



Rwanda Youth Financial Inclusion Report 2020

With support from:



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in Rwanda**

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Recommendations

A woman wearing a headscarf and a light-colored jacket is sitting in a vast tea plantation. She is holding a small basket. The tea bushes are dense and green, covering the foreground and middle ground. In the background, there are more tea fields and some distant structures under a clear sky.

Background

Objectives & Methodology

Objectives of FinScope Rwanda 2020



About Finscope: AFR in collaboration with FinMark Trust (FMT) and the Government of Rwanda conducted the fourth FinScope Rwanda Consumer Survey in 2020. The first consumer survey was conducted in 2008 and the repeat surveys in 2012 and 2016



To describe the **levels of financial inclusion** (i.e. levels of access to financial products and services – both formal and informal)



To describe the **landscape of access** (i.e. the type of products and services used by financially included individuals)



To identify the **drivers** of, and **barriers** to financial access



To assess **trends/changes** over time (from 2016)



To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will **increase** and **deepen financial inclusion**



Provide information on **new opportunities** for increased financial inclusion and the extent to which financial services are meeting Rwandans' needs

About the FinScope survey



National representative survey with reporting domains at national, rural/urban and provincially (district)

Computer Aided Personal Interviews (**CAPI**) conducted face-to-face – change from previous years' **PAPI** (pen and paper)



FinScope survey is a **demand consumer perception** study – respondents are not asked to provide proof of accounts held (however the questionnaire and the training ensures that we get more pertinent information)



It provides insights into how people **source their income** and manage their **financial lives**



It also provides insights into **attitude and perception** regarding financial products and services

The data expanded to allow for greater data interrogation (at district level)



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Respondent profile



Universe adult
population in
Rwanda



Rwandan
residents 16
years and older

Coverage and methodology

- Fieldwork conducted **September 2019 to November 2019**
- Computer Aided Personal Interviews (**CAPI**) conducted face-to-face – change from previous years' **PAPI** (pen and paper)
- Questionnaire **reviews** included reordering of some questions and the addition of new questions
- Questionnaire in **Kinyarwanda and translated into English**
- Total of **12,480 interviews** conducted

Sample and fieldwork validation

- **Nationally representative sample**
- Sample drawn systematically using **Probability Proportional to Size (PPS)** sampling
- To identify respondents, **two further levels of random sampling**
 - **Households** randomly selected within each sampled village
 - **Individual respondents** randomly selected from sampled households using the automated Kish grid

Objectives

of the Youth and Financial Inclusion 2020 Report



The analysis of this report is derived from FinScope 2020 survey and comparison against FinScope 2016.

Purpose of the report



**Identify and analyse
overall levels of
financial inclusion of
the youth**



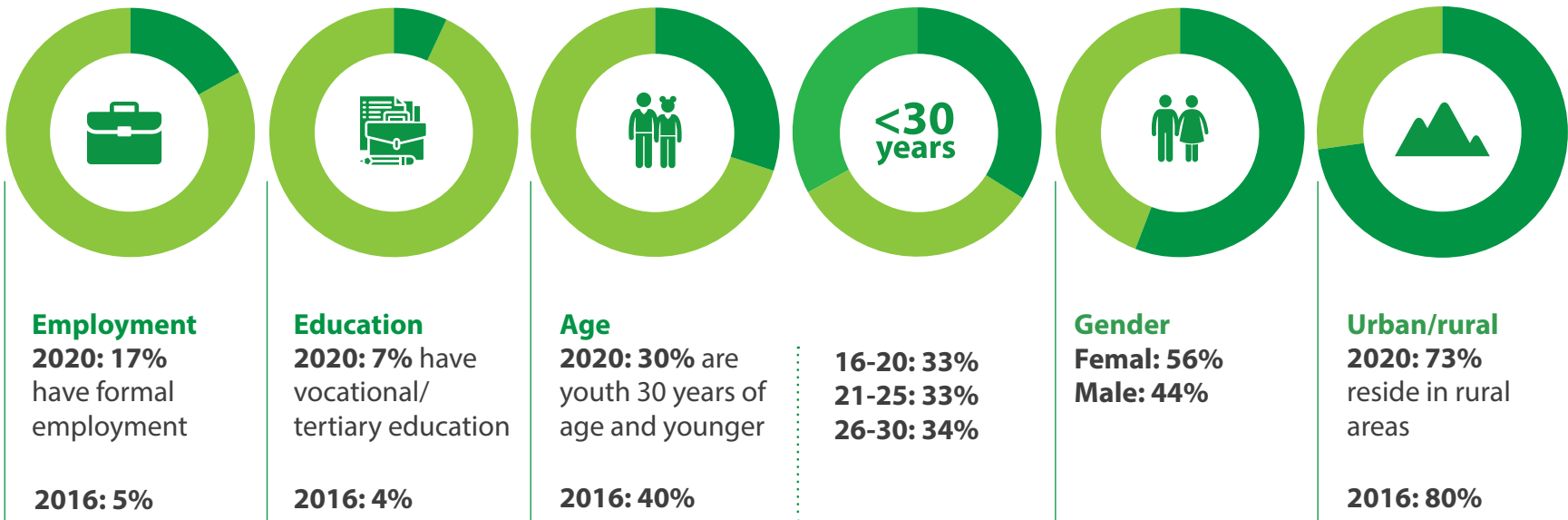
**Identify key
challenges/barriers
and provide
recommendations**

