

In The Know: Episode 59

The next wave: Visa's critical role in AI powered commerce

Announcement ([00:00](#)):

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Host ([00:14](#)):

This is, In The Know, a monthly investment podcast brought to you by Magellan Investment Partners.

Mark Nelson ([00:20](#)):

Every few years there has been a new innovation that has been the potential to revolutionise how people pay and are paid, big tech, fintechs, digital wallets, buy now, pay later, and of course crypto. And our strategy has been to embrace these innovations and open up our Visa staff and enable these players to really use our technology to scale their innovations. And these innovations have all become great opportunities for us, and stablecoins will be no different.

Host ([00:46](#)):

That's Visa's Chief Product Officer for Commercial and Money Movement Solutions, Mark Nelson outlining just part of a new world of financial transactions that we are all about to enter. Welcome to, In the Know.

([01:05](#)):

Artificial intelligence is rapidly weaving its way into our daily lives, but would you trust it to plan your next holiday? How about letting it pay the airline and hotel on your behalf? According to Mark, that's exactly the paradigm we're moving toward. In this discussion, Mark is joined by Magellan Investment director and Analyst Elisa Di Marco, exploring how Visa is shaping the next era of commerce from tapping and tokenisation to an AI agent that can shop on your behalf while keeping payments seamless and secure. First up, a welcome from your Host, Elisa Di Marco.

Elisa Di Marco ([01:44](#)):

Welcome to Magellan's In the Know podcast. My name is Alyssa DiMarco, investment director and Analyst at Magellan. We've been happy investors of Visa for over a decade and a bit of a payments enthusiast myself. So we are very excited for today's conversation with Mark Nelson, Visa's chief product Officer for Commercial and Money Movement Solutions. Welcome, Mark.

Mark Nelson ([02:05](#)):

Oh, thank you for having me here. It's great to be here.

Elisa Di Marco ([02:07](#)):

Absolutely. So Visa is a company that needs very little introduction as the world's largest payments network with credentials in over half the global population and the infrastructure to transact in over 200 fiat currencies, cryptocurrencies, and using a range of digital wallets. Visa has the ubiquity through relentless innovation. In today's conversation, we're going to explore how Visa continues to redefine the future of payments. So Mark, to get started, can you first set the scene for us on why innovation is critical to Visa's strategy?

Mark Nelson ([02:39](#)):

Yeah, innovation is critical to our strategy just simply because consumers expectations shift and emerging technologies reshape the way value moves globally. And it's true today, but it's been true throughout the course of our history. And we started with a very simple revolution idea at the time to connect and sellers through seamless digital payments. And we've made significant progress bringing this idea to life and it's always been through continuous innovation. And just maybe I'll give a couple examples. I mean, going back way to the beginning, in the 1960s, Bank of America changed what had been a closed loop network to become an open loop by licencing the network to other financial institutions. And that opening up a network to include all of the banks around the world.

([03:29](#)):

In the '70s, our network began processing this first payment and now we have tremendous scale and we processed 630 million transactions a day. In the '90s, the internet gave rise to e-commerce, which paved the way for many new entrants and created the need for secure digital payments for the online world. And we really established ourselves as a go-to enabler for these early players. We created secure digital capabilities, we gave buyers and sellers the ability to in confidence, to engage in commerce online, including our first AI-based technology to identify and stop fraudulent transactions.

([04:06](#)):

And then more recently in 2016, we made a very deliberate decision to further open up our network and this time to all types of developers. So we lost our Visa developer platform and our Visa FinTech Fast Track programme and it created a very simple and easy way for developers to integrate Visa into their products. And as a result, we became the platform of choice for FinTechs, for big techs, for crypto, for digital wallets, and many more, we now have 40 billion API calls per month.

([04:38](#)):

And if you fast-forward to 2020, we made another very deliberate decision to evolve from a single network, VisaNet, to a network of networks that enables money movement seamlessly across more than 15 card based networks, 75 domestic payment schemes, 15 real claim payment networks and multiple payment gateways. And this decision has helped us grow an entirely new business like Visa Direct with over 10 billion transactions over the past 12 months alone. And so we believe constantly

that these innovations are what drives us forward and we look forward to the future innovations going forward.

Elisa Di Marco ([05:19](#)):

No, that's a really good context and so important in the history of Visa and the importance of driving innovation to connect the network. Can you give us some insights into your vision on the future of consumer payments?

