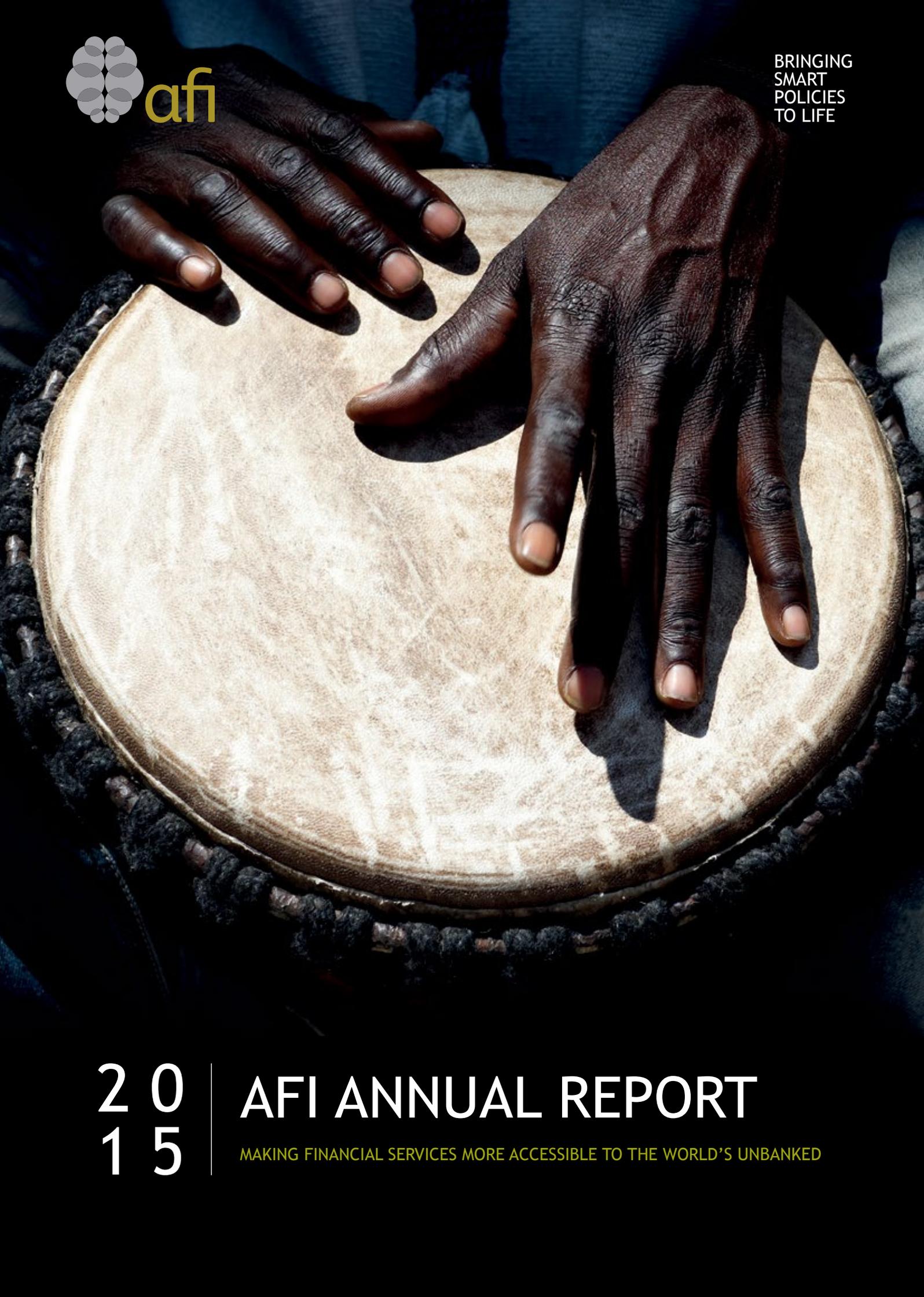




BRINGING
SMART
POLICIES
TO LIFE



20
15

AFI ANNUAL REPORT

MAKING FINANCIAL SERVICES MORE ACCESSIBLE TO THE WORLD'S UNBANKED

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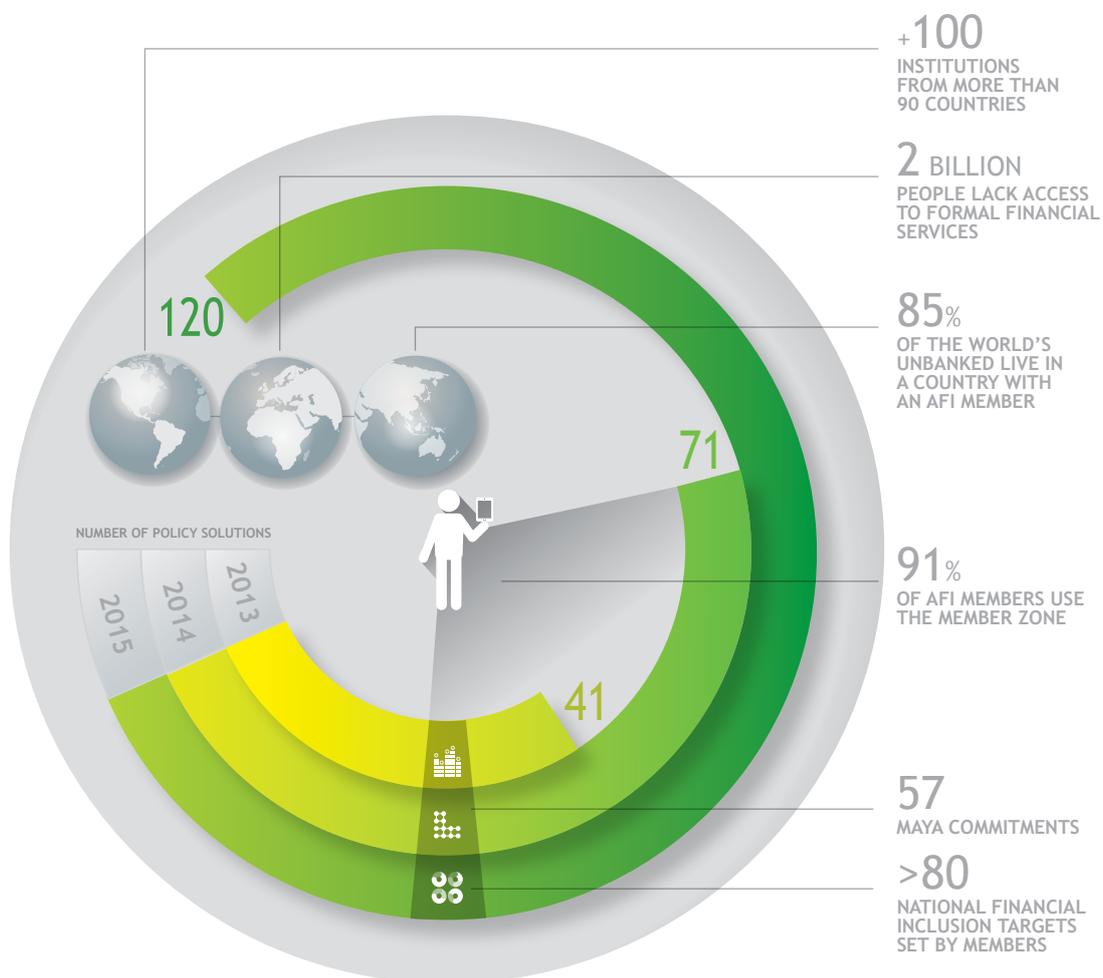
OUR VISION

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

OUR MISSION

Empowering policymakers to increase access to quality financial services for the poorest populations.

AFI IN NUMBERS



MESSAGE FROM THE CHAIR

It is indeed an honor to write this foreword for what will be the very first Annual Report of a fully independent Alliance for Financial Inclusion (AFI). Independence to us not only creates a unique and historic opportunity to strengthen our resolve to enhance smart financial inclusion policies; it also makes us more responsible in upholding our network and propels us to make a greater impact on financial inclusion policies for our membership and beyond.

AFI's founding principles are based on being a community of peers where each voice is heard and every piece of knowledge and experience has value. The strength of our network is in the strength of our connections to each other, as well as our willingness to listen, share and support.

These values guided AFI's entire transition to independence, from the selection of our headquarters location to the development of our by-laws, from the creation of our financial support mechanisms to the official establishment of AFI's international status. Establishing our independence is a validation of the AFI approach and has profoundly strengthened our community.

But while 2015 was a year dominated internally by our independence process, financial inclusion policy efforts remained firmly in the global spotlight. If there was a theme for 2015, it would have to be convergence. We saw the introduction of the Public-Private Dialogue (PPD) Platform opening up new relationships with private sector leaders, including Visa, MasterCard, GSMA and BBVA. We continued our important work with the G20 under Turkey's Presidency, helping to support access to finance for SMEs in low-income developing countries. Our relationship with the global Standard-Setting Bodies (SSBs) was deepened through our Peer Learning Program and a particular emphasis on de-risking strategies. And we saw the international community launch the Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda with a focus on country-led approaches to financial inclusion and an acknowledgment of AFI's peer learning approach.

Possibly for the first time we are seeing the public sector, private sector and international organizations all recognizing the long-term value of financial inclusion, both as a business opportunity and a smart public policy goal. But just as importantly, we are seeing recognition that the peer-to-peer, country-led approach long championed by the AFI Network is the proven path to reaching our common goals.

The value of the AFI Network has never been clearer. Our network's convening power has sparked cross-cutting dialogue and debate, and the policy areas we have chosen to focus on are influencing the direction of financial inclusion initiatives. We have seen members of the AFI Network continue to outperform and create the conditions for a more inclusive world. I know of no other organization as well placed to take leadership on financial inclusion. Our membership represents the vast majority of the world's unbanked. We have partners across the financial inclusion landscape. We have a wealth of practical knowledge and experience, and through our Maya Declaration commitments, we have evidence of the impact of our work.

Looking across our global network, I feel a great sense of confidence because I know the future of AFI is in our hands.

Professor Benno Ndulu

Governor, Bank of Tanzania
Chair, AFI Board of Directors



ABOUT AFI

The Alliance for Financial Inclusion (AFI) is a member-owned network with a vision of making financial services more accessible to the world's unbanked. To make this vision a reality, AFI has adopted a unique cooperative approach and bottom-up model that allows AFI members to set their own agenda and harness the power of peer learning and peer pressure to develop practical and tested policy reforms that enhance financial inclusion.

Since its early stages as a grant-making facility in 2008, AFI has evolved to become a leader in financial inclusion policy and a global voice for emerging economies. AFI has been an independent member-owned organization since 27 January 2016, a result of members' desire to create a permanent and sustainable home for peer learning and knowledge exchange on financial inclusion policy solutions.

AFI's growth has been bolstered by the support of its partners in advancing the financial inclusion agenda. These include AFI's major funding partner, the Bill & Melinda Gates Foundation (BMGF), as well as BMZ, Omidyar Network and PFIP. In addition, AFI engages the public and private sector partnership approach through the Public-Private Dialogue (PPD) platform to leverage on and enhance effective implementation of financial inclusion policies. AFI also received knowledge and logistics support from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

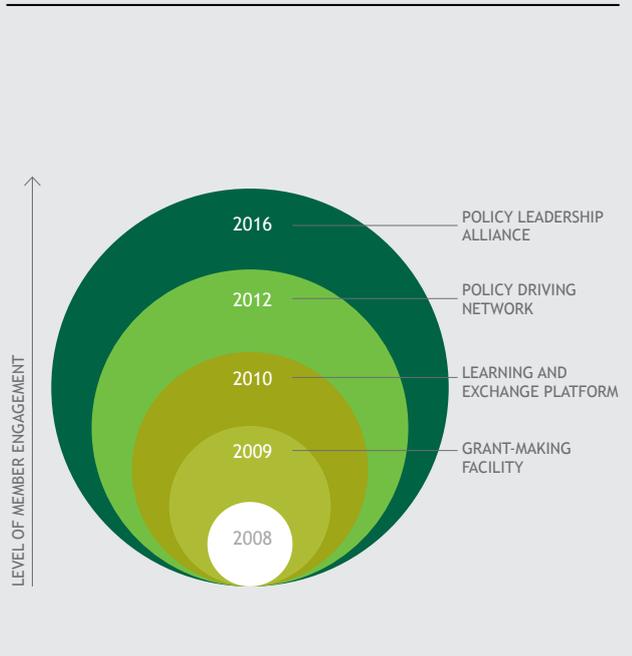
As a result of its cooperative approach, AFI's members and partners are benefiting from services, products and the partnership platform, respectively. AFI members have made significant contributions to implementing financial inclusion policies in their countries by making measurable commitments under the Maya Declaration. AFI provides a monitoring and evaluation process to measure the impact of these commitments more accurately, and its knowledge products, including guideline notes, case studies and peer reviews, have helped to build member confidence in developing and implementing national financial inclusion policies.

For AFI partners, the AFI platform is instrumental to implementing the overarching objectives of the G20 Global Partnership for Financial Inclusion (G20 GPFI). For instance, the Maya Declaration has gained recognition from partners and is being used to implement the financial inclusion commitments of AFI members.

“In order to innovate, we must embrace change, allow space to experiment, and continue to have bold aspirations for financial inclusion goals.”

