



‘It’s OK not to have all the answers’: Mastercard’s next CEO is comforting employees, striking \$1B deals, and pledging change for Black executives

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[Michael Miebach](#) has been a bit busy.

On February 25, [Mastercard](#) named him as the payments giant’s next CEO, effective 2021. A month later, much of the globe was shutting down as COVID-19 swept across it.

As the U.S. economy contracted swiftly and sharply, small businesses — where Mastercards would normally be swiped left and right — began to falter en masse. Miebach and CEO [Ajay Banga](#) stepped in with [\\$250 million](#) of support.

In June, while Miebach was in the heat of discussions for a deal to acquire open-banking company [Finicity](#) for almost \$1 billion, widespread protests over racial injustice captivated his and Banga’s attention. In the same week, they both sealed the acquisition and unveiled a [series of robust commitments](#) to changing the face of Mastercard’s top ranks and bringing to bear the \$325 billion company’s clout for racial equality.

So, when I recently got Miebach on the phone, I wanted to know: How was he doing? And, more literally, how was he doing all of these things during a pandemic, while overseeing the shift of 18,600 employees to a new normal of working?

We covered those topics and more during a tight 30 minutes before Miebach got back to work. Below are excerpts from the conversation.

What have you learned about leadership and yourself during the pandemic?

Quite early on in this crisis, there was a realization that there are more questions than answers. So, what quickly became important was: reaching out to people; putting out there and driving the notion that we have to learn, then do something and learn a bit more, then adapt and learn again; and teaching ourselves in real time how to manage through this.

We had to recognize and then communicate that it’s OK not to have all the answers. It was important at the outset to be quite clear about that.

While in normal times you might be more transactional — focus on outcome, input, goals, priorities — the first step that we decided to take was to give peace of mind to our people. If we want them to be leaning in with our customers during this time, peace of mind matters.

So, putting out there that there will be no layoffs — that was the most important part of peace of mind. We saw the reaction immediately from the team. Potential hurdles, silos, things that happen in an organization here and there — those fell away quite quickly.

As a leader, the most important point was showing compassion. Understanding that all of this is super difficult. Our workforce has shifted quite dramatically in terms of age composition — now predominantly

millennials, a lot of Gen Z lately — and for those team members, this was particularly hard. Your sources of energy, many of the things you enjoy doing in your life — they have gone away during this time. These team members might be sitting in a studio apartment in New York, looking at the same four walls, ambulances driving by. I've seen all of these scenarios — talking to people and you hear the ambulances in the background. They were going mad.

So, more than ever: engagement, with some compassion, and reaching out and communicating. I don't think I've ever done more town halls than I have in the last five months. But it's been absolutely critical.

And show flexibility. In the end, the message to our people about returning to offices — depending on where in the world they are and whether it's been deemed safe to do so — is: whatever works for you. It's their call.

We've been sharing our approach with our customers as well, and vice-versa, which showed that this is a time of partnership as well. People are much more open to partner and learn from each other — back to my point about the importance of being teachable. Many of the ideas that we're implementing weren't actually thought up by us; they came from others, and we're quite happy for that input.

We're far from a new normal. I think we're kind of getting to the second half of the marathon. Topics like mental health and mental well-being really come to the fore. This is hard to do for months.

So, there's a lot of creativity being put into providing distractions, the different forms of delivering input, all sorts of engagement platforms that would never have been there before.

I feel like, in a time of social distancing, I've been closer to our people. I've been in their living rooms, I've met their kids, I've met their dogs. The same is true for many of my colleagues.

Increasingly, you have to put even more energy into this as we work through this crisis. Until we have some sort of a medicine answer or a vaccine, we're going to go on like this.

In June, you struck a deal worth up to \$1 billion for data aggregator Finicity — a component of Mastercard's push into open banking. How did that deal get done during a pandemic?

To be honest, this was quite a journey.

Now, in our industry, Finicity is a known player and we've known the management team for a while. So, fortunately, we were not starting off with somebody we didn't know. But completely remote due diligence, the broader team not knowing each other at all — that was quite an experience.

We did it in lightning speed. The key reason this worked exceptionally seamlessly is that at the outset, before all of this hit, we established that this company is the best fit for us for a range of reasons, but especially from a cultural perspective.

What matters to them: principled data management; data should be something for good. We were on the same page on many of these things, so there was a level of trust established. We didn't *need* to look them in the eyes. And therefore, it actually worked. Their management team said, these Mastercard guys are on the right side of things, and we said the same thing about them to our team. From then on, it was fairly smooth sailing.

