The Rising Expectations of Borderless Commerce

November 2024

VISA

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The cross-border opportunity today

Cross-border is a hugely lucrative and rapidly growing opportunity

By 2027, the size of the cross-border payments market is projected to reach

$250 trillion[1]

54%

of consumers will increase the frequency of purchases from overseas merchants in the next 6-12 months[2]

73%

of consumers say influencers impact their trust in overseas merchants[4]

65%

of consumers expressed confidence in the security of their personal and financial information[3]

87%

of merchants believe that expanding online sales into new markets is one of their company's biggest growth opportunities[5]

1. Cross-border payments, Bank of England – https://www.bankofengland.co.uk/payment-and-settlement/cross-border-payments - May 9 2023
2, 3,,4 Airwallex/Edgar Dunn & Company 2024 Cross Border eCommerce: Key Trends and Strategies for Global Success 2024_Cross_Border_eCommerce_-_White_Paper.pdf
5. Visa Global Merchant eCommerce Study Visa Global Merchant eCommerce Study 2022

Accessing new opportunities and expanding globally can be complex

Cost

Compliance

Networks

Technology

People

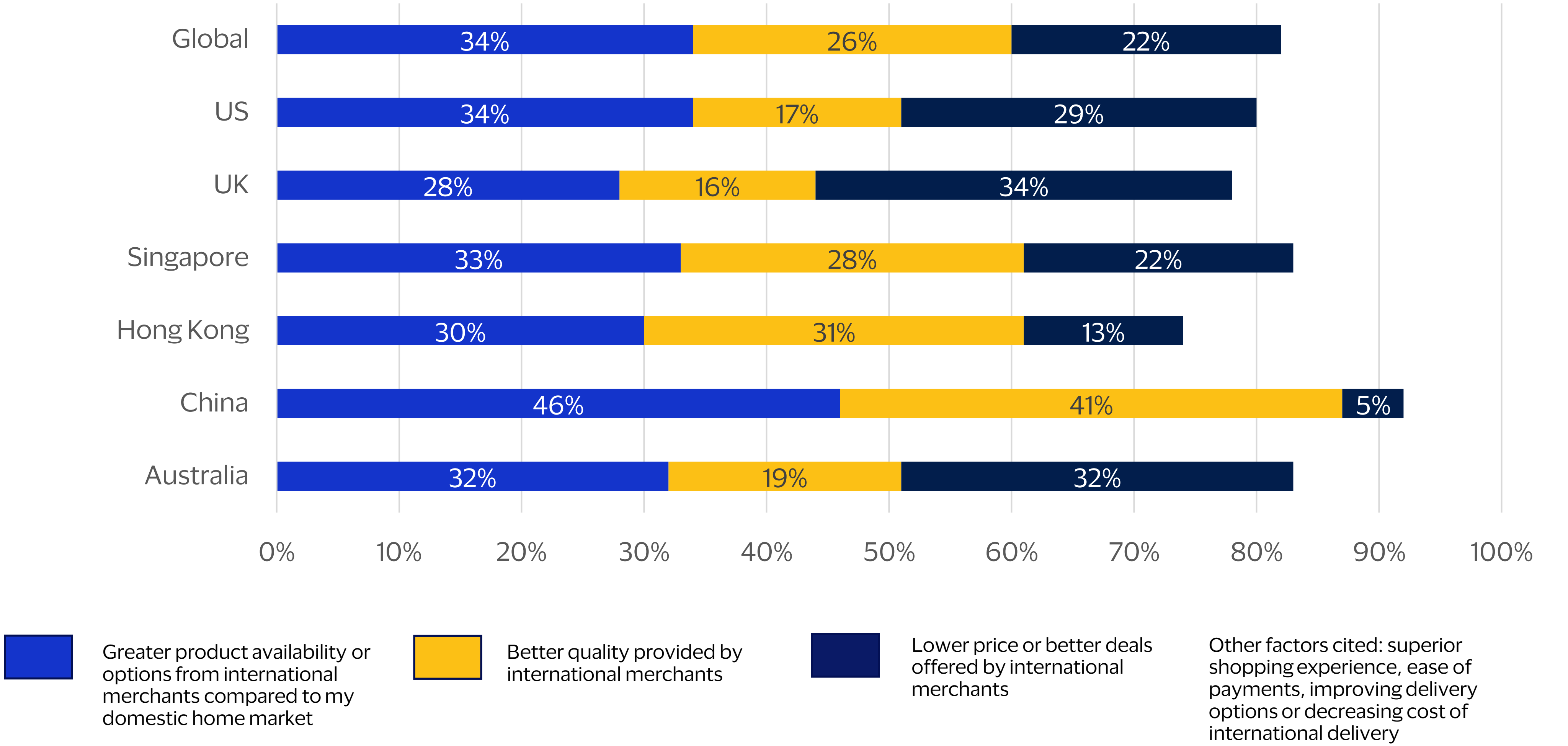
Process

Risk

Control

Visa Global Merchant eCommerce Study [Visa Global Merchant eCommerce Study](#) 2022

