FinScope

Financial Inclusion

Rwanda

CONSUMER SURVEY REPORT 2020
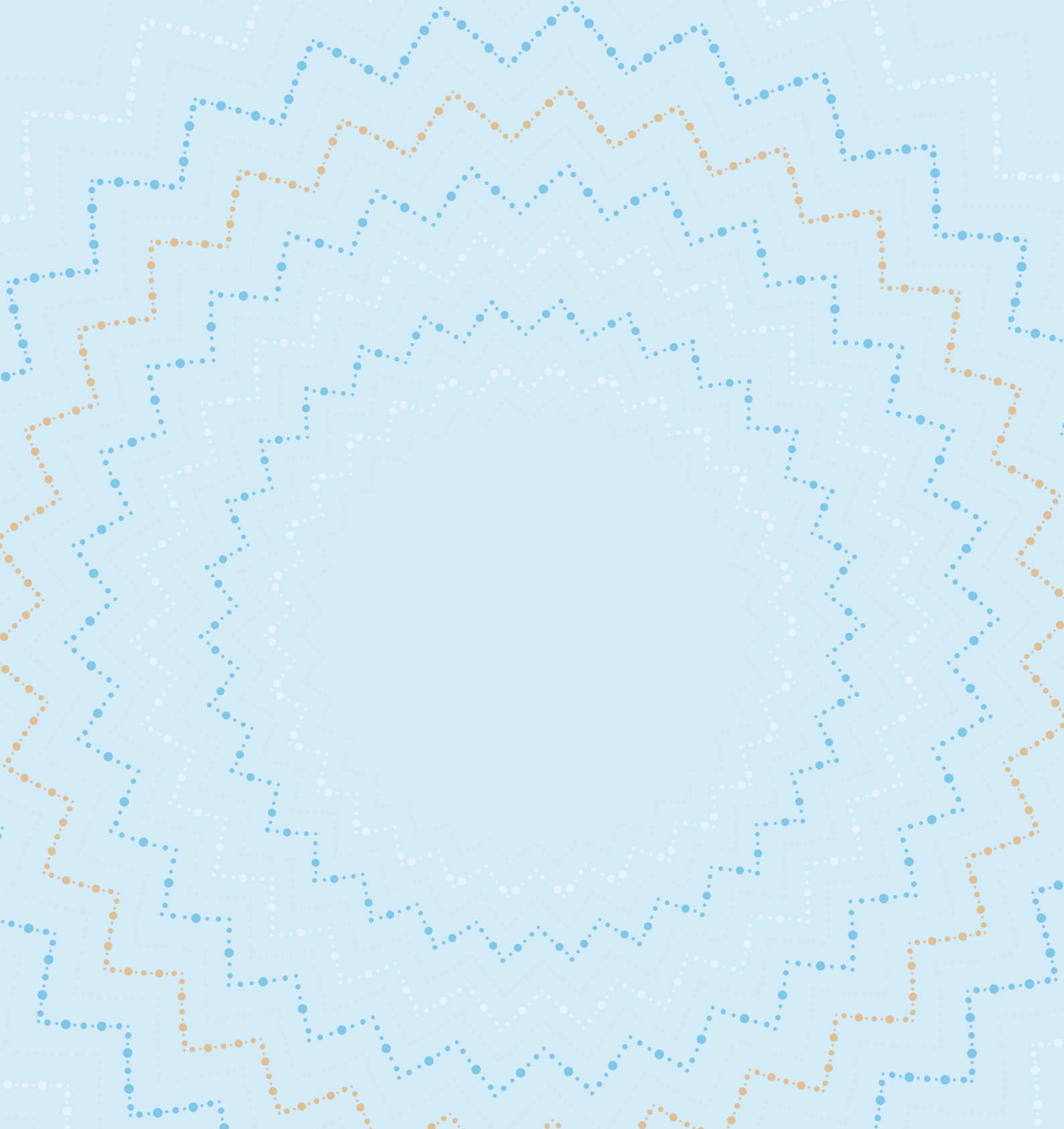
FOREWORD

The development landscape in Rwanda has changed considerably since the adoption of Vision 2020 in the year 2000. The progress made has given Rwandans much hope and the desire to aspire for greater achievements. Financial inclusion is one of the key priority areas (priority area 5)[1] in achieving the National Strategy for Transformation (NST1), which is the key pillar in overseeing the crossover from Vision 2020 towards Vision 2050. This priority area of NST1, incorporates access to financial services, such as savings, credit, insurance, and transaction products/channels. These services equip individuals and businesses to store value in a safe place, to receive and transfer value, and to manage liquidity and risk. Rwanda is one of the most financially included countries in the region and this makes the financial inclusion story in Rwanda an encouraging one. Since 2008, there has been a substantial increase in the financially included numbers, showing the positive progress made and suggesting that Rwanda is on track towards meeting the set target of 100% financial inclusion by 2024.

FinScope is an integral research tool that addresses the need for credible financial sector information. This information aims to guide policymakers, regulators, donors, and financial services providers in their efforts to promote financial inclusion in Rwanda. The main objective of the 2020 FinScope survey in Rwanda was to assess how the landscape of financial access and use has changed since 2016 and to measure the extent to which various developments within the financial sector have impacted the levels of financial inclusion in the country. As shown in this report, there has been an increase in financial inclusion to 93% (increasing from 89% in 2016). This represents a four percentage points increase over the past four years, indicating improved efficiency in Rwandan financial systems. These changes result from the direct efforts of the Rwandan government to strengthen financial inclusion, as guided by Vision 2020. However, despite this progress in financial inclusion levels, more intervention is still required to increase financial inclusion. There should be a specific focus on promoting greater interoperability, in order to encourage maximum use of digital financial services (DFS). Encouraging greater use of the available guarantee programmes will encourage banks to lend to creditworthy enterprises and farmers and to promote consumer protection and empowerment.

The FinScope findings are only useful if they are used to effect change and increase financial inclusion levels. To ensure the usefulness of FinScope Rwanda 2020, the findings are offered in several formats to maximise usefulness and provide targeted messages to key stakeholder sectors. In addition to this report, a series of targeted thematic reports will be produced.

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1   http://www.minecofin.gov.rw/fileadmin/user_upload/MINECOFIN_Documents/NST_A5_booklet_final_2.04.19_WEB.pdf

The Ministry of Finance would like to thank all stakeholders who participated in this project in their personal and institutional capacities, without which the project would not have been successful. The Ministry would specifically like to thank Access to Finance Rwanda and the National Bank of Rwanda, as well as other steering committee members, including FinMark Trust, National Institute of Statistics of Rwanda, and the broader stakeholder groups, for undertaking this survey. The Ministry hopes that the policymakers, regulators and financial service providers, non-governmental organisations and development partners will be encouraged to continue with coordinated efforts to accelerate and deepen financial inclusion in Rwanda.

Uzziel Ndagijimana
Ministry of Finance
and Economic Planning

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ACRONYMS AND ABBREVIATIONS

AFR   Access to Finance Rwanda

ATM   Automatic Teller Machine

CRB   Credit Reference Bureau

CESS   Centre for Economic and Social Studies

BNR   National Bank of Rwanda

DFID   Department for International Development

EICV   Integrated Household Living Condition Survey

FMT   FinMark Trust

FSDP II   Second Financial Sector Development Program

MFIs   Microfinance Institutions

MSME   Micro, Small and Medium Enterprise

MINECOFIN   Ministry of Finance and Economic Planning

MNO   Mobile Money Operator

MTN   Mobile Telephone Network

NGOs   Non-governmental Organisations

NISR   National Institute of Statistics of Rwanda

NSSF   National Social Security Fund

PPS   Probability proportion to size

POS   Point of Sale

SACCOs   Savings and Credit Cooperative Organisation

Telcos   Telecommunications company

VSLAs   Village Savings and Lending Associations

ACKNOWLEDGEMENTS

This report is prepared from the findings of the FinScope Rwanda Survey conducted in 2019/20. Access to Finance Rwanda (AFR) is grateful to the members of the steering committee (SC), including the Ministry of Finance and Economic Planning, National Bank of Rwanda (BNR), National Institute of Statistics Rwanda (NISR), Centre for Economic and Social Studies (CESS), and FinMark Trust (FMT).

The SC members played an integral part in the FinScope Rwanda questionnaire design and analysis to provide valuable insight into consumer demand behaviour. Without the efforts and commitment of these institutions and individuals, the project would not have come to fruition.

EXECUTIVE SUMMARY

The Government of Rwanda (GoR) recognises the role played by the financial sector in facilitating economic growth through enhanced access to financial services. To strengthen policies that will generate sustainable and inclusive growth and development, the GoR, has supported and participated in the fourth FinScope Rwanda Consumer Survey 2020. It has done this to help monitor and evaluate sector interventions driven by the National Financial Inclusion Strategy (NFIS). The first survey was completed in 2008 and was repeated in 2012 and 2016. These surveys provide an opportunity to compare changes, challenges, and areas of impact in the financial sector.

The survey collected data from adults who were available during the duration of the survey, from 16 years and older Rwandans. In this report, we mainly present the findings on how they manage their financial needs as well as the state of Rwandan financial inclusion.

Key statistics from the survey

The Rwanda FinScope 2020 survey shows that about 93%, or 6.7 million people in Rwanda are financially included (in both formal and informal financial products/services). Further analysis of formal and informal use since 2016, indicates that the drop in exclusion among Rwandan adults is driven by the uptake of both formal and informal services.

Formal inclusion increased from 42% of adults in 2016 to 67% in 2020, indicating that around 4.7 million adults have at least one formal financial account. The formally served adults were driven by the uptake both of banking products/services and other formal non-bank financial services/products:

- About 36%, or 2.6 million, adults in Rwanda are banked, increasing from 1.5 million in 2016. The growth in bank use is driven by savings and transactional banking products such as online banking and credit facility products (credit and overdraft). In terms of banking product use, 68% of bank clients used at least more than one banking transaction during the month prior to FinScope 2020 (increasing from 52% in 2016).

- About 77% of adults in Rwanda have/use other formal (non-bank) financial products/services (around 5.5 million individuals). Growth in the non-bank sector was most significantly driven by the uptake of mobile money services and the growing penetration of Umurenge SACCOs.

In total, about 78%, or 5.5 million, adults in Rwanda use informal mechanisms. The informal sector plays an important role in extending the overall level of financial inclusion, particularly in rural areas and among women.

The level of adults relying only on informal mechanisms has been reduced from 21% in 2016 to 16% in 2020. Around 7%, or 525 000 adults, in Rwanda do not use any financial products or services (neither formal nor informal) to manage their financial needs, i.e. they are financially excluded. Traditionally vulnerable groups such as, the poor, those residing in remote rural areas, women, and vulnerable age groups (16-17 years) and older than 60), are more likely to be financially excluded.

Financial landscape of access

Savings and investments: About 86% of adults in Rwanda save, taking into account all forms of savings (around 6.1 million individuals). Saving through formal institutions grew from 49% in 2016 to 54% in 2020. Saving through formal institutions growth is driven by saving through a bank (21%), mobile money (26%), and savings at Umurenge SACCOs (27%). Informal savings grew to 64% or 4.5 million adults, up from 56% in 2016.

Borrowing and credit: About 76%, or 5.4 million, adults in Rwanda borrow, taking into account all forms of borrowing. There has been an increase in credit consumption from 4.1 million in 2016, with an increase in formal credit from 15% in 2016 to 22% in 2020. Encouragingly, when compared with other credit behaviour, people in Rwanda borrow mainly for developmental reasons.

Insurance and risk mitigation: The insurance industry performance is improving, with an upsurge in the number of adults having insurance products from 9%, or 0.5 million, in 2016 to 17%, or 1.2 million, in 2020. This could be attributed to policy reforms and/or refinement of the regulatory regime. Insurance product uptake is driven by medical insurance, excluding Mutuelle de Santé (National Health Insurance) and Rwanda Social Security Board. The main perceived barriers to taking out insurance products relate to income, i.e. low/no/insufficient income, insufficient balance after paying for expenses, and affordability issues. In addition, a lack of consumer awareness and knowledge seems to prevent people from taking on insurance.

Mutuelle de Sante: Is part of the Government of Rwanda's social protection system introduced in 1999. FinScope 2020 findings indicated that 88% of adults were covered by Mutuelle de Sante, up from 77% in 2016.

Mobile money: About 86% of adults in Rwanda have access to a mobile phone, with males (89%) having a slightly higher access than females (84%). About 60%, or 4.3 million, adults in Rwanda use mobile money (m-money). Around 55% of adults are registered for mobile money accounts and around 5% have registered, but have never used mobile money account mobile money services. Among the

services available to the users of mobile money are: money transfers, payments, and mobile banking. Mobile money services are used both for remittances and for broader payments for utility bills.

Remittances: More adults, around 3.2 million, in Rwanda indicated that they have remitted money (sent and/or received money) in the six months prior to FinScope Rwanda 2020, including all forms of remittances. This is up from 2.3 million in 2016. The results show that for those who remit, the most reported means of remitting is through formal remittance products (43%).

Emerging trends

FinScope findings show that Rwanda has made great progress in achieving high levels of financial inclusion, nearing the government target of 100% by 2024. Despite the progress in financial inclusion levels, some interventions are still required to increase financial inclusion through focusing on maximum use of DFS; encouraging formal institutions to lend to creditworthy enterprises and farmers; and promoting consumer protection (transparency) and empowerment. The report also notes that the improvement in formal uptake was recorded from both the banking and other formal (non-bank) sectors. The other formal non-bank is mainly driven by the use of mobile money services.

The results show that adult Rwandans are embracing **digital payments.** The use of these are still growing yet at a relatively low rate, given the fact that around two-thirds of Rwandans have either a bank account or a mobile money account. This paints an encouraging picture for digitalisation in the country. However, without greater interoperability, it will likely be more expensive and difficult for individuals and businesses to use electronic financial services in ways that lead to the reduction of the use of cash and paper-based instruments.

The report shows that the majority of Rwandans have high scores of **consumer empowerment.** About 60% of adults agree that they: (i) compare options and make the best choice, (ii) know what to do when not satisfied with services, and (iii) are confident enough to complain and (iv) understand the contracts of financial products. However, more adults in Rwanda have felt or experienced a lack of transparency from financial service providers, including: deficiencies in communicating changes in the fees or charges; lack of clear information on financial products/services recently bought; and being surprised about financial services/product fees at a later stage.

Rwanda's State of Financial Health shows good signs, with commendable scores in four of the six indicators. Most Rwandans can balance income and expenses through using a combination of coping strategies. Many adult Rwandans are also

building and maintaining reserves, while two thirds of credit active consumers can manage their existing debts well. These healthy indicators could be driven by the fact that more adults are using a couple of financial tools to manage their financial lives. The planning and prioritising and recovering from financial setbacks indicators have some gaps because the steps or devices used towards these needs skew towards the use of informal and non-financial methods. Minimum use of formal financial devices may suggest that the available formal products do not meet consumers' needs.

- INTRODUCTION

- FINANCIAL INCLUSION FRAMEWORK

- UPTAKE AND USE OF FINANCIAL PRODUCTS/
  SERVICES

1. INTRODUCTION

1.1. Background on Rwandan financial services

It is widely accepted that financial inclusion plays an important role in promoting faster, broad-based economic growth and poverty reduction and thus strongly supports national level objectives. In recognising efforts to support financial inclusion, the Government of Rwanda (GoR) has introduced a number of initiatives to promote financial inclusion. These include the implementation of the National Inclusion Financial Strategy (NFIS), and ensuring that the NFIS is a living document that continues measuring and monitoring the identified areas of priority or pillars.

The development of the NFIS is a continuation of endeavour by the GoR to afford appropriate and quality financial services and products accessible to all categories of the population, as well as to small businesses and farmers. Inclusive and effective financial systems help mobilise savings for investment, reduce transaction costs, and increase efficiency, thereby contributing to employment generation and growth. Financial inclusion also helps improve household welfare by reducing their transaction costs, enabling them to efficiently manage risks and setbacks, allocating capital for productive use, and supporting the accumulation of wealth.

Arising from collaborative stakeholder review processes, the NFIS 2019 – 2024 aims to guide and assist the government and stakeholders to identify and implement actions to best improve financial inclusion. The development of the NFIS has been rolled out under the guidance of the government, being jointly led by the National Bank of Rwanda (BNR) and the Ministry of Finance and Economic Planning (MINECOFIN), with technical support from AFR.

The strategy outlines a series of actionable policy objectives to be undertaken by various roleplayers, including both public and private sector institutions and agencies. The goal is to increase access to, and use of, appropriate and affordable financial services by all adults in Rwanda to meet their needs.

The NFIS comprises following several action items:

1. **Resilience and money management for household** – This pillar speaks to the need for the financial services to support individuals or households to build resilience to setbacks and to pursue opportunities and dreams.

2. **SME access to finance for investment** – Expand productive credit to benefit small firms that would normally struggle to mobilise finances for operations, expansion, or even starting up a business.

3. **Access to finance for investment and resilience for farmers** - Agriculture is crucial to Rwanda's economy, contributing nearly one third of the national gross domestic product (GDP), employing more than three-fourths of the workforce, and generating more than half of the country's export revenues[2]. Agriculture finance and financial inclusion in the sector is, therefore, a national priority.

4. **Expansion of digital finances** - The broad goal envisaged by the NST1, Rwanda National Payment System (RNPS) and the Smart Rwanda Master Plan (SRMP), is for a cashless society. By encouraging the use of electronic payments by all residents of Rwanda, by encompassing ecosystems where citizens receive income and spend income digitally, including at merchant points, schools, health providers, and for government payments, as well as eventually e-commerce, the currently prevalent person-to-person (P2P) and cash in and out transactions could be reduced.

5. Rwanda has the potential to be a country in which citizens use DFS well beyond the currently prevalent person-to-person (P2P) and cash in and out transactions. It can achieve this by encompassing ecosystems where citizens receive and spend income digitally, including at merchant points, schools, health providers, and for government payments, as well as e-commerce eventually.

6. **Responsible finances -** Financial capability is of great importance in Rwanda. Its purpose is to provide consumers with the knowledge to safeguard themselves against unfair or exploitative practices, as well as to improve decision making regarding financial products and services appropriate to their needs. Consumer protection and financial literacy (financial capability) ensure that there is trust in the financial sector and that uptake and use of financial services are optimised.

7. **Cross cutting actions** - Regular collaboration between the policymakers, regulators, and stakeholders in the sector to ensure that the overall objectives are being achieved.

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2   Agriculture Finance Diagnostic, World Bank Group, 2018

2. FINSCOPE SURVEYS

FinScope is a research tool that was developed by FinMark Trust[3] to address the need for credible financial sector information. It provides insights to guide policymakers and regulators in terms of how to address or respond to some of the challenges they face in meeting financial inclusion targets and in deepening financial inclusion. It also provides financial service providers with crucial strategic information regarding their target markets and the financial services these markets need – enabling them to extend their reach and broaden the range of services they provide. FinScope surveys have been conducted in 25 African countries and in 10 beyond the African continent.

The FinScope survey provides a holistic overview and understanding of how individuals generate income and how they manage their financial lives. It identifies the factors that drive financial behaviour and those that prevent individuals from using financial products and services. Implementing the FinScope survey regularly further provides the opportunity to assess whether, and how, a country's situation changes.

2.1. FinScope Rwanda

The first implementation of the FinScope survey Rwanda in 2008 was driven by a lack of credible information to guide policy interventions and financial service providers in their efforts to expand the reach and depth of the Rwandan financial system. The decision to implement FinScope Rwanda 2008 was urged by BNR, as the overall custodian of Rwanda's financial sector.

In pursuit of their objective of removing systemic barriers to the uptake of financial services, Access to Finance Rwanda[4] needed to obtain information about how the landscape of access to, and use of, financial services has changed since 2008. AFR therefore commissioned follow-up surveys in 2012 and 2016.

In partnership with the GoR, AFR initiated the fourth FinScope survey, with the intention of continuing to measure progress in financial inclusion. FinScope 2020 is expected to illustrate how many adult Rwandans were linked to financial inclusion, specifically to formal accounts through different sector interventions.

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3   FinMark Trust was established in March 2002 with initial funding from the UK's Department for International Development (DFID). FinMark Trust is an independent trust, whose purpose is 'Making financial markets work for the poor by promoting financial inclusion and regional financial integration'. In pursuit of its goal of improving the livelihoods of the poor through the use of financial products and services, FinMark Trust recognises the complementary role of governments (as policymakers and regulators) and the private sector (as service providers). It believes that the availability of credible financial sector information enables effective, evidence-based dialogue that will facilitate the development of effective interventions among financial sector role players and is essential for sustainable financial market development.

4   AFR was launched in March 2010 at the request the Government of Rwanda, with support from DFID and the World Bank. The core objective of AFR is to remove systemic barriers to financial services by putting the poor at the centre of its interventions.

2.2. FinScope Rwanda 2020

As its departure point, the FinScope Rwanda Consumer Survey looked at financial markets and the individual's interaction with the financial system. It deals with financial behaviour, needs, household structure, household livelihoods, wallet size, and financial products. The Survey covered general money matters (both formal and informal financial service products and providers), digitalisation (e-payments), savings and investments, credit and loans, long-term and short-term insurance, legal and housing questions, and other topics of interest in the financial arena. Therefore, specific objectives of the FinScope Rwanda Consumer Survey are summarised as follows:

- To describe the **levels of financial inclusion** (i.e. levels of access to financial products and services – both formal and informal).

