

# Responsible Finance for Digital Inclusion: Investing for Impact

**Wrap-Up and Next Steps**  
***9 May 2019***

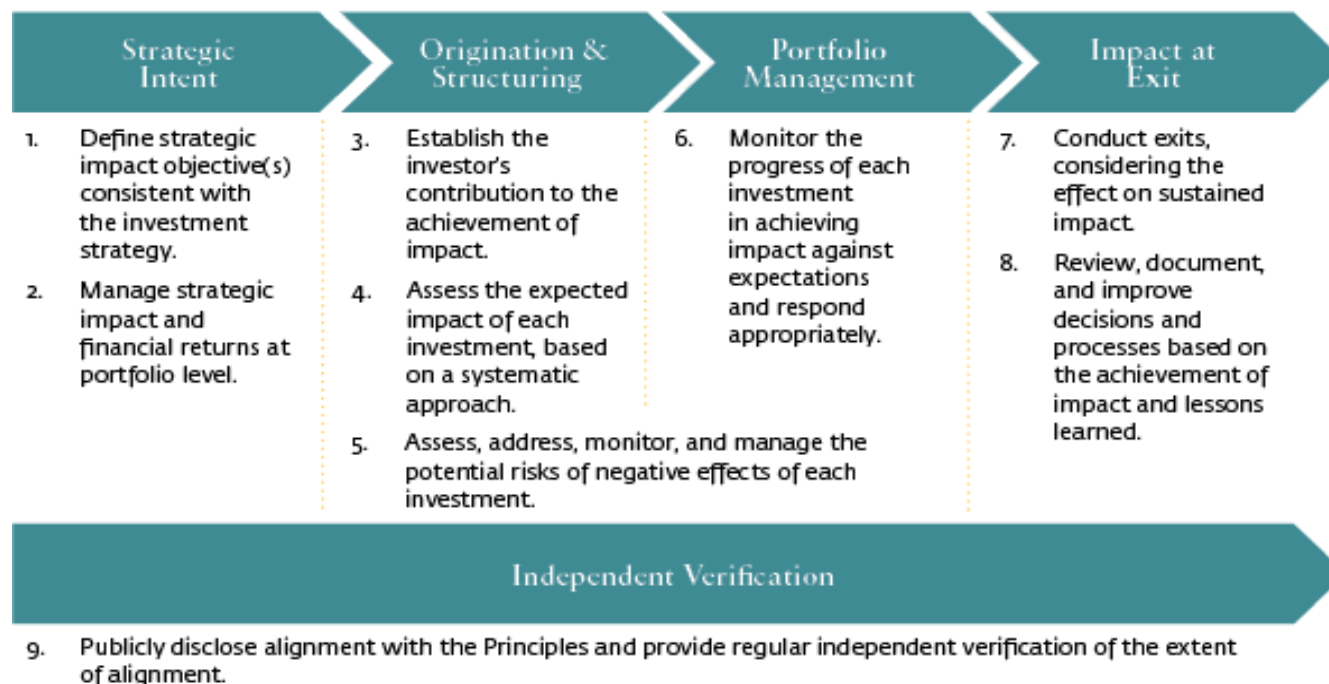


# IFC-SPTF investor forum

- More than 80 investors and other key industry players
- Topics: Impact management and the SDGs, digital transformation of financial institutions, and advancing responsible investment in DFS
- For information: <https://sptf.info/working-groups/investors/investor-forum>

# Impact Measurement + Management

- Operating Principles for Impact Management



- Sign up: [impactprinciples@ifc.org](mailto:impactprinciples@ifc.org)

