

## THE BUSINESS OF FINANCIAL INCLUSION | DEC 2013

### Impact assessment framework for Visa-GoR partnership in Rwanda

BUSINESS DRIVERS	IMPACT	SUGGESTED METRICS/MEASURES
<b>Achieving growth – Promote electronic payments innovation, access and affordability (A, B)</b>		
<b>A. Expand products, services and technology</b>	<b>Overall impact: (1) Increase in formal financial inclusion, resulting from increased uptake and usage of payment and financial products and services provided by regulated institutions; (2) Expanded competition for, and service quality of, payments, transfers and remittance services.</b>	
<b>A1. Work with local banks to introduce electronic payment products to consumers and businesses</b>	<ul style="list-style-type: none"> <li>Wider range of new/innovative payment options meeting the financial needs of consumers and businesses</li> <li>Greater personal safety and security through reduced cash holdings and consumer protections</li> <li>More efficient payment processing operations for issuing banks, which lower costs and reduce risk</li> </ul>	<ul style="list-style-type: none"> <li>Card penetration/uptake by consumers and businesses</li> <li>Average value of card-based transactions</li> <li>Increase in payment card issuance: # issuing banks; % revenue</li> <li>Cost/risk reductions realized by issuing banks</li> <li>Qualitative/anecdotal evidence from randomized interviews with cardholders and/or employees of issuing banks</li> </ul>
<b>A2. Develop and implement electronic financial services solutions for the SME sector</b>	<ul style="list-style-type: none"> <li>Entrepreneurs build revenues, which contributes to a vibrant economy</li> <li>Cost savings from reduced overhead and transaction costs</li> </ul>	<ul style="list-style-type: none"> <li>Penetration/uptake of SME-specific electronic solutions</li> <li>\$ direct monetary benefits/savings realized by SMEs</li> <li>% increase in SME access to lines of credit; \$ volume</li> <li>% increase in SME sales growth due to electronic solutions</li> <li>Qualitative/anecdotal evidence from conversations with SMEs (e.g., restaurant owners)</li> </ul>
<b>A3. Bring e-Commerce solutions to market</b>	<ul style="list-style-type: none"> <li>Enterprise growth, and growth of Rwandan exports/trade</li> <li>Increased access to global markets</li> <li>Greater convenience and reduced costs for buyers and sellers</li> </ul>	<ul style="list-style-type: none"> <li>Penetration/uptake of e-Commerce solutions by medium &amp; large-sized enterprises (incl. by RwandAir)</li> <li>% increase in online sales/revenues and new online customers</li> <li>\$ cost savings realized by businesses from e-Commerce solutions</li> </ul>
<b>A4. Bring effective and efficient money transfer solutions to market</b>	<ul style="list-style-type: none"> <li>Larger share of total remittances channeled into formal economy and into savings</li> <li>Larger share of remittance reaches beneficiary, contributing to household wealth accumulation</li> <li>Enhanced convenience, and reduced costs and risk of traditional P2P remittances</li> </ul>	<ul style="list-style-type: none"> <li>Qualitative/anecdotal evidence from institutions involved in design, production and implementation of new product/service</li> </ul> <p><i>Other metrics to use following commercial launch of product:</i></p> <ul style="list-style-type: none"> <li>Penetration/uptake of new money transfer services (particularly among Rwandan Diaspora population)</li> <li>Increase in share of remittance kept by beneficiary</li> <li>% decrease in cost/leakages using new money transfer services</li> <li>% decrease in use of informal mechanisms/intermediaries</li> </ul>

