

GLOBAL RISK MANAGEMENT INSTITUTE

CREATING  
**RISK**  
INTELLIGENT  
PROFESSIONALS



**GRMI**

**GLOBAL RISK  
MANAGEMENT  
INSTITUTE**

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PROGRAMME  
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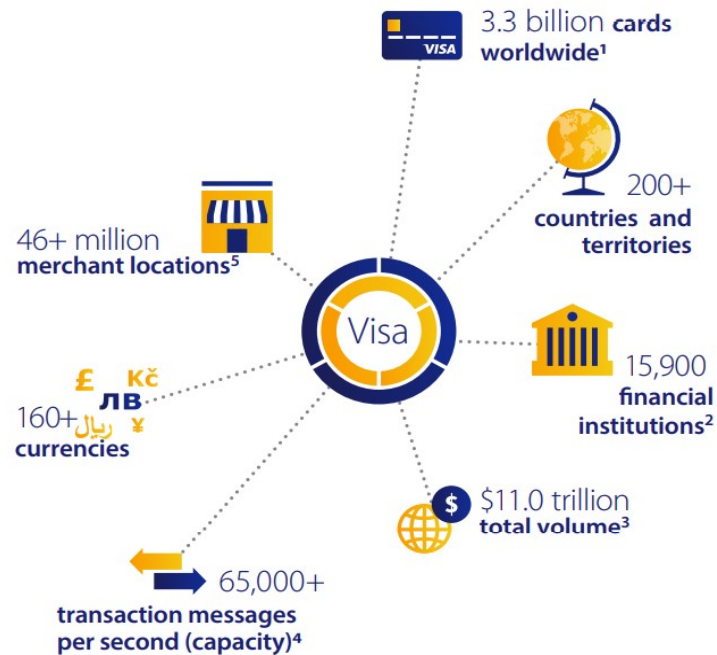
# ***CONTENT***

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- Visa Inc. is an American multinational financial services corporation headquartered in Foster City, California, United States.
- It was launched in September 1958 by Bank of America (BoFA) as the BankAmericard credit card program
- Global payments technology company working to enable consumers, businesses, banks and governments to use digital currency.
- Connect consumers, businesses, banks and governments in more than 200 countries and territories worldwide.
- Visa does around 1,700 transactions per second on average

# ABOUT



- 50 years ago, Visa had a vision: To provide consumers, businesses, and governments around the world with a better form of payment. The technology behind this vision is **VisaNet**, a *proprietary transaction processing network*.

VisaNet supports economic empowerment to people, businesses, banks, and governments in 200 countries and territories.

## ***BUSINESS STRATEGY***

- Visa's strategy is to aggressively expand its presence in *contactless payments, e-commerce, and other digital vehicles.*



