V Earnings Call – FY2025 Q1

Date: January 30, 2025

Operator

Welcome to Visa's Fiscal First Quarter 2025 Earnings Conference Call. All participants are in a listen-only mode until the question-and-answer session. 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 first quarter 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

Good afternoon, everyone. Thank you for joining us. Before we begin, I'd like to take a moment to acknowledge last night's tragic air collision in Washington, DC. Our hearts go out to all those affected by this terrible event, particularly the families and friends of the victims. Turning now to our results. We had a strong start to our fiscal year with $9.5 billion in net revenue, up 10% year-over-year, and EPS up 14%. Our key business drivers improved from the fourth quarter. In constant dollars, overall payments volume grew 9% year-over-year, US payments volume grew 7%, and international payments volume grew 11%. Cross-border volume excluding Intra-Europe rose 16% in constant dollars, and processed transactions grew 11% year-over-year. Our strategy across consumer payments, new flows, and value-added services continues to resonate with our clients and is reflected in our business results. Back in February 2020, when we articulated our strategy, our total first quarter volume on our network had just crossed $3 trillion. Just five years later, our total quarterly volume was above $4 trillion. At the same time, CEMEA and Latin America had more volume from people using their cards to get cash than to make payments. Five years later, as a result of double-digit constant dollar payments volume growth in both regions, the situation has flipped and we now have more than 60% of our volume from digital payments. I'm looking forward to our Investor Day next month to discuss our strategy and our plans for future growth. For now, let's look at some of the quarterly highlights that have helped to deliver this impressive progress. In consumer [payments] (ph), we now have 4.7 billion credentials, up 7% year-over-year, and 12.6 billion tokens, up 44% year-over-year. We continue to grow our credentials in an increasingly digital world. Interest in our Visa Flexible Credential continues to grow. We have now launched with the Affirm Card in the US, expanded the funding options with SMCC in Japan by adding small business cards and announced a multi-currency solution with fintech Liv in the UAE. Tap to Add Card is now live in the US for nearly 60% of all Visa consumer credit and debit cards. Since the launch, millions have added their cards to their wallets by tapping, eliminating the overwhelming majority of provisioning fraud as compared to manual entry into a phone. And 74% of all face-to-face transactions are now Tap to Pay. A few countries I would like to call out: Japan, where Tap to Pay penetration grew 20 percentage points since last year to 44%; Argentina, where Tap to Pay penetration was up 22 percentage points to 78%; and the US, where it was up 13 percentage points to 57%. Several key initiatives contributed to the growth in these countries, including targeted marketing campaigns, the launch of transit acceptance in certain cities, and increased issuance of Tap to Pay-enabled credentials. Finally, Tap to Phone is now live in 118 markets, and in the last year, the number of phones enabled has more than doubled and the number of transactions has more than tripled. Now, let me turn to a few deal highlights from across the globe. First, in Mainland China, we renewed our partnership with ICBC, the largest bank in the world in terms of assets and the biggest credit card issuer in Mainland China in terms of number of cards. In India, we renewed our long-standing credit agreement with ICICI Bank, SBI Card and Kotak Mahindra Bank, three of our largest issuers in the country with a focus on growing affluent and cross-border volume. We also renewed our debit agreement with Kotak Mahindra Bank. Also in our Asia-Pacific region, we signed a long-term renewal with Bank of New Zealand, one of the largest banks in the country across consumer debit, consumer credit and business credit. In Argentina and Uruguay, we renewed our portfolios with Santander for a long-term agreement with a focus on growing affluent. Also in Latin America, we have deepened our partnership with BAC to grow acceptance with a goal to enable 300,000 nano and small merchants and to grow in new verticals. We also won the issuance of their largely cross-border credit portfolio, Millas Plus, offering our expertise and value-added services. Similarly, in Brazil, we extended our partnership with digital bank Neon, which includes the launch of a new credit portfolio. We are also pleased to have renewed a pan-European agreement with BNP Paribas, which also includes the winning of additional portfolios in France and Belgium. When we talk about the total addressable opportunity in consumer payments, we often talk about the opportunity to win share from domestic networks. And we are continuing to have success converting credentials from domestic networks to Visa. In Bangladesh, we secured nearly 6 million credentials with Dutch-Bangla Bank from their closed-loop system. And Banco Popular de Puerto Rico, the largest issuer and acquirer in Puerto Rico, renewed a multi-year credit and debit partnership with Visa that aims to expand digital penetration in the country through the launch of new products, including a co-badge card with a local network. And we've renewed our business with RBC Royal Bank in 10 countries across the Caribbean, and we also expanded our relationship to include the transfer of debit credentials in the Dutch Caribbean to Visa and are supporting the development of new credit and commercial products. And co-brand cards remain a key area of strength for us and this quarter was no exception. In India, we launched two very important cards. First, the Times Black ICICI Bank credit card, catering to high-net-worth individuals with travel and lifestyle benefits. Second, the HSBC Taj credit card, India's first premium co-branded hospitality credit card. In our CEMEA region, we signed