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Country Survey Rwanda: Gender Differences in the Usage of Formal Financial Services

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Abbreviations

BMZ	Federal Ministry for Economic Cooperation and Development
BPR	Banque Populaire de Rwanda
CEDAW	Committee on the Elimination of Discrimination Against Women
EAC	East Africa Community
EDPRS	Economic Development and Poverty Reduction Strategy
FHH	Female-Headed Households
FI	Financial Institution
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
MDIs	Microfinance Deposit-taking Institutions
MdS	Mutuelle de Santé
MFW4A	Making Finance Work for Africa
NPL	Non-performing Loans
SACCOs	Savings and Credit Cooperatives
VSL	Village Savings and Loans

I. Executive Summary

This study is part of a series on gender finance in Sub-Saharan Africa, conducted by GIZ and Making Finance Work for Africa (MFW4A). The study aims to explain the reasons for differences in the usage of financial products in Rwanda, in order to inform policy makers and stakeholders about such reasons and to support them with practical recommendations for gender sensitive financial sector development interventions. The full set of countries under this study comprises Botswana, Malawi, Namibia, Rwanda, Uganda and Zambia.

The Rwanda Country Report focuses on the analysis of the use of formal financial services (credit, savings, and insurance products). The primary data sources for the report were the 2008 Finscope survey in Rwanda, and the GIZ/MFW4A 2011 study 'Gender differences in the usage of formal finance in six Sub-Saharan countries'[1], which provides a gender-disaggregated analysis of the Finscope data. This assessment was conducted through a small number of interviews with individuals in both urban and rural areas,[2] and in consultations with key stakeholders such as women's associations, business associations, and financial institutions (FIs).

This study reviews how and why women and men are using credit, savings, and insurance products in order to explain gender differences in the usage of formal finance. This assessment was conducted through extensive interviews in urban and rural areas, and in consultations with key stakeholders such as women's and business associations, and financial institutions. The information collected through focus groups and individual interviews has been complemented with a review of the investment climate, financial sector, as well as gender roles in society.

Despite its limited size, our sample of interviewees was very diverse, by including women and men from different employment and education backgrounds both in urban and rural areas. As a result, a variety of financial behaviors were identified. Overall, our key findings were the following:

1. Most women and men interviewed indicated that they do not see any considerable difference between men and women per se in their ease of accessing credit and usage of it. The level of income is what would make a real difference, not the gender of the applicant. A common view was that things have changed considerably after the war as the government has been a great promoter of gender-sensitive campaigns and has supported a stronger economic role for women. Some men felt that because of this government support it is now easier for women than for men to borrow from financial institutions;

2. A common view held by our interviewees was that women tend to be more conscientious and responsible in spending and saving money, but men might be able to save more in the end as they tend to earn higher incomes. The level of income would also often determine where to save, so that those who earn more would prefer saving at a larger (usually foreign-owned) commercial bank as opposed to Banque Populaire, which – as the names implies – is seen as the people's bank. Several women indicated that their income did not allow them to save much and that the amount they could save was too little to justify a trip to the bank.

3. The simpler and easier requirements to apply for a loan at a microfinance institution (MFI) compared to a commercial bank, can make it more attractive. The reasons indicated for transacting with an MFI rather than a commercial bank were: 1) bank loans are perceived as being more costly than microfinance loans; 2) banks don't work much with low-income farmers and traders; 3) it is easier to start small with an MFI and grow overtime.

1 GIZ/MFW4A. 2011, published under *http://www.mfw4a.org/documents-details/giz-bmz-2012-gender-differences-in-the-usage-of-formal-finance-in-rwanda.html?dl=1.*

2 A total of 55 individuals were interviewed in Rwanda.

The report is structured into four main parts. Firstly, we present the research approach and methodology used to carry out this study. Secondly, we provide background information on Rwanda's investment climate, women's role in society and the economy, as well as on its financial sector and mobile banking landscape. This was primarily based on an extensive literature review. Thirdly, we discuss our research findings by presenting the profile of men and women interviewed as well as the specific findings related to their usage of credit, savings, and insurance products. Lastly, we propose our recommendations to policy makers and development partners to address identified gaps and challenges in women's usage of finance. The goal is to help meet women's financial needs and support them in reaching their full economic potential.

The key policy recommendations are the following:

1. Support improved market intelligence

The collection of sex-disaggregated data from specific financial institutions as well as overall data on women's access to finance markets is crucial to gain a sound understanding of the sector at the national level and guide stakeholders' interventions.

2. Promote the development of better savings products

It is recommended that policy makers and financial institutions possibly in cooperation with development partners, carry out more research to investigate what savings products would meet women's needs. Products currently on offer do not seem attractive to either women or men.

3. Encourage Financial Institutions' gender-sensitive initiatives, including the creation of dedicated spaces for women clients

It is recommended that policy makers and development partners encourage their partner financial institutions to adopt a gender-sensitive approach to improve their services to women clients. The experience of Banque Populaire has demonstrated that women are very responsive to targeted, women-focused initiatives and appreciate having dedicated spaces where to conduct their financial transactions. This is an important lesson learned that could be replicated in other financial institutions, either through dedicated branches or simply through the use of women's windows in regular branches, as BPR is also considering.

4. Promote the regular provision of gender-sensitive capacity building for women clients

It is recommended that policy makers and development partners promote and support efforts by financial institutions to increase outreach to women through targeted capacity building initiatives. The provision of regular financial training and business development services to women clients has the potential to improve their familiarity with financial services offered and make them more *bankable*. This could also be extended to potential clients as a business development initiative.

5. Explore promoting financial literacy courses for girls and young women

Another area to explore would be the provision of financial literacy courses for girls and young women. As about 74 percent of young women and girls work in Rwanda, it is important that they are equipped with proper financial management tools to run their economic activities.

II. Research Approach

The assignment and field research used **individual and focus group interviews** as the main instrument to explore reasons for the results of the Finscope gender analysis. The research focused on the use of formal credit, savings, and insurance. The fieldwork was preceded and complemented by a comprehensive literature review of the gender finance landscape in Rwanda, which included an analysis of the investment climate, the financial sector, as well as gender roles within society and in the economic context. Our objective was to gain a deeper understanding of the roles men and women play in the economy, as well as in urban and rural households, and to gather all available information that might influence the use of financial services in the focus countries.

The following main themes have been explored through individual and focus group interviews:

1. **Access & Usage:** Are women and men accessing credit, savings, and insurance services?

2. **Priorities:** How are women and men using their loans and savings they have accessed?

3. **Decision-making:** How do women and men make decisions about the use of their loans and savings?

4. **Benefits, Challenges and Barriers:** What have been the benefits and challenges of accessing credit and savings services? What prompted the choice between borrowing/saving formally or informally?

5. **Gender differences:** Do men and women access and use financial services at different levels and for different purposes?

Special attention was paid to investigating and probing those specific issues arising from the study *Gender differences in the usage of formal finance in Sub-Saharan countries* (GIZ/MFW4 2011), for which no plausible explanation could be found in available secondary data and literature, i.e. why women were approximately as likely to use credit and insurance as men, but much less likely to use savings.[3] Other databases and research efforts, such as the World Bank's 2011 Financial Index (Findex)[4], have reached very similar conclusions as the Finscope survey. Specifically, Findex Rwanda reports no remarkable gender gap in the usage of credit and insurance services. In contrast, women are approximately ten percentage points less likely than men to use formal savings products.

The field research was carried out over a one-week period. To reach out to a larger number of beneficiaries in a cost- and time-efficient manner, we leveraged on women's associations and financial institutions to contact interviewees. Specifically, the microfinance institution Duterimbere facilitated interviews with some of their clients in rural areas, and a financial literacy training sponsored by the British government offered the opportunity to interview several participants. Additionally, we conducted random interviews in shopping malls and shopping areas to diversify our sample. In total, we conducted 55 interviews, of which 56 percent were in Kigali and 44 percent in rural areas. The experiences of two women have been selected as case studies. A detailed profile of interviewees is provided in *section IV*.

Including men in our interviews was important as it offered a different point of view on the reasons for identified gender differences in the use of formal finance. However, their share out of the total sample of interviewees was purposely limited (it

3 The GIZ/MFW4A 2011 study includes the following formal financial services: Overdraft facilities; Credit Card (Credit); Bank account; Savings book at bank; Savings account at bank; ATM card; Debit card; Cheque card; Current or cheque account; Foreign bank account (Savings); Medical insurance; Third party insurance; Household insurance; Life insurance; Pension fund (Insurance).

4 The World Bank's Global Financial Inclusion Database (Findex) provides 506 country-level indicators of financial inclusion summarized for all adults and disaggregated by key demographic characteristics—gender, age, education, income, and rural or urban residence. Covering 148 economies, the indicators of financial inclusion measure how people save, borrow, make payments and manage risk.

accounts for a third of total interviews) to be able to focus more in-depth on the analysis of women's financial behavior, which is the main objective of this report in line with our goal to inform policy makers on how and why women are using specific formal financial services.

