

REPUBLIC OF MOZAMBIQUE

# Financial Inclusion Report 2017



Maputo, March 2019

## CREDITS

Published by  
Bank of Mozambique  
Department of Payment Systems

Av. 25 de Setembro, 1695  
Phone: (+258) 21354600  
PO Box: 423  
[www.bancomoc.mz](http://www.bancomoc.mz)

Graphic Design  
Bank of Mozambique  
Documentation and Information Centre  
Travessa Tenente Valadim, nr. 69

Print:

Edition: 100 printed copies

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>7</b>
<b>1. INTRODUCTION .....</b>	<b>10</b>
<b>2. STATUS OF THE NFIS 2016-2022 ACTION PLAN .....</b>	<b>11</b>
2.1. COOPERATION WITH INTERNATIONAL ORGANISATIONS.....	11
2.2. ACCESS TO AND USE OF FINANCIAL SERVICES .....	12
2.3. STRENGTHENING THE FINANCIAL INFRASTRUCTURE .....	14
2.4. CONSUMER PROTECTION AND FINANCIAL EDUCATION.....	16
<b>3. STATUS OF THE NCFI WORKING GROUPS' MEETINGS .....</b>	<b>19</b>
<b>4. FINANCIAL INCLUSION INDICATORS .....</b>	<b>21</b>
4.1. ACCESS (GEOGRAPHIC AND DEMOGRAPHIC).....	21
4.1.1. <i>Total Points of Access</i> .....	21
4.1.2. <i>Demographic and Geographic Access</i> .....	23
4.1.3. <i>Districts Covered by Points of Access to Financial Services</i> .....	25
4.2. USE OF FINANCIAL SERVICES.....	28
4.2.1. <i>Banking Services in the Economy</i> .....	28
4.2.2. <i>Financial Intermediation and Saving</i> .....	32
4.2.3. <i>Electronic Money</i> .....	35
4.2.4. <i>Capital Market</i> .....	37
4.2.5. <i>Government Initiatives for the Financial Inclusion of the Districts</i> .....	38
i. District Development Fund (Projecto do Fundo de Desenvolvimento Distrital).....	39
ii. "Um Distrito Um Banco" Project .....	41
iii. "Sustenta" Project .....	42
iv. Increasing Bank Usage amongst Pensioners of the State Social Welfare System.....	43
4.2.6. <i>Financial Inclusion Index (FII)</i> .....	46
<b>5. NFIS MONITORING AND EVALUATION.....</b>	<b>50</b>
5.1. LEVEL OF ACHIEVEMENT OF THE ACTION PLAN.....	50
5.2. LEVEL OF ACHIEVEMENT OF THE FINANCIAL INCLUSION GOALS.....	56
5.2.1. <i>Global Goals</i> .....	56
5.2.2. <i>Specific Goals</i> .....	57
<b>6. CONCLUSIONS AND CHALLENGES .....</b>	<b>62</b>
6.1. CONCLUSIONS .....	62
6.2. CHALLENGES .....	63
<b>7. ANNEXES .....</b>	<b>66</b>
ANNEX 1: DISTRIBUTION OF THE POINTS OF ACCESS IN MOZAMBIQUE'S 154 DISTRICTS -2017 .....	66
ANNEX 2: RELEVANT LEGISLATION CONCERNING FINANCIAL INCLUSION.....	71

## LIST OF CHARTS

CHART 1: PILLAR I: ACCESS TO AND USE OF FINANCIAL SERVICES .....	13
CHART 2: PILLAR II: STRENGTHENING THE FINANCIAL INFRASTRUCTURE.....	16
CHART 3: PILLAR III: CONSUMER PROTECTION AND FINANCIAL EDUCATION .....	19
CHART 4: STATUS OF THE NFIS WORKING GROUPS' MEETINGS .....	20
CHART 5: LEVEL OF ACHIEVEMENT OF PILLAR I – ACCESS TO AND USE OF FINANCIAL SERVICES.....	51
CHART 6: LEVEL OF ACHIEVEMENT OF PILLAR II – STRENGTHENING THE FINANCIAL INFRASTRUCTURE.....	54
CHART 7: LEVEL OF ACHIEVEMENT OF PILLAR III – CONSUMER PROTECTION AND FINANCIAL LITERACY EDUCATION .....	55

## LIST OF TABLES

TABLE 1: TOTAL OF BANKING, MICROFINANCE AND NON-BANKING INSTITUTIONS .....	22
TABLE 2: TOTAL OF POINTS OF ACCESS .....	23
TABLE 3: DISTRICTS COVERED AND COVERAGE LEVEL PER TYPE OF POINT OF ACCESS 2016-2017.....	27
TABLE 4: CREDIT AND DEPOSITS OF MICROFINANCE INSTITUTIONS AS A PERCENTAGE OF GDP AND PER ADULT POPULATION IN 2017.....	35
TABLE 5: DISTRICT DEVELOPMENT FUND (FDD)– 2017.....	39
TABLE 6: “UM DISTRITO UM BANCO” PROJECT 2017.....	42
TABLE 7: LEVEL OF USE OF BANKING SERVICES BY NATIONAL INSTITUTE FOR SOCIAL WELFARE (NISW) PENSIONERS IN 2017.....	43
TABLE 8: FII DEVELOPMENT 2005-2017.....	47
TABLE 9: GEOGRAPHIC AND DEMOGRAPHIC ACCESS AND USE INDEX.....	48
TABLE 10: LEVEL OF IMPLEMENTATION OF NFIS ACTION PLAN.....	51
TABLE 11: LEVEL OF IMPLEMENTATION OF THE GLOBAL FINANCIAL INCLUSION GOALS IN 2017.....	56
TABLE 12: LEVEL OF IMPLEMENTATION OF THE SPECIFIC FINANCIAL INCLUSION GOALS IN 2017.....	57

## LIST OF GRAPHS

<i>Graph 1: Types of Points of Access per 100,000 Adults .....</i>	<i>24</i>
<i>Graph 2: Types of Points of Access per 10,000 Km<sup>2</sup>.....</i>	<i>24</i>
<i>Graph 3: Points of Access per Province per 100,000 Adults.....</i>	<i>25</i>
<i>Graph 4: Points of Access per Province per 10,000 km<sup>2</sup>.....</i>	<i>25</i>
<i>Graph 5: Districts covered and coverage level per type of points of access 2016-2017 .....</i>	<i>26</i>
<i>Graph 6: Evolution in the Number of Bank Accounts per 1,000 Adults.....</i>	<i>29</i>
<i>Graph 7: Number of Accounts per 1,000 Adults (Men and Women) .....</i>	<i>29</i>
<i>Graph 8: Bank Accounts per 1,000 Adults per Province in 2017 .....</i>	<i>30</i>
<i>Graph 9: The Top 20 Districts with Greatest Usage of Banking Services in the Country<sup>1</sup> in 2017.....</i>	<i>30</i>
<i>Graph 10: Total Credit and Deposits as a Percentage of GDP .....</i>	<i>33</i>
<i>Graph 11: Total Credit and Deposits per 1,000 Adults.....</i>	<i>33</i>
<i>Graph 12: Credit as a Percentage of GDP per Province<sup>1</sup> in 2017.....</i>	<i>34</i>
<i>Graph 13: Deposits as a Percentage of GDP per Province<sup>1</sup> in 2017.....</i>	<i>34</i>
<i>Graph 14: Concentration as a Percentage of Credit granted per type of beneficiary in 2017 .....</i>	<i>34</i>
<i>Graph 15: Percentage of Adult Population and Mobile Services Subscribers with Electronic Money Accounts .</i>	<i>36</i>
<i>Graph 16: EMI Agents per 100,000 Adults.....</i>	<i>36</i>
<i>Graph 17: Transaction value (%).....</i>	<i>37</i>
<i>Graph 18: Transaction Volume (%).....</i>	<i>37</i>
<i>Graph 19: Market Capitalisation .....</i>	<i>38</i>

<i>Graph 20: Turnover</i> .....	38
<i>Graph 21: Credit and Number of Beneficiaries per Province as % of the Total in 2017</i> .....	40
<i>Graph 22: Loan Granted, Reimbursed and Rate of Return in 2017</i> .....	41

## LIST OF BOXES

BOX 1: FINANCIAL INCLUSION CHALLENGES FOR WOMEN IN MOZAMBIQUE .....	30
BOX 2: CURRENT SITUATION AND KEY CHALLENGES OF SAVINGS AND REVOLVING CREDIT GROUPS (ASCAs) .....	44
BOX 3: CROSS-BORDER AND DOMESTIC REMITTANCES IN MOZAMBIQUE PERFORMED BY REMITTANCE OPERATORS <sup>(A)</sup> .....	48

## ACRONYMS

AFI	Alliance for Financial Inclusion
AfPI	African Financial Inclusion Policy Initiative
ArcGIS	ArcGIS – Geographical Information System
ASCAs	Accumulating Savings and Credit Associations
ATM	Automated Teller Machine
BM	Bank of Mozambique
CEDSIF	Information Systems Development of Finances Centre
CHC	Credit History Centre
CYFI	Child and Youth Finance International
DDF	District Development Fund
EMI	Electronic Money Institution
FFH	Housing Promoting Fund
FII	Financial Inclusion Index
FISF	Financial Inclusion Support Framework
FSDMoç	Financial Sector Deepening Mozambique
GDP	Gross Domestic Product
GIS	Geographical Information System
ICs	Credit Institutions
IPEME	Small and Medium Enterprises Promotion Institute
KFS	Key Facts Statement
MAMO	Mozambican Association of Microfinance Operators
MBA	Mozambican Banks Association
MGCAS	Ministry of Gender, Youth and Social Issues
MIA	Mozambican Insurers' Association
MNIC	Mozambique National Institute for Communications
MSE	Mozambique Stock Exchange
MTC	Ministry of Transport and Communications
NCFI	National Committee for Financial Inclusion
NDRD	National Directorate of Rural Development
NFIS	National Financial Inclusion Strategy
NISA	National Institute for Social Action
NISW	National Institute for Social Welfare
NISS	National Institute for Social Security

MEF	Ministry of Economy and Finance
MIA	Mozambican Insurers Association
MIC	Ministry of Industry and Commerce
MISI	Mozambique Insurance Supervisory Institute
MISI	Mozambique Insurance Supervisory Institute
MJACR	Ministry of Justice, Constitutional and Religious Affairs
MLERD	Ministry of Land, Environment and Rural Development
MLESS	Ministry of Labour, Employment and Social Security
MSME	Micro, Small and Medium Enterprises
MOPHRH	Ministry of Public Works, Housing and Water Resources
MTC	Ministry of Transport and Communications
NCFI	National Committee for Financial Inclusion
NGOs	Non-Governmental Organizations
NIC	National Institute for Communications
NIS	National Institute for Statistics
NPS	National Payments System
POS	Point of Sale
RMSP	Rural Markets Support Programme
SADC	Southern Africa Development Community
SDFS	Strategy for the Development of the Financial Sector
SFER	Support Fund for Economic Rehabilitation
SLO	Savings and Lending Organisations
SRCG	Savings and Revolving Credit Groups
SDP	Spatial Development Programme
SORCA	Compulsory Motor Civil Liability Insurance
TOR	Terms of Reference

## EXECUTIVE SUMMARY

The National Financial Inclusion Strategy (NFIS) (2016-2022) action plan foresees a set of activities within the pillars of access to and use of financial services, in particular strengthening financial and consumer protection infrastructure and financial literacy. To achieve the goals of the financial inclusion pillars, actions contributing to broader access to and use of financial products were implemented in 2017 across the various country sectors, with an impact on the improvement of the wellbeing of Mozambicans.

The improvement of financial inclusion levels is a concern not only for Mozambique but also for the Southern Africa Development Community (SADC) countries, Regional African Financial Inclusion Policy Initiative (AfPI) and International Initiative Alliance for Financial Inclusion (AFI). In fact, 2017 was marked by a change in the leadership of the AfPI, from the Bank of Mozambique (BM) to the Central Bank of Guinea Conakry, under the regular process of rotating the Chair of this initiative.

The enhancement of coordination actions between the various sectors aiming at reducing the barriers to access to and use of financial services was the priority for the sectors. This priority was achieved in 2017 by the signing of Memoranda of Understanding (MoU) to get identification documents for the members of the savings and credit groups. These MoU were established between the Support Fund for Economic Rehabilitation (SFER), the National Directorate of Civil Identification, the National Directorate of Notary Records, the Revenue Authority and the M-Mola mobile operator.

In the insurance sector, the Government of Mozambique approved the Ministerial Order establishing the readjustment of the minimum capital requirements for the coverage of Compulsory Motor Civil Liability Insurance (SORCA)<sup>1</sup>, as well as the Decree updating the minimum capital requirements for the establishment of insurance operators in the country, aiming at strengthening their financial capacity.

As far as the pillar on strengthening the financial infrastructure is concerned, the highlight was the submission of the draft bill on secured transactions, which was approved in Q1 of 2017 by the Council of Ministers.

Within the consumer protection and financial literacy pillar, the approval of the Scheme of Awards and Commissions stands out. In broad terms, this establishes the legal framework for (i)

---

<sup>1</sup> *Seguro Obrigatório de Responsabilidade Civil Automóvel*



commissions on and charges for the provision of financial services, including a corresponding common nomenclature; (ii) free-of-charge financial services; and (iii) the requirements applicable to credit institutions and financial corporations when publicly disclosing commissions, charges and other conditions for the provision of financial services.

The working groups of the National Committee for Financial Inclusion (NCFI) gathered eight times in 2017, including two meetings per working group and two plenary sessions. In these meetings, the discussions focused, inter alia, on topics around interoperability between Electronic Money Institutions (EMI), challenges to bank agents, the importance of the code of conduct for bank supervision, simplified bank accounts, the dissemination of micro-insurance products to the masses, and pooling savings and lending groups data at central level.

Regarding the impact of the implemented actions, in 2017 the Mozambican financial system comprised 36 institutions providing banking services (19 were banks, nine microbanks and eight credit cooperatives); 509 institutions providing microfinancing services (of which 12 were savings and lending organisations (SLO) and 497 were microcredit operators); and 32 institutions providing non-banking services (of which three were EMI, 19 were insurance institutions and 10 were stock exchange operators).

Additionally, of a total of 154 districts in the country, 86 were covered by bank agencies and ten were covered by microbanks and credit cooperatives, representing a 56% coverage level by bank agencies and 6% by microbanks and credit cooperatives.

The levels of use of banking services slightly decreased in 2017. In fact, we found a ratio of 325 bank accounts per 2,000 adults in the country, while in 2016 this ratio was 360 bank accounts per 1,000 adults. Excluding the provincial capitals, the districts with the highest levels of use of banking services (percentage of bank accounts among the adult population) were Nacala-Porto, Boane, Marracuene, Maxixe, Vilankulos, Cuamba, Massinga, Mocuba, Chókwé and Manhiça.

As with levels of use of banking services, the levels of financial intermediation and savings also decreased in 2017 as compared with 2016. This was mainly due to the financial and economic environment by the end of 2016, which was characterised by a downturn in economic activity. In fact, the level of financial intermediation measured in terms of credit to the economy as a percentage of GDP was 28% (10% below 2016) and the level of financial savings measured by total deposits as a percentage of GDP was 43%, also dropping 5% in relation to 2016.

In 2017, the microfinance institutions operated with a credit portfolio of 4,087 million Metical (MT), corresponding to a 5.7% decline vis-a-vis 2016 and approximately 0.6% of GDP, covering

about 30 individuals per 100,000 adults in the country. The total deposit portfolio, reached 455 million MT, corresponding to a 75% reduction in financing as compared to 2016, representing 0.3% of GDP and covering approximately three individuals per 100,000 adults in the country.

In contrast to the banking sector, EMI recorded the opposite, with increasing coverage and use of electronic money. In fact, in 2017, 44% of the total adult population held an electronic money account vis-a-vis 40% in 2016.

The Financial Inclusion Index (FII) as calculated by the BM was 14.61 points in 2017 vis-a-vis 14.22 points in 2016, which translates into a 0.39 points growth resulting from the increase in the quantity of points of access to formal financial services.

Within the government initiatives aiming districts financial inclusion, the highlight is the continued implementation of the following projects: (i) disbursement of the District Development Fund (DDF) totalling 367 million MT, 42.8% more than in 2016 (257 million MT), which benefited 2,155 individuals; (ii) the “Um Distrito um Banco” (one district one bank) project, which in 2017 covered nine districts in six provinces and benefited a total of 19,283 individuals and 180 companies; and (iii) the “Sustenta” (Support) project, which benefited 10 districts in Zambezia and Nampula Provinces with 1.2 and 1.5 million MT funding.

The compulsory state social welfare system, which covers public servants, also benefited from financial inclusion initiatives, with 67% of a total of 172,091 pensioners starting to receive their pensions via bank by December 2017 (vis-a-vis 34% in 2016).

Of the total 54 actions listed in the NFIS 2016-2022 Action Plan, six have been implemented, 24 are underway, 13 are permanent and 11 are yet to be initiated.

## 1. INTRODUCTION

The NFIS 2016-2022, approved by the Government of Mozambique on March 28<sup>th</sup> 2016, and released to the public on July 6<sup>th</sup> of the same year, gives the general guidelines on how to enhance financial inclusion levels in coordination with other relevant sectors in the country.

In Mozambique, most of the population is still not satisfactorily served by financial services, despite the significant growth in the number of formal financial institutions over the last years.

Since the launch of the NFIS in 2016, the Government of Mozambique has been supporting various public and private initiatives aiming at improving the financial life of the population, through the design of financial inclusion policies and interventions targeting the low-income population, mainly in rural areas, as well as Micro, Small and Medium Enterprises (MSME). These initiatives aim at promoting the expansion of formal financial services country-wide, a savings culture, and the development of a new payments system platform by upgrading and technologically innovating means of payment. Financial education must be used to ensure take-up of this new platform, and it must be regulated to protect the consumer.

The implemented policies and interventions aim at addressing the goals established in the three NFIS financial inclusion pillars, namely, Access to and use of Financial Services; Strengthening the Financial Infrastructure and Financial Education; and Consumer Protection.

Since the approval of the NFIS, its coordination structure has been implemented. However, the National Committee for Financial Inclusion (NCFI), which includes all the sectors contributing to the financial inclusion in the country, both public and private, has not yet been legally operationalised.

This lays the grounds for the Annual Report on Financial Inclusion to present the development of financial inclusion in the country in 2017. For this purpose, the report summarises the initiatives ongoing under the NFIS, details the level of execution of the NFIS action plan, the development of government and private initiatives aiming at promoting and strengthening financial inclusion, the development of financial inclusion indicators, and the degree to which monitoring and evaluation indicators have been accomplished.

## **2. STATUS OF THE NFIS 2016-2022 ACTION PLAN**

As per the NFIS action plan, according to the established financial inclusion pillars, several actions were implemented to realise the recommendations of the Strategy for the Development of the Financial Sector (SDFS) 2013-2022 and NFIS 2016-2022.

The following items depict the most recent regulatory, infrastructural, consumer protection and financial literacy measures for financial inclusion. The actions were implemented with a view to achieving the goals set out for each financial inclusion pillar.

### **2.1. Cooperation with international organisations**

In 2017, the implementation of the NFIS 2016-2022, coordinated by the BM, continued to benefit from the World Bank funding initiatives under the Financial Inclusion Support Framework (FISF).

With regards to the participation of the BM as the main member in the Alliance for Financial Inclusion (AFI), it continued to participate in the various working groups of this initiative. With respect to the AfPI, the BM attended the 6th Annual Meeting of AfPI Leaders, held on May 9-10th 2018 in Guinea Conakry. This meeting, chaired by the BM Governor in his capacity of AfPI Chairman, was marked by the handover of the chairmanship to the Governor of the Guinea Conakry Central Bank, in compliance with the revolving chairmanship process of this initiative.

