



Building an EU dataset of digital & sustainable practices
from inclusive finance organisations (Updated results)

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6 July 2021



Volgen

Strengthening Financial Inclusion

@SFIDE_project

Project @UTwente on Strengthening Financial #Inclusion through #Digitalisation in #Europe with @Qredits @EMNMicrofinance - funded by @EIBInstitute @EIF_EU

Lid geworden in oktober 2020

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INTRODUCING THE "SFIDE" PROJECT

STRENGTHENING FINANCIAL INCLUSION THROUGH DIGITALISATION IN EUROPE

SFIDE: Main goals

1. Analysing 24 case studies of European inclusive financial organizations: updated results today!
2. In-depth quantitative case study of the Qredits method and systems
3. Experimental design study to improve loan assessment with the help of digitalisation
4. Future impact of new technology on the inclusive finance landscape: *study on open banking in the Netherlands (to submit in July 21)*

Project team & Partners

> University of Twente

- Dr. Massimo Preziuso
*Assistant professor
project manager*
- Franziska Koefer MSc
*PhD student
researcher Qredits*
- Dr. Michel Ehrenhard
*Associate professor
principal investigator*

Qredits

- Vincent Stulen MSc
*Manager IT innovation
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- Caroline Lentz
Deputy director
- Nicola Benaglio
Senior research officer

Nord University

- Prof. dr.
Einar Rasmussen

TU Berlin

- Prof. dr. Jan Kratzer

Triodos Bank

Youth Business Int.



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Premises

- > **Digital financial services** have become the leading driver of inclusion for the unbanked around the world ([CGAP](#), 2020).
- > **New risks** of inequality and exclusion arise.
- > **Covid – 19 pushes EU to invest** € 1.85 trillion to build “[a fairer, greener and more digital Europe](#)” via European Recovery Plan (EU Commission, 2020).
- > Building the next generations of **inclusive, digital and fully sustainable financial organisations** is crucial.

Building an EU dataset of 50 inclusive finance businesses

- > Developing a dataset of 50 EU practices to investigate the different approaches and developments of inclusive finance / fintech organisations.
- > The **focus** is **on six metrics**: digital business models, financial inclusion / health goals, impact measurement, environmental – social – governance policies, performances, national and EU policy developments.
- > A **questionnaire** has been sent to a **first group** of 30+ organisations operating (also) in Europe. 25 already replied and are part of this updated analysis.
- > First classification along “**Tech vs Human**” **intensity** of the business

25 companies operating in Europe

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Strengthening Financial Inclusion
through Digitalisation in Europe

Traditional:
(high human)



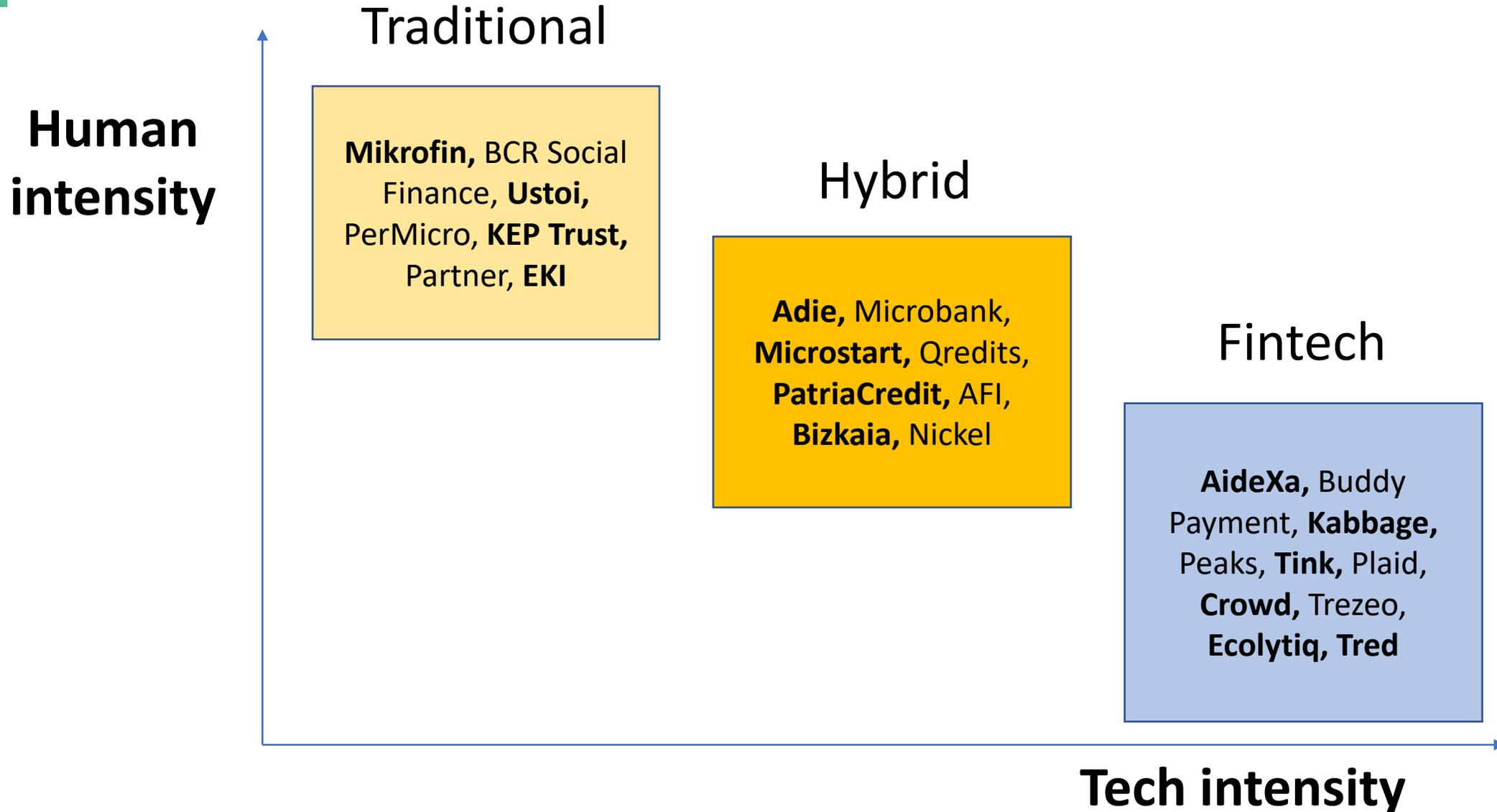
Hybrid:
(tech & human)



