RWANDA FinScope 2024

ACCESS TO FINANCE RWANDA

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FOREWORD

Financial inclusion is a crucial element in promoting national economic development as it enhances financial stability, promotes economic growth, and reduces poverty. Cognizant of this fact, the Government of Rwanda has made "Universal Access to Financial Services" one of its long-term development priorities and commendable efforts, over the implementation of the National Strategy for Transformation (NST1), were geared towards ensuring that all segments of the Rwandan population have access to financial services.

On behalf of the Ministry of Finance and Economic Planning (MINECOFIN) and other Fin-Scope 2024 sponsors, namely: Access to Finance Rwanda (AFR), the National Bank of Rwanda (NBR), and the National Institute of Statistics of Rwanda (NISR), I am delighted to introduce this timely report on financial inclusion in Rwanda – the first produced after the COVID-19 pandemic that affected economies and livelihoods across the world. This is the fifth FinScope survey report since 2008 when the first FinScope report was produced, and subsequent surveys that were conducted in 2012, 2016, and 2020.

This report provides valuable insights into our progress highlighting the importance of current strategies and initiatives in driving financial inclusion. Notably, Rwanda has achieved an impressive 96% financial inclusion rate, with formal inclusion at 92%, surpassing the NST1 target of 90% by 2024. The Rwanda FinScope 2024 findings show that though we are 4% points behind, the NST1 set target (100%), Rwanda is on the right path. There has been a substantial increase in formal financial inclusion (insurance, pension, and mobile money) since 2020, reducing the number of adults who are exclusively dependent on informal mechanisms to just 4% in 2024 from 16% in 2020. Progressively, the number of excluded adults has reduced from 7% in 2020 to 4% in 2024. These results highlight great efforts made and areas for improvement as we continue to improve the lives of Rwandans.

The findings of this report align with our national priorities, as outlined in the Financial Sector Development Strategic Plan (2018-2024) and will inform our policy decisions and guide our efforts to promote financial inclusion and economic development in Rwanda. The survey also coincides with the end of the National Strategy for Transformation (NST1) and the Financial Sector Development Strategic Plan offering an opportunity to inform the design of the next generation of mid-term development strategies in Rwanda.

I commend AFR as well as other partners who contributed to the production of this very important report for their rigorous research and analysis, and I encourage all stakeholders to carefully consider the recommendations presented herein. Together, we can work towards a more financially inclusive and prosperous Rwanda, where all citizens have access to the financial services they need to thrive and effectively contribute to Rwanda's sustainable economic development.

Yusuf Murangwa
Minister of Finance and Economic Planning

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Jean Bosco Iyacu
Chief Executive Officer, Access to Finance Rwanda

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ACRONYMS AND ABBREVIATIONS

AFR	Access to Finance Rwanda
COVID-19	Coronavirus Disease 2019
DFS	Digital Financial Services
EAs	Enumeration Areas
EASA	Edge Analytics Solutions and Advisory
FAS	Financial Access Strands
FHS	Financial Health Score
FI2.0	Financial Inclusion 2.0
FI	Financial inclusion
FMT	FinMark Trust
FSDSP	Financial Sector Development Strategic Plan
FSPs	Financial Service Providers
JOA	Jersey Overseas Aid
LTSS	Long-Term Saving Scheme
MFIs	Microfinance Institutions
MINECOFIN	Ministry of Finance and Economic Planning
MINALOC	Ministry of Local Government
MSMEs	Micro, Small, and Medium Enterprises
MM	Mobile Money
NBR	National Bank of Rwanda
NFIS	National Financial Inclusion Strategies
NGOs	Non-Governmental Organizations
NISR	National Institute of Statistics of Rwanda
NST1	National Strategy for Transformation
OTC	Over-the-Counter
RPHC 2022	Rwanda Population and Housing Census 2022
SACCO	Savings and Credit Cooperative
SDGs	Sustainable Development Goals
Sida	Swedish International Cooperation Agency
USSD	Unstructured Supplementary Service Data
VSLA	Village Savings and Loan Association

EXECUTIVE SUMMARY

The Rwanda FinScope survey is conducted every four years since 2008 fostering public-private partnership in the financial sector. The first FinScope demand surveys were driven by need to generate credible information to guide policy interventions and financial service providers in their efforts to expand the reach and depth of the Rwandan financial system, while in 2024, the focus shifted from Financial Inclusion to inclusive finance. "Finance becomes inclusive from the moment when it enables a given beneficiary, such as a household, a young entrepreneur, Micro, Small and Medium Entreprises (MSMEs) to access a suite of services and products, sometimes personalized, which respond to a specific need."

The Rwanda FinScope 2024 survey offers a comprehensive dataset that captures the evolving financial landscape influenced by technological innovations, changes in products and consumer behavior, demographic shifts, policy changes, the entry of new players, and other external factors. This report stands out as it is the first FinScope Survey conducted post-COVID-19, providing valuable insights on how the financial sector adapted to the increased demand for cashless devices and responded to pandemic-related risks. Additionally, it coincides with the conclusion of the National Strategy for Transformation and the Financial Sector Development Strategic Plan, offering a timely opportunity to monitor progress on key FSDP III priorities, including financial inclusion, positioning Rwanda as a cashless economy, private sector financing, and savings mobilization. The survey also addresses topical issues such as climate and green finance and the role of financial inclusion in helping Rwandans build resilience and align with sustainable development goals and insights are well summarised in this report.

Levels of financial inclusion

The finscope 2024 survey findings confirm that Rwanda's financial ecosystem's interventions have hugely contributed to deepening financial inclusion over the last four years. The findings revealed that 96% or 7.8million of Rwandan adults are financially included, and the 2024 target of 100% is within reach. Financial inclusion in the baseline survey conducted in 2008 was at only 48% or 1.8 million and formal inclusion at only 21%. The survey notes a significant decline in the use of only informal mechanisms to 4% or 358,000 people from 16% or 1.1 million people in 2020. The findings also indicate reduced disparities in access to financial services by gender, which has narrowed over time to 1% in 2024. Likewise, the urban/rural financial inclusion divide narrowed from 6% in 2020 to 1% in 2024. This enables women and the rural population to participate more meaningfully in formal economic activities. The financial system seems conducive to including people living with disabilities, as 93% of disabled individuals were financially included in 2024. When it comes to refugees, it is normal that many would have no access to banks and other mainstream formal financial services. This normally creates an enormous hurdle on their way to self-reliance and economic independence. However, this is not the case in Rwanda, as 36% of refugees have or use bank accounts, further 62% use other formal (non-bank) mainstream financial products. Overall the refugee financial inclusion stands at 99%.

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. Transactional account uptake (combined uptake of bank and mobile wallet), increased to 77% (6.2million) in 2024 from 66% (4.7 million) in 2020. **The growth is attributed to the increased ownership of mobile wallet**, whose proportion rose to 77% (6.3 million) in 2024 from 60% (4.2 million) in 2020.

The FinScope 2024 revealed a formal financial services usage gender gap of 9% in transactional accounts with 73% or 3 million of females having transactional accounts versus 82% or 3.2 million of their male counterparts. Looking at each transactional account, the findings indicate that the uptake of banking products has remained constant in 2024 (22% in 2020 versus 22% in 2024). In absolute numbers, there has been a slight increase in people with bank accounts from 1.6 million to 1.8 million. As indicated, this growth shows a slight decline when taking population growth into account.

The analysis further shows that 9% of adult Rwandans who do not have personal or joint accounts in their name do use the banking system, down from 14% in 2020. The banking activities are driven by the uptake of current transactional accounts and usage of digital financial channels, such as bank USSD codes and mobile banking have increased in recent years. Around 55% of the banked population uses their banking account monthly, which has significantly dropped from 81% since 2020.

There has been an increase in Rwandans using mobile money[1] for financial transactions. About 86% (6.9 million) of Rwandans own or have used mobile money, while adults with registered mobile wallet in their names went up from 60% or 4.3 million in 2020 to 77% or 5.8 million in 2024. There has been significant growth in the use of mobile money services since 2020, with increased usage of mobile money on a daily and weekly basis in 2024 (19% and 21%, respectively) compared to 2020 (which recorded 4% daily and 13% weekly), but a decline for monthly usage. This may be attributed to the role of mobile money in addressing the cash needs of households and adjustments made as coping mechanism during COVID-19 pandemic. Money transfers, airtime purchases, and bill payments are among the services available to mobile money users. It is encouraging to note that transactions performed via mobile money go beyond remittances.

For many countries, FinScope provided the first opportunity to measure the number of people who were formally served by the financial sector, and the indicators have traditionally focused on access and uptake, however, the focus is shifting beyond this to measure usage, quality, and impact. Rwanda started to measure financial health in 2020 and this report reflects on milestones and starts to shape the discussions for the next target generation of financial inclusion in Rwanda.

Turning to monitoring progress on critical priorities of financial inclusion

Deep dive assessment on uptake and usage of financial services, reveals that 86% or 6.9 million of adult Rwandans had financial product accounts in their names, including mobile money (77%); SACCO (28%); insurance (27%); pension (25%); bank (22%); and MFI (7%). Less than a million or 8% of Rwandans do not have formal financial accounts in their name, but the data shows that they are using and benefiting from the formal financial system, including mobile money and banking channels. Indirect access to financial services is important as it helps consumers (who normally would not qualify or afford to participate) access the system through financial intermediaries, making channels more readily available for various purposes. This may provide benefits such as lower costs, reduced risk, and added expertise, contributing to economic growth and stability.

[1] *Mobile Money services are provided by e-Money issuers licensed by the Central bank.*

The survey report indicates that Rwanda is making significant progress towards a cashless economy. The National Payment System Strategy 2018-2024, with strong empirical backing, including a range of literature that documents, and the widespread adoption of Mobile Financial Services, are driving this movement. The data shows a significant growth in the use of digital finance services from 30% or 2.1 million) to 73% or 5.9 million) in 2024. Despite this impressive growth, Rwandans receive their income in cash and prefer to spend in cash on the following activities: food (88.5%); communication (64.4%); medical expenses (45%); farming inputs (45%); education (44%) and water & energy bills (34%).

Increasing domestic credit to the private sector is the most fundamental financial sector target relating to social and economic transformation. Many initiatives in NST1 directly support this objective, such as SMEs, agriculture, and housing finance, and investment in education for personal development. The findings show that the number of individuals with formal credit has increased from 22% or 1.5 million in 2020 to 24% or 1.8 million in 2024. It is impressive that more than two-thirds of those who borrowed money did so to develop themselves, and further analysis showed that 42% of the self-employed who had obtained credit, did so mainly to expand or invest in their businesses, which aligns with NST1 initiatives that seek to support SMEs and agriculture. However, the data collected on life goals sought by Rwandans showed that more than 3 million adults (37%) would like to invest or start their businesses (including 15% who would like to buy agriculture and business inputs and assets), and a further 33% have housing or land financing needs. Most of these inclusive finance needs are not met; 32% are doing nothing to meet their financial goals, while 31% use non-financial devices to meet these goals.

The assessment of saving culture reveals an impressive growth in the formal saving mechanism. According to the results, overall saving uptake was around 86% or 6 million in 2020, which slightly decreased in proportion to 85% or 6.9 million in 2024, representing a 13% change compared to a 14% change in population growth. Proportionally, this reflects a 1%-point drop. This decline is driven by informal savings, while the number of adults with formal saving products grew from 3.8 million or 54% in 2020 to 4.8 million or 59% in 2024, this is 26% change. This change includes innovative savings mobilization schemes such as Ejo-Heza Program and strengthening existing formal saving mechanisms like Banks, Capital Market and Pensions. This is a significant achievement, as Rwanda seeks to increase savings as a percentage of GDP from 14% to 30% in a bid to transform its economy into an upper-middle-income country by 2035 and a high-income country by 2050. The number of adults with any retirement savings went up from 7% in 2020 to 25% in 2024.

There has been another surge in the number of Rwandans with personal insurance products, from 17% or 1.2 million in 2020 to 27% or 2.1 million in 2024. This jump is driven by general insurance increasing from 4% in 2020 to 10% in 2024, and life insurance which grew from 5% in 2020 to 10% in 2024. Though recording slightly decline from 4% in 2020 to 3% in 2024, microinsurance in Rwanda continues to be a golden opportunity, as the income streams of 90% can be characterized as low, unpredictable, and irregular. Yet, financial setbacks are numerous and frequent.

Speaking of numerous and frequent **financial setbacks**, the FinScope 2024 survey report looked at restructuring financial services to address climate change related risks and opportunities, especially at the household level, as a priority. Unlike previous surveys, the 2024 study included questions on climate-related shocks and their impact on households. The results indicate that 69% (5.6million) of Rwandans reported experiencing climate change-related shocks. Rwandans experience mostly weather-related unexpected challenges, such as floods (56%), drought (25%), and storms (21%). Furthermore, a notable 27% experienced pest infestation challenges, which may lead to damage to plants in production fields, forests, or natural habitats, causing substantial damage to productivity, biodiversity, or natural resources. Of those who experienced climate change-related risks, 53% experienced repeated climate change-related risks. Despite this, a majority of the respondents did not have a solution to the climate-related shocks; only 30% (2.45 million) of those who experienced climate change-related risks have put up measures to mitigate the impact on their finances, highlighting opportunities for policy reforms and financial product offerings to assist in coping with these encounters.

The assessment of Rwandans' perceptions on the socioeconomic and financial **impact of the COVID-19** pandemic reveals increased vulnerabilities in the livelihoods. Two-thirds of Rwandans' livelihoods (i.e., 66% or 5.4 million) were negatively affected by the Covid pandemic across livelihoods sources. Just above 2 in 5 or 42% adults indicated that their income or revenue was reduced, 34% could not operate, and 29% stopped working for some time.
It is accepted that the global COVID-19 health crisis and government responses, such as lockdowns restricting economic activities, increased the need for contactless financial products and services, accelerating the shift to digital finance in many economies. Rwanda FinScope 2024 Survey looked at the use of financial products and services during the Covid-19 pandemic and a good story on using the pandemic as a catalyst emerges. Around 1.3 million (16%) adults started using different financial devices or mechanisms during COVID-19 crises. Of those who reported having started using financial products and services, 56% of them started using mobile money during the pandemic. Further 13% or 1.1 million adults used mobile money more frequently because of the situation. However, the behavior of using online banking platforms or using card tapping did not change much amongst Rwandans.

The survey employed an improved framework of financial health (with the aim **to measure the impact of financial inclusion on Rwandans**) constructed from a composite index of four parameters (sub-indices with equal weighting): ability to manage day-to-day needs, taking advantage of opportunities, resilience against shocks, and ability to act through having control over one's finances. The indices have been grouped into four quartiles, such that the healthiest individuals (financially healthy) are those with index values ranging from 75 to 100. The data shows that 10% are financially healthy, 57% are financially coping, 31% are financially vulnerable and 3% are extremely financially Vulnerable. Overall, the results of the Survey indicate that the financial health of Rwandans is improving; 10% of adults (about 1.3 million) who were financially vulnerable in 2020 are now **financially stable (coping or financially healthy).** This means that more than two-thirds of adults are in a better situation to balance their income and expenses, take advantage of economic opportunities, be resilient, and make sound financial decisions while having control over their financial affairs.

Priority areas

The priorities of financial inclusion in Rwanda continue to ensure that the lives of Rwandans are improved. The following areas could be prioritized to achieve this goal:

In light of the research findings, it is recommended that financial sector in Rwanda consider adopting and integrating the financial inclusion agenda linked to human development (represented in SDGs) clustered in Inclusive growth, basic services for low income and vulnerable, and sustainable future. The following specific recommendations are provided:

- Supporting initiatives that address real economic needs through better usage of appropriate financial services:
  - » Identify and facilitate the implementation of financial interventions that will improve the resilience and sustainable livelihoods of the target groups (informal sector, MSMEs, women and youth).
  - » Invest in the programs that are aimed at empowering most underserved category including –women, youth, PWDs, refugees, farmers and among others.
- Map and continue addressing all constraints that are hindering high usage of credit and other alternative financial instruments in the market. Technology and Data could paly an important role in unlocking credit to the private sector and at scale.
- Continuation of expanding roadmaps that will support and improve uptake and use of financial services for the most vulnerable groups and unserved markets. This includes expanding the women and youth financial inclusion pillars within the NFIS, through establishing specific interventions for implementation. Financial service providers should also continue to find ways of extending the product line to include investment and insurance in addition to the products individuals use already.
- Rwanda is on the right track to achieving a cashless society. The growth of DFS indicates that a more digital future is imminent. Initiatives that support digital transactions or savings in the formal sector must be promoted and incentivized.
  - » Create awareness and make the case attractive for the payment of interest on Mobile Money wallet balances to customers, to test the elasticity of customers to use interest on savings (via mobile wallets).
  - » Continue ensuring customer protection, digital literacy are strengthened through consumer education.
  - » Saving groups remain relevant in Rwanda. Thus, FSP/DFS providers should consider mimicking the value proposition offered by informal savings groups when designing their products/ services to appeal to many informal product users through a channel that has proven to be much convinient to them.
- With the increasing popularity of mobile money, banks should look into partnering with telephone companies. There is an opportunity to tap into this huge market with an increasing customer base. Banks can offer products to mobile phone users.

- Fintechs are essential to expanding the availability of financial services and encouraging market competition, which benefits consumers. The supply of loans, particularly to farmers and MSMEs, is one area where fintechs may potentially have a disruptive impact in this market. Policy interventions that seek to expand access to credit for these segments are a priority for economic growth. Greater use of the available guaranteed programmes will encourage banks to lend to creditworthy enterprises and farmers who may lack a credit track record.

- FSPs and key stakeholders should continue to understand the market and increase uptake of second-generation products through:

  I. Goal-Based Savings and Insurance: Offer savings or insurance products tied to specific goals, such as education, farming, or housing.

  II. Alternative Credit Scoring: Use alternative credit scoring models to increase access to credit for underserved populations and offer digital lending platforms for easy access to credit.

  III. Microinsurance: Offer microinsurance products for low-income individuals and provide financial education to help individuals understand the importance of insurance.

  IV. Auto-Enrollment in Pension Plans: Continue the excellent work done under Ejo Heza and Implement auto-enrolment in pension plans for employees to increase retirement savings.

  V. Financial Education Initiatives: Implement initiatives that improve financial education and literacy, empowering individuals to make informed financial decisions.

- Continued monitoring and evaluation of financial inclusion targets. Measuring financial health indicators on the quality and impact of financial services needs to be the cornerstone and baseline of this priority area. Improved financial health indicators will support high-quality and consumer-centric product initiatives. Additionally, ensuring that financial inclusion priorities are streamlined in government ministries and agencies as well as development partner programmes (promoting sector and policy cooperation and coordination is required).

1

INTRODUCTION

1.1 Background

Financial inclusion is recognised as a key driver in stimulating and encouraging inclusive economic growth. It lowers poverty, boosts development, evenly distributes income, and preserves financial system stability, thereby strongly supporting national-level objectives. Key stakeholders in the financial services sector acknowledge financial inclusion as a crucial instrument for sustainable development, which unlocks the power of finance to drive economic growth. Many countries, especially in Africa, have implemented policies and initiatives to advance financial inclusion, including access, usage, and quality. Despite notable achievements, the continent still lags in this area. The Government of Rwanda places high priority on financial sector development, recognising it as a vital element of its long-term plan to positively transform Rwandan economy and improve the livilihoods of low income earners.

In Rwanda, financial inclusion has been one of the priority areas (priority area 5)[1] in achieving the National Strategy for Transformation (NST1), which has been the key pillar in overseeing the crossover from Vision 2020 to Vision 2050. Vision 2050 aims to elevate Rwanda to high living standards by the middle of the 21st century, ensuring high-quality livelihoods. The financial sector is shaped by several national aspirations and international goals embodied in policy declarations and plans such as Rwanda Vision 2020, Vision 2050, and the Seven-Year Government Programme/National Strategy for Transformation (2017-2024).

The Government launched the Financial Sector Development Programme (FSDP II) in 2008 with the primary aspiration of cultivating a stable and sound financial sector that is sufficiently deep and broad, capable of efficiently mobilising and allocating resources to address the development needs of the economy and moving towards a poverty-free Rwanda.

The FSDP III, which starts in 2024, has focused on the following critical priorities most of which are continuing priorities[2]:

01 Mobilisation of savings (short, medium and long-term)

02 Private sector financing

03 Financial inclusion – improve uptake and usage of financial services

04 Position Rwanda as a cashless economy

05 Establishing and maintaining Rwanda as an international financial services centre (financial hub).

The National Strategy for Transformation and the Financial Sector Development Strategic Plan are both set to conclude in 2024. However, access to and use of financial services will remain one of the priorities for achieving the Universal Access to Financial Services as stared in the Vision 2050. Access to Finance Rwanda (AFR), a market catalyst, was formed on the premise that a sound and growing financial sector is essential to underpinning Rwanda's ambitious development targets. AFR aligns its interventions to national policy frameworks, including the Financial Sector Development Programme (FSDP), National Financial Inclusion Strategy (NFIS) and the National Strategy for Transformation (NST1), in support of the Government of Rwanda's development objectives.

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

2 MINECOFIN, 2024. FSDP III blueprint draft.

Rwanda aimed to achieve100% financial inclusion by 2024 Therefore, to evaluate financial inclusion progress, interventions must be informed by comprehensive diagnostics, including demand- and supply-side surveys. The FinScope survey 2024 offers an opportunity to inform the design of the next generation of mid-term development strategies in Rwanda.

1.2 FinScope surveys

FinScope is a research tool that was developed by FinMark Trust (a sister company to Access to Finance Rwanda and based in South Africa) to address the need for credible financial sector information. The FinScope survey provides a holistic overview and understanding of how individuals generate income and 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. It offers insights to guide policy-makers and regulators on how to address or respond to some of the challenges they face in meeting financial inclusion targets and increasing 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 their range of services. FinScope surveys have been conducted in 25 African countries and 10 beyond the African continent.

Rwanda FinScope: The first Rwanda Finscope Survey, implemented 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. key stakeholders, advocated for a repeat FinScope survey to measure and monitor progress, and it has been established as a practice within AFR that the FinScope survey is conducted every four years. AFR therefore commissioned follow-up surveys in 2012, 2016 and 2020.

The fifth FinScope survey was initiated by AFR, aiming to sustainably track progress in financial inclusion. FinScope 2024 provides valuable insights into the extent of financial inclusion among adult Rwandans, particularly in terms of access to formal accounts through various sector interventions. This survey will shed light on the impact of these efforts, guiding future initiatives to enhance financial inclusion and promote economic development in Rwanda.

1.3 Rwanda FinScope 2024 survey objectives

The FinScope 2024 survey is unique as it was implemented after the Covid-19 pandemic, includes underserved segments of the population in Rwanda, namely refugees, and coincides with the conclusion of the National Strategy for Transformation (NST1) and the Financial Sector Development Strategic Plan. Therefore, the 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).
- Assess the extent to which Covid-19 pandemic has affected the financial inclusion in Rwanda (from 2020).
- Track the financial health progress since the 2020 baseline.

- Measuring the progress and targets set in the National Strategy for Transformation (NST1) and the Financial Sector Development Strategic Plan.
- To assess the extent to which policies put in place to curb the effects of the volatile global and domestic macroeconomic landscape have affected financial inclusion.
- To provide indicators – offering an opportunity to inform the design of the next generation of mid-term development strategies in Rwanda.

1.4 Methodology and survey design

As mentioned earlier, the FinScope survey 2024 aimed to gather information on how households including refugees, access financial services and utilise them to enhance their operations. However, the refugee modules or survey has been treated as stand-alone and a separate report will be developed. The target population for the Rwanda State of Financial Inclusion 2024 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, and refugee camps were included.

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

1.4.1 Sampling frame for FinScope 2024

The sampling for households was based on a compromise between maximizing the efficiency of estimating a national parameter – which would use a Neyman allocation – and having reasonable precision at the district level. The steps taken were as follows:

1. Average the sample sizes from a nationally efficient sample and efficient district-level samples.
2. Set a minimum sample size of 400 adults per district.
3. Round the samples to the nearest 16, to determine the number of clusters per district.
4. Adjust down the sample for Gasabo so that the sample remains at 875 clusters (i.e., at 14,000 adults).

The result is that the samples would be between 400 and 440 in sixteen of the thirty districts, and greater than 600 in just two districts (Gasabo and Nyagatare, which also happen to be the districts with the largest adult populations).

