

FINSCOPE



ACCESS TO FINANCE RWANDA

# FINANCIAL INCLUSION IN RWANDA 2015



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# Acknowledgements

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Making financial markets work for the poor



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# Key findings: FinScope Rwanda 2015

The ultimate aim of policies and strategies for financial inclusion is to increase access to formal financial institutions and increase the uptake and usage of financial products and services (i.e. those provided by regulated service providers). The target of the Government of Rwanda is to increase the financial inclusion to 80% by 2017.

The findings from the FinScope Rwanda 2012 survey revealed that 72% of Rwandan adults were financially included – 42% were formally served (23% served by commercial banks and 33% served by non-bank formal institutions) and 58% used informal financial mechanisms.

The FinScope Survey not only enabled the assessment of the landscape of financial access in Rwanda, but also provided a benchmark for repeat surveys that will enable the impact of access related policy interventions to be assessed. This report summarises the findings of FinScope Rwanda 2015. This summary report addresses the information needs that would enable Governments to develop and monitor evidence-based policies and regulations which will help extend the reach of financial services in the country.

As such, this study describes determinants of financial inclusion (i.e. the demographic landscape and insights into people's lives), dimensions of financial inclusion (focusing on adoption and uptake, i.e. the extent to which people currently have/use of financial products/services including both formal and informal, as well as access indicators, e.g. physical proximity, documentation, and perceived affordability), and provides a contextual review of country- and cross-country levels.

## Determinants of financial inclusion

As shown in this summary report, FinScope estimates a total population of at least **6 million** adults in Rwanda under investigation. Understanding their demographic landscape as well as the realities and challenges that people face in their daily lives is important as it is likely to affect how people interact with financial services.

**Income** is one of the strongest determinants of (formal) financial inclusion. Income levels vary considerably across the region. According to the World Bank classification, Rwanda is classified as a low-middle income country. We have seen in FinScope surveys that upper-middle income countries show a higher proportion of banked adults compared to its low-income counterparts. Further, income sources and regularity need to be taken into account. Those with regular sources of income, i.e. salary/wages are also more likely to be financially included.

**Location** is also a strong determinant, with financial inclusion (and especially formal inclusion) being higher in urban areas compared to rural settings due to a variety of reasons, e.g. better access to infrastructure, physical access to financial services institutions compared to rural/remote areas, generally higher levels of salaried workers, and lower dependency on irregular income sources such as farming. Rwanda shows a large urban/rural divide in terms of financial inclusion with the majority of the adult population residing in rural areas. In general, levels of overall financial inclusion in rural areas are lower but are pushed out by the uptake of informal financial products/services. However, if one compares FinScope 2012 to 2015, financial inclusion growth among the rural population is higher compared to the overall growth implying that policies and efforts to deal with urban/rural divide are working. The most significant difference between rural and urban levels of financial inclusion is the uptake of bank products/services. Higher density of (formal) financial service providers in urban areas and usually better infrastructure also result in shorter travelling time to e.g. the nearest bank branch.

There is a **gender** gap in terms of financial inclusion in Rwanda, which is smaller in comparison to the urban/rural divide. In general, there are slightly higher levels of financial inclusion among males compared to females due to a number of reasons (e.g. economic, social, legal, and cultural).

**Age** is an important determinant of financial inclusion. This study shows that Rwanda has a relatively young population.

There is often a direct relationship between **education levels** as well as financial behaviour and literacy. Further, there is a relationship between education levels, income sources, and levels of income. Hence the levels of financial inclusion are lower among people with low levels of education (primary education or less).



# Dimensions of financial inclusion

## Overall levels of financial inclusion

**Total financial inclusion:** In total, 89% of adults in Rwanda are financially included (including both formal and informal financial products/services, around 5.2 million individuals). Levels of financial inclusion vary significantly from 97% in Nyarugenge and Kicukiro districts; to 78% in Karongi and Rutsiro districts.

**Formally served:** About 68% of adults in Rwanda have/use formal financial products/ services (around 4 million individuals), including banked and other formal (non-bank) financial products/services. Again, levels vary significantly from 94% in Nyarugenge district to 48% in Rutsiro district.

**Informally served:** In total, about 72% of adults in Rwanda use informal mechanisms (around 4.2 million individuals). Levels vary from 87% in Burera district to 50% in Rusizi district. The informal sector plays an important role in extending the overall levels of financial inclusion, particularly in rural areas and among women.

**Banked:** About 26% of adults in Rwanda are banked (around 1.5 million individuals). The proportion of adults that are banked ranges from 69% in Nyarugenge district to 11% in Ngororero district. Banked population growth has slightly increased by 0.4 million since 2012. The growth or bank usage is driven by debit cards, loan from the bank and high uptake of mobile banking. In terms of banking product usage, 52% of bank clients used at least one banking product during the month prior to FinScope 2015 (increasing from 43% in 2012).

**Other formal (non-bank):** About 43% of adults in Rwanda have/use other formal (non-bank) financial products/services (around 2.5 million individuals). The proportion of adults that have/use other formal (non-bank) financial products/services ranges from 52% in Kamongi and Gakenke districts to only 25% in Nyarugenge district (due to high penetration of banked population). Other formal (non-bank) financial services increase overall levels of formal inclusion.

**Excluded:** About 11% of adults in Rwanda (around 0.7 million individuals) do not use any financial products or services (neither formal nor informal) to manage their financial lives, i.e. they are financially excluded. Levels of exclusion vary considerably across the country from 22% in Karongi and Rutsiro districts to 3% in Nyarugenge and Kicukiro districts. Traditionally vulnerable groups such as the poor, those residing in remote rural areas, women, and the youth are more likely to be financially excluded.

## Savings and investments

About 86% of adults in Rwanda save, including all forms of savings (around 5.1 million individuals). Saving through formal institutions, show an increase of 13 percentage points from 2012. However, saving with banking institutions shows a slight decline since 2008 (15%), 2012 (14%), and in 2015 at 13%. The uptake in formal savings is driven by savings at Umurenge SACCOs (27%) and Mobile money savings at 17%. People in Rwanda mainly save to pay for living expenses (in times of hardship).

## Borrowing and credit

About 72% of adults in Rwanda borrow, including all forms of borrowing (around 4.1 million). There has been an increase in credit consumption with an increase in formal credit from 9% in 2012 to 15% in 2015. This raises the question on whether the Credit Reference Bureau intervention is starting to shape market behaviour? Encouragingly when compared to savings behaviour, people in Rwanda mainly borrow for developmental reasons. Further 34% borrow money for living expenses, increasing the vulnerability of the poor.

## Insurance and risk mitigation

In general the uptake of insurance is low in Rwanda. Only about 9% of adults have insurance products, (around 0.5 million), showing an increase from 0.3 million in 2012. Product uptake is driven by medical insurance (excluding Mutuelle de Sante (National Health Insurance)) and Rwanda Social Security Board. Main perceived barriers relate to income i.e. low/no/insufficient income, insufficient balance after paying for expenses, and affordability issues. In addition, the lack of consumer awareness and knowledge seems to prevent people from taking up insurance.

About 1.2 million adults in Rwanda experienced illness in households or families that required medical expenses – they have used their savings or borrowed money in order to cope with the situation. 81% of those who used their savings or borrowed money to cope with illness in their households had Mutuelle de Sante insurance which purpose is to enable members to access health care and to reduce the financial burden of health care particularly for the poorer groups of society.

## Mobile money

Around 2.3 million adults in Rwanda use mobile money (m-money). Around 34% of adults registered for mobile money accounts and further 10% use someone else's mobile money account. When considering multiplicity ownership of mobile money accounts, FinScope estimates that there are around 2.7 million (46%) mobile money accounts. About 12% (0.7 million) adults have more than one mobile money account. Mobile money awareness and product knowledge seems to be a key barrier in product take up and usage. 32% of those who do not use mobile money did not know of mobile money and a

further 46% showed signs of lack of product knowledge (24% reported that they did not have smartphones, 13% did not know where to register and 11% had challenges in using the channel).

Among the services available to the users of mobile money are money transfers, payments and mobile banking. Mobile money services are used for both remittances and broader payments for utility bills and for saving (44% of m-money). About 1 in 3 mobile money users use it either to remit money or to buy air time. About 1 million adults (17%) store or save money in their m-money accounts.

## Remittances

About 40% of adults in Rwanda sent and/or received money in the six months prior to FinScope Rwanda 2015, including all forms of remittance (around 2.3 million individuals). This is up from only 13% in 2012. Further investigation is needed on whether mobile money is an enabler to remittances strategy and in increasing remittances? The majority of those who remitted (84%) used mobile money.

## Usage

- 68% of Rwandan adults were formally included:
  - 30% used a formal financial product or service in the month before the Rwanda FinScope 2015 survey, showing an increase in usage (up from 23% in 2012)
  - 20% used a formal financial product or service in the six months
  - Only 14% who have formal financial products had not used them in six months
  
- 48% of adults had formal savings products (up from 36% in 2012):
  - 44% used a formal savings product in the month prior to the FinScope survey
  - 28% in the six months before the survey
  - 20% had formal savings products but had not used them in six months and 9% had formal savings product but did not answer
  - 27% of adults had savings products with Umurenge SACCOs (up from 21% in 2012); 34% (up from 11% from 2012) used an Umurenge SACCO savings product in the month prior to the FinScope survey; 37% in the six months before the survey; and 29% had an Umurenge SACCO savings product but had not used it in six months
  
- 54% of adults belong to informal savings groups; 91% used an informal savings mechanism in the month before the survey



# 1. Introduction

## Background of the FinScope study in Rwanda

Rwanda's development policy is guided by **Vision 2020** (Ministry of Finance and Economic Planning, 2000). This statement articulates the Rwandan Government's aim to *"transform Rwanda into a middle income country, as well as an economic trade and communications hub by the year 2020"*. Illustrating its commitment to this vision, Rwanda continues to make significant progress which is characterised by sustained economic growth, significant poverty reduction and the beginning of economic transformation (2013/14 Integrated Household Survey (EICV4)):

- Poverty has declined from 45% in 2012 to 33% in 2014
- Extreme poverty dropped from 24% to 16%
- There has been a reduction in the proportion of the population dependent on subsistence agriculture from 72% to 70%
- Non-farm jobs increased from 17% to 20%
- Percentage of household with at least one saving account increased from 36% to 54%

Vision 2020 set the stage for the financial sector reform process in Rwanda. The Rwandan Financial Sector Development Programme (FSDP) was launched in 2006 with the vision to *"develop a stable and sound financial sector that is sufficiently deep and broad, capable of efficiently mobilizing and allocating resources to address the development needs of the economy and reduce poverty"*. The FSDP is one of the key components in the implementation strategy for Vision 2020 (the Economic Development and Poverty Reduction Strategy of Rwanda (EDPRS)) and has four core objectives:

- To enhance access to and affordability of financial services by developing a strong, efficient and competitive banking sector offering a diversified array of financial products and services. This includes support for the development and broad outreach of a healthy, well-regulated and professionally managed microfinance sector as a tool to extend financial services to the unbanked and to contribute to poverty reduction.
- To enhance savings mobilisation by creating an appropriate environment, developing institutions and fostering market incentives for the development of long-term financial instruments and an efficient capital market.
- To develop an appropriate policy, legal and regulatory framework for non-bank financial institutions.
- To develop an efficient, secure and technology-based modernised national payment system.

In addition to these objectives the Rwandan Government continued with ambitious financial inclusion targets which are propelled by innovative policy and regulatory approaches. In 2008, FinScope revealed that more than half (52%) of Rwandan adults (18 years and older) were financially excluded, with only 21% adults using formal financial products or services. These findings led to more focused financial sector interventions and as a result the 2012 FinScope survey showed that formal financial inclusion doubled from 21% to 42%. The FinScope 2015 iteration was expected to show continued progress as the sector continued with ambitious targets aimed at achieving 80% of financial inclusion by 2017 and 90% by 2020%.

In pursuit of these targets, the Government of Rwanda has implemented several policies and others are being developed<sup>1</sup>, including the following financial regulations:

1. Payments system bills (E-payments)
2. Automated transactions by 2018
3. Insurance, microfinance and pension laws
4. Loan guarantees from the government to increase access to credit for small businesses
5. Financial education strategy
6. Credit Reference Bureau

Commercial initiatives saw the following developments:

1. Increased branch networks
2. Mobile vans
3. Internet banking
4. Agent banking
5. Mobile banking (M-banking)
6. Mobile money
7. Loan protection insurance
8. Private pension (informal groupings)
9. Children's savings

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<sup>1</sup> Source: First FinScope stakeholder workshop – 7-8 May 2015



# 2. FinScope Surveys

FinScope is a research tool which was developed by FinMark Trust<sup>2</sup> to address the need for credible financial sector information. It provides insights to guide policy makers and regulators in terms of how to address or respond to some of the challenges they face in order to meet financial inclusion targets. It also provides financial service providers with crucial strategic information regarding their target markets and the financial services that these markets need – enabling them to extend their reach and broaden the range of services they provide. FinScope surveys have been conducted in 17 African and 6 Asian countries (5 underway in Madagascar, Burkina Faso, Togo, Republic of South Africa and Lesotho (Small Business FinScope)).

The FinScope survey provides a holistic understanding of how individuals generate an 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 over time 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. This decision to implement FinScope Rwanda 2008 was urged by the 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<sup>3</sup> (AFR) needed to obtain information about how the landscape of access to, and usage of, financial services has changed since 2008. AFR therefore commissioned a follow-up survey in 2012.

The Government of Rwanda AFR initiated the third FinScope survey with an intention to continue measuring progress in financial inclusion. FinScope 2015 is expected to illustrate how many adult Rwandans were linked to financial inclusion specifically formal accounts through different sector interventions.

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<sup>2</sup> FinMark Trust was established in March 2002 with initial funding from the UK's Department for International Development (DFID). More recently some other funders (UNCDF, Bill & Melinda Gates Foundation and MasterCard Foundation) have come on board to support the work of FinMark Trust. 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 usage of financial products and services, FinMark Trust recognises the complementary role of governments (as policymakers and regulators) and the private sector (as service providers) and believes that the availability of credible financial sector information enables effective, evidence-based dialogue amongst financial sector role players, and that this will facilitate the development of effective interventions that are essential for sustainable financial market development.

<sup>3</sup> AFR was launched in March 2010 at the request the Government of Rwanda and 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 2015

After a competitive tender process, the Centre for Economic and Social Studies (CESS) was selected to conduct the FinScope Rwanda 2015 survey under the supervision of the steering committee members and with technical support from FinMark Trust (FMT).

The main objectives of the FinScope Rwanda 2015 Survey was to:

- Describe the **levels of financial inclusion** (i.e. levels of access to financial products and services – both formal and informal)
- Describe the **landscape of access** (i.e. the type of products and services used by financially included individuals)
- Identify the **drivers** of, and **barriers** to financial access
- Assess **trends/changes** over time (from 2012)
- Stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will **increase** and **deepen financial inclusion**
- Provide information on new opportunities for increased financial inclusion

## 2.3 Survey and instrument design

The FinScope Rwanda 2015 survey was expanded (with reporting domains at national, regional, urban/rural and districts levels) to allow for greater data interrogation:

1. Target population profile
  - Universe: Adult population in Rwanda
  - Rwandan residents 16 years and older
2. Coverage and methodology
  - Fieldwork conducted 02 November 2015 to 06 January 2016
  - Computer Assisted Personal Interviews (CAPI) conducted face-to-face – change from previous years' PAPI (pen and paper interviewing)
  - Questionnaire reviews included reordering of some questions and the addition of new questions
  - Questionnaire in Kinyarwanda and translated into English
  - Total of **12 480** interviews conducted – up from **6 150** interviews in 2012



### 3. Sample and fieldwork validation

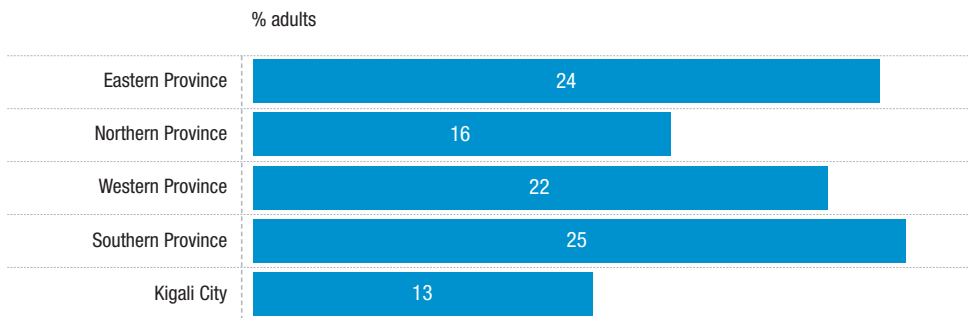
- **Nationally representative** sample
- Sample drawn systematically using **Probability Proportional to Size** (PPS) sampling
- **Enumerator Area (villages)-based, 780** villages (up from 615 villages in 2012) and 16 interviews per village were conducted
- Comprehensive **listing** in 780 villages – listing **158 386 households**
- To identify respondents, **two further levels of random sampling**:
  - **Households** randomly selected within each sampled village
  - **Individual respondents randomly** selected from sampled households using the automated Kish grid
- The data was weighted and benchmarked to the 2014 Integrated Household Survey (EICV4)
- The FinScope Rwanda 2015 survey findings were validated and approved by the NISR
- Data analysis was conducted by the members of the steering committee and FinMark Trust

# 3. Socio-economic profile

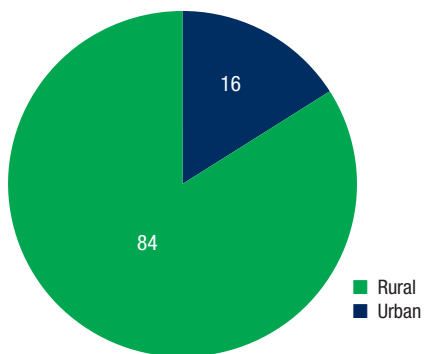
This section presents the FinScope results on the socio-economic status of Rwanda. The estimated adult population (16 years and older) was 5 960 117 with the smallest population of adults being in Kigali City. Other FinScope Rwanda facts include:

