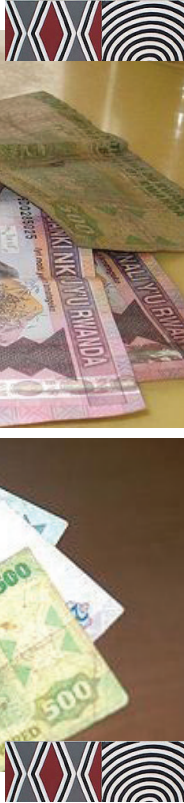


REPUBLIC OF RWANDA



NATIONAL INSTITUTE OF STATISTICS OF RWANDA

GENDER MONITORING OFFICE



Access to Finance

Supported by UN Women/ UN Delivering as One



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Achieving MDG-3: Gender Equality and Women's Empowerment

Access to Finance

Gender Statistics Publication, Vol. 2, 2012

November 2012

Supported by UN Women/ UN Delivering as One



Foreword

A nationwide program to mainstream Gender in all national development programs and activities was initiated by the Government of Rwanda immediately after the emergency period that followed the tragic genocide of the Tutsi of 1994. The change that Rwanda wanted concerning promoting and empowering women was firstly manifested in the new Constitution (2003) that stipulated that women should constitute 30percent in all leadership positions in the country.

Achieving development for all requires formulation of inclusive policy that recognizes the role that gender analysis plays in determining outcomes for women and men in the community. Having access to updated and reliable gender statistics is essential in the elimination of gender blindness in the formulation of policies.

It is from the above background that the National Institute of Statistics of Rwanda (NISR) and the Gender Monitoring Office (GMO) in collaboration with UN Women / UN Delivering as One (DaO) embarked on establishing a comprehensive Gender Statistics Framework (GSF) for Rwanda which will result in Gender Statistics Publications highlighting the status of gender equality in key development sectors. The aim is to encourage policy debate in particular around gender gaps but also to capture good practices by providing evidence. It is in this regard that this publication on "Access to Finance" aims to show the gap between men and women in accessing financial resources. It provides a viable benchmark situation on the gender status in the Financial Sector.

In 2012, a FinScope survey was carried out by the Centre for Economic and Social Studies in collaboration with the Institute of Policy Analysis and Research of Rwanda (IPAR) and the National Institute of Statistics of Rwanda with the main objective of assessing the financial inclusion of Rwandan population. The data presented in this publication have been sourced mainly from the data set and final report of Finscope and other survey reports conducted by NISR.



Yusuf MURANGWA
Director General



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Acronyms and Abbreviations

EICV:	Integrated Household Living Conditions Survey
DHS:	Demographic and Health Survey
FGD:	Focus Group Discussions
MFI:	Microfinance Institutions
NISR:	National Institute of Statistics of Rwanda
GMO:	Gender Monitoring Office
UNW:	United Nations Entity for Gender Equality and the Empowerment of Women
SACCO:	Savings and Credit Co-operative



Table of Content

Foreword.....	ii
Publisher.....	iii
Acronyms and Abbreviations.....	iv
Definitions of Key Words.....	viii
Introduction.....	1
1. Access to Financial Services.....	2
2. Attitudes to Saving.....	3
3. Where Rwandan Adults Save.....	4
4. Characteristics of Adult Savers by financially included and Self Provisioning Mechanisms.....	5
5. Borrowing.....	6
5.1. Attitudes to Borrowing.....	6
5.2. Agriculture Credit.....	8
6. Informal Savings and Loans Clubs.....	11
7. Financial Exclusion and Vulnerability.....	13
7.1. Barriers to Financial Inclusion.....	13
7.2. Characteristics of Financially Excluded Adults by Sex.....	14



8. Financial Inclusion.....	15
9. Rwanda's Financial Access Strand 2012.....	16
10. Drivers of Formal and Informal Institutional Use.....	17
11. Drivers of Being Formally Served.....	18
12. Use of Financial Products and Services: Banking.....	20
12.1 Banked Population.....	20
12.2 Characteristics of the Banked.....	20
12.3 Products Used by the Banked Population by Sex.....	25
12.4 Drivers of Having an Active Bank Account.....	26
13 Use of Financial Products and Services: Non-Banked Formal.....	28
14. The Informally Included.....	29
14.1 The Adult Population that are Informally Included.....	29
14.2 Characteristics of the Informally Served by Sex.....	29
14.3 Products Used by the Informally Included.....	30
15. The Savings Strand.....	31
16. The Credit Strand.....	32
16.1 Credit Strand by Sex.....	32



16.2 Drivers of Formal Credit.....	33
17. Umurenge SACCOs.....	34
17.1. The Impact of Umurenge SACCOs.....	34
17.2 Drivers of Umurenge SACCO Membership.....	34
17.2.1 Umurenge SACCO versus all others Financial institutions in sample.....	34
17.2.2 Umurenge SACCO versus Informally Served.....	35
18. Financial Capability.....	37
18.1 Types of Payment Received by Sex.....	37
18.2 Financial Decision Making in the Household.....	38
18.2.1 Control Over Women’s Earnings.....	38
18.2.2 Control Over Men’s Earnings.....	38
19. Manager of Establishment by Sex.....	40
20. Ownership of Assets.....	41
20.1 Housing.....	41
20.2 Agricultural land ownership.....	42



Definitions of Key Words

Access strand	: A measurement of financial inclusion across the formal-informal institutional provider continuum
Banked	: Individual using one or more traditional financial products supplied by a bank
Credit	: Obtaining funds from a third party with the promise of repayment of the principal and, in most cases , the payment of interest and arrangement charges
Formally included	: Individuals using one or more formal financial services such as banks
Financial access landscape	: A measurement of usage of both formal and informal products across the four main product groups: transactions, savings, credit and insurance.
Financially excluded	: Individuals not using any formal or informal financial product
Financially served	: Individuals using one or more formal and/or informal financial products
Financial inclusion	: Giving people access to formal and/or informal financial products
Informal products	: Financial services provided by individuals and associations that are not regulated by government such as savings clubs, informal money lenders, shops giving customers credit
Informally served	: Individuals who are not using any formal financial product but are using one or more products supplied by an informal source such as a savings club, credit from a shop , an informal money lender

Insurance	: Payment of a premium against a risk of an event happening, with a payout occurring if the event happens
Non-Bank Formal	: Financial products supplied by formal institutions other than banks, for example, MFI, Umurenge and other SACCOs, insurance companies, formal remittance service providers
Remittances	: The sending and receiving of money between people in one place to people in another, using formal or informal means.
Saving	: Putting money aside to use in the future
SACCOs	: Financial institutions owned by the members, with financial services targeted towards the pool of members
Umurenge SACCOs	: SACCOs initiated and formed with the support of the Government of Rwanda as a component of the National Savings Mobilisation Strategy. One SACCO has been organised for each of the 416 sectors in Rwanda. Membership is based on individuals residing in the area of the SACCO.
Establishment	: It is an enterprise or part of an enterprise with constant site, performing one or more economic activity under one administration. Holder of the establishment could be natural or nominal person or governmental body. Accordingly, elements of the establishments are: a. Constant site; b. Practice of economic activity; c. Holder (natural or nominal).
FinScope	is the most comprehensive national household survey of financial services, needs and usage amongst consumers





Introduction

Economically empowered women are major catalysts for development, as they usually re-invest their money in their children's health, nutrition, and education. Reducing gender inequality in financial resources and improving the status of women is thus "smart economics." There is mounting evidence to show that women's economic activity results in better bargaining power in the home.

External financing and, in particular, the availability of business loans is especially relevant for women's new ventures as they have less access to property or resources such as employment. Gender differences in access to financial services can thus potentially have negative repercussions not only for women entrepreneurs but for the overall economy.

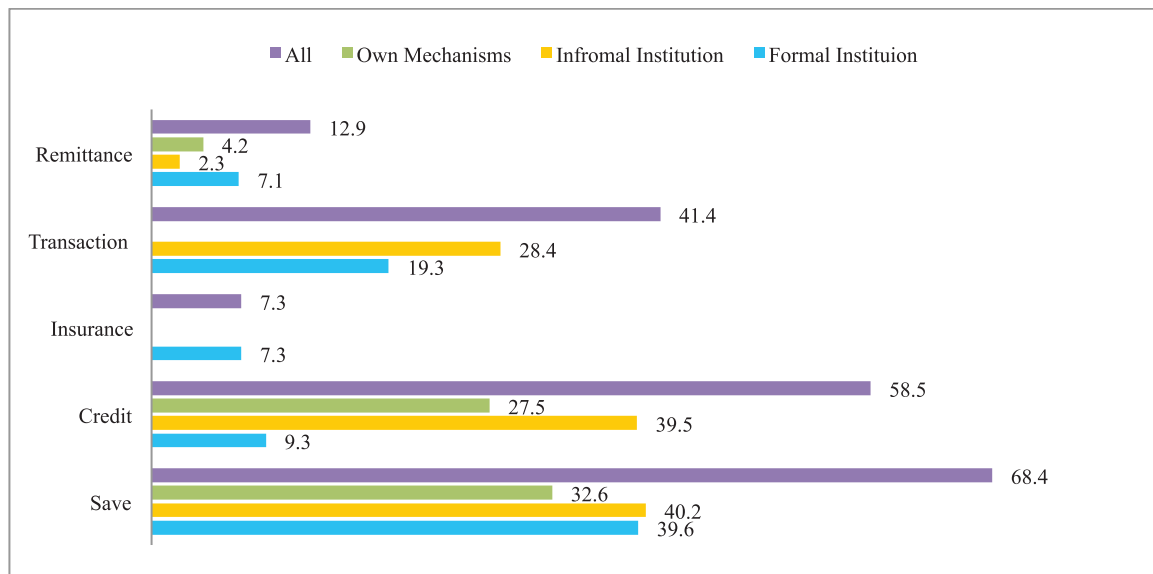
Women entrepreneurs are more likely to cite access to finance as the first or second barrier to developing their businesses and in addition, women tend to have less access to finance and other resources than men. Such differences create a distortion and often result in a situation where women's economic activities are under-resourced and undercapitalized, reducing the overall aggregate output and inhibiting economic growth.



1. Access to Financial Services

Rwanda adults (18 years and above) use a range of formal and informal institutions as well as their own mechanisms to meet their needs for financial services. Often they use all three. According to 2012 FinScope report 68.4 percent of the population save, 39.6 percent use formal mechanisms, 40.2 use informal mechanisms and 32.6 percent use their own mechanisms. Fewer adults borrow than save, 58.5 percent in total and they are much less likely to borrow from a formal institution with only 9.3 percent doing so. The proportion using informal institutions is much the same for saving and borrowing. In total 41 percent of adults use a transaction product, 19 percent formal ones and 28.4 percent informal ones. Thirteen percent of adults use remittance services, 7 percent formal, 2 percent informal and 4 percent their own mechanisms. In total 7 percent of the population have insurance of some sort, which is provided by other formal institutions. (See Figure 1)

Figure 1: Financial Services Used by Rwandan Adults

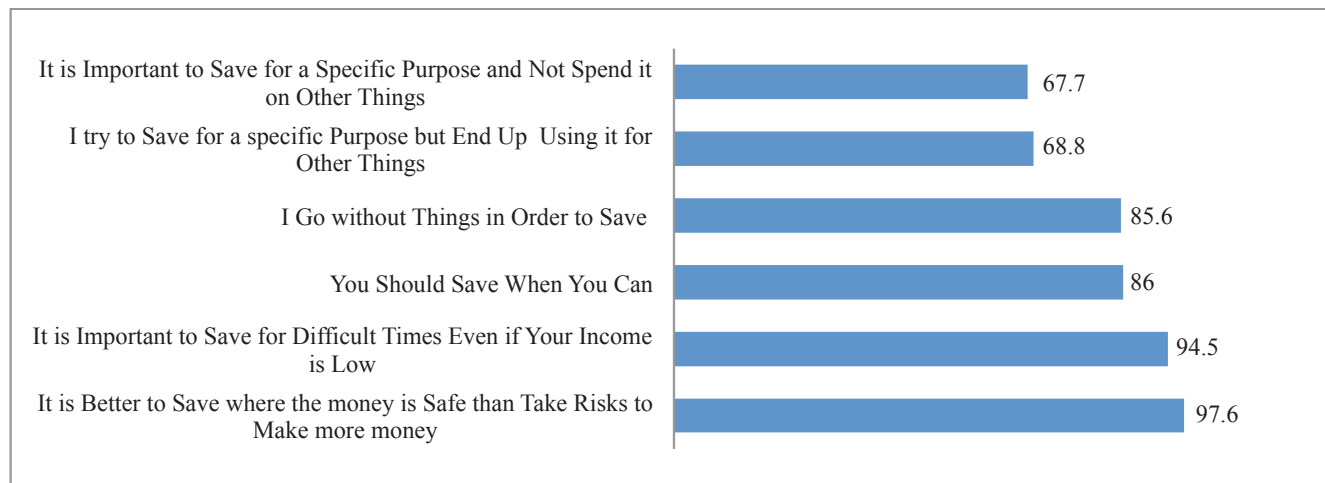


Source: FinScope Report, 2012

2. Attitudes to Saving

Figure 2 shows that, virtually all Rwanda adults (97.6 percent) are cautious about their savings, preferring to put them where they are safe even if that means making less money. Some of the reasons given for saving include saving for difficult times even if their income is low (94.5 percent), saving when they can (86 percent) and going without things in order to save (85.6 percent). However, only 71.8 percent of Rwandan adults save. Thirty percent think that it is important to save for difficult times even if your income is low but do not save and 27 percent think that you should save when you can but are not saving.