Optimum protection by  
chip and PIN



Pay contactless, quickly  
and securely



Pay via smartphone or  
tablet

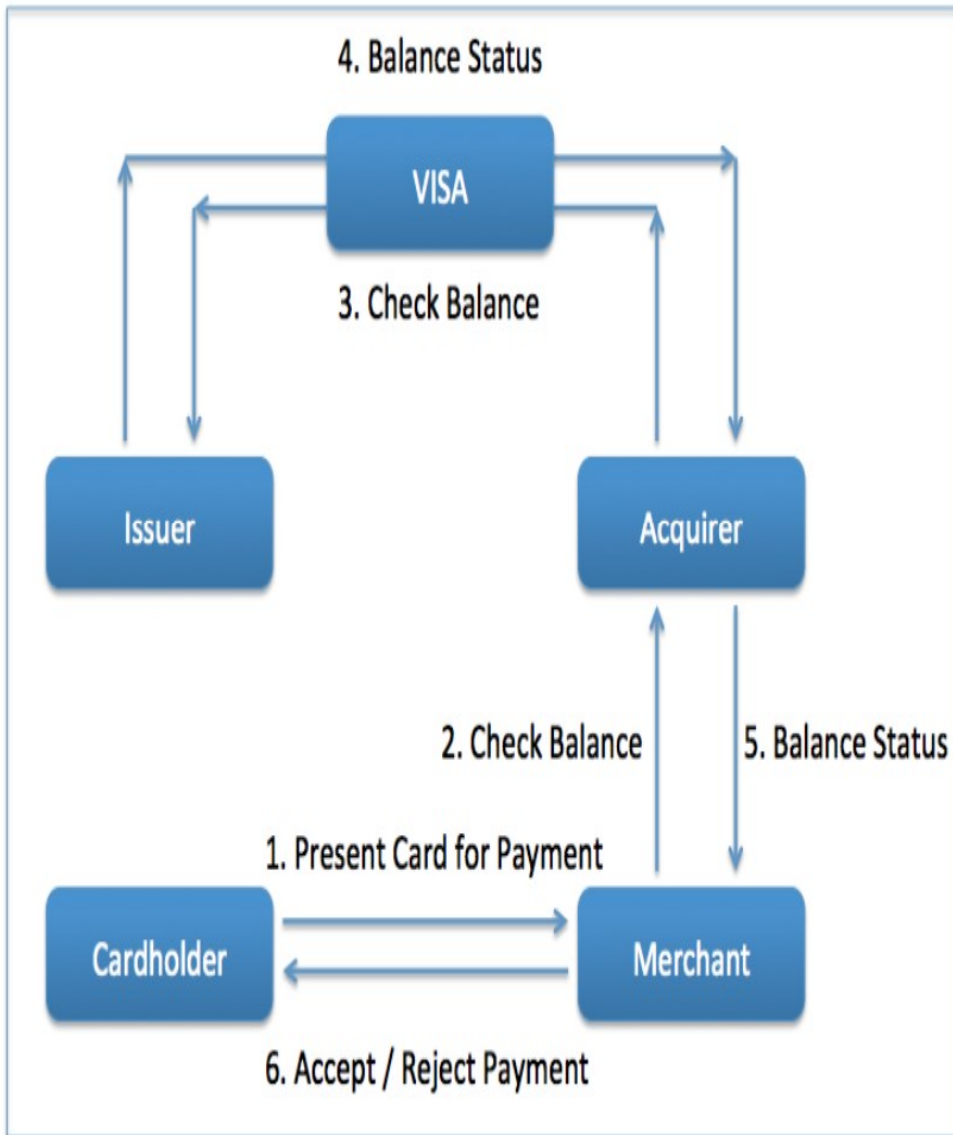


Buy on the Internet  
worldwide

- VISA business model is very different from a traditional business model.
- VISA is a great example of a **“Multi-sided Platform” business model pattern**. The platform induces “cross-side” network effects.

*The more the cardholders use VISA cards, the more the merchants will accept it and vice-versa.*

# HOW VISA Inc. WORK



VISA is a Technology company providing *global payment solutions* to the banks.

Its **payment product platforms** are used by the banks to develop credit and debit card programs for their customers.

VISA does not issue credit cards or extends credit to the consumers.

Instead, it operates an **“Open-Loop Payments Network”** to manage the exchange of information between different financial institutions.

THE COMPLETE ECO SYSTEM:-

- *Cardholders* are the individuals
- *Issuers* are the financial institutions that issue [Visa cards](#) to the cardholders
- *Merchants* are the businesses that accept Visa cards
- *Acquirers* are the financial institutions that solicit merchants to accept Visa cards.

# BUSINESS MODEL CANVAS

<b>KEY PARTNERS:</b>	<b>KEY RESOURCES:</b>	<b>KEY ACTIVITIES:</b>	<b>VALUE PROPOSITIONS:</b>	<b>CUSTOMER SEGMENTS:</b>
<b>TECH. ALLIANCES</b>	<b>PAYMENT PRODUCT PLATFORMS</b>	<b>PAYMENT NETWORK MANAGEMENT</b>	<b>PAYMENT PRODUCTS FOR CARDS</b>	<b>FINANCIAL INSTITUTION (ISSUERS)</b>
<b>COMMERCIAL PARTNER</b>	<b>CHANNELS:</b>	<b>TRANSACTION PROCESSING</b>	<b>PROGRAMS AND CASHLESS PAYMENTS</b>	<b>FINANCIAL INSTITUTION (ACQUIRERS)</b>
	<b>SPONSERSHIP(FIFA, OLYMPICS)</b>	<b>VALUE ADDED SERVICE</b>	<b>CONVENIENCE, SECURITY REWARDS</b>	<b>CARD HOLDERS</b>
<b>COST STRUCTURE</b>	<b>TV ADS,TRADE SHOWS,CONFERENCE</b>		<b>REVENUE</b>	
<b>PERSONAL COMMUNICATION LITIGATION PROVISION</b>	<b>NETWORK,EDP &amp; BRAND PROMOTION</b>		<b>SERVICES REVENUE</b>	<b>DATA PROCESSING</b>
			<b>INTERNATIONAL REVENUE</b>	

