

ITU-BDT Arab Regional Workshop on “Digital Financial Inclusion”: Policies and Regulation

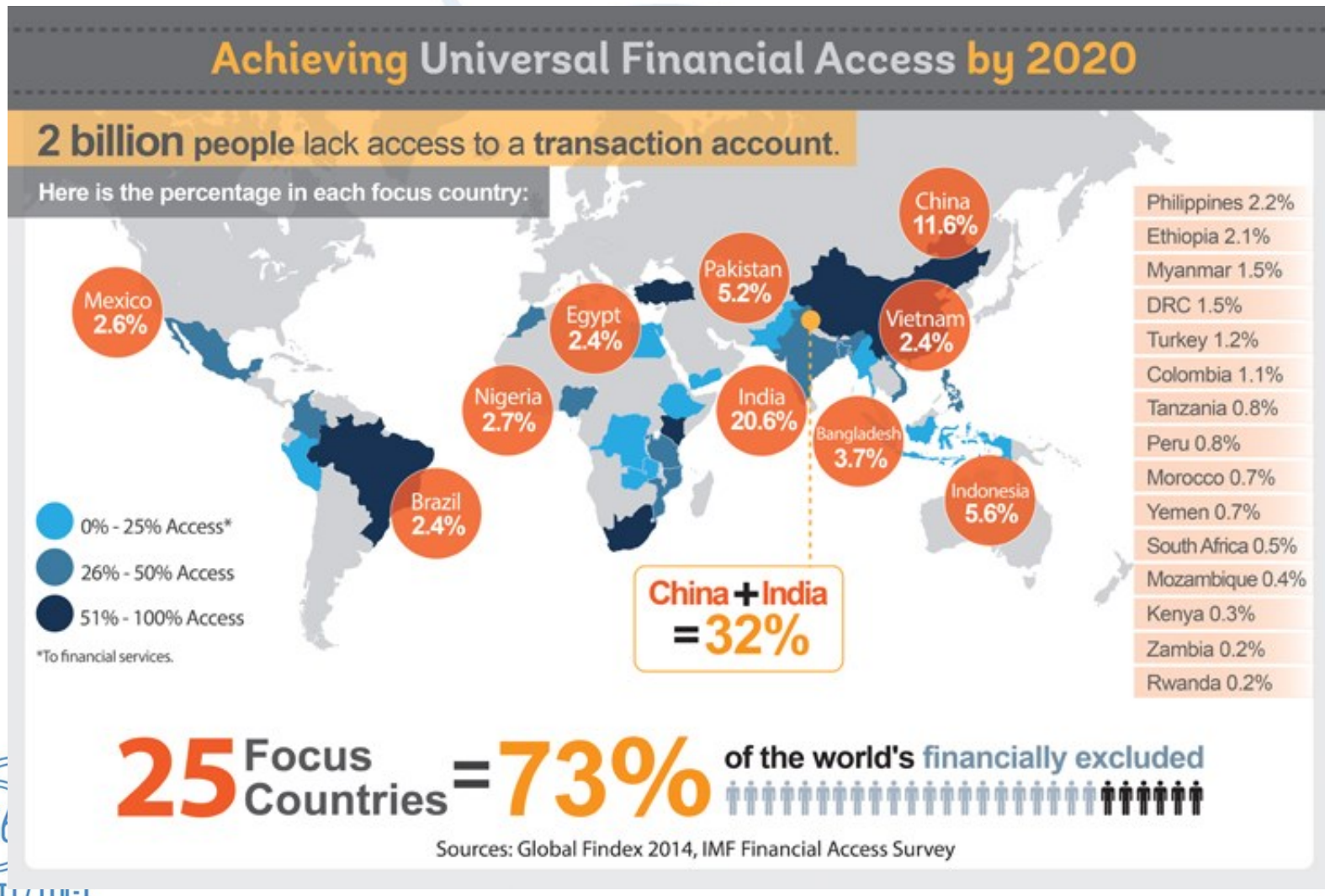
Khartoum, Sudan 24-25 August 2016

Consumer Protection Issues in Digital Financial Services

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The Problem: Financial Inclusion?



