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| **Telecommunication Standardization Bureau** | | ITU logo |
|  | | Geneva, 25 August 2014 |
| Ref: | **TSB Circular 114**  FG DFS/VM | - To Administrations of Member States of the Union  To ITU Sector Members;  - To ITU Associates;  - To ITU Academia |
|  |  |
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| E-mail: | [tsbfgdfs@itu.int](mailto:tsbfgdfs@itu.int) | **Copy:**  - To the Chairmen and Vice-Chairmen of all ITU-T Study Groups;  - To the Director of the Telecommunication Development Bureau;  - To the Director of the Radiocommunication Bureau;  - To the Directors of ITU Regional Offices |
| Subject: | **Creation of a new Focus Group on Digital Financial Services (FG DFS) and First meeting of FG DFS, Geneva, Switzerland, 5 December 2014** | |

Dear Sir/Madam,

1 I am pleased to announce the establishment of the [ITU-T Focus Group on Digital Financial Services](http://www.itu.int/en/ITU-T/focusgroups/dfs/Pages/default.aspx) (FG DFS) further to the agreement by ITU-T TSAG at its meeting in Geneva, 17-20 June 2014.

2 The first meeting of FG DFS is scheduled (see agenda in **Annex 2**) to take place at the ITU Headquarters in Geneva, Switzerland, on **5 December 2014.** The meeting will be preceded by a workshop on Digital Financial Services and Financial Inclusion on **4 December 2014** at the same venue. Detailed information can be found at the workshop website: <http://www.itu.int/en/ITU-T/Workshops-and-Seminars/ifds/Pages/default.aspx>.

3 Globally, more than 2.5 billion adults do not have access to a formal bank account, most of them in developing economies. Low levels of financial inclusion represent a barrier to socio-economic development in developing countries. Digital financial services can be a game changer for people of limited income and an enabler for financial inclusion in developing countries. Digital financial services can expand the delivery of basic financial services to the poor through new technologies like mobile phones, electronic money and new channels such as retail agents. These channels can drastically drive down costs for customers and service providers, opening the door to remote and underserved populations.

4 The ITU-T FG DFS will analyse ICT solutions, business models and platforms that promote financial inclusion and will identify best practices and standards which would facilitate, inter alia, access to technology, the development of platforms allowing to handle effectively low value transactions and the implementation of interoperable digital financial services solutions on a global scale.

5 The Focus Group will operate under procedures set out in Recommendation ITU-T A.7. TSAG serves as the parent group. The agreed Terms of Reference are reproduced in **Annex 1**. Mr Sacha Polverini, from the Bill and Melinda Gates Foundation has agreed to be the chairman of the Focus Group. I believe that by establishing the Focus Group, ITU-T will meet the expectations of its membership and demonstrate its ability to address critical topics requiring urgent attention from both policy makers and market participants.

6 FG DFS is open to ITU Member States, Sector Members, Associates, Academia and to any individual from a country which is a member of ITU and who is willing to contribute to the work; this includes individuals who are also members or representatives of interested standards development organizations.

7 Contributions are invited on projects related to digital financial services and financial inclusion in their respective regions, highlighting the state of digital financial services in the region, main challenges (and possible solutions) and industry best practices that have been implemented.

8 Remote participation will be available for the meeting. More information about remote participation will be available on the Focus Group web page: <http://www.itu.int/en/ITU-T/focusgroups/dfs/Pages/default.aspx>.

9 The items for discussion at the meeting will be made available on the Focus Group web page: <http://www.itu.int/en/ITU-T/focusgroups/dfs/Pages/default.aspx>. Information related to the meeting as well as the contributions received will be provided on the Focus Group website. The meeting will open at 0930 hours on 5 December 2014. Participant registration will begin at   
0830 hours at the Montbrillant entrance. Detailed information concerning the meeting room will be displayed on screens at the entrances to ITU headquarters. No registration fee is required for participating in this meeting.

10 The discussions will be held in English only.

11 The documents will be made publicly available for this meeting. In preparing documents, please use the basic template for the FG documents available from the Focus Group web page. Participants shall submit input documents to FG DFS in electronic format to TSB as follows:

- contact TSB at [tsbfgdfs@itu.int](mailto:tsbfgdfs@itu.int) to receive a number (nnnn) for each document

- prepare documents with a file name as follows: dfs-i-nnnn (with the appropriate file extension)

- using an FTP client, upload the document to the document drop folder in the FG DFS FTP area, namely:

**Host name:** ifa.itu.int

**Path:** /t/fg/dfs/docs/incoming

Note: contents of the document drop box can be read with a web browser at: <http://ifa.itu.int/t/fg/dfs/docs/1412-gva/in/> .