with real estate developer, investor and manager Aldar for a co-brand card for its Darna Rewards by Aldar loyalty program in the UAE with issuing bank Emirates NBD. We also launched a new co-brand card in Saudi Arabia with Alrajhi Bank, and Marriott Bonvoy, the global travel program by Marriott International. In the airline category, we won the portfolio for EGYPTAIR, Africa's second largest airline. We also expanded our business in the SWISS card Miles & More program. And in the retail segment, we signed with Casas Bahia, one of the top retailers in Brazil for co-brand cards, and with Bolt, a leading ride-hailing and food delivery operator in Ukraine. So, through traditional issuance, winning share from domestic networks, and leveraging our brand, products and innovation to secure important co-brands, our consumer payments business is strong. Now to new flows, where revenue grew 19% year-over-year in constant dollars. Visa Direct has now crossed the 10 billion transaction mark over the last 12 months with nearly 3 billion transactions this quarter. We continue to expand Visa Direct in several ways, one of which is building and deepening partnerships directly with issuers and fintechs. We are excited to partner with X Money for their much-anticipated launch of the X Money account, including P2P payment functionality set for later this year. Through the partnership, X Money will utilize Visa Direct to enable secure and instant funding of their X Wallet with a user's debit card. Users will also have the option to instantly transfer funds back into their bank account via the same debit card. This quarter, we signed an agreement with OnePay, a fintech company with more than 3 million monthly active users for Visa Direct as the engine for wallet loads. In Ecuador, Banco Pichincha, one of the country's largest issuers, will begin using Visa Direct for cross-border remittance payments. Our broad and deep cross-border capabilities continue to be important differentiators, and this quarter, Libra Internet Bank in Romania launched a real-time multi-currency FX service for their business customers utilizing our Currencycloud solution. In Asia-Pacific, OCBC has launched a cross-border P2P solution on the OCBC app, allowing their customers in Singapore to send money to Chinese wallets using Visa Direct, all they need is the recipient's China national ID name and mobile number. Now, moving to commercial, where volumes were up 6% year-over-year this quarter in constant dollars, we had some notable progress in specific verticals. First, in the food and grocery delivery vertical, we had two recent wins. In the US, we are pleased that DoorDash's shopper card program will soon be using Visa Virtual Commercial credit cards to enable Dashers to pay for customer orders at physical merchant outlets. This is in addition to our Visa Direct relationship with DoorDash in the US, Australia and Canada to enable Dasher payouts. In Brazil, we signed a commercial business card deal for commercial customers of iFood Pago, the fintech for the largest food delivery platform in the country. In the healthcare vertical, we reached a virtual card agreement with an insurtech company in France, mySofie, offering medical policyholders an easy way to pay for their healthcare. In the T&E vertical, we recently renewed and deepened our partnership with Airwallex, a global financial platform enabling more than 150,000 businesses to manage payments and money movement across borders. Today, Visa and Airwallex have live card programs in Australia, Hong Kong, the UK, United States, Canada, Netherlands and Singapore to enable businesses to easily make digital card payments around the world, and soon, we will be expanding to new geographies across our use cases in expense cards and B2B travel. In both Visa Direct and commercial, we continued to develop innovative new solutions and use cases that helped us retain and secure business. Now to value-added services, where in the first quarter, revenue grew 18% in constant dollars. Across our solutions, we continue to grow revenue as we enhance Visa payments, enable services for all types of payments, and go beyond payments. We often partner with acquirers who utilize Visa's Acceptance Platform to offer their merchant clients compelling solutions. When this happens, we generate revenue on both Visa and non-Visa transactions. Three examples this quarter are European acquirer emerchantpay, Guatemalan acquirer NeoNet, and Paraguayan acquirer Bancard, who will all offer Cybersource to their merchants. We are also partnering with Fiserv to include our Cybersource gateway as a solution for their acquirers and merchants in Europe and Asia-Pacific. This is in addition to Fiserv expanding their use of cardholder authentication from CardinalCommerce to further extend our global partnership into additional Fiserv platforms. In our risk solutions, in 2024, we launched Visa Protect for A2A payments, with plans to expand to 10 new RTP networks in 2025. Powered by AI-based fraud detection models, this new service provides a real-time risk score that can be used to identify fraud on account-to-account payments. We are now piloting the solution with five significant players in Brazil, who represent more than 20% of Pix transactions. We are also very pleased to have closed our acquisition of Featurespace, enabling us to provide an expanded set of fraud prevention tools to our clients and protect consumers in real time across various payment methods. In advisory services, we continue to see strong demand. One example of a recent project is with Alrajhi Bank, where we are expanding our advisory relationship into risk, digital enablement, and data analysis across their portfolios. So, across our value-added services portfolio, we are innovating with new solutions and deepening our partnerships with clients to drive growth. To wrap it up, we began our fiscal year with strong performance, an ever-growing obsession for our clients, and a focus on continued innovation as we build the future of payments. I look forward to seeing you in February at our Investor Day. And now, over to Chris.