Profile of youth in Rwanda



The Rwandan youth enjoy better access to education than their parents did, which is evident from the fact that 95% have at least a primary education compared to only 76% of their parents, this reflects the commitment of the government to increasing literacy in the country.

 **Total adult population (+16): 7.13 million** 



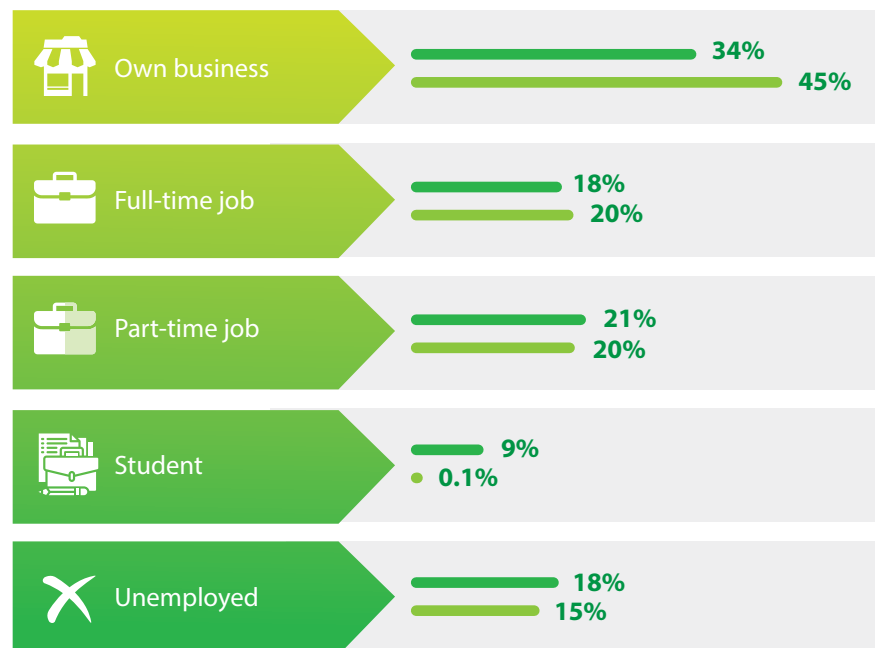
Profile of youth in Rwanda

Employment and source of livelihoods



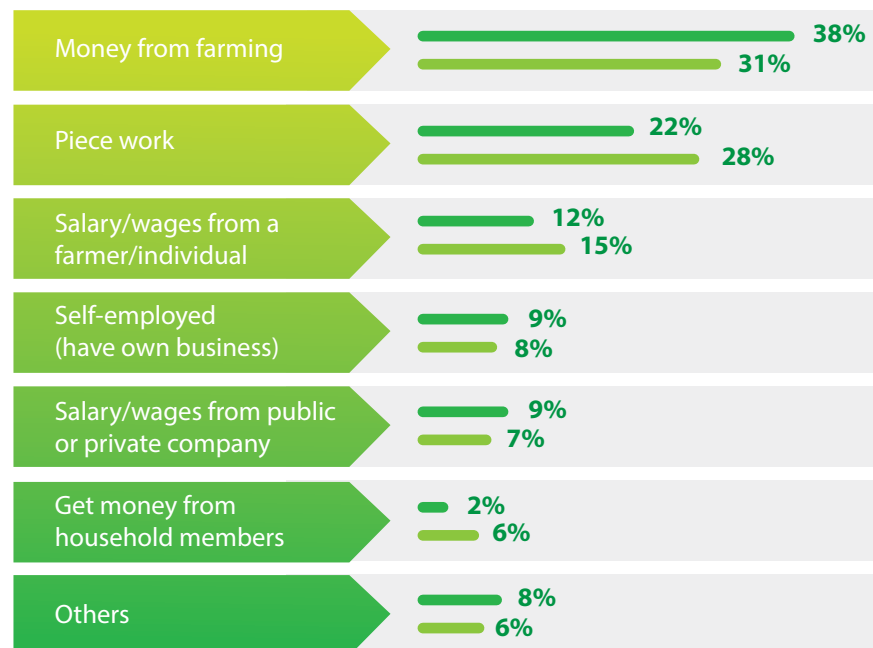
Employment

Business ownership is relatively smaller among the youth than the rest of the population



