

**Vice Governor's Key Note Speech**  
**MTN Group Regulatory and Public Policy Summit**  
**18th September 2017**  
**Kigali Marriott Hotel**

**Central Bank of Rwanda's Views on**  
**Telecommunications in General and Mobile Financial Services in Particular**  
**And Rwanda's Ambition to Work towards a Cashless Society**

**MTN Group CEO Rob Shuter**

**Members of MTN Group EXCO**

**CEOs of all 22 MTN country Operations and your teams**

**Distinguished Guests**

**Ladies and Gentlemen.**

Allow me to start by welcoming you to Rwanda. We are deeply honored by your choice for Rwanda to host this high level MTN Group Summit. I believe you will find your stay in the land of a thousand hills and beautiful smiles both fruitful and enjoyable.

We are deeply honored by your choice for Rwanda to host this high level MTN Group Summit. With the growing appetite for mobile financial services, it is pertinent that compliance developments are discussed to ensure this field is more secure and customers build trust and confidence in using the services. I therefore want to thank MTN Group for taking up such an initiative. Let me also thank Bart Hofker, CEO of MTN Rwanda, for inviting the Central Bank, your other regulator from financial services and payments angles, to deliver a keynote statement at this important gathering. I take the opportunity to present apologies on behalf of Governor John Rwangombwa who has travelled on another official mission.

In my key note this evening, I want to link mobile telecommunication penetration to the role it could play to financial inclusion and rapid economic growth.

Globally, financial inclusion has increasingly attracted great recognition because of the role it plays in inclusive growth and development. Access to finance for any country's citizens acts as a catalyst

to accelerating economic growth, reducing income inequality and poverty. It gives citizens the ability to build financial security through saving and buying insurance, reducing vulnerability to financial shocks, acquiring loans, investing in productive activities and creating jobs.

According to a McKinsey Global report on digital financial services, widespread adoption and use of digital finance could increase the GDPs of all emerging economies by 6%, or a total of \$3.7 trillion, by 2025. This shows how Financial Inclusion is a \$3.7 trillion opportunity though businesses have not managed to seize it.

For instance, if we looked back three decades ago, you would agree with me if I said that the mobile telecommunications industry has grown rapidly representing one of the most intriguing stories of technology diffusion globally. According to Statistics, the number of mobile phone users in the world is expected to pass the 5 billion mark by 2019. In 2016 alone, an estimated 62.9% of the population worldwide already owned a mobile phone. With such high mobile penetration, it would be expected that unprecedented numbers are brought into the formal economy. Yet more than 2.5 billion adults are still financially excluded from formal channels, including digital ones. Only half a billion adults worldwide owned a mobile money account in 2016. Good news is that half this number were in Sub-Saharan Africa. Here is a sweet problem, here is a business opportunity for MTN family.

In Rwanda, at the end of the quarter ended June 2017, we counted 8.6 million Mobile payment subscribers and 83,550 agents. Only 46% of the subscribers' accounts were active last month. 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.

Mobile Network Operators provided a variety of services in Quarter 2, 60.3 million in total, worth 320 billion Rwandan Francs (roughly 375.5 million USD). Key to note is that 44% of the transactions were cash in/out, 37% were for buying airtime, 8% buying electricity and 9% P2P. Paying at a merchant, pull and push between MNO and banks, saving or getting a loan using a mobile, all these combined were in the region of 3%. P2G and B2G has also been growing from a low base thanks to Rwanda Online infrastructure. What it means is that, the people in this room have a lot to do to really drive a Cashless Rwanda.

Rwanda's vision is to build a payment system that is secure, reliable, scalable, innovative, cashless, and which promotes financial inclusion. Mobile Financial Services are at the center stage of the ecosystem.

One policy and regulatory issue we have been working on is interoperability. The Central Bank applauds the contribution of the telecommunication industry alongside banks and other payment systems operators in defining interoperability policy. We have had some challenges in the implementation, which, I believe, are now getting behind us. The National Payment Council chaired by the Governor held its meeting two weeks ago and put the implementation of interoperability

among its top priorities for the next quarter or two. Also included in the priority set are cyber security and harnessing technological innovations. Your industry is represented on the Council. The rule is to go by alphabetical order, one Mobile Network Operator holding a two year term in each round, Airtel coming number one on the list. It is our hope that the ideas of the telecom industry will be first discussed among your peers, including in different technical committees of the Council, before they are transmitted through your current representative. The Central Bank is urging the telecom industry to also embrace the idea of forming in association like is the case in other industries (Banks, Insurance, etc.). Despite being competitors, there is always positive things coming from collaboration.

It goes without saying that customers mind about affordability of the service, and would like to feel fairly treated. Anti-Money Laundering and Combatting Financing Terrorism is a responsibility we all have to take. In this regard, the Central Bank has put emphasis on consumer protection through regulation, but also through pushing the market to come up with the best of infrastructure solutions that can guarantee efficiency across the board. These go from cross-border arrangements to having a national switch that works for all, through establishing a regional processing hub for East African Community, for instance.

Another area I would wish to touch regarding financial inclusion, is developing use cases that are appealing to consumers in order to quicken uptake of the services. We acknowledge MTN Rwanda's role in introducing a saving and loan product in Rwanda, which is a step in the right direction for financial inclusion and cashless economy. We also recognize MTN's leadership in signing up to She Trades, a program that ensures the women entrepreneurs of Rwanda are empowered to network, learn, transact, and link to market online, using their mobile phones. This is a tripartite effort between MTN Rwanda, Rwanda Development Board and New Faces New Voices Rwanda Chapter. A lot is expected to see trickling-down effects reaching the many at the bottom of the pyramid.

Talking of the bottom of the pyramid; let me give you an idea of the landscape of financial inclusion in Rwanda. In 2016, 89% of adults were financially included, men at 91%, women at 87%. But this is not telling the whole truth. When we take the formally included, that is, banks, mobile financial services, savings and credit cooperatives, etc., we only remain with 68% (of which 23% is owed to mobile money alone), men at 74% and women at 63%. This is access, though. More homework still comes with regard to usage, whereby only 15% get a loan from formal channels, men 18.8%, women at 13% while 49% save using formal channels, men at 55.7% and women at 41%. Many people prefer informal channels such as savings groups. We had 36,571 such groups mapped in 2016, hosting 925,394 members, of which 77% were women. The savings held by the groups reached 16.4 billion Rwandan Francs, roughly 20 million USD in just one cycle. The challenge I throw to MTN Rwanda tonight, is therefore to join national efforts in digitizing these groups and eventually link them and their members to other forms of formal institutions through interoperability.

**Ladies and Gentlemen,**

As I conclude, allow me to once again reemphasize the critical role that financial inclusion plays in fostering economic development, reducing poverty and increasing financial stability. We are not pushing for financial inclusion for the sake of ticking a box. Rather, we all have the responsibility to make sure all men and women get access to finance, since finance is power. Power to improve upon their lives. Power to realize opportunities. Rwanda is a country that believes in inclusion, so the financial sector should ensure no one is left behind. And as you do, MTN's bottom line will also grow.

Once again, thank you MTN for the impact you are creating in the lives of people across the African continent and beyond. We also congratulate you on organizing this Summit on compliance. This is the way to go if we mean to drive inclusion and cashless economy in a responsible, sustainable manner. We look forward to more such meetings in the future.

Let me end my key note by wishing you a good evening and safe trip to all those that will be leaving the country.