

VISA



Future of Data

Visa Asia Pacific

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Foreword



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Our world is at an inflection point. The COVID-19 pandemic accelerated digital migration for both consumers and businesses, and there have never been more ways to pay and be paid digitally. This trend will only continue to grow, and along with it, the applications of data and the need to better manage and secure it.

Over the last 60 years, we have invested heavily in developing data-driven solutions and extending them to the payments ecosystem through partnerships and cross-sector collaborations. This has been made possible through enhancements to our artificial intelligence and machine learning capabilities while maintaining commensurate focus on securing our network, which helps build trust in the ecosystem. Today, we have 3.5 billion Visa credentials worldwide, which are accepted at over 70 million merchants in 200 countries and territories.

As the global leader in digital payments, we continue to have a front row seat in witnessing how data can enhance consumer experiences - provided it is done securely and with the right approach. As the open data economy gains momentum, we want to build on our experience and extend our expertise in developing standards, security and interoperability in payments to deliver intelligent and intuitive experiences. We look forward to collaborating with our partners and working with a broader set of ecosystem stakeholders in the data space.

In this report, we outline data trends in Asia Pacific and how our Visa data values will guide our response. Lastly, we explain how our data capabilities and partnership platforms will help power the future of data.

Trend 1

In a world deluged by information, clarity is power

With the exponential growth of data, the challenge now is for organisations to make sense of it all.

Data economy by the numbers:

By 2025,
463 exabytes
of data will be
created daily.¹



As we lead increasingly digital-first lives, data is being created and captured in staggering volumes. But possessing data is not enough.

The open data economy is worth **USD3 – USD5 trillion** in economic value annually.²



The challenge for the data economy lies in making sense of the large swathes of data and applying it to improve decision making. Many businesses and governments are thus looking to technologies such as 5G and quantum computing to process large volumes of data.

Only **20%** of organisations in Asia Pacific are considered to be leaders in data-readiness.³



Much of the data being generated today remain in silos. This prevents governments, businesses, and consumers from realising the full potential of data.

Visa's View

Partnerships are crucial for harnessing the open data opportunity

For everyone to fully benefit from the data economy, data needs to flow freely. Bringing together disparate data sets enriches the pool of data and creates a fuller picture by allowing pain points to be examined from different angles.

As more participants join the data economy, everyone benefits from the network effect, where the larger the network, the more value is derived by each participant. This helps unlock richer insights that can improve the customer experience and create new business models.



¹<https://www.weforum.org/agenda/2019/04/how-much-data-is-generated-each-day-cf4bdf29f>

²<https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/open-data-unlocking-innovation-and-performance-with-liquid-information>

³<https://www.tableau.com/about/press-releases/2019/data-readiness-index-reveals-leading-data-ready-firms-asia-pacific>

Trend 2

Regulations give rise to a fragmented data landscape

Many organisations recognise the need for data collaboration but lack an efficient way to do so.

The open data movement, which is playing out in the form of open banking in the financial services sector, is a good example of how data sharing can benefit everyone in the payments ecosystem. Incumbents who embrace open banking can partner with fintechs to create new business models, while fintechs can benefit from the scale and access to new segments that incumbents possess. Consumers will benefit from greater choice in managing and accessing their finances. When data can easily flow across borders, the opportunity for new innovations can be even bigger.



Visa's View

Standards will guide incumbents and new players in the data economy

Often, the siloed and often proprietary manners in which data has been captured and coded could result in inefficiencies in data sharing. Open, interoperable standards will provide consistency to the experience by providing a common language to facilitate the exchange of data.

A global comprehensive framework for data sharing should encompass:

- ✓ Rules
- ✓ Standards
- ✓ Industry practices

This framework could be an extension of what exists today for payments and should facilitate cross-border data flow. This will help lay the foundation to establish a modern international data economy.



Trend 3

Digital transformation brings with it the good, the bad, and the ugly



The COVID-19 pandemic accelerated digital migration for both consumers and businesses, with the world seeing the equivalent of five years of change in just eight weeks.⁴ Many organisations have pushed past the technology tipping point and are embracing new digital tools – cloud computing, video conferencing and collaborative platforms – to reimagine their workplaces and drive future growth.

