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JOINT MEDIA RELEASE

UNDP, MAS and Partners Launch Universal Trusted Credentials Initiative for MSME Financing

Singapore, 14 November 2023... The United Nations Development Programme (UNDP), the Monetary Authority of Singapore (MAS), Bank of Ghana (BoG), Global Legal Entity Identifier Foundation (GLEIF) and the SME Finance Forum¹ announced today the launch of an open global initiative – Universal Trusted Credentials (UTC) – to improve micro, small and medium-sized enterprises (MSMEs) access to financing. The UNDP has developed a whitepaper on the UTC, available for download [here](#).

2 MSMEs account for up to 90% of businesses and 70% of employment worldwide². Globally, they still face significant challenges in accessing affordable finance to grow their businesses³. These challenges are compounded when MSMEs pursue cross border opportunities which require them to navigate different regulatory frameworks, financial systems, and lending norms.

3 The UTC initiative proposes a framework for the creation of trusted credentials that characterise an MSME’s financing worthiness based on traditional and alternative data sets:

- **Source Data:** Information about an entity may be verified from a variety of sources such as utility providers, trade platforms, national registry, to include data on trade flows, and trade concentrations of buyers and suppliers, active and timely payment of utilities and telco bills.
- **Derived Data:** Coupled with source data, derived data or additional indicators like an MSME’s willingness to upskill itself in financial literacy and an MSME’s past repayment behaviour, help to derive an MSME’s “intent to pay” track record. This gives financial institutions greater confidence that an MSME can be trusted to pay back the small value loans provided.

¹ Collectively termed UNDP, MAS and partners.

² ILO, <https://www.ilo.org/infostories/en-GB/Stories/Employment/SMEs#power-of-small>

³ The World Bank estimates that MSMEs are facing a financing gap of US\$5.2 trillion every year, despite receiving increased attention. World Bank, IFC “SME Finance”, <https://www.worldbank.org/en/topic/smefinance>

4 The UTC initiative will focus on building the capacity of MSMEs and improving access to data and financing through collaborations in key emerging markets.

- **Trusted Data Providers:** UNDP, MAS and partners will extend their existing capacity building efforts to develop an ecosystem of suitable data source providers that would contribute towards the creation of alternative data sets for UTC. A steering committee of central banks, financial institutions and multilateral agencies will be explored to identify suitable trusted data sources and vet international UTC issuers.
- **Pilot Testing:** UNDP, MAS and partners will enhance the UTC platform, presently tested in Ghana, to cater for a wider set of alternative data. Further work will be conducted with central banks and financial institutions in other emerging markets to fine-tune and test the use of UTCs across borders.
- **Standards Development:** UNDP, MAS and partners will collaborate with international partners including the private sector and the public sector (see Annex A for the full list), to develop a common UTC standard to ensure interoperability internationally and to cater for the evolving needs of the industry.

5 Mr Marcos Neto, Assistant Secretary General and Director, Bureau of Policy and Programme Support, said, “The Universal Trusted Credentials initiative has the potential to revolutionise how we tackle the global MSME financing gap in a way that empowers SMEs to support business growth and their green transition, encourages financial institutions to reach to new clients, leaves no one behind, and supports a greener, more sustainable economy. This is a key priority for UNDP, which already works with thousands of MSMEs across the world on digitalisation, access to financing and integration of sustainability practices, and recognises the role that automated, data-driven digital solutions could play in driving scale.”

6 Mr Sopnendu Mohanty, Chief FinTech Officer, MAS, said, “The UTC represents a game-changing opportunity to augment the traditional collateral or asset-backed financing that almost all MSMEs face, towards a holistic approach that includes self-owned non-financial and financial credentials that each MSME should possess. We are excited to join hands with the UNDP, central banks, financial institutions, FinTechs and trusted national data partners in empowering each MSME with a self-owned standardised set of UTC credentials. This is an important opportunity to revolutionise the way MSMEs can access essential financing and financial services, particularly in emerging markets. With a new global consensus around the UTC, there can be many more innovative solutions which will supercharge impact financing, embedded FinTech, digital banking and cross-border growth for many economies.”