ITU FG Digital Financial Services

Main Aims

- Promote dialogue between Financial/Telco regulators
- Raise awareness re role DFS to promote Financial Inclusion and linkage to UN SDGs
- Clarify regulators roles and responsibilities in DFS
- Provide recommendations on selected policy and regulatory issues

ITU FG Digital

Services



BILL & MELINDA
GATES foundation



Alliance for
Financial Inclusion
Bringing smart policies to life



amdocs
embrace challenge eXperience success



Better Than Cash
Alliance



ITU FG Digital Financial Services

Unique Forum

Bring together regulators and players
from

telecom and financial services sectors

Main Topics

DFS Ecosystem

Interoperability

Consumer
Experience and
Protection

Technology,
Innovation and
Competition

Meetings

- Meetings held in different regions
- 6 deliverables already finalized.
- 6th Meeting
 - 19-22 September, Bank of Tanzania
 - Register online [here](#)
- Last meeting
 - 6-9 December 2016, ITU, Geneva
- Contact FG DFS Coordinator for more info:
 - Vijay Mauree (Vijay.Mauree@itu.int)

Join Mailing Lists

- Focus Group Digital Financial Services: fgdfs@lists.itu.int
- Working Group Mailing Lists
 - DFS Ecosystem: dfseco@lists.itu.int
 - Consumer Experience & Protection: dfscep@lists.itu.int
 - Interoperability: dfsinterop@lists.itu.int
 - Technology, Innovation & Competition: dfstic@lists.itu.int

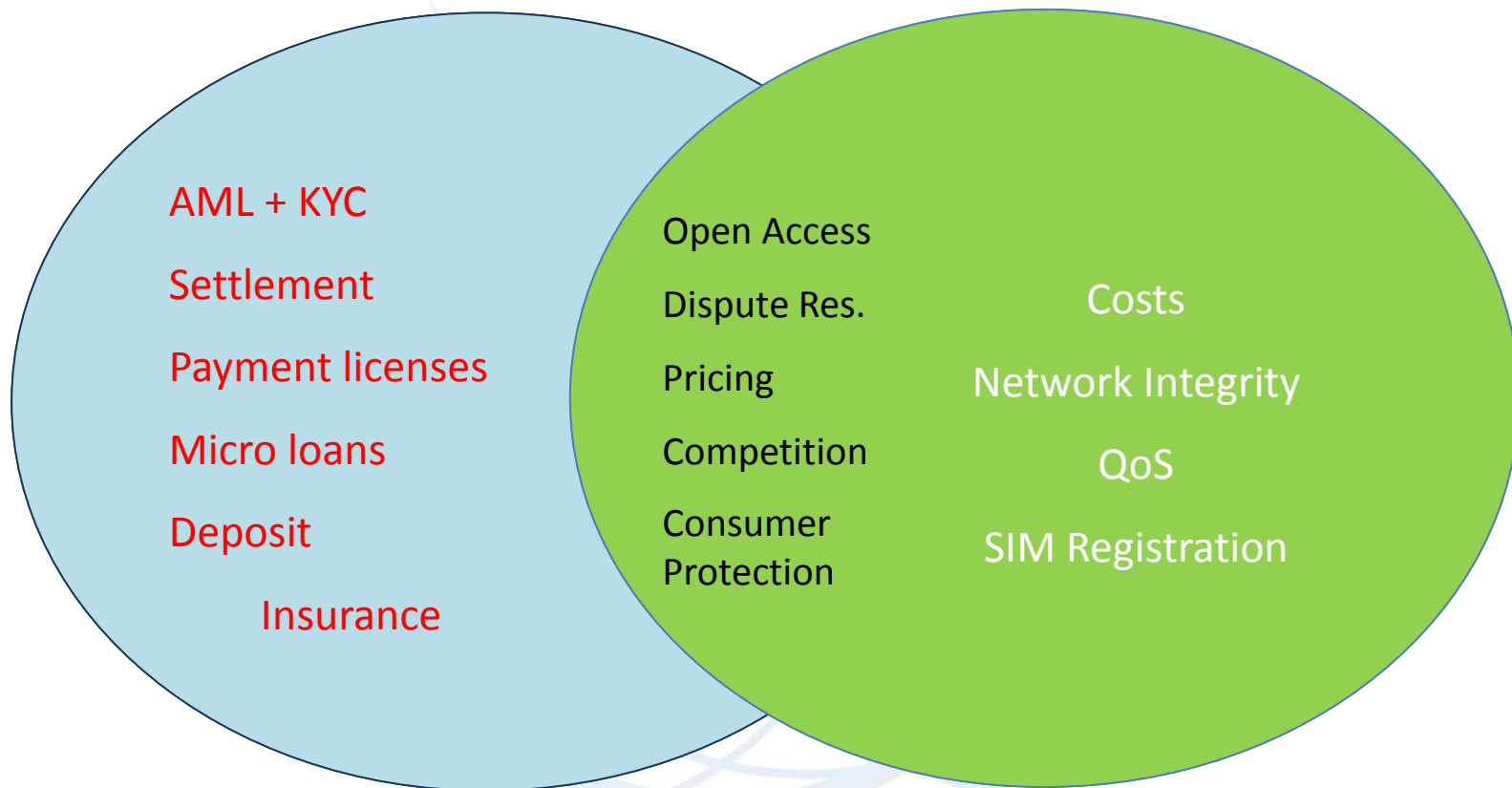
More info: [ITU FG DFS Website](http://ITU-FG-DFS-Website)

