



The Governor

PRESS RELEASE

QUARTERLY FINANCIAL STABILITY COMMITTEE MEETING

On May 13, 2025, the Financial Stability Committee (FSC) held its quarterly meeting to assess the strength and performance of Rwanda's financial system. The committee concluded that the sector remains stable, resilient, and continues to grow, despite increasing global risks.

Financial institutions in Rwanda continue to play a key role in supporting the economy. They are well capitalized, hold enough liquid assets and keep providing loans and other financial services to meet the needs of businesses and individuals.

Strong financial position across the sector

In the first quarter of 2025, banks and microfinance institutions (MFIs) maintained solid capital levels. The Capital Adequacy Ratio (CAR), which measures a financial institution's ability to absorb shocks, stood at 22.0 percent for banks and 35.5 percent for MFIs, well above the minimum regulatory requirement of 15 percent set by the National Bank of Rwanda as financial supervisor.

The insurance sector also remained stable. Its solvency ratio, which shows an insurer's ability to pay future claims, was at 199 percent, nearly double the required 100 percent level.

In addition, the ability of financial institutions to meet short-term obligations remained strong. The Liquidity Coverage Ratio (LCR) of banks, which compares available cash to expected cash outflows over 30 days, was 337.4 percent, far above the required 100 percent. MFIs maintained a liquidity ratio of 68 percent (above the required 30 percent), while insurers' liquidity stood at 109 percent, exceeding the 100 percent supervisory requirement.

Sector growth driving economic performance

During the first quarter of 2025, total financial sector assets grew by 23.2 percent, reaching FRW 13.6 trillion. This growth outpaced the previous year's increase of 20.8 percent and shows the sector's expanding role in contributing to economic growth.

This growth was fueled by rising customer deposits, increased capital investment, higher contributions to pension funds, and improved investment income. Banks remain the largest players, making up about 68 percent of the sector.

Lending continues to be a core activity of banks and MFIs. By the end of March 2025, bank loans made up 48.3 percent of their total assets, while MFIs' loans accounted for 65 percent of their assets. New loans approved by banks were FRW 643 billion in the first quarter of 2025, compared to FRW 498 billion in the corresponding period of 2024.

Non-performing loan (NPL) ratio, representing the percentage of unpaid loans in comparison to total loans, stood at 2.7 percent for banks and 4.3 percent for MFIs, both below the regulatory 5 percent benchmark.

Pension funds, comprising of public and private pension schemes have also increased their assets, Investments and Contributions. The investments of the public pension fund grew by 24 percent to FRW 1.9 Trillion. Its return on investment also continued to grow, rising by 48 percent to FRW 80 billion in the first quarter of 2025, while contributions increased by 98 percent to FRW 90.7 billion, compared to the same period in 2024. This increase aligns with the recent rise in the pension contribution rates and reflects the public pension fund's efforts to remain sustainable and improve the social well-being of retirees.

Payment systems are expanding and performing well

Rwanda's payment systems remained reliable, with no major service disruptions. The use of digital payments continued to grow, reflecting progress toward a cashless economy. Total electronic payments reached 334 percent of GDP at end-March 2025, up from 214 percent a year earlier.

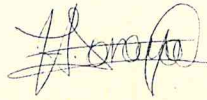
Furthermore, eKash, Rwanda's interoperable digital platform, saw continued success. Initially offering wallet-to-wallet transfers, it has expanded to support wallet-to-bank transactions. By March 2025, eKash had 1.9 million active users and 17 participating institutions. Its growth supports the country's goals of expanding financial inclusion and promoting digital transformation.

Outlook: Continued strength with caution on global policy uncertainty risks

Looking ahead, Rwanda's financial sector is expected to remain stable, backed by strong capital reserves and liquidity. Nevertheless, there are risks that could affect future stability. These include higher borrowing costs and falling assets prices mainly coming from global uncertainties and increased risk-aversion by global investors. In addition, high liquidity in the market could alter investment patterns.

The National Bank of Rwanda, in collaboration with other stakeholders, will continue to closely monitor these risks and take timely action to preserve the stability of the financial system.

Kigali, May 15, 2025



Digitally signed by
NBR(Governor)



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