It is to note that while this study attempts to explain the reasons for gender differences identified by the 2008 Rwanda Finscope surveys, resource constraints enabled us to interview only a very small sample in a restricted geographical area whereas Finscope interviewed a large number of individuals across the national territory. Indeed, as this study covers six countries, only one week of field visits was allocated for each of them. In this context, our findings provide some anecdotal evidence of how women and men are using financial services but cannot be considered conclusive to draw general and definitive patterns about the population's financial behavior. Similarly, as different groups of people (salaried workers; self-employed; unemployed; rural; urban; married; single; educated; uneducated; etc.) use finance differently, our findings vary substantially across the spectrum of interviewees. For this reason, our analysis of women's financial behavior does not provide findings valid for the overall sample, but rather insights on each specific sub-group.

The primary and secondary research was complemented with information collected through consultations with key stakeholders, such as the Rwanda Chamber of Women Entrepreneurs, the national insurers' association, the Ministry of Gender, the microfinance institution Duterimbere Asbl, and Banque Populaire du Rwanda. These consultations provided better and deeper understanding of the cultural, legal, and economic environments that might be affecting women's financial behavior as well as attitudes towards financial services. Their points of view have also provided useful insights to complement information collected through interviews.

III. The Country Context

A. Investment Climate & Legal Environment

Rwanda has made significant strides in improving competitiveness via private sector reforms that have acted as a catalyst for investment. Indeed, structural reforms have contributed to Rwanda's 45th ranking in the Ease of Doing Business category. Individual categories within this index, like Starting a Business (ranked 8th globally), Obtaining Credit (8th globally), and Protecting Investors (29th globally), have remained bright spots. Compared to the Sub-Saharan Africa average of 137, Rwanda is by most measures a diamond in the rough.

Rwanda has made starting a business easier over the past three years by: i) reducing business registration fees; ii) eliminating a notarization requirement for business startups; iii) introducing standardized memorandums of association; iv) enabling online publication; and v) shortening the time required to process completed applications. Additionally, getting credit has become easier and is accompanied by strengthening legal rights for both lenders and borrowers. As an example, Rwanda recently enhanced access to credit by allowing borrowers the right to inspect their individual credit reports and mandating that loans of all sizes be reported to the central bank's public credit registry.[5] A new Secured Transactions Act and Insolvency Act in 2010 made secured lending more flexible, allowing a wider range of assets to be used as collateral. Most recently in 2012, the credit information system has been improved with the collection and distribution of information from utility companies by a private credit bureau.

Land rights have become progressively equitable between men and women. A 2005 Organic Land Law formally abolished customary law where it governed land rights. Yet while many strides have been made particularly in land and inheritance rights, laws are applicable only to registered marriages. Given that most marriages are not registered, those rights are limited in practice.[6]

B. Women's Role in Society & Economy

The population of Rwanda has grown from 9.5 million people in 2005/06 to an estimated 10.8 million in 2010/11. Women constitute about 53 percent of the population.[7]

Rwanda's economy is reliant on agricultural output, though robust growth in the services and industrial sectors have contributed to 8 percent growth in 2011. Rwanda remains a starlet in the East African Community (EAC) due to national agriculture programs aimed at improving productivity, price appreciation in Rwanda's mineral exports, a vibrant tourism industry, and a flow of donor funds that have enabled the government to increase public spending.[8] However, high aid dependency leaves Rwanda's external position vulnerable to shocks in foreign aid inflows. The country also remains vulnerable to spikes in commodity prices.

Rwanda has made tremendous progress in transitioning from a post-conflict reconstruction country to sustained economic growth and social development. The main achievements include: (i) reduction of poverty among Female-Headed Households (FHH) from 66.3 percent in 2001 to 60.2 percent in 2006 (although still higher than the national rate of 56.9 percent); (ii) achievement of gender parity in primary education; (iii) gender equality in partici-

5 IFC/World Bank, 2012

6 Chronic Poverty Research Center, 2011

7 National Institute of Statistics of Rwanda, 2011

8 World Bank, 2011a

pation in policy making (56 percent share of women's representation in parliament); (iv) reforms in policy and legal frameworks aimed at promoting women's economic well-being;[9] and (v) establishment of institutional structures to promote gender equality and empowerment of women, such as the creation of The Ministry for Family Promotion and Gender under the Prime Minister's Office and the appointment of gender focal points within the sectoral ministries and key government institutions.[10]

Rwanda's post-conflict legal framework and inclusion of women early on, has borne some remarkable accomplishments. Most notably, in 2008, with equal rights to vote and stand for election, Rwanda became the first nation in history to have more women members in a national parliament than men. In September of 2008, the country elected 45 women into the 80-seat Chamber of Deputies, a percentage well above the 30 percent quota established by law, and 9 women into the 25-seat Senate. Women also hold 9 ministerial positions, representing 36 percent of the Cabinet.[11] In parallel, women are also key players in economic and social development.

Successful implementation of key policies and strategies such as the Girls' Education Policy, the National Gender Policy and the Girls' Education Strategic Plan (2008-12) have improved girls' enrollment, retention and completion, particularly in science fields at secondary and tertiary levels of education. As a result, Rwanda has achieved the Millennium Development Goal target on parity between boys and girls in primary education with a net primary-school enrolment rate in 2010 slightly higher for girls (95.8 percent) than for boys (94.7 percent). Moreover, 52.7 percent of all students in private universities are women. However, the literacy rate among women older than 15 is very low at 65 percent compared to 75 percent for men, and improvements in education are often cited as a necessary step to increase women's participation in the economy.

Rwanda's 2008-2012 Economic Development and Poverty Reduction Strategy (EDPRS) includes gender as a cross-cutting theme in all sectors and clear interventions and indicators have been developed to ensure gender-responsive monitoring and accountability as well as budget allocations at both central and local government levels. More needs to be done, however, to address the longstanding inequalities in economic participation.

About 82 percent of Rwandan women work in agriculture as compared to 61 percent of men and approximately 27 percent of women now head their households.[12] Over 88 percent of employed Rwandan women are either self-employed or working for a family member.[13] It is estimated that over 40 percent of businesses are run by women although fewer than 30 percent of all registered enterprises are women-owned. Several key constraints to women's economic empowerment identified by the African Development Bank in their 2008 Gender Assessment include: (i) many women view taking credit as a risk; (ii) lack of control on intra-household resources increases their risk; (iii) lack of collateral; (iv) financial products don't meet women's particular needs; (v) low status of women in society and cultural burden that discourages economic ambitions; and (vi) a preference for grants. The study also cited low access to non-financial services as another limitation to productive resources for income generating activities.

9 These include: (i) the Law on Matrimonial Regimes, Donations, Succession and Liberalities (1999) that stipulates gender equality in property ownership in marriages and inheritance; (ii) the Constitution (2003) that includes provisions for equal rights between men and women; (iii) the Gender Policy (2004); (iv) the Organic Land Law (2005) which ensures equality to land ownership; and (v) and the Law for the Prevention, Protection and Punishment of Gender Based Violence (2008).

10 AFDB, 2008

11 CEDAW, 2007, p.43

12 Institut National de la Statistique du Rwanda (INSR) and ORC Macro, 2006

13 National Institute of Statistics of Rwanda, 2011

A 2010 qualitative study by the Rwanda Women Network and Makerere Institute of Social Research[14] found women's legal rights to land ownership are undermined by the continuation of discriminatory practices and negative attitudes towards women's land rights. Given the dependency of the rural community, the predominant socio-economic group in Rwanda, on agricultural activities, such practices in discriminatory land and inheritance rights impede the ability of women to generate income earning potential. In response to these inequalities, several programs aimed at poverty reduction with particular emphasis on women, such as The Growth for Jobs and Export and the Vision 2002 Umurenge programs,[15] have been implemented both by the government and other stakeholders.

C. Financial Sector

The Financial services industry registered a healthy growth in the first half of 2011 at over 31 percent compared to 10.2 percent in the first half of 2010.[16]

The banking market is highly concentrated yet competitive and dominated by foreign ownership (49 percent). Concentration runs along several dimensions: (i) the three largest banks account for over 60 percent of assets, loans, and deposits; (ii) both, loans and deposits, are concentrated in a few corporate institutional clients; (iii) corporate lending is concentrated in the construction and mortgage sectors; and (iv) most banking activity is concentrated in Kigali. Indeed, Rwanda remains the most concentrated banking market in the EAC region, though it makes up only 3.3 percent of EAC bank assets.[17] However, the banking sector is sound with strong capital positions to withstand external shocks. Asset quality improved as non-performing loans (NPLs) declined from 13.8 percent in March 2009 to 9.9 percent in June 2011, and profits have trended higher and new bank branches opened across the country. New loans for construction led the increase in activity.[18]

Table 1: Key Consolidated Performance Indicators, in percent

	2010	2011
Assets (billion)	869.8	1,083.3
Solvency ratio	24.7	27.2
NPLs/gross loans	10.8	8.0
Provisions/NPLS	50.6	50.8
Earning asset/total assets	79.5	77.2
Large exposures/gross loans	13.1	9.8
Return on assets	2.0	2.2
Return on equity	11.2	10.6
Cost of deposits	2.7	2.4
Liquid assets/total deposits	58.2	45.3
Forex exposure/core capital	5.0	6.6

Source: National Bank of Rwanda, 2011

As of June 2011, the total number of countrywide bank branches and sub-branches/counters were 136 and 204, respectively, out of which Banque Populaire du Rwanda holds 18 branches, 100 sub-branches and 72 counters/outlets. During the first half of 2011, the number of client accounts for the whole financial sector increased by 14.5 percent with a 4.5 percent increase in the banking sector, 13.4 percent in the Micro Finance Institutions' subsector and 53.4 percent in Savings and Credit Cooperatives (SACCOs).

