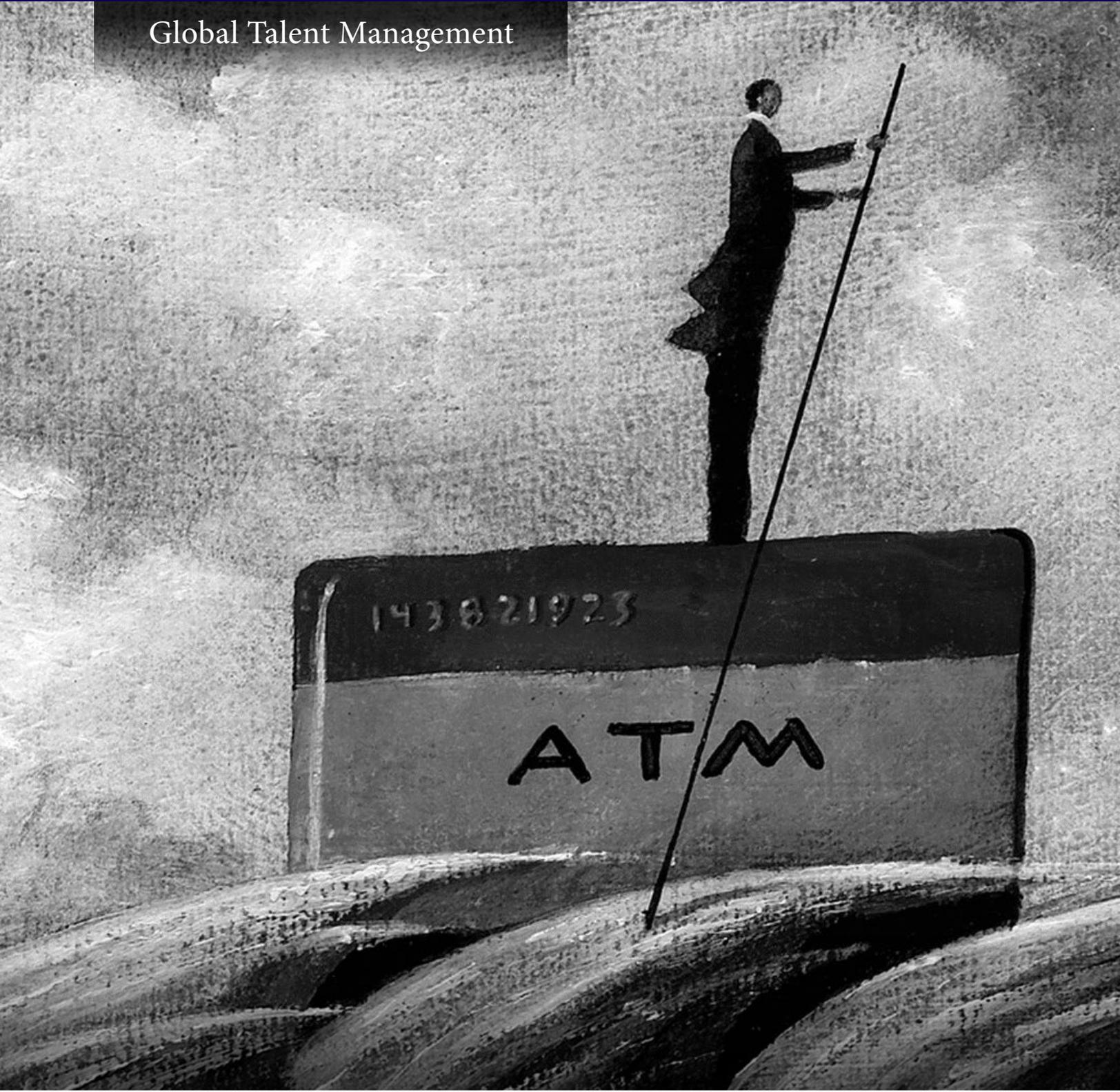


Global Talent Management



Examining the emerging trends and technologies that are impacting and influencing the migration of talent across the Global Payments and Transaction Services ecosystem.

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## Global Talent Management

Examining the emerging trends and technologies that are impacting and influencing the migration of talent across the Global Payments and Transaction Services ecosystem.

Global Payments and Transaction Services is a unique and exciting field, and the talent required to support this dynamic and constantly evolving business is highly specialized. Organizations across all industry sectors face specific challenges when it comes to identifying skilled professionals capable of supporting the growth and enhancement of their businesses, and the Payments industry is certainly no exception.

In today's dynamic global payments market, organizations must consider the many factors that influence and impact the acquisition and retention of talent. When making hiring decisions, executives need to consider the dominant contemporary trends that are occurring throughout the industry. These trends include: the advancing sophistication of payments technologies, the expansion and emergence of new players into the payments ecosystem, shifting trends in consumer attitudes and spending, and a tightening of regulatory controls.

## Technology

First we will look at the increasingly sophisticated technological advancements that have taken place across the industry over the past ten years. Most notable is the intensely popular and fervently discussed topic of mobile payments and the consumer demand and readiness for an effective and secure mobile payments solution. The very presence of the perceived demand for mobile payments bolsters the desire of payments and telecommunications providers across the globe to ensure that they are in the optimal position to offer innovative payment products that are stable, secure, scalable and cost effective.

