

FORWARD TOGETHER

In conversation with VEON's co-Chief Executive Officers



Sergi Herrero & Kaan Terzioğlu
Co-CEOs

Formerly Facebook's Global Director of Payments and Commerce Partnerships, Sergi Herrero joined VEON in July 2019 to lead VEON Ventures, a new division of the Group tasked with defining VEON's growth ambitions beyond traditional connectivity services. Sergi's expertise in digital payments, which included overseeing the launch of payment platforms for Messenger, WhatsApp and Instagram, now pairs with that of Kaan Terzioğlu as co-Chief Executive Officer following their respective appointments to the joint role in March 2020.



Sergi Herrero
Co-CEO

Here, Sergi shares his views on VEON's digital strategy and how he sees the Group's services transforming the experiences of our customers.

Q. How does VEON's strategy framework shape your day-to-day management of our business?

A. A key message of our strategy framework is that we are no longer just a telecoms company. What we call connectivity – our basic voice, fixed line and access data services – will always be a feature of what we do. But our future growth will be defined by a host of other, very different customer experiences – what we refer to as new services and future assets – from digital access to financial products to a growing range of data-driven predictive services.

These are where we see the greatest opportunity to add incremental value over time, particularly in areas where we are currently hosting third-party services which so often lack the tailored experience we could bring to these through a better understanding of our customers.

There is no single solution here. In some markets, we will own those services, as we do with JazzCash in Pakistan. Elsewhere, we may defer to the expertise of others and provide them with the scale,

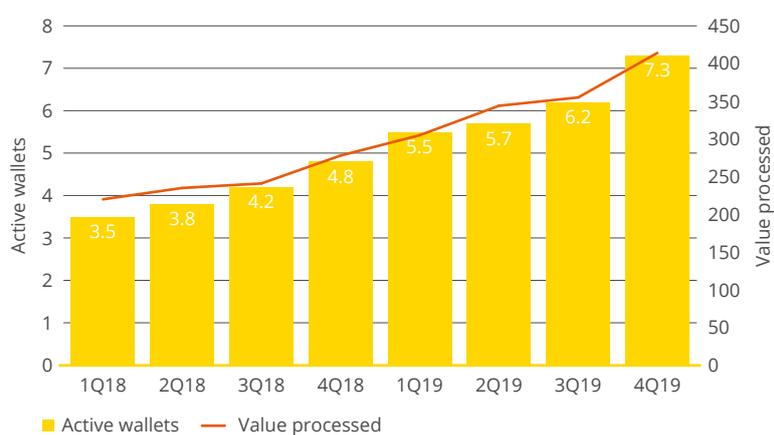
capacity, compliance and localisation resources of our networks. And occasionally we may partner with – and perhaps invest directly in – companies and assets that have the potential to add scale to our existing capabilities or to define a future product offering. This is where VEON Ventures – the new business division I led when I joined VEON last summer – will take the lead, prospecting, conducting due diligence on and nurturing assets with the potential to transform the VEON of the future.

Overall, we must be a products-based business built around our customers, who will always be at the centre of what we do. That means solving their real day-to-day problems through services that go beyond basic communications and help to bring about wider community benefits – digitising KYC procedures and helping to eliminate money laundering through digital financial services, for example. Or, more immediately, the repurposing of our self-care applications with COVID-19 information to help our customers deal with the current pandemic.

“ We are no longer just a telecoms company. Our future growth will be defined by a host of other, very different customer experiences – what we refer to as new services and future assets – from digital access to financial products to a growing range of data-driven predictive services. ”

VEON: Digital financial services in Pakistan

of Active Wallets (millions) / Total Value Processed (PKR billions)



“ To be successful we must listen to our customers – to what they like, dislike and what they lack – and develop the products and resources to match. Follow that rule and there should always be an audience for our services. ”

Q. How can services like digital financial services (DFS) in Pakistan bring about social and economic empowerment in the markets they serve?

A. Our DFS business in Pakistan, JazzCash, is a great example of how connectivity services can bridge the access divide in an entirely different sector – in this instance, financial services.

