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BUILDING BLOCKS OF A GREEN FINTECH SYSTEM
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Based on the Working Paper 'Building Blocks of a Green FinTech System',
www.ssrn.com/abstract=4163002 (with Dr. Anker-Sørensen)

- How can Green FinTech support the Sustainability Transformation?
- What can regulation do to further this type of Green FinTech?

§ 1 – Introduction

§ 2 – Core Issues of Sustainable Finance

§ 3 – How can FinTech assist in addressing these issues

§ 4 – How law can support Green FinTech

§ 5 – Conclusion: Building Blocks of a Green FinTech System

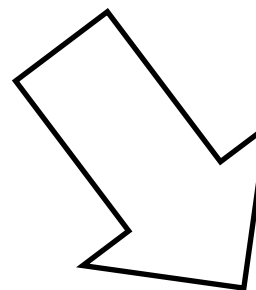
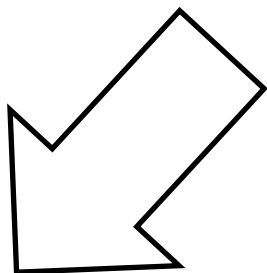
§ 2 - Core Issues of Sustainable Finance

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Information asymmetry:

Who delivers truly on the Green promise?

**Oversupply of Capital seeking
Green cash-flows**



Enhanced Agency Conflicts

(Greenwashing, variance of issuer-paid
Sustainability Ratings etc)

Asset Price Bubble

§ 2 - Regulatory Response to Core Issues

- Develop Uniform Standards
- Enhanced Disclosures
- Prudential Requirements
- Better Oversight: Rating Agencies, Indices, Audits
- Towards 'double materiality'

