

Inclusive Green FinTech

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Alliance for Financial Inclusion (AFI)



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Federal Ministry
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based on a decision of the German Bundestag



What is the AFI Global Network?

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“AFI has matured... it's institutional identity is marked by a real sense of member ownership and peer exchange, which has never been done before on this scale.”

Prof. Benno N'dulu, former Governor of the Central Bank of Tanzania and AFI Chair



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financial sector
policymaker and regulators from
emerging and developing countries working together to
advance financial inclusion

90



Representing about

85%

of global
unbanked population



AFI's goal is to support members to
develop and implement successful financial
inclusion policies that address country specific
challenges



AFI is a non-political, non-profit organization,
owned, governed and sustained by members
through annual membership fees

Impact of AFI's Network

90

Developing countries

71

Countries with institutional Maya Declaration Commitments

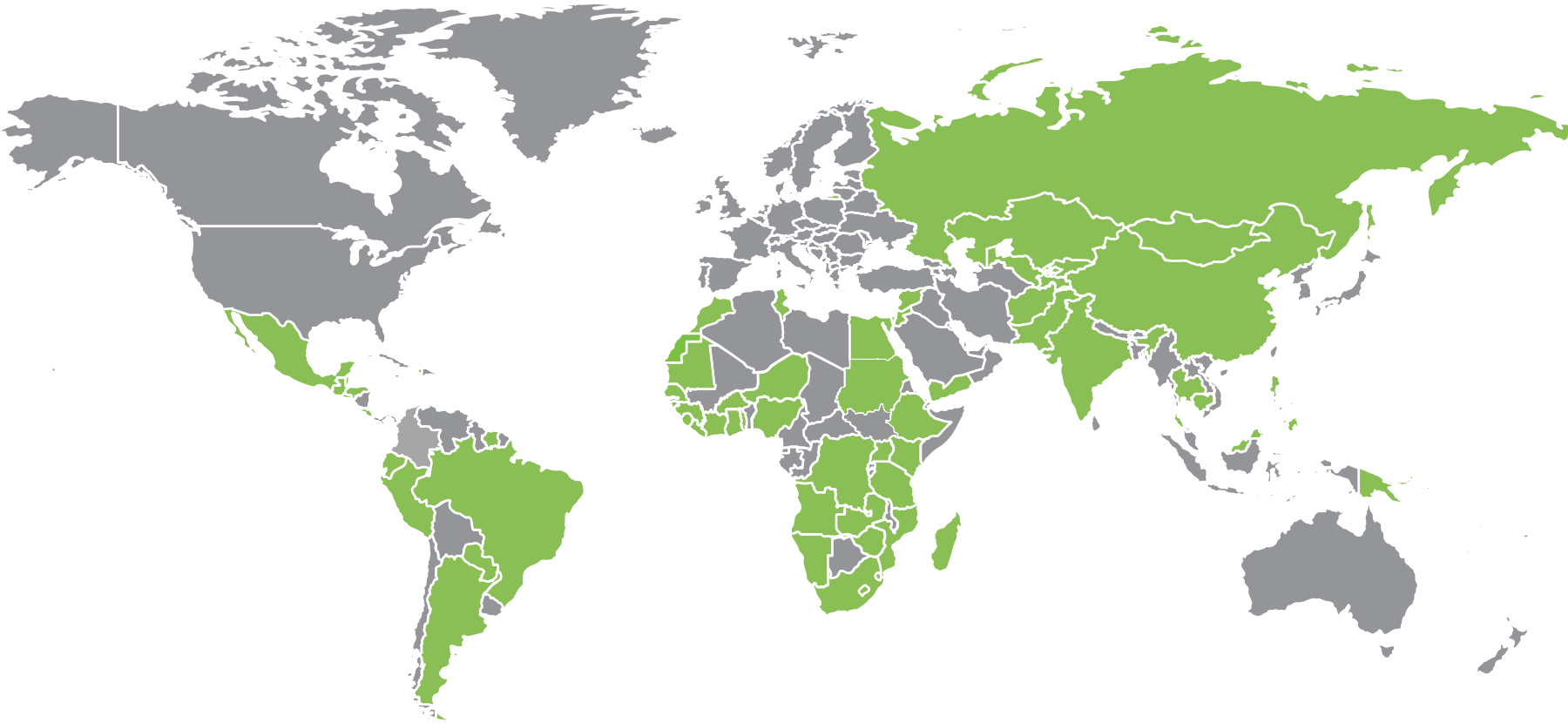
500+

Policy changes

Over

600 Mil

Unbanked people brought into
the formal financial system



