

Discussion Paper

A Roadmap to Conscious Fintech

Results of the Conscious Fintech meetup series in Berlin (2016/17)

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1 Abstract

Financial Technologies (Fintech) are changing the way that banking and finance work today. How can they bring change to the areas of the financial sector where it is most needed: its impact on society and on the environment? This discussion paper describes the key results of a series of 4 meetups, which were organised during 2016 and 2017 in Berlin under the label “Conscious Fintech”. Among the most important outcomes, provided with valuable input from the rapidly growing community around this subject, are the “6 Principles of Conscious Fintech” (a kind of definition) and core ideas for a “Roadmap to Conscious Fintech”: How can Fintechs be supported to become more green, more sustainable, more social etc., or make what the authors call a “conscious” financial technology approach the core value proposition of their business? What kind of information, education, research, networking, hubs and policies would help to make Conscious Fintech the new mainstream?

The paper is addressed to Fintechs, the financial sector, civil society, associations and politicians. It provides an insight into the most promising ideas coming out of the community. Moreover, it gives a short overview of similar initiatives which also try to foster the ideas of Conscious Fintech. This discussion paper is only a starting point and meant to be developed further, together with values oriented Fintechs, financial institutions and other interested people in the “movement”.

2 Introduction

Fintech is changing the way that banking and finance works today. They challenge traditional banks and offer smarter solutions for the customer. But apart from customer experience and price, how innovative are innovators when it comes to responsibility, participation, transparency, fairness and trust? Are they able to bring change in the areas of the financial sector where it is most needed: its impact on society and on the environment?

Good examples exist, like crowdfunding and -sponsoring platforms collecting money, for example, for social entrepreneurs or renewable energy projects. Or new currencies, fostering independency from the conventional and mighty finance industry, or building new (sub-)cultures based on sustainability values. But most Fintech innovations are driven purely by efficiency or revenue objectives, prolonging and extending the already existing unsustainable, “non-conscious” system.

How can we bring together the genuine request for a healthy economy, addressing social, environmental, ethical and transparency challenges, and the ongoing digital revolution in the financial sector? This was the guiding question of 4 meetups, which were organised in 2016 and 2017 in Berlin under the label “Conscious Fintech”. Based on the experience of the first meetups, the authors of this paper organised a strategy workshop in July 2017 in Berlin where they collected the first ideas for a “Roadmap to Conscious Fintech”: What could be strategies and practical steps to support Fintechs adequately in becoming more “conscious”? The spheres of education, research, networking and policy were touched on, amongst others. In a 4th meetup in November 2017 in Berlin, we invited participants from the Conscious Fintech community to collect interactively and identify the most relevant ideas.

The results of this co-creative process towards a “Roadmap to Conscious Fintech” are summarized in this discussion paper. It can only be a starting point, to be developed further, together with Fintechs and other interested people in the “movement”. Some of the ideas highlighted here have already been taken up by action groups formed at our meetup and may be open for collaborators.

The “Roadmap to Conscious Fintech” is addressed to Fintechs, the financial sector, civil society, associations and politicians. It gives an overview over the most promising ideas coming out of the community, how to foster social, environmental, ethical and transparent Fintech innovations, and making them the new mainstream.

3 Review: Conscious Fintech Meetups, Berlin 2016 / 2017

In a meetup series in Berlin, which started in March 2016, we¹ brought together the “Conscious Fintech scene” for the first time. Together with our community which has grown rapidly from 80 to 280 and, today, to more than 400 people, we critically discussed the possibilities and ethics of Blockchain Technology and, worked on the foundations and definitions of Conscious Fintech.



Figure 1: Discussion at Conscious Fintech Meetup #1

¹ Jan Bohnhorst (Techspace, London), Sanika Hufeland (ISB, Berlin), Konstantin Wolf (ZebraLog, Luxembourg) and in 2017 for Meetup #4 together with Pola Vayner (Adjust, Greenlick, Berlin), Markus Duscha (Fair Finance Institute, Heidelberg) and Ludwig Schuster (Sustainable Money Research Group and Fair Finance Institute, Berlin).

In the following sections we provide an overview of the first four meetups. The series will be continued. You can follow the Conscious Fintech Meetups at <https://www.meetup.com/conscious-fintech/>.

3.1 Meetup #1: Kick-off – getting to know the “scene”

In our first meetup, we wanted to bring together players from different areas. We found that it was possible to encourage startups or innovators from the financial and social impact areas to intensify their exchanges on the topic. The discussion was fuelled by contributors from the donation platform, Betterplace, company builder, Finleap, the digital payment startup, Greenlick and the crowd investing platform, Bettervest as well as from our meetup venue, the Impact Hub, itself representing a network of social impact startups. The great response of 80 participants showed us that with our topic of “Conscious Fintech” we had put our finger on the pulse, at the right moment in time. In his excellent review of the “Conscious Fintech Berlin” kick-off event, Tom Bley wonders how a “cross-pollination between startups in the social and financial sectors could be fruitful” in the light of “social impact” either being defined as a “value-agnostic” improvement of financial services, or, contrastingly, as the attempt to “bake social purpose and responsibility into the core business” of a Fintech solution. He concludes “that more fruits could be harvested from continuous exchange of ideas between the social enterprise (not to forget social banking) and the Fintech sectors, by challenging each other’s views, while appreciating cultural and ideological differences.”² Another participant, Laurent Couraudon, reported that he “heard much about social engagement or charity, but not enough about Conscious Fintech” and therefore suggests a follow up discussion to get to concrete results.³

