



Third GPFI-FSI Conference on Standard-Setting Bodies and Innovative Financial Inclusion: New Frontiers in the Supervision and Oversight of Digital Financial Services

Basel, Switzerland 26–27 October 2016

Agenda

Wednesday 26 October

8:30 Registration

9:00 **Introduction to the programme by the conference co-chairs**

Ms Gunilla Löfvendahl, Senior Financial Sector Specialist, Financial Stability Institute, Bank for International Settlements (BIS)

Mr Matthew Gamser, CEO, SME Finance Forum, International Finance Corporation

Welcoming remarks

Mr Jaime Caruana, General Manager, BIS

Mr Tianqi Sun, Deputy Director General, Financial Consumer Protection Bureau, People's Bank of China; GPFI Co-Chair

Keynote speech

Mr Sosthenes Kewe, Executive Director, Financial Sector Deepening Trust, Tanzania

10:00 **Session 1: Overview – seismic changes in digital financial inclusion**

Innovations in products and delivery methods to reach the financially excluded and underserved present supervisors, overseers, and standard-setting bodies (SSBs) with new challenges and opportunities, as well as with an imperative to collaborate.

This framing session will outline the rapidly changing landscape of digital financial services, introducing the key factors that distinguish digital financial inclusion from traditional financial services delivery: (i) new customers, (ii) new providers and new combinations of providers, including both nonbanks and bank-nonbank partnerships, (iii) new digital delivery channels, often involving the use of agent networks, (iv) new technologies, and (v) new products and services and their bundling. This session will frame the resulting new risk picture of concern to supervisors, overseers and the SSBs, as demonstrated by innovative digital products and services in two countries: China and Tanzania. The new and shifting risks and their relevance for the SSBs will be discussed in greater detail in the conference sessions to follow.

Moderator: Ms Alexia Latortue, Principal Deputy Assistant Secretary, International Development Policy, US Treasury

Mr Sosthenes Kewe, Executive Director, Financial Sector Deepening Trust, Tanzania

Mr Tianqi Sun

11:15 Coffee/tea break



11:45 **Session 2: Shifting frontiers in the regulation, supervision and oversight of digital financial inclusion**

Developments in digital financial inclusion invite re-thinking of risk-based supervision and consideration of new mechanisms for supervision and oversight, including new approaches to promote collaboration with other authorities and to encourage dialogue with financial services providers.

This session will focus on supervisory responses to the fast-changing landscape of digital financial inclusion, including the emergence of fintech companies and ecosystems of diverse providers: (i) regulatory sandboxes and similar new approaches to oversight that apply the concept of risk-based and proportionate supervision to the shifting risk picture, (ii) emerging arrangements for inter-institutional supervisory coordination, at the national, regional, and international levels, and (iii) mechanisms for building or strengthening bridges between supervisors and overseers, on the one hand, and innovative providers on the other; taking into account the limited capacity of supervisors and overseers, compliance burdens for providers, while at the same time the potential of regtech developments to help both types of actors in implementing proportionality.

Moderator: Mr Pierre-Laurent Chatain, Lead Financial Sector Specialist, World Bank Group

Mr Nestor A. Espenilla, Jr, Deputy Governor, Supervision and Examination Sector, Bangko Sentral ng Pilipinas

Mr Willem Schudel, Senior Strategy Adviser, Netherlands Bank

Ms Claire Sunderland Hay, Head of FinTech Accelerator, Bank of England

13:00 Lunch – ground floor foyer

14:00 **Session 3: Issues and trends in the supervision of consumer protection and market conduct in digital financial inclusion**

The rapid scaling of digital financial inclusion products and the swiftly increasing numbers of new users call for new thinking on financial consumer protection and market conduct.