## Achieving growth – Promote electronic payments innovation, access and affordability (A, B)

<b>A5. Deploy mobile solutions to reach the under-served</b>	<ul style="list-style-type: none"> <li>• Wider range of inclusive financial services available, with greater coverage in rural market segments (previously deemed unprofitable)</li> <li>• Direct monetary benefits/savings for consumers from reduced transaction costs</li> <li>• Easier for under-banked to manage financial lives</li> </ul>	<ul style="list-style-type: none"> <li>• Qualitative/anecdotal evidence from institutions involved in design, production and implementation of new product/service</li> </ul> <p><i>Other metrics to use following commercial launch of product:</i></p> <ul style="list-style-type: none"> <li>• Penetration/uptake of mVisa mobile prepaid product</li> <li>• Level of commercialization/uptake of other mobile applications (savings, B2B payments, G2C disbursements, C2C transfers)</li> <li>• % reductions in travel costs; travel time; notional loss of wages</li> </ul>
<b>A6. Streamline government payments through the use of corporate or purchasing cards</b>	<ul style="list-style-type: none"> <li>• Increased penetration of banking system, further bolstering formal economy (e.g., through payroll cards)</li> <li>• Efficient and transparent government payments and enterprise initiatives, which reduces corruption/fraud</li> <li>• Direct monetary benefits/savings realized by government</li> </ul>	<ul style="list-style-type: none"> <li>• # government payment types electronified on Visa's platforms</li> <li>• # recipients of government services accessing them electronically through branchless banking system</li> <li>• Penetration/uptake of payment cards/accounts by government</li> <li>• \$ savings/cost reductions per transaction</li> </ul>
<b>B. Serve more customers</b>	<b>Overall impact: Increased access to payment and other financial services better enables the poor to build financial security, manage financial shocks and invest in business opportunities.</b>	
<b>B1. Launch and grow an interoperable mobile financial services ecosystem</b>	<ul style="list-style-type: none"> <li>• Greater access to formal financial services by unbanked and under-served Rwandans</li> <li>• Establish best practices/evidence for new business models that provide shared infrastructure and open access</li> <li>• Greater efficiencies in branchless banking, driving last-mile connectivity</li> </ul>	<ul style="list-style-type: none"> <li>• # account providers using transactional platform</li> <li>• % increase in geographic coverage; # points-of-access/agents</li> <li>• Penetration/uptake of financial services via branchless banking</li> <li>• Increase in access to formal financial services among unbanked</li> </ul>
<b>B2. Develop Rwanda-specific financial education programs to explain the fundamentals of personal finance</b>	<ul style="list-style-type: none"> <li>• Increased financial literacy in Rwanda</li> <li>• Improved and strengthened local financial capabilities</li> <li>• Greater consumer awareness of life-enhancing benefits of financial services uptake/usage, and of their responsible use</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in financial literacy among training recipients</li> <li>• #/% trainees citing change in perceptions about financial services; #/% trainees using new knowledge to manage finances</li> <li>• Increase in scores of users of web-based Financial Football game</li> <li>• Extent to which curriculum reflects local Rwandan context</li> </ul>
<b>B3. Help citizens create individual financial identifies through use of e-payments infrastructure</b>	<ul style="list-style-type: none"> <li>• Improved consumer eligibility and access to banking system; greater dignity for clients</li> <li>• Banks more effectively manage market and credit risk in extending credit to lower-income groups</li> <li>• Improved affordability of banking products, due to more accurate, risk-adjust pricing for individual customers</li> </ul>	<ul style="list-style-type: none"> <li>• % increase in individuals with credit histories due to e-payments; resulting increase in access (new accounts/lines of credit)</li> <li>• Transaction histories of poor households</li> <li>• % reduction risk for low-income segment among banks</li> </ul>

