



BRINGING
SMART
POLICIES
TO LIFE

ANNUAL REPORT 2022



WELCOME TO THE 2022 AFI ANNUAL REPORT



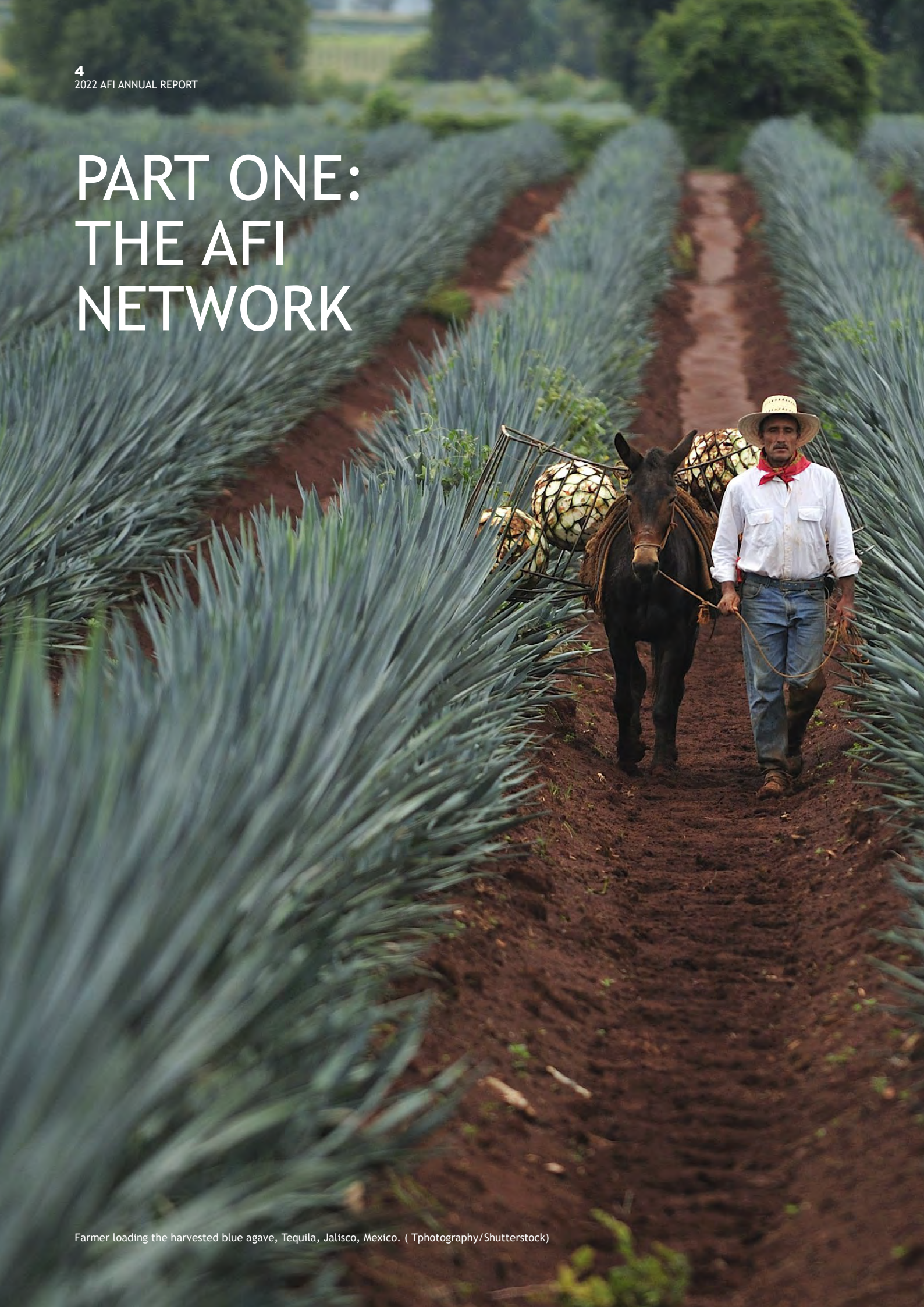
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Kyrgyz herding family making kaiymak cheese in the Pshart Valley, Tajikistan. (agefotostock/Alamy Stock Photo)

PART ONE: THE AFI NETWORK



MESSAGE FROM THE CHAIR

Dr. Jesús De La Fuente Rodríguez,
President, Comisión Nacional Bancaria y de Valores
(CNBV) México, Chair, AFI's Board of Directors



“

On behalf of AFI's Board of Directors, I have the honor to present to you the Annual Report for 2022.

The last year began under the shadow of the pandemic but slowly we saw the easing of restrictions on movement and social gatherings around the world. This brought much-needed relief for people and communities who have been suffering economically and socially for the past two years. Although the worst of the pandemic is now behind us, I am aware that developing countries continue to be under stress due to macroeconomic pressures of inflation and external account imbalances, energy and food shortages and interruption of value chains due to the war in Europe, and the disruptions caused by climate change.

”

I deeply admire the resolve and solidarity displayed by AFI members in this scenario. Your commitment energizes our efforts to continue advancing the mission of AFI. Members' strong support of the AFI cooperation model will be a key factor in weathering the looming global pressures together and broadening AFI's influence and leadership as a global network. I thus urge members to continue partnering closely with AFI to benefit from the network's practical experiences especially in safeguarding the gains of financial inclusion that are mostly needed during these times.

Like the years before, AFI made important and significant strides forward in 2022. For me, personally, it was particularly satisfying and inspiring to meet with the AFI family in person during the Global Policy Forum in September 2022. The energy and vibrancy of the network was visible to all who were present. Together with my esteemed colleagues on the AFI Board of Directors, we have witnessed the agility and determination displayed by the Management Unit to manage the risks and benefit from the opportunities that have emerged in the last year. We thank the management and staff of AFI for their diligence and dedication, under the able leadership of Executive Director, Dr. Alfred Hannig.

On behalf of the Board of Directors, I would also like to thank the members of AFI's Committees for your contribution towards strengthening the Board's oversight role. The Annual General Meeting in September 2022 marked the start of a new term of AFI's Committees for 2022-2024 with ratification of new members to serve on these Committees and members who renewed their nomination to continue serving a second term. I truly appreciate the commitment shown by the members who are undertaking this service in addition to their ongoing work in the institutions they represent.

To my colleagues on the Board of Directors, I look forward to another fruitful and productive year of working with you in upholding AFI's mission and empowering our members to accelerate financial inclusion for all.

To our members, there remains much work to be done for our countries. I encourage us to keep working diligently to ensure the financial well-being of our populations, especially the disadvantaged and vulnerable groups. Let us work together to ensure that no one is left behind in the goal of reaching financial inclusion for all the unbanked and underserved populations.

ABOUT THE AFI NETWORK

AFI is a global policy leadership alliance owned and led by member central banks and financial regulatory institutions with the common objective of advancing financial inclusion at country, regional and international levels.

AFI partners with regulators, international organizations, and private sector leaders to drive practical solutions and facilitate the implementation of impactful policy changes through its cooperation model that embeds peer learning, knowledge exchange and peer transformation. AFI's operations and programs are funded through membership subscriptions and contributions from external partners.

As of the end of 2022, the membership of the AFI network stood at:

83
MEMBER
INSTITUTIONS

74
PRINCIPAL
MEMBERS

9
ASSOCIATE
MEMBERS

VISION

Making financial services more accessible to the world's unbanked.

MISSION

Empowering policymakers to increase access and usage of quality financial services for the un- and underserved through formulation, implementation, and global advocacy of sustainable and inclusive policies.

6

Member institutions from Eastern Europe, and Central Asia

12

Member institutions from Latin America and the Caribbean

11

Member institutions from Arab region

7

Member institutions from the Pacific

34

Member institutions from Sub-Saharan Africa

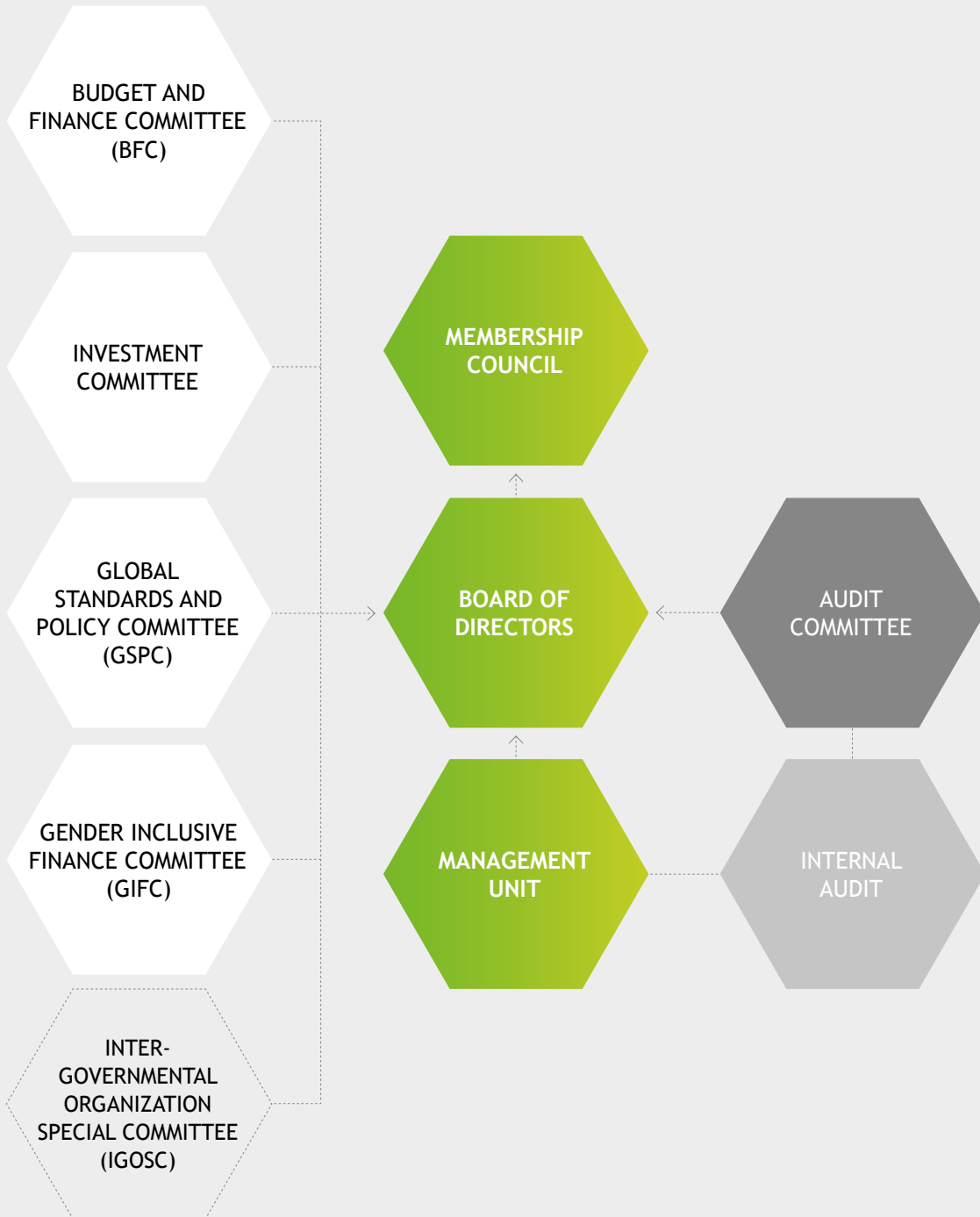
13

Member institutions from Asia (South, East, and Southeast Asia)

FROM
75
COUNTRIES

GOVERNANCE

AFI's GOVERNANCE STRUCTURE



Note: The IGO Special Committee is a non-permanent committee of the Board.

MEMBERSHIP COUNCIL

AFI's Membership Council is comprised of Principal and Associate Members and meets once a year at the Annual General Meeting (AGM). All members have the right to attend the AGM, but only Principal Members can vote on decisions at the AGM and serve on AFI's Board of Directors and Committees of the Board. At the AGM, the Membership Council receives the AFI's performance report, ratifies appointments of Board and Committee members, and approves strategic decisions with overall impact on the AFI network.

BOARD COMMITTEES

AFI's Board Committees provide specialized support to the Board of Directors in overseeing AFI's direction and activities. In September 2022, the Committees transitioned into a new term following the expiry of the term of 2020-2022 and AFI welcomed new Committee members for the term 2022-2024 to fill the positions vacated by former Committee members after serving two consecutive terms.

AUDIT COMMITTEE (AC)

The Audit Committee supports the Board by providing oversight on process assurance, risk management, and internal control practices of AFI. The members are Bank of Tanzania (Chair), Central Bank of Lesotho (Vice-Chair), Central Bank of Jordan, Bank of Sierra Leone, and Banco Central de Timor-Leste.

BUDGET AND FINANCE COMMITTEE (BFC)

The BFC provides oversight of AFI's financial strategy and resource management to ensure that AFI remains well-resourced and financially sustainable to continue serving its members. The members are Bank of Papua New Guinea (Chair), Palestine Monetary Authority (Vice-Chair), Superintendencia de la Economía Popular y Solidaria de Ecuador, Bank of Uganda, Central Bank of the Republic of Uzbekistan, and the Bill & Melinda Gates Foundation.

GLOBAL STANDARDS AND POLICY COMMITTEE (GSPC)

The GSPC provides quality assurance on high-impact policy lessons recommended by AFI's Working Groups to be endorsed as Financial Inclusion Policy Models for members' voluntary adoption, as well as guidance and advice on AFI's programmatic direction and engagement with international Standard-Setting Bodies (SSBs). The members are Bank of Zambia (Chair), Banco Central de Reserva de El Salvador (Vice-Chair), Royal Monetary Authority of Bhutan, Superintendencia de la Economía Popular y Solidaria de Ecuador, Central Bank of Jordan, Bank Negara Malaysia, and Bank of Tanzania.

GENDER INCLUSIVE FINANCE COMMITTEE (GIFC)

The GIFC provides leadership on advancing and promoting women's financial inclusion in the AFI network and the strategic implementation of the Denarau Action Plan. The members are Bank of Ghana (Chair), Bangladesh Bank (Vice-Chair), Bank Al-Maghrib Morocco, Palestine Monetary Authority, Banco Central del Paraguay, Bank of Uganda, and Reserve Bank of Zimbabwe.

INVESTMENT COMMITTEE

The Investment Committee oversees the governance and management of the AFI's Endowment Fund and supports the Board in monitoring the investment strategies, performance, and effectiveness of the AFI Endowment Fund, according to Board-approved AFI's Endowment Fund Policy and Investment Guidelines. The members are: Central Bank of Seychelles (Chair), Nepal Rastra Bank (Vice-Chair), Central Bank of the Bahamas, Central Bank of Egypt, and Banco Central de Timor-Leste.

INTERGOVERNMENTAL ORGANIZATION SPECIAL COMMITTEE (IGOSC)

The IGOSC oversees the process of transitioning AFI to an IGO status and provides strategic guidance to the Board and Management Unit on the legal form and structure of the prospective IGO. The members are: Bank Al-Maghrib Morocco (Chair), Banque de la République du Burundi (Vice-Chair), Banco Nacional de Angola, Bangladesh Bank, Superintendente de Bancos del Ecuador¹, Central Bank of Nigeria, and Centrale Bank van Suriname. The IGOSC is established as a non-permanent Committee of the Board.

FURTHER INFORMATION

AFI Articles of Association and Committees' Terms of Reference

> Visit: <https://www.afi-global.org/board>.

¹ Member of the IGOSC until December 2022. Effective January 2023, the institution is no longer a Principal Member of AFI.

