DIGITAL FINANCIAL SERVICES
(DFS) WORKING GROUP

BRINGING
SMART
POLICIES
TO LIFE

POLICY MODEL FOR E-MONEY

POLICY MODEL

CONTENTS

CONTEXT

For over a decade, several members in the AFI network have been applying policy and regulatory interventions to promote the use of technologically enabled financial services to advance financial inclusion. The network's knowledge and experience in applying various e-Money policies and regulatory approaches have had a significant impact in advancing financial inclusion. These have created enabling environments for the deployment of innovative financial services by building resilience in the financial systems and protecting clients in this spectrum of electronic money services.

AFI's Working Group on Digital Financial Services has therefore codified AFI network's good practices and approaches related to e-Money policies and regulations into a Policy Model that is intended to provide guidance on the introduction or enhancement of e-money policies, regulatory, and supervisory approaches within the AFI network.

OBJECTIVE

The primary objective of this E-Money Policy Model is to provide guidance on developing proportionate key regulatory and policy measures for enabling, promoting and enhancing the use of e-money services and products in a country or jurisdiction.

SCOPE AND APPLICATION

The E-Money Policy Model codifies approaches that have been successfully applied within the AFI network into different categories critical to a well-functioning e-money environment. These include: E-Money Policies; E-Money Regulatory Considerations; Prudential Regulation and Supervision; Agent Regulation and Supervision; Consumer Protection and Financial Education Measures; Technology and Infrastructure Considerations; Market Development Considerations; and Cross-Cutting Considerations, including a gender component.

The intent of the principles codified in this model, drawn from the various approaches across the AFI network, is to provide a compendium of better practices. However, it highlights dynamism and the need for continuous evolution proportionate to emerging trends, technology innovation and business models. The section below elaborates key principles and the rationale for applying such approaches under each category.

PART I
OVERVIEW OF KEY CONCEPTS AND DEFINITIONS

The following table describes the key definitions and concepts used for the purposes of the E-Money Policy Model.

E-Money	E-money can be broadly defined as an electronic prefunded payment instrument issued against the prefunded real balances in the official currency of the monetary authority of that particular country that may be widely used for making payments to entities other than the e-money issuer[1]. E-money is accessible through digital wallets or online money, mobile money wallets, or card-based instruments[2] which can be provided by licensed banks, mobile network operators (MNOs), non-banks, non-MNOs, and narrow or mixed banks. Deposits to e-money accounts can be made through cash (typically through an agent or kiosk) or by receipt of a transfer from another client (domestic or cross-border peer-to-peer (P2P)), transfer from bank account, business (payroll, incentives) or government entity (government-to-person (G2P) payments).
E-Money Clients	The client is defined to mean any person/entity who uses e-money to make payments for goods and services as well as to access financial products such as savings, credit, remittance, insurance and investments. Generally, e-money is utilized by all segments of the population — both banked and unbanked. For the banked, it enhances convenience and safety in transactions, whiles for the unbanked, it provides access to financial services which hitherto could not be accessed via regular brick and mortar facilities.
E-Money Licensing Models	E-money can be issued under three types of models[3]: 1. **Bank-led:** A licensed bank or financial entity is the service provider. The role of third parties or partners is more peripheral, limited to providing communications infrastructure and/or agency services. 2. **Non-bank e-money provider:** a licensed non-bank e-money issuer, such as anMNO or a private technology business that signs up clients to use their product. Examples of non-bank e-money issuer include a mobile money service that is run by an MNO, and an e-money wallet by a financial technology business. Under this model, a supervised financial institution acts as the trust account if required under the regulations governing the operations of the service in the jurisdiction. 3. **Mixed or narrow-bank model:** A variant of the bank-led model, where a specialized institution is established and licensed under existing banking laws of the jurisdiction. The resulting entity is afforded some flexibility around some elements of the banking law, such as tiered know-your-customer (KYC) requirements and has a more limited services offering to its clients. For example, it may not be permitted to offer credit services. Such applications are commonly seen in Mexico, Colombia and in countries such as India and Nigeria, under the Payment Service Banks model.
Trust Account	A trust account is to protect and mitigate client' funds from the risk of loss and is an important tool to ensure financial integrity and stability.E-money issuers maintain the value of accounts on their ledger, with the deposit in an aggregated or pooled account at a regulated financial institution that is often structured and termed a "Trust Account". The total in the trust account should always equal the e-money provider's ledger of total client balances on a perpetual basis[4]. The trust account shall not be commingled at any time with the funds of any person other than the electronic money holder on whose behalf the funds are held.
E-Money Agents	Agents provide access points for e-money clients to fulfill their payment needs, such as cash-in/cash-out services, bill payment services and completing P2P transfers. They also help in registering clients and completing customer due diligence (CDD) on behalf of the e-money issuer. Agents, as defined by the jurisdiction, might comprise merchants determined based on size, nature and capability to fulfill digital payments and more services beyond the scope of agents.
Interoperable E-Money Ecosystem	This is to establish an e-money ecosystem where clients can perform e-money (money or fund) transfer between two (2) wallets or store of value provided by different service providers seamlessly and with great efficiency. An interoperable e-money ecosystem should be encouraged with guidance from regulators, and designed in consultation with providers, stakeholders and clients with the intent to add value and promote uptake, usage and quality of e-Money services.

