



BRINGING
SMART
POLICIES
TO LIFE

ANNUAL REPORT 2023



WELCOME TO THE 2023 AFI ANNUAL REPORT

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Young woman farming grain in Taungyii, Shan State, Myanmar. (Alamy Stock Photo)

PART ONE: THE AFI NETWORK



Local women in the tea plantations in Nuwara Eliya, Sri Lanka. (Alamy Stock Photo)

MESSAGE FROM THE CHAIR

Ariff Ali,
Governor, Reserve Bank of Fiji,
Chair, AFI's Board of Directors



“

It is with tremendous gratitude and enthusiasm that I have accepted the responsibility of serving as the Chair of AFI's Board of Directors, a leading global organization pursuing an important mission. I am pleased to present to you AFI's Annual Report for 2023.

”

At the Annual General Meeting in Manila, Philippines in 2023, the Membership Council ratified the Board of Directors to serve for the term from September 2023 to September 2025. I extend a warm welcome to our new colleagues on the Board: Governor John Rwangombwa of the National Bank of Rwanda, who has been elected as the new Vice-Chair; President Douglas Pablo Rodriguez of Banco Central de Reserva de El Salvador; Governor Ronald Gabriel of Banque de la République d'Haïti; and Governor Jameel Ahmad of the State Bank of Pakistan. I wish to express my sincere thanks to my predecessor, Dr. Jesus De La Fuente Rodriguez, President of Comisión Nacional Bancaria y de Valores de Mexico, for his guidance and leadership during the previous Board term.

Congratulations are in order for AFI's achievements in meeting the strategic objectives outlined in the Phase III Strategic Plan, implemented from 2019 to 2023. I commend the Management Unit of AFI, led by Executive Director Dr. Alfred Hannig, for their unwavering support to all members and continuous focus on ensuring that AFI delivers valuable and relevant services. My thanks also go to the chairs and members of AFI's Committees who supported the Board of Directors and contributed to the good governance of AFI. Additionally, commendations to the members themselves who have worked tirelessly to advance financial inclusion within their jurisdictions despite looming challenges, while also ensuring that financial inclusivity remains a priority on the global agenda.

Together with the Board of Directors, I look forward to capitalizing on the progress made by our members to further position AFI strategically on the international stage, strengthening our membership base, and nurturing valuable partnerships to scale successful models and policies for financial inclusion. With the expertise, dedication, and leadership provided by the AFI Board and the broader membership, I am confident that the AFI network will continue to achieve significant success in the next Phase IV Strategic Plan, which will guide AFI's direction, goals, and endeavors from 2024 to 2028.

In light of the current global economic and geopolitical landscape, institutions like AFI are more crucial than ever. AFI's strengths lie in the diversity of its member countries, its demand-driven approach, and the open peer learning and mutual exchange. I urge all members to continue their commitment towards the core principles of equity, mutual respect, and international cooperation that have underpinned the AFI network since its inception. Together, our collective efforts will make a lasting impact on financial inclusion and stability worldwide.

ABOUT THE AFI NETWORK

AFI is a global policy leadership alliance owned and led by member central banks and financial regulatory institutions from developing and emerging economies with the common objective of advancing financial inclusion at the country, regional, and international levels. AFI drives practical policy solutions and facilitates the implementation of impactful policy changes through its cooperation model centered on peer learning and knowledge exchange. AFI also partners with regulators in developed countries, international organizations, and private sector organizations to enable its members to achieve their financial inclusion policy objectives. AFI's operations and programs are sustained through membership subscriptions and contributions from external partners.



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-served and underserved through formulation, implementation, and global advocacy of sustainable and inclusive policies.

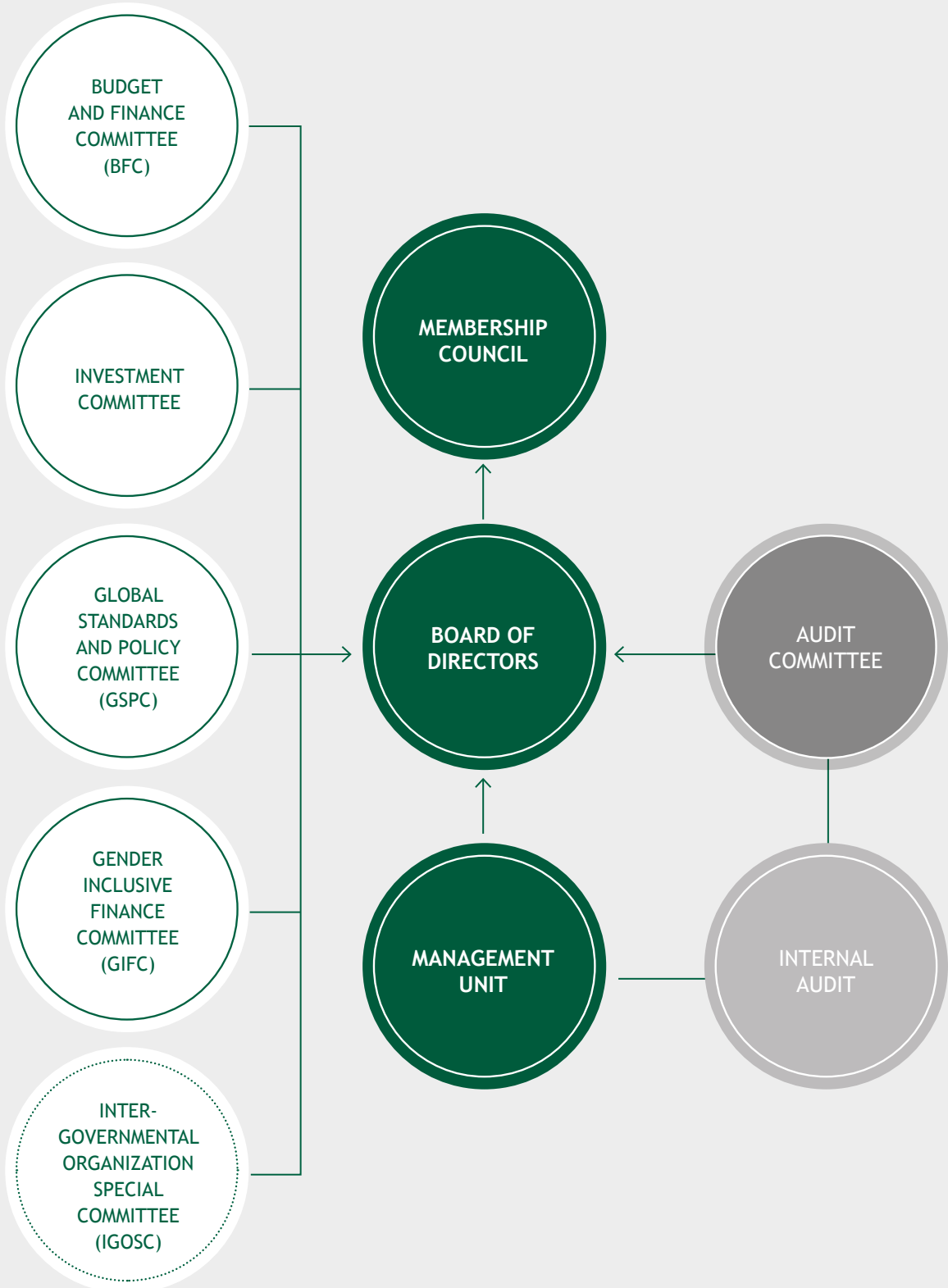


As of the end of 2023, the membership of the AFI network stood at:



GOVERNANCE

AFI's GOVERNANCE STRUCTURE



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

MEMBERSHIP COUNCIL

AFI's Membership Council comprises 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 governance, strategic direction, and activities.

AUDIT COMMITTEE (AC)

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

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. Its members are the 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 (external non-voting member).

GLOBAL STANDARDS AND POLICY COMMITTEE (GSPC)

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

GENDER INCLUSIVE FINANCE COMMITTEE (GIFC)

The GIFC provides leadership on advancing and promoting women's financial inclusion within the AFI network and the strategic implementation of the Denarau Action Plan. Its members are the Bank of Ghana (Chair), Bangladesh Bank (Vice-Chair), Bank Al-Maghrib, 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 AFI's Endowment Fund and supports the Board in monitoring its investment strategies, performance, and effectiveness, according to AFI's Board-approved Endowment Fund Policy and Investment Guidelines. Its members are the Central Bank of Seychelles (Chair), Nepal Rastra Bank (Vice-Chair), Central Bank of the Bahamas, Central Bank of Egypt, and Central Bank of Armenia.

INTERGOVERNMENTAL ORGANIZATION SPECIAL COMMITTEE (IGOSC)

The IGOSC is a non-permanent Committee of the Board which oversees the process of transitioning AFI to Intergovernmental Organization (IGO) status and provides strategic guidance to the Board and Management Unit on the legal form and structure of the prospective IGO. Its members are Bank Al-Maghrib (Chair), Banque de la République du Burundi (Vice-Chair), Banco Nacional de Angola, Bangladesh Bank, Central Bank of Nigeria, Centrale Bank van Suriname, and Nepal Rastra Bank.

FURTHER INFORMATION

For the AFI Articles of Association and Committees' Terms of Reference

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

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 2023 to September 2025 are:

1 **ARIFF ALI**
Governor, Reserve Bank of Fiji
(*Board Chair*)

2 **JOHN RWANGOMBWA**
Governor, National Bank of Rwanda
(*Board Vice-Chair*)

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

4 **DR. SEREY CHEA**
Governor, National Bank of Cambodia

5 **DR. KARAMO KABA**
Governor, Banque Centrale de la Republique de Guinée (BCRG)

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

7 **DOUGLAS PABLO RODRIGUEZ**
President, Banco Central de Reserva de El Salvador

8 **RONALD GABRIEL**
Governor, Banque de la République d'Haiti

9 **JAMEEL AHMAD**
Governor, State Bank of Pakistan

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

The AFI network acknowledges the following members who rotated out from the Board of Directors at the conclusion of the AGM held in September 2023 after serving two consecutive terms:

1 **DR. JESUS DE LA FUENTE RODRIGUEZ**
President, Comisión Nacional Bancaria y de Valores de México

2 **DR. KAMAU THUGGE**
Governor, Central Bank of Kenya

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

4 **CARLOS CARVALLO**
President, Banco Central del Paraguay



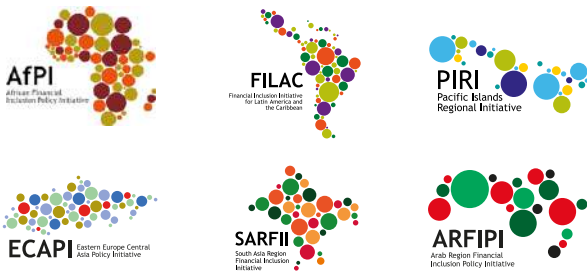
REGIONAL INITIATIVES

Regional Initiatives bring AFI closer to its members and strengthen regional cooperation on financial inclusion through the constant monitoring of new developments and emerging trends at the global and regional levels. Every region presents its own set of challenges, which require unique and customized solutions.

Consequently, AFI’s Regional Initiatives ensure that macro-policies – formed at the Working Group level – are translated into practical programs tailored to the needs of AFI members in the specific region.

AFI’s Regional Initiatives are supported by a governance structure comprising a Leaders’ Roundtable and an Experts Group on Financial Inclusion Policy (EGFIP). The Leaders’ Roundtable comprises heads of institutions from AFI members 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 comprises senior technical officials from AFI member institutions across the network whose main responsibility is developing regional frameworks or guidelines that address specific regional priorities, share regional knowledge, and translate global financial inclusion issues into practical implementation at the regional and national levels. AFI’s Management Unit provides coordination and technical support to the meetings and activities of the Leaders’ Roundtable and those of the EGFIP.



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

WORKING GROUPS

AFI’s Working Groups are the main mechanism for generating and transmitting knowledge within the AFI network, providing a valuable platform for knowledge exchange and peer learning.

They enable policymakers and regulators to share, deliberate, and deepen their knowledge and understanding of key financial inclusion issues. Each of AFI’s Working Groups acts as a “community of practice” by gathering and exchanging insights and experiences from member institutions and the wider AFI network.

The Working Group membership comprises technical officials from AFI’s member institutions. AFI’s Working Group members provide practical technical expertise by generating policy guidance, facilitating in-country missions to support policy implementation, and peer-reviews of draft policies and regulations of network members. Each Working Group elects a gender focal point who ensures that Gender Inclusive Finance (GIF) considerations are reflected in the deliverables and deliberations of the Working Groups, in line with the aspirations of the Denarau Action Plan (DAP).

Each Working Group is led by a Chair and two Co-Chairs elected by Working Group members annually. AFI has seven working groups based on the policy priorities of members. 79 of AFI’s 86 member institutions are involved in at least one of the seven AFI Working Groups based on their institutional policy priorities.



GENDER INCLUSIVE FINANCE

Gender Inclusive Finance (GIF) is integrated as a cross-cutting policy area across all seven Working Groups.

Increasing women’s financial inclusion through gender responsive financial policies and regulations has been a priority in AFI’s policy discourse since the Denarau Action Plan (DAP) was adopted by members in 2016 and renewed by members in 2022. Strategic guidance and leadership to the AFI network in advancing GIF is provided by the high-level AFI Gender Inclusive Finance Committee (GIFC).



Since the **Denarau Action Plan (DAP)** was adopted in 2016, close to 60 knowledge products have been developed, covering various thematic topics to guide policy and regulatory efforts in relation to Gender Inclusive Finance (GIF).

