance by merchants.

One of the main obstacles faced by the founders of Visa Inc. was convincing other financial institutions to join the network and adopt the universal credit card system. Hock and his team had to overcome skepticism and resistance from competitors, but they eventually succeeded

in forming partnerships with other banks to create a global payment network.

Visa Inc. received substantial funding from participating banks and financial institutions to support the development and expansion of the credit card network. The company was located in San Francisco, California, and quickly grew to become one of the largest payment technology companies in the world.

Today, Visa Inc. is a multinational corporation with operations in over 200 countries and territories, processing billions of transactions annually and generating significant revenue for its stakeholders.

## Key Moments in the History of Visa Inc. (V)

- 1958: Bank of America launches BankAmericard, the first consumer credit card program.
- 1970: BankAmericard expands internationally and forms Interbank Card Association (ICA).
- 1976: National BankAmericard Inc. is created as a separate entity, later renamed Visa International Service Association.
- 1977: Visa begins operation in countries outside North America.
- 2007: Visa Inc. goes public with an initial public offering (IPO).
- 2016: Visa launches Visa Checkout, a digital wallet service for online payments.
- 2019: Visa acquires fintech startup Plaid for \$5.3 billion, expanding its reach into the financial technology sector.

## Historical Analysis of Visa Inc. (V) Stock Performance

Visa Inc. is a renowned company in the financial services industry, particularly known for its credit and debit card payments services. Analyzing the stock performance of Visa Inc. over key years provides valuable insights into the market reactions and various historic events that may have influenced the stock price.

### Key Years:

- **2008:** Visa Inc. went public with its IPO in March 2008, amidst a challenging economic climate due to the global financial crisis. The stock initially struggled but showed resilience as consumer spending began to recover.

- **2012:** Visa Inc. announced a 4 for 1 stock split in March 2012, aiming to make shares more accessible to investors. This move likely impacted the stock price positively, reflecting confidence in the company's growth prospects.
- **2016:** In October 2016, Visa Inc. appointed Alfred F. Kelly Jr. as its new CEO, succeeding Charles W. Scharf. This leadership change could have influenced investor sentiment and the stock price as market participants assessed the new direction of the company under Kelly's leadership.
- **2020:** The year 2020 presented unique challenges due to the COVID-19 pandemic, affecting consumer spending patterns and overall economic conditions. Visa Inc.'s stock performance during this period likely reflected the uncertainties in the market and the company's ability to adapt to the changing landscape.

## Market Reactions and Company Events:

Year	Event	Market Reaction
2008	IPO	The stock faced initial challenges but showed resilience as consumer spending recovered.
2012	4 for 1 Stock Split	The stock split likely influenced the price positively, reflecting confidence in Visa Inc.'s growth.
2016	New CEO Appointment	The appointment of Alfred F. Kelly Jr. as CEO could have impacted investor sentiment and stock price.
2020	COVID-19 Pandemic	The pandemic's impact on consumer spending and economic conditions likely affected Visa Inc.'s stock performance.

Throughout its history, Visa Inc. has demonstrated resilience and adaptability to various market conditions and internal changes. Understanding the relationship between historic events and the company's stock value provides valuable insights for investors and analysts alike.

Business Plan Artwork

## Visa Inc. (V) Product and Service Offerings

Visa Inc. provides digital payment services and technologies to consumers, businesses, banks, and governments in more than 200 countries around the globe. Here is a detailed breakdown of its products and services frequently categorized into three revenue streams: service revenues, data processing revenues, and client incentives.

## Service Revenues

The service revenue is mainly derived from payments and cash transactions realized on Visa products. This typically includes the following offerings:

- **Credit Cards:** Visa provides numerous credit card offerings like Visa Classic, Visa Gold, and Visa Platinum. Each card comes with varying benefits and caters to different consumer segments.
- **Debit Cards:** Visa's debit card lets consumers access their checking accounts to pay for everyday purchases and get cash at ATMs.
- **Prepaid Cards:** These are reloadable cards which can be used for purchases where Visa cards are accepted, offering a more controlled way to spend.

## Data Processing Revenues

Data processing revenues are derived from authorization, clearing, settlement, network access, and other maintenance and support services that facilitate transaction and information processing among Visa's clients globally. These typically include the following services:

- **VisaNet:** It operates one of the world's most advanced processing networks for handling transaction data, capable of handling more than 65,000 transactions per second.
- **Visa Direct:** This service allows fast, safe, and convenient fund disbursements to financial accounts using the Visa network.
- **CyberSource:** It provides a complete portfolio of services that simplify and automate payment operations to manage costs and increase revenues.