Figure 2: Attitudes to Saving



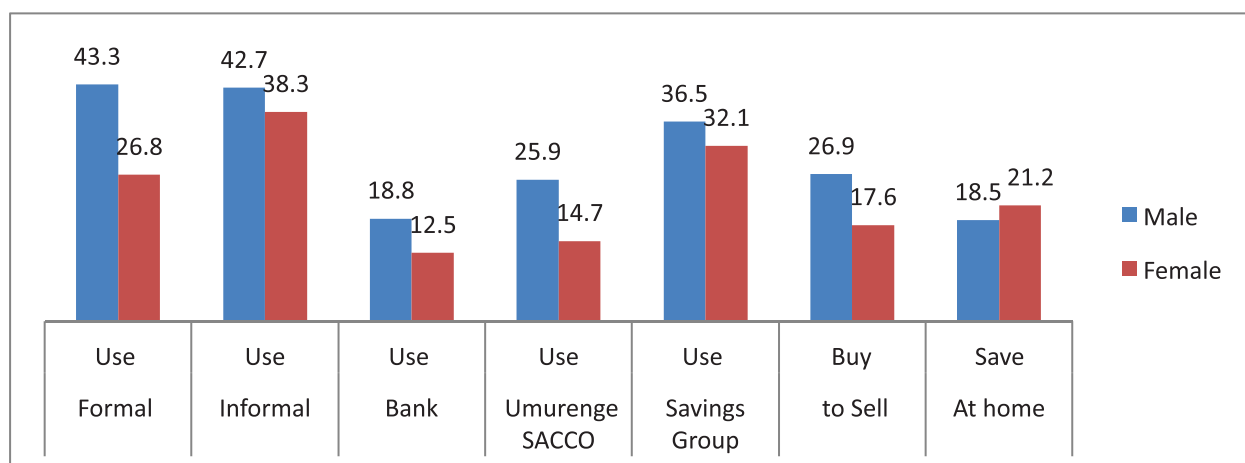
Source: FinScope Report, 2012



3. Where Rwandan Adults Save

Figure 3 shows in more details the savings products used by savers. Men are more likely than women to use all savings products apart from saving at home where women are slightly more likely to do so. The difference is especially large for using formal mechanisms where the gap is 16.5 percentage points compared to 4.4 percentage points for using informal mechanisms. This is likely to be due to women, on average having lower incomes than men and poorer educational attainment. It may also be due to husbands being more likely to have control over financial resources. Married women are generally responsible managing day-to-day spending and this may account for them having savings at home (Abbott *et al* 2012).

Figure 3: Characteristics of Savers by Savings Products Used and by Sex

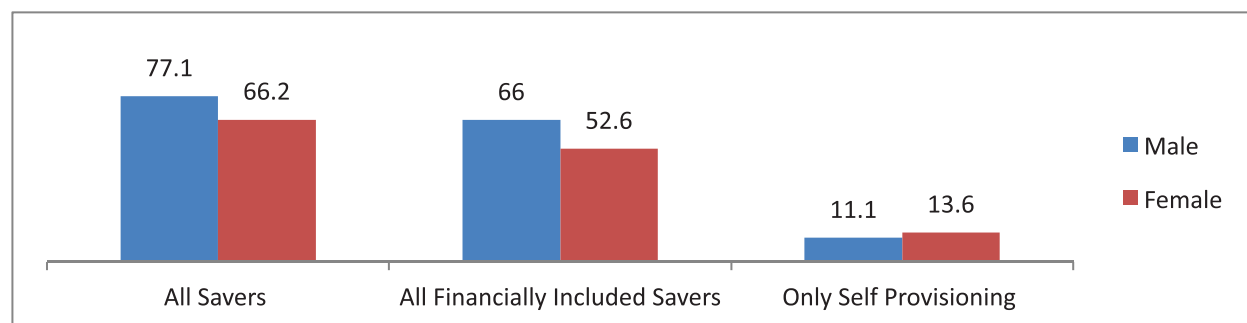


Source: FinScope Report, 2012

4. Characteristics of Adult Savers by financially included and Self Provisioning Mechanisms

FinScope report provides information on savers and if they are financially included or use only self provisioning mechanisms. Seventy-seven percent of men say they save compared with 66 percent of women, and men are also more likely than women to use formal and /or informal product. Women are slightly more likely than men to save at home (figure 4).

Figure 4: Characteristics of Adult Savers by financially included and Self Provisioning Mechanisms



Source: FinScope Report, 2012



5. Borrowing

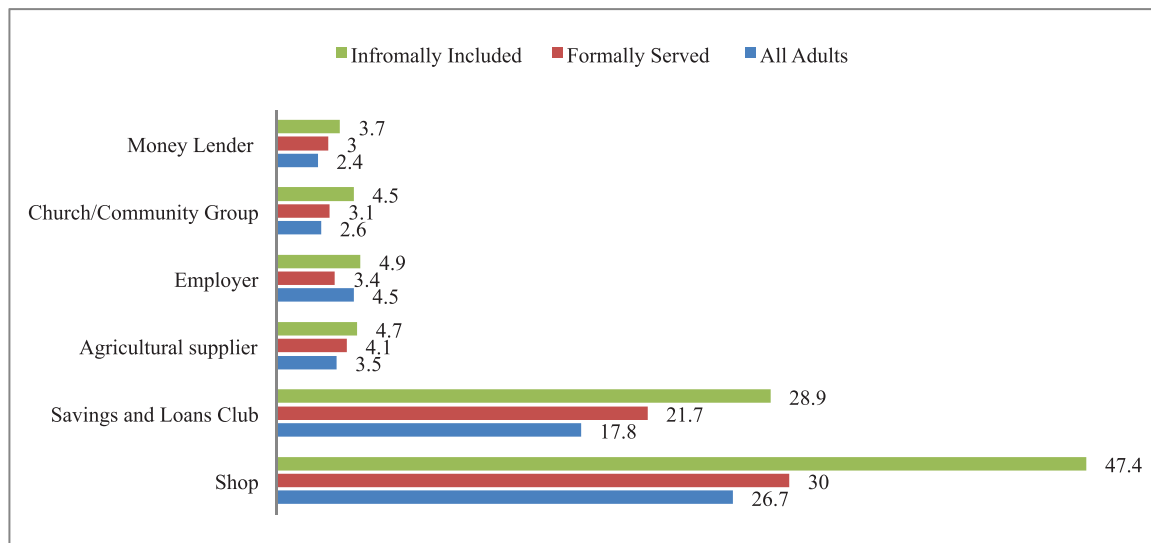
5.1. Attitudes to Borrowing

Two-thirds (67.6percent) of Rwandan's think it is better to avoid borrowing if you can and 86.2 percent say they prefer to save to pay for something rather than borrowing. Forty-one percent think it is acceptable to borrow money to pay back a debt and 29 percent to pay it back later. Twenty-eightpercent would be embarrassed to admit they needed to borrow money to meet their needs and 74 percent would be ashamed if they were not able to pay back money they owed. Being able to borrow money when you need it is seen as more important than the amount that will have to be paid back (62.4 percent). Thirty-five percent think it is better to keep savings than use them to pay a debt but only 14 percent think it is better to have a debt than sell something to pay it off.*(FinScope Report, 2012).*

Thirty eight percent of Rwandan adults had borrowed money in the year prior to the survey and 27 percent had had goods/services in advance from a shop and paid for them later. Twenty-eight percent said they had not borrowed because they were worried about being able to pay back the money, 17 percent said that they did not need to borrow money, 4.4 percent said that they did not have the necessary collateral and the other 12.6 percent gave a variety of reasons including not wanting to borrow money, interest rates being too high and not knowing where to borrow from.

Although 82.6 percent of Rwandans consider formal institutions the most trustworthy to borrow from, the main sources of borrowing are informal or self-service mechanisms. Twenty-eight percent have borrowed from family or friends, 18 percent have borrowed from a savings group, and 27 percent have got goods in advance from a shop. People trust the savings and loans groups because they are based in the community. In addition, 2.9 percent have borrowed from their employer, 2.4 percent from an informal money lender, 3.1 percent from an agricultural buyer/farmers organization and 2.6 percent from a church/community organization.

Figure 5: Informal Credit

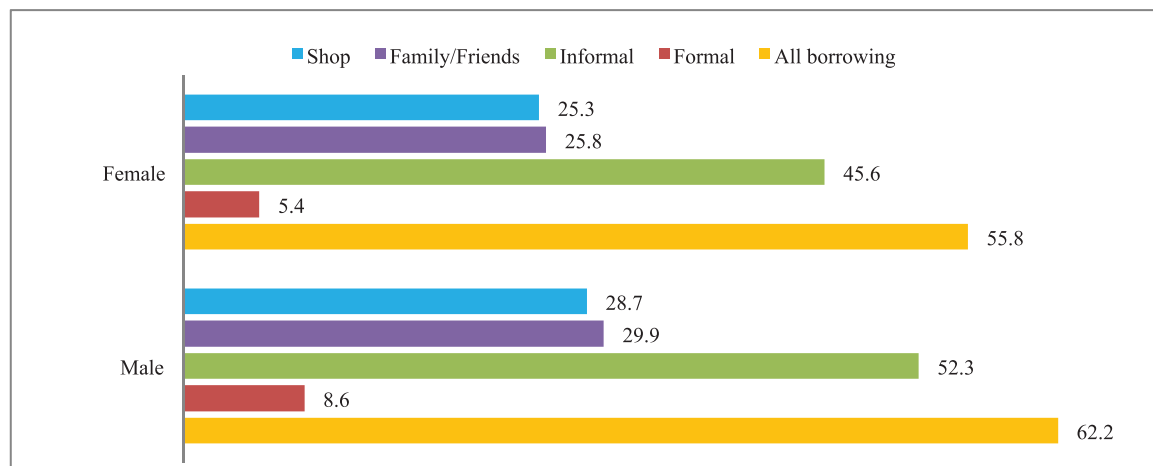


Source: FinScope Report, 2012

As with savings, men are more likely to have credit than women. Sixty-two percent of men have credit compared with 56 percent of women. They are also more likely than women to have all forms of credit.



Figure 6: Credit By Sex

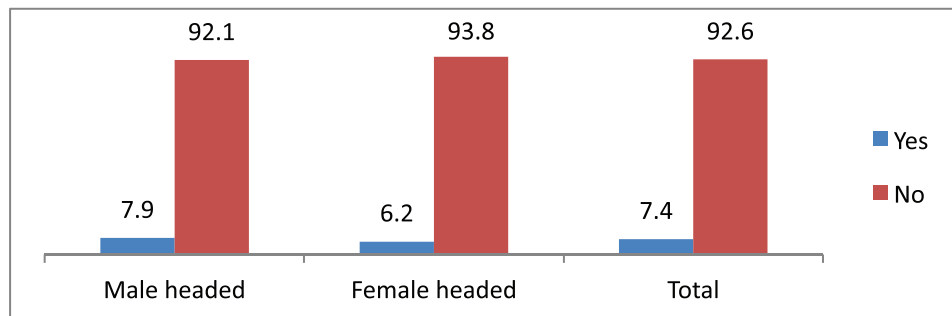


Source: FinScope Report, 2012

5.2 Agriculture Credit

According to EICV3 conducted in 2010/2011, female household heads are concentrated in agricultural jobs as the main common occupation. Seventy-six percent are independent farmers and a further 10 percent are waged farm workers, meaning 86 percent of female household heads work in farming. This compares with 62 percent of male heads (EICV 3 thematic report on gender, 2012). Although female headed households' main usual occupation is concentrated in agricultural jobs, figure 7 shows that slightly more male headed households have applied for agricultural loan compared to female headed households (7.9 percent compared to 6.2 percent respectively).

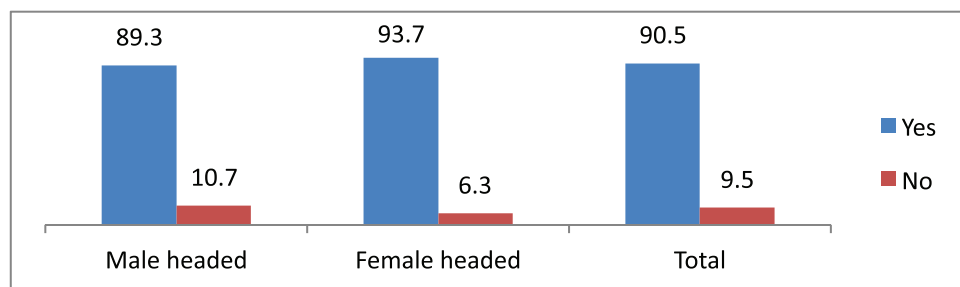
Figure 7: Percentage of Households which applied for agricultural loan in the last 12 months by Sex of Head of Household



Source: EICV3, Thematic Report on Gender, 2012

Figure 8 shows that out of those 7.9 percent of households headed by male and 6.2 percent of households headed by female that applied for agriculture loan, 93.7 percent of households headed by female the loan was approved compared to 89.3 percent for households headed by male.

