



**NATIONAL BANK OF RWANDA**  
**BANKI NKURU Y'U RWANDA**

# **MYSTERY SHOPPING REPORT**

## **SERVICE DELIVERY IN FINANCIAL SERVICE PROVIDERS**

# NBR IDENTITY STATEMENT

The National Bank of Rwanda strives to be a world-class Central Bank that contributes to the country's Macroeconomic stability.



## VISION

To become a  
World-Class  
Central Bank



## MISSION

To ensure price stability and a  
sound financial system  
contributing to sustainable and  
inclusive growth.

## OUR CORE VALUES



### INTEGRITY

We uphold high moral, ethical and professional standards for our people, systems and data.



### COLLABORATION

We recognize that our team's collective intelligence, creativity, and efforts far exceed individual accomplishments.  
(Co-ordinate efforts)



### EXCELLENCE

We passionately strive to deliver quality services in a timely and cost-effective manner. We continuously seek improvement by encouraging new ideas and welcoming feedback that adds value to customer and stakeholder services.

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## KEY DEFINITIONS

In the table below, we defined the key terms used in this report.

Terms	Definition
<b>UMWALIMU SACCO</b>	<b>UMWALIMU SACCO</b> is a Savings and Credit Cooperative for the Rwandan Teachers mandated to empower the members towards uplifting their social-economic welfare and to contribute to socio-economic development of the community in which they live <sup>1</sup> ,
<b>Muganga SACCO</b>	<b>Muganga SACCO</b> is a saving and credit cooperative for health sector staff in Rwanda. Its primary objective is to improve members' socio-economic conditions and promoting access to finance, by assisting them to make savings and access low-rate loans." <sup>2</sup>
Zigama CSS	Zigama Credit and Savings Society is a Financial Cooperative with a membership drawn from six security institutions—The Rwanda Defense Force (RDF), Rwanda National Police (RNP), Rwanda Investigation Bureau (RIB), Rwanda Forensic Laboratory (RFL), National Intelligence and Security Service (NISS) and Rwanda Correctional Services (RCS) <sup>3</sup> .
The Association of Microfinance Institutions in Rwanda (AMIR)	<b>The Association of Microfinance Institutions in Rwanda (AMIR)</b> is the professional umbrella organization of MFIs operating in Rwanda that seeks to build a flourishing micro finance sector in the country through different areas of Advocacy and Information, Research and Development, Responsible Finance, Performance Monitoring and Capacity Building. Its membership represents more than 90% of the micro-finance sector in Rwanda with an aim of integrating all MFIs/SACCOs operating in Rwanda so that to serve them under one umbrella <sup>4</sup> .
Non-deposit taking financial services (NDFS)	Non-deposit taking financial services providers means any person other than deposit taking that has been licensed by the Central Bank to provide “financial services”. Financial services” means the credit services only, mortgage finance services, credit guarantees, refinancing services, peer to peer lending, money lending services, factoring services, Saving and Credit Association (SCA) services; Finance lease services, hire purchase, Pawnshops and any other service as may be qualified as such by the Central Bank <sup>5</sup> .
Mystery Shopping	Mystery Shopping is the practice of using trained “shoppers” to anonymously evaluate customer service operations, employee integrity, merchandising, and product quality of a given business.

<sup>1</sup>[www.umwarimu sacco.rw](http://www.umwarimu sacco.rw)

<sup>2</sup>[www.muganga sacco.rw](http://www.muganga sacco.rw)

<sup>3</sup><https://zigamacss.rw/index.php/about/>

<sup>4</sup><https://www.womenconnect.org/web/rwanda/access-to-capital>

<sup>5</sup>Regulation no 65/04/2023 of 25/04/2023 governing non-deposit taking financial services providers, published in official gazette n° special of 28/04/2023

## EXECUTIVE SUMMARY

Throughout this mystery shopping investigation, we conducted 189 visits and 514 scenarios across a selection of Financial Service Providers (FSPs). The data we sought encompassed various aspects such as the types of accounts offered, necessary documentation for account opening, initial deposit requirements, account opening forms, fee structures, daily withdrawal limits, minimum balance prerequisites, account maintenance charges, overdraft possibilities, penalties for overdrafts, and options for term deposits.

Our evaluation also encompassed gauging satisfaction levels regarding first impressions both outside and inside the FSPs and during interactions with staff. Results from the visits to FSPs revealed significant discrepancies in information provision across different processes. Commercial banks were reluctant to give information, with staff members providing 63.9% of requested information regarding the account opening process, whereas Umwalimu SACCO demonstrated the highest transparency at 100%. Umwalimu SACCO also excelled in account management and closure processes, whereas Umurenge SACCO lagged.

Additionally, Umwalimu SACCO offered the least information on payment and digital transactional processes, whereas Non\_Umurenge\_SACCO provided the most comprehensive details. In terms of loan granting procedures, Umurenge SACCO presented the lowest transparency, whereas Umwalimu SACCO and Microfinance Banks led with the highest level of information provision at 50%.

Here are the responses from the Financial Service Providers (FSPs) regarding the necessary documentation for opening an account: 96.3% of FSPs ask for identification document copies, 54.6% require completion of an account opening form, 90.6% request full address details (including districts, sectors, cells, and villages), 88.7% need a recent passport photo, and just 27.9% necessitate an employment contract or appointment letter.

In total, 74 accounts were opened across various financial service providers, with the highest number in Umurenge SACCO at 29 %, followed by 20 in commercial banks, 17 in Microfinance Institutions, 5 in Non\_umurenge\_SACCO, and 3 in MFs Banks. These institutions offer a range of services such as online banking, ATM cards, chequebooks, and mobile banking, with varying degrees of availability. The average time for chequebook delivery is 7 days, with commercial banks being the quickest at 4.8 days. Ten cheques were utilized, primarily for deposits, with an average processing time of 1.4 days.

Digital transactions like mobile banking and internet banking are widely used, particularly in commercial banks. Loan processing times vary significantly between institutions, with delays observed, particularly in Banque Populaire Rwanda and Equity Bank.

SACCOs typically require formal procedures for account closure, with only one reported instance of a SACCO returning the initial share to the client upon closure. Additionally, there are concerns about insurance companies' transparency and contract clarity, with some clients not receiving sufficient explanations or contracts unless requested explicitly.

The findings from the mystery shopping exercise reveal that the overall satisfaction with customer service across Financial Service Providers (FSPs) is 76.3%, indicating a positive reception from

mystery shoppers (clients). Specifically, in commercial banks, the average customer service satisfaction stands at 73.3%, while in Microfinance banks, it reaches 84.8%. Microfinance institutions also received positive feedback with an average satisfaction rating of 74.2%. Umurenge SACCO records an average satisfaction level of 72.4% among clients, while Non Umurenge SACCO stands at 76.5%, indicating generally favorable opinions of customer service across different types of financial service providers.

The findings of the mystery shopping exercise revealed various shortcomings across different aspects of financial service provision, such as account opening, management, loan requests, account closure in SACCOs, and insurance products. Issues included incomplete information during account opening, long waiting times, and insufficient seating and restroom facilities. Recommendations for improvement were proposed, including ensuring FSPs provide detailed information, improving customer service, reducing waiting times, and enhancing communication. Additionally, suggestions were made to streamline processes such as chequebook issuance and loan requests and to improve transparency and accessibility in insurance product contracts and claim processes.

Recommendations for improving financial services in Rwanda emphasize a wide range of measures including enhancing account opening procedures by ensuring comprehensive information provision, improving customer service, and reducing waiting times through increased staffing and facility improvements. Additionally, suggestions involve streamlining account management processes such as chequebook issuance and usage efficiency.

For loan requests, it's proposed to shorten processing times, allow for interest rate negotiations, and ensure timely communication with clients along with prompt delivery of Key Facts Statements (KFS). In terms of account closure in SACCOs, efforts should be made to simplify the process and ensure the return of clients' capital shares. Regarding insurance products, recommendations include providing contracts in preferred languages, thorough explanation of terms by staff, and expediting the motor insurance claim process when all involved parties accept responsibility for incidents. These recommendations aim to enhance transparency, efficiency, and overall customer satisfaction within the financial services sector in Rwanda.



# INTRODUCTION

The National Bank of Rwanda aims at promoting and protecting the interests of the financial service consumers. This is done through the establishment of legal and regulatory frameworks that promote transparency, and honest and fair treatment of customers within the financial sector. This is coupled with financial consumer empowerment to enable them to make informed financial decisions<sup>6</sup>.