About Monetary Authority of Singapore

The Monetary Authority of Singapore (MAS) is Singapore's central bank and integrated financial regulator. As a central bank, MAS promotes sustained, non-inflationary economic growth through the conduct of monetary policy and close macroeconomic surveillance and analysis. It manages Singapore's exchange rate, official foreign reserves, and liquidity in the banking sector. As an integrated financial supervisor, MAS fosters a sound financial services sector through its prudential oversight of all financial institutions in Singapore – banks, insurers, capital market intermediaries, financial advisors, and financial market infrastructures. It is also responsible for well-functioning financial markets, sound conduct, and investor education. MAS also works with the financial industry to promote Singapore as a dynamic international financial centre. It facilitates the development of infrastructure, adoption of technology, and upgrading of skills in the financial industry.

About United Nations Development Programme

As the United Nations lead agency on international development, UNDP works in 170 countries and territories to eradicate poverty and reduce inequality. UNDP helps countries to develop policies, leadership skills, partnering abilities, institutional capabilities, and to build resilience to achieve the Sustainable Development Goals. UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone.
www.undp.org

For media enquiries, please contact:

Bridgitte Lee
Deputy Director, Communications
DID: 62299262
Email: bridgitte_lee@mas.gov.sg

UNDP: registry.sg@undp.org

ANNEX A – Supporting Organisations

Ant International

Mr Leiming Chen, Chief Sustainability Officer, Ant International, said: “Enabling digital inclusion for MSMEs has always been a core commitment for Ant Group, and we look forward to continue our contribution to this industry effort led by the MAS and the UNDP in driving more data-driven MSME trusted credentials which can unlock more financing and growth opportunities for MSMEs globally. We believe that an open collaborative public-private approach is essential to help MSMEs access financing in a more transparent manner and will create a more positive, resilient ecosystem for all.”

Bank of Ghana (BOG)

Dr Maxwell Owusu-Afari, First Deputy Governor, BOG said: “The UTC is a pathbreaking initiative that will address the financing and market discovery challenges that constrain the growth and effective contribution of MSMEs to economic growth. By building a rich digital credentials of MSMEs across countries, UTC fosters a stakeholder ecosystem of trust for financial service providers, MSMEs and central banks to interact in ways that are mutually beneficial towards unlocking the potential of MSMEs locally and internationally. A similar project, the Ghana Integrated Financial Ecosystem (GIFE), but bilateral in nature, being pursued by the Bank of Ghana in partnership with the Monetary Authority of Singapore (MAS) has started yielding results. I am therefore positive about the immense potential of UTC, which is multijurisdictional and enhanced with ESG requirements, to boost the economic fortunes of Ghanaian MSMEs and advance intra-African trade under the African Continental Free Trade Area. The Bank of Ghana, therefore, is thrilled to partner with UNDP, MAS, Central Banks, FinTechs, Financial Institutions, National Identification Authorities and Data Protection Authorities to build and promote a global platform of standardised credentials for MSMEs.”

Development Bank Ghana

Mr K. Duker, CEO of Development Bank Ghana said: “Universal Trusted Credentials (UTC) is poised to redefine access to financing for Micro, Small, and Medium Enterprises (MSMEs) by introducing a groundbreaking harmonised ESG metrics system. This transformative tool is set to empower MSMEs, and redefine the ecosystem and beyond, ensuring a sustainable and inclusive financial landscape.”

Esquire Financing

CEO of Esquire Financing, Mr Rajan Uttamchandani said: “Esquire Financing Inc has long been a pioneer and advocate for open finance and providing access to financing opportunities for MSMEs. This initiative to establish Universal Trusted Credentials (UTC) is a welcome step towards real financial inclusion for all MSMEs.”

Global Legal Entity Identifier Foundation

Mr Stephan Wolf, CEO, Global Legal Entity Identifier Foundation (GLEIF), said: “We at GLEIF are truly excited about the potential of the UTC framework in transforming the financial landscape for MSMEs. Together with our partners, we believe in driving economic development, empowering businesses, and fostering sustainable growth in emerging markets and beyond. We strongly advocate the availability and usage of the LEI to support transparency in global sustainability initiatives such as Project Savannah or the Universal Trusted Credentials (UTC) initiative. As a universal entity identification standard, the LEI brings myriad benefits to MSMEs everywhere, including fast and straightforward counterparty due diligence across borders, broader access to trade finance, and supporting compliance with a growing number of trade-related regulations.”

