V Earnings Call – FY2025 Q4

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Operator

Welcome to Visa's Fiscal Fourth Quarter and Full Year 2025 Earnings Conference Call. [Operator Instructions] Today's conference is being recorded. If you have any objections, you may disconnect at this time. I would now like to turn the conference over to your host, Ms. Jennifer Como, Senior Vice President and Global Head of Investor Relations. Ms. Como, you may begin.

Jennifer Como

Thank you. Good afternoon, everyone, and welcome to Visa's Fiscal Fourth Quarter and Full Year 2025 Earnings Call. Joining us today are Ryan McInerney, Visa's Chief Executive Officer; and Chris Suh, Visa's Chief Financial Officer. This call is being webcast on the Investor Relations section of our website at investor.visa.com. A replay will be archived on our site for 30 days. A slide deck containing financial and statistical highlights has been posted on our IR website. Let me also remind you that this presentation includes forward-looking statements. These statements are not guarantees of future performance, and our actual results could differ materially as a result of many factors. Additional information concerning those factors is available in our most recent annual report on Form 10-K and any subsequent reports on Forms 10-Q and 8-K, which you can find on the SEC's website and the Investor Relations section of our website. Our comments today regarding our financial results will reflect revenue on a GAAP basis and all other results on a non-GAAP nominal basis unless otherwise noted. The related GAAP measures and reconciliation are available in today's earnings release and related materials available on our IR website. And with that, let me turn the call over to Ryan.