## 1. Overview of the Financial Sector in Rwanda

The Economic Transformation is one of the three Pillars that form the basis of the continuing drive towards Rwanda's transformation path. The overarching objective of the Economic Transformation pillar is to: **Accelerate inclusive economic growth and development founded on the Private Sector, knowledge, and Rwanda's Natural Resources.**

One of the key priority areas for attaining this objective is to increase domestic savings and position Rwanda as a hub for financial services to promote investments. To achieve this objective, different Key strategic interventions were put into place including:

1. developing Rwanda into a financial services center by developing specialized skills and establishing incentive mechanisms to attract investors in the financial sector,
2. Increase the value of payment transactions done electronically as a percentage of GDP from 26.9% (2017) to 80% by 2024. This will be supported by the automation of Umurenge SACCOs and the implementation of a series of sensitizations to increase the uptake of electronic and digital financial services.
3. Bringing financial services closer to people by increasing the percentage of adult Rwandans financially included to 100% by 2024 (from 89% in 2017),
4. Developing the capital market and increasing dynamism in line with the ten-year capital market master plan. This will entail identifying, attracting, and exploiting new sources of financing such as green bonds, municipal bonds, crowdfunding, and venture capital funds among others.
5. operationalizing long-term savings scheme and pension for all Rwandans including those in the informal sector as a basis to support long-term domestic investments. The scheme aims to have at least 700,000 subscribers by 2024. The scheme will eventually be leveraged by beneficiaries to save for housing, investment, and child education. Long-term investment funds will be expanded through the mobilization and investment of the Agaciro Development Fund (AgDF) as well as the promotion of collective investment schemes through the Rwanda National Investment Trust (RNIT)<sup>7</sup>.

## 2. Financial sector landscape in Rwanda

There are currently 16 commercial banks in Rwanda as well as several microfinance institutions and rural savings and credit cooperatives. There is also the Development Bank of Rwanda (BRD), and microfinance banks.

<sup>6</sup><https://www.bnr.rw/index.php?id=151>

<sup>7</sup>7 Years Government Programme: National Strategy for Transformation (NST1) 2017 – 2024



The sector is overseen by the National Bank of Rwanda. Growth potential remains strong with only 77 percent of the population engaged in the formal financial system (which includes the banking sector as well as insurance firms, mobile money networks, and microfinance institutions)<sup>8</sup>. Banks wishing to establish a presence in Rwanda must apply for a license from the National Bank of Rwanda by presenting a business model showing that there is a gap in the market and demonstrating a minimum share capital of approximately \$20 million<sup>9</sup>.

The National Bank of Rwanda is mandated to regulate and supervise Microfinance institutions. Microfinance institutions include Savings and Credit Cooperatives (SACCOs) and some limited companies that operate microfinance activities. The supervision is conducted through three main activities: licensing of MFIs, off-site surveillance, and on-site inspection of MFIs thus licensed<sup>10</sup>. On 31<sup>st</sup> July 2022, 416 Umurenge Saccos; 23 non-Umurenge Saccos (with 1 Umwarimu-Sacco and Muganga-Sacco) and 18 Microfinance Institutions were registered.

The National Bank of Rwanda (NBR) has an initiative of cashless where Rwanda National Payment System (RNPS) went through much progress with the introduction of various payment systems and services including Rwanda Integrated Payments Processing System (RIPPS), card-based payment services both Automated Teller Machines (ATMs) and Point of Sales (POS) terminals, new types of POS (such as mobile, QR, NFC), internet and mobile phone-based payment services in addition to cash and paper-based instruments like cheques and credit transfers<sup>11</sup>.

The insurance sector in Rwanda is still small, relative to the overall financial sector in the country and the insurance sector in other East African countries (EACs)<sup>12</sup>.

Rwanda's insurance sector is comprised of 14 private insurers and 2 public insurers – Rwanda Social Security Board (RSSB) and Military Medical Insurance (MMI). Both the public insurers sell medical insurance schemes. RSSB is a public body that manages social security services and provides medical insurance schemes.

### 3. Financial Inclusion in Rwanda

According to FinScope Rwanda 2020, 93% (about 7 million adults<sup>13</sup>) in Rwanda are financially included (including both formal and informal financial products/services) whereas about 77% in Rwanda have or use formal financial products or services, including banking sector and other formal (nonbank) financial products or services from insurance firms, mobile network operators, etc.

About 36% are using banking services and about 25% use digital payments. 87% (6.2 million adults) have access to a mobile phone and around 3 in 5 (61%) adults use mobile money. 75% of adults in Rwanda have or used other formal (non-bank) financial products/services. About 86% have savings including all forms of savings. About 76% borrowed money, including all forms of borrowing.

<sup>8</sup>FinScope Rwanda 2020 Survey

<sup>9</sup><https://www.trade.gov/country-commercial-guides/rwanda-financial-services>

<sup>10</sup><https://www.bnr.rw/financial-stability/microfinance-institutions/>

<sup>11</sup><https://www.bnr.rw/payment-systems/>

<sup>12</sup>Insurance that works: What drives insurance sector development in the Republic of Rwanda, and what are the opportunities ahead? World Bank Group, August 2019

<sup>13</sup>Adult: 16 years and older

About 45% sent and/or received money in the past 12 months before the FinScope Rwanda 2020 survey, including all forms of remittance channels. The results show that for those who remit, the most reported means of remitting is through formal (non-bank) remittance products (93%) which is mainly driven by mobile money.

#### 4. Usage of banking products

According to FinScope Rwanda 2020, the most used banking products are chequebooks at 61% in 2020 a decrease of 11% compared to the year 2016. Saving accounts are used by 60%, 46% used ATMs, 40% mobile banking, 32% internet banking, 29% credit, 14% bank USSD codes, 13% fixed deposit account, and 9% overdraft facilities while credit card was used at 7%.

Non-bank institutions are also mostly used by Rwandans. Mobile money is at highest of all nonbank institutions with 80% of users followed by Umurenge SACCO with 48% of users, insurance is used at third place with 23% of users while MFI users are 13% of Rwandan, NDFI has the lowest at the list with 1% of users. According to the same report, 82% of Rwandans used to save groups while 42% used shop credit.

The National Bank of Rwanda is the Regulator and Supervisor of Financial service providers in Rwanda, there are often significant gaps between what is expected in consumer protection and market conduct regulations, and what providers render in practice. This leads to a worst-case scenario where the state of market conduct appears robust on paper prompting a sense of complacency yet in practice these policies are not complied with, abusive practices remain in the market, undetected by the policymakers charged with financial consumer protection and often underreported by consumers. This lack of compliance with market conduct rules has prompted a need for mystery shopping.

#### 5. Objectives of mystery shopping

The mystery shopping objective is to assess the service delivery in NBR regulated Financial Service Providers vis-a-vis the NBR regulations of the industry. Therefore, the findings will help to enhance service delivery in the regulated Financial Service Providers to promote inclusive and sustainable consumer protection in Rwanda.

##### **Specific objectives of the mystery shopping are the following:**

1. Measure the actual behavior of customer experience in the FSP service environment in account opening, account management, digital financial transactions, loan processing and granting procedure, complaints handling, protection of consumers' assets and data, etc.
2. Testing customers' trial experiences to see how FSPs' communications to consumers are conducted.
3. Signal challenges in the market requiring further policy intervention or improved conduct by providers.
4. Inform consumer protection policies and measure market conduct challenges such as how well FSP staff comply with disclosure regulations, quality of customer attention and suitability of financial advice, access to and use of recourse systems when things go wrong, and treatment of vulnerable consumers.
5. Assess FSPs' consumer protection experiences and provide policymakers with important insights on market conduct practices that can help inform consumer protection policy.

# METHODOLOGY

## 1. Study design

The mystery shopping used a triangulation approach combining both quantitative and qualitative survey methods. Closed-ended questions were used to collect quantitative while open questions and observation were used to gather qualitative information. A questionnaire describing the: Accounts Opening process, Account management process, Cheque processing procedure, Payment and Digital transactional process, Loan granting process, Account closing process in FSPs, and quality service delivery was designed and agreed upon.

## 2. Sampling process and techniques

The purposive sampling was used to select financial service providers to be visited. In all categories, at least two branches (one in urban and another in rural areas) were visited more than two times to request different services. In every FSP, the level of service provider to the customer's right and protection has been assessed through the following services: Account Opening Process, Account management process, Cheque processing procedure, Payment and Digital transactional process, Loan granting process, Policy issuance, Disclosure of Information and Claims Management. Every time an FSP was visited, it was recorded as a visit, and 584 visits were planned in 87 Financial Service Providers.

**Table 1: Sample Distribution**

No.	Category of FSPs	Number of FSPs	FSP Branches to be visited	Number of Visits conducted to FSP Branches
1	Commercial bank	10	10	120
2	Cooperative bank	1	1	12
3	Development bank	1	1	12
4	Microfinance banks	3	3	36
5	MFIs	18	10	120
6	UMWALIMU SACCO	1	1	12
7	MUGANGA SACCO	1	1	12
8	UMURENGE SACCO	416	30	120
9	Non-Umurenge SACCO	21	10	40
10	Insurance companies	16	8	48
11	PSPs (Mobile money users)	2	2	12
12	PSPs (Agency banking)	5	5	20
13	NDFIS	11	5	20
	<b>Total</b>	<b>506</b>	<b>87</b>	<b>584</b>

Source : Mystery Shopping, 2023

### 3. Data collection tools and technique

Secondary data was collected from a review of existing documents including a desk review of the project design documents, project log frame, project reports, semi-annual and annual reports, project implementation plans, M&E data, formal policy documents, and official public statistics related to the re-a reports in Rwanda. The approach has contributed to knowing the existing policies, rules, and regulations in Rwanda's financial sectors and the gaps between those policies and implementations.