Regarding financial inclusion initiatives at SADC level, the following may be highlighted:

- a. Following approval by the SADC Council of Ministers, in August 2016, of the Strategy for Financial Inclusion and Access to Finance of MSMEs, in March 2017, the SADC Committee of Ministers of Finance and Investment considered financial inclusion a priority for the SADC; and
- b. During the meeting of the Committee of Ministers of Finance held in July 2018, the Implementation Strategy for the Financial Inclusion and Access to Finance of MSME was approved.

## 2.2. Access to and use of Financial Services

Various actions were implemented within the pillar of access to and use of financial services. With regard to the SFER, the highlights were: (i) the signature of a MoU between SFER, the National Directorate of Civil Identification, the National Directorate of Notary Records and the Revenue Authority, to get identification documents for group members and the community; and (ii) the signature of a MoU between SFER and M-Mola to develop a specific platform for savings and credit groups.

In the insurance sector, the Government of Mozambique issued Ministerial Order no. 59/2017 of September 15, establishing the readjustment of the minimum capital requirements for the coverage of SORCA insurance, which was published in the government gazette (*Boletim da República*) no. 1455, Series I. Additionally, the Draft Order on the Technical Bases Applicable to the Determination of Remission Capitals of Accidents at Work and Occupational Diseases was approved, in coordination with the BM, the Attorney General of the Republic, the National Institute for Statistics (NIS) and the Mozambican Insurers Association (MIA). Very recently, upon the proposal by the Mozambique Insurance Supervisory Institute (MISI), the Council of Ministers approved the Decree updating the minimum capital requirements to establish insurance operators in the country, with a view to strengthening their financial capacity. The minimum capital requirement for the micro-insurance sector, nonetheless, remained unchanged as a way to boost development in this sector.

One of the actions framed in the NFIS 2016-2022 consists of mapping points of access to financial services with the technological mapping platform ArcGIS – the Geographical Information System (GIS) being implemented within the Spatial Development Programme of the Ministry of Transport and Communications (MTC). This mapping is being coordinated by the BM.

Within the mapping of points of access of financial services, on January 19th 2018, the BM entered into a MoU with the MTC Spatial Development Programme aiming at using the ArcGIS platform already in possession of the MTC for the mapping of points of access of financial services and products, with a view to improve the policy process, as well as the analysis, monitoring and evaluation of the effectiveness of measures implemented to enhance the level of financial inclusion in the country.

With the aforementioned agreements, the BM intends to benefit from the the features of this platform, namely, the mapping of points of access of financial services, whether bank agencies, ATMs, points of sale (POS), bank agents, EMI agents, representatives of microfinance institutions, or microcredit operators, among others.

It is also worth noticing that, to promote financial inclusion through the promotion of fintechs and payments, on January 12, 2018, the BM entered into a MoU with the Financial Sector Deepening Moçambique (FSDMoc) to implement the Fintechs Incubator (Sandbox) Project, as was publicly announced on May 17th, 2018.

The chart below presents the status of the actions within Pillar I of the NFIS action plan:

**Chart 1: Pillar I: Access to and use of Financial Services**

<b>Objective</b>	<b>Action</b>	<b>Leader</b>	<b>Status</b>
<i>Expanding and diversifying the network of points of access to financial services.</i>	Promote the broad enforcement of Notice no. 3/2015 on the Regime of Access to and Pursuit of Bank Agent Activity.	BM MBA <sup>2</sup>	With regards to the legal and regulatory framework, the regulation of bank agents' registration is currently underway..
<i>Enhancing the legal and regulatory framework for the expansion of products and services.</i>	Propose specific regulations on the opening and transaction of bank accounts, including minimum age, and promoting basic bank accounts.	BM GIZ	Ongoing, currently in the phase of developing the matrix and draft bill on the minimum age requirements to open a basic account, establishing consumer rights and a system of penalties.
	Establish a single regulatory framework for the activity of issuing electronic money.	BM GIZ	The EMI scheme and activity shall be regulated by a specific mechanism proven by Notice, after the approval of the decree for the Regulation of Payment Services Providers.
	Enhance the regulatory framework to ensure efficiency, competition and safety in electronic transactions.	BM	As provided for in the Electronic Transactions Law, terms of reference are being drafted.
	Create a legal, regulatory and supervisory framework for the activity, and international and domestic money transfers	BM	The framework of money transfer institutions and their activity shall be approved by Notice, following the approval of the Decree regarding Regulation of Payment Services Providers
	Create a regulatory framework for the expansion of simplified micro insurance products.	MISI <sup>3</sup>	The use of mobile telephone services to provide insurance services by the operators is underway.
	Strengthen MISI's supervisory capacity.	MISI	The MISI is benefitting from technical support from the World Bank in the area of supervising market operators and has already drafted some support instruments for such

<sup>2</sup> Mozambican Banks Association

<sup>3</sup> Mozambique Insurance Supervisory Institute

<b>Objective</b>	<b>Action</b>	<b>Leader</b>	<b>Status</b>
			supervision, such as the Operators Licencing Manual, as well as some tools for the risk assessment of operators.
<i>Develop a broad range of products for MSME, the low-income population and farmers.</i>	Develop micro insurance products targeting MSME, farmers, micro-importers ( <i>mukheristas</i> ), market vendors and the low-income population.	MISI MAS	After organising the workshop on micro insurance in partnership with FSDMoç, the MISI is currently developing a strategy for the ecosystem of micro insurance in Mozambique.
<i>Increasing the level of information on financial inclusion</i>	Collect additional statistical information relevant to the compilation of financial inclusion indicators.	BM MISI	The information on the National Payment System from ICs is being compiled by the BM, and shall be consolidated with the publishing of a relevant notice.
	Promote knowledge-sharing events (workshops and training courses) on business models for low-income segments, farmers or MSME, and corresponding risk assessment models.	BM MISI MBA MAS	The microinsurance development strategy currently being developed, provides, based on the partnership with FSDMoç, that interventions adequate to microinsurance shall be determined.
	Create mechanisms to train insurance market agents (actuaries).	MISI MAS	Ongoing.

### **2.3. Strengthening the Financial Infrastructure**

The Ministry of Justice, Constitutional and Religious Affairs (MJCR), with a view to enhancing the infrastructure for the healthy expansion of credit, submitted the draft bill on secure transactions approved in Q1 2017 by the Council of Ministers to the Assembly of the Republic. This document is waiting for review.

Regarding of registrars and notaries, the Government aims to ensure that by 2018, all registrars are connected to the automated payment system and civil registry system.

Due to the limited infrastructure for the provision of financial services in the country, insurance in particular, the use of mobile services taking into account their dissemination has proved a feasible alternative. In fact, some insurers are already using mobile services to facilitate payments and insurance claims to and from their clients, using electronic money. Six insurers have already enabled the payment of insurance premiums via mobile phone and are making the payment of claims electronically. It is still not possible to completely take out an insurance policy by mobile;

however, one insurer has already initiated the process of requesting authorisation from the MISI for that purpose. The MISI has been developing its capacities to better regulate the marketing of insurance policies via mobile phone.

As for the financial inclusion of informal savings and lending groups, in 2017, the SFER designed strategies and policies to promote savings groups and expand mobile banking. These strategies consisted in the use of banking services and the financial inclusion of Accumulating Savings and Credit Associations (ASCAs) groups, namely:

- a. Capacity building and awareness raising on how to use formal financial services and mobile banking services;
- b. Assistance with the process of opening mobile accounts, in particular filling in the forms to open an account, activating PINs and training the holders of ASCAs accounts (under WESDP II-Women's Empowerment and Skills Development Project-Phase II);
- c. Assistance to groups to convert electronic money through agent or banking institutions, whenever available;
- d. Assistance in collecting data on the performance of groups and updating information systems for management;
- e. Assistance to groups in the distribution of funds;
- f. Consolidation of the groups formed;
- g. Continuing the partnership with mobile banking operators;
- h. Mobilising banking institutions to work with ASCAs groups;
- i. Mobilising electronic money agents to work with the ASCAs groups;
- j. Nomination of new electronic money agents to work with mobile banking.

The chart below depicts the status of the actions within Pillar II of the NFIC action plan.



**Chart 2: Pillar II: Strengthening the Financial Infrastructure**

<b>Objective</b>	<b>Action</b>	<b>Leader</b>	<b>Status</b>
<i>Enhancing NPS<sup>4</sup> Infrastructure.</i>	Create regulations for payment service providers.	BM	Regulation of Payment Services Providers decree.
<i>Enhancing the legal, regulatory and supervisory systems for the protection of financial consumers; enhancing the infrastructure for the healthy expansion of credit.</i>	Enhance the scheme for informing the Credit History Centre (CHC) to ensure information on lenders is updated.	BM	The law and regulations have been approved and are in force. The BM has already authorised the creation of a credit history centre. Approval for a special credit history scheme is underway (history in a confidential registry).
	Create a record of movable collateral.	MJACR BM	The draft bill had been entered for the consideration of the Assembly of the Republic, but was retrieved for amendments and submitted for approval by the Council of Ministers
	Create a legal framework for the use of movable collateral and to improve credit rights (secured transactions law).	MJACR BM	

#### **2.4. Consumer Protection and Financial Education**

With regards to the improvement of consumer protection and the approval of the Premiums and Commissions Scheme through the following instruments stands out:

- a. Notice no. 13/GBM/2017 of June 9 approving the Commissions and Charges Scheme Relative to Financial Services and corresponding nomenclature, which revokes Notice no. 5/GBM/2009 of June 10;
- b. Notice no. 19/GBBM/2017 of December 26, which amends Article 7 of Notice no. 13/GBM/2017 of June 9;
- c. Circular no. 1/OEP/2018 of January 19, which establishes models for the structure of complete and simplified pricing schedules and instructions for completing the same; and
- d. Circular no. 2/OEP/2018 of January 19 which establishes the general conditions for contracting and using automatic payment terminals.

The aforementioned instruments establish, in broad terms, the legal framework for (i)

---

<sup>4</sup> National Payments System

commissions and charges on the provision of financial services, including a corresponding common classification; (ii) free-of-charge financial services; and (iii) the requirements applicable to credit institutions and financial corporations when publicly disclosing commissions, charges and other conditions for the provision of financial services.

As far as the insurance market is concerned, the highlight is the implementation of the following financial literacy actions by the MISI:

- a. Creation of a brochure with Frequently Asked Questions on insurance products. This is a document that will be used to disseminate knowledge on insurance products to the population, helping address some of the concerns the citizens have with regards to insurance;
- b. Holding training courses for media professionals, aiming at helping them better convey information on insurance products, the stock exchange and money laundering;
- c. Participation in the 53<sup>rd</sup> edition of FACIM, which took place from August 28 to September 3, 2017 at Ricatla, Marracuene district, together with other institutions under the supervision of the Ministry of Economy and Finance; such as the Mozambique Stock Exchange, CEDSIF and the Revenue Authority;
- d. Participation in other financial events, such as financial inclusion fairs, events on entrepreneurship, celebrations of money week, among others, focusing on the social and economic importance of insurance;
- e. Educational advertisements about insurance were produced and broadcast on national television channel (Televisão de Moçambique), with a significant positive impact on viewers, who showed their response via the MISI toll-free phone number;
- f. Talks were given in more than 54 schools in the South and Centre Regions of the country, to over 8,500 students; financial literacy campaigns; a toll-free phone number created to serve as a consumer helpdesk; and a physical exhibition of the issues concerning the consumer was mounted;
- g. Production of a bi-annual newsletter, which, besides information concerning the MISI, includes information on insurance contracts.

In terms of institutional capacity building, the MISI has benefited from technical support from the World Bank for supervising market operators and has already drafted some support instruments for such supervision, such as the Operators Licencing Manual, as well as some tools for the risk assessment of operators.

With a view to promoting the development of micro insurance in the country, the MISI organised a workshop on the subject where it gathered together all the operators in the insurance market and focused on the four main challenges to consider in the development of microinsurance in Mozambique, namely: (i) the need to design products which meet clients' needs; (ii) the micro insurance product offering; (iii) creating insurance services via mobile phone; and (iv) strengthening the MISI's supervisory capacity. After promoting the workshop on micro insurance, the MISI, in partnership with FSDMoç, entered into a MoU to develop a strategy on the micro insurance ecosystem in Mozambique, aiming at engaging all the relevant stakeholders in the development of this market segment.

During Global Money Week, an initiative promoted by Child and Youth Finance International (CYFI), an international organisation, on March 29<sup>th</sup>, 2017, the BM, the Mozambique Stock Exchange (MSE) and the MISI organised a joint event which was held at the Matola Municipal Auditorium. The event targeted the student population, children and young people from eight secondary schools in Maputo Province. The objective was to raise awareness around financial literacy and teach children and young people about matters related to money through interactive and enjoyable activities.

Following the actions to promote financial literacy and disseminate capital market products and MSE services, the MSE promoted training courses for a total of 9,533 beneficiaries, of which 1,294 were business owners, 2,000 were investors, 403 were professional associations, 176 were public servants, 1,701 were students and 3,959 were members of the general public.

The drafting and publishing of the following information by the MSE has also contributed to improved levels of financial literacy and capital market consumer protection: (a) the MSE Strategic and Operational Vision (2017-2019); (b) Info@BVM (seven editions of the newsletter); (c) a biannual performance report; (d) "Conheça Melhor a Bolsa de Valores de Moçambique" ("Get to know the Mozambique Stock Exchange better"); (e) the MSE Financial Education Programme (2017-2019); (f) code of conduct and audit letter; (g) leaflets, MSE Strategic Plan (brief version) and a stock market performance report.

Chart 3 depicts the status of the Action Plan measures concerning Pillar III, on Consumer Protection and Financial Education.

**Chart 3: Pillar III: Consumer Protection and Financial Education**

<b>Objective</b>	<b>Action</b>	<b>Leader</b>	<b>Status</b>
<i>Enhancing the legal, regulatory and supervisory framework for the protection of financial consumers.</i>	Revise and update Notice no. 5/GBM/2009 on the Commissions and Other Charges Scheme.	BM	New Commissions and Other Charges Scheme approved - Notice no. 13/GBM/2017 of June 9; Notice no. 19/BM/2017, of December 26; Circular no. 2/OEP/2018 of January 19.
	Enhance Notice no. 4/GBM/2009 so as to establish minimum operation standards for the channels to record and handle consumer complaints.	BM	Revision of Notice no. 4/GBM/2009 is underway, in accordance with the provisions of the Consumer Protection Law approved by Decree no. 27/2016, of July 18, which establishes the procedures to adopt in the protection of consumers' interests.
<i>Increasing the range and quality of information available to the public.</i>	Provide comparative information on commissions and other charges of the main retail market products on the BM website.	BM	Ongoing.
	Provide statistics concerning consumer complaints against financial institutions supervised by the BM on the BM website.	BM	The statistics concerning information requests, including complaints, are published on an annual basis in the BM annual report, available on the BM website.
<i>Increasing the level of financial knowledge of specific segments of society.</i>	Support financial inclusion through dissemination to the population of the conditions to access minimum bank services.	BM	Following instruments approved: <ul style="list-style-type: none"> <li>○ Code of Conduct of Credit Institutions and Financial Corporations, through Notice no. 02/GBM/2018, of March 22;</li> <li>○ Regulation on the Advertising of Financial Products and Services, through Notice no. 03/GBM/2018, of March 22.</li> </ul>
	Raise awareness among the population of the importance of saving.	BM	
	Promote and fostering responsible financial knowledge and attitudes.	BM MISI	
	Enlighten citizens about the rights and duties of banks, clients and financial institutions.	BM MISI MSE	

Source: BM

### 3. STATUS OF THE NCFI WORKING GROUPS' MEETINGS

The working groups (GT) are technical bodies tasked with implementing the actions laid down in the NFIS. These groups should identify the specific tasks, which emerge from the Strategy Action

Plan and will lead to its execution, including discussion on possible solutions to the commercial, technical or coordination-related obstacles related to such execution.

NFIS 2016-2022 has created the following working groups for the financial inclusion pillars:

- a. Working Group 1, on access to and use of financial services;
- b. Working Group 2, on strengthening the financial infrastructure; and
- c. Working Group 3, on consumer protection and financial literacy.

In 2017, eight meetings were held, two per working group and two plenary meetings, as per chart 4 below.

**Chart 4: Status of the NFIS Working Groups' Meetings**

DESIGNATION	DATE	GROUP	AGENDA/TOPICS	RECOMMENDATIONS
First meeting	30/10/17	Access to and use of financial services.	<ul style="list-style-type: none"> <li>• Introduction of the GT members;</li> <li>• Presentation of the GT Terms of Reference and Activity Plan; and</li> <li>• Election of the GT coordinators and vice-coordinators.</li> </ul>	Sharing the terms of reference and activity plans with the GT members.
	31/10/17	Strengthening the financial infrastructure.		
	01/11/17	Consumer protection and financial literacy.		
Second meeting	14/03/18	Strengthening the financial infrastructure.	<ul style="list-style-type: none"> <li>• Interoperability between EMIs project;</li> <li>• Broad dissemination of bank agents in Mozambique: main challenges.</li> </ul>	<ul style="list-style-type: none"> <li>• The need to create legislation around bank agents has been raised.</li> </ul>
	20/03/18	Consumer protection and financial literacy.	<ul style="list-style-type: none"> <li>• Importance of the Code of Conduct for Bank Supervision: the case of Mozambique.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening the inspection of commercial banks to ensure compliance with their obligations towards clients;</li> <li>• Greater focus on financial literacy in rural areas.</li> </ul>
	22/03/18	Access to and use of financial services.	<ul style="list-style-type: none"> <li>• Simplified basic bank account;</li> <li>• Broad dissemination of micro insurance products targeting MSME and the low-income population,</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing specific regulations on micro insurance including the proposal of a basic package of micro insurance products and</li> </ul>

DESIGNATION	DATE	GROUP	AGENDA/TOPICS	RECOMMENDATIONS
				services for the low-income population,
First plenary meeting	17/11/17	All the groups and invitees.	<ul style="list-style-type: none"> <li>NFIS;</li> <li>Report on Financial Inclusion 2016;</li> <li>Terms of reference and action plans of the National Committee on Financial Inclusion Working Groups (ToR).</li> </ul>	<ul style="list-style-type: none"> <li>Engagement of all sectors in implementing the NFIS 2016-2022 action plan;</li> <li>Involving all stakeholders for the implementation of interoperability, firstly bilateral and then multilateral, between EMIs, and between these and banking institutions.</li> </ul>
Second plenary meeting	27/04/18	All the groups and invitees	<ul style="list-style-type: none"> <li>Experience of the Nigeria Central Bank on financial inclusion,</li> <li>International experiences of interoperability,</li> <li>Model of grouping ASCAs data and financial inclusion at central level.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening coordination and information-sharing between the sectors involved in the implementation of NFIS 2016-2022;</li> <li>Implementing actions for the interoperability between EMIs.</li> </ul>

Source: BM

## 4. FINANCIAL INCLUSION INDICATORS

### 4.1. Access (Geographic and Demographic)

#### 4.1.1. Total Points of Access

In 2017, the Mozambican financial system comprised 36 institutions providing bank services (19 banks, nine microbanks and eight credit cooperatives), 509 institutions providing microfinancing services (of which 12 were SLO and 497 were microcredit operators) and 32 institutions providing non-banking services (of which three were EMIs, 19 were insurance institutions<sup>5</sup> and 10 were stock exchange operators); see Table 1.

<sup>5</sup>It is important to note that in 2016, the insurance market comprised 19 insurers, 78 insurance brokers and one reinsurer (compared with 18 insurers and 59 insurance brokers in 2015), as well as one basic social security institution, two compulsory social security institutions, eight pension funds and six pension fund management companies.

