



# ITU DFS FG – INTEROPERABILITY WG

19 April 2017

# Session 3: Interoperability Outputs

## Speakers

Thomas Lammer and Daniel Reiss, Interoperability WG Co-chairs



### **DFS Interoperability and Financial Inclusion: A 20-Country Scan**

Gregory Chen, CGAP



### **Interoperability in the Mexican payments market: the role of Banco de México**

Sara Castellanos, Banco de México



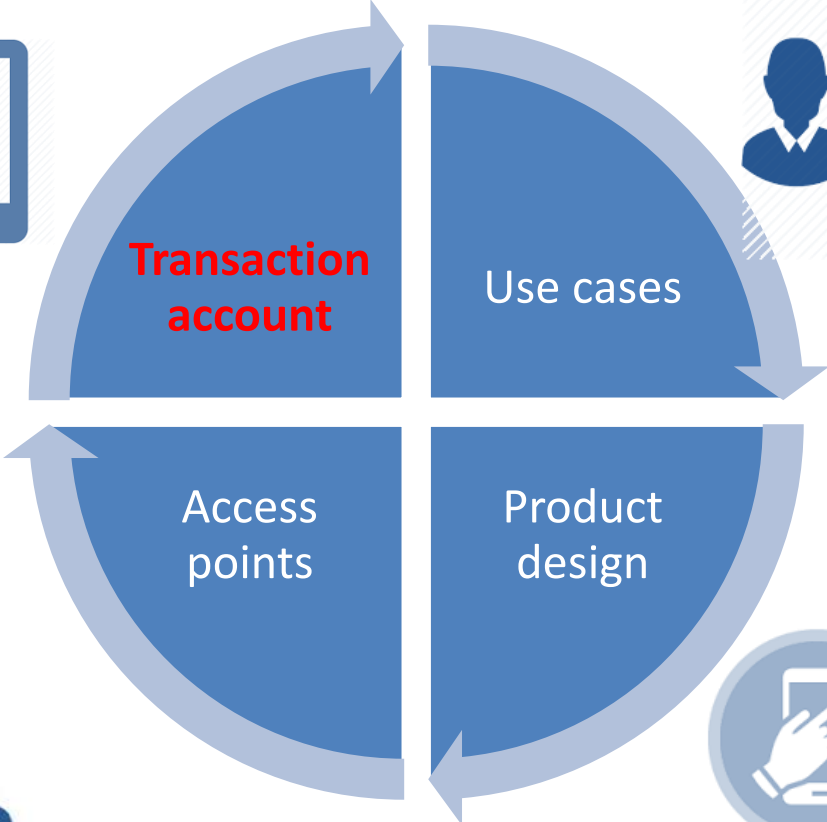
### **Coordination and cooperation frameworks: the European case**

