



REPORT
Of ITU Regional Workshop for CIS
“Mobile Payments: The Issues and Prospects for the Development”
Baku, Republic of Azerbaijan, 14-16 October 2014

The ITU Regional Workshop for CIS on Mobile Payments: *The Issues and Prospects for the Development* was organized by the Telecommunication Development Bureau (BDT) in cooperation with CJSC Intervale (Russian Federation) and Odessa National Academy of Telecommunications (ONAT) n.a. A.Popov (Ukraine), with support of Mobey Forum International Non-commercial Association and held in Baku, Republic of Azerbaijan, from 14 to 16 October 2014 at the kind invitation of the Ministry of Communications and High Technologies of the Republic of Azerbaijan.



The Workshop was the final stage of the implementation of the CIS Regional Initiative approved by WTDC-10 (Hyderabad, India) *Development of Recommendations and Creation of a Pilot Segment of a Telecommunication/ICT System to Support Secure Remote Retail Payments and the Management of Bank Accounts Using Wireless Communication Networks*.

The Workshop was dedicated to the topical issues, such as: the activities of the ITU and Bank of International Settlements in the field of mobile-based services promotion; evolution of mobile payments in different regions of the world; the experiences of the CIS countries in the development of mobile payments; identification of the scope of problems to be settled through mobile payment system and the main requirements imposed on it; the issues of specialist training for the development and maintenance of the mobile payment system work. Also, the Workshop elaborated the Recommendations for the Development of Mobile Payment in the CIS.

The Workshop was attended by **68** representatives of the Communication Administrations, telecommunications and finance regulators, bank and finance institutions, telecommunication service providers, universities, telecommunication equipment manufacturers, developers of software for mobile payment systems, international organizations, and other stakeholders of **14 countries**

(Republic of Azerbaijan, Republic of Belarus, Great Britain, Greece, Spain, Republic of Kazakhstan, Kyrgyz Republic, Republic of Moldova, Russian Federation, United States of America, Republic of Tajikistan, Ukraine, France, Switzerland), including **8 CIS countries**.



At the opening ceremony, greeting speeches were delivered by Mr. Elmir Velizade, Deputy Minister of Communications and High Technologies of the Republic of Azerbaijan; Mr. Klaus Loeber, Head of Secretariat of Payment and Market Infrastructure Committee of the Bank of International Settlements; Ms. Oksana Smirnova-Krell, Director General of Group of Companies Intervale; Mr. Vadim Kaptur, Pro-rector for Scientific Work of ONAT n.a. A.Popov; Mr. Andrei Untila, Programme Officer of ITU Area Office for CIS.

Within the **3 days** of the Workshop, **21 presentations** were delivered by experts of international organizations, communication administrations, finance and telecommunications companies, system integrators, universities. The Workshop was conducted in Russian with simultaneous interpretation into English.

First day of the Workshop was divided in three sessions, covering: Activities of the International Telecommunication Union and Bank of International Settlements in the field of Promotion of Service Development on the basis of Mobile Devices (3 presentations); Evolution of Mobile Payments in Different Regionals of the World (5 presentations); Experiences of the CIS Countries in the Development of Mobile Payments (3 presentations).

Four Sessions of second day of the Workshop presented following topics: Implementation of the Regional Initiative on Mobile Payments (3 presentations); Identification of the Scope of Problems to be Settled through Mobile Payment System and the Main Requirements Imposed on it (3 presentations); Recommendations for the Development of Mobile Payments (1 presentation); the Issues of Specialist Training for the Development and Maintenance of the Mobile Payment System Work (3 presentations).

Third day of the Workshop consisted of a series of roundtables, which composed recommendations in the field of legislative and regulatory aspects, the conduct of business, as well as in the field of development of the technologies aimed at creation of mobile payment systems in the CIS. Summing-up speeches were delivered by Mr. Elnur Aslanov, Head of e-Government Department of the Ministry of Communications and High Technologies of the Republic of Azerbaijan; Ms. Oksana Smirnova-Krell, Director General of Group of Companies Intervale; Mr. Vadim Kaptur, Pro-rector for Scientific Work of ONAT n.a. A.Popov; Mr. Andrei Untila, Programme Officer of ITU Area Office for CIS.

