

# Monetary Policy & Financial Stability Statement

29 March 2023



# Global Economy

Moderate world economic growth

**3.4%** (2022)

Projection

**2.9%** in 2023.

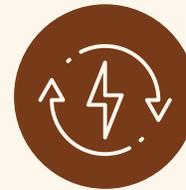
Sub-Saharan African economy to stabilize at **3.8%** in 2023



# Global Commodity Prices



Global commodity prices remain high though decelerating



Global energy index

**+60.0%**

2022

**-11.2%**

Proj. (2023)



Non-energy index

**+10.6%**

2022

**-8.1%**

Proj. (2023)



# Global Inflation

High global inflation in 2022 but expected to slow down in 2023.

**8.8%** (2022)

Projection  
**6.6%** in 2023.

Sub-Saharan Africa inflation  
**14.4%** (2022), **11.9%** (Proj. 2023)



# Rwanda's Economic Performance



Strong economic growth backed by service sector performance

**8.2% (2022)**



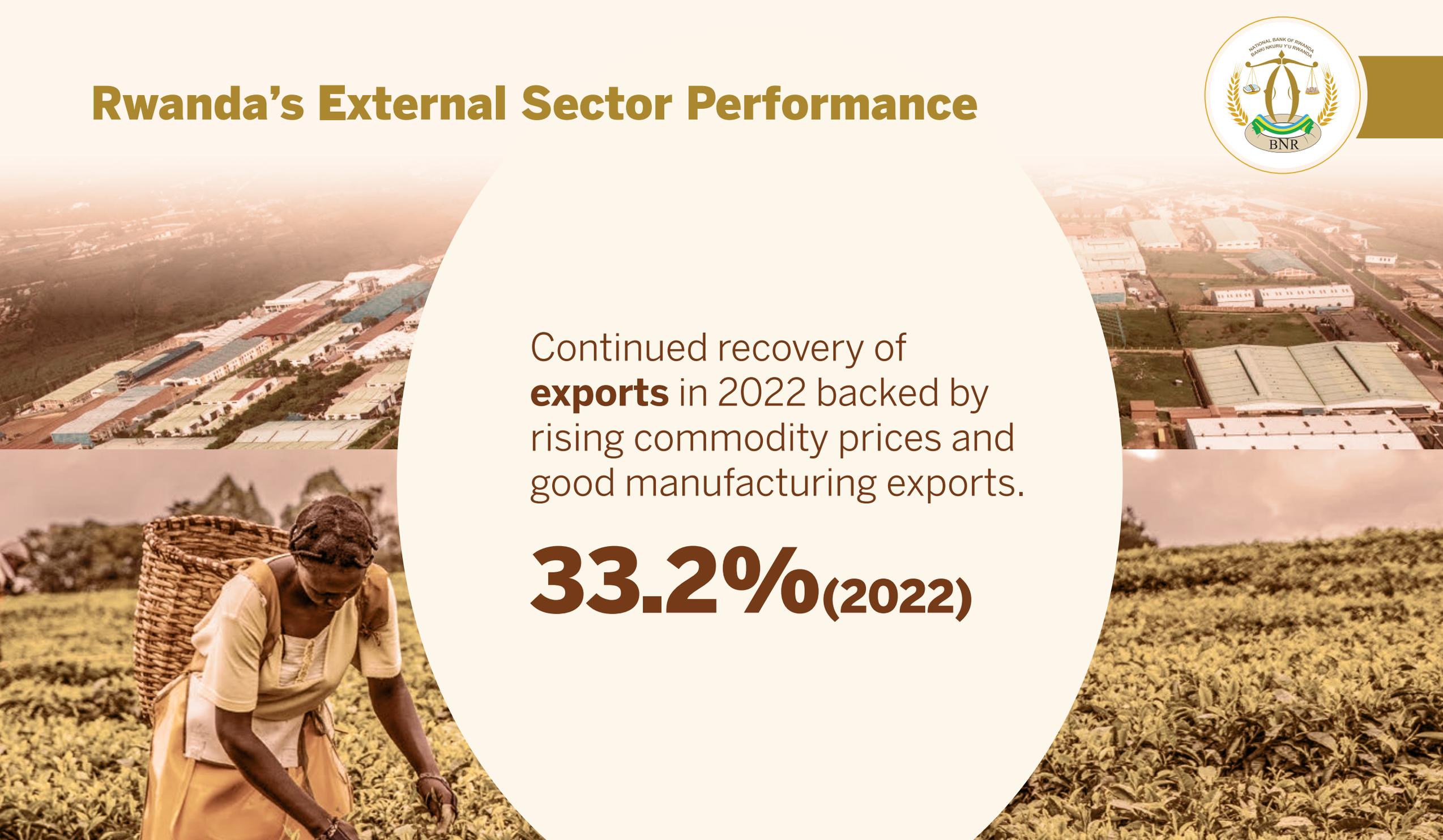
Service Sector  
**12.2% (2022)**



# Rwanda's External Sector Performance

Continued recovery of **exports** in 2022 backed by rising commodity prices and good manufacturing exports.

**33.2%** (2022)



# Rwanda's External Sector Performance



Increased **imports** linked to the continued economic recovery

**26.9%** (2022)





# Rwanda's External Sector Performance

Trade deficit widened by  
**20.7%** (2022)

Exchange rate  
**6.05%** in 2022.





# Inflation developments

Unusual higher inflationary pressures in 2022

## ➤ **Headline inflation**

**13.9%** (2022) from **0.8 %** (2021)

- Weak agriculture performance following adverse weather conditions
- Higher international commodity prices including food and energy.



# Monetary Policy Developments



## Tight monetary policy to curb high inflation



Central Bank Rate increased to **7.0%**  
FEB-2023



The interbank market rate increased to **7.1%**  
DEC-2022



Lending rate increased to **16.38%**  
IN 2022



Deposit rate decreased to **7.66%**  
IN 2022





# Outlook

- Global Economy is expected to slow down.
- Commodity prices are expected to decelerate.
- Global inflation is expected to slow down.
- Domestic economy is expected to perform well in the medium term.