3.2 Meetup #2: The Good, the Bad and the Chain. On the Ethics of Cryptocurrencies and Blockchain Technology

At the second event we critically discussed blockchain technology, which is the basis of several Fintech applications. Undoubtedly, this technology innovation has a huge disruptive potential, which will have a strong impact on the financial and banking sector and beyond. However, the societal consequences and new systemic risks for the financial and banking sector and for the economy in general are not easy to ignore. As part of the second “Conscious Fintech Meetup Berlin”, Brett Scott gave an introduction on the “Ethics of Blockchain”⁴. The blogger, former broker and hacktivist from London is author of “The Heretic’s Guide to Global Finance: Hacking the Future of Money” (Pluto Press). In addition to his work referred to above, he has also published the essay “How Can Cryptocurrency

² Bley, Tom (2016): Conscious Fintech Meetup. Source: <https://medium.com/@tombley/conscious-fintech-meetup-d560b27e4891>

³ Couraudon, Laurent (2016): Conscious Fintech, let us wait for the second thought. Source: <https://disruptivefun.wordpress.com/2016/03/17/conscious-fintech-let-us-wait-for-the-second-thought/>

⁴ Scott, Brett (2016): On the Ethics of Blockchain. Source: <https://www.youtube.com/watch?v=5bXILxV61GQ>

and Blockchain Technology Play a Role in Building Social and Solidarity Finance"⁵, commissioned by the Research Institute for Social Development of the United Nations.

3.3 Meetup #3: Foundations & Definitions of Conscious Fintech

Our third Meetup brought together some key thinkers and practitioners of the value driven Fintech community to discuss the defining ideas and activities behind this movement. At this meetup we learned about basic theories, successful case studies and personal stories in the field of what we call “conscious” Fintech (and what is also known as Fintech4Good, Social Impact Fintech etc.). In a world café format, 60 collaborators brought together statements that define “Conscious Fintech” and answered moral, ecological, social, economic, political and spiritual questions from working tables. We clustered their statements into three main pillars: **values (or rather: principles), technology, and ecosystem**. In chapter 3 below you will find a first working definition of “Conscious Fintech” based on the outcomes of this 3rd meetup.

3.4 Meetup #4: Roadmap & Principles - Conscious Fintech

At the beginning of our fourth meetup Enric Duran Giralt provided the keynote contribution by painting a big picture for us to emphasise the opportunities for alternative economics and digital currencies. Enric is a Catalan anti-capitalism activist and a founding member of the Catalan Integral Cooperative, Faircoop⁶ and the Bank of the Commons⁷. The most important results of the previous meetups were also presented by the core team – particularly, the “Principles of Conscious Fintech”⁸, which were published after the meetup in December 2017, and the preliminary version of a “Roadmap to Conscious Fintech” jointly created by the organising team. During the second part of the evening the participants worked interactively on the “Roadmap to Conscious Fintech”, identifying modules to support Conscious Fintech. How can Fintechs contribute to a more sustainable world? What would help them? For example, we discussed possible support in the fields of education, research, networking, hubs and incubators, and politics and financial market regulation. The outcomes of this co-creative collection of ideas are presented in chapter 6 of this paper.

⁵ Scott, Brett (2016): How Can Cryptocurrency and Blockchain Technology Play a Role in Building Social and Solidarity Finance. Source: <http://www.unrisd.org/brett-scott>

⁶ <https://fair.coop>

⁷ <https://bankofthecommons.coop>

⁸ Published here: https://www.social-banking.org/wp-content/uploads/2017/12/Principles-of-Conscious-Fintech_V1.pdf

Further initiatives supporting Conscious Fintech innovation

There are a lot of initiatives and organisations that are concerned with sustainability and impact in the world of finance and banking⁹, as well as in the tech startup sector. You will also find conventional financial institutions shifting more into the direction of sustainability as well as traditional values based banks – following their missions over decades – opening up to digitalisation. Also, a lot of tech startup founders nowadays examine their motivations for doing business and the impact of their use of technology. More and more accelerators, networks, foundations and co-working spaces are dedicated to promote social entrepreneurs.

But when it comes to the connection of social entrepreneurship, banking and finance and the use of technology as an innovation driver you will find only some startups, a minimum of venture capital and only a few initiatives pushing in this direction – in comparison to the booming conventional Fintech ecosystem.

We tried to pull together some examples of initiatives that aim to foster the combination of technology driven entrepreneurship with social innovation in finance and banking. This short chapter is not meant to be an overview of single Conscious Fintech companies, but a first collection of initiatives and organisations that support Conscious Fintech ventures and try to shift the ecosystem to a more critical discussion about Fintech developments. They (and perhaps more initiatives we don't know about yet) should be taken into account when collaborating on building a "roadmap to conscious Fintech".



The most visible and impactful of these initiatives in Europe is probably the London based **Finance Innovation Lab** (<http://financeinnovationlab.org/>). It is a network and incubator with a growing fellowship programme. The Finance Innovation Lab was founded by WWF-UK (World Wide Fund for Nature) and ICAEW (Institute of Chartered

Accountants in England and Wales) in 2009. The WWF-UK is still an important partner and sponsor, as are the Friends Provident Foundation and the Tudor Trust.

The Finance Innovation Lab is led by Anna Laycock. The mission statement reads as follows: "The Finance Innovation Lab incubates the people, ideas and movements building a financial system that serves people and planet. We work with innovators developing new business models, campaigners calling for change in the rules of the game, and mainstream professionals who want to change finance from the inside." The long term goal of the lab is no less than "to change the financial system so it serves people and planet".