The financial service providers were mystery-shopped using designed questionnaires. Transactions were video and/or audio recorded using hidden cameras and audio recording devices to make sure that there was no information missed during transcribing. The approved questionnaire was programmed into the KOBOLLECT system to help data entry immediately after any transaction.

Mystery shoppers have been trained on the questionnaire, data collection, capturing information protocol, and reporting of information gathered from service providers. Information was collected one by one transaction the following transactions were conducted in commercial banks, MIFs, and SACCO to assess the level of service delivery: Bank Accounts Opening process, Account management process, Cheque processing procedure, Payment and Digital transactional process, Loan granting process in lending and Account closing process in deposit-taking FSPs.

### 4. Data analysis and reporting

Then the data collected was extracted from the KOBOLLECT server to STATA for data cleaning and analyzed using IBM SPSS. Tables and figures were used to present findings for this assessment.

## FINDINGS

Under this section, the assessment presents findings from the mystery shopping. It presents a description of institutions visited, and transactions done, and rate the satisfaction of customers on all transactions done. The findings are also presented by the way every mystery shopping objective responded to different indicators assessed.

### 1. Distribution of visits and scenarios conducted to FSPs

The following table shows the distribution of the number of visits and scenarios conducted to financial service providers during the mystery shopping session.

**Table 2: Number of visits<sup>14</sup> and scenario<sup>15</sup>s by FSPs**

FSPs	Number of visits in FSP branches	Number of scenarios done
Commercial bank	36	110
Development bank	6	12
Insurance company	13	13
Microfinance Institution	26	87
MFI banks	8	32
Non_umurenge_SACCO	11	44
Payment service providers (PSPs)	27	30
Umurenge SACCO	58	173
Umwalimu SACCO	2	10
VISITS TO NDFIS	2	3
<b>Total</b>	<b>189</b>	<b>514</b>

Source : Mystery Shopping, 2023

During this mystery shopping survey, we conducted 189 visits and 514 scenarios to the selected FSPs. The visits and scenarios were conducted in the financial service providers' branches in Kigali and across the country.

The scenarios done during the mystery shopping session were mainly about the account Opening Process, Account closing process, Account management process, Cheque processing procedure, Payment and Digital transactional process, and Loan granting process.

<sup>14</sup>A visit in the mystery shopping, is an action of entering an institution as a client with the intention of buying the institution's services and products.

<sup>15</sup>A scenario in the mystery shopping, consists of transactions conducted in an institution. In the financial service providers, a transaction is referred to: cash deposit, cash withdraw, information request, account opening or account closing, etc.

**Table 3: Detailed number of scenarios conducted by type of FSP**

	Request of information	Bank Opening process in FSPs	Accounts process in FSPs	Account management process in FSPs	Account closing process in deposit-taking FSPs	Payment and Digital transactional process in FSPs	Loan granting process in lending FSPs	VISITS TO NDFIS	Bursary and student loan current	Total
Commercial bank	<div><div></div></div> 36	<div><div></div></div> 23	<div><div></div></div> 25	<div><div></div></div> 8	<div><div></div></div> 10	<div><div></div></div> 8	0	0	<div><div></div></div> 0	<div><div></div></div> 110
Development bank	<div><div></div></div> 6	0	0	0	0	0	0	0	<div><div></div></div> 6	<div><div></div></div> 12
Insurance company	<div><div></div></div> 13	0	0	0	0	0	0	0	0	<div><div></div></div> 13
Microfinance Institution	<div><div></div></div> 26	<div><div></div></div> 20	<div><div></div></div> 21	<div><div></div></div> 10	<div><div></div></div> 8	<div><div></div></div> 2	0	0	0	<div><div></div></div> 87
MFI bank	<div><div></div></div> 8	<div><div></div></div> 7	<div><div></div></div> 7	2	<div><div></div></div> 6	<div><div></div></div> 2	0	0	0	<div><div></div></div> 32
Non_umurenge_SACCO	<div><div></div></div> 11	<div><div></div></div> 10	<div><div></div></div> 10	<div><div></div></div> 6	<div><div></div></div> 7	0	0	0	0	<div><div></div></div> 44
Payment service provid	<div><div></div></div> 27	<div><div></div></div> 1	<div><div></div></div> 1	0	<div><div></div></div> 1	0	0	0	0	<div><div></div></div> 30
Umurenge SACCO	<div><div></div></div> 58	<div><div></div></div> 38	<div><div></div></div> 32	<div><div></div></div> 37	<div><div></div></div> 8	0	0	0	0	<div><div></div></div> 173
Umwalimu SACCO	<div><div></div></div> 2	<div><div></div></div> 2	<div><div></div></div> 2	<div><div></div></div> 2	<div><div></div></div> 2	2	0	0	0	<div><div></div></div> 10
VISITS TO NDFIS	<div><div></div></div> 2	0	0	0	0	0	0	<div><div></div></div> 1	0	<div><div></div></div> 3
Total	189	101	98	65	42	12	1	6	514	

Source: Mystery Shopping, 2023

At all times before consumption of any product or service, a financial service provider shall be required to provide necessary explanations to consumers about their products and services for them to make informed decisions. **(Article 30, paragraph 6 of the NBR Regulation n°55). The consultant has verified if the FSPs comply with this article.**

The information requested was the following: Types of accounts offered by FSPs, Documents required for account opening in FSPs, Initial deposit, Account opening forms, Tariffs, Number of allowed withdrawals per Day, Withdrawal amount allowed per Day, the minimum balance you need to maintain in the account, Charges for account maintenance, Possibility to overdraw the account, Penalty on overdrafts, Possibility of a term deposit, etc.

The results presented in the following table shows that only 42.8% from commercial banks branches have given information on the five scenarios, 72.8% from Umwalimu SACCO branches, 69.1% from Non Umurenge SACCO, 55.8% from MFIs branches and 60.0% MF bank branches. The overall percentage of 57.8%.

**Table 4: The rate of Information on FSPs in percentage (%)**

	Commercial banks	Umwalimu SACCO	Umurenge SACCO	Non_Umurenge_SACCO	Microfinance Institution	MF Banks
Bank Accounts Opening process in FSPs	63.9	100.0	67.2	90.9	79.2	80.0
Account management process in FSPs	69.4	100.0	56.9	90.9	83.3	80.0
Account closing process in deposit-taking FSPs	22.2	100.0	63.8	54.5	41.7	20.0
Payment and Digital transactional process in FSPs	27.8	13.8	15.5	63.6	33.3	60.0
Loan granting process in lending FSPs	30.6	50.0	29.3	45.5	41.7	50.0
<b>Overall</b>	<b>42.8</b>	<b>72.8</b>	<b>46.5</b>	<b>69.1</b>	<b>55.8</b>	<b>60.0</b>

Source : Mystery Shopping, 2023

The rate was calculated by summing up all scores of all visited Financial Service Providers as enumerators and summation of all possible scores of every transaction. The total possible score was 5. The lowest overall rate is observed in commercial banks and umurenge SACCO with the rate less than 50%.

The FSPs visited, and gave in information as follows: Bank Accounts Opening process: Commercial bank staff members were reluctant to give information, they gave the lowest (63.9%) of the requested information and, Umwalimu SACCO gave the highest (100%).

Regarding the account management process, Umwalimu SACCO gave information at 100%, the highest and, Umurenge SACCO gave 56.9%, the lowest. Account closing process in Deposit-taking, Commercial banks gave 22.2%, the lowest and, UMWALIMU SACCO gave 100% the highest.

On Payment and Digital transactional process, Umwalimu SACCO and Non\_Umurenge\_SACCO gave the lowest at 13.8% and 6.6% respectively while Loan granting process lending, Umurenge SACCO gave 29.3%, the lowest and, Umwalimu SACCO and Microfinance Banks gave the highest rate at 50%.

Excellence in customer service means providing for their requirements and expectations. Organizations must promote internal change that is customer focused. Organizations need to have customer insights (understand who their customers are and what their needs are), create an organizational culture that is focused on the demands of the customers, deliver what they promise (the product), and deliver prompt, courteous, and professional service to produce service excellence. The assessment was conducted on all main products that Financial Service Providers deliver including opening accounts, account management, cheque use, account closing, and loan requests to the customers to assess the level of quality service delivery and satisfaction of customers.

#### • Information request

Under this phase, mystery shoppers were sent to the different FSPs to request information on how the mentioned services are delivered then after getting information, they started the process of requesting the services to see the difference between information given and information needed during transaction. To measure this difference, we have listed all required information to be provided to customers before getting services under requisition then mystery shoppers provide whether they have been given full information or not.

The table below shows the percentage at which the visited FSPs provided the information related to the types of accounts offered.

