

BARRON'S

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Visa Is Being Squeezed by Crypto and **Digital Wallets**. What to Watch.

Daren Fonda

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Visa is feeling the heat from payments startups, digital wallets, and crypto—and Wall Street is starting to worry.

Mizuho analyst Dan Dolev downgraded shares of Visa (ticker: V) from a Buy to a Neutral rating on Friday and cut his price target from \$255 to \$220, citing threats to the company's growth.

"We are concerned that secular challenges from new competitors will increasingly nibble at Visa's volumes," Dolev wrote in a note published Friday.

Visa is a top Barron's [stock pick](#) for 2022, trading at 30 times projected earnings of about \$7 a share in its current fiscal year. The company is a "juggernaut of the payments business," Andrew Bary wrote, processing more than \$12.5 trillion in transactions a year. Much of Wall Street rates the stock a Buy with a median price target of \$271. Shares traded around \$217 on Friday, down 1.3%.

Still, threats to Visa and its chief rival Mastercard (MA) are mounting as consumers switch to new payment platforms and digital wallets that could bypass the card networks or slow their revenue growth.

Among Dolev's concerns: Growth drivers from people abandoning cash for cards and online payments may wind down by the end of this decade. That shift from cash accelerated during the pandemic as online shopping, debit, and other forms of card payments picked up. But the trend has now picked up so much that it won't help Visa much beyond 2030, potentially affecting 45% of Visa's historical revenue growth, Dolev estimated.

Visa also faces more competition for card transaction volume as rival payment platforms gain traction. One threat is Plaid, a start-up that is building a payments bridge between banks, consumers, and merchants, potentially cutting out Visa as a middleman.

"Plaid ... is a meaningful medium-term threat to Visa's debit business," wrote Dolev. "The worry is that over time, Plaid could offer an alternative to Visa's debit rails."

Visa tried to buy Plaid for \$5.3 billion in early 2020 but backed off after the Justice Department sued to block the transaction on antitrust grounds.

Other threats to Visa include peer-to-peer payments through digital wallets, including stablecoins and cryptocurrencies that may bypass its network; a new real-time payments system called FedNow; and payment services like "buy not pay later," or BNPL, that could also cut out the card networks.

The confluence of threats could trim Visa's revenue growth by 1 to 2 percentage points annually through 2024, Dolev estimated, pushing growth closer to 13% than the 15% now embedded in consensus forecasts. He trimmed his revenue forecast for Visa's 2023 fiscal year to \$32.1 billion from \$32.5 billion.

Visa, of course, isn't standing still. The company is offering account-to-account payment services, similar to Plaid, said Vasant Prabhu, Visa's vice chairman and chief financial officer, in an interview with Barron's.

"It's fine for people to come up with alternatives like Plaid," he said, "but we're offering similar services and making debit more usable."

BNPL installment payments may still run on Visa's debit rails, he added, generating revenue for the company. "Time will tell whether BNPL is a viable way to offer credit and how attractive it will be," he said. "Our view is that it's a net positive for us."

Visa's opportunity to convert cash to digital payments is also much larger than in the consumer space, he said, including areas like paychecks, insurance disbursements, and international money-transfers, or remittances. "The amount of cash conversion beyond consumer payments is 10 times larger in other categories," he said.

Transactions now conducted in cash also could get a bump from increased use of "tap-to-pay" debit in the U.S. And the company sees revenue opportunities in cryptos and stablecoins—tokens designed to maintain a fixed value of \$1.

Visa is working with crypto exchanges like Coinbase Global (COIN) to facilitate transactions; account owners can use crypto as funding for a card payment after the crypto has been sold and converted to cash automatically, for instance. Visa is partnering with more than 50 crypto wallet providers and is developing a "native digital currency" settlement on its card networks.

"What we can do is be the bridge between the crypto economy and the fiat economy," Prabhu said.

Moreover, Visa is working with banks to develop crypto deposit accounts. "A lot of banks understand that their customers would like this, and they realize they may be losing deposits because money is moving out of bank accounts to crypto platforms," he said. "There's a lot of interest in figuring out how to do this."

That won't happen overnight, though, since banking regulations on crypto aren't keeping up with customer demand.

Investors, however, may need far more convincing that Visa's new revenue streams will offset potentially slower growth in its core business. Visa stock is up just 2.6% over the last year against a 23.5% gain for the S&P 500.

