Stakeholder Engagement Breakfast Meeting

30th August

2018

ACCESS TO FINANCE RWANDA

RBA

RWANDA BANKERS' ASSOCIATION

AMIR

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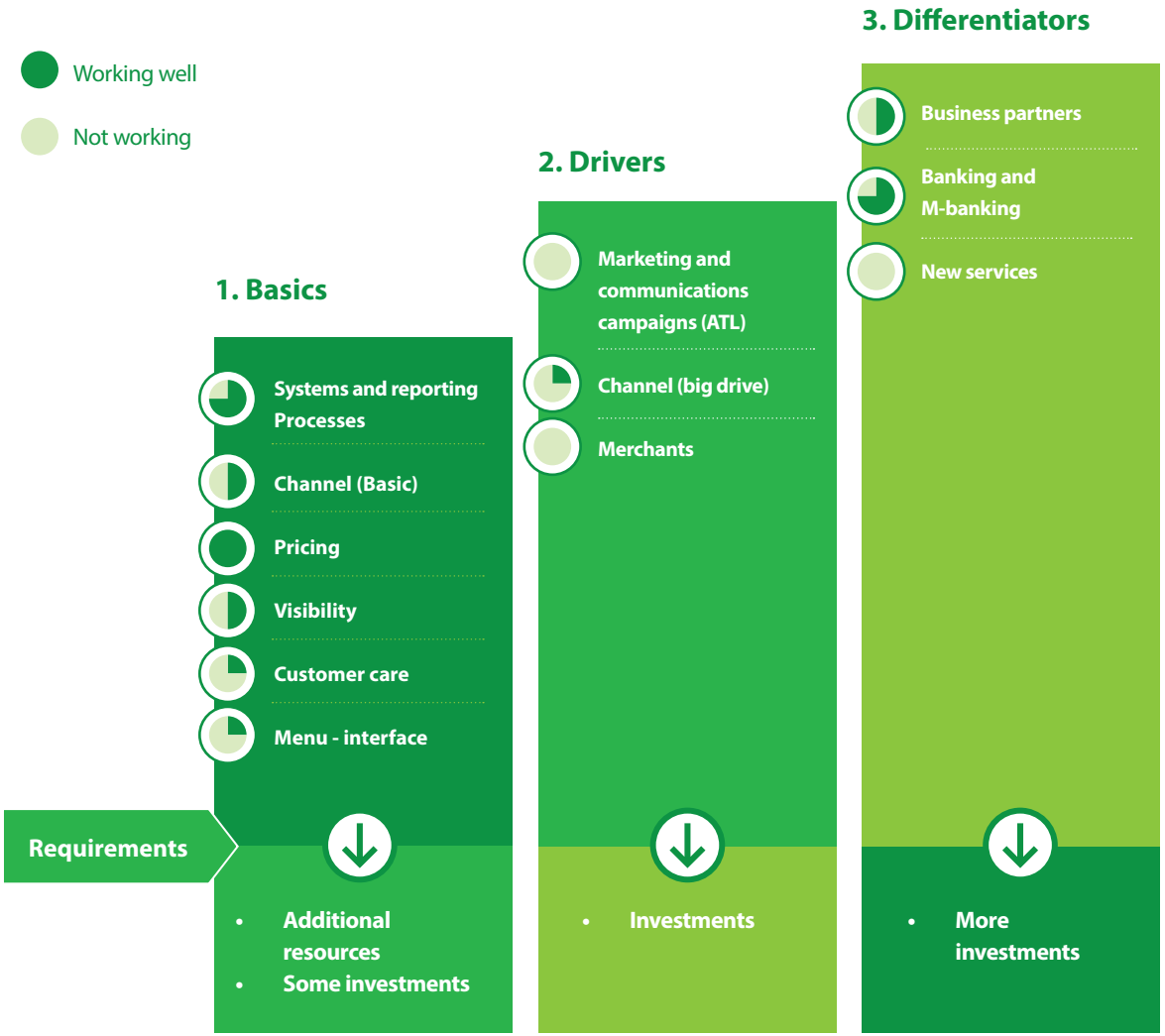
The bottom Line

Agency Banking service roll-out is facing a set of bottlenecks across the Rwanda market which need to be addressed for it to be able to build its financial inclusion differentiators

