It’s been a strong year for Visa shareholders, but the good times may be just getting started.

Visa CEO Al Kelly told Barron’s he’s optimistic about multiple growth opportunities—including business-to-business payments and contactless cards—on top of the payments industry’s long-term secular trend of displacing cash and checks with electronic payments.
The company’s stock (ticker: V) has risen 24% so far this year, more than double 11.8% gain in the S&P 500, and almost triple the 8.6% advance in the Dow Jones Industrial Average, of which Visa is a component.

“I’m very bullish and excited about the future for Visa and the future of the payment industry,” Kelly said in a wide-ranging phone interview earlier this month. “Cash in many countries is the dominant way people pay. Cash Inc. is, in fact, our biggest competitor. And we’re working to displace cash every day.”

About 43% of global consumer purchases were made on cards last year, up from 28% in 2010. That’s rising roughly two percentage points each year, according to MoffettNathanson. The firm predicts double-digit annual global purchase volume growth for five to 10 more years, with digital-payment penetration rising to 56% by 2023.

Kelly is also excited about the business-to-business (B2B) market for his company. While he didn’t disclose Visa’s current B2B payment volume, he said it can easily rise 10-fold over the next decade.

“We’re already the biggest player in the world in (B2B),” Kelly said. “Yet I think there is enormous upside. If I use the baseball analogy, we’re probably no more than in the second inning as it relates to the B2B opportunity around the world.”

Read more in our recent cover story: How Visa and Mastercard Are Beating the Tech Giants at Their Own Game

Visa’s main competitor Mastercard estimates that $120 trillion flows through the B2B market and that many of those transactions are still billed using traditional paper-based payment methods. Both companies hope to streamline the whole enterprise invoicing process, and offer better record-keeping and fraud management.

David Robertson, publisher of the Nilson Report, a card and mobile payments trade journal, has noticed Visa and Mastercard making significant strides in the space.
“The good news for both Visa and Mastercard is that the business-to-business sector is a tremendous growth opportunity,” Robertson said. “And you see both companies making acquisitions and investments to develop their abilities to move check transactions to virtual card transactions.”

Contactless, or “tap to pay,” is another driver increasing credit card usage. Instead of swiping or inserting a credit card, what’s known as “Near-field” technology allows users to just tap the card on top of a payment terminal. The process can shave seconds off transaction times.

Visa said that outside the U.S., tap to pay is already nearly half of the company’s in-person transactions, thanks to the speed and convenience of the payment method. The company said contactless penetration is just getting started in the U.S. market.

“We’ve seen enormous increases in adoption in the past 18 months,” Kelly said. “I expect by year end in the U.S., we’ll have at least 100 million cards enabled with the ability to be used in a tap-and-pay situation.”

Kelly also said Visa was more prepared for an economic downturn than in the past. Card spending is increasingly used for everyday items such as groceries and commuting, he noted. “Our business model is more diversified than it has ever been,” Kelly said. “We’re in a better position than we’ve ever been in the time of a slowing economy.”

Kelly acknowledged the likelihood of more competition to come—specifically technology giants—but said he believes some entrants will decide to work with Visa.

“There’ll be more competitors,” he said. “But I also think some of those competitors could in fact in certain situations, certain use cases and certain geographies actually be partners of Visa.”

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