BOARD OF DIRECTORS

The AFI network is led by AFI's Board of Directors, which has the primary mandate of providing strategic guidance to AFI's Management Unit and oversight to the organization's direction and activities. Members of AFI's Board of Directors serving in the current Board term running from September 2021 to September 2023 are:

1 **DR. JESÚS DE LA FUENTE RODRÍGUEZ**
Comisión Nacional Bancaria y de Valores
México (*Board Chair*)

2 **ARIFF ALI**
Governor, Reserve Bank of Fiji
(*Board Vice-Chair*)

3 **MARTIN GALSTYAN**
Governor, Central Bank of Armenia

4 **DR. SEREY CHEA**
Deputy Governor, National Bank of Cambodia²

5 **DR. KARAMO KABA**
Governor, Banque Centrale de la République
de Guinée

6 **DR. PATRICK NJOROGÉ**
Governor, Central Bank of Kenya

7 **MAHA PRASAD ADHIKARI**
Governor, Nepal Rastra Bank

8 **JOSÉ CANTERO SIENRA**
President, Banco Central del Paraguay

9 **NADIA GAMHA**
Deputy Governor, Central Bank of Tunisia

10 **DR. ALFRED HANNIG**
Executive Director, Alliance for Financial
Inclusion (*Non-voting member and Secretary
to the AFI Board of Directors*)

² The National Bank of Cambodia was represented by the late Deputy Governor Neav Chanthana from September 2021 until her untimely demise in August 2022.



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REGIONAL LEADERSHIP

Regional Initiatives bring AFI closer to its members and strengthen regional cooperation on financial inclusion. They also enhance the network’s ability to support its members working on specific regional priorities, sharing regional knowledge, and translating global financial inclusion issues into practical implementation at the regional and national levels.

AFI’s Regional Initiatives are supported by a governance structure comprising a Leaders’ Roundtable and an Expert Group on Financial Inclusion Policy (EGFIP). The Leaders’ Roundtable comprises heads of institutions from AFI member institutions in the respective regions whose main responsibility is providing strategic guidance, oversight, and monitoring of the workplans of AFI Regional Initiatives to overcome regional challenges in financial inclusion.

The EGFIP also comprises senior technical officials from AFI member institutions across the network whose main responsibility is developing regional frameworks or guidelines to overcome regional challenges in financial inclusion. AFI’s Management Unit provides coordination and technical support to the meetings and activities of the Leaders’ Roundtable and those of the EGFIP.

AFI has six Regional Initiatives, the newest addition being the South Asia Regional Financial Inclusion Initiative (SARFII) launched in September 2022. AFI members have also endorsed the launch of an EGFIP for the Arab region in 2022.



To learn more, please visit AFI’s **Regional Initiatives**.

WORKING GROUPS

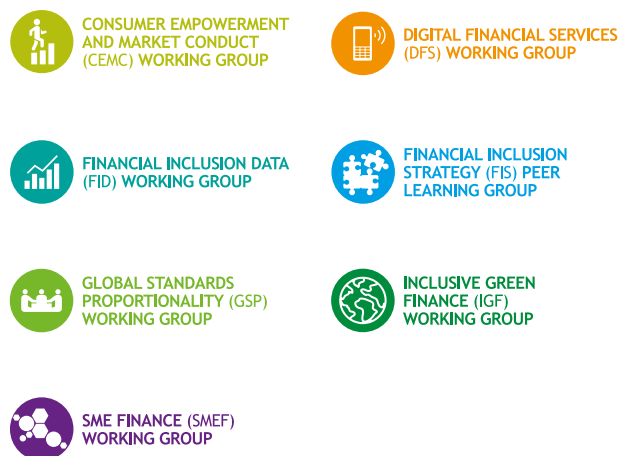
AFI’s Working Groups comprise technical officials from member institutions. Their main responsibility is to develop network-wide regulatory and policy guidance and inputs for AFI’s policy models.



To ensure that the pillars of the **Denarau Action Plan (DAP)** are incorporated at the operational level, each Working Group elects a gender focal point who leads the incorporation of Gender Inclusive Finance (GIF) considerations in the deliverables and deliberations of the Working Groups.

The Working Group members also offer their practical technical expertise through facilitation of in-country missions to support policy implementation and peer-review of draft policies and regulations of network members.

Each Working Group is led by a Chair and two Co-Chairs elected by Working Group members annually with tenures as specified in the respective Working Group’s charter. AFI has seven Working Groups based on members’ policy priorities and 76 of AFI’s 83 member institutions are involved in at least one of the seven Working Groups based on their institutional policy priorities.



PARTNERSHIPS

AFI engages and collaborates systematically with several categories of partners and stakeholders in the financial inclusion space: (a) funding partners; (b) private sector partners; (c) financial regulators from developed countries; and (d) other financial inclusion stakeholders.

FUNDING PARTNERS

Funding partners provide unique and relevant intellectual, technical, and financial contributions to advance AFI's mission and scale up AFI's services and offerings to support members. AFI formalizes partnerships with funding partners through a funding agreement.

In 2022, AFI continued to engage with **Agence Française de Développement (AFD)**, **Ministry of Finance of the Grand Duchy of Luxembourg** and **Germany's Federal Ministry for Economic Cooperation and Development (BMZ)** to advance the objectives of the Multi-Donor Policy Implementation Facility (MD-PIF). The MD-PIF advances financial inclusion policies in Africa with a focus on Digital Financial Services (DFS), gender, youth and public-private dialogues. BMZ also supports AFI's Financial Inclusion for Forcibly Displaced Persons (FDPs) global workstream.

AFI continued to receive funding support from the **Bill & Melinda Gates Foundation (BMGF)**, an AFI funding partner since its establishment. Funds from the ongoing partnership agreement are used for implementing the strategic objectives of AFI's Phase III Strategic Plan. AFI also received an interim grant from the BMGF for the 2023 calendar year.

The **German Federal Ministry for Economic Affairs and Climate Action (BMWK)** (formerly known as the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety) continued to support AFI's Inclusive Green Finance (IGF) workstream through the International Climate Initiative (IKI), including through capacity building and in-country implementation (ICI) support for IGF policies as well as supporting the IGF Working Group and furtherance of knowledge development in this policy area.

AFI continued to receive support from the **Sweden International Development Cooperation Agency (SIDA)** for implementing AFI's Gender Inclusive Finance (GIF) workstream. The key objective of the partnership agreement is to advance gender inclusive finance globally and achieve the targets and deliverables set out in the updated Denarau Action Plan.

AFI continued to have fruitful technical engagements with the **UK's Foreign, Commonwealth and Development Office (FCDO)** following the conclusion of a funding project focused on the advancement of safe and inclusive DFS. In the period ahead, AFI will be exploring further funding cooperation opportunities with FCDO toward 2024 and beyond.

FUNDING PARTNERS



Supported by:



based on a decision of the German Bundestag



THE GOVERNMENT OF THE GRAND DUCHY OF LUXEMBOURG



Federal Ministry for Economic Cooperation and Development
BMZ

BILL & MELINDA GATES foundation



Canada



AFI continued to receive funding support from the **Mastercard Foundation** to implement activities under AFI’s COVID-19 Policy Response project in the Africa region. This partnership aims to enable regulators and policymakers in the region to develop and implement appropriate policies to mitigate the impact of the pandemic on financial inclusion and generate lessons for adoption to enhance resilience to future crises.

AFI formed a new funding relationship with **Canada’s International Development Research Centre (IDRC)** to launch the “Inclusive Green Finance initiatives for MSMEs” project for the period of 2023-2025. The objective of the project is to support financial sector regulators and policymakers in the AFI network to develop and implement gender sensitive policies and regulations to advance Inclusive Green Finance (IGF) for MSMEs.

AFI formalized a new funding partnership with the **Luxembourg’s Ministry of Foreign and European Affairs** through its Directorate for Development Cooperation and Humanitarian Affairs to embark on a pilot project to advance financial inclusion in the Latin America and the Caribbean region. The new project will advance regional DFS, inclusive FinTech, National Financial Inclusion Strategies (NFIS) and Inclusive Green Finance (IGF), with an overarching prioritization of gender inclusive finance.

Flourish Ventures (formerly the Omidyar Network) provided funding support for AFI to implement a new recognition program for AFI members, known as the “Nestor Espenilla Jr. Financial Inclusion Innovation Award”. The first award under this program was given out at the 2022 Global Policy Forum in Jordan.

PRIVATE SECTOR PARTNERS

AFI’s private sector partners provide the network with a combination of unique perspectives, technical input and targeted funding for specific AFI policy areas and activities as part of AFI’s Public-Private Dialogue (PPD) platform maintained on cost-sharing basis with partners. AFI formalizes these partnerships through PPD Partnership Agreements.

AFI continued to partner with **Home Credit**, a POS-Lender originating from the Czech Republic and focusing on responsible lending primarily to people with little or no credit history with a focus for the Asia region. Home Credit contributed unique learnings to AFI members in the areas of financial literacy, rural financial inclusion, inclusive green finance and DFS during 2022.

As one of the founding partners in AFI’s PPD Platform, **Mastercard** continued to engage with the AFI membership in facilitating policy dialogues on fostering innovation, sharing knowledge, and contributing to building regulators’ capacity on youth, Central Bank Digital Currencies (CBDC), RegTech (regulatory technology) and Supervisory technology (SupTech), and merchant payments.

AFI continued to benefit from its partnership with B2B mobile payment network, **Thunes**, which contributed to dialogues on digital currencies and digitization in the African region and the advancement of financial inclusion post COVID-19 pandemic.

PRIVATE SECTOR PARTNERS

HOME CREDIT

 **mastercard**

thunes
smart. transfer. solutions.

VISA


vodacom

CELO

As a founding partner of AFI’s PPD Platform, **Visa** has collaborated with AFI to provide insights with members in thematic areas of digital financial inclusion through data, CBDC, gender communication, merchant payments, youth financial inclusion and MSMEs recovery from the COVID-19 pandemic. Visa continued to contribute to capacity building activities on financial and digital literacy, especially in the Pacific region.

AFI continued to benefit from its partnership with the **Vodacom Group**, a leading African communications company providing services including mobile voice, messaging, data, financial and converged services. Vodacom contributed unique learnings to AFI members in the areas of DFS and IGF, MSME recovery from the COVID-19 pandemic, digital currencies, and other key interest areas to AFI members.

In 2022, AFI formalized a partnership with the **Celo Foundation** which supports the growth and development of the decentralized, open source, mobile-first Celo Platform to help build a carbon-negative financial system that creates the conditions of prosperity for all, to share its expertise in CBDCs and DFS.

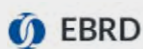
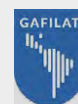
COLLABORATIONS

AFI engages with a broad range of stakeholders known as “strategic knowledge resource partners” who provide invaluable insights to support AFI members in policy development and implementation and elevating the global voice of members.

AFI continued to work with **Women’s World Banking (WWB)** and the **University of Oxford** to conduct the fourth edition of the Leadership and Diversity Program for Regulators, targeting high-potential women leaders from member and non-member institutions with the objective to drive greater gender diversity from within members’ own institutions, under Action Point 10 of the Denarau Action Plan.

AFI also continued to run the **Certified Expert in Financial Inclusion Policy (CEFI)**, a unique online course providing a holistic overview on financial inclusion policy, jointly offered by AFI and **Frankfurt School of Finance & Management** with participants from members, technical staff from the Management Unit and other stakeholders.

COLLABORATIONS



AFI, in its role as Implementing Partner for the **G-20 Global Partnership for Financial Inclusion (G-20 GPFI)**, continued to engage and support the priorities of the Indonesian G-20 Presidency for 2022, themed “Recover Together, Recover Stronger”. The Indonesian G-20 presidency focused on addressing the protection of developing countries on the road to economic recovery from the spillover effect of exit policies in more advanced economies, sustainable finance digital financial inclusion and SME finance. AFI also started engaging with Ministry of Finance India in preparation to support the priorities and deliverables of the incoming Indian G-20 Presidency with the theme “Vasudhaiva Kutumbakam” or “One Earth, One Family, One Future”.

AFI continued to engage with the **Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24)** in co-hosting the annual policymakers’ dialogue focused on the theme of CBDCs, covering opportunities for financial inclusion, policy, and regulation for privately issued digital currencies such as Bitcoin and DeFi as well as publicly issued digital coins.

As observer of the Financial Action Task Force (FATF) and FATF-Style Regional Bodies (FSRBs), AFI continued to bring members’ voice into the regional dialogues and platforms including **Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)**, **Financial Action Task Force of Latin America (GAFILAT)**, **Asia/Pacific Group on Money Laundering (APGML)** and **Inter-Governmental Action Group against Money Laundering in West Africa (GIABA)**. AFI presented its relevant initiatives to the ESAAMLG plenary on digital ID and e-KYC capacity building, AFI’s de-risking action plan in the Pacific, research on policy and regulatory approaches to virtual assets under the Global Standards Proportionality Working Group (GSPWG), and the project for Financial Inclusion of Forcibly Displaced Persons (FDPs).

As member of the Global Advisory Group in Inclusive Financial Integrity, AFI co-led the Task Team on Inclusive Financial Integrity for Forcibly Displaced Persons with the **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)**, to consolidate data and evidence towards driving regular dialogue between the FATF and key stakeholders in addressing the financial inclusion of FDPs through increased awareness and enhanced collaboration among stakeholders.

AFI participated in the **Bank for International Settlements-Financial Stability (BIS-FSI) Check-In Group Meetings** as an initiative to enhance cooperation arrangements on financial inclusion led by BIS-FSI by sharing AFI’s initiatives and members’ activities on CBDCs.

AFI continued to engage with the **European Bank for Reconstruction and Development (EBRD)** to promote gender-inclusive finance and youth financial inclusion in the financial sectors of mutually agreed countries, leveraging AFI and EBRD’s extensive institutional knowledge and resources to strengthen existing gender inclusive finance policies, as well as the implementation capacities of current members.

AFI collaborated with the **Affirmative Finance Action for Women in Africa (AFAWA) team of the African Development Bank (AfDB)** to support a multi-year funding and technical cooperation project to support women-owned and -led SMEs in Africa.

AFI continued to support the advancement of the objectives and workplan of the Financial Inclusion for the **Arab Region Initiative (FIARI)**, in partnership with the **Arab Monetary Fund (AMF)**, **GIZ** and the **World Bank Group (WBG)**.

AFI participated in engagements with various development partners by contributing technical input, including with the **International Monetary Fund**, **World Bank Group**, **World Economic Forum**, and **UN Secretary General’s Special Advocate for Inclusive Finance for Development (UNSGSA) Reference Group**.

AFI continued to engage in an extensive range of technical and intellectual partnerships across Europe such as developed country policymaking and regulatory institutions Luxembourg’s Commission de Surveillance du Secteur Financier (CSSF), Czech National Bank, Bank of England, Banque de France, De Nederlandsche Bank, Riksbank, Bank of Italy, and Bank of Spain to enhance capacity building and related member services and offerings.

PART TWO: PERFORMANCE



Farmers drying rice at processing mill in Brahmanbaria, Bangladesh. (Muhammad Mostafiqur Rahman/Alamy Stock Photo)

MESSAGE FROM THE EXECUTIVE DIRECTOR

Dr. Alfred Hannig
Executive Director, AFI



“

On behalf of the Management Unit, I am pleased to bring you a report of AFI’s work for 2022. We reflect on 2022 with much gratitude. It was a year that began with uncertainty, but it emerged as a highly successful, first post-pandemic year for the AFI network.

”

We witnessed member’s engagement and participation at all-time high levels as AFI returned to holding key meetings and events physically, starting with the meetings of the Working Groups followed by the Regional Initiatives, as well as the Global Policy Forum (GPF) after a two-year pause.

The strong network spirit and energy witnessed at the GPF held in Jordan, in September 2022, affirmed that AFI has emerged from the pandemic more relevant than before, with greater demand and drive for financial inclusion amongst our members and partners.

As an agile and learning organization, AFI continued to harness opportunities created by technology. This includes an expansion in our peer-learning and capacity building repertoire with new online courses as well as an optimal mix of virtual and physical trainings. During the year, the Management Unit also introduced new ways of working through institutionalization of remote working arrangements for its staff, including from home country, to allow greater flexibility and resource optimization, but also proximity to AFI members across the regions.

