



2019 Boulder Digital Transformation of Microfinance Institutions Program & Boulder Microfinance Training (MFT) Course Syllabus

Course Information

Course:	Seizing Opportunities in Digital Finance: Tools for Regulators, Donors & Providers
Faculty:	Ivo Jenik
Dates:	Week 2 (July 29 - August 2)
Time:	Morning elective (10:30am - 1:00pm)
Language:	English

Course Description

Learn about specific opportunities presented by digitization of financial services and how regulators, donors and providers can seize them to their own benefit and the benefit of excluded and underserved customer segments. Join your classmates in a journey through Boulderland – a mystical country where everything revolves around digital financial services. For a week, you will represent one of three key stakeholder groups: regulators/supervisors, providers, and customers. Through a series of short presentations, games, case studies and role plays, you will learn about approaches to digital financial services that support inclusive growth. The course will particularly focus on four key areas: (i) issuance of electronic money, (ii) distribution through agents, (iii) consumer protection, and (iv) AML/CFT. Using a methodology developed by CGAP, you will learn how to analyze tradeoffs and build synergies among those areas.

Objectives

The course is expected to help build the knowledge necessary to understand the changing nature of financial service industry impacted by digitization of financial services and the actions needed to create and implement an enabling environment where providers of digital financial services can thrive and better serve the customer segments that are currently excluded or underserved. The course will particularly focus on building the knowledge concerning four key



enablers: (i) issuance of electronic money, (ii) distribution through agents, (iii) consumer protection, and (iv) simplified customer due diligence.

By the end of the course, you will understand how to build and apply an enabling regulatory framework for digital finance where providers can thrive and offer suitable products that the customers actively use. In addition, you will improve your soft skills through moderated interactions with your classmates, and enrich your knowledge with real-life, country examples.

Prerequisites

Genuine interest in the topic of digital financial inclusion and the interplay between digitization of financial services and policymaking.

Audience / Participants

The course is primarily aimed at three audiences: (i) policymakers (including regulators and supervisors), (ii) donor and funder agency staff working with either providers or policymakers, (iii) financial service providers. Within the first group, the course is particularly relevant to regulators, supervisors, and other policymakers directly or indirectly responsible for regulation and supervision of digital financial service providers targeting excluded and underserved customers. Those policymakers can be from a variety of different public authorities, including central banks, financial supervisory authorities, finance ministries, etc. Donor and funder agency staff will learn about the issues their program beneficiaries face, whether these are policymakers, providers, or both and how to best approach them. Within providers, the course is particularly relevant to staff interested in understanding how to benefit from public policies that affect their business.

Methodology

This course will be highly practical and interactive, featuring case studies and role plays complemented with country examples and components utilized in board games. The course will promote discussion with and among participants, building on their personal experience and understanding of the topics presented. Throughout the course, stock will be taken of participants' specific topical interests and adjustments will be made as needed. Every session will be roughly divided into three equal parts: (i) setting-the-scene with explanation of the



topics relevant to the session, (ii) group exercise, and (iii) moderated discussion. The first day of the course, the participants will be divided into three groups, which will engage in friendly competition against each other throughout the week. While no final test will be required, the team competition will be evaluated and results announced at the end of the course.

Suggested Reading List

Recommended readings (reading the materials is not mandatory, but will give you an advantage in the group competition)

Day 1

1. Basic Regulatory Enablers for Digital Financial Services: Lessons from CGAP's Experience in Ten Countries. CGAP. May 2018. <http://www.cgap.org/publications/basic-regulatory-enablers-digital-financial-services>
2. I-SIP: Balancing the Objectives of Financial Inclusion, Stability, Integrity and Consumer Protection in Policy Making. CGAP. April 2018. <http://www.cgap.org/research/publication/i-sip-toolkit-policy-making-inclusive-financial-system>.
3. The Global Index Database 2017: Overview. World Bank. April 2018. <https://openknowledge.worldbank.org/bitstream/handle/10986/29510/211259ov.pdf>
4. High-level Principles for Digital Financial Inclusion. G20/Global Partnership for Financial Inclusion. July 2016. <https://www.gpfi.org/sites/default/files/documents/G20%20High%20Level%20Principles%20for%20Digital%20Financial%20Inclusion%20-%20Full%20version-.pdf>
5. Digital Financial Inclusion: Emerging Policy Approaches. G20/Global Partnership for Financial Inclusion. 2017. <https://www.gpfi.org/sites/default/files/documents/Digital%20Financial%20Inclusion-CompleteReport-Final-A4.pdf>
6. Global Standard-Setting Bodies and Financial Inclusion: The Evolving Landscape. G20/Global Partnership for Financial Inclusion. March 2016. http://www.gpfi.org/sites/default/files/documents/GPFI_WhitePaper_Mar2016.pdf



Day 2

7. A Guide to Supervising E-Money Issuers. CGAP. December 2018.
<https://www.cgap.org/research/publication/guide-supervising-e-money-issuers>
8. Deposit Insurance and Digital Financial Inclusion. CGAP. July 2016.
<http://www.cgap.org/publications/deposit-insurance-and-digital-financial-inclusion>
9. Promoting Financial Inclusion by Encouraging the Payment of Interest on E-Money. UNSW. 2017. http://www.unswlawjournal.unsw.edu.au/wp-content/uploads/2017/11/404_12.pdf

