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Dear customers and partners,
Dear readers,

Viseca was able to build on the previous year's successes in 2023. The transaction volume rose from CHF 23.8 billion in the previous year to CHF 35.0 billion, just over half of which was generated with new debit products. At the end of 2023, Viseca was offering services for over 4.2 million debit and credit cards. Viseca's revenue rose by 0.7% to CHF 504.6 million, and profit increased from CHF 118.4 million to CHF 119.6 million, with the 2022 result still including significant positive special effects.



Pascal Niquille

Max Schönholzer

As expected, the strong card growth has weakened, since most Swiss banks have now introduced the new debit products. However, the payment market is still very much in flux. In 2023, the transaction volumes of Twint and debit cards increased significantly, while credit cards hardly increased at all from the second quarter onwards. In this environment, Viseca was nevertheless able to increase its market share for debit and credit cards. We are pleased that we were able to renew numerous contracts in both the credit and debit business, some of which have been in place for many years, and this gives us stability for the future.

In terms of products and services, we were once again able to set milestones last year. Together with a customer bank, we were able to launch the first virtual debit card. Virtualisation of payment cards will continue to gain in importance, which makes this first successful step all the more important for us.

At the "Best of Swiss Web Awards", we

were honoured with two silver awards in the "Technology" and "Digital Commerce" categories for the digital onboarding of the Migros Cumulus credit card. In 2024, we will implement this digital onboarding process in the one app for another customer.

We also made great progress last year with work on the renewal of the Gold and Silver credit cards for private customers. The relaunch of these two crucial earnings pillars boosts customer benefits, just as the relaunch of the Platinum credit card did around two years ago. This has paid off in the form of significant growth in cards and transactions.

The number of fraud attempts has risen sharply in the past year, so Viseca has continued to invest heavily in systems and resources to combat fraud in 2023. The debit banks in particular appreciate the Carefree package that Viseca offers in terms of fraud analysis and case processing, which frees them from having to build up internal resources.

We have also invested significantly in further enhancing cybersecurity over the past twelve months, and we have tested initial applications in the fields of robotics and AI. We see great potential in these technologies for further improving our systems and processes.

Viseca has now taken a structured approach to the topic of sustainability, with sustainability reporting developed as part of this. To reduce the use of plastic, the card term was increased from three to five years, which will reduce plastic consumption by 40% in the medium term. In addition, recycled plastic will be used almost exclusively for cards in future.

In order to strengthen our customer focus and quality going forward, we have launched the Viseca Payment Academy – an internal training initiative centred around payment topics. After management staff were initially able to benefit from this last year, we will make the course modules available to all employees in 2024.

In October 2023, after a break during the period of negative interest rates, Viseca once again placed a bond on the Swiss capital market. This was in response to the change in the interest rate environment and the strong growth in payment cards in recent years. The bond also broadens Viseca's financing base.

Pedro Chapinal was elected to the Board of Directors of Viseca Payment Services SA at the Annual General Meeting on 1 June 2023. He replaces Rudolf Dudler, who has been with Viseca since its foundation. We also welcome

Stefan Brunner as a member of the Executive Board in the newly created position of Chief Product Officer. He takes up his position as of 1 March 2024 and will continue to drive forward the digitalisation of Viseca in the interests of our customers.

We would like to thank our cardholders for the great trust they place in us – this is the basis of our success. Our thanks also go to our customer banks for their great support and constructive cooperation. And to our employees, we would like to express our sincere thanks for their tireless and professional commitment to serving our customers.



