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| DRAFT NEW RESOLUTION [AFCP-2] - USING ICTs TO BRIDGE THE FINANCIAL INCLUSION GAP |

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| **Abstract:** |  Recognising that financial inclusion is a key enabler to reducing poverty and boosting prosperity, and the issue of access to financial resources is one of global concern and requires global collaboration, this draft Resolution encourages the adoption of Recommendations for enhancing the use of ICTs as an enabler to increase financial inclusion, digitize government payments and improve its management across economic and social activities. |

# 1 Introduction

Financial inclusion is a key enabler to reducing poverty and boosting prosperity, and the issue of access to financial resources is one of global concern and requires global collaboration. One way to bridge this financial inclusion gap is through ICTs, particularly mobile phone technologies. There is a need for regulators from the telecom and financial services sectors to collaborate and share best practices as digital financial services encompass areas that fall under the purview of both regulators.

# 2 Proposal

The annexed draft new Resolution promotes the adoption of Recommendations for enhancing the use of ICTs as an enabler to increase financial inclusion, digitize government payments and improve its management across economic and social activities, and to develop standards and guidelines in the areas of interoperability, digitization of payments, and security of digital financial services transactions.

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DRAFT NEW RESOLUTION [AFCP-2]

Using ICTs to Bridge the Financial Inclusion Gap

(Hammamet, 2016)

The World Telecommunication Standardization Assembly (Hammamet, 2016),

recalling

*a)* that financial inclusion is a key enabler to reducing poverty and boosting prosperity - around 2 billion people globally do not have access to formal financial services and more than 50 per cent of adults in the poorest households are unbanked;

*b)* that according to the Global Findex Study of the World Bank, more than half of adults in the poorest 40 per cent of households in developing countries were still without accounts in 2014. Moreover, the gender gap in bank-account ownership is not significantly narrowing: In 2011, 47 per cent of women and 54 per cent of men had an account; in 2014, 58 per cent of women had an account, compared to 65 per cent of men, and at the regional level, the gender gap is largest in South Asia, where 37 per cent of women have an account compared to 55 per cent of men;

*c)* that one way to bridge this financial inclusion gap is through ICTs, particularly mobile phone technologies. Currently, Sub-Saharan Africa is the only region where on average more than 10 per cent of adults report having a mobile money account;

*d)* the purposes of the Union to foster collaboration among the membership for the harmonious development of telecommunications, sharing of best practices and to enable the offering of services at lowest cost;

*e)* Resolution 1353 (Geneva, 2012) of the Council, which recognizes that telecommunications and ICTs are essential components for developed and developing countries in achieving sustainable development, and instructs the Secretary-General, in collaboration with the Directors of the Bureaux, to identify new activities to be undertaken by ITU to support developing countries in achieving sustainable development through telecommunications and ICTs,

considering

*a)* that the issue of access to financial resources is one of global concern and requires global collaboration;

*b)* the United Nations resolution 70/1 of 25 September 2015, entitled “*Transforming our world: the 2030 Agenda for Sustainable Development*”, recognizing that it builds on the Millennium Development Goals and seeks to complete their unfinished business, stressing the importance of the implementation of this new ambitious agenda, which has poverty eradication at its core and aims at promoting the economic, social and environmental dimensions of sustainable development;

*c)* this new agenda, *inter alia*, undertakes the adoption and implementation of policies to increase financial inclusion and therefore integrates financial inclusion into several targets associated with the Sustainable Development Goals and their means of implementation;

*d)* the need for regulators from the telecom and financial services sectors to collaborate and share best practices as digital financial services encompass areas which fall under the purview of both regulators,

noting

*a)* that the target for Universal Financial Access set for 2020 by the World Bank and that this goal will be achieved globally by providing access to a transaction account or electronic instrument to store money, send and receive payments as the basic building block to manage their financial lives;

*b)* that the World Bank Group has committed to enabling one billion people to gain access to a transaction account through targeted interventions;

