

2023 | ANNUAL REPORT



المؤسسة الإقليمية لمقاصة  
وتسوية المدفوعات العربيّة

ARAB REGIONAL PAYMENTS  
CLEARING AND SETTLEMENT  
ORGANIZATION

ANNUAL  
REPORT

2023





# ANNUAL REPORT 2023



The Arab Regional Payments  
Clearing and Settlement Organization

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## 1. Who we Are

### 1.1 Introduction

Buna is the cross-border payment system operated by the Arab Regional Payments Clearing and Settlement Organization “ARPCSO,” which is owned by The Arab Monetary Fund “AMF”. Buna aims to enable financial institutions and central banks in the Arab region and beyond to send and receive payments in local currencies as well as key international currencies in a safe, cost-effective, risk-controlled, and transparent environment. Buna offers its participants modern payment solutions that comply with international standards and compliance requirements.

With its cross-border payment system, Buna strengthens opportunities for economic and financial integration in the Arab region, contributes to higher financial Inclusion, and supports investment ties with global trading partners. Buna welcomes the inclusion of all financial institutions that meet the criteria and conditions for participation, primarily the standards and procedures of compliance aspects.

### 1.2 Objectives

#### Buna aims to:

- » Empower Arab economies.
- » Streamline trade relationships of the Arab countries with major partners.
- » Facilitate financial inclusion and regional integration.
- » Promote cross-border payments and make them as efficient as domestic ones.
- » Promote usage of regional currencies.
- » Strengthen compliance standards, and adherence to relevant international principles.



## 1.3 Mission and Values



### Our Mission

To provide payment solutions that empower Arab economies and promote regional integration.



### Our Values

To reinforce the organization's identity, shape organization culture, assist in decision making, influence employee behavior and ensure growth.

### Buna's values are the following:



#### Integrity

we work in honesty and devotion, with consistent adherence to our mission.



#### Reliability

we do what we say, and we communicate and act in a transparent way.



#### Accountability

we are always eager to meet our obligation and take full responsibility for our actions.



#### Commitment

we are driven by our mission, constantly targeting to realize our strategic objectives.



#### Excellence

we always aim to deliver a superior level of quality in any aspect of our services.

## 2. Financial Performance

We continued exercising strict controls on the operational cost to optimize expenditure. That has materialized in multiple reprioritization and optimization to align the expenditures with the observed revenues. As a result, we spent 18% less than initially planned on the operational cost for 2023, while delivering multiple new services and enhancements and without deteriorating operational efficiency.

Transactions and related revenues increased at a steady pace in 2023. However, the revenue earned, USD 150K, remained below the forecasted USD 900K for our 2023 budget.

The slower uptake of the service was linked to two main factors. First, the fragmentation in the choice of currencies activated by participants, which results from participants tending to open accounts in limited number of currencies, leading to smaller networks by currency and situations where net senders in certain currencies opened accounts, while the net receivers didn't or vice versa. The second factor is the limitation of access to sources for liquidity funding in certain currencies, which resulted in participants opening accounts in certain currencies, but not being able to provide them with the funds required to process payments.

Substantial efforts have been deployed throughout 2023 to address the aforesaid challenges and results are already visible. We continued our efforts to onboard additional participants and we increased the number of active participants by 40% to reach 108 active participants by the end of 2023. Particular focus has been given on resolving the fragmentation in the choice of currencies and we succeeded in reaching a growth of 50% in the number of accounts to meet 340 accounts end of 2023 and have 81% of

the participants opting for three currencies or more. Regarding the issue relating to the sources of funding, we enhanced the liquidity management options for participants by launching an Foreign Exchange Marketplace in the system, supported by the Payment vs Payment (PvP) service to ensure safe settlement. This has complemented the traditional funding options with an in-platform option to buy liquidity from any participant instantly without having to rely on external parties; this has led to an immediate increase in the volumes of Jordanian currency transactions for example.

In addition to these efforts, we also introduced several enhancements that aim to increase the volume of transactions, such as the extension of the operating settlement window to 12 hours a day over 6 days per week for all currencies. This enabled the participants to send and receive transactions beyond the operating hours of other channels outside.

Whilst all the aforesaid actions have taken place during 2023 and the expected results are anticipated to be materially realized in 2024 and beyond, there were direct short-term results demonstrated by a consistent monthly growth of transactions in all the six currencies reaching a total of 34,144 transactions by end of 2023.

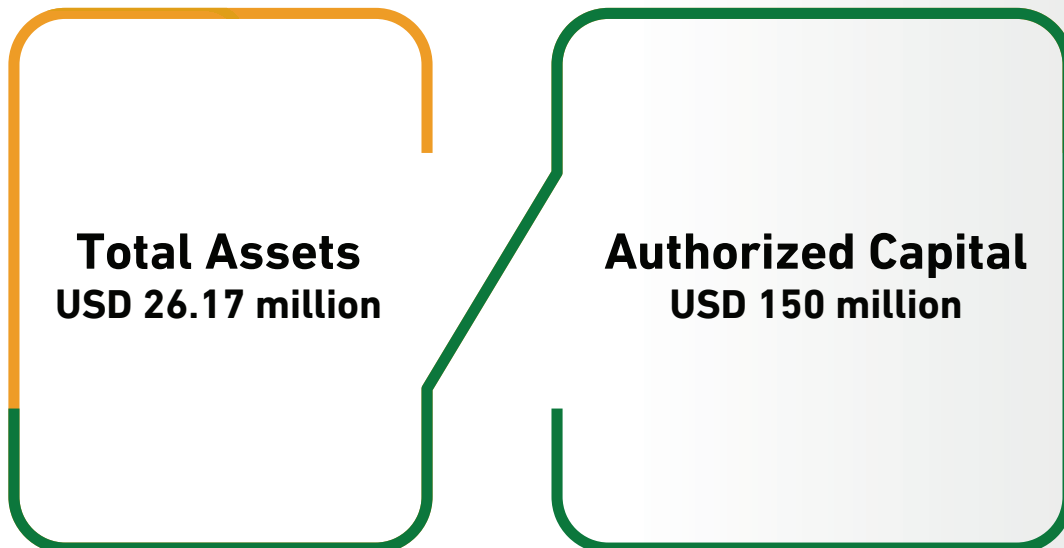
On the strategic side, we launched new services that pave the way for long-term growth in volumes and revenues, namely the Instant Payment Service "IPS" and the "Leg-in / Leg-out" scheme. The IPS enables participants to address the price-sensitive and time-sensitive use cases by offering their clients instant 24x7 cross-border remittances and payments at very competitive rates. "Leg-in / Leg-out" enables participants to link other financial institutions or network of financial institutions, including own branches and subsidiaries, and channel their payment to Buna in a transparent and efficient way.



This service is expected to increase substantially Buna reachability in the upcoming months.

We remain confident that the growth observed until now and the additional actions that we are taking will allow Buna to reach a breakeven point and ensure its financial sustainability in the upcoming 3 to 5 years. To reinforce these actions and give more reassurance on the financial sustainability of Buna,

we undertook to increase our capital by 50 % from USD 100M to 150M. This operation had been achieved through the injection of additional cash from our sole owner, the Arab Monetary Fund, demonstrating the commitment of the Arab Central Banks and Monetary Authorities to support Buna and their confidence in its success.



### 3. Highlights

The number of live participants increased by 40% to reach 108 live participants.

The number of transactions increased by 18.6 times to reach a total of 34,144 transactions.

The number of participant accounts increased by 48% to reach 334 accounts.

Currencies remained at 6 currencies.

## 4. Governance

### Advisory Group Formation

After the establishment of our Board of Directors in 2022 we continued reinforcing the involvement of the users in our governance with the formation of Buna’s Advisory Group. The Advisory Group objective is to support the Executive Committee (ExCo) in making informed decisions that consider users’ interest. The Advisory Group also serves as a forum for dialogue and exchange on key industry topics.

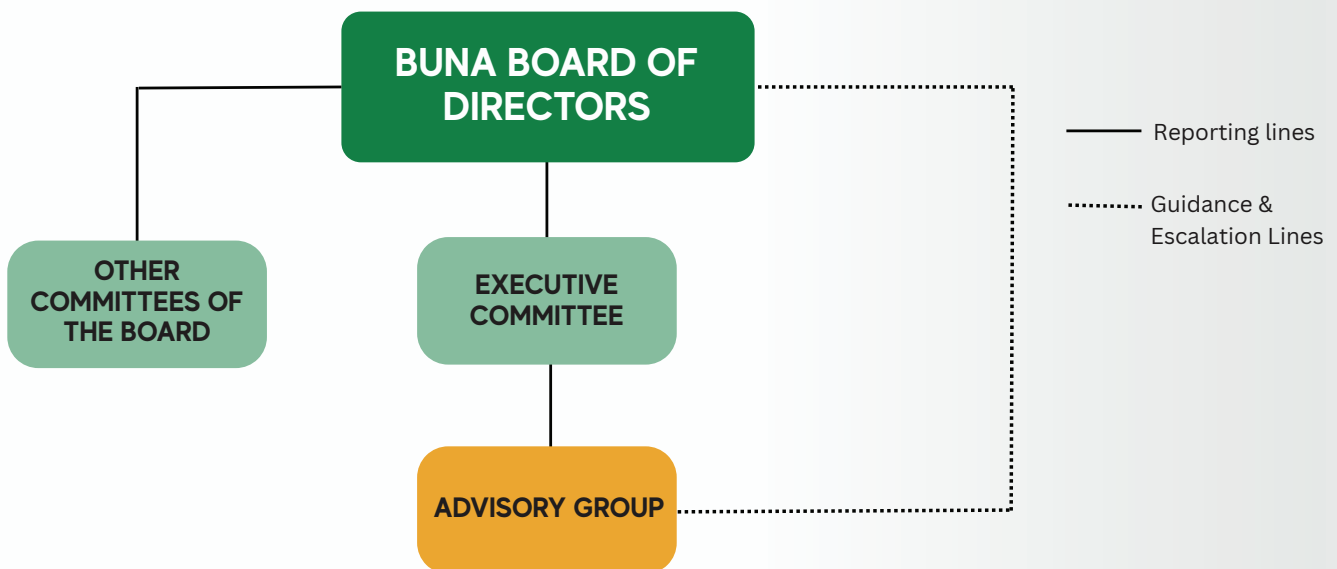
### A comprehensive mandate has been given to the Advisory Group which includes:

- Support in making informed decisions that consider users’ interest.
- Serve as a forum for dialogue and exchange on key industry topics.
- Advise on the system’s key risks, internal controls,

technology, operations, development, strategy, enhancements, and any other area for improvement.

- Advise on changes deemed necessary to the system.
- Analyze the impact of these changes and advise accordingly.
- Review and advise on changes to the pricing model.
- Review and advise on changes to the Rulebook and Participation Agreement.

We also gave a strong positioning to the Advisory Group to ensure that it will fulfill its mandate in an effective way. The Advisory Group reports to the ExCo and should share its recommendations and outcomes with the ExCo via the Advisory Group Chairperson. In case of a disagreement with the adoption of any of its recommendations by the ExCo that cannot be resolved otherwise, the Advisory Group has the ability to escalate matters directly to the Board of Directors.



The initial composition of the Advisory Group involves 29 members, including 22 participant banks and 7 international observers. During the two meetings that took place in 2023, they addressed several

matters of interest to the participants including amendments to Buna's rulebook, and challenges related to transparency on beneficiary banks' charges, among other topics.



