

BANKING ON KNOWLEDGE

Digital ecosystem and 4th industrial revolution contribute to sustainable development

By Dr R Seetharaman

G20 countries – which account for 85% of global GDP and 80% of CO2 emissions – should adopt a combination of pro-growth and pro-environment policies in developing their overall growth and development strategies. The top four emitters in global green emissions include China, the US, the European Union and India. Strengthen climate mitigation policies, including carbon pricing, fossil fuel subsidy reform, smart regulations and the use of public procurement to help drive low-carbon innovation. Scale up efforts to mobilise private investment in low-emission and climate resilient infrastructure through further efforts to green the finance system.

Sustainable development involves people and supports community building. Climate change enables to develop sense of purpose for the society. Climate change improves connectivity among people/society; increases access to opportunities to improve economic participation; fixed and/or mobile access to telephony and internet; make health more accessible and



affordable, and enables better equality using technology. Technology from AI to 5G has the power to transform public safety, education, transportation, manufacturing and energy. Digital solutions with the potential to reduce emissions can be applied in sectors such as agriculture, building, energy, manufacturing, and mobility, in addition to software and apps to capture and quantify efficiency gains. Technology transformation is the key source for sustainable development.

Digital ecosystem is significantly more than digital banking; it takes a holistic view of the customer. The connectivity between various service providers is lot more in a "digital ecosystem" than in a digital banking environment. The Business models also need to transform themselves to explore the benefits of a digital ecosystem. Digital transformation will lead to creation of new business models. The impact of digital transformation has resulted in significant erosion in the size of music, trading, and retail and advertising industry globally.

The fourth industrial revolution can be described as a range of new technologies that are fusing the physical, digital and biological worlds, impacting all disciplines, economies and industries, in terms of the effects of digitisation and AI on the economy. It builds on the digital revolution, representing new ways in which technology becomes embedded within societies and even the human body. It combines advanced technologies in innovative ways, dramatically reshaping the way people live, work and relate to one another. It is marked by emerging technology breakthroughs in



a number of fields, including robotics, biometrics and artificial intelligence, block chain, Internet of Things, 3D printing, which will impact the digital eco system, (Digital ecosystem was proposed to describe a self-organising business community that relied on Information Technology (IT). Technology could be the major differentiator between companies operating in the same sector and having access to similar customer information. Scientists from Google and its health-tech subsidiary Verily have discovered a new way to assess a person's risk of heart disease using machine learning. By analysing scans of the back of a patient's eye, the company's software is able to accurately deduce data, including an individual's age and blood pressure. This can then be used to predict their risk of suffering a major cardiac event – such as a heart

attack – with roughly the same accuracy as current leading methods. Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful and sustainable world. The exclusion of women places half of the world's population outside the realm of opportunity to partner in building prosperous societies and economies. Equal access to education, decent work, and representation in economic decision making processes are not only rights women should have, they benefit humanity at large. By investing in the empowerment of women, we not only make progress on gender equality goal of the sustainable development goals, we also make gains on the alleviation of poverty and fuel sustainable economic growth. In 2003, Norway was the first country to pass a law, mandating that public companies achieve 40% representation of

women on their boards within five years. Greenhouse gas emissions need to be estimated for major economic sectors in areas of operation to determine the carbon footprint. Based on the carbon footprint in various economic sectors, various initiatives should be proposed to promote green economies, such as lending for green projects, CDM scheme, and paperless banking. "Each bank should earmark a minimum 10% of Tier 1 capital subject to a cap of 10% of risk weighted capital towards green banking or clean development mechanism (CDM) or any sustainable development projects." The carbon footprint can be different across various geographies and economic sectors and hence, country wise and sector wise allocations should be explored. The allocation matrix should be such that the greater the carbon footprint in the relevant economic sector, the higher the allocation of capital for green banking and sustainable projects. On the whole the digital ecosystem and fourth industrial revolution will contribute to sustainable economic development.

■ The author is Group CEO of Doha Bank.