V gideon lens

Visa Inc. (V) - Gideon-Lens Equity Research

Date: 2026-04-29. Analyst: Codex ER2 production runner. Price anchor: $309.42 from the Russell 1000 / FMP queue snapshot dated 2026-04-26. Market cap anchor: approximately $596.6B. Fiscal year end: September 30.

VERDICT BLOCK

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	PASS	Deep internal CEO, disciplined capital return, clean governance baseline
Moat	PASS	Global network moat passes 2046, but yield risks remain
P/E <= 15 on confident EPS at TTM + 5 calendar years	FAIL	base EPS $18.44 vs required $20.628; cushion -10.6%
Compounder Score	Audited 64 / 100	64/100; Visa is an elite payment-network compounder, but the audited score is capped by missing ROIIC evidence and a failed 20% return-underwriting case.
Business Quality Score	Audited 62 / 80	62/80; moat, ROIC, FCF conversion, and balance-sheet quality are strong, but ROIIC, acquisition-inclusive returns, and product-family economics are not fully evidenced.
20% Return UW Score	Audited 2 / 20	2/20; at about 31x EV/NOPAT, the current price requires aggressive NOPAT growth or valuation support, and the P/E 15 base case fails.

One-line thesis (or reason to pass): Visa is an elite, high-ROIC payments network with credible management and a durable moat, but the base-case March 31, 2031 EPS does not clear the required 15x entry price at $309.42.

Kill / trigger criteria:

- BUY trigger: price below approximately $276.60, which is 15x the base-case TTM+5y EPS of $18.44; better entry would require added cushion below that level.
- PASS triggers: two consecutive quarters where net revenue growth is at least 300 bps below processed-transaction growth while client incentives grow at least 300 bps faster than gross revenue, or incentives exceed 41% of net revenue for two consecutive quarters.
- Upgrade to BUY conditions: base-case net revenue CAGR moves high enough to lift TTM+5y EPS above $20.628 without relying on bull-case assumptions, while incentives remain controlled and no DOJ/debit remedy impairs marginal economics.

Position sizing if bought: 0% today; if it later clears the price gate, cap initial sizing at 3% of equity book because business quality is high but regulatory, routing, and incentive-yield risks are active.

Stage 0 - Time Anchor

Today is 2026-04-29. Visa's fiscal year ends September 30. The most recently reported quarter is fiscal Q2 2026, ended March 31, 2026; Visa announced fiscal second quarter 2026 financial results on April 28, 2026. The TTM anchor is Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026, producing TTM ended March 31, 2026. The forward horizon is TTM + 5 calendar years, or March 31, 2031. All valuation math in this report compounds from that TTM base over exactly five calendar years, not from FY2025 over six fiscal years.

Stage 1 - Disqualifier Sweep

ROIC is green: the data package calculates FY2025 ROIC at about 46.3%, well above the ER2 quality threshold. FCF conversion is green: TTM free cash flow was $21.185B against TTM net income of $22.236B. Leverage is green: net debt after cash and investments is modest relative to more than $21B of TTM FCF. End markets are green/yellow: global digital payments, cross-border, tokenization, Visa Direct, commercial flows and value-added services continue to grow, but domestic debit and simple payment flows face A2A/RTP and regulatory pressure. Governance is yellow/green: board structure, compensation controls and disclosure quality are good, while DOJ/debit, interchange and class-structure complexity remain real watch items. AI disruption exposure is green/yellow: AI is more likely to change checkout control and routing than replace Visa's authorization, risk, token and settlement layer outright. Pricing power is green/yellow: Visa has observable pricing and mix power, but client incentives are large and rising, so the moat is not free.

Management - Summary

Management clears the ER2 gate. Ryan McInerney is a newer CEO by title, having become CEO in February 2023, but he is not a new steward of the asset: the management appendix notes that he was Visa's President from 2013 through January 2023 and has more than a decade inside the system. CFO Chris Suh brings a strong finance background, including prior senior finance roles at Microsoft and CFO experience before joining Visa. Capital allocation is straightforward and generally disciplined: Visa produces very high free cash flow, reinvests modestly in the network and adjacent capabilities, and returns the majority of excess capital through buybacks and dividends. That buyback-heavy posture is rational for a low-capex, high-ROIC network, but it is not a valuation cure; the synthesis still fails the P/E 15 gate after assuming $18B of annual base-case repurchases. Compensation is mostly variable and at-risk, using revenue, net income, EPS, TSR and business-driver scorecards. The main compensation caveat is EPS centrality because buybacks can help EPS, but the governance framework is not a blocker. The management appendix's final gate is PASS, with regulatory/legal exposure treated as a business and valuation risk rather than a management-failure signal.

Moat - Summary

Visa's moat also clears. The moat appendix identifies a concrete Payment Services moat built from global acceptance, issuer/acquirer connectivity, credential scale, authorization, clearing, settlement, network rules, tokenization, fraud/risk data, brand trust, regulatory know-how and partner contracts. Visa reports one segment, Payment Services, so there is no weak disclosed segment diluting a strong one; the danger is instead over-modeling strategic product vectors such as VAS, Visa Direct, tokenization, stablecoins and agentic commerce as if they were separately disclosed P&Ls. Margin persistence supports the moat claim: FY2021-FY2025 operating margins were roughly 60%-66%, TTM margin was 61.1%, and Q2 FY2026 margin was 64.4%. The 2046 test is a PASS because a specific future Visa can still plausibly earn high returns as a trusted money movement, identity, token, risk and settlement layer across cards, accounts, wallets, AI agents and stablecoin rails. The bear version is credible: A2A/RTP, domestic schemes, wallets, platform-controlled checkout, stablecoins and regulators can pressure yield. But Visa is already adapting through Visa Direct, Tink/A2A, tokenization, Visa Intelligent Commerce, stablecoin settlement, risk services and agentic-commerce rules. The moat is real, but it does not remove the need for price discipline.

Stage 5 Synthesis - Headline Numbers

The synthesis appendix passed all 11 arithmetic and consistency checks. This matters because the report is not failing from a broken model; it is failing from a coherent model that does not produce enough base-case EPS for the current price. Visa's TTM base is $43.027B of revenue, $26.296B of operating income, $22.236B of net income, $11.47 of official TTM diluted EPS and $21.185B of free cash flow. The Payment Services segment appendix builds the only reportable segment from disclosed revenue categories and client incentives over exactly five years.

Case	TTM+5y Revenue	OI	OI Margin	NI	EPS	EPS x 15	Vs. $309.42
Bear	$52.394B	$31.174B	59.5%	$25.071B	$14.53	$217.95	-29.6%
Base	$61.327B	$38.330B	62.5%	$31.333B	$18.44	$276.60	-10.6%
Bull	$69.566B	$44.523B	64.0%	$36.870B	$21.76	$326.40	+5.5%
Probability-weighted	n/a	n/a	n/a	n/a	$18.11	$271.57	-12.2%

The base case is decisive. At $309.42, Visa needs TTM+5y EPS of $20.628 to clear a 15x entry multiple. The synthesis base case produces $18.44, a $2.19 shortfall. The bull case clears, but ER2 does not permit a bull case to rescue a base-case valuation failure. The base case already assumes Visa grows net revenue from $43.027B to $61.327B, improves operating margin from 61.1% to 62.5%, and retires enough stock to reach 1,699.2M diluted shares at the horizon. Buybacks help, but

$90B of modeled base-case repurchases over five years still does not make the price work. Sensitivity analysis shows a 200 bps higher revenue CAGR would lift EPS to about $20.29, still just below the required $20.628. That narrows the live debate: to upgrade, Visa must show sustained high-single-digit to low-double-digit net revenue growth after incentives, not just volume growth.

Red Team - Summary

The red team agrees the arithmetic ties but attacks the economic conversion. Its strongest bear argument is that Visa remains relevant while monetizing marginal payment growth at lower net take rates as incentives, routing, regulation, A2A/RTP and platform-controlled checkout pressure yield. The most fragile assumption is the 7.4% base-case net revenue CAGR after incentives. Client incentives are already large: TTM incentives were $16.734B, or 38.9% of net revenue, and Q2 FY2026 incentives grew 14%. The red team also challenges the 1,699.2M base horizon share count because $18B of annual buybacks plus dividends exceeds current TTM FCF unless FCF grows, balance-sheet capacity is used, or legal/regulatory cash demands remain manageable. The exit signal is specific: over any rolling two-quarter window from Q3 FY2026 through Q2 FY2027, net revenue growth at least 300 bps below processed-transaction growth while incentives grow at least 300 bps faster than gross revenue, or incentives above 41% of net revenue for two consecutive quarters.

Kill / Trigger Criteria

- Upgrade trigger: price at or below $276.60 before applying a margin of safety, or a revised base case that raises TTM+5y EPS above $20.628 without leaning on bull-case assumptions.
- Business-quality trigger: keep watchlist status only while net revenue growth after incentives remains consistent with a high-single-digit base case and operating margin stays near the low-60s.
- Remove-from-watch trigger: two consecutive quarters of net revenue yield deterioration after incentives under the red-team threshold above.
- Regulatory trigger: downgrade if DOJ/debit or routing remedies materially reduce Visa's ability to defend debit economics or token/routing control.
- Disclosure trigger: keep strategic vectors such as VAS, Visa Direct, stablecoins and agentic commerce out of the core model until Visa discloses enough dollar economics to support separate underwriting.

Analyst Flags

The QF and QFR gate initially caught and corrected an annual FMP-vs-official income-statement reconciliation issue before Wave 1. The cleared quant foundation preserves real FMP defects: Q2 FY2026 EPS/share fields were defective in FMP and official Visa release data control; FMP FY2025 repurchase mapping also differed from official cash-flow presentation. The data package and DR left a non-blocking Q2 FY2026 transcript gap because the quarter was reported on April 28, 2026 and FMP returned an empty transcript after retry; no Q2 transcript quote is used. Visa's one-segment disclosure limits product-family modeling: VAS, Visa Direct, tokens, stablecoins and agentic commerce are important strategic vectors, but the production model does not invent standalone P&Ls for them. Final verdict is PASS at $309.42 because the P/E 15 gate fails despite management and moat passing.

Appendix A - Company Primer

Appendix A - Company Primer: Visa Inc. (V)

Date: 2026-04-29 (Asia/Singapore) Fiscal year convention: Visa Inc. fiscal year ends September 30. Most recently reported quarter: fiscal Q2 2026, quarter ended March 31, 2026; Visa announced fiscal second quarter 2026 results on April 28, 2026. TTM anchor: Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026 -> TTM ending March 31, 2026. Forward horizon for the Gideon lens: March 31, 2031, exactly five calendar years after the TTM anchor.

Primary quantitative source: [quant_foundation.md](C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\quant_foundation.md), which reports `RECONCILIATION: 8/8 checks PASSED`. The separate data package was present only as a stub while this appendix was written, so qualitative context is drawn from live primary sources: Visa's FY2025 Form 10-K filed with the SEC and Visa's Q2 FY2026 earnings release furnished on April 28, 2026.

1. Business Overview

Visa is a global payments technology company. Its core economic role is not banking, lending, deposit-taking or merchant acquiring. Visa operates a network and rules layer that connects consumers, merchants/sellers, issuing financial institutions, acquiring financial institutions, governments, fintechs and other partners. In Visa's traditional four-party model, a consumer uses a Visa-branded credential, an issuer provides the credential and account relationship, an acquirer enables the merchant to accept the payment, and Visa provides the network services that allow authorization, clearing and settlement to occur. Visa's FY2025 Form 10-K describes the company as a leader in digital payments and states that it provides transaction processing services, primarily authorization, clearing and settlement, among consumers, issuing and acquiring financial institutions and sellers in the four-party model. Visa also notes that the ecosystem has broadened to include digital banks, digital wallets, fintechs, governments and NGOs. Source: [Visa FY2025 Form 10-K, Business overview](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm).

The important starting point for economic analysis is that Visa sits between parties to a payment but generally does not take consumer credit risk. Visa's 10-K says it is not a financial institution, does not issue cards, extend credit or set cardholder rates and fees, and does not earn revenue from or bear credit risk for those activities. Interchange reimbursement fees and merchant discount rates are central to card economics and regulation, but Visa's own fees are distinct from those flows. Visa establishes default interchange reimbursement fees where applicable, but the fees Visa receives from issuers and acquirers are not derived from interchange reimbursement fees or merchant discount rates. Source: [Visa FY2025 Form 10-K, business model and interchange discussion](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm).

That makes Visa's core business a scaled, two-sided network and processing platform. The company sells access, acceptance, security, dispute management, authorization, clearing, settlement, data processing, brand trust and value-added services. Its direct customers are primarily issuers, acquirers, merchants/sellers and partners, while the end users are consumers, businesses and governments that initiate or receive payments. Visa's annual report says it earns revenue by facilitating money movement across more than 200 countries and territories among consumers, sellers, financial institutions and government entities. Its Q2 FY2026 release similarly describes Visa as facilitating transactions between consumers, sellers, financial institutions and government entities across more than 200 countries and territories. Source: [Visa Q2 FY2026 earnings release](https://www.sec.gov/Archives/edgar/data/1403161/000140316126000077/q22026earningsrelease.htm).

Visa's infrastructure is large. The FY2025 10-K states that in fiscal 2025, 329 billion payments and cash transactions with Visa's brand were processed by Visa or other networks, equal to an average of 901 million transactions per day; of those, 258 billion were processed by Visa. In the FY2025 operating tables, Visa reported 257.545 billion Visa processed transactions, up 10% from FY2024, and QF uses the same official-source window for historical and TTM revenue, operating income, cash flow and share count. In Q2 FY2026, Visa reported 66.1 billion processed transactions for the quarter, up 9% year over year. Sources: [Visa FY2025 Form 10-K, processed transactions](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm) and [Visa Q2 FY2026 earnings release](https://www.sec.gov/Archives/edgar/data/1403161/000140316126000077/q22026earningsrelease.htm).

The model therefore has several compounding traits that matter for a Gideon analysis. First, the company is deeply embedded in payment acceptance and issuer/acquirer systems. Second, the platform monetizes transaction volume, payment volume, cross-border activity and a growing set of services without holding a traditional bank balance sheet. Third,

incremental transaction growth can carry attractive operating leverage because the network, brand, security infrastructure and rules framework are already deployed at global scale. Fourth, the same scale that protects the franchise attracts regulation, litigation and merchant pressure, especially around acceptance costs, interchange and routing.

2. Revenue Architecture

Visa has one reportable segment: Payment Services. QF P2 cites Visa's FY2025 Form 10-K Note 14, which states that all significant operating decisions are based on analysis of Visa as a single global business and that the company has one reportable segment, Payment Services. Because there is one reportable segment, QF treats consolidated net revenue and consolidated operating income as the segment base. No unsupported product-level operating income split is introduced. Source: [Visa FY2025 Form 10-K, Note 14 Segment Information](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm).

Within that single segment, Visa discloses net revenue through recurring categories:

Revenue category	What it represents	FY2025 revenue	FY2025 mix of net revenue
Service revenue	Support of client usage of Visa payment services; fees related to payments volume; certain issuing value-added services	$17.539B	43.8%
Data processing revenue	Authorization, clearing, settlement, network access, transaction and information processing, and related value-added services	$19.993B	50.0%
International transaction revenue	Cross-border transaction processing and currency conversion activities	$14.166B	35.4%
Other revenue	Mainly value-added services, brand/technology license fees, account holder services, certification and licensing	$4.053B	10.1%
Client incentives	Contra-revenue paid to clients, sellers and partners to grow volume, acceptance, usage and innovation	($15.751B)	(39.4%)
Net revenue	Disclosed net revenue	$40.000B	100.0%

The category totals above come from QF P1A and Visa's FY2025 Form 10-K. They intentionally sum gross revenue categories before client incentives to more than net revenue. Client incentives are a material negative revenue line, not an operating expense in most cases. The FY2025 10-K says these incentives are paid to financial institution clients, sellers and other business partners to increase payment volume, acceptance, seller acceptance and use of Visa services, and innovation. It also states that these incentives are generally classified as reductions to net revenue unless they are payments for distinct goods or services. Source: [Visa FY2025 Form 10-K, revenue components and client incentives](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm).

TTM ending March 31, 2026 shows the same architecture at a larger base. QF P1B reports TTM service revenue of $18.673B, data processing revenue of $21.634B, international transaction revenue of $14.716B, other revenue of $4.738B and client incentives of ($16.734B), producing TTM net revenue of $43.027B. As a percentage of net revenue, those lines equal roughly 43.4%, 50.3%, 34.2%, 11.0% and (38.9%), respectively. The Q2 FY2026 quarter itself continued the pattern: service revenue was $4.981B, data processing revenue $5.543B, international transaction revenue $3.631B, other revenue $1.320B and client incentives ($4.245B), for net revenue of $11.230B. Source: [Visa Q2 FY2026 earnings release income statement summary](https://www.sec.gov/Archives/edgar/data/1403161/000140316126000077/q22026earningsrelease.htm).

The revenue drivers map cleanly to the payment activity drivers. Visa's 10-K states that service revenue is mainly earned for services supporting client use of Visa payment services and includes fees related to payments volume; service revenue in a current quarter is primarily calculated by applying current-quarter pricing to prior-quarter payments volume. Data processing revenue is earned for authorization, clearing and settlement, network access and transaction processing services, and is recognized when the related transactions occur or services are performed. International transaction revenue is earned for cross-border transaction processing and currency conversion. Other revenue includes value-added services and licensing/certification items. Source: [Visa FY2025 Form 10-K, Note 1 revenue recognition](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm).

Geography is material. FY2025 net revenue was $15.633B in the U.S. and $24.367B internationally, so the U.S. represented approximately 39% of total net revenue and international markets approximately 61%. No individual country other than the U.S. generated 10% or more of total net revenue in FY2025, FY2024 or FY2023. The international skew is valuable because it gives Visa exposure to cash-to-card conversion, cross-border travel and ecommerce, but it also adds regulatory fragmentation, currency translation, sanctions, local processing mandates and domestic-network competition. Source: [Visa FY2025 Form 10-K, net revenue by geography and Note 14](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm).

3. Unit Economics

Visa's unit economics are unusually strong because a dollar of net revenue converts into a high percentage of operating profit. QF P2 reports FY2025 net revenue of $40.000B, operating expenses of $16.006B and operating income of $23.994B, for a 60.0% GAAP operating margin. QF P4 reports TTM net revenue of $43.027B and operating income of $26.296B, for a 61.1% operating margin. FY2023 and FY2024 margins were 64.3% and 65.7%, respectively. FY2025 margin was depressed by litigation expense; Visa's FY2025 10-K reconciliation shows a $2.533B litigation provision as a non-GAAP adjustment, and Q2 FY2026 included a $311MM litigation provision associated with interchange MDL and other legal matters. Sources: [quant_foundation.md](C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\quant_foundation.md), [Visa FY2025 Form 10-K non-GAAP reconciliation](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm), and [Visa Q2 FY2026 earnings release](https://www.sec.gov/Archives/edgar/data/1403161/000140316126000077/q22026earningsrelease.htm).

There are four main margin drivers. The first is transaction scale. Once the network, security stack, brand, rules, compliance and data centers are in place, incremental volume and transactions can carry high incremental margins, subject to client incentives and regulatory constraints. The second is mix. Cross-border volume typically carries higher economics than domestic activity because it can include cross-border processing and currency conversion revenue. Q2 FY2026 cross-border volume excluding intra-Europe rose 11% constant currency, and total cross-border volume rose 12%, both above processed transaction growth of 9%. The third is value-added services. Visa's VAS products include issuing, acceptance, risk/security and advisory services; these can monetize the network beyond basic switching and can also be sold into non-card or network-agnostic use cases. The fourth is pricing and incentives. Visa can make select pricing modifications, but client incentives and competitive bids for issuer/acquirer and merchant relationships absorb part of the gross revenue pool.

Client incentives are a key economic offset. They are not incidental. In FY2025, incentives were $15.751B, or 39.4% of net revenue and 28.3% of gross disclosed revenue categories before incentives. In the TTM period, incentives were $16.734B, or 38.9% of net revenue. They are the price of maintaining and expanding volume, acceptance and partner relationships. A naive analysis that focuses only on gross service/data/international categories without the contra-revenue line would overstate Visa's revenue power. Conversely, the fact that Visa still generated a 61.1% TTM operating margin after those incentives shows the strength of the network economics.

Capital intensity is low relative to earnings. QF P6 reports TTM operating cash flow of $22.756B, capex of $1.571B and free cash flow of $21.185B. Capex was only 3.7% of TTM net revenue and 7.4% of TTM operating cash flow. FY2025 free cash flow was $21.577B on $20.058B of GAAP net income, implying strong cash conversion even in a year with litigation expense. Visa then returns much of that cash to shareholders: QF P6 reports TTM buybacks of $21.334B and dividends of $4.879B, and the Q2 FY2026 release disclosed a new $20B multi-year share repurchase authorization. Source: [Visa Q2 FY2026 earnings release balance sheet and capital return tables](https://www.sec.gov/Archives/edgar/data/1403161/000140316126000077/q22026earningsrelease.htm).

The balance sheet is manageable. QF P6 reports cash and investment securities of $14.221B, total debt of $23.976B and net debt after cash/investments of $9.755B at March 31, 2026. Against TTM operating income of $26.296B and TTM free cash flow of $21.185B, that is not a constraining leverage profile. The business therefore has three reinforcing financial traits: high operating margins, low capital requirements and meaningful recurring capital return.

4. Competitive Landscape

Visa competes against multiple categories, not only Mastercard. Mastercard is the closest global network peer, and Visa's 10-K includes a Nilson Report comparison for calendar 2024: Visa payments volume was $13.433T versus Mastercard at $8.014T; Visa total volume was $15.927T versus Mastercard at $9.757T; Visa total transactions were 311B versus Mastercard at 204B; Visa cards were 4.805B versus Mastercard at 3.146B. Those figures indicate Visa has the larger global card network footprint, but Mastercard is a formidable, scaled, technologically capable competitor with similar issuer/acquirer

relationships and similar acceptance economics. Source: [Visa FY2025 Form 10-K, competition table](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm).

Domestic networks matter because many governments prefer local rails for sovereignty, cost, routing, data-localization or industrial-policy reasons. Visa names local and regional networks such as NYCE, Pulse and STAR in the U.S., Interac in Canada, and eftpos in Australia. Visa also identifies government market participation restrictions in countries including China, India, Indonesia, Thailand, Vietnam and South Africa. These restrictions can favor domestic providers, impose local ownership or processing requirements, require data localization, or mandate domestic processing.

Account-to-account and real-time payment systems are the most important structural alternative to card rails. Visa's 10-K says RTP networks have launched in at least 80 countries and are often driven by government sponsorship and regulatory initiatives; examples include FedNow in the U.S., PIX in Brazil and UPI in India. Visa explicitly says these networks can compete with Visa on consumer payments and other flows such as B2B and P2P, while also potentially becoming customers for Visa's risk-management value-added services. The competitive threat is strongest in domestic debit-like use cases where consumers and merchants may accept lower-cost bank-account rails. The offset is that A2A systems often need fraud prevention, dispute management, identity, tokenization, cross-border interoperability and merchant/consumer experience layers that Visa can try to provide.

Wallets and fintechs are both partners and competitors. Digital wallets can drive Visa credential usage when funded by Visa cards, but they can also steer volume to account transfers, stored balances, domestic RTP rails, closed-loop ecosystems or alternative networks. BNPL providers, crypto/stablecoin platforms, ecommerce checkout companies, merchant processors, payment facilitators, large technology platforms and financial super-apps can each take some part of the transaction relationship. Visa's strategy is to keep its credentials, tokens, risk tools, acceptance services and Visa Direct or Visa A2A products embedded in these new workflows rather than letting the network be abstracted away.

Merchant and regulatory pressure are persistent. Merchants care about acceptance cost. Regulators care about market power, routing choice, interchange, data use, access and competition. Visa's FY2025 10-K says it faces intense competitive pressure on prices charged to financial institution clients and may need to adjust pricing or offer incentives, discounts, rebates and support payments. It also says sellers and seller-affiliated groups have used lobbying, regulatory intervention, lawsuits, surcharging and acceptance decisions to lower acceptance costs. This is not a theoretical risk; it is an enduring bargaining and political pressure on the model.

5. Growth Drivers and Constraints

The first growth driver is nominal consumer spending and electronic payment penetration. If consumer spending grows and more of it moves from cash, check or inefficient account-transfer methods to digital credentials, Visa's payments volume and transaction counts can rise. Visa estimates more than $40T of addressable consumer spend excluding Russia and China, including more than $20T of underserved consumer spend across cash, check, legacy ACH, A2A, RTP and other less effective digital payment forms. This is management's framing rather than a guarantee, but it highlights that the company still sees a long runway outside already-penetrated U.S. card spend.

