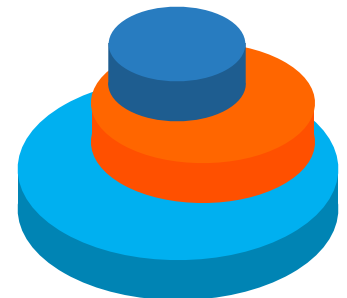


Standards for Responsible Digital Financial Services Working Group Meeting: Data Rights & Privacy and Partnerships

8 June 2022

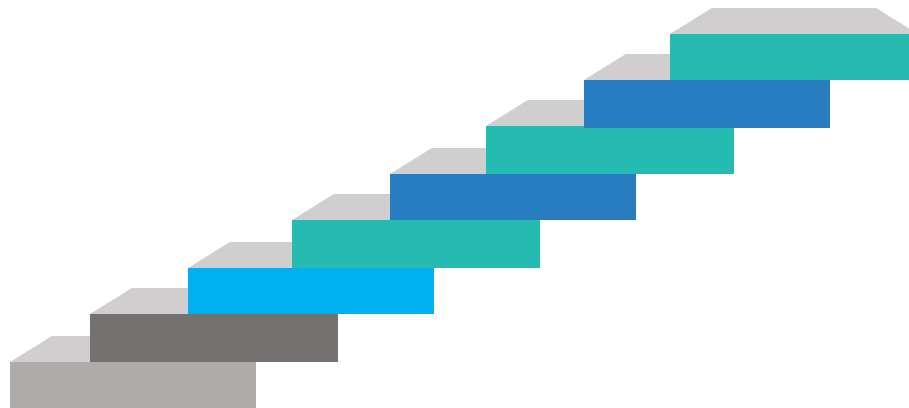
AGENDA

- 10:00 to 10:05 **INTRODUCTION AND UPDATES**
- 10:05 to 10:20 **DRAFT STANDARDS ON DATA RIGHTS & PRIVACY:** review ideas so far
- 10:20 to 10:45 **EXPERT REFLECTIONS AND GROUP DISCUSSION OF DATA RIGHTS & PRIVACY**
- 10:45 to 11:00 **DRAFT STANDARDS ON PARTNERSHIPS:** review ideas so far
- 11:05 to 11:25 **EXPERT REFLECTIONS AND GROUP DISCUSSION OF PARTNERSHIPS**
- 11:25 to 11:30 **NEXT STEPS** and conclusion



Updates

- Meeting minutes, recording, and notes are posted to the DFS Working Group page
- SPTF updated the Responsible DFS Standards document sections on complaints mechanism and fair and respectful treatment
- SPTF annual meeting in Paris, 28-29 September; full-day DFS working group meeting



OUR WORK ON STANDARDS (1 of 2)

The Universal Standards for Social and Environmental Performance Management

A **complete guide** of best practices to help financial service providers (FSPs) put **clients and the environment at the center** of all decisions and **align** their policies and procedures with **responsible business practices**.

Standard setter
Standard promoter



OUR WORK ON STANDARDS (2 of 2)

Standards for Responsible Digital Financial Services

Why?

- Clarifies what “good” practice means
- Enhances transparency
- Encourages good practices to grow
- Proposes concrete solutions to the risks we observe
- Enables stakeholders to distinguish between providers with a desire to create value for clients versus those focused solely on profits
- Facilitates partnerships with responsible providers

How?

- Review of existing resources: research, articles, blogs, codes of conduct
- Expert interviews: ~50 so far
- Harmonization with existing principles and standards: GSMA, BTCA, IFC, GOGLA, G20 High-Level Principles for Digital Financial Inclusion
- DFS Working Group: open to all, provides a forum to share information and debate

Reminder: the standards say the what, but not the how

What
(universal)

Example 1: Have a system, and inform customers, of how customers can correct inaccurate information.

Example 2: During contract discussions, ask how the potential partner trains its staff on customer care.

How
(varies by context)

- Can inform in person or electronically
 - Can inform at loan signing or annually
 - Send/post a video to demonstrate the process
-
- Ask to sit in on a training
 - Read policy documents
 - Connect directly with staff

- “What I’ve seen in Uganda and Kenya, they couldn’t care less about their data. They are more worried about getting the money and putting food on the table.” – DFS expert A
- “We’re all signing away our data rights without thinking about it.” – DFS expert B
- People are sheep to slaughter with most of their personal information on the internet today.” – DFS expert C

What is already in the Universal Standards for SEPM related to data rights & privacy

