Mastercard is a global financial services company that operates in 210 countries and territories around the world. It seeks new market opportunities in emerging markets in part by focusing its sustainable and inclusive business activities on financial inclusion. The company works across sectors through partnerships with governments, NGOs, and other private companies to achieve its goal of not only access, but also the utilization of financial tools by excluded populations in developing countries. To this end, Mastercard engages in inclusive business through several programmatic offerings supported by sector-spanning partnerships which seek to bring financial services to all corners of the globe. Access to finance for the unbanked can be a powerful mechanism of growth not only for developing countries, but also for Mastercard, as it stands to benefit from an increase in the size of its network.

COMPANY OVERVIEW

Mastercard is a technology company that operates in the global payments industry. The company offers its products and services through the Mastercard, Maestro, and Cirrus brands. It was founded in 1966 and is headquartered in Purchase, New York. It connects consumers, financial institutions, merchants, governments, and businesses by enabling secure and efficient electronic payments. Mastercard generates revenue by charging fees to issuers and acquirers for providing transaction payment processing products and services. Cardholder relationships are usually managed by Mastercard’s financial institution customers. As a global financial services company, Mastercard continues to expand into new markets and promotes financial inclusion as part of its business strategy. Operating as an independent subsidiary of Mastercard, the Mastercard Center for Inclusive Growth was established to advance global economic growth and financial inclusion through cross-sector partnerships with academics, NGOs, and businesses with public and private institutions.

MASTERCARD’S INCLUSIVE BUSINESS EDGE

Mastercard supports 500 financial inclusion programs in over 50 countries, reaching over 200 million people. Mastercard is ranked eleventh on Fortune’s “Change the World,” a list that ranks global companies who incorporate “doing well by doing good” into their competitive strategy. The company is recognized for its inclusive business activities because of its efforts to promote financial inclusion for the unbanked and align those efforts with its core business strength. It achieves its inclusive business goals through partnerships, by engaging policymakers, and through product innovation.

The World Bank set a goal to reach the two billion people currently financially excluded by 2020. To support this initiative, Mastercard committed to reach 500 million people currently considered excluded by 2020. For this goal, inclusion is defined as access to a transaction account or electronic instrument to store money, send, and receive payments.

PARTNERSHIPS: Mastercard has partnered with the International Finance Corporation, which has launched a $250 million risk-sharing facility to provide coverage for settlement risk in emerging markets. This partnership will lead to millions of new cards being issued, targeting institutions with no capacity to access a payment platform and reaching small businesses and individuals who primarily use cash. Another partnership is with the Alliance for Financial Inclusion (AFI), whereby Mastercard has committed to building the technical capacity for AFI members, which include policymakers and regulators in multiple regions. AFI’s approach is to bring together leaders across sectors in financial inclusion so that institutions can share knowledge.
and experience. Mastercard has also partnered with the nonprofit Bill & Melinda Gates Foundation, receiving $11 million over three years to launch a financial innovation lab in Kenya. The lab will study technological and consumer trends to develop financial products and services and fast-track solutions from the idea stage through the prototype, pilot, and commercialization stages. The lessons from this lab will be distributed for the public good in order to ensure “maximum flexibility to empower local financial service providers.”

The Mastercard Aid Network is a non-financial service that helps aid organizations rapidly deploy goods and services to marginalized populations such as refugees and migrants by digitizing the process. The result of two years of collaboration with humanitarian aid organizations, beneficiaries receive a card that can be credited with relief aid in the form of food and medicine, then use the card to redeem the credit for physical items. The platform works in remote locations and reduces the need for staff to travel for voucher distribution and collection, while also eliminating paper record keeping and enabling aid organizations to efficiently pay vendors and adapt to the needs of specific populations, depending on the type of intervention.

Mastercard is further helping to modernize aid with its partnership with the World Food Programme (WFP) through digitized payments. This partnership has helped thousands of Syrian refugees by providing the WFP with prepaid cards that are loaded with $27 each month per family member. Mastercard has also worked to address issues of identity, including a pilot program in Nigeria with UN Women to provide 500,000 women with ID cards enabled with electronic payments and other functionalities. It is also working with the governments of South Africa, Nigeria, and Egypt that use biometric technology to address issues of ‘proof of identity’ so that people can access the formal financial sector.

Mastercard is also doing work in the area of remittance flows. Remittances to developing countries have more than quadrupled since 2000 and can play a major role in enabling growth in a developing economy. In this effort, Mastercard formed a joint venture to launch the HomeSend platform. This platform is designed to improve the flow of remittances by enabling consumers to send money to and from mobile money accounts, payment cards, bank accounts, or cash outlets, improving the ease, security, and effectiveness of sending remittances.

