



# ANNUAL REPORT | 2017

MAKING FINANCIAL MARKETS WORK FOR THE POOR

**FMT**  
FINMARK TRUST

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# CHAIRMAN'S REVIEW

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The past financial year has been a period of change and renewal for FinMark Trust (FMT). We celebrated our fifteenth year of service and pioneering work on innovative approaches to financial inclusion globally. We also marked this important milestone by reviewing our impact, relevance and positioning. This was important to ensure that we remain relevant and continue to add value to the global challenges of poverty and inequality. Our review revealed that FMT has a strong brand among stakeholders particularly in South Africa and the Southern African Development Community (SADC). Partners, including financial regulators, financial service providers, donor agencies and intermediaries value the market facilitation role played by FMT to make financial markets work for the poor.

On this basis the board of trustees decided to continue the work of FMT with the following key strategic actions:

- To create a dedicated financial inclusion programme in South Africa to support key stakeholders to improve the quality of financial inclusion;
- To strengthen our work in support of financial inclusion for poor consumers and MSMEs in the SADC region as a contribution to the industrialisation strategy being spearheaded by the SADC Secretariat;
- To continue financial inclusion and integration programmes across the region at country level as part of the Making Access Possible (MAP) programme with a focus on remittances, integrated payment systems, and other areas important to building inclusive financial markets; and
- To continue driving the data agenda for innovation, better products and service delivery championed by our FinScope team as well as the Insight2Impact (i2i) programme.

Internally, our focus is on strengthening our governance, strategic leadership and skills-base in order to build a sustainable institution going forward. The journey of renewal is underway and to this end, we have updated our corporate profile and logo to reflect this process.

Our consistent progress and continued efforts in addressing the development challenges of financial inclusion would not have been possible without the support, confidence and commitment of funders, partners and stakeholders. On behalf of the board of trustees of FinMark Trust, I express gratitude to following key partners/funders who are on this journey with us:

- DFID, our longstanding funder who has changed its support from providing core funding, to supporting our cross-border remittance programme;
- United Nations Capital Development Fund (UNCDF) who is our partner in the Making Access Possible (MAP) programme and provides support for FinScope;
- The Bill & Melinda Gates and MasterCard Foundations who provide support to the i2i programme on the use of data; and
- Other partners who provide co-funding support to our programmes in various countries in the region; United Nations Development Programme (UNDP) in Lesotho, the Government of Namibia, the Government of Botswana, and the Micro Finance Unit (MFU) in Swaziland.

I take this opportunity to thank the management and staff of FinMark Trust for their dedication, and hard work in ensuring that FMT is able to continue making a positive impact in the development agenda.

I wish to also express my gratitude to my fellow trustees for their commitment and support to the work of FinMark Trust.

- Cas Coovadia



# 2016-2017 AT A GLANCE

FMT's purpose is 'making financial markets work for the poor, by promoting financial inclusion and inclusive growth'. FMT's vision is a SADC in which all people are able to utilise affordable, quality financial services offered by a range of service providers to improve their lives, and where inclusive financial markets contribute to economic growth and prosperity for all people.

## FMT STRATEGIC FOCUS AREAS

- A dedicated South Africa programme which will contribute to deepening financial inclusion and allow FMT to leverage learnings for wider impact across SADC,
- A SADC regional financial inclusion programme in partnership with the UNCDF across 8 countries building on the Making Access Possible (MAP) programme,
- Continued implementation of the global Insight2Impact (i2i) facility programme co-hosted with the Cenfri and funded by the Bill & Melinda Gates Foundation and the MasterCard Foundation, and
- Implementing next generation FinScope surveys funded by partners in the region and beyond.

