

International Telecommunication Union

ITU-T

TELECOMMUNICATION
STANDARDIZATION SECTOR
OF ITU

Series D

Supplement 4

(04/2020)

SERIES D: TARIFF AND ACCOUNTING PRINCIPLES
AND INTERNATIONAL TELECOMMUNICATION/ICT
ECONOMIC AND POLICY ISSUES

**Principles for increased adoption and use of
mobile financial services (MFSs) through
effective consumer protection mechanisms**

ITU-T D-series Recommendations – Supplement 4

ITU-T



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Supplement 4 to ITU-T D-series Recommendations

Principles for increased adoption and use of mobile financial services (MFSs) through effective consumer protection mechanisms

Summary

Supplement 4 to the ITU-T D-series Recommendations sets out a number of principles for encouraging adoption and use of mobile financial services (MFSs) through the establishment of adequate consumer protection mechanisms, such as information availability and transparency, quality of service, data protection and privacy, customer redress fraud prevention as well as contracts and disclosure guidelines.

History

Edition	Recommendation	Approval	Study Group	Unique ID*
1.0	ITU-T D Suppl. 4	2020-04-09	3	11.1002/1000/14239

Keywords

Consumer protection, MFS, mobile financial services.

* To access the Recommendation, type the URL <http://handle.itu.int/> in the address field of your web browser, followed by the Recommendation's unique ID. For example, <http://handle.itu.int/11.1002/1000/11830-en>.

FOREWORD

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Introduction

Mobile financial services (MFSs) have become an important tool for socio-economic development and financial inclusion in many countries. There is no denying that MFSs have been very successful particularly in low-income countries and that their development has provided much-needed financial access to low income and underserved populations. However, given the growth, importance and impact of MFSs, consumer protection issues are becoming increasingly pressing. In particular, special attention must be paid to standard user agreements for network services that enable MFSs (which spell out the terms and conditions of use), in order to ensure that they are not unduly burdensome or harmful to users, as well as availability of suitable recourse mechanisms. Effective dispute resolution is even more important for MFSs users, who were previously unbanked and are new to formal financial services, as it can help consumers in overcoming challenges related to adoption and trust. In general, consumer protection frameworks for network services that enable MFSs can increase consumer confidence, thereby increasing adoption and active use of the services.

Supplement 4 to ITU-T D-series Recommendations

Principles for increased adoption and use of mobile financial services (MFSs) through effective consumer protection mechanisms

1 Scope

This Supplement to the ITU-T D-series Recommendations sets out a number of principles for encouraging adoption and use of MFS services through the establishment of adequate consumer protection mechanisms, such as information availability and transparency, quality of service, data protection and privacy, customer redress fraud prevention as well as contracts and disclosure guidelines. Primary responsibility for consumer protection issues of mobile financial services lies mainly within the jurisdiction of financial services regulators except for matters pertaining directly to the mobile network channels, which is the focus of this Supplement. Any formal regulation should therefore be developed and implemented within that context. The implementation of these principles with the goal of supporting consumer protection must be balanced against the full range of relevant ITU Member State policy goals, including, for example, financial inclusion.

2 References

- [ITU-T D.263] Recommendation ITU-T D.263 (2019), *Costs, charges and competition for mobile financial services (MFSs)*.
- [Resolution 84] WTSA Resolution 84 (Hammamet, 2016), *Studies concerning the protection of users of telecommunication/information and communication technology services*.
- [Resolution 89] WTSA Resolution 89 (Hammamet, 2016), *Promoting the use of information and communication technologies to bridge the financial inclusion gap*.
- [Resolution 95] WTSA Resolution 95 (Hammamet, 2016), *ITU Telecommunication Standardization Sector initiatives to raise awareness on best practices and policies related to service quality*.

3 Definitions

3.1 Terms defined elsewhere

None.

3.2 Terms defined in this Supplement

None.

4 Abbreviations and acronyms

This Supplement uses the following abbreviations and acronyms:

- MFS Mobile Financial Service
MOU Memorandum Of Understanding
PII Personally Identifiable Information
QoS Quality-of-Service

5 Conventions

None.

6 Availability of information, contracts and transparency

6.1 In order to ensure that consumers are fully informed of the services of network providers available to them and the terms and conditions of use which could enable or hinder access to MFSs, Member States in consultation with other relevant stakeholders should encourage the development of standard user agreements between network services providers and clients that are concise, easily understood in appropriate font size and accompanied by clear service definitions which are in languages commonly spoken within the jurisdiction, via multiple means, including both digital and print versions available at agent and customer care locations, inter alia. Moreover, adequate notice should be given to consumers prior to any change in terms and conditions, or fees.