- To describe the **landscape of access** (i.e. the type of products and services used by financially included individuals).

- To identify the **drivers** of and **barriers** to financial access.

- To assess **trends/changes** (from 2016).

- To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will **increase** and **strengthen financial inclusion.**

- To provide information on new opportunities for increased financial inclusion and on the extent to which financial services are meeting Rwandans' needs.

2.2.1. METHODOLOGY AND SURVEY DESIGN

The target population for the Rwanda State of Financial Inclusion 2020 survey consisted of eligible members of private households in Rwanda. The eligible members of the population living in institutions, such as hospitals, hostels, police barracks, and prisons, were not included in this survey. However, private households within institutional settings, such as teachers' houses on school premises, were included.

The sample design was a stratified three-stage cluster sample, where the first stage units were the primary sampling unit (PSUs), the second stage units were the households, and the third stage units were the eligible members. These were individuals who, at the time of the survey: were 16 or older, available during the duration of the survey, mentally/physically capable to be interviewed, and had resided in the selected household for at least six months preceding the survey. The age limit for the eligibility criteria was based on the fact that only individuals aged 16 or older are officially authorised to obtain personal formal financial products (such as opening a personal bank account or mobile money account) from formal financial institutions in Rwanda, which makes them a target population of the financial sector. Only one individual per selected household was interviewed.

2.2.2   SAMPLING FRAME FOR FINSCOPE RWANDA 2020SURVEY

The FinScope is a survey of households, based on the data and cartographic materials from the 2012 Rwanda Population and Housing Census. Rwanda is divided geographically into four provinces and the city of Kigali, 30 districts, 416 sectors, 2,148 cells, and 14,816 villages. Table 1 shows the distribution of the villages in the 2012 Census frame by district. It also shows the number of urban and rural villages in the 2012 Census frame by district. It can be seen from Table 1 that at national level, the 2012 Census frame has 1,607 urban villages and 13,209 rural villages.

The PSUs for the FinScope Rwanda 2020 survey was selected as a subsample of the 2012 Census frame PSUs. A listing of households was conducted in each sample village selected for the FinScope and a sample of households was selected at the last sampling stage. The units of analysis for the survey were the individual households and people who are usually resident in those households. The sample design and selection procedures for the FinScope survey are described later in this section.

Table 1: Distribution of Villages in the 2012 Census Frame

Province	District code	District name	Number of Villages in 2012 Census frame		
			Urban	Rural	Total
Kigali City	11	Nyarugenge	240	110	350
	12	Gasabo	257	229	486
	13	Kicukiro	266	61	327
Southern	21	Nyanza	31	389	420
	22	Gisagara	6	518	524
	23	Nyaruguru	5	327	332
	24	Huye	51	457	508
	25	Nyamagabe	23	513	536
	26	Ruhango	35	498	533
	27	Muhanga	23	308	331
	28	Kamonyi	24	293	317
Western	31	Karongi	31	507	538
	32	Rutsiro	8	476	484
	33	Rubavu	157	362	519
	34	Nyabihu	41	432	473
	35	Ngororero	10	409	419
	36	Rusizi	70	526	596
	37	Nyamasheke	7	581	588
Northern	41	Rulindo	11	483	494
	42	Gakenke	15	602	617
	43	Musanze	70	362	432
	44	Burera	9	562	571
	45	Gicumbi	28	602	630
Eastern	51	Rwamagana	27	447	474
	52	Nyagatare	44	584	628
	53	Gatsibo	22	580	602
	54	Kayonza	29	392	421
	55	Kirehe	17	595	612
	56	Ngoma	15	458	473
	57	Bugesera	35	546	581
RWANDA			**1,607**	**13,209**	**14,816**

2.2.3. SAMPLING SIZE AND SAMPLE ALLOCATION

The sample size for the FinScope Survey 2020 depended on the level of precision required for key indicators at the district level, as well as on resource constraints and logistical considerations. It is essential to ensure good quality control in order to minimise non-sampling errors. The estimates of the sampling errors for the population with a saving account by district from the EICV5 data were examined, in order to determine sample size for FinScope Survey 2020.

The indicator of interest (p) is known. Thus, the sample size was calculated using the prevalence rate of 53.7% to maximise the sample size and to reduce the margin of error. As the non-response rate is typically under 3% in Rwanda, a value of 1.03 for h (non-response rate) was applied to adjust the sample size. For computing the sample size for FinScope Survey 2020, the information in Table 2 was used where the prevalence was 53.7%, Margin error (0.9%), Design Effect (1.16), and Nonresponse (3%). The sample size was computed as follows:

$$n = \frac{z^2 p(1-p)h * def}{0.009^2}$$

Where:

n: Sample size in terms of sample households to be selected.

z = z-statistics corresponding to the level of confidence desired. The commonly used level of confidence is 95% for which z is 1.96.

p = Estimate of the indicator of interest to be measured by the study (53.7 %).

k = Factor accounting for non-response. The non-response rate is 3%. So, a value of (= 1 + 3%) for h would be conservative.

e = Margin of error, sampling errors or level of precision (0.9%).

Using the information describe above, the minimum sample size needed for this study was:

$$n = \frac{1.96^2 * 0.54(1-0.54) * 1.03}{0.009^2} = 14,076 \ households$$

At national level, the minimum sample size for FinScope Survey 2020 is 14,076 households at 0.9% margin error precision. As was described in the Terms of Reference (TOR), the sample size requested was 12,480 households. Using the sample of 12,480 households, we accepted a margin error of 0.95%, which was acceptable.

Table 2: Distribution of Villages in the 2012 Census Frame

District Name	Estimate	Standard Error	95% Confidence Interval		Coefficient of Variation	Design Effect	Margin Error
			Lower	Upper			
Nyarugenge	67.92	2.146	63.71	72.12	.032	.931	4.2%
Gasabo	68.57	2.522	63.62	73.51	.037	3.673	4.9%
Kicukiro	72.02	2.064	67.97	76.07	.029	1.126	4.0%
Nyanza	55.69	2.298	51.19	60.20	.041	.911	4.5%
Gisagara	60.51	2.288	56.03	65.00	.038	.969	4.5%
Nyaruguru	74.57	2.029	70.59	78.55	.027	.748	4.0%
Huye	55.85	2.302	51.34	60.37	.041	.949	4.5%
Nyamagabe	73.16	2.049	69.14	77.18	.028	.895	4.0%
Ruhango	42.05	2.279	37.58	46.52	.054	.819	4.5%
Muhanga	54.55	2.299	50.04	59.06	.042	.906	4.5%
Kamonyi	41.00	2.345	36.41	45.60	.057	1.148	4.6%
Karongi	60.89	2.250	56.48	65.30	.037	.895	4.4%
Rutsiro	51.38	2.315	46.85	55.92	.045	.846	4.5%
Rubavu	42.75	2.304	38.23	47.27	.054	1.125	4.5%
Nyabihu	45.26	2.317	40.72	49.80	.051	.792	4.5%
Ngororero	47.03	2.294	42.53	51.53	.049	.941	4.5%
Rusizi	45.70	2.400	41.00	50.41	.053	1.194	4.7%
Nyamasheke	62.94	2.265	58.50	67.38	.036	.982	4.4%
Rulindo	70.67	2.130	66.49	74.84	.030	.919	4.2%
Gakenke	56.89	2.279	52.42	61.35	.040	.965	4.5%
Musanze	42.99	2.304	38.47	47.50	.054	1.062	4.5%
Burera	47.92	2.328	43.36	52.48	.049	.962	4.6%
Gicumbi	48.50	2.293	44.01	53.00	.047	1.002	4.5%
Rwamagana	51.67	2.337	47.09	56.25	.045	1.050	4.6%
Nyagatare	34.47	2.238	30.08	38.85	.065	1.587	4.4%
Gatsibo	45.35	2.289	40.86	49.84	.050	1.236	4.5%

Kayonza	40.37	2.279	35.91	44.84	.056	.970	4.5%
Kirehe	35.39	2.205	31.06	39.71	.062	1.000	4.3%
Ngoma	53.81	2.287	49.33	58.30	.042	.944	4.5%
Bugesera	56.55	2.305	52.03	61.06	.041	1.106	4.5%
Rwanda	**53.71**	**.444**	**52.84**	**54.58**	**.008**	**1.161**	**0.9%**

2.2.4. QUESTIONNAIRE DESIGN AND CONTENT

The questionnaire design phase included an initial draft from the Rwanda FinScope Consumer Survey 2016 and the participation of stakeholders in a questionnaire design workshop in August 2018. The latter was attended by the SC members, which constituted membership from the key government agencies, the regulators and the financial sector. These activities assisted in customising the FinScope Rwanda Consumer Survey 2020 questionnaire. The finalisation of the questionnaire was done after the training and field pilots had been completed.

3. FINANCIAL INCLUSION FRAMEWORK

Financial inclusion: The concept 'financial inclusion' is core to the FinScope methodology and the financial access strand (explained schematically in Figure 1) is one of the key measures of FinScope surveys. It illustrates the use of financial products and services available in the market.

Financially included: are individuals who have/use formal and/or informal financial products and mechanisms. Note: This does not mean that these individuals have the products in their own names. They could, for example, use someone else's bank account or be covered by some else's insurance. This includes:

- **Formally served:** Individuals who have or use products or services from financial institutions that are regulated through an Act of law (formal financial institutions).

- **Informally served:** Individuals who have or use products or services from financial institutions that are not regulated (informal financial institutions and mechanisms) and/or use community-based organisations/mechanisms to save or borrow money.

The formally served population can be further segmented into:

- **Banked:** Individuals who have or use products or services from licensed commercial banks that are regulated by the central/reserve bank.

- Served by **other formal** financial institutions (non-bank): Those individuals who have or use products or services from financial institutions that are regulated through Acts of law but are not commercial banks.

- Those individuals who have or use products or services from **both** commercial banks and other formal financial institutions.

Financially excluded are individuals who manage their financial lives without the use of any financial products or mechanisms external to their personal relationships. When they borrow, they rely on family/friends. When they save, they save at home.

Figure 1: Financial inclusion framework
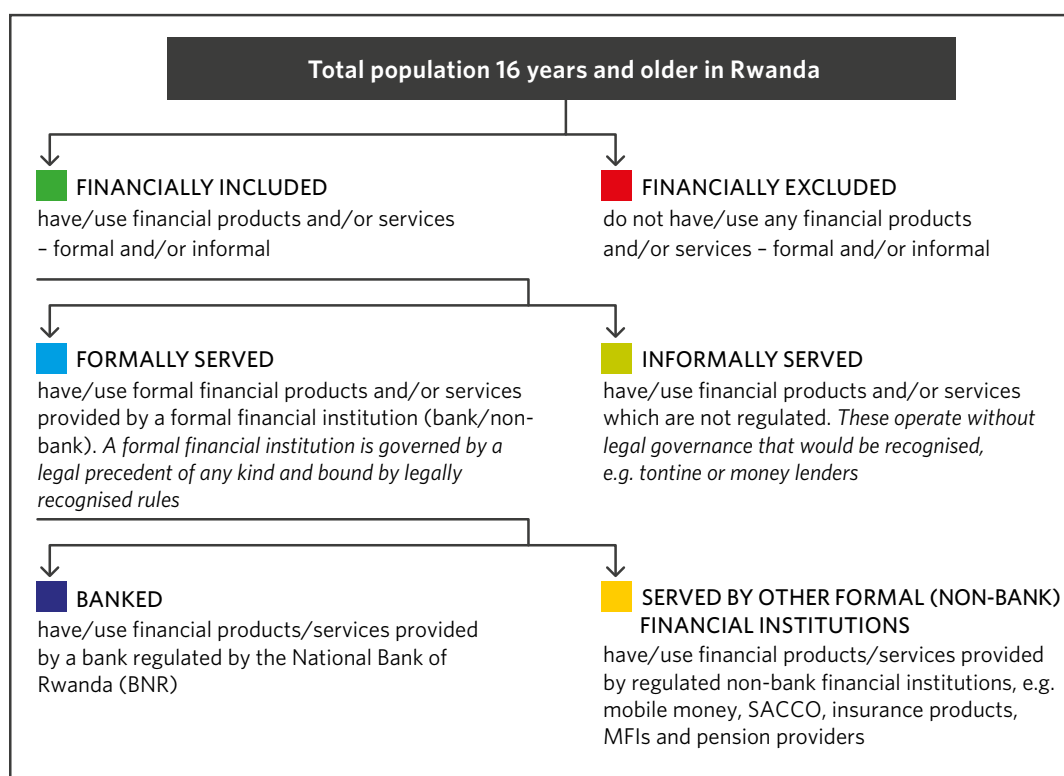
3.1. Levels of Financial Inclusion in Rwanda

The FinScope Access Strand is a key indicator in determining and segmenting financial inclusion. It is constructed based on the premise that the goal of financial inclusion initiatives is formal financial inclusion. Figure 2 shows the proportions of adults who are financially included and those who are financially excluded. About 93% (6.7 million) of Rwandans are financially included, implying that they are using either formal or informal products/services to meet their financial needs.

- Adults who have access to bank products or services increased from 26% in 2016 to 36% in 2020. This increase is driven by people who opened bank accounts in their own names. Almost all the banked population claim that their bank accounts help them to manage their money better – optimizing money. Important factors that matters most in a bank account included quality of customer service in a bank and convenient access to bank branches. About 38% of new bank accounts were opened in the past four years. Around 22% (1.6 million people) have bank accounts in their own name, while an additional 14% (1 million adults) use bank accounts indirectly. They do this either through using banking channels or someone else's account, but they do not have a bank account in their own name.

- The percentage of adults who are formally served, although not banked, decreased slightly from 42% in 2016 to 41% in 2020.

- The proportion of adults using only informal products declined to 16%, from 21% in 2016.

Financial exclusion has dropped by four percentage points, a decline from 11% in 2016 to 7% in 2020. Approximately 0.5 million adult Rwandans are financially excluded. These adults use neither formal nor informal products but may be saving at home and borrowing from friends and family. The reduction in exclusion was caused by a significant increase in the proportion of adults who are formally served (i.e. who have or use a product or service from a formal financial institution):

Figure 2: Rwanda Financial Access Strand (%)
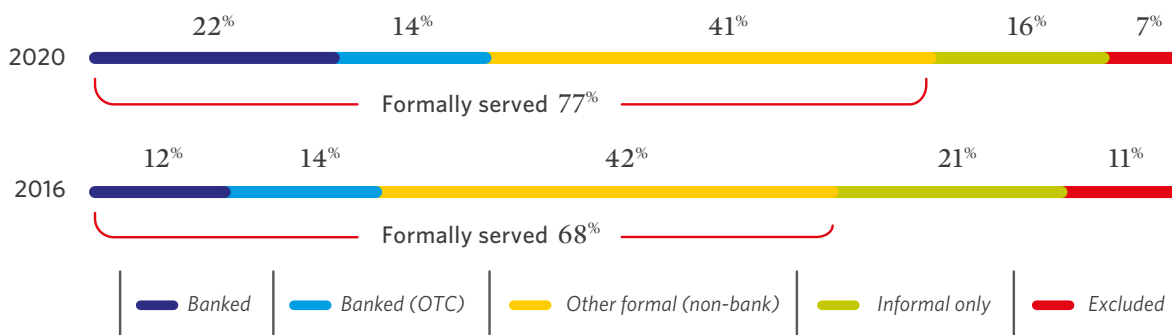
Figure 3 highlights the total financial products uptake that adults use in meeting their financial needs, but does not eliminate financial products/services use overlaps. Among the financially included, 36% of adults use bank products or services and about 75% of adults use/have other formal non-bank products/ services, increasing from 65% in 2016. The non-bank products/services, especially mobile money, are driving formal financial inclusion. Informal mechanisms still remain relevant alternatives for adult Rwandans, showing an increase of 6 percentage points from 72% in 2016 to 78% in 2020. Approximately 81% of individuals who have formal financial products also use informal mechanisms (up from 76% in 2016)

Figure 3: Overview of financial products/services (%)
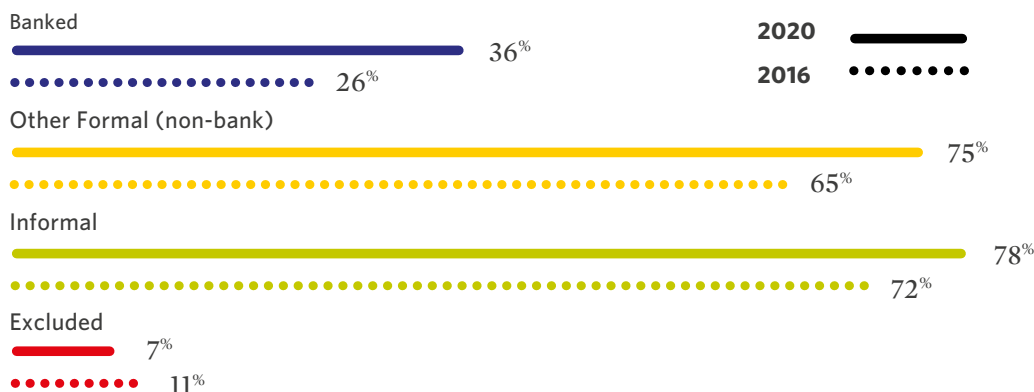
3.2. Drivers of increased levels of financial inclusion

This section seeks to explore the drivers behind increased financial inclusion and the extent of penetration and use of financial products and services through Rwandan financial institutions, including commercial banks, MFIs, SACCOs, mobile money, and informal mechanisms. Figure 3 illustrates that the increase in financial inclusion from 2016 emanates from all mechanisms, including the banking sector, other formal non-bank sectors and informal mechanisms. Table 1 shows the distribution of the financially included population among demographic groups, such as area, province, gender, age, educational level, and livelihood. Approximately 77% of Rwandan adults (5.5million) are formally included, suggesting that they use either bank services or other formal non-bank products or services.

Formal inclusion is skewed to the following:

- Males (81%);

- Urban areas (95%);

- Kigali City (98%);

- Seniors- 31-60-year olds;

- Adults with upper secondary level and above education;

- Formally employed adults (99%) and self-employed adults (96%).

Although there is high formal financial inclusion among Rwandans, informal mechanisms or products also contributed to lowering the exclusion rates. Approximately 16% (1.1million) of adult Rwandans are using only informal products or services, such as money lenders and, saving groups such as a VSLA, tontine, ikibina, to meet their needs.

Informal only financial inclusion is skewed to the following:

- Females (19%);

- Rural areas (20%);

- Northern Province (24%), Southern Province (22%) and Western Province (20%);

- Senior citizens- 61 and above (21%) and youth- 16-17 year olds (18%);

- Adults with no formal education (30%) and those with lower primary education (24%);

- Informally employed adults (21%) and farmers (17%).

Table 3: Financially included population by demographic characteristics

	Formally included (%)	Informally included ONLY (%)
Total population	77.0	15.6
Area		
Urban	94.5	3.3
Rural	70.9	19.9
Province		
Kigali city	97.5	1.5
Eastern Province	75.7	14.6
Southern Province	71.8	22.2
Western Province	68.8	19.5
Northern Province	67.3	23.6
Gender		
Male	81.3	11.9
Female	73.6	18.5
Age groups		
16-17	46.3	18.2
18-30	77.7	13.2
31-40	79.9	15.4
41-50	81.8	14.6
51-60	79.3	16.3
61+	69.5	20.9
Education		
No formal education	57.5	30.0
Primary 1-3	66.3	23.6
Primary 4-6	78.3	15.0
Secondary 1-3	85.2	7.7
Secondary 4-6	95.2	2.3
Vocational training	92.3	4.2
University or other higher education	98.8	0.0
Employment		
Formal sector	99.0	0.8
Self-employed	95.8	2.4
Government grants/pension	93.0	3.3
Farmers	76.1	17.3
Informal sector	70.3	21.3
Money from other people	68.1	7.9

3.2.1. DRIVERS OF THE BANKING SECTOR

High uptake and use of banking products have also led to increased formal financial inclusion. The proportion of adults who have/use commercial bank products increased from 26% in 2016 to 36% in 2020, as a result of new banking channels (such as e-banking and mobile banking) entering the market, resulting in the increased outreach of existing banks.

Figure 4 shows that the growth in the banking sector was driven by both savings account and transactional products, including credit facility products such as credit and overdraft.

Figure 4: What drives banking? (%)

Current/cheque account* — 61% (2020), 72% (2016)
Savings account at a bank — 60% (2020), 48% (2016)
ATM/debit card — 46% (2020), 26% (2016)
Mobile banking (M-Banking) — 40% (2020), 22% (2016)
Internet banking — 32% (2020), 2% (2016)
Credit from a bank (loan from a bank) — 29% (2020), 13% (2016)
Bank USSD codes # — 24% (2020)
Fixed deposit account # — 13% (2020)
Overdraft facilities — 9% (2020), 2% (2016)
Credit card — 7% (2020), 1% (2016)

■■■ 2020
••••• 2016

* Please note there has been an increase in absolute numbers from 594 000 in 2016 to 1 045 875 in 2020

New question in 2020. Need to be cautious about outliers

3.2.2. DRIVERS OF OTHER FORMAL (NON-BANK) PRODUCTS/ SERVICES

The uptake of non-bank channel/services increased from 65% in 2016 to 75% in 2020. This increase was caused by an uptake of products offered by formal financial institutions (excluding banks), such as Mobile money operators, MFIs, and insurance companies

The increase in non-bank products was caused by:

- **Mobile money** - 4.4 million adults use mobile money accounts in 2020, up from 2.3 million in 2016;

- **Insurance**- About 1.2 million adults in Rwanda have some form of insurance, up from 0.5 million in 2016;

- **MFIs**- About 0.7 million adults have MFI accounts, up from 0.3 million in 2016;

- **Umurenge SACCOs** - 2.4 million adults have Umurenge SACCOs accounts, up from 2.0 million in 2016.