6 Deliverables Published

- [The Digital Financial Services Ecosystem](#)
- [Review of National Identity Programs](#)
- [Enabling Merchant Payments Acceptance in the Digital Financial Ecosystems](#)
- [QoS and QoE Aspects of Digital Financial Services](#)
- [Regulation in the Digital Financial Services Ecosystem](#)
- [Commonly identified Consumer Protection themes for Digital Financial Services](#)

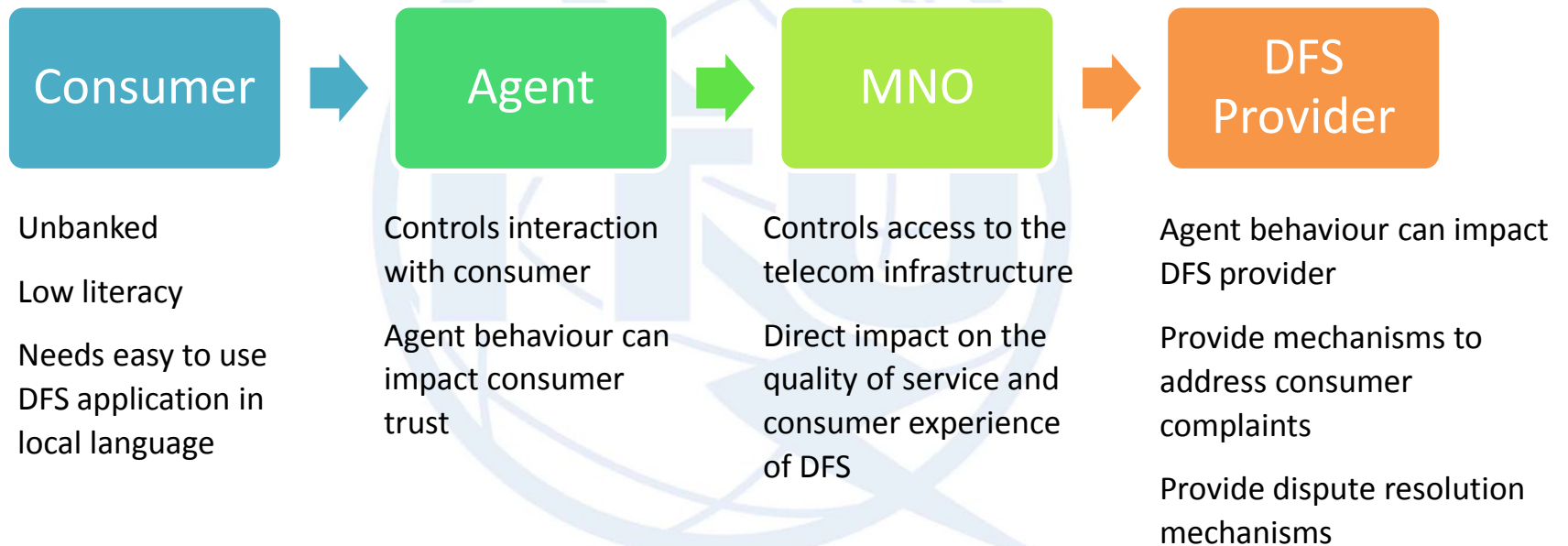
Regulatory Overlap In DFS

Financial Services Regulator

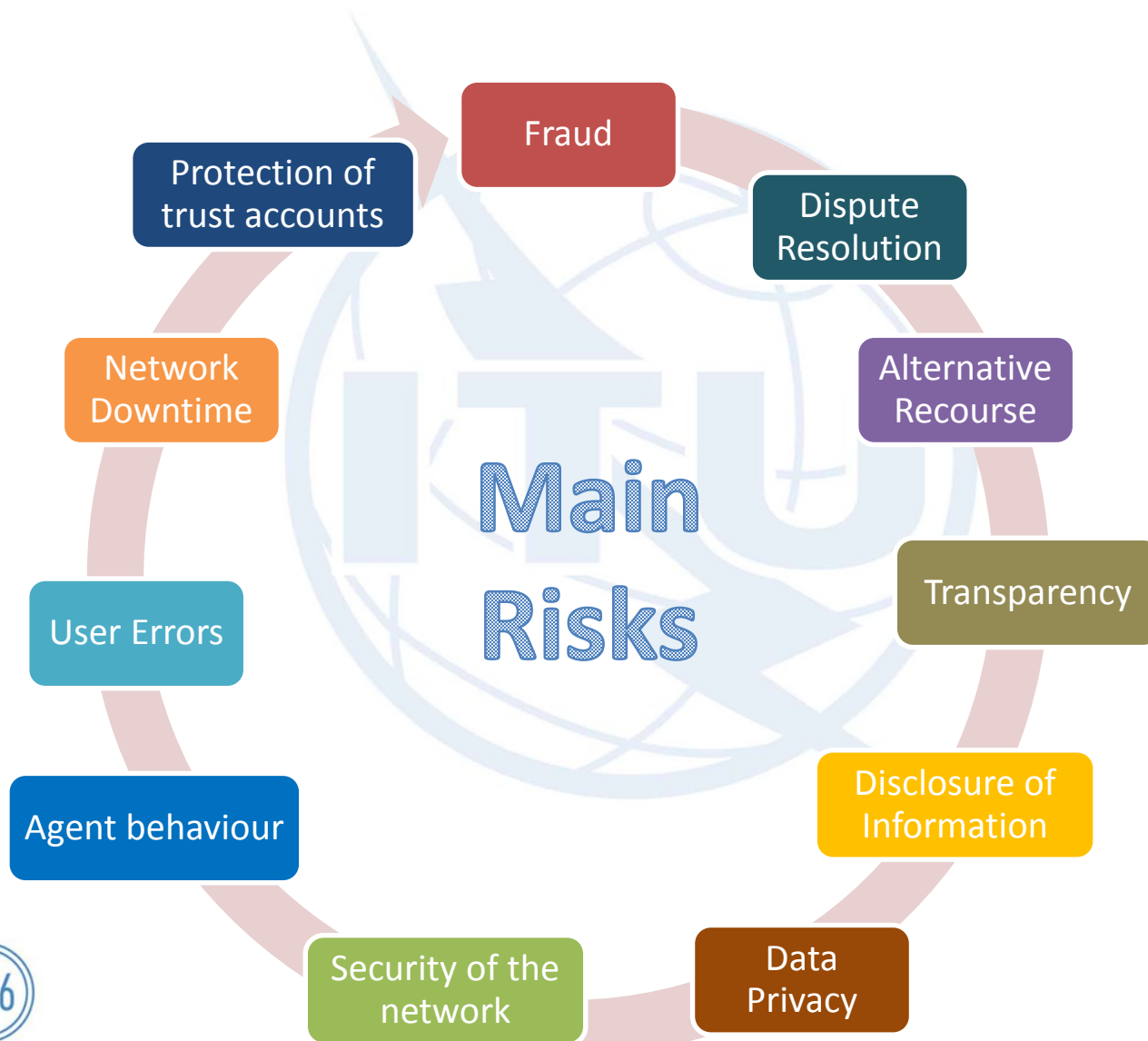


Telecom Regulator

DFS Value Chain Players



Consumer Protection Issues



Consumer Experience and Protection WG

- Regulatory Review of Consumer Protection Framework
 - Conducted by University of Washington
 - Covered 22 developing countries
 - Analysed the regulation and mobile money guidelines
- Regulatory principles for Consumer Protection
 - Compiled from issues identified in the regulatory review +
 - Best practices from international organizations (ie. World Bank, Alliance for Financial Inclusion, CGAP, Better than Cash Alliance, GSMA...)