Global FinTech Institute

Professor David Lee, Chairman & Co-Founder, said: “The Universal Trusted Credentials (UTC) stands poised to transform the financial landscape for MSMEs, tackling the formidable \$5.2 trillion financing gap that curtails their expansion. GFI is committed to championing this pioneering UNDP initiative by integrating UTC into our FLEX marketplace platform, creating a nexus where MSMEs, FinTechs, investors, and talent can leverage the strength of verified alternative data. This will open new doors to financial innovation and inclusion, empowering the economic engines that fuel our global economy.”

Liquid Group

Mr Jeremy Tan, CEO, Liquid Group, said: “We see the UTC unlocking a huge new market for fintechs like Liquid Group to support cross border payments to and from MSMEs in emerging markets. It enables us to serve overseas MSMEs from Singapore under a trusted, data-rich framework, and to play a constructive role in opening up critical financial services to traditionally underserved market segments.”

Proxtera Pte Ltd

Saurav Bhattacharyya, Chief Executive Officer of Proxtera, said: “As we look towards enabling SMEs to have easier access to finance, Proxtera is excited to collaborate with UNDP and MAS in implementing Universal Trusted Credentials (UTCs). This framework will harmonise crucial data sets required for SMEs to have access to financial services and be globally recognisable and trusted. The UTC framework enables the interchange of a digitally interoperable dataset and credentials for an SME, thereby fostering efficiency and inclusivity in the world of business.”

SME Finance Forum

Mr Qamar Saleem, CEO of the SME Finance Forum said: “The UTC (Universal Trusted Credentials) is aiming to address twin challenges of data availability and reliability which are key barriers to scaling SME Finance. Globally, the SMEs represent about 90% of businesses and the formal SMEs contribute up to 40% of national income (GDP) in emerging economies,

yet they still face an unmet financing need of \$5.2 trillion due to information asymmetry among other factors. UTC is a highly relevant initiative which should aim to complement standard setting work led by the International Committee on Credit Reporting (ICCR) and build upon credit infrastructure, open banking/ finance initiatives being implemented by the World Bank Group and other stakeholders thus providing further additionality in scaling SME finance. The SME Finance Forum looks forward to collaborating with the UNDP, Monetary Authority of Singapore in this endeavor and more broadly galvanising our member/partners network consisting of 240+ financial institutions, fintechs, policy makers, market networks and development sector to grow access to finance and services for SMEs thereby steering economic growth and job creation worldwide.”

Temasek Trust

Mr Desmond Kuek, CEO, Temasek Trust, said: “Our work to uplift communities and build capabilities is underpinned by multi-sector partnerships, including with MAS and UNDP. The Centre for Impact Investing and Practices, a Temasek Trust ecosystem entity, is UNDP SDG Impact’s anchor partner in Asia. We have collaborated with MAS and UNDP on initiatives such as the SDG Investor Maps and MSME training initiatives, to build the regional impact ecosystem. We look forward to exploring the potential application of Universal Trusted Credentials (UTCs) to verify impact data through our partnership with MAS on Co-Axis, a digital impact marketplace underpinned by strong impact measurement and management practices.”

UOB Pte Ltd

Ms Janet Young, Head of Group Channels and Digitalisation, UOB, said: “UOB has been supporting the development of SMEs for over 80 years through financing and our deep local knowledge. As the leading SME bank in ASEAN, we see that the Universal Trusted Credentials (UTC) will help accelerate the growth of SMEs. A global standard of credentials for SMEs will remove some of the friction of providing financing to this segment of entrepreneurs at a very important point of their business lifecycle. We are encouraged by the multi-jurisdictional and ESG enhanced nature of the UTC and look forward to exploring the use of this framework for financial inclusion and growth opportunities.”

Validus Capital Pte Ltd

Mr Nikhilesh Goel, Co-Founder & Group CEO, Validus, said: “At Validus, we believe that access to financing is a fundamental right for all SMEs. We are excited to see the Universal Trusted Credentials initiative gaining momentum, as it has the potential to revolutionise the way MSMEs access essential financing and financial services. We look forward to collaborating with UNDP, MAS, and other partners to empower SMEs in Southeast Asia with a self-owned standardised set of UTC credentials, which will help them to grow their businesses and contribute to a more sustainable economy.”