Mark Nelson ([05:32](#)):

Yeah. To start, we think there's still an enormous opportunity ahead of us in consumer payments. In 2023, there was approximately 41 trillion in addressable consumer spend globally, 23 trillion of which we've identified as our target opportunity and that's spread across cash, check, legacy ACH, A2A payments as well as real-time payments. And to go after this opportunity, we will focus on areas where we can drive consumer and seller preference for Visa through a combination of innovation, global reach scale, as well as our brand strength. And we really aim to make Visa the best way to pay and be paid for all types of consumer payments. And we have seen Visa do this with innovations like Tap to Everything, our token technology, our cross-border capabilities, emerging ATA products as well as our leadership in Apple and customers. And so most recently we also hosted a product drop where we were excited to talk about several new capabilities including Visa Intelligent Commerce, which is a form of agentic AI and it utilises our token technology and has the opportunity to be truly transformation.

Elisa Di Marco ([06:42](#)):

I'm glad you mentioned agentic commerce there. It's something that I'm really fascinated about, especially in this new world of AI that we are all living in. Mark, can you first define for us what does agentic AI actually mean and why do you view that we're now at the cusp of this new form of commerce?

Mark Nelson ([07:02](#)):

Agentic AI refers to artificial intelligence systems that can act independently on your behalf so it can make decisions, it can take actions, it can adapt to your needs. And we've already seen the incredible power of AI, to answer questions, to do research, to generate images, and we think it will have a meaningful change in how we shop and pay for things.

([07:23](#)):

We will have agents that do everything from securing hard to get concert tickets to recommending the perfect gift for your friends. And our agents will not just recommend what to buy, but they will make purchases on our behalf. And so these agents will need to be trusted with payments and not only by users, but by banks and by sellers as well. And so we've been extending that same secure infrastructure, standards and capabilities from our physical and our digital commerce to AI, and it gives consumers a new way to buy with that same trusted way to pay.

([07:56](#)):

And so we'll bring trust to AI commerce by providing a simple way for our partners, the AI platforms, our tech players, our banks, our fintechs, merchants, and more to access our network. And so we've been collaborating with the industry's leading AI innovators like OpenAI, Microsoft, and many other partners that are going to bring AI payments to life. And ultimately we think this shift could rival the impact that e-commerce and mobile commerce has had on society.

Elisa Di Marco ([08:24](#)):

Wow, it really is the next wave of commerce that's really exciting and potentially time-saving and discount for all of us that love to shop online. Mark, could you step us through an example of really how the agent fits into this existing consumer payment system that we all know so well?

Mark Nelson ([08:42](#)):

Yes. Well, I think what's interesting, if we start, is that although generative AI has only been widely available for 29 months, there are already over a billion users of it out there and many of them have been using it for shopping activities. And we're seeing early signs of real behaviour shifts. So for example, traffic moving directly from AI sites to retail sites through 1,200% in 2025.

([09:11](#)):

But let's give you an example. So let's imagine I'd like to go to Miami for a long weekend. I'm going to ask the agent to help me find a weekend that could work. A scheduling agent starts and it scans my calendar and it looks for some free weekends. It identified that September 6th through the 9th is the only one that works for me. Now, it will work on finding a flight and a hotel. The AI agent scans available hotel rooms while also finding a flight that will suit my needs. And my vacation is starting to come together at this point.

([09:44](#)):

And it can also then start to put together an itinerary, it can start to look for restaurants and local spots and even recommend different things that I should be doing. And all this sounds great. And then I ask my agent to book the trip, I say, "Go buy it." But today, that's where the fun really ends because my agent isn't trained for payments. It can't just work through the checkout process without me being there. And so I'm going to need to take over at this point and provide payment information, and so all that magic that we just had, that kind of just evaporates. And so that is where Visa is going to come in to help show how this AI commerce can start to really integrate into this AI experience.

Elisa Di Marco ([10:26](#)):

Wow, so it's a complete transformation to what we're currently doing with the endless browsing and windows that we have within e-commerce. So just stepping through here, there's been so much investment into AI as you mentioned earlier, and what we've seen now with generative AI and investment now into the use cases. Why in your opinion, do you view that Visa is uniquely positioned to be part of this foundational infrastructure for agentic commerce versus one of your pure play AI vendors? And is there a risk that Visa could be cut out of the transaction in this new paradigm?

Mark Nelson ([11:02](#)):

I think where Visa really plays a role is that because the AI agents are not trained or equipped with the right tools to facilitate payments, that's really where we play a role. And the role really starts with trust. And so for a consumer, can I trust that this agent will only buy what I wanted to buy and not anything else? And for the financial institution that's promised to protect its customer's funds, is this really my customer? How do I know it's my customer? Is this a legitimate agent or is it a bot? And for the merchant, is this a valid purchase? Will I get paid? And so all of these problems need to be solved for this to scale. And that's really where Visa plays such an important role in bringing us to light.

Elisa Di Marco ([11:43](#)):

Yeah, I think that makes... It's a really good point there. It's one of the reasons why Visa has been such a good investment for so long. It's that trust that's then enabled the network effects to grow, really strengthening the moat of the business. So your ability to interact with the agent and then to personalise the experience is really key to driving this consumer usage. How do you think about the risks to consumers and merchants with respect to data privacy and then also transaction and account safety?