Thomas Lammer, European Central Bank

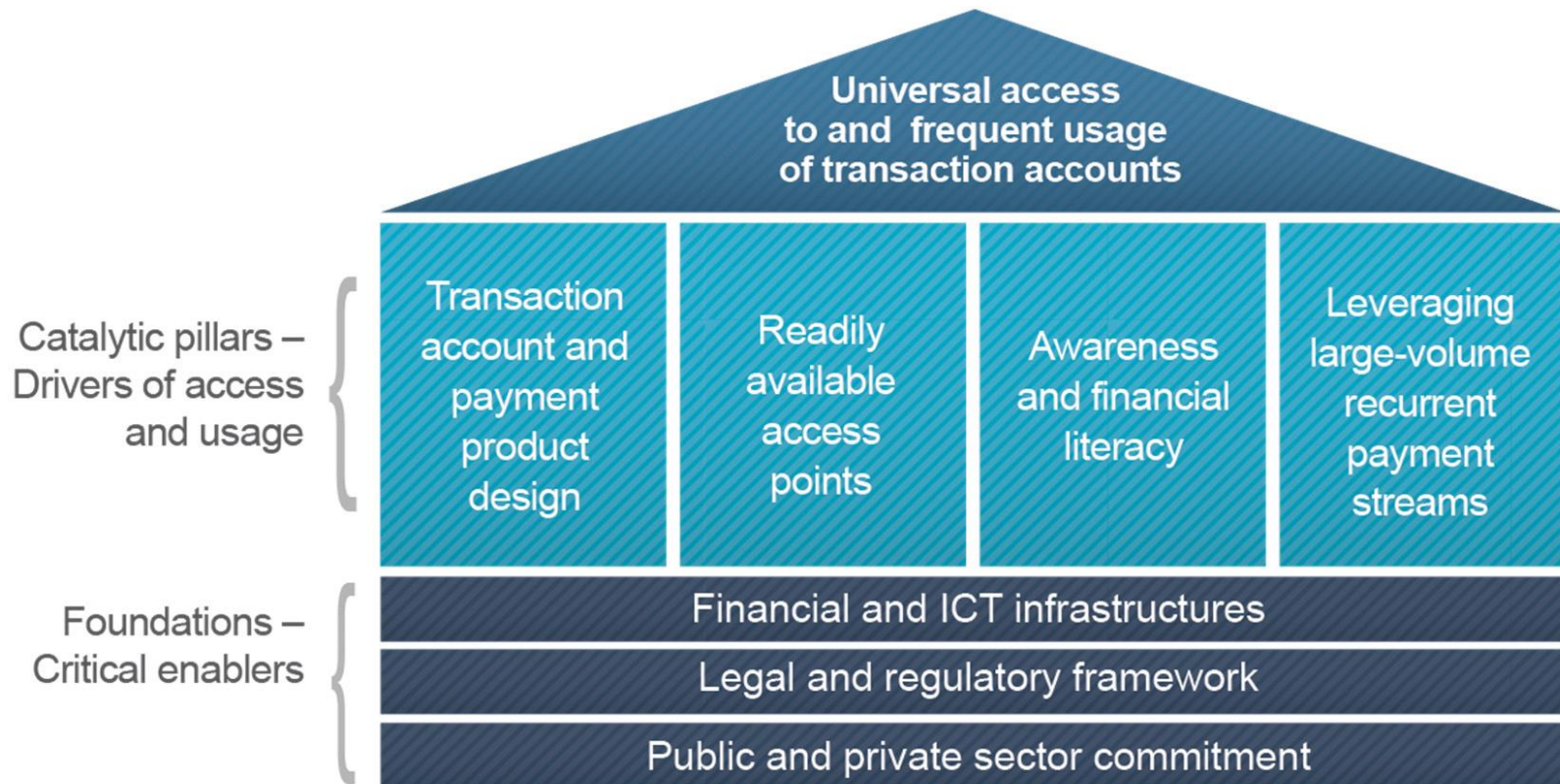
## VISION OF «INTEROPERABILITY»

Interoperability should enable users to make electronic payment transactions with any other user in a **convenient, affordable, fast, seamless and secure** way, even with a single **transaction account.**

