

DIGITAL LEADERSHIP

An interview with

Mark Jamison

Global Head of New Product Development at Visa Inc.



***Visa: The FinTech Giant Leading
Digital's Platform Revolution***



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Digital Transformation at the Original FinTech Firm

What is Visa's approach to digital transformation?

Visa did not require as radical a transformation as many others in our industry. Digital was already in our DNA. We like to say that Visa was one of the original FinTech companies. Since the 50s, we have been a technology-based organization that allows instantaneous transfer of value anywhere in the world in near real-time. Visa is also a San Francisco headquartered company and digital is part of our culture.

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Could you give us some examples of the digital initiatives you launched?

Let me start with Visa Checkout – an initiative we launched to help improve online purchase conversion rates. We found there was a clear need to make online buying easier. Visa Checkout brings the simplicity of the swipe to the online world so customers can complete a purchase with just a username and password. We have had a lot of success globally with this initiative.

Another major digital initiative we launched is the Visa Token Service (VTS) – terminology for what we consider to be a reinvention of the account number. The VTS replaces sensitive account information, such as the 16-digit primary account number, with a unique digital identifier called a token. The token enables payment transactions to be processed without exposing actual primary account number details that could potentially be compromised. For instance, if I want to add my card to Android Pay, they ping Visa and Visa takes that card number and passes them back a token that represents that card number with security and intelligence built into that token. So, from that point on, Android Pay can use the token to enable transactions when you buy things. But, if someone were to steal that token, it will be completely worthless. Issuers, merchants, and wallet providers can deliver secure mobile payment applications, gain access to third-party digital payment experiences, or securely maintain cards on file in order to offer their customers safe ways to shop online and with mobile devices.

You have already invested in some FinTech companies like 'Stripe.' How is Visa working with the FinTech ecosystem?

Visa's mission is to ensure that every Internet connected device, appliance or wearable, can become a secure place for

commerce. And to do that, collaboration with the ecosystem is essential and comes in the form of partnerships, investments, acquisitions and collaboration. We have set up innovation centers globally where co-creation with partners is the goal. We also have an active team that evaluates new ventures and decides if we want to help guide or accelerate the venture. We collaborate with the ecosystem for rapid prototyping and testing of new technologies and we have made investments in a number of companies. We have also invested in additional companies such as Chain, a San Francisco-based company that is a leader in implementing Blockchain infrastructure and developing applications using the Blockchain protocol.

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What is the rationale for launching innovation centers and what role do your centers play?

The pace of technology change dictates that we need to invest in people whose full-time job is to focus on things beyond 12 months. Our global network of innovation centers – in San Francisco, Dubai, Singapore and Miami – are an important part of our overall approach to fostering innovation with clients. The innovation labs help us develop a point of view on what the future might look like and help us work back from there.

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Our innovation centers focus on three things. First, they engage clients in a conversation around where our industry is going and help them understand the big levers. Second, we explore new technologies and utilize human-centered design with the aim to support solutions that could deliver real benefits to people. Third, we collaborate and experiment with Visa's technology, Visa Developer Platform in particular, for rapid-prototyping using Visa APIs and SDKs. It's a very applied process meant to deliver tangible results.

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Many companies now have innovation centers or labs. How do you actually encourage people in the business to experiment and be more innovative?

Many companies indeed have some form of innovation group. A few work and, frankly, most don't. In my experience, when you cede innovation to a small group of innovators, it is doomed to failure. Innovation has to be part of the DNA of the company - it is everyone's job. In our case, we have heavily invested in methodologies like Human Centered Design or Design Thinking to help you rapidly prototype and iterate your products with real customers. It's a powerful model and we use this approach with clients and across our entire company.

Open Platform: The Future of Visa

Visa recently announced the opening of its payment platform to third-parties and developers. What is the rationale behind this move?

Let's take a step back to understand this. The winning models in the market place are the ones that build their business as a platform. For instance, iOS is a platform that other people build apps on. Android is another example of a very successful platform. Due to the network effect, it can be a winner-takes-all kind of model. There is one big winner in each area. We want to be the winner of the payment sector and create a standardized platform for the payments community. Being a key player in the payments space, we are very well positioned to win the platform game.

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What is the value proposition for the ecosystem?

The benefit when you build on top of Visa's platform is that you get security, scalability and access to the world's largest payment network. When you build to these standards and access our network, you can have immediate interoperability with over 13,700 financial institutions in over 200 countries and over 40 million merchants around the world. No other company in this space has the customer density, global reach and scale that is available through Visa's open platform.

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The value proposition for our enterprise clients, such as banks, is that they get the speed and agility that comes with consuming capabilities via formatted APIs. Big enterprises have a hard time keeping pace with changes in their market place. So, instead of having to build a bunch of new capabilities themselves, they can just consume the capability using our platform in a relatively short time.

