



# Digital Financial Services and Financial Inclusion

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International Telecommunication Union

## ITU: International Telecommunication Union



- ❑ Founded in 1865; United Nations specialized agency for ICTs
- ❑ 193 Member States, 567 Sector Members, 164 Associates, and 79 Academia.
- ❑ HQs in Switzerland, Geneva; and 4 Regional Offices & 7 Area Offices.

### ITU-R

ITU's Radio-communication Sector globally manages radio-frequency spectrum and satellite orbits to ensure safety of life on land, at sea and in the skies.

### ITU-T

ITU's Telecommunication Standardization Sector enable global communications by ensuring that countries' ICT networks and devices are speaking the same language.

### ITU-D

ITU's Development Sector fosters international cooperation and solidarity in the delivery of technical assistance and in the creation, development and improvement of telecommunication/ICT equipment and networks in developing countries.



## ITU: Reaching out to the World



ITU Headquarter: Geneva, Switzerland

Europe Regional Office  
Geneva, Switzerland

CIS Area Office  
Moscow, Russia

### Americas

Regional Office  
Brasilia, Brazil

Area Offices  
Tegucigalpa, Honduras  
Santiago, Chile  
Bridgetown, Barbados



### Africa

Regional Office  
Addis Ababa, Ethiopia

Area Offices  
Yaoundé, Cameroon  
Harare, Zimbabwe  
Dakar, Senegal

### Arab

Regional Office  
Cairo, Egypt

### Asia-Pacific

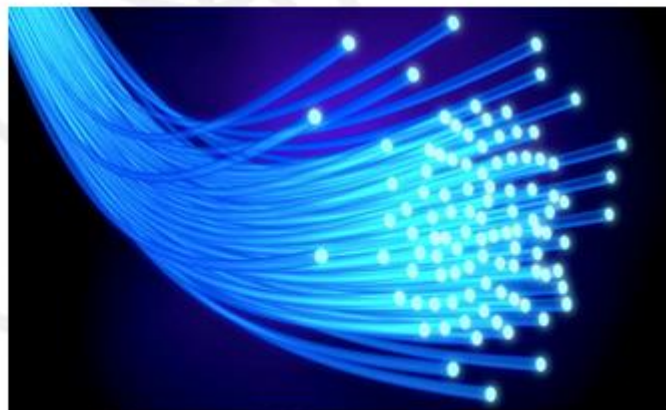
Regional Office  
Bangkok, Thailand

Acting Regional Director  
Mr. Sameer Sharma

Area Office  
Jakarta, Indonesia  
Head: Ms. Aurora Rubio



## ITU-T develops standards



## Study Group 13 Outcomes on financial transactions via mobile

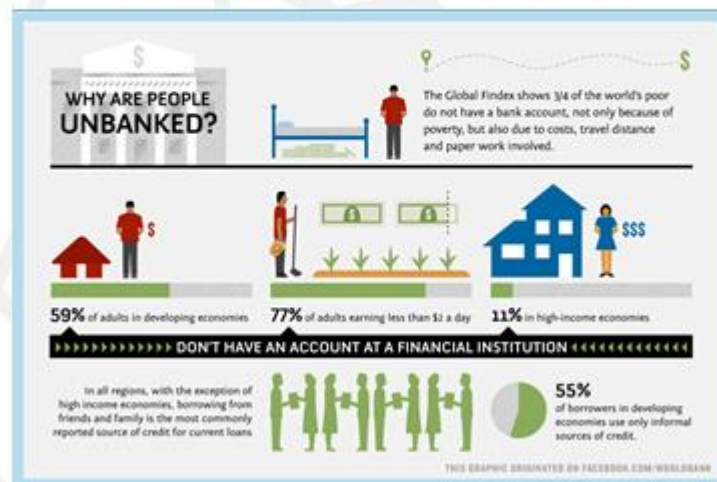
- Recommendation ITU-T Y.2740 (01/2011) "Security requirements for mobile remote financial transactions in next generation networks"  
<http://www.itu.int/rec/T-REC-Y.2740/en> and
- Recommendation ITU-T Y.2774 (01/2011) "Architecture of secure mobile financial transactions in next generation networks"  
<http://www.itu.int/rec/T-REC-Y.2741/en>
  - Both available for free download in English, French, Spanish, Arabic, Chinese and Russian

