



**Please note: report and all media materials are under strict embargo until 10:00am EDT 26 August 2020**

## **Digital finance, a lifeline during COVID-19 crisis, can deliver long-term financing of the Sustainable Development Goals**

*Unleashing potential of digital finance could have transformational impact on sustainable development says group of financial, business, government and development leaders convened by the UN Secretary-General*

**New York City, 26 August** - The unprecedented social and economic crisis caused by the COVID-19 pandemic has put a spotlight on the role of digital finance in providing relief for millions around the world, supporting businesses and protecting jobs and livelihoods.

While the pandemic demonstrates the immediate benefits of digital finance, the disruptive potential of digitalization in transforming finance is immense. Mobile payment technologies have transformed mobile phones into financial tools for more than a billion people. Digital is supporting big data and artificial intelligence in advancing cryptocurrencies and crypto-assets, peer-to-peer lending, crowdfunding platforms, and online marketplaces. Banks have invested over US\$1 trillion in developing, integrating and acquiring emerging technologies. In 2018, 'fintech' investment reached US\$120 billion, one third of global venture capital funding.

Today a new report, "*People's Money: Harnessing Digitalization to Finance a Sustainable Future*", by the UN Secretary-General's Task Force on Digital Finance sets out an ambitious, practical Action Agenda. Centrally, it spells out how digital finance can be harnessed in ways that empower citizens as tax-payers and investors in envisaging a digital transformation at scale that better aligns people's money with their needs, collectively expressed by the Sustainable Development Goals (SDGs).

The report highlights how billions of people around the world are responding to the COVID-19 pandemic using digital tools to work, spend and socialize. It argues there is an historic opportunity to harness digitalization in placing citizens, the ultimate owners of the world's financial resources, in control of finance to ensure that it meets their needs, today and in the future.

The Task Force identifies five catalytic opportunities for harnessing digitalization in aligning financing with the SDGs. Together they cover much of global finance:

- Aligning the vast pools flowing through global capital markets with the SDGs.
- Increasing the effectiveness and accountability of public finance that makes up a major part of the global economy.
- Channeling digitally-aggregated domestic savings into long-term development finance.
- Informing citizens how to link their consumer spending with the SDGs.
- Accelerating the lifeblood financing for the employment and income-generating world of small and medium-sized businesses.

The Task Force's Action Agenda is a call to action to businesses, policy-makers and those governing finance to do what it takes to deliver on these opportunities. It spells out not only the 'what' but also the 'how': investments, new capabilities and governance innovations can get the job done.

The Task Force concludes that harnessing digitalization for the good is a choice, not an inevitability driven by technology. Its Action Agenda points to actions needed to overcome digital risks that, unmitigated, could deepen exclusion, discrimination and inequalities, and separate finance further from the needs of an inclusive, sustainable development.

### **Leadership Quotes**

**UN Secretary-General, António Guterres** said: "Digital technologies, which are revolutionizing financial markets, can be a game-changer in meeting our shared objectives. The Task Force on Digital Financing of the Sustainable Development Goals provides leadership to harness the digital revolution."

**Maria Ramos, Co-Chair of the UN Secretary-General's Task Force on Digital Finance** said: "We have an historic opportunity to accelerate and expand the transformative impact of digitalization. In particular, digital finance, which in this crisis became the lifeline for millions across the world, extends the boundaries of financial inclusion by empowering citizens as savers, investors, borrowers, lenders and tax-payers in a way that gives them choice and power over their money."

**Achim Steiner, Administrator of UNDP and Co-Chair of the UN Secretary-General's Task Force on Digital Finance** said: "Digital finance's dramatic potential for transformative impact is being revealed by the COVID-19 pandemic. Digital transfers enable governments to get support to people in need, crowdfunding platforms have mobilized funds for medical supplies and emergency relief, and algorithmic lending means small businesses have quicker access to funds. The speed of the recent spread of these technologies is astonishing, but progress is not automatic. For digitalization to be a true force for delivering on the Sustainable Development Goals, technological advances must combine with sound policy that empowers citizens and enables our financial system to meet the urgent investment challenges that must be overcome to build forward better."

### **The Report**

An embargoed copy of the summary report is available to journalists ([download here](#)). **Please note the report and all media materials are under strict embargo until 10:00am EDT, 26<sup>th</sup> August 2020**

The full report and summary will be available at [www.digitalfinancingtaskforce.org](http://www.digitalfinancingtaskforce.org) from 10am EDT on 26<sup>th</sup> August 2020.

### **Media Contacts**

For more information or to schedule an interview:

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## Editors' Notes

The report will be launched in New York City by the UN Secretary-General **António Guterres**, and the two Task Force Co-Chairs **Achim Steiner**, UNDP administrator and **Maria Ramos**, until recently CEO of ABSA Group.