**Table 1: Total of Banking, Microfinance and Non-Banking Institutions**

	Number of Institutions			Number of Agencies, Agents, Delegations and Branches		
	2016	2017	Var. (%)	2016	2017	Var. (%)
<b>1. Banking Services</b>						
Banks	19	19	0	646	659	2.0
Microbanks	10	9	-10	25	27	8,0
Credit Cooperatives	9	8	-11.1	9	8	-11.0
<b>2. Microfinance Services</b>						
SLO	12	12	0	12	12	0
Microcredit Operators	380	497	30.8	380	497	30.8
<b>3. Non-Banking Services</b>						
EMIs	3	3	0	25,754	29,602	14.9
Insurance Institutions	19	19	0	124	124	0
Stock Market Operators	10	10	0	646	646	0

Source: BM, MISI and MSE

Concerning the number of agencies, agents and other representatives of financial institutions, there was a 2% increase in the number of bank agencies, an 8% increase in microbank agencies, and the number of credit cooperative agencies decreased by one unit. In contrast to the lack of change in the number of savings and credit organizations, during the reporting period there was an approximate 31% increase in the number of microcredit operators.

In 2017, the non-banking services provided through EMIs saw no change; there was, however, a 14.9% increase in the number of agents vis-a-vis 2016. In 2017, as in the previous year, the country had 19 insurers, with no increase recorded.

In terms of the points of access to financial services, in 2017 the country had 64,758 points of access, which reflects a 18.2% increase in the total of points of access vis-a-vis 2016. This variation was due to a 29.9% increase in representatives, to 509, followed by bank agents, who grew 16.4%, totalling 29,602, and EMI agents, who saw a 14.9% increase, totalling 29,602<sup>6</sup>; see Table 2.

<sup>6</sup>Article 11 no. 1, 2 and 3 of Notice no. 3/GBM/2015, of May 4 establishes the principle of non-exclusivity of the contract made between the contracting institution and the bank agent. With regards to the EMI agent, the legislation in force does not mention non-exclusivity of the electronic money agent. Therefore, the number of agents given may be too high, since they can serve more than one contracting institution.

**Table 2: Total of Points of Access**

	Points of Access		Concentration Level		Var. (%)
	2016	2017	2016 (%)	2017 (%)	
Agencies <sup>(1)</sup>	680	694	1.3	1.1	2.1
Bank Agents	214	249	0.4	0.4	16.4
Non-Banking Agents <sup>(2)</sup>	25,754	29,602	47.6	46.2	14.9
Representatives <sup>(3)</sup>	392	509	0.7	0.8	29.8
Delegations and Branches <sup>(4)</sup>	124	124	0.2	0.2	0.0
ATM	1,678	1,744	3.1	2.7	3.9
POS	25,310	31,169	46.7	48.6	23.1
<b>Total<sup>(5)</sup></b>	<b>54,152</b>	<b>64,091</b>	<b>100.0</b>	<b>100.0</b>	<b>18.4</b>

Source: BM, ISSM and MSE

Remarks: <sup>(1)</sup>Bank, Microbank and Credit Cooperatives Agency; <sup>(2)</sup>EMI Agents; <sup>(3)</sup>Representatives of SLO, Microcredit Operators and Deposit Taking Intermediaries; <sup>(4)</sup>Delegations and Branches of Insurers; <sup>(5)</sup>Agencies of Stock Exchange Operators have been excluded from the total of points of access to avoid overcounting since they overlap with bank agencies.

It should be noted that the greatest concentration in the points of access has been in the points of sale (POS), with 48.1%. These grew 2 percentage points (pp) in 2017 vis-a-vis 2016, followed by non-banking agents (EMIs) representing 45.7% of the total points of access, with a 2 pp decrease in the concentration level during the reporting period.

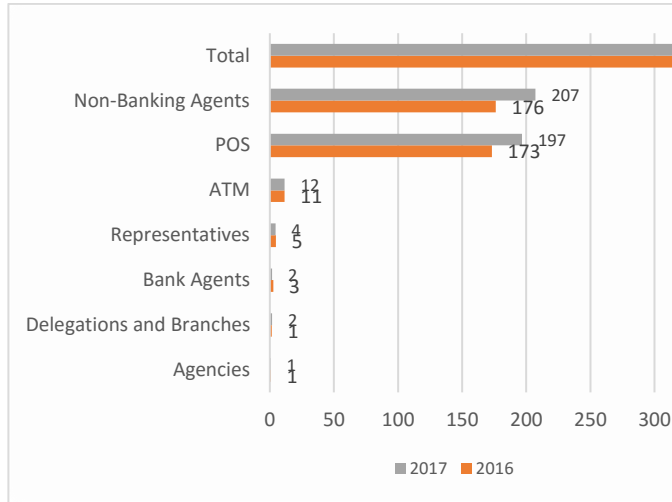
#### 4.1.2. Demographic and Geographic Access

In terms of demographic access, Graph 2 shows that by the end of 2017, there were 424 points of access per 100,000 adults, representing an increase of about 14% in points of access vis-a-vis 2016.

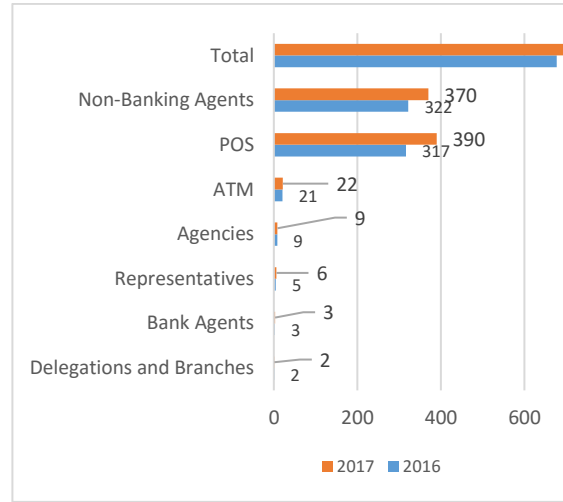
By breaking down the points of access demographically, we notice that most of the adult population is covered by non-banking electronic money agents, with 207 terminals per 100,000 adults, which increased 19.7% between 2016 and 2017, followed by POS with a coverage of 197 agents per 100 adults, a 11.9% increase vis-a-vis 2016.



**Graph 1: Types of Points of Access per 100,000 Adults<sup>7</sup>**



**Graph 2: Types of Points of Access per 10,000 Km<sup>2</sup>**



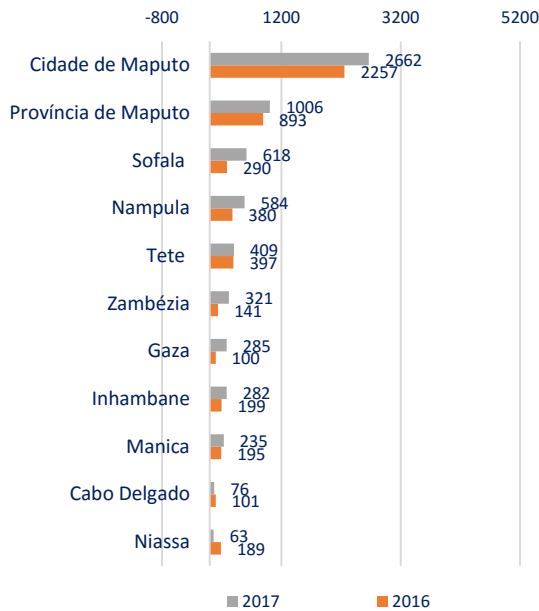
Source: NIS, BM, MISI and MSE

From a geographical perspective, Graph 2 shows that by the end of 2017 there were approximately 802 points of access per 10,000 km<sup>2</sup>, reflecting a 18% increase vis-a-vis 2016. Similarly as with the demographic access, POS and EMI agents were the key contributors to this outcome, totalling 390 POS and 370 agents per 10,000 km<sup>2</sup>, with a 23% and 14.9% increase vis-a-vis 2016, respectively. A greater availability of electronic points of access, such as ATMs and POS, and non-banking agents can thus be seen.

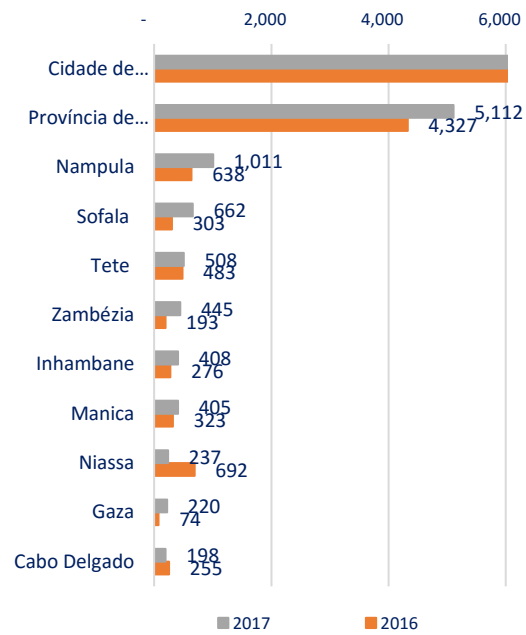
Graphs 3 and 4 present, respectively, geographic and demographic access per province. They show that in 2017, the City of Maputo and Maputo, Sofala and Nampula Provinces had the most points of access per 100,000 adults with 2,662, 1006, 618 and 584, respectively. The Provinces with less demographic access (per 100,000 adults) were Niassa (with 63 points of access), Cabo Delgado (with 76 points of access) and Manica (with 235 points of access).

<sup>7</sup>According to NIS data, the adult population in Mozambique in 2017 totalled 15,053,867 inhabitants and in 2016 stood at 14,606,766 inhabitants: [http://www.ine.gov.mz/estatisticas/estatisticas-demograficas-e-indicadores-sociais/projeccoes-da-populacao/mocambique\\_projeccoes\\_2007\\_2040.xls/view](http://www.ine.gov.mz/estatisticas/estatisticas-demograficas-e-indicadores-sociais/projeccoes-da-populacao/mocambique_projeccoes_2007_2040.xls/view)

**Graph 3: Points of Access per Province per 100,000 Adults**



**Graph 4: Points of Access per Province per 10,000 km<sup>2</sup>**



Source: NIS, BM and MISI

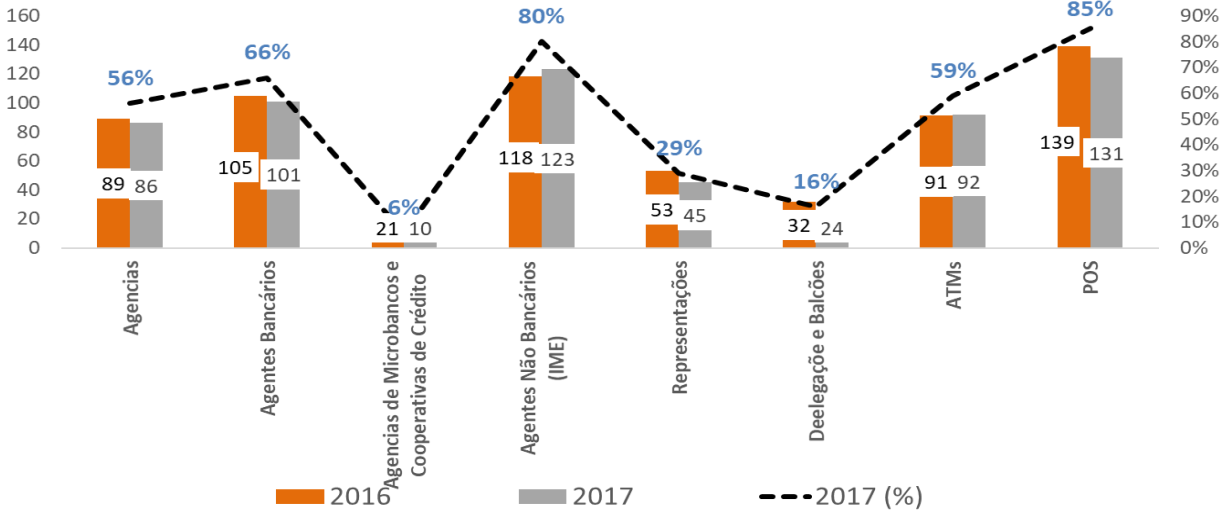
Remark: In Graph 4, the points of access in the City of Maputo were determined per 100 km<sup>2</sup>, unlike in the other provinces, where they were determined per 10,000 km<sup>2</sup>. These figures do not include stock exchange operators, in order to avoid overcounting, since they overlap with banking institutions.

As far as geographic access is concerned, the indicators show that besides the City of Maputo, which depicts the highest levels of access in the country geographically, the provinces of Maputo (with 5,112 points of access per 10,000 km<sup>2</sup>), Nampula (with 1,011 points of access per 10,000 km<sup>2</sup>) and Sofala (with 662 points of access per 10,000 km<sup>2</sup>) had the highest. The provinces with least geographic access (per 10,000 km<sup>2</sup>) were Cabo Delgado (with 198 points of access), Gaza (with 220 points of access) and Niassa (with 237 points of access).

#### 4.1.3. Districts Covered by Points of Access to Financial Services

In 2017, from a total of 154 districts in the country, 86 were covered by bank agencies and 10 were covered by microbanks and credit cooperatives, representing a coverage of 56% and 6% of total districts, a drop by 2 pp and 8 pp when compared to 2016 (see Graph 5, Table 3 and Annex 1).

**Graph 5: Districts covered and coverage level per type of points of access 2016-2017**



Source: BM and MISI

Remarks: (1) Bank, Microbank and Credit Cooperative Agencies; (2) EMI Agents; (3) Representatives of SLO, Microcredit Operators and Deposit Taking Intermediaries; (4) Delegations and Branches of Insurers

POS are the points of access with greatest coverage, with 85% coverage of the country, followed by EMI agents with 80% coverage, bank agents with 66% and ATMs with 59%.

With the exception of Maputo Province, which has full coverage with at least one agency in each district, the provinces with the highest coverage levels are Inhambane, Nampula, Sofala and Manica with 100%, 70%, 67% and 64% coverage, respectively. Inhambane Province stood out for increasing coverage level by 21 pp when compared with 2016.

The provinces with least coverage by bank agencies in the districts are Gaza, Zambezia and Niassa with 54%, 43% and 33% coverage, respectively.

In Maputo Province, the largest concentration of banks, microbanks and credit cooperatives is in the districts of Matola (49 agencies) and Boane (10 agencies); see Annex 1. In Gaza Province, the largest concentration is in the districts of Xai-xai (16 agencies) and Chókwè (six agencies). In Inhambane Province, Maxixe (11 agencies) and Inhambane (seven agencies) have the largest concentration. In Sofala province, Beira (41 agencies) and Dondo (six agencies) have the largest concentration. In Manica, the largest concentration is in the districts of Chimoio (20 agencies) and Manica (five agencies). In Tete, the largest concentration is in the districts of Tete (24 agencies) and Angónia (five agencies). In Zambézia, most of the agencies are in Quelimane (13 agencies) and Mocuba (six agencies). The districts of Nampula (36 agencies) and Nacala-Porto

(17 agencies) have the highest concentration of agencies in Nampula province. In Cabo Delgado, the largest concentration is in the district of Pemba (18 agencies) followed by the districts of Mocimboa da Praia, Montepuez and Moeda (three agencies each) and in the Niassa Province, the same is true of the districts of Lichinga (nine agencies) and Cuamba (six agencies).

ATMs and POS made available, broadly, by banking institutions are one of the mechanisms these institutions use to serve every district with financial products and services faster and more effectively. In fact, in 2017, the distribution of at least one point of such payment terminals throughout the districts in the country resulted in coverage in 91 and 132 districts, respectively, corresponding to a 59% and 86% coverage. The distribution of ATMs throughout the districts did not change when compared to 2016, while POS dropped 4 pp. This reduction may reflect the fact that some traders prefer the use of banknotes and coins to electronic payments.

**Table 3: Districts covered and coverage level per type of point of access 2016-2017<sup>8</sup>**

	2016								2017							
	Agencies	Bank Agents	Microbank Agencies and Credit	Non-Banking Agents (IME)	Representatives	Delegations and Branches	ATM	POS	Agencies	Bank Agents	Microbank Agencies and Credit	Non-Banking Agents (IME)	Representatives	Delegations and Branches	ATM	POS
<b>Districts Covered</b>																
Maputo Province	8	6	2	8	7	4	8	8	8	6	2	8	7	4	8	8
Gaza	7	11	2	9	6	4	8	11	7	10	1	9	9	4	8	10
Inhambane	11	11	3	14	8	2	11	14	13	10	2	13	7	2	12	13
Sofala	9	8	2	11	7	1	10	13	8	7	1	12	7	1	9	12
Manica	8	11	2	7	1	3	8	10	7	10	1	9	2	3	8	9
Tete	8	9	2	9	3	7	8	13	7	8	1	10	2	7	7	13
Zambezia	9	6	1	17	5	4	9	17	9	8	1	16	5	4	8	16
Nampula	15	18	2	21	7	3	14	21	14	18	1	20	7	3	15	20
Cabo Delgado	8	11	2	14	6	2	9	17	9	10	0	16	6	2	10	16
Niassa	6	14	3	8	3	2	6	15	5	14	1	11	2	2	6	15
<b>Total</b>	<b>89</b>	<b>105</b>	<b>21</b>	<b>118</b>	<b>53</b>	<b>32</b>	<b>91</b>	<b>139</b>	<b>87</b>	<b>101</b>	<b>11</b>	<b>124</b>	<b>5</b>	<b>32</b>	<b>91</b>	<b>131</b>
<b>Coverage Level</b>																
Maputo Province	100%	75%	25%	100%	88%	50%	100%	100%	100%	75%	25%	100%	88%	50%	100%	100%
Gaza	50%	79%	14%	64%	43%	29%	57%	79%	50%	71%	7%	64%	64%	21%	57%	71%
Inhambane	79%	79%	21%	100%	57%	14%	79%	100%	93%	71%	14%	93%	50%	7%	86%	93%
Sofala	69%	62%	15%	85%	54%	8%	77%	100%	62%	54%	8%	92%	54%	54%	69%	92%

<sup>8</sup>This does not include stock exchange operators, in order to avoid overcounting, since they overlap with bank institutions.

	2016								2017							
	Agencies	Bank Agents	Microbank Agencies and Credit	Non-Banking Agents (IME)	Representative	Delegations and Branches	ATM	POS	Agencies	Bank Agents	Microbank Agencies and Credit	Non-Banking Agents (IME)	Representative	Delegations and Branches	ATM	POS
Manica	67%	92%	17%	58%	8%	25%	67%	83%	58%	83%	8%	75%	17%	17%	67%	75%
Tete	53%	60%	13%	60%	20%	47%	53%	87%	47%	53%	7%	67%	13%	40%	47%	87%
Zambezia	41%	27%	5%	77%	23%	18%	41%	77%	41%	36%	5%	73%	23%	14%	36%	73%
Nampula	65%	78%	9%	91%	30%	13%	61%	91%	61%	78%	4%	87%	30%	9%	65%	87%
Cabo Delgado	47%	65%	12%	82%	35%	12%	53%	100%	53%	59%	0%	94%	35%	6%	59%	94%
Niassa	38%	88%	19%	50%	19%	13%	38%	94%	31%	88%	6%	69%	13%	13%	38%	94%
<b>Total</b>	<b>58%</b>	<b>68%</b>	<b>14%</b>	<b>77%</b>	<b>34%</b>	<b>21%</b>	<b>59%</b>	<b>90%</b>	<b>56%</b>	<b>66%</b>	<b>7%</b>	<b>81%</b>	<b>35%</b>	<b>20%</b>	<b>59%</b>	<b>86%</b>

Source: BM and MISI

Remarks: (1) Bank, Microbank and Cooperative Agencies; (2) EMI Agents; (3) Representatives of SLO, Microcredit Operators and Deposit Taking Intermediaries; (4) Delegations and Branches of Insurers

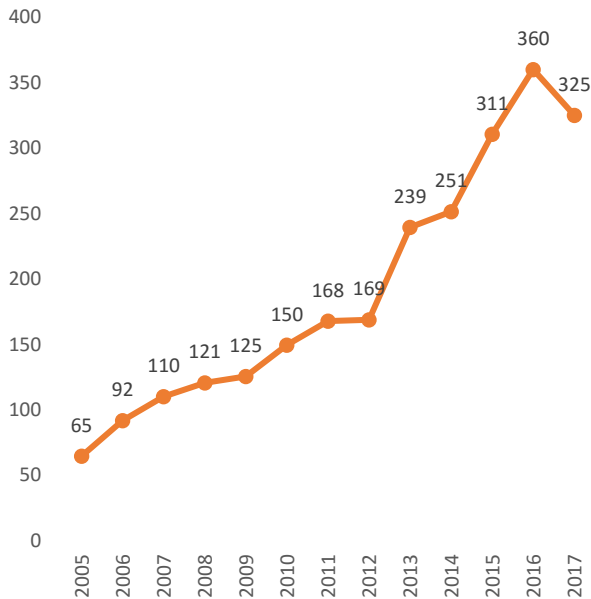
As with bank agencies, besides Maputo Province, ATMs have the greatest coverage in the provinces of Inhambane, Sofala and Nampula, with 86%, 69% and 65% coverage, respectively. Similarly, POS showed the greatest concentration in Maputo, with a 100% concentration, while Cabo Delgado and Niassa had 94% coverage each, meaning that there were at least 2 POS in each district in these provinces.