Source of livelihoods

The youth rely on similar sources of livelihoods as the rest of the population but with slight differences



— Youth — The rest

Profile of youth in Rwanda

Income category



75%

of the youth were in the first three quintiles in 2016, but the figure has declined to 62%, which implies mobility to the upper quintiles. It is also worth mentioning that the youth live in households with lower-income levels than the rest of the population.

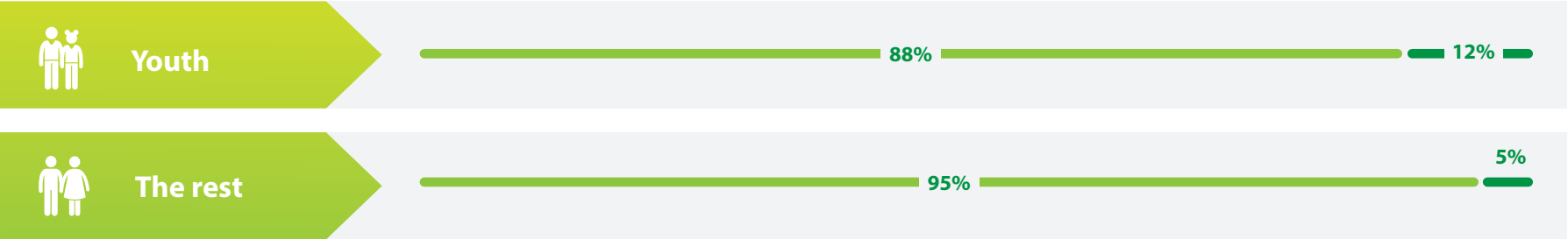


— Youth — The rest

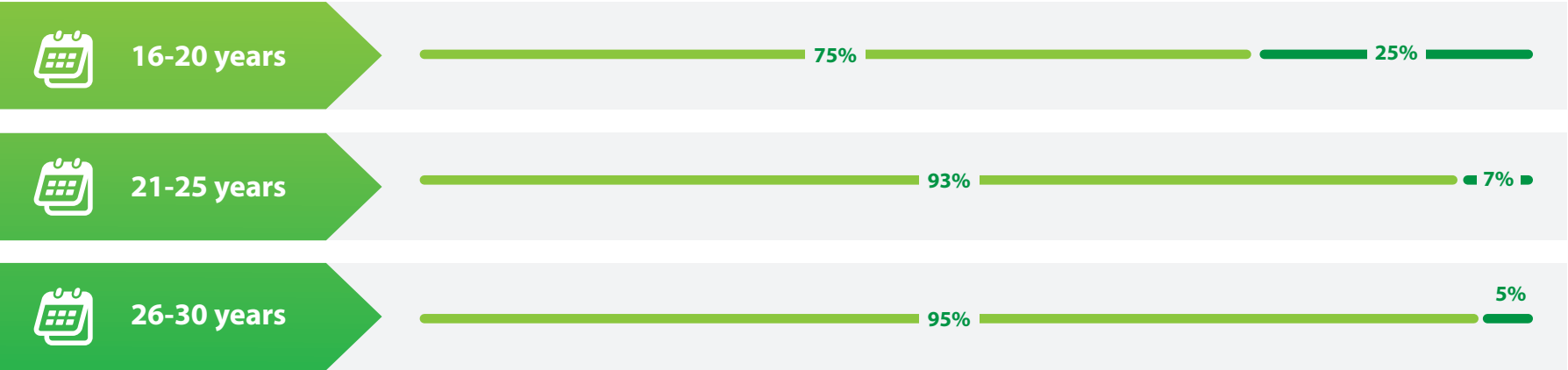