With these new technologies likely to stick even after the pandemic subsides, there is a greater need to institute safeguards against bad actors. The use of data can be separated into three broad categories.



The Good

The utilisation of data for the collective good, improving productivity, and developing new ways of working and collaborating.



The Bad

Businesses or individuals lacking respect for data privacy or proper data security, whether through a lack of awareness or otherwise.



The Ugly

Fraudsters exploiting vulnerabilities in the data ecosystem.

Visa's View

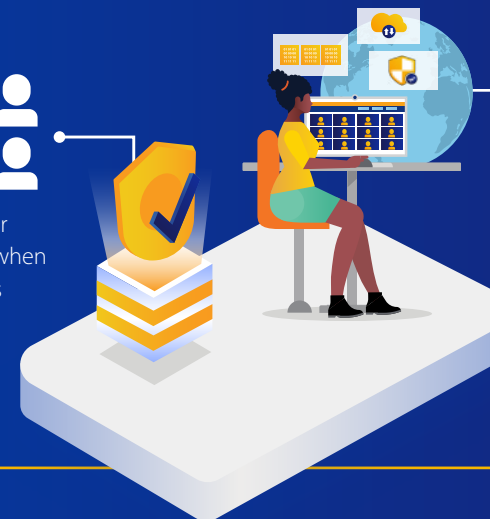
Trust is essential for future success in a digital-first world.

Consumers across Asia Pacific have highlighted the importance of trust. This is not surprising since many had their trust compromised when using digital services. As a consequence, many had indicated a willingness to pay more for services perceived to be more trustworthy.⁵

The need to grow a trusted brand that manages data responsibly has never been stronger. Organisations need to demonstrate that data is **securely collected, securely used, and securely stored.**



40% have had their trust compromised when using digital services



71% indicated that trusting a brand is more important today than in the past

India	89%
S. Korea	73%
China	69%
Japan	51%



⁴<https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/the-covid-19-recovery-will-be-digital-a-plan-for-the-first-90-days#>
⁵<https://www.edelman.com/research/covid-19-brand-trust-report>

Trend 4

Fuelled by data, algorithms are making our lives easier

Data thrives when there is more of it.

All around the world, governments and businesses are leaning into algorithms to improve their services and customer experiences. And algorithms get better when they are fed with more data.

However, consumers across Asia Pacific are also increasingly aware of how their data is collected and used – 67% said that they were ‘concerned’ about the issue of privacy, with 29% indicating that they were ‘very concerned’⁶. In the absence of a way to directly price their data, consumers are seeking control over the use of their data, and they have high expectations about what they receive in return.

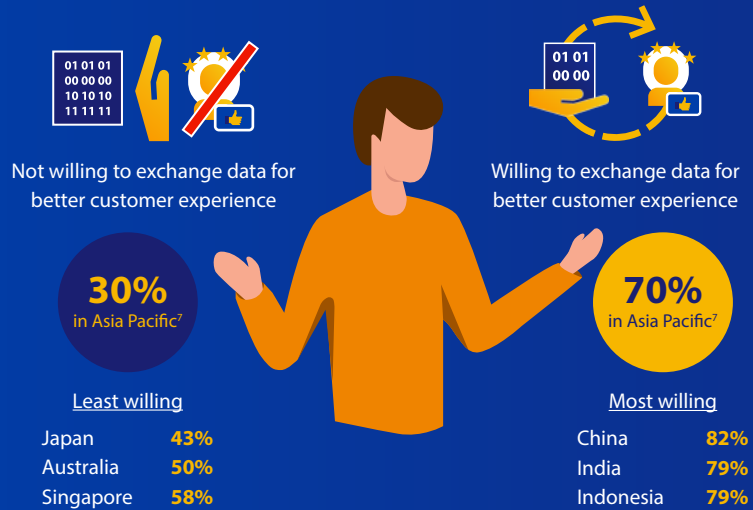


⁶ <https://www.groupm.com/newsroom/asia-pacific-consumers-increasingly-concerned-about-data-privacy/>
⁷ <https://securitybrief.asia/story/almost-70-of-apac-consumers-willing-to-trade-privacy-for-better-ux>

Visa's View

An ecosystem needs to be built around the demands of moving and sharing data.

