

Visa: Where Should the Next Increment of Attention Go?

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Visa's card network was still growing. In the quarter ended June 30, 2026, payments volume rose 10% in constant dollars and Visa processed 71.7 billion transactions, up 10% from a year earlier. At the same time, Visa's public strategy reached beyond cards: it described opportunities in account-based payments, real-time money movement, commercial solutions and services that can work across payment methods.

For a hypothetical Visa strategy committee, the question is how to direct the next 24 months of discretionary product and commercial capacity. Should the company put its primary emphasis on strengthening card-led Consumer Payments, build more capability across payment rails and money movement, or stage investments across both? Visa had not publicly disclosed such a pending allocation decision. The committee, its mandate and any milestones students propose are a classroom construction.

The assignment

Recommend a primary emphasis for the next 24 months. Explain which capabilities, customer use cases or markets should receive attention first; how you would sequence work; and what evidence should release, pause or redirect the next tranche of effort. State what information you would request from Visa before making a larger commitment.

You may recommend a staged portfolio, but identify what comes first and what must be learned before expanding it. Do not assume that Visa has a disclosed budget, a fixed pool of money, or a known return hurdle. Any budget, target or threshold in your recommendation must be labeled as your own teaching assumption. Public information is not sufficient to forecast incremental profit by strategy.

A large card network with a broader proposition

Visa operates a four-party payments system connecting cardholders, merchants, financial institutions and Visa's network. It provides authorization, clearing and settlement; it does not issue cards, extend cardholder credit, set cardholder rates or receive interchange as its own revenue. Issuer, acquirer, merchant and Visa economics are related but distinct.

In fiscal 2025, Visa reported nearly 5 billion credentials, more than 175 million merchant locations, \$17 trillion in payment and cash volume, and 329 billion Visa-branded payment and cash transactions. Of those transactions, 258 billion were processed by Visa. These measures describe scale, but credentials and merchant locations are not necessarily active, and branded

transactions are not all processed by Visa.

Visa organizes its strategy around three pillars. Consumer Payments (CP) includes card and non-card payments and includes cross-border capabilities. Commercial & Money Movement Solutions (CMS) includes commercial card and virtual payment offerings as well as Visa Direct and network connectivity for money movement. Value-Added Services (VAS) includes issuing, acceptance, risk and security, and advisory offerings; some services support Visa transactions and others can enable payments using other methods. The pillars therefore overlap in capabilities and customer activity. They are not clean, additive revenue pools, and a cross-border payment is not automatically a separate rail.

Visa said Visa Direct processed more than 12.5 billion transactions for over 650 partners in FY2025. It described connections to more than 90 domestic schemes and over 60 card and wallet networks, with potential reach of about 12 billion endpoints. Visa also listed more than 200 VAS products and services. Its estimate of a \$520 billion annual VAS opportunity and estimate of more than \$20 trillion in underserved consumer spend are management estimates based on third-party studies, not Visa revenue, validated accessible markets or forecasts.

Growth, incentives and missing economics

Visa reported \$40.0 billion in FY2025 net revenue after \$15.751 billion in client incentives. For the quarter ended June 30, 2026, net revenue was \$11.633 billion, up 14% year over year (13% in constant dollars). Payment volume grew 10%; cross-border volume grew 13%, or 12% excluding intra-Europe; and processed transactions rose to 71.7 billion, up 10%.

Client incentives for the quarter were \$4.680 billion, up 18%. Visa's release reported service revenue of \$4.922 billion, data processing revenue of \$6.042 billion, international transaction revenue of \$3.853 billion and other revenue of \$1.496 billion. These broad accounting categories do not map one-to-one to CP, CMS or VAS. Visa says service revenue principally reflects prior-quarter payment volume, while data processing revenue principally reflects processed transactions. Aggregate growth does not show whether an incentive, product, rail or customer relationship earned an attractive incremental return.

Visa identified real-time payment networks, national schemes, account-to-account payments, wallets and alternative providers as competitive risks. It also said its own alternative payment services may have less favorable economics. Federal Reserve Financial Services reported that more than 1,800 financial institutions were live on FedNow as of July 15, 2026. Participation shows that infrastructure is becoming available; it does not establish transaction use, Visa displacement or equivalent consumer and merchant adoption.

Mastercard's FY2025 filing likewise described competition across cards, real-time and account-based transactions and services. Its fiscal-year and revenue-category definitions differ from Visa's, so the reported figures are not a like-for-like benchmark. Multi-rail positioning is a competitive response in the sector, but that fact alone does not establish which investment has better returns.

Three plausible routes

Extend card-led strength. Visa could emphasize acceptance, security, tokenization, cross-border use cases and issuer or merchant integrations that support CP. Network reach and continued activity growth support this route. But volume growth by itself does not establish attractive incremental economics after incentives, nor does it identify where investment would add activity rather than maintain the existing network.

Build across payment paths. Visa could emphasize account connectivity, Visa Direct, commercial money movement and services usable across rails. These capabilities may give Visa a role when a card is not the payment instrument. They could also help clients manage risk and acceptance across methods. Public disclosures do not establish product-level margins, active endpoints, client adoption, or whether Visa earns more when another rail carries a payment.

Stage a portfolio around reusable capabilities. Visa could invest first in capabilities such as identity, risk, tokenization, APIs and partner connectivity that may support both card and non-card use cases, then scale selected applications as evidence improves. This can preserve flexibility while limiting premature bets, but it may divide attention or delay a focused commitment. A capability that appears reusable on paper may still require distinct commercial, regulatory or operational work in each market.