- The Rwandan adult population is largely rural-based, with 84% (4.9 million) residing in rural areas
- 40% are 30 years of age and younger (youth adults)
- The gender distribution of the adult population is skewed towards females (57%)
- 21% of adults have no formal education and an additional 54% have achieved some level of primary school education but no secondary school education
- Most adults are from households that do not have access to piped water in their homes or yards or access to electricity that could be used for cooking and lighting purposes. Fetching drinking water and firewood for cooking purposes is a daily reality in these households
- 86% of adults are from households that are involved in farming activities
- More than half (51%) of the adults in Rwanda generate an income from farming activities and 9% from wages for farm work; 37% earn an income from piece-work. This makes farming and piece-work leading sources of income (these livelihoods are often related to irregular and low levels of income)
- 54% of adults have more than one source of income
- Only 6% of adults generate an income from government institutions and private business/company (3% mention per source)
- 10% are self-employed, meaning that they own businesses – 32% of them employ 0.8 million people thus creating 1.4 million jobs including 0.6 million owners. These owners face challenges ranging from:
  - Access to finance – 39% (sourcing money, cash flow and debtors)
  - Sales and marketing – 23% (not having enough customers)
  - Resources – 21% (business premises and appropriate storage)
  - Legal – 13% (tax compliance)
- The Ubudehe programme categorises Rwandan households into 4 categories (1-4) according to the socio-economic status of the household, with Category 4 households being the most affluent, and households in Category 1 the least. Based on their self-reported Ubudehe status, only 13% of adults are from households that fall into Category 1 (these are families who do not own a house and can hardly afford basic needs). 45% reported that they are from households that fall into Category 2 meaning that they are families who have a dwelling of their own or are able to rent one but rarely get full time jobs

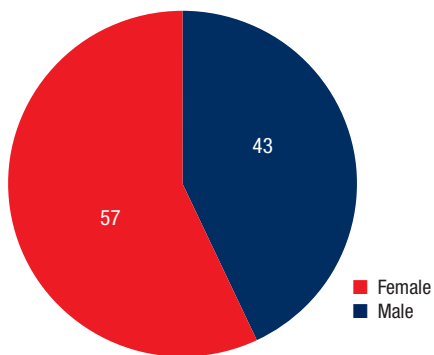
**FIGURE 1: PROVINCIAL DISTRIBUTION**



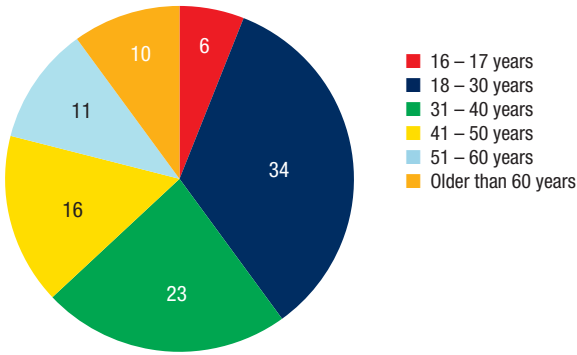
**FIGURE 2: URBAN-RURAL DISTRIBUTION**



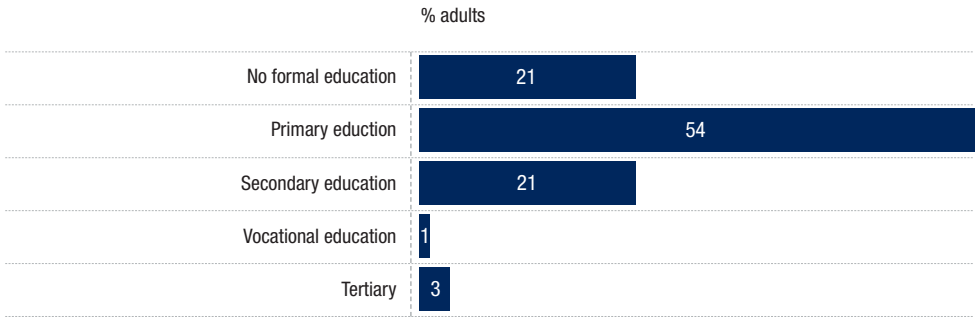
**FIGURE 3: GENDER DISTRIBUTION**



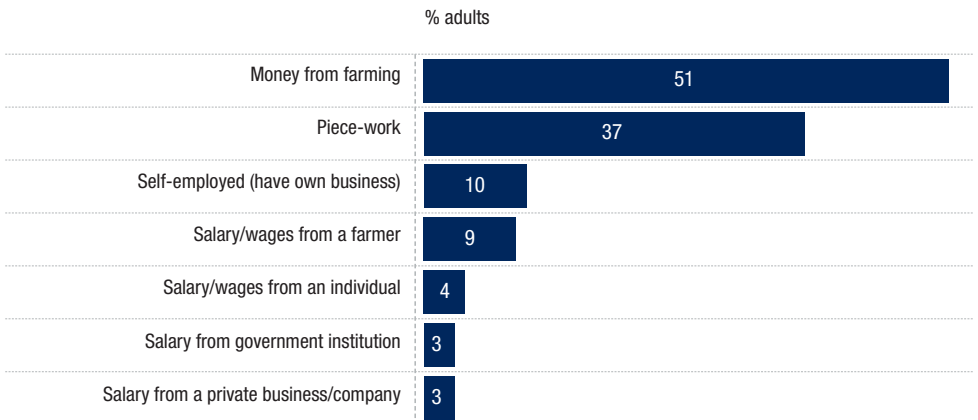
**FIGURE 4: AGE DISTRIBUTION**



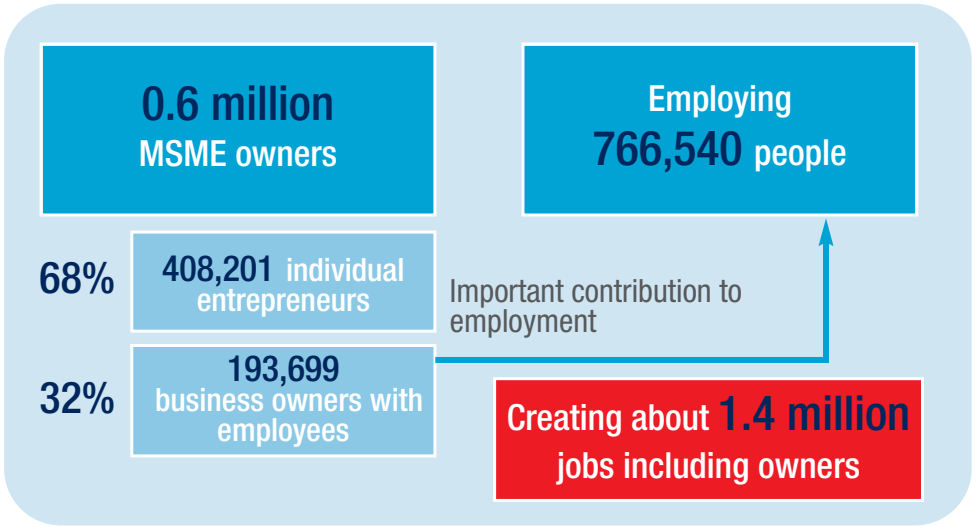
**FIGURE 5: LEVELS OF EDUCATION DISTRIBUTION**



**FIGURE 6: SOURCES OF INCOME DISTRIBUTION**



**FIGURE 7: SIZE, SCOPE AND CHALLENGES OF BUSINESS OWNERS**



# 4. Money management

## 4.1 Access to financial institutions

When adults were asked about the factors that they would consider when opening an account or using a financial institution, convenience of access was considered one of the most important criteria.

**FIGURE 8: CRITERIA APPLIED IN CHOOSING A FINANCIAL INSTITUTION**



Table 1 illustrates the average time taken (in minutes) to access formal financial institutions or services regardless of the mode of transportation used. On average, adult Rwandans' access to formal financial institutions is relaxed ranging from between 30 and 53 minutes. To obtain a better measure, the average time was calculated to avoid the bias of outliers that affect the mean time. Adults generally have access to financial institutions such as bank branch, ATMs SACCOs, etc. There are major differences among the provinces and districts as presented in Tables 10 and 11. Average time taken to access Umurenge SACCOs varies considerably with Nyarugenge district having lowest average (24 minutes) compared to Ngororero taking an average of 61 minutes to reach Umurenge SACCO (see table 2). In all districts, adults generally have access to mobile money agents ranging between 15 to 45 minutes.

Overall, this suggests that there are no significant infrastructural barriers to access financial service providers. However, improvements can be made to reduce the time taken to reach financial access points in targeted areas to stimulate ease of access to financial institutions.

**TABLE 1: AVERAGE TIME TAKEN TO DESTINATION (IN MINUTES) BY PROVINCES**

Destination	Kigali City	Southern Province	Western Province	Northern Province	Eastern Province	Adult population
	Minutes & Seconds	Minutes & Seconds	Minutes & Seconds	Minutes & Seconds	Minutes & Seconds	Minutes & Seconds
Umurenge SACCO	28:38	46:16	49:50	49:36	48:13	46:46
MFI's	30:11	54:53	57:51	59:00	56:00	52:07
Bank branch	31:25	55:00	58:18	58:46	56:00	53:30
ATM	31:27	55:00	59:00	60:44	57:59	53:37
Bank agent	28:03	53:00	56:00	55:59	52:00	50:03
Mobile money agent	18:00	35:59	33:32	34:00	28:00	31:00

**TABLE 2: AVERAGE TIME TAKEN TO DESTINATION (IN MINUTES) BY DISTRICTS**

Destination	Umurenge SACCO	MFI's	Bank branch	ATM	Bank agent	Bank agent
Nyarugenge	24:00	24:10	25:56	25:00	23:00	15:15
Gasabo	30:31	34:03	36:07	37:00	32:00	20:14
Kicukiro	30:13	28:00	30:00	29:55	28:21	17:00
Nyanza	55:00	58:00	62:00	61:00	59:03	40:00
Gisagara	51:23	60:23	55:00	54:19	55:00	44:00
Nyaruguru	51:00	59:04	64:28	65:15	59:00	31:40
Huye	44:00	53:57	53:00	50:00	46:12	38:30
Nyamagabe	45:00	49:00	47:19	51:00	49:00	29:22
Ruhango	49:00	49:00	50:31	49:56	50:00	32:21
Muhanga	50:00	58:00	56:07	58:00	53:12	33:14
Kamonyi	49:00	54:04	54:00	56:00	57:06	29:22
Karongi	57:00	61:00	60:00	57:01	56:16	45:09
Rutsiro	49:10	64:00	64:10	65:00	65:00	34:53
Rubavu	42:00	53:00	49:10	51:00	45:00	25:00
Nyabihu	54:00	57:41	60:00	63:01	56:00	32:00
Ngororero	61:00	65:00	67:24	70:00	64:30	43:00
Rusizi	38:21	49:27	53:26	52:00	50:17	32:21
Nyamasheke	50:00	57:00	55:14	59:00	57:00	26:45
Rulindo	44:40	55:00	55:23	55:00	45:00	31:00
Gakenke	55:00	67:00	64:01	68:55	66:11	38:00
Musanze	48:00	55:40	58:00	58:16	53:27	31:54
Burera	50:06	57:24	59:05	60:21	54:00	35:35
Gicumbi	49:57	59:00	57:00	60:33	57:00	33:32
Rwamagana	40:05	44:59	43:00	47:17	42:00	23:10
Nyagatare	52:10	55:09	57:00	58:00	51:00	28:52
Gatsibo	48:00	54:00	54:39	60:00	49:00	27:00
Kayonza	47:48	56:55	57:18	59:00	54:00	26:28
Kirehe	51:00	66:00	61:07	62:00	59:10	31:02
Ngoma	48:00	63:27	62:00	64:00	59:20	29:00
Bugesera	50:00	55:49	57:00	57:58	53:43	30:14



## 4.2 Financial capability

The study revealed that a number of adults realised that they required more information on aspects of managing money. This information is useful to tailor information needs for adults living in different areas. Table 3 shows that Western Province has the highest number of adults needing more information about managing money. This may be related to the higher proportion of adults coming from lower ubudehe categories of the five provinces against the backdrop of a higher number of adults with no formal education compared to the rest of the provinces.

**TABLE 3: ADULTS NEEDING MORE INFORMATION ABOUT MANAGING MONEY**

	Yes	No
<b>Total adults</b>	<b>86</b>	<b>14</b>
<b>Kigali City</b>	<b>85</b>	<b>15</b>
Nyarugenge	84	16
Gasabo	85	15
Kicukiro	86	14
<b>Southern Province</b>	<b>86</b>	<b>14</b>
Nyanza	85	15
Gisagara	84	16
Nyaruguru	88	12
Huye	88	12
Nyamagabe	93	7
Ruhango	74	26
Muhanga	84	16
Kamonyi	89	11
<b>Western Province</b>	<b>92</b>	<b>8</b>
Karongi	94	6
Rutsiro	96	4
Rubavu	96	4
Nyabihu	85	15
Ngororero	84	16
Rusizi	93	7
Nyamasheke	95	5

**TABLE 3: ADULTS NEEDING MORE INFORMATION ABOUT MANAGING MONEY CONTINUED**

	Yes	No
<b>Northern Province</b>	<b>87</b>	<b>13</b>
Rulindo	84	16
Gakenke	86	14
Musanze	90	10
Burera	88	12
Gicumbi	85	15
<b>Eastern Province</b>	<b>81</b>	<b>19</b>
Rwamagana	81	19
Nyagatare	77	23
Gatsibo	82	18
Kayonza	78	22
Kirehe	79	21
Ngoma	80	20
Bugesera	90	10

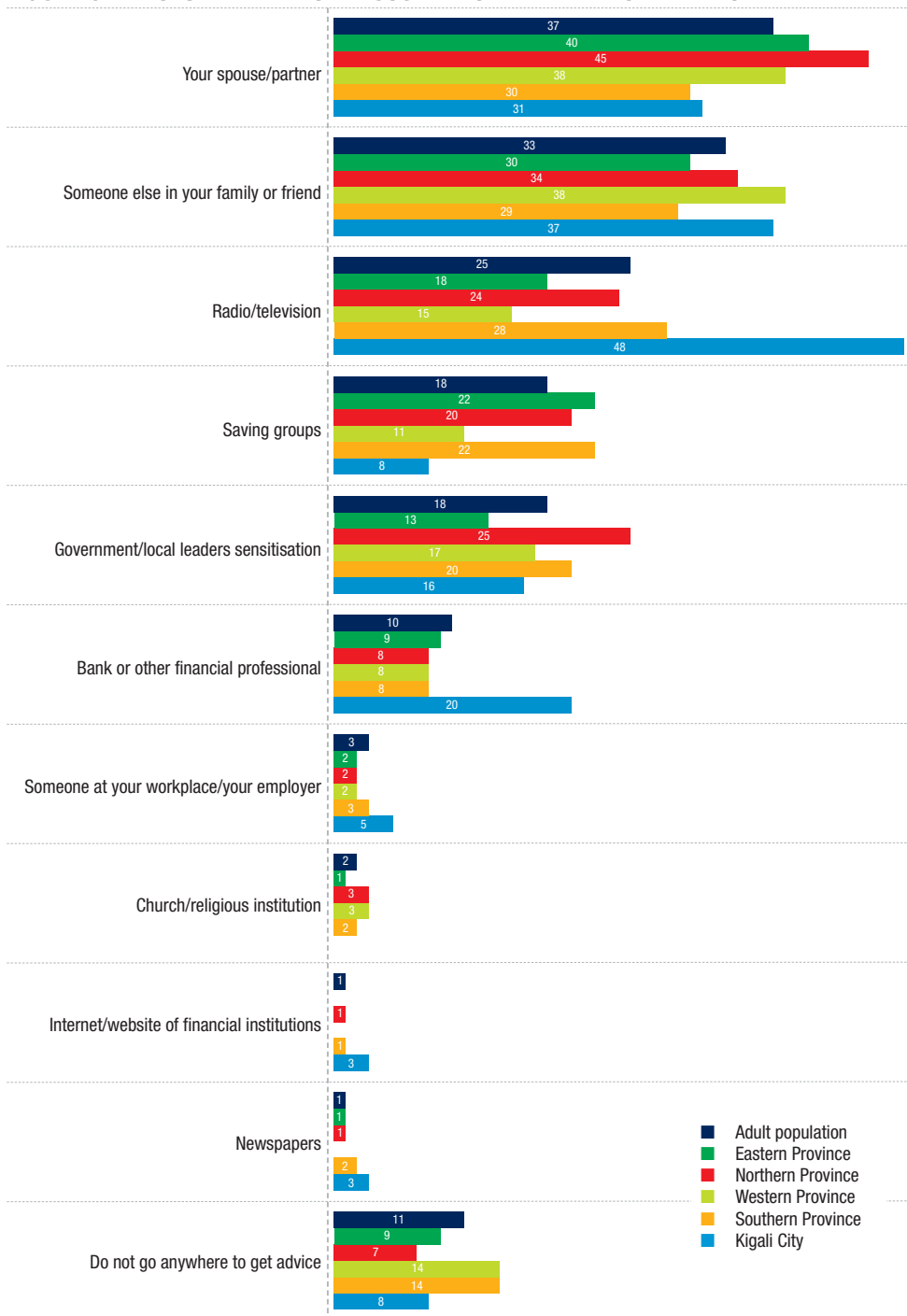
When adults (86% of those who required more information on aspects of managing money) were asked about the type of information they required, the most popular response was that of how to budget at 45%. A budget is one of the best tools for reaching financial goals – whatever age or stage in ones life. It is a plan of what money an adult expects to receive and how he/she expects to spend it. Other desired financial education such as ‘how to save and/or how to invest were mentioned by close to 2 in every 5 adults indicating that savings and/or investments are key aspects in Rwandans financial behaviour (see Table 3). Adults from Kigali City desire more (above the total adult population) education on loan/product usage, choice and availability.