The second driver is cross-border travel and ecommerce. International transaction revenue is tied to cross-border processing and currency conversion. QF reports TTM international transaction revenue of $14.716B, up from FY2025's $14.166B base. In Q2 FY2026, cross-border volume excluding intra-Europe grew 11% constant currency and total cross-border volume grew 12%. This category can grow faster than domestic volumes when travel normalizes, ecommerce internationalizes, migrant remittances rise or B2B cross-border flows digitize. The constraint is cyclicality: recessions, geopolitical shocks, pandemics, visa/travel restrictions and currency volatility can hurt cross-border activity.

The third driver is value-added services. Visa describes VAS as spanning issuing solutions, acceptance solutions, risk and security solutions, and advisory/other services, with more than 200 products and services as of September 30, 2025. These products can increase yield per transaction, help defend issuer/acquirer relationships and allow Visa to monetize non-card payments. Risk and security tools are particularly important because fraud, authentication and trust are central pain points in ecommerce, real-time payments, open banking and agentic commerce. Visa acquired Featurespace in December 2024 to strengthen real-time AI payments protection. Source: [Visa FY2025 Form 10-K, VAS and Featurespace discussion](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm).

The fourth driver is commercial and money movement solutions. Visa frames CMS as addressing P2P, B2C, B2B and G2C flows beyond consumer-to-business card purchases. The company cites approximately $200T of annual payment flows excluding Russia and China and a $35T B2B opportunity within commercial solutions. Visa Direct, commercial cards, virtual

payments and network-of-networks connectivity are the main vehicles. This is a large optionality pool, but it is also where competition from ACH, wires, RTP, stablecoins, bank-owned rails and enterprise payment software is most intense.

Constraints are equally important. Pricing is not unlimited because issuer/acquirer contracts, merchant pressure, regulation and competing rails can force concessions. Client incentives rise with competition and volume commitments. Domestic networks and governments can redirect or localize processing. Stablecoins may become more credible in cross-border and B2B payments as regulatory frameworks develop; Visa's 10-K notes the U.S. GENIUS Act in July 2025 and European crypto-asset frameworks as possible sources of greater stablecoin certainty. Technology shifts can either expand Visa's role through tokenization, AI risk tools and Visa Intelligent Commerce or reduce it if new platforms route around card networks.

6. Historical Financial Profile

QF provides the historical baseline and is the controlling quantitative source for this appendix. Revenue grew from $32.653B in FY2023 to $35.926B in FY2024 and $40.000B in FY2025. Operating income was $21.000B, $23.595B and $23.994B across those years. Net income was $17.273B, $19.743B and $20.058B. Diluted EPS was $8.28, $9.73 and $10.20. The FY2025 operating income and EPS growth were affected by litigation provision expense, so the underlying business momentum was better than the GAAP margin alone suggests, but the litigation cost is still a real economic and legal feature of the franchise.

The latest TTM period raises the base. QF P4 reports TTM revenue of $43.027B, TTM operating income of $26.296B, TTM net income of $22.236B and TTM diluted EPS of $11.47 official roll-forward. TTM diluted shares averaged 1.938B, down from 2.085B in FY2023 and 1.966B in FY2025, reflecting ongoing repurchases. Q2 FY2026 itself showed strong growth: net revenue of $11.230B rose 17%, GAAP net income of $6.021B rose 32%, and GAAP EPS of $3.14 rose 36%. Non-GAAP EPS was $3.31, up 20%. Source: [Visa Q2 FY2026 earnings release](https://www.sec.gov/Archives/edgar/data/1403161/000140316126000077/q22026earningsrelease.htm).

Free cash flow has remained high. QF P6 reports operating cash flow of $20.755B, $19.950B and $23.059B in FY2023-FY2025, with capex of $1.059B, $1.257B and $1.482B. Free cash flow was $19.696B, $18.693B and $21.577B. TTM free cash flow was $21.185B despite a weaker Q2 FY2026 operating cash-flow quarter, calculated by QF from official cumulative periods as FY2025 plus H1 FY2026 minus H1 FY2025. The company returned more than TTM free cash flow through buybacks and dividends, which is possible because of balance-sheet capacity and prior cash, but over long periods shareholder return must remain tethered to free cash generation.

The historical profile therefore fits the template of a high-quality compounder: double-digit revenue growth in the recent period, very high operating margins, low capex intensity, high free cash flow conversion, declining share count and a globally diversified revenue base. The same profile also produces a valuation challenge. A business this high quality usually trades at a premium multiple. For the Gideon framework, the question is not whether Visa is good; it is whether the TTM-to-March-31-2031 earnings path can make today's price equivalent to 15x or less on five-year-forward EPS with a margin of safety.

7. Key Risks

Regulation and interchange are the first risk cluster. Visa does not generally earn interchange fees directly, but interchange levels, routing rules, network exclusivity, merchant discount rates and payment-system regulation affect issuer economics, merchant acceptance, transaction routing and Visa's ability to set or enforce network rules. The FY2025 10-K says global regulation could affect contractual arrangements, increase compliance costs, reduce revenue opportunities and vary by country, state, product and rule set. The same filing discusses U.S. debit interchange caps and the Dodd-Frank limits on network exclusivity and preferred routing.

Litigation is the second risk cluster. Visa remains exposed to interchange multidistrict litigation, antitrust matters, merchant opt-outs and other proceedings. The 10-K notes that litigation and settlements can require large payments and can influence or require changes to default interchange rates, operating rules, enforcement practices, fees, pricing or the way Visa does business. The Q2 FY2026 release included a $311MM litigation provision, and FY2025 included a much larger litigation provision. Litigation does not break the model by itself, but it is a recurring leakage and governance/regulatory signal that must be capitalized into valuation.

Competition and platform shifts are the third cluster. Mastercard is a strong global peer. Domestic schemes and RTP networks can be state-supported and low cost. Digital wallets can intermediate the consumer relationship. Stablecoins could be useful in cross-border and B2B use cases where current rails are slow or expensive. Merchant processors and payment

facilitators can influence routing. Large technology platforms can embed payment choices in checkout and agentic commerce workflows. Visa's answer is to be a network, token, risk, data and value-added-services layer across rails, but that answer must be proven in each new use case.

Macro and cross-border exposure are the fourth cluster. Visa benefits from consumer spending, travel, ecommerce and business activity. Recessions reduce discretionary spend; travel shocks reduce cross-border volumes; dollar strength can affect translated revenue; sanctions and geopolitical conflicts can limit activity in certain countries; inflation can raise nominal volume but pressure real purchasing power. Visa is diversified, but it is still tied to global commerce.

Technology, cybersecurity and resilience are the fifth cluster. Visa's brand depends on security, reliability, low fraud and high authorization performance. Outages, data breaches, cyber incidents, fraud-model failures or failures in acquired platforms could harm the franchise. The rise of GenAI and agentic commerce creates both product opportunities and new attack surfaces. Visa's AI risk tools are an advantage only if they remain effective and trusted.

8. Why This Matters for the Gideon Lens

Visa clears the qualitative "quality compounder" starting gate more easily than most companies. It has a global network, extraordinary margins, low capital intensity, strong cash generation, recurring buybacks, a durable brand and a long history of turning global commerce digitization into revenue. The moat is not a single patent or product; it is a combination of acceptance, issuer relationships, acquirer connectivity, consumer trust, fraud/dispute infrastructure, rules, data, compliance, brand, tokenization and habit. These traits support high returns on invested capital and a plausible multi-decade compounding runway.

The hard part is not business quality. The hard part is the valuation gate and durability under pressure. The Gideon lens asks whether a company can compound at high rates for decades under credible management and whether the current price maps to a P/E of 15 or less on earnings five years forward from the TTM anchor. Visa's base starts with TTM EPS of $11.47 and TTM net income of $22.236B. To justify a premium current multiple, the March 31, 2031 earnings base must grow through a combination of volume, cross-border mix, VAS, CMS, pricing, margin recovery from litigation noise and share count reduction. Those drivers are credible, but they are not risk-free.

The primer conclusion is therefore balanced: Visa is an exceptional business, but exceptional businesses can still be poor purchases if the entry multiple already capitalizes too much of the next five years. The rest of the ER2 run should focus less on proving that Visa is good and more on three tests. First, can normalized revenue grow at a durable high-single-digit to low-double-digit rate without requiring unrealistic pricing or cross-border assumptions? Second, can operating margin stay around or above the low-60s after client incentives, VAS investment, regulation, litigation and competitive pressure? Third, can buybacks reduce share count enough, at reasonable prices, to support the required FY+5 EPS without weakening balance-sheet resilience?

If those tests clear with conservative assumptions, Visa may deserve a Gideon-quality premium. If the five-year EPS bridge only clears the 15x gate under aggressive margin expansion, unusually strong cross-border growth or uninterrupted high-multiple buybacks, the right answer is to admire the business and pass on the stock.

Source Notes

- QF: [quant_foundation.md](C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\quant_foundation.md), especially P1-P6 and reconciliation status.
- SEC: [Visa FY2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm).
- SEC/Visa IR: [Visa Q2 FY2026 earnings release, furnished April 28, 2026](https://www.sec.gov/Archives/edgar/data/1403161/000140316126000077/q22026earningsrelease.htm).
- Visa IR PDF: [Q2 FY2026 earnings release PDF](https://s1.q4cdn.com/050606653/files/doc_financials/2026/q2/Q2-2026-Earnings-Release_vF.pdf).

Appendix M - Management Assessment

PATH_RECEIVED: C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\appendix_management.md

Visa Inc. - Management Assessment

Stage 0 anchor: Today is 2026-04-29 Asia/Singapore. Visa's fiscal year ends September 30. The most recently reported quarter is fiscal Q2 2026, quarter ended March 31, 2026. The TTM anchor is Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026, or TTM ending March 31, 2026. The forward horizon is March 31, 2031. This appendix uses live M-owned source pulls saved under `C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\raw\M_*`, especially the 2026 proxy, FY2025 10-K, recent SEC 8-K earnings releases, and fresh FMP transcript pulls. The Q2 FY2026 transcript remained unavailable from FMP and is treated as an accepted gap; no Q2 call-transcript quote is used.

1. Current Leadership

Visa is currently led by Ryan McInerney, Chief Executive Officer and director. The latest proxy identifies him as CEO of Visa since February 2023, director since February 2023, and previously President from May 2013 through January 2023. That matters for this assessment: McInerney is not an external hire still learning the asset. He has been inside Visa for more than twelve years, including almost a decade as President before taking the CEO seat. The proxy also gives him a relevant pre-Visa background: JPMorgan Chase Consumer Banking CEO, COO for Home Lending, Chief Risk Officer for consumer businesses, and earlier McKinsey retail banking/payments work. In a network business whose strategic execution depends on banks, merchants, governments, regulators, and technology partners, that background is unusually fit-for-purpose.

The CFO is Chris Suh. The 2026 proxy says Suh joined Visa in July 2023 and is responsible for financial strategy, planning, reporting, finance operations, and investor relations. Before Visa, he was CFO of Electronic Arts from March 2022 to June 2023, and before that held senior finance roles at Microsoft from 1996 to 2022, including CFO of Microsoft's Cloud + AI group from January 2018 to February 2022. Suh has now been CFO for nearly three fiscal years of reported results. That is enough time to own the current investor messaging, capital-return cadence, and operating-expense discipline, but not enough to claim a decade-long CFO capital allocation record at Visa.

The most important non-CEO operating leader in the proxy is Rajat Taneja, President, Technology. He joined Visa in November 2013 and owns technology innovation and investment strategy, product engineering, global IT, operations infrastructure, and integration of product and engineering. His prior roles include CTO of Electronic Arts and senior Microsoft commerce/online services roles. Visa's strategic claims around Visa as a Service, tokenization, agentic commerce, stablecoin capabilities, and network security depend heavily on Taneja's organization. The proxy also lists Kelly Mahon Tullier as Vice Chair, Chief People and Corporate Affairs Officer, and Corporate Secretary; her role is relevant because regulatory, government-affairs, people, communications, and corporate services are central to Visa's risk management.

The board has an independent chair: John F. Lundgren. The 2026 proxy shareholder letter is signed by Lundgren as Independent Board Chair and McInerney as CEO and director. For the 2026 annual meeting, Visa's board was moving from twelve directors to eleven; the proxy states that eleven nominees include ten independent directors plus the CEO. Directors stand for annual election. This is a good governance baseline: independent chair, annual director elections, a heavily independent board, and no CEO-chair combination. The only caution is that Visa is a large, regulated, network-sensitive company; board independence is necessary but not sufficient, because the real test is whether the board can force tradeoffs when growth, network rules, client incentives, and regulatory risk collide.

2. Tenure and Track Record

McInerney has been CEO since February 2023, so the CEO-only tenure is a little over three years at the Stage 0 date. The better stewardship read is longer because he was President from 2013 to early 2023. He therefore helped build the strategic architecture he now runs. His CEO era has three identifiable decisions.

First, he has continued to organize the company around three growth vectors: Consumer Payments, Commercial and Money Movement Solutions, and Value-Added Services. The FY2025 10-K and 2026 proxy describe the same architecture, and the Q2 FY2026 release used it again when management attributed strong performance to consumer payments, commercial and money movement, and value-added services. The data package shows FY2025 revenue of $40.000B, TTM revenue of $43.027B, TTM operating income of $26.296B, and FY2025 ROIC of about 46.3% using an inclusive invested-capital definition. A team that can keep double-digit revenue growth and 60%+ operating margins while investing in new rails has

earned credit for strategic continuity.

Second, McInerney has pushed the business beyond traditional card acceptance without abandoning the core. Visa Direct exceeded 12.5B transactions in FY2025 according to the 10-K, and tokenization exceeded 16B provisioned tokens as of September 30, 2025. The recent transcript set repeatedly discusses Visa Direct, stablecoin settlement, tokenized assets, Tap to Pay/P2P, and value-added services as extensions of Visa's network position. The positive sign is that these initiatives are not random pivots. They all use Visa's existing assets: brand, risk controls, identity, tokenization, clearing/settlement, issuer/acquirer relationships, and developer-facing connectivity.

Third, management has used acquisitions as capability extensions, not empire-building. The data package shows Pismo closed in FY2024, Featurespace in FY2025, and Prisma/Newpay completed in February 2026 in Argentina, subject to local competition authority review. Featurespace supports real-time AI payments protection. Prisma brings issuer processing; Newpay brings real-time payments services, ATM network infrastructure, and bill payment. These are coherent with processing, fraud/risk, and local infrastructure ambitions. No acquired revenue stream has been separately disclosed at a scale that changes the Visa thesis, which is exactly the point: the deals look like product/control-plane acquisitions, not attempts to buy growth because the core slowed.

The main decision that has not "worked" cleanly is not an acquisition but the continuing regulatory and litigation posture around U.S. debit, interchange, MDL merchant litigation, and Visa Europe class mechanics. Management's public response has been direct in one respect and limited in another. In Q4 FY2025 transcript commentary after the DOJ complaint, McInerney called the lawsuit meritless and said Visa would defend itself vigorously. On questions about regulatory exposure and U.S. debit, management engaged, but naturally did not provide a full damages or revenue-at-risk bridge. That is understandable from a litigation standpoint, but it means the market has to underwrite a large legal/regulatory tail without the same precision Visa provides for volume, revenue categories, and capital returns.

Suh's CFO record is disciplined so far. He has maintained a clear quarterly bridge from business drivers to revenue categories, called out client incentives, pricing, cross-border, FX, hedging, deal timing, and expense timing, and continued the capital-return model. The data package's five-year table shows operating cash flow from $15.227B in FY2021 to $23.059B in FY2025, free cash flow from $14.522B to $21.577B, and TTM free cash flow of $21.185B. Suh does not deserve all historical credit, but under his CFO tenure the system has remained predictable.

3. Capital Allocation Behavior

Visa's capital allocation is simple and powerful: produce very high free cash flow, reinvest modestly in technology and capability, return most excess capital, and keep the balance sheet conservative. From data_package Section 7, FY2021-FY2025 capex rose from $0.705B to $1.482B while free cash flow rose from $14.522B to $21.577B. Capex remains tiny relative to revenue and operating cash flow, which is economically rational for a scaled payments network but also means the moat is less about physical capital and more about software, rules, compliance, security, brand, and partner integration.

Repurchases are the dominant capital-return outlet. Official repurchases were $8.676B in FY2021, $11.589B in FY2022, $12.101B in FY2023, $16.713B in FY2024, and $18.316B in FY2025. The TTM ended March 31, 2026 includes $21.334B of official repurchases on a roll-forward basis, helped by a very large Q2 FY2026 repurchase quarter. In Q2 FY2026, Visa repurchased about 25M Class A shares at an average cost of $320.66 for $7.9B and had $13.2B of remaining authorization as of March 31, before the board authorized a new $20.0B multi-year Class A repurchase program in April 2026. This is not obviously opportunistic market timing; it is a high-FCF compounder returning capital mechanically. That is acceptable because the business has exceptional ROIC and limited internal capital absorption, but valuation sensitivity still matters for shareholder returns.

Dividends are meaningful but secondary. Dividends rose from $2.798B in FY2021 to $4.634B in FY2025, and the Q4 FY2025 release increased the quarterly Class A dividend 14% to $0.670 per share. The Q2 FY2026 release declared another $0.670 quarterly dividend payable June 1, 2026. The dividend policy is conservative relative to FCF, preserving capacity for buybacks, litigation deposits, acquisitions, and debt refinancing.

Balance-sheet actions are pragmatic. Visa issued EUR3.5B of senior notes in May 2025 and $3.0B of U.S. dollar senior notes in February 2026. Given TTM FCF above $21B and net debt after cash/investments below half of TTM FCF in the data package, this does not indicate balance-sheet stress. It reflects routine treasury management in a business that can borrow cheaply and return capital consistently.

M&A behavior is a management positive. Pismo, Featurespace, Prisma, and Newpay fit the stated architecture: processing, AI/fraud protection, real-time payments, bill payment, and local infrastructure. The missing data is post-close ROIC by deal.

Visa does not disclose enough acquired-revenue or acquired-profit detail to grade each transaction separately. Still, the size and rationale of these deals do not resemble serial-acquirer risk.

4. Compensation Alignment

The 2026 proxy compensation structure is generally well aligned with a quality compounder, though it is not perfect. Visa says 95% of the CEO's 2025 target total direct compensation was variable and at-risk, and 91% on average for other NEOs. The annual incentive scorecard uses four categories: Financial, Business Drivers, Foundational, and Company Objectives. The proxy further identifies financial goals tied to Net Revenue Growth, Net Income Growth, and EPS Growth. Long-term incentives include performance shares, stock options, and restricted stock units. Performance shares vest after a three-year performance period based on annual EPS goals and a modifier using relative TSR against S&P 500 companies over the three-year period. Annual incentive awards and performance share awards are capped at 200% of target.

The strongest feature is real equity exposure. The proxy's beneficial ownership table shows McInerney owning 274,569 Class A shares directly/beneficially plus 548,517 obtainable within 60 days, for a total of 823,086. Suh's table figure is 20,511 plus 34,176 obtainable within 60 days, total 54,687. The table also says no director, NEO, or directors/current executive officers as a group owned more than 1% of Class A common stock as of December 1, 2025. That is not founder-level ownership, but for a mature mega-cap it is material executive exposure. The company also has stock ownership guidelines, clawback provisions, capped incentives, and an insider-trading policy that prohibits hedging and pledging by directors; proxy language also describes broader recoupment for current and former Executive Committee members and Section 16 officers in a material restatement involving fraud, intentional misconduct, or gross negligence.

The weaker feature is EPS centrality. EPS and relative TSR align with public shareholders, but EPS can be boosted by buybacks, and Visa is an aggressive repurchaser. The annual scorecard has business-driver and foundational metrics, which helps, but outside shareholders cannot fully reproduce the committee's qualitative judgment. For a network business facing regulatory scrutiny, a stronger explicit ROIC or risk-adjusted growth metric would be cleaner. This is not a failure, because the economic model already produces very high ROIC and the board caps payouts, but it is the main compensation design caveat.

5. Disclosure Quality and Candor

Visa's disclosure quality is above average for a mature payments company, with one recurring limitation: strategic product families are discussed more richly than they are dollar-disclosed. The company gives quarterly net revenue, revenue categories, payments volume, cross-border volume, processed transactions, EPS, share count, buybacks, and business-driver growth. It also separately discusses service revenue, data processing revenue, international transaction revenue, other revenue, and client incentives. This is useful disclosure. It lets analysts reconcile volume, pricing, incentives, and revenue growth without inventing a segment P&L.

The FMP transcript pulls for FY2024 Q3, FY2024 Q4, FY2025 Q1, FY2025 Q2, FY2025 Q3, FY2025 Q4, and FY2026 Q1 show a consistent question-handling style. When asked about client incentives, Suh usually gives drivers: renewals, deal timing, one-time accrual adjustments, client performance, and lapping effects. When asked about guidance, he tends to triangulate rather than hide, for example clarifying Q4 adjusted revenue growth expectations in the FY2024 Q3 call. When asked about travel/cross-border corridors, management does not provide every corridor dollar, but it explains directional mix, yield, hedging, and FX effects. That is candid enough for a global network.

The candor yellow area is litigation/regulation. On the FY2025 Q4 call, management addressed the DOJ lawsuit directly and did not pretend it was immaterial. But management's answer is necessarily advocacy-oriented: Visa believes the lawsuit misunderstands the debit ecosystem and intends to defend itself. The FY2025 10-K discloses DOJ debit litigation, denial of Visa's motion to dismiss on June 23, 2025, related U.S. debit class actions, securities class action activity, derivative actions, European interchange/acquirer fee matters, and other merchant/payment litigation. That is complete enough legally, but not economically transparent enough to size long-term network-rule impairment. Red-team should treat this as a valuation and terminal-multiple risk, not as a management-candor failure.

The Q2 FY2026 call transcript gap is accepted. The latest available Q2 source is the SEC/IR earnings release. It states net revenue grew 17%, the fastest since 2022, GAAP EPS rose 36%, non-GAAP EPS rose 20%, payments volume grew 9% constant currency, cross-border excluding intra-Europe grew 11%, and processed transactions grew 9%. It also says management continued to enhance the Visa as a Service stack with agentic and stablecoin capabilities. Because there is no M-owned Q2 transcript, this appendix does not infer Q2 analyst Q&A tone.

6. Strategic Coherence

Visa's strategy is coherent. The 2026 proxy states the company aims to accelerate revenue growth through Consumer Payments, Commercial and Money Movement Solutions, and Value-Added Services while fortifying brand, product innovation, platforms/security, government affairs, sales/service, and people. The FY2025 10-K and the quarterly releases use the same language. This is not a collection of unrelated buzzwords; it is a layered use of the same network.

Consumer Payments protects the core card-based flywheel and extends acceptance, credentials, tokens, and card-not-present security. CMS and Visa Direct push the same network capabilities into P2P, B2B, disbursements, remittances, and real-time money movement. VAS monetizes the tools needed to run payments better: issuing, acceptance, fraud/risk, advisory, marketing, data, and security. Network/security/trust are the through-line. Featurespace, tokenization, stablecoin settlement, Visa Token Service, and agentic commerce all make sense as ways to keep Visa relevant when payment form factors change.

The main strategic disclosure discipline for downstream ER2 work is not to over-model named initiatives. Visa does not disclose standalone revenue dollars for Consumer Payments, CMS, VAS, Visa Direct, tokens, stablecoins, or agentic commerce as separate product P&Ls. "Other revenue" is not identical to VAS revenue. Management's strategy is credible, but the model must remain tied to disclosed categories and consolidated Payment Services.

7. Governance Flags

Governance is generally clean, with regulatory complexity rather than insider-control risk. The proxy describes a related-person transaction policy administered by the Audit and Risk Committee and does not present a large specific related-party transaction table after that policy disclosure. KPMG has audited the company since the 2008 IPO; long tenure is worth noting, but the Audit and Risk Committee says it reviews independence and performance annually. The FY2025 10-K includes KPMG's opinion that Visa maintained effective internal control over financial reporting as of September 30, 2025. No material weakness or restatement trigger was identified in the source set reviewed here.

Visa does have a complex share structure: Class A, Class B-1, Class B-2, Class C, and preferred-stock mechanics tied to Visa Europe and litigation responsibility. This is not a founder dual-class structure giving management control. Holders of Class A common stock vote on the annual meeting proposals, and the Class B/C mechanics are mainly litigation/economic conversion architecture. Still, complexity matters. The April 2026 Class B-1/B-2 exchange offer and litigation escrow deposits affect diluted share count, EPS economics, and legal-risk insulation. They deserve synthesis tie-out.

The largest governance flag is external: antitrust, interchange, debit routing, merchant litigation, and Europe-related proceedings. These do not show that management is untrustworthy. They do show that Visa's business model is so profitable and systemically embedded that regulators and merchants will keep challenging network rules and economics. A PASS on management must therefore be paired with a watch item on legal/regulatory outcomes.

8. Peer Comparison

Against Mastercard, Visa management looks comparable, not clearly superior. Mastercard's 2026 proxy identifies Michael Miebach as President and CEO since January 2021, with Merit Janow as board chairperson. Miebach has a longer CEO tenure than McInerney and a similar product/network background. Mastercard is often admired for services execution and communication. Visa has at least equal scale, similar capital-return discipline, and a newer but deeply internal CEO. I would rank Mastercard and Visa in the same top tier for payments stewardship, with Mastercard having a slight CEO-tenure advantage and Visa having the advantage of McInerney's long pre-CEO Visa presidency.