## Achieving operational efficiency and increased productivity through the value chain – Capacity Building (C, D, E)

<b>C. Local workforce development</b>	<b>Overall impact: (1) Drives development of the financial services and ICT industries in Rwanda; (2) levels the global playing field through technical training in ICT; (3) unlocks Rwanda's human potential.</b>	
<b>C1. Support professional training and development for stakeholders in the electronic financial services sector</b>	<ul style="list-style-type: none"> <li>• Supports job creation</li> <li>• Builds capacity in the domestic financial industry, improving competitiveness</li> <li>• Improves financial sector management and reduces risk</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in knowledge of marketing, risk management and other areas of the payment industry among training recipients</li> <li>• #/% trainees citing enhanced opportunity for promotion and/or new employment as a result of training program</li> <li>• Extent to which curriculum reflects market needs in Rwanda</li> </ul>
<b>C2. Promote professional development by exploiting synergies in Visa and RDB internship programs</b>	<ul style="list-style-type: none"> <li>• Supports job creation</li> <li>• Exposes students to opportunities in financial services and technology, and in multinational corporations</li> <li>• Enhances financial knowledge and technical skills, which increases competitiveness in the job market</li> </ul>	<ul style="list-style-type: none"> <li>• Qualitative/anecdotal evidence from program managers</li> <li><i>Other metrics to use following launch of internship program</i></li> <li>• #/% interns successfully completing internship program</li> <li>• Increase in knowledge/skills among student interns</li> <li>• #/% interns hired directly by Visa</li> <li>• #/% employed in financial services/technology sectors following successful completion of internship program</li> </ul>
<b>C3. Hiring and training of local talent</b>	<ul style="list-style-type: none"> <li>• Supports job creation and employee retention</li> <li>• Transfers knowledge and skills</li> <li>• Develops management and leadership skills, including experience working for a multinational</li> </ul>	<ul style="list-style-type: none"> <li>• #/% skilled/unskilled jobs created and filled by local employees</li> <li>• \$ wages/benefits paid</li> <li>• \$/hours spent on training/development</li> <li>• Employee retention rate</li> </ul>
<b>D. Low-cost, responsible sourcing and production</b>	<b>Overall impact: Promotes local economic growth and development, while encouraging the sustainable use of local resources.</b>	
<b>D1. Commitment to increasing local content and supplier diversity</b>	<ul style="list-style-type: none"> <li>• Supports job creation and drives local economic growth through backward/forward linkages</li> <li>• Enhances technical skills and improves competitiveness and relevance of local industries in the global market</li> </ul>	<ul style="list-style-type: none"> <li>• #/% of contracts with local product/service suppliers</li> <li>• % equipment/services sourced locally (vs. imported)</li> <li>• \$/hours spent by Visa on training/development of local suppliers and service providers</li> </ul>
<b>D2. Promote sustainable production and resource efficiency</b>	<ul style="list-style-type: none"> <li>• Protects environment and promotes resource conservation</li> <li>• Reduces pollution and prevents leaching of harmful materials and contaminants</li> <li>• Sets a positive example for replication in emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>• Existence/implementation of corporate environmental policies</li> <li>• Environmental/sustainable production standards enforced among suppliers/contractors</li> <li>• Product design and packaging considers effect on environment</li> </ul>

Achieving operational efficiency and increased productivity through the value chain – Capacity Building (C, D, E)		
<b>E. Efficient retail/distribution</b>	<b>Overall impact: Supports new markets and local job creation, while increasing the cost-effectiveness, efficiency and reach of financial services.</b>	
<b>E1. Internationalize Rwanda's ATM network</b>	<ul style="list-style-type: none"> <li>• Boosts tourism industry and supports local economy</li> <li>• Drives growth in complementary industries, e.g., processing</li> <li>• Cash readily available to visiting tourists and business travelers</li> </ul>	<ul style="list-style-type: none"> <li>• ATM connectivity to Visa/PLUS networks</li> <li>• #/% increase of banks in Rwanda with an ATM estate</li> <li>• #/% increase in certified 3<sup>rd</sup> party processors</li> <li>• % increase in travelers using Visa ATMs to get local currency</li> </ul>
<b>E2. Increase domestic merchant acceptance</b>	<ul style="list-style-type: none"> <li>• Increases merchant tax compliance, as activity is brought into formal economy</li> <li>• Reduces cost of merchant retail operations, translating to lower prices for customers in the medium term</li> <li>• Reduces risk and improves theft/fraud prevention among merchants</li> </ul>	<ul style="list-style-type: none"> <li>• % increase in merchant acceptance</li> <li>• % increase in sales by offering e-payment options and by accepting globally-branded payment cards</li> <li>• % decrease in merchant cash holdings and store-provided credit</li> <li>• Cessation of unauthorized cross-border acquiring by European financial institutions</li> </ul>