Greater product availability, better quality, and lower price are key drivers of consumer motivation in cross-border ecommerce across all regions



Other factors cited: superior shopping experience, ease of payments, improving delivery options or decreasing cost of international delivery

Airwallex/Edgar, Dunn & Company 2024 Cross Border eCommerce: Key Trends and Strategies for Global Success 2024_Cross_Border_eCommerce_-_White_Paper.pdf

Significant end-customer pain points remain

The global "average" is poor

$42.70 Average customer charge per cross-border payment. ($15 APAC & Europe / $60 Middle East / Africa & the Americas)

2-3 days Settlement time to clear a cross-border transaction on average

Percentage of consumers who understand their banking providers' **foreign spending fees.**

Percentage of consumers who do not think their **bank's fees for spending abroad are reasonable**.

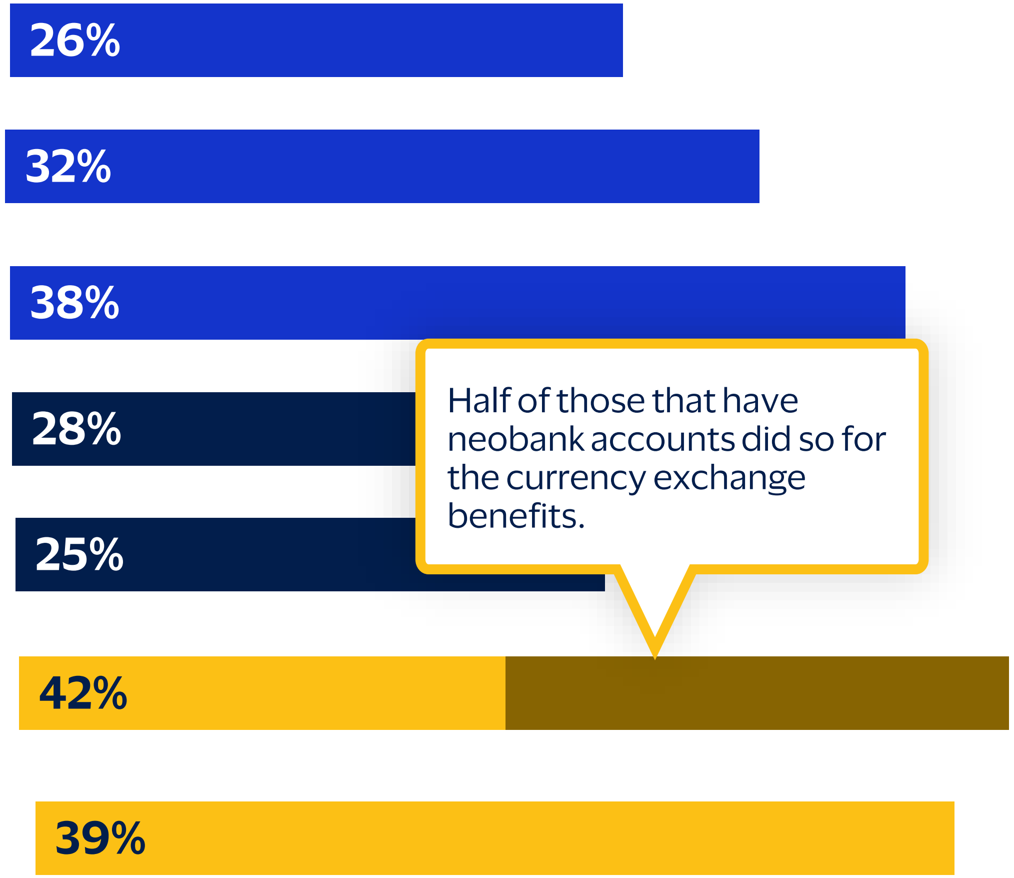
Percentage of consumers who do not know what the **fees are for spending abroad**.

Percentage of consumers surveyed who would like their banking apps to offer **real-time currency exchange rates.**

Percentage of consumers surveyed who would like their bank to provide better **transparency over transaction and exchange charges.**

Percentage of consumers surveyed who have a **neobank account**.

Percentage of consumers who use a neobank account whilst abroad because they offer **the lowest fees**.



