



FMT
FINMARK TRUST

ANNUAL **REPORT** | 2018

MAKING FINANCIAL MARKETS WORK FOR THE POOR

CHAIRMAN'S REPORT

The journey of renewal for FinMark Trust (FMT) has continued during the past financial year with several important aspects of our strategy being implemented. We have again positioned FMT as a key thought leader within the global financial inclusion world, and importantly within the SADC region. We have anchored our organisation in the region with a dedicated programme in South Africa in support of National Treasury's financial inclusion agenda, and we are in the process of establishing a more dedicated presence in both Zimbabwe and Malawi to build on the work we have been doing there over the last five years.

Our new Data for Financial Markets (DFM) offering was launched this year, and already our data products are being taken up by countries such as Lesotho, Swaziland, Malawi, Zimbabwe and Botswana. These products go beyond our traditional FinScope Consumer and MSME surveys to now include Geospatial data, Mobile demand side surveys and Analytics. This all comes together in an interactive Data Portal which gives free access to this valuable information. Data is indeed the new oil, and we have positioned FMT as an important player in this space.

Our work through the Insight2Impact (i2i) programme funded by the Gates and Mastercard Foundations, and particularly the aspects focusing on developing measurement frameworks for financial inclusion has had a significant impact on our approach to financial inclusion. It has moved our attention more sharply to the link between financial inclusion and the real economy, growth and employment. Our work on MSME financing has allowed us to explore these linkages and others that relate to the digital economy. The i2i work on innovation and fintech development through the DataHack

competitions, is another area of work which has provided us with significant learning which will now be used to support innovation and the development of fintechs.

As we near the end of 2018 we are gearing up for the work FMT wants to take into 2019 and beyond. This period will see us strengthening our work in the SADC region and the implementation of the SADC Financial inclusion strategy in support of the SADC Secretariat and the Committee for Central Bank Governors. We will also continue our partnership with financial service providers to ensure that appropriate financial services and products are accessible and used by all people in the SADC region. Our work on data will also continue in other parts of the African continent and beyond.

FMT has demonstrated how successful restructuring and repositioning pays dividends. The organisation continues to keep at the cutting edge of developing trends in the area of financial inclusion, and has demonstrated the agility to respond to, and proactively influence, developments in this critical area.

I would again like to thank our donor partners for their continued support of our important work. They are listed on the back of this annual report.

Finally, I would like to thank my fellow trustees for their hard work and commitment throughout this year and the management and staff of FMT for their creativity and dedication to our cause.

- Cas Coovadia



CEO'S REVIEW

2018 has indeed been a busy and productive year for FMT. With the support of our dedicated Board of Trustees we have managed to renew our organisation and reposition it to make a significant contribution to inclusive financial sector development and the economic growth agenda in the SADC region and beyond. The changes we made to our strategy, as well as to the way we work, have moved us closer to being an effective agent for change to push back the frontiers of poverty.

Some notable achievements during this year have been:

- Boosted formal savings in the SADC region by convincing three (3) country regulators (Malawi, Lesotho, and Botswana), in the SADC region to agree to pay interest on mobile money wallets. This will provide wallet holders the incentive to use their wallets for savings. Other countries are likely to follow suit.
- Launched our new data for financial markets offering which will assist countries to develop richer multi-source data to provide better insights and product development. The products include FinScope Consumer, FinScope MSME, Geospatial, Analytics and an interactive Data Portal which will enable stakeholders to freely access high quality data.
- Completed eight (8) FinScope Consumer surveys, including Haiti, Cameroon, Benin, Namibia, South Africa, Myanmar, Nigeria (EFinA TA) and Eswatini MSME.
- Completed the first MAP MSME for growth diagnostic pilot in Eswatini, which drives our work on the link between Financial Inclusion and the Real Economy. The next country for the diagnostic will be Malawi.
- Successfully developed a risk-based AML/CFT methodology with South African regulators and private sector cross border remittance providers.

- Ran a successful pilot in Lesotho to digitise payments within key value chains using mobile money.
- Successfully built a dedicated South Africa programme within FMT.
- Other impactful projects are underway such as our project to replicate the successful SA-Lesotho retailer remittance corridor to four (4) other corridors outside of South Africa.