⇒ Enforcement ⇔ Agency Conflicts

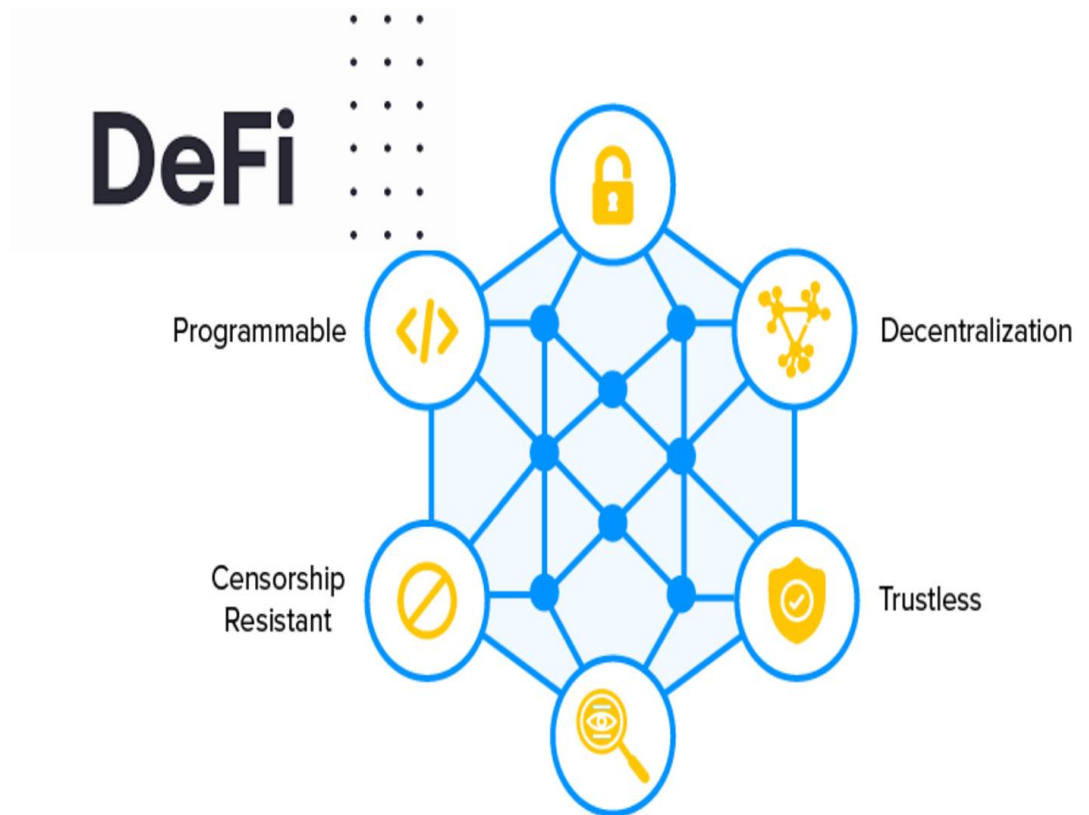
⇒ No Word on FinTech

§ 3 - How can FinTech assist in addressing these issues?

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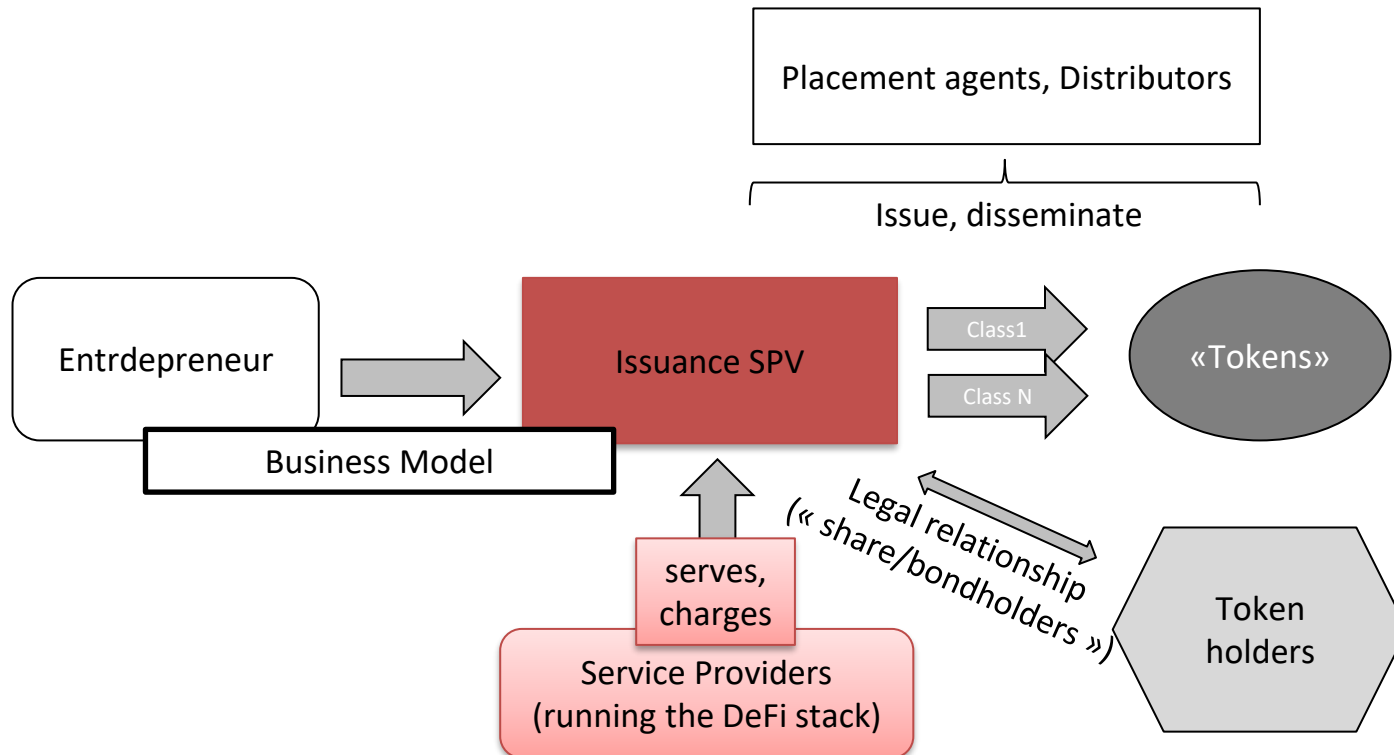
- What is FinTech?
 - A - Algorithms
 - B - BigData
 - C - Cloud
 - D – Distributed Ledgers (with Blockchain&Smart Contracts)