Source: https://www2.gft.com/l/309761/2023-04-25/2cq9pg/309761/1682422294vfGWCAcG/Banking_disruption_index_Q1_2023.pdf; 2023

Top barriers to entry keeping businesses from expanding into foreign markets

42%
Shipping/logistics issues

37%
Processing foreign transactions

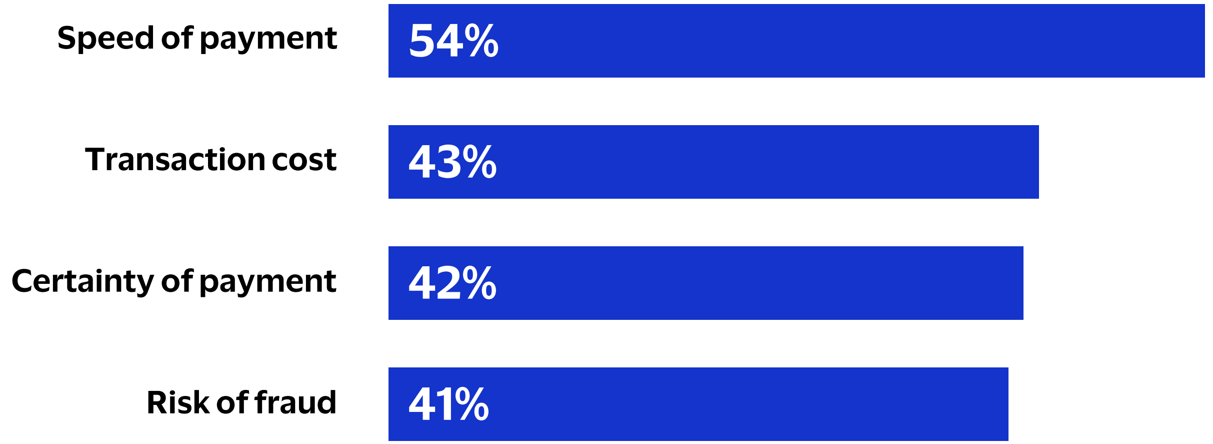
33%
Legal/trade issues

33%
Limited marketing resources

Visa Global Merchant eCommerce Study [Visa Global Merchant eCommerce Study](#) ; 2022

Processing cross-border transactions continues to be a substantial challenge, especially for small-to-medium sized businesses

Top four factors considered when choosing methods for sending cross-border payments[1]
Percentage of organizations



Cross-border payments take **55% longer** than domestic payments for US and UK businesses.[2]

60% of cross-border business-to-business payments require some kind of **manual intervention**, each taking at least 15 to 20 minutes.[3]

Late payments have a knock-on effect across the supply chain. Suppliers said they had to **delay delivery of products or services** (34%) and **increase prices or reduce discounts** (33%). Almost two-thirds (65%) said **late payments put them at financial risk**.

27% of small-to-medium-sized businesses (SMBs) consider the **complicated nature of cross-border payments processing a major obstacle**.

1. AFP Digital Payments Survey 2022
2. INNOVATING B2B CROSS-BORDER PAYMENTS https://content.pymnts.com/wp-content/uploads/2021/03/PYMNTS-Innovating-Cross-Border-Payments-What-US-And-UK-Businesses-Need-To-Know-March-2021.pdf
3. https://www.bis.org/cpmi/speeches/sp200730.htm
4. https://www.pymnts.com/news/b2b-payments/2022/smbs-and-their-fis-share-cross-border-payments-pain/

End users are expecting more

Simplicity

Speed

Flexibility

Global reach

Capturing the cross-border opportunity = Delivering borderless experiences

Glocal

Fast

Embedded

“Glocalization” balances local experiences with global access

53%

of consumers are turning to digital apps to send and receive money[1]

20%

decline of cash in the share of global payments over the past five years. Cash usage declined nearly 4% globally in 2022 alone[1]

93%

of global customers cite pricing in local currency as a key influencing factor in purchase decisions[2]

