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) Financial personal loans especially women

AFRICA

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

**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 messanger system
6) Data protection and privacy breaches.
7) Unrealistic advertisements
8) Risk of over indebtedness
Thank You