Ryan McInerney

Thanks, Jennifer. We finished fiscal full year 2025 with strong financial performance, an ever-growing obsession for our clients and a sharp focus on innovation as we build the future of payments. Fiscal fourth quarter net revenue grew 12% year-over-year to $10.7 billion, and EPS was up 10%, resulting in full year net revenue and EPS year-over-year growth of 11% and 14%, respectively. Total full year payments volume was $14 trillion, up 8% year-over-year in constant dollars, and process transactions totaled $258 billion, up 10% year-over-year. Our financial performance and growth demonstrate how Visa has become a hyperscaler, enabling anyone that wants to be in the money movement or payments business to build on top of the Visa as a Service stack. You may recall the layers of the stack, the foundation layer, the services layer, the solutions layer and the access layer. Throughout 2025 and most recently in Q4, we have intensified our investment in innovation. Today, I want to highlight Visa's progress with our clients and the ecosystem at large across the Visa as a Service stack, starting with the foundation layer. At the foundation of the stack is our global connectivity, our network and our network of networks that enable global commerce and money movement. In full year 2025, we expanded our network of networks in 3 important ways: first, more connection points, visa's network of networks now has approximately 12 billion end points. That's about 4 billion cards, bank accounts and digital wallets each; second, more settlement currencies, we are adding support for 4 stablecoins running on 4 unique blockchains representing 2 currencies that we can accept and convert to over 25 traditional fiat currencies; and third, we have begun deployment of the next generation of VisaNet, the core processing platform in our Visa as a Service stack. It offers a cloud-ready micro services distributed modular architecture that uses open languages and technologies, enabling easier scaling, configuration and faster feature deployment. Over half of the new code base was built with the assistance of generative AI, improving development speed, security and maintainability. We have specific modules in market today with plans to roll out additional modules and markets. The next level of the Visa as a Service stack is our services layer, which encompasses the building blocks of our core capabilities, including credentials, tokens, authentication, risk management, fraud detection and more, which we've turned into discrete modular components. We grew the number of Visa credentials by 270 million this year, and we continue to sign many deals this past quarter to drive further growth. I'll share a few regional highlights. We are pleased to have renewed our nearly 60-year relationship with Barclays in the U.K. and the U.S. across their millions of customers in consumer and commercial issuing and acquiring, and enabling increased focus on value-added services utilization. In the U.S., Visa continues to be the exclusive payment network for the Southwest Airlines co-brand program, and we will soon be expanding our relationship into a co-brand debit offering, providing customers a new way to earn Rapid Rewards points on everyday purchases. In Latin America, We won the new Scotiabank wealth management credit card issuance with our Visa Infinite product across 7 countries. And in Mainland China, one of our largest clients, China Merchants Bank, has renewed their long-standing relationship with us as we continue to upgrade China's magstripe dual-branded cards to contactless EMV chip cards. Moving to tokens. We now have over 16 billion Visa tokens, up from 10 billion just in May of 2024. We continue to increase the amount of Visa tokens globally in pursuit of our ultimate goal of 100% of e-commerce transactions tokenized. We continue to enhance our risk management capabilities, including Visa scam disruption, which proactively detects scam activity at the network level that no single issuer, acquirer or a merchant could see alone and leverages AI-enhanced merchant monitoring external intelligence feeds and our global expertise. Just a year since launch, we have worked closely with our clients and law enforcement to dismantle more than 25,000 scam merchants representing more than $1 billion in fraud attempts. Our stablecoin platform is another key component of our services layer. Since 2020, we facilitated over $140 billion in crypto and stablecoin flows, including Visa users purchasing more than $100 billion of crypto and stablecoin assets using their Visa credentials and spending more than $35 billion in crypto and stablecoin assets using Visa credentials. Within this, we see particular momentum with stablecoins. We now have more than 130 stablecoin-linked card issuing programs in over 40 countries. And in Q4, stablecoin-linked Visa card spend quadrupled versus a year ago. We expanded the number of stablecoins and blockchains available for settlement, and monthly volume has now passed a $2.5 billion annualized run rate. We are starting to enable banks to mint and burn their own stablecoins with the Visa Tokenized Asset Platform, and we are adding stablecoin capabilities to enhance cross-border money movement with Visa Direct. In September 2025, we announced a stablecoin prefunding Visa Direct pilot targeting banks, remitters and financial institutions seeking faster, more flexible ways to manage liquidity, and there is much more to come in this space. The next level of the Visa as a Service stack is our solutions layer, a comprehensive portfolio of solutions where we have taken the componentized capabilities from the services layer and invested in and enhanced them to create new features and capabilities we deliver to a broader array of customers and partners. If we look across our growth levers in this layer, I would note progress in a number of areas. In consumer payments, Visa Intelligent Commerce integrates Visa's token technology with authentication and predictive analytics empowering partners to deploy secure, personalized digital commerce experiences. And I'm pleased to announce that we are now powering live agentic transactions and recently released a merchant agent toolkit to make it easy for developers to embed our solutions into workflows and agentic processes. Just 2 weeks ago, we announced the Visa Trusted Agent Protocol, a framework that enables safer agent-driven checkout by helping merchants verify agents and avoid malicious bots. And since it's built on existing messaging standards, minimal integration is required for merchants. Next, our Visa Flex Credential continues to gain momentum, enabling consumers to access many underlying funding sources with a single credential powered by Visa token technology, for example, the Klarna card launched in 15 European markets, building on its success in the U.S. where it had over 1 million sign-ups in less than 3 months, and they will expand to even more markets soon. Our Visa Flex pipeline is strong, and we now have more than 20 signed clients in more than 20 countries across all regions, including our first Visa Flex announcement in LAC with [Niko]. Our Visa Accept Solution enables even the smallest of sellers to accept card payments with just a Visa debit card and an NFC capable smartphone. Our first live launch of Visa Accept was in Sri Lanka, which represents an opportunity to bring an estimated 7 million sellers onto the Visa network, most of which are informal sellers who primarily transact in cash today. And this is just our first launch. We are targeting 25 countries across several regions where we expect to launch Visa Accept soon with even more expansion to follow. Our Visa Pay solution connects any participating wallet to any Visa accepting seller worldwide, local or international, in-store or online. We are pleased to now be processing live Visa Pay transactions in 4 markets across AP and CEMEA, including our recently announced market launch in the Democratic Republic of Congo. In addition, we have a pipeline with more than 70 clients to expand across more markets in 2026 and beyond. Rounding out consumer payments is tapped to everything. 