Under the Maya Declaration, more than 45 members have committed to at least one target related to gender inclusive finance. 52 policy changes in the area of gender inclusive finance have been reported by 29 member institutions. AFI supports the Leadership and Diversity Program for Regulators delivered in collaboration with Women’s World Banking and Oxford University, which has successfully trained over 150 regulators in the AFI network.

PARTNERSHIPS

AFI engages and collaborates systematically with several types 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, scaling-up services and offerings to support members. AFI formalizes partnerships with funding partners through a funding agreement.

In 2023, AFI continued to engage with **Germany’s Federal Ministry for Economic Cooperation and Development (BMZ)** and **Ministry of Finance of the Grand Duchy of Luxembourg** 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)**, a funding partner since AFI’s establishment. Funds from the ongoing partnership agreement were used to implement the strategic objectives of AFI’s Phase III Strategic Plan which concluded in 2023. BMGF further provided a supplementary grant to support specific activities during the transition between Phase III and Phase IV of the partnership.

The **German Federal Ministry for Economic Affairs and Climate Action (BMWK)** continued to support AFI’s Inclusive Green Finance (IGF) workstream through the International Climate Initiative (IKI), including capacity building and in-country implementation (ICI) support for IGF policies, as well as facilitating the IGF Working Group and advancing knowledge development in this policy area.

In 2023, AFI embarked on a new partnership with the ClimateWorks Foundation, with a specific focus on global advocacy for IGF. The ClimateWorks Foundation is dedicated to combating climate change by backing a range of initiatives geared towards curbing greenhouse gas emissions and promoting sustainable practices worldwide, primarily through policy advocacy efforts.

AFI commenced the second phase of funding collaboration with the **Swedish International Development Cooperation Agency (Sida)** for the continued implementation of AFI's Gender Inclusive Finance (GIF) workstream. The key objective of this partnership is to advance gender inclusive finance globally and achieve the targets and deliverables set out in the updated Denarau Action Plan.

AFI continued to receive support from **Luxembourg's Ministry of Foreign and European Affairs, Defence, Development Cooperation and Foreign Trade (MFEA)** and the **Ministry of Finance of the Grand Duchy of Luxembourg**, with the aim of escalating shared strategic priorities in inclusive and sustainable finance. AFI commenced a new funding partnership with the **MFEA** through its Directorate for Development Cooperation and Humanitarian Affairs to embark on a pilot project to advance financial inclusion in the Latin America and Caribbean region. The new project will advance regional DFS, inclusive FinTech, national financial inclusion strategies, (NFIS) and IGF, with an overarching prioritization of gender inclusive finance. Another collaboration was initiated to support the Palestine Monetary Authority to develop and implement innovative and sustainable financial inclusion policies and regulations, with a focus on digital financial services and gender inclusive finance.

AFI formalized a new funding relationship with the **African Development Bank's Affirmative Finance Action for Women in Africa program (AFAWA)** to launch a project that supports women owned and women-led SMEs (WSMEs) in Africa through the development and implementation of policies that address the structural barriers impeding WSMEs' access to finance. In addition, the project will complement the existing Gender Inclusive Finance and SME Finance work already being undertaken by members across the AFI network.

AFI received funding support from the **Mastercard Foundation** to support peer learning for members in the Africa region by empowering financial regulators with relevant technical knowledge in addressing gaps in financial inclusion policies and facilitating the sharing of

continuous advancements in new technologies to enable a digital future where no one is left behind.

AFI partnered with **Canada's International Development Research Centre (IDRC)** in the 'Inclusive Green Finance initiatives for MSMEs' project for the 2023-2025 period. The objective 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 for MSMEs.

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 a cost-sharing basis with partners. AFI formalizes these partnerships through PPD Partnership Agreements.

As one of the founding partners in AFI's PPD Platform, **Mastercard** continued to engage with the AFI membership in facilitating policy dialogues on encouraging innovation, sharing knowledge, and contributing to building the capacity of regulators on youth, central bank digital currencies (CBDC), RegTech (regulatory technology) and Supervisory technology (SupTech), and merchant payments.

As a founding partner of AFI's PPD Platform, **Visa** continued to collaborate with AFI to share insights with members in thematic areas of digital financial inclusion through data, CBDC, gender communication, merchant payments, MSMEs and youth financial inclusion. Visa continued supporting AFI's capacity building activities on financial and digital literacy and engaged in a series of dialogues on digital innovation.

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 of AFI members.

GSMA rejoined as an Africa regional partner ahead of the 2023 GPF, expressing an interest in engaging with members in areas including DFS, Mobile Money/

Interoperability, GIF, FDPs, and IGF. They also participated in several technical exchanges with AFI members.

AFI continued to partner with the Czech Republic-based **Home Credit**, a POS-lender, on responsible lending primarily to people with little or no credit history. Focusing on the Asia region, Home Credit shared its insights with AFI members in the areas of financial literacy, rural financial inclusion, IGF, and DFS during 2023.

AFI continued to benefit from its partnership with the B2B mobile payment network, **Thunes**, which contributed to AFI's PPD discussions on digital financial literacy policies, initiatives, and collaborative approaches.

COLLABORATIONS

AFI engages with a broad range of stakeholders, including academic institutions as 'strategic knowledge resource partners', who provide invaluable insights to support AFI members in policy development and implementation and in elevating the global voice of members.

AFI, in its role as Implementing Partner for the **G-20 Global Partnership for Financial Inclusion (G-20 GPF)**, collaborated with the Indian G-20 Presidency for 2023 to develop a regulatory toolkit for MSMEs' access to DFS in consultation with AFI's SME Finance Working Group and GPF members. The toolkit was presented by AFI Management at the GPF meetings held in January 2023 (Calcutta) and May 2023 (Hyderabad) and received positive inputs and feedback from the GPF membership. The toolkit was formally approved by G-20 Leaders at the Summit held in September 2023 in New Delhi. AFI also started engaging with the incoming Brazilian G-20 Presidency for 2024 in preparation to support the priorities and deliverables centered on the theme, 'Building a just world and a sustainable planet'.

AFI continued to engage with the **Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24)** in co-hosting the annual G-24/AFI policymakers' dialogue, held this year at the IMF/WBG Annual Meetings in Marrakech, Morocco, and which explored the evolving mandate of central banks from the development of inclusive innovation to the advancement of social and environmental goals.

As an observer of the Financial Action Task Force Style Regional Bodies (FSRBs), AFI continued to bring the voice of its members into regional dialogues and platforms 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)**. Additionally, AFI collaborated with the ESAAMLG to support their Public-Private Sector Dialogue on Virtual Assets and Implementation of AML/CFT Programs in the ESAAMLG Region, and participated in APG's Virtual Assets Contact Group.

AFI co-hosted its first event with the **Bank for International Settlements-Financial Stability Institute (BIS-FSI)**, a two-day workshop on digital assets and financial inclusion, focused on examining optimal policy approaches towards both public and private digital assets. AFI continued to attend the Check-In Group Meetings on invitation by BIS and FSI.

AFI collaborated with the **International Monetary Fund and World Bank Group**, including the participation of AFI's Executive Director as a panel speaker in the flagship IMF Seminar: Financial Inclusion as a Pathway to Resilient and Shared Growth at the World Bank/ International Monetary Fund Annual Meetings in Morocco. During the session, AFI's Executive Director highlighted the complementarity between financial inclusion and financial stability, drawing attention to the achievements of AFI members globally and in the Arab region.

AFI continued to contribute to discussions at the **UN Secretary General's Special Advocate for Inclusive Finance for Development (UNSGSA) Reference Group**, including development of the 'Inclusive Green Finance: A Policy and Advocacy Approach' deliverable, which incorporated the AFI network's insights in IGF. AFI also participated in the UNSGSA for Inclusive Finance for Development's country visit to Morocco in March 2023.

AFI initiated a research initiative with the **University of Luxembourg** on the complementarity of financial inclusion and financial stability policy objectives. Additionally, AFI collaborated with the university in various policy dialogues, including a panel discussion on the sidelines of the UN Framework Convention on Climate Change Conference of Parties (COP28).

AFI supported the fourth edition of the *Leadership and Diversity Program for Regulators* led by **Women's**

World Banking (WBB) and the **University of Oxford**, by promoting the participation of high-potential women leaders from member institutions in line with Action Point 10 of the Denarau Action Plan to drive greater gender diversity and build a pipeline of women leaders in the AFI network.

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

At the invitation of the **World Food Programme**, AFI contributed to the “Her Money, Her Account, Her Future” event held in Rome in October 2023, which focused on enabling digital financial inclusion and women’s economic empowerment through cash-based transfers.

AFI continued to collaborate with the **European Bank for Reconstruction and Development (EBRD)** in activities 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 also continued its collaboration with the **Arab Monetary Fund (AMF)**, **GIZ**, and the **World Bank Group (WBG)** on their work for the Financial Inclusion for the Arab Region Initiative (FIARI).

AFI continued to engage in an extensive range of technical and intellectual partnerships across Europe, such as with 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.



Local women selling onions in the market in the city of Navoiy, Uzbekistan. (Alamy Stock Photo)

FUNDING PARTNERS



PRIVATE SECTOR PARTNERS



COLLABORATIONS



PART TWO: PERFORMANCE



Young girl working at sewing machine, Cambodia. (Alamy Stock Photo)

MESSAGE FROM THE EXECUTIVE DIRECTOR

Dr. Alfred Hannig,
Executive Director, AFI



“

It gives me great pleasure to present, on behalf of the AFI Management Unit, a report detailing AFI’s accomplishments in 2023.

I am proud to report that AFI achieved most of its annual targets in 2023, marking a successful culmination of the implementation of AFI’s Phase III Strategic Plan for 2019-2023. These accomplishments are a testament to the collective dedication, resilience, and shared commitment of the AFI network towards advancing financial inclusion. Despite encountering budgetary challenges due to ongoing renewals of various funding partnerships throughout the year, we persevered in delivering valuable, demand-driven services to our members. This was made possible through the organization’s ability to remain focused, agile, and adaptable.

”

The membership adopted the Phase IV Strategic Plan which will guide us into the next phase of AFI’s institutional development over the 2024-2028 period. The reception of fees from 82 members, surpassing the target of 75 paid members, is a testament to the value of AFI’s services. I would like to thank members for their approval of the revised fee scheme that was presented at our last AGM in Manila, which will play an important role in AFI’s continued independence and sustainability. In 2023, five new members (Banque des États de l’Afrique Centrale, Banque Centrale des Comores, Délégation Générale à l’Entreprenariat Rapide des Femmes et des Jeunes in Senegal, Ministry of Finance and Economic Development Zimbabwe, and Uganda Microfinance Regulatory Authority) joined the network, while two members upgraded from Associate to Principal membership (Superintendencia de Bancos de República Dominicana and Comisión Nacional Bancaria y de Seguros Honduras), growing the AFI family and the opportunities for achieving our collective goals. Additionally, I am pleased to share that member satisfaction levels reached an outstanding high of 8.89 out of 10.

The engagement of members in AFI’s activities remained strong, reflected in their participation at the Working Groups as well as the very successful Global Policy Forum held in September in Manila. A total of 350 members participated in Working Group meetings, with 77 member institutions and over 400 policymakers benefiting from AFI’s various capacity building programs, and 10 members receiving in-country policy implementation support.

During 2023, AFI’s visibility on the global stage increased, enabling the network to better advocate for our policy positions and perspectives in international discourses. AFI’s presence as a strong voice for advancing financial inclusion at forums such as the World Bank Group and International Monetary Fund Annual Meetings, COP28 UN Climate Change Conference, and Bank for International Settlements meetings, gained recognition and appreciation by the global community. AFI will continue to represent the voice of our members to advocate for ‘stability with inclusivity’ as an impetus for building a more equitable and prosperous world for all.

Besides delivering important services and support to members in 2023, AFI also focused on laying the groundwork for upcoming key initiatives. In 2024, we expect to share the initial findings from our research on the complementarity between financial inclusion and

financial stability. This will strengthen the narrative and empirical evidence of AFI's policy position on the uncompromisable importance of financial inclusion as a policy objective for central banks. A feasibility study on a proposal by members to establish an innovation hub in Africa will also be advanced. To consolidate the knowledge and experiences of members in Gender Inclusive Finance (GIF), a Financial Inclusion Policy Model on GIF will be presented for members' ratification at the AGM in September 2024. The pilot of AFI's Financial Inclusion Country Assessments will also be rolled out in 2024 with two members. Our members can also look forward to a greater emphasis on impact, especially bringing forward the outcomes of financial policies in the lives of people, families, and businesses.

I commend the management and staff of AFI's Management Unit for their commitment towards AFI's organizational strategy and goals. Their dedication and willingness to think outside the box has enabled AFI to deliver outstanding results in executing programs and activities for our members. The Management Unit looks forward to collaborating with and benefiting from the guidance of the Board of Directors to collectively advance AFI's initiatives and institutional goals.

Through cooperation between our members and partners, I am optimistic that AFI can find solutions to deliver both stability and sustainable development, and to meet not just the challenges of today, but those of tomorrow. I look forward to the positive outcomes of our collective good work in the coming year.

AFI PHASE IV STRATEGIC PLAN (2024-2028)

AFI implements its long-term goals through five-year Strategic Plans. The Strategic Plans articulate network-wide financial inclusion policy priorities guided by AFI's core mandate of supporting its members to devise, implement and advocate for financial inclusion policy changes and implementation.