## FINSCOPE

# 11

### SURVEYS IN 2016



1 COUNTRY SURVEY COMPLETED IN SOUTH EAST ASIA

2 FRANCOPHONE COUNTRY SURVEYS COMPLETED

\* CAMEROON UNDERWAY

8 COUNTRY SURVEYS LAUNCHED

## 6 POLICY PAPERS BASED ON FINSCOPE DATA



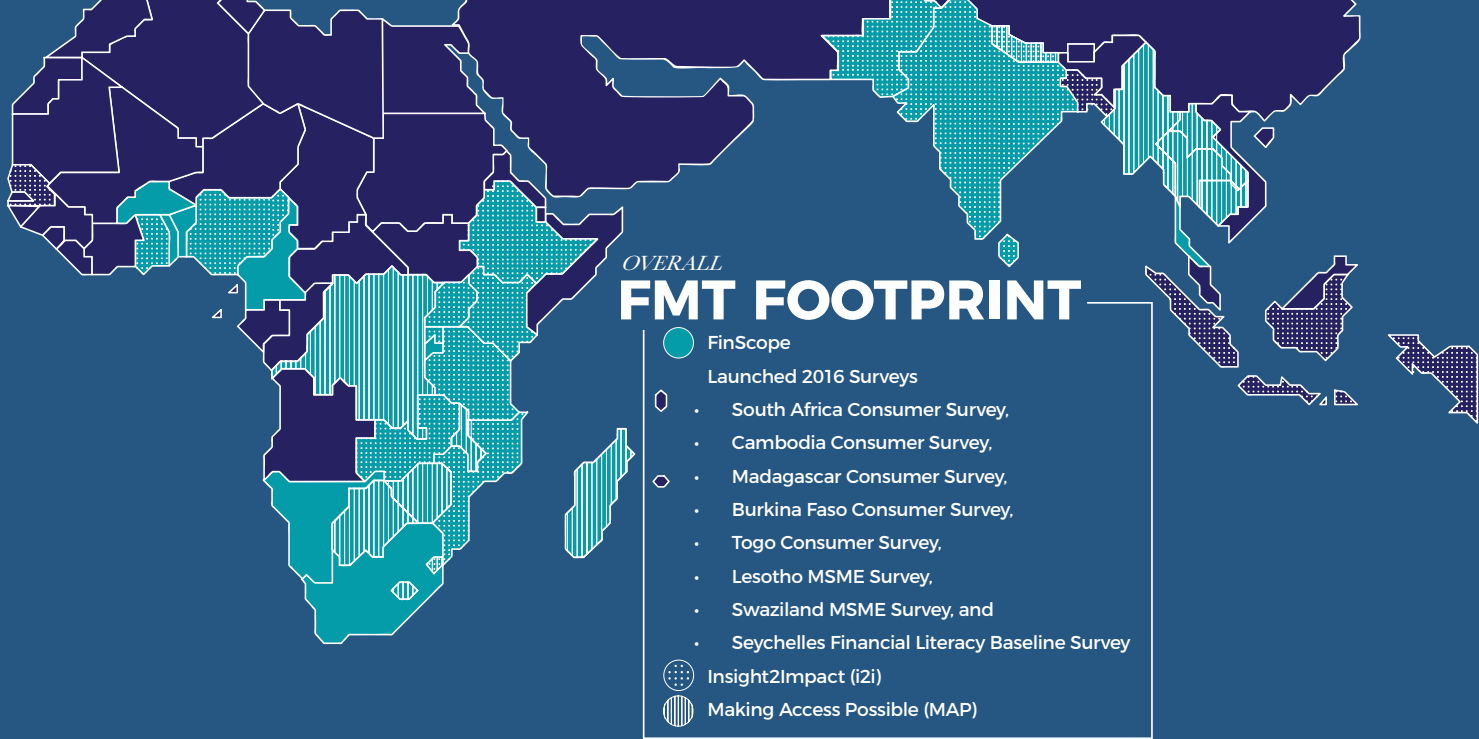
- FI for women in SADC
- Financial literacy and FI in SADC
- The role of mobile money in FI in SADC
- Analysis of over-indebtedness in SADC
- Small business performance
- Social grants and contributions to FI