Alfred Hannig, Executive Director at AFI

AFI'S STRATEGIC VISION: A DYNAMIC GROWTH PATH



HIGHLIGHTS OF KEY ACHIEVEMENTS

2015 was a significant year for AFI. Not only did AFI continue to meet the demands of its members and partners, it also transitioned to become an independent organization owned and supported by its members. The transition culminated with AFI’s registration in Malaysia as an international organization at the end of 2015, and our official independence being declared on 27 January 2016.

Key achievements in 2015 were in four major areas:

GLOBAL ADVOCACY

AFI provides a platform for its members to advocate for financial inclusion in the G20 and engage with the global Standard-Setting Bodies (SSBs) and other global forums. In 2015, AFI continued its Peer Learning Program with the Standard-Setting Bodies (SSBs); engaged as an implementing partner in the Global Partnership for Financial Inclusion (GPMI) under several advocacy programs (including the G20 Turkish Presidency) to advocate for role of SMEs in financial inclusion; and enhanced its engagement with the G-24 to discuss issues affecting AFI members, such as de-risking. AFI’s peer learning approach was also recognized internationally under the Addis Ababa Action Agenda.

DRIVING NATIONAL POLICY

AFI has been successful in helping its members drive national financial inclusion policies at home through their commitments under the Maya Declaration. For instance, in 2015, a total of 57 institutions made Maya Declaration commitments and set 81 measurable targets, and AFI provided seven policy grants to members.

INSTITUTIONAL CAPACITY BUILDING

AFI continued to provide opportunities for its members to build institutional capacity to address financial inclusion challenges. In 2015, capacity building was provided through AFI’s service delivery channels, such as the thematic working groups, Joint Learning Programs, knowledge exchange programs, public and private partnerships, the Global Policy Forum, Peer Advisory Services and Regional Initiatives.

AFI GLOBAL POLICY FORUM

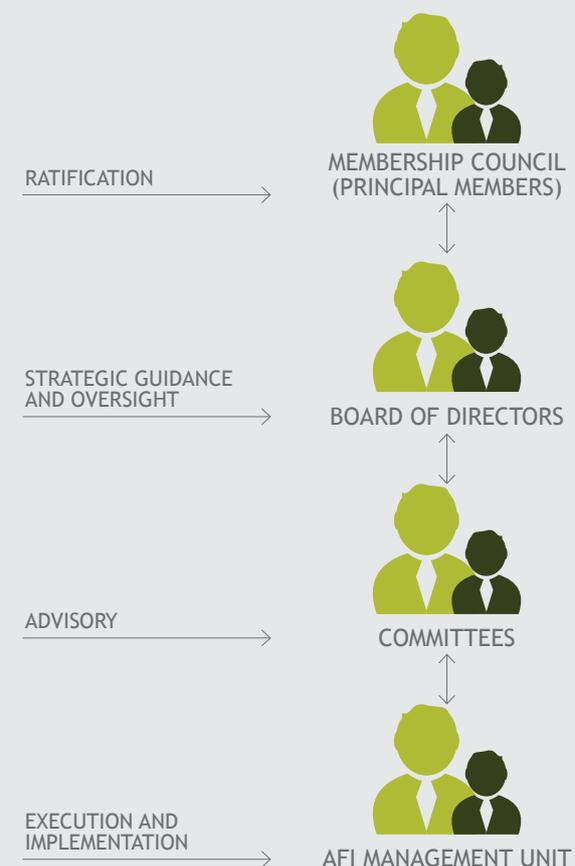
This major international platform for examining financial inclusion issues and trends is held every year, and in 2015 it was held in Maputo, Mozambique, under the theme, “Inspiring Innovation to Advance Financial Inclusion.” The 2015 GPF was attended by more than 450 participants from the AFI Network as well as international partners.



NETWORK STRUCTURE

As a member-driven organization, AFI draws its mandate from the Membership Council, a decision-making body made up of Principal Members. Governance and strategic guidance is provided by the Board of Directors, which comprises heads of institutions from Principal Members. The Board of Directors and its various committees oversee the AFI Management Unit—the executive arm of the organization that conducts AFI’s day-to-day activities and executes the strategic objectives of the organization by delivering services and products to its members. The Management Unit, based in Bangkok, Thailand from 2008 to 2014, relocated its headquarters to Kuala Lumpur, Malaysia in 2015. AFI is registered in Malaysia as an international organization under the International Organizations (Privileges and Immunities) Act 1992.

AFI’S NETWORK STRUCTURE



STRATEGY AND OBJECTIVES

Despite significant strides made by the international community in recent years to reach the world's unbanked, there are still an estimated two billion without access to formal financial services.

OUR JOURNEY SO FAR

06	AN IDEA IS FORMED..	
07	A 10-COUNTRY STUDY IS UNDERTAKEN. COULD THE AFI IDEA ACTUALLY WORK?	
08	OFFICIAL AFI CONCEPT IS DEVELOPED	
09	BMGF PROVIDES \$35 MILLION GRANT FOR AFI PROJECT FIRST AFI BUSINESS PLAN IS PUBLISHED THE ORIGINAL AFIS ARE INTRODUCED BANGKOK CHOSEN AS AFI HQ LOCATION	
10	G24 ANNOUNCES SUPPORT FOR AFI CONCEPT FIRST AFI EVENT TAKES PLACE IN TOKYO AFI OFFICE OPENS IN BANGKOK FIRST AFI KNOWLEDGE EXCHANGE IS ANNOUNCED (RMC) AFI WEBSITE IS LAUNCHED FIRST AFI STEERING COMMITTEE MEETING. MEMBERS DISCUSS LONG-TERM PLAN FOR INDEPENDENCE AFI INTRODUCES THEME OF 'BRINGING SMART POLICIES TO LIFE' GPF 2009 NAIROBI FIRST STEERING COMMITTEE CHAIR ELECTED (CENTRAL BANK OF KENYA)	
11	FIRST AFI WORKING GROUP IS FORMED (PIWG) FIOWG IS LAUNCHED AUSAID COMMITS FUNDS TO AFI MFSWG IS LAUNCHED GPF 2010 BALI: PRESIDENT OF INDONESIA ADDRESSES GPF IN SUPPORT OF AFI FINTWG IS LAUNCHED	
12	AFI MEMBER ZONE IS LAUNCHED G20 LEADERS LAUNCH GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION AND AFI NAMED AS IMPLEMENTING PARTNER CEAC WG IS LAUNCHED AFI VISION AS A 'POLICY DRIVING NETWORK' INTRODUCED BY AFI STEERING COMMITTEE AND BMGF GPF 2011 MEXICO PRESIDENT OF MEXICO ADDRESSES GPF FIOWG RELEASES SET OF DATA INDICATORS AFI STEERING COMMITTEE DECIDES TO MAKE AFI 'MEMBER OWNED' MAYA DECLARATION 19 AFI MEMBERS MAKE MAYA COMMITMENTS	
13	AFRICA REGIONAL FORUM HELD IN ZANZIBAR 4TH ANNUAL G24 AFI POLICYMAKERS ROUNDTABLE SHOWCASES THE MAYA DECLARATION AT THE IMF WB SPRING MEETINGS IN WASHINGTON, D.C. AFI MEMBERS PARTICIPATE IN G20 SUMMIT IN LOS CABOS, MEXICO. MAYA DECLARATION SUPPORTED BY G20 LEADERS. AFI NAMED AS IMPLEMENTING PARTNER OF G20 PEER LEARNING PROGRAM FIRST AFI GUIDELINE NOTES PUBLISHED GPF 2012 SOUTH AFRICA CAPE TOWN COMMITMENTS / NUMBER OF MAYA COMMITMENTS REACHES 35 BANGKO SENTRAL NG PILIPINAS ELECTED AS AFI STEERING COMMITTEE CHAIR FIRST AFI ANNUAL GENERAL MEETING ENDORSES PLAN FOR INDEPENDENCE FINANCIAL INCLUSION STRATEGY PEER LEARNING GROUP LAUNCHED IN ABUJA	
14	G24 AND G20 SUPPORT DECISION TO ESTABLISH AFI AS A PERMANENT NETWORK FOR KNOWLEDGE EXCHANGE AFI ESTABLISHES REGIONAL PRESENCE IN LATIN AMERICA AND THE CARIBBEAN AMPI IS LAUNCHED FIRST LATIN AMERICA AND CARIBBEAN REGIONAL MEETING SME FINANCE WORKING GROUP IS FORMED 5TH ANNUAL G24/AFI POLICYMAKERS ROUNDTABLE PROPOSES NEW DIALOGUE WITH THE STANDARD-SETTING BODIES (SSBs) DEVELOPING AND DEVELOPED COUNTRY PERSPECTIVES ON FINANCIAL INCLUSION: A GLOBAL DIALOGUE HELD IN FRANKFURT STEERING COMMITTEE FORMS TWO SUB-GROUPS ON THE AFI INDEPENDENCE PROCESS THE SASANA ACCORD IS ANNOUNCED NUMBER OF MAYA COMMITMENTS REACHES 40 NEW STEERING COMMITTEE MEMBERS ARE INTRODUCED	
15	G24 AND G20 SUPPORT DECISION TO ESTABLISH AFI AS A PERMANENT NETWORK FOR KNOWLEDGE EXCHANGE AFI ESTABLISHES REGIONAL PRESENCE IN LATIN AMERICA AND THE CARIBBEAN AMPI IS LAUNCHED FIRST LATIN AMERICA AND CARIBBEAN REGIONAL MEETING SME FINANCE WORKING GROUP IS FORMED 5TH ANNUAL G24/AFI POLICYMAKERS ROUNDTABLE PROPOSES NEW DIALOGUE WITH THE STANDARD-SETTING BODIES (SSBs) DEVELOPING AND DEVELOPED COUNTRY PERSPECTIVES ON FINANCIAL INCLUSION: A GLOBAL DIALOGUE HELD IN FRANKFURT STEERING COMMITTEE FORMS TWO SUB-GROUPS ON THE AFI INDEPENDENCE PROCESS THE SASANA ACCORD IS ANNOUNCED NUMBER OF MAYA COMMITMENTS REACHES 40 NEW STEERING COMMITTEE MEMBERS ARE INTRODUCED	
16	2014 GPF IN TRINIDAD AND TOBAGO PUBLIC-PRIVATE DIALOGUE PLATFORM 54 MAYA DECLARATION COMMITMENTS	
17	2014 GPF IN TRINIDAD AND TOBAGO PUBLIC-PRIVATE DIALOGUE PLATFORM 54 MAYA DECLARATION COMMITMENTS	
18	2014 GPF IN TRINIDAD AND TOBAGO PUBLIC-PRIVATE DIALOGUE PLATFORM 54 MAYA DECLARATION COMMITMENTS	
19	2014 GPF IN TRINIDAD AND TOBAGO PUBLIC-PRIVATE DIALOGUE PLATFORM 54 MAYA DECLARATION COMMITMENTS	
20	2014 GPF IN TRINIDAD AND TOBAGO PUBLIC-PRIVATE DIALOGUE PLATFORM 54 MAYA DECLARATION COMMITMENTS	
21	AFI ACHIEVES INDEPENDENCE	

THE CHALLENGE

AFI has positioned itself to address financial inclusion challenges through a unique cooperative approach and focus areas that complement the efforts of other global partners.

In 2015, the main challenges included inadequate policies and regulatory support for innovative solutions to financial inclusion, such as digital financial services. However, in some countries, efforts to improve the regulatory and policy environment made a significant contribution to expanding access to financial services. This is consistent with AFI's analysis that regulatory reforms for digital financial services and agent banking can lead to marked increases in financial inclusion at the national level.

Other challenges include a lack of regulatory capacity to supervise and regulate new players in the financial sector using innovative business models and technology, such as digital financial services and shadow banking (crowdfunding and peer-to-peer lending). Although these new approaches can increase access to finance, they have been received with a mix of regulatory approaches, from conservative, tightened regulatory environments to markets that have opened up somewhat to test the new products. The dynamic nature of these technologies and business innovations has also created pressure for regulators and policymakers to ensure public policy objectives for financial stability are undertaken in tandem and not at the expense of financial inclusion.

Policymakers in the AFI Network have also emphasized the need to examine the relationship between financial stability and financial inclusion, particularly as new global standards designed to eliminate systemic risk from the financial sector come into force in the coming years. IMF research published in 2015 reinforced evidence that responsible financial inclusion can strengthen rather than jeopardize financial stability. At the same time, there is concern from developing country policymakers that global standards for financial stability need to be implemented proportionately to avoid unintended adverse consequences for financial inclusion.

The gender gap in access to financial services is also a global challenge. Women are still disadvantaged in terms of access to financial services, as are other disadvantaged groups such as youth and rural residents. The AFI Network recognizes that policymakers and regulators have an important role to play in addressing existing barriers and fine-tuning the enabling environment to close the gender gap in financial services. As was highlighted at several AFI events and in reports in 2015, the AFI Network took action on initiatives to address the gender gap, beginning with the collection of gender-disaggregated data.

