

Digital Financial Inclusion and Consumer Protection

**ITU Regional Forum on Consumer Information, Protection and Rights for
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2 billion unbanked ...



7 billion people (95% of the global population) live in an area that is covered by a mobile-cellular network.

=> ... 2 billion mobile phones

Solution:

mobile phone = bank account



WHY DFI

- DFS offer great potential to meet the financial needs of poor and unbanked consumers.
 - Increased coverage and lower access charges
- As technology continues to develop, so do the opportunities to harness innovation for financial inclusion.
 - Kenya saw the percentage of the population using formal financial services increase from 27.4 per cent in 2006 (when M-PESA was first launched) to 75.3 per cent by 2015
- Access to safe, high-quality financial services is very important, especially for poor and unbanked consumers around the world.
- At the same time, authorities are grappling with how to effectively regulate and supervise DFS



- The ITU provides a global platform that facilitates effective consultation and collaboration on key DFS issues bringing together financial and telecommunications authorities, DFS providers, consumer advocates, DFS technical experts, development partners, and other key DFS stakeholders



ITU DFI Partners



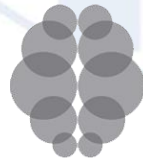
BILL & MELINDA
GATES foundation



vodafone



HUAWEI



afi Alliance for
Financial Inclusion
Bringing smart policies to life



UNCTAD



BANGLADESH BANK
Central Bank of Bangladesh



TRAI



TUNISIE TELECOM



Microfinance + Capital Development



cenfri amdocs
The Centre for Financial Regulation & Inclusion
embrace challenge e^xperience succes.



ITU DFS Initiative & Programs

1. Focus Group on DFS established 2014*
 - a. Increase and formalize the collaboration between financial and telecommunications authorities with respect to digital financial services;
 - b. Identify key issues limiting the development of safe, efficient, and enabling DFS ecosystems
 - c. Analyze how these issues have been addressed in practice and exchange information on best practices; and
 - d. Develop policy recommendation



ITU DFS Initiative & Programs

2. Global Dialogue on Digital Financial Inclusion (GDDFI) held at the GSR 16, Sharm el-Sheikh, Egypt, from 11 May 2016

a) Regulators identified pro-active collaborative policy and smart ICT regulatory measures needed to facilitate access to and the development of digital financial services- http://www.itu.int/en/ITU-D/Conferences/GSR/Documents/GSR2016/BPG_16_en.pdf

b) The GDDFI stakeholders adopted Collaborative guiding measures to move the digital financial inclusion agenda forward and to foster an enabling environment for inclusive digital financial.

http://www.itu.int/en/ITU-D/Conferences/GSR/Documents/GSR2016/GDDFI_GuidingMeasures-En.pdf.