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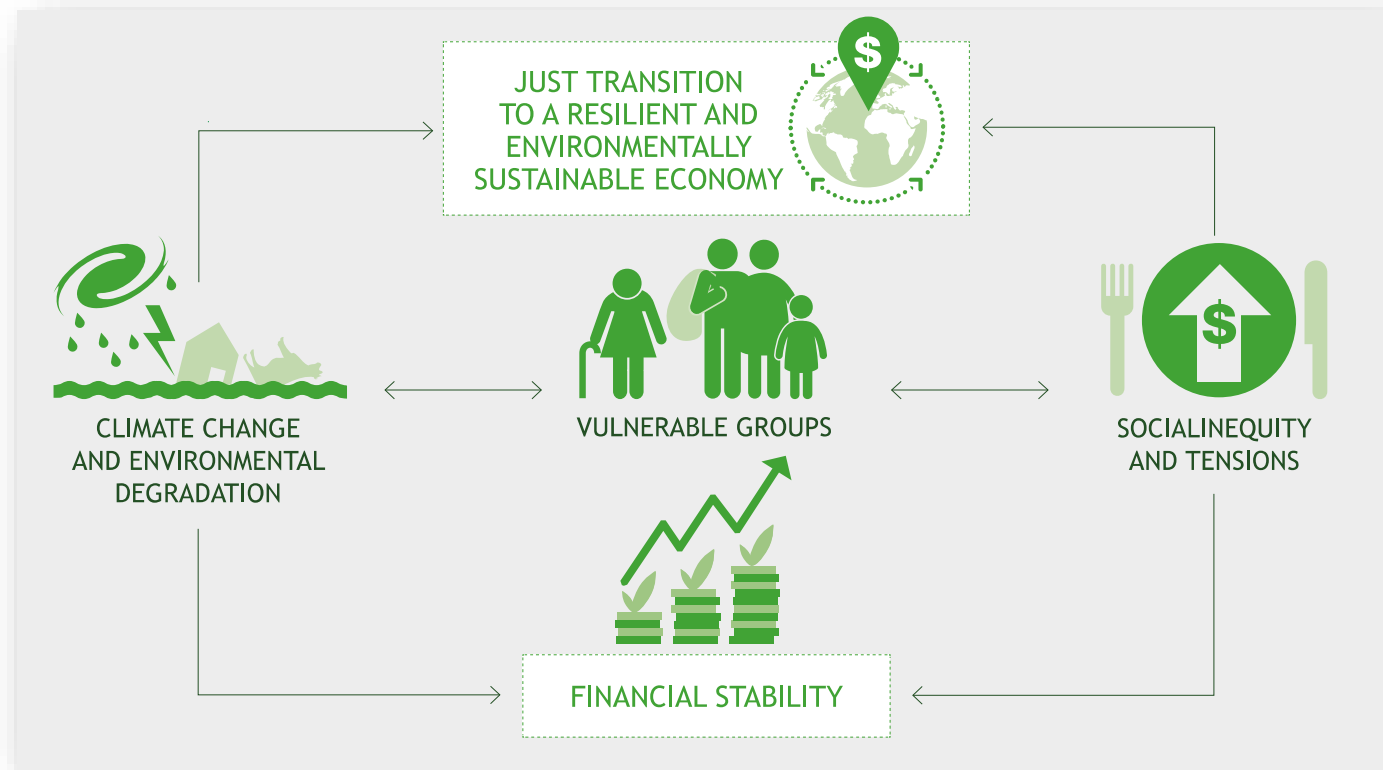


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INCLUSIVE GREEN FINANCE & FINANCIAL STABILITY

The links between climate change and environmental degradation, vulnerable groups, social inequity and tensions, and financial stability



SUPPORTING CLIMATE ACTION THROUGH FINANCIAL INCLUSION

INCLUSIVE GREEN FINANCE:

ENABLING CLIMATE MITIGATION AND BUILDING RESILIENCE TO THE NEGATIVE IMPACTS OF CLIMATE CHANGE THROUGH FINANCIAL INCLUSION



SAVINGS (ESPECIALLY FORMAL)

Buffer against cost increases, diversifying risks, assist in accessing credit, accelerate recovery and reconstruction



CREDIT

Investment in low-carbon technologies, rebuilding and reconstruction, investments into more resilient housing and agriculture



INSURANCE

Safeguard against the effects of extreme weather events and gradual climate change



PAYMENT SYSTEMS

Resilience in times of crisis, reconstruction and recovery, investments and buffer



DIGITAL FINANCIAL SERVICES

Enabling the spread and use of savings, credit and insurance, as well as humanitarian assistance after extreme weather events



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THE 4P FRAMEWORK OF INCLUSIVE GREEN FINANCE

PROMOTION policies allow a government to create incentives for the private sector to offer financial services to qualified beneficiaries.



