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**ITU-T Focus Group Digital Financial Services:  
Main Outcomes**

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

# ITU-T Focus Group Digital Financial Services: Main Outcomes

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# Digital Financial Inclusion

2 billion unbanked



2 billion unbanked  
=> 1.6 billion mobile



**G20**  
pillars

**DFS**

Financial inclusion



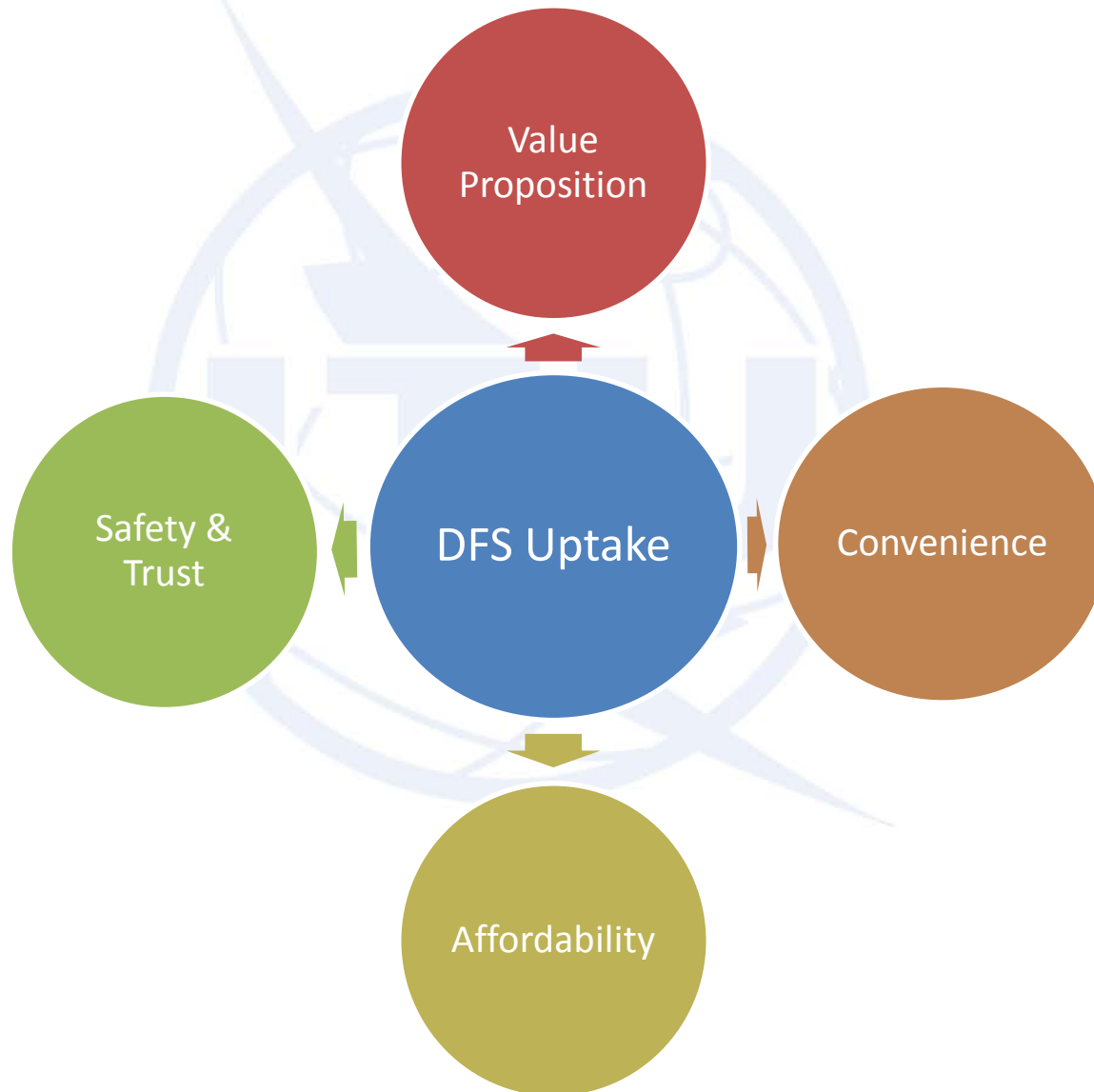
Accelerated economic  
opportunity



Innovation



# DFS Critical Success Factors



# Focus Group Digital Financial Services (FG DFS)

- **Established:** TSAG Meeting 17-20 June 2014
- **7 f2f meetings:** 1<sup>st</sup> meeting Geneva, 5 December 2014, Last meeting: 6 December 2016
- Website: <http://www.itu.int/en/ITU-T/focusgroups/dfs/>
- **Objectives:**

FG DFS aimed to facilitate effective consultation and collaboration on key DFS issues. For the first time, the Focus Group brought together financial and telecommunications regulators at the global level to address DFS regulation and supervision with the objective to

- **Increase and formalize** the collaboration between financial and telecommunications regulators with respect to digital financial services;
- **Identify** key issues limiting the development of safe, enabling DFS ecosystems;
- **Analyze** how these issues have been addressed in practice and exchange information on best practices; and
- **Develop** policy recommendations for regulators and other stakeholders.