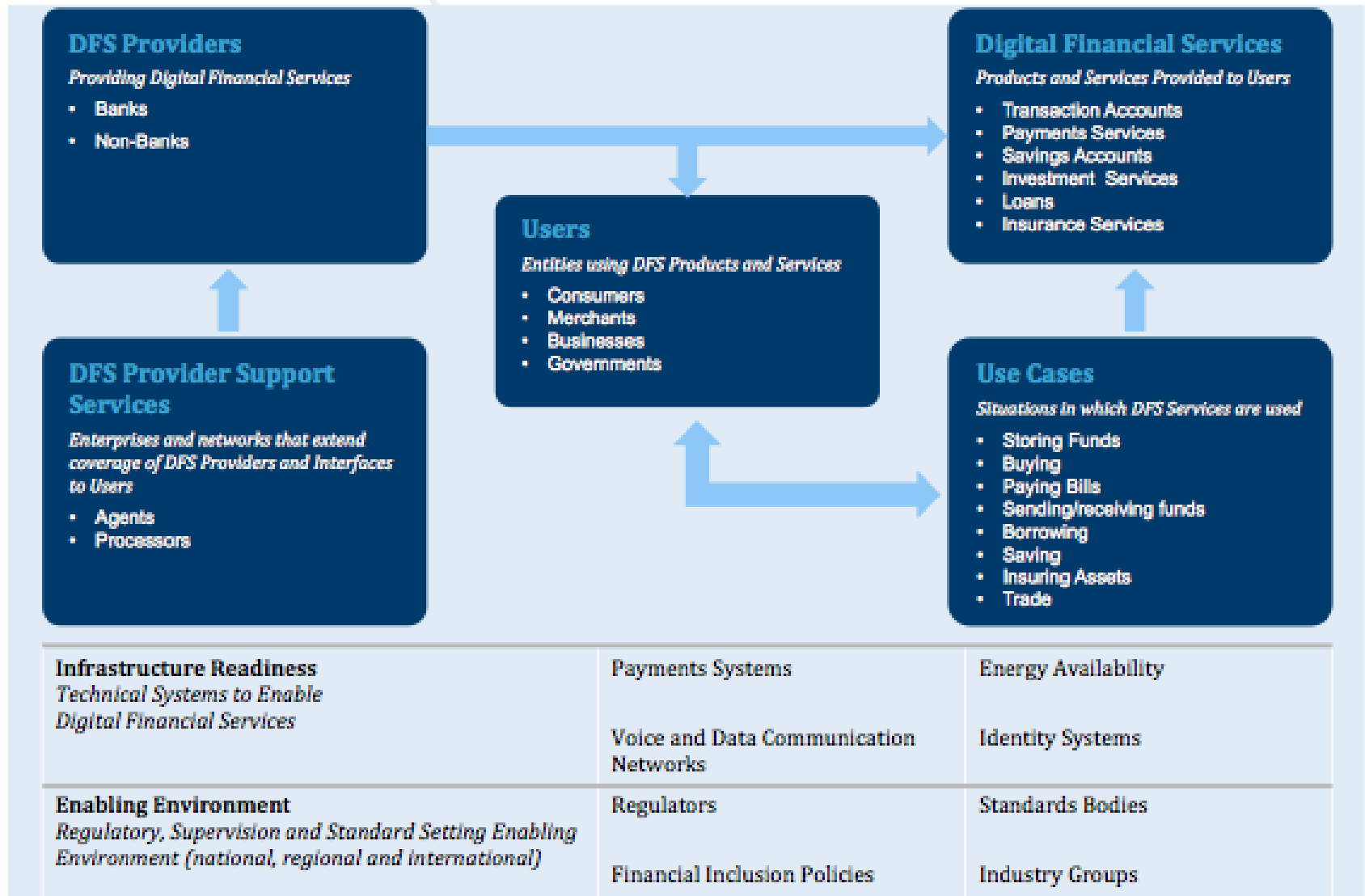
c) A report- DIGITAL FINANCIAL SERVICES: REGULATING FOR FINANCIAL INCLUSION: AN ICT PERSPECTIVE was Launched; http://www.itu.int/en/ITU-D/Conferences/GSR/Documents/GSR2016/Digital_financial_inclusion_GDDFI.pdf