Fintech:
(high tech)



“Tech vs Human” approaches



The questionnaire: 6 areas

(Digital) Business Model

How is your company combining digital technology with personal interaction to provide its services in an inclusive way?

If applicable to your business model, which is your approach towards Open Banking?

Can you describe your customer's acquisition and relationship approach (or approaches)?

Can you describe your digital and interactive approach through a specific use case / client type?

Impact data

Do you publish an annual impact report?

If you don't publish an annual impact report, please:

- Can you provide data/measurement regarding your social impact (for example, number of underserved clients, repayment rate, growth of underserved clients, flexible repayment, etc.) for the last years?

- Do you measure long term impact of your activities (Employment created, revenue growth, impact on communities, etc.)?

Financial inclusion / health (if applicable?)

Which is your approach to financial inclusion? Which is your approach to financial health?

Which are your financial inclusion goals? Which are your financial health goals?

Who are your customers (individuals, microbusiness, start-ups, self - employed, SMEs, etc.)?

Do you train / mentor / coach your customers? If yes, how (digital tools, human interaction)?

Performance data

Which are your revenues 2019 and revenue growth (3-5 years)?

Which is the % of revenue associated to underserved customers (2019 and last 3-5 years)?

Does your organisation receive subsidies / grants? If yes, in which percentage of the total revenues (2019 and last 3-5 years)? And who are your top 3 providers of grants?

Could you tell us which is the number of customers 2019 and customer growth (3-5 years) of your organisation?

Which is financial profitability 2019 (EBITDA, Earnings..) and over the last 3-5 years?

Environmental sustainability and governance approach

Do you have an environmental sustainability strategy within your business?

If applicable, do you look at the environmental sustainability of your investments and/or in providing your services (carbon footprint, energy efficiency, water consumption, resource scarcity, etc.)? If yes, how do you measure it?

If applicable, do you use a governance policy (composition of the teams, governance models, gender parity, etc.) in providing your services?