Agency Banking in Rwanda: Current Analysis



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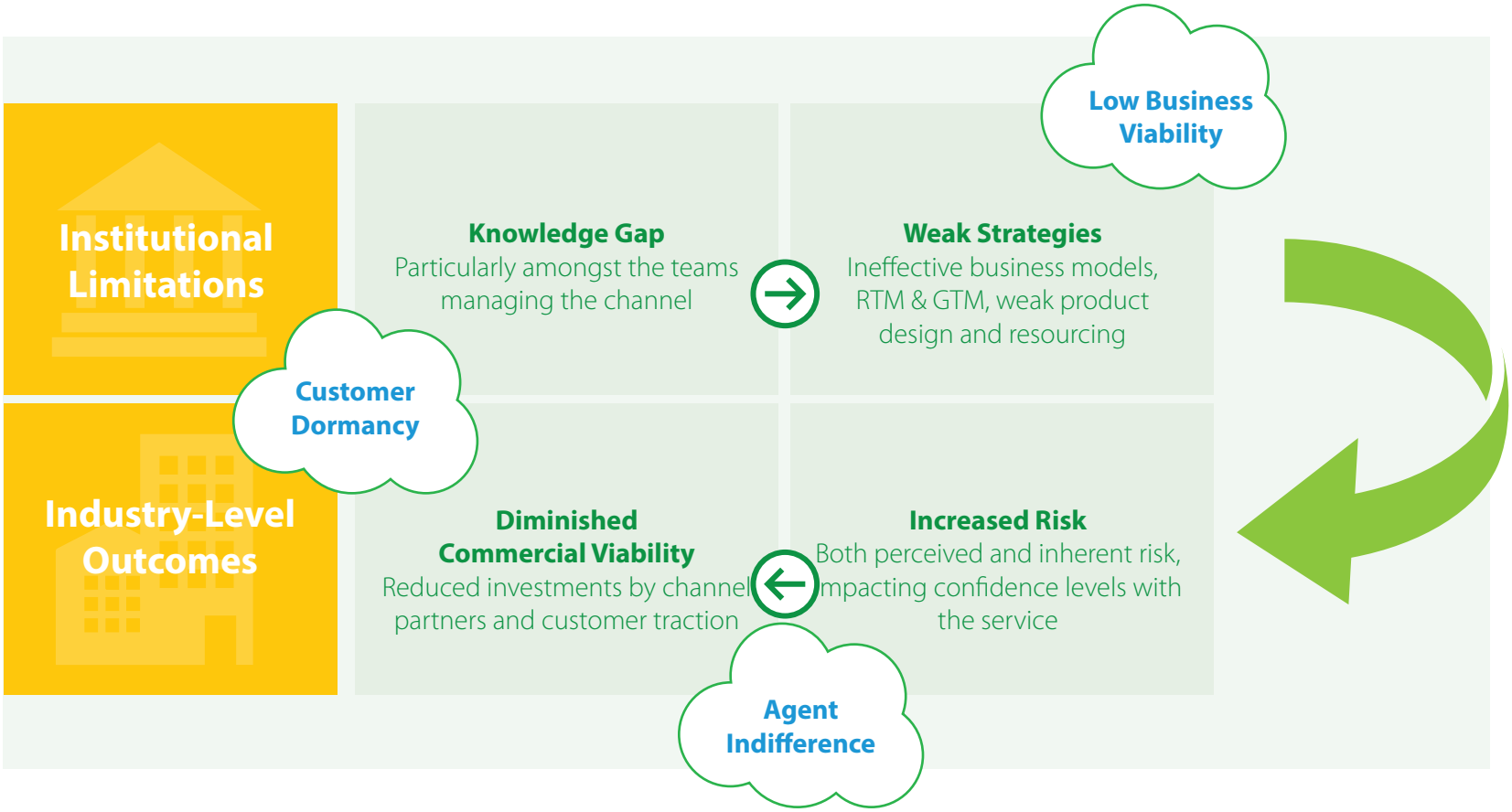
Why Shared Agency Banking Services?



The bottom Line Micro-Level institutional limitations and challenges in appreciating the dynamics of agency banking have an aggregate impact on the industry, leading to reduced traction and viability for the channel.

Facts & Figures

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$1.5M
The cost of Setting Up Agency Banking

$1.2M
Amount of Cash AFR is investing the Project

$250K
Amount of money required to set up a Bank Branch

4,000
No. of agents SABS target to have across the country

6
No. of Financial Service Providers in Agent Banking

5
No. of Financial Service Providers to Pilot SABS

SABS Project Approach and Expected Outcomes

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Closing the Knowledge Gaps

Strategic-level training for mid to senior level managers for all channel partners

Operational-level training for all mid-level managers and their implementing staff

Strengthening Strategic Operations

Conduct strategic assessments at organisational level

Evaluate and remodel the business model at both institutional and industry level

Motivate for strategic partnerships at industry level to increase co-opetition levels

Risk Containment

Review and implement **new RTM strategy and SOPs** to increase agent network monitoring and support

Sustained BTL, ATL & TTL **marketing communication** campaigns focused on consumer protection and product knowledge

Standardise **product delivery**

Building Commercial Viability

Reduce business costs:

- Share agent network infrastructure
- Outsource agent network management

Stimulate end-user usage:

