

Rwandan lawmakers have raised concerns over high interest rates on loans from Umurenge SACCO, the country's rural savings and credit cooperatives. Members of Parliament urged the Minister of Finance and Economic Planning, Yusuf Mulangwa to address the high rates that have now reached 24% per year.

Lawmakers reviewed a national report on government development projects aimed at improving citizens' livelihoods, thereby taking the decision. The Umurenge SACCO initiative, which began in 2008, was created to provide financial services to rural areas, where access to banking services was limited.

Over the years, the program has significantly increased access to financial services. In 2008, only 21% of Rwandans aged 18 and older used financial services. By 2012, that number had doubled to 41%, thanks to the expansion of these cooperatives in nearly every sector across the country.

Today, Umurenge SACCO is the second-largest financial service provider in Rwanda, after BPR Bank Rwanda, formerly Banque Populaire du Rwanda SA, and has reached at least five times more people in rural areas than it did at its inception.

Deputy Speaker in charge of Parliamentary Affairs Beline Uwineza, praised the role of Umurenge SACCOs in improving access to finance, especially for small businesses and individuals who otherwise wouldn't qualify for loans from commercial banks. She explained that these cooperatives provide critical support to rural entrepreneurs.

However, lawmakers are concerned that the interest rates charged by Umurenge SACCO are too high, as many citizens have highlighted and many are discouraged from seeking loans.

According to Hon. Uwineza, many citizens feel that the 24% interest rate is far above what other financial institutions charge. As a result, some have turned to informal savings groups instead of the cooperatives.

Currently, commercial banks charge an average interest rate of 15.85%, while Umurenge SACCO adds an additional 8.15%. This large gap in rates is one of the main issues lawmakers are seeking to address.

Another challenge for these cooperatives is their slow adoption of technology, which makes it difficult for members to easily access services. Lawmakers believe that by

speeding up the integration of SACCOs at the district level, the cooperatives could provide more efficient services and become stronger players in the financial sector.

Despite these challenges, the cooperatives have achieved impressive growth. As of 2024, there are 416 Umurenge SACCOs across Rwanda, with total assets exceeding 240 billion Rwandan francs.

Lawmakers are hopeful that with better oversight and adjustments to loan terms, these cooperatives can continue to support Rwanda's economic growth and provide affordable financial services to all.