# National Bank of Rwanda

# Banki Nkuru y'u Rwanda

## *Key outcomes from the International Conference on "Financial Inclusion for Inclusive Growth and Sustainable Development"*


***Kigali Serena Hotel***
***Kigali - Rwanda***
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## Background:

In collaboration with the World Bank, the African Development Bank and the Alliance for Financial Inclusion, the National Bank of Rwanda (BNR) organized the International Conference on Financial Inclusion for Inclusive Growth and Sustainable Development as one of the activities to mark its Golden Jubilee celebrations.


The theme of the conference was: Financial Inclusion for Inclusive Growth and Sustainable Development.

The conference brought together financial sector regulators, policy makers and eminent researchers with the aim of creating a forum for sharing experiences, learning from peers, and discussing about the challenges in financial inclusion.

### Participants discussed the following topics:

- Financial inclusion, financial stability, financial integrity and financial consumer protection: synergy or trade-offs?

- Impact of financial inclusion on poverty alleviation and inclusive development. Innovations, technology and financial inclusion. The Guest of Honour at the opening ceremony was H.E. Paul KAGAME, President of the Republic of Rwanda.

### Key outcomes

### From speeches:

All speeches at the opening ceremony focused on the importance of financial inclusion for inclusive growth but it is important to highlight the guidance given by H.E Paul KAGAME; where he underlined the following:

- Financial Inclusion is a key component of the pursuit of self-reliance as it is about bringing low income households and SMEs into the formal financial sector to protect their assets and better manage risks. History of central banks shows that fiancial inclusion was not the main priority of financial sector regulators but going forward financial inclusion must be included in the main objectives of regulators.

- Information is the life blood of financial inclusion. For policy makers, there is need for timely and reliable data to set policy objectives and monitor and evaluate the impact of policy interventions towards achieving financial inclusion targets.

- Financial Inclusion is inseparable from good governance and civic engagement. Public and private institutions must connect to the need of the people. This must include financial education. Good institutions and good governance are the foundation of financial inclusion. Financial inclusion should be taken as a public property which must be built for the interest of all and of each one and protected by all.

- We must do our work to increase regional and continental integration. Financial inclusion goes beyond political frontiers of countries as it involves payment systems, remittances and money transfers, international trade that supports international investments etc. We believe that we need to share information and cooperate with other regulators. Legal frameworks have become more complex thus the need to tackle the challenge together.

- To be sustainable, financial services must be viable for consumers and economically viable for providers. While getting low income people out of informal sector and poverty, the financial inclusion objective should not conflict with the financial sustainability of financial service providers.

- There is an important role to be played by private sector for financial inclusion to create value for consumers and providers alike

- "We are optimistic about our future. With the right mind-set the problems we face are opportunities to speed up development towards a better future."

**From presentations and discussion:**

In the first presentation that discussed; Financial inclusion, financial stability, financial integrity and financial consumer protection: synergy or trade-offs? It was noted that:

- In addition to its intrinsic value for growth and development, financial inclusion also contributes to the optimisation of the other objectives; stability, integrity and consumer protection. However that may come with a cost.

- In balancing the synergies and trade-offs of the various policy objectives what we need is to understand and embrace the management of risks. We can do this through the collection of better data and through applying a test-and-learn approach.

- Proportionality is important for regulation: synergies and potential trade-offs should guide the regulation

- Regulators are agents of market development. Markets on their own do not function without strong institutions. Regulators provide the rules of the game and need to provide appropriate incentives and penalties for market participants.

- We do not more regulation but better regulation. Robust consumer protection gets more complicated with new innovative channels and requires a framework that includes the improvement of financial literacy.

- In the end, financial inclusion will even support standards more effectively, as it resolves complications born out of informality in the financial system

**The second presentation that discussed Impact of financial inclusion on poverty alleviation and inclusive development highlighted the following key points;**

- Distinguishing between correlation and causality. There should be an impact analysis and evaluation of policy objectives or financial inclusion initiatives.

- There is an increasing body of evidence that shows that financial inclusion works e.g.:

- Financial education is more effective when consumers have already access and when the education is about usage. Financial education has to be made fun and touch emotional bond of individuals for them to pay attention; for instance, if it is delivered by figures people identify with.

- Removing cost barriers to financial inclusion seems to be a promising way to increase client welfare. Removing account opening fees led to a dramatic increase in private consumption.


- There is need to also focus on accelerators of financial inclusion, namely open private sector, inclusive ecosystems and consistent financial flows, in addition to the fundamentals of financial inclusion which are electronics, access and usage, PPP, and consumer education.

**During the session on Innovations, technology and financial inclusion, it was noted:**

- Technology is the main enabler of Financial Inclusion but as it moves quicker than related regulations, regulators are eager to work hard for them to avoid being exceeded by the events and the risks technology poses.


- Innovations such as mobile-based should support transformative financial inclusion, i.e.support productive capacities of an economy as an end result. Technology efficiency is to be assessed by how it supports the implementation of a right business model

- The message on interoperability has significantly changedintherecentyears.Someyearsagointeroperability was much less embraced by the private sector providers.

- Today convergence is the word to describe the industry. While competing on the market, mobile network operators, commercial banks and other service providers; the interoperability of mobile financial services, ATMs and cards is very essential.

Rwanda could be the next Silicon Valley of digital financial inclusion.


## Conclusion:

- The conference was Insightful

- Beyond competition considerations, interoperability is a must

- Regulators are players of market development

- Beyond the trade-offs between financial inclusion, stability, integrity and consumer protection, risk management should serve as a guide and the ultimate goals should be synergies between the four pillars for achieving inclusive growth and sustainable development

- Monitoring and evaluation working group is key and it should be supported by a set of data and targets to monitor

- Financial inclusion should be supported by better regulation, i.e. adequate and dynamic legal, regulatory and supervisory framework to cope with new developments in financial sector especially with regards to branchless banking

- Financial inclusion should also be supported by financial education to improve usage

- The key role of partnerships and collaboration was acknowledged.

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