**Headline inflation is expected to come back towards the medium-term benchmark below 8% by end 2023.**



# Financial Sector Performance



# The Economy Continues to Support the Financial Sector



# Growth of the Financial Sector



Financial sector assets  
relative to GDP grew to

**↑ 64.9%**  
DEC - 2022

against the average of  
**62.9%** over the last  
five years.

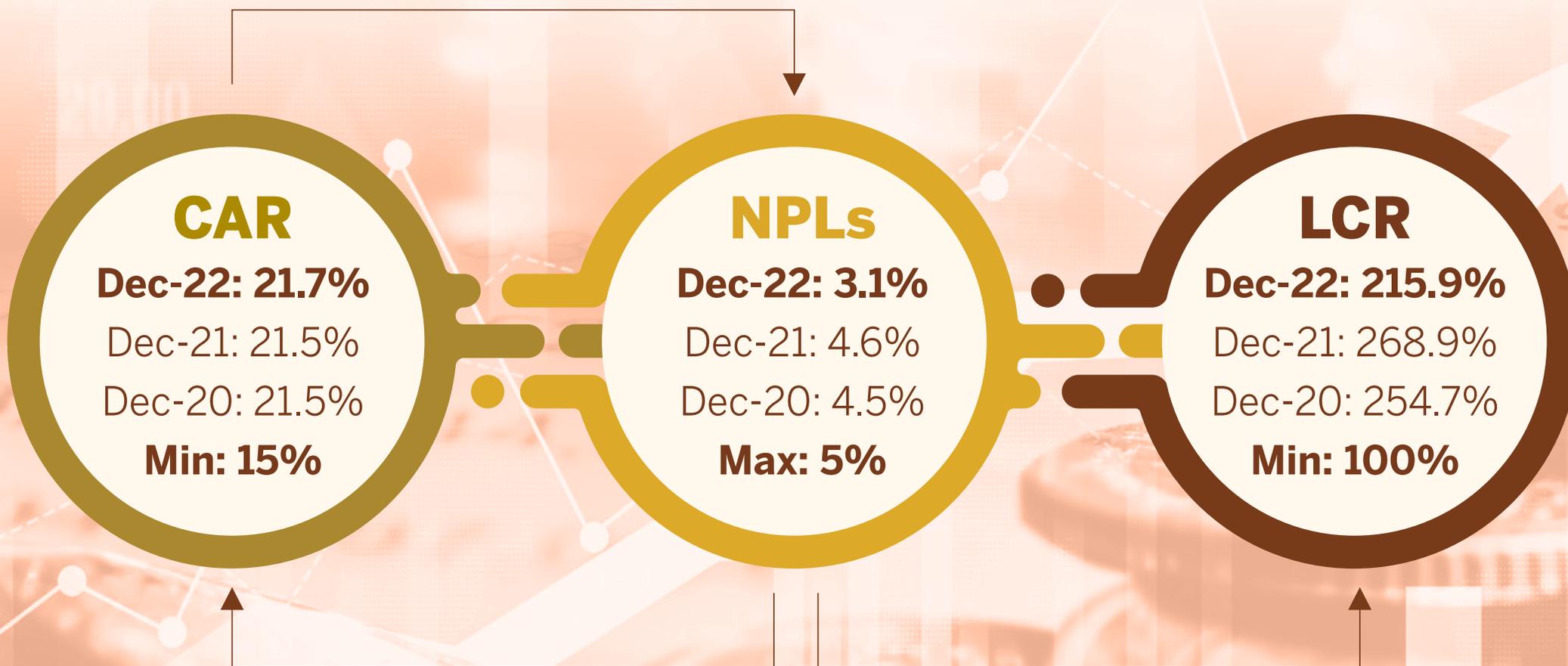
Assets of the financial  
sector grew by