## 4.2. Use of Financial Services

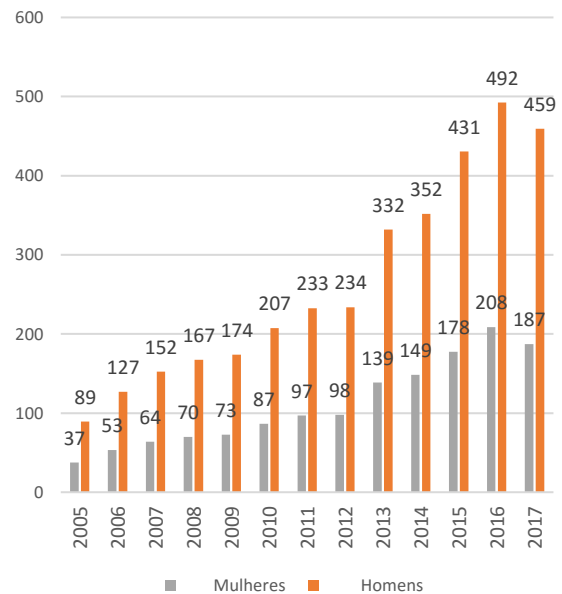
### 4.2.1. Banking Services in the Economy

The use of banking services measured in terms of the number of bank accounts per 1,000 adults showed that in 2017 there were approximately 325 bank accounts per 1,000 adults as compared with 360 in 2016, representing a drop in the use of banking services in the country of 35 bank accounts per 1,000 adults. This reduction, a drop of 7.0%, results from a growth in the adult population in 2017 as compared to 2016, from 5,262,377 to 4,896,544. When compared with 2005, a year in which there were approximately 65 bank accounts per 1,000 adults, we can see that the use of banking services in the country has almost doubled, with an increase of 260 accounts between 2005 and 2017 (Graph 6).

**Graph 6: Evolution in the Number of Bank Accounts per 1,000 Adults**



**Graph 7: Number of Accounts per 1,000 Adults (Men and Women)**



Source: NIS and BM

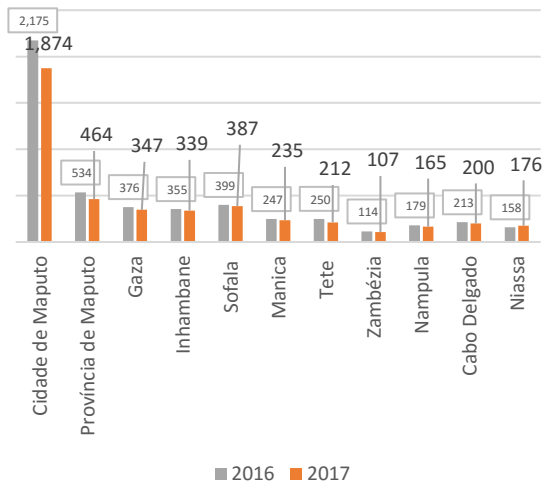
Despite the upward tendency in the use of banking services from 2005 to 2017, when we analyse the gender distribution, the gap is also increasing:

- In 2017, the male population had 459 accounts per 1,000 adults vis-a-vis 492 in 2016 and 89 in 2005, which translates into a drop of 33 accounts per 1,000 adults when compared to 2016, but an increase of 370 accounts when compared to 2005;
- Despite an analogous drop in the number of bank accounts per 1,000 females, 187 accounts per 1,000 adults in 2017 vis-a-vis 208 accounts in 2016, when compared with the male population we can see that there was a slight reduction in the gap between the male and female population use of services, namely 272 accounts in 2017 against 284 accounts per 1,000 adults in 2016 (Graph 7).

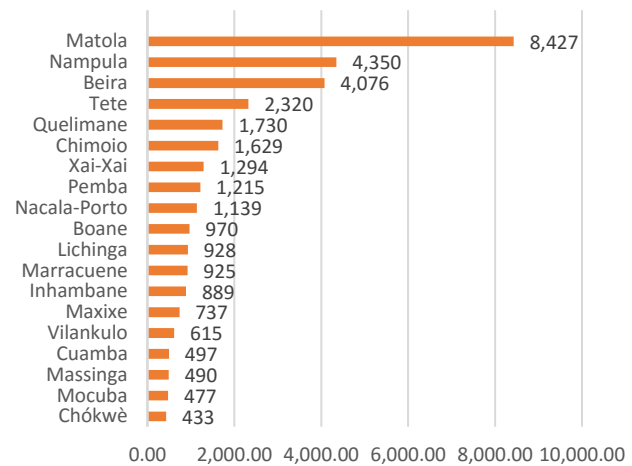
Per province, we can see that the highest levels of use of banking services in the economy were in the City of Maputo, where there are an average two bank accounts per adult (Graph 8)<sup>9</sup>.

<sup>9</sup>A challenge on the supply side analyses (bank accounts per adult population) is to consider not the number of people that actually have accounts, but the total number of accounts which exist. Therefore, the data can be interpreted as showing that different individuals hold bank accounts when, in fact, these may be held by the same individuals. It is thus necessary to enhance this indicator and start using the number of individuals holding bank accounts.

**Graph 8: Bank Accounts per 1,000 Adults per Province in 2017**



**Graph 9: The Top 20 Districts with Greatest Usage of Banking Services in the Country<sup>1</sup> in 2017**



Source: NIS and BM

Remark: <sup>1</sup>Selection made from 154 districts in the country. Maputo City is not included.

Following the City of Maputo, with 1,874 accounts, the provinces of Maputo, Sofala and Gaza show the highest use of banking services with 464, 355 and 339 bank accounts per 1,000 adults in 2017 (against 534, 376 and 355 accounts per 1,000 adults in 2016).

The provinces showing lowest use of banking services in 2017 were Zambézia, Nampula and Niassa with 107, 165 and 176 accounts per 1,000 adults, respectively (against 114, 170 and 158 accounts per 1,000 adults in 2016, respectively).

The 20 districts with the highest use of banking services in the country, and which contributed most to the above outcomes, are listed in Graph 9. Excluding the provincial capitals, the districts with the highest use of banking services (percentage of bank accounts among the adult population) are Nacala-Porto, Boane, Marracuene, Maxixe, Vilankulos, Cuamba, Massinga, Mocuba, Chókwé and Manhiça.

**BOX 1: Financial Inclusion Challenges for Women in Mozambique**

**1. Background**

Increasing the financial inclusion of women is crucial to accelerate economic growth and development in Africa. Hence, the governments of every country ought to create a favourable environment for enhanced access to the financial services available in the market, states a newsletter on the “Promotion of the Financial Inclusion of African Women” published by New Faces New Voices in 2013<sup>(1)</sup>.

Evie Browne’s study, from GSDRC (2013)<sup>(2)</sup> entitled “Women’s access to finance in Mozambique”, presents the following findings on access to financial services and financial literacy: (i) women suffer from certain social barriers, such as low levels of education, skills and access to assets; (ii) women as business owners are mostly concentrated in the SME sector; (iii) few formal financial institutions offer specific products targeting women’s needs; (iv) most women have to use informal savings and lending schemes; and (v) few health and economic activity insurance products meet the needs of low-income women, in particular those who live with a disease.

Recent research provides solid evidence that when women - 50% of the world’s population - participate in the financial system, there are significant advantages in terms of economic growth, greater equality and social welfare (Alliance for Financial Inclusion -AFI, 2016<sup>(3)</sup>). Financial inclusion leads to more economic participation for women; moreover, there are high economic costs to excluding women from participating in the economy and eliminating gender inequality will enable significant growth in GDP.

Overall, certain barriers exist to the financial inclusion of women, as shown in table 1.

**Table 1. Barriers to the Financial Inclusion of Women**

BARRIERS IN THE FINANCE SECTOR	BARRIERS ON THE SUPPLY SIDE	REGULATION AND INFRASTRUCTURE BARRIERS	SOCIAL BARRIERS
Limited financial capacity and financial literacy	Lack of data disaggregated by gender	Digital financial services and distribution channels	Social constraints encoded in the law
Lack of assets to serve as collateral	Banking risk	Know Your Customer (KYC) schemes	Internal social constraints
Geographic distance to a financial institution	Complex language used by financial institutions	Acceptance of discriminatory laws	
Lack of formal identification	Service provision not adapted to women	Requirements of guarantee and collateral	
Limited ownership of mobile phones and SIM cards		Credit agencies	

Source: AFI, 2016

## 2. National Programmes and Data on the Financial Inclusion of Women

Increasing women’s access to and use of financial services is on the agenda of the Government of Mozambique. The Government’s medium-term programmes and strategies establish specific measures to address gender inequalities, as listed in Table 2.

**Table 2. Government of Mozambique Programmes and Strategies**

Law / Programme / Strategy	Measures Established to Reduce Gender Differences
<ul style="list-style-type: none"> <li>▪ Constitution of the Republic of Mozambique (1975, 1990 and 2004)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adopting the principle of gender equality and prohibiting gender-based discrimination (articles 6 and 67)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Resolution 12/2015 approves the government’s Five-Year Plan (Plano Quinquenal do Governo - PQG) 2015-2019</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fostering the empowerment of women as business owners in the formal and informal sectors</li> </ul>
<ul style="list-style-type: none"> <li>▪ NFIS 2016-2022</li> </ul>	<ul style="list-style-type: none"> <li>▪ Disaggregation of access and use data by gender</li> <li>▪ Establishing goals disaggregated by gender</li> </ul>

Source: Constitution of the Republic of Mozambique 1975,1990 and 2004; PQG 2015-2015; NFIS 2016-2022



The NFIS 2016-2022 established goals disaggregated by gender to closely follow the measures implemented. However, it is still pertinent to reduce the visible disparities between sexes, as illustrated in Table 3.

**Table 3. NFIS goals disaggregated by gender**

Indicator	Observed			Goal		Gender Differential	
	2015	2016	2017	2018	2022	2018	2022
Proportion of adult women holding a deposit account at a formal financial institution	12.6%	20.8%	18.7%	22%	35.5%	20pp	19pp
Proportion of adult women holding a credit account at a formal financial institution	3.50%	3.0%	3.63%	6.0%	9.0%	3pp	3pp
Proportion of adult women holding an active account at an EMI	16.2%	43.3%	30.0%	35%	50%	5pp	20pp

Source: BM

A recent Finscope (2014) study of Mozambique revealed that women are less likely to know and understand financial terminology than men. The study reveals that use of mobile financial services is low for both men and women, but the proportion of women is only 2.7% against 4.2% of men. The study also reveals that women face greater difficulties in meeting the KYC requirements and are less likely to have the documents required by KYC procedures, since 51.9% of women have no proof of identity or residence. This situation is even more evident in rural areas, where 61.5%<sup>(4)</sup> of women have no proof of identity or proof of residence.

### 3. Key Challenges for the Financial Inclusion of Women

In Mozambique, there are various challenges to enhancing the financial inclusion of women, namely: (a) improving financial literacy and financial literacy indicators since most of the Mozambican population is illiterate, especially in rural areas; and (b) ensuring the effective implementation of the existing consumer protection mechanisms, which will contribute to the improvement of women's levels of financial literacy.

Sources:

- (1) *New Faces New Voices*. 2013. "Promoção da Inclusão Financeira das Mulheres Africanas".
- (2) *Evie Browne*. 2013. "O Acesso das mulheres ao financiamento em Moçambique". GSDRC.
- (3) *AFI (2016)*, "Policy Frameworks to Support Women's Financial Inclusion", Alliance for financial Inclusion
- (4) *USAID*. 2016. "10 fatos sobre o acesso ao financiamento pelas mulheres em moçambique". In [www.cciabm.com/10-fatos-sobre-o-acesso-ao-financiamento-pelas-mulheres-em-mocambique](http://www.cciabm.com/10-fatos-sobre-o-acesso-ao-financiamento-pelas-mulheres-em-mocambique).

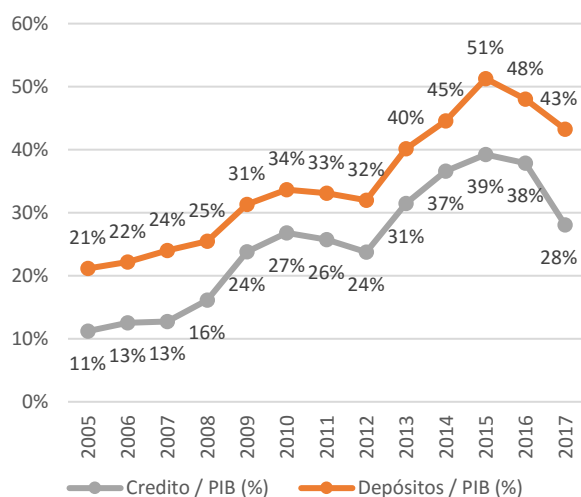
## 4.2.2. Financial Intermediation and Saving

In 2017, the level of financial intermediation measured in terms of credit to the economy as a percentage of GDP was 28% (10 pp below 2016 figures and 17pp above 2005); see Graph 9. In turn, the level of financial savings measured by total deposits as a percentage of GDP was 43%, also revealing a 5pp drop when compared to 2016 (22pp above the 2005 figures). The drop in the level of financial intermediation and savings observed in 2017 when compared to 2016 was mainly due to the adverse economic and financial conditions experienced by the end of 2016, to the Government's weak financial capacity after the external funding to the general budget was cancelled, which has been affecting the payment of expenditure incurred in previous financial years, and to capital expenditure.

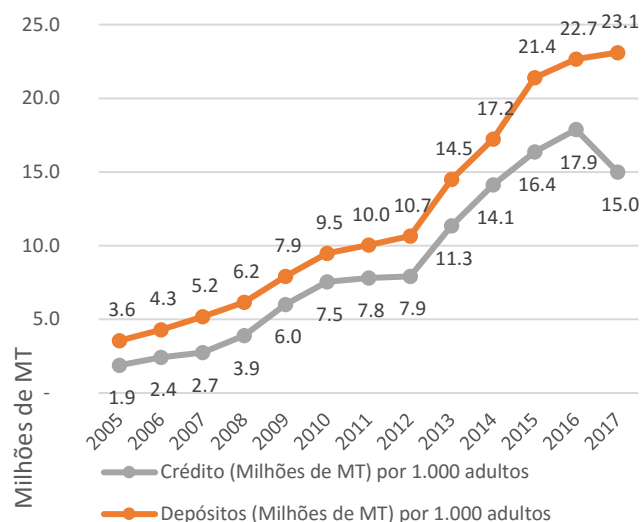
On average, in 2017 there was a downward tendency in bank financing determined in demographic terms. In fact, 15 million MT were lent per 1,000 adults<sup>10</sup> vis-a-vis 18 million MT in 2015 (16 million more than in 2005); see Graph 10.

In 2017, financial savings also showed an upward tendency, when analysed from a demographic perspective, with 23 million MT in savings per 1,000 adults (1.3 million MT more than 2015 and 12.1 million MT more than 2005). As with the challenges around the indicator on use of banking services, the challenge with this indicator is also the need to use the number of individuals with deposit accounts and credit accounts to assess quality.

**Graph 10: Total Credit and Deposits as a Percentage of GDP**



**Graph 11: Total Credit and Deposits per 1,000 Adults**



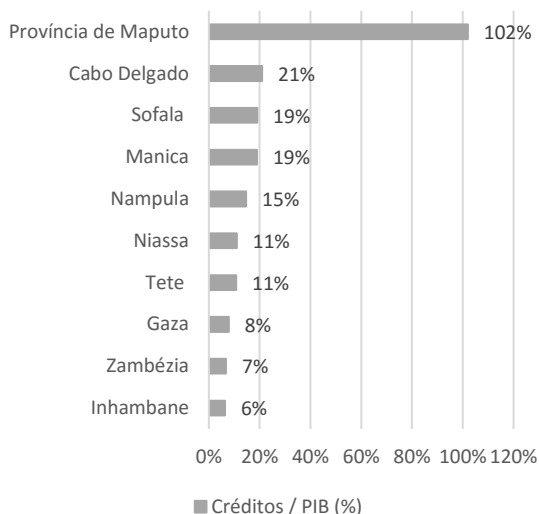
Source: BM

In terms of distribution per province, with the exception of Maputo Province (including the City of Maputo), which has levels of intermediation and savings of around 92% (this indicator was influenced by the inclusion levels of the City of Maputo), Cabo Delgado Province has the highest financial intermediation level, with 21% of credit to the economy as a percentage of GDP, followed by Manica and Sofala Provinces, both with 19%. The lowest levels of financial intermediation are in Inhambane and Zambezia Provinces, with 6% and 7%, respectively, in credit as a percentage of GDP (graph 11).

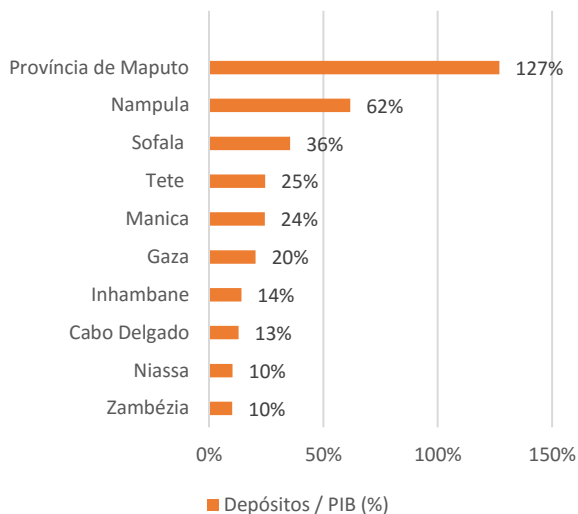
<sup>10</sup>The levels of credit granted and deposits made represent the total economy and not information disaggregated by individuals and/or legal persons. The lack of systematic and global financing and saving data per legal person type suggests the average is influenced by high-income segments.

With regards to financial savings, and excluding Maputo Province, Nampula Province has the highest levels, at around 62% of total deposits as a percentage of GDP, followed by Sofala Province with 36% of total deposits as a percentage of GDP. The lowest levels were found in Niassa and Zambezia Provinces, with 10% savings levels each, as shown in graph 13.