2022 also marked several milestones for AFI. The AFI membership at the Annual General Meeting (AGM) updated three member-endorsed Accords including the Denarau Action Plan on Gender Inclusive Finance, Sharm El Sheikh Accord on Inclusive Green Finance, and Sochi Accord on Inclusive FinTech. These updates reflected key developments in major thematic areas gaining high attention globally and are envisaged to inspire members in AFI to make new commitments or update their existing commitments under the Maya Declaration. A new regional initiative for South Asia – South Asia Regional Financial Inclusion Initiative (SARFII) – was also launched by our members in the region to elevate peer-exchange and learning. AFI held its Global Financial Inclusion Awards, including two new high-level awards, namely the Nestor Espenilla Jr. Financial Inclusion Innovation Award and the Global Youth Financial Inclusion Award. We hope these awards provide added impetus to the network’s progress and commitment to advancing inclusive growth and innovation.

AFI was able to further expand its funding base in 2022 by scaling up the partnership with the Ministry of Foreign and European Affairs of Luxembourg through additional support for AFI members in Latin America and the Caribbean. AFI also formalized a new funding partnership with the Government of Canada’s International Development Research Center (IDRC) to advance Inclusive Green Finance and MSME Finance.

The diversification of funders is key to strengthening AFI's organizational sustainability to meet the growing demands of members and its responsibilities.

It is important for us to acknowledge the contributions of co-host member institutions who made it possible to convene key events in 2022. These especially include Superintendencia de Economía Popular y Solidaria, Superintendencia de Bancos in Ecuador, Superintendencia General de Entidades Financieras and Banco Central de Reserva de El Salvador which hosted the first Working Group meetings of 2022 physically. For in-person meetings under Regional Initiatives, I thank the Bank of Tanzania for the successful hosting of the AfPI Leaders' Roundtable and Comisión Nacional de Bancos y Seguros de Honduras for hosting the FILAC EGFIP meeting. We are also grateful to the Central Bank

of Jordan for maintaining their offer to host the GPF during the pandemic years, allowing us to finally enjoy their hospitality in 2022.

Finally, I wish to express my deep appreciation to the management and staff of AFI's Management Unit for their tireless work and dedication in delivering on AFI's organizational strategy and goals. I am very grateful to the Board of Directors and Board Committees for their excellent guidance and support that enabled the AFI network to achieve its annual targets while upholding strong governance and accountability to its members.

We look forward to the next year with a strong resolve to work together with our members and partners towards our common goals of a more equitable and inclusive world.

In 2022, AFI advanced groundwork in key initiatives that will be taken forward in 2023 to strengthen AFI's sustainability and its delivery of services and support to members, including:

- 1** The study to explore the Intergovernmental Organization (IGO) status for AFI will continue. AFI will convene a meeting with the legal liaisons for IGO nominated by AFI member institutions to advance the consultative process and formulate recommendations to be presented to the Membership Council for a decision.
- 2** The continuation of efforts to optimize AFI's operational model towards a Global Office approach, with more emphasis on hybrid working mode and increased flexibility, with staff working from different locations and time zones to better serve the members and keep operational costs in-check.
- 3** AFI's Regional Office for Latin America and the Caribbean is expected to be opened in Costa Rica by the end of 2023, following a legalization process which is currently progressing towards the approval of the country's Congress.
- 4** The strengthening of AFI's strategic communication and enhanced outreach to likeminded partners and stakeholders.
- 5** Strategically enhance its capacity building program, especially through leveraging virtual modes of learning. The first set of online training courses have been launched on a fee-based model to complement AFI's on-going capacity building program and provide an additional revenue stream for AFI's sustainability.
- 6** The piloting of AFI's Financial Inclusion Country Assessments with at least two members on a voluntary basis.
- 7** The implementation of the strategy to enhance engagement with global Standard-Setting Bodies (SSBs) to elevate members' voice on the impact of global standards on national financial inclusion objectives.
- 8** The development of AFI's Strategic Plan for Phase IV (2024-2028) which will build on the current strengths of the network and provide the framework to respond to new demands and operating environment.

HIGHLIGHTS OF KEY ACTIVITIES

GOVERNANCE

MEMBERSHIP COUNCIL AND BOARD OF DIRECTORS

- > Approved the Annual Report and Audited Financial Report of AFI for the Financial Year ended 31 December 2021.
- > Approved and adopted the updates to AFI's Accords for the Denarau Action Plan on Gender Inclusive Finance, Sharm El Sheikh Accord on Inclusive Green Finance, and Sochi Accord on Inclusive FinTech.
- > Ratified the appointment of the Reserve Bank of Fiji as the Vice-Chair of AFI's Board of Directors for the ongoing term from September 2021 to September 2023.
- > Ratified the appointment of AFI's Principal Member institutions to serve on the Committees of the Board for term commencing September 2022 until September 2024 which included the Audit Committee, Budget and Finance Committee, Gender Inclusive Finance Committee and Global Standards and Policy Committee.
- > Received the performance report on the implementation of AFI's activities in line with the Board-approved Corporate Strategy and operating budget for AFI.
- > Received the update on the study undertaken to explore the Intergovernmental Organization (IGO) Status for AFI.
- > Approved the 2023 Corporate Strategic Plan and Budget.

AUDIT COMMITTEE

- > Reviewed the Audited Financial Report of AFI for Financial Year ended 31 December 2021 which was certified as an unqualified report by external auditors.
- > Reviewed the internal audit report on the assessment conducted on AFI's finance function and information technology (IT) general controls.
- > Reviewed the progress and reports of internal audits.
- > Approved the internal audit plan.

BUDGET AND FINANCE COMMITTEE

- > Reviewed year-to-date financials and mid-year review of budget.
- > Reviewed the corporate strategy, operational plans, and budget for the Financial Year (FY) 2022.
- > Reviewed operational policies including finance, procurement, and human resources management.
- > Reviewed the 2023 Corporate Strategic Plan and Budget and submitted to Board for approval.

GENDER INCLUSIVE FINANCE COMMITTEE

- > Provided guidance on the strategy for AFI's engagement with Standard-Setting Bodies (SSBs).
- > Provided strategic guidance on the GIF Mapping Project.
- > Endorsed and committed to support AFI's fundraising efforts for GIF.
- > Endorsed the planned activities to showcase GIF Ambassador institutions for implementation.
- > Endorsed the planned speaking engagements for Committee members to advocate AFI's work in Gender Inclusive Finance and the engagement plan with relevant and prospective funding partner institutions.

GLOBAL STANDARDS AND POLICY COMMITTEE

- > Endorsed the updated strategy for enhancing AFI's engagement with global SSBs.
- > Provided guidance on the development of process guidance for the Financial Inclusion Country Assessment service for AFI members.
- > Provided guidance on the Updated Policy Framework for Financial Inclusion of FDPs.
- > Provided guidance on the development of the Regulatory Toolkit for MSMEs Access to DFS, led by AFI as a key deliverable of the Indonesian G-20 GPFi Presidency for 2022.

“

The resilience and resolve of the AFI network are needed more than ever to ensure that we take advantage of the strength of collaboration and network effect and broader influence beyond AFI network. Our concerted support of the AFI cooperation model offers opportunity to weather the looming storm of global financial economic pressures. The AFI network's practical experiences of addressing these challenges especially in safeguarding the gains of financial inclusion are mostly needed during these times.

”

AFI Board Chair (Term 2021-2023),
President Dr. Jesús De La Fuente Rodríguez of
the Comisión Nacional Bancaria y de Valores
(CNBV) at the AGM on 6 September 2022



MEMBER ENGAGEMENT IN THE NETWORK





**MEMBER
ENGAGEMENT**

96%
AFI member engagement remained strong in 2022, with 96 percent of the paid members using at least two AFI services.

71%
Members continued to take up leadership roles in the governance of AFI with 71 percent of paid members holding at least one leadership role in the network in 2022.

POLICY CHANGES

AFI members continued to advance policy changes with reported 112 policy reforms for 2022. These changes ranged across several policy areas corresponding to member-endorsed AFI Accords, with consumer protection and market conduct, DFS and SME finance being the most prominent.

POLICY PROGRAMS AND INITIATIVES

Several important milestones and activities were undertaken in 2022 to advance the objectives of AFI's Phase III strategy. The flagship Global Policy Forum 2022 was held after two years, with strong participation from AFI members as well as other sector stakeholders. Similarly, AFI Working Groups and Regional Initiative meetings were also organized to take forward policy guidance and implementation efforts. Overall, 32 knowledge products were published based on members experiences and policy lessons across the seven thematic areas. The demand for in-country policy implementation support witnessed continued demand and 16 members benefitted from new grants and technical support projects. Capacity building programs, virtual and physical, continued to deliver peer-learning and practical learning for members.

Several key new initiatives were also launched during the year. To harness the opportunities created through virtual modes, AFI expanded its capacity building program with the launch of five new online courses towards the end of the year. A new regional initiative was launched by the eight members in South Asia, i.e. the South Asia Regional Financial Inclusion Initiative (SARFI) to advance common policy agendas. Members in the Arab region endorsed the creation of an Experts Group.

An enhanced version of AFI Awards, i.e. AFI Global Financial Inclusion Awards were held during the GPF with two new awards recognizing innovation for advancing financial inclusion and efforts to advance financial inclusion of youth.

“

We are very proud of our cooperation with the reputable AFI, and we commend AFI's efforts and determination to bringing all the stakeholders here in Jordan, especially after the pandemic. It is a timely opportunity for us here in Jordan to showcase and share our ongoing rigorous efforts towards financial inclusion and learn from AFI network's abundant and diverse experiences in implementing sustainable and pioneering financial inclusion policies. Our world needs, more than ever, joint coordinated efforts among all partners and players across the globe to ensure we deliver financial inclusion and resilience for all.

”

Governor Dr. Adel Al-Sharkas, Central Bank of Jordan at the GPF 2022

AFI further strengthened its global representation with SSBs as well as other strategic forums. AFI participated in the United Nations Climate Change Conference (COP27) at technical level, including organization of a side event on how central banks are promoting financial inclusion for climate resilience and mitigation.

FURTHER INFORMATION

Detailed updates on AFI's activities under the Strategic Plan for 2022 are provided in the next section.



STRATEGIC OBJECTIVES AND PERFORMANCE

AFI continued to implement its **Phase III Strategy** aimed at strengthening AFI's position as a global policy leadership alliance and enhancing support for members' in-country implementation of financial inclusion policies underpinned by three strategic objectives:

1

Guidance for devising financial inclusion policies and regulations.

2

Enhancing implementation of evidence-based financial inclusion policies.

3

Agenda-setting in the global financial inclusion discourse.

1

STRATEGIC OBJECTIVE

Guidance for devising financial inclusion policies and regulation

ACHIEVEMENTS

AFI continued to support members' financial inclusion goals by providing practical guidance for devising financial inclusion policies and regulations. Since AFI's establishment in 2009, over 1,000 policy changes related to financial inclusion have been implemented by 94 member institutions, of which 112 were implemented in 2022.

32

In 2022, AFI produced 32 knowledge products, including two Policy Frameworks, 11 Special Reports, five Guideline Notes, seven Case Studies, three Survey Reports, one Workshop Reports, and three Toolkits.

This rich body of policy and regulatory guidance covers a range of policy topics targeted at emerging members' needs.

The full list of Knowledge Products published by AFI in 2022 can be found in Part Four of the Annual Report.

“

Our journey to enhance financial inclusion is ongoing. We have to adapt to changing realities to enhance financial services for all and achieve inclusive and sustainable economic growth.

”

Governor Caroline Abel, Central Bank of Seychelles

KEY ENABLERS

1. WORKING GROUPS

With the gradual relaxation of COVID-19 related travel and movement restrictions worldwide, AFI physically convened the first series of Working Group meetings for 2022.

All Working Group meetings were hosted by AFI members in the Latin America and the Caribbean region, attended by 212 Working Group members from across the AFI network. The meetings were hosted by Superintendencia de Economía Popular y Solidaria (SEPS) and Superintendencia de Bancos in Ecuador, Superintendencia General de Entidades Financieras (SUGEF) in Costa Rica, and Banco Central de Reserva de El Salvador in El Salvador.

In 2022, the Working Groups completed 20 peer reviews across the seven policy thematic areas. The Working Groups also developed a range of knowledge products based on member experiences. To ensure that AFI knowledge products also provided practical policy solutions to close the gender gap in financial inclusion, all Working Groups appointed focal points to consider cross-cutting aspects of women's financial inclusion.

“

Let us not see the pandemic only as a calamity in the face of what we must crumble, but rather as an opportunity to be more innovative, display our inventiveness and resume our work with even more determination.

”

Superintendent General Rocío Aguila, SUGEF Costa Rica when addressing the Working Groups at their meeting in Costa Rica.

The highlights from AFI's Working Groups' activities in 2022 include:



THE CONSUMER EMPOWERMENT AND MARKET CONDUCT WORKING GROUP (CEMCWG)

Conducted 12 peer review exercises over the year, including a peer review with the Central Bank of Seychelles on the financial education department structure, a peer review with the Reserve Bank of Fiji

on the NFIS, a peer review with Nepal Rastra Bank on its Financial Literacy Framework, and a peer review with Central Bank of Solomon Islands on the Financial Consumer Protection Guidelines. The CEMCWG also published the following knowledge products:

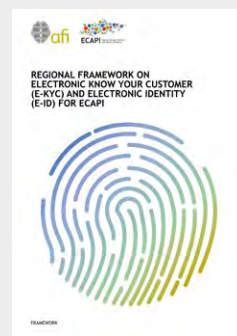
- > **Complaint Handling in Central Banks Toolkit** to support AFI member institutions in designing and implementing policy measures related to the complaint management process and enforcement actions.
- > **Policy Recommendations on the Effective Redress Mechanisms in AFI Member Countries** to provide members with a wide range of best practices from AFI member institutions in the development, implementation, and monitoring of help and redress mechanisms.



THE DIGITAL FINANCIAL SERVICES WORKING GROUP (DFSWG)

Undertook five peer reviews over the year, including Maldives Monetary Authority on the Regulation of Payment Services, Superintendencia de Economía Popular y Solidaria Ecuador’s Cybersecurity Regulation, and Banco Central de Reserva de El Salvador’s National FinTech Strategy. In collaboration with the Global Standards Proportionality Working Group (GSPWG), the DFSWG also undertook peer reviews with the Maldives Monetary Authority on its Guideline and Regulation on Electronic Customer Due Diligence and Bangko Sentral ng Pilipinas on Enhancing the Guidelines on Electronic Know-Your-Customer (e-KYC). DFSWG published or contributed the following knowledge products:

- > **Regional Framework on E-KYC and Electronic Identity for ECAPI** examines policies and devises best practices on the usage of electronic identity and electronic know-your-customer drawing on existing practices and policies shared by AFI members in the ECAPI region and international best practices on e-ID and e-KYC.
- > **Regulatory and Supervisory Technologies for Financial Inclusion** (jointly developed with GSPWG and FIDWG) helps AFI members design, develop, adopt, and adapt SupTech and RegTech initiatives to promote financial inclusion.
- > **Integrating Digital Financial Services into a National Financial Inclusion Strategy** (jointly developed with FISPLG) to provide actionable and pragmatic guidance on properly integrating DFS into an NFIS and having a positive impact on end-users.
- > **Consent, Convergence and Data Protection: Cornerstones for the Success of Inclusive Open Finance** summarizes the key takeaways and talking points of the Global FinTech Dialogue on Open Finance Innovations and Inclusion hosted by AFI to showcase policy and regulatory considerations that leverage open data ecosystems to advance inclusive financial services through engagement with AFI member countries, developed country regulators, and other stakeholders.
- > **Sustaining an Inclusive DFS Ecosystem during a Global Emergency** highlights immediate policy responses brought in to mitigate the COVID-19 effects on the DFS ecosystem in Nigeria.
- > **Leveraging DFS to advance Inclusive Green Finance Policies** (jointly developed with IGFWG) shows how DFS and enabling policies can make a difference in helping the most vulnerable



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populations adapt to and mitigate climate risk and environmental degradation.

- > **Central Bank Digital Currency – An opportunity for financial inclusion in developing and emerging economies?** explores considerations on whether CBDCs could be designed in a way that is secure and accessible, while reaching those with low levels of digital and financial literacy; and how CBDCs avoid reinforcing existing digital divides and gender disparities.
- > **Digital Financial Services Regulation: Current State of Practice Report** aims to help AFI members identify and work towards addressing any potential regulatory gaps at the country and regional levels.