AFI'S STRATEGY AND APPROACH

AFI'S POLYLATERAL APPROACH

AFI has continued to enhance its horizontal cooperation model—a ground-up approach in which countries in the global South are leading the way in policy innovation, peer learning and exchange. This country-led, “polylateral development”² approach has been instrumental to the financial inclusion ecosystem and has proven to be more economical and cost-efficient than conventional top-down approaches to knowledge transfers. AFI has embraced this approach to enhance collaboration in financial inclusion and find policy solutions. AFI members have taken more ownership of their policy reforms and have greater autonomy in designing enabling frameworks for financial inclusion based on their national and regional realities.

AFI's polylateral approach is evident in the way it has structured its network, which is based on three elements known as the “DNA of AFI”:

- > A country-led governance structure and membership base forming a global network focused on financial inclusion;
- > Activities and initiatives that are not imposed on individual institutions or the wider network, but on countries' own demands; and
- > A sustainable platform and conduit for developing and emerging countries to share and learn from each other's experiences so that solutions can be adapted or replicated by their peers.

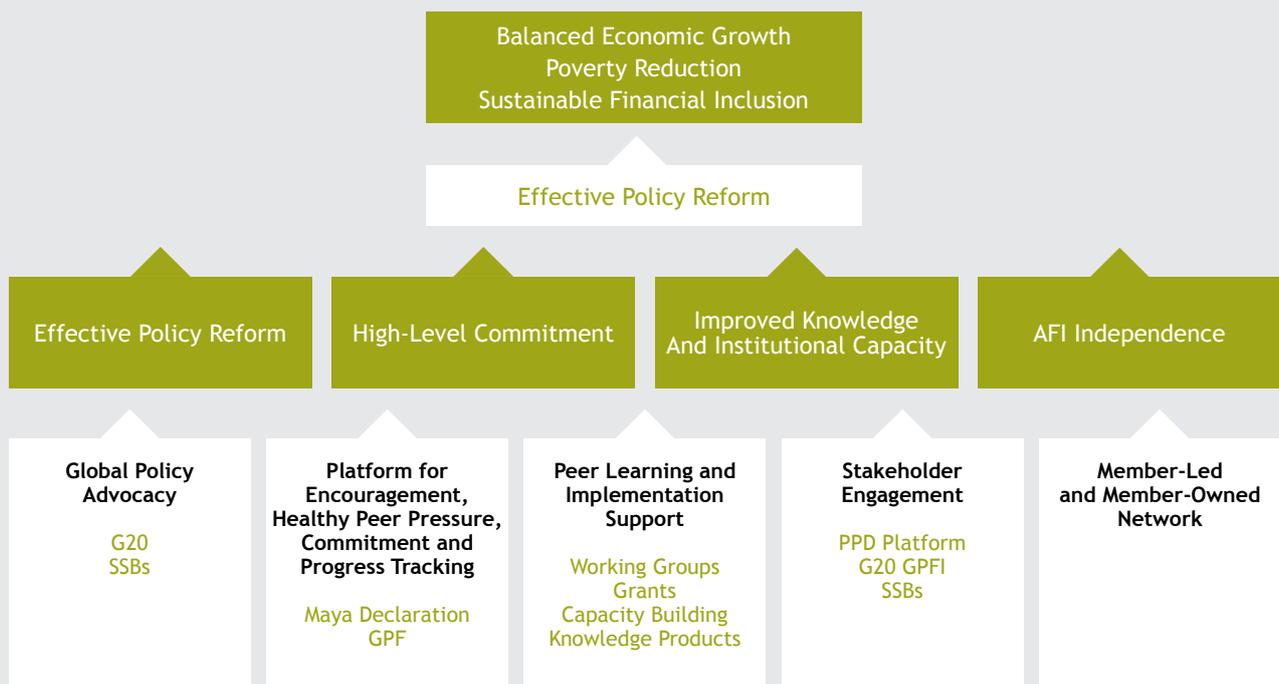
ORGANIZATIONAL PRINCIPLES AND VALUE PROPOSITION

AFI's organizational principles and value proposition are guided by elements of the polylaterism principle, whereby a member-based organization is structured as a global network for financial inclusion. To meet the needs of its members, AFI has implemented a theory of change that guides the network's strategic actions and is intended to contribute to greater financial inclusion worldwide. Over the years this model has provided a systematic approach to achieving AFI's objectives, as it demonstrates a causal link between AFI's interventions and the impact of financial inclusion at the country level.

AFI has identified four major and unique value propositions for its members based on its theory of change and cooperative approach:

- > Practical, tested and adaptable solutions through a variety of platforms to build capacity, share experiences and learn;
- > A diverse community of experts that provide reliable and relevant feedback and continuous support and advice;
- > Global policy leadership, including the G20, G24 and global SSBs, and partnerships with the World Bank, CGAP and the United Nations; and
- > National policy impacts driven by public and measurable commitments made through the Maya Declaration.

TOC SIMPLIFIED: AFI PHASE II (2013-2018)



² Polyilateral Development focuses on supporting systematic and sustainable lateral flows of knowledge and resources among and between developing countries to promote socio-economic growth and development.

STRATEGIC PARTNERSHIPS

AFI's cooperative approach extends to the international community through its implementing partners. AFI recognises the value and importance of strategic partnerships and specialized knowledge to inform decision-making within the AFI Network. Members receive the right support from strategic partners to implement financial inclusion policy, while partners gain a better understanding of implementation challenges at the country level. To this end, AFI is engaging with the private sector, multilateral organizations, donors, academic institutions as well as strategic partners through its newly established Public-Private Dialogue (PPD) platform, which provides opportunities for focused dialogue and exchange of critical knowledge and practical solutions. In 2015, several activities were conducted under partnership arrangements highlighted in pages 19-20 of this report.

Based on the challenges and outlook for the state of global financial inclusion, AFI will continue to focus on the priority areas identified in 2015. AFI's strategic approach will be responsive to emerging financial inclusion issues, such as green finance, inclusive insurance, agricultural finance, scaling and sustaining digital financial services, financial technology (FinTech), regulation and technology (RegTech), building capacity in data analytics, and religion-related barriers to accessing financial services.

Other areas include the gender gap in financial inclusion and shadow banking. AFI has already begun to integrate these emerging policy areas into its work stream and spearhead discussions on these topics, organizing two special conferences in 2015. For more details on the outcomes of these discussions, please see pages 22-23.

OBJECTIVES

In 2015, AFI identified seven key strategic priorities, which not only strive to add value for AFI members, but also to enhance AFI's global position as trusted partner in addressing the challenges of financial inclusion.

1

Enhancing member engagement and increasing the active use of AFI services by focusing on specific member needs.

2

Strengthening the impact on national policy through Maya Declaration commitments and regular reporting on progress.

3

Enhancing the annual Global Policy Forum to create more value to members and global partners.

4

Developing an effective public-private partnership and strategic partnerships in financial inclusion.

5

Providing tailored capacity building services with appropriate tools and mechanisms to support a conducive environment for peer-to-peer learning and knowledge exchange.

6

Enhancing the working groups' ability to provide more practical and relevant policy solutions to members.

7

Enhancing governance structures and implementing a membership fee scheme for the AFI Network.



CEMC Working Group Meeting, Maputo, Mozambique



Pacific Islands Regional Initiative Meeting, Dili, Timor-Leste

PERFORMANCE

AFI strives to achieve its vision of making financial services more accessible to the world's unbanked by empowering policymakers to increase access to quality financial services for the poorest populations.

In 2015, the following initiatives and activities were undertaken to support AFI's key strategic objectives.

MESSAGE FROM THE EXECUTIVE DIRECTOR

If there is a word to describe the work and accomplishments of the AFI Network throughout 2015, it would be adaptability. We started the year with the overwhelming task of relocating the AFI Management Unit from Bangkok, Thailand to our new location at Sasana Kijang, Kuala Lumpur, Malaysia. About 24 staff, along with their families, were involved in the relocation. I would like to express our gratitude to our host, Bank Negara Malaysia, particularly Governor Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz and her team, for all their support in facilitating this seamless transition.

Ordinarily, a cross-border relocation provides a forgivable reason for an organization to scale back on its initiatives, at least during the transitional period, but for AFI this was not the case. During our 2015 strategic planning, the AFI Management Unit was determined that these challenges would not deter the overarching mission of the AFI Network, and hence, we identified innovative, 'out of the box' approaches to continue providing the same level of benefits and services to our members, as well as play an active role in global advocacy.

AFI's role in advancing financial inclusion reached another level of global significance in 2015 when AFI became the only agency named by the United Nations in its Addis Ababa Action Agenda to expand peer learning and experience sharing among countries and regions. This recognition further reinforces AFI's role as the only G20 Global Partnership for Financial Inclusion (G20 GPFI) implementing partner to represent the voice of non-G20 developing and emerging countries. Through our engagement with global Standard-Setting Bodies (SSBs), we continued to represent the voices of developing and emerging countries to ensure national challenges are considered in the proportionate implementation of global standards.

Our key annual event, the AFI Global Policy Forum (GPF) was held in Maputo, Mozambique, and gathered the most diverse and largest number of individual participants ever. One of its major outcomes was the adoption of the Maputo Accord by the AFI Network, which added SME finance as a key policy pillar of the Maya Declaration. This demonstrates the impact of SMEs on the national economy and our members' commitment to SME finance, and it is also a natural follow-on from Turkey's G20 Presidency focus on SMEs. In line with the theme, "Inspiring Innovation to Advance Inclusion," we had a glimpse of the future of financial inclusion as technologies and new models were showcased that will impact access and usage of financial services in the years to come.

Besides the Maputo Accord, 2015 also saw more cohesive efforts by our members and network partners to adopt action plans, namely the KL Resolution on Proportionality in Practice, the Moscow Resolution on Shadow Banking and Financial Inclusion, and the Skopje Consensus for cooperation in the Europe and Central Asian region. I envisage that in the years ahead, we will see more tangible movements and outcomes at national, regional and global levels as a result of these actions. The bold decisions taken by our members at the AFI Annual General Meeting indicate that we have indeed matured together as a network and reached a new level of progress. Looking ahead, we have an exciting opportunity to expand our network to include high-income emerging countries and regional organizations. Members also agreed to create a platform for more systematic engagement of high-income advanced countries so that this network can become a more inclusive and truly global policy leadership alliance.

In recognizing the role of financial inclusion as a key pillar of financial stability, AFI made strategic choices to focus on emerging policy areas, such as bridging the gender gap and shadow banking. The global call to close the gender gap was prompted when recent findings showed that despite significant advances in financial inclusion, women are still lagging behind in access and usage of financial products and services. AFI has made this strategic policy area a priority by incorporating women's financial inclusion into the AFI work stream from 2016 onwards. Recognizing the important role that non-financial institutions play in providing access to financial products and services, AFI has also initiated discussions with the private sector, developed country regulators, and international organizations on shadow banking, its risks, and potential to promote financial inclusion.

Our recent, and perhaps one of our most significant, accomplishments took place on 27 January 2016, when AFI completed the final steps in transitioning from a solely donor-funded project into an independent and member-supported international organization. We would like to thank the Bill & Melinda Gates Foundation (BMGF), which believed in the potential of the AFI project and provided the initial funding support. We also thank the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for providing AFI with start-up administration and logistic services. We also particularly wish to thank our members for your dedication, ownership, active engagement, and continued support. As an independent member-owned and member-led network, we look forward to your continuing support and contribution as we begin a new chapter in AFI's exciting journey.

Dr. Alfred Hannig
Executive Director, AFI



MEMBER ENGAGEMENT

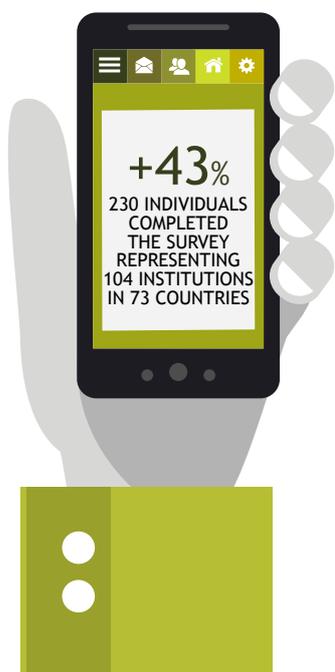
A 2015 membership survey³ found that overall satisfaction with AFI remained high: over 85% of respondents indicated they were satisfied with AFI as an organization.

Under the AFI Member Needs Assessment (MNA) Survey, members rated their satisfaction with AFI's role in promoting global advocacy as 8.81 out of 10, the second highest area of member satisfaction after AFI's peer learning platform.

The greatest area of agreement among members was the value of AFI's competitive edge in the financial inclusion policymaking space.

AFI's perceived contribution to national policy reform in member countries increased by 19% across all regions, with 62% of respondents attributing their financial inclusion policy changes to engagement with AFI.

In terms of engagement with developed countries and regional organizations, AFI members identified knowledge sharing and peer learning (77% and 76% respectively) and a broader perspective on financial inclusion (73% and 76% respectively) as most valuable. In terms of dialogue with the private sector, the most important issue for AFI members was advancing financial literacy and consumer protection, followed by appropriately designed financial inclusion products.



MEMBER SURVEY IN NUMBERS



TOP 3 MOST KNOWN AFI SERVICES



MEMBER DEMAND
THERE IS VERY HIGH DEMAND FOR CAPACITY-BUILDING AND MEMBER-TRAININGS

TOP 3 TOPICS FOR TRAINING ARE:
FINANCIAL INCLUSION STRATEGY
DIGITAL FINANCIAL SERVICES
FINANCIAL INCLUSION DATA

AFI POLICY AREAS SATISFACTION



³ 230 individuals completed the survey (a 45% increase from 158 respondents in 2014), representing 104 member institutions from 73 countries (a 20% increase from 61 countries in 2014).