**Graph 12: Credit as a Percentage of GDP per Province<sup>1</sup> in 2017**



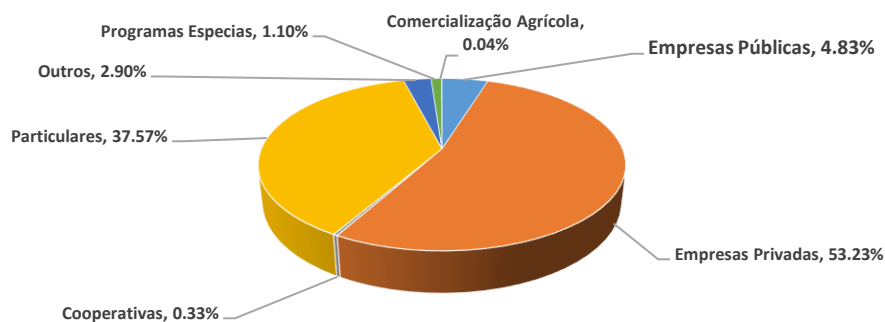
**Graph 13: Deposits as a Percentage of GDP per Province<sup>1</sup> in 2017**



Remark: <sup>1</sup> Maputo Province data include the data for the City of Maputo

In terms of credit distribution by beneficiary type, in 2017, as shown in graph 14, financing to private companies stands out, with 116.14 (53.2% of the total) million MT, followed by individuals, with 6.32 million MT (37.6%) and state-owned companies, with 10.54 million MT (4.8%).

**Graph 14: Concentration as a Percentage of Credit granted per type of beneficiary in 2017**



Source: BM

In 2017, microfinance institutions<sup>11</sup> operated with a credit portfolio of 4,087 million MT, reflecting a 5.7% decrease in 2016 and representing approximately 0.6% of GDP. They covered approximately 30 individuals per 100,000 adults in the country. The total deposit portfolio, in turn, reached 455 million MT, corresponding to a 75% reduction in financing in 2016, representing 0.3% of GDP and covering approximately 3 individuals per 100,000 adults in the country.

**Table 4: Credit and Deposits of Microfinance Institutions as a Percentage of GDP and per Adult Population in 2017**

	Microbanks		Credit Cooperatives		Microcredit Operators		TOTAL			
							2016		2017	
Credit Portfolio (10 <sup>6</sup> MT)	4,052,62		27.74		6.87		4,333.8		4,087.22	
Deposit Portfolio	406.98		48.14		*		1,888.2		455.13	
	% of the GDP	Per 100,000 adults	% of the GDP	Per 100,000 adults	% of the GDP	Per 100,000 adults	% of the GDP	Per 100,000 adults	% of the GDP	Per 100,000 adults
Credit Portfolio	0.60%	26.9	0.30%	12.8	0.00%	0	0.6%	29.7	0.60%	29.7
Deposit Portfolio	0.10%	2.7	0.30%	12.8	*	*	0.3%	12.9	0.30%	12.9

Source: BM and SFER

Remark: \* Not applicable, since they are Category C microfinance institutions, as provided for in Decree 57/2004, of December 10, and thus only authorised to grant credit

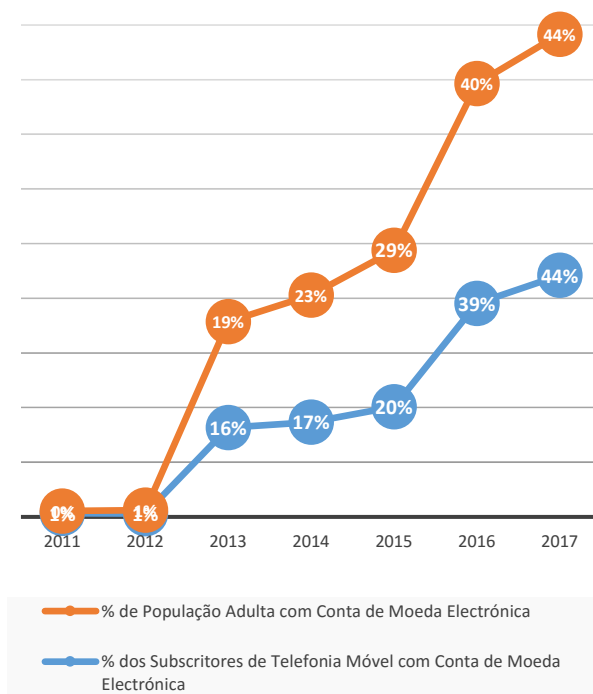
In 2017, of microfinance institutions, microbanks contributed the most to the credit portfolio total (with 0.6% of GDP), when compared with credit cooperatives (with 0.3% of GDP) and microcredit operators (which made a non-significant contribution to GDP). However, credit cooperatives stood out in deposit taking (with 0.3% of the GDP in the deposit portfolio) when compared with microbanks.

### 4.2.3. Electronic Money

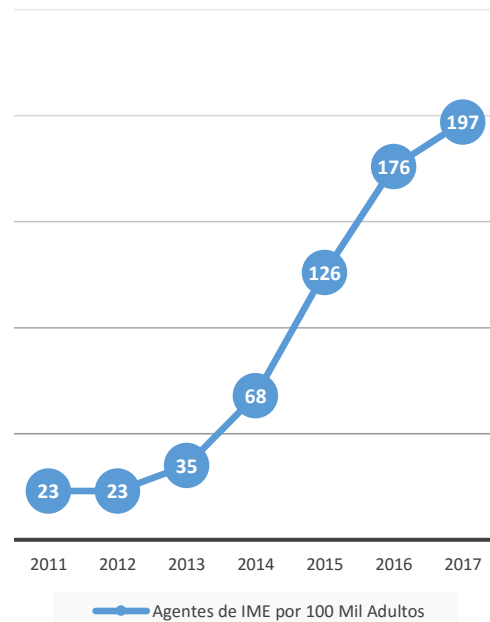
The electronic money offered by EMIs, first introduced in Mozambique in 2011, had grown remarkably by 2017, when 49% of the adult population in the country held an electronic money account vis-a-vis 40% in 2016 (See Graph 15), emphasising the role these play in financial inclusion. The same indication is visible in terms of subscribers to mobile telephones with electronic money accounts and EMI agents. In fact, in 2017, of the total 13,585,907 mobile service subscribers in the country, 6,640,715, corresponding to 49%, had an EMI subscription, vis-a-vis 44% in 2016 and 0% in 2011 (see Graph 15) and of the total 29,602 EMI agents, the country had approximately 197 agents per 100,000 adults vis-a-vis 176 in 2016 and 23 in 2011 (see Graph 16).

<sup>11</sup>As provided for in Decree no. 57/2004 of December 10, approving the microfinance regulation.

**Graph 15: Percentage of Adult Population and Mobile Services Subscribers with Electronic Money Accounts**



**Graph 16: EMI Agents per 100,000 Adults**



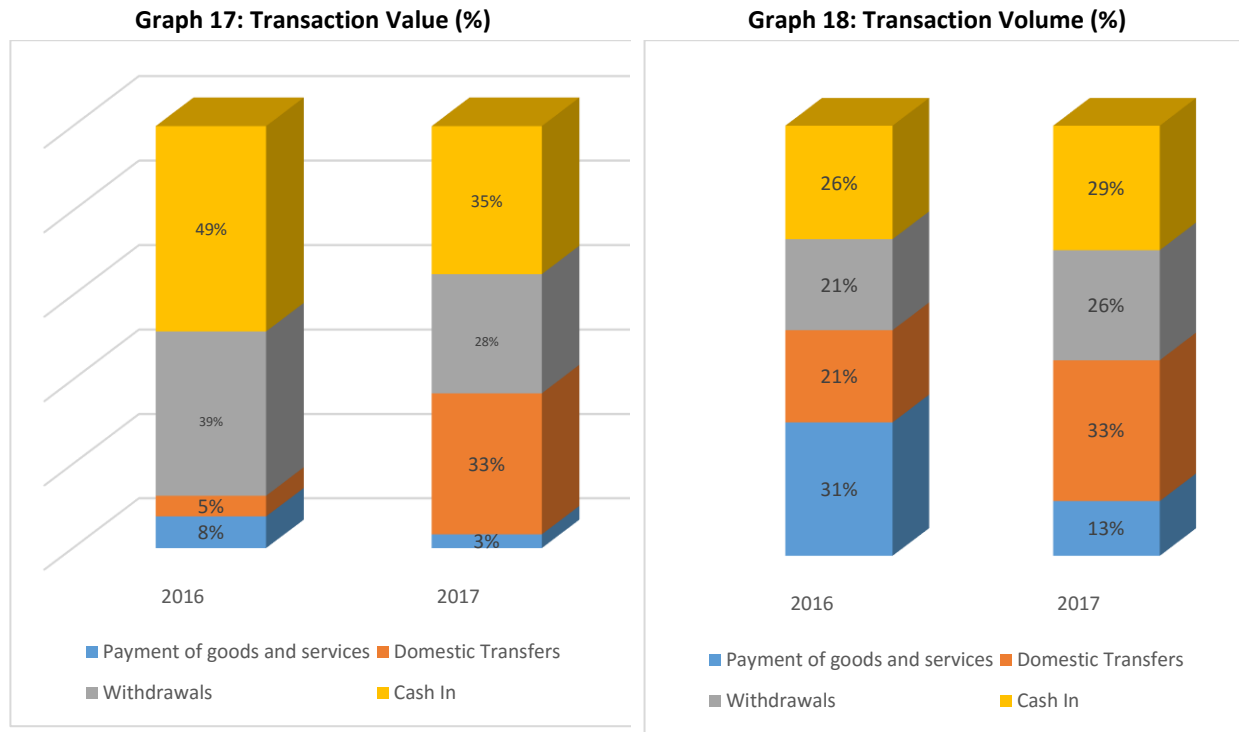
Source: NIS, NIC, BM

Despite the significant upward trend in these indicators, it is important to point out the constraints on determining them, namely: (i) the number of electronic money accounts being determined as a proxy of the number of electronic money clients; and (ii) not considering clients who have electronic money accounts in more than one EMI, due to the lack of common features in the client databases of EMI to allow such data handling.

The behaviour and transaction volume of electronic money users in 2017 and 2016 is depicted in Graphs 17 and 18, respectively.

In terms of values, the following behaviour was observed: (i) a decrease in the cash value converted into electronic money (cash in), representing 35% of total transaction value in 2017, vis-a-vis 49% in 2016. This reduction may be connected to the economic and financial environment at the end of 2016 and the slowdown in economic activity; (ii) the value of cash withdrawn from the agents also dropped, having represented 28% of transactions compared with 39% in 2016; (iii) a reduction in the value of electronic money used to pay for goods and services,

representing 3% in 2017 vis-a-vis 8% in 2016; domestic transfers saw a sharp increase, at 33% against 5% in 2016.



Source: BM

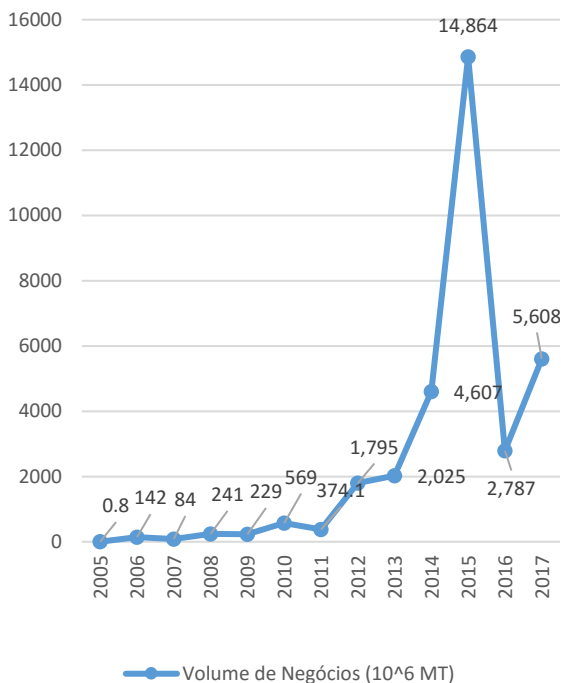
Despite the drop in cash value and increase in domestic transfer value in 2017, in terms of traded volume the opposite was seen, i.e., an increase in the cash in transactions volume, which reached 29% as compared with 26% in 2016, as well as an increase in the volume of domestic transactions, from 21% to 33% during the reporting period. The same behaviour was observed in terms of withdrawal transactions, i.e., in 2017 withdrawals dropped in terms of value and increased in terms of volume, reaching 26% against 21% in 2016.

#### 4.2.4. Capital Market

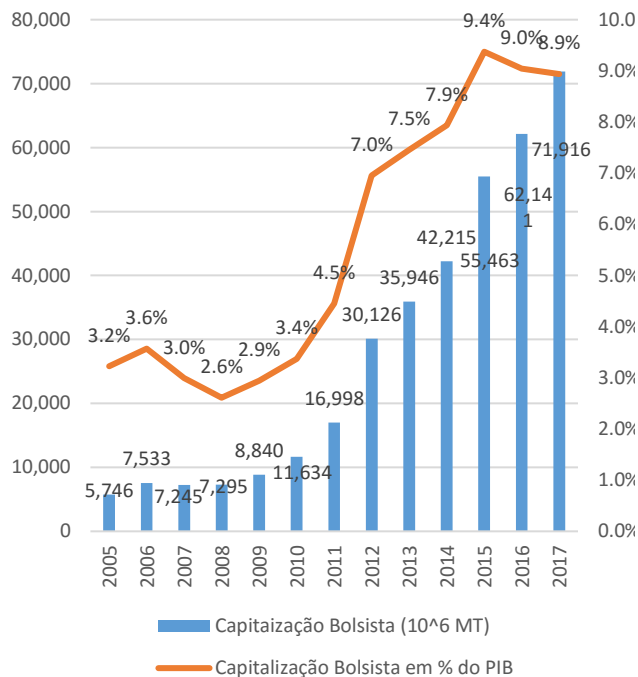
In 2017, the MSE had a turnover of approximately 5,608 million MT, which meant a 2,821 million MT increase vis-a-vis 2016.

During the reporting period, market capitalisation stood at 71,916 million MT, representing a 15.7% growth vis-a-vis 2016 and corresponding to 9.0% of GDP.

**Graph 19: Market Capitalisation**



**Graph 20: Turnover**



Source: MSE and BVM

#### 4.2.5. Government Initiatives for the Financial Inclusion of the Districts

Government initiatives largely targeting the financial inclusion of the rural population have played a part in improving the availability and accessibility of financial products and services which meet the needs of the rural population. Among the existing initiatives entailing partnerships with regulated banking institutions, the following stands out:

- District Development Fund Project (DDF);
- One District One Bank Project (*Projecto Um Distrito Um Banco*);
- Support Project (*Projecto Sustenta*);
- Increasing Bank Usage amongst Pensioners of the State Social Welfare System (*Bancarização dos Pensionistas do Sistema de Previdência Social do Estado*).

*i. District Development Fund (Projecto do Fundo de Desenvolvimento Distrital)*

The DDF is one of the public sources of financing to the rural population. With the exception of the City and Province of Maputo, Sofala, Zambézia and Cabo Delgado have not been included in this fund. In the remaining provinces, the DDF disbursed a total of 394.7 million MT in 2017 (see Table 5).

**Table 5: District Development Fund (FDD) - 2017**

No.	Province	No. of Beneficiaries	Value granted in 2017 - Thousands of MT			Interest Rate Applied	Main areas of investment	Means to Finance the Final Beneficiary	
			Disbursed	Executed	Average per Individual			No Bank	Via Bank
1	Maputo City	0	-	-	-		**		X
2	Maputo Prov.	0	-	-	-		**		X
3	Gaza	359	33,536.11	24,853.42	93,415.35	3-7%*	**		X
4	Inhambane	595	132,085.15	94,591.39	221,991.85	3-7%*	**		X
5	Sofala	0	-	-	-		**		X
6	Manica	82	24,660.00	3,670.00	300,731.71	3-7%*	**		X
7	Tete	546	63,474.00	63,474.00	84,116.48	3-7%*	**		X
8	Zambezia	0	-	-	-		**		X
9	Nampula	216	113,446.28	113,446.28	478,917.96	3-7%*	**		X
10	Cabo Delgado	0	-	-	-		**		X
11	Niassa	357	27,510.14	27,510.14	77,058.82	3-7%*	**		X
	<b>TOTAL</b>	<b>2,155</b>	<b>394,711.68</b>	<b>327,545.23</b>	<b>170,378.26</b>	<b>3-7%*</b>	<b>**</b>		<b>X</b>

Source: MLERD and BM

Remarks: (\*) The interest rate applied is 7% per year for business and 3%-5% a year in the areas of production and agriculture; (\*\*) the main areas of investment are agriculture, cattle breeding and commerce.

In 2017, the DDF benefitted 2,155 individuals, vis-a-vis 3,290 in 2016. In 2017, a total of 1,226.9 million MT was assigned to all the provinces; however, 394.7 million MT were disbursed, of which 82.9% of disbursements were executed, i.e. 327.5 million MT.

The analysis of DDF distribution by province demonstrated that this initiative has contributed to channelling financing to those provinces that have displayed low indicators of access and use of formal financial services, with an emphasis on Niassa Province.

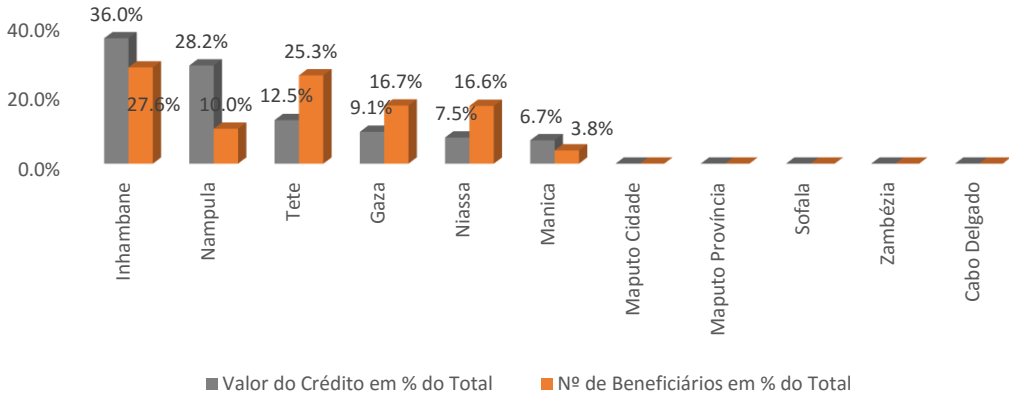
Data from 2017, shows that Inhambane Province has the highest number of beneficiaries (27.6%) against approximately 9.5% in 2016, followed by Tete Province (25.3%) which had approximately 5%. Large-scale financing is most concentrated in Inhambane Province (36% against approximately 12% in 2016), with an average funding per individual of 221,991.85 MT, followed



by Nampula Province (28.2%), which reached 11% in 2016, with an average funding per individual of 478,917.96 MT (Graph 21).

If we compare the proportion of credit and beneficiaries of the average funding received per individual, we find that Nampula Province (with an average per individual of 478,917.96 MT) followed by Manica Province (with an average per individual of 300,731.71 MT) have the highest levels of average funding per individual, whereas Tete and Niassa Provinces have the lowest levels (with an average per individual of 84.116,48 MT and 77.058,82 MT, respectively).