THE FINANCIAL INCLUSION DATA WORKING GROUP (FIDWG)

Undertook peer reviews with the Reserve Bank of Zimbabwe on financial inclusion demand-side survey questionnaire, on Superintendencia de Economía Popular y Solidaria Ecuador’s two credit surveys, and Central Bank van Suriname on the draft demand-side survey financial inclusion report. A peer-learning exchange on the financial capability barometer with Bank Al-Maghrib was also facilitated. The FIDWG published the following knowledge products:

- > **Regulatory and Supervisory Technologies for Financial Inclusion**, jointly developed by GSPWG and DFSWG, aims to support AFI members in designing, developing, adopting, and adapting SupTech and RegTech initiatives to promote financial inclusion.

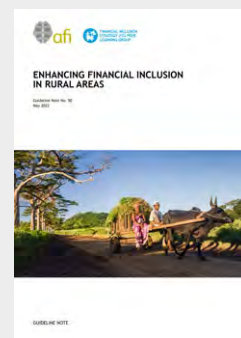
- > **Measuring Inclusive Green Finance** (jointly developed with the IGFWG) examines the intersection of trends between green finance measurement approaches and supply-side financial inclusion indicators.



THE FINANCIAL INCLUSION STRATEGY PEER LEARNING GROUP (FISPLG)

Undertook peer review exercises on the National Financial Inclusion Strategy of AFI’s member institutions including the Reserve Bank of Fiji, Reserve Bank of Zimbabwe, Bank of Sierra Leone, and Central Bank of the Gambia. The following knowledge products were published by FISPLG:

- > **Enhancing Financial Inclusion in Rural Areas** examines how policymakers have sought and succeeded in enhancing financial inclusion in rural areas based on experiences of AFI’s members in designing and implementing financial inclusion initiatives focused on rural areas.
- > **National Financial Inclusion Strategies: Current State of Practice (2022)** provides an overview of NFIS practices that countries have adopted and highlights recent developments and consequences of the COVID-19 pandemic for NFIS policymaking.
- > **Integrating Digital Financial Services into a National Financial Inclusion Strategy** (jointly developed with DFSWG) provides actionable and pragmatic guidance on properly integrating DFS into an NFIS and having a positive impact on end-users.



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- > **Integrating Gender and Women’s Financial Inclusion into National Strategies (V.2)** delves into how AFI members have integrated and promoted women’s financial inclusion in the different phases of the NFIS and implemented other gender-sensitive policies guided by the Denarau Action Plan. The publication thus provides a compendium of good practices and lessons learned in formulating and implementing gender-sensitive NFIS.



THE GLOBAL STANDARDS PROPORTIONALITY WORKING GROUP (GSPWG)

Collaborated with the DFSWG and undertook peer reviews of Maldives Monetary Authority’s Guidelines and Regulations on Electronic Customer Due Diligence and of Bangko Sentral ng Pilipinas’ Enhancing the Guidelines on Electronic Know-Your-Customer (e-KYC). The GSPWG also developed the following knowledge products:

- > **Regional Framework on E-KYC and Electronic Identity for ECAPI** examines policies and good practices on the usage of e-ID and e-KYC, drawing on existing practices and policies shared by AFI’s members in the ECAPI region and international best practices on e-ID and e-KYC.
- > **Regulatory and Supervisory Technologies for Financial Inclusion** (jointly developed with DFSWG and FIDWG) aims to help regulators to design, develop, adopt, and adapt SupTech and RegTech initiatives to promote financial inclusion.

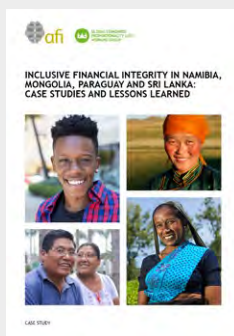
- > **Leveraging Digital ID and E-KYC to Deliver Social Protection Programs and Advance Financial Inclusion During the COVID-19 Pandemic and Future Crises** presents case studies discussing various social protection strategies and social transfer programs adopted by Peru, India, Togo, Thailand, and Egypt during the pandemic, preparing well in advance for future crises.
- > **Inclusive Financial Integrity in Namibia, Mongolia, Paraguay and Sri Lanka: Case Studies and Lessons Learned** presents four-member case studies exploring their experiences in advancing Inclusive Financial Integrity, and to provide a set of best practices in aligning AML/CFT/CPF and financial inclusion policy objectives to support uptake in access to, and usage of, quality formal financial services.



THE SME FINANCE WORKING GROUP (SMEFWG)

Developed the following knowledge products:

- > **SME Finance Guideline Note (V.2)** which serves as an initial reference for AFI’s members developing policy and regulations for SME access to finance, and to open dialogue among AFI’s members.
- > **Survey Report on FinTech for MSME Access to Financing (V.2)** provides insights on the regulatory landscape of FinTech to increase access to financing for MSMEs and the overall promotion of financial inclusion.



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- > **Green Credit Guarantee Schemes for MSMEs** (jointly developed with the IGFWG) elaborates on policy considerations for the implementation of Credit Guarantee Schemes (CGSs) that can be used to support green lending to MSMEs.
- > **Policy Catalogue: Women-Led MSME Access to Financing** provides an overview of policies and initiatives developed to facilitate and develop access to finance for women-owned/led MSMEs to create an inventory that can be shared among AFI's members and serve as a platform for knowledge exchange and peer learning.
- > **Credit Guarantee Schemes: Facilitating MSME Financing in Africa During the COVID-19 Pandemic** is a compilation of case studies investigating the role of CGSs in improving MSMEs financing during the COVID-19 pandemic.



THE INCLUSIVE GREEN FINANCE WORKING GROUP (IGFWG)

Developed the following knowledge products:

- > **Green Credit Guarantee Schemes for MSMEs** (jointly with the SMEFWG) elaborates on policy considerations for the implementation of credit guarantee schemes (CGSs) that can be used to support green lending to MSMEs.
- > **Leveraging Digital Financial Services to Advance Inclusive Green Finance Policies** (jointly developed with DFSWG) shows how DFS and enabling policies can make a difference in helping the most vulnerable populations adapt to and mitigate

climate risk and environmental degradation.

- > **Measuring Inclusive Green Finance** (jointly developed with the FIDWG) examines the intersection of trends between green finance measurement approaches and supply-side financial inclusion indicators.
- > **Roadmap for Inclusive Green Finance Implementation**, developed in collaboration with the University of Luxembourg, identifies IGF as a subset of sustainable finance, shows that a successful IGF framework rests on six “Building Blocks”, identifies policy tools to further advance the framework, summarizes the related challenges, and provides recommendations for IGF policy implementation.
- > **Towards an Inclusive Green Future** examines the intersection between inclusive green finance and gender inclusive finance, with a special emphasis on how to integrate gender considerations into AFI's 4P Framework.



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2. REGIONAL INITIATIVES

AFI's Regional Initiatives continued to advance policy development supported by the technical groups known as the Experts Group on Financial Inclusion Policy (EGFIP).

In 2022, the EGFIP and regional leaders met both in person and virtually as travel and movement restrictions started to ease. Using both modalities, the Regional Initiatives were able to develop programs that address region-specific challenges using the expertise of members in the respective regions. This included development of supervisory tools and regulatory frameworks, and capacity building to support members' in-country implementation of financial inclusion goals. Regional leaders also met virtually to provide strategic guidance to steer the financial inclusion progress in the regions.



AFRICAN FINANCIAL INCLUSION POLICY INITIATIVE (AFPI)

AFI Leaders in the Africa region convened the annual African Financial Inclusion Policy Initiative (AfPI) Leaders' Roundtable on 23 June 2022 in Arusha, Tanzania under the theme "Africa's leadership on inclusive finance through digitization for stability and growth".

“

AFI's regional meetings on financial inclusion are critical for a number of ways: firstly, for cross-pollination of ideas on practical policy implementation in advancing financial inclusion. Secondly, for showcasing progress made in fostering inclusive finance in the countries, and thirdly for expanding private and public collaboration in advancing appropriate, accessible and affordable digital inclusive financial services.

”

Governor Prof. Florens Luoga, Bank of Tanzania during the AfPI meetings held in Arusha, Tanzania.

Leaders discussed inclusive digital finance and policies that promote financial inclusion for vulnerable groups such as women, youth, forcibly displaced persons (FDPs), and rural and remote communities. Earlier in the same week, meetings of AfPI's Expert Group for

Financial Inclusion Policy (EGFIP), training on Regulatory and Supervisory Technologies, Public-Private Dialogue (PPD) and Developing-Developed Countries Dialogue (3D) were held.

Under AfPI, AFI members developed the following regional policy guidance:

- > **Regional Framework on Supervision of FinTechs in Africa** provides principles and a set of policy considerations for supervisors in the Africa region to inform development of coherent supervisory and policy approaches towards FinTech firms, products, and services, compatible with the key objectives of inclusive finance, financial stability, consumer protection, and market integrity.
- > **Special report on Driving Digital Financial Services (DFS) in Africa through merchant acceptance of digital payments**, which aims to guide policymakers on how to foster the acceptance of digital payments by merchants through policy interventions, understand the challenges and opportunities in the adoption of the merchant-led digital payment solutions and policy interventions that can enhance the use of digital payments by merchants and consecutively by other stakeholders in the economy.



EASTERN EUROPE AND CENTRAL ASIA POLICY INITIATIVE (ECAPI)

AFI's members from Eastern Europe and Central Asia are developing a knowledge product on Monitoring and Evaluation of Financial Education in Schools in AFI Members' Countries in ECAPI which aims to provide guidance in identifying the fundamental requirements for monitoring and evaluating financial education initiatives conducted in schools.

The ECAPI's EGFIP was convened at a meeting on 30 June 2022 in Luxembourg, where members set the foundation for the development of the 2023-2025 Action Plan. During the ECAPI Leaders' Roundtable meeting in Jordan, the Central Bank of Armenia was selected to become the ECAPI co-chair and will take over the Chair role in 2023 from the Mongolian Financial Regulatory Commission (FRC).



FINANCIAL INCLUSION INITIATIVE FOR LATIN AMERICA AND THE CARIBBEAN (FILAC)

The FILAC's EGFIP held a physical meeting on 18-21 July 2022, co-hosted by AFI and Comisión Nacional de Bancos y Seguros (CNBS) de Honduras. AFI's members from Latin America and the Caribbean developed the "Policy Framework on Digital Financial Services for Women-led MSMEs in LAC" and facilitated a Peer Learning Exchange between CNBS Honduras and SEPS Ecuador on Gender Inclusive Finance.

At the Leaders' Roundtable held on 6 September 2022 in Jordan, the FILAC Leadership endorsed the workplan for 2023-2024, outlining priorities including DFS, consumer empowerment and market conduct, MSMEs finance, Inclusive Green Finance, Financial Inclusion Data, Migrant Population, and Gender Inclusive Finance.



PACIFIC ISLANDS REGIONAL INITIATIVE (PIRI)

In 2022, PIRI's Leaders endorsed the adoption of the Pacific Regional Regulatory Sandbox and Portal SOPs. AFI also facilitated knowledge exchange and peer learning on the Sandbox for member institutions in PIRI. Furthermore, leaders supported the regional implementation of the updated Sochi Accord and taking forward the recommendations of the De-risking Action Plan, Inclusive Green Finance, and Gender Inclusive Finance workstreams. Members also continued to advance leadership in policy guidance through the development of a "Special Report on FinTech Innovation in PIRI Members' Countries".



SOUTH ASIA REGION FINANCIAL INCLUSION INITIATIVE (SARFII)

AFI launched the SARFII at the 2022 GPF where the eight members identified six key policy priorities, namely DFS, financing of MSMEs, reducing the gender gap in access to finance, inclusive green finance, financial inclusion data, consumer protection, and financial education and literacy. At the first Leaders' Roundtable, SARFII members elected the Maldives Monetary Authority (MMA) as the inaugural Chair and

Nepal Rastra Bank (NRB) as the inaugural Vice-Chair for the 2022-2024 term. The leadership expressed support to implement the first phase of the action plan for 2023-2025.

AFI INITIATIVES AND COLLABORATION IN OTHER REGIONS

ARAB REGION

Throughout 2022, AFI continued to support Arab members in developing and conducting activities for the region to achieve their financial inclusion goals. AFI supported several members in the policy areas of National Financial Inclusion Strategy and Gender Inclusive Finance through in-country implementation support. In July, AFI launched a series of activities on Youth Financial Inclusion in the Arab region. These included a capacity building event and technical workshop as well as a knowledge product on the Landscape of Youth Financial Inclusion, collecting experiences from AFI's members will support the roadmaps to be developed to enhance youth financial inclusion in the region.

“

An innovative approach is needed, based on minimizing the risks for small businesses ... that allows for the promotion of new business models and reduced unemployment to support strong and inclusive growth.

”

Vice-President Tiémoko Meyliet Koné, former Governor of Banque Centrale des États de l'Afrique de l'Ouest (BCEAO) at the opening of the virtual exclusive member training on narrowing the financial gap for MSMEs

During the Global Policy Forum, AFI's members endorsed the formation of the first EGFIP for the Arab region.

SOUTHEAST ASIA

In the Southeast Asia region, AFI continued to collaborate with the ASEAN Working Committee on Financial Inclusion (ASEAN WC-FINC) on the development of an indicator framework on Digital Financial Literacy (DFL) following the launch of a tailored policy note on Digital Financial Literacy for ASEAN in 2021.

2

STRATEGIC OBJECTIVE

Enhancing implementation of evidence-based financial inclusion policies

ACHIEVEMENTS

AFI continued to support members in implementing financial inclusion policies in accordance with their national financial inclusion policy goals and stage of their financial inclusion journey. In 2022, COVID-19 pandemic restrictions were gradually lifted globally which enabled AFI to provide both virtual and physical capacity building programs.

556
MEMBERS



Overall, **566 members** (of which 285 were women) with representation from 71 AFI's member institutions attended AFI's capacity building programs.



FEMALE PARTICIPANTS

The number of female participants was higher than male participants as observed in three consecutive years, mainly due to virtual offerings.

16

ICI SUPPORT



In addition, 16 members received ICI support for advancing high-impact financial inclusion policies.

KEY ENABLERS

1. PRACTICAL CAPACITY BUILDING PROGRAMS

AFI continued to offer practical capacity building programs to cater to the needs and demands of members, leveraging knowledge tools developed by the Working Groups and Regional Initiatives.

Member-led peer learning was complemented with technical input from the private sector partners, non-member regulators, other international development organizations and local stakeholders in host institution countries.

“

It is a very new topic and there is really little experience on the spectrum and what there is rather theoretical, so it seems to me that the presentations and points of view have been cutting edge, the best that can be known worldwide. Thanks AFI.

”

Participant of Bank Negara Malaysia (BNM)-AFI Virtual Member Training on Digital Banks: Business Model to Reach the Last Mile




All capacity building programs conducted in 2022 received a score of 4 and above (out of 5) for “meeting the learning objective” as well as “acquire practical solutions”. Selected trainings were conducted in dual sessions to provide convenient time options for members from different time zones. All programs incorporated gender considerations into their design.

AFI also developed five online courses: Introduction to IGF Policies; Financial Inclusion Policy Crisis Response - The Case of COVID-19; AFI National Financial Inclusion Strategy Policy Model; Inclusive Financial Integrity – Practical Policy Perspectives, and AFI Policy Framework for Women-led MSME Access to Finance. Along with these new online courses, 120 learners from AFI's member institutions and other financial inclusion professionals registered for the Certified Expert in Financial Inclusion (CEFI) online course, which is run in collaboration with the Frankfurt School of Finance and Management.

2. DEMAND-DRIVEN, CUSTOMIZED IN-COUNTRY IMPLEMENTATION SUPPORT

AFI continued to provide members with in-country implementation (ICI) support in 2022 through grants and technical support. A large proportion of ICI support focused on thematic areas of DFS, followed by Inclusive Green Finance, Financial Inclusion Strategy, and Consumer Empowerment and Market Conduct, in line with overall members' policy implementation priorities.

