

Responsible Finance for Digital Inclusion

3 April 2019



THE UNITED NATIONS SECRETARY-GENERAL'S
TASK FORCE ON DIGITAL FINANCING
OF THE SUSTAINABLE DEVELOPMENT GOALS

Ten years ago....

BUSINESS DAY

Lehman Files for Bankruptcy; Merrill Is S

By ANDREW ROSS SORKIN SEPT. 14, 2008

Full coverage starts on page A6 | Updates at WSJ.com/Election2012

THE WALL STREET JOURNAL.

Obama Wins

Democrats Keep Control of Senate; GOP Retains House AB
Exit Polls Showed Economy, Jobs Were Voters' Focus A10
Gay Marriage First Wins at B

Lending Alternative Hits Hurdle

By BRAD STONE OCT. 15, 2008

SAN FRANCISCO — It was one of the most audacious ideas of the Web 2.0 boom — that people could lend money to other people over the Internet and cut out the middlemen, also known as traditional banks.

In the last three years, Internet start-ups with names like Prosper, Lending Club, Zopa and Loanio have all pursued that goal. Together, these companies were on pace to broker roughly \$150 million in loans this year, a 50 percent increase over 2007, according to the Online Banking Report, a financial industry newsletter.

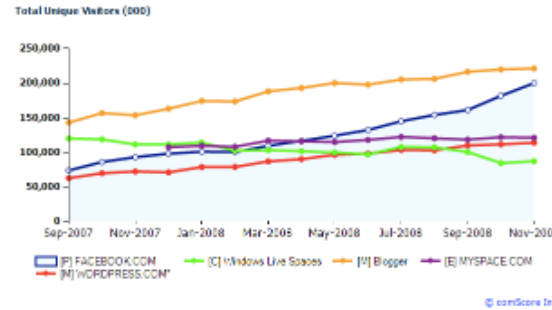
But this so-called peer-to-peer lending, which until recently seemed that it might offer a reliable source of money in this calamitous economic environment, is now experiencing a squeeze of its own.



Top Social Media Sites of 2008 (Facebook Still Rising)

Erick Schonfeld @erickschonfeld / 10 years ago

1,020 views | Oct 6, 2008, 06:00am



What were the top social media sites of 2008? ComScore came out a few days ago (so these don't include December). They are a mix of Blogger, the orange line in the chart above, still rules the roost with 244 million unique visitors in November (up 44 percent from November, 2007). Facebook, with 200 million unique visitors (up 116 percent). (Note, though, that Facebook itself reports—go figure). MySpace is pretty steady at 114 million (up 68 percent). And Windows Live Spaces has 88 million unique visitors.

Mobile Banks Face Challenges In Africa

By Oxford Analytica

Expectations for a rapid roll-out of mobile banking (or m-banking) services have been revived by the extraordinary success of Kenyan cellphone operator Safaricom's M-Pesa money transfer facility, leading to renewed predictions that the cellphone and banking sectors are in the process of convergence.

M-Pesa was introduced by Safaricom in Kenya in March 2007. The service provides an SMS-based, low cost, person-to-person, money transfer facility, which also allows the user to purchase prepaid goods and services (e.g., mobile top-up time and utilities). It has seen subscribers increase from around 100,000 at its launch to more than 3.6 million by July 2008. During