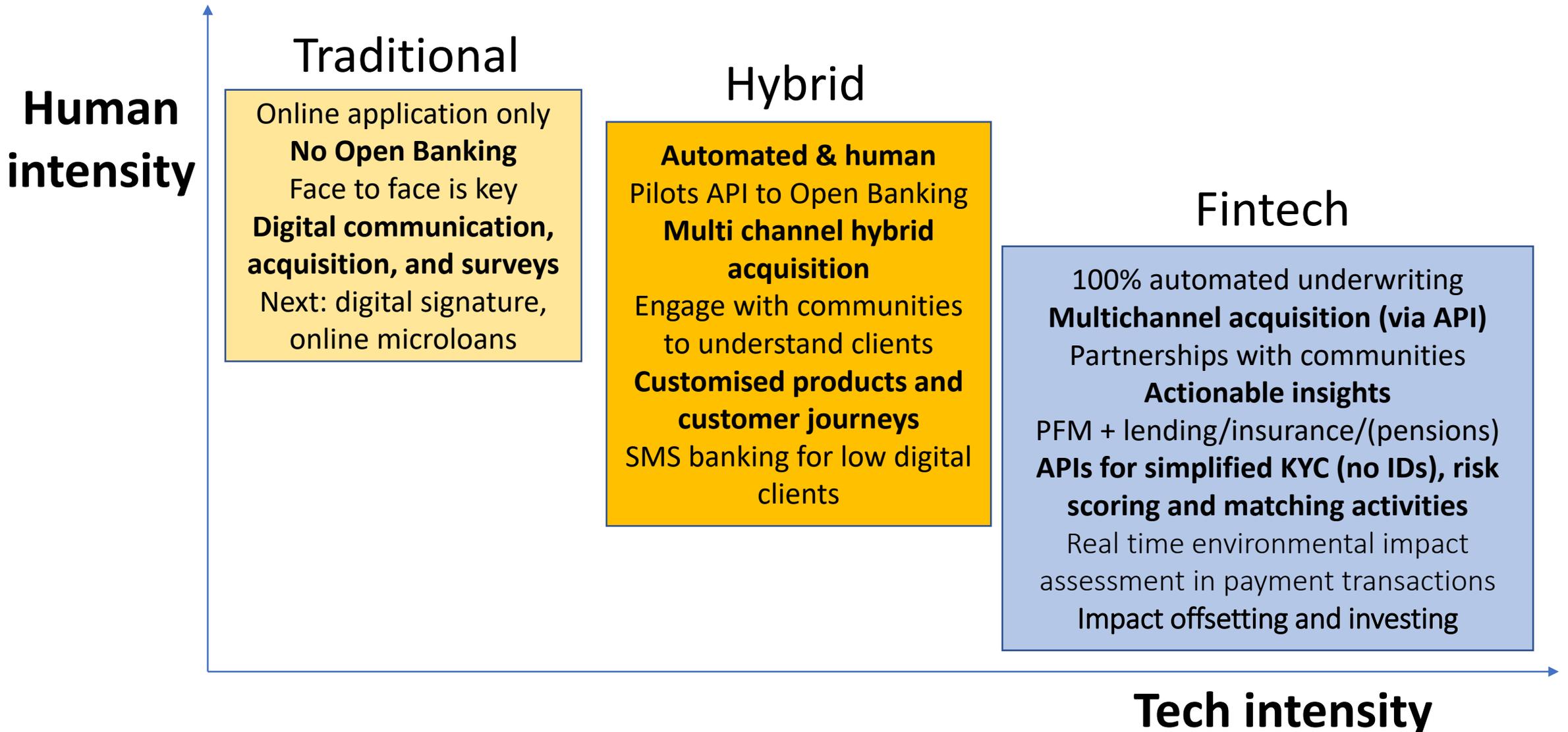
Impact of EU and National Policies

What do you think about regulation (and its developments) for financial inclusion in your country and in Europe?

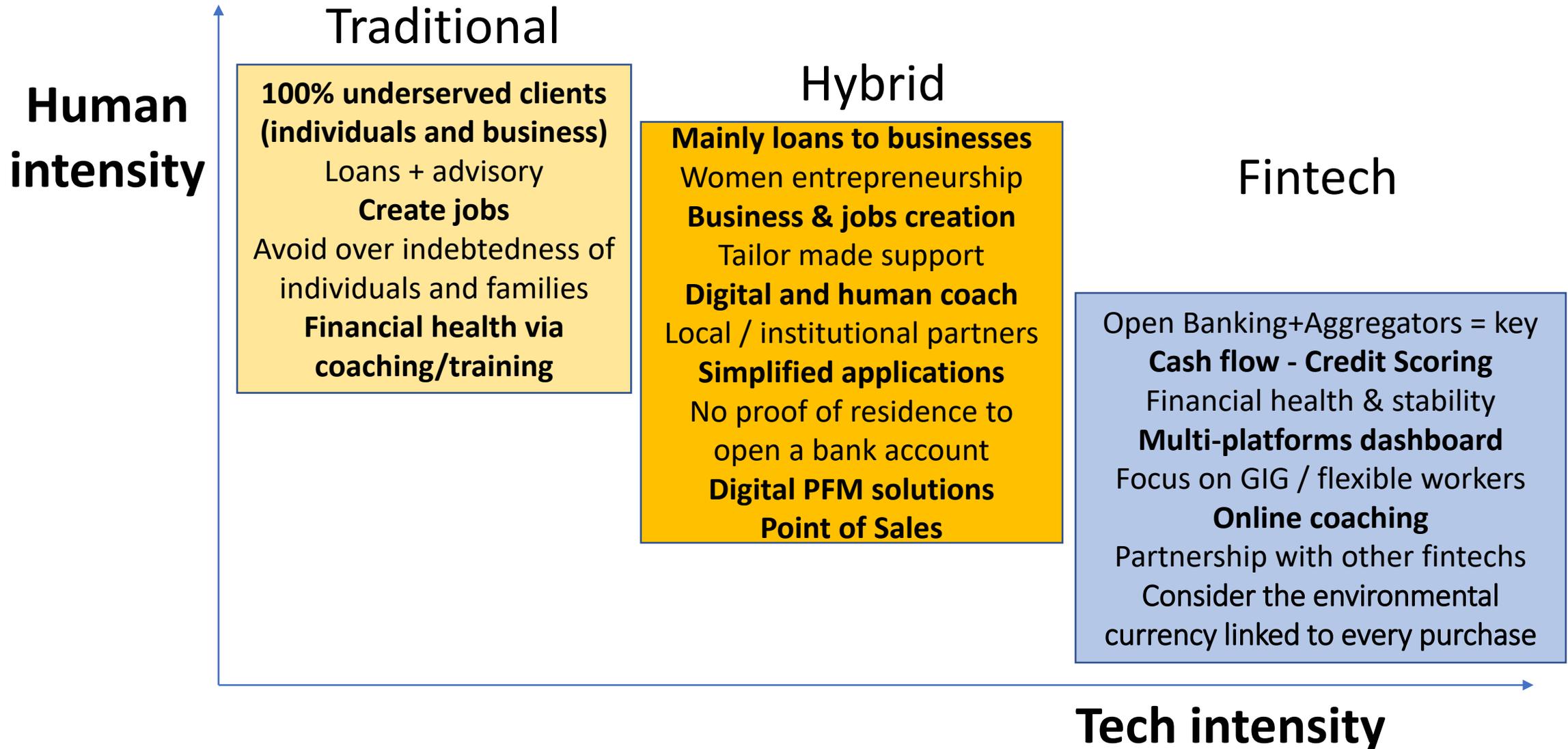
Is your business model going to change due to the EU Next Generation Fund (focused on digitalisation and green investments)? If yes, how?

