RESILIENT CITIES SHAPING A DIGITAL WORLD

Latin America and The Caribbean Edition
Executive Summary
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VISA | GLOBAL RESILIENT CITIES NETWORK

Resilient Cities Shaping a Digital World-Executive Summary
Latin America and the Caribbean Edition, 2020

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PREFACE

On February of 2020, during the 10th World Urban Forum (WUF) in Abu Dhabi, Visa and the Resilient Cities Network announced their partnership to help cities develop their digital infrastructure that can build and further resilience across Latin American cities. Digital transformations have gained relevance as an enabler of resilience in recent years, which has been accelerated by the pandemic as people have started changing the way they access services, interact and navigate spaces. The program "Digital Cities Shaping a Digital World", through collaborative work, will support cities to deploy digital solutions as part of their resilience strategy, with a special focus on urban mobility as a catalyst to accelerate these changes.

This is the Executive Summary of the Concept Paper that was developed as a vital tool for the program and that builds the foundation of the collaborative work, as it takes the first steps toward understanding the challenges and opportunities of Latin American cities from a digital lens – to be better able to take more informed resilient actions.

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DIGITAL CITIES OF TOMORROW

Urbanization in Latin America is expected to reach 90% by 2050.[1] Citizens are moving to cities to prosper from commercial and economic activities. The expected population explosion, combined with the bustling, fast-paced life of cities will make them vulnerable to shocks and stresses. Shocks include natural disasters, disease outbreaks etc., while stresses can manifest in the form of economic vulnerabilities, social injustices and compromised management systems.

In order to prepare against such shocks and stresses and minimize disruption, cities need to become *resilient* so that they can prevent, minimize and effectively manage these scenarios. In fact, to survive, adapt and grow through shocks and stresses, such resilience practices must be supported by a strong underlying foundation of *adaptability*. Adaptive resilience or the ability to be prepared for and respond to the city's unique challenges and problems helps maximize benefits for cities.

Digital transformation is a key enabler of such adaptive resilience. It is a one-stop solution for preparing for disasters and calamities (through early warning data-enabled forecast systems) or improving citizen involvement (through digital platforms) among others. Digital practices increase adaptiveness of a city's management capabilities and processes by shortening time to acquire information and increasing agility. Such a transformation *also entails digital inclusion of citizens by empowering them socially and economically through digital tools and infrastructure*. As a result, citizens can contribute to wealth creation through widespread participation in economic activities. Digital inclusion is also catalyzing long overdue human-centric, technologically inclusive cities.

COVID-19 has forced local governments to rethink the functioning of several services and industries including healthcare, manufacturing, food supplies, education, security, payments, transportation etc. In fact, in a world of social distancing, digital processes help keep the economy operational. Delivery-based offerings, contactless, online/mobile payments and digital government processes are some of the areas experiencing significant changes. For example, innovative digital ways

Digital inclusion is key to catalyzing long overdue human-centric, technologically inclusive cities.

[1] World Economic Forum

for fund disbursement are being designed and deployed during COVID-19. In Dominican Republic, governmental agencies turned national identity cards into payment cards for letting vulnerable groups make use of the government COVID-19 subsidy.

There is an *early shift in consumer behaviour towards use of contactless* and card-not-present payments. For example, circulation of Visa contactless cards in Latin America and the Caribbean has tripled, as of March 2020, compared to a year ago.[2] Markets such as Costa Rica and Chile are leading the penetration of contactless payments, with more than 50% of face-to-face payments made in March 2020, being contactless.[3] Additionally, more than 13 million cardholders (or 2 out of 10 active cardholders), made their first e-commerce transaction during COVID-19 in key markets of the region.[4]

Today, most cities in Latin America and the Caribbean have a *conducive environment* for widespread digital inclusion, even though they are currently in early stages. As many as 67% of Latin Americans owned a mobile phone in 2018.[5] The region also benefits from strong internet infrastructure with only 7% of the population lying outside the connectivity of mobile broadband services.[6] Still, any plans for digital inclusion need to consider some persistent challenges. These include lack of feeling of security while using the internet, low incentives to use digital platforms, low accessibility and affordability and lack of digital education, among others. In addition, high variations in socio-economic attributes also need to be considered while designing solutions for digital inclusion.

