afi

BRINGING SMART POLICIES TO LIFE

ANNUAL REPORT 2020

WELCOME TO THE 2020 ANNUAL REPORT

CONTENTS

Cover image: Young African market woman putting on a face mask. Nigeria. (Photo by Confidence Nzewi/Alamy Stock Photo)

A man with cymbals at a temple festival, Mongar District, Himalayas, Kingdom of Bhutan. (Photo by image BROKER/Alamy Stock Photo)

PART ONE: THE AFI NETWORK

Shop owner leaning at a local street market, Luxor, Egypt. (Photo by Mike P Shepherd/Alamy Stock Photo)

MESSAGE FROM THE CHAIR

I am pleased to present the Annual Report of AFI's work and achievements for 2020. Despite the unprecedented challenges of COVID-19 in 2020 impacting the activities of the AFI Management Unit and the membership, it is encouraging to observe that our Network and the Management Unit continued to be agile by swiftly responding with practical policy solutions and modalities that preserved and cushioned the gains of financial inclusion we had achieved for more than a decade.

As the year progressed, we witnessed how the pandemic devastated economies and negatively affected livelihoods due to lockdowns and other restriction measures used to control the spread of infections. We members found strength in each other during this challenging time, through our engagement in peer learning and experience sharing of our COVID-19 policy responses that helped us to identify the right policy and regulatory solutions to respond to the economic impact of the pandemic. I was also encouraged to hear from some members who found opportunities to increase financial inclusion in their respective countries during the pandemic period particularly through the acceleration of digital financial services and electronic payments that added the underbanked population into the formal financial system.

The challenges in 2020 did not deter members from convening key governance meetings to make strategic decisions for the network. Members at the first virtual Annual General Meeting of AFI in September 2020, adopted another two Financial Inclusion Policy Models that provided guidance and benchmarks in the policy areas of national financial inclusion strategies (NFIS) and consumer protection for digital financial services (DFS). I am also heartened with the membership's decision to amend the Articles of Association to require a minimum of three women directors to be appointed to the Board for the coming Board term.

I commend the AFI Management Unit under the leadership of AFI Executive Director, Dr. Alfred Hannig, for their dedication and support, which they fervently provided to members despite the impact of the pandemic on their strategy and operational plans. I applaud them for being agile and flexible enough to adapt the delivery modalities immediately so that AFI can continue to serve and support members, to ensure that the network did not fall behind on meeting respective in-country financial inclusion goals.

I wish to thank my colleagues on the Board of Directors, Board Committees and Management Unit staff for providing stability and support to follow through on our commitment to members. I call on members to continue with the resolve on steering and supporting our organization in the right trajectory of advancing financial inclusion in the network. As we move forward together, I am confident that we will remain focused and continue to ensure that the objective of AFI's unique horizontal cooperation model is upheld to serve members' needs and delivers on its mandate.

Tarek Amer
Governor, Central Bank of Egypt
Chair, AFI Board of Directors

ABOUT THE AFI NETWORK

AFI is a policy leadership alliance owned and led by member central banks and financial regulatory institutions with the common objective of advancing financial inclusion at the country, regional and international levels. AFI partners with regulators, international organizations and private sector leaders to drive practical solutions and facilitate the implementation of impactful policy changes through its cooperative model, which embeds peer learning, knowledge exchange and peer transformation. AFI's operations and programs are funded through membership subscriptions and funder contributions.

VISION

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

MISSION

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

MEMBERSHIP

As of the end of 2020, the membership of the AFI network stood at 99 member institutions (comprising 83 Principal Members and 16 Associate members) representing 88 countries. Sub-Saharan Africa continued to be the region with the highest number of members at 44 institutions followed by Asia (South, East and Southeast Asia), Latin America and the Caribbean, Middle East and North Africa, Eastern Europe and Central Asia and the Pacific.

99
Member institutions

88
Countries

83
Principal Members

16
Associate Members

Pakhayo family walking on the rice terraces. Chiangmai Province,Thailand.(Photo by Thirawatana Phaisalratana/iStock)

AFI MEMBERS BY REGION, 2020

SUB-SAHARAN AFRICA	44
LATIN AMERICA AND THE CARIBBEAN	12
SOUTH ASIA	11
MIDDLE EAST AND NORTH AFRICA	9
EASTERN EUROPE AND CENTRAL ASIA	8
EAST ASIA AND SOUTH-EAST ASIA	8
THE PACIFIC	7

GOVERNANCE

MEMBERSHIP COUNCIL

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

BOARD COMMITTEES

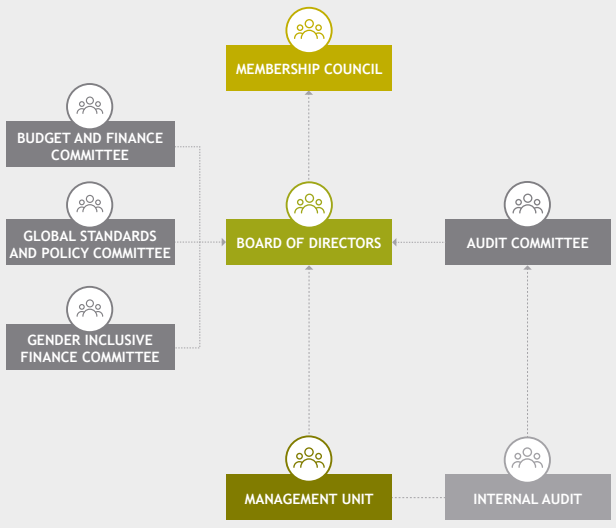
The AFI Board Committees provide specialized support to the Board of Directors in overseeing the direction and activities of AFI. The Committees transitioned into a new term in September 2020 following the expiry of the term of 2018-2020. In September 2020, AFI welcomed new Committee members for the term 2020-2022 to fill the positions vacated by former Committee members after serving two consecutive terms.

> **Audit Committee (AC)**
The Audit Committee supports the Board by providing oversight of the governance, risk management, and internal control practices of AFI. The members are: Banco Central de Reserva de El Salvador (Chair), Bank of Tanzania (Vice-Chair), Royal Monetary Authority of Bhutan, Banque de la République du Burundi, and Banco de Moçambique[1].

> **Budget and Finance Committee (BFC)**
The BFC provides oversight of AFI's financial strategy and resource management to ensure that AFI remains well-resourced and financially sustainable in order to continue serving its members. The members are: Bank of Papua New Guinea (Chair), Central Bank of the Gambia (Vice-Chair), Central Bank of Tunisia, Bank of Uganda, Central Bank of the Republic of Uzbekistan, and the Bill & Melinda Gates Foundation[2].

> **Global Standards and Policy Committee (GSPC)**
The GSPC provides quality assurance on high-impact policy lessons recommended by AFI's Working Groups to be endorsed as Financial Inclusion Policy Models for members' voluntary adoption, as well as guidance and advice on AFI's programmatic direction and engagement with international Standard-Setting Bodies. The members are: Bangko Sentral ng Pilipinas (Chair), Bank of Zambia (Vice-Chair), Royal Monetary Authority of Bhutan, Banco Central de Reserva de El Salvador, Central Bank of The Gambia, Palestine Monetary Authority, and Bank of Tanzania[3].

AFI'S GOVERNANCE STRUCTURE



> **Gender Inclusive Finance Committee (GIFC)**
The GIFC provides leadership on advancing and promoting women's financial inclusion in the AFI network and the strategic implementation of the Denarau Action Plan. The members are: Bank of Ghana (Chair), Bangladesh Bank (Vice-Chair), Bank Al-Maghrib Morocco, Palestine Monetary Authority, Banco Central del Paraguay, Bank of Uganda and Reserve Bank of Zimbabwe[4].

1 Members of the Audit Committee from January to September 2020 were: Banque de la République d'Haïti (Chair until February 2020), Banco Central de Reserva de El Salvador (Vice-Chair), Royal Monetary Authority of Bhutan, Banque de la République du Burundi, and Banco de Moçambique.

2 Members of the BFC from January to September 2020 were: Reserve Bank of Fiji (Chair), Palestine Monetary Authority (Vice-Chair), Bank Negara Malaysia, National Bank of Rwanda, Da Afghanistan Bank, and Bill & Melinda Gates Foundation.

3 Members of the GSPC from January to September 2020 were: Central Bank of Kenya (Chair), Bangladesh Bank, Reserve Bank of Malawi, Comisión Nacional Bancaria y de Valores (CNBV) Mexico, Banco Central del Paraguay, and Palestine Monetary Authority.

4 Members of the GIFC from January to September 2020 were: Bank of Zambia (Chair), Central Bank of Egypt (Vice-Chair), Central Bank of Lesotho, National Bank of Rwanda, National Bank of Cambodia, Banco Central de Reserva de El Salvador, and Da Afghanistan Bank.

AFI BOARD OF DIRECTORS, 2020

The AFI network is led by the AFI Board of Directors, which has the primary mandate of providing strategic guidance to the AFI Management Unit and oversight of the organization's direction and activities. Members of the AFI Board of Directors serving in the current Board term running from September 2019 to September 2021:

Tarek Hassan Nour El Din Amer (Chair)

Governor, Central Bank of Egypt

Juan Pablo Graf (Vice-Chair)[5]

President, Comisión Nacional Bancaria y de Valores (CNBV) Mexico

Bayarsaikhan Dembereldash

Chair, Financial Regulatory Commission of Mongolia

Maiava Atalina Ainu'u-Enari

Governor, Central Bank of Samoa

Tiémoko Meyliet Koné

Governor, Banque Centrale des États de l'Afrique de l'Ouest (BCEAO)

Martin Galstyan[6]

Governor, Central Bank of Armenia

Dr. Patrick Njoroge

Governor, Central Bank of Kenya

Maha Prasad Adhikari[7]

Governor, Nepal Rastra Bank

José Cantero Sienra

President, Banco Central del Paraguay

Bastien Bedossa

Head of Financial Systems, French Development Agency

External non-voting member

Dr. Alfred Hannig

Executive Director, Alliance for Financial Inclusion

Non-voting member and Secretary to the AFI Board of Directors

FURTHER INFORMATION:

For the AFI Articles of Association and Terms of Reference of Committees, visit: www.afi-global.org/governance

5 CNBV elected as Board Vice-Chair in January 2020 and represented by Mr Adalberto Palma until March 2020.
6 Represented by Mr Arthur Javadyan until June 2020.
7 Represented by Dr Chiranjibi Nepal until March 2020.

REGIONAL LEADERSHIP

AFI's Regional Initiatives are driven through a leadership structure comprising a Leaders' Roundtable and an Expert Group on Financial Inclusion Policy (EGFIP).

The AFI Management Unit provides coordination and technical support to the meetings and activities of the Leaders' Roundtable and those of the Technical Group of Experts.

LEADERS' ROUNDTABLE

The Leaders' Roundtable comprises heads of institutions from AFI member institutions in the respective regions and is responsible to provide strategic guidance, oversight, and monitoring of the work plans of AFI Regional Initiatives, which address regional financial inclusion challenges. The Leaders meet at an annual roundtable and during the annual AFI Global Policy Forum to provide strategic perspectives on addressing policy issues. Regional members elect a Chair and Co-Chair for the Leaders' Roundtable for a tenure specified in the charter of the respective Regional Initiative.

EXPERT GROUP ON FINANCIAL INCLUSION POLICY (EGFIP)

The EGFIP comprises senior technical officials from AFI member institutions from the regions. Their main responsibility is to develop regional frameworks or guidelines for addressing regional financial inclusion challenges. The EGFIP reports to the Leaders' Roundtable for endorsement of the regional framework and guidance.

AfPI African Financial Inclusion Policy Initiative

ECAPI Eastern Europe Central Asia Policy Initiative

مبادرة الشمول المالي للمنطقة العربية
FIARI Financial Inclusion for the Arab Region Initiative

FILAC Financial Inclusion Initiative for Latin America and the Caribbean

PIRI Pacific Islands Regional Initiative

WORKING GROUPS

AFI's Working Groups comprise technical officials from the AFI network. Their main responsibility is to develop network-wide technical policy guidelines, regulatory and supervisory toolkits and inputs for network-wide policy models.

They are linked to the Gender Inclusive Finance Committee through a designated gender focal point in each Working Group who ensures the pillars of the Denarau Action Plan are implemented at the operational level. The Working Group members also offer their practical technical expertise in facilitating in-country missions to support policy implementation at country level. Each Working Group is led by a Chair and two Co-Chairs elected by Working Group members annually with tenures as specified in the respective Working Group's charter.

AFI has seven working groups that focus on the major policy areas identified from the financial inclusion mandates of members across the AFI network.

79%

WORKING GROUP MEMBERSHIP IN 2020

78 of AFI's 99 member institutions are involved in at least one of the seven AFI Working Groups based on the institutional policy priorities.

PARTNERSHIPS

AFI engages and collaborates systematically with three broad categories of partners and stakeholders: (a) funding partners; (b) private sector partners, and (c) financial inclusion stakeholders.

FUNDING PARTNERS

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

Agence Française de Développement (AFD), Ministry of Finance of the Grand Duchy of Luxembourg and **Germany's Ministry of Economic Cooperation and Development (BMZ)** provide financial support to implement AFI's Multi-Donor Financial Inclusion Policy Implementation Facility (MD-PIF) since 2019. The Facility mainly supported the scaling up of AFI's programs and in-country policy implementation for members across the Sub-Saharan Africa and Arab Region. **BMZ** additionally provided funding support for the continued implementation of AFI's Financial Inclusion for Forcibly Displaced Persons (FDPs) Workstream.

AFI continued to be supported by its founding partner, the **Bill & Melinda Gates Foundation (BMGF)** under programmatic funding to advance digital financial services and the gender inclusive finance workstream for members. The BMGF also provided additional funding to AFI in 2020 to support members' COVID-19 policy response.

German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) continued to provide funding support to scale up the implementation of AFI's Inclusive Green Finance (IGF) workstream and activities to promote the 4P Framework for IGF policies including capacity building and in-country implementation support for AFI members.

The funding from **Flourish Ventures** (formerly the Omidyar Network) provided highly valuable technical insights and support toward AFI's implementation of the global workstream on financial technology (FinTech) and regulatory technology (RegTech) under the Phase III Strategy.

AFI signed a funding agreement with the **Mastercard Foundation** in 2020 to implement a COVID-19 Policy Response program in Africa, a two-year project which will focus specifically on MSMEs and digital finance. The program aims to strengthen members' capabilities to effectively respond to the economic consequences of the global COVID-19 pandemic with the integration of gender and youth policy considerations into all policy interventions.

The AFI Representative Office for Europe was launched in October 2020

The **Ministry of Foreign and European Affairs** and **Ministry of Finance of the Grand Duchy of Luxembourg** provided funding support for AFI to establish its Europe Representative Office in Luxembourg City. The AFI Representative Office for Europe was launched in October 2020.