**Table 5: Types of accounts offered by FSP branches (%)**

Type of account	Commercial bank	Umwalimu SACCO	Umurenge SACCO	Non_umurenge_SACCO	Microfinance Institution	MFIs Bank
Current accounts	100	100	100	100	89.5	100
Savings accounts	73.9	100	71.8	100	78.9	75
Investment accounts	39.1	0.0	17.9	50	57.9	25

Source : Mystery Shopping, 2023



Among the 20 commercial bank branches visited for which the account opening process was conducted, all 20 bank branches (100%) offered current accounts, 17 bank branches (73.9%) offered savings accounts and 9 bank branches (39.1%) offered investment accounts<sup>16</sup>.

All visited Umwalimu SACCO offer current accounts and savings accounts. No Umwalimu Sacco does offer an investment account.

All of the 38 Umurenge SACCO (100%) offered current accounts, 28 of them (71.8%) offered savings accounts and only 7 of them (17.9%) offered investment accounts.

All the visited Umurenge SACCO offer current accounts, 71.8% offer savings accounts and only 50% offer investment accounts. All Non\_Umurenge\_SACCO offer current and savings and only 50% of them offer investment accounts.

All the 27 Microfinance Institutions branches visited, 25 of them (89.5%) offered current accounts, 21 of them (78.9%) offered savings accounts and 13 (57.9%) offered investment accounts. 100% of Microfinance banks offer current accounts, 75% offer savings accounts, and only 25% investment accounts.

The table below shows the percentage at which the visited FSPs provided the information related to documents required for account opening.

**Table 6: Documents required for account opening.**

	Commercial Banks	Umwalimu SACCO	Umurenge SACCO	Non_ Umurenge SACCO	Microfinance Institution	MF Banks	AVERAGE
Copies of identification documents	95.7	100	92.3	90	100	100	96.3
Account opening forms	52.2	100	41	60	36.8	37.5	54.6
Address (Province, District, sector, Cell, and village),	82.6	100	92.3	90	78.9	100	90.6
Recent passport-size photo,	95.7	100	94.9	100	78.9	62.5	88.7
Work contract or any other testament of the source of income,	4.3	100	12.8	20	5.3	25	27.9

Source : Mystery Shopping, 2023

The above table shows the responses given by the FSPs when we asked them about the required documents to open an account: 96.3%, of the FSPs require copies of identification documents, 54.6% of them require to fill out an account opening form, 90.6 % of them require full address (districts, sector, cell, and village), 88.7% require a recent passport photo, and only 27.9% of them require an employment contract or appointment letter.

<sup>16</sup><https://www.deposits.org/dictionary/term/investment-account/>: In investment terminology, the term Investment Account refers to a type of financial account that contains a deposit of funds and/or securities that is held at a financial institution. The typical objectives of an Investment Account are to achieve long term growth, income or capital preservation from the deposited asset portfolio.

- **Bank Accounts Opening process**

The target was to open 84 accounts in different institutions and 88.1% were opened as shown in the table below. During this process, we found that some of the FSPs accept only a certain category of the population. Thus, we were not able to open 100% of the accounts as targeted.

**Table 7: Accounts opened from different FSPs**

Type of Financial institution	Target	Opened	Percent (%)
Commercial bank branches	20	20	100.0
Umwalimu SACCO	1	0	0.0
Umurenge SACCO	30	29	96.7
Non_Umurenge_SACCO	10	5	50.0
Microfinance Institutions	20	17	85.0
MFs Banks	3	3	100.0
<b>Total</b>	<b>84</b>	<b>74</b>	<b>88.1</b>

Source : Mystery Shopping, 2023

We opened 74 accounts in total which represents 88.1%: 20 in commercial banks branches, 0 in Umwalimu SACCO<sup>17</sup>, 29 in Umurenge SACCO one branch in every district, 5 in Non\_Umurenge\_SACCO, 17 from in Microfinance Institutions branches and, 3 in MFs Banks branches. The target was to open 84 in all branches sampled but due to the non-compliance of required status for some FSPs like Umwalimu sacco where only teachers are beneficiaries, most Non-Umurenge SACCOs are not open to every one, only beneficiaries of the common goal like cooperative, association, etc. are allowed to have an account in this institution. During this scenario, shoppers were requested information on account opening before opening the account.

- **Account management process**

Bank Account Management (BAM) consists of the policies, procedures, and actions corporations and individuals follow to open, close, or modify bank accounts held by their Financial Services Providers.

The account management process includes management tools such as Cheque books, booklets (for SACCOs, ATM cards (debit and credit), internet/online banking (web and applications), and mobile banking.

We have listed the familiar tools which are used to manage bank accounts. The most used tools are: online banking (internet and app banking), bank cards (ATM and credit cards), Mobile banking, cheque book and booklets. The table below shows the percentage at which the visited FSPs avail the above tools to their clients.

<sup>17</sup>Umwalimu Sacco is a savings and credit cooperative society in Rwanda that focuses on providing financial services to teachers.

**Table 9: Account management process-Tools provided by FSPs to manage bank accounts**

	Commercial bank branches (N=25)		SACCOs (N=32)		Microfinance Institution (N=28)	
	Count	%	Count	%	Count	%
Online banking	22	88.0	2	6.3	14	50.0
Bank cards (debit and credit)	22	88.0	0	0.0	9	32.1
Mobile banking	21	84.0	0	0.0	18	64.3
Cheque book	24	96.0	0	0.0	19	67.9
Booklets	0	0.0	30	93.7	10	35.7

Source : Mystery Shopping, 2023

Under the account management process, we conducted the following number of visits:

- 25 visits to commercial bank branches,
- 32 in SACCO branches
- 28 to MFI and MFI bank branches.

We were able to receive the following responses:

#### **Commercial bank branches :**

- Only 88% who responded told us they provide internet banking and bank cards to their clients,
- 88% who responded told us that they provide mobile banking,
- 96% who responded provide chequebooks to clients,
- And finally, commercial banks do not use booklets.

#### **SACCOs**

- Most SACCOs do not use Banks cards, mobile banking, or chequebooks,
- 6.3% of SACCOs provide online banking to their clients. This share is for UMWALIMU Sacco because they have an online application available for their clients,
- 93.7% of them use booklets. This is the case of all Umurenge and non\_umurenge SACCOs.

#### **Microfinance Institutions**

- 50% who responded, provide online banking. This is the case of MFI banks,
- 32.1% who responded provided bank cards,
- 64.3% who responded provide mobile banking
- 67.9% who responded provide chequebooks to their clients
- 35.7% who responded use booklets.

#### **Customers' trial experiences**

Customers' trial experience begins once a customer opens a bank account with a bank. There are many tools put in place to help the clients access the money into their accounts. In this section, we are going to talk about the tools we used to test the FSPs' customer experiences.

- **Cheque request**

The most used tool to conduct transactions is the cheque. We have conducted the whole process of cheque use from requesting a Cheque book to using it on different transactions.

During the cheque requests, the mystery shoppers were not given enough information either on their use or the extent of their use (within the issuing FSP or with other FSPs).

The Figure below shows the findings on the Chequebook requested from commercial banks, microfinance institutions, and microfinance banks.

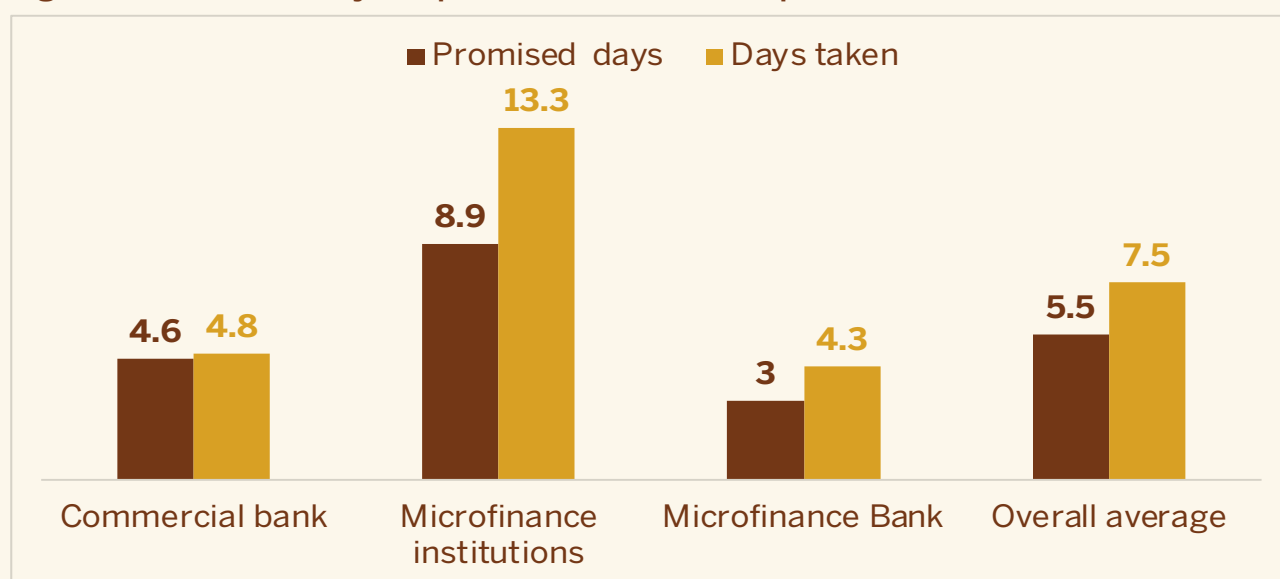
The table below shows the summary of the number of requested chequebooks per FSP category.