NEW **NEEDS-USE-CASE MODULE** DEVELOPED FOR FINSCOPE SURVEYS



OPEN ACCESS FOR **FINSCOPE DATASETS** THROUGH DATA PORTALS



## MAKING ACCESS POSSIBLE (MAP)

**BOTSWANA** DEVELOPMENT OF CREDIT INFORMATION SHARING ACT



**LESOTHO** MOBILE MONEY RETAILER ECO-SYSTEM



**WEST AFRICA** TECHNICAL ASSISTANCE FOR MAP DIAGNOSTICS AND FINANCIAL INCLUSION STRATEGY



**FOCUS COUNTRIES IN SADC**

# CROSS-BORDER REMITTANCES: SA - LESOTHO

FROM MARCH 2015



# R386mil.

RECEIVED THROUGH THE LESOTHO CROSS-BORDER MONEY TRANSFERS PILOT

# 394,866

TRANSACTIONS THROUGH THE LESOTHO CROSS-BORDER MONEY TRANSFERS PILOT

Estimated **12 530** transactions per month



**25,000** registered Basotho receivers in Lesotho



Up to **R31 mil.** transferred per month



Average transaction value of **R978.99**



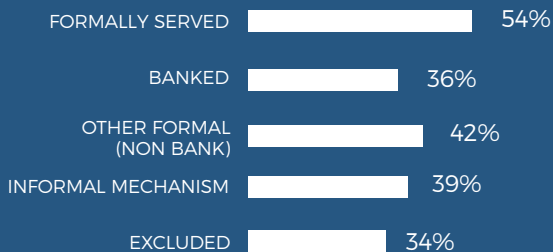
**70%** total value received by women

While levels of formal financial inclusion seem to have plateaued, the number of people using informal financial services, has increased.

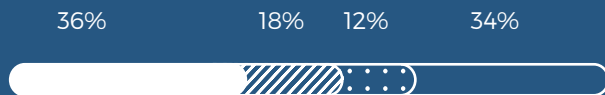
## 2015

# 66%

FINANCIALLY INCLUDED



### ACCESS STRAND 2015



■ BANKED    ▣ OTHER FORMAL (NON BANK)

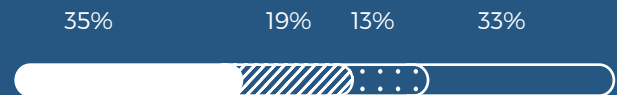
## 2017

# 67%

FINANCIALLY INCLUDED



### ACCESS STRAND 2017



▣ INFORMAL ONLY    □ EXCLUDED

## 2017 KEY FINDINGS

More females are excluded from financial services and this leads to their exclusion from social and economic activities



Over-indebtedness is mainly driven by the lack of credit literacy and borrowing from multiple sources



Financial literacy is critical for effective financial inclusion



Mobile money is an important driver for financial inclusion



Most small businesses owners use own capital to finance start-ups - access to finance remains a key barrier to small businesses development



## INSIGHT2IMPACT (i2i)



### CASE STUDIES

ON USAGE OF DATA FOR FINANCIAL SERVICE PROVIDERS (FSPs)

17+

FINSCOPE DATASETS AVAILABLE ON THE **i2i OPEN DATA PORTAL**



BEST PRACTICES IN **DEMAND SIDE SURVEYS**



**DATAHACK4FI** INNOVATION COMPETITION

2

**MEASUREMENT FRAMEWORKS DEVELOPED:**

- NEEDS MEASUREMENT FRAMEWORK
- FINANCIAL INCLUSION USAGE

PARTNERING WITH FSPs TO PROMOTE USE OF **DATA FOR DECISION MAKING**



# BOARD OF TRUSTEES

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## CAS COOVADIA

Cas Coovadia is the chairman of FMT and the managing director of the Banking Association of South Africa, which is the mandated representative body of all licensed banks in South Africa. Cas is also chairman of the National Business Initiative, first deputy president of the African Union for Housing Finance and president of the International Union for Housing Finance. He also serves on the Council of the University of Witwatersrand.



## ETHEL MATENGE-SEBESHO

Ethel Matenge-Sebesho is the head of New Markets for Home Finance Guarantors Africa Reinsurance. She is involved with establishing new markets for the company in a number of African countries. An experienced banker and involved in other financial services activities, she serves on a number of boards, including FirstRand Limited and some of its subsidiaries, the Distell Group Limited and Capevin Holdings Limited.



## ISHMAEL MKHABELA

Ishmael Mkhabela is a freelance professional community organiser and community conflict resolution practitioner. Ishmael is executive director and trustee of FinMark Trust. He is also chairperson of Johannesburg Inner City Partnership and vice-president of the South African Institute of Race Relations. He was a founder and former chief executive officer of Interfaith Community Development Association. He has coordinated and facilitated the Dinokeng Scenarios and other scenario-based strategic conversations. He has also served as deputy chairperson of National Housing Forum as well as chairperson of National Housing Board, New Housing Company, Johannesburg Social Housing Company, Pikitup, and Roodepoort and Soweto Theatres. In addition, he serves on the boards of Nelson Mandela Children's Hospital, Centre for Development and Enterprise, and Donaldson Trust.