# SWOT ANALYSIS





# ***VISA products and services***

While best known for its Visa credit card used by millions of consumers, the company provides an unusually broad range of services. That includes authorization, clearing, and settlement services for financial institutions and merchants; and credit, debit, and prepaid card services to consumers and businesses.

**1.Products:** Visa-branded Credit cards, Debit cards, Commercial Cards, and Prepaid cards; Mobile and Money Transfer products

**2.Services:** Authorization, Clearing, and Settlement services; Mobile financial services, such as mobile payments, money transfer, and top-up services

# ***HOW VISA MAKE MONEY?***

- Visa makes its profits by selling their services and working as a middleman between financial institutions merchants and customers
- Visa also makes money on payment volumes transaction processing
- Offers Value-added services such as risk management, debit issuer processing, loyalty services, dispute management, and value-added information services.

To understand how it works lets see;

# HOW VISA MAKE MONEY? (CONT....)

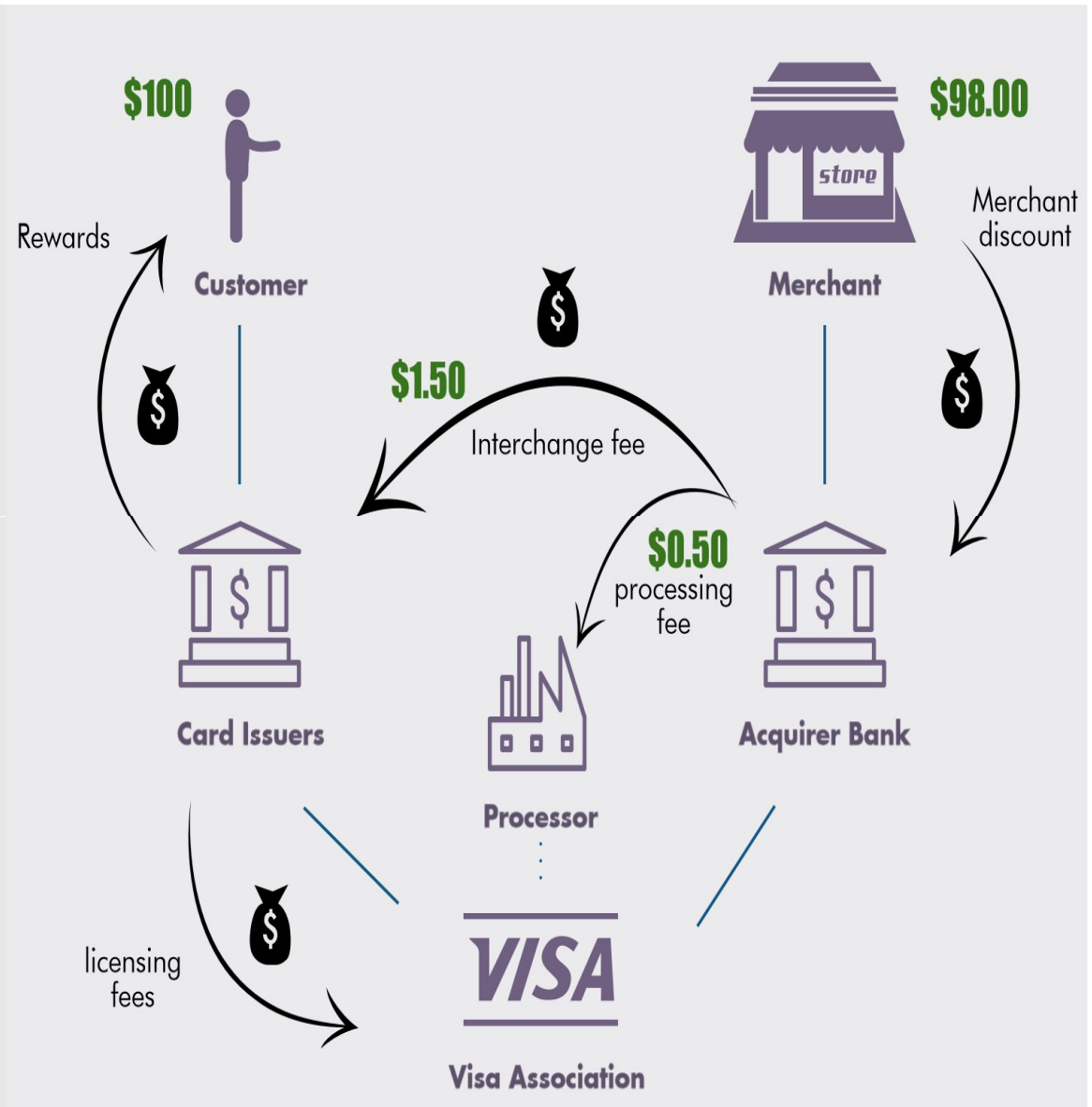
Imagine a \$ 100 payment from a cardholder to the merchant.