4.D	Standard	The provider secures client data and informs clients about their data rights.
4.D.2	EP	The provider informs clients about data privacy and data rights.
4.D.2.1	Indicator	The provider explains to clients how it will use client data, with whom it will share the data, and how third parties will use the data. The provider receives clients' consent before using or sharing their data.
4.D.2.2	Indicator	Information about data use and consent is easy for clients to understand.
4.D.2.2.1	Detail	When requesting consent from clients to use their data, the provider explains in simple, local language, either in writing or orally, how it will use the data. Internet links to disclosure statements are not sufficient.
4.D.2.2.2	Detail	The provider trains clients on the importance of protecting their personal information including Personal Identification Numbers (PINs), savings account balances and information on repayment problems.
4.D.2.2.3	Detail	The provider gives clients the right to withdraw their permission to use data and explains any consequences of withdrawal.
4.D.2.3	Indicator	The provider notifies clients of their right to review and correct their personal and financial data.

Regulation on data rights & privacy is advancing. One example:

Rwanda “is on the cusp of finalizing a Data Protection and Privacy Law. Emulating many aspects of the General Data Protection Regulation (GDPR), the law would give consumers new data rights such as the right to object, the right to information that a provider has about a subject, the right to correct or delete personal data, the right to explainability, and the right to data portability.” – from CFI 2021

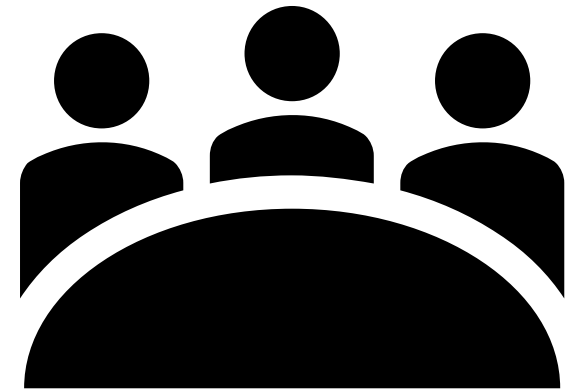
Data rights & privacy and DFS: ideas for management practices so far

- ◆ 1. Explain to customers what data you are collecting about them.
- ◆ 2. Inform customers of how you use their data and the benefits to them of agreeing to share these data. / a subset of this :
 - Before you scrape data off customers' electronic devices, inform them of what you will do and how will use the information. Make it an opt-in option for customers to share their data this way.
3. If you provide an opt-out option for data sharing, explain what the consequences are of opting out.
4. Ask for the minimum amount of data you need from customers.
5. Inform customers of their rights to see their own personal data.
6. If you sell the customers' data, inform them about who is buying it and why.
7. Customers have to give consent before any of their data can be shared with third parties.
- ◆ 8. Have a system, and inform customers, of how customers can correct inaccurate information. / a subset of this :
 - Once a year send the customers information saying this is the information we have on you. Please check whether the data are correct.
9. Explain to customers why their loan applications were denied.

◆ = already exists in the Universal Standards for SEPM

What do you think? An expert commenter will start off the discussion.

- OECD, Financial Consumer Protection team
 - Matthew Soursourian
- Juakali
 - Julien Mahuzier



- “If you build your business on partnerships, you need to understand the risks...If you are at the point where you need to dissolve the partnership, the damage is already done.” – DFS expert A
- “The biggest problem was defining the project well.” – DFS expert B
- “The partners promised to deliver something that they did not really have. Their intention was that when you pay them money, then they get more staff.” – DFS expert C

What is already in the Universal Standards for SEPM related to partnerships?

- No guidance on how to select the right partner and to set up a clear partnership account, but...
- ...many thoughts regarding how to ensure client protection and promote positive outcomes for clients in the context of working with partners. For example:
 - **Code of conduct** (4c14: If the provider partners with third parties, it reviews the third party's code of conduct prior to signing.)
 - **Complaints resolution** (4.E.1.3.2 The provider informs clients on how to submit a complaint both to itself and to any third-party partner and 4.E.3.3 If the provider partners with third parties, the provider helps its clients to resolve complaints they have with those third parties.)
 - **Data security** (4.D.1.4 If the provider works with third parties that have access to client data, the provider's agreements specify that third parties will maintain the security and confidentiality of client data.)
 - **Offering green products** (7.1.C.3.5 Entering into partnerships with third parties to increase the provider's ability to offer high quality green practices and technologies to its clients.)