During the year, AFI provided 16 new ICIs:

 <p>Central Bank of the Gambia: Development of a gender focused DFS, NFIS, and Consumer Protection Framework.</p>	 <p>Central Bank of Seychelles: Support for the implementation of a regulatory sandbox.</p>	 <p>Banque Centrale de Mauritanie: Technical support on financial inclusion diagnostic and governance structure.</p>	 <p>Central Bank of Samoa: Development of FinTech regulatory sandbox.</p>
 <p>Banque Centrale des États de l'Afrique de l'Ouest (BCEAO): Policy support program to mitigate the COVID-19 effects as part of the implementation of the regional financial inclusion strategy in the West African Economic and Monetary Union (WAEMU).</p>	 <p>Ministère des Finances de la République du Niger: Setting up data collection mechanism and financial inclusion database.</p>	 <p>Superintendencia General de Entidades Financieras de Costa Rica (SUGEF): National credit information system.</p>	 <p>Nepal Rasta Bank: Green taxonomy development for Nepal.</p>
 <p>Ministère des Finances et du Budget du Sénégal: Development of policies to mitigate the adverse effects of crises on decentralized financial systems in Senegal.</p>	 <p>Central Bank of Sudan: Technical support for updating the microfinance policy and regulatory framework and for enhancing staff skills.</p>	 <p>Central Bank of Iraq: Technical support for the structuration and operationalization of the NFIS Secretariat and for enhancing Central Bank of Iraq staff coordinating and monitoring capacities.</p>	 <p>Central Bank of Eswatini: FinTech scoping exercise and development of the National FinTech strategy in Eswatini.</p>
 <p>Maldives Monetary Authority: Inclusive green finance capacity building for the Maldives Monetary Authority.</p>	 <p>Palestine Monetary Authority: Demand-side survey and roadmap for reducing gender gap and increase awareness on DFS; Inclusive green finance capacity building.</p>	 <p>Reserve Bank of Vanuatu: Facilitation of stakeholder workshop on MSMEs financing strategy report and capacity building on IGF and the FinTech regulatory sandbox.</p>	 <p>Banque Centrale de Tunisie: Peer learning exchange on financial education and consumer protection.</p>

3. ENGAGEMENTS WITH REGULATORS AND POLICYMAKERS FROM DEVELOPED COUNTRIES

AFI continued to engage with developed countries' regulators under its Developing-Developed Countries Dialogue (3D) to provide a platform for mutually beneficial engagement between AFI's members and financial regulators from advanced economies on topics of converging interest. The following engagements were undertaken in 2022:

- > **Luxembourg's Commission de Surveillance du Secteur Financier (CSSF):** The institution provided technical inputs during AFI's Virtual Global FinTech Dialogue on Open Finance as well as hosted regional training on Inclusive FinTech at the 9th ECAP meeting.
- > **Banque de France:** The institution shared insights on consumer protection on DFS and FinTech in AfPI Meetings in June 2022.
- > **De Nederlandsche Bank:** The institution shared insights towards the Guideline Note on Climate Change, Sustainable Finance, and Financial Stability.
- > **Sveriges Riksbank:** The institution participated in AFI's third knowledge exchange program on CBDCs in March 2022.
- > **Banco de España:** The institution participated and contributed as a speaker at the FILAC meetings in July 2022.
- > **Bank of Italy:** The institution provided insights on consumer protection in DFS and FinTech spaces at AfPI Meetings.

3

STRATEGIC OBJECTIVE

Agenda-setting in the global financial inclusion discourse

ACHIEVEMENTS



In 2022, AFI continued to amplify members' voices in the global arena through its participation at the G-24, the G20 GPFI and the annual Global Policy Forum.

It was observed that AFI's engagement in various global forums and bodies, including the Standard-Setting Bodies (SSBs) received growing recognition and success in advocating members' viewpoints.

KEY ENABLERS

1. GLOBAL POLICY FORUM 2022

Under the patronage of His Majesty King Abdullah II of Jordan, the Central Bank of Jordan (CBJ) and the Alliance for Financial Inclusion (AFI) held the 2022 AFI Global Policy Forum (GPF) on 5-8 September 2022 (including members-only events on 5 and 6 September, such as meetings of AFI's Working Groups, Regional Initiatives, Annual General Meeting and AFI Leaders' Public-Private Dialogue meeting).

The GPF gathered 53 Leaders of AFI's member institutions and 581 policymakers from the AFI Network, their peers from developed countries, donors, knowledge and private sector partners and other institutions from 102 countries. Last time, AFI's members and partners convened in Kigali, Rwanda in September 2019.

With the theme of "Moving forward together: Towards a resilient, inclusive and sustainable future", the GPF highlighted the four pillars of financial inclusion: livelihood, sustainability, social, and innovation.

Against the backdrop of these four pillars, the participants looked ahead into the next decade as economies rebuild, especially after the shocks caused by the pandemic. The GPF facilitated structured deliberations on how central bankers and other financial regulators can, in addition to monetary and financial stability objectives, enhance financial inclusion and underline the role of financial inclusion in ensuring inclusive, resilient, and sustainable economic recovery, rebuilding, and growth.

Alongside the GPF, AFI Membership Council comprising Principal and Associate Members convened the AFI Annual General Meeting (AGM) on 6 September 2022. At the AGM, members received the presentation of the AFI Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2021, a management performance report since the last AGM held in September 2021, and an update on the research undertaken to explore the Intergovernmental Organization (IGO) Status for AFI.

Members undertook the following decisions at the AGM:

- > **Approved the updates to AFI's Accords** including the Denarau Action Plan on Gender Inclusive Finance, Sharm El Sheikh Accord on Inclusive Green Finance, and Sochi Accord on Inclusive FinTech.
- > **Ratified the appointment of the Reserve Bank of Fiji as the Vice-Chair of AFI's Board of Directors** for the ongoing term from September 2021 to September 2023.
- > **Ratified the appointment of AFI's Principal Member institutions to serve on the Committees of the Board** for term commencing September 2022 until September 2024 which included the Audit Committee, Budget and Finance Committee, Gender Inclusive Finance Committee, and Global Standards and Policy Committee.



581

POLICYMAKERS
FROM THE AFI
NETWORK



53

LEADERS OF
AFI'S MEMBER
INSTITUTIONS



102
COUNTRIES



2. ENGAGEMENT WITH STANDARD-SETTING BODIES (SSBs)

AFI continues to strategically engage with international SSBs and elevate the network’s financial inclusion policy agenda to garner support for members’ priorities. At the GPF 2022, the Global Standards and Policy Committee endorsed an enhanced strategy for engagement with SSBs, identifying priority topics for engagement with SSBs while incorporating a tiered approach for collaboration with SSBs whose workplans held the highest relevance for AFI members.

G20 GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION (GPII)

AFI engaged with and supported the Indonesian G-20 Presidency in its role as an Implementing Partner of the GPII over the years. AFI continued to bring members’ experiences on practical policy implementation to contribute to the priorities of the Indonesian G-20 presidency by leading the development of the regulatory toolkit for MSMEs’ access to DFS led by AFI’s SME Finance Working Groups which was expected to be finalized during the upcoming Indian G-20 Presidency in 2023.

In preparation to support the incoming Indian G-20 Presidency for 2023, AFI also commenced engagements with the leading institutions, namely India’s Ministry of Finance and Reserve Bank of India, on the focus areas of their presidency, including reducing cost of remittances, FinTech for SMEs financing, and digital public infrastructure with a view to support through providing practical use case examples, peer review of outputs by AFI’s members, and opportunities for the Indian presidency to engage with AFI’s members on these workstreams.

FATF-STYLE REGIONAL BODIES

AFI continued to participate as Observer in the FATF-Style Regional Bodies (FSRBs) including the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Financial Action Task Force of Latin America (GAFILAT), Asia/Pacific Group on Money Laundering (APGML) and Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). AFI conducted outreach and explored participation as Observer in other FSRBs, including the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), and the Middle East and North Africa Financial Action Task Force (MENAFATF).

AFI participated in outreach sessions hosted by the FATF President on Opportunities and Risks of New Technologies for AML/CFT. AFI provided inputs to three FATF consultations on:

- 1 New proliferation financing requirements;
- 2 FATF project on the unintended consequences of the FATF standards; and
- 3 Revised FATF guidance on virtual assets service providers.

In addition, AFI also made presentations at an APGML workshop on Digital Identity and at the APGML Operations Committee on Impacts of the FATF standards on financial inclusion.

At the plenary meeting of the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG), AFI presented its ongoing work on digital ID and e-KYC capacity building, AFI’s de-risking Action Plan in the PIRI region, ongoing research on policy and regulatory approaches to virtual assets under the leadership of the GSPWG, and the project for Financial Inclusion of Forcibly Displaced Persons (FDPs).



At the plenary meeting of the Financial Action Task Force of Latin America (GAFILAT), AFI presented its ongoing work on digital ID and E-KYC.

BANK FOR INTERNATIONAL SETTLEMENTS-FINANCIAL STABILITY (BIS-FSI) THEMATIC WORKSHOP AND CHECK-IN MEETING

AFI participated in the annual thematic workshop under the “enhanced cooperation arrangements” between SSBs and financial inclusion stakeholders on the theme of proportionality and financial inclusion where AFI’s member, Bangko Sentral ng Pilipinas, was a speaker. AFI also participated in the second technical-level check-in meeting with the SSB Secretariats and BIS-FSI which focused on a review of the proceedings of the thematic workshop and discussion on potential topics for the 2023 workshop.

ANNUAL G-24/AFI POLICYMAKERS’ ROUNDTABLE

AFI co-hosted a virtual roundtable with the Intergovernmental Group of Twenty-Four (G-24) on the theme “Digital Currencies: Risks and Opportunities for Financial Inclusion” on 26 April 2022 at the sidelines of the virtual IMF and World Bank Group Spring Meetings. The Roundtable was attended by more than 120 participants from 65 institutions from G-24 and the AFI network. The leaders shared practical experiences and views of the developments in digital money, covering opportunities for financial inclusion, policy, and regulation for privately issued digital currencies such as Bitcoin and DeFi as well as publicly issued digital coins such as CBDCs.

The Roundtable also received a presentation by Governor Benjamin Diokno from Bangko Sentral ng Pilipinas where he shared the central bank’s pilot project aimed at bringing hands-on knowledge about risks and opportunities of digital currencies for financial system and their potential in furthering financial inclusion.

Key policy take-aways included: (1) emerging digital technologies do not alter the mandates of central banks, but facilitate their means to achieve their mandate of providing safe, efficient and inclusive payment systems; (2) the importance of intersectoral approach, with different departments working together along with advisors from international standard setting bodies (SSBs) and multilateral institutions to train and share knowledge on CBDC design and implementation; (3) need for timely policy responses not just to address financial stability risks but also potential misuse of crypto assets for money laundering and other criminal purposes; and (4) the need for appropriate policy frameworks to cope with risks and opportunities arising from the ongoing digital transformation of financial services.

TASK TEAM ON INCLUSIVE FINANCIAL INTEGRITY FOR FORCIBLY DISPLACED PERSONS

The Task Team, co-led by AFI and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), presented its work to a global audience at the second virtual global forum on illicit finance and sustainable development. The Task Team leads regular dialogues between the FATF and key stakeholders in addressing the financial inclusion of FDPs including: the unique AML/CFT/CPF-related barriers faced by FDPs; and consideration of FDPs in the adoption of FATF Standards and related guidance, including implementation of national and sectoral risk assessments that cover FDPs towards preventing unintended consequences of the FATF Standards.



3. AFI GLOBAL FINANCIAL INCLUSION AWARDS 2022

The dedication and leadership of AFI's network members in accelerating financial inclusion were recognized through the AFI Global Financial Inclusion Awards held on 8 September 2022 during the GPF.

This included the launch of two new high-level awards in innovation and financial inclusion of youth. The Nestor Espenilla Jr. Financial Inclusion Innovation Award, introduced to honor the legacy of the late Governor Nestor Espenilla aims to recognize one AFI member with outstanding achievements in driving innovation and technology for advancing financial inclusion.

The Global Youth Financial Inclusion Award, a well-known award program conceptualized and run by Child and Youth Finance International (CYFI) which was handed over to AFI in 2019. The Award was open to members and non-member financial sector regulators which made significant contributions towards advancing financial inclusion of the young population.



AFI Global Financial Inclusion Awards 2022

> [View here](#)

The AFI Global Financial Inclusion Awards were given three categories:

- > **Nestor Espenilla Jr. Financial Inclusion Innovation Award recognizing leadership in FinTech and innovation:** Awarded to the Central Bank of Egypt. Other finalists included Superintendencia de Bancos de la República Dominicana, Central Bank of Jordan, Central Bank of Kenya, and Banco Central de Timor-Leste.



- > **Global Youth Financial Inclusion Award recognizing leadership in advancing the financial inclusion of youth:** Awarded to the Palestine Monetary Authority (PMA). Other finalists included Bangladesh Bank, Czech National Bank, Superintendencia de la Economía Popular y Solidaria de Ecuador, and Central Bank of Egypt.



- > **AFI Peer Leadership:** Maya Declaration Commitment Award awarded to the Central Bank of Egypt and Institutional Leadership Award awarded to Bangko Sentral ng Pilipinas. Individual Technical Leadership Awards awarded to the staff from Bank of Namibia (Africa), Palestine Monetary Authority (Arab region), National Bank of Cambodia (Asia), Financial Regulatory Commission of Mongolia (ECCA), Comisión Nacional de Bancos y Seguros de Honduras (LAC), and Central Bank of Solomon Islands (Pacific region).

4. INCLUSIVE GREEN FINANCE GLOBAL REPRESENTATION

AFI participated in the United Nations Climate Change Conference (COP27) at technical level to strengthen engagement with funders, partners and members as well as support the Central Bank of Egypt, a member of the AFI network which was host country for COP27.

AFI hosted a side event titled “How central banks are promoting financial inclusion for climate resilience and mitigation”, where the Roadmap to Inclusive Green Finance, co-written between AFI’s IGF Working Group and the University of Luxembourg was launched. AFI also moderated a panel discussion on the topic of “Role of Central Banks in Sustainable Finance” which was well attended by participants. The participation in the COP27 was enabled with access support from the Luxembourg Government.

AFI participated as a speaker in a session on “Financing a Just Transition” in the Global Green Finance Leadership Program (GGFLP), sharing how AFI members view the links between green finance and financial inclusion, and then concrete policy interventions on inclusive green finance that are emerging in the network.

5. EUROPEAN MICROFINANCE WEEK

AFI, together with the Palestine Monetary Authority, participated in the European Microfinance Week 2022 in Luxembourg where the member shared its journey in developing a survey on women’s financial inclusion and a roadmap to reduce the gender gap.

6. ENGAGEMENT WITH STAKEHOLDERS

PUBLIC-PRIVATE DIALOGUE (PPD)

AFI continued to enhance its PPD platform that provides space for policymakers and regulators to discuss in open dialogue with the private sector leaders on financial inclusion regulatory implementation challenges and advancing responsible market conduct. The following initiatives were undertaken in 2022:

High-Level PPD Meetings:

- > On 23 June 2022, during the AfPI meetings, AFI organized a PPD Leaders meeting on the theme “Public-Private collaboration in Africa to foster digitization of women, elderly, rural populations, and other vulnerable groups to advance financial inclusion” with private sector participants from Growth Platform, Mastercard, Thunes, Visa, and Vodacom.
- > On 6 September 2022, during the Global Policy Forum 2022, a PPD Leaders meeting themed “Public-Private collaboration in the Era of disruption: Deepening usage of financial services to further advance financial inclusion” was organized for the leaders of AFI’s member institutions and private sector participants from Celo, GSMA, Growth Platform, Mastercard, Stellar Foundation, Thunes, Visa, Vodacom, Uncap, and WIZZIT.