The initiative **Fintech4Good** (<https://www.Fintech4good.co/>) comes with a much more pragmatic approach. In the tradition of the classical startup philosophy Fintech4Good aims to use technology for problem solving and describes itself as a "global Fintech and Blockchain network, that works with start-ups, industrial leaders, NPOs, and

⁹ In Germany for example you will find the Hub for Sustainable Finance (www.h4sf.de), as well as the international, customer directed Fair Finance Guide (www.fairfinanceguide.de), or the Frankfurter Fair Finance Network (www.fair-finance-frankfurt.de), which is an alliance of established social institutions.

investors to develop and implement solutions for a better world". The Washington based investor and innovation consultant Xiaochen Zhang launched the initiative in early 2017.

According to their online presence Fintech4Good runs three different programmes: Frontier Labs, which are research projects that "leverage Blockchain and Fintech solutions to solve the world's biggest problems"; the Frontier Accelerator, which is an acceleration implementation service, but also accepts applications of companies without any sectoral or technological focus; and the Global Blockchain4SDGs Alliance, which wants to "develop POCs and pilots, and mobilize capital to scale up blockchain based SDGs solutions"¹⁰. According to Fintech4Good information, but without giving any examples, the alliance has 100 members that have developed more than 50 blockchain based SDGs related solutions. Our research could not identify more independent information about the projects or the generated impact.



A London based meetup group operates under a similar name. It was co-founded by entrepreneur and investor Farid Tejani, Zee West and others in 2014. **Fintech for Good**

(<https://www.meetup.com/Fintech-for-good/>) describes itself as a "not-for-profit movement for change in financial services, promoting accountability, responsibility and sustainability". The group is mainly active through meetup events and workshops, of which only a minority is connected to sustainability or impact, e.g. "Fintech for Good" (9/2015), "Financial Health" (3/2017), "Is Ethical Banking Good?" (8/2016). Nevertheless the initiatives describe its vision as "one where finance is used for more than profit; a world where finance is deployed to also deliver environmental, social and governance benefits for a sustainable future" and is also connected to the above mentioned Finance Innovation Lab.

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Stockholm Green
Digital Finance

The Stockholm Green Digital Finance

(<https://stockholmgreenfin.tech/>) initiative was launched at the G20 Green Invest symposium in May 2017. It is a not-for-profit initiative run from the also newly established Stockholm Fintech

Hub and directed by Cecilia Repinski. The aim is to build "constructive partnerships with capital market actors, international partners and Fintech innovators to deliver solutions that help scale green finance and innovation globally for effective delivery on the UN Sustainable Development Goals and the Paris Agreement."

To date Stockholm Green Digital Finance has published a paper investigating how Fintech could catalyse the transition to sustainable societies and started a project called "Scaling Green Investment – Verifying and Monitoring Green Bonds' Proceeds Through Blockchain Technology". The goal of the project is to build a service that validates sustainability claims and identifies reliable products that deliver real impact. To realize this the initiative partnered with asset management experts, Öhman Group and hiveonline, a Copenhagen based Fintech company, and received a Climate KIC grant of 10.000 € in August 2017.

¹⁰ SDGs: Sustainable Development Goals

4 Results (I): Definition of Conscious Fintech

Although Fintech is considered to be a nascent industry, originating in the 21st century, the term was first coined in the 1970s. In 1972, Abraham Leon Bettinger stated that “Fintech is an acronym which stands for financial technology, combining bank expertise with modern management science techniques and the computer”¹¹. Considering the technology of that time, Abraham's definition was not far from the Oxford dictionary's definition today which defines Fintech as “Computer programmes and other technology used to support or enable banking and financial services.”¹² Wikipedia authors go beyond this dry definition and consider Fintech as “the new technology and innovation that aims to compete with traditional financial methods in the delivery of financial services.”¹³ Is the essence of Fintech to replace traditional finance?

We consider Fintech to be more than just hard- and software innovation. Fintech is about integrating existing and new financial technology and practices with a better user experience and additional values.

Consumers do not always have a choice which financial tools and services they can access. They share constantly rising expectations in terms of convenience, security and transparency.¹⁴ Although 50.2% globally reported using regularly at least one non-traditional service, so far both traditional institutions and Fintech innovators fail to fully meet their customers' expectations¹⁵. Traditional institutions aim to keep up with consumers' rising demand for Fintech innovation but to a large extent are left behind, struggling with regulations and old technology and procedures. Although willing to adopt the benefits of automation and data analysis, they are afraid of losing their centralized status¹⁶. On the other hand, Fintech start-ups eager to address the 'user-experience gaps' often face difficulties in market access and scaling.¹⁷

¹¹ Gareth Gardiner (2016), Fintech or internet, which came first?

¹² Oxford dictionary (2017). <http://www.oxforddictionaries.com/definition/fintech>

¹³ Wikipedia (2017). http://www.wikipedia.org/wiki/Financial_technology

¹⁴ PwC Financial Services Technology 2020 and Beyond. <https://www.pwc.com/gx/en/financial-services/assets/pdf/technology2020-and-beyond.pdf>

¹⁵ CapGemini - World Fintech Report 2017: https://www.se.capgemini-consulting.com/sites/default/files/world_fintech_report_wftr_2017_final_web.pdf

¹⁶ 88% of traditional institutions show high levels of concern regarding revenue losses caused by innovators, according to PwC - Global Fintech Report 2017: <https://www.pwc.com/gx/en/industries/financial-services/assets/pwc-global-fintech-report-2017.pdf>

¹⁷ inspired by Patrick Schueffel (2016), Taming the Beast: A Scientific Definition. <http://www.open-jim.org/article/view/322/221>

There can be no doubt that Fintech is going to replace traditional finance to some extent. Collaboration between the two sectors would best serve customers' needs, accelerate implementation and provide all stakeholders with the greatest benefits at the lowest friction.