⇒ General trend: decentralized finance, disintermediation



§ 3 - Tokenized Assets

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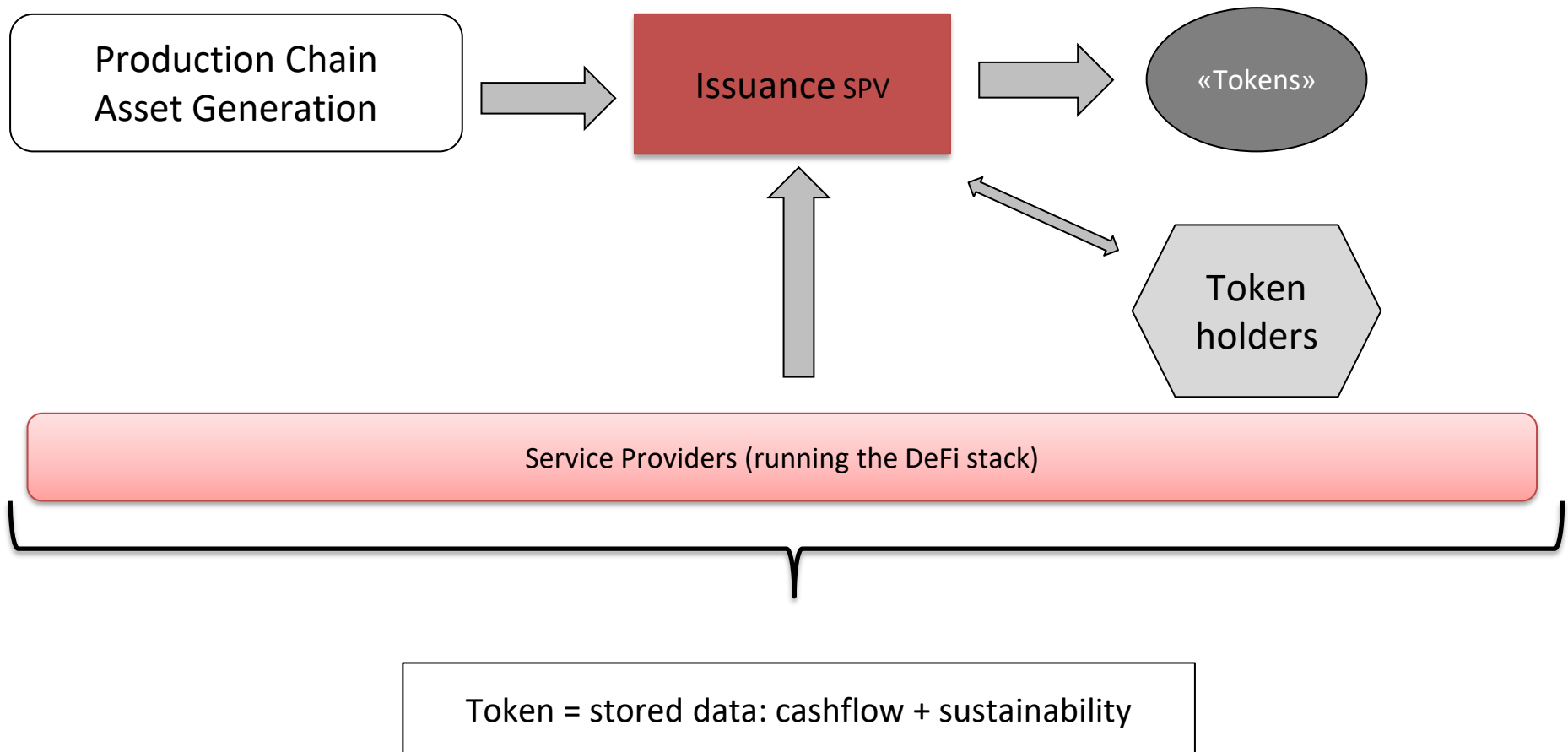
§ 3 - Bundling cash-flow and sustainability data

