

Monetary Policy & Financial Stability Statement

March 2024

Global Economy



According to IMF, the World economic growth is projected to stabilise at

3.1%
2023 & 2024

FROM

3.5%
2022

Sub-Saharan Africa Economy

3.3%
2023

AND

3.8%
Proj. (2024)

FROM

4.0%
2022

Due to:

- ▶ Increased trade fragmentation and disruptions
- ▶ Climate change risks





Global Inflation

Inflation is projected to continue declining

Global Inflation

5.8%	AND	4.4%	FROM	6.8%
2024		2025		2023

Sub Saharan Africa inflation

13.1%	AND	9.4 %	FROM	15.8%
2024		2025		2023

- ▶ Monetary policy tightening by central banks.
- ▶ Current downward trend of energy and food prices.



Rwanda's Economic Performance

The economy maintained a strong growth momentum

Rwanda's real GDP grew by

8.2% (2023)

Higher than initially projected.



Service Sector
11.2% (2023)



Industry Sector
10.2% (2023)



Agriculture Sector
1.7% (2023)



Rwanda's External Sector Performance

Merchandise
exports

+1.7%
2023

*Supported by the good performance of domestic manufacturing exports.

Merchandise
Trade Deficit

+10.2%
2023

Merchandise
imports

+6.9%
2023

*Driven by the increased demand for imported goods and services to support the continued economic recovery.

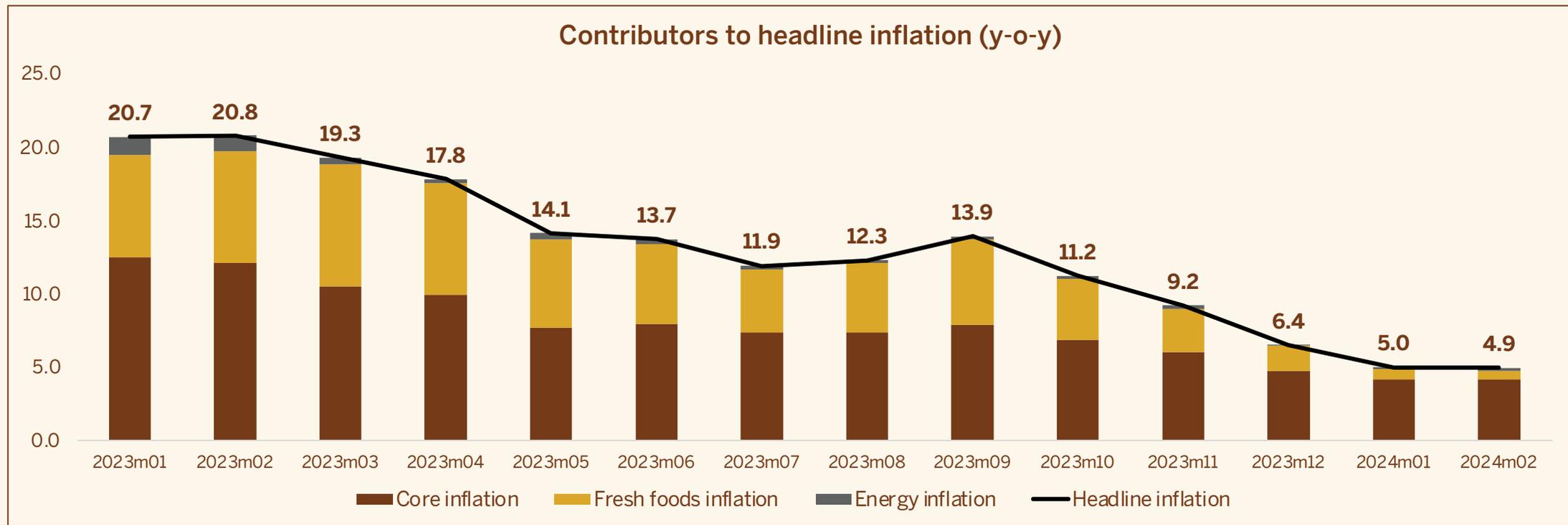
Exchange Rate
Depreciation

18.05%
2023



Inflation Developments

As projected, inflation reverted back within the targeted band by December 2023.