AFI continued to be supported by the **Swedish International Development Cooperation Agency (Sida)** to implement activities for advancing Gender Inclusive Finance (GIF) in the network and to achieve the target to halve the gender gap in AFI's members' jurisdiction in addition to the actions committed by the AFI network under the Denarau Action Plan.

AFI continued to be supported by the **UK Foreign, Commonwealth and Development Office or FCDO** (previously known as the Department for International Development or DFID) to implement a global program to advance and scale innovations in digital financial services (DFS) across the AFI network. The funding from FCDO supported key activities such as the PIRI Regional Regulatory Sandbox, and knowledge exchange programs.

PRIVATE SECTOR PARTNERS

AFI's private sector partners provided the network with a combination of unique private sector perspectives, technical input and targeted funding for specific AFI policy areas and activities as part of AFI's Public-Private Dialogue (PPD) Platform. AFI formalizes these partnerships through PPD Partnership Agreements.

In 2020, AFI formalized a regional PPD partnership with **HomeCredit**, a POS-Lender originating from the Czech Republic and focusing on responsible lending primarily to people with little or no credit history. HomeCredit contributed unique learnings to AFI members in the areas of financial literacy and digital financial services.

As one of the founding partners in AFI's PPD Platform, **Mastercard** continued to engage with the AFI membership in facilitating policy dialogues on fostering innovation, sharing knowledge, and building regulators' capacity on emerging payments, risk management, cybersecurity and consumer protection technologies.

As a PPD partner and payment network enabling the seamless movement of funds across borders, **Thunes** supported AFI in addressing global remittances, de-risking issues and solutions, and responsible finance, particularly in Africa. The company also shared perspectives with AFI members on women's empowerment through innovations in cross-border mobile remittances.

As a founding partner of AFI's PPD Platform, **Visa** has worked with AFI to provide knowledge inputs to AFI's thematic areas, particularly in digital financial services, and increase knowledge sharing on financial inclusion data, through knowledge exchanges and capacity building programs for AFI members.

In 2020, AFI formalized in 2020 a PPD partnership with the **Vodacom Group**, a leading African communications company providing services including mobile voice, messaging, data, financial and converged services. Vodacom contributed unique learnings to AFI members in the areas of mobile financial services, agent networks, data privacy and other areas of key interest to AFI members.

COLLABORATIONS

AFI engages in a broad range of knowledge and intellectual partnerships with institutions across the financial inclusion landscape. These are known as 'strategic knowledge resource partners' providing insights to enhance AFI's services and offerings to members, support members in policy development and implementation, and elevate the global voice of members as part of its collective responsibility to address global barriers to financial inclusion.

AFI continued to work with **Women's World Banking (WWB)** and the **University of Oxford** to conduct the second co-host of the Leadership and Diversity Program for Regulators targeting high-potential women leaders from member and non-member institutions with the objective to enhance gender diversity under point 10 of the Denarau Action Plan.

AFI in its role as Implementing Partner for the **G-20 Global Partnership for Financial Inclusion (G-20 GPFI)**, continued to engage and support the Saudi Arabian G-20 Presidency for 2020 led by the Saudi Arabia Monetary Authority (SAMA) through presenting members' approaches to digital financial inclusion of youth, women and SMEs to inform the development of guidelines by the Presidency. AFI also started engaging with the Italian Ministry of Economy and Finance in preparation to support the priorities of the incoming Italian G-20 Presidency in 'People, Planet and Prosperity'.

AFI continued to engage with the **Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24)** to co-host the annual policymakers' dialogue focusing on issues and practical policy changes to advance financial inclusion in the time of the global COVID-19 pandemic and to advance development of a Youth Financial Inclusion Policy Framework, in line with members' commitments under the 'Kigali Statement'.

AFI collaborated with the **Arab Monetary Fund (AMF)**, **GIZ** and the **World Bank Group (WB)** to advance the objectives and develop the workplan of the Financial Inclusion for the Arab Region Initiative (FIARI) for 2020.

AFI engaged in dialogues with the Financial Action Task Force (FATF) and contributed AFI members' perspective as observers at the engagements of the FATF-Style Regional Bodies including **Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)**, **Financial Action Task Force of Latin America (GAFILAT)**, **Asia/Pacific Group on Money Laundering (APG)** and **Inter-Governmental Action Group against Money Laundering in West Africa (GIABA)**.

AFI collaborated with the **Affirmative Finance Action for Women in Africa (AFAWA) team of the African Development Bank (AfDB)** to develop seven African country case studies documenting members' journey in advancing women's formal financial inclusion, with a focus on SMEs, across member jurisdictions including Nigeria, Morocco, Rwanda, Zambia, Zimbabwe, Senegal and Democratic Republic of Congo.

As a member of **Data2X's Women's Financial Inclusion Data (WFID) Partnership**, AFI accepted the nomination to co-chair the Nigeria Working Group for the Data2X WFID Phase II Project in Nigeria focusing on the second project phase to build national-level capabilities on gender data and encourage mainstreaming of technical assistance providers on gender data.

AFI continues to run the online training module, **'Certified Expert in Financial Inclusion Policy' (CEFI)** in collaboration with the **Frankfurt School of Finance and Management** which is participated by AFI members, technical staff from the Management Unit and external learners.

AFI's collaborated with **SOAS University of London** to produce the knowledge product on Inclusive Green Finance: From Concept to Practice, and further develop the policy framework on Inclusive Green Finance.

AFI participated in engagements with various development partners by contributing technical input and knowledge-sharing on COVID-19 response and recovery including with the **International Monetary Fund**, **World Bank Group**, **World Economic Forum** and **UN Secretary General's Special Advocate for Inclusive Finance for Development (UNSGSA)**.

AFI has also developed an extensive range of technical and intellectual partnerships across Europe, including developed country policymaking peer institutions, such as the **European Central Bank, European Banking Authority, Bank of England, Banque de France, Deutsche Bundesbank, Bank of Finland, Bank of Estonia, Luxembourg CSSF, Bank of Portugal,** and **Bank of Spain**, as well as partners in academia, technical service providers and other financial inclusion experts and stakeholders. The expanded partnerships have contributed significantly to enhancing AFI's Regional Initiatives, capacity building and related member services and offerings.

PART TWO: PERFORMANCE

Young MSME selling eggs. Dili, Timor Leste.
(Photo by addictive stock creatives/Alamy Stock Photo)

MESSAGE FROM THE EXECUTIVE DIRECTOR

Extraordinary challenges brought by the COVID-19 pandemic made 2020 a unique operational year, impacting normal business operations for AFI and its members around the world. With the support of members, AFI Management Unit was able to promptly and systematically adjust its delivery modality to meet members' emerging needs, in advancing the AFI 2020 Corporate Strategic Plan.

With such concerted efforts, I am pleased to report that the organization ended the year by meeting its key targets in implementing the strategic initiatives focusing on member needs. Significantly, we adopted a flexible approach by tailoring our delivery and initiatives to support members in devising and implementing COVID-19 policy responses through policy guidance and implementation. We intensified peer-to-peer engagements for practical discourses, relevant to providing swift responses, to address the impact of the pandemic through digital platforms and virtual delivery.

I am very grateful for the wisdom and foresight of the AFI Board of Directors who guided and encouraged the Management Unit to stay focused on our mission, and to at the same time be agile and flexible enough to adapt to alternative delivery modalities for continuity in serving the members. We felt encouraged by members' unwavering support through the constant, high level of fee payments during the year. At the same time, we realized that the virtual modes of interaction were well accepted and have allowed an even stronger network engagement among the members.

For the first time, AFI saw more women than men joining our capacity building activities, as these were delivered in virtual modality.

The virtual modality enabled members to exchange useful lessons and peer advice for addressing the impact of the pandemic in their respective economies.

The AFI Board of Directors also agreed to postpone the 2020 AFI Global Policy Forum (GPF), co-hosted with the Central Bank of Jordan, to minimize risks involved following the outbreak of COVID-19. Originally due to be held between 7 and 11 September, 2020 in the Dead Sea region, the AFI Board made the decision to postpone the network's flagship event until 2021 based on internal assessments by the AFI Management Unit and Central Bank of Jordan. Hosting a successful large-scale event amid the ongoing pandemic carries exposure to risks including infection, travel constraints and logistical challenges, such as social distancing requirements. This is the first time that the annual event has been postponed since its inception in 2009.

The economic impact of the pandemic posed risks that could threaten the progress made by members in advancing financial inclusion nationally. Through these challenges, however, we observed how AFI's unique horizontal cooperation model made the network more resilient to the economic impact and this was buttressed by key responses and interventions that promoted innovative solutions. These solutions enabled most members to sustain financial stability and economic growth, as well as to ensure the financial gains were safeguarded and sustained. The targeted interventions by members, codified in a special Dashboard, catalyzed a ripple effect in the network to further accelerate policy reforms as the network progressed to post-COVID-19 recovery.

137 AFI members highlighted a total of 137 policy reforms made in 2020, which included COVID-19 policy responses.

The network-wide adoption of the Policy Models for National Financial Inclusion Strategy and Consumer Protection for Digital Financial Services in 2020 further strengthened AFI's global position in technical and policy content leadership. The engagements conducted with various stakeholders, including developed country regulators, laid the foundation to enrich AFI's knowledge service offerings to members for 2020 and beyond. We envisage that the successful launch of AFI's Europe Representative Office in Luxembourg City would solidify the collaboration in the coming years. We also look forward to opening our next Regional Office in Costa Rica to be closer to and serve our members with on-the-ground office presence in Latin America and the Caribbean.

AFI is ready to move forward to expand on the strategic opportunities that will enhance the implementation of Phase III, driven through three key pillars being:

> **Pillar 1** to enhance impact by strengthening the process and content of in-country implementation and elevating AFI's Policy Models into financial inclusion policy and regulatory guidance;

> **Pillar 2** to improve delivery through decentralizing operations, capacity building approach and institutionalizing the project management approach; and

> **Pillar 3** to reinforce sustainability through the Intergovernmental Organization (IGO) status, further diversifying the funding base as well as expanding AFI's cooperation model and engagement approach.

As AFI works towards transitioning into an IGO as a key part of its organizational future direction, it is important to note that the journey will bring about the challenges of balancing agility and flexibility, to adjust to the changing operating environment within the resources available to AFI.

AFI would count on members' continued commitment and resolve to keep the Alliance focused on its mission and mandate to serve members as the network advances into the next level of global prominence. These critical ingredients will allow us to weather any storm in AFI's journey to continue advancing financial inclusion, including reinforcing the gains made in disproportionately excluded sectors of the economy, such as women, youth, forcibly displaced persons and MSMEs. They also help address the digital divide and deepen financial services for those at the bottom of the pyramid.

In terms of AFI's funding position, we are pleased to report that AFI closed the financial year with an unqualified audit report, and a solid and sustainable financial position. We are also delighted that existing and new partners have entrusted us with an increase of earmarked funding for AFI, which will allow AFI to serve the increasing demand from members for AFI's services in the coming years. As we move through 2021, we see projections of a strong, solid and stable resource foundation with committed members and support from stakeholders.

AFI has a good base of financial resources to continue delivering services to members towards fulfilling their financial inclusion mandate and contributing to the achievement of Sustainable Development Goals (SDGs).

On behalf of AFI, I wish to express my gratitude to the Board of Directors and Board Committees for their oversight and strategic guidance to ensure we remain accountable and uphold good governance. I am also grateful to the management and staff of the AFI Management Unit for their passion, dedication and commitment towards achieving AFI's goals. I am confident that as we continue to work closely together, we will accelerate the progress to realize the vision of increasing access and usage of quality financial services to the populace without leaving anyone behind.

Dr. Alfred Hannig
Executive Director, AFI

HIGHLIGHTS OF KEY ACTIVITIES - GOVERNANCE

THE MEMBERSHIP COUNCIL AND BOARD OF DIRECTORS

- ratified new Committee members for the term commencing September 2020 to September 2022, for the Committees as follows: Audit Committee Budget and Finance Committee; Gender Inclusive Finance Committee; and Global Standards and Policy Committee
- approved AFI Annual Report and Audited Financial Report for Financial Year ended 31 December, 2019
- approved the enhanced Capacity Building Strategy for 2020-2024
- approved the Financial Inclusion Policy Models for National Financial Inclusion Strategy and Consumer Protection for Digital Financial Services
- adopted the Statement on Post-COVID-19 Recovery for restoring the momentum for achieving financial inclusion goals

THE AUDIT COMMITTEE

- reviewed the Audited Financial Report of AFI for Financial Year ended 31 December 2019 which were certified as an unqualified report by external auditors
- reviewed and endorsed AFI's Risk Appetite and Tolerance Levels
- reviewed the recommendation for appointment of external auditor
- reviewed the progress updates of internal audits performed in FY2019 and 2020
- approved the internal audit plan for FY2020

THE BUDGET AND FINANCE COMMITTEE

- reviewed year-to-date financials and mid-year budget status
- reviewed the Budget Proposal for FY2021
- reviewed operational policies including finance, procurement and human resources management

THE GENDER INCLUSIVE FINANCE COMMITTEE

- reviewed the deliverables and targets of the Strategic Implementation Framework under the Denarau Action Plan based on AFI's Phase III Strategy and strategic priorities of the network
- provided guidance in the implementation of the second cohort of the Leadership and Diversity Program for Regulators in partnership with the Women's World Banking and the University of Oxford
- provided technical input at AFI's first Gender Inclusive Finance (GIF) Webinar on Integrating Gender Considerations into COVID-19 Policy Solutions
- provided oversight and guidance on the activities of the gender work streams across AFI's seven Working Groups, Regional Initiatives and Capacity Building activities

THE GLOBAL STANDARDS AND POLICY COMMITTEE

- reviewed and endorsed the Financial Inclusion Policy Models for National Financial Inclusion Strategy and Consumer Protection for Digital Financial Services
- provided guidance on the implementation of AFI's technical workstreams
- provided guidance on AFI's engagement with global Standard-Setting Bodies (SSBs) with a view to enhance AFI members' representation and voice, and encourage peer learning between SSBs and AFI members on the impact of the implementation of global financial standards on national financial inclusion policies

HIGHLIGHTS OF KEY ACTIVITIES

MEMBERSHIP

73 AFI received annual subscriptions from 73 member institutions (64 Principal Members and 9 Associate Members).

The level of fee payments by members was a strong indication of members' commitment and recognition of AFI's value and support towards advancing their national financial inclusion policy goals.

POLICY CHANGES

137 AFI members continued to advance policy changes with reported 137 policy reforms in 2020.

The policy changes also include COVID-19 Policy Responses in addition to the thematic areas that members continued to prioritize in order to address their in-country financial inclusion challenges and those corresponding to member-endorsed Accords.

Female manager quality-checks sacks of dried coffee beans at a coffee farmers' cooperative warehouse in Mbale, Uganda, East Africa.
(Photo by Jake Lyell/Alamy Stock Photo)

MEMBER ENGAGEMENT

96% AFI members had a significantly high engagement in 2020, with 96 percent of the paid members using at least two AFI services.