Macworld

FROM IDG

NEWS REVIEWS HOW-TO VIDEO MACS IPHONE/IPAD MACOS IOS

Ads by Google

Apple Store

Apple Software

Home / IOS

UPDATED

Apple opens iTunes App Store



By Jason Snell, Peter Cohen

Macworld | JUL 10, 2008 5:27 AM PT

Exchange-Traded Funds Alert

SEC Green-Lights First Actively Managed ETFs

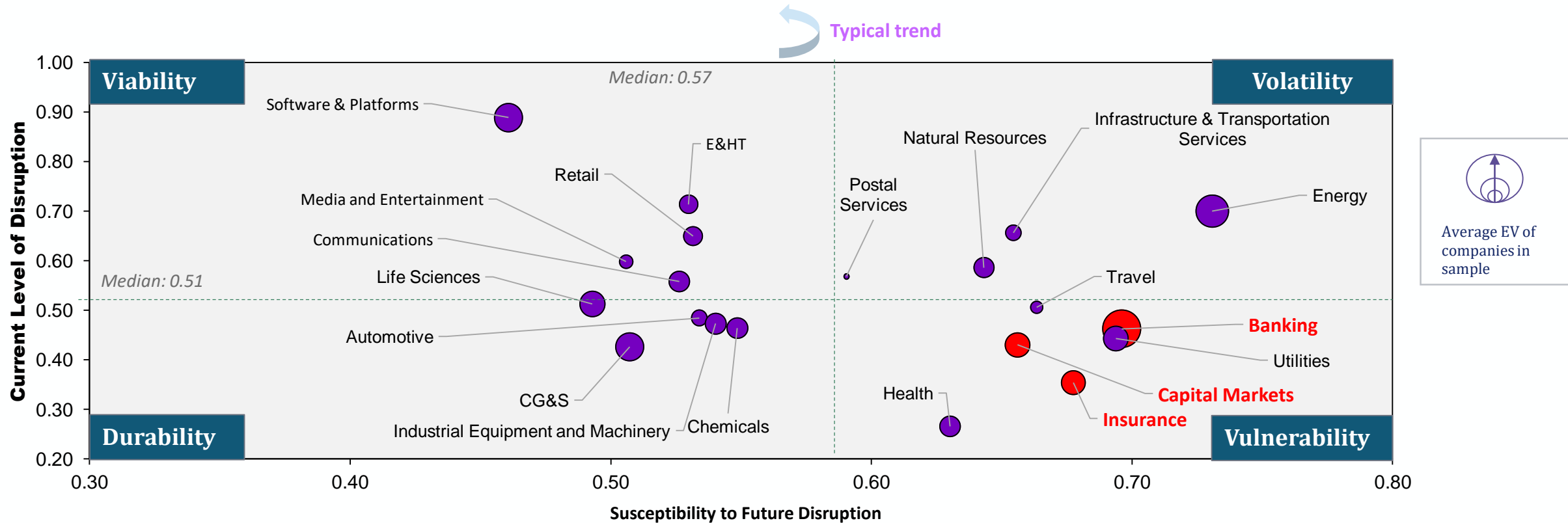
by Stacy L. Fuller, Richard M. Phillips
February 20, 2008

Introduction

Two weeks ago, the SEC signaled that it is ready to approve the first actively managed exchange-traded funds ("ETFs"). As a result, such ETFs can be expected to be up and running by the end of this month.



Digitalization changes everything...



VIABILITY
Disruption remains high but susceptibility to future disruption is lower as industries are often in state of disruption, requiring constant innovation

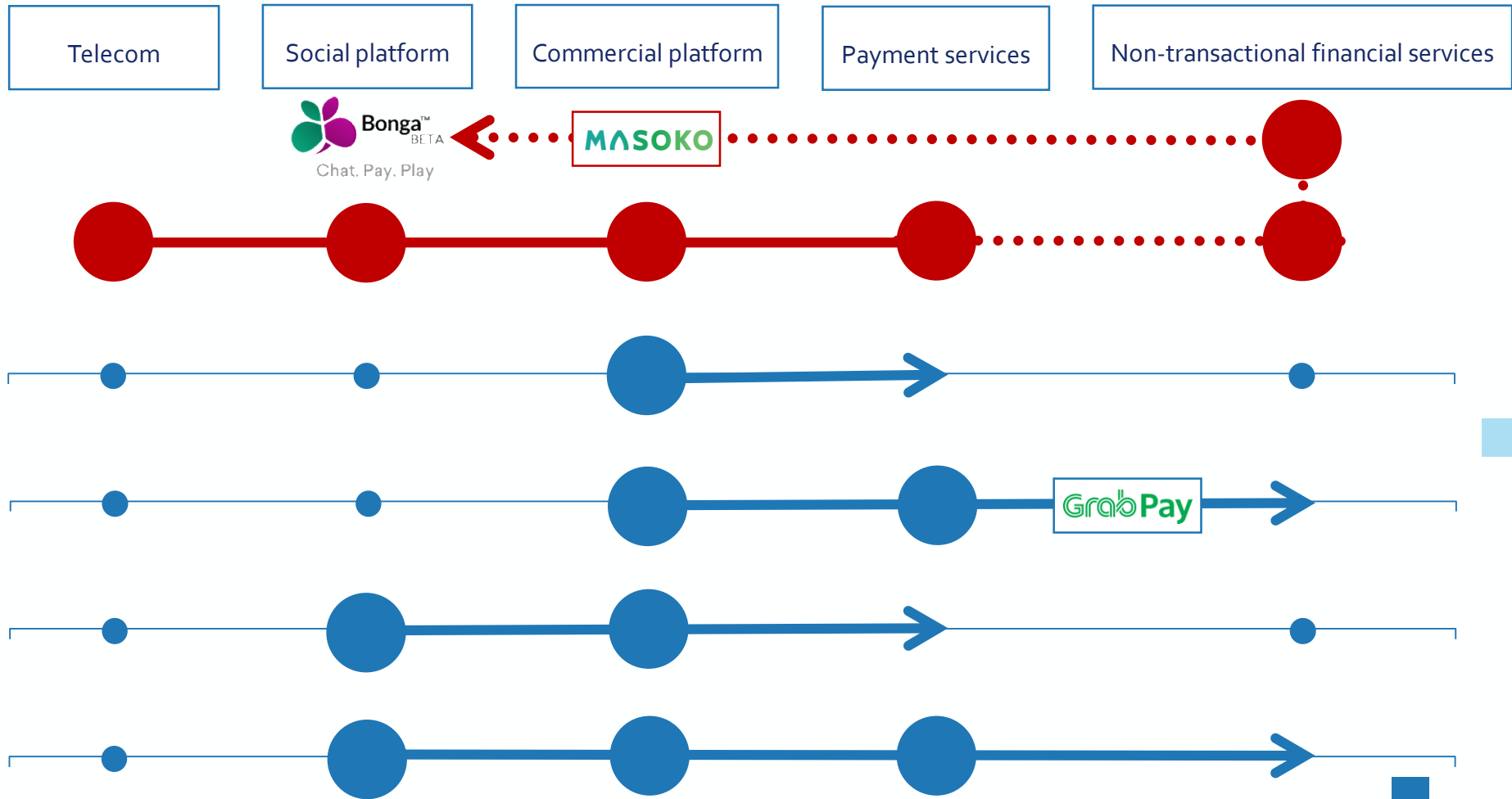
VOLATILITY
Industries that are currently experiencing a significant period of disruption as indicated by the performance of incumbents and / or the level of penetration of disruptors

