



Combating and Adapting to Climate Change through DIGITAL FINANCIAL INCLUSION

Emerging economies face US\$1.7 trillion in economic damage if global temperatures rise three degrees by 2050.¹

THE OPPORTUNITY

Digital finance can help individuals, communities, businesses, and government combat and prepare for the damaging effects of climate change, particularly by building resilience and driving sustainable investments.



CHALLENGES*

The UN projects a **3–4°C increase in average global temperature by 2100** as a result of increasing CO₂ emissions, even with Paris pledges.²

Since 2008, **25 million people have been displaced** by weather-related events each year.⁴ Global **economic losses** from natural disasters now total \$250–300 billion annually.⁵

Southeast Asian countries, alone, face a **\$160 billion annual gap in green credit**, which makes it harder for households and businesses to fund investments in sustainability.⁸



SOLUTIONS*

Digital payment platforms can be used to **nudge consumers toward products with a lower carbon footprint**, helping curb CO₂ emissions.³

Access to digital savings, credit, and insurance services can help poor households **mitigate the risk** of climate-related disasters.^{6,7}

Digital finance enables households and businesses to make **environmentally friendly investments**, including those that reduce carbon emissions today and prepare for damaging effects of climate change in the future.⁹



“Take urgent action to combat climate change and its impacts.”

CHINA Users of Ant Financial’s digital finance platform have **prevented 150,000 tons of carbon emissions in just nine months** by monitoring the environmental friendliness of their potential purchases and adapting their purchase decisions accordingly.¹⁰

UGANDA A community savings group product using mobile wallets **helped over 300,000 small-scale depositors save \$10 million** in just two years, boosting their resilience to financial shocks caused by climate change.¹³

KENYA Between 2008 and 2010, households that did not use mobile money experienced a 7% drop in use of goods and services when hit by a negative income shock (i.e., agricultural losses), whereas those that used mobile money did not experience a significant drop on average.¹⁴

WORLDWIDE Digital finance has catalyzed a new wave of green lending, with pay-as-you-go models helping finance over **2 million solar home systems** as of 2017.¹⁵

THE PHILIPPINES Mobile money and smart cards proved vital in distributing financial aid following Typhoon Haiyan in 2013.¹¹ Households with these savings accounts recovered faster after the typhoon.¹²



* These represent only a few of the many important challenges and solutions. They should not be read as an exhaustive list.



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