**Table 10: Number of requested chequebooks per FSP category**

FSP Category	Number of requested cheque books
Commercial bank	14
Microfinance	8
Microfinance Bank	4
<b>TOTAL NUMBER OF REQUESTED CHEQUE BOOKS</b>	<b>26</b>

We have requested chequebooks from 26 financial service providers, 14 from commercial bank branches, 4 from microfinance banks, and 8 from microfinance institutions.

**Figure 1: Number of days required to deliver a Cheque book**



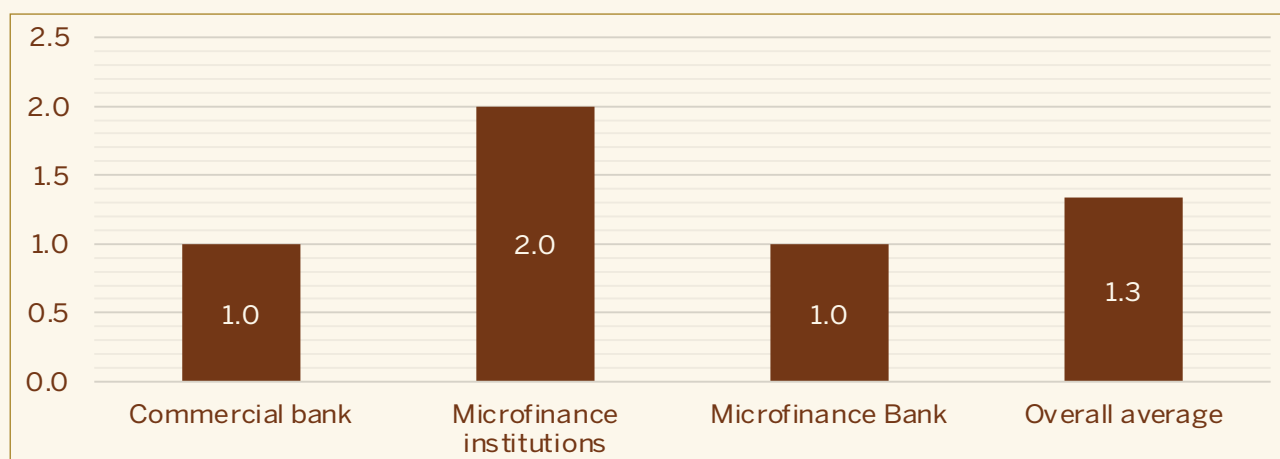
Source: Mystery Shopping data 2023

The above figure shows that, from the 26 chequebooks requested, the average Chequebook delivery in FSPs in Rwanda is 7.5 days: 4.8 days in commercial banks, 13.3 days in microfinance institutions 4.3 days in microfinance banks.

- **Cheque Use**

The commonly used tool to conduct transactions is the cheque. We conducted cash withdrawals using cheques and cheque deposits. From the 26 cheques we requested, we used 10 of them: 1 for cash withdrawal and, 9 for cheque deposits. The Figure below shows the findings on the use of cheques in commercial banks, microfinance institutions, and microfinance banks.

**Figure 2: Number of days required to pay a Cheque**



Source: Mystery Shopping data 2023

We noticed that the average number of days required to receive money once a cheque has been deposited is 1.3 days which is less than **one and a half days**<sup>18</sup>.

#### • Deposit and withdrawal

There are no designated personnel to organize the queue, resulting in customers crowding around the service workers. This often leads to instances where individuals may bypass others who have been waiting in line. The lack of proper organization also hinders customers from asking questions freely, as there is a constant presence of people surrounding them from all sides. This lack of privacy and constant proximity to others makes it challenging for customers to discuss their concerns discreetly, as there is no sense of confidentiality.

#### • Digital transactions (Internet banking, ATM cards, and Mobile banking)

**Table 11: Digital transactions**

	Commercial bank		Umurenge SACCO		Microfinance Institution	
	Count	%	Count	%	Count	%
Mobile banking	8	80.0	0	0.0	8	57.1
Internet banking	7	70.0	0	0.0	2	14.3
Bank cards (debit and credit)	9	90.0	0	0.0	3	21.4

Source: Mystery Shopping data 2023

Digital transactions used by FSPs are Mobile banking, Internet banking, and Bank cards (debit and credit). The responses showed that:

- **Mobile banking** is used: in 8 out of 10 commercial banks (80.0%), 8 out of 14 Microfinance Institutions (57.1%),
- **Internet banking** is used by: 7 out of 10 commercial banks (70.0%), 2 out of 14 Microfinance Institutions (14.3%),
- **Bank cards (debit and credit)** are used: by 9 out of 10 commercial banks (90.0%) and in 3 out of 14 Microfinance Institutions (21.4%).
- **Non\_Umurenge and Umurenge SACCO do not use digital products.**

No explanations on the use of these products were given to mystery shoppers.

<sup>18</sup>See the data FSP by FSP in annex 5.4. regarding Cheque use report

- **Loan request**The table below shows the loan request in weeks and the interest rates given to clients.

**Table 12: Loan request**

LOAN GRANTING PROCESS IN COMMERCIAL BANKS							
Bank name	Document submission in weeks	Contract signing in weeks	Disbursement in weeks	Total in weeks	Communicated rate in %	Given rate in %	Discrepancy in agreed rate in %
Commercial bank 1	0	6	3	9	17.5	18.5	1
Commercial bank 2	0	3	2	5	16	16	0
Average		4.5	2.5	7	16.75	17.25	

Source: Source: Mystery Shopping data

From the data collected above, below are the findings: it takes 4.5 weeks on average to sign a loan contract in a commercial bank and, it takes 2.5 weeks on average to disburse a loan on the client's account.

For a loan takeover from one commercial bank to another, it took 9 weeks to process the loan request.

Whereas it took commercial bank 2<sup>19</sup> 5 weeks to process a loan request. The delay of almost two weeks was because the client had to clear the purchased loan, and it takes 7 weeks on average to process a loan request in commercial banks.

We have provided below, how the two banks handled the loan request we submitted to them:

<sup>19</sup>The service charter says that if all required documents are provided and CRB cleared, the loan will be received within 20 business days' maximum.

In commercial bank 1: I approached the bank branch as a regular client to request a loan “Avance sur salaire-Salary advance”.

I was told by the bank staff member to submit the required documents, and those documents were submitted to Bank Populaire on 21/07/2023. I was called to sign a contract weeks later, on 29/08/2023. I was given time to read the contract but there was no room for negotiations. It was whether I sign or leave it and of course, pay a fee in case I refused the terms.

After signing the contract on August 29<sup>th</sup>, 2023, I was given a KFS. I left and waited for the disbursement of the loan amount. A week later, I called them as I had not received the money in the account. That's when I was told that there was an error in the loan interest rate.

Instead of a base of 15.5% and a margin of 2% for a total of 17.5%; they told me the interest rate would be increased up to 18.5%, to mean a margin of 3 % instead of 2%. The reason given was that there was an error in the internal categorization of my employer.

They amended the contract on the interest rate, and I signed the amended contract on September 15<sup>th</sup> and the money was disbursed on September 19<sup>th</sup>, 2023. To date, I am still waiting for the amended KFS from the bank since then, I even called them twice but no positive answer.

In commercial bank 2: All the documents required were submitted on 05 September. However, I still had to get clearance, after the commercial bank paid the remaining amount to another bank where the client had another loan, the latter would issue a clearance certificate and amend the client's status.

The client signed a contract with the bank on September 19<sup>th</sup>. The clearance letter was supposed to be issued immediately but it took 3 working days. After they issued the loan, payment was transferred to clear the loan in the other bank on the 26<sup>th</sup> and I didn't hear from them until the client decided to go there on September 29<sup>th</sup>. The transferred money was the remaining amount increased by 5% of the loan purchase fee.

The client had to spend 2 days (October 02<sup>nd</sup> and 3<sup>rd</sup>) at their offices and insist on the clearance to be done. The client received the clearance on October 03<sup>rd</sup> to get his CRB status amended, and the loan clearance certificate was given. The client sent all the documents to his bank on October 3<sup>rd</sup> and the loan was disbursed into the account the following day.



- **Account closing**

The table below shows the number of accounts opened in the visited FSPs.