Technical-Level PPD Meetings

- > On 22 June 2022, a technical-level PPD on “Digital Currencies-opportunities and challenges for inclusive finance” was organized by AFI for members in the Africa region during AfPI with where Growth Platform, GSMA, Mastercard, Thunes, Visa, and Vodacom participated on behalf of the private sector.
- > On 20 July 2022, a technical-level PPD for members of the Latin America and the Caribbean region on “Financial Education for women, youth, and other vulnerable groups: Public-Private perspectives” was organized during the FILAC meetings where private sector participants Thunes and TransUnion shared their expertise.

TRAININGS SUPPORTED BY SELECTED AFI PPD PARTNERS

Two Regional PPD trainings were delivered in collaboration with PPD partners in 2022, for AFI’s members in the Africa region:

- > AFI PPD Training on “Regulatory and Supervisory Technologies for Inclusive Growth” held on 21 June 2022 with Mastercard.
- > AFI PPD Training on “Giving Meaning to Digital and Financial Inclusion through Data: The Case of Acceptance” held on 5 October 2022 with Visa.

Other PPD partners contributed their technical expertise in the following forums:

- > CNBV-AFI’s Member Training on Gender Inclusive Policy Development held on 22-25 November 2022 with Mastercard
- > AFI Virtual Dialogue on “Giving Meaning to Digital Financial Inclusion Through Data: The Case of Acceptance” held on 29 November 2022 with Visa.

7. AFI INCLUSIVE FINTECH SHOWCASE 2022

The AFI FinTech Showcase is an initiative under the 2018 Sochi Accord with AFI’s membership committed to “create and participate in platforms for systemic dialogue and partnership among regulators and policymakers with FinTech companies and technology providers”.

The competition showcases the most promising FinTech and RegTech innovators which are enhancing access, usage, and quality of formal financial services for low-income populations in AFI member jurisdictions. Winners receive the opportunity to enhance their profiles and visibility by being featured as speakers in AFI’s dialogues and activities.

Following the final stage held in April 2022, three winners were selected: Growth Platform in first place; Uncap GmbH in second place; and WIZZIT in third place. The three winners participated in the GPF in September 2022 as participants in the Public-Private Dialogue (PPD) meeting, and as resource persons in several panel discussions and Working Group meetings.





Young MSME selling traditional round bread, Uzbekistan. (Jenny Matthews/Alamy Stock Photo)

8. MAYA DECLARATION COUNTRY COMMITMENTS

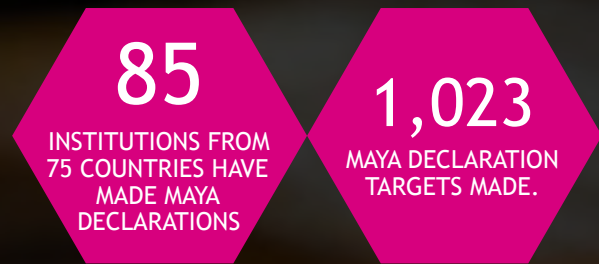
AFI continuously encouraged members to update their commitments in the AFI Data Portal and to make new commitments. The Maya Declaration Platform has been instrumental in galvanizing ICI support and raising country profile on financial inclusion initiatives undertaken by AFI’s member institutions.

In 2022, AFI members continued to update their targets made under their Maya Declaration Commitments (MDC) aligning with the several Member Accords endorsed at the annual Global Policy Forums. Most of the commitments made by members relate to the Sochi Accord in FinTech for Financial Inclusion, followed by the Sasana Accord in Measuring Financial Inclusion.



The Maya Declaration

Commitments you can bank on



The distribution of Maya Declaration Commitments under the different accords is as follows:



21%
OF TOTAL MDCs



14%
OF TOTAL MDCs



11%
OF TOTAL MDCs



7%
OF TOTAL MDCs



3%
OF TOTAL MDCs



2%
OF TOTAL MDCs

42%
OF TOTAL MDCs

Other policy areas such as consumer protection, financial literacy, national financial inclusion strategy, financial inclusion data frameworks, and credit information system

PART THREE: FINANCIAL REPORT



STATEMENT BY THE MANAGEMENT UNIT

We, Alfred Hannig and Chee Soo Yuen, being members of the Management Unit of Alliance for Financial Inclusion (“the Organization”), state that, in the opinion of the Management Unit, the financial statements set out on the following pages are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the International Organizations (Privileges and Immunities) Act 1992 in Malaysia so as to give a true and fair view of the financial position of the Organization as of 31 December 2022 and of its financial performance and cash flows for the financial year ended on that date.



Dr. Alfred Hannig
Executive Director



Chee Soo Yuen
Chief Operations Officer

20 April 2023

INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF ALLIANCE FOR FINANCIAL INCLUSION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Alliance For Financial Inclusion (“the Organization”), which comprise the statement of financial position as at 31 December 2022, and the statement of income and expenditure and statement of cash flows of the Organization for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on the following pages.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the International Organizations (Privileges and Immunities) Act 1992 in Malaysia.

BASIS OF OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Organization in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

RESPONSIBILITIES OF THE MANAGEMENT UNIT FOR THE FINANCIAL STATEMENTS

The Management Unit of the Organization is responsible for the preparation of financial statements of the Organization that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the International Organizations (Privileges and Immunities) Act 1992 in Malaysia. The Management Unit is also responsible for such internal control as the Management Unit determines is necessary to enable the preparation of financial statements of the Organization that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Organization, the Management Unit is responsible for assessing the ability of the Organization to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Unit either intends to liquidate the Organization or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Organization as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Organization, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Organization.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Unit.
- (d) Conclude on the appropriateness of the Management Unit's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Organization to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Organization or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Organization, including the disclosures, and whether the financial statements of the Organization represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management Unit regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the members of the Organization, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lee Wee Hoong
03316/07/2021 J
Chartered Accountant

Kuala Lumpur
20 April 2023

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 USD	2021 USD
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	123,256	154,504
Right-of-use asset	8	33,018	16,517
		156,274	171,021
CURRENT ASSETS			
Receivables	9	1,801,574	1,824,211
Cash and bank balances	10	13,631,422	20,500,004
		15,432,996	22,324,215
TOTAL ASSETS		15,589,270	22,495,236
FUND AND LIABILITIES			
FUND			
Accumulated funds	11	8,177,250	7,714,843
TOTAL FUND		8,177,250	7,714,843
LIABILITIES			
Non-current liability			
Lease liability	8	13,487	-
Current liabilities			
Deferred income	12	4,189,768	11,216,351
Other payables and accruals	13	3,189,061	3,547,219
Lease liability	8	19,704	16,823
		7,398,533	14,780,393
TOTAL LIABILITIES		7,412,020	14,780,393
TOTAL FUND AND LIABILITIES		15,589,270	22,495,236

The accompanying notes form an integral part of the financial statements.

STATEMENT OF INCOME AND EXPENDITURE

For the financial year ended 31 December 2022

	Note	2022 USD	2021 USD
INCOME			
Donor funder		9,764,311	9,861,231
Donor - PPD partner		594,000	535,500
Membership subscription fee		3,440,600	3,571,475
Fixed deposit interest		107,205	22,535
		13,906,116	13,990,741
OTHER INCOME			
Other income		28,726	30,803
Gain on disposal of property, plant and equipment		17,915	-
		13,952,757	14,021,544
EXPENDITURE			
Auditors' remuneration:			
- audit fees		12,000	12,043
- non-audit fees		9,600	14,452
- (over)/under provision in prior year		(756)	4,235
- out of pocket expenses		-	5,480
Bank charges		19,448	17,542
Bad debt		-	7,272
Communication, publication and media cost		222,346	162,727
Contract services fee		820,196	1,874,163
Depreciation of property, plant and equipment	7	66,832	64,465
Depreciation of right-of-use asset	8	23,121	22,023
Equipment expense		5,416	29,711
Event and logistic expenses		330,296	74,666
Impairment loss on receivables	9	-	72,795
Grant disbursement		851,326	3,015,632
Interest expense on lease liabilities		616	910
Office and general supplies		28,173	36,211
Office insurance		564	-
Other indirect costs		823	1,330
Professional fees		121,340	68,993
Realized loss on foreign exchange rates		34,595	11,284
Recruitment fees and expenses		39,161	28,194
Repair and maintenance expenses		182,736	140,415
Staff costs		7,352,268	7,549,681
Telecommunication expenses		33,689	82,860
Travel expenses - staff		1,215,851	145,417
Travel expenses - sponsorship		2,101,727	153,520
Unrealized loss on foreign exchange rates		18,982	8,598
		(13,490,350)	(13,604,619)
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION FOR THE FINANCIAL YEAR (CONTINUED)		462,407	416,925
TAXATION		-	-
SURPLUS OF INCOME OVER EXPENDITURE AFTER TAXATION FOR THE FINANCIAL YEAR		462,407	416,925

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 USD	2021 USD
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		18,768,894	17,666,742
RECEIPTS			
Cash receipts from donors and membership fee		6,846,267	15,499,683
Interest received		71,955	24,130
Proceeds from sale of property, plant and equipment		18,599	-
Net cash flows from fixed deposits with a licensed bank with maturity over three months		(1,796,278)	31,110
		5,140,543	15,554,923
LESS: PAYMENTS			
Auditor's remuneration		22,944	29,816
Bank charges		13,666	10,808
Contract services fee		1,954,881	3,272,302
Communication, publication and media cost		134,670	142,405
Event and logistic expenses		173,113	40,610
Grant disbursement		525,817	3,261,764
Lease payment		19,719	23,835
Other indirect costs		-	1,310
Office and general supplies		26,311	14,517
Purchase of property, plant and equipment		36,435	34,941
Professional fees		84,958	121,854
Repair and maintenance expenses		254,649	125,618
Recruitment fees and expenses		17,746	21,196
Staff costs		7,343,912	7,056,375
Travel expenses - staff		1,301,763	49,801
Travel expenses - sponsorship		1,853,679	174,770
Telecommunication expenses		41,140	62,251
Unrealized foreign exchange rates		-	8,598
		13,805,403	14,452,771
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(8,664,860)	1,102,152
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10(c)	10,104,034	18,768,894

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

1. GENERAL INFORMATION

The Alliance For Financial Inclusion (“the Organization”) is managed by the Management Unit of the Alliance For Financial Inclusion. The Alliance For Financial Inclusion is declared by regulations, as an international organization under the International Organizations (Privileges and Immunities) Act 1992 [Act 485] in Malaysia.

The registered office of the Organization is located at 2, Jalan Dato Onn, Kuala Lumpur, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The financial statements were authorized for issue in accordance with Board of Directors meeting on 20 April 2023.

2. PRINCIPAL ACTIVITIES

The Organization is principally engaged in the activities of promoting and developing evidence-based policy solutions that help to improve the lives of the poor. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Organization set out on pages 5 to 35 have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions International Organization (Privileges and Immunities) Act 1992 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of the adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5 to the financial statements.

The financial statements of the Organization have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognized net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Organization, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use.

The principal annual rates used for this purpose are as follows:

- > Motor vehicles 20%
- > Office equipment 20%
- > Office renovation 20%
- > Computer software 20%
- > Computer hardware 20%

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

4.2 LEASES

The Organization accounts for a contract, or a portion of a contract, as a lease when it conveys the right-of-use to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) there is an identified asset;
- (b) the Organization obtains substantially all the economic benefits from use of the asset; and
- (c) the Organization has the right to direct use of the asset.

The Organization considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Organization obtains substantially all the economic benefits from use of the asset, the Organization considers only the economic benefits that result from the use of the asset.

In determining whether the Organization has the right to direct use of the asset, the Organization considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Organization considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Organization applies other applicable MFRSs rather than MFRS 16.

In determining the lease term, the Organization considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included

in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Organization reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Organization and affects whether the Organization is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in the lease term results in a remeasurement of lease liabilities.

All leases are accounted for by recognizing right-of-use assets and lease liabilities except for:

- (a) leases of low value assets; and
- (b) leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case) this is not readily determinable, in which case the Organization's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- (a) amounts expected to be payable under any residual value guarantee;
- (b) the exercise price of any purchase option granted in favor of the Organization if it is reasonably certain to exercise that option; and
- (c) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- (a) lease payments made at or before commencement of the lease;
- (b) initial direct costs incurred; and
- (c) the amount of any provision recognized where the Organization is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Organization revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the revised discount rate which is the interest rate implicit in the lease for the remaining lease term, if the rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. The carrying value of the lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining revised lease term.

When the Organization renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- (a) if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- (b) in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- (c) if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect partial of the full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the

modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Organization to use an identified asset and require services to be provided to the Organization by the lessor, the Organization has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and their useful life.

Lease term for the current and the comparative periods are as follows:

- > Office premise 2 years

4.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of assets, except for financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognized in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognized in profit or loss immediately.

An impairment loss on assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Such reversals are recognized as income immediately in profit or loss.

4.4 FINANCIAL ASSETS

When financial assets are initially recognized, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Organization determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortized cost

Financial assets that are debt instruments are measured at amortized cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss through the amortization process. Financial assets are carried net of any impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequently to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognized in other comprehensive income, except for impairment losses, exchange differences and interest

income which are recognized in profit or loss. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognized.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortized cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Organization had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries, associates and joint ventures at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognized in profit or loss. Dividends on equity instruments are recognized in profit or loss when the Organization's right to receive payment is established.

A financial asset is derecognized when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognized in profit or loss.

Cash and bank balances are measured at amortized cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Organization in the management of its short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting.

4.5 FINANCIAL LIABILITIES

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognized in the statement of financial position when, and only when, the Organization becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost.

(i) Financial liabilities measured at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Organization that does not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognized in profit or loss except for the Organization's own credit risk increase or decrease which is recognized in other comprehensive income. Net gain or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortized cost

Other financial liabilities are recognized initially at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method.

For other financial liabilities, gains and losses are recognized in profit or loss when the liabilities are derecognized and through the amortization process.

A financial liability is derecognized when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.6 IMPAIRMENT OF FINANCIAL ASSETS

The Organization recognizes an allowance for expected credit loss ("ECL") for all debt financial assets not held at fair value through profit or loss. ECL is based on the difference between the contractual cash flows due in accordance with the contracts and all the cash flows that the Organization expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the assets.

Impairment losses for receivables and contract assets that do not contain a significant financing component are recognized based on the simplified approach within MFRS 9 using the lifetime ECL. During this process, the probability of non-payment by the receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the receivables.

Impairment for other receivables are recognized based on the general approach within MFRS 9 using ECL model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets. For those in which the credit risk has not increased significantly since initial recognition of the financial assets, 12-month ECL is recognized. For those in which credit risk has increased significantly, lifetime ECL is recognized.

The Organization defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays more than 30 days past due in making contractual payments and past due information.

The probabilities of non-payments by other receivables adjusted by forward looking information and multiplied by the amounts of the expected losses arising from defaults to determine the 12-month or lifetime ECL for the other receivables.

4.7 EMPLOYEE BENEFITS

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Organization.

Short term accumulating compensated absences such as paid annual leave are recognized as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Organization.

Bonuses are recognized as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Organization makes contributions to a statutory provident fund and pension fund. The contributions are recognized as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.8 FAIR VALUE MEASUREMENTS

The fair value of an asset or a liability, except for lease transactions; is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement method adopted assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Organization measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Organization has considered the following characteristics when determining fair value:

- (a) the condition and location of the asset; and
- (b) restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant

to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) a liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

4.9 FOREIGN CURRENCIES

(a) Functional and presentation currency

Items included in the financial statements of the Organization are measured using the currency of the primary economic environment in which the Organization operates ("the functional currency"). The financial statements are presented in United States Dollar, which is the functional and presentation currency of the Organization.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.10 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Organization recognizes revenue when (or as) it transfers control over of the asset. Depending on the substance of the contract, revenue is recognized when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Membership fee

Membership fee is recognized on annual basis over the membership period.

(b) Donations

(i) Donor funder

Donations from corporations and foundations are recognized on the accrual basis.