Figure 8: Percentage of agricultural loan approved by sex of applicant

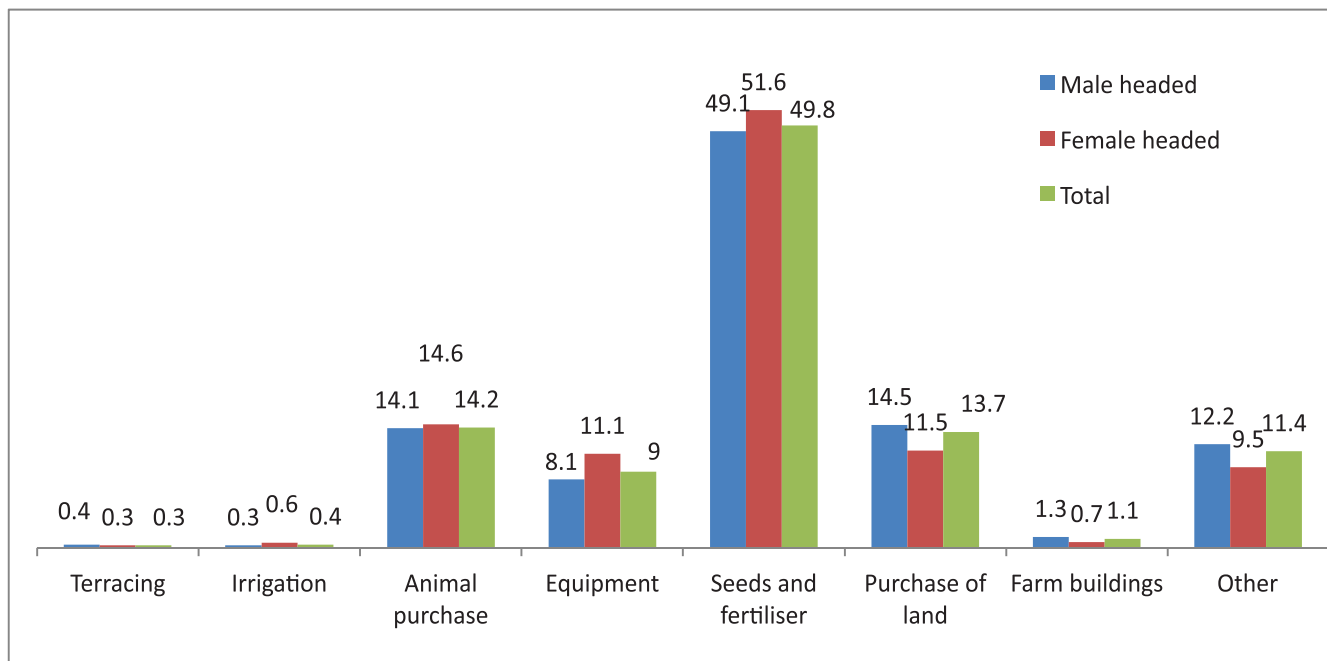


Source: EICV3, Thematic Report on Gender, 2012



As shown in figure 9, the main purpose of the agricultural loan was the purchase of seeds and fertilizers by both the female and male headed households (51.6percent for female headed households compared to 49.1percent for male headed households).

Figure 9: Percentage of those who received the agricultural loan by the Purpose and sex of the head of household



Source: EICV3, Thematic Report on Gender, 2012



6. Informal Savings and Loans Clubs

Savings and loans clubs play a vital role in the lives of Rwandan adults enabling them to have access to savings and credit to balance expenditure and income fluctuations and to deal with unanticipated expenditure/emergencies. Members are able to access their savings very easily and get loans quickly with minimum formality. Thirty-sevenpercent of adults are members, with 91 percent of members saving with a club and 65.7 percent borrowing. The length of membership varies from less than one year to more than five years but 72 percent have been a member of a savings and loan group for less than two years (FinScope Report, 2012).

The membership of savings and loans clubs is heterogeneous and members use a wide range of other products and services. Fifty-one percent of the members of a savings and loan club are formally served - that is they are banked (26percent) or non-banked formally served (25percent). The clubs do, however, seem to serve a distinct group of the population, those in mid-life who are not the poorest or most affluent, who live outside of Kigali and have had some education but not upper secondary or tertiary (FinScope report, 2012).

Men are more likely to be members of savings and loans clubs than women but the difference is not large, 40 percent compared with 36percent.

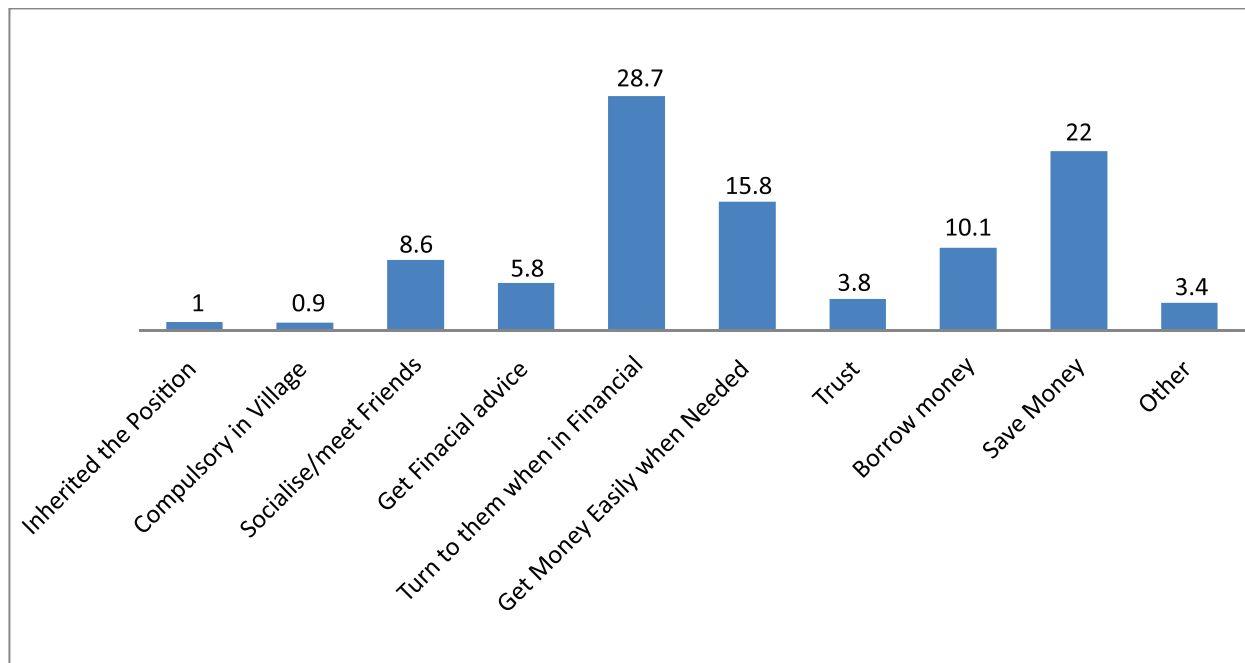
There was little difference between members and non-members in terms of criteria for choosing a financial institution or criteria for choosing a savings and loans club. In both cases members were less likely to say they did not know the reason, 9 percent and 3 percent of members compared to 18 percent and 17 percent of non-members. Members were also more likely to see the ease of saving with them (18.7 compared to 12percent) and the fact that they provide loans (16.3 compare to 10percent) as criteria for choosing a group to belong to. There was little difference between members and non-members in terms of who they would trust most with their savings or trust most to borrow from, although members were more likely to nominate a savings and loan club (12 and 13.3percent) compared to non-members (6.5percent for both).

The main reason for affiliation to a savings and loan club was that they could rely on it when they had financial need, with 29 percent of members citing this as the main reason for membership. The next most important reasons were being able to save when necessary (22percent), get money easily when necessary (16percent) and borrow money (10.1percent). This suggests that being able to borrow is by far the most important reason, with 55.1 percent of adults giving as the most important reason for membership, an answer they relate to ease of borrowing.

Members also agreed that membership of a savings and loans club imposes a discipline on members because they do not want to be embarrassed in front of friends and neighbours. Ninety-seven percent said this was the case with respect to saving and 87 percent for borrowing.



Figure 10: Main reason for belonging to a Savings and Loan Group



Source: FinScope Report, 2012



7. Financial exclusion and vulnerability

7.1. Barriers to financial inclusion

According to FinScope report, there are 1.26 million adults in Rwanda who are financially excluded, 8percent of the adult population. They do not access formal or informal financial products or services. Financial exclusion may be due to poverty and multiple deprivations but in other cases it may be due to access barriers and /or usage barriers or choice. Access barriers include:

- Physical Access – distance to a financial service – applies to formal services – distance decay (time decay)
- Affordability – charges etc....
- Appropriate features
- Eligibility requirements
- Regulation

In terms of physical access the main barrier is distance. The excluded are more likely than the formally served to live more than one hour's travel from a bank or Umurenge SACCO; 46 percent live more than an hour from an Umurenge SACCO compared to 31 percent of the formally served, and 61 percent live more than one hour from a bank, compared with 46 percent of the formally served. However, physical access cannot be a reason for not being a member of a savings and loans club as these are located in the community or at the workplace. The issues of affordability and appropriate features are not addressed directly in the survey data but in the Focus Group Discussions (FGDs), there was concern about the costs of running a formal savings product and having insufficient money to save in one. The latter was also the reason given by 83 percent of the financially excluded for not having a bank account. There is some evidence from the survey data that the financially excluded do not meet the criteria for loans from formal financial institutions, but it should be noted that this is based on less than 50 respondents in the unweighted data. Fifty-three percent of those refused a loan said the main reason was because they did not have pay slips, 32 percent because they did not have collateral and 15 percent because they did not have a deposit. In addition, shopkeepers extend credit only to those they know can repay and it seems likely that savings and loans clubs will 'police' membership only granting it to those they are confident can save and repay loans. Other informal lenders will also vet those they lend to.

Usage barriers include:

- The perceived value of the product
- The relative cost



- The 'hassle' factor
- Perceptions of formal products and institutions

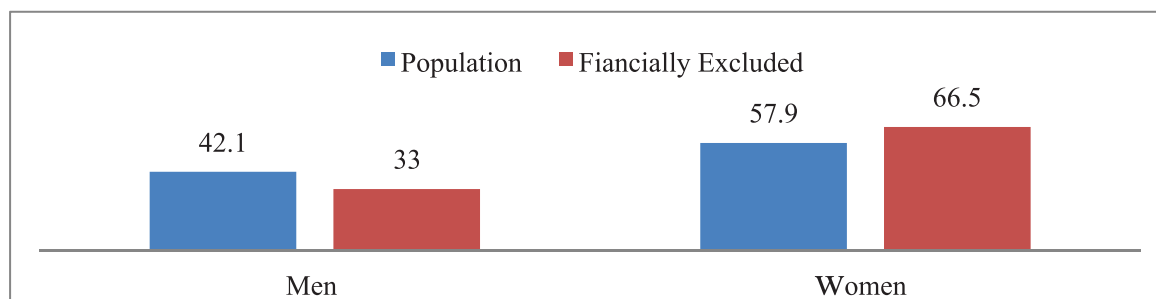
The financially excluded do not differ significantly from the formally served or informally included in the criteria they would use for selecting a financial institution or in terms of the institutions they would trust.

While there seem to be access barriers - that is the financially excluded are unable to meet the criteria for opening accounts, membership or getting credit - usage barriers are more difficult to identify, especially considering the product range available in Rwanda. It seems to be more likely that a major barrier to financial inclusion is insufficient income, and in the survey 53 percent of the financially excluded said they did not borrow because they were concerned about being able to repay a loan. This is not to deny that some adults may choose not to use financial services. In the FGDs, for example, informants reported that the elderly preferred to keep their savings at home. They may keep savings at home and give money to family or friends to look after for them and they may be able to borrow from family and friends. The one exception to this is the Mutual Health Insurance which is available to all Rwandans for a very modest fee and the most vulnerable; those in Ubudehe categories 1 and 2 are exempt from payment (FinScope Report, 2012).

7.2 Characteristics of Financially Excluded Adults by Sex

Women are much more likely to be financially excluded than men, 67 percent compared to 33 percent. This is partly explained by the higher proportion of women in the population, but even when this is taken into account women are still over-represented. Thirty-three percent of the financially excluded are men, but men make up 42 percent of the population, while 67 percent of women are financially excluded but only make up 58 percent of the adult population (Figure 11)

Figure 11: Financially Excluded by Sex

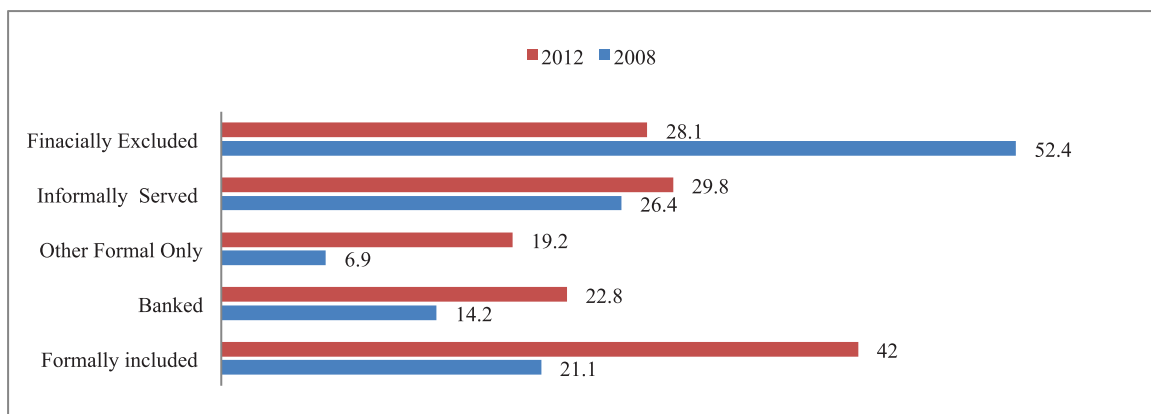


Source: FinScope Report, 2012

8. Financial Inclusion

As shown in figure 12, there has been a sharp decrease in financial exclusion over the last four years and a corresponding increase in financial inclusion, both formal and informal. The financially included can use a range of financial products, both formal and informal, but we count someone as 'banked' if they use a bank even if they also use other formal products and /or informal products. The 'other formally served' may also use informal products, but those counted as informally served use only informal products. In total 22.8 percent of adults use bank products/services, 32.8 percent use other formal products or services and 57.5 percent use informal services.

Figure 12: Levels of Financial Inclusion



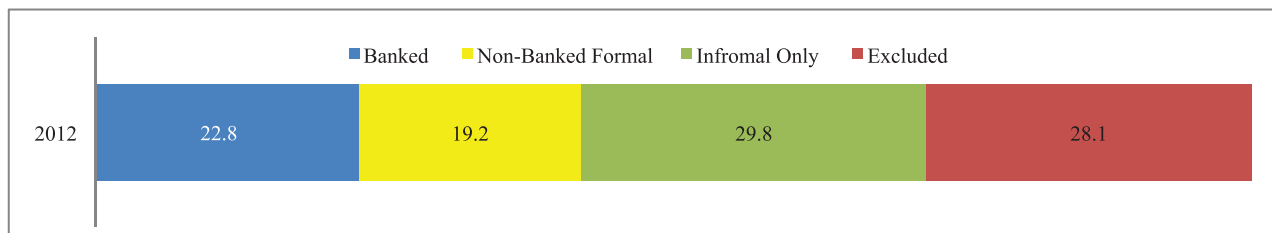
Source: *FinScope Report, 2012*



9. Rwanda's Financial Access Strand 2012

Figure 13 shows that 22.8 percent of adults are banked, 19.1 percent 'other formally included', 29.8 percent informally served and 28.1 percent financially excluded.

