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RWANDA'S JOURNEY TO A CASHLESS ECONOMY

BNR VISION & MISSION

Vision

To become a World-Class Central Bank

Mission

To ensure price stability and a sound financial system

CORE VALUES:

Integrity

We uphold high moral, ethical and professional standards for our people, systems and data.

Accountability

We are results-focused and transparent, and we reward according to performance.

Mutual-respect and Team-work

We keep ourselves in high spirit, committed to each other for success.

Efficiency

We are mindful of our risks and we optimise our resources to achieve more with less cost: time, money, environmental and otherwise.

Effectiveness

We take more interest in the impact of our actions

CONTENTS

Inside this issue ...

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THE JOURNEY TO A CASHLITE ECONOMY

Where is Rwanda today?

Governments today have realized the major benefits that underlie in digitizing payments. Yet these successes also raise important questions. Why are there many emerging and developing countries at the early stage of being cashless economies? In this issue of the Rwandan Banker, the Governor of the National Bank of Rwanda, Hon. John Rwangombwa in a Q&A, explains Rwanda's Journey in the drive to becoming a cash-lite economy

Hon Governor, you have on several occasions advocated for going cashless. As the regulator, where do you see Rwanda today?

Rwanda's journey towards a cashless economy started in 2008 with its first Vision and Strategy for the payment system of which, much progress has been achieved with the wide use of card payments and the introduction of mobile financial services. When we look at the ratio of electronic payments transactions to GDP, it has increased from 0.3% in 2011 to 16.1% as of September 2016 and we expect it to increase at 55% by 2020.

Other developments include the introduction of Rwanda Integrated Payments Processing System commonly known as RIPPS, which was introduced in 2010. RIPPS also the National interbank payment system composed of the Automated Transfer System (ATS), includes the Real Time Gross Settlement System (RTGS) and Automatic Clearing House (ACH) as well as the Central Securities Depository (CSD) which provides settlement services to external clearing systems of cards transactions like RSwitch Ltd and Visa Inc.

Progress can also be seen with ATMs where the number of ATMs increased from 84 machines in 2010 to 4,004 machines by December 2016 (6 ATMs per 100,000 adults). POS increased from 99 terminals in 2010 to 1,885 terminals by December 2016 (28 POS per 100,000 adults) with 1,059 merchants accepting payments.

> **When we look at the ratio of electronic payments transactions to GDP, it has increased from 0.3% in 2011 to 16.1% as of September 2016 and we expect it to increase at 55% by 2020**

As of December 2016, we recorded 1,448 and 59,952 bank and mobile money agents respectively (805 Agents per 100,000 adults).
Debit cards increased from 41,377 to 746,458; Credit cards increased from 172 to 3,668 as of December 2016 (around 33% of bank accounts).

In 2009, Mobile Financial Services were introduced with mobile money and mobile banking products providing different services such as Cash-in, Cash-out from an account, Cash-out at an ATM, Person-to-person payment (P2P), Business to person (B2P) payment, Payment to merchant, Bill payment, Airtime top-up, taxes payment; cross border mobile transfers/ remittances and payment of water bills, fuel purchase at petrol stations, school fees, saving scheme. And with this the number of mobile money accounts increased from 639,673 in 2011 to 9,735,694 by December 2016.

The number of mobile banking subscribers increased from 248,689 in June 2011 to 980,671 by December 2016. There also is the Internet Banking Service which was mainly boosted by the adoption of e-tax payments. Seven banks are currently offering internet based tax payment services and the number of subscribers has increased from 6,237 in June 2011 to 43,047 as of December 2016.

To facilitate the implementation of a cashless economy, a National Payment System Framework and Strategy that includes a roadmap towards achieving the vision of building a world-class payment system, that is secure, reliable, scalable, cashless, and promotes financial inclusion was put in place.

The objectives and goals of this Vision are in line with the economic targets as indicated in various National strategic plans, including Rwanda Vision 2020; Economic Development and Poverty Reduction Strategy II 2013 - 2018 (EDPRS II); Financial Sector Development Program II (FSDP II) 2012 and the Smart Rwanda Master Plan. Therefore, the National Bank of Rwanda is committed to work with the industry on 3 main fronts: access, usage and efficiency of the payment system.

I strongly believe we are on the right path this cashless drive.

Who are the main stakeholders in rolling out a cashless economy and what are their roles?

We have different categories of stakeholders and they all play different roles in this journey.

These stakeholders can be categorized into Government Institutions such as; MINECOFIN, RDB, MINEACOM and MYICT whose responsibility is to provide, policy orientation that will enable us realise the cashless vision as well as provide incentives to payment service providers which boosts the usage of electronic payments.

We also have Banks, Payment Service Providers and Switches. These provide electronic payment services and operate payment systems.

The other category is Government merchants and this includes; Rwanda Online Ltd, RRA and RSSB. These receive significant payments from the public in form of taxes, service fees, pension and health insurance contributions through electronic channels.

We also have regulators such as RURA and Capital Markets Authority that regulate and supervise the payment and settlement systems.

Other stakeholders such as PSF, Development partners and Consumers provide support in merchants' mobilization, financial support and adoption of e-payment.

In the Rwandan case, what are the best tools to use to drive towards a cashless economy and how can ordinary citizens be enticed to adopt them with an aim of driving change from a demand side and increase uptake of cashless payment solutions?

I believe that some of the tools for driving a cashless economy would be infrastructure that allows people to easily access each other, make payments anytime and anywhere at a low cost. As earlier mentioned, the necessary infrastructure to support e-payments is already in place though there is still room for improvement. The other tool is diversification of products and services beyond simple remittances to include services such as merchant payment, saving, credit and insurance products.

The target should be simple financial services that can outcompete cash, and encourage uptake among merchants and customers. Another tool is monetary and non monetary incentives such as rewards and public awareness campaigns that would facilitate in educating users on the benefits. Above all, a conducive legal and regulatory framework is necessary to achieve a cashless economy.

What are some of the perceived benefits that the economy and stakeholders will benefit from the operationalization of a cashless economy?

A cashless economy offers a number of benefits for the country in general and for all economic operators in particular. To highlight a few; It promotes financial inclusion by making it easier and more affordable for the unbanked and underbanked to access financial services.

Electronic payments usage increases the velocity of money in circulation and therefore people access money easily and quickly which leads to fast performance of economic activities hence boosting the country's economy.

It deepens bank deposits thereby increasing funds available for commercial and loans. It also helps displace shadow economies, bring hidden transactions into the banking system and increase transparency, confidence and participation in the financial system.

A secure cashless system guarantees anonymity of legitimate users but also provides traceability about illegally issued cash or laundered money. It also reduces cash demand hence reducing the cost for money minting as well.

Consumers can also enjoy increased convenience, more service options, reduced risk of cash related crimes, cheaper access to financial services and access to credit. Corporates benefit from faster access to capital, reduced revenue leakage, and reduced cash handling costs.

Governor, there is a concern that in this market and most East African markets, using cashless tools tends to be more expensive compared to cash transactions, why is it so and how can it be changed?

The statement is not really true; indeed there are costs associated with e-payments but the benefits outweigh these costs. For istance, the inconvinience of going to a bank branch or ATM to get the money, the cost of travel to obtain the cash, losses in case of robbery or missplacement etc. People tend to say e-payment is costly because they are not aware of the benefits of using electronic means vis-à-vis the cost of handling cash.

> to become cheaper, it requires that the entire chain uses electronic means so that everybody pays or is paid through a gadget or system so that they too can use the eletronic cash for further payments. Thus, awareness is very important to bring all people on board to increase the use of electronic payments

> it makes life easy but at the end of the day the most important thing is its impact on the overall development and transformation of our economy in general.

However, it is necessary to look at the issue holistically. For a transaction to be a cashless payment, it should move from the consumer to a merchant without any conversion to cash.

Therefore, to become cheaper, it requires that the entire chain uses electronic means so that everybody pays or is paid through a gadget or system so that they too can use the eletronic cash for further payments. Thus, awareness is very important to bring all people on board to increase the use of electronic payments.

What is the role of banks and financial institutions in the process of increasing cashless payments and systems in the country?

Banks and financial institutions are at the center of payment services and play a key role as repositories for value used to make payments as they are the holders of consumer and corporate deposit account balances.

They provide a range of payment services, including the running of payment messaging and processing systems. Banks also facilitate the acceptance of payment orders drawn on other banks and as such developed clearing and settlement arrangements among themselves and the Central Bank.

This means that banks carry out a variety of roles in the payment chain. Namely; the provision of payment infrastructure including customer frontend and merchant communication platforms, transaction authorization services complete with the requisite fraud and risk management tools, clearing and settlement services and post transaction services such as reconciliation, analysis and reporting.
With the rapid advancements in technology, non-banks such as mobile money operators have taken a center role in the payment space, having an impact on financial inclusion.

What has been the government's investment and effort towards operationalization of a cashless economy in the country?

Government as a big payer, payee and the policy maker has always been at the forefront in the operationalization of a cashless economy. Alot has been invested in infrastructure for example the establishement of fibre optic network, high speed broad band services (4G LTE) across the country, the interbank (RIPPS) system that settles interbank transactions.

The other investment has been in the acceptance of electronic payments where Government entities use electronic payment transactions eg taxpayers use E-tax system operated by RRA to declare and pay taxes and duties, people pay water and electricity electronically, most government services are provided and paid online through Irembo, etc; all these initiatives have an objective of reducing time and the cost related to cash payments handling.

A conducive legal and regulatory framework has been set up where we have BNR as a regulator and government entity establishing governing laws and regulations which guide the provision of electronic payment services to the economic agents.

COVER STORY

There has also been provision of incentives in form of tax incentives for example, currently the VAT cost on the importation of POS and ATM machines are exempted. Last but not least Government has actively been involved in encouraging people to use electronic payment systems though there is still room for improvement.

Some experts say that cashless economy could reduce the cost of credit in the long run, is this practical? What preconditions would be required to make this happen?
Banks earn by lending the deposits made by their customers. Indeed, the use of electronic means helps to keep money in the banking system, a move that increases liquidity and facilitates banks' lending to the economy.

In case banks have a lot of money to lend, the cost of credit will reduce to attract more demand and increase their earnings. Therefore, preconditions include awareness to use electronic payments, the availability of infrastructure and services, affordability of the services and a conducive legal environment.