Figure 5: What drives other formal (non-bank) products/services? (%)
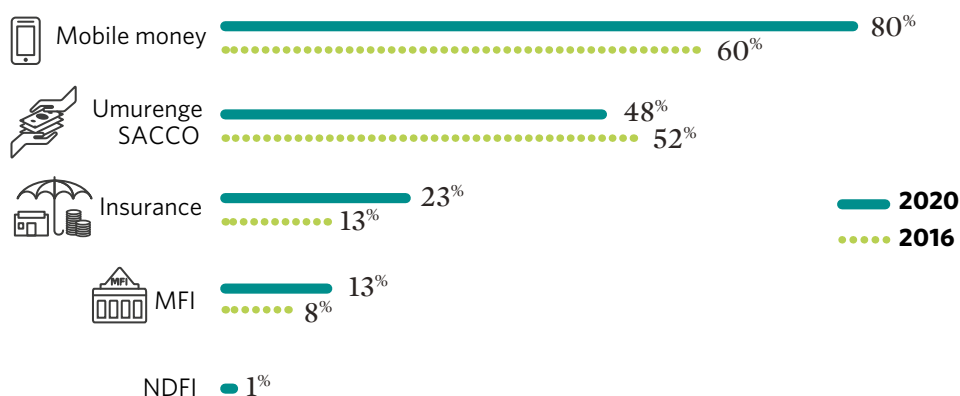
3.2.3. DRIVERS OF INFORMAL PRODUCTS/SERVICES

Despite the increase in the uptake of formal financial products, many Rwandans still use informal mechanisms to manage their money. Informal financial inclusion increased by six percentage points, from 72% in 2016 to 78% in 2020.

About 5.6 million (78%) adults, use informal mechanism to manage their finances. This uptake is driven by informal savings groups and credit shops. Approximately 2.3 million adults used credit shops (i.e. took goods in advance from the shop and paid back later). About 4.2 million adults in Rwanda reported that they use informal groups, such as the Village Savings Loan Association:

*   3.9 million adults save through a savings group.

*   2.8 million borrow money from these savings groups (overlaps are possible).

Figure 6: What drives informal mechanism uptake? (%)

Savings group: 82% (2020), 79% (2016)
Shop credit: 42% (2020), 47% (2016)

2020
2016
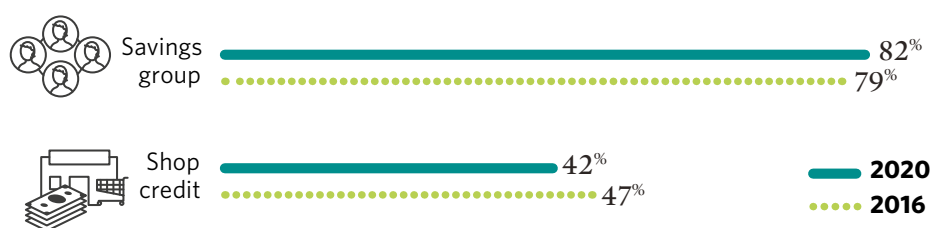
3.3.   Overlaps in product use by the financially included

Consumers generally use a combination of financial products and services to meet their financial needs. Someone could, for example, be banked and receive his/her salary through a bank account, but could also belong to a savings group. The motivation for this could be to enable him/her to get quick access to money in times of emergency, such as unforeseen medical expenses or paying school fees. They could also be using mobile money to remit money.

The comparisons between 2016 and 2020 reveals a shift caused mainly by increased uptake in both formal and informal products (Figure 7). This uptake is mainly driven by the use of bank services, mobile money, and savings groups.

Figure 7: Overlaps
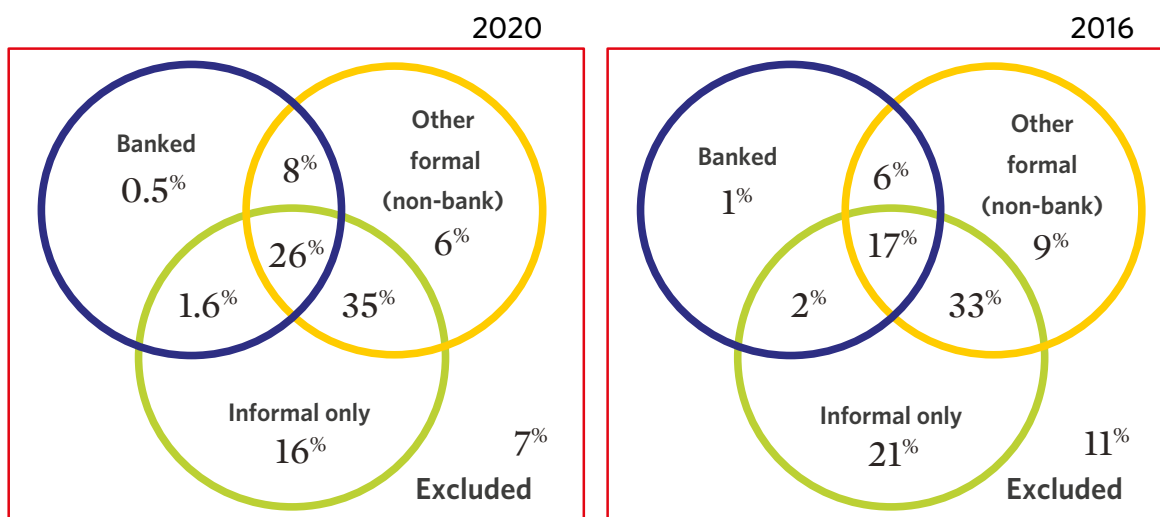
Only 0.5% (38,786) of adults rely exclusively on banking services, down from about 60,627 (1%) in 2016;

- 63% use a combination of formal and informal mechanisms to manage their financial needs (up from 52% 2016). This indicates that their needs are not fully met by the formal sector and also indicates that those who were served only by informal mechanism are now also able to use formal financial product;

- 16% (1.1 million) of the adult population rely ONLY on informal mechanisms, such as Village, for savings and loans, down from 21% in 2020. The vulnerability of relying exclusively on informal mechanism is, therefore, being reduced.

3.4. FinScope Access Strand

The FinScope Access Strand is a key indicator in determining and segmenting financial inclusion. It is constructed based on the premise that the goal of financial inclusion initiatives is formal financial inclusion. It is, therefore, constructed to illustrate the:

- % of adults who are banked – i.e. % of adults who are served by commercial banks;

- % of adults who are formally served but not banked – i.e. % of adults who are served by nonbank formal financial institutions but not by commercial banks;

- % of adults who are financially served but not formally served – i.e. % of adults who are only informally served;

- % of adults who are financially excluded.

Different comparisons of financial access strands among demographic categories reveal that a 'one size fits all' approach will not be successful. Tailored interventions are the most likely to lead to desired outcomes. Figure 8-13 shows different access strands across various factors.

Figure 8: Access Strand by area type (%)

2016 (%)
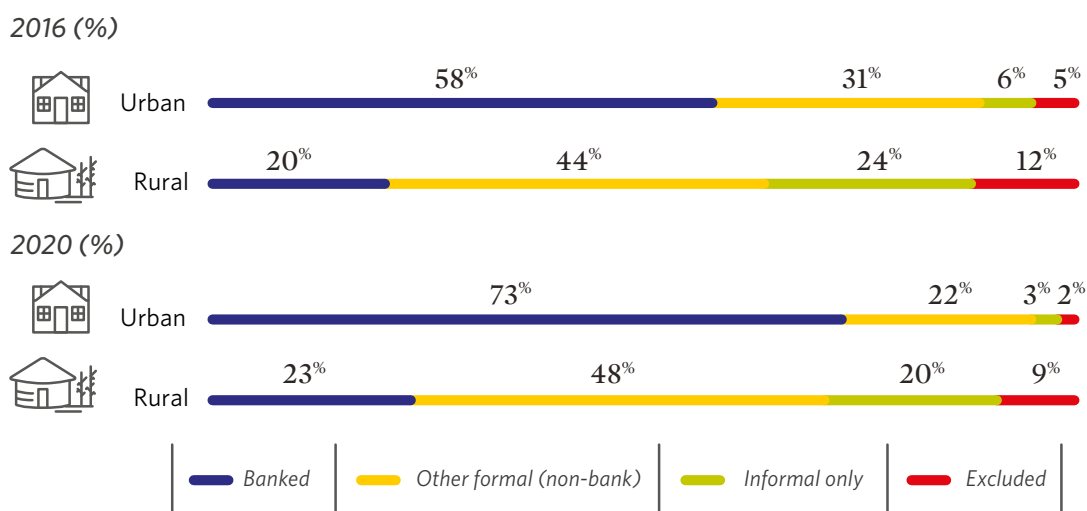
2020 (%)

- The rural-urban gap of adults who are financially excluded remains the same at -3% in 2020. About 91% of the rural population are financially included, compared with 98% of the urban population.

- The increased uptake of formal financial products has assisted in reducing the exclusion rates, in both urban and rural areas. The formal inclusion in the urban areas was driven chiefly by the high uptake of banking services. In the rural areas, it was driven chiefly by SACCOs and mobile money.

Figure 9: Access Strand by gender (%)

2016 (%)

Male: 29% | 45% | 17% | 9%

Female: 24% | 39% | 24% | 13%

2020 (%)

Male: 39% | 42% | 12% | 7%

Female: 34% | 40% | 19% | 8%

■ Banked   ■ Other formal (non-bank)   ■ Informal only   ■ Excluded
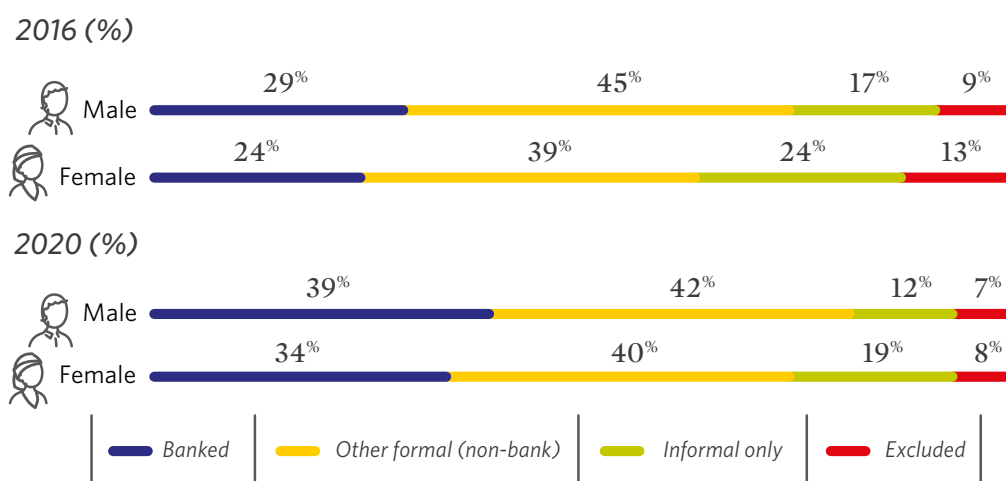
- The gender gap continues to narrow, down in 2020 with 92% of women being financially included (vs 93% males). In 2016 the figures were 87% financially included women (vs 91% males).

- There are still differences in the type of access that women and men have. Men are more likely than women to use formal financial services, creating a -7% gender gap in access and uptake of formal financial services/products.

- Encouragingly, more women (34%), are using banking services in 2020, up from 24% in 2016. The use or uptake of banking products aided in reducing the proportion of financially excluded women.

Figure 10: Access Strand by age (%)

36 years and above: 39% | 39% | 17% | 5%

18 - 35 years: 33% | 45% | 14% | 8%

16 - 17 years: 17% | 30% | 18% | 36%

■ Banked   ■ Other formal (non-bank)   ■ Informal only   ■ Excluded
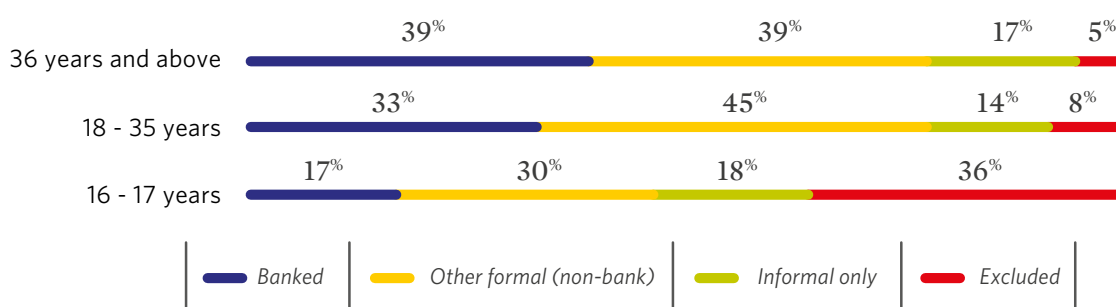
- The uptake of formal products or services is high among all age groups, with mobile money pushing out the boundaries for the 16-17-and 18-30-year olds.

- The exclusion rate is very high among young adults aged between 16 and 17 as they are more likely to be unbanked (30%), still studying, and looking for employment

Figure 11: Access Strand by adults with disabilities (%)

	Banked	Other formal (non-bank)	Informal only	Excluded
Total population	36%	41%	16%	7%
Within disabled people	31%	41%	18%	9%
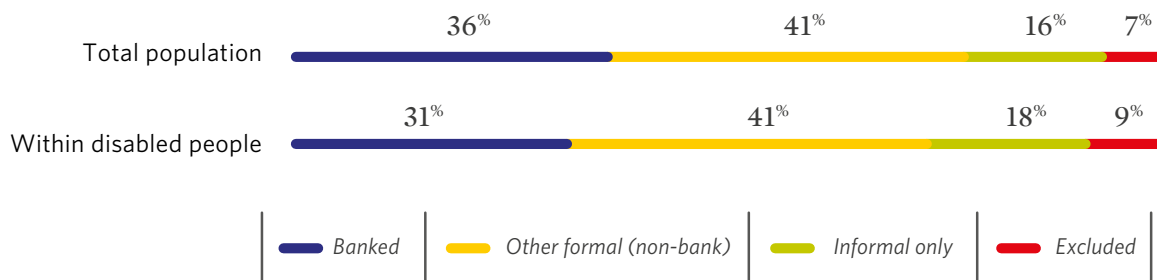
- About 72% of people with disabilities use formal financial products or services to meet their needs. Mobile money and Umurenge SACCOs played a more significant role in pushing out the boundaries of formal financial access for this group.

Figure 12: Access Strand by main income generation activity (%)

		Banked	Other formal (non-bank)	Informal only	Excluded
Former sector	2020	92%	7%	1%	
	2016	76%	17%	6%	1%
Self employed	2020	68%	28%	2%	2%
	2016	42%	44%	11%	3%
Money from other people	2020	35%	34%	8%	24%
	2016	37%	34%	9%	20%
Informal sector	2020	25%	45%	21%	9%
	2016	14%	43%	29%	14%
Farming activities	2020	24%	52%	17%	7%
	2016	18%	47%	25%	10%

2020 ▬▬▬
2016 ••••••

Banked   Other formal (non-bank)   Informal only   Excluded
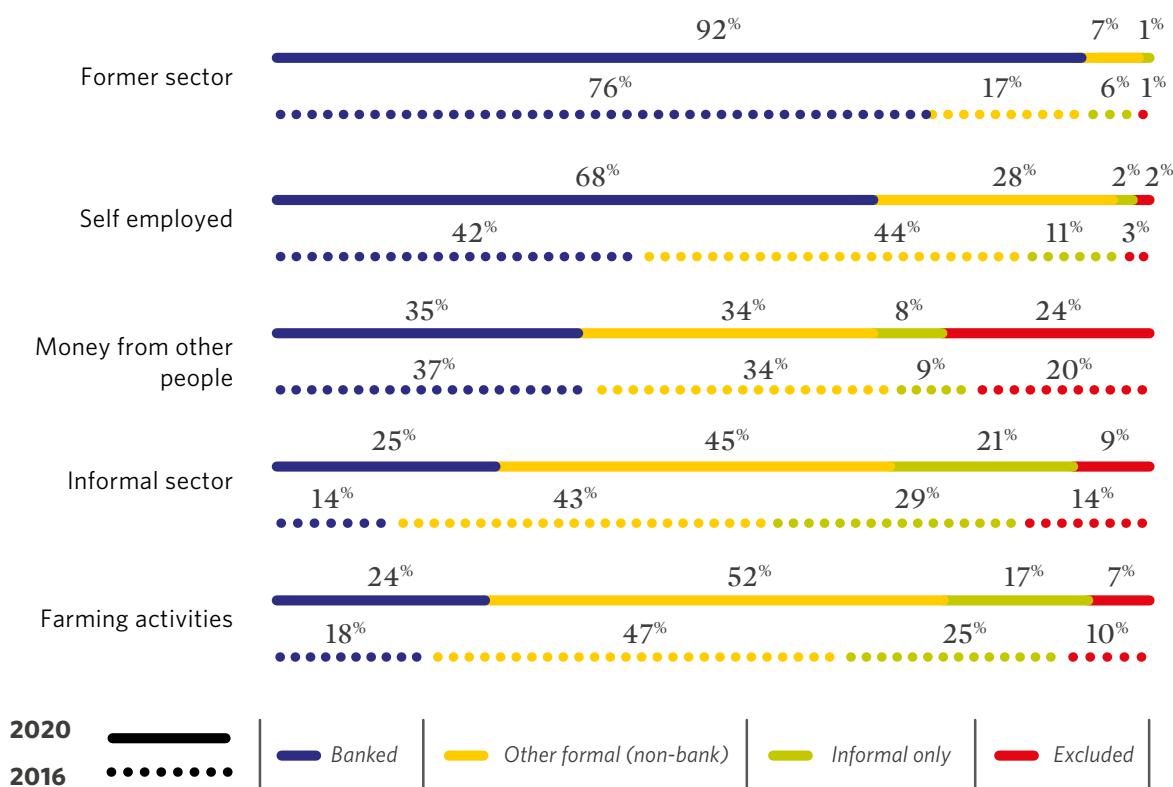
- There is high uptake of formal financial products and services, especially banking services among adults working in the formal sector, those receiving pension/grants, and those running their own businesses.

- Mobile money and Umurenge SACCOs played a more significant role in pushing out the boundaries of formal financial access for adults receiving livelihoods from farming.

- However, there are disparities and levers that should act to enable a broader inclusion of the population through focusing on the financial needs of the following groups that are more likely to be excluded:

  » Adults getting livelihoods from 'informal economy';

  » Adults who depend from other people (remittances);

  » Receiving income from farming activities.

Figure 13: Access Strand by Provinces (%)

	Banked	Other formal (non-bank)	Informal only	Excluded
Kigali City	79%	18%	2%	1
Southern Province	26%	45%	22%	6%
Northern Province	21%	47%	24%	9%
Eastern Province	29%	47%	15%	10%
Western Province	20%	49%	20%	12%
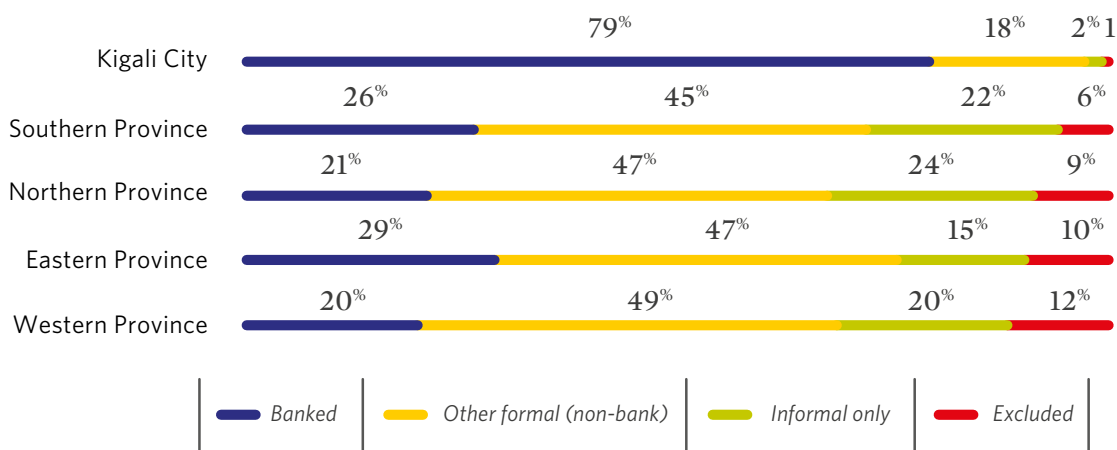
- Access strand through the provincial lenses shows that:

  » Kigali is the province with by far the most financially included adults (99%). The uptake of banking products or services contributed significantly to formal financial inclusion.

  » In the other four provinces, the uptake of mobile money and Umurenge SACCOs has aided greatly in increasing formal financial inclusion.

  » The Northern Province has the highest number of adults (24%) who use only informal financial products or services to meet their financial needs. It is followed by the Southern Province (22%) and the Western Province (20%).