The procedure is as follows to identify which adults will be interviewed:

1. The FINSCOPE 2024 national survey involved sampling of 14,000 households. These households were selected from a pool of 875 Enumeration Areas (EAs, or clusters). The selection process utilized the NISR Master sample, which is a subsample of the Rwanda Population and Housing Census 2022 (RPHC 2022) and consists of 4,000 EAs.
2. For each district, every EA was ordered by urban and rural areas, and within these by sector, cell, and village following a clear geographic pattern (north to south).
3. A cumulative measure of the number of households was created, using this ordered list.
4. The district sampling interval was calculated as:

$$I_d = \frac{N_d}{V_d} = \frac{\text{Number of households in district}}{\text{Number of EAs to be selected in district}}$$

5. A random number between zero and I_d, was picked and the associated EA selected; then increased this number by I_d and picked the next EA, and so on.
6. Within each d EA, a list of all households was created and the sampling interval for each EA, given by

$$I_{dv} = \frac{N_{dv}}{V_{dv}} = \frac{\text{Number of households listed in EA}}{\text{Number of households to be selected in EA (i.e.16)}}$$

A random number between zero and I_v, was picked and associated households selected, and then increment by the EA sampling interval to pick the other households. Within the selected households, qualifying individuals were randomly selected using a Kish grid and programmed in CAPI. 13,994 interviews were achieved, and all questions were translated in Kinyarwanda.

1.4.2 Questionnaire design and content

The questionnaire design phase included refining the Rwanda FinScope Consumer 2024 questionnaire to take into account changes and developments in the financial sector since the FinScope survey 2020 while ensuring that the questionnaire includes core questions to enable comparison. The questionnaire was also shared with the steering committee and other stakeholder groups for input and comments. The questionnaire in English was translated into Kinyarwanda. The finalisation was done after the training and field pilots had been completed.

1.4.3 Disclaimer

Due to rounding off, percentages presented throughout this report may not always add up 100%.

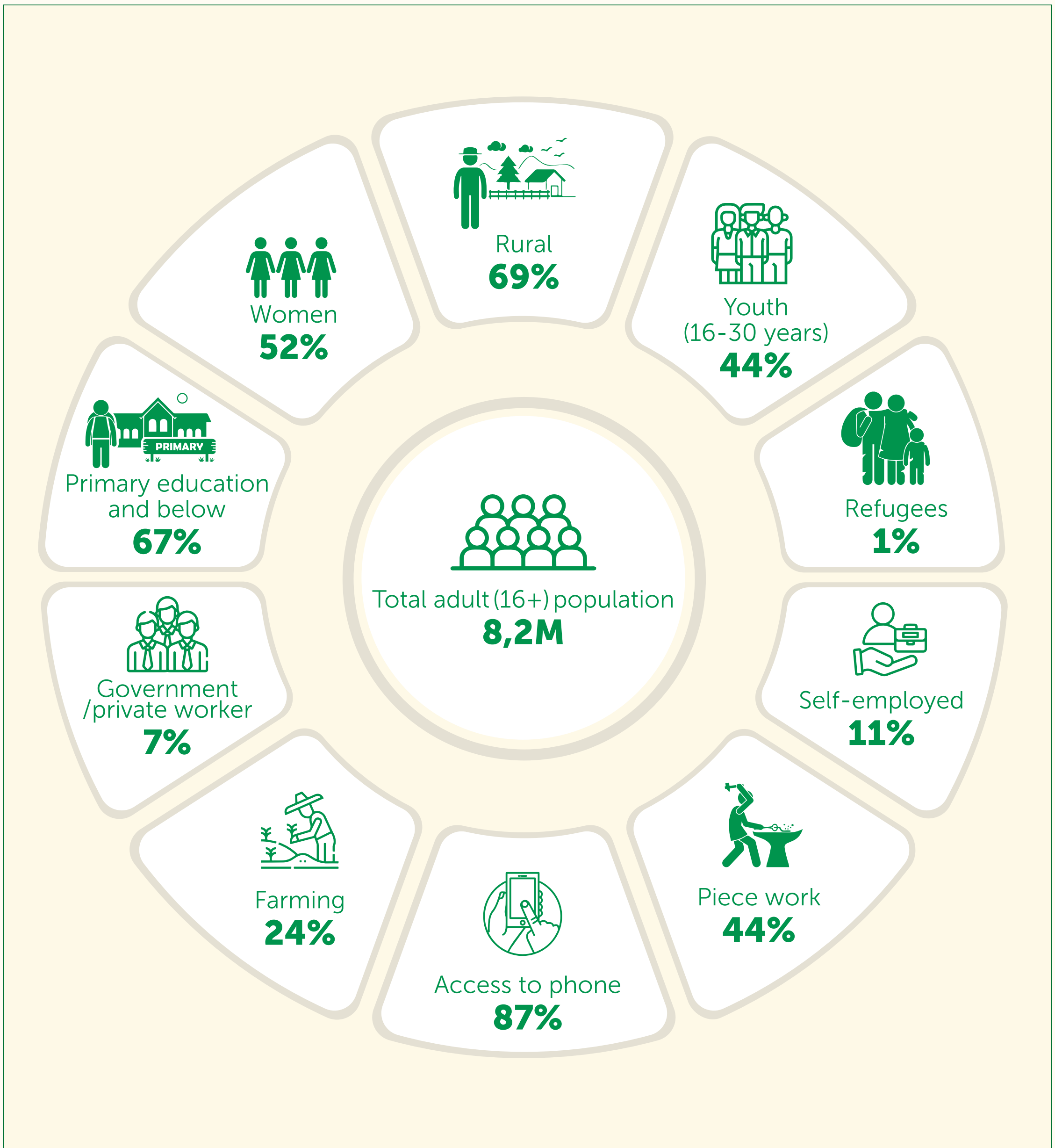
1.5 Survey demographics

The FinScope survey captures a range of information including data on individuals, as well as some household information. This comprehensive profile of the population has the potential to assist in determining financial consumer education needs for the various strata of society as well getting a deeper understanding of our population and develop effective strategies.

The sample was weighted to reflect the population size in line with the latest housing population census. There are about 8,2 million adult Rwandans aged 16 years and older, reflecting population growth of about 14% (1,1 million) from 7,1 million in 2020. Most Rwandans about 69% or 5.6 million adults reside in rural areas. Rwanda consists of a youthful population of about 44% (3.6 million aged 16-30, and slightly more females (52% or 4.2million).

There have been improvements in educational attainments, those with primary qualification and below dropped to 67% (5.5 million) from 71% (4.9 million) in 2020 and those with secondary education increased to 27% (2.1 million) from 21% (1.5 million) in 2020. Furthermore, although 81% (2.6 million) of households are still involved in farming, there has also been a notable decline in the number of households reliant on farming only down to 50% (1.6 million) from 61% (1.7 million) in 2020. This could be attributed to the 35% target of sustainable urbanisation significant in improving firms' access to both critical services and a large pool of labor with a wide variety of skills.

Figure 1: Demographic profile



2

FINANCIAL INCLUSION ACCESS AND UPTAKE

Financial inclusion refers to the availability and usage of financial products and services at affordable costs provided by professional institutions to all society segments including vulnerable and low-income population groups. The measurement of financial inclusion can be categorised into four dimensions: (i) access to financial services; (ii) usage of financial services; (iii) the quality of the products and (iv) impact/welfare on the individuals.

The concept of "financial inclusion" is core to the FinScope methodology, and the framework below (Figure 2) illustrates the use of financial products and services available in the market. Financial inclusion takes into consideration the dynamic nature of the Rwandan market and consumers.

Financially included are individuals who have or use formal and or informal financial products and mechanisms. They may, for example, use someone else's bank account or be covered by someone else's insurance. This includes:

Formally served: Individuals who have or use products or services from financial institutions regulated by an Act of law (formal financial institutions). The formally served population can be further segmented into:

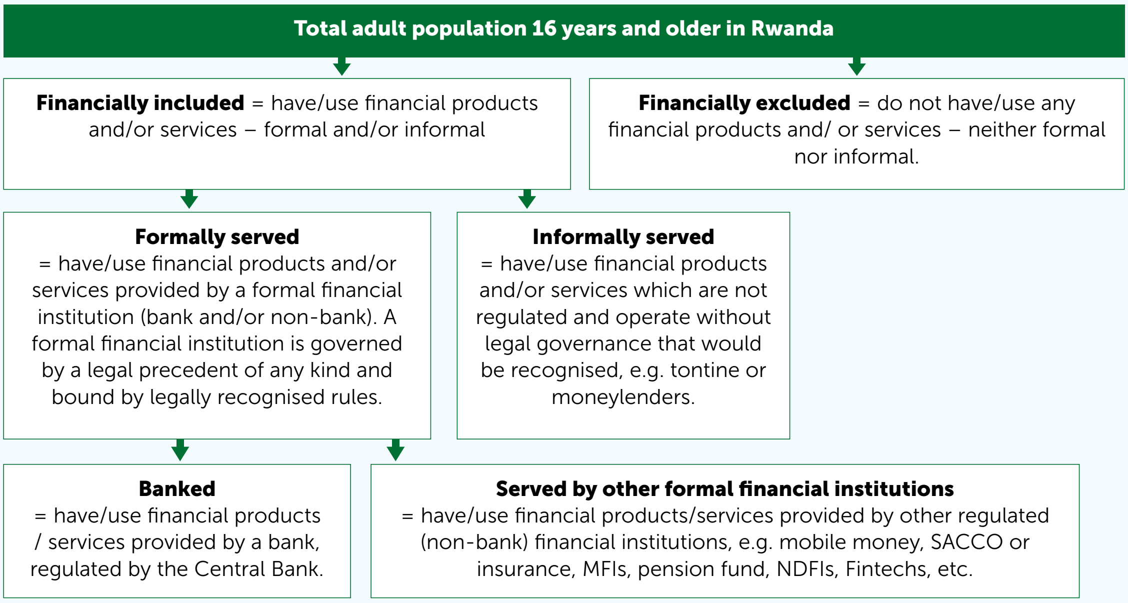
Banked
Individuals who have or use products or services from licensed commercial banks that are regulated by the central/reserve bank.

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

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 or mechanisms to save or borrow money.

Financially excluded: Individuals who manage their financial lives without the use of any financial product or mechanism outside of their relationships. When they borrow, they rely on family or friends and when they save, they save at home.

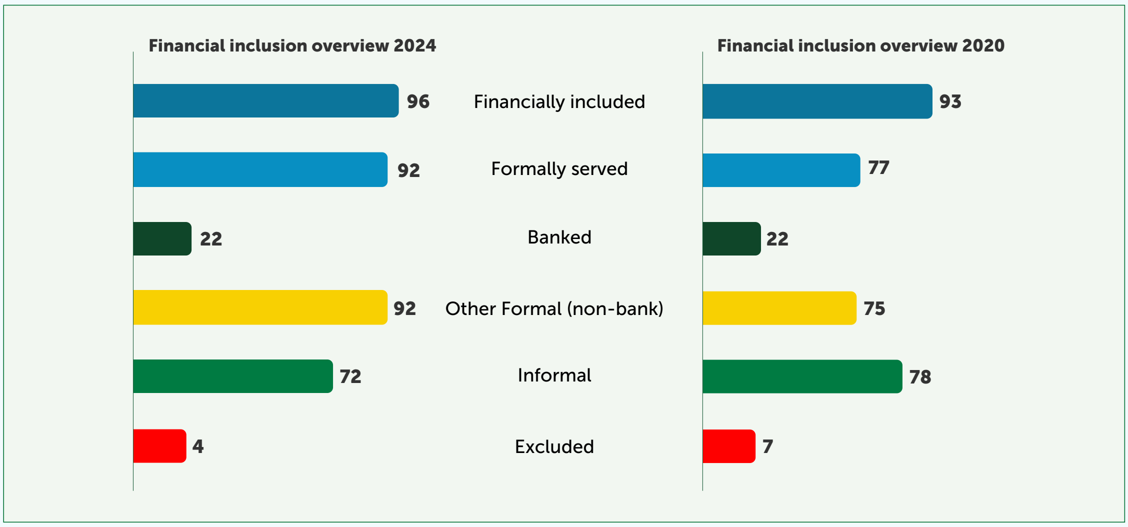
Figure 2: Financial Inclusion Framework



2.1 Levels of financial inclusion in Rwanda

Figure 3 highlights the overall financial products and services that Rwandans use in meeting their financial needs not eliminating product overlaps. **Financial inclusion in Rwanda has reached 96% (7.8 million) up from 93% in 2020, getting closer to the universal access of 100% set target**. There has been huge growth in formal financial inclusion or formally served from 77% (5.4 million) in 2020 to 92% (7.5 million) in 2024 **surpassing the set target of 90% by 2024**. Uptake and use of other formal non-bank products and services have drastically increased to 92% (7.5 million) from 75% (5.3 million) in 2020 driven largely by mobile money. The proportion of banked individuals remained similar with a slight increase in absolute numbers to 2020 (22%/1.6 million in 2020 vs 22%/1.8 million). While informal mechanisms or informally served continue to be relevant alternatives for adult Rwandans, there has been a decline to 72% (5.9 million) in 2024 from 78% (5.6 million) in 2020. Only 4% (316,000) of Rwandan adults are neither using formal nor informal financial products and or services (i.e. financially excluded).

Figure 3: Overview of financial products/services (%)



2.2 Overlaps in product use by the financially included

Consumers generally use a combination of financial mechanisms/channels to fulfil their financial requirements. For instance, someone may be banked and receive their salary through a bank account while also participating in a savings group. Their financial needs may be met by both formal and informal products and services.

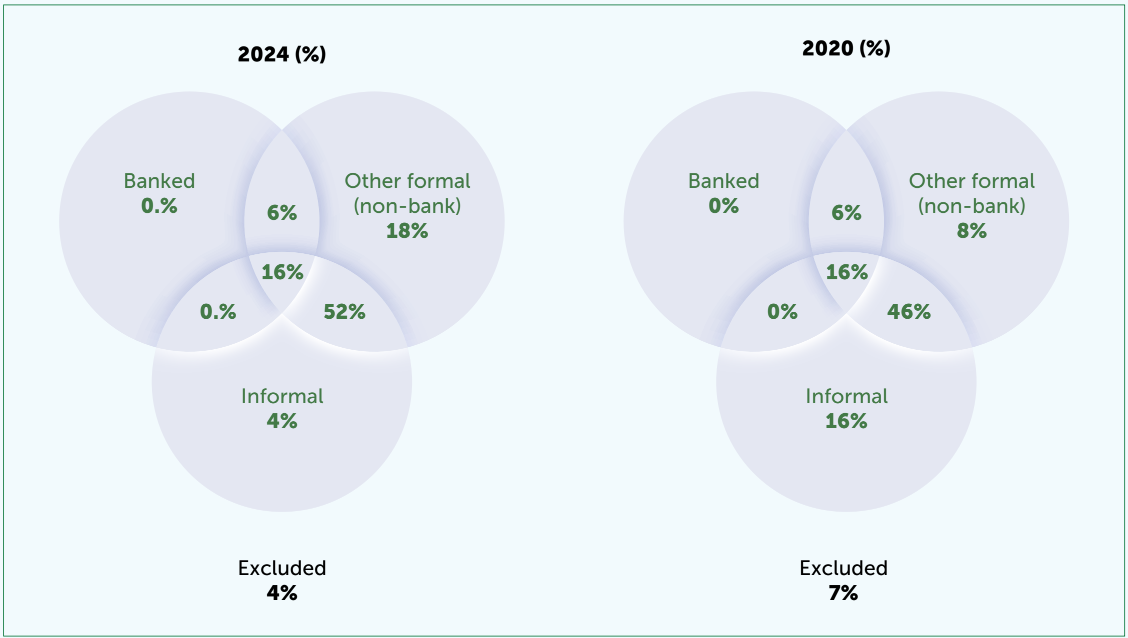
The comparisons between 2020 and 2024 reveal a shift caused mainly by increased uptake in other formal non-bank products (Figure 4).

- Two-thirds (68%/ 5.5 million) of adults use a combination of formal and informal mechanisms to manage their financial needs (up from 63%/ 4.4 million in 2020). About 16% (1.3 million) of adults use all three combinations that are banks, non-bank formal, and informal, while about half of the Rwandans 52% (4.2 million) use a combination of non-bank formal products and informal mechanisms (up from 35%/2.5 million in 2020). This indicates that Rwandans' needs are not fully met by the formal sector alone.

- About 18% (1.5 million) of Rwandan adults use only other formal non-bank products contributing to driving formal financial inclusion. Interestingly, no adults rely solely on bank services; instead, they use a combination of products like insurance, pension, or mobile money.

- There has been a significant decline in adults relying only on informal products (16%/ 1.1 million in 2020 versus 4%/ 317,000 in 2024). This indicates that those who used to rely exclusively on informal mechanisms are now also able to use formal financial products/services like mobile money or financial agents. The vulnerability, therefore, is being reduced.

Figure 4: Financial inclusion overlaps



2.3 Financial Access Strand

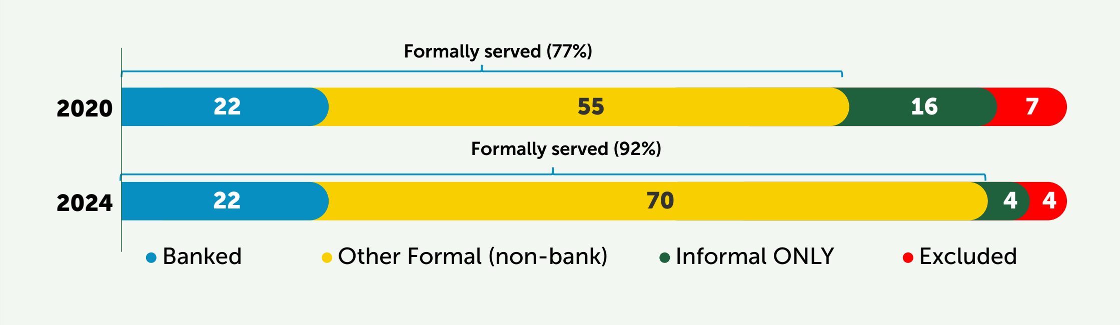
The FinScope Access Strand is a key indicator in determining and segmenting financial inclusion. It is constructed based on the premise that the goal of financial inclusion initiatives is formal financial inclusion. The Access Strand removes overlaps and classifies the usage of products from those who are banked to adults who use informal mechanisms only. 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 non-bank formal financial institutions but not by commercial banks
- % of adults who are informally served but not formally served, i.e. % of adults who are only informally served
- % of adults who are financially excluded.

Access strand figure 5 illustrates the following:

- Around 22% (1.8 million people) of Rwandans are banked or have bank accounts in their name
- The percentage of adults who are not banked but use non-bank formal financial services increased significantly to 70% (5.7 million) in 2024 from 55% (3.8 million) in 2020, driven largely by mobile money usage.
- The proportion of adults exclusively using informal products, without any formal products, dropped to 4% from 16% (1.1 million) in 2020.
- Financial exclusion has dropped by three percentage points from 7% in 2020 to 4% in 2024. Approximately 317,000 adult Rwandans are financially excluded. These individuals neither use formal nor informal products but may be saving at home and borrowing from friends and family.

Figure 5: Rwanda Financial Access Strand (%)

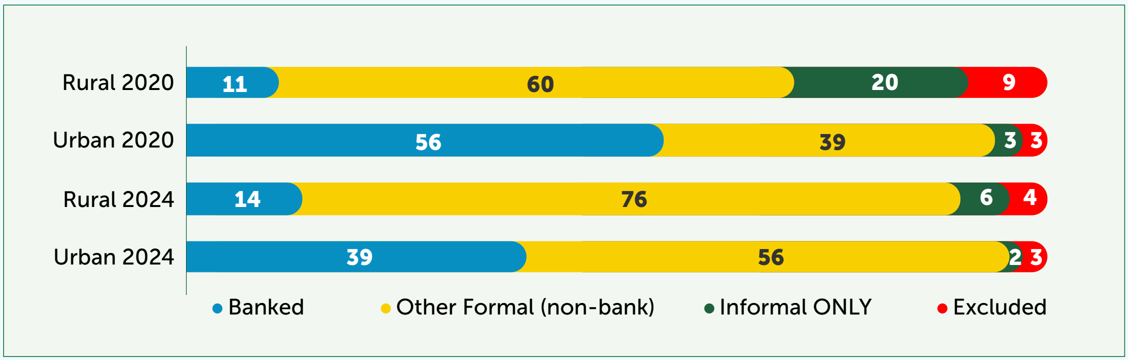


Comparisons of financial access strands among demographic categories reveal that a 'one size fits all' approach will not be successful. Tailored interventions are the most likely to lead to desired outcomes. Figures 6-11 show different Financial Access Strands (FAS) across various factors.

FAS by area: The urban-rural gap between financially included adults has reduced to 1% in 2024 from 6% in 2020. About 96% of the rural populace is financially included, versus 97% of the urban population. The increased usage of formal financial products has assisted greatly in reducing the exclusion rates in both urban and rural areas. Though the overall financial inclusion gap has reduced, the rural populace still lags in the uptake of banking services.

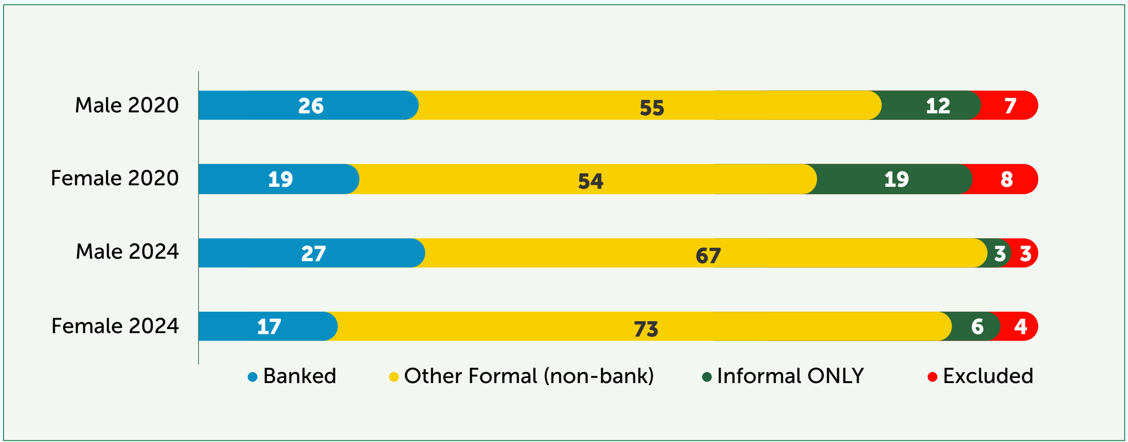
Formal inclusion in urban areas is driven chiefly by the high uptake of banking services and mobile money, while in rural areas, it is driven mostly by mobile money. Reliance on exclusively informal products and mechanisms has significantly reduced among the rural population.

Figure 6: Access Strand by area (%)



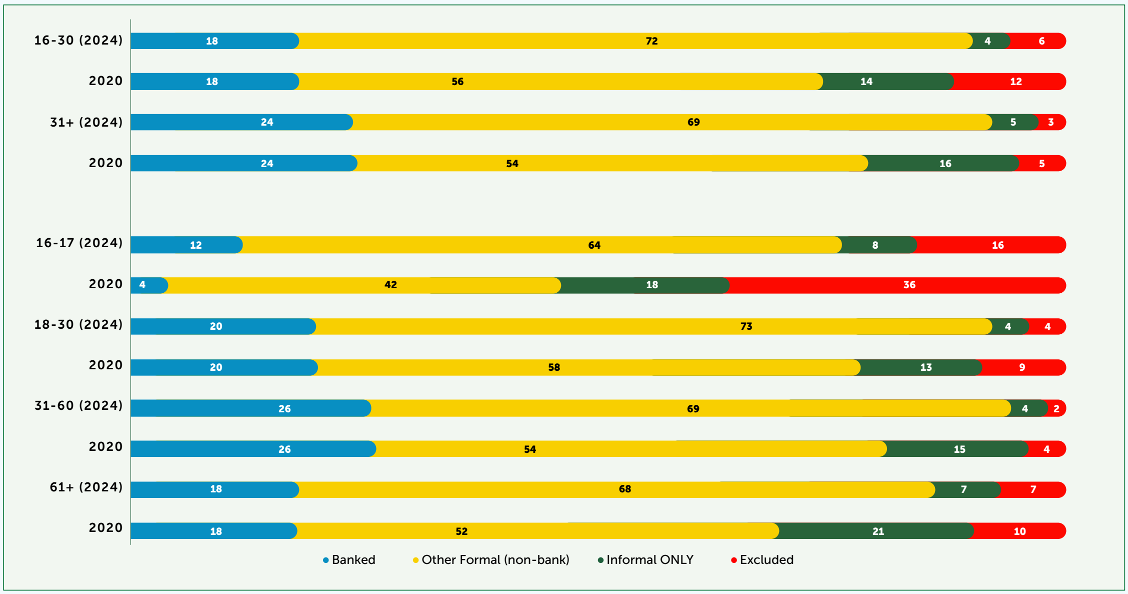
FAS by gender: The financial inclusion gender gap remained at 1% in favor of males, 96% of females are financially included, versus 97% of males. The gender gap increases to 4% when we look at the formally served males (94%) versus females (90%). The use of non-bank formal, especially mobile money is driving inclusion and reducing reliance on exclusively informal mechanisms among both males and females. A higher proportion of unbanked females (73%) are using other formal channels versus 67% of males. Though there is a decline in the use of banking services by both males and females, males are more likely to use bank services, 10% higher than females (17%).