The Phase IV Strategic Plan (2024-2028) aims to empower AFI members in addressing the changing landscape and driving forward the long-term goals of achieving financial well-being, fostering resilience, and promoting inclusive and equitable development. AFI will also optimize its collective influence as a network, employing a more impactful voice in advocating for sustained attention, prioritization, and investment in the realm of financial inclusion.

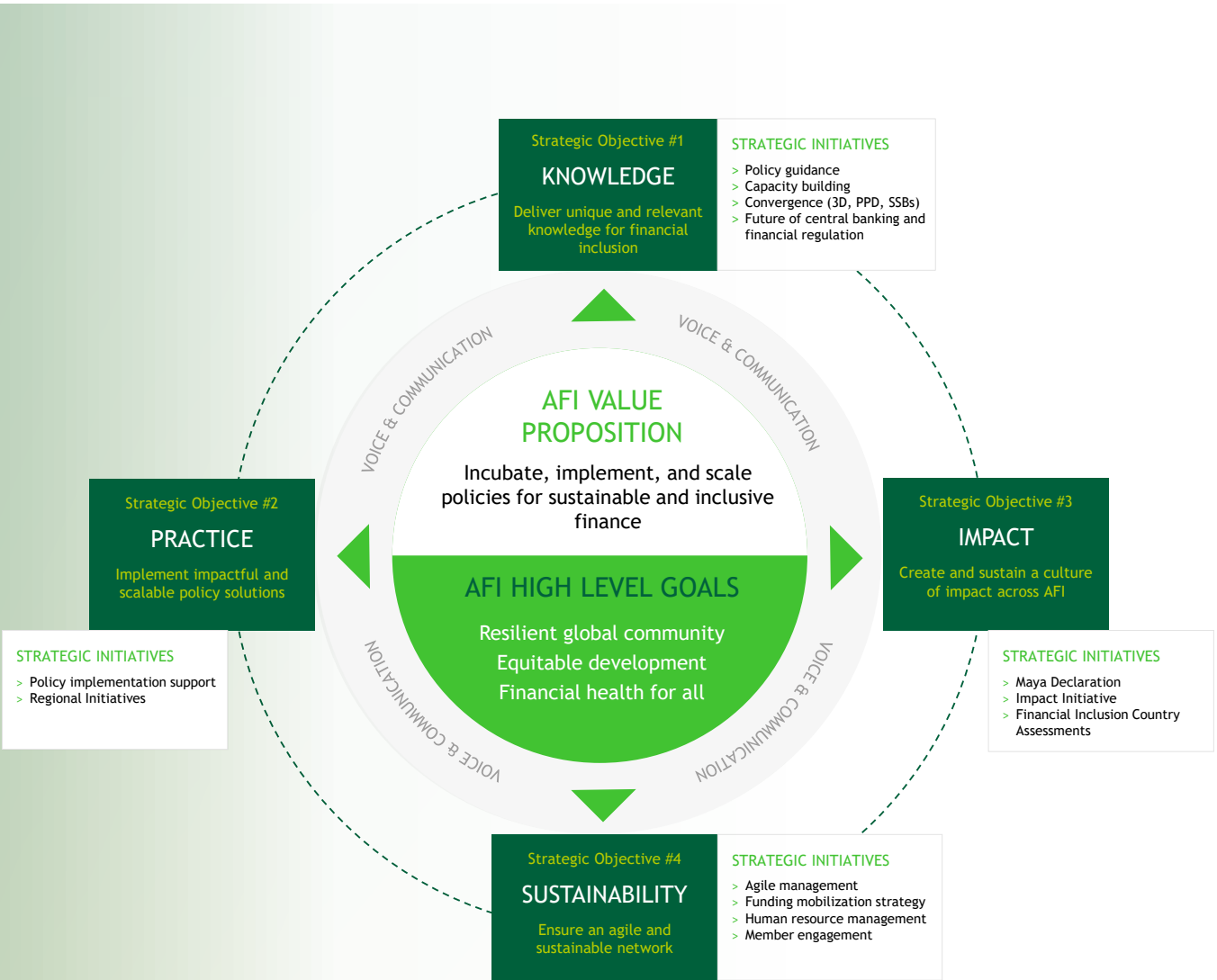
Phase IV will also require more concerted effort on **global voice and strategic communications** to reinforce and complement the four objectives.

Over the next five years, AFI's Strategic Plan aims to achieve four strategic objectives:

- SO1 Knowledge:** Generating unique, practical and relevant policy guidance for members on both emergent and long-standing financial inclusion policy topics.
- SO2 Practice:** A continued focus on policy development and implementation will ensure that knowledge is applied and that the network's activities translate to concrete, on-the-ground results.
- SO3 Impact:** Enhancing and sustaining a culture of impact by systematically measuring and analyzing its impact, acting on lessons learned, and communicating the contributions of its members across the network and to other stakeholders.
- SO4 Sustainability:** Ensuring organizational sustainability and deepening member engagement and enhancing the agility and capabilities of the management unit.



Ecuador women in traditional costume buying and selling food in the indoor market in Gualaceo, Ecuador. (Alamy Stock Photo)



HIGHLIGHTS OF KEY ACTIVITIES

GOVERNANCE

MEMBERSHIP COUNCIL AND BOARD OF DIRECTORS

- > Ratified the appointment of Board members for the Board term from September 2023 to September 2025.
- > Ratified the appointment of the Reserve Bank of Fiji as the Chair of AFI's Board of Directors for the ongoing term from September 2023 to September 2025.
- > Ratified the appointment of Investment Committee members for the Committee term from September 2023 to September 2025, and appointment of members to fill vacancies on several Committees.
- > Ratified and accepted the Annual Report and Audited Financial Report of AFI for the Financial Year ended 31 December 2022.
- > Received the performance report on the implementation of AFI's activities in line with the Board-approved Corporate Scorecard and operating budget for AFI for 2023.
- > Received the reports of Committee Chairs on the work of the Committees.
- > Approved AFI's Phase IV Strategic Plan for 2024-2028.
- > Approved the Revised Membership Fee Structure for 2024-2026.

- > Received the update on the assessment of the IGO Status for AFI.

The Board of Directors also approved AFI's Corporate Scorecard and Budget for 2024, and admitted the Ministry of Finance of the Grand Duchy of Luxembourg as an Observer Status institution in AFI.

AUDIT COMMITTEE

- > Reviewed the Audited Financial Report of AFI for Financial Year ended 31 December 2022, which was certified as an unqualified report by external auditors.
- > Reviewed the progress and reports of internal audits.
- > Approved the internal audit plan.

BUDGET AND FINANCE COMMITTEE

- > Reviewed the annual Corporate Scorecard, Operating Budget, year-to-date financials, and mid-year budget forecast.
- > Reviewed the corporate strategy, operational plans, and budget for Financial Year 2023.
- > Reviewed operational policies including finance, procurement, and human resources management.

“

Financial inclusion is key to improving environments and quality of life for shared prosperity. As a network, AFI must continue to advocate for the importance of financial inclusion and the role it plays in crisis mitigation, economic recovery, and building resilience, as demonstrated during the COVID-19 pandemic and following environmental disasters which are increasingly more persistent.”

”

- Dr. Jesús De La Fuente Rodríguez, AFI Board Chair (Term 2021-2023), President of the Comisión Nacional Bancaria y de Valores (CNBV) at the AGM on 13 September 2023

GENDER INCLUSIVE FINANCE COMMITTEE

- > Provided guidance on the strategy for AFI's engagement with Standard Setting Bodies.
- > 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.
- > Endorsed the planned speaking engagements for Committee members to advocate for AFI's work in GIF and the engagement plan with relevant and prospective funding partner institutions.

GLOBAL STANDARDS AND POLICY COMMITTEE

- > Provided guidance on the implementation of the updated strategy for enhancing AFI's engagement with global Standard Setting Bodies.
- > Provided guidance on the development of process guidance for piloting the Financial Inclusion Country Assessment program for AFI members.

- > Endorsed the plan and timeline for developing the Financial Inclusion Policy Model for Gender Inclusive Finance.
- > Provided guidance in planning a feasibility study to establish an Inclusive Innovation Hub.

INVESTMENT COMMITTEE

- > Supported the Board in the process of appointing an investment management firm to manage and monitor investments made from the AFI Endowment Fund, including the evaluation of proposals submitted by suitable firms and review of the investment management agreement.

INTERGOVERNMENTAL ORGANIZATION SPECIAL COMMITTEE

- > Provided guidance in the process of assessing the feasibility of IGO status for AFI, including guidance in the implementation of consultations by AFI members with their respective national authorities to seek feedback on the design and structure of the prospective IGO.

MEMBER ENGAGEMENT IN THE NETWORK

MEMBERSHIP

86

82

At end of 2023, AFI's active membership base stood at 86 member institutions (76 Principal Members and 10 Associate Members).

AFI also inducted one Observer during the year. Of these, annual fee payments were received from 82 institutions. Membership fees support AFI's operations and enable us to deliver services which support members' financial inclusion objectives.

MEMBER ENGAGEMENT

92%

63%

AFI's member engagement remained strong in 2023, with 92 percent of paid members using at least two AFI services.

Members continued to take up leadership roles in the governance of AFI with 63 percent of paid members holding at least one leadership role in the network in 2023.



MEMBER SATISFACTION

MEMBER SATISFACTION IS REFLECTED ACROSS SEVEN DIMENSIONS DELIVERED BY AFI:

The 2023 Member Needs Assessment (MNA) survey indicated a high overall level of satisfaction among AFI members, with a rating of 8.89 out of 10.

(i)

being a unique platform to meet and exchange with peers on financial inclusion

(iii)

status as an independent organization offers many advantages

(ii)

being a center of technical excellence on financial inclusion policy and regulation

(v)

representing the views of members in the global arena

(vii)

facilitating In-Country Implementation

(iv)

providing additional guidance to members complimentary to standards set by SSBs

(vi)

having members invest resources in engaging in AFI activities that are worth the value

POLICY CHANGES

AFI members continued to advance policy changes with 93 policy reforms reported for 2023. These changes extended across several policy areas corresponding to member endorsed AFI Accords, with DFS, SME Finance, and CEMC being the most prominent.

POLICY PROGRAMS AND INITIATIVES

AFI continued to deliver its programs and services to support members in their policy priorities. The flagship Global Policy Forum 2023 held in Manila, Philippines, drew strong participation from AFI members as well as external stakeholders. AFI's Working Groups and Regional Initiative meetings were also conducted with members advancing the policy guidance and implementation efforts. AFI published 40 knowledge products based on the experiences of members and policy lessons across the seven thematic areas. The demand for in-country policy implementation support witnessed continued demand and 10 members benefited from new grants and technical support. Capacity building programs, based on AFI's peer-learning and practical model, remained in high demand, with 77 members benefiting from various offerings during the year.

“

As a large network expanding to over 75 countries, AFI enables us to tap into a reservoir of knowledge and expert resources to explore new opportunities and ideas and strengthen existing collaborations to take the financial inclusion agenda forward.

”

Suhaimi Ali, Assistant Governor of Bank Negara Malaysia

FURTHER INFORMATION

Detailed updates on AFI's activities under the Strategic Plan for 2023 are provided in the next section.



Women showing food at a floating-market, Thailand. (Pius Koller/Alamy Stock Photo)

STRATEGIC OBJECTIVES AND PERFORMANCE

2023: IMPLEMENTATION OF AFI'S PHASE III STRATEGY (2019-2023)

During 2023, the final year of the implementation of the Phase III Strategic Plan, AFI focused on strategic initiatives to further strengthen its position as a global policy leadership alliance and lay the groundwork for Phase IV (2024-2028). AFI's work in 2023 was 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 global financial inclusion discourse.

1 STRATEGIC OBJECTIVE

Guidance for devising financial inclusion policies and regulation

ACHIEVEMENTS

AFI members continued to advance financial inclusion in their jurisdictions through policies and initiatives most relevant to the challenges and opportunities in their jurisdictions. AFI informed these policies through practical guidance and peer-exchange. Since AFI's establishment in 2009, over 1,000 policy changes related to financial inclusion have been implemented by member institutions, of which 93 were implemented in 2023.

“

Financial inclusion knows no borders, and the challenges faced by one country may be similar to those faced by its neighbors. By sharing experiences, knowledge, and best practices, countries can learn from one another and leverage financial inclusion and digital financial services to build resilience against economic uncertainties and climate risks.

”

Ali Hashim, Governor of Maldives Monetary Authority



Fruit and vegetable stall. Market in Chaltenango, El Salvador. (Alamy Stock Photo)

KEY ENABLERS

1. WORKING GROUPS

The first series of AFI's Working Groups in 2023 were attended by a total of 350 members. The meetings were hosted by Bank Negara Malaysia in Kuala Lumpur, Malaysia, Nepal Rastra Bank in Kathmandu, Nepal, and the Reserve Bank of Malawi in Lilongwe, Malawi.

27

In 2023, the Working Groups completed 27 peer reviews across the seven policy thematic areas. The Working Groups also developed knowledge products based on the experiences of members in implementing practical policy solutions.

To ensure that AFI's knowledge products also provided policy solutions to close the gender gap in financial inclusion, gender focal points were appointed across all Working Groups.

The highlights from AFI's Working Groups' activities in 2023 include:



CONSUMER EMPOWERMENT AND MARKET CONDUCT WORKING GROUP (CEMCWG)

Conducted eight peer review exercises over the year, including a peer review with Comisión Nacional de Bancos y Seguros de Honduras, Bank of Uganda, and Banque Centrale de Mauritanie on NFES, a peer review with Banco Central de Reserva El Salvador on Technical Standards for the Submission of Information on Financial Education Programs or Initiatives, and a peer review with the Central Bank of Nigeria on Digital Financial Services Awareness Guidelines.