Mark Nelson ([12:16](#)):

Yeah, so the nice thing is all of this is based upon consumer consent. So if the consumer wants the agent to purchase something on their behalf, they're opting into it. So the first thing is, it's up to the consumer to decide, do they trust us or not? And what we found is that when you start to introduce the concepts to people initially they may say, "Oh, I would never give my credit card information to an agent." But once you start to use an agent and you get confidence in them, you start to build trust in the agent itself and you can see that it is giving you good responses. And so it does seem like a natural progression at some point in time, if it says to you, "Do you want me to buy this for you?" If you simply responded, yes, that could be a super magical experience.

([12:58](#)):

And so to enable this, we've done a number of things for these platforms. We've made AI ready cards and it has two capabilities. It comes with tokenization so that when you load your card into an agent app or website, we replace that 16-digit card number with digital equivalent. So that agent is the only one that's going to have access to that credential. We also then provide the strong authentication, so we confirm that the consumer is the one that's loading their card into the agent, and we do that using the bank. And so when you load your card, we go to the bank and say, "Hey, will you please verify that this is your consumer?" And so it goes through a normal identity and verification process, which is really quite secure.

([13:44](#)):

And then once you load your card into the agent and you want it to buy something, the other thing you can do is say, "I will share insights of my past purchase activity with that agent." So when it's looking for hotel rooms or it's looking for flights, it knows generally which airlines I prefer, which hotels I prefer. And so it provides the agents with a little bit more context into what type of travel and what type of spend will be ideal for this consumer. So that's the setup.

([14:16](#)):

And then when the payment happens, there's two really important processes that will take place. First is the payment instruction. And so this is a new API that we created whereby the consumer is going to indicate to the agent what is the permission allowed. So you could say, "Hey, please buy me this ticket to Miami. Here's my budget, please go buy it." And so that would be an example of instruction that we would then store up in our network so then when the agent finds the matching ticket, it can send the payment request to Visa who will then compare that authorization request that comes in with the payment instruction and make sure that they match. And if they match, then everything is good and it goes to the bank and the bank makes sure the consumer has money and the transaction will go through.

(15:07):

But let's say for example, the consumer said, "I give you the ability to spend up to a thousand dollars on this hotel, and the agent goes off and tries to find a hotel room that costs \$1,500," we could immediately see there's a mismatch. We could say, "Hey, no, the consumer didn't authorise that amount of money for this transaction," so we could either decline that transaction or we could just say to the agent, "No, this isn't correct." And so those are examples in terms of how we can protect the consumer to make sure that the agent is only doing what they have asked it to do. And so there's a handful of new APIs and technology that we've created to enable all of these experiences that the agents can deploy on [inaudible 00:15:50].

Elisa Di Marco (15:49):

Thanks for stepping us through that, Mark. So it sounds like whilst there's a lot of complexity within this new opportunity within agentic commerce, at the forefront for Visa is, consumer trust, consumer protections and really no change to the existing consumer benefits that you're seeing within a Visa transaction?

Mark Nelson (16:09):

That's right.

Elisa Di Marco (16:10):

Yeah, that is excellent to hear. So from my reading, merchants could be at risk because there's going to be improved price transparency and potentially some agent preferencing as we work through this shift to agentic commerce. Through your value added services segments, how are you working with merchants to help them prepare for agentic commerce?

Mark Nelson (16:31):

Yeah, and we are inviting merchants as part of our Visa Intelligent Commerce partner programme to really test and learn and collaborate with us. We have over 30 partners today that are actively working with us on them, and many of them are merchants. And really merchants will need to adapt to stay competitive in this age of AI agents. And our goal with intelligent commerce is to ensure agents can shop seamlessly at over 150 million Visa accepting locations with minimal changes needed to the existing infrastructure. And so really the time is now [inaudible 00:17:06] the foundation for agentic

commerce, and it's important that everyone in the ecosystem has a chance to participate, share feedback, and iterate as we get the experiences right.

Elisa Di Marco ([17:15](#)):

Before proceeding to our closing question, I just wanted to circle back to some of the opening remarks where we spoke about the future of payments and that cryptocurrency is now a part of that. I wanted to quickly ask, given we've recently been through crypto week in the US and more favourable regulation has passed for cryptocurrencies including stable coin, how does this change your role at Visa in enabling global commerce and where do you see these alternate currencies fitting into the broader payments ecosystem?

