

DIGITAL FINANCE

Cases

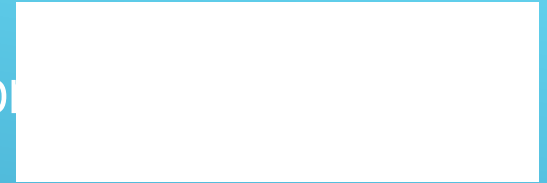
Lecture 14

A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom-left towards the top-right, located in the lower right quadrant of the slide.

I. Mobile Banking v/s Mobile Money

MOBILE BANKING

- Banking services delivered through a mobile phone account.

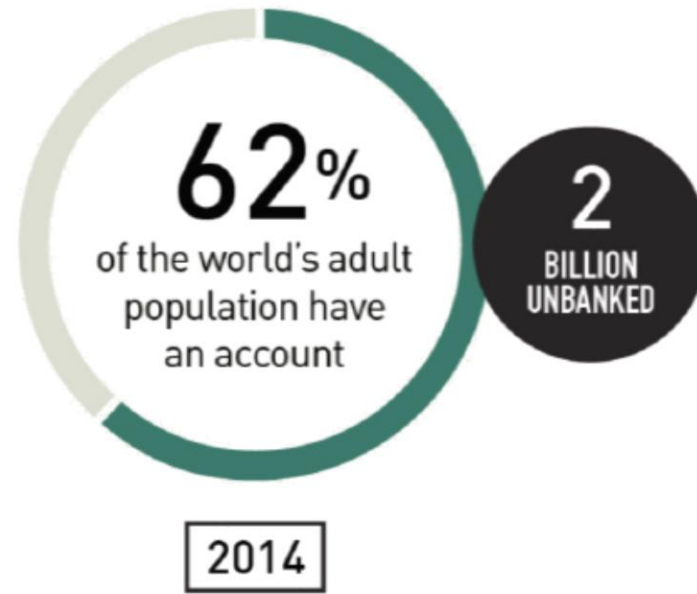
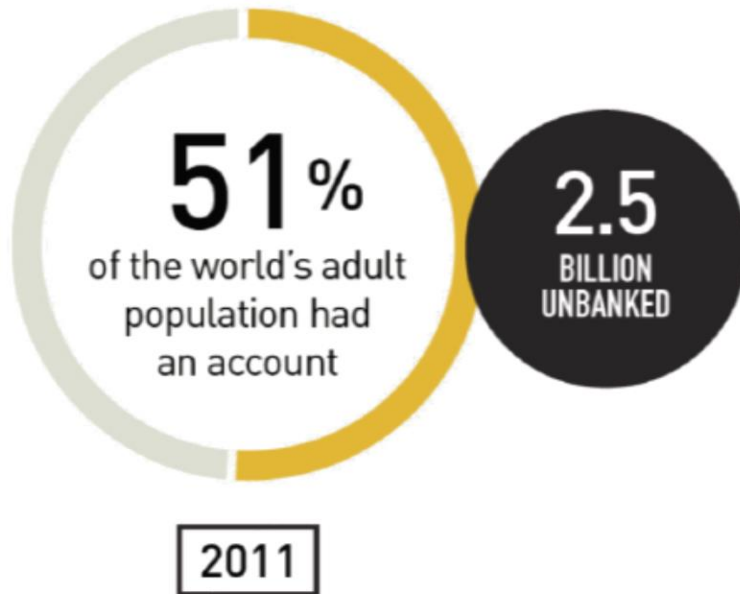


Digital Financial Services

- The use of ICTs and non-bank retail channels to extend the delivery of financial services to unbanked.
 - Bank account not needed.
 - Use of agents for cash in and cash out.
 - Use mobile handsets and other digital means for transactions