In case the merchant fee is 2%, the merchant would get Rs 98 from the transaction. \$ 2 would get unevenly split between issuer and acquirer, depending upon the interchange fee.

The issuer will keep \$1.50 and the acquirer will keep \$0.50.

Issuer gets to keep more of the merchant fee because of a higher risk of payment default from the cardholder

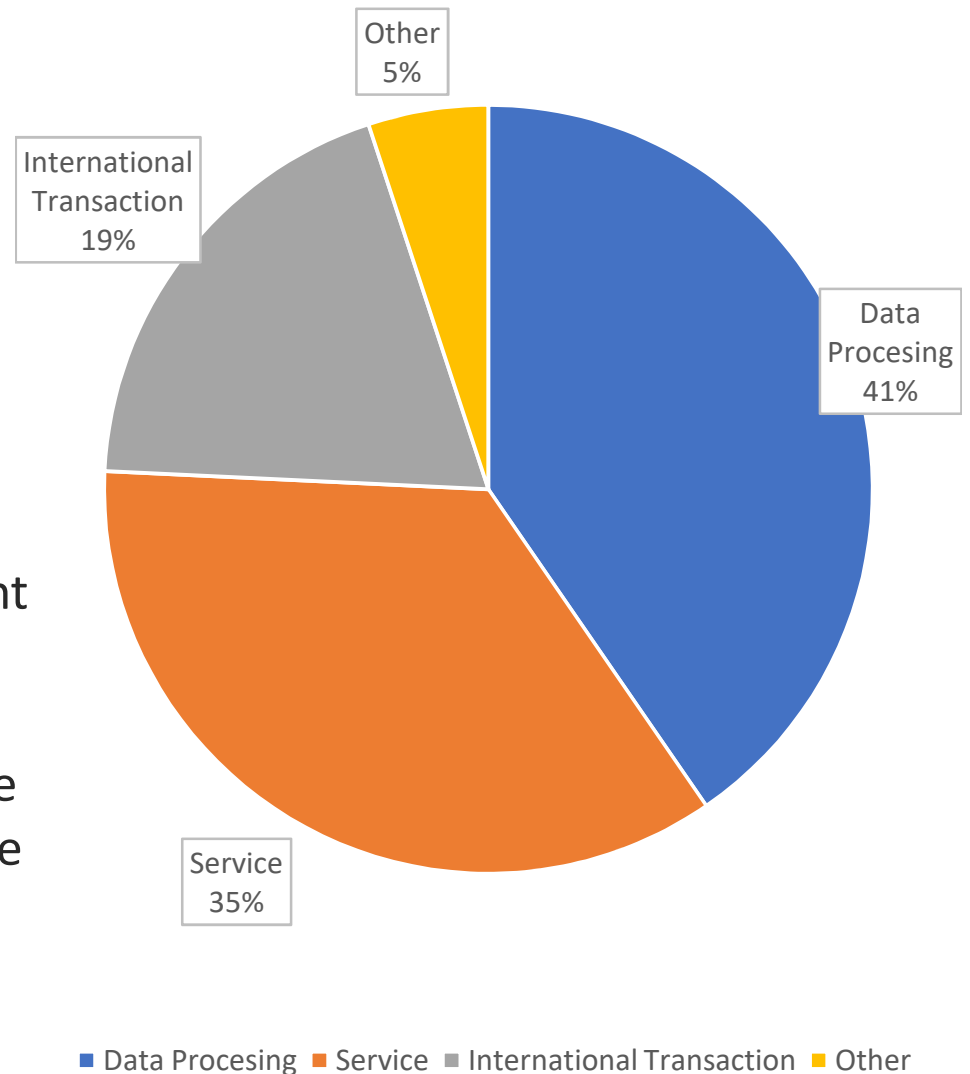
**\* VISA makes money on payment volumes, transaction processing, and value-added services.**



