

# BRIEFING FOR FINANCIAL INSTITUTIONS

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



## BRIEFING FOR FINANCIAL INSTITUTIONS

on their role in harnessing digitalization to accelerate financing of the SDGs

The Task Force on Digital Financing of the Sustainable Development Goals (SDGs) was established by the UN Secretary General with a mandate to recommend and catalyse ways to harness digitalization in accelerating financing of the SDGs.

Its final report “**The People’s Money: Harnessing Digitalization to Finance A Sustainable Future**”. The Task Force’s Action Agenda includes a three-part action agenda:

- 1) **Advance catalytic opportunities**
- 2) **Build the foundations for sustainable digital financing ecosystems**
- 3) **Strengthen inclusive international governance**



This briefing sets specific actions for financial institutions including banks, investment managers, pension and sovereign wealth funds, insurance companies, microfinance institutions, mutual funds and cooperatives.

### THE TASK FORCE’S ACTION AGENDA: FOR FINANCIAL INSTITUTIONS

*Digital disruption creates an historic opportunity to reshape finance* towards empowering people in financing their goals. Finance can and should meet the priorities of the people it is intended to serve, as savers, lenders, borrowers, investors, and taxpayers.

Institutions in the financial sector large and small are in a position to **identify and advance opportunities in their own products and systems, advance interoperable digital ID and data systems, engage with international standard setting** and explore **corporate governance options** for stewarding the SDGs.



***Catalytic opportunities can harness digitalization in aligning finance with the SDGs.*** Digitalization is already making a difference to the SDGs, but far more can be achieved by realizing key, catalytic opportunities: *mobilising domestic savings for long-term development, enhancing accountability of public financing, making SDGs count in global financial markets, financing small and medium enterprises, and promoting SDG-aligned consumer spending.*

***Financial institutions can help realize key catalytic opportunities to transform the financial system*** by leveraging technology in the design of SDG-aligned financial innovations and offering clients greater visibility and choice over the use of their funds.

- **Develop financial products and investment instruments** which enable citizens to channel their savings toward financing of local sustainable development investments.
- **Form partnerships with Fintechs and Data Analytics companies** to expand SME lending and investment using business transactions and other alternative data.
- **Support digitalization of public finance**, by facilitating government payments and designing data-driven investment products aligned with national SDG priorities.
- **Apply analysis of material SDG-related risks and impacts to all their financial products** and asset classes and allow citizens to see how their funds are invested.



- **Collaborate with their corporate clients to improve impact transparency** and provide user-friendly sustainability information to their customers.



Foundations for sustainable digital financing ecosystems are needed to overcome barriers and risks to harness digitalization's potential in financing the SDGs. These include inadequate digital infrastructure, and access, affordability and capabilities, algorithmic biases which may exclude women and minorities, increased short-termism, cyber vulnerability, and market concentration.

**Financial institutions play a key role in shaping sustainable digital financing ecosystems** by strengthening digital infrastructure, adopting digital identification, ensuring interoperability, developing financial products aligned with national SDG priorities, ensuring robust consumer protection mechanisms and by building citizen awareness and digital capabilities.

- **Pursue digitalization strategies** which expand the reach, ensure interoperability of their systems, and adopt good digital identification and consumer protection practices.
- **Integrate public and proprietary financial, environmental and social data analytics** into their product design, risk management, and impact assessments.
- **Design data-driven public and private financing instruments** aligned with sector-specific sustainable development priorities and distribute them through digital channels.
- **Integrate consumer rights and protections** into their product design and implement strategies to build their clients' digital and financial capabilities.



Inclusive international governance innovations are critical for harnessing digitalization in delivering financing of the SDGs. Regulations and standards governing digital financing need to be informed by SDG commitments and goals, with a particular need to ensure that the SDGs inform the governance of a new generation of global digital financing platforms with cross-border, spillover impacts.

**Financial institutions can devise governance innovations to integrate sustainability into their operations** by committing to principles for SDG-aligned digital financing and introducing corporate governance mechanisms to operationalize them.

- **Engage in international efforts to develop principles** for greater consideration of SDGs in digital financial services.
- **Explore corporate governance options to safeguard SDG stewardship** in corporate operations and financing decisions.



## THE ACTION AGENDA FOR DIFFERENT ACTORS

ACTOR	KEY ROLES
<b>Policy makers and regulators</b>	Provide standards and regulatory certainty, advance cooperation with innovators, steer market development in support of national sustainable development priorities, empower citizens and mitigate risks brought by digitalization of finance.
<b>Member States, as part of the UN system</b>	Cooperate to share experience, coordinate and advance ambition and develop common principles and approaches, while building capacity, infrastructure, regulations and industry support at home.
<b>Fintech companies and global digital platforms</b>	Innovate products and services which meet consumer demand to channel finance to sustainable development goals. Commit to principles of SDG-aligned digital financing and develop corporate governance mechanisms to ensure they operationalize them.
<b>Financial institutions</b>	Identify and advance opportunities in own products and systems, advance interoperable digital ID and data systems. Engage with international standard setting and explore corporate governance options for stewarding the SDGs.
<b>International development community</b>	Technical assistance and disseminating learning, supporting governance innovation. Provide support for development of inclusive infrastructure and the capacity of citizens
<b>Development finance institutions</b>	Offer solutions to share risk to enable the development of catalytic solutions. Share knowledge to help governments design risk capital projects aligned to sustainable development and provide incentives via conditionality for corporate governance innovations.
<b>Civil society organisations</b>	Across civic, religious, youth, women's, worker, trader consumer and other interest groups: mobilize collective voice, documenting problems and solutions to hold the powerful accountable. Build the capacity of citizens.
<b>The United Nations</b>	Support Member States in realizing catalytic opportunities and establishing digital financing ecosystems aligned with SDG priorities. Advance inclusive international norm-setting and governance innovations to mitigate risks. Exemplify good practice on digital financing internally. Develop a mechanism for stewarding the implementation of Task Force recommendations.

*For more information explore the Task Force's report at [www.digitalfinancingtaskforce.org](http://www.digitalfinancingtaskforce.org)*