Chris Suh

Thanks, Ryan. Good afternoon, everyone. Our first quarter results reflected improving underlying drivers and effective execution of our business. In constant dollars, global payments volume was up 9% year-over-year, and cross-border volume, excluding Intra-Europe, was up 16% year-over-year. Processed transactions grew 11% year-over-year. Fiscal first quarter net revenue was up 10%, higher than our expectations, primarily due to strong international transaction revenue and value-added services revenue. Net revenue was up 11% in constant dollars. EPS was up 14% year-over-year and 15% in constant dollars, higher than expected, primarily due to revenue outperformance and a lower-than-expected tax rate. Now, let's go into the details. In the US, total payments volume grew 7% year-over-year, up 2 points from Q4. Credit grew 7% and debit grew 8%. The US benefited from a strong holiday shopping season, which is the period from November 1st through December 31st and the lapping of the impact of Reg II implementations, which had a modest drag in Q1 of last year. In the US, consumer holiday spending growth was in the upper mid-single digits on a year-over-year basis. The consumer categories with the strongest growth were discretionary categories, such as retail, travel and entertainment. Focusing on retail, holiday spending growth was a couple of points higher than last year, and retail spending growth on key shopping days from Thanksgiving to Cyber Monday was several points higher. E-commerce was a higher share of retail holiday spending versus last year. In key countries around the globe, we saw similar trends with consumer retail holiday spending growth improving from last year. Moving to international markets, total payments volume was up 11% in constant dollars, up from Q4. In most of our regions, payments volume year-over-year growth rates in constant dollars were strong for the quarter, with Latin America up 22%, CEMEA up 18%, and Europe up 13%. Asia-Pacific payments volume growth saw a slight improvement from Q4 in constant dollars to just above 1% year-over-year for the quarter, reflecting a still somewhat muted macroeconomic environment. Now to cross-border volume, which I'll speak to in constant dollars and excluding Intra-Europe transactions. Total cross-border volume was up 16% year-over-year in Q1, 3 points above Q4. E-commerce, measured as card-not-present volume ex travel and cross-border travel volume, were both up 16% year-over-year for Q1. E-commerce volumes continued to benefit from the strength in retail in part due to the strong holiday shopping season. Travel volumes performed well across our regional corridors due to broader strength in both consumer and commercial spending. Outbound Europe and Asia-Pacific travel volume growth also benefited from solid performance of client portfolios. For the US, both outbound e-commerce and travel volume growth were also helped by the strong dollar. Now, let's review our first quarter financial results. I'll start with the revenue components. Service revenue grew 8% year-over-year versus the 8% growth in Q4 constant dollars payments volume. Data processing revenue grew 9% versus 11% processed transaction growth, due largely to the back-half loaded 2025 pricing impact that was included in our initial guidance. Had pricing been more evenly spread across the year, as in the prior year, these two growth metrics would have been more in line for the first quarter. International transaction revenue was better than expected, benefiting from higher cross-border volumes and higher currency volatility than we expected. Year-over-year growth was up 14%, below the 16% increase in constant dollar cross-border volume, excluding Intra-Europe due primarily to foreign exchange and lapping higher currency volatility from last year. Other revenue grew 32%, primarily driven by better-than-expected consulting and marketing services growth and select pricing modifications. Client incentives grew 13%, reflecting a strong renewal quarter. Now, to our three growth engines. Consumer payments revenue growth was driven by improving payments volume, cross-border volume and processed transaction growth. New flows revenue grew 19% year-over-year in constant dollars, driven by better-than-expected commercial cross-border performance across all regions and Visa Direct transaction growth. Commercial payments volume rose 6% year-over-year in constant dollars, mainly driven by favorable days mix impact as well as strong cross-border volumes. Visa Direct transactions grew 34% year-over-year, helped by growth in Latin America for interoperability among P2P apps. Value-added services revenue grew to $2.4 billion, a growth rate of 18% in constant dollars, led by strong growth in consulting and marketing services, issuing solutions, and risk and identity solutions. Operating expenses grew 11%, in line with our expectations, driven by increases in personnel and general and administrative expenses. In our GAAP results, we had $213 million in severance costs related to changes to our workforce, reflecting our efforts to focus investment on the highest growth opportunities for our business as well as accelerating our innovation to better serve our clients. Our tax rate was 17.7%, better than expected due to various items, including a change in our geographic mix of earnings. EPS was $2.75, up 14% over last year, with an approximately 1-point drag from exchange rates and an approximately 0.5-point drag from acquisitions. In Q1, we bought back approximately $3.9 billion in stock and distributed $1.2 billion in dividends to our stockholders. At the end of December, we had $9.1 billion remaining in our buyback authorization. Now, let's move to what we've seen so far in Q2. Through January 28th, driver trends have remained strong. US payments volume was up 8%, with debit up 9% and credit up 7% year-over-year. Processed transactions grew 11% year-over-year. For constant dollar cross-border volume, excluding transactions within Europe, we saw total volume grew 17% year-over-year, travel-related cross-border volume grew 17% year-over-year, and cross-border card-not-present ex-travel volume grew 16%. Now, on to our expectations. Remember that adjusted basis is defined as non-GAAP results in constant dollars and excluding acquisition impacts. You can review these disclosures in our earnings presentation for more detail. For the second quarter, we expect adjusted net revenue growth to be in the high-single-digits to low-double-digits. I would note that the primary difference between Q1 and Q2 adjusted net revenue growth is the lapping of leap year. We expect second quarter adjusted operating expense growth to be in the high-single to low-double-digits. Non-operating income in the second quarter is expected to be negligible. And our tax rate in the second quarter is expected to be around 17.5%. As a result, we expect second quarter adjusted EPS growth to be in the high-single-digits. We have now closed the acquisition of Featurespace and lapped the impact of Pismo in January. For acquisition impacts, we expect a minimal impact to net revenue growth and approximately 1.5-point contribution to operating expense growth and an approximately 0.5-point headwind to EPS growth in the second quarter. Now, let's cover our full year expectations. We now expect full year adjusted net revenue growth to be in the low-double-digits. There are no material changes to our adjusted operating expense growth and non-operating income expectations for the full year. Based on our lower-than-expected tax rate in Q1 and an updated view for the rest of the year, we're lowering our expected tax rate to be between 17.5% and 18%. Taking all of this together, we now expect adjusted EPS growth to be in the low teens. Featurespace and Pismo are expected to have a minimal impact on full year net revenue growth and approximately 1 point contribution to operating expense growth and an approximately 0.5-point headwind to EPS growth. In summary, we're off to a strong start to the year. We remain focused on the execution of our growth strategy for the rest of 2025 and look forward to Investor Day in a few weeks. And now, Jennifer, it's time for some Q&A.