Finally, is your business model going to change due to Covid - 19? If yes, how?

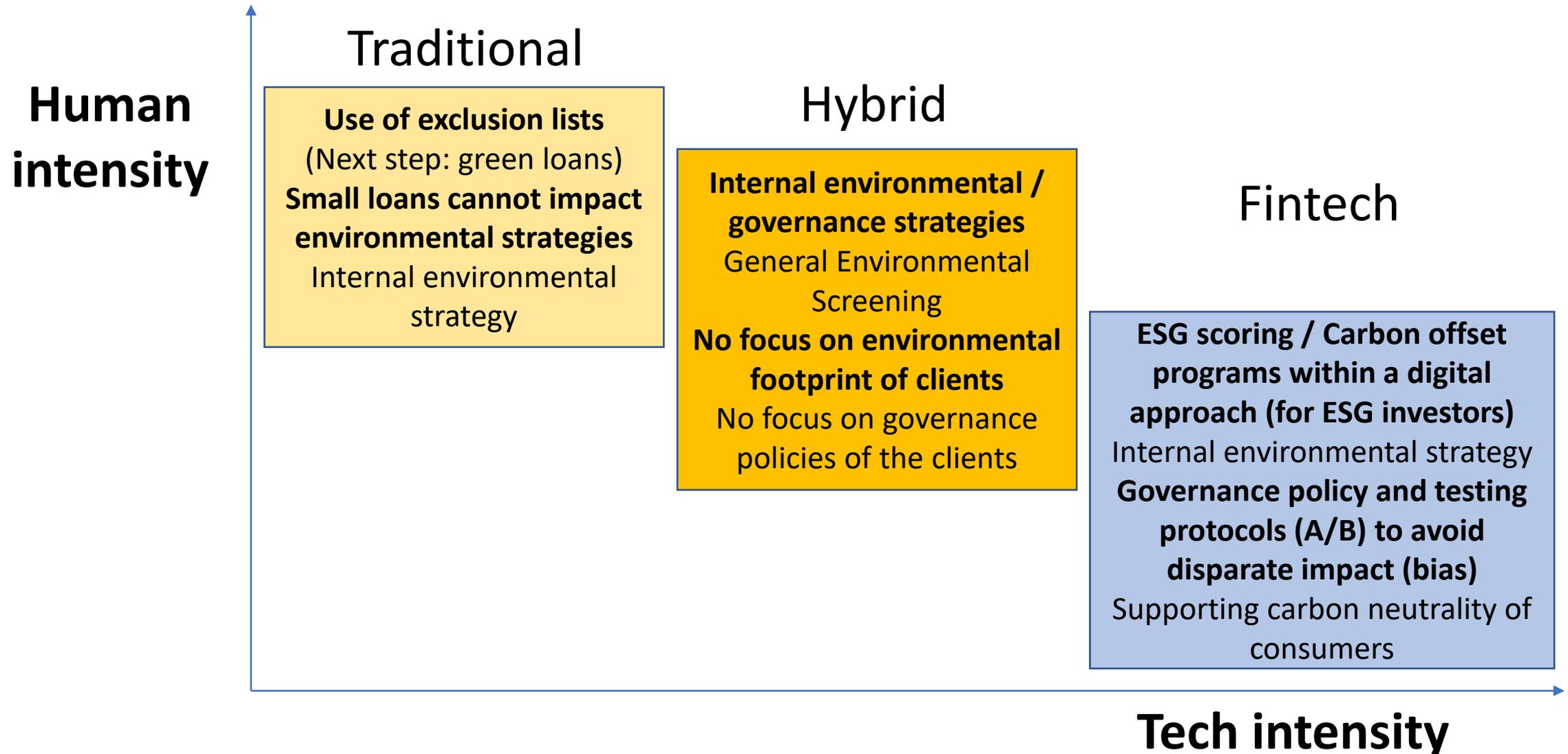
Digital business model



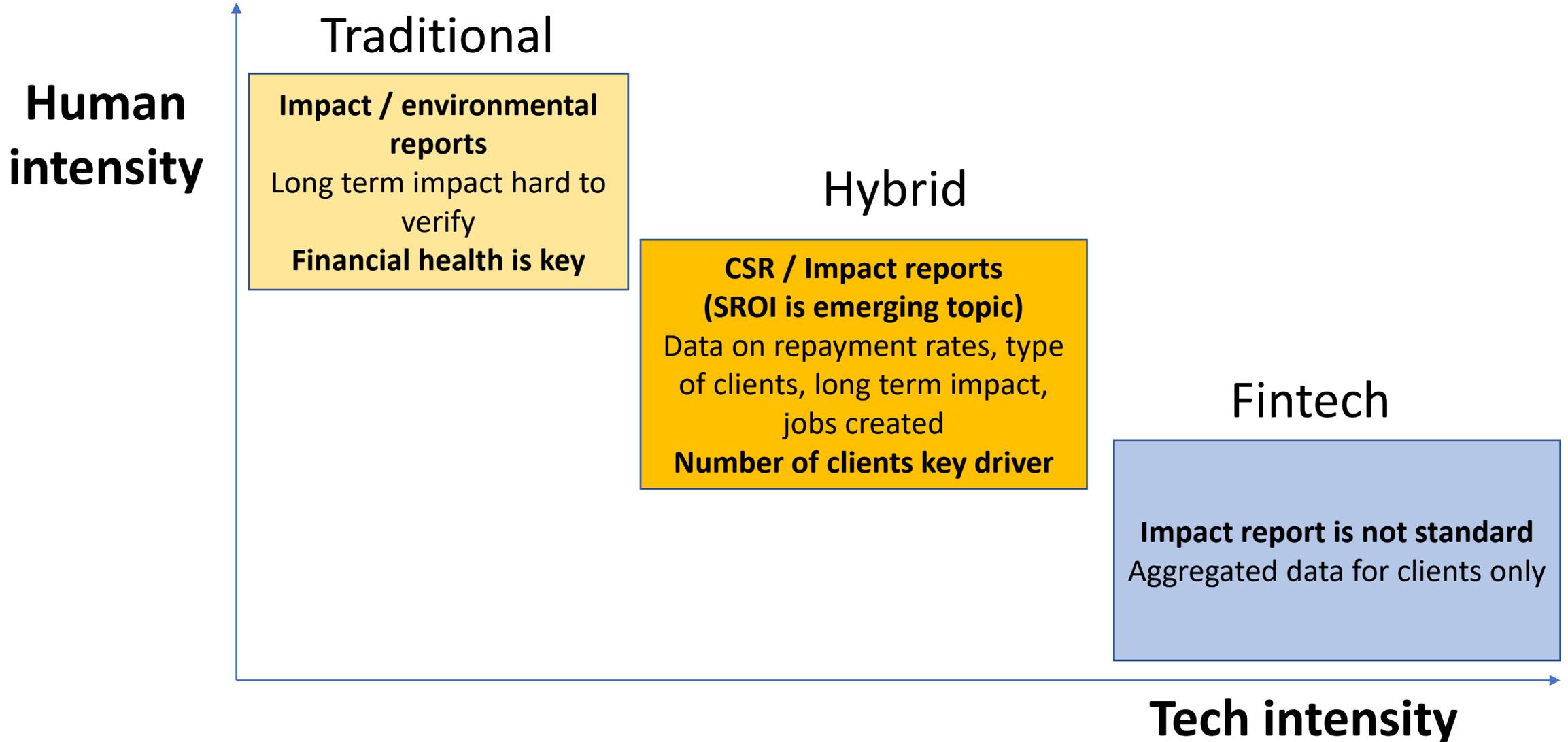
Financial inclusion / health



Environmental sustainability & governance

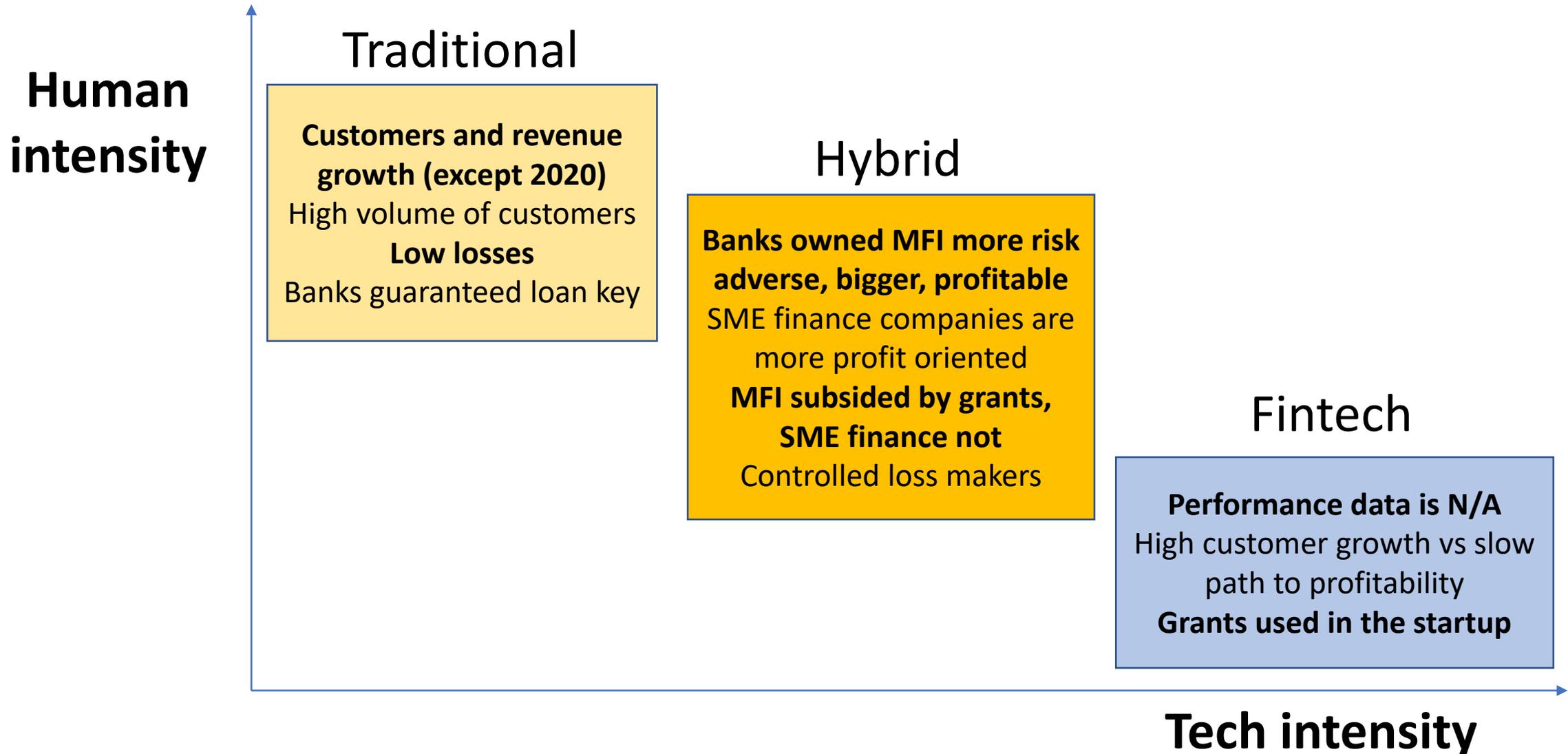


Impact measurement

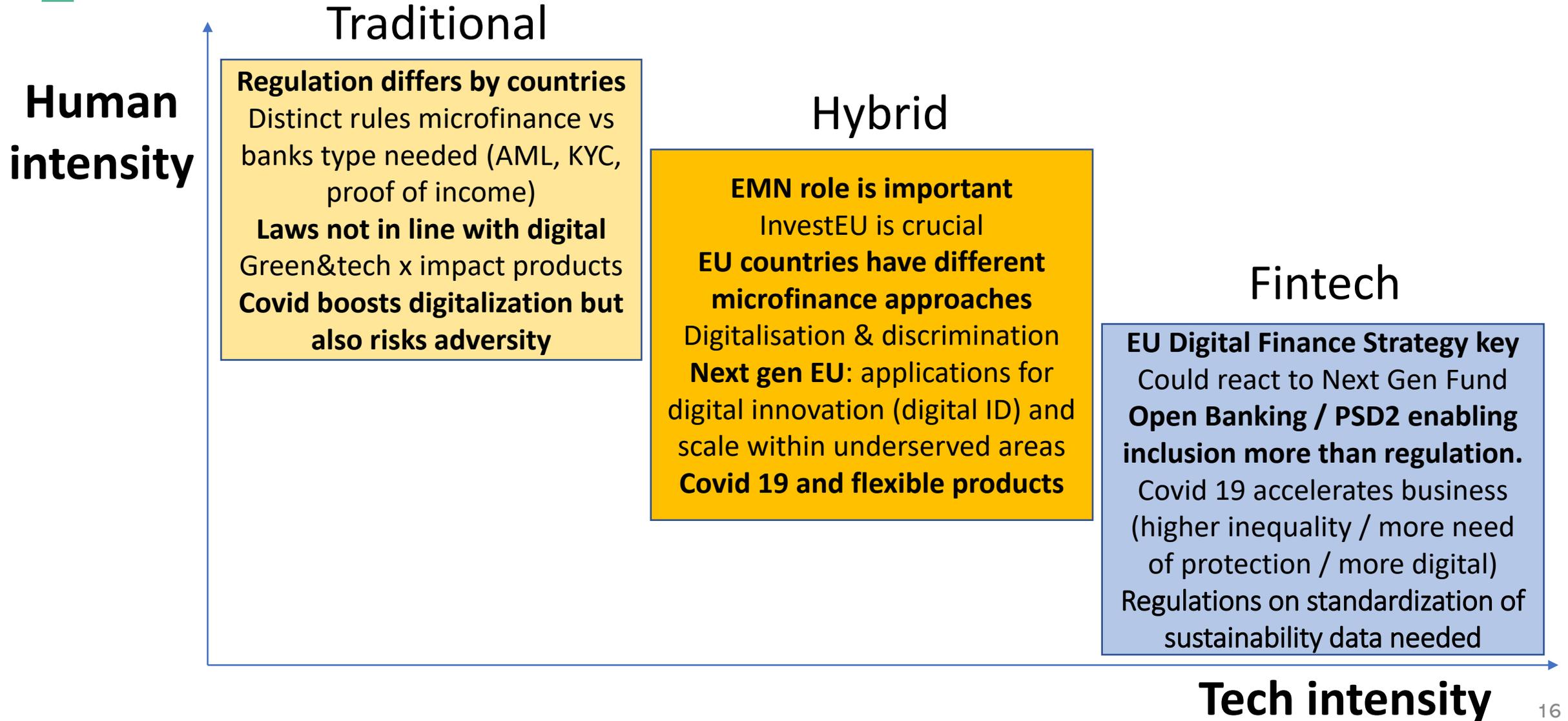




Performance



Impact of National and EU policy



Preliminary results

- > Traditional MFIs still tend to be low digital – high touch
- > SME finance organisations tend to be high digital – low touch
- {Open Banking (PSD2) + API aggregators} are key to build collaborative, scalable and EU inclusive finance ecosystems
