

## **ICT driving convergence of services and the need for collaboration between regulators to build trust**

The Internet has facilitated searching, matching, and sharing of information and contributed to greater collaboration among economic agents.<sup>1</sup> Qiang et al. (2009) at the World Bank did a cross sectional analysis to examine the impact of various ICTs including fixed broadband on GDP growth during the period 1980-2006 for 120 developing and developed countries.<sup>2</sup> The study finds that a 10 percentage point increase in fixed broadband penetration would increase GDP growth by 1.21 percent in developed economies and 1.38 percent in developing ones. This study was updated using more recent data (Scott 2012), deploying the same model but with data for 86 countries for 1980–2011. The results saw a 10 percentage point increase in fixed broadband generating a 1.35 percent increase in per capita GDP for developing countries and a 1.19 percent increase for developed countries.<sup>3</sup> Thus, Broadband is increasingly being regarded as a powerful general-purpose technology.

The digital world today offers a host of opportunities in various sectors of the economy such as agriculture, e-governance, health, digital financial services including mobile banking, online education etc. These services offer great promise for the goal of sustainable growth by opening doors to economic growth and the socio-economic development of the society. As noted in a recent report on ICTs and Sustainable Development Goals (SDGs),<sup>4</sup> ICTs can implement SDGs by efficient up-scaling of critical services in health, education, financial services and agriculture; reducing deployment costs in urban and rural settings; enhanced public awareness and faster upgrading of services and jobs.

The convergence of technologies and services and increasing interconnectedness between telecom and other sectors, also prompts the need to rethink the inter-relationship between the different agencies that regulate these sectors. This convergence of delivery of services through the use of internet involves the social media, digital market places, digital payments etc. and this has thrust on the sectoral regulators the responsibility to broaden their domain and ability to influence regulation and policy across sectors.

A case in point could be the Digital Financial Services that are being delivered using the internet technology either through mobiles or other devices. The provision of seamless

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<sup>1</sup>World Bank Group, World Development Report 2016: Digital Dividends, 2016.

<sup>2</sup>Qiang, Christine Zhen Wei, Carlo Rossotto, and Kaoru Kimura., Economic Impacts of Broadband, *in* Information and Communications for Development, World Bank, 2009.

<sup>3</sup>Scott, Colin, Does Broadband Internet Access Actually Spur Economic Growth, 2012.

<sup>4</sup> The Earth Institute Columbia University & Ericsson, ICTs and SDGs, 2016.

connectivity may fall within the domain of the telecommunication regulator but the financial sector regulators may enable multiple regulated financial services providers (banks and non-banks alike) to compete or partner to offer a range of responsible, secure financial services using the digital technology. Openness of access by many providers both telecom as well financial service, will encourage competition, promote innovation, and reduce prices. This would however, require the regulators of both sectors to put in place mechanism for formal cooperation either through setting up of Standing Committees, signing of MoUs, periodic review meetings etc.

Regulators need to collaborate proactively as pace of services being provided using digital platforms is increasing exponentially and so are the “trust” issues. The regulators need to convince the consumers about the security and reliability of the systems that they are using and it could be one of the collaborative areas of engagement between the regulators.

A robust regulatory framework, appropriate regulations, active surveillance, effective enforcement of rules and regulations and appropriate consumer redress mechanism for the services delivered using digital technology is possible through collaboration cross-sectoral regulators.

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