Jennifer Como

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

Operator

Thank you. [Operator Instructions] Sanjay Sakhrani with KBW. Please go ahead.

Sanjay Sakhrani

Thank you. I had a question on the improved outlook. Obviously, the volumes did better and they accelerated. Does the improved outlook assume the growth rate sort of sustain themselves, or maybe you could just go through sort of what the drivers are? Thanks.

Chris Suh

Yeah. Hi, Sanjay. Thanks for the question. Yeah, we feel great about the Q1 results. As I indicated [Technical Difficulty] one quarter in the year, and we'll have more of an update on half two as we get closer to it.

Jennifer Como

Next question, please?

Operator

Thank you. Will Nance with Goldman Sachs. Please go ahead.

Will Nance

Hey, guys. I appreciate you taking the question. I also wanted to follow up on some of the stronger spending results that you've seen. You called out the strong results. That's been pretty evident in the -- in some of the prints so far this quarter. I just wanted to know if there's anything kind of -- when you peel back the onion in some of the data that you guys have, if there's anything obvious that you would attribute this acceleration over the past couple of months toward? I know you called out some things around holiday spending and obviously, there's been a lot of days mix things going on, but we spent, I think, a year talking about ticket size being a headwind. So, I'm wondering how much of this is sort of a new run rate and lapping kind of tougher comps over the last couple of years versus kind of an outright acceleration and kind of spending above trend. Curious if you have any thoughts on that. Thanks.

Chris Suh

Yeah, thanks for the question, Will. Well, let's try to break down -- unpack a little bit, you had a few things in there. We talked about strength in the US and international markets. The strength in the US, we did have a strong holiday. I gave some of those numbers in the prepared comments that you heard about. It also helped discretionary categories, retail, travel, entertainment, and then the lapping of Reg II. That was really the step up that we saw in the US, we feel really good about that. And then, like, we talked about as well across the regions. And so, from a payment volume standpoint, feel really good about that. Cross-border, maybe the added commentary on cross-border was, if you look at e-commerce, e-commerce was up 1 point from Q4, cross-border e-commerce, benefiting from the stronger retail and holiday, and then travel though did step-up by 4 points from Q4, and not just Q4, but maybe the last two quarters, which had been around that same level. We're seeing strong travel results from across all the regions. And so, again, we feel really good about that. But all that said, it's a quarter into the year and we're going to obviously wait to see how Q2 plays out, but we feel pretty good about the outlook into the second quarter.

Jennifer Como

Next question, please?

Operator

Thank you. Darrin Peller with Wolfe Research. Please go ahead.

Darrin Peller

Guys, thanks. Just a couple of two-parts to a question. But first one is really to do with the underlying trends we're going to see through the year with regard to the moving parts on some of your easier lapping given that there were some business as you talked about that should -- that had come off last year that lapse. How does that impact your volume trajectory in the US as the year progresses, we can think about that? Obviously, Reg II started to help already. And then, maybe just a quick follow-up on rebates incentives. I know you talked about this being the higher quarter that we were going to start the year off at. Maybe just if you could help us -- was this in line with your expectations in terms of the results that we saw, or is anything changing around timing on it, or did it really come in as expected? Thanks again, guys.

Chris Suh

Yeah. Okay. Let me try to tackle all three of those things, Darrin. In terms of the full year guide, you are recalling correctly, when we started the year, we talked about sort of the dynamics in half-one and half-two and why we anticipated growth to be accelerating throughout the course of the year. Incentives was part of that story. We are, as we said before, as expected, this is going to be a big year for renewals with more than 20% of our payment volume impacted and starting really meaningfully with that renewal cycle in the first half of the year, that has occurred. You saw incentives grow 13% in Q1 versus the 6% we saw in Q4, that will continue. We anticipate Q2 incentives growth will continue to reflect that renewal cycle. You mentioned Reg II. I think we've covered that. We are lapping what was modest impact from a year ago. And then, there are some lapping benefits from portfolio as well that are more centered towards the second half of the year as well. That all said, again, I just have said it before to the last question when Will asked, it's a quarter into the year. We've reflected the Q1 upside and adjusted our Q2 outlook to reflect that and we'll certainly talk about half-two as we get closer to it.

Jennifer Como

Next question?

Operator

Thank you. Andrew Jeffrey with William Blair. You may go ahead.

Jennifer Como

Andrew, are you there? Operator, maybe we can go to the next caller and come back to Andrew in a bit.

Operator

One moment, please. Andrew, you may go ahead, sir.

Andrew Jeffrey

Hi, thank you. Can you hear me now?

Jennifer Como

Yes. Now we can.