- Diversify product offering
- Expand access options - mobile, card

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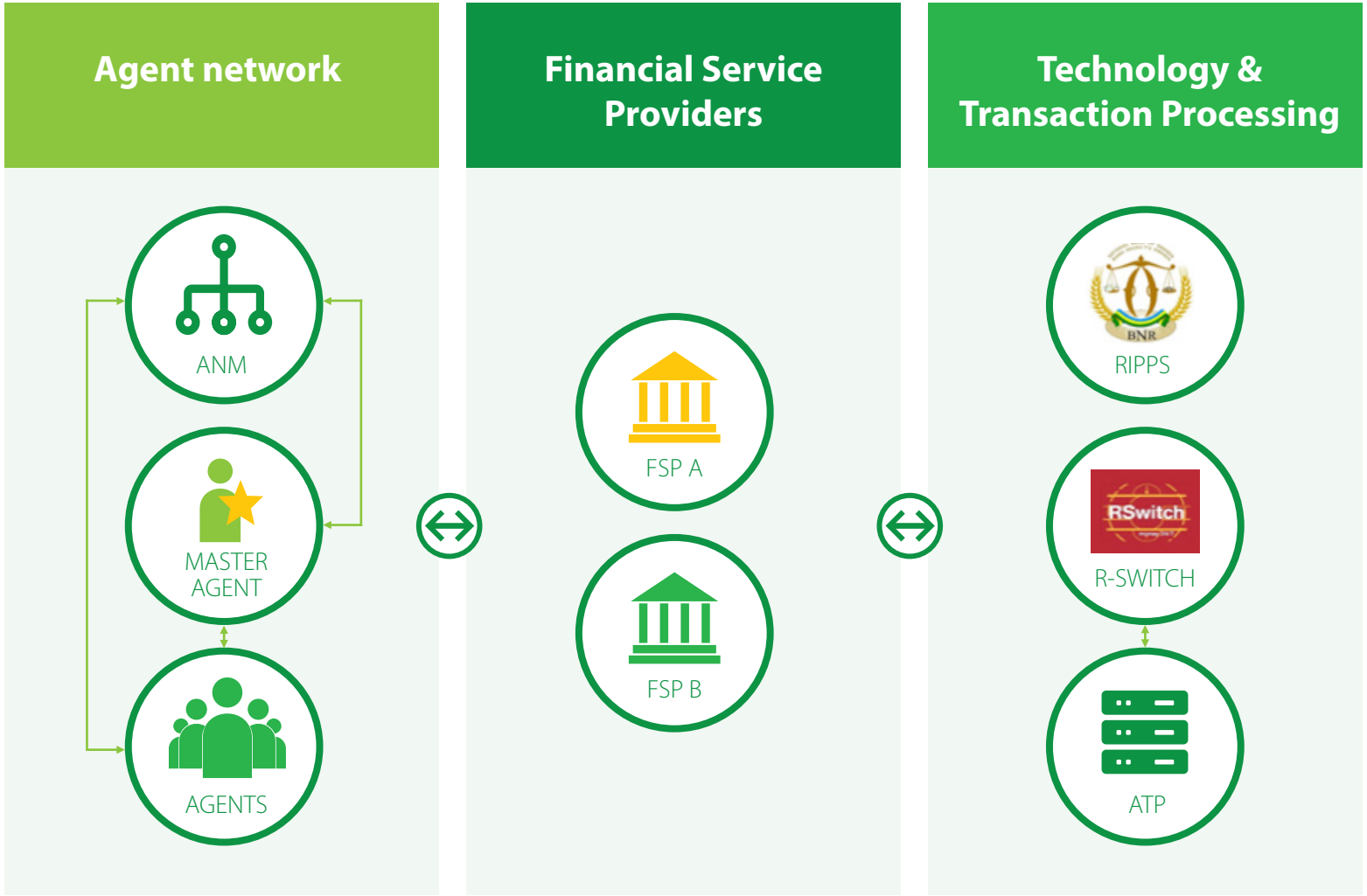
Implementation Overview



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Ecosystem Actors & Roles

Agent network

AGENT

- Customer service support
- Transaction initiation
- Customer account opening

MASTER AGENT

- Liquidity management
- Agent operational support
- Customer account opening

AGENT NETWORK MGR

- Agent recruitment
- Agent operational support
- Compliance monitoring
- Off-line reporting FSPs

Financial Service Providers

FINANCIAL SERVICE PROVIDERS

- Retains ownership of customer
- Customer account management
- Agent liquidity re-balancing support
- Transaction authentication and authorisation
- Customer and agent authentication
- Internal transaction reconciliation

Technology & Transaction Processing

AGGREGATOR TECHNOLOGY PLATFORM

- Agent banking module
- Agent transaction reporting
- Agent txn transmission

R-SWITCH

- 'Off-us' clearing, settlement and reconciliation
- Dispute resolution
- Off-us transaction reporting

