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MAS Partners UNCDF to Develop Integrated Financial Ecosystems for Least Developed Countries

Singapore, 14 November 2022... The Monetary Authority of Singapore (MAS) and the United Nations Capital Development Fund (UNCDF) have signed a Memorandum of Understanding on 11 November 2022 to jointly develop integrated and digital financial ecosystems for micro, small and medium enterprises (MSMEs) from least developed countries (LDCs).

2 The partnership will help MSMEs enhance their digitalisation capabilities and facilitate greater access to finance through open digital infrastructures. As a start, MAS and UNCDF will collaborate on developing the Pacific Islands Integrated Financial Ecosystem (PIIFE), to enable MSMEs and businesses in the Pacific Islands and Singapore to be more digitally connected.

3 The PIIFE will offer an open digital infrastructure for participating MSMEs in three areas:

- **Financial empowerment of MSMEs through broad-based financial literacy and financial skillsets content.** The successful completion of such online courses will generate verifiable digital credentials for participating MSMEs.
- **Financial Trust Framework¹ for MSMEs to better access secured and unsecured financing and financial services.** This aims to enable financial institutions to use verifiable digital credentials and alternative data sets to assess credit-worthiness of MSMEs, such as the track record of successful payments to suppliers and tax payments to relevant authorities.
- **Expanded business opportunities through digital trade discovery platforms.** These offer a scalable network of business-to-business ecosystems that can enable MSMEs to grow domestically, across Asia and other growth regions.

The PIIFE is a collaborative effort across public entities, financial institutions, FinTechs, tech solution providers and open digital infrastructure players² in Singapore and the Pacific Islands.

4 Mr Sopnendu Mohanty, Chief FinTech Officer, MAS, said, “MAS is excited to partner UNCDF to develop Integrated Financial Ecosystems to help MSMEs from LDCs connect digitally and gain better financial access. The IFEs will provide digital infrastructures to equip MSMEs with the necessary skillsets to grow their businesses and gain access to financing through digital verifiable credentials and inclusive credit assessment models.”

¹ An example is the [Financial Trust Corridor \(FTC\) initiative](#) to engender greater trust, trade and recognition between both countries' businesses and financial institutions.

² For example, Proxtera is an open digital infrastructure from Singapore where business-to-business platforms and their MSMEs can discover business opportunities, financial service providers and key business services.

5 Ms Neha Mehta, Regional Lead for UNCDF in the Pacific, said, “The MSME and informal sector generate maximum employment opportunities in the Pacific Island states. The partnership with the MAS will fuel the growth story of MSMEs and SMEs by accelerating digitalisation, and accessing new data sources from traditional financial data and non-traditional data sources. It will strengthen the evaluation process of SMEs and enable growth of the SME lending business. It has great potential in improving overall productivity and boosting the economies of the Pacific region consequently improving the overall standards of living of the Pacific Islanders.”

6 Mr Mourad Wahba, UNCDF Officer in Charge, said, “This partnership signifies the coming together of two like-minded and specialist organisations pursuing inclusive and sustainable development through digital finance in the vast and vibrant Pacific Island region. As a market catalyser and convener, UNCDF is pleased to partner with an important stakeholder like MAS. Additionally, we look forward to drawing on its experience and expertise to build a digital ecosystem tailored and responsive to the unique needs of Pacific Island people and businesses.”

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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 UN Capital Development Fund

The UN Capital Development Fund makes public and private finance work for the poor in the world’s 46 least developed countries (LDCs). UNCDF offers “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF’s financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local transformative finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.