A diverse Asia Pacific landscape means that companies looking to reap the benefits of data will need to solve increasingly complex consent and security needs. Success will come to those who can harness and protect the value of an individual's data even as they have access to a variety of data sets (e.g. banking, social, etc.). In this regard, digital identity is emerging as a solution as it gives consumers oversight of where and how their data is used while businesses and governments have clarity on managing consumers' data.



Visa data values

The following captures the principles we believe should apply when engaging with data. They help drive trust, enforce a “consumer first” posture on data use and privacy, and inform Visa’s role as a leader in the payments ecosystem.



Control

Visa will always strive to provide **simple explanations** regarding how data may be used to empower individuals with easy processes to manage the use of their data.



Security

Individuals and businesses should have confidence that Visa payment data is **safe**. There is no higher priority for Visa than safeguarding those who use our products, services and network.



Value

Data use at Visa should **benefit individuals, businesses, and economies**. Visa strives to achieve this by delivering greater security, financial inclusion, and consumer convenience.



Fairness

Visa’s application of data and data-driven insights aims to be **fair and inclusive and avoid discrimination**. Visa will strive to make its models explainable, accurate and safe.



Accountability

Visa’s approach to data use should be **consistently applied** at all levels of the organisation, and will be embedded through processes, training, and management responsibilities.

Network effect of data

Visa believes that the key to maximising benefits of the digital economy lies in cross-sector and industry data collaboration.



1. **Access to new data sets** enables evidence-based and agile decision making. This has the potential to support policymaking, improve lives, and set the foundation for the development of new commercial models.



2. **Cross-pollination** means that data can be leveraged to enhance existing services by making them faster, easier, and more cost-efficient.



3. **Free flow of data** reduces transaction costs between entities. It also helps to overcome the constraints of physical distance and increase organisational efficiencies.

For over 60 years, Visa has been applying its payment data to:



Help inform decision-making on products and solutions



Combat fraud

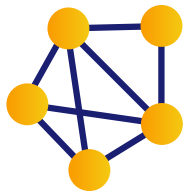


Advise stakeholders on economic trends and new developments



Standards & open platform approach

A framework that provides guidance for the secure and efficient sharing of data will invite collaboration and engagement.



Such a framework will encourage new players to join the ecosystem, as well as help the network to evolve and create value for all participants.

The framework should also be **principle-based, flexible, and agile**. This will encourage innovation and allow different technologies and business models to emerge across the value chain. Standards will also ensure consistency in data exchange, as well as the security and efficiency of data movement.

Visa's role is to create global and interoperable standards that empower partners to deliver innovative commerce innovations with scale and security. These include:



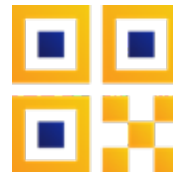
Tokenisation

Replaces a cardholder's 16-digit account number with a unique identifier to make digital payments safer



