

Mastercard CEO , Michael Miebach, spoke about challenges for the global economy and the role of global players at #WT21. His speech focused on topics including data protection, nationalist trade tensions and climate change



# Michael Miebach, CEO, Mastercard

WIRTSCHAFTSRAT 2021

BERLIN, GERMANY

TUESDAY AUGUST 31, 2021

"As world economies start to come out of the pandemic, I see three major challenges -- data protection, nationalist trade tensions and climate change -- threatening progress for people, businesses and governments. I delivered this speech, presented in German, about those issues at the Wirtschaftstag (Business Day) 2021 conference in Berlin."

*AS PREPARED FOR DELIVERY.*

It has become a common refrain over the last few years to say that the global economy is at an inflection point – driven by the advances of technology. I would like to challenge this. In my position at Mastercard, I sit at the epicenter of global digital commerce. And from this viewpoint, it is clear that the age of digital transformation is already here.

The COVID-19 pandemic accelerated this trend significantly.

The pandemic also proved another important fact: that leveraging technology is not just about convenience.

We saw how people adopted new habits – shopping online, turning to the ease of contactless cards, or choosing to commute to work less frequently. They have found these new habits – and the technologies that make them possible – more useful, more productive and more rewarding.





These habits won't snap back to December 2019. They have changed, likely permanently. And it is now the job of business models, policies and regulations to change with them.

No matter where in the world you live, there are these common truths: we all want to achieve more prosperous and fulfilling lives, and we all need technology to do so.

But common truths bring common challenges, and as a global business leader using technology to drive the post-pandemic recovery, I see three high-priority challenges threatening the global economy: data use and protection, nationalist tendencies in global trade and - above all - climate change.

These are challenges that will affect how we do business and live together for decades to come. These challenges fuel the public skepticism, mistrust and polarization that we have seen grow over the past decade.

believe that it is our responsibility to ensure that the technologies we build and the policies we enact support more people, eliminate digital barriers to trade, and protect the environment.

But how can we do this in practice? Here are three suggestions:

1. **First, lean into Europe's role as a global digital standard setter.** I see an opportunity for Europe to deliver greater impact on the principles that every market can rely on in the new digital economy.

Germany should lead this effort to ensure a level playing field in Europe and open markets abroad.

An example of how to do this well is the GDPR. Europe's privacy standards have influenced how companies manage data well beyond the continent, laying the foundations for a trusted and vibrant digital economy in many countries. At Mastercard, we have therefore made the GDPR principles our global standard.

This certainty around data privacy standards removes the friction and risk of economic activity in the digital age. People's data and finances are better protected, strengthening economic growth.

However, much more is needed to address the fragmentation of laws, frameworks and standards around the globe on AI and other emerging technologies.

This is especially true in regulating crypto- and digital currencies. Done the right way, digital currencies have the potential to reduce cross-border fees and provide more people with basic financial services. But done the wrong way, digital currencies could undermine consumer protection and limit monetary and financial policy.

To ensure a consistent experience for people and businesses, embracing global digital standards is a must.



2. Second, investing in the global digital transformation is a now a **must**. The digital transformation is a reality for anyone wanting to stay open and in business – and especially for small businesses.

Even before COVID-19, the global payments landscape started to go through a revolution, triggered by the unprecedented rise of e-commerce and mobile payments.

COVID-19 supercharged this revolution. An extra \$900 billion was spent on retail e-commerce worldwide last year — a surge of 60-90% in various countries. Cash has a basic function, but digital money is replacing physical cash at a faster rate. In Germany, 90% of people believe that accepting card payments should be a regular service in stores. The potential to reimagine how we bank, pay, invest and trade is enormous.

Technology will continue to reinvent how people think about money and transactions. This can be a powerful driver of sustainable economic growth and activity, if — and only if — we ensure that these new technologies are safe, affordable, and open.

Hence, investments in digitization are investments in the future and growth. Such investments are needed for example in fast mobile internet, the digitization of business processes or the IT security of the economy. Nationalist agendas and protectionist policies in digital commerce could however threaten this positive development.

### **3. Third, leverage Europe and Germany's technological expertise to meet the challenge of our century: climate change.**

Around the world, Europe – and Germany in particular – are recognized for their excellence in high-tech engineering.

These technical skills will enable us to create the economies and societies of the future. But that future will also depend on our response to the climate question during this decade. As someone who was raised and educated in Germany, I carry with me a passion for these skills and a sincere belief that that they must be repurposed to meet the climate challenge.

With the Green Deal, Europe already leads the way in this area. To be successful, it is now important to strengthen digital innovations and cooperate internationally. We need the best technologies and solutions - regardless of where they come from - to achieve these ambitious goals and at the same time secure European competitiveness.



We now need commitment, ambition, and bold ideas, not an aversion to risk-taking and creative, new solutions. At Mastercard, for example, we use artificial intelligence to help consumers understand and adjust the environmental impact of their spending.

We also promote the move to electromobility through simpler payment processes: Users must be able to pay at the charging station just as easily as at the supermarket or at the traditional gas station - regardless of whether they are in Germany or traveling through Europe. By setting global payment standards, we contribute to investments in green technologies.

Europe's and Germany's contribution to this are their strengths: building trust, driving innovation, and supporting open markets.

The big issues of today are global, and they require global - and especially transatlantic - collaboration and solutions. Let's use these partnerships to fulfill the promise of prosperity of new technologies.

The private sector and companies such as Mastercard are important partners in this.

Thank you very much.

Michael Miebach, CEO, Mastercard.

Tuesday August 31, 2021

