

How FinTech is helping reduce climate change



Ocean surface temperatures are breaking records, the bad way. Wildfires are causing widespread disruption and tragedy around the world, and Europe has just experienced a heatwave named after a three-headed hound from hell. Globally, governments are reaffirming their commitment to Net Zero while failing to reach consensus on the protection of rain forests and announcing new oil exploration ventures.

For all of the organisations that are genuinely grappling with the challenge of realising their ESG (environmental, social and governance) commitments, there are still bad actors making headlines. Customers are at best confused by mixed messaging surrounding corporate responsibility, and at worst outraged by a barrage of post-event assurances that 'lessons will be learned'. They could well be forgiven for rolling their eyes if they were told that one of the greatest new tools for making an impact on climate change is coming from the FinTech sector.

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Mathias Wikström
CEO and Co-founder Doconomy

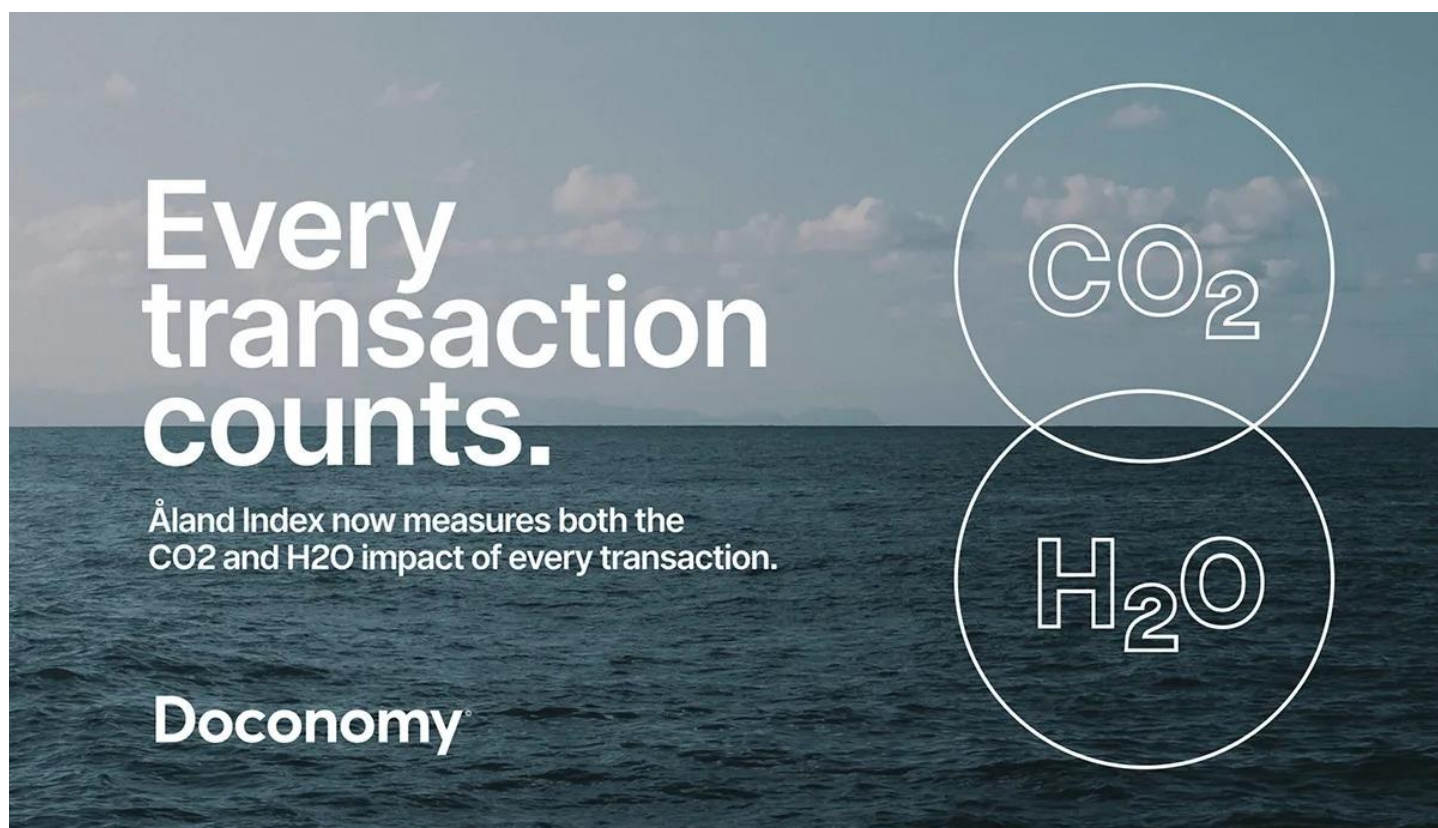


Enter Mathias Wikström, CEO and co-founder of the Swedish 'impact-tech' firm [Doconomy](#), the global market leader in making every transaction count in the struggle to reduce climate change.