Now what is *Conscious Fintech*? When you ask different people, depending e.g. on their cultural, national, or institutional background you won't get a single definition. The origins of the adverb 'conscious' can be found in the 16th century and can be described as "being aware of wrongdoing"¹⁸. The noun 'conscience' defines "a person's moral sense of right and wrong, viewed as acting as a guide to one's behaviour". Conscious Fintech certainly shares most of the basic definitions and common characteristics of social, ethical, green, sustainable, alternative, for good, values based banking¹⁹. In 2016, the UNEP came up with a "meta-language for translation across the finance, sustainable development and technology communities" in the report "Fintech and Sustainable Development"²⁰, which may also serve as an inspiration. As a basic common denominator, we would state that:

Conscious Fintech describes new financial technologies, products and services as well as the companies providing them, whose main objective is to contribute to the development and prospering of people and planet, today and in the future.

4.1 Six Principles of Conscious Fintech

Over the last year, the founders and community members of Conscious Fintech discussed the defining ideas and activities behind value driven financial technology ventures. During a community process including four physical Conscious Fintech meetups, online discussions and feedback loops, some defining values and principles for good, sustainable, green, social, (or our preferred moniker: "conscious") Fintech were developed, which we condensed into six major "Principles of Conscious Fintech":

Ecological and Social Impact oriented: From our community's perspective, Conscious Fintech innovations should be seen as social, not merely technical or financial, innovations. Creating a positive impact should be a core feature, not only a byproduct: As "intentional Fintechs", they should add new "value vectors" to money, credit and payments and leverage the purpose-driven approach of ethical finance. Conscious Fintechs are intentional Fintechs, addressing all aspects of strong sustainability, placing particularly strong weight on social, ecological and environmental issues.

Enhancing financial resilience: Regarding economic sustainability, Conscious Fintechs provide the building blocks for a resilient economy. Conscious Fintech offers a fruitful diversity of technical approaches, services and currencies, adding resilience to our crisis-

¹⁸ Oxford dictionary (2017). <https://en.oxforddictionaries.com/definition/conscious>

¹⁹ De Clerck, Frans (1993): About the definition of values based banking; Institute for Social Banking (2017): Definition of „Social Banking“ <https://www.social-banking.org/the-institute/#social-banking>; GABV principles of values based banking (2017): <http://www.gabv.org/about-us/our-principles>

²⁰ UNEP (2016): Fintech and sustainable development. Assessing the implications. Source: http://unepinquiry.org/wp-content/uploads/2016/12/Fintech_and_Sustainable_Development_Assessing_the_Implications.pdf

prone financial system. They may care for a fair allocation of risks and earnings, as well as an equitable allocation of liquidity both globally and socially. Conscious Fintechs should bring money where it is needed most: to finance the good (real) economy and to collectively achieve the Sustainable Development Goals.

People and stakeholder oriented: Conscious Fintechs reflect upon the needs and interests of all stakeholders, responding to real human needs and urgent social problems. They provide financial tools for cooperation and social cohesion, building the kind of conscious relationships that are essential for a peaceful human co-existence. Conscious Fintechs can pro-actively connect like-minded consumers, investors and entrepreneurs into an “impact crowd” that quite naturally and effortlessly multiplies the impact of existing values based financial services.

Democratically governed: Conscious Fintechs challenge the governance and business culture of most financial institutions: They are ideally run on open and transparent business models and open source code, and built in a decentralized or distributed manner. They offer full data sovereignty and individual control of privacy for their users. Ideally, they may even be co-owned and co-developed by their users, integrating their voices into decision-making processes.

Accessible and convenient: Conscious Fintechs are providing adequate means for financial inclusion: By consequently optimizing their usability and convenience, they help to lower the entry barriers, thus providing for inclusive participation unconstrained by branch, geography, ethnicity or social status. Conscious Fintechs provide access to finance for everybody, independent of location and time.

Empowering and educative: Conscious Fintechs apply responsibility to the Fintech world: They help individual users take charge of their money, providing them with the necessary information and power to control their financial streams. They raise awareness and consciousness for the value side of the coin. Through transparent communication, they educate and at the same time empower people to make their own judgments concerning money, banks and finance.

4.2 Further Aspects: Technology and Ecosystem

In the Conscious Fintech Meetup #3, the participants collected further aspects of Conscious Fintech, especially concerning “technology” and “ecosystem” (in terms of frame conditions and participation).

Technology

Many discussions and thoughts arose around the topic of technology in relation to impact and values. There has been a common understanding that a Conscious Fintech would need to have a more conscious (or maybe even critical) approach to technology than most tech startups. Since technology can only be as positive or as effective or as limiting as humans using it, there is a big need for a far reaching critical technology assessment. For example, can the use of technology lead to easier and cheaper ways of worldwide money transfer. This leads to a better situation for people who are relying on these payments. On the other hand, one could also argue that this in the long run may strengthen an unfair global remittances system. Also, the opposition between convenient solutions and privacy/control/empowerment (e.g., biometric authentication systems) was identified as an important area.

Another important argument was that technology can lead to more independent and trusted systems, e.g. by applying distributed ledger technologies/blockchain protocols – at the same time it evokes questions around the emerging new power relations within these systems. Using these network logics to redesign financial technology, opens up new possibilities of alternative or community driven services and can bring more variety to customers (e.g. alternative coins with different value sets), or– on a meta level – even bringing up alternative economic systems (e.g. by interchangeable local crypto currencies).

