

# People Centered Financial Services: Improving regulatory frameworks to provide access to people

Moderator: Tony Lacavaro, Principal, Aquarian Holdings

Financial services regulations are mostly developed from a pre-digital era and many countries are struggling with regulating the flow of goods and services in a hybrid environment. This panel will discuss different regulatory efforts being made by regional groups to harmonize digital financial services regulations and examine how a participative approach bringing in stakeholders and members of the local community can provide important feedback to digital regulators the use of digital sandboxes.

The initial event on this topic took place as part of the event of the UN Science Summit Sessions on “Key Challenges and Objectives for Digital Cooperation, Governance and Regulation” ([Link to recording](#)). The 9th edition of the Science Summit around the 78th United Nations General Assembly (SSUNGA78) took place from 12-29 September 2023. The People Centered Internet (PCI) organized nine sessions in conjunction with the International Science Council from Sept 20-22 to discuss the future of digital in achieving the SDGs. The sessions took a people centered approach; this means to discuss how scientific and digital collaboration can only be advanced through human feedback loops. The People Centered Internet sessions explored the parameters of this approach focusing on specific use cases where this is needed to achieve the SDGs and discussing the recommended enabling policy, regulatory, and financial environments, that are required to support genuinely global scientific collaborations across continents, nations, and themes. Speakers from each panel summarized the most important results in a stocktaking ([Link](#)).

## Speakers

- Ndemo Bitange, Ambassador to Belgium and the EU for Kenya
- Suzanne Dumouchel, Head of International Cooperation and Partnerships, Centre national de la recherche scientifique
- Jessica Groopman, Senior Innovation Fellow, Intentional Futures
- Suruchi Gupta, Founder and Chief Executive Officer, GIANT Protocol

## Further Contributions

### [Digital sandboxes from a scientist perspective](#)

- Suzanne Dumouchel, Head of International Cooperation and Partnerships, Centre national de la recherche scientifique

## Summary of People Centered Financial Services

*Prepared by Christine Asjoma, Convenor of the Panel Series “Key Challenges and Objectives for Digital Cooperation, Governance and Regulation”*

If we want everyone to participate in the digital transformation, small businesses everywhere should have the opportunity to grow. This panel session looked at digital financing structures that could make this possible. Financial services regulations are mostly developed from a pre-digital era and many countries are struggling with regulating the flow of goods and services in a hybrid environment.

Kenya has made remarkable progress in promoting financial innovation. Bitange Ndemo talked about the launch of M-PESA in Kenya, in which he played a key role. M-PESA has increased Kenyans' access to financial services from 30% in 2006 to over 87% in 2019.

The introduction of M-Pesa was bottom-up. By setting up agencies together with poor people in rural areas, the use of M-Pesa increased rapidly among this segment of the population. Confidence in the new financial tool among the lower segments of the population increased and led to high uptake despite doubts from the banks. Over time, Kenya developed regulatory frameworks and legal procedures that adapted to the evolving digital landscape. The example shows that regulators must be willing to take calculated risks to create an innovation-friendly environment.

Bitange Ndemo called for the establishment of digital sandboxes to test and implement new digital methods in a secure environment. It is a means of facilitating collaboration within the digital sector, added Jessica Groopman. She emphasized the importance of developing a digital public infrastructure and open-source solutions to support innovation and ensure the availability of data for the common good.

However, it has not yet been ensured that digital sandboxes allow people to participate sufficiently in the innovation process. Suzanne Dumouchel pointed out that digital sandboxes are similar to incubators tailored to scientists and cross-border networks for knowledge exchange. This can be countered, for example, by linking digital sandboxes with community living labs. Community Living Labs are real-world settings where researchers, practitioners, and community members work together to develop, implement, and assess innovative ideas and interventions.

Suruchi Gupta from GIANT mentioned that their guiding principle is that access to Internet and financial services should really be owned and governed by all of us. She introduced the concept of turning bandwidth into a tradable digital asset and creating a "connectivity economy". Her insights highlighted the potential for incentive mechanisms that benefit communities, investors, and consumers. This vision envisions a future where value is predominantly digital and traded in the form of tokens, turning the internet into a significant utility asset. This allows users to be rewarded for using the internet, earning interest on unused data, and trading it. Such applications have the potential to empower underserved communities by capitalizing on internet usage.