VEON operates in some of the world's most unbanked nations. In half our markets, more than half of the adult population has no bank account. Pakistan tops this list, with around 80% of men and close to 95% of women without basic banking access. Bridging this gap by offering access to financial services through a mobile

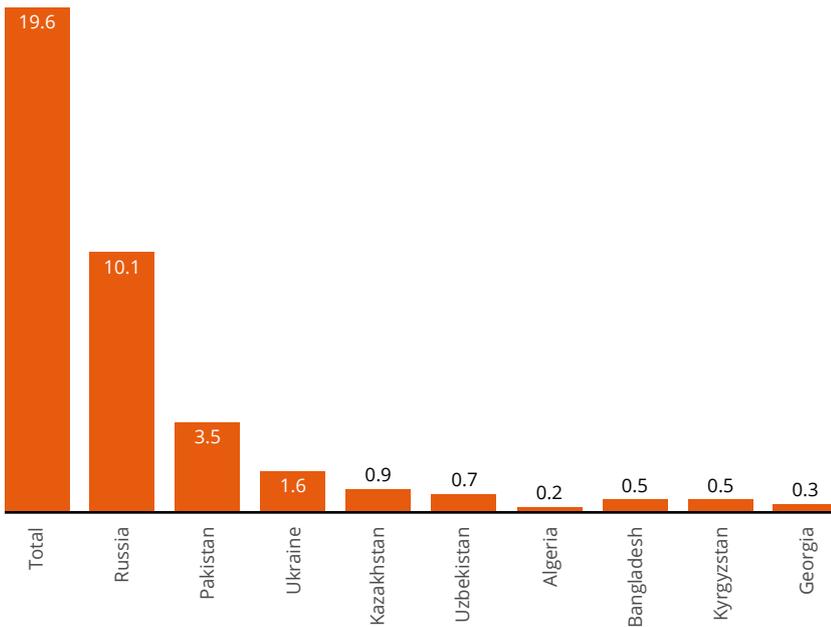
phone goes beyond the convenience benefit and has the potential to change people's social and financial circumstances profoundly.

JazzCash is a branchless banking service provider and currently makes up over 16% of all bank accounts in Pakistan. It has the ability to benefit all members of society, including minority groups and those in rural areas. The empowerment this can bring about is massive, from the simple ability of individuals and small businesses to send money instantaneously to the greater inclusion of women in the financial economy, who previously needed to pass money through the men in their families but now have direct control over their finances.

Expanding digital routes and deploying new services

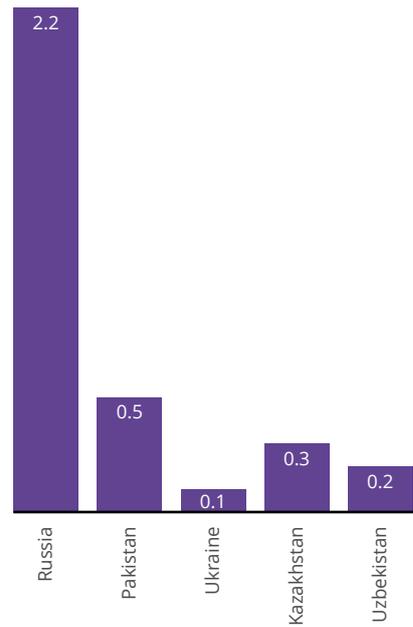
Ecosystems (self-care apps)

MAU¹
(million)



Content (TV)

TV MAU¹
(million)



Q. Other than financial services, what other activities can you see VEON's digital services transforming?

A. DFS is only the beginning of our journey into new services. Over time, any activity that can be readily accessed via our networks and demands the type of problem-solving that lends itself to big data processing through artificial intelligence will be within our reach.

Cloud storage and data security are already part of our product offering. Predictive content services like Beeline TV in Russia are another example, where I see scope for us to negotiate direct partnerships with local studios in order to serve our customers with captive content and early access to the latest movies and

mini-series. And although we don't find the low margin opportunities of fulfilment businesses like Amazon attractive, I can certainly see how our capabilities in geolocation and the machine-to-machine IoT services we may develop for a 5G world could act as enablers of these businesses in the local markets in which we operate.