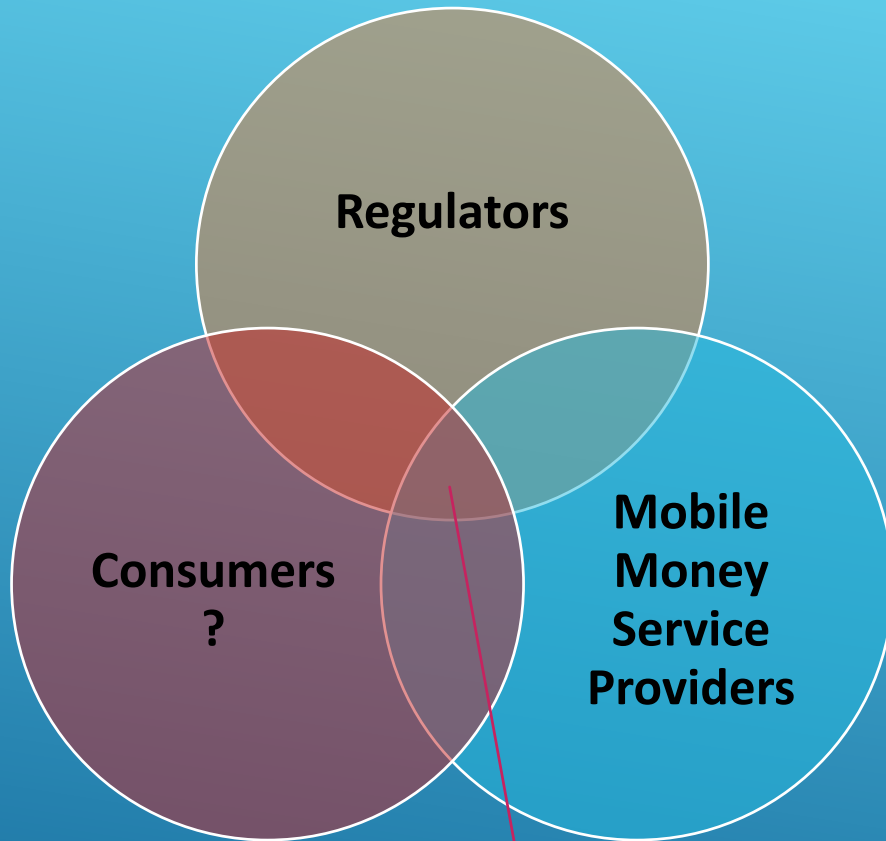
III. Digital Financial Services and Financial Inclusion

More adults have an account (with a financial institution or mobile money service) now than three years ago.



Source: FINDEX 2014

VI. Stakeholder Alignment



SERVICE PROVIDERS (commercial viability):

- ❑ High volume of low margin transactions
- ❑ For MNOs: increasing average revenue per customer, reducing customer churn
- ❑ For banks: expanding the customer base to low and middle income segments

REGULATORS :

- ❑ Mitigating systemic risk
- ❑ Protecting the consumer
- ❑ Promoting financial inclusion

Successful Deployment

VII. Critical Success Factors

- ▶ Interoperability
- ▶ Technology impact on ecosystem
- ▶ Regulatory Dialogue
- ▶ Consumer Risks
- ▶ Security Issues
- ▶ User Friendliness

VIII. ITU FG DFS

ITU FOCUS GROUP DIGITAL FINANCIAL SERVICES (FG DFS)

- Duration: 2 years
- Open to all stakeholders
- 1st Meeting: Geneva, 5th December 2014.
 - 97 participants, 25 countries
- 2nd Meeting: Washington DC, 21st April 2015.
 - 78 participants, 23 countries
- 3rd Meeting: 30 Sept – 2 October 2015, Malaysia
- 4th Meeting:
 - 15-17 December, ITU, Geneva
 - 14 December: Workshop on Digital Financial Services and Financial Inclusion

www.itu.int/en/ITU-T/focusgroups/dfs/

STAKEHOLDERS

- ▶ International Organizations
- ▶ Central Banks
- ▶ Telecom Regulators
- ▶ Mobile Money Operators
- ▶ Payment Service Providers
- ▶ DFS Platform Providers
- ▶ Standards Development Bodies