A conscious notion towards technology would also imply the social and ecological aspects of its tech production and maintenance. For example, would a broad acceptance of Bitcoin and other similarly built coins result in very large increases in electricity use, relative to existing financial systems. This shows also the strong dependency of technological solution on other systems, especially power and communication (compared to e.g. cash).

Ecosystem

A useful ecosystem for value based digital financial services would differ in big parts from the traditional social banking sector as well as from today's Fintech sector. Within the discussion groups grew a common understanding that actors focusing on positive impact would need to be much more cooperative than traditional finance actors. Partnership seems to be key and one of the major challenges, e.g. when it comes to the question of who bears additional risk? In any case would conscious actors – no matter how big or small they are – choose business partners thoughtfully. Should a social bank for example partner with conventional payment providers or look for more values based solutions (and what implications would that have for their clients)?

An ecosystem for conscious financial services would also include the clients more than a traditional ecosystem would. Like-minded people would be probably often connected through platform services and would be integrated more strongly in the decision making. Values of transparency and participation would create tighter networks between different actors in the ecosystem. This like-minded crowd (in the sense of having a common goal) could create additional impact and innovation, which in the long run could foster new economic or alternative economic systems.

Since social banking and value driven Fintech respond to needs of society, regulatory action may need to be adapted to this different business approach. In this regard it might be

rational to find also a form of certification for Conscious Fintech – be it a for-profit or non-for-profit organisation.



Figure 2: Team, Discussions and Presentations at Conscious Fintech Meetup #3



Figure 3: Results and Talk at Conscious Fintech Meetup #4

5 Results (II): Ideas for a Roadmap to Conscious Fintech

A plethora of possible activities for the next few years has been brought up from our community to stimulate the Conscious Fintech scene. We clustered them into five main fields of action: **education & information, research, networking & events, hubs & incubators, and policy.**

It is important to note that the activities mentioned range from vague ideas to concrete proposals or projects. For some activities and projects, we are looking for co-developers and co-creators, who would like to push the topic further.

5.1 Education and Information

Building a financial system for the better requires education and training for several target groups, on different levels. To empower people to make the right decisions, we should raise awareness for the need of education & training to build individual judgement abilities concerning money, banks, the financial system and new developments such as Fintech innovations. Together with the Conscious Fintech meetup community we identified specific needs for multi-level education and training and a broad information campaign:

A “(Conscious) Fintech for Dummies” should provide basic knowledge for newcomers, raise awareness of why and how Fintech is becoming ever more relevant in our daily lives, and explain what difference “Conscious” Fintech would make. See a more detailed description in the appendix.

To broaden and deepen people’s insights into Conscious Fintech, **MOOCs²¹ and Webinars** could be offered, through existing institutions like the ISB, but also through Universities. Postgraduate professional education – **“train the trainers”** programmes – for professors and teaching staff should enable universities to offer lectures and seminars on the subject.

Efforts in professional education should also be focused on **Fintech leaders and developers** to raise their individual **awareness** about the broader societal, ecological and economic impacts of their innovations. A collection and open promotion of **Conscious Fintech best practices** would facilitate others to co-develop their new projects in a process of spiral learning. Research could support this with a deep-dive into single innovative ideas, qualitatively exploring their story.

²¹ MOOC = Massive Open Online Course

A long-term **information campaign** should accompany these efforts, to provide visibility and foster a basic public knowledge on the subject. This could include a magazine, but primarily **online activities** in relevant channels, e.g. online community platforms like the meetup group in Berlin, a Conscious Fintech blog, Wiki or similar; and a Conscious Fintech Newsletter. Continuous presence of the subject and related activities in **social media** channels is recommended to achieve visibility, supported by a **network of multipliers**.

Furthermore, specific information should be provided in the form of **consultancy** to Conscious Fintechs, Social Banks, and other interested organisations as well as policy makers, to foster and accelerate development in the “right” direction. Professionals as well as interested people should receive a compass where to access important **further information**, enabling them to deepen their knowledge and understanding of Conscious Fintech.

Project ideas and next steps:

With its core competencies in education, training, research and networking the Institute for Social Banking, which is involved in organising the Conscious Fintech Meetups, is working on some of these topics, in form of offers and events such as the International Summer School on Social Banking and Finance, and the ISB Expert Exchange Labs.

Professional postgraduate education / “train the trainers”: Several educational training programmes and courses are in planning or already implemented within ISB on different knowledge levels, for beginners and intermediates.

MOOCs and Webinars: The ISB is open to a cooperative development of blended learning courses and webinars on specific topics (e.g. “Conscious Fintech for Dummies”, see appendix). A concrete proposal could be a specific module in MIT’s MOOC “Just Money - Banking as if society mattered”.

Much more of these and further steps for education and information should be taken, for example in form of strategic collaborations of universities and other institutions, such as companies and mass media.

5.2 Research

Research starts with conceptualising the subject. As Conscious Fintech is a young movement within an in itself new development, research aims to generate valuable insights, which are still widely missing in this context. Research on Conscious Fintech is required both empirically and theoretically, in order to:

- give an overview about the scene;
- track the impact of innovation;
- prevent negative impacts early;
- identify barriers and help to overcome them;
- give political advice for regulation, in accordance with global SDGs and national sustainability goals.

As one of the most requested scientific research issues, our community identified the creation of an inventory, a comprehensive international **database of Conscious Fintech activities**. The database would have to be updated continuously. It would include a **categorisation, allowing its users to filter and compare** core ideas, innovations and existing projects in Conscious Fintech according to their main features and eco-social impact.

Presented as a **map**, this database could also show where Conscious Fintech institutions, hubs and incubators (see below), as well as existing Conscious Fintech projects and their developers are located, nationally and worldwide. See a more detailed description in the appendix.