# Impact Measurement + Management

Two complementary approaches



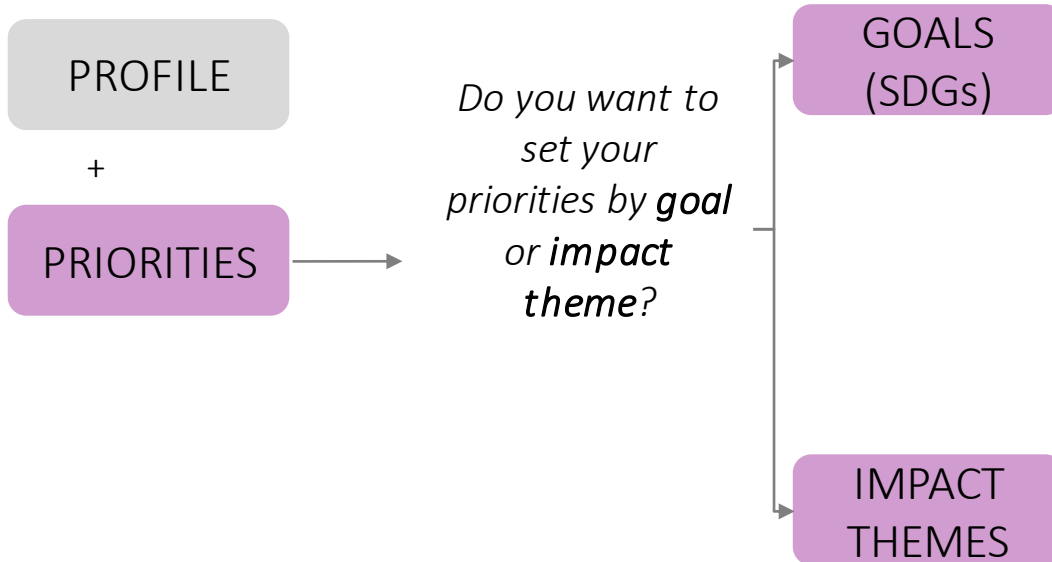
➤ Macro-level



➤ Micro-level

# IRIS+ | Dual Entry Point

Dual entry point for user to choose access by SDG or impact theme



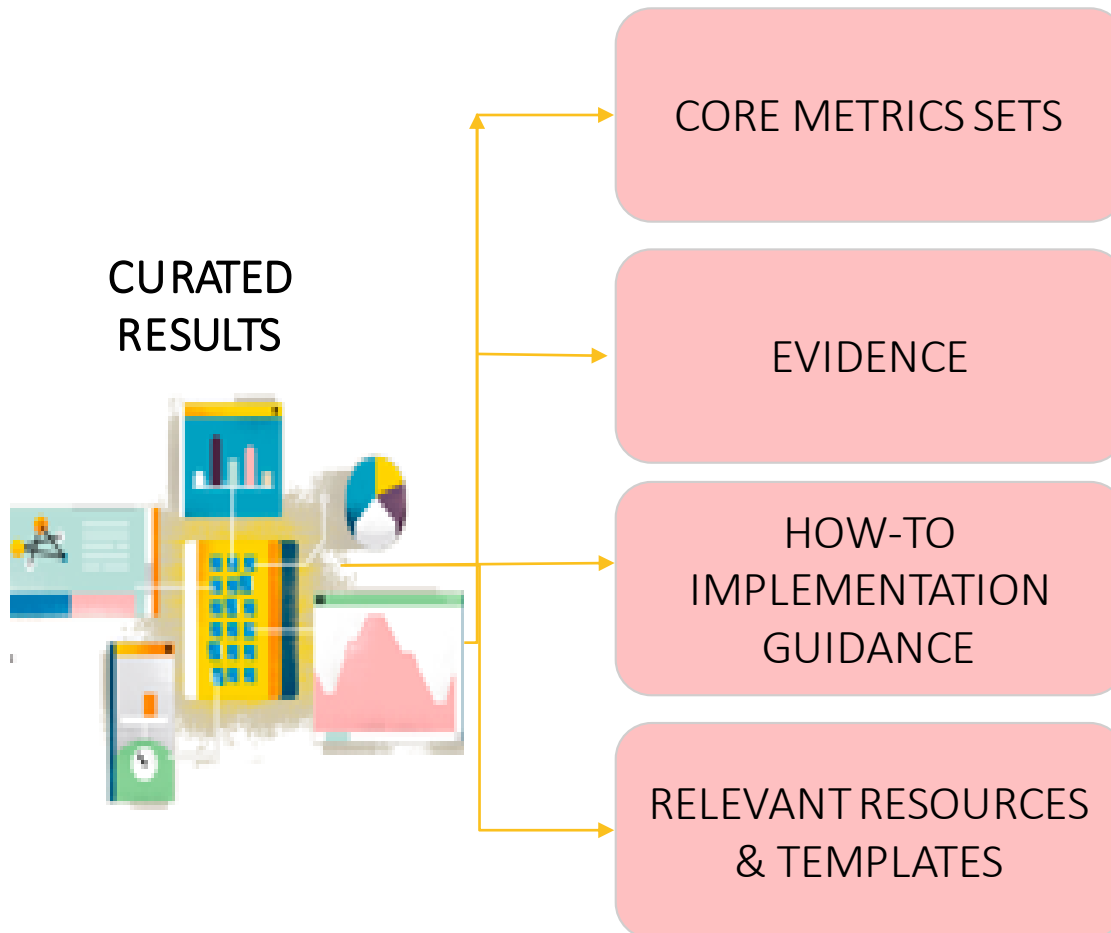
*Agreed-upon goals (SDGs)*



*Agreed-upon impact categories & themes (thematic taxonomy)*



# IRIS+ | Curated Results





- Way for mission-driven organizations to track contribution to SDGs
- Operationalize the SDGs at the micro-level
- Aligned with SPI4, IRIS+, etc
- More information:  
<https://cerise-spm.org/en/metodd-sdg/>

