



Bocconi Students Fintech Society

Sustainability and Fintech

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Sustainability and Fintech



What is sustainable Fintech? What is the role of Fintech in sustainability?

Sustainable financial technologies aim to foster **social and economic development** whilst simultaneously reaching Sustainable Development Goals. Fintech can deliver modern sustainable finance products and services that improve **financial inclusion** and **reduce economic inequalities**, whilst playing a pivotal role in the pathway towards a **low-carbon** sustainable future.

Financial Inclusion



Over the last decade, **1.2 billion** previously unbanked adults gained **access to financial services**, and the unbanked population fell by **35%**, primarily boosted by the increase in **mobile money accounts**. Low-cost, **digital solutions** are expanding financial services to everyone.

Poverty Alleviation



Fintech has been an **important driver of poverty alleviation** in every province of China. An increase in **fintech adoption** resulted in a **20% poverty decline** in all **low-income** provinces. Using financial technologies to increase economic activity, we can **reduce poverty** on a large scale.

Consumer Behavior



Stripe, a fintech delivering payment processing software, offers an **API** by which both the company and the consumer can **contribute** a fraction of a financial transaction to fund **carbon removal technologies**. This way, e-commerce can contribute to combating **climate change**, and nudge consumers to do likewise.

Source: PwC, UNEP, Foraus Zürich, World Bank, Journal of Innovation & Knowledge.

Areas of Impact – Impact Investing



Main Challenges Addressed and Main Initiatives

Impact Investing



Investments made with the intention to generate positive (and measurable) social and environmental impact alongside a financial return.

Challenges Addressed



Education



Sustainable
Agriculture



Housing



Healthcare



Renewables



Microfinance

Main Investment Firms Involved (in terms of AUM*)

KKR

BlackRock



actis



Key Initiatives



Swiss platform that creates tailored impact investing strategies based on the client's beliefs and supported causes. Inyova targets private individuals and institutions, with the ambition to turn millions of people into impact investors.



Impact investment platform that connects companies looking to finance their sustainable projects, private individuals and entities, who want to invest sustainably. The company was born in Portugal in 2017, having since then financed a significant amount of projects, and grown a large community of investors all around the world.

Source: GIIN, Investopedia, Inyova, GoParity

Products, Services & Financial Inclusion



Sustainable Financial Products



Green Banks

These are banks that have been established specifically to **finance green ventures**, usually green energy projects. In the US alone, **\$7 Billion** has been invested into projects by green banks since 2011.

Green Bonds

Bond that is sold exclusively to raise capital for **green ventures** and just like green banks, usually for green energy projects like wind and water-based energy farms. The global green bond market was valued at over **\$430 Billion USD** in 2021 with **USA and Germany** being the largest issuers of green bonds.

Ethereum Merge



Ethereum's switch from Proof of Work to **Proof of Stake** was revolutionary in reducing the amount of Energy this blockchain consumed by 99.95%. The merge caused global energy consumption to drop by 0.2%.

Financial Inclusion

Ensuring that businesses and individuals have access to useful and affordable financial products and services that meet their needs – Transactions, Payments, Savings, Credit and Insurance – Delivered in a responsible way.

- Financial inclusion has been identified as an enabler for **7 of the 17 Sustainable Development Goals**.
- The G20 committed to advance financial inclusion worldwide and reaffirmed its commitment to implement the G20 High-Level Principles for Digital Financial Inclusion.
- The World Bank Group considers financial inclusion a key enabler to **reduce extreme poverty** and boost shared prosperity.

Sources: Ethereum.org, Investopedia.com, Worldbank.org

Scalapay and Twig Partnership



Fintech Partnership for Sustainable Shopping

On **May 25th, 2023**, Scalapay and Twig formalized an exclusive partnership with the purpose of promoting sustainable shopping. The partnership enables **Scalapay** customers to resell goods they purchased via their platform and receive instant payment on the goods sold using **Twig** services.



The Italian unicorn Scalapay is an innovative company striving to offer a seamless e-commerce experience for consumers. Furthermore, Scalapay offers their clients the option of postponing the payment of a good, by paying in 3 installments, 4 installments, or by paying the entirety after 14 days, with no interest incurred.



Twig is a fast-growing London-based fintech company focused on a circular economy model. Twig capitalizes on the concept of providing their customers instant cash outs when reselling fashion or electronic goods, in order to foster sustainability.

The CEO and Co-Founder of Scalapay, Simone Mancini, and the CEO and founder of Twig, Geri Cupi, specifically emphasized their goal of encouraging sustainable consumer behavior. More specifically, through this partnership, the executives believe that by offering customers the ability to instantly sell their past purchases, customers will be more incentivized to buy goods of greater quality from more sustainable brands.

Sources: lbsintelligence.com, [Prnewswire.com](https://prnewswire.com), [Pymnts.com](https://pymnts.com)

Finestra and EcoTree Partnership



Fintech Partnership for Carbon Reduction

In April of 2022, Finestra and EcoTree came together in order to create a partnership that plants trees and manages forests, in order to help Finestra customers in actively creating a net carbon reduction from financial services.



Finestra, established in 2017 and headquartered in the United Kingdom with 8,600 clients across 130 countries. The company provides a variety of financial services, including lending, payments, investment management, and corporate banking.



EcoTree, an international greentech company, offers financially viable solutions to reducing carbon dioxide emissions in the world. The company offers both arborist expertise to support the trees, as well as logistical consideration on maintaining the ecological impact of said trees.

EcoTree's services sequester carbon and allow customers to determine their preference for how emissions from Finestra services are negated. Thomas Canguilhem, CEO of EcoTree, noted how this partnership is unique from "traditional offsetting programs as we focus on eliminating carbon from the atmosphere for good" in order to promote the environment and minimize the effects of climate change. The overall solution focuses on using aid companies that contribute to emission production to negate their environmental effects.

Sources: [Ecotree.green](https://ecotree.green), lbsintelligence.com, [Prnewswire.com](https://prnewswire.com)

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