Against American Express, the comparison is mixed because the business models differ. Stephen Squeri has been a long-tenured, effective CEO and American Express has a closed-loop premium customer franchise, but AXP carries credit and funding-cycle exposure that Visa largely avoids. Visa's management job is more about network rules, global acceptance, bank/merchant diplomacy, and technology platform relevance. AXP's management job includes underwriting, marketing, and credit-cycle control. Both are high-quality teams; Visa's capital allocation is cleaner because it can return capital without funding a credit balance sheet to the same degree.

Against PayPal, Visa is plainly better managed at this point in the cycle. PayPal's 2026 proxy materials describe a CEO transition: Alex Chriss ceased serving as President and CEO effective February 2, 2026; Jamie Miller served as interim President and CEO until Enrique Lores assumed the role on March 1, 2026. That level of leadership reset in a competitive checkout/wallet business is a strategic uncertainty. Visa has continuity, a clearer network role, and better evidence that innovation initiatives reinforce the core rather than compensate for core erosion.

9. Verdict on the Management Gate

Management gate: PASS.

Visa's management clears the ER2 management gate. McInerney is a relatively recent CEO by title, but not a new steward: he has more than a decade of Visa operating history and owns the current strategy. Suh and Taneja add credible finance and technology depth, the board has an independent chair and heavy independence, compensation is meaningfully at-risk, and capital allocation has been disciplined for a high-ROIC, low-capex network. The main caveats are regulatory/legal exposure and the opacity of strategic product-family dollars, but those are business-model and valuation risks more than management failures. For a BUY verdict, management is good enough to follow for a decade; the ultimate investment decision should turn on regulatory downside and valuation against the March 31, 2031 earnings power.

Appendix W - Moat and 2046 Durability

Visa Inc. - Moat and 2046 Durability

PATH_RECEIVED: C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\appendix_moat.md

Date: 2026-04-29 Asia/Singapore. Visa's fiscal year ends September 30. The most recently reported quarter is fiscal Q2 2026, ended March 31, 2026. The TTM anchor for this appendix is Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026, or the TTM period ended March 31, 2026. The forward valuation horizon used by the ER2 run is March 31, 2031. The 2046 test date is April 29, 2046.

This appendix uses the cleared data package Sections 1-3 for taxonomy and margin evidence, the primer for orientation, and live primary sources for risk and competitive context. `appendix_B_payment_services.md` existed at writing, but it was still a stub rather than a completed Payment Services segment appendix, so the competitive and moat analysis below does not rely on it. Visa reports one segment, Payment Services. Consumer Payments, Commercial & Money Movement Solutions, Value-Added Services, Visa Direct, stablecoins, tokenization and agentic commerce are strategic product vectors inside Payment Services, not reportable P&Ls.

1. Moat Taxonomy Applied

Network effects. Visa's moat begins with a two-sided and increasingly multi-sided acceptance network. The FY2025 10-K describes Visa as a global digital-payments company that provides authorization, clearing and settlement in the four-party model and has broadened participation to digital banks, wallets, fintechs, governments and NGOs. The scale is explicit: in FY2025, 329 billion Visa-branded payments and cash transactions were processed by Visa or other networks, 258 billion of those were processed by Visa, payments and cash volume was $17 trillion, nearly 5 billion payment credentials were available, and Visa acceptance extended to more than 175 million merchant locations. This network effect is not just "more cards equals more merchants." It is more issuers, acquirers, merchants, processors, risk models, dispute rules, tokenized credentials, wallet integrations, regulatory permissions and consumer habits reinforcing each other. A new entrant must solve both demand and acceptance at once, while also matching security, uptime, authorization performance and dispute reliability.

Switching costs. Switching costs are high for issuers, acquirers, merchants and ecosystem partners, but they are contract-and-integration based rather than pure consumer lock-in. Visa's customers can and do multi-home with Mastercard, domestic schemes, wallets and A2A rails. The friction is that Visa is embedded in core processing, authorization rules, settlement procedures, token vaults, fraud tools, chargeback operations, card portfolios, rewards economics, co-brand agreements, merchant acceptance settings and compliance workflows. The strongest evidence is the size of client incentives: FY2025 client incentives were $15.751B, and TTM incentives were $16.734B, or roughly 39% of net revenue. Those incentives are a cost of defending volume, but they also show the contractual machinery by which Visa locks in and expands relationships over multi-year periods. The moat is therefore real but not free; Visa pays partners to keep the flywheel spinning.

Scale economies. Scale is Visa's most visible moat after the network effect. The data package shows FY2025 net revenue of $40.000B, operating income of $23.994B and a 60.0% GAAP operating margin despite unusually large litigation provisions. TTM revenue through March 31, 2026 was $43.027B, TTM operating income was $26.296B and the TTM operating margin was 61.1%. The fixed-cost base includes global processing infrastructure, security, rulemaking, brand investment, compliance and technology development. Incremental transactions can ride that infrastructure at high incremental margins, although client incentives, regulatory concessions and product investment absorb part of the benefit. Visa's FY2025 processed transactions grew 10%, and Q2 FY2026 processed transactions grew 9% to 66.1B for the quarter; that growth continues to appear at a margin structure most payment competitors cannot replicate.

Brand and trust. Visa's brand is not a consumer-lifestyle moat by itself; it is an acceptance, security and reliability signal that matters at the moment of payment. The FY2025 10-K says Visa owns and manages a brand associated with acceptance, security, convenience, speed and reliability, and its trademarks are licensed through issuer and acquirer agreements. That brand reduces checkout friction for merchants and consumers, helps issuers sell premium products, and gives regulators and banks confidence that the network can operate across borders. The brand moat would weaken quickly after a major outage, systemic fraud failure or loss of merchant trust, so it is inseparable from operational performance.

Regulatory and licensing position. Regulation is both moat and threat. Visa benefits from licenses, network rules, settlement infrastructure, compliance capability, local market knowledge and the ability to operate in more than 200 countries and territories. That position is difficult for a new payment network to duplicate. But the same scale attracts price controls,

network-rule scrutiny, routing mandates, domestic-network preferences and antitrust litigation. Visa's FY2025 10-K flags regulation of interchange, merchant discount rates, network fees, operating rules, cross-border rates and systemic payment-system oversight. The DOJ's 2024 debit case is the clearest U.S. example: the Antitrust Division case page lists monopolization allegations in credit and debit card networks, and the DOJ press release alleges Visa used agreements and incentives to protect debit volume. Regulatory capability protects Visa from weak entrants; regulatory action can also transfer part of the moat to merchants, domestic rails or alternative networks.

Data, security and risk models. Visa has a real data and security moat because payments are high-frequency, adversarial and latency-sensitive. The 10-K identifies authentication, risk management and fraud detection as reusable service-layer capabilities in the Visa as a Service stack. Visa Token Service replaces account numbers with tokens and had provisioned more than 16B tokens as of September 30, 2025. Visa acquired Featurespace in December 2024 for real-time AI payments protection technology. The moat is not that Visa has generic AI models; every large competitor can buy or build AI. The moat is the combination of transaction history, issuer/acquirer feedback loops, authorization outcomes, dispute/fraud labels, token infrastructure and rules enforcement across a global acceptance network.

Pricing power. Visa has observable pricing power, but it is bounded. FY2025 service revenue growth was driven by nominal payments volume, select pricing modifications and card benefits; data processing revenue growth was driven by processed transactions and select pricing modifications; and other revenue growth also included select pricing modifications. Q2 FY2026 net revenue grew 17% while payments volume grew 9% constant currency, processed transactions grew 9%, and cross-border ex intra-Europe grew 11%. That spread reflects mix, pricing, VAS and category effects, not merely volume. The offset is client incentives, which rose 14% in Q2 FY2026 and represented a large contra-revenue pool. Visa can raise or refine prices because the network is valuable, but it must share economics with issuers, merchants and partners and cannot treat pricing power as unlimited.

2. Per-Segment Moat

Visa has one reportable segment: **Payment Services**. At segment level, the moat is the integrated system of global acceptance, credential issuance, authorization, clearing, settlement, tokenization, fraud/risk scoring, dispute rules, regulatory compliance, brand trust and partner incentives. The segment is durable over five and ten years because no competitor can cheaply recreate global acceptance or issuer/acquirer connectivity, and because Q2 FY2026 still shows high single-digit to low double-digit growth across payments volume, processed transactions and cross-border volume. The segment is also plausible over twenty years, but with a lower confidence band: A2A/RTP systems, domestic schemes, wallets, stablecoins and agentic-commerce platforms can attack specific flows.

The earliest observable breakage would not be one headline about "cards declining." It would be sustained volume share loss in debit or ecommerce routing, accelerating client incentives as a percentage of net revenue, net revenue growth persistently below processed-transaction growth, cross-border take-rate pressure, merchant steering becoming mainstream at checkout, or Visa being forced by regulators to open rules, tokens or routing in ways that reduce yield. Because Payment Services is the whole disclosed company, there is no blend problem where a weak segment dilutes a strong one. The analytical hazard is the reverse: overstating the moat by treating every product vector as a separate profit pool. VAS, CMS, Visa Direct, tokenization, AI commerce and stablecoins are important defenses and growth vectors, but the reportable P&L remains one Payment Services business.

3. Margin Persistence Evidence

The data package provides five fiscal years rather than a full ten-year margin series. Over FY2021-FY2025, Visa's consolidated and Payment Services operating margins were 65.6%, 64.2%, 64.3%, 65.7% and 60.0%. TTM through March 31, 2026 was 61.1%. FY2025's decline was affected by litigation provisions, not a visible collapse in unit economics. Q2 FY2026 itself had $11.230B of net revenue and $7.234B of operating income, a 64.4% GAAP operating margin, even with a $311MM litigation provision. This is strong evidence of moat persistence because the period includes intense wallet competition, merchant pressure, regulatory scrutiny, high inflation, cross-border volatility and A2A/RTP development.

Revenue growth also supports the margin signal. FY2021 revenue of $24.105B grew to FY2025 revenue of $40.000B; TTM revenue reached $43.027B. Operating income grew from $15.804B in FY2021 to $23.994B in FY2025 and $26.296B TTM. The fastest recent dollar-disclosed growth is not confined to one fragile line: in Q2 FY2026, service revenue grew 13%, data processing grew 18%, international transaction revenue grew 10%, other revenue grew 41%, and client incentives grew 14%. Client incentives remain the key watch item. A business that needs ever-higher incentives to maintain volume could have high reported margins today and weakening marginal economics tomorrow. So far, Visa's net margin profile says the incentives are

manageable.

4. AI Disruption Stress Test

Visa's core value is not a simple workflow where a foundation model can replace a knowledge worker. The core Payment Services asset is chokepoint economics around credential acceptance, routing, risk, rules, settlement and dispute resolution. AI can change the interface by which a consumer or business chooses what to buy and how to pay, but the payment still needs authorization, authentication, risk control, merchant acceptance, funds movement and post-transaction accountability. That makes Visa more protected than a pure software workflow vendor.

The most exposed vector is checkout control in AI commerce. If agentic platforms, browsers, wallets or marketplaces control the user's purchase journey, they may steer payment method choice toward A2A, closed-loop wallet balances, stablecoins or platform-native payment rails. Visa recognizes this risk. Its FY2025 10-K says GenAI agent-based commerce, digital currencies and stablecoins are shifting consumer habits and enabling entrants outside traditional network models. Visa's answer is Visa Intelligent Commerce, tokenized credentials, authenticated payment instructions, contextual signals, a Model Context Protocol server and Trusted Agent Protocol. The April 2026 public Visa rules also now include agentic payment provider and wallet requirements, and the March 2026 Visa Agentic Ready program focuses on issuer readiness for agent-initiated transactions. That is encouraging because Visa is moving rules and integrations before agentic commerce is mainstream.

Fraud and risk models are a protected vector. AI raises fraud sophistication through synthetic identity, deepfakes, automated attacks and scalable social engineering. But the same dynamic increases the value of real-time fraud detection, tokenization, biometric/passkey authentication and network-scale risk data. Visa's Featurespace acquisition is strategically consistent with that defense. AI can improve competitors' risk models, but it does not give them Visa's acceptance graph, issuer/acquirer integrations or historical fraud labels overnight.

A2A and RTP are the most direct economic stress. These rails can be cheaper for domestic account-funded payments and are often supported by governments or bank consortia. Visa is responding through Visa Pay, Tink, Visa A2A, Visa Direct, and "network of networks" connectivity. The risk is that Visa becomes an overlay service provider on lower-priced rails, preserving relevance but accepting lower yield. Wallets are mixed: Apple Pay, Google Pay and other digital wallets can intermediate the consumer relationship, but many wallet transactions are card-funded and tokenized through networks. Stablecoins are similar: in cross-border B2B and remittance flows, they can bypass expensive correspondent and card economics; but Visa is building stablecoin settlement, prefunding and tokenized asset capabilities so it can be infrastructure rather than casualty. The most protected part of Visa is security, tokenization, risk and rules across many rails. The most exposed part is domestic debit and high-cost cross-border flows where cheaper regulated or blockchain-based rails can perform the money movement job with acceptable fraud and compliance outcomes.

5. The 2046 Test

On April 29, 2046, a durable Visa still describes itself as a global money movement, identity, trust and transaction-intelligence network. It sells payment acceptance, risk scoring, tokenized credential management, payment orchestration, cross-border settlement, dispute and compliance infrastructure, and developer-accessible commerce APIs. Its buyers are still issuers, acquirers, merchants, banks, fintechs, governments, marketplaces, AI-commerce agents, enterprise software platforms and wallet providers. The Payment Services segment still exists as the reportable business, but its mix is less card-plastic-centric and more credential-, token-, wallet-, account-, stablecoin- and agent-mediated. Consumer Payments remains large because global commerce still needs trusted acceptance and dispute rights. Commercial and Money Movement Solutions has grown as B2B, government and payout flows digitized. VAS has become a larger share of economics because fraud, identity, compliance and transaction optimization are more valuable in an AI-mediated world.

In that 2046 base case, Visa's operating margin is directionally stable to modestly lower versus today's low-60s normalized structure. It may not sustain mid-60s GAAP margins every year because more revenue comes from lower-yield overlays, regulated rails, security services and local partnerships. But the business can still earn exceptional returns because the capital intensity remains low and the network/rules/data layer remains scarce. The moat that survives is not "cards"; it is trusted acceptance and transaction risk infrastructure at global scale. A buyer, seller, bank or agent still needs to know that a payment instruction is authorized, funded, compliant, reversible where appropriate, low-fraud, settleable and recognized by the counterparty. Visa can still make money if it is the trusted credential, rule, routing, risk and settlement layer even when the payment interface is an AI agent and the funding source is a bank account, wallet or stablecoin.

The bear 2046 description is more severe. In the erosion case, Visa becomes a premium but mature card-network and risk-services provider whose domestic debit, ecommerce and cross-border economics were compressed by regulation and alternative rails. Large merchants and AI-agent platforms route routine domestic payments over bank-owned RTP/A2A rails by default. Stablecoins handle material emerging-market remittance and B2B settlement flows. Domestic schemes in India, Brazil, Europe and other large markets capture local processing. Wallets and agent platforms own the consumer decision layer and auction payment routing to the cheapest compliant rail. Visa still processes high-value credit, travel, premium cross-border and fraud-sensitive transactions, but incentives rise, take rates fall and operating margin drifts into the 40s or low-50s.

That bear case is plausible enough to matter, but not probable enough to fail the 2046 test today. The reason is adaptation evidence. Visa is already extending tokens, Visa Direct, A2A, open banking, stablecoin settlement, Visa Intelligent Commerce and risk services across non-traditional payment forms. The company has the balance sheet, relationships and data to buy or build around platform shifts. The main risk is not that Visa misses AI as a technology; it is that regulation and platform routing turn Visa from a toll collector into one of several interchangeable service modules. That would still leave a business, but not necessarily a Gideon-quality compounder.

6. Competitive Threat Inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Regulation and litigation of debit, interchange, network fees and routing	Courts and regulators force lower fees, more routing choice, altered rules, settlement costs or transparency remedies	Payment Services, especially U.S. debit and cross-border/network-fee economics	Client incentives/net revenue rises; net revenue grows below volume; adverse DOJ remedies; UK/EU/Australia network-fee caps	High
A2A/RTP, domestic schemes and bank-owned rails	Cheaper account-to-account rails route routine domestic payments away from Visa or force Visa into lower-yield overlay roles	Payment Services, especially domestic debit, P2P, bill pay, government disbursement and some ecommerce	Faster A2A share gains; merchant default steering; Visa Pay/Tink/Visa A2A fail to monetize; domestic schemes mandate local routing	Medium-high
Wallets, AI agents and platform-controlled checkout	Consumer interface moves to wallets, browsers, marketplaces or agents that choose the cheapest acceptable payment method	Payment Services, especially ecommerce, agentic commerce and card-not-present growth	More wallet transactions funded by non-card sources; agent protocols exclude card networks; lower card share in online checkout	Medium
Stablecoins and tokenized deposits	Cross-border B2B, remittance and emerging-market payments settle on blockchain or bank-token rails with lower cost and 24/7 liquidity	Payment Services, especially international transaction revenue and Visa Direct/CMS	Stablecoin settlement volumes outgrow Visa cross-border yields; banks issue compliant stablecoins that bypass Visa	Medium
Cybersecurity or fraud-model failure	A major breach, outage or fraud wave damages trust in Visa credentials, tokens or authorization	Entire Payment Services segment	Sustained fraud losses, issuer pullbacks, regulator operational findings, merchant acceptance pushback	Low-medium but high severity

7. Pricing Power Verification

Pricing power is observable but shared. FY2025 net revenue grew 11% to $40.000B. Visa's 10-K attributes service revenue growth partly to select pricing modifications and card benefits; data processing growth partly to select pricing modifications; and other revenue growth partly to select pricing modifications. Q2 FY2026 provides a current test: net revenue grew 17% to $11.230B while payments volume and processed transactions each grew 9% and cross-border ex intra-Europe grew 11%. The revenue categories also outgrew pure transaction count in several areas: data processing grew 18% and other revenue grew 41%. That is not proof of unlimited price power, but it verifies that Visa can expand net revenue faster than base volume under favorable mix, product and pricing conditions.

The negative evidence is equally important. Client incentives are large, contractual and rising. FY2025 incentives were $15.751B, up 14%, and Q2 FY2026 incentives were $4.245B, also up 14%. Visa enters long-term incentive contracts with financial institutions, sellers and partners to grow volume, acceptance, usage and innovation; those incentives are generally reductions to net revenue. This means Visa's gross price is negotiated, and a significant share of network value is competed back to partners. The moat verdict should therefore treat pricing power as **verified but bounded**. A clean PASS requires net revenue growth and operating margin to remain strong after incentives, and the data package shows that they do.

8. Moat Verdict

Moat gate: PASS. Visa's moat is concrete: global acceptance, issuer/acquirer connectivity, credential scale, authorization/clearing/settlement, network rules, tokenization, fraud/risk data, brand trust, regulatory know-how and partner contracts. Margin persistence supports the claim: FY2021-FY2025 margins stayed around 60%-66% despite competition and litigation noise, and TTM operating margin was 61.1%. The only reportable segment is Payment Services, so the moat assessment is not diluted by a weak disclosed segment, though the product-vector economics must not be over-modeled.

2046 test: PASS. A specific 2046 Visa can still make money as a trusted money movement, identity, token, risk and settlement layer across cards, accounts, wallets, agents and stablecoins. The bear case is credible: regulation, A2A/RTP, wallets, agent-controlled checkout and stablecoins can erode yield. But Visa is already adapting through Visa as a Service, Visa Direct, Tink/A2A, tokenization, stablecoin settlement, AI risk tools and agentic-commerce rules. The 2046 picture is not risk-free, but it is specific and plausible enough for a moat PASS.

Sources

- Local ER2 data: `data_package.md`, Sections 1-3; `quant_foundation.md`; `appendix_A_primer.md`. `appendix_B_payment_services.md` was unavailable beyond a stub at writing.
- Visa FY2025 Form 10-K, SEC EDGAR: https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm
- Visa Q2 FY2026 earnings release, SEC 8-K exhibit: https://www.sec.gov/Archives/edgar/data/1403161/000140316126000077/q22026earningsrelease.htm
- Visa Investor Day 2025 event page: https://investor.visa.com/events-calendar/Event-Details/2025/Visa-Investor-Day-2025/default.aspx
- Visa Core Rules and Visa Product and Service Rules, public PDF dated April 18, 2026: https://cis.visa.com/content/dam/VCOM/download/about-visa/visa-rules-public.pdf
- DOJ Antitrust Division case page, U.S. v. Visa, Inc. [2024]: https://www.justice.gov/atr/case/us-v-visa-inc-2024
- DOJ press release, Justice Department Sues Visa for Monopolizing Debit Markets: https://www.justice.gov/archives/opa/pr/justice-department-sues-visa-monopolizing-debit-markets
- Visa Agentic Ready Europe press release, March 17, 2026: https://www.visa.co.uk/about-visa/newsroom/press-releases.3437886.html

Appendix B1 - Payment Services

PATH_RECEIVED: C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\appendix_B_payment_services.md

Appendix B - Payment Services Segment Deep Dive

Company: Visa Inc. Ticker: V Segment: Payment Services Date anchor: 2026-04-29, Asia/Singapore TTM anchor: Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026, ending March 31, 2026 Forward horizon: March 31, 2031, exactly five calendar years from the TTM end date

0. Segment Boundary and Taxonomy Note

Payment Services is Visa Inc.'s only reportable segment. That is the central boundary condition for this appendix. The data package's Section 1 states that Visa's FY2025 Form 10-K Note 14 identifies one reportable segment, Payment Services, and that the chief operating decision maker uses the consolidated company view for performance assessment and resource allocation. Therefore, segment revenue equals consolidated Visa net revenue, and segment operating income equals consolidated Visa operating income. No corporate residual, "other" segment, or shared-cost allocation is needed to reconcile the segment to the company.

Visa's internal strategy language is more granular than its reportable segment structure. Management discusses Consumer Payments, Commercial & Money Movement Solutions, Value-Added Services, Visa Direct, tokens, stablecoins, agentic commerce, issuer processing, risk products, acceptance products, and advisory services. Those categories matter for moat and growth analysis, but they are not disclosed as standalone segment P&Ls. The data package's taxonomy flags specifically warn downstream agents not to create artificial Consumer Payments, Commercial & Money Movement Solutions, or Value-Added Services segment P&Ls. This appendix follows that rule. It uses the strategic categories only as qualitative drivers inside the single Payment Services segment.

The most granular recurring dollar disclosure available for modeling is the revenue-category taxonomy: service revenue, data processing revenue, international transaction revenue, other revenue, and client incentives as contra revenue. The data package's Section 4 gives annual and last-four-quarter dollars for those categories. That revenue-category spine is useful because it ties directly to net revenue, but it is still not the same as a product P&L. In particular, "Other revenue" is broader than Value-Added Services. It likely contains many VAS-related fees, but the data package explicitly says it should not be equated one-for-one with VAS revenue. This matters because a bullish VAS narrative can easily become a fabricated product model if the analyst treats a strategic growth vector as a disclosed revenue line.

For this appendix, "Payment Services" means the whole Visa business: brand, rules, acceptance, issuer and acquirer connectivity, authorization, clearing and settlement, cross-border transaction economics, client incentives, risk and fraud capabilities, value-added services embedded in the network, Visa Direct and related money movement capabilities, and the technology infrastructure supporting all of those flows. The segment is not just card switching, and it is not just consumer credit or debit. It is the global payment-network operating model, measured by consolidated net revenue and consolidated operating income.

1. What This Segment Actually Is

Payment Services is the network and services layer that makes Visa-branded and Visa-enabled payments work across consumers, merchants, issuers, acquirers, processors, fintech platforms, businesses, and governments. Visa does not generally take credit risk like a card issuer. Its core economic role is to provide acceptance, rules, authorization, clearing, settlement, risk controls, credentials, tokenization, dispute standards, data services, and related value-added functionality. The business is asset-light because Visa is not funding receivables on its balance sheet in the way a bank would. The data package's capital allocation table shows TTM capital expenditure of only $1.571B against TTM net revenue of $43.027B and TTM free cash flow of $21.185B, underscoring the capital-light nature of the segment.

The revenue engine starts with payment activity. Service revenue is mainly linked to payments volume, generally recognized based on prior-quarter volume. Data processing revenue is tied to authorization, clearing, settlement, network access, and related processing activity. International transaction revenue monetizes cross-border and currency-conversion activity. Other revenue captures value-added services, license fees, account holder services, and other revenue categories in Visa's presentation. Client incentives are negotiated contra-revenue payments or credits used to win, renew, and expand client relationships; they reduce gross revenue to reported net revenue rather than sitting below revenue as operating expense. The

data package's Section 6 also notes Investor Day materials describing client incentives as customized price discounts classified as contra revenue.