## Responsible business (F, G, H)

<b>F. High standards of governance</b>	<b>Overall impact: (1) Contributes to the integrity and efficiency of financial markets; (2) reinforces responsible business practices through positive workplace management, marketplace responsibility, and sustained financial contribution.</b>	
<b>F1. Consumer protection</b>	<ul style="list-style-type: none"> <li>Economics and value of transactions are balanced for all parties</li> <li>Sensitive account information protected</li> <li>Consumers are able to protect themselves from fraud and security risks</li> </ul>	<ul style="list-style-type: none"> <li>Robust risk management principles and resources to address financial risk management, network stability and fraud and security issues</li> <li>Fair price-setting of interchange fees (market-rate)</li> <li>Participation in industry standards-setting bodies, e.g., PCI SSC</li> <li>Effectiveness of consumer education initiatives</li> </ul>
<b>F2. Workplace and safety standards</b>	<ul style="list-style-type: none"> <li>Promotes health and well-being of employees</li> <li>Sets a good example for multinationals operating in emerging markets</li> <li>Encourages development of complementary/harmonized standards in local market</li> </ul>	<ul style="list-style-type: none"> <li># standards and principles developed/enforced (e.g., anti-corruption, accounting, HSE, ILO, UNDP)</li> <li>Development and implementation of Visa Inc. employee safety manual/guidelines</li> <li>Results from workplace satisfaction survey of local employees</li> </ul>
<b>G. Contribute to growth of national economy and more balanced distribution of wealth</b>	<b>Overall impact: (1) Poverty reduction through greater participation in economic activities; (2) accelerates economic growth; stimulates consumption and GDP growth; (3) more efficient capital market, with greater liquidity and lending in the banking sector; (4) sizeable monetary benefits to GoR and individual beneficiaries, particularly the poor; and (5) enhanced ability of central bank to manage national financial system, which improves country risk ratings.</b>	
<b>G1. Connect Rwanda's tourism strategy to key source markets through Visa's global network</b>	<ul style="list-style-type: none"> <li>Rwanda elevated as a tourism destination</li> <li>Increased spending by international travelers, contributing to foreign exchange reserves</li> </ul>	<ul style="list-style-type: none"> <li>Uptake of travel offers for Rwanda, showcased by Visa</li> <li>Increase in inbound tourism and associated spending</li> <li>Increase in tourism sector % of GDP</li> <li>Increase in foreign exchange reserves from tourism revenues</li> </ul>
<b>G2. Improve financial transparency and flow of funds in the economy by transitioning to electronic payments system</b>	<ul style="list-style-type: none"> <li>Increased velocity of money and reduced friction in the economy</li> <li>More effective control of Rwanda's working capital through improved financial intermediation and oversight</li> <li>Reduction in size of informal/grey economy and unbanked</li> </ul>	<ul style="list-style-type: none"> <li>\$ increase in tax windfall for the nation</li> <li>Size of informal economy (% GDP)</li> <li>Proportion of transactions in official economy</li> <li>% increase in volume/efficiency of tax collections</li> </ul>

## Responsible business (F, G, H)

H. Effective corporate philanthropy	Overall impact: Shared value created for community and Visa, as key social challenges are addressed whilst company reputational and operational value are enhanced.	
H1. Launch targeted initiatives aligned to core business	<ul style="list-style-type: none"> <li>Encourages economic self-reliance among low-income individuals and communities through financial literacy and access to finance</li> <li>Targeted initiatives at global level enhance reputation, while philanthropy is achieved in-market through core business</li> </ul>	<ul style="list-style-type: none"> <li>Effectiveness of CSR/charitable initiatives (in meeting metrics)</li> <li>Effectiveness of partnerships with local/international NGOs in meeting established goals/metrics</li> <li># local beneficiaries; perceived success of initiative (via surveys)</li> </ul>
H2. Corporate sponsorships	<ul style="list-style-type: none"> <li>Facilitates development/advancement of payment infrastructure</li> <li>Helps enable growth in emerging economies</li> </ul>	<ul style="list-style-type: none"> <li>Effectiveness of sports sponsorships, judged against metrics</li> <li>Proven link between sponsorship and local development</li> </ul>