79% of all face-to-face transactions are taps, up 8 percentage points this year with the U.S. at 66%. Our transit initiatives contributed to this expansion, and this year, we enabled more than 100 new transit systems to now total approximately 1,000 systems globally, delivering 19% year-over-year growth in transactions. In Europe, BBVA recently launched BBVA Pay, enabling tapping from an iOS device for all Visa cards within their banking app. They also have enabled customers to use AI to create their own personalized Visa cards starting in Spain. Tap to Phone, which provides an easy, low-cost method for micro sellers to begin accepting card payments or large sellers to add additional mobile terminals, has now passed 20 million transacting devices, more than doubling since last year with strong growth across all regions. And Tap to Add Card launched a little over a year ago, has strong adoption as consumers and our partners see the value of a simplified, more secure customer experience where a simple card tap to a mobile device can add a Visa credential to a digital wallet. Since Q3, we have doubled the count of issuers participating globally to more than 600 across all regions resulting in the service being live for more than 1.4 billion Visa credit and debit cards around the world. Shifting to CMS and starting with Visa Commercial Solutions. Our full year 2025 commercial payments volume grew 7% in constant dollars to $1.8 trillion. This was helped by targeting specific segments including business owners and online travel agencies. In the premium card segment, we supported Chase with the launch of Chase Sapphire Reserve for Business on Visa Infinite, an expansion of the Sapphire Reserve product line. The Sapphire Reserve for Business card is designed to meet the needs of business owners by elevating their travel experience and offering premium benefits and value toward business services to help fuel their growth. And also in the U.S., we are excited to have partnered with Truist to launch the Truist Business Premium Visa Infinite card, a premium credit card designed for small businesses with meaningful annual spend. They are the first super regional to do so in this country. Our purpose-built travel solution offers virtual card credentials, automated reconciliation and rich data. We recently won Trip.com's global virtual travel card issuing business, which will be issued through their fintech, TripLink. In our traditional carded business, our global network agnostic enhanced spend management capabilities have helped us to expand our partnership with BMO. We recently won new commercial issuance, and BMO will offer our Spend Clarity for Enterprise tool to their corporates in the U.S. and Canada. Our unique FX capabilities enabled us to win a de novo issuing relationship with ICICI Bank for India's first corporate ForEx prepaid card, targeting both SMBs and large corporates to meet foreign exchange payment needs for business travel. In fact, in India, Visa SMB cards have doubled since 2020 and now total more than 10 million, helping us to grow total commercial cards to 340 million worldwide. Moving on to Visa Direct, which reached 12.6 billion transactions in full year 2025, up 27% year-over-year. Our push to account and wallet funding capabilities continue to help us to expand cross-border payouts. We signed with KCB in East Africa, where they will use Visa Direct to account for 8 corridors across their more than 30 million individual and business customers. Touch 'n Go eWallet, the largest wallet in Malaysia with more than 24 million users, will leverage Visa Direct to enable tourists to fund their wallets across 8 corridors. And Al Rajhi, a leading remitter with the largest branch network in the Kingdom of Saudi Arabia, expanded on its Visa Direct to card usage to now include Visa Direct to account. And our interoperability capabilities unlocked through our YellowPepper acquisition enabled us to renew with Yape and Plin, securing our position as the leader for interoperable transactions in Peru. Now moving to value-added services, where we have seen our innovations across issuing, acceptance, risk and advisory continue to power our growth. We have achieved our goal to expand Pismo's offerings to clients in more than 5 countries across 4 regions in 2025. In the fourth quarter, we signed our first Pismo deal for a stablecoin-linked card with Gnosis Pay in Europe. In Acceptance Solutions, our Token Management Service, or TMS, provides a single network and payment service provider agnostic integration to simplify token adoption, access and management for merchants and acquiring clients. This quarter, we signed with Booking.com for TMS and account updater across more than 65 markets, deepening our presence in the online travel platform space. Many of our risk and security solutions are also network agnostic. Let me highlight a few points of progress. Visa Advanced Authorization evaluates more than 400 unique attributes in a few milliseconds, and this quarter, Banco Diners in Ecuador deployed our network agnostic solution to score both Visa and non-Visa transactions, the first bank in LAC to do so. Our award-winning product, Visa Protect for A2A, is delivering value with AI. Our pilot in Brazil scored nearly $500 billion of our bank partner's, Pix, volume over a 6-month period and identified over $90 million of fraud, which could have been prevented with a detection rate of more than 80%. We believe Visa Protect for A2A can play an important role in Brazil by providing real-time fraud monitoring on Pix, helping to reduce fraud for our bank partners and ensure a safer payment experience for buyers and sellers. Our most recently acquired risk capabilities from Featurespace are being sought after by our clients with more than 100 closed client deals since January. And our advisory services continued to deliver revenue and deepen our client relationships across Visa. In consulting, we estimate that we helped clients realize over $6.5 billion of incremental revenue as a result of delivering almost 4,500 engagements during the year, including GenAI and stablecoin engagements. In marketing services, our flagship sponsorships include the FIFA World Cup 2026 in the U.S., Canada and Mexico as well as the Olympic and Paralympic Winter Games in Milano Cortina. We are already seeing significant interest from our clients as they seek to offer unique cardholder experiences and build their brand in addition to helping drive issuance, acceptance and engagement. One Olympic and Paralympic related marketing example was our first large-scale campaign created using generative AI tools for Intesa Sanpaolo, which showcased a ski race down the streets of Italy's seaside villages. We already have over 35 clients engaged with us for marketing services for the 2026 Olympic and Paralympic Games and more than 70 for the FIFA World Cup 2026 with more than 100 already in our pipeline. The fourth and final layer of the Visa as a Service stack on top of the foundation layer, the services layer and the solutions layer is the access layer, the client entry point to access Visa solutions. We take an open partnership approach and seek to provide value by enabling access to our Visa as a Service stack through multiple integration methods, including custom integrations, programmatic access via APIs and structured data exchange through our Model Context Protocol, or MCP, server. We remain the payments platform of choice in full year 2025 with more than 700 billion API calls across our more than 3,700 end points. And we recently launched our MCP server, providing access for AI systems to interface with our Visa Intelligent Commerce APIs. Our open, flexible access layer enables anyone, whether a small business, a tech partner or a global bank, to build on top of the Visa as a Service stack and operate at scale instantly. In conclusion, you can see our intense focus on innovation is delivering results for Visa and our clients. The Visa as a Service stack has positioned Visa to be a hyperscaler for the payments ecosystem. Our strong fiscal year 2025 performance is a result of our products resonating in the market and our commitment to our clients every day. I want to thank our more than 34,000 employees around the world who will continue to obsess about our clients and work tirelessly in 2026 and beyond to deliver value through the Visa as a Service stack to our clients and across our partner ecosystem. We live in remarkable times in payments as technologies are converging to reshape commerce. And at Visa, with our clients, partners, sellers and consumers, we are keeping our focus on innovation and product development, positioning Visa to lead this transformation. Now to Chris, where he will discuss our financial performance and outlook for 2026.