Governor, what drives your passion for a cashless economy and how has going cashless affected you on a personal level?
Apart from being a Government initiative that we all have to embrace and support, my passion for the cashless drive is influenced by the kind of life I have lived as an employee. My work has been around economic management and economic development and anything that adds value to economic development and reducing poverty is something I have become passionate about, Electronic payments or digital payments, are linked to financial inclusion and financial inclusion is a key pillar to economic development and poverty reduction in general.

I always feel, any means that can support us as a country to expedite our economic development; for the country and for the people, is something we should all support whole heartedly. I know, I have read and I have seen experiences elsewhere. With modern payment means, economic transactions turn around is very quick hence supporting economic development.

Personally I enjoy using it because of its convenience. For example I have families across the country and even abroad but with electronic/digital payment, I sit here in my office or wherever I am, pull money from my account and send it to whoever I want to send it to, instantly without the hassle of looking for someone to deliver the money. As much as it is easy for me, it also has an immediate impact on the lives of those I have sent the money. So, it helps and seeing it from my experience, if everybody was able to embrace digital payments, you can imagine what it would mean to the lives of Rwandans and the country at large.

The other thing is people always get challenges with paying taxes. I own some property, and at the end of the year, I dont have to go line up at RRA to pay for taxes, I just sit in my office and pay all my taxes online and everything is cleared. So it makes life easy but at the end of the day the most important thing is its impact on the overall development and transformation of our economy in general.

> **"I sit here in my office or wherever I am, pull money from my account and send it to whoever I want to send it to, instantly without the hassle of looking for someone to deliver the money"**

SOME OF THE DIGITAL PAYMENT SOLUTIONS IN THE RWANDAN MARKET

BANKS IN A DIGITAL ERA

Maurice Toroitich
Chairman Rwanda Bankers Association

Currently, world commerce is increasingly being conducted through non-cash payments and this has especially escalated in the past 5 years due to proliferation of reliable and efficient non cash payment systems that are anchored on recent advancements in technology as well as major global concerns on Money Laundering and Anti-Terrorism Financing. The sphere of development is far reaching and most experts contend that what we are already experiencing is just the beginning of a total transformation of the way consumers buy and pay for their goods and services.
It is a well-known fact now that the attraction of a self-service payment platform that gives the customer the freedom and security to choose when and how to make a payment is now well embedded in the lifestyle of many consumers that use technology as a standard means of engaging with their world.

It is for this reason that the prospects of a crypto-currency based monetary system (aka Block chain or Bitcoin) that plugs into conventional global web based payment platforms like Google pay, Apple pay, PayPal etc is no longer fiction but reality.

In Rwanda, government Policy on digitization as a platform for economic transformation under Vision 2020 is very clear and is supported by some very ambitious and deliberate actions to make it a reality. In this sense, the foundation for progress towards a digital payments economy is well underway.

As an example, payments for fiscal and non-fiscal government revenues are now substantially digitized and as most recent studies will show, this will increase collection government revenue by a large stride.

Turning back to the financial sector in Rwanda, there is no question about whether the financial sector actors especially banks, microfinance banks and insurance companies are willing and ready to embrace the digital age in offering their services.

More than for any other reason, I think it is a matter of sustainability rather than choice because the needs and aspirations of their customers are shifting quite dramatically.

Even though there is still a lot of room for improvement and advancement in many aspects of digitized banking, it is gratifying to note that there are many obvious changes and offerings especially by banks in Rwanda to keep in line with these developments.

> “In Rwanda, government Policy on digitization as a platform for economic transformation under Vision 2020 is very clear and is supported by some very ambitious and deliberate actions to make it a reality.”

Less than 5 years ago, the usage of digital payment systems in Rwanda was virtually nonexistent but proliferation of bank provided mobile, internet and card based payment systems are now becoming a standard means of payment in most commercial establishments. With the advancement of mobile telephony enabled by easier and cheaper access to internet broadband, the cost of accessing these services is becoming more acceptable to consumers and my view is that it can only get better.

I foresee that in the next one to two years, opening of a bank account and accessing normal banking services via the phone will be a common practice.

However, there are still questions that linger in the minds of many consumers on the actual benefits of a digitized payment system when a cash based system seems to work just fine for many traders and individuals. It is easy to see that an ordinary trader or service provider might not readily appreciate the benefits of a digital payment platform for the following reasons:

• Access to cash is easy and not costly to traders because there are no major cash handling restrictions

See T. Bwire, C. Tamwesigire and P. Munyankindi in Financial Development and Economic growth nexus in Rwanda, Springer 2015

or fees for holding cash.
• Institutional (Public, Private and NGO) preference to a bordereau as proof of payment.
• Cash transactions are discreet and easily lend themselves to avoiding trader/ consumer tax burden (VAT and Income Tax)
• The moral hazard of a safe and secure country which makes it easy to hold large amounts of cash in private and in business premises.

It is my view that government institutions, banks and a few commercial entities are already in the right frame of mind to transform from a cash based economic system to a digital system but the uptake by consumers and providers of most commercial services remains subdued.

In order to achieve the next level of sustainable progress in actualizing a highly digitized monetary system, all stakeholders (especially banks and policy stakeholders) need to take more proactive actions to cause a behavior change in the minds of consumers and especially the providers of commercial services to appreciate the longer term benefits of a digital economy rather than short term benefits of a cash based economy.

It is commendable for example that the Rwanda Revenue Authority (RRA) has already instructed the tax paying public that with effect from January 2017, all tax assessments and payments must be through an online system.

I look forward to when government might for example direct that salary payments for its staff and service providers below a certain threshold will be paid through a mobile money transfer system. While such actions may seem to many as onerous and drastic, the long term benefits are immense for all stakeholders in terms of cost efficiency, transparency, data management etc.
Going forward, I think the greatest challenge is to communicate across the country a uniform value proposition on digital payments that says:

• Cash is costly to the economy even if it may seem cheap to an individual or trader. If it is costly to the economy to print and sustain cash in circulation, it means government spending remains high and therefore pressure to increase taxes remains high.

It is even more costly to the extent that long term policy actions may not be well informed by reliable data due to data gathering limitations in a cash based payment system.

• A very high level of usage of cash in an economy means that banks have to invest a lot of resources to maintain cash handling staff, equipment (including ATMs), Cash Transportation and Insurance. These costs contribute to high costs of banking operations. Saddled by high costs of banking operations banks have little opportunity to offer low cost banking and reduced lending rates and still remain profitable. So what is the point

> “I look forward to when government might for example direct that salary payments for its staff and service providers below a certain threshold will be paid through a mobile money transfer system”

> “It is one part of the process to make Mobile banking available, but it is a totally different ball game for a rural farmer to trust and know how to use it”

of saving on cash and paying higher on credit?

• Transactions conducted in cash remains outside of the banking system and therefore starves the banks of the liquidity they need to provide affordable credit. Digital payments on the other hand ensures that commercial transactions retain cash within the banking system hence affording banks an opportunity to provide cheaper credit to the economy. This also helps to improve transparency and data management for business intelligence and policy development which eventually leads to affordable banking services to the general public.

• Avoiding to pay tax that is due from a sale transaction by preferring to accept cash without a receipt is equal to stealing and is unpatriotic to the country and there is nothing honorable about any savings made.
On the other hand, it is fair to accept that banks themselves must take some proactive action to help their customers to see the value of digital payments as follows:

• It is convenient. Banking transactions on the mobile and internet banking can be conducted at any time of the day (it does not depend on when a bank branch opens or closes).

• While restrictions on payment of large amounts of cash over the counter may seem punitive in the initial stages, the long term benefits far outweigh the short term pain in terms of security, the quality of service and cost of operations.
• Banks must continue to invest and collaborate with other relevant stakeholders to demonstrate a high level of platform availability, integrity, confidentiality and security of digital payment platforms to override the seemingly safe and cheaper cash option.

• Banks and other stakeholders must commit resources to educate and promote uptake and usage of digital payment systems both by individuals and acceptance of digital payments by commercial enterprises. It is one part of the process to make Mobile banking available, but it is a totally different ball game for a rural farmer to trust and know how to use it. This to me is where the rubber meets the road.

• Provided a trader is willing and prepared to play by the rules on their tax matters, greater transparency of their commercial transactions builds trust with the Revenue Authority and simplifies tax assessment and administration.

In conclusion, it is easy to theorize the digital payments story and for an economist and the well-read to appreciate the long term benefits of a digital payments system but until we break the knowledge and trust barrier with the user (consumer and seller) the journey will remain tough.
I believe this is where the next dollar should be invested and the time to start now rather than later.

THE USE OF ELECTRONIC MONEY AND ITS IMPACT ON MONETARY POLICY

Prof. Thomas Kigabo RUSUHUZWA
Chief Economist National Bank of Rwanda

Electronic money products are defined here as stored value or prepaid products in which a record of the funds or value available to the consumer is stored on a device in the consumer's possession (Bank for International Settlements).

This definition includes both prepaid cards (sometimes called electronic purses) and prepaid software products that use computer networks such as the internet (sometimes called digital cash). These products differ from the so called access products that allow consumers to use electronic means of communication to access otherwise conventional payment services (for example, use of e- banking).

This article explains some channels through which monetary policy may be affected by the intensive use of electronic money.

Various studies about the impact of e-money on monetary policy focus on how this new form of money affects central banks' ability to control money supply in the economy, based on the belief that electronic money could progressively replace currency, mainly focusing on how the money multiplier and velocity of money might be affected.

E-MONEY AND MONETARY POLICY

One channel trough which e-money can impact monetary policy is the substitution of currency in circulation by e-money in an economy.

A high degree of substitution of currency in circulation with e-money will lead to a change in the money multiplier and velocity of money, which are key variables in monetary policy, particularly in developing countries where monetary policy is implemented under the monetary targeting framework. A monetary targeting framework uses monetary aggregates as intermediate targets to achieve the ultimate policy objective of price stability.

The effectiveness of that framework depends on strong and stable relationship between monetary aggregates and inflation. However, international experience shows that this link between money and inflation became weak due to financial innovation, including intensive use of e-money. It is important to note that although the medium of exchange function is probably the most important in a discussion of electronic currency substitutes, e-money reflects other functions of money which are a store of value and unit of account.

E-MONEY AND THE MONEY MULTIPLIER

Change of the money multiplier is an important indicator for monetary policy, because it helps central banks to control money supply by using its monetary policy instruments which affect its balance sheet. Indeed, currency in circulation (C) and reserves (R) which form the monetary base (MB) are the monetary liabilities of a central bank and are important parts of the money supply story, because increases in either or both will lead to an increase in money supply.

$$MB = C + D \qquad (1)$$

The central bank exercises control over the monetary base through its purchases or sale of government securities in the open market, called open market operations, and through its extension of discount loans to banks.
Simple mathematical manipulations lead to the following relationship between money supply (M) and the base money (MB)

$$M = m * MB \qquad (2)$$

With

$$m = \frac{1 + c}{c = e = e} \qquad (3)$$

The variable m is the money multiplier, which tells us how much the money supply changes for a given change in the monetary base, MB. In other words, it tells us the number of times the monetary base is transformed into money supply.