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[Visa Is Being Squeezed by Crypto and Digital Wallets. What to Watch.](#)

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Fp Vancouver

Visa raises eyebrows with US\$150K **digital avatar** purchase

Stephanie Hughes

Financial Post

199 words

26 August 2021

Vancouver Sun

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English

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Visa Inc. made headlines this week when the company announced that it would wade into the non-fungible token (NFT) space with the purchase of a "CryptoPunk" for US\$150,000 in Ethereum.

CryptoPunks, a series of unique digital avatars of differing design, were among the first NFTs on the Ethereum blockchain network when they were released back in 2017. The payments company became the proud new owner of CryptoPunk 7610, and declared in a Monday blog post that the NFT market "marks a new chapter for digital commerce".

"We think NFTs will play an important role in the future of retail, social media, entertainment, and commerce," said Cuy Sheffield, the head of crypto at Visa in the release. "To help our clients and partners participate, we need a firsthand understanding of the infrastructure requirements for a global brand to purchase, store, and leverage an NFT."

Sheffield added that Visa wanted to purchase an NFT of its own to signal its support to the developers and artists driving the NFT space as well as to symbolize its excitement for this "particular cultural moment."
Financial Post

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Fp Ottawa

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370 words

26 August 2021

Ottawa Citizen

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Visa and its partners, like crypto asset platform Anchorage Digital, expect to be more active in the NFT space by engaging in this new form of digital commerce to better-connect with fans and customers, and seek new potential revenue streams, they stated in a report.

It's no surprise that more companies are turning their heads toward the NFT space. It's quickly amassing a strong following with many enthusiastic buyers, starting with the groundbreaking sale of NFT artist Beeple's work, Everydays: The First 5000 Days, for US\$69 million back in March.

According to a report by Non-Fungible.com (supported by emerging tech consultant L'Atelier BNP Paribas), the NFT market tripled in 2020 to US\$250 million.

Furthermore, sales have since exploded to US\$2.5 billion in the first half of 2021.

Bloomberg Files / More companies like Visa are turning to the non-fungible token space.; Bloomberg Files / More companies like Visa are turning to the non-fungible token space.

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Digital Wallets Market Will Hit Big Revenues In Future | Google ,Paypal Holdings ,Visa

806 words

3 June 2021

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ICROWDN

English

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Digital Wallets are referred as electronic based payment or internet that stores both financial value as well as personal identity related information in a computer or mobile. Digital Wallets market has high growth prospects due to demand of security by encrypting personal information for the real transactions. The major companies are adding more proven store-based retailing in Asia-Pacific countries as these countries are focused on fastest-growing verticals for the digital payment application.

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The players profiled in the Digital Wallets market include:

Alibaba Group Holdings Ltd. (China)

Apple Inc. (United States)

Citrus Payment Solutions (India)

Google, Inc. (United States)

Oxigen Services India Pvt. Ltd. (India)

Paypal Holdings Ltd. (United States)

Samsung Electronics Inc. (South Korea)

Visa (United States)

Digital Wallets Segmentation :

by Type (Open, Closed, Semi-Closed), Application (Retail, Healthcare, IT, Education, Others), Mode (Online, Mobile Wallets)

Market Trends

Collaboration and Tie Up Of Leading Players

Drivers

Consumer Preference towards Digitalization and Urbanization. Rising Demand of Electronic Transactions and Purchasing Items by Computers.

Challenges

Stiff Competition between Major Players

Opportunities

Growing Government Focus on Promoting Cashless Economy. Increasing Demand at Developing Countries.

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Competitive Analysis:

The Digital Wallets market examines the competition by highlighting the leading industry players including crucial information, such as company profile, financial information, services offered, recent improvements in products, and key components. The report studies strengths and weaknesses of these players and presents details on several strategies adopted by them. The common strategies adopted by the Digital Wallets market

players include mergers and acquisition, partnerships, new product development, product promotions, and technological improvements.

Market Insights

In October 2018, Zomato launched its own digital payments and mobile wallets solutions that aims to boost the predictability of orders.

Furthermore, the years considered for the study are as follows:

Historical Years: 2015-2020

Base Year: 2020

Estimated Year: 2021

Forecast Period: 2021-2026

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Updated information on Digital Wallets Market:

The report offers comprehensive outline of regional distributions of key and prominent products in the Digital Wallets Market. The Digital Wallets market research report offers developmental plans for businesses involved in the market based on the production cost value and products value, and more for the coming years in order to gain prosperity. It also provides all-inclusive study on the overall expansion within the Digital Wallets Market to decide asset developments, product launch and other associated news. The report answers how the mid-level producers and major companies earn profit in the Digital Wallets Market.

Read Detailed Index of full Research Study at @

<https://www.advancemarketanalytics.com/reports/114994-global-digital-wallets-market>

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