REGIONAL HIGHLIGHTS

Testimonials On the Skopje
Consensus

“This is an important step, but just the beginning of a long way forward for our region. Our countries are similar and the importance and potential of regional cooperation is recognized by all.”

Mikhail Mamuta, Head of Department of the Microfinance Market and Financial Inclusion at the Central Bank of the Russian Federation

Testimonials On the LAC Regulatory
Policy Forum

“It should not be expensive to have access to your own means of payments (and) an enabling environment needs an enabling regulatory framework.”

Ravi Aurora, Senior Vice President, Global Community Relations at MasterCard

Testimonials On PIRI events

“The establishment of this regional initiative is an ambitious and progressive effort undertaken within the AFI Network to enhance conditions that will lead to the financial empowerment of all Pacific Islanders.”

Governor Abraão de Vasconcelos, Banco Central de Timor-Leste

REGIONAL INITIATIVES

AFRICAN MOBILE PHONE FINANCIAL SERVICES POLICY INITIATIVE (AMPI)



This is a platform for AFI member institutions in Africa to provide high-level leadership on the development of policy and regulatory frameworks for mobile financial services (MFS) and to coordinate regional peer-learning efforts.

Key activities/initiatives include:

- > Approval of AMPI Strategic Plan for 2014-2016
- > AMPI Leaders Meeting, Yamoussoukro Côte d'Ivoire, July 2015
- > Technical workshop on risks and emerging DFS issues by MasterCard, Yamoussoukro, Côte d'Ivoire, July 2015

PACIFIC ISLANDS REGIONAL INITIATIVE (PIRI)



This is a platform for AFI member institutions in the Pacific Islands to develop policy reforms that ensure financial services are widely accessible throughout the Pacific region.

Key activities/initiatives include:

- > Annual regional meeting in Dili, Timor-Leste, 6-8 May 2015, co-hosted by Banco Central de Timor-Leste (BCTL) and supported by the Pacific Financial Inclusion Programme (PFIP)
- > Experts Group for Financial Inclusion Policy (EGFIP), a technical group of the PIRI, met in November 2015 in Nuku'alofa, Tonga at a meeting co-hosted by AFI and the National Reserve Bank of Tonga (NRBT)
- > Regulatory capacity building for consumer protection in Nuku'alofa, Tonga, November 2015

SMALL ISLANDS GROUP



Consultations with member institutions in the Caribbean region have highlighted the need for AFI to advocate for accelerated financial inclusion in the region to encourage economic growth. Caribbean member institutions have been actively participating in the Small Islands Group and at AFI's global events, and are focusing on three priority areas: Financial inclusion data, national financial inclusion strategies and financial education.

Testimonials On AMPI events

“The idea of the helpdesk is inspiring many and building up a strong demand, but if it is unable to meet the demand placed on it, we risk losing the momentum we have built.”

Governor Tiémoko Meyliet Koné, Banque Centrale des Etats de l'Afrique de l'Ouest (Chair of AMPI)

“Innovation, flexibility and a strong institutional commitment are essential for financial inclusion of the population and the economic development of our respective countries. In addition to interoperability and interconnectivity, the harmonization of regulations at the regional level is a challenge.”

Stéphane Ramanandraibe, Manager in Charge of Regulation and Research at the Banking Supervision Authority (CSBF), Central Bank of Madagascar

Testimonials On PIRI events

“I urge you all to reach agreement on concrete steps towards financial inclusion outcomes that provide cost-effective services to the people of our region.”

His Excellency Rui Maria de Araújo, Prime Minister of Timor-Leste

“Collaboration and partnership with all stakeholders has clearly been the key to our success and this must be recognized.”

Governor Barry Whiteside, Reserve Bank of Fiji

FURTHER INFORMATION

African Mobile Phone Financial Services Policy Initiative: www.afi-global.org/african-mobile-phone-financial-services-policy-initiative-ampi

Pacific Island Regional Initiative: [www.afi-global.org/search/node/Pacific Island](http://www.afi-global.org/search/node/Pacific%20Island)



ASIA

Activities in the Asian region in 2015 focused on the formulation of national financial inclusion strategies (NFIS). This reflects a global trend within the AFI Network to formulate national strategies and represents significant progress in promoting and improving financial inclusion at the national level.

Key initiatives/activities include:

- > Association of Southeast Asian Nations (ASEAN) Working Committee on Financial Inclusion (WC-FINC) was established as a result of the adoption of financial inclusion as a policy priority. AFI's knowledge exchange with ASEAN in 2015 on global financial inclusion formed the basis for the WC-FINC action plan.
- > The Asia Pacific Policy Forum organized by MasterCard and Singapore Management University was held in August 2015 in Singapore.

EASTERN EUROPE AND CENTRAL ASIA (ECA)

Key initiatives/activities include:

- > Eastern Europe and Central Asia (ECA) Regional Forum on Financial Inclusion Policy held in October 2015 in Skopje, Macedonia, co-hosted by the National Bank of the Republic of Macedonia (NBRM).
- > The Skopje Consensus, endorsed by the ECA region, prioritizes consumer protection, financial literacy, digital financial services and SME finance as regional focus areas.
- > Seminar on Cybersecurity and Risk Management for Policymakers in Europe and Central Asia held in October 2015, in Berlin, Germany, organized by AFI and its PPD partner, MasterCard.

LATIN AMERICA AND CARIBBEAN (LAC)

At the 2015 AFI Global Policy Forum, LAC member institutions met to develop a strategic initiative on financial inclusion in Latin America. They agreed to prioritize DFS, national strategies and gender. Other areas of interest included savings, credit and microcredit, supervision and proportionate regulations, and insurance and microinsurance.

Key initiatives/activities include:

- > The first activity under the new initiative was the LAC Regulatory Policy Forum on Digital Financial Services and Financial Inclusion in Latin America and the Caribbean, organized by AFI and MasterCard under the PPD Platform, held 1-2 October 2015 in Bogotá, Colombia.
- > AFI is working closely with member institutions on a tailored regional initiative and strategy that will address practical implementation issues in the LAC region, including potential collaborations with regional organizations and the private sector.

MIDDLE EAST AND NORTH AFRICA (MENA)

- > Deauville Partnership Action Plan for Financial Inclusion launched at the German Federal Ministry of Finance (BMF) Headquarters in Berlin, Germany, April 2015. The Action Plan is the first step in a coordinated effort to advance financial inclusion across the MENA region. It is in line with Germany's priority for the G7 Presidency, which is to foster sustainable and inclusive growth and job creation in the region through financial inclusion, financial literacy and responsible finance.
- > As part of its goal to create a regional initiative for MENA, AFI is currently in discussion with regional organizations on potential collaborations to advance financial inclusion in the region from 2016 onward.



ECA Regional Forum on Financial Inclusion Policy, Skopje, Macedonia

FURTHER INFORMATION

Asian Events: www.afi-global.org/search/node/ASEAN

Skopje Consensus: www.afi-global.org/library/publications/skopje-consensus

Cybersecurity and risk management seminar:
www.afi-global.org/news-events/network-news/afi-events/seminar-cybersecurity-and-risk-management-policymakers-europe

AFI LAC Regulatory Policy Forum: www.afi-global.org/news-events/network-news/afi-events/afi-lac-regulatory-policy-forum

Deauville Partnership Action Plan:
www.afi-global.org/library/publications/deauville-partnership-action-plan-financial-inclusion



AFI'S GLOBAL ENGAGEMENT

AFI'S PEER LEARNING PROGRAM WITH THE SSBs

Following a successful launch in 2014, AFI's Peer Learning Program with the Standard-Setting Bodies (SSBs) made additional progress in 2015. Most of all, the Program provided a systematic mechanism for members to review and provide inputs to the SSBs' financial inclusion initiatives, and to communicate the challenges developing countries face in implementing global standards. AFI's Peer Learning Program focuses on the following areas:

- > Challenges in implementing standards for anti-money laundering/combating the financing of terrorism (AML/CFT)
- > The potential impacts of implementing Basel II and Basel III regulations
- > Concerns about the de-risking trend among international banks

GLOBAL SYMPOSIUM ON PROPORTIONALITY IN PRACTICE

"Towards Proportionality in Practice: Financial Inclusion and Implementation of Global Standards," was held in Kuala Lumpur, Malaysia, in May 2015, co-hosted by Bank Negara Malaysia, the Toronto Centre and AFI, and supported by AFI's technical working groups.

The meeting highlighted the importance of proportionality in advancing a balanced approach to financial inclusion, stability and integrity, with participants discussing the challenges of achieving proportionality in practice. The symposium culminated in an outcome statement, the KL Resolution on Proportionality in Practice, which identifies practical and easily implementable suggestions for all participants and clear next steps to deliver the recommendations.

AFI as an Implementing Partner of the G20 GPFi

The G20 group of major economies is recognized as a consensus-driven body that acts on priority issues of global financial stability and stable economic growth. It has made a significant contribution to elevating the status of financial inclusion on the global agenda through its Global Partnership for Financial Inclusion (GPFi). In 2015, Turkey held the presidency of the G20 and championed financial inclusion in line with its focus on the "three I's": inclusiveness, implementation and investment. AFI is the only G20 GPFi implementing partner with a specific mandate to represent the voice of non-G20 developing and emerging countries, and its Public-Private Dialogue (PPD) Platform also makes the G20 GPFi truly global in its impact and reach.

AFI was privileged to take part in the conference, "The G20 Agenda under the Turkish Presidency," held in February 2015, co-hosted by the Institute of International Finance (IIF) and the Turkish G20 Presidency.

G-24/AFI POLICYMAKERS' ROUNDTABLE

AFI partners with the Intergovernmental Group of Twenty-Four (G-24) to represent developing and emerging country voices, promote peer learning with the SSBs and contribute to best practices in financial inclusion.

Members of AFI and the G-24 participated in the seventh annual G-24/AFI Policymakers' Roundtable, held in April 2015 during the Spring Meetings of the International Monetary Fund (IMF) and World Bank. The meeting was attended by central bank governors and finance ministers from more than 30 countries across the AFI and G-24 networks, as well as stakeholders from the IMF, World Bank, Financial Stability Board (FSB), Bank for International Settlements (BIS), British Bankers' Association (BBA), United States Treasury and the International Association of Deposit Insurers (IADI).

Testimonials On the AFI/G-24 Policymakers' Roundtable

"We really value this dialogue. This topic is one where it is most important to have a consultative group and the work of the G-24 and AFI is a very valuable complement to our quantitative analysis."

Mr. Rupert Thorne, Deputy Secretary-General of the Financial Stability Board (FSB)

"Central banks as regulators have to be proactive, especially in terms of the guidance we give financial institutions...when de-risking happens to us, we have to move quickly to stem the tide."

Governor Jwala Rambarran, Central Bank of Trinidad and Tobago

FURTHER INFORMATION

Peer Learning Program with the Global SSBs: www.afi-global.org/library/publications/peer-learning-program-global-ssbs

KL Resolution: www.afi-global.org/library/publications/kl-resolution-proportionality-practice

Turkish G20 Presidency Agenda: www.afi-global.org/news/2015/2/17/turkish-g20-presidency-agenda-sees-financial-inclusion-cornerstone-inclusive-growth

2015 AFI/G-24 Roundtable: www.afi-global.org/news/2015/4/30/g-24afi-policymakers-discuss-financial-inclusion-and-global-standards-opportunities



AFI MEMBER ZONE

The AFI Member Zone (MZ), a private and secure online network, allows members of the AFI Network to collaborate on financial inclusion policy issues. The MZ virtually connects over 700 regulators from more than 90 countries on an interactive and user-friendly platform. As a virtual community, the MZ allows users to ask questions, receive feedback on unfinished ideas, identify peers working on similar issues and learn about worldwide successes in financial inclusion.

Members are also taking more initiative in shaping the MZ and managing specific groups, such as the newly created AMPI Helpdesk, which coordinates MFS activities in the West African region under the supervision of Banque Centrale des Etats de l’Afrique de l’Ouest (BCEAO). Highly engaged members from the MZ Ambassador group were consulted on ways to expand the MZ and take it to the next level, including different marketing opportunities.

THE PERFORMANCE OF THE AFI MEMBER ZONE

The Member Zone (MZ) experienced significant growth in 2015.

744 individuals from 112 member institutions registering as users by the end of December 2015.

This represents 91.1% of the AFI membership, making the MZ the most-used AFI service offering.

Engagement on the MZ, which includes posting public and private messages, liking, reading and sharing content, outperforms comparable online community platforms, with engaged users reaching a peak of 26% in March 2015. The most active groups on the MZ were the Open Digital and Mobile Financial Services Forum and the Digital Financial Services Working Group (DFSWG).

The most engaged individual user was Md. Ashraful Alam, Deputy General Manager at Bangladesh Bank, who won the Member Zone Ambassador Award presented at the AFI Awards Ceremony during the 2015 GPF in Maputo, Mozambique.