Our drive to ensure that FMT is financially sustainable is underway. On the cost side, we have moved to new offices to reduce our rent and other operational expenses. This is accompanied by a new remote working experiment being introduced, which provides staff the opportunity to save both travel time and the stress of being at the office every day. We have successfully survived DFID changing its funding arrangement with FMT from core to project-based funding.

We have evolved, restructured, renewed and revitalised our organisation. Strategic and operational changes have streamlined the business, giving us even more room to focus our energies on significant projects with SADC and beyond.

I would like to thank our stakeholders in the SADC region, and beyond, for working with us to better the lives of our people, and to the staff of FMT for their dedication and hard work.

- **Brendan Pearce**



BOARD OF TRUSTEES



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 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, Trustee of Finmark Trust and Distell Group Limited. Until end of 2017, Ethel was involved with establishing new markets for Home Finance Guarantors Africa Reinsurance in a number of African countries.



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 is chairperson of Steve Biko Foundation and Johannesburg Inner City Partnership. 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 Trust, 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 director of Gemfields Group Limited, Gaia Infrastructure Capital, Aerosud and Thelo Rolling Stock Leasing.



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.



OUR PURPOSE

is making financial markets work for the poor by promoting financial inclusion and inclusive growth.

OUR VISION

is a world 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.

FINANCIAL INCLUSION IN SADC

32% of adults in the region are financially excluded, which is around 45.8 million individuals. Overall levels of financial inclusion vary considerably across the region, from 97% in Seychelles to 40% in Mozambique. Updated figures now include Namibia, South Africa and Tanzania (FSDT).

2017

67%

FINANCIALLY INCLUDED



ACCESS STRAND 2017



■ BANKED ▣ OTHER FORMAL (NON BANK)

2018

68%

FINANCIALLY INCLUDED



ACCESS STRAND 2018



■ BANKED ▣ OTHER FORMAL (NON BANK) ▣ INFORMAL ONLY □ EXCLUDED

EXCLUSION DOWN BY 2% FROM 2015

WHAT HAVE WE ACHIEVED?

SADC FI

CROSS-BORDER REMITTANCES

~**R1 bil.**

RECEIVED THROUGH THE SHOPRITE
LESOTHO CROSS-BORDER MONEY
TRANSFERS IN UNDER 3 YEARS

PRICES AVERAGE AT BELOW

2%

PER USD55 TRANSACTION

4

**NEW REMITTANCE
CORRIDORS LAUNCHED**

ZIMBABWE, MALAWI, DRC
& MOZAMBIQUE

PRICES AVERAGE AT BELOW

3%

PER USD55 TRANSACTION

**SUCCESS THROUGH SUPPORTING
A SAVINGS AGENDA, LEVERAGING
THE MOBILE MONEY GUIDELINES**

3

COUNTRIES AGREE TO
PAY INTEREST ON MOBILE
MONEY WALLETS

MALAWI, LESOTHO & BOTSWANA

Madagascar FI strategy
formally approved



Digital Financial Identity
in-depth analysis in Malawi &
Lesotho assessing feasibility



Credit Information Sharing
progress in Eswatini, Lesotho,
Botswana & Zimbabwe



**SADC FINANCIAL INCLUSION
FORUM 2018**

140

representatives from
various SADC countries



**MAP GLOBAL
FORUM HELD AT
THE UNITED NATIONS
IN NEW YORK**

FINSCOPE



- 3** SURVEYS COMPLETED IN SADC
SOUTH AFRICA, ESWATINI (MSME) & NAMIBIA
- 3** SURVEYS COMPLETED IN WEST AFRICA
CAMEROON, BENIN & NIGERIA (EFINA TA)
- 1** SURVEY COMPLETED IN SOUTH EAST ASIA
MYANMAR
- 1** SURVEY COMPLETED IN THE CARIBBEAN
HAITI

PARTNERSHIP WITH **CGAP**
ON **EXCLUDED GROUPS**
SEGMENTATION AND GENDER
DATA BOOTCAMP FOR FSD's



**LESOTHO GIS FINANCIAL ACCESS
POINTS MAPPING PROJECT 2018**

5,597 Financial access
points mapped

32

**COUNTRIES GLOBALLY HAVE
IMPLEMENTED FINSCOPE TO DATE**



DATA WORKSHOP

HOSTED WITH **UNCDF** ON 26 JULY 2018

7 National stats departments, Central Banks & Ministry of Finance represented, from **Namibia, Lesotho, Malawi, Eswatini, Zimbabwe, Botswana & South Africa.**

A total of **35 participants** attended.

