



Visa Consulting & Analytics (VCA)

# Fleet and mobility – shift to open-loop solutions

A new era of streamlined fleet and payments management. Making sense of fleet and mobility opportunities, from new product selection to client experience.

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# The state of the Fleet and Mobility industry

Companies and government entities with fleets of vehicles, whether they are passenger cars for employees and contractors, light commercial vehicles for last-mile transport, or heavy vehicles for commercial transport have long had, and continue to have, common needs when it comes to driver, fuel and vehicle related purchases.

- They need to efficiently manage their cashflow and liquidity and simple administration with a single statement/invoice.
- They need the ability to view and control driver spending.
- They want access to digital channels for payments for fuel and non-fuel spend, locating service providers, accessing offers and rewards.
- They need to get the same level of experience and benefits in their original country and going outside of it and take advantage of tax incentives.
- They seek opportunities to protect against fraud losses.
- They need easy, low cost and secure payment solutions.



## Client pain points differs by fleet and company size

The table below outlines the pain points experienced across various fleet sizes. Of particular note is the underserved status of the micro and SMB segments in CEMEA and the unseen economy due to the prevalence of cash and private house account usage:

	Micro Fleet	SMB Fleet	Larger Fleet	Long-Distance Trucking Fleet
<b>Number of vehicles</b>	1 - 5 vehicles	6 - 25 vehicles	25+ vehicles	1 - 100+ vehicles
<b>Payment preference</b>	Cash, local account Underpenetrated by fuel cards	Cash + Fuel cards	Fuel cards + Cash	Fuel cards + Cash
<b>Pain points</b>	<ul style="list-style-type: none"> <li>• No controls; widespread misuse and fraud</li> <li>• No credit; short-term cash flow pressure</li> <li>• No time to administer fleet expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to access credit</li> <li>• Fuel card acceptance too limited (no maintenance, tolls, other fuel brands)</li> <li>• No management app; hard to manage fleet on-the-go</li> </ul>	<ul style="list-style-type: none"> <li>• Fuel card acceptance too limited</li> <li>• No single solution; difficult to consolidate fleet expense data across platforms</li> </ul>	<ul style="list-style-type: none"> <li>• Cash flow issues</li> <li>• Support for long-distance drivers, especially cross-border</li> <li>• Industry change - consolidation, alternate fleet competition, new platforms</li> </ul>



# The Fleet market: A growing opportunity

**Global B2B spend on vehicle fuel is \$620 billion. When related spend on tolls, maintenance and mobile are included, this figures rises to \$1.5 trillion (\$175 billion in CEMEA), representing a sizable opportunity for issuers.<sup>1</sup>**

In Kazakhstan alone, with a total length of 95 thousand kilometers of road, the potential for the B2B segment is a total of 780 thousand vehicles or 1.27 trillion tenge (\$2.7 billion).<sup>2</sup> In South Africa, the potential market for B2B fleet payments is 2.9 million vehicles with a total spend of ZAR 234 billion (\$12.4 billion).<sup>3</sup>

Across the top five fleet corridors in Sub-Saharan Africa (East, West, Central, South-East and South-West), there is a total opportunity of \$40.8 billion purchase value, with 6% cross-border spend. Furthermore, with a 1.2% to 2.7% market growth per annum in the fleet vehicle population, this trend is forecast to continue for several decades, compared to more saturated regions like Western Europe.<sup>4</sup>

**\$620 billion**  
fuel spend globally

**\$1.5 trillion**  
fuel and vehicle related spend globally

**\$175 billion**  
fuel and vehicle related spend in CEMEA



1. KNI, December 2018.  
 2. © Ipsos, Kazakhstan fuel card market research, November 2023.  
 3. Ministry of Energy, 2019 Oil Company Annual Reports. Fuel Retailing Associations and Visa Global Fleet Market Sizing Model (KNI).  
 4. Africa Fleet Corridors Research Report, August 2021. East - Kenya, Uganda, Rwanda, Burundi. West - Cote d'Ivoire, Ghana, Togo, Benin, Nigeria. Central - Cameroon, CAR, Chad. South-East - South Africa (East), Zimbabwe. South-West - South Africa (West), Namibia.



## Present day fleet card usage

**Currently the fleet and fuel solutions available in the market mostly cater for enterprise businesses. The close-loop payment methods are mainly focused on fueling only and customers are still highly dependent on cash or EFTs to transact for fleet and non-fleet related transactions.**

These payment methods add a layer of complexity for fleet operators which not only impacts their day-to-day cash flow, but compromises the driver's safety and security. In other words, cash introduces unseen levels of revenue leakage.

