



Day 2, Session 3 - Financial Inclusion: The Rwanda Experience Panel Discussion

Olga Morawczynski, Program Manager, The MasterCard Foundation:

First of all, I wanted to really thank the Honourable Governor for not only coming, but providing a really, really great background on Rwanda and the financial inclusion journey that the country has made thus far, which I think we can all agree, has been nothing short of impressive.

In this panel, and this morning, we wanted to step away a little bit from the theme of client centricity and focus on Rwanda, where we sit, which is not only the land of a thousand hills, as you can see in the background, but I'm also told, a million smiles.

To date, the Foundation has invested close to \$90 million in Rwanda. As Ann mentioned in her comments, we've reached over a million people with our programming. And, this is just the beginning for the Foundation and our work in Rwanda.

We're currently working on scoping out something we're calling 'The Rwanda Initiative' in very close collaboration with the government. This will further our investment, not only in financial inclusion but also across our other programmatic areas, focusing on education and learning, and also on youth livelihoods.

So, within this context, we wanted to organize a panel and to really show you why we're so excited about Rwanda. But, as you heard from the Governor, I think Rwanda also has a lot to teach us about financial inclusion. The rates of uptake are nothing short of impressive. We heard 89%, which I think is pretty great. But, he also mentioned, the Governor also mentioned, 90% of people have insurance. Now, for the Americans in the room, that's higher than the U.S. It's definitely higher than, I would say, most countries in the region.

So, let's dive a little bit deeper into the financial inclusion story and try to figure out exactly what it is about Rwanda that's led to such incredible growth.

We wanted to start off, and I actually wanted to have one of our partners in Rwanda; AFR, which the Governor also mentioned, and specifically, a colleague we work with very closely, Ivan, come up and maybe have a short discussion about the FinScope. So, Ivan, welcome. Can I maybe just ask you very briefly to introduce, not only yourself, but also some of the work that AFR has been doing in Rwanda?

Ivan Murenzi, Financial Inclusion Specialist, Access to Finance Rwanda:

Thank you, Olga. I work with a company in Rwanda called Access to Finance Rwanda. I'm currently the head of Digital Financial Services at AFR. AFR was started in 2010 by DFID. Now, we have other funders including The MasterCard Foundation and SIDA and USAID and KfW. So, we have a number of partners working with us. Our mission is to support access to financial services, and I'm happy to be here.

Olga Morawczynski:

Great. Thank you, Ivan. So, we've heard about FinScope. Can you maybe tell us very briefly what FinScope is? I think maybe some of the audience might know FinScope, but some might not. And, specifically, what it was designed to capture. The Governor said there's already been three done in Rwanda. So, just to give us a bit of context before we dive into the numbers.

Ivan Murenzi:

Thank you. So, most of us might be aware of FinScope. FinScope is serving now over 26 countries that are doing FinScope as a tool that is used to assist the uptake of financial services, the barriers to uptake, and the usage of financial services. In Rwanda, the Governor has rightly put it, this has been done for the last three times. It's one of the tools that has been informing the policy, not only the policy, but also financial service providers in terms of understanding the various segments of the population and how better they can serve.

Olga Morawczynski:

Great. What did you find?

Ivan Murenzi:

So, the last FinScope survey, as the Governor pointed out, indeed indicates quite a big milestone in terms of uptake of financial services. As the Governor pointed out, we are right now with total financial inclusion of 89%. From 2012, 72% and, as he said, from 2008 when the first survey was done where it was at the level of 42%, we consider that about eight years down the road, financial inclusion has doubled.

Again, what we see, the main change with financial inclusion going by the yellow, is other formal financial services. So, as the Governor mentioned, one main intervention that made a big difference was the SACCOs, deployment of SACCOs; 416 SACCOs, which was in addition to other financial services. But also, we see that between 2012 and 2016, mobile financial services, the uptake has been tremendous. That's been the main influence. But also, see that formal inclusion is still very relevant. So, what we see in the green is those people who only use informal financial services, not any other service, informal financial services. For me, again as the Governor has

pointed out, this is attributed to a number of things. It's attributed to the partnership with financial service providers, telcos, banks. We have had more banks, the number has doubled in the last eight years. And so, that's what we see here. So, again, just to note, this shows someone having the service. And, we can discuss further in terms of what that means.

Olga Morawczynski:

And, Ivan, for the yellow; for the other formal, how much of that has that has been driven by digital financial services and how much has been driven by the Umurenge SACCOs?

Ivan Murenzi:

Thank you. Between 2012 and 2016, the main driver of the difference has been mobile financial services, by 68%. So, the change from 19% to 42% has been mainly driven by mobile financial, someone being able to have a mobile account where they can send money or pay bills.

Olga Morawczynski:

Great. And, do we know who the excluded are and what the biggest barriers are, also, to including them in the financial sector?

Ivan Murenzi:

Yeah. So, it's interesting that, yes, we still have a number of people who only keep money to themselves. So, when we say, 'excluded', it's someone who does not use any external means to manage their money. That means they'll keep it under their mattress.

One of the main issues, definitely, is poverty, but also access. As much as SACCOs have gone out, and we have 416, there are some segments of the population that still have a distance to reach those financial services. But also, we see a number of other things. Mobile is an issue maybe of just understanding how the service can be used. So, there's some work to be done around that, as well.