The CEMCWG published one knowledge product: **Market Conduct Supervision - A Toolkit** provides practical guidance on how to develop and implement the main components of a market conduction supervision framework, building on the best practices of AFI member institutions. CEMCWG experts also conducted two technical webinars open to all AFI members on the themes of 'efficient help and redress mechanisms' and 'monitoring and evaluation for financial education'.

“

We have benefited so much from AFI’s support in designing and implementing high impact solutions to address our unique challenges. The peer learning and knowledge exchange opportunities provided by AFI have helped us in choosing better solutions and achieving tangible results.

”

Dr. Neelam Dhungana Timsina, Deputy Governor of Nepal Rastra Bank



DIGITAL FINANCIAL SERVICES WORKING GROUP (DFSWG)

Undertook five peer reviews over the year, including a peer review with the Reserve Bank of Zimbabwe and the Bank of Papua New Guinea on Regulatory Sandbox Guidelines, a peer review with Banco Central de Reserva El Salvador on a Draft Law for the Promotion of FinTech Entities and Regulation of Digital Financial Services, a peer review with the Reserve Bank of Vanuatu on a Draft Guideline on Oversight on Retail Payments Systems (RPS) in Vanuatu, and a peer review with the Central Bank of Mauritania on a Draft National Strategy of Digital Payments of Mauritania.

DFSWG published or contributed to the following knowledge products:

- > **Policy Framework on Developing a National FinTech Strategy** which outlines the key processes and elements that are necessary for a thriving and innovative FinTech ecosystem.

- > **Developing an Agent Registry System as a RegTech Tool in the Philippines** elaborates on the tools designed to optimize data collection and supervisory processes, ultimately enhancing effectiveness and inclusivity within the financial sector in the Philippines.
- > **Policy Framework on Digital Financial Services for Women-led MSMEs in Latin America and the Caribbean** (jointly developed with SMEFWG) provides guidance to financial regulators and policymakers in developing and implementing financial policies and regulations to promote access to finance for women-owned MSMEs.



FINANCIAL INCLUSION DATA WORKING GROUP (FIDWG)

Undertook a peer review with the Bank of Sierra Leone on the Financial Inclusion Dashboard and a peer review with the Ministry of Finance of Eswatini and the Central Bank of Eswatini on the Financial Inclusion Regulatory Templates and Dashboard. The knowledge products published in 2021 and 2022, including the Policy Framework on MSME Data Collection and the Special Report on Measuring Inclusive Green Finance, were used in the formulation of blogs, webinars, and identification of new use cases, especially related to measuring women-owned MSMEs.



FINANCIAL INCLUSION STRATEGY PEER LEARNING GROUP (FISPLG)

Conducted peer reviews of National Financial Inclusion Strategies for several AFI member institutions, including the Bank of Uganda, the Bank of Tanzania, the Centrale Bank van Suriname, the Banco Nacional de Mozambique, the Eswatini Ministry of Finance, the Banque Centrale de Mauritanie, the National Reserve Bank of Tonga, and the Banque Centrale des Comores (NFIS Concept Note Peer Review). Additionally, the FISPLG performed a peer review of the Financial Inclusion Act for the Centrale Bank van Suriname.

Three knowledge products on innovative approaches to youth financial inclusion were published by the FISPLG, applicable to the following countries:

- > **The Philippines**, showcasing the initiatives implemented by Bangko Sentral ng Philippines to promote youth financial inclusion in the country.
- > **Palestine**, highlighting the strategic initiatives carried out by the Palestine Monetary Authority, such as tailored banking services, financial literacy programs, and the use of bespoke accounts on social media platforms.
- > **Egypt**, elaborating on the measures used by the Central Bank of Egypt to empower and increase youth financial inclusion as a top priority and a primary target segment in the development and implementation of Egypt's National Financial Inclusion Strategy.



GLOBAL STANDARDS PROPORTIONALITY WORKING GROUP (GSPWG)

Reviewed the draft Guideline Note on Virtual Assets Policy and Regulation and the process guidance on piloting the Financial Inclusion Country Assessment process. The GSPWG also reviewed the proposal for further country level work in Inclusive Financial Integrity and reviewed the progress on the implementation of AFI's enhanced strategy for engagement with SSBs. The GSPWG conducted a joint peer review of the Bank of Papua New Guinea's Customer Due Diligence Framework with the DFSWG.



SME FINANCE WORKING GROUP (SMEFWG)

Performed a peer review on the Credit Reporting Bill 2023 for the Central Bank of Seychelles and a peer review of the Technical Standard on the Evaluation and Classification of Credits in the Agricultural Sector for Banco Central de Reserva de El Salvador.

The SMEFWG published the following knowledge products:

- > **A Policy Framework for Women-led MSME Access to Finance (V.2)** proposes six pillars that regulators can adopt to facilitate access to finance for women-led MSMEs.
- > **Policy Framework on Digital Financial Services for Women-led MSMEs in Latin America and the Caribbean** (jointly developed with SMEFWG) identifies comprehensive challenges for women-led MSMEs in the Latin American and Caribbean region and develops a gender sensitive policy framework based on key pillars of the global policy framework for women-led MSMEs to access finance, in addition to incorporating DFS to promote improved access to finance for women-owned MSMEs.



INCLUSIVE GREEN FINANCE WORKING GROUP (IGFWG)

Conducted a peer review of the Green Finance Roadmap for Banco Central de Reserva El Salvador, a peer review of the Guiding Principles for Green Finance for the Central Bank of Sudan, a peer review of a Sustainable Roadmap for the Central Bank of Armenia, a peer review of the Philippine Sustainable Finance Taxonomy Guidelines for the Bangko Sentral ng Pilipinas, and a peer review of the Green Finance Taxonomy for the Nepal Rastra Bank.

Additionally, AFI facilitated several peer learning exchange (PLE) meetings, some of which were conducted in person during the Global Policy Forum, while others were held virtually. The Central Bank of El Salvador conducted a PLE session with the Superintendency of Popular and Solidarity Economy (SEPS Ecuador). Likewise, the Central Bank of Seychelles held PLE sessions with both Bangladesh Bank and the Bangko Sentral ng Pilipinas. Furthermore, SEPS Ecuador conducted PLE sessions with the Central Bank of Paraguay and Bangladesh Bank.

The IGFWG developed a knowledge product on **Environmental and Social Risk Management Guidelines** that identifies the common approaches to implementing environmental and social risk management in the banking sector and provides procedural considerations for regulators to issue such guidelines.

2. REGIONAL INITIATIVES

AFI Regional Initiatives continued to advance policy development at the regional level with the support of technical groups known as the Experts Group on Financial Inclusion Policy (EGFIP).

Regional Initiatives developed 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 financial inclusion progress in the regions.



AFRICAN FINANCIAL INCLUSION POLICY INITIATIVE (AFPI)

AfPI's annual meetings were organized in Victoria, Seychelles from 26 to 29 June 2023, jointly with the Pacific Islands Regional Initiative (PIRI) meetings for the first time. AFI Leaders from Africa held their annual Roundtable on the theme "Rising above Global uncertainty - Pathways through Inclusive Innovation". AfPI Leaders deliberated and discussed how policymakers can leverage innovation in times of uncertainty to enhance inclusiveness. From 26 to 28 June 2023, meetings of AfPI's EGFIP, member trainings were held on "Enhancing financial inclusion through innovative digital payments", in addition to a Public-Private Dialogue (PPD) on "Innovations in payments and payment systems: role of regulators and private sector payers".

At the Global Policy Forum in the Philippines, the AfPI Leaders convened a Roundtable during which they exchanged views on reported financial inclusion policies and regulatory developments in Africa in 2022 and discussed policy solutions for women-led SMEs access to finance. They also witnessed the launch of a new partnership between AFI and the African Development Bank (AfDB) under the Affirmative Finance Action for Women in Africa (AFAWA) to support financial regulators in Africa in "Developing an enabling regulatory environment for women-owned SMEs in Africa".

“

While it is uncommon to have joint regional meetings under the AFI regional initiatives umbrella, nonetheless, we are delighted for this unique opportunity to share and engage with our peers from the African region. It is my belief that together, we represent a powerful force for change, united in our commitment to address the pressing challenges faced by our regions and unlock a brighter future through the power of inclusive innovation.

”

Maiava Atalina Ainuu-Enari, Governor of the Central Bank of Samoa

Under AfPI, AFI members focused on developing case studies as a practical form of policy guidance for members:

- > Case studies on Increasing Women's Financial Inclusion and Closing the Women's SME Credit Gap through Enabling Financial Policy and Regulation in **Nigeria, Rwanda, Senegal, Zambia and Zimbabwe**, which highlights each country's efforts in closing the gender gap in financial inclusion.

- > Case studies on the Role Regulators Play in Closing the Financial Inclusion Gender Gap in **Uganda** and **Ghana** showcase financial regulators' efforts towards promoting gender inclusive finance by enabling access and usage of digital financial services for women.



PACIFIC ISLANDS REGIONAL INITIATIVE (PIRI)

In 2023, PIRI successfully convened two Leaders' Roundtable sessions held in June and September 2023, respectively. The former held jointly with leaders from the African regions, led to the development and endorsement of the Victoria Consensus, a clarion call by leaders from the Pacific and Africa regions to galvanize a collective commitment to leverage inclusive and responsible innovation to advance financial inclusion globally.

Over the course of the year, PIRI members, through the collaborative Peer Review process, collectively provided constructive comments and feedback to draft policy documents from five members, namely, Bank of Papua New Guinea: Draft Regulatory Sandbox framework; National Reserve Bank of Tonga: Draft Financial Consumer Protection Policy; Reserve Bank of Vanuatu: Draft Guideline on Oversight on Retail Payments Systems in Vanuatu; National Reserve Bank of Tonga: Draft National Financial Inclusion Strategy; and the Central Bank of Seychelles: Draft Credit Reporting Bill.

Furthermore, over the course of the year, PIRI successfully held a Regional Training on Enhancing Financial Inclusion through Innovative Digital Payments, convened a Private-Public Dialogue (PPD) with Key

Stakeholders at both the technical level and high-level, and conducted a virtual workshop on Global Trends on De-risking and the Regional De-risking Action Plan co-hosted with the Central Bank of Samoa.

This year, a strategic assessment of the PIRI platform was conducted to ensure that it continues to deliver on its objectives. The outcome of this exercise put forward four recommendations collectively endorsed by PIRI leaders covering: (i) Guidance, (ii) Voice, (iii) Regional Agenda, and (iv) Continuity.



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

Representatives from three of AFI's members from the Latin America and Caribbean region convened a roundtable meeting in Costa Rica on 25 January 2023 to launch AFI's project on the advancement of financial inclusion in the region, in collaboration with Luxembourg's Directorate for Development Cooperation and Humanitarian Affairs. The project will support members in advancing policy priorities in DFS, inclusive FinTech, national financial inclusion strategies, and inclusive green finance, with an overarching prioritization of gender inclusive finance.

At the Leaders' Roundtable held on the sidelines during the GPF in the Philippines, the FILAC Leadership advanced the endorsed workplan for 2023-2024, which outlined the priorities of FILAC including DFS, consumer empowerment and market conduct, MSME finance, Inclusive Green Finance, Financial Inclusion Data, Migrant Population, and Gender Inclusive Finance.

During the year, members also conducted virtual peer learning exchanges to gather policy knowledge and best practices from countries including El Salvador, Honduras, Ecuador, and the Dominican Republic.



EASTERN EUROPE AND CENTRAL ASIA POLICY INITIATIVE (ECAPI)

In 2023, the Eastern Europe and Central Asia (EECA) region continued to contribute to the AFI network, including through its Eastern Europe & Central Asia Policy Initiative (ECAPI).

Members conducted the ECAPI meetings in May (virtual) and September (in-person, on the sidelines of the GPF). The meetings helped to identify the main pillars of the ECAPI Workplan for 2024-2028 (Phase-II), namely strengthening regulatory and supervisory frameworks, promoting FinTech innovation and digitalization, enhancing financial literacy and consumer protection, and strengthening regional cooperation and coordination.

In 2023, AFI and the Central Bank of Armenia (CBA) completed a feasibility study on the potential creation of a behavioral economics research hub (BERH), hosted by the CBA. The study revealed significant demand across the AFI network for services of the BERH conceived to design, pilot, implement, monitor, and evaluate behavioral insights and interventions to specific policies related to financial regulatory innovation, FinTech, and other financial inclusion interventions. BERH may focus on building the behavioral research community within AFI while also promoting practical implementation across the AFI network.

Throughout 2023, more than 40 representatives of AFI member institutions from EECA had benefited from various knowledge-sharing and peer-learning opportunities arranged by AFI. Additionally, the Financial Regulatory Commission of Mongolia (FRC) hosted Nepal Rastra Bank during a peer learning exercise, while the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market, together with the CBA, shared their insights at AFI's global webinar on Financial Education in November 2023.

Leaders of the FRC and CBA also demonstrated their thought leadership across the AFI network by posting

thought-provoking blogs on “solid incentives” for environmentally friendly economic activities and supporting climate resilience and economic growth.

AFI members from the Eastern Europe and Central Asia region also finalized development of 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 product was designed and published in the first quarter of 2024.