There's a model in there on how you can probably do due diligence and deals much more efficiently than we have in the past, where we've sent people out to the other end of the world to meet for due diligence. A lot more data was used, a lot more AI was used. We got a bit more creative around it.

We've been to their office once, and what I found super amazing when I walked through the door is they have this clock on the wall. It's a counter of FICO score points, and they believe that as this counter goes up, this is the health they're giving to people with thin credit files and people who generally have problems with access to credit. This is the measure of their success. We have a longstanding history in financial inclusion, so when we saw that, we said, these are the right guys.

Mastercard has been quite active on the M&A front during the past few years. How do you think about buying versus building?

The first notion always is: Can we do this ourselves? The logic is that if it's strategically relevant, you'd rather do it yourself. So, we start there.

Considering our role as a network, whatever we do has to work in every part of the world equally well and we can't deliver it in bits and pieces. Therefore, building on our own technology and leveraging the reach of Mastercard is generally a preferred idea.

But when it comes to diversification and getting into entirely new areas, then your level of knowledge, your credibility, and your ability to drive scale in a relatively quick period of time are limited. So, as we were diversifying into new payment flows that aren't traditional consumer-card flows, our degree of leveraging M&A went up.

The same applies for when we were getting into technology areas where we just didn't know enough about it. We've bought engineering talent and so forth. So, it's reach, it's talent, and it's speed. Those are the criteria.

The areas that you've highlighted where we've been buying — cyber; data analytics; in the space of payment flows, new payment flows, real-time payments — those all fall into the category of we either didn't know enough about it, we didn't have the talent, or building it ourselves would have taken too long in a time of a land-grab going on. Real-time payments is the perfect example of that — there is, at any given point in time, 30 RFPs out there from some country, some banking association, to modernize their payment stack. We could have gone and built it ourselves — no problem, it's a network, you can turn a network into a two-sided network — but we felt that from a timing perspective, it was a better idea to acquire that capability.

As you noted, we've become a fairly acquisitive company. Back to the human touch, the aspect of how we do our integrations has oscillated. Initially, in some cases, we said, let's do it arm's-length and preserve the magic of the company that we've bought. While others we fully integrated. Today we're at a point where it's somewhat squarely through the middle. Where we put our emphasis during any integration is on the culture work stream and the people work stream.

Do you expect to remain acquisitive going forward? What's of future interest to Mastercard from an M&A standpoint?

The fact that we have fared fairly well through this crisis is because we have been diversifying over the last 10 years away from a focus on a particular type of transaction and essentially consumer-card products. So, we will continue to do that, for exactly that reason.

Strengthening the business in the best of times is good. Throughout a crisis, it's harder to do.

It still remains that we run the business for the long term, and if we see an opportunity right now or a market need, we will continue to participate in M&A. The areas broadly remain the same: open banking, real-time payments, data analytics, and cyber.

If anything, COVID-19 will lead to an even more digital economy, an even more digital society. There will be more connected devices, there will be more data generated, there will be more cyber risk associated with all of it. So, data analytics, cyber protection, anything digital matters even more than it ever has before.

And the rise of real-time payments continues, as many countries around the world found out, especially throughout this crisis, that their payment infrastructure was dated. Governments were trying to push out these stimulus packages and they just couldn't reach citizens. We have over 300 government engagements right now around the world that involve us, in some form or fashion, trying to help citizens with their financial support during the crisis.

You have an amazing vantage point for studying consumer activity and behavior. What has stood out to you during this pandemic?

In a world where consumers truly are concerned about their health — their personal health, the health of their families — there is no clarity on how safe or unsafe the world out there is. They are saying, "I'd rather stay at home; I'd rather not go to a shop."

As a result, the acceleration of digital payments around the world, which was already under way, has truly accelerated further.

Seven out of 10 consumers in our most recent research are saying that they're going to use digital payments more permanently. This isn't a blip.

Then, there are locations that people do have to visit because something isn't available online or whatever the scenario might be, and there is where the shift to contactless payment is occurring very quickly.

I will say, we have been careful all along to declare these as mega-trends that will last for years. We have seen in previous crises and external shocks that people do return back to behaviors that might have been there before. You see trends at work right now that are not necessarily pointing in the same direction. For example, in my local town, a lot of our friends are basically saying, you know, now that I can go out again, I want to support that local business, and that local business just doesn't take electronic payment — so they will use cash. There's a bit of both going on simultaneously.

Overall, small businesses have been hit the hardest by this pandemic. Small business is the largest employer in the world, and it has been hit the hardest. These businesses are trying to rebalance to something that has an online component, versus just brick and mortar. So, there is a general tendency that the openness to accept electronic payments, digital payments, is higher than before.