Pascal Niquille

Chairman of the Board of Directors



Max Schönholzer

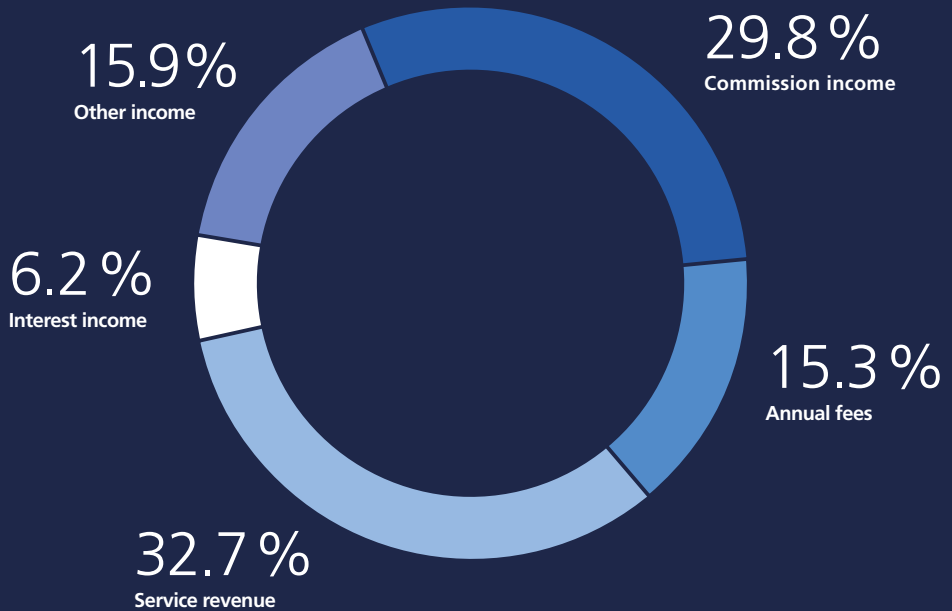
Chief Executive Officer

Number of Viseca cards in circulation

4.2 million

At a glance

Distribution of revenue



CHF million
1,527

Total assets

As at 31 December 2023, total assets stood at CHF 1,527.4 million, compared to CHF 1,204.1 million in the previous year.

77

4,248,696

Payment cards

Viseca payment cards in circulation as at 31 December 2023, an increase of 4.2% compared to the previous year.

CHF million
783

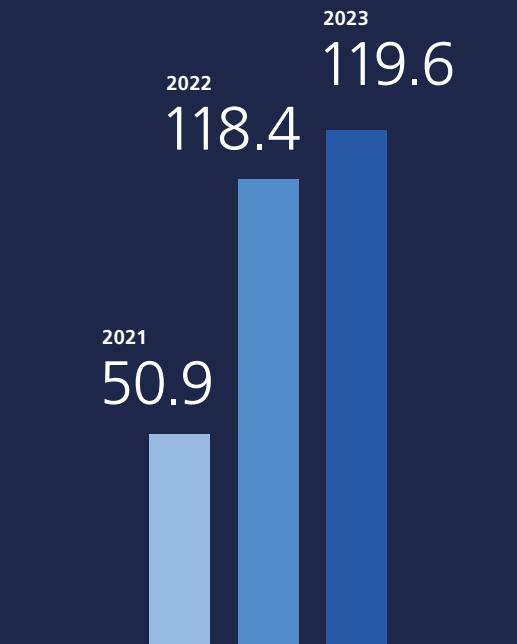
Equity

This was the equity amount as at 31 December 2023, which corresponds to a solid equity ratio of 51.3%.

Employees

People employed by Viseca as at 31 December 2023 (full-time equivalents), compared to 762 employees at the end of 2022.

4

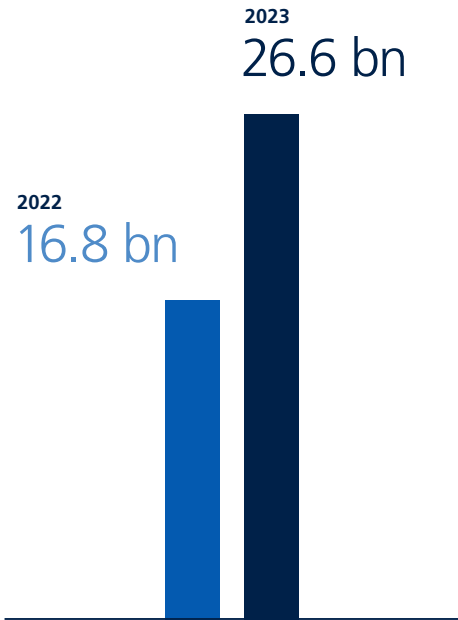


Profit for the period in CHF million

As at 31 December 2023, consolidated profit was CHF 119.6 million compared to CHF 118.4 million in the previous year.

A solid 2023 with good prospects for Viseca

After the record year of 2022, growth levelled off somewhat last year, as expected. This is due, not least, to the fact that the migration to the new generation of debit cards in the Swiss market is almost complete. Together with consistent cost management, this resulted in a slight increase in both revenue and profit for the period. There is a clear shift in the distribution of income in favour of service income – a consequence of the expanded business model. The card portfolio continued to increase in 2023, albeit to a lesser extent than in the previous years, and now stands at 4.2 million payment cards. Viseca is confident about 2024.



