

Inclusive Growth

An Interview with Michael Froman, Vice Chairman and President, Strategic Growth, Mastercard

EDITORS' NOTE *Mike Froman serves as Vice Chairman and President, Strategic Growth, for Mastercard. In this role he is responsible for growing strategic partnerships, scaling new business opportunities, and advancing the company's efforts to partner with governments and other institutions to address major societal and economic issues. He and his team drive financial inclusion and inclusive growth efforts and work to*



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develop new businesses key to the company's strategic growth. Froman is Chairman of the Mastercard Center for Inclusive Growth and is a member of the company's management committee. Prior to joining Mastercard, he was affiliated with the Council on Foreign Relations and continues to serve as a distinguished fellow. From 2013 to 2017, he served as the U.S. Trade Representative, President Barack Obama's principal advisor and negotiator on international trade and investment issues. From 2009-2013, he served at the White House as Assistant to the President and Deputy National Security Advisor for International Economic Affairs. Before joining the Obama Administration, Froman held several executive positions at Citigroup, including CEO of its international insurance business, COO of its \$50 billion alternative investments business and head of its infrastructure investment business. Earlier in his career, during the Clinton Administration, he worked at the White House and the Treasury Department. In 2018, he joined the Board of Directors of the Walt Disney Company. Froman received a bachelor's degree in public and international affairs from Princeton University, a doctorate in international relations from Oxford University, and a law degree from Harvard Law School, where he was an editor of the Harvard Law Review.

COMPANY BRIEF *Mastercard (mastercard.com) is a technology company in the global payments industry. It operates the world's fastest payments processing network, connecting consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories.*

Will you provide an overview of your role and key areas of focus?

My role is to lead our effort to pull together all the assets of the company – from our products and services to our technology and expertise to our philanthropy and thought leadership – to have positive social and environmental impact while delivering superior financial results. It means creating new kinds of partnerships with companies melding profit and purpose, engaging with national and city governments to help them address

their agenda and co-creating solutions with international development and humanitarian organizations.

Having spent about half my career in government and non-profits and half in financial services, this is a fantastic opportunity to demonstrate how the public, private and civic sector can work together to address the challenges we face and achieve the objectives to which we aspire. None can do it alone. There isn't enough philanthropy or official aid alone, although both are important. We are only going to achieve our collective goals, such as the Sustainable Development Goals, if we succeed in mobilizing the resources, ingenuity and motivation of the private sector. That is only going to happen if it is done on a commercially sustainable basis. Our goal is to demonstrate that this can be done and then to crowd in other companies through partnerships and coalition.

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How has Mastercard adapted its business to address the challenges caused by the pandemic?

First, we prioritized taking care of our own people and their families. We worked to optimize the virtual work experience, expanded our well-being services, reimagined the office environment for optional safe return, and provided peace of mind with no COVID-related layoffs last year. Looking beyond our walls, it's become clear that the well-being of communities, the economy and our planet are all deeply interconnected. COVID-19 put in stark relief social and economic inequalities that existed long before the pandemic took hold and exacerbated them. When you add the collapse of small business and the spotlight on racial reckoning, it became even more obvious that a technology-focused company like Mastercard has both an obligation and opportunity to ensure that our increasingly digital world is one that drives inclusion, not divides.

We've been in the business of inclusion for many years, which was reflected in the speed and scale of our COVID-19 response and recovery efforts. COVID-19 made it clear that being connected to the digital economy – whether you are a person receiving support from your government or a mom-and-pop, brick-and-mortar business needing to go online to serve your customers – is absolutely necessary if you are going to survive and thrive.

As people moved to a contactless world, we were able to ensure they had the access to secure, smart payment technology. As small businesses struggled to stay open, we committed \$250 million to help them go digital, get capital and get paid. As more people found themselves in need of government assistance, we worked with more than 100 governments to help with digital disbursements, provide data insights for recovery efforts, and support cities in delivering services to the most vulnerable communities.

At this reset moment, we're bringing the breadth and unique strengths of our resources to rebuild a more inclusive, sustainable digital economy – one that promotes financial security, one that ensures underserved small businesses can grow, one that assists cities through an inclusive recovery, and one that works tirelessly to help close the racial and gender opportunity gaps that still persist.

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How do you define Mastercard’s culture and how critical is culture to the success of the company?

We are focused on fostering a winning culture with decency at the core. That’s to say we ensure there is a relentless focus on driving value for our stakeholders, but how we conduct business and how we treat one another, our customers and our partners, is critical for achieving our goals. Having started to prioritize financial inclusion a decade ago, purpose is deep in our DNA. It’s not just an aspiration; it’s a business imperative. We have embedded inclusion into the core of our business, not just in terms of the growth of our people, but also the growth of our business. It might sound like a bumper sticker, but we firmly believe in “doing well by doing good.” We have delivered strong financial performance, in part by delivering on inclusion.