Olga Morawczynski:

Well, there's no doubt that there's been some impressive growth in uptake. What about usage?

Ivan Murenzi:

I just want us to draw to this graph now because as the Governor said, with the progress made with access, financial inclusion, it's worth to begin looking deep and ask ourselves what does this translate to? Because, as was rightly said yesterday, for financial inclusion to improve people's lives, it has got to do with usage. It has got to do, if I use the service that I have and also the variety of services that I can access.

So, what I have here is that we are able to see usage in terms of the time someone has used their account either one month, the past one month. So, if I focus on 2016, we see that those who are financially included, only 30% had used the service in the last one month and 23% in the last six months. And, we see quite some inactivity. So, someone has the service. They might have an account at an MFI or SACCO and we have counted them as financially included, but they are not using the service and that should be a concern. And, some of the issues were mentioned yesterday.

But, I want to draw us to this other bar graph down here, which is something that has been developed in partnership with FinMark Trust to look at the quality of usage. And, what we have is that 50% of the financially included, so the 89% that was mentioned, are thinly served. And, only 44% are moderately served and 6% adequately served. I'll explain what thinly served is. So, thinly served is someone who might be only informally served, so we saw the figure 21% who are only informally served. Or, they might have the formal account of a SACCO or an MFI or a bank or a mobile account. But, it's quite inactive. Okay? They have their account but it's quite inactive. So, if we talk of financial inclusion improving their lives then this progress, honestly, financial inclusion has not yet meant much for them.

The people might have at least two services. So, they might be having a mobile account, they might be having a bank account. But, also it's rarely used. Maybe it's been used in the last three months, or they might also have insurance. Insurance, here, we exclude *mutelles*, the Governor mentioned they were more looking at other services. So, for me, this paints a picture of work to be done. But, I should add that what's interesting with this 50%, is that 61% have a mobile phone so it could be more an issue of sensitization and education. And, what's interesting also is that two-thirds of them have at least a secondary level of education or higher. So, there's an opportunity as much as the quality is not good yet.

Olga Morawczynski:

Great. So, we've made good progress in uptake. There is still some room to grow, or a lot of room to grow in terms of usage. If I were to ask you the three or four things that really need to happen for financial inclusion to grow in Rwanda - and you do have ambitious targets of 100% financial inclusion, so that's great - what would you say would be those four things? The three or four things that really would push the financial inclusion agenda?

Ivan Murenzi:

Thank you. I've just listed about four things here. One thing we believe that will create, especially more access to formal financial services, is digitization of payments. Here, we are looking into what probably we have mentioned already, like health insurance payments or government subsidies to the poor or education. If we digitize those payments, what we would be doing is that we will be creating, we will be giving people an opportunity to have a digital account. Now, it doesn't only stop at having the ability to be paid or to pay for a service using a mobile, what we

see is that it would create an experience, a user experience. And, that experience would create opportunities in terms of other services being loaded on top of that.

So, imagine someone, a parent, were in the village and he has to pay school fees and he has to go to the school or find the nearest SACCO where he can deposit his school fees. Now, if that was digitized and they can do it from their mobile, okay, there is that experience of paying the service, but actually it creates an opportunity that a bank or an insurance company sees more people with a digital wallet and they can build on other products and services. That's to go with Number 3. So, we could then see how we motivate, support the likes of us if we are doing a number of partnerships with various financial services providers. And the issue has been: where are the numbers? Where are the numbers that we can ride on to deploy more services? So, yeah, products, as the Governor pointed out, but also education is very key, as much as we can launch out a number financial services. And it's happening. But that has to be complemented with education. That has to be complemented with sensitization and then, people can understand those services. So, that's also key.

Lastly, fintech companies. And, I'm happy, Olga, that we have a representative here. I strongly believe that the future of financial inclusion will be driven by fintech companies. We just need to give them the environment. We just need to give them the support. So, how we work with them. How we integrate them in the financial ecosystem. How we support them. They have brilliant ideas in terms of bringing out products and in terms of bringing out services. So, I think to me, as AFR, that's our focus.

Olga Morawczynski:

Wonderful. Ivan, thank you. I think we're going to dig deeper into some of your insights into the panel. But, I appreciate your coming... Thank you. *[Applause]*

Great. Now, we're going to turn over not only to our distinguished, but very well-dressed panel. *[Laughter]* And, I'm glad I'm a woman to just even the gender balance out. But, we specifically invited a very diverse panel because we thought if we're going to tell the financial inclusion story for Rwanda, we need to hear that story from a variety of perspectives. So, we've invited representatives from the private sector, from fintechs, from the government, and also from the donor community to really help us understand this story.

I'm going to ask our panelists to introduce themselves and also to tell the audience which voice you'll represent on the panel.

Bilal Zia, Senior Economist, World Bank:

Thank you, Olga. I work at the World Bank in the Research Department in Washington, DC. And, because I'm a researcher I'm wearing a suit, which is very rare. So, that shows that I'm very excited to be here. Thank you. And, I represent the voice of the donor.

Eric Rwigamba, Director General, Financial Sector Development Directorate, Ministry of Finance and Economic Planning:

Thank you, Olga. Of course, I represent the policymakers and somehow the regulator.