SA FI



Assisted **National Treasury** with updating **National Financial Inclusion Policy**.

And developed a **Financial Inclusion Monitor**.

Supported development of a **Business Credit Information Sharing Framework** in partnership with **SACCRA**.

Developed **Risk-Based Methodology** to manage AML/CTF risk on remittances and low value banking services.

Implemented by Mukuru.

Initiated the **Funeral Insurance Research Project** in partnership with FSCA, National Treasury, NFDA & ASISA, to understand the complex social drivers that lead to disproportionate provisioning for funeral expenses.

INSIGHT2IMPACT (i2i)

185

PARTICIPANTS
FROM

6 COUNTRIES

IN SEASON 2



LAUNCH OF PILOTS TO DETERMINE EFFECTIVENESS OF **MOBILE FINANCIAL INCLUSION SURVEYS**

4

Technical assistance
On harmonisation of financial inclusion surveys in 4 countries

74

Datasets available on the **i2i Open Data Portal** including Financial Diaries & GIS



NIKKI KETTLES
HEAD: SADC FI PROGRAMME

SADC FI

MAPING THE WAY FORWARD

The SADC FI programme actively works to promote financial inclusion and regional financial integration. We use MAP diagnostics and FinScope data to set the scene for the development of our MAP work.

GREAT PHOTO OPPORTUNITY – WITH REAL BACK-END IMPACT

We participated at the MAP Annual Global Forum hosted by the UNCDF at the United Nations in New York this year. Representatives from all MAP regions attended; which includes SADC, West Africa and Asia, and all 18 countries were represented by their Ministry of Finance and/or Central Bank. The result was more commitment to the programme as well as increased integration and collaboration between the different MAP regions.

FIVE COUNTRIES – ONE GOAL

With country representation in five countries; Eswatini, Malawi, Lesotho, Zimbabwe and Botswana, FMT works closely with the Ministry of Finance in-country to develop the country roadmap and Financial inclusion strategy.

MAP has been implemented in the following SADC countries:

	Theme	Diagnostic	FI Strategy	M&E	Contracted
Botswana	Consumer	●	●	●	
DRC	Consumer	●	●		
Eswatini	Consumer	●	●	●	
Eswatini	SMME	●	●		
Lesotho	Consumer	●	●	●	
Madagascar	Consumer	●	●	●	
Malawi	Consumer	●	●	●	
Malawi	SMME				●
Zimbabwe	Consumer	●	●	●	

OUR VENTURES IN THE REGION

Mobile Money traditionally is utilised as a mechanism for sending money (remittances) or making payments. As a payment mechanism, interest is not paid on the balances within a Mobile Money wallet. With the adoption by the SADC Committee of Central Bank Governors of the Mobile Money Guidelines, there is support for payment of interest on Mobile Money wallets. FMT developed these guidelines and focused on ensuring interest is paid on the wallets, as an alternative, low cost savings product for those less financially included.

FMT has achieved success through supporting a savings agenda in the region, leveraging the Mobile Money Guidelines.

Achievements include:

- Capacity building and technical support specifically to Malawi, Eswatini, Lesotho and South Africa on the guidelines.
- Adoption of payment of interest on wallets in Lesotho, Malawi and Botswana.
- Additional capacity building in Malawi and Lesotho to facilitate the development of frameworks to support the payment of interest on Mobile Money.

DIGITAL FINANCIAL IDENTITY

- Digital Financial Identity was identified at the 2017 SADC Financial Inclusion Forum, as an innovation to support frictionless KYC, without compromising AML/CTF regulations. A SADC wide inter-governmental workshop facilitated by FMT together with the report 'Financial Digital Identity: Landscaping a digital financial identity for SADC' confirmed this as an opportunity for further investigation.
- In depth analysis has been completed in Malawi and Lesotho to assess the feasibility of the Digital Financial Identity and pilots are in planning to test the concept in these countries.

CREDIT INFORMATION SHARING

The Credit Information Sharing (CIS) project has been revived as part of the regional MAP programme, in partnership with UNCDF. Eswatini, Lesotho and Botswana are involved in regulatory processes, whilst Zimbabwe is actively implementing a credit registry and will need help at a strategic level to complement and support the role of the government.