**Enhancing the operating environment – Lay foundations for electronic payments (I, J, K)**

<p><b>I. Improve policy and regulatory environment</b></p>	<p><b>Overall impact: (1) Spurs innovation and uptake of e-payments; (2) minimizes impact of shadow economy; (3) promotes development, enhances oversight, reduces resource demand and controls risk; and (4) contributes to a more financially secure and inclusive society.</b></p>	
<p><b>I1. Support GoR to develop, implement and enforce clear e-payments policy and security framework</b></p>	<ul style="list-style-type: none"> <li>• Strong foundation in place for securing payments and enforcing regulations</li> <li>• Reduction in financial crimes, including in relation to money-laundering and terrorist financing</li> <li>• Public awareness of the risks involved in purchasing financial services products</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge-sharing and capacity-building in standards that improve e-Commerce and m-Commerce transactions (e.g., smart cards, open network transactions)</li> <li>• Adequate legislation/national regulatory framework for e-Commerce and m-Commerce; enforcement of regulations</li> <li>• NBR regulatory framework supportive of innovative branchless banking solutions (risk-based AML/CFT, agency guidelines)</li> <li>• Best practice-sharing in data security, fraud management and combating cyber financial crime</li> </ul>
<p><b>I2. Government commitment to electronification</b></p>	<ul style="list-style-type: none"> <li>• Accelerates migration from less efficient paper-based means of payment to modern and efficient electronic transactions</li> <li>• Demonstrates benefits of e-payment products to users, and draws more people into the formal economy</li> <li>• Harnesses economic/societal innovations by e-payments</li> </ul>	<ul style="list-style-type: none"> <li>• GoR strategy demonstrating commitment to electronification of government service delivery, business transactions and consumer payments</li> <li>• Incentive schemes to encourage uptake, e.g., VAT discounts</li> <li>• Technology-friendly national development plan(s)</li> <li>• Strategic support from NBR to accelerate issuance of payment products</li> </ul>
<p><b>I3. GoR commitment to mitigate and integrate informal economy; financial inclusion</b></p>	<ul style="list-style-type: none"> <li>• Greater financial inclusion: secure and reliable e-payments increase trust in and access to the banking and payments system, resulting in greater acceptance and adoption</li> <li>• Reduced size of informal economy channels more money into legitimate systems</li> </ul>	<ul style="list-style-type: none"> <li>• \$\$ in tax windfall for nation; reduction in lost GoR revenues</li> <li>• Size of informal economy (% GDP)</li> <li>• Strategy document for financial inclusion; implementation</li> <li>• Effectiveness of marketing campaigns for financial inclusion</li> </ul>
<p><b>J. Strengthen institutional/ infrastructure capacity</b></p>	<p><b>Overall impact: (1) Increases pace of financial inclusion; (2) drives modernization, reduces bureaucracy and enhances transparency while fighting fraud; (3) improves overall economic welfare of beneficiaries and indirectly encourages participation of rural citizens; and (4) increases efficiency and reach of government/public services.</b></p>	
<p><b>J1. Combine Visa and National Bank of Rwanda (NBR) infrastructure to deliver localized approach to settlement</b></p>	<ul style="list-style-type: none"> <li>• Lowers levels of private interbank and systemic risk</li> <li>• Increases economic efficiency; prevents delays/impact from exchange rate fluctuations</li> <li>• Long-term cost-savings for banks through more efficient operations of central clearinghouse(s)</li> </ul>	<ul style="list-style-type: none"> <li>• Visa National Net Settlement Service (NNSS) implemented</li> <li>• NBR serving as settlement bank</li> <li>• Inter-bank settlement runs over RTGS based on Visa end-of-day reports</li> <li>• \$/% increase in cost savings realized by banks</li> </ul>