Domestic transaction turnover in CHF

Revenue and profit for the period remained stable in 2023: compared to the previous year, revenue increased by 0.7% to CHF 504.6 million (2022: CHF 501.2 million), while the profit for the period of CHF 119.6 million was 1.0% higher than in the previous year (2022: CHF 118.4 million). The stable financial position is due to consistent cost management. The shift in the distribution of income in favour of service income, which could already be observed in 2022, was further accentuated last year: while service income increased by 96.1% to CHF 165.2 million, commission income (-9.8%), annual fees (-31.0%) and other operating income (-25.1%) fell. The latter had still benefited from various one-off special effects in 2022 that ceased to apply in 2023. Interest income increased by 0.2%. The shift in earnings is due to the division of the business into an issuing and a service division: the various migrations to the issuer model in 2022

were fully recognised in income for the first time last year.

Significant increase in transaction turnover

The transaction volume for the 2023 financial year amounted to CHF 35,040 million, representing an increase of 47.2% compared to the previous year (2022: CHF 23,807 million). The structural change resulting from the expanded business model can be observed here, too: Visa's business success no longer depends solely on card use, as service income is largely independent of transaction volumes. Visa is therefore more crisis-resistant today than it was a few years ago. The year-on-year increase in the debit business of 95.9% was particularly significant, with increases in the "Services", "Travel" and "Entertainment" segments in particular. Once again, the transaction volume increased across all geographical segments: growth was 58.2% domestically, 19.0% in the eurozone and 30.5% in the rest of the world.

Growth in the card portfolio has levelled off considerably compared to the previous year: as at 31 December 2023, 4,248,696 Visa payment cards were in circulation (2022: 4,077,896). This corresponds to an increase of 4.2%. This is primarily due to the issue of new Cumulus credit cards and organic growth in debit cards. As at 31 December 2023, Visa had 774 employees (full-time equivalents), compared to 762 employees at the end of 2022.

Solid capitalisation

Total assets amounted to CHF 1,527.4 million as at 31 December 2023, compared to CHF 1,204.1 million in the previous year. Equity amounted to CHF 783.3 million, which corresponds to an equity ratio of 51.3% as at the reporting date. This means that the equity ratio is slightly below the previous year (2022: 58.4%). During the month, the equity ratio falls to around 35–40%. These fluctuations are the result of card receivables accruing, which are financed by Viseca in the interim by means of bank loans. At the end of each month, the card receivables are settled by the cardholders. In this context, Viseca issued a 2.25% bond for CHF 250 million on 27 October 2023. By issuing the new bond, Viseca is broadening its financing base and laying the financial foundations for further growth in the coming years. This means that Viseca is also active on the capital market again, having refrained from capital market financing since July 2021 due to negative interest rates.

Outlook for 2024

Viseca is confident about 2024. The expanded business model has proven its worth over the past two and a half years and is now a key financial success factor. This area is likely to grow even further in the future. In addition, innovations in relation to existing card products are planned for the current year.

On 1 March 2024 Stefan Brunner also joined Viseca from UBS. In his role as Chief Product Officer, he and his teams will continue to drive forward the digitalisation of the company. Viseca is thus ideally positioned to continue to play a leading role in the Swiss payment market in the future, enabling Swiss cardholders to make cashless payments anytime and anywhere – simply, securely and conveniently.

Growth in the eurozone

19.0 %

Income statement and balance sheet

Viseca can look back on a successful 2023. Revenue and earnings were slightly higher than in the previous year. The balance sheet total also increased, while the equity ratio came in slightly lower than in 2022 at 51.3%.

Consolidated income statement as at 31.12.2023

in CHF thousand	31.12.2023	31.12.2022
Operating income	504,555	501,237
Operating expenses	-357,446	-368,128
Operating result	147,109	133,109
Financial performance	1,663	-627
Non-operating result	0	4,264
Profit before income tax	148,772	136,746
Income taxes	-29,188	-18,332
Profit for the period	119,584	118,414
in % of operating income	23.7%	23.6%

Consolidated balance sheet as at 31.12.2023

in CHF thousand	31.12.2023	31.12.2022
Assets		
Current assets	1,508,625	1,188,232
Non-current assets	18,773	15,818
Total assets	1,527,398	1,204,050
Liabilities		
Current liabilities	471,119	477,663
Non-current liabilities	272,978	22,670
Equity*	783,301	703,717
Total liabilities	1,527,398	1,204,050
*in % of total assets	51.3%	58.4%

AI and robotics serving customers

Everyone's talking about ChatGPT. But the big question is: are the new technologies a blessing or a curse? Viseca has already been working with machine learning models for many years to control and optimise processes, and experience has shown that the benefits are undisputed. The effects are advantageous both for Viseca customers and our employees, so Viseca sees great potential for further improvements in the new technologies.

How long has Viseca been working on AI and robotics?

