

### About AFI

The Alliance for Financial Inclusion (AFI) is a global network of central banks and other financial inclusion policymaking bodies in developing countries. AFI provides its members with the tools and resources to share, develop and implement their knowledge of financial inclusion policies. AFI connects policymakers through online and face-to-face channels, supported by grants and links to strategic partners, so that policymakers can share their insights and implement the most appropriate financial inclusion policies for their countries' individual circumstances. Learn more: [www.afi-global.org](http://www.afi-global.org)

Pacific Islands Working Group



In collaboration with



## Mobile financial services regulatory action planning tool

Central banks in the Pacific region recognize the potential of mobile financial services in extending banking and/or payment services to markets thought to be previously unviable due to low population density and the geographically dispersed island archipelago nature of the countries. However, in order to serve the needs of the population while simultaneously protecting users, financial regulators must balance the risks and opportunities of mobile financial services arising from both the channel and the instrument.

This regulatory action planning tool was developed by the six Central Banks involved with the Pacific Islands Working Group as they shared their experiences with creating the conditions for mobile financial services to benefit Pacific Islanders in a safe and sound manner. The tool outlines the main aspects they identified for definition, decision making or consideration from a regulatory standpoint, along with a path for implementation.

### About the working group

The Pacific Islands Working Group (PIWG) consists of AFI member institutions, including representatives from the Central Banks of Fiji, Vanuatu, Samoa, Timor-Leste, Solomon Islands and Papua New Guinea. The group is coordinated by the Alliance for Financial Inclusion, in conjunction with the Pacific Financial Inclusion Programme (a multi-donor effort supported by UNCDF, AusAID, the EU and UNDP) and direct support from AusAID.

### Alliance for Financial Inclusion

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## Mobile financial services: regulatory action planning tool

Developed by the Pacific Islands Working Group

Aspect to consider	Regulatory status (today)	Vision for the future	Technical steps (to achieve vision)	Partners and stakeholders to involve
<b>Non-bank e-money issuers</b>				
<ul style="list-style-type: none"> <li>• Minimum standards/requirements for non bank e-money issuer</li> <li>• Definitions of 'banking services', 'deposit taking', and 'e-money'</li> <li>• In what capacity will a commercial bank be a partner?</li> <li>• Affordable pricing</li> <li>• Mechanisms for protecting client funds</li> <li>• Interest on trust or deposits</li> <li>• Software system security</li> <li>• Suspicious transactions</li> <li>• Licensing required</li> <li>• Public education</li> </ul>				
<b>AML/CFT</b>				
<ul style="list-style-type: none"> <li>• KYC (CDD)</li> <li>• Acceptable documents for KYC</li> <li>• Who can perform KYC?</li> <li>• New opportunities (technology, partnerships with other agencies)</li> <li>• Training and auditing</li> <li>• Public education on why KYC, what documents, and how to get them</li> </ul>				
<b>Agents</b>				
<ul style="list-style-type: none"> <li>• Definition of 'agent'</li> <li>• What functions can they perform</li> <li>• Contracting and approval</li> <li>• Vetting, training and supervision</li> <li>• Liquidity</li> <li>• Reporting and auditing requirements</li> </ul>				
<b>Interoperability</b>				
<ul style="list-style-type: none"> <li>• Competition and existing infrastructure</li> <li>• Can any customer use any agent?</li> <li>• Can a customer of Bank/MNO X send money to a customer of Bank/MNO Y?</li> <li>• Can a customer change banks without changing their MNO or vice versa?</li> <li>• Timing of regulation: Ex-ante or ex-post?</li> <li>• Technical interoperability vs. actual interoperation?</li> </ul>				
<b>Consumer protection</b>				
<ul style="list-style-type: none"> <li>• Education: Is the technology appropriate for the target market</li> <li>• Transparency: is there clarity surrounding terms and fees of the product, and providers and their responsibilities?</li> <li>• Recourse: can provider and legal systems adequately handle complaints?</li> </ul>				