

# FINTECH LENDING- RWANDA

CORE VALUES: Integrity, Mutual Respect & Team Work, Accountability and Excellence





## Background

- ❑ Digital lending involves giving and recovering loans through web platforms or mobile apps. It facilitates speedy disbursement and helps borrowers to respond to their financial needs.
- ❑ Digital loans are mostly personal loans. In Rwanda, digital loans are mostly offered by commercial banks (7), Lending FinTechs (4), Microfinance Institutions



## \_Digital loans vis-a-vis personal loans (Q2 2023)

Number of digital loans (234, 641) : 74%

Amount of digital loans (Frw 8 billion) : 3.3%

NPLs for digital loans : 7.7%

Write-off of digital loans : 1.6%

## Key Digital Loans Products in Rwanda



- 1) MACYEMACYE :To buy smart phones ( Partnered with MTN and commercial bank
- 2) MO Cash: For personal needs (Partnered with MTN and Commercial Bank
- 3) Financing savings and Credit Schemes
- 4) Finacial personal loans especially women

### AFRICA

- 1) SAFARICOM- Kenya ( M-PESA)
- 2) Tala: Kenya, Tanzania, Philippines, Mexico, etc;

# Benefits



- 1) Self Service ( quick service)
- 2) Reaching a wide range of people mostly SMEs;
- 3) Less documentation;
- 4) Low lending cost;
- 5) Online Due Diligence;
- 6) No human judgement.



## Overall

- 1) Penetration of SMART Phones still Low (78.1% Mobile phones-Rda)
- 2) Penetration of Internet- Still low ( 22.8% in Rwanda)
- 3) Lack of open finance ( available data)- Rwanda started Data warehouse;
- 4) Lack of Digital Identification- Rwanda has an Electronic ID system;
- 5) Lack of digital literacy

## Lenders

- 1) High default rate as no strong screening and analysis is done;
- 2) Recovery is difficult as customers tend to switch off their devices and change addresses;
- 3) Some frauds were manifested in loan application
- 4) Lack of funding for some FinTechs



## Borrowers

- 1) High lending rates;
- 2) Weak transparency especially in disclosure of prices and product terms- Rwanda started price comparator system
- 3) No clear explanations on terms of the contracts;
- 4) Customers fail to keep traces of contracts and repayment schedule;
- 5) Unfair complaints handling procedures- Rwanda started messenger system
- 6) Data protection and privacy breaches.
- 7) Unrealistic advertisements
- 8) Risk of over indebtedness

# Thank You