**Graph 21: Credit and Number of Beneficiaries per Province as % of the Total in 2017**

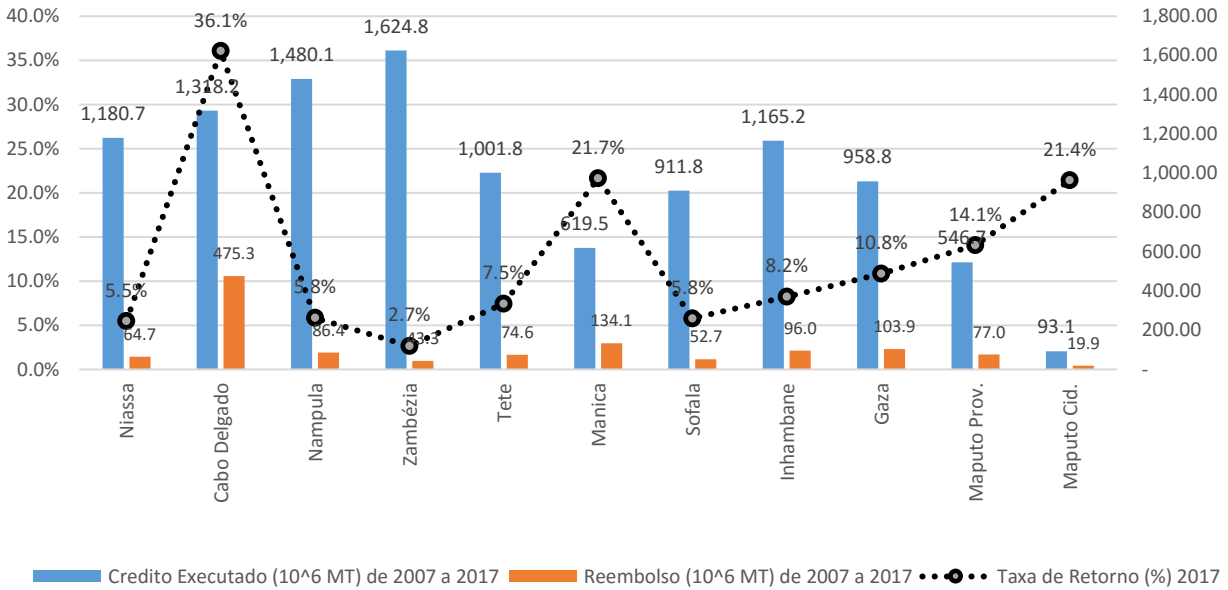


Source: Ministry of Land, Environment and Rural Development (MLERD) and BM

The highest average rates of return of the funds granted are 36% and 21.7%, in Cabo Delgado and Manica Provinces, respectively: from the total 1.318 million MT executed loans in Cabo Delgado, approximately 475 million were reimbursed while in Manica, of the total 619.5 million MT executed loans, 134 million MT were reimbursed (Graph 22).

Zambezia and Nampula Provinces, which had the highest levels of executed loans, had low rates of return, at 2.7% and 5.8%, respectively.

**Graph 22: Loan Granted, Reimbursed and Rate of Return in 2017**



Source: MLERD and BM

**ii. “Um Distrito Um Banco” Project**

The “Um Distrito Um Banco” Project aims at fast-tracking the use of banking services in rural areas by increasing the total bank coverage of the country<sup>12</sup>. In 2017, the project covered a total of six provinces and nine districts and benefited a total of 19,283 individuals and 180 companies, with credit values of 32,970,000 and 2,566,000 MT, respectively.

The highest concentration was in Manica Province, with 12,389,000 MT, corresponding to 38% of total individual beneficiaries, and 2,507 million in the case of companies, corresponding to 98% of the total sum. Moreover, of the six provinces covered by this project, BCI is present in four and Moza Banco in three.

<sup>12</sup><http://mitader.info/proyecto/proyecto-um-distrito-um-banco/>

**Table 6: Um Distrito Um Banco Project 2017**

No	Province	Beneficiaries		Credit (MT 10 <sup>3</sup> )		Savings (MT 10 <sup>3</sup> )		Benefited Districts		Partner Banks	
		Individual	Company	Individual	Company	Individual	Company	No.	Name	No.	Name
1	Maputo City										
2	Maputo Prov										
3	Gaza	1,020	10	1,834.85	0.00	7,540.72	151.58	1	Chicualacuala	1	( <sup>1</sup> )
4	Inhambane	1,497	21	1,360.41	59.10	8,719.78	3,603.23	1	Mabote	1	( <sup>2</sup> )
5	Sofala	2,930	16	9,776.76	0.00	18,239.11	426.47	1	Chemba	1	( <sup>2</sup> )
6	Manica	6,219	92	12,389.47	2,506.77	35,733.06	6,096.01	3	Guro, Vanduzi; Gondola	2	( <sup>2</sup> ) ( <sup>1</sup> )
7	Tete										
8	Zambezia										
9	Nampula	1,069	7	539.80	0.00	7,017.15	207.61	1	Murrupula	1	( <sup>1</sup> )
10	Cabo Delgado	6,548	34	7,068.36	0.00	24,006.07	647.04	2.00	Nangade and Balama	1	( <sup>2</sup> )
11	Niassa										
	<b>TOTAL</b>	<b>19,283.0</b>	<b>180.0</b>	<b>32,969.6</b>	<b>2,565.9</b>	<b>101,255.9</b>	<b>11,131.9</b>	<b>9</b>		<b>2</b>	

Source: MLERD and BM

Remarks: (<sup>1</sup>) Moza Banco; (<sup>2</sup>) BCI.

Manica Province takes the lead for individuals granted credit with 12,389,000 MT, whereas credit granted to companies stood at 2,507,000 MT. In turn, individuals' savings in the agencies that benefited from the "Um Distrito Um Banco" Project also led by Manica Province, followed by Cabo Delgado and Sofala provinces, with 35,733,000, 24,006,000 and 18,329,000 MT respectively. The highest savings concentration regarding companies was in Manica Province, with 6,096,000 MT, followed by Inhambane Province with 3,603,000 MT.

### iii. "Sustenta" Project

The Support Project is a management project integrating farming and natural resources and aiming at promoting and facilitating integrated rural development, with a view to contributing to improvements in the living conditions of rural families<sup>13</sup>.

In 2017, this project benefitted ten districts, of which Mocuba, Ile, Alto Molócué, Guruè and Gilé are in Zambezia Province and Lalaua, Malema, Mecuburi, Rapale and Ribáuè are in Nampula. The Support Project granted credit to small farmers and emerging traders. The average credit values were 1,150,000.00 and 1,510,000.00 MT in Zambezia and Nampula provinces, respectively.

The BNI (Banco Nacional de Investimentos) is the partner bank institution in this Project. Additionally, the funds granted to small farmers and emerging traders are sourced as follows: (i)

<sup>13</sup><http://mitader.info/proyecto/proyecto-sustenta/>

50% donations from the Project; (ii) 40% bank credit; and (iii) 10% recipients' contribution at a subsidised interest rate.

#### iv. Increasing Bank Usage amongst Pensioners of the State Social Welfare System

By December 2017, the compulsory state social welfare system, covering public servants, both civilian and military, had a total of 172,091 pensioners (vis-a-vis 129,415 in 2016), 115,514 of whom, corresponding to 67%, receive their pensions via bank (vis-a-vis 43,795 pensioners receiving via bank in 2016, corresponding to 34%). (Table 7).

**Table 7: Level of Use of Banking Services by National Institute for Social Welfare (INSS) Pensioners in 2017**

No	Province	No. of INSS pensioners in December 2017		No. of pensioners receiving via bank	Bank institutions operating pension payments	Pensioners who do not use banking services					
		2016	2017			Designation	Post	Admin	AR *	Cash/ Vouchers	SUM
1	Maputo City	2,548	37,015	29,278	( <sup>1</sup> ) ( <sup>2</sup> ) ( <sup>3</sup> ) ( <sup>4</sup> )	7,633	18	81	5	7,737	21%
2	Maputo Province	5,575	5,879	5,189	( <sup>1</sup> ) ( <sup>2</sup> ) ( <sup>3</sup> )	533	44	-	113	690	12%
3	Gaza**	7,018	6,982	0	( <sup>3</sup> )	6,591	391	-	-	6,982	100%
4	Inhambane	6,475	6,940	6,940	( <sup>3</sup> )	-	-	-	-	-	0%
5	Sofala	14,220	14,898	11,534	( <sup>1</sup> ) ( <sup>3</sup> )	2,652	712	-	-	3,364	23%
6	Manica	13,574	14,243	13,156	( <sup>1</sup> ) ( <sup>3</sup> )	991	96	-	-	1,087	8%
7	Tete	12,121	13,853	12,056	( <sup>1</sup> ) ( <sup>3</sup> )	-	781	-	1,016	1,797	13%
8	Zambezia	8,479	9,087	6,416	( <sup>1</sup> ) ( <sup>2</sup> ) ( <sup>3</sup> ) ( <sup>4</sup> )	2,356	315	-	-	2,671	29%
9	Nampula	13,292	14,900	8,785	( <sup>5</sup> )	5,657	458	-	-	6,115	41%
10	Cabo Delgado	34,988	36,461	13,594	( <sup>1</sup> ) ( <sup>2</sup> ) ( <sup>3</sup> )	22,337	530	-	-	22,867	63%
11	Niassa	11,125	11,833	8,566	( <sup>2</sup> )	-	-	-	3,267	3,267	28%
	<b>TOTAL</b>	<b>129,415</b>	<b>172,091</b>	<b>115,514</b>	-	<b>48,750</b>	<b>3,345</b>		<b>4,401</b>	<b>56,577</b>	<b>33%</b>

Source: INPS

Remark: (\*) Assembly of the Republic; (\*\*) <sup>1</sup>All pensions paid in Gaza Province are paid via the state-owned company Correios de Moçambique (Post Office); (<sup>1</sup>) BCI; (<sup>2</sup>) Barclays; (<sup>3</sup>) MBIM; (<sup>4</sup>) Standard Bank; (<sup>5</sup>) BM.

Inhambane, Manica and Maputo Provinces have the highest levels of pensioners using banking services. The financial exclusion rates are 0%, 8% and 12%, respectively. The lowest levels of use of banking services by the state social welfare system are seen in Gaza, Cabo Delgado and Nampula Provinces, with financial exclusion rates of 100%, 63% and 41%, respectively.

## Box 2: Current Situation and Key Challenges of Savings and Revolving Credit Groups (ASCAs)

The Savings and Revolving Credit Groups, also referred to as ASCAs, are informal organisational forms to promote savings and funding adopted by the low-income population<sup>(1)</sup>, mainly in rural areas<sup>(2)</sup>. They are characterised by the involvement of the community and its members in managing local financial structures. This methodology enables the replacement of formal guarantees by moral guarantees.

According to the data compiled by the BM resulting from aggregating the information made available by the MLERD Fund to Support Economic Rehabilitation and Financial Sector Deepening Moçambique (FSDMoç), ASCAs are supported by a total of 28 organisations committed to promote savings and lending habits, as stated in Chart 1 below.

Chart 1: Organisations in Mozambique Fostering ASCAs Activity

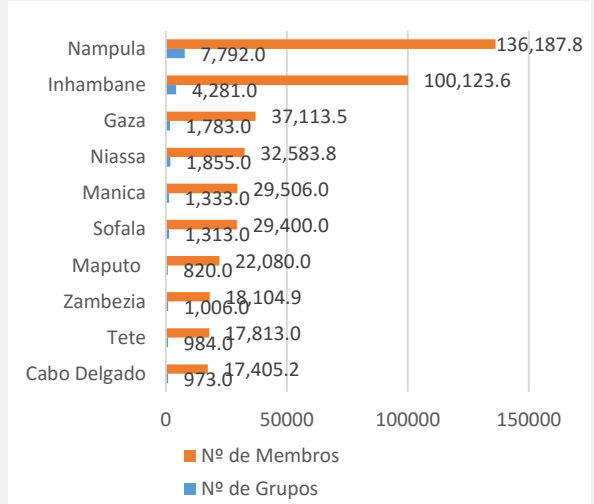
Province	Names of the Organisations	No. of Organisations
Maputo	GAPI; PACO; CCCOM; CAPLIPSO;FDC	5
Inhambane	ALFALITE; CARE; GAPI; KUKULA; FDM; CALIPSO; KULIMA; FDC	8
Gaza	GAPI; TEBA; WORLD VISIO; FDM; CALIPSO; PROJECT HOPE; FDC	7
Sofala	ADEL; ADEM; GAPI; KULIMA	4
Manica	ADEM; AKSM; ALFALITE; ANDA; GAPI;KUBATSIRANA;MAGARIRO;FDC	8
Tete	ADEL; AKSM; GAPI; WORLD VISION	4
Zambezia	GAPI; SOFRECO/NHP; UATAF; WORLD VISION; PROMER/OIKOS	5
Nampula	ALFALITE; GAPI; NIIWANANE; OPHAVELA; UATAF; PROMER/GAPI; WORLD VISION	7
Cabo Delgado	ADEL; AMA; FUND AGA KHAN; GAPI; CCOM; PROMER/OIKOS	6
Niassa	ASSOCIAÇÃO IRMÃOS UNIDOS; GAPI; OPHAVELA; UPCN; PROMER/GAPI	5
<b>TOTAL</b>		<b>28</b>

Source: MITADER, FARE, FSDMoç.

The country currently has 22,140 groups and a total of 440,318 members, concentrated mostly in Nampula, Inhambane, Gaza and Niassa Provinces, as seen in Graph 1. Most group members are women (67%) with the remainder men (33%); see Graph 2.

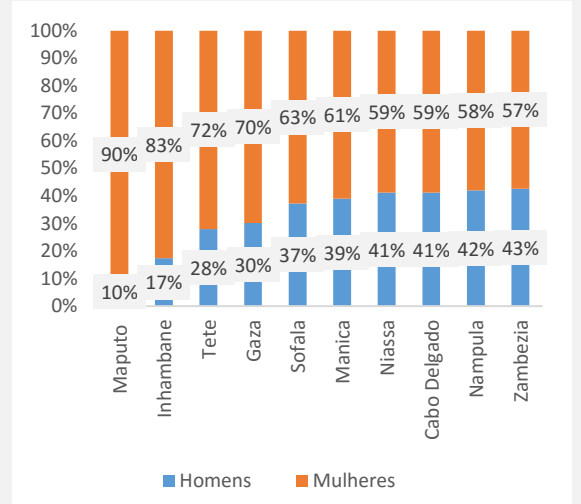
The highest concentration of women in savings and revolving credit groups is in Maputo (90%), Inhambane (83%), Tete (72%) and Gaza (70%) Provinces. Cultural reasons, convenience and the documents needed to access formal banking in these regions have been the main factors behind the greater adherence of woman to informal savings and lending groups.

**Graph 1: Distribution of ASCAs and their Members by Province**



Source: MITADER, FARE, FSDMoç.

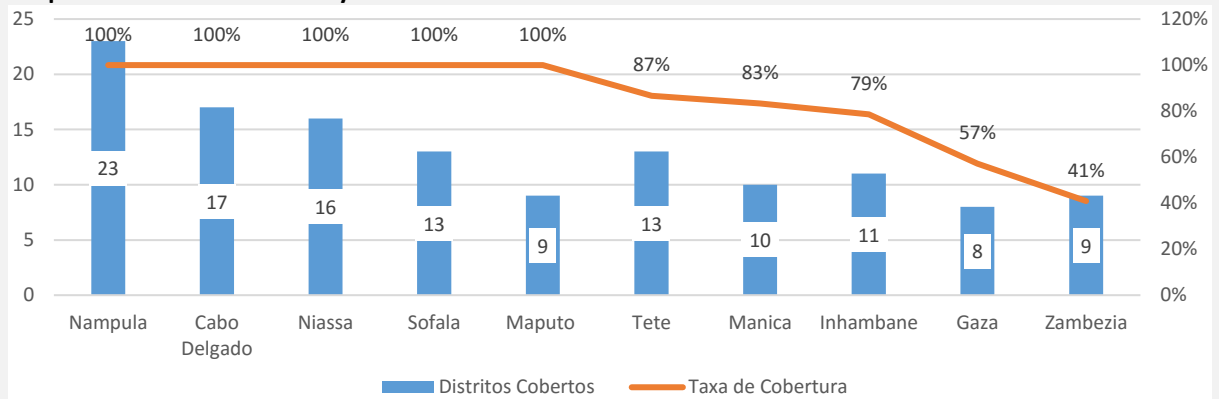
**Graph 2: Disaggregation of ASCAs Members by Gender**



Source: MITADER, FARE, FSDMoç.

The districts of Mozambique with the highest ASCAs coverage are in Nampula, Cabo Delgado, Niassa, Sofala and Maputo Provinces (with 100% coverage in the districts), followed by those in Tete, Manica and Inhambane Provinces (with a coverage of 87%, 83% and 79%, respectively). The lowest ASCAs coverage, at district level, is seen in Gaza and Inhambane Provinces (with coverage levels of 57% and 41%, respectively); see Graph 3.

**Graph 3: ASCAs Distribution by District**

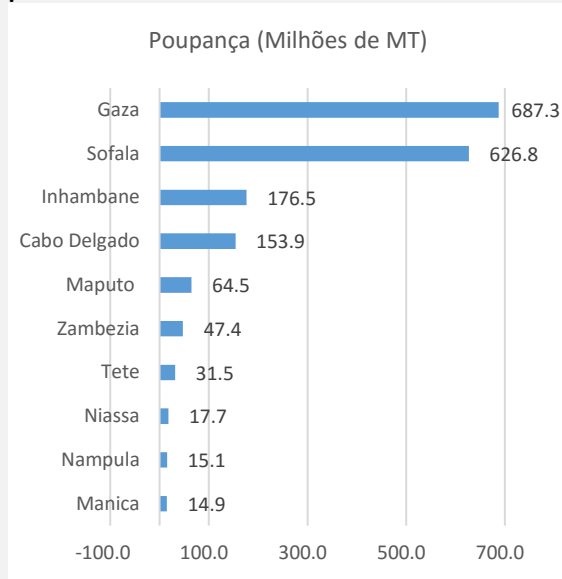


Source: MLERD, SFER, FSDMoç.

In 2017, the ASCAs savings portfolio amounted to 1,835.5 million MT, and the funding granted to group members reached 31,209.1 million MT and a social fund of 23.7 million MT; see Graphs 4 and 5.

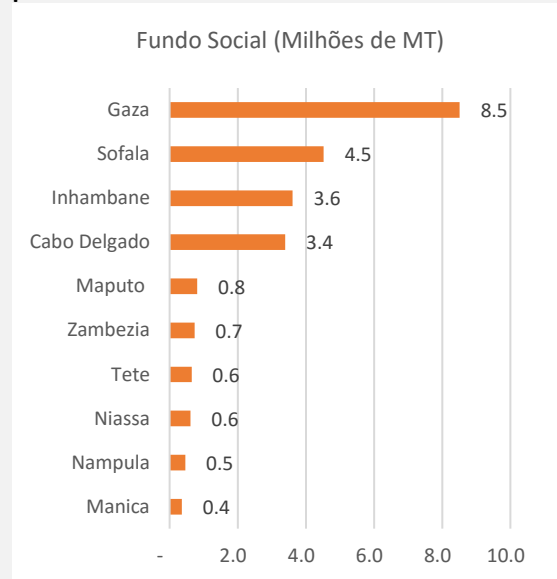
The provinces recording the highest levels of savings and social fund were Gaza and Sofala. Gaza Province recorded ASCAs groups savings of 687.3 million MT and a social fund of 8.5 million MT, whereas Sofala recorded 626.8 million MT in savings and a social fund of 4.5 million MT.

**Graph 4: Distribution of ASCAs Savings Portfolio by province**



Source: MITADER, FARE, FSDMOç.

**Graph 5: Distribution of ASCAs Social Funds by provinces**



Source: MITADER, FARE, FSDMOç.

The main challenges around financial inclusion in savings and revolving credit groups are, amongst others: (a) creating a single and shared database to compile and harmonise ASCAs data; (b) guarantee of interoperability between the existing databases (e.g., E-record, Somas, etc.); (c) determining the entity responsible for hosting the ASCAs database; (d) disseminating information on all the resource sources of the organisations and their beneficiary groups; (e) creating and/or improving financial products and services by adjusting them to the ASCAs needs in the traditional banking sector; and (f) including measures on the NFIS Action Plan aiming at addressing the constraints faced by ASCAs and their operators.

Source: Data aggregated by BM based on information provided by MLERD, SFER and FSDMOç.

