

## PRESS RELEASE

### UNDP, UNCDF, Switzerland and Kenya launch a new initiative to govern BigFintech for greater good

*A first of its kind meeting between regulators, key institutions, market players, and UN agencies to align BigFintechs with the Sustainable Development Goals*

**Geneva, 9 October 2020** - Regulators, UN agencies, market actors and officials from 10 countries will gather virtually on October 9<sup>th</sup> to launch [the Dialogue on Global Digital Finance Governance](#), implementing one of the key recommendations of the [UNSG Digital Finance Task Force](#), to catalyse international and corporate governance innovations to ensure BigFintechs benefit all.

"Many positive developments have happened that align fintech with sustainable development, which need to be built upon. BigFinTechs present a different challenge in that their size and scope present much greater potential for both positive and negative impacts. Strengthening the opportunities and mitigating the risks with governance innovations will ensure that BigFinTechs and fintech follow a similar path in supporting the greater good" noted Achim Steiner, cochair of the Digital Finance Task Force and UNDP Administrator.

BigFintechs are the new giants of tomorrow's financial system, with technology driving an upsurge in growth, scale and diversification into financial services. Such BigFintechs originate from different contexts, from China's AntGroup to Africa's numerous mobile money companies, South East Asia's ride hailing services, Facebook Pay, Amazon and Google in the US, Jio in India, Mercado Libre in Latin America and many more. These platforms have positive impacts - from deepening financial inclusion to creating livelihood opportunities to enabling direct citizen action - but also bring new challenges. Negative impacts on sustainable development, intended and non-intended are numerous (research indicates that ride-hailing services create more air pollution than trips they displace, wages get suppressed as digital platforms scale, decisions made by e-commerce big players can impact hundreds of thousands of SMEs in other markets, data privacy breaches are making headlines).

"Digitalization has been the silver lining in the dark cloud of the coronavirus (COVID-19) pandemic, enabling official and personal transfers to vulnerable households and facilitating essential social services including health, education and online shopping. But with opportunities come risks, particularly of market concentration by BigFintechs. A global discourse on these emerging risks that brings everyone to the table is imperative", said Patrick Njoroge, the Governor of the Central Bank of Kenya.

Some of the issues to be discussed on October 9<sup>th</sup> include market concentration, data governance and monopolization risks, the role of e-commerce platforms to facilitate access to global markets, taxation issues, digital currencies' macro-economic impacts in developing countries.

“Good governance of Big Tech and Fintech is one of development’s cutting edge issues that will define tomorrow’s world. It requires a new geometry of actors to ensure that no one is left behind. The Dialogue on Global Digital Finance Governance offers a unique platform to convene a wide range of stakeholders, including from the Global South and bring in new perspectives to different relevant international bodies” Amb. Christian Frutiger, Assistant Director, Swiss Agency for Development and Cooperation.

Specific outcomes shall include SDGs principles into international policy and regulation on BigFintechs and advancing corporate governance innovations with BigFintechs. The Dialogue’s ambition is to catalyze in the next coming years new norms and practices for BigFintechs and digital finance can play a major role in contributing to the 2030 agenda.

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**The Dialogue on Global Digital Finance** seeks to facilitate a balanced and more inclusive dialogue, particularly involving developing nations, on SDG-aligned governance of global digital financing platforms. It convenes representatives from central banks, finance, trade and other relevant ministries, cross-sector regulatory bodies, LDCs and non-state actors from developing countries, and representatives from key institutions such as FSB, BIS, IMF, World Bank and Global Partnership for Financial Inclusion affiliated entities. The platform provides a means for advancing consensus on policy and regulatory responses to the development of global digital financing platforms appropriate for developing contexts and economies. It also seeks to catalyse governance innovations that improve consideration of the SDGs and can support developing countries to harness digital finance in leapfrogging towards sustainable development. The initiative is co-chaired by the UNDP Administrator and the Governor of Central Bank of Kenya, funded by the Swiss Agency for Development Cooperation and hosted by UNDP and UNCDF.

**Additional quote:**

“Governance innovations are pre-conditions 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. Market actors, both existing and new, play a critical role in developing financial products that take the SDGs into account, both in terms of environmental and social risks and positive impacts about which customers and users care. Governance innovations will be needed to incentivize and, where necessary, require these developments, as well as mitigate risks from digitalization itself.” UN Secretary General Digital Finance Task Force report

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