Figure 7: Access Strand by gender (%)



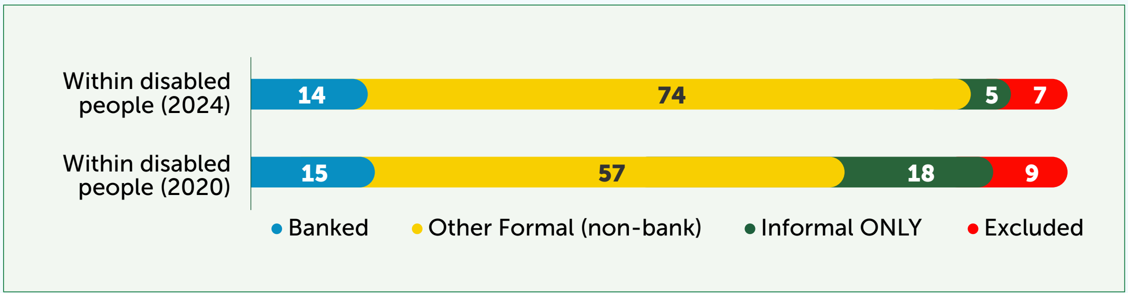
FAS by age groups: The uptake of formal products or services is high among all age groups, with mobile money pushing the boundaries for both youth and seniors. However, the exclusion rate is high among young adults aged between 16 and 17 years as they are more likely to be unserved or underserved, and still studying. Similarly, senior adults (61+) also are likely to be excluded as they may not be technologically savvy to adopt mobile financial products

Figure 8: Access Strand by age groups (%)



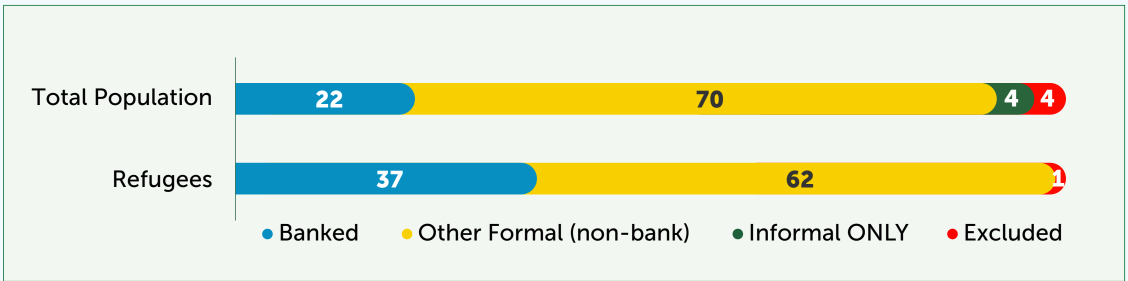
People with disabilities: About 93% of people with disabilities use formal financial products or informal services to meet their needs. Mobile money (66%) and Umurenge SACCOs (34%) played a more significant role in pushing the boundaries of formal financial access for this group.

Figure 9: Access Strand by adults with disabilities (%)



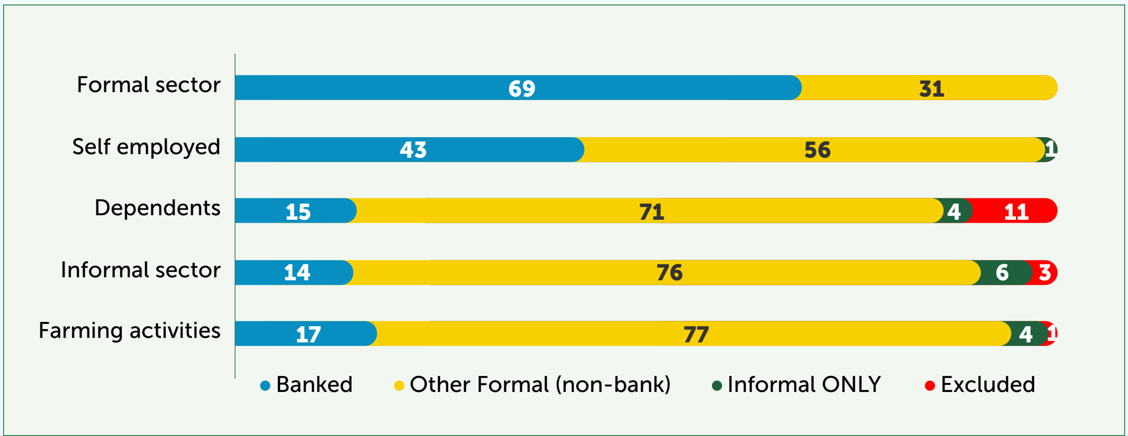
Refugees: Access to a financial transaction account helps refugees and other displaced people become self-reliant and economically independent. It is normal in other markets that many refugees would have no access to banks and other mainstream financial services. This creates an enormous hurdle on their way to self-reliance and economic independence. However, this is not the case in Rwanda, where specific interventions and supportive policies facilitate higher financial inclusion among refugees as 37% of refugees have bank accounts. Further 62% rely on other formal (non-bank) financial products or services to meet their needs, mobile money and Umurenge SACCOs.

Figure 10: Access Strand by refugees (%)



FAS by livelihoods/target groups: There is a high uptake of formal financial products and services, especially banking services among adults working in the formal sector and those running their businesses. Mobile money played a significant role in pushing the boundaries of formal financial access for adults in the of informal sector and those relying on farming. Financial exclusion is high among dependents who are likely to be economically inactive.

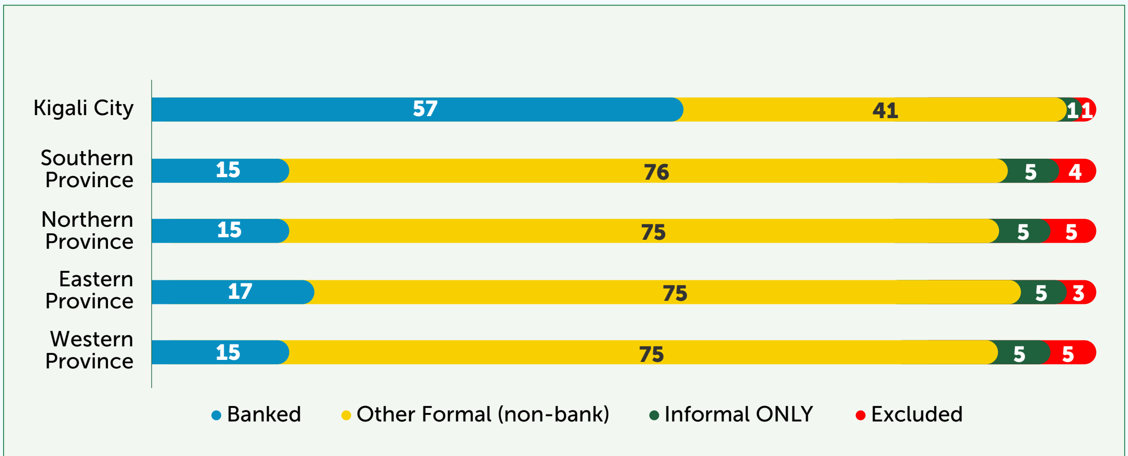
Figure 11: Access Strand by main income generation activity (%)



Access strand through the provincial lenses shows that Kigali, the highly urban province, has the most financially included adults (98%), similar to 2020. The uptake of banking products or services contributed significantly to formal financial inclusion.

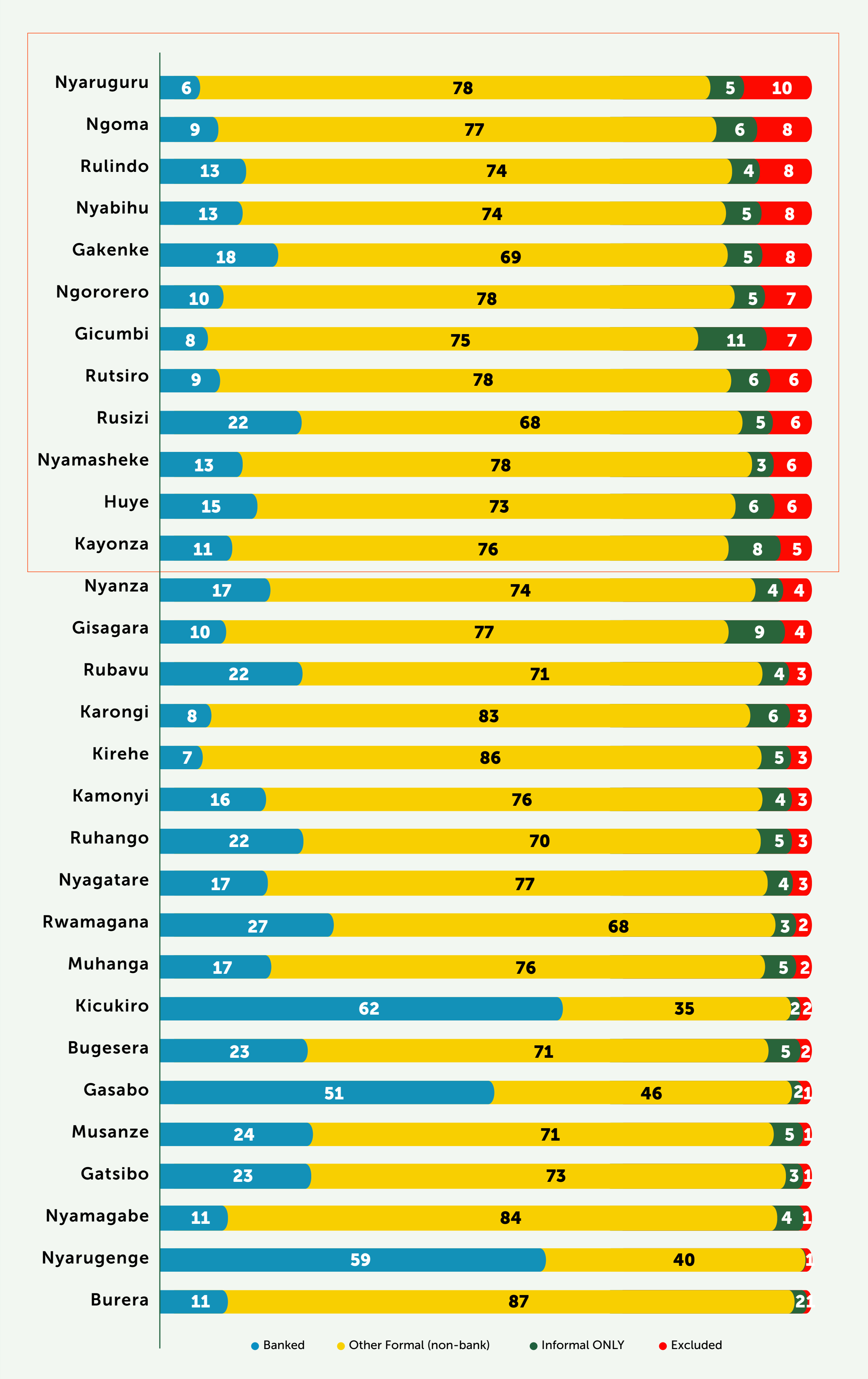
In the other four provinces, the uptake of other formal non-banks (mobile money and Umurenge SACCOs) has aided greatly in increasing formal financial inclusion. The Northern and Western Provinces have a slightly higher number of adults (5%) who are financially excluded.

Figure 12: Access Strand by Provinces (%)



FAS by Districts: Financial inclusion is largely driven by non-bank formal products in most of the districts except Kicukiro, Nyarugenge and Gasabo districts (from Kigali city) which are bank led. Twelve districts have higher levels of financial exclusion than the national average of 4%, especially Nyaruguru, Ngoma, Rulindo, Nyabihu and Gakenke. Reliance on exclusively informal products is highest in Gicumbi district.

Figure 13: Financia Access Strand by districts (%)



FAS by country comparisons: A comparison of Rwanda's level of financial inclusion with other selected countries where FinScope surveys have been conducted shows that:

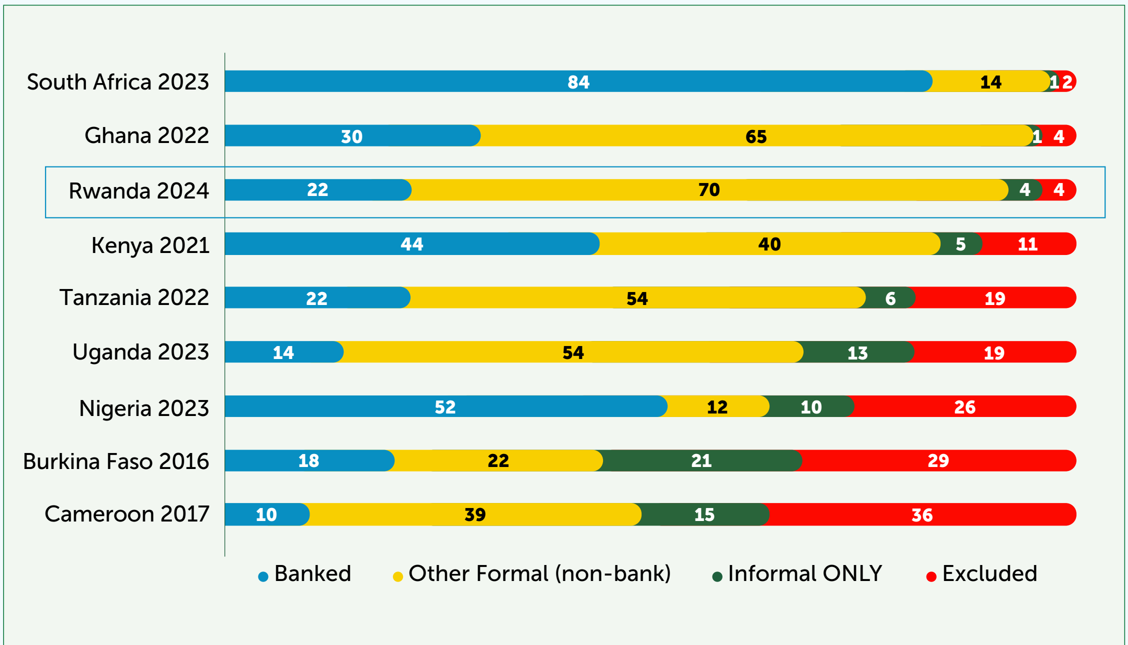
Rwanda ranks 2nd highest in terms of the proportion of financially included adults at 96%, similar to Ghana.

Like Rwanda, several countries have expanded financial inclusion via non-bank (mostly driven by mobile money), reflected in the yellow highlighted sections.

Compared to other Africa countries where FinScope was conducted recently Rwanda has surpassed them all in the level of financial inclusion.

Ranking financial inclusion by banked population, Rwanda ranks fifth, with South Africa ranking first at 84%.

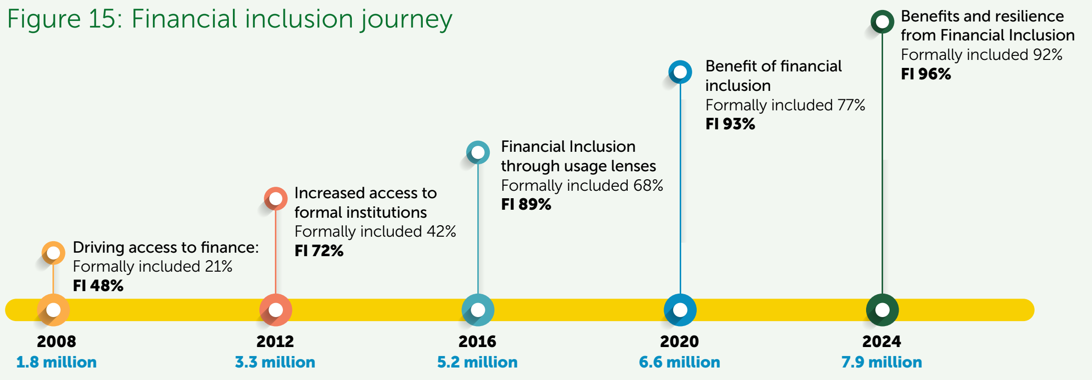
Figure 14: Rwandan Access Strand vis-a-vis other countries



2.4 Summary - Financial inclusion journey

The below diagram shows how financial inclusion has been progressing since 2008 when the first FinScope survey was carried out. Since 2008 there has been huge growth in individuals using financial products and services including commercial banks, MFIs, SACCOs, mobile money, and informal mechanisms. As mentioned earlier, about 96% of Rwandans are financially included and 92% are formally served leaving only 4% who relies only on informal services in 2024. The gap between financial inclusion and formally served has greatly reduced over the years showing the effects of financial innovation and formal non-bank products.

Figure 15: Financial inclusion journey



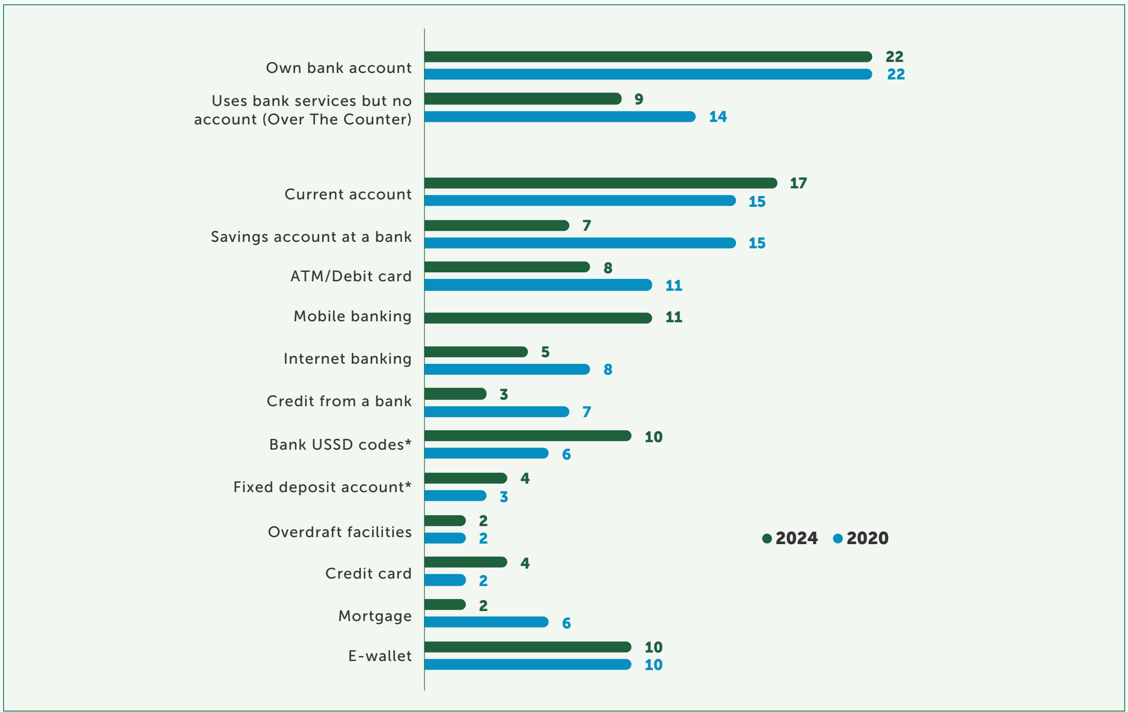
2.5 Drivers of increased levels of financial inclusion

This section explores 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.

2.5.1 Drivers of the banking sector

The uptake of banking products has remained consistent in 2024 (22 % in 2020 versus 22% in 2024). **In absolute numbers, there has been an increase in people with bank accounts from 1.6 million to 1.8 million**. An additional 10% (815,000) of Rwandans have reported having used banking services, either through over-the-counter transactions or using someone else bank account, this is down from 14% (930,000) in 2020. Figure 5 shows that among the banked, the growth in the banking sector was driven by the uptake of current transactional accounts. There has been a decline in the uptake of savings accounts. The use of digital financial channels, such as bank USSD codes and mobile banking, has increased in recent years.

Figure 16: What drives banking? (%)



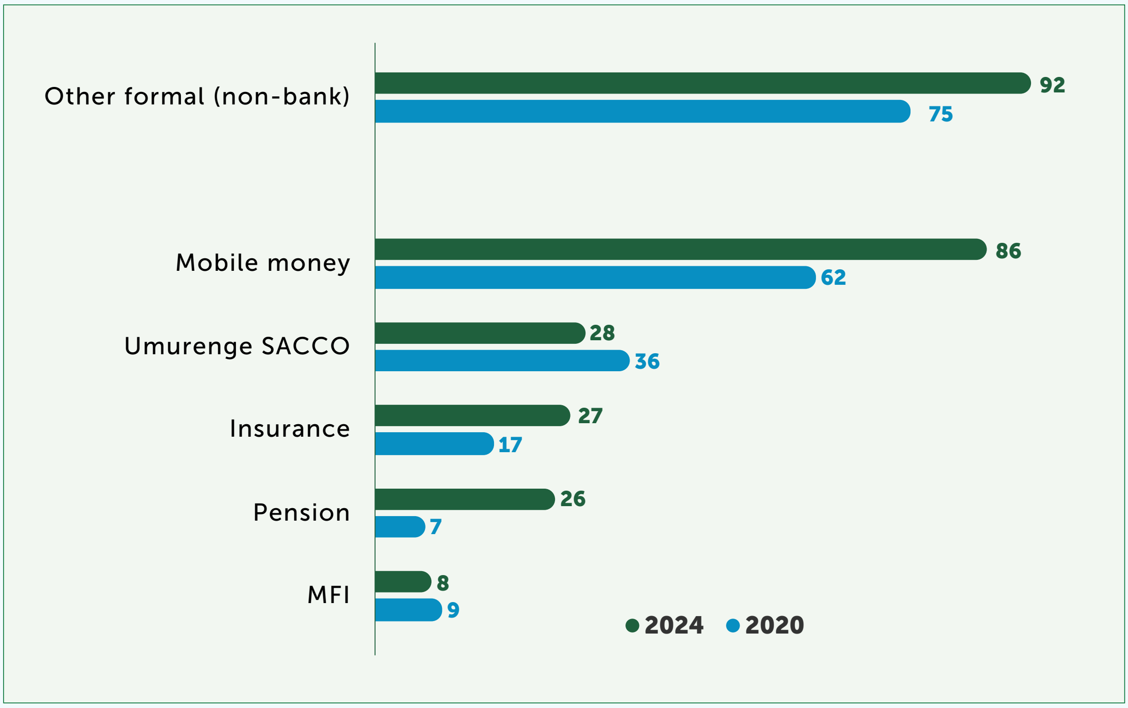
2.5.2 Drivers of other formal (non-bank) products and services

The uptake and usage of non-bank other formal channels/services increased from 75% (5.3 million) in 2020 to 92% (7.5 million) in 2024. The growth was driven by an uptake of products offered by formal financial institutions (excluding banks), such as mobile money operators, MFIs, and insurance companies.