Christopher Suh

Thanks, Ryan, and good afternoon, everyone. Building on the momentum we saw through the first 3 quarters, we had a very good Q4 to finish the year with continued strong and stable business drivers. In constant dollars, global payments volume was up 9% year-over-year, improving slightly from Q3. Cross-border volume excluding intra Europe, was up 11% and total processed transactions grew 10%, both relatively stable to Q3. Fiscal fourth quarter net revenue was up 12% year-over-year, better than expected, primarily due to value-added services revenue, commercial and money movement solutions revenue, and a benefit from FX. Fourth quarter net revenue was up 11% in constant dollars. EPS was up 10% year-over-year in both nominal and constant dollars, better than expected -- primarily due to better-than-expected net revenue. Let's go into the details. Total international payments volume was up 10% year-over-year in constant dollars in Q4, generally consistent with Q3. Of note, we saw acceleration in Asia Pacific of approximately 2.5 points on a constant dollar basis, driven by timing effects and a modest improvement in Mainland China. U.S. payments volume was up 8%, slightly above Q3 with e-commerce growing faster than face-to-face spend. Credit and debit were both up 8%, reflecting resilience in consumer spending. When we look at quarterly spend category data in the U.S., we saw broad-based strength, including improvements in retail services and goods, travel and fuel. Both discretionary and nondiscretionary spend were up from Q3. And growth across consumer spend bands remained relatively consistent with Q3 with the highest spend band continuing to grow the fastest. Now to cross-border volume, which I'll speak to in constant dollars and excluding intra-Europe transactions. Q4 total cross-border volume was up 11% year-over-year relatively stable to last quarter, with e-commerce up 13%, and travel improving sequentially to 10%. eCommerce remains strong as it has for the last 8 quarters now and still represented about 40% of our total cross-border volume. Travel spend continued to grow above pre-COVID levels. The slight step-up from Q3 was led by a combination of factors, including increased commercial volumes, helped by our efforts in virtual card and some improvement in CEMEA outbound due to holiday timing. With that as a backdrop, I'll move to discuss our financial results. Starting with the revenue components. Service revenue grew 10% year-over-year versus the 8% growth in Q3 constant dollars payments volume, primarily due to card benefits and pricing. Data processing revenue grew 17% versus the 10% growth in process transactions, primarily due to pricing and higher cross-border transaction mix. International transaction revenue was up 10%, below the 11% increase in constant dollar cross-border volume growth, excluding intra Europe, primarily due to mix, partially offset by exchange rates. Other revenue grew 21%, primarily driven by growth in advisory and other value-added services and pricing. Client incentives grew 17%, in line with our expectations as we lapped onetime adjustments from Q4 of fiscal '24. Now to our 3 growth engines. Consumer payments revenue was driven by strong payments volume, cross-border volume and process transaction growth. Commercial and money movement solutions revenue grew 14% year-over-year in constant dollars as we lap the onetime adjustment we saw in Q4 FY '24. CMS revenue was better than expected, driven primarily by our Commercial Solutions business. Commercial payments volume grew 10% in constant dollars, 3 points above Q3 growth and faster than Visa's overall payments volume growth primarily due to new portfolio wins and the lapping of certain portfolio losses with strong client performance, especially in cross-border. Visa Direct transactions grew 23% to 3.4 billion transactions with strength in both domestic and cross-border. Value-added services revenue grew 25% in constant dollars to $3 billion, driven by issuing solutions, advisory and other services, and pricing. Value-added services revenue growth was better than expected, primarily due to issuing solutions, both in network products and card benefits. Operating expenses grew 13%, above our expectations due to a larger-than-expected FX impact and higher-than-expected personnel expenses as a result of deferred compensation mark to market, which, as a reminder, is EPS neutral. Excluding those 2 factors, adjusted operating expense growth would have been as expected. Nonoperating income was $29 million, higher than expected due to investment income from the deferred compensation mark-to-market benefit that offsets the expense I just mentioned and higher returns on our investments. Our tax rate for the quarter was 18.8%, in line with expectations. EPS was $2.98, up 10% year-over-year with minimal impacts from exchange rates and acquisitions. In Q4, we bought back approximately $4.9 billion in stock and distributed $1.1 billion in dividends to our shareholders. We also funded the litigation escrow account by $500 million, which has the same effect on EPS as a stock buyback. At the end of September, we had $24.9 billion remaining in our buyback authorization. With a strong finish to the fiscal year, our full year net revenue grew 11% to $40 billion, and EPS grew 14% to $11.47. Full year 2025 CMS revenue growth was 15%, and value-added services revenue growth was 23% on a constant dollar basis. In a year marked by a significant step-up in uncertainty around the globe, we delivered strong results above our expectations. As we think about 2026, our guidance philosophy holds. We give you our best perspective based on current information. So let's get into the guidance details and a quick note, when I reference 2025 and 2026, I am referring to our fiscal years. First, let's cover our underlying assumptions for net revenue growth. As we regularly say, we are not economic forecasters, so we're assuming the macroeconomic environment stays generally where it is today and consumer spending remains resilient. On key business drivers, we are assuming no material change from the Q4 2025 growth levels in 2026. On pricing, for 2026, we expect the benefits of new pricing to be similar in magnitude and timing as in 2025, with the majority going into effect in the back half. When you combine that with the 2025 pricing timing, this implies a relatively uniform contribution each quarter with Q1 seeing the largest contribution. On incentives, we expect around 20% of our payments volume to be impacted by renewals this year, which implies incentive growth generally similar to 2025, with Q3 having the toughest comparable to 2025. On volatility, we expect volatility throughout the year to be generally consistent to where we exited Q4, which implies a drag for the first 3 quarters, with Q3 having the toughest comparable to 2025. We pull these assumptions together on an adjusted basis defined as non-GAAP results in constant dollars and excluding acquisition impacts. You can review these disclosures in our earnings presentation for more detail. In 2026, we expect full year adjusted net revenue growth to be in the low double digits. On a nominal basis, we expect an approximately 0.5 point benefit from FX, which implies nominal net revenue growth that is generally consistent with fiscal 2025, which was 11%. We have an exciting year with the Olympic and Paralympic Games in Q2 and the FIFA World Cup in Q3 and Q4. I'll speak to expense in a moment, but as far as net revenue impacts, we expect the benefit from value-added services to be spread throughout the year as our clients will utilize our solutions in the buildup to and during the events. In terms of quarterly variability of net revenue, 2 items I would call out. First, we expect Q1 to have the highest year-over-year net revenue growth rate, primarily due to the timing impact of our FY '25 pricing actions. Second, we expect Q3 to have the lowest year-over-year net revenue growth rate, primarily due to the lapping impacts of strong volatility and lower-than-expected incentives in Q3 of 2025. Now moving to expenses. We expect to continue our significant investments in our Visa as a Service stack across consumer payments, commercial and money movement solutions and value-added services in FY '26. Let me share a few examples. Within consumer payments, we will enhance our cross-border and affluent offerings, scale recently launched products and expand our stablecoin capabilities, in addition to utilizing our marketing dollars for both the Olympics and FIFA to amplify the Visa brand. Within CMS, we'll focus our investments in specific commercial vertical opportunities and build out new Visa Direct product capabilities focused on cross-border money movement. And within VAS, we'll invest in our product development as well as our sales engineering teams to deepen customer engagement and shortened deal cycles. In addition, we're also investing in our AI efforts. In fact, every leader at the company has AI targets to drive efficiencies that we intend to invest back in the business to further our differentiation, competitive advantage and drive long-term growth. We currently expect to grow adjusted operating expense in the low double digits, consistent with our net revenue growth. As we think about the cadence of spend, we expect Q2 and Q3 to have the largest year-over-year growth rates as a result of marketing expense related to the Olympics and FIFA. Now moving to nonoperating income. The nonoperating income we've had for the past 3 years has been a function of cash balances, interest rates and onetime items. In 2026, based on current interest rate forward curves, we now expect nonoperating expense of $125 million to $175 million. Now to our non-GAAP tax rate. You may recall that we've historically estimated our long-term tax rate to be between 19% and 20%, and this remains unchanged. In both fiscal 2024 and 2025, our actual tax rate was below 18%, helped primarily by our geographic mix of earnings and certain onetime benefits, such as the resolution of tax matters and positions taken on certain taxes. In 2026, we still expect to be below our long-term tax rate. When we incorporate our current tax planning strategies, we expect the tax rate to be between 18.5% and 19%, up from 2024 and 2025, primarily due to the absence of onetime benefits. On capital return, the Board has declared an increase to our quarterly dividend by 14%, and we intend to return excess free cash flow to shareholders through buybacks. All of this results in our adjusted EPS growth to be in the low double digits. Moving to Q1. Through October 21, with volume growth in constant dollars, U.S. payments volume was up 7%, with credit and debit both up 7%. Process transactions grew 9% year-over-year. For constant dollar cross-border volume, excluding transactions within Europe, total volume grew 12% year-over-year, with eCommerce up 14% and travel up 11%. Now on to our financial expectations. We expect Q1 adjusted net revenue growth in the high end of low double digits. We expect adjusted operating expense growth in the low double digits. Nonoperating expense is expected to be about $15 million. And our tax rate in the first quarter is expected to be around 18%. As a result, we expect adjusted first quarter EPS growth to be in the low teens. When we look on a nominal basis for net revenue growth in Q1, we expect an approximately 0.5 point benefit from FX. And for our expense growth, we expect an approximately 0.5 point drag from FX and a 1 point impact from acquisitions, which, taken together, result in nominal net revenue and expense growth that are more matched at the high end of low double digits. As always, if the environment changes and there are events that impact our business, we will remain flexible and thoughtful on balancing short- and long-term considerations. Visa's underlying business continues to be healthy and the growth opportunities are significant, together giving us conviction as we make investment decisions to build the future payments to drive compelling net revenue and earnings per share growth. And now, Jennifer, I'll hand it back to you.