Remarks:

- (1) According to the FinScop Consumidores 2014 survey, safety, trust and proximity were the three key reasons mentioned by people when choosing an informal savings mechanism, while not having enough money was the main reason mention for not saving.
- (2) It is worth noting that, even though informal savings and credit initiatives are more frequent in rural areas with low access to and use of formal financial services, this practice is also common in urban areas and among populations with access to the formal financial system. This initiative is commonly known as Xitique.

#### 4.2.6. Financial Inclusion Index (FII)

The FII, determined by the BM<sup>14</sup>, stood at 14.61 points in 2017 vis-a-vis 14.22 points in 2016, reflecting a 0.39 point growth, resulting from an increase in the number of points of access to formal financial services. This comes after a decrease between 2015 and 2016, mainly due to an increase in the number of districts in the country, from 128 to 154, as listed in table 8.

<sup>14</sup>The methodology used by the BM to determine the FII is detailed in the BM (2013) study on “Desafios da Inclusão Financeira em Moçambique: Uma Abordagem do lado da Oferta” (2013) in [http://www.bancomoc.mz/fm\\_pgTab1.aspx?id=116](http://www.bancomoc.mz/fm_pgTab1.aspx?id=116).

**Table 8: FII Development 2005-2017**

Province	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017
MAPUTO CITY	79.81	80.87	82.88	83.67	80.56	81.57	96.34	97.51	100.00	100.00	100.00	100.00	100.00
MAPUTO PROVINCE	5.82	6.26	7.99	9.52	9.91	10.90	14.49	14.59	13.96	15.63	16.17	16.41	16.40
GAZA	3.13	3.03	4.10	4.63	6.70	6.91	7.00	6.68	7.10	7.52	7.33	6.22	9.05
INHAMBANE	2.61	2.76	3.94	4.49	5.60	5.99	6.30	6.36	6.93	7.18	7.83	7.55	7.89
SOFALA	1.54	1.65	2.39	2.59	3.17	3.82	4.87	4.95	5.69	5.52	5.65	5.03	4.99
MANICA	2.06	2.00	2.62	2.67	3.01	3.15	3.65	3.39	5.50	5.65	6.27	4.92	5.59
TETE	1.71	1.56	2.25	2.35	2.78	3.02	3.79	3.91	4.20	4.68	4.85	4.03	3.94
ZAMBEZIA	0.99	0.98	1.33	1.81	1.79	1.99	2.04	2.14	2.53	2.91	3.13	2.35	2.46
NAMPULA	1.72	1.58	2.00	2.06	2.15	2.40	3.06	3.17	3.75	3.74	3.99	3.73	3.65
CABO DELGADO	1.93	1.90	2.37	1.75	1.94	2.01	2.25	2.35	3.16	3.89	4.16	4.28	4.47
Niassa	0.82	0.79	0.99	1.09	1.29	1.43	1.40	1.38	1.63	2.03	2.03	1.93	2.25
Global IIF*	<b>9.29</b>	<b>9.40</b>	<b>10.26</b>	<b>10.60</b>	<b>10.81</b>	<b>11.20</b>	<b>13.20</b>	<b>13.31</b>	<b>14.04</b>	<b>14.43</b>	<b>14.67</b>	<b>14.22</b>	<b>14.61</b>
Restrict IIF**	<b>2.63</b>	<b>3.55</b>	<b>4.54</b>	<b>4.66</b>	<b>5.7</b>	<b>6.14</b>	<b>6.6</b>	<b>6.84</b>	<b>7.22</b>	<b>8.01</b>	<b>7.17</b>	<b>7.5</b>	<b>8.27</b>

Source: BM

Remarks: (\*) Global FII includes the City of Maputo; (\*\*) District FII is determined for all the districts in the country (128 districts between 2015 and 2005, and 154 in 2016 and 2017) excluding the City of Maputo.

Although the FII decreased in 2016 due to an increase in the number of districts in the country with poor distribution of points of access, from 2005 to 2017 the FII in Mozambique rose 57% as a result of an expansion of points of access and their use. There are, however, still challenges around continuous growth.

When analysing the FII determined for the 154 districts in the country, excluding the City of Maputo, we can see that the FII rose to 8.27 points in 2017 (vis-a-vis 7.5 points in 2016) highlighting the impact of the ongoing actions aiming to promote the use of banking services in the districts.

Mozambique's demographic access index was 17.8 points (against 16.6 points in 2016) (Table 9), followed by the usage index at 17.1 points (against 15.7 points in 2016) and lastly the geographic access index at 12.1 points, against 10.9 recorded in 2016.



**Table 9: Geographic and Demographic Access and Use Index**

	Geographic Access Index		Demographic Access Index		Use Index		Global FII	
	2016	2017	2016	2017	2016	2017	2016	2017
MAPUTO CITY	100.0	100.0	100.0	100.0	100	100.0	100.0	100.0
MAPUTO PROVINCE	7.1	19.7	24.8	33.3	20.5	27.8	16.8	16.4
INHAMBANE	1.9	1.9	10.3	12.6	7.1	14.1	6.2	9.1
GAZA	1.3	1.3	13.8	13.7	8.4	9.5	7.5	7.9
MANICA	1.2	1.2	7.0	7.2	7.3	6.9	5.0	5.0
SOFALA	1.8	1.9	4.7	5.9	8.6	9.2	4.9	5.6
TETE	1.1	1.3	6.3	6.2	5.0	4.8	4.0	3.9
CABO DELGADO	1.5	1.6	2.9	3.1	2.7	2.7	2.4	2.5
NAMPULA	1.6	1.7	4.9	4.8	4.7	4.6	3.7	3.7
ZAMBEZIA	2.1	2.0	5.3	5.7	5.6	5.9	4.3	4.5
NIASSA	0.5	0.5	2.8	3.5	2.7	2.9	1.9	2.3
<b>FII MOZAMBIQUE</b>	<b>10.9</b>	<b>12.1</b>	<b>16.6</b>	<b>17.8</b>	<b>15.7</b>	<b>17.1</b>	<b>14.22</b>	<b>14.6</b>

Source: BM

These indicators depict the challenge faced by the financial system to improve not only the action measures aiming to increase financial inclusion per inhabitant (demographic access), as well as the effective use of financial products and services (use), but also to reduce the distance between the points of access to services and financial products and the population (geographic access).

Besides the City of Maputo (100.0 points), Maputo Province (19.7 points) has the highest geographic access index; Maputo (33.3 points), Gaza (13.7) and Inhambane (12.6 points) Provinces have the highest demographic access indexes. Maputo (27.8 points), Inhambane (14.1 points) and Gaza (9.5 points) have the highest financial services and product use indexes.

### Box 3: Cross-Border and Domestic Remittances in Mozambique by Remittance Operators<sup>(a)</sup>

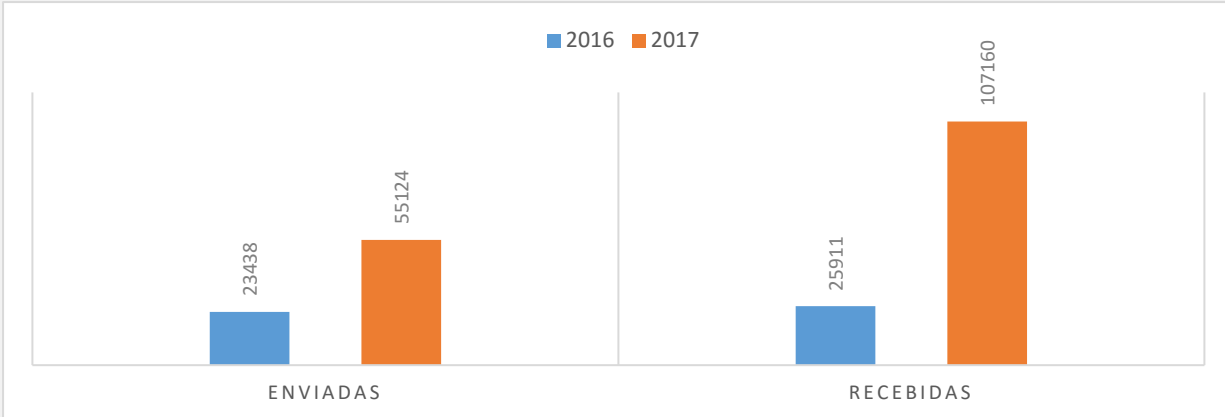
Remittances from emigrants are all those operations, which entail sending and receiving resources from abroad and domestically, carried out by national citizens and/or individuals with connections to the country. Diaspora remittances are an important source of income for African individuals and families in general, as well as for Mozambican families in particular.

According to AFI data published in 2018 in the paper “A Policy Framework for Innovative Cross-border Remittances in Africa”<sup>(2)</sup>, cross-border transactions in Sub-Saharan Africa are considered the costliest in the world, with sending remittances costing 9.4% above the world average. On the other hand, the global average cost of sending remittances through a mobile operator channel is 3.2% as compared to 10.4% using bank channels.

BM data show that, excluding remittances sent and received via bank swift, the two remittance operators<sup>(a)</sup> show an upward trend in terms of sent and received transaction volume between 2016 and 2017, as shown in graph 1 below. In aggregated terms, the volume of sent remittances grew 135%, from 23,438 to 55,124. In turn, received

remittances increased by 314%, from 25,911 to 107,160. The balance of remittances sent and received in 2017 shows that there were more remittances received than sent, resulting in a net inflow of 52,036 transactions (vis-a-vis a net inflow of 2,473 transactions in 2016).

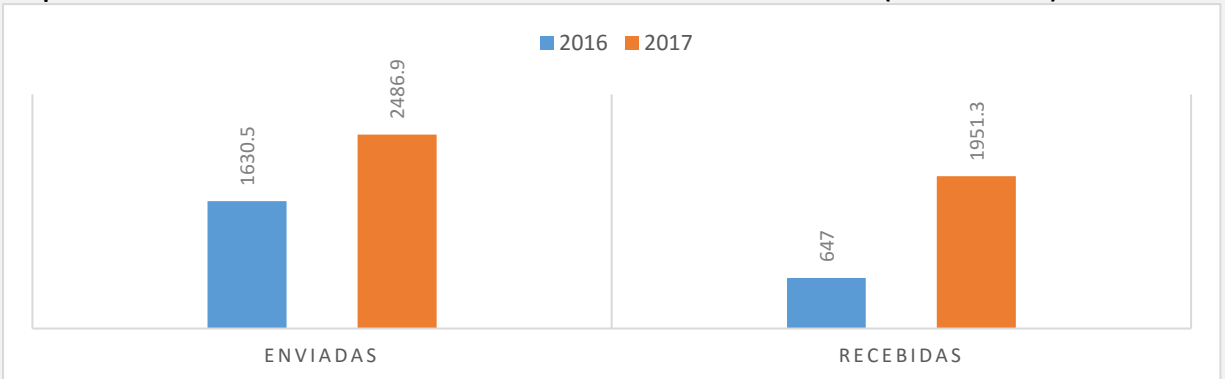
Graph 1: Volume of cross-border remittances sent and received in 2016 and 2017 (millions of MT)



Source: BM

In terms of values, as with volume, there was growth in the sent and received remittances in 2016 and 2017. In fact, sent and received remittances increased 53% and 202%, respectively. Unlike the findings with regards to the remittance volume, where there were more transactions received than sent in 2017 and 2016, when we look at the value, 2017 and 2016 were characterised by a negative net balance on remittances, i.e., remittances sent surpassed those received by 536 and 984 million MT, respectively.

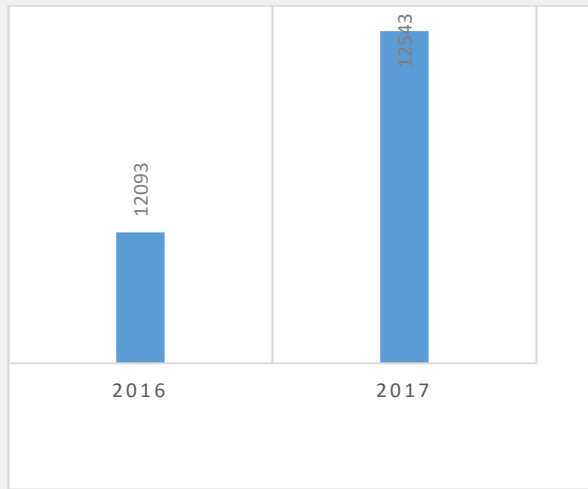
Graph 2: Value of cross-border remittances sent and received in 2016 and 2017 (millions of MT).



Source: BM

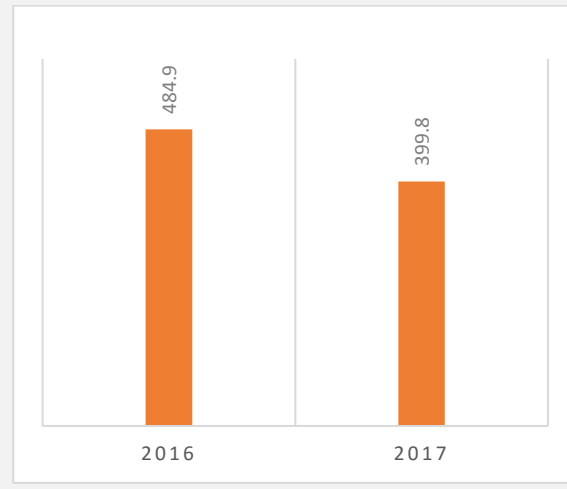
As far as domestic transfers are concerned, the volume of transactions showed an upward tendency in 2016 and 2017, as illustrated in graph 3, with a 4% increase, from 12,093 to 12,543. The opposite was true for the transacted value, i.e., a 18% drop, from 484.9 million MT to 399.8 million MT in 2016 and 2017, respectively, as per graph 4.

**Graph 3: Volume of domestic transfers in 2016 and 2017 (million MT).**



Source: BM

**Graph 4: Value of domestic transfers in 2016 and 2017 (million MT).**



Source: BM

Based on the cross-border remittances statistics provided by the remittance operators, the enhancement of electronic and digital means of cross-border payments achieved through partnerships between the various operators is a key challenge to revitalise this segment of sending and receiving money.

Sources:

- (1) AFI – AfPI (2018), “A Policy Framework for Innovative Cross-Border Remittances in Africa”, AFI Regional Policy Framework;
- (2) AFI (2018), “Innovative Cross-Border Remittances Services: Experiences from AFI Member Countries”, Guideline Notes n°30, Digital Financial Services Working Group.

Remarks:

- (a) West Union and Moneygram

## 5. NFIS MONITORING AND EVALUATION

### 5.1. Level of Achievement of the Action Plan

Of the total 54 actions listed in the NFIS 2016-2022 Action Plan, six (11.1%) were implemented, 24 (44.4%) are underway, 13 (24.1%) are permanent and 11 (20.4%) have not been commenced, as shown in Table 10 below.

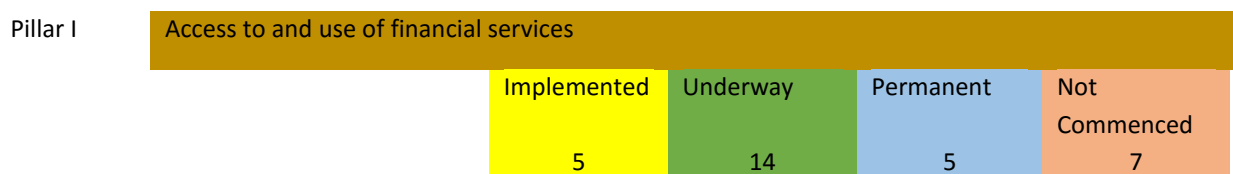
**Table 10: Level of Implementation of NFIS Action Plan**

	Pillar I		Pillar II		Pillar		TOTAL	
	Access to and use of financial services		Strengthening the financial infrastructure		Consumer protection and financial literacy			
	No. of Actions	%	No. of Actions	%	No. of Actions	%	No. of Actions	%
Implemented	5	16.1%	1	12.5%	0	0.0%	6	11.1%
Underway	14	45.2%	4	50.0%	6	53.3%	24	44.4%
Permanent	5	16.1%	0	0.0%	8	40%	13	24.1%
Not Commenced	7	22.6%	3	37.5%	1	6.7%	11	20.4%
<b>Total</b>	<b>31</b>	<b>100.0%</b>	<b>8</b>	<b>100.0%</b>	<b>15</b>	<b>100.0%</b>	<b>54</b>	<b>100.0%</b>

Source: BM

The actions underway are mostly regulatory and involve more than one institution. The remaining actions are studies and diagnostic studies, which await the identification of partners for implementation to begin. Non-commenced tasks require further study of the issues and support by potential partners and stakeholders.

**Chart 5: Level of Achievement of Pillar I - Access to and Use of Financial Services**



Objective	Area	Actions	Leader	Status
Expanding and diversifying the network of points of access to financial services	Regulatory framework - points of access	Promote a broad enforcement of Notice no. 3/2015 on the scheme of access and exercise of bank agent activity	BM	Implemented
		Build on the geospatial mapping, establishing possible regulatory measures to address the future agent network in deprived areas, such as the creation of light agencies	BM	Underway

Objective	Area	Actions	Leader	Status
Enhancing the legal and regulatory framework for the expansion of products and services	Payment services	Create, regulate and promote the basic bank account	BM	
		Propose specific regulations on the opening and movement of bank accounts, including reducing the minimum age required	BM	
		Promote electronic payments (expansion of POS)	BM MIC <sup>15</sup>	
		Establish a single regulatory framework for the activity of issuing electronic money	BM	
		Enhance the regulatory framework to ensure efficiency, competition and safety in the financial system electronic transactions	BM	
		Create a legal, regulatory and supervisory framework for the activity of international and domestic money transfers	BM	
	Insurance	Create and expand microinsurance products targeting small farmers and emerging traders	MIA	
		Create insurance services via mobile phone	MISI MIA	
		Create a regulatory framework for the expansion of simplified microinsurance	MISI	
		Strengthen the supervisory capacity of MISI	MISI	
	Rural finance	Create a regulatory framework for the development of financing based on deposit certificates	MIC	
		Promote campaigns to register national citizens and providing identification documents	MJACR	
	Home Loans	Develop a national programme of finance for home loans	FFH	
	Develop a range of products for MPME, low-income population and farmers.	Providing mass payment services	Pay INSS <sup>16</sup> beneficiaries and pensioners by electronic means that facilitate financial inclusion	NISS
Pay the beneficiaries of social action programmes by electronic means that facilitate financial inclusion			MGCAS	
Provision of insurance services		Develop microinsurance products targeting small farmers and emerging traders, farmers, <i>mukheristas</i> , market vendors and the low-income population	MISSI MIA	

<sup>15</sup> Ministry of Industry and Commerce

<sup>16</sup> National Institute for Social Security

Objective	Area	Actions	Leader	Status
	Provision of credit, savings and payment services	Develop financing, savings and payment services adequate to the needs of the low-income population, small farmers and emerging traders and farmers	BM MBA IME	
Increasing the level of information on financial inclusion	Capacity of the financial institutions	Collect additional statistical information relevant for the compilation of financial inclusion indicators	BM MISSI MSE	
		Promote events to disseminate knowledge (workshops and courses) on business models targeting low-income segments, farmers or small farmers and emerging traders and corresponding risk management models.	BM MISI MBA MAS MSE	
		Create mechanisms to train insurance market (actuaries) and capital market professionals	MISI MAS MBE	
	Information on market potential	Carry out a study on the mass payments flow in the private sector that could be digitised	BM	
		Carry out a diagnostic study on the domestic and international transfers market	BM	
		Carry out financial inclusion study based on a demand-oriented approach	BM	
		Carry out a diagnostic on the leasing market	BM	
		Carry out a diagnostic on the factoring market	BM	
		Carry out an evaluation of the existing initiatives for rural finance, with a view to enhancing and identifying synergies with private initiatives	MITADER	
	MSME eligibility	Strengthen the capacity (management, accounting, planning) of small farmers and emerging traders and their connection to the market structures (associations and production chains)	IPEME	
	Financial inclusion indicators	Implement an information scheme to identify the portfolio of credit to small farmers and emerging traders	BM	
		Create an annual financial inclusion report	BM	