Olga Morawczynski:

So, we do have a regulator in the room for the gentleman who commented that we don't.

Jean Claude Gaga, CEO/Head of Commercial, RSwitch:

I'm the Chief Executive Officer of RSwitch, RSwitch being the national e-payment processor in Rwanda. And, our mandate is simple, to just expand the financial ecosystem for Rwandans. I'll be speaking as a voice of the private sector.

Patrick Buchana, CEO, AC Group:

Good morning. This company is into smart transfer solutions. We majorly focus on digitizing public transfer payments. And, I'll be speaking as a voice of the innovation and fintech community.

Olga Morawczynski:

Thank you, and welcome. So, Bilal, the first question is for you. You work across a number of different countries at the World Bank. And, I know you understand different financial inclusion journeys and you've seen different sectors. What is it about Rwanda that makes Rwanda unique compared to some of the other countries that you've seen and worked in?

Bilal Zia:

Rwanda has made significant progress in both financial inclusion and financial stability. In both aspects, the World Bank has engagement with Rwanda on. In order to answer your question, since I'm a data nerd, I'm going to bring in some more data, which is the Global Findex, or the Financial Inclusion Index, which the World Bank puts out in collaboration with the Gallup World Poll.

So, there are two years of data, 2011 and 2014. And, it complements the work that FinScope has done as the Governor shared earlier. The additional value of the Findex is that it allows a comparison, not only across time between 2011 and 2014, but also comparison within the region, within Sub-Saharan Africa and also global averages. So, account penetration has gone up significantly in Rwanda, which has been shown and spoken about by the Governor. But what's really interesting is that the account penetration in Rwanda is higher than the average in Sub-Saharan Africa and it's above average for the Global Rwanda GDP per capita, which is very good news.

The other good news is that the urban/rural divide is very small in Rwanda compared to the Sub-Saharan African average, and this is primarily, I think, because of the SACCO initiative. So, the SACCOs have penetrated in many rural areas, brought financial inclusion and financial services to the rural areas and that's a very key progress. Formal financial services usage and penetration is also higher in Rwanda than the Sub-Saharan African average.

And finally, sending and receiving remittances digitally is much higher in Rwanda than the Sub-Saharan African average.

So, these are some of the key aspects in financial inclusion that separate Rwanda from the rest of the countries in the region.

Olga Morawczynski:

What do you think has been really the key driver of the growth, which is clear not only in the FinScope, but obviously in the Findex, as well?

Bilal Zia:

So, the key driver is that this is a very reform-oriented client. They know what they want and it's a very demand-driven approach. So, if the World Bank goes to Eric's office and it's not us telling us what we can do, but Eric is telling us what he wants. And, they know what they want. So, it's a very reform-oriented client. They're committed to creating an innovative financial inclusion sector, a financial inclusion strategy, which they have a very sort of innovative strategy already in place. Financial inclusion is a key part of that strategy.

Lastly, this is, again, going back to my heart as a researcher, is that they're committed to evaluation. So, I actually arrived earlier, a week early, to go into the field because I'm part of this impact evaluation of financial education through SACCOs that the World Bank is supporting, and I was in the field. And, this work is being supported by many different sectors within Rwanda. And, this commitment to evaluation is very important.

Olga Morawczynski:

Great. Thank you. Eric, we've heard that Rwanda is one of the only places where the government is far ahead of the private sector. And, in fact, pushes the private sector to really innovate and to be ground-breaking. I'm telling you, Rwanda is one of the only countries where I worked, and I've worked across a number of countries in the region, where you can go and sit in the office and the government will tell YOU exactly what they want. And, they're very clear on that. So, do you agree that the government is ahead of the private sector? And, why? Why is this the case? Where does this come from?

Eric Rwigamba:

Thank you, Olga. I think probably to comment on this requires to first picture the right context in which Rwanda probably operates. I think our story goes back to 1994 when you had the dark days of our country. And, from that situation, the leadership of this country made a very bright decision to review and construct the country. It was almost considered a failed state. So, there was a desire to review the country and that required that you would define exactly what the country should be looking like moving forward and be able to do a kind of catch-up. When other countries were progressing, probably for us, we were sleeping. And so, it required a different way of doing things, doing things different.

So, what happened was, we needed to define the vision of the country and what should be achieved. So, the targets the Governor touched on were deliberate and they were defined. The decision was to say, 'where do we want to be? How do we get there?' A framework was defined to ensure there's a role for everyone to play, the private sector, the government, and the movement Partners and Friends of Rwanda.

Now, what happened during the course of implementation was that, in some instances, the private sector was slow to respond for the good reason that maybe some areas were not attractive enough. And so, quite often the government would step in to take a lead including this hotel. The government probably did not have interest in building hotels, but we needed a hotel and there was no hotel in this country so the government had to come in. When it was up and running, the private sector came and it piqued interest.

