

# How Visa Can Maintain Its Moat

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## Summary

- Visa has a large moat as the company dominates credit and debit card transactions.
- New technology represents competitive pressure.
- Visa's relationship with PayPal demonstrates how the company can maintain its moat in the face of new technology.

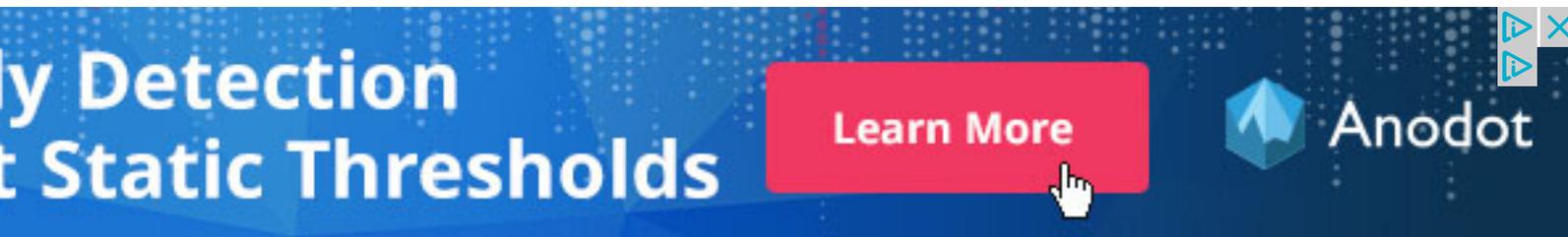
There is no doubt that Visa (NYSE:V) currently dominates the credit/debit card business. This is evident in The Nilson Report, which shows that Visa and Visa Europe account for 55.52% of all purchase transactions worldwide. Visa gets 35.5% of the market for debit card transactions as compared to MasterCard's (NYSE:MA) 13.13%. Visa gets 20% of the market for credit card transactions as compared to MasterCard's 13.14%. Union Pay, American Express (NYSE:AXP), and others have lower market share in the single digits or lower.



New technology in the form of mobile payments represents a competitive threat for Visa on the surface. However, Visa has an effective way of partnering with the players in the mobile payments business to maintain its strong moat. Visa's partnership with PayPal demonstrates how the company can maintain its moat in the face of new technology.

It is just as easy in my opinion to whip out a physical credit card to pay for transactions as it is to use mobile options such as Apple Pay (NASDAQ:AAPL), Google Wallet (NASDAQ:GOOG), PayPal (NASDAQ:PYPL), or similar apps. Regardless of what others find as easier or more convenient, Visa card information is used for Apple Pay and Google Wallet. Therefore, Visa is earning transaction fees for those Apps. Visa typically gets involved with new payment technology.

Visa has been concerned with PayPal as PayPal was previously steering users away from using Visa cards. This makes sense for PayPal as the company earns more when users link to bank accounts instead of credit cards. However, Visa stated that the agreement with PayPal will create a better user experience for account holders and merchants since it gives customers more choices.



A banner advertisement for Anodot. The background is dark blue with a pattern of white dots. On the left, the text "y Detection" and "t Static Thresholds" is visible in white. In the center, there is a red button with the text "Learn More" in white, and a white hand cursor icon pointing at it. On the right, there is the Anodot logo, which consists of a blue cube icon and the word "Anodot" in white. In the top right corner of the banner, there are small icons for a play button, a close button (X), and a refresh button.