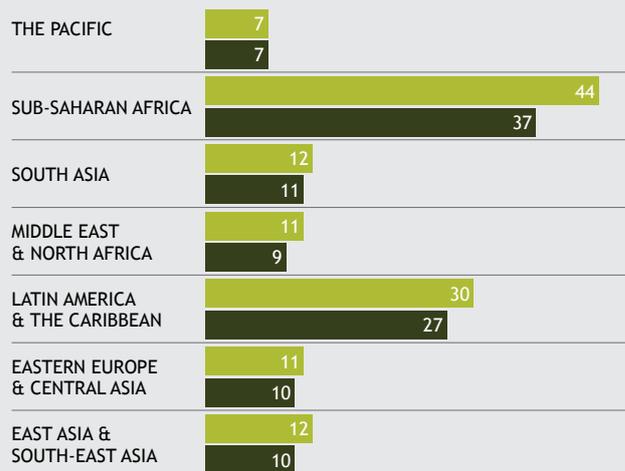
“The Member Zone is like a carpenter’s workshop – once you decide what to work on, you pull out the appropriate tool from the workshop. As a policymaker, the Member Zone is your workshop; a hub of financial inclusion knowledge – just a click away.”

DID YOU KNOW?

The Member Zone is a fitting example of the ‘Network Effect’, a phenomenon whereby a product or service increases in value as more people use it.



MEMBER INSTITUTIONS REPRESENTED ON THE MZ



■ Total Number of Member Institutions
■ Number of Member Institutions represented on the MZ

FURTHER INFORMATION

- > www.afi-global.org/library/publications/afi-member-zone-fact-sheet
- > www.afi-global.org/library/publications/member-zone-quickstart-guide
- > www.afi-global.org/library/publications/member-zone-faq-sheet
- > To access the AFI Member Zone, visit: www.afi-memberzone.org



MAYA DECLARATION COMMITMENTS

Launched in 2011 at the AFI Global Policy Forum in Riviera Maya, Mexico, the Maya Declaration is a framework for AFI members to make measurable commitments to financial inclusion in their countries and hold themselves publicly accountable for achieving these national targets and goals. Each member can make one or more Maya Declaration commitments, and progress on the commitments is reported to their peers every year at the AFI Global Policy Forum.

Key activities/initiatives include:

- > Update of Maya Declaration Commitments at the annual Global Policy Forum in September 2015 in Maputo, Mozambique
- > Adoption of the Maputo Accord under the Maya Declaration to enhance SME financing at the Global Policy Forum, September 2015, Maputo, Mozambique
- > Continued updates on the AFI Online Progress Dashboard, introduced in 2014 as a reporting platform for AFI members to provide updates on their commitments and to monitor and share progress on their targets. By the end of 2015, of every five progress updates, four were submitted through the Online Progress Dashboard. AFI predicts the Dashboard will become the main data source for the progress of member institutions in achieving their Maya Declaration commitments.

PERFORMANCE

As of the end of 2015, a total of 57 Maya Declaration commitments had been made with 81 measurable targets.

FINANCIAL INCLUSION % INCREASE FOR AFI MEMBERS WITH MEASURABLE TARGETS



FINANCIAL INCLUSION % INCREASE FOR AFI MEMBERS WITH NATIONAL STRATEGIES

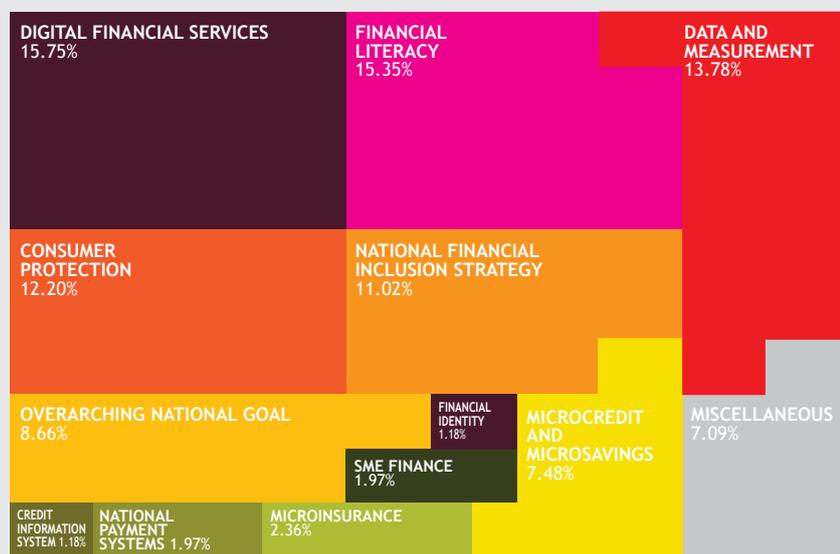


FURTHER INFORMATION

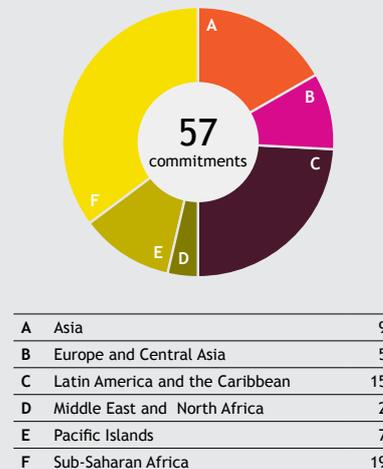
2015 Maya Declaration Progress Report: www.afi-global.org/library/publications/2015-maya-declaration-progress-report



COMMITMENTS BY THEMATIC AREA



COMMITMENTS BY REGION



Source: Data from World Bank Global Findex, compiled by AFI; 2015 Maya Declaration Report

AFI GLOBAL POLICY FORUM



The Global Policy Forum (GPF) is organized every year as the keystone event for AFI members and stakeholders. Each year it is co-hosted by a different member institution in a different region of the world. The focus of the Forum is on the development and improvement of national financial inclusion strategies and policies, and is used as a platform for senior financial regulators to exchange ideas and engage in peer-to-peer learning activities.

Highlights of key activities/GPF outcomes:

- > The Maputo Accord under the Maya Declaration recognizes SME finance as a core pillar of national commitments to financial inclusion and strengthens the Maya Declaration and finance-related Maya commitments.
- > Graduation of the Fletcher Leadership Program for Financial Inclusion (FLPFI). In a special GPF session, 15 AFI members graduated as new Fellows of FLPFI, an executive education program run by The Fletcher School at Tufts University in the United States. The year-long course is specially designed for banking regulators and policymakers from emerging and frontier markets. Since 2011, four cohorts comprising a total of 55 AFI member policymakers from 30 different countries have graduated from the program, contributing to at least 26 financial inclusion policy reforms, a testament to the effectiveness of AFI's collaboration with academic institutions.
- > A range of topics and discussions of new innovations to advance financial inclusion were presented.
- > Other events held in conjunction with the GPF included the Annual General Meeting and meetings of the regional initiatives, the PPD and working groups.

PERFORMANCE

The 2015 Global Policy Forum was held in Maputo Mozambique from 1-4 September. Co-hosted by AFI and Banco de Moçambique under the theme, "Inspiring Innovation to Advance Inclusion", the event was attended by over 450 senior financial inclusion policymakers and regulators, along with leaders from international organizations and the private sector.

The event had the highest number of participants of any previous GPF. The higher number of external partners in attendance indicates widespread recognition of the significance of financial inclusion and regional and global interest in emerging issues and trends.

Testimonials on the 2015 GPF

"The presence of so many financial inclusion leaders in the city has made Maputo the financial capital of the world."

Welcome address by Filipe Nyusi, President of Mozambique

"Entry into the formal economy sends a social message: it says this citizen counts."

Keynote address by Madame Graça Machel, Founder and Patron of New Faces, New Voices

Testimonials from delegates

"Very constructive dialogue between the industry and regulators."

"I was impressed by the rich discussions I had with AFI members and representatives of different institutions on the successes and obstacles of expanding access to finance in their countries."

"The panel discussions, background story on the formation of AFI and the motivation behind it was very inspiring."

FURTHER INFORMATION

2015 Global Policy Forum Report: www.afi-global.org/library/publications/2015-global-policy-forum-gpf-report

AFI Global Policy Forum: www.afi-global.org/global-policy-forum



PUBLIC-PRIVATE PARTNERSHIP AND STRATEGIC PARTNERSHIPS

AFI'S STRATEGIC PARTNERSHIP ENGAGEMENT

With its cooperative approach, AFI recognizes the importance of partnership in advancing the financial inclusion agenda. It therefore has funding partners, public private dialogue (PPD) partners, and knowledge resource and logistics support partners.

AFI PPD ACTIVITIES IN 2015:

AFI's Public-Private Dialogue (PPD) Platform is a global collaboration between public and private sector decision-makers working together to advance financial inclusion. The PPD Platform gives policymakers, regulators, the private sector, development partners and other key players the opportunity to engage in frank and focused conversations, share technical expertise on key financial inclusion issues, develop more informed policy and encourage innovation and investment.

HIGHLIGHTS OF KEY ACTIVITIES IN 2015:

PPD Engagement in Davos, Switzerland:

In January 2015, AFI and PPD partner, Visa Inc., co-hosted a special high-level meeting during the World Economic Forum (WEF) Annual Meeting in Davos, Switzerland. Private sector participants included senior executives from payments, banking, telecommunications and insurance industries, as well as AFI members, represented by South Africa's Finance Minister Nhlamhla Nene, Governor Benno Ndulu of Bank of Tanzania (BOT) and Governor Njuguna Ndung'u of Central Bank of Kenya (CBK).

Participants agreed that systematic dialogue and greater collaboration between the public and private sectors would help to scale up innovation and accelerate the progress of financial inclusion policies that improve the lives of the world's poor. They also agreed that AFI is a unique platform for facilitating exchange on key regulatory challenges and opportunities to advance financial inclusion at global, regional and national levels. Specific areas of cooperation were identified and implemented in 2015, including scaling up technical capacity building for AFI members in the areas of cybersecurity and risk management, and raising awareness among policymakers and regulators about emerging financial inclusion products and solutions that could be scaled up in their markets.

PPD Engagement in Maputo, Mozambique

AFI members and private sector leaders met at the PPD Leaders' Roundtable, held on 3 September 2015 in Maputo during the AFI Global Policy Forum, to discuss key issues and potential areas for collaboration in 2016 that will focus on:

- > Cross-border payments and interoperability
- > Timely data sharing by the private sector to inform policymaking, also known as "data philanthropy"
- > Moving beyond access and focusing greater attention on the usage and quality of financial services
- > Emerging issues in financial inclusion, such as gender, green finance and the convergence of microfinance and digital financial services

- > Cybersecurity and risk management in areas where AFI's PPD partners have and can contribute substantial expertise, without competing or divulging proprietary information.

AFI FUNDING PARTNERS AS OF 2015

The following funding partners have been instrumental in supporting AFI.



Omidyar Network. A grant-making foundation supporting initiatives in poverty eradication, education, world health and population, and policy improvements for the poor worldwide.



Federal Ministry for Economic Cooperation and Development.

A cabinet-level ministry of the Federal Republic of Germany to engage and cooperate with the international community in fighting poverty, eradicating hunger and disease, improving education, fostering democracy and peace, realizing human rights and equal opportunities, preserving environment and natural resources.

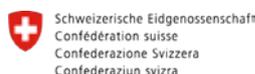


Bill & Melinda Gates Foundation.

An impact investment foundation for entrepreneurs who share commitments to advance social goods in consumer internet and mobile, education, financial inclusion, governance and citizen engagement, and property rights.



PFIP. A Pacific regional program aiming to help low-income households gain access to quality and affordable financial services and financial education.



Schweizerische Eidgenossenschaft.

A center of expertise of the federal government of Switzerland for issues relating to economic policy in order to ensure sustainable economic growth through necessary regulatory and economic policy conditions.

FURTHER INFORMATION

AFI's strategic partners: www.afi-global.org/afi-network/partners

AFI PPD Partners: www.afi-global.org/library/publications/afi-public-private-dialogue-ppd-platform-financial-inclusion-fact-sheet-0



PUBLIC-PRIVATE DIALOGUE (PPD) PARTNERS AS OF 2015

The following PPD partners have been instrumental in engaging with capacity building to advance financial inclusion in the AFI network. The PPD partners shared and contributed their unique knowledge and resources to support AFI programs and activities, and they also promoted frank dialogue with regulators and policymakers in the AFI Network to advance financial inclusion policies.



Banco Bilbao Vizcaya Argentaria (BBVA) is a multinational Spanish banking group providing financial services in over 31 countries and aspiring to be the bank to build a better future for people with projects such as education, social entrepreneurship, research and culture.



GSM Association (GSMA) is an association of worldwide mobile operators and related companies devoted to supporting the standardizing, deployment and promotion of the GSM mobile telephone system.



MasterCard Incorporated is a global payments company committed to making payment safe and simple for everyone by modeling ethics and compliance, supporting philanthropy and social responsibility, promoting financial inclusion and literacy, and driving payment innovation and insights.



Visa Incorporated is a global payments company improving lives and economies by advancing financial inclusion through its products, know-how and philanthropy.

KNOWLEDGE RESOURCE AND LOGISTICS SUPPORT PARTNERS

AFI worked closely in 2015 with other institutions that had demonstrated significant thought leadership in financial inclusion policy. These partners provided AFI members with unique technical know-how that enhanced members' capacity to develop and implement policy solutions. AFI also engaged with partners that provided vital logistical support to AFI operations.



Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) is a public-benefit federal enterprise that provides customized solutions in the fields of international cooperation for sustainable development, including economic development and employment, energy and the environment, and peace and security.

The Value of PPD Collaboration: What Our Partners Say

“The agreement with AFI provides a unique public-private opportunity to exchange know-how and best practices. Specifically we are going to focus on how technology can help create wealth at the base of the pyramid.”

Carlos López-Moctezuma, BBVA's Global Director for Financial Inclusion

“To have a true impact on financial inclusion, the public sector and the private sector must work together on behalf of the 2 billion who are currently excluded. This partnership will provide regulators in AFI's network with unique knowledge, resources and technical expertise critical to addressing regulatory challenges around financial inclusion.”

Ajay Banga, CEO and President of MasterCard



Carlos López-Moctezuma, BBVA

CAPACITY BUILDING SERVICES

This is an initiative to provide tailored and practical capacity building programs and services for AFI members.

2015 saw an increase in member demand for tailored capacity building programs. In response, AFI expanded the Capacity Building Program to include additional training, joint learning programs and a peer advisory service. AFI's private sector partners play an integral part in these training programs, giving our members an opportunity to build knowledge across the entire financial inclusion ecosystem.

KEY ACTIVITIES/INITIATIVES

Special focus - Peer Advisory Service in Brazil

In September 2015, Banco Central do Brasil (BCB) hosted a delegation from the Bank of Tanzania (BOT) to provide technical assistance on the development of supervision guidelines for bank correspondents/agents in Tanzania.

Member Training Program

AFI organizes or co-organizes training programs for members to help them gain deeper knowledge and skills in a specific area of financial inclusion policy. Training and workshops are conducted by experts and practitioners who together offer wide-ranging perspectives on the subject.

DATE 2015	LOCATION
8-12 June	Kuala Lumpur, Malaysia
20-21 July	Yamoussoukro, Côte d'Ivoire
3-7 August	Kuala Lumpur, Malaysia
1-2 October	Bogota, Colombia
15 October	Berlin, Germany
26-30 October	Kuala Lumpur, Malaysia
17-20 November	Nuku'alofa, Tonga

Special focus - AFI-BNM Training Program

AFI and Bank Negara Malaysia (BNM) organized three capacity building programs in 2015 at AFI headquarters in Sasana Kijang, Kuala Lumpur. The programs were conducted with the support of the Frankfurt School of Finance & Management and featured a combination of lectures, group discussions and case studies, drawing from international and Malaysian experiences. The resource specialists who provided the training included experts from the AFI Management Unit, AFI member institutions and external knowledge partners.

DATE 2015	TOPIC
8-12 June	Business Conduct and Consumer Protection
3-7 August	Access to Financial Services for MSMEs
26-30 October	Financial Inclusion Strategy and Data

Joint Learning Program (JLP)

Through the JLP, AFI facilitates the exchange of good practices and experiences in AFI's policy areas through structured visits to member institutions that have been recognized for strong leadership in a particular policy area.

The JLP is different from a bilateral knowledge exchange visit in that it involves a single host and several visiting institutions, and encourages dynamic, mutual learning between the host and visitors.

DATE 2015	LOCATION	CO-HOST
16-20 February	Nairobi, Kenya	Central Bank of Kenya (CBK)
12-14 August	Mexico City, Mexico	Comisión Nacional Bancaria y de Valores (CNBV)
7-11 December	Brasília, Brazil	Banco Central do Brasil (BCB)

“Exposure to the services of the AFI network, especially trainings, working groups and conferences, has played an important role for overall effectiveness in helping the CBA to strengthen capacity in relevant financial inclusion topics and providing access to peers who could assist in reviewing and commenting on the FCA approach.”

Armenuhi Mkrtchyan, Head of Consumer Protection and Financial Education Center at the Central Bank of Armenia (CBA)

Grants Program

AFI continued to run the grants program in 2015, that enabled member institutions to develop, implement and share proven and innovative policy solutions for financial inclusion. The grants program was divided in three major parts: Knowledge exchange grant (supported members to gain experiences from countries where successful policies have been implemented); Policy Grant (supported countries formulating and implementing new policies in achieving their Maya Declaration Commitments); and Capacity Building Grant (providing members with tailored made hands-on member training programs, joint learning programs and peer advisory services).

In 2015, a total of seven grants were committed in the areas of knowledge exchange and policy development which have had positive impact to AFI members.

PROGRAM INNOVATIONS

Emerging issues in financial inclusion require swift response in building capacity to the AFI membership. In response, program innovations provide the platform to address emerging topics.



FINANCIAL INCLUSION POLICY SOLUTIONS FOR WOMEN IN AFRICA

In July 2015, policymakers and leaders from across the globe met in Yamoussoukro, Côte d’Ivoire, to discuss the implications of financial inclusion policy for women in Africa. The meeting, “Bridging the Gap: Financial Inclusion Policy Solutions for Women in Africa,” was organized by AFI with funding support from the German Federal Ministry for Economic Cooperation and Development (BMZ). It was attended by 97 participants representing a wide range of views and expertise, including AFI member institutions, private sector representatives and leaders from international organizations.

Next Steps

Given the growing interest and determination of financial regulators to close the gender gap through policy interventions, AFI will make this challenge a cross-cutting theme in working group activities, meetings and discussions beginning in 2016.

In particular, AFI will focus on how to successfully integrate policies for women’s financial inclusion into each stage of NFIS design and implementation, and through a special sub-group of the Financial Inclusion Data Working Group (FIDWG), develop tools, build capacity and promote best practice in collecting and using gender-disaggregated data. Closing the gender gap would also require substantive actions by the AFI Network and other key actors in the inclusive finance ecosystem to accelerate the pace of financial inclusion for women.

Targets for Women’s Financial Inclusion

Three member institutions have set specific targets in their Maya Declaration Commitments to bridge the gender gap.

MEMBER INSTITUTION	COMMITMENT
Bank of Papua New Guinea	Reach 1 million more unbanked low-income people in Papua New Guinea, 50% of whom will be women.
Central Bank of Solomon Islands	160,000 people in Solomon Islands will have access to appropriate and affordable services by 2017 and at least 50% should be women.
Reserve Bank of Vanuatu	Enable availability of, and accessibility to, relevant financial services for at least 76,000 unbanked people in Vanuatu (at least 38,000 to be women) by December 2016.

While other countries have set quantitative targets:

- > **Burundi:** Women clients will make up 48.7% of the total clientele of financial institutions.
- > **Malawi:** Increase the number of women clients to 60%.

Testimonials on the Bridging the Gender Gap event

“Women and financial inclusion is not a women’s issue, it is a development issue. It impacts us all.”

Temitope Akin-Fadeyi, Head of Financial Inclusion Secretariat at the Central Bank of Nigeria



SHADOW BANKING

Shadow banking has become a prominent issue for many policymakers in the AFI Network. To better understand the importance of shadow banking in financial inclusion, the Central Bank of the Russian Federation (CBR) and AFI co-hosted the conference, “Financial Inclusion and Shadow Banking: Innovation and Proportionate Regulation for Balanced Growth,” held in November 2015 in Moscow, Russia. This event was the first-ever major gathering of prominent global stakeholders on shadow banking and its importance to financial inclusion.

More than 100 participants from 28 countries attended the Shadow Banking Conference organized by the Central Bank of the Russian Federation (CBR) and AFI.

The participants were from the AFI Network, as well as stakeholders from the private sector, developed country regulators and international organizations, such as the Financial Stability Board (FSB), World Bank and the Consultative Group to Assist the Poor (CGAP).

The major outcome of the Shadow Banking Conference was the adoption of the Moscow Resolution on Shadow Banking and Financial Inclusion, which outlines practical solutions to be undertaken by AFI and network partners, including information gathering, documentation of case studies, collaboration with FSB and international organizations, and guidance on proportionate regulation and supervision.

Testimonials on the Shadow Banking Conference

“Regulators have to elaborate approaches that will manage the risks. We need a ‘toolkit’ that will correctly assess the shadow banking situation on a country basis.”

Governor Elvira Nabiullina, Central Bank of the Russian Federation



Shadow Banking and Financial Inclusion Conference, Moscow, Russia

FURTHER INFORMATION

Moscow Resolution on Shadow Banking and Financial Inclusion: www.afi-global.org/library/publications/moscow-resolution-financial-inclusion-and-shadow-banking



WORKING GROUPS

AFI's working groups and regional initiatives are the engines of policy development, knowledge generation, regulatory guidance and policy implementation in the AFI Network. The working groups (WGs) support thematic financial inclusion policy areas that AFI actively promotes: consumer empowerment and market conduct (CEMCWG), digital financial services (DFSWG), financial inclusion data (FIDWG), financial inclusion strategy (FISPLG), global standards proportionality (GSPWG) and SME finance (SMEFWG).

PERFORMANCE

Participation in the AFI working groups (WGs) increased for every group in 2015. The Digital Financial Services Working Group (DFSWG) accounted for the largest number of members, followed by the Consumer Empowerment and Market Conduct Working Group (CEMCWG) and the Financial Inclusion Strategy Peer Learning Group (FISPLG). In 2015, AFI WGs produced seven knowledge products and conducted eight peer reviews.



CONSUMER EMPOWERMENT AND MARKET CONDUCT WORKING GROUP (CEMCWG)

- > Conducted a survey on financial education strategies and programs to standardize the methodology for measuring different approaches across countries.
- > Introduced a framework for business conduct in supervision as a reference for developing on-site and off-site supervision guidelines.
- > Published: a) Guideline Note on Help and Redress: Statistics to Measure Effectiveness and Alternative Dispute Resolutions; b) Guidelines on Responsible Lending; c) Guideline Note on Institutional Framework and Supervision; d) Guideline Note on Quality Indicators of Financial Inclusion; and e) Concept Note on Financial Literacy and Education.

CEMCWG IN NUMBERS



DIGITAL FINANCIAL SERVICES WORKING GROUP (DFSWG)

- > Calculated and compiled access and usage indicators from 19 countries.
- > Conducted three e-money peer reviews of: a) guidelines from the Bank of Ghana; b) regulations from the Bank of Tanzania; and c) a law from the Central Bank of Madagascar.

DFSWG IN NUMBERS



FURTHER INFORMATION

Working Group Annual Report: www.afi-global.org/library/publications/2015-afi-working-groups-annual-report





FINANCIAL INCLUSION DATA WORKING GROUP (FIDWG)

- > 30 AFI members have revised their data and measurement policies based on AFI's Core Set of Financial Inclusion Indicators formulated by the FIDWG.
- > Enhanced the AFI Online Progress Dashboard so that AFI members can more effectively measure and report on progress against their Maya Declaration commitments.
- > Conducted a peer review of the Bank of Thailand's 2013 survey on the financial access of Thai households.
- > Jointly published the "Guideline Note on SME Financial Inclusion Indicators" with the SMEFWG and the "Guideline Note on Quality Indicators for Financial Inclusion" with the CEMCWG.

FIDWG IN NUMBERS



FINANCIAL INCLUSION STRATEGY PEER LEARNING GROUP (FISPLG)

- > Conducted peer reviews of the national financial inclusion strategies of Peru, the Philippines and Mozambique.
- > Conducted training sessions on national financial inclusion strategies for more than 100 policymakers in Kuala Lumpur, Malaysia and Amman, Jordan (mainly policymakers from the Arab region).
- > Published "National Financial Inclusion Strategies: Current State of Practice," which analyzed global trends in the development and implementation of financial inclusion strategies.

FISPLG IN NUMBERS



GLOBAL STANDARDS PROPORTIONALITY WORKING GROUP (GSPWG)

- > Organized the global symposium, "Towards Proportionality in Practice: Financial Inclusion and Implementation of Global Standards" in May 2015, which concluded with the adoption of the KL Resolution on Proportionality in Practice.
- > Examined the impact of de-risking with AFI members at the Global Policy Forum in Mozambique, the AFI/G-24 Leaders' Roundtable at the IMF, and the IMF/World Bank Annual Meetings in Lima, Peru.

GSPWG IN NUMBERS



SMALL AND MEDIUM ENTERPRISE FINANCE WORKING GROUP (SMEFWG)

- > Conducted a peer review of the National Treasury of the Republic of South Africa's, "South Africa's SME Finance Infrastructure Projects: Partial Credit Guarantee System, Movable Assets Registry and Small Enterprise Shared Credit Information Services."
- > Published the "Guideline Note on SME Financial Inclusion Indicators" in consultation with the FIDWG as a tool for measuring the access, usage and quality of financial services for SMEs in different countries.

SMEFWG IN NUMBERS



THE AFI NETWORK

AFI is governed by a Board of Directors supported by two Committees: the Budget and Finance Committee, and the Global Standards Sub-Committee.

BOARD OF DIRECTORS

As the governing body of AFI, the AFI Board of Directors provides strategic guidance to the AFI Network and Management Unit operations.

APPOINTMENT

The current AFI Board of Directors can propose a new AFI board member to the Membership Council during the Annual General Meeting. Upon approval by the Membership Council, the new AFI Board member will commence his or her role at the conclusion of the corresponding Global Policy Forum. Each AFI Board member is appointed for a two-year term. To ensure continuity of the AFI Board, only up to three Board members can be replaced in any given year.



