

PROJECT FACTSHEET

Title of project	SCBF 2012-02: Fostering financial inclusion in rural areas through down-scaling by the leading bank in Rwanda
Country/ region	Rwanda / country-wide (58 branches with 19 outside Kigali)
Financial Intermediary	Bank of Kigali (BK) , commercial bank
Competence Centre mandated for execution	Business and Finance Consulting (BFC) Max-Högger-Strasse 6, CH-8048 Zurich, Switzerland
Overall project budget	CHF 301'280 (50,4% self-contribution by partner)
SCBF contribution	CHF 149'785 (49,6% SCBF funding share)
Date of project approval	11.06.2012
Project period	07.2012 until 08.2013 (prematurely terminated for external reasons)
Context	<p>Rwanda has a below average financial penetration with 52% of the population with no access to any kind of financial services and a 12% credit to GDP ratio. Only 21% of the population has access to formal financial services with still lower access in rural areas where 87% of the population lives.</p> <p>One promising way to enhance substantially financial inclusion is to support the leading commercial bank in developing a responsible cash-flow based lending technology in reaching micro entrepreneurs and small enterprises as new clientele. BK is well positioned to introduce and up-scale client-oriented loan and other financial services for micro and small enterprises. This will set a demonstration effect for the banking sector.</p> <p>Micro and small enterprises will benefit from access to responsible formal financial services by better sustaining the working capital needs of their businesses and enabling them to increase operations and finance investments.</p>
Current status	<p>Bank of Kigali is the leading bank in Rwanda with a market share of 33% of total banking assets. It provides retail and commercial banking services to over 150,000 individuals and over 13,000 legal entities.</p> <p>BK made a strategic decision to down-scale in 2009 and after corresponding preparations is now ready - with tailor-made technical assistance - to launch a one-year down-scaling pilot at two branches before rolling it out across its entire branch network. To support its expansion strategy to rural areas, BK intends to open 12 new branches by the end of 2012.</p>
Objective and main activities	<p>The objective is for BK to start serving micro/small enterprises and low-income households while complying with the SMART client protection principles. Through the project, BK intends to reach at least 4,500 micro and small enterprises by the mid of 2014 in peri-urban and rural areas.</p> <p>The main activities of the project are to:</p> <ol style="list-style-type: none"> 1) Create an organisation structure within BK in line with its down-scaling strategy that is suitable for extending lending services to micro and small enterprises. 2) Design loan products that meet the needs of micro and small enterprises supported by appropriate lending policies and procedures (that comply with the SMART client protection principles) and adapt the MIS accordingly. 3) Deliver coaching and training in the application of the new policies, procedures and products at all levels from loan officers, loan committee members, branch managers, head officer managers, and top management. 4) Conduct close coaching of the product pilot testing in 2 branches (in Kigali and in another rural town) and the training of 30 loan officers and 2 trainers. 5) Backstop the branch network roll-out of the micro/small enterprise loans. Advised by BFC, the Bank will seek to introduce the most appropriate cost-effective and innovative channels for distribution and collection of loans, using either mobile banking technology, agency banking model, mobile vans or through the Bank's ATM infrastructure. <p>At the end of the project, BK should be in a position to offer client-oriented loans to micro and small enterprises across its branch network in a responsible manner and to further develop this new market segment sustainably without outside assistance.</p>