PREVENTION policies aim to avoid undesirable outcomes rather than addressing them after the fact.

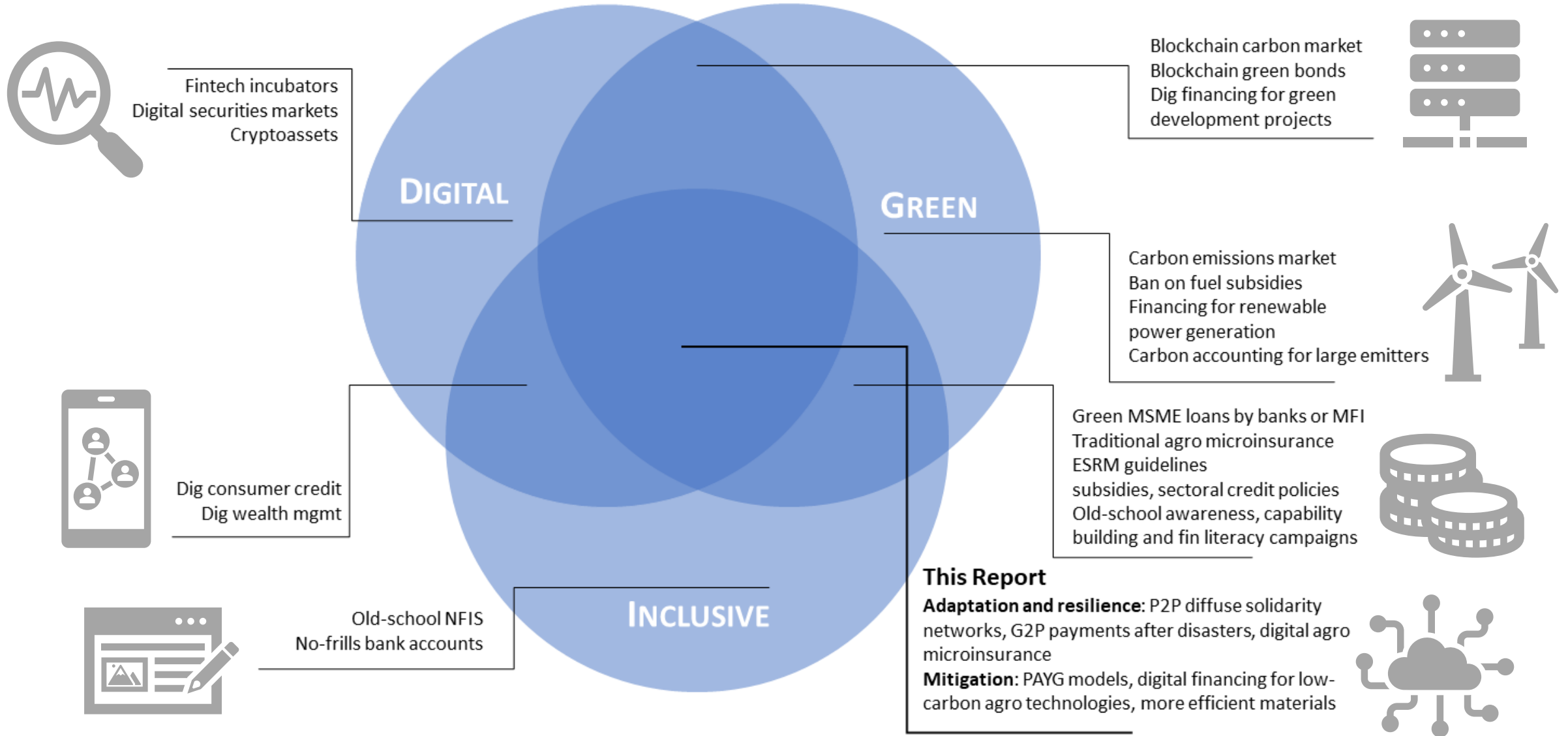


PROVISION policies help a government ensure that financial services are provided to qualified beneficiaries, either directly by the government itself or by private sector fulfilling government mandate.