In addition, both the payments and the telecommunications companies need to ensure that their products are compelling and cost effective to both the consumer and the merchant. In order to both develop and to successfully bring these products to market, employers require access to human capital that possesses a wealth of cross functional experience, particularly in the areas of Technology, Product Development, Analytics and Operations. Unfortunately, skilled professionals who have direct hands-on experience in niche areas such as mobile payments, are often in very limited supply and may not be readily accessible to the organizations that seek them.



A global search is often required when sourcing for expertise in the area of mobile payments as not all geographical markets are at the same stage of maturity in terms of technical expertise, R&D, product innovation and market readiness. It should be noted that unlike Contactless Payments, where experienced talent is more readily found in European countries such as the UK or Belgium, innovation and widespread adoption of mobile payments is not necessarily being driven in these markets. On the contrary, it is far more likely that innovative mobile payments solutions, products and services will continue to emerge in places such as Kenya, South Africa, India and Latin America — markets that are not faced with the same challenges that are commonly found in more developed countries.

The population in Kenya for example, has been successfully conducting mobile payment transactions through M-Pesa since 2007. M-Pesa is a mobile-phone based money transfer service, operated by Safaricom, Kenya's largest mobile network operator. Functioning with minimal involvement from a traditional bank, M-Pesa is a micro-financing tool which allows Kenyans to deposit, withdraw, and transfer money directly through their mobile phones. It is also interesting to note that the talent required to develop this product and platform did not come from the financial services or core payments sector, but from telecommunications (Vodafone), in partnership with one of the largest information technology providers (IBM).

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*The IMF (International Monetary Fund) described M-Pesa as a “resounding technological innovation” while the World Bank has directly sought out the leadership of Safaricom CEO Michael Joseph, to help launch mobile money across the globe announcing that Joseph will play a leading role in “spreading the use of mobile phone banking, applying his information and experience at the helm of Kenya’s biggest telecommunications service provider.”<sup>1</sup> - Tom Jackson, Ventures Africa*

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## The Payments Ecosystem

This brings us to the second factor which must be considered in the decisions Payments executives make when seeking to identify strong talent to support their businesses. The dramatic changes that are occurring across the broader payments ecosystem should influence the way in which Payments organizations approach an assessment of their internal talent. In an environment once dominated by banks there now exists an eclectic composite of other players, from transaction processors and network companies, to technology vendors and connectivity partners, loyalty scheme providers, handheld device manufacturers, ISOs, TSMs, not to mention, the MNOs.

Diversity and an enhanced level of competition amongst organizations — all of whom are striving to offer new and improved payment products and services — require industry

leaders to become more nimble and educated in today's market. Ultimately, decisions on who, when and how to hire become all the more critical when the global market's demand for talent outweighs the availability of the candidate pool. Indicators suggest that there will continue to be a trend of cross industry hiring between the financial services, telecommunications and technology, and software development providers, as the skill sets and expertise found within these verticals become more and more transportable.

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*“We fully support an open commerce ecosystem which will drive the scale necessary for widespread adoption of mobile payments, providing consumers with exciting new possibilities for shopping and saving.”<sup>2</sup> Ajay Banga, MasterCard*

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Again, if we look at Mobile Payments as an example we can see how the challenges differ significantly around the globe. It is commonly acknowledged that the technologies and platforms required to support Mobile Payments are already available. As referenced earlier, it is the developing countries that are emerging as the front runners for mass mobile payment adoption. When we witness countries such as Kenya, Nigeria, Tanzania, Uganda, Afghanistan and the Philippines widely relying on mobile payments solutions to conduct personal and business transactions, it

becomes evident that a lot of the challenges in launching a successful mobile payments product are systemic in nature. Those markets that have far more complex legacy payments ecosystems and infrastructures do not necessarily face their challenges from consumers' readiness to adopt mobile payments, nor from the absence of the technologies required to implement and support a mobile payments solution.

Rather, the difficulties emerge as a result of the sensitive and often protectively defensive relationship between the key players in the mobile payments value chain — namely the financial institutions, the MNOs, technology providers, handset and card manufacturers, in addition to, governments and industry regulators.

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*“The payments industry is unique because it's a network – unless we collaborate nobody can accomplish anything”<sup>3</sup> - Deborah Baxley, Principal, Capgemini*

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In an effort to protect their own share of market and customer ownership, the telcos and FIs are often compelled to compete in a way that is not so prevalent in the developing nations. In countries that have a legacy banking and telecommunications infrastructure, it is arguable that neither entity can successfully implement a mobile payments solution without the cooperation and

partnership of the other, unless a telco forms a bank or vice versa. In Canada, this is already underway. In 2011, Rogers, a large Canadian telecommunications company, applied to acquire a banking license, serving to further blur the lines between the worlds of traditional banks and MNOs. As a result, payments and transaction services companies that are able to identify and acquire talented professionals who have spent time working within complementary industry verticals, can benefit from gaining an alternate perspective, knowledge base and understanding of how the different players may be able to work more effectively in collective collaboration.

Another challenge that the payments industry continuously faces is how to stay competitive and relevant to the consumer, given the continuously evolving and demanding changes in the ways in which we transact and spend. Hiring skilled innovators that can help a company to reach its goals, requires the identification of exceptional talent in the areas of Product and Software Development, Big Data, Analytics & Business Intelligence, Operations, Marketing, and Risk.

