

The December 2022 RFF virtual convening discussed the connections between responsible finance and climate change. The increasing frequency and intensity of climate shocks can adversely impact consumer finances and erode household wealth. Changing climate conditions are also creating long-term stresses and threatening livelihoods. To date there is limited information on the consumer protection risks faced by low-income people as they navigate climate shocks and long-term financial stresses brought about by climate change.

Policymakers, investors, financial service providers, and other members of the inclusive finance community came together with three objectives:

- 1) To gain a richer understanding of the consumer protection risks from adverse climate events;
- 2) To examine the role of regulators, policymakers, and inclusive finance players in addressing these challenges; and
- 3) To begin charting a path forward to help people build resilience to shocks and adapt to changing conditions.

**Natural disasters today are more frequent and more devastating**



OPENING KEYNOTE: Lyn Javier, Assistant Governor at Bangko Sentral ng Pilipinas

**"We believe that sustainability, digitalization, and inclusion are three interrelated objectives that would not only contribute to financial stability but also benefit a greater number of Filipinos."**



**Part 1: Climate Risks and Consumer Protection**

**TAKEAWAYS**

1. **Climate shocks create consumer protection risks.** For example, disruptions to financial infrastructure due to climate shocks can make it difficult to access cash. This introduces other risks including excessive agent charges, security risks, and over-indebtedness.
2. **Risks need to be understood at the local level,** not just the national or regional level, as one-size-fits-all solutions may not be appropriate.
3. **Insurance is vital,** but more work is needed to educate people about insurance and make products affordable and accessible.
4. **Both post-shock support and long-term adaptability measures are necessary.** And for long-term solutions, it is critical to have appropriate incentives in place to change behavior.
5. **More of the funding to fight global climate change should be directed to locally-impacted communities.** Participatory approaches to finding solutions should be explored.

**MODERATOR**



JANE DEL SER  
BFA



LORENZO CHAN  
Pioneer



VICTORIA CLAUSE  
Mercy Corps AgriFin



MEHR SHAH  
Karandaaz

## Part 2: Role of Responsible Finance Stakeholders

### TAKEAWAYS

- 1. More attention is needed to support people at the margins.** To date, there has been limited appetite for the type of long-term investments needed to build and strengthen financial infrastructure in underserved and vulnerable areas.
- 2. MNOs have an important role to play.** In addition to their focus on infrastructure safety, availability, and resilience, MNOs should also build collaborative partnerships (including with government) and contribute to digital and financial capability.
- 3. Common terms, metrics, and goals still need to be defined and standardized.** Tackling mitigation versus adaptation will be difficult until we have common metrics in place to measure these issues.
- 4. Both public and private sector involvement are critical.** Short-term approaches will need local and government partners, while long-term systems change will need collaboration from government and corporate partners to unlock barriers.

MODERATOR



HOWARD MILLER  
CFI



SASHI JAYATILEKE  
USAID



ASHLEY OLSON  
ONYANGO  
GSMA



KLAUS PROCHASKA  
GIZ

## Closing: Reflections on the Path Forward

### TAKEAWAYS

- 1. Responsible finance and climate change discussions must be integrated going forward.** We need a clear global agenda and a common set of indicators around responsible climate finance, and need to link both the micro and macro perspectives together.
- 2. Better contingency planning is vital for all financial service providers** – including big banks, microfinance providers, MNOS, agents, and other financial access points.
- 3. While a lot of innovation is happening, it is still difficult to scale solutions that deliver results.** Building financial products that support adaptation will be very complex and will require the input of both regulators and policymakers.
- 4. Investors will play a critical role in funding adaptation solutions,** and the inclusive finance community needs to provide the data to support their business cases.

MODERATOR



STELLA DAWSON



MAYADA EL-ZOGHBI  
CFI



SOPHIE SIRTAINÉ  
CGAP



PIA TAYAG  
UNSGA

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