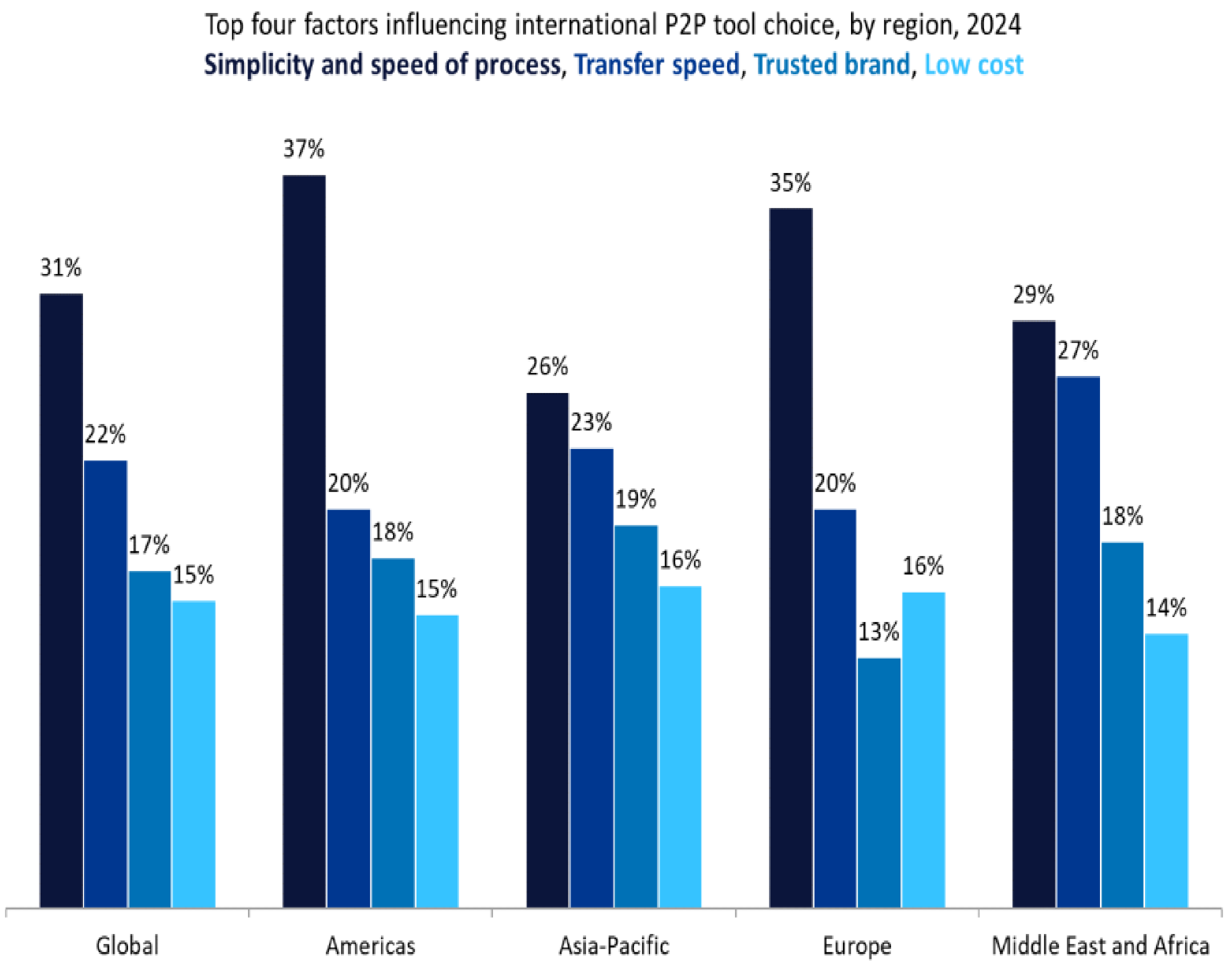
77%

Indicated they are likely to abandon their cart if their preferred payment method is not available[2]

1. McKinsey Global Payments Report: The 2023 McKinsey Global Payments Report | McKinsey; 2023 in review: Key trends shaping fintech and cross-border payments (brightwell.com
2. Airwallex/Edgar, Dunn & Company 2024 Cross Border eCommerce: Key Trends and Strategies for Global Success 2024_Cross_Border_eCommerce_-_White_Paper.pdf

The need for (payments) speed

Source: Visa Direct XB Consumer Insights survey – Q3 2023



Source: Global Data, Key Trends in Cross Border Payments 2024

By 2027, **cash-heavy developing economies are likely to make further significant shifts toward instant payments, bringing these transactions' share to roughly half of overall payment transactions**—nearly two-and-a-half to three times greater than in 2022.

60%

of global marketplace sellers are unhappy with how frequently and easily they can access their funds. Over 1/3 must wait 1 month+ to get paid.

68%

of marketplace sellers are likely to switch to a different selling platform if their pain point was solved.