Professor Benno Ndulu
Governor, Bank of Tanzania (Chair)



Mr. Javier Poggi Campodónico
Superintendencia de Banca, Seguros y AFP
(SBS) del Perú



Mr. Fazle Kabir
Governor, Bangladesh Bank



Mr. Luiz Edson Feltrim
Deputy Governor, Banco Central do Brasil



Dr. Abdul-Nashiru Issahaku
Governor, Bank of Ghana



Mr. Ronald Waas
Deputy Governor, Bank Indonesia



Mr. Vladimir Chistyukhin
Deputy Governor, Central Bank of the
Russian Federation



Dr. Alfred Hannig
AFI Management Unit Executive Director
(Secretary)

AFI GOVERNANCE

BOARD RESPONSIBILITIES

- > Evaluate nominations for and decide on the AFI Executive Director
- > Evaluate nominations to the AFI Board for the AFI Membership Council's approval
- > Review the AFI Annual Report
- > Approve the Terms of Reference for all committees
- > Arbitrate in the case of dispute between or among AFI members
- > Integrate external (non-AFI member) perspective, expertise and informal advice into the governance structure of AFI through the possible establishment of advisory councils
- > Propose the adjustment of membership fees for the AFI Membership Council's approval
- > Propose amendments to AFI's articles of association for the AFI Membership Council's approval
- > Dismiss the Executive Director, Board members and Committee members in the case of misconduct
- > Decide on reduced participation, deactivation and dismissal of an AFI member
- > Decide on the dissolution of temporary committees.

Board Meetings

There were four AFI Board meetings in 2015. In addition, a special Board meeting was held on 15 December 2015 to elect a new Chair of the Board of Directors to replace Dr. Daniel Schydrowsky who left his position at SBS Perú. The Board unanimously approved Benno Ndulu of Bank of Tanzania to assume the role of Acting Chair as of the conclusion of the meeting.

For specific dates of AFI board meetings, see the 2015 AFI Calendar of Events on pages 34-35.

COMMITTEES

Composition

The Budget and Finance Committee is responsible for AFI's financial oversight. Its members are:

- > Mr. Adnan Zaylani Mohd Zahid, Director of Investment Operations & Financial Market, Bank Negara Malaysia (Chair)
- > Ms. Enrica Marocco, Senior Financial Manager, Bill & Melinda Gates Foundation (Vice-Chair)
- > Ms. Lorraine Seeto, Chief Manager and Advisor to the Governor, Reserve Bank of Fiji
- > Mr. Francis Mworozzi, Finance Director, National Bank of Rwanda
- > Mr. Ravi Vig, AFI Management Unit Chief Operating Officer (Secretary)

The Global Standards Sub-Committee advises and supports AFI's engagement with international Standard-Setting Bodies (SSBs). Its members are:

- > Mr. Muhammad Ibrahim, Governor, Bank Negara Malaysia (Chair)

- > Mr. Allah Malik Kazemi, Special Adviser to the Governor, Bangladesh Bank
- > Mr. Haron Sirima, Deputy Governor, Central Bank of Kenya
- > Mr. Grant Kabango, Deputy Governor, Reserve Bank of Malawi
- > Ms. Maria Fernanda Trigo, Director General, CNBV Mexico
- > Mr. Ernesto Velazquez, Member of the Board, Banco Central del Paraguay
- > Mr. Vladimir Chistyukhin, Deputy Governor, Central Bank of the Russian Federation

Appointment

Any new AFI committee members will be proposed by the AFI Board to the Membership Council during the AGM. Following approval by the AFI Membership Council, the new AFI Committee members will commence their roles at the conclusion of the corresponding GPF. Each AFI Committee Member will be appointed for a two-year term. A Principal Member is eligible to serve on the same Committee for a maximum of two consecutive two-year terms. Thereafter, at least one full term of two years shall pass before the Principal Member is eligible to serve again on the same Committee. AFI Committees will strive to retain at least half of its members in office to ensure continuity.

Meetings

Three Budget and Finance Committee (BFC) meetings were held in 2015: two face-to-face meetings in Kuala Lumpur and one meeting via teleconference. For the year 2015, the BFC's discussions largely focused on reviewing AFI's budget, financial reports and updates, and the Human Capital Management framework for the AFI Management Unit.

Two Global Standards Sub-Committee (GSSC) meetings were held in 2015: in Washington, DC and at the AFI Global Policy Forum in Maputo, Mozambique. For the year 2015, the GSSC's discussions included the AFI paper, "Potential Impacts of Global Standards on National Financial Inclusion Policies"; the Global Symposium on Proportionality in Practice organized by AFI, Bank Negara Malaysia and Toronto Center; a proposal for Proportionality in Practice Case Studies; a G24/AFI research project on de-risking; the Shadow Banking Conference in Moscow, Russia; and progress updates on the activities of the Global Standards Proportionality Working Group (GSPWG).

For specific dates of Committee meetings, please see the 2015 AFI Calendar of Events on pages 34-35.

AFI MANAGEMENT UNIT

Number of staff: 41

Management Team:

Alfred Hannig, Executive Director
Nobert Mumba, Deputy Executive Director
Ravi Vig, Chief Operating Officer

AFI MEMBERSHIP

As of the end of 2015, AFI's membership consisted of 123 regulatory and policymaking institutions from 96 developing and emerging countries. Six new members, including five central banks, joined the AFI Network in 2015. Sub-Saharan Africa remains the largest region in terms of membership, accounting for one third of all members, followed by Latin America and the Caribbean with almost 25%.

In terms of membership categories, the AFI Network has 100 Principal Members, which are the main regulatory or policymaking authorities on financial inclusion in their respective jurisdiction. In addition, 21 Associate Members have a supporting role in financial inclusion policymaking in their countries and two Specialist Members have a mandate for one specific policy area.

At the AFI Annual General Meeting (AGM), held on 2 September 2015 ahead of the 2015 GPF in Maputo, members decided to expand AFI's membership criteria to include regulators and policymakers from high-income emerging economies and eligible regional intergovernmental bodies. While the former will be able to join the AFI Network in one of the existing membership categories, AFI has created a new membership category for regional bodies ('Regional Members'), which will have a role coordinating and harmonizing regional financial inclusion policies.

MEMBER ENGAGEMENT

Members are demonstrating more active involvement and commitment to the AFI Network than ever before. The average level of member engagement, based on members' use of AFI services and offerings throughout the year, as well as leadership roles and demonstrated commitment, increased by 8% in 2015. Almost all member institutions used at least one AFI service category in 2015, with more than 50% of members accessing a minimum of four services (see table below).

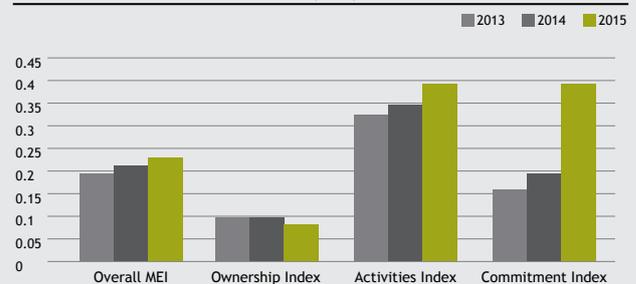
The most-used service in 2015 was the AFI Member Zone, with registered users from 112 member institutions, followed by AFI Working Groups with 90 member institutions belonging to one or more of the groups. The third most-used service in 2015, and the one that has seen the highest growth rates since 2013, was AFI's Capacity Building Program, with 83 member institutions taking part in at least one training and 25 member institutions participating in three or more programs in 2015.

In addition, 35 AFI member institutions assumed at least one leadership role in the network in 2015, reflecting a high level of ownership and commitment.

USAGE OF AFI SERVICE IN 2015

	Member Institutions	Percentage of Membership
Used no service	5	4.1
Used 1 or more services	118	95.9
Used 2 or more services	105	85.4
Used 3 or more services	80	65.0
Used 4 or more services	66	53.7
Used 5 or more services	43	35.0
Used 6 or more services	13	10.6
Used 7 or more services	2	1.6

MEMBER ENGAGEMENT INDEX (MEI) 2013-2015

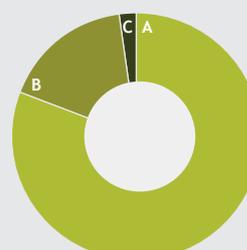


AFI MEMBERS BY REGION



A	East Asia & South East Asia	10	8%
B	Eastern Europe & Central Asia	11	9%
C	Latin America and the Caribbean	29	23%
D	Middle East and North Africa	11	9%
E	South Asia	12	10%
F	Sub-Saharan Africa	43	35%
G	The Pacific	7	6%

AFI MEMBERS BY CATEGORY



A	Principal Members	81%
B	Associate Members	17%
C	Specialist Members	2%

5 Measured by the Member Engagement Index (MEI)

6 Refers to the following eight AFI services: GPF, Regional Events, Working Groups (considered one service), Member Zone, Policy Grants, Knowledge Exchange Grants, Peer Reviews and Capacity Building Programs.

FINANCIAL REPORT

At the Alliance for Financial Inclusion, integrity is chief among our core values.

We believe that it is our duty to be effective stewards of the financial resources entrusted to us by our members and our donors.

STATEMENT OF FINANCIAL POSITION

As of 31 December 2015	USD Actual 12/31/2014	USD Actual 12/31/2015
Assets		
Due from GIZ - BMGF/ON/SECO Funds	6,431,826.20	6,642,592.34
Due from GIZ - BMZ Funds	3,206,850.00	-
Clearing and Reposting Account	-	118,006.17
Due from GIZ - BMGF/ON/SECO Funds	-	(919,282.43)
Clearing and Reposting Account	-	23,988.44
Due from GIZ - BMGF/ON/SECO Funds	-	(240,350.12)
Total Assets	9,638,676.20	5,624,954.40
Liabilities and Net Assets		
Liabilities		
Payroll clearing account	-	5,283.34
Payroll clearing account	-	(18,071.43)
Total Liabilities	-	(12,788.09)
Net Assets		
Net Retained Earnings	9,638,676.20	6,773,386.60
Net Retained Earnings	-	(895,293.99)
Net Retained Earnings	-	(240,350.12)
Total Net Assets	9,638,676.20	5,637,742.49
Total Liabilities and Net Assets	9,638,676.20	5,624,954.40
Beginning Balance With Current Year Adjustments	9,638,676.20	9,638,676.20
Net Surplus/(Deficit)	-	(4,000,933.70)
Ending Retained Earnings	9,638,676.20	5,637,742.49

STATEMENT OF ACTIVITIES

As of 31 December 2015	USD BMGF Actual 1/1/2015- 12/31/2015	USD BMZ 1/1/2015- 12/31/2015
Revenues		
Shared Income		
Donor Funding - BMGF	4,596,437.00	-
Donor Funding - ON	778,576.82	-
Donor Funding - SECO	148,190.85	-
Total Shared Income	-	-
Total Revenues	5,523,204.67	-
Expenses		
Program Expenses	1,538,354.95	1,748,070.56
Core Expenses	3,950,300.18	908,836.90
Indirect Costs	859,589.64	518,986.15
Total Expenses	6,348,244.77	3,175,893.60
Beginning Retained Earnings	6,431,826.20	3,206,850.00
Net Surplus/(Deficit)	(825,040.10)	(3,175,893.60)
Ending Retained Earnings	5,606,786.10	30,956.40

NOTES ON THE FINANCIAL STATEMENTS

BOARD RESPONSIBILITIES

As of balance sheet dates 31 December 2014 and 31 December 2015, the Alliance for Financial Inclusion (AFI) was a donor-funded project hosted within the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, a company with limited liability as defined by section 267 paragraph 3 of the German Commercial Code (HGB).

GIZ's annual statement of accounts is prepared in accordance with the provisions of the HGB, as well as the supplementary provisions of the German Limited Liability Companies Act (GmbH-Gesetz). The fiscal year corresponds to the calendar year. Therefore, AFI's balance sheet and income statement are excerpts from GIZ's annual statement of accounts that have been consolidated and audited by both internal control and external auditors.

However, for fiscal year 2015, the auditing of GIZ's financials is not yet complete as its Annual Report is normally published at the end of the first half or early second half of 2016. In light of AFI's independence from GIZ on 27 January 2016, followed by its operational independence and the subsequent closure of all reconciliations by the end of 2016, AFI will undergo an internal control audit by GIZ to ensure proper closure of its accounts within GIZ prior to handing over any remaining donor funding due to AFI.

In the interim period between January 2016 to the period of full operational independence when AFI will administer its own bank account(s) for daily operations use, GIZ will issue AFI a sub-grant of USD 2 million out of the Bill & Melinda Gates Foundation (BMGF) funds that are designated for AFI activities. In line with GIZ's own regulations, any grant disbursed at the value of over EUR 100,000 will be subject to external audit and require the issuance of an auditor's report. Therefore, AFI will undergo both an internal control audit process of GIZ and an external audit with an auditor's report of its financials within 2016.

Accounting and Valuation Methods

The accounting and valuation methods used by GIZ remained unchanged from previous years, and are in compliance with German Generally Accepted Accounting Principles (GAAP).

