

## Ajaypal S Banga, first Indian Prez /CEO global **MasterCard** : a Times of India interview 07.10.2017



**Ajaypal S Banga**  
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President and CEO  
MasterCard

In the eight years since Ajay Banga took charge as the **first Indian President and CEO of MasterCard**, the company has recorded average growth in double digits and seen its market capitalisation go from \$20 billion to \$150 billion. The company has invested in acquisitions in India which now accounts for 14pc of its *workforce*.

- What impact do you see of demonetisation in India?

We saw huge growth in transactions immediately after demonetisation. While cash has now come back and growth has slowed, transactions are still 2x-3x of what it used to be. But even at 2x levels, cash is a substantial part of the economy. It is really hard for a guy who stays overseas to make a comment on the implementation. I have seen photographs of the queues — even my mother had trouble at that time. I am not trying to ignore the pain of people or the challenges faced by businesses but from my point of view this reform is one of the better things going. *All reform, by the nature of the word, is disruptive.*

- How do you see the implementation of GST and its impact?

To expect things to settle in two months is something I don't understand. Having worked in **Nestle** I know how long it takes from the time of input purchase until the consumer GST is realised. It is a six-to-nine-month period, taking into account the transport time and inventory holding at company, distributor and wholesaler level. Once the flow is complete it won't happen again. With GST the merchant has no incentive not to issue a bill and will therefore be more willing to accept cards.

- Will digitisation and GST lead to growth?

GST and digitisation are only one aspect of it. Today 80 pc of the workforce outside agriculture is in the informal sector, which does not provide any skilling or social security benefits and therefore there is no increase in productivity. We have the growth in labour but not in productivity — which has to change. This can happen by growing the formal sector through manufacturing and tourism where India has potential and can create jobs.

- What are your investment/acquisition plans for India?

Until 2020, we intend to make \$700-800 million of investments in India — both organic and inorganic. A lot of our acquisitions are in areas like artificial intelligence, analytics, processing and loyalty. We bought Brighterion in California which helps us use artificial intelligence to score good and not-so-good transactions. We bought NuData in Canada that identifies you by the way you hold and interact with your phone. Once acquisitions get integrated, they get put on to our core platform. So over a period of a year or two they are available to every country without having to build a separate pipe to another company. For instance, we helped UIDAI develop a method to use biometrics to authenticate transactions. We have put it onto our core system where it reaches 200 countries so I get economies of scale.

- How long do you think cards will continue as a form factor for payment? Will cards move to phone?

I am not in the card business, I am in the payment technology and data infrastructure business and the Card is a really good way of delivering it. Fingerprints are interesting, irises are interesting. We launched selfie pay which uses facial recognition. We tested it on identical twins and 50 times out of 50 it has identified one twin from another. The physical-digital convergence is going to be driven by the internet of things. We have got Samsung self-ordering refrigerators; we have worked with Swarovski where customers can buy jewellery using augmented reality. I think cash and cards will continue to exist even if phone, fingerprints or even underskin chip implants come in as options.

- How do you see the threat to cards from account-to-account payments?

We have built technology that enables payment from debit card to any debit card. People prefer that because your bank account is not exposed. A lot of people are comfortable with account-to-account transfers, that's why we bought Vocalink-UK's ACH (automated clearing house) service provider.

*Just because my name is MasterCard does not mean that I want to sell cards. We are in the business of simplifying life for payments.*

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