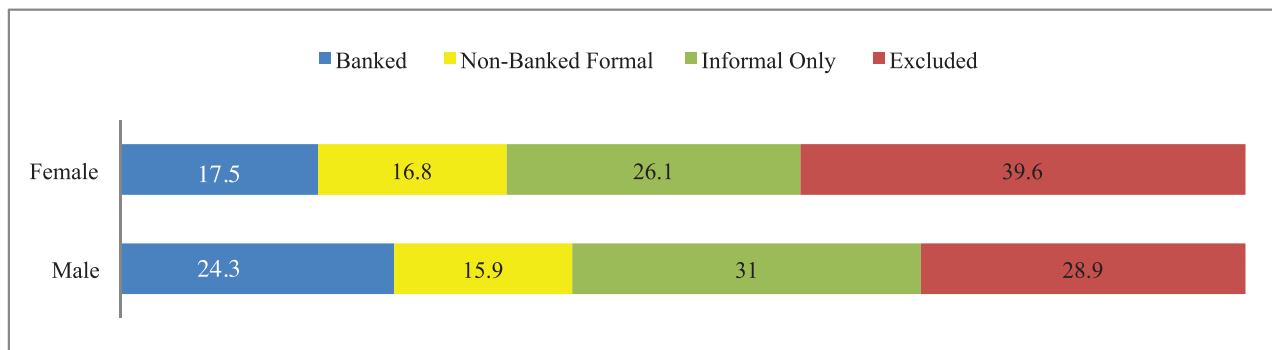
Figure 13: Financial Access Strand 2012



Source: FinScope Report, 2012

Figure 14 shows that men are more likely to be financially served than women, 71.1 percent compared to 60.4 percent. Men are also more likely to be banked than women - 24.3 percent compared to 17.5 percent - and informally served - 31 percent compared to 26.1 percent - but women are marginally more likely to use other formal services than men - 16.8 percent compared to 15.9 percent.

Figure 14: Access Strand by Sex

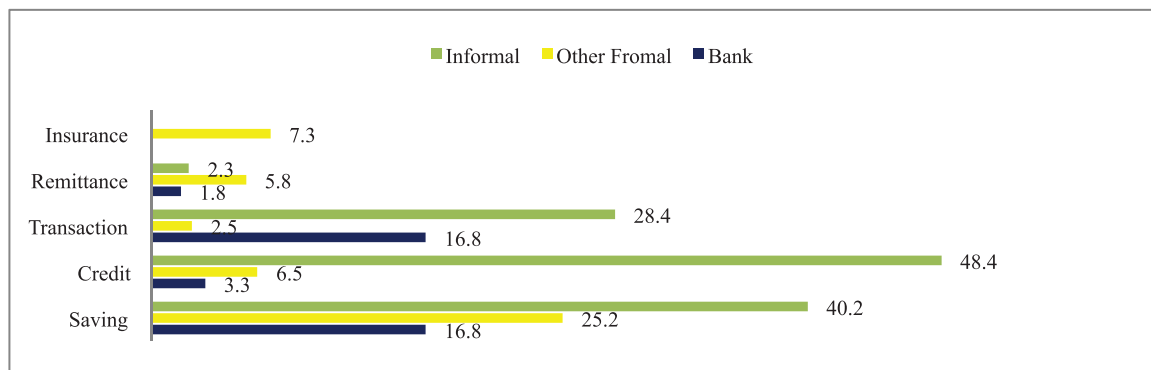


Source: FinScope Report, 2012

10. Drivers of Formal and Informal Institutional Use

The services that are offered by different financial institutions vary, and users of financial products and services may use different institutions for different products and services, formal and informal. In general, informal products and services are used more frequently than formal ones, especially for credit and transactions. Banks are used most frequently by formal providers for transactions, while other formal providers are used more frequently for saving, credit and remittances (figure 15).

Figure 15: Drivers of Formal and Informal Institutional Use



Source: FinScope Report, 2012



11. Drivers of Being Formally Served

Many individual characteristics are associated with the use of formal financial services, ranging from geographic location (Kigali/other urban/rural), through age, sex and poverty status, amongst others. However, many of these characteristics are also correlated with each other. Inhabitants in rural areas, for example, are typically poorer and less likely to have a regular income, older people tend to be less educated, and men are more likely to be in non-farm paid employment than women. We need to consider which characteristics are decisive in explaining whether an individual is formally served or not.

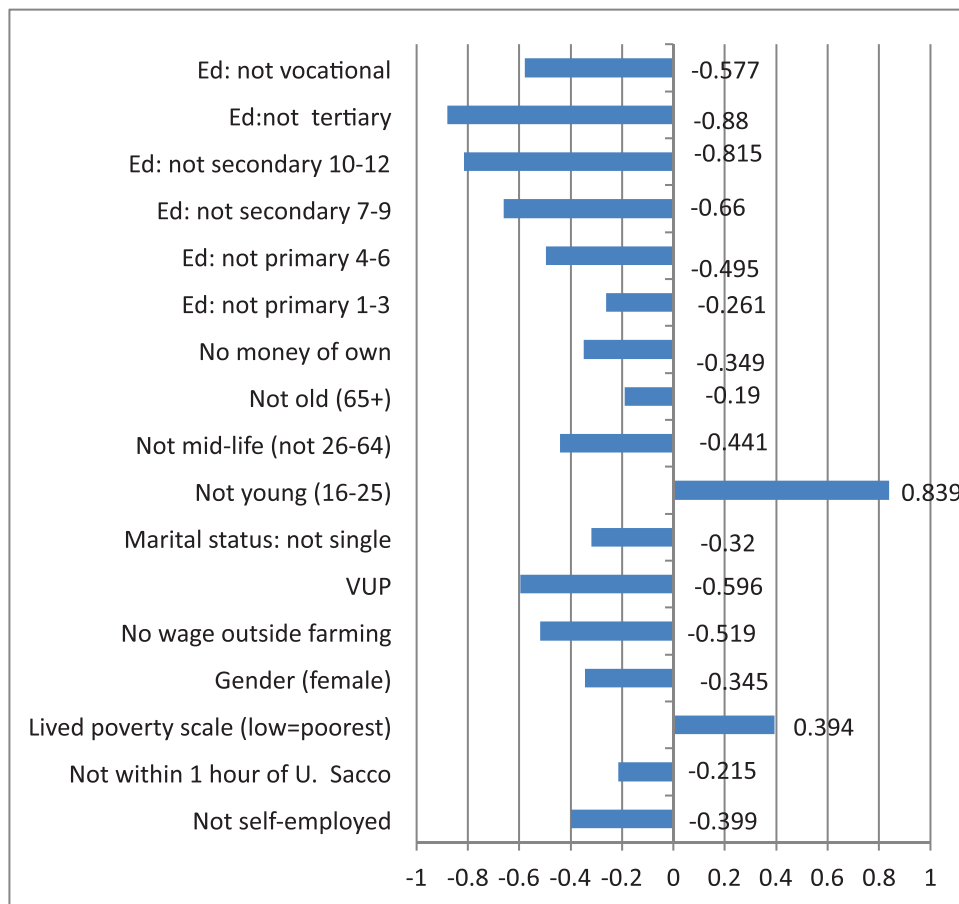
The regression for being formally served explains 26 percent of the variance, quite a substantial amount. Sex shows an effect in this regression, men are 35percent more likely to be formally served than women. Age and education are major determinants, with odds ratios favouring mid-life age (26-64 years) over the older people and particularly the younger people, and incremental additions in likelihood by level of education. Other substantial predictors are being in receipt of VUP benefits in cash or work opportunities (60percent less likely) or having a non-farm wage (52percent more likely) - see Figure 16.

Other determinants are that poverty has an effect, though a little less than for bank accounts alone – the less impoverished, the more likely you are to be formally served financially. Being self-employed makes you 40percent more likely to be formally served, having money of your own is a determinant (35percent), and distance from a SACCO has some effect (22percent).

When the two attitudinal variables were added to the equation, extent of trust in both banks and SACCOs increased the likelihood of using formal services by about 50percent. , but this again did not noticeably improve the variance explained.

The variables included in the equation which did not reach statistical significance were being married (but not being single showed a significant relationship), and rural or urban location (whose variance is probably explained by the poverty scale and the likelihood of having a non-farm wage).

Figure 16: Drivers of Being Formally Served



Source: FinScope Report, 2012



12. Use of Financial Products and Services: Banking

12.1. Banked Population

Twenty-three percent of adults are banked - that is, they use one or more services or products offered by a bank, using either their own account or one of which they have the use. However, only 58.7 percent used a bank product or service between January and June 2012. Seventy-five percent of the banked have a savings and/or current and/or credit account with a bank but about a fifth of these seem to have dormant accounts.

The main reason given for not being banked is not having sufficient money coming in to justify having an account, given by 80 percent of non-bank users, with a further 4.8 percent saying they cannot maintain the minimum balance. Other reasons given by a noticeable number of adults are that banks are too far away (2.6percent), bank charges are too high (2.3percent), not knowing how to apply (1.4percent) and not understanding the benefits of having a bank account (1percent).

Of the banked population, 94.9 percent have a bank account in their own name and 86 percent of the five percent that do not have one use their partner's. Seventy-one percent of those who use someone else's bank account are female. Over three quarters (78.2percent) of those who use someone else's account can access the account at any time they want - 80 percent of women and 75 percent of men.

The majority of those who held a bank account in their own name had held one for more than a year, 90 percent, and 38 percent had held one for more than five years.

The main motivation for opening an account is to save (57percent), 15 percent had opened an account to process their wages/salary, 12 percent to get a loan and 10 percent to keep their money safe. The other six percent of account holders gave a variety of reasons.

Most bank account holders were not formerly included or informally served when they opened their bank account; only seven percent had a SACCO/MFI account and 27 percent were members of a savings and loans group. Opening a bank account did not necessarily lead to closing accounts with other providers. Of the seven percent that had had a SACCO/MFI account when they opened a bank account only 29 percent closed the old account. Of the 27 percent that were members of a savings and loans club when they opened a bank account, less than a quarter (22.7percent) left the club. (*FinScope Report, 2012*).

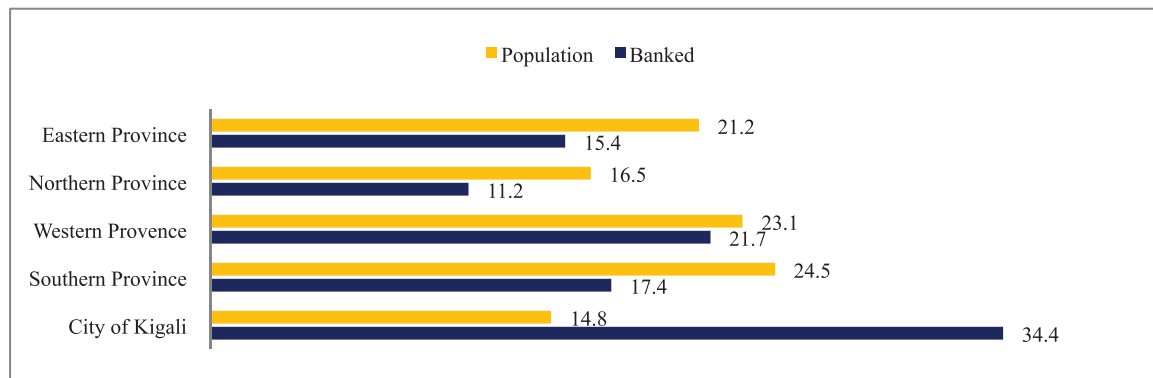
12.2 Characteristics of the Banked

We have discussed who is most likely to be banked. For example, 84.8 percent of those with higher education are banked, but only a tiny proportion of the population has higher education. So, most people who are banked do not have higher education. So it is important to consider where the banked population comes from, who the typical bank customer is and what services they use.



A third of the banked population live in the City of Kigali, which accounts for only 15 percent of the country's population; the Provinces, by contrast, all have a smaller proportion of the banked population than the proportion of the adult population living there. Western Province has the smallest difference, with a 1.8 percentage point gap, and Southern Province the largest with a 7.1 percentage point gap. The gap for Eastern Province is 5.8 percentage points and for Northern Province 5.4 percentage points (Figure 17).

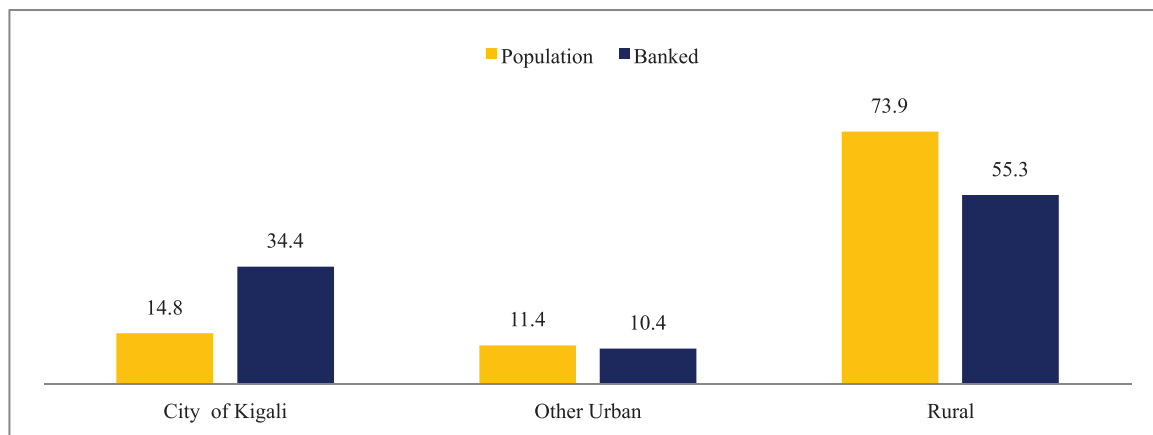
Figure 17: Percentage of Banked Population Living in City of Kigali and Each Province



Source: FinScope Report, 2012

Figure 18 shows that, a majority of the banked population lives in rural areas, 55 percent, but this is much lower than the proportion of the adult population that live in rural areas, 74 percent.