**17.7%**  
DEC-2022

— AMOUNTING TO —  
**Frw8,909Bn**

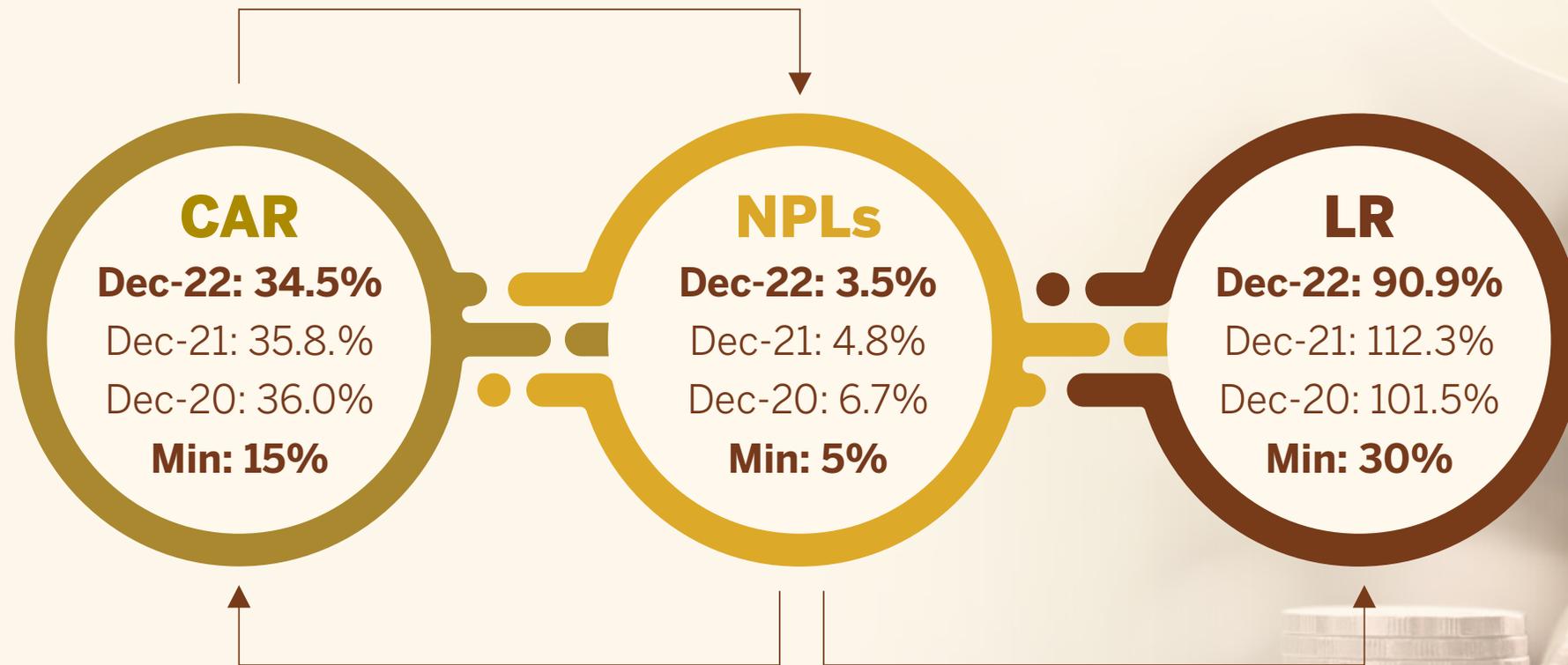


# The banking sector remains sound and stable





# MFIs sector remains capitalized, liquid and profitable in line with improved assets quality



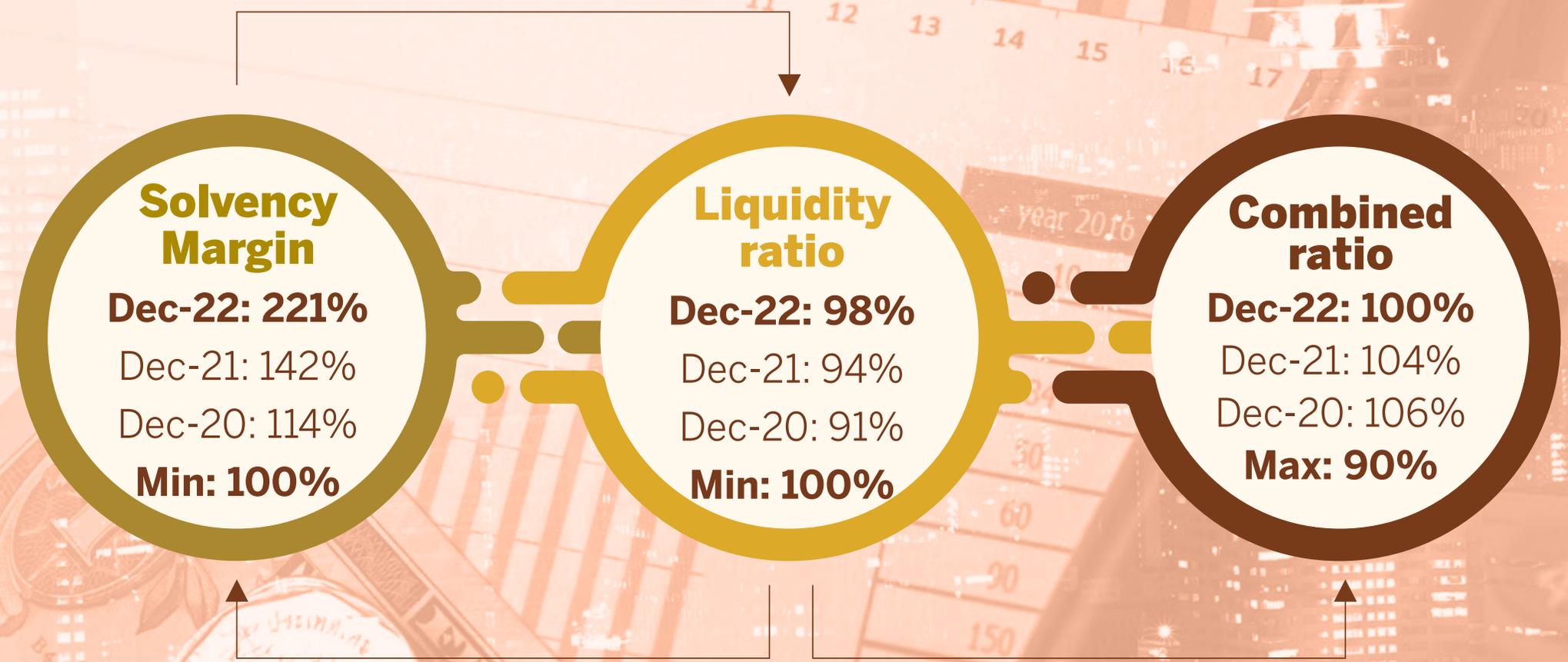
The NPL ratio dropped mainly due to the continuous improvement in business activities.