## 5. The Statement of His Excellency Fahad M. Alturki



It is my pleasure to write to you today as I reflect on my first few months as the Chairman of the Board of Directors of the Arab Regional Payments Clearing and Settlement Organization (ARPCSO) since I joined on November 27, 2023.

It is globally recognized that the path to establish a new payment system is generally full of challenges and uncertainties which tend to increase when the ambition is high or when the scope is more complex such as for cross-border payments. However, in just a few years of existence, Buna managed to overcome most of these challenges until becoming a fully established and globally recognized cross-border and multi-currency payment system that delivers services to more than 100 financial institutions in different countries. This success has been made possible thanks to the foundation of Buna on very solid pillars, such as the decision to embed a comprehensive compliance framework in the system to meet the highest international standards and requirements in this field.

While this success makes us proud and provides us with comfort and reassurance on the appropriateness of the decision to launch this initiative with the aim to empower Arab economies and facilitate higher integration between them and stronger ties with their global partners, it is also acknowledged that some challenges may still be ahead of us. We will continue making sure that Buna is fully equipped to face them.

A testimony of that is the agreement of the Arab Monetary Fund, as the unique shareholder of Buna, and its Board of Governors to inject additional USD 50M to the capital of Buna to bring it to USD 150M authorized capital.

This capital increase serves as a strategic enabler, providing Buna with the means to enhance operational efficiency, innovate services, and expand its reachability.

We recognize the responsibility that comes with this support, and we are dedicated to leveraging these resources judiciously. At the board, we will continue to steer Buna towards success by not only meeting the evolving needs of the cross-border payments landscape but also upholding the highest standards of efficiency, security, and transparency.

As we look ahead, my colleagues from the Board and I remain fully committed to supporting Buna and are optimistic and confident that it will continue achieving important milestones in 2024.

In closing, on behalf of the board, I would like to thank Mehdi Manaa, Buna's CEO and his team for their hard work and dedication to achieve the objectives of Buna. I would also like to express our greatest appreciation to the Arab Central Banks Governors for their constant belief in Buna.

## 6. Message from the CEO Mehdi Manaa



We wanted 2023 to be the year reinforcing previous achievements and setting the ground for future successes. After reaching the milestone of 100 banks signing the participation agreement in early 2023, we wanted to ensure that

banks do not only subscribe to Buna, but also they maximize their use of it. Out of the aforementioned 100 banks, only 77 were active in early 2023. Our aim was to achieve a well-developed network of participants that are ready to send and receive payments in each of our 6 currencies. Accordingly, we worked in both aspects, increasing the number of active participants and maximizing the adoption of the different currencies. The results are there! The number of active participants increased by 40% to reach 108 by the end of 2023 and the number of accounts in different currencies grew by 48% to reach 334 accounts. End of 2023, 81% of the participants had accounts in at least three currencies or more.

Regarding the implementation of the different components of our governance, while 2022 witnessed the establishment of our Board of Directors, which gives large representation to our users, we continued in 2023 reaffirming the objective to be an organization governed by its users by putting them at the forefront of the decision-making process. Our Advisory Group, which includes 22 participants and 7 observers, is now set up and we had the opportunity to meet with them twice already in 2023. It is a testament to our

our dedication to delivering solutions that address the pain points of our participants.

In 2022, we brought our real-time settlement services to a level of robustness and stability allowing to sustain safe operation. Therefore, we dedicated 2023 to optimizing our operational costs throughout the year, reducing them by 18 %, and to deploying three major new services, namely the Instant Payment Service (IPS), the FX services supported by the PVP mechanism and the Leg-in/Leg-out scheme. All these services aim at increasing the opportunities for Buna to have larger volumes of payments, while bringing additional efficiencies and new business opportunities to our participants.

2023 has also seen a consistent growth in our transactions' volumes, but unfortunately not up to what we planned initially. Our analysis shows that this is due to different reasons that, we believe, are addressed by the measures that I mentioned above. 2024 will be dedicated to increasing these efforts until reaching the level of volumes that will ensure our cost recovery and financial sustainability.

2024 will also be the year of interlinking. Until now, we shared several announcements with different partners aiming at establishing interlinking of our payment solutions in line with one of the key objectives of Buna to support the empowerment of the Arab economies by achieving not only higher integration between them, but also closer ties with their main global partners. In 2024, we will focus on bringing as many of these arrangements as possible closer to life.

The journey ahead holds immense promise. Together with our participants and with the support of our Board of Directors and their Excellencies the Governors of the Arab Central Banks and Monetary Authorities, we continue writing Buna's success story. I would like to thank all of them for the reiterated confidence. I would also like to thank our partners and friends, including several international

organizations in the payment industry for their trust in Buna and for their belief in the importance of collaboration to deliver strategic and transformative value. Most importantly, I would like to thank all my colleagues at Buna for their great efforts and hard work, as we build a more resilient organization, and continue to make 'Payment as it should be!'



**“2024 will also be the year of interlinking”**

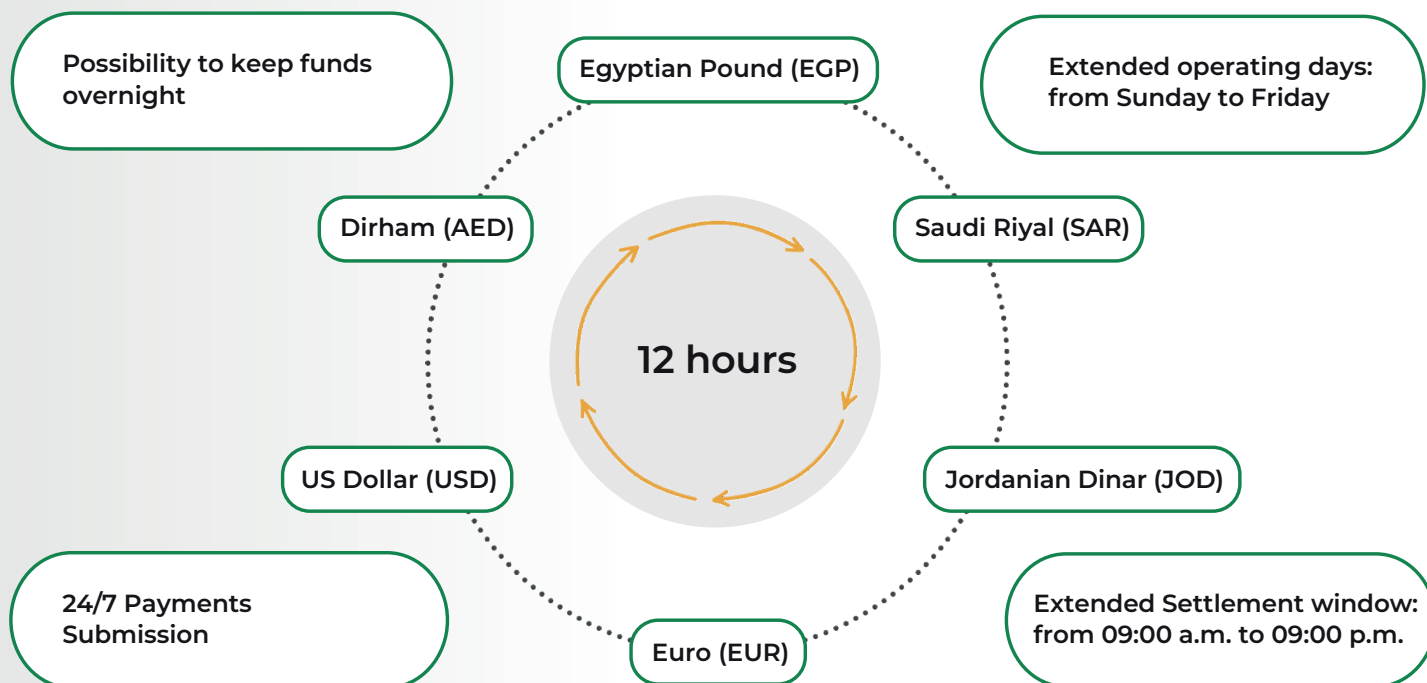
## 7. Operational Performance

### 7.1 Business Operations

#### Extended Operating Window

We continued to extend our settlement window for the real-time gross settlement (RTGS) service and the schedules of our six currencies have now been aligned. For all of them, we provide a 12 hour settlement window, from 9:00 am to 9:00 pm (GST),

over 6 days a week, from Sunday to Friday. This comes with the possibility to submit payments 24/7 and the option to keep funds in Buna overnight for all the six currencies to allow more flexible liquidity management.





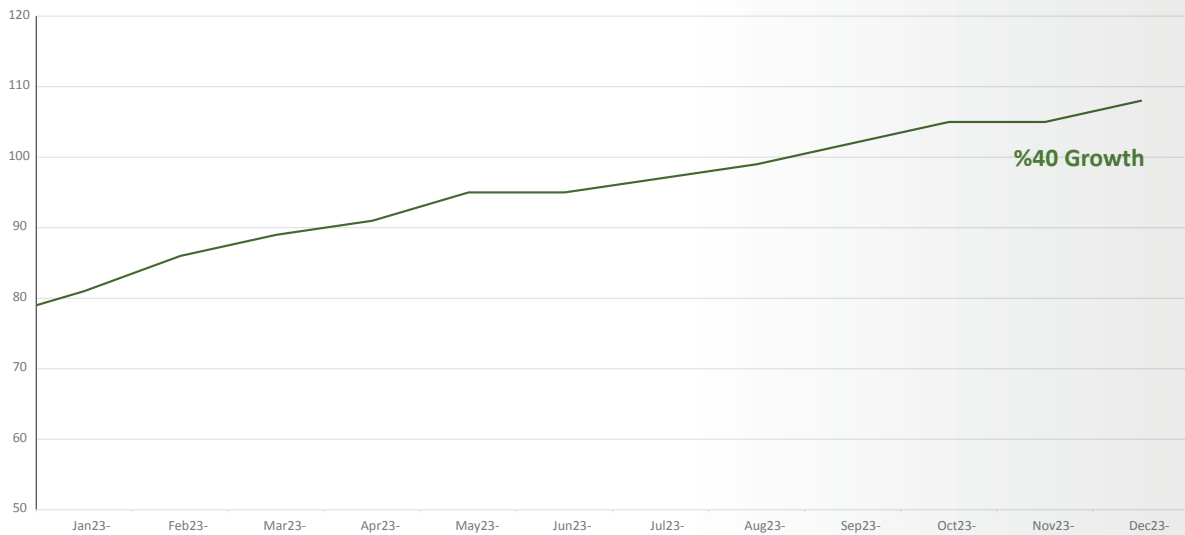
Extended Operating Days and Settlement Windows

Participants Onboarding

By the end of 2022 there were 77 participants and this number increased to 108 participants by end of 2023 reflecting a growth rate of 40%. In addition, participants' interest expanded across the six available currencies, as evidenced by a 48%