When we seek to understand changes and shifts in the payments hiring landscape, we must also consider current consumer attitudes and behaviours which can often drive organizations to react in response to their customers' changing needs and demands. An enhanced level of comfort surrounding the use of technology, in addition to the steadily increasing access to connectivity

and information, suggests that today's consumer has a far greater acceptance and willingness to use and trust mobile devices to facilitate payments and the transfer of data. Overall, the global consumer has demonstrated an increased awareness and desire for more innovative and faster methods of payment as witnessed by a deeper acceptance of utilizing plastic for micro-payments. Enhanced consumer convenience and a hunger for new and creative ways to enable payments, are combined with a notable decrease in the use of cash and cheques for personal spending transactions. Behavioural trends of this magnitude require payments organizations to be ahead of the curve in terms of product evolution and innovation, not only from the issuing and acquiring communities, but from the plastics, chip, handset and terminal manufacturers, in order to ensure that they continue to retain and enhance their competitive edge.

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*"In the current economic environment there is stress on our customers, and that preoccupies me. So do changes in the legal and regulatory landscape, but these concerns wax and wane. The way you get through them is by having the right people."* - Robert Selander, Former CEO MasterCard

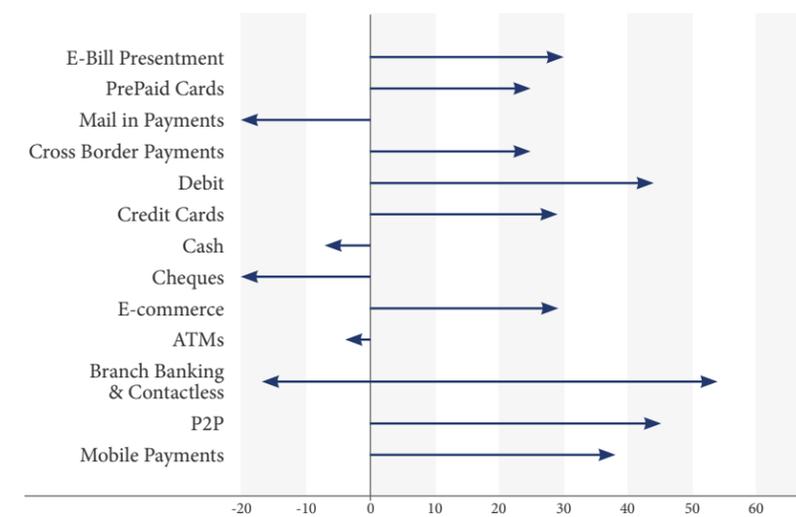
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## Regulation

The Payments and Transaction Services industry is subject to intensive and constantly changing regulation across the globe with a number of different economic, demographic, regulatory and cultural factors affecting the ways in which consumers choose to — or are required to — transact and pay. As a result of marked differences across all of these areas, companies often seek to hire talent from within their local geographical market. Recognizing the importance of local knowledge regarding system and platform standards, technologies & tools, legal & compliance, in addition to the various cultural nuances that can change or transform a simple marketing message, organizations are often encouraged to limit their hiring to their own local market. This is not always the most effective strategy, and organizations can suffer from not embracing access to talent from a broader geographical pool.

Historically, the Payments industry has attracted a distinctively high caliber of talented professionals with a diversity of highly specialized skill sets across a number of different functional areas. Often drawn into the business because of its continuously evolving and dynamic nature, those who embark upon a career in Payments rarely stray from this niche area, resulting in a candidate pool that is loyal and often tightly intertwined.

It is also a business in which the majority of its participants are notably committed in the long term, perhaps because the growth opportunities continue to evolve and deepen as the industry continues to mature and grow in sophistication.



## Popularity of Consumer Payment Methods 2013

Throughout 2013, the methods by which people chose to transact and spend underwent both growth and contraction. The steepest relative growth from 2013-2014 can be seen in the area of Contactless, P2P Prepaid and Mobile, while the use of Debit continues to grow in popularity. In addition, credit card usage, particularly in the adoption of micropayments, continued to steadily increase year over year, while the popularity of legacy consumer payment methods such as cheques, wire transfers, mail-in payments and branch banking has continued to decline — falling from the year's previous low numbers as more and more people begin to adopt newer emerging payment technologies.

## Retention

Churn is an unavoidable factor facing all industry sectors, but in highly specialized fields, such as Payments, opportunities can continue to emerge which enable individuals within the Payments space to update their skills or move into related areas. So the question arises, what can a Payments organization do to attract and retain strong talent, or perhaps more importantly, how can they ensure that their own internal employee capabilities are successfully built and nurtured from within?

As previously mentioned, the human capital requirements in the payments arena are highly specialized, requiring or involving detailed and specific knowledge and experience or training within particular niche areas. Because the current market demands such a high degree of technical and product expertise that is not always readily available, it makes sense for payments organizations to ensure that their teams receive the requisite training, resources and tools that they require to compete. Organizations such as MasterCard have developed Centers of Excellence dedicated to specific areas such as Chip and Mobile, which act as global and centralized hubs of expertise.

These centers of excellence assist organizations in identifying and leveraging global strategic opportunities, and helping businesses to develop solutions and programs as a result of shared learning and education. Organizations that choose to invest in their employees and provide similar access to resources, knowledge, mentorship and

training by experienced payments SME's and consultants, will undoubtedly gain a competitive edge in the market. Building and developing internal knowledge and capabilities not only provides an organization with an immediate competitive advantage, but also acts as an attractive and valuable retention tool.