14 Rwanda Network & International Land Coalition, 2011

15 The Growth for Jobs and Exports program focuses on skills development and capacity building for productive employment, improving the infrastructure (especially energy, transport and communications), promoting science, technology and innovation, deepening the financial sector and improving governance.
The Vision 2020 Umurenge aims to accelerate poverty reduction through the promotion of pro-poor components in the national growth agenda.

16 IMF, 2011

17 IMF, 2012

18 National Bank of Rwanda, 2011

Table 2: The Number of Bank Accounts is Growing

	2008	2009	2010	2011
Bank accounts	1,176,140	1,270,654	1,785,744	1,872,812
MFI clients accounts	639,000	n/a	1,170,623	1,328,071
SACCO accounts	-	-	471,036	723,188

Source: National Bank of Rwanda, 2011

The insurance industry is small, with a very low penetration rate of 2.3 percent and a GDP contribution of only 2 percent. As of December 2010, the market was composed of five insurance companies, of which four offer both life insurance and non-life insurance. The market also includes five brokers, general agents, and business intermediaries. The total turnover (both life and non-life) achieved Euros 32.9 million in 2010, increasing by over 39 percent over the total turnover in 2009. Non-life insurance represents 80 percent of total turnover and is growing at a much faster pace than life insurance. Specifically, car insurance amounts to about half of total turnover in 2010, while personal accidents and health, and fire and allied perils insurance account each for about 14 percent of total turnover in 2010.[19]

To increase access to financial services in rural areas, the government has recently embarked on a high profile strategy to establish SACCOs in each of the 416 geographically defined sectors of Rwanda. There now exist 11 MFIs, of which one is lending-only, and 497 SACCOs. The new SACCOs have been licensed first as deposit-taking institutions and not all have yet been granted licenses for credit offering. However, most of these institutions lack the capacity, both in capital and in human resources, to address the needs of the rural clientele. The majority of them are loosely supervised by government authorities, although the government is considering the creation of a supervisory authority to oversee cooperative banks.[20] As of September 2010, MFIs and SACCOs constituted about 8.3 percent of total financial sector assets. The microfinance sectors' balance sheet (excluding SACCOs) grew by 12.3 percent in 2011. As of the end of 2011, the sector registered total deposits of Rwandan Franc (Rwf) 46.5 billion (approximately USD 75 million)[21] and total gross loans of Rwf 42.5 billion (approximately USD 68.5 million)[22, 23]

Mobile penetration in Rwanda is currently estimated at 41.8 percent as of December 2011, the second lowest in the East African Community after Burundi. However, the government is looking to increase mobile penetration to 60 percent by the end of the year.[24] Mobile banking is also seen as a good way to promote the culture of saving to the millions of rural Rwandans who have a mobile phone but no bank account.

19 Fédération des Sociétés d'Assurances de droit National Africaines, 2012

20 IMF, 2012

21 At September 14th 2012 exchange rates

22 Ibid

23 National Bank of Rwanda, 2011

24 *http://mobilemoneyafrica.com/mobile-banking-takes-off-in-rwanda/*

Table 3: MFIs/SACCOs Licensed and Non-Licensed for the Period 2008-2011

MFIs by Legal Status	2008	2009	2010	2011
Licensed				
SACCOs	83	85	78	196
- Umurenge SACCOs[25]	-	-	4	139
Public limited (SA)	11	11	11	9
Private limited (SARL)	3	2	2	2
Total 1	**97**	**98**	**90**	**207**
Non licensed				
SACCOs	21	16	434	290
- Umurenge SACCOs	-	-	412	277
Public limited (SA)	0	0	0	0
Private limited (SARL)	0	0	0	0
Total 2	**21**	**16**	**434**	**290**
ALL MFIs				
SACCOS	104	101	512	486
- Umurenge SACCOs	-	-	416	416
Public limited (SA)	11	11	11	9
Private limited (SARL)	3	2	1	2
Total (1+2)	**118**	**114**	**524**	**497**

Source: National Bank of Rwanda, 2011

Indeed, mobile financial services are expanding quite rapidly in Rwanda. The number of subscribers increased by around 40 percent from slightly over 200,000 subscribers at the end 2010 to 285,527 in June 2011. Within the first six months of 2011, the number of agents/branches doubled from around 300 agents/branches to 647 agents countrywide.[26] Furthermore, mobile banking is steadily developing. Launched in September 2010, the Banque Populaire de Rwanda mobile banking counted 88,219 users in one year of operation. While only 6 percent of households owned a phone (landline or mobile) in 2005/06, that number had risen to 45 percent in 2011. In urban areas, mobile phone coverage is as high as 72 percent.[27] Mobile financial services registered about 220,500 transactions in the first half of 2011 for a total amount of Rwf 4.7 million.[28]

Mobile networks in Rwanda are dominated by a few firms and until 2006 operated under a duopolistic market structure of MTN Rwanda and Rwandatel (CIT SIDA). Tigo, which operates in sixteen countries in Asia, Latin America, and Africa, entered the Rwandan market in late 2009, creating a regional roaming network covering Rwanda, Tanzania, Uganda, and Democratic Republic of the Congo.[29]

Mobile phones are being used by most banks to improve service delivery and cut costs as competition intensifies. While mobile banking was limited just two years ago to basic transactions, it is now possible to pay electricity bills, top up airtime, and order cheque books, pay digital satellite television bills, and transfer money using a mobile phone. The five main commercial banks - Bank of Kigali, Kenya Commercial Bank Rwanda, Ecobank Rwanda, Commercial Bank of Rwanda and Banque Populaire - are now all offering mobile banking solutions. Banque Populaire, considered the market leader within the mobile banking sector in Rwanda, currently has about 140,000 users. However, bankers say the uptake of mobile banking is still low because of limited understanding of the product, coupled with high levels of financial illiteracy. Another factor is the current structure of the Rwandan economy, which is predominately cash-based.

As the Rwandan government seeks to wean itself off agricultural dependency, it has signaled its intent to pivot towards an information and knowledge based economy. It created the Rwandan Infor-

25 Umurenge SACCO is a government of Rwanda initiative as elaborated in the Vision 2020 development agenda that aims to increase access of financial services to citizens.

26 World Bank, 2011a

27 National Institute of Statistics of Rwanda, 2011

28 World Bank, 2011a

29 Swedish International Development Agency, 2010

mation Technology Authority in 2002 to coordinate this new strategy. Due to this commitment and to its small size[30], Rwanda has good geographical coverage of the mobile network and one of the most developed national fiber infrastructures in the region, now connected to the high-bandwidth submarine cables on the East African coast. Rwanda has a very flexible licensing regime offering something close to a universal telecommunications license.

Table 4: Use of Mobile Payments Channels in Rwanda as compared to Sub-Saharan Africa average in percentage of population, age 15+

Mobile Payments	Rwanda	Sub-Saharan	Low income
Used mobile to pay bills	1.1 %	3.0 %	2.6 %
Used mobile to send money	2.0 %	11.2 %	7.1 %
Used mobile to receive money	2.9 %	14.5 %	9.1 %

Source: World Bank, 2012

Table 5: Mobile Phone Penetration in the East African Commu-

	Kenya	Rwanda	Tanzania	Uganda	Africa
Mobile cellular penetration*, 2003	5 %	2 %	2 %	3 %	5 %
Mobile cellular penetration*, 2008	42 %	13 %	31 %	27 %	33 %
Compound annual growth rate	54 %	55 %	68 %	56 %	44 %

Source: ITU 2009. *Mobile penetration is defined as the number of active SIM cards/population

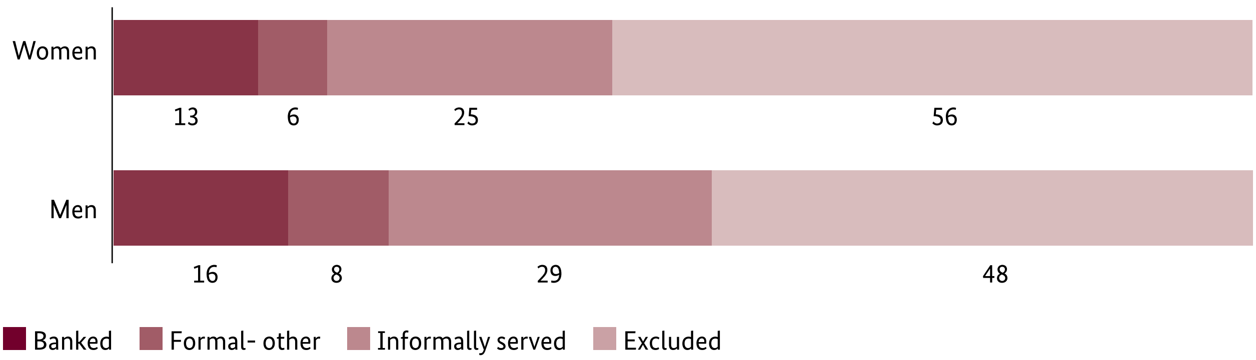
30 Rwanda has an area of 26,338 square miles (approximately as big as the state of Maryland).