(ii) Donor - PPD partner

AFI's Public-Private Dialogue (PPD) platform represents a unique, global collaboration of public and private sector decision-makers working together to advance financial inclusion. The parties are interested to engage in intellectual exchange within the framework of the PPD platform that raises awareness of private sector insights, unique know-how, and technical expertise to support AFI Members in designing and implementing financial inclusion policies. AFI's PPD partners are committed to the financial sustainability of the PPD Platform and contribute technical and financial resources to ensure that sustainability, as well as to strengthen delivery of select aspects of AFI's Capacity Building and Technical Training program for policymakers and regulators. These contributions are recognized on accrual basis.

4.11 INTEREST INCOME

Interest income is recognized as it accrues, using the effective interest method.

5. ADOPTION OF NEW MFRSS AND AMENDMENT TO MFRSS

5.1 NEW MFRSS ADOPTED DURING THE CURRENT FINANCIAL YEAR

The Organization adopted the following Standards of the MFRS framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

TITLE	EFFECTIVE DATE
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
<i>Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)</i>	1 January 2022
<i>Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)</i>	1 January 2022
<i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)</i>	1 January 2022

Adoption of the above Standards did not have any material effect on the financial performance or position of the Organization.

5.2 NEW MFRSS THAT HAVE BEEN ISSUED, BUT ONLY EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2023

TITLE	EFFECTIVE DATE
MFRS 17 Insurance Contracts	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contract)</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</i>	1 January 2023
<i>Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)</i>	1 January 2024
<i>Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)</i>	Deferred

The Organization is in the process of assessing the impact of implementing these Standard and Amendments, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 CHANGES IN ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Management Unit are of the opinion that there are no significant changes in estimates since the end of the reporting period.

6.2 CRITICAL JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

There are no critical judgements made by management in the process of applying the Organization's accounting policies that have a significant effect on the amounts recognized in the financial statements.

6.3 KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property, plant and equipment

The Organization estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of these assets; therefore future depreciation charges could be revised.

(b) Impairment of receivables

The Organization uses the simplified approach to estimate a lifetime expected credit loss allowance for all receivables. The Organization develops the expected loss rates based on the payment profiles of past payment trends and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

7. PROPERTY, PLANT AND EQUIPMENT

2022	Balance as at 1.1.2022 USD	Additions USD	Disposal USD	Reclassification USD	Depreciation charge for the financial year USD	Exchange adjustment USD	Balance as at 31.12.2022 USD
Carrying amount							
Motor vehicles	684	-	(684)	-	-	-	-
Office equipment	14,030	9,878	-	-	(13,567)	(38)	10,303
Office renovation	11,224	2,258	-	-	(6,424)	19	7,077
Computer software	74,707	21,592	-	(31,775)	(26,725)	(69)	37,730
Computer hardware	53,859	2,707	-	31,775	(20,116)	(79)	68,146
	154,504	36,435	(684)	-	(66,832)	(167)	123,256
31 December 2022							
					Cost USD	Accumulated depreciation USD	Carrying amount USD
Motor vehicles					-	-	-
Office equipment					78,786	(68,483)	10,303
Office renovation					33,640	(26,563)	7,077
Computer software					115,213	(77,483)	37,730
Computer hardware					127,404	(59,258)	68,146
					355,043	(231,787)	123,256

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2021	Balance as at 1.1.2021 USD	Additions USD	Depreciation charge for the financial year USD	Exchange adjustment USD	Balance as at 31.12.2021 USD
Carrying amount					
Motor vehicles	6,918	-	(6,234)	-	684
Office equipment	27,819	-	(13,789)	-	14,030
Office renovation	17,497	-	(6,273)	-	11,224
Computer software	99,935	2,929	(27,939)	(218)	74,707
Computer hardware	30,445	32,012	(10,230)	1,632	53,859
	182,614	34,941	(64,465)	1,414	154,504
31 December 2021					
			Cost USD	Accumulated depreciation USD	Carrying amount USD
Motor vehicles			31,169	(30,485)	684
Office equipment			68,946	(54,916)	14,030
Office renovation			31,363	(20,139)	11,224
Computer software			142,183	(67,476)	74,707
Computer hardware			76,283	(22,424)	53,859
			349,944	(195,440)	154,504

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

	Office premise	
	2022 USD	2021 USD
Right-of-use asset		
Carrying amount		
Balance as at 1 January	16,517	38,540
Addition	39,622	-
Depreciation charge for the financial year	(23,121)	(22,023)
Balance as at 31 December	33,018	16,517
Lease liability		
Balance as at 1 January	16,823	38,641
Additions	39,622	-
Lease payments	(19,719)	(23,835)
Interest expense	616	910
Exchange adjustment	(4,151)	1,107
Balance as at 31 December	33,191	16,823
Represented by:		
Current liabilities	19,704	16,823
Non-current liability	13,487	-
Lease liability owing to non-financial institutions	33,191	16,823
(a) The following are amounts recognized in income and expenditure:		
Depreciation of right-of-use asset	23,121	22,023
Interest expense on lease liabilities	616	910
	23,737	22,933

(b) Right-of-use asset and lease liabilities are denominated in Euro.

(c) The total cash outflows for leases as a lessee for the current financial year amount to USD19,719 (2021: USD23,835).

9. RECEIVABLES

	2022 USD	2021 USD
Receivables		
Third parties	1,684,033	1,879,207
Less: Impairment losses	(72,795)	(72,795)
	1,611,238	1,806,412
Other receivables		
Other receivables	66,636	117
Total receivables, net of prepayments	1,677,874	1,806,529
Prepayments	123,700	17,682
	1,801,574	1,824,211

(a) Receivables are non-interest bearing and the normal credit terms of receivables granted by the Organization ranged from 30 to 180 days (2021: 30 to 180 days). They are recognized at their original invoices amounts, which represent their fair values on initial recognition.

The Organization did not renegotiate the terms of any receivables in the current financial year.

(b) Impairment for receivables that do not contain a significant financing component are recognized based on the simplified approach using the lifetime expected credit losses.

The Organization uses an allowance matrix to measure the expected credit loss of receivables from individual customers. Expected loss rates are calculated using the roll rate method based on their common credit risk characteristics which is age of customer relationship.

During this process, the probability of non-payment by the receivables is adjusted by forward looking information, i.e. gross domestic product and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognized within the statement of profit or loss and other comprehensive income. On confirmation that the receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by receivables and appropriate forward looking information.

The reconciliation of movements in the impairment losses on receivables are as follows:

	Receivables		
	Lifetime ECL allowance USD	Credit impaired USD	Total allowance USD
At 1 January 2022	9	72,786	72,795
Charged for the financial year	2,686	(2,686)	-
At 31 December 2022	2,695	70,100	72,795
At 1 January 2021	-	-	-
Charged for the financial year	9	72,786	72,795
At 31 December 2021	9	72,786	72,795

10. CASH AND BANK BALANCES

	2022 USD	2021 USD
Cash and bank balances	2,731,074	8,078,766
Fixed deposits with licensed banks	10,900,348	12,421,238
	13,631,422	20,500,004

(a) Deposits with licensed banks of the Organization has maturity periods ranging from 30 days to 365 days (2021: 30 days to 365 days).

(b) Deposits with licensed bank:

i) Deposits with Standard Chartered Berhad with interest rates ranging from 2.25% to 3.80% (2021: 0% to 1.50%) per annum; and

ii) Deposits with Maybank Berhad with interest rates ranging from 2.58% to 4.40% (2021: 2.00% to 3.00%).

(c) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as the end of the financial year:

	2022 USD	2021 USD
Cash and bank balances	2,731,074	8,078,766
Fixed deposits with a licensed bank		
- not more than three months	7,372,960	10,690,128
- more than three months	3,527,388	1,731,110
Less:		
Fixed deposits with a licensed bank more than three months	(3,527,388)	(1,731,110)
Cash and cash equivalents included in the statement of cash flows	10,104,034	18,768,894

11. ACCUMULATED FUNDS

	2022 USD	2021 USD
Non-distributable		
Accumulated funds balance brought forward	7,714,843	7,297,918
Surplus of income over expenditure after taxation for the financial year	462,407	416,925
Accumulated funds balance carried forward	8,177,250	7,714,843

12. DEFERRED INCOME

	Note	2022 USD	2021 USD
Advances from funders	(a)	3,299,493	10,443,846
Membership fees	(b)	890,275	772,505
		4,189,768	11,216,351

(a) Deferred income arose from funders are advances received for services rendered which are yet to be recognized as revenue due to performance obligation yet to fulfil by AFI at the end of the reporting period.

(b) Deferred income arose from members are advances received for Financial Year 2023 (2021: Financial Year 2022) membership fee.

(c) Deferred income at the beginning of the period recognized as revenue during the year amounting to USD9,626,664 (2021: USD9,329,338).

13. OTHER PAYABLES AND ACCRUALS

	2022 USD	2021 USD
Other payables	498,705	318,563
Accruals	2,690,356	3,228,656
	3,189,061	3,547,219

14. TAXATIONS

The income of the Organization is tax exempt in accordance with the provisions of Section 44(6) of the Income Tax Act, 1967.

15. EMPLOYEE BENEFITS

	2022 USD	2021 USD
Salaries and bonus	6,806,235	7,079,297
Defined contribution plan	322,366	314,378
Other employee benefits	223,667	156,006
	7,352,268	7,549,681

16. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Organization is to ensure that the Organization would be able to continue as a going concern. The Organization monitors and manage its capital structure and makes adjustments to it, in light of changes in economic condition. The Organization's policies and procedures involve obtaining funding from donors, partners and members to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

The Organization is not subject to any externally imposed capital requirements.

(b) Categories of financial instruments

	2022 USD	2021 USD
Financial assets at amortized cost		
Receivables (excluding prepayments)	1,677,874	1,806,529
Cash and bank balances	13,631,422	20,500,004
	15,309,296	22,306,533
Financial liabilities at amortized cost		
Other payables and accruals	3,189,061	3,547,219
Lease liabilities	33,191	16,823
	3,222,252	3,564,042

16. FINANCIAL INSTRUMENTS (continued)

(c) Method and assumption used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair values.

The carrying amounts of financial assets and financial liabilities, such as receivables and other receivables, other payables and accruals and lease liabilities are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of the current portion of lease liabilities are reasonable approximations of fair values due to the insignificant impact of discounting.

- (ii) Lease liabilities accounted for as long term financial liabilities

The fair value of these financial instruments are estimated based on future contractual cash flows discounted at incremental borrowing rate for similar type of borrowing or leasing arrangements at the end of the reporting period.

The carrying amounts of the lease liabilities are reasonable approximations of fair values due to the insignificant impact of discounting.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management

The overall financial risk management objective of the Organization is to ensure that it creates value for its members while minimizing potential adverse effects on its performance. The Organization is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures are detailed below:

(i) Credit risk

Cash deposits and receivables may give rise to credit risk which requires loss to be recognized if a counter party fails to perform as contracted. The counter parties are major licensed financial institutions, government agencies, corporation and other foundations. It is the Organization's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Organization is exposed to minimal credit risk.

The Organization's primary exposure to credit risk arises through its receivables and deposits with financial institutions.

The Organization applies the simplified approach to measure expected credit losses ('ECL') which uses a lifetime expected loss allowance for its receivables. To measure ECL, receivables have been grouped based on shared credit risk characteristics and the days past due. The Organization considers any receivable having significant balances and more than 180 days overdue are deemed credit impaired.

The following table provides information about the exposure to credit risk and ECLs for receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount USD	Loss allowance USD	Net balance USD
2022			
Current (not past due)	1,613,933	(2,695)	1,611,238
Past due:			
More than 365 days	70,100	(70,100)	-
	1,684,033	(72,795)	1,611,238
2021			
Current (not past due)	1,803,426	(9)	1,803,417
Past due:			
More than 365 days	75,781	(72,786)	2,995
	1,879,207	(72,795)	1,806,412

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(i) Credit risk *(continued)*

Exposure to credit risk arises mainly from membership fee. The Organization historical experience in the collection of account receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amount provided for collection losses is inherent in the Organization's trade receivables.

No expected credit losses were recognized arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

Exposure to credit risk

As at the end of each reporting period, no collateral has been obtained by the Organization. The maximum exposure of the Organization to credit risk is represented by the carrying amount of each class of financial assets recognized in the statement of financial position.

Credit risk concentration profile

As at 31 December 2022, other than the amount owing by three (2021: three) major receivables constituting approximately 62% (2021: 74%) of the total receivables of the Organization, the Organization does not have any significant concentration of credit risk related to any individual customer or counterparty.

(i) Liquidity and cash flow risk

Liquidity risk arises mainly from general funding and business activities. The Organization actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Organization measures and forecasts its cash commitments and maintains a level of cash and bank balances deemed adequate to finance the Organization's activities.

Analysis of financial instruments by remaining contractual maturities

The table below summarizes the maturity profile of the Organization's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year USD	One to five years USD	Over five years USD	Total USD
As at 31 December 2022				
Other payables and accruals	3,189,061	-	-	3,189,061
Lease liabilities	20,472	13,648	-	34,120
	3,209,533	13,648	-	3,223,181
As at 31 December 2021				
Other payables and accruals	3,547,219	-	-	3,547,219
Lease liabilities	17,046	-	-	17,046
	3,564,265	-	-	3,564,265

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Organization would fluctuate because of changes in market interest rates.

The exposure of the Organization to the interest rate risk arises primarily from its interest bearing assets and liabilities. The Organization manages its interest rate exposure on its fixed deposit and debts by maintaining mainly fixed rate deposits and lease liabilities.

Sensitivity analysis for fixed rate deposits placed with a licensed bank and lease liabilities at the end of the reporting period is not presented as it is not affected by changed in interest rates.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rate (“WAEIR”) as at the end of each reporting period and the remaining maturities of the financial instruments of the Organization that are exposed to interest rate risk:

	WAEIR %	Within 1 year USD	1 - 2 years USD	Total USD
As at 31 December 2022				
Fixed rates				
Fixed deposits with a licensed bank	3.94	10,900,348	-	10,900,348
Lease liabilities	3.17	19,704	13,487	33,191

As at 31 December 2021

Fixed rates				
Fixed deposits with a licensed bank	0.71	12,421,238	-	12,421,238
Lease liabilities	3.17	16,823	-	16,823

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Organization is exposed to foreign currency risk on transactions that are denominated in currencies other than its functional currency. In mitigating foreign currency risk, the Organization matches its foreign payable against receivables denominated in the same foreign currency. Movement in Foreign exchange rates are closely monitored to ensure the Organization’s exposures minimized.