# Challenges



# Main Themes

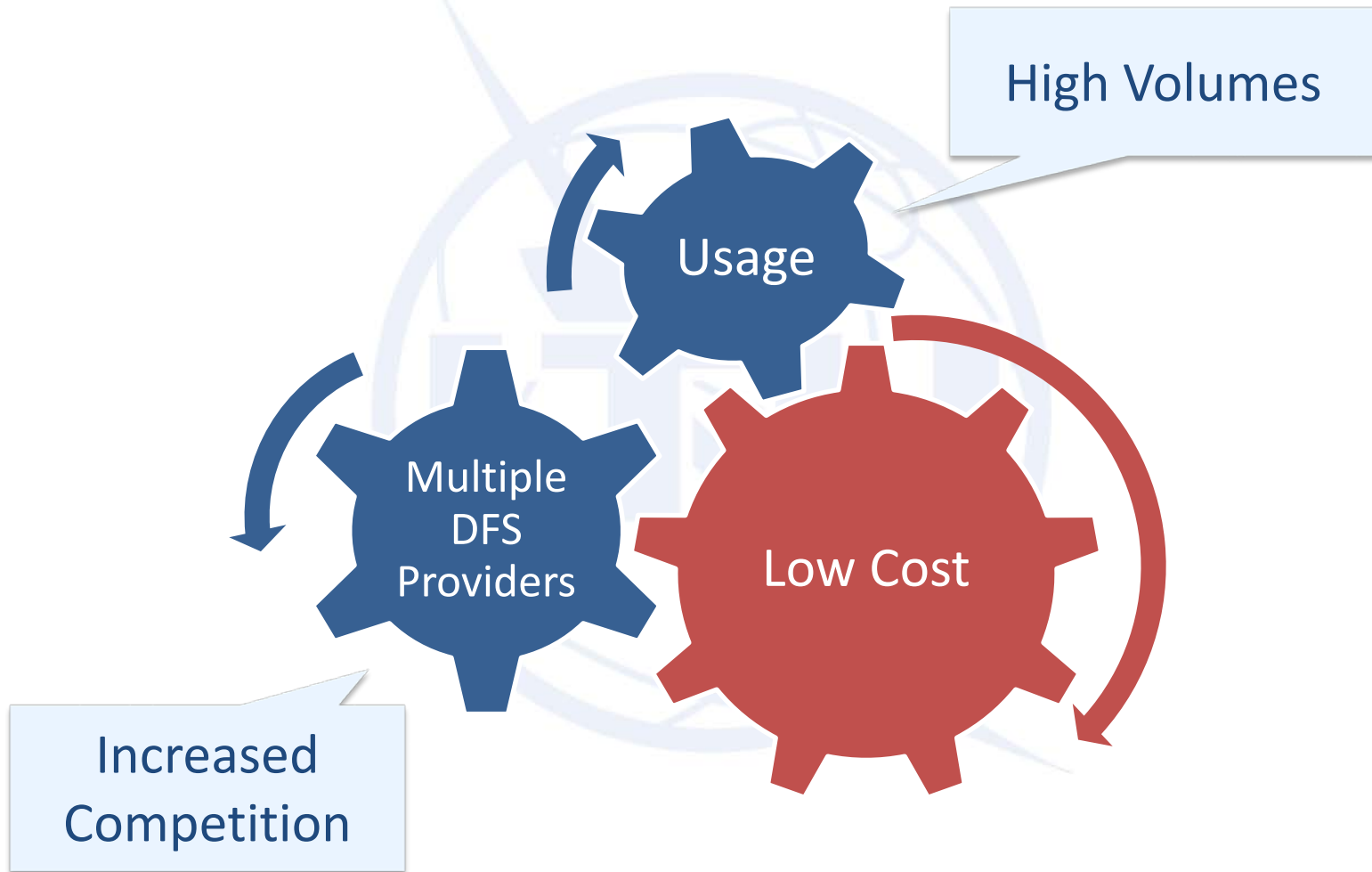
DFS Ecosystem

Interoperability

Consumer  
Protection

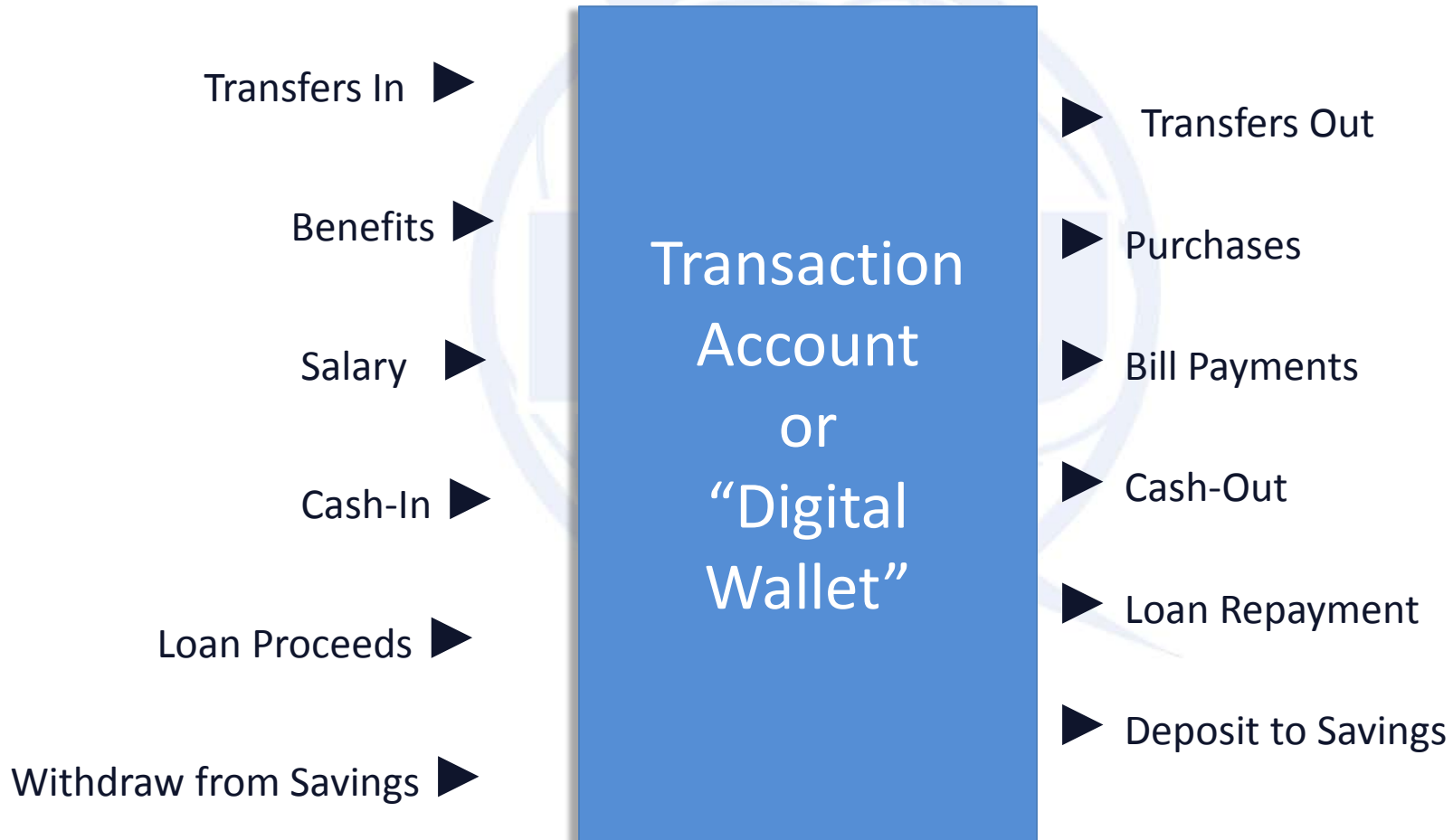
Technology,  
Innovation and  
Competition