Jennifer Como

Thanks, Chris. And with that, we're ready to take questions.

Operator

[Operator Instructions] Our first question comes from Sanjay Sakhrani with KBW.

Sanjay Sakhrani

Like the outlook. It's very strong. I guess when I think through some of the assumptions that are embedded in it, I know, Chris, you talked about assuming the macro is stable. But we've heard some of your competitors talk about choppiness in the economy, different spending habits, especially for consumers as they've been trading down on discretionary items. I mean have you guys seen anything like that? And sort of how does that factor into your outlook?

Christopher Suh

Sanjay, yes, we have great momentum exiting FY '25, and that's the underlying assumption as we go into '26 for another strong year. But let me address some of the specific points you've made about questions you had around sort of, I guess, spend and the strength of the macro economy. I mean if I just zoom out a little bit, really, one of the real strengths of our business here, Visa is the diversification of our business. And so we have the broadest exposure to credit, to debit. Our volumes are comprised of everyday spend, the special occasion spend, nondiscretionary like fuel and groceries and discretionary items like travel or holidays, goods, services, consumer, commercial and so really some of the broadest spend categories that you can imagine. And what we do is we remain data-driven and across this broad and diverse set, the growth across our spend bands has remained quite consistent all year. And it was again, in Q4, with higher spending cardholders driving more of the growth, and that's consistent with what we see across the U.S. economy. And so that all gives us good reason over that data to say that consumer has remained resilient. That is our -- that is what we saw in FY '25, and that is our assumption going into FY '26.

Operator

James Faucette with Morgan Stanley.

James Faucette

Great. Really appreciate all the work that you guys are doing on new initiatives, et cetera. One that's quite topical, obviously, is all things agentic commerce. And I know you've had some recent announcements on that topic. Can you paint a picture for us like the role that you expect Visa to play in agentic commerce transactions and ramp and kind of milestones we should expect to see in its development?

Ryan McInerney

We see considerable opportunity in agentic commerce. But just to put it in context, when we had the first wave of digital commerce with eCommerce, we set the standards. We led the product development, and Visa was a significant beneficiary. Then you saw a second wave of commerce, which was mobile commerce. And again, Visa was the leader in terms of standards, in terms of product innovation, in terms of the capabilities enabling that to happen. And we've been a big beneficiary. You've seen that both in people buying things on their phones but also using their phones to buy things, especially with Tap to Pay. And now in this third wave of agentic commerce, we've been leading in terms of our role of setting the standards. I think one great example of that is Visa Intelligent Commerce, where we put out a set of capabilities for AI-ready cards, leveraging tokenization, AI-powered personalization, leveraging our data token service. We put out a set of standards with payment instructions that are going to allow customers like you and I to easily set spending limits and conditions to provide clear guidance for agent transactions and also our payment signals, which are going to share those data payloads in real time with Visa, enabling us to help set transaction controls, manage disputes and Chargebacks and those types of things. So I think that's a great example of the leadership role that we're taking in agentic commerce. And then just 2 weeks ago, we announced the Visa Trusted Agent Protocol. The Visa Trusted Agent Protocol is meant to really ensure that merchants know when an agent is coming to buy something on my behalf, it is actually a real agent that I have authorized to make purchases on my behalf. And I think what differentiates the Visa Trusted Agent Protocol is 2 things. One is it's open. It's an open set of standards, and we think that an open framework is critical to drive mass adoption in the way that's needed for agentic commerce. And the second is it's easy to integrate. We built it on existing web infrastructure so that it's going to be easy for merchants to integrate into existing messaging standards and get up and running quickly. So those would be 2 examples. We're very excited about it. We think it's a significant opportunity for Visa and for everyone involved in the ecosystem.