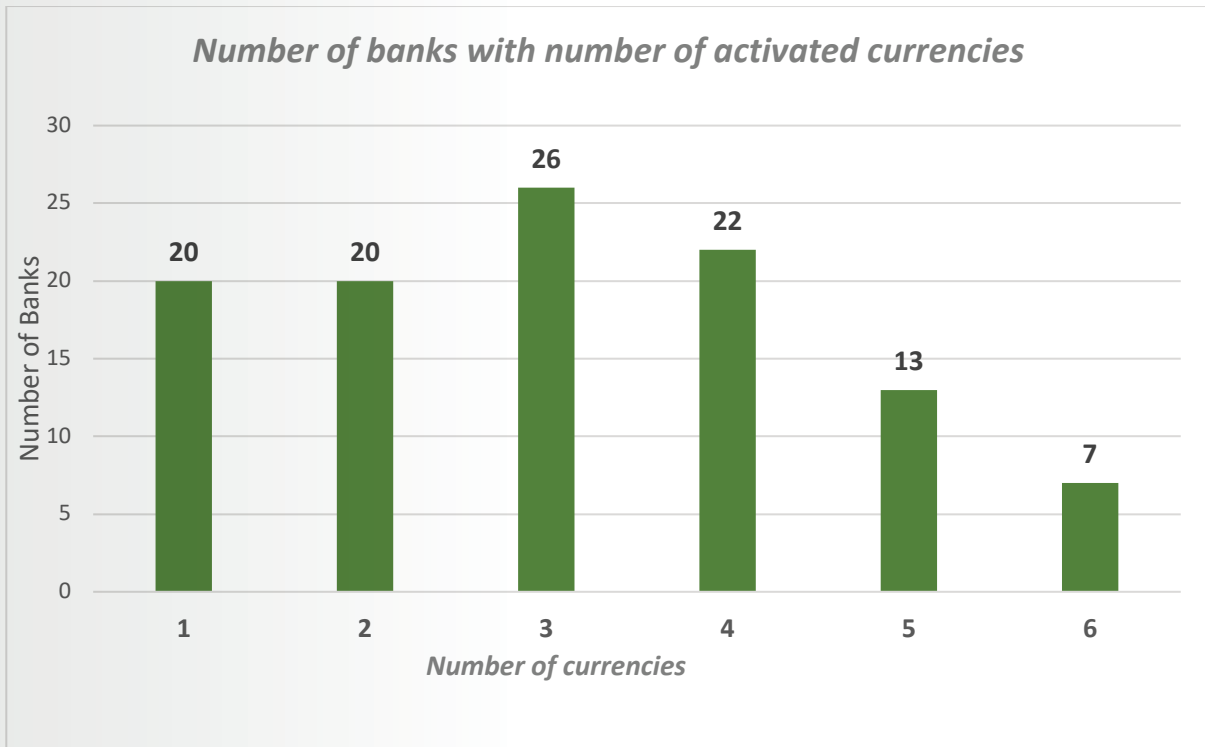
growth in the number of open accounts in all currencies compared to the end of 2022. This resulted in a total of 334 active accounts in the six currencies, showcasing a substantial increase.

Cumulative Live Participants



Cumulative Accounts

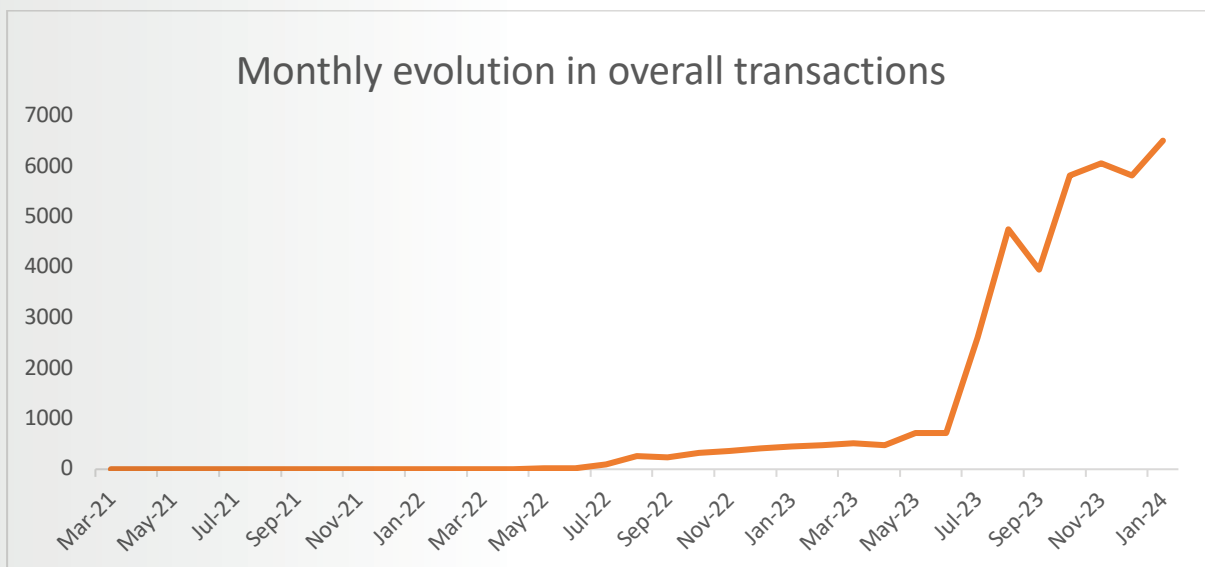




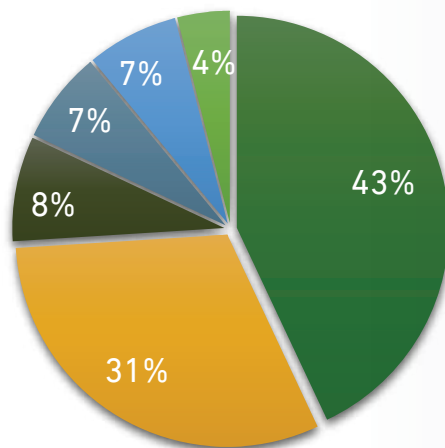
#### Transactions Volumes

The transactions volume processed through Buna exhibited steady growth, surpassing 34,000 transactions in total throughout 2023. This increase applies to all six currencies.

It is also worth mentioning that Buna continued to be used for all use cases in demonstration of its case agnostic nature and its ability to fulfill the diverse needs of our participants and their clients.



**Value Brackets of transactions**  
(displayed in USD equivalent of the amount settled in all currencies)

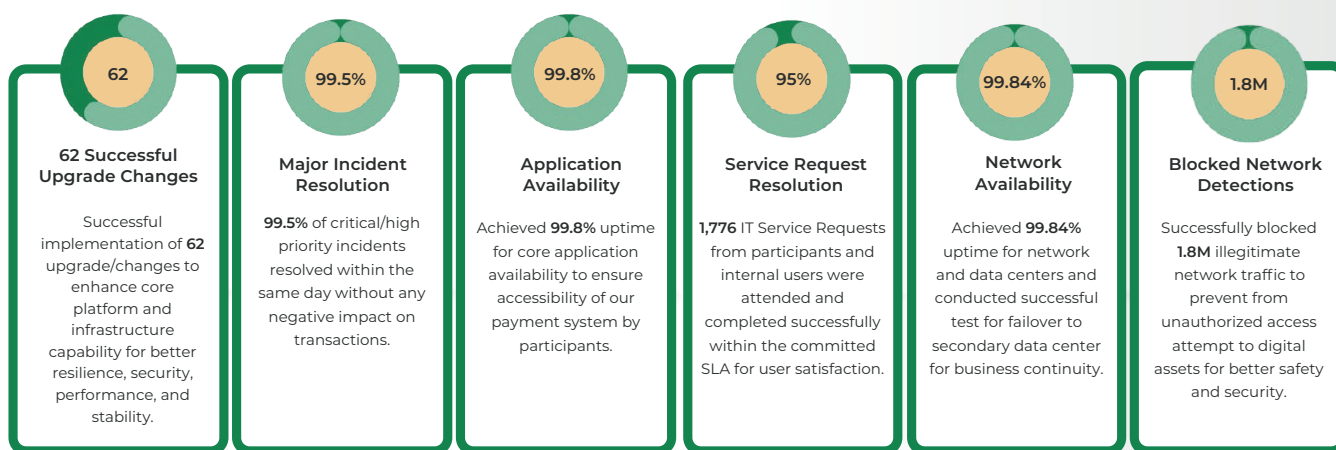


■ <1,000 ■ 1,000-5,000 ■ 5,000-10,000 ■ 10,000-25,000 ■ 25,000-100,000 ■ >100,000

## 7.2 IT Operations

Key Facts and Figures for 2023

Better stability and resilience in 2023 by exceeding availability target of 99.7% with a 32% drop in the number of critical and high priority incidents compared to 2022.



### Technology Upgrades

62 technology upgrades were completed across different applications and business domains to ensure the highest levels of performance and efficiency and replace aging components that could

be a source of exploitable vulnerabilities, thus enhancing the security of the Buna infrastructure and applications.

- We ensured that new and improved features were incorporated to enhance participant experience.
- We introduced new features to Buna's core applications such as SWIFT FinPlus service configuration, and SWIFT Message Standards 2023 adoption.
- We maximised network performance and capabilities through multiple upgrades to improve efficiency, reduce latency, and increase throughput, benefiting all users and applications relying on our network.

We successfully conducted multiple firewall and virtual machines upgrades to optimize performance and unlock new capabilities within our infrastructure.

#### Service Availability

99.8% core application availability and 99.84% network availability were achieved in 2023. These facts are an indication of the resilience of Buna's payment solution and its ability to safeguard all payments, even in unexpected events. By providing reliable and secure IT services, we increase the confidence among participants. This achievement directly contributes to the uninterrupted operation of critical business functions, minimizing downtime and maximizing productivity. Maintaining such high availability reinforces our commitment to providing seamless and reliable experience for our participants.

**Incident Resolution and Core Application Availability:** 99.5% of the critical and high-priority incidents encountered during 2023 were closed in less than 6 hours, within the SLA, and without impact on participants' payment transactions.

We also realized a drop of 32% in the number of major incidents in 2023, as opposed to 2022, thanks to the improved stability and resilience of the platform.

#### Service Requests Resolution

95% of the service requests from the participants were completed within the committed SLA, ensuring customer satisfaction.

#### Stability and Performance

As part of the business continuity program, Buna ensures environment stability by achieving the highest possible platform and infrastructure availability, which benchmarked up to 99.92%. We conducted multiple performance monitoring and tuning enhancements periodically throughout the year to provide the best experience to our participants. This included but was not limited to:

- Periodically analysing and monitoring logs related to infrastructure resources to proactively plan any required mitigations.

- Adjusting platform resources (memory, CPU and Disk Space) to avoid disruptions caused by high resource utilization.

### 7.3 Compliance Operations

Buna conducts end-to-end due diligence and Know Your Customer (KYC) checks through ongoing direct engagement with the compliance functions within our community. This is performed as part of the adopted Applicants and Participants Due Diligence process that targets continuous monitoring and enhancement of BUNA's ecosystem and its participants' safety.

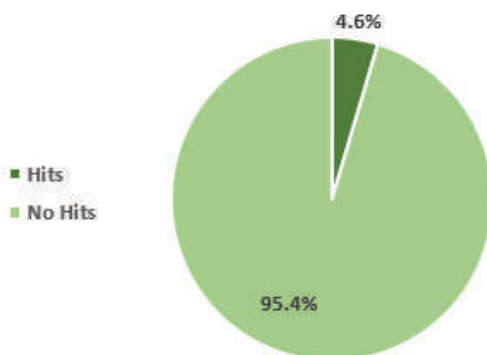
Throughout the year:

- KYC checks were conducted resulting in the approval of the onboarding of 30 new applicants.
- Cyclical risk-based periodic and event-driven reviews were conducted resulting in:
  - Approving the continuation of the relationship with 37 existing participants.
  - Suspending 12 participants for allegedly breaching the System Documents.