Q. How do you view the relationship between over-the-top (OTT) service providers and mobile operators? Where should our expertise end and theirs begin?

A. I no longer see a distinction between what these types of companies can offer their customers. We have no desire to be the next Facebook, but if for example unencrypted social messaging is an

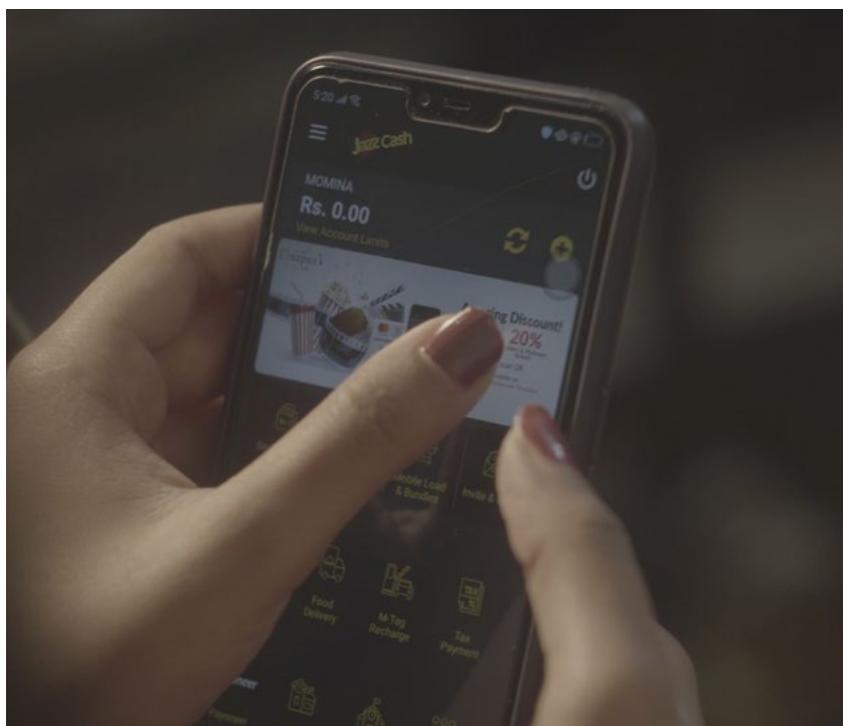
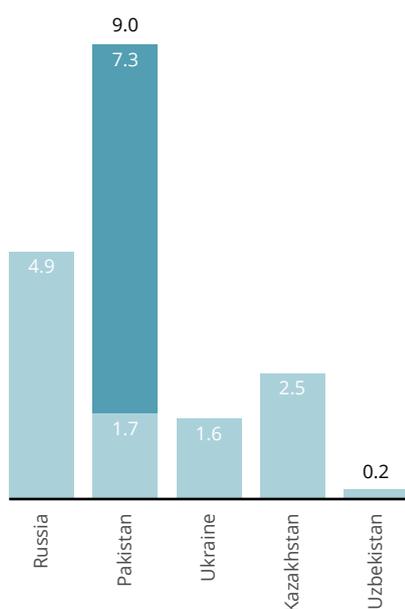
unmet need in a market we serve, we would certainly prospect that opportunity.

The crucial point is that ours is a digital services company built around the competitive advantage of large, regulated connectivity networks in multiple markets. How we choose to configure services within these should draw no distinction between our expertise and that of other companies. To be successful we must listen to our customers – to what they like, dislike and what they lack – and develop the products and resources to match. Follow that rule and there should always be an audience for our services.

Sergi Herrero
Co-CEO

**Financial services
(MFS², DFS)**

**Total MFS users
(and digital wallets)³
(million)**



1. MAU refers to Monthly Active Users. All values as at end-December 2019.
2. MFS (mobile financial services) is a variety of innovative services, such as mobile commerce or m-commerce, that use a mobile phone as the primary payment user interface and allow mobile customers to conduct money transfers to pay for items such as goods at an online store, utility payments, fines and state fees, loan repayments, domestic and international remittances, mobile insurance and tickets for air and rail travel, each via their mobile phone.
3. Total MFS users in Pakistan amount to 9.0 million of which 7.3 are digital wallets.