

From Financial Exclusion to Economic Resilience: Unlocking the power of digital payments to enhance Financial Agency and Reduce Vulnerabilities

Permanent Representation of the Principality of Liechtenstein to the United Nations

Permanent Representation of Malawi to the United Nations

Permanent Representation of Cyprus to the United Nations

UNDP FAST Initiative & Better Than Cash Alliance

CONCEPT NOTE for a Roundtable at the 4th PrepCom for the 4th Financing for Development Conference on 1 May 2025 10:00 AM – 11:30 AM | UNHQ Conference Room F

Key Elements: digital finance, Responsible Digital Payments, financial access and inclusion, sustainable development, corporate due diligence, and modern slavery & human trafficking, responsible business conduct and products, United Nations frameworks, Global Compact and the United Nations Guiding Principles on Business and Human Rights, United Nations “Protect, Respect and Remedy”

Background & Rationale

Conflict, environmental crises and the erosion of women’s rights are fueling a cycle of financial exclusion, unsafe migration and labour exploitation. These pressures deepen poverty, disrupt education and employment, limit access to health care, hinder sustainable development and the Right to Development and heighten the risk of modern slavery – where 50 million people, particularly women, children and migrants are affected. Exploiting these vulnerabilities, trafficking in persons generates \$236 billion in illicit profits annually, with high-risk sectors including the care economy (health care, social care and home care), agriculture, manufacturing, construction, and supply chains reliant on low-skilled or temporary labour.

Normative and mandatory frameworks, such as the UNGPs on Business and Human Rights are reinforcing accountability and alignment across the public and private sector to build resilient systems that protect people from falling into cycles of exploitation, especially in times of crises. Digital finance, powered by responsible digital payments, is a game changer in this effort. By increasing financial inclusion, enhancing economic resilience, and strengthening transparency, digital payments are not just transactions, they are a fundamental tool for reducing risk, ensuring fair wages and aligning with the Sustainable Development Goals (SDGs). Now is the time to scale these solutions to safeguard vulnerable populations and create sustainable, inclusive economies.

The FAST Initiative, a key pillar under UNDP’s Sustainable Finance Hub, has identified digital finance as a transformative tool in addressing these systemic vulnerabilities. The report [*A Blueprint for Mobilizing Finance Against Slavery and Trafficking*](#) provides recommendations for the financial sector and other key stakeholders on leveraging financial technology effectively. The initiative seeks to enhance financial inclusion, economic resilience, and risk mitigation strategies to reduce MS/HT risks and strengthen prevention efforts.

The Better Than Cash Alliance (BTCA), a UNDP Sustainable Finance Hub-hosted partnership of governments, companies, and international organizations, is committed to scale financial inclusion by transitioning economies from cash to responsible digital payments. By advocating for inclusive, transparent, and efficient digital payment systems, BTCA plays a crucial role in reducing cash-dependent exploitation risks and laying the foundation for robust digital finance ecosystems which provide economic security for vulnerable populations.

The FAST Initiative and Better Than Cash Alliance propose a high-level roundtable at the 4th PrepCom for the 2025 Financing for Development Conference (FfD4). Bringing together fintech leaders, investors, regulators, employers, and civil society, the event will explore the recommendations of the FAST 'Blueprint' and the Better Than Cash Alliance on how responsible digital payments, as a foundation for digital finance ecosystems, can increase financial resilience, drive productive, responsible, and sustainable economic growth, and reform investment priorities that drive systemic change, ensuring equitable resource allocation, reducing vulnerabilities, and preventing exploitation.

The discussion will focus on **three key areas where finance-driven innovation can make an impact.**

1. Digital wage payments for Vulnerable Populations [Financial Inclusion]

Businesses are being held more accountable for tackling modern slavery as seen in the growth of Living Wages initiatives and compliance frameworks like mandatory Human Rights Due Diligence (mHRDD) and import controls like the Tariff Act, bringing greater accountability and promoting ethical labor practices. Digital payments reduce cash-based exploitation risks—and increase financial inclusion, especially for women and migrant workers in informal sectors. Digitizing payroll systems responsibly in high-risk supply chains facilitates greater wage transparency, security, and efficiency for both workers (particularly women and migrant workers) and businesses. The traceability and timeliness of digital wages reduces vulnerability to theft and exploitation, boosting worker morale, enhancing earning potential and improving their standard of living. Digitized payroll systems also strengthen the evidence base for Living Wages initiatives and compliance frameworks like human rights due diligence and reporting requirements and the EU CSDDD, bringing greater accountability and promoting ethical labor practices. For example, data from wage management systems can identify and flag trends toward potential exploitation by analyzing compliance and audit data, such as whether wages are paid on time and in full. Additionally, smart employment contracts leveraging blockchain can enhance ethical supply chain management and accountability.