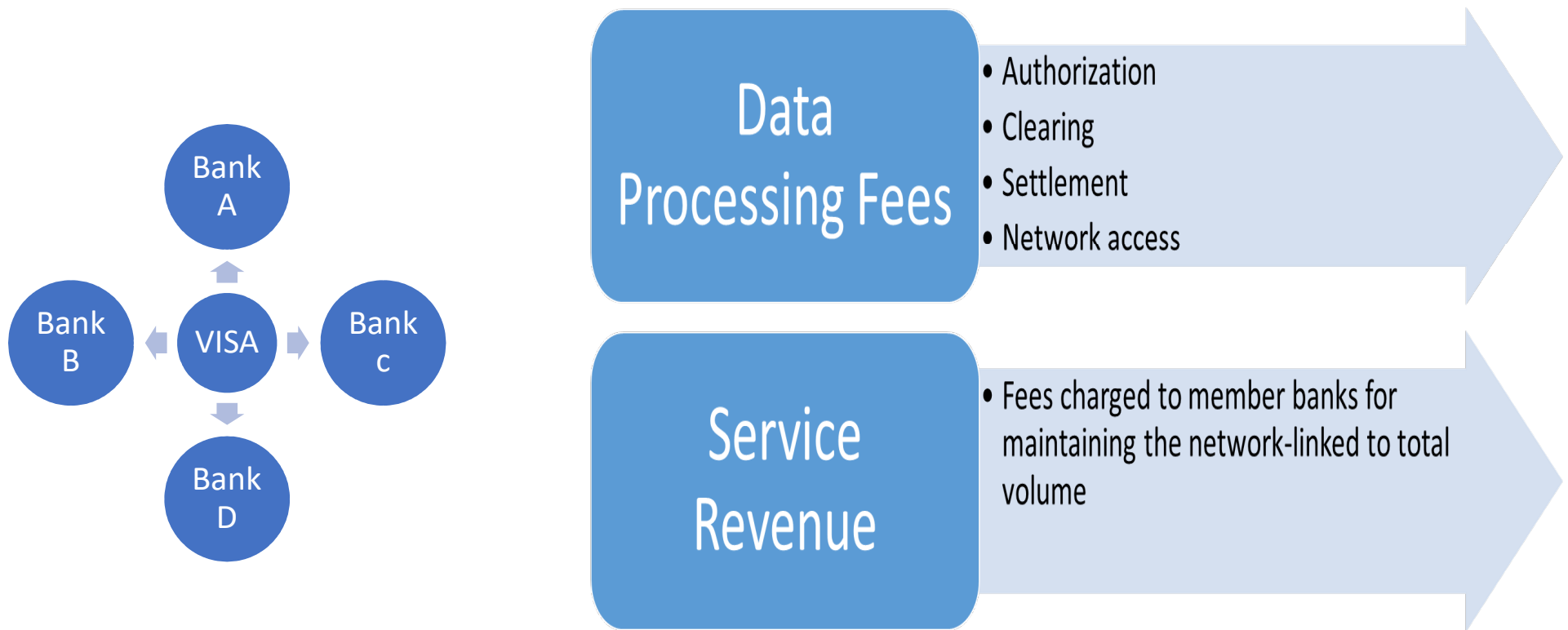
# Visa's Business Segments

VISA captures value through the following revenue streams: (The Four-party payment model)

