

**Statement of VFS representative before the European Parliament  
Brussels – 10 July 2018**

I wish to thank the European Parliament for having asked VFS Global to attend this hearing to present the point of view of the service providers of visa outsourcing. VFS Global is well known to Governments. It is our CEO, Mr. Zubin Karkaria, who invented the concept of visa outsourcing in 2001. And we all know how since then we have seen the service expand massively: VFS Global now serves 59 governments in 139 countries through 2630 visa application centres. VFS Global, part of the Swiss Kuoni group which is owned by the Swedish private equity company EQT has so far processed over 173 million visa applications since we began operations.

VFS Global has taken a large share of the market. However, there is no monopoly. We are in a highly competitive business with a number of companies currently very active in the market. This forces us to continually improve the services we provide to both visa applicants and to client Governments. We welcome this.

But outsourcing is sometimes a source of misunderstanding. I shall thus start by explaining briefly the concept. It will be my point number 1.

Then, I shall present the improvements that outsourcing has brought to the whole visa application process, for both Governments which decide to outsource and, most importantly, for the visa applicants themselves. This will be my second point.

Finally, I shall conclude with suggestions to improve the legal provisions for outsourcing companies to provide an even better service and extend facilities for visa applicants. This will be my point number 3.

**1. First, a quick reminder on visa outsourcing to dispel possible misconceptions**

Visa outsourcing does not mean contracting visa decision making to a private company. The competence to issue or to refuse a visa remains with the consular authorities. The external service providers have no power and have no influence whatsoever on the consular decision.

The role of the external service providers thus is limited to a list of tasks, and these are all administrative in nature. They are mainly limited to collecting visa applications, organising the content, sending them to the consulate and then, after the consulate has examined the application and taken a decision, organising the collection of passports by applicants.

The external service providers thus play the role of interface between visa applicants and Consulates and also relieve Consulates from labour-intensive repetitive administrative tasks.

The visa application centres are regularly and closely monitored by the Governments and we welcome the new proposals which would intensify this monitoring.

Our business is based on credibility. We welcome fair competition, but we do not want substandard companies ruining the trust that has been built over the years with Governments which have gone down the outsourcing route. Therefore, we would welcome the European Union to fix even more stringent minimum standards.

## **2. Outsourcing is the solution for Governments looking to improve the quality of visa services in a challenging environment.**

### **2.1. Governments have to find answers to an increasing number of issues regarding visas**

I won't dwell on the challenges faced by Governments and especially their consular services. You know them: a global increase of visa applications requiring more staff and more space, and more security issues. These constraints generate new costs: for more staff, for larger premises, for refurbishment, for security. Yet, many Governments face at the same time increasing budgetary constraints.

Outsourcing provides the solution for Governments as it transfers the cost of administrative tasks not connected with the visa decision process to external service providers.

### **2.2. Outsourcing not only answers the problems of the Governments, but it improves the quality of the services provided to visa applicants, who have become our customers**

With outsourcing, the front office facilities can be adapted to the demand. External service providers' resources depend on the number of applicants paying its service fees. More applicants mean more resources for the external service provider to invest more in the services they offer. With outsourcing, the relationship with the applicant becomes a relationship between a supplier and a customer.

The external service provider can adapt the size of the Visa Centre premises and the number of its staff to correspond with the expected number of visa applicants. It can also adapt to demand fluctuations. It can plan the necessary additional space and staff for seasonal demand increases. Experience shows that many consular posts are not always able to adjust their staffing as flexibly as an External Service Provider.

This adaptability eliminates the long waiting lines which we used to see in front of Consulates, waiting lines that sometimes began in the middle of the night and which constituted a favourable ground for any kind of over priced service and extortion: places in the queue were often sold at high prices. Access to the visa counters of Consulates was often only free in theory; practically, to reach these counters, it was often necessary to pay a price in the street, outside Consular reach.

Outsourcing means that the public can apply in better conditions, most of the time after booking an appointment avoiding long lines of applicants. Consulates, released from the tasks of receiving the applicants and dealing with the routine administrative tasks, can examine a higher number of applications, thereby reducing delays especially during the busy season..

With outsourcing, a visa applicant knows when to arrive at the application centre, and can be sure that within an hour the whole process will be completed. When I was responsible for the UK's visa operation in India in the early 2000s, we worked hard to ensure all applicants received a decision on the day they turned up at the visa section. We were proud of this – but what we didn't realise was the hardship and cost applicants had to go through. Maybe an overnight train journey, or a hotel stay, hours queuing in the sun or the rain, often with young kids.

Outsourcing has been universally accepted by applicants as an improvement and has developed rapidly. We now even offer tourism services to applicants promoting tourist destinations and ensuring applicants are well prepared for their visits. Visa services are now more accessible to

the applicant, and the process is less demanding for them. Visa demand always increases after the implementation of outsourcing. Our surveys show that applicants are satisfied with the way we receive them and that they do not want to return to the previous system.

So I now move on to my third and final point:

**3. To continue improving and extending their services to benefit visa applicants, external service providers need a flexible legal framework to extend the services proposed to applicants but at the same time, stringent standards to maintain and to improve the quality of services.**

A European legal framework to regulate outsourcing is useful to all. It protects the visa applicants, Governments, and the external service provider by giving legal security to their activities. These regulations must however be flexible enough to adapt to the new needs and to the technical evolutions. Schengen Member States should take advantage of these evolutions that promote tourism, business, and economic growth and be allowed to use all the potentials of outsourcing.

The Visa Code was adopted while the move to outsourcing by Schengen member States Schengen was just beginning. Since then, Governments and external service providers have learnt to work together. They became partners working together for solutions to meet the challenges of visa service management.

VFS Global is encouraged by the modifications proposed by the European Commission in the Code regarding outsourcing.

However, additional improvements could be brought to the text to allow external service providers to provide even better service to applicants. For example:

An amendment has been added to facilitate the opening of satellite visa application centers, in countries where no Schengen Member State is present. Those satellite centres provide a real improvement in the service to applicants. But the process involves high costs for external service providers for a comparatively low number of applicants: premises, staff, sometimes expensive biometric equipment, security measures and transport costs of the applications and passport to and from the designated decision making location. We suggest that this facility is extended to include cities where there is no consulate, not just countries. This will really help applicants by bringing services much closer to them.

This case raises the broader issue of the limitation of the service fees to half the amount of visa fees. It is not explicitly specified whether this limit includes or not the sales tax. We would welcome a provision stating that this maximum amount of the service fees is fixed before tax and that any amount of local sales tax would be added to it.

I would also add that applicants are satisfied with the quality of our services and that the cost of service fees has never really been an issue – applicants are happy to pay for a good service. Schengen visas allow entry in 26 countries and their cost is rather low compared to the visa for many other countries receiving large numbers of visitors.

Again, what is of utmost importance for Governments and applicants is the quality of the services provided by External Service Providers. We welcome closer monitoring by Schengen Member States. Standards are fixed in the present annex X to the Visa Code. We would welcome even more stringent standards for our business to make sure that applicants always get the best

services, without hidden costs. VFS Global would be delighted to work with Parliament to prepare such requirements.

I wish to end my presentation by assuring you that VFS Global is fully aware that the development of outsourcing depends on the quality of the services provided to both the Governments and to visa applicants. VFS Global is doing its utmost to further improve this high level of service, through continual investment in innovation, to ensure that we are working today on the requirements governments and applicants will have tomorrow.

In the name of VFS Global, I thank you for your attention.