Day 3

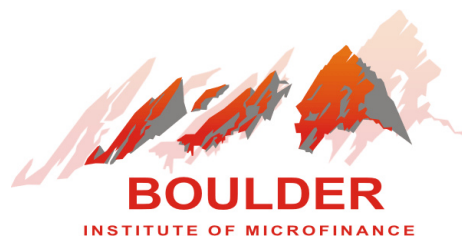
10. Supervision of Banks and Non-Banks Operating through Agents. CGAP. 2015.
<http://www.cgap.org/publications/supervision-banks-and-nonbanks-operating-through-agents>

Day 4

11. Global Financial Inclusion and Consumer Protection Survey. World Bank. December 2017.
<http://www.worldbank.org/en/topic/financialinclusion/brief/ficpsurvey>
12. Doing Digital Finance Right: The Case for Stronger Mitigation of Customer Risks. CGAP. June 2015. <http://www.cgap.org/sites/default/files/Focus-Note-Doing-Digital-Finance-Right-Jun-2015.pdf>
13. Fraud in Mobile Financial Services: Protecting Consumers, Providers, and the System. CGAP. April 2017. <http://www.cgap.org/publications/fraud-mobile-financial-services>
14. Implementing Consumer Protection in Emerging Markets and Developing Economies: A Technical Guide for Bank Supervisors. CGAP. August 2013.
<http://www.cgap.org/sites/default/files/TG-Implementing-Consumer-Protection-August-2013.pdf>

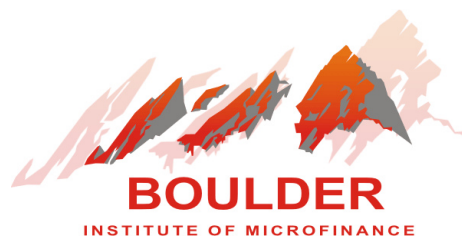
Day 5

15. Guidance: Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion with a Supplement on Consumer Due Diligence. Financial Action Task Force. November 2017. <https://www.fatf-gafi.org/media/fatf/content/images/Updated-2017-FATF-2013-Guidance.pdf>
16. Guidance for a Risk-based Approach: Money or Value Transfer Services. Financial Action Task Force. February 2016. <http://www.fatf-gafi.org/media/fatf/documents/reports/Guidance-RBA-money-value-transfer-services.pdf>



Additional materials (by reading the materials listed below, you will get an extra edge in class conversations and group exercises)

17. Good Practices for Financial Consumer Protection. World Bank. December 2017.
<http://www.worldbank.org/en/topic/financialinclusion/brief/2017-good-practices-for-financial-consumer-protection>
18. Range of practice in the regulation and supervision of institutions relevant to financial inclusion. Basel Committee on Banking Supervision. January 2015.
<https://www.bis.org/bcbs/publ/d310.pdf>
19. Guidance for a Risk-based Approach: The Banking Sector. Financial Action Task Force. October 2014. <http://www.fatf-gafi.org/media/fatf/documents/reports/Risk-Based-Approach-Banking-Sector.pdf>
20. Payments Aspects of Financial Inclusion. Committee on Payments and Market Infrastructures and the World Bank. September 2015.
<http://www.bis.org/cpmi/publ/d133.htm>
21. Regulatory Sandboxes and Financial Inclusion. CGAP. October 2017.
<http://www.cgap.org/publications/regulatory-sandboxes-and-financial-inclusion>
22. Crowdfunding and Financial Inclusion. CGAP. April 2017.
<http://www.cgap.org/sites/default/files/Working-Paper-Crowdfunding-and-Financial-Inclusion-Mar-2017.pdf>
23. A Market Systems Approach to Financial Inclusion: Guidelines for Funders. CGAP. September 2015. https://www.cgap.org/sites/default/files/Consensus-Guidelines-A-Market-Systems-Approach-to%20Financial-Inclusion-Sept-2015_0.pdf
24. Global Microscope 2016: The Enabling Environment for Financial Inclusion. Economist Intelligence Unit. 2016.
http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=EIU_Microscope_2016_English_web.pdf&mode=wp&campaignid=Microscope2016
25. Guidance on the application of the Core Principles for Effective Banking Supervision to the regulation and supervision of institutions relevant to financial inclusion. Basel Committee on Banking Supervision. September 2016. <https://www.bis.org/bcbs/publ/d383.htm>
26. Regulatory Handbook: The Enabling Regulation of Digital Financial Services. UNSW. December 2015.
https://clmr.unsw.edu.au/sites/default/files/attached_files/unsw_regulatory_handbook.pdf



Outline

This is not a detailed outlined. With questions, do not hesitate to contact ijenik@worldbank.org.

Day 1:	Introduction to Regulatory Framework for Inclusive Digital Financial Services <ul style="list-style-type: none"> • Introduction of the class (getting to know each other) and the course • Is digitization changing financial services? • Key concepts (proportionality, risk-based regulation, principles-based regulation) and useful conceptual frameworks (I-SIP)
Day 2:	Non-bank e-money issuers <ul style="list-style-type: none"> • E-money vs. cryptos • Selected regulatory issues (including licensing, safeguarding assets) • Game (role play)
Day 3:	Use of Agents <ul style="list-style-type: none"> • Agent typology and operational models • Regulatory issues (including authorization, exclusivity) • Game (role play)
Day 4:	Consumer Protection in Digital Environment <ul style="list-style-type: none"> • Specific consumer protection issues in a digital environment • Regulatory issues (including transparency, complaints handling) • Game (analysis)
Day 5:	Protecting Integrity (AML/CFT) <ul style="list-style-type: none"> • Practical examples of money laundering practices • Risk-based approach (tiered AML/CFT requirements) • The role of technology • International standards • Final course evaluation