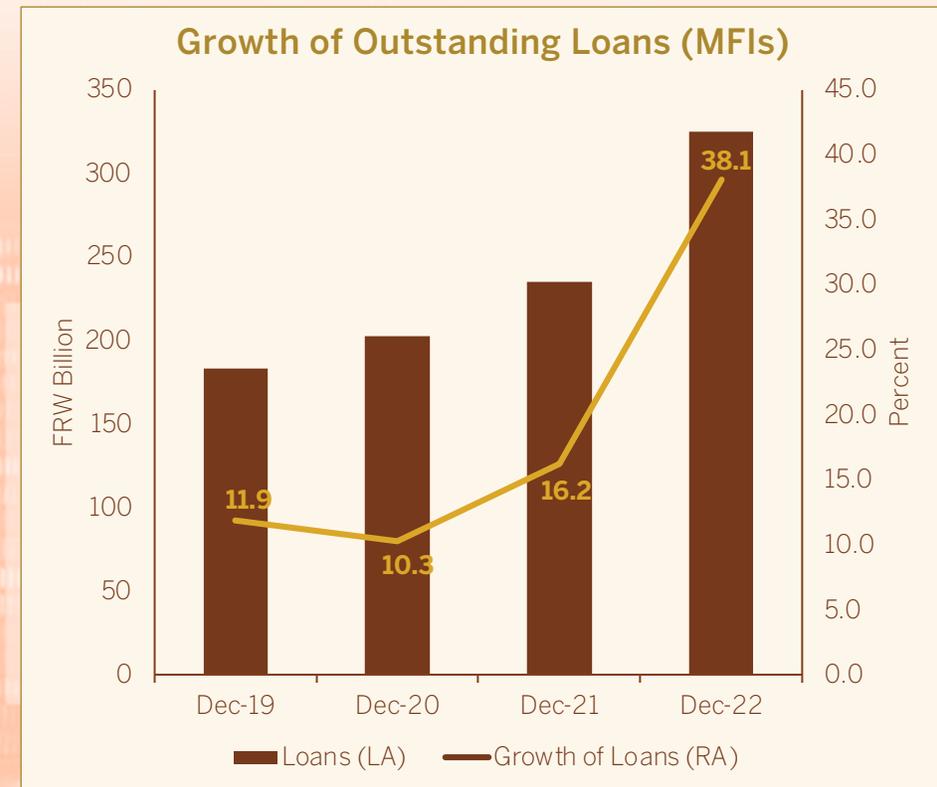
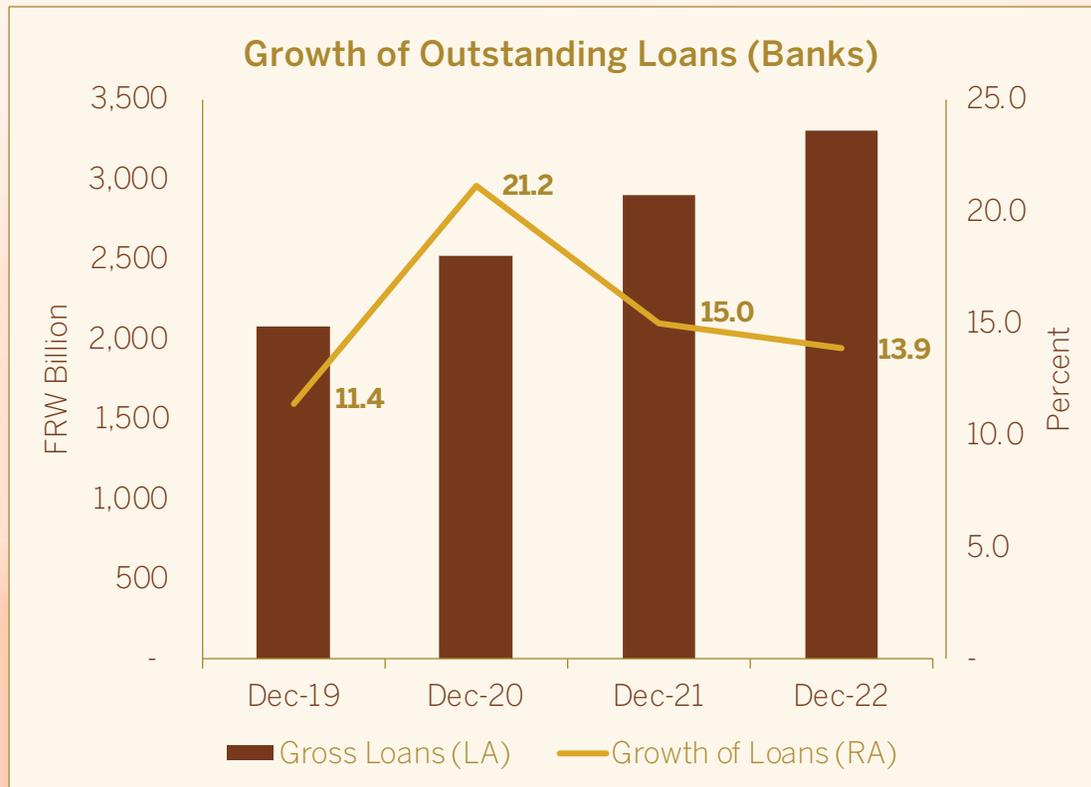


# Insurance Sector | Soundness

The solvency position strengthened in 2022 due to efficient allocation of assets, some capital injection and income