MAKING A DIFFERENCE IN ASIA

FMT provided project management and technical support for the development of a MAP refresh in Myanmar. This included a FinScope Consumer survey, MAP Diagnostic and the development a new roadmap for Myanmar.

SHARING THE PAYMENTS KNOWLEDGE

The Committee of Central Bank Governors (CCBG), commissioned FMT to develop and implement an exciting training session on Financial Inclusion. Topics included payments systems, remittances (specifically cross border remittances), AML and KYC, and digital and mobile payments, innovation and better use of data for FI.

FMT supports the CCBG in delivering their five strategic focus areas (SFA):

- **SFA 1** - Promote macroeconomic convergence
- **SFA 2** - Contribute to financial market deepening and integration
- **SFA 3** - Monitor financial stability
- **SFA 4** - Promote financial integrity
- **SFA 5** - Foster domestic and regional financial inclusion

Our support to SFA 5 includes a repository of statistics to monitor domestic and regional financial inclusion in SADC. The FMT Data Portal as well as the Measurement and Evaluation documents produced were presented at the CCBG Governors meeting in Lesotho in September 2018.

THE INS AND OUTS OF CROSS BORDER REMITTANCES

Remittances in the SADC region play a critical role in supporting poor migrants and the families of migrants back home. FMT, in support of making financial services work for the poor, is focused on the objective of reducing the informality and prices of remittances in the region.

In our endeavour to meet this objective, FMT worked closely with Shoprite; three years ago, to implement a retailer cross-border remittance offering from SA to Lesotho. With prices averaging at below 2% of the value of the transaction, this is one of the most cost effective solutions in the world. The product is set to reach a cumulative figure of R1 billion remittances in under three years.

DRC

FMT commissioned a report to assess the remittance corridors in and out of the DRC, the pricing and blockages to the use of formal remittances in the country.

Highlights include:

- Approximately 81% of the remittances sent and received are informal.
- The total remittances into DRC from nine destination countries are approximately USD305 million per annum.
- Largest of these remittance markets is Angola, followed by France and Congo-Brazzaville.
- 58% of remittances come from other African countries, and 92% of African remittances travel informally.

BOTSWANA AND ZIMBABWE

The Zimbabwean economy has been under severe pressure for many years now and this has resulted in many of the approximately 13 million Zimbabweans seeking a better life outside of the country. FMT commissioned a report to assess the remittance corridor between Botswana and Zimbabwe.

Highlights include:

- Reasons to send money home include for their loved ones to purchase food; pay for school fees and other household expenses; sending money for building houses, starting businesses and in some cases to cover emergencies like funerals or medical treatment.
- Many (36%) of the focus group respondents have lived in Botswana for more than ten years. A further 27% said that they have been in Botswana for between five and ten years.
- Estimated amounts through formal and informal channels flow as follows:

	Per person	16,000 migrants remitting
Formal	P2,614	BWP 41,824,000
Informal	P1,633	BWP 26,128,000
Total	P4,248	BWP 67,968,000



FARAI MURONDA

HEAD: SOUTH AFRICA FINANCIAL INCLUSION PROGRAMME

SA FI

GIVING SOUTH AFRICANS A FINANCIAL VOICE

The South Africa Financial Inclusion program reaffirms FMT's focus on promoting the continued extension of the benefits of the South Africa's financial services infrastructure beyond traditionally served communities. We seek to promote the development of a sustainably inclusive financial sector by diagnosing and addressing blockages to beneficial and responsible usage. This is a key lever for empowering poor communities and assisting policy makers in addressing the challenges of poverty, inequality and unemployment.

In 2018 the SA FI programme focused on a number of important interventions that have established FMT as an important advocate for financial inclusion in South Africa. Specific areas of focus include:

RISK-BASED APPROACH PILOT PROJECT

The Financial Intelligence Centre (FIC) Amendments Act was signed into South African law. This meant the introduction of the risk-based approach (RBA) to the management of AML and CTF in South Africa.

In response FMT formulated the Risk-Based Approach Pilot Project, which developed a risk-based methodology

for managing AML/CTF risk for cross border and domestic remittances, as well as low value banking services.

