



Sustainable digital finance

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Political context

- “[...] propel ourselves forwards to the world of tomorrow”
- European Green Deal
 - “At the heart of it is our mission to become the first climate-neutral continent by 2050”
- Europe fit for the digital age
 - “Europe must now lead the way on digital”
 - “clear principles: the right to privacy and connectivity, freedom of speech, free flow of data and cybersecurity”

Twin transitions: society & finance

- Climate crisis
 - Financial system help reorient capital flows towards sustainable investments & mobilize investments needed to be climate neutral by 2050
- Digital transformation
 - Leverage innovative potential of digital finance to make financial system more effective & efficient
- Pandemic
 - Illustrate opportunities: qualitative leap in pace/depth/scope of digital transformation
 - Illustrate challenges: climate crisis continue unabated irrespective of economic slowdown

2018 Action plan on financing sustainable growth

- 1 **Reorienting capital flows towards a more sustainable economy**
- 2 **Mainstreaming sustainability into risk management**
- 3 **Fostering transparency and long-termism**

1	Taxonomy	Develop an EU classification system for environmentally sustainable economic activities
2	Standards and labels	Develop EU standards (such as EU Green Bond Standard) and labels for sustainable financial products (via Ecolabel) to protect integrity and trust of sustainable finance market
3	Fostering investment in sustainable projects	Exploring measures to improve the efficiency and impact of instruments aiming at investment support. Mapping on investment gaps and financing.
4	Incorporating sustainability in financial advice	Amend MiFID II and IDD delegated acts to ensure that sustainability preferences are taken into account in the suitability assessment.
5	Developing sustainability benchmarks	Develop climate benchmarks and ESG disclosures for benchmarks

6	Sustainability in research and ratings	Explore how credit rating agencies could more explicitly integrate sustainability in to their assessments. Study on sustainability ratings and research and exploring possible measures to encourage their uptake.
7	Disclosures by financial market participants	Enhance transparency to end-investors on how financial market participants consider sustainability
8	Sustainability in prudential requirements	Explore the feasibility of reflecting sustainability in prudential rules (where justified from a risk perspective)
9	Strengthening sustainability disclosures by corporates	Enhance climate and sustainability-related information provided by corporations
10	Fostering sustainable corporate governance & promoting long-termism	Collect evidence of undue short-term pressures from capital markets on corporations and consider steps for promoting corporate governance that is more conducive to sustainable investments.

EU digital finance strategy

1

Tackle fragmentation in the Digital Single Market

2

An EU regulatory framework facilitating digital innovation

3

Create a European financial data space

4

Address new challenges and risks

**Create opportunities for and protect consumers
Build an open, innovative and competitive digital market**

Sustainable digital finance

- How marry the two? How make the digital transformation work for both people and businesses, while helping to achieve climate-neutrality by 2050?
- How can digital technologies help make the financial system sustainable?
 - *Technology for green financing*
- How can digital finance become green?
 - *Greening financial technology*

Technology for green financing

- Digital solutions in the field of sustainable finance are a nascent field → needs to scale up fast
- While benefiting from digital finance strategy, they may face barriers to develop across the EU single market
- Potential avenues for policy action:
 - Improve availability and usability of financial and non-financial data to help assess investments projects' sustainability
 - Review regulatory framework to ensure digital solutions can be easily applied to sustainable finance rules
 - Help put regulatory sandboxes in finance to green use; improve cross-border info sharing & reach
 - Use tech to help small firms comply with Taxonomy [hackathons, Digital Finance Platform...]
 - Use tech to help people understand link personal finances & sustainability (literacy)
 - Consider EU Green Fintech label where contribute to sustainable finance policy objectives

Greening financial technology

- Ensure that digital transformation of the financial sector is sustainable
- Advancing in parallel – master ecological footprint of growing digital finance sector
- Potential avenues for policy action:
 - Share best practices encouraging financial actors to rely on environmentally friendly processes and technologies [Digital Finance Platform...]
 - Integrate key digital technologies (DLT, IoT, data centres...) into Sustainable Finance Taxonomy and set out the relevant technical screening criteria
 - Consider disclosures on ecological footprint / ecolabel digital finance products/services

Thank you



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