RIPPS

- Regulation & compliance
- Off-us transaction clearing & settlement

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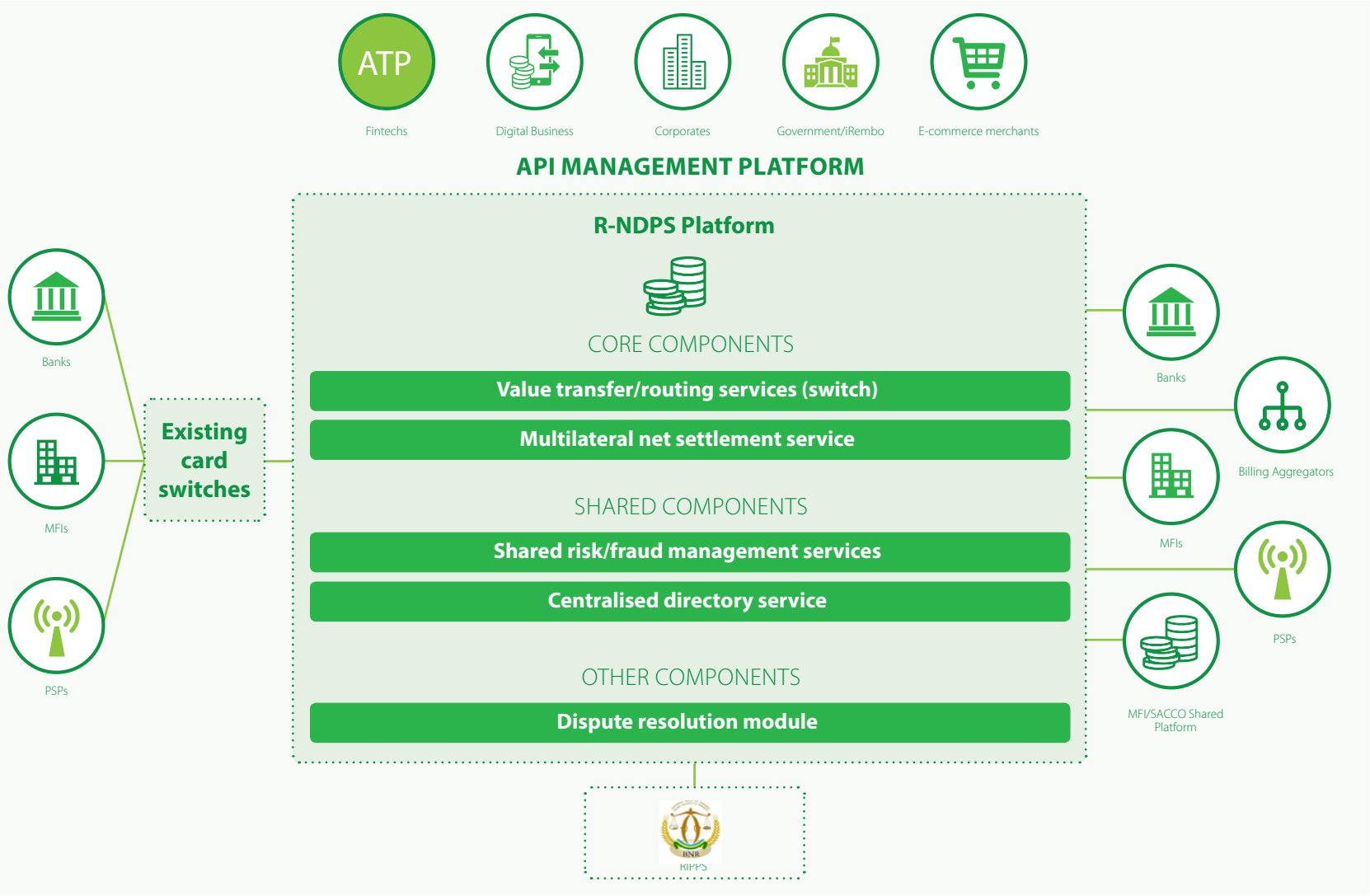
How SABS Fits within Interoperability Vision



