

# Arthur D. Kranzley

**A**rthur D. Kranzley is Executive Vice-President, Advanced Payments, for MasterCard International. In this role, he has established centers of excellence to develop and manage new programmes, products, services, and channel opportunities made possible by current and evolving advances in technology. Areas of expertise addressed in these centers include electronic commerce, e-B2B, smart cards, mobile commerce, and wireless. Mr. Kranzley works extensively with MasterCard's global business areas and regions to identify new opportunities in these areas and to maximize MasterCard's leadership role in advanced payment systems and technology. He is also active in managing MasterCard's continuing efforts to promote safe, confidential, and reliable payments in remote channels.

Mr. Kranzley, a MasterCard veteran of almost 20 years, has been in the payments industry since 1975. He served with MasterCard in several roles, including president of Maestro USA and senior vice president/general manager, U.S. Region Deposit Access. He has also held positions as senior vice president, Debit Services, and senior vice president, Cirrus System, where he contributed to the international growth of the MasterCard®/Cirrus® ATM Network. Prior to joining MasterCard, he was responsible for strategic business and corporate development in the areas of electronic financial services, Internet development, strategic alliances, new business initiatives, and portfolio acquisitions with Advanta Corporation.

Mr. Kranzley serves on the board of directors of The Center for e-Business at MIT, Mondex International, Mondex USA, and Mondex Asia Pte Ltd. and on the Executive Committee of EMVCo.

Mr. Kranzley holds a bachelor of science degree in aerospace and mechanical engineering from Princeton University.



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**“MasterCard is a strong proponent of International Standards and views them as a vital part of our continued effort to safeguard all those involved in the payments process.”**

*ISO Focus: What is MasterCard International? And what are its primary responsibilities?*

**Arthur D. Kranzley:** MasterCard International is a leading global payments solutions company that provides a broad variety of innovative products and services in support of our global customers' credit, deposit access, electronic cash, corporate and related payment programmes. MasterCard manages a family of well-known, widely accepted payment brands including MasterCard®, Maestro® and Cirrus® and serves financial institutions, consumers and businesses in more than 210 countries and territories. The MasterCard award-winning

Priceless® advertising campaign is now seen in 105 countries and in 48 languages, giving the MasterCard brand a truly global reach and scope.

MasterCard Incorporated is a private, securities and exchange commission-registered share company whose shares are owned by the principal members of MasterCard International. MasterCard International, a non-stock, membership corporation with more than 23 000 MasterCard, Cirrus and Maestro members worldwide, is the principal operating subsidiary of MasterCard Incorporated. MasterCard has approximately 4 000 employees. Our headquarters is located in Purchase, New York, and we have 37 additional offices around the world.

*ISO Focus: How and where have International Standards helped MasterCard's business?*

**Arthur D. Kranzley:** Today's competitive environment is defined by rapid advances in products and technology. Continued innovation in telecommunications has led to increased technical collaboration across industries and countries in support of global commerce. Consequently, a new trend has emerged – the stronger movement toward open standards and interoperability within payment systems.

Historically, MasterCard products have been compliant with ISO standards, from the size and shape of the payment card to the formatting of the information contained on the magnetic stripe, the layout and meaning of the embossing on the front of the card, and the mechanisms by which that information can be presented anywhere in the world to facilitate payment.

In the early 1990s, we began to plan for the global migration of payment cards from magnetic stripe technology to smart card technology. We quickly real-



(Left) MasterCard's headquarters in Purchase, New York.

*PayPass* also allows financial institutions to offer customers more payment options and it helps increase gross dollar volume (GDV) by attracting payments away from cash, opens up new acceptance opportunities for “quick pay” and self-service environments, and increases account holder loyalty for their card programmes. Deployment of *PayPass* is now underway in several countries around the globe.

**ISO Focus:** *You have said that “agreeing to one common standard benefits all in the value chain” when referring to the common communications protocol based on ISO/IEC 14443. Can you please elaborate on this? What are the benefits of using a common protocol for contactless payments?*

ized that the key to global success was the establishment of a common standard for how this new technology would be implemented. Using the global standards established by ISO, we created the EMV<sup>1)</sup> set of specifications with other payment companies, which has become the basis of all smart card payment transactions globally. Today, there are more than 320 million cards and nearly four million point-of-sale (POS) terminals using the technology today.