DURABILITY
See low levels of disruption today, and relatively low levels of susceptibility to future disruption. These are often mature industries with structural incumbent advantages

VULNERABILITY
industries with a higher level of susceptibility to future disruption exhibiting productivity challenges due to structural efficiency challenges or relatively low levels of innovation

Sources: Accenture Research Disruptability Index, Capital IQ; Oxford Economics; OECD; IDC; Forbes; RegData; CB Insights; Fortune; S&P Index; Core vulnerabilities are identified based on the indicators where the sector scores in the top quartile for susceptibility to future disruption. For Banking, these are: COGS/Rev var., capital efficiency avg., investment in advanced technology, future value proportion, SG&A/Rev var., and Trapped Value proportion ;Total sample = 3,629; sample sizes range between 555 and 21, with an average of 181 companies per industry.

and is changing finance.



New business models emerging in the global financial services ecosystem (illustrative)

So we need to change our perspective....

micro → **macro problem-solving**

incremental → **transformational change**

closed or proprietary → **'open source' development**

pipeline → **networks**

isolated → **connected**

sectors → **systems**

known solutions → **solutions discovery**

funding → **financing**

fixed → **flexible**

to address the enormity problems we are trying to solve.



SDG Title (short version by UN)	Financial Services Impact	Digital Transformation Potential*	Digital Impact Highlight*	ILLUSTRATIVE
SDG 1 No poverty	High	Some	Internet access enabled mobile banking can create access to credit much faster, thereby enabling economic activity	
SDG 2 Zero hunger	High	Some/substantial	Smart agriculture can help increase yield up to 900 kg/ha in 2030	
SDG 3 Good health and well-being	Medium	Substantial	E-health solutions expected to transform healthcare delivery, e.g. via remote access with up to 1.6 bn users in 2030	
SDG 4 Quality education	High	Substantial	E-learning solutions expected to transform education delivery, e.g. up to 450 mn e-learning degrees in 2030	
SDG 5 Gender equality	Medium	Some/substantial	Internet access can increase combined GDP by women's employment by \$13-18 bn; Big data can be used to customize banking products to capitalize on this value created	
SDG 6 Clean water and sanitation	Medium	Some/substantial	Smart water management can reduce global water consumption by 15%	
SDG 7 Affordable and clean energy	Medium	Substantial	Smart energy management, e.g. smart grids with predictive analytics can enable >1.3 bn MWh savings in 2030	
SDG 8 Decent work and economic growth	High	Substantial	Broadband penetration can lead up to 1.38% GDP growth, e.g. via reduced resource requirements	
SDG 9 Industry, innovation and infrastructure	High	Substantial	IoT and smart manufacturing and logistics can collectively enable \$9.82 bn of cost savings	
SDG 10 Reduced inequalities	Medium	Some	Mobile devices can connect up to 2.5 bn additional people mainly in developing regions and LDCs in 2030; they can also help track and trace performance of green financial assets	
SDG 11 Sustainable cities and communities	Medium	Substantial	Smart building and smart city mobility alone enable 5% CO2 emissions savings in 2030	
SDG 12 Responsible consumption and production	Medium	Substantial	Smart agriculture can lead to 20% food waste savings in 2030	
SDG 13 Climate action	Medium	Substantial	Financial assets like "Climate Coins" and Green Bonds can enable investments in sustainable ventures, reducing GHG footprint	
SDG 14 Life below water	Medium	Some	Smart conservation solutions funded by crowd sourced platforms/micro-lending sites could already improve preservation of 32% of the world's coastal areas	
SDG 15 Life on land	Medium	Some	Smart agriculture can save up to 251 tn liters of water in 2030	
SDG 16 Peace, justice and strong institutions	High	Some	E-government can help make participation more accessible, affordable and transparent	
SDG 17 Partnerships for the goals	High	Substantial	Connectivity can help leverage technology and the use of ICT is expected to drive partnerships	