Towards a Cashless Ecosystem

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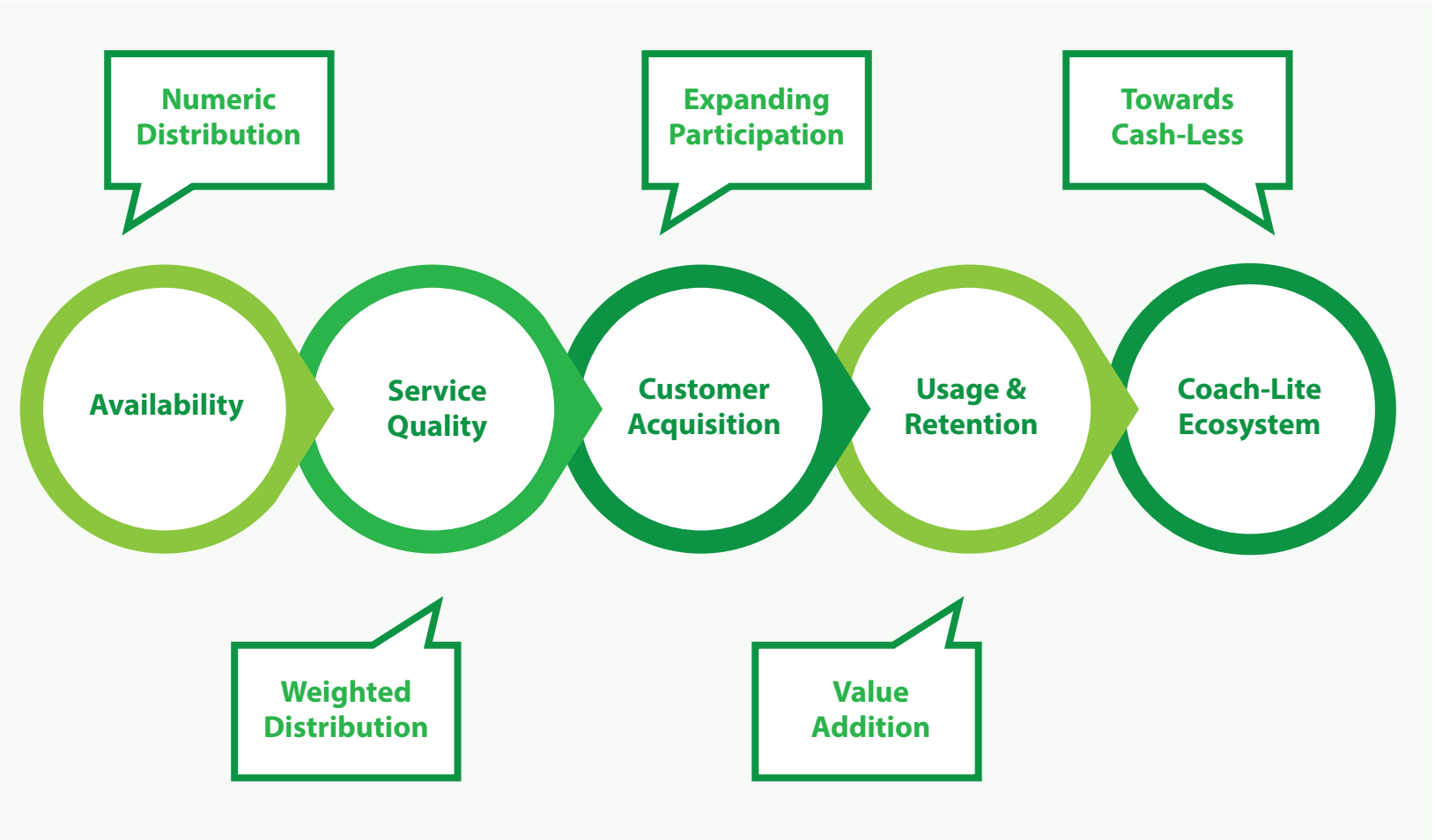
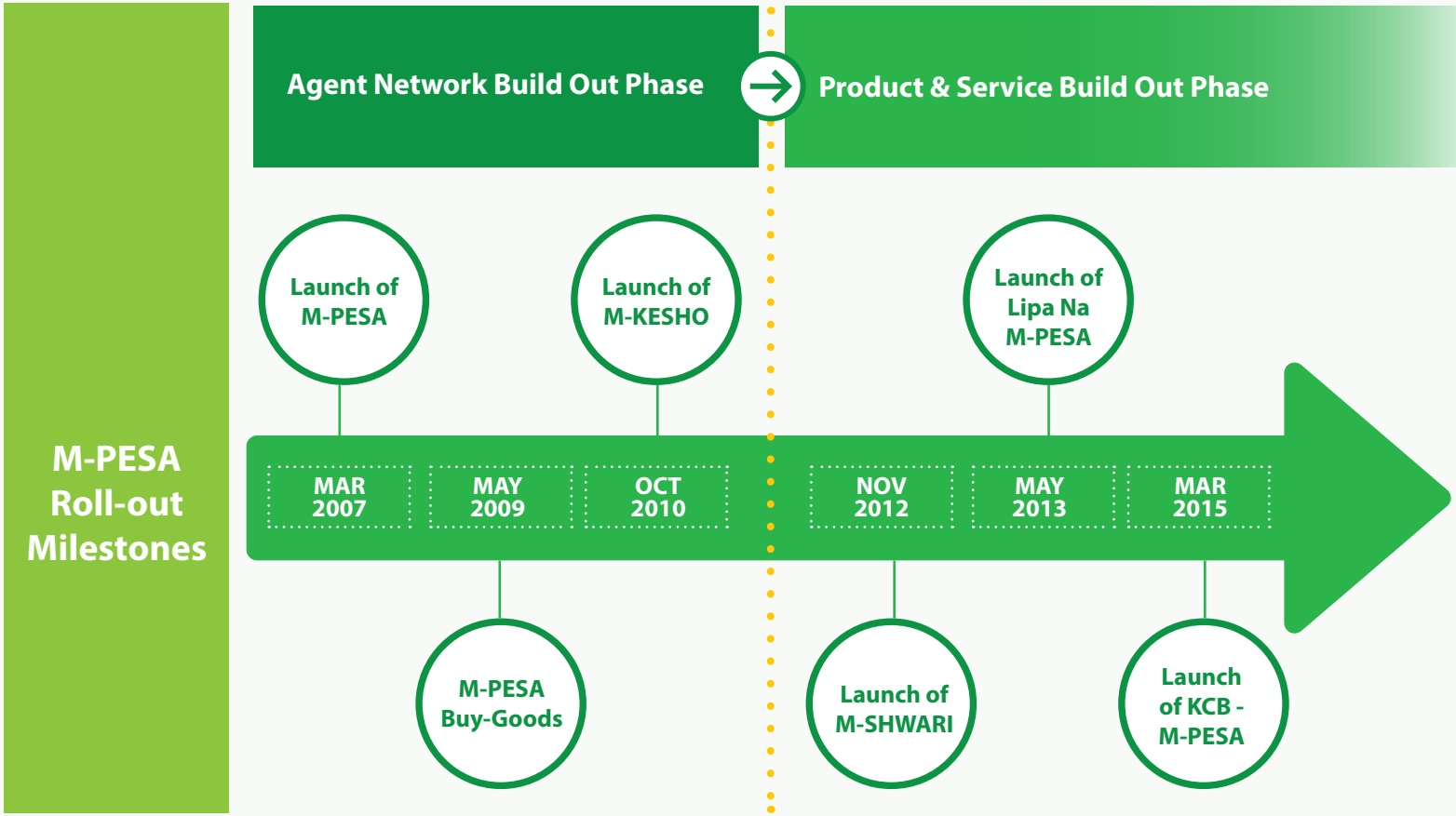