Currently where cards, vouchers and cash are being used without a fleet management solution, fraudulent transactions are still rife with side-fueling<sup>5</sup> as the main contributor. Proving these fraud incidents is extremely difficult and holding offenders accountable for the misuse is nearly impossible.

The global focus on platform integrations, automation and digitization demonstrates that a business can be managed anytime, anywhere, anyplace. This shift in behavior has become evident in the Fleet and Mobility industry where it is clear that fleet operators, regardless of their size, seek more than just a fueling solution. These streamline trends and the wave of fintech digitization has enabled service providers to create a fleet ecosystem that addresses various customer segments, from SMB to larger fleets. This new age of delivering Fleet and Mobility Business Intelligence at the fingertips of customers, removes the cumbersome and time intensive day-to-day operational management tasks. By having this operational automation, visible expenses and driver behavior in real-time assists a business to increase their efficiency, productivity, performance and utilization.



- The fleet market is evolving, going beyond fuel spend to non-fuel spend, including tolls, parking, accommodation and dining. With enhancements to security and other features, fleet card penetration is likely to rise in the future.<sup>6</sup>
- Fleet companies also need to capture line-item data from the merchant to manage and report VAT.
- Fleet companies are increasingly gathering and using data from a variety of sources, such as telematics, to understand patterns and behaviors to manage their businesses more efficiently. This data will make it easier for these entities, and large corporations, to monitor carbon footprint and stay compliant with the regulations and sustainability efforts.
- Meanwhile, fraud continues to be an issue in fuel payments. The impact of a few bad actors creating card copies or siphoning fuel can be quite significant, particularly given the small margins made on fuel volume.
- With increasing regulation, including CO2 reporting requirements and the planned phase-out of internal combustion vehicles, the electrification of vehicles and fleets over the next 15 years is now inevitable in Europe and North America, particularly for light fleet vehicles, creating complexity for traditional fuel cards.<sup>7</sup>
- By 2035, more than 50% of revenue will be generated by electric-vehicle cards and new business models in B2B mobility and financial solutions.<sup>8</sup>
- The rise of electric vehicles means here is likely to be a significant rise in home/work charging and away from on-the-road charging.

**The biggest challenge facing our customers is the cost of doing nothing.** By remaining stagnant, businesses risk being displaced by fintech competitors offering a mobile wallet solution and displacing the secure scheme rails that can be used in multiple geographies with ease.

5. A vehicle tank and a container on the side are both filled at the same time and billed to the customer as a single transaction.

6. KNI, December 2018.

7. <https://www.europarl.europa.eu/news/en/headlines/economy/20221019STO44572/eu-ban-on-sale-of-new-petrol-and-diesel-cars-from-2035-explained>

8. <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/business-mobility-payments-on-the-road-to-change>



## Why fleet, why now?



### Favorable market trends

- Cross-border trade & domestic transportation is growing rapidly, spurred by key infrastructure investments
- Card acceptance is increasing as digital payments and fintech solutions are rapidly adopted



### Evolving fleet customer needs

- Fleets seek secure & convenient payment solutions to replace cash that is prone to fraud
- Facing cost pressures from alternate fleet competition, fleets also seek solutions that offer companies reporting to manage spend & increase fleet efficiency



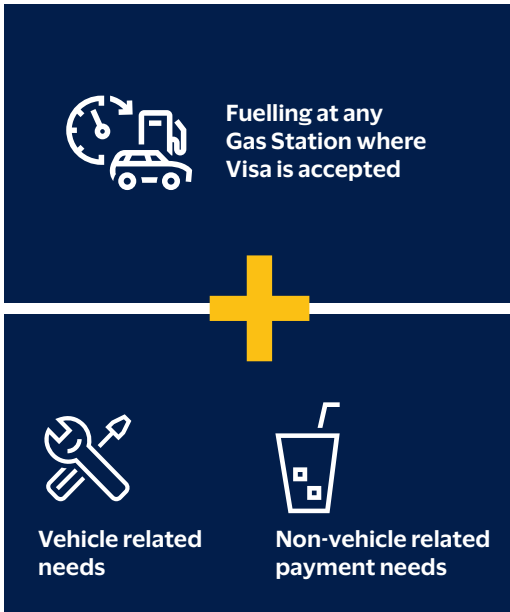
### Rapid pace of innovation

- Digital payments are growing in popularity, threatening core businesses
- Fintechs are gaining significant customer traction with end-to-end fleet management solutions



# Empowering customers to be further Fleet and Mobility operational and open-loop savvy

The Visa Fleet proposition is transforming the world of fleet related payments by extending the capabilities offered through traditional fuel cards with an operational-effective Go-to-Market (GTM) solution.