IV. Research Findings

A. Finscope Findings

According to the 2008 Finscope Survey, financial exclusion on a national level is 52 percent with a 56 percent exclusion rate among the female population. The credit strand in Rwanda indicates a high exclusion rate for both men and women with 72 percent and 74 percent excluded, respectively. Savings have proven to be an elusive service as well, with 37 percent of the eligible population excluded and close to 42 percent of eligible females excluded. According to Findex, only 24 percent of women and 37 percent of men saved any money in the 12 months prior to the survey. These findings are contrary to the World Bank/IFC Doing Business report[31], which emphasized Rwanda's ease of obtaining credit. However, a few explanations could be the time differences in the reports, sample size, and selection bias. Additionally, the Doing Business Report 2012 does not account for actual lending and borrowing statistics but instead focuses on the operating environment.

Chart 1: Rwanda Financial Inclusion by Gender (in percentage)



Source: Finmark Trust, 2008

The Finscope findings suggest Rwanda remains a highly unbanked[32] country. Of those who do obtain financial services, close to half (47 percent) use informal products. The predominance of cash-based transactions is also reflected in bank accounts mostly used for cash deposits and withdrawals.

The overwhelming barrier to banking is related to lack of income. Many Rwandans simply do not have enough discretionary income (income after covering daily living expenses) to warrant a bank account and 83 percent of the currently unbanked cite this as the primary reason for not being banked. Physical access was not perceived to be a significant barrier to banking in spite of it taking, on average, over an hour by foot – the predominant form of transport, to reach the nearest bank.[33]

Medical insurance has a high penetration rate (82 percent of Rwandan adults) with most covered through a form of community health insurance, Mutuelle de Santé. Life insurance penetration remains very low, with 1 in 100 covered, though there is a strong desire for the product with 52 percent indicating a need for more information on life coverage and 47 percent indicating a need for more information on asset coverage.

31 The Doing Business report sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations.

32 The formal sector is divided into a banked segment (the percentage of adults with a bank account), and a formal other segment (the percentage of the adult population with a formal financial product, such as insurance or a microfinance loan, but no bank account). Together, these two groups are defined as formally included. The informal sector comprises all the organizations that provide financial services but are not legally registered to do this business. The informally serviced category in the access strand represents the percentage of adults with an informal product but with no bank account or a product from another formal financial institution. By adding the informal segment to the formally included segment we can derive the percentage of the adult population which is financially served.

33 Finmark Trust, 2008

B. Profile of Women and Men Interviewed

The sample of individuals interviewed is quite heterogeneous. It includes women and men of different ages, active in a wide array of employment sectors, as well as students and unemployed adults, with different levels of education and in urban as well as rural areas. Of the 55 interviews, 44 percent were conducted in rural areas[34] with the remainder carried out in Kigali. Women comprised 67 percent of the interviewees.

Table 6: Interviewees by Gender and Geographical Area

	Women	Men	
Rural	25 %	18 %	43 %
Urban	42 %	15 %	57 %
	67 %	33 %	

Source: A2F Consulting Rwanda Survey, 2012

About 40 percent of women interviewed have a first or a postgraduate degree, while this is true for only 11 percent of the male interviewees. Half of the male sample does not have more than a primary level of education. The overwhelming majority of people with a primary level of education or less lives in rural areas.

Table 7: Interviewees by Gender and Level of Education

	Women	Men
Postgraduate	2.7 %	5.6 %
Degree	37.9 %	5.6 %
Secondary	29.7 %	27.8 %
Primary	18.9 %	44.3 %
None	10.8 %	16.7 %

Source: A2F Consulting Rwanda Survey, 2012

The majority of women and all men interviewed are either single (54 percent of women and 66 percent of men) or married (37 percent of women and 33 percent of men). A small percentage of women are separated (5.4 percent) or widows (2.7 percent).

Table 8: Interviewees by Gender and Civil

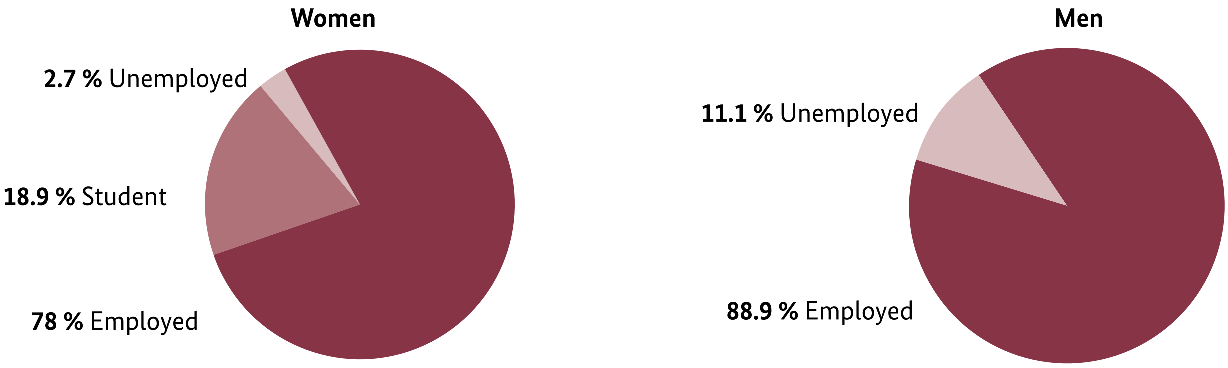
	Women	Men
Married	54.1 %	66.7 %
Single	37.8 %	33.3 %
Separated	5.4 %	0.0 %
Widow	2.7 %	0.0 %

Source: A2F Consulting Rwanda Survey, 2012

All men indicate that they are currently employed, while about 22 percent of women interviewed are not working (about 19 percent of them are full-time students while the remainder are unemployed). The sample interviewed work in a variety of sectors, from agriculture to trading, services and tourism. Most of the women work either on their own or as employees, often as sales staff in retail shops. A small percentage of the women interviewed work in agriculture as very small-scale farmers.

34 Interviews were conducted in Muhanga.

Chart 2: Interviewees by Gender and Employment Status



Source: A2F Consulting Rwanda Survey, 2012

Virtually all interviewees indicated that decisions are taken jointly when married and both spouses work. Even in cases where only one spouse earns income, most respondents indicated that they consult the other spouse. Similarly, the great majority of married interviewees reported sharing expenses with their spouses, if both of them work. According to respondents, it is compulsory for those that are earning an income to contribute to household expenses. Failure to do so can allegedly cost them a fine or even being arrested.

In contrast, a recent gender gap analysis conducted by CARE on its Village Savings and Loan (VSL) programs in Rwanda found that women reported that all household assets belong to the man because it is his home.[35] Even money from assets or property sold by the woman belongs to the man of the house and a woman cannot decide to sell an asset even when she is the person who bought it. Widows were the only women reported as having sole decision-making authority over household assets. While legally married women have the right to approve or disapprove decisions involving property belonging to the household, in reality they often endorse their husbands' decisions to sell household assets without real agreement or conviction, in order not to enter into conflict with their husbands.

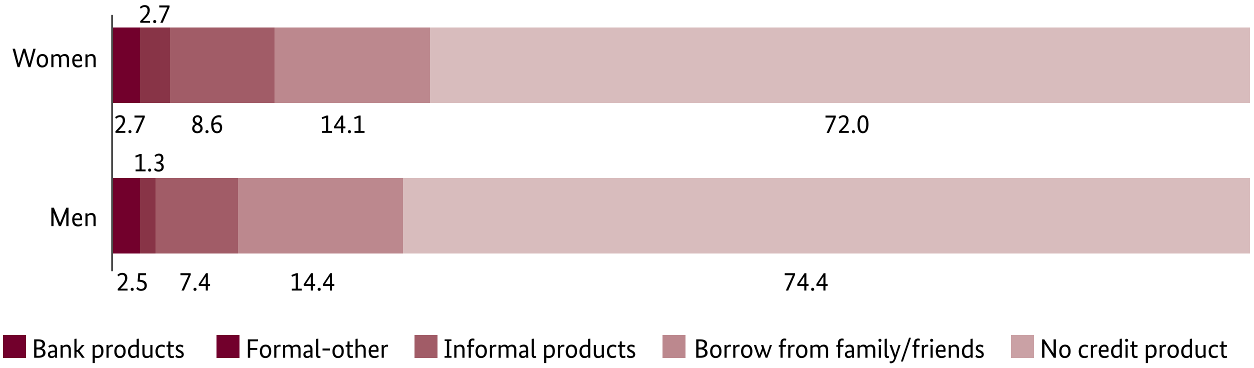
C. Usage of Credit

About a quarter of the population claims to be borrowing – out of which 17 percent borrow from either banks or microfinance institutions and about 57 percent from friends or family. A good share (28 percent) borrows from either shops or agricultural cooperatives or tontines.[36] Women are slightly less likely to access formal credit products than men (about 2 percent less). The national household survey found that 16 percent more households gained access to credit between 2006 and 2011, and that Kigali households have increased their access to credit by more than their rural counterparts. Friends and family, informal sources and tontines are still the most important sources of credit.