Rwanda now is a different story. The same in all sectors. And so, a lot has been to do with, we need to be somewhere. Probably just touch on, to link you to what Bilal said, what has worked again a lot is to bring everyone to the table. So, for the financial sector, if I may say, comment on that. We have a financial sector working group. We have to get the private sector, the regulator, the policymaker, the donors, and people from the civil society to sit at the table and define what the financial sector should be looking like. So, the financial sector deepening program that was majorly developed through a very wide concerted process, helped a lot to figure out what reforms should be implemented. And that, for me, I think has been a very important aspect of getting it on the table and find the right path that the country should be taking.

Olga Morawczynski:

Actually, just on that point of collaboration, one thing I also notice that happens here in Rwanda is you very frequently change leadership at the top, right? So, for example, I know the Minister of Finance has been in the seat of the Governor and I think vice versa, as well. So, is that one way, really, to foster, I guess a good collaboration across different ministries and government entities? Is this true, by the way? Does it happen a lot?

Eric Rwigamba:

I think the key issue that probably I find very...I travel quite a lot, I find very exciting for me and different for Rwanda, is that from the ministers and the parliament secretaries and the DGs, and everyone, the governor, the mayors, they sign performance contracts with their superiors. There are a number of KPIs embedded there. They are measured and they reward those who perform. But those who do not, of course, they also get a share of the reward. So, that, I think, has created a very efficient framework under which the government operates, more probably like a private sector.

Olga Morawczynski:

So, there you go. So, for everyone in the room going back to your respective countries, make sure that the governments all have KPIs to really ensure that there's performance. *[Laughter]*

Jean Claude, over to you. Ivan pointed out that there is still a pretty serious usage problem. And, I wanted to know how you think the industry can really collaborate to increase these numbers on usage. And, maybe Eric, I'll ask you later if you think there will be any targets at the government level around usage.

Jean Claude Gaga:

Thank you, Olga. Maybe just before I get into it, I just want to reiterate the fact that whether government is really ahead of privates or not. I'd rather say...this is nothing to negate the progress the government is making, I'd rather say that we tend to see a very thin line between the public sector and the private sector in Rwanda. I'll give an example of what we're trying to achieve at RSwitch, for instance. The Central Bank, who is a regulator, came in and set clear guidelines for interoperability. And, this is what the policy said, you need to do, A, B, C, D. And what we did, of course, as the player in the middle, at the centre of the financial ecosystem, we just had to enable connectivity to all the other participants who are following the rules that have been placed there. And, that's what the story of interoperability has been. That's how we achieved over 90% interoperability on card-based transactions. And today, we can say we are at least above 75% on the mobile side, because through our platform, we've been able to connect two MNOs out of three. All the banks in the country at least are mandated to acquire all the schemes that are issued in the country.

But again, to dive into your question on usage. I think, often times, and I believe this is something that Kwame, one of the speakers earlier mentioned yesterday, to do with whether we actually evolve around the customer or the customers really evolve around our initiatives. I think, first of all, I trace it in the definition of who a customer is. Often times, we sit in the boardrooms, the product development teams, and we isolate the customer as an individual outside the room. Whereas, actually, I believe we need to start from within, probably the customer is the business development manager themselves, or even the chief executive. Once we have that right, I think that is when the value comes ahead of price. So, for me, defining the customer is key and putting value ahead of price.

Number 2. I believe it's to do a lot of what they mentioned, awareness and education. It is one thing yes, I know we all want to have the right KYCs, but often times we tend to see these becoming an entry barrier when you set very strong KYCs, as well as imbedded service fees. So, we need to really have the right mix of KYC as well as service fees.

Last but not least, of course, is access and education for the customer. However beautiful your product is, if I cannot access it, I will definitely not have it. For the mobile side, I believe that is where we've seen a lot of progress and that explains the growth of the impact on the FinScope surveys through mobile, we have seen an exponential growth into touch points of merchants or agents for the telcos where we are able to do a cash-in/cash-out or even merchant payment of services. So, for me, those are the key areas I would really say that would drive usage.

Olga Morawczynski:

And, just as a private sector, I'm assuming you interact a lot with the government and they're very clear on what it is that they want. Are the targets sometimes set too high? Are they realistic regarding what you can do? What do you think? Are you intimidated by these targets, as a player?

Jean Claude Gaga:

I do not think I've ever been intimidated [*Laughter*] and just like I said, by saying that it's a very thin line, I think this is the only stage where we've been probably further apart, the government and private sector. Yes, it is one good thing for them set the bar quite high because that translates into transactions for me, it translates into revenue if the bar is set quite high. So, clearly, it's an ambitious government that sets the pace for us to be able to dig into and make money out of such ambitions.

Olga Morawczynski:

Great. Eric.

Eric Rwigamba:

Olga, I think, for me, the issue is not probably the high targets. The issue is how we can use the financial services to transform the lives of our people. So, if you said the target is high that means some people matter, others do not. I think that's where the challenge is. For us, we've made it clear everyone matters, everyone requires these services because we think everyone needs these services to be able to have a better life.

I think what we have done with the Access to Finance Rwanda and other...we have a kind of financial inclusion vehicle, and the UN family, is to use the FinScope data. We have been able to get the FinScope data and try to do a bit more data mining. To look at, based on this data that we have, what kind of information that is specific for financial inclusion for women, for example?

So, we've been able to dig deep and extract a lot of information that is informing our financial inclusion strategies that the Governor touched on.