Figure 18: Percentage of Banked Population Living in Urban and Rural Areas

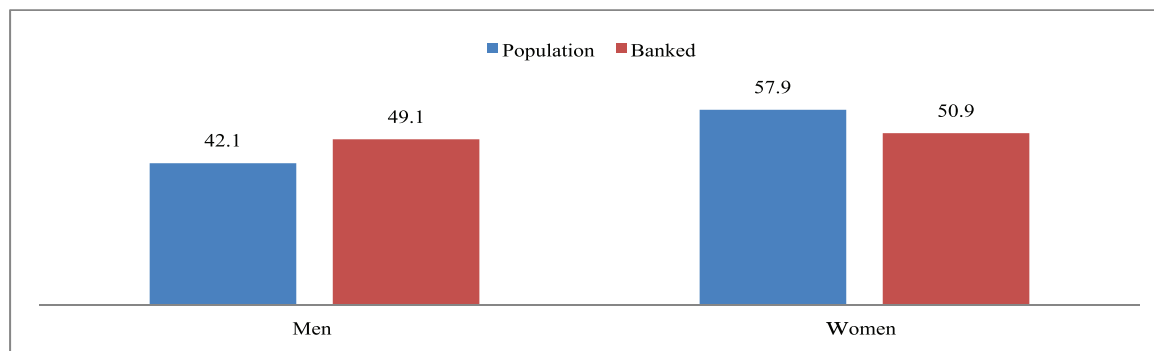


Source: FinScope Report, 2012



Slightly more women are banked than men, 51 percent compared to 49 percent. However, women are under-represented in the banked population compared to their proportion in the adult population (Figure 19).

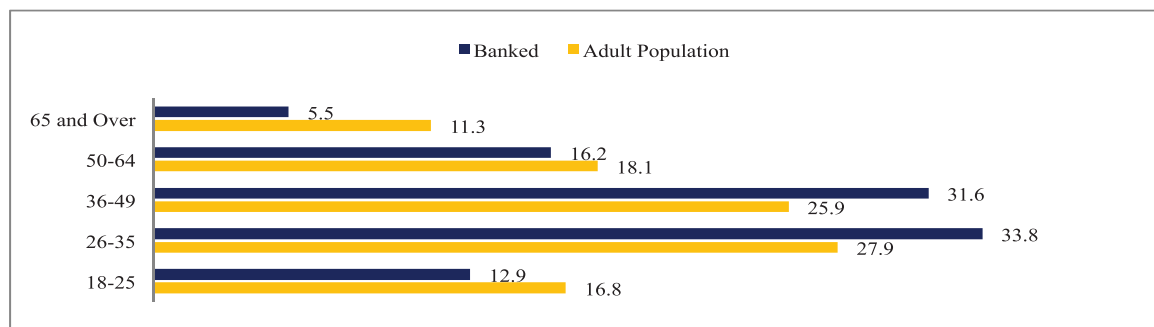
Figure 19: Banked Population by Sex



Source: FinScope Report, 2012

The highest proportion of the banked population is aged 26-49 years, but the age group is over-represented compared to their proportion in the adult population. The smallest proportion of the banked population is aged 65 or over, and they are significantly under-represented compared with the portion of the age group in the adult population. Those aged 18-25 years are also noticeably under-represented amongst the banked. (see figure 20)

Figure 20: Age of the Banked Population



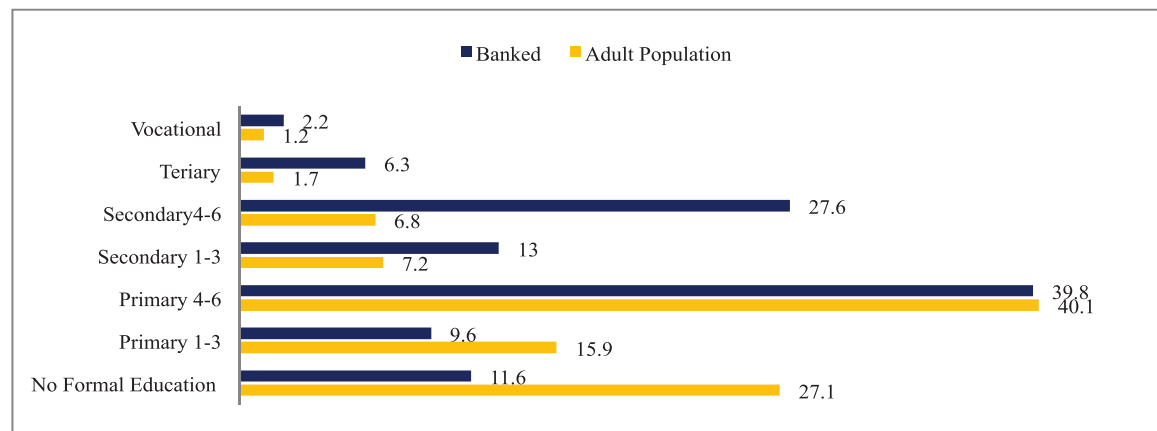
Source: FinScope Report, 2012

Two thirds of the banked population are made up of those with completed primary education (40percent) and those with completed secondary education (27.6percent). However, while the proportion of banked adults with completed primary education matches the



proportion of adults in the population, those with completed secondary education are significantly and noticeably over-represented. The same is the case for those with tertiary education. Those with primary education year 3 or less are under-represented compared with the proportion of adults in the population, but the proportion in the total banked population is still higher than for those with tertiary education (Figure 21)

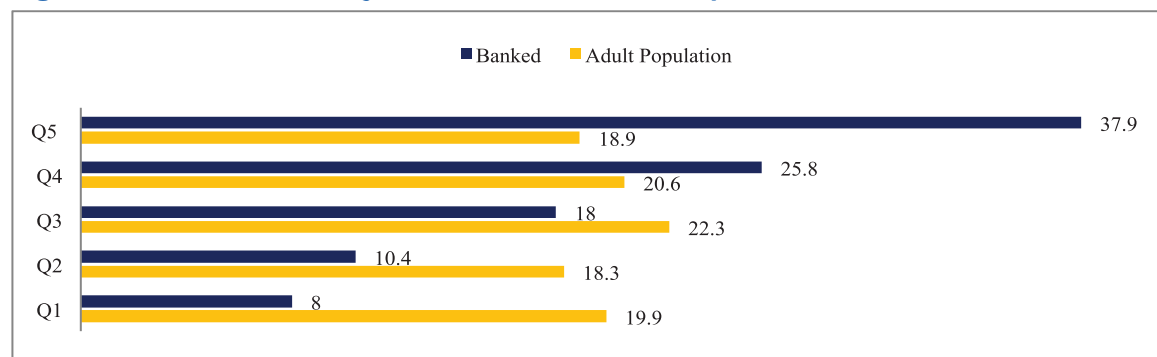
Figure 21: Education of the Banked Population



Source: FinScope Report, 2012

About 38 percent of banked adults are from Poverty Quintile 5, and an adult in Q5 is over twice as likely to be banked as the proportion of the adult population in the Quintile 3. The second highest group is from Q4 and they are also over-represented amongst the banked population but not to the same extent as those in Q5. The smallest proportion from those banked are in Qs 1 and 2 (Figure 22).

Figure 22: Lived Poverty Quintile of the Banked Population

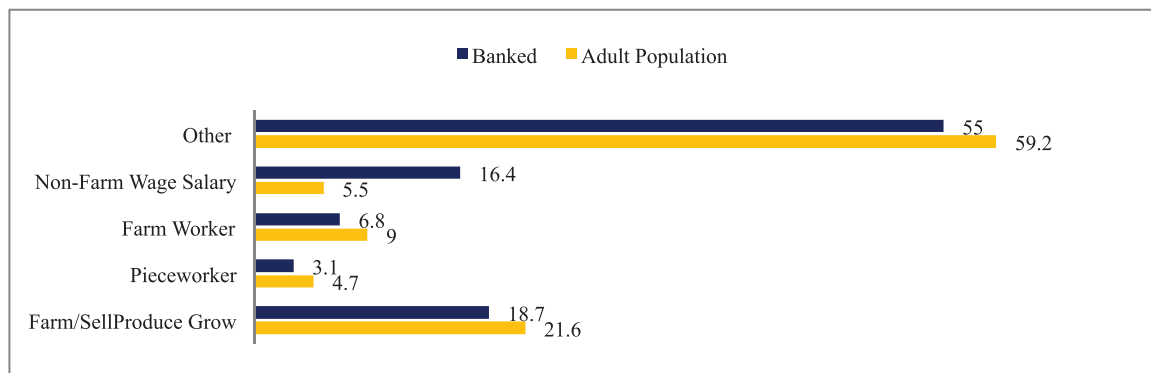


Source: FinScope Report, 2012



The largest proportion of the banked population earns their livelihood in ways other than the main occupational categories. However, they are marginally under-represented compared with their proportion in the adult population. Those with non-farm waged or salaried jobs are over-represented compared with their proportion in the population, by a factor of about three. (Figure 23).

Figure 23: Percentage of Main Livelihood Strategy of Banked Adults

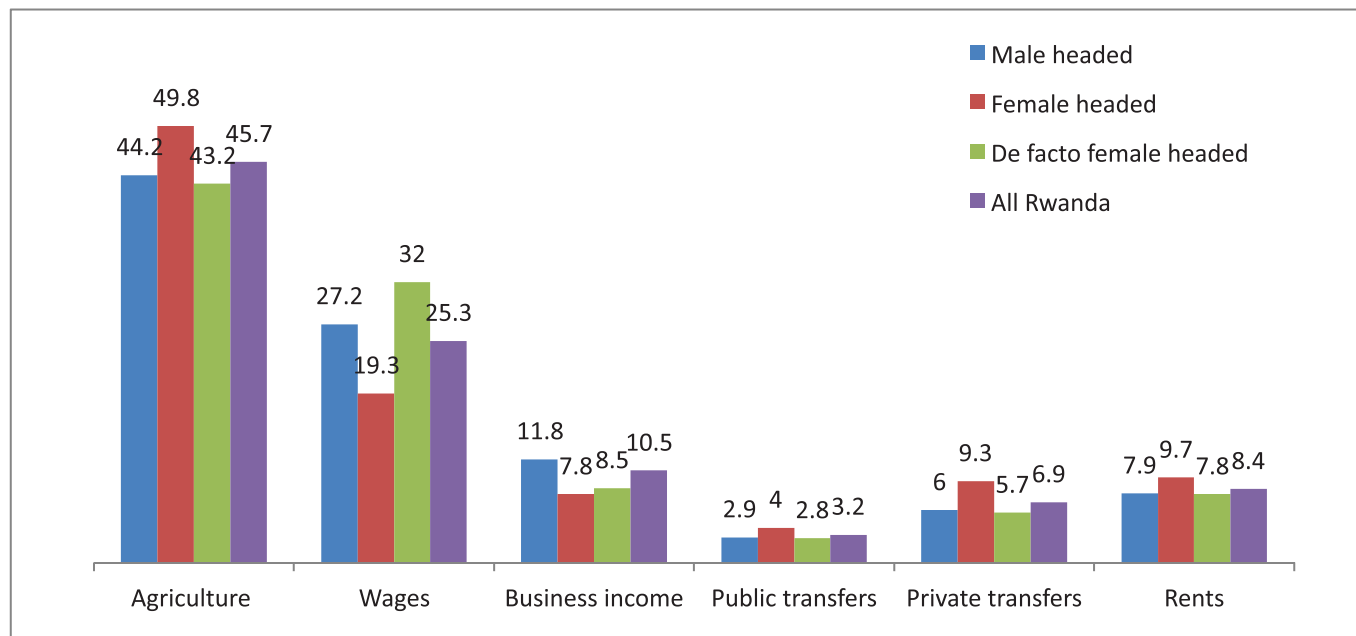


Source: FinScope Report, 2012

Figure 24 shows that, in line with the economic activity observed at household level, female-headed households derive a higher share of their income from agriculture than male-headed households and derive a lower share of their income from wages or business activities. Female-headed households rely more on public and private transfers when compared to male headed households. Such transfers constitute on average 12percent of the income for female-headed households, but only 9percent for male-headed households.



Figure 24: Percentage of household income derived from various sources, by sex of head of Household



Note: Rents include revenue from lending out land and sharecropping, minus expenses.

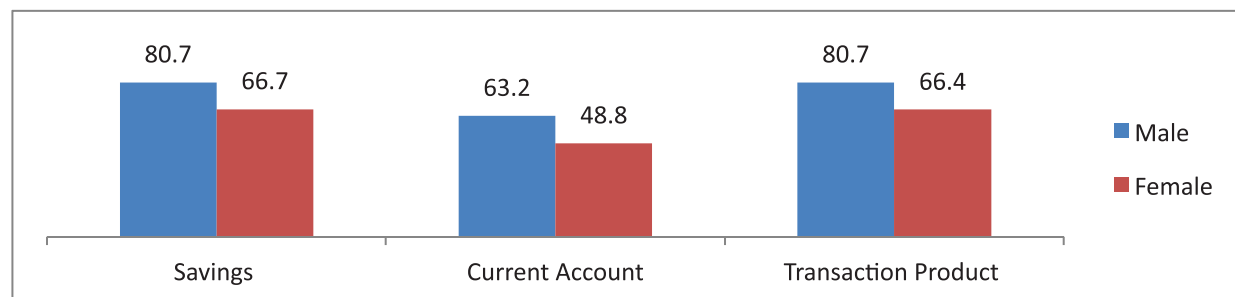
Source: EICV 3 Thematic Report on Gender, 2012

12.3. Products Used by the Banked Population by Sex

The main reason given by the banked for opening an account, as we have already indicated is for savings. Nearly 81percent of male bank customers, as shown by figure 26, have a savings account compared to 67percent of female, while 63percent of male bank customers have a current account compared to less than a half (48.8percent) of female customers. Almost 81percent of male customers use the transaction product compared to 66percent of female customers.