## Digital sandboxes from a scientist perspective

*Suzanne Dumouchel, Head of International cooperation at CNRS, Partnerships coordinator of OPERAS Research Infrastructure, Director of the European Open Science Cloud Association*

Addressing the issue of Digital Cooperation, Governance and Regulation at a global scale is a challenge; especially in an inclusive approach. Several needs co-exist depending on the target groups and the communities. With the focus on research groups, I would like to share a couple of points that can serve this common goal.

*Why are research groups crucial to enhance collaboration in the Digital Regulation topic?*

Innovation is science. Or the other way around: science is innovation. Scientific breakthroughs initiate innovation, even technical. Scientists develop new products, new softwares, new platforms, new data of course but they face a critical gap between POC and beta version or even between scientific usage and market-orientation of their development. Because at some point they don't know how to work with regulations, they need specific areas where they can test their product in a protected area. In this perspective, understanding their needs is crucial to be more able to answer them and develop a framework that they can use. Yet as it doesn't really exist, too many scientific products cannot be brought to civil society. And thus, we lose a lot of potential innovation and a lot of opportunity to better integrate scientific outputs. .

Research groups - and maybe more research organisations themselves - need to be supported through a dedicated process, similar to digital sandboxes. However these must be adapted for this target group. This is why I would recommend the creation of digital regulatory incubators to answer this specific need. Close to digital sandboxes, digital regulatory incubators would work as a safe area where scientists can shape their final product to be open to the market by addressing issues such as copyright, sustainability, opening, etc.

Another aspect is related to how scientists can contribute to influencing regulations as they are experts in innovation, and for some of them experts of human behaviours and societies. Social Sciences and Humanities (SSH) researchers for instance have been and still are neglected by regulators, policy-makers, innovation drivers as the language is not the same. However these researchers are the only ones with enough background to better address human and societal challenges ahead of us. And the only one able to interpret what is going on and what is needed. Technologies and societies are changing too fast and there is an urgent need to contribute to digital regulations. For doing so, SSH researchers are crucial to better understand what motivates and what frightens societies.

*Being collective is the key*

After saying that science is innovation and vice-versa, there is another piece of evidence: innovation is collective. In the history of ideas, it is very clear now that most of the breakthroughs come from collaboration between different people, in a team or at least in a dialogue approach. Being collective regarding digital regulations is another challenge. As it must consider national perspectives with their own regulations. A mistake would be to expect a common international digital regulation across the world that would erase cultural and national contexts. However, setting up pathways between digital regulations should be considered.

Digital sandboxes (and digital regulatory incubators) can be a nice tool to be used in this perspective. Even if this concept must be developed and improved in many more countries than it is right now, time is now to prepare the next steps by developing a network of digital sandboxes that can share their best practices and even more facilitate the deployment of an innovative product in different regulatory areas.

*Inclusiveness and mirrored-process*

Another input consists in making sure that different target groups are involved in this network and able to contribute to the setting up of the digital sandboxes and digital regulatory incubators. To have a good consistency between these safe regulatory areas, a proper feedback system is needed as well as analysis of the different experiences. For doing so, community labs should be created and work as a network which would mirror the digital sandboxes network.

Research groups should be at the forefront of the community labs. They would lead the analysis and guide the studies to better prepare societies regarding digital innovation and policy-makers that support it. In this framework, digital sandboxes and community labs are the two faces of the same coin that promote and support innovation.

The result can be highly powerful to involve citizens in what is delivered, take into account their concerns and guarantee usefulness of the digital sandboxes - without saying that this inclusive and mirrored-process will strengthen trust between the different stakeholders.

To conclude, scientists should be at the heart of the process, involved in a wide network of different stakeholders and in a co-building approach through community labs. This distributed organisation is key to adapt regulations in the purpose of enhancing innovation. I believe the implementation can be done quite easily depending on a concrete willingness.