	United States Dollar USD	Ringgit Malaysia USD	West African CFA Franc USD	Euro USD	Total USD
2022					
Financial assets					
Receivables	1,210,928	-	-	466,946	1,677,874
Cash and bank balances	11,925,239	1,356,277	8,156	341,750	13,631,422
	13,136,167	1,356,277	8,156	808,696	15,309,296
Financial liabilities					
Other payables and accruals	(3,189,061)	-	-	-	(3,189,061)
Lease liabilities	-	-	-	(33,191)	(33,191)
Net financial assets / (liability)	9,924,821	1,356,277	8,156	775,505	12,065,976
Less: Net financial (assets) / liability denominated in the entity’s functional currencies	(9,924,821)	-	-	-	(9,924,821)
Currency exposure	-	1,356,277	8,156	775,505	2,141,155

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency risk (continued)

	United States Dollar USD	Ringgit Malaysia USD	West African CFA Franc USD	Euro USD	Colombian peso USD	Pound Sterling USD	Total USD
2021							
Financial assets							
Receivables	1,439,735	-	-	283,671	-	83,123	1,806,529
Cash and bank balances	18,768,466	1,339,761	2,470	387,581	1,726	-	20,500,004
	20,208,201	1,339,761	2,470	671,252	1,726	83,123	22,306,533
Financial liabilities							
Other payables and accruals	(3,547,219)	-	-	-	-	-	(3,547,219)
Lease liabilities	-	-	-	(16,823)	-	-	(16,823)
Net financial assets / (liability)	16,660,982	1,339,761	2,470	654,429	1,726	83,123	18,742,491
Less: Net financial (assets) / liability denominated in the entity's functional currencies	(16,660,982)	-	-	-	-	-	(16,660,982)
Currency exposure	-	1,339,761	2,470	654,429	1,726	83,123	2,081,509

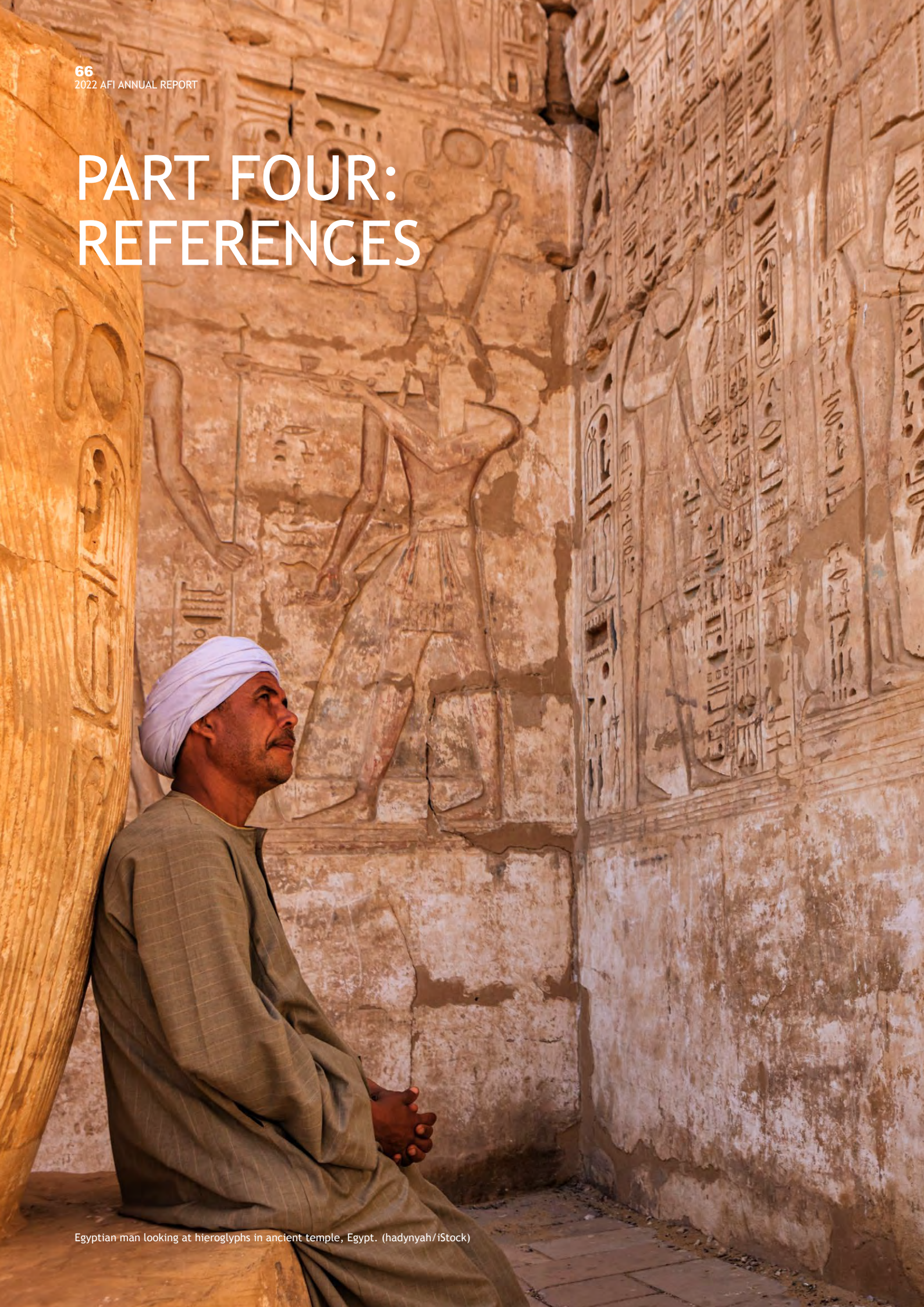
Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Organization's surplus of income over expenditure after taxation to a reasonably possible change in the Ringgit Malaysia ("RM"), Euro ("EUR"), and Pound Sterling ("GBP") exchange rates against the United States Dollar ("USD") respectively, with all other variables held constant. 3% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

	2022 USD	2021 USD
Effect on Surplus of Income Over Expenditure After Taxation		
RM/USD		
- strengthen by 3%	7,571	7,399
- weaken by 3%	(7,571)	(7,399)
EUR/USD		
- strengthen by 3%	20,066	19,681
- weaken by 3%	(20,066)	(19,681)
GBP/USD		
- strengthen by 3%	-	2,137
- weaken by 3%	-	(2,137)

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not explained above. insignificant impact of discounting.

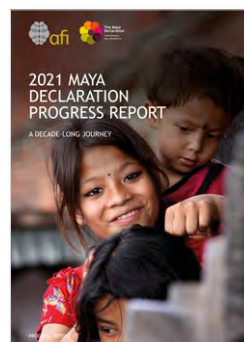
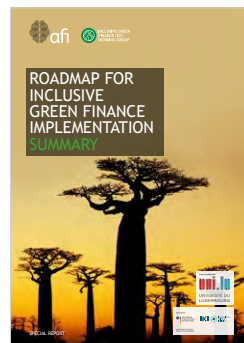
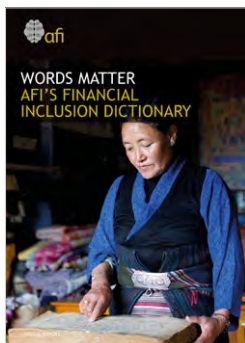
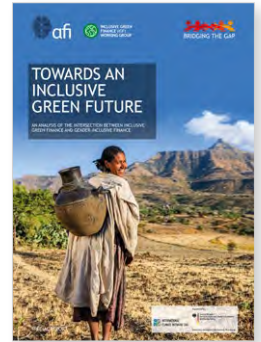
PART FOUR: REFERENCES



Egyptian man looking at hieroglyphs in ancient temple, Egypt. (hadynyah/iStock)

AFI'S KNOWLEDGE PRODUCTS & PUBLICATIONS IN 2022

Translations available: ● French ● Spanish



Translations available: ● French ● Spanish

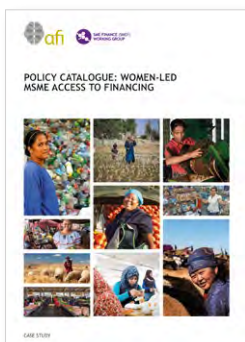
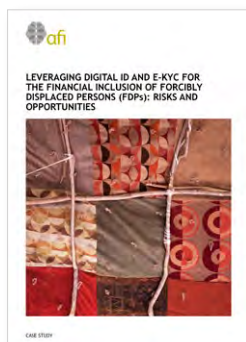
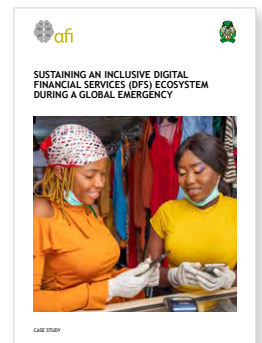
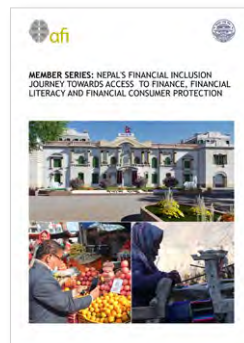
TOOLKIT



SURVEY REPORT



CASE STUDY

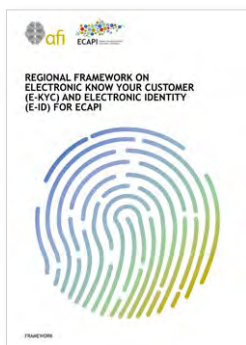


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GUIDELINE NOTE



FRAMEWORK



WORKSHOP REPORT



2022 AFI CALENDAR OF EVENTS

GOVERNANCE MEETINGS

28 January	Budget and Finance Committee Meeting	Virtual Teleconference
28 March	Global Standards and Policy Committee Meeting	Virtual Teleconference
7 April	Gender Inclusive Finance Committee Meeting	Virtual Teleconference
22 April	Audit Committee Meeting	Virtual Teleconference
27 April	Budget and Finance Committee Meeting	Virtual Teleconference
11 May	Board of Directors Meeting	Virtual Teleconference
31 May	Board of Directors Meeting	Virtual Teleconference
17 June	Gender Inclusive Finance Committee Meeting	Virtual Teleconference
24 June	Intergovernmental Organization Special Committee Meeting	Arusha, Tanzania
19 July	Budget and Finance Committee Meeting	Virtual Teleconference
4 August	Board of Directors Meeting	Virtual Teleconference
5 September	Board of Directors Meeting	Dead Sea, Jordan
5 September	Gender Inclusive Finance Committee Meeting	Dead Sea, Jordan
5 September	Global Standards and Policy Committee Meeting	Dead Sea, Jordan
5 September	Investment Committee Meeting	Dead Sea, Jordan
5 September	Intergovernmental Organization Special Committee Working Session	Dead Sea, Jordan
6 September	Annual General Meeting	Dead Sea, Jordan
16 November	Budget and Finance Committee Meeting	AFI Head Office
14 December	Board of Directors Meeting	Virtual Teleconference
15 December	Audit Committee Meeting	Virtual Teleconference

GLOBAL EVENTS

1 March	Conducting Demand-side Surveys – The Case of Kenya’s FinAccess Survey 2021 in the COVID-19 era	Virtual
12-13 April	2022 AFI Inclusive FinTech Showcase	Virtual
26 April	G-24/AFI Policymakers’ Roundtable at the IMF/World Bank Spring Meetings	Virtual
5-8 September	2022 AFI Global Policy Forum	Jordan
16 November	COP27 Side Event – How Central Banks Promote Financial Inclusion for Climate Resilience and Mitigation	Egypt

REGIONAL MEETINGS AND EVENTS

1-3 March	Knowledge Exchange Program – 3 on Central Bank Digital Currency (CBDC)	Virtual
20-23 June	AFPI Meetings and Leaders’ Roundtable	Tanzania
30 June	9th Meeting of the Experts Group on Financial Inclusion Policy (EGFIP) under the Eastern Europe and Central Asia Initiative (ECAPI)	Luxembourg
18-21 July	9th FILAC Experts Group on Financial Inclusion Policy (EGFIP) Meeting	Honduras
19 July	South Asia Regional Initiative Financial Inclusion Initiative (SARFII) Preparatory Meeting	Virtual
9 December	Webinar on Promoting Youth Financial Inclusion in Latin America and the Caribbean (LAC) – Practical Policy Perspectives	Virtual

WORKING GROUP MEETINGS

9-12 May	IGF Working Group Meeting	Ecuador
9-12 May	FISPLG Meeting	Ecuador
16-19 May	Digital Financial Services Working Group (DFSWG) Meeting	El Salvador
16-19 May	SME Finance Working Group Meeting	El Salvador
23-26 May	Consumer Empowerment and Market Conduct Working Group (CEMCWG) Meeting	Costa Rica
23-26 May	Financial Inclusion Data Working Group (FIDWG) Meeting	Costa Rica
23-26 May	Global Standard Proportionality Working Group (GSPWG) Meeting	Costa Rica

CAPACITY BUILDING PROGRAMS

14-16 June	AFI Virtual Member Training on Communicating Women’s Financial Inclusion	Virtual
28-29 June	CSSF-AFI Regional Training on Inclusive FinTech	Luxembourg
4-7 July	CBL-AFI Virtual Member Training on AFI’s Policy Model on Digital Identity and e-KYC	Virtual
19-21 July	BCT-AFI Regional Training on Promoting Youth Financial Inclusion - Practical Policy Perspectives	Tunisia
20-21 July	Regional Training on Leveraging Payment Innovations for Accelerated Financial Inclusion for South Asia members	Virtual
26-28 July	BOU-AFI Virtual Member Training on the Financial Inclusion of Forcibly Displaced Persons (FDPs)	Virtual
3-6 October	NBR-AFI Regional Training on Leveraging Financial Inclusion Data and Tools to Drive Inclusive Policy Development	Rwanda
15-17 November	BNM-AFI Virtual Member Training on Inclusive Financial Integrity	Virtual
22-25 November	CNBV-AFI Member Training on Gender Inclusive Policy Development	Mexico
28 November-1 December	MMA-AFI Member Training on Inclusive Green Finance: What’s Next for Policymakers	Maldives

PPD EVENTS

22 June	Technical PPD on “Digital Currencies-opportunities and challenges for inclusive finance”	Tanzania
23 June	Leaders’ Dialogue on “Public-Private collaboration in Africa to foster digitization of women, elderly, rural populations and other vulnerable groups to advance financial inclusion”	Tanzania
20 July	Technical PPD for members of the Latin America and the Caribbean region on “Financial Education for women, youth and other vulnerable groups: Public-Private perspectives”	Honduras
6 September	Leader’s Dialogue on “Public-Private collaboration in the era of disruption: Deepening usage of financial services to further advance financial inclusion”	Jordan

GLOSSARY OF TERMS

3D	Developing-Developed Countries Dialogue	FILAC	Financial Inclusion Initiative for Latin America and the Caribbean
AFAWA	Affirmative Finance Action for Women in Africa	FinTech	Financial Technology
AfDB	African Development Bank	FISPLG	Financial Inclusion Strategy Peer Learning Group
AFI	Alliance for Financial Inclusion	FSB	Financial Stability Board
AfPI	African Financial Inclusion Policy Initiative	FSRBs	FATF-Style Regional Bodies
AGM	Annual General Meeting	FY	Financial Year
AMF	Arab Monetary Fund	G20	Group of Twenty, consisting of governments and central bank governors from 20 major economies
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism	G-24	Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development
APGML	Asia/Pacific Group on Money Laundering	GAFILAT	Financial Action Task Force of Latin America
ASEAN	ASEAN Working Committee on Financial Inclusion (WC-FINC)	GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
WF-FINC		GIF	Gender Inclusive Finance
BFC	Budget and Finance Committee	GIFC	Gender Inclusive Finance Committee
BMGF	Bill & Melinda Gates Foundation	GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
BMZ	Germany's Federal Ministry for Economic Cooperation and Development	GPF	Global Policy Forum
BNM	Bank Negara Malaysia	GPFI	Global Partnership for Financial Inclusion
CBDC	Central bank digital currencies	GSPC	Global Standards and Policy Committee
CEFI	Certified Expert in Financial Inclusion Policy	GSPWG	Global Standards Proportionality Working Group
CEMCWG	Consumer Empowerment and Market Conduct Working Group	ICI	In-Country Implementation
COVID-19	Coronavirus Disease of 2019	IGF	Inclusive Green Finance
DAP	Denarau Action Plan: The AFI Network Commitment to Gender and Women's Financial Inclusion	IGFWG	Inclusive Green Finance Working Group
DeFi	Decentralized finance	IGOSC	Intergovernmental Organization Special Committee
DFL	Digital Financial Literacy	IMF	International Monetary Fund
DFS	Digital Financial Services	MENAFATF	Middle East and North Africa Financial Action Task Force
DFSWG	Digital Financial Services Working Group	MNA	Member Needs Assessment
EBA	European Banking Authority	MSMEs	Micro, Small and Medium Enterprises
ECAPI	Eastern Europe and Central Asia Policy Initiative	MU	Management Unit
EGFIP	Experts Group on Financial Inclusion Policy	NFIS	National Financial Inclusion Strategy
e-KYC	Electronic Know Your Customer	PIRI	Pacific Islands Regional Initiative
ERO	AFI's Europe Representative Office	PPD	Public-Private Dialogue
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group	RegTech	Regulatory Technology
FATF	Financial Action Task Force	SDGs	Sustainable Development Goals
FDPs	Forcibly Displaced Persons	SMEFWG	SME Finance Working Group
FIARI	Financial Inclusion in the Arab Region Initiative		Standard-Setting Bodies
FIDWG	Financial Inclusion Data Working Group	SMEs	Small and Medium Enterprises
		SSBs	Standard-Setting Bodies

- SupTech** Supervisory Technology
 - UNSGSA** United Nations Secretary General's Special Advocate for Inclusive Finance for Development
 - WWB** Women's World Banking
-

Alliance for Financial Inclusion

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