"Looking at what you invest in, are you having a negative impact or are you starting the day off on a good foot?", he asks. "Has your money been working through the night, supporting sustainability initiatives or companies? Not everyone wakes up in the morning thinking about their carbon footprint, so it's all about providing tools that enable, engage and empower people to understand their carbon footprint and act on it in a credible, measurable way."

So, how is Doconomy supporting its customers' efforts to reach their net zero commitments? Not so fast! Mathias' twin attributes of passion and precision shine through as he illustrates the complexity of the problem that he is so committed to solving.

"Not many people know that you can actually offset part of your emissions and still claim to be net zero", he explains. "Net zero is a matter of definition. My concern is not net zero per se, but the many different claims, regulations and coalitions. It's very hard to follow progress and understand what is tangible, what is real and what is substantial compared to what is greenwashing, what is just hiding stuff, what is bullshit."



Since 2018, Doconomy has been developing tools utilising their 'Åland Index', providing customers with the CO₂e (carbon dioxide equivalents) and H₂O (freshwater consumption) impact scores based on financial transactions at a granular level.

"We understood early on that we needed to make it fully automated – it needed to be simple and connected to something that was already in place", says Mathias. "We were looking at transactions, right? We took all the payment cards and turned them into 'textbooks for change' by enriching transaction data with a score per transaction made."

To help its customers understand their own data, Doconomy works with the likes of S&P Global Trucost to inform the indexing metrics of the Åland Index. "It's important to provide

the best data out there", Mathias reasons. "We're using investor-grade data that can be used for multimillion-dollar decision-making or as data at your fingertips at the point of consumption."

Doconomy's Transaction Impact Calculator uses the Åland Index to identify each transaction, assigning it a carbon impact score. This calculation method ranges from macro analysis, such as a vendor category per transaction, through to the granular precision of identifying product codes correlated against brand. In this way, Doconomy is able to supply its customers with accurate carbon footprints for individual business card spends as well as aggregated scores across entire organisations.

How do Doconomy calculate CO₂ emissions?

Doconomy use a spend-based approach to reach the amount in a fully automated way:

1

Categorization

Categorization of each card transaction into spending categories like groceries, fuel, electricity etc.



2

Mapping

Mapping of spending categories to Doconomy categories. Doconomy categories show the carbon intensity of a specific industry.



3

CO₂ Emission Calculation

Multiplication of the monetary amount of the transaction with an industry intensity factor.