2. Protecting users and Promoting Innovation: Digital Finance Regulatory Harmonization [Scaling]

Strengthening digital public infrastructure, including digital payment systems, can significantly enhance financial access for vulnerable populations, helping to mitigate risks of modern slavery and trafficking. Governments play a crucial role by harmonizing e-KYC regulations, improving digital ID interoperability, enabling secure cross-border transactions and promoting financial sector innovation. Public-private collaboration is essential to develop low-cost digital payment platforms, portable digital IDs, and multi-currency accounts. Advancements like mobile money, smart cards, and digital banking boost economic resilience, helping displaced populations recover faster from crises. Public-private partnerships are also essential in enabling secure cross-border payments and blockchain-based microinsurance, offering financial protection to migrant and displaced populations. Successful models, such as India's Aadhaar system, highlight the potential of digital finance to bridge inclusion gaps. Regulatory frameworks must work to ensure these innovations disrupt exploitation cycles, protect vulnerable communities, and drive systemic change in the fight against modern slavery and human trafficking.

3. Investing in Financial Systems for Inclusive and Transparent Economies [Economic Growth and Financial Sector Diversification]

Integrating digital finance into anti-trafficking and financial inclusion efforts strengthens national financial systems and drives economic growth. An innovation-enabling environment fosters financial sector diversification, allowing new market entrants and expanding services for existing institutions. Enhanced transparency, risk mitigation, and regulatory harmonization reduce uncertainty for investors, businesses, and trade partners, fostering a competitive and stable financial ecosystem. By embedding responsible digital payments into digital public infrastructure and economic strategies, governments and the private sector can attract sustainable investments, mitigate financial opacity risks, and create a more resilient and equitable global economy.

Call to Action: We invite governments, financial institutions, businesses, and civil society to harness digital finance as a tool for financial inclusion, transparency, and risk mitigation. Join us in catalyzing universal responsible digital payment adoption as a first step to strengthening financial systems, reducing vulnerabilities, and creating a more secure and equitable global economy.

- Digitize wages in supply chains as a gateway to scale responsible digital payments and support access to further digital financial products and services for vulnerable workers, to foster financial and economic resilience.
- Build and promote robust digital public infrastructure to enable greater innovation in digital financial services whilst establishing measures that protect users from further vulnerabilities such as digital fraud.
- Invest in research, technical expertise and multi-stakeholder collaboration to enhance accountability and sustainability.

Agenda

Opening Remarks:

- [member state] His Excellency Mr. Christian Wenaweser, Permanent Representative of the Principality of Liechtenstein to the United Nations
- [member state] H.E. Mrs. Maria Michael Permanent Representative of the Republic of Cyprus to the United Nations
- [member state] H.E. Dr. Agnes Mary Chimbiri-Molande, Permanent Representative of the Republic of Malawi to the United Nations

Technical Panel:

Lucy Nshuti Mbabazi – Better Than Cash Alliance, Managing Director | *Framing the Conversation*

- Chris Kip – Global Compact, Head of Social Sustainability & Megan Galvin – Global Compact, Corporate Sustainability Manager
- Marcos Paya – Dalberg Advisors, Partner and Director of the Mexico City office
- Professor Agostino Capponi - Director of the Center for Digital Finance and Technologies Columbia University
- Eileen Dong – Hope Pyx Global, Executive Director & Anti-trafficking Survivor Consultant
- Representative | Citi TTS, Citi Token Services
- Representative | Unilever

Moderator: Nawaz (Nash) Peerbocus – FAST Initiative, Sustainable Finance & Anti-Trafficking Consultant