**Table 13: Account closing**

Type of Financial institution	Target	Opened	Percent (%)
Commercial bank branches	20	20	100.0
Umwalimu SACCO	1	0	0.0
Umurenge SACCO	30	29	96.7
Non_umurenge_SACCO	10	5	50.0
Microfinance Institution	20	17	85.0
MFIs Bank	3	3	100.0
<b>TOTAL</b>	<b>84</b>	<b>74</b>	<b>88.1</b>

Source : Mystery Shopping data

From the 74 accounts opened, we closed 34 in total. 29 accounts for Umurenge SACCOs and 5 for Non\_umurenge SACCOs. While closing these accounts, we focused on the Umurenge and Non\_umurenge SACCO. All of them were closed. However, we have encountered the following challenges:

- The account is not closed immediately in most SACCOs. The client writes a letter requesting the account closure and a letter to the SACCO. The client has to wait for the executive committee to meet and approve the account closure,
- The share part given by the clients at the opening of the account is not given back, only one Sacco managed to close the account and give back the share to the client,
- Some SACCOs advised us that instead of closing an account, they should leave it until it is inactive (dormant).

## 2. Insurance and PSPs services

During our visits to the insurance companies, we requested information on the products that the insurance companies offer and then we went to buy some of their products.

- **Information requests about products offered by the registered insurance companies**

Information has been collected from 8 insurance companies out of the 13 registered in Rwanda that were visited. The findings show that Motor vehicle insurance is offered in 8 insurance companies, Property and fire insurance is offered in 7 insurance companies, Life insurance and medical insurance are offered in 6 insurances companies, Agri insurance, Marine cargo, and Travel insurance are offered in 5 insurances companies and medical insurance.

- **Insurance products purchase**

We managed to purchase insurance motor insurance and travel insurance from three insurance companies.

#### **Insurance company 1**

I went to buy motor insurance from one insurance company, the staff member did not provide explanations of the product. You must give them the plate number and they tell you how much you must pay. The different payment means are not explained unless you ask. You must ask for the quotation otherwise they will only tell you how much you must pay. The staff member does not provide explanations of the product, what it covers or how to proceed once you have a claim. I was not given the contract however much I asked for it.

#### **Insurance company 2**

I went to purchase motor insurance the second insurance company. When I arrived there, the staff member gave me all the explanations about the product, the purchase process, and the payment modes and payment installments. You are not allowed to read the contract before you pay, and they don't have the contract version in Kinyarwanda. Everything is written in English. After I had paid, I was given the contract, and I left.

#### **Insurance company 3**

We purchased travel insurance from the third insurance company. All the details possibilities and quotations were provided to us to choose from. The contract is issued only when the payment has been made.

### **3. Signal Challenges in the market requiring further policy intervention or improved**

In this section, we focused on signaling Challenges found during the mystery shopping session on practices that require further policy intervention or improvement.

- **Challenges on request of information about account opening**

Some challenges regarding Account opening were encountered during Mystery shopping in different FSPs as highlighted in the following lines:

**In Commercial Bank**, the experiences described by the findings reflect various challenges and Challenges faced by individuals when dealing with different banks in Rwanda. These Challenges include poor customer service, long waiting times, lack of clear communication, malfunctioning systems, inconsistent information provided by staff, and difficulties in opening accounts.

Many clients often had to endure overcrowded banking halls, insufficient seating, and delays in service due to a high number of customers. Additionally, some banks were criticized for their lack of uniformed staff and inadequate/inexistent restroom facilities.

**In Agency Banking**, the findings describe various interactions with agents and employees in different sectors, including banking, insurance, and social security services. In some instances, there were initial reservations about interviews but eventually, cooperation was obtained. Delays and lack of knowledge about certain aspects of their services were noted, leading to incomplete information provided to customers. Overall, the quality of service and the level of knowledge among these agents and employees varied, with some providing satisfactory assistance while others struggled to answer inquiries effectively.

**In SACCOs,** the findings describe various experiences at SACCOs. Common themes include challenges with accessing information, long waiting times, insufficient staff, cleanliness issues, difficulties, and inconsistency in information regarding opening and closing accounts. Many SACCOs lacked clear signage inside branches, uniforms, badges for staff, and proper customer service protocols, leading to confusion and frustration for clients. In some cases, the high number of clients compared to the limited number of employees resulted in extended waiting times and subpar service quality. Additionally, there were Challenges with account closure and limitations on transactions between branches of the same institution.

**In Microfinance Institutions,** the findings highlight different experiences at microfinance organizations. Common themes include challenges with accessing information, long waiting times, insufficient staff, cleanliness issues, and difficulties in opening accounts. Many of the institutions lacked clear signage inside the branches, uniforms, badges for staff, and proper customer service protocols, leading to confusion and frustration for clients.

Some institutions had limited branches and specific criteria for opening accounts, often catering to businesses or project funding rather than individual savings accounts. Additionally, there were Challenges with slow internet connections and the availability of chequebooks, which varied between institutions.

**In the Development Bank,** the findings show challenges related to loans and scholarships, particularly at the BRD (Development Bank of Rwanda). It highlights the inconsistency in the information provided by individuals regarding loans due to annual changes and the difficulty of applying based on outdated criteria. They also mention the lack of information provided by BRD when inquiring about loans and raise concerns about transparency and communication regarding loan repayment, with borrowers not being informed about their payment status and potential discrepancies in the amounts paid.

- **Challenges on cheque request**

Regarding cheque requests, some FSPs delayed the delivery of chequebooks and did not communicate the time of availability of the product. In microfinance Institutions, cheques are only used within the same institution. They can't be used with other financial service providers.

- **Challenges on request of information about account closing**

The mystery shoppers visited various SACCOs (Savings and Credit Cooperative Organizations) to close their accounts, encountering different processes and requirements. Some SACCOs requested a written letter explaining the reason for closing the account, while others mentioned that accounts could only be closed if they were dormant or after a certain period of inactivity. In some cases, clients were advised to wait for a meeting of the General Assembly to address their account closure requests. Some SACCOs also suggested transferring the account to another person instead of closing it.

- **Challenges on digital products**

The Challenges of digital products are not communicated to the users. There is no proper education on these products provided to the users (clients) because they are only communicated in one language (English). There are challenges in the use of digital products due to system inevitability. The FSP systems encounter many failures and it's the clients who pay the price. There is no compensation when the damage is already done.

- **Challenges on loan requests**

There are delays in loan processing times. Where the average number of weeks for a commercial bank is 7 weeks from the introduction of the request and submission of all required documents. The staff of the FSPs are not communicative. The client has to keep in touch and sometimes insists on getting a report on the progress of the request instead of the bank staff doing so. The clients do not have the choice to negotiate the terms of the contract. Key fact statements are not given on time after the loan contract has been signed. FSPs do not communicate the repayment schedule.

- **Challenges in services delivered by insurance and PSPS services**

The insurance companies don't give enough explanations to clients. The contract of the given product is not well explained. Some insurance companies do not provide the contract to the client unless they insist on getting it.

## **4. Customer Experience**

- **Definition of parameters**

During the visits, the shoppers conducted tangible transactions and evaluated the way they were received by the FSP staff members. The mystery shoppers focused on the following four parameters: (1) First Impressions (Outside), (2) First Impressions (Inside), (3) Staff (first impressions), and (4) Staff (during scenario).

### **First impressions (outside)**

In this section, the shoppers checked the outside of the branch under the following elements: if the ATM was functioning, if the branch was in a convenient location, if the outside of the branch was clean and well branded if there were security risks observable if the security guard is present and actively working, and if the branch opened on time.

### **First impressions (inside)**

In this section, the shoppers checked the cleanliness, signage, and displays of additional information. The shoppers also checked if there were enough counters opened to serve clients. They also checked if there were brochures of ongoing campaigns and promotions for collection.

### **First impressions (staff)**

This section focused on the general appearance of the staff and his/her first contact with the client. The shoppers mainly analyzed: the welcoming at the entrance of the branch, the first contact and acknowledgement, and the dress code of the staff members.

### **Staff (during scenario)**

Under this parameter, the shoppers analyzed the staff experience his/her attitude towards clients when handling their requests, and his/her ability to serve clients. They wanted to see how efficiently the staff members could handle a request if they could offer alternatives and their knowledge of the FSP products.

- **Findings of the Mystery Shopping**

The table below shows the overall findings of the mystery shopping session from all the FSPs visited. The percentage provided in the findings is a combination of Very Bad and Bad, then Good and Very Good.

**Table 14: Overall appreciation of the customer service**

Parameter	Very Bad + Bad	Good + Very Good
First Impressions Outside	26.6%	73.4%
First Impressions inside	20.9%	79.1%
STAFF (First impressions)	29.8%	70.2%
STAFF (During scenario)	17.6%	82.4%
<b>Overall appreciation in FSPs</b>	<b>23.7%</b>	<b>76.3%</b>

Source: Mystery Shopping data

The overall appreciation of customer service in FSPs is 76.3%. It means that the mystery shoppers (clients) appreciate the customer service at 76.3%.