58% Members continued to take up leadership roles in the governance of AFI with 58 percent of paid members holding at least one leadership role in the AFI network in 2020.

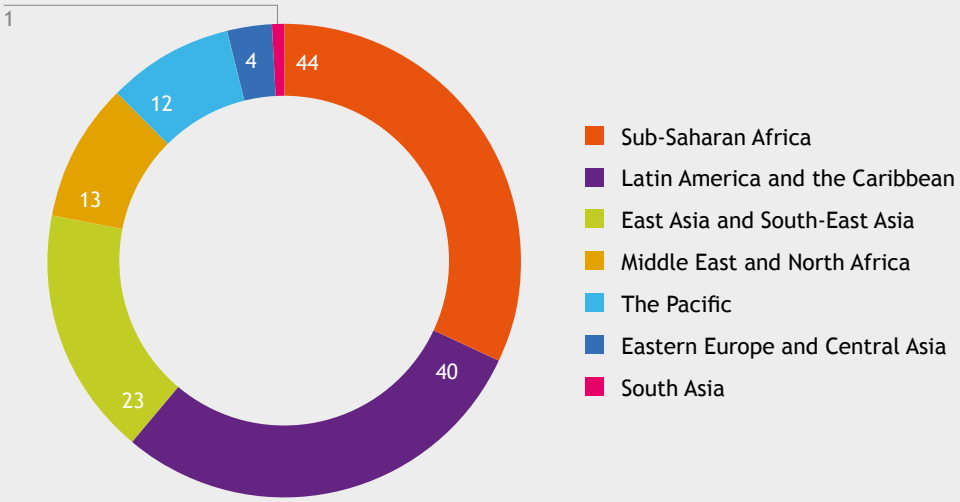
MEMBER SATISFACTION

87% The Member Needs Assessment (MNA) survey conducted for 2020 indicated that overall satisfaction of AFI members with AFI remained high at the rating of 8.7 out of 10.

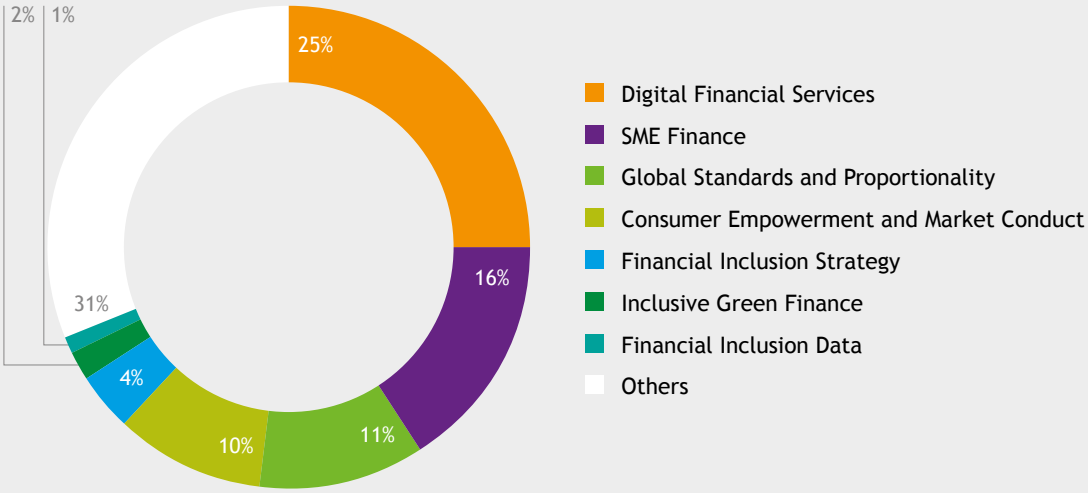
Satisfaction with AFI was consistently recorded at a high level for the following areas: (i) providing guidance to members complementing the standards prescribed by global Standard-Setting Bodies (SSBs); (ii) being recognized as a center of technical excellence; (iii) delivery of capacity building initiatives; (iv) satisfaction in all policy areas increased particularly for Inclusive Green Finance and FinTech; and (v) usefulness level of in-country implementation support.

NUMBER OF PAYING MEMBERS, 2016-2020

POLICY AND REGULATORY REFORMS REPORTED BY AFI MEMBERS 2020, BY REGION



POLICY AND REGULATORY REFORMS REPORTED BY AFI MEMBERS 2020, BY AFI POLICY AREAS, %

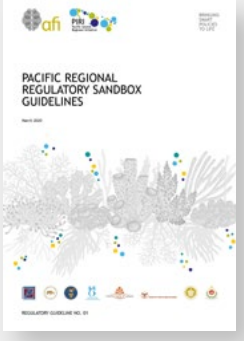


REGIONAL INITIATIVES

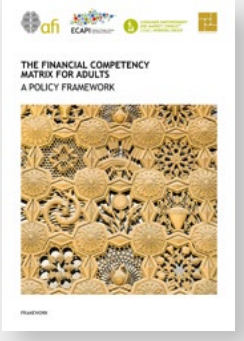
- AfPI members developed Regional Policy Frameworks for: **Enhancing MSME Financing Ecosystem in Africa**; and **Strengthening Agent Networks for Digital Financial Services**.
- FILAC members developed policy content for financial education, and guidance on closing the gender gap, and enhanced collaboration with GAFILAT to address challenges related to AML/CFT for financial inclusion in the region.
- PIRI members published its **Pacific Regional Regulatory Sandbox Guidelines** to provide guidance to the Pacific and other regions looking to encourage innovative financial technology (FinTech) solutions that foster greater financial inclusion. PIRI also endorsed and commenced implementation of a regional de-risking action plan based on a workshop conducted in November 2019, aimed at curbing losses in correspondent banking relationships due to concerns over money laundering and terrorist financing and established a disaster preparedness and response subgroup under the IGF Working Group.
- ECAPI members developed a policy framework on **The Financial Competency Matrix for Adults** and worked on knowledge products such as **The Long-Term Effectiveness of Financial Education Classroom Workshops in Rural Areas** and **Key Facts Statements for Credit**.
- AFI collaborated with the ASEAN Working Committee on Financial Inclusion (WC-FINC) established by ASEAN finance ministers and central bank governors to conduct a baseline survey on Digital Financial Literacy (DFL), co-develop a workshop to build and enhance capacity of the Working Committee on DFL interventions. The Working Committee is in the process of developing a policy note on DFL which will be launched in 2021, facilitating regional implementation of DFL initiatives in the ASEAN region.

Enhancing MSME Financing Ecosystem in Africa

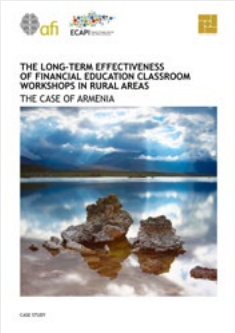
Strengthening Agent Networks for Digital Financial Services



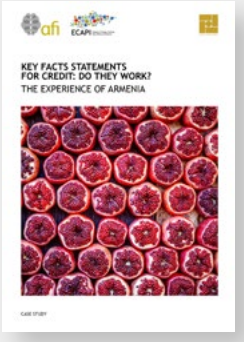
Pacific Regional Regulatory Sandbox Guidelines



The Financial Competency Matrix for Adults



The Long-Term Effectiveness of Financial Education Classroom Workshops in Rural Areas



Key Facts Statements for Credit

STRATEGIC APPROACH AND PERFORMANCE

2020: IMPLEMENTATION OF AFI PHASE III STRATEGY

AFI continued to implement the Phase III Strategy in 2020 aimed to strengthen AFI's position as a global policy leadership alliance and enhancing members' in-country implementation of financial inclusion policies. Since early 2020, the global COVID-19 pandemic brought disruptions to the normal business operations in the Management Unit and the membership. AFI's initial Corporate Strategy and Operational Plan for 2020 outlined initiatives to be delivered through physical, face-to-face engagements. However, the implementation of programs and activities was curtailed by movement and travel restrictions that made it impossible to conduct physical events and conducting in-country implementation missions. The network adapted to the prevailing circumstances and addressed the challenges through measures that ensured continuity in implementing the 2020 Corporate Strategy and Operational Plan, albeit with adjustments in the mode of service delivery through virtual platforms.

In delivering on the Corporate Strategy for 2020, AFI continued to be guided by three strategic objectives which are:

STRATEGIC OBJECTIVE 1
Guidance for devising financial inclusion policies and regulations

STRATEGIC OBJECTIVE 2
Enhancing implementation of evidence-based financial inclusion policies

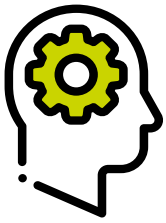
STRATEGIC OBJECTIVE 3
Agenda-setting in the global financial inclusion discourse

Women attend adult literacy course in Agadir, Morocco. (Photo by Jake Lyell/Alamy Stock Photo)

STRATEGIC OBJECTIVE 1 GUIDANCE FOR DEVISING FINANCIAL INCLUSION POLICIES

ACHIEVEMENTS

AFI continued to support members' financial inclusion goals by providing practical guidance in developing financial inclusion policies and regulations, including devising policy and regulatory responses to address the impact of COVID-19 on financial inclusion in members' countries. Since AFI's establishment in 2009, over 800 policy changes were implemented by 99 member institutions, of which 137 were implemented in 2020.



In 2020, AFI produced a total of 37 knowledge products including:

- 9 Case Studies
- 5 Special Reports
- 4 Regional Policy Frameworks
- 4 Guideline Notes
- 4 Survey Reports
- 2 Policy Models
- 2 Frameworks
- 1 Regulatory Guideline
- 1 Policy Guidance Note
- 1 Toolkit
- 1 Member Series
- 1 Reflection Paper
- 1 Dialogue Paper
- 1 Workshop Report

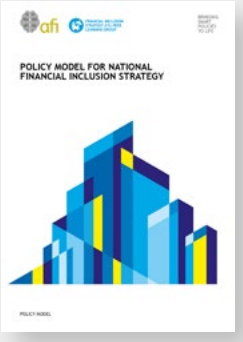
The knowledge products also included additional guidance to address members' emerging needs to devise and implement policy responses to address the impact of COVID-19 during 2020.

KEY ENABLERS

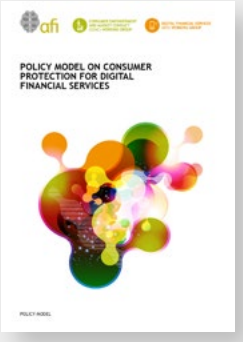
1. WORKING GROUPS

Although the COVID-19 pandemic impacted AFI's ability to hold Working Group meetings physically, AFI re-oriented the engagement of the Working Groups into virtual meetings to ensure that they continued to generate member-based content that is critical to policy reforms in the network. In 2020, the high impact policy lessons documented by the Working Groups culminated in two more financial inclusion policy models or guidance by AFI members at the AGM. The following policy models were aligned to international good practices and codified members' experiences as evidence in the effective implementation of the respective thematic policy area:

- **Policy Model for National Financial Inclusion Strategy** developed by AFI's Financial Inclusion Strategy Peer Learning Group to provide members with guidance and benchmark on tried and tested approaches for the development and implementation of their respective National Financial Inclusion Strategy (NFIS) and serve as a user-friendly structured roadmap which members and stakeholders can use to guide the process of drafting a new NFIS or upgrading an existing NFIS.
- **Policy Model for Consumer Protection for Digital Financial Services** developed by AFI's Consumer Empowerment and Market Conduct Working Group and Digital Financial Services Working Group aims to guide members in improving consumer protection policy frameworks for digital financial services as well as in developing a baseline on regulatory frameworks on consumer protection for digital financial services within the AFI network.



Policy Model for National Financial Inclusion Strategy



Policy Model for Consumer Protection for Digital Financial Services

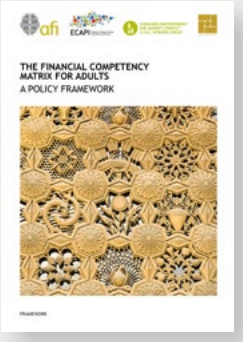
Among the highlights of the activities of AFI's Working Groups were:

The Consumer Empowerment and Market Conduct Working Group (CEMCWG) conducted a peer review on the financial capability survey tool for the Bank of Uganda, and jointly reviewed with FIDWG, the Demand-Side Survey for Financial Inclusion and Education Baseline Study for Centrale Bank van Suriname. CEMCWG published the following knowledge products:

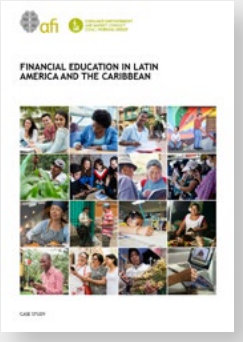
- **Financial Competency Matrix for Adults:** A Policy Framework to provide a structure to support effective policymaking, monitoring and assessment based on the Financial Capability Barometer developed by AFI member institution, Central Bank of Armenia (CBA) and identifies various areas in which policymakers might apply this tool.
- **Financial Education in Latin America and the Caribbean as a case study** to assess the development of financial education in different countries in Latin America and the Caribbean region, their varied approaches, and the progress they have achieved in financial education as a result of joint efforts made by governments, the private sector and the general public.

The Digital Financial Services Working Group (DFSWG) jointly developed the Policy Model on Consumer Protection for DFS with CEMCWG which was approved by the AFI membership. The DFSWG also conducted peer review on the Policy Paper on Modernization of the National Payment System (NPS) for the Central Bank of Seychelles, and Regulation on Information Security and Cybersecurity Management for Superintendencia de Banca, Seguros y AFP del Perú. DFSWG published the following knowledge products:

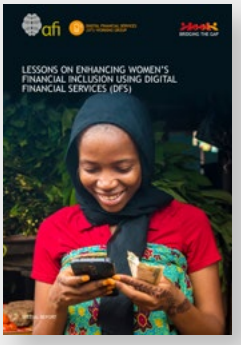
- **Lessons on Enhancing Women's Financial Inclusion Using Digital Financial Services (DFS)** to present the findings of a study undertaken to emphasize the role of DFS (including FinTech solutions) in enhancing and sustaining the access, use and overall quality of financial services, by women.
- **Policy Framework for Leveraging Digital Financial Services to Respond to Global Emergencies - Case of COVID-19** to provide policy guidance to regulators within the AFI network and beyond, in developing relevant policy and regulatory responses to mitigate the effects of global pandemics by leveraging on DFS. This guidance is also applicable for other emergencies, including natural and manmade disasters such as cyclones, earthquakes, conflicts, forced displacements, etc.