**TABLE 4: DESIRED FINANCIAL EDUCATION**

Destination	Kigali City	Southern Province	Western Province	Northern Province	Eastern Province	Adult population
	%	%	%	%	%	%
How to budget	45	40	52	51	38	45
How to save	45	44	49	37	33	42
How to invest	29	36	38	27	34	34
How to obtain a loan	24	20	12	16	20	18
Which financial products/ services are available to me	15	10	7	13	9	10
How to choose financial products	8	6	3	6	3	5
Advantages/disadvantages, terms and conditions of financial products	5	3	3	5	4	4
How to use financial products	11	5	4	8	5	6
Information about mobile payments	1	1	0	1	2	1

The figure below shows a gap between the desire for financial education and places where advice can be obtained on financial management. The majority of those who seek financial advice depend on the advice from family members and friends. Overall seeking financial advice from financial institutions and financial advisers (10%) is notably low, but significantly high in Kigali City (20%). Usage of electronic media (radio/television) as source of getting financial information (25%) follows the pattern of the provincial penetration rate of households' access to assets. Kigali City has a high penetration of households with radio and television at 75% and 61% respectively, while Western Province has the lowest penetration of households with radio at 45%. About 50% of adults get financial advice from radio/television whilst only 15% get the advice from electronic media in Western Province.

**FIGURE 9: PLACES WHERE PEOPLE USUALLY OBTAIN FINANCIAL ADVICE**



To better understand how financial education is helping adult Rwandans, certain statements concerning their financial behaviour were asked as presented in table 5. It shows that adults have high confidence in their ability to compare different options prior to purchasing products/services. The level of understanding of the terms and conditions in a contract with a financial institution is also high.

**TABLE 5: STATEMENTS ON FINANCIAL BEHAVIOUR**

Destination	Kigali City	Southern Province	Western Province	Northern Province	Eastern Province	Adult population
	%	%	%	%	%	%
Compare different options and then choose the best one that suits your needs	97	98	99	97	99	98
Know what to do for recourse when not satisfied with a financial service or product	71	57	63	66	53	61
Confident enough to make a complaint against a bank or financial institution if not satisfied with the service or product offered	85	75	78	83	75	78
Do not mind being in debt as long as they have what they need/want	18	18	22	25	14	19
Understand the terms and conditions in the contract with a financial institution	94	93	92	97	95	94

The first four statements in the table below demonstrate that Rwandan customers are financially empowered. 94% adults felt that the information on financial products or services bought recently was provided in a clear and easily understandable manner, while a further 94% felt that financial institutions treated them fairly. Financial institutions tend to be transparent and treat consumers fairly if they know that consumers are financially astute and are capable of making decisions on when to buy what, where and how. Consumer protection programs also provide much needed safeguards that consumers could tap into to strengthen their power.

Someone is financially incapable if he/she cannot plan and manage money. The table below illustrates that three in five Rwandans plan and manage their finances through budgeting for their money. About 70% of adults in Rwanda knew or had some idea of the amount they spent 7 days prior to the survey. The survey showed that 43% of adults always keep track of money they receive and spend.

**TABLE 6: STATEMENTS CONCERNING THE TRANSPARENCY OF FINANCIAL INSTITUTIONS AND CONSUMERS' MONEY MANAGEMENT**

Destination	Kigali City	Southern Province	Western Province	Northern Province	Eastern Province	Adult population
	%	%	%	%	%	%
Feels that the information on financial products or services bought recently was provided to in a clear and easily understandable manner?	96	78	92	95	95	94
Feels that financial institutions treat you fairly	86	72	76	86	88	94
Have you ever taken a financial product/service and were later surprised about the fees/charges associated to that product?	27	6	4	7	8	15
Have been threatened, or treated in a violent, humiliating manner by a financial service provider	6	5	4	3	5	3
Always budget for their money	69	61	50	57	64	60
Know or have an idea of how much money spent personally in the last 7 days	78	62	63	72	74	69
Always keep track of money obtained and spent	54	41	35	39	48	43
Always or sometimes have some money left after covering spending needs	79	55	48	50	67	59

## 4.3 Risk and coping mechanisms

Risk poses a significant amount of strain on a household especially if it is not covered. This has direct implications on the quality of one's life. The study explored the risks and hardships that people experienced in the past 12 months and the results are displayed in Table 7. Most adults faced a rise in the price of goods and services at 76% for the total population with Kigali city, Southern Province and Northern Province at 84%, 81% and 80% respectively. Further, adults in Eastern Province also experienced more hardship with family illness (73%) significantly higher than the adult population average (66%). Few households experienced the loss of a family member or main income earner in the past year in all or most of the provinces. Eastern Province has a significantly higher rate of deaths (16%) compared to the rest of the provinces at an average rate of 7%. The majority of adults in Rwanda (58%) depend on households to pay most of the funeral cost if someone passes away. This behaviour is skewed towards Western Province (82%). Adults from Eastern Province where a high incidence of deaths were noted 12 months prior to the FinScope survey behave differently from the rest of the provinces by depending mostly on savings groups to pay most of the funeral costs.

**TABLE 7: RISK OR HARDSHIP EXPERIENCED IN THE PAST 12 MONTHS**

Destination	Kigali City	Southern Province	Western Province	Northern Province	Eastern Province	Adult population
	%	%	%	%	%	%
Illness in household that required medical expenses	69	64	66	56	73	66
Death of a household or family member resulting in unexpected costs for you/your household	7	8	8	6	16	9
Loss of income of an income earner of the household	15	11	13	8	9	11
Unforeseen school expenses	16	15	14	12	18	12
Unexpected rise in the price of goods such as groceries etc.	84	81	69	80	73	76
Harvest/crop failure/loss of livestock	19	71	63	69	70	63
Loss of income as a result of an unexpected drop in the price for produce/harvest/products sold	16	35	26	36	29	26

As most households may face an increase in commodity prices due to inflation or illness in their households, the study explored what mechanisms were used to alleviate these risks or hardships. The main mechanisms used to cope with such events for most Rwandans were to cut down expenses (58%) – showing some basic astuteness in managing money and usage of savings (12%). When it came to illnesses within the household, savings (30% and credit (21%) came into play.

About 1.2 million adults used either their saving and/or loans to mitigate illness within their households and 81% (about one million) of these adults have Mutuelle de Sante (national health insurance). Further investigation is needed on why these adults are not using the scheme which would enable Rwandans to save or borrow money for developmental purposes rather than spending money on medical expenses.

**TABLE 8: RISK OR HARDSHIP EXPERIENCED IN THE PAST 12 MONTHS AND COPING MECHANISMS**

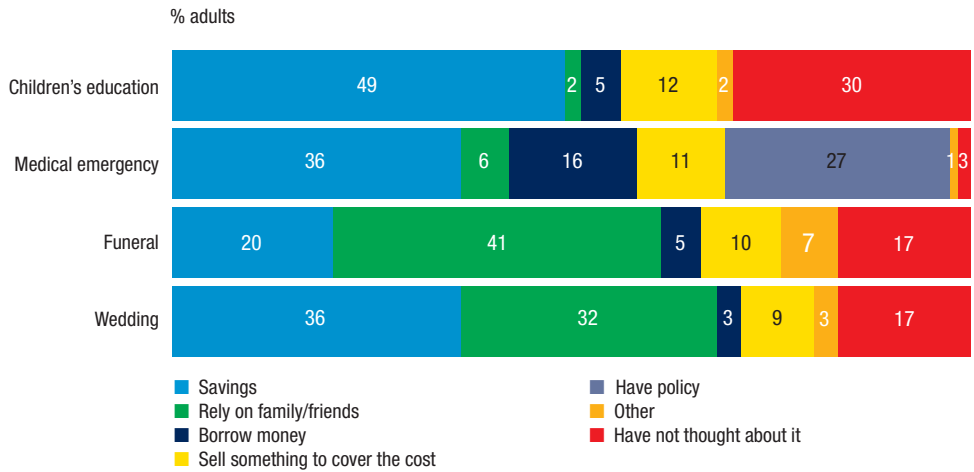
Event-coping mechanisms	Cut down expenses	Used savings	Used loans	Claimed insurance	Sold something to get money	Did nothing
	%	%	%	%	%	%
Rise in prices of goods and services (including transport, electricity, groceries, interest rates)	58	12	5	0	5	20
Illness within household or family that requires medical expenses	4	30	21	17	17	10
Loss of agriculture, livestock or own business	35	9	6	0	5	44
Loss of income as a result of an unexpected drop in the price to produce/harvest	33	11	10	0	7	39
Unforeseen school expenses	6	26	32	0	17	18
Loss of the income of an income earner of the household	34	15	9	0	6	34
Death of a householder or family member resulting in unexpected costs	0	30	26	0	0	18



## 4.4 Planning ahead

Planning ahead is a key component of financial capability and many Rwandans experience certain predictable life events that require planning, including wedding, medical emergencies, children's education and funeral. When adults were asked what plans they had in place for their spending needs for children's education, medical emergencies and other events such as weddings and savings received many mentions. Above two in five adult Rwandans would rely on family and friends to cover costs for a funeral and about 27% have an insurance policy to cover medical emergency costs.

**FIGURE 10: PLANS FOR SPENDING ON BIGGER EVENTS**



## 4.5 Trust towards financial institutions

### Savings

- ☐ 57% (3.4 million) of Rwandan adults trust most Umurenge SACCOs with their savings
- ☐ 27% trust banks
- ☐ 9% and 4% trust savings groups and mobile money respectively

### Credit

- ☐ 57% (3.4 million) of Rwandan adults trust most MFI to borrow from
- ☐ 26% trust banks to obtain credit from
- ☐ 11% trust savings groups

### Remittances

- ☐ 84% (5 million) adults trust mobile money channels to remit their money

# 5. Financial inclusion framework

**Financial inclusion:** The concept 'financial inclusion' is core to the FinScope methodology. Based on financial product usage, the bankable population is firstly segmented into two groups: the 'financially excluded' and the 'financially included':

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

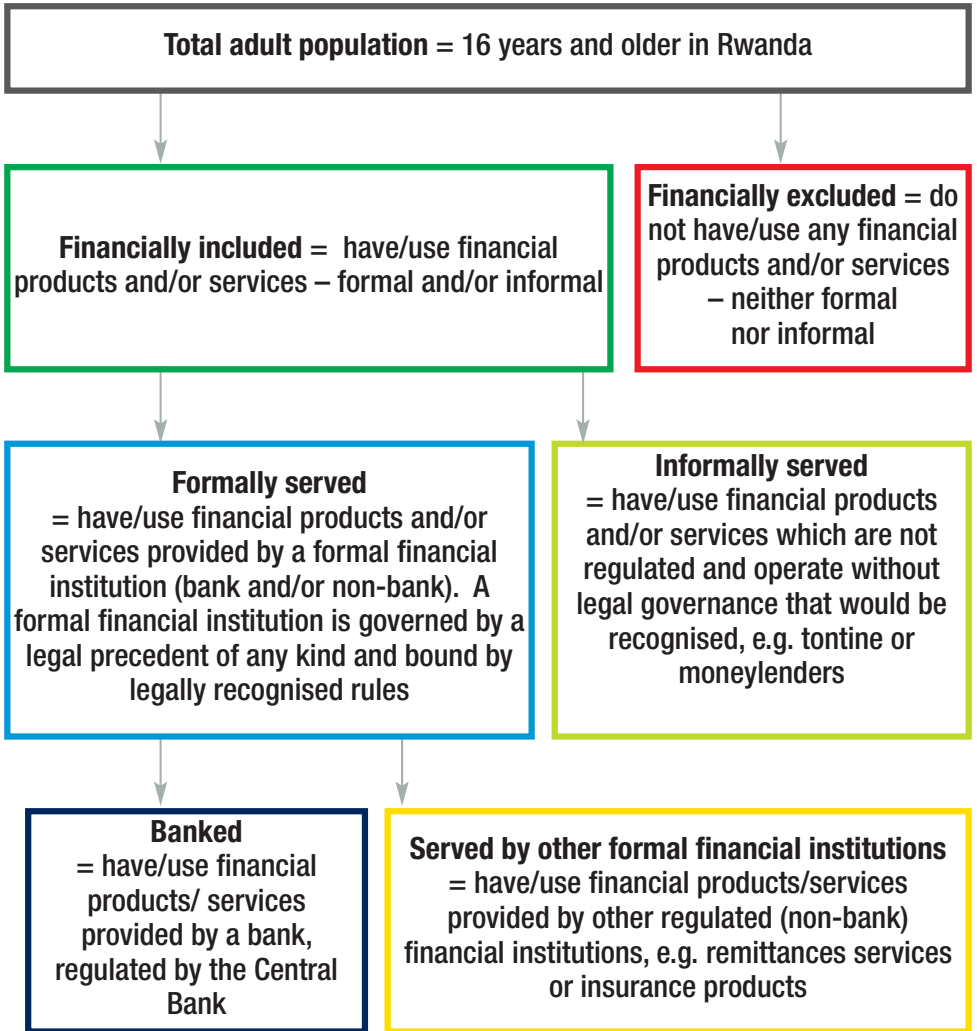
**Financially included** are individuals who have/use formal and/or informal financial products and mechanisms. Note: That does not mean that these individuals have the products in their name. They could also, for example, use someone else's bank account or be covered by someone else's insurance. That 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
- Those individuals who have or use both formal and informal products and services

The formally served population can further be segmented into:

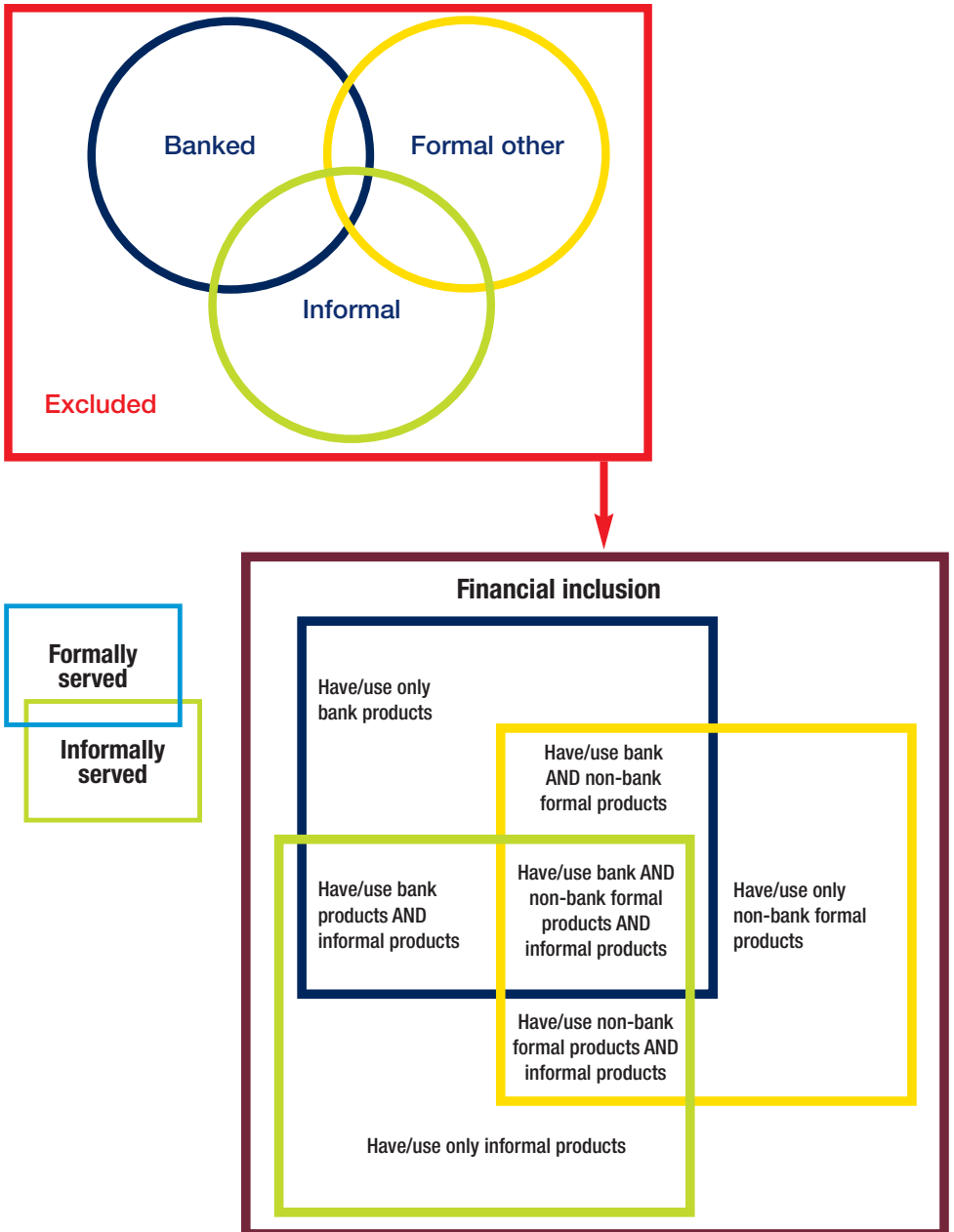
- **Banked:** Individuals who have or use products or services from licensed commercial banks that are regulated by the central/reserve bank
- Served by **other formal** financial institutions (non-bank): Those individuals who have or use products or services from financial institutions that are regulated through Acts of law but which are not commercial banks
- Those individuals who have or use products or services from **both** commercial banks and other formal financial institutions

FIGURE 11: FINANCIAL INCLUSION FRAMEWORK



There often are overlaps in product uptake as one sector might not fulfil all needs, e.g. a person might have a bank account, an insurance product, and be part of a community savings group. Possible overlaps are illustrated below.