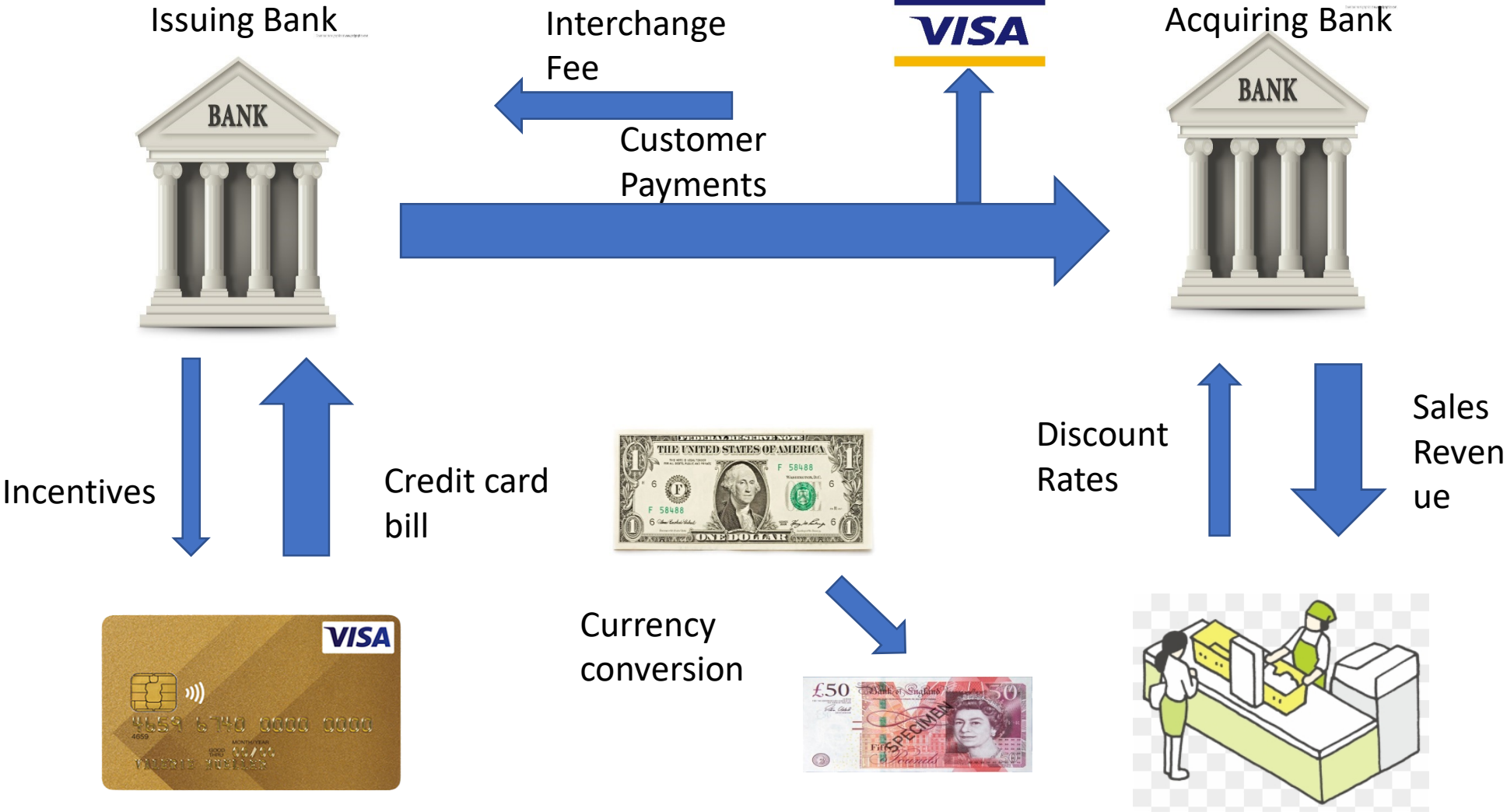
- 1. Service revenues** from banks for their participation in card programs;
- 2. Data processing revenues** for authorization, clearing, settlement, and transaction processing services;
- 3. International revenues** from transactions where the cardholder issuer country is different from the merchant's country.
- 4. Other revenues:** These are revenues generated through license fees for usage of the Visa brand; Visa Europe; account holder service fees; licensing and certification; and other activities.