Due to:

- » Improved fresh food supply resulting from crop production
- » Monetary policy tightening
- » Alleviated pressures on core inflation from international food prices
- » Easing trend recorded from global energy prices



Monetary Policy Developments

Tight monetary policy to curb high inflation pressures



Central Bank Rate

7.5%

DEC-2023



The interbank market rate

7.84%

2023

FROM

5.92%

2022



Lending rate decreased to

16.06%

2023

FROM

16.38%

2022



Deposit rate

9.68%

2023

FROM

7.66%

2022



Inflation Outlook

- ➔ Headline inflation is projected to stabilise around 5% in 2024.

Driven by:

- Good agriculture harvest
- NBR's monetary policy decisions
- Government policy measures

Potential risks:

- Global geopolitical tensions & Red Sea disruptions
- Oil supply cuts
- Climate change



Financial Sector Stability



Financial Sector Landscape

» The financial system continued to grow in number and size

The financial sector Assets grew by

↑20%
AMOUNTING TO
Frw10,687B
DEC-2023

FROM

Frw8,909B
DEC-2022

The number of financial institutions increased to

664
2023

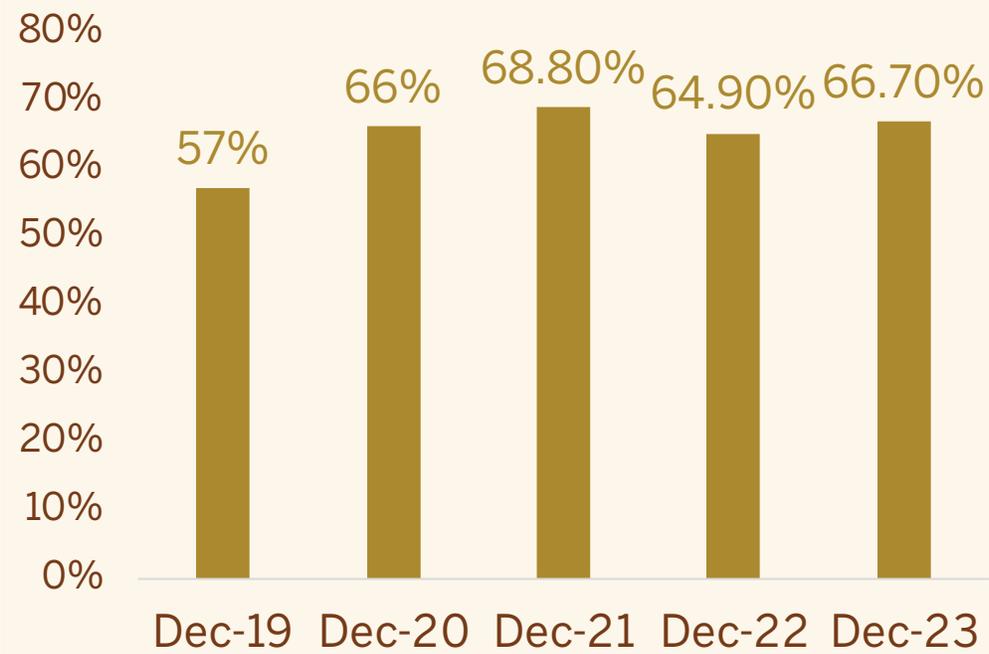
FROM

635
2022

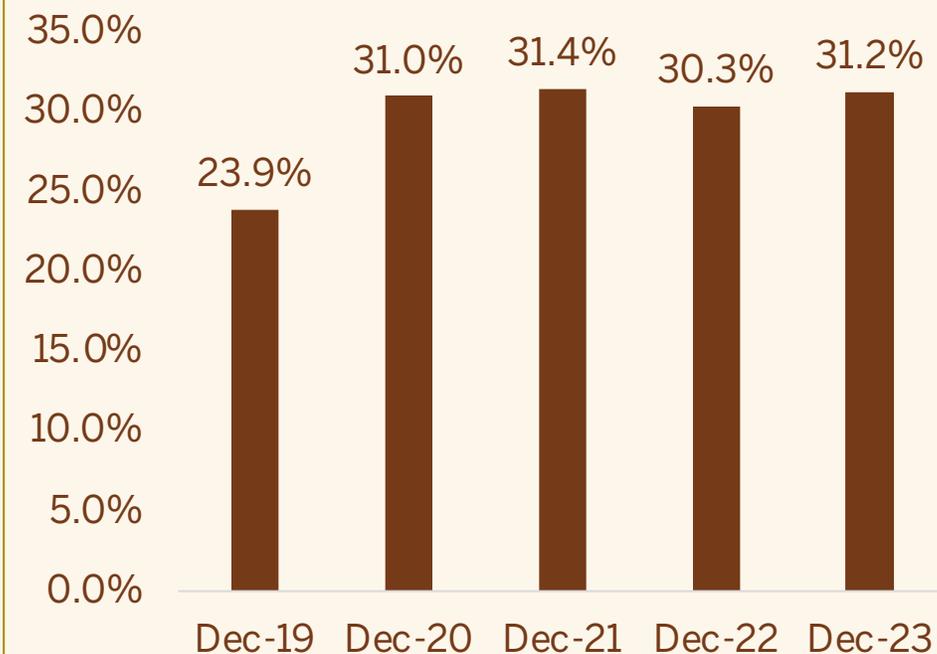
Financial Sector Deepening



Financial Sector Assets/GDP



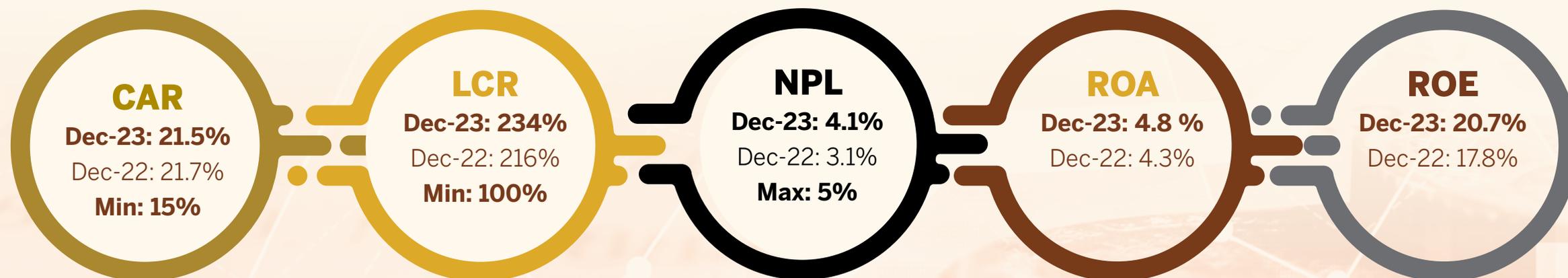
Credit to GDP





Stability of the Banking Sector

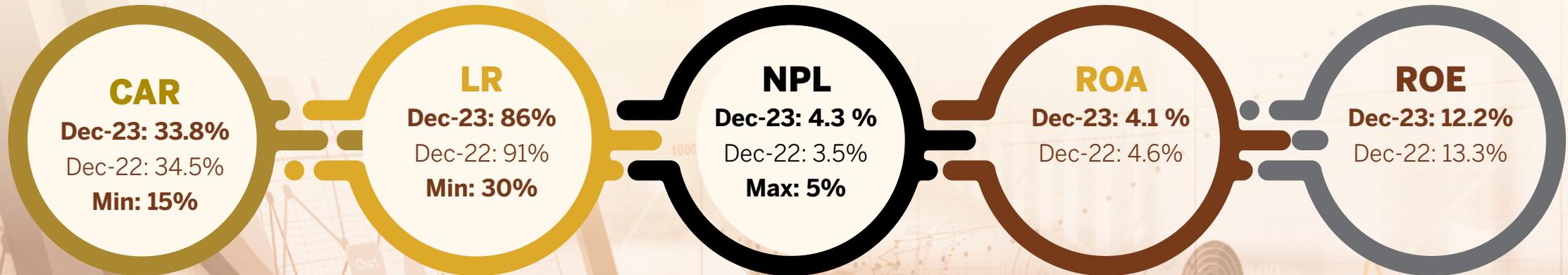
- » Adequate capital and liquidity reserves
- » Assets quality of banks remain healthy
- » Operational efficiencies