Figure 14 shows that Rwanda is in position three, when compared with other countries that have implemented FinScope surveys. The countries are ranked by the levels of financially included adults.

Figure 14: Country comparison Access Strand – ranked by financially included (%)

#	Country	Banked	Other formal (non-bank)	Informal only	Excluded
1	Seychelles 2017	94%	1%	2%	3%
2	South Africa 2019	81%	10%	2%	7%
3	Rwanda 2020	36%	41%	16%	7%
4	Mauritius 2014	85%	3%	2%	10%
5	Kenya 2019	40%	43%	6%	11%
6	Swaziland 2018	52%	33%	2%	13%
7	Lesotho 2011	38%	23%	20%	19%
8	Uganda 2018	11%	42%	26%	21%
9	Namibia 2017	68%	5%	5%	22%
10	Zimbabwe 2014	30%	39%	8%	23%
11	Botswana 2014	50%	18%	8%	24%
12	Tanzania 2017	13%	49%	7%	31%
13	Nigeria 2018	40%	9%	15%	37%
14	Zambia 2015	25%	13%	21%	41%
15	Ghana 2010	34%	7%	15%	44%
16	Malawi 2014	27%	7%	15%	51%
17	DRC 2014	12%	24%	12%	52%
18	Mozambique 2014	20%	4%	16%	60%

Legend: ■ Banked ■ Other formal (non-bank) ■ Informal only ■ Excluded

4. UPTAKE AND USE OF FINANCIAL PRODUCTS/SERVICES

4.1. Transactional accounts

Access to a transactional account is a first step towards broader financial inclusion as it allows people to store money and to send and receive payments. In this report, transactional accounts are defined as those accounts offered by a bank or by mobile money service providers. The underlying purpose of a transactional account is to help account holders manage their money. It enables the account holder to deposit and withdraw cash, make digital payments to third parties, and store electronic value. In addition, an account often, but not always, supports a money management objective by enabling users to keep track of money as it moves into and out of the account. Figure 15 data shows that about 2 in 3 (66%) adults in Rwanda have a transaction account through either mobile money and/or a bank account.

Figure 15: Transaction account strand (Bank and Mobile money accounts).
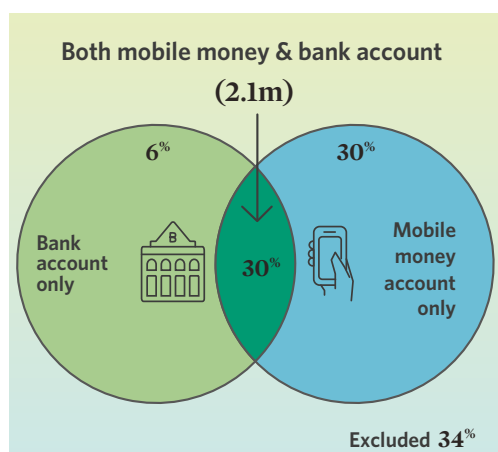
About 30%, or 2.1 million adults, are using both mobile money and bank accounts to manage their financial needs. It seems that mobile money is used as an alternative to meet specific needs, as it does not substitute bank account ownership. One third of adults in Rwanda use mobile money accounts only, illustrating the role of mobile money in terms of increasing financial inclusion, especially in rural areas. About 30% of the adult population do not have access to either a mobile money account and/or a bank account. There is a gender gap of 9%, with females with transactional accounts sitting at 62% compared with 71% of their male counterparts.

Figure 16 shows that mobile money accounts are used regularly. 58% of the users transact three or more times monthly and an additional 23% use their mobile money account at least once or twice in a month. 68%, or 1.7 million of the banked population, use their bank accounts monthly (31% transact three or more times and a further 37% once or twice in a month). The high and medium use of transactional accounts (channels) lays a good foundation for strengthened digital payments.

Figure 16: Transactional account use (%)
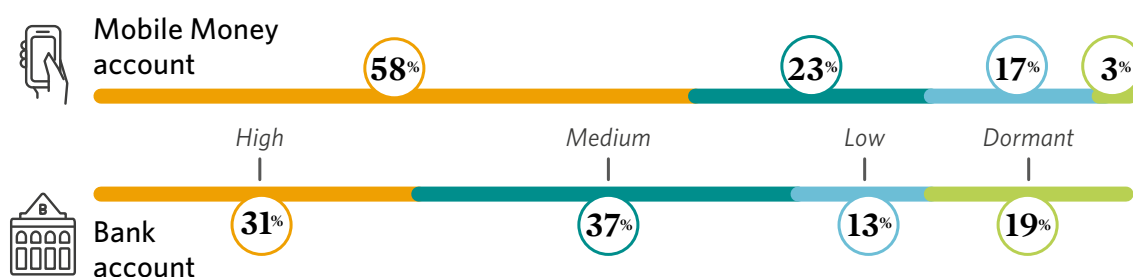
Table 4: Transactional financial products by demographic characteristics

	Transaction accounts uptake (66%)
Total population	66
Area	
Urban	93
Rural	57
Province	
Kigali city	96
Eastern Province	65
Southern Province	55
Western Province	56
Northern Province	53
Gender	
Male	71
Female	62
Age groups	
16-17	40
18-30	72
31-40	69
41-50	69
51-60	67
61+	52

Education	
No formal education	39
Primary 1-3	51
Primary 4-6	67
Secondary 1-3	80
Secondary 4-6	93
Vocational training	91
University or other higher education	99
Employment	
Formal sector	99
Self-employed	93
Government grants/pension	89
Farmers	63
Informal sector	56
Money from other people	64

4.1.1.   BANKING

In total 36%, or 2.6 million adults, in Rwanda are using banking channels or services to manage their finances. At least 1.6 million adults have a bank account in their name or a joint account. A further 994, 000 Rwandans do not have a bank account in their own name but perform over the counter transactions in the bank. A gender split reveals that 39% of male adults use bank services as compared with 34% of females. Uptake of banking products is driven by transaction products/ channels (debit cards, current account, and high uptake of mobile banking and internet banking). Table 5 shows that there was an upsurge in all the banking products or services. This uptake was mainly driven by payments (adults who receive their income through a bank account) or transactions and savings.

Table 5: Bank Products (%)

	2020	2016
Banked population	2,579.942	1,464,541
Savings with a bank	1,039,934	744,574
Loan with a bank	494,529	219,708
ATM/Debit card	799,771	207,563
Credit card	127,097	5,283
Current/Cheque account	1,045,875	588,200
Overdraft	494,529	12,833
Mobile banking	692,159	180,493
Internet banking	550,630	15,316

Figure 17 shows that the proportion of banked adults varies significantly across the districts, ranging from 80% in Gasabo district to only 8% in Ngororero district. Only seven districts are within or above the national average of 36% banked population.

Figure 17: Proportion of adult population that are banked by districts (%)

District	Percentage
Gasabo	80%
Nyarugenge	78%
Kicukiro	78%
Ruhango	40%
Nyanza	36%
Rulindo	36%
Rubavu	36%
Kayonza	33%
Rwamagana	32%
Bugesera	32%
Kamonyi	30%
Huye	28%
Nyagatare	28%
Kirehe	27%
Gatsibo	26%
Ngoma	24%
Muhanga	23%
Musanze	23%
Nyamagabe	22%
Nyamasheke	21%
Rusizi	21%
Nyaruguru	19%
Nyabihu	17%
Gicumbi	16%
Rutsiro	16%
Gisagara	15%
Gakenke	15%
Karongi	14%
Burera	13%
Ngororero	8%
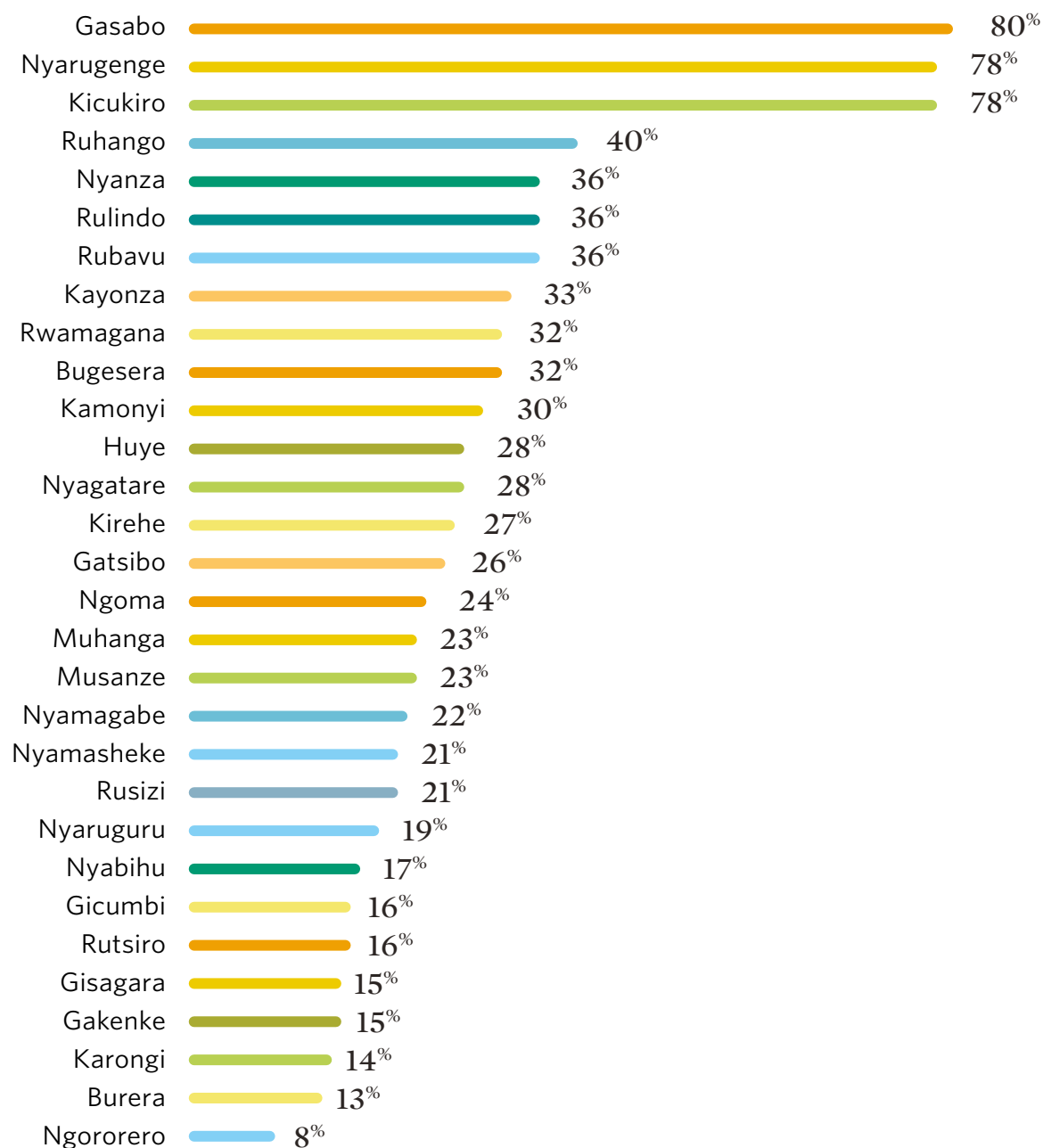
4.1.2. BANK PRODUCT USAGE

Bank account use can be seen as a reflection of client value but is also significant for firm value. If adults do not use the accounts they own, providers are then unable to recoup the cost of opening and maintaining these accounts. Figure 18 shows that around 70% of banked adults use their account at least monthly. An additional 13% used at least one product during the six months prior to FinScope 2020. A slight reduction in the number of dormant accounts was shown. About 1 in 5 (19%) of banked adults have a dormant account (compared with 23% in 2016). This means that the account was not used in the year prior to the FinScope survey.

Figure 18: Bank product use (%)
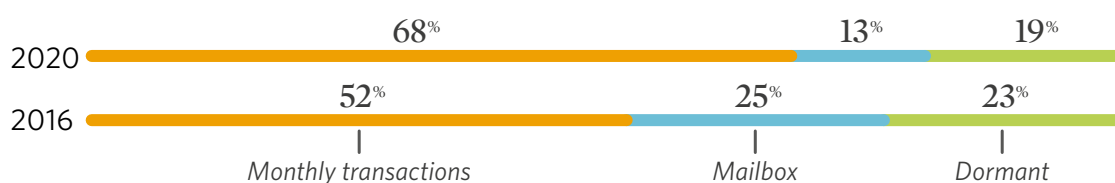
Table 6 gives an overview of the distribution of the banked population (bank account holders vs OTC):

Bank account holders' skew towards:

• Urban residents;

• Males aged between 31-60;

• Adults with a university qualification;

• Formally employed adults and self-employed adults.

Over the Counter (OTC)[5] bank products/services users significantly skew towards:

• Rural residents;

• Females aged between 16-17 and 51-60;

• Adults with primary education;

• Farmers, adults working in the informal sector, and self-employed individuals.

---

5   Over the counter are adults who use banking channels but do not have a bank account in their own name

Table 6: Distribution of the banked population

	Total population (%)	Bank account holder (%)	OTC (%)
Total population	36	22	14
Area			
Urban	73	56	14
Rural	23	11	14
Province			
Kigali city	79	61	14
Eastern Province	29	15	14
Southern Province	26	13	16
Western Province	20	9	13
Northern Province	21	6	11
Gender			
Male	39	26	13
Female	34	19	14
Age groups			
16-17	17	4	16
18-30	33	20	12
31-40	36	24	15
41-50	41	26	15
51-60	42.	27	15
61+	33	17	12
Education			
No formal education	20	7	13
Primary 1-3	19	9	16
Primary 4-6	31	17	14
Secondary 1-3	42	25	14
Secondary 4-6	65	46	12
Vocational training	60	45	9
University or other higher education	95	85	14
Employment			
Formal sector	92	66	13
Self-employed	68	55	15

Government grants/pension	85	16	13
Farmers	24	13	14
Informal sector	25	15	14
Money from other people	34	17	12

4.1.3. BARRIERS TO BANKING

Figure 19 reveals that affordability remains the major hindrance to opening a bank account.

Figure 19: Barriers to opening a bank account (%)

Affordability	Do not need the product	Access	No identification documents	No product knowledge	Other
90%	6%	2%	1%	1%	1%
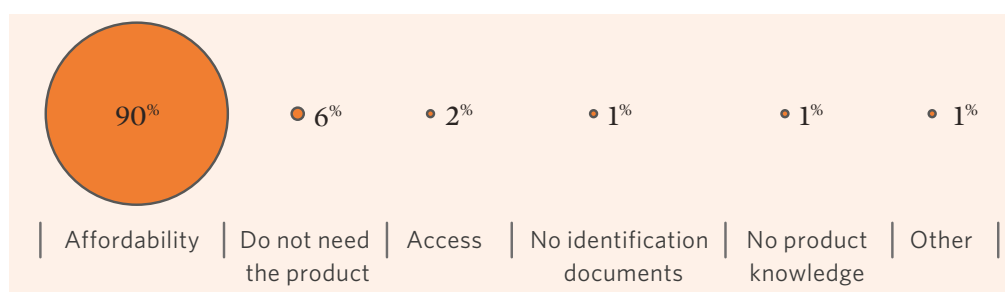
4.1.4. MOBILE MONEY PENETRATION

When considering what drives the use of mobile money accounts, it is important to do this by looking through the consumer lens as it seeks to understand what the triggers, drivers, and barriers to unlocking use are. About 86% of adults in Rwanda have access to a cell phone, with females (84%) having slightly less access than their male counterparts (90%). Approximately 60% (4.3million) of adults have registered mobile money accounts or use someone else's mobile money account. There was huge growth in the use of mobile money services since 2016. A negative gender gap exists in favour of men, with 66% of them having access to mobile money vs 55% of women. A huge gap in the use of mobile money exists between adults in urban areas (90%) and those in rural areas (50%).

Figure 20: Mobile money uptake/use (%)

	2020	2016
Overall mobile money uptake/use	60%	38%
Urban	90%	
Rural	50%	
Male	66%	
Female	55%	
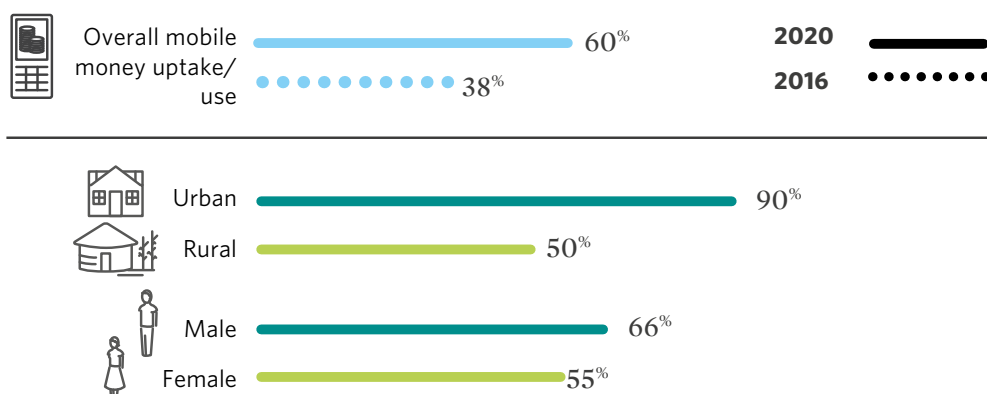
The innovation of mobile money has been most useful for payments on the first rung of the ladder of financial inclusion. The trend currently is that it has moved beyond only the sending and receiving of money (payments) to becoming a savings facility, where people can store money for periods of time.

Among the services available to users of mobile money are: money transfers, airtime purchases, savings, credit and bill payments. The mobile money strand indicator (Figure 20) indicates that about 25% of the Rwandan adult population use mobile money wider, meaning they either use the account to save money or pay for services or transfer and/or to borrow money. One in four adults (or 1.7 million adults) save money through mobile money (Figure 27) and further 9% or 0.6 million adults borrowed money though mobile money channels (Figure 31). However, 36%, or 2.7 million adults, still use mobile money for remittances only. There is clearly an opportunity for increasing the use of mobile money to further benefit its users.

The mobile money strand indicator seeks to profile those who use the account to remit money only and also profiles the percentage of adults who mostly use their mobile money accounts for payments (defined as broader users). It allows financial service providers and regulators to understand their customers, identify vulnerable groups and their needs, and mobile money to continue to push the boundaries of poverty.

Figure 21: Mobile money usage strand (%)

25%	36%	40%
Broader usage	Remittances ONLY	Not using mobile money

High = Use the account at least 3 or more time on a monthly basis
Low = Use the account less often (in the past 60 days to 12 months)
Dormant = not used more than 12 months
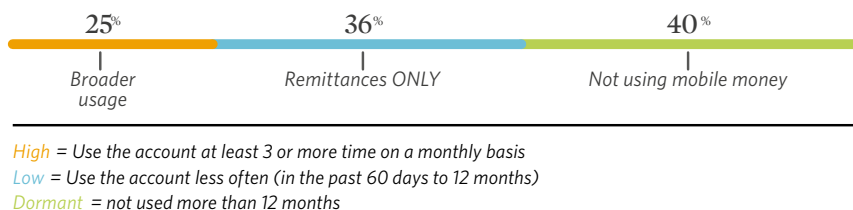
According to Figure 22, most mobile money users claim that they use mobile money because they trust it and it is affordable.

Figure 22: Reasons for using mobile money

43%	37%	32%	30%	23%	19%
Trust it	Cheap/ affordable	Most convenient	Easy to register	Help to save/ Keep money safe	The only accessible one
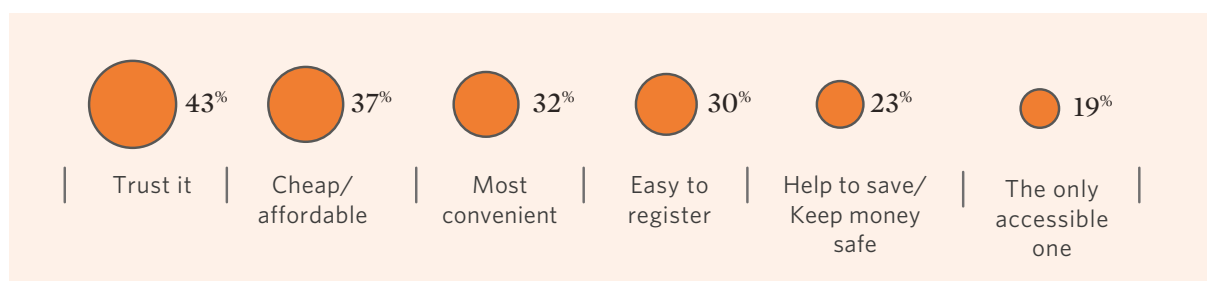
Of those not using mobile money, the key barrier relates to lack of product knowledge so raising greater awareness in order to encourage use is crucial, especially in the rural areas where the uptake is low.