35 CARE, 2012

36 Informal rotating loan and saving schemes.

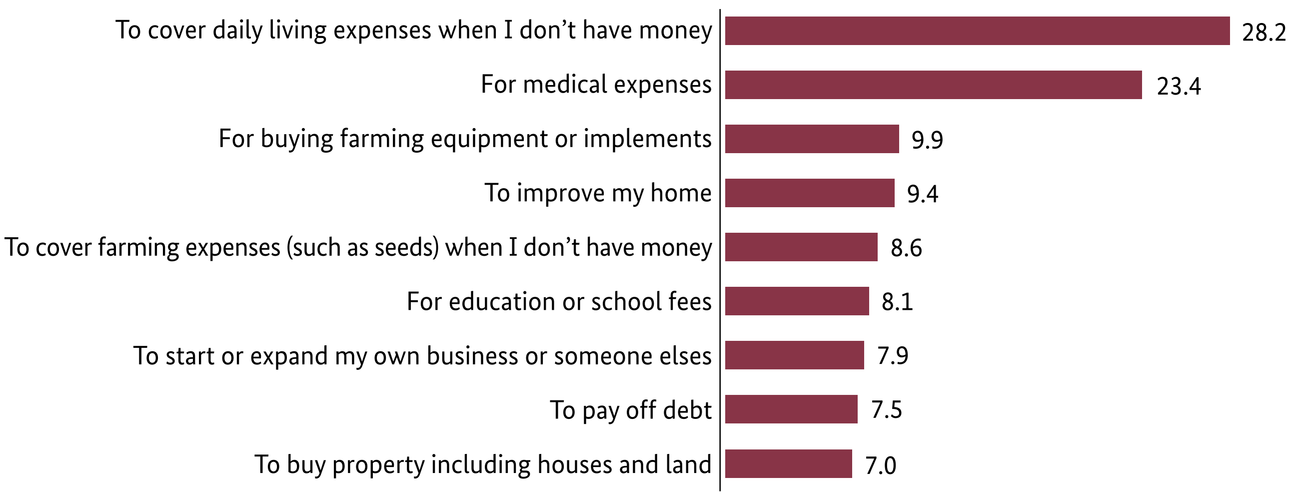
Chart 3: Rwanda Credit Strand by Gender (in percentage)



Source: Finmark Trust, 2008

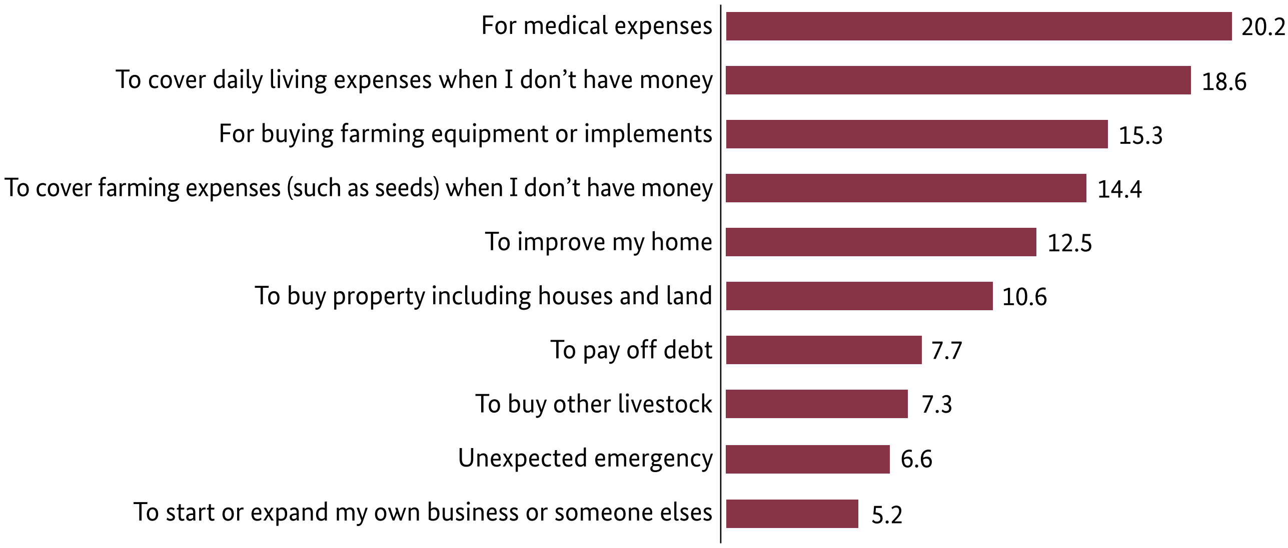
The main reasons cited for borrowing from informal sources are the convenient and quick access to money when it's needed as well as trusting someone known to the borrower. Top reasons cited by men to borrow are: medical expenses and to cover daily expenses when money runs out. For women the top two reasons are the same but in reverse order.

Chart 4: Women – Reasons for Borrowing in Rwanda (in percentage)



Source: Finmark Trust, 2008

Chart 5: Men – Reasons for Borrowing in Rwanda (in percentage)



Source: Finmark Trust, 2008

In our limited sample of interviewees, more women than men have used credit from either a bank or a microfinance institution (44 percent of women versus 39 percent of men). Women with credit are evenly split between those that took a bank loan and those that took an MFI loan. Among the men interviewed, more have borrowed from MFIs (28 percent) than from a bank (11 percent). Data from the 2011 Findex database shows that men are only slightly more likely than women to have borrowed from a financial institution in the previous 12 months (8.8 percent versus 7.9 percent, respectively).

The preference for microfinance loans among the small sample of men interviewed might be explained with their overall low level of education and their occupation, as many of them are self-employed. The reasons indicated for transacting with an MFI rather than a commercial bank were: i) bank loans are perceived as being more costly than microfinance loans; ii) banks don't work much with low-income farmers and traders; iii) it is easier to start small with an MFI and grow overtime.

Most women and men interviewed indicated that they do not see any considerable difference between men and women per se in their ease of accessing credit and usage of it. The level of income is what would make a real difference, not the gender of the applicant. A common view was that things have changed considerably after the war, as the government has been a big promoter of gender-sensitive campaigns and has supported a stronger economic role for women. Some men felt that because of this it is now easier for women than for men to borrow from financial institutions.

However, discussions with the manager of the women's branch at Banque Populaire do not seem to support this statement. While the majority of borrowers at the dedicated women's branch are women (about 70 percent of total borrowers), this percentage allegedly drops considerably in the other, regular branches (actual data was not available). Their view is that while much has recently been done to encourage women to become more active economic agents, changes are slow to take place and women are still getting used to venturing into business, which was considered a man's world until not so long ago. Historically, women were limited because they did not own property or many were not educated. In addition, women did not own businesses while men were trained and encouraged from childhood on to become entrepreneurs. As a result, men tend to have larger projects and take greater risks. Banque Populaire, which has the largest branch network in the country, is trying to position itself at the forefront of the national efforts to promote women's access and use of financial services. It leverages the support of a government-backed guarantee fund for women borrowers that do not have sufficient collateral and is exploring the idea of opening a dedicated window for women clients at every branch, like they successfully tested in some branches. The bank is also considering introducing programs to promote the advancement of its female staff. Of their full branches, only two have women managers.

While the small sample interviewed shows more women than men borrowing from formal financial institutions, and both the Finscope survey as well as the Findex database report only a small difference in the use of loans between men and women, the CARE gender gap analysis[37] on some of their Village Savings and Loans (VSL) clients in three rural districts has highlighted more remarkable gender differences in the usage of credit. Specifically, gendered social norms and power relations define the ways in which women and men invest loans taken from the VSL group, and the extent to which they have decision-making authority regarding the use of loans taken and control over assets purchased with those loans. Women tend to invest either in improved household wellbeing (through consumption-related expenditures) or in relatively small-scale business activities, while men tend to make larger scale business investments that generate higher levels of income. Also, women have limited control of the assets purchased with their loans, besides the low-value household items, which often are used by the whole family.

The CARE assessment found that many women do not feel comfortable or confident in taking decisions about a loan (whether to take one, how much to borrow, what to use the money for) without their husband's approval, and also see the widespread practice of dividing the loan money with their husbands as a way of ensuring that their husband will help them with its repayment (although this is not always the case). Similarly, the study found that men have more rigid expectations about the role of women within the household and tend to see negatively any outside economic activity that might prevent women to fully meet their domestic responsibilities. Men tend to perceive this as a lack of *respect* on the part of their wives and a threat to the accepted social order. As a consequence, women seemed more constrained and conflicted in their decisions to run income-generating activities, as well as in whether and how to use credit services.