The database would give people a better understanding of the Fintech and cryptocurrency landscape and may serve as a guide to **evaluate** which approaches make sense, from a profound sustainability perspective, and which ones don't or are limited in their scope (e.g. through a Social Return on Investment benchmarking, or similar).

Ideally, the database would allow researchers as well as innovators to analyse and understand the general **difficulties** Conscious Fintech share and which best practices exist that help overcome these obstacles.

Concerning specific research topics, we registered a huge interest in application- and solution-oriented research. The question of currency design was especially highlighted:

- Can we imagine **currencies specifically designed for social impact** that would meet all the Conscious Fintech principles, and what would be their core features?
- How could Conscious Fintech help to **transfer resources from the “old” system into a new, fair system**?
- What can Conscious Fintechs **learn from the past**? Under what circumstances could they contribute to **preventing another crisis**?
- What further learnings can we achieve through gathering and analysing **“big data”** (also from third parties)?

Project ideas and next steps:

As concrete steps and formats for research, our community proposed an **Annual Report on Conscious Fintech**; but also a special focus on Conscious Fintech within existing research, e.g. on opportunities and challenges of digitalisation in Finance²².

There was a broad consensus that **a research centre** would be required to host the database and **coordinate** the different research programmes.

²² Hufeland, S.; Schmitt E. (2016): Opportunities & challenges within the European social banking sector: A survey with a particular focus on digitalisation. (Source: https://www.social-banking.org/wp-content/uploads/2017/08/ISB_Paper_Series_Opportunities_and_Challenges_Digitalisation_10_2016-11.pdf)

5.3 Networking & Events

How can we bring the best ideas together and create synergies? The Berlin Conscious Fintech meetup series has intended to address the need of networking within the Conscious Fintech community from the very first event. Our participants brought up a number of specific ideas as to what kind of events would best support the various activities in the field and give a boost to Conscious Fintech.

In their view, networking was not only an issue within the Conscious Fintech scene but equally important beyond the “inner circle”, towards groups sharing the same goals and value sets, like Social Entrepreneurs, social and environmental NGOs, the Economy for the Common Good, b-corporations, and especially the traditional values based banks & financial institutions.

This could be realized in the form of an **annual public two-days conference on values & Fintech**, complemented by (un)typical **hackathons** or **business pitch & exchange events** with Conscious Fintech start-ups, developers and impact investors. Apart from that, specific networking events should be offered jointly by and for ethical banks and Conscious Fintechs.

The issue most highlighted by our community was to **bring together the “makers” in Conscious Fintech** willing to practically engage in providing change on all levels (see also proposal in the appendix). This “do-ocracy” oriented networking approach could be addressed with a specific “marketplace” event format, once or on a recurrent basis, but may also find its permanent equivalent in the form of a hub or incubator (see chapter 4.4 below).

On a more technical level, Conscious Fintechs (and ethical banks) might even provide and share a common user database and the respective interfaces, thereby connecting their clients to a “Conscious Fintech crowd”.

A Conscious Fintech Association was considered helpful to play the intermediary role between the different interest groups and to oversee the realisation of all those ideas.

Project ideas and next steps:

At the time of writing, we have already committed ourselves to examine whether we could dedicate one of the next meetups for Conscious Fintech practitioners and activists willing to engage in the subject, with a specific **“marketplace” format**.

Regarding a fruitful connection between ethical banks and Conscious Fintechs, the ISB’s annual Summer School, as well as its Expert Exchange Labs for Social Bankers on Digitalisation, Fintech & Innovation were considered a good starting point.

5.4 Hubs and Incubators

Conscious Fintech innovation requires a trustful and pollinating ecosystem, allowing start-ups to easily connect to relevant players. As was also a result in the “Networking & Events” section, diverse stakeholder groups and civil society organisations should be

constantly involved in Conscious Fintech innovation, pro-actively and practically, to ensure that Fintechs are developed as social, not merely technical innovations.

Beyond that, Innovators certainly need fruitful contact with the right business partners and client networks, professional assistance and support, as well as a solid financial basis for development and rollout of prototypes that is not dependent on the profit-and-brain-drain machinery of classical Venture Capitalists.

Physical space for meetings is key to enhance collaboration and synergies. The open and inspiring atmosphere which Hubs and incubators provide for their users serves to foster innovation more than any purely scientific research approach to problem-solving; and helps to accelerate the development of viable prototypes and business models.

While this insight is practically proven by hundreds of (Fin)Tech- and (Social) Impact Hubs successfully run worldwide, it is only slowly entering the realm of ethical banking and finance.²³ To the best of the authors' knowledge, **a permanent hub-like space or incubator** that combines the best of both worlds does not yet exist.

Just recently, the German Council for Sustainable Development (Rat für nachhaltige Entwicklung, RNE) in cooperation with German stock exchange (Deutsche Börse AG) has started publicly promoting the idea of a new Hub for Sustainable Finance (H4SF).²⁴ Due to its structural impact, Conscious Fintech should become a core issue in this initiative.

Project ideas and next steps:

The Conscious Fintech Meetup team already sketched the idea of a **Social Entrepreneurship & Blockchain Technology Incubator** in early 2016, which our community validated again in the 4th meetup. Within Germany, the city of Frankfurt/Main (because of the financial sector) and Berlin (due to the lively Fintech scene) were considered the obvious locations.

To establish the world's first Hub and Incubator for Conscious Fintech, with a physical space for encounters as well as the required infrastructure and expert support, we think that established stakeholders in values based banking and finance should join forces and take the lead collectively.