Andrew Jeffrey

I apologize for that. I'm sorry. I wanted to ask on value-added services, given the recent closure of Featurespace and I think some emphasis in Pismo. Can you talk, Ryan, has there been a philosophical change or a change in emphasis perhaps in Visa's value-added services initiatives? And going forward, as we think about greater opportunities in that area, should we think about Visa maybe emphasizing some more security offerings versus processing and gateway? Just trying to frame that up.

Ryan McInerney

Yeah. We continue to be very excited about the progress that we're making in value-added services across the board. There's no change in emphasis as it relates to the priority or the prioritization of kind of the areas where we've been building products and serving clients. So, we continue to be very focused on delivering solutions to merchants and acquirers, very focused on delivering solutions to issuers, very focused on delivering fraud and risk solutions broadly across the ecosystem, as well as our advisory business, I talked about some examples in my prepared remarks. We have had some great acquisitions. The way that we think about acquisitions is we're constantly, kind of, looking for companies around the world that we can bring into our ecosystem, accelerate their growth, accelerate our kind of, products that we're bringing to our clients, and Pismo and Featurespace are two great examples of those. In terms of Pismo, we're having real good success, kind of, with our sales pipeline all around the world. We're having conversations with clients that I don't think Pismo ever would have had certainly not this early in their evolution. And the reason we're able to do that is we're bringing, kind of, the amazing capabilities that Pismo offers together with the deep relationships and partnerships that we have as well as kind of our long track record of delivering resilient solutions to our clients and partners. Featurespace is early, but we're already having a ton of success. I got a ton of great client and partner feedback once we closed that acquisition. We've known Featurespace for many, many years. We partnered with them. We also competed against them. We know their capabilities really, really well. One of the things that you're seeing from us is that we're continuing to take the amazing capabilities that we have at Visa, whether that's our fraud capabilities, our network capabilities, our processing capabilities, we're unbundling those from the Visa stack, we're enhancing them, and then we're delivering them to a broader array of clients and partners, many times unrelated to Visa transactions or the VisaNet platform itself. So we continue to focus on all those areas in value-added service. We continue to have good success. And you'll continue to see us kind of move down this, kind of, program of unbundling our capabilities, enhancing them and delivering them to a much broader set of clients.

Andrew Jeffrey

Helpful, thank you.

Jennifer Como

Next question, please?

Operator

Thank you. Harshita Rawat from Bernstein. You may go ahead.

Harshita Rawat

Good afternoon. So, Ryan, I want to follow up on your comments on kind of this unbundling of the capabilities and ask about Visa A2A. You talked about 10 new RTP network partnerships. What are you hearing from your issuer and merchant customers, Bill Pay is probably an obvious use case. How should we think about the roadmap of use cases, monetization models and also the dynamics vis-a-vis debit in terms of cannibalization? Thank you.

Ryan McInerney

Yeah. You're right. And this notion of unbundling our capabilities is very relevant in the value-added services space for some of the reasons that I mentioned. It's also very relevant in the consumer payment space and Visa Account-to-Account is a great example. A great example where we've unbundled, kind of, our brand and acceptance, our rules in terms of chargebacks, disputes, and returns, and how things work, as well as kind of our risk management capabilities. We've unbundled that from the Visa stack and now we're delivering that to our partners initially in the UK with Visa A2A and then more broadly across Europe and other places over time. We still are on track to launch Visa A2A in early 2025. After we announced it, we've done what we always do, which is have a bunch of great conversations with clients and partners and regulators in the UK. As you mentioned, the initial use case is targeted at Bill Pay, and what we found through those conversations is there's a real need. There is a real need to add the types of processes and rules and the trusted brand that we have to account-to-account payments starting in Bill Pay to give consumers more confidence to use it, merchants more reason and confidence to offer it, and we're excited about it. I mean, obviously, Bill Pay in UK is just the start, but we think that the power of, kind of, taking some of these Visa capabilities into the account-to-account space is going to be a great benefit for our clients and our partners in the ecosystem. You mentioned Visa Account-to-Account, it's a similar story, kind of, on what we've been doing in Account-to-Account Protect, where we've taken our kind of decades of risk experience, our data, our scoring algorithms and unbundled that from, kind of, the Visa stack and we're delivering that to, as I said in my prepared remarks, we're targeting up to 10 RTP networks during the course of this year. I mentioned the banks we're now working with in Brazil to reduce fraud on Pix transactions. We've had great success with Pay.UK in the UK, reducing fraud on account-to-account transactions. And you're going to hear a lot more on -- from other partners and other networks around the world. These two examples are both driven by client needs. I mean that is what drives our innovation agenda, that's what drives our product delivery agenda. We've been hearing from clients all around the world that they're looking for Visa to help them with these types of challenges, both driving account -- safe and secure account-to-account payments around the world. So, very excited about it, and you'll continue to hear more from us on it.

Jennifer Como

Next question?

Operator

Thank you. Our next caller is Timothy Chiodo with UBS. Please go ahead, sir.

Timothy Chiodo

Great. Thank you. I want to dig a little bit into the mix components of the cross-border business. So, you've said in the past that roughly about 60% of it is travel and the other roughly 40% is e-commerce. And I know that evolved a little bit throughout COVID and now into the recovery period. But when we think about the e-commerce component, I believe that some of the Visa Direct-related pieces are sitting there. So, whether it be the remittances that are cross-border or the marketplace payouts. I was hoping you could dig into those two or that broader bucket. If there's any rough growth rates or growth contribution or sizing? And if not, just any general comments around that aspect of the cross-border business?