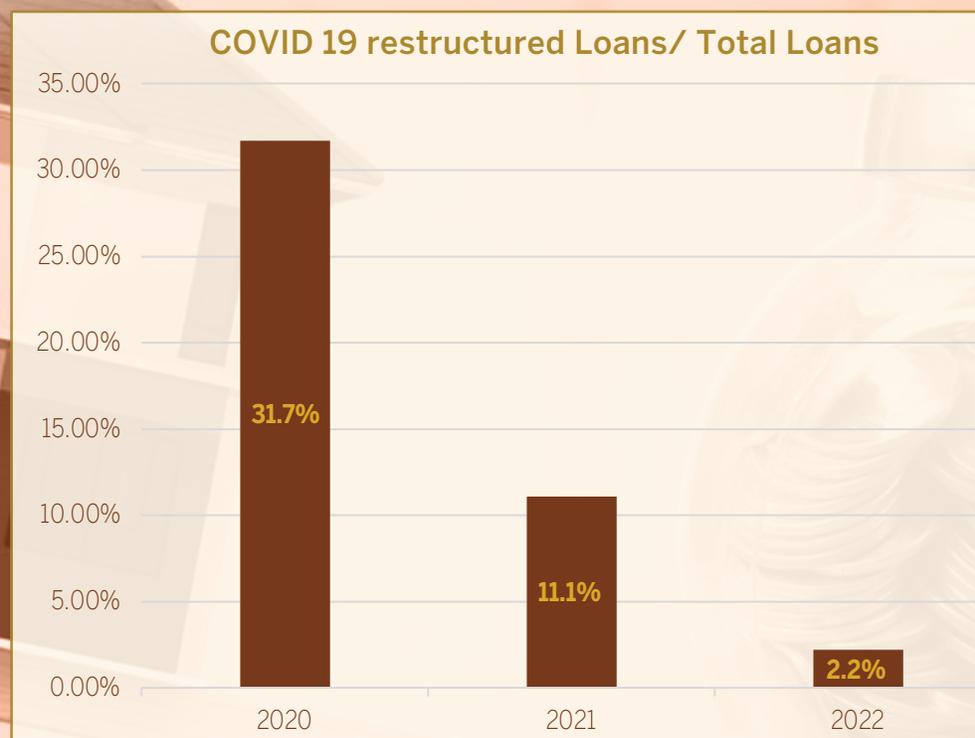
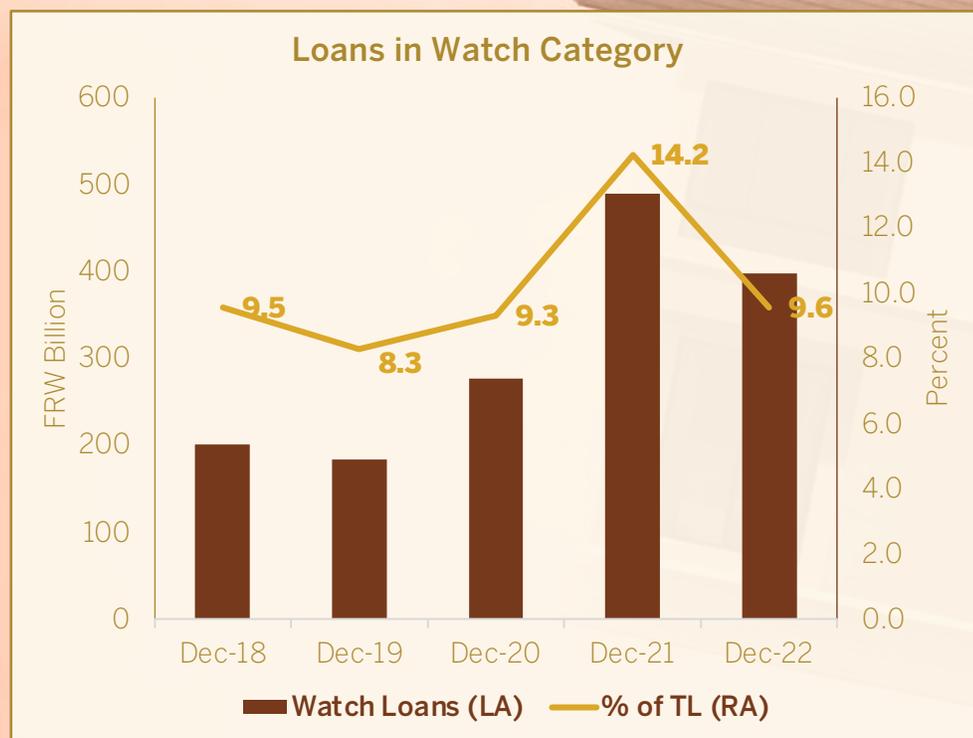
# Lending Continues to Grow





# Credit Risks Subsided

As the economy continues to recover, problematic loans (watch category, restructured) reduced





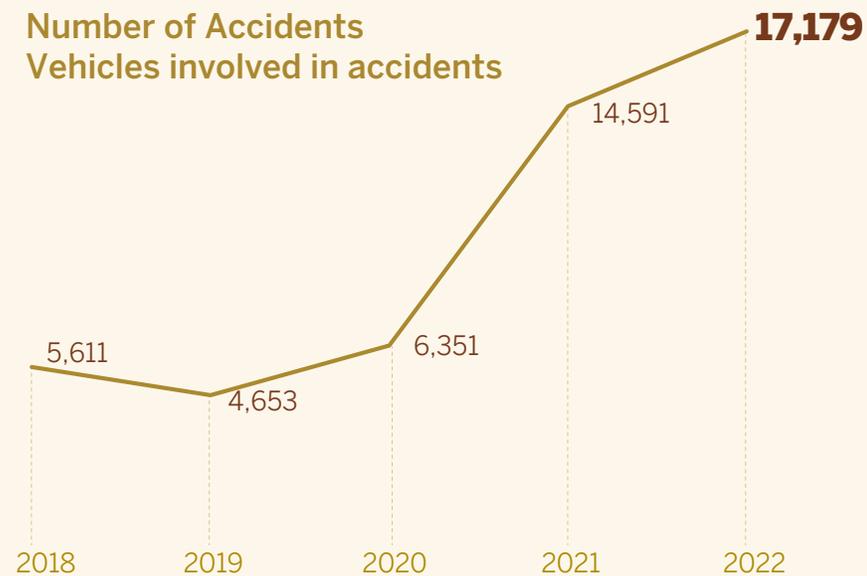
# Claims Ratio Reduced from 67% to 62% in 2022

Driven by reduction in medical claims.

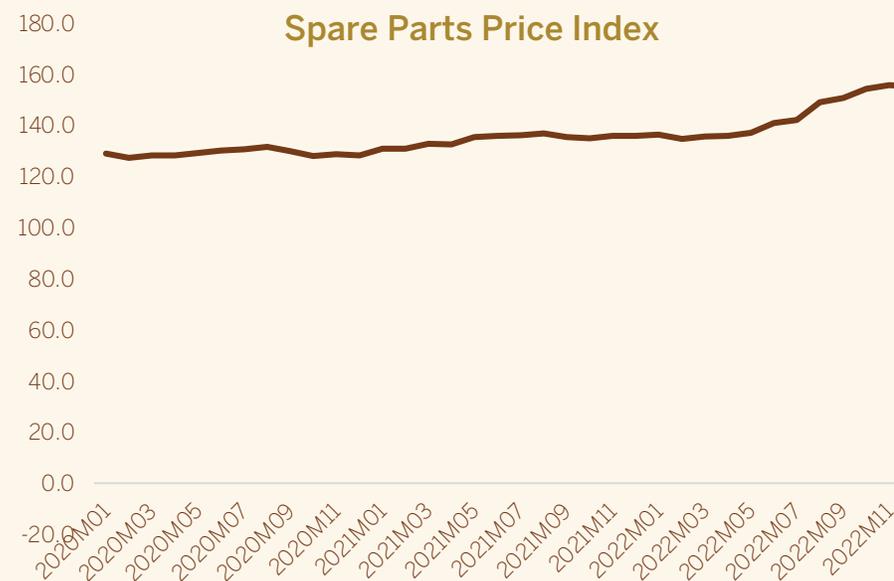
However, motor insurance continues to pose risk to the insurance industry