BALANCE SHEET ITEMS

Current Assets

Given that AFI is hosted at the premises of Bank Negara Malaysia (BNM), where furniture and fixtures are already provided in line with the Host Country Agreement signed between AFI and BNM, AFI has no physical assets or properties. All AFI assets are financial or cash assets from donors in the form of receivables due from GIZ to AFI, which during the fiscal year were sufficient to sustain AFI operations and activities without any additional credit balances or liabilities required.

Current Liabilities

The reported liabilities are balances of internal payroll clearing accounts as reconciled by the system.

INCOME STATEMENT ITEMS

Revenues

AFI revenues are cash in bank from donors, namely BMGF, Omidyar Network (ON) and Switzerland's State Secretariat for Economic Affairs (SECO), whose tranches fall within the fiscal year. The BMZ funding, which is only a budgetary number for which actual expenses have been booked against, is not revenue per se since it is zero sum (expenses will equal revenue with any surplus to be returned to BMZ) and, therefore, it is not reported as revenue.

EXPENSES

Program Expenses

These are expenses related to specific AFI activities to further the cause of financial inclusion. It includes the costs of holding events (which comprise venue expenses, such as food and beverage, logistical arrangements, translations and interpretations, travel and accommodation costs, and sponsorship of travel to attend AFI events). On the BMZ side, Program Expenses also include grant disbursements to assist AFI's member institutions with their activities.

Core Expenses

Core expenses are related to AFI's daily operations. These include personnel related costs, travel related costs that are not attributable to specific AFI Program expenses, as well as AFI's infrastructure and administrative costs. For 2015, these also include one-time relocation expenses of AFI from Thailand to Malaysia.

Indirect Expenses

These are expenses charged to AFI by GIZ for administrative handling of tasks on behalf of AFI, as well as the overheads incurred by GIZ for the operating infrastructure provided to AFI.

STAY INFORMED

AFI creates a limited number of publications specifically for policymakers, with a focus on the key policy solutions promoting financial inclusion.

Our Network is also actively engaged in national, regional and international events across the globe.

The AFI website and social media platforms provide information on all AFI's current activities.

2015 AFI CALENDAR OF EVENTS

JANUARY

30	Steering Committee Meeting	Teleconference
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FEBRUARY

08 - 09	IIF G20 Conference: The G20 Agenda under the Turkish Presidency	Istanbul, Turkey
16 - 20	Central Bank of Kenya: AFI Joint Learning Program	Nairobi, Kenya

MARCH

02	Budget and Finance Committee Meeting	Kuala Lumpur, Malaysia
23 - 24	Bank of Tanzania Workshop and Study Visit	Kuala Lumpur, Malaysia
31	Seminar on Enhancing Financial Inclusion through Islamic Finance	Jakarta, Indonesia

APRIL

07 - 08	UNCDF/USAID Extreme Poverty Conference	Bangkok, Thailand
07 - 09	Financial Inclusion Data Working Group (FIDWG) Meeting	Kuala Lumpur, Malaysia
14 - 16	Consumer Empowerment & Market Conduct Working Group (CEMCWG) Meeting	Kuala Lumpur, Malaysia
15	Global Standards Sub-Committee Meeting	Washington, DC, USA
15 - 16	G-24/AFI Roundtable on Financial Inclusion	Washington, DC, USA
16	AFI Steering Committee Meeting	Washington, DC, USA
17	World Bank Spring Meetings Session: Universal Financial Access 2020	Washington, DC, USA
24	National Bank of the Republic of Belarus Forum on Digital Banking: Technologies and Innovation	Minsk, Belarus
28	G7 Deauville Partnership High-Level Conference	Berlin, Germany
29 - 30	Women and Enterprises: Driving Financial Inclusion and Investment Returns Conference	Phnom Penh, Cambodia

MAY

06 - 08	Pacific Islands Regional Initiative (PIRI) Meeting	Dili, Timor-Leste
17	40th Anniversary of Banco de Moçambique	Maputo, Mozambique
25 - 27	Digital Financial Services Working Group (DFSWG) Meeting	Kuala Lumpur, Malaysia
25 - 27	SME Finance Working Group (SMEFWG) Meeting	Kuala Lumpur, Malaysia
25 - 27	Global Standards Proportionality Working Group (GSPWG) Meeting	Kuala Lumpur, Malaysia
28 - 29	AFI-BNM Toronto Centre Symposium on Global Standards Proportionality	Kuala Lumpur, Malaysia

JUNE

04	Budget and Finance Committee Meeting	Teleconference
08 - 12	AFI-BNM Training Program: Business Conduct and Consumer Protection	Kuala Lumpur, Malaysia
09 - 11	Financial Inclusion Strategy Peer Learning Group (FISPLG) Meeting	Kuala Lumpur, Malaysia
25 - 27	Regional Forum on Access to Finance for Central Banks of Central and Eastern Europe and CIS	Minsk, Belarus
29	Steering Committee	Basel, Switzerland

JULY

20 - 21	Capacity Building Workshop: Supervision and Oversight of e-Money	Yamoussoukro, Côte d'Ivoire
22	Bridging the Gap: Financial Policy Solutions for Women in Africa Conference	Yamoussoukro, Côte d'Ivoire
23 - 24	African Mobile Financial Services Policy Initiative (AMPI) Meeting	Yamoussoukro, Côte d'Ivoire

AUGUST

03 - 07	AFI-BNM Training Program: Access to Financial Services for MSMEs	Kuala Lumpur, Malaysia
12 - 14	AFI Joint Learning Program on Financial Inclusion Data and Measurement	Mexico City, Mexico

SEPTEMBER

01	Steering Committee Meeting	Maputo, Mozambique
02	Annual General Meeting	Maputo, Mozambique
02	Global Standards Sub-Committee Meeting	Maputo, Mozambique
02 - 04	2015 Global Policy Forum	Maputo, Mozambique
29 - 01	5th International Conference on Financial Services	Port Elizabeth, South Africa
29 - 01	2015 Global Banking Alliance for Women (GBA) Annual Summit: Gender Data Symposium	São Paulo, Brazil
30	Malaysia-OECD High-level Global Symposium on Financial Well-Being	Kuala Lumpur, Malaysia

OCTOBER

01 - 02	AFI LAC Regulatory Policy Forum	Bogotá, Colombia
01	1st Edward W. Claugus Award Ceremony	New York, United States
07	G-24/AFI Policymakers Roundtable at World Bank/IMF Annual Meetings	Lima, Peru
08	World Bank/IMF Session - Financial Inclusion: Can It Meet Multiple Macroeconomic Goals?	Lima, Peru
15	Seminar on Cybersecurity and Risk Management for Policymakers in Europe and Central Asia	Berlin, Germany
26 - 29	AFI-BNM Training Program: Financial Inclusion Strategy and Data	Kuala Lumpur, Malaysia
26 - 28	ECA Regional Forum on Financial Inclusion Policy	Skopje, Macedonia

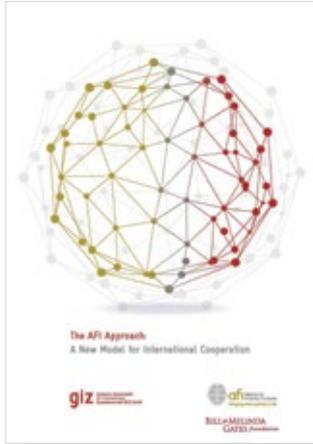
NOVEMBER

10 - 11	Conference on Financial Inclusion and Employment in the Arab Region	Amman, Jordan
12 - 13	Financial Inclusion and Transformation of Shadow Banking Conference	Moscow, Russia
13	National Financial Inclusion Strategy Workshop	Suva, Fiji
17 - 20	Expert Group on Financial Inclusion Policy & Consumer Protection Regulatory Training	Nuku'alofa, Tonga
24	Budget and Finance Committee Meeting	Kuala Lumpur, Malaysia

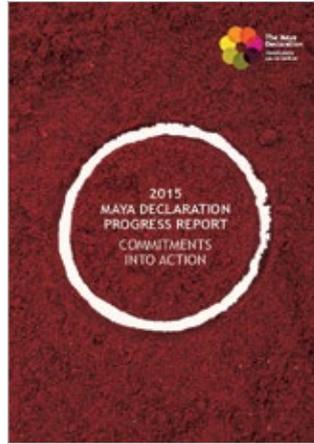
DECEMBER

07 - 11	Banco Central do Brasil: International Week of Financial Citizenship	Brasília, Brazil
15	Special Board of Directors Meeting	Teleconference
15 - 16	Fourth meeting of the ITU-T Focus Group on Digital Financial Services (FG DFS)	Geneva, Switzerland

AFI KNOWLEDGE PRODUCTS AND PUBLICATIONS



AFI: A New Model for International Cooperation
General FI
Special Reports



2015 Maya Declaration Progress Report
Measuring Financial Inclusion
General FI
Special Reports



2015 Global Policy Forum (GPF) Report
General FI
Special Reports

ONLINE:
afi-global.org/library/publications

DATE OF PUBLICATION **TITLE**

19 March	AFI: A New Model for International Cooperation
30 April	Transforming the Pacific Islands Working Group to the Pacific Islands Regional Initiative (PIRI)
06 May	Deauville Partnership Action Plan for Financial Inclusion
08 May	Dili Consensus on Financial Inclusion in the Pacific Islands
29 May	KL Resolution on Proportionality in Practice
19 June	G7 Deauville Partnership High-Level Conference: Responsible Financial Inclusion for Social Inclusion and Stability
29 June	Managing the Twin Responsibilities of Financial Inclusion and Financial Stability
15 July	Addis Ababa Action Agenda
26 August	2015 Maya Declaration Progress Report
02 September	Policy Frameworks to Support Women's Financial Inclusion
04 September	Digitally Delivered Credit: Guideline Note 17 CEMC
21 September	Maya Declaration: Commitment made by Superintendencia General De Entidades Financieras de Costa Rica
21 September	Maya Declaration: Commitment made by National Reserve Bank of Tonga
21 September	Maya Declaration
27 October	Skopje Consensus
04 November	SME Financial Inclusion Indicators Base Set
18 November	Innovative Digital Payment Mechanisms Supporting Financial Inclusion: Stocktaking Report
04 December	National Financial Inclusion Strategies: Current State of Practice
06 December	2015 Global Policy Forum (GPF) Report
08 December	The Moscow Resolution on Financial Inclusion and Shadow Banking

GLOSSARY OF TERMS

ADB	Asian Development Bank	GPF	Global Policy Forum
AfDB	African Development Bank	GPMI	Global Partnership for Financial Inclusion
AFI	Alliance for Financial Inclusion	GSPWG	Global Standards Proportionality Working Group
AIIB	Asian Investment Infrastructure Bank	GSSC	Global Standards Sub-Committee
AML	Anti-Money Laundering	IADI	International Association of Deposit Insurers
AMPI	African Mobile Phone Financial Services Policy Initiative	IAIS	International Association of Insurance Supervisors
APG	Asia/Pacific Group on Money Laundering	IFC	International Finance Corporation
Basel II	Second Basel Accord of recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision	ILO	International Labour Organization
Basel III	Third Basel Accord of recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision	IMF	International Monetary Fund
BCBS	Basel Committee on Banking Supervision	IT	Information Technology
BMGF	Bill & Melinda Gates Foundation	JLP	Joint Learning Program
BMZ	German Federal Ministry for Economic Cooperation and Development	KYC	Know Your Customer
BNM	Bank Negara Malaysia	MDGs	Millennium Development Goals
CEMCWG	Consumer Empowerment and Market Conduct Working Group	MENA	Middle East and North Africa
CFT	Combating the Financing of Terrorism	MFS	Mobile Financial Services
CGAP	Consultative Group to Assist the Poor	MNO	Mobile Network Operator
CPSS	Committee on Payment and Settlement Systems	MSME	Micro, Small, and Medium Enterprise
DFS	Digital financial services	MU	Management Unit
DFSWG	Digital Financial Services Working Group	NDB	New Development Bank
e-money	Electronic money	NGO	Non-Governmental Organization
e-payment	Electronic payment	OECD	Organisation for Economic Cooperation and Development
EU	European Union	PAS	Peer Advisory Service
FATF	Financial Action Task Force	PFIP	Pacific Financial Inclusion Programme
FIDWG	Financial Inclusion Data Working Group	PIRI	Pacific Islands Regional Initiative
FISPLG	Financial Inclusion Strategy Peer Learning Group	PPD	Public-Private Dialogue
G7	Group of Seven consisting of finance ministers and central bank governors from seven major advanced economies	PPP	Public-Private Partnership
G20	Group of Twenty consisting of governments and central bank governors from 20 major economies	SC	Steering Committee
G-24	Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development	SDGs	Sustainable Development Goals
GDP	Gross Domestic Product	SECO	State Secretariat of Economic Affairs of Switzerland
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit or German Society for International Cooperation, Ltd.	SME	Small and Medium Enterprise
		SMEFWG	SME Finance Working Group
		SSB	Standard-Setting Body
		UN	United Nations

Main Offices



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AFI Members can access the Member Zone at:

www.afi-memberzone.org

The AFI website can be found at

www.afi-global.org

Follow AFI on social media at

 [@NewsAFI](https://twitter.com/NewsAFI)

 www.facebook.com/AFI.History

 www.linkedin.com/company/alliance-for-financial-inclusion

 www.youtube.com/user/AFIglobal