In addition to offering continuous education, it is critical for all organizations around the globe to ensure that sustainable succession planning practices are put in place. Businesses within the Payments and Transaction Services sector must be able to successfully retain proprietary intellectual and technical property, and so it becomes imperative that definitive processes and procedures are set in place to ensure leadership continuity.

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*"From my perspective, succession planning and its sister initiative, talent management, must both be ingrained in a corporate culture. Sure, you need to be concerned about CEO succession, but, it should not be limited to that one role. Rather, succession planning and talent management must pertain to all leadership levels. Without talent management at all leadership levels, it is virtually impossible to have a meaningful succession plan."*<sup>25</sup>

*- Irv Rothman, President and CEO of HP Financial Services.*

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Equally important as ensuring the stability of a company's succession plan, is in having the foresight to predict — and the capacity to recognize — when and where gaps exist within their human capital infrastructure. The establishment of regular performance metrics, designed to accurately evaluate and assess skills across all levels of the organization is highly effective in anticipating where talent gaps exist before problems arise. Filling these gaps requires either moving an existing internal candidate into the role, or looking to the external market with the assistance of a specialized search firm. The selection of a search firm is important, and given the trend towards globalization, ideally the firm of choice would have an international reach and presence, with superior access to the payments talent pool both in the local domestic market and worldwide.

Arguably, an internal candidate represents less transitional risk for an organization. However, companies often recognize the value in assessing the external talent pool, either to supplement their search, or to contrast and compare against their own employees. Bringing in external talent can also serve to refresh existing product or marketing perceptions and ideas, which in turn can revitalize and enhance an organization's ability to innovate and grow.

The need to source for external payments talent is global, and competition to secure premium talent is

high. As a result the industry is witnessing a significant increase in the practice of counter-offering by prospective candidates' current employers. In addition, companies both internationally and locally are extending attractive relocation packages for those executives with high demand technical and product skill sets.

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*"Executive search firms desiring to remain competitive must focus on increasing their value added benefits in order to stay in the game. Those recruiters who have incomplete service offerings, and who don't completely immerse themselves in understanding the culture and environment at their client companies will find it difficult to eke out a living moving forward."*<sup>26</sup>

*- Mike Myatt, Leadership Advisor to Fortune 500 CEOs and their Boards of Directors.*

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## The Global Market and Cross Industry Hiring

Increasingly, payments and financial services institutions are being driven to source around the globe in order to uncover external talent and tap into a knowledge base that exists beyond their own domestic market. Bringing talent onboard from other global markets ensures that product and technology expertise is leveraged and that emerging trends can be adopted and implemented more rapidly within the parameters of the country's own regulatory, compliance and technological environment.

It is anticipated that areas of growth will likely continue to trend towards product and technology with a particular emphasis on mobile payments and emerging technologies. As in the 1980's, when the financial services and cards industry became increasingly interested in attracting marketing professionals with deep consumer packaged goods backgrounds, we anticipate that strong synergies will continue to emerge across the payments, telecommunications and information technology industries.

Cross industry hiring will likely continue to intensify at the executive level; movement such as Visa Inc.'s decision to hire Bill Gajda, former CCO of Global Wireless Trade Group, as head of its Mobile Payments Operations in 2009 and AMEX's move in 2010 to acquire Dan Schulman — former President of Sprint Nextel's prepaid products — to head up global strategies for AMEX's mobile and online payment businesses. Traversing industry lines from the banks to the telcos is also occurring, as evidenced by the



Canadian telco Rogers' decision to hire Bruce Clark, former President and CEO for CitiCards Canada to head up the launch of its financial services division in 2011. Both the telcos and the financial services providers are also looking to the technology providers for talent as seen in Turkcell's (Turkey's leading mobile phone operator) decision to recruit Sureyya Ciliv from Microsoft in 2007 or the more recent appointment of Lee Fulmer as Global Head of Cash Management, Core Processing for JP Morgan Chase UK, who was acquired from IBM in 2011.

In the world of social media, talent acquisition often occurs through aggressive corporate M&A, whereby organizations such as Google and Facebook purchase entire companies resulting in the acquisition of both human and intellectual capital.

In addition to observing and analyzing emerging payments trends that are occurring across the broader global market, it is also interesting and important to understand what is happening within a variety of key international markets. The talent required to lead and support payments and transaction services organizations across the globe can differ significantly according to the maturity and sophistication of the country's existing payments ecosystem and regulatory environment, and the country's appetite for ease of adoption, and access to new and existing payment products and services.