# SPI4/ ALINUS



- Most widely used social audit tool in inclusive finance
- Digitalizing the Excel-based tool into a more user-friendly online application
- More information: <https://cerise-spm.org/en/alinus/>

**Cerise**  
SPI4 Alinus

ALIGNING INVESTORS DUE DILIGENCE WITH THE UNIVERSAL STANDARDS  
THE SOCIAL DUE DILIGENCE TOOL FOR INVESTORS IN MICROFINANCE

**HELPING INVESTORS TRACK WHAT MATTERS**

SPI4-ALINUS is a social data collection tool for investor due diligence and ranking of financial service providers.

Designed by and for investors, SPI4-ALINUS is a subset of CERISE-SPI4 indicators that gets investors speaking the same language. The questionnaire and ALINUS dashboard can be used as a standalone document or as the social performance evaluation of a due diligence report or an investment memo.

A great entry point to social performance, a FSP can move seamlessly from ALINUS to a full SPI4 for deeper operational analysis.

SPI4-ALINUS is the result of the joint effort of the following members of the Aligning Investors due Diligence with the Universal Standards Working Group of the Social Reference Task Force

**MAKE INFORMED INVESTMENT DECISIONS USING STANDARD SOCIAL METRICS**

- Streamline social data collection thanks to standard metrics based on CERISE-SPI4
- Spend less time collecting data and more time on analyzing social performance
- Facilitate reporting to asset owners by a language shared by all.
- Aggregate results within a portfolio to identify TA needs and institutional profiles
- Benchmark scores against the CERISE-SPI4 database to guide investment strategy or set performance thresholds.

**CERISE'S OFFER FOR INVESTORS**

Our services include

- **Online and onsite trainings** on SPM and SPI4 for investments teams
- **Adding services** to define, refine and operationalize the social strategy and TA support
- **In-depth or rapid diagnosis** of social policies and practices at fund level
- **Creation of reporting systems and dashboards** for top management and investment committees
- **Benchmarking and portfolio analysis** of social performance profiles

**DOWNLOAD FOR FREE ALINUS FOR DUE DILIGENCE**

SPI4-ALINUS is available for free on [www.cerise-spm.org](http://www.cerise-spm.org) in seven languages (ALINUS dashboard in English).

Select the "ALINUS" option directly on the welcome page of the Excel file.

Learn more about the tool's functionality by downloading the SPI4-ALINUS Step by Step guide. Get answers to frequently asked questions in the SPI4-ALINUS Toolkit for Investors. All resources are available for free at [www.cerise-spm.org](http://www.cerise-spm.org)

**CONTACT US TO KNOW MORE ABOUT OUR TOOLS AND SERVICES**

+33 (0)1 40 36 92 92  
[www.cerise-spm.org](http://www.cerise-spm.org)  
[cerise@cerise-spm.org](mailto:cerise@cerise-spm.org)





# Smart Client Protection Certification

- Uses: set common norms and guidelines in due diligence; risk management; diagnostic tool
- Market context matters: structure that is more responsive to local conditions.
- Approach: tiered or scores by principle rather than pass/fail to increase transparency.



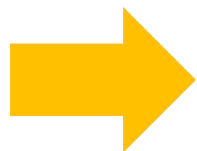
# Data Platform

- Coverage: ~700 FSPs from 70 countries, with pricing, client protection, social performance and financial performance data.
- Uses: pipeline building, due diligence, benchmarking, monitoring and portfolio aggregate analysis.
- Timeline: Development will be complete end-2019; website official launch beg-2020.
- Subscriptions: available starting late 2019; discounts available for investors contributing data.
- More info: webinar for SIWG coming soon; simulations with individual organizations are available.

# Responsible digital transformation of financial institutions

## WHY?

- Technology is a key driver to reach the SDGs
- Digital financial architecture of the future is being created now
- Fintech startups aggressively targeting microfinance clients in urban areas
- Risk of widening the digital divide – some clients risk of being left out
- MF sector is complacent – from disrupter to incumbent
- MF sector lacks capacity to transform digitally and adopt technology



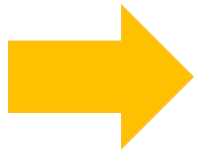
**As social investor we need to be vocal and agile if we want our voices to be heard.**