Figure 25: Usage of Services and Products by Sex of Bank Customers



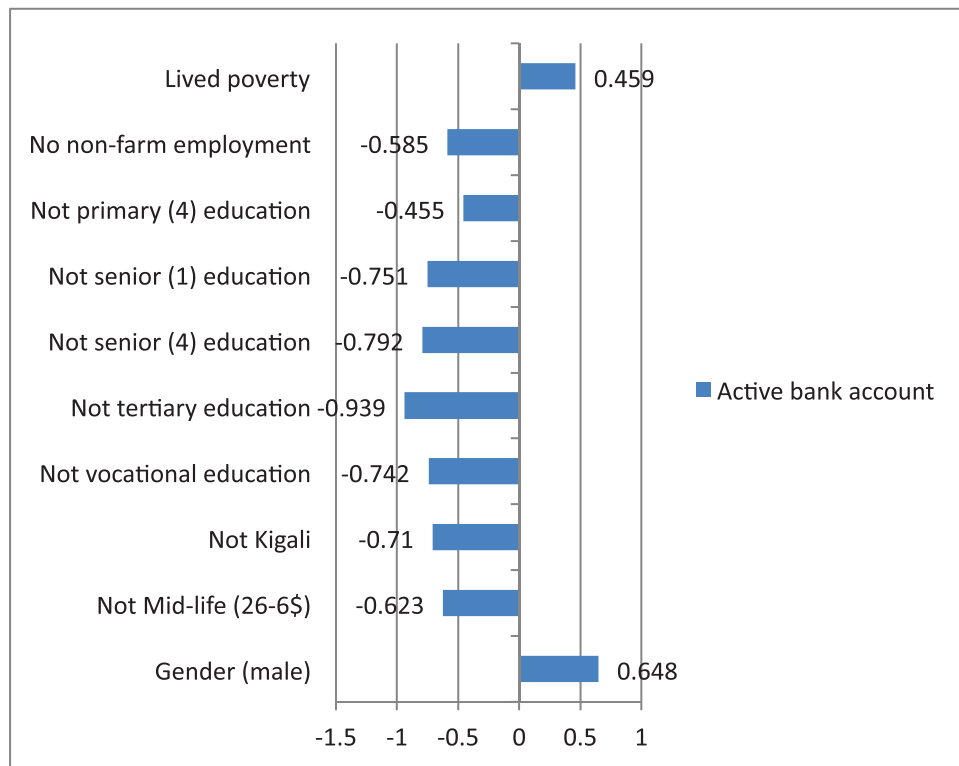
Source: FinScope Report, 2012

12.4. Drivers of Having an Active Bank Account

Logistic regression enables us to consider which are the most important drivers of active use of a bank savings and /or current account, controlling for all the other factors in the regression model, and enable us to provide odds ratios.

Figure 26 show that men are more likely to have active bank accounts (.65) than their female counterparts. Education shows the usual gradient –the higher the final level of education, the more likely people are to have a bank account that is active, and poverty is a negative factor (0.46). People with non-farm employment are more likely to have bank accounts of which they actually make use (0.59), and those outside Kigali are less likely to do so (0.71). The regression explains 33percent of the variance, and adding the attitudinal variable ‘trust in banks’ raises the proportion of variance explained to 37percent. Adding a variable measuring whether informants have another formal provision in addition to the bank raises the proportion explained again, a little, to 0.38, and shows as a substantial explanatory variable, leaching variance across the board.

Figure 26: Predicting Who Uses their Bank Account (Savings and/or Current Account)



Source: FinScope Report, 2012

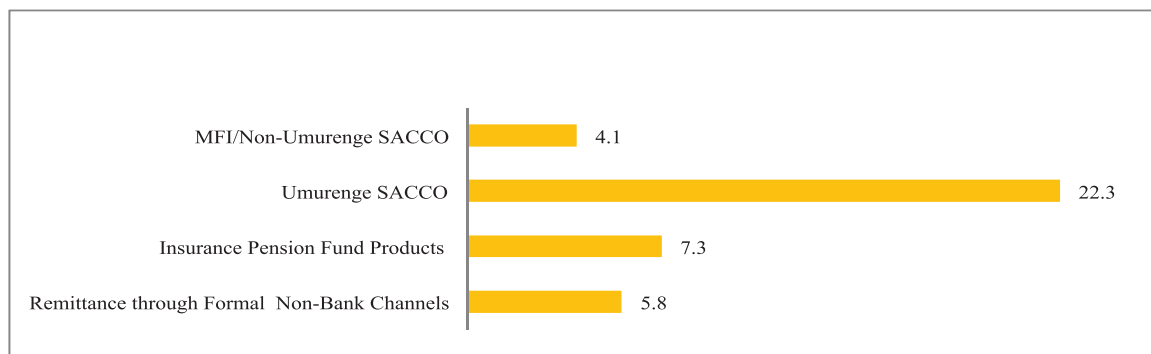
This analysis shows that those who are most likely to use their accounts actively are those that conform the characteristics of the averaged banked customer. It therefore supports the conclusion that the main reason for non-use of a bank savings and /or current account is that it does not meet the needs of the account holder for financial products.



13. Use of Financial Products and Services: Non-Banked Formal

Figure 27 shows the products used by non-banked formally served adults. Just over 22 percent are members of an Umurenge SACCO, 4 percent are members of an MFI/SACCO other than an Umurenge SACCO, 7 percent have insurance and /or a retirement pension plan and 5.8 percent use a formal non-bank remittance service. In total, 17.4 percent of adults use a non-bank formal product and/or service.

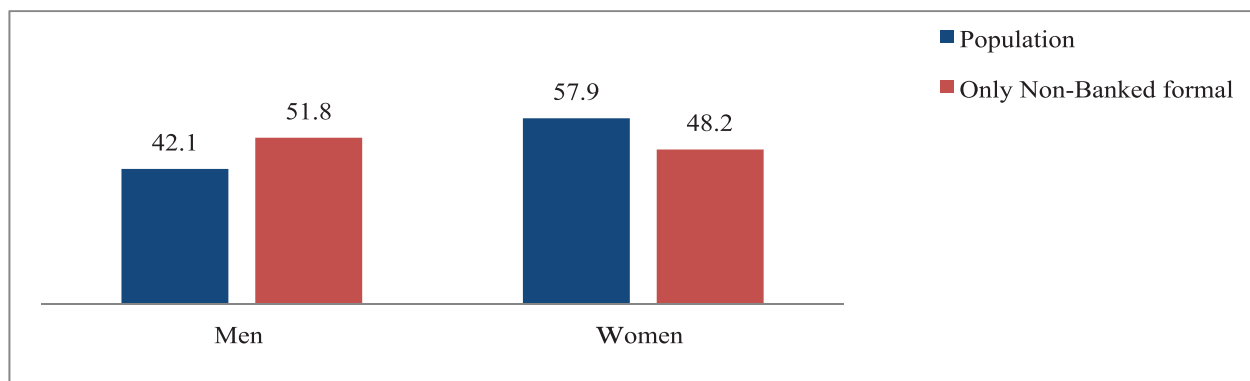
Figure 27: Non-Formal Products and Service Strand in 2012



Source: FinScope Report, 2012

Figure 28 shows that a majority of those formally served through the use of non-bank formal products and services are men, 52 percent, although men only constitute 42 percent of the adult population. This means that men are over-represented as users of non-bank formal products and services compared to their female counterparts.

Figure 28: Non-Banked Formally Served by Sex



Source: FinScope Report, 2012

14. The Informally Included

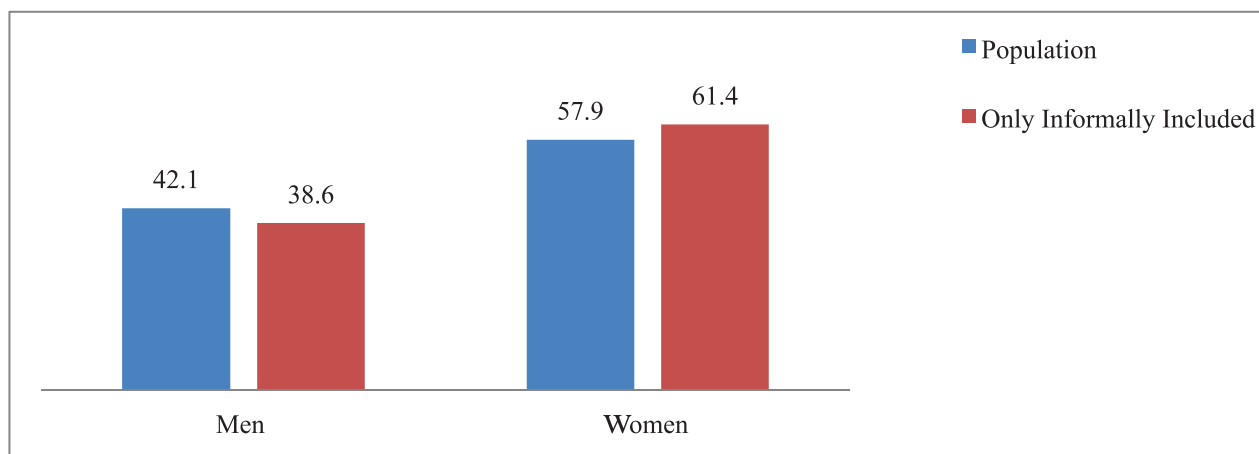
14.1. The Adult Population that are Informally Included

Thirty percent of the population is only informally served - that is they do not use any formal financial products or services but use informal ones such as having membership of a savings and loans club or borrowing from a money lender in the community or getting goods in advance of payment from a shop.

14.2 Characteristics of the Informally Served by Sex

Sixty-onepercent of the informally included/served are women and they are over-represented compared to the proportion of women in the adult population - again a very different picture from the formally served, where men are much more likely to be served than women (figure 29).

Figure 29: Informally Included by Sex



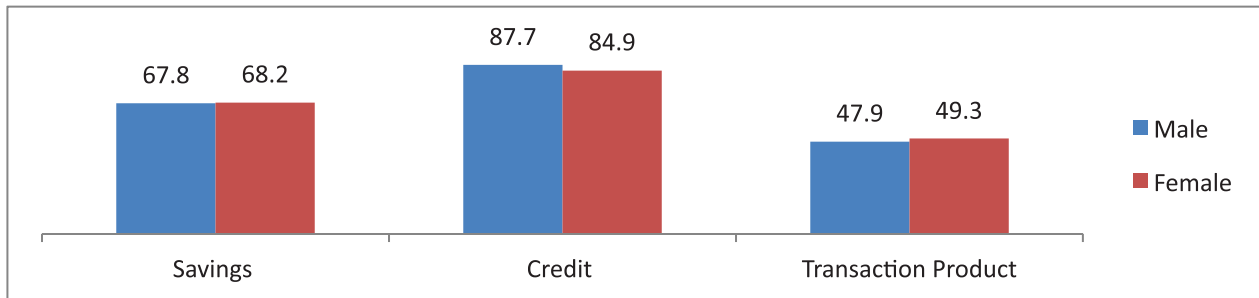
Source: FinScope Report, 2012



14.3 Products Used by the Informally Included

Figure 30 enable us to see what services and products are used by male and female informally included. The first thing to note is the high use of credit by the informally included; both are more likely to use credit than to save or use transaction products. The gap between male and female informally included in using products and services of saving, credit and transaction is narrow.

Figure 30: Products and Services Used by the Informally Included

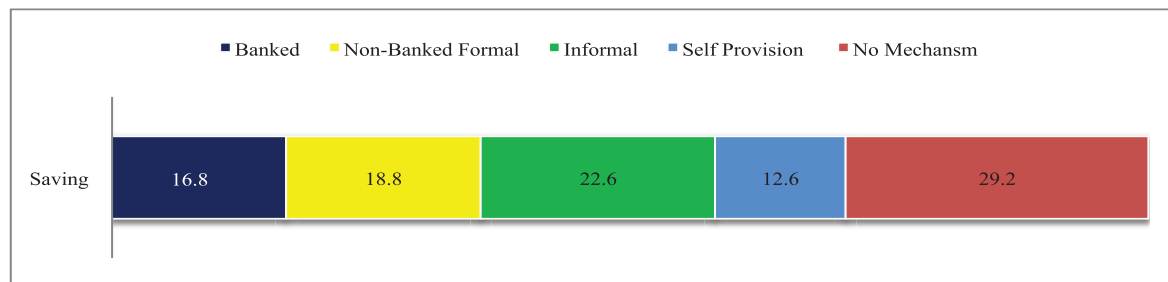


Source: FinScope Report, 2012

15. The Savings Strand

Seventy-one percent of the population save using a formal or informal product. Seventeen percent save at a bank, 19 percent with a non-bank formal service provider and 23 percent using an informal mechanism. In addition, 13 percent of the population use their own savings mechanisms (figure 31).

Figure 31: Where People Save in 2012



Source: FinScope Report, 2012

Figure 32 shows that men are much more likely to use formal savings products than women. Forty-five percent of men are formally served compared with 29 percent of women. Women are marginally more likely than men to use informal products but 47 percent of women are financially excluded compared to 34 percent of men.

Figure 32: Savings Strand by Sex



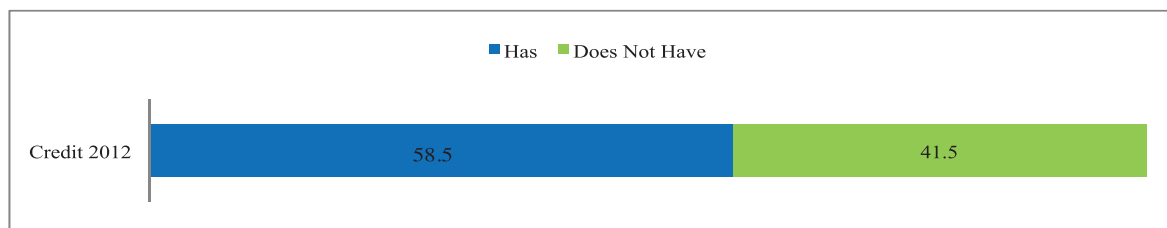
Source: FinScope Report, 2012



16. The Credit Strand

In 2012, 58.5 percent of adults reported that they had borrowed money in the six months preceding the survey, with 52 percent having borrowed from formal or informal source and 6.5 percent having used self-provisioning mechanisms. This represents a significant increase from 2008, when only 27 percent of adults reported having borrowed money (figure 33).