# DFS Ecosystem

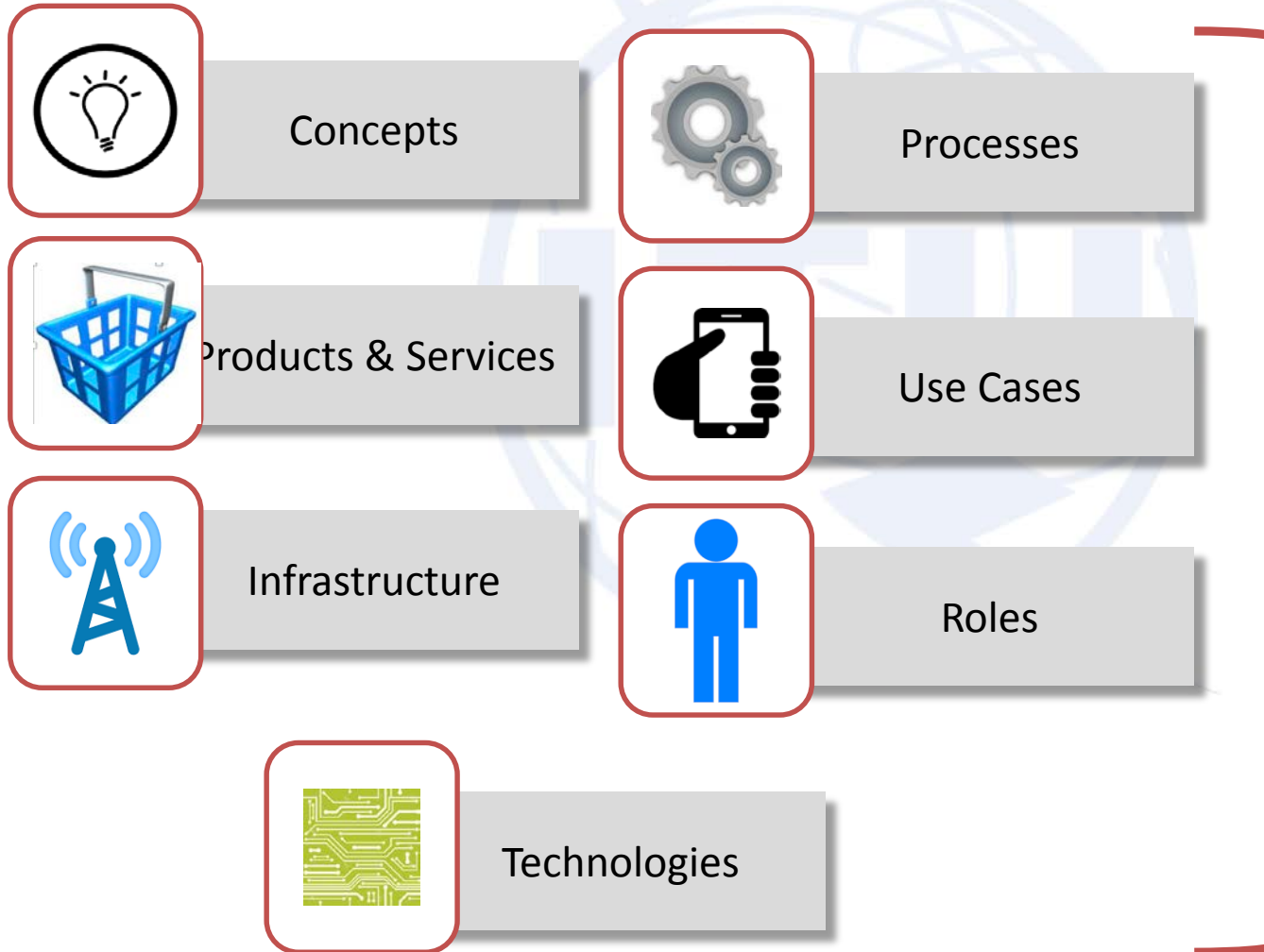




# Digital Liquidity

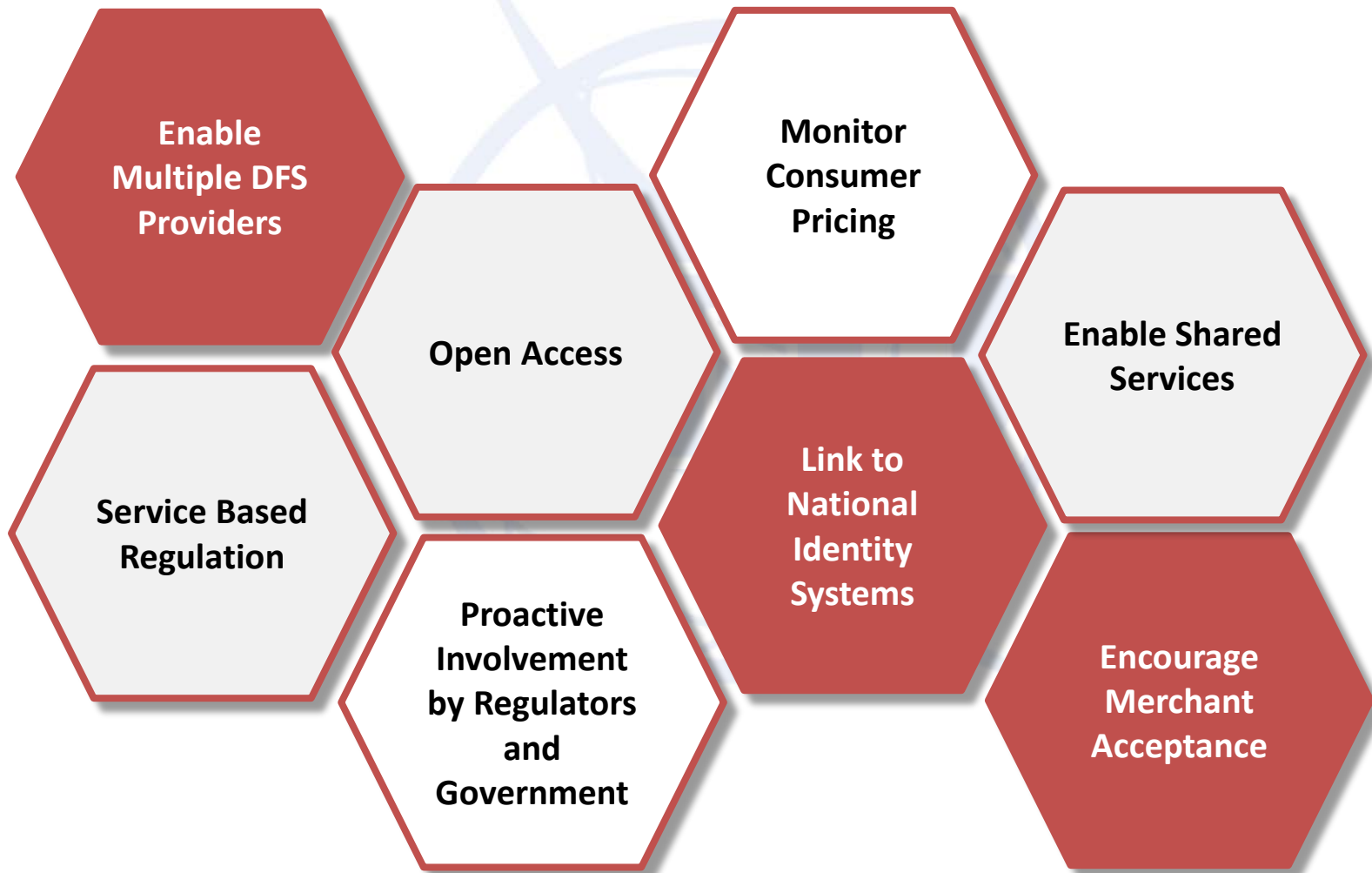


# DFS Glossary



- 150 Terms
- 7 Categories
- 9 Source Glossaries
- To stay online as a “living document”

