VISA80 (DR)

17 June 2025

Visa: The world's wallet

- Scales global payments infrastructure without lending risk or capital drag.
- Monetizes the shift to digital across cards, wallets, A2A, and cross-border.
- Recommend a BUY with TP of THB1.58 ($387.3 USD/THB at 32.6)

Visa is the internet of money

Visa isn't just a card network—it's the core infrastructure layer that powers the modern economy. Its VisaNet system processes 65,000 transactions per second with 99.999% uptime, enabling commerce across 200+ countries. Visa operates a "tollbooth" model: it earns service fees from issuing banks based on card usage, and processing fees for clearing and settling each transaction—without taking on credit risk. In 2Q25, Visa processed $3.6tr in payment volume (+9% y/y), including a sharp +18% y/y surge in cross-border transactions, signaling global travel and trade recovery. Revenue rose 10% y/y to $8.8b, while net income climbed 14% to $4.7b, driven by robust transaction growth. With 4.8b credentials issued, Visa connects banks, wallets, merchants, and consumers—quietly powering the digital economy.

Scale without credit risk

Unlike banks or BNPL players, Visa doesn't lend. It earns a fee on every transaction—scaling with volume, not leverage. This "tollbooth" model delivers superior margins and low volatility. Even fintech disruptors—from crypto to real-time payments—often ride on Visa's rails or rely on its tokenization layers. In FY24, Visa generated $35.9b in revenue, maintained a 67% operating margin, and produced $18.1b in free cash flow—economics more typical of platform tech than traditional finance.

Bigger, better, more profitable

Visa is not just the largest in payments—it's structurally more profitable than anyone else. Mastercard runs a similar model, but at smaller scale. Visa's $35.9b FY24 revenue outpaced Mastercard's $28.2b, and its margin profile topped peers like PayPal (~15%), AmEx (~16%), and even high-growth names like Adyen or Block, which operate with lower ROIC and limited global reach. In a fragmented market full of niche solutions, Visa remains the benchmark: integrated, trusted, and everywhere.

Positioned for the next wave of growth

Visa is expanding beyond cards into money transfers, business payments, and government disbursements—flows worth over $200tr globally. In regions like Southeast Asia, Africa, and Latin America, where smartphones outpace bank accounts, Visa is enabling tap-to-phone payments, onboarding micro-merchants, and integrating with mobile wallets. At the same time, it's investing in AI fraud prevention and cloud-native infrastructure to scale securely. With over 40% of global payments still in cash, Visa's runway for digital penetration remains massive.

Recommend a BUY with TP of THB1.58 ($387.3 USD/THB at 32.6)

Bloomberg consensus rates Visa a BUY, with a TP of $387 (30.5x FY25E P/E). Visa offers a rare combination of network effects, margin resilience, and exposure to the global digitization of money. It is not just surviving fintech disruption—it's monetizing it. For investors seeking platform-like growth with financial-sector defensiveness, Visa remains a conviction compounder.

Analyst

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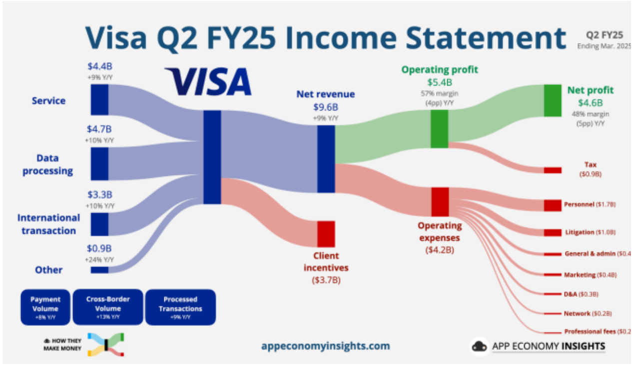
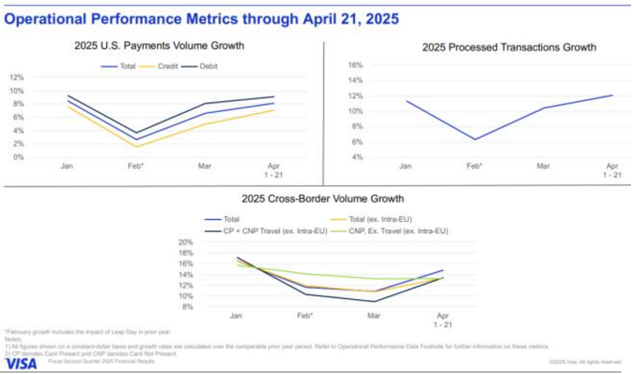
Exhibit 1: VISA's 2Q25 Income statement



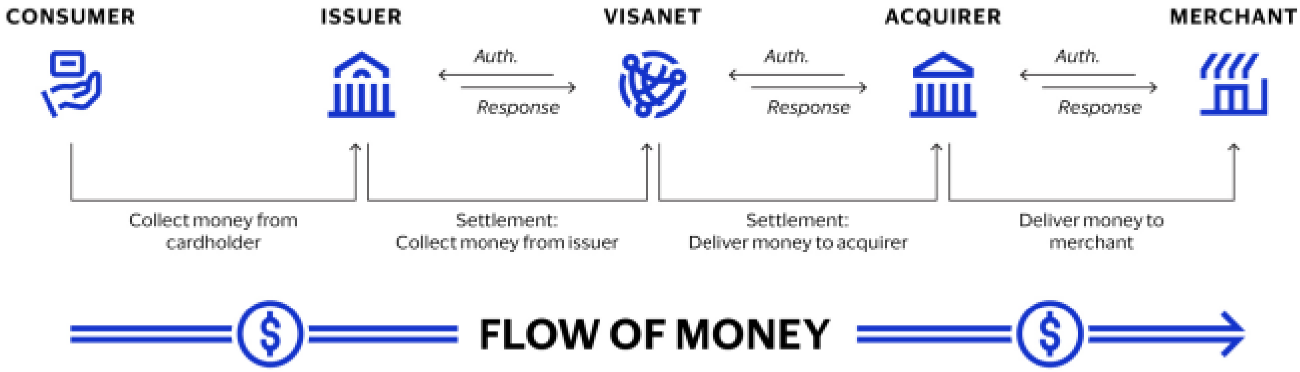
Sources: App Economy Insights

Exhibit 2: VISA's 2Q25 operational performance



Sources: VISA

Exhibit 3: VISA's core business



Sources: VISA

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.