

Ajay Banga Says the Future of Money Will Drive Equality

The MasterCard CEO Says Payment Systems Will Open Up Access to the Financial System for Billions of People



When The Wall Street Journal marked its 50th anniversary, the World's Fair was in New York City, the theme was "The World of Tomorrow," and President Roosevelt spoke about the need to break down barriers between nations. Fast-forward to 1989, the Journal's centennial, and you had the crumbling of the Berlin Wall, one of the most iconic barriers in modern history.

You might be asking yourself: What does that have to do with the future of money?

The future of money won't be about cash or the form it takes. The future of money and commerce will be about breaking down barriers and increasing access for more people across both geographies and incomes. Why? Because with the right payment systems and new innovations in place, how you pay for things drives greater equality of opportunity in society.

The future of money will help bring about greater financial inclusion and lift up those who had been left behind. It's a future where half the planet's adult population, 2.5 billion people, is no longer excluded from the financial mainstream and where more people will have proof of identity and the capacity to do what we take for granted—pay a bill, save money for a rainy day, borrow on reasonable terms. This will happen not because they have more, but because they have access to more.

Greater Equality

We're already seeing the use of money in the form of cash and checks decline and the use of electronic payments increase. Keep in mind, we're at the beginning of this journey, as 85% of the world's retail transactions are still done in cash and check. It's a journey that will get us to a world of greater equality and financial inclusion.

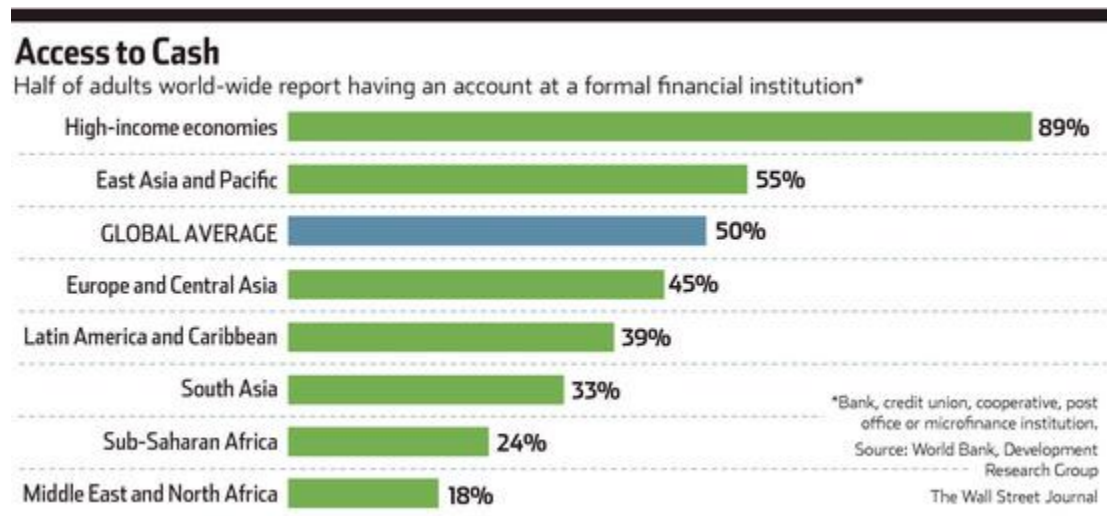
So, what does the future hold in store?

Security stands squarely at the center of any solution. There are some hard and fast truths about people and money that will never change. People want to know their money is safe, accessible and secure. This doesn't change whether money is in the form of a bill, a card or in a digital wallet.

Consumer and merchant trust in technology is a must. This already involves such innovations as chip cards, mobile and digital wallets, and biometrics like a fingerprint or retina scan to increase security and reduce fraud.

That technology must also empower consumers and merchants, transforming commerce and payments from the exchange of value to the creation of value. This is not just about driving monetary value—it's about driving societal value as well.

And that's the larger, more meaningful opportunity in front of us—overcoming the challenge of exclusion around the world, in developed and developing countries alike.



This change is delivered by a move from a world of cash to a world beyond cash that extends access regardless of income, gender or location. It confirms a study by the Bill and Melinda Gates Foundation and McKinsey & Co. that found in countries where more than 70% of people can pay digitally, financial inclusion is over 85%.

Seeds of Change

The future is built on the use of the right technologies adopted and adapted for the local marketplace, not just to manufacture bright shiny objects. Financial inclusion is powered by a network that connects these technologies and platforms to help grow an economy that's more equitable, sustainable and inclusive. It expands the middle class, generates equal opportunities, increases social and economic mobility, and narrows income inequality.

This won't happen all at once or as a quick fix. It will happen because of the strong partnership between the public and private sector. The public sector will help with regulation and creating a good business climate. The private sector will push execution.

We are seeing the seeds of this today. In countries like Kenya and Egypt, mobile phones serve as invaluable financial tools connecting people to commerce and enabling them to send and receive money. In South Africa, millions get their social benefits through debit cards with biometric technology built into them. The U.N. World Food Program provides more than one million Syrian refugees in Lebanon and Jordan with prepaid cards that are reloaded every month and designed to help those in need buy the food they need from local stores.

This is how we as a society will deliver on the potential of the global economy.

Money and Purpose

What does the future of money look like? There will be greater opportunity because the limits of physical currency have been removed. Advancements in technology will lead to unprecedented potential for economic growth and productivity. We will have a global economy that's closer to being truly global because we're more connected digitally and less dependent on cash. Consumers will have the access and ability to buy what they want, when they want it. Retailers and merchants will be able to personalize their goods and services, enhance their relationships with customers, and grow their business.

The ancient Greek playwright Sophocles wrote, "The wonders of the world are many, but none, none is more wondrous than man." What was true then remains true today and will remain true 125 years from now. The future of money, regardless of form, must be met with human purpose—a purpose tied to greater access and fewer barriers for more people.