We have also looked at the geographical kind of spread of financial inclusion. We are saying...so most of our population are living in the rural areas. Again, Access to Finance Rwanda has decided to kind of extract information that would be useful to design products and services that are targeting the poor, the women, the youth, the rural people. We have also taken it further to see what are the opportunities within that data that we have that we can be able to use to develop products that are probably based on technology. So, for me, the issue of targets is nothing, probably the challenge here because we have no choice. We need to serve these people, they need the services.

Bilal Zia:

Just to complement what Eric said here. So, when we do evaluations or impact evaluations, the first step is a needs assessment. That's understanding what the needs are. And, what you're saying is looking at the FinScope data, understanding where the problems areas are, which demographics are left behind, where the success is, what is the reason for the success, what are the constraints? That's exactly what you do when you go and design an impact evaluation, you do a needs assessment. So, I'm very encouraged by your advancements in that area.

Olga Morawczynski:

And, Eric, just one more thing on these targets. Where do they come from and who do they apply to?

Eric Rwigamba:

Okay. It's very exciting to look at the way it is marked out and aligned. We have the government strategy document, which spells out these targets. In the Government of Rwanda Economic Development and Poverty Reduction Strategy for the five years, there is a target for the financial inclusion, which is what the Governor touched on. By 2020 we think should be around...it keeps on, I think the government's so ambitious so it is 90%. I've heard, in the corridors, think about 100%. So, they come from the national agenda. But, what we do is to, as I said, through the financial sector working group, is to bring everyone on the table and put in place actions that addresses all the barriers in the different areas in the whole ecosystem to make sure that we achieve the targets. Do you have a choice not to achieve it? No. We must achieve that.

Olga Morawczynski:

But, they come from the top. Is that right?

Eric Rwigamba:

They come from the top.

Olga Morawczynski:

And go to the bottom.

Eric Rwigamba:

Yes.

Olga Morawczynski:

So, no matter where you are, you have targets. If you don't meet them, what happens?

Eric Rwigamba:

I'll give an example probably that's very practical. The mayors, when they were signing their performance contracts for 2015, and '15, '16, there was a target for financial inclusion. So, the people are living with the mayors. So, the mayors are supposed to be strong enough to drive financial inclusion and people think, maybe, that's more political or the government issue. No. The people that you are leading require these services. And so, it's everyone's story and everyone's task to drive it.

Olga Morawczynski:

Great. Thank you. Patrick, our fintech voice. You are a fintech who has been working - and you told me very clearly you are no longer a start-up - working in the space for a few years really to also drive the financial inclusion agenda. How well are you positioned in this country and in this space to really be able to contribute effectively?

Patrick Buchana, Founder and CEO, AC Group:

So, when you walk in a bank today, or any financial institution and you ask for a loan, the first question they ask you is what's your credit worth? And to many financial institutions, credit worth is equal to how much collateral you have. That's in terms of land and building. But there is a very thin line between an individual cooperative or an institution that is credit worthy and one that's not. And that's the ability to actually collect and show your data for the last one year or the last two years. And you find that many of these institutions, companies, individuals, actually have been performing well but because they have no mechanism of collecting their data, they're not able to access finance. And that's where the fintechs come in.

Look at what AC Group is doing with public transport. You know, two years ago public transport, all the data was collected on paper. With AC Group, with our card-based solution, were able to collect and digitize all their payments and show it over a period of time and basically give them

information and data that they previously didn't have, and also help them make decisions. But this information has not only helped them in their decision making but also helped them approach financial institutions and say we're a cooperative and five, ten, fifteen, a hundred of our members now want to get new buses, and this is their track record. And they've been able to access finance. Now, this cuts across different sectors. Tea farmers, the dairy industry and many of these other sectors. You know, fintech companies, I think, as Ivan said, it is their time and they are the driver for financial inclusion.

Definitely, there's a lot of challenges with starting a fintech company, especially around regulation. At the moment, many of the fintech companies are regulated like microfinances. I think that's a discussion we've been trying to have with government. You almost need 300 million to start a fintech company and you can imagine, if it's a start-up, that's already, you know, you are already discouraging. Access to data is still a problem. Eric said government comes in to some of the projects or financial inclusion programs because private sector does not find it fit or does not find it lucrative. And that's because the information is not easily shared. There's a lot of information, but it's split out into different institutions and getting access to it is still a big challenge. Of course, when you look at the different products around fintech, when you want to integrate with payment, you know, with the banks or the telecoms, they still want to take the largest share. You know, it doesn't make the business lucrative anymore.

So, there's a lot of challenges but there's also a lot of opportunities. I think that fintechs are going to be the driver for financial inclusion, especially looking at Rwanda. Because almost, you know, the one thing that Rwandans have is mobile phones. Almost 80% coverage. And, I think that's the best foundation for any fintech company to start.

Olga Morawczynski:

How well are you supported by the government to succeed in this space?

Patrick Buchana:

Well, we're supported by the government in two ways. Speaking on behalf of myself, the first is that definitely they have laid a lot of the foundation that is needed and I think Eric will speak more about that. But the second is that when you start something, then you have to actually complete it. And then, they give you targets that, as you said, are very ambitious, and you actually have to achieve them because the government is doing their part. And so, majorly, those two are the different ways in which government is supporting. But most importantly, the foundation is already laid so we just have to run on it.