Consultations with the Ministry of Gender have highlighted the following reasons for differences in use of credit services by men and women:

1. Culturally, men are seen as the main family providers who are responsible for financial expenses while women take care of household chores;

2. Women often lack the skills to come up with viable income generating activities and many are financially illiterate;

3. Women do not usually own property or assets to support loans and require the husband's consent to access a loan;

37 CARE, 2012

4. In a marriage setting, even if property is owned by both husband and wife, men often remain the decision makers in the household. There seems to be a common practice among spouses, that if one acquires a loan, the other demands a share of the loan in order to give his/her consent. This is allegedly particularly common when the woman is applying for a loan. As a result, when women borrow, they tend to give some or even a large part of their loan to their husbands;

5. Men typically conduct larger businesses while women are more involved in micro or small businesses;

6. Profits that women get from doing business are often invested in the household while men tend to reinvest profits into their businesses;

7. Lack of information is a big challenge for women. As they spend a good portion of their time taking care of domestic chores and are in general more constrained in their ability to move outside the household than men, it is more difficult for them to access information on financial services. The lower level of education is another important contributing factor.

Case Study: Daphrose (Kigali)

Daphrose, a 52-year old widow and mother of four, owns and runs a successful retail company in Kigali.

She started with a very small business in 1995, after the genocide left her in charge of her children as well as some orphans she had adopted. With no resources of her own, she borrowed two bitenges (women dresses in traditional fabrics) and sold them for a profit of Rwf 10,000 (approximately USD 16)[38]. Most of it was rein-vested in the retail business so that she could buy more products. Soon enough, she began importing plastic products from neighboring Uganda to resell them in Kigali. In 1998, as her business was flourishing and demand for her products steady, she bought two second-hand minibuses and decided to approach Banque Populaire for a loan that could help her further expand her business.

In 1998, she was able to secure a loan of Rwf 5 million (about USD 8,060)[39] and step up the quantity and quality of goods imported. She now travels frequently to Dubai and China to acquire some of her goods. Her relationship with Banque Populaire also proved to be long-standing. She can now access loans of up to Rwf 40 million (close to USD 64,500)[40] thanks to years of good repayment history. In 2008, she was awarded by Banque Populaire for being the best customer in repaying loans.

While her business was somewhat affected by the global economic downturn and demand for her products has been slower than usual, she keeps going and nurturing new, bigger business ideas. Her goal is to start investing in real estate in the near future. To be able to do that, she estimates she would need to borrow in the amount of Rfw 200 million (approx. USD 322,500)[41].

38 At exchange rate of Sept 14th, 2012

39 Ibid

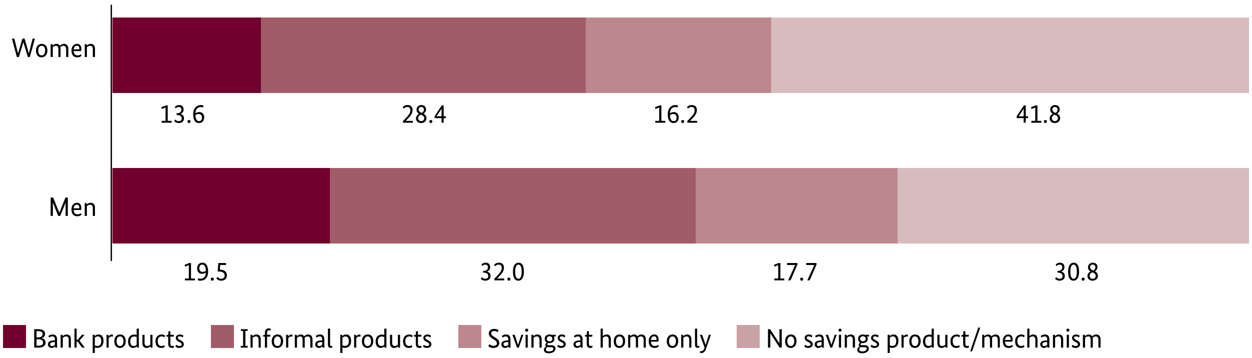
40 Ibid

41 Ibid

D. Usage of Savings

Over half of the population (54 percent) claims to be saving, with most of them keeping their savings in cash at home in a secret hiding place. Only less than 14 percent of adult women use bank savings products, while 28.4 percent use informal savings products, and about 16 percent save at home only. A common form of saving informally in Rwanda, is the membership in a tontine or *ikimina* – with social motivations trumping financially related reasons. Approximately 39 percent of savers are members in such organizations. A striking difference between the genders is that the rate of men who don't save (31 percent) is substantially lower than the women's (42 percent). Men use both more banking and informal savings products, and are also slightly more likely to keep savings at home.[42]

Chart 6: Malawi Saving Strand by Gender (in percentage)



Source: Finmark Trust, 2008

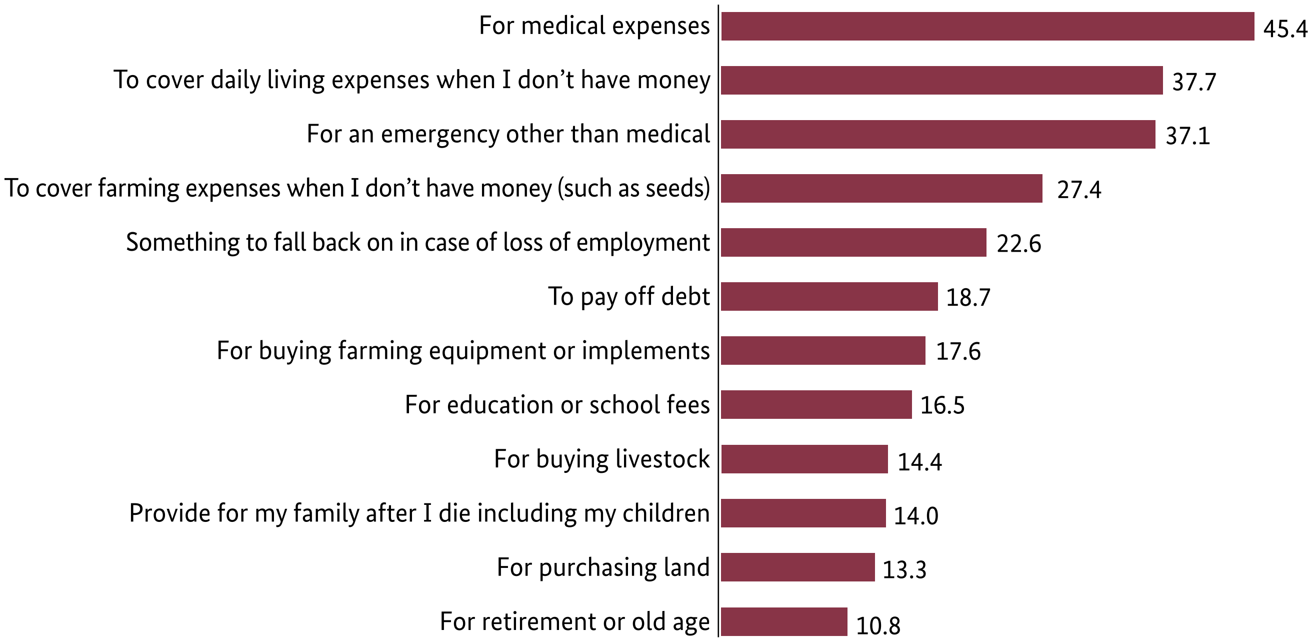
Based on 2011 data provided by the national household survey, the proportion of people with a savings account in all provinces, except Kigali City, has at least doubled since 2006. Nationally, 21 percent of adults in Rwanda have now at least one savings account, rising to 37 percent in Kigali as compared to 17-20 percent in rural areas. This is an impressive increase in access to savings institutions, up from just 9 percent in 2005/06. More men than women have a savings account (29 percent versus 14 percent), and the likelihood of having an account increases with the level of income (67 percent in the richest quintile and 20 percent in the poorest quintile). For many households one savings account is sufficient - at least 39 percent of households have at least one.[43]

The 2008 Finscope survey indicates that the most cited reason for savings was to cover medical expenses. In Kigali, the primary reason for saving was to insure for the possibility of employment loss. As the following charts show, the five most mentioned reasons for why people save were the same for men and women with *saving for medical expenses* being the most important for both genders, albeit to different degrees (45 percent for women and 39 for men).