Operationally, the segment benefits from a two-sided network. Issuers want credentials that cardholders can use broadly. Merchants want to accept payment methods that consumers carry and trust. Acquirers, processors, wallets, and fintechs want connectivity to the endpoints and rules that make payment acceptance reliable. Visa's job is to keep those parties coordinated while monetizing the transaction stream and adjacent services. The reported scale is large: the data package's Section 4 shows Q2 FY2026 Visa Inc. total volume of $4.355T, payments volume of $3.730T, 79.831B payment transactions, $626B of cash volume, and 5.112B cards. Those operating metrics are not the same as revenue, but they show the breadth of activity flowing through the network.

The segment also has a strategic expansion layer. Consumer Payments remains the core flow base. Commercial and money movement extends the same connectivity into B2B, disbursements, remittances, push payments, and account-to-account or card-to-account use cases. Value-Added Services attempts to monetize risk, identity, acceptance, issuing, advisory, and data capabilities around the core flow. Visa Direct is a platform for real-time push payments and related money movement; the FY2025 10-K data summarized in the data package says Visa Direct had more than 12.5B transactions and more than 650 partners in FY2025. Tokenization is another infrastructure layer; the data package notes more than 16B provisioned tokens as of September 30, 2025. These are important durability indicators, but they remain KPI and narrative inputs rather than standalone revenue lines.

2. Current Economics: FY2025 and TTM

Payment Services' current economics are exceptional even after recognizing legal and incentive pressure. The data package's Section 3 states that TTM Payment Services revenue through March 31, 2026 was $43.027B, TTM operating income was $26.296B, and TTM operating margin was 61.1%. It also states that FY2025 revenue was $40.000B, FY2025 operating income was $23.994B, and FY2025 operating margin was 60.0%. Because Payment Services is the only reportable segment, those numbers are both segment and consolidated numbers.

Metric	FY2025	TTM ended 2026-03-31	Source
Net revenue	$40.000B	$43.027B	data_package Section 3 Payment Services table and TTM paragraph
Operating income	$23.994B	$26.296B	data_package Section 3 Payment Services table and TTM paragraph
Operating margin	60.0%	61.1%	data_package Section 3 Payment Services table and TTM paragraph
Free cash flow	$21.577B	$21.185B	data_package Section 7 capital allocation table
Capital expenditure	$1.482B	$1.571B	data_package Section 7 capital allocation table
Capex as percentage of net revenue	3.7%	3.7%	calculated from data_package Sections 3 and 7
FCF as percentage of net revenue	53.9%	49.2%	calculated from data_package Sections 3 and 7

The margin line is the first clue that Visa's economic profit is driven by network scale rather than incremental physical capital. A 61.1% TTM operating margin on $43.027B of net revenue is rare for a company this large. The data package's Section 2 calculates FY2025 ROIC at 46.3% using a conservative denominator that keeps goodwill and intangibles inside invested capital. On a tangible-capital basis, returns would look even higher, but this appendix keeps the more conservative frame.

The cash conversion context is also strong, though not perfectly linear quarter to quarter. The data package's Section 5 shows Q2 FY2026 operating cash flow of $3.008B and free cash flow of $2.625B, lower than Q1 due to period-specific cash-flow timing and litigation effects. The TTM figure remains high at $21.185B of FCF. This means the segment can fund product investment, acquisitions, debt service, dividends, and buybacks while preserving balance-sheet flexibility. The data package's Section 8 states net debt after cash and investment securities was $9.755B at March 31, 2026, less than half of TTM FCF.

The main blemish in current economics is that the operating margin has become more visibly affected by legal and regulatory cost. FY2024 operating margin was 65.7% and FY2025 was 60.0%, per the data package's Section 3. Q4 FY2025 had a litigation drag, and Q2 FY2026 improved to a 64.4% GAAP operating margin as legal expense normalized. For forward modeling, the correct approach is not to mechanically assume a return to the FY2024 peak. The base case should recognize

structural scale economies but also keep a litigation, regulatory, and investment burden inside the margin.

3. Unit Economics

Visa's unit economics are best understood as layered monetization on payment activity, less negotiated incentives. The segment earns service revenue from volume, data processing revenue from messages and network services, international transaction revenue from cross-border and currency-related activity, and other revenue from value-added and miscellaneous services. That gross revenue is reduced by client incentives. The resulting net revenue then flows through a cost base dominated by technology, personnel, marketing, professional services, depreciation and amortization, network operations, litigation, and general overhead. Because much of the infrastructure and rule set can support incremental activity without proportional capital investment, volume growth and mix improvement can produce operating leverage.

Service revenue is a yield on payments volume. It is sensitive to total payment volume growth, pricing, mix, and lagging recognition mechanics. This line is resilient because it is attached to the broad base of consumer and commercial spending moving over Visa credentials. It is not immune to pressure. Large issuers and co-brand partners negotiate hard, and regulators can affect interchange economics even when Visa's own revenue is not interchange. Still, the line grows with the expansion of electronic payments, nominal spending, and credential usage.

Data processing revenue is more transaction- and message-linked. It benefits from processed transaction growth, authorization intensity, tokenized and digital commerce messages, fraud and risk checks, and network access. It can grow faster than service revenue when transaction counts and message complexity outpace dollar volume. The data package's Section 4 shows processed transactions growing 9% to 10% in each of the last four reported quarters, while data processing revenue grew to a TTM base of $21.634B.

International transaction revenue is the most mix-sensitive major line. Cross-border activity carries attractive economics, but it is more exposed to travel cycles, currency, geopolitics, border restrictions, and local alternative rails. The data package's Section 4 shows cross-border ex intra-Europe growth at 11% constant currency in each of the last four quarters, and total cross-border growth at 12% constant currency in each quarter. International transaction revenue grew only 3.9% from FY2025 to the TTM level, however, because quarterly seasonality and mix are uneven. That slower TTM/FY2025 run-rate change is one reason the base-case international CAGR in this appendix is below the reported last-four-quarter volume growth.

Other revenue is the fastest disclosed category, but it is the easiest to over-interpret. It includes value-added services and other revenue, not a pure VAS line. The data package's Section 5 shows Q2 FY2026 other revenue grew 41% year over year to $1.320B. The data package's Section 4 shows TTM other revenue of $4.738B, up 16.9% from FY2025. A plausible long-term model lets this line grow faster than the core lines as Visa sells risk, issuing, acceptance, advisory, and processing capabilities into the installed base. A rigorous model still caps the impact because the line is only 11.0% of TTM net revenue before considering incentives and because its exact product composition is not fully disclosed.

Client incentives are the contra-revenue release valve in the model. Incentives are not a side issue; TTM incentives were $16.734B, equal to 28.0% of gross revenue before incentives. As competition for issuer, co-brand, fintech, and merchant routing relationships intensifies, incentives can consume a larger share of gross revenue. The model therefore lets incentives grow in all cases. In the base case, incentives compound at 8.5% from TTM to March 31, 2031, slightly above the modeled net revenue CAGR, which reflects continued competitive bidding for volume even while Visa retains strong network economics.

Operating leverage comes from the gap between revenue growth and required incremental capital. The data package's Section 7 shows TTM capex of $1.571B, or 3.7% of TTM net revenue. The business must keep investing in network resilience, security, AI, fraud prevention, cloud and data systems, and regulatory compliance, but it does not need to build factories or carry loan balances to grow. This is why even a conservative margin case still produces high operating income in the forward horizon.

4. Competitive Dynamics

Visa's strongest direct competitor is Mastercard. Mastercard's 2025 Form 10-K describes a similar global payments business that connects consumers, financial institutions, merchants, governments, digital partners, businesses, and other organizations, and that switches authorization, clearing, and settlement transactions through its proprietary global network. Mastercard also states that it competes in ACH and real-time account-based payments and sees possible competition in domestic person-to-merchant and person-to-person flows as those propositions mature. That is the cleanest external peer read: Visa is not competing against a weak imitation; it is competing against a similarly scaled, well-managed, high-margin

network with its own brand, acceptance, data, AI, services, and multi-rail capabilities. Source: Mastercard 2025 Form 10-K on SEC EDGAR, especially business overview and competition discussion, https://www.sec.gov/Archives/edgar/data/1141391/000114139126000013/ma-20251231.htm.

Domestic schemes and local networks are the second competitive vector. In many countries, domestic debit or account-based networks handle local switching while Visa and Mastercard are more important for cross-border or international acceptance. Governments sometimes support local networks for sovereignty, cost, data localization, or financial-inclusion reasons. The risk is not that every local scheme becomes a global substitute. The risk is that domestic volume, especially debit and low-value merchant payments, migrates to lower-cost local rails that reduce Visa's addressable transactions or pressure pricing and incentives. This is most relevant where governments can mandate routing, cap economics, or encourage national champions.

Account-to-account and real-time payment systems are the third vector. In the U.S., The Clearing House states that its RTP network processed 128M transactions totaling $480B in Q1 2026 and had more than 1,200 participants as of March 2026. It also emphasizes 24/7/365 instant settlement, high transaction limits, ISO 20022 messaging, and use cases such as account-to-account transfers, digital wallet payouts, merchant settlement, insurance, gig-economy disbursements, treasury, supplier, and cash-concentration payments. Source: The Clearing House RTP network page, https://www.theclearinghouse.org/payment-systems/rtp. The Federal Reserve's FedNow Service adds a public-sector instant-payments rail. Federal Reserve Financial Services stated in July 2025 that FedNow had more than 1,400 participants and that use cases such as instant payroll, auto loan disbursements, digital wallet defunding, merchant refunds, account funding, healthcare payments, small business payments, online marketplace payments, and instant bill pay were emerging. Source: Federal Reserve Financial Services FedNow progress update, https://www.frbservices.org/news/fed360/issues/071625/fednow-service-two-years-growth-innovation.

These real-time rails are serious but not one-for-one substitutes. They generally do not replicate Visa's global acceptance brand, chargeback rules, issuer economics, credit functionality, consumer protections, cross-border acceptance, fraud tooling, loyalty integration, and merchant-acquirer workflows in a single package. But they can attack specific flows where instant bank transfer is good enough or superior: payroll, bill pay, wallet funding and defunding, merchant settlement, disbursements, B2B supplier payments, and low-cost domestic transfers. The Federal Reserve's July 2025 FedNow update also notes risk-mitigation features and a $1M transaction limit, which supports higher-value business use cases. Source: Federal Reserve Financial Services risk feature update, https://www.frbservices.org/news/fed360/issues/070125/fednow-service-new-risk-mitigation-features. The implication is that Visa's moat is strongest where trust, acceptance, credit, dispute rights, cross-border reach, and issuer/merchant coordination matter; it is weaker where the payment is a simple domestic bank transfer and the user primarily values cost and speed.

Wallets and big technology platforms are both partners and competitors. Apple Pay, Google Pay, PayPal, Cash App, Venmo, Mercado Pago, Alipay, WeChat Pay, and bank wallets can increase Visa credential usage, tokenization, and digital acceptance. They can also own the consumer interface, steer payment choice, negotiate economics, and promote account-based alternatives. The CFPB's final larger-participant rule for digital payment apps shows regulatory recognition that large nonbank payment apps have become systemically important consumer interfaces. The CFPB finalized supervision for companies handling more than 50M annual transactions and highlighted fraud, errors, debanking, outages, and consumer access issues. Source: CFPB rule announcement, https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-on-federal-oversight-of-popular-digital-payment-apps-to-protect-personal-data-reduce-fraud-and-stop-illegal-debanking/. For Visa, wallet regulation is mixed: it can raise compliance costs for wallets and reduce reckless competition, but it also formalizes wallets as major payment platforms with bargaining power.

Acquirers, processors, issuers, and large merchants are the bargaining-power layer. They are Visa's distribution partners, but they also negotiate incentives, routing, pricing, data access, and product attachment. Large issuers can shift portfolio emphasis or demand economics. Large merchants and acquirers can push routing optimization, least-cost routing, and alternative tender acceptance. Fintech processors can abstract network choice away from end users. This does not erase Visa's network advantage, but it keeps the company from capturing all gross value created by electronic payment growth. Client incentives are the accounting evidence of this bargaining process.

Regulators are the final competitive actor. The data package's Section 9 flags DOJ debit litigation, U.S. debit class actions, interchange litigation, European acquirer fee matters, and other merchant/payment litigation. The DOJ's September 2024 civil antitrust lawsuit alleges monopolization and unlawful conduct in debit network markets. Source: DOJ announcement, https://www.justice.gov/opa/gallery/justice-department-sues-visa-monopolizing-debit-markets. This appendix does not assume DOJ allegations are proven. It does assume that regulatory pressure can affect network rules, routing, incentives,

settlement expense, and valuation multiple. A conservative Payment Services model should therefore avoid giving Visa full credit for every possible pricing lever.

5. Segment-Level Moat

The Payment Services moat has five layers: acceptance density, issuer and acquirer integration, trust and rules, data and risk systems, and reinvestment capacity. The first layer is acceptance density. Consumers carry and use Visa credentials because merchants accept them broadly. Merchants accept them because consumers carry and use them broadly. That feedback loop is not absolute, but it is hard to replicate globally. A new rail may be better for one use case, yet still lack the ubiquity and operational normalization needed for broad merchant acceptance.

The second layer is issuer and acquirer integration. Visa sits inside bank card portfolios, co-brand programs, debit portfolios, digital wallets, processors, gateway flows, and merchant-acquirer operations. Those integrations are both technical and contractual. They create switching friction because moving volume away from Visa requires changes in routing, risk, economics, consumer experience, dispute handling, reporting, and partner incentives. The same integration base gives Visa a distribution channel for new services. When Visa sells risk tools, tokenization, advisory, issuer processing, or money movement capabilities, it sells into an installed base that already depends on the network.

The third layer is trust and rules. Payments are not just data messages. A useful payment network must define authorization rules, settlement rules, disputes, chargebacks, fraud allocation, compliance obligations, brand standards, merchant category controls, and participant responsibilities. These rule systems are invisible when they work, but expensive to recreate. They are especially important in cross-border commerce, high-fraud categories, travel, e-commerce, and card-not-present payments. Account-to-account rails can improve speed and cost, but they still need risk, dispute, and user-protection layers to match the practical value of a card network in many consumer purchase contexts.

The fourth layer is data and risk. Visa's processed transaction base gives it pattern recognition, fraud signals, authorization intelligence, tokenization scale, and issuer/merchant analytics. The data package's Section 6 mentions management's focus on AI commerce, stablecoins, Visa as a Service, issuer processing, risk, and security. Those initiatives are not separate P&Ls, but they indicate how Visa tries to convert network data into higher-value services. The moat is stronger if those services improve authorization rates, reduce fraud, and lower operational burden for issuers and merchants. The moat is weaker if third-party fraud, identity, open banking, and wallet platforms can provide similar tools without routing volume through Visa.

The fifth layer is reinvestment capacity. With TTM operating income of $26.296B and TTM FCF of $21.185B, Visa can fund product investment, litigation, acquisitions, tokenization, AI capabilities, stablecoin settlement experiments, direct account connectivity, and buybacks simultaneously. This financial capacity does not guarantee success, but it makes the network adaptive. The segment can respond to threats by lowering price through incentives, buying capabilities, building services, or partnering with the very wallets and real-time rails that could otherwise disintermediate pieces of the flow.

The moat is not invulnerable. Its most fragile edge is domestic debit and low-complexity account-to-account flow. Where regulators require routing choice and users primarily value low cost, Visa's brand and dispute features may matter less. Its strongest edge is cross-border, card-not-present, travel, global acceptance, issuer-funded consumer credit, fraud-heavy commerce, and flows where network rules and trust create more value than raw settlement speed. The base case assumes the moat remains strong enough for high single-digit net revenue growth, but not strong enough to prevent incentives and compliance costs from rising.

6. Historical Growth Rates Reproduced from Data Package

The historical spine below is reproduced from the data package, with growth rates calculated from the data package's disclosed rows. FY2023, FY2024, and FY2025 are fiscal years ending September 30. The TTM column is the TTM ended March 31, 2026. For the TTM comparison column, the percentage is TTM value divided by FY2025 value minus one; it is a run-rate comparison, not a true year-over-year TTM comparison, because the data package gives the TTM value but not a prior-year TTM by category.

Metric	FY2023	FY2024	FY2025	TTM ended 2026-03-31	Source per cell
Payment Services net revenue	$32.653B; +11.4%	$35.926B; +10.0%	$40.000B; +11.3%	$43.027B; +7.6% vs FY2025	FY2023-FY2025 cells from data_package Section 3 row Revenue and row YoY revenue growth; TTM cell from Section 3 TTM paragraph

Metric	FY2023	FY2024	FY2025	TTM ended 2026-03-31	Source per cell
Payment Services operating income	$21.000B; +11.6%	$23.595B; +12.4%	$23.994B; +1.7%	$26.296B; +9.6% vs FY2025	FY2023-FY2025 cells from data_package Section 3 row Operating income; growth calculated from those cells; TTM cell from Section 3 TTM paragraph
Payment Services operating margin	64.3%	65.7%	60.0%	61.1%	FY2023-FY2025 cells from data_package Section 3 row Operating margin; TTM cell from Section 3 TTM paragraph
Service revenue	$14.826B; +11.0%	$16.114B; +8.7%	$17.539B; +8.8%	$18.673B; +6.5% vs FY2025	FY cells from data_package Section 4 row Service revenue; TTM cell from Section 4 last-four-quarters table row Service revenue
Data processing revenue	$16.007B; +10.9%	$17.714B; +10.7%	$19.993B; +12.9%	$21.634B; +8.2% vs FY2025	FY cells from data_package Section 4 row Data processing revenue; TTM cell from Section 4 last-four-quarters table row Data processing revenue
International transaction revenue	$11.638B; +18.6%	$12.665B; +8.8%	$14.166B; +11.9%	$14.716B; +3.9% vs FY2025	FY cells from data_package Section 4 row International transaction revenue; TTM cell from Section 4 last-four-quarters table row International transaction revenue
Other revenue	$2.479B; +24.5%	$3.197B; +29.0%	$4.053B; +26.8%	$4.738B; +16.9% vs FY2025	FY cells from data_package Section 4 row Other revenue; TTM cell from Section 4 last-four-quarters table row Other revenue
Client incentives	$(12.297)B; +19.4% incentive dollars	$(13.764)B; +11.9% incentive dollars	$(15.751)B; +14.4% incentive dollars	$(16.734)B; +6.2% vs FY2025	FY cells from data_package Section 4 row Client incentives; TTM cell from Section 4 last-four-quarters table row Client incentives
Net revenue category sum	$32.653B; ties segment	$35.926B; ties segment	$40.000B; ties segment	$43.027B; ties segment	data_package Section 4 row Net revenue and Section 3 Payment Services revenue

The history supports three conclusions. First, Visa's net revenue has remained a double-digit grower through FY2025, with TTM revenue still above FY2025 by 7.6% despite using only two FY2026 quarters. Second, the fastest disclosed category is Other revenue, but its base remains much smaller than service or data processing revenue. Third, client incentives grow meaningfully and absorb part of gross revenue growth; a forward case that ignores incentives would overstate the segment's revenue conversion.

The latest-quarter trend in the data package strengthens the near-term setup but should not be extrapolated mechanically. Section 5 shows Q2 FY2026 net revenue up 17% year over year, with service revenue up 13%, data processing up 18%, international transaction up 10%, other revenue up 41%, and client incentives up 14%. Q2 was a strong quarter, but the model below uses five-year CAGRs from the TTM base rather than annualizing the latest quarter. That is important because the horizon is exactly five calendar years from March 31, 2026 to March 31, 2031.

7. Management Guidance from Data Package Section 6

The data package's Section 6 is the only source used here for management commentary. The Q2 FY2026 transcript was unavailable from FMP after an identical retry, so this appendix does not use or invent any Q2 earnings-call transcript quote. Q2 commentary is limited to the IR release, SEC 8-K exhibit, earnings deck, and event page as summarized in the data package.

Management's recent message is that growth is broad-based. The data package's Section 6 says Q3 FY2025 revenue was up 14%, with payments volume, cross-border volume, and processed transactions all growing high single digits to low double digits. For Q4 FY2025, the data package says FY2025 revenue was $40.000B, up 11%, with full-year payments volume up 8% constant currency, cross-border ex intra-Europe up 13%, total cross-border up 13%, and processed transactions up 10%. For Q1 FY2026, the data package cites $10.901B of revenue, up 15%, GAAP EPS up 17%, and management's demand read of "resilient consumer spending." For Q2 FY2026, the data package states that Visa's net revenue growth of 17% was the highest since 2022, GAAP EPS rose 36%, non-GAAP EPS rose 20%, and consumer spending remained resilient.

Management also emphasizes the evolution of the platform beyond basic card authorization. The data package's Section 6 summarizes Visa as a Service, agentic commerce, stablecoin capabilities, AI commerce, Visa Direct, risk and security, issuer processing, and value-added services. Investor Day 2025 materials frame the strategy around Consumer Payments, Commercial & Money Movement Solutions, Value-Added Services, brand, technology, AI, global markets, and capital allocation. The modeling implication is not to break those into fabricated product revenue streams. The implication is that Visa is trying to sustain high single-digit to low double-digit revenue growth by layering services and new money movement use cases on top of the core network.

The data package also gives explicit non-dollar product scale indicators. Visa Direct had more than 12.5B transactions and more than 650 partners in FY2025. Visa had more than 16B provisioned tokens as of September 30, 2025. VAS is framed as a $520B annual revenue opportunity across four portfolios. These metrics support a durable-growth narrative, but they are not sufficient to model standalone VAS or Visa Direct dollars. The forward model uses the disclosed "Other revenue" category as the only dollar proxy for faster-growing value-added and other service streams, while keeping the caveat that Other revenue is broader than VAS.

Finally, management's capital allocation posture supports per-share compounding but does not change segment revenue. The data package's Section 7 shows large repurchases, a new $20.0B multi-year repurchase authorization in April 2026, and TTM repurchases of $21.334B on the official roll-forward. This matters for synthesis and EPS, but Appendix B focuses on segment revenue, operating margin, and operating income. Buybacks are not used to inflate segment operating income.

8. Forward Growth Assumptions by Revenue Category

This appendix models Payment Services from the TTM revenue-category base because Visa discloses service revenue, data processing revenue, international transaction revenue, other revenue, and client incentives in dollars. The model does not build separate Consumer Payments, Commercial & Money Movement, VAS, Visa Direct, tokenization, stablecoin, or agentic-commerce P&Ls because the data package says those are not standalone dollar-disclosed segment lines. The category model is still imperfect: client incentives are negotiated across relationships and can be linked to many activity drivers, so the net revenue result must be judged as a whole rather than as five independent businesses.

The five-year horizon is March 31, 2031. Every line compounds from the TTM ended March 31, 2026 over exactly five calendar years. No FY2025-to-FY2031 six-year compounding is used.

Revenue category	TTM base	Bear CAGR	Bear horizon value	Base CAGR	Base horizon value	Bull CAGR	Bull horizon value	Rationale
Service revenue	$18.673B	4.5%	$23.270B	7.0%	$26.190B	8.5%	$28.078B	Grows with payments volume and electronic penetration; bear reflects routing and macro pressure; bull reflects durable volume and pricing.
Data processing revenue	$21.634B	5.0%	$27.611B	8.0%	$31.787B	9.5%	$34.057B	Transaction/message growth, tokenization, digital commerce, and risk checks support growth above service in base/bull.
International transaction revenue	$14.716B	3.5%	$17.478B	6.5%	$20.162B	9.0%	$22.642B	Cross-border remains attractive but cyclical and exposed to local rails, geopolitics, and travel normalization.
Other revenue	$4.738B	8.0%	$6.962B	12.0%	$8.350B	16.0%	$9.951B	Faster VAS and other services growth, but not treated as pure VAS; bull still capped by disclosure uncertainty.

Revenue category	TTM base	Bear CAGR	Bear horizon value	Base CAGR	Base horizon value	Bull CAGR	Bull horizon value	Rationale
Client incentives	$(16.734)B	6.5%	$(22.927)B	8.5%	$(25.162)B	8.5%	$(25.162)B	Contra revenue grows as issuers, merchants, co-brands, wallets, and processors negotiate economics; bull assumes mix and services reduce incentive intensity.
Net segment revenue	$43.027B	4.0% implied	$52.394B	7.4% implied	$61.327B	10.1% implied	$69.566B	Sum of gross category lines less incentives.

The bear case assumes Visa remains a high-quality compounder but loses some domestic debit and simple A2A flows to real-time rails, faces weaker cross-border mix, and must keep raising incentives to protect volume. Service and data processing still grow because the installed network remains large and nominal payment activity grows, but net revenue compounds only 4.0%. Other revenue remains the fastest line, yet it is too small to offset incentive pressure fully.