Motor claims in value increased by 18 percent

Number of Accidents  
Vehicles involved in accidents



Spare Parts Price Index





# Performance of Pension Funds



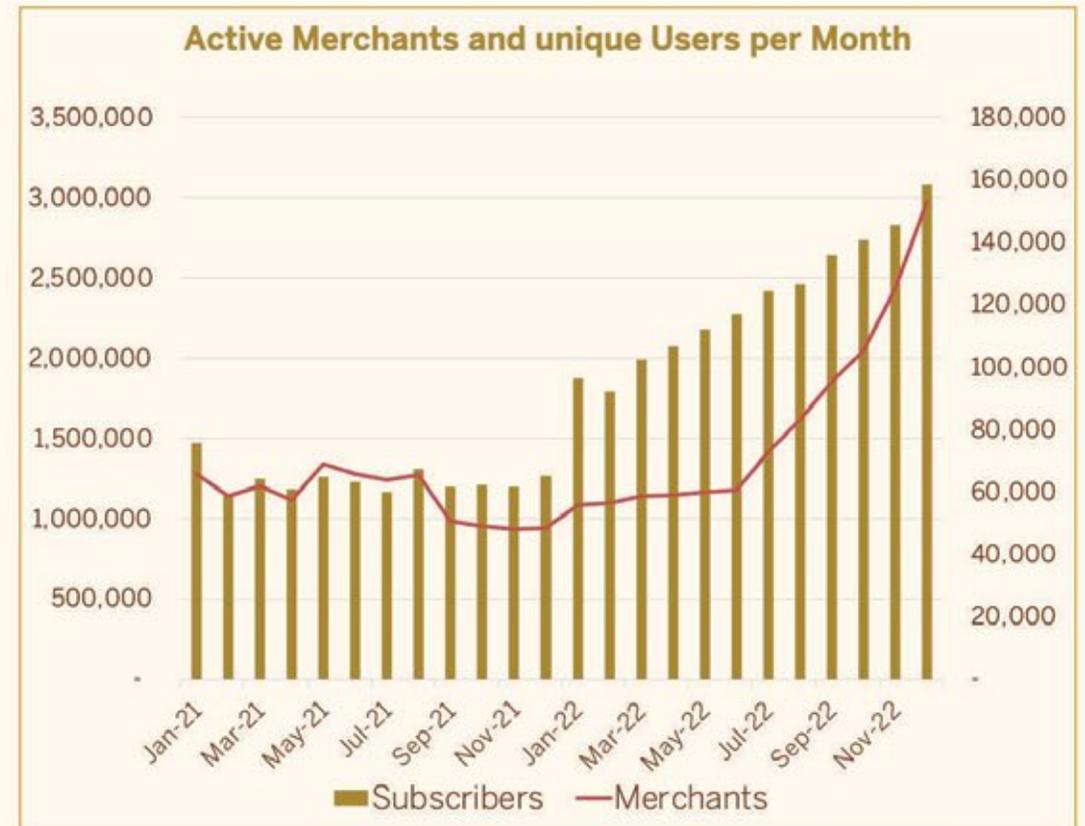
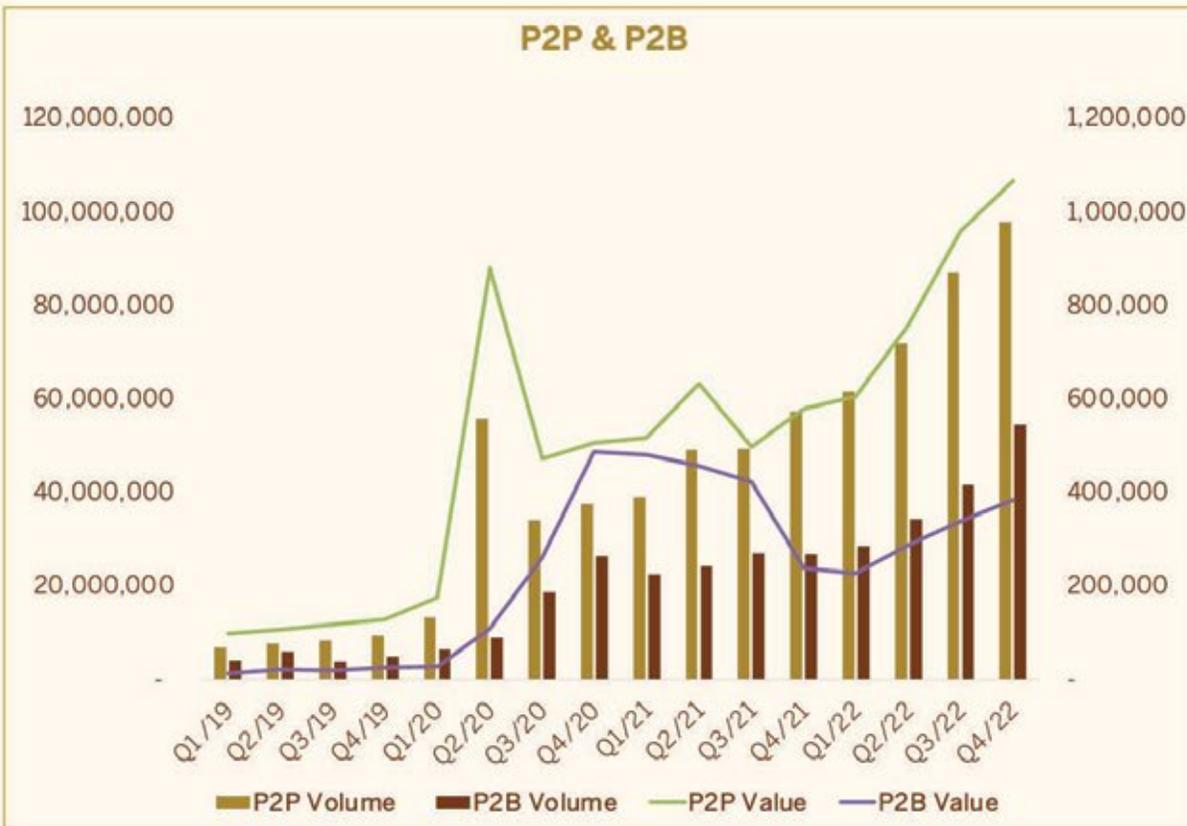
Pension Scheme	Contributors Dec-21	Contributors Dec-22
RSSB	587,479	<b>635,716</b>
LTSS	1,423,377	<b>2,413,672</b>
Private - Pension	66,482	<b>21,770</b>
<b>Total</b>	<b>2,077,338</b>	<b>3,071,158</b>