Accenture research shows that a majority of the 17 SDGs will be significantly impacted by digital innovation, advances in Financial Services, or both. As the pace of the digitalization of finance speeds up, ensuring linkages with other sectors will better catalyze significant transformation across the SDGs

Legend

Positive/negative impact (potential):

- High
- Medium
- Low

Transformation potential:

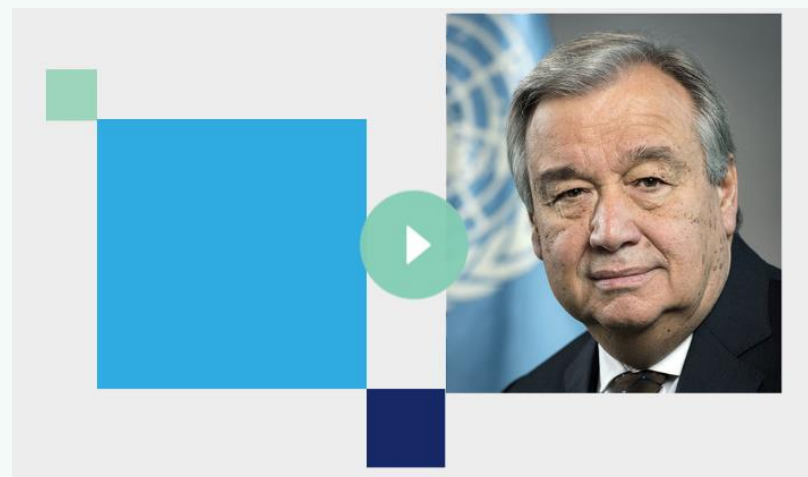
- Some
- Some/substantial
- Substantial
- High/substantial

The Secretary-General's Task Force on the Digital Financing of the SDGs



A message from the Secretary-General:

The 2030 Sustainable Development Agenda has a powerful vision, but we must ensure financing is sufficient. That means making creative use of digital technologies that are revolutionizing the financial markets. This Task Force will point the way forward.



















Click on the picture for a direct link to the video

“ The Task Force on Digital Financing of the Sustainable Development Goals will provide leadership to harness the digital revolution. It will strive to unlock the powerful innovative and sustainable financing needed to achieve the sustainable development goals and transform our world”



Task Force Members

 <p>Co-Chair Achim Steiner Administrator UNDP</p>	 <p>Ambareen Musa Founder & CEO Souqalmal</p>	 <p>Aurelie Adam Soule Zoumarou Minister of Economy & Communications Government of Benin</p>	 <p>Brad Katsuyama CEO & Co-Founder IEX Group</p>
 <p>Henrietta H. Fore Executive Director UNICEF</p>	 <p>Kristalina Georgieva CEO World Bank</p>	 <p>Liu Zhenmin Under-Secretary General Economic and Social Affairs</p>	 <p>Maiva Atalina Emma Ainuu-Enari Governor Central Bank of Samoa</p>
 <p>Co-Chair Maria Ramos CEO Absa Group Limited</p>	 <p>Mats Granryd Director General GSMA</p>	 <p>Natalie Jabangwe CEO EcoCash</p>	 <p>Patrick Njoroge Governor Central Bank of Kenya</p>
 <p>Phumzile Mlambo-Ngcuka Executive Director UN Women</p>	 <p>Piyush Gupta CEO & Director, DBS Group</p>	 <p>Richard Samans MD & Member of the Managing Board World Economic Forum</p>	 <p>Xiandong (Eric) Jing CEO and Director Ant Financial Services</p>