*c)* that interoperability is a means for people worldwide to make electronic payments in a convenient, affordable, fast, seamless and secure way through a transaction account. The need for interoperability was also one of the findings of the CPMI-World Bank Group Task Force on Payment Aspects of Financial Inclusion (PAFI), which identified needed improvements in payment systems and services to increase further financial inclusion;

*d)* that despite the huge success of M-PESA in Kenya where roughly one third of its GDP passes through this service, digital financial services have not had the same success and scale of usage in other emerging economies;

*e)* that transaction costs for digital financial services and mobile remittances are still relatively high for people at the bottom of the financial pyramid;

*f)* the work of the ITU-T Focus Group Digital Financial Services in identifying the main challenges preventing the scaling up of digital financial services at the global level and development of guidelines and best practices aimed at providing tools to regulators from both sectors to put in place effective financial inclusion strategies,

resolves

1 to continue and further develop the ITU-T work programme initially launched in June 2014 by the establishment of the Focus Group on Digital Financial Services, in order to contribute to the wider global efforts to enhance financial inclusion, as part of the United Nations processes;

2 to take into account the progress already made in international forums on digital financial services by distributing their outcomes as widely as possible;

3 to promote the adoption of recommendations for enhancing the use of ICTs as an enabler to increase financial inclusion, digitize government payments and improve its management across economic and social activities;

4 to invite parties concerned to work together to develop standards and guidelines in the areas of interoperability, digitization of payments, security of digital financial services transactions,

instructs the Director of the Telecommunication Standardization Bureau, in collaboration with the Directors of the other Bureaux

1 to report on progress on the application of this resolution annually to the ITU Council and to the 2020 world telecommunication standardization assembly;

2 to launch pilot projects, aimed at bridging the standardization gap, on digital financial services, in particular in developing countries;

3 to support the development of reports and best practices on digital financial inclusion, taking into consideration relevant studies, in particular the ongoing work of ITU-T Focus Group Digital Financial Services, including issues related to, *inter alia*, interoperability, consumer protection and emerging technologies such as cryptocurrencies;

4 to encourage the use of innovative tools and technologies, including mobile banking, payment platforms and digitalized payments, as appropriate;

5 to establish a platform for peer learning, dialogue and experience-sharing in digital financial services among countries and regions, regulators from telecom and financial services sectors, industry experts and international and regional organizations;

6 to organize workshops and seminars for developing countries, to raise awareness and identify their particular needs and challenges in enhancing financial inclusion;

7 to report to TSAG on the progress regarding *invites the Secretary-General* below,

invites the Secretary-General

to continue to cooperate and collaborate with other entities within the United Nations in formulating future international efforts for the effective addressing financial inclusion,

invites Member States, Sector Members and Associates

1 to continue to contribute actively to ITU-T study groups on issues related to use of ICTs to enhance financial inclusion;

2 to continue or initiate public and private programmes that include digital financial inclusion, giving due consideration to relevant ITU-T Recommendations and relevant work;

3 to share best practices and raise awareness of the benefits associated with the use of green ICTs in accordance with ITU Recommendations related to the matter;

4 to promote the integration of ICT, financial services and consumer protection policies in order to enhance usage of digital financial services with the objective of increasing financial inclusion;

5 to liaise with their national counterparts responsible for financial inclusion in order to support and contribute to the wider United Nations process for inclusive finance for sustainable development, by providing information and developing common proposals related to digital financial inclusion,

invites Member States

1 to integrate the digitization of government payments into national strategies to address financial inclusion and to make use of ICTs as an enabling tool to bring financial services to the unbanked;

2 to undertake reforms to give women equal access to financial services, as a means to achieve gender equality and empower all women and girls;

3 to strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all, in order to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;

4 to increase coordination, as appropriate, among national regulatory authorities to remove obstacles to non-bank service providers accessing payment system infrastructure, financial service providers accessing communications channel and to promote conditions for cheaper, faster and safer transfer of remittances in both source and recipient countries, including by promoting competitive and transparent market conditions.

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