**CROSS-SECTOR COOPERATION:** Mastercard recognizes the role policy plays in enabling more inclusive financial systems and has a government affairs teams that works with national governments to further the case for financial inclusion. Mastercard is continually learning how to better engage with governments and development agencies, as they are also often customers in this process. Mastercard has undertaken many projects that not only promote financial inclusion but extend Mastercard to all corners of the world. In Egypt, Mastercard worked with the government to link salaries and benefits to a mobile wallet and a national digital ID for 54 million people. Mastercard also partnered with the Bank of Punjab in Pakistan to improve the disbursement of government assistance programs, which are designed to empower the unbanked with access to formal financial services by making them cardholders. The cards are a safe, secure means to receive social benefits, deposit funds, and pay for goods and services. This program is based upon a similar effort with Mastercard, South Africa Social Security Agency (SASSA), Net1, and Grindrod Bank in South Africa that led to the issuance of ten million debit cards since its launch in 2012, reaching more than 16.5 million grant beneficiaries, through which South Africa realized a 50% reduction in disbursement costs. Mastercard has also worked with governments in Mexico and the US to digitize social benefits, ensuring not just access to but also utilization of financial services. Ultimately, Mastercard sees cooperation between governments, international agencies, and the private sector as necessary for each sector to achieve its financial inclusion goals.

Mastercard also works with the private sector to improve mobile money platforms. In Zimbabwe, Mastercard worked with EcoCash to issue three million Mastercard debit cards over five years to allow people to use ATMs or pay merchants who accept Mastercard. In 2015, Mastercard helped Peru launch its first electronic money service by
partnering with Tu Dinero Movil, and has launched a similar program in Vietnam with Viettel.\(^2\) Mastercard also brought its network to Somalia, a country that had not had formal banking since the government collapsed in 1991. The introduction of the Mastercard network means there is a new way for remittances to reach the country, especially important since foreign accounts are being shut down due to fear of terrorist financing.\(^3\)

**THE MASTERCARD CENTER FOR INCLUSIVE GROWTH:** Mastercard is able to expand on these partnerships through its Center for Inclusive Growth, an independent group within the company focused on the noncommercial aspects of financial inclusion and thought leadership. The three main activities of the Center include research, data analytics, and strategic philanthropic investments to deliver tools to bring people into the formal economy. An example of its strategic philanthropy is a three-year, one million dollar investment to provide resources and tools for Rwandan micro-entrepreneurs to improve access to markets, capital, networks, and technology to grow their businesses. The Center has also partnered with Accion’s Venture Lab to support impact investing activities as they relate to financial inclusion.\(^4\) The Center has ultimately committed to connecting one million micro-entrepreneurs to the formal economy by 2020.\(^5\)

However, the Center alone is not necessarily enough. As Shamina Singh, President of the Mastercard Center for Inclusive Growth, explains, “The truth is that [financial inclusion] has to permeate the entire company.”\(^6\) Mastercard, therefore, has set ambitious inclusion goals and created cross-functional teams that meet on a regular basis to discuss and review issues, available resources, and possible solutions.\(^7\)

**MEASUREMENT:** When the World Bank put forth its goal of financial inclusion, Mastercard made a commitment to reach 500 million people excluded from financial services and is tracking the progress.\(^8\) Mastercard also set a goal to connect 40 million micro and small merchants to its electronic payments network within five years because these are where most of the underserved shop everyday. However, with so many broad goals, the challenge is actually knowing when they have been achieved. Mastercard has a team that is pulling together numbers from across the organization to develop metrics and decide what to include. A particular challenge is establishing the relationship between increased access to financial services and an improved standard of living. To this end, Mastercard focuses on the utilization of financial services, rather than just access.\(^9\) Ultimately, Mastercard recognizes that to effectively promote and measure financial inclusion, it must engage with diverse actors across sectors, including municipal and national governments, technology and digital companies, retailers, and mobile phone operators.\(^10\)

**THE BUSINESS CASE MASTERCARD**

There are two billion adults in the world without a bank account, representing a significant untapped market for a financial services company that receives half of its revenue from outside the US.\(^11\) Mastercard finds that working with various sectors to achieve financial inclusion embodies the notion of “doing well and doing good”\(^12\) and believes that its present efforts to reach the unbanked will have positive impacts on its business down the road. The company is building a narrative around these efforts that appeals to shareholders, one it is able to tell because it has teams dedicated to the measurement of its progress.\(^13\) The UN Sustainable Development Goals (SDGs) call for greater engagement with the private sector, and Mastercard views engagement with the SDGs as a business proposition rather than a philanthropic endeavor. It believes linking the SDGs with inclusive business activities will better engage the private sector.
Mastercard considers financial inclusion and a “world beyond cash” as a part of its core strategy to reach new consumer and merchant markets.\(^4\) It also knows that its efforts yield results: over 200 million have thus far been reached through over 1,000 government and NGO programs in 60 countries.\(^4\) Working towards financial inclusion means a diversification of its business and the creation of new partnerships with governments, mobile providers, merchants, and other technology companies.\(^4\)

Mastercard’s financial inclusion efforts represent opportunities to grow its payment network and offer products to a new segment of customers. Progress is being made in financial inclusion, and if Mastercard is not a part of the solution, someone else will benefit from filling that gap. Mastercard believes financial inclusion is fundamentally good business for a financial services company, when efforts to bank the unbanked not only help to link the excluded poor to the world economy but also provide new opportunities for growth to both those who become included and to Mastercard itself; to Mastercard, that is the very core of “doing well by doing good.”


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37. “Like, technology players have to be involved, like digital grants have to be involved, retailers have to be involved. You know, obviously government officials have to be involved, but mobile phone operators have to be involved.”