## LUMKILE MONDI

Lumkile Mondli is a senior lecturer at the School of Economic and Business Sciences of the University of the Witwatersrand in Johannesburg. He worked extensively on the African continent during his tenure at the Industrial Development Corporation (IDC) as an executive for eleven years. He is a member of the Transnet Treasury Strategy Committee and trustee of the Transnet Pension Fund. He also serves as a member of the African Leadership Initiative (ALI), an Aspen Institute Initiative.



## VIMBAI TSOPOTSA

Vimbai Tsopotsa is executive director of Amaciko Film Investments (Pty) Ltd, a company focused on investments in media projects. Vimbai has considerable experience in the financial industry in South Africa and Zimbabwe mainly in banking and ICT. She also serves as director of Aigle Finance and was formerly managing director of Venture Communications SA.



# FINANCIAL INCLUSION IN SADC

In July 2016, the SADC Ministers of Finance approved the Strategy for Financial Inclusion and MSMEs Access to Finance which was developed by FMT in close consultation and collaboration with the SADC Secretariat. Access to finance remains one of the key constraints experienced by many SADC countries for productive investments and trade development. Micro, Small and medium enterprises (MSMEs) face both demand- and supply-side difficulties in access to finance. On the demand-side, MSMEs are unable to unlock opportunities for access to funding because they lack knowledge of funding products, providers or criteria and often make use of inappropriate funding mechanisms such as high interest unsecured personal loans. On the supply-side, the main problem is the lack of depth of the financial systems, which constrains development of more accessible, cheaper and appropriate products.

In August 2016, the SADC Council of Ministers, on the basis of the earlier approval of the Ministers of Finance, agreed that SADC should focus on a number of key interventions to address the barriers to financial inclusion to allow the 45 million excluded adult population and the MSMEs to have access to affordable and quality financial services. These interventions should, among others, aim at growing the payments and digital financial services; and orienting credit markets towards MSMEs and smallholder finance as a means to further financial inclusion.

During the period under review, FMT has worked closely with the SADC Secretariat to implement the decisions of the Council of Ministers. Much of the work has been focused on influencing policy decisions for the provision of better access to appropriate financial services

and products and to understand market gaps and opportunities for inclusive growth and development. It is evident that the successful implementation of the SADC Financial Inclusion Strategy will require substantial technical and financial resources, especially if SADC is to progressively move to a high growth trajectory driven by knowledge, innovation, business sophistication and industrialisation.

## MAKING ACCESS POSSIBLE (MAP)

Making Access Possible (MAP) is a global diagnostic and programmatic framework to support expanding access to financial services for individuals and micro and small businesses. MAP was initiated by United Nations Capital Development Fund, FinMark Trust and Cenfri as a programme to enhance financial inclusion in developing countries. MAP has been implemented by FMT in the following SADC countries: Lesotho, Swaziland, Zimbabwe, Malawi, DRC, Botswana and Madagascar.

The MAP diagnostic, using evidence-based data, builds a picture of market demand based on household and individual income, economic activity, and current usage of financial services within a diverse array of countries and local contexts. The process then augments this demand-side view with an analysis of the supply-side dynamics and regulatory environment to provide an evidence based diagnostic of the country's financial inclusion context.

	MAP Diagnostics	FJ Strategy	M&E	Projects in Country*
Botswana	●	●	●	●
DRC	●			
Lesotho	●	●	●	●
Madagascar	Complete in June			
Malawi	●	●	●	
Swaziland	●	●	●	
Zimbabwe	●	●		

The MAP diagnostics and FinScope data, provide the basis for the development of the country roadmap and financial inclusion strategy, which is generally adopted by the Ministry of Finance in-country (or the mandated structure within the country). FMT has country co-ordinators based in 5 countries, which assist and facilitate the implementation of the FI Strategy, with the mandated body. A measurement and evaluation process is developed to support the implementation of the FI strategy, which is updated annually to report on progress.

Through our in-country co-ordinators, FMT continues to support specific project implementations, via funding in areas of financial inclusion. During the year under review, we supported Lesotho with a project focused on building a retailer ecosystem for mobile money. Support was also rendered to Botswana on the development of their Credit Information Sharing Act. This year the financial inclusion strategies developed for Lesotho, Botswana, Malawi and Swaziland were formally adopted by the Ministries of Finance, as the countries' Financial Inclusion Strategy. Monitoring and Evaluation frameworks have been developed for each of these countries.