Amount
\$12.99 x Intensity factor
0,6

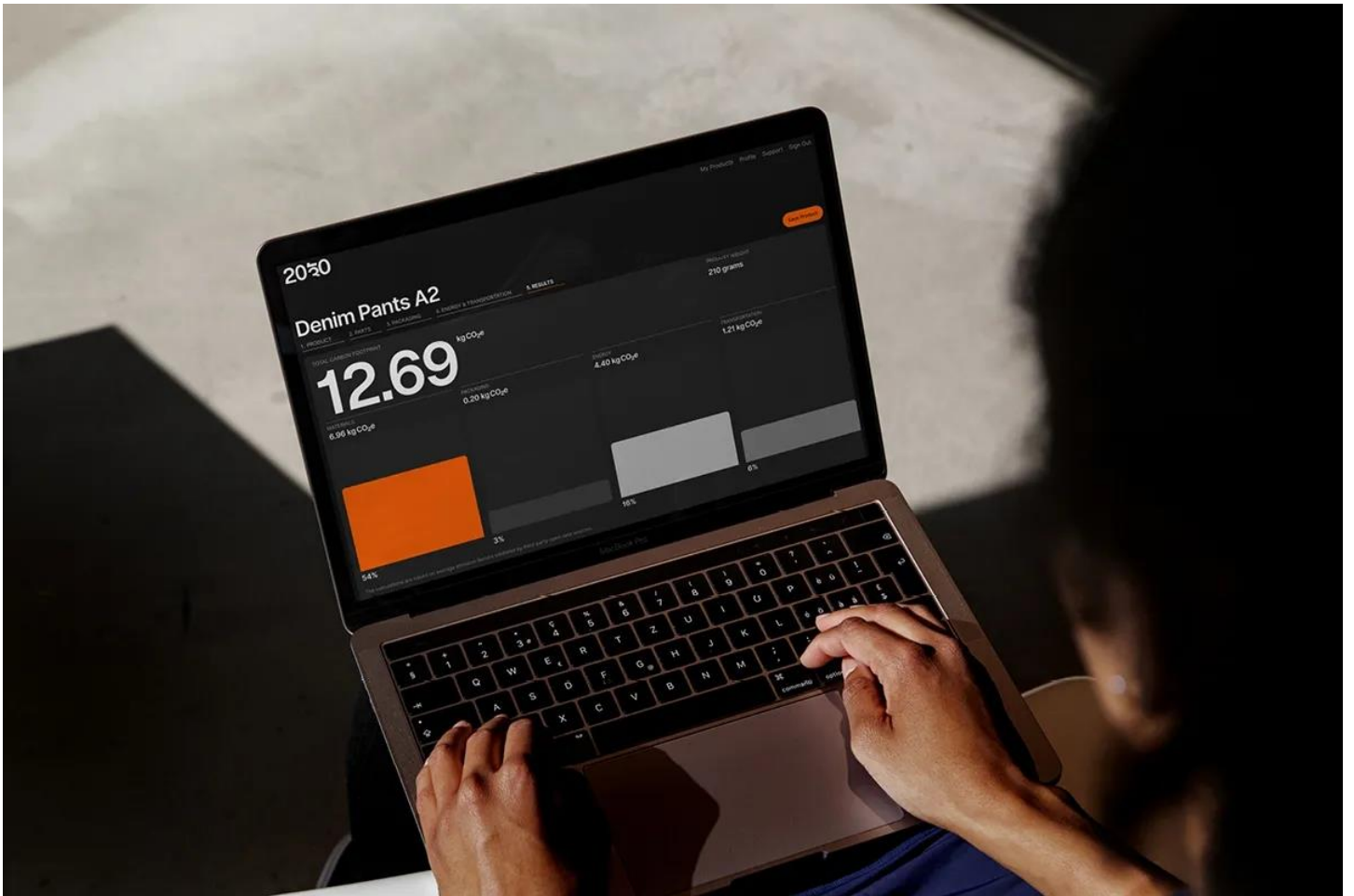


Source: Doconomy 2023

The Transaction Impact Calculator has now been adopted by nearly 100 banks worldwide. "We're very happy to see it represented in banks with over 700 million devices in their ecosystem", says Mathias. By analysing and scoring businesses' products, Doconomy is helping customers showcase credible data on their carbon footprint, as well as facilitating more informed purchasing activity and meaningful action to reduce climate change.

"All of a sudden, we're introducing comparability between vendors, which is going to drive impact, because consumers can start deciding with their wallet and people will probably prefer the lower-impact provider."

Mathias may be passionate, but he is also pragmatic, acknowledging that the challenges of trying to reduce climate change cannot rest solely on the shoulders of enterprise business, especially in an era of increasingly complex supply chains.