The omnipresent nature of payments in the lives of citizens makes it powerful for driving digital inclusion; adoption of digital and electronic payments can promote its widespread prevalence. Currently, several countries within the region continue to be reliant on cash usage despite efforts of governments to promote banking and financial inclusion. New ways to replace cash, smartphone-enabled payments, and promotion of other inclusive payment methods, can help empower excluded populations at the grassroot level.

It is estimated that cities globally can uncover potential benefits of USD 470B from adoption of digital payments.[7] These

benefits are derived from increased transparency and practicality of financial transactions, feeling of security and convenience, and enhanced agility of operations.

Enabling digital payments within public transportation systems can also drive widespread digital inclusion. Today, public transportation accounts for 45% of all modes of transportation in Latin America.[8] Smart transit cards, open loop electronic payments, mobile taps etc., are proven ways to transform and drive inclusion.

Despite digitizing processes and systems, a *city cannot truly become technologically inclusive without harnessing the power of data it produces*. A data layer supported by strong governance, security protocols and robust management is a key enabler. Hence, governments must put their efforts into building a data foundation with proper security and protection measures in place, comprising of different sources of internal and external data.

One potential source of such external data lies with business organizations who possess deep citizen knowledge. *Anonymized transactional records* can be informative; local governments can harness the benefit of this information by partnering with private players to deliver solutions for citizens, particularly the vulnerable sections.

COVID-19 has accelerated **digital transformation of cities** and increased adoption of contactless and low touch solutions.

For example, as cities restart and rebuild their economy amidst COVID-19, payment transactions and mobility information can provide insights needed by local governments to decide which industries to open first, and how to manage public transport systems effectively.

Lastly, *city governments should partner with citizens, businesses, start-ups, fintechs, academia, etc.*, to foster a collaborative ecosystem and create a customized palette of solutions. The systematic construction of the modern age digital city cannot be done by policy makers and government entities alone. The spectrum of digital transformation is rather large; cities can start off by realizing some quick wins by adopting pre-made solutions as stepping stones to a more nuanced journey. These can be successful initiatives that have benefited other geographies. These efforts should be combined with venues and platforms for open dialogue, learning and understanding to foster an inclusive approach to problem solving.

The challenges encompassing cities will only grow as populations expand and systems become overburdened with increased usage. *Now, more than ever, is the best time for cities to engage in far-reaching digital transformation.* Visa and the Resilient Cities Network – a city led organization driving urban resilience – have pioneered the program "Resilient Cities Shaping a Digital World" to support cities in addressing their most pressing challenges and generating a positive impact through the right infrastructure for digital transformation.

The call for cities is to *turn themselves into intelligence centers - bustling with economic and social prosperity – that are ready to take on challenges and stresses as they come.* The digital world is fast approaching, and innovative, tactical and modern solutions, designed and implemented through a resilience lens, are potential windows of opportunities that could benefit one and all.

Innovative digital solutions to make a city more resilient require collaboration of the **public sector, private groups** and other **stakeholders** representing citizens.

About Visa Inc.
Visa Inc. (NYSE: V) is the world's leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network - enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second. The company's relentless focus on innovation is a catalyst for the rapid growth of digital commerce on any device for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce. For more information, visit About Visa, visa.com/blog and @VisaNews.

About Resilient Cities Network
Resilient Cities Network is a city-led organization comprising of 97 member cities in over 40 countries, that drives urban resilience action to protect vulnerable communities from climate change and other physical, social and economic adversities. With support from The Rockefeller Foundation and other partners, Resilient Cities Network gathers a global network of City Chief Resilience Officers dedicated to future-proofing their communities and critical infrastructure from acute shocks and chronic stresses. In connection with a wide range of partners from the public and private sectors, Resilient Cities Network is the leading organization acting to create a safer and more equitable urban future.

Resilient Cities Network includes the following member cities in Latin America and the Caribbean: Ciudad Juárez, Municipality of Colima, Metropolitan Guadalajara and Mexico City, in Mexico; Santiago de los Caballeros in Dominican Republic; San Juan in Puerto Rico; Panama City, in Panama; Cali and Medellin in Colombia; Quito in Ecuador; Salvador, Rio de Janeiro and Porto Alegre in Brazil; Montevideo in Uruguay; Santiago Metropolitan Region in Chile and Santa Fe and Buenos Aires in Argentina.

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