Mark Nelson ([17:46](#)):

Yeah, that's a great question. I mean, we support the GENIUS Act and prior to the passing of this act, the regulation of stablecoins was really just not fit for purpose. We had save coins regulated under our patchwork state-by-state money transmission licencing regimes, and only New York and California had crypto-specific licencing. And so the GENIUS Act really creates the first comprehensive federal framework or regulation of stablecoin issuers and that we think is very positive. And the primary component of the GENIUS Act will include requirements related to reserves, monthly reporting, redemption rights, regulatory rulemaking. And so in terms of how we fit, we see stable coins as a meaningful opportunity for us as a business. The areas where there is a product market fit are significant tabs and generally areas where Visa is under-penetrated.

([18:40](#)):

We discussed in our earnings call about a month ago that beyond capital markets use cases, the area where there'll be real demand for stable coins are certain emerging markets and for cross-border money movements. So in general, the countries where consumers and businesses have strong demand for US dollars tend to be cash rich where we still are in the early stages of digitising payments. So in most of these markets, we think broad-based adoption of stablecoins will actually accelerate progress digitising cash with Visa credentials.

([19:13](#)):

And so both consumers and remittances and cross-border B2B money movement are also areas with very large tabs, and Visa currently only serves a small portion of that opportunity. And so we think the opportunity to embed stablecoins into Visa Direct, it allows us to accelerate our progress on Visa Direct, but we're also working with partners on some very interesting cross-border B2B solutions that leverage stable coins.

([19:37](#)):

And so if we just step back for at least the past decade or so, every few years, there has been a new innovation that has been the potential to revolutionise how people pay and are paid, big tech, fintechs, digital wallets, buy now, pay later, and of course crypto. And our strategy has been to embrace these innovations and open up our Visa staff and enable these players to really use our technology to scale

their innovations. And these innovations have all become great opportunities for us, and stablecoins will be no different.

Elisa Di Marco ([20:08](#)):

Thanks, Mark, for stepping us through that. We've kind of stepped back and looked at what risk or opportunity stablecoin and cryptocurrency could pose to the payment networks. We've come to quite a similar conclusion that Visa really is likely to be the enabler, given that breadth of the current rails that you have in being able to connect basically every merchant to every consumer, to every financial institution. It's really challenging to replicate that. And the experience layered on is something that needs to be at minimum replicated in order for these currencies to try and potentially be disruptive, but definitely not our base case in any way, shape or form there.

([20:47](#)):

Mark, it's been such an interesting discussion to close out today, I just wanted to come back on agentic AI given what it could do, can you just step us through how you envisage that agentic AI could transform commerce and when you can expect that we're able to plan this next holiday to Miami, for example, using an AI agent and how important you think agents might be in commerce over the next five plus years?

Mark Nelson ([21:15](#)):

Yes. I mean, it's very early, obviously. I think it could be very similar to the evolution of e-commerce where if you go back to the late '90s, early 2000s, as users, we would go online and maybe buy a pair of socks and then we'd see if we could actually get it delivered to our house, and then we'd try to return something, make sure returns worked. And over the years that trust in the ecosystem grew and it scaled in a meaningful and significant way and now it's just second habit to most of us.

([21:43](#)):

And agentic commerce will probably progress along similar means. We'll all give it a try eventually, and each of us will have a different reason in which we may start it. Maybe the first time will be, if you go to New York and you try to get a reservation at the popular restaurant, it's really hard. But if you could get an agent to go do that for you and get the reservation you wanted, you probably would be okay giving that agent access to your card information, your payment information so it can make a down payment on the reservation.

([22:12](#)):

And so there's probably going to be a little moment here or there for everyone whereby, if an agent could do this for me, I will let it. And so confidence will start to grow and you'll start to see people use it as more and more of the technology stack is deployed around the world. And so we think it could take years for it to become fluid everywhere, but at the end of the day, we do think agentic commerce will be transformational over time and we'll have to wait and see exactly where it holds out, but we are super excited about the opportunity.

Elisa Di Marco ([22:42](#)):

Oh, very much so. It sounds like it can be some time saving for everyone, plus a better experience. So do you think that we could be booking our holiday this year, next year? What's your expectation?

Mark Nelson ([22:54](#)):

Our first transactions are going to go live any day now, so we'll know soon.

Elisa Di Marco ([22:59](#)):

Wow. Very exciting. Well, thank you so much for your time and insights today, Mark talking us through your vision for the future of payments. And thank you everyone for listening in. I hope you've enjoyed today's discussion, and please do share with your friends or colleagues.

Mark Nelson ([23:15](#)):

Thank you for having me.

Host ([23:17](#)):

That's Magellan Investment director and Analyst, Elisa Di Marco in conversation with Visa's Chief Product Officer for commercial and money movement solutions, Mark Nelson. We trust you've enjoyed this episode. For more information on previous episodes, visit magellaninvestmentpartners.com/podcast where you can also sign up to receive our regular investment insights programme. Thanks for listening.

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