Drivers of Financial Inclusion



Overall youth Financial inclusion



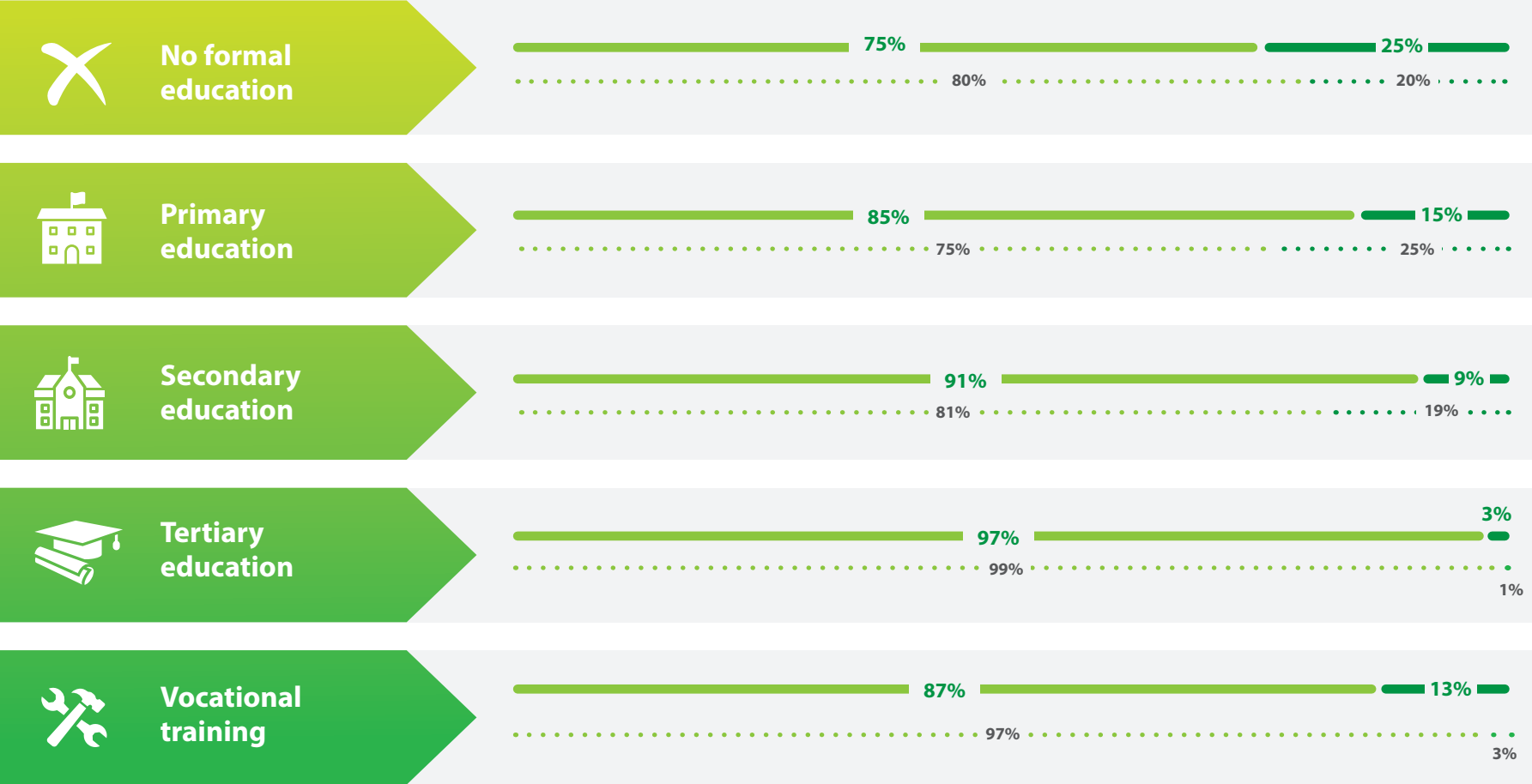
Financial inclusion across age groups



Included Excluded

Drivers of Financial Inclusion

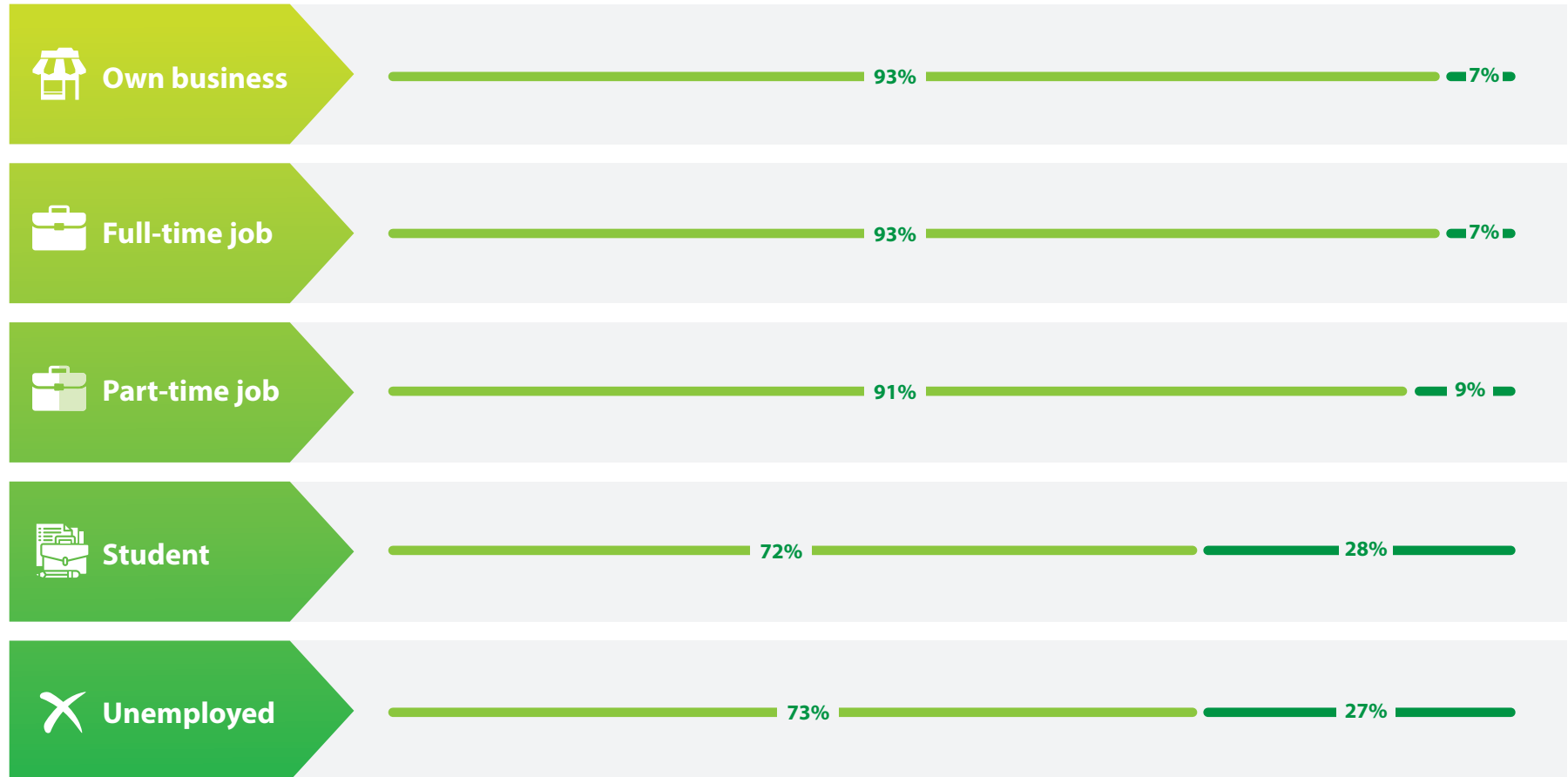
Financial inclusion by education



■ Included
 ■ Excluded
 ■ 2020
 ... 2016

Drivers of Financial Inclusion

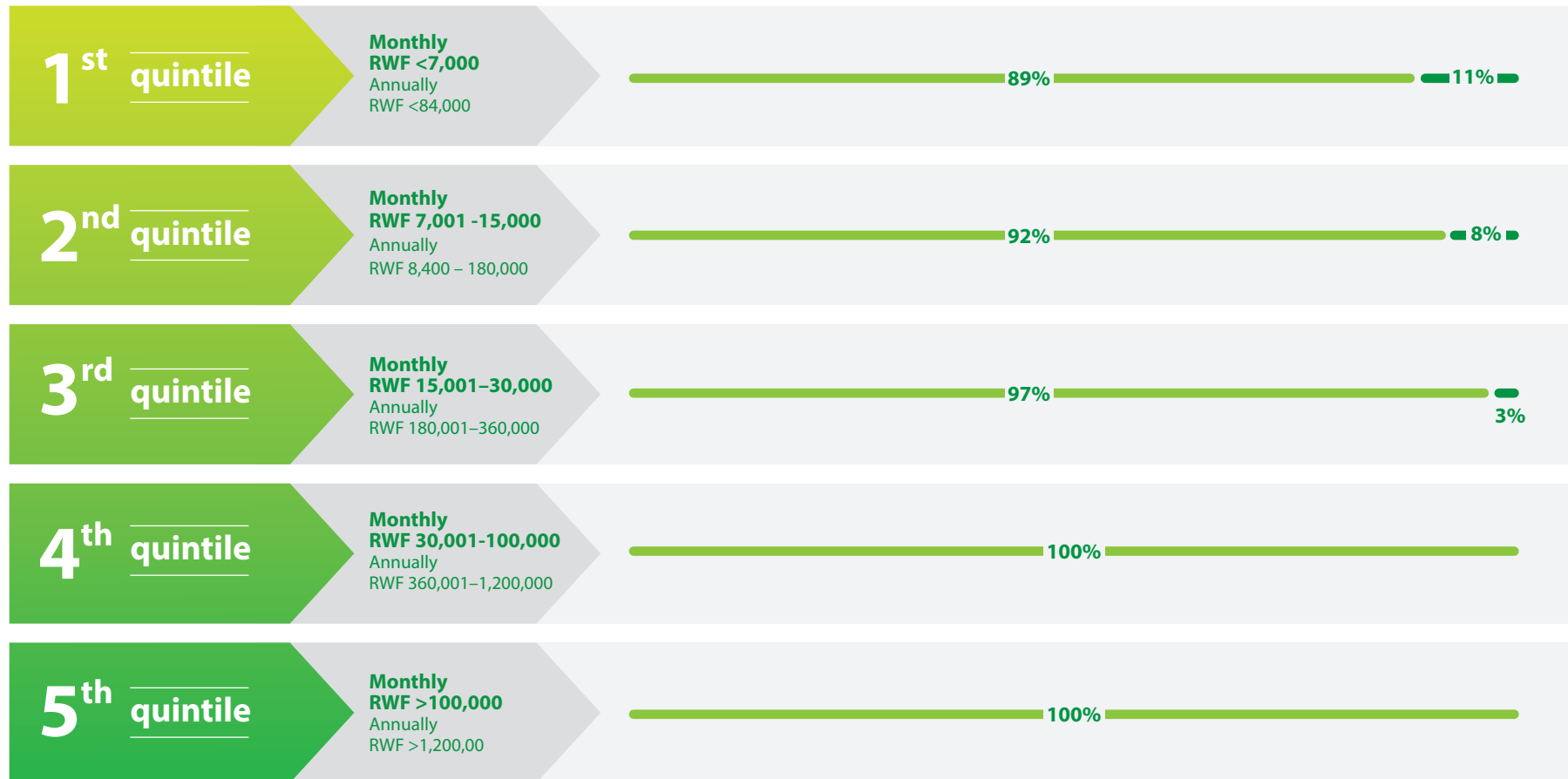
Financial inclusion by employment



— Included — Excluded

Drivers of Financial Inclusion

Financial inclusion by income category



— Included — Excluded

Defining Financial Inclusion



Total adult population 16 years and older in Rwanda

Financially included

have/use financial products and/or services - formal and/or informal

Financially excluded

do not have/use any financial products and/or services - formal and informal

Formally served

have/use formal financial products and/or services provided by a formal financial institution (bank/non-bank). A formal financial institution is governed by a legal precedent of any kind and bound by legally recognised rules

Informally served

have/use formal financial products and/or services which are not regulated. These operate without legal governance that would be recognised, e.g. savings groups or moneylenders

Banked

have/use financial products/services provided by a bank regulated by the central bank

Served by other formal (non-bank) financial institutions

have/use financial products/services provided by a regulated non-bank financial institutions, e.g. mobile money, SACCO, insurance company, MFIs and pension providers

FinScope Access Strands



Total youth population 2,106,829

Formally served:

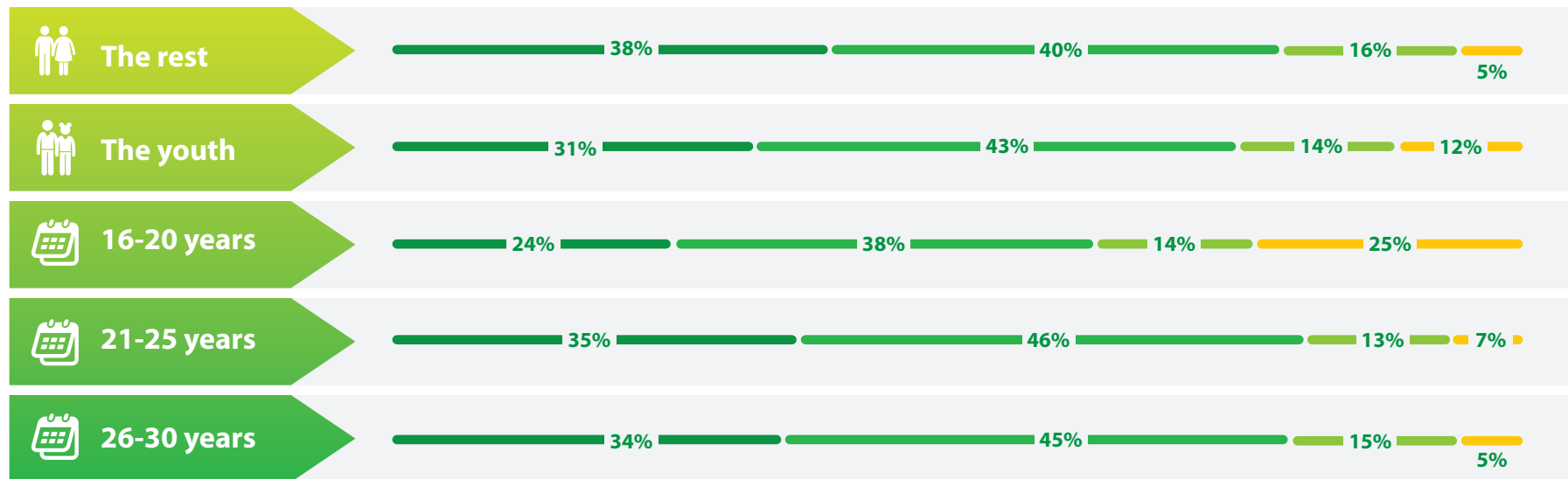
74% (1,508,288 compared to 1,057,100 in 2016) compared to 76% for the rest of the population in 2020

Informally served:

A lesser proportion of the youth (68% or 1,436,339 compared to 1,475,703 in 2016) compared to 82% of the rest of the population

Banked:

Youth who have or use products or services from licensed commercial banks regulated by the central bank are 31% (650,751) in 2020 up from 24% (559,862) in 2016



Banked Other formal Informal only Excluded



Borrowing and credit: Approximately 66% of youth borrowed money in the past 12 months prior to the FinScope survey

Only 16% of youth borrow from formal financial institutions. This means that youth are excluded from the formal credit market



Savings and investments: Around 50% of youth save with formal financial services providers.

55% save using informal mechanisms such as savings groups like VSLA, tontine, or Ikimina.

Most savings are for non-developmental purposes and, the creation of appropriate products is likely to help in shifting savings towards developmental purposes.

Bank and Mobile Account Usage



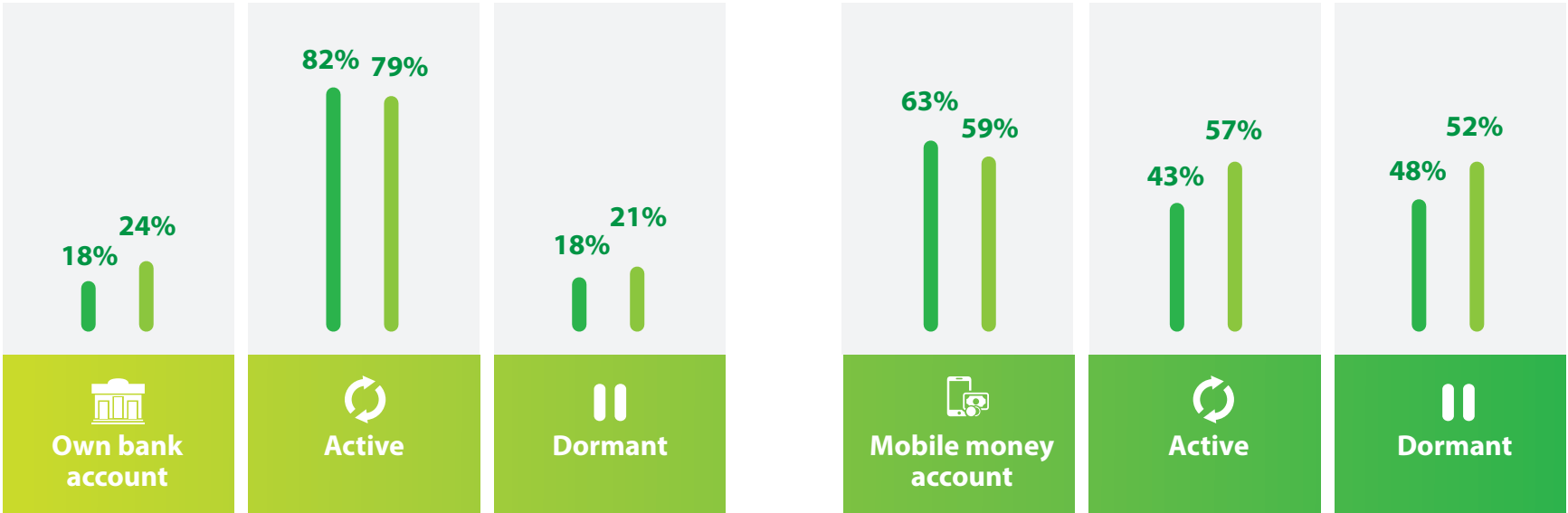
AFR



Mobile money presents an opportunity to expand financial inclusion among people that are excluded from the market.