The money multiplier reflects the effect on the money supply of decisions of different economic agents including depositors' decisions about their holdings of currency and checkable deposits, the reserve requirements imposed by the central bank on the banking system and the banks' decisions about excess reserves. Because the objective of this article is about the substitution of currency in circulation by e-money, we focus on the currency ratio

$$c = \frac{C}{D}$$

When electronic money is introduced and intensively used, currency decreases and deposits increases as the private propensity to retain cash reduces. Therefore, the currency ratio is reduced, the money multiplier becomes larger, and the volume of money supply created from the supply of fixed money base is amplified.

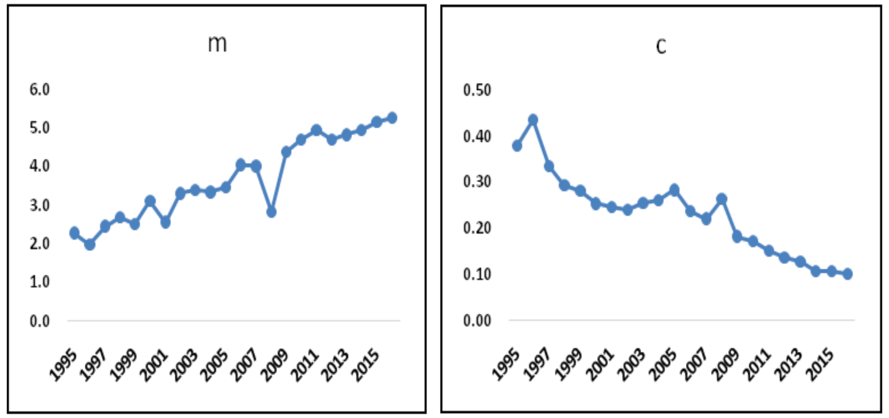
This will improve the implementation of monetary policy in the sense that a small change in the money base using monetary policy instruments will be translated into a higher impact on money supply in the economy.

The figure below shows that money multiplier has been increasing in Rwanda as currency ratio declined. This has progressively contributed to improve BNR reserve money program. However, the decline in currency ratio was mainly driven by extension of the

influence on monetary aggregates by central banks through changes in monetary base depends on the stability of money multiplier.

In addition to its positive impact on the money multiplier, the use of electron-

Fig1: Development in money multiplier (m) and currency ratio (c) in Rwanda



banking industry across the country and the development of Micro finance institutions than the use of e-money.

So any additional reduction in the use of cash as a result of e- money will significantly contribute to make the money supply more sensitive to changes in the monetary base. Important to note is that at some point in time, the money multiplier will become unstable, as substitution of currency by e- money increases, before stabilizing.

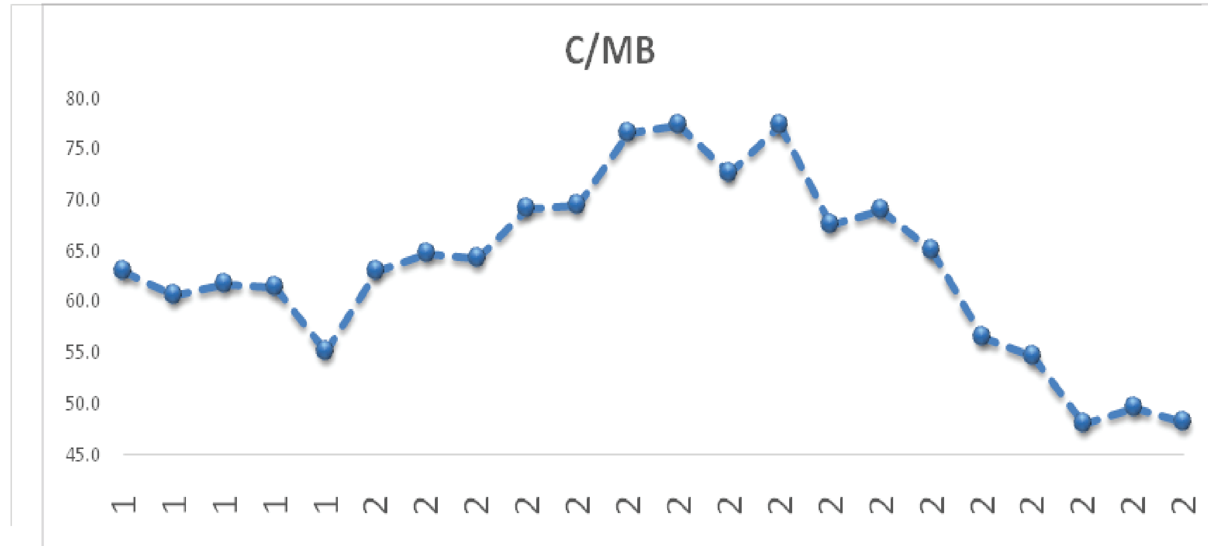
This is one of the challenges of financial innovations, including the development of e- money, when a central bank uses base money as operating target in the implementation of its monetary policy. As mentioned,

ic money will reduce the share of currency in the monetary base. As a result, the control of the monetary base by the central bank will increase, resulting into increased efficiency of monetary policy.

This is very important for central banks, including BNR, using the monetary base as the operating target in their monetary policy operations. For example, in the case of Rwanda, currency in circulation represents 55.9% of base money on average between 2010 and 2016, showing that in that period, BNR controlled only 44.1% of monetary base on average. So any decline in the use of cash in the economy will be beneficial for BNR as it will increase its control on monetary base, its operating target.

the use of electronic money will reduce the share of currency in the monetary base

Figure 2: Development in share of currency in monetary base



The use of e-money, transactions are relatively cheaper which leads to increase in the number of transactions and in the speed of money (velocity of money)

E- MONEY AND VELOCITY OF MONEY: SHIFT TO MORE PRICE BASED MONETARY POLICY FRAMEWORK

The role of velocity of money in monetary policy is rooted in the equation of exchange, which relates nominal income to the quantity of money and velocity:

The equation of exchange states that the quantity of money (M) multiplied by the number of times that this money is spent in a given year, called velocity of money (V) must be equal to nominal income (the total nominal amount spent on goods and services in that year).Considering that the velocity of money in the economy is stable and the real production is given,

$MV = PY \quad (4)$

then the equation (4) becomes an equation of inflation and implies that an increase (reduction) in money supply will be associated with an increase (reduction) in inflation.

The equation (4) shows how central banks by controlling the quantity of money in the economy control inflation. As mentioned, this happens if the velocity of money is stable.

However, with the use of e-money, transactions are relatively cheaper which leads to increase in the number of transactions and in the speed of money (velocity of money). In other words, intensive use of e-money will lead to the instability of velocity of money which has important implications on the conduct of monetary policy. For central banks using monetary targeting framework, equation (4) tells us that if the velocity of money is not stable, changes in monetary aggregates may not produce expected changes in inflation.

In other words, the weak relationship between money and nominal income implies that hitting a monetary target will not produce the desired outcome for a goal variable such as inflation.

The experience of developed countries shows exactly that the instability of the relationship between monetary aggregates and inflation is one of the key reasons for many central banks to adopt inflation targeting (IT) framework.

The current decision of EAC central banks to adopt more price oriented monetary policy as a prerequisite for IT, is motivated by different factors including the instability of velocity of money due to financial innovations in our economies including the introduction of e-money.

The advantage of IT is to use an information inclusive strategy in which many variables, not only just monetary aggregates are used for deciding the setting of policy instruments. Thus, in contrast to monetary targeting, IT has the advantage that a stable relationship between money and inflation is not critical to success.

In Rwanda, BNR embarked on the project of Forecasting and Policy Analysis Systems (FPAS) which involves the construction of a macroeconomic model encompassing different sectors and support the transition to a more forward looking monetary policy.

International experience shows that in addition to the use of an information-inclusive strategy in which many variables, inflation targeting entails the following elements: the public announcement of medium-term numerical targets for inflation

(i) an institutional commitment to price-stability as the primary goal of monetary policy, to which other goals are subordinate

(ii) increased transparency of monetary policy strategy through communication with the public and markets about the plans, objectives and decisions of the monetary authorities

(iii) and increased accountability of the central bank for attaining its inflation objectives

(IV) In addition to its impact on monetary policy, the use of e-money reduces the need for printing cash, which influences the revenues of central banks. for example, in the case of Rwanda, printing money costs around 2 billion of FRW every year on average.

So any decline in the use of cash in the economy will be beneficial for BNR as it will increase its control on monetary base, its operating target

CHALLENGES OF THE USE OF E-MONEY

Although there are many benefits to digital cash, there are also many significant challenges.
These include fraud, failure of technology, possible tracking of individuals and loss of human interaction.

According to the European central bank (2000), central bank responses to meet the challenge of electronic money include:

(i) issuers of electronic money must be subject to prudential supervision;

(ii) electronic money schemes must have solid and transparent legal arrangements;

(iii) electronic money schemes must supply the central bank with whatever information may be required for the purpose of monetary policy;

(iv) issuers of electronic money must be legally obliged to redeem it at par value; and

(v) in some cases, the possibility must exist for the central banks to impose reserve requirements on all issuers of electronic money.

When electronic money is introduced and intensively used, currency decreases and deposits increases as the private propensity to retain cash reduce

To elaborate more on the last element, if e –money becomes so entrenched in the preferences of economic agents, it could replace not only central bank currency as it is issued by private parties, but also traditional bank demand deposits and other types of highly liquid deposits.

If this leads to a situation in which the claims by population to execute transactions are no longer on the books of banks, efficacy of monetary policy is affected.

One way of getting around this problem is to extend the reserve requirements to all entities in the business of issuing these claims (Good hart, 2000).

Building partnerships to drive Rwanda towards a cashless economy

In May 2016, Rwanda took a significant step forward on its journey to becoming a cashless society, announcing a partnership between government and Mastercard that aimed to fast-track the country's move to including 90 percent of its citizens in the financial mainstream.

Thanks to a Memorandum of Understanding (MoU) signed by the former Cabinet Member and CEO of the Rwanda Development Board; Francis Gatare, and president of Middle East and Africa for MasterCard, Raghu Malhotra, Rwanda promoted the move to a cashless economy by collaborating on numerous initiatives.