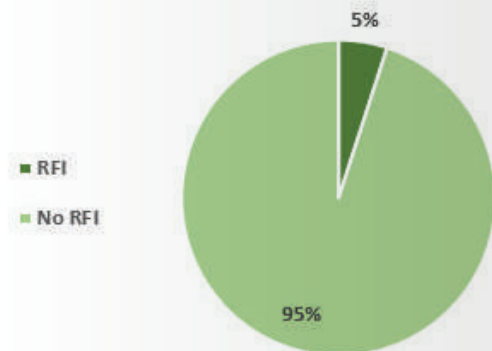
We encountered 4.6% potential hits through our real time Sanction Screening system, which required, in certain cases, interaction with the Participants' Compliance teams in the form of request for information (RFI) process.

All potential alerts from our Fraud Detection and AML Transaction Monitoring systems were investigated and marked as False Positive, resulting in no violation, fraud, or money laundering activities.

Potential Hits 2023



Potential Hits Analysis 2023



## 8. Our Internal Control Framework

### 8.1 Security and Availability

At Buna, we always target uninterrupted services for excellent proficiency and productivity. Incident management is vital in encouraging efficient workflow to achieve greater availability with the fastest resolution of issues. We prioritized our focus on cybersecurity throughout the year, ensuring the resilience and continuous availability of the payment system. Our strategic initiatives included fortifying the overall cybersecurity position with effective 24X7X365 (SOC) Security Operation Center and successfully renewing the ISO 27001 & Swift (CSP) Customer Security Program certifications. These measures emphasize our commitment to proactive threat management and industry-leading security standards.

### 8.2 Embedding Risk Management

Our risk management framework has been reinforced by the Risk Appetite Statement which defines the parameters guiding the operations of Buna. The main purpose of the Risk Appetite Statement is to facilitate concise presentation of the amount of risk the organization is prepared to take in its key activities. The statement sets the appropriate thresholds for different types of risks that could have adverse financial, reputational, and operational impacts.

At Buna, we have an overall conservative risk appetite. We continuously act in accordance with this appetite to achieve strategic objectives and remain a leading payment system, supported by an efficient infrastructure for cross-border payments, in alignment with the Principles for Financial Market Infrastructures (PFMIs).

We employ sound risk management principles, transparent decision-making, and effective communication to prioritize risks. The organization

manages the following set of interrelated risks to effectively supervise and continuously enhance Buna's efficiency, safety and stability as a Payment System.

We have:

- No appetite for: Compliance Risk, Fraud Risk (internal and external), Reputational Risk, Information Security Risk, and Legal Risk.
- Low appetite for: Custody Risk, Strategic Risk, General Business Risk, Financial Stability Risk, Third-party Risk, and other operational risks.

### 8.3 Disclosure Framework

The Central Bank of the UAE, as the lead overseer, has established a Cooperative Oversight Framework exercised by a dedicated Oversight Committee that is open to the Central Banks whose currencies are processed in Buna. The Oversight Committee has set up an Oversight Task Force that is currently reviewing Buna's PFMI Self-Assessment.

In parallel, we have developed our Disclosure Framework, which will be published after receiving the results of the review by the Oversight Task Force. The framework is designed to promote greater transparency, objectivity, and comparability of the assessments of observance of the PFMI.

## 9. Service Enhancements

The payment world is in constant evolution and innovation. Buna is no exception to that. We are continuously maximizing the value for the community by covering additional services and payment use cases. Here are some of the key enhancements that we introduced to our products in 2023:

### 9.1 Instant Payment System (IPS)

This service is now live and ready to onboard participants seeking payments that are instant and available 24x7x365, in a cost-effective way. The IPS offers unparalleled speed, convenience, and security to its end users. With Buna's instant payment service, customers, companies, and financial institutions alike can enjoy instant and seamless cross-border payments, eliminating the traditional barriers of time, cost, and complexity. This service is designed to allow its users to send and receive payments within seconds, making it flexible and efficient enough to accommodate different needs— whether in a business to business, business to individual, or individual to individual context. It is particularly tailored for low-mid value payments that are urgent or time-sensitive.

### 9.2 Payment vs Payment for FX Settlement (PvP)

Our Payment vs Payment Service (PvP) for FX settlement went live and had its first users in 2023. It combines a modern and efficient FX marketplace with the PvP mechanism that provides safer settlement for foreign exchange (FX) trades. It ensures that settlement in one currency occurs if and only if the settlement of the other currency occurs simultaneously, resulting in a more efficient and secure way of conducting settlement of foreign exchange transactions, in line with the G20 roadmap for enhancing cross-border payments.

### 9.3 Leg-In / Leg-Out Payments

We also launched the “Leg-In / Leg-Out” scheme that enables participants from outside the Buna network to send and receive payments to/from participants in the Buna network safely and securely in multiple currencies.

The capability supports both RTGS and IPS services and enables interoperability with various payment systems and large banking groups in the Arab region and worldwide.

### 9.4 Technology Optimization to Drive Efficiency

By staying at the forefront of advancements in the context of technology design, we position our organization for future growth and innovation by driving efficiency across IT domains.

#### New Virtualization Environment

We developed and started implementing a roadmap to enhance further our current infrastructure's resiliency, including Buna's core platform, such as databases, Middleware, and other critical components. These enhancements minimized performance-related disruptions to ensure the prompt provision of cutting-edge services to Buna's participants by boosting the flexibility and resiliency of the platform.

#### Payment Hub

We are continuously engaging to extend Buna's reach by enabling our participants to send & receive payments across different regions and counties. As such, we completed the first phase of the Payment Hub implementation by defining the requirements and design to achieve interoperability with other payment systems efficiently and cost-effectively. In that context, we engaged in several streams of

joint discussions with various payment systems to support interoperability initiatives with the proper integration solution design. On the other hand, multiple enhancements were introduced in the platform integration layer by improving the monitoring capabilities for enhanced logging and troubleshooting mechanisms until the Payment Hub implementation is completed in 2024.

#### Process Optimization

As businesses optimize their business models and processes to compete in the digital economy, at Buna, we also optimized our IT Service Management processes to cut costs and improve efficiencies within the organization.

- Change Management

We successfully implemented segregated change workflows to establish granular control over the changes planned for better risk assessment.

- Configuration Management

We introduced the new Configuration Management Process to enhance tracking and maintaining of all Buna's technology configuration items, such as servers, firewalls, etc.

With this process in place, we aim to achieve improved consistency and standardization in maintaining accurate data on configuration items to facilitate periodic audits.

- Demand Management

The IT Demand Management process was introduced to streamline the internal demands and participants' business requirements for new features or products to ensure continuous service improvement and increase customer satisfaction.

- Software Maintenance Management

We updated our software maintenance process to keep up with customer needs. The process helps tracking systems proactively and maintaining high availability, high performance, and supportability.

#### New IT Monitoring Solution

In today's dynamic and data-driven world, the ability to effectively manage and analyze transactional data has become a critical component of operational success. We have added a new IT monitoring and log analyzing tool in the technology portfolio to enable the IT team to monitor the health and performance of IT infrastructure and gain insight into application behavior to troubleshoot issues. These tools will reduce investigation time across servers and systems, improve support service level and minimize application downtimes due to incidents.

#### Cybersecurity

We worked proactively and enhanced our cybersecurity defenses by identifying and remediating vulnerabilities across the network infrastructure. This has significantly reduced the organization's exposure to potential threats and vulnerabilities. These efforts highlight our commitment to maintaining a secure digital environment, aligning with industry best practices and regulatory compliance such as ISO27001, and SWIFT CSP and safeguarding the organization's digital assets.

#### Cost Efficiency

Cost optimization is a continuous discipline for us to control expenditures and reduce costs while maximizing business value from the technology resources. In this light, we managed to optimize the costs of our managed services and reduce them by 32% for 2023 compared to the previous year, while maintaining, and in certain cases improving, the SLA levels. We also completed the takeover of the core IT functions from the managed service providers to ensure that the strategic roles are maintained internally.



## 10. Our Strategy to Transform Cross-border Payments

In line with the 2030 vision that we established in 2022 in light of the lower than anticipated volumes in 2023, we decided to fine tune our strategy to focus the upcoming three years on ensuring the financial

sustainability of Buna. We expect this objective to be realized by prioritizing the component of our strategy that relates to the Payment Hub pillar.

### Why was Buna created? (Strategic Objectives)

- Empower Arab economies and strengthen regional integration
- Streamline trade relationships between Arab world and major partners
- Promote cross-border payments and make them as efficient as domestic ones
- Promote usage of regional currencies
- Facilitate financial inclusion
- Strengthen compliance, adherence to international standards, and enhance Central Banks oversight

### What direction has been set?

- The Payment Platform of Choice Across the Arab World and Beyond
- Provide Payment Solutions that Empower Arab Economies and Promote Regional Integration
- Integrity, Reliability, Accountability, Commitment, and Excellence

### What does it look like? (Buna Vision 2030)

- Payment Hub: Borderless network of institutions & ecosystems accessing a single window
- Community Platform: Industry podium connecting financial community to achieve common industry goals
- Risk & Compliance Center: Center of excellence that promotes the highest level of compliance standards
- Innovation Environment: High-tech setup that promotes and drives industry innovation & harmonization

### How to get there?

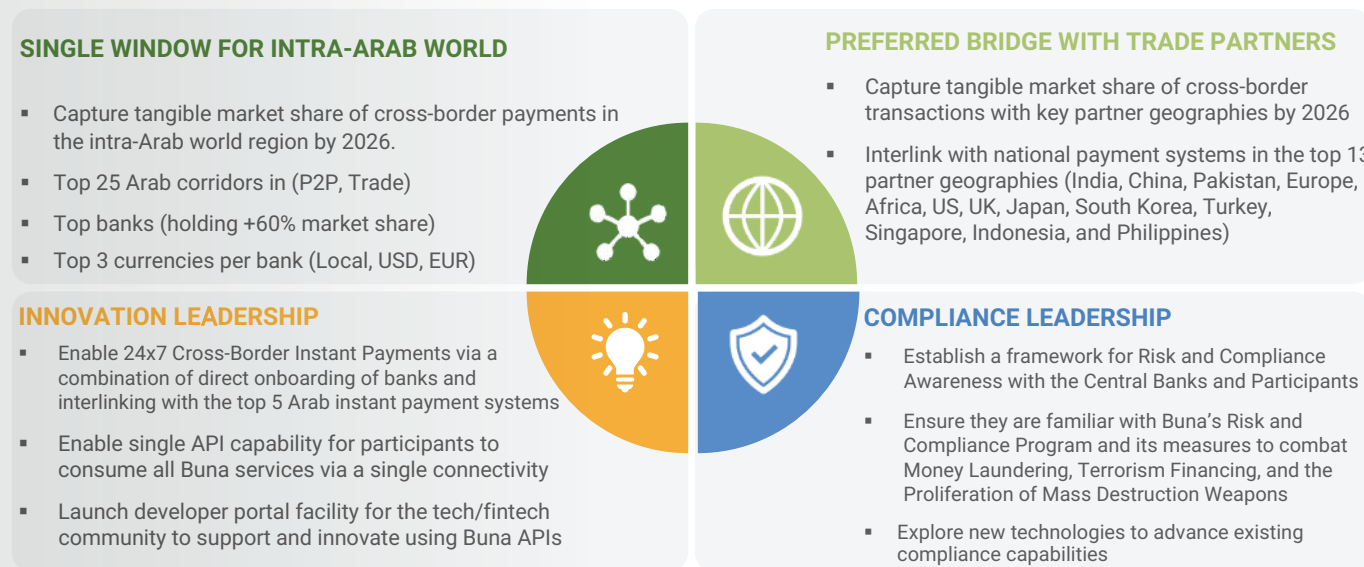
#### (Payment Hub Strategy 2024-2026)

Focus on the **Payment Hub** pillar to achieve financial sustainability while progressing towards 2030 vision:

- Single-Window For Intra-Arab World Cross-Border Payments
- Preferred Bridge for Cross-Border Payments with Trade Partners
- Compliance Leader in Cross-Border Payments
- Innovation Leader in Cross-Border Payments

This focused 3-year strategy for 2024-2026 remains an integral part of our progressive steps towards realizing the 2030 vision. In this context, the 4 pillars

of our strategy will focus on the elements detailed in the picture below for the period of 2024-2026.