Chris Suh

Yeah. Thanks for the question, Tim. Yeah, let's unpack that as well. We've been doing some unpacking here. In terms of e-commerce, you had the mix that you shared is the mix that we've shared in terms of travel and e-commerce, with e-commerce having sustained slightly better over the last few quarters. Obviously, this quarter, the two growth rates converged. That was good to see. And within that, Visa Direct does have a cross-border component, Visa Direct cross-border -- we talked about Visa Direct transactions growing 34%. The cross-border portion of that is growing much faster. It's obviously a small portion of the total transactions. It's growing much faster than that. And so, we continue to appreciate that Visa Direct in total, the momentum is great and continues to be a really good opportunity. But yeah, when you add it all together, we're seeing great growth across e-commerce and cross-border. And as you know, the yields are accretive as well.

Ryan McInerney

Yeah. The only thing I'd add is like in the very big scheme of things, with all the success we're having in cross-border Visa Direct, which is great and we are having great success, it's still a very small portion of our cross-border transactions and payment volume around the world in the big scheme of things.

Jennifer Como

Next question, please?

Operator

Thank you. James Faucette with Morgan Stanley. Please go ahead.

James Faucette

Hi, thanks. I wanted to just follow up a little bit on the cross-border question. How much benefit -- in the past, we've seen different periods when cryptocurrencies have done well, that also helped the cross-border kind of e-commerce component. I wonder how much of an uplift you saw from that. And I guess tied in with that, as we've seen kind of growth rates decelerate a little bit here in January, what's your current visibility on particularly travel and what are you seeing around bookings there? Any color you can provide on those two things would be great. Thanks.

Ryan McInerney

Hi, James. Crypto. So, how and where does crypto impact our business? Well, there are a few ways that crypto can show up in our underlying drivers, but typically, when we see an impact, we do see it in our cross-border e-commerce volumes. I talked about some of the drivers of that this quarter relative to Q4. But obviously, given the recent demand and sort of activity around crypto, it is a modest benefit, I would say, to our cross-border e-commerce, but it's one of the smaller benefits. I talked about sort of the other things that impact that. And so that's where we do see it typically.

Jennifer Como

Next question, please?

Operator

Thank you. Jason Kupferberg with Bank of America. Please go ahead.

Jason Kupferberg

Thank you, guys. I wanted to touch on tokenization for a minute. I think you said number of tokens were up 44% in the quarter. Obviously, a pretty robust number. So, if you can just give us a general update on tokenization strategy and any potential timing or magnitude of actual monetization opportunity from tokenization? Obviously, understanding the benefits of it from a fraud and security perspective, but just wondering if there's any direct monetization we should be thinking about.

Ryan McInerney

Happy to talk about tokens. You did get the number right and we agree that it's significant. Let me just step back and maybe put the whole token kind of roadmap in perspective. Visa network tokens have been and will be one of our most important investment priorities across the company. We -- in many ways, we led the wave of token innovation and adoption. It's been -- I think it's been about a decade since we issued the first Visa token. And I remember, I think in 2020, we got to 1 billion tokens. And that was a big milestone. But in hindsight, like we were really just approaching the beginning of the steep part of the S-curve. You go back to what you said about 44% growth. So, we've now got more than 12.5 billion tokens across the ecosystem. We got 8,400 issuers around the world that are issuing them in 200-plus markets around the world. And we've got a third of all Visa transactions that are now tokenized. We did 21 billion, 22 billion token transactions in the last quarter. And as you alluded to, the adoption is proliferating because the performance improvement is meaningful. If you just look at e-commerce, on tokenized transactions, we have 6 percentage point higher approval rates. That is significantly higher sales for our merchant partners, and 30% reduction in fraud rates, which is good for everybody in the ecosystem. It's also -- tokens have become one of our most important platforms for enabling innovation. For example, I think it was last quarter I talked about in Europe, we're using tokens to simplify the e-commerce checkout experience. We've embedded FIDO pass keys via Visa tokens into Click to Pay, and we're making e-commerce checkout as easy as it is that you and I unlock our phone with our face or fingerprint. So that's an example of tokens being a platform to drive innovation around the world. They're also a critical enabler of our value-added services. And those we deepen relationships with our partners and we also grow revenue. To your question around monetization, what would be a couple of examples? We've got merchants that are using our token credential enrichment service. So, we embed this in Visa tokens, so that we continually update Visa credentials for merchants that subscribe to this service, and then they don't have to worry about consumers updating their credentials when their cards expire, so they don't miss a subscription renewal or a sale, and we are revenue for that service. We also offer a service, if you think about on the issuer side, that allows our issuers to create a heatmap of all their consumers' tokens across the entire ecosystem. And they pay for this service from us so that they can enable their customers to add, view and manage their Visa cards across merchants that they use in their daily lives. So, we have a vast array of services that we both ship and that we're building and plan to ship built on our tokens. And the revenue that we generate from these token-enabled services is meaningful, and it will be even more meaningful going forward.

Jennifer Como

Next question, please?

Operator

Thank you. Bryan Keane with Deutsche Bank. Please go ahead.

Bryan Keane

Hi, thanks for taking my question. Ryan, I just want to ask about X Money. How long does a project like that take for you guys to implement with X? Any kind of idea on how fast and how much volume that might ramp? And any thoughts on economics? I assume it's just kind of Visa Direct type transactions. Thanks.