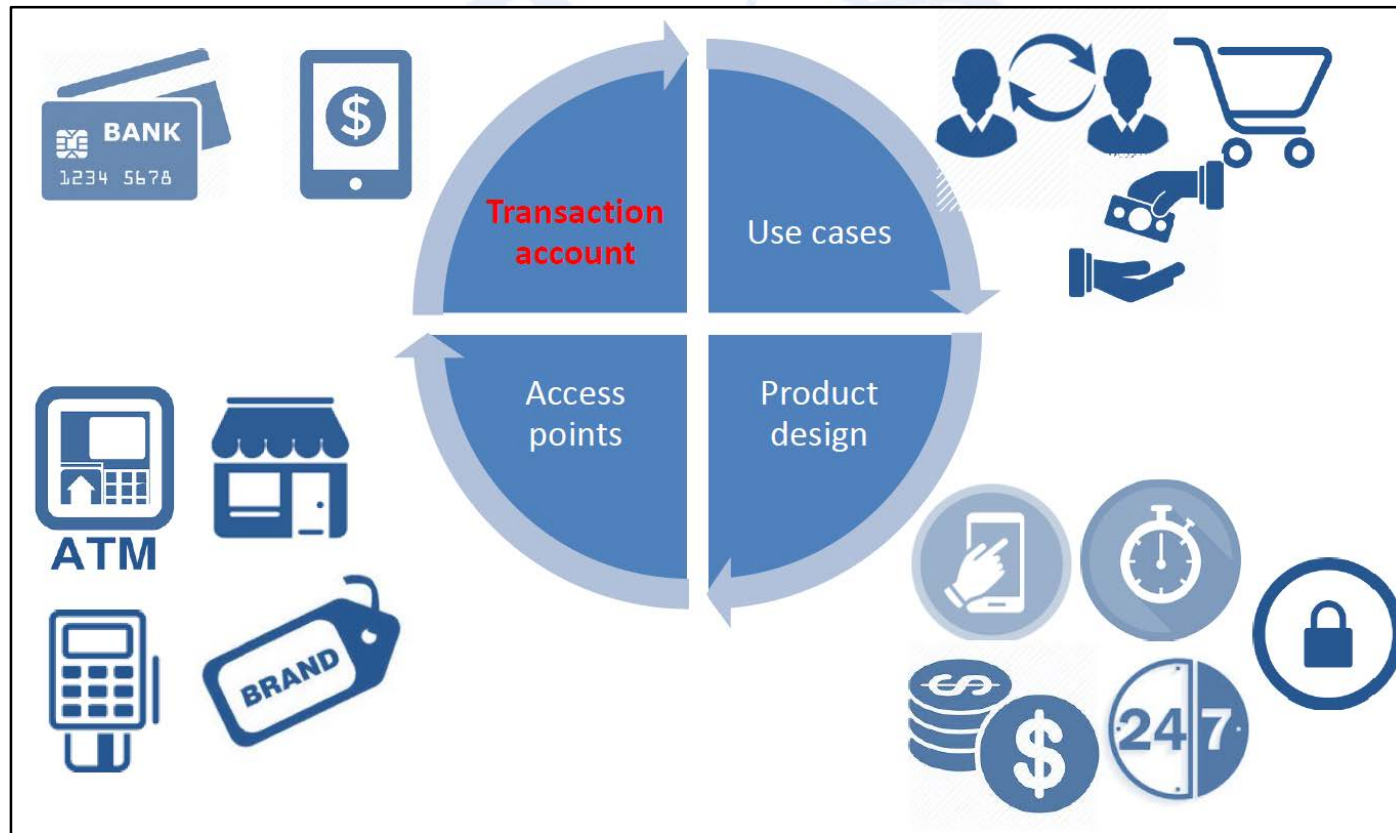
# DFS Ecosystem Recommendations



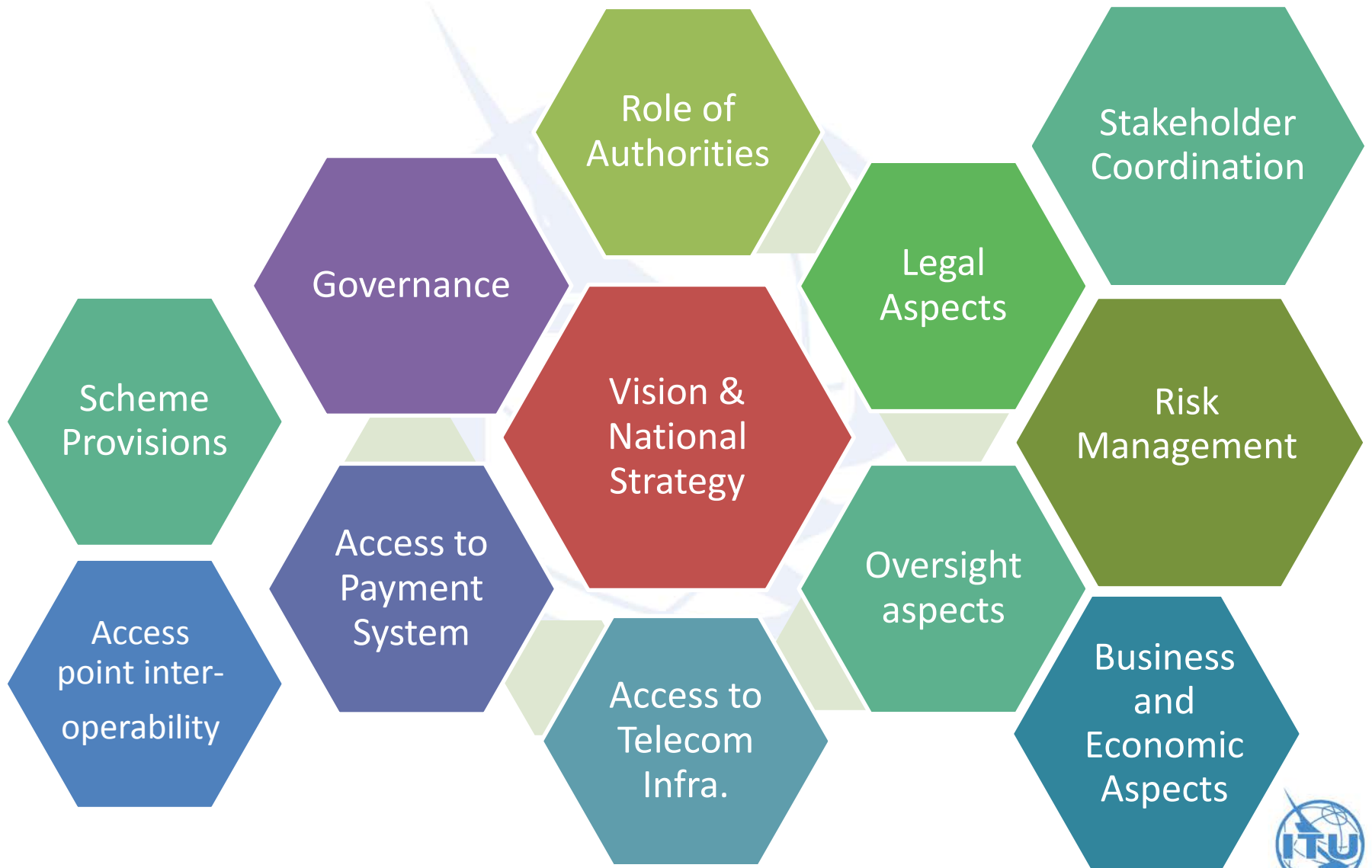
# Interoperability

Interoperability should enable users to make electronic payment transactions with any other user in a convenient, affordable, fast, seamless and secure way, even with a single transaction account.