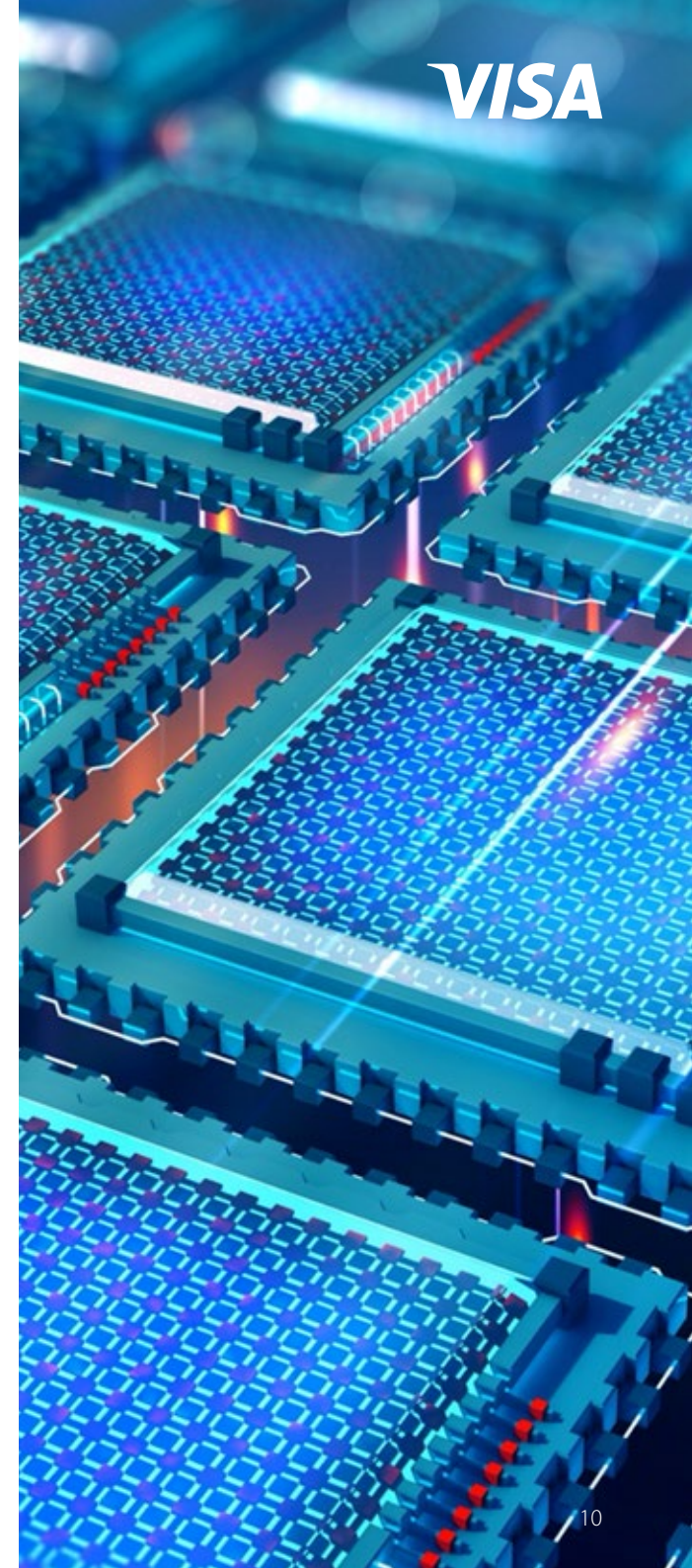
3-D Secure

A globally accepted authentication solution designed to make eCommerce transactions more secure in real-time



QR codes

Quick response code that facilitates digital payments



Secure by design

The pace of digital change brings with it increased risk, which means that security should never be an afterthought.

Security is the foundation for innovation in the data economy, and no product or service can succeed at scale without trust.

As one of the world's most recognisable brands, Visa symbolises **trust, security, convenience, and global access**. Trust underpins everything at Visa – its network, brand partnerships, and approach to innovation.

This is why Visa believes that it has a responsibility to help ensure a secure data ecosystem by leveraging its experience in cybersecurity, encryption technology and fraud and risk monitoring to drive security and trust.



Neural networks sort through petabytes of data daily, generating actionable insights for the protection of Visa's network against the latest cyber threats. Billions of security events are managed by Visa every day.



Privacy, consumer choice and consent

To earn the trust of the public, businesses must make a commitment towards privacy, security, and transparency, in the handling and use of data.

Consumers should be provided with clear information on:



What data they are sharing



Who may use that data



What purposes and over what periods the data will be used

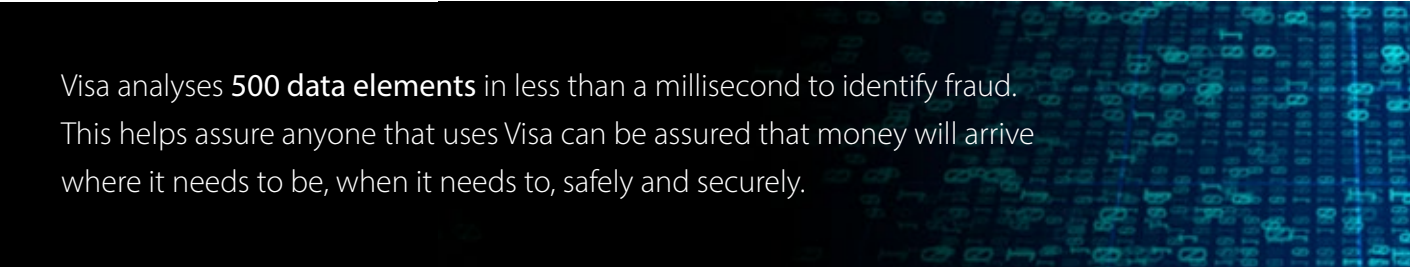


How they can manage their data-sharing preferences

With a strong foundation in the management of privacy, Visa seeks to partner organisations to advise on **the adoption of technologies that leverage data.**

Securing and protecting the world's leading payments network

Visa invests heavily to preserve and enhance the security of every Visa transaction and to protect consumers. Over the last five years, USD 9 billion have been invested in technology.