### Broader Acceptance

Visa's rails open-up payment capabilities beyond fuel.

### Control

Card parameters determine where and how the card can be used.

### Innovative Solutions

Access to contactless payment and Visa API capabilities.

### Interoperability

Payments can be made cross-border and Issuers can scale across countries.

### Latest Payment Technology

EMV addresses the fraud levels on traditional magstripe fuel cards.

### Comprehensive

Daily reporting enables easy tracking and analysis of spend and driver disbursements.

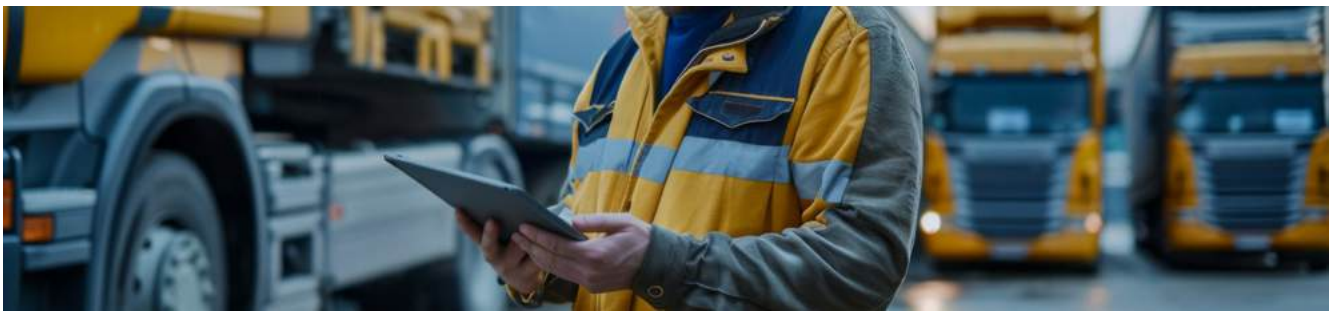
An open-loop fleet solution enables banks and organizations to exceed the expectations of business customers - this effective management of vehicle related costs can make a real difference to the performance of any business.



# Benefits to fleet customers and issuers

**The market is evolving rapidly, and customers are now seeking better Fleet solutions. Visa cards simplify the control of fuel and maintenance costs for fleets and can also facilitate additional travel purchases, offering a variety of benefits to customers, including:**

- Cost reduction – one solution for all business needs and reduced need for emergency cash
- Real-time reporting in a single platform showing a consolidated view of transactions and behaviors
- Enhanced visibility and expense control
- A tool for VAT reporting and management
- Easier payment and reconciliation for drivers
- Enhanced spend control for fleet managers
- Easy integration to mobile wallets enabling last minute purchases



## Visa Fleet Solutions offer five drivers of value to fleet card issuers:



### Revenue generation

With Visa solutions, issuers can diversify their revenue streams by capturing non-fuel spend (e.g., vehicle sundries). Issuers can accelerate their time-to-market for key services like EV support or data management tools, without needing to first build those capabilities in-house.



### Customer loyalty

Issuers can improve customer loyalty by offering convenient, frictionless and secure payment experiences. This will increase their share of wallet, allowing them to capture more value away from competitors. Issuers can also leverage Visa's enhanced data collection to develop a stronger understanding of their clients. This will enable more targeted sales and marketing efforts that will help deepen customer relationships and retain customers.



### Keeping up with innovation

Drivers and fleets will need solutions that support the coming move of payment capabilities into vehicles, – open-loop programs can uniquely meet this challenge. Additionally, with virtual card solutions, Visa can offer instant issuance so that fleet operators don't have to wait for a new physical card to be delivered.



### Operational efficiency

Visa understands that managing a closed-loop, in-house solution can be a strain on resources – including talent, time and capital. In addition, building new capabilities in-house is particularly challenging today among tightening capital budgets and competing priorities. With Visa, issuers can increase their operational efficiency significantly by offloading IT platform, processing, fraud detection and security costs to Visa.



### Risk mitigation

Finally, issuers can mitigate risks more effectively with Visa solutions. Visa's EMV technology can help reduce rates of card fraud, such as card copies. As issuers migrate to the open-loop system, they can leverage Visa's best-in-class network to ensure they do not take on any new security or fraud risk.





