The potential of digital platforms as distributors of financial services in Rwanda, with a deep dive into the financial needs of Yego e-hailing drivers

Kigali | February 2020
Digital platforms as new economic actors shaping livelihoods

- **E-hailing**: Connects passengers and local drivers
- **Rental**: Facilitates exchange of spare rental capacity and demand
- **Online shopping**: Connects consumers and suppliers of products
- **Freelancing**: Connects employers and freelance workers
- **Logistics/courier**: Connects customers to service providers for delivery or distribution of parcels
- **Other**: Does not fit into any other category
Africa’s digital platforms

- 277 unique platforms
- 4.8m platform workers

<table>
<thead>
<tr>
<th>Country</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>277</td>
</tr>
<tr>
<td>Ghana</td>
<td>68</td>
</tr>
<tr>
<td>Kenya</td>
<td>69</td>
</tr>
<tr>
<td>Nigeria</td>
<td>92</td>
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<tr>
<td>Rwanda</td>
<td>32</td>
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<tr>
<td>South Africa</td>
<td>90</td>
</tr>
<tr>
<td>Tanzania</td>
<td>43</td>
</tr>
<tr>
<td>Uganda</td>
<td>41</td>
</tr>
<tr>
<td>Zambia</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: insight2Impact (2018)
E-hailing a prominent platform type in SSA

- Online shopping: 91 platforms
- Freelancing: 75 platforms
- E-hailing: 53 platforms
- Logistics/Courier: 37 platforms
- Rental: 27 platforms
- Other: 26 platforms

Source: insight2impact (2018)
Platforms offering additional financial services

15% of platforms identified offer one or more insurance, digital wallet, savings or credit product.

Source: insight2impact (2018)
Clear incentives for FSPs and platforms to partner

**Incentives for FSPs**
- Established customer base and data
- Integrated payments
- Established communications channel
- Trusted brand
- Frequent use
- Decision proximity

**Platform incentives**
- Diversification of revenue stream
- Increase participation on the platform
- Expand their consumer base
E-hailing case study: 
*Yego in Rwanda*
Overview of Yego

**Participants**
- Digital platform that connects cab and motorbike drivers to passengers
- Around 17,000 moto and 1,300 cab drivers in Kigali

**Activity**
- Matching of drivers and customers through call centre or mobile app
- 1 million+ trips completed

**Value proposition**
- Use of smartphone meter to get distance, fare and number of trip information
- Cash and digital forms of payments accepted
- Government mandated use of meters by cab drivers already and moto drivers by May 2020
Access to financial services in Rwanda

Credit access strand

- 72% of adults in Rwanda borrowed money (Finscope, 2016)

- 2016
  - Bank: 4%
  - Other formal (non-bank): 11%
  - Informal only: 51%
  - Borrow from family and friends: 6%
  - Not borrowing: 28%

Savings access strand

- 86% of adults in Rwanda saved money (Finscope, 2016)

- 2016
  - Bank: 13%
  - Other formal (non-bank): 36%
  - Informal only: 27%
  - Save at home: 10%
  - Not saving: 14%

Insurance strand

- 4% of adults have insurance
  - 4% have Mutuelle de Santé and other insurance product
  - 73% have Insurance other than Mutuelle de Santé
  - 19% have not insurance

Source: Finscope 2016
Methodology

Phase 1
In-depth qualitative interviews with 15 moto drivers and 5 cab drivers

Phase 2
Quantitative survey design, testing, refinement and rollout

Phase 3
Analysis and synthesis of findings

Phase 4
Partnership and product development

Phase 4 is not yet covered

• 86 moto drivers with meters out of 289 responded to survey
• 223 cab drivers with meters out of 993 responded
E-hailing case study:
e-hailing platforms and financial services globally
Large global e-hailing market

248 total platforms investigated globally, operating in 110 countries worldwide and 14 countries in Africa

223 cab-only hailing platforms

24 platforms offering both cab and motorbike hailing

1 motorbike only hailing platform

Source: insight2impact (2019)
E-hailing ride cycle

Drivers covered by personal insurance policies

Gap in driver coverage

Drivers covered by rideshare policies

Off-trip

Gap

On-trip

App off

App on

Accept trip

Collect passenger

Passenger drop-off

Source: insight2Impact (2019)
Some global e-hailing platforms are already offering financial services

25% of e-hailing platforms globally offered at least one type of financial service.

- 22% offered an insurance product
- 5% offered a credit product
- 2% offered a savings product

Insurance products offered by platforms

- Personal accident: 40
- Loss of income insurance: 30
- Liability coverage: 10
- Comprehensive insurance: 6
- Collision coverage: 3
- UM/UIM: 2
- SASRIA: 1
- Child support: 1
- Excess insurance: 1

Source: insight2impact (2019)
Some examples of financial products offered by e-hailing platforms

Illustrative partnership case studies identified

Source: insight2impact (2019)
E-hailing case study: 
Yego consumer insights
Yego drivers

Good service, transparency and ease of payment as reasons for joining Yego

“The advantage with Yego is that with this new technology it’s really an innovation and some customers who now are accustomed saying that it’s better to use the meter, it’s profitable for us.”