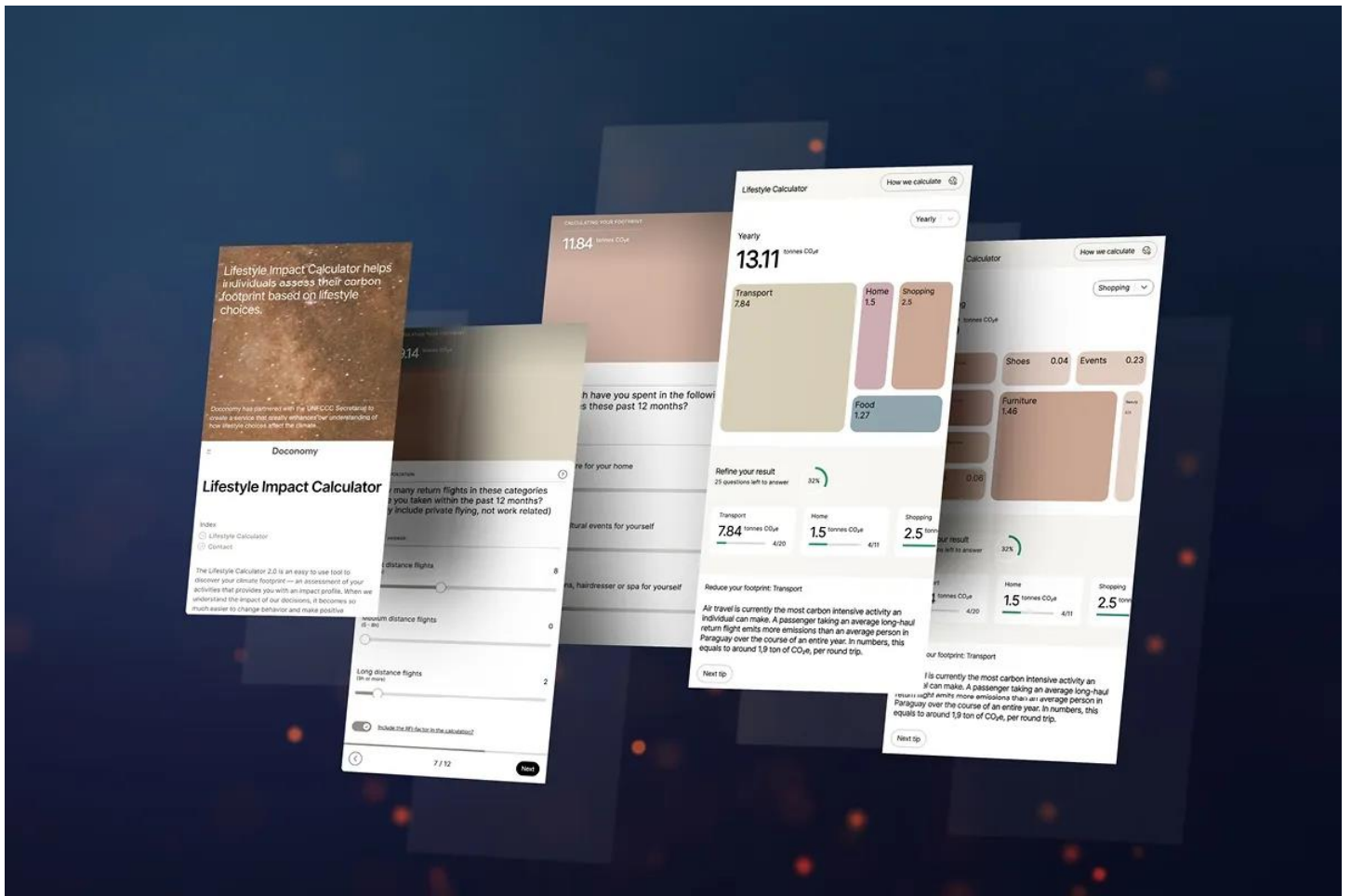


Doconomy's project doesn't just work top-down, but also from the ground up. The firm has released its 2030 Impact Calculator free to SMEs and suppliers, so that these businesses can assess the carbon footprint of their own products, regardless of the scale of their organisations.

"It is levelling the playing field and it is democratising access to impact data, bringing transparency into every commercial relationship", explains Mathias. "We're coming bottom-up looking at all the global calculations, identifying the carbon footprint of their products and even their pre-production planning, to make more mindful decisions around materials, transport and packaging."

You can take your shoes off at the front door, but your carbon footprint stays with you. Doconomy's efforts to liberate climate impact data extend beyond the realms of business and supply chain. They are engaging with consumers as well, supplying them with similar resources to assess their own personal carbon footprints. To that end, Doconomy has collaborated with the UNFCCC (United Nations Framework Convention on Climate Change) to develop the Lifestyle Impact Calculator which, again, can be accessed for free.

"The UNFCCC is one of the absolute points of credible reference in our space", says Mathias. "We built this lifestyle impact calculator together so we could distribute it to every country in the world. It's now being used in 120 countries to enable everyone to get an idea of their carbon footprint with self-assessment calculations based on your activity. How you live, how many rooms, how many children and what kind of car, if any. There are a fair amount of profile settings."



The reach of this lifestyle impact calculator is set to increase dramatically as uptake expands from the voluntary to the institutional. School systems are now showing interest in adopting Doconomy's calculators as part of their drive to raise a new generation of climate aware consumers.

"We have been partly funded by the Tokyo Metropolitan Government to set up operations in Japan", Mathias says. "There's interest there from the prefecture in Tokyo to use it in their secondary schools so that everyone graduating can know their impact."

Doconomy is now informing climate-aware decision-making along the entire chain of commerce, from corporation to consumer. By empowering all parties with transparent carbon footprint data, Doconomy's solutions can cut through the smog of net zero.

"If you want to know what a company is doing, don't listen to what they're saying, follow the money. If you follow the money, you avoid all of the greenwashing and you get very close to the truth of the integrity of that business."

Mathias may be a realist, but even realists have limits. "Looking at the massive profits that fossil fuel and oil companies are making now while concurrently deprioritising and divesting from their sustainability efforts... I cannot get my head around that."

Mathias may be unwilling to accept half measures and platitudes, but the generation of data informed consumers coming up will be even less forgiving. Gen Z is already voting for climate action with its wallet, but Doconomy's mission is far from over.

"We're the bridge builder of the new infrastructure needed for the climate action economy", concludes Mathias. "We're going to create alliances and opportunities to understand, to try to measure and to gauge your carbon footprint and we will be reaching

one billion people, minimum. We are going to help them reduce their impact by at least 500 kilos per individual on average."

By helping businesses to follow their own money trail, Doconomy has democratised carbon impact data, ensuring that everyone can access the information needed to do their part. So, no more excuses...

At Meta, we are always thinking about the importance of the future of work and trying to understand the role virtual reality will play in how businesses are run. For more information, take a look at our [predictions on the future of work](#), to learn about trends and the future problems that organisations could face.