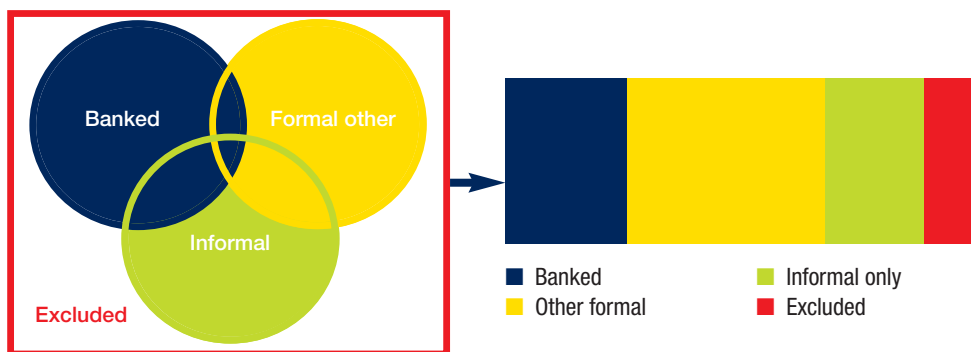
**FIGURE 12: OVERLAPS IN PRODUCT UPTAKE**



**FinScope tools:** Main analytical tools used here include the Overview, Financial Access Strand and the Landscape of Access.

The **Overview** is a bar graph which depicts the total uptake of different types of financial products/services. As this graph includes the overlaps, it adds up to more than 100%. The Overview is provided for total product uptake, the uptake of savings/investment products/services, credit/loan products/services, insurance products/services, as well as remittance products/services.

**FIGURE 13: OVERVIEW OF FINANCIAL PRODUCTS/SERVICES UPTAKE**



Following a similar approach, other tools include:

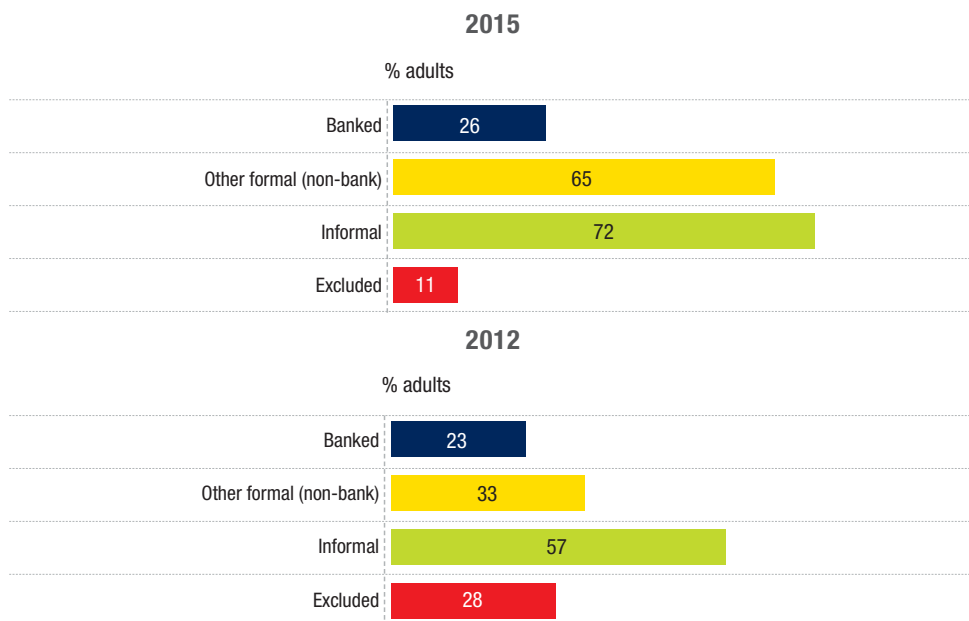
- The **Savings Strand:** 100% stacked bar graph which depicts the uptake of different types of savings/investment products/services using a hierarchical approach (without overlaps), including those who use/have savings products provided by a commercial bank, other formal non-bank provider, informal mechanisms, those who save at home/secret place only (excluded in the total Access Strand), and the excluded, i.e. those who do not save
- The **Credit Strand:** 100% stacked bar graph which depicts the uptake of different types of credit/loan products/services using a hierarchical approach (without overlaps), including those who have/use credit/loan products provided by a commercial bank, other formal non-bank provider, informal mechanisms, those who borrow from family and friends only (excluded in the total Access Strand), and the excluded, i.e. those who do not borrow
- The **Insurance Strand:** 100% stacked bar graph which depicts the uptake of different types of insurance products/services using a hierarchical approach (without overlaps), including those who use have/use formal insurance products, informal mechanisms only, and those who are excluded, i.e. do not have/use any financial product that covers a defined risk

The **Landscape of Access** is used to illustrate the extent to which financially included individuals have or use financial products and services (both formal and informal). The web diagram depicts, on its five axes, the percentage of the financially included adults that have or use:

- **Transactional** products/services: secure mechanisms in which funds can be deposited, transmitted, and withdrawn to meet regular transaction needs, e.g. transaction account
- **Savings/investment** products/services: mechanisms which are used to accumulate funds for future use (short- and/or long-term), whether it is on a contractual or discretionary basis, e.g. savings account, savings group membership
- **Credit** products/services: mechanisms which are used for the provision of funds in advance against a committed payment stream. This may be further sub-divided into secured and personal (unsecured) credit, e.g. bank loan, house mortgage, loan from an informal money lender, taking goods on credit
- **Insurance** products/services: mechanisms which are used to cover a certain defined risk event in return for a premium, e.g. life insurance, medical aid, burial society membership
- **Remittances** products/services: mechanisms which is used to remit money (sending/receiving) to or from family members, friends, family etc. – which could be considered a sub-category of a transactional products. Given its importance, however, it is featured separately

# 6. Levels of financial inclusion in Rwanda

**FIGURE 14: OVERVIEW OF FINANCIAL PRODUCTS/SERVICES UPTAKE BY YEARS**



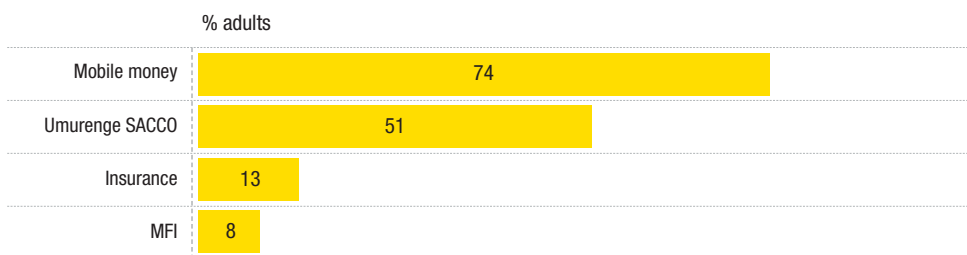
- Financial exclusion has dropped by 17 percentage points:
  - In 2012, about 28% of adults (i.e. individuals 18 years or older) were financially excluded; in 2015 only 11% (0.7 million down from 1.3 million in 2012) are excluded and 89% (5.2 million) of Rwandan adults have or use financial products or mechanisms
- 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):
  - In 2012, 33% of adults were having/using other formal non-bank financial products/services; this proportion increased to 65% in 2015
  - The increase in formal inclusion was caused by an uptake of products offered by non-bank formal financial institutions (such as mobile money, Umurenge SACCOs and insurance companies)

- The banked population slightly increased from 23% in 2012 to 26% in 2015
- Despite the increase in the uptake of formal financial products, many Rwandans still use informal mechanisms to manage their money:
  - Informal inclusion increased from 57% in 2012 to 72% in 2015
  - 76% of individuals who have formal financial products also use informal mechanisms (up from 66% in 2012)

## 6.1 Drivers of other formal (non-bank) and informal mechanisms

- The increase in the formal financial inclusion was caused by:
  - Increase uptake of mobile money (2.3 million adults use mobile money accounts in 2015)
  - Continued increase in the uptake of Umurenge SACCOs (2 million adults had/used Umurenge SACCO accounts)
  - About 0.5 million adults in Rwanda had any type of insurance (increase of 35% from 0.3 million in 2012)
  - About 0.3 million had/used MFI accounts (increasing with 41%)

**FIGURE 15: WHAT DRIVES OTHER FORMAL (NON-BANK)?**

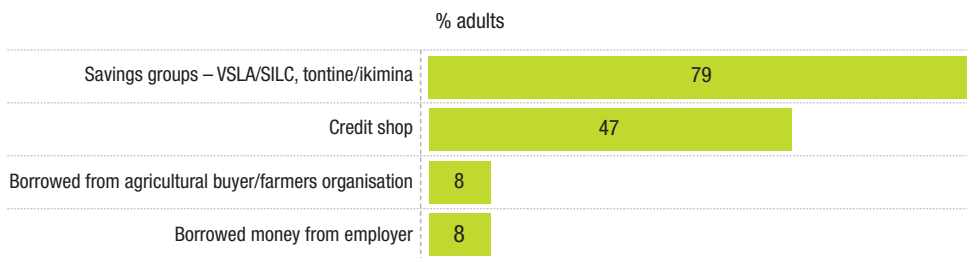




About 4.2 million adults (72%) use informal mechanisms to manage their finances. This uptake is driven by informal savings groups:

- 3.3 million adults in Rwanda reported that they use informal groups such as Village Savings Loan Association:
  - 3.1 million adults save through savings groups
  - 2.6 million borrow money from these savings groups (overlaps possible)
- 1.7 million adults used credit shop (i.e. took goods in advance from a shop and paid back later)

**FIGURE 16: WHAT DRIVES THE UPTAKE OF INFORMAL MECHANISMS?**

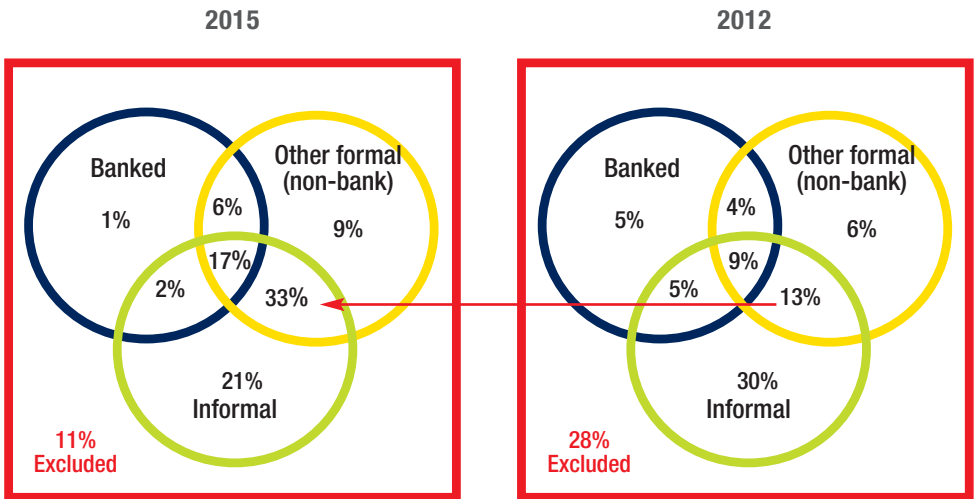


## 6.2 Overlap in product usage

As illustrated in figure 12, 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 to enable him/her to get quick access to money in times of an emergency such as unforeseen medical expenses or to pay school fees or use mobile money to remit money.

Comparisons between 2012 and 2015 reveal a shift mainly caused by an increase uptake in non-bank formal products in the form of mobile money and the continued usage of Umurenge SACCO products.

**FIGURE 17: OVERLAPS**



- Only 1% (about 60 627) of adults rely exclusively on banking services, down from 5% in 2012
- 52% use a combination of formal and informal mechanisms to manage their financial needs (up from 27% in 2012) , thus indicating that their needs are not fully met by the formal sector alone, but also indicating that those who were served only by informal mechanisms are now able to use formal financial products
- 21% (1.2 million) of the adult population ONLY rely on informal mechanisms such as Village for savings and loans, down from 30% in 2012 – vulnerability of relying exclusively on informal mechanisms is being reduced

## 6.3 FinScope Access Strand

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

- % of adults that are financially excluded
- % of adults who are financially served but not formally served – i.e. % of adults who are informally served only
- % of adults who are formally served but not banked – i.e. % of adults who are served by non-bank formal financial institutions but not by commercial banks
- % of adults who are banked – i.e. % of adults who are served by commercial banks

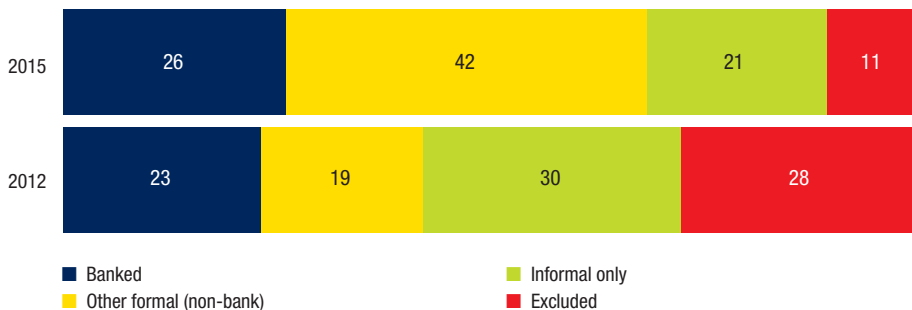
### 6.3.1 Access Strand summary

When comparing the Access Strand for 2012 to that of 2015, the significant shift in formal inclusion as a result of recent financial sector development interventions is clearly illustrated:

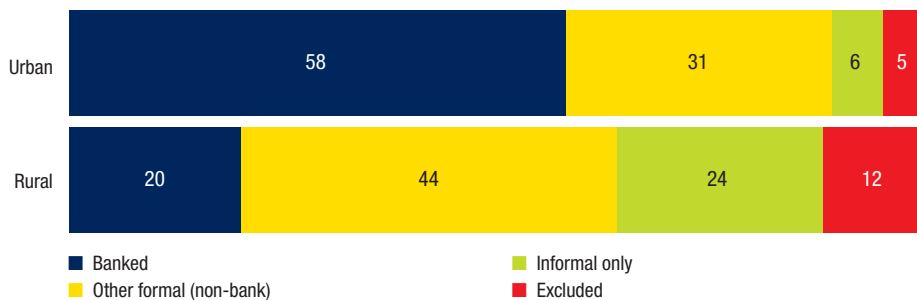
- The percentage of banked adults increased from 23% in 2012 to 26% in 2015. This slight increase was mainly due to new banking channels entering the market resulting in increased outreach of existing banks. The total network increased from 1 282 (branches, outlets and banking agents) in 2012 to 3 085 in 2015
- The percentage of adults who are formally served, although not banked, increased from 19% in 2012 to 42% in 2015. This shift was mainly due to the mobile money uptake and continued increase in the uptake of Umurenge SACCOs
- This intervention brought formal financial services to the people of Rwanda and provided access to consumers who would not normally have/used formal financial institutions and services
- Mobile money and Umurenge SACCOs played a significant role in pushing out the boundaries of formal financial access for farmers, farm workers and individuals who earn an income from piece-work than for individuals earning an income through formal employment
- Gender (women) and rural population biased interventions are paying off – the formally served population among women and the rural population increased by 27 and 28 percentage points respectively. This is above the overall 26 percentage points growth in the formally served since 2012

- Comparing Rwandan Access Strand to other countries where FinScope surveys have been conducted (figure 26 – 28) shows that:
  - Rwanda is in position 12 when ranked by adult population with or using banking products or services
  - When ranked by adults with formal accounts, Rwanda is ranked position 6, up from position 13 in 2012
  - Rwanda is in position 2 when ranked by the financially included adult population, up from position 12 in 2012
  
- Access strand through the districts' lenses (figure 29) shows that:
  - Rubavu and Rutsiro districts have above 50% of the adult population without formal financial products or services
  - Nyamasheke, Rubavu, Karongi, Rubiro and Rusizi districts have high levels of financial exclusion at an average rate of 21%
  - Four districts (Kirehe, Rubavu, Rutsiro and Ngoma) have a high number of adults who rely exclusively on informal mechanisms

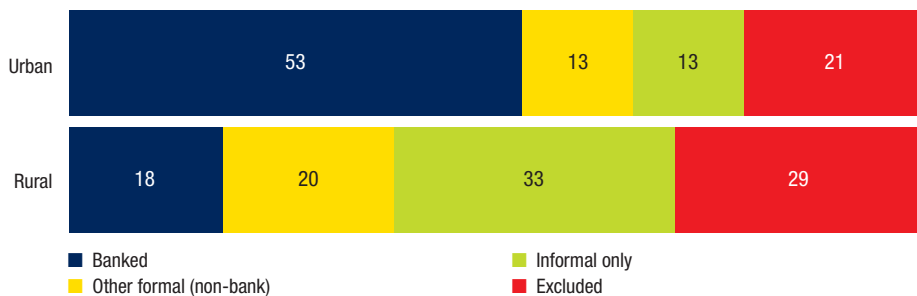
**FIGURE 18: RWANDA ACCESS STRAND**



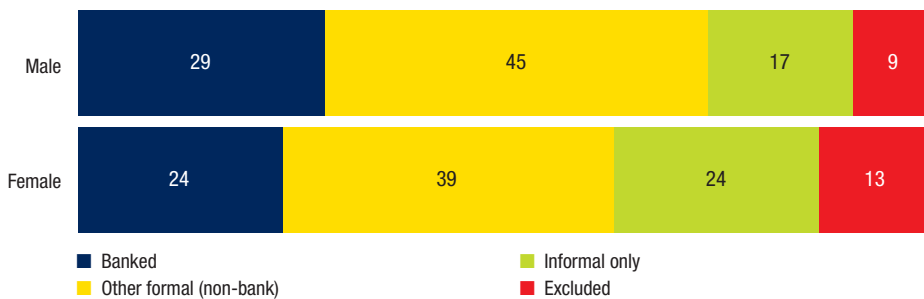
**FIGURE 19: ACCESS STRAND BY AREA TYPE – 2015**