The changes in non-bank other formal products were driven by:

	Mobile money: The usage of mobile money has been the main driver of non-bank formal financial inclusion. Approximately 6.9 million (86%) adults used mobile money in 2024, up from 4.3 million (62%) in 2020. This includes adults using someone else's account.
	Insurance: The number of adult Rwandans who are insured has doubled to 2.2 million (27%) from 1.1 million (17%) adults in 2020 driven largely by medical insurance and micro-insurance products. This could be driven by government initiatives such as the national agriculture insurance scheme that is subsidised as well as, increased uptake of different products including medical insurance, microinsurance, life insurance, and general insurance.
	Pension: The uptake of pension products has more than doubled to 26% (2.1 million) from 7% (504,000) in 2020. The initiative to push old age savings (Ejo Heza) has reaped positive results.

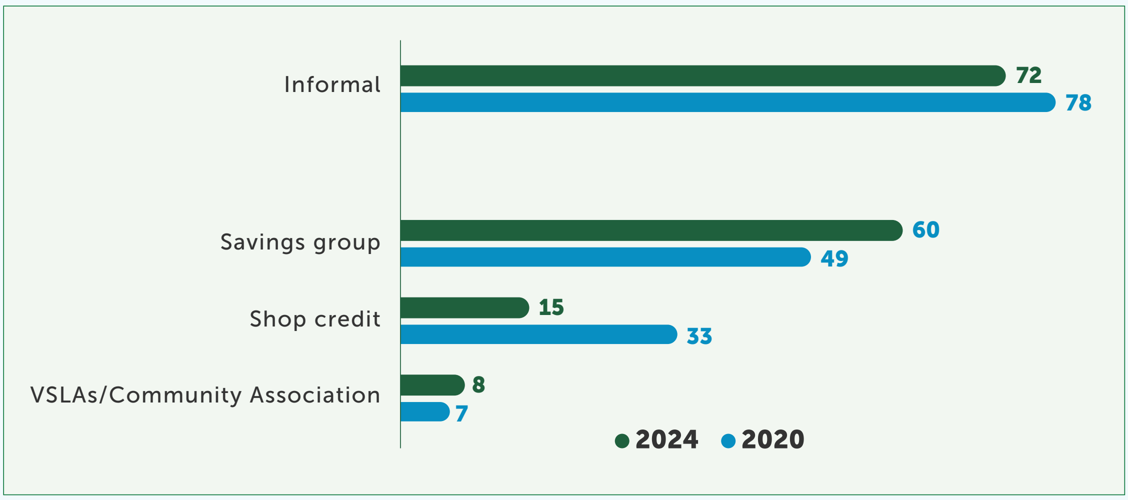
Figure 17: What drives other formal (non-bank) products/services? (%)



2.5.3 Drivers of informal products/services

Many Rwandans continue to use informal mechanisms to manage their finances and meet some of their financial requirements, despite the increase in the uptake or usage of formal financial products. Informal groups not only offer financial services but also serve as catalysts for enhanced **social capital**, improved gender relations, and community/ economic development. There has been a drop in the proportion of adults using informal mechanisms **from 78% (5.5million) in 2020 to 72% (5.9million) in 2024** driven by the reduced utilisation of shop credit. About 4.9 million (60%) adults in Rwanda reported that they use informal groups, such as the Village Savings and Loan Associations, mainly to save. There has been a huge drop in the uptake of credit from shops (meaning individuals who took goods in advance from the shop and paid back later), down to 15% (1.3 million) in 2024 from 33% (2.3 million) in 2020.

Figure 18: What drives informal mechanism uptake? (%)

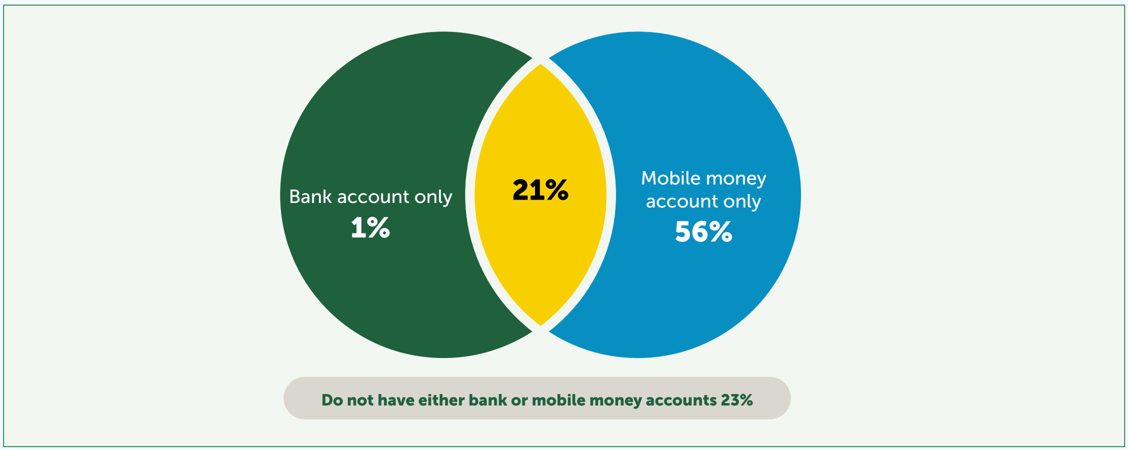


2.6 Transactional accounts

Access to a transactional account is a first step towards broader financial inclusion as it allows people to transact, store money, send and receive payments. In this report, transactional accounts are defined as those accounts offered by a bank or mobile money service provider. 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.

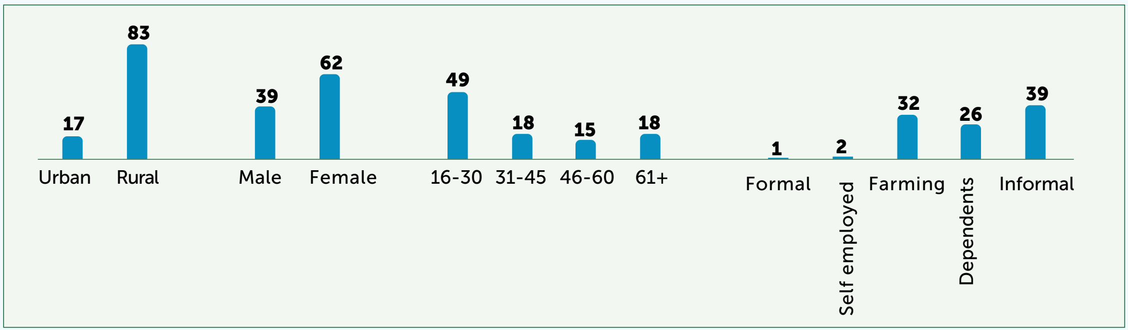
Figure 19 shows that three-quarters (77%) or 6.3 million adults in Rwanda have a transaction account through either mobile money or a bank account. About 21%, or 1.7 million adults, are using both mobile money and bank accounts to manage their financial needs. This reflects that for some, mobile money is an alternative used to meet specific needs, as it does not substitute bank account ownership. More than half (56% or 4.5 million) of the adults in Rwanda use mobile wallet only, demonstrating the role of mobile money in terms of increasing formal financial inclusion, especially in rural areas. Approximately 23% (1.8million) of the adult population does not have access to either a mobile wallet or a bank account. **There is a gender gap of 9%, where females with transactional accounts (either MM or bank account) sit at 73% compared to 82% of their male counterparts.**

Figure 19: Transaction account strand (bank and mobile wallet)



Those without a transactional account skew towards:

Figure 20: Proportion of adults with no transactional account by demographics (%)



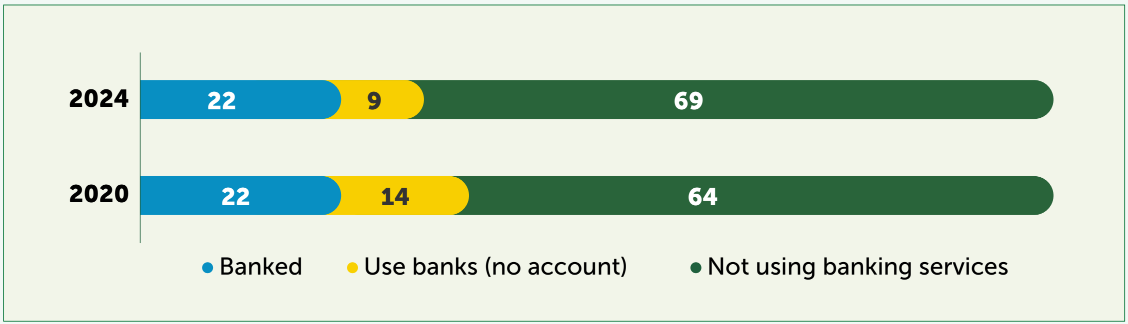
3

USAGE OF FINANCIAL PRODUCTS AND SERVICES

3.1 Banking

One in three adults (31%) or 2.5 million adults, in Rwanda are using banking channels or services to manage their finances. Of the 2.5 million adults, 1.8 million (22%) have a bank account in their name or a joint account. A further 774,000 (9%) Rwandans do not have a bank account in their name but perform Over The Counter (OTC) transactions or use someone else's bank account. Compared to 2020, there has been a decline in bank users driven by those using someone else bank account or performing OTC transactions. **This decline is not surprising given the increase in the number of adults who use mobile money services**, essentially capable of giving users benefits like those of a bank account.

Figure 21: Banking status (%)



Uptake of banking products is driven by transaction products or channels (current or savings accounts). Table 1 shows that compared to 2020, savings via banking channels have dropped but credit and remittances have increased.

Table 1: Drivers of bank usage (%)

	2024	**2020**
Bank account holder (transactional account)	22%	22%
Savings with a bank	18%	21%
Credit from a bank	10%	8%
Remittances via bank	4%	2%
Receive income	11%	12%

3.1.1 Bank product usage

Bank account use not only reflects the value of clients but also significantly, the value of the financial institution. If adults do not use the accounts they own, providers are unable to recoup the cost of opening and maintaining these accounts. Figure 22 shows that around 54% of banked adults use their account at least monthly. There is a huge drop in adults using their bank accounts weekly (30% in 2020 vs 7% in 2024). An additional 10% used their account quarterly or at least once in three months. Compared to 2020, there has been a reduction in adults frequently using their accounts (33% use less often in 2024 versus 5% in 2020). **Further analysis shows that 37% of bank users normally withdraw their money as soon as it is deposited**. The reduced frequency of bank account usage and the tendency for immediate withdrawals reflect challenges for financial institutions in maintaining profitability and encouraging deeper financial engagement among clients.

Figure 22: Bank product use (%)

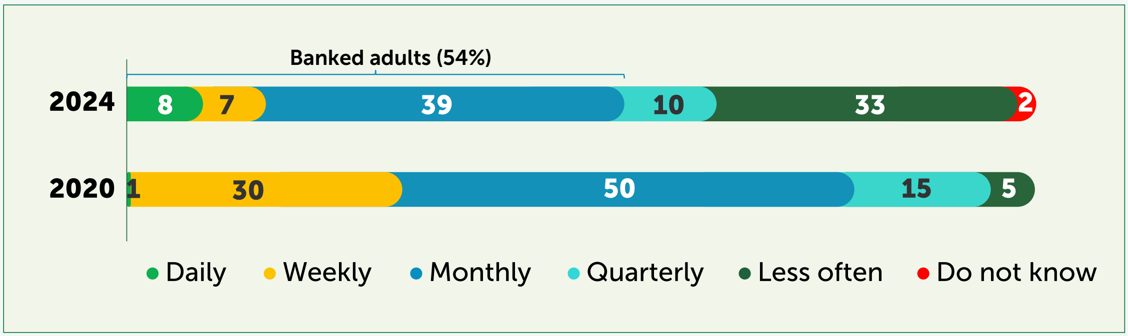
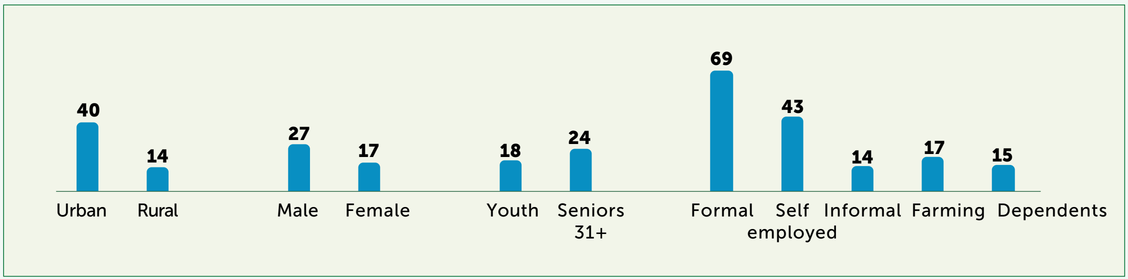


Figure 23 provides an overview of the distribution of the banked:

Bank account holders skew towards:

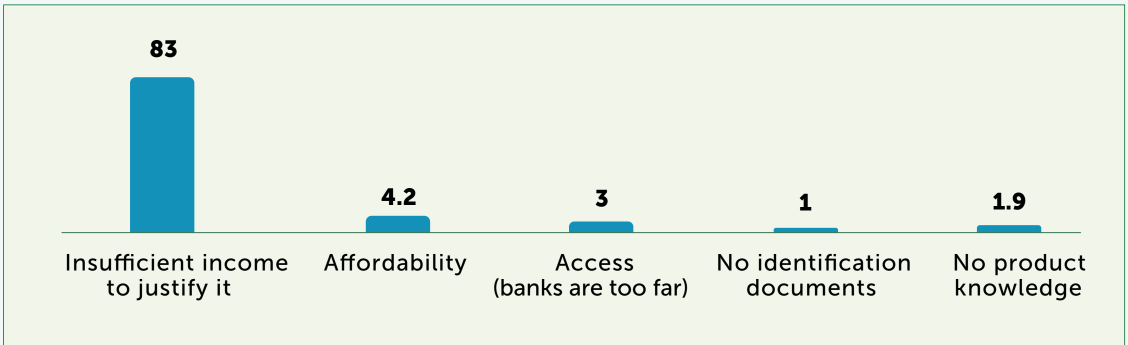
Figure 23: Distribution of the banked population – own account



3.1.2 Barriers to banking

Figure 24 reveals that lower levels of income remain the major deterrent to opening a bank account. About 83% of the unbanked population indicates that they do not need banking services due to a lack of **sufficient income to justify having an account**. To counter affordability barriers financial service providers could explore low-cost, no-fee accounts with flexible deposit requirements and micro-savings and micro-loan options.

Figure 24: Barriers to opening a bank account (%)



3.2 Mobile money usage

Traditionally, the financial sector was predominantly occupied by banks, which were brick-and-mortar establishments with few branches. In the present day, mobile money, wallets, branchless banking, and agents among others have been introduced to ensure a lifeline in the financial sector. This section will unpack the use of mobile wallet from the consumer's perspective to understand the factors that lead to usage and the obstacles that stand in the way of utilisation.

Awareness of mobile money is now substantially high with 98% of Rwandans aware of mobile money. Approximately 77% (6.3 million) of adults have registered mobile wallet, up from 60% (4.3 million) in 2020. About 86% (6.9million) Rwandan adults have used mobile money services, contributing to high levels of formal financial inclusion. There has been significant growth in use of mobile money services since 2020, driven also by those who used someone else's mobile wallet.

Figure 25: Mobile money status (%)

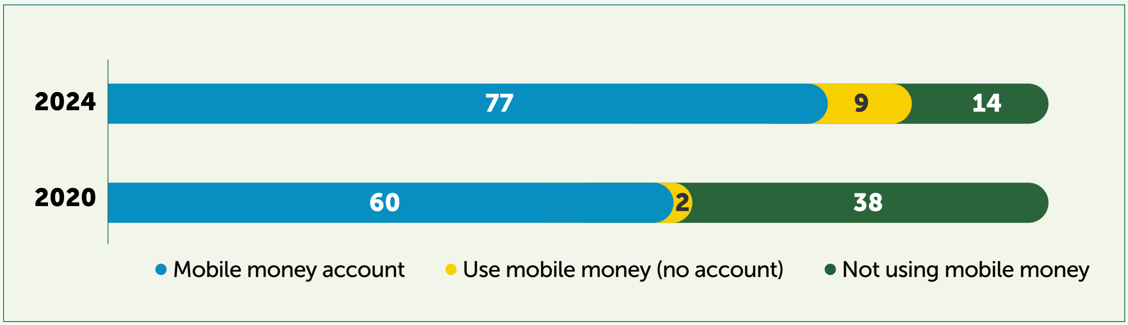
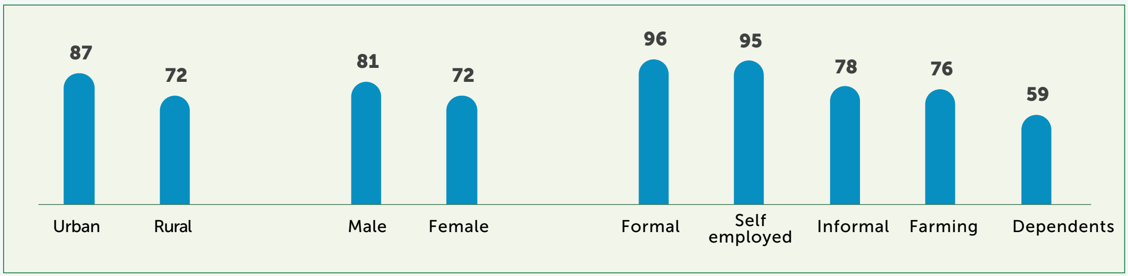


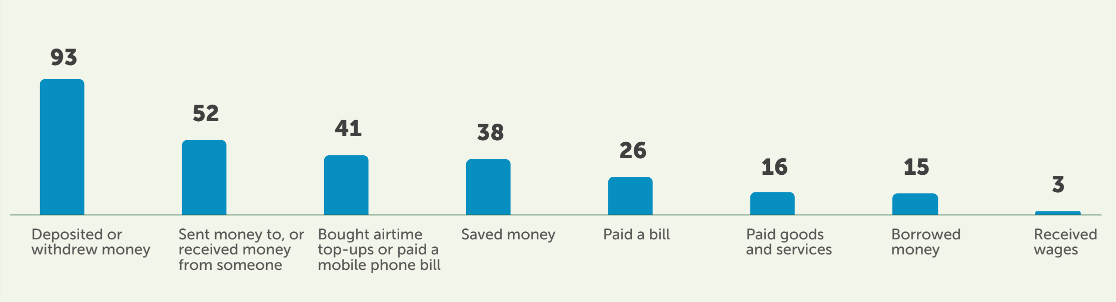
Figure 26 shows the role mobile money plays in making a difference among vulnerable groups. Among mobile money clients, the majority are from rural areas, youth, and working in the informal sector or engaged in farming activities.

Figure 26: Mobile money uptake/use by demographics (%)



Transactions performed: Money transfers, airtime purchases, and bill payments are among the services available to mobile money users. It is encouraging to note that transactions performed via mobile money go beyond remittances. The highest number of financial transactions performed by mobile money users was depositing or withdrawing money (92%). About half (52%) of mobile money users used mobile money for sending or receiving money from someone. It is clear that mobile money is increasingly becoming a savings (38%) and credit (15%) channel. The collaboration between banks and Mobile Money Operators is yielding some tangible results but should be taken a notch higher.

Figure 27: Activities conducted by mobile money users (%)

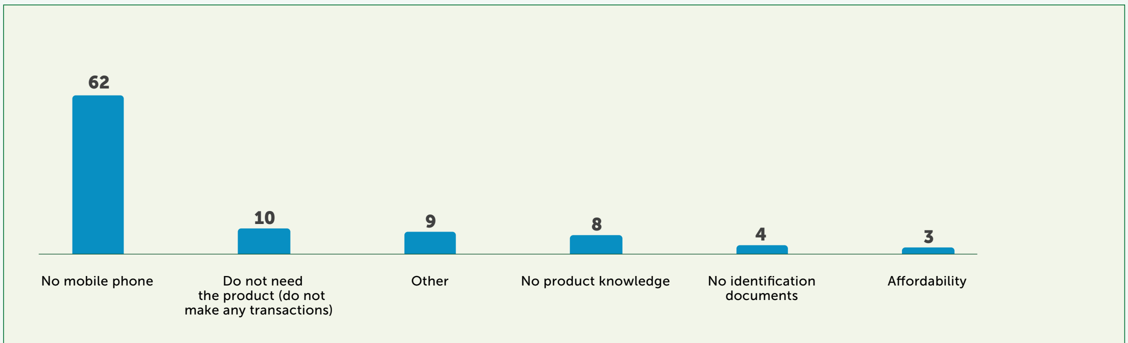


Challenges encountered: The main challenge reported by mobile money users is money laundering (16%). Inconsistent availability of agents (9%), cash availability (8%), and service reliability or poor mobile network (8%), fraud (6%) also top the list of key challenges that mobile money users are facing.

On the affordability question, half (51%) of the mobile money users feel that mobile money fees or charges are expensive. This may explain the behaviour of adults who prefer to use cash for transactions.

Barriers: The key barrier for those not using mobile money (23% of the adult population), relates to not having a mobile phone and lack of product knowledge. Raising greater awareness to encourage use is crucial, especially in rural areas with low uptake.

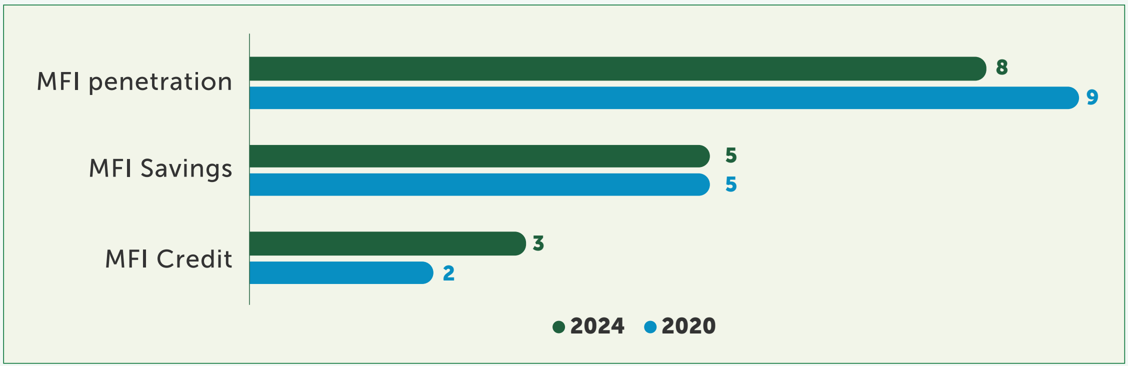
Figure 28: Barriers to opening a mobile wallet (%)



3.3 Microfinance institution

The microfinance sub-sector is an integral component of Rwanda's financial system. This sector plays a critical role in driving financial inclusion by connecting the rural population and lower-income groups to financial sector. FinScope 2024 findings indicate that about 636,000 (8%) adults have accounts with a microfinance institution (MFI), showing a slight decline from 9% (671,000) in 2020. MFI clients are more likely to have savings (391,000 or 5%), than MFI credit accounts (248,000 or 3%).