Deliverables include:

- A Product Risk Assessment for low value remittances and bank accounts.
- A framework for Financial Service Providers to support the implementation of Risk Based AML/KYC.
- A cost of compliance, related to the developed framework for Financial Service Providers for low value remittances and bank accounts.

Highlights of this project include:

- A sandbox environment supported by the regulators, Central Bank and financial service providers (FSP's) to support the development of the framework.
- Input from the local regulators and an international expert on the interpretation and implementation of Risk Based AML/KYC.
- A request from the regulators to expose all FSP's, operating low value remittances and bank accounts, to the methodology and frameworks.

We are proud to note that a number of new innovations have resulted from this pilot. In particular, our partnership with Mukuru has resulted in a market first application of simplified due diligence and digital client on-boarding that has won support from regulators.

PROMOTING BENEFICIAL USAGE

While the majority of South African adults have financial products, the use of these products has not adequately translated into beneficial outcomes for them.

To diagnose the drivers behind stagnant and declining usage of bank accounts FMT conducted an Account Usage study with Banking Association of South Africa (BASA). Our goal was to arm financial service providers with analytical tools to address this trend, and the first iteration of our research has yielded significant progress in this regard.

We visited entry level bank clients in township environments (Orange Farm and Tembisa), with representatives from our staff and members of the financial sector (FNB, ABSA, Capitec, Nedbank and African Bank). These visits provided insight into the lives of people using financial services and allowed banks to gain insight into the role banking products play within the larger township ecosystem. Additionally, quantitative modeling was performed on the transactional profiles of entry level banking clients to derive predictive models aimed at assisting banks to tailor specific interventions to their client segments. The project continues to partner with a number of banks in deepening this analysis.

INCLUSION POLICY COORDINATION AND ADVOCACY

In our position as an unbiased facilitator in the financial inclusion environment we assisted National Treasury with updating the National Financial Inclusion Policy, and developing a Financial Inclusion Monitor that will be used to track progress on achieving the goals set in this policy.

Our annual Financial Inclusion Forum continues to be an opportunity to share insights and perspectives, and arrive at consensus with regards to topical Financial Inclusion issues.

ENABLING SME INCLUSION

Small enterprise access to appropriate financial services is an enabler in the financial well-being and growth of enterprises and leads to increased economic development, reducing poverty and increasing employment levels. Unfortunately, the current reality is that SME's access to and usage of credit and other financial products significantly lags the provision of credit to individuals.

To this end, FMT has supported the development of a credit information sharing framework in partnership

with South African Credit and Risk Association (SACRRA), credit bureaus and credit providers.

Service providers and lenders will be able to gather much needed information to improve their credit underwriting and thereby unlock additional funding for small businesses.

FUNERAL INSURANCE

The annual FinScope Consumer survey confirms that South Africans consistently and increasingly dedicate a large portion of their finances to funding funerals. In order to diagnose and address the rising impacts of funeral expenses on the financial lives of South Africans, FMT has initiated the Funeral Insurance Research Project.

The project is led by a steering committee comprising of regulators and policy makers, including The Financial Sector Conduct Authority (FSCA), National Treasury, National Funeral Directors Association (NFDA) and The Association for Savings and Investment South Africa (ASISA). The project seeks to unpack the complex social drivers that lead to disproportionate provisioning for funeral expenses, at the expense of other financial needs, while also taking a look at supply side drivers for ever increasing costs of funeral services. The project will put forward a series of regulatory and consumer focused interventions to address these issues.