**Table 15: Detailed table of the appreciation of mystery shoppers for all visited FSPs**

Parameters/Appreciation	Commercial Banks		MFIs		MF Banks		Umurenge SACCO		Non_umurenge_SACCO	
	Very Bad + Bad	Good + Very Good	Very Bad + Bad	Good + Very Good	Very Bad + Bad	Good + Very Good	Very Bad + Bad	Good + Very Good	Very Bad + Bad	Good + Very Good
	18.5%	81.5%	23.7%	76.3%	29.2%	70.8%	29.5%	70.5%	31.8%	68.2%
First Impressions Outside	18.5%	81.5%	23.7%	76.3%	29.2%	70.8%	29.5%	70.5%	31.8%	68.2%
First Impressions inside	30.6%	69.4%	22.4%	77.6%	8.3%	91.7%	23.7%	76.3%	19.7%	80.3%
STAFF (First impressions)	30.6%	69.4%	33.8%	66.2%	12.5%	87.5%	37.5%	62.5%	34.5%	65.5%
STAFF (During scenario)	26.5%	73.5%	23.1%	76.9%	10.7%	89.3%	19.5%	80.5%	7.8%	92.2%
<b>Overall appreciation in FSPs</b>	<b>26.5%</b>	<b>73.5%</b>	<b>25.8%</b>	<b>74.2%</b>	<b>15.2%</b>	<b>84.8%</b>	<b>27.6%</b>	<b>72.4%</b>	<b>23.5%</b>	<b>76.5%</b>

Source : Mystery Shopping data

Under the **First impressions outside**, the commercial banks have the highest score of 81.5% and the lowest score was at Non\_umurenge\_SACCO with 68.2%.

Under the **First Impressions inside**, the highest score was observed in MFI banks with 91.7% and the lowest score was at commercial banks with 69.4%.

**Under the STAFF (First impressions)**, the highest score was observed at microfinance banks with 87.5%, and the lowest score at Umurenge SACCO with 62.5%.

Under the **STAFF (During scenario)**, the highest score was at Non\_Umurenge Sacco with 92.2% and the lowest score was at commercial banks with 73.5%.

**Table 16: Appreciation of Customer service in Commercial banks**

Parameters	Very Bad + Bad	Good + Very Good
First Impressions Outside	18.5%	81.5%
First Impressions inside	30.6%	69.4%
STAFF (First impressions)	30.6%	69.4%
STAFF (During scenario)	27.0%	73.0%
<b>Overall appreciation in commercial banks</b>	<b>26.7%</b>	<b>73.3%</b>

In commercial banks, the average appreciation of customer service is at an average score of 73.3%. Although their average score is above 70%, they have scored below 70% under the First impressions inside and staff first impressions.

Below are the elements that influenced the scores:

- The banking halls are crowded and it's difficult to find your way inside the banking area,
- There are no washrooms available for clients,
- The queue management systems are not available in some of the branches thus, the client treatment as to who came first is unfair,
- There is not enough displayed information for clients to read: no service charter in some banks, no product features are displayed and no orientation is provided to clients,
- There are not enough counters opened compared to the number of clients waiting to be served,
- Systems are not working for a very long period and no other solutions are provided to clients. The mystery shopper couldn't open an account due a system failure for the whole day.
- There are no washrooms available for clients,
- There are not enough waiting chairs for clients,
- The bank branches are in a very busy area. No signage/Invisible signage to help locate the branch.

**Table 17: Appreciation of Customer Service in Microfinance Banks**

Parameters	Very Bad + Bad	Good + Very Good
First Impressions Outside	29,2%	70,8%
First Impressions inside	8,3%	91,7%
STAFF (First impressions)	12,5%	87,5%
STAFF (During scenario)	10,7%	89,3%
<b>Overall appreciation in Microfinance Banks</b>	<b>15,2%</b>	<b>84,8%</b>

In Microfinance banks, the average appreciation of customer service is at 84.8%.

Below are the reasons why the score was not 100%:

1. The security guards are visible but not actively working,
2. Their ATMs are not working; customers are using those of other banks. The client waited for more than 4 hours to open an account,
3. Systems are not working for a very long period and no other solutions are provided to clients. The mystery shopper couldn't open an account due the system failure for the whole day and was still not working when the mystery shopper went back there on July 7<sup>th</sup>, 2023,
4. There is no queue management system. The clients are the ones who need to pay attention to who arrived first to be served before the others.

**Table 18: Appreciation of Customer service in Microfinance institutions**

Parameters	Very Bad + Bad	Good + Very Good
First Impressions Outside	23.7%	76.3%
First Impressions inside	22.4%	77.6%
STAFF (First impressions)	33.8%	66.2%
STAFF (During scenario)	23.1%	76.9%
<b>Overall appreciation in Microfinance institutions</b>	<b>25.8%</b>	<b>74.2%</b>



In Microfinance institutions, the average appreciation of the service to clients is 74.2%.

- The security guards are visible but not actively working,
- The waiting time to be served is long, 40 minutes at some MFI branches,
- There are not enough counters opened compared to the number of clients waiting to be served,
- The waiting time to be served is long, 40 minutes at some MFI branches,
- There are not enough counters opened compared to the number of clients waiting to be served,
- There is no queue management system. The clients are the ones who need to pay attention to who arrived first to be served before the others,

**Table 19: Appreciation of Customer Service in Umurenge SACCO**

Parameters	Very Bad + Bad	Good + Very Good
First Impressions Outside	29.5%	70.5%
First Impressions inside	23.7%	76.3%
STAFF (First impressions)	37.5%	62.5%
STAFF (During scenario)	19.5%	80.5%
<b>Overall appreciation in Umurenge SACCO</b>	<b>27.6%</b>	<b>72.4%</b>

In Umurenge SACCO, the average appreciation of the service to clients is 72.4%.

- Most of Umurenge SACCO are not easy to locate.
- The security guards are visible but not actively working,
- The banking halls are crowded and it's difficult to find your way inside the banking area, thus the very long waiting time to be served,
- There is not enough displayed information for clients to read: no service charter in some banks, no product features are displayed, and no orientation is provided to clients,
- There are not enough counters opened compared to the number of clients waiting to be served.
- There are not enough waiting chairs for clients,
- There is always this staff member, mostly a manager who approves everything. Once the person is not around, you wait for him, or you come back the following day.
- The account closing here is problematic. Most Umurenge SACCO do not close accounts when the client wants to. It must wait for the management committee to meet and approve the account closure.
- There is the issue of the client share when opening an account in Umurenge SACCO. The client pays a contribution that he/she will never receive when she/he closes the account.

**Table 20: Appreciation of Customer Service in Non\_Umurenge\_SACCO**

Parameters	Very Bad + Bad	Good + Very Good
First Impressions Outside	31.8%	68.2%
First Impressions inside	19.7%	80.3%
STAFF (First impressions)	34.5%	65.5%
STAFF (During scenario)	7.8%	92.2%
<b>Overall appreciation in Non_umurenge_SACCO</b>	<b>23.5%</b>	<b>76.5%</b>



In Non\_Umurenge\_SACCO, the average appreciation of customer service is 76.5%. Below are the reasons for the poor performance:

- Most of Non\_Umurenge SACCO is not easy to locate,
- The security guards are visible but not actively working,
- The banking halls are crowded and certainly, there are not enough staff members to attend to them,
- There is not enough displayed information for clients to read: no service charter in some banks and no product features are displayed.
- There are not enough counters opened compared to the number of clients waiting to be served,
- There are not enough waiting chairs for clients,
- The account closing here is problematic. Most Non\_Umurenge SACCO do not close accounts when the client wants to,
- There are no washrooms available for clients at most of the Non\_Umurenge SACCO,
- All the staff members do not have enough information about the products, there is always one staff member, mostly the manager who knows everything and authorizes everything. Once the person is not around, you wait for him, or you come back the following day.

# Conclusions and Recommendation

## 1. Conclusions

At the end of this exercise of mystery shopping carried out with financial service providers in Rwanda, the following conclusions were drawn:

- **Account opening**

The findings show the following conclusions on Account opening: (a) The information requested during account opening process is not fully given to clients, (b) The FSPs staff members hesitate in giving information considering that the client asking them might be from the competitors, (c) There is poor customer service, (d) There are long waiting times, (e) There is a lack of clear communication, (f) There are multiple malfunctioning systems, (g) There is inconsistency in information provided by FSP staff members, (h) There insufficient seating mostly in SACCOs and microfinance banks and institutions due the crowded banking halls, and (i) There are lack of restroom facilities for customers.

- **Account management**

The findings show the following conclusions on **Account management:** (1) The checkbook issuance takes a long time at microfinance institutions and (2) The cheque use is satisfying whether it is immediately cashed or deposited.

- **Loan request**

The findings show the following conclusions on **Loan requests:** (1) The loan granting process is too long, (2) Clients are not regularly informed on the progress of their loan requests, (3) Clients do not have to possibility to negotiate interest rates, except for those for whom their employers have MOUs with their bank, (4) The KFS are not delivered on time.

- **Account closing in SACCOs**

The findings show the following conclusions on **Account closing in SACCOs:** (1) It's almost impossible to close an account in SACCOs, it must be approved by the board and (2) The share part given by the clients at the time of account opening is not given back after the is closed.