Kenya Case Study… Towards Cash-less



Safaricom M-PESA was originally designed as a microfinance payment and collection solution, and was piloted for a period that lasted up to two years before finally being launched as a mobile money transfer solution.

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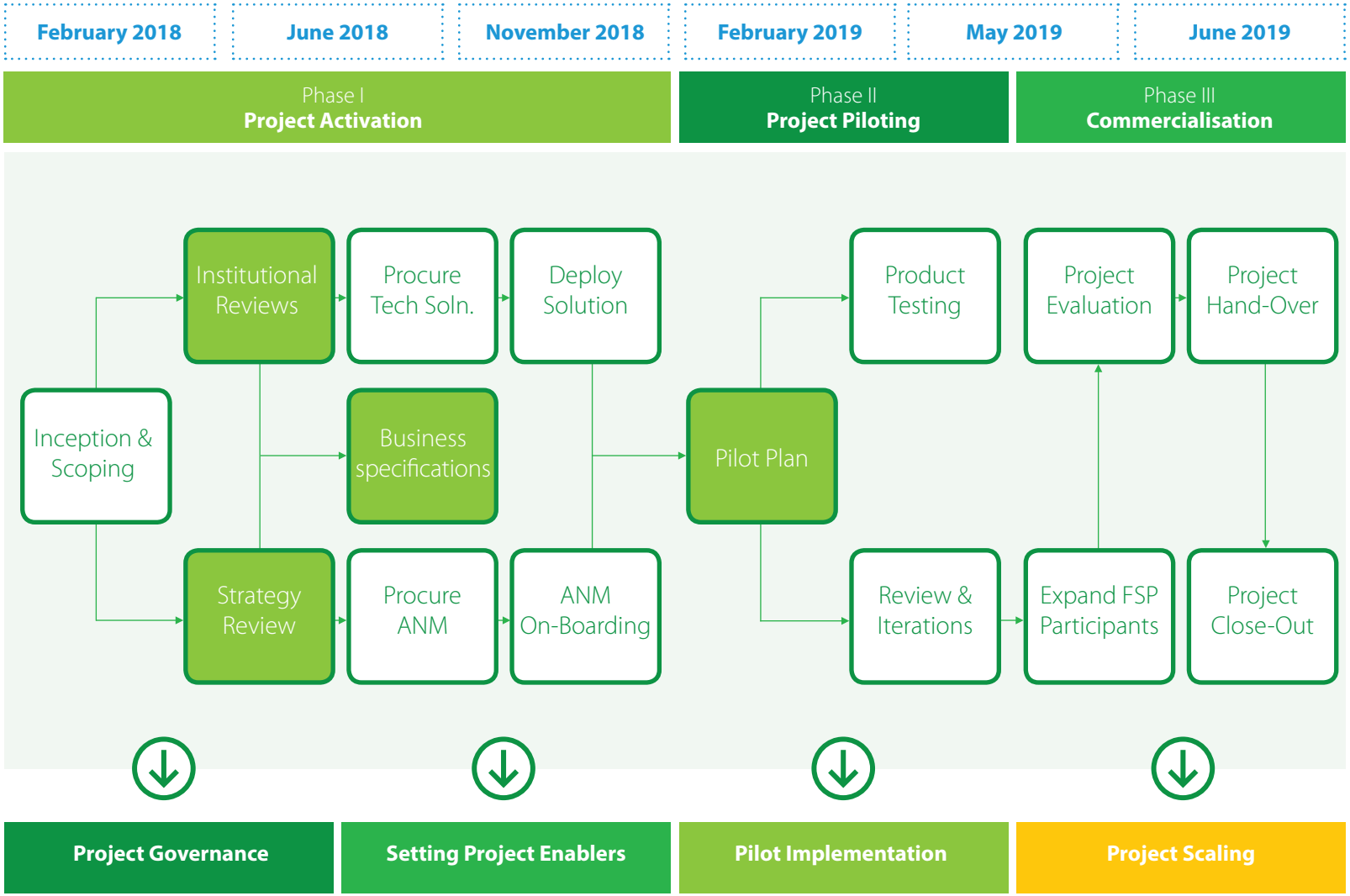
Project Road-Map Implementation