 - Framework for regulators to introduce DFS consumer protection guidelines/regulation

Regulatory Review of Consumer Protection

- 5 countries (Bangladesh, Egypt, Nepal, Pakistan, and South Africa) specify a bank-led DFS model.
- 16 allow mobile money operators (MMOs) that are not tied to banks.
- In all 22 countries, a financial regulator (often the central bank) is involved in DFS regulation.
- Telecommunication regulators license MNOs, oversee aspects of market competition, and manage quality of service within DFS channels.
- 14 countries have a competition authority, eight of which are also responsible for consumer protection. 8 countries have separate consumer protection authorities.
- The DFS provider is responsible for costs from consumer financial losses or other harm in the event of
 - System malfunctions: in 7 countries,
 - Fraud: in 3 countries,
 - Agent misconduct: in 16 countries,
 - Transfer failures: in 3 countries.

Regulatory Review of Consumer Protection

- 18 countries have regulations that mandate transparent communication of costs associated with DFS, and 6 have regulations mandating regulator reviews of provider Terms & Conditions.
- 18 countries have regulations mandating security policies for DFS providers to reduce the risk of loss of funds or data,
- 6 countries had regulations for accessing consumer funds or data
- 9 countries had regulation which limits sharing of consumer data with third parties
- 10 countries had regulations mandating training for agents and employees of DFS providers
- 10 countries have regulations mandating specific mechanisms for consumers to report complaints.
- In 8 countries, regulations state that complaint channels should be free, and in 13 countries regulations specify maximum response times.
- 15 countries have regulations specifying alternative dispute resolution channels in case consumers are not satisfied with provider mechanisms.

Regulatory Principles For Consumer Protection in DFS

6 Pillars

1. Redress and dispute resolution mechanisms
2. Fraud prevention
3. Data protection and privacy
4. Information disclosure and transparency
5. Protection of funds
6. Encourage Competition



THANK YOU

More info: [ITU FG DFS Website](#)