- > Adoption of **Green investments strategies** driven by investors & regulation (ex. supply chain finance linked to build carbon offsetting platforms, impact offsetting plus investing at bank's transaction level)
- > **Green + Inclusive digital financial solutions** have still to emerge
- > **Uniform and simplified EU regulation** is needed (digital signature, digital identity, microfinance, sustainability data disclosure, etc.)

Next steps

- > Build and analyse a final **50 organisations dataset** along various classifications:
 - a) *Tech vs human*
 - b) *retail vs SME finance*
 - c) *Environmental vs. inclusive finance*

- > Extract evidence - based insights.
- > Build an open repository of data for: webinars, research, policy papers, etc.
- > Yearly updates for monitoring the progression of the sector towards sustainability trade offs.

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Strengthening Financial Inclusion
through Digitalisation in Europe

A project by

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With sponsorship from



ecolytiq

Sustainability- as-a-Service[®] for Banks

SFIDE webinar
July 2021

- 117,40 €

☁ 101 kg

CO₂ emissions



Sustainability is a top priority
for every bank across the globe

ecolytiq provides the
digital infrastructure for banks
to create impact and
fuel new revenue streams

Consumers are crucial

Consumer are responsible for

> **60%**

of all **greenhouse gas emissions globally**

(Source: Yale University Research)

Every 3rd
consumer would **change**
their bank because
another bank offers a
more **sustainable value**
proposition

(Source: Bearing Point Research)

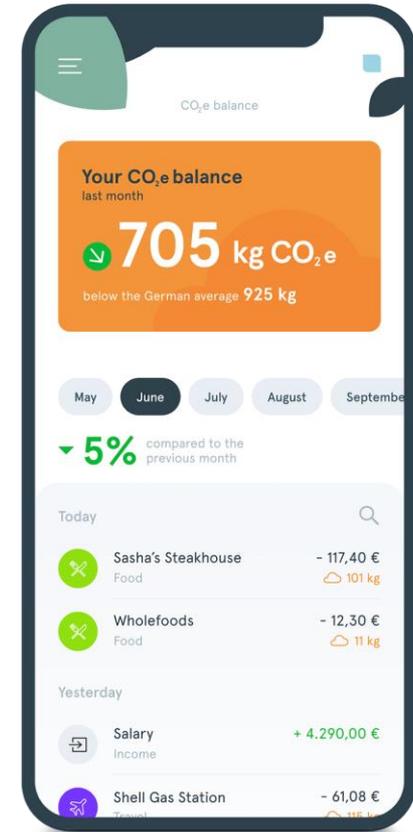


Sustainability- as-a-Service®

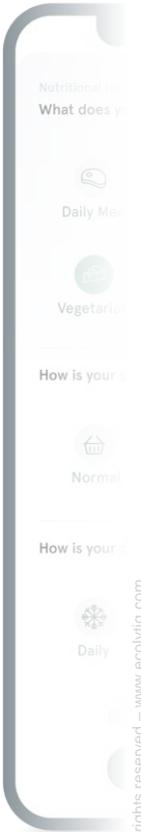
Through the eyes of the user



1. CO₂ impact



2. Carbon footprint



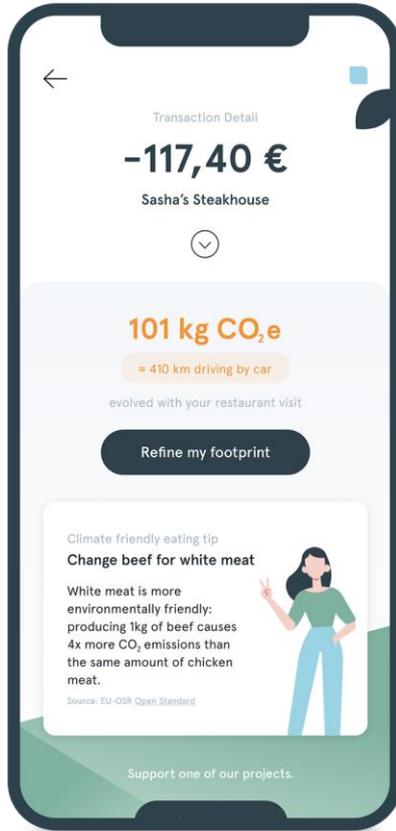
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Sustainability-as-a-Service®

