MA80 (DR)

Globlex Securities Co., Ltd.
23 June 2025

Intelligence at the edge of payments

- Monetizes data, identity, and open banking on a global scale.
- Expands through security, inclusion, and fintech partnerships.
- Recommend a BUY with TP of 2.04 ($626.6 USD/THB at 32.6)

More Than Just a Network

Mastercard is evolving into a global commerce intelligence platform—not just a payments provider. In 1Q25, the company reported $7.3b in net revenue (+14% Y-Y, +17% currency-neutral), with net income of $3.3b (+9%), and gross dollar volume (GDV) of $2.4tr (+9%). Its GAAP operating margin rose to 57.2%, reflecting strong control over rising expenses. The company is now heavily monetizing value-added services, which grew 16% Y-Y—outsized compared to core processing. With operations across 210+ countries and 3.5 billion cards, Mastercard stands out for turning every transaction into insight and added value, not just revenue.

Trust, Reach, and New Users

Mastercard has transformed risk and identity tools into revenue drivers by integrating Brighterion (AI fraud detection), Ekata (identity verification), and Finicity (open banking) into its payments stack. Meanwhile, it's aggressively expanding in emerging markets through foundational initiatives: prepaid programs in India, QR-based payments in Africa, and financial inclusion partnerships in Latin America. These initiatives build new payment rails where none existed—creating users and trust before deploying premium services. It's a bottom-up strategy that strengthens both reach and profitability.

Visa vs Mastercard: Size vs Strategy

Visa remains the largest payments network, generating $35.9b in FY24 revenue (+10%) and delivering a 67% operating margin, compared to Mastercard's $28.2b (+12%) and ~60% margin. But Mastercard differentiates itself by moving faster on fintech frontiers. It reinvests more aggressively in cybersecurity, identity, and open banking, and pilots innovations—like CBDCs and blockchain rails—more quickly than Visa. While Visa is a volume powerhouse, Mastercard is the nimble innovator with a broader product suite and deeper fintech integrations.

Stablecoin: Threat or Tailwind?

Mastercard shares dropped ~4.6% after news that Amazon and Walmart are exploring stablecoin payments—raising concerns of disintermediation. But the reality is nuanced: stablecoins still require compliance, merchant trust, fraud protection, and rails—areas where Mastercard excels. It is already piloting CBDC settlement systems and supporting crypto settlement networks through its Multi-Token Network. Rather than being sidelined, Mastercard is positioning itself as the transaction anchor between fiat ecosystems and decentralized finance.

Recommend a BUY with TP of THB2.04 ($626.6 USD/THB at 32.6)

Bloomberg consensus rates Mastercard a BUY, with a TP THB2.04 ($626.6 USD at 34x FY25E P/E). Mastercard offers strong margin, steady cash flow, and differentiated growth from intelligence, inclusion, and security layers. While not as large as Visa, it's more agile and more diversified—positioned to lead in the next evolution of trusted payments infrastructure.

Analyst

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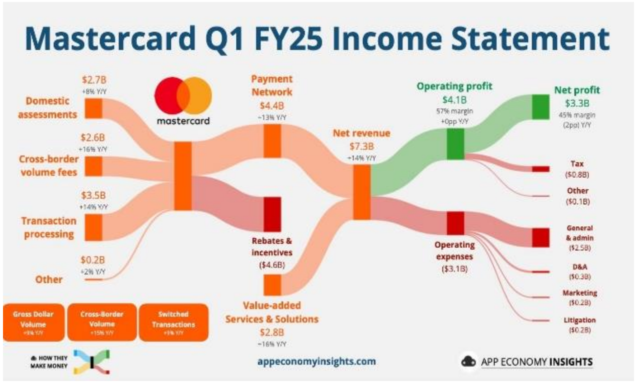
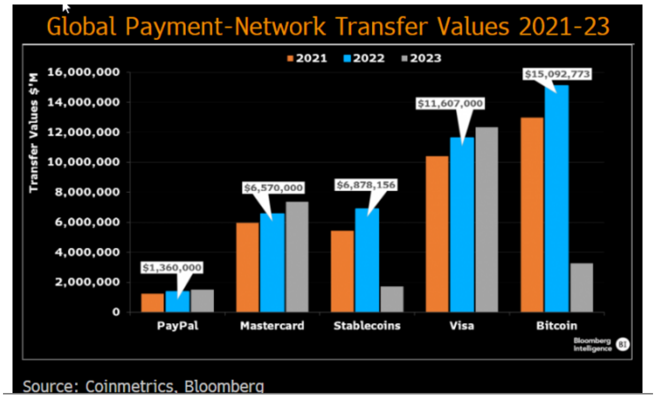
Exhibit 1: Mastercard's 1Q25 Income statement