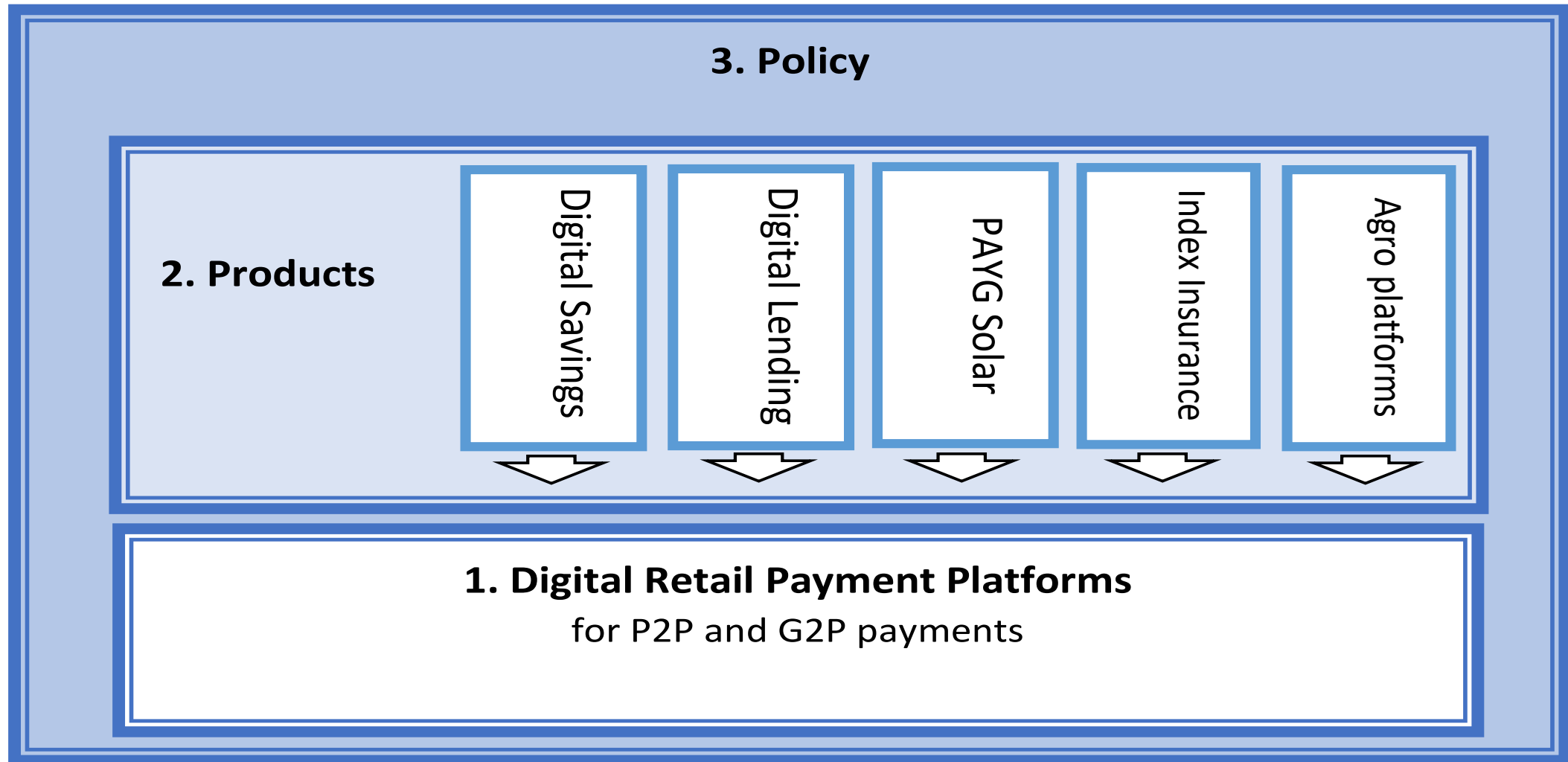
PROTECTION policies reduce financial risk by “socializing” potential losses through insurance or social payments, or by giving exceptional access to one’s own assets.