They will be joined by four Task Force members, in a discussion moderated by **Simon Zadek**, head of the Task Force Secretariat:

- **Patrick Njoroge**, Governor, Central Bank of Kenya
- **Natalie Jabangwe**, Chief Executive Officer, EcoCash
- **Eric Jing**, Executive Chairman, Ant Group
- **Ceyla Pazarbasioglu**, Vice President for Equitable Growth, Finance and Institutions at the World Bank Group

## About the Task Force

The Task Force was established by the UN Secretary General to recommend and catalyse ways to harness digitalization in accelerating financing of the SDGs. It brought together 17 leaders from across finance, technology, policy, regulation and international development and engaged in dozens of countries with hundreds of financial institutions, governments and regulators, civil society organizations, think tanks and expert groups.

It is co-chaired by Achim Steiner (UNDP Administrator) and Maria Ramos (until recently CEO of ABSA Group). Its members are Maiava Atalina Emma Ainuu-Enari (Governor and Chair of the Board of the Central Bank of Samoa) Henrietta H. Fore (Director of UNICEF), Mats Granryd (Director General of the mobile communications industry association GSMA), Piyush Gupta (CEO DBS Bank), Natalie Jabangwe (CEO of EcoCash), Eric Jing (Executive Chairman, Ant Group) Bradley Katsuyama (Founder and CEO IEX), Poorna Kimis (Director, Autonomous Research), Liu Zhenmin (Under Secretary General UN DESA), Phumzile Mlambo-Ngcuka (UN Under-Secretary-General, UN Women), Ambareen Musa (Founder and CEO, Souqalmal), Patrick Njoroge (Governor Central Bank of Kenya), Ceyla Pazarbasioglu (Vice-President, World Bank), Richard Samans (Managing Director and Member of the Managing Board, WEF) Aurelie Adam Soule Zoumarou (Minister of Digital Economy and Communications, Government of Benin) .

Task Force members are acting in a personal capacity.

We thank Germany, Italy and Switzerland for their generous funding and support to the Task Force.

**A number of Pathfinder Initiatives have been initiated in association with the Task Force that exemplify ambitious action in implementing the Action Agenda.**

- **Bangladesh is exploring how to harness digitalization to channel domestic micro-savings into investments in sustainable infrastructure**, such as roads or bridges, sanitation systems or hospitals. The approach could deliver significant reductions in the cost of capital, as well as economic multiplier effects as dividends flow to poorer Bangladeshi citizens, alongside the benefit of improvements to their area.
- **Zimbabwe's leading payments platform, EcoCash, with inputs from the digital investor exchange IEX and UNCDF, has launched a world-first stock exchange** that draws on automatically generated payments data from businesses to provide robust due diligence and credit

ratings for prospective listings. It hopes to provide a much-needed debt and equity financing window for fast growing and innovative Zimbabwean SMEs.

- **The Gambia Pathfinder Initiative** is focused on advancing financial inclusion by ensuring a supportive policy environment and promoting private sector investment in digital infrastructure and citizen-centric, innovative digital financing products and services. The initiative is driven by Task Force members EcoCash, UN Women and the mobile telecoms industry group GSMA with support from UNCDF.
- **The Central Bank of Kenya is working to foster a regional digital financing ecosystem** to encourage digital financing innovation by strengthening local demand and offering access to larger markets. The Central Bank has promoted international cooperation and established strong ties with MAS, the Monetary Authority of Singapore, to advance Singapore-East Africa cooperation.
- **Refinitiv is taking forward a Digital Governance of Infrastructure initiative 'Infrastructure 360'**. It provides trusted information and insight on over 60,000 projects, integrating data on project finance, deals, loans, due diligence, risk profiles and macroeconomic, geopolitical and operational risk with ESG metrics to help investors, governments and citizens make sustainable investment decisions.
- **The Green Digital Finance Alliance has developed a measurement framework** which assesses infrastructure, policy and investments enabling sustainable digital finance. Information gathered helps shape policy and regulatory design aimed at aligning digital finance with national SDG priorities and generate knowledge around sustainable digital finance practices.
- **The International Dialogue on Global Digital Finance** has been developed through the leadership of the governments of Kenya and Switzerland. It seeks to facilitate a balanced and more inclusive dialogue, particularly involving developing nations, on SDG- aligned governance of global digital finance platforms.

### **Key facts and figures**

- The aggregate global pool of domestic savings is around US\$23.3 trillion.
- There is more than US\$200 trillion in private capital invested in global financial markets, often at negligible rates of return
- Over a third (35%) of US public equities trades are already run by computer-managed funds.
- Over the past decade informed citizens have driven demand for sustainable investments reaching over US\$30 trillion in 2018, green bonds so far issued for over US\$770 billion and impact investing estimated at US\$715 billion in 2019.
- A recent Consumer Financial Protection Bureau study found that digitally enhanced scoring resulted in 27% more loan approvals with 16% lower interest rates across all customer segments.
- The IMF has estimated the value from digitalizing government payments in developing countries at US\$220-\$320 billion annually or 1.5% of revenues. Switching from cash to electronic delivery of government benefits generates roughly 40% in savings per transaction.
- In Brazil, switching from cash to electronic cards for distributing the Bolsa Familia (social welfare payments) led to a seven-fold reduction in administrative costs of from 14.7% to nearly 2.6%.
- The Alipay Ant Forest platform has 550 million users who have collectively reduced carbon emissions by almost 11 million tons by March 2020.