42 Finmark Trust, 2008

43 The Third Integrated Household Living Conditions Survey, National Institute of Statistics of Rwanda, 2011

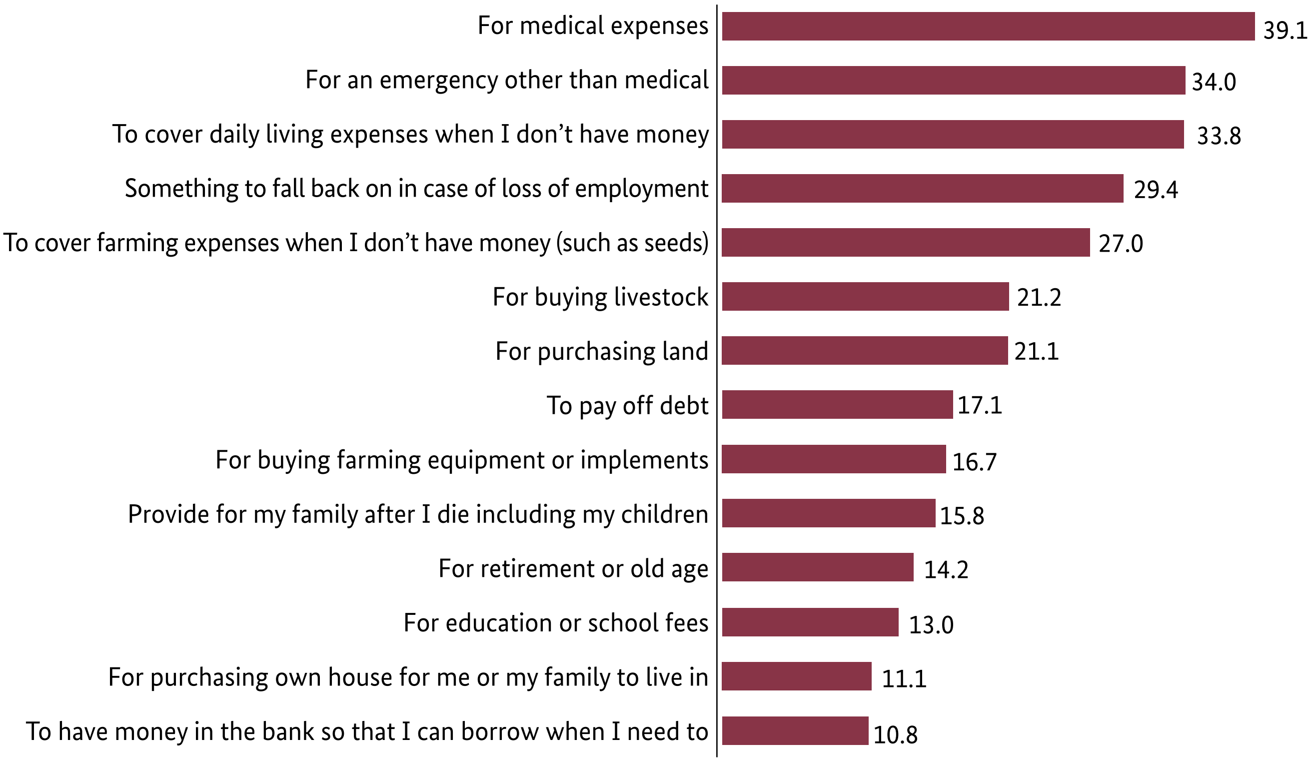
Chart 7: Women – Reasons for Saving in Rwanda (in percentage)



Source: Finmark Trust, 2008

Similarly to the findings from the 2008 Finscope Survey, the 2011 Findex data shows that men are much more likely to save than women, both overall (24 percent versus 37 percent, respectively) as well as at financial institutions (12 percent versus 23 percent). In our sample of interviewees, men have only slightly more access to formal checking or savings accounts than women (44 percent versus 41 percent, respectively). A peculiarity highlighted by our field research is that very few people seem to have proper savings accounts. Most prefer instead keeping a checking account to avoid the heavy restrictions on withdrawing from savings accounts. A checking or savings account at a bank is also seen mostly as a means to potentially access credit, rather than a way to accumulate money for a specific goal. The choice of where to open a checking/savings account was often determined by a bank's perceived ease of accessing credit.

Chart 8: Men – Reasons for Saving in Rwanda (in percentage)

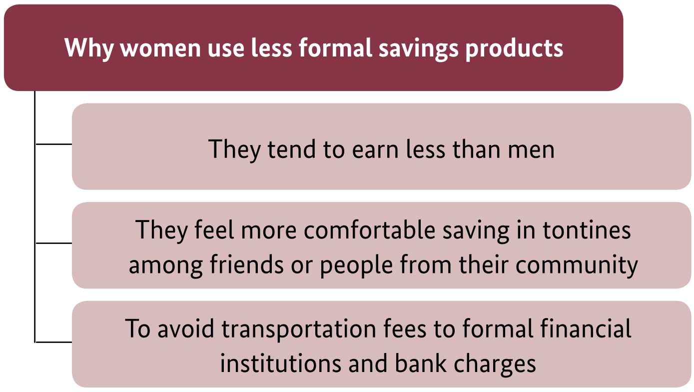


Source: Finmark Trust, 2008

A common view held by our interviewees was that women tend to be more conscientious and responsible in spending and saving money, whereas men might be able to save more overall as they tend to earn higher incomes. The level of income would also often determine where to save, so that those who earn more would prefer saving at a larger (usually foreign-owned) commercial bank as opposed to Banque Populaire. Several women indicated that their income did not allow them to save much and that the amount they could save was too little to justify a trip to the bank. Also, in the case of married women, some might just keep their savings in their husband's bank account to avoid the hassle of opening a new account and to save on bank fees. These are considered the key reasons for the disparity in access to formal savings services between men and women identified by the 2008 Finscope survey.

The men and women interviewed in rural areas indicated that the reasons why most of them save informally rather than at a bank are to avoid the transportation fees to reach a bank, as well as feeling more comfortable with a microfinance institution or a rotational scheme with friends or other people from their community.

Chart 9: Potential Reasons for Gender Gap in Usage of Formal Savings Services



Source: A2F Consulting Rwanda Survey, 2012

Case Study: Martine & Duterimbere's work with Rwandan women

Martine works as a financial manager of a private elementary school in Kigali and sits on the board of directors of Duterimbere, a microfinance institution with a strong focus on low-income women.

The informal association Duterimbere, which means *Let us go ahead*, was formed in 1987 by a group of 29 women who felt the need to improve their and other women's access to finance. At that time, married women needed the consent of their husbands to open a bank account.[44] Since the beginning, the association put a strong emphasis on financial literacy training for women interested in borrowing. Indeed, adult women tend to be less educated than men particularly in low-income households.

In 1997, the National Bank of Rwanda recommended that Duterimbere formalize as a savings and loans cooperative, which was then called Copidu. In 2004, Duterimbere IMF Limited (an MFI) was created to enable the organization to grow and expand. There are now 7 branches around the country and 74 % of its clients are women.

Martine has directly benefited from Duterimbere's work with women as she used a salary advance to build a house. She also took out a joint loan with her husband from the Development Bank of Rwanda for the same purpose. In choosing where to borrow, they evaluated terms and conditions of several financial institutions and eventually settled for the Development Bank of Rwanda (DBR) rather than a commercial bank due to DBR's lower interest rates. A life insurance was required by the bank for the loan to be approved. Duterimbere is also Martine's preferred option for saving money.

While she keeps a joint account with her husband at DBR, she prefers to save at Duterimbere for convenience, as this is where her salary is deposited every month. As many of the other women interviewed in Rwanda, she feels that she is only able to save a small portion of her salary. She has private medical insurance coverage through her husband's employer.

44 Today both husband and wife need the consent of the other spouse to take up credit so that one does not overexpose the household's financial resources. Before, it was simply the woman that needed the husband's consent not vice versa.

E. Usage of Insurance

Based on the 2008 Finscope survey, about 82 percent of Rwandan adults have medical insurance, 1 percent has life insurance and another 1 percent has other types of insurance. More recently, the Rwanda government reported that 91 percent of its population was covered by Mutuelle de Santé (MdS), a community-based health insurance scheme that allows insured members to access care at public hospitals for very low annual member premiums. This is part of the government's plan to ensure universal medical insurance for all Rwandans through one of its three main social protection programs.[45] Other formal insurance products include: the Caisse Social du Rwanda (2 percent of adult Rwandans), which covers occupational hazards and pension of people employed in the formal sector; the Rwanda Medical Insurance Scheme, which covers 1 percent of the adult population; and the Military Medical Insurance, which covers less than 0.3 percent of the adult population.

Based on information provided by the Rwandan Association of Assurers, insurance companies collaborate with banks and consumer associations to widen outreach and attract clients. For example, in the case of mortgages, insurers have teamed up with banks to have clients take up fire & allied perils insurance policies. Life insurance coverage is almost insignificant, with the most common form of this insurance used to cover education costs in the event that the parents die.

Women are approximately as likely to use insurance as men, according to both the 2008 Finscope and the 2011 Findex findings. In the small sample of men and women interviewed, 95 percent of women and 89 percent of men have insurance. About 88 percent of the entire sample interviewed is covered by MdS, although most of them claimed that if they could afford it, they would switch to a private health insurance to receive better quality care.

The awareness campaigns carried out by the government over the last years have had the effect that nowadays most Rwandans are relatively sensitized on insurance and its importance. In addition to the ability of accessing health insurance at very low annual premiums (about USD 8/year for the wealthiest and essentially free care for the poorest), the two factors contributing to the increased use of health insurance are the health centers' increased proximity to residential areas and the perceived improved quality of services provided at these facilities. The mean time needed to reach a health center decreased from about 95 minutes in 2006 to 60 minutes in 2011.[46] These reasons are considered key contributing factors in raising the number of women insured.