Operator

Jason Kupferberg, your line is open, from Wells Fargo.

Jason Kupferberg

I actually wanted to ask a follow-up on agentic. Seems to be topic of the day. I'm just curious to get your perspective on when do you think we start seeing material volumes across the industry from agentic commerce. Obviously, there's still some important security considerations to be addressed. And would also love your perspective on to what extent you see agentic as more of a substitute for traditional e-commerce versus being additive to the TAM of the overall payments industry.

Ryan McInerney

Jason, let me address the second part of your question first and then the first part. On the second part of your question, I think the base case is it continues to accelerate the adoption of e-commerce and mobile commerce as we all know it. I think there's an upside case on that where you could actually see users buying from a much larger and more diverse set of merchants than they do today in traditional e-commerce given the power of these agents and their ability to go out and search the world's inventory based on whatever it is that you prefer for your agent. That might be value. That might be price. That might be inventory. That might be speed of delivery and so on and so forth. I think that could ultimately result in consumers buying more things from more merchants, which ultimately means more transactions on Visa. I also think there's a significant upside in the delivery and the relevance of our portfolio of value-added services for the entire ecosystem, especially as you said, they have to work through a number of things that involve potential fraud and disputes and chargebacks and things like that. Right. Back to the first part of your question. Listen, it's still early days. And I think what you're likely to see in the evolution of agentic commerce is not different or dissimilar to what we saw in e-commerce. I think early on, you're seeing consumers use these agents and these platforms for discovery. They're shopping. They're looking for what might be available for any given gift I'm trying to buy or any clothing item that I might try to buy. But then I might jump to the actual merchant site to make the purchase. Then the next step of what you're starting to see is the integration of the buy capabilities into that shopping journey. We're just starting to see that in the marketplace today. We've been working on that for many, many months with the ecosystem. And then I think the ultimate kind of user experience and the promise of agentic commerce will be truly empowering agents to go out to search for things on our behalf and ultimately make purchases and buy things without human intervention. That, we haven't really seen in the marketplace today, but we're working very hard with the platform players to ensure that the capabilities are in place to enable that.

Operator

David Koning with Baird.

David Koning

Great job. The data processing yield was up a lot, and I know that was explained somewhat. But I'm wondering, is some of that due to VAS, the biggest part of VAS outside of others probably in data processing? And I guess the question is, is there a sustainability to big yield growth in DP given VAS just keeps building. I guess that's the question.

Christopher Suh

David, I'll take this one. So yes, as you pointed out, data processing revenue, 17% versus the 10% underlying transaction growth. The factors I called out in my prepared comments was around pricing and mix. And those were the 2 biggest variables. As you know, we implemented new pricing in FY '25 in the second half of the year. That's really benefiting in Q3 and Q4, and that will benefit into Q1, as I talked about as well. In terms of mix, now what does mix mean? Mix does -- across our business, different products and services, different clients in different regions can have different varying yields. And obviously, through the course of any quarter, we see different growth performance across any of those particular elements that will drive different yield outcomes. So in this particular quarter, with data processing, we did see faster growth in higher-yielding cross-border regions, and that's what contributed to the acceleration that you saw in between transactions and revenue in data processing.

Operator

Darrin Peller with Wolfe Research.

Darrin Peller

I just want to follow up one more time on AI and then a bigger question on the new VisaNet rollout. So first, just to be clear on AI, I mean, do you see your suite of services as a big part of what's being offered by other payments ecosystem partners? And how much are you going to participate in some of those VAS in terms of fraud versus others? And then just I know we talked -- Ryan, you talked about VisaNet rollout, the new rollout. And just help us understand what that can mean for product development or velocity and how it positions the network for things like agentic commerce or stablecoins going forward.

Ryan McInerney

Darrin, short answer, long answer. Short answer is yes and yes, but let me dive into both of those. On kind of agentic commerce, I think you've seen from us, really over the course of the year, is Visa doing what we do, which is when there's new technology, new platforms emerging, take a leadership role in establishing kind of the way that payments can work most efficiently and most effectively for buyers and sellers, and we're doing that in the agentic commerce space today. And I think to the first part of your first question, yes, you should assume that we're doing the work to build the infrastructure, the operating regulations and rules, the processes to enable a lot of the things that you're seeing kind of in the marketplace today. As I said on the earlier question, I think it was Jason, it's still very early days. You're going to see a lot of announcements. You're going to see a lot of things coming out. What ultimately is going to help kind of agentic commerce achieve its promise is collaboration, collaboration among all of these various ecosystem partners that make e-commerce and mobile commerce and all of these things work today, and you should expect us to take a leadership role that we're taking. On the next generation of VisaNet, so this has been something we've been focused on as we continue to invest in our stack. We've deployed the next generation of VisaNet, which is our core processing platform at the base of our stack. And the answer to your second question is yes as well. It allows us to ship product more quickly. It allows us to adapt to ecosystem changes more quickly. It allows us to adapt to regional and country-specific requirements more quickly. Here, too, it's early days. We've just begun the deployment of it, but it's a very exciting milestone for us, and ultimately, we think it will be great for the ecosystem and our partners.