1 Committee on Payments and Market Infrastructure, Bank of International Settlements and the World Bank, Payment Aspects of Financial Inclusion, April 2016

2 This may exclude a closed-loop loyalty cards and rewards system offered by retail businesses but subject to the prerogative and legal frameworks of the jurisdiction.

3 GSMA Mobile Money Policy and Regulatory Handbook, September 2018

4 ITU-T Focus Group on Digital Financial Services, Focus Group Technical Report on the Digital Financial Services Ecosystem, May 2016

PART II
POLICIES THAT SUPPORT ADOPTION OF E-MONEY PRODUCTS AND SERVICES

POLICY CATEGORY	GUIDING PRINCIPLES	RATIONALE
Market Entry and Enabling Policy Environment	Provisioning of proportionate explicit no-objections or licensing requirements for the nature and type of entities that can provide e-money services.	To mitigate risks relating to financial stability and address challenges of regulatory arbitrage.
E-Money Issuance	Establish the definition of e-money, types of entities that can issue e-money and the risk management framework that oversees e-money issuance and protection of client funds.	To create legal certainty, manage financial, operational, insolvency, as well as stability risks.
Use of E-Money Products for Digitalizing Government to Person (G2P) payments	Promote adoption and usage of e-money in geographies with limited access to formal bank accounts to make G2P payments, such as subsidies, cash transfers, aid, etc.	To promote access to and usage of DFS among financially excluded populations and socially vulnerable groups while accelerating digital payment, transparency, spillage reduction and low cost of services.
Use of Identity (ID) Systems	Leverage national ID systems or other market-wide identity systems to establish proof of identity and proportionate know-your-customer (KYC) and e-KYC requirements for account opening.	Promote financial inclusion among the unbanked, especially for socially vulnerable groups.
Fiscal and Monetary Incentives	Introduce appropriate and proportionate incentives, such as fiscal incentives, for use of e-money products by financially excluded populations.	Promote greater usage of DFS and reduce financial exclusion.

PART III
E-MONEY REGULATORY CONSIDERATIONS

REGULATORY CATEGORY	GUIDING PRINCIPLES	RATIONALE
Scope of Application	Highlight the limit, boundary and extent of the application of the law, rule or directive, to provide legal certainty, market scope, entities covered, regulatory provisions, sanctions and jurisdiction.	To provide clarity in the application of the law, rule or directive.
Transparency and Predictability	Promote a sound, predictable, non-discriminatory and transparent regulatory framework for e-money.	To promote trust and confidence in the use of e-money by stakeholders.
Inclusive Approach to E-Money Licensing	Establish an open, proportionate, non-discriminatory, enabling regulatory environment that is principles-based and not entity-based, where interested parties beyond banks and non-banks can participate on a level playing field in the provision of e-money services (keeping in mind that this principle should be applied across all DFS).	To create legal certainty for permitted entities, and ensure the requirement to access the market by such entities is fair and equitable while promoting competition in the provision of e-money.
Enforcement	To provide enforcement of regulation, laws and rule adequacy and ensure compliance with domestic and international regulations and to deter misleading practices and activities by providers, e.g. freezing of assets and non-provision of services to Individuals and entities designated/proscribed by the laws of the jurisdictions for terrorism financing or money laundering.	This should confer on the regulator a suite of disciplinary powers that are presented in a clear and transparent way.
Reporting and Data Retention Requirement	Promote the requirement for e-money providers to submit/furnish the regulator with periodic audited financial statements, capital returns, value and volume of e-money transactions and any other prescribed report per indicator, disaggregated as specified by the jurisdiction. This principle should also establish the responsibility of the e-money provider for the safe retention of its operational data and activities, including service/product data, transaction history, etc.) and client information/data, for a specified period.	Ensure efficient monitoring, supervision and evaluation of e-money business and financial inclusion in the jurisdiction around access, usage and quality.
Measurement and Reporting Frameworks	Incorporate indicators and measurement frameworks to capture access, usage and quality from both supply and demand side of e-money.	It is important to measure the evolution and development of e-money services.