Initiatives include the digitisation of school fees and national healthcare claim payments, providing an online payment gateway for Rwanda Online, contributing to the creation of a common mobile banking platform, and contributing to the effective management of spending activities across borders. All of these efforts are part of the Rwandan government's efforts to drive financial inclusion - set out in its Vision 2020 strategy.

Vision 2020 is the Rwandan government's long-term strategy for the country's development and growth – and one of the core pillars driving the transformation of Rwanda into a knowledge-based and service-oriented country is inclusion. The strategy aims for 70 percent financial inclusion by 2017 and 90 percent inclusion by 2020.

In line with this, the public private partnership between Mastercard and the Rwandan government is a prime example of how African countries can tackle financial exclusion and mature towards cashless economies. By pooling resources and plugging into institutional knowledge, skill sets and access to cutting-edge technology, Rwanda has put in place tangible programmes that will help them meet their financial inclusion goals.

Daniel Monehin,
Division President, Mastercard-Sub-Saharan Africa

In Rwanda, only 42 percent of adults own a financial account, whether formal or informal, and a total of only 1.6 million people have opened accounts in the country's national SACCO savings and loan programme.

BUILDING PARTNERSHIPS TO REALISE A WORLD BEYOND CASH

What makes the partnership between Mastercard and Rwanda such a seamless fit is the shared ideal of realising a world beyond cash. Rwanda is a key market in East Africa and Mastercard has consistently partnered with stakeholders both in the public and private sectors over the years in order to be able to bring the citizens of Rwanda into the financial fold through more innovative and accessible solutions beyond the realm of cash.

These partnerships with governments, NGOs and local businesses further work to address common challenges faced by citizens across Africa – predominantly in poor and remote locations – such as lack of formal identification and financial illiteracy.

According to a recent McKinsey Global Institute Report on digital finance in emerging countries, almost two billion people globally remain outside of the formal economy.

According to the global Findex data base, (2014), in Rwanda, only 42 percent of adults own a financial account, whether formal or informal, and a total of only 1.6 million people have opened accounts in the UMURENGE SACCO While this is lower than the world average of 62 percent, it does however compare favourably to Sub-Saharan Africa - where, according to the World Bank, only 16 percent of adults have bank accounts.

Accessibility to practical financial solutions is key to shifting Africa's dependency on cash, and with the continued adoption of mobile devices on the continent, Mastercard envisages this technology becoming an even more important tool in connecting people to the formal financial sector.

The McKinsey Report on digital finance revealed that delivering financial services by mobile phone has the potential to add an approximate US$3.7 trillion to emerging economies in the next 10 years. Statistics from the Rwanda Utilities Regulatory Authority (RURA) show that there are approximately 8.9 million active registered mobile telephone subscribers in the country, representing a market penetration of 79 percent – and only predicted to grow exponentially.

In this vein, it is predicted that investment in mobile payment solutions will mirror this trend as these solutions have the potential to lower the cost of providing financial services by as much as 90 percent. When you consider the opportunities this presents in empowering the under- and un-banked, it is clear that deeper investment needs to be made in the digital financial sector.

WHERE MASTERCARD AND PARTNERS ARE MAKING A TANGIBLE DIFFERENCE

Mastercard has undertaken to make this much-needed investment in pioneering financial solutions through a number of initiatives and partnerships. MasterCard's Lab for Financial Inclusion, for example, seeks to connect 500 million people previously excluded from formal financial services through public-private partnerships.

By incubating ideas, Mastercard takes proven innovation processes and works hand-in-hand with people on the ground. Likewise, the Mastercard Center for Inclusive Growth committing up to $1 million over three years towards economic growth and financial inclusion in Rwanda at the World Economic Forum on Africa (WEF Africa) in May 2016 illustrates Mastercard's continued dedication to creating financially inclusive societies on the continent.

The funds will be used for combination of tools and resources that will connect micro-entrepreneurs in Rwanda to the formal economy, ultimately allowing them to expand their businesses.
In Rwanda, Mastercard has a long-standing partnership with Guaranty Trust Bank Rwanda Ltd (GTBank Rwanda) and recently built on that partnership by introducing a suite of digital payment solutions, aimed at extending the demand for safe and convenient payment solutions.

Focused on driving further innovation in Rwanda, the partnership is already making a noticeable impact through the introduction of three Mastercard debit card solutions developed to meet the different needs of GTBank customers. The solutions include the GTBank Mastercard Platinum and Classic debit cards, as well as the GTCrea8 debit card for students – the first of its kind to be introduced in the country.

Another first in Rwanda's payments space was the introduction of SecureCode, which went live in the market in October last year. SecureCode is added protection that keeps online shopping transactions private, and is an important tool in Mastercard and GTBank's fight to secure the online and digital payments ecosystem in the country.

Also marking a major leap forward in cashless and secure payments was the launch of the smart multiple wallet debit card solution for refugees living in Rwanda in association with Equity Bank and the United Nations World Food Programme (WFP). The cards are pre-loaded with cash and allow approximately 45 000 refugees in the Gihembe, Nyabiheke and Kigeme camps around the country to conveniently and safely carry out financial transactions.

"In many ways, Rwanda has presented a blueprint which countries across Africa and other emerging markets can use to navigate the road to financial inclusion.

cash is a major stumbling block to that and that digital solutions are integral to meeting the short-term goal of creating economies that are less dependent on cash and the long-term goal of economies that are wholly independent of cash"

Carrying cash had proven to be a dangerous exercise for refugees as vulnerable people in a strange country without access to any other support – and many found themselves the victims of crime with no money left to feed or cloth themselves or their families.

The launch of the solution put an end to that by linking an authorised Mastercard debit card to a bank account for each beneficiary household – and then allowing the beneficiary to use the card to purchase food or other supplies such as stationery or clothing or even to save the monthly stipend of $10 (about Rwf 8, 300).

The fact that the card is multi-wallet further means that while it is initially only being used by WFP, it can be adopted by up to nine other partners in sectors such as health and education. What truly sets the solution apart is how it is able to drive financial inclusion previously unheard of for refugees displaced by conflict.

The linked card and account provide the beneficiaries with a financial history developed with a Pan-African bank: meaning that if they move back to their home country or anywhere on the African continent, they can utilise the card's history to buy a house or get a loan.

Financial institutions, technology companies and governments the world over agree that a key way to fight poverty and increase prosperity is to create financially inclusive economies.

They also agree that cash is a major stumbling block to that and that digital solutions are integral to meeting the short-term goal of creating economies that are less dependent on cash and the long-term goal of economies that are wholly independent of cash.

In many ways, Rwanda has presented a blueprint which countries across Africa and other emerging markets can use to navigate the road to financial inclusion. Getting there will take collaboration between governments, regulators, financial institutions, merchants, small and medium enterprises, entrepreneurs and consumers - something which they have already demonstrated an appetite for and which Mastercard hopes to partner with them on.

Mastercard would like to continue showing its deep commitment to partnering with market leaders to introduce innovative and practical payment initiatives that will help position all markets across the continent as leaders in digital and mobile payment ecosystems.

THE QUEST FOR A CASHLESS SOCIETY IN RWANDA | ASSESSING THE PROGRESS MADE?

Ivan Murenzi
Head of Digital Financial services,
Access to Finance Rwanda (AFR)

Globally, there is an increasing shift by both public and private entities alike to digitize payments and reduce reliance on paper-based instruments. The rationale for these efforts is the growing recognition of the benefits of digital payments over cash, specifically in terms of cost savings, speed, transparency, and security, as well as contributions towards digital financial inclusion. The social and economic cost of cash to countries with high cash usage is significant – estimated at approximately 1 percent of GDP .

As a member of the Better than Cash Alliance and signatory to the Maya Declaration, the (GOR) fully recognizes the importance of digital payments for inclusive growth.

The GOR has established firm targets for the transition to a cashless economy and financial inclusion, which are embodied in various strategic plans, including Financial Sector Development Program II (FSDP II), and National Payment System Framework and Strategy 2015. These plans outline the passageway for Rwanda to ensure that 90 percent of adults are included in the formal financial system by 2020, and build a world-class payment system that is secure, inclusive, and cashless. With respect to the cashless objectives, the strategic plans dictate that electronic payments should constitute 75 percent of all transactions, or USD 11.8 billion dollars by 2020. Yet, they currently represent only 20 percent of GDP or USD 1.4 billion dollars, highlighting the need to scale electronic payments throughout the country. In this regard, the GOR has been encouraging the financial sector and ordinary Rwandans to embrace electronic platforms.

So what's the progress?

Progress can be assessed from both the supply side and demand side.
From the supply side, the Rwanda Payment System has improved in the last 5 years witnessed by the operations of Rwanda Integrated Payments Processing System (RIPPS).The National Bank of Rwanda has undertaken various regulatory reforms to facilitate the development of Digital Financial Services (DFS). Financial service providers have responded positively by deploying relevant infrastructure and digital services such as internet banking, mobile banking, and card payments. Mobile Network Operators (MNOs) have also played a significant role by providing Mobile Financial Services (MFS). From the demand side, the recent FinScope Survey 2016 provides useful facts on the growth of DFS in Rwanda as follows:

Access & Use of DFS:

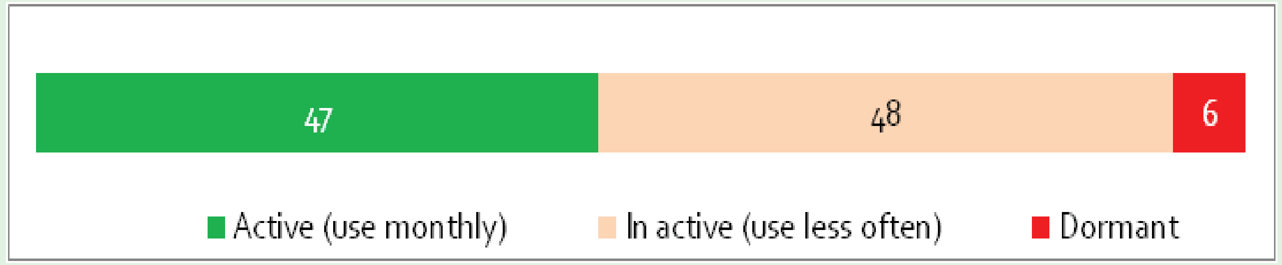
FinScopesurvey 2016 reveals that 46% of adults (2.76 million adults) have access and use digital financial services such as internet banking, mobile banking, mobile money and card payments for payments and transactions. Important to note is that 46% is made up of 15% individuals who use DFS unassisted and 31% who use over-the-counter (OTC) services.'OTC users' are individuals who are assisted by agents or tellers to conduct financial transactions.