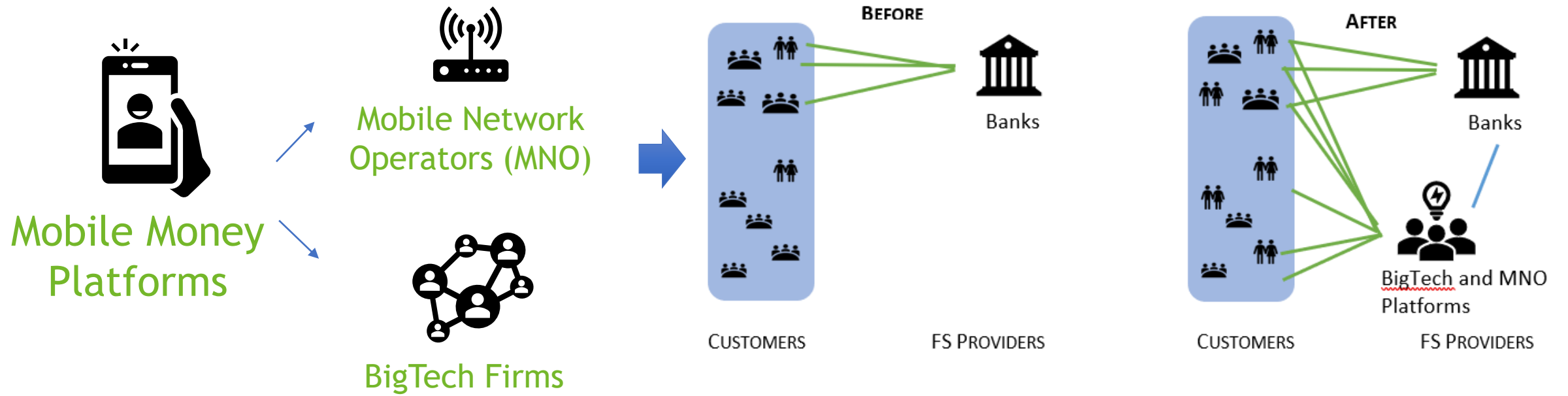
INCLUSIVE GREEN FINTECH



PAYMENT PLATFORMS, PRODUCTS AND POLICY



PAYMENT PLATFORMS



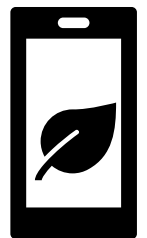
P2P Payments



P2P Remittances

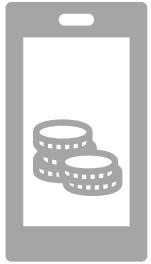


G2P Payments



Agro Platforms

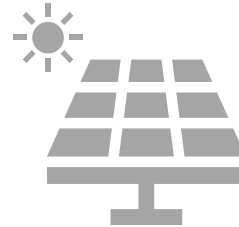
PRODUCTS



Digital Savings



Digital Lending



Pay As You Go Solar



Index Insurance

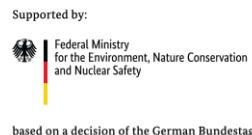


Basic Regulatory Enablers

- *Policymakers need not mandate digital financial inclusion for green purposes from above - but they can remove obstacles to it.*
- *Non-bank financial institutions are key drivers of digital financial inclusion.*
- *Agent banking creates wide and dense networks of access.*
- *A risk-based approach to regulation allows for inclusive markets without sacrificing financial stability and integrity.*
- *Consumer protection is essential, particularly for climate-vulnerable populations.*

Openness to digital newcomers

- *Onerous regulatory requirements are a barrier to market entry for digital newcomers.*
- *Regulators can adopt a risk-based approach to licensing.*
- *There are cost-effective alternatives to regulatory sandboxes.*



Regulatory relief in times of crisis

- *Regulators understood the utility of digital retail payment networks as an informal safety net and took appropriate action during the COVID-19 crisis.*
- *There are cost-effective alternatives to regulatory sandboxes.*

Fiscal and monetary policy support

- *Fiscal authorities can create tax incentives for the uptake of (green) DFS.*
- *Monetary authorities can incentivize green digital investment.*

Fostering targeted consumer uptake

- *Tailored incentives and education programs can address gaps in access to digital finance.*
- *A gender-specific approach to digital financial inclusion makes a difference.*



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WHAT DOES AN ENABLING REGULATORY ENVIRONMENT FOR INCLUSIVE GREEN FINTECH LOOK LIKE?



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