Also, there is so much creativity and ingenuity in the world that third parties will come up with innovative ideas in payments that we had never thought of. This is what successful platforms have discovered. It will open up our list of who our clients are to a whole new universe of independent software vendors.

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How will you assess the success of your platform strategy?

That comes down to a couple of things. One is how many API-related queries you are getting. The second is to understand if important clients are using our platform. Customers always have an alternative to do things the old way or the new way. If we build a better platform they will all convert to this agile way of consuming capabilities.

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Do you have any examples of initial applications developed after the opening of the platform?

There is a really good example that is in production today. We collaborated with the Emirates National Bank of Dubai (Emirates NBD) for a challenge they faced. Emirates NBD's customers include a lot of high net worth customers. When those customers travel around the world, they face challenges in getting their card accepted. For instance, fraud and security rules decline transaction from the same card in different countries in a short time period. It wasn't a great experience for the customers, so they integrated a new capability we put on the platform called Mobile Location Confirmation. The consumer can accept the option to ping their phone when travelling. When the customer is in Sao Paulo and tries to buy something, we ping the phone, and if the customer's phone is there in Sao Paulo, the risk of it being fraud drops by a significant magnitude and this enables transaction approval. This capability is in production, and we are very happy with the success of this application.

Do you think every company should become a platform?

I think a platform strategy makes sense for companies that have the belief they can become the industry's leading platform. If you believe you can be a platform for your

industry like iOS or an Android are for their respective customers and partners, go for a platform strategy. If you are a developer, you will go where there is distribution and scale.

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A Radical Re-Imagination of The Business, Not Incremental Steps

Do you think it is possible to develop a long-term strategy in an organization given the pace of technology-driven change today?

Of course it is possible. Successful companies understand the purpose of their existence. They really understand what their purpose is, the 'why', and they don't get caught up over the long term in the 'what'. I call it 'freedom within a framework', a strategy that tells you where you are going. It might not give you every explicit step. In the world that we now operate in, things are changing so quickly that you really can't set an operating plan that goes beyond a couple of years. But that doesn't mean that you can't have the processes in place that allow you to adjust really rapidly over time to make sure you get to the right point.



VISA & the Platform Revolution



US\$7.4 trillion
worth of transactions (FY15)

112 billion
transactions

A network capable of handling more than
65,000 transactions
per second



VISA's
new winning model=

From **proprietary** technology capabilities to a
platform open to third-parties

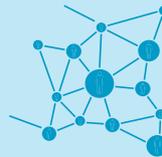
Why become an open platform?

ANDROID

iOS

Winning models

are the ones that build their
business as a platform



Platforms are

winner-takes-all

kind of models

The advantage of VISA's platform



Access to the world's
largest payment
network



Interoperability with **13,700**
financial institutions



In **200 countries**



40 million merchants
around the world

Should companies become a platform?

YES if "you believe you can be a
platform for your industry like iOS or Android"

The Importance of a Long-Term Strategy

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If you are driving from San Francisco to LA at night, your lights can only give you visibility so far on the road - you can only see with clarity so far in the near-term. But you still have the confidence that consistently following the path your lights illuminate will get you to LA.

Could you name an organization that you truly admire that has succeeded in its digital transformation?

BBVA has been a real visionary in the banking industry. Francisco Gonzalez, Chairman and CEO of BBVA, has often publicly¹ said that BBVA will be the first bank in the world to become truly digital. They've made strategic and investment decisions to achieve that vision ranging from building a real-time, single instance banking backend to implementing a comprehensive services-oriented architecture and robust Big Data analytics. They effectively built the infrastructure of a modern technology company with a large investment over multiple years. It's an incredibly impressive feat to achieve.

¹ Euromoney, "Digital banking: BBVA's González - The digital banker", September 2014

What would be your key recommendations to big organizations for initiating digital transformation?

Be really bold in your thinking. You won't succeed if you make incremental steps. It's all about looking at where the future is and working backwards; not trying to take incremental steps forward. And that has implications for talent, culture and investments. What digital transformation requires is a radical re-imagination of your business.

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Visa is a global payments technology company that connects consumers, businesses, banks and governments. In 2015, the company processed 112 billion transactions¹ and \$7.4 trillion dollars' worth of goods and services. Visa has built one of the world's most advanced processing networks, capable of handling more than 65,000 transactions per second.

Mark Jamison is the global head of new product development for Visa. His role is to understand, prototype, test and commercialize new payments and commerce capabilities. Prior to Visa, Mark's roles include Global Head of Customer Experience at BBVA and Chief Digital Officer at Capital One Bank, where he was responsible for delivery of digital products, user experience and design standards across all channels for Capital One Bank. Mark was also the founder and executive leader of Capital One Labs.

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