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## ITU's TechWatch Reports on Mobile Money (2013)



## Financial Inclusion



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## Financial Inclusion

- Low levels of financial inclusion represent a barrier to socio economic development in developing countries.
- Globally, more than 2.5 billion adults do not have a formal bank account, most of them in developing economies
- 59% of adults in the developing countries do not have a formal bank account
- But most of them have a mobile phone

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## Two main technologies emerging

Cloud-based payments



NFC-based payments  
(Near Field Communications)

## Business Models



Banks have sole control on the accounts offered to individuals which can be managed through other channels such as mobile phones.

Examples: CAIXA (Brazil), Barclays, Xac Bank (Mongolia)

Banks offer accounts to individuals through non-bank (MNO) agents and/or technological platforms online.

Examples: EKO (for State Bank India (SBI)) and SMART (for 21 banks in the Philippines).

Banks issue e-money which is purchased from bank and redistributed by non banks to customers.

Examples: Orange Money in West Africa (e.g. Senegal, Côte D'Ivoire, Mali and Niger).

Non-bank issues e-money and keeps equivalent asset value in pooled accounts in regulated bank.

Examples: Safaricom and M-PESA, GCash.

Bank Centric Model

MNO Centric

## **Digital Financial Services --- Key Issues ---**

- ❖ Network interoperability
- ❖ Access to business critical technology
- ❖ Coordination between regulators from telecom and financial services
- ❖ Consumer protection against fraud

Analyze best practices to develop global standards

## **Focus Group on Digital Financial Services (FGDFS)**

- ❖ Established during TSAG Meeting in June 2014
- ❖ Chaired by Sacha Polverini, Bill & Melinda Gates Foundation
- ❖ Web & Mailing List: <http://www.itu.int/en/ITU-T/focusgroups/dfs/>
- ❖ [Terms of Reference](#)
- ❖ First meeting: [5 December 2014, ITU, Geneva](#)
- ❖ Workshop on Digital Financial Services and Financial Inclusion: [4 December 2014, Geneva](#)
- ❖ Create a platform for dialogue between regulators and operators from telecom and financial services sectors.

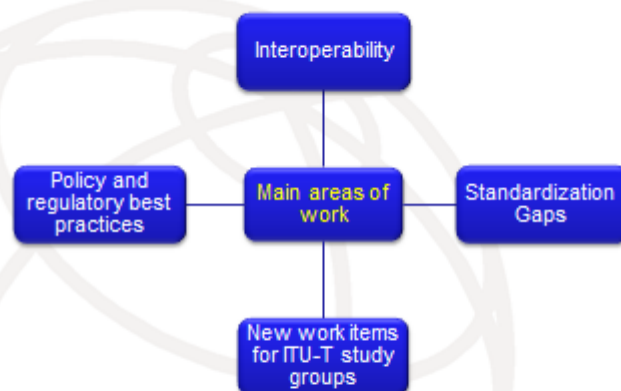
## FG Digital Financial Services

**GOAL:** Recommend a standardization roadmap for interoperable digital financial services for financial inclusion.

### Objectives

- ✦ Identify the technology trends in digital financial services over the coming years and how the role of various stakeholders in this ecosystem will evolve.
- ✦ Establish liaisons and relationships with other organizations.
- ✦ Describe the ecosystem for digital financial services.
- ✦ Suggest future ITU-T study items and related actions for various ITU-T study groups
- ✦ Identify successful use cases for implementation of secure digital financial services including developing countries with a particular focus on the benefits for women.
- ✦ Study the best practices related to policies, regulatory frameworks, consumer and fraud protection, business models and ecosystems for digital financial services.
- ✦ Work towards the creation of an enabling framework for digital financial services.

## FG Digital Financial Services



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***Thank you for your  
attention!***

***Please contribute to the  
work of ITU-T!***