The Financial Competency Matrix for Adults



Financial Education in Latin America and the Caribbean



Lessons on Enhancing Women's Financial Inclusion Using Digital Financial Services (DFS)

Policy Framework for Leveraging Digital Financial Services to Respond to Global Emergencies - Case of COVID-19

The Financial Inclusion Data Working Group (FIDWG) published the **Guideline Note on Sex-Disaggregated Data Report Templates** to share practical experience and lessons learned from AFI member institutions in following a standard data collection mechanism from the supply side. FIDWG also conducted peer reviews on: Financial Inclusion Supply-Side and Demand-Side Survey for Banque Centrale de Mauritanie; Financial Inclusion Demand-Side Survey for the Royal Monetary Authority of Bhutan; Financial Inclusion Indicators and Dashboard for the Palestine Monetary Authority, and Financial Inclusion Index for the Bank of Zambia.

The Financial Inclusion Strategy Peer Learning Group (FISPLG) developed the Policy Model for National Financial Inclusion Strategy which was approved by the AFI membership, and published the following knowledge products:

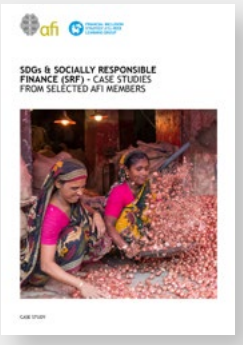
- **Integrating Youth into a National Financial Inclusion Strategy** to provide practical guidance to AFI members and other financial inclusion policymakers seeking to integrate youth financial inclusion into their National Financial Inclusion Strategies (NFIS).
- **SDGs and Socially Responsible Finance (SRF) – Case Studies from Selected AFI Members** to examine the role of financial institutions in achieving the UN SDGs through socially responsible finance, a broad range of political and commercial adjustments aimed at ensuring financial systems protect society and the environment.

The Global Standards Proportionality Working Group (GSPWG) published the **Inclusive Financial Integrity: A Toolkit for Policymakers** to provide practical guidance on aligning financial inclusion and AML-CFT outcomes with respect to the formulation and implementation of related policy and regulation. The toolkit is in line with the Risk-Based Approach of the Financial Action Task Force (FATF) and was developed to provide complementary practical guidance to support members in implementing the FATF standards without unintended consequences for financial inclusion.

10 A total of 10 peer reviews were conducted by AFI's Working Groups.

Guideline Note on Sex-Disaggregated Data Report Templates

Integrating Youth into a National Financial Inclusion Strategy



SDGs and Socially Responsible Finance (SRF) – Case Studies from Selected AFI Members

Inclusive Financial Integrity: A Toolkit for Policymakers

The SME Finance Working Group (SMEFWG) conducted peer review on the National SME Survey to Assess the Impact of COVID-19 for the Bank of Papua New Guinea, and developed the following knowledge products:

- **Policy Note on SME Finance Responses to COVID-19 in AFI Member Countries** to highlight various measures taken by countries to encourage business operations, safeguard jobs and increase domestic investment covering the mitigation and recovery phase of policy responses.
- **Financial Education for the MSMEs: Identifying MSME Educational Needs** as a report to highlight and share the various awareness and education-related issues that could hinder the economic growth of MSMEs.

The Inclusive Green Finance Working Group (IGFWG) conducted a peer review on the Bhutan Green Finance Roadmap for the Royal Monetary Authority of Bhutan and developed the following knowledge products:

- **Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition)** to highlight new and emerging policy practices that are guiding the transition to more inclusive and resilient low-carbon economies as part of contributing to the global effort to implement the Paris Agreement and achieve climate-related SDGs.
- **Inclusive Green Finance Policies for MSMEs** to highlight policies with reference to AFI's 4Ps framework of inclusive green finance: Provision, Promotion, Protection and Prevention.
- **Climate Risk Insurance for the Agriculture Sector in Armenia** as a case study to detail specific conditions that make Armenia's agricultural sector vulnerable to climate change, and steps that AFI's member, the Central Bank of Armenia, has taken to cope with the effects of a warming climate.

Policy Note on SME Finance Responses to COVID-19 in AFI Member Countries

Financial Education for the MSMEs: Identifying MSME Educational Needs

Inclusive Green Finance: A Survey of the Policy Landscape (Second Edition)

Inclusive Green Finance Policies for MSMEs

Climate Risk Insurance for the Agriculture Sector in Armenia

2. COVID-19 POLICY RESPONSE PROJECT

Responding to members' urgent need to implement policy responses, AFI launched the COVID-19 Policy Response Project to support members to mitigate the impact of COVID-19 on their financial inclusion objectives. The initiatives launched to support members are listed below.

1

Developed a Dashboard of members' COVID-19 policy responses which can be accessed from AFI's website.

2

Conducted member surveys to facilitate AFI in developing informed tailored policy support interventions.

3

Conducted high-level webinars and leaders peer exchanges, highlighting AFI's in-country implementation support and insights of AFI strategic outlook.

4

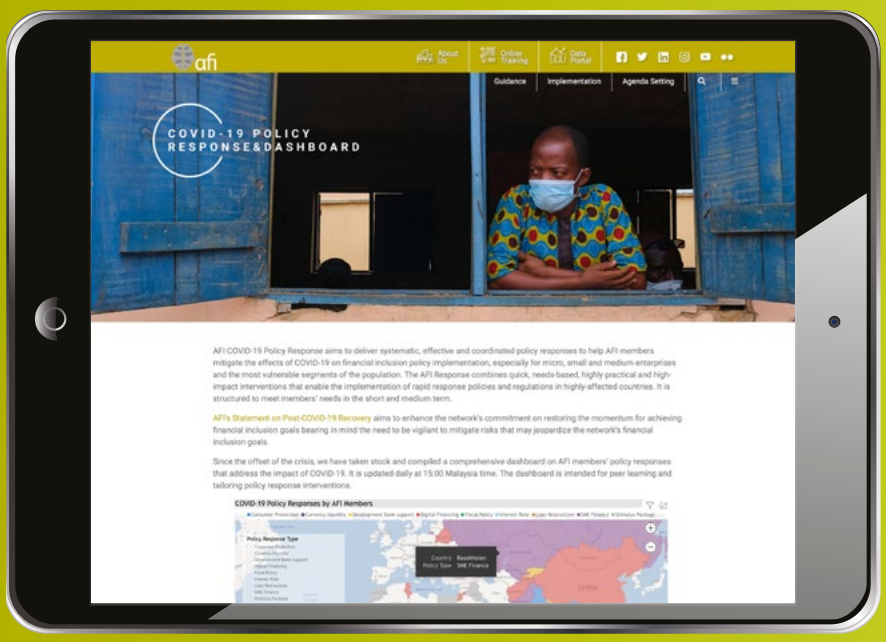
Conducted technical webinars for peer learning and enhancing capacity for policy responses for immediate to recovery stages including in FinTech, SME finance, microfinance, women's financial inclusion, financial inclusion data and consumer protection, and digital financial services.

5

Secured funding by Mastercard Foundation and a supplementary grant from the BMGF to enhance AFI's COVID-19 Policy Response initiative for the Africa region.

6

Developed and disseminated policy guidance on crisis response by leveraging on members' experience.



> Visit **www.afi-global.org/covid-19**

3. REGIONAL INITIATIVES TECHNICAL GROUPS

AFI's Regional Initiatives continued to advance policy development supported by the technical groups known as the Experts Group on Financial Inclusion Policy (EGFIP). In 2020, the EGFIP and regional leaders met virtually due to travel and movement restrictions. Despite the change in engagement modality, the Regional Initiatives were able to develop programs that address region-specific challenges using the expertise of members in the respective regions. This provided supervisory tools, regulatory frameworks and the capacity to support members' in-country implementation of financial inclusion goals. Regional leaders also met virtually to provide strategic guidance to steer the progress of financial inclusion in the regions.

> "We are grateful that restrictions on hosting physical meetings have not stifled members' willingness and motivation to address pressing financial inclusion issues."
>
> Deputy Governor Abrahamyan Vakhtang, Central Bank of Armenia at the opening of ECAPI Regional Meeting

Gyeltshen a local farmer and his family in Gangtay village. Phobjikha valley, Bhutan. (Photo by Eitan Simanor/Alamy Stock Photo)

African Financial Inclusion Policy Initiative (AfPI)
AfPI members published the Regional Policy Framework on Responsible Digital Credit approved by AfPI Leaders in 2019. In 2020, members developed Regional Policy Frameworks for Enhancing MSME Financing Ecosystem in Africa and Strengthening Agent Networks for Digital Financial Services. Members also conducted activities including: peer exchanges on the implementation of Regional Frameworks on Cross-Border Remittances and Digital Financial Services (DFS) Interoperability adopted in 2018; a virtual Leaders' Roundtable to endorse regional frameworks; virtual training on approaches to enhance MSME financing; Public-Private Dialogue on strengthening last mile channels for DFS uptake, and Developed-Developing Country Dialogue on Adapting to the Crisis-Financial Sector Supervision under COVID-19.

Pacific Islands Regional Initiative (PIRI)
Following the launch of the world's first Regional Regulatory Sandbox by PIRI, AFI members from the Pacific Islands published the Pacific Regional Regulatory Sandbox Guidelines to provide guidance to the Pacific and other regions looking to encourage innovative financial technology (FinTech) solutions that foster greater financial inclusion. The PIRI also endorsed a regional de-risking action plan and established a disaster preparedness and response subgroup under the IGF Working Group.

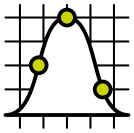
Financial Inclusion Initiative for Latin America and the Caribbean (FILAC)
AFI members from Latin America and the Caribbean developed policy content for financial education and guidance on closing the gender gap, and enhanced collaboration with GAFILAT to address challenges related to AML/CFT for financial inclusion in the region. Members also conducted peer exchanges on issues related to the COVID-19 response, recovery plans for MSMEs, policy solutions and interventions on priority policy themes in the region, with a specific focus on DFS, MSME finance and GIF.

Financial Inclusion for the Arab Region Initiative (FIARI)
AFI continued to support members in developing and conducting activities for the region in collaboration with FIARI partners throughout 2020. AFI provided input to the 2020 FIARI Workplan developed by the region's Financial Inclusion Task Force and implemented by FIARI partners to advance financial inclusion objectives in the region.

Eastern Europe and Central Asia Policy Initiative (ECAPI)
AFI members from Eastern Europe and Central Asia published the Policy Framework on Financial Competency Matrix. Members also conducted peer exchanges on e-KYC and e-ID during the PPD and Developed-Developing Country Dialogue, and conducted a member training on financial education and financial literacy including private partnership dialogue (PPD) and developed-developing country dialogue (3D).

AFI's Collaboration in Other Regions
AFI collaborated with the Association of Southeast Asian Nations (ASEAN) Financial Inclusion Initiative to develop a regional policy note on digital financial literacy. AFI also conducted a technical presentation on COVID-19 response and post-COVID-19 recovery at a webinar organized by the South Asian Association for Regional Cooperation (SAARC) for senior central bank officials in the South Asian region.

STRATEGIC OBJECTIVE 2 IN-COUNTRY POLICY IMPLEMENTATION



ACHIEVEMENTS

AFI continued to provide tailored support to members according to members' financial inclusion policy goals and corresponding with the different stages of financial inclusion development for each member. Due to restrictions on travel and movement during 2020, AFI converted the format of its capacity building programs into virtual modality.

The programs were attended by 1,307 members with representation from 77 AFI member institutions in 2020. In addition, 15 members were supported with grants for implementation of high-impact financial inclusion policies while another two members received comprehensive technical assistance through peer and external expertise facilitated by AFI.

> "The member training is a great opportunity to share key achievements and current challenges of member countries. It is a great chance to summarize the results of work of the last few months and explore peer learning opportunities to address specific challenges according to financial education and literacy, and digital innovations advancing financial inclusion."

Deputy Governor Abrahamyan Vakhtang, Central Bank of Armenia at AFI's Virtual ECAPI Member Training on Financial Education and Literacy

KEY ENABLERS

1. PRACTICAL CAPACITY BUILDING PROGRAMS

AFI continued to conduct practical capacity building programs that matched the needs and demands of members using publications developed by Working Groups and Regional Initiatives. Programs continued to be supplemented by technical input from private sector partners, non-member regulators, other international development organizations, local stakeholders in host institution countries, for a more holistic application of financial inclusion policies.

1,307

In 2020, AFI delivered 18 capacity building trainings which were attended by 1,307 members, of whom 51 percent were female and 49 percent male, representing 77 member institutions.

This is the first year where more female participants attended AFI's capacity building trainings. Three of the 18 trainings were conducted physically in early 2020 before the start of travel restrictions to control the spread of the COVID-19 pandemic worldwide with a total of 72 members who participated.

All capacity building programs conducted in 2020 received a score of 4 and above (out of 5) for "meeting the learning objective" as well as to "acquire practical solutions". Selected trainings were conducted in dual sessions to provide convenient time options for members from different time zones and all capacity building programs incorporated gender considerations in the program design.

2. IN-COUNTRY IMPLEMENTATION SUPPORT

AFI continued to provide members with in-country implementation support during 2020 via three types of services: (a) technical knowledge transfer, (b) policy grant and (c) policy advisory. Most of the in-country implementation support focused on the thematic area of Financial Inclusion Data and National Financial Inclusion Strategy, followed by Digital Financial Services and Gender Inclusive Finance, in line with overall members' policy implementation priorities. The negative impact of the COVID-19 health pandemic on travel restrictions and social distancing rules created challenges for physical activities to be conducted in AFI members' countries. Due to the challenges of implementing the projects according to the initial schedule, the implementation period for some projects was extended into 2021.

In 2020, AFI continued supporting members on in-country implementation grants approved in 2019, such as the Financial Regulatory Commission of Mongolia and Royal Monetary Authority of Bhutan in implementing policies for Inclusive Green Finance. Specifically, during the reporting period of 2020, AFI provided grants to 15 member institutions to support members' implementation of high-impact financial inclusion policies. They are as follows:

Reserve Bank of Malawi: supported the development of policy framework for improving women's financial inclusion and economic empowerment in Malawi.

National Reserve Bank of Tonga: supported the implementation of the PIRI Regional Regulatory Sandbox in the country.

Banco de Moçambique: supported the development of a FinTech regulatory and supervision framework as well as a tiered KYC framework and policy.

Bank of Namibia: provided support on increasing access and usage of financial services in Namibia through developing supply-side sex-disaggregated data template and framework for the licensing of FinTech.

Banco Central de São Tomé e Príncipe: provided support in the formulation of the National Financial Inclusion Strategy, including a strong focus on both inclusive green finance and gender inclusive finance.

Ministry of Economy and Finance of Côte d'Ivoire: supported the development of tools for financial literacy and education.

Central Bank of the Republic of Uzbekistan: supported the implementation of the National Financial Inclusion Strategy.

Reserve Bank of Zimbabwe: supported the review of the first phase and development of the second phase of the National Financial Inclusion Strategy.

Central Bank of Solomon Islands: supported the implementation of PIRI Regional Regulatory Sandbox and development of a policy document and stakeholder roadmap to increase women's financial inclusion in Solomon Islands.

Central Bank of Nigeria: supported the development of the National FinTech Strategy and development of strategy on how to leverage agent banking to drive women's financial inclusion in Nigeria.