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FSP Requirements to join SABS

TECHNICAL REQUIREMENTS

- **VPN links and back-up links (redundancies) for connection to SABS**
- **ESB/Bridge for connectivity to the core banking system**
- **Automated reconciliation system**
- **A messaging notification service/ server**

OPERATIONAL REQUIREMENTS

- **Key Contact to the SABS**
- **Call Centre**
- **Back-Office Support**
- **Settlement & Reconciliation**
  - Revenue Assurance
  - Operational support
  - AML/KYC, Risk Mgt

Next Steps

Fill in the Feedback Form	Friday, 31st August 2018
AFR to Send Self-Assessment Form	Monday 3rd September 2018
Return of the Self-Assessment Forms	Monday 3rd September 2018
AFR Feedback on Pilot FSPs	Monday 17th September 2018

Q&A

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FAQ's

- How does this project fit in with the larger interoperability project?
- What happens to our already existing deployment?
- What exactly does a Bank need to participate in the Project?
- What is the Governance and Management Structure?
- Has this been tried elsewhere?
- When do we expect the project come to life in Rwanda?

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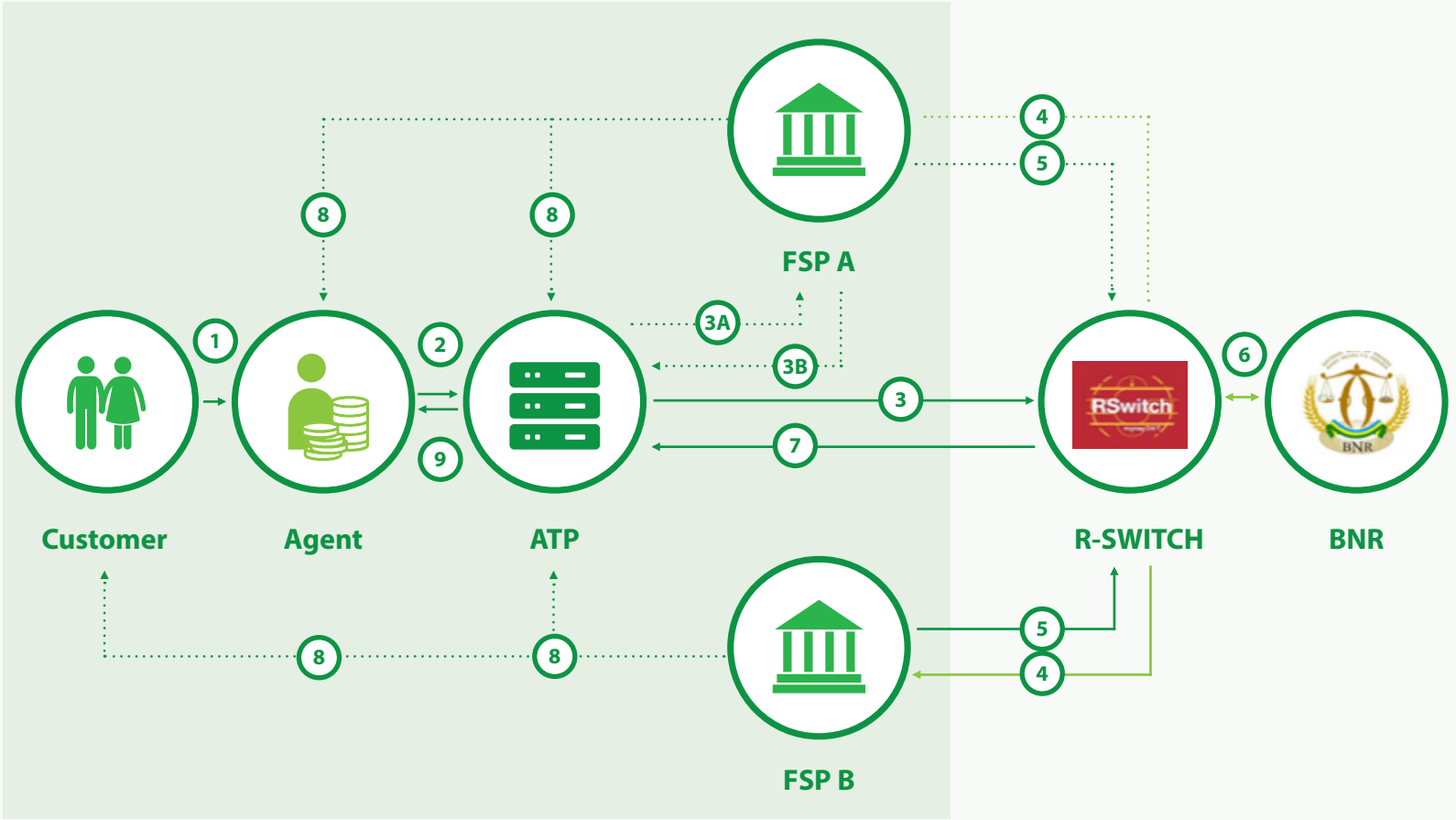
Typical Process Flow for an Off-Us Transaction