Partnerships and DFS: ideas for management practices so far (1 of 4)

1. Ask potential partners if they already had plans to serve the specific segment of customers that you (the FSP) currently serve, and if so, what those plans are.
2. In advance of discussions with potential partners, if your customers are different from their typical ones, prepare a case for why it's a win-win for the partner to adapt their offer to your customers.
3. In advance of entering into discussions with potential partners, do research to identify the problems that customers typically have with that partner. Write a list of the top 3-5 common problems that customers tend to have.
4. During contract negotiations, bring up the common problems you previously identified and ask what steps this potential partner is taking to reduce the risk of these problems. As needed, strengthen the plan to manage the top 3-5 common problems or risks, so that if they occur, a plan is already in place and can be quickly activated.
5. During contract discussions, ask how the partner resolves complaints. Use specific examples taken from common complaints.
6. During contract discussions, ask how the potential partner trains its staff on customer care.
- ◆ 7. During contract discussions, ask how the potential partner assures the security of its own data systems.

◆ = already exists in the Universal Standards for SEPM

Partnerships and DFS: ideas for management practices so far (2 of 4)

8. Ask potential partners what systems they have to protect customers from fraud.
9. Have a plan to manage data privacy concerns before beginning the partnership. Ensure transparency and agreement before the work gets underway.
10. Have a service-level agreement (SLA) with each partner that includes the following:
 - For MNOs specifically, they must share certain key data:
 - Transactions data (e.g., who transacts, when, how much)
 - Complaints data (who complained, about what, when was it resolved)
 - Network downtime
 - For all partners:
 - Define who handles customer complaints Be clear about who specifically in the staff responds.
 - Define how complaints will be handled, taking into account considerations like if the partner organization does not speak your language and/or is located in a different country. What is a realistic time frame and process for the partner to deal with different problems?
 - Clarify pricing
 - Exit clauses – under what conditions do you cancel the agreement. Include terms about bad customer service that would lead to contract termination.
 - Data reporting – how does the partner report its data? How does the FSP have access?
 - In general, identify the potential areas for there to be problems. Don't focus just on the benefits that will accrue to each party.
 - For partners that provide algorithms, agree on what parameters they will put into their algorithm.

Partnerships and DFS: ideas for management practices so far (3 of 4)

11. If you partner with an organization that is providing an online system/application for you or your customers, specify who is responsible for what if the system gets hacked.
12. Structure the agreement so the FSP has the ability either to resolve the complaint or to terminate the contract with the third-party provider if only they can resolve the problem and they don't do it.
13. Create a contractual relationship that allows you to iterate.
14. Define the indicators of success for the partnership. Agree on them with the partner and put them into the contract.
15. Establish a direct line of communication and point of contact for your organization within the partner organization.
16. Verify that the potential partner has enough human resources capacity to do the work that you are asking them to do, securely, in the timeframe you have in mind.
17. If you partner with an MNO, select one that achieved GSMA certification.
18. Do not sign a long-term agreement with a partner. Make it a 1-2 year agreement, and use whatever issues came up and needed to be resolved to inform adjustments in the SLA for the next agreement. / [SIMLARTO](#) / Field test new products/services with your partner. Use this to test not only the product but also the partnership. Do not commit to a long-term partnership until you experience working with the partner in a field test.

Partnerships and DFS: ideas for management practices so far (4 of 4)

19. Understand what terms and conditions your potential partners would impose on your customers.
20. If the FSP's customers lose money because of a failure in a partner's system, the FSP must restore the funds to the customers' accounts and then take on the job of having the partner organization refund the FSP.
21. Annually, review and refresh the projections of how many customers will be using the product/service that is offered via the partnership, and the projection of revenue from it.

DISCUSS AND DEBATE

What do you think?



MARK YOUR CALENDARS

Reaching the hardest to reach ; outcomes

July 20, 10 a.m. - 11:00 a.m. EDT

DFS Standards Working Group Meeting

September 28, 9 a.m. - 5:00 p.m. CET **in person!**

For further information, contact ameliagreenberg@sptfnetwork.org

Standards for Responsible Digital Financial Services:

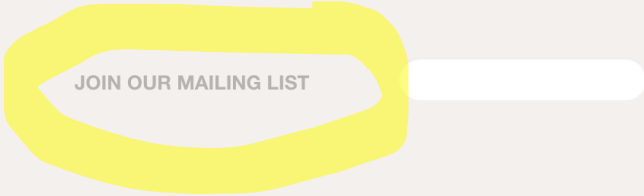
Working Group Meeting



Concluding Announcements

Stay connected!

Would you like to receive the notifications of upcoming events, tools and resources? Sign up for our newsletter at



- About Us
- Universal Standards for SEPM
- Client Protection
- Membership
- Working Groups
- TA Funding
- Training Center

New Universal Standards released in February 2022!

Download the newest standards:
<https://sptf.info/universal-standards-for-spm/universal-standards>



Standards for Responsible Digital Financial Services:

Working Group Meeting

Thank you!