Figure 29: MFI usage (%)



Further analysis or profiling of MFI clients shows that MFIs are extending their services to the rural populace and the vulnerable. MFIs can also offer their services to different target groups such as farmers, formally employed, etc. Figure 30 below shows an overview of the profile of adults who have MFI accounts. They are significantly skewed towards:

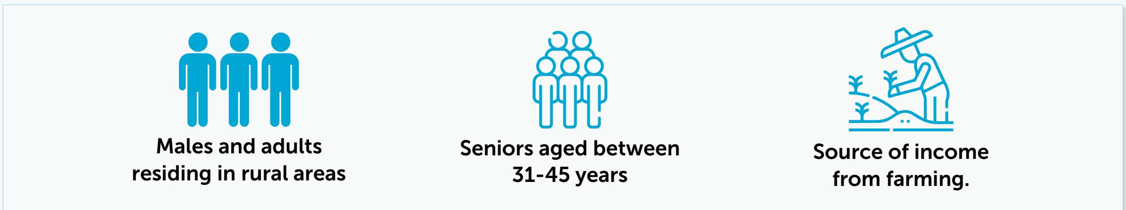
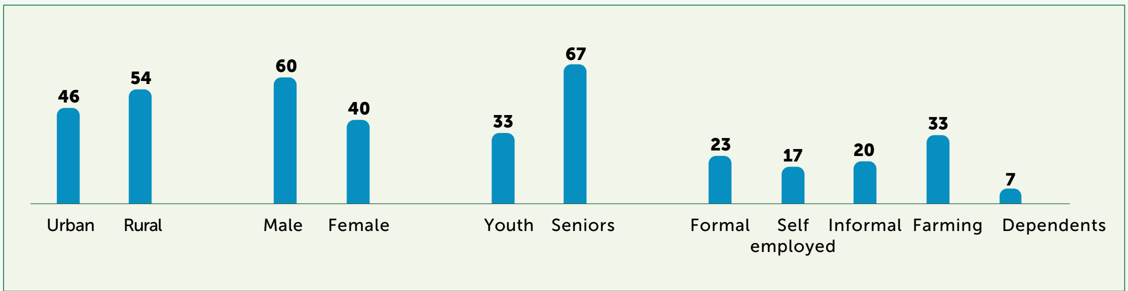


Figure 30: Penetration of MFIs by demographics

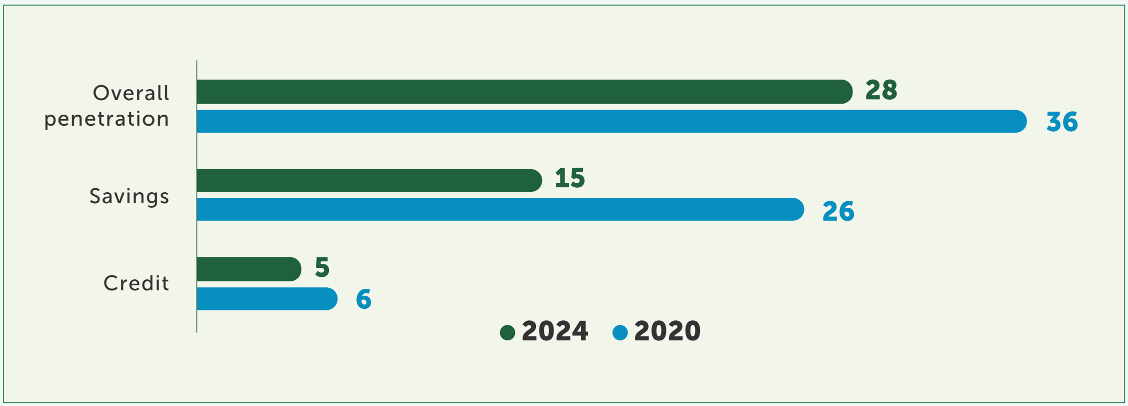


3.4 Umurenge SACCO

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 more concentrated in urban areas, while most of the Rwandan population lives in rural areas. Umurenge SACCO is a Rwandan-based savings and credit cooperative whose objective is to pool savings for the members and, in turn, provide them with credit facilities. Unlike banks, SACCOs are primarily formed to raise the social welfare standard of members.

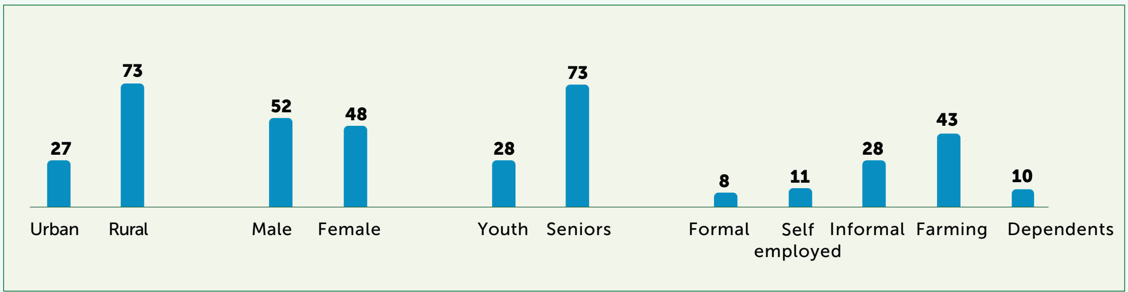
The membership of Umurenge SACCOs has declined to 28% from 36% in 2020, as illustrated by the FinScope 2024 findings. There are 2.3 million adult members in 2024, compared to 2.5 million in 2020. The use of SACCOs' accounts is skewed towards savings (15% or 1.2 million), with only minimal use of SACCOs for credit purposes, (5% or 369,000). Notably, there has been a drop in Rwandans who are saving via Umurenge SACCO.

Figure 31: Umurenge SACCO penetration (%)



Unlike commercial banks, which 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. **Findings reveal that SACCOs are also more likely to have more customers who are farmers (43%)**, and in the informal sector (28%). The Umurenge SACCOs initiative is proving to be successful in providing formal services to Rwandans who would most likely not use formal financial services.

Figure 32: Usage of SACCOs by demographics

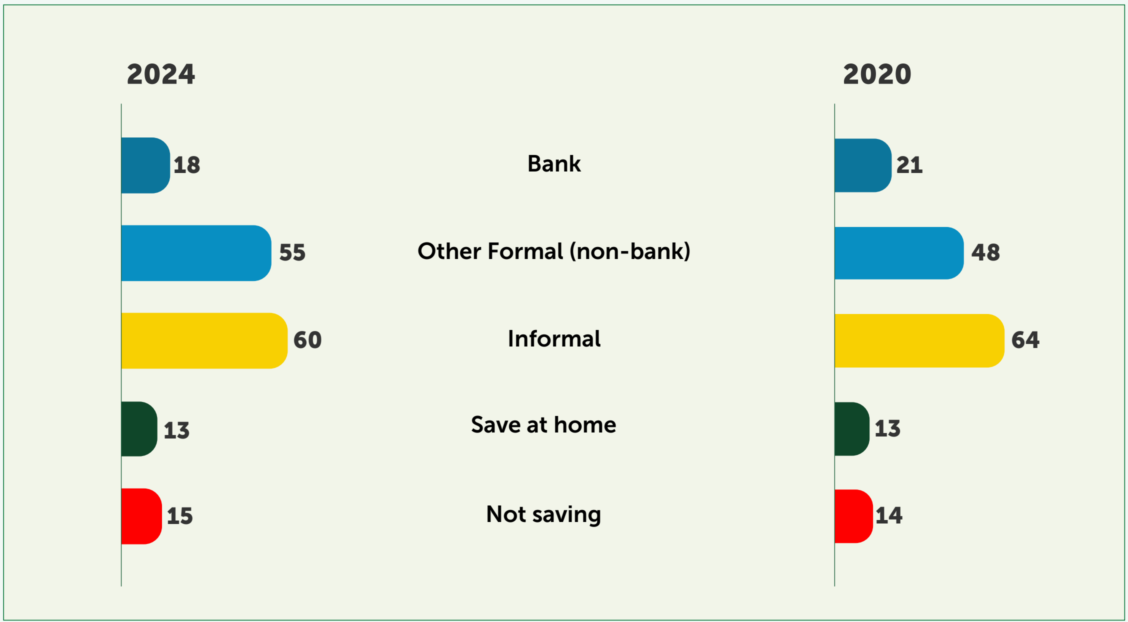


3.5 Savings

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

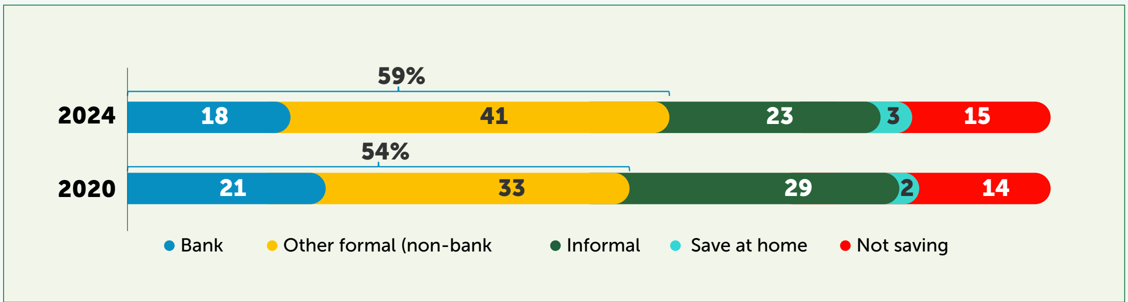
Overall, about 85% or 6.9 million of the adult population, aged 16 years and older save money, either formally or informally (including saving at home). Percentage wise, this is a percentage point decline from 86% in 2020. A slight decline in adults saving via banks is also observed, but about 60% of adult Rwandans save money through formal devices, including banks (18% of individuals have savings products from banks) and non-bank formal products (55% of individuals save at institutions such as mobile money operators and Umurenge SACCOs) up from 48% in 2020. Although there has been a decrease in informal savings compared to 2020, 60% of adults still save informally, mainly through savings groups. About 15% or 1.3 million adults do not save money, including keeping cash at home.

Figure 33: Savings overall (%)



The savings strand indicator shows an overall 5% increase in the number of people who used formal mechanisms to save money and a 6% decrease in the number of adults who saved through informal mechanisms. About 41% of adults who save formally do not use banks and 23% of adults save informally only.

Figure 34: Savings Strand (%)



A large proportion, 60% or 4.8 million Rwandans, use informal savings mechanisms such as savings groups (about 4 million or 52%) to meet their financial needs. Informal mechanisms or products, such as VSLA, tontine and or ikibina[1] are popular. A further 11%, or about 900,000 adults, save money through the Ejo Heza fund. This is a significant achievement as Rwanda seeks to increase savings as a percent of GDP from 14% to 30%. 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 from 10% to 7% in 2024. Overall, the results show that savings groups are the main informal channel that Rwandans use, consequently driving informal financial inclusion.

[3] *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 35: Saving channels (%)

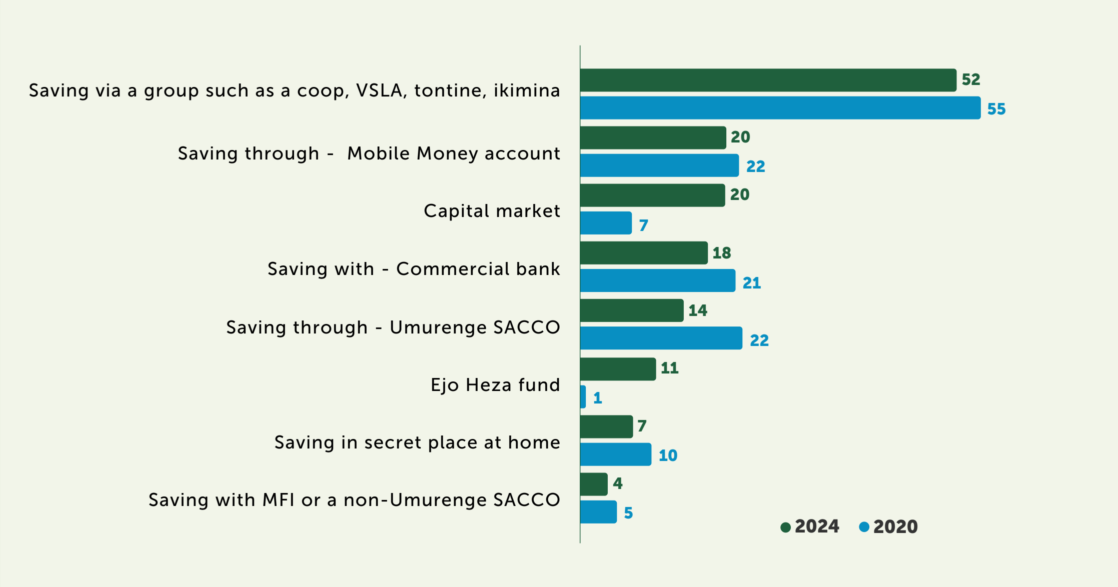
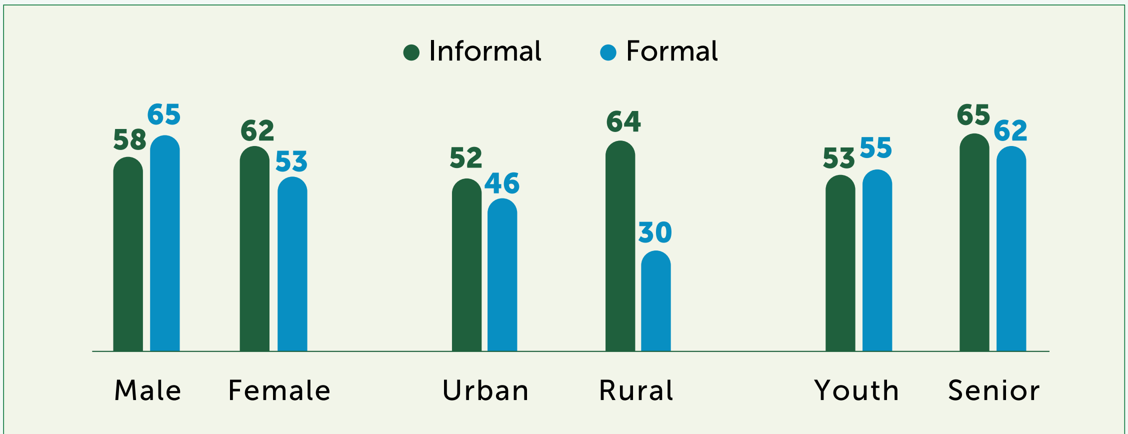


Figure 36 displays the channels adults are using to save, segmented by demographic characteristics.

Formal savings are skewed to the following:

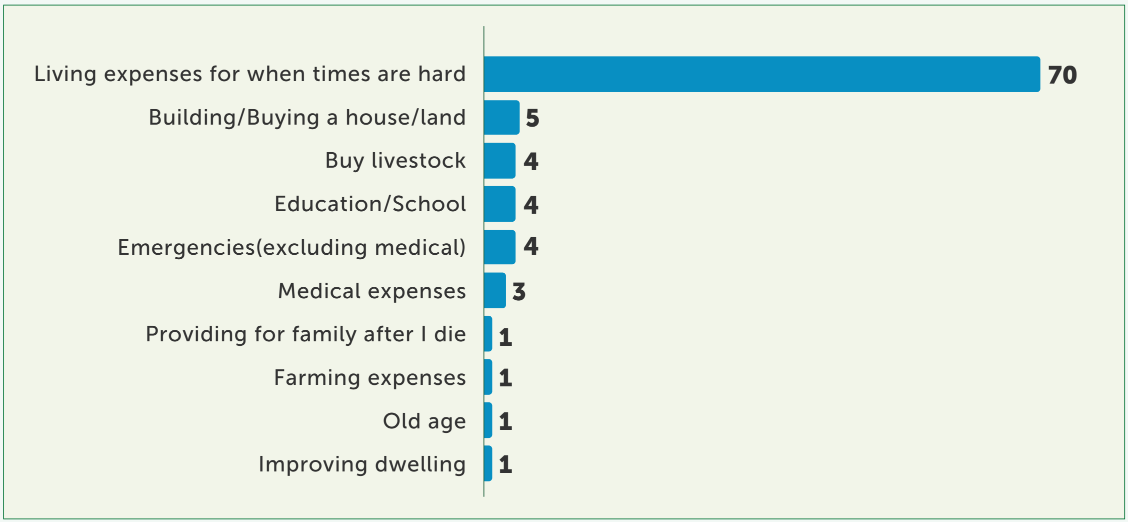
Informal savings are skewed to the following:

Figure 36: Formal and informal saving by demographic characteristics (%)



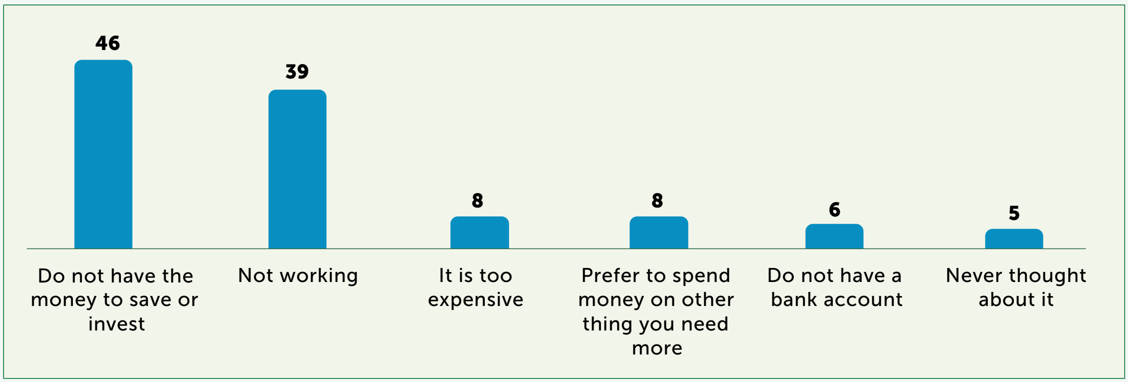
Reasons for saving: Exploring the reasons why people save helps financial institutions design products that are suitable to complement the needs of those who save. Figure 37 shows that most people currently save because they want to meet household basic living expenses (70%), followed by meeting life goals (17%, including education, livestock and buying and or building a house or land, and guarding against emergencies).

Figure 37: Drivers for savings (%)



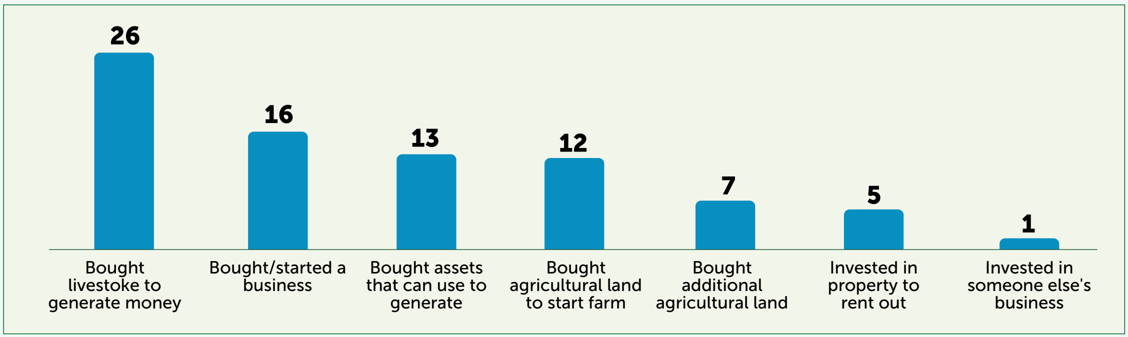
Barriers to savings: As shown earlier, 15% of adult Rwandans do not save money. Figure 36 shows the primary reasons that impede adults from saving. The most common reason for 46% of adults is 'do not have the money to save or invest'. The primary obstacle to saving is a lack of income or living expenditure, having no money to put away. This barrier is common across the developing markets and can be addressed by reducing unemployment and creating better jobs.

Figure 38: Barriers to savings (%)



Investments: Some individuals may not prefer to keep cash because it depreciates in value and instead, choose to keep assets. Rwandan adults are also investing in assets that can be used to generate income. About a third of Rwandans (39%) also invest in non-financial mechanisms such as keeping livestock(26%), buying agricultural land for farming (12%). Very few individuals have used financial assets or instruments with the main barrier being a lack of product knowledge and affordability or lack of income.

Figure 39: Types of investments/assets (%)



3.6 Credit

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, credit to develop MSMEs, agriculture and housing finance needs, and the finance and investment in education. 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 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 the number of credit-active consumers declined by 13% points, considering all forms of borrowing. **Approximately,63% (5.1 million) of adults have borrowed in the past 12 months, down from 76% (5.4 million) in 2020**. Bank credit uptake has increased to 10%, or above 825,000 adults having borrowed from the banks in the 12 months before the survey. This includes, overdrafts, and loans from financial institutions. Approximately 19%, or 1.5 million adults, borrowed from other formal (non-bank) institutions, such as Umurenge SACCOs (4,8%), mobile money MoKash (3%), and MFIs (3%). Almost half of Rwandan adults (47% or 3.9 million), who borrowed money did so from the informal sector. This included borrowing from savings groups (34%) and taking goods from shops in advance and paying later (15%). Borrowing from friends and family constituted 15% of the adult population. This type of borrowing is not included in the informal access categories, underscores the reliance on personal networks for financial support.

Figure 40: Credit overalls (%)

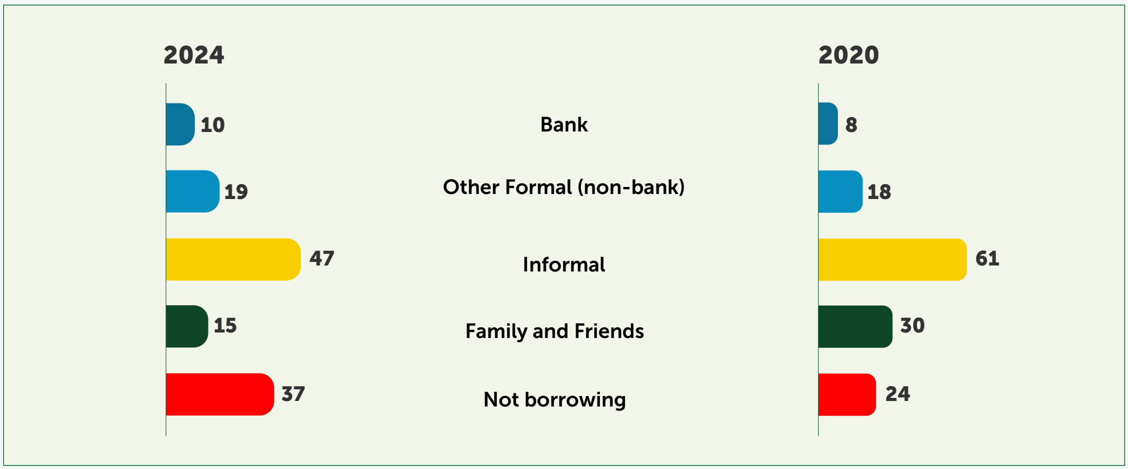
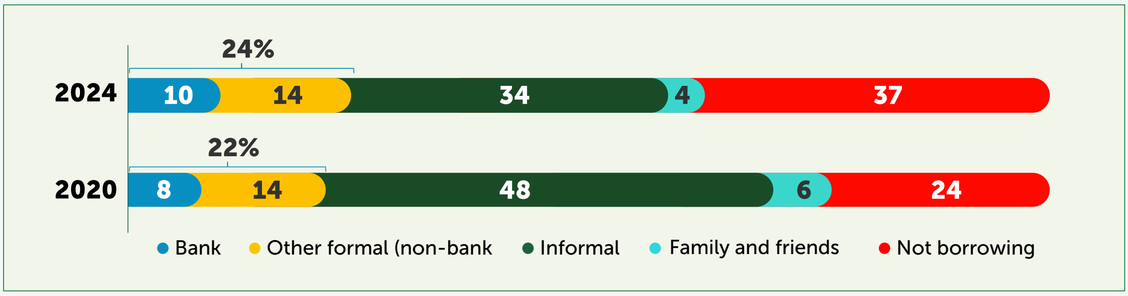


Figure 41 indicates that the uptake of formal credit has improved from 22% (1.5million) in 2020 to 24% (1,9million) in 2024. There has been a decrease in adults borrowing informally but not using formal channels (49% in 2020 to 34% in 2024). Overall, the number of those who did not borrow money in the past 12 months increased by 13%, from 24% in 2020 to 37% in 2024.

Figure 41: Credit Strand (%)



Of those adults who did not borrow, the survey aimed to determine the barriers to credit (Figure 42). The three most stated barriers to credit were lack of need to borrow (30%), worried they would not be able to pay back (24%), and lack of security or collateral (19%). There is a need to educate Rwandans about borrowing to eliminate their fear of credit, especially for productive reasons, and to support the financial sector in designing low-risk credit products tailored primarily to low-income individuals.

Figure 42: Barriers to credit (%)

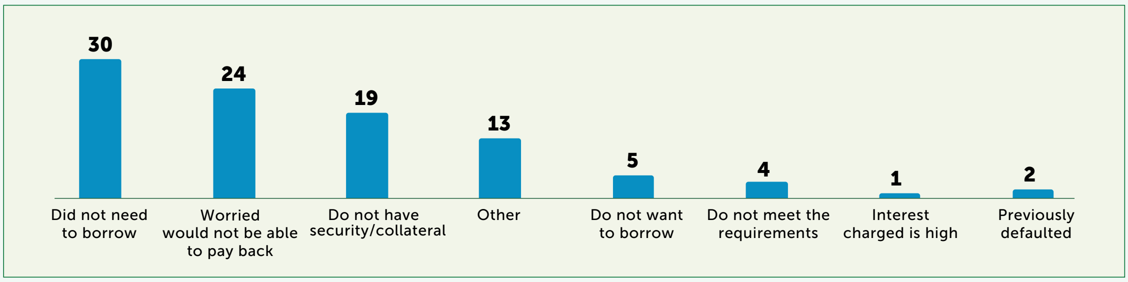


Table 2 shows the formal or informal channels that adults are using to acquire credit, segmented by demographic characteristics.