5.5 Policy

"Let 'thousands of FT4SD (Fintech for Sustainable Development) flowers bloom' is without a doubt the best strategy possible. (...) The market creation and support mechanisms that governments deploy in the future will set the odds for good, bad or even ugly scenarios. This is a major challenge that will determine the probabilities of success or failure."²⁵

²³ See for example GLS Bankspiegel, issues 2/2015 pp15-23 and 1/2016 pp14-16

²⁴ <https://www.nachhaltigkeitsrat.de/projekte/hub-for-sustainable-finance-h4sf/>

²⁵ UNEP: Fintech and Sustainable Development - Assessing the Implications, Geneva, Switzerland. 2016, p. 7 http://unepinquiry.org/wp-content/uploads/2016/12/Fintech_and_Sustainable_Development_Assessing_the_Implications.pdf

To date, sustainability issues have not yet entered the stage of financial policy and regulation on a considerable level. The same applies to Fintech innovations. Could appropriate policy and regulation motivate Fintechs to get more “conscious” and sustainability-oriented as defined above?

What is more, much work of Fintechs revolves around new types of digital currencies, confronting society as a whole with a very political question: Which kind(s) of money do we want to have in the future?²⁶ What kind of regulation is required to facilitate innovation in the right direction and to allow for their fruitful co-existence? And how does this challenge the present role of banks and their inherent privileges?

There won't be simple answers, because of the broad variety of services, technologies, risks, users, etc. However, together with our community we identified some important regulatory approaches and principles for legislation:

SDG-compatible legislation would support a stronger focus of developers and start-ups in the direction of socially and environmentally desirable (“conscious”) Fintech innovations. Specific SDG-supportive legislation should be applied to the full range of Fintech innovations, from digital currencies and distinct credit creation (through central banks, public and private banks, non-bank intermediaries and individuals in distributed networks), to all kinds of third parties providing “conscious” or SDG-specific payments-related services (TPPs²⁷). Although “in the blockchain-enabled FT4SD universe, top-down regulatory mandates are unlikely to achieve the positive impact we need. These, however, will be necessary to create the enabling environments for blockchain-enabled value propositions that can be prototyped and proven at scale.” (UNEP 2016, p. 8, see ²⁰)

Adapted regulation / regulatory sandbox: A “softer” governmental or financial regulation for Conscious Fintechs would foster innovation and ensure that they keep track of sustainability and consciousness at the same time. We propose a “regulatory sandbox” approach for Fintech innovations as provided by UK's FCA²⁸ with extra freedoms for conscious and SDG-related Fintechs.

Politicians and Regulators are struggling to keep pace with the fast moving Fintech and cryptocurrency environment. To have a chance to setting the right framing conditions, understanding and following new developments is important; and a continuous, fast and powerful research and monitoring of the chances and risks of Fintechs to sustainable development is an essential precondition.

To facilitate this, we propose a **“Fintech-Monitoring and Research Centre” with a focus on sustainable development**, at a European and/or national levels.²⁹ Such a

²⁶ See ideas in the appendix: Currency Design for eco-social impact

²⁷ Third Party Payment Service Providers (TPP) - official designation in the EU-Payment Service Directive II (PSD2)

²⁸ See <https://www.fca.org.uk/firms/regulatory-sandbox>. Other countries throughout the world that already have their own regulatory sandboxes up and running are the United Arab Emirates (Abu Dhabi), Singapore, the Netherlands, Malaysia, Australia, Canada and Hong Kong (<https://www.bbva.com/es/paises-estan-liderando-regulacion-fintech/>)

²⁹ At the German BaFin (“Federal Financial Supervisory Authority”) in 2016 an expert group for “innovative finance technologies” has been established to track the developments of Fintechs.

research and political consultancy institution must be organised independent of the financial industry, be supported by a broad societal base and should pro-actively initiate public discussions on its findings.

In Germany the Ministry of Finance has already installed a “FintechRat”³⁰ (Fintech Council) early in 2017, with a focus on opportunities and risks. Beside industry, science and politics, which are already members, civil society should also be represented in this council.

Project ideas and next steps:³¹

Our community identified further concrete political instruments that could be implemented short-term, as, for example, **public grants for Fintechs integrating “consciousness”** in education, research, consultancy and networking; or the launch of a trustworthy (governmental) **Label / Icon for Conscious Fintechs**.

The launch of a **Conscious Fintech Association** was highlighted again, at the same time providing the necessary research and consultancy and acting as a lobby organisation for fostering Conscious Fintechs.

https://www.bafin.de/DE/PublikationenDaten/Jahresbericht/Jahresbericht2016/Kapitel2/Kapitel2_5/Kapitel2_5_1/kapitel2_5_1_node.html

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<http://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2017/03/2017-03-22-pm-Fintech.html>

³¹ Further approaches can be found for example in UNEP 2016 (see ²⁰), and in Finance Watch: Finance Watch response to the public consultation on Fintech: a more competitive and innovative European financial sector. Brussels, Belgium. 2017.

6 Conclusions and Outlook

Sustainable (or green) finance is an issue which has become more and more important over the last years. This should be true for Fintech as well. Today, unfortunately it is only a minor part of this scene. The changes in both fields are very dynamic. That is why active steps should be taken and fostered to merge sustainable finance and Fintech quickly in the direction of Conscious Fintech instead of following different paths. Social Entrepreneurship, also a rising scene, should be integrated from the beginning. This paper presents ideas for such steps, but they are not an elaborated roadmap yet.

The authors of the paper want to continue their work on Conscious Fintech. They plan to organise further meetups for example, and will develop further ideas for their own activities, especially with regard to information, education and networking. And they are keen to enhance the roadmap together with their peers. All feedback is welcome.