Microfinance Sector | Soundness of the Sector



- » Capitalized and liquid
- » Healthy asset quality
- » Automation of U-SACCOs





Private-Insurance | Soundness Indicators

- » Improved risk management
- » Operational efficiencies

Solvency ratio

Dec-23: 296%

Dec-22: 221%

Min: 100%

Liquidity ratio

Dec-23: 117%

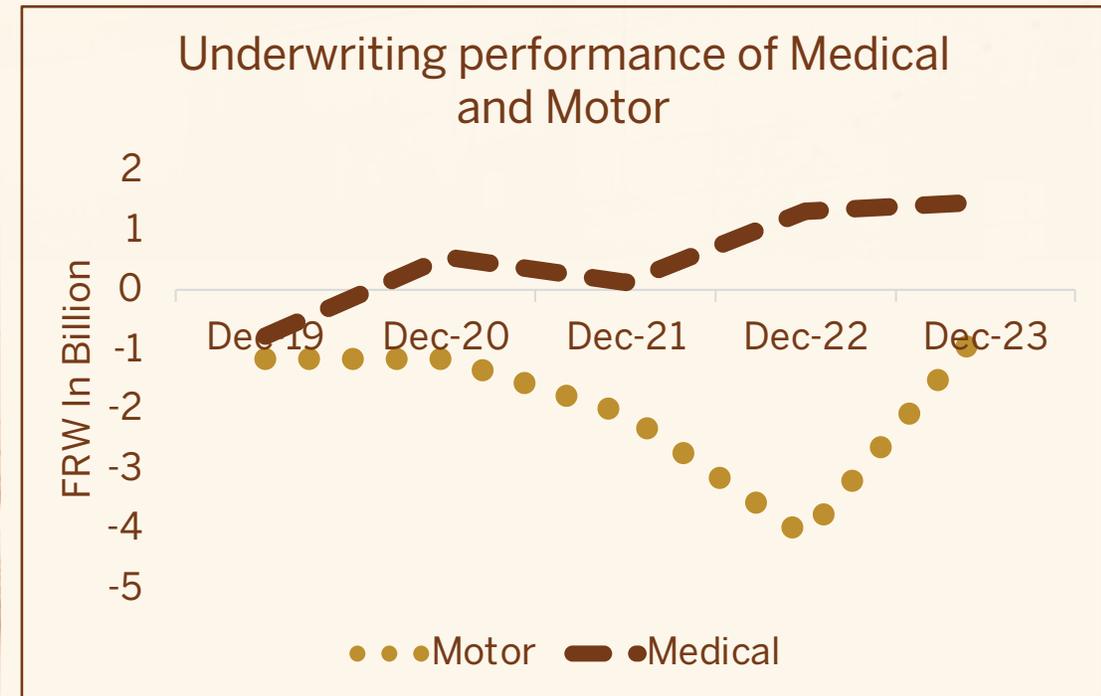
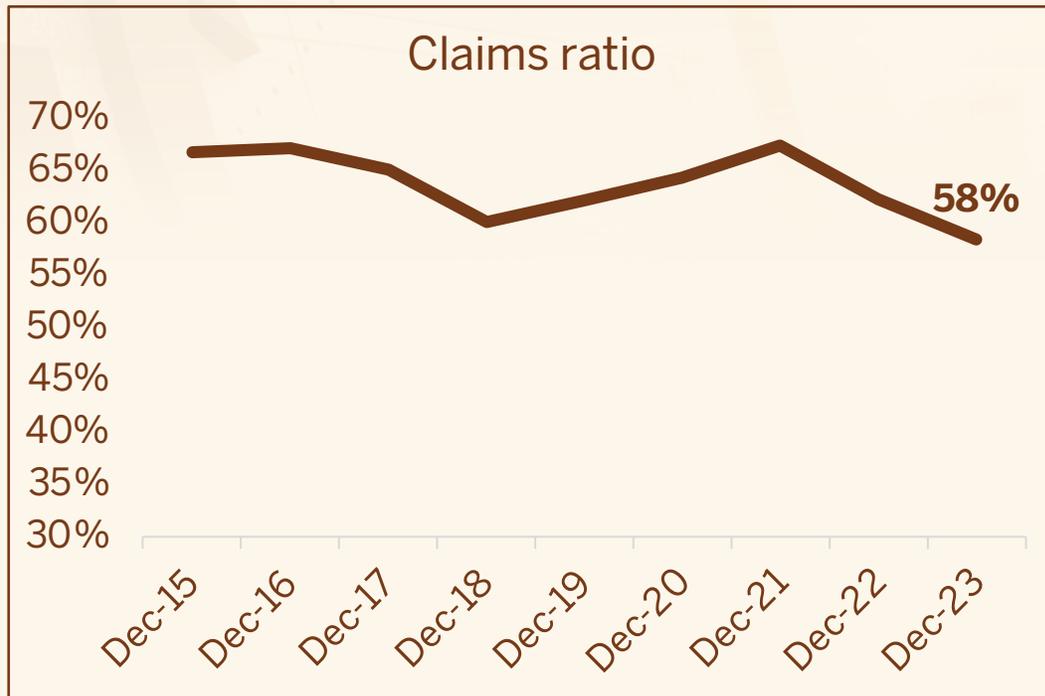
Dec-22: 98%