Pension Scheme	Beneficiaries Dec-21	Beneficiaries Dec-22
RSSB	45,510	<b>48,723</b>
LTSS	561	<b>1,079</b>
Private-Pension	5,436	<b>6,744</b>
<b>Total</b>	<b>51,507</b>	<b>56,546</b>



# Performance of Payment Systems

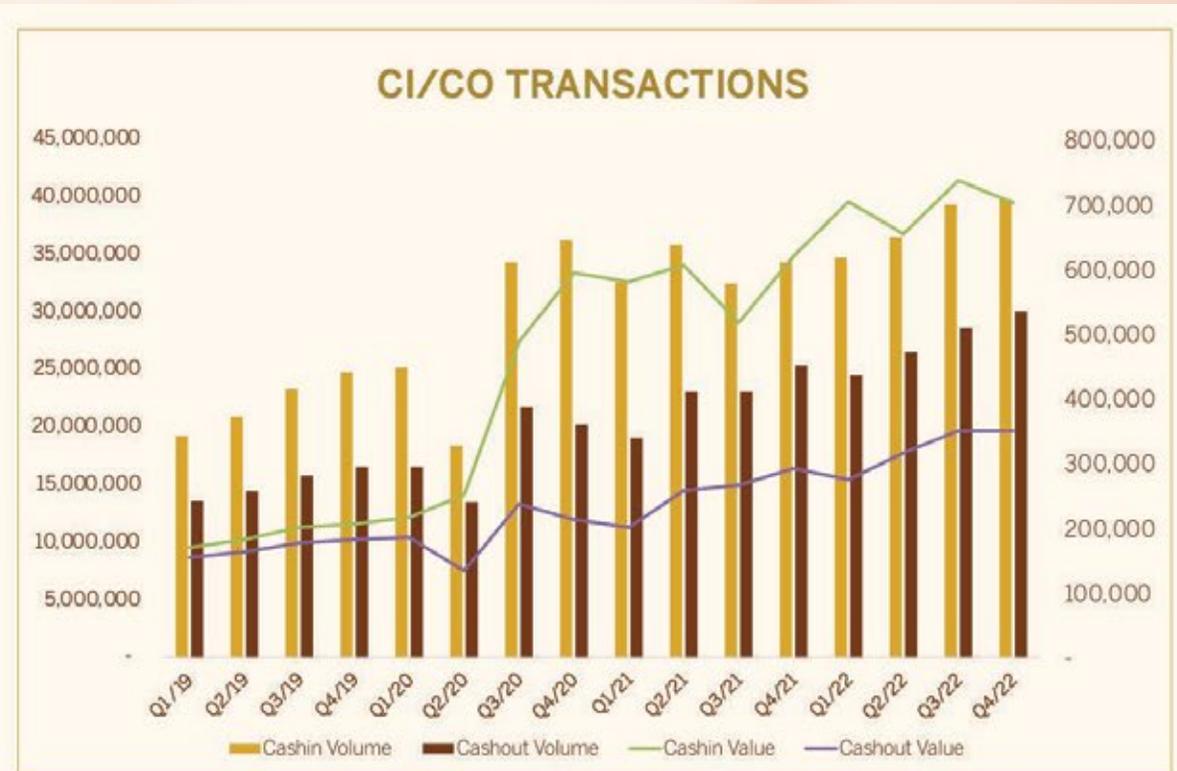
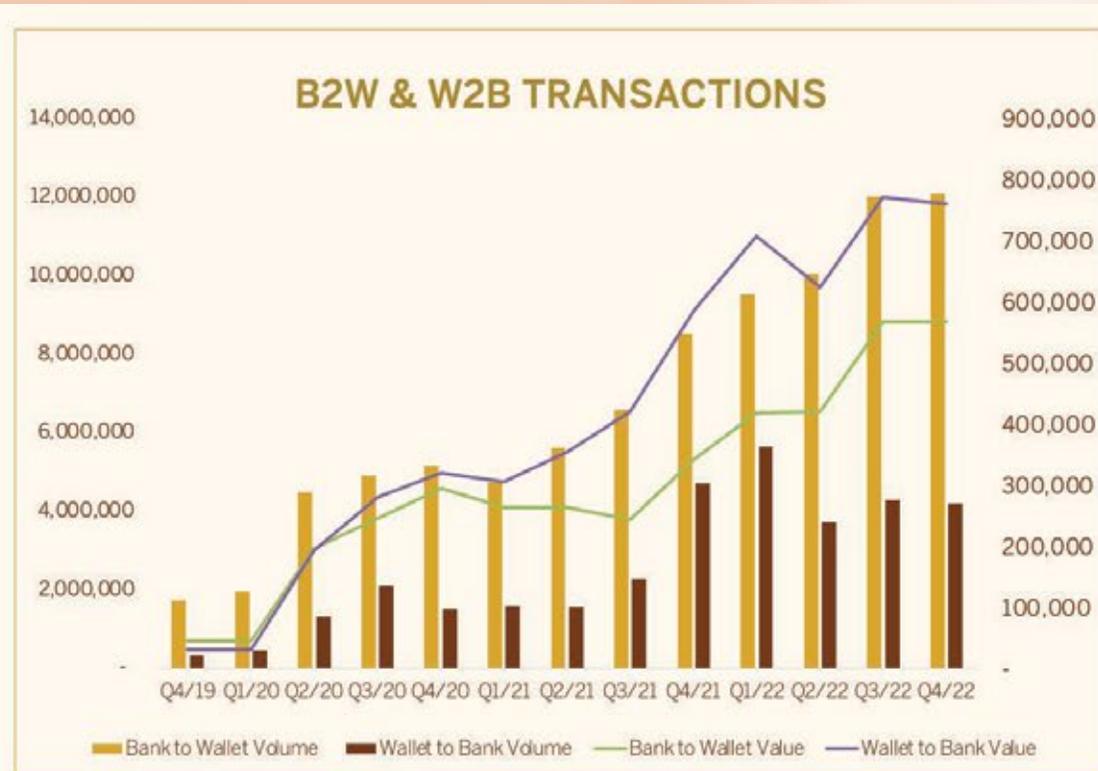
Uptake of digital channels continue to drive cashless economy