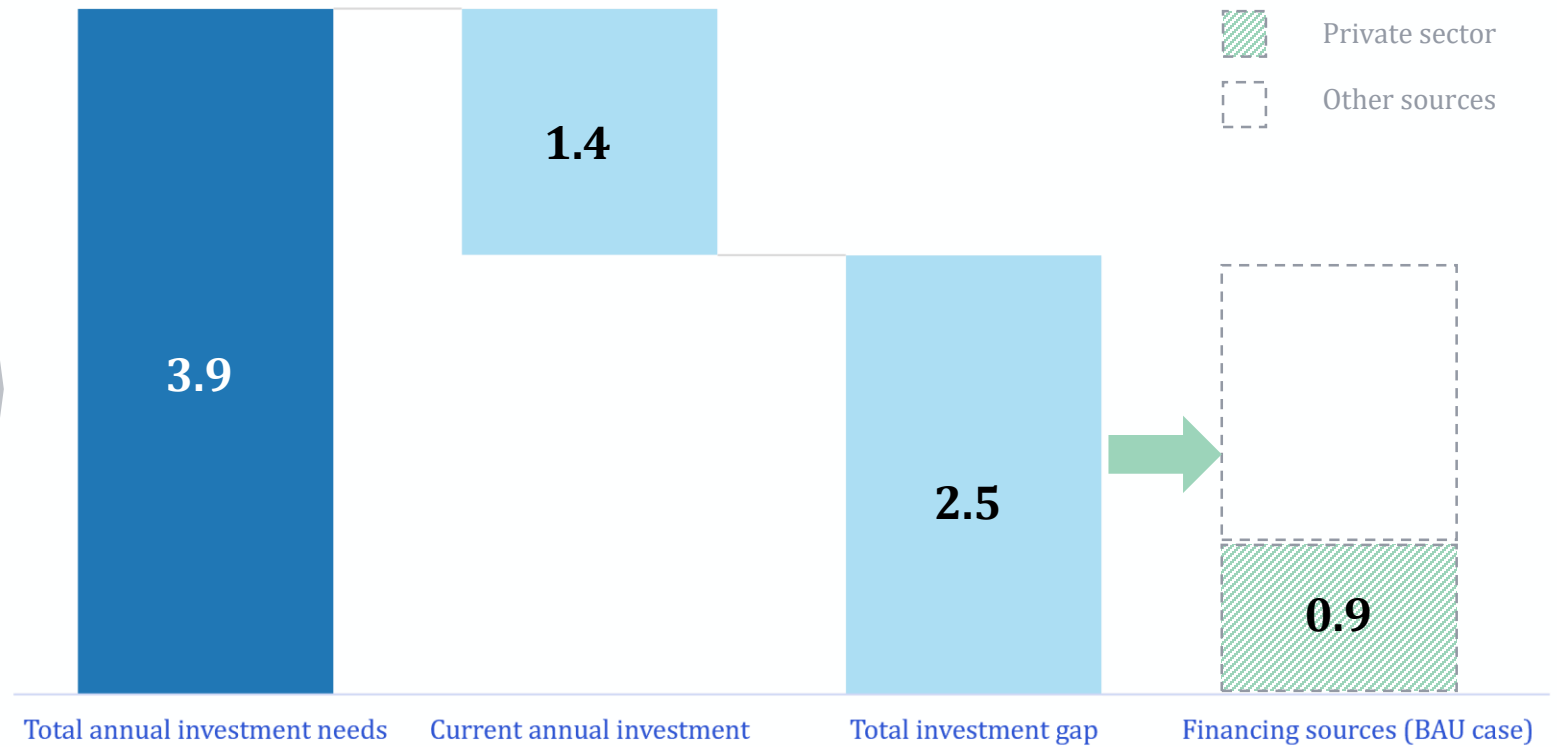
The SDGs currently have a \$2.5 trillion annual funding gap

Private funding and private capital hold great potential for growth, yet only about 10% of current infrastructure investments come from the private sector

Sources of financing

-  Households
-  Banks
-  Official Development Assistance
-  Private sector
-  Governments

Estimated annual investment needed and potential private sector contribution for developing countries (Trillion USD)