Figure 23: Barriers to opening a mobile money account (%)

48%	31%	7%	2%	1%	10%
No product knowledge	Do not need the product (do not make any transactions)	Afforadbility	No identification documents	Access	Other
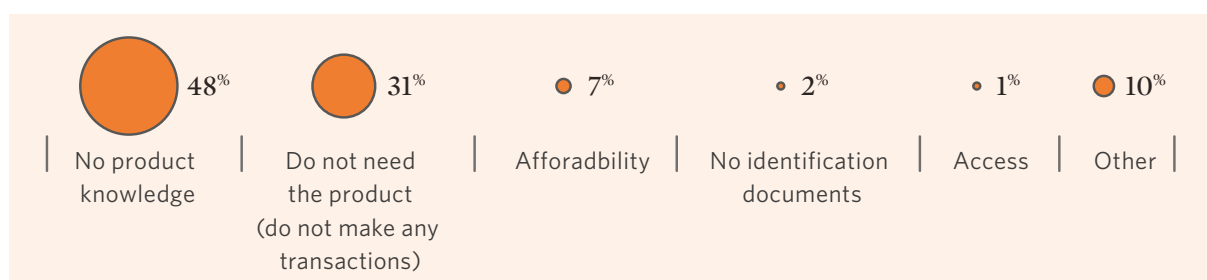
Mobile money awareness varies across different population segments. Table 7 shows that in terms of gender, males have more knowledge of the services than females do. The educated have more knowledge about services than the less educated do. Analysis further shows that the younger generation who are economically inactive (16 – 17), and the older generation (over 61) have a lower awareness of and use fewer mobile money services.

Table 7: Penetration of the mobile phone, awareness and use of mobile money

	Access to mobile phone (%)	Ownership (%)	Awareness (%)	Mobile Money use (%)
Total population	86	73	72	60
Area				
Urban	93	92	79	90
Rural	82	66	69	50
Province				
Kigali city	98	94	81	94
Eastern Province	85	72	65	58
Southern Province	82	63	71	48
Western Province	84	67	74	59
Northern Province	82	65	65	47
Gender				
Male	89	78	74	66
Female	84	69	70	55
Age groups				
16-17	79	62	62	34
18-30	91	80	73	67
31-40	88	78	74	64
41-50	88	74	76	64
51-60	83	72	72	60
61+	73	52	60	40
Education				
No formal education	68	44	61	28
Primary 1-3	81	61	68	44
Primary 4-6	90	78	72	61
Secondary 1-3	93	84	75	77
Secondary 4-6	98	93	81	91
Vocational training	99	96	85	86
University or other higher education	100	99	77	97

Employment				
Formal sector	98	94	74	93
Self-employed	98	93	85	91
Government grants/ pension	68	40	61	32
Farmers	88	73	80	57
Informal sector	82	67	65	52
Money from other people	83	73	65	59

4.2. Microfinance institution product uptake and use

The microfinance sub-sector is an integral component of Rwanda's financial system. This sector plays a critical role in driving financial inclusion (connecting the rural population and lower income groups to financial services). The size of MFIs relative to Rwanda's financial system is increasing. FinScope 2020 findings indicate that more than 671,000 (9%) adults have MFI accounts, showing an increase of 6% since 2016 (6%). MFI clients are more likely to have savings (426,369 or 6%), compared with MFIs credit accounts (284,000 or 4%).

Figure 24 provides further insight into the extent of use of MFI products, indicating an upsurge in use (use in a year prior to FinScope 2020), compared with 2016.

Figure 24: MFI penetration (%)
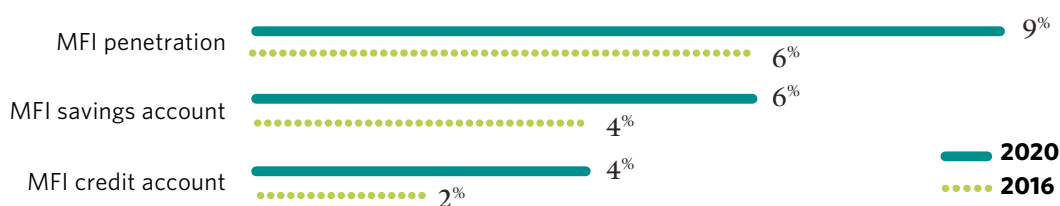
Further analysis (Table 8) shows that Microfinance Institutions (MFIs) do not reach out to most of the population. This is because most MFIs are still concentrated in urban areas and in only a few districts. The table provides an overview of the characteristics of adults who have MFI accounts. They are significantly skewed towards:

- Adults residing in rural areas;

- Aged between 31 – 40;

- Adults with primary education;

- Source of income from informal sectors and farming.

Table 8: Penetration of MFIs by demographics

	MFIs (%)
Total population penetration	9
Area	
Urban	16
Rural	6
Province	
Kigali city	16
Eastern Province	6
Southern Province	8
Western Province	9
Northern Province	7
Gender	
Male	11
Female	8
Age groups	
16-17	2
18-30	7
31-40	12
41-50	11
51-60	13
61+	6

4.3. Umurenge SACCOs uptake and use

Umurenge SACCO is a government initiative specifically aimed at increasing the accessibility of financial services to Rwandan citizens. The concept of Umurenge SACCO was based on an understanding that banks and other financial institutions were concentrated more in urban areas, while the majority of the Rwandan population lives in rural areas.

Umurenge SACCO is a Rwandan based savings credit and co-operative whose objective is to pool savings for the members and, in turn, provide them with credit facilities. Other objectives of SACCOs are to encourage co-operation among members and to teach them proper investment practices and proper money management. Unlike banks, SACCOs are primarily formed to raise the social welfare standard of members.

The membership of Umurenge SACCOs continues to grow, as illustrated by the FinScope 2020 findings. Growth is up from 2 million adult members (33%) in 2016, to as many as 2, 6 million (36%) in 2020. The use of SACCOs' accounts is skewed towards savings (26% or 1.9 million, with only minimal use of SACCOs for credit purposes, (3% or 381 000).

Figure 25: Umurenge SACCO penetration (%)

Unlike commercial banks that tend to serve the employed or those with regular and steady sources of income and adults residing in the urban areas, the client base of Umurenge SACCOs skews towards adults residing in the rural areas of Rwanda. SACCOs are also more likely to have more customers who are farmers (43%), and self-employed (39%). The Umurenge SACCOs initiative is proving to be successful in providing formal services to Rwandans who would most likely not use formal financial services.

Table 9: Penetration of SACCOs by demographics

	SACCO accounts (%)
Total population	36
Area	
Urban	28
Rural	39
Province	
Kigali city	31
Eastern Province	37
Southern Province	43
Western Province	32
Northern Province	35
Gender	
Male	39
Female	34
Age groups	
16-17	6
18-30	23
31-40	38
41-50	44
51-60	45
61+	42
Education	
No formal education	32
Primary 1-3	39
Primary 4-6	40

Secondary 1-3	36
Secondary 4-6	31
Vocational training	49
University or other higher education	18
Employment	
Formal sector	29
Self-employed	39
Farmers	43
Informal sector	32
Money from other people	17

Although the priority is to get people to transact in the formal space, the potential of the informal sector cannot be ignored as it offers an alternative to Rwandans residents. Unlocking this potential is a tactical decision in that in time, Rwandans could feel comfortable and start using formal offerings. The next section explores this untapped opportunity and then concludes with an outline of the financial products landscape.

4.4. Informal mechanism uptake and usage

The uptake and use of informal products and services remains a driver of financial inclusion, especially among rural households. FinScope Rwanda 2020 findings illustrate that 78% (5.6 million) of Rwandan adults use informal mechanisms to manage their financial lives (see Figure 3). Informal savings groups are the main drivers of informal mechanism use. These groups (mechanisms) are not only a viable alternative for the vast majority of people unlikely to be served by brick-and-mortar financial institutions. They are also the catalyst for enhanced social capital, improved gender relations, women's leadership, and community, social, and economic development. The analysis indicates a rapid growth in the number and scale of adults borrowing from informal groups. About 4.2 million adults (59%) in Rwanda reported that they use informal groups, such as Village Savings Loan Associations (up from 3.3million or 56% in 2016). Approximately, 3.9 million adults (55%) save through informal groups, while 2.8 million adults (39%) borrow from informal groups (overlaps are possible).

The analysis in Figure 26 illustrates that about 1.1 million (16%) adults depend exclusively on informal mechanisms to manage their financial needs. Although the number of adults who rely only on informal mechanisms declined, the fact that 1.1 million adults still rely exclusively on the informal sector illustrates the role of the informal sector in terms of pushing out the boundaries of financial inclusion. This is especially relevant in the rural areas of Rwanda and in the women's population.

Figure 26: Access Strand by area type (%)
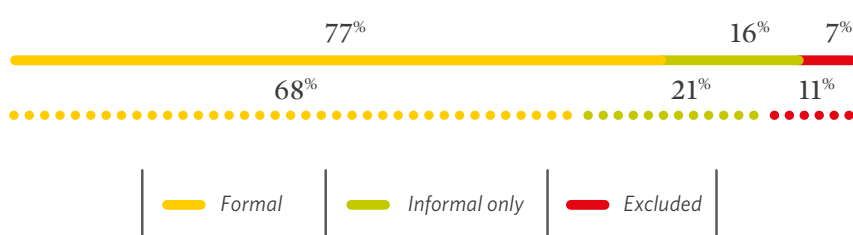
Table 10 provides an overview of the characteristics of adults using informal mechanisms, indicating that informal financial activities run across all the socio-economic segments. The table shows that adults using ONLY informal mechanisms and NO formal products/services are most likely to reside in rural areas, are female, and source income from farming and piece jobs.

Table 10: Characteristics of informally served adults

	INFORMAL (%)	INFORMAL ONLY (%)	INFORMAL SAVINGS GROUPS (%)	ACCESSING CREDIT INFORMALLY (%)
Total population	78	16	59	39
Area				
Urban	69	3	37	25
Rural	81	20	62	43
Province				
Kigali city	70	1	37	25
Eastern Province	79	15	61	44
Southern Province	87	22	66	49
Western Province	75	19	52	35
Northern Province	80	24	63	40

Gender				
Male	76	12	51	35
Female	80	18	59	41
Age groups				
16-17	47	18	25	14
18-30	71	13	49	32
31-40	84	15	60	44
41-50	84	15	63	46
51-60	83	16	58	42
61+	76	21	53	36
Education				
No formal education	78	30	54	38
Primary 1-3	82	23	63	46
Primary 4-6	83	15	62	43
Secondary 1-3	76	8	57	42
Secondary 4-6	67	2	41	27
Vocational training	81	0	51	36
University/ higher education	57	0	22	13
Employment				
Formal sector	64	1	34	21
Self-employed	80	2	52	33
Government grants/ pension	70	3	47	33
Farmers	85	17	67	50
Informal sector	80	21	56	39
Money from other people	49	8	24	13

- SAVINGS
- CREDIT
- INSURANCE AND PENSION SECTOR
- EMERGING TRENDS
- EXCLUDED POPULATION

5. SAVINGS

This section presents findings on the demand and use of both formal and informal savings products. It also reveals how and where Rwandans save by comparing different products and services. The drivers and barriers for saving are also presented in this section.

Savings are the leading product type and one of the main drivers for financial inclusion (for both the formal and informal sectors) for the entire Rwanda. This is encouraging as savings are the doorway to enabling adults to create wealth, pay for household furniture and equipment and, most importantly, for enabling adults to use savings as collateral for accessing credit. 'Savings', for the purposes of this study, refer to money or a store of value that is set aside for paying for something other than normal expenditure or transactions. Methods or channels of savings vary according to individuals. This section reveals how and where the Rwandan people save by comparing different products and services. Also presented in this section are the drivers and barriers for saving.

Overall, as shown in Figure 26, 14% of the adult population aged 16 and over do not save money, either formally or informally (including saving at home). This means that 86%, or 6 million, adults are saving money. This is up from 5.1 million in 2016 to 5.9 million in 2020. Over half of adult Rwandans save money through formal devices, which includes banks (21% of individuals have savings products from banks), and non-bank formal products. Around 50% of individuals save at institutions, such as mobile money operators and Umerenge SACCOs.

A large proportion, 64% or 4.5 million Rwandans, use informal savings mechanisms, such as savings groups and informal savings groups (about 4 million or 55% see figure 27) Informal mechanisms or products, such as VSLA, tontine and/or ikibina[6] are popular. A further 13%, or about 900,000 adults, save money through buying things/items and selling them at a later stage. The number of adults who save or keep money in a secret place at home, or with someone in the household who keeps the money safe for them, has reduced significantly from 35% to 13% in 2020. Overall, the results show that more people now have options to save their money through both formal and informal mechanisms, rather than keeping it at home.

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6   Ikimina " Tontine" is defined as principle by which a group of people whose members are committed to pay a predetermined sum at a given frequency to a common fund in order for one of them to take it.

Figure 27: Savings overall (%)

Banked
2020 — 21%
2016 ⋯ 13%

Other formal (non-bank)
2020 — 48%
2016 ⋯ 45%

Informal
2020 — 64%
2016 ⋯ 56%

Save at home
2020 — 13%
2016 ⋯ 35%

Excluded
2020 — 14%
2016 ⋯ 14%

2020 ━━━
2016 •••••••
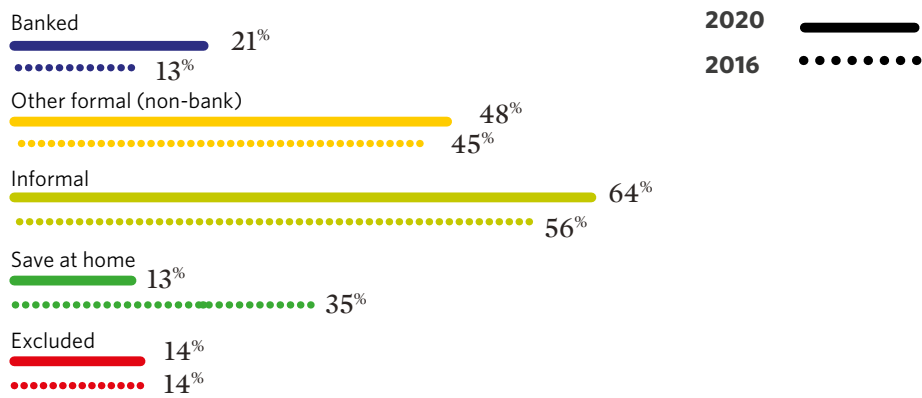
Figure 28: Methods of savings (%)

Bank saving products
2020 — 21%
2016 ⋯ 14%

MFI
2020 — 6%
2016 ⋯ 3%

Mobile money
2020 — 25%
2016 ⋯ 19%

Pension fund
2020 — 7%
2016 ⋯ 2%

Umurenge SACCO
2020 — 26%
2016 ⋯ 21%

Saving groups
2020 — 55%
2016 ⋯ 40%

Someone in the household
2020 — 2%
2016 ⋯ 8%

Secret place at home
2020 — 10%
2016 ⋯ 20%

2020 ━━━
2016 •••••
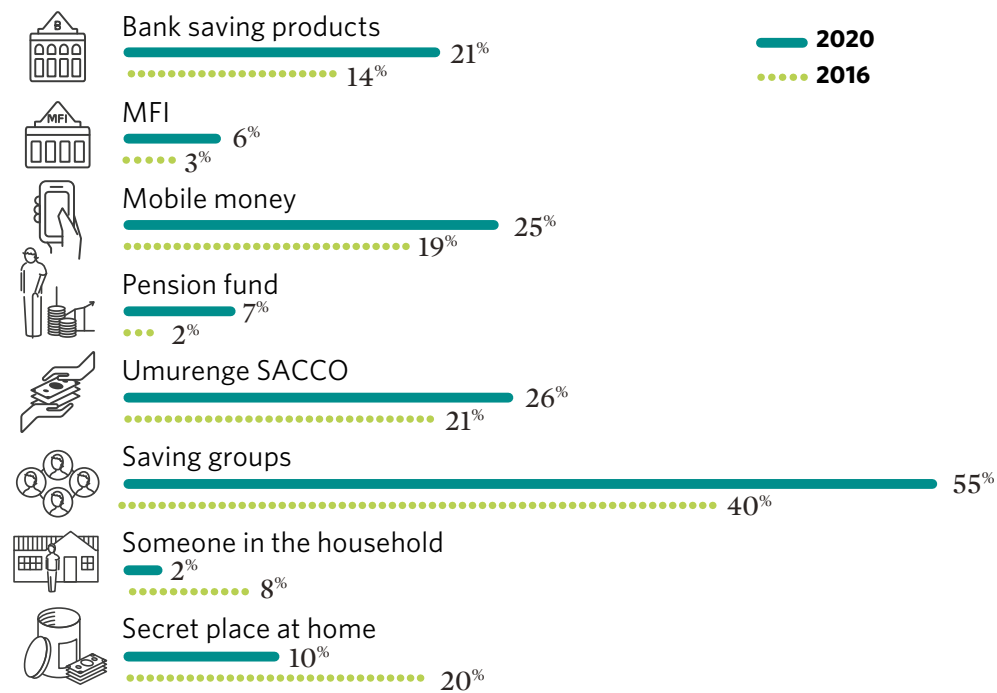
Figure 29 (savings strand indicator) shows an overall increase in the number of people who now use formal mechanism to save money and a significant decline in the number of adults who depended ONLY on savings at home.

Figure 29: Savings Strand (%)
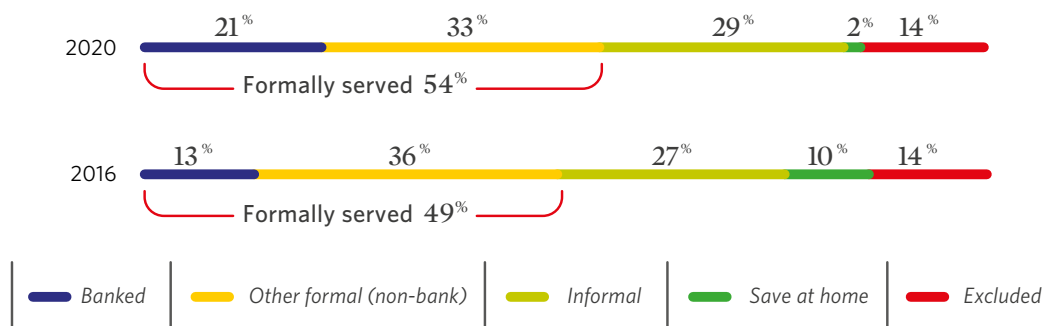
Table 11 displays the channels adults are using to save, segmented by demographic characteristics.

Formal savings are skewed to the following:

- Males;

- Adults residing in urban areas;

- Seniors- 41-60-years old.

Informal savings are skewed to the following:

- Females;

- Adults residing in rural areas;.

- Seniors.

Almost half of 16-17 year olds are not saving. This is not surprising as the majority of this group still depend on their parents/guidance for income. There is a need to encourage women and adults residing in rural areas to save using formal channels. Their savings will be better protected there,rather than keeping them at home.

Table 11: Saving sources by demographic characteristics

	Bank (%)	Other formal (%)	Informal (%)	At home (%)	Not saving (%)
Saving population	21	48	64	13	14
Gender					
Male	25	54	61	11	13
Female	19	44	66	15	15
Area					
Urban	53	70	47	15	8
Rural	10	41	70	12	16
Age groups					
16-17	5	20	34	16	46
18-30	19	48	58	13	17
31-40	23	50	69	11	11
41-50	25	52	70	12	10
51-60	26	53	67	14	11
61+	16	41	63	15	15

Reasons for saving: Exploring the reasons why people save helps financial institutions to design products that are suitable and complement the needs of those who save. Figure 30 indicates that most people currently save because they want to meet household basic living expenses (63%), followed by meeting life goals (20%, including education, livestock and buying and/or building house/land, and guarding against emergency situations (8%). Of the 14% of adults who are not saving, the main reasons given were not having extra income to save after meeting daily expenses and not having a job.

Figure 30: Drivers for savings (%)

Living expenses for hard times	53%
Education/school	8%
Buy livestock	7%
Building/buying house/land	5%
Medical expenses	5%
Emergencies (excl. medical)	3%
Other	2%
Providing for family after I die	1%
Improving dwelling	1%
Farming expenses	1%
Funeral expenses	1%
Old age	1%
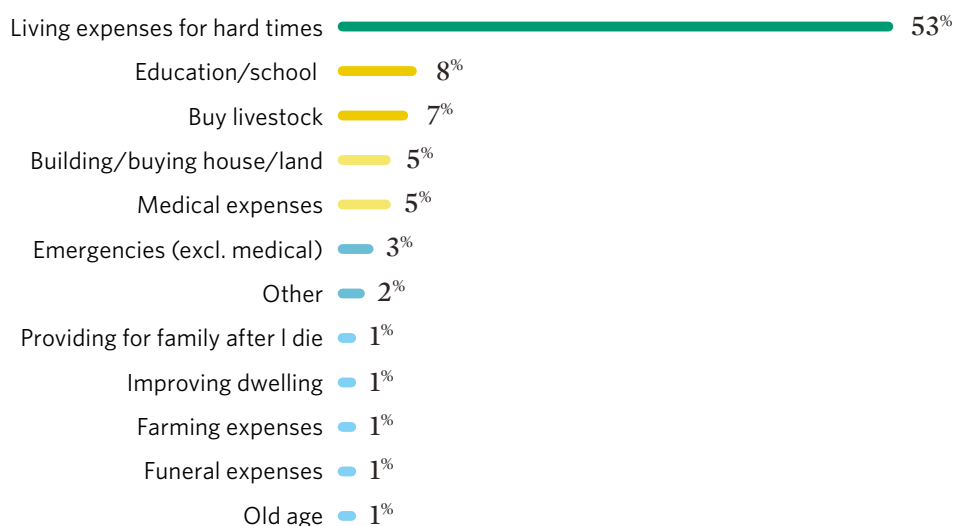
6. CREDIT

Credit is generally referred to as 'an agreement or obligation to receive money or goods with a promise to pay it back later'. Credit can be acquired from formal financial institutions or informally from moneylenders or from friends and family. When acquiring credit, individuals have different objectives to meet. Some may borrow for productive reasons, while others borrow for consumptive reasons. The study, therefore, aimed to determine the proportion of adults who borrow money or use credit to finance capital purchases, daily consumption, or other needs like agricultural inputs. The findings show that 76% of adults have borrowed in the past 12 months.