– Moto driver, 39

“I chose Yego because they offer better services such as giving us the tools we need for work and paying for them in instalment if need be.”

– Moto driver, 39

“I get to know the actual price of the distance we used and be able to show it to my client without them thinking I’m lying. It’s also a system that makes it easy for passengers to pay faster and efficiently.”

– Moto driver, 35
Yego drivers

Participants married, youthful population with a large number of dependents

- **100%** of both cab and moto drivers are male; **9%** of moto drivers are youth (35 years or younger) compared to **36%** of cab drivers.

- **58%** of moto drivers and **61%** of cab drivers are married.

- **65%** of moto drivers and **68%** of cab drivers have between three and six people that rely on their income.

- **24%** of moto drivers and **39%** of cab drivers have spouses or partners that earn an income.
I provide a service, like a mechanic, plumber or computer repairer
My own business (I sell farm products, like vegetables or goats)
Driving own vehicle or other vehicles
My own business (I sell other products like clothes or shoes)
Rental income

Note: multiple response question. n= 18 for moto drivers and 38 for cab drivers

Additional sources of income
Drivers depend heavily on Yego as primary income source

“I have work outside Yego.”

Moto drivers 21%
Cab drivers 17%

Note: n= 86 for moto drivers and 221 for cab drivers (2 cab drivers did not answer this question).
Vehicle ownership status among Yego drivers

High vehicle ownership, particularly by young moto drivers

71% of the youth population own their moto outright, while 46% of the youth own their cab outright.

Note: n= 86 for moto drivers and 223 for cab drivers
### Source of funds for vehicle purchases

Credit from banks and savings used to purchase vehicles

**I own the vehicle**
- Moto drivers: 70%
- Cab drivers: 51%

**I am still paying off what I owe**
- Moto drivers: 23%
- Cab drivers: 19%

#### Note: multiple response question. n= 80 for moto drivers and 156 for cab drivers

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Moto Drivers</th>
<th>Cab Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>19%</td>
<td>42%</td>
</tr>
<tr>
<td>Bank</td>
<td>31%</td>
<td>32%</td>
</tr>
<tr>
<td>Other</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Family or friends</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>SACCO</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>MFI</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Money-lender</td>
<td>4%</td>
<td>1%</td>
</tr>
</tbody>
</table>

"I own or am still paying off my vehicle."
Financial goals of Yego drivers

Financial goals centering on asset ownership

Top two financial goals over next two years

- **Buy or build a home**: 30% (Moto drivers), 28% (Cab drivers)
- **Buy a motorbike or car**: 28% (Moto drivers), 23% (Cab drivers)
- **Pay for a good education for my children**: 18% (Moto drivers), 21% (Cab drivers)
- **Have enough money for old age**: 11% (Moto drivers), 11% (Cab drivers)
- **Start a business**: 11% (Moto drivers), 4% (Cab drivers)
- **Have enough money for a big life event**: 6% (Moto drivers), 9% (Cab drivers)

Note: multiple response question. n= 86 for moto drivers and 223 for cab drivers
Risks faced by Yego drivers
Vehicle repairs and medical costs: significant risks faced since joining platform

“ I have faced a risk event since joining Yego ”

Note: multiple response question. n= 81 for moto drivers and 198 for cab drivers

84% of respondents

Moto drivers 94%
Cab drivers 89%

“Sometimes my car breaks down, and I pay a lot on garage.”
– Cab driver, 39

Took vehicle to garage for repairs: 52%
Had to pay a doctor or a hospital: 18%, 9%
Had to buy a new vehicle: 17%, 4%
Hospitalised and could not work: 13%, 3%

Note: multiple response question. n= 81 for moto drivers and 198 for cab drivers
Risks faced by Yego drivers
Vehicle damage, family responsibilities, illness and injury: the main reasons for loss of income

“Since joining Yego, I have been unable to work for more than three consecutive days.”

Note: multiple response question. n= 50 for moto drivers and 115 for cab drivers

Vehicle damage, family responsibilities, illness and injury: the main reasons for loss of income

- Vehicle was damaged: Moto drivers 40%, Cab drivers 36%
- Family responsibilities: Moto drivers 36%, Cab drivers 34%
- Ill and could not drive: Moto drivers 30%, Cab drivers 21%
- Injured and could not drive: Moto drivers 20%, Cab drivers 10%
- Other: Moto drivers 10%, Cab drivers 4%
- Could not pay the rent for the vehicle: Moto drivers 4%, Cab drivers 4%
- Vehicle taken by police: Moto drivers 3%, Cab drivers 1%
- Vehicle taken by RURA: Moto drivers 2%, Cab drivers 4%

Note: n= 86 for moto drivers and 223 for cab drivers

“Since joining Yego, I have been unable to work for more than three consecutive days.”

““If one of my siblings gets sick or my child, it becomes a strain on me financially because I have to stop working to take care of them.””