Bank account usage

Mobile money account ownership and usage

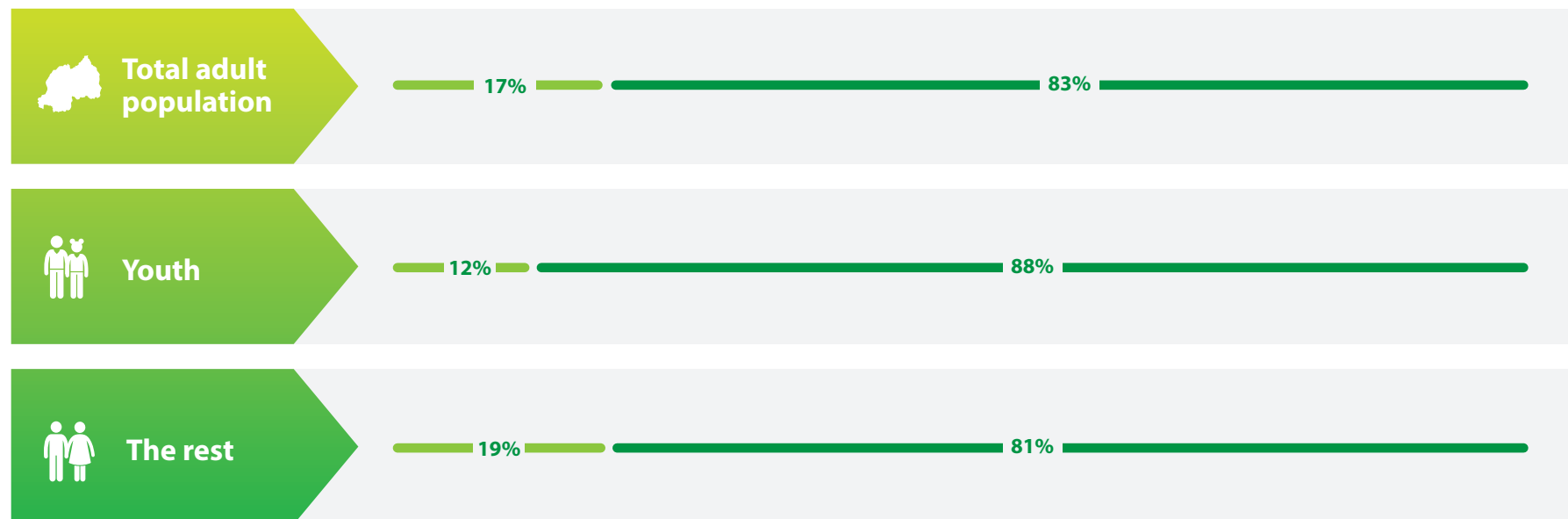


— Youth — The rest

Insurance and risk mitigation



~12% of the youth have access to insurance products from formal financial institutions up from 7% in 2016



Excluding Mutuelle de Sante

Insured Not insured

Recommendations



1



Increase access to post-secondary education is critical in building a knowledge based economy

4



Introducing affordable credit products is likely to increase usage of credit

2



Support young business owners to avoid premature death of businesses

5



Youth financial inclusion strategy should focus on people in rural areas and those in lower-income quintiles

3



A catchment program that up-skills the youth after completing their education. This will facilitate, a transition from education to employment

6



Leveraging technology to provide financial services and introduce new product

7



Since youth are slightly more to own businesses in the agriculture (21.2% youth vs 20.9% The rest) and services sectors (45.9% youth and 41.2% The rest) than the rest of the population, an increased entrepreneurship in these sectors would have a positive impact reducing youth unemployment.

A close-up portrait of a Black woman with short, dark, curly hair. She is smiling and looking slightly to her left. She is wearing a bright yellow top. The image has a green overlay, and the text "Thank you" is written in white across the center.

Thank you

A photograph of a young man with a warm smile, wearing a red beanie and a dark jacket. He is holding a bright yellow plastic crate filled with dark purple eggplants. The background is a soft-focus outdoor setting with green foliage. The entire image has a light green tint, and the text 'Q&A' is centered in white.

Q&A