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*Complex regulations, changes in emerging technologies, greater pricing transparencies and major investments in payments processes and systems are forcing global banks, especially the European banks, to assess their long-term payment business strategies, and make significant changes to their existing payment models and the human capital required to support them.*

*“As the banking landscape undergoes some fundamental changes over the course of the next couple of years, there will be a mix of art and science as institutions identify the right target operating model and figure out how to implement it in the current economic and regulatory environment.”<sup>7</sup>*  
*Steven Lewis, Ernst & Young*

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## P2P and NFC

Over the past few years Asia Pacific has seen an enormous rise in popularity of instant messaging through a variety of electronic communication channels. Consumers in countries such as Australia, New Zealand and Japan are increasingly demanding that their payments transactions be conducted with similar high speed and efficiency. In Australia, for example, the Commonwealth Bank launched Kaching - an NFC enabled mobile payment application enabling P2P payments via mobile, email or Facebook, with a “bump” feature to enable the facilitation of rapid iPhone transactions from one smartphone to another. Recognizing that mobile and online social site payment vehicles may be the next step in transaction technology. Commonwealth Bank also recognizes that the operating

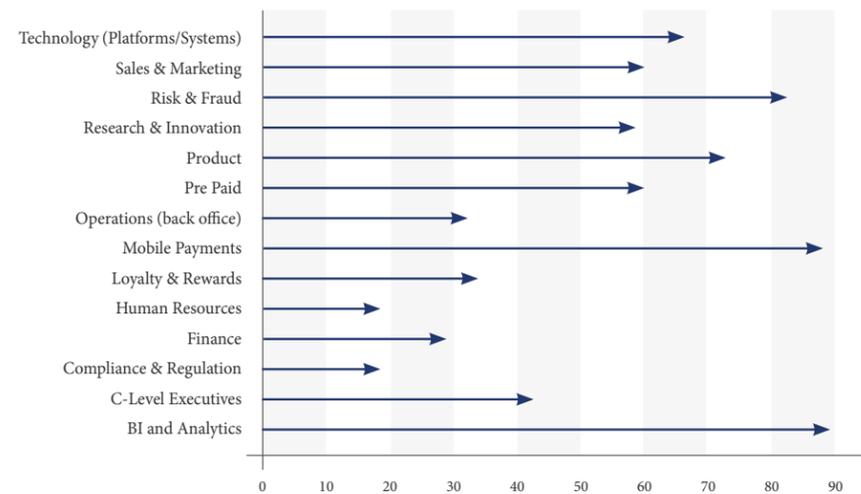
system on which products are delivered cannot be limited, and so they have been working to ensure that this app is also supported by other operating systems such as Android and other smartphone devices.

Although this P2P solution has gained widespread adoption in Australia, the country continues to grapple — like so many other countries around the globe — with the issues of governance, regulation and the complexity of relationships amongst key players in the payments ecosystem. These factors combine to inhibit the creation of a real time retail payment infrastructure which inevitably stalls innovation, most noticeably in the area of mobile payments solutions.

As a result, payments organizations throughout Asia Pacific are anxious to identify leaders who have proven track records of success in implementing change with an innate ability to build and develop consensus. Subject matter experts in the areas of Product, Technology, Risk, Compliance & Regulatory Controls will continue to be highly sought after. However, payments professionals who possess broader, cross-functional skill sets across all of the aforementioned areas are likely to be most in demand. Leaders who possess exceptional Project Management skills and the ability to implement rigour and process discipline into an existing or legacy business line will also continue to be highly sought after in these markets.

risk of fraud and to facilitate faster checkout at the Point of Sale. Currently, South Africa is seen to be one of the largest adopters of biometric technologies for payments, followed by Colombia, who is already familiar with the utilization of fingerprints on their ID cards.

Countries looking to adopt such seemingly futuristic methods of payments innovation, need to be sure that they have access to talent that can not only help develop products, platforms and systems required to support these types of transactions, but that also have the expertise necessary to ensure the safety and security of these products from a risk, fraud and regulatory perspective.



### Functional Areas of Hiring Growth within Payments and Transactions Services

Throughout 2013, hiring trends witnessed in the Payments and Transactions Services sector indicate that the areas of Product, Technology & Operations, Risk & Fraud, and Business Intelligence & Analytics continue to be in high demand. It should also be noted that sourcing for talent with niche areas of expertise such as Mobile Payments are becoming increasingly competitive.

When looking at the broader application of payments technology around the globe it is interesting to note that some of the most innovative payments and other transactional data technologies can be traced back to the development of solutions designed to improve efficiencies in other areas of national interest such as security and identity. Utilizing biometrics for tightening border control, as seen in Australia, or Brazil’s enhancement of passport encryption to decrease the occurrence of identify fraud, has had an impact on innovations within the payments market. Globally, the countries that are most likely to adopt biometrics, or even voice recognition for payments related transactions, are likely to be found in less developed countries with a larger illiterate population. In North America, both Walmart and Costco explored biometric payments as a way of reducing the

## Transit

Public transportation is perhaps a much more utilitarian function or service that can be seen to have stimulated advancements in payments technologies. In Hong Kong for example, the Octopus fare collection system, originally launched in September 1997, allowed commuters to travel across multiple modes of transportation and to use multiple transportation providers using a single piece of plastic. Today, Octopus not only powers many of Hong Kong’s payment systems, it also facilitates micropayments usage across retail, parking, self-service business facilities, hospitals, schools and access control for commercial and residential buildings. In addition, Octopus has emerged as a dominant force in loyalty programs (Octopus rewards),

with over 20 million cards in circulation, used by 95% of the population between the ages of 16-65. The card offers an efficient reloadable contactless payment option which has successfully captured mass adoption and widespread acceptance throughout Hong Kong.