# Visa's strategic advantage in the fleet and payments market

**Cards designed with the potential to be used across Visa's global network, unlike closed-loop products, allow issuers of this solution to offer virtual cards to customers.**

On the back end, all transactions are treated with advanced spending controls and reporting tools. Customers can also take advantage of Visa's robust prompted data tools and enhanced Level 2 and Level 3 data collection. Designed to enhance data fields in the transaction message and address fleet needs, **Visa's Fleet 2.0 initiative** will enhance the benefits of open-loop by providing the fleet management systems of clients with more definite product category level controls, further enhance data and the ability to obtain data more quickly for real-time business decisions.

Open-loop cards are the best fit for SMB, corporate and government customers who are looking for a single, convenient payment solution that is also supported by mobile payments. The expense management capabilities and product-level controls are provided on a single platform that can be integrated into their customer's systems, supported by Visa.



**Our unique proposition in the global market is our single...**



...Platform



...Integration Point



...Customer Interface



...Ecosystem

Powered by payments, technology and integrated data.



# Visa Fleet support

Visa's approach focuses on **Fleet proposition design, support in implementation and launch, and growing existing portfolios for different fleet segments.**



## Larger/Long Distance Trucking Fleet

World-class integrated payments and Fleet Management Solution



## SMB Fleet

Mobile and EMV card payment solutions and tailored Fleet Expense Management



## Micro Fleet

Innovative Frictionless Payment Solution and Digital Enablement

Let us share our knowledge and experience with you to co-create a subscription management service that can strengthen and deepen your relationship with your customers.

Visa can work with you to deliver against all the requirements for a new Fleet proposition that works in this evolving industry. This can include defining the scope of work, initiating the project, growth and streamlining.



### Design

#### Building the foundations and convert insights into actionable plan

- Fleet market potential
- Clients needs and profile
- Benchmarking
- Proposition design and high-level implementation assessment
- Business Model



### Implementation & Launch

#### Bring the solution to the market

- Go to market
- Execution
- Current portfolio Migration support



### Growth

#### Customer lifecycle management

- Drive engagement and loyalty
- Deep dive on activation, usage and retention to ensure portfolio growth

**See the following case study** for an example of how Visa's end-to-end solution helped a leading South African issuer improve its fleet offering and performance.



# Case study:

## A recent assignment for a leading South African-based issuer

VCA worked with one of the South Africa’s best-known names in commercial payments to develop a new customer value proposition (CVP), with a focus on improving its fleet-related solutions and giving it a sharper competitive edge.

### The challenge

The client wanted to understand the business opportunity of improving its fleet payments proposition, and VCA set out to answer four key questions:

1. **What are the expectations of today’s customers for a best-in-class fleet proposition?**
2. **What features are needed to be successful in the fleet space?**
3. **What additional features could give the client a truly differentiating proposition?**
4. **What are the key revenue drivers and the extent of the business opportunity?**

### The VCA approach

The VCA team devised a three-phased approach:

#### 1. Discovery

Facilitate a series of workshops to identify the client’s vision for the proposition, benchmark and highlight fleet opportunities through:

- Market landscape analysis
- Visioning workshop
- Commercial opportunity

#### 2. Design

Produce a consolidated view of findings from across discovery phase that enabled a simpler way to understand which customer needs were already being met and which required further work.

#### 3. Definition

Finalize a refreshed CVP recommendation for the fleet proposition with a high-level implementation roadmap and recommendations on which areas should be prioritized.

### The deliverables

The client benefited from three key deliverables:

#### 1. Market landscape analysis

The client was compared to its peers and the best-practice elements of CVPs that target the fleet segment were identified.

#### 2. Visioning session

The client was enabled to think from the customer’s perspective and to determine what it wanted its proposition to be known for.

#### 3. Commercial analysis

The client was provided with an in-depth view of the commercial opportunity in the fleet space, including key gaps that needed to be filled.





# How Visa Consulting & Analytics can help

To discover more opportunities with fleet and fuel, contact your local Consulting & Analytics representatives, or contact one of our subject matter experts directly (see opposite).

Alternatively, you can reach out to your Visa Account Executive, send an email to **VCA@Visa.com** or visit us at **Visa.com/VCA**.



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## About Visa Consulting & Analytics

We are a global team of hundreds of payments consultants, data scientists and economists across six continents.

- Our consultants are experts in strategy, product, portfolio management, risk, digital and more with decades of experience in the payments industry.
- Our data scientists are experts in statistics, advanced analytics, and machine learning, with exclusive access to insights from VisaNet, one of the largest payment networks in the world.
- Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.

The combination of our deep payments consulting expertise, our economic intelligence and our breadth of data allows us to identify actionable insights and recommendations that drive better business decisions.

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