Visa analyses **500 data elements** in less than a millisecond to identify fraud. This helps assure anyone that uses Visa can be assured that money will arrive where it needs to be, when it needs to, safely and securely.

Protecting the payments ecosystem



Visa leverages AI and data-driven solutions to **identify, investigate, disrupt, and prevent attacks** targeting the global payments ecosystem. It also provides strategic security expertise and comprehensive protection against emerging security threats.

Cybersecurity



Visa mandates a data protection framework that devalues and protects account information. **Over nine billion security events** are managed by the Visa cybersecurity team every day.



Data-driven solutions and capabilities

Visa is committed to the development of data-driven solutions and capabilities that support clients and partners in growing and protecting their business.



Combating fraud

Visa analyses payment fraud trends and provide **real-time risk scores** for incoming transactions. Visa also provides clients with access to data-driven insights and industry benchmarks to grow revenues, reduce fraud losses, improve authorisation rates, as well as reduce client disputes and chargebacks.



Marketing services

Visa data is used to **segment cardholders** based on spend behaviour to help issuers and merchants plan, optimise, and measure marketing campaigns. For example, the prediction of repeat purchase probabilities by analysing historical spending behaviour.



Risk scoring

Visa leverages its data to **evaluate risk** for clients and partners to help improve portfolio management and underwriting strategies.

Platforms for collaboration and partnerships

As a network business, Visa is focused on facilitating collaboration within the realm of data. We seek to unlock partnerships and bring new experiences to global commerce.

Visa has established platforms and programs to engage partners and deliver creative data solutions that leverage our combined data assets and capabilities.



Open Data Stack

Bringing together **digital ID, consent and data exchange**, the Open Data Stack facilitates the creation of a 360 degree view of consumers and businesses by leveraging consensually shared data.

It provides the foundation for the development of overlay services, federated ID solutions and new distribution models for data services.

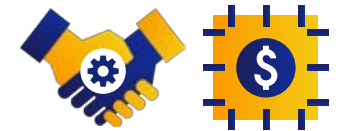


Data Collaboration and AI lab

Helps clients and partners **harness and enrich** their data to produce shared actionable insights, audience profile and loyalty programs.

Partnerships and Fintech outreach

Visa has a suite of programs to engage partners such as startups and fintechs **at every stage of their growth**.





1. Fintech Fast Track Program

Fast Track aims to speed up the process of integrating with Visa, to allow nimble startups the ability to easily leverage the reach, capabilities, and security of VisaNet, the company's global payment network, offers, thereby helping fintechs scale faster.

 Faster Onboarding


 Certification

 Startup Incentives

 Enablement

2. Visa Accelerator Program

The program is designed for entrepreneurs to quickly test and validate partnership opportunities through an accelerated proof of concept (POC) over the course of 4-6 months.

 Co-creation


 Testing

 Fintech Mentorship


 Scale Business

3. Visa Ventures

Visa actively invests in companies leveraging cutting-edge technology to create new payment and data solutions for the ecosystem.

 Stimulate growth for series B to D companies

 Establish strategic alignment

 Potential to pursue commercial partnerships

Collectively Shaping the Data Economy

The transformation of how we live and work has been fuelled by the rapid growth of data services. As the role of data in payments, financial services and retail has expanded, it's become increasingly important to set and maintain standards for responsible data use.

The data economy requires industry players to collaborate on how to use data effectively and efficiently. And more importantly, with security and trust at the heart of all activities.

As the global leader in digital payments, Visa believes that trustworthy data stewardship will drive better value creation for consumers and businesses. We are extending our global standards and expertise in payments and security to add value to the data economy.

To continue powering new experiences, we are delivering solutions and capabilities that enable the secure and efficient movement of data for everyone, everywhere.

VISA everywhere
you want to be