- FinTech: automatization of all issuance elements
 - Disintermediation
 - Immutability

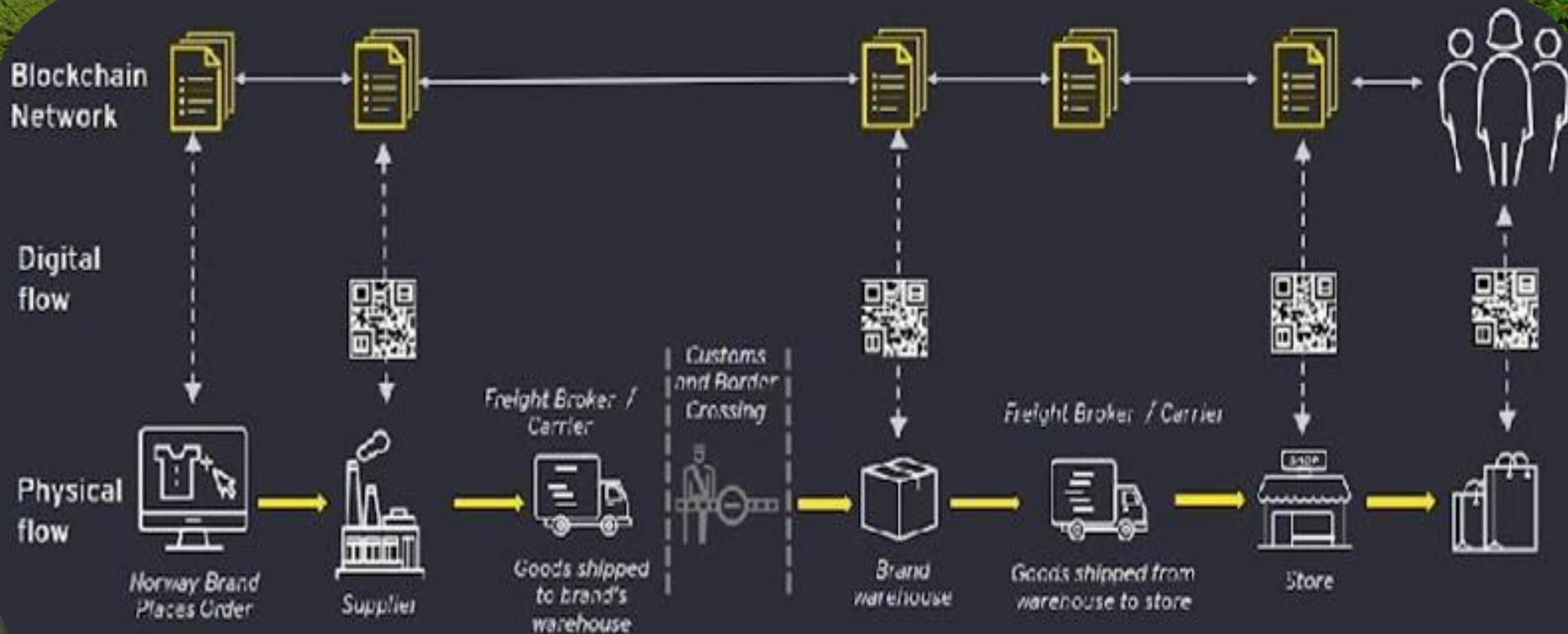
 - Inseparable link [cash-flow + sustainability data]
 - Less information intermediation
 - Reliability of 'ultimate data provider' essential
- ⇒ Disintermediation