Figures 31 and 33 indicate a significant increase in the uptake of formal credit, at 22% in 2020, up from 15% in 2016. Although the credit uptake from banking institutions doubled in 2020, it remains low with 8%, or about 600,000 adults having borrowed from the banks in the 12 months prior to the survey. A further 18%, or 1.3 million adults, borrowed from other formal (non-bank) institutions, such as Umurenge SACCOs (9%), Mobile money (9%), and MFIs (4%). 61%, or 2.1 million adults, who borrowed money did so from the informal sector. This included borrowing from savings groups (39%) and taking goods from the shops in advance and paying later (33%). Borrowing from friends and family constituted 30% of the adult population. This type of borrowing is not included in either the formal or informal access categories.

Figure 31: Credit overalls (%)

	2020	2016
Banked	8%	4%
Other formal (non-bank)	18%	13%
Informal	61%	61%
Family & friends	30%	32%
Not borrowing	23%	28%
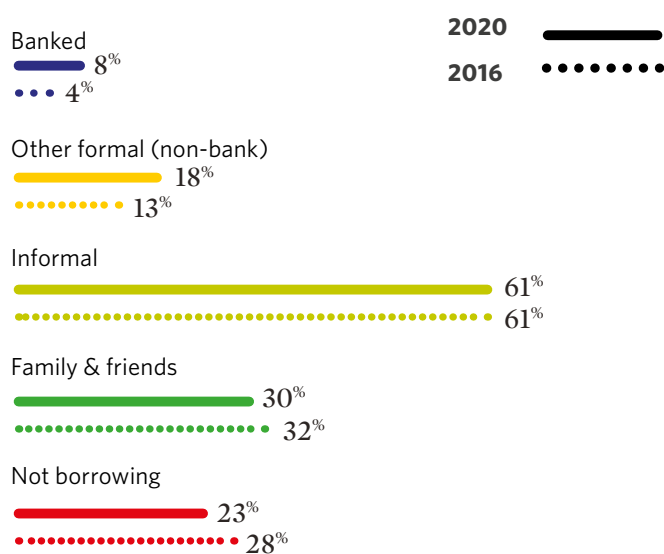
Figure 32: Sources of credit (%)

2020
2016

Bank product
8%
4%

MFI
4%
2%

Mobile Money
9%
3%

Umurenge SACCO
9%
5%

Employer
1%
6%

Informal groups
39%
41%

Moneylender
1%
3%

Shop credit
33%
34%

Farmers association
2%
6%

Family and friends
30%
32%
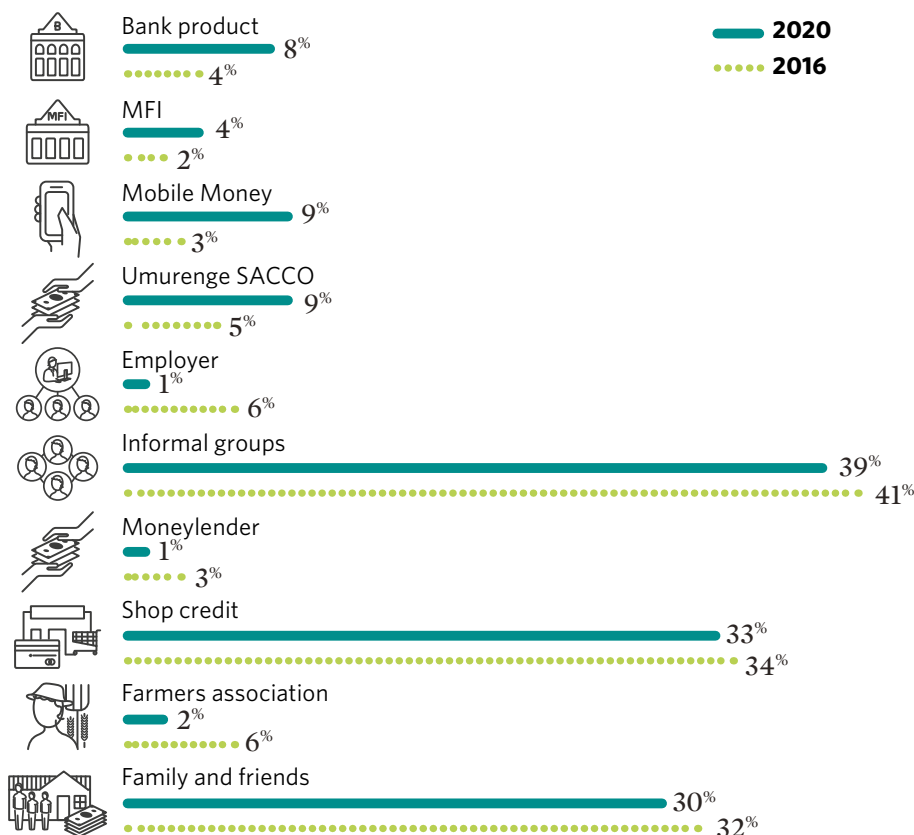
Overall, the number of those who did not borrow money in the past 12 months was reduced by 4%, from 28% in 2016 to 23% in 2020.

Figure 33: Credit Strand (%)

2020
8% 14% 49% 6% 23%
Formally served 22%

2016
4% 11% 51% 6% 28%
Formally served 15%

Bank | Other formal (non-bank) | Informal | Family & friends | Not borrowing
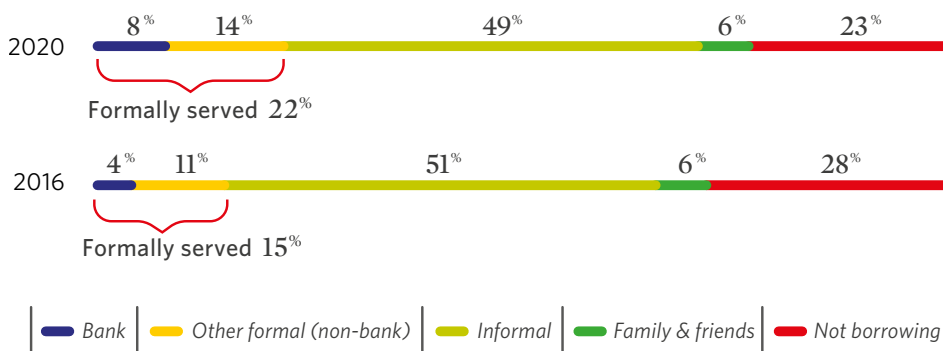
Of those adults not borrowing, the survey aimed to find out the barriers to credit (Figure 34). The three most frequently stated barriers to credit were: a lack of need to borrow (40%), worried they would not be able to pay back (32%), and lack of security/collateral (14%). There is a need to educate Rwandans about borrowing to eliminate their fear of credit.

Figure 34: Barriers to credit (%)

40%	32%	14%	4%	3%	2%
Did not have borrowing needs	Worried would not be able to pay back	Do not have security/collateral	Other	Do not meet the requirements	Interest charged is high
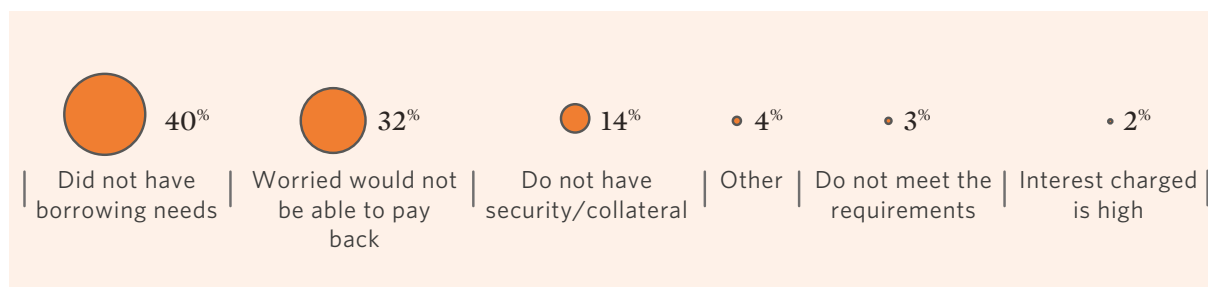
Table 12 shows the channels adults are using to acquire credit, segmented by demographic characteristics.

Formal borrowings are skewed to the following:

- Males;

- Adults residing in urban areas;

- Seniors- 41-60-year olds.

There has been a general increase in terms of the use of all sources but informal mechanisms remain the main source of borrowing in Rwanda

Informal borrowings are skewed to the following:

- Females;

- Adults residing in rural areas;

- Seniors.

More than half of 16-17 year olds are not borrowing and those who are rely mainly on friends and family or informal mechanisms. This is not surprising considering that the majority of them still depend on their parents/guidance for income and they may not qualify for formal credit. Raising awareness about the advantages of borrowing formally among women and adults residing in rural areas is of paramount importance. Informal lenders may use unfair means to get the money back, in addition to charging higher interest rates and it is important to educate thes e groups in this regard.

Table 12: Credit sources by demographic characteristics

	Bank (%)	Other formal (%)	Informal (%)	Family and friends (%)	Not borrowing (%)
Credit population	8	18	61	30	24
Gender					
Male	10	22	58	31	24
Female	7	15	63	30	23
Area					
Urban	23	34	54	33	18
Rural	3	13	64	29	26
Age groups					
16-17	0	6	29	21	57
18-30	4	15	53	31	31
31-40	9	21	68	34	17
41-50	12	23	70	33	16
51-60	12	22	66	31	16
61+	5	11	56	23	32

When acquiring credit, individuals have different objectives to meet. Some may borrow for productive reasons, while others do so for consumptive reasons. Figure 33 explored those reasons among adults who borrowed money from more than one formal source. About two thirds of them borrowed for productive reasons, such as investing in business (22%), education (16%), as well as for buying land/dwelling, and building/improving dwelling (14% each).

Increasing domestic credit to the private sector is the most fundamental financial sector target relating to social and economic transformation. Many of the initiatives in NST 1 directly support this objective. For example, SMEs, agriculture and housing, and the finance and education of potential entrepreneurs. It is encouraging to see the productive credit skew towards the self-employed population. Figure 35 shows that 84% of the self-employed took out formal credit to invest in business (42%), buying land/dwelling (25%), and building/improving dwelling (17%).

Figure 35: Reasons for borrowing (%) – more than one formal sources

Reason	%
Business/investments	22%
Education/school fees	16%
Building/improving dwelling	14%
Buying land/dwelling	14%
Emergencies (excl. medical)	12%
Living expenses	8%
Medical expenses	4%
Paying off other debt	3%
Farming expenses	3%
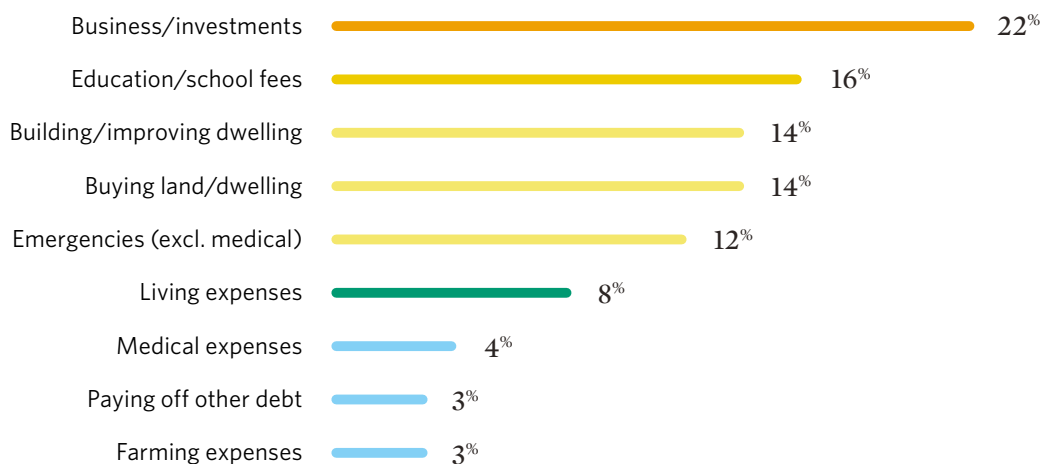
Figure 36: Reasons for borrowing (%) – more than one formal sources: Business owners

Reason	%
Business/investments	42%
Buying land/dwelling	25%
Building/improving dwelling	17%
Living expenses	5%
Medical expenses	3%
Education/school fees	3%
Emergencies (excl. medical)	3%
Other	2%
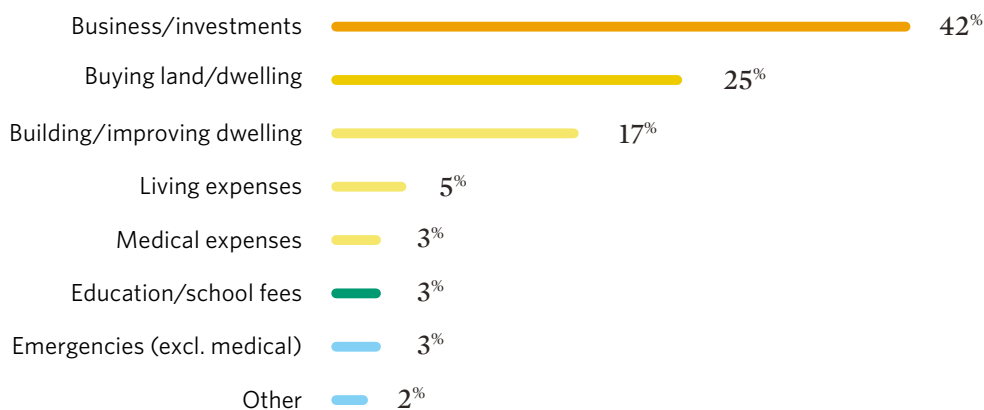
Despite the encouraging developments in private sector financing, the report shows that 20%, or 1,400,000 adults, were refused a loan in the past 12 months. However, more people were refused loans by the saving groups than by formal institutions. Of those being denied loans by the formal institutions, lack of security or collateral, too many debts, and no down payment were the most common reasons for refusal (see figure 37).

Figure 37: Adults who have been refused a loan (%)

Have been refused a loan by
formal financial institute (%)

NO **80**%

20%
YES

Have been refused a loan by
savings group (%)

NO **26**%

YES
74%
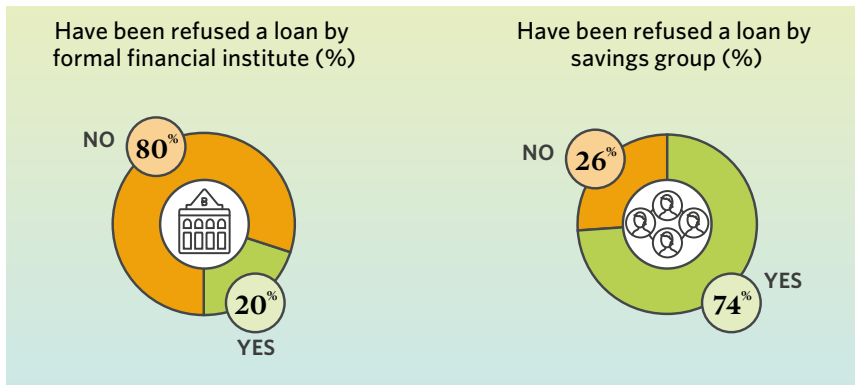
Figure 38: Reasons behind loan refusals (%)

22%	16%	15%	10%	8%	28%
Did not have security /collateral	No reason communicated	Had too many other debts	Did not have down payment	Income too low	Other
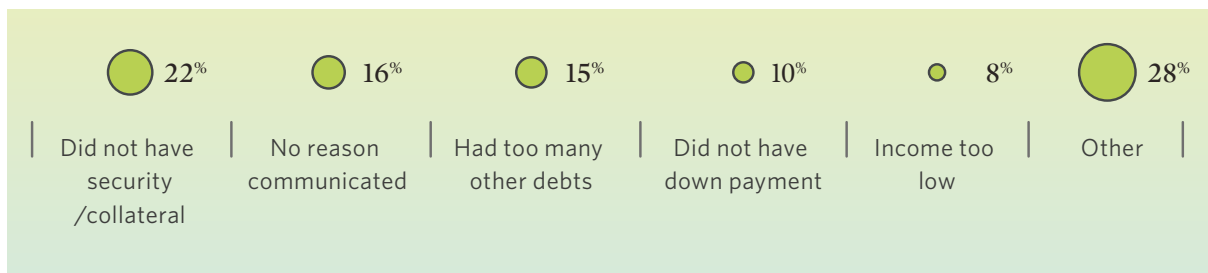
7. INSURANCE AND PENSION SECTOR

The design of the Rwandan financial sector is in accordance with international standards, which structure or group the Insurance and Pension sector under non- bank financial institutions, regulated by National Bank of Rwanda. This section will, therefore, look at both the insurance and pension sectors in Rwanda.

7.1. Insurance and risk management

In the day-to-day lives of individuals, unexpected events occur and are likely to affect families differently. These unforeseen events/risks impose a significant amount of str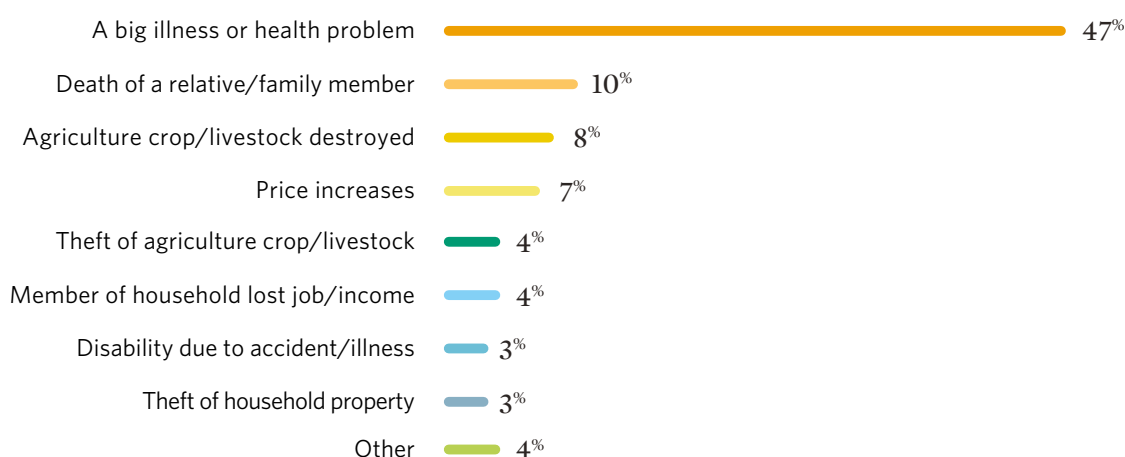ain on individuals and households, especially when they are not covered by insurance. To mitigate or reduce the impact of these events, individuals usually take out insurance. Insurance is a risk management tool primarily used to offset any costs that would be incurred as a result of the occurrence of an unplanned event. For the purposes of is survey, insurance was categorised into formal (policies supplied by licensed insurance companies) and informal (village burial and welfare groups).

The study explored the risks and hardships that people have experienced and which products they have used in covering such risks. More than half of adults (61%) in Rwanda experienced a major risk/event in the 12 months prior to the FinScope 2020 survey. The biggest risk experienced among the households was facing a serious illness or health problem among family members (47%). Some of these unforeseen events could have been minimised if adults had insured themselves.

Figure 39: Main risks experienced (%)

A big illness or health problem	47%
Death of a relative/family member	10%
Agriculture crop/livestock destroyed	8%
Price increases	7%
Theft of agriculture crop/livestock	4%
Member of household lost job/income	4%
Disability due to accident/illness	3%
Theft of household property	3%
Other	4%

Individuals have different coping strategies. Of those adults who experienced a major event, the main coping mechanisms were cutting down on expenses/doing nothing (30%) and borrowing money (28%), especially from friends and family. Figure 40 also shows that some adults had to sell something to get money (18%), while only a small proportion (1%) of these adults claimed on their insurance policies. The fact that the majority of the households had to do nothing or cut down on expenses, reflects economic hardships that families may be succumbing to. There is an opportunity for micro-insurance providers to offer low cost, tailored products that may help cope with setbacks.

Figure 40: Main coping strategies (%)

Did nothing/cut down expenses	30%
Borrowed money	28%
Sold something	18%
Savings	11%
Donations	5%
Claimed insurance	1%
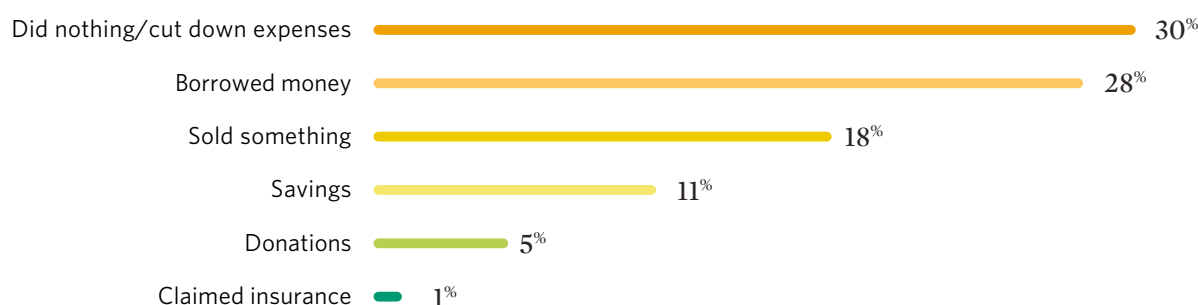
The insurance industry consists of insurers, including private non-life insurers, private life insurers, and public medical insurers. The insurance sub-sector operates a network of branches countrywide: agents, brokers, and loss adjusters.