Figure 33: Credit in the Last Six Months 2012 - Formal and Informal

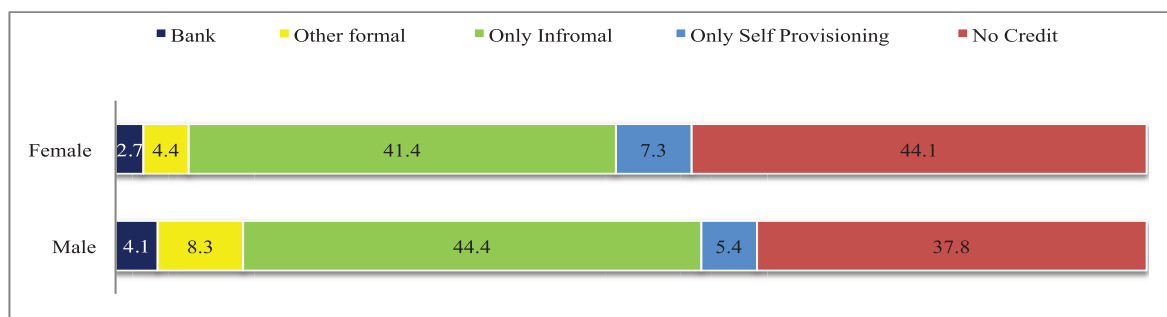


Source: FinScope Report, 2012

16.1. Credit Strand by Sex

Men are more likely than women to have had credit in a six months period preceding the survey than women and are much more likely than women to have had formal credit (figure 34).

Figure 34: Credit Strand by Sex



Source: FinScope Report, 2012

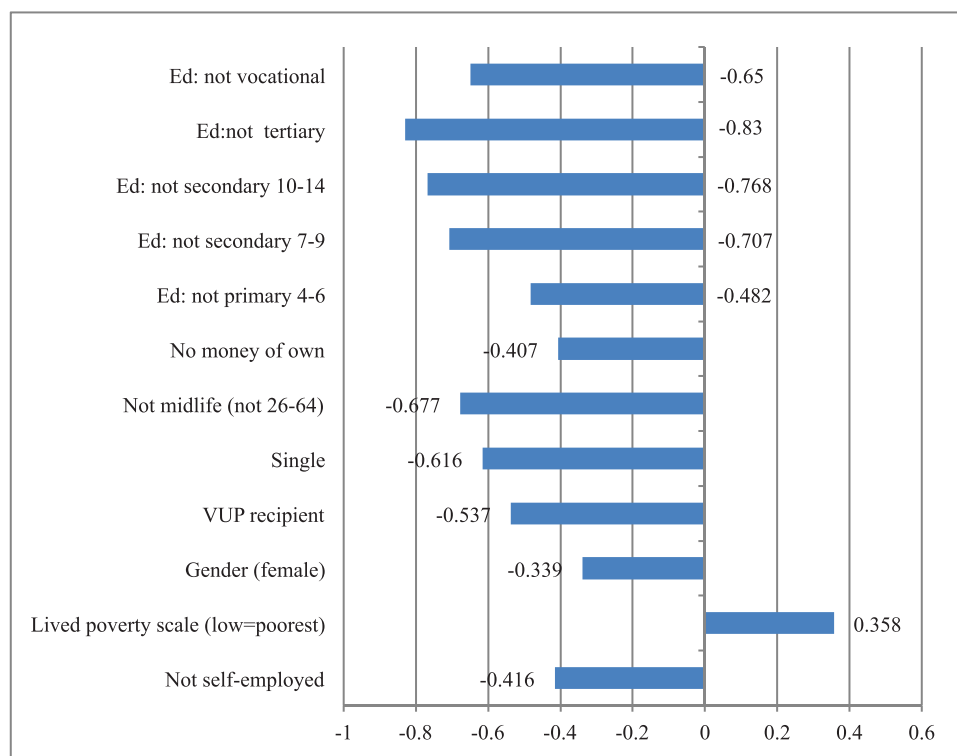
16.2 Drivers of Formal Credit

The regression model explains 18 percent of the variance, which is a respectable amount given that the split on the dependent variable is very extreme – only 9 percent of the sample has formal credit. Women are 34percent less likely to have formal credit than men. Education is again the most noticeable driver, with a progressive increase for each step up the educational ladder from primary year 4; those who have tertiary education are over 80 percent more likely to have credit from a formal institution than the rest of the sample. Age is another important variable; being in midlife increases the likelihood by 67 percent (Figure 35).

Other variables showing a significant effect on the likelihood of formal saving are having money of one's own (41percent), marital status (not being single – 61percent), not being a VUP recipient (54percent), poverty (36percent) and being self-employed (42percent). Distance from bank or SACCO did not emerge as a significant driver.

The two 'trust' variables – trust in banks and trust in SACCOS – both have a significant effect (banks 64percent and SACCOS 69percent), but the amount of variance explained does not change.

Figure 35: Drivers of Formal Credit



Source: FinScope Report, 2012



17. Umurenge SACCOs

17.1 The Impact of Umurenge SACCOs

Umurenge SACCOs have undoubtedly been the success story of the last four years in terms of increasing financial inclusion. Over a fifth of Rwandans have joined one since they were founded, with 30 percent of them having joined since July 2011 alone. The main motivation for joining an Umurenge SACCO is to save, given by 51 percent; other noticeable reasons are being made to, given as the main reason by 26 percent, and to get credit, given as the main reason by 14 percent. In the FGDs respondents said that local leaders had sometimes required people to join so that once they became members they would understand the benefits. Others said that, had been made to join when they did public works. Those who receive cash transfers through the VUP social protection programme are also expected to open an account with an Umurenge SACCO if they do not already have a formal account to receive payments.

Sixteen percent of Rwandan adults have become formally included through joining an Umurenge SACCO and over half of these moved from financial exclusion to financial inclusion. Only 5.5 percent of members said that the Umurenge SACCO did not meet their needs, with access being the main concern, given as the main reason by 53.6 percent of users. The importance of Umurenge SACCOs and the ways in which they meet some adults Rwandans' needs for financial services and products came across clearly in the FGDs but it was evident that they do not meet the needs of all adults. The better off, tend to use banks and the poor cannot afford the minimum deposit required to open an account and in any case would probably not be able to afford to save enough to make operating an account worthwhile. (*FinScope Report, 2012*).

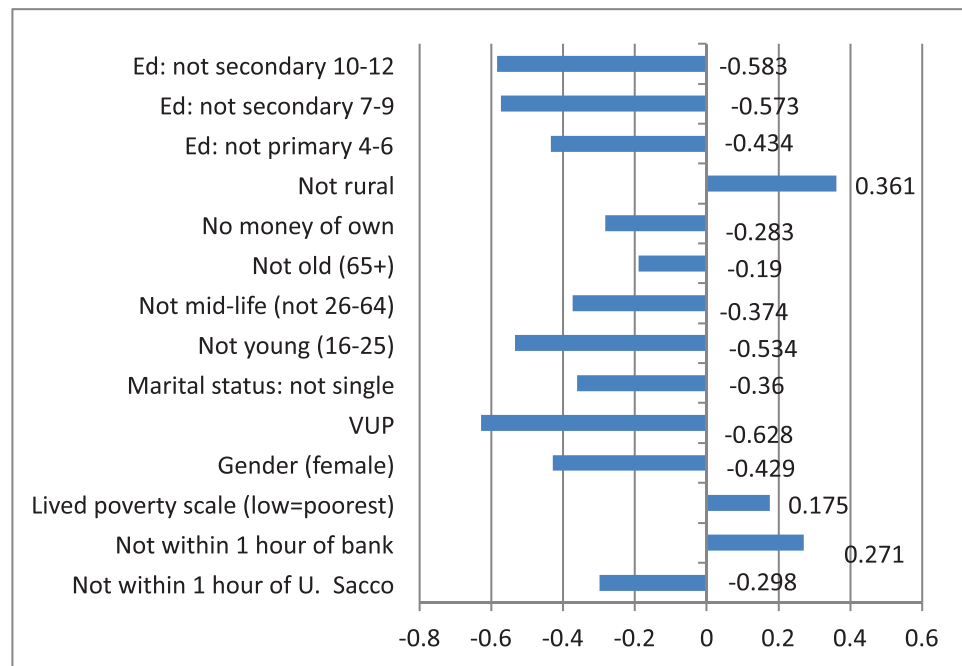
17.2 Drivers of Umurenge SACCO Membership

17.2.1 Umurenge SACCO versus all others Financial institutions in sample

This regression explains only 12 percent of the variance, which is statistically significant but not very interesting. Figure 36 shows that males are 43percent more likely to be in an Umurenge SACCO than females. Age and education are again among the main determinants, along with being in receipt of VUP benefits in cash or work opportunities (63percent less likely), but age is not as influential as in other regressions. Other variables that show a relationship are marital status, *not* being single (36percent), having money of one's own (28percent) and of course poverty (17percent). *Not* being in a rural area is a positive predictor of membership (36percent), as is being relatively near to a Sacco (30percent); being relatively near to a bank is a negative predictor of SACCO membership (27percent). Being self-employed did not reach significance but came close to it. Having non-farm waged/salaried employment was not significant for this regression. When the two attitudinal variables were added to the equation, extent of trust in Umurenge SACCOS showed a weak effect (30percent), but the relationship with trust in bank was not significant. Adding them did not noticeably improve the amount of variance explained.

The variables included in the equation which did not reach statistical significance were being married (but not being single showed a significant relationship), and rural or urban location (whose variance is probably explained by the poverty scale and the likelihood of having a non-farm waged employment).

Figure 36: Driver of Umurenge SACCO Membership



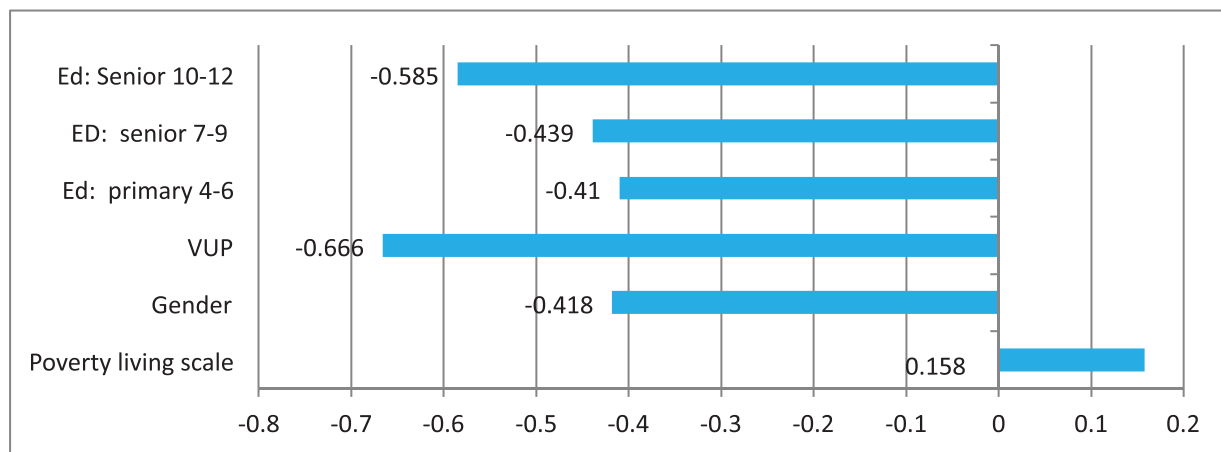
Source: FinScope Report, 2012

17.2.2 Umurenge SACCO versus Informally Served

Who has an account with an Umurenge SACCO as opposed to just informal arrangements is relatively unpredictable; the R^2 from the regression is around 0.09 and figure 35 shows that only six significant predictors emerge— three aspects of education, plus *not* being a VUP recipient (67percent), being male (43percent) and being in poverty (16percent). Age and having one's own money were significantly related but not at $p < .001$, and distance from bank and SACCO and having non-farm waged/salaried employment came somewhere close to being significant (figure 37). The attitudinal variable of trusting SACCOs is significantly related but adds nothing much to the overall prediction.



