
ITU-T FG On Digital Financial Services

Technology, Innovation & Competition WG

Workgroup Activity Report Back To Focus Group Plenary

Washington DC, 19 April 2017

Today's Speakers

Dr Leon Perlman: Overview of TIC WG Activities

Prof Kevin Butler: Security

Paul Makin: Identity in DFS

Rory Macmilan: Kenyan DFS Competition Focus

Assaf Klinger: Live demo on vulnerabilities
in DFS Infrastructure

TIC WG Co-Chairs

- Dr. Leon Perlman
- Prof. Kevin Butler
- Chen (Sunny) Shan
- Paul Makin

Workstream Focus Areas

- **Technology & Innovation Trends**

Highlight technical innovations in the DFS sector, both current & anticipated.

- **Technical & Services**

Focus on the more granular technical hardware & service aspects of the DFS ecosystem.

- **Competition**

Highlight any identifiable issues/activities that may potentially hinder access & innovation in DFS and impact FI.

Technical, Innovation & Services Reports

1. Security Aspects of DFS
2. ID & Authentication in DFS
3. DFS Vendor Platforms
4. Handset Feature Sets
5. DFS Technology Evolution & Innovation
6. Distributed Ledger Technology & Financial Inclusion

7. Competition aspects of DFS

8. Institutional Competition Frameworks



Recommendations Handsets in DFS

Handsets Recommendation #1

Feature Phones Not Disappearing!

- Continuity of feature phone penetration and growth means that access to DFS services is likely to continue to be via USSD and STK.
- Therefore regulatory focus on these access mechanisms should persist.

Handset Recommendation # 2

Smartphones & 3G++

- Market participants should encourage the distribution of smartphone devices that have high speed mobile data access.

Handset Recommendation # 3

Facilitate national 3G++ coverage

- Regulators should interact with industry to encourage national high speed mobile coverage.
- To make this cost effective, this coverage could be facilitated through national roaming and infrastructure sharing.

Recommendations Vendor Platforms

Vendor Recommendation #1

Capacity Building On DFS Technologies

- Regulators should identify the common and general functions of DFS platforms
- Regulators can focus their efforts on the services already adopted, give clear guidance for the security and data controls, [and] also prepare for new services that may be deployed as the ecosystem matures.

Recommendations:
Institutional Competition
Frameworks in DFS

Competition Recommendation #1

Frameworks

- Governments and regulators in nations wishing to enable DFS should make competition law a policy priority.
- They should strengthen relevant institutions.

Competition Recommendation #2

Regulatory Collaboration

- All regulators should coordinate jurisdiction and competence between themselves
- This should be done via formalized MOUs.

Recommendations

Distributed Ledger Technology & Financial Inclusion

DLT Recommendation #1

Capacity Building on DLTs

- Regulators who may be impacted by the emergence of DLTs should undertake capacity building exercises with other regulators, government departments, academia, and the fintech industry to build understanding of DLTs.

DLT Recommendation #2

Use Functional Approach

- Any changes to laws and regulations should use a functional approach to ensure that there are no technology-specific constraints to implementation of new technologies.

DLT Recommendation #3

Relief, guidance

- As it may not always be possible to use existing financial laws and regulations for DLT, changes to laws or regulations, no-action relief, or interpretive guidance from regulators may be necessary.

DLT Recommendation #4

Sandboxes

- DLTs should be tested through regulatory sandboxes
- In familiar form to that of the ‘test and learn’ regulatory philosophy used for the first DFS implementations

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***Continue* this conversation in New York!**
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