FMT has also been providing technical assistance and management of the MAP diagnostic in West Africa, specifically in Togo and Burkina Faso.

## SUPPORTING REGIONAL PAYMENTS INTEGRATION

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### IMPACT OF THE SADC INTEGRATED REGIONAL ELECTRONIC SETTLEMENT SYSTEM(SIRESS)

FMT in collaboration with the SADC payment system

sub-committee conducted a "Study on the Impact of SIRESS on Transaction Costs and Practices". The study identified a number of concerns and made a few recommendations that would encourage the usage of SIRESS. The study found that by introducing a multi-currency system which accommodates USD and other SADC currencies, the SIRESS system could reach a total market opportunity of 879,000 transactions per annum. At this volume, and with average costs to the bank using correspondence banking at R210 per transaction compared to R131 per transaction for SIRESS, the overall cost reduction would be estimated at R69.4 million per year.

### SADC NATIONAL PAYMENT SYSTEM MODEL LAW

FMT facilitated the development of the SADC National Payment System Model law. This was done in collaboration with the Committee of Central Bank Governors (CCBG) Payments Sub-committee as well as the CCBG legal sub-committee. The objectives of the law are to establish a sound, harmonised payment system legal framework for the SADC region.

### MOBILE MONEY GUIDELINES FOR THE SADC

Mobile money has evolved as a utility to provide financial services largely to the unbanked population. Its success in certain emerging markets and countries with unsophisticated banking infrastructure has been unprecedented.

The aim of the Mobile Money Guidelines project is to develop mobile money guidelines to assist SADC Member States with principles to facilitate the harmonisation of their legal and regulatory frameworks for mobile money, in support of greater financial inclusion and market development in the SADC region.

The Guidelines were adopted by the Central Bank Governors at their meeting in Tanzania in July 2016. This process was followed by presentations in Angola

to the Ministry of Finance and Telecommunications and the CCBG IT sub-Committee, culminating in a two-day capacity building workshop with the Head of Payments and Legal, as well as Bank Supervision of all SADC Countries.

#### SADC-BORDER AUTOMATED CLEARING HOUSE (SADCACH)

The SADC Payment Sub-committee established an integrated payment system, whereby all SADC inter-bank credit transfers were settled in ZAR through the regional Real Time Gross Settlement (RTGS) system called SIRESS (SADC Integrated Regional Electronic Settlement System). Following the success of the wholesale system, the model for a low-value credit transfer payment scheme - with a focus on mobile-initiated transactions (such as remittances) - has been developed with regulatory, technical and commercial work streams in progress. FinMark Trust has led the work relating to the smoothening of the first-mile regulatory challenges, i.e. AML/CTF and customer on-boarding requirements for the payment scheme. Additional work conducted includes the application of the Balance-of-Payment Reporting codes from a centralised database enabling accessibility by all players, as well as the harmonisation of consumer protection principles for the region.

From a technical perspective, the first leg of testing has been successfully completed which involved the initiation of message protocols between sending and receiving participants. Financial flows are now being tested where fictitious transactions are being conducted between the same entities.

Lastly, FinMark Trust is also leading the process of assessing the business cases for Non-bank/Over-the-Counter (OTC) players in the light of their participation in the pilot, too.

## CROSS-BORDER REMITTANCES

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Cross-border migration is inevitable and remittance transfer services can be helpful for migrants. However, the cost of cross-border remittances from South Africa have been identified as extremely high in comparison to the global average. The high cost of remittances is a particular burden on migrant workers.

#### CROSS-BORDER REMITTANCES PRICING STUDY

FinMark Trust commissioned a report to assess remittance pricing, as well as provide further clarity as to what comprises the full costing value-chain. Using a new approach based on conducting actual cross-border transactions, the report verified the pricing offered (by both banks and non-banks at various price-points) to customers in the market and compared this cost to other pricing studies conducted.

The key findings from this report were categorised into five areas: (i) Market structure; (ii) Access; (iii) Pricing; (iv) Know-Your-Customer (KYC) processes; and (v) Operating costs. The high overall cost of remittances and the exchange rate margins charged by providers is typically attributed to several features of the local market, including: limited competition in foreign exchange services, a restrictive licensing regime for money transfer operators, and the adoption of complex and opaque pricing structures by providers.