Olga Morawczynski:

Eric, is there a role for fintechs to play in this financial inclusion movement?

Eric Rwigamba:

Yes. Quite a lot. Especially when you look at the kind of people we are talking about here. Probably the majority at the bottom of the pyramid. If you think of serving them through the traditional brick and mortar branches, I think is going to be very hard. So, I think there's a lot of space for fintech and the way we think, sometime it can unlock most of the challenges that we are having.

Just to touch on that again, when you look at the circle they are talking about here, basically we just said we are going to create cooperatives. We have launched a project to automate them so they have the data that we are talking about and be able to be linked to this fintech solutions that are coming up. So, we totally believe and the support them. The number of discussions around how do we create probably facilitates, and quite a bit of competition so that they can come up with different innovative solutions that they would be able to serve all people better. They are very organized and that helps us to, I think, the government, to work with them. And at the private sector they have a chamber where they have come together. They organized themselves to be able to look at the opportunity the market offers and be able to tap into them. So, we totally agree that it's the next, I think, enabler that we should be working with.

Now, Patrick touched on the challenges? Yes. We all agree it's a new player in the market. As we get so much excited about financial inclusion, we need to think about stability of the financial sector. So, there is always a need to strike a balance between the two. But, I think what is very important is that we are on the table. We are discussing on how can we do it better and probably safe.

I think the issue of the requirement you touched on, the 300 million requirement, treat it as a microfinance institution. It has its own rationale because some of the fintech companies are coming up, they are able to save and lend. So, you are...and taking deposits. So, if you are doing that, then there's a bit of risk that you are holding people's deposits somewhere in the clouds. So, I think the issue is very good but we need to explore it.

Olga Morawczynski:

Okay.

Jean Claude Gaga:

I just wanted to add, probably, my voice to my two opinions here. I think we had earlier touched on access and this is something that I mentioned earlier. If you are looking at a sustainable way for product development, of usage, this is one way to look at it. At RSwitch, for instance, thanks to the enabling environment, the clear policy guidelines, we've been able to come up with a backbone onto which the initiative you just mentioned about the SACCOs, they are able to plug into. And this is where, again, we keep pushing government to offer clarity, clarity and clarity so that we avoid duplication. If we have such a big initiative and they are bringing almost 400 plus

institutions onto one backbone and then let's have this backbone connect to another existing backbone as opposed to creating other silos.

I think this is something that the Central Bank was quite clear from the beginning, that let's avoid duplication. Let's avoid bilateral models. They have a hub and spoke model that RSwitch has been able to provide. And then, eventually we get to see these previously marginalized participants in the ecosystem coming onto the table as participants, but not as the menu for others to come and split, what share do I take? So, it's very key that we continue to keep the focus on assuring that we look at the bigger picture of things.

Olga Morawczynski:

I know Rwanda has been working, and RSwitch included, has been a big driver of this on really connecting... And, I think now what you're talking about is connecting the Umurenge SACCOs, essentially to the backbone, to RSwitch. [That's right] The digitization of SACCOs. So, it seems like there's already a lot going on and it seems like there's quite a few players. Is there a role for fintech? Is there enough space in this market for fintech? And if there is, where do they fit in? Are they competing with the private sector? Are they going to complement some of the things that you do? Are you afraid of Patrick, or is Patrick going to help you somehow?

Jean Claude Gaga:

Patrick is saving me a lot on my budget for development. So, I'm definitely seeing him as a partner because he's the kind of the feeder road that brings them onto my highway. So, I definitely appreciate what he's doing. What I see most of my advice, is let them be more innovative and let them be mindful of security. Before you connect to our ecosystem, we are the only PCI DSS-compliant platform in this country. For those in the payment industry, I believe understand what standard this is. It's a world class standard. So, most times when they want to connect certain times we say these are the standards and this is our spec. Sometimes they see it as a challenge rather than see it as this is a fact. You're going to channel people's funds, people's transactions to us and then we'll deliver them to the other institutions. So, it is important that they remain mindful of security and mindful of innovation, rather than competing. If he's already doing transport, let somebody else look at products around something else that will facilitate this, but rather not compete. Since he has one bus company, then we push for the next bus company and you have three fintechs within this sector.

Bilal Zia:

I would add one thing to that. So just adding to the challenge and perhaps highlighting an area where innovation, digitization and education; all the points that Ivan pointed out, can come together, is the area of digitizing agricultural payments. The Findex highlights that as one area where one is actually weak. So, digitizing remittances, sending and receiving, Rwanda is very strong, but for agricultural payments, cash is still king. That's an area where both of you can come together and other players to bring in the farmers and digitize agricultural systems. So,

that's where maybe innovative products, maybe educating the farmers on the advantages of digitizing payments, would all come together and have a happy marriage.

Eric Rwigamba:

Just to touch, I think, the digital space. I think when you look at what probably someone touched on, I think the Governor, on the mission, and probably it's a decision already, to get all the government services brought on one platform, RwandaOnline. So, when I think about that I always say, so if the government has decided to offer all the services online, that means that the players in the payment space should be looking at that as an opportunity.

Olga Morawczynski:

And, sorry, Eric. Can you just explain very briefly to the audience what RwandaOnline is?