# Data Processing and Service Revenue



# International transaction revenue



# ***KEY STAKEHOLDERS***

- SHARE  
HOLDERS
- B.O.D
- EMPLOYEES
- CUSTOMER
- MERCHANTS
- BANKS
- ISSUERS
- GOVERNMENT
- BRANDS
- COMPETITORS
- MEDIA

# ***STAKEHOLDERS & IMPACT***

<b>KEY STAKEHOLDERS</b>	<b>IMPACT</b>
SHARE HOLDERS	REPUTATIONAL LOSS
B.O.D	REPUTATION LOSS
EMPLOYEES	JOB LOSS
CUSTOMER	DISTRUST & UNSATISFACTION
ISSUERS	MONETARY LOSS
MERCHANTS	BUSSINESS LOSS
GOVERNMENT	MONETARY, CREDIBILITY LOSS
BANKS	FINANCIAL LOSS
BRANDS	MONETARY LOSS



# VISA STAKEHOLDERS AND VALUE

STAKEHOLDERS	VALUE
CARDHOLDERS	CONVENIENCE, SECURITY AND REWARDS
MERCHANTS	CONVENIENCE WHICH IMPROVED SALES
BANKS(ISSUERS & ACQUIRERS)	NEW REVENUE STREAMS (CARD FEES, LATE PAYMENT INTEREST AND TRANSACTION FEE CUTS)

# ***MAJOR RISK FACTORS***

## **■ LEGAL & REGULATORY RISK:-**

- Government-imposed obligations and/or restrictions on international payment systems may prevent us from competing against providers in certain countries, including significant markets such as China, India and Russia.
- Laws and regulations regarding the handling of personal data and information may impede their services or result in increased costs, legal claims, or fines against them.
- Increased scrutiny and regulation of the global payments industry, including with respect to interchange reimbursement fees, merchant discount rates, operating rules, risk management protocols and other related practices, could harm their business.

## **■ TECHNOLOGY AND CYBERSECURITY RISK:-**

- Failure to anticipate, adapt to, or keep pace with, new technologies in the payments industry could harm their business and impact future growth.
- A disruption, failure or breach of their networks or systems, including as a result of cyber-attacks, could harm their business.

# ***MAJOR RISK FACTORS (Cont....)***

## **■ OPERATIONAL RISK:-**

- Additional regulatory requirements, including, for example, government initiatives or requests to reduce or eliminate payments fees or other costs.
- Cross-border volume continues to be heavily impacted by the decline in travel. International cross-border transaction revenues represent a significant part of their revenue.
- The closings and/or failures of a large number of these businesses could result in financial stress on their acquiring partners.(retail, travel and hospitality industries)

## **■ REPUTATIONAL RISK:-**

- Financial losses to B.O.D and Institution may impact reputation of the firm.
- Social media can also amplify reputation risk as users can spread informational quickly that may or may not be accurate.
- Loss of confidence in the firm's financial soundness
- A perception of lack of fair dealing with stakeholders.

## ***MAJOR RISK FACTOR (Cont....)***

### **■ BUSINESS & MARKET RISK:-**

- Due to COVID-19 outbreak and measures taken in response there to impact business
- Results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict.
- The COVID-19 outbreak has also impacted scheduled events in which Visa is a sponsor as event organizers. This has caused them to make modifications to some of their planned activities and has impacted some of their marketing initiatives.
- Intense competition in their industry.
- VISA revenues and profits are dependent on their client and merchant base, which may be costly to win, retain, and maintain
- They depend on relationships with financial institutions, acquirers, processors, merchants, and other third parties.
- Their business could be harmed if they are not able to maintain and enhance their brand, if events occur that have the potential to damage their brand or reputation, or if they experience brand disintermediation.
- Global economic, political, market, health and social events or conditions may harm their business.

## ***MAJOR RISK FACTOR (Cont....)***

### **■ STRUCTURAL & ORGANIZATIONAL RISK:-**

- They may be unable to attract, hire, and retain a highly qualified and diverse workforce, including key management.
- Disruption to their ongoing business, including diversion of resources and management's attention from their existing business.
- Difficulty, expense or failure of implementing controls, procedures and policies at the acquired company
- Failure to retain employees, clients or partners of the acquired business
- Negative impact on their financial position and/or statement of operations
- The economic, political, regulatory and compliance risks associated with entering into a new business or operating in new regions or countries.

