

FINANCIAL INCLUSION

FINANCIAL INCLUSION is the availability and usage of affordable financial products and services provided by professional institutions to all society segments including vulnerable and low-income population groups, and small businesses.

Financial inclusion is increasingly being recognised by the UN and other development partners as one of the most powerful tools to fight poverty. Access to finance is essential for enabling individuals and families to invest in their lives and shape their future as well as it is essential for businesses to invest, employ people, and grow. Formal financial systems strengthen the financial sector on a national level and enable resource mobilisation at household level.

THE BIFSIR PROGRAMME

THE BIFSIR PROGRAMME (2010-2015) seeks to tear down the barriers for financial inclusion in Rwanda by contributing to capacity building of stakeholders at the macro, meso, micro and client levels, with an overall objective to make sustainable, high quality and diversified financial services accessible to the less advantaged. With a total budget of USD 8,038,364, BIFSIR is implemented with support from Republic of Korea-UNDP MDG Trust Fund, UNDP and UNCDF under the leadership of the Ministry of Finance and Economic Planning (MINECOFIN). Key partners include Ministry of Trade and Industry (MINICOM), National Bank of Rwanda (BNR), Rwanda Cooperative Agency (RCA) and private sector players like the Association of Microfinance Institutions (AMIR), Microfinance institutions (MFIs), SACCOs and individual clients.



FINANCIAL INCLUSION IN RWANDA



FINANCIAL PRODUCTS AND SERVICES

Usage among adult population



Sources: data.worldbank.org/country/Rwanda and the FinScope Rwanda Report 2016

PROGRAMME APPROACH:

CATALYTIC CAPITAL LEVERAGE LOCAL AND EXTERNAL CAPITAL THROUGH INITIAL INVESTMENTS	POLICY ADVICE CREATE ENABLING POLICY ENVIRONMENTS FOR MICROFINANCE INSTITUTIONS AND LOCAL GOVERNMENTS	TECHNICAL SUPPORT TRANSFORM CAPABILITIES FOR MORE EFFECTIVE AND EFFICIENT BASIC SERVICE DELIVERY
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BIFSIR IS ALIGNED TO:

UNDAP RWANDA UNITED NATIONS DEVELOPMENT ASSISTANCE PLAN (2013-2018)	EDPRS II ECONOMIC DEVELOPMENT AND POVERTY REDUCTION STRATEGY	FSDP II FINANCIAL SECTOR DEVELOPMENT PROGRAMME	NMPIS II NATIONAL MICROFINANCE POLICY IMPLEMENTATION STRATEGY
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The BIFSIR project is made possible through a partnership between the Government of Rwanda, the Government of the Republic of Korea, UNDP and UNCDF.

BUILDING AN INCLUSIVE FINANCIAL SECTOR *in Rwanda*

BIFSIR THEMATIC AREA: DIGITAL FINANCIAL SERVICES



Empowered lives. Resilient nations. Unlocking Public and Private Finance for the Poor



THEMATIC AREA

DIGITAL FINANCIAL SERVICES

INNOVATIVE BANKING

The government of Rwanda has identified technology as a key driver of development and currently new innovative digital products are being rolled out all over the country. BIFSIR supported Urwego Opportunity Bank (UOB) to implement mHose, a mobile Agent Banking system that provides mobile banking to the poor with savings and loan repayment transactions facilities. BIFSIR has also supported Umutanguhuha Finance (UF) to initiate branchless banking and introduce Point of Sale (POS) systems to trained focal points in rural areas. Thereby enabling, remotely located communities and very poor people to access and benefit from formal financial services. Both initiatives have contributed significantly to expanding the outreach of formal financial services in Rwanda.

IMPACT OF AGENT BANKING

"We used to travel to Kigali for any types of bank businesses. Depositing or withdrawing money would involve a minimum of three hours of transportation and it would cost you at least RWF 2,000 (USD 2.5), which is a substantial amount of money for most people in this area. Therefore, many people around here did not even consider to open up bank accounts. Today, it is a different story: Even though the banks are still located far from here, Agent Banking has completely changed they way local people use financial services. It is now easy to take out money, repay loans and make other transactions. It is even more safe, because we do not have to travel with the money."

Peresi

mHose Agent, Rwamagana District

INTRODUCTION

Mobile phones have evolved to become one of the most user friendly tools of economic empowerment for poor people in developing countries. Because mobile phones allow instant and safe transactions through new financial products and services such as Mobile Money and Agent Banking, local and national markets have become more inclusive and efficient.

Mobile Money is a money transfer system using accounts that are accessible from mobile phones.

Agent Banking is a branchless banking system under which a business owner or employee can process clients' transactions on behalf of a financial institution or a mobile network operator.




In Rwanda, **2.3 million** people use mobile money. **34%** of all Rwandan adults are registered for mobile money and further **10%** use someone else's mobile money account.

Source: FinScope Rwanda Report 2016

EMPOWERING WOMEN

Digital financial services effectively address the savings barriers that are often experienced by women. These are typically mobility and time constraints, lack of safety, and low levels of financial literacy. The new digital technologies offer accessibility, convenience, privacy and security, and thus represent a huge opportunity for the promotion of women's financial inclusion. With the support from BIFSIR:


38,402
new subscribers
have been
registered


67%
of the subscribers
are women


311
new bank agents
recruited


311
POS
distributed