PART IV
PRUDENTIAL REGULATION AND SUPERVISION

REGULATORY CATEGORY	GUIDING PRINCIPLES	RATIONALE
Minimum Capital Requirements[5]	Require e-money providers (regardless of licensing model) to maintain a minimum capital amount to mitigate risks associated with unexpected losses (insolvency risk) and with operating the e-money service (operational risk). Minimum requirements may be broken into initial requirements for setting up the business and obtaining license; and, ongoing capital requirements to cover operational risks. Capital requirements could vary based on the characteristics of market, economic and regulatory reality, and e-money providers: > Deposit taking or non-deposit taking e-money service provider > Size of the company and its ability to establish capacity to balance between the cost of business and prudence over client funds > Geographical or market size and limitations of operation e.g. an archipelago > Market and economic considerations of the jurisdiction > Cross-cutting or other considerations as determined by the regulator	To ensure protections for the depositor by mitigating against unexpected losses and insolvency risks.
Safeguarding Client Funds	Establish guidance for safeguarding client funds by e-money issuers based on legal instruments available within the country, and is the least burdensome and most cost-effective to implement: Liquidity Risk: Require e-money issuer to set aside funds equal to 100% of outstanding e-money liabilities. Issuer Insolvency Risk: Require e-money issuer to hold funds set aside to repay clients in trust (or similar fiduciary instrument). Ring-fence client funds from issuer funds. Bank Insolvency Risk: Provisions for client funds to be covered by direct or pass-through deposit insurance.	To mitigate risks from loss or misuse of client funds and boost financial integrity and stability. Adequate measures promote trust in the financial system and drive up usage of DFS.
Distribution of Interest (E-Money Float)	Provide guidance for utilization and/or distribution of interest based on legal requirements, market dynamics and maturity. This is also predicated on whether the country's legal framework permits e-money issuers to open an interest-bearing trust account. Financial regulators can provide guidance on: > Whether some or all of the interest income is distributed to their clients > Require e-money issuers to invest some or all of their portion in infrastructure/business development or > Allow e-money issuers to retain this income in lieu of reduced fees for clients	Interest accrued in the trust account should be utilized for the benefit of the client and the industry.

5 For further details on how minimum capital requirements are being applied in various countries, see Bill and Melinda Gates Foundation, DFS Playbook 2018, and GSMA, Mobile Money Policy and Regulatory Handbook, 2018.

REGULATORY CATEGORY	GUIDING PRINCIPLES	RATIONALE
Ownership Diversification	Establish mitigating rules to ensure clarity, address anti-competitive behavior and country-specific concerns about the concentration of power within an entity providing several services, e.g. Axiata Group with the Axiata Digital Services and Boost subsidiaries in Malaysia; Grab with its GrabPay and Grab Financial Services subsidiaries, and MTN with Scancom (voice and data) business and Mobile Money Limited (Mobile Money) business in Ghana.	Promote market competition and choice to clients. In instances such as payments and telecommunications, jurisdictions can manage dominance, potential monopoly and anti-competitive concerns of the single company by establishing measures requiring ownership diversification and governance thresholds that would apply to e-money issuers.
Risk Management Framework	Establish requirements for bank and non-bank e-money issuers to develop appropriate risk management frameworks and business continuity plans to mitigate credit, liquidity, settlement, operational and technology risks, based on their respective roles in the industry.	A failure to address/manage these risks effectively could result in a loss of confidence in DFS. It can slow or reverse their adoption, which would directly impact the achievement of financial inclusion goals.