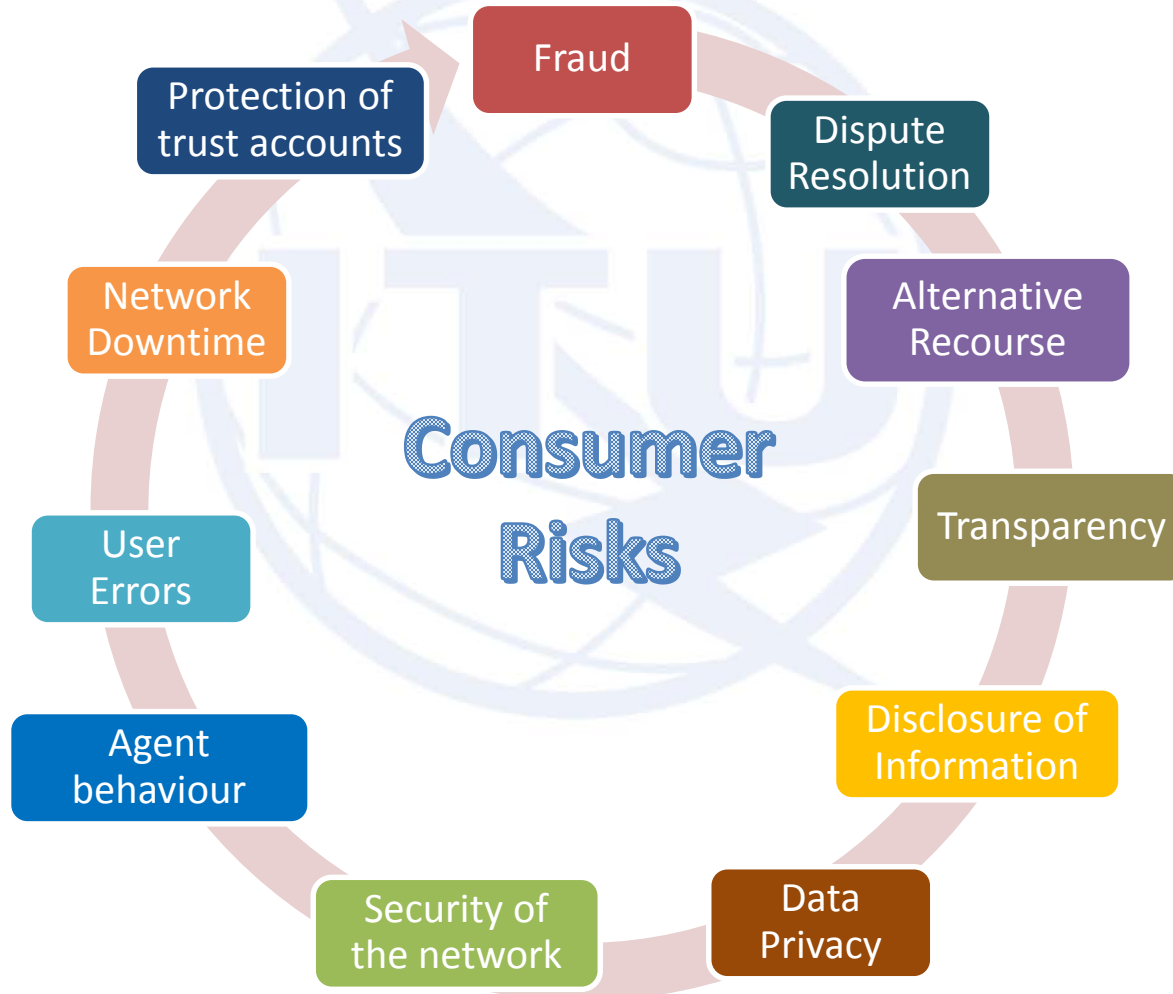
# Main Elements



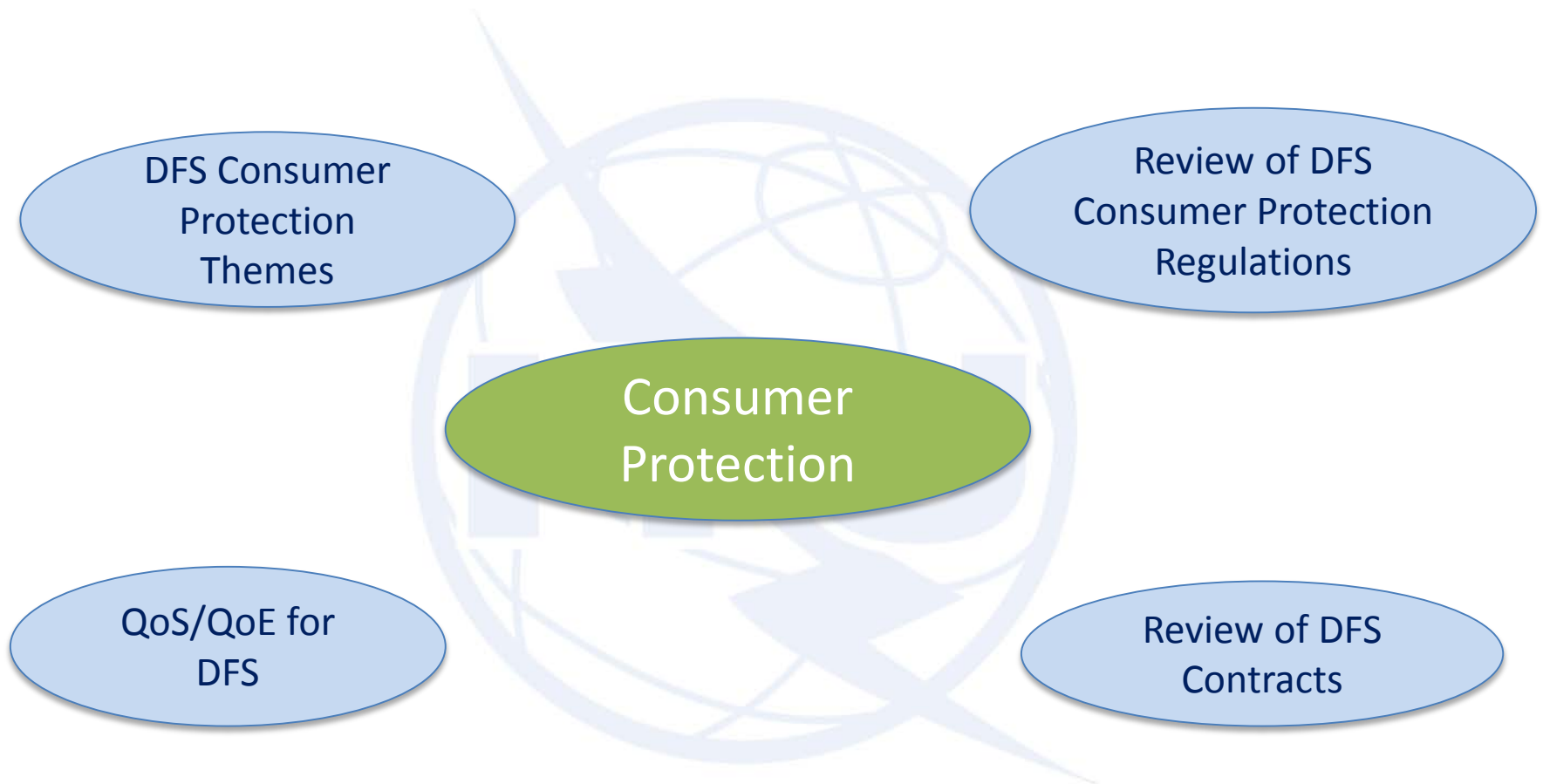
# Recommendations



# Consumer Experience and Protection



# Consumer Protection

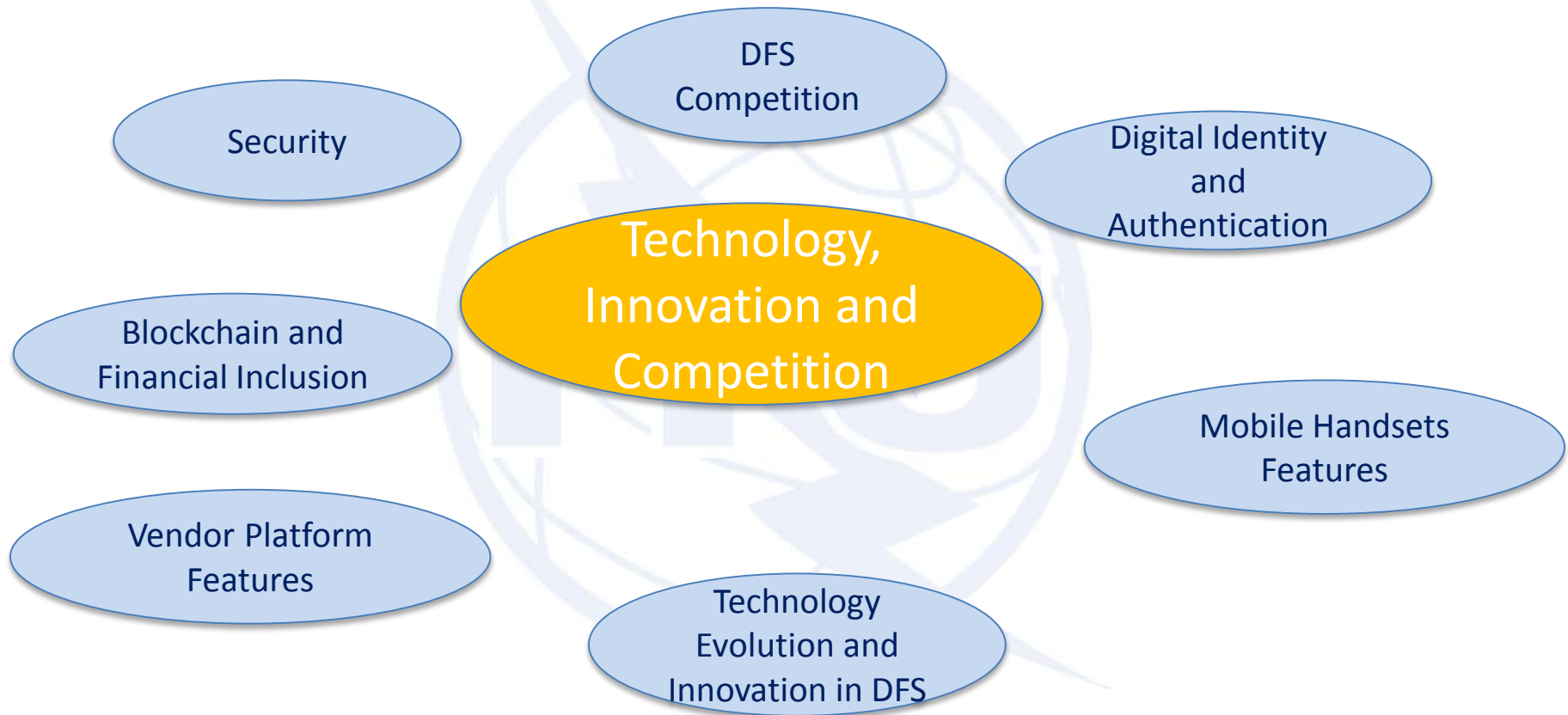




# Consumer Protection



# Technology, Innovation and Competition



# Recommendations

- Six main areas
  - Security Aspects of DFS
  - Digital Identity and Authentication
  - Vendor Platform Features
  - Mobile Handset Features
  - Distributed Ledger Technologies
  - Competition

# Focus Group Digital Financial Services (FG DFS)

- **Deliverables** : 28 Technical Reports and 85 policy recommendations
- **FG DFS recommendations**
- DFS Ecosystem Technical Reports
  - The Digital Financial Services Ecosystem
  - Regulation in the Digital Financial Services Ecosystem
  - Review of National Identity Programs
  - Enabling Merchant Payments Acceptance in the Digital Financial Ecosystems
  - Merchant Data and Lending
  - Impact of Agricultural Value Chains on Digital Liquidity
  - Impact of social networks on digital liquidity
  - The Role of Postal Networks in Digital Financial Services
  - B2B and the DFS Ecosystem
  - Bulk Payments and the DFS Ecosystem
  - Over the counter transactions: A threat to or a facilitator for digital finance ecosystems?
  - DFS Glossary
- Consumer Experience and Protection Technical Reports
  - Commonly identified Consumer Protection themes for Digital Financial Services
  - QoS and QoE Aspects of Digital Financial Services
  - Review of DFS User Agreements in Africa: A Consumer Protection Perspective