Kigali City is the leading area that has above 75% of its adults using DFS. All other provinces range between 38% and 45%. The use of DFS is skewed towards males, those in urban areas, those with tertiary education and aged between 18 years and 30 years.

Frequency of usage:

Though a total of 46% are using DFS, if profiled according to frequency of use, it is evident that 47% use digital finance monthly (active users), 48% are inactive, (sporadic or inactive users) while 6% are dormant as per the bar graph below.

Differentiating usage of DFS (% of those that use DFS products)



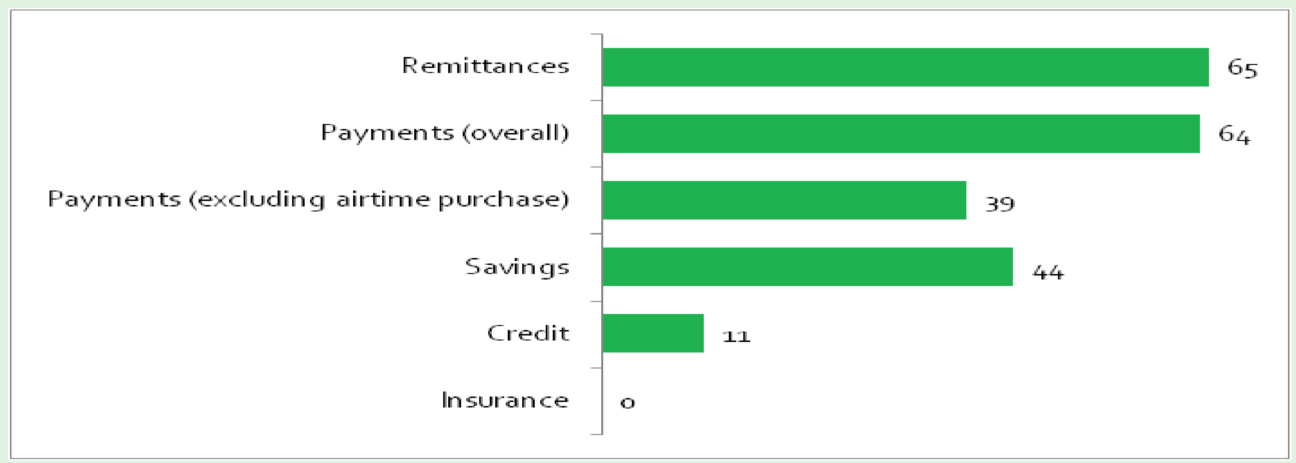
Channels used:

The main channels used for DFS is mobile money accounting for 95% of all DFS usage while banking services are far less used with 21%. Though mobile money services are used, they are mostly used for remittances and less for payments.

Drivers for digital financial services:

Digital remittances are the leading DFS usage with 65% of all adults using DFS, followed closely by payments (including airtime purchases) with 64%. However, if we exclude airtime purchases, payments account for 39% of DFS usage. On the other hand, savings account for 44% while credit only accounts for 11%, which is mainly airtime credit. Note however that adults are not using DFS for any insurance related transaction.

Drivers for Digital Financial Services uptake in Rwanda



McKinsey and Company, "Forging a Path to Payments Digitization," March 2013
The Better Than Cash Alliance is a partnership of governments, companies, and international organizations that accelerates the transition from cash to digital payments to drive inclusive growth. The Maya Declaration is a commitment to unlock the potential of 2 billion unbanked through financial inclusion.
National Bank of Rwanda, "National Payment System Framework and Strategy," 2015

Further work to be done:

There is still a high dependency on cash as the means of conducting financial transactions, of the 54% of adults not using DFS, 89% reported that they still prefer to pay goods and services in cash rather than using electronic means and 74% would rather deal with people than machines even if machines are quicker. This illustrates the magnitude of work that remains to achieve cash-less society targets. There is further work to be done in (A) reinforcing the enabling framework and then (B) undertaking initiatives which promote uptake and use of DFS.

A) Reinforcing the enabling framework for DFS will entail following key things:

1. Increase the deployment and access of relevant infrastructure such as: Phones – current phone ownership among adults (16yrs and above) is at 65%; Payment Cards - less than half of formal account holders own debit cards; POS terminals –the deployment is mainly in Kigali and in a few places.

2. Facilitate effective Interoperability of payment channels; this will require having a common switch that connects all providers of financial services i.e banks, telecos, MFIs, SACCOs, etc. Interoperability will enable me to for example easily send money from my MTN wallet to my security guard with a Tigo wallet. It will also enable me to easily move money from my bank account to a SACCO account and vice-verse.

3. Regulatory adjustments that nudge financial service providers towards commercial policies that encourage users to adopt DFS; and specific areas of e-payment services

B) Initiatives to promote uptake and use of DFS:

•Mandate that all People to Government (P2G) & Government to People (G2P) payments are done through a digital channel. Making a P2G payment digitally should not cost customers more than making the payment via cash.

•Incentivise merchants at all levels to receive digital payments

•Support innovation in product development delivery of financial services Access to Finance Rwanda (AFR) continues to support the development of digital financial services through initiatives such as supporting development of policy and regulations around DFS, funding development of agent banking services within financial institutions, automating and linking SACCO's to the payment systems, support learning and pilots on digitizing Savings Groups, unlocking barriers to digital financing in the agriculture value chains, supporting digital financial education among others.

The GOR and BNR have established firm targets for the transition to a cashless economy and financial inclusion, which are embodied in various strategic plans, including Financial Sector Development Program II (FSDP

RSWITCH THE FINANCIAL PAYMENTS HIGHWAY

Providing Cashless Solutions

Jean Claude Gaga
CEO Rswitch

We view RSwitch as a financial solutions highway. It exemplifies a pathway with the ability to interconnect with diverse financial institutions. Achieving this status, the Switch has had to meet certain features in its daily system and business aspects.

As in any highway the ground has to be leveled to standards that allow ease in connection from diverse feeder roads, steadily handling diverse traffic both peak and off peak, and have all the directive road features in place for all its users towards successfully reaching their respective destinations.

In financial business peak; this is done through implementing interoperability as well as certify for world class and international payment security standards which in turn support financial inclusion and the cashless economy that we are seeking to achieve.

Providing agnostic systems and products to the market is RSwitch's interoperability strategy. The financial landscape is continually changing, driven by consumer needs for payment increasing and diverse means of facilitation. These trends necessitate a national Switch, such as RSwitch to maintain systems that have ease in integrations or connections without limitation to variety of financial partners' systems.

The products developed for the market need to be highly scalable, an advantageous aspect in business expansion strategy. Products such as Ehuriro, which is our mobile payments' product allows point to point payments or transfer of funds from bank mobile wallet accounts to other bank mobile wallet accounts, and also across mobile money accounts as well as mobile wallets to bank accounts or vice versa with real time clearance, creating a highly interoperable ecosystem.

Financial practices in all societies are diverse in nature with accessibility and affordability being the core determinants of consumer preference. This necessitates a financial solutions player's need to consider all potential partnerships to be connected to and avail standardized solutions affordably, hence financial inclusion.

Partnership and integration with aggregators of multiple financial institutions has enabled RSwitch to achieve this. As with demand and supply concept, aggregators of financial institutions such as MFIs, SACCOs provide a point of connection to access solutions and products to their members affordably. Solutions and products provided also need to be easily accessible, as is notable with mobile penetration in Rwanda and the larger East Africa, which is higher compared to payment cards' uptake in the industry.

There are products such as Ehuriro,mVisa for which RSwitch got certification as a processor in late 2016; these provide convenience to a larger clientele who then benefit from products that avail diverse transaction solutions from their mobile phone with ease.

There is room for existing financial players to multiply financial points of engagement to their clientele. Consumer needs increase daily and it is good business for financial players to meet these needs through diversifying payment options, this can be best achieved with integration to all other players in the industry.

The Switch provides a central point of processing diverse exchange of transactional data that is of benefit to a financial institution that understands its consumers' spending habits beyond its system while needs to minimize its financial costs and optimize implementation period.

Creation of a cashless society benefits the financial players, as exemplified by trend setting economies, consumer spending increases, faster transactions, reliable spending habits monitoring and lowers risk of fraud. Creating cashless policies in Rwanda to incentivize all financial players will improve the entire economy.

We are part of the global village, which means we have to provide globally acceptable products and solutions to our customers through connecting to international players in the payments industry.

International schemes such a Visa, MasterCard,Union Pay International etc., are partnership that RSwitch is engaged with, through seeking to be an all-round third party processor of all their transactions for member financial institutions in Rwanda.

Technologically and system wise the Switch has been upgraded to meet world class standards and so far is making progress with all three schemes, opening up Rwanda to the world. Having certified for acquiring of the above major schemes RSwitch plans to roll out issuing of the same early 2017 following growing demand from local banks.

Finally, to meet all the above features, RSwitch has to maintain international payment security standards, as should all other similar players. 2016 has seen, RSwitch for the third year running, becoming PCIDSS compliant with the highest certification achieved. Being highly interoperable, ensuring financial inclusion, providing cashless solutions and meeting world class standards heightens the need for high security standards being met in all processes and systems implemented in a financial payments highway.

This is a large undertaking that however has been maintained through and through for which the Switch has embraced and considered part of its core aspects in strategy. Having a system that can handle both peak and off peak financial data traffic, securely and limitless is a prerogative for all financial payment solutions providers.

> **"Technologically and system wise the switch has been upgraded to meet world class standards and so far is making progress with all three schemes, opening up rwanda to the world."**

RWANDA'S BANKING SECTOR IN A DIGITAL DRIVE

Doreen Makumi
Corporate Communications Expert
National Bank of Rwanda

Over the years, the Banking Sector in Rwanda has made tremendous strides and has been on a growth trajectory. Today, the sector registers eleven commercial banks, three microfinance banks, one development bank and one cooperative bank with total assets standing at Frw 2,378bn as of December 2016 from Frw 879bn by December 2010, an incearse of 2,377%.

The growth within the sector is attributed to the reforms that the Government of Rwanda embarked on, in the past years in a bid to create an enabling environment for doing business. This has given confidence to investors to become more innovative and creative in terms of product development and customer service delivery.

