**BRIEFING FOR POLICY MAKERS AND REGULATORS**

on their role in harnessing digitalization to accelerate financing of the SDGs

The Task Force on Digital Financing of the Sustainable Development Goals (SDGs) was established by the UN Secretary General with a mandate to recommend and catalyse ways to harness digitalization in accelerating financing of the SDGs.

Its final report “The People’s Money: Harnessing Digitalization to Finance A Sustainable Future”. The Task Force’s Action Agenda includes a three-part action agenda:

1) Advance catalytic opportunities
2) Build the foundations for sustainable digital financing ecosystems
3) Strengthen inclusive international governance

This briefing sets out specific actions for policy-makers from sectoral and finance ministries and regulators from central banks, financial, telecommunications, data, competition and tax authorities.

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**THE TASK FORCE’S ACTION AGENDA: FOR POLICY MAKERS AND REGULATORS**

*Digital disruption creates an historic opportunity to reshape finance* towards empowering people in financing their goals. Finance can and should meet the priorities of the people it is intended to serve, as savers, lenders, borrowers, investors, and taxpayers.

*Policy makers and regulators* are in a position to provide standards and regulatory certainty, advance cooperation with innovators, steer market development in support of national sustainable development priorities, empower citizens and mitigate the risks brought by digitalization of finance.

*Catalytic opportunities can harness digitalization in aligning finance with the SDGs.* Digitalization is already making a difference to the SDGs, but far more can be achieved by realizing key, catalytic opportunities: mobilizing domestic savings for long-term development, enhancing accountability of public financing, making SDGs count in global financial markets, financing small and medium enterprises, and promoting SDG-aligned consumer spending.

*Policymakers and regulators should* enable and incentivize the design of SDG-aligned financial products and services and take action to empower citizens to hold financial intermediaries accountable for the impact of their money:

- **Provide market incentives to catalyze innovations** channeling citizen savings into financing of local sustainable development investments.
- **Identify market and regulatory gaps and bottlenecks and provide incentives and enabling regulations for SME financing innovation.**
- **Accelerate government digitalization,** in particular digitalization of payments between citizens and government and vice versa (G2P and P2G) and drive more transparency, efficiency and accountability in public finance.
- **Advance stress-testing of SDG-related risks** and impacts across financial and capital markets.
• **Mandate financial institutions** to offer citizens transparent choices as to how their pension or insurance funds are invested.

• **Incentivize innovations that support supply chain transparency** and mandate sustainable labelling and choice architecture that encourages sustainable consumption.

**Foundations for sustainable digital financing ecosystems are needed to overcome barriers and risks** to harness digitalization’s potential in financing the SDGs. These include inadequate digital infrastructure, and access, affordability and capabilities, algorithmic biases which may exclude women and minorities, increased short-termism, cyber vulnerability, and market concentration.

Policymakers and regulators should advance standards and regulatory frameworks for digital ID, new entrants into financial services, interoperability, data governance, consumer protection, in steering digital financing ecosystems aligned with national sustainable development priorities and by building citizen awareness and digital capabilities:

• **Provide incentives that support inclusive digital financial infrastructure**, such as infrastructure sharing, interoperability, and good standards for digital IDs.

• **Advance data governance frameworks** that protect consumers and enable data flows to inform financial decision-making.

• **Operationalize instruments and incentives** for innovations aligned with sector-specific SDG priorities. (e.g. competitions or preferred access to financing)

• **Monitor to overall state of sustainable digital financing ecosystem development.**

• **Clarify and enforce consumer rights and protections, and support interventions that strengthen citizen digital and financial capabilities.**

**Inclusive international governance innovations are critical** 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.

Policymakers and regulators should champion international governance innovations to integrate sustainability into policy and regulation of digital financing and the corporate governance of global digital platforms entering finance:

• **Engage internationally to develop principles** integrating SDGs in policymaking and market behavior.

• **Contribute to and encourage take up of corporate governance frameworks that secure ‘public utility’ aspects of large digital finance platforms.**
### The Action Agenda for Different Actors

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<th>Actor</th>
<th>Key Roles</th>
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<tr>
<td><strong>Policy makers and regulators</strong></td>
<td>Provide standards and regulatory certainty, advance cooperation with innovators, steer market development in support of national sustainable development priorities, empower citizens and mitigate risks brought by digitalization of finance.</td>
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<td><strong>Member States, as part of the UN system</strong></td>
<td>Cooperate to share experience, coordinate and advance ambition and develop common principles and approaches, while building capacity, infrastructure, regulations and industry support at home.</td>
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<td><strong>Fintech companies and global digital platforms</strong></td>
<td>Innovate products and services which meet consumer demand to channel finance to sustainable development goals. Commit to principles of SDG-aligned digital financing and develop corporate governance mechanisms to ensure they operationalize them.</td>
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<td><strong>Financial institutions</strong></td>
<td>Identify and advance opportunities in own products and systems, advance interoperable digital ID and data systems. Engage with international standard setting and explore corporate governance options for stewarding the SDGs.</td>
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<td><strong>International development community</strong></td>
<td>Technical assistance and disseminating learning, supporting governance innovation. Provide support for development of inclusive infrastructure and the capacity of citizens</td>
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<td><strong>Development finance institutions</strong></td>
<td>Offer solutions to share risk to enable the development of catalytic solutions. Share knowledge to help governments design risk capital projects aligned to sustainable development and provide incentives via conditionality for corporate governance innovations.</td>
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<td><strong>Civil society organisations</strong></td>
<td>Across civic, religious, youth, women’s, worker, trader consumer and other interest groups: mobilize collective voice, documenting problems and solutions to hold the powerful accountable. Build the capacity of citizens.</td>
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<td><strong>The United Nations</strong></td>
<td>Support Member States in realizing catalytic opportunities and establishing digital financing ecosystems aligned with SDG priorities. Advance inclusive international norm-setting and governance innovations to mitigate risks. Exemplify good practice on digital financing internally. Develop a mechanism for stewarding the implementation of Task Force recommendations.</td>
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For more information explore the Task Force’s report at [www.digitalfinancingtaskforce.org](http://www.digitalfinancingtaskforce.org)