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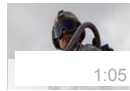
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# Visa at New Highs as Nomura Sees Western Union Value Trap

By Peter Eichenbaum - Mar 25, 2013 12:20 PM ET

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**Visa Inc. (V)** climbed to a record high after **Nomura Holdings Inc.** said a long-term global shift away from cash would help the bank-card network at **Western Union Co. (WU)**'s expense.

Visa advanced \$2.70, or 1.7 percent, to \$162.79 at 11:52 a.m. in New York. The shares earlier touched \$162.92, the highest intraday price since the Foster City, California-based company's March 2008 **initial public offering**. Western Union, the world's largest money-transfer business, slid 0.6 percent to \$14.55 and has dropped 19 percent in the past year.

"Visa continues to thrive in a world of electronic payments," Bill Carcache and Tulu Yunus, Nomura analysts, said today in a research note. Englewood, Colorado-based Western Union, which benefits from paper-based transactions, is "a value trap based on our belief that its core money-transfer business is in secular decline," they wrote.

Worldwide purchases with credit and debit cards are projected to surpass \$21.3 trillion in 2016, a 73 percent increase from 2011, **according to the Nilson Report**, an industry newsletter. Visa, the world's biggest payments network, posted a \$1.29 billion **profit** in the fiscal first quarter ended Dec. 31, a 26 percent increase from a year earlier, as card spending climbed 8.7 percent.

"Our No. 1 competitor is cash," Visa Chief Executive Officer **Charlie Scharf**, 47, said last week during an investor presentation. "There is so much cash out there that our jobs have to be to eliminate the cash."

## Overweight Visa

**MasterCard Inc. (MA)** CEO Ajay Banga, 53, whose Purchase, New York-based company runs the second-biggest network by processed transactions, previously declared a "war on cash."

Western Union said last month that fourth-quarter profit plunged 47 percent to \$237.9 million and that it expects "low single digit" revenue declines this year before sales and profit growth resume in 2014.

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Carcache and Yunus, who titled their research note "Cash Is Not King," have an overweight rating on Visa and a target price of \$172. They rate Western Union as neutral and predict the shares will fall to \$13.

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