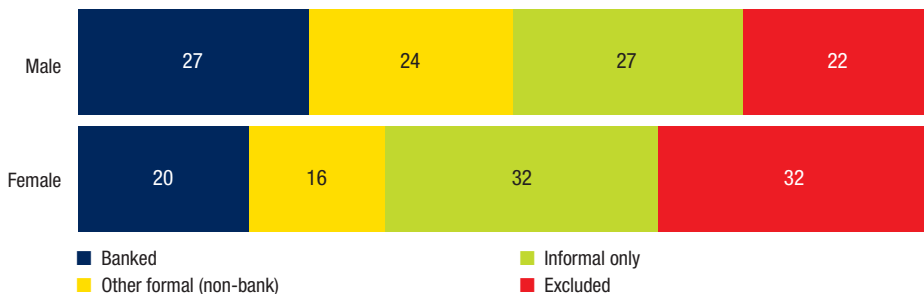
**FIGURE 20: ACCESS STRAND BY AREA TYPE – 2012**



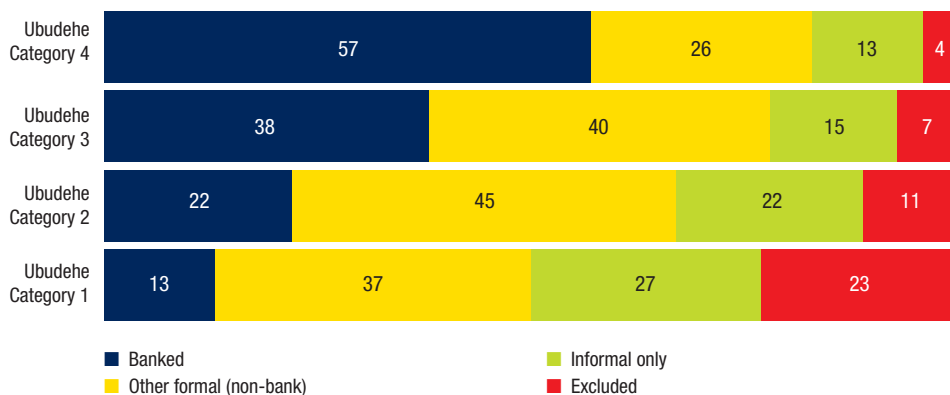
**FIGURE 21: ACCESS STRAND BY GENDER – 2015**



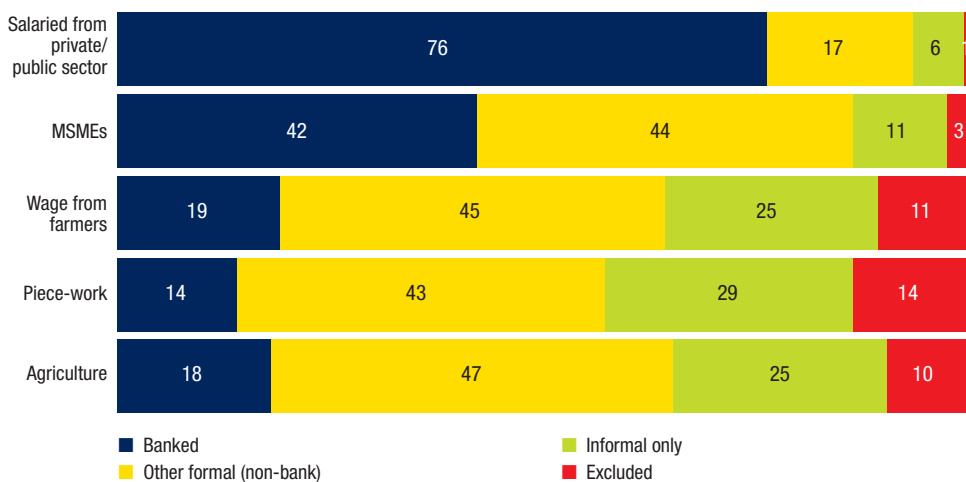
**FIGURE 22: ACCESS STRAND BY GENDER – 2012**



**FIGURE 23: ACCESS STRAND BY UBUDEHE CATEGORY<sup>4</sup>**

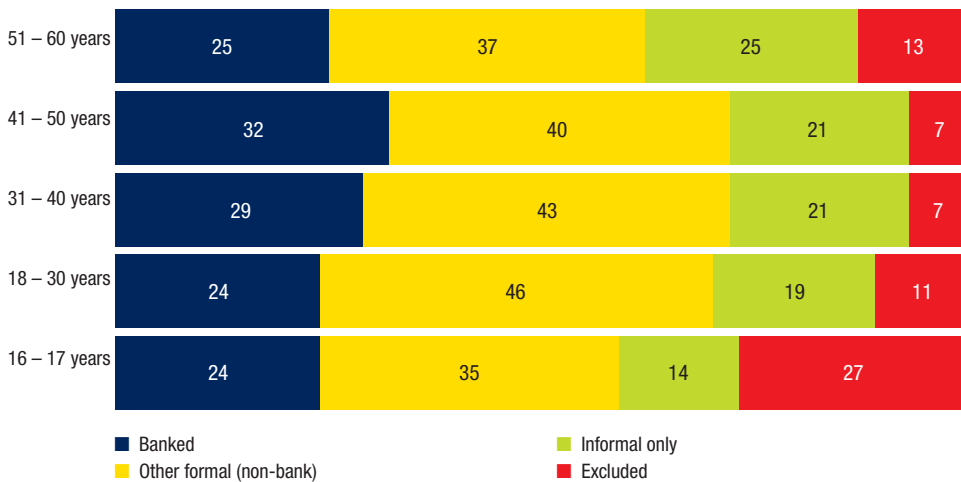


**FIGURE 24: ACCESS STRAND BY MAIN INCOME GENERATION ACTIVITY**

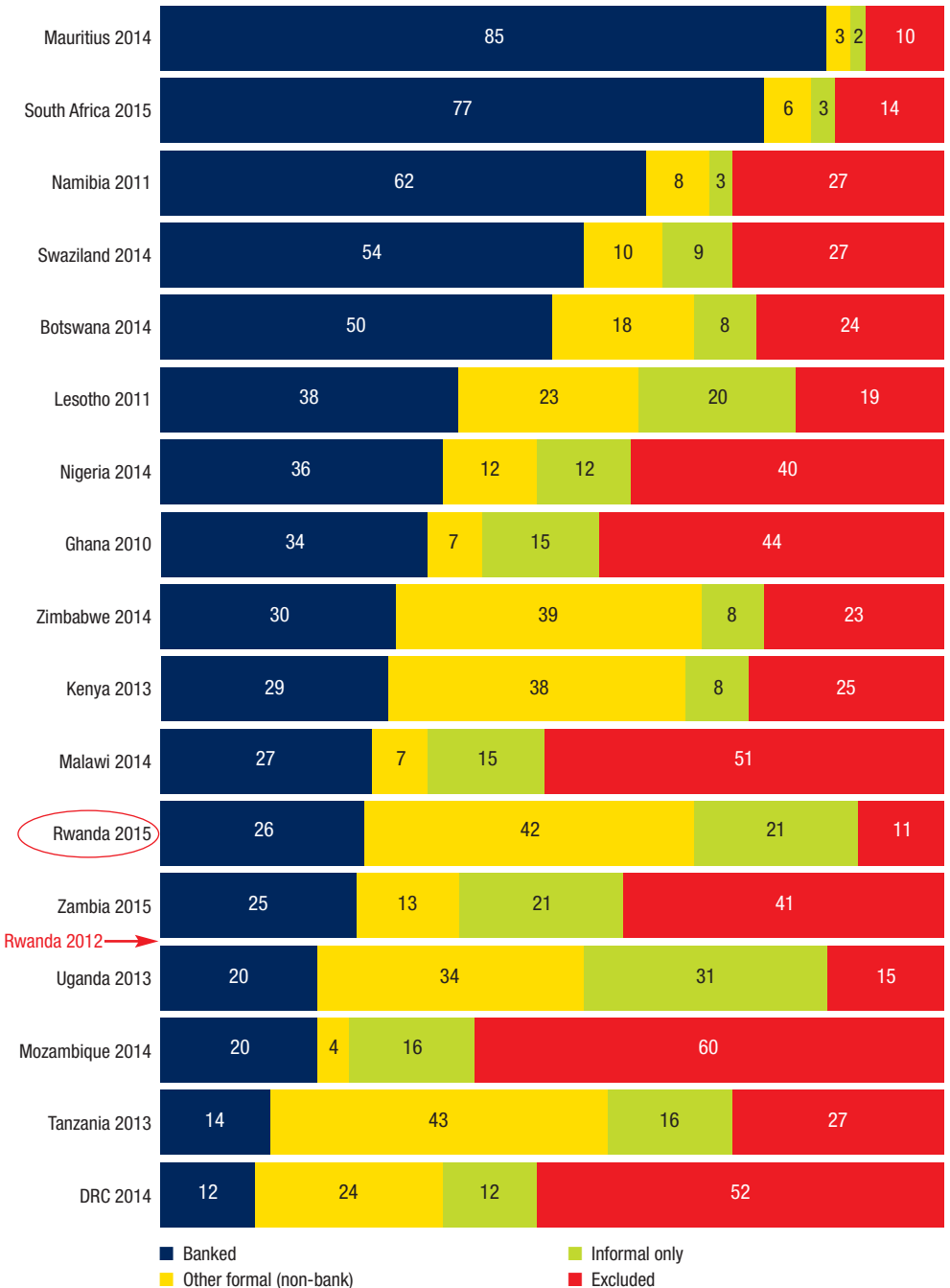


<sup>4</sup> The Ubudehe classification was launched in 2001 to classify people in 6 categories according to their wealth. It was reduced to 4 categories in 2013.

**FIGURE 25: ACCESS STRAND BY AGE GROUP**

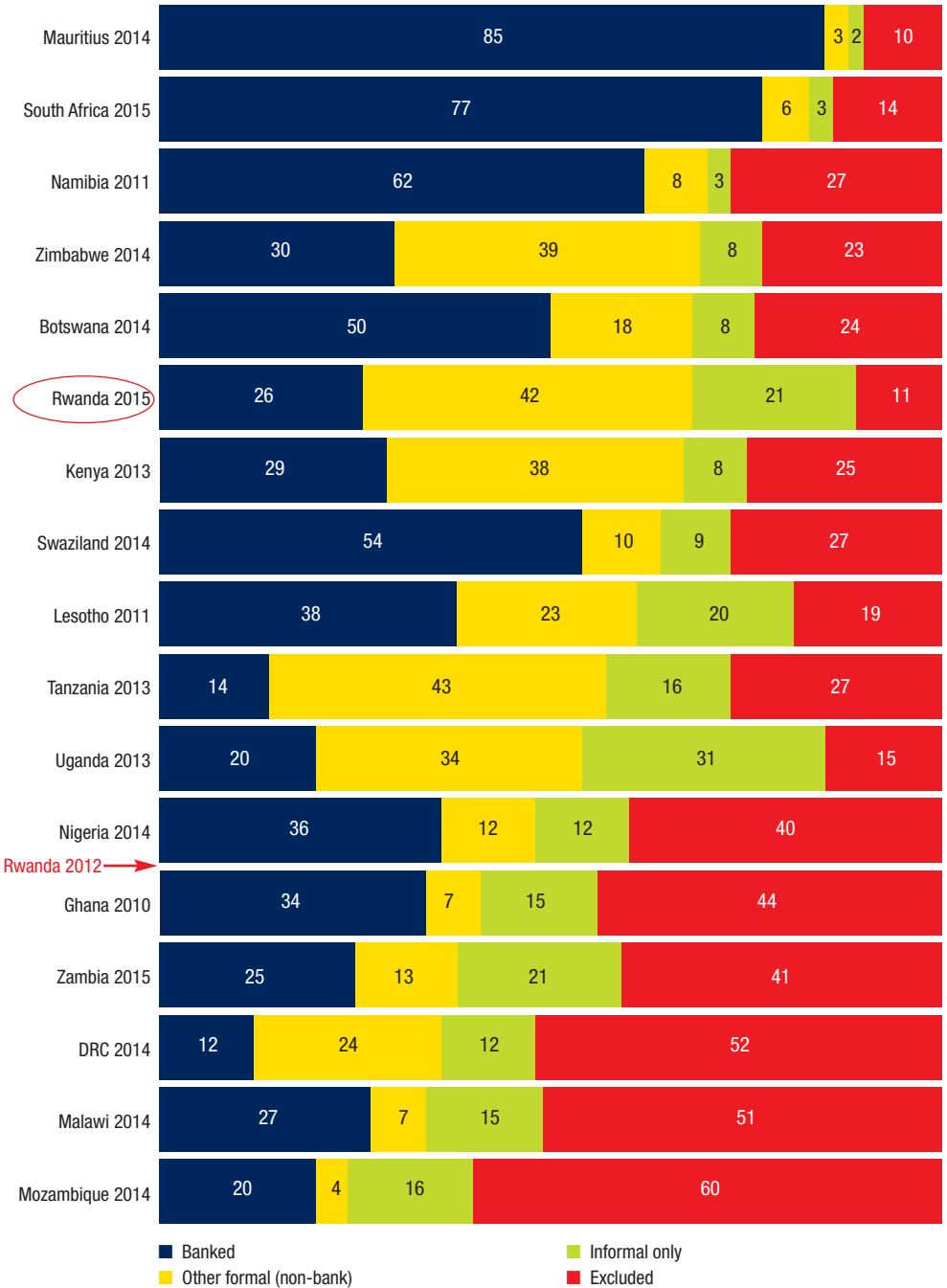


**FIGURE 26: COMPARISON OF THE RWANDAN ACCESS STRAND WITH THAT OF OTHER AFRICAN COUNTRIES WHERE FINSCOPE SURVEYS HAVE BEEN CONDUCTED – RANKED BY BANKED POPULATION**