According to the mini-survey carried out on third day of the workshop, the participants positively evaluated the event and were satisfied with the information presented as having practical use in their professional activities. They suggested to involve in the mobile-payment-related workshops more participants from “neighbouring” fields, in particular, from bank sphere. Among the most interesting presentations of the workshop, the participants noted the presentations by Mario Maawad, Roman Lukashov, Viktor Nosov, Yuri Bozhor, Frazier Evans,.

The participants expressed gratitude to the ITU and, in particular, to the Area Office for the CIS, as well as to CJSC Intervale (Russian Federation) and Odessa National Academy of Telecommunications (ONAT) n.a. A.Popov (Ukraine), and Mobey Forum International Non-commercial Association for organization of and preparation for the workshop. Also gratitude was expressed to the Communication Administration of the Republic of Azerbaijan for hosting the event and good administrative support of the workshop. Special thanks were expressed to a row of speakers for their interesting and topical presentations.

The ITU, in their turn, express gratitude to CJSC Intervale (Russian Federation), Odessa National Academy of Telecommunications (ONAT) n.a. A.Popov (Ukraine), and Mobey Forum International Non-commercial Association for fruitful cooperation in the implementation of the Regional Initiative and organization of the event, as well as to the host, the Communication Administration of the Republic of Azerbaijan, and to all participants of the workshop.

Conclusions and Recommendations

The Workshop participants noted:

1. Essential contribution of CJSC Intervale in the implementation of the Regional Initiative *Development of Recommendations and Creation of a Pilot Segment of a Telecommunication/ICT System to Support Secure Remote Retail Payments and the Management of Bank Accounts Using Wireless Communication Networks;*
2. Significance of the works which are carried by Odessa National Academy of Telecommunication (ONAT) n.a. A.Popov for capacity building in the CIS in the sphere of designing and operation of modern mobile payment systems;
3. Topicality of the Workshop;
4. Practical significance of the presentations delivered and possibility to use them by the participants in their professional activities;
5. Importance of the exchange of opinions and experiences during the Workshop;
6. Necessity to continue the practice of ITU regular workshops on the issues of mobile payments with active participation of experts and all stakeholders.

When discussing the Recommendations for Development of Mobile Payments in the CIS, the participants found desirable:

- a) in the field of legislation and regulation:
 - to note the necessity of elaboration of a model regulatory legal act on mobile payments to identify legal, regulatory, technological, and business aspects of this kind of activity;
 - to draw attention of the global financial market players, in particular of the international payment systems, to the desirability of the timely adaptation of the financial service standards to the industry of mobile payments;
 - to recognize desirability of creation in the CIS region of a an advisory and consultative body in the field of mobile payments and mobile commerce to form relevant principles and recommendations for the market players from different countries.
- b) in the field of conduct of business:
 - when elaborating and promotion of mobile payment systems, to follow the principle The comfort of the client not at the expense of the security;

- for popularization of mobile technologies in the interests of consumers and the state, to promote using mobile payments for the most mass financial operations (payments of taxes, public services, housing and public utilities);
 - to refuse from system approach to upgrade of financial literacy and awareness of the population of the basic principles of mobile payment technology; to continue elaboration of carrying out of special market events aimed at promotion of mobile payment services and improvement of financial literacy of the population at local markets.
- c) In the field of the technology development:
- To use multiple authentication and firm ciphering algorithms for authentication of the clients and authorization of the operations; to necessity to keep critical data used for client authentication separately from payment details and other financial information;
 - To recognize the promising outlook of the use of biometric client authentication in the mobile payment industry;
 - To note the promising outlook of transition to modern methods of provision of the payment details security, including different ways of implementation of security element (SE), trusted execution environment (TEE), host card emulation (HCE) technology, and tokenization for provision of the required mobile payment security level.