# Responsible digital transformation of financial institutions

- **Usage vs. access** / inclusion vs. outcome
  - Fintechs' intentionality and understanding of low-income population?
  - Digital lipsticking
  - Clients need to be at center of the transformation from the start, solutions must be aligned with users' experience

## HOW?

- **Tech & touch**
- FI – B2B fintech **partnerships** are a key strategy but can be challenging
- Biggest challenges in transformation relate to **culture** and **change management**.
- Digital transformation is a **journey** - progressive process



**Clear role for investors to support a responsible transformation process and ask the difficult questions on passing the benefits to customers.**

# Responsible digital transformation of financial institutions

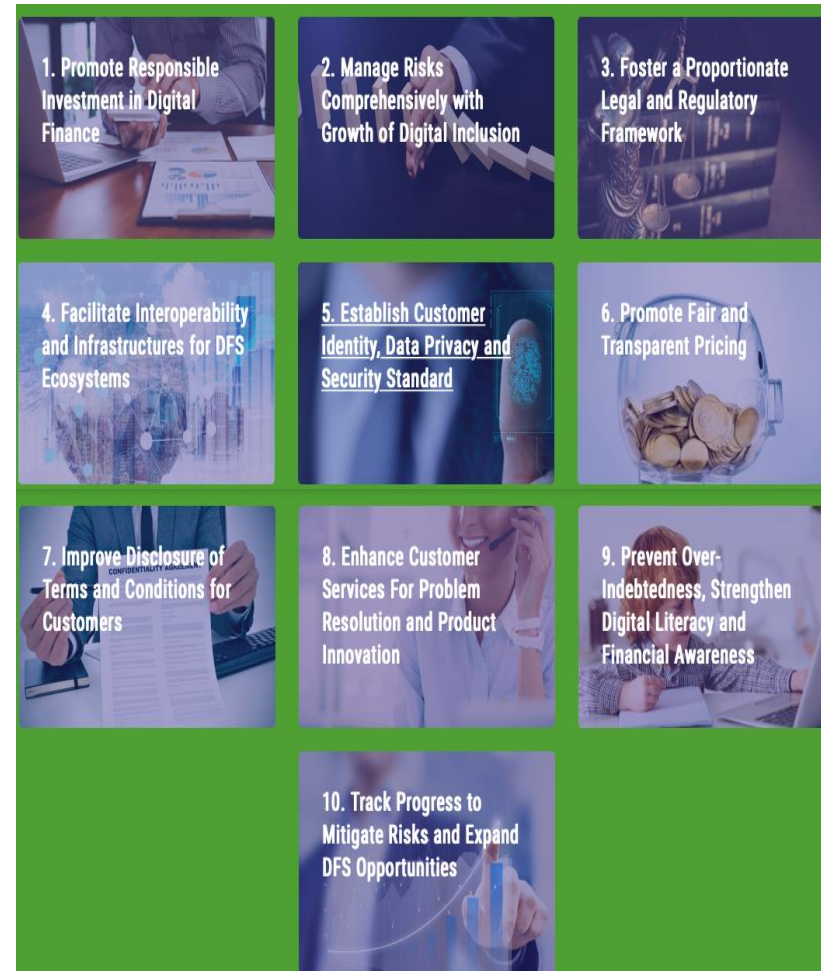
- Various degree of experience among investors
- Screening portfolio for opportunities and risks posed by DFS
- Systematically integrating DFS analysis in DD
- Partnering with other investors to pool resources and expertise – e.g. RediLab
- Learn and exchange at the Summit on Responsible Finance Action in June in Nairobi
- IFC publication:  
*Digital Access: the future of financial inclusion in Africa*

## What can investors do?



# Guidelines for investing in responsible digital financial services

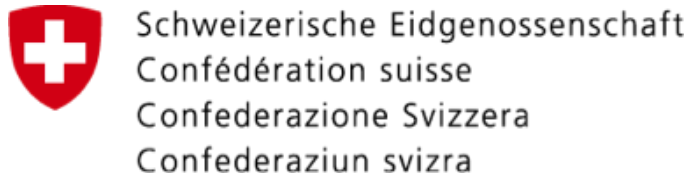
- 10 Investor Guidelines that support responsible digital financial services
- Become a signatory
- Resources and case studies
- Responsible Finance Forum in October in Amsterdam



# SIWG update and next events

- Coming up:
  - Webinars on responsible DFS - pricing (*May 29*) and data privacy
  - Kenya meeting - Inclusive Digital Future: A Summit on Responsible Finance in Action (*25-27 June*)
  - Webinar on Data Platform (*coming soon*)
- Upcoming elections for new SIWG co-chair

# Thank you to our collaborating partners!





# Thank you to our investor organizational members!



Deutsche Bank



grassroots  
capital management

Q&A