Digital financial inclusion compels us to revisit the concept of financial consumer protection as it is known today. It calls also for new thinking on the linkages between consumer protection and financial stability, and challenges us to re-examine the key pillars of financial consumer protection—transparency and fair treatment of customers—due to the profiles of the ‘newly included’ and the increasing use of digital channels as their main (or even exclusive) point of entry and means of transacting. This session will explore whether recent developments call for changes in legal and supervisory frameworks for financial consumer protection, including re-thinking the very concept of disclosure in the digital context, adopting more interventionist tools to protect the public against unsafe or unsuitable financial services, and re-evaluating the systemic importance of financial consumer protection as digital ecosystems expand to reach massive numbers of customers.

Moderator: Ms Armenuhi Mkrtchyan, Head of Consumer Protection and Financial Education Center, Central Bank of Armenia

Ms María Inés Agudelo Valencia, Independent Consultant

Mr Michael Kofi Andoh, Head of Supervision, National Insurance Commission, Ghana



Ms Maria Lucia Leitão, Head, Banking Conduct Supervision Department, Bank of Portugal; Member of the Governing Council, FinCoNet

Mr Mohammad Zulfikar, Director, Systems and Services, Bangladesh Telecommunication Regulatory Commission

15:30 Coffee/tea break

16:00 **Session 4: Crowdfunding among the poor and related developments – implications for regulation, supervision and oversight**

Alternative market-based ‘many-to-many’ financial services that bypass traditional intermediaries are taking off in countries around the globe, targeting customers across the income spectrum as both suppliers and users of funds.

This session will analyse the nature and scope of the phenomenon of crowdfunding and its financial inclusion potential, focusing on: (i) explaining the circumstances under which it is emerging, (ii) examining conditions under which it can contribute to ‘healthy’ increases in financial inclusion, and (iii) probing where regulators should draw the line between regulation for innovation and forbearance. Specific attention will be given to the challenges of addressing financial customer protection of both suppliers and users of funds. The session will also consider steps countries might take to permit crowdfunding to emerge safely and whether more coordinated work is needed at the international level to harmonize regulatory and supervisory approaches with regard to this phenomenon.

Presenter: Mr Ivo Jenik, Financial Sector Specialist, Consultative Group to Assist the Poor (CGAP)

Moderator: Ms Margaret Miller, Global Lead, Responsible Financial Access, World Bank Group

Mr Luke Ombara, Acting Director, Regulatory Policy and Strategy, Capital Markets Authority, Kenya

Mr Shane Worner, Senior Economist, Research Department, International Organization of Securities Commissions (IOSCO)

Mr Xiao Xiang, Director of Research Department, National Internet Finance Association of China

17:15 **Interoperability in digital financial inclusion – close-of-day thoughts on what it means for supervisors and overseers**

The financial inclusion potential of customers being able to transact across different networks highlights the importance of interoperability. Increasingly, thoughtful policy makers aim to facilitate market-led approaches rather than mandating interoperability ex ante.

Interoperability—a term used in both telecommunications and financial services—refers generally to the ability of different systems and sometimes even different products to interact seamlessly. For payment systems, ‘interoperability’ depends not only on the technical ability of two platforms to interact, but also on the contractual relationships between institutions. For years, interoperability involved electronic communications between banks that were members of one retail payment system. Today, interoperability among mobile network operators (MNOs) may enable payments made between customer accounts of different MNOs. This short session will feature two interoperability stories: ‘mobile money’ interoperability in Tanzania and ‘Modelo Peru’, a shared payments platform used by banks, nonbanks and MNOs. The discussion will focus on the financial inclusion potential of the models



and the role that supervisors and payment system overseers played and are playing in promoting market-led approaches.