PART V
AGENT REGULATION AND SUPERVISION

REGULATORY CATEGORY	GUIDING PRINCIPLE	RATIONALE
Agent Definition	Clearly define who an agent is and their role in the facilitation of e-money services for clients. Such roles could include but are not limited to: > Customer onboarding and registration > Provision of cash-in and cash-out service > Provision of a variety of e-money related services > Conducting customer due diligence and registering new clients > Assisting customers with marketing and other queries related to initiation and use of e-money services	Clear definition of the role of agent in the facilitation of e-money services provides a critical foundation for developing corresponding regulations for agent supervision.
Use of agents for Customer Due Diligence /Know Your Customer (CDD/KYC)	Establish consistent and clear legal and regulatory framework around agents and KYC/CDD activities. Regulators could enable e-money providers to use their agent network within specified categories including type of agent, capability (level of training) of agent, indemnity provisions, etc. for: > Registration of clients > Verification of identity > Activation of accounts > Provision of cash-in and cash-out services Financial regulators should ensure that CDD requirements are tiered in proportion to value of accounts and the process is simple enough for agents to perform CDD on behalf of providers.	Agents are customer-facing persons/entities and should be utilized for performing the functions enumerated under the guiding principle (e.g. registration of clients, verification of identities, etc.)
Agent Regulation	Agent regulation should: > Be proportional and cost-effective to the product offering so that it does not impose disproportionate requirements or standards on the agent distribution networks > Establish clear definitions of roles, indemnity and liability provisions between agents, super-agents, e-money issuers and other parties active within the agent network > Address and set general terms/principles for engagement, selection/screening, training and ownership of agent (e.g. provision should address potential issues such as agent exclusivity) > Establish frameworks and processes for monitoring and reporting on agent networks and their respective activities (e.g. geospatial location to determine and monitor agent distribution across the country, gender-disaggregated data, specific report on value, volume and velocity of transaction etc) > State-guiding principles for agent compensation and fees	Regulation should evolve with e-money product offering and not be overly constraining. In accordance with principles-based regulations, the provider might set its own measures and standards for the selection of third parties as agents within the limits of the principles set for the jurisdiction.
Agent Supervision	Supervision should focus on requiring e-money providers to notify financial regulator of all third parties involved in the agent network. Regulators can also require providers to apply certain standards to the third-party due diligence process and retain the prerogative to inspect third parties while offering training, monitoring and reporting mechanisms.	Proactive supervision of third parties handling agent network for e-money issuers is cost-effective for the regulator, and less burdensome for the provider and their clients.

PART VI
CONSUMER PROTECTION MEASURES

CATEGORY	GUIDING PRINCIPLE	RATIONALE
Progressive Customer Due Diligence - Tiered Know-Your-Customer (KYC) Models	In absence or wider usage of a universal or national ID program, establish different account tiers with proportionate, risk-based KYC requirements (such as transaction value and volume limits) to screen clients. Wherever possible use alternative methods for conducting KYC requirements (e.g. practice of using of SIM registration data for mobile money KYC as in Ghana, Haiti, Pakistan).	Different account tiers establish risk-based transaction and balance limits to mitigate the risk associated with the use of e-money accounts for money laundering and terrorist financing (ML/TF).
Electronic KYC (e-KYC)	If universal or national ID or digital ID system are available, institute and establish simple and streamlined electronic know-your-customer (e-KYC) procedure and encourage innovation around e-KYC, such as (not exhaustive): > Linkage to national ID > Acceptance of scanned ID documentation > Transfer of e-KYC data ownership and usage to client > Innovation around remote e-KYC capture, verification and adoption	Streamline customer due diligence (CDD) and e-KYC processes to increase adoption and usage of e-money and reduce risks associated with ML/TF.
Responsible Pricing and Service Cost	Promote fair, competitive and responsible pricing of products offered through DFS. Policy and regulatory approaches may include: Transparency and disclosure rules, incentives to reduce operational costs, effective pricing policies, including interest rates, etc.	Enabling affordability of DFS facilitates ease of sustainable access to and usage of financial services, especially to the marginalized segment. Cost is one of the major barriers to access and usage.
Proof of Consent	Safeguard client privacy rights by requiring e-money issuers to obtain informed consent from clients for access to their demographic/personal information or when they perform transactions, and document the acceptance of terms and conditions governing services.	Responsible consumer protection, data protection and privacy practices are key to adoption of e-money services.
Transaction Authentication[6]	Establish guidance for e-money issuers to provide proportionate transaction authentication which can be based on value or type of transaction to ensure security and mitigate the risk of fraud. Second-level authentication using One Time Passwords (OTP) and tokens can be employed for higher value transactions.	To minimize fraud, identify and monitor suspicious behavior and mitigate risks associated with e-money services.
Market conduct	Utilize market conduct regulation to promote transparency and require issuers of e-money to publish fees and charges in clear and easy-to-understand language on terms, conditions and client rights.	Transparency in the system through availability of all relevant pricing and product information to the client promotes trust.
Consumer protection	Regulation should provide clients with: > The role of the regulator in handling consumer protection matters > Protection against fraud and abuse > Cover liability for unauthorized transactions > Means for client redress and dispute settlement	Promote trust in the system by ensuring clients understand their rights to recourse in the event of fraud or abuse.