Formal borrowings are skewed to the following:

Informal borrowings are skewed to the following:

Almost three-quarters (72%) of the 16-17-year-olds have not borrowed and those who have credit relied mainly on 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. Reliance on exclusively informal credit is high among women and rural populace. 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 these groups in this regard.

Table 2: Credit strand by demographic characteristics

	Bank (%)	Other formal (%)	Informal (%)	Family and friends (%)	Not borrowing (%)
Credit population	10	14	34	4	37
Gender					
Male	13	16	30	4	37
Female	8	12	39	4	38
Area					
Urban	19	16	24	4	38
Rural	6	14	39	4	37
Age groups					
16-17	5	5	12	6	72
18-24	6	9	31	5	49
25-30	10	16	40	4	31
31-45	14	18	38	4	27
46-60	13	18	38	3	29
61+	8	12	32	4	45

When acquiring credit, individuals have different objectives to meet. Some may borrow for productive reasons, while others do so for consumption reasons. Figure 43 shows that about half of the credit active consumers borrowed for productive reasons, such as investing in business (9%) and education (10%), as well as for buying farming equipment/livestock (11%), and building/improving dwelling (12% each). It is encouraging to see the productive credit skew towards the self-employed population.

Figure 43: Reasons for borrowing (%)

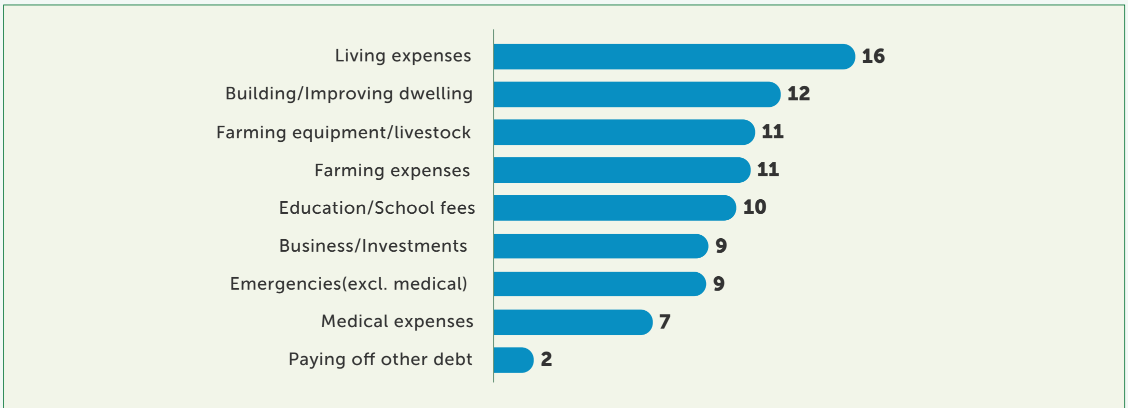
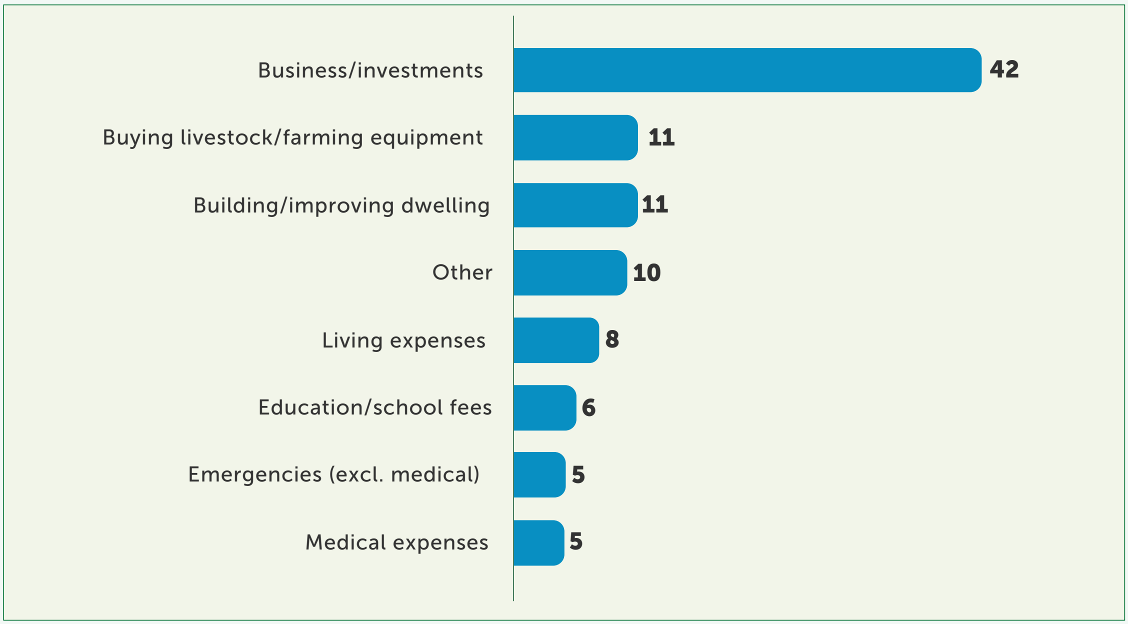


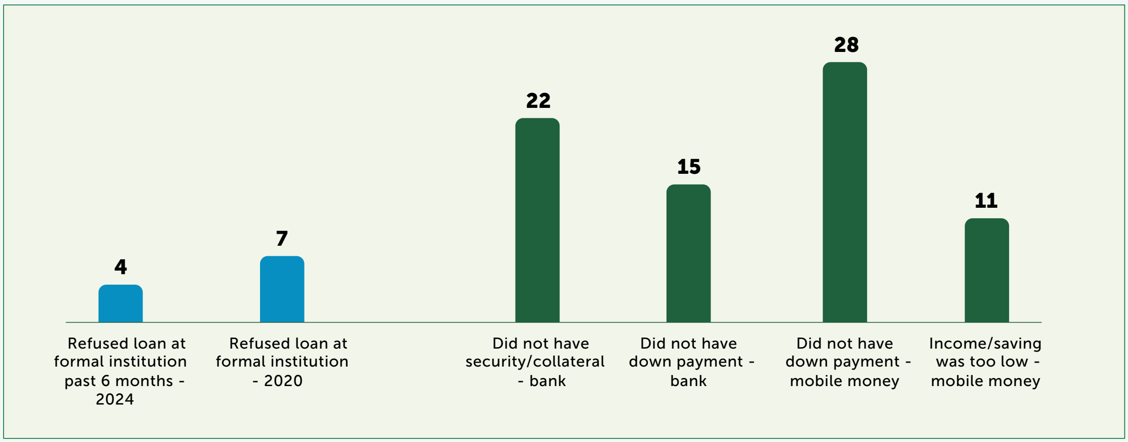
Figure 44 shows that 42% of the self-employed obtained credit mainly to expand their businesses. Other credit drivers include buying land/building/improving dwelling (10%).

Figure 44: Reasons for borrowing (%) – business owners



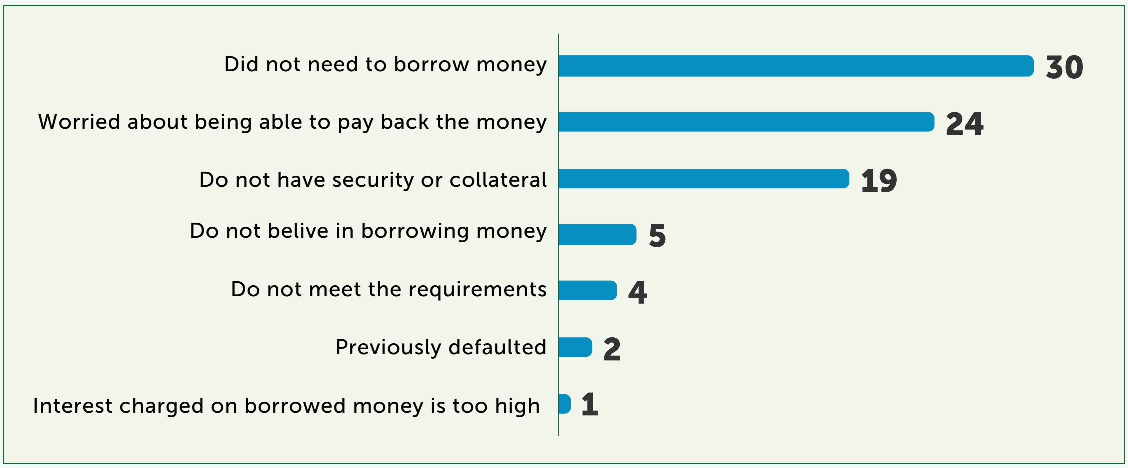
About 4% of Rwandan adults (324,000) report having refused a loan by formal institutions in the past six months. Of those who have been denied loans by the formal institutions, lack of security or collateral, and no down payment were the most common reasons for refusal.

Figure 45: Loan refusals and reasons behind loan refusals (%)



The survey explored credit-related obstacles in Figure 46. About one-third of adults who did not borrow money did not have a credit need, followed by doubts about their ability to repay the loan receiving 24% mentions. **Approximately 22% of adults who did not borrow did not meet the requirements for borrowing, either because they had no collateral to secure a loan or lacked documentation**. Given the current economic hardships that most Rwandan adults and households are experiencing, there is a need to educate borrowers on safe credit usage. Therefore, it is important to promote financial literacy for responsible borrowing.

Figure 46: Barriers to borrowing (%)



3.7 Insurance and risk management

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 the National Bank of Rwanda. This section will, therefore, look at both the insurance and pension sectors in Rwanda.

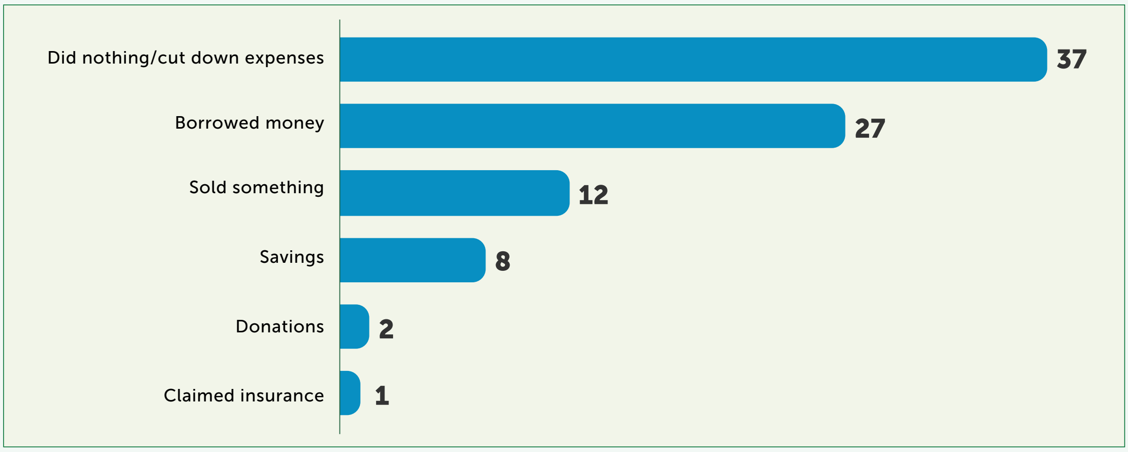
In the day-to-day lives of individuals, unexpected events occur and are likely to affect families differently. These unforeseen events/risks impose a significant amount of strain on individuals and households, especially when they are not covered by insurance. To mitigate or reduce the impact of these events, insurance provides protection against a variety of hazards, including accidents, diseases, natural disasters, and property loss. Insurance is a risk management tool primarily used to offset any costs that would be incurred because of the occurrence of an unplanned event. For this survey, insurance was categorised into formal (policies supplied by licensed insurance companies) and informal (village burial and welfare groups).

This survey explored the common household financial risks and their coping strategies. Almost three in four adults (72% or 5.8 million) in Rwanda experienced a major risk/event in the past 12 months before the FinScope 2024 survey. The greatest risk experienced among the households was facing a serious illness or health problems among family members (33%). Of those who had a risk event that affected their finances, one in four (25%) reported price increases/recession among other risks (mainly food prices).

Figure 47: Main risks experienced (%)

Individuals have different coping strategies. Of those adults who experienced a major event, the main coping mechanisms were cutting down on expenses/doing nothing (37%) and borrowing money (27%), especially from informal savings groups. Figure 48 also reveals that some adults had to sell something to get money (12%), while only a small proportion (1%) of these adults claimed on their insurance policies. The fact that many of the households had to do nothing or cut down on expenses, reflects the economic hardships that families may be facing. There is an opportunity for micro-insurance providers to continue offering low-cost, tailored products that may help cope with setbacks.

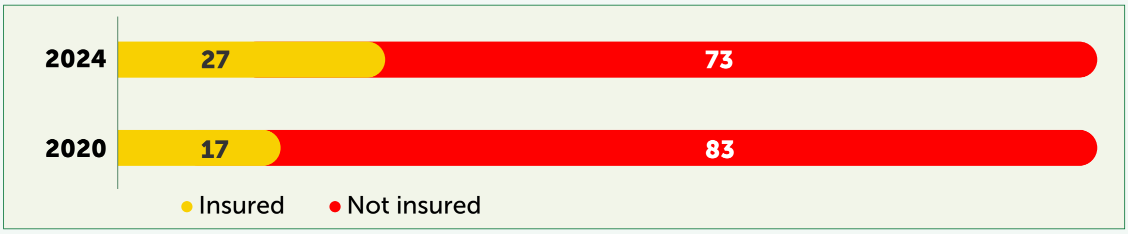
Figure 48: Main coping strategies (%)



Insurance uptake: 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.

There has been an upsurge in the number of adults having insurance products/insured by someone, from 17% or 1.2 million in 2020 to 27% or 2.2 million in 2024.

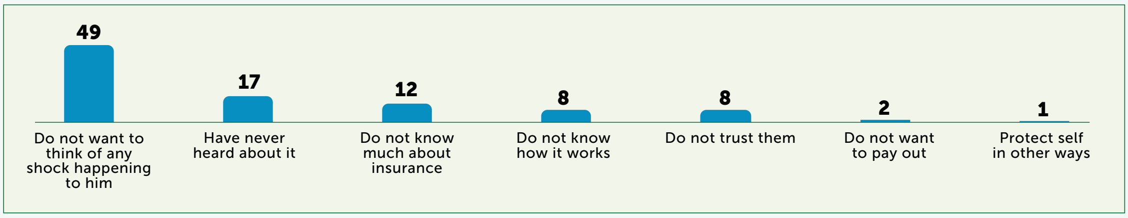
Figure 49: Insurance uptake (%)



Drivers: The insurance uptake in Rwanda is driven largely by general insurance, life insurance, medical insurance and microinsurance. With regard to microinsurance, the National Agriculture Insurance Scheme (Tekana Urishingiwe Muhinzi Mworozi) has played an important role in driving the huge uptake of insurance over the last four years.

Barriers: The main barriers to uptake are the reluctance to acknowledge the possibility of risks (48%) and lack of product knowledge (37%, i.e., 17% have never heard about it, 12% do not know about insurance, 8% do not know how it works). Raising awareness of the benefits of insurance products and offering low-cost tailored products will be crucial to Rwandans.

Figure 50: Barriers to insurance (%)



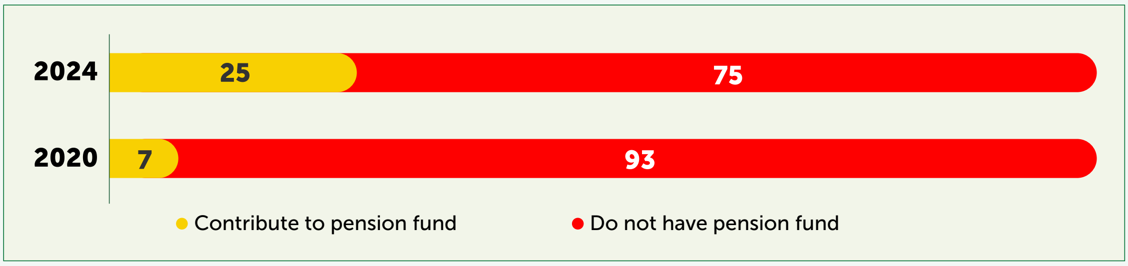
3.8 Mutuelle de Santé

Mutuelle de Santé is part of the Government of Rwanda's social protection system that was introduced in 1999 to enable members to access healthcare through all public and private non-profit health centres in Rwanda. The aim is also 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.The Mutuelle de Santé system is primarily coordinated at the district and sector levels. **FinScope 2024 findings reveal that 82% (6.7 million) of adults are covered by Mutuelle de Santé, down from 88% (6.2 million) in 2020.**

3.9 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 insurance companies, or in-house by employers. There has been a substantial increase in the number of adults who contribute to pension schemes. The number of contributors grew from 7% (500,000) adults to 25% (2,1 million) in 2024. This shows the impact of the new initiative, Ejo Heza Long Term Saving Scheme.

Figure 51: Pension fund strand (%)



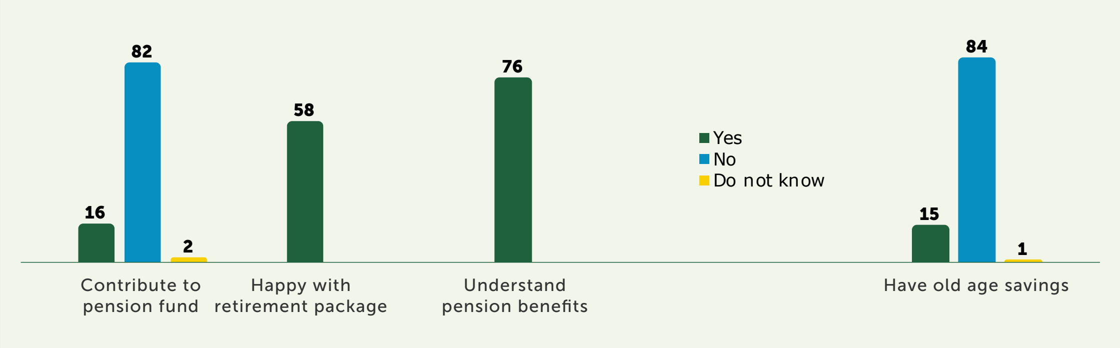
Further analysis shows that the pension sub-sector is largely dominated by the uptake of Ejo-heza from 1% in 2020 to 21% in 2024. Ejo-heza long term savings/pension scheme seems to speak to diverse livelihood segments.

Table 3: Drivers of retirement uptake

DRIVERS	2024 (%)	2020 (%)
Ejo heza	21	1
Other private pension	3	4
Provident fund	2	1

3.10 Retirement plan: Planning for retirement is an important aspect and should be encouraged. About 15% of adult Rwandans have old age savings while 16% contribute to pension funds. Slightly above half of those with retirement packages are happy with them.

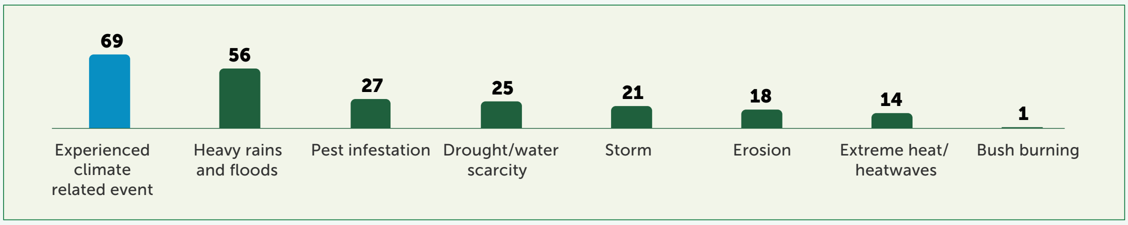
Figure 52: Old age savings and retirement



3.11 Climate change related risks

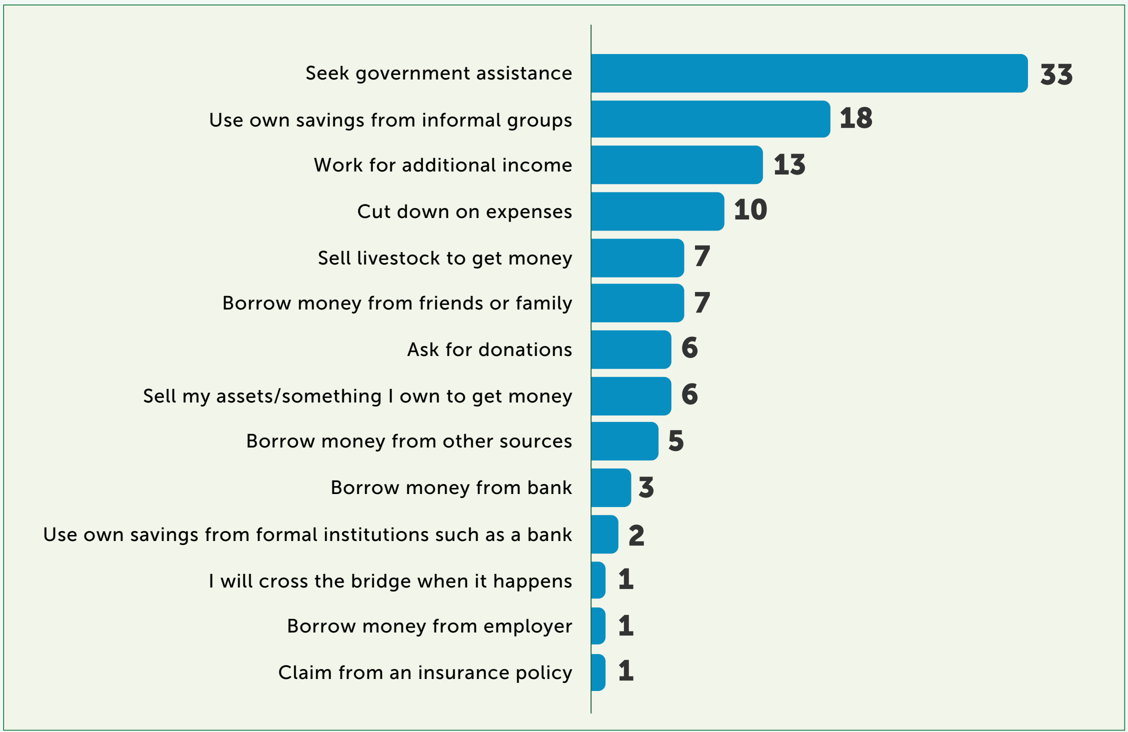
If not properly prepared, climate change may undo the progress made in financial inclusion. The survey also sought to assess the effects of climate change among Rwandans. The survey results indicate that more than two-thirds of Rwandans (69% or 5.6 million) have experienced a climate change related event. Most of the Rwandans were affected by heavy rains and floods (56% or 4.6 million) followed by pest infestation (27% or 2.2 million) and drought (25% or 2 million). These events negatively impact household livelihoods, especially those relying on farming activities, and lead to shortages of food causing increased prices. Only a few have policies to cover them for these eventualities, further harming them in recovering quickly from these events.

Figure 53: Experienced climate-related events (%)



While we cannot prevent climate-related events from happening, financial inclusion is a tool that can help Rwandans, including those experiencing poverty to build resilience to climate shocks. However, the data, shows that only 30% or 2.45 million of those who experienced climate change related risks have put up measures to mitigate impact on financial, again giving us opportunities to investigate policy reforms and financial products to assist in these challenges. Rwandans were further asked what financial products or coping solutions they would use to address future climate change relates shocks. The majority answered (33%) mentioned waiting for government support and 18% said they would deplete their savings (Figure 54).