Min: 100%

Private-Insurance | Claims Ratio & Product Performance



» Decreased claims ratio as a result of improved efficiencies





Pension Sector Performance

- » Increased contributions
- » Diversified Investments
- » Increased active members vs pensioners



Assets of
the pension
sector

↑13.7%
DEC-2023
— AMOUNTING TO —
FRW1,682.5bn



Assets of LTSS
Ejo-Heza

↑36.7%
DEC-2023
— AMOUNTING TO —
FRW54.3bn



Non-Deposit Taking Institutions

- » Increase in the number of newly licensed Non-Deposit Taking Financial Service Providers (NDFSPs), rising from 32 to 50.
- » Increase in lending by 113.4% driven by education loans, motor cycles financed under lease finance and float financing to MOMO and bank agents.





Rwanda Payment System..

» The payment system sector continues to demonstrate robust performance, marked by a notable upswing in mobile payment transactions and transfers



**Mobile Payment
Active Subscribers**

↑6.8M
DEC-2023

6M
DEC-2022



Number of transactions increased

Mobile Payment

- 51% | Value
- 51% | Volume

Mobile Banking

- 161% | Value
- 40% | Volume

Internet Banking

- 130% | Value
- 120% | Volume



11 new Fintechs
have been **licensed**



Active merchants

↑337,211
DEC-2023

141,222
DEC-2022



Retail e-payments to GDP

199.9%
DEC-2023

146.5%
DEC-2022

» 24/7 RIPPS

» 11 MFIs were on boarded

» RNDPS/e-Kash/interoperability



Reforms In Sustainable Finance

» Diagnostic review, guidelines by NBR

» FIs to incorporate environmental financial risks into their Governance structures, strategies and internal control frameworks



Provide guidance to FIs on the components of climate related and environmental financial risks



Set principles that guide FIs to manage and mitigate climate related and environmental financial risks