SOUTH ASIA REGION FINANCIAL INCLUSION INITIATIVE (SARFII)

At the SARFII Leaders Meeting held alongside the GPF 2023, leaders acknowledged the vital role played by SARFII as a platform for knowledge and experience sharing among South Asian countries and committed to ensuring that SARFII be used as a platform for knowledge exchange, peer learning, and elevating the voice South Asian countries in global dialogues. The leaders also provided their high-level inputs on the SARFII knowledge product titled “Digital Payment Innovations and Risks in South Asia”. Further, they advised the SARFII expert group to identify specific activities to be carried out under the SARFII umbrella for 2024.

AFI INITIATIVES AND COLLABORATION IN OTHER REGIONS

ARAB REGION FINANCIAL INCLUSION POLICY INITIATIVE (ARFIPI)

AFI members in the Arab region formed a new Regional Initiative, named the Arab Region Financial Inclusion Policy Initiative (ARFIPI). The objective of ARFIPI is to provide a platform for discussion and exchanges on common financial inclusion challenges, knowledge, and experiences among AFI members in the Arab region, as well as to devise activities and plans that address any concerns, through In-Country-Implementation programs, and regional peer exchanges and events. ARFIPI will complement the ongoing work of the Financial Inclusion in the Arab Region Initiative (FIARI), through which AFI continues to support and collaborate with the Arab Monetary Fund, German Agency for International Cooperation, World Bank Group, and non-member regulators in the Arab region.

2 STRATEGIC OBJECTIVE

Enhancing implementation of evidence-based financial inclusion policies

ACHIEVEMENTS

AFI continued to support members in implementing financial inclusion policies to meet their national financial inclusion policy goals and support members in their financial inclusion journeys. AFI offered global and regional capacity building programs in both virtual and physical modalities with a total of 401 participants (176 women and 225 men) from 76 member institutions benefiting from AFI’s capacity building programs. Due to growing member demand, AFI also offered two in-country training sessions, where 93 AFI participants from AFI member institutions and national financial inclusion stakeholders participated.

Ten members received In-Country Implementation (ICI) support for advancing high-impact financial inclusion policies.



401
PARTICIPANTS



FEMALE
PARTICIPANTS



76
MEMBER
INSTITUTIONS

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 private sector partners, non-member regulators, other international development organizations, and relevant local stakeholders in host institution countries.

“

The practical approaches are inspiring and guiding the next steps and actions that we need to take as we drive the agenda in our jurisdictions.

”

“

Very relevant session to our contextual implementation, and the importance of having policymakers in one room adds more value.

”

Feedback from participants in AFI trainings in 2023

All capacity building programs conducted in 2023, which incorporated gender considerations into the design, received a score of four and above (out of five) for “meeting the learning objective” as well as “acquiring practical solutions”. AFI continues to leverage the benefits of digital learning to reach out to members in larger numbers and delivered some of the trainings virtually. With an enhanced focus on implementation, the number of regional and in country trainings increased in this reporting period, in comparison to global events.

AFI continued to offer five **online courses** under AFI Educate: 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 online courses, 98 learners from AFI member institutions and other financial inclusion professionals registered for the Certified Expert in Financial Inclusion (CEFI) online course, which is delivered 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 2023 through grants and technical support. A large proportion of ICI support focused on the thematic areas of Digital Financial Services, followed by Inclusive Green Finance and Financial Inclusion Strategy, in line with the overall policy implementation priorities of members.

During the year, AFI supported 10 member institutions through 12 ICIs in the reporting period:



Superintendencia de la Economía Popular y Solidaria de Ecuador: Development of capacity building knowledge tools to implement Standards for Environmental and Social Risk Management in financial entities of the Popular and Solidarity Economy Sector.



Palestine Monetary Authority: PMA Sustainable Finance Project (Sustainable Finance Roadmap).



Banque Centrale des Comores: NFIS In-country Training in Comoros.



Maldives Monetary Authority: Development of a Green Taxonomy for the Maldives.



Central Bank of Armenia: Feasibility study to establish a Behavioral Economic Research Hub (BERH) in Armenia (Phase 1).



Central Bank of Egypt: eKYC Regulations & Systems (winner of the Nestor Financial Inclusion Innovation Award 2022).



State Bank of Pakistan: Peer learning exchange sessions on branchless banking agent interoperability.



Reserve Bank of Malawi: Advancing the Financial Inclusion of FDPs in Malawi.



National Reserve Bank of Tonga: Development of Tonga's First National Financial Inclusion Strategy.



Ministère de l'Économie et des Finances de la Côte d'Ivoire: Financial Literacy Training for the Ministry of Finance & Economy Côte d'Ivoire.



Palestine Monetary Authority: Advancing Gender Inclusive Finance and Digital Financial Services in Palestine.



Superintendencia de la Economía Popular y Solidaria de Ecuador: SEPS In-country Training on Supervising FinTech for Financial Inclusion.

3. ENGAGEMENTS WITH REGULATORS AND POLICYMAKERS FROM DEVELOPED COUNTRIES

AFI continued to engage with developed country regulators under the Developing-Developed Countries Dialogue (3D) to provide a platform for mutually beneficial engagement between AFI members and financial regulators from advanced economies on topics of converging interest. The following engagements were undertaken in 2023:

- > **US Treasury (Office of Technical Assistance):** The institution participated in GPF 2023 held in the Philippines.
- > **Bank of Italy:** The institution deliberated on leveraging policy and regulatory mandates for facilitating Green FinTech during the 3D Meeting held during November 2023.
- > The **Bank of Spain** actively participated in the 3D meeting on “Digital Financial Literacy in Latin America and the Caribbean: Boosting Efficiency through Cooperation” which was conducted in-person on the sidelines of the FILAC meeting in June 2023.
- > AFI shared members’ insights on financial education for FDP during a virtual seminar arranged by the **Banque de France** on “Protection des consommateurs, education, et inclusion financière” in March 2023.

3 STRATEGIC OBJECTIVE

Agenda-setting in global financial inclusion discourse

ACHIEVEMENTS



In 2023, AFI achieved significant milestones in amplifying the voice of its members at the global level, with representation at key forums such as the G-24, the G-20 GPFI, COP28, and the Annual Meetings of the International Monetary Fund and World Bank Group.

AFI also hosted the highly successful Global Policy Forum and its first joint event with the Bank for International Settlements (BIS) during the year. These engagements, including those ongoing with Standard Setting Bodies, confirm the growing recognition of AFI and its success in advocating for the perspectives of members on financial inclusion at the international level.



Development worker and local farmers measuring the level of a hilly field where crops grow in terraces in Mindanao, Philippines. (Ron Giling/Alamy Stock Photo)

KEY ENABLERS

1. GLOBAL POLICY FORUM 2023

In 2023, Bangko Sentral ng Pilipinas (BSP) and AFI co-hosted the 2023 Global Policy Forum (GPF), AFI’s annual flagship event, from 12 to 15 September 2023 in Manila. The GPF was attended by 718 participants, mostly from AFI member institutions, along with participants from AFI partners and national stakeholders in the Philippines. Discussions at the 2023 GPF were centered on the theme of “Stability, Sustainability, and Inclusivity for Shared Prosperity”.

In line with this theme, AFI members and other participants reflected on the progress of financial inclusion since the AFI network was formed in 2009, and acknowledged the need for financial inclusion to remain high on the policy agenda given its continued relevance in addressing current challenges. AFI members resolved to continually emphasize the complementarity of financial inclusion with other policy objectives of central banks related to monetary and financial stability.



718
PARTICIPANTS
FROM AFI MEMBER INSTITUTIONS



2023
AFI GPF
STABILITY,
SUSTAINABILITY,
AND INCLUSIVITY
FOR SHARED PROSPERITY
12-15 SEPTEMBER,
MANILA, PHILIPPINES

The AFI Network endorsed the [Manila Manifesto](#) as the key deliverable of the 2023 GPF, committing to coordinate, collaborate, and engage with global Standard Setting Bodies (SSBs). The Manila Manifesto emphasizes the importance of AFI and SSBs in bringing the voice of developing and emerging countries into the ongoing discussion on the application of global standards for the financial inclusion of individuals and MSMEs, bringing forward more evidence on their impact, and engaging with SSBs and international bodies on how to further financial inclusion.

In addition to the Working Group meetings, six Regional Initiative Leaders’ roundtables were held during the GPF. These roundtables convened leaders to discuss regional policy priorities, agree on next steps to address regional opportunities and challenges, and formalize the action plan and agenda for the coming year.

During the GPF, AFI’s Membership Council convened its eighth Annual General Meeting (AGM) on 13 September 2023. At the AGM, members received the presentation of the AFI Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2022, management performance report of the last 12 months, and an update on the assessment of the feasibility of IGO Status for AFI. The Membership Council approved AFI’s Phase IV Strategic Plan to be implemented from 2024 to 2028 and voted on the revised Membership Fee Structure for 2024 to 2026, the results of which were subsequently confirmed by circulation.

The Membership Council also welcomed the Reserve Bank of Fiji as the incoming Chair of the AFI Board of Directors and ratified the appointment of Board members for the 2023-2025 Board term as well as the appointment of members to various Committees. The Membership Council acknowledged and appreciated the leadership provided by the outgoing Board Chair, Comisión Nacional Bancaria y de Valores de Mexico, and outgoing Board members including the Central Bank of Kenya, Nepal Rastra Bank, and Banco Central del Paraguay.

Manila Manifesto
[> View here](#)

2. ENGAGEMENT WITH STANDARD-SETTING BODIES (SSBS) AND GLOBAL VOICE

AFI continued to strategically engage with international SSBs and elevate the network’s financial inclusion policy agenda to gain support for members’ priorities, in line with the SSB engagement strategy approved by the Global Standards and Policy Committee and the Manila Manifesto endorsed by the AFI membership at the 2023 GPF.

Under the SSB engagement strategy, AFI and the International Association of Deposit Insurers held their first-ever joint webinar on the role of deposit insurance in financial inclusion strategies, as well as the implications of central bank digital currencies and stablecoin developments for both central banks and deposit insurers.

AFI also participated for the first time in the meeting of the Basel Consultative Group (BCG), held in Basel in October 2023, presenting relevant aspects of AFI’s work to the BCG membership, including digital financial services and inclusive green finance. AFI also responded to the Basel Committee on Banking Supervision consultation concerning revisions to the Basel Core Principles.

G-20 GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION (GPFI)

AFI engaged with and supported the Indian G-20 Presidency in its role as an Implementing Partner of the GPFI over the years. In November 2023, AFI and GPFI co-published a regulatory toolkit for MSMEs access to digital financial services, which had been developed over the previous two years in consultation with the AFI’s SMEFWG and GPFI members.

In preparing to support the incoming Brazilian G-20 Presidency for 2024, AFI also commenced engagements with the lead institution to identify how AFI’s body of policy knowledge and experience can contribute to the focus areas of the incoming Presidency, including enhancing quality of access to financial services, MSME financing action plan, and measurement of financial well-being.

FATF-STYLE REGIONAL BODIES

AFI continued to participate as an Observer in the FATF-Style Regional Bodies, including the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Financial Action Task Force of Latin America, Asia/Pacific Group on Money Laundering, and Inter-Governmental Action Group against Money Laundering in West Africa.

AFI collaborated with the ESAAMLG to support their Public-Private Sector Dialogue on Virtual Assets and Implementation of AML/CFT Programs in the ESAAMLG Region and participated in Asia/Pacific Group’s newly established Virtual Assets Contact Group.

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

AFI continued to bring members’ experiences on practical policy implementation into dialogue with the Bank of International Settlements (BIS) and, on 29 and 30 November 2023, AFI co-hosted its first-ever joint event with the BIS/Financial Stability Institute (FSI). This two-day workshop on digital assets and financial inclusion examined optimal policy approaches towards both public and private digital assets. AFI also participated in a face-to-face check-in meeting with SSB secretariats on 30 November 2023.



ANNUAL G-24/AFI POLICYMAKERS' ROUNDTABLE

AFI co-hosted the 15th Annual G-24/AFI Policymakers' Roundtable on "Financial Inclusion: The Evolving Mandate of Central Banks" on 10 October 2023 on the sidelines of the IMF/World Bank Annual Meetings in Marrakesh. The roundtable, attended by more than 105 participants from 64 institutions from the G-24 and AFI network, explored how financial inclusion contributes to policy objectives ranging from the development of inclusive innovation to the advancement of social and environmental goals within the central bank's mandate of monetary and financial stability, financial integrity, and consumer protection policy objectives. AFI's leaders emphasized the important link between financial inclusion and financial stability, with many also expressing the urgency to address the needs of vulnerable populations through policies that advance inclusive green finance, GIF, and financial inclusion of youth and of forcibly displaced persons, and to further leverage DFS through enabling policies and regulations. AFI's Executive Director, Dr. Alfred Hannig, also spoke during the flagship IMF Seminar: Financial Inclusion as a Pathway to Resilient and Shared Growth on 14 October, where he emphasized the complementarity between financial inclusion and financial stability, drawing attention to AFI member achievements globally and in the Arab region.

“

Financial stability needs social peace, which needs poverty alleviation, which needs financial inclusion; so, we need to have financial inclusion.

”

Mr. Chalouho Coulibaly, BCEAO National Director for Côte d'Ivoire, as G-24 Chair.



WORLD FOOD PROGRAM'S "HER MONEY, HER ACCOUNT, HER FUTURE"

AFI participated in the WFP's "Her Money, Her Account, Her Future" event held from 3-5 October at the organization's headquarters in Rome. The forum focused on enabling digital financial inclusion and women's economic empowerment through cash-based transfers.