Eric Rwigamba:

This what we have done to get all the services that are offered by the government of Rwanda. All of them. Automate the process so that you can just log in and get your passport, your birth certificate, your land title, just name it, online. So, you don't have to move to different offices to get that, including things to do with if you're just starting your business and getting a license and so on and so forth. So, what we are just saying, all the services that the government would be offering to the citizens should be obtained online. But that's the process of applying and accessing it so there's an aspect of payment. And that's for me an opportunity for the for the guys who run the payment system.

But also, now, if the government has taken that step, how about other processes in the private sector? So, I think for me that's the way I see the challenge that when people keep on saying the government's leading. Probably it's not leading, they're just saying we need to move a bit faster. And, I think that's for me where the opportunity lies.

Olga Morawczynski:

So, you're not leading, you're accelerating.

Eric Rwigamba:

No. We want everyone to be onboard, certainly when are doing this. So, let me say it this way, the challenge is that ahead of us. If I'm going to apply for a passport in my office, and when I want a bank cheque or my credit card, I need to come and line up at your bank. Uh-uh, there's something missing. So that's, I think, the kind of message we are sending out there.

Olga Morawczynski:

Okay. So, this is, by the way, not approved yet by the Foundation and it's hypothetical. But if I were to give you \$10 million, *[Laughter]* and if I were to ask you to invest that money - and I'm asking if we can put up those four opportunities that Ivan noted earlier, back up on the screen... Anyways, if I were to ask you to invest in one of those four opportunities, very briefly, because I want to leave a little bit of time for questions, where would you put your money to really drive financial inclusion? Patrick, why don't we start with you because I know where this might be going on your end. Where would you invest?

Patrick Buchana:

Well, to start with, I know a very interesting company called AC Group, *[Laughter]* so I would definitely invest in this company. And this is why. You know, at the moment they have RFID cards for public transport and at the moment there's almost 300,000 people using these cards, and the number grows by almost 7,000 to 10,000 every single day. So, we're looking at more than a million by the end of the year. So, all these people have the cards and there are just using them for public transport. So, why not add other use cases? Why not let these people use this card for public transport, for something else, for this, for that? And, we're already talking to different other players in the market to see how to actually have this card work on their different platforms. And, definitely as Gaga said, there is a lot of room for collaboration. If certain institutions, say RSwitch, has already set up a network of agents doing A, B, C, why not ride on that already existing network? But for sure, that's where I would put the \$10 million.

Olga Morawczynski:

Patrick would invest in himself. That's great. What about everyone else?

Jean Claude Gaga:

Fortunately, I wouldn't invest in myself. Since he's already focused on the fintech, I would take Number 3, which is mostly on product innovation. My assumption and my hope being that the remaining two will take the one and two. Reason being, *[Laughter]* on the slide before this we noticed, we are talking 89% financial inclusion in Rwanda. But when it got deeper, we realize that we are all competing for the 6% that are adequately served. So, what has happened to the rest? That is where innovation comes in. Why do we keep competing for 6% when there is all this wide pie that we keep talking about at RSwitch? And, of course, that is what I say, when there's that that innovation I very much want to believe, and rest assured that that will end up on my doorstep.

Olga Morawczynski:

You would also invest in yourself in some way. *[Laughter]*

Bilal Zia:

So, from my side, unfortunately because I work at the World Bank it will be a violation of the employee agreement to invest in myself. *[Laughter]* However, I can invest in the type of work that I do, indirectly. So, the points that Ivan put out, I would actually agree with all of them. So, digitize, innovate, educate, but then I'll add one of my own, which is, evaluate. I think evaluation is key. There is so much innovation happening. There are so many new products out there. But as the Governor pointed out, and as Ivan pointed out, usage is lagging behind access. So, we have access but people aren't using these products on a regular basis so there's some constraint there.

How do we relieve this constraint? Financial education is one area. Maybe using behavioural insights is another area. There could be other more innovative products. How do we know which one works best, right? So, we need to run...somebody raised a point about randomista. So, I am a randomista. We need to do more vigorous science here. So, we'd look other fields. We'd look at medicine, we'd look at technology and they do science and they do innovation and they test and then they retest to improve their products. That's what we need to do in public policy as well. We need to evaluate the products, the innovations that we have. See which ones work best, adopt those, and the ones that don't work, highlight what the constraints are and then improve those constraints. And if we can improve them, then move on to something else. So, that's where evaluation would be very key and it would work hand-in-hand with innovation and education.

Olga Morawczynski:

So, when everyone's investing in themselves, you just want to invest in figuring out what works.

Bilal Zia:

Exactly. Yeah.

Olga Morawczynski:

Okay. Eric.

Eric Rwigamba:

Olga, I think, for me it's hard because it was one million...

Olga Morawczynski:

Ten million. Ten million.

Eric Rwigamba:

Okay. Ten million. *[Laughter]* I think, first of all, very, very, very important, is to get, I think, the data. Because the biggest challenge is we need to innovate and move away from sitting in our comfortable offices and design products for the people. So, I think I would put in, maybe, a million to get the data that is very, very relevant. But, I think the most useful part of it is to develop the products that suits the needs of the people.