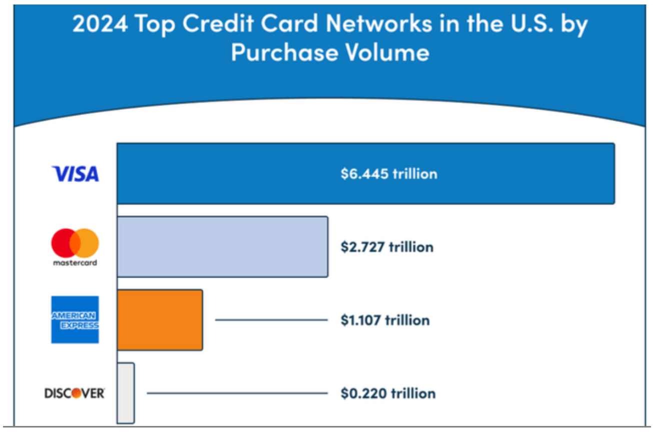
Sources: App Economy Insights

Exhibit 2: 2021-2023 Transaction value of stablecoin vs traditional payment



Sources: cryptobriefing

Exhibit 3: US 2024 purchasing volume of Visa vs Mastercard



Sources: upgradedpoints

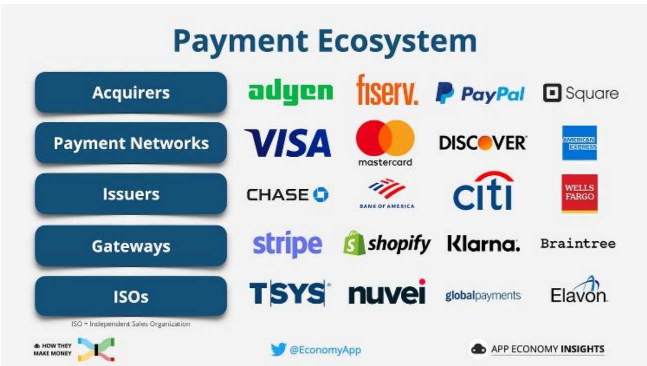
Exhibit 4: Traditional vs Stablecoin payment

Payment Type	Transaction Fee	Time to Settle	Notes
Credit Card Payment	2-3% + $0.30	Instant to Merchant	High fees for Merchant. Chargeback risk.
Debit Card Payment (Regulated)	Regulated: 0.05% + $0.21 Durbin Amedment: 0.9% + $0.15	Instant to Merchant	Low fees, subject to Durbin Amendment caps
ACH Transfer	$0.20 - $1.50	3-5 Business Days	Limited to domestic transfers. Funding risk.
International Wire Transfer	$30 - $50	1-5 Business Days	High fees, exchange rate markups.
Remittance Service	6.65% (for $200)	Minutes to Days	Varies by service and destination country.
Peer-to-Peer Payment App	Free (p2p) 1-3% (Business)	Instant to 1 Day	Fees apply for instant transfers, credit card use, and payments.
Stablecoin Transfer	**<$0.01**	**Seconds to Minutes**	**Global availability, minimal fees.**

a16zcrypto

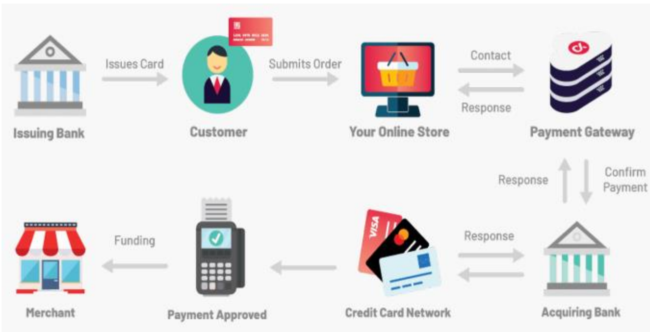
Sources: a16zcrypto

Exhibit 5: Payment ecosystem



Sources: App Economy Insights

Exhibit 6: Flowchart of the payment processing cycle



Sources: cardknox

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.