

Reports of 4th ITU-T Review Committee and 1st FG-DFS (Digital Financial Services) Meetings

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Abstract

Agreement was reached in the ITU-T (International Telecommunication Union, Telecommunication Standardization Sector) to establish a Review Committee (RevCom) to discuss a new standardization structure for the next study period starting in 2017. This agreement occurred at the WTSA (World Telecommunication Standardization Assembly) held in 2012. Additionally, it was agreed to establish a new Focus Group on Digital Financial Services (FG-DFS) at the TSAG (Telecommunication Standardization Advisory Group) meeting held in June 2014. This article reports on the key topics discussed at two meetings of these committees, the fourth meeting of RevCom, held in Tunis, Tunisia, in January 2015, and the first meeting of FG-DFS, held in Geneva, Switzerland, in December 2014.

Keywords: ITU-T, Review Committee, digital financial services

1. Introduction

At the World Telecommunication Standardization Assembly (WTSA) held in Dubai, UAE, in November 2012, it was agreed to establish a Review Committee (RevCom) in order to discuss restructuring the International Telecommunication Union, Telecommunication Standardization Sector (ITU-T) standardization structure in order to carry out more efficient standardization activities. The RevCom has held four meetings so far, and the discussion topics have included reconstruction ideas to implement starting in the year 2017. The fourth meeting hosted by Tunis Telecom was held January 19–21, 2015, and included a discussion on the proposal of a Standardization Strategy Team.

The establishment of a new Focus Group on Digital Financial Services (FG-DFS) was also agreed as a new work item in ITU-T. This was proposed by the Bill & Melinda Gates Foundation, which is a member of ITU-T, in the USA at the Telecommunication Standards Advisory Group (TSAG) meeting in June 2014. The first meeting was held in Geneva on December 5, 2014, in which the direction of study and the working

structure were discussed.

This article presents an overview of both the fourth RevCom and first FG-DFS meetings.

2. Fourth ITU-T RevCom meeting

2.1 Brief meeting summary

The fourth RevCom meeting was attended by 84 participants—including those participating remotely—from 15 countries. From Japan, five people including Mr. Yoichi Maeda, the chairman of RevCom and CEO of the Telecommunication Technology Committee (TTC), and other members from the MIC (Ministry of Internal Affairs and Communications), NICT (National Institute of Information and Communications Technology), NEC, and NTT (the author of this article) attended on site. Additionally, several people including the Study Group 3 (SG3) chairman (from KDDI) and the SG16 chairman (from Mitsubishi Electric) joined in remotely via an e-meeting system. The venue was located in the Gammarth area, a seaside resort about 20 km north of Tunis.

An ITU-T TSAG rapporteur meeting, which focused on a discussion of collaboration issues

between ITU-T and organizations inside/outside ITU, was held after the RevCom meeting.

2.2 Discussion on ITU-T reconstruction

The structuring and management team of RevCom is listed in **Fig. 1**. Mr. Maeda from TTC serves as chairman of RevCom, and there are six vice chairmen from six ITU regions. Issues on organizational restructuring in ITU-T were discussed in the rapporteur group under RevCom. The major results of the meeting are summarized as follows.

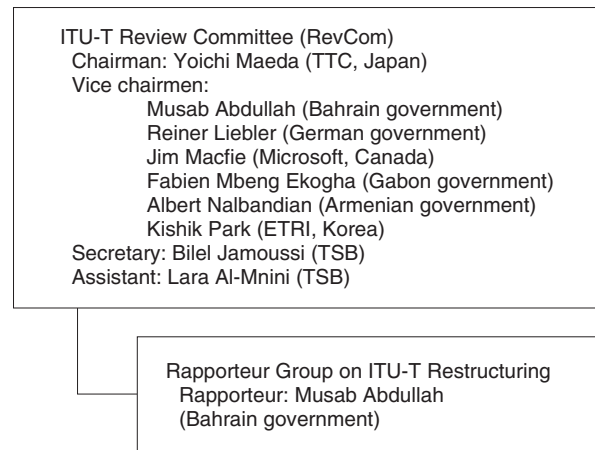
(1) Establishment of Standardization Strategy Team

Japan proposed establishing a new group called a Standardization Strategy Team to develop standardization strategies for future ITU-T activities such as standardization areas and timings. The strategies should be developed by taking into consideration the expectations from industries throughout the world, as well as future market and technology trends. This team would be led by the ITU-T director, and the members are expected to be the chairmen of SGs and FGs in ITU-T and key persons from industry.

The USA and France argued to clarify the relationship between TSAG and the proposed team, and Germany brought up a membership issue, which involved whether or not non-ITU-T members would be able to attend meetings of the proposed team. As a result of the discussion, the importance of developing standardization strategies was recognized, and the establishment of a strategic team was agreed, along with an inclusion policy and regulations. The discussion period and concrete framework were discussed further at the subsequent RevCom meeting held in June 2015.