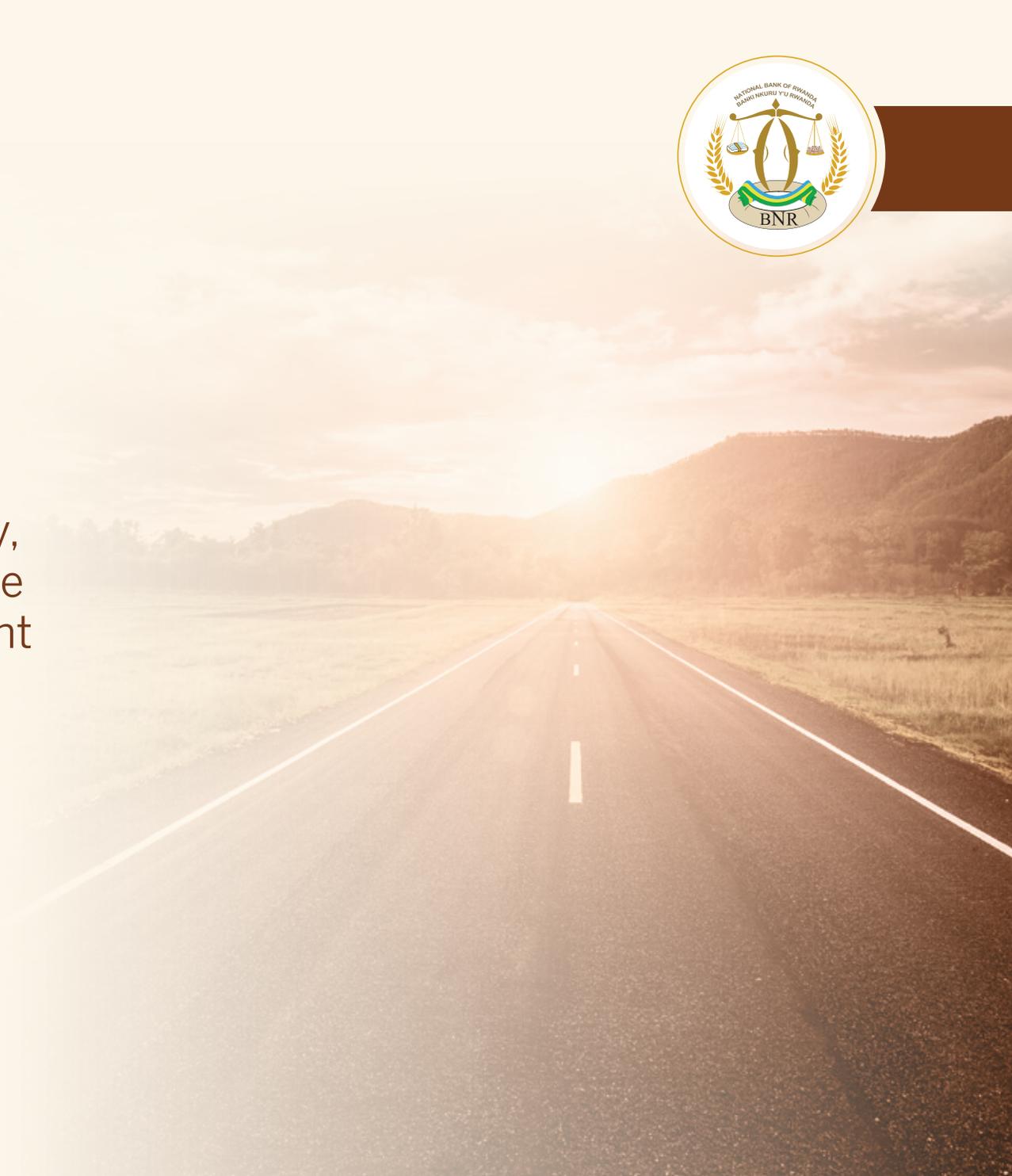


Provide guidance on disclosure of climate related and environmental financial risks.

Financial Sector Stability Outlook



- In the medium term, the financial sector is expected to remain stable.
- The NBR will continue to monitor emerging risks such as climate risk and cyber security, to ensure a resilient financial system capable of contributing to the economic development of Rwanda.





*thank
you*