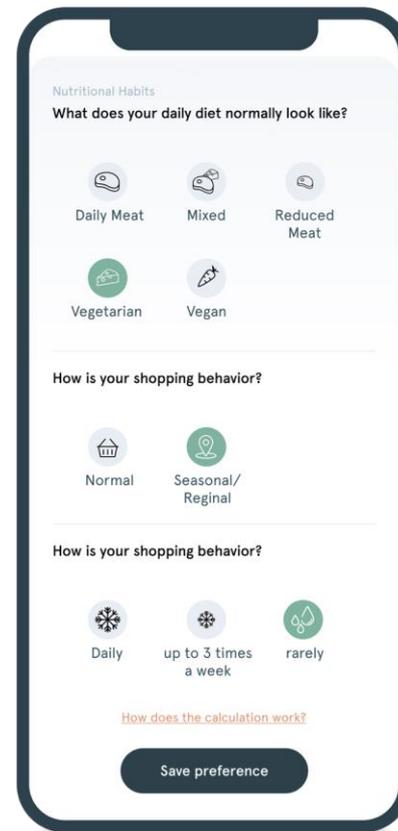
from perspective of the bank customer

1. CO₂ impact

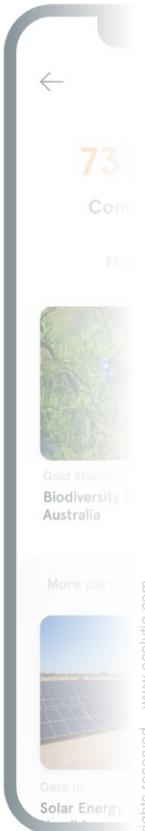
2. Context



3. Feedback



4. Cor



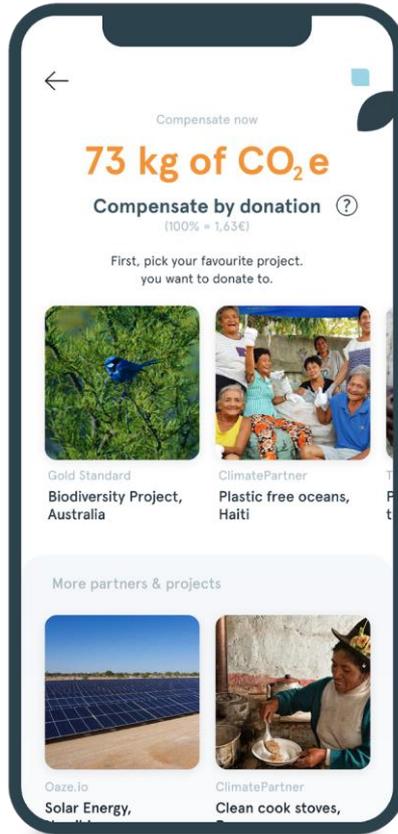
Sustainability-as-a-Service®

from perspective of the bank customer

1. CO₂ impact
2. Context
3. Feedback



4. Compensation



- ✓ UN Gold Standard projects
- ✓ Regularly audited
- ✓ Open marketplace

ecoAware

ecoEngage

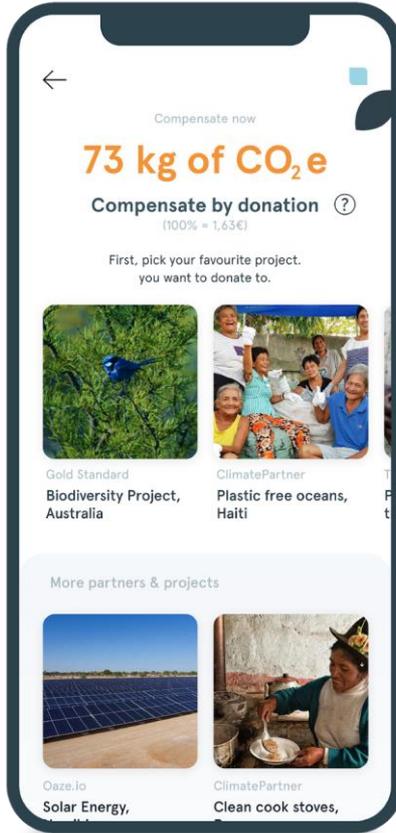
ecoAction

Sustainability-as-a-Service®

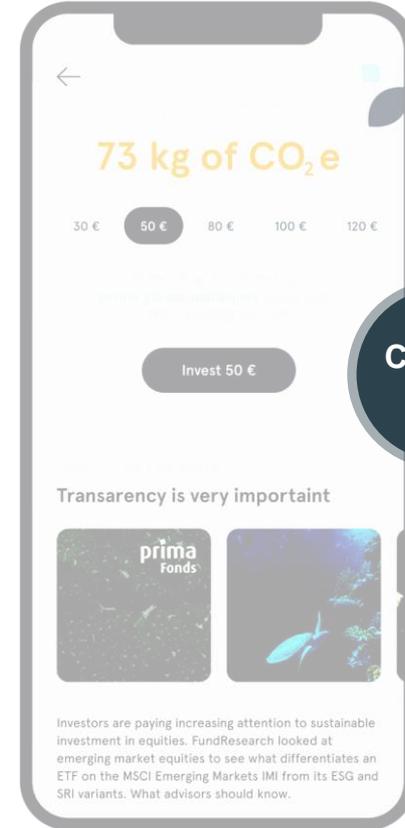
from perspective of the bank customer

- 1. CO₂ impact
- 2. Context
- 3. Feedback

4. Compensation



5. ESG Investment



Coming soon

ecoAware

ecoEngage

ecoAction



Every transaction has an impact.



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