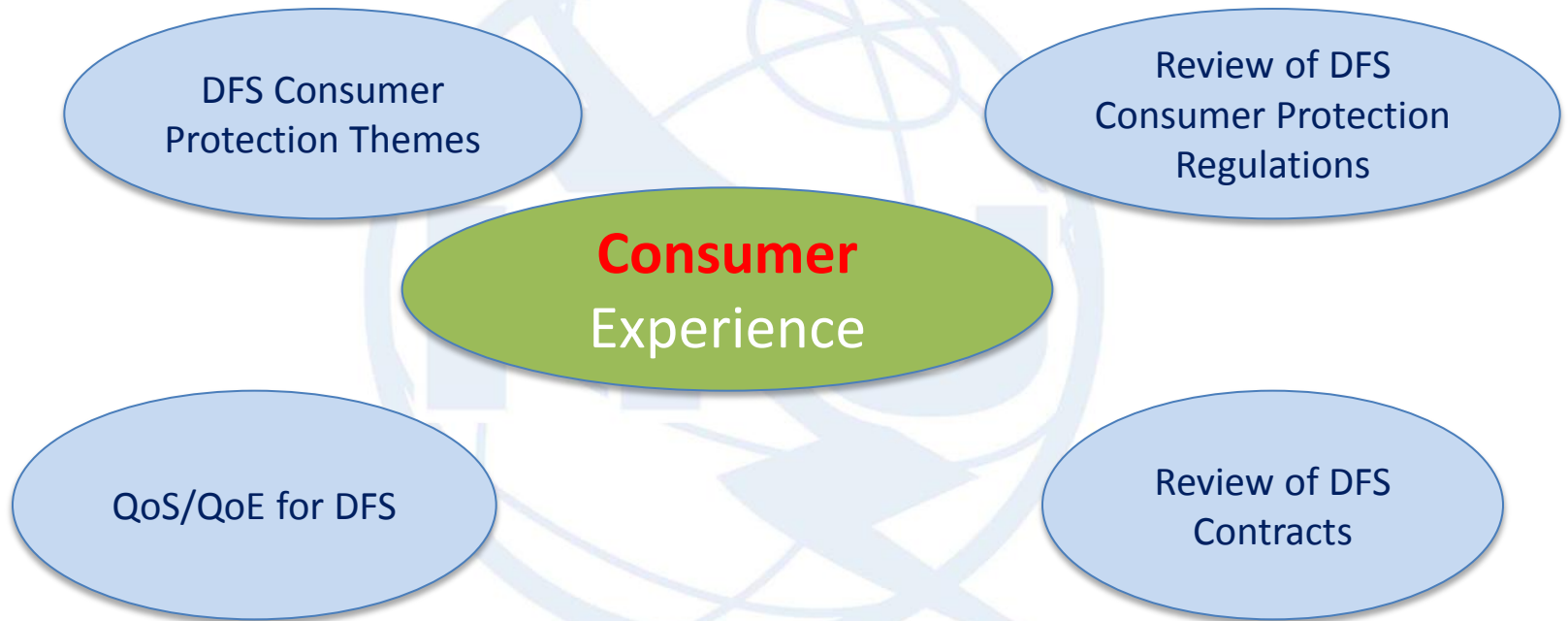
DFS Main Topics under consultation

1. Defining and creating an enabling environment for the DFS Eco System
2. Consumer Protection and identification
3. Interoperability
4. Technology & Infrastructure, Innovation and Competition
5. Partnerships

Defining and creating an enabling Eco System



Outputs



Consumer Protection Concerns

- Transparency in disclosure of fees, pricing and terms and conditions
 - Fees disclosed prior to transaction completion
 - Standard definitions for costs and fees
 - All information about costs and pricing disclosed in clear language
- Complaint handling process easy to access for consumers

Consumer Protection

- Adopt cost effective recourse mechanisms
- Implement measures to handle error transactions
- Consumers should not be liable for fraudulent transactions
- Implement measures to protect consumer funds
- Data privacy and protection
 - Consent of consumer needed if data is being shared with third parties



Top-10 recommendations

1. Establish regulatory environment: model MoU between regulatory body of financial services and of telecommunications [here](#)
2. Create level playing field for all DFS providers and promote fair access to communications infrastructure such as USSD channel
3. Improve reliability and quality of network
4. Promote interoperability among DFS providers (first: in-country), but choose timing wisely
5. Require transparency in disclosure of fees before transaction is carried out



Top-10 recommendations

6. Adopt a cost effective recourse mechanism
7. Protect data privacy: Ensure consent of consumers is obtained by DFS providers before collecting, using and disclosing to third parties
8. Require all DFS stakeholders to accept digital money
9. Provide means for customer identification (for KYC and AML/CFT)
10. Make DFS providers liable for acts and omissions of their agents, employees, and third party service providers



BDT Planned activities

- GSR 2017 –11-14 July 2017 in Bahamas.
- Pre-event on 11 July, the Global Dialogue on Digital Financial Inclusion focusing in particular **on cybersecurity for digital financial inclusion** in collaboration with partners