(2) Establishment of vertical Study Group

Korea proposed to establish a new SG called a vertical SG, which would study new standardization issues that are not easily allocated to existing SGs. Some examples of new issues were: ITS (intelligent transport systems), IoT (Internet of Things), and 5G (fifth-generation) mobile networks. The main topic in the discussion was whether the vertical SG was actually necessary, since ITS is already discussed in Collaboration on ITS Communication Standards meetings with the ISO (International Organization for Standardization), and because the IoT-JCA (Joint Coordination Activity) in ITU-T has been studying IoT-related issues for several years. As a result, the discussion on the proposal of a vertical SG will continue at the next TSAG meeting.



TSB: Telecommunication Standardization Bureau

Fig. 1. Management team of ITU-T RevCom.

(3) SG reconstruction

There are currently 10 SGs in ITU-T, and a UK contribution proposed a discussion on merging some SGs, specifically, merging SG2 and SG3, and SG9 and SG16. Because the study items differ in each SG, it was suggested at the meeting that the measurement criteria of activities be examined. The proposal was basically agreed, and this topic will be studied further.

2.3 Discussion of working method

On the basis of the report of the CTO (Chief Technology Officers') meeting, it was agreed to make a work plan for working items such as IoT and SDN (software-defined networking) in RevCom. In addition, each ITU-T SG chairman reported their recent activities.

2.4 Future plans

At WTSA-16 to be held at the end of 2016, the restructuring of ITU-T SGs will be discussed. To make proposals for SG reconstruction from TSAG to WTSA-16, it is necessary to summarize the outcome of RevCom meetings by mid-2016. The next RevCom meeting may be the last chance to bring up new proposals, so it is important to contribute to the restructuring discussion to achieve efficient standardization activities for Japanese industry.

3. First ITU-T FG-DFS meeting

3.1 Overview

The first meeting of FG-DFS focused on a discussion about digital financial services and was held in Geneva on December 5, 2014; additionally, a workshop on digital financial services was held the previous day. These meetings were attended by around 100 persons from 30 countries, including several African countries.

3.2 Background of establishing FG-DFS

The digital financial services studied in FG-DFS include micro-finance in developing countries, mobile payments using cell phones, and financial inclusion, which improve financial services in developing countries. Some areas of digital financial services were also studied in TC 68 (Technical Committee 68) in ISO and JTC 1 (Joint Technical Committee 1) in ISO/IEC (International Electrotechnical Commission). This FG was established with the support of many countries, mainly developing countries, in order to clarify the telecommunication functions required to securely transfer money electronically all over the world, including developing countries, and to rapidly standardize telecommunication technologies related to financial services to promote its utilization in developing countries in ITU-T. Because the scope of FG-DFS may intersect with several SGs,

TSAG was selected to be the parent group, and the duration of the FG will be two years.

The management team includes Mr. Sacha Polverini from the Bill & Melinda Gates Foundation, who is serving as the chairman of the FG-DFS, and 12 vice chairmen, listed in **Table 1**, who were elected at the first meeting. In addition, four Working Groups (WGs) were agreed to be established, and 2–4 persons were appointed as the leader and sub-leader for each WG.

3.3 Overview of DFS workshop

The day before the first FG-DFS meeting, the workshop on digital financial services was held; it was chaired by the FG-DFS chairman [1]. At the workshop, 22 presentations were given on topics such as digital financial services, mobile payment services, and financial inclusion, primarily from African and European countries.

The Minister of Posts and Telecommunications of Somalia, H.E Dr. Mohamed Ibrahim, and the Director-General of the Communications Authority of Kenya, Mr. Francis Wangusi, delivered keynote speeches. In Somalia, the demand is strong for digital financial services using mobile devices such as cell phones, and there is great interest among Somalians in the concept of mobile money. However, Dr. Ibrahim pointed out that they needed a legal framework for providing such services. In Kenya, mobile money

Table 1. WG structure and management of FG-DFS.

WGs	Objectives	Leaders of WG (Vice chairmen of FG-DFS)
DFS Ecosystem	To identify and understand key elements of a digital financial services ecosystem that enables financial inclusion	- Carol Coye Benson, Glenbrook Partners (USA) - Yury Grin, Intervale (USA) - Bruno Antunes, UNCTAD (UN) - Zhao Ping, China Telecom (China)
Technology, Innovation & Competition	To identify evolving technologies and market dynamics related to digital financial services, and to assess the implications for financial inclusion	- Leon Perlman, Lethan Consulting (USA) - Madeleine Scherb, Health and Environment Program (Switzerland)
Interoperability	To assess models and policy frameworks to achieve interoperable systems, products and networks, and to develop a framework that promotes financial inclusion	- Thomas Lammer, The World Bank Group (USA) - Mark McCullagh, Lero Consulting (UK) - Yétondji Houyetognon, ARCEP (Benin)
Consumer Experience & Protection	To define minimum requirements for quality of service for reliable digital transactions and data protection safeguards in order to build consumer confidence	- Sumit Jamuar, KYCTrust Limited (UK) - Bedoui Adel, Tunisie Télécom (Tunisia) - Nicola O'Reilly, Consumers International (UK)

* The above list is as of December 5, 2014.

services were initiated in 2007, and 64% of the population now use the M-Pesa service, a kind of mobile money service that handles US\$23 billion annually. Kenya is the leading country in terms of total amount of transactions in mobile money and micro-finance in the African region.