The base case assumes core consumer payments continue to grow high single digits, data processing benefits from transaction growth and message complexity, cross-border grows mid-to-high single digits from the TTM base, and Other revenue compounds at 12.0% as value-added services, risk, issuing, acceptance, advisory, and processing capabilities attach to the installed base. Incentives compound at 8.5%, reflecting ongoing competition for portfolios and acceptance. The result is $61.327B of net revenue at the horizon, a 7.4% implied net revenue CAGR.

The bull case requires more than "Visa keeps winning." It requires sustained cross-border strength, fast Other revenue growth, durable digital and tokenized transaction growth, no major regulatory impairment to network rules, and better incentive efficiency. Gross revenue categories compound faster, while incentives do not accelerate beyond the base case because the bull case assumes stronger product differentiation and higher-value services reduce the need to buy every unit of volume. The result is $69.566B of horizon net revenue, a 10.1% implied net revenue CAGR.

9. Forward Operating Margin Assumptions

The TTM operating margin base is 61.1%, from the data package's Section 3. FY2025 margin was 60.0%, FY2024 was 65.7%, and Q2 FY2026 was 64.4%. That history shows both the power of scale and the volatility introduced by litigation provisions and period-specific expense. The forward margin cases intentionally do not anchor to the FY2024 peak. They start from TTM and consider gross revenue growth, incentive pressure, technology investment, regulatory and litigation cost, acquisition integration, and mix shift toward higher-value services.

Case	TTM margin	Horizon margin	Change	Horizon revenue	Horizon operating income	Mechanism
Bear	61.1%	59.5%	-160 bps	$52.394B	$31.174B	Incentive pressure, litigation and compliance burden, domestic debit routing pressure, and investment spending more than offset scale.
Base	61.1%	62.5%	+140 bps	$61.327B	$38.330B	Revenue growth and mix shift toward data processing and other services offset incentives and regulatory cost; no return to FY2024 peak assumed.
Bull	61.1%	64.0%	+290 bps	$69.566B	$44.523B	Strong gross revenue growth, faster high-margin services, better incentive efficiency, and normalized litigation allow partial recapture of historical margin.

Any margin move greater than 100 bps needs a mechanism. The bear-case decline of 160 bps is driven by incentives and regulation. If regulators force routing changes, if DOJ or merchant litigation changes network practices, or if issuers and large merchants extract more economics, Visa could grow revenue while losing some operating leverage. Compliance, fraud,

security, and product investment would also remain necessary, so expense growth would not fall enough to protect margin.

The base-case increase of 140 bps relies on operating leverage. A 7.4% net revenue CAGR is faster than the growth rate required in the fixed and semi-fixed parts of the cost base. Other revenue and data processing revenue grow faster than service revenue, which should help mix. However, the base case still assumes incentives grow at 8.5% and that legal/regulatory spending does not disappear. That is why the base horizon margin is 62.5%, above TTM but below FY2024's 65.7%.

The bull-case increase of 290 bps requires a strong but not impossible outcome. It assumes broad-based growth, a larger contribution from Other revenue, better incentive efficiency, and no major adverse regulatory remedy. The margin does not exceed the FY2024 reported level; it recovers partway toward it. This is important because the bull case should not require a new all-time margin regime to work.

10. Segment Rollup and Probability-Weighted View

The segment rollup is a direct category build. Gross revenue equals service revenue plus data processing revenue plus international transaction revenue plus other revenue. Net segment revenue equals gross revenue minus client incentives. Operating income equals net segment revenue multiplied by the case operating margin. Because Payment Services is Visa's only reportable segment, this rollup also becomes the consolidated segment input for the ER2 synthesis.

Case	Service	Data processing	International transaction	Other	Less client incentives	Net segment revenue	Operating margin	Operating income	Probability
Bear	$23.270B	$27.611B	$17.478B	$6.962B	$(22.927)B	$52.394B	59.5%	$31.174B	25%
Base	$26.190B	$31.787B	$20.162B	$8.350B	$(25.162)B	$61.327B	62.5%	$38.330B	55%
Bull	$28.078B	$34.057B	$22.642B	$9.951B	$(25.162)B	$69.566B	64.0%	$44.523B	20%

The probabilities are intentionally not uniform. The base case receives 55% because the latest operating data are strong and Visa's moat remains intact, but the company faces real regulatory and routing pressure. The bear case receives 25% because the DOJ debit case, domestic network mandates, account-to-account adoption, and incentive pressure are not tail risks; they are active competitive realities. The bull case receives 20% because Visa has clear upside from cross-border, services, tokenization, Visa Direct, AI commerce, and stablecoin-related capabilities, but the evidence is not yet strong enough to make that the default case.

The probability-weighted horizon revenue is $60.742B: 25% times $52.394B plus 55% times $61.327B plus 20% times $69.566B. The probability-weighted operating income is $37.780B: 25% times $31.174B plus 55% times $38.330B plus 20% times $44.523B. Those figures are close to the base case because the probability distribution is centered on base, but the downside probability is large enough to matter for valuation.

The base rollup passes the arithmetic tie: $26.190B service revenue plus $31.787B data processing revenue plus $20.162B international transaction revenue plus $8.350B other revenue less $25.162B of client incentives equals $61.327B of net revenue. $61.327B multiplied by 62.5% equals $38.330B of operating income. The same arithmetic is used for the bear and bull cases.

11. Key Risks and Wildcards

[Bear - regulation] Bear-case risks start with regulation. The DOJ debit lawsuit and related private litigation can pressure network rules, routing practices, incentives, and settlement costs. Even if Visa ultimately defends the case, the process can increase compliance cost and political scrutiny. A regulatory remedy that materially weakens debit routing economics would pressure service revenue, data processing revenue, and incentives simultaneously.

[Bear - account-to-account substitution] The second bear risk is account-to-account substitution. FedNow and RTP do not need to replace Visa globally to matter. They only need to take enough domestic disbursement, bill pay, wallet defunding, payroll, marketplace, merchant settlement, supplier, or low-complexity P2M flow to reduce Visa's growth runway or bargaining power. The model reflects this mainly through lower service/data growth and higher incentive growth in bear.

[Bear - platform bargaining power] The third bear risk is wallet and platform bargaining power. Wallets can increase Visa usage, but they can also own the interface, steer payment choice, and turn card networks into interchangeable back-end rails. If agentic commerce accelerates, the entity choosing payment routing may be software optimizing for cost, rewards, risk, or settlement speed rather than a consumer consciously choosing a card brand. Visa is investing in agentic commerce, but the eventual economics are not guaranteed.

[Bear - cross-border mix] The fourth bear risk is cross-border normalization. International transaction revenue is a high-value line, but it is exposed to travel cycles, currency, geopolitics, local schemes, and account-based alternatives. If cross-border growth decelerates structurally, the segment loses one of its best mix drivers.

[Bear - incentive escalation] The fifth bear risk is incentive escalation. Client incentives already represent a large contra-revenue line. If issuers, merchants, co-brands, wallets, and processors demand more economics, Visa can preserve volume while giving up net revenue yield. That risk is visible, measurable, and included in all three cases.

[Base - pressure-point clustering] Base-case risks are mostly about balance. Visa can keep compounding if electronic payment growth, cross-border, data processing, and other services offset incentives and regulation. But the base case fails if more than one pressure point hits at once: for example, weak cross-border plus debit routing remedies plus higher incentives. The base case also assumes that litigation and compliance costs do not permanently reset operating margin below 60%.

[Bull - optionality] Bull-case wildcards include faster value-added-services adoption, AI-driven authorization and fraud tools that increase approval rates and reduce losses, tokenization that improves digital commerce security, Visa Direct expansion into more money movement use cases, stablecoin settlement or prefunding capabilities that make Visa more useful in cross-border flows, and stronger-than-expected commercial payments penetration. These are real options, but the model only gives them explicit credit through faster Other revenue, data processing, and international transaction growth. It does not create unsupported product revenue lines.

Summary Table

Case	TTM+5y revenue at 2031-03-31	Operating margin	Operating income	Probability
Bear	$52.394B	59.5%	$31.174B	25%
Base	$61.327B	62.5%	$38.330B	55%
Bull	$69.566B	64.0%	$44.523B	20%

Bottom line: Payment Services remains an elite one-segment business with TTM revenue of $43.027B, TTM operating income of $26.296B, and a 61.1% operating margin. The correct modeling discipline is to respect the single-segment boundary, build from disclosed revenue categories, treat client incentives as contra revenue, and keep strategic vectors such as VAS, Visa Direct, tokens, stablecoins, and agentic commerce as drivers rather than fabricated P&Ls. The base case compounds net revenue at 7.4% for exactly five years from the TTM base and reaches $38.330B of operating income at the March 31, 2031 horizon.

Appendix S - Synthesis (Combined Earnings Model)

PATH_RECEIVED: C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\appendix_synthesis.md

Visa Inc. - Synthesis / Combined Earnings Model

Date: 2026-04-29 Ticker: V Company: Visa Inc. Current price anchor: $309.42, from the Russell 1000/FMP queue snapshot dated 2026-04-26

This appendix is Sub-Agent S for the ER2 production run. It combines the reviewed one-segment Payment Services appendix, the cleared data package, the management appendix, and the moat appendix into a five-year-forward earnings model. The governing rule is that "FY+5" in this synthesis means TTM plus exactly 5.0 calendar years. The forecast base is not FY2025 alone. It is the trailing twelve months ended March 31, 2026, made from Q3 FY2025, Q4 FY2025, Q1 FY2026, and Q2 FY2026. The horizon is March 31, 2031.

The main conclusion is valuation discipline, not business-quality skepticism. Visa has a strong management gate, a moat gate PASS, and a 2046 durability PASS. The combined model also ties cleanly because Visa has one reportable segment and because the segment appendix already reconciles the disclosed revenue-category build to Payment Services. But the P/E 15 gate is strict. At $309.42, Visa must produce at least $20.628 of TTM+5y EPS for the base case to clear at 15.0x. The base case here produces $18.44 of EPS, worth $276.60 at 15.0x, or 10.6% below the current price. The bull case clears, but ER2 does not let a bull case rescue a base-case valuation failure. The synthesis verdict from the combined model is therefore WATCH/PASS on price, despite business quality.

1. Anchors

Stage 0 anchors are reproduced here because a horizon error would be the easiest way to overstate the five-year EPS case.

Anchor	Value
Today	2026-04-29
Fiscal year end	September 30
Most recently reported quarter	Q2 FY2026, quarter ended March 31, 2026
TTM anchor	Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026
TTM end date	2026-03-31
Latest completed FY label for historical tie-out	FY2025
Horizon date	2031-03-31
Compounding span	Exactly 5.0 calendar years from TTM end
Current price	$309.42
Required TTM+5y EPS at P/E 15	$20.628
TTM diluted Class A share count	1,938.2M average diluted shares from QF P4
Latest-quarter diluted Class A share count	1,916M in Q2 FY2026, per official Q2 release as captured in the data package

The data package and QF both identify Visa as a one-reportable-segment company: Payment Services. Segment revenue equals consolidated revenue. Segment operating income equals consolidated operating income. There is no corporate revenue elimination and no separate unallocated operating expense residual disclosed in the source package. Visa discloses revenue categories inside Payment Services: service revenue, data processing revenue, international transaction revenue, other revenue, and client incentives as contra revenue. It does not disclose separate P&Ls for Consumer Payments, Commercial & Money Movement Solutions, VAS, Visa Direct, tokens, or stablecoin-related capabilities. Those are strategic product vectors, not separate model segments.

The TTM base from the data package is $43.027B of revenue, $26.296B of operating income, 61.1% operating margin, $22.236B of net income, official TTM diluted EPS of $11.47, and TTM free cash flow of $21.185B. The quarterly bridge is clean: Q3 FY2025 revenue $10.172B, Q4 FY2025 revenue $10.724B, Q1 FY2026 revenue $10.901B, and Q2 FY2026 revenue $11.230B sum to $43.027B. The same four-quarter bridge gives operating income of $6.177B, $6.148B, $6.737B, and $7.234B, summing to $26.296B.

2. Segment-Level Forward Assumptions

The segment-level forward assumptions are reproduced from `appendix_B_payment_services.md`, Sections 8 through 10. I do not re-derive the segment revenue endpoints here. For Visa, the segment appendix models Payment Services from the dollar-disclosed revenue categories, because those are the most granular recurring dollars available. It then rolls the categories into net segment revenue and applies case-level operating margins.

Segment	TTM revenue	Bear TTM+5y revenue	Base TTM+5y revenue	Bull TTM+5y revenue	Bear OI margin	Base OI margin	Bull OI margin
Payment Services	$43.027B	$52.394B	$61.327B	$69.566B	59.5%	62.5%	64.0%

The product/category rollup behind that segment row is:

Revenue category	TTM base	Bear CAGR	Bear horizon value	Base CAGR	Base horizon value	Bull CAGR	Bull horizon value
Service revenue	$18.673B	4.5%	$23.270B	7.0%	$26.190B	8.5%	$28.078B
Data processing revenue	$21.634B	5.0%	$27.611B	8.0%	$31.787B	9.5%	$34.057B
International transaction revenue	$14.716B	3.5%	$17.478B	6.5%	$20.162B	9.0%	$22.642B
Other revenue	$4.738B	8.0%	$6.962B	12.0%	$8.350B	16.0%	$9.951B
Client incentives	$(16.734)B	6.5%	$(22.927)B	8.5%	$(25.162)B	8.5%	$(25.162)B
Net segment revenue	$43.027B	4.0% implied	$52.394B	7.4% implied	$61.327B	10.1% implied	$69.566B

The assumptions are conservative in one important respect and demanding in another. They are conservative because the base case does not assume a return to Visa's FY2024 65.7% operating margin. It uses a 62.5% horizon margin, above the TTM 61.1% margin but below the recent peak. They are demanding because the base case still requires net revenue to compound at 7.4% for five full years while client incentives compound at 8.5%. If incentives, debit routing, platform bargaining power, or domestic account-to-account substitution pressure become materially worse than the base appendix expects, the revenue endpoint and margin endpoint can both disappoint.

3. Combined Revenue Build

Visa has one reportable segment, so the combined revenue build is the Payment Services revenue build. The data package says there are no reportable-segment eliminations. No hidden "corporate revenue" line is added, and no product line is allocated outside the segment.

Line	Bear	Base	Bull
Sum of segment TTM+5y revenue	$52.394B	$61.327B	$69.566B
Corporate eliminations	$0.000B	$0.000B	$0.000B
Combined TTM+5y revenue	$52.394B	$61.327B	$69.566B
TTM base revenue	$43.027B	$43.027B	$43.027B
Implied TTM to TTM+5y CAGR	4.0%	7.4%	10.1%

The combined revenue result is arithmetically straightforward, but it should not be read as risk-free. The bear case still grows because Visa's installed acceptance, issuer, acquirer, token, fraud, and authorization infrastructure should remain relevant even in a tougher routing regime. The base case is a healthy compounder case rather than a heroic acceleration case. The bull case requires several things to work at once: durable cross-border strength, faster Other revenue growth, continued tokenized/digital transaction complexity, value-added-services attach, and no major regulatory remedy that resets economics.

The base case first-forward-year revenue implied by a 7.4% CAGR is about $46.21B, or 7.4% above the $43.027B TTM base. That is inside the ER2 10% recency-anchor band and is supported by the latest four-quarter operating trend: Q2 FY2026 net revenue grew 17% year over year, payments volume grew 9% constant currency, cross-border ex intra-Europe grew 11% constant currency, and processed transactions grew 9%.

4. Combined Operating Income Build

The segment appendix supplies the operating income endpoints. Because Payment Services is the only reportable segment and the data package says segment operating income equals consolidated operating income, there is no separate corporate

residual to grow. I show the line anyway because the S protocol requires an explicit corporate-expense assumption.

Line	Bear	Base	Bull
Sum of segment TTM+5y operating income	$31.174B	$38.330B	$44.523B
Unallocated corporate expense	$0.000B	$0.000B	$0.000B
Combined TTM+5y operating income	$31.174B	$38.330B	$44.523B
Combined TTM+5y revenue	$52.394B	$61.327B	$69.566B
Implied operating margin	59.5%	62.5%	64.0%

The corporate-expense assumption is not "expense goes away." It is a taxonomy assumption. The historical data package already reports Payment Services revenue and operating income as consolidated revenue and consolidated operating income. Visa does not disclose a separate operating segment plus unallocated corporate line that must be forecast below segment OI. Therefore, adding another corporate expense line would double count expenses already inside the Payment Services operating margin.

The operating income build preserves the segment appendix's case logic. In the bear case, margin falls from 61.1% TTM to 59.5% as incentives, litigation, compliance, debit routing pressure, and technology/fraud investment more than offset scale. In the base case, margin rises to 62.5% as data processing and Other revenue mix, scale, and operating leverage offset incentives and regulatory cost. In the bull case, margin rises to 64.0%, still below FY2024's 65.7%, because the bull case assumes better incentive efficiency but not a structurally new margin regime.

5. Net Income And EPS Build

The TTM historical bridge is the starting point for below-the-line assumptions. QF P4 gives TTM operating income of $26.296B and net income of $22.236B. The workdir FMP quarterly income-statement raw files used by the data package show TTM income before tax of $26.456B and income tax expense of $4.220B, producing a TTM effective tax rate of about 16.0%. The annual data package shows FY2025 effective tax rate of 17.1%. The same quarterly bridge shows TTM total other income/expense net of about +$0.160B. Net debt after cash and investments was $9.755B at March 31, 2026, and Visa issued $3.0B of U.S. dollar notes in February 2026. Because of that, the forward model does not assume below-the-line income remains positive.

Below-the-line assumptions by case:

Assumption	Bear	Base	Bull	Rationale
Net interest and other income/(expense)	$(0.600)B	$(0.350)B	$(0.100)B	TTM other income was slightly positive, but debt has increased and interest rates remain material; bear allows higher net expense.
Effective tax rate	18.0%	17.5%	17.0%	Anchored to FY2025 17.1% and TTM roughly 16.0%, with case spread for geography, discrete tax items, and conservatism.

The EPS build uses case-specific horizon share counts derived in Section 6.

Line	Bear	Base	Bull
Combined TTM+5y operating income	$31.174B	$38.330B	$44.523B
Net interest / other income/(expense)	$(0.600)B	$(0.350)B	$(0.100)B
Pre-tax income	$30.574B	$37.979B	$44.422B
Tax rate assumed	18.0%	17.5%	17.0%
Income tax expense	$(5.503)B	$(6.646)B	$(7.552)B
Net income	$25.071B	$31.333B	$36.870B
Diluted share count at TTM+5y	1,725.0M	1,699.2M	1,694.8M
EPS at TTM+5y	$14.53	$18.44	$21.76

The base-case net income result is strong in absolute terms. It compounds TTM net income of $22.236B to $31.333B over five years, while share repurchases reduce the denominator. The problem is not that Visa cannot grow earnings. The problem is that the current price already capitalizes a very high-quality earnings stream. Even with $31.3B of base-case horizon net income and a materially lower share count, the base EPS falls $2.19 short of the $20.628 required by the P/E 15 test.

6. Share Count Path

The data package's capital allocation section shows TTM free cash flow of $21.185B, TTM repurchases of $21.334B on an official roll-forward basis, dividends of $4.879B, and a new $20.0B multi-year Class A repurchase authorization in April 2026. Management appendix Section 3 says repurchases are the dominant capital-return outlet. The cash-flow raw files used by the data package show FY2025 stock-based compensation of $0.897B and the last four quarters stock-based compensation of roughly $0.920B. I use the TTM SBC dollar amount as the annual SBC issuance pool, divided by the assumed average repurchase price in each year.

The model does not use a flat share count. It also does not assume buybacks occur at today's price forever. The base path assumes $18.0B of annual repurchases, broadly consistent with FY2025 official repurchases of $18.316B and slightly below the TTM official roll-forward of $21.334B. Average repurchase price starts above the current price and rises over the five-year period. This is deliberately less EPS-accretive than assuming all repurchases happen at $309.42.

Base-case share path:

Year	Starting share count	Buyback dollars	Avg price assumed	Shares retired	SBC issuance	Ending share count
Year 1	1,938.2M	$18.0B	$325	55.4M	2.8M	1,885.6M
Year 2	1,885.6M	$18.0B	$341	52.8M	2.7M	1,835.6M
Year 3	1,835.6M	$18.0B	$358	50.3M	2.6M	1,787.8M
Year 4	1,787.8M	$18.0B	$376	47.9M	2.4M	1,742.4M
Year 5	1,742.4M	$18.0B	$395	45.6M	2.3M	1,699.2M

Case-specific horizon share counts:

Case	Annual buyback assumption	Price path summary	Cumulative shares retired	Cumulative SBC issuance	Ending share count
Bear	$15.0B	$300 to $365 average prices	227.3M	14.1M	1,725.0M
Base	$18.0B	$325 to $395 average prices	252.0M	13.0M	1,699.2M
Bull	$20.0B	$350 to $442 average prices	254.5M	11.1M	1,694.8M

The bull case retires only modestly more net shares than the base case despite higher buyback dollars, because it assumes a higher average repurchase price. That prevents the model from double counting upside by assuming both stronger fundamentals and cheap repurchases. The bear case has a lower repurchase price but lower repurchase dollars, consistent with lower earnings/FCF capacity and a more cautious capital-allocation posture.

7. P/E 15 Test

The required TTM+5y EPS at the current price is:

```
$309.42 / 15 = $20.628
```

Case	EPS at TTM+5y	EPS x 15	Current price	Cushion	Pass?
Bear	$14.53	$218.01	$309.42	-29.5%	FAIL
Base	$18.44	$276.60	$309.42	-10.6%	FAIL
Bull	$21.76	$326.33	$309.42	+5.5%	PASS

The base case is decisive. Visa is an elite compounder, but the ER2 price gate is intentionally not a "great company at almost any price" test. A base-case $18.44 EPS endpoint means the current stock price would need a 16.8x multiple on the modeled five-year-forward earnings stream, not 15.0x. The bull case clears by about 5.5%, but that is not enough to override the base-case failure because the bull case depends on sustained double-digit net revenue CAGR, stronger Other revenue mix, better incentive efficiency, and no major adverse regulatory reset.

8. Reflexivity Check

The combined earnings build is bottoms-up, but the base is one segment and therefore should tie tightly to reported financials.

Check	Segment value	Consolidated value	Difference	Result
TTM revenue	$43.027B	$43.027B	$0.000B	PASS
TTM operating income	$26.296B	$26.296B	$0.000B	PASS
FY2025 revenue	$40.000B	$40.000B	$0.000B	PASS
FY2025 operating income	$23.994B	$23.994B	$0.000B	PASS

The reflexivity check passes because Visa's one-segment structure leaves no hidden segment-sum residual. The more important reflexivity question is behavioral: does the model assume a sudden step-up from current reality? The answer is no. The base-case first-forward-year revenue implied by a 7.4% CAGR is approximately $46.21B, which is 7.4% above the TTM base and below the latest reported 17% year-over-year revenue growth rate in Q2 FY2026. The model is not front-loading a growth shock to reach the endpoint.

The operating-margin reflexivity check is also reasonable. TTM GAAP operating margin was 61.1%. Q2 FY2026 operating margin was 64.4%. FY2024 operating margin was 65.7%, while FY2025 operating margin was 60.0% because GAAP expenses included unusually large litigation provisions and other items. A base horizon margin of 62.5% sits within the observed recent range and does not require a new peak margin.

9. In-Progress FY2026 Reconciliation

Stage 0 uses a TTM anchor inside FY2026, not a completed FY2026 estimate. Still, it is useful to reconcile the H1 FY2026 actuals because Q1 and Q2 FY2026 are half of the TTM base and show whether the current run rate is materially different from the trailing year.

Metric	Q1 FY2026	Q2 FY2026	H1 FY2026 actual	Annualized H1 run rate	TTM actual
Revenue	$10.901B	$11.230B	$22.131B	$44.262B	$43.027B
Operating income	$6.737B	$7.234B	$13.971B	$27.942B	$26.296B
Net income	$5.853B	$6.021B	$11.874B	$23.748B	$22.236B
Diluted EPS	$3.03	$3.14	$6.17	$12.34 annualized	$11.47 official TTM roll-forward

The H1 annualized revenue run rate is 2.9% above TTM revenue. H1 annualized operating income is 6.3% above TTM operating income. That difference is not a tie-out failure; it reflects Q2 FY2026 margin recovery after Q4 FY2025 litigation drag and ongoing revenue growth. The model remains anchored on TTM rather than annualizing H1 FY2026, which is conservative relative to the latest half-year trend.

10. Sensitivity

The sensitivity table holds the base case constant except for the named variable. The base reference point is $61.327B revenue, 62.5% operating margin, $(0.350)B of net other expense, 17.5% tax rate, 1,699.2M shares, and $18.44 EPS.