Insurance uptake: As shown in Figure 41, there was an upsurge in the number of adults having insurance products, from 9% or 507 000 in 2016, to 17% or 1.2 million in 2020. The insurance uptake in Rwanda is driven by medical insurance, at 41% or 471 000 of the adult population, up from 334 000 in 2016 (see figure 42). When using gender lenses, results show that a 4% gender gap exists in favour of men- about 19% of males are insured vs 15% of females. A huge gap exists among adults residing in urban areas compared with those living in rural areas. Only 10% of the rural residents are insured in any form, compared with 36% of urban residents. Offering low costs tailor-made products, like agriculture insurance, will be crucial as most rural residents are involved in farming.

Figure 41: Insurance uptake (%)

2020	17%	83%
2016	9%	91%

Insured   Not insured
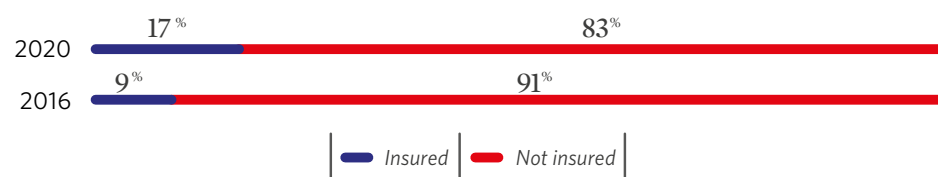
Figure 42: Drivers for insurance uptake (%) – Base: Insured adults (17%)

Medical insurance
41%
66%

Rwanda Social Security Board (CSR/RSSB)
32%
37%

2020
2016

Life insurance
23%
12%

Third party insurance
9%
12%

Private pension
13%
11%

Credit life (insurance linked to a loan)
11%
11%

Household insurance
9%
5%

Agriculture insurance
1%
4%
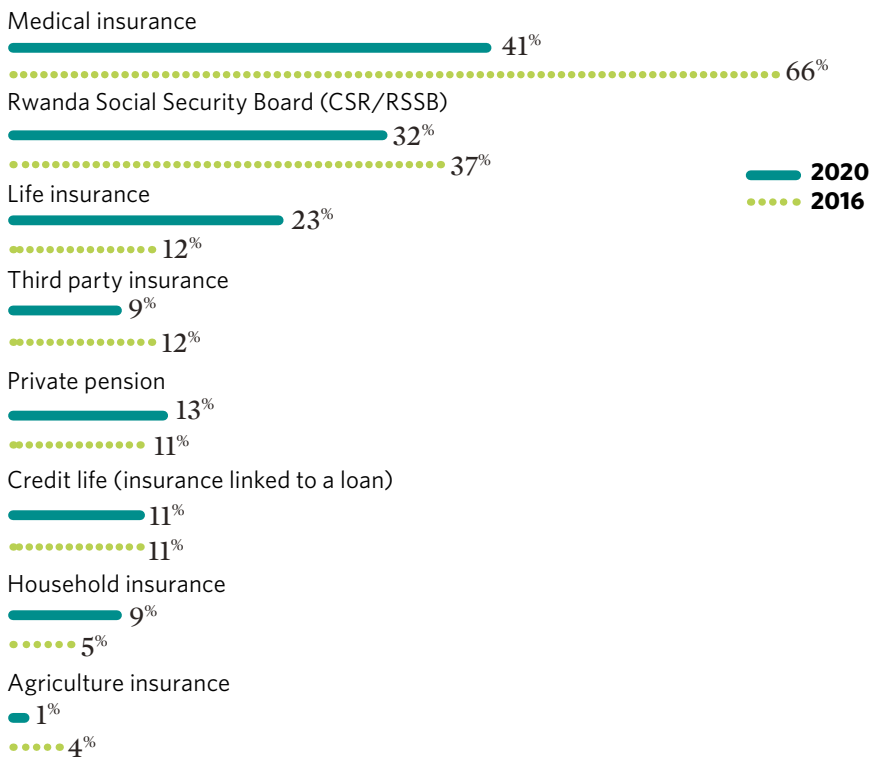
Barriers: Main barriers to uptake remain affordability (75%) and lack of awareness (21%). Raising awareness on the benefits of insurance products and offering low cost tailor- made products will be crucial to Rwandans.

Figure 43: Barriers to insurance (%)

75%   32%   8%   3%   2%   1%

| Cannot afford it | Does not know how it works | Do not know much about insurance | Does not know how to get it | Protect self in other ways | Other |
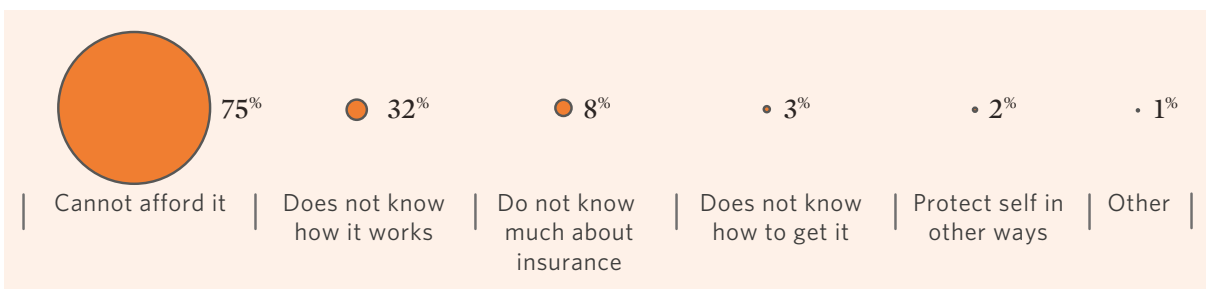
7.2. Mutuelle de Santé

Mutuelle de Santé is part of the GoR's social protection system introduced in 1999. The aim with Mutuelle de Santé was to enable members to access healthcare through all public and private non-profit health centres in Rwanda. It also aimed to reduce the financial burden of healthcare, particularly for the poorer sectors of society. Membership is voluntary and open to all Rwandan residents for a modest annual payment. Households in the bottom two Ubudehe[7] categories (i.e. the most vulnerable) are entitled to have the membership fee waived. The Mutuelle de Santé system is primarily coordinated at district and sector level.

FinScope 2020 findings indicated that 88% of adults were covered by Mutuelle de Santé, up from 77% in 2016.

7.3. Pension Fund Sector

The pension sub-sector, on the other hand, is comprised of one mandatory public pension scheme, the Rwanda Social Security Board (RSSB), and private pension schemes managed by the insurance companies, or by in-house by employers.

Figure 44 shows that 7%, or 500,000 adults, contribute to pension schemes. The number of contributors grew from 5%, or 207 000, in 2016. The pension sector continues to grow but there is huge scope for further growth. 8%, or 598,000 adults, are in the formal sector and a further 9%, or 629 000 adults, are self-employed.

Figure 44: Pension fund penetration strand (%)

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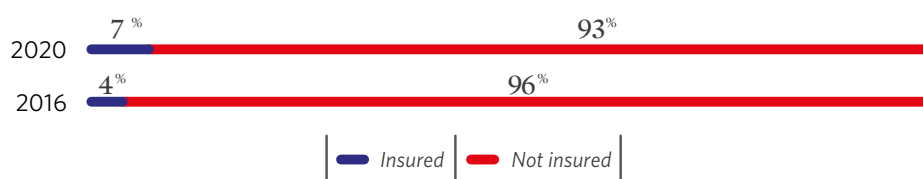
7   Ubudehe is one of Rwanda's best-known Home-Grown Solution because of its participatory development approach to poverty reduction.

Further analysis in figure 45 shows that the pension sub-sector is dominated by the RSSB (75%), the public pension fund. The RSSB provides defined pension benefits on a mandatory basis to all workers formally employed in the public and private sector.

Figure 45: Pension fund distribution (%)
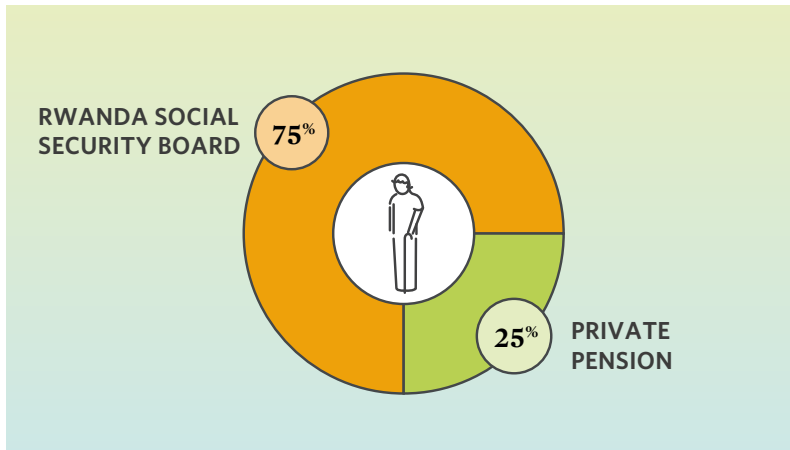
8. REMITTANCES

Remittances are believed to help households smooth out their income flows and even to fund small enterprises. Contextually, remittances involve the sending or receiving of money from one person to another via a medium. Remittances can be made within the country or beyond the national borders. This section provides insights on access and use of money transfer (remittances), as well as on the remitting channels through which money transfer transactions are made.

Around 3.2 million, or 45% of Rwandan adults, either sent and/or received money. Formal channels are the most common mechanism used to transfer money and mobile money is the most common mechanism used. Around 42% of adults used this channel while only 2%, or 138 000 people, remitted money via a bank channel.

Figure 46: Remittances mechanism

Banking channels	2%
Other formal (non-bank)	42%
Family/friends	2,5%
Do not remit money	55%

Figure 47 reveals that most adults in Rwanda who receive money from their loved ones, use it chiefly for meeting daily expenses like buying food, clothes, medicine, and paying for school fees. Encouragingly, about 15% of the adults use the money to start a business or for investment purposes. This trend indicates the significance of remittances in supporting the vulnerable.

Figure 47: Main uses for money received (%)

47%	12%	11%	9%	8%	7%
Food/clothes	School fees	Other	Medical fees/medicine	Business	Investment
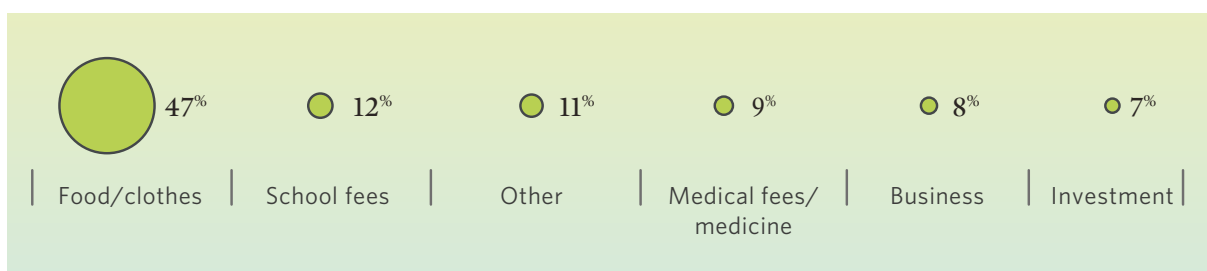
Table 13 and 14 present detailed information about remittances. The tables respectively show to and from who; as well as to where, the money is being sent and received by the adult population.

Table 13: Areas where money was sent

	(%)
Have sent money to someone within the country	33
Have sent money to someone outside the country	2
Beneficiaries of money sent in the past six months	
Family member	28
Child	25
Friend	22
Parent	8
Spouse	7
Supplier/business	6
Someone you borrowed from	2
Others	2
Area where money was sent to	
Urban town	54
Rural village	44
East Africa	1
Other parts of the world	1

Frequency of sending money	
Weekly	4
Fortnightly	6
Monthly	17
Seasonally	13
Annually	5
Occasionally/irregularly	56
Channel most frequently used to send money	
Mobile money	88
Personally, family and friends	8
Bank transfer/into bank account	4
Western Union	3
Cell phone top up or Me2U	2

Table 14: Receiving money from others

	(%)
Have received money from someone within the country	35
Have received money from someone outside the country	4
Person they received the money from in the past six months	
Friend	32
Family member	30
Child	14
Customer	10
Spouse	6
Someone you lent money to	5
Parent	4
Area money was received from	
Urban town	71

Rural village	25
East Africa	2
Other parts of the world	3
Frequency of receiving money	
Weekly	4
Fortnightly	7
Monthly	14
Seasonally	9
Annually	5
Occasionally/irregularly	61
Channel most frequently used to receive money	
Mobile money	87
Personally, family and friends	6
Bank transfer/into bank account	3
Western Union	4

9. EMERGING TRENDS

9.1.   Growth in e-money to transact

Digital finance and financial inclusion have several benefits to users of financial services, digital finance providers, governments and the economy. Nevertheless, a number of issues still persist which, if addressed, will make digital finance work more effectively for individuals, businesses, and governments. The digital finance issues discussed in this section are relevant for the ongoing debate and the country-level projects directed at greater financial inclusion via digital finance in developing and emerging economies.

Rwanda's payment landscape has experienced significant improvements over the past several years. Vision 2020 served as a guide for the various participants in the payment system, including both public and private sector players, to promote the continued development and modernisation of the RNPS. Going forward, the major issue to deal with is to expand the use of electronic payments, for example credit and debit cards, Automated Teller Machines, and point of sale terminals. The linkage of the Rwandan real time gross settlement system and securities depository with the other East African Community (EAC) countries and the rest of the world also needs attention.

Simply put, electronic money or e-money is an electronic alternative to cash. It is monetary value that is stored electronically on the receipt of funds and is used for making payment transactions. E-money can be held on cards, devices, or on a server. E-money can serve as an umbrella term for several more specific electronic value products and services. Figure 48 shows significant growth in the use of digital finance services to 30%, or 2.1 million, up from 19%, or 1.1 million, in 2016.

Figure 48: Digital payments (%)

19%   30%

2016   **2020**
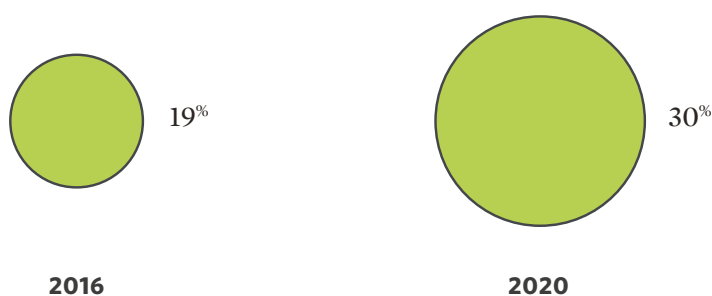
The results show that adult Rwandans are embracing digital payments. The numbers are growing but are relatively still low, given the fact that around two-thirds of Rwandans have either a bank or a mobile money account. Table 15 shows that Rwandans still prefer, or mainly use, cash and there is a need to continue encouraging them to migrate from a cash mindset towards digital payment/platforms for efficiency, security, and better user experience. Banking channels dominate the digital payment landscape. However, mobile money is seen as an enabler in the continued growth for digitisation.

Table 15: Methods of payments

	Total (%)	Cash (%)	Bank transfers (%)	Bank card (%)	Mobile money (%)	Other (%)
Food, drink and other groceries	98	100				
Medical, health expenses	68	97	3			
Water or Electricity, paraffin, gas, etc.	62	84	5		11	
Personal spending	60	100				
Communication	59	90	1		9	
Education	57	77	22	1		
Savings, investments, and retirement	56	89	8		2	1
Transport expenses	50	98	1	1		
Household furnishings	49	100				
Farming inputs	39	100				
Other debt repayments	38	98	2			
Insurance and Funeral premium payments	18	92	7	1		
Rental payments	11	91	7		2	
Leisure, entertainment	11	73	6		20	
Business inputs	9	98	2			
Bond or home loan, credit card, car financing	1	71	22	3		4

FinScope 2020 paints an encouraging picture for digitalisation. Without greater interoperability, however, it will likely be more expensive and difficult for individuals and businesses to use electronic financial services in ways which will in time lead to the reduction of the use of cash and paper-based instruments. To increase the use of electronic payments through simplifying business transactions and the promotion of greater efficiency through interoperability of payment instruments in Rwanda, the complexity of, and the differences between, different payment streams and systems needs attention.

9.2.   Responsible finances

The GoR aims at promoting and protecting the interests of financial services consumers. This is partially encouraged through the establishment of legal and regulatory frameworks that promote transparency, and the honest and fair treatment of customers within the financial sector. This section looks at consumer empowerment and the level of transparency experienced. Consumer empowerment and financial service providers' transparency are key pillars of financial capability and are of great importance in Rwanda. The purpose of financial capability is to provide consumers with the knowledge to safeguard themselves against unfair or exploitative practices. It is also to improve their decision making regarding financial products and services appropriate to their needs. Consumer protection and financial literacy (financial capability) ensure that there is trust in the financial sector. Uptake and use of financial services are optimised in this way.

A consumer empowerment score (ladder) was created to profile Rwandan adults who exhibit vulnerable, coping, and empowered financial capability. In order to determine the scores, the average was calculated based on the Likert scale questions in table 16, Consumer Empowerment Dimensions (statements). Figure 49 shows that the majority of Rwandans have a high score of consumer empowerment, in that 59% of adults agree that they compare options, know what to do when not satisfied with services; are confident enough to make complaints, and understand contracts of the financial products (see table 16).
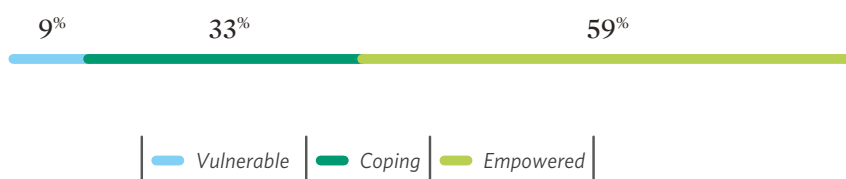
Figure 49: Consumer empowerment score (%)

9%   33%   59%

— Vulnerable | — Coping | — Empowered |

Table 16: Consumer process of choosing and using financial products (%)

	Completely Agree/Agree (%)
Comparing options and choosing the best one that suits your needs	97
Knowing what to do when not satisfied with a financial service	63
Confident enough to make a complaint	74
Understanding terms and conditions in the contract with a financial institution	90

Transparency plays an increasingly important role within the financial services industry, where a wide selection of people and businesses are fundamentally connected in one economy. There is a commendably high incidence of consumer empowerment scores in Rwanda, where it seems consumers can rate and review literally any service. This includes the strict regulations imposed by governing bodies so it is essential for these financial service providers to not only operate within the letter of the law, but also to remain transparent in their actions. Figure 50 indicates that 71% of Rwandans can relate to an incident where they felt there was no transparency. 'Not being informed of changes to the fees or charges' (47%); lack of clear information on financial products/services recently bought (42%), and being surprised about financial services/products fees at a later stage (18%) are some of the examples given.

As financial services allow people to make daily economic transactions, save and preserve wealth to meet future aspirations and retirement needs, and insure against personal disaster, consumers and their empowerment should be a priority.
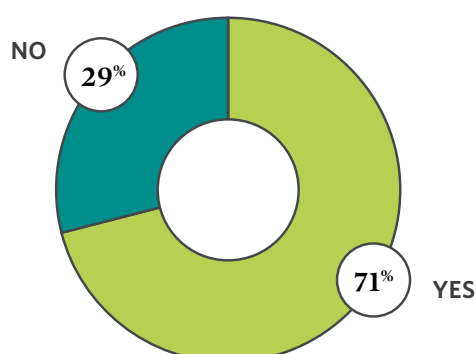
Figure 50: Incidence of lack of transparency (%)

Table 17: Statements used to calculate transparency incidence (%)

	Yes (%)	No (%)
Do you feel that the information on financial products or services bought recently was provided to you in a clear and easily understandable manner	58	42
Taken a financial product/service and later been surprised about the fees/ charges associated with that product	82	18
Were informed of changes to fees or charges of financial products/services	53	47

9.3. Financial health

Individuals in the developing world are striving to improve their financial lives. In the pursuit of improved financial health, they spend, save, borrow, plan, and work in order to grow their assets and protect their resources. 'Financial health framework' is a relatively new concept that seeks to assess how well one's daily financial systems help to build resilience to setbacks and create opportunities to pursue one's dreams. FinScope Rwanda 2020 survey embraced this framework and thus provides a baseline of financial health indicators. A consumer is financially healthy when he or she:

- **Balancing income and expenses** - this entails success in shaping income and expenditure in order to meet daily needs and financial obligations.

- **Building and maintaining reserves** - this indicator captures the behaviour of intentionally or habitually putting away assets, as well as the magnitude of assets immediately available.

- **Managing existing debts** – entails how manageable current formal and informal debt is and what resources a person can call on through formal and informal sources.