Operator

Rayna Kumar with Oppenheimer.

Rayna Kumar

I noticed in Latin America, there was a slight deceleration in volume versus last quarter. Anything you can call out there?

Christopher Suh

Sure. Yes. In Latin America, we did see a bit of a slowdown. It still grew strong, but it was slower than we saw in Q3. And the biggest single contributor I would point to is the moderating inflation that we've seen in Argentina. But overall, across Latin America, it remains a high-growth region, and we're very pleased with the performance.

Operator

Ken Suchoski with Autonomous Research.

Kenneth Suchoski

Maybe just one more on agentic commerce. I was wondering if you could talk about some of the differences and similarities between Visa's Trusted Agent Protocol and Stripe's Agentic Commerce Protocol. I mean, anything you could talk about in terms of what layer is the value chain you're tackling and how your offering is differentiated versus theirs? And then maybe just talk about the broader tokenization opportunity and your leadership there with over 16 billion tokens and just how the agentic commerce ecosystem will leverage that.

Ryan McInerney

Yes. Thanks, Ken. On the second part of your question, tokenization, I think, is the critical building block that ultimately will help Agentic commerce reach its promise. And if you go back -- I know you asked about the Trusted Agent Protocol, but if you go back to the Visa Intelligent Commerce set of products and standards that we put out, tokenization as a platform is what enables the bulk of that functionality and ultimately is what's going to enable us all to have safe, secure, trusted transactions with agents on our behalf. So tokenization, critical building block of that. And as you noted, with kind of 16 billion Visa tokens embedded across the ecosystem, the technology, the standards are well known, well adopted globally in countries all around the world, both on the seller side of the ecosystem and the issuer side of the ecosystem, which is ultimately why it will help scale our standards. As it relates to the Trusted Agent Protocol -- and I'll go back a moment to what I said to a couple of questions ago. Ultimately, what's going to make this all work is collaboration. And so I think you're seeing a lot of different players across the ecosystem, whether it's Visa or other networks or acquirers or PSPs or platforms start to put out their capabilities and standards. And again, here, too, I think it's where the Visa Trusted Agent Protocol can form a base layer for everyone to build on and everyone to ultimately leverage. And what we're -- the reason we're excited about the Trusted Agent Protocol scaling is the 2 things I mentioned. One is it's an open standard; and two, it is designed to be inherently lightweight and easy for merchants especially to integrate to.

Operator

Bryan Keane with Citi.

Bryan Keane

Just kind of a 2 quick parter. Just thinking about holiday sales growth rate this year versus last, there's some expectation that maybe holiday sales will be a little bit weaker in terms of growth rate. Just how is Visa thinking about that? And then secondly, just cross-border growth versus e-comm versus travel, any differentiation kind of what we've seen on trend line as we go through this fiscal year?

Christopher Suh

Okay. I'll take both of those. In terms of upcoming holiday quarter, I've provided our guidance for Q1. It is for a strong Q1, carrying the momentum that we saw coming out of Q4 with strong and stable underlying drivers as well as benefiting from the pricing from a year ago. And so when you add that all up, it makes for a resilient consumer, a stable macro environment and the resiliency that I talked about across spend bands as well. And so we are anticipating a strong quarter going into the holiday -- our fiscal Q1, the holiday quarter that we see. In terms of cross-border, your second question was really around sort of the mix. At the total level, we shared our numbers. It's been stable. It's been a good, strong number, 11% growth in Q3, 11% growth again in Q4. As we click down into the categories of e-commerce and travel, e-commerce has been strong, continued to be strong and steady, 13% in Q3 and 13% in Q4. Travel did improve a point from Q3 as we talked about previously as well. So the thing that I would call out, though, is that when you add that all up, total cross-border growth continues to be above the trend that we saw pre-COVID. And part of the reason for that is that the e-commerce part of the mix of the volume is bigger. It was about 1/3 of the business pre-COVID. It's about 40% now and continue to grow at a faster clip than travel. And so should that trend continue, we'll continue to see a bigger weight toward the e-commerce side of the business. But all in all, again, if you zoom out, strong and stable cross-border trends, and we'll continue to see how they perform through the rest of the year.

Operator

Harshita Rawat with Bernstein.

Harshita Rawat

I want to ask about stablecoins. As the dust is settling a bit with the passage of the GENIUS Act, it increasingly appears that what was initially thought of as a risk to Visa could, in fact, be an opportunity in cross-border money movement, merchant acceptance in certain markets and services. Ryan, you talked about the momentum in stablecoin-linked cards. This quarter, Visa Direct kind of announced a new stablecoin prefunding option, a number of things you're doing here. I guess my question is what are the most tangible areas of opportunities as it relates to stablecoins in the coming years, maybe in cards, VAS, [Niko], et cetera?

Ryan McInerney

Harshita, we've seen it as an opportunity for a while now. And the short answer to your question is we see opportunities in issuance, in modernizing our settlement network. I think I talked about some of the opportunities we've captured with our Pismo platform. As you said, we're leveraging stablecoins and cross-border money movement. We announced the Visa Direct prefunding work. We're minting and burning on behalf of our clients with the Visa Tokenized Asset Platform. We've been working with our clients in our consulting business with stablecoins. I mean the list goes on and on. But just stepping back, as I've said, the areas where there's product market fit for stablecoins in the world are the areas where there's significant TAMs and largely where we're underpenetrated. And that's emerging markets and that's cross-border money movement. And we are -- we have a deep product pipeline focused on putting products to market against both of those areas of opportunity and cross-border money movement broadly, whether that's remittances or B2B or gig economy payouts or the like. So we definitely see it as an opportunity. We have targeted a significant portion of our product road map to capture that opportunity and hope to talk to you more about some products that we're bringing to market in the future.