Variable tested	Downside case	EPS	Upside case	EPS	Approx swing vs base
Net revenue CAGR	5.4% CAGR, $55.969B revenue	$16.81	9.4% CAGR, $67.426B revenue	$20.29	-$1.63 / +$1.85
Operating margin	60.5% margin	$17.84	64.5% margin	$19.04	-$0.60 / +$0.60
Share count	5% more shares, 1,784.1M	$17.56	5% fewer shares, 1,614.2M	$19.41	-$0.88 / +$0.97
Tax rate	20.5% tax rate	$17.77	14.5% tax rate	$19.11	-$0.67 / +$0.67

Revenue growth is the highest-impact variable in this model. A 200 bps higher net revenue CAGR raises base EPS to about $20.29, still slightly below the $20.628 P/E 15 hurdle. The model needs either revenue growth a little above that upside sensitivity, or a combination of faster revenue growth, better buyback economics, and lower tax/other expense to clear the gate. Operating margin, tax, and share count all matter, but no single one of those variables fixes the base-case gate on its own within a normal sensitivity band.

This is a useful result because it narrows the debate. The key question is not whether Visa can buy back enough stock to make the model work. It is whether Payment Services net revenue can compound closer to the high-single-digit/low-double-digit side of the range while incentives and regulatory costs remain controlled. If the next several quarters show continued 15%+ net revenue growth with incentives not accelerating faster than gross revenue, the base case could move up. If net revenue normalizes toward mid-single digits or incentives keep absorbing the gross growth, the bear case becomes more relevant.

11. Combined Earnings Summary

Case	Revenue	OI	OI margin	NI	EPS	Probability	EPS x 15	vs. $309.42
Bear	$52.394B	$31.174B	59.5%	$25.071B	$14.53	25%	$218.01	-29.5%
Base	$61.327B	$38.330B	62.5%	$31.333B	$18.44	55%	$276.60	-10.6%
Bull	$69.566B	$44.523B	64.0%	$36.870B	$21.76	20%	$326.33	+5.5%
Probability-weighted EPS	n/a	n/a	n/a	n/a	$18.11	100%	$271.57	-12.2%

Probability weights follow the reviewed segment appendix: 25% bear, 55% base, and 20% bull. The distribution is centered on base because the latest growth data are strong and the moat remains intact, but the bear case receives a meaningful weight because DOJ debit litigation, debit routing rules, account-to-account rails, wallet/platform bargaining power, and incentive escalation are active risks rather than remote possibilities. The bull case receives a smaller weight because Visa has real upside from cross-border, Other revenue, VAS, tokenization, Visa Direct, AI commerce, and stablecoin-related capabilities, but the current disclosure set does not prove that those vectors should be the default case.

The probability-weighted EPS line is below the base case because the downside EPS gap is larger than the upside EPS gain. That matters for ER2 because the framework is trying to avoid paying too much for a business whose quality is obvious. Visa likely remains a durable compounder, but the expected earnings distribution does not give enough valuation cushion at $309.42.

Tie-Out Checks

- **Reported-financial tie-out (TTM + latest completed FY): PASS.** TTM segment revenue of $43.027B equals consolidated TTM revenue of $43.027B. TTM segment operating income of $26.296B equals consolidated TTM operating income of $26.296B. FY2025 segment revenue of $40.000B equals consolidated FY2025 revenue, and FY2025 segment operating income of $23.994B equals consolidated FY2025 operating income.

- **NI / shares = EPS: PASS.** Bear net income of $25.071B divided by 1,725.0M shares equals $14.53. Base net income of $31.333B divided by 1,699.2M shares equals $18.44. Bull net income of $36.870B divided by 1,694.8M shares equals $21.76. Differences are rounding only.

- **Segment sum tie-out at horizon: PASS.** Visa has one reportable segment. Combined revenue equals Payment Services revenue in each case: $52.394B bear, $61.327B base, and $69.566B bull. Corporate eliminations are zero because the data package ties segment revenue directly to consolidated revenue.

- **Product-to-segment rollup: PASS.** The segment appendix's Section 10 category rollup ties in each case. Bear: $23.270B + $27.611B + $17.478B + $6.962B - $22.927B = $52.394B. Base: $26.190B + $31.787B + $20.162B + $8.350B - $25.162B = $61.327B. Bull: $28.078B + $34.057B + $22.642B + $9.951B - $25.162B = $69.566B.

- **Weighted margin check: PASS / not applicable at product level.** Visa does not disclose product-level operating income by service revenue, data processing revenue, international transaction revenue, other revenue, or client incentives. The segment appendix therefore applies segment-level operating margins directly. Segment OI math ties: $52.394B x 59.5% = $31.174B, $61.327B x 62.5% = $38.330B, and $69.566B x 64.0% = $44.523B.

- **Share count path: PASS.** Ending share counts are derived from explicit annual buyback dollars, average repurchase prices, and SBC issuance. The base path starts with 1,938.2M TTM average diluted shares, retires about 252.0M shares over exactly five years, adds about 13.0M SBC shares, and ends at 1,699.2M shares. No sixth year is used.

- **Growth plausibility: PASS.** The base net revenue CAGR is 7.4%. FY2023-FY2025 revenue growth was 11.4%, 10.0%, and 11.3%, and Q2 FY2026 net revenue grew 17% year over year. The base case is below the recent multi-year growth rate and below the latest-quarter headline rate, while still explicitly incorporating incentive pressure.

- **Historical arithmetic: PASS.** The segment appendix compounds the TTM revenue-category base over exactly five calendar years. Spot checks tie within 1%: service revenue $18.673B x 1.07^5 = $26.190B; data processing $21.634B x 1.08^5 = $31.787B; international transaction $14.716B x 1.065^5 = $20.162B; other revenue $4.738B x 1.12^5 = $8.350B; client incentives $(16.734)B x 1.085^5 = about $(25.162)B.

- **Recency anchor: PASS.** The base first-forward-year revenue run rate is about $46.21B, 7.4% above the $43.027B TTM base. That is inside the 10% recency-anchor limit and is supported by Q2 FY2026 reported revenue growth of 17%.

- **Capital allocation and capex consistency: PASS.** The model does not use buybacks to force a pass. Base annual repurchases of $18.0B are below the TTM official roll-forward of $21.334B and close to FY2025 official repurchases of $18.316B. TTM FCF was $21.185B, and capex was only $1.571B, so the base buyback assumption is consistent with historical FCF deployment while leaving the valuation gate to fail if earnings are insufficient.

- **P/E 15 gate arithmetic: PASS as arithmetic, FAIL as valuation gate.** Required EPS is $309.42 / 15 = $20.628. Base EPS is $18.44. Base EPS x 15 equals $276.60, which is 10.6% below the current price. The calculation is internally coherent, but the investment gate fails.

Tie-out status: 11/11 arithmetic and consistency checks passed. The result is not a fabricated clearance: the model is coherent, and that coherent model says the base case does not clear the P/E 15 price discipline at the current price.

Key Findings

First, Visa's business quality remains clear. The management appendix passes the management gate, and the moat appendix passes both the moat gate and the 2046 test. The synthesis does not dispute those gates.

Second, the one-segment structure makes the model cleaner than most ER2 cases. Segment revenue and operating income tie directly to consolidated revenue and operating income. There are no eliminations, no hidden corporate residual, and no segment allocation bridge that can quietly absorb a gap.

Third, the valuation gate is the binding constraint. The base case produces $61.327B of revenue, $38.330B of operating income, $31.333B of net income, and $18.44 of EPS at March 31, 2031. At 15.0x, that is worth $276.60, not $309.42.

Fourth, buybacks help but do not solve the problem. The base case uses $90B of total repurchases over five years and still fails. The model would need stronger revenue growth, better margins, cheaper repurchases, a lower tax/below-the-line burden, or some combination of these to clear decisively.

Fifth, the most important live variable is net revenue growth after incentives. A 200 bps revenue-CAGR upside sensitivity gets EPS to about $20.29, still slightly short of the $20.628 hurdle. This means the upgrade trigger should focus on sustained high-single-digit to low-double-digit net revenue growth with controlled client incentives.

Sixth, the main risk variable is not "cards disappear." It is a cluster of routing, regulation, platform bargaining power, A2A substitution, cross-border mix, and incentive pressure that can reduce net revenue growth and keep margins from expanding.

Seventh, the synthesis conclusion is WATCH/PASS on price. Visa is a durable, high-ROIC compounder, but the base-case P/E 15 gate fails by 10.6%, and the probability-weighted EPS result is weaker than the base case.

Appendix CS - Compounder Score

Visa Inc. - Compounder Score

Analysis date: 2026-05-28 Ticker: V Exchange: NYSE Currency: USD Status: Diagnostic only; not an ER2 gate.

1. Executive Verdict

The evidence supports Visa as an elite business-quality compounder but not as a 20% annualized return underwriting at the current price. The current quote used for valuation is $323.51, with market cap of $663.196B and latest trade timestamp 2026-05-28 15:02:40 UTC from the live market quote. Using data-package net debt after cash and investments of $9.755B, enterprise value is approximately $672.951B. TTM NOPAT is estimated at $21.694B from TTM operating income of $26.296B and a normalized 17.5% tax rate. The resulting EV/NOPAT is about 31.0x and TTM FCF yield is about 3.2%.

Compounder Score: 70/100. Business Quality Score: 67/80. 20% Return Underwriting Score: 3/20. Score-implied classification: Buy only at lower price.

This score is capped because the 20% case requires valuation help or very high NOPAT growth. At a 20.0x exit EV/NOPAT multiple over five years, Visa would need roughly 31.0% annual NOPAT growth to deliver a 20% return from the current EV. At a 25.0x exit multiple, the required NOPAT CAGR is still roughly 25.3%. The evidence does not support underwriting that as a base case.

2. Data Source Map

Evidence area	Source used	Notes
Price / market cap	Live market quote, 2026-05-28	$323.51 price; $663.196B market cap.
Income statement	`quant_foundation.md`, `data_package.md`	Live FMP and official-source-checked historical spine.
Balance sheet	`data_package.md`	March 31, 2026 cash, investments, debt, and net debt.
Cash flow	`quant_foundation.md`, `data_package.md`	Official-source-controlled FCF and capital return.
Share count	`quant_foundation.md`, `data_package.md`, `appendix_synthesis.md`	Official Q2 FY2026 share count controls FMP defect.
SBC	`appendix_synthesis.md`	FY2025 SBC $0.897B; TTM about $0.920B.
Segment data	`data_package.md`, `appendix_B_payment_services.md`	One reportable segment: Payment Services.
Management / capital allocation	`appendix_management.md`	Governance, incentives, acquisitions, buybacks.
Moat / runway / competitors	`appendix_moat.md`, `appendix_B_payment_services.md`	Network, switching, scale, pricing, regulation, A2A/wallet risks.
Forward model	`appendix_synthesis.md`	Five-year EPS and P/E 15 cases through March 31, 2031.

3. Key Financial and Quality Metrics

Metric	Evidence / calculation	Result
FY2021-FY2025 revenue CAGR	$24.105B to $40.000B	13.5%
FY2021-FY2025 NOPAT CAGR	$12.112B to $19.892B	13.2%
FY2021-FY2025 FCF CAGR	$14.522B to $21.577B	10.4%
FY2021-FY2025 diluted share CAGR	2,188M to 1,966M	-2.6%
Five-year median ROIC	Data-package ROIC: 30.0%, 39.0%, 43.9%, 46.5%, 46.3%	43.9%
TTM revenue	Q3 FY2025 through Q2 FY2026	$43.027B
TTM operating income	Q3 FY2025 through Q2 FY2026	$26.296B
TTM FCF	Official cash-flow roll-forward	$21.185B
TTM FCF conversion / NOPAT	$21.185B / $21.694B	97.7%
SBC / revenue	TTM SBC about $0.920B / $43.027B	2.1%

Metric	Evidence / calculation	Result
SBC / FCF	TTM SBC about $0.920B / $21.185B	4.3%
Net debt / TTM FCF	$9.755B / $21.185B	0.46x
EV / NOPAT	$672.951B / $21.694B	31.0x
FCF yield	$21.185B / $663.196B	3.2%

ROIIC is economically high but not cleanly calculable from the local package because Visa's required reinvestment is very low and working-capital/cash-flow timing can make reinvestment negative. The evidence supports high incremental economics, but the score does not award full ROIIC credit because a conventional denominator is not stable enough.

4. Rubric Scorecard

Category	Score	Max	Rationale
Incremental Returns on Capital	21	25	43.9% five-year median ROIC, excellent FCF conversion, but ROIIC calculation is denominator-sensitive.
Reinvestment Runway	17	20	Electronic payments, cross-border, data processing, Visa Direct, tokenization and services support runway; product dollars remain partially undisclosed.
Durability of Moat	13	15	Global acceptance, issuer/acquirer integration, rules, tokenization, risk data and brand are durable; debit routing, A2A, wallets and regulation cap the score.
Accounting and Financial Quality	8	10	Cash supports earnings, SBC is modest, leverage is low; litigation provisions and product-family opacity reduce precision.
Capital Allocation	8	10	Buybacks/dividends fit low-capex economics; M&A is capability-led; buyback valuation discipline and acquired-return disclosure are imperfect.
Price and 20% Underwriting	3	20	Current valuation does not support a 20% base-case return without aggressive growth or multiple support.

5. ROIIC and Reinvestment Analysis

Visa's reported/simple ROIC remains exceptional even when goodwill and intangibles are kept inside invested capital. Data-package ROIC is 30.0% in FY2021, 39.0% in FY2022, 43.9% in FY2023, 46.5% in FY2024, and 46.3% in FY2025. This is not merely a tangible-capital artifact; the data package explicitly uses debt plus equity minus cash and short-term investments, rather than switching to a tiny tangible denominator.

The evidence supports high incremental returns because revenue and NOPAT grew double digits while capex stayed low and FCF conversion was near or above NOPAT. Still, conventional three-year and five-year ROIIC are not scored at the maximum because reinvestment is not cleanly observed from the available local package. Capex is tiny, working capital can release cash, and acquisitions are capability extensions without disclosed acquired-profit bridges. The conservative conclusion is high incremental economics with medium confidence, not a fully proven 35%+ ROIIC calculation.

6. Runway Analysis

The runway is real. Visa has one reportable Payment Services segment, FY2025 revenue of $40.000B, TTM revenue of $43.027B, and Q2 FY2026 net revenue growth of 17%. The data package reports FY2025 geographic revenue of 39.1% U.S. and 60.9% outside the U.S., which supports a global runway rather than a narrow domestic maturity story. Visa Direct had more than 12.5B transactions and more than 650 partners in FY2025, and Visa had more than 16B provisioned tokens as of September 30, 2025.

The main caution is disclosure. Visa does not disclose standalone revenue or operating profit for Consumer Payments, Commercial and Money Movement Solutions, VAS, Visa Direct, tokens, stablecoins, or agentic commerce. Other revenue is a

useful growth signal, but it is broader than VAS and should not be treated as a clean VAS proxy. This keeps the runway score high but not perfect.

7. Moat Analysis

Visa's moat is a layered system: acceptance density, issuer/acquirer integration, trust and rules, data and risk systems, brand, and reinvestment capacity. FY2025 scale was 329B Visa-branded payments and cash transactions, 258B processed by Visa, $17T of payments and cash volume, nearly 5B credentials, and more than 175M merchant locations. That is difficult to replicate.

Pricing power is observable but shared. FY2025 filings attribute growth in several revenue categories partly to select pricing modifications, and Q2 FY2026 net revenue grew faster than payment volume and processed transactions. The offset is large client incentives: FY2025 incentives were $15.751B and TTM incentives were $16.734B. This is both evidence of relationship stickiness and evidence that Visa must share economics to defend volume.

Moat durability is not risk-free. The highest-confidence threats are debit routing, interchange and network-fee regulation, merchant litigation, A2A/RTP rails, wallet/platform bargaining power, and stablecoin or tokenized-deposit substitution in selected cross-border and remittance flows.

8. Accounting and Capital Allocation Analysis

Accounting quality is strong enough for underwriting. Cash flow supports earnings: FY2021-FY2025 FCF rose from $14.522B to $21.577B, and TTM FCF was $21.185B. SBC is real but modest at roughly 2.1% of TTM revenue and 4.3% of TTM FCF. Balance sheet risk is low: net debt after cash and investments is less than half of TTM FCF.

Capital allocation is rational for a mature, low-capex, high-ROIC network. Official repurchases rose from $8.676B in FY2021 to $18.316B in FY2025, with $21.334B repurchased on a TTM roll-forward. Dividends are meaningful but secondary. Acquisitions such as Pismo, Featurespace, Prisma and Newpay look capability-led rather than empire-building, but post-close ROIC and acquired profit are not disclosed, so acquisition discipline is not scored as perfect.

Management quality is a positive. The management appendix finds an independent chair, heavy board independence, at-risk compensation, equity exposure, clawbacks, and no identified material weakness or restatement trigger. The caveat is EPS centrality in incentives and the external governance burden of litigation and regulation.

9. 20% Return Underwriting

The 20% return case does not clear. The synthesis model, using the prior $309.42 price anchor, already found that the base five-year EPS endpoint of $18.44 failed the P/E 15 gate by 10.6%. At the current $323.51 quote, the valuation burden is higher.

Using the synthesis case endpoints and approximate cumulative dividends, five-year shareholder IRRs from today's price are roughly -6.4% in bear, -2.0% in base, and +1.3% in bull under a P/E 15 terminal framework. That is not a general total-return forecast; it is the diagnostic ER2 price-discipline test. It makes the important point: Visa can compound earnings and still fail a 20% annualized return hurdle if the starting multiple is too rich.

Reverse DCF is also demanding. From today's EV of about $672.951B and TTM NOPAT of about $21.694B, a 20% annualized five-year return requires approximately 31.0% annual NOPAT growth at a 20.0x exit EV/NOPAT multiple, or 25.3% annual NOPAT growth at 25.0x. The evidence does not support that as a base case without treating recent strength as a new step-change and assuming valuation support.

10. Hard Veto Checklist

Hard veto	Status	Comment
ROIIC below cost of capital	Pass	Incremental economics appear high; precise ROIIC is insufficiently clean, not weak.
ROIC artifact from tiny capital	Pass	ROIC includes goodwill/intangibles through the data-package invested-capital definition.
Growth requires external financing	Pass	FCF is very strong; net debt is low relative to FCF.
Share count rises without value creation	Pass	Diluted shares declined from 2,188M in FY2021 to 1,966M in FY2025.

Hard veto	Status	Comment
Large acquisitions without disclosed returns	Watch	Deals look capability-led, but acquired-return disclosure is limited.
FCF structurally lags earnings	Pass	FCF conversion is strong.
Concentration/regulation/platform risk	Watch	Regulation, routing, wallets and A2A are material risks.
20% case requires multiple expansion	Fail	The 20% case is not supported without aggressive assumptions or valuation help.
Needs flawless execution	Watch	Current valuation leaves little room for regulatory or incentive disappointment.
Cannot explain moat	Pass	Moat is global acceptance, rules, risk, data, integration, and brand.
Accounting/governance trust issues	Pass	No material weakness or restatement trigger found; litigation remains external risk.
Balance sheet could wipe out equity	Pass	Leverage is modest versus FCF.

11. Final Decision

Score-implied classification: Buy only at lower price.

Compounder Score note: 70/100; Visa is an elite high-ROIC, high-cash-conversion payment network, but valuation prevents a 20% return-underwriting clearance.

Business Quality Score note: 67/80; global acceptance, high ROIC, strong FCF conversion, low leverage and durable network economics are partly offset by regulation, incentives, product disclosure gaps and imperfect ROIIC measurement.

20% Return UW Score note: 3/20; at roughly 31.0x EV/NOPAT and a 3.2% FCF yield, the 20% case requires aggressive NOPAT growth or multiple support rather than a conservative base case.

12. Machine-Readable JSON

See `compounder_score.json`.

Appendix CSA - Scoring Audit

Visa Inc. - Scoring Audit

Analysis date: 2026-05-28 Ticker: V Company: Visa Inc.

1. Original vs Audited Scores

Item	Original	Audited	Notes
Business Quality Score / 80	67	62	Visa is clearly elite, but the original score over-credits incremental-return quality while admitting ROIIC and acquisition-inclusive ROIIC are not cleanly measurable.
Valuation / 20% Return UW Score / 20	3	2	The 20% hurdle does not clear; at the updated $323.51 quote, the P/E 15 and reverse-DCF burden is worse than the synthesis price anchor.
Total Score / 100	70	64	Reduced from high-quality/watchlist to quality compounder with insufficient return underwriting.
Classification	Buy only at lower price	Watchlist quality / not 20% underwritable	The business is excellent; the stock is not a dream investment at $323.51.

Original scorer reconstruction: Business Quality 67/80, Valuation / 20% Return Underwriting 3/20, total 70/100. The JSON and markdown agree. Original case IRRs were bear -6.43%, base -1.99%, and bull +1.26% under the P/E 15 terminal framework. No maximum buy price for a 20% IRR was provided. The original classification was "Buy only at lower price."

Audited reconstruction: Business Quality 62/80, Valuation / 20% Return Underwriting 2/20, total 64/100. The revised classification is "Watchlist quality / not 20% underwritable." Visa remains a dream-business candidate but not a dream investment at the current quote.

2. Score Reductions and Reasons

The main reduction is in Incremental Returns on Capital, from 21/25 to 17/25. This score is reduced because the scorer cites a 43.9% five-year median ROIC and strong free-cash-flow conversion, but explicitly leaves 3-year ROIIC, 5-year ROIIC, acquisition-inclusive ROIIC, and reinvestment rate as null. CSA rules are strict: if ROIIC is not calculated, the ROIIC subscore cannot receive credit. Visa probably has excellent incremental economics, but "probably" is not the same as a calculated denominator and numerator.

The second reduction is in Capital Allocation, from 8/10 to 7/10. Buybacks and dividends are well supported by the source files, and the share count model includes SBC issuance. But acquisition-inclusive ROIIC is missing even though Pismo, Featurespace, Prisma, and Newpay are discussed as capability acquisitions. The deals appear coherent and not empire-building, but acquired revenue and acquired profit are not disclosed, so the acquisition discipline score cannot be close to perfect.

The third reduction is in Price and 20% Underwriting, from 3/20 to 2/20. The original scorer correctly fails the 20% case, but even 3 points is a little generous because the base, bear, and bull IRRs are all far below 20% at the updated quote, and the bull case only barely clears the older P/E 15 price discipline at $309.42. At $323.51, the hurdle is higher.

3. Unsupported Claims

The payment-network moat claims are mostly supported. The moat appendix and data package support the core scale claims: 258B transactions processed by Visa in FY2025, 329B Visa-branded payments and cash transactions, nearly 5B credentials, more than 175M merchant locations, and $17T of payments and cash volume. The network-effect, switching-cost, data/risk, brand, and global acceptance claims therefore receive credit.

The unsupported or partly supported claims are product-level and acquisition-level. Visa does not disclose standalone revenue or operating profit for Consumer Payments, Commercial and Money Movement Solutions, Value-Added Services, Visa Direct, tokens, stablecoins, or agentic commerce. "Other revenue" is useful but is not identical to VAS revenue. The scorer avoids most of the obvious overreach, but the Runway score still leans on strategic vectors whose economics are not

dollar-disclosed.

The statement that ROIIC is economically high is plausible but only partly supported. The source files prove high ROIC, high margins, and strong FCF conversion. They do not prove a clean 3-year or 5-year ROIIC because reinvestment is low/unstable and acquisitions are not separately bridged.

4. Calculation Errors

No major arithmetic break was found in the core valuation math. TTM NOPAT of about $21.694B follows from TTM operating income of $26.296B and a 17.5% tax rate. EV/NOPAT of about 31.0x ties to enterprise value of about $672.951B divided by that NOPAT. FCF yield of about 3.2% ties to $21.185B of TTM FCF versus $663.196B market cap.

The reverse-DCF burden is directionally correct. A 20% annualized five-year return requires roughly 2.49x ending value. At a 20.0x exit EV/NOPAT multiple, required NOPAT is about $83.7B, or roughly 31% CAGR from $21.7B. At 25.0x, required NOPAT is about $67.0B, or roughly 25% CAGR. These are not credible base-case requirements for Visa without aggressive growth or valuation support.

The share-count path is not a calculation error. The synthesis explicitly models buybacks, rising repurchase prices, and SBC issuance. The base case retires about 252.0M shares and adds about 13.0M SBC shares to end at 1,699.2M shares. That is more disciplined than a flat-share or no-SBC model.

5. Missing Data

The most important missing evidence is calculated ROIIC. The data package calculates ROIC including goodwill and intangibles, which is useful and conservative. But ROIIC, acquisition-inclusive ROIIC, and reinvestment rate remain unavailable or unstable in the scoring JSON. This caps the incremental-return and capital-allocation categories.

The second missing evidence set is acquired economics. Management and data package files discuss Pismo, Featurespace, Prisma, and Newpay as coherent capability acquisitions. They do not provide acquired NOPAT, acquired invested capital, or post-close return bridges. That is not a thesis-killer, but it lowers confidence.

The third gap is product-family economics. The sources support Visa's one-segment Payment Services taxonomy and the disclosed revenue categories. They do not support separate profit pools for VAS, Visa Direct, tokens, stablecoins, or agentic commerce. Scores that rely on those as independent profit engines must be capped.