Academic research gives the committee mechanisms to test, not a company-specific answer. Two-sided-market theory explains why platform choices depend on both sides' participation, multihoming, compatibility and pricing structure. Research on payment-card pricing distinguishes card ownership from a consumer's transaction-by-transaction choice and cautions that the interests of issuers, merchants and consumers need not align. Neither framework supplies a Visa-specific investment return, elasticity or optimal rail mix.

Make the recommendation

Prepare a recommendation that:

- Names the primary emphasis and the first use cases or capabilities it would prioritize.
- Explains how CP, CMS and VAS overlap in the proposed work and avoids treating their reported or estimated measures as additive.
- Compares the strongest alternative and identifies what could make it superior.
- Proposes observable decision gates, timing and reversal conditions. Label any thresholds as assumptions, and connect them to data Visa would need to collect.
- Identifies the incremental economics and implementation evidence that are missing, including incentive returns, rail-level activity, product contribution, customer adoption and required capacity.

Exhibit 1. Selected Visa operating measures

Measure	Reported value	Interpretation limit
FY2025 credentials	Nearly 5bn	Not a count of active or transacting credentials
FY2025 merchant locations	More than 175m	Does not establish active acceptance or profitability
FY2025 payment and cash volume	\$17tn	Aggregate volume; not contribution profit
FY2025 Visa-branded transactions	329bn	Includes transactions processed by Visa or other networks
FY2025 transactions processed by Visa	258bn	Processing scale; no product-level return disclosed
FY2025 Visa Direct transactions	More than 12.5bn	No separate revenue, margin, mix or average ticket disclosed
FY2025 Visa Direct partners	More than 650	Partner count does not measure active use or economics

Source: Visa FY2025 Form 10-K, Item 1, pp. 3-4 and 11. Visa's disclosed values and definitions; "nearly" and "more than" retained as reported.

Exhibit 2. Recent results and incentives

Measure	FY2025 / Q3 FY2026	What it does not establish
FY2025 net revenue	\$40.000bn	Incremental profit or a pillar-level return
FY2025 client incentives	\$15.751bn	Client-by-client incentive ROI
Q3 FY2026 net revenue	\$11.633bn; +14% y/y, +13% constant-dollar	A multi-year growth forecast
Q3 FY2026 payment-volume growth	+10%	Incremental activity caused by a specific investment
Q3 FY2026 cross-border volume growth	+13%; +12% excluding intra-Europe	Separate rail economics or cross-border profitability
Q3 FY2026 processed transactions	71.7bn; +10% y/y	Profitability by transaction or product
Q3 FY2026 client incentives	\$4.680bn; +18% y/y	Reason for growth or return on incentives

Sources: Visa FY2025 Form 10-K, Item 7, p. 46; Visa Q3 FY2026 earnings release, July 28, 2026, "Income Statement Summary," "Key Business Drivers" and "Financial Highlights." Service revenue principally reflects prior-quarter volume. No causal or forward extrapolation is implied.

Exhibit 3. Strategy and market signals

Signal	Evidence available by cutoff	Boundary
Consumer Payments	Visa describes card and non-card payments; cross-border capability sits within CP	Not a card-only pool
Commercial & Money Movement Solutions	Commercial card and virtual payment products; Visa Direct; connectivity	Not a non-card-only pool
Value-Added Services	Issuing, acceptance, risk/security, advisory; some offerings support other payment methods	Services can support more than one pillar or rail
Visa Direct reach	>90 domestic schemes, >60 card/wallet networks; ~12bn potential endpoints	Potential reach is not active reach or volume
VAS opportunity	\$520bn annual estimate	Management estimate, not Visa revenue or forecast
Underserved consumer spend	>\$20tn annual estimate	Management estimate, not validated addressable revenue
FedNow participation	>1,800 institutions live, July 15, 2026	Participation is not adoption, use or Visa displacement
Visa competition disclosure	RTP, national schemes, A2A, wallets and alternatives cited as risks	No quantified probability or impact

Sources: Visa FY2025 Form 10-K, pp. 6-13 and 25-27; Federal Reserve Financial Services, July 15, 2026. Figures retain the company's or source's labels and dates.

Discussion questions

1. What is the decision the committee can make from the public evidence, and what decisions require internal operating data?
2. Does continued CP growth argue for prioritizing the card-led core, or can it coexist with a case for expanding other capabilities? What evidence would distinguish those arguments?
3. How should Visa compare work that supports multiple rails with work tied to a specific payment method? What unit of analysis would prevent double-counting CP, CMS and VAS?
4. How do client incentives affect the analysis? Which parties pay and receive interchange, and how does that differ from Visa's incentives and net revenue?
5. Recommend an emphasis, sequence and decision gate. What would cause you to scale, pause or redirect it?

Sources and cutoff

The case uses Visa's FY2025 Form 10-K; Visa's Q3 FY2026 release dated July 28, 2026; Mastercard's FY2025 Form 10-K; and the Federal Reserve Financial Services FedNow update dated July 15, 2026. The academic lenses are Rochet and Tirole (2003) and Bedre-Defolie and Calvano (2013). Full locators and reading-depth notes are in the source register; company evidence and limitations are in the evidence extraction and literature review.

This case is a teaching construction. The hypothetical committee and allocation question do not represent private Visa deliberations. Information after August 4, 2026, 10:37 a.m. ET is excluded.