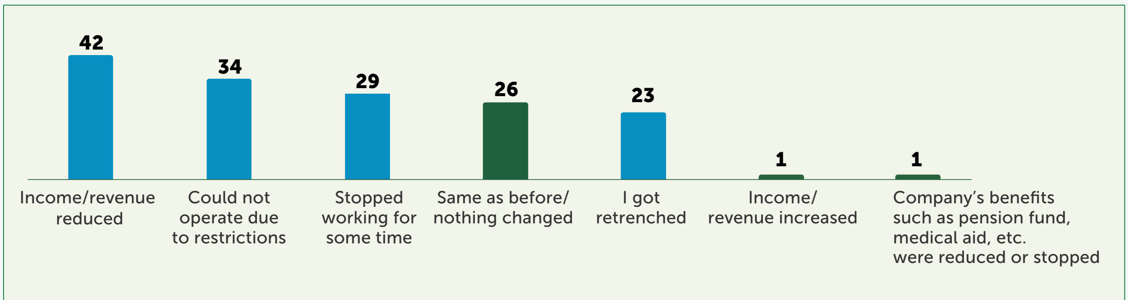
Figure 54: Potential financial product to take up for protection against climate related shock (%)



3.12 Covid-19 impact

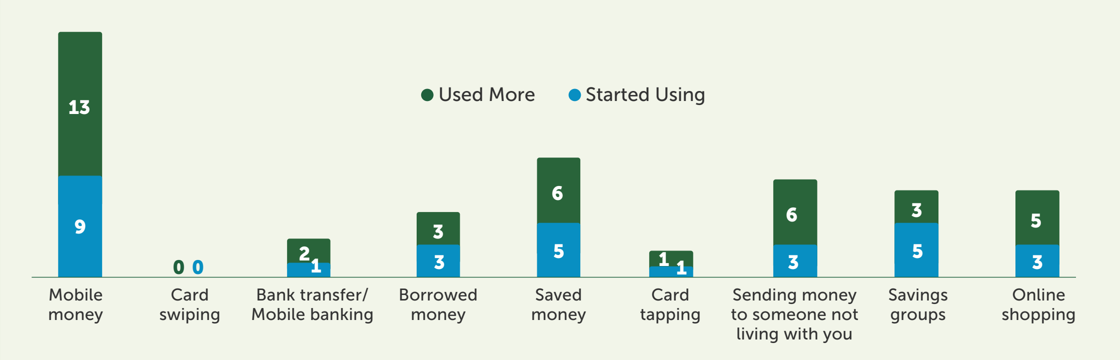
The survey also sought to assess how COVID-19 had affected Rwandans. Two-thirds of Rwandans' livelihoods (66% or 5.4 million) were negatively affected by the Covid pandemic – 42% indicated that their income or revenue was reduced, 34% could not operate, and 29% stopped working for some time. This is not surprising due to lockdown restrictions that were put in place to prevent the spread of COVID-19 hence people could not operate as usual. On the other hand, 1% of the adults reported that their income or revenue increased and a further 26% cited that income remained the same.

Figure 55: Covid-19 effects on livelihoods/income (%)



The survey also looked at the use of financial products and services during the Covid-19 pandemic. Of those individuals who reported having started or used more financial products and services, most of them used mobile money. About 23% of Rwandan adults mentioned having started using Mobile money (9%) whilst others used more (13%) because of Covid-19. The behavior of using online banking platforms or using card tapping did not change much amongst Rwandans.

Figure 56: Started using or used more financial services or products since Covid started (%)

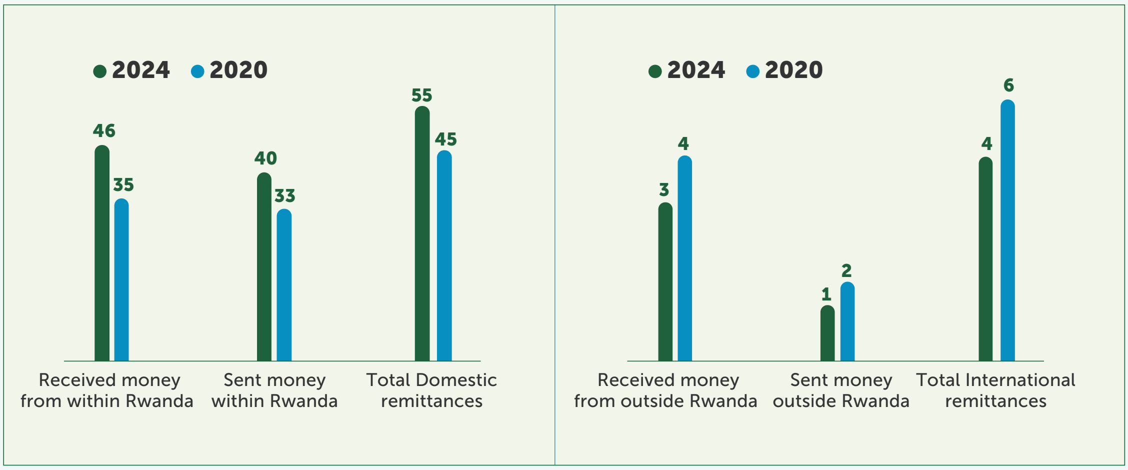


3.13 Remittances

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 transfers (remittances), as well as on the remitting channels through which money transfer transactions are made.

Domestic remittances have increased from 45% in 2020 to 55% in 2024 but cross-border remittances have dropped to 4% from 6% in 2020. About 55% (4.5 million) of Rwandans have remitted money domestically in the past six months while 4% (350,000) have sent or received money outside Rwanda. For both domestic and cross-border remittances, a higher proportion of adults have received money versus those who have sent money.

Figure 57: Remittances – Cross-border and domestic (%)



Overall, around 5.4 million or 65% of Rwandan adults have either sent and/or received money driven largely by domestic remittances. About 63% of adults used non-bank channels while 4% or 309,000 people, remitted money via a bank channel. Formal channels are the most common mechanism used to transfer money and mobile money is the most common mechanism used.

Figure 58: Remittances mechanism

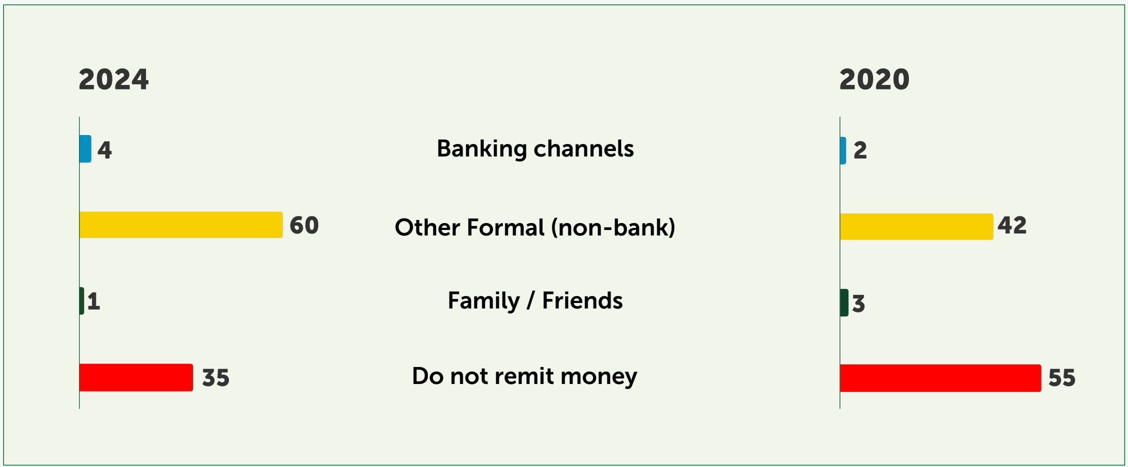
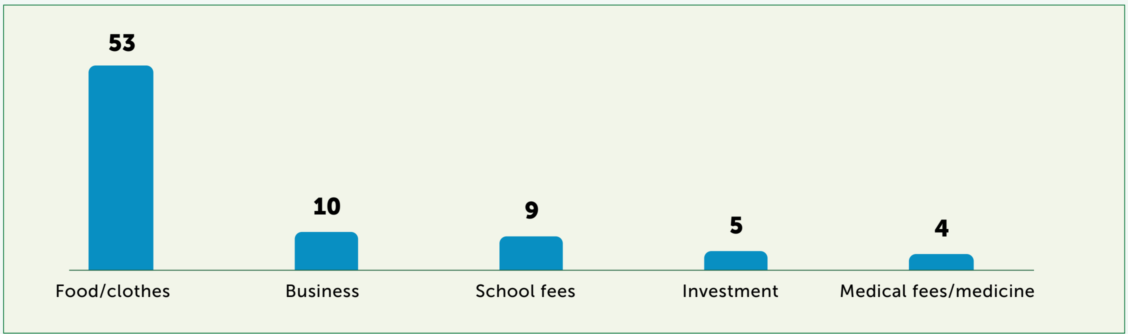


Figure 59 reveals that most adults in Rwanda who received money from their loved ones used it primarily for meeting daily expenses like buying food, clothes, medicine, and paying school fees. This trend indicates the significance of remittances in supporting the vulnerable. Encouragingly, about 10% of adults use the money to start a business or for investment purposes.

Figure 59: Main uses for money received (%)

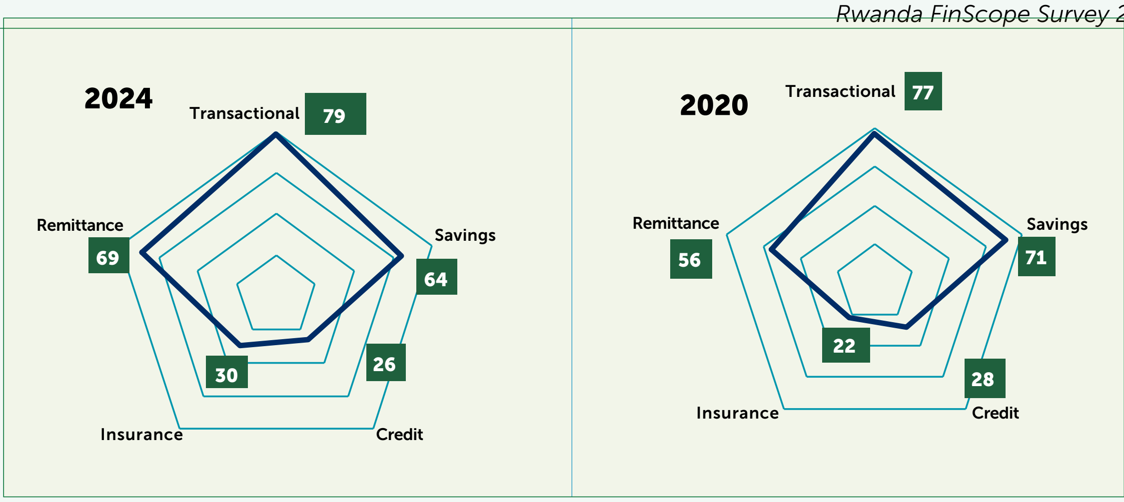


3.14 Landscape of access

The landscape of access is used to illustrate the extent to which formally financially included individuals have or use formal products/mechanisms and highlights the drivers of formal inclusion. This excludes those borrowing from family or friends and those who save at home or a secret hiding place. The quadrangles indicate the degree of access to the five main products provided: savings, credit, transactions, remittances and insurance for 2020 and 2024.

The diagrams depicted in Figure 60 summarise the main findings of this study regarding the breadth of financial access. Rwanda's financial inclusion is driven by transactional activities (usage of mobile money and bank accounts), which are mainly used for payments/transfers. Transactions fuelled by mobile money services are the main factor driving the use of financial products and services. Drivers of formal financial inclusion remain similar to 2020, driven by transactional activities, savings and transfers/remittances.

Figure 60: Landscape of access (of those using formal financial products/services)

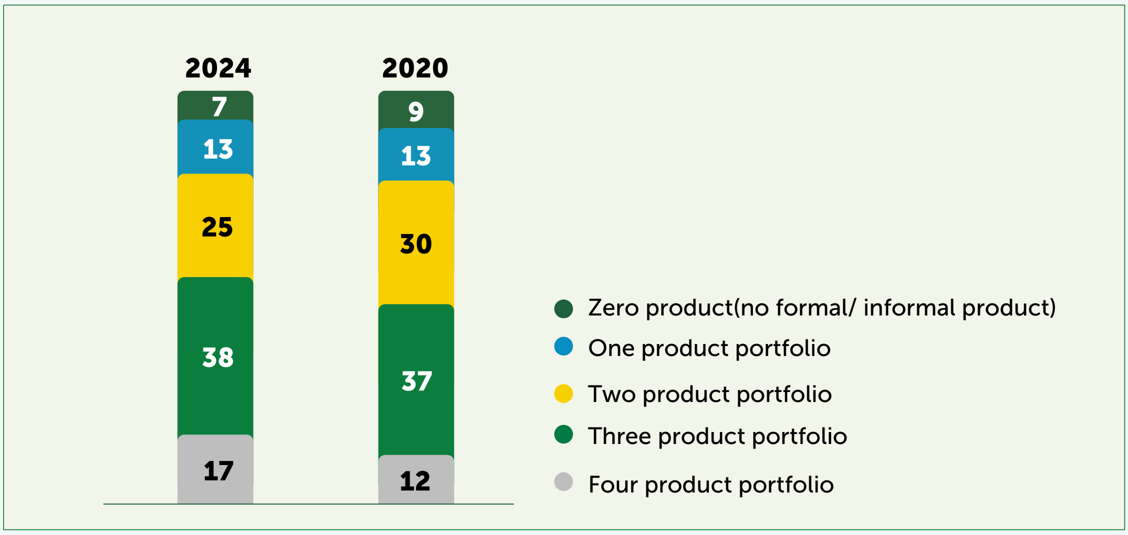


3.15 Depth Strand

The depth strand indicates whether adults are thinly or broadly served by the financial sector. The depth strand looks at both formal and informal products or services.

The number of adults relying on one product remained the same and the majority of these adults have a transactional/payment product. There has been a decrease in adults having two products but a positive increase to three and more products in 2024. Compared to 2020 when 12% (853,000) of adults had or used four landscape products, the number increased to 17% (1.4 million) in 2024. This implies that more Rwandan adults who have a transactional/ payment product are saving, insured, and have credit products. The focus of the depth strand is to go beyond having an account and to have second-generation products. The aim of the National Financial Inclusion Strategy (NFIS) should be to deepen financial inclusion and have more adults with insurance, access to credit and savings/retirement products.

Figure 61: Depth strand (landscape product portfolio)



4

DFS UPTAKE, QUALITY OF FINANCIAL SERVICES AND RESPONSIBLE FINANCE

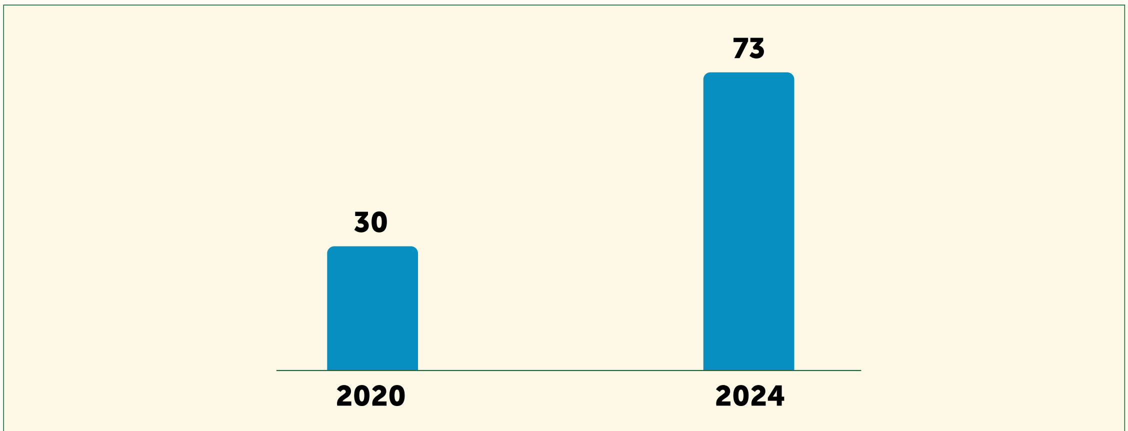
4.1 Digital financial services (DFS)

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. According to the FSDS, this will be achieved 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.

In 2008, Rwanda embarked on its first Vision and Strategy for the payment system, aiming to modernize and enhance financial services. It is safe to say the Rwanda's journey towards a cashless economy started with its first 2018 Vision and Strategy for the payment system. The Rwanda National Payment System (RNPS) Strategy 2018–2024 reaffirms the commitment of the National Bank of Rwanda (NBR) and the Ministry of Finance and Economic Planning's (MINECOFIN) commitment to encourage the use of electronic payments by all residents of Rwanda, to achieve a cashless society. Over the years, mobile operators introduced essential services and products such as payments (MoMoPay, Bill & Utility Payment, Taxes, Insurance, Transport, and Bulk Payments).

It seems this strategic initiative was crucial for the country's economic development and transition toward a cashless economy. As there has been a huge surge between 2020 and 2024 in the number of Rwandans who have performed transactions digitally, though falling short to reach the 2024 target of 100%. Figure 62 shows a significant growth in the use of digital finance services (excluding those who use mobile money to send and receive money ONLY/ Cash-in and Cash-out) from 30%, or 2.1 million in 2020 to 73 % or 5.9 million in 2024. FinScope 2024 paints an encouraging picture of digitalisation showing greater interoperability and innovation that have led individuals and businesses to use electronic financial services in ways that will in the future lead to the reduction of the use of cash and paper-based instruments.

Figure 62: Digital financial services (%)

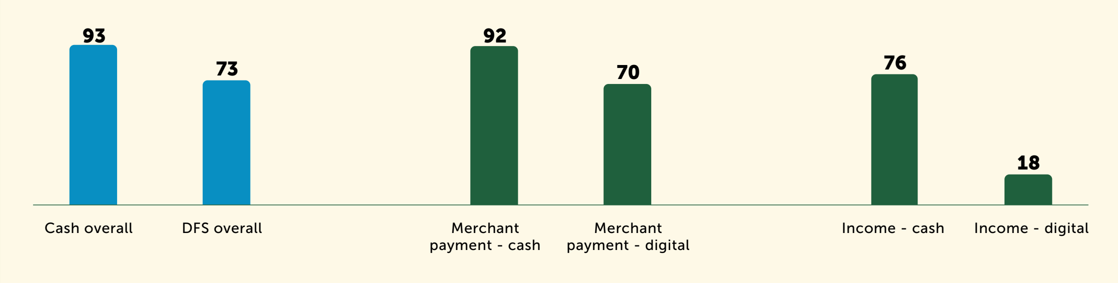


4.1.1 Drivers of digital financial services

FinScope Consumer 2024 shows that adult Rwandans are embracing digital payments – 73% of adults have performed digital financial transactions. Mobile money dominates the digital payment landscape and is seen as an enabler in the continued growth of digitisation. Disturbingly, digital income payments (18%) are relatively low, given the fact that almost three-quarters of Rwandans have a transactional account (either a bank or a mobile wallet). Rwandans receive their income money in cash (76%) and prefer to spend in cash (92%) on the following activities: Food (88%); water and energy bills (34%); education (44%) communication (65%);

medical expenses (45%); farming inputs (45%). Digital channels mainly mobile money is preferred in the following activities: Energy (25%), medical expenses (31%); education (14%). Figure 63 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.

Figure 63: Channels used to perform financial transactions



4.2 Quality of financial services and Responsible finance

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 empowerment and financial service providers' transparency are key pillars of financial capability and are of great importance in Rwanda.

This section looks at **consumer empowerment and the level of transparency experienced**. Table 4 shows that the majority of Rwandans (who have their own money that they can use as they wish) have a lower score of consumer empowerment. Fewer individuals agreed that they know what to do when not satisfied with services, are confident enough to make complaints and understand contracts of the financial products. There is need to educate consumers, regularly assess financial literacy and complaint handling to ensure a more informed and empowered consumer base.

Table 4: Consumer process of choosing and using financial products (%)

Statements	Agree
Comparing options and choosing the best one that suits your needs	62
Knowing what to do when not satisfied with a financial service	47
Confident enough to make a complaint	44
Understanding terms and conditions in the contract with a financial institution	45
Have used Gereranya (a device to compare prices)	28

Transparency is increasingly important in the financial services industry, where a variety of people and businesses are fundamentally connected in one economy. Rwanda demonstrates commendably high consumer empowerment scores, where consumers can rate and review services openly. Table 5 indicates that two-thirds of Rwandans can relate to an incident where they perceived transparency. Examples include being informed of changes to the fees or charges (40%), receiving clear information on financial products/services recently bought (64%) and not being surprised about financial services/products fees at a later stage (83%). Transparency is essential to build trust and confidence in financial institutions. Financial institutions should continue to use simple language in contracts, and update consumers when there are some changes related to financial products or services.

Table 5: Statements used to calculate transparency incidence (%)

Statements	2024 YES
Do you feel that the information on financial products or services bought recently was provided to you in a clear and easily understandable manner	64
Taken a financial product/service and has not been surprised about the fees/ charges associated with that product	83
Were informed of changes to fees or charges of financial products/services	40

Fair treatment

Fair treatment promotes trust, financial stability and ultimately economic growth. Although a lower proportion of Rwandan adults feel that financial institutions treat them fairly, it can be clearly seen from the below table that majority of those who use financial institutions have not been taken advantage of by their financial service provider. It is vital to ensure that customers are fairly treated and are happy with their products.

Table 6: Statements about fair treatment (%)

Statements	Yes	No	Never used
You feel that financial institutions treat you fairly	55	21	25
Have been threatened, or treated in a violent, humiliating manner by a financial service provider	3	82	15
Have been taken advantage of or misguided by a financial service provider	3	81	15
Have been sold a financial product by a financial institution or telecommunication company and later noticed that it was not in your best interest to take it	2	83	15
Have been sold a loan without the financial service provider assessing your capability of paying back the loan	2	79	19

Financial knowledge

Financial knowledge is essential for individuals, business and societies to make informed decisions and achieve financial well-being. Rwandans are doing well in terms of understanding basic arithmetic concepts however looking at the level of understanding economic concepts such as inflation shows that Rwandans still require more financial education to better make informed decisions.

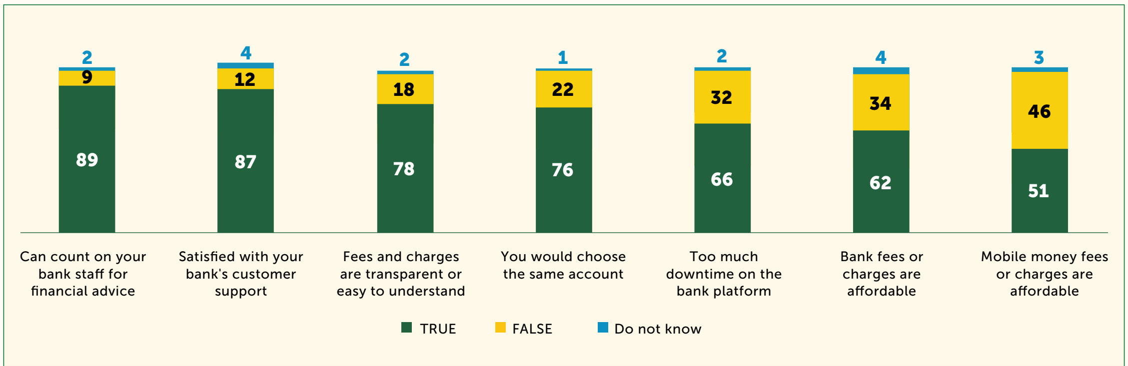
Table 7: Statements testing financial knowledge/numeracy (%)

Statements	Correct answer (%)
Five friends are given a gift of 20 000 Rwf and they have to share the money equally	72
You lend 5 000 Rwf to a friend one evening, and he gives you 5 000 Rwf back the next day. How much interest has he paid on this loan?	85
The friends have to wait for one year to get their share of the 20 000 Rwf and inflation remains the same. In one year's, time will they be able to buy the same amount	11

Satisfaction

Most customers report high levels of satisfaction with the services they receive and can count on bank staff for financial advice. The least performing indicator is the measure of "reasonable cost". Compared to bank users, mobile money users feel that charges or fees are not affordable. The perceived high service cost is a key concern that affects the frequency of service usage observed while assessing the frequency of service use.

Figure 64: Statements around banking products and service



5

IMPACT OF FINANCIAL SERVICES

The impact of financial services is far reaching influencing various aspects of our lives from personal finance to economic growth and social progress. Measuring the impact of financial services and products involves assessing effectiveness in achieving desired outcomes, such as improved livehoods.