Documents will be processed by TSB and moved to the relevant read only folder.

12 The deadline for document submission for this meeting is **22 November 2014**. Please note that this is a paperless meeting.

13 Wireless LAN facilities are available for use by delegates in the ITU main conference room areas. Wired network access continues to be available in the ITU Montbrillant building. Detailed information is available on the ITU-T website (<http://www.itu.int/ITU-T/edh/faqs-support.html>).

14 For your convenience, a hotel confirmation form is enclosed as **Annex 3** (see [http://www.itu.int/travel/](http://www.itu.int/travel) for the list of hotels).

15 To enable TSB to make the necessary arrangements concerning the organization of the Focus Group meeting and workshop, please register via the online form as soon as possible, but **not later than 24 November 2014**. **Please note that pre-registration of participants to the meeting is carried out exclusively *online*** *at*<http://www.itu.int/en/ITU-T/focusgroups/dfs/Pages/default.aspx>***.*** To easily provide you with any updates concerning the meeting planning, please fill in your valid e-mail address on your registration form.

16 We would remind you that citizens of some countries are required to obtain a visa in order to enter and spend time in Switzerland. **The visa must be requested at least four (4) weeks before the date of beginning of the meeting** and obtained from the office (embassy or consulate) representing Switzerland in your country or, if there is no such office in your country, from the one that is closest to the country of departure. If problems are encountered, the Union can, at the official request of the administration or entity you represent, approach the competent Swiss authorities in order to facilitate delivery of the visa but only within the period mentioned of **four** weeks. Any such request must specify the name and functions, date of birth, number, dates of issue and expiry of passport of the individual(s) for whom the visa(s) is/are requested[[1]](#footnote-1) and be accompanied by a copy of the notification of confirmation of registration approved for the ITU-T meeting in question, and must be sent to TSB by fax (+41 22 730 5853) or e-mail ([tsbreg@itu.int](mailto:tsbreg@itu.int)) bearing the words **“visa request”**.

**Please also note that ITU can assist only representatives of ITU Member States, ITU Sector Members, ITU Associates or Academic Institutions.**

Yours faithfully,

Malcolm Johnson  
Director of the Telecommunication  
Standardization Bureau

**Annexes: 2**

ANNEX 1

(to TSB Circular 114)

**Terms of Reference of the Focus Group on Digital Financial Services**

**1. Rationale and Scope**

Globally, more than 2.5 billion adults do not have a formal bank account, most of them in developing economies. Low levels of financial inclusion represent a barrier to socio-economic development in developing countries. Mobile money can be a game changer for people of limited income and an enabler for financial inclusion in developing countries. As indicated by a growing body of evidence, increasing the poor’s access to high quality, affordable financial services will accelerate the well-being of households, communities, and economies in the developing world. One of the most promising ways to deliver these financial services to the poor – profitably and at scale – is by using digital payment platforms. The recent growth of digital financial services has allowed millions of people who are otherwise excluded from the formal financial system to perform financial transactions relatively cheaply, securely, and reliably.

Digital financial services can expand the delivery of basic financial services to the poor through new technologies like mobile phones, electronic money and new channels such as retail agents. These channels can drastically drive down costs for customers and service providers, opening the door to remote and underserved populations. Smartphones coupled with innovations in technologies such as near field communications (NFC) and cloud computing is also changing the landscape of this field.

The Focus Group activities will be focused on innovations in payments and delivery of financial services via mobile technologies occurring in both developed and developing countries with a particular focus on the latter. Innovation in digital financial services in developed countries can provide examples of products, services and best practices which could find a meaningful and effective application to promote financial inclusion in emerging markets, particularly, when the use of such products and services is consolidated and standardized.

**2. ITU-T Focus Group on Digital Financial Services (FG DFS)**

The ITU-T FG DFS will analyse ICT solutions and projects that promote financial inclusion, secure mobile financial services and emerging technologies in the field that can be standardized by ITU-T study groups and will identify best practices which could facilitate the implementation of such solutions on a global scale.

It will develop a standardization roadmap for interoperable digital financial services taking into consideration the activities currently undertaken by the various standards developing organizations (SDOs) and forums and a regulatory toolkit which may be used by national policymakers and regulatory authorities from ITU Member States for scaling up digital financial services uptake.

