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| **Source:** | | | Chairman, FG DFC | |
| **Title:** | | | FG-DFC progress report and extension of Focus Group lifetime | |
| **Purpose:** | | | Action | |
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| **Keywords:** | Digital Currency; Digital Fiat Currency; Financial Inclusion; Digital Financial Services; Security; Interoperability; |
| **Abstract:** | The activities of the ITU-T Focus Group Digital Currency including Digital Fiat Currency (FG DFC), since the last TSAG meeting, are presented in this document. |

**Summary**

This is the progress report of the activities of the ITU-T Focus Group Digital Currency including Digital Fiat Currency (FG DFC).

**Action required:**

TSAG is invited to consider an extension of the Focus Group lifetime from April 2019 to end of September 2019

# Introduction

The [Focus Group Digital Currency including Digital Fiat Currency](https://www.itu.int/en/ITU-T/focusgroups/dfc/Pages/default.aspx) (FG DFC) was established by TSAG at its meeting of May 2017. The Focus Group has a duration of two years. The Focus Group held its first meeting in October 2017.

The main objectives of the Focus Group are:

* Study the economic benefit and impact of introducing DFC over mobile money;
* Investigate the ecosystem of digital fiat currency implementation for financial inclusion;
* Map the functional network reference architecture and process components required to implement digital fiat currency and integration with existing payment systems for interoperability;
* Identify use cases, requirements and applications of digital fiat currency;
* Develop better understanding of the security, regulatory implications, consumer protection, fraud prevention and counterfeiting issues of DFS and how can digital fiat currency can address these concerns;
* Identify critical sovereign security, transparency and verifiability of DFC technology and provide guidelines towards the escrow of critical software and hardware components to ensure trust and verifiability; and
* Identify new areas for standardization in ITU-T study groups.

# Meetings

Since its establishment, the Focus Group has met twice in-person on 12-13 October 2017 in Beijing, China and on 18-20 July 2018 in New York City, USA. Since the first FG DFC meeting in Beijing, twelve e-meetings of the working groups were held.

Some 98 participants from 29 countries (of which 23 developing countries and Least Developing Countries (LDC)) attended the second in-person FG DFC meeting in July 2018. A workshop on Standards for Digital Fiat Currency was held on 18th July 2018 preceding the first meeting. The presentations made at the workshop can be accessed here: <https://www.itu.int/en/ITU-T/Workshops-and-Seminars/20180718/Pages/Programme.aspx>.

The notes of meeting of the first meeting and the list of participants who attended the meeting can be found here: <https://extranet.itu.int/sites/itu-t/focusgroups/dfc/SitePages/Home.aspx>.

# Focus Group leadership, structure, deliverables and timeline

As of October 2018, the FG DFC management team is composed of:

* David Wen​​​​, eCurrency (Chairman)
* Yao Qian, Institute of Digital Money, People's Bank of China (Vice Chairman)
* Jacques Francoeur, San Jose State University, USA (Vice Chairman)
* Ahmed Said, NTRA, Egypt (Vice Chairman)
* Mandar Deshpande, Ministry of Communications, India (Vice Chairman)
* Njunga N'dungu, Former Governor, Central Bank Kenya​ (Vice Chairman)
* Sami Trimmech, Arab ICT Organization (Vice Chairman)  
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The Focus Group expresses its gratitude to Yury Grin, Russian Federation who was unable to continue his duties as FG DFC Vice Chairman.

The Focus Group deliverables by working groups under development and planned are provided in Annex 1.

Since the Focus Group held its first meeting in October 2017, and in order for FG DFC to achieve its goals and complete the work initiated, TSAG is invited to consider an extension of the Focus Group lifetime from April 2019 to September 2019.

FG DFC plans to organise two more physical meetings in 2019. FG DFC will submit its final deliverables to TSAG, at least four calendar weeks before the 2019 TSAG meeting.

# Relationships and efficient transfer of deliverables to ITU-T study groups

The Focus Group has taken into consideration the guidance provided in Recommendation ITU-T A.7, Appendix I.

In all FG DFC meetings there were presentation of updates and review of liaison statements from ITU-T study group 17 and ITU-T focus group DLT and ISO/TC 68 SC2.

ISO TC 68 SC2 appointed a liaison representative to follow DFC-related work in FG DFC.

The Central Banks of Norway, Sweden, Philippines, China, Egypt and Brazil presented their work on digital fiat currency to the Focus Group at its meeting in July 2018.

FG DFC has taken note of the standardization activities and work items across ITU-T study groups. ITU-T study group 17 have established Questions dedicated to DLT Security which may be linked to the output of the work of FG DFC on Security Architecture for DFC.

It is expected that the further development and adoption of the deliverables would require a continued collaborative approach between the recipients and other ITU-T study groups, as well as with external bodies, notably ISO/TC 68 SC2.

# Next steps

TSAG is invited to consider an extension of the Focus Group lifetime from April 2019 to September 2019.

FG DFC will complete its deliverables and submit them at least four calendar weeks before the 2019 TSAG meeting.

**Annex 1: Status of Deliverables**

**Regulatory Requirements and Economic Impact WG**

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| **Deliverable** | **Owner** | **Status** |
| 1. Documentation that provides a reference foundation to the governance aspects of Digital Fiat Currency from the Central Bank and regulator perspective. | Carolyn McMahon, Nadeem, State Bank Pakistan | First Draft Expected: December 2018  Final Version : Spring 2019 |
| 1. Report on best practices and guideline on policy and processes to ensure the sovereign security, transparency and verifiability of critical technology components. | Rohan Grey, Reza Jalili | First Draft Expected: January 2019  Final Version : Spring 2019 |
| 1. Report on the possible economic benefits and impact of DFC on mobile payment ecosystem. | Njuguna Ndung’u  Rohan Grey, Angela Walch | First Draft Expected: January 2019  Final Version : Spring 2019 |
| 1. Governance Models Taxonomy | Daniel Reiss | First Draft Expected: November 2018  Final Version : January 2019 |

**Reference Architecture WG**

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| **Deliverable** | **Owner** | **Status** |
| 1. Report on Use Cases in DFC from Central Banks | | Feng Lei | First Draft Expected: January 2019  Final Version : Spring 2019 |
| 1. Report on Taxonomy and definition of terms used in DFC | | Daniel Reiss | First Draft: 19 July 2018  Second Draft: Nov 2018  Final Version : January 2019 |
| 1. Report on Reference Architecture | | Thomas Kudyricki, Carolina Caballero, David Wen | First Draft Expected: February 2019  Final Version : Spring 2019 |

**Security Working Group**

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| **Deliverable** | **Owner** | **Status** |
| 1. Security Architecture Report | | Jacques Francoeur, San Jose State University | First Draft Completed End  October 2018,    Final Version: Spring 2019 |
| 1. Security Governance Architecture | | Jacques Francoeur, San Jose State University | First Draft Completed End  October 2018,    Final Version: Spring 2019 |
| 1. Big Data Analytics for DFC Fraud Prevention | | Richard O’Brien, CEO, Payment pathways  Yury Grin, Deputy Director General, Intervale | First Draft: January 2019  Final Version: Spring 2019 |

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