Expert Meeting on
THE IMPACT OF ACCESS TO FINANCIAL SERVICES,
INCLUDING BY HIGHLIGHTING THE IMPACT ON REMITTANCES ON
DEVELOPMENT: ECONOMIC EMPOWERMENT OF WOMEN AND YOUTH
12-14 November 2014

SESSION 5:
NEW TECHNOLOGIES TO IMPROVE ACCESS TO FINANCIAL SERVICES

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Committed to connecting the world

ITU and Digital Financial Services

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ITU: International Telecommunication Union

- Founded in **1865**; Responsible for issues that concern Information and Communication Technologies.

- **193** Member States, **545** Sector Members, **161** Associates, and **33** Academia.

- HQs in Switzerland, Geneva; and 4 Regional Offices & 7 Area Office.

**ITU-R**

ITU’s Radio-communication Sector that globally manages radio-frequency spectrum and satellite orbits that ensure safety of life on land, at sea and in the skies.

**ITU-T**

ITU's Telecommunication Standardization Sector that enable global communications by ensuring that countries’ ICT networks and devices are speaking the same language.

**ITU-D**

ITU’s Development Sector that fosters international cooperation and solidarity in the delivery of technical assistance and in the creation, development and improvement of telecommunication/ICT equipment and networks in developing countries.
Global ICT developments, 2001-2013

- Mobile-cellular telephone subscriptions
- Individuals using the Internet
- Fixed-telephone subscriptions
- Active mobile-broadband subscriptions
- Fixed (wired)-broadband subscriptions

Per 100 inhabitants

Note: * Estimate
Source: ITU World Telecommunication/ICT Indicators database
Mobile Money Growth

Source: GSMA
ITU has produced two Technology Watch Reports on Mobile Money
Financial Inclusion

The Global Findex shows 3/4 of the world’s poor do not have a bank account, not only because of poverty, but also due to costs, travel distance and paperwork involved.

59% of adults in developing economies, 77% of adults earning less than $2 a day, 11% in high-income economies don’t have an account at a financial institution.

In all regions, with the exception of high income economies, borrowing from friends and family is the most commonly reported source of credit for current loans.

55% of borrowers in developing economies use only informal sources of credit.

This graphic originated on Facebook.com/WorldBank
Financial Inclusion

- Low levels of financial inclusion represent a barrier to socio economic development in developing countries.
- Globally, more than 2.5 billion adults do not have a formal bank account, most of them in developing economies.
- 59% of adults in the developing countries do not have a formal bank account.
- But most of them have a mobile phone.
## Business Models

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<tr>
<th>Bank Centric Model</th>
<th>MNO Centric</th>
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<td><strong>Banks have sole control on the accounts offered to individuals which can be managed through other channels such as mobile phones.</strong></td>
<td><strong>Non-bank issues e-money and keeps equivalent asset value in pooled accounts in regulated bank.</strong></td>
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<td>Examples: CAIXA (Brazil), Barclays, Xac Bank (Mongolia)</td>
<td>Examples: Safaricom and M-PESA, GCash.</td>
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<tr>
<td>Banks offer accounts to individuals through non-bank (MNO) agents and/or technological platforms online.</td>
<td>Banks issue e-money which is purchased from bank and redistributed by non banks to customers.</td>
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<td>Examples: EKO (for State Bank India (SBI)) and SMART (for 21 banks in the Philippines).</td>
<td>Examples: Orange Money in West Africa (e.g. Senegal, Côte D’Ivoire, Mali and Niger).</td>
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Two main technologies emerging

Cloud-based payments

NFC-based payments
(Near Field Communications)
Digital Financial Services

--- Key Issues ---

- Network interoperability
- Access to business critical technology
- Coordination between different regulators
- Level playing field – Licensing

Analyze best practices to develop global standards
Focus Group on Digital Financial Services (FGDFS)

- Chaired by Sacha Polverini, Bill & Melinda Gates Foundation
- First Meeting: 5 December 2014, ITU, Geneva
- **Workshop on Digital Financial Services and Financial Inclusion**: 4 December 2014, ITU, Geneva
- Create a platform for dialogue between telecom regulator, financial services regulator and operators.
- ITU Contact: Vijay Mauree, Programme Coordinator, E-mail: vijay.mauree@itu.int
- Subscribe to FG mailing list on website
- [Terms of Reference](http://www.itu.int/en/ITU-T/focusgroups/dfs/index.html)
GOAL: Develop a standardization roadmap for interoperable digital financial services for financial inclusion.

Objectives

- Identify the **technology trends** in digital financial services over the coming years and how the role of various stakeholders in this ecosystem will evolve.
- Establish liaisons and relationships with other organizations.
- Describe the **ecosystem** for digital financial services.
- Suggest future ITU-T **study items** and related actions for various ITU-T study groups.
- Identify **successful use cases** for implementation of secure digital financial services including developing countries with a particular focus on the benefits for women.
- Study the **best practices** related to policies, regulatory frameworks, consumer and fraud protection, business models and ecosystems for digital financial services.
- Work towards the creation of an **enabling framework** for digital financial services.
FG Digital Financial Services

- Interoperability
- Main areas of work
- Standardization Gaps
- Policy and regulatory best practices
- New work items for ITU-T study groups

- Meetings will be held in different regions
- Thematic workshops will be held back to back with the meetings
- Create a platform for dialogue between telecom regulator, financial services regulator and operators.
Thank You