>80% **would be willing to sign up for an instant payout even if it meant paying a small fee, with similar from the gig economy and content creator verticals**

Source: Visa Direct XB Consumer Insights survey – Q3 2023

Embedded commerce experiences focused on abstracting complexity

Making the complex simple – End-to-end payment orchestration to optimize payment methods offered, **pricing in local currency, and reduce operational complexity of global flow of funds** at the right moments in the **customer's journey**

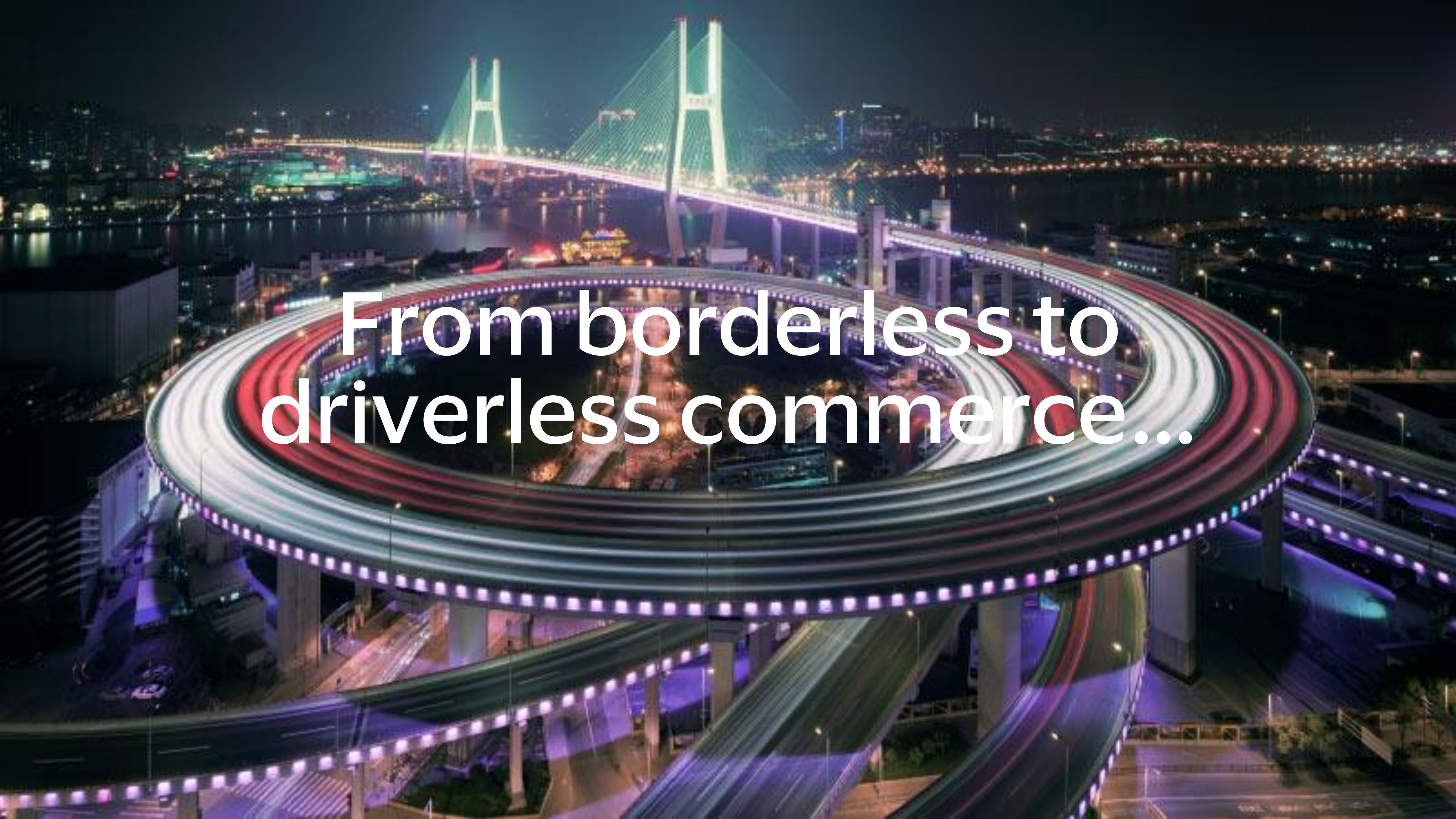
67%

of surveyed businesses see the need to partner with 3rd party providers to offer simplified commerce experiences which abstract the payment mechanism from the experience

56

countries are live with various RTP schemes with inconsistent data and operational requirements **Interoperability** provides the necessary **translation and communication layer to enable borderless commerce experiences**

Embedded Finance Market Size & Share, Growth Trends 2032 (gminsights.com);
PYMNTS.COM / Visa: Innovating Cross Border Payments , what UK & US businesses need to know, March 2021
IR.com Now is the time for real-time report The Real Time Payments World Map, PYMNTS.com, 2023


From borderless to
driverless commerce…

Thank you