6 ITU-T Focus Group on Digital Financial Services, Main Recommendations, May 2016.

CATEGORY	GUIDING PRINCIPLE	RATIONALE
Consumer education and financial literacy	Require e-money issuers to develop: > Quality, easy to understand product marketing materials to raise product awareness and literacy such as a FAQs > Encourage cross-industry collaboration on financial education efforts > Basic security and fraud prevention steps including password and PIN protection	Promote transparency; usage of DFS.
Supervision	Routinely conduct AML/CFT supervision by: > Conducting national/sectoral anti-money laundering/ counter -terrorism financing (AML/CFT) risk assessments > Building supervisory capacity > Adopting RegTech tools to improve data collection, information processing and analysis > Establishing a monitoring routine, to be carried out according to the risk presented by each entity	Effective supervisory capacity is key to proper functioning.
Disclosure Requirement, Complaint Management and Dispute Resolution	This establishes the provision and existence of transparency, formal internal and external complaint management and dispute resolution mechanisms, subject to the governing laws of the jurisdiction.	Ensure compliance of e-money issuers to provide clear, concise and accurate disclosure of terms, conditions and requirements to clients and have an operational redress system in place, in a bid to ensure responsible practice.
Data Privacy and Protection	Establish a clear, acceptable level of consumer data protection and privacy framework based on the prevailing legal and regulatory framework of the jurisdiction, in collaboration with other relevant regulators and stakeholders. Principles should address questions around (not exhaustive): > Data security > Data ownership > Data usage > Data storage	Good consumer data protection and privacy practices are critical to enhance client trust and accelerate growth and stability of the e-money ecosystem.

PART VII
TECHNOLOGY AND INFRASTRUCTURE CONSIDERATIONS

CATEGORY	GUIDING PRINCIPLE	RATIONALE
Communications (ICT) and Payment infrastructure	Ensure that the underlying payment and ICT infrastructures adequately support development of e-money products by: > Supporting interconnectivity of retail payment systems in the country > Providing an adequate number of access points > Promoting efficiency — ensuring costs within the payment system are reasonable > Ensuring safety and reliability of e-money platforms	Such characteristics are deemed critical to safe and efficient provisioning of e-money services to promote financial inclusion.
Cybersecurity Management and Resilience	Measures should be in place to mitigate all forms of security risks, particularly cybersecurity and cyber-threats, by requiring e-money issuers to: > Ensure network, infrastructure and system quality and reliability > Adopt an effective business continuity program to keep the network available all the time > Ensure cybersecurity protections are implemented by provider to protect consumer data and funds	A failure to address/manage these risks effectively could result in a loss of confidence and lead to slow adoption, undermining national financial inclusion goals.

PART VIII
E-MONEY MARKET DEVELOPMENT CONSIDERATIONS

CROSS-CUTTING CATEGORY	PRINCIPLE	RATIONALE
Accessibility	Establish guidance for provision of appropriate and reliable access points for clients by e-money providers (CICO, microATMs, banking agents, ATM and POS, etc.)	Promote access to and usage of DFS.
Access Point Interoperability	Access point interoperability between e-money providers should be encouraged and implemented. This may include a common interoperable platform at the access point level, such as agent, POS, or ATM, to ensure customer awareness.	Provide clients with choice to conduct transactions with different types of accounts.
Customer centricity	Establish guidance for e-money providers that promotes: > Use of behavioral insights and other tools to conduct assessment of client payment needs > Customer-centric product development that takes usage considerations into account during the product design phase > Use of easy-to-understand client marketing materials for product promotion and awareness > Clear and quality audio and visual communication and campaigns	Customer-centric product design is key to promoting usage of digital financial services.
Over-The-Top (OTT) measures	Establish clear and proportionate guidelines for OTT models to address possible barriers in relation to market conduct and competition.	Ensure innovation in provision of e-money services by encouraging OTT models such as use of any telco platform by any e-money provider, access to data from mobile network operators (MNOs) and/or cost of such data.