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*For transit authorities, accepting Visa means better customer service, integrated collections and the potential for increased ridership.<sup>™</sup> - Jim McCarthy, Global Head of Product, Visa Inc.*

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Direct cross industry hiring for expertise in transit payments systems is fairly limited, in comparison to other emerging areas such as mobile payments or e-commerce, which see a lot of skill transference between the payments, retail and telecommunications sectors. By and large it appears that the expertise and knowledge required to drive payments for transit — although highly specialized — is often developed and nurtured internally within the FIs, network companies, third party outsourcers and the technology firms themselves. Nevertheless, countries with sophisticated payments systems for transit, such as Hong Kong, Japan and England can become markets of intense interest when organizations are seeking talent with strong legacy transit payments knowledge and expertise. To date there are a number of contactless transit programs in the

process of being rolled out, or already underway, in places such as New Delhi, Korea and Paris, and it is an area of payments where the global talent pool continues to be relatively shallow but highly desirable.



## Global Governance and Regulation

Aside from the marked differences in technological evolution that can be seen across the globe, differences in governmental, legislative and political climates can also significantly impact the growth of the payments market within different geographical territories. Founded in March 2002, China UnionPay, which operates under the approval of the People's Bank of China (PBOC), is the only interbank and EFTPOS network which

links many of the major and smaller banks throughout mainland China. As a dominant player in the Chinese market, UnionPay cards have also made significant inroads in other geographical markets through an affiliation with other credit and debit networks, enabling acceptance through interbank networks in other countries.

In China, all companies providing payment products or services are required to be licensed by the PBOC in order to operate. In July 2013, just under 200 third party payment providers, covering mobile payments, prepaid cards, online payments, acquirers and TV digital payment providers (enabling bankcard payments through a consumer's TV set) had received the necessary approval to conduct business in China.

Despite the creation of a co-founded partnership company called Union Mobile Pay Ltd., growth in China's mobile payments market has been hindered by the fact that the two founding companies — the aforementioned China UnionPay and China Mobile — had significantly different mobile payment standards. However, a cooperation agreement has been signed, enabling the launch of an NFC mobile payment product which will integrate bankcard accounts into SIM cards, enabling a mobile payment solution. This development has led to predictions that the near field payment market in China experienced massive growth in 2012 and 2013 and the country benefited from expertise already established in countries such as the UK, France and Belgium.

When a country finds itself to be behind the curve in terms of payments technologies, system and operational infrastructures, product awareness and subsequent consumer adoption, it can be enormously beneficial for payment industry leaders within those countries to gain access to — or be able to leverage — strong talent and hands on experience from more advanced nations. For example, countries such as China and Mexico that are just on the cusp of launching countrywide NFC enabled payment solutions, could benefit greatly from hiring strategic and tactical leaders from countries at the forefront of NFC such as Turkey or France, effectively drawing in talent that has already experienced many of the potential pitfalls and opportunities that lie ahead.

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*Across the Globe, Payments organizations demand executive level talent who can support and promote the growth of their businesses, or who just as importantly, can implement stringent risk mitigation measures to ensure the continued stability and security of their operations.*

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It is recognized, however, that in addition to differences in culture, regulation and national policies, language can also be an additional hurdle that hinders the transition of talent across different countries and continents. Multilingual Payments professionals who have experience and knowledge of different markets, in addition to possessing

strong functional expertise, become increasingly valuable and highly sought after.

Defined as a transaction or payment that takes place online, another area of growth occurring at different levels of speed and penetration around the globe is e-commerce. According to a 2011 Nielsen study, the popularity of e-commerce was observed to be growing at an exponential rate among consumers in Singapore, prompting an increased need for merchants and payment providers to develop new products and services in order to keep up with this growing demand. The Singapore government implicitly understands and appreciates the importance of developing a robust and stable IT and communications (Infocomm) sector, and the subsequent creation of the Infocomm Development Authority of Singapore (IDA) formed in late 1999. The Authority was designed to establish a positive and secure environment in which to build Singapore's global Infocomm capabilities and to leverage Infocomm for Singapore's overall economic and social development.

As a result of enhanced attention on emerging sector development in payments, the IDA implemented a Call-for-Collaboration (CFC) to be established with key payment industry players. Through the appointment of a neutral Trusted Third Party (TTP), a consortium comprising seven payments organizations, including Gemalto, Citibank Singapore, EZ Link, SingTel Mobile and StarHub Mobile was created and mandated to work

together in order to deploy a nationwide interoperable NFC infrastructure. In addition, other payments service providers are encouraged to leverage this unique and inclusive payment structure to deploy their own NFC mobile services.

This open access model facilitates the entry of new players, supports competition and helps nurture the growth of the NFC ecosystem throughout the country. The launch of this all-inclusive platform arguably positions Singapore at the forefront of e-payments and will undoubtedly be closely watched by other countries struggling with the aforementioned challenges of collaboration.

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*According to the MasterCard Mobile Readiness paper, published in May 2012, Singapore is currently leading the way in terms of infrastructure and regulatory readiness, while Kenya scores highest for consumer adoption and frequency of current mobile payments usage. Countries that scored the highest on collaboration and cooperation amongst the key stakeholders in the Payment Ecosystem were Canada, Colombia, Japan, Singapore, South Korea and the UAE. Perhaps most surprisingly were the developed countries at the bottom of the readiness scale, most notably Italy and Germany, but across the board, scores were weakened by the overall lack of partnership among the payments value chain.*

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Another example of governmental intervention can be seen in Europe, where the European Central Bank is promoting standardization and harmonization across payments in an effort to reduce costs associated with electronic and other payment transactions, and to improve efficiencies in cross border payments. This initiative SEPA (Single Euro Payments Area) includes all of the 27 European Union countries, plus Iceland, Liechtenstein, Norway, Switzerland and Monaco. Launched by the European Banking and Payments industry, this project is supported by EU governments, the European Commission and is an example of some of the steps being taken to further integrate the European market for card, e-commerce and mobile payment acceptance.