Along this growth, comes the quest for Rwanda to become a cashless economy. As Rwanda moves towards becoming a cashless economy by 2020, strategies have been developed and regulatory frameworks put in place to encourage Rwandans embrace digitization of the banking systems through e-payments and e-transactions. The move points to the steady and sure elimination of paper payments and transactions in the country, especially after more financial service providers and government agencies have adopted electronic payment systems.

This comes at a time when globally, the digital era has transformed the financial landscape. The internet has changed the way people communicate, do business/shop, transact and store information.

This transformation has been felt most in the banking sector especially in the field of electronic payments, where a host of online and mobile payment applications have emerged alongside conventional card payments, which has led to traditional financial service providers facing new competition in the wake of digitalization.

Experts argue that the growth of digital financial services is being fueled by the boom in mobile technology, of which the global mobile wallet is expected to grow from $232.9billion in 2014, to $3155.1billion in 2020 (P&S Market Research), and the proliferation of facilities like mobile money, mobile banking, credit and debit cards, that promote a cashless culture; which have lately become more accessible across the country.

This has helped deepen the use of digital financial facilities and increase financial inclusion among the masses, especially the under and unbanked rural population. The growth in the use of electronic cards and mobile money is steadily helping the country achieve its cashless economy targets.

> **This way we shall be able to increase the volume of loans extended to individuals and businesses but also allow government save money by reducing leakage in spending and tax revenue**

The Governor of the National Bank of Rwanda has on several occasions advocated for a cashless economy, by encouraging and at the same time challenging financial service providers to bring on board products and services that are well aligned with the digital era, yet affordable, accessible and easy to use for the benefit of all customers.

It is believed that the introduction of digital banking has revolutionized the banking sector and modified the whole procedure of simple bank transfers. Innovations around it have facilitated customers with checking their account details, pay online bills and transfer money from one account to another in a faster, simpler and more convinient way. This has helped the end user enjoy a methodical financial life thereby challenging the sector to be more innovative

ROLE OF DIGITAL FINANCIAL SERVICES IN PROMOTING CASHLESS SOCIETY

Digital financial services have revolutionized the traditional form of financial inclusion, whereby now, the previously excluded and underserved part of the population can access financial services. Through digitization, banks are able to take away or reduce the need for an individual to travel longer distances to access financial services (thus saves costs and time). Digitization of financial services takes away the need to stand in queues which saves time but also enables customers to make and receive payments from the comfort of their mobile phones or digitally enabled devices available in their vicinity.

Experts believe that digitizing the financial industry will help provide more access to financial services to the emerging and developing economies, including Rwanda. "This way we shall be able to increase the volume of loans extended to individuals and businesses but also allow government save money by reducing leakage in spending and tax revenue", says Maurice Toroitich, the Managing Director, KCB Bank Rwanda and Chairman Rwanda Bankers Association. He says, more and more financial institutions including KCB are increasingly turning to information and communication technologies (ICTs) to facilitate their operations as well as deliver new products to customers.

He further emphasizes that the trend is also aimed at increasing access to services and further deepening financial inclusion. The 2016 FinScope survey on financial inclusion indicated more than 89 per cent of adult Rwandan population accessing financial services; however there is still about 11 per cent financially excluded; therefore by trying to digitize the country's financial systems, it could ultimately help bring onboard the unbanked.

On this front, Rwandans can be able to apply and receive startup credit and other types of soft loans on their mobile phones. KCB Bank Rwanda like many other financial institutions in the region recently launched a new mobile banking platform, which allows customers to open bank accounts, apply and receive loans directly on their mobile phones.

Sanjeev Anand, the Chief Executive Officer BPR Atlas Mara Bank, says through digital financing and mobile banking, banks will be able to provide services to the lower income customers profitably. The idea is to try and support government's agenda of digitizing the economy which will enhance competitiveness and efficiency in terms of service delivery.

Figures from the Payment Systems Department at the National Bank of Rwanda indicate that there has been a surge in use of ATM Cards with the number of transactions rising from 7,505,815 to 8,183,116 and in value terms from Frw 354 billion to Frw 406 billion in the period between December 2015 and December 2016, while POS transactions increased by 77% from 373,029 to 660,746 in terms of volume and 56% from Frw 26.6 billion to 41.5 billion in value, in the same period.

Such services enable Rwandan's to unlock productivity and investment potential; reduce poverty; empower women, and help build stronger institutions with less corruption, while providing a profitable and sustainable business opportunity for financial service providers.

Digitizing financial services in the country will help erase huge inefficiencies and unlock significant productivity gains. Indeed, using digital channels rather than brick-and-mortar branches dramatically reduces costs for providers and in-

> "Automation and Digitization liberates customers and provides self-servicing platforms to customers which is the best way to provide customer service"

> "Innovations like the Tap and Pay by MTN Rwanda and Ecobank's mobile app which works very well with the banking sector is yet another enabler to the drive towards a cashless economy and more so achieving financial inclusion targets"

creases convenience for users. Automation and Digitization liberates customers and provides self-servicing platforms to customers which is the best way to provide customer service.

Banks like Equity Bank Rwanda decided to go digital by launching two credit cards to enhance convenience. The cards, Visa Classic and Visa Gold Credit Cards, are aimed at enhancing convenience especially for the middle and high income earners, says Equity Bank Rwanda's Managing Director, Hannington Namara.

Innovations like MTN Rwanda's Tap and Pay and Ecobank's mobile app which work very well with the banking sector are yet other enablers to the drive towards a cashless economy and more so achieving financial inclusion targets.

These and many other examples are coming to the market at the time when the Government is encouraging the Financial Sector players and ordinary Rwandans to embrace electronic platforms, not only for their efficiency and safety when carrying out business transactions but also because Digital Financial Services have proven to spur economic growth through widening the tax base and employment while promoting a cashless society.

CHALLENGES

However, despite the achievements, Rwanda remains a cash dominant economy mainly due to many reasons including a cash based culture that still limits the usage of financial account. The number of touch points in terms of POS, Agents, and merchants are still limited with Payment terminals concentrated in Kigali representing almost 84 %.

High cost of payment services both for cards and mobile financial services, and low level of acceptance of e-payment devices by merchants, coupled with limited interoperability between providers specifically for mobile financial services systems still restrains the operational and economic efficiency of the national payment system. In addition, user experience of these mobile financial services is lacking especially the fact that some of them still share their credentials while transacting-making them vulnerable to fraud, thus posing a threat to service and product providers.

The hope therefore is that the achievements in terms of financial digitization will add value to the banking industry and push the country towards realizing its vision of a cashless economy and financial inclusion.

Though alot more effort needs to be geared around awareness and education, to ensure that the public embraces digital innovations in the Banking Sector. Like every Rwandan embraced Umuganda as part of the culture, this awareness campaign should also focus on having the citizens embrace a culture of cashless transactions.

How well do you know
RWANDA'S PENSION SECTOR

Rogers Nuwagira Bukoni
Cluster Manager incharge of pension supervision

The rapid growth of pension funds in many countries, and the stimulus they are providing to the growth of capital markets, both suggest that their activities as financial intermediaries merit considerable attention. Pension funds worlwide perform important economic functions, such as mobilizing and managing savings, providing income stability, making labour markets more efficient and providing financial services intermediation. Such functions impact on the financial sector activities as well as economic growth and development of the economy.

Rwanda's pension sector dates far back in 1974 when the decree law of 22 August 1974 confirming organization of social security was published. This decree law was modified and completed by the law no.06/2003 of 22/03/2003. The law required all employers on behalf of their employees to pay pension contributions in the public mandatory pension scheme (CSR) and the rationale of creating this scheme was to save money which would in the future be used by the government to pay pensions to retired employees.
On the other hand, some employers had voluntary complementary occupational pension schemes managed in-house or by private insurance companies under the life insurance portfolio and these schemes have continued to grow. Such pension schemes pay lump-sum amount to employees at retirement.

The lump-sum amount is paid to a member to complement on the pension benefit received from the mandatory pension scheme so as to smoothen the income that the employee used to get before retirement age.

The pension sector in Rwanda is still young as evidenced by low pension coverage ratio that stands at around 10%,compared to 15% in Kenya.The majority of informal sector employees and self-employed people do not have pension covers and therefore become vulnerable when they get old since they do not have pension benefits.

In March 2015, the new pension law was enacted and it provides for the legal requirements for the regulation and supervision of the pension sector. This creates confidence in the market players and facilitates development of the pension sector.

The intention of this article therefore is to give details of the current pension sector in Rwanda.

Employers or institutions are therefore encouraged to establish voluntary pension schemes so that they can enjoy the tax incentives

THE CURRENT STRUCTURE OF PENSION SECTOR IN RWANDA

The pension sector is comprised of two parts. The mandatory pension scheme and the voluntary pension schemes. The law no.05/2015 of 30/03/2015 establishing the organization of pension schemes in Rwanda provides the types of pension schemes, pension service providers and how each is supervised.

TYPES OF PENSION SCHEMES IN RWANDA

1. MANDATORY PENSION SCHEME: this is the public pension scheme managed by the Rwanda Social Security Board (RSSB). The pension law requires all employers to make compulsory pension contributions for their employees into this public pension scheme (RSSB).

2. VOLUNTARY PENSION SCHEMES: these are divided into two parts – complementary occupational pension schemes and personal pension.

THE COMPLEMENTARY OCCUPATIONAL PENSION SCHEMES are established upon agreement between employer and employees and both employer and employee pay pension contributions into this pension scheme or employer alone can make pension contributions into this scheme on behalf of his/her employees.

The pension law provides that the complementary occupational pension scheme be managed by sharing responsibilities amongst the pension service providers either employed within the organization or outsourcing the external services. The pension scheme service providers include trustees, administrator, investment managers and custodian.

The legal status of the complementary occupational pension scheme is a trust and therefore the trust deed is the constitution of the complementary occupational pension scheme.

Before registering the complementary occupational pension scheme with the BNR, the applicant has first of all to register a trust with Rwanda Development Board (RDB)and thereafter, will bring the trust deed and scheme rules documents to BNR for registration of the pension scheme. The existing complementary occupational pension schemes are estimated at 35 schemes though fragmented and not yet registered by the National Bank of Rwanda.

Normally Employers create the complementary occupational pension schemes for purposes of motivation and retention of their employees. Employers make additional pension savings for their employees on top of what has been contributed into the RSSB.

THE PERSONAL PENSION SCHEMES are established by financial institutions after getting license to do so from BNR. Then individuals voluntarily open individual retirement savings accounts within the financial institutions licensed to offer such savings accounts. This type of pension scheme is meant for self-employed people particularly for people working within the informal sector.