#### ESTIMATED SIZE OF SOUTH AFRICA-SADC REMITTANCE CHANNEL

In 2012 FMT commissioned an exercise to estimate the size of remittance flows from South Africa, which

estimated to R11 billion. This is a key regional hub for economic migration, to the various countries in the Southern African Development Community (SADC). The study was conducted again in 2016 and found the following:

- SADC migrants resident in South Africa are estimated to remit approximately R16.6 billion home annually, with Zimbabwean migrants making up more than half of the total value of the market;
- Approximately 3.7 million SADC migrants live in South Africa, of which as much as 80% do not have documented migrant status; and
- The ability to migrate away from poverty, and remit money home to help loved ones, is a powerful tool for alleviating human suffering. In SADC, as much as 80% of this market remains informal, which hinders the ability of migrants to remit safely and cost effectively.

Through various innovations, FMT has been able to facilitate the development of cheaper and more reliable methods of remittances. However, the regulatory barriers still remain major challenges that are being addressed.

#### ECONOMIC IMPACT OF REMITTANCES IN LESOTHO, MALAWI AND ZIMBABWE

Households in sub-Saharan Africa have a long tradition of cross-border migration and associated remittances, which has played a central role in economic development and poverty alleviation. FMT conducted a study which revealed that while remittances can and do play a role in supporting development in communities, they are not sufficient to deal with the severe economic problems that spurred migration. The impact of remittances, however, can be seen as improving the livelihoods of the recipients.

#### FIC ACT AMENDMENTS AND THE RISK-BASED APPROACH

The signing into law of the Financial Intelligence Centre (FIC) Amendment Act 2016 will change the regulatory framework by introducing the risk-based approach (RBA) to the management of Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) risk.

This is in contrast to the current regime where FIC Act exemptions simplify these compliance requirements for lower market risk segments.

FinMark Trust conducted a Pre-implementation Study to this effect, the findings of which have been presented to the relevant audience (industry and regulatory) in South Africa. A comprehensive workshop was also held for a SADC audience from a developmental learning perspective, and to introduce the broad principles related to Risk-based Approach(es). As an outcome of the Pre-implementation study, it became clear that AML/CTF stakeholders, in particular, and providers of low-value remittance products, were not prepared for a shift towards the new RBA regulatory regime and had not developed frameworks for assessing and managing their Customer Due Diligence (CDD) risks as required under the RBA. In the absence of such a framework, it is likely that providers of low-value remittance products will de-risk by no longer offering these services. This would be a damaging outcome for poor citizens and migrant workers who are the primary users of such services.

In order to take this work forward, FinMark Trust's new programme of work in this regard involves developing an enterprise risk framework via a 'Regulatory Sandbox Approach' that would be appropriate in respect of cross-border remittances. The Sandbox will ultimately serve as a trusted and unbiased platform for engagement - facilitated by FinMark Trust. It is important that the formulation of this framework receives contributions from both industry players as well as relevant regulating bodies, thereby enabling it to serve as a pilot-ready tool.

It is envisaged that it will be utilised by organisations to support their risk-related decision processes, across current and future remittance product-offerings.

#### MOBILE FINANCIAL SERVICES STUDY - SOUTH AFRICA

The study focused on the factors that drove the termination of mobile money services in South Africa focusing on the institutional, market, end-user environments and adoption and availability.

The secondary objective was to identify opportunities around Mobile Financial Services (MFS), and what changes could be considered to create the right environment for MFS to prosper in South Africa - with a specific focus on the regulatory environment required to enable such opportunities.

The key findings across the two objectives included:

(i) Assessment of MFS in South Africa.

- The study found that mobile money in South Africa was well received by early adopters, with users of Vodacom M-PESA and MTN Mobile Money indicating satisfaction with the service offered and willingness to take it up again if it were offered.
- However, the constraining regulatory environment resulted in a restricted product-offering that was not able to successfully compete with the retailers and banks in the local remittance or transaction markets. The resultant business models were therefore not sustainable.

(ii) Overcoming the barriers to launching future MFS in South Africa.

- Successful MFS in South Africa will require innovation around the business models used by financial service providers. Innovations such as branchless banking, correspondent and agent banking, mobile payments, and flexible loan repayments are all potential

solutions.

- MFS will also require an enabling regulatory environment that encourages competition and opens the market to non-bank players.
- Lastly, the industry will need to focus on interoperability. Allowing non-traditional players to offer interoperable payment services will have the potential to challenge the reliance on cash.