For small business, there are opportunities and needs that go beyond payments: How do I get online? How do I build a business online? How do I stay safe when I'm online? So, early on in this, toward the end of March, we put out a commitment for \$250 million to put behind small business over the next five years

globally. It was, in part, to address exactly this issue. We said, OK, we're going to help you get online, and then we're going to keep you safe once you're there.

We've seen great reception of that. Governments like it because it's important for many economies around the world. Small businesses like it. And the banks and the fintechs that sit in between and reach these people, they say that's fantastic.

What about travel and its future?

It's more difficult to predict, but very important from our perspective. What we've seen is that travel remains fairly stagnant. The bits of travel that have come back are concentrated to domestic travel and largely leisure and personal travel, not business travel. So: "I've got to see my family. I have to go back and see my family." I wish I could do this actually — my family is in Germany. But where you can, you do it. In Europe, people get in their car because they can drive across borders and travel is slowly coming back.

From a corporate travel perspective, we talk to a lot of companies, and there is hesitancy right now to expose employees to any kind of risk. So, that will take time.

Then there's the great debate around: Is the desire to travel going to fundamentally change or not?

Will businesses go and use a lot more remote work and engage with clients remotely? We don't know. I personally believe that getting back to seeing your customers is important and it will be a desire. Getting out there and delivering that project will be a desire. But will I fly to Singapore for a one-hour important meeting, as I might have done in the past? Maybe not.

So, I think we will see some change. But travel will come back — I'm pretty convinced about that.

You recently made an open pledge to boost the representation of Black leaders at Mastercard by 50%. Why was that important to you?

This was very, very important to us. The flare-up around racism is a particularly important piece of that, but we have been quite focused on diversity and inclusion for many years.

We're in 210 countries. When you look at our representation of ethnic background, national background, and so forth, we try to have a mix of teams that reflect the markets in which we operate.

It's important from a business perspective. It avoids us from having blind spots and missing an opportunity or a threat. It's also just the right thing to do, to create a level playing field for our people.

I believe that working toward a diverse team is a leadership skill, so it needs to be part of our leadership training curriculum and agenda. And we put that out there. That's been a journey that we've been on. But the recent horrible events put a lens over it that there's a lot more to do. So, despite our progress, when I looked at our [leadership ranks](#) in terms of Black Americans, we wanted to make a commitment to make more of a change in a shorter period of time. Our investment in a long-term pipeline was absolutely there. Our work with historically Black colleges and universities was absolutely there. But when I looked around the table, we felt we needed to move the needle faster. Hence the commitment to increasing our Black American leadership ranks, VP and above, by 50% by 2025.

There's more to do. We came to the opinion that there is systemic racism out there, and systemic racism requires a systemic answer.

So, we then looked at it from every aspect of our business, not just how we do this internally. How do we engage in the market? What do we do with our products? What do we do with our services?

We found that we are colorblind and that that was not a focus of our product design. But it could be! It very much could be.

Hence we said we will use all of our resources — our product, our services, our technology — to find solutions that help the Black community live on a level playing field. That means looking at inequalities of wealth in terms of financial literacy, access to credit, and much, much more.

We then went and looked at: Where are we purchasing? Where are we procuring from? Is that a fair representation of the market? We found that we have reasonably diverse sourcing, but again, we said we're going to put a commitment out there. We said we'll increase our spending by 70% to \$100 million sourced from Black-owned enterprises.

Where does this go going forward? We are educating ourselves, but we also want to push the research agenda on this. We have, post the current administration's tax reform, [set aside \\$500 million for the Mastercard Impact Fund](#), and every year we're funding it with an additional \$100 million out of our P&L. We decided we're going to refocus the efforts of that fund and our research agenda to see how we can push the envelope on this issue.

So, a very systematic approach, because I do believe it needs a systematic answer.

I can tell you, our people applauded the plan, but they're also looking for progress. We committed to sharing the numbers in an open book. I've never seen so many emails from staff who are writing, "Michael, it's great that we're doing this, but I have five more ideas for you." Other emails are saying, "I think we've got to move faster."

So, the dialogue is there. Now it's time for action.

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About Mastercard (NYSE:MA)

Mastercard is a global technology company in the payments industry. Our mission is to connect and power an inclusive, digital economy that benefits everyone, everywhere by making transactions safe, simple, smart and accessible. Using secure data and networks, partnerships and passion, our innovations and solutions help individuals, financial institutions, governments and businesses realize their greatest potential. Our decency quotient, or DQ, drives our culture and everything we do inside and outside of our company. With connections across more than 210 countries and territories, we are building a sustainable world that unlocks priceless possibilities for all. www.mastercard.com.