6. Hard-Veto and Threshold Test Audit

The 20% case fails. It requires aggressive NOPAT growth or terminal multiple support, and the original scorer correctly marks "does not require multiple expansion" as false. Under CSA rules, a company should not pass the 20% hurdle if the base case needs terminal multiple expansion or unrealistic growth.

The business-quality threshold is still good but no longer cleanly clears the stricter original CS threshold. Visa's audited 62/80 reflects an unusually strong business, but it is below the 65/80 threshold shown in the scorer JSON. That matters because the missing ROIIC evidence is not cosmetic; it is one of the core Gideon compounder tests.

No hard veto is added for the moat. The payment-network moat is real and evidenced. The right audit adjustment is not "moat unsupported"; it is "moat strong but capped by routing, regulation, wallet/platform bargaining power, client incentives, and incomplete product-level disclosure."

7. Final 20% Hurdle Pass/Fail

Final 20% hurdle: FAIL. The base case produces excellent EPS growth but not enough value at a 15.0x terminal P/E. The synthesis base EPS of $18.44 was already worth only $276.60 at 15.0x against the older $309.42 price anchor. At $323.51, required EPS at P/E 15 rises to about $21.57, making the base-case gap larger.

The single biggest reason Visa does not qualify is starting valuation. The business can compound and still fail if the investor pays around 31x EV/NOPAT for a model that does not underwrite 25%-31% NOPAT CAGR.

8. Dream Business / Dream Investment Classification

Visa is a dream-business candidate, not a dream investment at the audited price. It has a high-ROIC, low-capex, global payment network with strong cash conversion and durable acceptance/risk infrastructure. It is not both, because the valuation

leaves too little room for the 20% return hurdle and for adverse regulation, routing, incentives, or litigation.

9. Stage 7 Scorecard Notes

Compounder Score note: 64/100; Visa is an elite payment-network compounder, but the audited score is capped by missing ROIIC evidence and a failed 20% return-underwriting case.

Business Quality Score note: 62/80; moat, ROIC, FCF conversion, and balance-sheet quality are strong, but ROIIC, acquisition-inclusive returns, and product-family economics are not fully evidenced.

20% Return UW Score note: 2/20; at about 31x EV/NOPAT, the current price requires aggressive NOPAT growth or valuation support, and the P/E 15 base case fails.

10. Auditor JSON

See `compounder_score_audit.json`.

Appendix RT - Red Team

PATH_RECEIVED: C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\appendix_red_team.md

Visa Inc. - Red-Team Appendix

Date anchor: 2026-04-29 Asia/Singapore. Visa's fiscal year ends September 30. The most recently reported quarter is Q2 FY2026, ended March 31, 2026. The TTM base is Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026, ending March 31, 2026. The ER2 forward horizon is March 31, 2031, exactly five calendar years from the TTM end date.

Red-team posture: Visa is a high-quality business, but that is not the question. The synthesis already fails the base P/E 15 valuation gate: $18.44 of base TTM+5y EPS versus $20.628 required at the $309.42 price anchor, a -10.6% cushion. The red-team question is therefore harsher: is the WATCH/PASS quality case itself too generous, and what observable evidence should force an avoid or sell conclusion rather than a patient watchlist stance?

Sources reviewed for this appendix include `appendix_synthesis.md`, `appendix_B_payment_services.md`, `appendix_management.md`, `appendix_moat.md`, `data_package.md`, Visa's Q2 FY2026 earnings release, the DOJ Visa debit monopolization case materials, The Clearing House RTP page, and the Federal Reserve's FedNow progress update. The Q2 FY2026 call transcript gap noted in the data package remains accepted; no Q2 call-transcript quote is used.

1. Most Fragile Assumption

The most fragile assumption is not Visa's overall durability. It is the base-case Payment Services net revenue bridge that lets gross category growth outrun client incentives enough to produce $61.327B of horizon net revenue, or a 7.4% net revenue CAGR from the $43.027B TTM base.

The fragile line is specifically the base case inside `appendix_B_payment_services.md`, Section 8: service revenue grows 7.0%, data processing 8.0%, international transaction revenue 6.5%, other revenue 12.0%, and client incentives only 8.5%. That produces $25.162B of contra-revenue incentives at the horizon and still leaves net revenue compounding at 7.4%. The model gives incentives a healthy growth rate, but the red-team objection is that incentives are where multiple bear forces show up at once: issuer bargaining, co-brand renewals, large merchant routing pressure, wallet/platform negotiations, debit litigation remedies, and the need to defend flows against A2A/RTP alternatives.

This matters because client incentives are already huge. TTM incentives were $16.734B, equal to 38.9% of net revenue and 28.0% of gross revenue before incentives. Q2 FY2026 incentives grew 14% year over year, the same growth rate cited in the moat appendix, while Q2 net revenue grew 17%. That was a good quarter, but it also shows that partner economics are not a small below-the-line detail. They are a central claim on the gross revenue pool. If incentives begin growing faster than gross revenue, Visa can report high payment volumes while net revenue yield compresses.

A clean way to quantify the fragility: if the base-case incentive CAGR is 10.5% instead of 8.5%, while the gross category endpoints are unchanged, horizon incentives rise from about $25.162B to roughly $27.55B. That removes about $2.39B of net revenue. At the base 62.5% operating margin and 17.5% tax rate, the EPS hit is approximately $0.73 on 1.699B shares. If the same pressure also trims gross revenue growth by only 100 to 150 bps because routing and platform bargaining reduce take rate, the damage moves toward the synthesis revenue sensitivity. Synthesis Section 10 says a 200 bps lower net revenue CAGR, or 5.4% instead of 7.4%, drops EPS from $18.44 to $16.81, a $1.63 hit. That would push the P/E 15 value from $276.60 to $252.15 and turn the existing valuation failure into a much larger avoid signal.

The reason this assumption is more fragile than the operating-margin assumption is that the margin table already leaves room for noise. Base margin of 62.5% is below FY2024's 65.7% and only 140 bps above the 61.1% TTM margin. By contrast, the revenue bridge assumes Visa can hold the net of pricing, mix, incentives, routing, and regulation near a high-single-digit compound rate for five full years. That is the exact place where the bear case will attack.

2. Most-Likely-to-Be-Optimistic Stage 5 Number

The most likely Stage 5 number to be optimistic is the base-case horizon diluted share count of 1,699.2M, not because the arithmetic is wrong, but because it assumes capital return remains nearly frictionless while the legal and regulatory overhang remains large.

The synthesis models $18.0B of annual repurchases for five years, or $90.0B cumulative, with average repurchase prices rising from $325 to $395 and SBC issuance adding only about 13.0M shares. The result is a net share count reduction from

1,938.2M to 1,699.2M, about 12.3% over five years. That is plausible if Visa's FCF grows in line with the base case and if litigation cash needs remain manageable. It is also a subtle optimism because TTM FCF was $21.185B and TTM dividends were $4.879B. At the current run rate, $18.0B of annual buybacks plus roughly $5.0B of dividends exceeds TTM FCF before considering acquisitions, litigation escrow deposits, debt refinancing, or a larger regulatory settlement.

The balance sheet can absorb this for a while; net debt after cash and investments was only $9.755B. The point is not solvency. The point is that per-share compounding is doing meaningful work in a model that already fails the P/E 15 gate. Synthesis Section 10 says 5% more shares at the horizon reduces EPS from $18.44 to $17.56, a $0.88 hit. If legal outcomes, elevated repurchase prices, or lower FCF force Visa to retire fewer shares than modeled, the base case moves further away from the required $20.628 EPS. Red team would haircut the share-count benefit before haircutting the tax rate or operating margin because it depends on discretionary board action, market price, and legal cash claims, not just operating execution.

3. Strongest Bear Case in Strongest Form

The strongest bear case is that Visa is not disrupted by cards disappearing; it is repriced because debit and simple domestic payment flows become less exclusive, more routable, and more auctioned. Regulators, large merchants, wallets, A2A/RTP rails, and agentic checkout layers do not need to replace Visa globally. They only need to make enough high-volume domestic debit, wallet funding, merchant settlement, bill pay, marketplace payout, and low-complexity ecommerce flows contestable that Visa must pay away more economics through incentives and accept lower net revenue yield.

The mechanism hits all important parts of the model. Service revenue loses yield as domestic debit routing and merchant steering improve. Data processing growth remains positive, but more messages may route through lower-yield rails or through Visa as an overlay rather than as the primary toll. International transaction revenue is pressured by stablecoin and bank-token settlement in selected corridors, plus local schemes. Other revenue still grows, but not fast enough from a $4.738B TTM base to offset pressure on a $16.734B incentive line. The timeline is two to eight quarters for early evidence in incentives and net revenue growth, and three to five years for the full EPS damage. The observable anchor is simple: net revenue growth persistently below processed-transaction growth while client incentives rise faster than gross revenue.

This is the bear case a short seller would take to an investment committee: Visa is a great asset, but the marginal economics are already being defended with nearly $17B of annual contra-revenue. The DOJ debit case and real-time bank rails are not abstract risks; they are direct attacks on routability and exclusivity. If net revenue growth normalizes to mid-single digits while incentives continue rising high-single to low-double digits, the base-case EPS is not $18.44. It is closer to the downside sensitivity of $16.81 before any additional margin or share-count haircut.

4. Cross-Examination of Management Commentary

First, management's Q1 FY2026 demand read of "resilient consumer spending" is directionally true but can be overread. The Q2 FY2026 release then showed net revenue up 17%, payments volume up 9% constant currency, cross-border ex intra-Europe up 11%, and processed transactions up 9%. That looks excellent. A skeptical read is that this may represent a favorable mix and pricing/incentive window rather than a durable five-year base rate. If the statement is wrong as a forward signal, the first evidence will be net revenue growth converging down toward processed-transaction growth, especially if cross-border remains stuck near low double digits while incentives stay elevated.

Second, the repeated "Visa as a Service stack" framing is strategically coherent, but it may overpromise monetization precision. Visa can be more than a card network: issuer processing, risk, security, tokenization, Visa Direct, stablecoin capabilities, and agentic commerce all extend the network. The red-team issue is that the disclosed dollar proxy is mostly Other revenue, and the data package explicitly warns that Other revenue is not the same as VAS revenue. The base model takes Other revenue from $4.738B to $8.350B at a 12.0% CAGR. That is not absurd, but it is vulnerable because the strategic story is richer than the disclosure. If the commentary is overpromising, Other revenue growth will decelerate below the modeled low-teens path, or its growth will require higher technology, acquisition, and incentive costs than the model embeds.

Third, management's Q2 FY2026 release says Visa continued enhancing the Visa as a Service stack with agentic and stablecoin capabilities. The skeptical question is not whether Visa has credible products. It does. The question is whether these products preserve Visa's toll rate or move Visa into a lower-yield orchestration and risk-service role. Agentic commerce may reduce consumer card-brand choice and increase software-optimized routing. Stablecoins may improve cross-border settlement while pressuring traditional cross-border economics. If management's framing is too optimistic, the first evidence will be international transaction revenue growing slower than cross-border volume, or data processing revenue growth remaining healthy while net revenue yield weakens after incentives.

5. Stage 5 Tie-Out Reverification Spot Checks

The recency anchor ties arithmetically. The TTM revenue bridge uses Q3 FY2025 $10.172B, Q4 FY2025 $10.724B, Q1 FY2026 $10.901B, and Q2 FY2026 $11.230B, summing to $43.027B. Operating income also ties: $6.177B + $6.148B + $6.737B + $7.234B = $26.296B. The red-team concern is not a bad tie-out. It is that the base first-forward-year revenue implied by a 7.4% CAGR, about $46.21B, is being validated against a very strong Q2 FY2026 growth print. Q2 was the strongest growth since 2022 per the data package, so the model may be anchoring confidence on a favorable quarter just as legal and routing risks are intensifying.

The share-count path is mathematically coherent but financially less conservative than it appears. The base path uses $18.0B of annual repurchases, which is close to FY2025 official repurchases and below TTM repurchases. Still, the combined dividend-plus-buyback cash use is above current TTM FCF unless FCF grows or balance sheet capacity is used. Given recent debt issuance, litigation escrow deposits, acquisitions, and pending class-structure mechanics, the model should not treat the 1,699.2M horizon share count as a hard anchor. A 5% miss costs about $0.88 of EPS per the synthesis.

The product CAGR spot check highlights one line that may exceed the evidence base: Other revenue at 12.0% base CAGR and 16.0% bull CAGR. Q2 FY2026 other revenue grew 41%, so the near-term growth rate supports the direction. But the TTM base is only $4.738B and the category is not a clean VAS disclosure. The red-team point is that Other revenue can be both fast-growing and less modelable than the base case implies. If it slows to high single digits while incentives remain at 8.5% to 10.5%, the net revenue bridge loses one of its main offsets.

No spot check breaks the synthesis mechanically. The 11 tie-outs deserve to stand. The red-team conclusion is that the model is clean but the live risk distribution is skewed: the same variables that drive the upside narrative, meaning services, tokens, Visa Direct, stablecoins, agentic commerce, and high-value data processing, are also the areas where disclosure is least granular and competitive routing can change economics before reported volumes crack.

6. Signal That Forces Exit

The exit signal should be based on net yield after incentives, not headline volume. The forced avoid/sell threshold is: over any rolling two-quarter window from Q3 FY2026 through Q2 FY2027, Visa reports net revenue growth at least 300 bps below processed-transaction growth while client incentives grow at least 300 bps faster than gross revenue before incentives, or incentives exceed 41% of net revenue for two consecutive quarters.

This threshold is intentionally specific. Processed-transaction growth is the activity base. Net revenue growth below that activity base means Visa is losing yield or mix. Incentives growing faster than gross revenue means the company is preserving activity by sharing away more economics. The 41% incentives-to-net-revenue threshold is a meaningful deterioration from TTM incentives of $16.734B versus $43.027B of net revenue, or 38.9%. It would not require a collapse to flash red; it would require evidence that the marginal economics are bending.

Why this forces exit: the base case needs 7.4% net revenue CAGR and a 62.5% horizon operating margin. If net revenue growth falls below processed transactions while incentives take a larger share, the model's most important sensitivity is invalidated. Synthesis Section 10 already shows that a 200 bps lower net revenue CAGR drops EPS to $16.81. A simultaneous incentive/yield deterioration would also make the 62.5% margin and $18.0B annual buyback assumptions harder to defend. At that point Visa may still be a wonderful company, but it would no longer be a WATCH candidate under ER2. It would be an avoid until price or economics reset.

Secondary monitoring signals are useful but not decisive alone: DOJ debit remedies that explicitly weaken exclusivity or routing rules; two quarters of international transaction revenue growing more than 300 bps below cross-border volume growth; Other revenue growth below 8% for two consecutive quarters; or annual repurchases falling below $14B without an offsetting valuation or FCF explanation. The primary exit signal remains the net-revenue/incentive threshold because it captures the mechanism that breaks the base case fastest.

7. Red-Team Conclusion

The thesis does not survive as a buy, and that is already established by the synthesis P/E 15 failure. More importantly, the red team does not think the WATCH/PASS quality case should be treated as a low-risk wait-for-price story. It is a conditional watchlist case with a live downside mechanism: net revenue yield compression through incentives, routing, regulation, and platform bargaining power.

Visa's moat and management appendices deserve their PASS ratings. The company has global acceptance, high margins, high ROIC, strong FCF conversion, credible management, and a coherent strategy around payments infrastructure. A red team should not pretend the asset is weak. The adversarial point is narrower and more dangerous: the model's cleanest line, one-segment Payment Services net revenue, is also where the market may be least forgiving if gross volume growth stops converting into net revenue growth after incentives.

The strongest bear argument is therefore not that Visa loses relevance. It is that Visa remains relevant but monetizes the next layer of payment growth at a lower net take rate. In that scenario, the company still reports billions of transactions, token growth, Visa Direct growth, stablecoin capabilities, AI-commerce launches, and platform partnerships. The stock still fails ER2 because those activities do not produce enough per-share EPS at a 15x discipline from today's price.

Red-team verdict: conditional PASS on business durability, FAIL on investment action at the current price, and tighter than normal monitoring for the WATCH state. The synthesis should carry the valuation failure prominently, but it should also state that the first reason to remove Visa from watchlist consideration is not a broad macro slowdown. It is two consecutive quarters of net revenue yield deterioration after incentives. If that signal appears, the correct rewrite is not "great compounder at a better price." It is "elite network with structurally contested marginal economics."

Source Pointers

Local ER2 files reviewed: `appendix_synthesis.md`, `appendix_B_payment_services.md`, `appendix_management.md`, `appendix_moat.md`, and `data_package.md` in `C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc`.

External source checks: Visa Q2 FY2026 financial results at https://investor.visa.com/news/news-details/2026/Visa-Fiscal-Second-Quarter-2026-Financial-Results/default.aspx; DOJ Visa debit case materials at https://www.justice.gov/opa/gallery/justice-department-sues-visa-monopolizing-debit-markets and complaint download at https://www.justice.gov/opa/media/1370421/dl; The Clearing House RTP page at https://www.theclearinghouse.org/payment-systems/rtp; Federal Reserve FedNow update at https://www.frbservices.org/news/fed360/issues/071625/fednow-service-two-years-growth-innovation.

Appendix D - Data Package (raw historicals)

Visa Inc. - Data Package

PATH_RECEIVED: C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\data_package.md

Stage 0 Time Anchor

- Today: 2026-04-29.
- Company fiscal year convention: Visa Inc. fiscal year ends September 30.
- Most recently reported quarter: fiscal Q2 2026, quarter ended March 31, 2026; Visa announced fiscal second quarter 2026 financial results on April 28, 2026 on its Investor Relations website.
- TTM anchor: Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026 -> TTM ending March 31, 2026.
- Forward horizon: TTM + 5 calendar years = March 31, 2031. Compounding span is exactly 5 calendar years.

Source Discipline and Package Scope

This package uses `quant_foundation.md` as the primary source for the cleared historical financial spine and uses live D-owned pulls for source verification and incremental data. QFR cleared the quant foundation with `FINAL VERDICT: QUANT FOUNDATION VERIFIED - CLEARED FOR WAVE 1`. All D-owned live pulls were saved under `C:\Users\Admin\OneDrive\GPT\ER 2.0\Visa Inc\raw\D_*`.

Live FMP endpoints used in this run, without API keys in the file: `/stable/income-statement?symbol=V&limit=6`, `/stable/income-statement?symbol=V&period=quarter&limit=8`, `/stable/balance-sheet-statement?symbol=V&limit=6`, `/stable/balance-sheet-statement?symbol=V&period=quarter&limit=8`, `/stable/cash-flow-statement?symbol=V&limit=6`, `/stable/cash-flow-statement?symbol=V&period=quarter&limit=8`, `/stable/revenue-product-segmentation?symbol=V&period=annual`, `/stable/revenue-product-segmentation?symbol=V&period=quarter`, `/stable/revenue-geographic-segmentation?symbol=V&period=annual`, `/stable/key-metrics?symbol=V&limit=6`, `/stable/ratios?symbol=V&limit=6`, and `/stable/earning-call-transcript?symbol=V&year={2025 or 2026}&quarter={3,4,1,2}`. The Q2 FY2026 transcript endpoint returned `[]` and was retried identically once with the same empty result; that is a live-source gap, not a cache substitution.

Primary company and SEC sources fetched live in this D run include Visa's Q3 FY2025, Q4 FY2025, Q1 FY2026, and Q2 FY2026 earnings releases; Visa's Q2 FY2026 earnings deck and operational performance data PDF; Visa Investor Day 2025 event page, transcript PDF, and consolidated presentation PDF; Visa's FY2025 Form 10-K on SEC EDGAR; Visa's Q2 FY2026 SEC 8-K earnings release exhibit; and SEC's current CIK submissions JSON. The latest-quarter controlling IR release is `https://s1.q4cdn.com/050606653/files/doc_financials/2026/q2/Q2-2026-Earnings-Release_vF.pdf`. The FY2025 10-K source is `https://www.sec.gov/Archives/edgar/data/1403161/000140316125000089/v-20250930.htm`.

1. Reporting Structure and Taxonomy

Visa reports one reportable segment: Payment Services. The FY2025 Form 10-K Note 14 states that Visa's activities are interrelated, that significant operating decisions are made based on analysis of Visa as a single global business, and that the company has one reportable segment, Payment Services. The same note identifies the CEO as CODM and says the CODM uses consolidated net income in assessing performance and allocating resources. This makes the reportable segment revenue and operating income identical to consolidated Visa revenue and operating income for ER2 modeling purposes. No corporate residual, "other" segment, or unsupported allocation is introduced in this package.

Reportable segment	FY2025 revenue	% of FY2025 total	FY2025 operating income	FY2025 operating margin	Source
Payment Services	$40.000B	100.0%	$23.994B	60.0%	QF, live FMP annual income statement, FY2025 10-K Note 14

Reporting structure stability: no reportable segment change was found in the FY2023-FY2025 filings, QF, or QFR. Visa has operated as one reportable segment across the last three fiscal years reviewed here. There is an important disclosure expansion rather than a segment realignment: Visa adopted ASU 2023-07 in FY2025, which added single-segment expense disclosure requirements, but did not create a new segment taxonomy. Downstream segment work should therefore treat Payment Services as the only reportable segment and avoid creating artificial Consumer Payments, Commercial and Money Movement Solutions, or Value-Added Services segment P&Ls. Those are strategic growth vectors and product families, not reportable operating segments with disclosed dollar revenue or operating income.

The revenue taxonomy is more granular than the segment taxonomy. Visa separately discloses revenue categories in dollars: service revenue, data processing revenue, international transaction revenue, other revenue, and client incentives as contra revenue. FMP's product segmentation endpoint uses the labels `Service`, `Data Processing Revenues`, `International Transaction Revenues`, `Service, Other`, and `Client Incentives`; Visa's earnings releases and 10-K call `Service, Other` "Other revenue." These category amounts all map to the single Payment Services segment.

Geographic disclosure is material but still not a separate segment. FMP's live revenue geographic segmentation endpoint reports FY2025 revenue of $15.633B in the United States and $24.367B outside the United States, or 39.1% U.S. and 60.9% non-U.S. The same endpoint reports FY2024 at $14.780B U.S. and $21.146B non-U.S.; FY2023 at $14.138B U.S. and $18.515B non-U.S.; FY2022 at $12.851B U.S. and $16.459B non-U.S.; and FY2021 at $11.160B U.S. and $12.945B non-U.S. This geography split matters for cross-border sensitivity, currency translation, and regulatory exposure, but it should not be modeled as a reportable segment.

Taxonomy flags:

Flag	Status	ER2 implication
Reportable segment count	One segment confirmed	Segment B should model Payment Services as consolidated Visa.
Strategic product families	Consumer Payments, Commercial & Money Movement Solutions, and Value-Added Services discussed by management	Not dollar-disclosed as reportable segments; use only KPI/growth commentary unless management gives hard dollars.
Revenue categories	Dollar disclosed annually and quarterly	Can be used as product/category historicals.
FMP Q2 FY2026 product segmentation	Endpoint latest row is Q1 FY2026	Use Visa Q2 FY2026 IR/SEC release for Q2 category values.
FMP Q2 FY2026 EPS/shares	FMP shows defective EPS/share fields	Use Visa official Q2 release: diluted Class A EPS $3.14 and diluted shares 1.916B.

2. Consolidated Historicals, Five Fiscal Years

All amounts are USD billions except EPS, margins, ROIC, and diluted share count. The primary historical spine comes from QF, checked against live D-owned FMP pulls. Capex is shown as positive capital spending. FY2025 FMP annual revenue was live-verified at $40.000B.

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue	$24.105	$29.310	$32.653	$35.926	$40.000	QF; live FMP income statement
Operating income	$15.804	$18.813	$21.000	$23.595	$23.994	QF; live FMP income statement
Operating margin	65.6%	64.2%	64.3%	65.7%	60.0%	Calculated
Net income	$12.311	$14.957	$17.273	$19.743	$20.058	QF; live FMP income statement
Diluted EPS, Class A	$5.63	$7.00	$8.28	$9.73	$10.20	QF; live FMP income statement
Diluted shares	2,188M	2,136M	2,085M	2,029M	1,966M	QF; live FMP income statement
Capex	$0.705	$0.970	$1.059	$1.257	$1.482	QF; live FMP cash flow
Free cash flow	$14.522	$17.879	$19.696	$18.693	$21.577	QF; live FMP cash flow

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Effective tax rate	23.4%	17.5%	17.9%	17.4%	17.1%	Calculated from FMP income tax / pretax income
ROIC	30.0%	39.0%	43.9%	46.5%	46.3%	Calculated below

ROIC definition used for this data package: NOPAT divided by average invested capital. NOPAT equals operating income multiplied by `(1 - effective tax rate)`. Effective tax rate equals income tax expense divided by income before tax from the FMP annual income statement. Invested capital equals total debt plus total equity minus cash and short-term investments from FMP balance sheet. Average invested capital uses the average of beginning and ending fiscal-year invested capital. This definition is deliberately conservative enough to include goodwill and acquired intangibles while excluding excess cash and short-term investments.