– Moto driver, 29

“I also once had a moto accident and spent a month at home without working. My cousins and friends took care of me the entire time.”

– Moto driver, 39
Risks faced by Yego drivers

Accidents cited as a frequent occurrence among drivers

“I have been in an accident”

Note: multiple response question. n= 33 for moto drivers and 45 for cab drivers

<table>
<thead>
<tr>
<th></th>
<th>Moto drivers</th>
<th>Cab drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Me</td>
<td>53%</td>
<td>20%</td>
</tr>
<tr>
<td>No-one</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Someone else</td>
<td>25%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Note: n= 86 for moto drivers and 223 for cab drivers
Risks faced by Yego drivers

Vehicle theft a concern for platform workers, but Yego is helping to mitigate this.

8% of moto drivers and 3% of cab drivers have had their vehicles stolen before.

“It’s because they have GPS, your moto cannot be stolen....”
- Moto driver, 38

“I’ve told you that when I began this business they stole my moto, thieves surprised me one day...”
- Moto driver, 32

“I’m also worried that my bike might get stolen because it has happened to me before. I was still paying for that bike and now I’m on a second loan for the one I have now”
- Moto driver, 31
Financial service usage by Yego drivers

Low reported uptake of insurance

“I have some kind of insurance coverage”

Note: n= 86 for moto drivers and 223 for cab drivers

Note: multiple response question. n= 32 for moto drivers and 45 for cab drivers

“I have one third-party insurance from [insurer] but I don’t understand how it works. I know I need it, not just for me but for my family as well.”

– Moto driver, 39
Financial service usage by Yego drivers

Many drivers have loans, mostly from formal sources

“I currently have a loan.”

Note: n= 86 for moto drivers and 223 for cab drivers

Note: multiple response question. n= 41 for moto drivers and 87 for cab drivers
Financial service usage by Yego drivers

High savings rates using banks and mobile-money accounts

"I manage to save."

Moto drivers: 92%
Cab drivers: 91%

Note: n= 86 for moto drivers and 223 for cab drivers

Financial service usage:
- 44% use bank accounts
- 25% use mobile money accounts
- 22% use savings groups
- 19% use MFIs
- 16% use SACCOs
- 8% save at home
- 1% use e-wallet accounts
- Other: 0%

Note: multiple response question. n= 79 for moto drivers and 204 for cab drivers
**Appetite for insurance product from Yego**

Drivers generally receptive to Yego offering insurance products

“‘I’m aware that being a motorcycle driver is risky, if it happens that Yego offers us a better insurance than [insurer], which is beneficial for us, I will be the first to integrate, even if I had to work 24h to be able to benefit from it.’”

– Moto driver, 39

“I don’t believe Yego would do something like that. They already take enough money from us. However, if they did, I would compare their offer with the insurance that I already have.”

– Cab driver, 39

Note: n = 84 moto drivers (2 moto drives did not answer this question) and 219 for cab drivers (3 cab drivers did not answer this question)
Appetite for credit product from Yego
Positivity among drivers about credit from Yego, with questions remaining.

“As I told you, at SACCO we are offered credits, and this is very fast, one day I asked for a credit in the morning, the same evening I had money, so if Yego wants to do something better yet, I would start with Yego as soon as possible.”
– Moto driver, 32

“As for the loan, I would take it if the interest rate is low. I don’t really trust those services, there’s always a catch.”
– Cab driver, 39

Note: n = 84 moto drivers (2 moto drives did not answer this question) and 219 for cab drivers (3 cab drivers did not answer this question)
Appetite for savings product from Yego

Drivers less receptive to savings products from Yego than other financial services.

“...If Yego offers us a better opportunity than other banks to offer us better, I would be very pleased.”
– Moto driver, 32

“... [I would] rather have this at Yego because Yego understand how taxi drivers live more than banks...”
– Cab driver, 39

Note: n = 84 moto drivers (2 moto drives did not answer this question) and 219 for cab drivers (3 cab drivers did not answer this question)
Breakaway product ideation session
Credit
Design a credit product for drivers

• What financial needs or goals of drivers can be met by credit?
• How much credit could drivers reasonably pay back and over what period?
• How would drivers pay back the credit?
• What additional information would be necessary to provide drivers with credit?
Savings
Design a savings product for drivers

- What financial needs and goals of drivers can be reasonably met by savings?
- Are these short-term, medium-term or long-term savings goals?
- How would drivers contribute to their savings?
- How would they access their savings?
- What type of interest would drivers expect from their savings?
Insurance
Design an insurance product for drivers

• For what type of risks do drivers need insurance products?
• How would they be enrolled in the product?
• How would they pay for the insurance product?
• What is a reasonable amount to charge for the product?
• How much of the risk would the insurance product cover?
• How would they claim?
Yego: Future looking
Financial service product opportunities

Insurance products
- Personal accident
- Income replacement
- Life or funeral insurance
- Comprehensive insurance

Credit products
- Working capital credit
- Credit for asset purchases

Saving products
- Targeted savings product
Thank you

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