Engaging Systems of Finance in Economic Justice
MISSION OF CRITERION

Criterion is the leading think tank focused on finance as a tool for social change

We work with social changemakers to demystify finance and broaden their perspective on how to engage with and shift financial systems.

Criterion does this through a methodology and set of practices that move leaders beyond understanding finance to believing in their own ability use financial systems to advance the social change we seek.

Criterion is working towards a future where the power of our financial systems is widely used for social good.
REFRAMING SYSTEMS OF FINANCE

Finance ≠ Capitalism

• Capitalism is an economic and political system. Finance comprises the people, organizations, and tools that move money.

Finance is a system of power that assigns current value and predicts future value.

• Finance identifies opportunities and risks, thereby shaping perceptions of the future.

• What finance identifies as opportunities and risks is constantly changing based on new data.
5 STRATEGIES FOR USING FINANCE FOR SOCIAL CHANGE

1. Invest in opportunities
2. Assign value
3. Facilitate the movement of capital
4. Manage the business of investing
5. Diversify a portfolio
INVEST IN OPPORTUNITIES

Finance looks at enterprises at a certain stage of growth, with assets that are seen as valuable to investors, in sectors and in markets that are seen as having opportunity.

Social change strategy: Channel resources to enterprises or investment opportunities that will contribute to the social change you seek.
INVEST IN OPPORTUNITIES: TAKEAWAYS

Some companies are having a positive impact on gender-based violence and some are having a negative impact. Finding ways to channel resources towards the former and away from the latter is a form of creating change.

You all are uniquely capable of assessing the ways in which companies are impacting gender-based violence.
ASSIGN VALUE

Systems of finance assign value. They analyze worth.

Social change strategy: Advocate for introducing new data or eliminating bias in how data is assessed in order to shift how value is assigned in finance.
ASSIGN VALUE: TAKEAWAYS

Data on gender-based violence is often undervalued in financial decision making.

If the correlations between gender-based violence and investment risk and opportunities were better understood, that data would become more valuable.

Many of you may have data that could help to uncover hidden risks and opportunities in order to influence financial decisions.
FACILITATE THE MOVEMENT OF CAPITAL

Intermediaries are institutions with a particular legal form that use instruments or vehicles to move capital. The instrument is defined by the terms written out in documents.

Social change strategy: Shift the structure and terms of an investment to be able to change who holds what power in the relationship.
FACILITATE THE MOVEMENT OF CAPITAL: TAKEAWAYS

Money is always moving. It rarely moves directly from the giver to the final recipient.

The ways in which it moves are complex and the people who move it are necessarily in relationship with each other.

The ways in which those relationships are structured can be changed in ways that benefit people within and outside of those transactions.

As experts on the ecosystem of factors that cause and are impacted by gender-based violence, you can use your voice to inform how financial relationships are structured to decrease harm and increase benefit.
MANAGE THE BUSINESS OF INVESTING

Finance has its own business model. A set of processes define how finance works, those processes have costs. Those processes are paid for by a set of revenue sources based on the functional role(s) played.

Social change strategy: Expand what expertise is trusted in investment decision-making and what processes are seen as valid approaches to making investments.
MANAGE THE BUSINESS OF INVESTING: TAKEAWAYS

Finance is made up of a variety of business models. Financial professionals are trying to increase profits and reduce their costs.

Generating profits means exerting expertise and implementing processes and procedures that are seen as valid.

You can perform that expertise by familiarizing yourself with their terminology and their trusted processes and procedures.

You can also challenge them by asking questions - you don't have to have all the answers.

You have expertise that matters and you belong at the table.
DIVERSIFY A PORTFOLIO

Investors' goals are reflected in a portfolio that is composed of a diversified set of asset classes. In order to build their portfolio, asset holders invest in financial products.

Social change strategy: Influence the benchmarks against which the success of the investment is measured and introduce metrics that track the impact of the investment.
DIVERSITY A PORTFOLIO: TAKEAWAYS

Each asset class has an investment goal that is traditionally associated with it - maximizing profit is not the goal of every investment.

Investors diversify their portfolios with different asset classes to meet various goals and to offer protection in case certain goals are not achieved.

Understanding these goals, together with what you've learned about the other strategies, can help you see what types of investment goals align with the impact outcomes you seek.
THANK YOU