- **Insurance products :**

The findings show the following conclusions on **Insurance products:** (1) Some insurance companies don't give contracts to customers, (2) Customers are not allowed to read the contract before payment, (3) Insurance contracts are written in English, and (4) Insurance staff members do not explain the contracts to customers.

## 2. Recommendations

At the end of this mystery shopping exercise in FSPs, the following recommendations need to be formulated:

- **Account opening**

The National Bank of Rwanda should ensure that: (1) FSPs to provide sufficient and detailed information to the clients, (2) FSPs staff members are providing information as requested, (3) That FSPs staff members are giving good customer service, (4) FSPs increase the number of staff and adequate equipment is put in place to reduce the waiting times in the banking halls, (5) FSPs minimize the downtime of their systems, (6) FSPs staff members provide accurate and consistent information, this can be done through regular trainings on the FSPs products, (7) FSPs increase the number of waiting chairs in their banking halls, and (8) FSPS avail restroom facilities for their clients.

- **Account management**

The National Bank of Rwanda should ensure that: (1) FSPs reduce the time of Chequebook issuance at microfinance institutions and (2) FSPs to keep up the efficiency of cheque use.  
Loan request

The National Bank of Rwanda should ensure that: (1) FSPS shorten the loan granting process when the client has provided all the requirements, (2) FSPs are open for loan interest rate negotiations and/or increase the MOU signing with employers, (3) FSPS communicate regularly with the clients on the progress of their loan requests, and (4) FSPs deliver KFS on time.

- **Account closing in SACCOs**

The National Bank of Rwanda should ensure that: (1) SACCOs to ease the account closure process and (2) SACCOs to give back the capital share once the account is closed.

- **Insurance products**

The National Bank of Rwanda should ensure that: (1) Insurance companies provide clients with contracts written in the language of their choosing, (2) Insurance companies' staff members take time to explain contracts to clients, (3) the motor insurance claim process is too long. It should be shortened when all the involved drivers accept their responsibilities for the traffic incident.

## Annex

### Summary of the findings in comparison with the laws

In the table below, we compared the findings of the mystery shopping and existing NBR rules and regulations, and we formulated recommendations to NBR

Transaction	Conclusions	Rules and Regulations	Recommendations
Account opening information request	All information's requested during Account opening process are not fully given	Article 30, paragraph 6 of the NBR Regulation no55 stipulates that "At all times before consumption of any product or service, a financial service provider shall be required to provide necessary explanations to consumers about their products and services for them to make informed decisions".	FSPs to respect the Article 30, paragraph 6 of the NBR Regulation n°55
2. Account opening	Some FSPs don't communicate clear information about the charges of some of their products.	At all times before consumption of any product or service, a financial service provider shall be required to provide necessary explanations to consumers about their products and services for them to make informed decisions. (Article 30, paragraph 6 of the NBR Regulation no55).	FSPs to respect Article 30, paragraph 6 of the NBR Regulation n°55. FSPs should give tariffs on charges of all financial products.
	Many of the institutions lacked proper customer service protocols	A financial service provider shall put in place the customer care and service delivery policy clearly stipulating at least the following: 1° different types of services offered to customers, various steps, and time interval/duration to access those services (Article 68, paragraph 1 of the NBR Regulation no55).	FSPs to respect Article 68, paragraph 1 of the NBR Regulation n°55. The PSPs should provide proper customer service protocols
3. Cheque request	FSPs do not respect the deadlines agreed with the NBR in time to deliver cheque books	The financial service provider shall publish the number of days required to get the response on each type of product and service after fulfilling the requirements. (Article 30, paragraph 2 of NBR regulation no55).	To FSPs, to respect Article 30, paragraph 2 of NBR regulation n°55. The cheque books timelines should be respected.
	Some FSPs delayed the delivery of cheque-books without informing the customer.	Article 30, paragraph 2 of the NBR Regulation no55 which stipulates: "The financial service provider shall publish the number of days required to get the response on each type of product and service after fulfilling the requirements".	For those FSPs, to respect the Article 30, paragraph 2 of NBR regulation n°55. The information disclosure about the financial products consumptions should be provided to the customers.

Transaction	Conclusions	Rules and Regulations	Recommendations
4. Cheque use	In some FSPs like Micro Finance Institution, cheques are only internal. They can't be used in other FSPs, and the explanations were not provided.	Article 30, paragraph 6 of the NBR Regulation no55 which stipulates: "At all times before consumption of any product or service, a financial service provider shall be required to provide necessary explanations to consumers about their products and services for them to make informed decisions".	For those FSPs, to respect the Article 30, paragraph 6 of NBR regulation n°55. FSPs should provide the inform the customers on extent of their possible usage ath tuime of account opening or chequebook request.
5. Loan request	Some FSPs do NOT communicate their customers on the progress of the loan file.	This is in contradiction with Article 30, Paragraph 4 of NBR Regulation no 55: "The financial service provider shall put in place a mechanism on how a financial service consumer can track the progress of his/her application until the end of the process. The tracking process shall be done using a tracking number provided to a financial service consumer".	To FSPs, to respect the Article 30, paragraph 4 of NBR regulation n°55. The customers should have updates on the progress of the loan file.
	Some FSPs do not give room for negotiations the loan contract with their customers.	This is in contradiction with Article 48, Paragraph 2 of NBR Regulation no 55 which stipulates" A financial service provider is required to inform a financial service consumer the right of reviewing the contract before the signature".	To FSPs, to respect the Article 48, paragraph 2 of NBR regulation n°55.  A financial service provider should be required to inform a financial service consumer the right of negotiate the terms of the contract before the signature".
	Some FSPs did not provide the KFS the loan installments	This practice is against the regulation of National Bank of Rwanda n° 55/2022 of 27/10/2022 relating to financial service consumer protection in it is article 49 paragraph 2, which stipulates that: "In addition to the contract, a financial service consumer is entitled to a repayment schedule for products and services detailing the payment plans as well as the key fact statement".	To FSPs, to respect the Article 49, paragraph 2 of NBR regulation n°55. The financial service consumer should be entitled to a repayment schedule for products and services detailing the payment plans as well as the key fact statement

Transaction	Conclusions	Rules and Regulations	Recommendations
6. Account closing	<p>Difficulties in closing accounts in some FSPs (SACCOs). Some SACCOs do not close the accounts immediately. It must be approved the board meeting which happens twice a year.</p> <p>Others say that account should be transferred to other people instead of closing them.</p> <p>There also those who advise to wait for the account to be dormant instead of closing it.</p>	<p>Information to be published, displayed or distributed a financial service consumer shall at least encompass the following: "rights and obligations of financial service consumer consisting of conditions that may lead to termination of the product or a service" (cfr Article 31, paragraph 2, alinea 5 of NBR Regulation N° 55/2022 of 27/10/2022).</p>	<p>To FSPs, to respect Article 31, paragraph 2 of NBR regulation n°55. SA Facilitating customers in accounts closing.</p>

Transaction	Conclusions	Rules and Regulations	Recommendations
7. Insurance products	Some insurance companies don't give contract to customers	Article 13, Paragraph 2, Alinea 1 of La 030/2021 of 30/06/2021 governing the organisation of insurance business regarding "disclose information to consumer".	To FSPs, to respect the Article 13, paragraph 2 of Law n° 030/2021 of 30/06/2021 governing the organisation of insurance business regarding "disclose information to consumer". The information disclose should be given to the financial product consumers.
	<p>In some insurance companies, customers are given the opportunity to read the contract before payment.</p> <p>Some of the insurance companies do not provide contracts even when the payment has been made</p>	This is in contradiction with Article 48, Paragraph 1 of NBR Regulation no 55/2022 which stipulates that: "A financial service provider provides in an agreed time, the financial service consumer with a complete and written copy of the contract containing terms and conditions relevant to the financial product or service before the financial service consumer signs the contract. The agreed time shall be at least two (2) days before signature unless the financial service consumer chooses otherwise".	The financial service provider should give to the financial product consumer with a complete and written copy of the contract containing terms and conditions relevant to the product before the consumer signs the contract.
	Some insurance companies don't have the contract in Kinyarwanda and French version. Everything is written in English.	This is in contradiction with Article 56, Paragraph 2 of NBR Regulation no 55/2022 which stipulates that: "The materials for financial education shall be developed in Kinyarwanda, English or French languages considering the targeted audience of the choice of the audience".	The insurance companies should provide contract developed in Kinyarwanda, English or French languages considering the targeted audience of the choice of the audience.
	In some insurance companies, the staff member does not provide explanations of the product, what it covers or how to proceed once you have a claim.	This is in contradiction with Article 30, paragraph 6 of the NBR Regulation no 55/2022 which stipulates: "At all times before consumption of any product or service, a financial service provider shall be required to provide necessary explanations to consumers about their products and services for them to make informed decisions".	The financial service provider shall be required to provide necessary explanations to consumers about their products and services for them to make informed decisions





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