This prioritization is backed by a market validation study conducted in 2023 and which aimed at gathering market feedback, market sizing, and market benchmarking.

## 10.1 Contributing to the G20 agenda to enhance cross-border payments

Buna’s vision aligns with the Group of Twenty (G20) roadmap for enhancing cross-border payments as it continues to address and solve such frictions. We collaborate continuously with relevant authorities and stakeholders from around the world to meet the goal of making cross-border payments faster, more cost-efficient, more transparent, and to promote financial inclusion.

The alignment between Buna and the G20 Roadmap for enhancing cross-border payments is visible in many areas. For example:

- Under the roadmap’s building block 17 (Consider the feasibility of new multilateral platforms and arrangements for cross-border payments), Buna has implemented a straightforward multilateral model that connects payers and payee directly and pro-

cesses settlement in real-time and provides finality and irrevocability with immediate access to funds in six currencies (AED, SAR, EGP, JOD, USD, and EUR).

- Under building block 12 (Extending and aligning operating hours of key payment systems) Buna increased its settlement window in the six currencies to 6-days per week (09:00 am – 09:00pm, UAE time) and is gradually moving towards 24x7 operation.

- Under building block 9 (Facilitate increased adoption of PvP “Payment vs Payment”), Buna has launched during 2023 its PvP service for FX settlement which is available in all the six currencies.

- Under building block 14 (Adopt a harmonized ISO-20022 version for message formats), Buna was built natively in ISO 20022 since its launch, and we’ve been actively working to guide and support our participants, investigating best options and

optimized plans for their adoption of ISO 20022.

- Under building block 13 (Seek to enhance the existing payment ecosystem, by pursuing interlinking between existing systems), Buna is

targeting to interlink with various national instant payment systems to streamline cross-border payments.

## 11. Our Approach to Environmental, Social, and Governance (ESG)

At Buna, we are conscious of the criticality and importance of the impact of Environmental, Social and Governance (ESG) considerations. In 2023, we initiated actions to address ESG concerns, and that resulted in the formulation of a comprehensive policy.

Its objectives include, but are not limited to:

- Promoting sustainability by encouraging activities in environmentally and socially responsible projects, companies, and sectors.
  - Enhancing stakeholder engagement by providing a framework for dialogue and collaboration with Participants, Central Banks, Employees, and other stakeholders.
  - Improving financial performance by identifying opportunities for cost savings, risk reduction, and revenue generation through sustainable practices.
  - Complying with the highest standards related to Environmental, Social, and Governance principles.
- Here are some key highlights of the policy that we will now continue to maintain:

### Environmental Initiatives:

- Carbon Neutrality Commitment:

Buna remains steadfast in its commitment to combat climate change. In 2023, in accordance with the approval of our Sustainability Policy, we established the foundation of our commitment toward our goal of carbon neutrality by implementing energy-efficient practices, using renewable energy sources, and minimizing carbon emissions.

- Sustainable Operations:

We look to enhance the sustainability of our operations by adopting eco-friendly technologies and practices. This includes the implementation of waste reduction strategies, water conservation measures, and responsible sourcing of materials to minimize our environmental footprint.

### Social Responsibility:

- Diversity, Equity, and Inclusion (DEI):

Buna recognizes the importance of diversity, equity, and inclusion in fostering a positive workplace culture. We plan to implement targeted initiatives to enhance DEI, including training programs, mentorship opportunities, and recruitment strategies that promote a diverse and inclusive workforce.

### Governance Excellence:

- Transparent Governance Practices:

Buna upholds the highest standards of corporate governance. We are committed to transparency, accountability, and ethical conduct. In 2023, we continued to enhance our governance framework, ensuring that our stakeholders trust the integrity of our decision-making processes.

- Risk Management:

Buna recognizes the importance of robust risk management. We continued to strengthen our risk management processes to identify, assess, and mitigate potential risks, ensuring the long-term

resilience and stability of our operations.

- Stakeholder Engagement:

Buna values open and constructive dialogue with its stakeholders. In 2023, we deepened our engagement with participants, central banks, and the broader community, seeking feedback and input to ensure informed decision-making process.

Buna remains committed to its ESG principles, recognizing that sustainability and responsible business practices are integral to our long-term success. By aligning our operations with environmental, social, and governance considerations, we aim to create lasting value for our stakeholders and contribute positively to the global community. We will continue to evolve and innovate, ensuring that Buna remains committed to its ESG goals.



## 12. Outlook for 2024

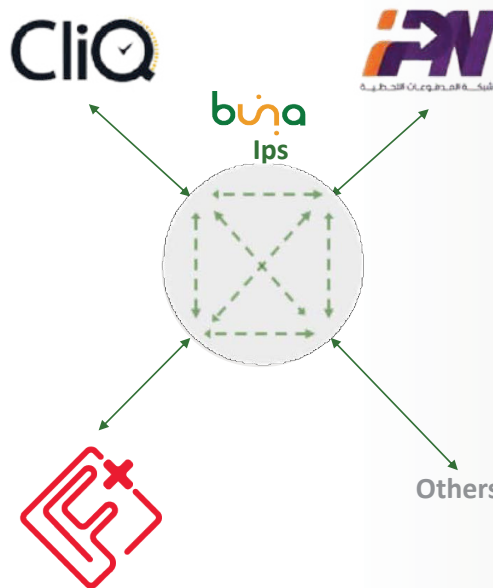
### Interlinking Instant Payments Services (IPS)

In 2024 we plan to implement interoperability bridges to further streamline cross-border payments within the Arab world and with trade partner regions such as Asia, Africa, and Europe, which is expected to increase the number of participants, the volume of transactions and the revenues.

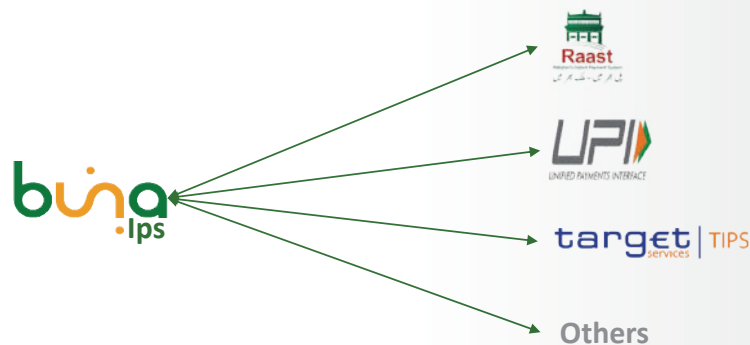
These initiatives have two possible shapes. In certain situations, Buna will be positioned as a hub linking

national IPSs between themselves and to the Buna IPS. This will be for example the case in the Arab region where we plan to start with IPN in Egypt and CliQ in Jordan, before building step by step a multilateral hub connecting multiple national IPSs, making the Arab region more integrated and cross-border payments as efficient as domestic payments in that region. In other case, the interlinking will be of a purely bilateral nature, such as for the bilateral link between Buna and India "NPCI" and bilateral link between Buna and Pakistan "RAAST ", respectively.

Arab IPs hub



Bilateral links with economic partners



**Volumes and Break-even Forecast**

We revised our volumes forecast for 2024 in consistency with the decisions we took to prioritize certain elements of our strategy. As a result, a base line, an optimistic, and a conservative scenario have been established.

The three scenarios indicate that we will reach break-even point between 2028 and 2023, and they all confirm our ambition to ensure cost recovery and financial sustainability in the short to mid-term.

## 13. Board of Directors



**H.E. Fahad M. Alturki**

Chairman

H.E. Fahad M. Alturki, Ph.D. joined on 27 of November 2023 the Arab Monetary Fund “AMF” as Director General Chairman of the Board of Executive Directors. In this capacity, he serves also as the Chief Executive Chairman of the Board of Directors of the Arab Trade Financing Program “ATFP” and Chairman of the Board of the Arab Regional Payments Clearing and Settlement Organization “BUNA”.

Dr. Alturki has previously held several leadership positions, including Vice-President of the King Abdullah Petroleum Studies and Research Center (KAPSARC), where he oversaw KAPSARC’s research programs strategically focused on impacts within the Kingdom of Saudi Arabia, both regionally and globally.

Dr. Alturki also serves as an independent board member of the Islamic Corporation for the Development of the Private Sector (ICD). He also serves as a member of board of trustees of Riyadh Economic Forum and a member of several associations concerned in Economics, Finance, and Energy. He frequently presents papers at several high profile local, regional, and international conferences, participates in roundtable discussions and is a well-known economic figure in Saudi Arabia and overseas.

Dr. Alturki also held a position of the chief economist and head of research at Jadwa Investment Company in Riyadh, where he managed the economic research department and published regular reports on issues related to the Saudi and global economies and the world oil market. He was also the chairperson of the Public Funds Board, a board member of the Jadwa REIT Al Haramain Fund and Jadwa REIT Saudi Fund, and a member of Jadwa’s executive management committee.

Dr. Alturki has a proven track record in economics, with more than 20 years of experience in the field. Before joining Jadwa, Dr. Alturki was the chief economist at Barclays, Saudi Arabia. Prior to that, Dr. Fahad was an economic specialist at the Saudi Arabian Monetary Authority, where he worked for 11 years in the Economic Research and Statistics Department. Dr. Alturki has also worked as an economist at the Middle East and Central Asia Department of the International Monetary Fund. Dr. Alturki is a Saudi National, holds a B.A. in Business Administration from King Saud University in Saudi Arabia and Master’s and Ph.D. degrees in economics from the University of Oregon (Eugene, United States).



### **Mr. Abdulaziz AlOnaizan**

Board Member

Mr. Abdulaziz AlOnaizan is CEO and member of the Board of Directors and Executive Committee of Bank Albilad. Among other current positions, he is also Chairman of the Board and Chairman of the Executive Committee of Bayan Credit Bureau, Vice-Chairman of the Board and member of the Executive Committee of Albilad Capital. He is a member of the Housing Program Advisory Committee at the Ministry of Housing and sits on the Board of Buna (Arab Regional Payments Clearing and Settlement Organization) as Saudi Arabia's representative. Mr. AlOnaizan is a seasoned banker with over 30 years of experience and expertise in the field of treasury, investment, risk, credit, strategy, and leadership. He held several senior leadership positions in a number

of local financial institutions prior to his appointment as CEO of Bank Albilad in 2016.

