



INTERNATIONAL TELECOMMUNICATION UNION

Working Group on Digital Financial Inclusion

Private Sector Chief Regulatory Officers Meeting

Bangkok, Thailand, 15 November 2016

15 November 2016

Original: English

Summary Report of the Meeting of CRO-WG on DFI

1.0 Opening of the meeting

The 1st meeting of the Working Group on Digital Financial Inclusion of the Chief Regulatory Officers (CRO-WG on DFI) Meeting was held in Bangkok, Thailand, on 15th November 2016. The meeting was attended by 19 participants and was chaired by Mr. Carlos Cornejo, MasterCard.

Mr. Carlos Cornejo, MasterCard, welcomed the participants to the 1st CRO-WG on DFI. He recalled the decision during the 7th CRO Meeting held in Bangkok on 13th November 2016 to create this WG under the leadership of MasterCard. This decision was a follow-up from the Universal Financial Access (UFA) proposal made by MasterCard and supported by several participants during the 7th CRO Meeting.

2.0 Overview of the Working Group (CRO-WG)

The Chairman introduced the objectives, approach and mechanisms of the CRO-WG.

The WG emphasized of the importance to achieve the goal of connecting the unconnected and financial excluded through Digital Financial Services. This would contribute to achieving the “Universal Financial Access 2020” goal to enable xx billion people to gain access to a transaction account through targeted interventions with a clear contribution to the following SDGs:

- #8 – Economic Growth
- #9 – Innovation and Infrastructure
- #10 – Reduce inequalities
- #11 – Sustainable Cities and Communities
- #17 – Partnerships for the Goals

To achieve this, the WG also emphasized on the need for

- Raising awareness and importance of DFS for governments, industry and end-users through ITU’s global, regional, national neutral platforms;
- Creating Digital Financial Solutions legal and regulatory frameworks/guidelines; and
- Creating and sharing Digital Financial Solutions from governments and industries.

The primary objective of the Working Group is to align key stakeholders towards a formal commitment under the UFA 2020 objective. The next key milestone for the WG is to agree on the final package / mechanisms of the working group.

3.0 CRO-WG: Main discussions and suggestions

The main discussions and suggestions of CRO-WG on the Digital Financial Inclusion are as below: e.g.:

- Participants including MasterCard, VimpelCom, Intervale, Zain/Sudan, Etisalat, Telenor, SAMENA, NBTC/Thailand, Mobicom and CRC/Mongolia in principle supported the initiative.
- Regulators and operators from Mongolia, Sudan and Thailand shared their experiences and expectations.
- CRO members, which are ITU-D Sector Members, are to be invited to join the DFI - “Universal Financial Access 2020” goal to enable xx billion people to gain access to a transaction account through targeted interventions, which can contribute to achieving the SDGs, #8, 9, 10, 11 and 17 in particular.
- Some of the important issues to achieve DFS – UFA 2020 in particular – include co-regulatory frameworks between Central Banks and ICT Regulators; privacy; Quality of Service; Security and Identify; Cross-border remittances and Others, for which CRO-WG through on-line consultations prepare for appropriate guidelines, success stories and best practices.
- A few countries can be pilots for DFI based on multiple stakeholders (financial regulations, ICT regulations, ICT and financial industry, etc.) partnership utilizing the neutral platform of the ITU. Mongolia has indicated its interest for the pilot.
- It was also proposed to share and avoid duplication with the work on DFI undertaken by other groups within the ITU.

4.0 CRO-WG: Ways forward

The CRO-WG recalled that the expectation through the CRO is to seek commitments from ITU-D Sector Members in achieving DFI with the possibility of projects, if any, to be implemented by the ITU.

The following steps were recommended among others: e.g.:

- Invite CRO members interested to join the initiative by 31 December 2016.
- The first draft of the proposed package is outlined in Appendix A to achieve the DFI/UFA through virtual conferences and/or face to face meetings, of which progress/outcome can be reported back to the next CRO meeting at GSR 2017, to be held from 11-14 July 2017 in Nassau, Bahamas.
- Some of the countries/markets can be selected to start the initiative: e.g., Mongolia.

5.0 Remarks by ITU and Chairman, CRO

Dr. Eun-Ju Kim, ITU, detailed the work going on within the ITU (ITU-T and ITU-D) and collaboration with the WB, ARFI, Gates Foundations and other stakeholders.

Mr. Bocar Ba, Chairman, CRO mentioned that the ITU/CRO platform has a role to play. Also, it is important to recognize that DFI is not the problem of only ICT stakeholder but has wider socio-economic impact. He supported the issue of top down approach from goal to implementation. Mr. Ba called for the need for cross-sectoral regulatory collaboration.

Mr. Carlos Cornejo, Chairman of CRO-WG on DFI, thanked all participants for their contributions to the discussion, and looked forward to follow-up on issues discussed.

The Chairman closed the meeting.

Appendix A:

Mechanisms of CRO-Working Group on DFI - Package

- Each entity committed with a number is or will be working to achieve that goal by 2020.
- ITU will provide a neutral platform where will be discussed and presented the advances of the plans.
- Project will be developed for selected markets, as case study, based on criteria: e.g.:
 - Commitment of a Private Sector member(s).
 - Support of Public Sector (Telecom/ICT Policy-Makers and/or Regulator) member(s).
 - Market conditions relevant to members to advance with a potential “case study”.
 - Members support / funding to carry out the case study.
- Other members to be included in the project:
 - Central Banks / Finance Regulators
 - Financial Institutions
 - International Development Organizations (e.g., World Bank, CGAP, IFC and others.)
 - Technology providers (e.g., telcos, program managers / processors)
- Facilitation of the execution through the following enablers:
 - Market enablers: Regulatory landscape (Telco and Finance alignment), E-money, payments and branchless banking regulation, eID & digital identity, KYC (Tiered, eKYC), link with inflows (primarily government inflows), agent accelerators, infrastructure (connectivity, reach), basis infrastructure (electricity).
 - Solution enablers: Program managers, processors, Rules / Standards, Security, Biometrics, mobile penetration (data, smartphones), Cash management - Cash to e-money management, Interoperability, Risk Management.
 - Usage enablers: Traditional Reach - Merchants, Banks, ATMs, Alternative Reach - Digital + Physical Channels, Education, Value Added Services – Insurance.
- Meeting Methods:
 - Mainly virtual/teleconferences – minimum 1 per market between face-to-face meeting
 - Face-to-face meeting – 2 times per year – leveraging GSR and Telecom World events – in conjunction with CRO meetings.
- Measurement of Success:
 - # of unconnected / unbanked which have been connected / banked.
 - Changes / advances in # of initiatives towards the goal.
 - Identified favorable and unfavorable conditions at market level.