Cross border payments is an area which inherently requires the collaboration and partnership of two or more countries and with the explosive growth seen in global commerce and the heightened intensity regarding security, risk, fraud and AML, the payments industry must take heed. Earlier in this article we referenced some of the advancements taking place in East Africa, focusing in particular on Kenya and its ascendance in the area of mobile payments. If we look at South Africa, we witness similar innovations occurring in electronic and mobile payments and a rising emergence in mobile cross border payments, which enable customers to send and receive money instantly.

In a continent like Africa, where borders and territories are more arbitrary, access to cross border trading becomes

even more important. Like its neighbours in East Africa, use of mobile banking in South Africa enables a largely unbanked population to make personal and business financial transactions. For mobile banking to reach its full potential, however, African governments will likely need to consider establishing a formalized regulatory framework in which to operate. Some of the myriad of reasons why mobile banking has been so successful and so widely adopted in African countries are arguably the same reasons as to why their banks have generally been unsuccessful in providing services to their unbanked inhabitants.



Countries in Africa typically have a high proportion of migrants, which can pose challenges to traditional financial services institutions or banks from risk, security, access, identification and employment stability perspectives.

All of these functions would support the need for stringent policies and controls, and would require further attention if the development of mobile banking is expected to flourish in these countries. African countries could certainly garner valuable knowledge from other countries that have a strong branchless banking culture; countries such as the Philippines, India and Brazil, for example, that also have implemented strong regulatory and settlement services. As a result, the demand for talent who can assist in building this kind of branchless banking framework and can develop safe, secure, convenient and easy to use payment platforms and products, will continue to intensify in the aforementioned countries.

## Corporate Payments

Throughout this article, we have primarily focused on exploring emerging trends that are occurring across the retail or consumer payments vertical. It is commonly acknowledged that the consumer payments market witnesses far greater demands for innovation and choice than the corporate or commercial payments business. Nevertheless, the corporate payments business which largely services Bank to Business, Business to Bank, inter-bank and Government payment related transactions, is an area of vital importance and of

critical significance to all businesses and countries around the globe. The identification and placement of highly skilled and knowledgeable specialists in this field is of paramount importance, as these individuals are responsible for overseeing the continued growth, development, safety and stability of these types of high value, high volume payment transactions.

When reviewing the Corporate Payments business, it is important to acknowledge that although this area of Payments is more conservative and less exposed to change than consumer or P2P payments, it is still required to adapt and respond to the increasing pace and evolution of change that is taking place across commercial payment transactions globally. In contrast to consumer payments, which are relatively lower in volume, value and urgency, corporate payments including business to business, business to employee (such as payroll), bank to bank, or government related transactions (such as tax rebates or social assistance), are significantly larger in scale. This is true both in terms of volume and value, and the urgency of timely transaction delivery in corporate payments is typically far more acute.

Predominantly a legacy business, traditional corporate payment methods consist of wires, EFTs (electronic fund transfers) and large batch processing, often through ACH. In conjunction with advancements in global technology and communications, the growth of cross border business, trading and commerce, continues to drive the need for

convenient, efficient, cost effective and secure corporate payment transactions. Businesses with global operations and remotely located employee bases, and corporations with heavy import and export needs, all demand the transferral of funds to take place as quickly, as securely and as cost effectively as possible.

International trade often requires the issuance of Letters of Credit, a well established and critically important legacy payment mechanism which serves to mitigate risk and continues to play an important role in today's Global trading climate. With the vast array of complex regulatory, system and process differences that exist within each country's banking and corporate payments infrastructures, businesses across the globe are increasingly demanding a convergence of multiple bank systems and services, which will enable the support of trade finance, payments, cash management and FX into one single portal.

SWIFT is the Society for Worldwide Interbank Financial Telecommunication, a member-owned cooperative through which banks, securities institutions and businesses can conduct fast, efficient and convenient financial messaging. Originating in Brussels in 1973, SWIFT enables the banking community to reduce operational costs, mitigate liquidity risk and increase profitability for their corporate payments and cash management product offerings. Enabling the clearance and settlement of domestic or FX payments, SWIFT does not facilitate funds transfer, rather, it sends payment orders,

which must then be settled by correspondent accounts in order to exchange banking transactions.

Drawing parallels with the overwhelming need and importance of collaboration and open lines of communication which are so prevalent in today's consumer payments space, the corporate payments field, although intrinsically more contained within banking and other core financial service institutions, also depends on the cooperation and support of other banking institutions in order to effectively conduct business. However, the emergence or introduction of other players into the ecosystem — for example from the telcos or social media — is far less prevalent in the corporate payments arena.

Banking clients in the area of Technology and Operations are often faced with the challenge of losing critical intellectual property and business intelligence, as senior executives in this field begin to retire. A deep knowledge of legacy banking systems, platforms and technologies is inherently difficult to find in the younger talent market and it is important for banks across the globe to identify gaps in their talent pool early, in order to mitigate against the loss of vital internal intellectual capital.