# Focus Group Digital Financial Services (FG DFS)

- Technology, Innovation and Competition Technical Reports
  - [Mobile Handset Use in DFS](#)
  - [Security Aspects of Digital Financial Services \(DFS\)](#)
  - [Identity and Authentication](#)
  - [DFS Vendor Platform Features](#)
  - [Distributed Ledger Technologies and Financial Inclusion](#)
  - [Technology evolution and innovation in DFS](#)
  - [Mobile Handset Use in DFS](#)
  - [Distributed Ledger Technologies and Financial Inclusion](#)
- Interoperability Technical Reports
  - [Cooperation frameworks between Authorities, Users and Providers for the development of the National Payments System](#)
  - [Payment System Oversight and Interoperability](#)
  - [Payment System Interoperability and Oversight: The International Dimension](#)
  - [Access to payment infrastructures](#)
  - [The Regulator's Perspective on the Right Timing for Inducing Interoperability](#)

# Financial Inclusion Global Initiative (FIGI)

- 3-year programme
- Collaboration between ITU, World Bank, Gates Foundation and CPMI on digital financial inclusion
- Multistakeholder collaboration on implementation of
  - Payment Aspects of Financial Inclusion (PAFI) Report of World Bank
  - ITU FG DFS recommendations
  - Level 1 Project of Gates Foundation
- Main Components
  - Annual Symposia
  - Country implementations
  - 3 thematic Working Groups
    - Security, Infrastructure and Trust
    - Identity
    - Electronic Payments Acceptance



# Security, Infrastructure and Trust

## Security Workstream

- Application Security
- Telecom infrastructure security