Ryan McInerney

Yeah, I think the X partnership is a great example in what's been a kind of long list of fintech and big tech, crypto, digital wallets, social messaging apps and the like that have looked around at their options and concluded that the Visa platform, the Visa network and the Visa network of networks is kind of the best, most reliable, biggest money movement platform that's really engineered to enable their developers to quickly implement the types of solutions that they're looking to implement. And it's another great step in that journey that we've been taking. As you said, the partnership is built on the Visa Direct platform. It's going to allow the 600 million or so active monthly users of X to fund their X Money accounts, so they move money into it. They're going to be able to transfer funds back to their bank account instantly from their X Money account. There's going to be creators on the X platform that can now get paid much faster when they use Visa Direct to move money back into their bank accounts. So just -- it's a great credit to the partnership between our team and the X Money team and building out those use cases and we're just excited to continue to expand the number of use cases on our platform.

Jennifer Como

Next question, please?

Operator

Thank you. Dominick Gabriele from Compass Point. You may go ahead, please.

Dominick Gabriele

Hey, thanks so much for taking my question. I was actually just curious if you heard through your partners on either the consumer or commercial side, if the threat of tariffs pushed up any commercial spending or consumer spending and if you've tracked that in the past? Thanks so much.

Ryan McInerney

Yeah. We haven't seen anything directly related to that. And I think just like, I guess, broadening the question a bit. I think on tariffs broadly, we're going to have to wait and see what happens. I think it's going to be very difficult to predict what's going to get implemented, where it's going to get implemented. And as we see these things potentially get implemented, we'll have a better sense on what impact it has for our business and we can let you know then.

Jennifer Como

Next question, please?

Operator

Thank you. Bryan Bergin with TD Cowen. Please go ahead.

Bryan Bergin

Hi, good afternoon. Thank you. I wanted to ask on commercial. I think I got 6% growth, so 1 point improvement there quarter-on-quarter. Can you talk more about the trends in commercial spend in 1Q and further improvement expected or I guess, sustainable here in the '25 outlook relative to what you saw in '24?

Chris Suh

Thanks for the question. You got the numbers right. Commercial volumes were up from Q4, a little over 1 point. And that Q1 growth was aided by a couple of things, favorable days mix in the US and internationally, which was the inverse of what I talked about in Q4 where days mix was a little bit of a headwind. I also referenced stronger commercial cross-border volumes as well. And maybe the third one, it's small, but there was less of a drag from ATS as it continues to evolve. I also referenced strong results from client portfolios that helped cross-border volumes in Europe and AP that also benefited commercial. This all contributed nicely to our strong new flows revenue performance. That is a trend that we -- in terms of commercial volumes, that is embedded into -- our expectations are embedded into our Q2 guidance. We anticipate they remain steady, stable, and strong through the remainder of the year.

Jennifer Como

Next question, please?

Operator

Dan Perlin with RBC Capital Markets. Please go ahead.

Dan Perlin

Thanks. I was wondering if you could just speak to the point around the strength of the dollar and really like the purchasing power parity associated with that. So for -- I guess it plays into cross-border, obviously for outbound US, but higher for people to come into the United States, but also just in terms of just spending patterns. I mean, obviously, this is going to be a strong period for a little while. And I'm just wondering to what extent there is a proportional benefit to your business. Thank you.

Ryan McInerney

Yeah. I mean clearly, the dollar has strengthened meaningfully and quickly. You got it right, which is all else equal with a stronger dollar, you have stronger purchasing power for Americans outside of America. In kind of historical periods where we've had a stronger dollar, we have ultimately seen that lead to some travel patterns for outbound from the US. The opposite of that is, obviously, it's more expensive for people to travel to the US. In kind of again historical periods of relatively stronger dollars, we've seen some shift in travel patterns of people who might otherwise have traveled to the US going to other places around the world. Having said that, it's still early. This particular situation we're going to have to monitor. And even though in past times, you have seen some changes in travel corridors as a result of a strengthening dollar, we typically have seen the travel spending overall remain consistent. People just plan their holidays in different places around the world, but that takes time. We're only -- we're a pretty short period into this stronger dollar period so far. So, assuming we stay at this point, we'll be able to give you more insight next quarter and future quarters.

Jennifer Como

Next question, please?

Operator

Andrew Schmidt with Citi Global Markets. Please go ahead.

Andrew Schmidt

Hey, Ryan. Hey, Chris. Thanks for taking my questions. I just wanted to ask on the regulatory environment in the US. Obviously, a new regulatory regime here. Wondering just your view on that and just conversations maybe you've had with issuers or other parties, just trying to get a better sense. I know there's a few things going on in the US obviously. I'm curious how you're feeling. Thanks so much.

Ryan McInerney

Yeah. We're optimistic. Our clients are optimistic. And I think what we've heard so far is that the administration wants to move quickly to reduce and simplify regulations and they're doing it kind of with a goal of spurring economic growth, efficiency, innovation, all very good things. So, we're optimistic that these changes are going to reduce the regulatory burden for businesses in general in America, which is good for America and ultimately should be good for Visa. We're optimistic as our clients are that they're going to reduce the regulatory burden, specifically in the financial sector, which will in turn help our FI clients accelerate digital payments and, in general, run their businesses more efficiently and more effectively, which is very good for them, which is in turn good for us. So, we're optimistic, but again, it's early and we just have to see what gets implemented, where it gets implemented, and how quickly it does.