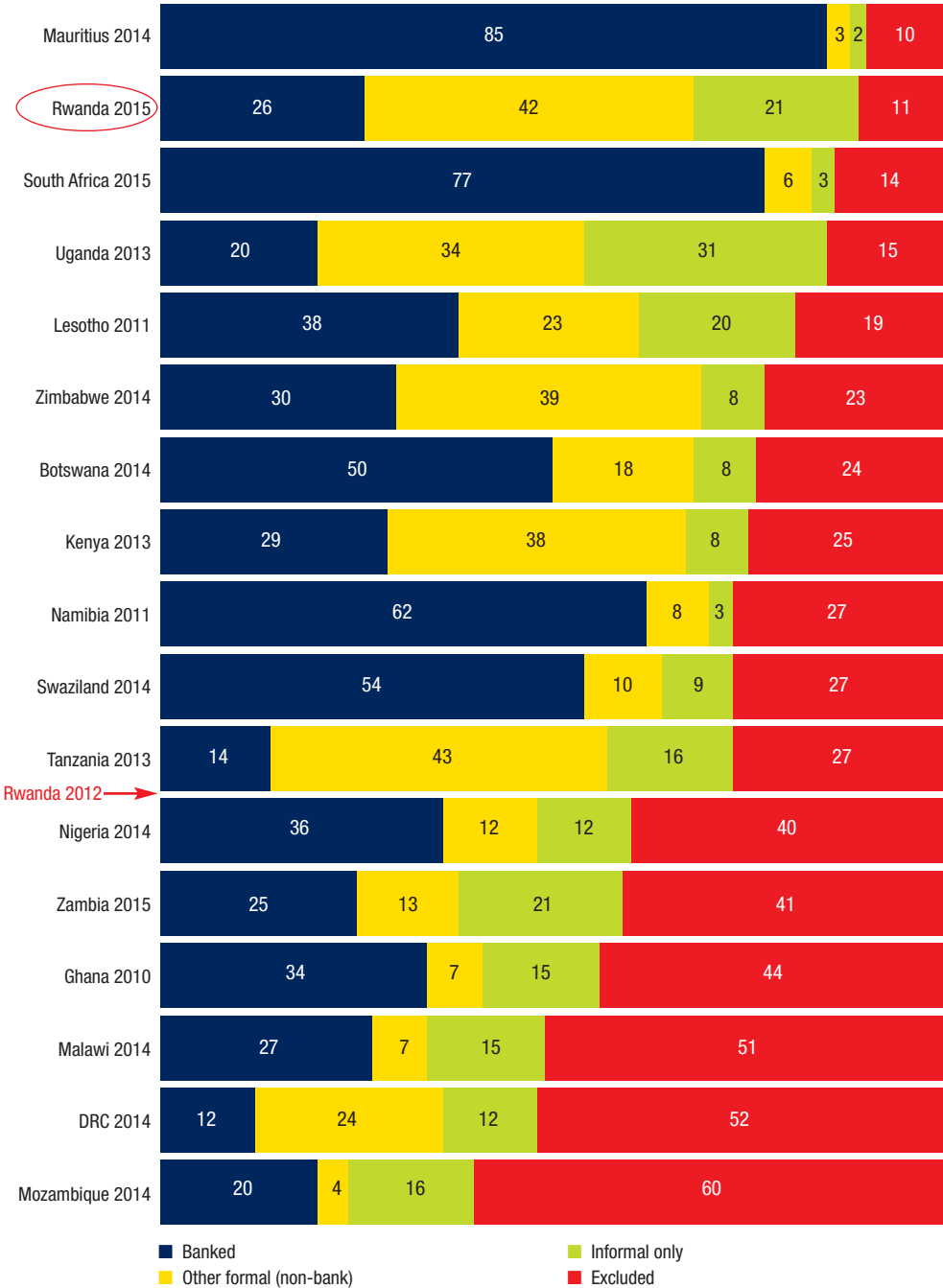




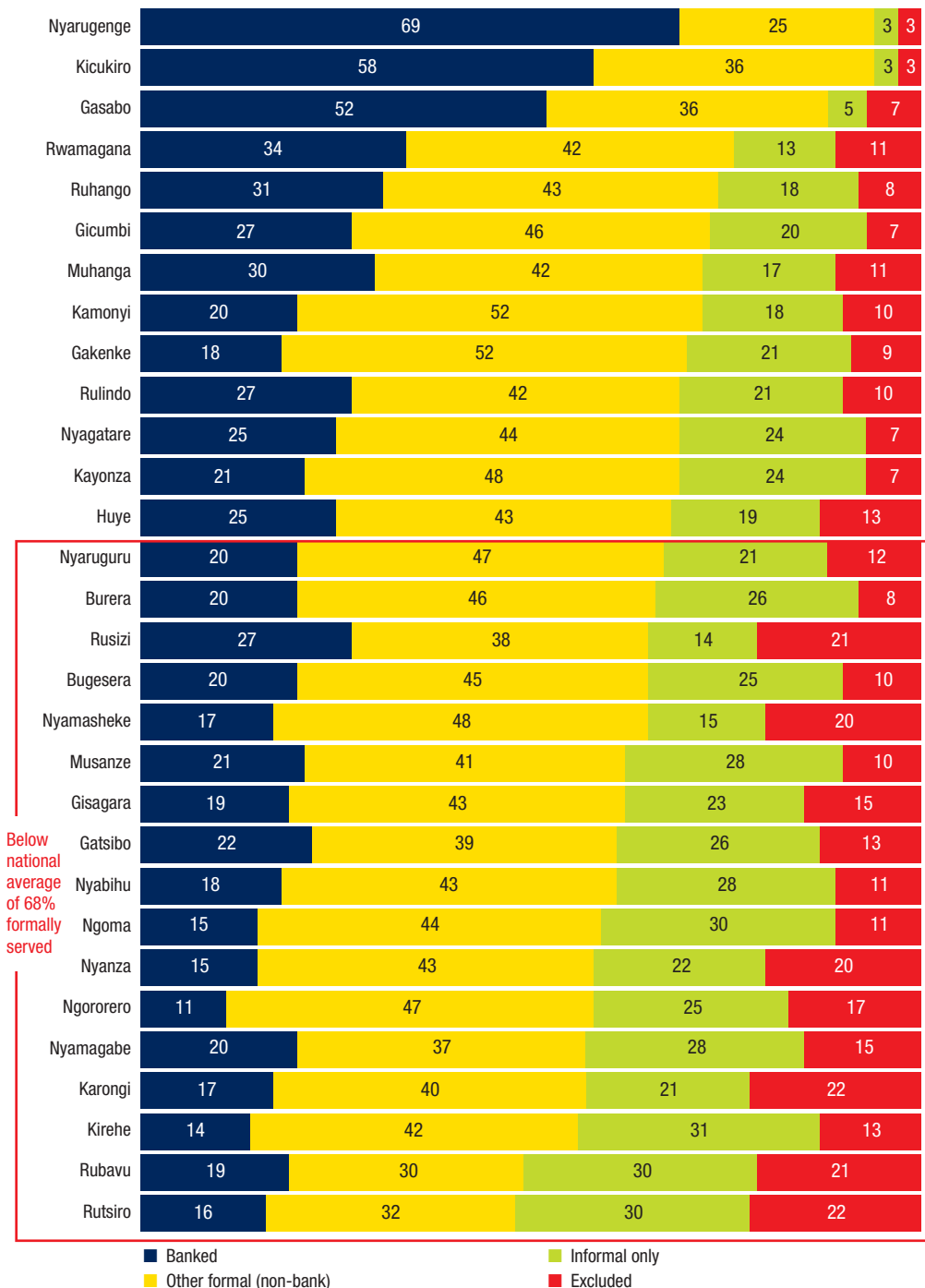
**FIGURE 27: COMPARISON OF THE RWANDAN ACCESS STRAND WITH THAT OF OTHER AFRICAN COUNTRIES WHERE FINSCOPE SURVEYS HAVE BEEN CONDUCTED – RANKED BY FORMALLY SERVED POPULATION**



**FIGURE 28: COMPARISON OF THE RWANDAN ACCESS STRAND WITH THAT OF OTHER AFRICAN COUNTRIES WHERE FINSCOPE SURVEYS HAVE BEEN CONDUCTED – RANKED BY FINANCIALLY INCLUDED**



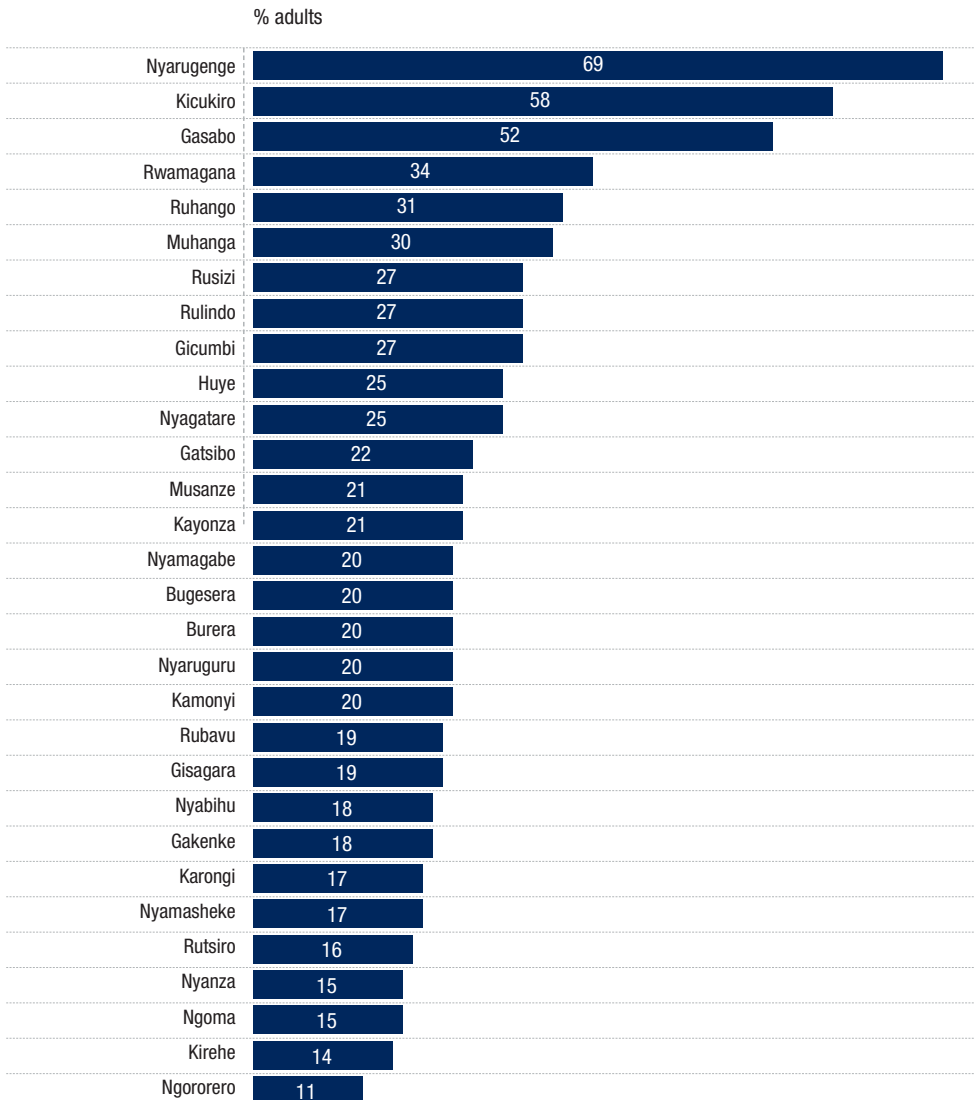
**FIGURE 29: ACCESS STRAND BY DISTRICTS**



# 7. Banking and payments

About 26% (around 1.5 million) adults in Rwanda are banked (meaning they have bank accounts in their names or joint accounts and/or are using banking channels or services to manage their finances). The proportion of the banked adults varies considerably across the districts and ranges from 69% in Nyarugenge district to only 11% in Ngororero district.

**FIGURE 30: PROPORTION OF ADULT POPULATION THAT ARE BANKED BY DISTRICTS**



Banked population is up by 442 305 since 2012. Findings also show a high level of ‘cross-selling’ within the sector and as a result the growth in the banked population is slight, but the number of multiplicity of banking accounts per person from different institutions is on the rise:

- About 20% of the banked population has two or more bank accounts from different bank institutions
- Average banking products per client is 3.08, meaning that 92% of the banked population has 3 or more banking products, up from 2.36 in 2012

The table below shows an increase uptake of the following products/channels:

- Debit cards
- Loan from a bank
- High uptake of mobile banking

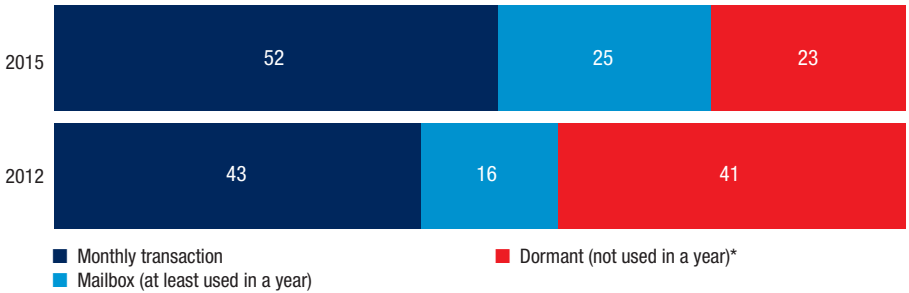
**TABLE 9: BANKED PRODUCT UPTAKE**

	2012	2015	Growth/decline
Banked population	1 022 236	1 464 541	442 305
Savings account	707 465	744 574	37 109
Loan with a bank	103 888	219 708	115 820
An ATM/Debit card	96 475	207 563	111 088
Credit card	2 075	5 283	3 208
Current or cheque account	570 887	588 200	17 313
Overdraft	20 171	12 833	-7 288
Foreign bank account	1 527	3 356	1 829
Mobile banking	–	180 493	180 493
Internet banking	–	15 316	15 316

## 7.1 Bank product usage

- 52% of bank clients used at least one bank product during the month prior to the FinScope 2015 survey; an additional 25% used at least one product during the 6 months prior to the survey
- 23% of the banked adults have dormant accounts, meaning it was not used in the past year prior to the survey
- 30% of the banked population used e-payments monthly
- 0.7 million (12%) adults pay school fees through a bank

**FIGURE 31: PROPORTION OF ADULT POPULATION THAT ARE BANKED BY DISTRICTS**



\*Note: 41% in 2012 also included those who used bank account more than six months prior to FinScope Rwanda 2012

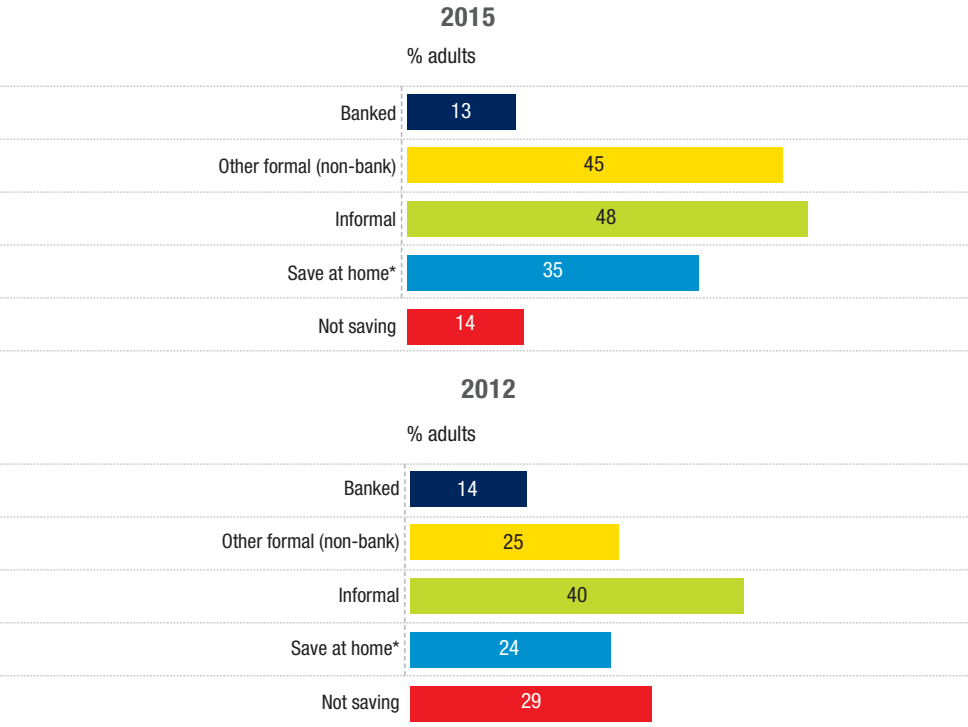
# 8. Savings

Savings are the leading product type and one of the main drivers of financial inclusion for Rwanda. This is encouraging as savings enables adults to create wealth, pay for household furniture and equipment and most importantly, can be used as collateral for accessing credit.

Figure 32 illustrates that:

- 13% of adults save in banks (a decline is noted from 15% in 2008, to 14% in 2012)
- 45% of adults have a formal savings product from a non-bank (up from 25% in 2012), financial institution (this could be savings form SACCOs, mobile money)
- 48% use other informal savings mechanisms such as savings groups
- 35% of adults claim to save at home or with someone in the household (up from 24% in 2012). Reasons for saving at home includes convenience and or accessibility

**FIGURE 32: SAVINGS OVERALL**

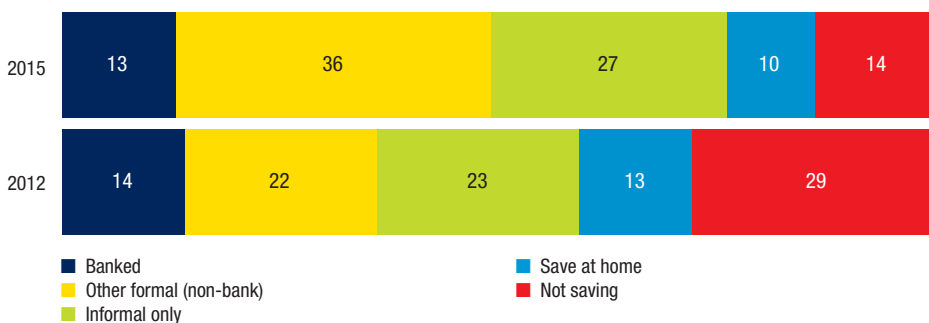


\* (Secret place or with someone in the household)

In constructing this strand, the overlaps in savings product/services usage are removed:

- 14% of adults do not save [= declined, 29% 2012]
- 10% (0.6 million) keep all their savings at home, i.e. they do not have/use formal or informal savings products or mechanisms [= decreased, 13% in 2012]
- 27% rely on informal mechanisms such as savings groups (they might also save at home, but they do not have/use any formal savings products) [= increased, 23% in 2012]
- 36% have/use other formal non-bank savings products (they might also have/use informal savings mechanisms and/or save at home, but they do not have/use savings products from a commercial bank) [=increased, 22% in 2012]
- 13% have/use savings products from a commercial bank (they might also have/use other formal and/or informal mechanisms, and/or save at home) [= slight decline, 14% in 2012]

**FIGURE 33: SAVINGS STRAND**



While there is significant uptake in savings using other formal non-bank institutions, adults in Rwanda continue to save at home (secret place or with someone in the household):

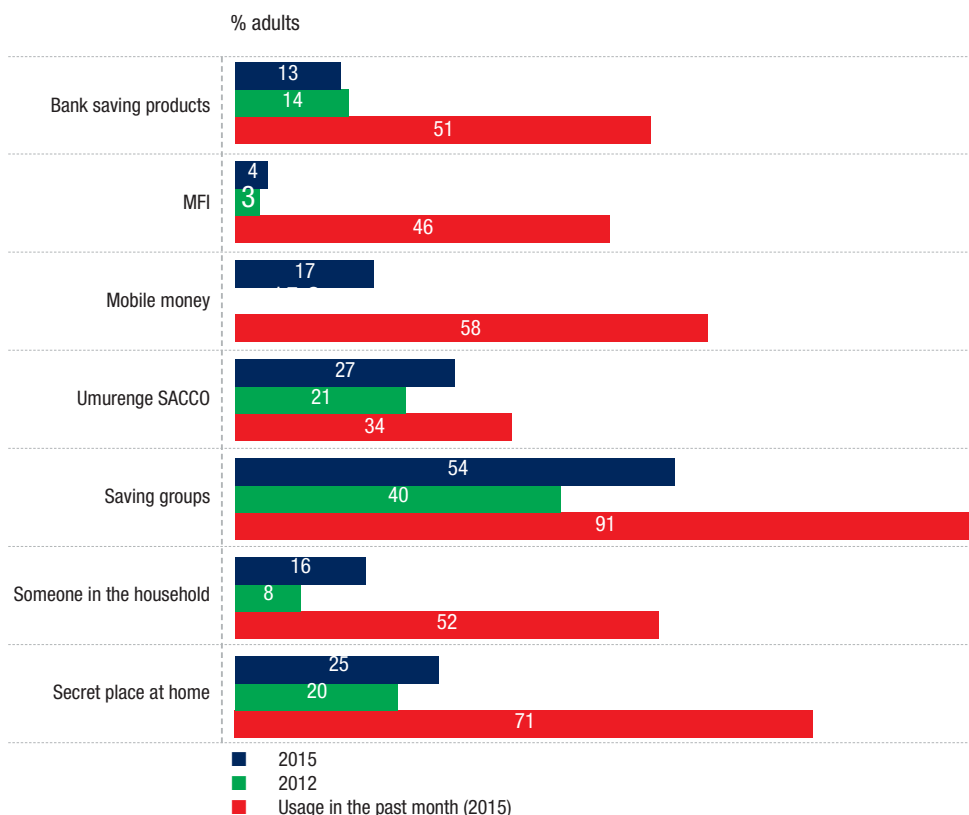
- Drivers for saving remain short-term (72% of those who use savings products, save for living expenses for when times are hard)
- Adults who save with savings groups and at home have high monthly usage compared to adults using formal saving institutions

Increase in saving mechanisms is driven by mobile money and Umurenge SACCOs:

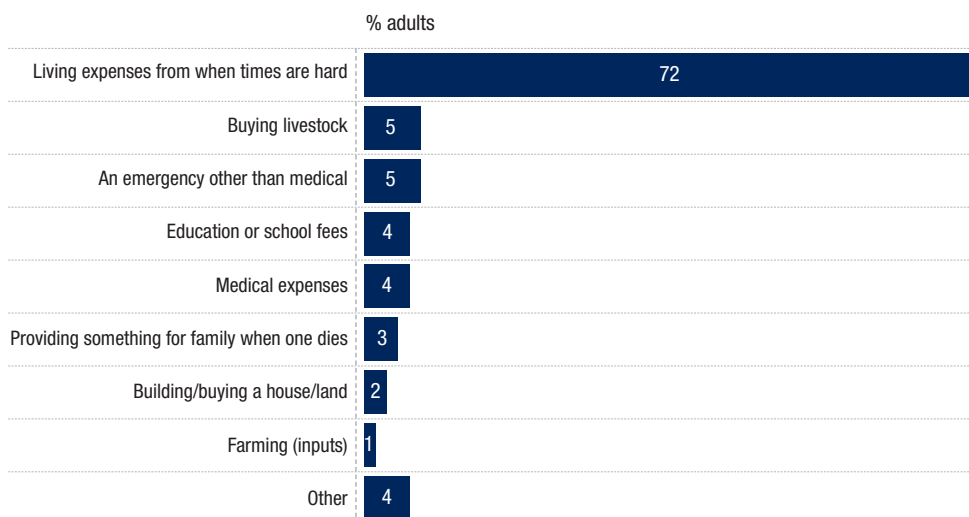
- SACCO: 21% in 2012 to 27% in 2015
- Mobile money: 17% save through mobile money
- Savings groups: 40% in 2012 to 54% in 2015
- Save in secret place at home: 20% to 25% in 2015



**FIGURE 34: SOURCES FOR SAVINGS AND USAGE**



**FIGURE 35: DRIVERS FOR SAVINGS**

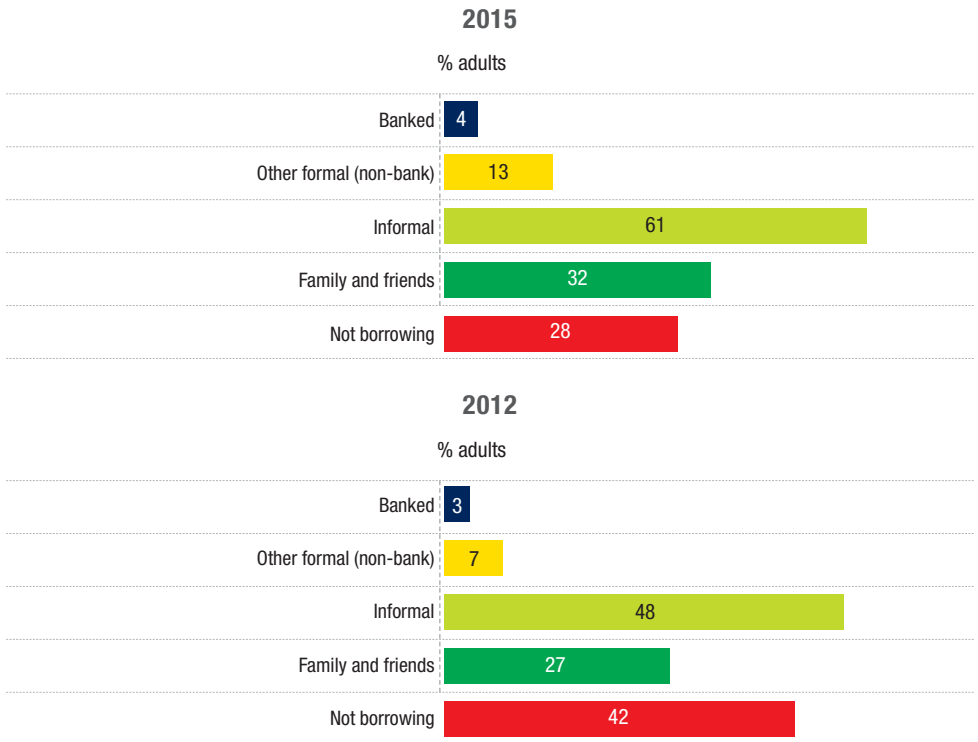


# 9. Credit

The study sought to examine the proportion of adults that borrow money or use credit to finance capital purchases, daily consumption or other needs like agricultural inputs. In Rwanda, 72% of adults borrowed money and the credit overall uptake revealed the following:

- 4% of adults borrow from the bank (up by 1 percentage point from 2012)
- 13% of adults have formal credit facilities from non-bank financial institutions
- 61% have informal credit – borrow from savings groups, use shop credit and money-lenders
- 32% of adults claim to borrow from friends and family, (up from 27% in 2012)

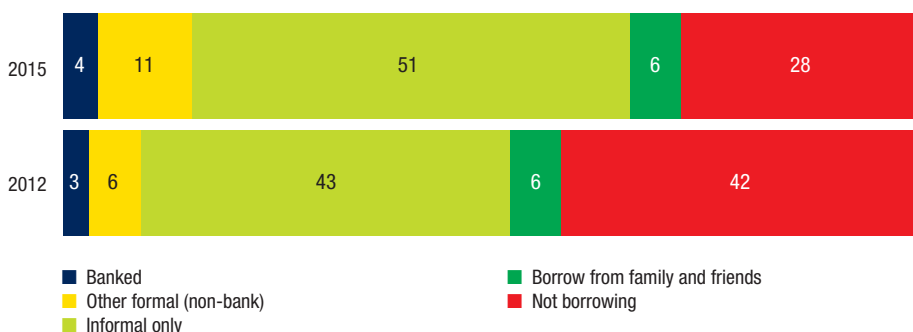
**FIGURE 36: CREDIT OVERALL**



In constructing the credit strand, the overlaps in financial products/services usage are removed

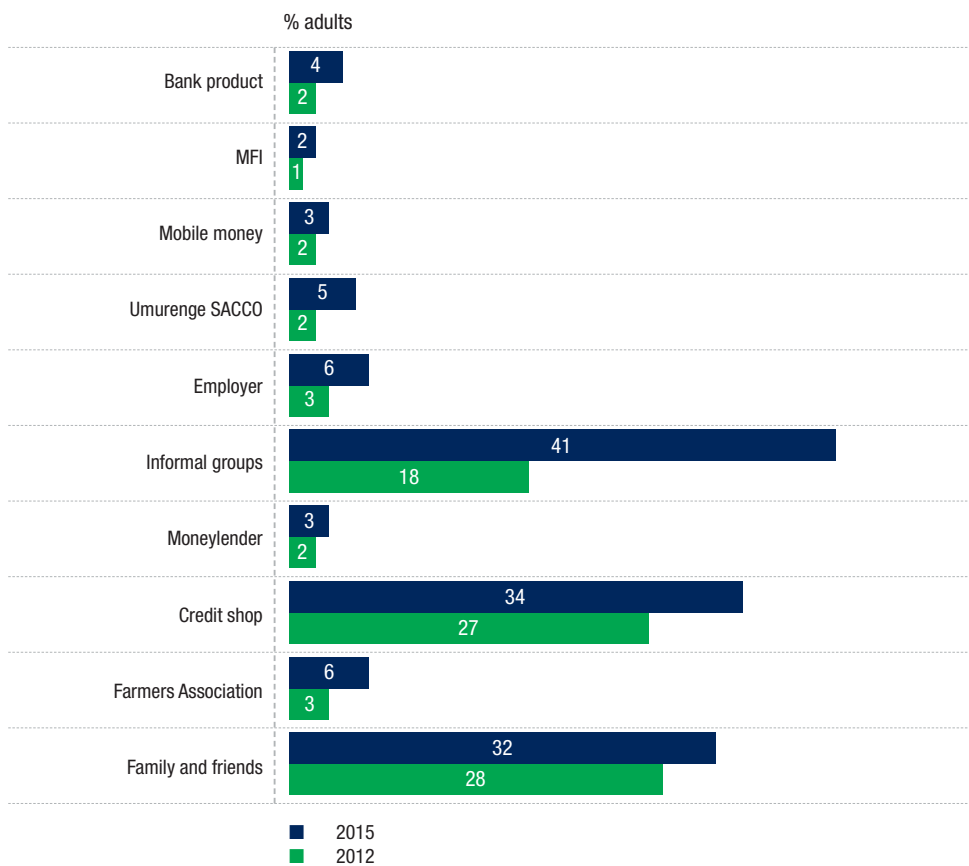
- 28% of adults do not borrow
- 6% rely on friends and family only, i.e. they do not have/use any credit products (neither formal nor informal)
- 51% rely on informal mechanisms such as money-lenders (they might also borrow from friends and family, but they do not have any formal credit products)
- 12% have/use formal non-bank credit products (they might also have/use informal mechanisms, but they do not have/use credit products from a commercial bank)
- 4% (0.2 million) have/use credit/loan products from a commercial bank (they might also have/use other formal and/or informal mechanisms, or borrow from friends and family)

**FIGURE 37: CREDIT STRAND**

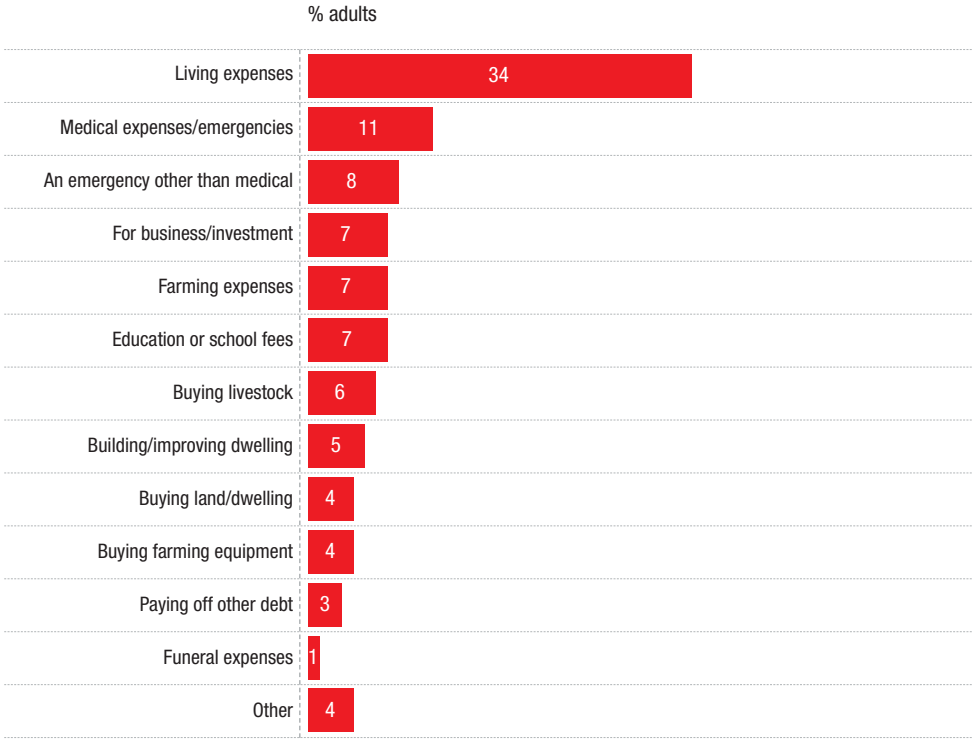


- There has been a general increase in usage of all sources of credit. Informal mechanisms remain the main source of borrowing in Rwanda
- Of those who are borrowing, about 1 in 3 borrowed money for living expenses
- Developmental credit (credit to invest in the business, farming, education and property) received 40% of mentions

**FIGURE 38: SOURCES OF CREDIT**



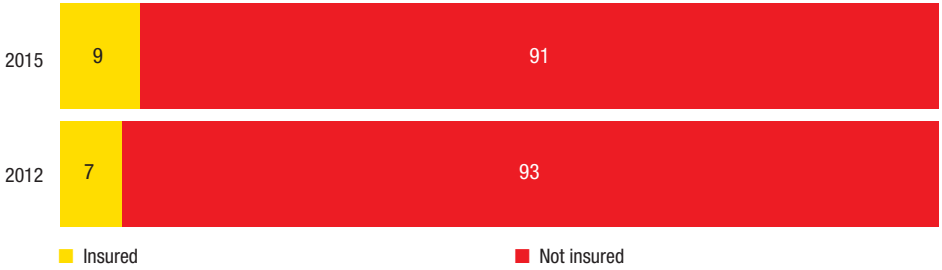
**FIGURE 39: REASONS FOR BORROWING**



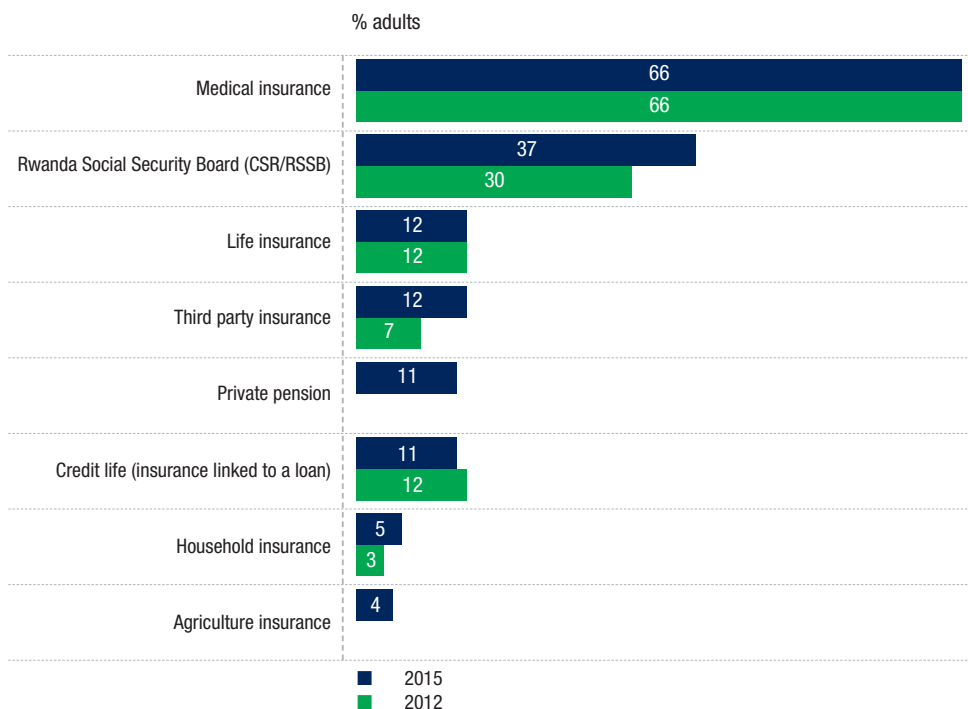
# 10. Insurance

As mentioned in section 4.3, risk poses a significant amount of strain on individuals and households alike especially if it is not covered. This has direct implications on the quality of one's life. The study explored the risks and hardships that people experience and which products they would use in covering such risks. In total, 9% adults in Rwanda have/use insurance products.

**FIGURE 40: INSURANCE UPTAKE**



- Insurance uptake increased from 327,962 in 2012 to 507,220 in 2015
  - Main growth is seen in RSSB and third party insurance
- Main barriers to uptake remain affordability (59%) and lack of awareness (37%)

**FIGURE 41: DRIVER OF INSURANCE UPTAKE**

## 10.1 Mutuelle de Sante

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

FinScope 2015 findings indicated that 77% of adults were covered by Mutuelle de Sante, up from 71% in 2012.

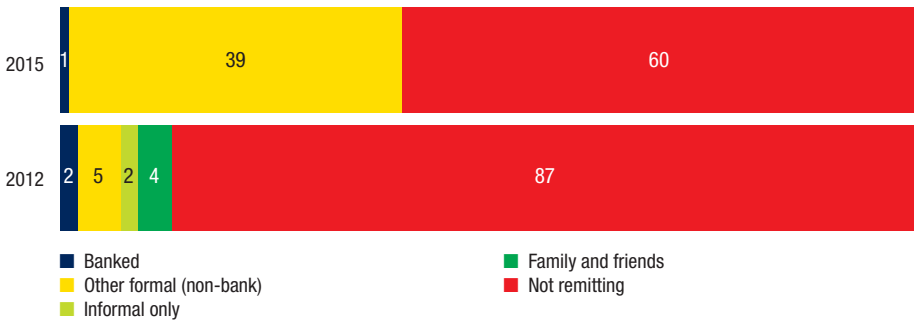
# 11. Remittances

Around 2.3 million (40%) adults in Rwanda either sent and/or received money from people living in a different place. The most common mechanism used to transfer money is through formal channels.

The number of remittances increased significantly compared to 2012. Are mobile money channels enablers in increasing remittances?