Figure 37: Drivers of Umurenge SACCO Membership v informally Served



Source: FinScope Report, 2012

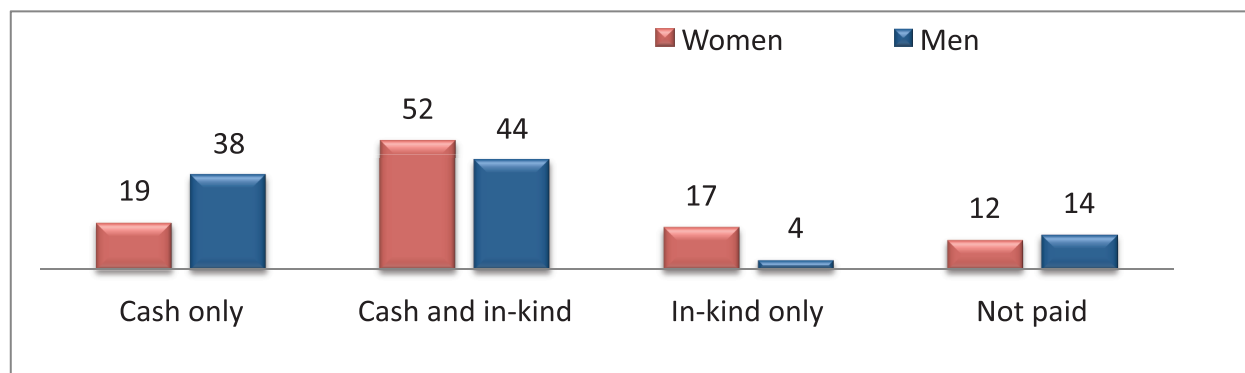
18. Financial Capability

Rwanda is predominantly a cash economy with over 90 percent of payments being received in cash. Not surprisingly, virtually all adults pay for goods and services in cash, with over ninety percent paying for food (95.6percent), for clothes (99.6percent) and/or for larger goods and appliances (99.4percent) in cash. It is also interesting to note that the proportions saying they pay in cash has increased somewhat since 2008, when 90 percent said they paid for food in cash, 88 percent for larger appliances and 98 percent for clothing. Credits cards are virtually unknown and only 2 percent of adults have a bank debit card. Just over two-thirds of Rwandans adults save, 58.5 percent have credit and 7.3 percent have insurance and/or a retirement pension plan. Whilst just over a third (35.6percent) of adults have formal savings products, less than 10 percent (9.3percent) have a formal credit product and 43 percent rely on informal credit mechanisms or borrowing from family and friends (FinScope Report, 2012)

18.1. Types of Payment Received by Sex

Dimensions of women's empowerment include women's ability to generate income for the household and participation in decision making regarding how to spend the household earnings. Figure 38 shows that women are more likely than men to be paid in-kind whereas men are more likely to be paid in cash. Among currently married women age 15-49 with earnings, only one third of women at least earn as much as their husband.

Figure 38: Percent distribution of currently married employed women and men age 15-49 by payment type



Source: DHS 2010

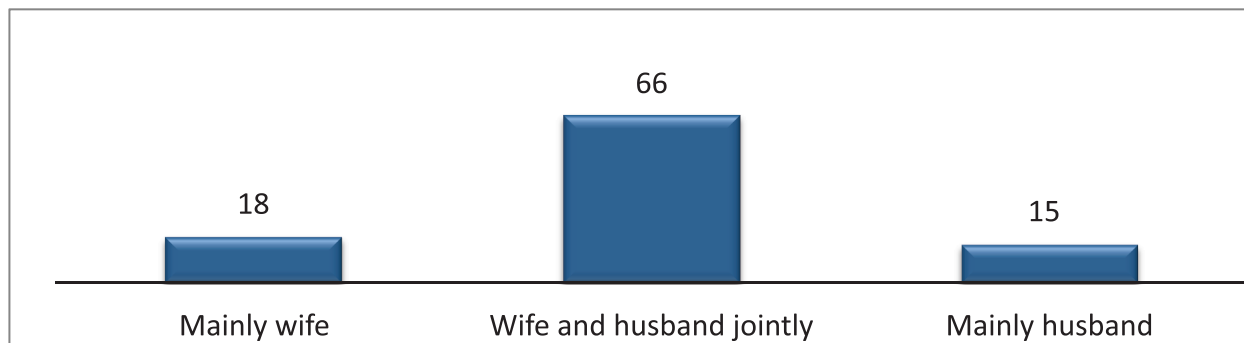


18.2 Financial Decision Making in the Household

18.2.1 Control Over Women's Earnings

Who makes financial decisions at household level is an important aspect of money management. For those women who earn income for the household, the next dimension of financial empowerment is to see whether or not if she has any control in how her own earnings are used. Here under, figure 39 shows that for the majority of women – 84percent of women decide jointly or on their own. Conversely there are 15percent of women who have no say in how her own earnings are used. Women are more likely to say they make financial decisions alone than men and this is because of the high proportion of women who are divorced (5.5percent compared to 1.6percent of men) and widowed, 5.4percent percent of women compared to 0.4 percent of men.

Figure 39: Percent distribution of married women 15-49 with cash earnings by person who decides how their earnings are used

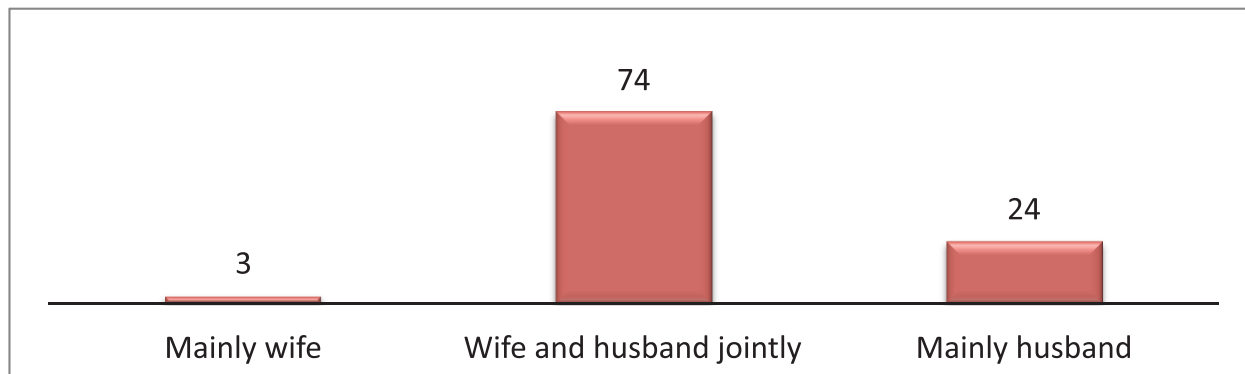


Source: DHS 2010

18.2.2 Control Over Men's Earnings

Usually men bring more substantial earnings to the household. The Rwanda Demographic and Health Survey (RDHS 2010) asked both women and men who is involved in deciding how to spend the men's earnings. Majority of men report that the wife and husband jointly decide (Figure 40).

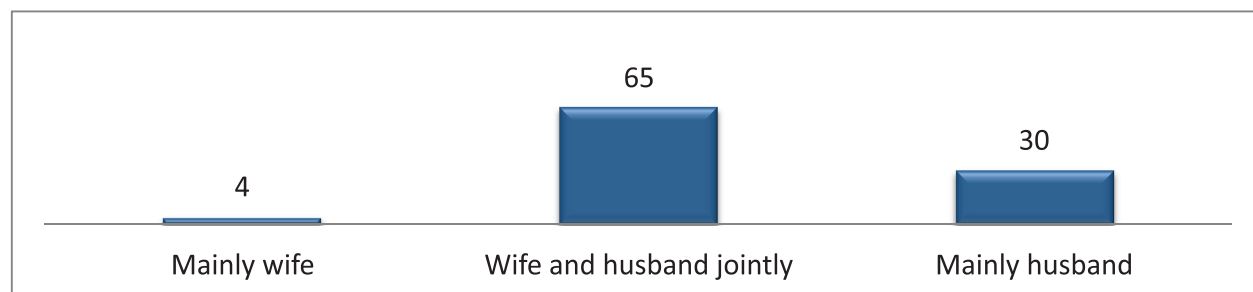
Figure 40: Percent distribution of currently married men age 15-49 by decision maker regarding the use of the husband's earnings



Source: DHS 2010

Majority of married women also say that they decide jointly on how to use the husband's earnings. However, the interesting to note is that 30percent of women report that they have no say (Figures 41).

Figure 41: Percent distribution of currently married women age 15-49 by decision maker regarding the use of the husband's earnings



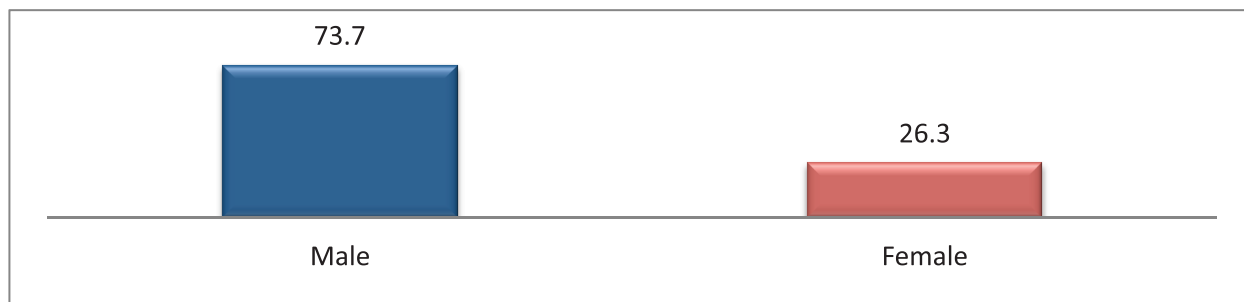
Source: DHS 2010



19. Manager of Establishment by Sex

Figure 42 shows that in Rwanda females are managers of about 26.3percent of all establishments/enterprises compared to a big proportion of 73.7percent of males.

Figure 42: Percentage Distribution of Operating Establishments by Sex of Manager



Source: Establishment Census report, 2011

As shown by the figure 43, at the national level females owner of sole proprietorship establishments are 26.8percent compared to 73.2percent for males.

Figure 43: Percentage Distribution of Operating Sole Proprietorship Establishments by Sex of Owner



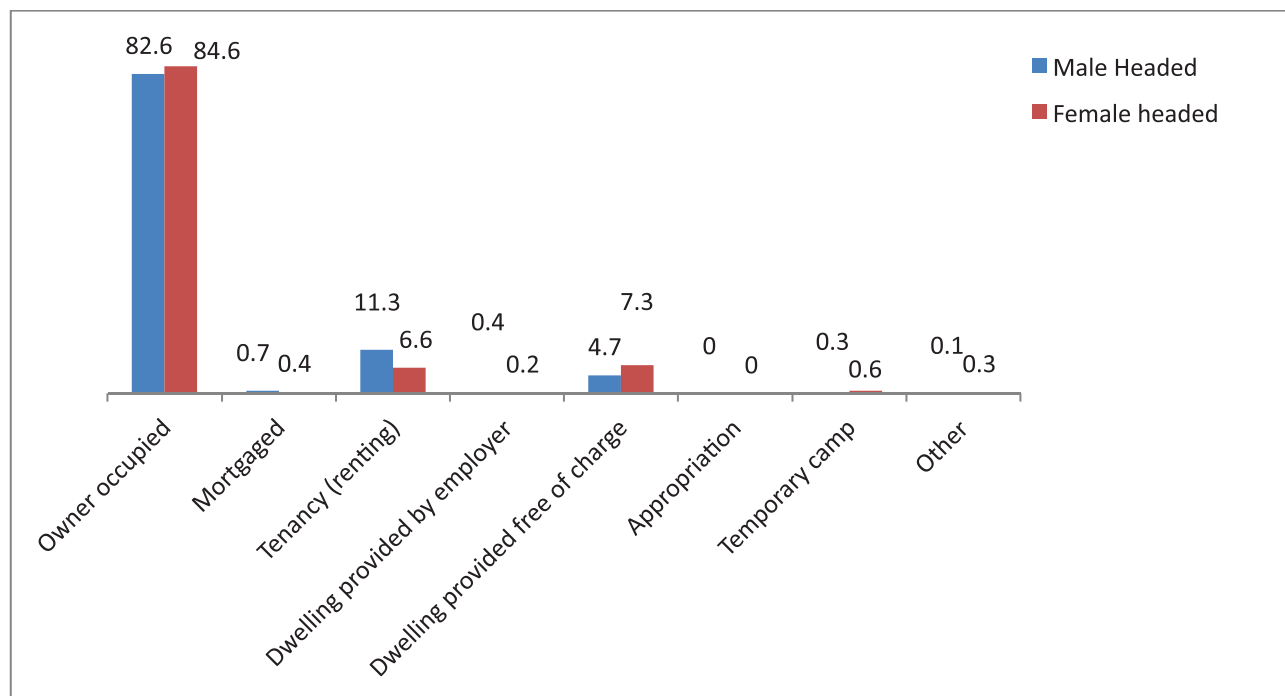
Source: Establishment Census report, 2011

20. Ownership of Assets

20.1 Housing

The possession of housing is one of the most used loan collateral in financial institutions. The pattern of home ownership is similar for males and females, with female-headed households more likely to be provided with a home free of charge than male headed households (figure 44).

Figure 44: Current occupancy status by Sex of Head of household



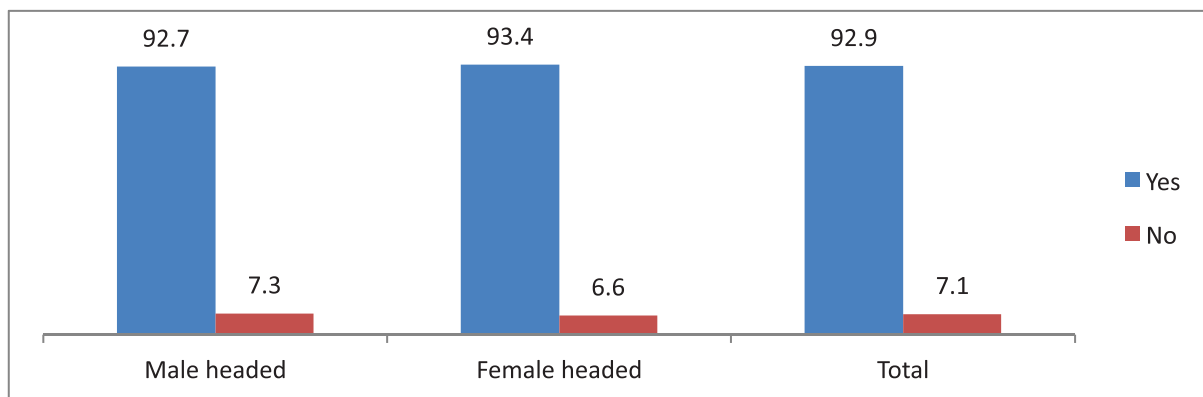
Source: EICV 3 Thematic report on Gender



20.2 Agricultural land ownership

The ownership of land is also another asset used as collateral or guarantee to access credit in financial institutions. Figure 45 shows that land ownership is as common among male- as female-headed households (93percent).

Figure 45: Percentage of Head of Households or any member of household currently owning farm land, by sex of household head



Note: De facto female heads combined with female heads.

Source: EICV3 Thematic report on Gender

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