Stefan Kämpfer: Viseca has been using machine learning scoring models to manage critical processes since it was founded in 2000 – for example, to recognise customer relationships at risk of default at an early stage or to identify fraudulent transactions. Machine learning models have also been used since the beginning to optimise the impact of marketing campaigns. The use of modern language models – also known as large language models (LLM) – began around two years ago as part of the optimisation and automation of processes in customer service. For a good two years now, we have also been working with robotics to automate simple and repetitive work processes.

Why is the topic important for Viseca?

Herbert Bucheli: Applications based on the new language models such as ChatGPT or GitHub Copilot and robotics open up previously unimagined possibilities for supporting employees in their daily work. In addition to increasing efficiency, this includes in particular the automation of repetitive tasks and thus job enrichment for individual employees. AI and robotics could also be used to significantly improve the quality of processes.

Where does Viseca see potential in the use of new technologies?

Nadine Hutter: A particularly promising area is processes and tasks with repetitive workflows – such as the automatic checking, processing and summarising of documents or the automated generation of texts for documents and code in software development. But we also see a lot of potential for improvements using AI and robotics in the processing of customer enquiries, for example for the automated recognition of concerns.



Herbert Bucheli,
PhD, Head Business
Analytics Services

“Viseca is already using AI technologies very successfully to recognise fraudulent transactions and manage credit risks.”

What specific initiatives have already been implemented?

Herbert Bucheli: Viseca is already using AI technologies very successfully to recognise fraudulent transactions and manage credit risks. We are continuously developing these capabilities in line with technological innovations. For example, Viseca uses the machine learning technology on which the language models are based to automatically check credit agreements (see p. 16). We have also realised various applications based on robotics, which support employees in creating reports or processing postal returns, for example.



Nadine Hutter, Head Operations Excellence and Stefan Kämpfer, Chief Customer Officer

“The use of AI technologies enables a significantly improved customer experience thanks to efficient, optimised processes.”

What is Viseca currently working on?

Nadine Hutter: Further applications are in the pipeline. These include an intelligent expert system based on ChatGPT to support our agents with daily enquiries, automated recognition of customer concerns in e-mails or contact forms, and automatic recognition and reading of passport and ID copies. These AI initiatives are driven forward in interdisciplinary working groups with employees from different areas.

Of course, we are constantly monitoring the rapid development of the technology so that we are able to recognise further potential applications at an early stage.

How do Viseca’s customers benefit?

Nadine Hutter: Artificial intelligence is changing the way customers interact with a company’s customer service. The use of AI technologies enables a significantly improved customer experience thanks to efficient, optimised processes. Information is thus available to customers faster, more easily and around the clock – and on various channels. This enables us to fulfil our customers’ requests even faster.

Where are there particular challenges?

Herbert Bucheli: One of the key challenges in using AI effectively is taking into account the limitations of the individual models. ChatGPT, for example, has been trained to generate linguistically correct responses that make sense in a specific context. But these don’t necessarily have to be correct in terms of content, so you always need to be aware of this when developing an app based on ChatGPT, for example. However, consistent compliance with legal requirements – the Data Protection Act, for example – must also be taken into account at all times.

Stefan Kämpfer: In addition to regulating the use of AI through appropriate terms of use, it is therefore essential to systematically train employees in the optimal use of AI technologies. This affects all employees – from customer service and marketing to software development. They all need to be trained and supported – for the benefit of our customers.



We're always on the lookout for motivated colleagues



Would you like to know what we get up to here?
Then take a look at our company video.

Automated document verification thanks to artificial intelligence

When a credit card is issued, there are various documents that need to be checked. First, there is the credit card application and the associated ID documents. On top of this, with a lot of credit cards the cardholder can arrange an option to pay by instalments in addition to the standard contract. This allows them to pay bills with partial instalments. To do so, applicants need to complete an additional form, which Visa employees must then check for completeness. It's a monotonous, manual process. To speed things up, Visa has developed a programme for automated document verification using AI.



Why do by hand what a machine can do? The manual checking of credit card application forms and other documents is often a time-consuming, repetitive process that nevertheless requires a high level of attention. Not very exciting, and tiring in the long run. This also applies to the instalment option form. Checking a single document doesn't take very long, but if a major migration is pending and several thousand applications suddenly need checking every day, the volume of documents to be checked