DR. KINGSTONE MUTSONZIWA

HEAD: INFORMATION
AND RESEARCH

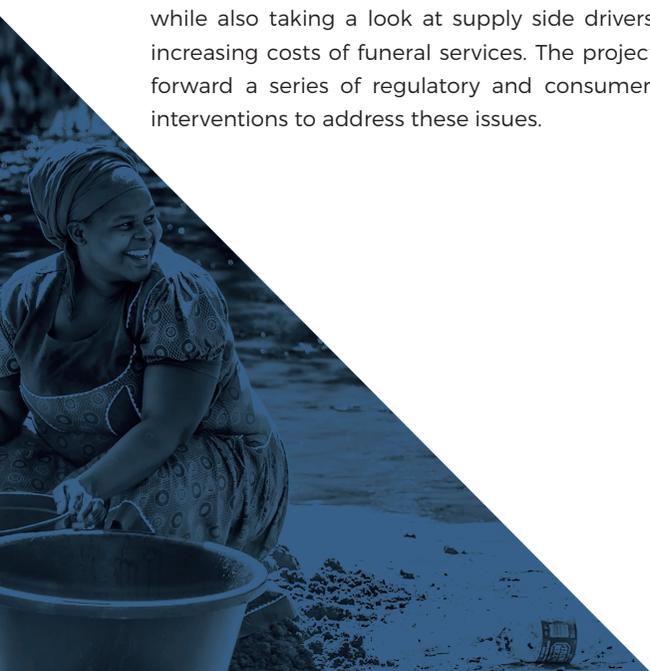
FinScope

GIANT STEPS WE TOOK IN 2017/2018

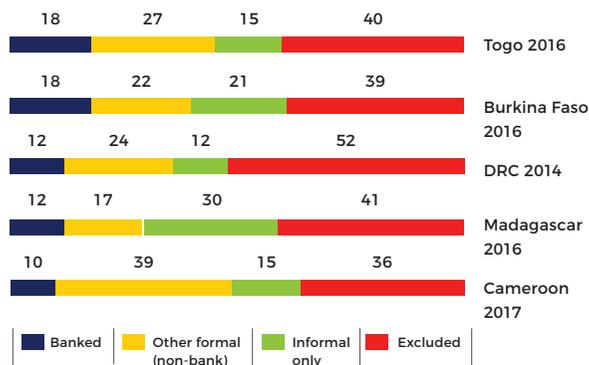
- 7 FinScope surveys were completed and successfully launched.
- New FinScope Consumer surveys initiated in Sudan and Eswatini.
- Offering technical assistance to EFINA in implementing its Access to Finance (A2F) survey.
- Partnered with CGAP on the Excluded Groups segmentation and Gender Data Bootcamp projects.
- Inclusion of learnings from two FMT clusters, the MSME Cluster and Youth and Women Cluster.

PARDON OUR FRENCH

French may not be our first language at FMT, but it hasn't prevented us from implementing surveys in French speaking countries like Burkina Faso, Cameroon, DRC, Madagascar, Benin and Togo. The results have been widely used by different stakeholders and the demand for such comprehensive surveys has been high from other French speaking countries.



Currently, the FinScope team is busy with FinScope Benin data management and results will be launched soon. The access strand for Francophone Africa is as follows:



CARIBBEAN EXPERIENCE

No, this was not a beach holiday. Haiti took bold steps by being the first Caribbean country to implement the FinScope Consumer survey. The study is being managed by DAI and funding came from USAID with FMT giving full technical assistance.

ENHANCING FINSCOPE PROCESSES AND COLLABORATION

FMT in collaboration with UNCDF hosted the Data Workshop on 26 July 2018 to share some lessons from FinScope surveys with selected national statistics departments and other data agencies from the SADC region. The workshop aimed at increasing the momentum towards deeper financial inclusion and also to ensure that quality data is collected efficiently and cost-effectively. The changing data and information landscape require that we share the experiences of the FinScope surveys with these agencies as they are custodians of official data in their countries. Traditional ways of implementing surveys and censuses have changed over the last two decades, and this evolving environment brings to the fore a number of important questions.

Data for Financial Markets

The Data for Financial Markets (DFM) programme was established to address new data opportunities and challenges in the financial inclusion sector. DFM was launched at the Annual SADC FI Indaba held in Pretoria on 24-25 July 2018, and allows us to offer our stakeholders a range of data options relevant to their information needs.

DFM includes new products that generate insights and collect relevant data for our stakeholders:

- **FinScope Consumer and MSME** – new branding, modularised surveys, improved measurement surveys and frameworks;
- **Geospatial data and analysis** – allows the centering of financial infrastructure around consumers, and uses location intelligence to inform key decision areas such as KPI measurement, and product design and implementation. This is done by overlapping GIS information on themes such as infrastructure, population and demographic information, and economic activity.
- **Portal** – open i2i data portal that allows access to nationally representative surveys of over 30 countries (from our FinScope product line);
- **Mobile** – mobile surveys were conducted by i2i in Zimbabwe, Tanzania, and Uganda, and by FMT in South Africa to track and understand consumer behaviour. This offering includes data collection via SMS, online and Computer Aided Telephone Interviews (CATI).
- **Data analytics** – Gathering data is the easy part, knowing what to do with it is difficult. Research, stats and data science can generate evidence and insights into women, the informal sector, digital financial services, product usage, financial needs and livelihoods. This information helps us best to serve the poor.