In the early 2000s, we began development of the MasterCard® *PayPass*™ contactless payment programme, based

*MasterCard PayPass provides an innovative contactless payment solution for public transportation.*

on the ISO/IEC 14443 standards. MasterCard *PayPass* is a new “contactless” payment feature that provides consumers with a fast and convenient way to pay for small ticket purchases. Using *PayPass*, consumers simply tap their payment card or device (such as a key fob) on a specially equipped merchant termi-



*The Taiwan PayPass Transportation Project launch in October 2005.*

nal, eliminating the need to fumble for cash and coins, hand their card over to a clerk or swipe the card.

MasterCard *PayPass* allows merchants to function more efficiently and serve their customers better, since *PayPass* speeds consumers through the check-out process, reduces cash handling, improves efficiency and provide competitive differentiation.

1) EMV (Europay, MasterCard, Visa), a new set of global electronic payment transaction standards named after the three organizations who established them.



## Guest View

**Arthur D. Kranzley:** A common protocol is essential for many of MasterCard's programmes and services, including the MasterCard® *PayPass*™ contactless payment programme. The establishment of a common protocol helps ensure that card issuers and acquirers, payment organizations, and merchants are compatible globally.

MasterCard has helped accelerate the industry's migration toward contactless payments by licensing its communications protocol for radio frequency-based contactless payments to its competitors. This common and shared communication standard benefits all in the value chain by ensuring that cards and terminals supporting all contactless payment brands are globally interoperable. This benefits merchants, consumers and terminal vendors by providing a consistent experience at the check-out.



*PayPass contactless card being used in McDonalds in New York City.*

For instance, merchants investing in point-of-sale readers designed to work with contactless payments want assurance that the technology will work the same in their numerous locations around the world and that they will not need separate POS terminals for each payment brand. Following one common protocol and testing process helps the industry avoid such scenarios and helps ensure that investments made now will continue to pay off down the line.



*OneSmart MasterCard chip card.*

**ISO Focus:** *With the globalization of trade in services and the growing use of e-commerce, the expectations of customers on the quality of services are also increasing – How do you view (and possibly support) the development of International Standards for the quality of services and security of their delivery?*

**Arthur D. Kranzley:** MasterCard is a strong proponent of International Standards and views them as a vital part of our continued effort to safeguard all those

involved in the payments process. Consequently we continue to support the development of payment standards for quality, compliance with specifications, and security. To the extent that ISO is involved at an international level across industries in these areas, we hope to provide input to these standards based on our work and experience within the payments area.

**ISO Focus:** *Can you describe the use made by MasterCard of ISO International Standards – and why MasterCard actively participates in ISO's work to promote secure, open wireless payment standards?*

**Arthur D. Kranzley:** At MasterCard, we believe it is our mission to develop and promote interoperable, reliable and secure standards for domestic and international payments, and to ensure the same standards can be used for both

existing and new payment programmes. The security mechanisms we employ to protect cardholder PINs and other sensitive data are based on algorithms and management protocols defined by ISO. As noted earlier, the MasterCard *PayPass* contactless payment programme is an implementation of an open industry standard for radio frequency communications (ISO/IEC 14443) – and our M/Chip™ EMV smart cards are based on the ISO 7816 standards.

**“One common protocol and testing process helps ensure that investments made now will continue to pay off down the line.”**

**ISO Focus:** *In a company like MasterCard whose survival depends on staying in the forefront of technology integration, how do International Standards allow the banking/financial industry to move forward? What are your expectations on ISO and International Standards?*

**Arthur D. Kranzley:** International Standards enable organizations such as MasterCard to pursue continued technological development based on a solid foundation of open industry standards from card physical characteristics to security specifications to advanced communication protocols that are supported globally and across industries. This ensures that the best experts and most knowledgeable technicians and engineers in these areas have contributed and reviewed these standards for worldwide application. As a result, we can be assured that our investments in new and innovative products and services based on ISO standards have been developed within a comprehensive framework, will be globally supported by manufacturers, suppliers, vendors and processors globally, and will be interoperable with other elements of an open system. ■