3.4 Discussion topics of first FG-DFS meeting

(1) Terms of Reference

Terms of Reference, ToR, was discussed, and the major opinions were as follows:

- It is necessary to clarify the terminology and definitions for mobile money, mobile finance, digital money, electronic money, and digital finance.
- The digital financial service will have a new financial structure and a new distribution model.
- Although the administration area of the central bank and telecommunication regulation office differs in each government, it is necessary to establish cooperation between the central bank and telecommunication regulation office. In addition to the services provided by banks, related financial services provided by insurance companies and non-bank organizations are also involved in digital financial services.
- One of the objectives was to include use cases for women; thus, although the concept is mainly focused on the poor, the existence of a gender gap was acknowledged.
- Security and availability are required as the standards for basic digital financial services. In addition, it is also necessary to consider ensuring accessibility, minimizing the initial cost, and reducing transaction costs.

(2) WG structure

The FG chairman proposed establishing WGs, and it was agreed to establish four WGs and to nominate 12 leaders as a result of the discussion. The WG structure is indicated in Table 1. Several opinions were raised in the discussion; for example, one member said it would be hard to participate if several WGs were running in parallel. However, because the discussion themes of each WG are different, and the interests of participants may also differ, it was confirmed that holding several WGs in parallel would not be a problem. Another opinion was that terminology should be unified at an early stage, and it was agreed to define the terminology at an early stage in each WG.

(3) Discussion in each WG

FG participants were divided into four WGs, and a

one-hour brainstorming session was held in each WG to define the main issues that should be discussed. The discussion results were presented orally, and no output documents were produced.

3.5 Subsequent work of FG-DFS

The second FG meeting was held in Washington, D.C., USA, in April of 2015, the same timing of the spring conference of the World Bank.

4. Conclusion

4.1 ITU-T RevCom

The task force of the TTC Global Collaboration Advisory Group (GCAG), led by the author of this article, handles Japan's policies and contributions for RevCom and TSAG. To achieve an efficient ITU-T standardization structure for Japanese industry, it is necessary to proactively contribute to RevCom by continuously aggregating domestic opinions in the task force and by collaborating with foreign countries.

4.2 ITU-T FG-DFS

There are now two directions for international standards of digital financial services; the first is achieving universal and easy deployment in developing countries. Standardization of Japanese mobile wallet services would make traveling more convenient for foreigners who come to Japan and for Japanese travelers who visit foreign countries. The second direction is that international standards require a safer and more economical way to deploy mobile payment systems such as M-Pesa in Kenya. Utilizing FG-DFS may not only be effective for promoting Japanese solutions to the world, but also for clarifying the role of Japanese companies in achieving financial inclusion in developing countries.

4.3 Consideration of organization for new study items

This article briefly reported on the current status of RevCom and FG-DFS. In the near future, international standardization activities for required functions will be more important for non-telecom industries that utilize the telecommunication infrastructure (vertical industries), for purposes such as digital financial services. ITU standards have played an important role in the rapid growth of information and communication technology (ICT). Currently, ICT has been entering a second stage; that is, ICT supports vertical industries, which are indicated as "OO×ICT."

Contributing to RevCom is expected to lead to achieving an efficient standardization structure to enable progress to be made in anything supported by ICT.

Reference

- [1] ITU Workshop on Digital Financial Services and Financial Inclusion, <http://www.itu.int/en/ITU-T/Workshops-and-Seminars/ifds/Pages/Programme.aspx>



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He received his B.E., M.E., and Ph.D. in electrical engineering from Mie University in 1985, 1987, and 2001, respectively. After joining NTT Telecommunication Network Laboratories in 1987, he conducted research on a fiber optic access network architecture and network operation process reengineering methods. From 1996 to 2003, he worked on enterprise resource planning (ERP) systems integration as a consultant in the Solutions Business Division of NTT Communications. Since 2004, he has been involved in NGN (Next Generation Network) standardization work at ITU-T. He was the Rapporteur of Question 1 of SG13 from 2007 to 2010. He has also played an active role in IP (Internet protocol) TV standardization work at ITU-T. He is currently in charge of standardization strategies in the NTT Group. He received the ITU-AJ Award from the ITU Association of Japan in 2009. He is a member of the Institute of Electronics, Information and Communication Engineers and the Society of Instrument and Control Engineers.

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