Insight2Impact – Global Collaboration

Together with The Bill & Melinda Gates Foundation and the Mastercard Foundation, we've made significant inroads to financial inclusion by developing new methods of providing services to unserved communities.

To this end greater collaboration and knowledge sharing has happened across the i2i project, the two host companies (FMT and Cenfri), and the countries and institutions we have travelled to and worked with.

This year saw the first convening of the private sector chapter of the i2i Advisory Panel and closer collaboration with several organisations outside the financial sector (including the African Institute of Mathematical Sciences).

Seasons 1 and 2 of our DataHack4FI Competition have demonstrated the value of engaging more broadly in data and innovation ecosystems. This is one of the reasons

why we have linked our physical, in-person DataHack4FI community with an online Facebook community of Africans interested in data and tech innovation.

Season 2 saw 185 participants from Ghana, Rwanda, Kenya, Uganda, Zambia and Tanzania participate for the grand prize. Overall winners WazInsure from Kenya addressed insurance for boda-boda drivers by developing machine-learning models that analyse both internal and external data sources to predict the likelihood of a boda-boda driver claiming for a high-risk event.

KEY I2I ACTIVITIES OVER THE PAST YEAR

- Published the results of the piloting of the needs-based measurement framework (#FinNeeds) in Zimbabwe, as well as a note on the drivers of financial services.
- Analysed the demand-side survey and transactional data from our pilot in Mexico, and rolled out our measurement engagement in Nigeria.
- Our #FinNeeds questions have been inserted into various FinScope survey questionnaires.
- Provided technical assistance on the harmonisation of financial inclusion surveys in four countries. Notably our work has impacted the nature of financial inclusion surveys with administration done via mobile phones.

'... greater collaboration and knowledge sharing has happened across the i2i project, the two host companies (FMT and Cenfri), and the countries and institutions we have travelled to and worked with.'

- Addition of financial diaries and GIS datasets to the i2i Data Portal – bringing the total number of datasets available on the portal to 74.
- Client Insights published a report on our technical assistance to KCB in Kenya;
- Reviewed experiments relating to behavioural interventions in financial service uptake and usage and the creation; and creation of an interactive database to share these studies.
- Client Insights performed a survey of representatives of 333 FSP's in six African countries to better understand how they use data in business decision-making.
- Finalised technical assistance to the Vanguard Group in Ghana and embarked on several new technical assistance projects in Ghana, Rwanda and Uganda. For the first time, technical assistance was extended to emerging fintechs (as well as the more traditional FSP's).
- Delivered a fruitful Season 2 of DataHack4FI and successfully raised funding for an expanded Season 3 of the competition. Teams from seven countries will compete in the competition during 2019.

Clusters - Through a different lens

MAKING A GROUP EFFORT - THE MSME CLUSTER

Using FinScope Eswatini data and supply-side diagnostic and roadmap pilot completed in September this year , the MSME cluster has been actively involved in informing work in the MSME space. This has directly contributed to the new MAP MSME offering which is being driven and marketed by FMT. The MAP MSME is an important offering to shape FMT discussions and exhibit direct linkages to the real economy through financial inclusion.

A FinScope MSME Review workshop organised by the MSME cluster brainstormed the way the survey has been implemented and how to improve it, especially the questionnaire and the sampling aspects. To continue improving the FinScope MSME product, the FMT team is looking into alternative sampling approaches which will likely be tested for FinScope Malawi 2018/19. The questionnaire is being reviewed to incorporate the FinScope MSME Review workshop recommendations and also align to the broader stakeholder interests at country and global levels.

INCLUDING THE EXCLUDED - YOUTH AND WOMEN CLUSTER

Youth and women are the most financially excluded segments of society, which is why FMT is placing them at the centre of its work going forward. .

The cluster has already started crafting a gender module to be inserted into the FinScope questionnaires. And to ensure the gender discussion is top of mind, the cluster hosted a two-day training session on 10-11 July 2018 with FMT staff. The goal was to develop a common institutional



understanding and prioritise institutional and individual goals on Gender Equality and Empowerment.