- Authentication

## Trust Workstream

## Quality of Service Workstream

## Distributed Ledger Technologies Workstream



# Security, Infrastructure and Trust

## □ Objectives

- Confidence and trust in using DFS
- Collaboration between telecom and financial services regulators on security
- Guidance on securing infrastructure for DFS
- Impact of new technologies on security and consumer protection



# Terms of Reference

- ❑ Investigate security of USSD, STK toolkit and biometrics use in DFS to develop best practices for developers and security measures and controls for mitigating such risks
- ❑ Establish lab/sandbox in ITU for security testing of DFS applications
- ❑ Develop security measures to mitigate the risk of SS7 vulnerabilities and other cybersecurity related threats
- ❑ Develop tools to assess DFS provider security compliance
- ❑ Develop regulatory and policy guidelines to address digital fraud and protect privacy of consumer data in Digital Financial Services

# Terms of Reference

- ❑ Investigate interoperable authentication technologies for securing DFS
- ❑ Investigate distributed ledger technology security in DFS
- ❑ Undertake research to investigate KPIs for QoS monitoring based on FG DFS report on QoS,
- ❑ Develop technical and regulatory toolkit on QoS measurement for telecom regulators
- ❑ Organize workshops on topics of interest to the Security, Infrastructure and Trust Working group

# Security Infrastructure and Trust WG

More information

Join our [mailing list: figisit@lists.itu.int](mailto:figisit@lists.itu.int)

# Thank You