Will you discuss Mastercard’s commitment to corporate responsibility and community engagement?

We’re focused on building an inclusive, sustainable digital economy. Through our innovation, insights, and trusted partnerships, we’re working to ensure people can reach their potential, economic growth is inclusive, and the planet can thrive. Last year we reached our five-year goal of bringing 500 million previously unbanked people into the financial system about 9 months ahead of schedule. We managed it like any other corporate objective. Every region had its target; every country had its programs. Having achieved that milestone, we doubled down and committed to bring 1 billion people and 50 million small businesses into the digital economy by 2025 with support for 25 million women entrepreneurs. Reaching these goals draws from more than a decade of experience as a leader in financial inclusion. We learned how to have social impact at scale and do so on a commercially sustainable basis. In doing so, we helped seed the markets of the future and promote more inclusive growth all over the world.

When the company went public, the company set aside 12 percent of its shares to set up an independent Mastercard Foundation which, with currently more than \$30 billion in assets, is one of the largest foundations in the world. We’re incredibly proud of the work of the Foundation, particularly in supporting youth across Africa. However, we knew there was more to do. In 2013, we established the Mastercard Center for Inclusive Growth, the philanthropic hub of the company focused on

insights and actions to further the financial security for individuals and entrepreneurs, support the future of workers, drive inclusive economic development, and pioneer data for good. In 2018, the company took a portion of the corporate tax cuts in the U.S. and Europe and committed \$500 million to support these inclusive growth efforts. This year we announced our first \$600 million Sustainability Bond to further grow the market for sustainable finance and to deliver positive environmental and social impact. We understand it might be one of the only such bonds to finance investment in inclusion and racial equity.

Leading from the front, we’ve also made a point of forging public and private partnerships to test new models, combine expertise, and build scalable models for long-term impact. For example, unlocking new models of micro-credit for businesses with Unilever, working with USAID under the Women’s Global Development and Prosperity (W-GDP) Initiative to support the growth of women entrepreneurs in Asia and Latin America, and developing a partnership with GAVI, the Global Vaccine Alliance, to introduce digital technology into the distribution of vaccines. Our Priceless Planet Coalition, which brings together more than 40 customers and partners in a collective effort to plant 100 million trees and to mobilize consumers to address the challenge of climate change, is another such example.

How does Mastercard engage its employees in its CSR work?

Purpose-driven work is one of the reasons people choose to join and stay with Mastercard. Our inclusion and sustainability efforts are business goals, accountable and measurable in every region we operate. We have teams focused on innovation for inclusion, spanning from technologists in our Lab for Financial Inclusion in Kenya through to data scientists leading social sector initiatives with governments and nonprofits around the world.

For those not directly involved in social impact work day-to-day, we provide volunteer opportunities, whether that’s taking five days to support causes in their own communities or taking on a stretch assignment to further our engagements with governments or participating in one of our talent philanthropy programs or fundraising efforts with a major grantee or charity partner. For example, since 2012, our collective efforts for the World Food Programme (WFP) have resulted in more than \$33 million in contributions, enabling more than 107 million school meals to

be delivered to underserved communities around the globe. We have also had dozens of employees take time away from the office to work with the WFP in the field.

What do you see as the responsibility that leading companies have to being engaged in the communities they serve and to being a force for good in society?

Being a force for good is now an expectation from customers, consumers, and shareholders. What is important is that companies are held accountable for delivering on their promises and the focus is on action and impact. CSR can’t be something that is done merely for public relations purposes or put by the wayside when times get tough. It is paramount to the future growth of companies and needs to be treated as any business priority. We shouldn’t “do good” for one set of stakeholders and “do well” for another; we do well by doing good. We all thrive in a thriving world, but we risk failing when the system fails too many.

How critical is it for Mastercard to build a diverse and inclusive workforce in order to bring diverse perspectives and experiences to the table when making business decisions?

Surrounding yourself with people from different backgrounds, experiences and cultures is critical to seeing your blind spots. A diverse workforce is a competitive advantage – it fuels innovation, insights and improves the performance of a team. We are focused on building a culture and workplace where everyone belongs and all employees feel they have a seat at the table. We prioritize inclusion and diversity throughout our hiring and career advancement practices and continue to work to bring down barriers and drive representation of voices at every level of the organization.

What advice do you offer to young people beginning their careers during this challenging and uncertain time?

Every challenge is at the same time an opportunity. In uncertain times, there are new opportunities for young people to step forward with new and innovative ideas. This is a powerful time to be starting a career because, as we reset and commit ourselves not just to return to growth, but to return to a better, more sustainable, more inclusive form of growth, we are questioning inherited assumptions, developing new business models, finding innovative ways to deploy technology and changing the very nature of work. Advice? Build your network, ask for the virtual coffee, lean in, make your voice heard, and have impact. ●