PART IX
CROSS-CUTTING CONSIDERATIONS

CROSS-CUTTING CATEGORY	PRINCIPLE	RATIONALE
Cross-Regulator Coordination[7]	Provide for coordination among domestic regulators for the purpose of harmonization (e.g. telecommunication regulator, financial conduct authorities, competition authorities, working closely with financial regulators to develop the market for e-money services). They should establish Quality of Service standards for e-money platforms in consultation and coordination with any other relevant market or industry regulator with inputs from broader stakeholders, including DFS providers and telco operators.	To promote development of fair market with permissible high quality of e-money services.
Shared Infrastructure for Digital Financial Services (DFS) Platform	Policy and/or regulatory requirements that facilitate use of DFS and ICT infrastructure to improve access to e-money services. The policy may require the participation of e-money issuers in an automated clearing house (ACH), which prescribes the use of a clearing switch operator that interconnects the ACH participants.	To promote efficiency and accessibility of broader DFS to all providers and their clients.
Shared Infrastructure (Interoperability)	Engage market participants and other stakeholders to promote discussion and provide guidance on interoperability. Scope, extent and timing of regulatory interventions, if any, need to be carefully considered and take into account the views of market participants and key stakeholders. These include policy and/or regulatory requirements that facilitate interoperability, such as: > (Provisions for requiring implementation of operating systems based on a set of standards Directives on timelines for implementing interoperability > Provisions for interoperability of access points (agents, ATMs, etc.) > Regulations requiring the establishment of an ACH and the use of a clearing switch operator	To ensure market efficiency through inter-operable services, as well as balance the investment costs of forerunners/first-mover companies with that of latecomers, who piggyback on the early work of the former in establishing the market.
Competition	Policy and/or regulation that encourages competition, restrains cartels, and other non-competitive market behaviors.	To ensure market efficiency through competitive pricing, innovation and client choice with a range of financial services and products.
Cooperation Between Authorities and E-Money Service Providers	Public and private sector cooperation for building a resilient, interoperable infrastructure. Cooperation between providers to operationalize interoperability of access points.	To ensure clients of e-money services have safe, secure and efficient use of products they have been offered.
Cooperation Among E-Money Service Providers	Cooperation between e-money service providers to promote economies of scale and network externalities in a cost-efficient way. Cooperatively built and operated infrastructure and network should not affect competition at the product and service levels (e.g. sharing fraud management services among e-money providers can benefit all participants and promote economies of scale, without undermining competitive differentiation.	To improve the network effect in e-money services leading to a broader and faster adoption among the public.
Youth and Other Groups	Establish clear, targeted and inclusive policies to promote and encourage adoption and usage of e-money services and products by youths, ageing segments of the population and other disadvantaged groups, taking into account economic, social and cultural norms that might be barriers to such adoption and usage.	To address critical barriers to the patronage of e-money by these groups in low income and informal sector segments, regulation ought to be targeted.

7 ITU-T Focus Group on Digital Financial Services, Main Recommendations, May 2016.

PART X
GENDER CONSIDERATIONS

CROSS-CUTTING CATEGORY	PRINCIPLE	RATIONALE
Gender-Sensitive Regulation	Establish clear, targeted and inclusive policies to promote and encourage adoption and usage of e-money services and products among women, taking into account economic, social and cultural norms that might be barriers to such adoption and usage.	To address critical barriers to the usage of e-money by women in low income and informal sector segments with appropriate regulation.
Gender-Based Measurement Frameworks	Monitoring and evaluating trends and impact in e-money (by regulator and industry) should be targeted and not generalized. Monitoring and evaluation (M&E) systems should be designed to disaggregate data by gender, while recognizing that the women's demographic is heterogenous.	An evidence-based policy and regulatory framework will ensure interventions are demand driven and targeted for optimal impact.
Consumer Protection	Promote gender-focused, approachable design of e-money services with specific safeguards to protect disadvantaged groups, such as deepening financial literacy, risk awareness and strengthening authentication.	Trust and security are at the core of e-money adoption by women who work in the informal sector.
Policy Guidelines on Marketing and Client Engagement	Provide guidance on the use and appropriate distribution of women agents to address difficulties associated with religious and socio-cultural norms, and to ensure continuous peer education to increase uptake and usage. Marketing of e-money products and services should emphasize a below-the-line approach for personalized interaction, comprehension and thus adoption of the product.	Their low literacy, income and unfamiliarity with banks and financial products discourage them from using e-money products.
Multi-stakeholder Approach	Regulators and policymakers could leverage their authority in mobilizing relevant stakeholders and facilitating an integrative approach to a gender -responsive e-money policy.	A multi-stakeholder and integrative approach will ensure the efficient mobilization of resources, prevent duplication and ensure a targeted deployment of expertise in addressing gender issues in e-money.

ANNEXURE 1: AFI MEMBER COUNTRY E-MONEY POLICY PRACTICES

Several AFI member countries have voluntarily reported policy changes attributed to various AFI services and platforms, such as the working groups and regional initiatives. They have also highlighted knowledge products, such as guideline notes, case studies, reports and policy frameworks, as key resources referenced during the development of their e-money policies while crediting other AFI services, including knowledge exchanges through peer learning/reviews, capacity-building, and grants, for contributing immensely to the development of and changes to policy.

Key knowledge products and services from the AFI network that have been referenced in the development and changes of e-money related policies include:

1. Guideline Note 12 — Mobile Financial Services: Supervision and Oversight of Mobile Financial Services
2. Guideline Note 15 — Mobile Financial Services: Accessing Levels of Interoperability
3. Guideline Note 21 — Market Conduct Supervision of Financial Services Providers: A Risk-Based Supervision Framework
4. Guideline Note 29 — National Retail Payment Systems to Support Financial Inclusion
5. Policy Note — Mobile Financial Services: Regulatory Approaches to Enable Access
6. AFI capacity-building and training sessions/workshops
7. Working groups and grants