GLOBAL SOCIAL AND FINANCIAL SKILLS CONFERENCE

AFI participated in the 6th bi-annual Global Social and Financial Skills Conference and Aflatoun Annual Meeting from 1-3 November 2023 in Utrecht, the Netherlands. AFI shared its work on linking financial education and financing to create better youth opportunities to kickstart growth.

GREEN GLOBAL GROWTH INSTITUTE

AFI participated in a discussion on green finance pathways to scale up transforming the financial sector in the Pacific/Papua New Guinea towards green growth, hosted by the Green Global Growth Institute on 19 October 2023.

UNITED NATIONS CLIMATE CHANGE CONFERENCE (COP 28)

On 1 December 2023, at the United Nations Climate Change Conference (COP 28) meeting in Dubai, AFI co-hosted a side event with the University of Luxembourg, highlighting how Inclusive Green Finance (IGF) is contributing to financial stability and market efficiency, and calling for IGF to be adopted worldwide. Four AFI members, namely Bank of Papua New Guinea, Nepal Rastra Bank, Bangko Sentral ng Pilipinas, and Banco Central de Reserva de El Salvador shared their insights and current work with IGF development. Moreover, multiple AFI partners were also present, including senior representatives from the EBRD, World Bank, CGAP, We-Fi Secretariat, Visa, and ClimateWorks Foundation.



3. AFI GLOBAL FINANCIAL INCLUSION AWARDS 2023

The commitment and leadership of AFI network members in increasing financial inclusion were recognized through the AFI Global Financial Inclusion Awards held on 15 September 2023 during the GPF.

Awards were given in three categories:

- > AFI received 23 nominations for the **Nestor Espenilla Jr. Financial Inclusion Innovation Award** in 2023. The award went to the National Bank of Rwanda. Other finalists were Bank Negara Malaysia, Reserve Bank of Fiji, Bank of Ghana, and Central Bank of Nigeria.



- > AFI received 17 nominations for the **Global Youth Financial Inclusion Award**, recognizing leadership in advancing the financial inclusion of youth in 2023. The award went to the Central Bank of Egypt. Other finalists were Superintendencia de la Economía Popular y Solidaria de Ecuador, Banque Centrale de Tunisie, Jordan Payments and Clearing Company, and Reserve Bank of Zimbabwe.



- > In recognition of members' commitments to the AFI network, the **AFI Peer Leadership: Maya Declaration Commitment Award** was awarded to the Banque Centrale des États de l'Afrique de l'Ouest (BCEAO), and the **AFI Institutional Leadership Award** was awarded to the Bank of Ghana. The **Individual Technical Leadership Awards** was awarded to staff from the Central Bank of Egypt, Maldives Monetary Authority, Central Bank of Armenia, Banque de la République d'Haiti, Central Bank of Samoa, and Central Bank of Nigeria.



During the 2023 AFI Awards session, AFI also recognized the Gender Inclusive Finance (GIF) Ambassador Institutions for their efforts to accelerate transformation in the strategic implementation of the Denarau Action Plan. AFI member institutions which made Maya Declaration Commitments for the first time were also recognized and more than 76 AFI member institutions have currently at least one institutional commitment.



4. ENGAGEMENT WITH STAKEHOLDERS

PUBLIC-PRIVATE DIALOGUE (PPD)

AFI continued to enhance its PPD platform, providing space for policymakers and regulators to engage in open dialogue with private sector leaders on financial inclusion regulatory implementation challenges and advancing responsible market conduct.

The following initiatives were undertaken in 2023:

- > For the first time, AFI hosted a PPD Roundtable on IGF on the topic of ‘Scaling Public-Private Cooperation to Advance Inclusive Green Finance’, in April 2023 on the sidelines of the IMF/World Bank Group Spring meetings. In total, there were 50 participants including 18 AFI Member Institutions, three PPD partners (Celo, Mastercard and Visa), and five observers (BMWK, E&Y, Sida, USAID, and World Resources Institute).
- > An ECAPI virtual PPD Roundtable was held in May 2023 with 26 participants from four AFI Member Institutions and one observer. Three PPD partners participated including Home Credit, Thunes, and Visa. Home Credit also led a virtual PPD Regional Training for the first time on the topic of ‘Promoting Digital Financial Literacy to Support Digital Innovation’ with participants from the ECAPI and Asia regions.
- > A FILAC PPD Roundtable was held in June 2023 on the topic of ‘Digital Financial Literacy in Latin America and the Caribbean: Boosting Efficiency through Cooperation’, attended by 22 AFI member institutions. PPD partners Mastercard and Thunes presented regional perspectives on the topic and participated in the interactive dialogue.
- > During the AfPI/PfRI meetings in June 2023, two PPD Roundtables were held including a Leader’s PPD Roundtable on the ‘Role of Public-Private Collaboration for Consumer Empowerment and Digital Transformation’ and a Technical PPD Roundtable on ‘Innovation in payments and payment systems – Role of regulators and private sector players’. There were 71 participants from 32 member institutions, along with PPD partners GSMA, Mastercard, Thunes, Visa, and Vodacom.
- > During the 2023 Global Policy Forum, a PPD Roundtable on “From Dialogue to Action for Impact – Public-Private Collaboration to Advance the Financial Inclusion of Women, Youth, and MSMEs” was hosted as a plenary session with over 30 high-level members and private sector participants from GSMA, Mastercard, Thunes, and Visa, and moderated by CGAP. Participants agreed on the need for quality disaggregated data, digital financial literacy, and access to labor markets in order to drive financial inclusion for women, youth, and MSMEs. The leaders also agreed on the need for a practical collaboration mechanism between AFI member institutions and private sector partners to accelerate the work in this focus area.
- > A Virtual Dialogue on Consumer Protection for DFS and Mobile Money Regulatory Frameworks and Interoperability Best Practices was held in November 2023, in collaboration with Vodacom and GSMA.



“

As we know the impact of climate change is more severe in unserved and underserved populations where the majority have limited access to resilient financial services. It is, therefore, imperative that we work together to create a sustainable and resilient future. Inclusive green finance is a policy area championed by members of the AFI network and a critical tool that can help us achieve this goal by channeling green finance toward those at the base of the economic pyramid.

”

Governor Emmanuel Tutuba, Bank of Tanzania.

TRAINING SUPPORTED BY SELECTED AFI PPD PARTNERS

- > Virtual Regional PPD Training was delivered in collaboration with one of AFI’s PPD Partners, Home Credit, for AFI members on ‘Promoting Digital Financial Literacy to Support Digital Innovation’ on 25 May 2023.
- > Mastercard-led sessions during the AfPI-PIRI Regional Training on ‘Enhancing Financial Inclusion through Innovative Digital Payments’ on 27 June 2023. The sessions focused on the “Global Digital Payments Landscape and Financial Inclusion” and “Building an Inclusive Financial System: Key Considerations for Policymakers”.
- > Other PPD partners contributed their technical expertise in the AFI Virtual Regional Training on Practical Considerations on IGF Implementation, held from 8-9 November 2023 with GSMA.

5. AFI INCLUSIVE FINTECH SHOWCASE

The AFI FinTech Showcase is an initiative under the 2018 Sochi Accord, when AFI’s membership committed to “creating and participating 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 dialogues and activities.

At the 2023 Global Policy Forum, AFI launched the Inclusive FinTech Showcase for 2024, which seeks solutions to improve digital payment interoperability and cost reductions, digital financial literacy, health for disadvantaged groups, access to finance for women and youth entrepreneurs, data management and analytics for financial inclusion, and resilience and adaptation for climate vulnerable populations. Nominations were received from September to December 2023, and the finalists were announced in early 2024, with the winners determined by AFI members after a virtual pitchfest.





Cambodian woman watering the plants at Prey Pros rest area, Kampong Thom Province, Cambodia. (Kraig Lieb / Alamy Stock Photo)

6. MAYA DECLARATION COMMITMENTS

AFI continuously encouraged members to update their commitments in the AFI Data Portal and make new commitments. The Maya Declaration Platform has been instrumental in galvanizing ICI support and raising country profiles on financial inclusion initiatives undertaken by AFI member institutions. Thus far, 85 institutions from 76 countries have collectively made 1,222 Maya Declaration targets.

In 2023, AFI members continued to update their targets made under their Maya Declaration Commitments, aligning with the numerous Member Accords endorsed at the annual Global Policy Forums. Most 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 Maya Declaration Progress Report 2023 was published in September 2023.



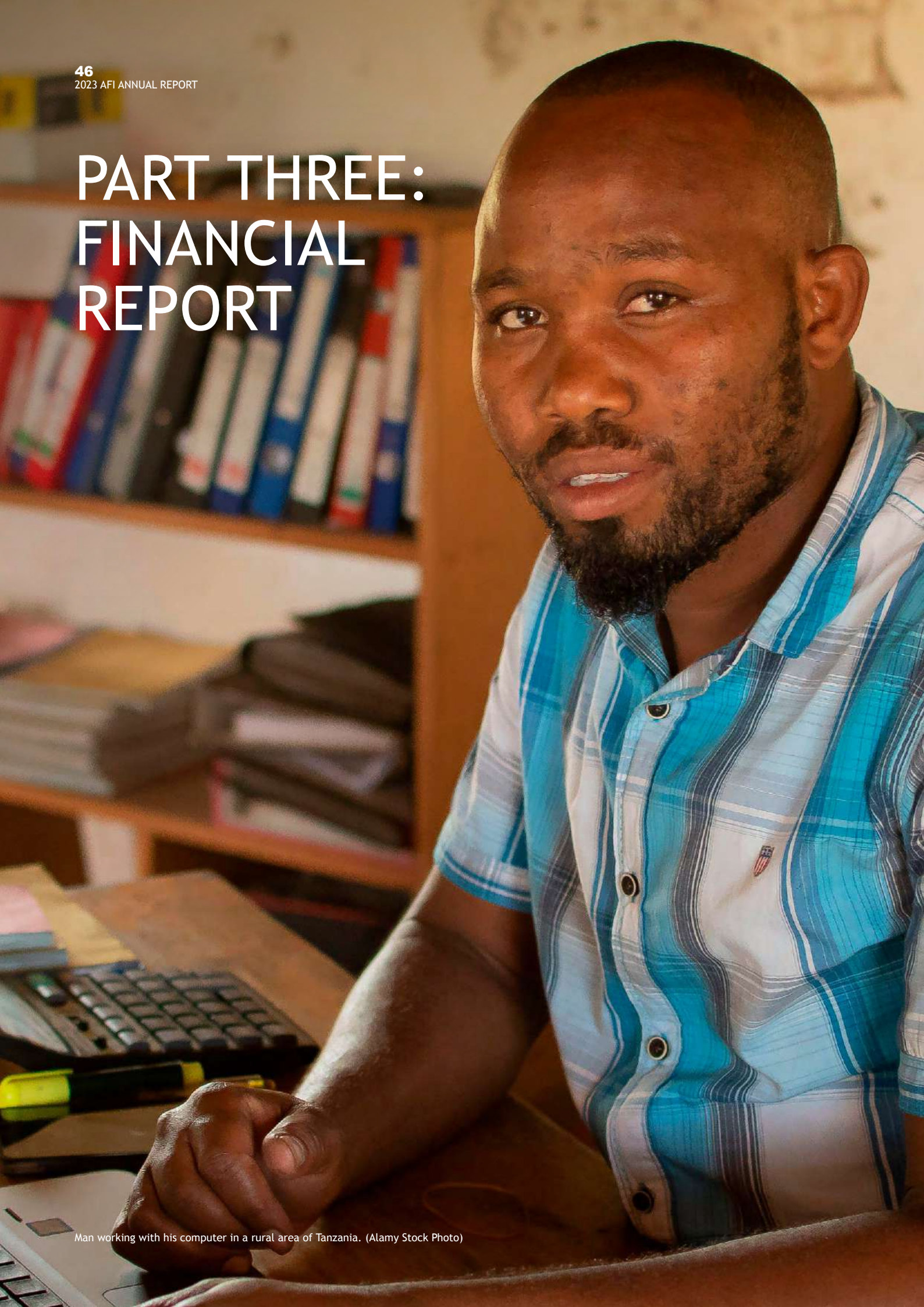
85

INSTITUTIONS FROM
75 COUNTRIES HAVE
MADE MAYA
DECLARATIONS

1,222

MAYA DECLARATION
TARGETS MADE.

PART THREE: FINANCIAL REPORT



Man working with his computer in a rural area of Tanzania. (Alamy Stock Photo)


STATEMENT BY THE MANAGEMENT UNIT

We, Alfred Hannig and Chee Soo Yuen, being members of the Management Unit of Alliance for Financial Inclusion (“the Organisation”), state that, in the opinion of the Management Unit, the financial statements set out on pages 49 to 67 are drawn up in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards so as to give a true and fair view of the financial position of the Organisation as of 31 December 2023 and of its financial performance and cash flows for the financial year ended on that date.



Dr. Alfred Hannig
Executive Director

7 May 2024



Chee Soo Yuen
Chief Operations Officer

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 Organisation”), which comprise the statement of financial position as at 31 December 2023, and the statement of income and expenditure and statement of cash flows of the Organisation for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 49 to 67.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and IFRS Accounting Standards.

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 Organisation 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 Organisation is responsible for the preparation of financial statements of the Organisation that give a true and fair view in accordance with MFRSs and IFRS Accounting Standards. 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 Organisation that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Organisation, the Management Unit is responsible for assessing the ability of the Organisation 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 Organisation 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 Organisation 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 scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Organisation, 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

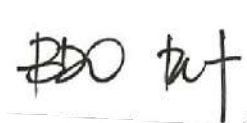
are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Organisation.