Mr. AlOnaizan attended various executive courses and programs, notably the Executive Education at INSEAD Singapore and the IESE Business School Global CEO Program in Barcelona, Spain. He represented Bank Albilad in major domestic and global conferences and was a resource speaker and panellist in several forums on financial markets, locally and abroad.

Mr. AlOnaizan obtained his bachelor's degree in Research Methodology and Quantitative Methods from King Saud University College of Business Administration in 1987.



**Mrs. Hana Al Rostamani**

Board Member

Mrs. Hana Al Rostamani is the Group Chief Executive Officer at First Abu Dhabi Bank (FAB).

As the only female Group Chief Executive Officer of a major UAE-headquartered bank and publicly listed corporation within the UAE, Hana is recognised for being a change leader and for her forward-thinking vision with a focus on embedding a culture of innovation and diversity and inclusion in her leadership.

A seasoned C-suite executive with more than 20 years of experience in banking and financial services, Hana previously served as Deputy Group Chief Executive Officer and Head of Personal Banking at FAB, responsible for leading the transformation

of FAB's consumer bank, instilling a customer and digital-first mindset.

A graduate of George Washington University in the US, Hana is currently Chair of the Global Council on the Sustainable Development Goals, with a key interest in development goal 7; 'Affordable and Clean Energy'. She is also a member of MasterCard Advisory and has served as an independent director in Emirates Integrated Telecommunication Company (Du) and vice-chairperson of the Emirates Institute for Banking and Financial Services.

Her most recent accolade includes her nomination in Forbes Middle East, being ranked third as featured in 'Middle East's Power Business' Women 2021' list.

**Mr. Khalid NASR**

Board Member

Mr. Khalid Nasr is the Executive General Manager of BANK OF AFRICA – BMCE Group, in charge of CIB & Morocco.

Thus, he oversees Retail Banking activities in Morocco, Corporate & Investment Bank, International subsidiaries (including BANK OF AFRICA United Kingdom, BANK OF AFRICA Europe and BANK OF AFRICA Shanghai) and debt recovery.

Mr. Khalid Nasr is Member of the Group Executive Committee and the Presidential Committee of BANK

OF AFRICA – BMCE Group. He is also Chairman of the Management Board of BMCE Capital, the Group's Investment Banking Division (Asset & Wealth Management, Markets & Services, Advisory & Private Equity, Real Estate, Research).

He holds several mandates within the Group's entities, especially BOA Group – as Board Member -, BOA Capital – as Chairman of the Board -, Maghrebail – as Board Member - and BANK OF AFRICA UK – as Board Member.



### Mr. Mohamed Mahmoud Ahmed El-Etreby

Board Member

Mr. Mohamed Mahmoud Ahmed El-Etreby is a prominent banker with a long-standing experience of more than 35 years in the banking sector.

Prior to joining Banque Misr, he was the CEO and Managing Director of the Egyptian Gulf Bank from January 2013 to December 2014.

Mr. El-Etreby began his banking career in 1977, joining the Arab African International Bank (AAIB) and Credit International d'Egypte Bank later on. In 1983, he joined Misr International Bank (MIBank, currently Qatar National Bank Alahli), where he spent more than 22 years, during which he held several senior banking positions and acquired a wide range of experience in different key areas of the banking business.

In September 2005, he joined the Egyptian Arab Land Bank as Vice Chairman and Board Member. In 2009, he was appointed as the Managing Director of the Arab Investment Bank. In 2011, Mr. El-Etreby was rehired at the Egyptian Arab Land Bank as a Chairman.

In recognition of his great achievements, Mr. El-

Etreby was appointed as the Chairman of the Egyptian Gulf Bank in 2013.

Subsequently, he was appointed as the Chairman of Banque Misr in January 2015. He also serves as the Chairman of Banque Misr Liban (BML) and Vice Chairman of Cairo Amman Bank.

He graduated with a bachelor's degree in Commerce from Ain Shams University in 1976.

Other Current Positions:

Chairman, Union of Arab Banks.

Chairman, Federation of Egyptian Banks (FEB)

Chairman, Board of Trustees, Banque Misr Foundation for Community Development.

Board Member, Egyptian General Company for Tourism and Hotels (EGOTH)

Board Member, Misr Insurance Holding Company S.A.E.

Board Member, General Authority for Investment and Free Zones (GAFI)

Board Member, Ain Shams University (ASU)

Board Member, Arab Contractors Company

**Mr. Chong-Tee Ong**

Independent

Mr. Chong-Tee Ong was with the Monetary Authority of Singapore (MAS) for 35 years and held various senior central banking roles as Deputy Managing Director. He headed the Financial Supervision Group

in MAS and was a member of the Basel Committee on Banking Supervision before retiring in 2021. Mr Ong has also served on various external boards of statutory bodies and university research institutes.

**Mr. Jean-Michel Godeffroy**

Independent Board Member

Since 2015, Mr. Jean-Michel Godeffroy has been a senior international consultant based in Paris. His field of competence is payments and market infrastructure from a central bank perspective. From 1988 until 2014, he was Director General at the European Central Bank where he played a key role in the preparation and the operation of TARGET2, the RTGS system of the euro area, of T2S, the securities settlement system for 20 European countries, and of

the Single Euro Payments Area (SEPA).

Jean-Michel was also the chairman of several Eurosystem Committees and a member of the Committee on Payments and Settlement Systems (CPSS) of the G10 (now the Committee on Payments and Market Infrastructure in the G20 context).

Jean-Michel Godeffroy graduated from the Institut d'Etudes Politiques de Paris (Sciences Po) and from the Pantheon-Sorbonne University.

**Mr. William (Bill) Coen**

Independent Board Member

Mr. William (Bill) Coen served as Secretary General of the Basel Committee on Banking Supervision from 2014 to 2019 where he had overall responsibility for the work of the BCBS including its Basel III post-crisis reforms. He joined the BCBS's Secretariat in 1999 from the Board of Governors of the Federal Reserve System. Prior to that, Bill was a bank examiner for the US Office of the Comptroller of the Currency, and

he began his career as a credit officer of a New York City-based bank. He currently serves on various boards of directors and advisory boards, providing advice and recommendations on regulatory and supervisory matters; payments and settlements; risk and risk management; business strategy; and group-wide management and governance.

## 14. Executive Management



**Mehdi Manaa**  
Chief Executive Officer

In January 2020, Mr. Mehdi Manaa was appointed as the Chief Executive Officer of Buna. Prior to his appointment, Mr. Manaa served as the Deputy Director-General of the Market Infrastructure and Payments Directorate General at the European Central Bank (ECB).

During his 12-year tenure at the ECB, Mr. Manaa held several other roles, including heading the Market Infrastructure Development Division as well as the T2S Programme, a program in which he was involved since its inception. Prior to his career at the ECB, Mr. Manaa held various managerial and advisory positions in the private sector focusing on payment solutions and financial market infrastructures.



**Manuel Iglesias**  
Chief Risk and Compliance Officer

In March 2020, Mr. Manuel Iglesias was appointed as the Chief Risk & Compliance Officer of Buna. Mr. Iglesias has over 20 years of experience in the financial sector, with an extensive background covering corporate governance, regulatory, prudential, and financial crime compliance. Prior to joining Buna, Mr. Iglesias held several senior compliance positions with Deutsche Bank and JPMorgan in Spain and acted as Compliance Director/MLRO with ADS Securities/ADS Investment Solutions in Abu Dhabi, United Arab Emirates. Mr. Iglesias holds a bachelor's degree in law from the University of Santiago de Compostela (Spain) and is a Certified Compliance Professional.





**Erol Kaya**  
Chief Technology Officer

Mr. Erol Kaya is the Chief Technology Officer of Buna. Mr. Kaya has over 20 years of experience as a technology and business leader with an entrepreneur mindset in digital payments and a passion for building and scaling up multinational fintech platforms. Mr. Kaya is an expert in technology development with the capability of technology strategy creation and overseeing technology operations for financial institutions. Mr. Kaya held several executives or board member positions in different multinational organizations across the UK, the UAE, and Turkey with a proven track record in the fintech/banking sector for payments, mobile financial services, remittance, mobile money, and e-commerce. Mr. Kaya was listed in CIO50 Middle East Awards in 2023, recognizing the top 50 senior technology executives driving innovation, strengthening resiliency, and influencing rapid change across the Middle East

Mr. Kaya received his bachelor's degree in Computer Science Engineering from Ege University and completed the Executive Education program at Cambridge Judge Business School in the UK.

**Faisal Al Hijawi**

Chief Strategy and Development Officer

Mr. Faisal Alhijawi is the Chief of Strategy and Development Officer of Buna since October 2020. His responsibilities at Buna include leading the strategy & planning, business and products development, communications and marketing.

Prior to joining Buna, Mr. Alhijawi held several roles at Western Union Financial Services in Dubai, UAE, including the Director of Account Payout Network, and earlier to that he was the Director of Global Payments.

During his 8 years tenure at Western Union, Mr. Alhijawi has led several initiatives to build end-to-end cross-border payment services by creating strategic partnerships with diverse classes of organizations including banking, fintech, and government institutions.

Prior to that, Mr. Alhijawi held various techno-business positions for 12 years in the private sector focusing on online and mobile payment solutions.



**Ahmed El Hefnawy**  
Chief Business Services Officer

Mr. Ahmed El Hefnawy is the Chief Business Service Officer of Buna. During his 25 years of experience in the payment industry he has held various positions of increasing responsibility in the Payment field and banking sector. Prior to joining Buna, Mr. El Hefnawy spent 10 years at the National Bank of Egypt, as Payment System Manager and PMO Deputy General Manager, and was a board member at Misr Real Estate Assets Company.

Mr. El Hefnawy played major roles in different organizations across the Middle East and GCC regions ranging from Solution Providers, National Switches, Islamic and Conventional Banks, Card

Processors, and Consultancy Firms.

Mr. El Hefnawy holds a bachelor's degree in Communications and Electronics Engineering from Ain Shams University and holds a Master of Business Administration (MBA), major in marketing management, from Maastricht School of Management, the Netherlands. He is PRINCE2® Practitioner certified. Mr. El Hefnawy enriched his business and leadership knowledge and skills by acquiring a graduate school banking program diploma and executive leadership diploma from the University of Wisconsin – Madison in the United States.

## 15. Auditors' report



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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF ARAB REGIONAL PAYMENTS CLEARING AND SETTLEMENT ORGANIZATION

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the financial statements of the Arab Regional Payments Clearing and Settlement Organization (the "Organization"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

##### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Responsibilities of management and the Board of Directors for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Organization's financial reporting process.

##### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF  
ARAB REGIONAL PAYMENTS CLEARING AND SETTLEMENT ORGANIZATION**

**Report on the Audit of the Financial Statements** continued

*Auditor's responsibilities for the audit of the financial statements* continued

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.
- 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 the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

Signed by:  
Hani Farid Zeidan  
Partner  
Ernst & Young  
Registration No 5471

6 March 2024  
Abu Dhabi

## Arab Regional Payments Clearing and Settlement Organization

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Financial Statement  
31 December 2023

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## Arab Regional Payments Clearing and Settlement Organization

Statement of Financial Position  
As of 31 December

	<i>Notes</i>	<i>2023 US Dollar</i>	<i>2022 US Dollar</i>
<b>Assets</b>			
Cash and cash equivalents	3	67,495	2,973
Prepaid expenses and other receivables	4	2,967,049	1,810,695
Property and equipment	5	1,546,257	2,664,151
Intangible assets	6	21,584,977	27,086,558
<b>Total assets</b>		<b>26,165,778</b>	<b>31,564,377</b>
<b>Liabilities</b>			
Provision for employees' end of service benefits	7	632,968	401,054
Accrued expenses	8	688,844	758,187
<b>Total liabilities</b>		<b>1,321,812</b>	<b>1,159,241</b>
<b>Net Assets</b>		<b>24,843,966</b>	<b>30,405,136</b>
<b>Shareholders' equity</b>			
Capital (Authorized USD 150 Million)	9	75,749,115	63,547,080
Accumulated losses		(50,905,149)	(33,141,944)
<b>Total Shareholders' Equity</b>		<b>24,843,966</b>	<b>30,405,136</b>

These financial statements were agreed by the Board of Directors on 03 March 2024.

\_\_\_\_\_  
Mehdi Manaa  
Chief Executive Officer  
Arab Regional Payment Clearing and Settlement Organization

## Arab Regional Payments Clearing and Settlement Organization

Statement of Comprehensive Income  
For the year ended 31 December

	<i>Notes</i>	<b>2023</b> <i>US Dollar</i>	<i>2022</i> <i>US Dollar</i>
<b>Revenue</b>			
Revenue from operations		<u>117,920</u>	<u>6,123</u>
<b>Total revenue</b>		<u><b>117,920</b></u>	<u><b>6,123</b></u>
<b>General and operating expenses</b>			
Employee salaries and allowances	10	<b>(4,440,116)</b>	(3,755,055)
General and administrative expenses	11	<b>(6,809,500)</b>	(6,037,957)
Impairment of intangible assets	6	<b>(3,403,000)</b>	
Depreciation and amortization expenses	12	<u><b>(3,228,509)</b></u>	<u>(5,387,081)</u>
<b>Total general and operating expenses</b>		<u><b>(17,881,125)</b></u>	<u>(15,180,093)</u>
<b>Loss and total comprehensive loss for the year</b>		<u><b>(17,763,205)</b></u>	<u><b>(15,173,970)</b></u>



## Arab Regional Payments Clearing and Settlement Organization

Statement of Shareholders Equity  
For the year ended 31 December

	<i>Capital</i>	<i>Accumulated Losses</i>	<i>Total</i>
	<u>US Dollar</u>	<u>US Dollar</u>	<u>US Dollar</u>
<b>2022</b>			
<b>Balance at 1 January</b>	52,217,070	(17,967,974)	34,249,096
Additional contributed capital (note 9)	11,330,010	-	11,330,010
Total comprehensive loss for the year	-	(15,173,970)	(15,173,970)
<b>Balance at 31 December</b>	<u>63,547,080</u>	<u>(33,141,944)</u>	<u>30,405,136</u>
<b>2023</b>			
<b>Balance at 01 January</b>	63,547,080	(33,141,944)	30,405,136
Additional contributed capital (note 9)	12,202,035	-	12,202,035
Total comprehensive loss for the year	-	(17,763,205)	(17,763,205)
<b>Balance at 31 December</b>	<u>75,749,115</u>	<u>(50,905,149)</u>	<u>24,843,966</u>

## Arab Regional Payments Clearing and Settlement Organization

### Statement of Cash Flow

For the year ended 31 December

	<i>Notes</i>	<b>2023</b> <i>US Dollar</i>	<b>2022</b> <i>US Dollar</i>
<b>OPERATING ACTIVITIES</b>			
Loss for the year		<b>(17,763,205)</b>	(15,173,970)
Adjustments for:			
Depreciation of property and equipment	5	<b>1,144,928</b>	1,138,348
Amortization and impairment of intangible assets	6	<b>5,486,581</b>	4,248,733
Provision for employees' end of service benefits	7	<b>240,457</b>	203,988
Working capital changes:			
Prepaid expenses and other receivables	4	<b>(1,156,354)</b>	(960,477)
Accrued expenses	8	<b>(69,343)</b>	(756,241)
		<b>(12,116,936)</b>	(11,299,619)
Employees' end of service benefits paid		<b>(8,543)</b>	(10,534)
<b>Net cash flows used in operating activities</b>		<b><u>(12,125,479)</u></b>	<b><u>(11,310,153)</u></b>
<b>INVESTING ACTIVITIES</b>			
Reversal of property and equipment under procurement	5	-	239
Reversal of intangible assets under procurement	6	<b>15,000</b>	
Acquisition of property and equipment	5	<b>(27,034)</b>	-
Acquisition of intangible assets	6	-	(17,123)
<b>Net cash flows used in investing activities</b>		<b><u>(12,034)</u></b>	<b><u>(16,884)</u></b>
<b>FINANCING ACTIVITY</b>			
Capital injection	9	<b><u>12,202,035</u></b>	<u>11,330,010</u>
Net cash flows from financing activities		<b><u>12,202,035</u></b>	<u>11,330,010</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>64,522</b>	2,973
Cash and cash equivalents at 1 January		<b><u>2,973</u></b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b><u>67,495</u></b>	<u>2,973</u>

## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

#### 1. LEGAL STATUS AND ACTIVITIES

The Arab Regional Payments Clearing and Settlement Organization (“The Organization”) is a regional Financial Organization established pursuant to the Board of Governors of Arab Monetary Fund resolution No. (4) of 2018, in implementation of the resolution of the Council of Governors of Arab Central Banks and Arab Monetary Institutions No. (10) of 2017, and it is wholly owned by the Arab Monetary Fund. The Organization’s Articles of Establishment stipulates the Organization’s objectives, which include contributing to support opportunities for economic and financial integration among Arab Countries and with the trading partners of the Arab Countries through the establishment, management and operation of a platform (BUNA platform) that provides the necessary services for payments clearing and settlement among the Arab Countries and with trading partners.

The Organization operates from Abu Dhabi, United Arab Emirates according to an agreement between the Arab Monetary Fund and the government of the United Arab Emirates signed on 19 October 2020 and ratified by Federal Decree No. (50) of 2021 dated 11 April 2021 (inception date).

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), under the historical cost convention. In accordance with the Articles of Establishment and the financial regulations of the Organization, the financial statements are expressed in US Dollars as the base currency.

The preparation of the financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The assumptions of these estimates are based on factors that are believed to be reasonable under the current circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis to ensure appropriate valuations of assets and liabilities and recognition of results in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The accounting policies and methods of calculation have been consistently applied for periods presented in these financial statements.

##### Property and equipment

Property and equipment are stated in the statement of financial position at cost, less accumulated depreciation, and impairment losses (if any).

Depreciation is calculated on straight-line basis over the expected useful life of four years for:

- Information technology hardware; and
- Furniture and fixtures.

Both the useful life of the assets and their residual values are reviewed annually. The carrying amounts of fixed assets are reviewed for indication of impairment at each reporting period. An impairment loss is recognized in the statement of comprehensive income if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of the:

- i) fair value of the asset, less cost of disposal; and
- ii) value-in-use.

## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Property and equipment *(continued)*

The value-in-use is calculated by discounting the estimated future cash flow to its present value using a discount rate that reflects the current assessment of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amounts.

Gain or loss from retirement or disposal of fixed assets is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the profit and loss at the date of retirement or disposal.

### Intangible assets

Intangible assets mainly comprise of the information technology application and software (BUNA platform software), its operational applications, and the associated licenses. Costs associated with the system maintenance and operations are expensed and recognized as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Organization are recognized as an intangible assets if they meet the following criteria:

- the Organization can technically complete the system to be available for use or sale;
- management has intent and ability to complete the system for use or sale;
- the Organization can demonstrate that the system will be able to generate future potential economic benefits;
- availability of sufficient technical, financial, and other resources to complete the development of the system for use or sale; and
- the expenditures attributable to the system during its development can be measured reliably.

Intangible assets are stated in the statement of financial position at cost less accumulated amortization and impairment losses (if any). The amortization of intangible assets is charged to the statement of comprehensive income for the period on a straight-line basis over the asset's useful life of fifteen years (2022: eight years), commencing from the date of usage.

An intangible assets is derecognised upon disposal (i.e., at the date the recipient obtains control) or where no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

### Impairment of non-financial assets

The Organization assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Organisation estimates the asset's recoverable amount. An Asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. The value-in-use is the present value of future cash flows expected to be derived from an asset or cash-generating unit (CGU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows 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

## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Impairment of non-financial assets** *continued*

specific to the asset, in determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Organization bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Organizations CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Organization estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### **Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise of cash at banks, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

### **Provisions**

Provisions are recognized when the Organization has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will flow from the organization to settle the obligation and the amount required to settle the obligation can be measured reliably. When it is not probable that an outflow of economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability. Possible obligations whose existence can only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

On the date of the financial position, the provisions are revised and adjusted to reflect the appropriate estimates at that date.

## Arab Regional Payments Clearing and Settlement Organization

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### Notes to the Financial Statements

31 December 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Employees' Entitlements

Salaries, allowances, bonuses, and other benefits are recognized as an expense in the statement of comprehensive income in the period in which the employee renders the services. Other provisions such as paid annual leave are also recognized as an expense in the statement of comprehensive income for the period in which the services were rendered by the employees.

The end of service benefits for the employees was calculated for their services for the current and previous periods, based on the Organization's internal system, which considers the employees' service time. The accumulated provisions for the current and previous periods are shown under liabilities in the statement of financial position.

### Leases

At the commencement of the contract, the Organization assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. Control is conveyed where the Organization has both the right to direct the use of the identified asset and to obtain substantially all the economic benefits from that use.

At the lease commencement date, the Organization recognizes a right-of-use asset and a lease liability. When the Organization enters a lease in respect of low-value assets, the Organization decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or using a relevant incremental rate.

The right-to-use asset recognized when the lease is capitalized is initially measured at cost, which comprises the initial amount of lease liability plus any lease payments made at or before the commencement date, and any initial direct cost incurred. Where applicable the cost of the right-to-use asset includes an estimate of the cost to dismantle and remove the underlying asset or to restore the underlying asset or the location. The right-to-use asset is subsequently stated at cost, less accumulated depreciation and impairment losses.

The Organization rents offices and defined space and services of data centers from which it operates, with lease contracts that do not exceed 12 months. The Organization has decided to apply the exemption relating to short term leases by not recognizing the "right of use" asset and "lease liability" in the statement of financial position. The organization has also decided to apply the low-value asset recognition exemption to office equipment leases, if any. Accordingly, lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the term of the lease.

## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Revenue Recognition

Revenue is recognized when there is probable economic benefits flowing for the Organization and the flow can be measured reliably. The organization follows the following criteria for revenue recognition:

- **Income from transactions:** it is the fees collected by the Organization from participants in clearing services that are related to the services of clearing and settlement transactions of financial Organizations. Revenue generated from these transactions is recognized at the time the transaction is completed. Claims are submitted to participants on a monthly basis.
- **Income from recurring transactions:** it includes fees for inquiry, search, verification, report requests, and others, which are recognized when the requested service is provided.
- **Income from non-recurring transactions:** it includes fees for account opening in the system and others, which are recognized upon agreement with the client.

### Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the dates of the transactions. Assets (excluding fixed assets and intangible assets) and liabilities denominated in foreign currencies at the date of the statement of financial position are converted to US Dollars at the exchange rate prevailing on that date.

### Important judgments in applying accounting policies

IFRS requires management, in preparing financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, management is required to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements.

### Judgments

The following are the judgments made in applying the Organization's accounting policies that the management believes will have an impact on the amounts recognized in the financial statements:

#### *Going concern*

Management has assessed the Organization's ability to continue as a going concern and has concluded that the Organization has adequate resources to continue its operations for the foreseeable future. The assessment was based on a review of the Organization's financial performance, cash flow projections, and other relevant factors. In making this assessment, management has considered the following factors:

- The Organization's projected financial performance, including revenue and profitability, to reach US Dollars 48,501,000 by 31 December 2026 in present value terms.
- The Arab Monetary Fund has undertaken the funding of capital and operating costs incurred by the Organization as part of its contribution in the Capital of the Organization.

## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Judgments** continued

#### *Going concern* continued

Based on the assessment, management has concluded that the Organization has adequate resources to continue its operations for the foreseeable future. This assessment is based on information available as of the date of this disclosure and management will continue to monitor the Organization's financial performance and cash flow projections to ensure that it has the necessary resources to continue as a going concern. If the Organization's financial position were to deteriorate, management would take appropriate action to address the situation, including seeking additional funding or implementing cost-saving measures

### **Estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Useful lives of property and equipment and intangible assets*

The Organization's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

At the beginning of the year, management has reviewed the residual values and useful life of intangible asset and changed its estimate in respect of the useful life of intangible asset from 8 to 15 years. This change has been accounted for as a change in accounting estimate in accordance with the requirements of IAS 8. Accordingly, the effect of this change has been recognized prospectively in the statement of comprehensive income. These changes in accounting estimates have an impact amortization of intangible assets the current year. Had there been no change in estimate of useful lives of plant and machinery, expense pertaining to the above for the year would have been higher approximately by USD 2.2 million.

#### *Impairment of property and equipment and intangible assets*

Property and equipment and intangible assets are assessed for impairment based on the assessment of cash flows on individual cash generating units when there is an indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment provision is necessary on property and equipment and intangible assets. Impairment on intangible assets amounting to USD 3.4 million was booked during the year ended 31 December 2023.



## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

#### NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the following new standards, interpretations and amendments effective as of 1 January 2023. The Organization has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to International Accounting Standard No. (8): Definition of Accounting Estimate
- Amendments to International Accounting Standard No. (1) and IFRS practice statement 2: Disclosure of Accounting policies.
- Amendments to IAS 12 – Deferred tax related assets and liabilities arising from a single transaction.

The above amendments did not materially affect the financial statements of the Organization.

#### NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Organization's financial statements are disclosed below. The Organization intends to adopt these new and amended standards and interpretations, when they become effective.

- Amendments to International Accounting Standard No. (1): Classification of liabilities as current or non-current.

The Organization does not expect that the adoption of these new and amended standards and interpretations will have an impact on its financial statements in future periods.

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent a current account held with a local bank in the name of Arab Monetary Fund (the shareholder) for the economic benefit of the Organization

### 4. PREPAID EXPENSES AND OTHER RECEIVABLES

	<i>2023</i> <i>US Dollar</i>	<i>2022</i> <i>US Dollar</i>
Fees receivables	56,548	3,150
Prepaid system licenses and subscriptions	2,467,527	1,142,365
Staff loans	389,618	533,773
Prepaid expenses and other receivables	53,356	131,407
	<u>2,967,049</u>	<u>1,810,695</u>

## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

#### 5. PROPERTY AND EQUIPMENT

	<i>Information Technology Hardware</i>	<i>Furniture and Fixture US Dollar</i>	<i>Total</i>
<b>2023</b>			
Cost:			
At 1 January 2023	4,486,777	74,508	<b>4,561,285</b>
Additions	24,837	2,197	<b>27,034</b>
At 31 Dec 2023	<u>4,511,614</u>	<u>76,705</u>	<u><b>4,588,319</b></u>
Depreciation:			
At 1 January 2023	1,854,027	43,107	<b>1,897,134</b>
Charge for the period	1,114,362	30,566	<b>1,144,928</b>
At 31 Dec 2023	<u>2,968,389</u>	<u>73,673</u>	<u><b>3,042,062</b></u>
<i>Net carrying Amount</i>			
At 31 Dec 2023	<u>1,543,225</u>	<u>3,032</u>	<u><b>1,546,257</b></u>
<b>2022</b>			
Cost:			
At 1 January 2022	4,487,016	74,508	4,561,524
Reversal of property and equipment under procurement	(239)	-	(239)
At 31 December 2022	<u>4,486,777</u>	<u>74,508</u>	<u>4,561,285</u>
Depreciation:			
At 1 January 2022	741,544	17,242	758,786
Charge for the year	1,112,483	25,865	1,138,348
At 31 December 2022	<u>1,854,027</u>	<u>43,107</u>	<u>1,897,134</u>
<i>Net carrying Amount</i>			
At 31 December 2022	<u>2,632,750</u>	<u>31,401</u>	<u>2,664,151</u>

## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

#### 6. INTANGIBLE ASSETS

	<i>Software</i> <i>US Dollar</i>
<b>2023</b>	
Cost:	
At 1 January 2023	34,140,750
Reversal of under procurement	(15,000)
At 31 Dec 2023	<u>34,125,750</u>
Amortization:	
At 1 January 2023	7,054,192
Amortization for the period	2,083,581
At 31 Dec 2023	<u>9,137,773</u>
Impairment:	
At 1 January 2023	-
Impairment for the period	3,403,000
At 31 Dec 2023	<u>3,403,000</u>
<i>Net carrying Amount</i>	
<b>At 31 Dec 2023</b>	<b><u>21,584,977</u></b>
<b>2022</b>	
Cost:	
At 1 January 2022	34,123,627
Additions	17,123
At 31 Dec 2022	<u>34,140,750</u>
Amortization:	
At 1 January 2022	2,805,459
Amortization for the year	4,248,733
At 31 Dec 2022	<u>7,054,192</u>
<i>Net carrying Amount</i>	
<b>At 31 December 2022</b>	<b><u>27,086,558</u></b>

#### 7. PROVISIONS FOR EMPLOYEES END OF SERVICE BENEFITS

The movement in the provision for employees end of service benefits is as follows:

	<i>2023</i> <i>US Dollar</i>	<i>2022</i> <i>US Dollar</i>
Opening Balance	401,054	207,600
Charge for the year (note 10)	240,457	203,988
Paid during the year	<u>(8,543)</u>	<u>(10,534)</u>
	<b><u>632,968</u></b>	<b><u>401,054</u></b>

## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

#### 8. ACCRUED EXPENSES

	<i>2023</i> <i>US Dollar</i>	<i>2022</i> <i>US Dollar</i>
Technical support services	184,490	243,367
Implementation of the system	-	226,369
Staff provisions	210,863	160,406
Board remuneration	105,205	
Other accrued expenses	188,286	128,045
	<u>688,844</u>	<u>758,187</u>

#### 9. CAPITAL

Based on the resolution of the Council of Governors of Arab Central Banks and Arab Monetary Organizations No. (10) of 2017, which was approved by the Board of Governors of Arab Monetary Fund Resolution No (4) of 2018, Arab Monetary Fund (The "Fund") was assigned to establish a regional organization to administer the regional system for clearing and settling of cross border payments, and considering the costs incurred by the Fund as part of its capital contribution. Paid up capital represents the amounts incurred by the Fund on behalf of the Organization up to the date of these financial statements within the context of the authorized capital amounting to US Dollar 100 million, which was increased by US Dollar 50 million to reach to US Dollar 150 million per Arab Monetary Fund Borad of Governors resolution No. (04) of 2023. During the year ended 31 December 2023, an amount of US Dollar 12,202,035 was incurred by the Fund on behalf of the Organisation (31 December 2022: US Dollar 11,330,010).

	<i>2023</i> <i>US Dollar</i>	<i>2022</i> <i>US Dollar</i>
Capital	63,547,080	52,217,070
Additional contributed capital	12,202,035	11,330,010
	<u>75,749,115</u>	<u>63,547,080</u>

#### 10. EMPLOYEE SALARIES AND ALLOWANCES

The organization has a total number of 28 employees as at 31 December 2023 (31 December 2022: 29 employees). Compensation of key management personnel for the year ended 31 December 2023 amounted to US Dollar 877,557 (31 December 2022: US Dollar 640,859).

	<i>2023</i> <i>US Dollar</i>	<i>2022</i> <i>US Dollar</i>
Staff cost	4,147,413	3,506,967
End of service benefits	240,457	203,988
Freight on joining & termination	50,850	41,752
Accumulated leave	1,396	2,348
	<u>4,440,116</u>	<u>3,755,055</u>

## Arab Regional Payments Clearing and Settlement Organization

### Notes to the Financial Statements

31 December 2023

#### 11. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2023</i> <i>US Dollar</i>	<i>2022</i> <i>US Dollar</i>
Technical support expenses	1,931,588	2,838,034
Operating exps. of data centers & communication	1,108,795	1,159,728
Subscription licenses & maintenance	2,696,266	1,098,449
Swift & operating system fees	128,173	260,962
Consultancy expenses	270,311	254,903
Board of Directors meetings remuneration and expenses	451,339	210,982
Office rentals, water and electricity, and other expenses	168,260	151,221
Official missions	54,768	63,678
	<u>6,809,500</u>	<u>6,037,957</u>

#### 12. DEPRECIATION AND AMORTIZATION

	<i>2023</i> <i>US Dollar</i>	<i>2022</i> <i>US Dollar</i>
Depreciation of property & equipment (note 5)	1,144,928	1,138,348
Amortization of intangible assets (note 6)	2,083,581	4,248,733
	<u>3,228,509</u>	<u>5,387,081</u>

#### 13. RISK MANAGEMENT

The main risk arising from the Organization's financial instruments is currency risk. The management reviews and agrees policies for managing this risk which are summarised below.

##### Foreign currency risk

Foreign currency risk is the risk that a financial instrument will fluctuate due to change in foreign exchange rates which is limited since a significant portion of the monetary assets and liabilities are in UAE Dirhams and US Dollars. As the UAE Dirham is pegged to the US dollar, balances in UAE Dirham are not considered to represent significant currency risk.

## Arab Regional Payments Clearing and Settlement Organization

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### Notes to the Financial Statements

31 December 2023

#### **Capital management**

Capital is managed in a manner that will achieve the Organization's main objective as disclosed in note 1.

The Organization manages its equity and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 december 2023. Capital comprises of capital and accumulated losses and is measured at USD 24,843,966 as at 31 December 2023 (2022: USD 30,405,136).





المؤسسة الإقليمية لمقاصة  
وتسوية المدفوعات العربية

ARAB REGIONAL PAYMENTS  
CLEARING AND SETTLEMENT  
ORGANIZATION

**ANNUAL REPORT**  
**2023**