



Responsible Finance through Local Leadership and Learning in Rwanda

Background

In recent years, financial inclusion in Rwanda has known promising levels of growth, resulting from a number of initiatives and policy measures seeking to reach more underserved Rwandans with financial services. Despite remarkable advances, the country's microfinance sector still faces a number of challenges, including limited formal and informal frameworks for the adoption of consumer protection practices that contribute to responsible financial inclusion.

Consumer protection is rooted in the belief that exchanges between financial service providers and consumers should be transparent and fair, thus limiting poor treatment of clients, and increasing trust in and reputation of the sector. Some notable developments in Rwanda that have the potential to impact activities around consumer protection include:

At a Glance: Microfinance Sector in Rwanda

494 legally registered MFIs
MFIs account for **6.7%** of
total financial sector assets
2.8 million people have
access to MFI services

Notable Developments in Responsible Finance in Rwanda

- Regulation mandating credit history check before approving loan.
- Regulations on pricing disclosure for credit services.
- Central Bank and World Bank collaboration to develop a Consumer Protection Framework.
- Augmented interest in digital financial services and VSLAs as a way to increase financial inclusion.
- An increasing number of savings and loans cooperatives (SACCOs) are joining the Association of Microfinance Institutions in Rwanda (AMIR).

Program Partners and Objectives

The SEEP Network is collaborating with the Association of Microfinance Institutions in Rwanda (AMIR) and The MasterCard Foundation to lead the Responsible Finance through Local Leadership and Learning Program in Rwanda.

The program aims to:

- Promote an enabling environment through active engagement of all relevant stakeholders.
- Expand the organizational capacity of AMIR to serve as a sustainable and influential advocate for responsible financial market development.
- Accelerate learning and knowledge exchange within Rwanda and the Sub-Saharan Africa region

To achieve these objectives, the program will employ a multi-stakeholder approach engaging all relevant actors (MFIs, regulators, government agencies, technology firms, donors, NGOs, grassroots organizations, etc.) intervening in the market to achieve progress on a sector-wide scale through a variety of activities to advance internationally recognized consumer protection principles.¹

Consumer Protection Principles

- Appropriate product design and delivery
- Prevention of over-indebtedness
- Transparency
- Responsible pricing
- Fair and respectful treatment of clients
- Privacy of client data
- Mechanisms for complaint resolution

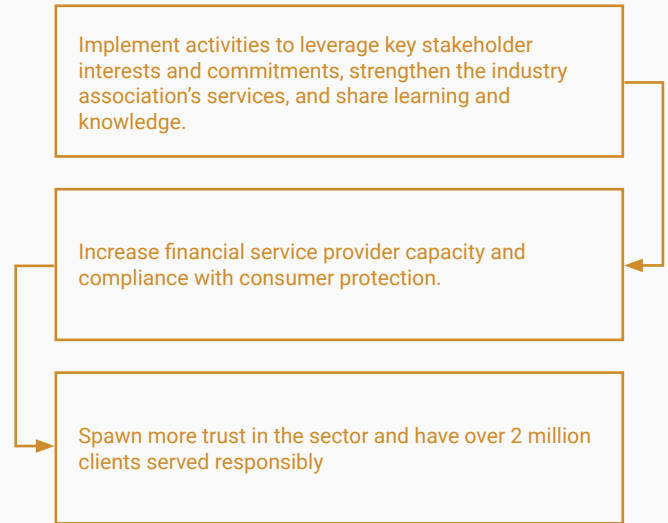
¹ See The Smart Campaign, www.smartcampaign.org

Structure of the Responsible Finance Market in Rwanda



Program Theory of Change

Using a market facilitation approach, the program aims to catalyze large-scale systemic change around responsible finance by tackling the underlying causes of market weaknesses. The program's overall impact pathway to deal with key constraints on the demand side (limited awareness of consumers of their rights and means of recourse) and on the supply side (limited capacity, services and frameworks around consumer protection) can be illustrated as follows:



A detailed presentation of the preliminary program theory of change can be found on the program [site](#).



About The SEEP Network (SEEP)

SEEP is a global learning network. We support strategies that create new and better opportunities for vulnerable populations, especially women and the rural poor, to participate in markets and improve the quality of their life. Founded in 1985, SEEP was a pioneer in the microcredit movement and helped build the foundation of the financial inclusion efforts of today. In the last three decades our members have continued to serve as a testing ground for innovative strategies that promote inclusion, develop competitive markets, and enhance the livelihood potential of the worlds' poor. SEEP members are active in more than 170 countries worldwide. www.seepnetwork.org @TheSEEPNetwork.



About The Association of Microfinance Institutions in Rwanda (AMIR)

AMIR is the only umbrella body for microfinance institutions in Rwanda that seeks to build a flourishing microfinance sector through Advocacy and Information, Research and Development, Responsible Finance, Performance Monitoring and Capacity Building. AMIR was created in 2007 with 32 founding members. Currently its membership has reached 343 licensed microfinance banks, limited savings and deposit taking companies, and credit and savings cooperatives. Its membership represents more than 97% of the microfinance sector in Rwanda and serves close to 2.8 million customers. As a very strong partner to the Government of Rwanda and a member of the private sector federation, AMIR hopes to promote an enabling environment by facilitating collaboration amongst a wide range of private and public sector stakeholders by 2020. www.amir.org.rw @AMIR_Rwanda



The MasterCard Foundation

About The MasterCard Foundation

The MasterCard Foundation works with visionary organizations to provide greater access to education, skills training and financial services for people living in poverty, primarily in Africa. As one of the largest private foundations its work is guided by its mission to advance learning and promote financial inclusion to create an inclusive and equitable world. Based in Toronto, Canada, its independence was established by Mastercard when the Foundation was created in 2006. For more information and to sign up for the Foundation's newsletter, please visit www.mastercardfdn.org. Follow the Foundation at @MastercardFdn on Twitter.