COUNTRY	REPORTED POLICY & REGULATORY CHANGE	POLICY DATE
Afghanistan	Afghanistan Electronic Money Institutions and Electronic Money Issuers Regulation 2016 was issued. (Link)	2016
Bhutan	Began implementation of the E-Money Issuers Rules and Regulations 2017. (Link)	2018
Burundi	Banque de la République du Burundi put in place 'Règlement no 002/2017 relatif aux agents commerciaux en opérations de banque et de services de paiement', which outlines the rules and procedures for the activities of commercial agents of subject institutions. (Link)	2017
Democratic Republic of the Congo	In October 2011, the Central Bank of Congo issued a new e-money regulation which provided a legal framework for the introduction of mobile banking. This regulation allows for transactions via mobile phone. (Link)	2011
	Adoption of a new law on inclusive financial institutions 'Loi relative aux institutions financières Inclusives 2017' which provides the legal basis for electronic money institutions and, more broadly, for all financial payment institutions. It strengthens consumer protection and provides a more stable business environment for microfinance institutions. The new law stems from the regulation on electronic money institutions adopted in 2015.	2018
El Salvador	Draft laws on use and issuance of electronic funds, customer tiers and KYC requirements.	2014
	Law to facilitate financial inclusion, in force since October 2015; regulation to operate the law approved in October 2016, which regulates e-money and saving accounts with simplified requests. An amendment to that law has been proposed in order to allow an e-money issuer to use e-wallets and remittances. Accounting Manual for Electronic Money Provider Companies (NASF-06) and Technical Rules for the Establishment of Electronic Money Provider Societies (NASF-04). (Link)	2015
	Reform to Law to Facilitate Financial Inclusion (January 2017). The modification made it possible to establish the opening e-wallets and Simplified Accounts remotely, even for new clients.	2017
Eswatini	Revised Practice Note for Mobile Money Service Operators, March 2019. Currently reviewing National Clearing and Settlement Systems Act to provide for e-money and DFS.	2016
Fiji	Approval of MNOs for mobile money.	2010
	Introduced the standard reporting template for data collection on mobile money.	2013

COUNTRY	REPORTED POLICY & REGULATORY CHANGE	POLICY DATE
Fiji	Signing of Trust Deed. (Link)	2014
	Help for Homes Initiative introduced via mobile money by the government.	2016
	E-transport introduced via mobile money platform.	2017
Ghana	Revised E-Money Guidelines. (Link)	2014
	The Bank initiated a process to review the existing Electronic Money Issuers and Agents' Guidelines (2015) and the Payment Systems Act 2003, Act 662 with the view to consolidating it into a single legislation called Payment Systems and Services Act, 2018. (Link)	2013
	Paragraph 10 (5) of E-money Issuers Guidelines (2015) requires e-money issuers to pass-through not less than 80% of the interest accrued on the pooled e-money float net of any fees or charges related to the administration of the pooled float accounts, to e-money holders. In 2016, the Bank approved of the modalities for the payment of interest accrued on the float accounts to e-money holders. (Link)	2016
Guinea	Adopted a law on inclusive financial institutions. This law strengthens the regulatory framework on microfinance institutions and provides a legal basis for the activity of other inclusive financial structures (e-money institutions, postal financial services, etc.). This law allows the actors to have a more adapted regulatory framework for their activities and allows greater security in the intervention of financial inclusion actors. (Link)	2017
Honduras	New regulation allows for the opening of basic accounts through electronic channels.	2014
Lesotho	Promulgation of the Payment Systems (Issuers of Electronic Payment Instruments) Regulation of 2017. These regulations replaced the Mobile Money Guidelines of 2013.	2017
Madagascar	New Law on E-Money and E-Money Issuers. E-money bill was previously approved by Parliament in 2016.	2017
Mexico	Fintech law: This regulation allows for the operations of -money issuers, crowdfunding platforms, crypto-currencies and sets the rules for a regulatory sandbox. (Link)	2017
Mongolia	The Central Bank of Mongolia amended the draft regulation on e-money services of non-bank financial institutions. (Link)	2014
Mozambique	Legal framework for e-money to harmonize regulations on e-money within a unique legal framework. Banking Law and Regulations 1999 modified in 2004 - Law n.° 15/99, by 01 of November and Law n.° 9/2004, by 21 July. Decree n.° 56/2004, of 10th of December modified by Decree n.° 30/2014, of 5th June — Approved by Council of Ministers. Notice n.° 6/GBM/2015, of 31 December — Approved by Central Bank of Mozambique.	2017
	Banco de Mozambique approved a Governor's Notice intended to improve access and usage of financial services throughout the country. This Notice is with regards to the National Single Payment Network established as an entity responsible for the management of the entire retail payments system platform. Additionally, it provides interbank e-services to increase electronic means of payment in the country. According to the Notice, all credit institutions and finance companies, including DFS, have been given one year to complete their migration process to the domestic single network. This notice will enhance interoperability in the e-payment system in the country.	
Namibia	The Central Bank of Namibia developed a new framework for e-money regulation through the provision of a knowledge exchange grant from AFI.	2011
	The Bank revised regulations on e-money, known as PSD-3 — Determination on issuing of Electronic Money in Namibia, 2017. The review was to ensure that the regulation incorporates the changing e-money environment. (Link)	2017
Paraguay	In July, 2013, The Central Bank issued a regulation to allow for the opening of basic accounts physically or through electronic channels, with minimum requirements. (Link)	2013
	In March 2014, The Central Bank issued the Resolución N° 6, Acta N° 1, to regulate the provision of e-money, and the requirements for its adoption. (Link)	2014