It should be noted that both the complementary occupational pension schemes and personal pension schemes are voluntary in nature, contrary to the mandatory pension scheme (RSSB).

SUPERVISORY OR REGULATORY FRAMEWORK FOR THE PENSION SCHEMES

For any supervision to be effective, laws and regulations must be put in place.

In the case of Rwanda the pension sector is supervised or regulated based on the following laws and regulations: Law no.55/2007 of 30/11/2007 governing the Central Bank of Rwanda (BNR), Law no.05/2015 of 30/03/2015 governing the organization of pension schemes and Regulation no.04/2016 of 19/07/2016 on the registration of voluntary pension schemes and licensing of pension scheme service providers.

The pension law has mandated the National Bank of Rwanda (BNR) to supervise activities of mandatory pension scheme, voluntary pension schemes and pension service providers where applicable. The supervision or regulation aims at ensuring financial stability of the pension sector and creating public confidence that their pension savings are safe and well managed.

National Bank of Rwanda- is responsible for registration of voluntary pension schemes and licensing of pension service providers. In conducting this exercise, inspectors assess the financial sustainability as well as the corporate governance of the applicant (financial institution).

Again for purposes of supervision, the pension law requires pension schemes to submit to the BNR performance reports on quarterly basis as well as audited financial statements and reports on annual basis.

Furthermore, BNR inspectors regularly make onsite visits or inspections to the pension schemes for examining whether the activities of the pension schemes are done in accordance with the requirements of the pension law and implementing regulations.

RATIONALE OF PENSION SCHEME SERVICE PROVIDERS- TRUSTEES, ADMINISTRATORS, INVESTMENT MANAGERS AND CUSTODIANS.

The international organization of pension supervisors (IOPS) developed best practices for the governance of private pension schemes (occupational and personal pension schemes).

This kind of governance improves productivity, reduces risks of mismanagement and fraud because service providers are independent and create checks and balances between themselves.

In Rwanda, the pension law was drafted in consideration of IOPS pension core principles and subsequently have introduced the pension scheme service providers to particularly manage the complementary occupational pension schemes.

> **This kind of governance improves productivity, reduces risks of mismanagement and fraud because service providers are independent and create checks and balances between themselves**

WHY PENSION SCHEMESARE IMPORTANT

Pension schemes or funds are sources of long term savings that result into capital to finance development projects.

The pension funds facilitate the development of the capital markets or stock exchange markets. As of end December 2017, assets of the pension sector (mandatory scheme) account for 17% of total assets of the financial sector (banks, insurance, pension and micro finance institutions).

During the same period, pension sector (mandatory scheme) held term deposits worth 27% of total term deposits in banks and invested in government securities worth 26% of the total government securities (short and long term securities).

Pension savings provide replacement incomes for the retirees or elderly and therefore reduce poverty in the ageing population.

TAX INCENTIVES PROVIDED TO PENSION SCHEMES

The Law No. 16/2005 of 18/08/2005 2005 on Direct taxes on income, particularly article 14, provide incentives to the qualified pension schemes or funds.

The voluntary pension schemes (complementary occupational pension schemes and personal pension schemes) if registered with tax incentives. Employers or institutions are therefore encouraged to establish voluntary pension schemes so that they can enjoy the tax incentives.

> **Pension savings provide replacement incomes for the retirees or elderly and therefore reduce poverty in the ageing population.**

CHALLENGES

The pension coverage ratio is still low. There is need to sensitize the public so as to encourage people join the pension systems or programs.

The pension legal framework is not yet fully streamlined. There is need to formulate new regulations and review some of the existing ones to ensure proper supervision and development of the pension sector

CONCLUSION AND WAY FORWARD

The pension sector in Rwanda especially the private or voluntary pension sector is still in its nascent stage compared to other sub sectors (insurance, banking and micro finance) of the financial sector in Rwanda. The pension coverage is estimated at 10% of the labor force and this relates to coverage by RSSB. Majority of the people in the informal sector are left out of the pension system.

However, the regulator (BNR) is formulating regulations to implement the pension law and developing mechanisms to educate public about the importance of pension or retirement savings.

In this regard, regulation on licensing of pension schemes and service providers and regulation on operations of pension schemes have been published. Other supervisory tools including pension schemes sanctions regulation are being drafted. Furthermore BNR is planning to conduct a comprehensive consultative workshop with the pension stakeholders to discuss developments and challenges in the sector.

ETHICS
The foundation of good supervision for the financial sector

SEMUCYO Edouard
Inspector Insurance and Pension
National Bank of Rwanda

There is a saying that goes; 'behind every great man, there is a greater woman'. I would want to borrow this analogy in the context of the economy. When you look at how the Rwandan economy is growing, one would unambiguously confirm that, behind such enormous economic growth, there is a sound and stable financial sector aligned to an efficient regulatory body. The regulatory body I am referring to is none other than the National Bank of Rwanda.

It is without any doubt that, in order to have an efficient central bank, its employees – particularly the supervisors of financial institutions– have to behave professionally guided by a set of specific principles which in this case I will call ethics.

Ethics are important in every industry, but nowhere as much as the financial industry, which connects all the people and businesses in an economy. Small and large financial businesses alike must behave ethically, for their own benefit, for their customers' benefit, and for the benefit of the economy as a whole.

The financial being at the centre of the economy, enables the flow of capital between savers and companies, and it sets the rates at which investors and lenders exchange money. By this, it creates and expands business opportunities.

Ethical problems within the financial industry can have disastrous consequences for all other areas of the economy, the reason why it is pertinent that employees of any financial institution and above all, a central bank, whose responsibility is to oversee other financial institutions behave ethically.

However as much as ethics is a prerequisite in the successful operation of any financial sector, the question of how tough central banks should be on issues of professional ethics remains sensitive.

For instance in the New York Fed's supervision department, supervisors are barred from dealing with the bank which holds their mortgage.

This requirement means that the Fed must maintain an intricate tracking system to ensure that none of its supervisors are put in this position. In more general terms, it is important for supervisors not to have close relationships with the sector/institutions which they oversee and become unable to provide unbiased regulation of that sector/institution.

> Small and large financial businesses alike must behave ethically, for their own benefit, for their customers' benefit, and for the benefit of the economy as a whole

For BNR, supervisors/ inspectors are required to disclose any situation that can create a conflict of interest with any financial institution under their supervision and from this, necessary corrective actions are taken to avoid such situations.

Putting this to context, the set of ethics that should be abided by include but are not limited to integrity, objectivity, professional competence and due care and confidentiality which are intertwined in the Bank's core values of integrity, accountability, mutual respect and team work, efficiency and effectiveness.

As earlier mentioned, the professional behaviour of any BNR staff contributes towards displaying the core values of the bank, since its mandate embodies mantaining a sound and stable financial system. The bank possesses regulatory control over commercial banks, insurance companies, pension schemes, foreign exchange bureaux, savings and credit cooperatives and other MFIs.

This is achieved not by the beautiful building we see hosting BNR, but by people who day and night work tirelessly towards the realization of that purpose. Hence, it is important to consider the fundamental principles that should guide the professional behaviour of each BNR staff. The first principle concerns integrity. Here every employee must be straightforward and honest in all professional and business relationships.

In other words, each BNR staff should behave in an honest way and have strong moral principles. This principle 'integrity'- as it is written by C.S. Lewis - entails doing the right thing, even when no one is watching. In this view, integrity is part and parcel of BNR core values and of the fundamental principles of any professional behaviour.

The second professional principle is objectivity. In our daily life, we see that people are easily inclined to their own interest, influenced by others, or ignore set rules of their profession.

These negative inclinations are contrary to the principle of objectivity which falls under BNR values of accountability, efficiency and effectiveness.

A person driven by objectivity does not allow 'bias, conflict of interest or undue influence of others to override professional or

business judgments'.
Professional competence and due care is the other principle that requires an employee to have and sustain necessary and professional knowledge and skills to provide competent and competitive professional services in this competitive world and inflation-exposed environment.

In order to have such professional competence and provide due care to one's customers or employers, if not to one's country, one needs to always be in sync with current developments in the scientific community and professional practices, in legislation and techniques; so that, he or she should act in full compliance with 'applicable technical and professional requirements'.

I wouldn't want to conclude my take on work ethics specifically for supervising the financial sector without talking about the last two fundamental principles of confidentiality and professional behaviour. Dealing in public affairs necessitates a certain level of confidentiality.

This demands that information gotten from professional or business relationship ought not to be disclosed to a third party and shoukd not be used by a BNR staff for a personal use. Such a principle is paramount in ensuring trust among the regulators and supervised entities.

This serves the core value of effectiveness by which the impact of regulators is taken into account. It increases also the value of mutual respect and team work. And this conforms to the last – but not least – principle, the one of professional behaviour.

By this principle, any BNR staff is required never to display any kind of behaviour that could discredit the mission and the vision of BNR.

This can be possible when each observes and abides with the laws and regulations that are applicable in the domain.

As it is said 'ignorance of the law is no excuse', a professional staff should be knowledgeable in matters of laws and regulations.

Lastly, no one would contradict me if I contend that 'our economy shall fall like a house of cards in case we lack regulators that put the set principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour at the core of everything they do.

> **"Information gotten from professional or business relationship ought not to be disclosed to a third party and shoukd not be used by a BNR staff for a personal use"**

KEY FACTS STATEMENTS (KFS) FOR CONSUMER CREDIT

THIS IS NOT A CONTRACT

(Your final loan may vary because of your personal financial position or due to interest rate or fee changes if this KFS is provided before you receive a formal loan offer)

LENDER'S NAME: **BORROWER'S NAME** **DATE PREPARED**

LOAN FEATURES	HOW DOES THIS LOAN COMPARE?
Loan Amount: **Loan Term:** **Interest Type:** FIXED/VARIABLE **Interest calculation method**:	Nominal Interest Rate: ___% *yearly.* You may have to pay fees and charges as well as interest. **The <u>total cost of credit</u> including both interest and all known fees and charges is: ANNUAL PERCENTAGE RATE (APR) ___% *yearly***
FLAT/DECLINING **Collateral:** NO / YES - [*Describe*]	*You can use the APR to compare this loan with loans of the same amount, term and repayments.*

Amount you will receive (after paying all upfront fees) **RWF_____** ________	+	**Total interest** **RWF_** ________ _	+	**Total fees and charges** (see below for list) **RWF_** ________	=	**TOTAL AMOUNT YOU HAVE TO REPAY** **RWF_____** ________________ ***This means you will pay back RWF*** ________________*for every 1000 RWFs you receive*

REPAYMENTS	
Repayment Amount (*includes all costs*)	**RWF**______ *per week / month*
Date First Repayment Due	___/___/___ / [*Describe: e.g. one month after loan provided*]
Number of Repayments	______

FEES AND CHARGES	
Application Fee	**RWF_______**
Total of Monthly Service Charges	**RWF_______**
Total Mandatory Insurance Charges *(if applicable)*	**RWF_______**
Other Charges applicable to this loan type:	
---------	**RWF_______**
---------	**RWF_______**
---------	**RWF_______**

TOTAL FEES AND CHARGES	**RWF_______**

OTHER KEY INFORMATION YOU SHOULD KNOW

YOUR RIGHTS AND RESPONSIBILITIES

Any questions or complaints? Call the lender: [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS] to contact us regarding your question or complaint.