Jennifer Como

We're going to take a few more questions, so we are going to go a little over. Just want to try to get in a few more.

Operator

Andrew Schmidt with KeyBanc Capital Markets.

Andrew Schmidt

Appreciate the Visa stack discussion. That was a good one. Maybe I could ask about the Asia Pac improvement. Chris, I know you mentioned timing in China improvement, but if we could peel back the layers there and maybe talk a little bit more about what's going on and whether that improvement is sustainable, that would be great.

Christopher Suh

Yes. Thanks, Andrew. As I talked about in my prepared comments, we did -- we were pleased to see the improved results, 2.5 points, and the things that I noted, improvement in Mainland China and some smaller but idiosyncratic sorts of things around timing, those will normalize its way out. All in all, we're pleased with the momentum in China and in -- across AP in general and think that, that is going to continue to be an important growth opportunity for us. And so when we zoom out from all of that, I think AP is on a directionally a good track.

Operator

Tim Chiodo with UBS.

Timothy Chiodo

Great. I want to talk a little bit about the evolution of the growth algorithm. Just looking at it numerically, it looks like the biggest change really is, a few years ago, not too long ago, value-added services was about 20% of revenue, growing in the high teens. And now it's approaching 30% of revenue and growing in the mid-20s, so the growth contribution has stepped up at least 200 basis points, if not, closer to 300 basis points. And part of that has been we've seen the RPO tick up over the years. And even this year, the RPO has been up roughly, give or take, 30%. And I was hoping you could talk a little bit about that RPO. What's been driving that roughly 30% growth? I appreciate part of that is valuing timed incentives, but maybe dig into that and other drivers of the RPO.

Ryan McInerney

Yes. Why don't I take the first part of the question, and then, Chris, you can take the second part of the question. Tim, I think you summarized it very well. And I think if you go back to Investor Day and you look at kind of the growth framework that we laid out and the strategies that we laid out -- by the way, both for VAS and for CMS -- and you jump forward to today, we're delivering in market those strategies, and we're delivering the results that I think we laid out in that framework that come with those strategies, and you summarized it pretty well on the VAS side of things. Do you want to talk about the...

Christopher Suh

Sure, sure. Tim, I think you know this. Obviously, the RPO constitutes many things, but included in that is what you've asked about previously, which is value in kind. This is an important lever for us. It -- when we are able -- it represents a form of incentive that the clients can then use to drive value for themselves, and it's good for our client engagement and continues to drive value to Visa, sometimes in value-added services but in other parts of the business. Now it doesn't drive sort of the majority of value-added services, but it is an important lever. And I think it's an area where we'll continue to see clients really take advantage of it.

Operator

Tien-Tsin Huang with JPMorgan.

Tien-Tsin Huang

All right. Let's close it out. I got -- I'll ask about investments and OpEx if that's okay. Just thinking about growth and OpEx being in line with revenue, I'm curious if there's anything to share on that. Is Visa just being opportunistic with spending or perhaps it's a structural issue as you scale different layers in your service stack and some of those are less mature? Just trying to better understand incremental margins and how that might be changing.

Christopher Suh

Sure. Tien-Tsin, as you know, as we've said in the past, explicitly, we don't manage our company to a margin target, at least not in the classical sense, but we do focus on many things. We focus on growing volumes with our clients. We focus on driving revenue across consumer payments, VAS and CMS, and we also focus on running our business as efficiently and as effectively as we can. And part of that is balancing the investments that we make for short-, medium- and long-term return. And when we do this well, as we have, we continue to deliver the financial performance that you've seen, which is strong growth at margins that lead the industry. So I would say in terms of where we're investing now as we talk about '26, we -- I would point you back to actually our Investor Day back in February. We laid out a pretty extensive view of the, a, the big opportunity that we're going after, the massive addressable opportunity; and two, the clear strategies, the things that we're going to go do to go capture that opportunity. And so across our industry as things continue to move as fast as they are, you've heard a lot of the conversation even today around agentic and stablecoin. We think it's important that we continue to invest in these opportunities from our position. And if we do so, we'll continue to deliver on the growth framework that we outlined at Investor Day, which means we'll deliver compelling profit growth and drive strong shareholder returns.

Ryan McInerney

And Tien-Tsin, the only thing I would add on what Chris said is I don't ever recall being so excited about the opportunities ahead of this company. And I don't ever recall being so pleased with how well our teams have lined up our product pipeline, our go-to-market sales motions, our client teams, the things that we talked about today, whether it's agentic, stablecoins, Visa Pay, Visa Accept, tap to everything, the great momentum in the VAS business, the great momentum in Visa Direct, the great momentum and results we're seeing in Visa Commercial. It's just an extraordinarily exciting time for the company, and I'm just super proud of the investments that everybody is making across the place. So appreciate that question. I appreciate everybody's questions. Jennifer, back to you to close.

Jennifer Como

Yes. And with that, we'd like to thank you for joining us today. If you have any additional questions, please feel free to call or e-mail our Investor Relations team. Thanks again, and have a great day.

Operator

Thank you all for participating in Visa's Fiscal Fourth Quarter and Full Year 2025 Earnings Conference Call. That concludes today's call. You may disconnect at this time, and please enjoy the rest of your day.