Superintendencia de la Economía Popular y Solidaria de Ecuador: supported the development of Environmental and Social Risk Management (ESRM) Guidelines and policy framework for Digital Financial Services.

Bangladesh Bank: provided support to strengthen financial literacy policies and programs.

Bank of Papua New Guinea: provided support to develop COVID-19 Business Pulse Survey as a demand-side survey for MSMEs.

Reserve Bank of Fiji: provided support on development of a demand-side survey to identify policy recommendations for Gender Inclusive Finance and Inclusive Green Finance.

National Bank of Rwanda: supported the implementation of the National Financial Inclusion Strategy and financial inclusion for Forcibly Displaced Persons (FDPs).

In addition, two members, the Ministry of Finance of the Kingdom of Eswatini and the Bank of Uganda, were supported with comprehensive technical assistance in conducting the mid-term review of their respective National Financial Inclusion Strategy.

AFI also supported the virtual launch of the Haiti National Financial Education Plan by AFI member, Banque de la République d'Haïti. The Plan had benefited from AFI's technical input and support as part of the in-country implementation program.

3. KNOWLEDGE PARTNERSHIP ENGAGEMENT WITH FINANCIAL REGULATORY AND POLICYMAKING INSTITUTIONS FROM DEVELOPED COUNTRIES

AFI continued to engage with developed country regulators to expand collaboration to implement the developed-developing country peer learning workstream to reinforce members' needs by tapping into knowledge and experience that were not easily available in the network. The following engagements were undertaken in 2020:

> **Virtual High-Level Roundtable during the Launch of AFI's Europe Representative Office (ERO):** AFI members and representatives from the Government of the Grand Duchy of Luxembourg discussed emerging opportunities and risks of digital financial services to ensure truly inclusive and sustainable economic recovery as the world emerges from the COVID-19 pandemic as well as the potential to leverage digital financial services to further enhance and advance inclusive green finance. Key take-aways included the need to harness opportunities presented by FinTech, as well as the need for proportionate regulation to advance the financial services industry. They also highlighted that the sharing of lessons and cooperation remain crucial to reduce the risks and costs to society associated with adopting new technologies for financial services.

> **Virtual Developed-Developing Country Dialogue on e-KYC and e-ID during the ECAPI Regional Meeting:** AFI members and financial regulators from developed countries discussed knowledge and experiences in Belarus, Estonia, Germany and Russia. Among the key take-aways were the plans by the National Bank of Republic of Belarus to promote biometric authentication and insight into how strict e-ID security features was stifling private sector innovation in Germany.

> **Virtual Developed-Developing Country Dialogue on technical discussions on adapting to the crisis - financial sector supervision in times of COVID-19 during the AfPI Regional Meeting:** AFI members and financial regulators from developed countries including the European Central Bank and Banco de Portugal discussed their experiences on relevant financial sector supervision measures and approaches, gender-sensitive policy solutions as well as key policy implementation challenges and solutions.

> **Virtual Developed-Developing Country Dialogue on practical experiences in harnessing the potential of financial technology (FinTech):** AFI members and developed country regulators discussed the current state of open banking, open application programming interface (API), electronic know-your-customer (e-KYC) and digital identification with a special focus on data privacy and protection, mitigating the impact and implementation of COVID-19 recovery measures.

> Additionally, Bank of Finland shared its experience in promoting financial literacy during ECAPI member trainings in June 2020.

A waitress in a local restaurant, Grozny, Russia. (Photo by ITAR-TASS News Agency/Alamy Stock Photo)

STRATEGIC OBJECTIVE 3 AGENDA-SETTING IN THE GLOBAL FINANCIAL INCLUSION DISCOURSE

ACHIEVEMENTS

In 2020, AFI continued to elevate members' voice and highlight members' practical experiences on policy implementation in setting the agenda for global financial inclusion.

Engagements with various global platforms continued to take place including G-24 and G20 GPFI through virtual platforms as they could not take place physically due to restrictions on travel and distancing measures.

AFI's knowledge products and tools continued to be referenced in various reports and discussions in global forums.

The recognition further strengthens AFI's position in content leadership and in representing members' voice on the implementation of financial inclusion policies. The launch of AFI's Europe Representative Office (ERO) in Luxembourg City enhances AFI's proximity to many global Standard-Setting Bodies (SSBs) headquartered in the Europe region and provides an opportunity for AFI to deepen engagements with SSBs and stakeholders for strengthening knowledge partnerships.

AFI also continued to engage with other global institutions such as the IMF on effective cooperation on financial inclusion topics of common interest during the pandemic.

With a view to ensure health and safety of AFI members and staff, AFI took a decision to postpone the annual AFI Global Policy Forum, which was scheduled to be held in the Dead Sea region in September 2020. This followed assessments conducted by AFI together with co-host the Central Bank of Jordan, which indicated holding the GPF during the period of the ongoing pandemic posed exposure to many risks including infection, travel constraints and logistical challenges.

> "The Board is confident that the AFI network, in solidarity and through continuous peer learning and experience sharing, can put in place the right policy and regulatory solutions to help strengthen our economies and emerge stronger from this crisis."

Deputy Governor Gamal Negm, Central Bank of Egypt on behalf of Board Chair, Governor Tarek Amer at the opening session of the AGM

> "We must be innovative and, at the same time, preserve the DNA of AFI. This is very important and very dear to us."

Deputy Governor Dr. Norbert TOE, Banque Centrale des Etats de l'Afrique de l'Ouest, presiding Chair of the AGM

KEY ENABLERS

1. AFI LEADERS' VIRTUAL DIALOGUES SERIES

AFI Leaders Virtual Dialogue Series on COVID-19 Responses for the Africa and Latin American and the Caribbean region was conducted in June and July 2020. These Virtual Dialogues for the regional leaders focused on gathering leader's inputs on AFI's strategic opportunities, sharing experiences on policy responses to the impact of COVID-19 on financial inclusion and raised key policy areas that members would need AFI's support for in-country implementation.

2. VIRTUAL ANNUAL GENERAL MEETING

Although the annual GPF could not be held in 2020, the AFI Membership Council comprising Principal and Associate Members proceeded to convene the virtual AFI Annual General Meeting (AGM) held on 9 September 2020. At the AGM, members received the presentation of the Annual Report and Audited Financial Report of AFI for the Financial Year ended 31 December 2019, and a full management performance report since the last AGM held in 2019. Members undertook a number of decisions at the AGM. They:

- approved two Financial Inclusion Policy Models for network-wide adoption for National Financial Inclusion Strategy and Consumer Protection for Digital Financial Services;
- adopted the Statement on Post-COVID-19 Recovery for restoring the momentum for achieving financial inclusion goals;
- approved the enhanced Capacity Building Strategy for 2020-2024;
- approved the amendments to AFI's Articles of Association that included the criteria and process for admitting financial regulators from developed countries as Observers in AFI, and
- ratified the appointment of members to AFI Committees for the term from September 2020 to September 2022.

3. ENGAGEMENT WITH STANDARD-SETTING BODIES (SSBS)

AFI, through the guidance of the Global Standards and Policy Committee (GSPC), engaged with international SSBs on the policy frameworks for purposes of facilitating effective implementation of financial inclusion policies in the network and positioning AFI's technical and content leadership in the global discourse on financial inclusion.

G - 2 0

G20 Global Partnership for Financial Inclusion (GPFI)

AFI engaged with and supported the Saudi Arabian G20 presidency (as it has supported the G20 Presidency in previous years) as an Implementing Partner for financial inclusion in bringing into context and practical application of key financial inclusion focus areas from the emerging economies perspective of the AFI network.

AFI presented members' approaches to digital financial inclusion of youth, women and SMEs to inform the development of guidelines by the Presidency. AFI also shared its COVID-19 policy response in the GPFI virtual plenary meeting.

AFI is preparing to support the incoming Italian G20 Presidency specifically by providing practical use case examples and potential knowledge in the focus area of the Presidency, including addressing the disproportionate economic and social impact of the crisis on the most vulnerable and underserved segments of the society, and on MSMEs as well as considering policies to reduce new financial exclusion.

FATF

esaamlg GAFILAT APG Asia/Pacific Group on Money Laundering GIABA

FATF-Style Regional Bodies

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

AFI engaged with the FSRBs and FATF in the development of its inclusive financial integrity toolkit, and subsequently presented the Toolkit at a roundtable convened by the German FATF Presidency, and in the 'Global Forum on Illicit Financial Flows' co-organized by the Governments of Germany and Norway. AFI also presented its workstream on de-risking at a GAFILAT workshop.

Financial Stability Board (FSB)

AFI engaged with the Financial Stability Board to explore knowledge exchange opportunities for collaboration in topics such as RegTech and FinTech, and climate risks to financial stability. AFI also presented members' insights in financial inclusion policy implementation at the Financial Inclusion Virtual Workshop on data usage and data protection and their implications for financial inclusion, jointly organized by the Financial Stability Board (FSB) and the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS).

In the session entitled "The way forward with data usage and financial inclusion in a post-COVID-19 world", AFI highlighted the importance of collecting better data, especially on women's access to financial services and how the COVID-19 crisis has had negative economic consequences that disproportionately impact the most vulnerable and underserved population, including those that heavily depend on cross-border remittances. The FSB also participated in an AFI technical webinar co-organized by the GSPWG and IGFWG on 'Climate Change, Financial Stability and Inclusive Green Finance'.

International Association of Deposit Insurers (IADI)

AFI conducted a virtual consultation session with the International Association of Deposit Insurers (IADI) and deposit insurance agencies to highlight members' perspective and advance joint development of an AFI-IADI Issues Paper on Deposit Insurance and E-Money.

Women Entrepreneurs Finance Initiative (We-Fi)

AFI participated in the Regional Summit at the Global Women's Forum and presented members' experience on implementing programs for the collection of sex-disaggregated data and the development of an enabling environment.

UN Secretary General's Task Force on Digital Financing of the SDGs

AFI highlighted the role of the membership in driving the digital financial services (DFS) agenda and their voice being elevated in different platforms that facilitate acceleration of the achievement of the SDGs through DFS and other financial technologies. AFI also reviewed the final recommendations and took part in the discussions.

Global Situation Room High-Level Virtual Meetings by the Bill & Melinda Gates Foundation

AFI participated in the high-level virtual meetings organized by its funder, BMGF and presented on members' policy responses and the short to long-term perspective to address the challenges and AFI's programs to mitigate the impact of the COVID-19 pandemic.

4. ENGAGEMENT WITH STAKEHOLDERS

Public-Private Dialogue (PPD)

AFI continued to enhance the engagement with public and private partners through the PPD platform both at global and regional levels. On this platform, policymakers and regulators engaged in open dialogue with the private sector leaders on financial inclusion regulatory implementation challenges, especially the impact of COVID-19 on MSMEs and vulnerable groups. The following initiatives were undertaken in 2020:

A. Public-Private Dialogue meetings

(i) On 23 April 2020, AFI held the first Virtual Global PPD Meeting on "Mitigating the Impact of COVID-19: Implications and Response Measures for MSMEs". The meeting gathered 139 participants from 44 AFI member institutions and private sector partners who highlighted practical policy solutions and identified how the private sector could bridge the existing public measures and complement mitigating actions thus creating an enabling environment for MSMEs, particularly women-led MSMEs, to recover and build resilience against external shocks, particularly those caused by COVID-19.

(ii) On 19 August 2020, AFI held a PPD meeting as part of the African Financial Inclusion Policy Initiative (AfPI). The event gathered 56 participants from AFI member institutions from Africa and AFI private sector partners including Mastercard, Thunes, Visa and Vodacom. Participants deliberated on "Strengthening last mile delivery channels for digital financial services uptake". Discussants agreed that at times of the ongoing pandemic and as countries are moving to cash-lite economies, there is a need to ensure the sustainability of the last mile delivery channels.

(iii) On 15 October 2020, AFI conducted a PPD meeting as part of Eastern Europe Central Asia Policy Initiative (ECAPI) meeting on "e-KYC/e-ID innovations advancing financial inclusion". The event was organized between AFI members in the EECA region and AFI private sector partners (HomeCredit, Visa, Mastercard) to deliberate on e-KYC and e-ID prominent innovations, respective policy enablers and lessons learned. Private sector insights and key policy recommendations highlighted during the event informed the design of an AFI Policy Framework for e-KYC and e-ID for the ECAPI region that will be published in 2021.

B. Trainings led by select AFI PPD partners

(i) PIRI-Visa Virtual PPD Training on 30 June 2020: focused on Continued Digital Transformation to Support Economic Recovery in the Pacific Islands, the member training did a deep-dive into supporting the Pacific Islands' recovery of SME/MSME businesses, the tourism industry and the continued digital transformation of the payment ecosystem and other actions, such as enabling micro and small businesses to participate in online commerce.

(ii) FILAC-Mastercard Virtual PPD Training on Engaging and Enabling MSMEs with Digital Financial Literacy and Technology Solutions on 17 July 2020: the training increased participants' capacity for designing practical gender-sensitive policy solutions for their jurisdictions, which will help mitigate the MSME credit gap with enhanced use of digital platforms.

(iii) AfPI-Mastercard Virtual PPD Training on Approaches to Enhance Financing to MSME in Africa on 18 August 2020: the event strengthened members' capacity in micro-credit solutions for MSMEs, agricultural finance for MSMEs, and the role of the private sector in supporting and advancing constructive policy and regulation that enables MSME growth, including the enactment and updating of gender-sensitive policy and regulation.

(iv) Global training on Architecture for Digital Financial Services Interoperability led by Visa on 23-24 September 2020: this training was conducted to draw attention to the architecture of DFS interoperability with participants exploring various case studies including Quick Response (QR) codes and mobile network operators.

(v) PPD Partners also contributed technical insights toward the development of select AFI knowledge products and webinars.

Additionally, following the request from SEPS Ecuador, AFI arranged a bilateral meeting between Visa and the AFI member. The virtual meeting was highly appreciated by the member and deepened practical support in the digitalization of payments in the sector under the supervision of SEPS.

> Women who work in informal sectors are most at risk of being left behind, which is why we need gender-sensitive and targeted interventions in formulating policies to address the COVID-19 pandemic."

Deputy Governor Dr. Monique Nsanzabaganwa, National Bank of Rwanda

> In these challenging times, we need to ask ourselves how we can make life easier for users of digital technology and especially women."

Christopher Harrall, Vice-President, Mastercard

Virtual G-24/AFI Policymakers' Roundtable

For the first time, AFI co-hosted in virtual format the annual roundtable with the Intergovernmental Group of Twenty-Four (G-24) on the theme "Youth financial Inclusion in the time of COVID-19". Convened on the sidelines of the virtual IMF and World Bank Group Annual Meetings, the roundtable was attended by over 100 policymakers including 15 heads and deputy heads of institutions from the AFI network. AFI and G-24 leaders shared country perspectives on actions taken to safeguard prospects and utilize potential of youth, and practical policy changes implemented to increase youth financial inclusion at this critical time. The leaders also received a presentation on the outline of the policy framework on Youth Financial Inclusion which was being developed by AFI.