Want to repay all or part of your loan early? You may have to pay a fee to do this.
If Applicable: The prepayment fee is: RWF……OR The prepayment fee is calculated as follows:……..

If you pay late:

- You may have to pay additional fees
- The late payment may be reported to a credit reference bureau
- Your ability to re-borrow may be affected
- You may lose your collateral.

If this KFS relates to a fixed rate credit contract:
Your repayments will not change during the applicable fixed rate period. If the fixed rate does not apply for the full term of the loan, after the fixed rate period, a variable interest rate may apply. In that case, if the variable interest rate was to increase by 1% per annum, from the current variable interest rate of [variable interest rate], your weekly /monthly repayment would increase by around [change in repayment].

If this KFS relates to a variable rate credit contract:
This is a variable rate loan. If your interest rate was to increase by 1% per annum, your weekly / monthly repayment would increase by around [change in repayment]. The factors that may justify the application of the variable interest rate are: (Describe the factors here)

The interests on your loan contract are calculated using a [declining] [flat] method of calculation: If a declining method is used then interest is calculated on the outstanding balance at the relevant time, rather than on the full amount of the loan.

You should also be aware that:
• The amount required to be paidincludes all known interest, fees and charges. It does not include:
- Any fee for an event that may not happen (e.g. a late payment fee)
- Government charges; or
- Third party fees and charges.
All fees and charges will be in the loan contract.
• The following fees and charges will be deducted from the loan proceeds: (Describe type and amount of each relevant fee or charge and the total)
• The amount of each repayment may change if interest rates, fees or charges change and if a different loan type, term or loan amount applies.

CERTIFIED CORRECT: ______________________________ *Lender's Representative name and signature:* Date:	I ACKNOWLEDGE RECEIPT OF THIS STATEMENT: ____________________________ *Borrower name and signature:* Date:

INYANDIKO IMENYEKANISHA AMAKURU Y'IGENZI

***IYI NYANDIKO NTABWO ARI AMASEZERANO ***

IZINA RY'UTANGA INGUZANYO	IZINA RY'UGUZA	ITARIKI YATEGURIWEHO

(Inguzanyo uzahabwa ishobora guhinduka bitewe n'imiterere y'imari yawe cyangwa bitewe n'impinduka zerekeye ijanisha ry'inyungu cyangwa amafaranga asabwa ku nguzanyo iyo iri menyekanisha ry'amakuru y'ingenzi ritanzwe mbere yo guhabwa inguzanyo)

IMITERERE Y'INGUZANYO	ESE IYI NGUZANYO IGERERANWA ITE N'IZINDI?
Amafaranga y'inguzanyo: **Igihe inguzanyo izamara:** **Ubwoko bw'inyungu:** IDAHINDUKA/ IHINDUKA **Uburyo bwo kubara inyungu**:	Igipimo cy'inyungu fatizo: ___% *ku mwaka.* ushobora gucibwa za komisiyo, umufuragiro ndetse n'inyungu **<u>Ikiguzi cyose cy'inguzanyo</u> habariwemo inyungu n'amafaranga yose asabwa azwi gihwanye na: IGIPIMO CY'IJANISHA RY'INYUNGU MBUMBE KU MWAKA ___%** ***ku mwaka***
BUDAHINDUKA/UBURYO BW'IGABANUKA **Ingwate:** OYA / YEGO - [*Sobanura*]	*Ushobora gukoresha igipimo cy'ijanisha ry'inyungu mbumbe ku mwaka mu kugereranya iyi nguzanyo n'izindi nguzanyo binganya agaciro , igihe zimara, n'umubare w'ubwishyu.*

Amafaranga uzahabwa (nyuma yo kwishyura za komisiyo zose)	+	Inyungu yose	+	Igiteranyo cya za komisiyo n'umufuragiro (reba urutonde rukurikira)	=	AMAFARANGA YOSE UGOMBA KWISHYURA
FRW_____		FRW_____		FRW_____		FRW________ *Ibi bisobanuye ko uzishyura FRW ______kuri buri FRW 1000 uhawe*

UBWISHYU	
Ingano y'amafaranga azishyurwa (*harimo n'ibiguzi*)	FRW______ *mu cyumweru / mu kwezi*
Itariki y'ubwishyu bwa mbere	___/___/___ / [*Sobanura: nk'urugero, ukwezi kumwe nyuma y'itangwa ry'inguzanyo*]
Umubare w'ubwishyu	______

KOMISIYO N'UMUFURAGIRO	
-Amafaranga y'isaba	FRW_______
-Amafaranga yose asabwa kuri serivisi umuguzi ahabwa ku kwezi	FRW_______
-Amafaranga yose asabwa ku bwishingizi butegetswe (*niba ateganyijwe*)	FRW_______
-Andi mafaranga yishyurwa kuri ubu bwoko bw'inguzanyo:	FRW_______

IGITERANYO CYA ZA KOMISIYO N'UMUFURAGIRO	FRW_______

ANDI MAKURU Y'INGENZI UGOMBA KUMENYA

UBURENGANZIRA N'INSHINGANO ZAWE

Waba ufite ikibazo cyangwa hari icyo utishimiye? Hamagara utanga inguzanyo: [TELEFONI], imeyili [imeyili ye], cyangwa wandikire [AGASANDUKU K'IPOSITA] kugira ngo ubashe kutugezaho ikibazo cyangwa utumenyeshe icyo utishimiye.

Ese urashaka kwishyura inguzanyo yawe yose cyangwa igice cyayo mbere y'igihe cyateganyijwe? Ushobora gusabwa kwishyura andi mafaranga kugira ngo ubikore.
Niba biteganyijwe: amafaranga atangwa kugira ngo wishyure mbere y'igihe ni: FRW……CYANGWA amafaranga atangwa kugira ngo wishyure mbere y'igihe abarwa mu buryo bukurikira:…………

Iyo habayeho ubukererwe mu kwishyura:

- Ushobora gusabwa kwishyura andi mafaranga y'inyongera
- Ubwishyu bukozwe nyuma y'igihe bushobora kumenyeshwa Ikigo cy'ihererekanya amakuru ku myenda
- Bishobora kubangamira ubushobozi bwawe bwo kongera guhabwa inguzanyo
- Ushobora gutakaza ingwate yawe.

Iyo Inyandiko imenyekanisha amakuru y'ingenzi yerekeye amasezerano y'inguzanyo, ifite igipimo cy'inyungu kidahinduka:
ubwishyu bwawe ntibuzahinduka mu gihe cyishyurwamo icyo gipimo kidahinduka. Iyo igipimo kidahinduka kidakurikizwa mu gihe cyose inguzanyo izamara, nyuma y'irangira ry'igihe cyishyurwamo ijanisha ridahinduka, igipimo cy'inyungu rihinduka rishobora gukurikizwa. Muri icyo gihe, , iyo igipimo cy'inyungu gihinduka ryari kuziyongeraho 1% ku mwaka, ku ijanisha ry'inyungu rihinduka rikurikizwa ubu rya [ijanisha ry'inyungu rihinduka], ubwishyu bwawe mu cyumweru/ukwezi bwakwiyongeraho [impinduka ku bwishyu].

Iyo Inyandiko imenyekanisha amakuru y'ingenzi ryerekeye amasezerano y'inguzanyo ku igipimo gihinduka:
Iyi ni inguzanyo ifite igipimo cy'inyungu gihinduka. Iyo igipimo cy'inyungu y'inguzanyo ufite riziyongeraho 1% ku mwaka, ubwishyu bwawe mu cyumweru/ukwezi bwaziyongeraho [icyiziyongera ku bwishyu]. Impamvu zishobora gutuma hakoreshwa igipimo cy'inyungu gihinduka ni izi zikurikira: (Garagaza impamvu zituma habaho iryo janisha rihinduka hano).

Inyungu zishyuzwa ku amasezerano y'inguzanyo yawe zibarwa hakoreshejwe uburyo bw'ibara ry' [igabanywa ry'inyungu] [inyungu zidahinduka]:
Iyo hakoreshejwe uburyo bw'igabanywa ry'inyungu, ubwo inyungu zibarwa ku mwenda usigaye mu gihe runaka bireba, aho kuba ku mafaranga yose y'inguzanyo.

Ugomba kandi kumenya ko:
• Amafaranga usabwa kwishyura akubiyemo inyungu za komisiyo n'umufuragiro yose azwi. Ntihabarirwamo :

- Amafaranga ayo ari yo yose azakoreshwa ku gikorwa gishobora kutazabaho (nk'urugero: amafaranga yishyurwa kubera ubukererwe mu kwishyura);
- Amafaranga asabwa na Leta; cyangwa
- Amafaranga asabwa n'abandi.

Amafaranga ya komisiyo n'umufuragiro agomba kuba ateganijwe mu masezerano y'inguzanyo.

• Amafaranga asabwa akurikira azakurwa ku nguzanyo: (Garagaza ubwoko n'ingano ya buri mafaranga asabwa n'igiteranyo cyayo cyose)
• Ingano y'amafaranga yishyurwa kuri buri bwishyu ishobora guhinduka igihe ijanisha ry'inyungu cyangwa amafaranga asabwa bihindutse ndetse n'iyo habayeho ubundi bwoko bw'inguzanyo, ihinduka ry'igihe izamara cyanga umubare w'amafaranga y'inguzanyo agahinduka.

NDEMEZA KO ARI UKURI:	NDEMEZA KO NAKIRIYE IRI MENYEKANISHA:
_______________________	_______________________
Izina n'umukono by'uhagarariye utanga inguzanyo:	*Izina n'umukono by'uguza:*
Itariki:	Itariki:

BNR Management at the launch of different digital payment platforms

BNR BANK NOTES & COINS WITH LEGAL TENDER

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