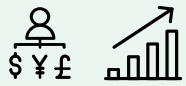
- The private sector is forecasted to contribute only 36% of the \$2.5T investment gap in the business as usual scenario
- There is an implied 9 fold increase in public sector funding requirements if the current scenario does not change

We can approach the problem through four different input areas



1A. Digitalization of Finance

Finance-Led



Finance Instruments



Finance Ecosystem



Finance Functions and Products

Technology-Led



Blockchain



Internet of Things



Robotics



Artificial Intelligence



Hybrid Cloud



Big Data

1B. Sustainable Development

SDG-Led

Value from digital technologies

Quality of life



Inclusive and equitable growth



Protecting the environment



Positive/
negative
impacts

Challenges,
risks, and
recommended
actions

SDG Barriers-Led



Lack of instruments



Cost of delays



Lack of Capital Market innovation



Aid targets not being met



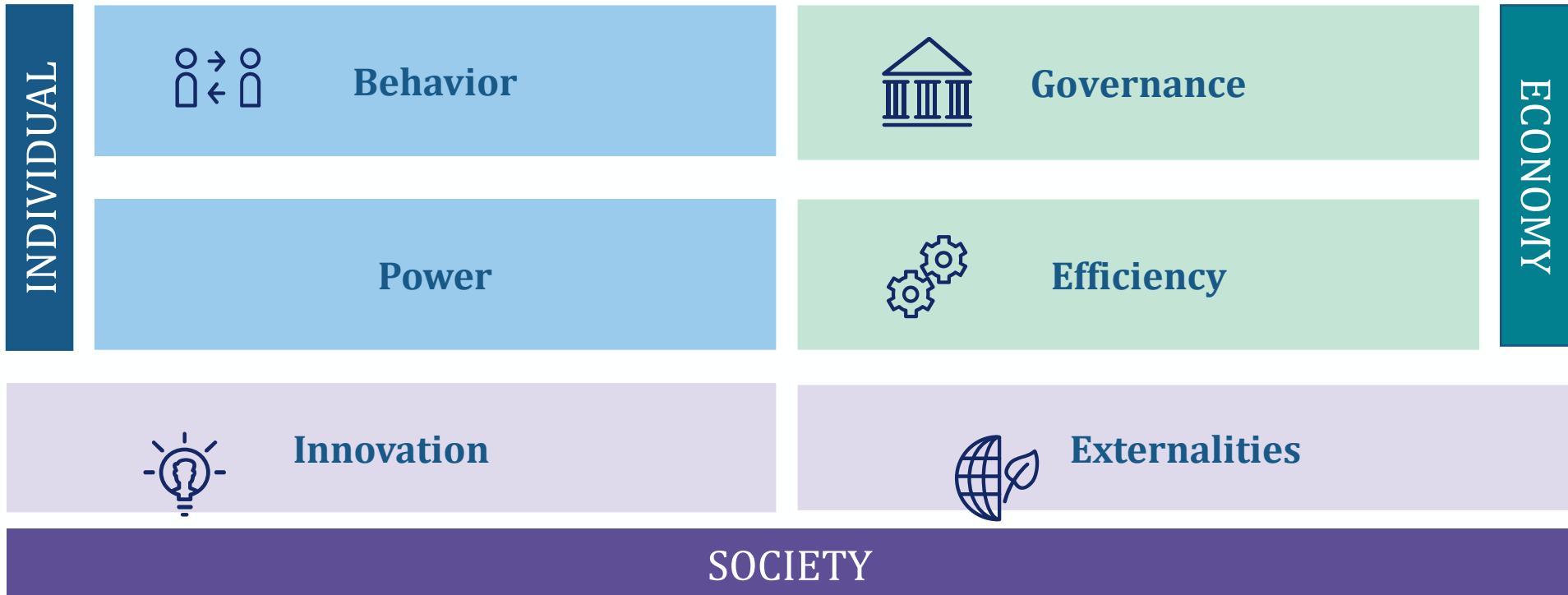
High debt burden

Or, we can frame our analysis on the impacts on the individual, the economy and society



How do these themes intersect and inform one another?

- How can digitalization influence behavior and power dynamics?
- How does digitalization change the status quo?



- How do regulators and other governing bodies respond?
- What efficiencies can be gained? And at what cost?

- How will innovation impact society as a whole? For better or for worse?
- What are the externalities from digitalization and will they prove beneficial or detrimental to the SDGs?



www.digitalfinancingtaskforce.org