This bolstered work done by the cluster earlier in the year, and includes hosting webinars and running a Gender Data Bootcamp for FSD Africa and CGAP Community of Practice (COP) on 29-30th May 2018 in Entebbe, Uganda. As the Community of Practice thought partner FMT facilitated the Bootcamp that brought together gender programme staff and decision-makers from the FSD Network to highlight the importance of gender analytics within a market systems approach and the role of sex-disaggregated data in defining and promoting women's financial inclusion. FMT also acts as co-chairs on the CGAP COP.

GETTING TO BOTTOM OF THINGS – INFORMAL FINANCIAL SERVICES CLUSTER

The Informal Financial Services Cluster looks at the informal market and formally excluded populations. These populations are not well understood, which is why we need to employ new measurement dimensions and drivers that help us understand the barriers to formal financial inclusion. We are looking to advocate the adoption of the new informal measurement tool, which will be operationalised through a questionnaire and module that is easy to use and administer by our partners.

NEW WORLD THINKING – INNOVATION CLUSTER

In 2018 the innovation cluster is focusing on new, faster and cheaper forms of data collection, and the use of multiple data sources to build holistic, data-driven solutions and insights for financial inclusion. Research and pilots done by i2i are instrumental to this ongoing work.

Six i2i mobile SMS pilots in Africa have been completed, and nine more i2i pilots are being implemented in Africa and Asia. These pilots are overcoming a lack of representation by using mixed methods (SMS and telephonic), multi-level regression and post-stratification to model the data, with the focus set on financial inclusion indicators.

FMT'S EXCITING DATA PRODUCTS

DATA FOR FINANCIAL MARKETS

FMT | FinScope

The most comprehensive demand side instrument of its kind.

New measurement frameworks.

Modular survey design.

Stronger MSME focus on the real economy.

FMT | Geospatial

Mapping out financial inclusion services & other distribution infrastructure.

FMT | Mobile

Rethinking Demand Side data collection through mobile.

FMT | Analytics

Exploring data through an analytical lens.

Generating evidence and insights across core themes.

FMT | Portal

The easily searchable i2i open data portal.
Nationally representative survey datasets.
Contextual GIS data layers for 7 countries.
Generation of headline financial inclusion statistics.
Visualisation tools to facilitate analytics.

FINANCIAL STATEMENT

FinMark Trust

(Registration number 4167/02)

Annual Financial Statements for the year ended 28 February 2018

Statement of Financial Position

Figures in Rand	2018	2017
	R	R
Assets		
Non-Current Assets		
Property, plant and equipment	499,032	535,822
Current Assets		
Cash and cash equivalents	55,669,679	74,056,209
Trade and other receivables	7,675,745	2,498,513
Total Assets	63,844,456	77,090,544
Equity and Liability		
Capital and reserves		
Trust capital	200	200
Accumulated loss	(1,159,711)	(1,184,089)
Non-current liabilities		
Deferred income	57,018,316	73,618,326
Current Liabilities		
Trade and other payables	7,985,651	4,656,107
Total Liabilities	65,003,967	78,274,433
Total Equity and Liabilities	63,844,456	77,090,544

Statement of profit and loss and other comprehensive income

Figures in Rand	2018	2017
	R	R
Revenue	75,071,185	98,838,501
Total income	75,071,185	98,838,501
Operating expenses	(77,374,032)	(101,942,159)
Operating profit/(loss)	(2,302,847)	(3,103,658)
Investment revenue	2,327,225	1,218,471
Profit/(loss) before taxation	24,378	(1,885,187)
Taxation	-	-
Profit/(loss) for the year	24,378	(1,885,187)
Other comprehensive income	-	-
Total comprehensive profit/(loss) for the year	24,378	(1,885,187)

Audit Opinion

An unqualified opinion was issued by Mehlala Consulting – Chartered Accountants; Registered Auditors for the 2018 financial year audit.

DONORS

BILL & MELINDA
GATES foundation



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

FMT ANNUAL REPORT | 2018

CONTACT INFO

Sanofi House, Second Floor,
44 on Grand Central Office Park,
2 Bond Street, Grand Central
Ext 1, Midrand

Tel: +27 11 315 9197
Fax: +27 86 518 3579
info@finmark.org.za
www.finmark.org.za