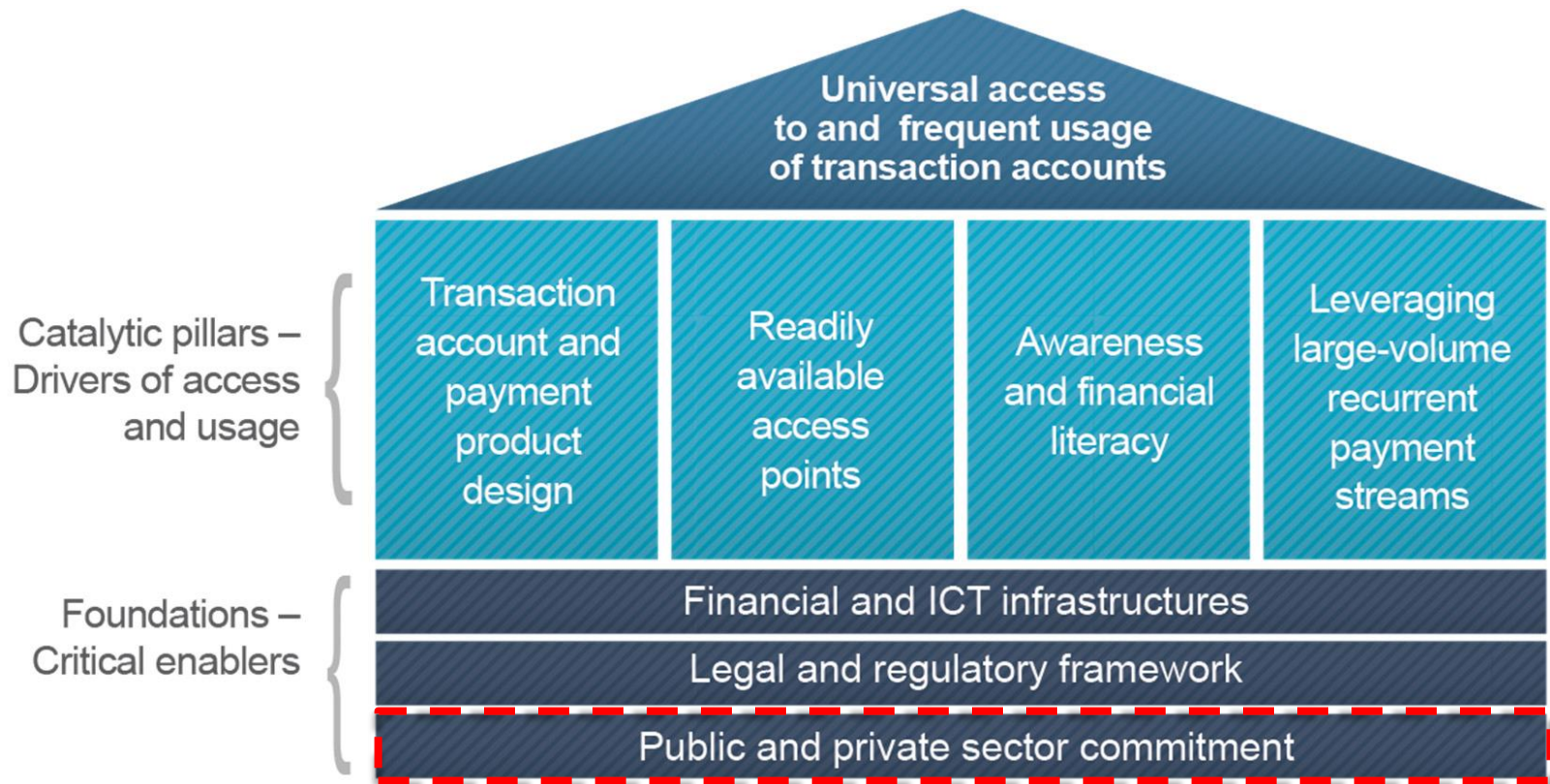
# Key elements



# IO work was guided by PAFI framework



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# IO not an end in itself, but a means to an end

Interoperability, reflected in strategies and policies of relevant authorities and market participants, should **meet the needs of participating DFS providers and the markets they serve** by also aiming at **increased efficiency, effectiveness and affordability.**

# Key elements



**support the relevant public policies**



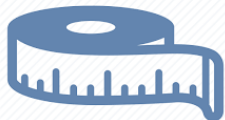
**improve payment system efficiency and effectiveness**



**communication in strategy documents**



**provide users with practical services**



**measurable**



# Who is the pilot in command?



Authorities should publicly disclose interoperability strategies and policies. The lead role in DFS interoperability should be played by the financial regulator. In doing so, the **financial regulator** should cooperate with **other authorities** as needed.



