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A guide to sustainable finance tools

As sustainability comes into greater focus across the world, sustainable finance has become a critical topic for financial executives. Driven by consumer demand and regulation, sustainable finance bridges the gap between a company's financial goals and the positive impact it has on their customers and the marketplace.

Sustainable finance involves practices, standards, regulations and finance products — and technology provides the foundation. Read on to learn about some of the new tools companies are using to accomplish sustainable finance goals, the technology behind them and how they work in practice.

SUSTAINABLE FINANCE TOOLS	TECHNOLOGY INNOVATION	HOW IT WORKS
Green bonds and social bonds	Blockchain	Blockchain ensures transparency and traceability in bond issuance. It verifies the use of proceeds, preventing greenwashing.
	Smart contracts	Smart contracts automate bond terms, ensuring compliance with sustainability criteria.
Sustainable investment funds	AI algorithms	AI analyzes vast datasets to identify sustainable investment opportunities.
	Natural language processing (NLP)	NLP scans news articles and reports to assess ESG performance.
	Robo-advisory algorithms	AI tailors portfolios to individual preferences.
	Fractional ownership platforms	Blockchain enables fractional shares.
Microfinance for financial inclusion	Mobile apps	Mobile apps provide access to financial services for underserved populations.
	Alternative credit scoring	AI-driven credit scoring models assess creditworthiness beyond traditional metrics.
Active ownership and impact investing	Proxy voting platforms	Fintech tools such as FIS partner Proxymity allow shareholders to vote on ESG resolutions.
	Impact measurement tools	AI analyzes company reports to measure impact.
Renewable energy equity financing	Blockchain for tokenization	Blockchain tokens represent ownership in renewable projects.
	Predictive analytics	AI predicts energy production and revenue.
Carbon credits and offsetting	Blockchain for traceability	Blockchain verifies carbon credit origin.
	IoT sensors	IoT devices monitor emissions reduction projects.
Hedging instruments for climate risk	Risk modeling	AI models assess climate risk scenarios.
	Algorithmic trading	Algorithms optimize hedging strategies.
Green stock indices	Big data analytics	AI processes ESG data for index composition.
	Algorithmic trading	Algorithms efficiently rebalance indices.
Green loans	Machine learning	Machine learning improves risk analytics for green loans.
	Gen AI	AI synthesizes unstructured data to document and evaluate green projects funded by loans.

As a financial executive, you play a vital role in driving responsible investment decisions and shaping a more resilient and equitable future. To learn more about the role of advanced technologies in sustainable finance tools, contact us.

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