COUNTRY	REPORTED POLICY & REGULATORY CHANGE	POLICY DATE
Paraguay	Resolution No. 1 of the Central Bank Act No. 77 issued on 20 November 2018 regulates the opening of the Electronic Payment Means Entity, in order to establish an orderly regime of the necessary requirements, to request authorization to operate as an Electronic Payment Means Entity, and in that way, have a clear and defined scheme to process the requests before the supervisory authority in order to promote efficiency. (Link)	2018
	Update of the information regime of the Electronic Payment Means Entity, in January 2019, issued by the Central Bank. (Link).	2019
Philippines	On 22 February 2019, Bangko Sentral ng Philipinas (BSP) issued its Amended Regulations on Electronic Banking Services and Other Electronic Operations of BSP-supervised Financial Institutions. (Link)	2019
Russia	Legislation on simplified KYC for e-money operators. (Link)	2014
Rwanda	Drafted regulations on e-money, specifically on oversight policy and interoperability policy, as part of the national target of 80% inclusion by 2017 (Link)	2014
Sierra Leone	E-money guidelines under formulation in 2018. (Link)	2018
Seychelles	Issuance of a Policy Paper on Electronic Money Regulations with the ultimate objective to define the required provisions to be incorporated in the Electronic Money Regulations to ensure that Payment Service Providers are guided on the requirements for providing e-money and provide the basis for a prudent and clear framework for e-money platform/issuance.	2019
Tanzania	National Payment System Act and Electronic Money Regulation became effective on 1 July 2016. (Link)	2016
Timor-Leste	In August 2018, Banco Central del Timor Leste granted authorization to a subsidiary mobile network operator company to conduct a pilot of its e-wallet transfer system. The press release is available at (Link).	2018
West African States (UEMOA)	Central Bank of West African States (BCEAO)'s visit to the Central Bank of Kenya and Bangko Sentral ng Pilipinas (BSP) in 2011 led to a revision of a regulatory framework on e-money and agent banking.	2011
	E-money regulations were revised to take into account proportional regulation based on risks and AML/CFT, to reinforce the responsibility of the e-money issuer in the ecosystem. (Link)	2017
Zambia	Bank of Zambia reviewed e-money issuance Directives of 2015 to protect the integrity of the payment system, particularly in recognition of the role of e-money in facilitating financial inclusion. (Link)	2017
	In 2018 Bank of Zambia revised the e-money issuance directives in order to enhance, among others, the consumer protection clause. (Link)	2018
Zimbabwe	NPS Act (2000) recognizes e-payments. In 2017 the Reserve Bank of Zimbabwe issued a Retail Payments systems and Instruments Guideline. (Link)	2017

REFERENCES

Besides the e-money regulations and policy documents of AFI member countries referenced during this project, the following are other sources referred to for the development of the E-Money Policy Model.

1. AFI, Policy and Regulatory Changes in AFI Network (2018).
2. Bank of Canada, A Policy Framework for E-Money: A Report on Bank of Canada Research (2018).
3. Digital Finance Playbook — Digital Financial Services Regulation and Supervision Reference Guide (2018).
4. Committee on Payments and Market Infrastructure, Bank of International Settlements and the World Bank, Payment Aspects of Financial Inclusion (2016).
5. Consultative Group to Assist the Poor, A Guide to Supervising E-Money Issuers: A Technical Guide (2018).
6. European Central Bank, Electronic Money (2019).
7. GSMA, Mobile Money Policy and Regulatory Handbook (2018).
8. ITU-T Focus Group on Digital Financial Services, Focus Group Technical Report on the Digital Financial Services Ecosystem (2016).
9. ITU-T Focus Group on Digital Financial Services, Main Recommendations (2016).

Alliance for Financial Inclusion
AFI, Sasana Kijang, 2, Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia
t +60 3 2776 9000 **e** info@afi-global.org www.afi-global.org
Alliance for Financial Inclusion AFI.History @NewsAFI @afinetwork