# How to cooperate and coordinate?

**Authorities** to engage market participants and other stakeholders

Clearly defined **roles**

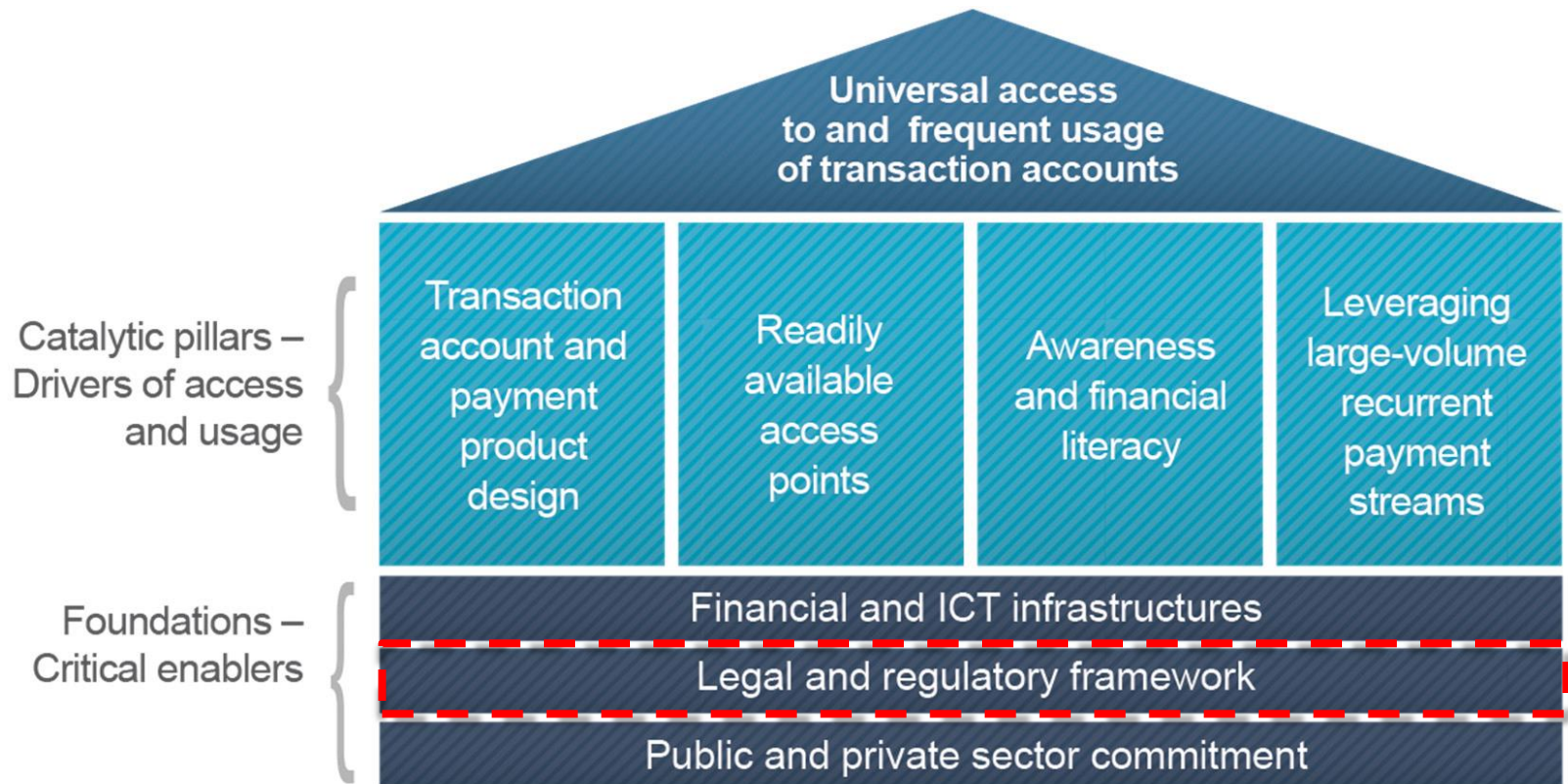
Involvement of **incumbents and new entrants**

Leverage existing **coordination structures**

# IO WG report on cooperation frameworks



- **Development of a vision statement, including policy objectives for DFS**
- **Roles of public and private sector actors in achieving the vision for the NPS/financial inclusion**
- **National Payments Council**
  - Typical features/terms of reference for a NPC
  - The role of a NPC
- **Other types of cooperation fora**