This Focus Group will work closely with ITU-D study groups and will also invite non ITU-T members to participate in its work. This Focus Group does not intend to duplicate other efforts but will benefit from existing work and expertise.

**2.1 Objectives**

To support the development of base materials for global standards for digital financial services the objectives of this focus group include:

* Identify the technology trends in digital financial services over the coming years and how the role of various stakeholders in this ecosystem will evolve. This will include identifying underlying frameworks, new business models and public private partnership arrangements necessary for digital financial services.
* Establish liaisons and relationships with other organizations which could contribute to the standardization activities of digital financial services.
* Describe the ecosystem for digital financial services in developed and developing countries and the respective roles and responsibilities of the stakeholders in the ecosystem.
* Identify successful use cases for implementation of secure digital financial services including developing countries with a particular focus on the benefits for women;
* Suggest future ITU-T study items and related actions for various ITU-T study groups for example on:
  + Concepts, coverage, vision and use cases of digital financial services.
  + Characteristics and requirements for digital financial services.
  + Architectural framework for digital financial services including security of mobile transactions.
* In collaboration with ITU-D study the best practices related to policies, regulatory frameworks, consumer and fraud protection, business models and ecosystems for digital financial services in developed and developing countries.
* Work towards the creation of an enabling framework for digital financial services which could be submitted, through TSAG, for endorsement at the ITU Global Regulators Symposium.

**2.2 Relationships**

This Focus Group will work in close collaboration with all ITU-T study groups, especially SG2, SG3, SG13, SG16 and SG17.

This FG DFS will collaborate with relevant entities, in accordance with Recommendation ITU-T A.7.

These entities include the following: financial institutions, telecommunications regulators, financial regulators, non-governmental organizations (NGOs), policy makers, SDOs , industry forums and consortia (such as ISO TC 68, ISO/IEC JTC 1, GSMA, SWIFT etc.), payment systems networks, remittances companies, ICT companies, academic institutions, research institutions and other relevant organizations.

**2.3 Specific Tasks and deliverables**

* Study the material from SG2 in TSAG-TD158
* Collect and document information on current initiatives from the stakeholders involved in digital financial services. This will involve developing use cases and identifying standards related to digital financial services deployments across the world.
* Develop a document which reflects how technologies enable financial inclusion in developing countries and the underlying nature of the ecosystem including best practices of policy and regulatory framework, risk assessment methodologies and business models being used.
* Develop a report on the definitions of terminologies and taxonomy for digital financial services and its ecosystem. This will also include developing a stakeholder map identifying all stakeholders involved in the area of digital financial services and their respective roles and responsibilities in the ecosystem. Develop a report on the potential barriers for the deployment of digital financial services.
* Study and analyse the implications of mandating interoperability and interconnection of digital financial services. This will include the development of a roadmap for interoperable digital financial services taking into consideration the interoperability challenges and best practices.
* Study and analyse the implications of standards for cross border remittances.
* Study and analyse technology competitiveness issues that may hinder the deployment of digital financial services (i.e. USSD[[2]](#footnote-2) channel).
* Develop a regulatory toolkit which can be used by policymakers and regulatory authorities for scaling up digital financial services uptake.
* Organise regional thematic workshops, in accordance with Recommendation ITU-T A.31, in order to collect inputs from various stakeholders. The workshops will be a platform to investigate best practices for the harmonization of legal and regulatory framework for mobile money globally and to safeguard the issuance of new digital payment instruments like mobile money, e-money and other digital currencies. The workshops will bring together the Telecommunication Regulators, Financial Regulators, Policy makers and other relevant parties to identify issues and priorities, exchange information and best practices through peer learning and knowledge dissemination processes and identifying possible policy interventions enabling financial inclusion. Issues such as anti-money laundering (AML), taxation of mobile transfers and devices and know your customer (KYC) in relation to digital financial services and mobile-enabled cross border remittances will also be considered.
* Draft technical reports describing and addressing the standardization gaps and identifying future standardization work for ITU-T study groups in the area of digital financial services.
* Send the final deliverables to the parent group, at least four calendar weeks before the parent group meeting.

**2.4 Parent group**

The parent group is TSAG.

**2.5 Leadership**

See clause 2.3 of Recommendation ITU-T A.7.

**2.6 Participation**

See clause 3 of Recommendation ITU-T A.7. A list of participants will be maintained for reference purposes and reported to the parent group.