- Majority of those who sent money in the past six months prior to the survey used mobile money (86%)
- 23% who sent money to someone in a different place either took it there personally or sent it through a family member or friend
- Those who received money from someone in a different place used mobile money (82%)
- A few received money in cash through a relative or in person (13%)

**FIGURE 42: REMITTANCES STRAND**



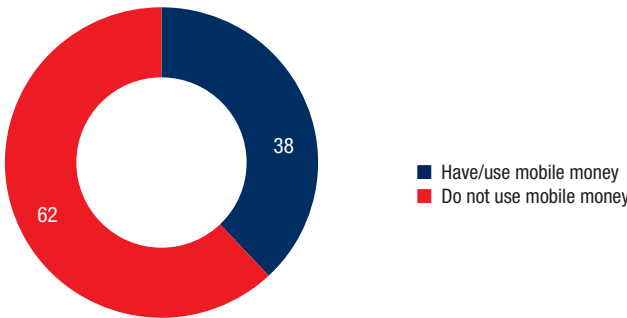


# 12. Mobile money

Mobile money is not well known in Rwanda – about 2 in 4 adults knew about mobile money and 75% (around 2.3 million) of those who know about mobile money use mobile money services. 85% of the adult population come from households that own one or more cellphones. The key driver in the increased numbers of adults with formal accounts is the uptake of mobile money:

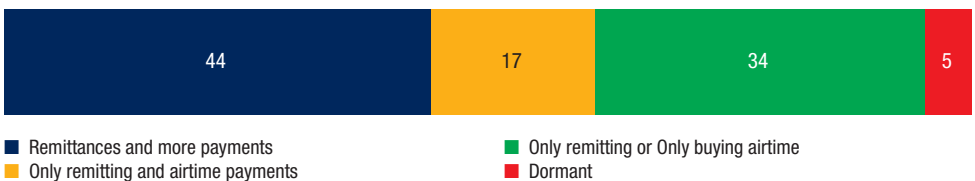
- 38% (34% registered and 10% currently using another's person's m-money account)
- 57% of m-money users started using this channel because they needed to remit money
- There are 46% (2.7 million) mobile money accounts in Rwanda including 12% (0.7 million) adults with more than one m-money account
- 1 in 4 use their m-money accounts monthly
- 65% use m-money less than once a month but few times a year

**FIGURE 43: MOBILE MONEY UPTAKE**



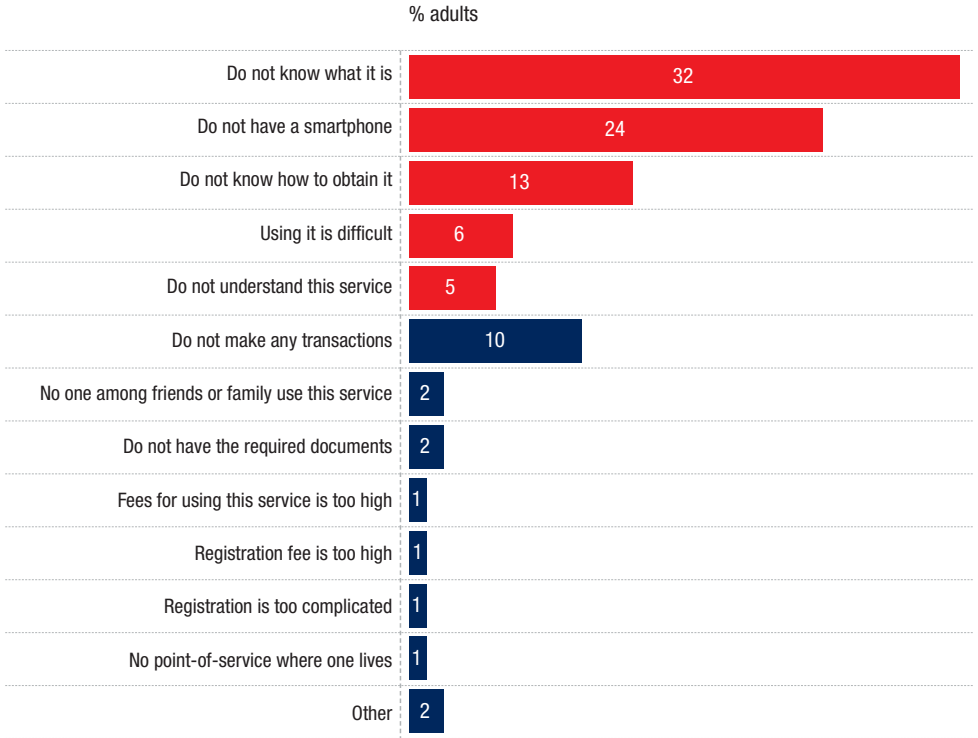
- A different trend to that of most of other developing countries, mobile money users in Rwanda use it for remittances and payments (i.e. savings and utility payments) at 44%
- 17% of mobile money users use it only for remitting money and airtime purchases
- 34% either use mobile money to remit money only or to buy airtime only
- 5% of those who have mobile money accounts are dormant

**FIGURE 44: MOBILE MONEY USAGE**



- Main barriers to mobile money uptake is unawareness and lack of product knowledge
  - 32% did not know about mobile money
  - 24% thought that one needs a smartphone in order to use mobile money services
  - 11% found it difficult to use or did not understand how to use mobile money

**FIGURE 45: BARRIERS TO MOBILE MONEY USAGE**



# 13. Landscape of Access

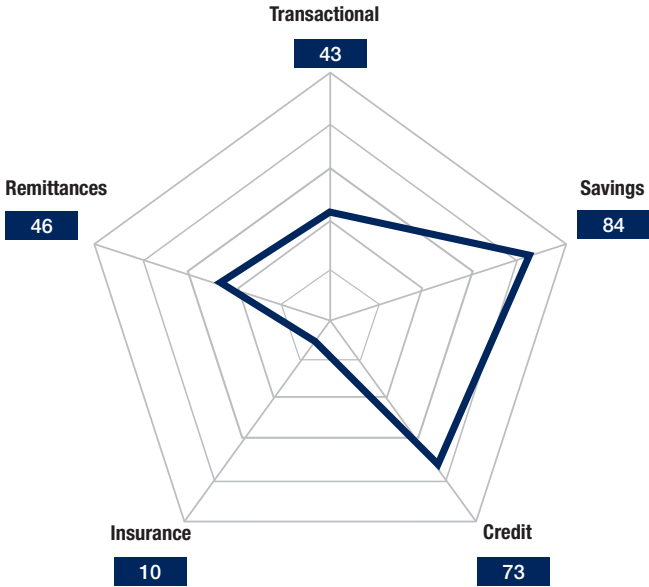
The FinScope Landscape of Access is used to gain insight into the type of financial products held or used. Landscape of Access looks at the types of products taken up by consumers who are financially included (5.2 million) and describes the percentage of adults that have/use formal and informal products/mechanisms, including the following:

- **Transactional products/services** – current accounts, debit cards, credit cards or basic savings accounts, which could be used for transactional purposes, etc.
- **Savings products/services** – Long and short-term products are included – i.e. basic savings accounts, fixed deposit accounts, shares, government and/or utility bonds, savings with savings groups, etc.
- **Credit products/services** – Loans from formal financial institutions and informal credit such as shop credit and credit from moneylenders; shops or savings groups, etc. are included.
- **Insurance products/services** – Risk management products from formal institutions
- **Remittances services/mechanisms** – remittances services provided by formal institutions such as Western Union or informal mechanisms such as paying taxi or bus drivers a fee to transport remittances, etc. are included.

The study findings summarised by Figure 46 revealed that:

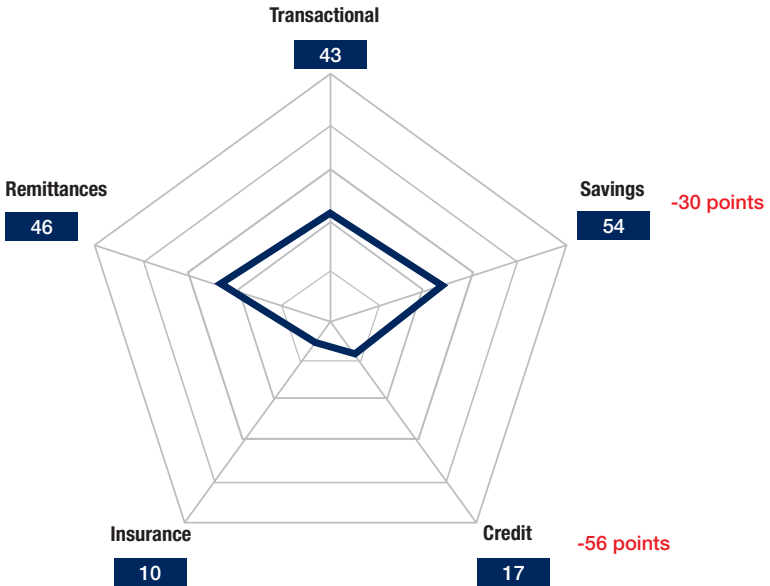
- Rwandan adults who are financially included were most likely to have savings products (84%)
- Transactional products/services have been reported by 43%
- Remittances (46%)
- Credit product (73%)
- Insurance (10%)

**FIGURE 46: LANDSCAPE OF ACCESS – FINANCIALLY INCLUDED**



The figure below illustrates the role played by informal mechanisms in driving credit and savings:

**FIGURE 47: LANDSCAPE OF ACCESS – FORMALLY SERVED**



# 14. Excluded population

Around 12% (including those who are between the ages of 16 to 17 years of age (around 0.7 million individuals) 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. Rutsiro, Karongi, Rubavu, Rusizi, Nyaza and Nyamasheke feature the highest levels of financial exclusion (see figure 29).

Table 10 provides an overview of the characteristics of adults using informal mechanisms indicating that the financially excluded population was most significantly skewed towards (vulnerable groups):

- Adults from ubudehe category 1
- Women
- 16 – 17 years age and 60 years and older categories
- Never married and widowed (spouses do not appear as barrier to take up financial products)
- Those who receive their income from piece-work
- Adults without formal education

**TABLE 10: DISTRIBUTION OF EXCLUDED ADULT POPULATION**

	Total population	Excluded		Total population	Excluded
<b>Gender</b>			<b>Source of income</b>		
Male	43	35	Salaried	6	0
Female	57	65	Wages from farmer	9	9
<b>Age category</b>			Money from farming	50	43
16 – 17 years	6	13	Piece-work	37	46
18 – 30 years	34	33	<b>Level of education</b>		
31 – 40 years	23	14	No formal education	21	33
41 – 50 years	16	10	Primary 1 – 3	14	17
51 – 60 years	11	12	Primary 4 – 6	40	35
Older than 60 years	10	18	Secondary 1 – 3	11	10
<b>Marital status</b>			Secondary 4 – 6	10	5
Never married	28	38	University or other higher education	3	0
Married	52	36	Vocational training	1	0
Living together	8	8	<b>Ubudehe category</b>		
Divorced/Separated	4	5	Category 1	13	24
Widowed	9	14	Category 2	45	40
<b>Physically challenged</b>			Category 3	25	16
Have disability	5	8	Category 4	6	4

Significantly over-represented in informally served population



# 15. Summary

The table below summarises the thematic landscape of financial inclusion for the 5 provinces and 30 districts under review, namely the proportion of the adult population that are banked (active versus inactive), savings, mobile money, formal accounts usage.

**TABLE 11: FINANCIAL INCLUSION INDICATORS SUMMARY**

Regions & Districts	Banked			Savings		Mobile money	Usage of formal accounts		
	Monthly %	Mailbox %	Dormancy %	Umurenge SACCO %	Savings group %	M-Money account %	Past month %	Six months %	Inactive %
<b>Rwanda (total population)</b>	52	25	23	33	56	38	49	30	21
<b>Kigali City</b>	66	20	14	26	34	71	73	19	8
Nyarugenge	71	17	12	23	26	77	74	16	10
Gasabo	60	21	19	30	41	65	72	20	7
Kicukiro	66	21	12	24	31	74	73	19	9
<b>Southern Province</b>	50	28	23	37	56	33	40	25	25
Nyanza	55	15	30	28	47	29	34	39	27
Gisagara	42	28	30	44	56	25	26	40	35
Nyaruguru	58	27	15	47	60	29	42	28	31
Huye	43	40	17	41	51	33	35	37	28
Nyamagabe	37	24	39	31	59	27	35	36	30
Ruhango	51	27	22	35	59	47	47	37	16
Muhanga	44	34	22	38	56	39	45	37	18
Kamonyi	73	16	1	34	58	40	50	27	23
<b>Western Province</b>	44	34	22	28	48	29	42	33	25
Karongi	72	18	10	27	47	30	46	30	24
Rutsiro	34	12	54	31	50	20	38	42	21
Rubavu	41	37	22	21	46	22	51	34	16
Nyabihu	34	54	12	32	66	33	39	38	23
Ngororero	39	39	22	29	57	26	33	28	40
Rusizi	39	41	20	25	31	38	47	31	22
Nyamasheke	41	30	28	32	47	35	41	31	29
<b>Northern Province</b>	44	27	29	40	72	32	49	30	21
Rulindo	43	30	28	40	61	29	58	26	16
Gakenke	22	33	45	40	73	35	46	29	24
Musanze	36	38	27	32	73	34	48	21	22
Burera	43	19	39	41	76	23	37	37	26
Gicumbi	66	20	14	46	76	37	53	28	18
<b>Eastern Province</b>	42	26	33	33	63	39	43	33	24
Rwamagana	45	29	31	39	47	51	53	33	14
Nyagatare	46	23	31	28	69	45	47	27	26
Gatsibo	49	33	18	31	64	38	41	36	24
Kayonza	19	25	56	40	65	36	27	38	36
Kirehe	41	27	32	33	67	30	42	35	22
Ngoma	14	10	76	33	59	30	34	41	25
Bugesera	56	22	22	31	66	40	50	25	25

In total, 89% of adults in the region are financially included (including both formal and informal financial products/services), 68% are formally served (including both banked and other formal non-bank financial products/services), 26% are banked, 43% have/use other formal financial non-bank products/services, 21% have/use informal mechanisms only, and 11% are financially excluded (they do not have/use any financial products/services neither formal nor informal, if they save they save at home, if they borrow they borrow from friends and family). Further, 86% of adults in Rwanda save (including all forms of savings, formal, informal, and savings at home), 72% borrow (including all forms of borrowing, formal, informal, and borrowing from friends/family), 9% are formally insured, and 34% remit money (including all forms of remittances). 38% of adult Rwandans have mobile money accounts. Rwanda is diverse in terms of the uptake of financial products and services. Overall levels of financial inclusion, formal inclusion, uptake of informal banking, as well as other formal (non-bank) vary considerably across the districts. Further, the proportion of the adult population that saves, borrows, is insured, and/or remits money varies significantly.

# 16. Conclusions and opportunities

This summary report intends to provide an overview of financial inclusion in Rwanda by comparing and contrasting different districts in the country. The summary report enriches one's understanding of the challenges and progress of financial inclusion in the country.

The findings indicate that constraints and challenges in access and usage must be addressed if there is to be further progress. The FinScope study has shown that the main perceived barriers to banking in Rwanda relate to low or insufficient income or insufficient, irregular employment. Key barriers to the uptake of mobile money and insurance relate to product unawareness and/or product knowledge.

If there is the desire to bank the 4.4 million unbanked adult population or to use informal mechanisms used by the 4.2 million adults as a vehicle for financial outreach, there must be a quantum leap in the regulation and innovation of products and services to meet the needs of the market (specifically the 21% of adults that rely exclusively on informal mechanisms to manage their money).

The survey shows that low, insufficient or irregular income and limited product knowledge remain key barriers in extending access to financial services throughout the country. There is a greater need for the continued use of other distribution models to provide support for the poor and low income earners. Therefore, the financial inclusion journey still requires striking a delicate balance between over-and-under regulation and a new generation of innovators with vision, passion and determination, who will find ways around obstacles.

Based on the survey, opportunities to continue to bring the financially excluded into the realm of financial inclusion and/or to deepen financial inclusion include the following:

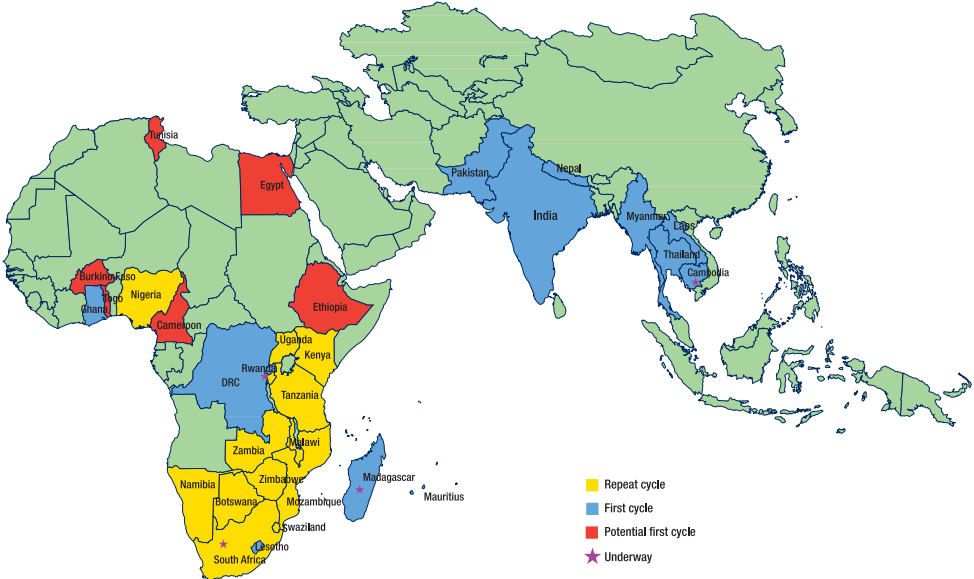
1. Continuous measuring of financial inclusion
  - To understand people's experience of and their interaction with financial services, as well as the impact of financial services on their lives
2. Innovation
  - Sector to pioneer policy and regulation that responds to market innovations and open space for new approaches for the delivery of financial services
  - Sector innovation approaches that provide guidance for policy and regulation in order to foster the safe and sound adoption of innovative, adequate, low-cost financial service delivery models



3. Deepening financial inclusion beyond having/access to financial products/services
  - Improved understanding of benefits, costs and risks of financial services increases the likelihood of the beneficial use of appropriate financial services
  - Microinsurance – the book illustrates that there are huge obstacles in ensuring the protection of low-income people against perils in the country. However, through continuous efforts to understand the country’s challenges and development of appropriate, relevant, affordable and effective premium collection, a microinsurance strategy is realistic
  - Opening mobile money usage beyond remittances and/or airtime top-ups – safe and convenient place to keep money, easy access to their money, transactional capacity and product education and awareness drive will ensure deepened mobile money usage and increased uptake
  - Informal mechanisms (informal markets) being used as vehicles for financial outreach particularly in the remote rural sectors –Umurenge SACCOs and mobile money are key channels to reduce the vulnerability of adults who rely on informal mechanisms only
  
4. Continuous financial education aimed at changing financial behaviour, generic (targeted) financial products/services and financial products/services knowledge (including product functionality and customers’ benefits)

# 17. 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.







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