- (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 Organisation 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 Organisation 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 Organisation to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Organisation, including the disclosures, and whether the financial statements of the Organisation 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 Organisation, 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
201906000013
(LLP0018825-LCA) & AF 0206
Chartered Accountants



Lum Chiew Mun
03039/04/2025J
Chartered Account

Kuala Lumpur
7 May 2024

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 USD	2022 USD
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	92,602	123,256
Right-of-use asset	8	34,204	33,018
		126,806	156,274
CURRENT ASSETS			
Receivables	9	1,229,781	1,801,574
Cash and bank balances	10	13,418,958	13,631,422
		14,648,739	15,432,996
TOTAL ASSETS		14,775,545	15,589,270
FUND AND LIABILITIES			
FUND			
Accumulated funds	11	8,577,576	8,177,250
TOTAL FUND		8,577,576	8,177,250
LIABILITIES			
Non-current liability			
Lease liability	8	14,171	13,487
Current liabilities			
Deferred income	12	4,508,840	4,189,768
Other payables and accruals	13	1,654,625	3,189,061
Lease liability	8	20,333	19,704
		6,183,798	7,398,533
TOTAL LIABILITIES		6,197,969	7,412,020
TOTAL FUND AND LIABILITIES		14,775,545	15,589,270

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

STATEMENT OF INCOME AND EXPENDITURE

For the financial year ended 31 December 2023

	Note	2023 USD	2022 USD
INCOME			
Donor funder		6,365,321	9,764,311
Donor - Public Private Dialogue ("PPD") partner		464,666	594,000
Membership subscription fee		4,419,750	3,440,600
Fixed deposit interest		322,693	107,205
		11,572,430	13,906,116
OTHER INCOME			
Other income		45,832	28,726
Gain on disposal of property, plant and equipment		-	17,915
Gain on remeasurement of lease interest		314	-
		11,618,576	13,952,757
EXPENDITURE			
Auditors' remuneration:			
- audit fees		14,800	12,000
- non-audit fees		11,000	9,600
- under/(over) provision in prior years		2,696	(756)
Bank charges		17,133	19,448
Communication, publication and media cost		104,933	222,346
Contract services fee		399,504	820,196
Depreciation of property, plant and equipment	7	59,169	66,832
Depreciation of right-of-use asset	8	20,047	23,121
Equipment expense		17,093	5,416
Event and logistic expenses		173,489	330,296
Grant disbursement		32,158	851,326
Interest expense on lease liability	8	1,271	616
Office and general supplies		30,307	28,173
Office insurance		-	564
Other indirect costs		369	823
Professional fees		103,312	121,340
Realised loss on foreign exchange rates		71,368	34,595
Recruitment fees and expenses		9,252	39,161
Repair and maintenance expenses		167,025	182,736
Staff costs	15	7,167,306	7,352,268
Telecommunication expenses		29,587	33,689
Travel expenses - staff		822,717	1,215,851
Travel expenses - sponsorship		1,950,398	2,101,727
Unrealised loss on foreign exchange rates		13,316	18,982
TOTAL EXPENDITURE		(11,218,250)	(13,490,350)
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION FOR THE FINANCIAL YEAR (CONTINUED)			
		400,326	462,407
TAXATION			
	14	-	-
SURPLUS OF INCOME OVER EXPENDITURE AFTER TAXATION FOR THE FINANCIAL YEAR		400,326	462,407

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 USD	2022 USD
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		10,104,034	18,768,894
RECEIPTS			
Cash receipts from donors and membership fee		11,066,523	6,846,267
Interest received		521,481	71,955
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		(1,086,074)	(1,796,278)
		10,501,930	5,140,543
LESS: PAYMENTS			
Auditor's remuneration		19,089	22,944
Bank charges		15,841	13,666
Contract services fee		1,114,353	1,954,881
Communication, publication and media cost		131,871	134,670
Event and logistic expenses		246,351	173,113
Grant disbursement		959,887	525,817
Lease payment		21,660	19,719
Other indirect costs		3,280	-
Office and general supplies		17,880	26,311
Purchase of property, plant and equipment		28,515	36,435
Professional fees		81,429	84,958
Repair and maintenance expenses		172,289	254,649
Recruitment fees and expenses		24,730	17,746
Realised foreign exchange rates		27,572	-
Staff costs		5,962,860	7,343,912
Travel expenses - staff		861,930	1,301,763
Travel expenses - sponsorship		2,059,773	1,853,679
Telecommunication expenses		51,158	41,140
		11,800,468	13,805,403
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,298,538)	(8,664,860)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10(c)	8,805,496	10,104,034

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2023

1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue in accordance with Board of Directors meeting on 7 May 2024.

2. PRINCIPAL ACTIVITIES

The Organisation 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 Organisation set out on pages 5 to 36 have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and IFRS Accounting Standards.

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 Organisation 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 recognised 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 recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Organisation, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised 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 recognised 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 Organisation 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 Organisation obtains substantially all the economic benefits from use of the asset; and
- (c) the Organisation has the right to direct use of the asset.

The Organisation 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 Organisation obtains substantially all the economic benefits from use of the asset, the Organisation considers only the economic benefits that result from the use of the asset.

In determining whether the Organisation has the right to direct use of the asset, the Organisation 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 Organisation 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 Organisation applies other applicable MFRSs rather than MFRS 16.

In determining the lease term, the Organisation 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 Organisation reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Organisation and affects whether the Organisation 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 recognising 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 Organisation'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 favour of the Organisation 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 recognised where the Organisation 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 amortised 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 Organisation 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 amortised over the remaining revised lease term.

When the Organisation 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 recognised 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 Organisation to use an identified asset and require services to be provided to the Organisation by the lessor, the Organisation 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 recognised 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 recognised in profit or loss immediately.

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 amortisation, if no impairment loss had been recognised.

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

4.4 FINANCIAL ASSETS

When financial assets are initially recognised, 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 Organisation 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 amortised cost

Financial assets that are debt instruments are measured at amortised 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 amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation 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 recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised 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 Organisation 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 recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Organisation’s right to receive payment is established.

A financial asset is derecognised 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 recognised in profit or loss.

Cash and bank balances are measured at amortised 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 Organisation 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 recognised and derecognised, 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 recognised in the statement of financial position when, and only when, the Organisation 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 amortised cost.

(i) Financial liabilities measured at FVTP

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 Organisation 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 recognised in profit or loss except for the Organisation's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortized cost

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised 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 recognised in profit or loss.

4.6 IMPAIRMENT OF FINANCIAL ASSETS

The Organisation recognises 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 Organisation 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 recognised 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 recognised 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 recognised. For those in which credit risk has increased significantly, lifetime ECL is recognised.

The Organisation 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 Organisation.

Short term accumulating compensated absences such as paid annual leave are recognised 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 recognised 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 Organisation.

Bonuses are recognised 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 Organisation makes contributions to a statutory provident fund and pension fund. The contributions are recognised 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 Organisation 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 Organisation 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 Organisation are measured using the currency of the primary economic environment in which the Organisation operates ("the functional currency"). The financial statements are presented in United States Dollar, which is the functional and presentation currency of the Organisation.

(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 Organisation recognises revenue when (or as) it transfers control over of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Membership fee

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

(b) Donations

(i) Donor funder

Donations from corporations and foundations are recognised 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 recognised on accrual basis.

4.11 INTEREST INCOME

Interest income is recognised 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 Organisation 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 - 2022	1 January 2023
<i>Reference to the Conceptual Framework</i> (Amendments to MFRS 3 <i>Business Combinations</i>)	1 January 2023
<i>Property, Plant and Equipment - Proceeds before Intended Use</i> (Amendments to MFRS 116 <i>Property, Plant and Equipment</i>)	1 January 2023
<i>Onerous Contracts - Cost of Fulfilling a Contract</i> (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contract</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>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</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023

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

5.2 NEW MFRSS THAT HAVE BEEN ISSUED, BUT ONLY EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2024

TITLE	EFFECTIVE DATE
<i>Lease liability in a sale and leaseback</i> (Amendments to MFRS 16 <i>Leases</i>)	1 January 2024
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Non-current Liabilities with Covenants</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Internal Tax Reform - Pillar Two Model Rules</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	Refer paragraph 98M of MFRS 112
<i>Supplier Finance Arrangements</i> (Amendments to MFRS 107 <i>Statements of Cash Flows and MFRS 7 Financial Instruments: Disclosures</i>)	1 January 2024
<i>Lack of Exchangeability</i> (Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>)	1 January 2025
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10 <i>Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures</i>)	Deferred

The Organisation 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 Organisation's accounting policies that have a significant effect on the amounts recognised 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 Organisation 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 Organisation uses the simplified approach to estimate a lifetime expected credit loss allowance for all receivables. The Organisation 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

2023	Balance as at 1.1.2023 USD	Additions USD	Depreciation charge for the financial year USD	Balance as at 31.12.2023 USD
Carrying amount				
Motor vehicles	-	-	-	-
Office equipment	10,303	9,824	(3,698)	16,429
Office renovation	7,077	-	(4,499)	2,578
Computer software	37,730	-	(23,044)	14,686
Computer hardware	68,146	18,691	(27,928)	58,909
	123,256	28,515	(59,169)	92,602
31 December 2023				
		Cost USD	Accumulated depreciation USD	Carrying amount USD
Motor vehicles		-	-	-
Office equipment		88,610	(72,181)	16,429
Office renovation		33,640	(31,062)	2,578
Computer software		115,213	(100,527)	14,686
Computer hardware		146,095	(87,186)	58,909
		383,558	(290,956)	92,602

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

	Office premises	
	2023 USD	2022 USD
Right-of-use asset		
Carrying amount		
Balance as at 1 January	33,018	16,517
Addition	41,044	39,622
Remeasurement	(19,811)	-
Depreciation charge for the financial year	(20,047)	(23,121)
Balance as at 31 December	34,204	33,018
Lease liability		
Balance as at 1 January	33,191	16,823
Additions	41,044	39,622
Remeasurement	(20,125)	-
Lease payments	(21,660)	(19,719)
Interest expense	1,271	616
Exchange adjustment	783	(4,151)
Balance as at 31 December	34,504	33,191
Represented by:		
Current liabilities	20,333	19,704
Non-current liability	14,171	13,487
Lease liability owing to non-financial institutions	34,504	33,191
(a) The following are amounts recognized in income and expenditure:		
Depreciation of right-of-use asset	20,047	23,121
Interest expense on lease liabilities	1,271	616
	21,318	23,737

(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 USD21,660 (2022: USD19,719).

9. RECEIVABLES

	2023 USD	2022 USD
Receivables		
Third parties	1,092,405	1,684,033
Less: Impairment losses	(72,795)	(72,795)
	1,019,610	1,611,238
Other receivables		
Other receivables	162,216	66,636
Total receivables, net of prepayments	1,181,826	1,677,874
Prepayments	47,955	123,700
	1,229,781	1,801,574

(a) Receivables are non-interest bearing and the normal credit terms of receivables granted by the Organisation ranged from 30 to 180 days (2022: 30 to 180 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

The Organisation 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 recognised based on the simplified approach using the lifetime expected credit losses.

The Organisation 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 recognised 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 2023/ 31 December 2023	2,695	70,100	72,795
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

10. CASH AND BANK BALANCES

	2023 USD	2022 USD
Cash and bank balances	2,234,343	2,731,074
Fixed deposits with licensed banks	11,184,615	10,900,348
	13,418,958	13,631,422

- (a) Deposits with licensed banks of the Organisation has maturity periods ranging from 30 days to 365 days (2022: 30 days to 365 days).
- (b) Deposits with licensed bank:
- i) Deposits with Standard Chartered Berhad with interest rates ranging from 4.36% to 4.73% (2022: 2.25% to 3.80%) per annum; and
 - ii) Deposits with Maybank Berhad with interest rates ranging from 1.93% to 4.47% (2022: 2.58% to 4.40%).
- (c) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as the end of the financial year:

	2023 USD	2022 USD
Cash and bank balances	2,234,343	2,731,074
Fixed deposits with a licensed bank		
- not more than three months	6,571,153	7,372,960
- more than three months	4,613,462	3,527,388
Less:		
Fixed deposits with a licensed bank more than three months	(4,613,462)	(3,527,388)
Cash and cash equivalents included in the statement of cash flows	8,805,496	10,104,034

11. ACCUMULATED FUNDS

	2023 USD	2022 USD
Non-distributable		
Accumulated funds balance brought forward	8,177,250	7,714,843
Surplus of income over expenditure after taxation for the financial year	400,326	462,407
Accumulated funds balance carried forward	8,577,576	8,177,250

12. DEFERRED INCOME

	Note	2023 USD	2022 USD
Advances from funders	(a)	4,330,890	3,299,493
Membership fees	(b)	177,950	890,275
		4,508,840	4,189,768

- (a) Deferred income arose from funders are advances received for services rendered which are yet to be recognised as revenue due to performance obligation yet to be fulfilled by the Organisation at the end of the reporting period.
- (b) Deferred income arose from members are advances received for Financial Year 2024 (2022: Financial Year 2023) membership fee.
- (c) Deferred income at the beginning of the period recognised as revenue during the year amounting to USD4,173,318 (2022: USD9,626,664).

