

# How fintech firms can advance sustainability goals

October 19 2023

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"Impact Fintech" is a new term coined by researchers at the University of Waterloo's School of Environment, Enterprise and Development which describes a new category of financial technology firm—one that moves beyond ESG standards and instead embraces the UN's Sustainable Development Goals (SDGs).

When fintech companies home in on SDGs, they have a more focused approach to addressing global challenges outlined by the UN compared to ESG standards, which has become a [major focus](#) for [institutional investors](#), policymakers and some of the world's largest businesses. ESG standards are also often misused, leading to what is commonly referred to as "ESG washing" in the market and media.

"The term 'Impact fintech' can be used to identify businesses that better align with global sustainability objectives while also distinguishing them from conventional fintech companies," said Rosella Carè, RBC Assistant Professor of Sustainability and Financial Management.

Carè's team looked at five businesses such as CNote, Doconomy and Ando Money, and analyzed how they contributed to the UN's Sustainable Development Goals (SDGs), a series of objectives aimed at improving development in areas such as climate change, quality education, and poverty.

"The findings reveal that in the analyzed cases financial value appears to be a natural precursor to social and environmental value creation," said Carè. "These companies show an innovative nature and an incredible agility in adopting cutting-edge technologies to create a sustainable impact."

These companies—all based in developed nations—made an impact on a broader, global scale while also advancing eight of the UN's main sustainability goals. Those contributions to the UN's sustainability goals were enhanced when these Impact fintech companies partnered with other firms, the research showed.

"We must take stock in a concrete way of where we are at in pursuing these goals and this paper provides clear evidence that this sector is advancing them," said Carè. "They are doing something right and we

must pay attention."

Researchers will now look at how alternative financing, such as crowdfunding, yields a similar impact on [sustainability](#) and development goals for "impact" companies which could help establish further tangible insights for policymakers.

"[The study](#), How do FinTech companies contribute to the achievement of SDGs? Insights from [case studies](#)," is published in the journal *Research in International Business and Finance*.

**More information:** R. Carè et al, How do FinTech companies contribute to the achievement of SDGs? Insights from case studies, *Research in International Business and Finance* (2023). [DOI: 10.1016/j.ribaf.2023.102072](#)

Provided by University of Waterloo

Citation: How fintech firms can advance sustainability goals (2023, October 19) retrieved 29 April 2024 from <https://phys.org/news/2023-10-fintech-firms-advance-sustainability-goals.html>

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