VIII. ITU FG DFS

STAKEHOLDERS

BILL & MELINDA
GATES foundation



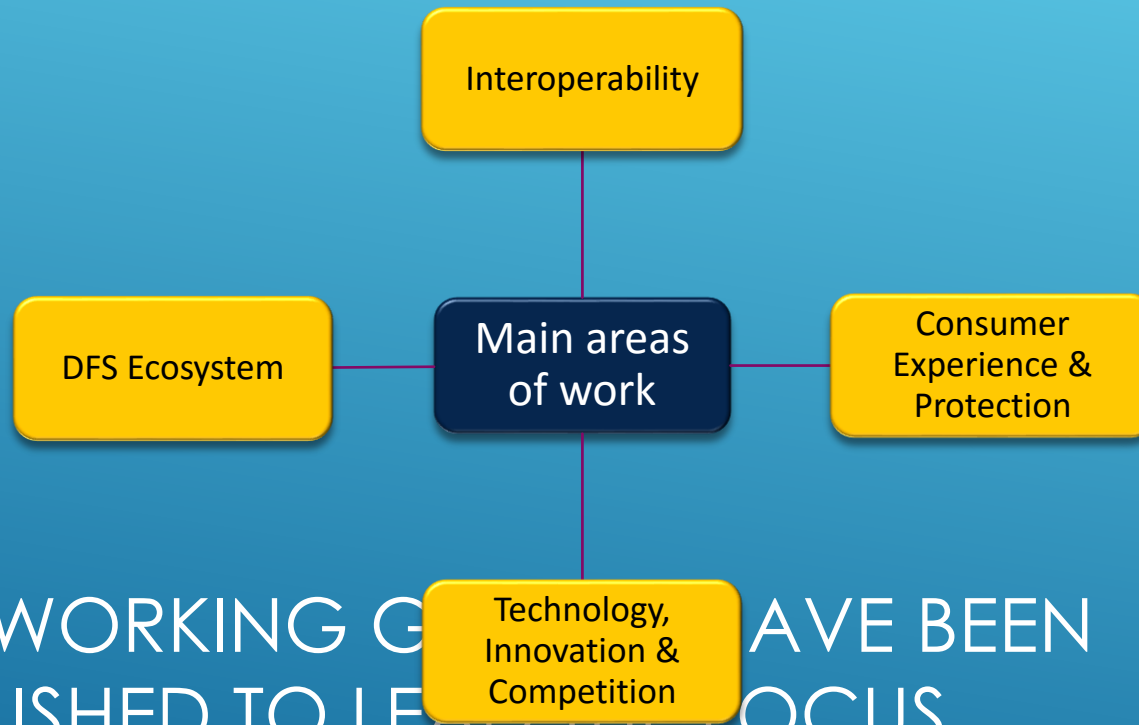
VIII. ITU FG DFS

GOAL: Recommend a standardization roadmap for interoperable digital financial services for financial inclusion.

Objectives

- ❖ Identify the technology trends in digital financial services
- ❖ Describe the ecosystem for digital financial services.
- ❖ Identify successful use cases for implementation of secure digital financial services.
- ❖ Study the best practices related to policies, regulatory frameworks, consumer and fraud protection, business models and ecosystems for digital financial services.
- ❖ Suggest new work items for ITU-T Study Groups

VIII. ITU FG DFS



FOUR WORKING GROUPS HAVE BEEN
ESTABLISHED TO LEAD THE FOCUS
GROUP'S EFFORTS

WORKING GROUP TASKS

▶ DFS Ecosystem

- ▶ Obtain, review and leverage **existing documents** on global digital financial service specifications, standards, guidelines (including SG2 in TSAG-TD 158), etc. Some 65 documents related to DFS have been reviewed
- ▶ **Describe definitions of terminology and taxonomy** for digital financial services
- ▶ **Describe the ecosystem for digital financial services** in developed and developing countries and the respective roles and responsibilities of the stakeholders in the ecosystem
- ▶ **Identify key elements** of the ecosystem necessary for financial inclusion
- ▶ **Establish liaisons and relationships** with other working groups; determine need for future ITU-T actions

▶ Interoperability

- ▶ develop a working definition of interoperability for digital financial services,
- ▶ undertake stocktaking of successful / unsuccessful initiatives for interoperability,
- ▶ develop a descriptive paper (which will include amongst others; a definition of interoperability, use cases, and discuss the layers and dimensions of interoperability identified by the working group) and
- ▶ develop a toolkit for interoperability.

WORKING GROUP TASKS

- ▶ Technology, Innovation and Competition
 - ▶ Six workstreams have been established
 - ▶ Review of DFS Platforms
 - ▶ Collect handset specifications in use in developing markets
 - ▶ Collect handset types in use in developing markets
 - ▶ Security for DFS
 - ▶ Big data
 - ▶ Competition Issues
- ▶ Consumer Experience and Protection
 - ▶ Develop guidelines for consumer protection for DFS
 - ▶ Develop guidelines for quality of service in DFS.