### Enhancing the operating environment – Lay foundations for electronic payments (I, J, K)

<b>J2. E-payment for e-government</b>	<ul style="list-style-type: none"> <li>Reliable payment system improves efficacy and efficiency of GoR programs and services, which increases utilization</li> <li>Cost reductions/savings realized by GoR from reduced leakages, and reduced overhead and transaction costs</li> <li>Increased transparency and reduced fraud/corruption</li> <li>Timely availability and improved reliability of data; more efficient procurement and planning of welfare schemes</li> <li>Increased efficiency of fund flows (tax revenues, payments) and reduction in/elimination of payment bottlenecks</li> <li>Beneficiaries get full entitlement through formal channels</li> </ul>	<ul style="list-style-type: none"> <li>Penetration/uptake of e-government solutions</li> <li>% increase in utilization of GoR programs/services</li> <li>\$/% increase in cost and process savings realized by GoR</li> <li>% decrease in rate of corruption, fraud</li> <li>% reduction in use of cash and paper receipts</li> <li>% increase in speed of tax collections/payments</li> <li>#/% beneficiaries receiving full entitlement; reduction in use of middle-men or intermediaries</li> </ul>
<b>J3. Support government in addressing infrastructure and service challenges</b>	<ul style="list-style-type: none"> <li>Improves payment system quality; increases reliability of technical channels that support e-payments</li> <li>Enables Rwanda to take advantage of modern technologies and business models to reach those who are under-served by the existing payments infrastructure</li> <li>Provides a foundation on which innovative financial services can flourish (e.g., last-mile connectivity, e-Commerce and Smart-ID programs)</li> <li>Ensures continued proliferation of e-payments</li> </ul>	<ul style="list-style-type: none"> <li>Basic infrastructure in place to enable country-wide use of e-payments; improved efficiency, security and functionality of infrastructure</li> <li>Precepts that support contributions toward shared infrastructure, while encouraging competition</li> <li>Development of Rwanda-based local connection to VisaNet</li> <li>Aggressive and integrated ICT-led development strategy (NICI-2015) in process of implementation</li> <li>Contribution to industry forums and working groups focused on improving reliability of power, connectivity, etc.</li> </ul>
<b>K. Partner to achieve common objectives</b>	<b>Overall impact: (1) Progress the economic and social benefits of financial services electrification; (2) develop model framework for launching interoperable branchless banking ecosystems in emerging markets; (3) establish best practices for PPPs for financial inclusion and literacy.</b>	
<b>K1. Jointly implement programs with the Government of Rwanda to develop Rwanda's e-payments infrastructure, economy and workforce</b>	<ul style="list-style-type: none"> <li>Introduces e-payments services (where none existed)</li> <li>Leverages private sector resources/expertise to support national economic development/modernization plans</li> <li>Increases capacity for financial services, and ultimately, increases access to finance for Rwandans</li> <li>Electronifies Rwanda's economy by strengthening electronic financial services offerings in Rwanda</li> </ul>	<ul style="list-style-type: none"> <li>Charters of Collaboration/ToRs (2011, 2013)</li> <li>Metrics for efficient monitoring and evaluation of progress against the initiatives outlined in the Charter(s)</li> <li>Periodic evaluations of the effectiveness of the Strategic Partnership, including reference to the respective organizational mandates and priorities of both parties</li> </ul>
<b>K2. Partner to measure impact of PPP on Rwanda</b>	<ul style="list-style-type: none"> <li>Demonstrates Visa's commitment to impact measurement, which helps make the business case for poverty reduction</li> <li>Sets example/precedent for other businesses partnering with emerging market governments to measure impact</li> </ul>	<ul style="list-style-type: none"> <li>Visa-IGD Partnership agreement</li> <li>Stakeholder interviews and final impact assessment report</li> <li>Lessons learned disseminated to the public or other stakeholders through workshops, conferences, or other means</li> </ul>