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| **Council 2017Geneva, 15-25 May 2017** |  |
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| Report by the Secretary-General |
| DIGITAL FINANCIAL SERVICES |

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| SummaryWTSA Resolution 89 (Hammamet, 2016) instructs the Director of the Telecommunication Standardization Bureau, in collaboration with the Directors of the other Bureaux, to report to Council annually on the work to promote the use of ICTs to bridge the financial inclusion gap.The ITU-T Focus Group on Digital Financial Services (FG DFS) concluded its work in December 2016. It produced 28 reports and some 85 recommendations, which provide policy guidance and best practices for regulators, policy-makers, and DFS providers to overcome the challenges they face to bridge the financial inclusion gap. The Global Dialogue on Digital Financial Inclusion (GDDFI) is an ITU-D initiative responding to the mandate set out in WTDC Resolution 48 (Rev. Hyderabad, 2010) and Resolution 64 (rev. Dubai, 2014). The ITU-D Chief Regulatory Officers Group (CRO) has established a working group that will work with ITU to assist members to increase telecommunication/ICT access and innovative solutions for Digital Financial Inclusion (DFI) as well as to increase awareness on the importance of collaborative regulation between the financial and telecommunications sectors and competition authorities.A follow-up project will focus on the implementation of the recommendations from the FG DFS, together with recommendations from other groups.Action requiredThe Council is invited **to note** the report.\_\_\_\_\_\_\_\_\_\_\_\_References[ITU-T Focus Group Digital Financial Services webpage](http://www.itu.int/en/ITU-T/focusgroups/dfs/Pages/deliverables.aspx); [WTSA Resolution 89 (Hammamet, 2016)](https://www.itu.int/dms_pub/itu-t/opb/res/T-RES-T.89-2016-PDF-E.pdf); [ITU-D GSR webpage](http://www.itu.int/en/ITU-D/Conferences/GSR/Pages/GSR.aspx), [WTDC Resolution 48 (Rev. Hyderabad, 2010) and Resolution 64 (Rev. Dubai, 2014)](http://www.itu.int/en/ITU-D/Conferences/WTDC/Documents/D-TDC-WTDC-2014-PDF-E.pdf); [ITU-D CRO webpage](http://www.itu.int/en/ITU-D/Conferences/CRO/Pages/default.aspx) |

1 The ITU-T Focus Group on Digital Financial Services (FG DFS) was established by TSAG at its meeting of June 2014. The Focus Group held its first meeting on 5 December 2014 and completed its work in December 2016.

2 FG DFS aimed to:

* Foster collaboration and increase dialogue between financial services and telecommunications regulators, clarify their respective roles and responsibilities in the DFS field to minimize the risk of regulatory arbitrage or legal void;
* Address some of the key regulatory and policy issues currently preventing the development of an open, secure and interoperable DFS ecosystem with a particular (though not exclusive) focus on areas where financial services, and Telco regulators overlap;
* Leverage the voice, and expertise of a large number of key actors in the DFS value chain;
* Provide policy- and decision-makers in developing countries with additional tools to advance the financial inclusion agenda and fast track policy reform.

3 FG DFSfacilitated effective consultation and collaboration on key DFS issues. For the first time at the global level, itbrought together financial and telecommunications authorities, DFS providers, consumer advocates, DFS technical experts, development partners, and other key DFS stakeholders to:

1. **Increase and formalize** the collaboration between financial and telecommunications authorities with respect to digital financial services;
2. **Identify** key issues limiting the development of safe, efficient, and enabling DFS ecosystems;
3. **Analyse** how these issues have been addressed in practice and exchange information on best practices; and
4. **Develop** policy recommendations for public- and private-sector stakeholders on how to approach these issues.

4 FG DFS has produced 28 reports and some 85 recommendations, which provide policy guidance and best practices for regulators, policy-makers and DFS providers to overcome the challenges they face to bridge the financial inclusion gap. All the reports of the Focus Group can be accessed [here](http://www.itu.int/en/ITU-T/focusgroups/dfs/Pages/deliverables.aspx) as well as the ITU [press release](http://www.itu.int/en/mediacentre/Pages/2017-PR07.aspx).

5 The Global Dialogue on Digital Financial Inclusion (GDDFI) is part of ITU-D’s initiative to foster and strengthen collaborative regulation between ICT regulators and regulators from other sectors, focusing this year on the financial sector. GDDFI brings together telecom/ICT and financial regulators from around the world to establish a constructive global dialogue on topical issues of relevance to stakeholders from both sectors. The Global Dialogue provides participants with the opportunity to meet, share views and experiences, discuss synergies and regulatory overlap(s), strengthen cross-sectoral collaboration and identify new regulatory approaches fostering access to digital financial services for all through collaborative regulation. GDDFI complements at high political level the technical work done by the Focus Group on Digital Financial Services.

6 GDDFI 2016 identified policy, regulatory, and business collaborative guiding measures to move forward the digital financial inclusion agenda by building synergies at the national, regional and global levels. The report and guiding measures can be accessed [here](http://www.itu.int/en/ITU-D/Conferences/GSR/Documents/GSR2016/Meeting_report_E.pdf).

7 GDDFI 2017 will focus on the security of digital financial services, and will take place on 11 July 2017, as a pre-event to GSR 2017, which will take place in Nassau, Bahamas from 11 to 14 July 2017 and will be chaired by the Chairman of the Utilities Regulation and Competition Authority (URCA) of the Bahamas. The draft programme is available [here](http://www.itu.int/en/ITU-D/Conferences/GSR/Pages/GSR2017/default.aspx).

8 ITU-D’s Chief Regulatory Officers (CRO), its Working Group on DFI in particular, recommended that members together with ITU define activities to collaborate with members and partners to create an enabling legal and regulatory framework for DFI, focusing in particular on collaborative regulatory approaches between both sectors and pilot projects to progress to increase telecommunication/ICT access and innovative solutions for DFI as well as to increase awareness on the importance of collaborative regulation between the financial and telecommunication/ICT sectors and competition authorities.

9 Building on the strong collaboration initiated by FG DFS, a Financial Inclusion Global Initiative (FIGI) will be set up as a joint collaboration between ITU, Bill & Melinda Gates Foundation, World Bank, and the Committee on Payments and Market Infrastructure (CPMI) of the Bank for International Settlements, to accelerate progress towards universal access to financial services over the next three years (2017-2020). FIGI will focus on the implementation of the recommendations from the ITU Focus Group Digital Financial Services, the Payment Aspects of Financial Inclusion (PAFI) report of the World Bank and Bank for International Settlements, and the Level One Project of the Gates Foundation.

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