5.1 Financial Needs

The 'needs'-based framework looks at how or why people are using financial services and where the formal sector might be falling short. These 'needs' are based on an understanding that people use financial services to meet a specific need. The reasons for which people use financial services can be categorized into one of four universal financial needs:

1. **Transfer of value – to make payment or transfer.**
2. **Liquidity – to meet expenses within an income cycle.**
3. **Resilience – to meet large expenses that have resulted from a financial shock.**
4. **Meeting goals – to achieve events/life objectives that require financing.**

Is the financial sector meeting the needs of Rwandans? How do individuals meet their financial needs?

Transfer of value – Almost all adults have a need to make payments or transfer value from one person to another. 94% (7.7million) of adults have either bought airtime, paid bills, sent money etc. in the past 12 months. A higher proportion of adults are meeting this need both via digital channels as well as cash. Digital channels are driven largely by use of mobile money. This shows that the financial sector is meeting the transfer of value needs of individuals as they have the financial products they can use to transact.

Liquidity – the indicator looks at the ability to meet expenses within an income cycle. 88% (7.1 million) reported having ran out of money for food or important things in the past 12 months (50% experienced challenges with liquidity more often). Only a few individuals managed to get financial help from financial institutions when they had liquidity issues. Financial institutions tend to prioritise funding productive needs hence the reliance on informal credit is high.

Resilience – Almost three quarters (72%/5.8million) of the adults experienced a risky event that had a financial impact. This indicator looks at the ability to deal with shocks. Few Rwandan adults who experienced risky events used financial mechanisms or products such as insurance, formal savings or balance in account to cope with risk. Majority of them resorted to non-financial coping means such doing nothing or cutting down expenses or receiving assistance from family or friends. This may indicate that the role of the financial sector on risk transfer is limited. Main hindrance to uptake of insurance products remains affordability/product suitability and lack of awareness.

Meeting goal – About 81% (6.6million) of Rwandan adults reported that they have some life objectives or goals that they are trying to meet. These include mainly developmental goals such as investing in their business, buying/building a house, buying a land, education among others. More than 3.7 million adults or 46% would like to invest or start their businesses (this includes the 19% who would like to buy agriculture and business inputs and assets). Around 39% (3.2million) have housing or land financing need. Above a third of adults who have a financial goal are not meeting this need and are doing nothing about it. Another 29% used financial products (but only 7% used formal credit). Importantly, the financial sector has the opportunity to grow its relevance on meeting people's needs, especially through credit. (e.g., mortgage finance, education finance, MSME in productive sectors financing, etc.).

Table 8: Universal Financial Needs

TRANSFER OF VALUE	94%	LIQUIDITY	89%
How they met the transfer of value need (device used)		How they managed liquidity need (device used)	
Cash	92%	Formal savings	3%
Digital – Bank	13%	Informal savings	3%
Digital – MM	70%	Formal credit	1%
		Informal credit/got goods on credit	27%
		Family/friends credit	7%
		Sold assets/livestock	4%
		Did nothing/cut down expenses	44%
		Other	11%
RESILIENCE TO FINANCIAL SHOCK	**72%**	**MEETING GOAL**	**81%**
Main Risk experienced:		**Main goals:**	
Serious illness	33%	Start/expand business	27%
Price increase	26%	Buy/build house	22%
Theft	12%	Buy inputs/assets/agriculture activities	19%
Death	8%	Buy land	18%
Household member lost	6%	Education	8%
income/job	2%	Other	6%
How they coped with risk (device used)		**How they met their goal (device used)**	
Savings	8%	Formal savings	2%
Insurance	1%	Informal savings	9%
Formal credit	1%	Formal credit	7%
Informal credit/got goods on credit	19%	Informal credit/got goods on credit	11%
Family/friends credit	7%	Family/friends credit	1%
Sold assets/livestock	12%	Sold assets/livestock	6%
Did nothing/cut down expenses	41%	Worked more/got additional jobs	26%
		Did nothing/cut down expenses	35%

5.2 Financial health

The advocacy for increased financial inclusion assumes that access to financial products and services has a positive impact on individuals' financial well-being. However, policy efforts have primarily focused on expanding financial inclusion without fully considering its effect on consumers' financial health. FinScope Rwanda 2020 introduced the concept of financial health to highlight how financial services can contribute to individuals' and societies' well-being. By using a financial health indicator, policymakers can design financial policies that prioritize consumers' financial health, as well as inform social protection and employment policies. Additionally, this indicator can serve as a tool to evaluate progress in these areas.

5.2.1 Defining financial health index

The financial health index provides valuable insights into individuals' financial conditions. However, to analyze specific segments of the population, such as gender, income groups, and location, a ranking system is necessary. To achieve this, the indices have been grouped into four quartiles. The healthiest individuals, classified as financially healthy, have index values ranging from 75 to 100. Those with index values between 50 and 74 are considered financially coping, while those with values between 25 and 49 are classified as financially vulnerable. Individuals with index values less than 25 are considered extremely financially vulnerable.

The financial health of consumers is defined as the ability to manage current financial obligations smoothly and have confidence in their financial future. This is measured using four key parameters: the ability to manage day-to-day financial transactions, taking advantage of opportunities, resilience against shocks, and having control over one's financial decisions. By assessing these parameters, the financial health index provides a comprehensive understanding of individuals' financial well-being.

5.2.2 Managing day-to-day finances

The "Day-to-Day" dimension measures the ability to manage short-term financial resources effectively, ensuring that income covers expenses and consumption needs. The results show an improvement in day-to-day financial management between 2020 and 2024, with a 0.6 increase in the overall mean (average) score.

The Day-to-Day sub-scores reveal:

- "Control spend" increased from 1.9 to 2.5, indicating better expense management.
- "Means to close liquidity gap" decreased from 3.9 to 3.2, suggesting a slight decline in the ability to bridge financial gaps.

Overall, the results suggest progress in managing daily finances, with some areas for improvement.

Table 9: Managing day to day index scores and sub-mean score

Dimension	**2020**	**2024**
Day-to-day (overall)	5.9	6.5
Control spend	1.9	2.5
Means to close liquidity gap	3.9	3.2
Income cycle	**-**	**3**

5.2.3 Taking advantage of opportunities

The "Opportunities" dimension assesses consumers' ability to take advantage of economic growth opportunities, including saving and investing, setting goals, and achieving financial objectives. The results show a decline in the overall opportunity score, from 6.5 in 2020 to 5.5 in 2024 (Table 10).

The opportunities sub-scores reveal:

- "Save and investment" remained relatively stable, increasing slightly from 2.1 to 2.2.
- "Achieving goals" decreased significantly from 2.3 to 1.2, indicating a decline in progress towards financial objectives.

The decline in the overall opportunity score suggests that consumers are struggling to achieve their financial goals and make progress toward economic growth. It has been noted that majority of Rwandans who have life goals are not using financial products/services to meet goals.

Table 10: Opportunity index scores and sub-mean score

Index	2020	2024
Opportunities (overall)	6.5	5.5
Saving and Investment	2.1	2.2
Achieving goals	2.3	1.2
Accomplished financial goals		**3.1**

5.2.4 Resilience towards shocks

Financial health includes being prepared for unexpected setbacks or emergencies. The Resilience indicator assesses the ability to manage and recover from financial shocks. The index includes the ability to raise emergency funds, the ability to respond to shocks and the recovery period. The results (Table 11) show a significant increase in the overall Resilience score from 2.8 in 2020 to 6.4 in 2024. This improvement is consistent with the increase in insurance coverage among Rwandans, with around 1 million adults acquiring insurance products since 2020.

The resilience sub-scores reveal:

- Ability to raise emergency funds increased from 0.8 to 2.6
- Ability to respond to shocks remained stable at 2.6

This suggests that Rwandans are becoming more financially resilient, with an improved ability to manage and recover from financial emergencies.

Table 11: Resilient index scores and sub-mean score

Index	2020	2024
Opportunities (overall)	2.8	6.4
Ability and means of raising emergency funds	0.8	2.6
Means of responding to shocks	2.2	2.6
Recovery period	**-**	**2.6**

5.2.5 Control over own financial affairs (Act)

The "Act" dimension assesses respondents' ability to control their finances and make sound financial decisions. The metrics include input in household financial decisions, financial commitment management, and debt management. The results (Table 12) show an increase in the overall act score from 10.7 in 2020 to 13.5 in 2024, indicating that more Rwandans are taking control of their financial affairs and making sound financial decisions.

The Act sub-scores reveal:

- Financial decision-making increased from 3.2 to 3.6
- Financial commitment management remained stable at 3.7
- Debt management decreased slightly from 4.3 to 4.2

This suggests that Rwandans are becoming more financially empowered, with improved decision-making and control over their financial commitments, although debt management remains an area for improvement.

Table 12: Act index mean scores and sub-means score

Index	2020	2024
Act (overall)	10.7	13.5
Financial decision	3.2	3.6
Financial commitment management	3.7	3.7
Debt management	4.3	4.2

5.2.6 Financial health indicator

Developing the financial health indicator involves two steps wherein the score is computed by aggregating all the scores and transforming the scores into percentages using the following steps:

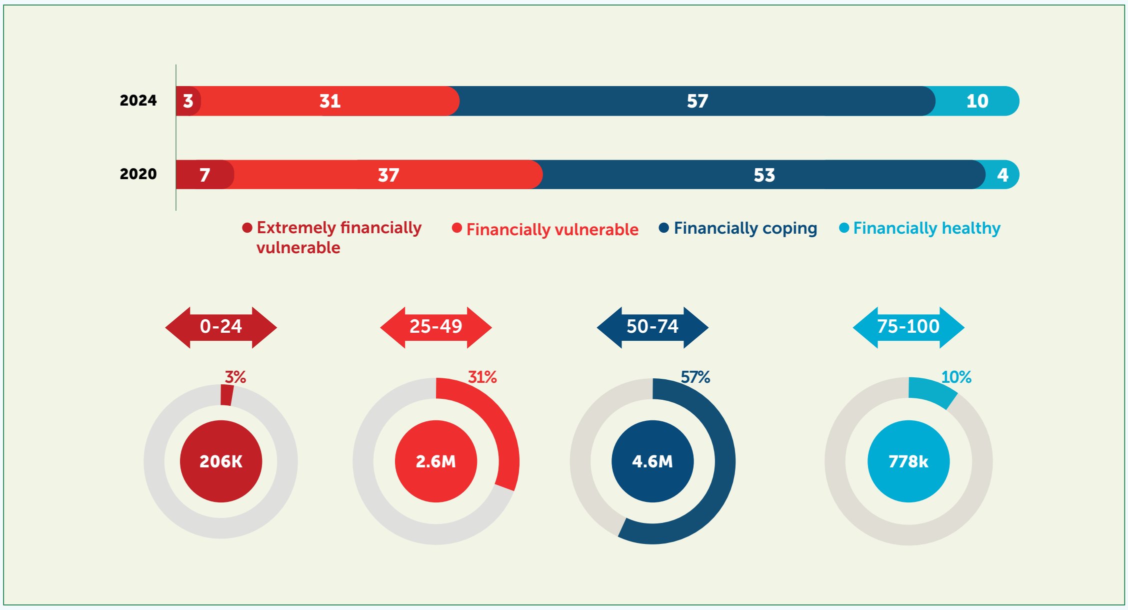
01 **Financial Health Score** = Manage day-to-day finances + Opportunities (Taking advantage of opportunities) + Resilience +ACT.

02 **Financial Health Index** = FHS x (100 x FHS)

Overall, the financial health of Rwandans is improving, 10% of adults or 1.3 million adults who were financially vulnerable in 2020 are now financially stable (coping or financially healthy). This means more than 2 in 3 adults are in a better situation to balance their income and expenses, take advantage of the economic situation, be resilient and able to make sound financial decisions and have control over their financial affairs. The **Financially healthy** indicator showed the most significant improvement, increasing by 6 percentage points, from 4% in 2020 to 10% in 2024. This means that more adults are now financially stable, able to save, invest, and make informed financial decisions. Overall, these changes indicate a positive trend towards improved financial health among Rwandans, with fewer adults struggling financially and more achieving financial stability.

Figure 65 reveals four financial health segments, at the bottom pyramid are the extremely 206K or 3% adults and close to a third or 2.6 million adults classified as financial vulnerable. Around 57% or 4.6 million adults are approaching financial health status as they scored some of the 12 indicators, but there are areas of development. The last segment are the individuals (10% or 780,000) described as financial healthy, they are likely to have scored nearly or all 12 indicators and can balance their income and expenses, taking advantage of the economic situation, resilient and able to make sound financial decisions.

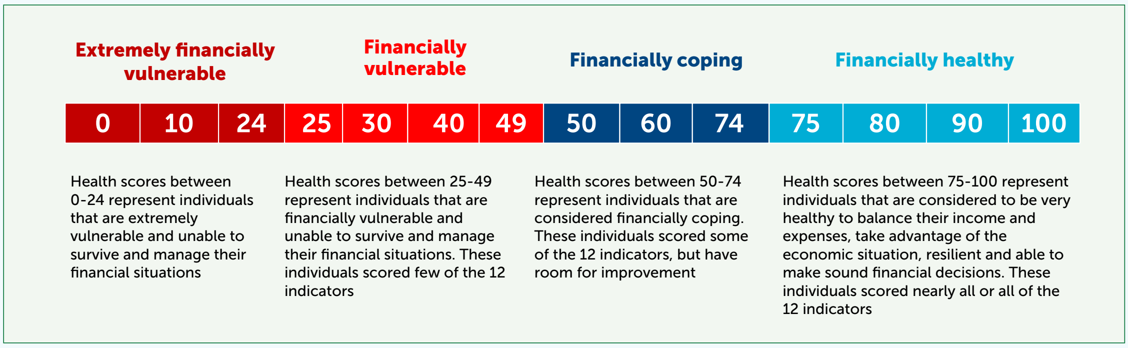
Figure 65: Financial health strand (%)



5.3 Summary of the Financial health indicator

In summary, financial health indicator is based upon 12 behaviour indicators including control spend, means to close liquidity gap, income cycle, save and investment, achieving goals, accomplished financial goals, ability and means of raising emergency funds, means of responding to shocks, recovery period from shock, financial decision, financial commitment management and debt management. Figure 66 demonstrate scores allocation, defined segments, and size of the segments.

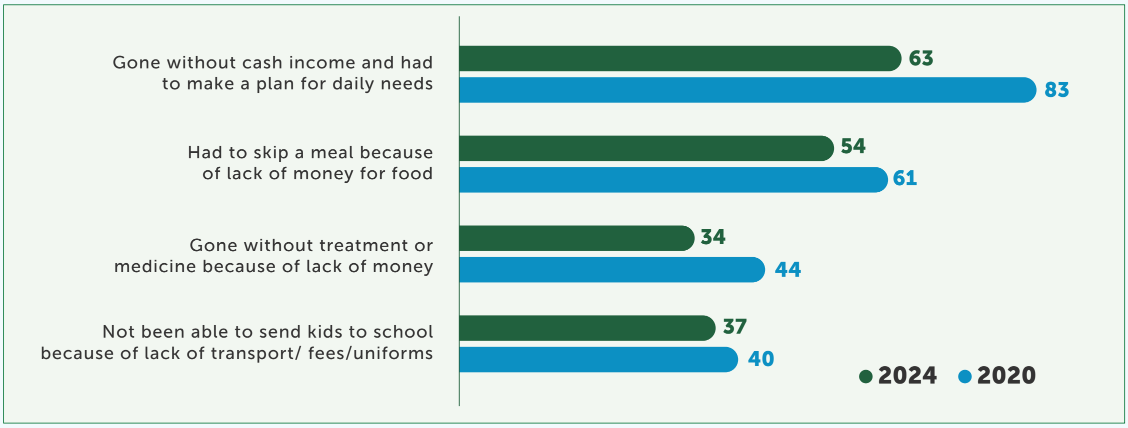
Figure 66: Summary of the Financial indicator construction and segments



5.4 Welfare and Vulnerability indicators

Linking the aspect of financial health indicators with welfare indicators is crucial as this speaks directly to the SDGs with a clear overlap on how financial services assist in this regard. Compared to 2020, there have been notable improvements. A lower proportion of adults/households have reported having gone without cash income and making plans for daily needs, skipping meals because of lack of money. The effects of the pandemic are also visible as households faced more challenges in 2020 than in 2024 due to restrictions in movement and generating income. Although 2024 has some improvements, we still have households facing difficulties. This leaves a considerable proportion of households susceptible to poverty, and lack of basic amenities, and education. Poverty-alleviating interventions to improve standards of living are of paramount importance.

Figure 67: Welfare and Vulnerability indicators (%)



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CONCLUSION

The FinScope surveys provide data and financial inclusion indicators for tracking trends and progress in the financial sector, shedding insights on consumer behaviour and demographic dynamics, private and public sectors innovations, as well as policy changes and interventions. Implementation of these surveys are of importance in advancing and deepening financial inclusion, as this report provides an overview of Rwanda's financial sector and how the general population engages with it while tracking the changes in their interaction from the 2020 survey. The FinScope Rwanda 2024 revealed how Rwandans, 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.**

Rwanda stands out as one of the most financially included countries in East Africa, making its financial inclusion journey particularly inspiring. Since 2020, there has been a substantial increase in formal financial inclusion, reducing the number of adults reliant solely on informal mechanisms to just 4% in 2024, down from 16% in 2020. Additionally, the percentage of excluded adults has decreased from 7% in 2020 to 4% in 2024. Rwanda has achieved 96% financial inclusion, with formal inclusion at 92%, surpassing the 2024 target of 90% and on track to achieving the ultimate goal of 100% financial inclusion.

Key highlights of Rwanda's remarkable progress in financial inclusion include:

- 96% of the population 16 years and older are financially included implying that they have or use financial products/services, whether formal or informal. The urban-rural gap between financially included adults has reduced to 1% from 6% in 2020, owing to the use of mobile money, and the gender gap also reduced to 2% from 5% in 2020 to 3% in 2024.

- Three-quarters (77%) or 6.3 million of adults in Rwanda have an account through either mobile money and/or a bank account that allows them to perform financial transactions (up from 64% in 2020). About 1.7 million (21%) adults are using both mobile money and bank accounts to manage their financial needs whilst an additional 56% use mobile money only. This highlights the important role mobile money is playing in terms of pushing the boundaries of formal financial inclusion and reaching out to previously excluded groups. About 23% do not have either a bank account or a mobile wallet but 17% of these use Umurenge SACCO showing the role of SACCOs in reaching the unserved markets.

Banking

There is a decrease in the proportion of bank users from 36% in 2020 to 31% in 2024, though, the decline is mostly driven by the number of people who use banking channels indirectly from 14% to 9% between 2020 and 2024. The number of individuals with bank accounts in their name increased to 1.8 million (22%) from 1.6 million (22%) in 2020. The growth in the banking industry was overridden by the growth in the adult population. The main barrier to not having a bank account is the availability of other alternatives such as mobile money.

Mobile money

There has been a remarkable growth in the uptake and use of other formal (non-bank) mechanisms, largely driven by mobile money. About 86% (6.9million) of the adults reported having used mobile money in 2024, mainly to deposit and withdraw money, remit, and make payments. Most of those who have used mobile money have accounts in their name, 77% (6.3million) in 2024 up from 62% in 2020. The main barrier cited by the majority was not having a mobile phone. 22% of adult Rwandans use mobile phone belonging to someone else.

- A large proportion of Rwandans (72% or 5.9 million) still rely on informal mechanisms but positively only 4% now exclusively use informal mechanisms down from 16% (1.1million) in 2020. Approximately, 68% use a combination of formal and informal financial products and services to meet their financial needs, showing that informal services are used as complements.

- Majority of Rwandan adults (85%) have saved either formally or informally in 2024. Though the proportion remained similar to 2020, there is an increase in the actual number of adults who saved from 5.9 million in 2020 to 6.9 million in 2024. However, most Rwandans save in non-bank (54%) and informally (60%) with only 17,6% saving in a bank. Umurenge SACCOs and mobile money drive the non-bank formal savings. Important to note is the rise in adults saving via LTSS/Ejo Heza to accumulate savings for old age.

- Formal credit levels increased from 22% (1.5million) in 2020 to 24% (1.9million) in 2024. Bank credit uptake also increased to 825K (10%) from 568K (8%) in 2020. There is a huge drop in adults who have sourced credit from informal sources (borrowing from savings groups and store credit) down to 47% (3.8million) from 61% (4.4million) in 2020. The demand of credit is driven by two main reasons: Production and consumption, with business owners/self-employed individuals borrowing mainly for investing in their business.

- Subscription to insurance increased drastically from 17% (1.2 million) to 27% (2.1 million) in 2024, mainly driven by microinsurance products that were introduced including the National Agriculture Insurance Scheme products focusing on a number of crops and livestock. Farming is still the mainstay of household livelihoods and since climate change shocks are apparent, most farmers need help adopting climate-resilient crops and farming methods, including raising awareness of green finance and agricultural risk mitigations.

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RECOMMENDATIONS

While levels of financial inclusion are relatively high in Rwanda and surpassing the 2024 target, there is still room to further reduce the levels of those who do not have transaction accounts (bank accounts 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.

The priorities of financial inclusion in Rwanda continue to ensure that the lives of Rwandans are improved. The following areas could be prioritized to achieve this goal:

In light of the research findings, it is recommended that financial sector in Rwanda consider adopting and integrating the financial inclusion agenda linked to human development (represented in SDGs) clustered in Inclusive growth, basic services for low income and vulnerable, and sustainable future. The following specific recommendations are provided:

- Supporting initiatives that address real economic needs through better usage of appropriate financial services:
    - Identify and facilitate the implementation of financial interventions that will improve the resilience and sustainable livelihoods of the target groups (informal sector, MSMEs, women and youth).
    - Invest in the programs that are aimed at empowering most underserved category including –women, youth, PWDs, refugees, farmers and among others.

- Map and continue addressing all constraints that are hindering high usage of credit and other alternative financial instruments in the market. Technology and Data could paly an important role in unlocking credit to the private sector and at scale.

- Continuation of expanding roadmaps that will support and improve uptake and use of financial services for the most vulnerable groups and unserved markets. This includes expanding the women and youth financial inclusion pillars within the NFIS, through establishing specific interventions for implementation. Financial service providers should also continue to find ways of extending the product line to include investment and insurance in addition to the products individuals use already.

- Rwanda is on the right track to achieving a cashless society. The growth of DFS indicates that a more digital future is imminent. Initiatives that support digital transactions or savings in the formal sector must be promoted and incentivized.

Create awareness and make the case attractive for the payment of interest on Mobile Money wallet balances to customers, to test the elasticity of customers to use interest on savings (via mobile wallets).

Continue ensuring customer protection, digital literacy are strengthened through consumer education.

Saving groups remain relevant in Rwanda. Thus, FSP/DFS providers should consider mimicking the value proposition offered by informal savings groups when designing their products/ services to appeal to many informal product users through a channel that has proven to be much convinient to them.

- With the increasing popularity of mobile money, banks should look into partnering with telephone companies. There is an opportunity to tap into this huge market with an increasing customer base. Banks can offer products to mobile phone users.

- Fintechs are essential to expanding the availability of financial services and encouraging market competition, which benefits consumers. The supply of loans, particularly to farmers and MSMEs, is one area where fintechs may potentially have a disruptive impact in this market. Policy interventions that seek to expand access to credit for these segments are a priority for economic growth. Greater use of the available guaranteed programmes will encourage banks to lend to creditworthy enterprises and farmers who may lack a credit track record.

- FSPs and key stakeholders should continue to understand the market and increase uptake of second-generation products through:

  I. Goal-Based Savings and Insurance: Offer savings or insurance products tied to specific goals, such as education, farming, or housing.

  II. Alternative Credit Scoring: Use alternative credit scoring models to increase access to credit for underserved populations and offer digital lending platforms for easy access to credit.

  III. Microinsurance: Offer microinsurance products for low-income individuals and provide financial education to help individuals understand the importance of insurance.

  IV. Auto-Enrollment in Pension Plans: Continue the excellent work done under Ejo Heza and Implement auto-enrolment in pension plans for employees to increase retirement savings.

  V. Financial Education Initiatives: Implement initiatives that improve financial education and literacy, empowering individuals to make informed financial decisions.

- Continued monitoring and evaluation of financial inclusion targets. Measuring financial health indicators on the quality and impact of financial services needs to be the cornerstone and baseline of this priority area. Improved financial health indicators will support high-quality and consumer-centric product initiatives. Additionally, ensuring that financial inclusion priorities are streamlined in government ministries and agencies as well as development partner programmes (promoting sector and policy cooperation and coordination is required).

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