It would be a pleasure, if Fintechs and other financial actors, politicians, NGOs and academics acted on the proposals of the paper to make them concrete, to develop them further or to realise them directly.

7 Appendix

At meetup #4 the items which had been proposed as elements for a roadmap to Conscious Fintech and ranked among the top 5 in participants' voting were elaborated further in small groups. We present the results of their deep-dives in this appendix, concerning the following items:

1. (Conscious) Fintech for Dummies
2. Databank of Conscious Fintech internationally, map of current CFT Projects (in Berlin)
3. Bring together the "Doers": people who want to change things
4. Currency Design for eco-social impact, research how to design a currency that meets all the "Social Fintech" values
5. How to transfer financial resources from the "old" system into a new fair system

Canvases of the TOP 5 elements / ideas

1) (Conscious) Fintech for Dummies	
key resources <ul style="list-style-type: none"> - people - ambassadors - network behind (Conscious) Fintech - Conscious Fintech 	key activities I) in general: <ul style="list-style-type: none"> - raising awareness - inform + educate interested people - make it accessible - judgment (<i>evaluation</i>)
key partners <ul style="list-style-type: none"> - schools - universities - values based companies + finance institutions - Fintech networks - influencers 	II) channels <ul style="list-style-type: none"> - MOOC or webinar - youtube channel - Microsite - workshops in schools + startups + offices (<i>companies</i>) III) topics <ul style="list-style-type: none"> - why is it important for me to know? - where do you meet Fintech in your daily lives? and more...
supportive elements <ul style="list-style-type: none"> - play as a method - peer-to-peer teaching - "ambassadors" programme - create communication strategy (which issues will be communicated and how) 	first steps to get started <ul style="list-style-type: none"> - surveys on dummies' knowledge - testing different media channels - researching existing educational formats - creating a new and innovative format

2) Databank of Conscious Fintech internationally, map of current CFT Projects (in Berlin) and their main Features	
key resources <ul style="list-style-type: none"> - open source contribution - IT infrastructure, server etc. - Team & role descriptions - communication tools (slack) - PM-tools (Trello) 	key activities <ul style="list-style-type: none"> - collecting and maintaining a databank of Conscious Fintech (Ventures/start-ups, initiatives/organisations, hubs/spaces, educational resources (books, articles ...)) - highlight best practice projects - develop a criteria catalogue for this - mapping for easy networking + contact info - “social features”: collaborating, contacting - online training on Conscious Fintech - PR / marketing - so much more ...
key partners (Research) <ul style="list-style-type: none"> - ISB - FaFin - (sustainability) hubs 	
supportive elements <ul style="list-style-type: none"> - Donor (or investor) - crowdfunding? - technical architecture + UX/UI 	first steps to get started <ul style="list-style-type: none"> - define vision and goals - make a plan!

3) Bring together the “Doers” and people who want to change things	
key resources <ul style="list-style-type: none"> - network 	key activities <p>I) location and events with mission to gather “conscious” people</p> <ul style="list-style-type: none"> - work on ideas to change things - conscious financial topics - <i>problem → tackle it and solve it, ex. conscious money/coin</i> <p>II) Marketplace</p> <ul style="list-style-type: none"> - search for... - offer solution - real companies - real solutions <p>III) create infrastructure to facilitate</p> <ul style="list-style-type: none"> - conscious companies - conscious solutions etc. <p>IV) online platform</p> <ul style="list-style-type: none"> - connecting - participating
key partners <ul style="list-style-type: none"> - network facilitators like our meetup (<i>Conscious Fintech meetup series</i>) 	
supportive elements <ul style="list-style-type: none"> - multipliers - social banks / companies → <i>key partners</i> <ul style="list-style-type: none"> - infrastructure → <i>key resources</i> - money → <i>key resources</i> 	first steps to get started <ul style="list-style-type: none"> - next meetup: get people who want to start marketplace

4) Currency Design for eco-social impact, research how to design a currency that meets all the “Social Fintech” values

key resources	key activities I) research <ul style="list-style-type: none"> - research on potential best practices like Faircoin - best practices for developing alternatives in highly regulated environments II) design <ul style="list-style-type: none"> - potential to really change the system? → <i>doubt, no activity</i> - supranational approach - adaptability in diverse countries - go deeper than “what can I finance with it”, change its design - underlined by the real economy (assets, produce) - competitive “eco”-currencies (à la Demeter vs EU-organic) - a white label ecogood currency framework III) criteria <ul style="list-style-type: none"> - define set of criteria - discuss / solve contradictions between criteria - measurable impact - create the standards for different “good” currencies IV) steps towards implementation <ul style="list-style-type: none"> - know the stakeholder groups and their interests & needs - clarify its functionality
key partners <ul style="list-style-type: none"> - partners for implementation - governments (subsidies?) 	
supportive elements	first steps to get started <ul style="list-style-type: none"> - create a research group within universities - scan for the relevant best practices - define the basic metrics for impact - (<i>identify</i>) relevant players

5) How to transfer financial resources from the “old” system into a new fair system	
<p>key resources</p> <ul style="list-style-type: none"> - infrastructure for the new - interface for the old 	<p>key activities</p> <ul style="list-style-type: none"> - design a new accounting system - compliance system?
<p>key partners</p> <ul style="list-style-type: none"> - ethical banks - GABV - maybe central bank? - Think tanks / Organisations - Universities - civil society organisations - old system active people / companies - eco-social funds 	
<p>supportive elements</p> <ul style="list-style-type: none"> - value-based (see <i>Canvas 4</i>) 	<p>first steps to get started</p>