# Performance of Payment Systems

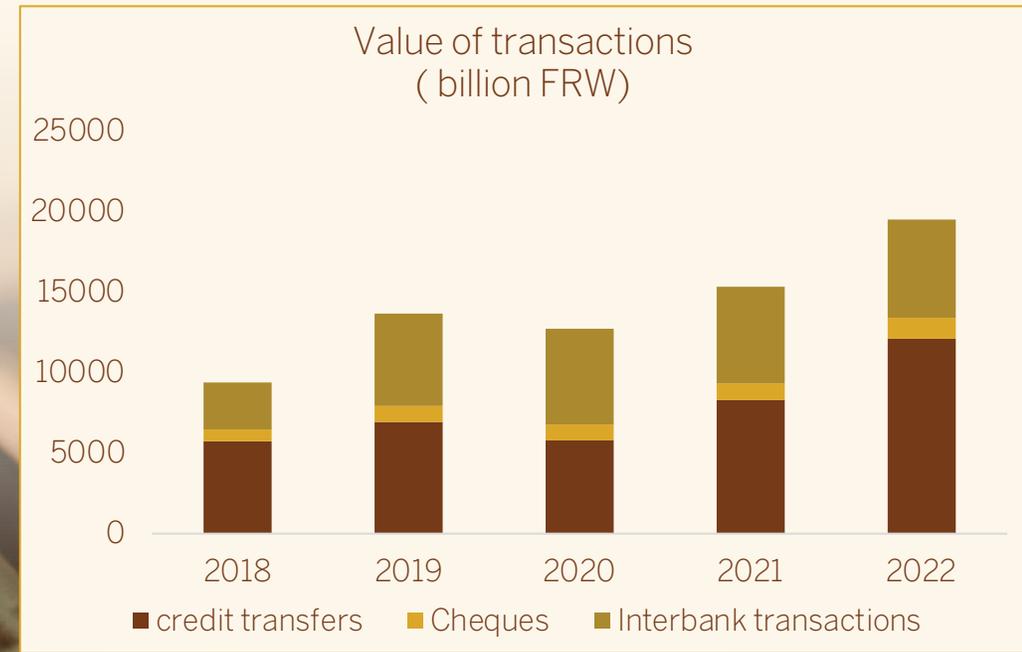
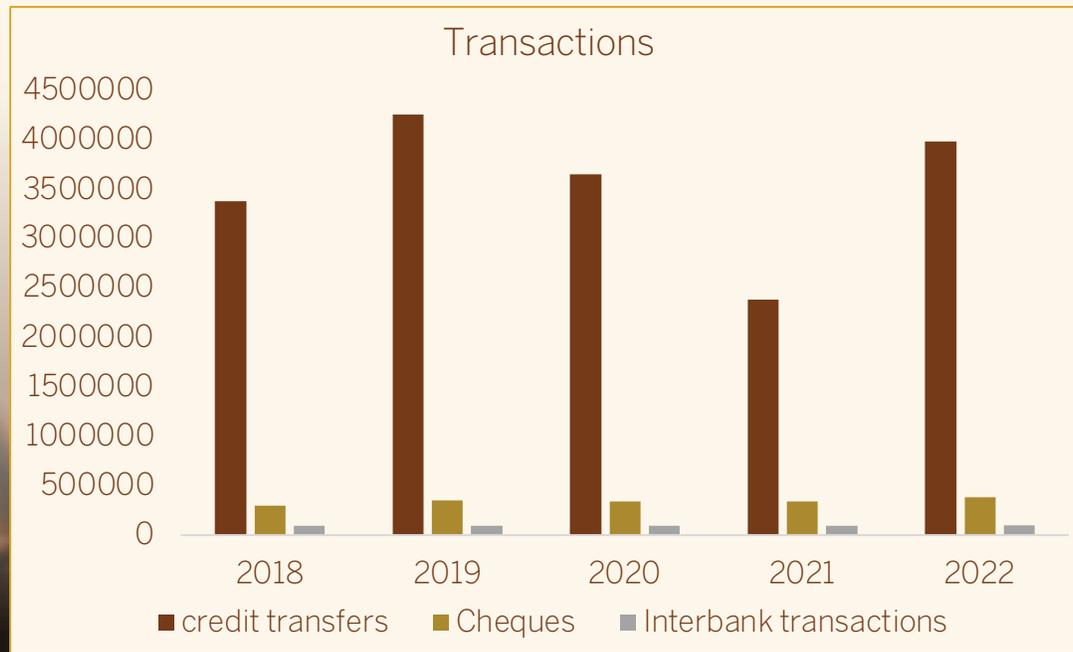
Push and Pull transactions continue to grow





# RIPPS continued to process financial transactions smoothly

The enhancement of RIPPS Continues to drive digital payments





# Financial Sector Stability Outlook

- The financial sector is expected to remain sound and stable on the back of sufficient capital and liquidity buffers.
- The NBR will continue to focus on supervisory interventions to ensure that supervised institutions comply with regulatory requirements.
- The NBR will also continue to monitor the implication of the global banking distress on the domestic financial institutions, and stands ready to take appropriate measures to contain risks that may arise.



thank  
you