## Legal and regulatory aspects

**Careful consideration before regulation**

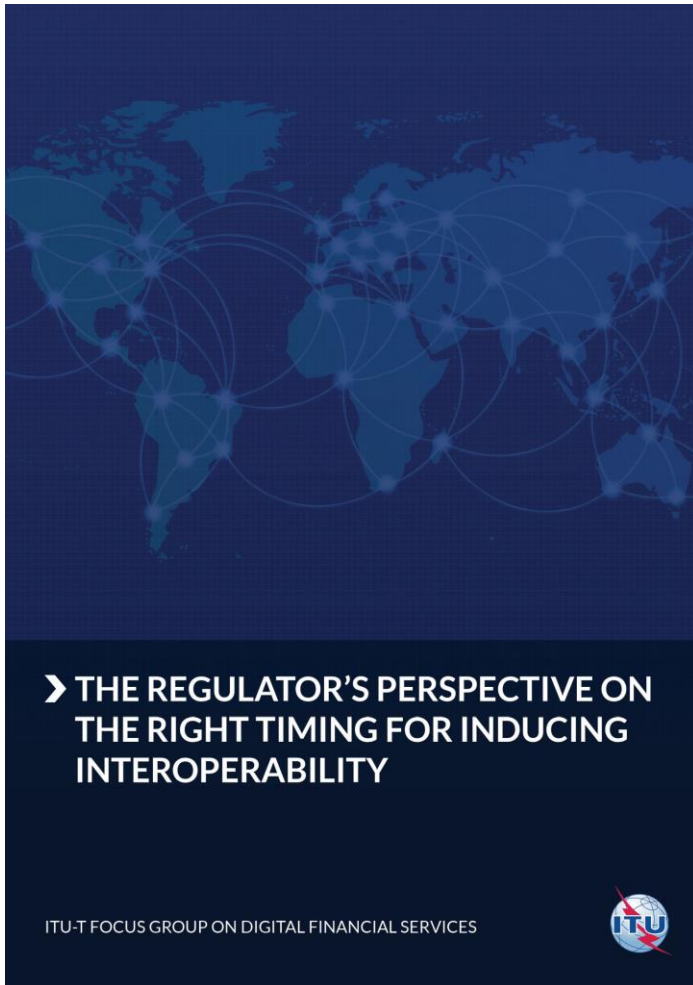
**Compliance with functional and/or geographic jurisdictions**

**Enforceable rules**

**Mitigate potential conflicts of law**



# IO WG report on the right timing



- **Insights from**
  - **Brazil**
  - **Liberia**
  - **Nigeria**
  - **Philippines**
  - **Uganda**

## Oversight aspects

Albeit being an important feature of payment system efficiency, interoperability may also be a significant **source of risk**

Identify, monitor, manage and mitigate its related risks, such as **legal, operational and financial risks**

Not a **one-time effort** and best based on **international principles**

# IO WG report on oversight



- **The Oversight of Payment Systems**
  - The critical role of payment systems in contemporary economies
  - Payment systems need oversight
- **Payment System Interoperability**
  - Relevance of interoperability
  - Interoperability and oversight policy
  - Oversight principles for interoperability in RPS
- **Annex I Payment system risk glossary**



# IO WG report on international dimension



- **International Interlinking of payment infrastructures (drivers, modalities, examples)**
- **Interlinking and interoperability (national & international IO, challenges & risks)**
- **Implications for oversight policy**
- **Oversight principles for international payment system IO**

# Interoperability schemes & client contracts

**Clear, objective, publicly disclosed**  
**IO scheme rules**

**Open** for new entrants and incumbents

**Effective dispute resolution** and the  
**orderly exit** of scheme participants

**Transparent** for end-user and not to  
put off-net transactions at disadvantage

**Do not (necessarily) re-invent the wheel**

**Leverage the experience in establishing interoperability from other countries and/or other sectors of scheme participants**

**Use international best practices and technical standards**

**Consider use of shared infrastructures**

# Examples for scheme rules

SUB-SAHARAN AFRICA » PRIORITIES » FINANCIAL INCLUSION



## PARTNERSHIP FOR FINANCIAL INCLUSION: INTEROPERABILITY



**INTEROPERABILITY ALLOW  
BENEFIT OF CUSTOMER AN**

Mobile money interoperability allows customer direct payments from the mobile money account to businesses and contribute to increased financial markets have embarked on enabling mobile money globally.