Key policy takeaways included: the role that central banks and financial regulators have in enhancing youth financial inclusion through their implementation of the financial inclusion mandate; and that Digital Financial Services continue to have relevance to long-term sustainable recovery and scaling up financial inclusion for youth impacted by the pandemic. Participants also agreed on the importance of continued knowledge-sharing through the AFI/G-24 platform to identify and address converging issues, challenges and solutions.

> A lack of digital financial literacy or the unwillingness of financial institutions to lend to youth-owned businesses can restrict the ability of youth to make full use of formal financial services. Inclusion, therefore, needs to be at the heart of the design of DFS to ensure that no-one is left behind."

Governor Maha Prasad Adhikari, Nepal Rastra Bank

> We must have financial inclusion to transform lives in the short-run and long-run, so that people can have better incomes for their families."

Superintendent Dr Margarita Hernandez, Superintendente de la Economía Popular y Solidaria (SEPS) Ecuador

Virtual High-Level Roundtable at the Launch of AFI's Europe Representative Office (ERO)

AFI conducted a high-level roundtable on converging topics in financial policy and regulation following the launch of ERO. Panel speakers representing AFI leaders and senior policymakers from the Government of the Grand Duchy of Luxembourg and the broader European community conducted a discussion on emerging opportunities and risks of digital financial services to ensure truly inclusive and sustainable economic recovery as the world emerges from the COVID-19 pandemic.

Key take-aways of the event included: the need to harness the opportunities presented by FinTech, as well as the need for proportionate regulation to advance the financial services industry; and that the sharing of lessons and cooperation remained crucial to reduce the risks and costs to society associated with adopting new technologies for financial services.

There was also a recognition of the high mutual benefits of deepening dialogue between AFI members and developed country policymaking peers on converging policy topics.

Virtual Global Conference on Inclusive Green Finance

AFI co-hosted with Banco de Moçambique (BdM) the Third Global Conference on Inclusive Green Finance (IGF). AFI members reviewed the achievements that the network has made so far in IGF and mapped out the next steps to ensure IGF policy development and drive in-country implementation.

The conference also saw the launch of a new reflection paper and framework developed in collaboration with SOAS University of London. The paper identified meaningful overlaps between green finance and financial inclusion and called for a holistic approach that combines green finance and financial inclusion policies in an integrated IGF approach.

> "Central banks and regulators are called to incorporate sustainability and resilience into their policy frameworks which should also address environmental, climate and social factors. As a global phenomenon, climate change requires collective policy response and move towards a low-carbon economy that leaves no one behind."
>
> Governor Rogério Zandamela, Banco de Moçambique (BdM)]

AFI Inclusive FinTech Showcase

AFI conducted the 2020 AFI Inclusive FinTech Showcase in virtual format. The Showcase is an initiative under the 2018 Sochi Accord with AFI's membership committed to "create and participate in platforms for systemic dialogue and partnership among regulators and policymakers with FinTech companies and technology providers".

AFI invited FinTech and RegTech organizations to submit transformative solutions that contributed to financial inclusion and COVID-19 response. A total of 56 entries was received, out of which 12 FinTech innovators from across the world presented their innovative solutions to help address the fallout from the COVID-19 pandemic and shape the future of financial inclusion to AFI's membership and a panel of expert judges. Kenya-based FinTech firm, Pezesha, won first place for their digital platform which aimed to foster productivity and growth among small businesses by facilitating access to finance for MSMEs through matching them with investors, including banks, microfinance institutions and other retail lenders.

Joint Virtual Dialogues with European Bank for Reconstruction and Development (EBRD)

AFI and EBRD co-organized two virtual dialogues on GIF, which were well received by members and stakeholders. These were:

- Webinar on "The role of inclusive policies: Does COVID-19 present a challenge or an opportunity for the economic empowerment of women?" on 27 August 2020: The event discussed the importance of promoting gender-inclusive policies in post-COVID-19 economic recovery and facilitated an exchange of best practices; and
- Webinar on "Women in Business" under the aegis of the International Women Entrepreneurship Day" on 19 November 2020: The event convened government leaders and policy makers from the key ministries and agencies of the Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) active in the areas of gender equality, SME development, economy and finance as well as representatives and stakeholders from the international organizations and donor agencies.

5. MAYA DECLARATION COUNTRY COMMITMENTS

AFI continuously encouraged members to update their commitments in the AFI Data Portal and to make new commitments. The Maya Declaration Platform has been instrumental in galvanizing in-country implementation support and raising country profile on financial inclusion initiatives undertaken by AFI member institutions. 79 percent of AFI members have made a Maya Declaration Commitment.

In 2020, AFI members continued to update their targets made under their Maya Declaration Commitments aligning with the several Member Accords endorsed at the annual Global Policy Forums. The distribution of Maya Declaration Commitments by the respective member-endorsed Accord is as follows:

21%	Sochi Accord on Fintech for Financial Inclusion
3%	Denarau Action Plan on Gender Inclusive Finance
8%	Maputo Accord on SME Access to Finance
1%	Sharm El Sheikh Accord on Inclusive Green Finance
67%	Other policy areas such as consumer protection, financial literacy, national financial inclusion strategy, financial inclusion data frameworks and forcibly displaced persons

The above data indicates new Commitments made during the reporting period. Members continued to implement their Commitments according to each Accord including those which did not record any new Commitments for the same reporting period.

Owner of a tailors shop in Dodoma, Tanzania. (Photo by Jake Lyell/Alamy Stock Photo)

PART THREE: FINANCIAL REPORT

STATEMENT OF FINANCIAL POSITION

Peruvian woman measuring an artichoke, near Huaraz, Peru. (Photo by Louise Bretten/Alamy Stock Photo)

STATEMENT BY THE MANAGEMENT UNIT

We, Alfred Hannig and Chee Soo Yuen, being members of the Management Unit of Alliance for Financial Inclusion ("the Organisation"), state that, in the opinion of the Management Unit, the financial statements set out on pages 43 to 58 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the International Organisations (Privileges and Immunities) Act 1992 in Malaysia so as to give a true and fair view of the financial position of the Organisation as of 31 December 2020 and of its financial performance and cash flows for the financial year ended on that date.

Dr. Alfred Hannig
Executive Director

Chee Soo Yuen
Chief Operations Officer

10 June 2021

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Alliance For Financial Inclusion ("the Organisation"), which comprise the statement of financial position as at 31 December 2020, and the statement of income and expenditure and statement of cash flows of the Organisation for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 5 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the International Organisations (Privileges and Immunities) Act 1992 in Malaysia.

BASIS OF OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

RESPONSIBILITIES OF THE MANAGEMENT UNIT FOR THE FINANCIAL STATEMENTS

The Management Unit of the Organisation is responsible for the preparation of financial statements of

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Organisation.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Unit.

(d) Conclude on the appropriateness of the Management Unit's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Organisation to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Organisation or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

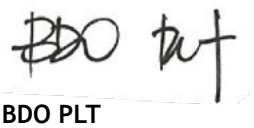
(e) Evaluate the overall presentation, structure and content of the financial statements of the Organisation, including the disclosures, and whether the financial statements of the Organisation represent the underlying transactions and events in a manner that achieves fair presentation.

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

OTHER MATTERS

The financial statements of the Organisation for the financial year ended 31 December 2019 were audited by another firm of chartered accountants whose report dated 12 May 2020 expressed an unqualified opinion on those statements.

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



BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lee Wee Hoong
03316/07/2021 J
Chartered Accountant

Kuala Lumpur
10 June 2021

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	USD 2020	USD 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**182,614**	212,700
Right-of-use asset	8	**38,540**	-
CURRENT ASSETS			
Receivables	9	**1,991,781**	1,302,009
Cash and bank balances	10	**19,366,742**	12,201,445
		21,358,523	13,503,454
TOTAL ASSETS		**21,579,677**	13,716,154
FUND AND LIABILITIES			
FUND			
Accumulated funds	11	**7,297,918**	6,396,160
TOTAL FUND		**7,297,918**	6,396,160
LIABILITIES			
Non-current liabilities			
Lease liabilities	8	**16,213**	-
Current liabilities			
Deferred income	12	**12,013,576**	5,456,972
Other payables and accruals	13	**2,229,542**	1,863,022
Lease liabilities	8	**22,428**	-
		14,265,546	7,319,994
TOTAL LIABILITIES		**14,281,759**	7,319,994
TOTAL FUND AND LIABILITIES		**21,579,677**	13,716,154

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

STATEMENT OF INCOME AND EXPENDITURE

For the financial year ended 31 December 2020

	Note	USD 2020	USD 2019
INCOME			
Donor funder		**6,506,129**	8,292,851
Donor - PPD partner		**212,500**	970,000
Membership subscription fee		**3,924,000**	4,341,000
Fixed deposit interest		**84,045**	196,556
		10,726,674	13,800,407
OTHER INCOME			
Other income		**12,631**	27,794
Realised gain on foreign exchange rates		**1,878**	-
Unrealised gain on foreign exchange rates		**93**	-
Over accrual of travel expenses - sponsorship		**170,043**	-
		10,911,319	13,828,201
EXPENDITURE			
Auditors' remuneration:			
- audit fees		**9,677**	5,271
- non-audit fees		**11,252**	16,681
Bank charges		**13,308**	10,131
Communication, publication and media cost		**133,776**	169,509
Contract services fee		**1,559,686**	582,117
Depreciation of property, plant and equipment	7	**61,846**	41,047
Depreciation of right-of-use asset	8	**3,671**	-
Event and logistic expenses		**13,785**	428,153
Grant disbursement		**1,023,653**	900,365
Interest expense on lease liabilities		**218**	-
Office and general supplies		**27,643**	28,223
Other indirect costs		**927**	994
Professional fees		**76,667**	50,346
Realised loss on foreign exchange rates		**-**	13,999
Recruitment fees and expenses		**27,392**	45,998
Rental of premise		**-**	9,473
Repair and maintenance expenses		**181,863**	200,552
Staff costs		**6,696,653**	5,425,927
Telecommunication expenses		**61,840**	57,380
Travel expenses - staff		**105,704**	1,469,349
Travel expenses - sponsorship		**-**	2,646,601
TOTAL EXPENDITURE		**(10,009,561)**	(12,102,116)
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION FOR THE FINANCIAL YEAR		**901,758**	1,726,085
TAXATION	14	**-**	-
SURPLUS OF INCOME OVER EXPENDITURE AFTER TAXATION FOR THE FINANCIAL YEAR		**901,758**	1,726,085

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	USD 2020	USD 2019
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**9,751,445**	4,247,326
RECEIPTS			
Cash receipts from donors and membership fee		**16,569,302**	14,031,655
Interest received		**132,486**	168,640
Net cash flows from fixed deposits with a licensed bank with maturity over three months		**750,000**	2,650,000
		17,451,788	16,850,295
LESS: PAYMENTS			
Auditor's remuneration		**5,970**	9,459
Bank charges		**8,147**	10,131
Contract services fee		**1,018,915**	718,318
Communication, publication and media cost		**47,210**	119,651
Event and logistic expenses		**1,173**	437,506
Grant disbursement		**905,734**	217,970
Lease payment		**3,788**	-
Other indirect costs		**498**	4,333
Office and general supplies		**20,402**	28,278
Professional fees		**45,621**	46,429
Repair and maintenance expenses		**199,470**	307,176
Realised foreign exchange rates		**5,979**	13,999
Rental of premise		**-**	9,473
Recruitment fees and expenses		**16,408**	33,302
Staff costs		**6,655,820**	5,397,267
Travel expenses - staff		**242,669**	1,539,314
Travel expenses - sponsorship		**287,543**	2,403,197
Telecommunication expenses		**71,144**	50,373
		9,536,491	11,346,176
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,915,297**	5,504,119
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10	**17,666,742**	9,751,445

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

1. GENERAL INFORMATION

The Alliance For Financial Inclusion ("the Organisation") is managed by the Management Unit of the Alliance For Financial Inclusion. The Alliance For Financial Inclusion is an organisation registered under the International Organisations (Privileges and Immunities) Act 1992 in Malaysia.

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

The financial statements were authorised for issue in accordance with Board of Directors meeting on 10 June 2021.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

- Motor vehicles 20%
- Office equipment 20%

- Office renovation 20%
- Computer software 20%
- Computer hardware 20%

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

4.2LEASES

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

(a) there is an identified asset;

(b) the Organisation obtains substantially all the economic benefits from use of the asset; and

(c) the Organisation has the right to direct use of the asset.

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

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

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

In determining the lease term, the Organisation considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

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

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

(a) leases of low value assets; and

(b) leases with a duration of 12 months or less.

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

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

(a) amounts expected to be payable under any residual value guarantee;

(b) the exercise price of any purchase option granted in favour of the Organisation if it is reasonably certain to exercise that option; and

(c) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

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

(a) lease payments made at or before commencement of the lease;

(b) initial direct costs incurred; and

(c) the amount of any provision recognised where the Organisation is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised

on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

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

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

(a) if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

(b) in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and

(c) if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect partial of the full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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

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

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

> Office premise 2 years

4.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

The impairment loss is recognised in profit or loss immediately.

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

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

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

4.4 FINANCIAL ASSETS

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

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

(i) Financial assets measured at amortised cost

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

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

(ii) Financial assets measured at fair value

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

Subsequently to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

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

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

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

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

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

4.5 FINANCIAL LIABILITIES

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Organisation becomes a party to the contractual

provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost.

(i) Financial liabilities measured at FVTPL

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

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

(ii) Financial liabilities measured at amortised cost

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

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

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

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

4.6 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

4.7 EMPLOYEE BENEFITS

(a) Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognized as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absences occur and they lapse if the current period's entitlement

is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Organisation.