In addition to maintaining existing corporate payments infrastructures and platforms, banks and businesses across the globe are increasingly seeking ways in which to automate their commercial payments processes through the use of

technology. Straight through processing (STP) is becoming increasingly popular across all areas of trading, including banking, capital markets, equities trading, energy markets and financial planning. In simple terms, STP involves a massive reduction of manual intervention, enabling transactions to be processed electronically, thereby substantially reducing the time required to process the entire transaction. Originally intended to minimize settlement risk and reduce operational costs by enabling simultaneous settlement and clearance, the realization of real time payment processing is exceptionally challenging for Financial Services Institutions and banks to achieve, and often requires far more than a simple application of STP.

The increased automation of electronic transactions for corporate payments has given rise to an increase in payment fraud and anti-money laundering activities. This rise has in turn stimulated a need for all financial services institutions to fortify and strengthen their positions by purchasing increasingly sophisticated technologies and enhanced fraud monitoring and detection tools.

Cybercrime in corporate payments - malware, phishing and the theft of intellectual property or financial account information can be devastating to both the financial institutions and the corporate customers that they serve. Criminals who gain access to account information and credentials can enable fraudulent wire and ACH transfers which can effectively constitute the exposure of an entire corporate account. Such large scale corporate breaches of data

can have an enormous reputational and financial impact on businesses and the FIs that support them. As such, significant investment needs to be continually made in the areas of fraud detection and prevention, security, back office systems, operations and technological infrastructure and architecture.

The importance of hiring strong talent in this field cannot be overemphasized. Clients are frequently in the market to identify knowledgeable specialists with expertise in the areas of Compliance, Fraud, Risk, AML, Technology and Operations. Particularly in demand are those professionals who have an in-depth knowledge of multiple, and often legacy, back office systems and who also have a comprehensive understanding of the end-to-end processing of bulk and urgent payments. In addition, professionals who have experience in analyzing and deconstructing the increasingly sophisticated ways in which fraudsters operate in the contemporary banking environment tend to be in short supply and are in high demand as competition for talent in this area continues to intensify.

Corporate Payments will continue to play an intrinsic part in facilitating both domestic and international business and trade, and the specific skills and talent required to support this niche area will continue to mature and develop as the global business and trading market becomes more nimble, and the technologies and infrastructures necessary to support this business continue to evolve and advance.

In the U.S., banks are starting to extend their cash management system solutions into Europe in order to facilitate a more seamless international trade channel for U.S. companies. Africa is again an interesting region to observe as its economies continue to evolve. Demands for increasingly sophisticated corporate payment products such as wire transfers, trade financing and cheque processing continue to expand and develop across the emerging markets. Around the globe we see the move from cash to electronic transactions impact not only the consumer payments market, but also the corporate payments world, resulting in the need for wholesale changes and a revamping of talent management strategies to occur in areas of regulation, compliance, fraud, risk management and technology.

## Summary

Talent across the global payments market is predicted to continue its migration in multiple directions. Executives and subject matter experts are likely to move across industries from the classically defined financial services providers, such as the issuers, networks, payment processors and acquirers, to the telecommunication companies, software, hardware and application developers, social media organizations and emerging payment providers such as PayPal and Zong, Square and Google.

The Payments and Transaction Services industry as a whole is largely driven by leaders with highly specialized technical, operational, and analytical business skills and a deeply rooted understanding and appreciation for the importance of consumer product innovation. In order to be successful, leaders in this space must possess exceptional market insight, with an ability to track, finesse and filter trends that can lead to the creation of profitable, sustainable, cost effective and efficient products and services for the contemporary consumer.

When the need to hire external talent arises, clients are consistently seeking executives with a flawless industry reputation, who in addition to possessing strategic thought leadership skills, can also immerse themselves in the minutiae of business operations when necessary. In addition, employers look for leaders with an entrepreneurial spirit who are capable of transforming a complex and heavily regulated business, with a proven ability to build both internal and external consensus, drive change and inspire teams to deliver high performance.

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*“Most companies realize that it is important to develop talent, even in a downturn, in order to be ready for the recovery.”<sup>8</sup> - Rebecca Ray, Former SVP MasterCard’s Global Talent Management and Development*

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In summary, it is likely that the global race for creative and increasingly innovative payment solutions will continue to drive organizations to seek out superior talent in the areas of Product, Business Intelligence & Analytics, Technology & Marketing. However, we also predict that there will continue to be a strong demand for industry talent in the areas of Risk Management, Fraud, Compliance & Policy Development and Operations.

Additionally, as awareness of the talent pool within other geographical markets continues to grow, organizations will undoubtedly begin to seek out executives who not only have the requisite business and thought leadership skills required for success, but who also have the ability to leverage insightful knowledge and experiences garnered from either different geographical regions or complementary payments related environments.

The Global Payments and Transaction Services industry will undoubtedly continue to expand, shift and evolve at lightning speed. With a plethora of innovative payment products and technology innovations on the horizon, and with the winds of change blowing through the global regulatory environment, it will be vital to continue to track the ebbs and flows of hiring activity throughout 2014 and 2015.



EMA Partners International is one of the largest executive search firms in the world, with 40 offices in 29 countries. As a firm we have established a unique specialty practice group, specifically designed to support the payments industry globally. Comprised of twelve offices: Boston, Brussels, Chicago, Johannesburg, Kuala Lumpur, London, Mexico City, Miami, New York, Sao Paulo, Singapore and Toronto.

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