- **Planning and prioritising** – necessitates that improving and maintaining financial health requires active and intentional engagement, including activities such as planning and prioritisation.

- **Recovering from financial setbacks** - this indicator assesses how well a person can leverage financial, resources to weather and recover from an economic setback.

- **Effective range of financial products** - this indicator gauges how well an individual can access and use those tools to acquire, move and store funds as well as possible, and grow their assets.

9.3.1. BALANCING INCOME AND EXPENSES

This indicator describes an individual's day-to-day financial management, for both short-term and long-term needs. Individuals use financial strategies to shape their expenses in response to income, and vice versa, even when income is volatile or unpredictable. Just under three in four adults in Rwanda have strategies to balance their income and expenditure. Strategies Rwandans use include saving excess cash and borrowing when there is an income gap. Those who can successfully balance their income and expenses are better able to meet their daily needs and financial obligations.

*Figure 51: Ability to balance income and expenditure*

9.3.2. BUILDING AND MAINTAINING RESERVES

25%	22%	26%	29%
Income	Savings	Credit	Non-financial/nothing
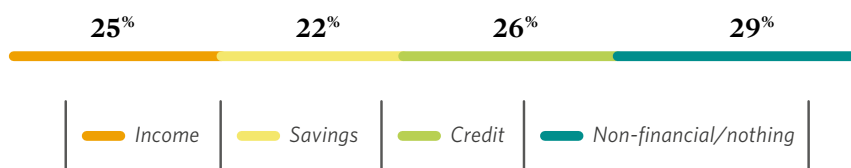
This indicator captures the behaviour of intentionally saving money or putting away assets. People save in many forms, both in money (cash and accounts) and in tangible items that can store value for a later date, such as land, gold, or livestock. Most individuals have a diverse portfolio of assets to satisfy different liquidity needs. Cash in a bank or mobile account is available for immediate emergencies, while commitment savings plans or livestock store value for longer term purposes. Figure 52 shows that around 63% of adults build and maintain reserves through saving money and investing in assets and businesses.

Figure 52: Building and maintaining reserves

9.3.3. MANAGING EXISTING DEBTS
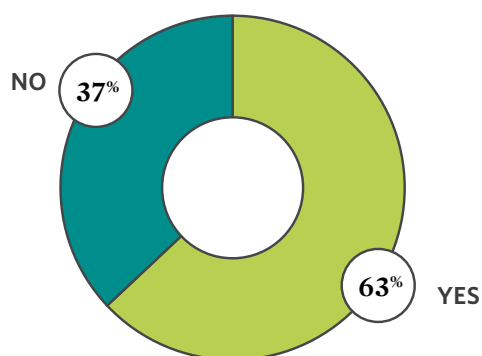
This indicator takes into consideration the incidence of borrowing by adults and includes the ability to borrow from others. It is important, not only in the sense that people are able to use credit to smooth volatile incomes, raise lump sums for investment or aspirational goals, but also to show the country's ratio/culture of servicing debts. Figure 53 shows that 76% of adults in Rwanda are credit active and 67% are in a healthy position to manage their debts, with only 33% showing signs of credit stress or over-indebtedness.

Figure 53: Managing existing debts (%)

76% Credit active
33% Credit stress/load
67% No credit stress
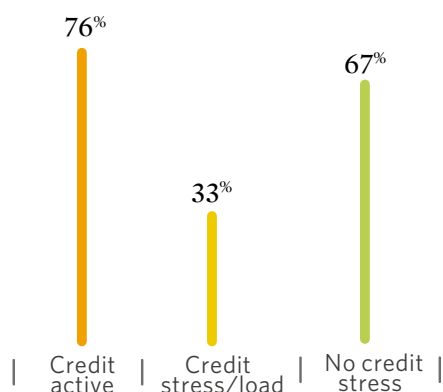
9.3.4. FINANCIAL PRODUCT PORTFOLIO

People use various formal and informal financial tools to execute their financial strategies. The Financial product portfolio indicator assesses how well an individual can access and use those tools to acquire, move, and store funds, as well as to grow their assets. This indicator, therefore, looks at the depth of the financial product landscape (that is transaction products, savings, credit and insurance). Figure 54 indicates that Rwandans have an effective range of product portfolios (transactions, savings, credit and insurance) and high/medium use of financial devices. It includes a context-specific list of sources and tools, both formal and informal. More financially served adults (88%) have two or more financial product portfolios (57% with three or more and 31% with at least two or more landscape products in their portfolio). This allows them to use an effective range of financial tools to manage their financial lives.

Figure 54: Range of financial tools to manage financial lives

Financial product portfolio

57% More than three
31% Two
12% Only one
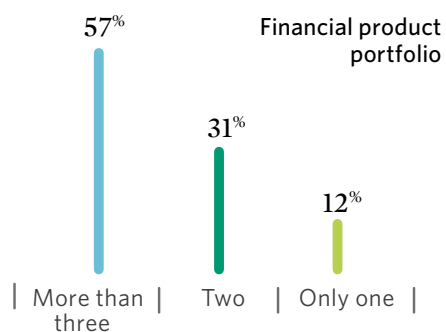
Overall, Rwandans show good signs of financial health in at least four of the six indicators. However, the following two indicators show some gaps.

9.3.5. PLANNING AND PRIORITISING

Improving and maintaining financial health requires active and intentional engagement, including activities such as planning and prioritising. Around 53% of adult Rwandans are meeting life goals, which requires purposeful management of financial resources. Rwandans' goals and aspirations revolve around improving their economic wellbeing, whether through starting a business, improving shelter, buying land, or investing in education (see figure 56). Figure 55 shows that the steps or devices used towards achieving goals do not show financial health confidence as the majority of adults use informal and non-financial methods. Minimum use of formal financial devices may suggest that the available formal products do not meet consumers' needs.

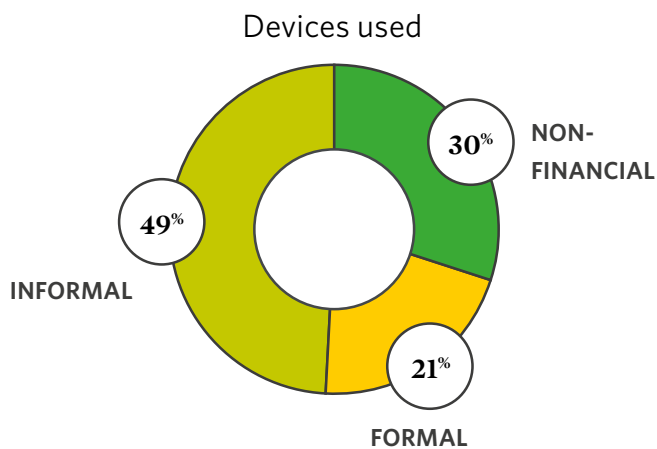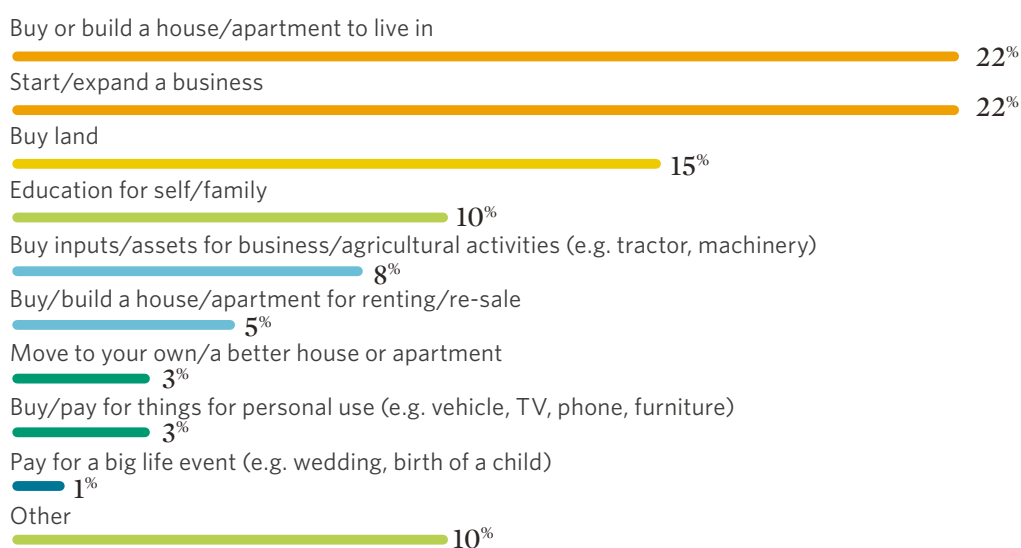*Figure 55: Planning and prioritising (53%)*

Devices used

49% INFORMAL

30% NON-FINANCIAL

21% FORMAL

Buy or build a house/apartment to live in
━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━ 22%

Start/expand a business
━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━ 22%

Buy land
━━━━━━━━━━━━━━━━━━━━ 15%

Education for self/family
━━━━━━━━━━━━━ 10%

Buy inputs/assets for business/agricultural activities (e.g. tractor, machinery)
━━━━━━━━━━ 8%

Buy/build a house/apartment for renting/re-sale
━━━━━━ 5%

Move to your own/a better house or apartment
━━━━ 3%

Buy/pay for things for personal use (e.g. vehicle, TV, phone, furniture)
━━━━ 3%

Pay for a big life event (e.g. wedding, birth of a child)
━━ 1%

Other
━━━━━━━━━━━━━ 10%

9.3.6. MANAGING AND RECOVERING FROM FINANCIAL SETBACKS

A financially healthy nation should be prepared for the unexpected, for financial setbacks or emergencies. This indicator assesses how well-equipped people are to manage, as well as to recover from, a financial setback or emergency. This indicator measures the incidence of adults who experienced unforeseen or unexpected risk events that caused financial loss. The report reveals that about three in five adults experienced shock events that caused financial loss.

These included significant medical costs as a result of an illness, the death of a family member, or a natural disaster in which agricultural crops or livestock were lost within the 12 months prior to the FinScope Rwanda 2020 survey. Of those who experienced setbacks, 40% used financial solutions (insurance, savings and credit) to cope with the shock. This may indicate that the devices mitigating financial setbacks are not adequate to meet all the possible financial setbacks experienced by Rwandans.

Figure 57: Devices used to cope with setbacks (61%)

- **40%** FINANCIAL SOLUTIONS
- **43%** NON-FINANCIAL
- **17%** DID NOTHING
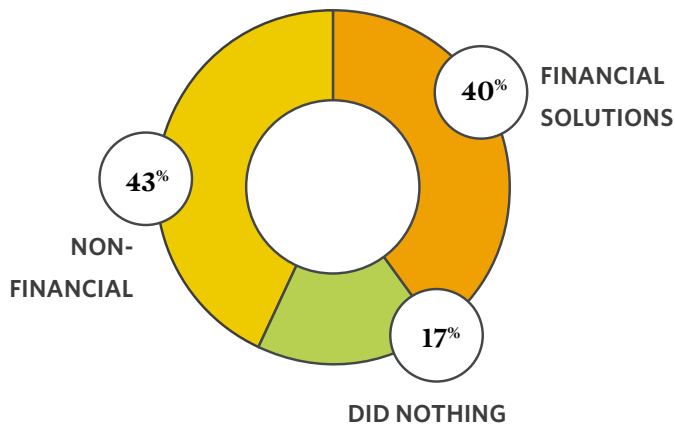
Figure 58: Financial setbacks experienced (%).

Serious illness of a household member
47%

Death of a relative/household member
10%

Agricultural crop/livestock destroyed
8%

Price increases
7%

Member of household lost job/income
4%

Theft of agricultural crop/livestock
4%

Theft of household property
3%

Failure of business
3%

Disability due to accident/illness
3%

Theft of business stock/goods
2%

Loss of an asset/dwelling/land
2%

Recession/bad economy
2%

Loss of household goods
1%

Other
4%

10. EXCLUDED POPULATION

Reducing the excluded zero percent by 2024 remains a goal of the NFIS. Around 7%, 0.5 million, adults, including those between the ages of 16 and 17, do not use any financial products or services (neither formal nor informal) to manage their financial lives, i.e. they are financially excluded. If they save, they save at home and if they borrow, they rely on friends and family. Gatsibo, Rusizi, and Karongi feature the highest levels of financial exclusion (see figure 35).

Table 18 gives an overview of the characteristics of adults using formal nor informal mechanisms, indicating that the financially excluded population was most significantly skewed towards (vulnerable groups):

- Adults from Ubudehe category 1;

- Women;

- 16-17 and 60 and older categories;

- Never married and widowed (spouses are not barriers to taking up financial products);

- Those who get their income from piece work;

- Adults without formal education.

Table 18: Distribution of excluded adult population

	Total population (%)	Excluded (%)
Location		
Urban	24	8
Rural	76	92
Gender		
Male	44	40
Female	56	60
Age category		
16 - 17	4	18
18 - 30	26	32
31 - 40	23	15
41 - 50	19	9
51 – 60	16	10
Older than 60	13	16

Marital status		
Never married	22	47
Married	60	33
Living together	5	3
Divorced/Separated	3	5
Widowed	10	12
Physically challenged		
Have a disability	19	25
Source of income		
Salaried	8	0
Wages from farmer	10	8
Money from farming	29	26
Piece work	24	37
Level of education		
No formal education	19	32
Primary 1-3	12	17
Primary 4-6	40	36
Secondary 1-3	11	10
Secondary 4-6	11	4
University or other higher education	6	1
Vocational training	1	1
Ubudehe category		
Category 1	13	21
Category 2	40	45
Category 3	46	33
Category 4	1	0

- CONCLUSIONS
- RECOMMENDATIONS

11. CONCLUSIONS

In summary, the report provides an overview of Rwanda's financial sector and the way in which the general population engages with it, while tracking the changes in their interaction from the 2016 survey. The FinScope Rwanda 2020 revealed how Rwandans of 16 years and older manage their finances and the elements that influence their uptake and use of financial services. The following conclusions were drawn from this survey:

11.1. Financial Inclusion

Rwanda is one of the most financially included countries in East Africa. This makes the financial inclusion journey in Rwanda an inspiring one. There has been a substantial increase in formal financial inclusion since 2016, reducing the number of adults who are exclusively dependent on informal mechanisms from 21 percent in 2016 to 16 percent in 2020. Progressively, the number of excluded adults has been reduced from 11 percent in 2016 to 7 percent in 2020.

Some of the highlights of the positive financial inclusion figures seen in Rwanda include:

- 93% of the population 16 years and older are financially included (i.e. have or use financial products/services, whether formal or informal). More adults are using formal financial products/services to manage their financial needs. However, there are disparities and levers that should act to enable a broader inclusion of the population:
  - » Informal economy;
  - » Dependents from other people (mainly youth between the age of 16 – 24);
  - » Adults who receive an income from farming.

- The banked population grew significantly, in line with the adult population growth. There has been an upsurge in the uptake and use of other formal (non-bank) mechanisms, largely driven by mobile money and SACCOs, mainly to remit and save money. About 76% of the adult population have access to either a mobile money account and/or a bank account. Only 34% do not have access to a bank account or mobile money account. The barriers to not having a bank account in Rwanda remain affordability, while for mobile money this is linked to a lack of product knowledge.

- Use of ONLY informal mechanism declined slightly but a large proportion of Rwandans still rely on informal mechanism. Approximately 63% use a combination of formal and informal financial products and services to meet their financial needs.

- Subscription to insurance significantly increased but remain low, at 17%. The ability to deal with unexpected setbacks that have a financial impact remains a major financial need.

- More adults are saving through formal mechanisms. The increase in formal savings is driven by mobile money – presenting an opportunity to be packaged as elements of a broader savings proposition. Savings through banks and SACCOs also increased.

- Access to formal credit is still low but is increasing convincingly. Formal credit is driven by formal sector and business owners' segments.

11.2. Emerging trends

This section was produced as part of the outputs of the implementation of some of the National Financial Inclusion Strategy priority areas and some industry emerging trends.

11.2.1. POSITIONING RWANDA AS A CASHLESS ECONOMY

Looking at the percentage of adults with transactional accounts (bank and mobile money accounts), it can be seen that this uptake is reported at 67% in the reporting period (2020). In 2016, this was reported at 53% of the adult population. The uptake of transactional accounts led to a growth in the total monetary values of transactions going through the payments system. The findings show that about a third of Rwandans used DFS in the past 12 months, compared with the 18% reported in 2016.

The use of DFS is, however, still low compared with the potential through the number of adults who have or use mobile money and banking accounts and the continued development and modernisation of the RNPS.

11.2.2. PRIVATE SECTOR FINANCING

A conducive environment for banks to lend to MSMEs remains a priority. The report showed that formal credit remains minimal and is largely driven by commercial opportunities, including rapid growth among the formally employed segments. Lack of access to credit is a major concern and is clearly highlighted as a need for business owners. It is, however, also noted that any interventions will require the provision of an enabling environment that will bridge the gap between these businesses and the financial institutions.

11.2.3. FINANCIAL CAPABILITY

This Report shows that about 60% of adults in Rwanda have a high score of consumer empowerment, with a further 31% coping. The Report also paints a concerning picture of a high reported incidence of Rwandans who experienced a lack of transparency from the financial sector. Going forward, a strategy to improve people's ability to protect themselves and/or enhanced regulations towards the sector should be a focus in this area. People need to feel an enhanced consumer empowerment and the coordinated efforts of financial literacy programmes will go a long way towards improving consumer financial capability in Rwanda.

11.2.4. FINANCIAL HEALTH

Rwanda's state of Financial Health showed good performance in four of the six indicator categories. These include: the majority of adults who are able to balance income and expenses; a sizable number of adults are building and maintaining reserves; managing existing debts, and using an effective range of financial tools to manage their financial lives. There are, however, visible shortfalls in the indicator areas of planning and prioritising (time horizon for planning, types of goals, action steps towards goals), and recovering from financial setbacks. The data shows that Rwandans' goals and aspirations revolve around improving their economic wellbeing, whether through starting a business, improving their form of shelter, or investing in education. The steps/devices used towards meeting their goals do not show financial health confidence as the majority of adults use informal and non-financial methods to do so. This minimal use of formal financial devices may suggest that the formal products currently available do not meet consumers' needs.

12. RECOMMENDATIONS

While levels of financial inclusion are relatively high in Rwanda and are nearing the 2024 target, there is still room to further reduce the levels of those who do not have transaction accounts (bank account and/or mobile money). However, the greatest opportunity will come from ensuring financial inclusion that goes beyond access and uptake to include measuring the impact of financial inclusion and financial health in Rwanda.

12.1. Priority areas

The priorities of financial inclusion in Rwanda continue to be to ensure that the lives of Rwandans are improved. To this end the following areas could be prioritised:

- Adopt Financial Inclusion 2.0 (FI2.0) and embrace a focus towards addressing real economic needs through better financial solutions. Identify and facilitate the implementation of financial interventions that will improve the resilience and sustainable livelihoods of the target groups (informal sector, women and youth), as well as enhance the contribution to the macro-economic indicators for the country.

- Develop and expand the roadmaps that will support and improve uptake and use of financial services. This includes expanding the gender and youth financial inclusion pillars within the NFIS, through establishing specific interventions for implementation. The inclusion of vulnerable groups, such as, youth, refugees, and people living with disabilities should also be enhanced. Financial health indicators on the quality and impact of financial services need to be the cornerstone and baseline of this priority area. Improved financial health indicators will not only support high-quality and consumer-centric product initiatives but will also gauge the financial health of Rwanda's population, as well assisting to track progress in improving these areas.

- Ensure credit provision that enables productive capacity or improves the quality of life. Greater use of the available guarantee programmes will encourage banks to lend to creditworthy enterprises and farmers who may lack a credit track record. Specialised training for lenders in agricultural credit and housing finance will help to roll out these products through all the formal institutions.

- Encourage greater interoperability to inspire maximum use of DFS and economic platforms in order to unlock the opportunities and to contribute positively to financial inclusion. Their use will be increased if the complexity of, and the differences between, different payment streams and systems are simplified.

- Develop a financial literacy and put in place legal and regulatory framework for financial consumer protection – possibly structured as a "National Strategy for Financial Education". The framework should focus on:

  » Developing financial literacy and awareness programmes to maximise understanding; and

  » Instituting consumer rights and grievance-handling mechanisms.

- Continued monitoring and evaluation of financial inclusion targets, as well as considering the need to use landscape product-suites. These are transaction products, savings, credit, and insurance) that can be used instead of a number of formal products to serve the market.

Legend:
- Repeat cycle (green)
- First cycle (orange/tan)
- Potential first cycle (teal)
- *Underway* (triangle)

Countries labeled on map: Haiti, Tunisia, Egypt, Sudan, The Gambia, Burkina Faso, Nigeria, Benin, Togo, Ghana, Cote d'Ivoire, Cameroon, DRC, Ethiopia, Kenya, Uganda, Rwanda, Burundi, Tanzania, Zambia, Mozambique, Zimbabwe, Madagascar, Namibia, Botswana, Swaziland, Mauritius, Lesotho, South Africa, Pakistan, Nepal, India, Myanmar, Laos, Thailand, Cambodia

FINSCOPE FOOTPRINT

FinScope surveys allow cross-country comparisons and sharing of findings which are key in assisting ongoing growth and strengthening the development of financial markets.

For further information about FinScope Rwanda 2020 please contact Access to Finance Rwanda (AFR):

Address:
AFR - P.O. Box 1599 -
KG 5 Avenue – House #13 -
Kacyiru

Email:
info@afr.rw

Call Us:
+(250) 782-507-751