It is important to mention that the participation in this Focus Group has to be based on contributions and active participations.

**2.7 Administrative support**

See clause 5 of Recommendation ITU-T A.7.

**2.8 General financing**

See clauses 4 and 10.2 of Recommendation ITU-T A.7.

**2.9 Meetings**

The frequency and location of meetings will be determined by the Focus Group and the overall meetings plan will be announced as soon as possible. The Focus Group will use remote collaboration tools to the maximum extent, and collocation with existing meetings to the maximum extent. The meetings will be announced by electronic means (e.g., e-mail and website, etc.) at least four weeks in advance.

**2.10 Technical contributions**

Contributions are to be submitted at least twelve calendar days before the meeting takes place.

**2.11 Working language**

The working language is English.

**2.12 Approval of deliverables**

Approval of deliverables shall be taken by consensus.

**2.13 Working guidelines**

See clause 13 of Recommendation ITU-T A.7.

**2.14 Progress reports**

See clause 11 of Recommendation ITU-T A.7.

**2.15 Announcement of Focus Group formation**

The formation of the Focus Group will be announced via TSB Circular to all ITU membership, via the ITU-T Newslog and other means, including communication with the other involved organizations.

**2.16 Milestones and duration of the Focus Group**

The Focus Group lifetime is two years from the first meeting, but extensible by decision of the parent group if necessary.

A preliminary set of milestones includes:

* First Focus Group meeting: Fourth quarter of 2014

**2.17 Patent policy**

See clause 9 of Recommendation ITU-T A.7.

ANNEX 2

(to TSB Circular 114)

**Draft agenda for First Meeting of FG on Digital Financial Services**

**Geneva, 5 December 2014**

|  |  |
| --- | --- |
| 08:30-09:30 | **Registration** |
| 09:30-10:10 | **Opening plenary session**   * Welcome remarks * ITU/TSB Director * Focus Group Chairman * Logistics, Focus Group rules and ITU IPR policy |
| 10:10-10:45 | **Session 1: Focus Group Terms of Reference (ToR) and management**   * Presentation of the management team * Presentation of the Terms of Reference (ToR) * Document allocation * Agenda approval |
| 10:45-11:00 | Coffee Break |
| 11:00-12:30 | **Session 2 part 1: Focus Group structure, deliverables and work plan**   * Establishment of working groups and deliverables * Focus Group work plan |
| 12:30-14:30 | Lunch |
| 14:30-16:30 | **Session 2 part 2: Contributions and Work on Deliverables**  Contributions |
| 16:30-16: 45 | Coffee Break |
| 16:45-17:30 | **Session 3: Work Plan for next meeting** |
| 17:30-18:00 | **Wrap up and Closing**   * Contribution plan for next meeting * Outgoing liaisons * Meeting plan * Any other business * Closing |

ANNEX 3

(to TSB Circular 114)

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| *This confirmation form should* ***be sent direct to the hotel*** *of your choice* | | |
|  | **INTERNATIONAL TELECOMMUNICATION UNION** |  | |

**TELECOMMUNICATION STANDARDIZATION SECTOR**

**ITU Focus Group on Digital Financial Services** on 5 December 2014 in Geneva

Confirmation of the reservation made on (date) ------------------- with (hotel) -------------------

**at the ITU preferential tariff**

------------ single/double room(s)

arriving on (date)---------------------------- at (time) ------------- departing on (date)----------------

**GENEVA TRANSPORT CARD:** Hotels and residences in the canton of Geneva now provide a free "Geneva Transport Card" valid for the duration of the stay. This card will give you free access to Geneva public transport, including buses, trams, boats and trains as far as Versoix and the airport.

Family name -----------------------------------------------------------------------------------------------------

First name --------------------------------------------------------------------------------------------------------

Address ------------------------------------------------------------------- Tel: -----------------------------

---------------------------------------------------------------------------------- Fax: ----------------------------

----------------------------------------------------------------------------------- E-mail: -------------------------

Credit card to guarantee this reservation: AX/VISA/DINERS/EC (or other) ----------------------

No. -------------------------------------------------------- valid until -------------------------------------------

Date ------------------------------------------------------ Signature --------------------------------------------

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1. A model for such a request is found at <http://itu.int/en/ITU-T/info/Documents/Visa-support-letter_MODEL.pdf>. [↑](#footnote-ref-1)
2. Unstructured Supplementary Service Data [↑](#footnote-ref-2)