§ 3 - Sustainability Certificate of Origin

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Norwegian Fashion-Hub Sustainability Chain



Sustainable raw material
production

Measurement of CO2
emissions and other
parameters real time

Increased security and reliable
verified data

Complete clothing cycle
history

§ 4 - How law can support Green FinTech

- Uniform categories of sustainability risks + factors (taxonomy)
⇒ Sectorial to comprehensive
- Enabling approach to data transmission
- Accountability and liability of the 'data originator'

§ 5 – Conclusion: Building Blocks of a Green FT System

- Tokenization => FT disintermediation
 - Inseparable link sustainability data \Leftrightarrow asset
 - Data Straight-through-processing (STP)
- Potential effects
 - lesser intermediary and agency costs
 - facilitating suitability tests
 - limiting substitutability of cash: separating economy into Green/Brown
 - targeted subsidization (tax rebates, capital surcharges, etc.)
- Legal preconditions
 - Uniform Taxonomy (encodement via ISO standards)
 - Enabling approach to data STP
 - Reliable 'ultimate data providers': enforcement re asset + data

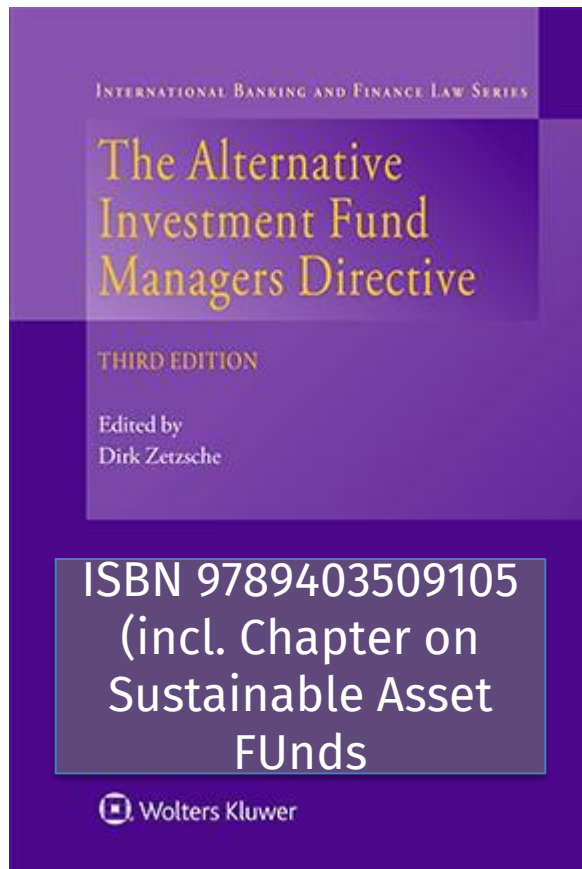
Please find our latest work at SSRN: www.ssrn.com/author=357808

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Thank you!



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Some readings on FinTech

TechFin / Data-driven Finance

www.ssrn.com/abstract=2959925



FT4FI Roadmap

www.ssrn.com/abstract=3245287



Corporate Technologies (AI etc.)

www.ssrn.com/abstract=3392321



Regulatory Sandboxes

www.ssrn.com/abstract=3018534



Regulating Libra

www.ssrn.com/abstract=3414401



Future of Data-Driven Finance

www.ssrn.com/abstract=3359399



Rise of Tech Risk

www.ssrn.com/abstract=3478640



ICO Gold Rush

www.ssrn.com/abstract=3072298



Distributed Ledgers / Blockchain

www.ssrn.com/abstract=3018214



eID / KYC Utilities

www.ssrn.com/abstract=3224115

