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| **-Telecommunication Development Advisory Group (TDAG)** | ITU logo |
| **21st Meeting, Geneva, 16-18 March 2016** |  |
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| **9 March 2016** |
| **English only** |
| Note by the Director of BDT | |
| progress report of the Focus Group on Digital Financial Services (FG-DFS) | |

**Abstract:**

This document has been received as a contribution from the TSB Director.

It provides a progress report on the activities of the ITU-T Focus Group on Digital Financial Services (FG-DFS) during the period May 2015 – February 2016.

**Action required:**

TDAG is invited to submit comments on the draft deliverables in Section 4 of the document and to submit it for comments to ITU-D Study Groups 1 and 2. Experts from ITU-D Study Groups 1 and 2 are kindly invited to participate in the future meetings of FG-DFS.

1. **Introduction**

The 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. The Focus Group has a duration of two years and is expected to complete its work in December 2016. The terms of reference of the Focus Group is available online at: <http://www.itu.int/en/ITU-T/focusgroups/dfs/Pages/default.aspx>

Since its establishment, the Focus Group has met four times. All input and output documents for each meeting can be found on the FG DFS Collaboration site: <https://extranet.itu.int/ITU-T/focusgroups/fgdfs/SitePages/Home.aspx>.

1. **Third and Fourth Meetings**

The Focus Group on Digital Financial Services (FG-DFS) held its third meeting on 1– 2 October 2015 in Kuala Lumpur Malaysia. The four working groups held their meetings on 30 September and 1st October 2015. The meeting was well attended with the participation of 88 delegates from 20 countries, representing members and non-members of ITU. The meeting report is available in document [DFS-O-003](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Output%20Documents/DFS-O-003.docx).

The fourth meeting was held on 15-16 December 2015 at ITU Headquarters in Geneva. The meeting was preceded by a workshop on Digital Financial Services and Financial Inclusion on 14 December 2015. The presentations made at the workshop can be accessed here: <http://www.itu.int/en/ITU-T/Workshops-and-Seminars/ifds/Pages/Programme_201512.aspx>. Some 110 participants from 19 developing countries attended the meeting. The meeting report is available in document [DFS-O-004](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Output%20Documents/DFS-O-004.docx?Web=1).

The third and fourth meetings reviewed and discussed the progress made by the working groups since the previous face-to-face meetings. The parallel breakout sessions held on the first two days of the meetings gave the working groups the opportunity to further advance the work on the deliverables. The working groups also adopted work plans for the time between the meetings.

1. **FG DFS Management and Working Group Meetings**

The following meetings were held in between face-to-face FG DFS meetings, through teleconference facilities to progress with the work of the focus group:

* FG DFS management meetings – 3 meetings
* DFS Ecosystem WG progress meeting – 4 meetings
* Technology, Innovation and Competition WG progress meeting – 6 meetings
* Interoperability WG progress meeting – 3 meetings
* Consumer Experience and Protection WG progress meeting – 3 meetings

1. **Deliverables**

At the end of the fourth face-to-face meeting, the status of the work items of FG DFS is as follows:

| **Working Group** | **Deliverable** | **Draft Document on FG DFS Collaboration Site (if ready)** | **Expected FG DFS Meeting for Completion** |
| --- | --- | --- | --- |
|  | Introduction to DFS Ecosystem | [DFS-I-156](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-156.zip) (Chapters 1 & 2) | # 5 |
| Products, Services and Use Cases | [DFS-I-156](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-156.zip) (Chapter 3) | # 3 |
| Merchants/Payment Acceptors | [DFS-I-156](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-156.zip) (Chapters 4 & 5) | # 6 |
| Bulk Payments | [DFS-I-156](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-156.zip) (Chapter 6) | # 6 |
| Postal Networks in Digital Financial Services |  | # 7 |
| Regulation | [DFS-I-156](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-156.zip) (Chapters 8 & 9) | # 7 |
| National Identity Systems | [DFS-I-083](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-083.docx) | # 6 |
| Risk Management | [DFS-I-156](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-156.zip) (Chapters 11 & 12) | # 7 |
| Digital Financial Services Glossary | [DFS-I-156](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-156.zip) (Chapter 13) | # 6 |
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| Technology, Innovation and Competition | Security in DFS |  | # 5 |
| Overview of vendor Platforms in DFS |  | # 5 |
| Overview of handsets used in DFS |  | # 5 |
| Big Data issues in DFS: principles, ethics |  | # 6 |
| ID Issues in DFS |  | # 7 |
| Competition Issues in DFS |  | # 7 |
| Transaction Cost Model for DFS | [DFS-I-101](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-101.pdf) | # 7 |
| Technical Innovation trends in DFS |  | # 6 |
|  |  |  |  |
| Interoperability | Refined overview of the regional integration initiatives |  | # 6 |
| Analysis on the right timing of interoperability |  | # 6 |
| Develop scheme templates for interoperability between e-money (incl. mobile money) services |  | # 6 |
| Develop scheme templates for interoperability between e-money (incl. mobile money) accounts and deposit transaction accounts ("bank accounts") |  | #6 |
| Guidance on possible structure of industry forums and cooperation frameworks between authorities, users, and providers |  | # 6 |
| Oversight Framework relevant aspects, KYC, AML-CFT challenges of Interoperability |  | # 6 |
| Access of non-banks to infrastructure |  | # 6 |
| (Non-)Exclusivity of agents |  | # 6 |
|  |  |  |  |
| Consumer Experience and Protection | Model Annotated User Agreement for DFS |  | # 6 |
| Gap analysis of legal and regulatory issues for consumer protection |  | # 6 |
| QoS and QoE for DFS | [DFS-I-149](https://extranet.itu.int/ITU-T/focusgroups/fgdfs/Input%20Documents/DFS-I-149.zip) | # 6 |
| Alternative Dispute Resolution Mechanism |  | #7 |

1. **Planned Meetings and Events**

The following meetings and events are planned in 2016:

* FG DFS 5th Meeting: 27-29 April 2016, World Bank, Washington D.C
* Participation in the side event on Digital Financial Inclusion on 11 May 2016, in Egypt during the ITU Global Symposium for Regulators.
* FG DFS 6th Meeting September 2016, in Africa
* FG DFS 7th Meeting and Workshop on Digital Financial Services and Financial Inclusion: December 2016, ITU, Geneva

In addition, in between the meetings of the Focus Group each working group will be conducting e-Meetings to advance the work on the deliverables of the Focus Group.

1. **Collaboration**

FG DFS sent liaison statements to the following organizations calling for collaboration and contribution on Digital Financial Services:

* ITU-T Study Group 2;
* ITU-T Study Group 3;
* ITU-T Study Group 12;
* ITU-T Study Group 17;
* ITU-D Study Group 1;
* ITU-D Study Group 2;
* Mobey Forum
* ISO TC 68/SC 7
* Alliance for Financial Inclusion

Overall, the FG DFS meetings benefitted from the fruitful exchange and constructive input from both ICT and financial services stakeholders.

It is hoped that the final Deliverables be made publicly available to the benefit of the wider financial services and ICT communities with an interest in the topic

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