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| **Keywords:** | Digital Currency, Digital Fiat Currency, Financial Inclusion, Digital Financial Services, Security, Interoperability |
| **Abstract:** | The activities of the ITU-T Focus Group Digital Currency including Digital Fiat Currency (FG DFC), since the last TSAG meeting, are presented in this document.  |

**Summary**

This is the progress report of the activities of the ITU-T Focus Group Digital Currency including Digital Fiat Currency (FG DFC).

**Action required:**

TSAG is invited to note the document.

# Introduction

The [Focus Group Digital Currency including Digital Fiat Currency](https://www.itu.int/en/ITU-T/focusgroups/dfc/Pages/default.aspx) (FG DFC) was established by TSAG at its meeting of May 2017. The Focus Group has a duration of two years.

The main objectives of the Focus Group are:

* Study the economic benefit and impact of introducing DFC over mobile money;
* Investigate the ecosystem of digital fiat currency implementation for financial inclusion;
* Map the functional network reference architecture and process components required to implement digital fiat currency and integration with existing payment systems for interoperability;
* Identify use cases, requirements and applications of digital fiat currency;
* Develop better understanding of the security, regulatory implications, consumer protection, fraud prevention and counterfeiting issues of DFS and how can digital fiat currency can address these concerns;
* Identify critical sovereign security, transparency and verifiability of DFC technology and provide guidelines towards the escrow of critical software and hardware components to ensure trust and verifiability; and
* Identify new areas for standardization in ITU-T study groups.

# Meetings and Working Groups

Since its establishment, the Focus Group has met once on 12-13 October 2017 in Beijing, China. Some 106 participants from 25 countries (10 developing countries) attended the meeting. A workshop on Standards for Digital Fiat Currency for Universal Financial Access was held on 12th October 2017 preceding the first meeting. The presentations made at the workshop can be accessed here: <https://www.itu.int/en/ITU-T/Workshops-and-Seminars/dfc/201710/Pages/default.aspx>.

The notes of meeting of the first meeting and the list of participants who attended the meeting can be found here: <https://extranet.itu.int/sites/itu-t/focusgroups/dfc/SitePages/Home.aspx>.

The following persons below were appointed as Vice Chairs at the first meeting:

* Yao Qian, Digital Finance Institute, People’s Bank of China
* Yury Grin, Intervale
* Ahmed Said, NTRA, Egypt
* Sami Trimmech, Arab ICT Organization
* Prof. Njunga Ngundu, Former Governor of Central Bank Kenya
* Mandar Deshpande, Ministry of Communications, India

Three working groups were established to implement the tasks outlined in the terms of reference:

1. Regulatory Requirements and Economic Impact

The main activities of this working group are:

* + Create a repository of documentation of the legal, regulatory and policy aspects of Digital Fiat Currency that serves as the governance foundation.
	+ Perform a gap analysis on the work that was completed on DFS, the ongoing work in ISO and other ongoing work in digital financial services.
	+ Investigate current standardization work in digital fiat currency to identify areas which could be standardized in ITU-T

1. Ecosystem and Reference Architecture

The main activities of this working group are:

* + Investigate use cases of architecture and ICT infrastructure used for implementation of digital fiat currency;
	+ Collect and document information on current initiatives from the stakeholders involved in digital fiat currency.
	+ Collect best practices and lessons learned from existing efforts in achieving interoperability among different payment systems by the integration of traditional payment systems with digital fiat currency.
	+ Perform a gap analysis between the existing ICT infrastructure services and what is required by a seamless interoperable DFC solution
	+ Investigate current standardization work in digital fiat currency to identify areas which could be standardized in ITU-T
1. Security

The main activities of this working group are:

* + Undertake an assessment of current security standards and best practices from other standards bodies and industry consortia that are applicable to the different components of an ICT infrastructure using digital fiat currency.
	+ Undertake an assessment of the benefits and lessons learned of implementations of existing digital fiat currency technology, focusing on the impact of digital fiat currency on enhancing security and interoperability in digital financial services to advance financial inclusion.
	+ Develop the security architecture and governance framework for digital fiat currency
	+ Investigate current standardization work in digital fiat currency to identify areas which could be standardized in ITU-T

Each working group has held two e-meetings electronically since the first meeting in order to advance the work on the tasks.

The Focus Group has also sent liaison to ISO TC68 SC2, ISO TC68 SC7 and ISO TC307 to participate in its work.

# Next meeting

The 2nd FG DFC Meeting is planned on 2nd week July 2018, USA. Between now and the next meeting of the Focus Group, e-meetings of the working groups are planned each month to advance the work on the deliverables.

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