Moderator: Ms Maria Chiara Malaguti, Advisor, Payment Systems Development Group, World Bank Group

Ms Sonia Arenaza, Regional Lead, Latin America and the Caribbean, Better Than Cash Alliance

Mr Kennedy Komba, Head, Strategy, Governance and Member Relations, Alliance for Financial Inclusion; on secondment from Bank of Tanzania

18:00 End of session, followed by buffet reception – 18th floor

Thursday 27 October

8:30 Day two opening remarks

Mr Michael Manz, Deputy Head, Multilateral Affairs Division, State Secretariat of International Finance, Swiss Federal Department of Finance, representing Mr Alexander Karrer, Deputy State Secretary for International Financial Matters, Swiss Federal Department of Finance; Chair, Correspondent Banking Coordination Group

9:00 **Session 5: Big Data – implications of the data revolution for inclusion and for supervision**

Financial institutions hold extensive customer and transactional data collected for both business and regulatory objectives. Financial regulators and privacy/data protection regulators are called upon to consider how to harness the potential of data technologies in financial inclusion while attending to the risks.

As digital financial inclusion deepens, an increasing number of institutions are handling extensive customer and transactional data. Enhanced data capacity and analytical capability hold great promise for customers, providers and supervisors of financial services. However, data technologies can only be appropriately harnessed if privacy and data security risks are addressed. This session will consider new business models such as KYC utilities and new technologies relevant to customer data and the protection of privacy. Using scenarios, panellists and the audience will explore the need for financial regulators and privacy/data protection regulators to collaborate to develop a sound understanding of the data-related opportunities and risks faced by poor customers and the institutions and systems that serve them.

Moderator: Mr Louis de Koker, Professor, School of Law, Deakin University, Australia; Advisor, CGAP

Ms Raquel Cabeza Pérez, Deputy Director-General Ministry of Economy and Competitiveness, Spain / Co-Chair, Policy Development Group, Financial Action Task Force (FATF)

Ms Kate McKee, Lead Adviser, Policy, CGAP

Mr David Watts, Global lead: Big Data and Open Data, UN Special Rapporteur on the Right to Privacy; Commissioner for Privacy and Data Protection, Victoria, Australia



10:30 Coffee/tea break

11:00 **Session 6: Ramifications of digital financial inclusion for SSBs and other global bodies**

What is being done to keep pace with such seismic change brought on by digital financial inclusion, and what more needs to be done to help supervisors and overseers understand and manage the emerging risks?

In this final session, the moderator will call upon representatives of the SSBs and of other global bodies to explain how developments in digital financial inclusion have been taken into consideration and integrated into their work, and to discuss what more needs to be done globally to address the needs of regulators, supervisors and overseers committed to the safe development of innovative digital financial services. Consideration will be given to identifying issues relevant to multiple SSBs, where opportunities for joint engagement may be found. All of the participating SSBs and other global bodies are engaged in work relevant to the themes discussed in the previous sessions, working to keep pace with fintech and related developments more broadly.

Moderator: Mr Alfonso García Mora, Director, Finance and Markets Global Practice, World Bank Group

Mr Svein Andresen, Secretary General, Financial Stability Board (FSB)

Mr Karl Cordewener, Deputy Secretary General, Basel Committee on Banking Supervision (BCBS)

Mr Conor Donaldson, Manager of Implementation and Assessment, International Association of Insurance Supervisors (IAIS)

Mr Marc Hollanders, Special Advisor on Financial Infrastructure, Monetary and Economic Department, BIS; for Committee on Payments and Market Infrastructures (CPMI)

Ms Anne-Françoise Lefèvre, Policy Analyst, AML/CFT, FATF

Mr Sacha Polverini, Senior Program Officer, Policy and Regulation, Bill & Melinda Gates Foundation; Chair of the International Telecommunications Union Digital Financial Services Focus Group

Ms Isabelle Rösch, Director of Communications, esisuisse; for IADI

Mr Bernard Sheridan, Director of Consumer Protection, Central Bank of Ireland; Chair of the Governing Council, FinCoNet

Mr Shane Worner

12:30 **Wrap-up remarks and agenda for engagement in 2017 and 2018**

Ms Natascha Beinker, Deputy Head, Division for Cooperation with the Private Sector; Sustainable Economic Policy, Federal Ministry for Economic Cooperation and Development, Germany; GPII Co-Chair

13:00 Lunch – foyer first floor