## INFORMATION AND RESEARCH SUPPORT (FinScope)

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The FinScope surveys (both consumer and MSME surveys) continue to unearth the voice of the consumer and small business owner and highlight their needs. It is through understanding the consumer that FMT is able to engage different stakeholders and advocate for policies from policy makers, regulators and financial service providers for product innovation. FinScope continues to play a pivotal role in advocating for innovation and change, especially in the small business sector.

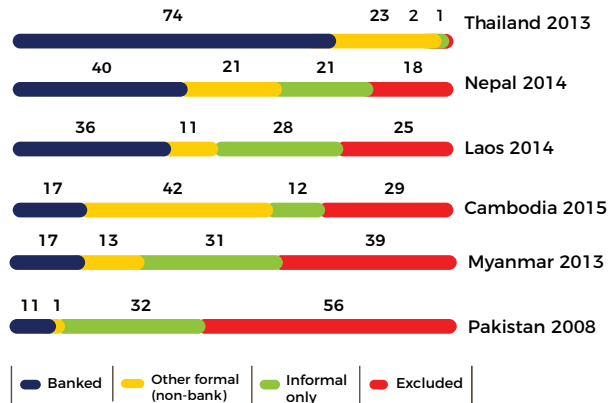
#### ACHIEVEMENTS IN 2016/2017

During the period under review, the following FinScope Surveys were launched:

- South Africa Consumer Survey,
- Cambodia Consumer Survey,
- Madagascar Consumer Survey,
- Burkina Faso Consumer Survey,
- Togo Consumer Survey,
- Lesotho MSME Survey,
- Swaziland MSME Survey, and
- Seychelles Financial Literacy Baseline Survey - (utilised the FinScope methodology in order to report financial inclusion indicators).

## ASIAN REGION EXPERIENCE

FinScope has now been implemented in 7 Asian countries namely Pakistan, Thailand, Myanmar, Laos, Nepal, Cambodia and India (4 poorest states). FinScope Consumer Survey Cambodia was launched in July 2016. Repeat surveys in some of the countries are being planned in the near future.



## FRANCOPHONE AFRICAN FINSCOPE EXPERIENCE

The completion of the FinScope Togo and Burkina Faso surveys marked the growing footprint of the FinScope survey in the region under the MAP programme. The launch of FinScope Togo in September 2016 and FinScope Burkina Faso in April 2017 gave synergy to the kick-off of the next country – Cameroon in Central Africa.

## FINSCOPE MSME

Given the crucial role of micro, small and medium enterprises (MSMEs) in the national economies, it is in the common interest of many developing nations to harness and optimise this potential. This is done

by implementing strategies to mobilise and enable MSME growth and development. Small businesses may not generate as much money as large corporations, but they are a critical component of and major contributor to the strength of local economies as they present new employment opportunities. However, the lack of accurate up-to-date and reliable information about the sector and the challenges it faces, have been identified as the key constraints in achieving this objective.

The FinScope MSME survey is positioned to close this gap as they seek, among other things, to identify most binding constraints to MSMEs development and growth; identify and describe different market segments with specific development needs in order to stimulate segment related innovation and to understand the levels of financial inclusion among MSMEs. Thus, FinScope MSME surveys are well positioned to give sectorial insights to public and private sector in understanding the MSME sector.

## ADDITION OF THE NEEDS-USE-CASE MODULE TO THE FINSCOPE QUESTIONNAIRE

FinMark Trust, under the i2i facility, recently developed a new module which was added to the FinScope questionnaire to assess the financial needs and usage of consumers. The direct linkages on how adult financial needs are linked to the actual products they use give enhanced insights to financial behaviour. This module seeks to enhance the understanding of consumer behaviour as well as enlighten product developers in the creation of products that adequately meet the needs of the consumer. The first pilot is being implemented in FinScope Benin and Cameroon. It is hoped that the needs-approach will be enhanced and fully adopted into

**‘FinScope has been conducted in 29 countries globally’**

the FinScope questionnaire once it has been rigorously piloted. FMT will continue to work with different stakeholders in ensuring that new financial inclusion indicators are developed and properly tested.