Jennifer Como

Next question, please?

Operator

Craig Maurer with FT Partners. Please go ahead.

Craig Maurer

Yeah, hi. Thanks for taking the question. I wanted to go back to some of the big deal renewals you discussed early in the call and ask about the interplay of the different revenue lines in these renewals. What I'm trying to understand is, you're obviously making pricing concessions when you make these large -- when you enter into these large renewals or deal expansions. To what degree are you able to make-up for that with other revenue or VAS being sold into these issuers? And I know this is complicated, but how much is that accounting for the expansion we're seeing in some of the other revenue? Thanks.

Ryan McInerney

Yeah. First, just reflecting on this quarter, the last quarter, as you've seen, we've just been having great tremendous success with clients all over the world. And they continue to choose Visa because of our brand, because of our products, because of our innovation, because of our people, but increasingly because of our value-added services and because of our CMS or new flows capabilities. And I guess, I would answer your question this way. When we engage and our teams engage with partners on these types of renewal extension, new business deals that you're talking about, it is vastly different than it was three or four years ago. The types of conversations that we're having with our clients are much more multifaceted. They're very rich conversations about a broad array of services that we can provide them, one of which is, of course, network services for their debit cards and credit cards. But in a much more significant way, we're having conversations about processing, about services, about fraud and risk services, about ways that as part of a multifaceted agreement we can expand from historical relationships in consumer payments to small-business cards, commercial cards, fleet-specific priorities -- I'm sorry, specific priorities around fleet, for example, or around agricultural verticals or different types of B2B verticals. It's just a -- it's a very different sales motion. It's a very different type of negotiation, but importantly, as you alluded to, it involves a lot of different revenue levers than we historically would have had. So, it varies from client to client and market to market and what's important to them, but our teams are increasingly having success building on deep relationships historically in consumer payments and taking the opportunity of these renewals to really expand our partnerships, especially into new flows opportunities, into VAS opportunities, deepening our relationship with those partners and creating new revenue growth opportunities.

Jennifer Como

Next question, please?

Operator

Jeff Cantwell with Seaport Research Partners. Please go ahead.

Jeff Cantwell

Great. Thank you. Does the news this week on DeepSeek influence how you're thinking about your business strategy, possibly in terms of whether you're thinking about stepping up the usage of AI to help with managing internal cost or maybe in terms of whether you're thinking about using AI as a tool to support your growth and unlock new revenue opportunities? Because it does appear from an outsider's perspective, AI potentially could help improve operating efficiency and might even perhaps support some of your revenue areas like authorization or fraud prevention. So, wanted to ask you for your view on what DeepSeek and the rise of AI generally means for Visa as far as strategy and where do you see opportunity going forward? Thanks.

Ryan McInerney

Yeah, we agree with you. Everything that's happening in the world, whether it's DeepSeek or the many, many things that have happened before or will happen after it, all are examples of opportunities for us broadly across Visa. We were very early adopters of artificial intelligence and we continue to drive hard at the adoption of generative AI as we have for the last couple of years. So, we've been working to embed AI and AI tooling into our company's operations, I guess, broadly we've seen material gains in productivity, particularly in our engineering teams. We've deployed AI tooling in client services, sales, finance, marketing, really everywhere across the company. And we were a very early adopter of applied AI in the analytics and modeling space. Very early by like decades, we've been using AI in that space. So, our data science and risk management teams have, at this point, decades of applied experience with AI and they're aggressively adopting the current generations of AI technology to enhance both our internal and our market-facing predictive and detective modeling capabilities. Our product teams are also aggressively adopting GAI to build and ship new products. I think I talked last quarter about data tokens, that's a great example. And just as the Internet itself fundamentally changed the way that we all shop and buy and the way commerce works itself, we deeply believe that AI is going to be a driving force that is going to change the way digital commerce works. And we have an amazing team of people that are working really hard to ensure that Visa plays a central and sustainable role in the next version of digital commerce, and I think we'll have more to say about that in future quarters.

Jennifer Como

Last question, please?

Operator

Thank you. Tien-Tsin Huang from JPMorgan. You may go ahead.

Tien-Tsin Huang

Hey, thanks. I'll close it out with a question and a clarification, if you don't mind. Just on the question, with Asia-Pac, it looks like that's the only laggard again as a region, otherwise growth was really good. Any change in outlook for Asia-Pac? And with the usual macro versus structural question there, just curious if there's any change in thinking the region. My clarification was just on the restructuring. Was that contemplated in your prior guide and will -- I presume that the savings that you get from that will be reinvested pretty quickly. Sorry if I missed that. Thank you.

Chris Suh

Great, Tien. Okay, let me quickly get to it. Maybe the latter one first, just to clear it, restructuring, it reflects -- we took -- we recorded a charge this quarter. It's reflected in the guide for the full year. It's really focusing our expenses. We don't expect another charge this year. And sorry, remind me your first question again.

Ryan McInerney

Asia-Pac.

Chris Suh

Asia-Pacific, yeah, sorry. So, AP growth, I think you characterized it right. It is moderately up from Q4, about 1 point, a little bit more than 1 point, but it still reflects a somewhat muted environment. So, it's growing at 1% in total, moving in the right direction, but still quite muted.

Jennifer Como

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

Operator

Thank you all for participating in Visa's fiscal first quarter 2025 earnings conference call. That concludes today's conference. You may now disconnect at this time, and please enjoy the rest of your day.