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Challenges in our industry

Customer Trends	Account Centric vs Customer Centric	Channel Specific Solutions	Legacy/Batch	Bank>Customer
Data Silos	Business revolves around accounts	Experience and incentives are disconnected	Building products on top of 1950s infrastructure	Services & solutions based on capacity vs customer need physical rather than digital

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The Project Status

Product & Technology Milestones

February 2018 PLANNING	May 2018 DESIGN	August 2018 ON-BOARDING	October 2018 DEVELOPING	December 2018 INTEGRATIONS	February 2019 PILOTING
• Strategic implementation plan • Customer txn process • Settlement process • Hardware specifications	• Product requirements & specification analysis • Architecture & high level design • Detailed design • FSP APIs specifications	• System Development	• System Development • Unit testing • Integration & testing	• System & user acceptance testing • Piloting • Production migration, regression testing	**System Maintenance & Operational Support** For next 6 Months Piloting

Business Milestones

February 2018 PLANNING	May 2018 DESIGN	August 2018 ON-BOARDING	October 2018 DEVELOPING	December 2018 INTEGRATIONS	February 2019 PILOTING
• Implementation workplan sign-off, SD & FSPs • EOIs for service providers approved • Letter of no objection?	• CEO-level engagements • FSP functional-level engagements • Contracting/MOUs • Process finalisation	• Nomination of key spox and FSP* CFT* by FSPs* • Development of MarCom strategy • Institutional business case approvals	• Nomination of pilot participants • MarCom collateral development & production • Training select front end FSP staff	• Soft launch of pilot phase • Commercial launch of SABS to follow in November	

FSP Financial Service Provider
CFT Cross Functional Teams
MarCom Marketing Communication
SABS Shared Agency Banking System
API Application Programming Interface

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Rwanda Payments Ecosystem

Large payment systems	**Electronic Payment and Settlement System (RTGS)**
Retail payment systems	**Automated Clearing House**
	ATM Switches (Rswitch)
	Securities Payment and Settlement Systems E.g. CDS and CDSC
	Cross-border money transfers Including Western Union & MoneyGram
	Mobile Payments Money Transfers, Mobile Banking, etc.
	Internet Banking
Agency Banking	**Not vibrant/Non-Existent**

OPEN-LOOP SYSTEM, ENABLING END-TO-END INTEROPERABILITY

DESCRIPTION

Interoperability of card- and mobile-based transactions exists in Rwanda, but is achieved through several different arrangements (e.g. connections to RSwitch, connections to payment schemes, and bilateral relationships), to which not all DFS providers are party. As a result, interoperability is currently only partial.

DESCRIPTION

To achieve full interoperability, the R-NDPS is designed to be an open-loop system, which will be accessible to any licensed financial services provider in Rwanda (both banks and non-banks). The R-NDPS will also enable end-to-end interoperability across a range of digital channels (cards, mobile) and use cases.