45 Rwanda has three main health insurance schemes: 1) the Rwandaise assurance maladie, which is a compulsory social health insurance scheme for government employees that is also open to private-sector employees on a voluntary basis; 2) the Military Medical Insurance scheme, which covers the needs of all military personnel; 3) the cluster of Assurances maladies communautaires – mutual insurance schemes whose members predominantly live in rural settings and work in the informal sector. These mutual insurance schemes have expanded rapidly.

46 Finmark Trust, 2008

V. Conclusions and Proposed Interventions

As discussed in this report, available literature as well as our survey have found that one has to look beyond simple gender comparison and instead focus on the specific factors that affect men and women's usage of formal finance. First of all, firms with female ownership participation tend to be of smaller size, and smaller firms have, on average, less access to external finance. Additionally, women-owned businesses might tend to enter sectors that, on average, are characterized by more limited use of external finance (i.e. average number of companies with bank accounts).[47] As individuals, adult women tend to score lower when it comes to level of education, formal employment, level of income, or being head of household.[48] In this regard, interventions to expand access and usage of formal finance by women, would need to go well beyond the realm of the financial sector to include efforts in the areas of education, stronger economic participation of women, cultural sensitization to break negative gender stereotypes and discrimination against women in inheritance matters, a more balanced division of family and household responsibilities in rural areas, etc. The government of Rwanda has already made significant strides in this respect by introducing gender-sensitive programs aimed at promoting women's economic empowerment and higher equality among men and women within household and society.

For the purpose of this report, which is to inform policy makers and financial sector stakeholders on possible reasons for some of the gaps in women's use of formal financial services, we will focus exclusively on financial sector interventions that have the potential to address some of women's current challenges in accessing formal finance.

The following is a framework to reinforce women's access to finance work currently undertaken in Rwanda:

Table 8: Proposed Policy Recommendations Framework

Target group	Type of intervention
Financial institutions/ Policy makers	• Support improved market intelligence • Promote the development of better savings products • Encourage FIs` gender sensitive initiatives, including the creation of dedicated spaces for women clients • Promote the regular provision of capacity building for women clients
Women	• Promote the regular provision of targeted capacity building
Other beneficiaries	• Explore promoting financial literacy courses for girls/young women

1. Support improved market intelligence

This would include both the collection of sex-disaggregated data from specific financial institutions as well as overall data on women's access to finance markets to gain a sound understanding of the sector at the national level and guide stakeholders' interventions. Our research has revealed that collecting disaggregated data from financial institutions, even those that seem to be more active in reaching out to women clients, is very difficult. When available, the information is also extremely limited, providing only a partial picture on women's financial behavior and usage of finance.

A full set of data would include: key gender-disaggregated personnel indicators relating to current work force statistics, recruitment, retention of female employees, promotion and professional development,

47 World Bank, 2011

48 Finmark Trust, 2008

as well as gender-disaggregated portfolio data by loan size, geographical area, new/repeat clients, portfolio at risk, type of product; and number of training days received by training type, as a minimum.

Having this data and making it visible is a crucial step toward understanding men and women clients' behaviors and attitudes. It is also important that internal reporting systems are structured in such a way as to capture and provide insights on specific women's financial patterns, and guide FIs in developing appropriate products and services. This could help introduce new products, such as supplier finance, where financial institutions could explore the option of negotiating preferential conditions and making payments directly to suppliers' accounts. This would likely have an immediate 32 positive impact in expanding access to finance for qualifying women entrepreneurs. Simply providing data on the percentage of women borrowers as a total of an institution's loan portfolio is not sufficient to do so.

Similarly, improving market intelligence is key to developing a better understanding of the market and to advise development partners in prioritizing interventions. Practically, this effort would require liaising with other development partners and organizations active in the region to possibly join efforts and/or raise funds for gender baselines and other relevant gender finance studies. Market segmentation studies and efforts to quantify women's economic contribution in Rwanda would be particularly useful.

2. Promote the development of better savings products

The low usage of formal savings services seems to be a critical issue in Rwanda, particularly for women. There are practical considerations that clearly affect women's ability to formally save, such as low levels of income, large distances to banking institutions, use of a family rather than an individual account. However, the dissatisfaction with the available bank savings products also seems to play a large role. Terms and conditions, such as restrictions on withdrawals and minimum balance requirements, were considered unattractive by most of the men and women interviewed. As women tend to participate less than men in the formal financial sector for several reasons indicated earlier, this constitutes an extra obstacle to their use of formal saving services.

While the development of financial products for women is left to each financial institution's strategic business considerations, it is recommended that policy makers and/or financial institutions, potentially supported by development partners, carry out more research to investigate which savings products would better meet women's needs and that this information would then be duly shared with financial institutions, particularly those more involved or interested in serving women clients.

3. Encourage Financial Institutions' gender-sensitive initiatives, including the creation of dedicated spaces for women clients

It is recommended that policy makers encourage financial institutions to adopt a gender-sensitive approach to improve their services to women clients. The experience of Banque Populaire has demonstrated that women are very responsive to targeted, women-focused initiatives and appreciate having dedicated spaces where to conduct their financial transactions. The products that BPR offers to women are not different from those offered to men, except for the opportunity to tap into the government guarantee fund, and men are still allowed to transact at the women's branch. Nonetheless, women seem to feel more comfortable banking there than at a regular branch. This is an important lesson learned that could be replicated in other financial institutions, either through dedicated branches or simply through the use of women's windows in regular branches, as BPR is also considering.

Along the same lines, gender-sensitive staff training is recommended for those financial institutions interested to increase their outreach to women so that necessary changes to better serve women clients are fully understood and incorporated. Management and staff, particularly heads of business units, HR and client-facing staff, should familiarize themselves with the needs of their female and male clientele and adopt ways to meet those needs.

Similarly, leadership training and efforts to promote career enhancement for female staff should be supported since greater gender diversity at the senior and management levels has the potential to positively contribute towards increasing outreach to women clients. In particular, valuable initiatives could also be the introduction of mentoring and networking among female staff to share experiences and career advice, particularly across hierarchy levels. In larger institutions, a good initiative would be the creation of women's employee networks.

4. Promote the regular provision of gender-sensitive capacity building for women clients

We recommend that policy makers promote and support efforts by financial institutions to increase outreach to women through targeted capacity building initiatives. The provision of regular financial training and business development services to women clients has the potential to improve their familiarity with financial services offered and make them more *bankable*. This could also be extended to potential clients as a business development initiative.

Among the training needs identified are: i) *demystifying* the financial institution and familiarizing clients (and potential clients) with their products and services to address the *fear of approaching financial institutions* highlighted by women entrepreneurs during focus groups discussions; ii) increasing women's ability to budget, book-keep, prioritize, and make business decisions; iii) breaking negative stereotypes when it comes to women's ability to manage businesses and finances; and iv) mentoring and networking opportunities, where women can share their experiences, learn from others, and develop valuable business contacts. International experience has shown that promoting regular networking and mentoring opportunities can be an effective way to support women in business.

Organizing such events is also relatively easy, either at headquarters and/or at key branches, and can be leveraged by financial institutions as an additional marketing opportunity.

Institutions should strive for efficiency and replicability when it comes to delivering training as well as for marketing and promotion purposes when targeting women clients. In rural areas, the preference for oral communication combined with low, average literacy levels of the target groups, as well as the challenges to reach a large number of participants and deliver training in remote areas, are all factors to be taken into consideration. To overcome such challenges, options such as the use of technology (mostly radio and TV) should be explored to maximize efficiency and outreach. Given that 61 percent of Rwandan rural households own a radio, makes this a viable and affordable communication tool, while only 6 percent of the population has a television.[49] Also, the use of drama, role plays and exhibitions might be a strong instrument for reaching out to the rural population to disseminate information and increase awareness on specific topics, such as to promote female role models and initiate rethinking of gender stereotypes.

49 National Institute of Statistics of Rwanda, 2011

5. Explore promoting financial literacy courses for girls and young women

Another area to explore would be the provision of financial literacy courses for girls and young women. About 74 percent of girls and young women aged 15-24 are employed in Rwanda. As they accrue and manage money, they might be interested in learning how to better accumulate assets and manage risks, and most likely want to know where they could place their money in a safe way. It is thus important that they are equipped with the proper knowledge and tools to do so from the onset.

No public data is currently available on the amount of money managed by girls and young women in Rwanda. They represent nonetheless a pool of potential clients for financial institutions and extending financial literacy courses to this group would be a first step to understand this segment better and to decide whether to further invest in it.

Financial education should increasingly be incorporated into the school curriculum so that children and youth are empowered from an early age. For the delivery of training to girls and young women in rural areas, it is advisable to follow a *community-based approach* to be able to identify the most appropriate channels and modalities to effectively target this group. As in the case of capacity building for adult women, we suggest that training for girls and young women include a gender awareness and self-esteem component, aimed at breaking negative stereotypes regarding women's ability to manage businesses and finances while at the same time promoting positive female role models. When delivered in schools, training modules should be adapted to encourage boys' participation. For example, the gender awareness component could be folded into a more general literacy course aimed at both boys and girls.

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