## INSIGHT2IMPACT (i2i)

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Launched in 2015, i2i was created in response to an identified data gap in the disconnect that exists between the decisions being made for financial inclusion and the data relating to actual financial inclusion. This hinders the ability of the financial sector to reach out to all segments of the population and generate better financial inclusion and welfare outcomes. The i2i facility is jointly hosted by FinMark Trust and Cenfri, and funded by the Bill & Melinda Gates Foundation in partnership with The MasterCard Foundation. Over the last year, i2i has continued to pursue activities that unlock the power of data for financial inclusion. i2i is making progress towards enabling better policies for financial inclusion by working with policymakers and regulators to improve the metrics that they use to measure financial inclusion as follows:

- A conceptual framework for financial inclusion and measurement frameworks for the depth of financial inclusion and usage of financial services;
- Pilots of the measurement frameworks are being implemented in Kenya, Zimbabwe, Philippines, Nigeria, Malaysia, and Mexico.

i2i continues to work with FSPs to strengthen their capacity to use data to reach and better serve underserved markets as follows:

- During the year under review, the i2i team published a focus note titled 'Now you see me: How alternative data is unlocking new markets for financial services'. This study was presented to FSPs at a breakfast meeting, co-hosted with the Bank of Ghana and FSD

Uganda in August 2016;

- i2i implemented technical assistance with Kenya Commercial Bank Limited (KCB) and Airtel Uganda; In October 2016, i2i participated in a CNBC-televised panel discussion on Deploying Data to Understand Clients Better at the fourth annual MasterCard Foundation Symposium on Financial Inclusion, in Rwanda; In an effort to bridge the gap between the potential of GIS data and the use of GIS data by FSPs in decision-making, i2i hosted its second GIS workshop (Spatial Data for Business Intelligence) in collaboration with FSD Tanzania (FSDT) in Dar es Salaam in November 2016; and
- Through the DataHack4FI innovation competition and final event in May 2017, i2i linked young talent to the data market for financial inclusion.

During the year under review, the i2i open data portal went live at [i2ifacility.org](http://i2ifacility.org), with over 17 FinScope datasets from eight countries. The portal hosts a set of tools that allow users to analyse, compare and share insights online or in a report. An online demand-side survey implementation guide was also developed. Technical assistance was also provided to FSD Uganda, FSD Kenya, FSD Tanzania and EFINA (in Nigeria) on harmonisation of the Financial Inclusion Insights (FII) and FinScope surveys.





# FINANCIAL STATEMENT

FinMark Trust

(Registration number 4167/02)

Annual Financial Statements for the year ended 28 February 2017

## Statement of Financial Position

Figures in Rand	2017	2016
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	535,822	352,044
<b>Current Assets</b>		
Trade and other receivables	2,498,513	2,845,766
Cash and cash equivalents	74,056,209	83,790,752
	<b>76,554,722</b>	<b>86,636,518</b>
<b>Total Assets</b>	<b>77,090,544</b>	<b>86,988,562</b>
<b>Equity and Liability</b>		
<b>Equity</b>		
Trust capital	200	200
Accumulated loss	(1,184,089)	701,098
	<b>(1,183,889)</b>	<b>701,298</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Deferred income	73,618,326	82,357,878
<b>Current Liabilities</b>		
Trade and other payables	4,656,107	3,929,386
<b>Total Liabilities</b>	<b>78,274,433</b>	<b>86,287,264</b>
<b>Total Equity and Liabilities</b>	<b>77,090,544</b>	<b>86,988,562</b>

## Statement of Comprehensive Income

Figures in Rand	2017	2016
Revenue	98,838,501	88,427,122
Other income	-	6,074
Operating expenses	(101,942,159)	(88,431,123)
<b>Operating (loss) profit</b>	<b>(3,103,658)</b>	<b>2,073</b>
Investment revenue	1,218,471	-
Finance costs	-	(854)
<b>(Loss) profit before taxation</b>	<b>(1,885,187)</b>	<b>1,219</b>
Taxation	-	-
<b>(Loss) profit for the year</b>	<b>(1,885,187)</b>	<b>1,219</b>
Other comprehensive income	-	-
<b>Total comprehensive (loss) income of the year</b>	<b>(1,885,187)</b>	<b>1,219</b>

The change in accounting policy to the financial statements has resulted in a loss for the year of R 1 885 187 consisting of the leave pay and bonus accrual as the revenue will only be recognised on these costs once they realise through payment.

### Audit Opinion

An unqualified opinion was issued by the Sizwe Ntsaluba Cobodo (Auditors) for the 2017 financial year audit.



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