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

(b) Defined contribution plans

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

4.8 FAIR VALUE MEASUREMENTS

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

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

(a) the condition and location of the asset; and

(b) restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

(a) a liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

4.9 FOREIGN CURRENCIES

(a) Functional and presentation currency

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

(b) Foreign currency translations and balances

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

4.10 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

(a)Membership fee

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

(b) Donations

(i) Donor funder

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

(ii) Donor - PPD partner

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

4.11 INTEREST INCOME

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

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 NEW MFRSs ADOPTED DURING THE CURRENT FINANCIAL YEAR

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

TITLE	EFFECTIVE DATE
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendment to MFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020 (early adopt)
Amendments to MFRS 4 Insurance *Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020

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

5.2 NEW MFRSs THAT HAVE BEEN ISSUED, BUT ONLY EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2021

TITLE	EFFECTIVE DATE
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Organisation does not expect the adoption of the above Standards to have a significant impact on the financial statements.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 CHANGES IN ESTIMATES

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

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

6.2 CRITICAL JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

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

6.3 KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(a) Depreciation of property, plant and equipment

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

(b) Impairment of receivables

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

7. PROPERTY, PLANT AND EQUIPMENT

2020	BALANCE AS AT 1.1.2020 USD	ADDITIONS USD	DEPRECIATION CHARGE FOR THE FINANCIAL YEAR USD	BALANCE AS AT 31.12.2020 USD
CARRYING AMOUNT				
Motor vehicles	13,152	-	(6,234)	6,918
Office equipment	39,161	2,368	(13,710)	27,819
Office renovation	23,770	-	(6,273)	17,497
Computer software	100,511	26,871	(27,447)	99,935
Computer hardware	36,106	2,521	(8,182)	30,445
	212,700	31,760	(61,846)	182,614

	31 DECEMBER 2020		
	COST USD	ACCUMULATED DEPRECIATION USD	CARRYING AMOUNT USD
Motor vehicles	31,169	(24,251)	6,918
Office equipment	68,946	(41,127)	27,819
Office renovation	31,363	(13,866)	17,497
Computer software	139,472	(39,537)	99,935
Computer hardware	42,639	(12,194)	30,445
	313,589	(130,975)	182,614

2019	BALANCE AS AT 1.1.2020 USD	ADDITIONS USD	DEPRECIATION CHARGE FOR THE FINANCIAL YEAR USD	BALANCE AS AT 31.12.2020 USD
CARRYING AMOUNT				
Motor vehicles	19,402	-	(6,250)	13,152
Office equipment	52,491	-	(13,330)	39,161
Office renovation	20,057	9,078	(5,365)	23,770
Computer software	-	112,601	(12,090)	100,511
Computer hardware	-	40,118	(4,012)	36,106
	91,950	161,797	(41,047)	212,700

	31 DECEMBER 2019		
	COST USD	ACCUMULATED DEPRECIATION USD	CARRYING AMOUNT USD
Motor vehicles	31,169	(18,017)	13,152
Office equipment	66,578	(27,417)	39,161
Office renovation	31,363	(7,593)	23,770
Computer software	112,601	(12,090)	100,511
Computer hardware	40,118	(4,012)	36,106
	281,829	(69,129)	212,700

8. LEASES

THE ORGANISATION AS LESSOR

Right-of-use asset

2020	BALANCE AS AT 1.1.2020 USD	ADDITIONS USD	DEPRECIATION CHARGE FOR THE FINANCIAL YEAR USD	BALANCE AS AT 31.12.2020 USD
CARRYING AMOUNT				
Office premise	-	42,211	(3,671)	38,540

	USD 2020	USD 2019
LEASE LIABILITIES		
Balance as at 1 January	-	-
Additions	42,211	-
Lease payments	(3,788)	-
Interest expense	218	-
Balance as at 31 December	38,641	-
Represented by:		-
Current liabilities	22,428	-
Non-current liabilities	16,213	-
	38,641	-
Lease liabilities owing to non-financial institutions	38,641	-

(a) The following are the amounts in income and expenditure:

	USD 2020	USD 2019
Depreciation of right-of-use asset	3,671	-
Interest expense on lease liabilities	218	-
	3,889	-

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

(c) The Organisation leases a lease contract that include extension and termination options. This is used to maximise operational flexibility in terms of managing the asset used in the Organisation's operations. Management exercises its judgement in determining whether this extension and termination option is reasonably certain to be exercised.

As at 31 December 2020, there are no undiscounted potential future rental payments that are not included in the lease term.

9. RECEIVABLES

	USD 2020	USD 2019
RECEIVABLES		
Third parties	1,895,989	1,246,299
OTHER RECEIVABLES		
Other receivables	8,372	55,710
Total receivables, net of prepayments	1,904,361	1,302,009
Prepayments	87,420	-
	1,991,781	1,302,009

(a) Receivables are non-interest bearing and the normal credit terms of receivables granted by the Organisation ranged from 30 to 180 days (2019: 30 to 180 days). They are recognized at their original invoices amounts, which represent their fair values on initial recognition.

During the financial year, one of the Organisation's receivables has renegotiated the repayment terms of its original invoice from cash payment to part payment through cash and benefit in kinds. The amortised cost prior to modification of the receivable that was modified but not derecognised during the year is USD 70,100. As the counterparty of the modified receivable is a Government Agency, the Organisation did not recognise any Expected Credit Losses on the modified receivable.

The Organisation did not renegotiate the terms of any receivables in the previous financial year.

10. CASH AND BANK BALANCES

	USD 2020	USD 2019
Cash and bank balances	7,540,776	710,334
Fixed deposits with a licensed bank	11,825,966	11,491,111
	19,366,742	12,201,445

(c) Deposits with a licensed bank of the Organisation has maturity periods ranging from 30 days to 365 days (2019: 30 days to 365 days) with interest rates ranging from 0% to 1.80% (2019: 1.98%) per annum.

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

	USD 2020	USD 2019
CASH AND BANK BALANCES	**7,540,776**	710,334
Fixed deposits with a licensed bank		
- not more than three months	**10,125,966**	9,041,111
- more than three months	**1,700,000**	2,540,000
LESS:		
Fixed deposits with a licensed bank more than three months	**(1,700,000)**	(2,450,000)
Cash and cash equivalents included in the statement of cash flows	**17,666,742**	9,751,445

11. ACCUMULATED FUNDS

DISTRIBUTABLE	USD 2020	USD 2019
Accumulated funds balance brought forward	**6,396,160**	4,670,075
Surplus of income over expenditure after taxation for the financial year	**901,758**	1,726,085
Accumulated funds balance carried forward	**7,297,918**	6,396,160

12. DEFERRED INCOME

	USD 2020	USD 2019
Deferred income	**12,013,576**	5,456,972

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

(b) Deferred income arose from members are advances received for FY2021 (2019: FY2020) membership fee.

(c) Deferred income at the beginning of the period recognised as revenue during the year amounting to USD 6,556,604 (2019: USD 1,454,965).

13. OTHER PAYABLES AND ACCRUALS

	USD 2020	USD 2019
Other payables	**197,137**	110,113
Accruals	**2,032,405**	1,752,909
	2,229,542	1,863,022

14. TAXATION

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

15. EMPLOYEE BENEFITS

	USD 2020	USD 2019
Salaries and bonus	**6,188,377**	5,048,839
Defined contribution plan	**332,329**	226,851
Other employee benefits	**175,947**	150,237
	6,696,653	5,425,927

16. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Organisation is to ensure that the Organisation would be able to continue as a going concern. The Organisation monitors and manage its capital structure and makes adjustments to it, in light of changes in economic condition. The Organisation's policies and procedures involve obtaining funding from donors, partners and members to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

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

(b) Categories of financial instruments

	RM 2020	RM 2019
FINANCIAL ASSETS AT AMORTISED COST		
Receivables (excluding prepayments)	**1,904,361**	1,302,009
Cash and bank balances	**19,366,742**	12,201,445
	21,271,103	13,503,454
FINANCIAL ASSETS AT AMORTISED COST		
Other payables and accruals	**2,229,542**	1,863,022
Lease liabilities	**38,641**	-
	2,268,183	1,863,022

(c) Method and assumption used to estimate fair value

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

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

The carrying amounts of financial assets and financial liabilities, such as receivables and other receivables, other payables and accruals and lease liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced

to market interest rates on or near the end of the reporting period.

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

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

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

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management

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

(i) Credit risk

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

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

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

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

	GROSS CARRYING AMOUN RM T	LOSS ALLOW-ANCE RM	NET BALANCE RM
2020			
Current (not past due)	1,861,785	-*	1,861,785
Past due More than 365 days	34,204	-*	34,204
	1,895,989	-*	1,895,989
2019			
Current (not past due)	1,246,299	-*	1,246,299

*Amount is negligible.

Generally, the Organisation considers its receivable as low risk considering that these receivables are amount owing from government agencies, large corporation and foundations. As such, no expected credit losses were recognised arising from receivables as it is negligible.

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

Exposure to credit risk

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

Credit risk concentration profile

As at 31 December 2020, other than the amount owing by three (2019: one) major receivables constituting approximately 61% (2019: 75%) of the total receivables of the Organisation, the Organisation does not have any significant concentration of credit risk related to any individual customer or counterparty.

(ii) Liquidity and cash flow risk

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

Analysis of financial instruments by remaining contractual maturities

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

	ON DEMAND OR WITHIN ONE YEAR USD	ONE TO FIVE YEARS USD	OVER FIVE YEARS USD	TOTAL USD
As at 31 December 2020				
Other payables and accruals	2,229,542	-	-	**2,229,542**
Lease liabilities	22,728	17,046	-	**39,774**
	2,252,270	17,046	-	**2,269,316**
As at 31 December 2019				
Other payables and accruals	1,863,002	-		**1,863,002**

(iii) Interest rate risk

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

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

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

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

	WAEIR %	WITHIN 1 YEAR USD	1 - 2 YEARS USD	TOTAL USD
As at 31 December 2020				
FIXED RATES				
Fixed deposits with a licensed bank	1.55	11,825,966	-	**11,825,966**
Lease liabilities	3.17	22,428	16,213	**38,641**
As at 31 December 2019				
FIXED RATES				
Fixed deposits with a licensed bank	1.98	11,491,111	-	**11,491,111**

(iv) Foreign currency risk

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

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

Foreign currency exposure 2020	UNITED STATES DOLLAR USD	RINGGIT MALAYSIA USD	WEST AFRICAN CFA FRANC USD	EURO USD	COLOMBIAN PESO USD	POUND STERLING USD	TOTAL USD
FINANCIAL ASSETS							
Receivables, net of prepayments	1,075,931	-	-	271,568	-	556,862	1,904,361
Cash and bank balances	18,435,997	344,209	5,735	578,091	2,710	-	19,366,742
	19,511,928	344,209	5,735	849,659	2,710	556,862	21,271,103
FINANCIAL LIABILITIES							
Other payables and accruals	(2,229,542)	-	-	-	-	-	(2,229,542)
Lease liabilities	-	-	-	(38,641)	-	-	(38,641)
Net financial assets / (liability)	17,282,386	344,209	5,735	811,018	2,710	556,862	19,002,920
Less: Net financial (assets) / liability denominated in the entity's functional currencies	(17,282,386)	-	-	-	-	-	(17,282,386)
Currency exposure	-	344,209	5,735	811,018	2,710	556,862	1,720,534

Foreign currency exposure *continued*

2019	UNITED STATES DOLLAR USD	RINGGIT MALAYSIA USD	WEST AFRICAN CFA FRANC USD	EURO USD	COLOMBIAN PESO USD	POUND STERLING USD	TOTAL USD
FINANCIAL ASSETS							
Receivables	293,533	-	-	-	-	1,008,476	1,302,009
Cash and bank balances	12,034,209	125,480	9,290	29,532	2,934	-	12,201,445
	12,327,742	125,480	9,290	29,532	2,934	1,008,476	13,503,454
FINANCIAL LIABILITIES							
Other payables and accruals	(1,863,022)	-	-	-	-	-	(1,863,022)
Net financial assets / (liability)	10,464,720	125,480	9,290	29,532	2,934	1,008,476	11,640,432
Less: Net financial (assets) / liability denominated in the entity's functional currencies	(10,464,720)	-	-	-	-	-	(1,863,022)
Currency exposure		125,480	9,290	29,532	2,934	1,008,476	1,175,712

Sensitivity analysis for foreign currency risk

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

	USD 2020	USD 2019
Effect on Surplus of Income Over Expenditure After Taxation		
RM/USD		
- strengthen by 3%	**62,628**	729
- weaken by 3%	**(62,628)**	(729)
EUR/USD		
- strengthen by 3%	**23,671**	761
- weaken by 3%	**(23,671)**	(761)
GBP/USD		
- strengthen by 3%	**17,305**	30,150
- weaken by 3%	**(17,305)**	(30,150)

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

18. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The 2019 Novel Coronavirus infection ("COVID-19") was declared a pandemic by the World Health Organisation on 11 March 2020 and a Movement Control Order ("MCO") was imposed by the Government of Malaysia on 18 March 2020, which has subsequently entered into various phases of MCO to contain the spread of COVID-19.

The year 2020 has been a challenging one, given the COVID-19 pandemic. While some of the delivery modalities for the Organisation's services have been affected by the movement restrictions occasioned by the pandemic, the Management Unit was quick to change operating modality by replacing physical events with virtual mode.

Going forward, the Organisation intends to have a mix of virtual activities and in-person activities to leverage on the advantages provided by the two delivery modalities, while limiting their adverse impact.

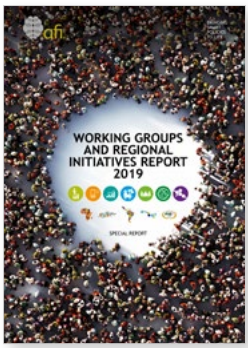
As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Organisation will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

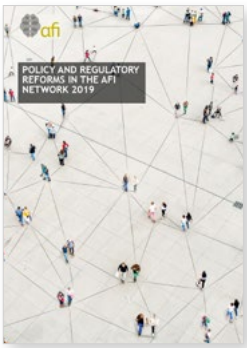
PART FOUR: REFERENCES

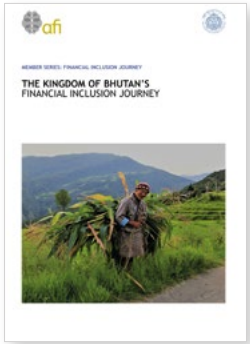
Matuku Women's Committee. Matuku, Fiji. (Photo by Mike Robinson/Alamy Stock Photo)

AFI KNOWLEDGE PRODUCTS

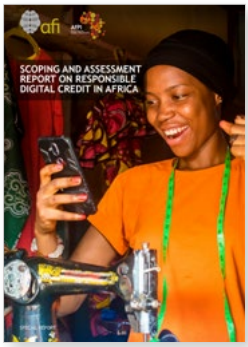
AFI AND THEMATIC AREAS

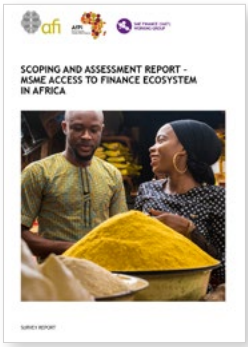






REGIONAL INITIATIVES





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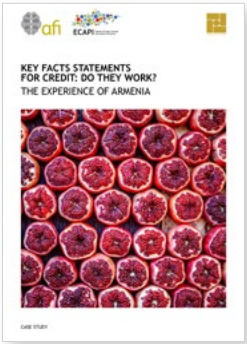
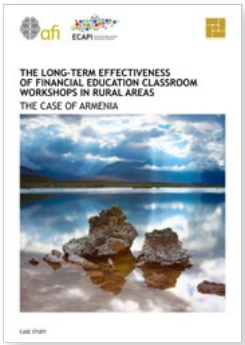
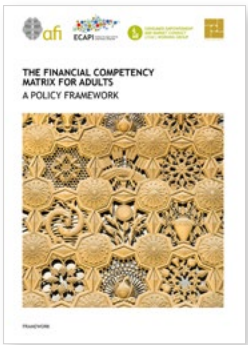
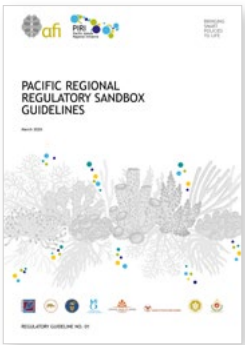
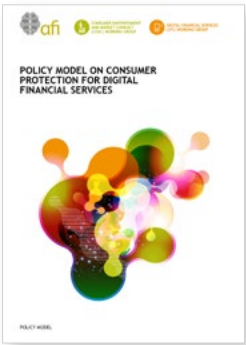