13. OTHER PAYABLES AND ACCRUALS

	2023 USD	2022 USD
Other payables	150,558	498,705
Accruals	1,504,067	2,690,356
	1,654,625	3,189,061

14. TAXATIONS

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

15. EMPLOYEE BENEFITS

	2023 USD	2022 USD
Salaries and bonus	6,585,340	6,806,235
Defined contribution plan	435,776	322,366
Other employee benefits	146,190	223,667
	7,167,306	7,352,268

16. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Organisation is to ensure that the Organisation would be able to continue as a going concern. The Organisation monitors and manage its capital structure and makes adjustments to it, in light of changes in economic condition. The Organisation'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 2023 and 31 December 2022.

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

(b) Categories of financial instruments

	2023 USD	2022 USD
Financial assets at amortized cost		
Receivables (excluding prepayments)	1,181,826	1,677,874
Cash and bank balances	13,418,958	13,631,422
	14,600,784	15,309,296
Financial liabilities at amortized cost		
Other payables and accruals	1,654,625	3,189,061
Lease liabilities	34,504	33,191
	1,689,129	3,222,252

(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 liability accounted for as long term financial liability

The fair value of this financial instrument is 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 liability is 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 Organisation is to ensure that it creates value for its members while minimising potential adverse effects on its performance. The Organisation 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 recognised 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 Organisation's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Organisation is exposed to minimal credit risk.

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

The Organisation 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 Organisation 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
2023			
Current (not past due)	1,020,785	(2,693)	1,018,092
Past due:			
More than 60 days	800	(2)	798
More than 365 days	70,820	(70,100)	720
	1,092,405	(72,795)	1,019,610
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

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

(a) Financial risk management *(continued)*

(i) Credit risk *(continued)*

Exposure to credit risk arises mainly from membership fee. The Organisation 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 Organisation's trade receivables.

No expected credit losses were recognised 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 Organisation. The maximum exposure of the Organisation to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

As at 31 December 2023, other than the amount owing by four (2022: three) major receivables constituting approximately 73% (2022: 62%) of the total receivables of the Organisation, the Organisation does not have any significant concentration of credit risk related to any individual customer or counterparty.

(ii) Liquidity and cash flow risk

Liquidity risk arises mainly from general funding and business activities. The Organisation 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 Organisation measures and forecasts its cash commitments and maintains a level of cash and bank balances deemed adequate to finance the Organisation's activities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Organisation'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 2023				
Other payables and accruals	1,654,625	-	-	1,654,625
Lease liabilities	21,687	14,458	-	36,145
	1,676,312	14,458	-	1,690,770
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

(iii) Interest rate risk

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

The exposure of the Organisation to the interest rate risk arises primarily from its interest bearing assets and liabilities. The Organisation 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 licensed banks and lease liability 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 Organisation that are exposed to interest rate risk:

	WAEIR %	Within 1 year USD	1 - 2 years USD	Total USD
As at 31 December 2023				
Fixed rates				
Fixed deposits with a licensed bank	3.54	11,184,615	-	11,184,615
Lease liabilities	5.36	20,333	14,171	34,504

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

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

Foreign currency exposure

	United States Dollar USD	Ringgit Malaysia USD	West African CFA Franc USD	Euro USD	Total USD
2023					
Financial assets					
Receivables	649,977	-	-	531,849	1,181,826
Cash and bank balances	12,835,418	118,559	9,398	455,583	13,418,958
	13,485,395	118,559	9,398	987,432	14,600,784
Financial liabilities					
Other payables and accruals	(1,611,386)	-	-	(43,239)	(1,654,625)
Lease liability	-	-	-	(34,504)	(34,504)
Net financial assets	11,874,009	118,559	9,398	909,689	12,911,655
Less: Net financial liability denominated in the entity's functional currencies	(11,874,009)	-	-	-	(11,874,009)
Currency exposure	-	118,559	9,398	909,689	1,037,646

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	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 liability	-	-	-	(33,191)	(33,191)
Net financial assets	9,947,106	1,356,277	8,156	775,505	12,087,044
Less: Net financial liability denominated in the entity's functional currencies	(9,947,106)	-	-	-	(9,947,106)
Currency exposure	-	1,356,277	8,156	775,505	2,139,938

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Organisation's surplus of income over expenditure after taxation to a reasonably possible change in the Ringgit Malaysia ("RM") and Euro ("EUR") 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.

	2023 USD	2022 USD
Effect on Surplus of Income Over Expenditure After Taxation		
RM/USD		
- strengthen by 3%	162	7,571
- weaken by 3%	(162)	(7,571)
EUR/USD		
- strengthen by 3%	25,355	20,066
- weaken by 3%	(25,355)	(20,066)

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

18. MATERIAL LITIGATIONS

In January and July 2022, the Organisation was served with two separate Statements of Claim by the Director General of Industrial Relations, made under Section 20(3) of the Industrial Relations Act 1967, arising from the dismissal of two separate claimants by the Organisation in March 2021. The claimants were employed by the Organisation for a fixed-term contract and were subsequently dismissed from service by the Organisation respectively in March 2021, on grounds of misconduct, after due inquiry.

The Organisation has engaged Zul Rafique & Partners Advocates & Solicitors to act as their representative in the abovementioned claims. The respective hearing dates are now fixed in April 2024 and July 2024.

Both management and solicitors have expressed confidence for arguing against the claims. Consequently, as of the reporting period and up to the date of authorisation of the financial statements, the provision regarding the potential claim liabilities is not required in respect of the above claims, as it is not probable that any future outflow of economic benefits will be required.

PART FOUR: REFERENCES



Elderly woman using her mobile phone, Nigeria. (Alamy Stock Photo)

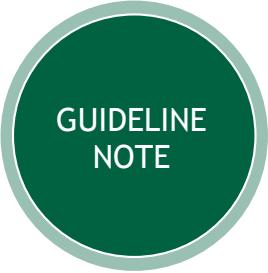
AFI'S KNOWLEDGE PRODUCTS AND PUBLICATIONS IN 2023







TOOLKIT



GUIDELINE
NOTE



SURVEY
REPORT

OTHER PUBLICATIONS

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ANNUAL
REPORT

A dark green circle with a light green border containing the text "WORKSHOP REPORT".

WORKSHOP
REPORT

A dark green circle with a light green border containing the text "MAYA REPORT".

MAYA
REPORT

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FACTSHEET

2023 AFI CALENDAR OF EVENTS

GOVERNANCE MEETINGS

26 January	Global Standards and Policy Committee Meeting	Virtual Meeting
27 March	Audit Committee Meeting	Virtual Meeting
20 April	Board of Directors Meeting	Virtual Meeting
16 May	Gender Inclusive Finance Committee Meeting	Virtual Meeting
19 June	Board of Directors Meeting	Dubai, United Arab Emirates
20 July	Budget and Finance Committee Meeting	Virtual Meeting
11 August	Board of Directors Meeting	Virtual Meeting
24 August	Audit Committee Meeting	Virtual Meeting
12 September	Board of Directors Meeting	Manila, the Philippines
12 September	Intergovernmental Organization Special Committee Meeting	Manila, the Philippines
12 September	Gender Inclusive Finance Committee Meeting	Manila, the Philippines
12 September	Global Standards and Policy Committee Meeting	Manila, the Philippines
13 September	Annual General Meeting	Manila, the Philippines
31 October	Board of Directors Meeting	Virtual Meeting
14 November	Budget and Finance Committee Meeting	Virtual Meeting
24 November	Audit Committee Meeting	Virtual Meeting
11 December	Board of Directors Meeting	Virtual Meeting

GLOBAL EVENTS

12-15 September	Global Policy Forum 2023	Manila, the Philippines
10 October	G-24/AFI Policymakers' Roundtable at the IMF/World Bank Spring Meetings	Marrakesh, Morocco
1 December	COP28 side event: Inclusive Green Finance and Financial Stability	Dubai, United Arab Emirates
21 February	Webinar on "Financial Inclusion policies for the youth in Africa - What have we learned so far?"	Virtual Meeting
24-25 May	Eastern Europe and Central Asia Policy Initiative Meetings	Virtual Meeting
12 June	Financial Inclusion Initiative for Latin America and the Caribbean - Experts Group on Financial Inclusion Policy Meeting	Dominican Republic
26-29 June	African Financial Inclusion Policy Initiative Meetings	Victoria, Seychelles
26-29 June	Pacific Islands Regional Initiatives Meetings	Victoria, Seychelles
5 July	South Asia Regional Initiative on Financial Inclusion - Leaders Roundtable and Experts Group on Financial Inclusion Policy Meeting	Virtual Meeting

WORKING GROUP MEETINGS

15 February	Working Group Leadership Meeting	Virtual Meeting
27 February-	FISPLG Meeting	Ecuador
2 March	Digital Financial Services Working Group Meeting	Kuala Lumpur, Malaysia
27 February-	SME Finance Working Group Meeting	El Salvador

2 March	Global Standards Proportionality Working Group Meeting	Kuala Lumpur, Malaysia
7-10 March	Inclusive Green Finance Working Group Meeting	Kathmandu, Nepal
27-30 March	Financial Inclusion Data Working Group Meeting	Lilongwe, Malawi
27-30 March	Financial Inclusion Strategy Peer Learning Group Meeting	Lilongwe, Malawi
12 September	Consumer Empowerment and Market Conduct Working Group Meeting	Manila, the Philippines
12 September	Digital Financial Services Working Group Meeting	Manila, the Philippines
12 September	Financial Inclusion Data Working Group Meeting	Manila, the Philippines
12 September	Financial Inclusion Strategy Peer Learning Group Meeting	Manila, the Philippines
12 September	Global Standards Proportionality Working Group Meeting	Manila, the Philippines
12 September	Inclusive Green Finance Working Group Meeting	Manila, the Philippines
12 September	SME Finance Working Group Meeting	Manila, the Philippines

CAPACITY BUILDING PROGRAMS

2-5 May	CBK-AFI Regional Training on Leveraging Responsible and Innovative Digital Credit to Advance Access to Finance for MSMEs, Youth and Women	Nairobi, Kenya
14-16 June	SBRD-AFI Regional Training on Policy for Access to Finance for Women MSMEs through Digital Financial Services in the LAC Region	Dominican Republic
20 June	IADI-AFI Joint Webinar on Maximizing the Potential of Deposit Insurance for Financial Inclusion: Lessons Learned, Key Challenges and The Way Forward	Virtual Meeting
27 June	AfPI-PIRI Regional Training on Enhancing Financial Inclusion through Innovative Digital Payments	Victoria, Seychelles
3-4 July	MMA-AFI Virtual Regional Training on Leveraging Digital Public Infrastructure Towards Safe and Inclusive Payment Systems	Virtual Meeting
30 October-2 November	BoU-AFI Regional Training on Financial Inclusion of Forcibly Displaced Persons (FDPs): Towards Inclusive Financial Services, Financial Capability and Financial Health for All	Kampala, Uganda
8-9 November	AFI Virtual Regional Training on Practical Considerations for IGF Implementation, Leveraging on DFS in the Africa Region	Virtual Meeting
4-7 December	AFI Joint Learning Program on Inclusive Green Finance Policy Implementation	Kuala Lumpur, Malaysia

PPD MEETINGS

14 April	Global PPD Leaders' Roundtable on Inclusive Green Finance	Washington, DC
24 May	PPD Technical Roundtable on Leveraging Digital Financial Services to reach the base of the Pyramid	Virtual Meeting
25 May	Regional PPD Training on Promoting Digital Financial Literacy to Support Digital Innovation	Virtual Meeting
13 June	Regional PPD Roundtable on Digital Financial Literacy	Dominican Republic
14 September	Global PPD Leaders' Roundtable on From Dialogue to Action for Impact – Public-Private Collaboration to Advance the Financial Inclusion of Women, Youth, and MSMEs	Manila, the Philippines

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
BFC	Budget and Finance Committee	GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
BMGF	Bill & Melinda Gates Foundation	GIF	Gender Inclusive Finance
BMZ	Germany's Federal Ministry for Economic Cooperation and Development	GIFC	Gender Inclusive Finance Committee
BNM	Bank Negara Malaysia	GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
CBDC	Central bank digital currencies	GPF	Global Policy Forum
CEFI	Certified Expert in Financial Inclusion Policy	GPFI	Global Partnership for Financial Inclusion
CEMCWG	Consumer Empowerment and Market Conduct Working Group	GSPC	Global Standards and Policy Committee
COVID-19	Coronavirus Disease of 2019	GSPWG	Global Standards Proportionality Working Group
DAP	Denarau Action Plan: The AFI Network Commitment to Gender and Women's Financial Inclusion	ICI	In-Country Implementation
DeFi	Decentralized finance	IGF	Inclusive Green Finance
DFL	Digital financial literacy	IGFWG	Inclusive Green Finance Working Group
DFS	Digital financial services	IGOSC	Intergovernmental Organization Special Committee
DFSWG	Digital Financial Services Working Group	IMF	International Monetary Fund
EBA	European Banking Authority	MENAFATF	Middle East and North Africa Financial Action Task Force
ECAPI	Eastern Europe and Central Asia Policy Initiative	MNA	Member Needs Assessment
EGFIP	Experts Group on Financial Inclusion Policy	MSMEs	Micro, Small, and Medium Enterprises
e-KYC	Electronic Know Your Customer	MU	Management Unit
ERO	AFI's Europe Representative Office	NFIS	National financial inclusion strategy
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group	PIRI	Pacific Islands Regional Initiative
FATF	Financial Action Task Force	PPD	Public-Private Dialogue
FDPs	Forcibly displaced persons	RegTech	Regulatory Technology
FIARI	Financial Inclusion in the Arab Region Initiative	SDGs	Sustainable Development Goals
FIDWG	Financial Inclusion Data Working Group		

SMEFWG	SME Finance 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



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