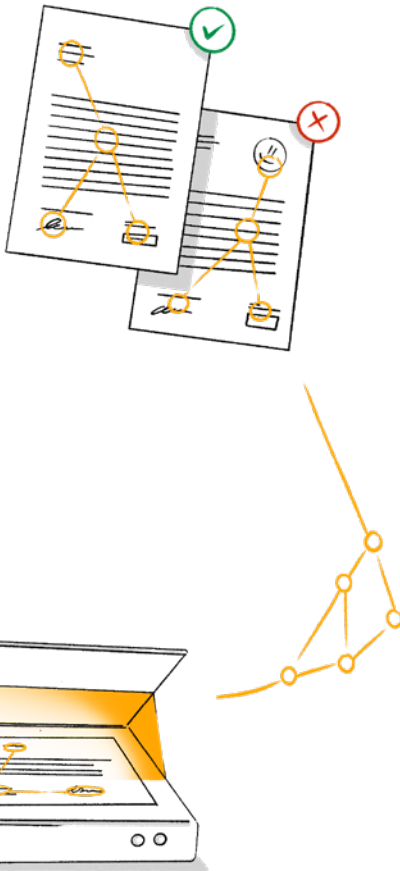
Internal software development based on AI

At the beginning of 2023, an interdisciplinary team at Viseca, consisting of experts from the fields of data science, process management, IT and operations, took on this challenge. The aim was to develop a programme for the fully automated checking of instalment option forms. The key challenge here: how does the software distinguish between the necessary handwritten information – place, date and signature – and other handwritten notes that are prohibited? The solution was a combination of computer vision, the automated comparison of an existing document with predefined templates and a YOLO model for recognising objects in images (see illustration).

The first prototype was ready in a few months, and it exceeded all expectations – after a short test phase, the programme has been in productive use since the end of August 2023. Tens of thousands of forms have already been successfully checked. This has not only enabled us to significantly improve the processing of forms as part of the card application process, but also and in particular to reduce our employees' workload. Instead of manually checking documents, they can now spend more of their time where it really adds value – serving our customers.

can quickly become overwhelming.

The required check is very simple: has the customer added handwritten notes or crossed out passages? Then the contract is invalid. If nothing has been changed and the document is signed, including date and location, then the instalment agreement is valid. A few clicks, a glance at the document – and the check is done. An ideal case for automated data verification based on image recognition and artificial intelligence.



Happy customers thanks to AI

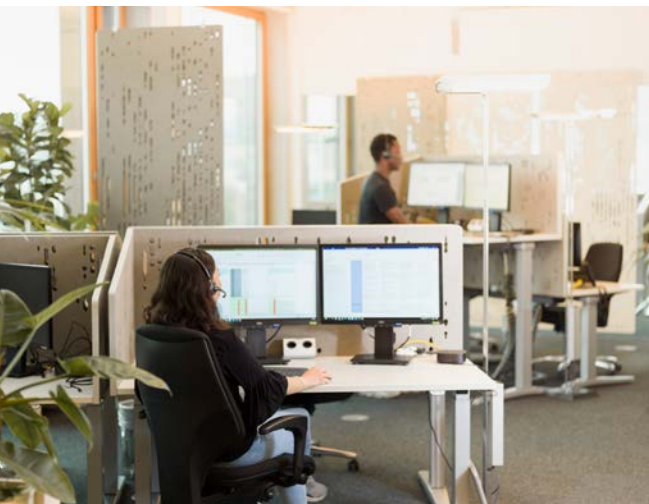
Today, customer service is more important than ever: customers' concerns are becoming increasingly diverse and complex. At the same time, the number of enquiries has been constantly increasing. The result? Ever more pressure on customer service employees. To counteract this, Viseca is increasingly relying on artificial intelligence.

A classic example of this is the processing of written enquiries via e-mail or a contact form. Even just sifting through the incoming correspondence and allocating it according to concerns is a time-consuming manual process, but it's necessary to ensure that the right specialists deal with the respective issue. The customer has not seen any benefit at this point, and this is where artificial intelligence comes into play: new approaches using large language models (LLMs), on which ChatGPT is also based, enable the automated allocation of written correspondence to the responsible specialists.

Large language models serving customers

How does it work? Specially developed software scans the content of the enquiry and compares it with a list of historically grown categories such as "cancellation", "limit adjustment" or "billing questions". The software is based on an LLM that has been trained on very large volumes of data and is able to recognise complex linguistic relationships. The software also learns with every enquiry processed. If a clear allocation to a category is made, the e-mail is forwarded to the relevant specialists in a matter of seconds. Otherwise, the enquiry is sent for manual processing.

And what do customers get out of it? Their requests are answered even faster – including when there are high volumes. It is also possible to link a request directly with additional relevant information from Viseca's systems, and this further improves the quality of responses in customer service. Artificial intelligence therefore helps us to support our cardholders even faster and better. We see this as a core task in customer service – our customers' satisfaction equals our success.



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