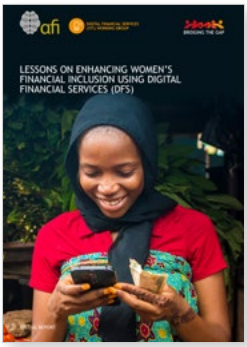






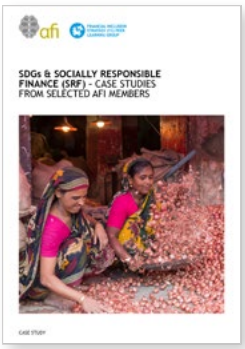
WORKING GROUPS

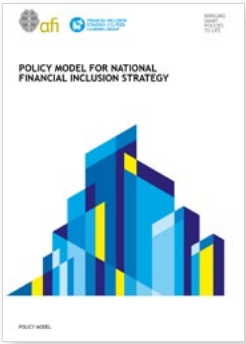




AFI KNOWLEDGE PRODUCTS *continued*

WORKING GROUPS *continued*





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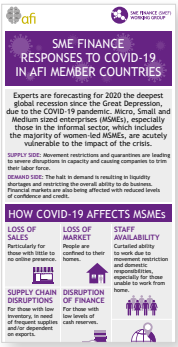

2020 AFI CALENDAR OF EVENTS

GOVERNANCE MEETINGS

23 January	Board of Directors Meeting	Cairo, Egypt
2 April	Audit Committee Meeting	Virtual Teleconference
9 April	Audit Committee Meeting	Virtual Teleconference
15 April	Gender Inclusive Finance Committee Meeting	Virtual Teleconference
7 May	Global Standards and Policy Committee Meeting	Virtual Teleconference
12 May	Board of Directors Meeting	Virtual Teleconference
13 July	Budget and Finance Committee Meeting	Virtual Teleconference
16 July	Global Standards and Policy Committee Meeting	Virtual Teleconference
29 July	Board of Directors Meeting	Virtual Teleconference
12 August	Audit Committee Meeting	Virtual Teleconference
13 August	Budget and Finance Committee Meeting	Virtual Teleconference
2 September	Board of Directors Meeting	Virtual Teleconference
9 September	Annual General Meeting	Virtual Teleconference
5 October	Budget and Finance Committee Meeting	Virtual Teleconference
21 October	Board of Directors Meeting	Virtual Teleconference
11 November	Gender Inclusive Finance Committee Meeting	Virtual Teleconference
24 November	Budget and Finance Committee Meeting	Virtual Teleconference
9 December	Gender Inclusive Finance Committee Meeting	Virtual Teleconference
17 December	Board of Directors Meeting	Virtual Teleconference

GLOBAL EVENTS

5 October	Launch of AFI's Europe Representative Office with Government of the Grand Duchy of Luxembourg and High-Level Roundtable	Virtual Teleconference
6-8 October	High-Level JLP co-hosted with the Government of Luxembourg on Inclusive FinTech Ecosystems, Cybersecurity and Inclusive Green Finance	Virtual Teleconference
19 October	G-24/AFI Policymakers' Roundtable on Youth Financial Inclusion	Virtual Teleconference
3 December	Global Inclusive Green Finance Conference	Virtual Teleconference

FUNDER AND PUBLIC-PRIVATE DIALOGUE (PPD) PARTNERS MEETINGS

25 March	MD-PIF Steering Committee Meeting	Virtual Teleconference
23 April	Global PPD Meeting on Mitigating the Impact of COVID-19: Implications and Response Measures for MSMEs	Virtual Teleconference
12 October	MD-PIF Steering Committee Meeting	Virtual Teleconference
23-24 September	Global PPD Training on Architecture for Digital Financial Services Interoperability by VISA	Virtual Teleconference

REGIONAL INITIATIVES MEETINGS

1-2 June	ECAPI EGFIP Meeting	Virtual Teleconference
3 June	BNM-AFI Member Training on Platform Economy and Its Promise for Financial Inclusion	Kuala Lumpur, Malaysia
3 June	ECAPI Member Training on Digital Financial Literacy	Virtual Teleconference
29 June	PIRI EGFIP Meeting	Virtual Teleconference

REGIONAL INITIATIVES MEETINGS *continued*

30 June	PIRI PPD Training on Continued Digital Transformation to Support Economic Recovery in the Pacific Islands by Visa	Virtual Teleconference
19 May	AfPI EGFIP Meeting	Virtual Teleconference
17 July	FILAC PPD Training on Engaging and Enabling MSMEs with Digital Financial Literacy and Technology Solutions by Mastercard	Virtual Teleconference
17 August	AfPI EGFIP Meeting	Virtual Teleconference
18 August	AfPI PPD Training on Approaches to Enhance Financing to MSME in Africa by Mastercard	Virtual Teleconference
19 August	AfPI 3D Meeting on Adapting to the Crisis – Financial Sector Supervision in times of COVID-19	Virtual Teleconference
19 August	AfPI PPD Meeting on Strengthening Last Mile Delivery Channels for Digital Financial Services Uptake	Virtual Teleconference
20 August	AfPI Leaders' Roundtable	Virtual Teleconference
14 October	ECAPI EGFIP Meeting	Virtual Teleconference
15 October	ECAPI PPD Meeting on e-KYC/e-ID innovations advancing financial inclusion	Virtual Teleconference
15 October	ECAPI 3D meeting on e-KYC and e-ID	Virtual Teleconference
26 November	ASEAN WC-FINC Workshop on Digital Financial Literacy	Virtual Teleconference
1-3 December	Knowledge Exchange Program	Virtual Teleconference

WORKING GROUP MANAGEMENT MEETINGS

10 March	Working Group Leaders Convergence Meeting	Virtual Teleconference
2 April	DFS Working Group Management Meeting	Virtual Teleconference
2 April	IGF Working Group Management Meeting	Virtual Teleconference
14 April	FID Working Group Management Meeting	Virtual Teleconference
15 April	SME Finance Working Group Management Meeting	Virtual Teleconference
16 April	FIS Peer Learning Group Management Meeting	Virtual Teleconference
21 April	CEMC Working Group Management Meeting	Virtual Teleconference
8 September	Working Group Leaders Convergence Meeting	Virtual Teleconference
15 October	FIS Peer Learning Group Management Meeting	Virtual Teleconference
15 October	IGF Working Group Management Meeting	Virtual Teleconference
20 October	FID Working Group Management Meeting	Virtual Teleconference
26 October	SME Finance Working Group Management Meeting	Virtual Teleconference
27 October	CEMC Working Group Management Meeting	Virtual Teleconference
27 October	DFS Working Group Management Meeting	Virtual Teleconference
10 November	GSP Working Group Management Meeting	Virtual Teleconference

WORKING GROUP TECHNICAL WEBINARS

1 April	CEMC Working Group Webinar on Customer Centric Approach	Virtual Teleconference
6 April	DFS Working Group Webinar on COVID-19	Virtual Teleconference
8 April	IGF Working Group Webinar on an Introduction to Sustainable Development Goals	Virtual Teleconference
8 April	SME Finance Working Group PPD Webinar on Supply Chain Financing	Virtual Teleconference
22 April	IGF Working Group Webinar on the Resilience of the Rural Population	Virtual Teleconference
23 April	SME Finance Working Group PPD Webinar on Mitigating Impact of COVID-19	Virtual Teleconference
28 April	SME Finance Working Group and FID Working Group Webinar on Data	Virtual Teleconference

WORKING GROUP TECHNICAL WEBINARS *continued*

12 May	FID Working Group Webinar on Demand-Side Survey I	Virtual Teleconference
14 May	DFS Working Group Webinar on COVID-19 and Big Techs	Virtual Teleconference
21 May	FID Working Group Webinar on Demand-Side Survey II	Virtual Teleconference
5 June	FIS Peer Learning Group Webinar on COVID-19 and Gender Savings Group	Virtual Teleconference
11 June	GSP Working Group Webinar on Digital ID and e-KYC	Virtual Teleconference
23 June	GSP Working Group Webinar on Forcibly Displaced Persons	Virtual Teleconference
2 July	GSP Working Group Webinar on Crisis Resolution and E-Money	Virtual Teleconference
13 July	SME Finance Working Group and DFS Working Group Webinar on Microfinance and COVID-19	Virtual Teleconference
6 August	GSP Working Group and IGF Working Group Webinar on Financial Stability and Climate Change	Virtual Teleconference
13 August	GSP Working Group Webinar on Virtual Assets Regulation	Virtual Teleconference
3 November	FIS Peer Learning Group and IGF Working Group Webinar on National Financial Inclusion Strategy	Virtual Teleconference
12 November	DFS Working Group Webinar on Central Bank Digital Currencies (CBDC)	Virtual Teleconference

CAPACITY BUILDING PROGRAMS

20-22 January	Royal Monetary Authority of Bhutan (RMA)-AFI Joint Learning Program on Inclusive Green Finance	Thimphu, Bhutan
17-20 February	Bank Negara Malaysia (BNM)-AFI Member Training on Cybersecurity for Financial Inclusion	Kuala Lumpur, Malaysia
24-27 February	BNM-World Bank-AFI Peer Leaning Seminar on Building Sustainable SMEs Finance Ecosystem in a Digital Age	Kuala Lumpur, Malaysia
6-8 July	Central Bank of Sri Lanka (CBSL)-AFI Virtual Member Training on Implementation and Monitoring of National Financial Inclusion Strategy – Session 1	Virtual Teleconference
8-10 July	CBSL-AFI Virtual Member Training on Implementation and Monitoring of National Financial Inclusion Strategy – Session 2	Virtual Teleconference
14 July	Launch of the Inclusive Financial Integrity Toolkit	Virtual Teleconference
20-22 July	AFI Virtual Member Training on Inclusive Green Finance – Dual Sessions	Virtual Teleconference
21-22 September	Banque Centrale des États de l'Afrique de l'Ouest (BCEAO)-AFI Virtual Member Training on Digital Financial Services Interoperability – Session 1	Virtual Teleconference
22-23 September	BCEAO-AFI Virtual Member Training on Digital Financial Services Interoperability – Session 2	Virtual Teleconference
19-21 October	Reserve Bank of Fiji (RBF)-AFI Joint Learning Program on Inclusive Green Finance Implementation	Virtual Teleconference
2-4 November	BNM -AFI Virtual Member Training on Application of Financial Inclusion Data, and Monitoring and Evaluation for NFIS – Session 1	Virtual Teleconference
3-5 November	BNM -AFI Virtual Member Training on the Application of Financial Inclusion Data, and Monitoring and Evaluation for NFIS – Session 2	Virtual Teleconference
23-25 November	Banco de Portugal-AFI Virtual Member Training on Designing National Strategy for Financial Education and its Implementation and Monitoring	Virtual Teleconference
7-9 December	Superintendencia General de Entidades Financieras (SUGEF)-AFI Virtual Member Training on MSME Access to the Finance Ecosystem – Session 1	Virtual Teleconference
8-10 December	SUGEF-AFI Virtual Member Training on MSME Access to the Finance Ecosystem – Session 2	Virtual Teleconference

GLOSSARY OF TERMS

3D	Developed-developing country dialogue
ADB	Asian Development Bank
AfDB	African Development Bank
AFI	Alliance for Financial Inclusion
AfPI	African Financial Inclusion Policy Initiative
AGM	Annual General Meeting
AMF	Arab Monetary Fund
AML	Anti-Money Laundering
AMPI	African Mobile Phone Financial Services Policy Initiative
APG	Asia/Pacific Group on Money Laundering
BCBS	Basel Committee on Banking Supervision
BFC	Budget and Finance Committee
BMGF	Bill & Melinda Gates Foundation
BMZ	German Federal Ministry for Economic Cooperation and Development
BNM	Bank Negara Malaysia
CEMCWG	Consumer Empowerment and Market Conduct Working Group
CFT	Combating the Financing of Terrorism
CGAP	Consultative Group to Assist the Poor
COVID-19	Coronavirus Disease of 2019
CPSS	Committee on Payment and Settlement Systems
DAP	Denarau Action Plan: The AFI Network Commitment to Gender and Women's Financial Inclusion
DFS	Digital financial services
DFSWG	Digital Financial Services Working Group
ECAPI	Eastern Europe & Central Asia Policy Initiative
EGFIP	Experts Group on Financial Inclusion Policy
E-Money	Electronic money
E-Payment	Electronic payment
ERO	AFI's Europe Representative Office
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FDPs	Forcibly displaced persons
FIARI	Financial Inclusion in the Arab Region Initiative
FICC	Financial Inclusion and Climate Change
FIDWG	Financial Inclusion Data Working Group
FILAC	Financial Inclusion Initiative for Latin America and the Caribbean
FinTech	Financial Technology
FISPLG	Financial Inclusion Strategy Peer Learning Group
FSB	Financial Stability Board
FY	Financial Year
G20	Group of 20, consisting of governments and central bank governors from 20 major economies
G-24	Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development
GAFILAT	Financial Action Task Force of Latin America
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
GIFC	Gender Inclusive Finance Committee
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit or German Society for International Cooperation, Ltd.
GPF	Global Policy Forum
GPFI	Global Partnership for Financial Inclusion
GSPWG	Global Standards Proportionality Working Group
GSPC	Global Standards and Policy Committee
ICI	In-Country Implementation
IDRC	International Development Research Centre
IGFWG	Inclusive Green Finance Working Group
IMF	International Monetary Fund
IT	Information technology
JLP	Joint Learning Program
KYC	Know Your Customer
LAC	Latin America and the Caribbean
MD-PIF	Multi-Donor Policy Implementation Facility
MENA	Middle East and North Africa
MFS	Mobile financial services
MNA	Member Needs Assessment
MoU	Memorandum of Understanding
MSMEs	Micro, Small and Medium Enterprises
MU	Management Unit
NFIS	National Financial Inclusion Strategy
OECD	Organisation for Economic Cooperation and Development
PIRI	Pacific Islands Regional Initiative
PPD	Public-Private Dialogue
RegTech	Regulatory Technology
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
SMEFWG	SME Finance Working Group
SOAS	SOAS University of London
SSA	Sub-Saharan Africa
SSBs	Standard-Setting Bodies
UN	United Nations
WWB	Women's World Banking

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