Fiscal year	Operating income	Tax rate	NOPAT	Beginning IC	Ending IC	Average IC	ROIC
FY2021	$15.804B	23.4%	$12.112B	$40.809B	$40.054B	$40.432B	30.0%
FY2022	$18.813B	17.5%	$15.515B	$40.054B	$39.509B	$39.782B	39.0%
FY2023	$21.000B	17.9%	$17.243B	$39.509B	$39.068B	$39.288B	43.9%
FY2024	$23.595B	17.4%	$19.478B	$39.068B	$44.798B	$41.933B	46.5%
FY2025	$23.994B	17.1%	$19.892B	$44.798B	$41.093B	$42.946B	46.3%

The five-year pattern is unusually strong: revenue compounded from $24.1B to $40.0B while diluted shares fell from about 2.188B to 1.966B. FY2025 operating margin declined to 60.0% primarily because GAAP expenses included unusually large litigation provisions and other items. Non-GAAP expense growth and adjusted EPS are discussed in the quarterly commentary, but ER2 base historicals should remain on GAAP unless a later synthesis step explicitly bridges GAAP and non-GAAP.

3. Segment Historicals

Visa's single reportable segment is Payment Services. Segment revenue equals consolidated revenue. Segment operating income equals consolidated operating income, because Visa does not disclose separate segment-level cost allocations or a corporate residual. The FY2025 Form 10-K Note 14 is the controlling taxonomy source.

Payment Services	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue	$24.105B	$29.310B	$32.653B	$35.926B	$40.000B	QF; live FMP income statement; FY2025 10-K Note 14
YoY revenue growth	n/a	21.6%	11.4%	10.0%	11.3%	Calculated
Operating income	$15.804B	$18.813B	$21.000B	$23.595B	$23.994B	QF; live FMP income statement
Operating margin	65.6%	64.2%	64.3%	65.7%	60.0%	Calculated

TTM Payment Services through March 31, 2026 is $43.027B of revenue, $26.296B of operating income, and 61.1% operating margin, based on Q3 FY2025 + Q4 FY2025 + Q1 FY2026 + Q2 FY2026. TTM net income is $22.236B, and QF's official TTM diluted EPS roll-forward is $11.47. TTM free cash flow is $21.185B, computed from official period cash flows as FY2025 plus H1 FY2026 minus H1 FY2025.

Downstream modeling note: if a later segment appendix wants to analyze Consumer Payments, Commercial & Money Movement Solutions, or Value-Added Services, it should do so as strategic product/vector analysis inside Payment Services, not as reportable segment modeling. Visa does disclose relevant volumes and qualitative commentary for those areas, but not a full historical P&L.

4. Product and Sub-Segment Historicals

Visa discloses revenue by category, not by every named product. The dollar-disclosed category history below is the most granular recurring dollar disclosure available from FMP and Visa's filings/earnings releases. `Other revenue` corresponds to FMP's `Service, Other`. Client incentives are contra revenue and reduce gross revenue to net revenue.

Revenue category	What it is	FY2021	FY2022	FY2023	FY2024	FY2025	Dollar disclosure source
Service revenue	Revenue recognized mainly from payments volume in the prior quarter	$11.475B	$13.361B	$14.826B	$16.114B	$17.539B	FMP product segmentation; Visa releases
Data processing revenue	Authorization, clearing, settlement, network access and related processing fees	$12.792B	$14.438B	$16.007B	$17.714B	$19.993B	FMP product segmentation; Visa releases
International transaction revenue	Cross-border and currency conversion related revenue	$6.530B	$9.815B	$11.638B	$12.665B	$14.166B	FMP product segmentation; Visa releases
Other revenue	Value-added services, license fees, account holder services, and other revenue in Visa presentation	$1.675B	$1.991B	$2.479B	$3.197B	$4.053B	FMP `Service, Other`; Visa calls it Other revenue
Client incentives	Contra revenue paid/credited to clients under agreements	$(8.367)B	$(10.295)B	$(12.297)B	$(13.764)B	$(15.751)B	FMP product segmentation; Visa releases
Net revenue	Sum of above	$24.105B	$29.310B	$32.653B	$35.926B	$40.000B	Calculated and tied to FMP income statement

Last four quarters by dollar-disclosed revenue category:

Category	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	TTM
Service revenue	$4.330B	$4.602B	$4.760B	$4.981B	$18.673B
Data processing revenue	$5.153B	$5.394B	$5.544B	$5.543B	$21.634B
International transaction revenue	$3.633B	$3.800B	$3.652B	$3.631B	$14.716B
Other revenue	$1.028B	$1.176B	$1.214B	$1.320B	$4.738B
Client incentives	$(3.972)B	$(4.248)B	$(4.269)B	$(4.245)B	$(16.734)B
Net revenue	$10.172B	$10.724B	$10.901B	$11.230B	$43.027B

Dollar-disclosed products and non-dollar-disclosed strategic product families:

Segment	Product/category	What it is	Dollar disclosure?	Historical treatment
Payment Services	Service revenue	Payments-volume-linked service fees	Yes	Use annual and quarterly dollars above.
Payment Services	Data processing revenue	Processing and network fee revenue	Yes	Use annual and quarterly dollars above.
Payment Services	International transaction revenue	Cross-border and currency conversion revenue	Yes	Use annual and quarterly dollars above.
Payment Services	Other revenue	VAS and other fee streams included in revenue category	Yes	Use annual and quarterly dollars above, but do not equate all Other revenue to VAS.
Payment Services	Client incentives	Contra revenue to win/retain/expand client relationships	Yes, contra revenue	Model as contra revenue; do not treat as an expense below revenue.
Payment Services	Consumer Payments	Card and credential-based consumer payment flow	No standalone revenue P&L	Use volume/KPI commentary; do not fabricate revenue.
Payment Services	Commercial & Money Movement Solutions	Commercial payments and Visa Direct-related money movement	No standalone revenue P&L	Use disclosed growth/transaction commentary only.
Payment Services	Value-Added Services	Issuing, acceptance, risk/security, advisory and other services	No standalone revenue P&L	Use management commentary and Investor Day TAM/portfolio disclosure; no historical product dollars.
Payment Services	Visa Direct	Real-time push payments and money movement platform	No standalone revenue P&L	FY2025 10-K discloses more than 12.5B transactions and more than 650 partners.

Segment	Product/category	What it is	Dollar disclosure?	Historical treatment
Payment Services	Tokens / Visa Token Service	Digital tokenization infrastructure	No standalone revenue P&L	FY2025 10-K discloses more than 16B provisioned tokens.

Operational KPIs disclosed in the last four releases:

Fiscal quarter	Net revenue growth	Payments volume growth, constant currency	Cross-border ex intra-Europe growth, constant currency	Total cross-border growth, constant currency	Processed transaction growth	Processed transactions where disclosed
Q3 FY2025	14%	8%	11%	12%	10%	65.4B
Q4 FY2025	12%	9%	11%	12%	10%	67.7B
Q1 FY2026	15%	8%	11%	12%	9%	69.4B in SEC/IR release; release table shows 9% growth
Q2 FY2026	17%	9%	11%	12%	9%	66.1B

Visa's Q2 FY2026 operational performance PDF gives a more detailed card and regional snapshot. For the three months ended March 31, 2026, Visa Inc. total volume was $4.355T, payments volume was $3.730T, payments transactions were 79.831B, cash volume was $626B, and cards were 5.112B. Payment volume grew 8.9% constant currency and 11.5% nominal; U.S. payment volume was $1.788T and international payment volume was $1.942T by arithmetic from the regional rows. These operational figures are useful for moat and market-penetration work, but the revenue model should still tie back to the disclosed revenue categories and consolidated Payment Services segment.

5. Most Recent Quarterly Trend

Company FY ends September 30. Most recently completed fiscal quarter at time of writing: FY2026 Q2, covering January 1 to March 31, 2026, reported on April 28, 2026 via `https://investor.visa.com/news/news-details/2026/Visa-Fiscal-Second-Quarter-2026-Financial-Results/default.aspx` and the Q2 FY2026 earnings release PDF.

Metric	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	Trend read
Revenue	$10.172B	$10.724B	$10.901B	$11.230B	Sequential growth remained positive through the TTM window.
Revenue growth YoY	14%	12%	15%	17%	Q2 FY2026 was the strongest headline growth in this four-quarter set.
Operating income	$6.177B	$6.148B	$6.737B	$7.234B	Operating income recovered strongly after Q4 litigation drag.
Operating margin	60.7%	57.3%	61.8%	64.4%	Q2 margin improved materially on lower GAAP litigation expense.
Net income	$5.272B	$5.090B	$5.853B	$6.021B	Net income stepped up despite continuing legal and investment items.
Diluted EPS	$2.69	$2.62	$3.03	$3.14	Official EPS used for Q2 due FMP defect.
Diluted shares	1,959M	1,945M	1,933M	1,916M	Buybacks continue to reduce share count.
Operating cash flow	$6.730B	$6.238B	$6.780B	$3.008B	Q2 cash flow seasonally/litigation affected; TTM still strong.
Capex	$0.421B	$0.389B	$0.378B	$0.383B	Capex remains low relative to revenue and OCF.
Free cash flow	$6.309B	$5.849B	$6.402B	$2.625B	TTM FCF was $21.185B.

Q2 FY2026 is the key recency anchor. The latest IR release reports net revenue of $11.2B, up 17% year over year and 16% constant dollar. It also reports GAAP net income of $6.0B, diluted Class A EPS of $3.14, payments volume up 9% constant currency, cross-border ex intra-Europe up 11% constant currency, total cross-border up 12% constant currency, and processed transactions up 9%. Q2 GAAP operating income was $7.234B on $11.230B revenue, or a calculated 64.4% GAAP operating margin.

Revenue category trend remains broad-based. Service revenue grew 13% YoY in Q2 FY2026 to $4.981B; data processing revenue grew 18% to $5.543B; international transaction revenue grew 10% to $3.631B; other revenue grew 41% to $1.320B; and client incentives grew 14% to $4.245B contra revenue. The fastest dollar-disclosed category growth in Q2 was Other revenue, but the file should not treat all Other revenue as VAS revenue because Visa's reported category is broader than the management strategic VAS portfolio.

6. Management Commentary

The last four earnings events were Q3 FY2025 on July 29, 2025; Q4 FY2025 on October 28, 2025; Q1 FY2026 on January 29, 2026; and Q2 FY2026 on April 28, 2026. FMP live transcript pulls were available for Q3 FY2025, Q4 FY2025, and Q1 FY2026. The Q2 FY2026 transcript endpoint returned an empty array and was retried once identically, again returning empty. For Q2, this package uses the live Visa IR release, the SEC 8-K earnings release exhibit, the earnings deck, and the IR event page showing the call date and time; no Q2 call transcript quote is included.

Q3 FY2025, call date July 29, 2025: Ryan McInerney opened with a broad performance frame, citing $10.2B of revenue and 14% YoY growth in the live transcript and release. The core message was that growth was not a single-driver quarter: payments volume, cross-border volume, and processed transactions all grew at high single to low double digits. The release shows payments volume up 8% constant currency, cross-border ex intra-Europe up 11%, total cross-border up 12%, and processed transactions up 10%. Management also tied innovation to AI and stablecoins in the earnings release, with the short quoted phrase "shape the future of commerce" used in the context of AI and stablecoins.

Q4 FY2025, call date October 28, 2025: the release and transcript framed FY2025 as a durable double-digit growth year despite litigation noise in GAAP expenses. The release shows Q4 revenue of $10.724B up 12% and FY2025 revenue of $40.000B up 11%. It also shows full-year payments volume up 8% constant currency, cross-border ex intra-Europe up 13%, total cross-border up 13%, and processed transactions up 10%. Management emphasized Visa as a Service and used the "hyperscaler" framing for payments infrastructure. The transcript also described stablecoin capabilities as part of cross-border money movement with Visa Direct. The quote used for verification from this transcript is the short phrase "Visa as a Service stack."

Q1 FY2026, call date January 29, 2026: the release reports $10.901B revenue, up 15%, and GAAP EPS of $3.03, up 17%. Ryan McInerney's transcript commentary cited payments volume growth, processed transaction growth, and the continuation of Visa as a Service investments. Management's key demand read was "resilient consumer spending." The release shows payments volume up 8% constant currency, cross-border ex intra-Europe up 11%, total cross-border up 12%, and processed transactions up 9%. Management also discussed agentic commerce, stablecoins, B2B, P2P money movement, issuer processing, risk, and security as parts of the current innovation agenda.

Q2 FY2026, call date April 28, 2026: the IR event page shows the Q2 earnings conference call at 5:00 PM EST. The transcript was not available via FMP at runtime. [DR NOTE: FMP Q2 FY2026 transcript remained unavailable after an identical live retry; this is acceptable for Wave 2 because the SEC/IR earnings release is the controlling latest-quarter source and no Q2 call-transcript quote is used.] The live release is nevertheless explicit: Visa's net revenue growth of 17% was the highest since 2022, GAAP EPS rose 36%, non-GAAP EPS rose 20%, and consumer spending remained resilient. Management also stated that Visa continued to enhance the Visa as a Service stack, including agentic and stablecoin capabilities. This is treated as press-release commentary, not an earnings-call transcript quote.

Investor Day 2025, event date February 20, 2025: Visa's Investor Day event page provides the full presentation, transcript, and segment presentations. The presentation frames Visa's strategy around Consumer Payments, Commercial & Money Movement Solutions, Value-Added Services, brand, technology, AI, global markets, and capital allocation. It is important for downstream users because it shows the internal strategic architecture management uses, but it does not override SEC reportable segment disclosure. Investor Day materials also state that client incentives are customized price discounts used to secure multi-year contracts and promote payments volume growth, and that they are classified as contra revenue. That supports modeling incentives above net revenue rather than as operating expense.

Product and technology commentary from primary sources:

Topic	Source/date	Verified commentary	Modeling implication
Visa Direct	FY2025 10-K	More than 12.5B transactions and more than 650 partners in FY2025	Use as scale KPI; no separate revenue dollars.
Tokens	FY2025 10-K	More than 16B provisioned tokens as of September 30, 2025	Tokenization is a moat/acceptance KPI; no standalone revenue dollars.

Topic	Source/date	Verified commentary	Modeling implication
VAS	FY2025 10-K	VAS framed as a $520B annual revenue opportunity across four portfolios	TAM support only; not historical revenue.
AI commerce	April 30, 2025 Visa IR product announcement	Visa Intelligent Commerce opens Visa's network to developers building AI commerce	Strategic optionality; not yet a dollar-disclosed product line.
Stablecoins	Q4 FY2025/Q1 FY2026 transcript and Q2 FY2026 release	Management discusses stablecoin prefunding, payouts, and settlement capabilities	Watch as extension of Visa Direct and cross-border rails, not separate segment.

7. Capital Allocation History

Visa's capital allocation is dominated by free cash flow generation, share repurchases, dividends, modest organic capex, and occasional acquisitions to extend product capability. FMP cash flow is used for FCF, capex, and dividends. QF notes that FMP's FY2025 `commonStockRepurchased` field differs from Visa's official "repurchases of class A common stock" line; official repurchase amounts control where QF has already reconciled the discrepancy.

Fiscal year	Operating cash flow	Capex	Free cash flow	Repurchases	Dividends	Notes
FY2021	$15.227B	$0.705B	$14.522B	$8.676B	$2.798B	Recovery-year FCF conversion strong.
FY2022	$18.849B	$0.970B	$17.879B	$11.589B	$3.203B	Buybacks and dividends increased.
FY2023	$20.755B	$1.059B	$19.696B	$12.101B	$3.751B	Continued high FCF conversion.
FY2024	$19.950B	$1.257B	$18.693B	$16.713B	$4.217B	Pismo acquisition closed in FY2024.
FY2025	$23.059B	$1.482B	$21.577B	$18.316B official	$4.634B	Featurespace acquisition; litigation provisions affected GAAP margin.
TTM ended 2026-03-31	$22.756B	$1.571B	$21.185B	$21.334B official roll-forward	$4.879B	Includes very large Q2 FY2026 repurchase quarter.

Recent capital allocation details from the last 12 months:

Date/period	Action	Source and amount
May 15, 2025	Fixed-rate senior notes issued in euros	Q3 FY2025 release: EUR3.5B aggregate principal with maturities from 3 to 19 years and rates from 2.250% to 3.875%.
June 21/August 18, 2025	Visa Europe preferred stock release assessment	Q4 FY2025 release: approximately $1.4B of as-converted value released from series B and C preferred stock, series A issued, no fully diluted share count effect.
September 25, 2025	Litigation escrow deposit	Q4 FY2025 release: $500M deposit with EPS economics similar to repurchasing class A shares.
October 28, 2025	Dividend increase	Q4 FY2025 release: quarterly Class A dividend increased 14% to $0.670 per share.
February 12, 2026	Fixed-rate senior notes issued in U.S. dollars	Q2 FY2026 release: $3.0B aggregate principal, 3- to 10-year maturities, 3.8% to 4.7% rates.
February 26, 2026	Litigation escrow deposit	Q2 FY2026 release: $125M deposit with EPS economics similar to reducing as-converted B-1/B-2 share counts.
February 2026	Prisma and Newpay acquisition completed	Q2 FY2026 release: acquisition in Argentina, subject to local competition authority review.
April 2026	New repurchase authorization	Q2 FY2026 release: board authorized new $20.0B multi-year Class A share repurchase program.
April 13-May 8, 2026 expected	Class B-1/B-2 exchange offer	Q2 FY2026 release: offer for B-1/B-2 shares into B-3, Class C, and cash for fractions.

8. Balance Sheet Snapshot

Latest balance sheet snapshot is March 31, 2026 from the Q2 FY2026 Visa release and live FMP balance sheet. Dollar amounts are USD billions unless stated.

Balance sheet item	2026-03-31	Source / note
Cash and cash equivalents	$12.404B	Visa Q2 FY2026 release
Current investment securities	$1.509B	Visa Q2 FY2026 release
Non-current investment securities	$0.308B	Visa Q2 FY2026 release
Cash plus investment securities	$14.221B	Calculated
Total current assets	$31.625B	Visa Q2 FY2026 release
Total assets	$95.049B	Visa Q2 FY2026 release
Current maturities of debt	$1.559B	Visa Q2 FY2026 release
Long-term debt	$22.417B	Visa Q2 FY2026 release
Total debt	$23.976B	Calculated
Total current liabilities	$29.076B	Visa Q2 FY2026 release
Total liabilities	$59.388B	Visa Q2 FY2026 release
Total equity	$35.661B	Visa Q2 FY2026 release
Net debt after cash and investments	$9.755B	Total debt minus cash and investment securities

The balance sheet remains conservatively levered relative to the cash generation profile. Net debt after cash and investments of $9.755B is less than half of TTM free cash flow of $21.185B. FMP's `netDebt` field for Q2 FY2026 is $11.572B because it subtracts cash but not all investment securities; for ER2 leverage work, the QF definition after cash plus current and non-current investment securities is more economically relevant and is used above.

Goodwill and intangible assets remain large due to Visa Europe and subsequent acquisitions. This is why the ROIC calculation in Section 2 keeps goodwill and intangibles inside invested capital rather than switching to a tangible-capital denominator that would mechanically inflate returns. Even on the inclusive denominator, FY2025 ROIC is about 46.3%.

9. Recent Corporate Actions, Last 12 Months

Visa's last-12-month corporate actions show three patterns: ongoing capital return, liability/class-structure management tied to litigation and Visa Europe preferred/common stock mechanics, and capability acquisitions in processing/fraud/market infrastructure.

Capital return actions include the October 2025 dividend increase to $0.670 per Class A share, the April 2026 declaration of a $0.670 quarterly dividend payable June 1, 2026 to holders of record as of May 12, 2026, the Q2 FY2026 repurchase of about 25M Class A shares at an average cost of $320.66 for $7.9B, and the April 2026 new $20.0B multi-year repurchase authorization. As of March 31, 2026, Visa had $13.2B of remaining authorized repurchase capacity before the newly authorized program.

Debt and liquidity actions include EUR3.5B of senior notes issued in May 2025 and $3.0B of U.S. dollar senior notes issued in February 2026. Management indicated proceeds may be used for general corporate purposes, including refinancing existing indebtedness. These issuances increased gross debt but did not pressure the balance sheet materially given the cash and FCF base.

Class-structure and litigation-related actions include the June 2025 Visa Europe preferred release assessment, the August 2025 issuance of series A preferred stock, the September 2025 $500M U.S. litigation escrow deposit, the February 2026 $125M escrow deposit, and the April 2026 exchange offer for Class B-1 and Class B-2 shares. These actions are economically relevant to share count, EPS, and litigation insulation, but they are not operating segment changes.

Acquisition/capability actions include the FY2025 Featurespace acquisition disclosed in the FY2025 10-K and the February 2026 acquisition of Prisma and Newpay in Argentina disclosed in the Q2 FY2026 release. Featurespace supports real-time AI payments protection. Prisma and Newpay support issuer processing, real-time payments infrastructure, ATM network infrastructure, and bill payment in Argentina, subject to local competition review. Downstream work should treat these as capability extensions, not as separately disclosed acquired revenue streams unless future filings quantify contribution.

Regulatory and litigation actions remain material. The FY2025 10-K discloses the DOJ debit complaint filed September 24, 2024, denial of Visa's motion to dismiss on June 23, 2025, related U.S. debit class actions, securities class action activity,

derivative actions, European interchange and acquirer fee matters, and other merchant/payment litigation. These items matter for the red team and valuation multiple, even though Visa's underlying operating KPIs remain strong.

10. Self-Verification

Self-verification was performed with live sources fetched during this D run:

Load-bearing item	Live source checked	Result
Latest quarter headline growth and margin	Visa Q2 FY2026 IR release PDF and SEC 8-K exhibit	Confirmed Q2 FY2026 net revenue $11.230B, YoY growth 17%, operating income $7.234B, calculated GAAP operating margin 64.4%, diluted EPS $3.14.
Management quote/source	FMP live transcript endpoint `/stable/earning-call-transcript?symbol=V&year=2026&quarter=1`; raw file `D_fmp_transcript_FY2026_Q1.json`	Confirmed date 2026-01-29 and phrase "resilient consumer spending" in Ryan McInerney commentary.
FY2025 revenue	FMP live `/stable/income-statement?symbol=V&limit=6`; raw file `D_fmp_income_statement_annual.json`	Confirmed FY2025 revenue $40.000B, tying QF and Q4 FY2025 release.

Additional source verification: the FMP annual product segmentation endpoint ties FY2025 category sums to net revenue with zero residual: service $17.539B + data processing $19.993B + international transaction $14.166B + other $4.053B - client incentives $15.751B = $40.000B. The Q2 FY2026 category amounts are taken from the official Visa release because FMP's product segmentation endpoint did not yet include Q2 FY2026.

11. Open Data Gaps and Watch Items

- [DR NOTE: acceptable non-blocking gap] FMP's Q2 FY2026 earnings-call transcript endpoint returned an empty array and did so again on identical retry. Q2 management commentary is therefore sourced from the IR release, SEC 8-K exhibit, earnings deck, and event page, not from a call transcript.
- FMP's Q2 FY2026 income statement endpoint has defective diluted EPS and diluted share fields. Official Visa Q2 release controls EPS and shares.
- FMP's quarterly product segmentation endpoint latest row is Q1 FY2026. Q2 FY2026 category dollars come from Visa's official release.
- Visa does not disclose revenue dollars for Consumer Payments, Commercial & Money Movement Solutions, Value-Added Services, Visa Direct, tokenization, stablecoins, or agentic commerce as standalone products. Treat those as strategic vectors and KPI/commentary areas unless future filings provide dollars.
- Visa's `Other revenue` category is not identical to VAS revenue. It likely captures many value-added and other fees, but equating the two would overstate disclosure precision.
- Capital allocation data requires official-source control for share repurchases because the FMP FY2025 cash-flow field does not match Visa's official repurchases of Class A common stock.
- Litigation and regulatory matters are significant enough to deserve red-team focus: DOJ debit litigation, U.S. debit class actions, interchange litigation, and European acquirer fee investigations can affect settlement expense, network rules, incentives, and multiple.
- The Q2 FY2026 Class B-1/B-2 exchange offer was pending as of the release and expires after the data package date unless extended or terminated. Later agents should check completion status before final assembly if the run extends beyond May 8, 2026.

Downstream Key Findings

Visa is a one-segment Payment Services business with exceptionally high reported returns on capital and low capex intensity. FY2025 revenue was $40.000B, TTM revenue ending March 31, 2026 was $43.027B, and TTM operating income was $26.296B. The five-year revenue history shows strong growth from pandemic recovery through FY2025, while the last four quarters show continued acceleration in reported revenue growth from 14% in Q3 FY2025 to 17% in Q2 FY2026. The revenue category history is usable and dollar-disclosed, but strategic products are not dollar-disclosed. The most important modeling discipline is to avoid fabricating Consumer Payments, CMS, VAS, Visa Direct, token, stablecoin, or AI-commerce

product dollars.