### Examples Of:

Wallet to Wallet (P2P) Interoperability Rules

Agent Wallet to Agent Wallet (A2A) Interoperability Rules

Bulk Payments (BP) Interoperability Rules

Cash In (CI) Interoperability Rules

Cash Out (CO) Interoperability Rules

PRIORITIES ▾

INFRASTRUCTURE

FINANCIAL INCLUSION

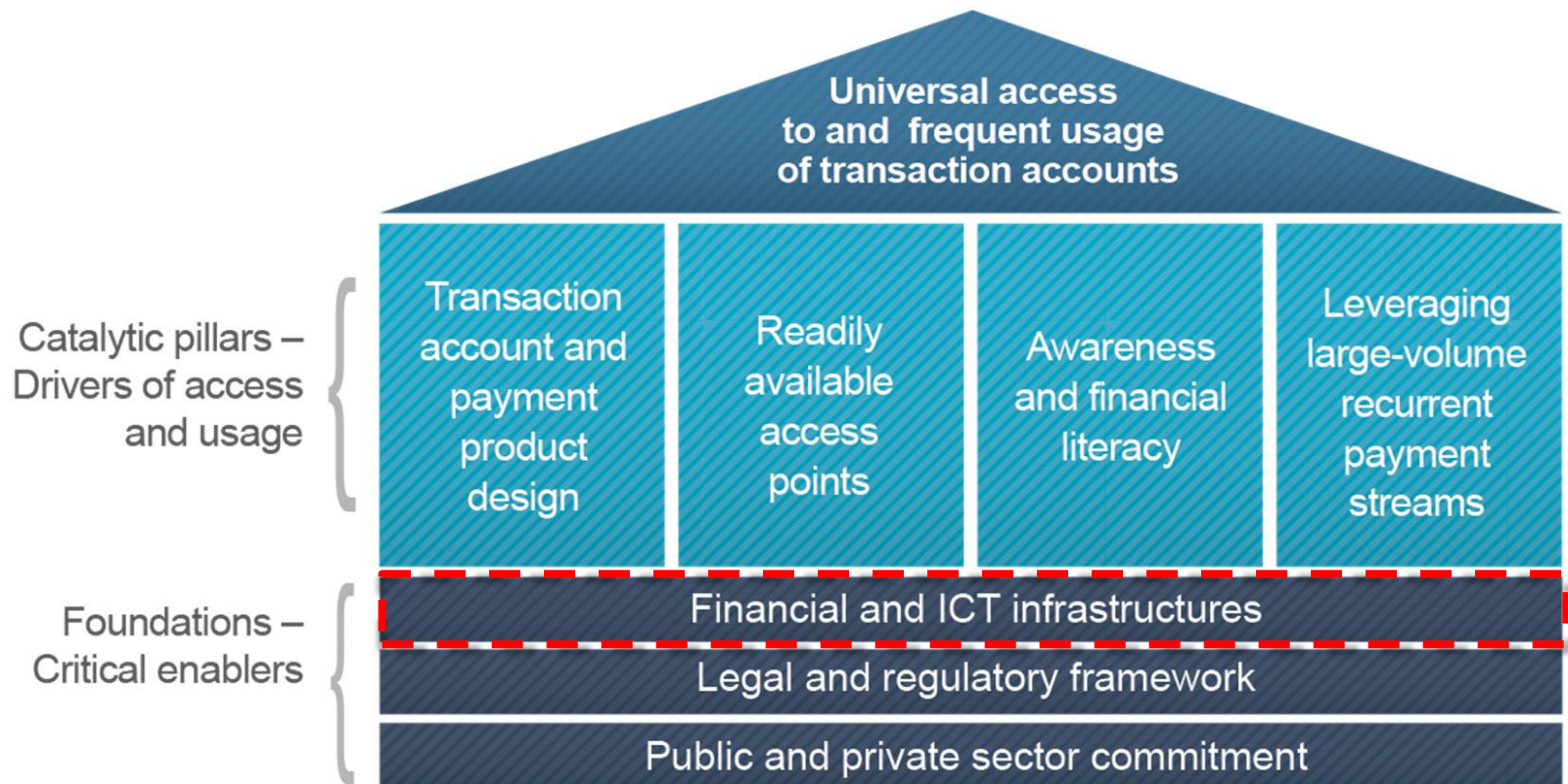
AGRIBUSINESS

TOURISM, RETAIL & PROPERTY

HEALTH & EDUCATION

FRAGILE & CONFLICT-AFFECTED SITUATIONS

NEWS ▾



# Payment & telecommunication infrastructure

Objective, risk-based participation requirements that permit **fair and open access**

**Governance** should reflect the relevance of all DFS providers

Restricting access to the (mobile) **telecommunications network** can be detrimental to IO too

# IO WG report access to payment infrastructures



- **Role of banks and non-banks**
- **Payment infrastructures and types of access to them**
- **Legal & regulatory, ownership and governance aspects**
- **International evidence & trends**
- **Implications for operators and authorities**



**Interoperability is a journey,  
as much as it is a destination.**