# ***NEW AGE BUSINESS RISK & DISRUPTION FROM THEM***

Entering of new payments and credit methods in Market like:-



**PAYZAPP**



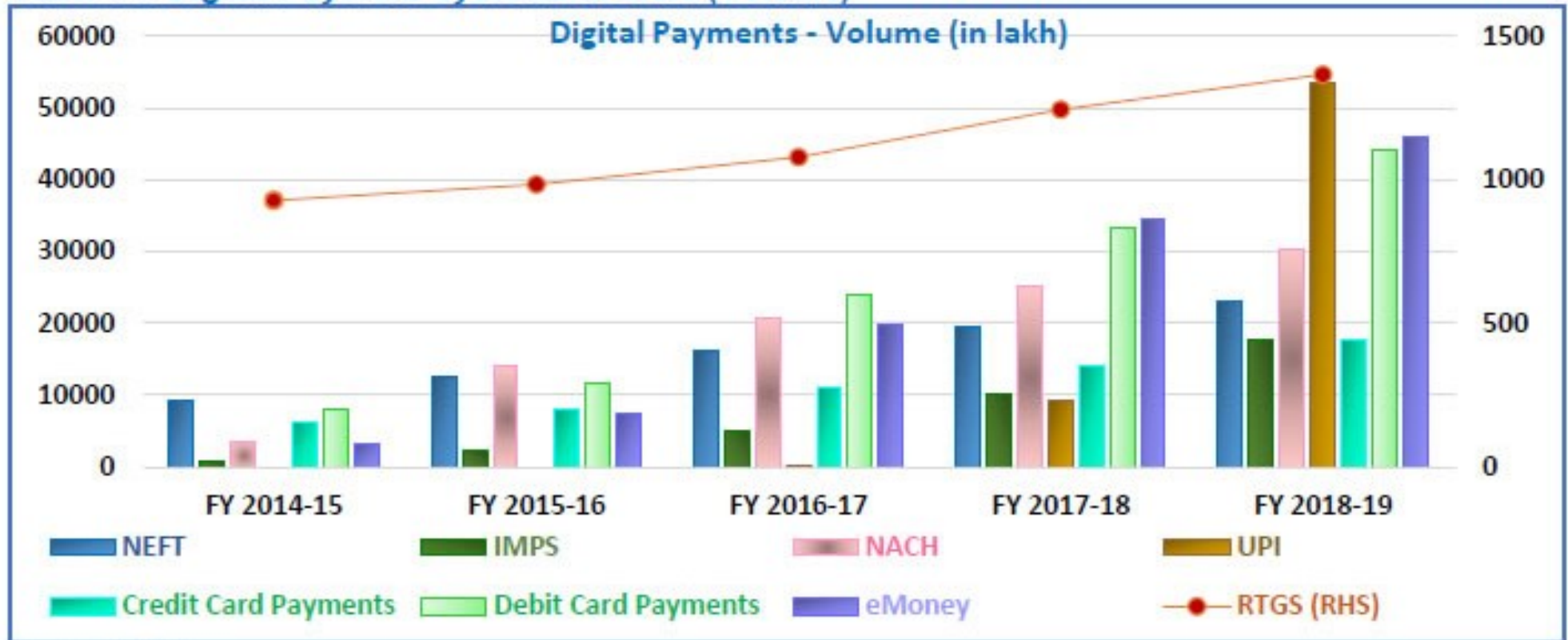
Paytm Postpaid



***Will It Lead VISA Going Down??***

# FACTS

Table 14: Digital Payment Systems in India (Volume)



Source: RBI Data



## ■ HOW THEY ARE DEALING WITH THIS:-

- Universal acceptance
- **Visa** digital wallet
- Contact less tech. from phone (Wi-Fi)
- **Offers** in card payments
- **Visa** supports funding **wallet** accounts
- Cashing out stored funds.
- Virtual Card
- Taking advantage of high networking coverage area.

# Competitors



AMERICAN EXPRESS



stripe





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**Thank  
you!**