6.2 Member States are encouraged to review quality-of-service (QoS) provisions within the customer contracts of network service providers enabling MFSs on a regular basis and as informed by consumer complaints, with a view of ensuring delivery of effective MFSs.

6.3 In order to ensure that customers are able to make informed choices, Member States should encourage network operators to develop mechanisms to ensure the availability of clear, adequate, accurate and complete information of all network service fees and charges related to and prior to an MFS transaction.

6.4 Member States should encourage stakeholders to develop awareness and education programmes on consumer rights and obligations with respect to network services that enable MFSs.

7 Network quality of service principles

7.1 Member States are encouraged to establish quality of service standards for network service providers enabling MFSs, with input from all stakeholders.

7.2 To oversee and enforce standards, regulators in Member States may establish periodical reporting requirements on the standardized metrics and should mandate corrective actions by noncompliant providers.

7.3 Regulators should establish a mechanism to protect consumer rights in case of QoS issues (e.g., network downtime) including customer redress.

8 Data protection and personally identifiable information (PII) within the telecommunication network

8.1 Member States are encouraged to identify provisions in their existing legal and regulatory frameworks relevant to data protection for telecommunication networks that enables MFSs, identify gaps, and develop an action plan to address those gaps and in this way minimize adverse consequences for consumers.

8.2 Member States should ensure that the principles for data protection for telecommunication networks that enable MFSs include:

- a) to inform customers of the network providers' data protection practices and to uphold their commitment to the confidentiality and security of all their personal data and transaction information;
- b) provision of a description to customers of conditions and/or circumstances under which their data may be shared;
- c) stipulating the data retention period;
- d) safety and integrity of any physical storage facilities;

- e) security of consumer data through proportionate and robust encryption measures;
- f) appropriate update of software and platforms used in the delivery of MFS.

8.3 Member States are encouraged to establish clear guidelines for liabilities for network service providers enabling MFS in cases of data mishandling, data misuse, or failure to adopt reasonable security measures for data the provider holds.

9 Role of network providers in dispute resolution and customer redress

9.1 Member States are encouraged to ensure that consumers of network services enabling MFSs have sufficient access to dispute resolution and customer redress related to those services. Further, Member States are encouraged to require that network service providers enabling MFSs establish efficient internal complaints handling processes and procedures.

9.2 Access to customer redress related to network services that enable MFSs should be accessible, affordable, independent, fair, accountable, timely and efficient.

9.3 In developing guiding principles with respect to dispute resolution and customer redress for network service providers enabling MFSs, Member States should consider the following:

9.3.1 Easily accessible mechanisms for receiving and processing complaints and disputes;

9.3.2 A process for the efficient resolution of disputes including procedures for the resolution of complaints in the event that the consumer is not satisfied with the outcome of the recourse process with the provider;

9.3.3 Recording and logging of all disputes;

9.3.4 Publication of dispute, grievance, redress mechanisms made easily available.

9.4 Member States are encouraged to promote transparent coordination and collaboration between the financial and telecommunication regulators, including the sharing of data on complaints, where such complaints pertain to network service provision and thus fall within the remit of the telecommunication regulator.

9.5 Member States are encouraged to also set minimum standards for the efficiency and efficacy of complaint resolution process including but not limited to procedures and time parameters for receiving, tracking and resolving complaints, communicating decisions and escalating complaints.

9.6 Regulators of Member States are encouraged to establish consumer complaints handling processes and procedures for complaints that are escalated to them between network service providers enabling MFSs and consumers.

9.7 Member States are encouraged to review and monitor consumer complaints resolution processes on a regular basis and guide network service providers enabling MFSs to revise the process to enhance its efficiency and reliability as necessary.

10 Fraud prevention

10.1 Member States are encouraged to develop an enabling environment and awareness programmes to facilitate effective fraud prevention, as required, for network service providers enabling MFSs.

11 Collaboration with financial regulators

11.1 Member States are encouraged to develop appropriate guidelines, including memorandum of understandings (MOU), on the distinctive roles each telecommunication and financial regulator should play in consumer protection mechanisms of MFSs.

11.2 Member States are encouraged to recognize that the nature of MFS transactions may require network service providers to put in place minimum consumer protective measures.

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