## Client Incentives

These are monetary incentives that Visa provides to financial institution clients, merchants, and strategic partners. They often take the form of volume and support incentives, and marketing support. Although these incentives are deducted from gross revenues, they link indirect revenue generation by attracting more businesses to Visa's payment network.

## Breakdown by Financial Prospectus

As per the 2020 annual report, the breakdown by revenue stream is as follows:

<b>Data Processing</b>	\$10.3 billion (38%)
<b>Service</b>	\$9.8 billion (36%)
<b>Client Incentives</b>	\$4.2 billion (16%)
<b>Other</b>	\$2.2 billion (8%)
<b>Total</b>	\$26.5 billion (100%)

## Annual and Lifetime Earnings, Expenses, and Profit

Visa's annual revenue for 2020 was \$21.8 billion, a 4.84% decline from previous year. The net income was \$10.9 billion, implying a profit margin of 50%. As for lifetime earnings, since its inception in 1976, Visa's total revenue till date is estimated to be well over \$500 billion considering gross revenue and growth rates. Given its high profit margins, the lifetime profit is estimated to be around \$250 billion. However, these numbers can vary depending on the exact figures used for computation.

## Expert Academic Analysis of Visa Inc.'s Main Product

Visa Inc. is a global leader in digital payments, providing innovative payment solutions to individuals, businesses, and governments around the world. One of the main products offered by Visa is their payment processing network, which facilitates secure and efficient electronic transactions between consumers and merchants.

Visa's payment processing network is a critical infrastructure in the global financial system, enabling millions of transactions to be processed securely and in real-time. By connecting financial institutions, merchants, and consumers, Visa's network plays a crucial role in enabling the smooth flow of funds in the digital economy.

- **Security and Fraud Prevention:** Visa's payment processing network is known for its robust security features, including encryption, tokenization, and multi-layered fraud prevention mechanisms. These measures help protect consumers' sensitive financial information and reduce the risk of fraud.
- **Global Reach:** Visa's network spans across more than 200 countries and territories, connecting thousands of financial institutions and millions of merchants. This global reach allows consumers to use their Visa cards almost anywhere in the world, making it a convenient payment option for international travel and online shopping.
- **Compatibility and Innovation:** Visa continuously invests in research and development to enhance its payment processing network with new technologies and features. This

includes initiatives such as contactless payments, mobile wallets, and biometric authentication, which improve the user experience and drive adoption of digital payments.

## Exploration of Related Concepts

In analyzing Visa's main product, several related concepts come into play:

Concept	Description
Payment Processing	Payment processing involves the steps taken to facilitate a transaction between a buyer and a seller, including authorization, clearing, and settlement. Visa's payment processing network streamlines this process and ensures funds are transferred securely and efficiently.
Digital Payments	Digital payments refer to electronic transactions that are conducted online or through digital channels. Visa's network supports various forms of digital payments, including online purchases, mobile payments, and contactless transactions.
Financial Inclusion	Financial inclusion aims to provide all individuals, regardless of their socio-economic status, with access to affordable and secure financial services. Visa's network plays a role in promoting financial inclusion by enabling underserved populations to participate in the digital economy.

## Visa Inc. Future Expectations

Visa Inc. is positioned for significant growth and innovation in the coming years. Here are the company's expectations for the next 5, 10, and 20 years:

### Next 5 Years

- Continued expansion into emerging markets, particularly in Asia and Africa.
- Increased focus on digital payments and partnerships with fintech companies.
- Development of new technologies to enhance security and convenience in payment processing.
- Growth in contactless payments and mobile wallets.

### Next 10 Years



- Diversification into new industries such as healthcare and transportation for payment solutions.
- Further expansion of Visa's global network and strengthening of partnerships with banks and merchants.
- Exploration of blockchain technology for secure and efficient transactions.
- Enhanced customer experience through personalized services and data analytics.

## Next 20 Years

- Potential shift towards a cashless society with Visa at the forefront of digital payments.
- Expansion into virtual and augmented reality payment solutions.
- Innovations in biometric authentication for secure transactions.
- Exploration of space tourism and settlements for payment infrastructure.

## ## Best Public Sentiment about Visa Inc. (V)

Visa Inc. has a strong positive public sentiment overall.

- **Brand Recognition:** Visa is a widely recognized and trusted brand in the financial industry, contributing to a positive sentiment among consumers.
- **Financial Performance:** The company has shown consistent growth in revenue and earnings, reflecting well on public perception.
- **Innovation:** Visa has been continuously investing in innovative technologies, such as contactless payments and cybersecurity, which has been well-received by the public.
- **Global Presence:** With a vast global network, Visa's presence in various markets is viewed positively by investors and consumers alike.
- **Corporate Social Responsibility:** Visa's commitment to sustainability and social responsibility initiatives also contributes to a positive sentiment from the public.