I will speak very fast on that, touching on the history. When the Umurenge SACCO was rolled out in certain sectors, today we have about 2.5 million people as members, as clients. That's powerful. These are people that did not have anything apart from keeping the money on themselves. When the savings groups, what they call the informal savings groups, when Access to Finance Rwanda rolled out several groups, we see about 500,000 people being able to save, being able to borrow through those groups. When you look at mobile money in this country and probably in East Africa, which has changed the financial sector landscape, people just need the appropriate service, the appropriate product. So, I think for me, a big chunk of that...so, one million is on data and the research and evaluation. I will get about another, probably 70% on innovation, and the last component is really delivery channels.

If we are going to think about setting up branches to serve the people that you are talking about here, at the bottom of the pyramid who are poor, small savings, small loans through the branches, which are expensive, it won't work out. So, I think we need to tie up all these to have a distribution of channels that are convenient, that are affordable to those people we are talking about.

And why I do not pay attention to education is because, for Rwanda, for us who have moved, we have incorporated financial education in the school curriculum. So, from primary, from high school, from the university, school curriculum has been embedded into the program. We have a program for financial education and literacy through the World Bank's support to reach out to the rural people to teach them about these basics. So, on that space there is a lot to do, but I think we have set out the foundation. So, much of it will be for me, innovation and a bit of proper delivery channels to reach out to those people.

Olga Morawczynski:

Okay. Thank you. So, let me turn over to you and see if there's any questions around what the panel has said. And let me just ask for you to be specific on who you want to address the question to. Unless we've stunned you into silence, which is also okay. But, I do see one already. I see two. So, can we start with the back and then move to the front with the mics? Or you can just stand up and try to scream. We have one. Okay.

Anton Simanowitz:

I am from Social Performance Solutions. I am really interested in the advance that's been made in financial inclusion but I want to come back to what is the goal around financial inclusion? So, we've heard about access, we've heard about quality. I just want to ask a question in relation to,

I suppose, the clients, the customers. There is a really nice definition, vision for financial inclusion from FI2020, which talks about access to a quality range of services so that people can invest in their futures, build assets, cope with life shocks. I want to ask about your vision for financial inclusion and the extent to which this access, the quality of services, the innovation of products, are really built around that vision for the use of the services in terms of people managing their risks, managing their anticipated and unexpected needs. Investing. Fulfilling their life's dreams. That's what I'd like to ask the whole panel, I think.

Eric Rwigamba:

I would take a shot on that. Thank you so much. I think a very relevant question. When you look at the way we are looking at financial inclusion in Rwanda is really to look at how do we use it as an enabler to transform the lives of all people. From that understanding, we think everyone should be given an opportunity to contribute to the growth and development of the country. So from that, we have been able to put an impressive number of initiatives and projects that we think we will be able to do that.

So, if I can touch on them very fast: (1) We look at farmers and so we think, how do you get farmers into the system? So, when the government worked with the private sector to attract, for example, the Commodities Exchange in this country, it was more to create a system where farmers will be able to make better use of their output. So, for those who are not familiar with the Commodities Exchange, it's best characterized as where you help them to discover the prices and also be able to use them through the crop management system and warehousing systems to use them as collateral when they want to access funding. And that is working so far today when I see farmers from different countries being able to keep their produce into well organized, well managed warehousing systems, which gives us data to know how much is being produced, how much is being traded, at what price. We think that is helping a lot of the farmers.

We have also tried to do automation of the SACCOs, Umurenge SACCOs and (*unknown*) SACCOs. That is intended to ensure that more products can be distributed and can be accessed by the people. So, government and nations, they invest in insurance, health insurance. We think that to be delivered to people, you need a better delivery channel that is convenient.

We have just approved a pension scheme for people working for informal sector. So, we talk about this credit-saving account and loans, but what about when these people, they are retiring? So, we have developed that as a solution that we should add on the list of the financial services that would really help the people live a better life.

So, again, what I'm trying to talk about here, we are just trying to increase the range of products and services, financial services, that would really make the life of a person better. So, from insurance, from pension, from saving, from credit. We think that is really, for us, the kind of financial inclusion that would transform the life of a person.

Olga Morawczynski:

So, you're already actively working on usage. Okay. If anybody else wants to respond briefly, you can, but otherwise maybe we can take one more question from... Oh, there's a lot of questions now. Okay, I think in the front here. Your hand has been up for a while. So, could we get a mic there? No more questions. Okay. Questions...oh, I see. Okay. No more questions. We'll do it at coffee time, so my apologies. But just to thank very much the panel, the governor and also Ivan for really kicking us off. And, I think not just the Foundation, but I'm assuming the entire world will continue to watch a Rwanda's financial inclusion story really evolves.

You know, I did say we have stepped away from the customer centricity theme a little bit. But really, I think Rwanda is a great example to show you that you can be client-centric just not at the institutional level but across not only a sector, but an entire country. I'm sure almost everyone working in the financial sector in Rwanda knows FinScope and it's literally...all the figures are in the back of their minds and they know their targets. So, I would say this is exactly the type of focus that we need to drive, really, financial inclusion and I'm hoping that you can take some of the lessons back to your respective countries and also work to contribute to financial inclusion.

So, thank you very much for this panel. Thank you to the panel.