Source: ENIF

**Chart 6: Level of Achievement of Pillar II - Strengthening the Financial Infrastructure**

Pillar II

Strengthening the financial infrastructure

Implemented	Underway	Permanent	Not Commenced
1	4	0	3

Objective	Area	Actions	Leader	Status
Enhancing SNP infrastructure	National Payments System	Develop the Regulations for Payment Services Operator Companies.	BM	Underway
	Credit information	Enhance the scheme of informing the credit history centre to ensure updated information on the lenders	BM	Implemented
Enhancing the infrastructure for a healthy expansion of credit	Movable securities	Create a movable securities record	MJACR BM	Underway
		Create a legal framework for the use of movable security and enhancing credit rights (Secured Transactions Law)	MJACR BM	Underway
	Fixed Securities	Upgrade, automate and widen the coverage of immovable assets records	MJACR MEF <sup>17</sup>	Underway
	Execution of guarantees	Diagnose of the existing legal framework and structure for a timely and fair execution of guarantees out-of-court	BM	Not Commenced
	Guarantee fund	Map and diagnose of the existing credit guarantee funds	BM MBA IPEME	Not Commenced
		Create a credit guarantee fund in line with the best international practices, to encourage credit to small farmers and emerging traders and farmers	BM MBA IPEME	Not Commenced

Source: NFIS

<sup>17</sup> Ministry of Economy and Finance

**Chart 7: Level of Achievement of Pillar III - Consumer Protection and Financial Education**

Pillar III	Consumer protection and financial literacy			
	Implemented 1	Underway 6	Permanent 8	Not Commenced 0

Objective	Actions	Leader	Status
Enhancing the legal, regulatory and supervisory framework for the protection of financial consumers	Review and update Notice no. 5/GBM/2009 Scheme of Commissions and other charges	BM	Implemented
	Develop the methodology for behaviour supervision	BM	Underway
	Enhance Notice 4/2009 to establish minimum operation standards for the channels that register and handle consumer complaints	BM	Underway
	Create standardised KFS for the most common consumer financial products	BM	Underway
Increasing the range and quality of information	Provide comparative information on commissions and other charges of the main retail market products on the BM website	BM	Underway
	Provide statistics of consumer complaints against financial institutions supervised by the BM on the BM website	BM	Underway
Increasing the level of financial knowledge held by specific segments of the society	Create a single national financial literacy programme in Mozambique	BM, MISI, MSE, MINEDH <sup>18</sup> , MEF	Underway
	Support financial inclusion through dissemination to the population of the conditions to access the minimum bank services	BM	Permanent
	Raise awareness among the population of the importance of saving	BM	Permanent
	Promote and fostering responsible financial knowledge and attitudes	BM, MISI and MSE	Permanent
	Enlighten citizens on the rights and duties of bank clients and financial institutions.	BM and MISI	Permanent
	Contribute to the efficiency and robustness of the financial market	BM, MISI and MSE	Permanent
	Provide knowledge on the capital market to the population and companies	MSE	Permanent

<sup>18</sup> Ministry of Education and Human Development



	Promote the adherence of companies, including SME, to the stock exchange market	MSE	
	Undertake credit counselling campaigns for clients facing over-indebtedness issues, contributing to fostering saving practices	BM MINEDH	

Source: NFIS

## 5.2. Level of Achievement of the Financial Inclusion Goals

### 5.2.1. Global Goals

The global financial inclusion goals established in the NFIS are for the years 2018 and 2022. One year has passed since its approval in 2017.





In fact, in 2017 the percentage of adult population with physical or electronic access to financial services provided by a banking financial institution stood at 32.5%, 7.5 pp and 27.5 pp below the goals established for 2018 and 2022, respectively. The percentage of adult population with accounts opened at EMIs stood at 44.0%, 4 pp above the 2018 goal and lacking 16 pp to reach the goal established for 2022.

In 2017, 58% of the districts gained coverage of at least one point of access to financial services. This indicator is 17 pp and 42 pp below the goals set for 2018 and 2022, respectively.

A GIS geospatial mapping platform, whose implementation is currently underway, will be used to compile the level of achievement of the indicator on the percentage of population with a point of access to financial services less than 5 km from their home location.

**Table 11: Level of Implementation of the Global Financial Inclusion Goals in 2017**

	Indicator	Implemented		Global Goals		2017 Deviation vis-a-vis the Goal	
		2016	2017	2018	2022	2018	2022
1	Percentage of adult population with physical or electronic access to financial services provided by a formal financial institution*						
	a. Percentage of adult population with access to banking services	36.0%	32.9%	40%	60%	-7.5pp ↓	-27.5pp ↓

	b. Percentage of adult population with access to non-banking financial services provided by EMIs	44.0%	44.0%	40%	60%	4pp 	-16pp 
2	Percentage of districts with at least one point of access to formal financial services**	58.0%	60.0%	75%	100%	-15pp 	-40pp 
3	Percentage of population with one point of access to financial services less than 5 km from the home or work location (GIS)	N/A	N/A	55%	75%	-	-

Source: BM

Remarks: (\*) Based on the number of (bank and electronic money) accounts as a % of the adult population;

(\*\*) Based on districts (154) covered by bank agencies.

## 5.2.2. Specific Goals

Table 12: Level of Implementation of the Specific Financial Inclusion Goals in 2017

Dimension	Indicator		2016	2017	Global Goal		2017 Deviation vis-a-vis the Goal	
					2018	2022	2018	2022
Proximity (physical access)	Points of access to financial services per 100,000 adults	Bank agencies	4.5	4.4	4.9	5.2	-0.5	-0.8
		Bank agents	1.5	1.6	28.3	44.9	-26.8	-43.3
		ATM	11.5	11.6	13.3	15.4	-1.7	-3.8
		POS	175.3	207.0	198.2	250.2	8.8	-43.2
		IME Agents	176.3	195.0	236.6	473.2	-41.6	-278.2
	Points of access to financial services per 10,000 km <sup>2</sup>	Bank agencies	8.2	8.2	8.6	10	-0.4	-1.8
		Bank agents	2.7	3.1	34.5	50	-31.8	-46.9
		ATM	21	21.8	24.2	28.5	-2.4	-6.7
		POS	32.,3	320.3	330.1	396.8	-9.8	-76.5
		IME Agents	32.2	367.2	375.4	525	-8.2	-157.8
	Proportion of districts with at least one point of access to financial services		58.0%	60.0%	87.50%	100.00%	-27.5pp	-40pp

Dimension	Indicator	2016	2017	Global Goal		2017 Deviation vis-a-vis the Goal	
				2018	2022	2018	2022
	Proportion of the population that lives in districts with at least one point of access	94.0%	97.8%	90.40%	100.00%	7.40pp	-2.2pp
	Proportion of the population living up to 5km from a point of access to financial services (GIS)	N/A	N/A	55.0%	75.0%	N/A	N/A
Access to accounts and usage	Proportion of adult population with a deposit account at a formal financial institution	36.0%	32.5% <sup>19</sup>	35.00%	45.00%	-2.5pp	-12.5pp
	Proportion of adult men holding a deposit account at a formal financial institution	49.2%	45.9% <sup>20</sup>	45.0%	54.50%	0.9pp	-8.6pp
	Proportion of adult women holding a deposit account at a formal financial institution	20.8%	18.7% <sup>21</sup>	25.00%	35.50%	-6.3pp	-16.8pp
	Proportion of households with at least a deposit account at a formal financial institution (2017 NIS Census)	N/A	N/A	70.0%	90.0%	N/A	N/A
	Proportion of adult population with a credit account at a formal financial institution	5.20%	5.70%	7.50%	10.50%	-1.2pp	-4.8pp

<sup>19</sup>The proxy used to determine this indicator is the number of bank accounts as a percentage of the total adult population.

<sup>20</sup>The proxy used to determine this indicator is the number of bank accounts held by males as a percentage of the total adult male population.

<sup>21</sup>The proxy used to determine this indicator is the number of bank accounts held by females as a percentage of the total adult female population.

Dimension	Indicator	2016	2017	Global Goal		2017 Deviation vis-a-vis the Goal	
				2018	2022	2018	2022
	Proportion of adult men holding a credit account at a formal financial institution	7.10%	8.50%	9.00%	12.00%	-0.50pp	-3.40pp
	Proportion of adult women holding a credit account at a formal financial institution	3.0%	3.63%	6.0%	9.0%	-2.37%	-5.37%
	Proportion of households with at least a credit account at a formal financial institution (2017 NIS Census)	N/A	N/A	10.50%	15.00%	N/A	N/A
	Proportion of adult population with one active account at an EMI	47.0%	41.1% <sup>22</sup>	50.0%	70.0%	-8.9pp	-28.9pp
	Proportion of adult men with one active account at an EMI	37.5% <sup>23</sup>	59.00%	55.00%	80.00%	4pp	-21pp
	Proportion of adult women with one active account at an EMI	43.3% <sup>24</sup>	30.0%	45.0%	70.0%	-15pp	-40pp
	Proportion of households with one active account at an EMI (2017 NIS Census)	N/A	N/A	75.0%	90.0%	N/A	N/A
	Deposit accounts at a formal financial institution per 100 adults	36.0	32.5	35	40	-2.5	-7.5

<sup>22</sup>The proxy used to determine this indicator is the number of accounts opened at EMI as a percentage of the total adult population.

<sup>23</sup>The proxy used to determine this indicator is the number of accounts opened at EMI by male adults as a percentage of the total adult male population.

<sup>24</sup>The proxy used to determine this indicator is the number of accounts opened at EMI by female adults as a percentage of the total adult female population.

Dimension	Indicator	2016	2017	Global Goal		2017 Deviation vis-a-vis the Goal	
				2018	2022	2018	2022
	Credit accounts at a formal financial institution per 100 adults	5.2	5.7	8	10	-2.3	-4.3
	Credit to small farmers and emerging traders as a proportion of the bank credit to the economy	N/A	N/A	5.0%	7.0%	N/A	N/A
	Credit to small farmers and emerging traders as a proportion of the bank credit to companies	N/A	N/A	4.00%	6.00%	N/A	N/A
	Credit to agriculture as a proportion of the bank credit to the economy	N/A	N/A	3.50%	5.00%	N/A	N/A
	Deposits in banks as a proportion of GDP	48.0%	43%	55.0%	72.0%	-12pp	-29pp
	Bank credit as a proportion of GDP	37.9%	28.0%	42.0%	53.0%	-14pp	-25pp
	Balances at EMI accounts as a proportion of GDP	0.2%	0.22%	3.0%	6.0%	-2.8pp	-5.8pp
	Proportion of adult population with any insurance product	N/A	8.0%	10.0%	15.0%	-2.0%	-7.0%
	Proportion of small farmers and emerging traders with any insurance product	N/A	N/A	5.0%	7.0%	N/A	N/A
	Market capitalisation as a proportion of GDP	9.0%	8.9%	8.4%	9.2%	0.5%	-0.3%
	Proportion of stock market operators in relation to banks	53%	53%	55%	65%	-2.0pp	-12.0pp
	Number of investors using financial products and capital market services	6,000	7,500	8,000	12,000	500	-4,500

Dimension	Indicator	2016	2017	Global Goal		2017 Deviation vis-a-vis the Goal	
				2018	2022	2018	2022
Financial education	Number of financial products with which adults are familiar	4	4	5	7	-1	-3
	Number of questions on basic financial concepts answered correctly	N/A	3	5	7	-2	-4
	Number of students familiar with capital market products	1,200	1,701	2,500	10,000	-799	-8,299

Source: BM, MSE and MISI

## 6. CONCLUSIONS AND CHALLENGES

### 6.1. Conclusions

In 2017, the country reflected the slowdown in economic activity of 2016, which impacted the 2017 financial services usage indicators, in particular the expansion of banking services in the economy, which stood at 325 bank accounts per 1,000 adults vis-a-vis 360 bank accounts per 1,000 adults in 2016, as for financial intermediation and savings, which in 2017 stood respectively at 28% and 43% vis-a-vis 38% and 48% in 2016.

Notwithstanding the slowdown in the indicators on the use of banking financial services in Mozambique, the electronic money sector, offered by EMIs, contributed to counterweighting the effect, with the number of adults in the population with an electronic money account rising from 40% in 2016 to 44% in 2017. Another sector that made a positive contribution to financial inclusion was the state social welfare system, which enabled 67% of total pensioners enrolled to use the banking system in 2017 vis-a-vis 34% in 2016.

Additionally, there was an improvement in the indicators on access to financial services, the highlight being the increase in the number of bank agents to 249 in 2017 against 214 in 2016 and electronic money agents to 29,602 in 2017 vis-a-vis 25,754 in 2016.

The approved regulation that stood out in 2017 concerns the approval of the Ministerial Order no. 59/2017, of September 15, establishing the readjustment of minimum coverage capital requirements for SORCA. Approval of the Premiums and Commissions Scheme through Notices no. 13/GBM/2017 and 19/GBM/2017 of June 9 and December 26, respectively, also stand out.

The efforts implemented aiming at financial inclusion resulted in a coverage level of (i) 56% of the districts in Mozambique (86 districts) with at least one bank representative; (ii) 66% of the districts (101) with at least one bank agent; (iii) 6% of the districts (10 districts) with at least one microbank and credit cooperative agency; (iv) 80% of the districts (123 districts) with at least one electronic money agent; (v) 29% of the districts (45 districts) with at least one representative of SLO, microcredit operators and deposit taking intermediaries; (vi) 16% of the districts (24 districts) with at least one delegation and branch of insurance institutions; (vii) 59% of the districts (92 districts) with at least one ATM; and (viii) 85% of the districts (131 districts) with at least one POS.

## 6.2. Challenges

In view of the measures implemented in 2017, the following are challenges to the improvement of financial inclusion levels:

- a. Strengthening the NFIS coordination structure:
  - i. Concluding the legal implementation of the NCFI;
  - ii. Continuing the actions aiming to ensure the engagement and participation of all key sectors contributing to financial inclusion in the implementation and monitoring of the action plan;
- b. Designing and implementing financial products and services which will meet the needs of the population:
  - i. Continuing to design financial products and services targeting the vulnerable population, in particular, the population living in rural areas, women and young people who experience poor coverage of formal financial services;
  - ii. Intensifying the awareness of commercial agents and broadly disseminate the use of electronic money, in particular in rural areas;
  - iii. Promoting actions aiming at identifying innovative products and services that meet the specific needs of rural communities, such as services related to the performance of savings and revolving credit groups;
  - iv. Discussing ways to harness the access and adherence of ASCAs to the formal financial system with the various stakeholders;
- c. Continuous improvement of the legal and regulatory framework:
  - i. Continuing the continuous improvement of the legal and regulatory framework to develop regulations for the basic bank account, regulations of payment services providers, including institutions that operate on financial technologies (fintech) and corresponding financial regulation (regtech) together with regulatory sandboxes, in order to provide the overall population with new digital channels to deliver financial services at a lower price;



- ii. Establishing a code of conduct for microfinance operators to help control and regulate the operation of microfinance institutions, thus contributing to strengthening the Mozambican Association of Microfinance Operators (MAMO);
- d. Strengthening the insurance market:
  - i. Continuing the actions aiming to boost microinsurance activity, in particular those offered by digital means, including mobile phones, with a view to broadly disseminate the insurance services offered to the whole Mozambican population. The adherence of the population to insurance services also poses a challenge;
- e. Strengthening the capital market:
  - i. Promoting the emergence of stock market operations, the autonomy of those currently existing and the creation of new categories in brokerage activity, so as to increase competitiveness in the capital market in Mozambique;
  - ii. Boosting the annual growth of the MSE market capitalisation until it reaches 10% in 2019, taking into consideration that the PQG 2015-2019 goal is 8%;
  - iii. Enabling the transference of the percentage of social capital reserved for national investors (5 to 20% of undertakings considered megaprojects) on the MSE and being the vehicle for the dispersion of state-owned companies, preferably in favour of Mozambicans;
- f. Strengthening the financial infrastructure:
  - i. Enhancing the mechanism to register and count EMI agents, in order to avoid overcounting inactive agents;
  - ii. Continuing to strengthen the financial infrastructure, in particular completing the interoperability of the financial services provided by bank institutions through a single national network;
- g. Continuous improvement of the mechanism to collect, determine and publish financial inclusion indicators:

- i. Enhancing the financial inclusion indicators with a view to ensuring greater national coverage, not only at district level, but also at village level, so that the indicators more effectively reflect coverage of financial products and services;
  - ii. Developing research and data collection on the demand side, with a view to enhancing the inclusion indicators disaggregated by legal person, gender and age group;
    - Population with and without bank accounts
    - Population with credit, deposit and insurance contracts
    - Bank and non-bank agents
    - Data disaggregated by age, gender, area of activity, legal person.
  - iii. Ensuring better follow-up and publication of the financial indicators of microfinance institutions subject to monitoring by the BM;
- h. Continuous improvement of the actions around consumer protection and financial literacy:
- i. Promoting the creation of a single national financial literacy programme that delivers a standardised education policy and consumer protection measures in relation to financial products and services.

## 7. ANNEXES

### ANNEX 1: DISTRIBUTION OF THE POINTS OF ACCESS IN MOZAMBIQUE'S 154 DISTRICTS -2017

	Agencies	Bank Agents	Microbanks Agencies and Credit Cooperatives	Non-Banking Agents (IME)	Representations	Delegations and Branches	ATM	POS	TOTAL
City of Maputo	221	20	7	9,323	310	6	593	12509	22,989
Province of Maputo	79	15	4	6440	101	33	242	4686	11600
Matola	49	6	2	5134	85	7	163	2981	8,427
Boane	10	2	0	314	4	0	25	615	970
Magude	1	1	2	30	3	0	2	88	127
Manhiça	6	2	0	189	0	0	21	184	402
Marracuene	3	0	0	586	5	0	11	320	925
Matutuine	2	3	0	44	2	7	2	229	289
Namaacha	1	0	0	31	1	11	2	148	194
Moamba	7	1	0	109	1	8	11	121	258
Xinavane	0	0	0	3	0	0	5	0	8
<b>Gaza</b>	<b>34</b>	<b>20</b>	<b>2</b>	<b>1305</b>	<b>23</b>	<b>6</b>	<b>79</b>	<b>1233</b>	<b>2702</b>
Xai-Xai	16	3	1	617	9	3	39	606	1,294
Bilene	5	2	0	90	3	1	12	209	322
Chibuto	3	1	0	167	3	0	5	72	251
Chicualacuala	1	3	0	30	1	0	1	38	74
Chigubo	0	2	0	0	0	0	0	10	12
Chókwè	6	1	1	238	3	1	15	168	433
Guijá	0	2	0	25	1	0	1	11	40
Mabalane	1	1	0	22	0	0	2	14	40
Manjacaze	1	1	0	91	1	0	2	68	164
Massangena	0	3	0	5	0	0	0	8	16
Massingir	1	1	0	20	2	1	2	29	56
Chonguene	0	0	0	0	0	0	0	0	-
Limpopo	0	0	0	0	0	0	0	0	-
Mapai	0	0	0	0	0	0	0	0	-
<b>Inhambane</b>	<b>38</b>	<b>39</b>	<b>3</b>	<b>2374</b>	<b>17</b>	<b>3</b>	<b>81</b>	<b>1461</b>	<b>4016</b>
Inhambane	7	15	1	407	6	1	19	433	889
Maxixe	11	5	1	379	4	2	22	313	737
Funhaloro	0	2	0	40	0	0	0	22	64
Govuro	1	1	0	11	0	0	2	24	39
Homoine	1	0	0	112	0	0	2	24	139
Inharrime	2	3	0	137	1	0	2	46	191
Inhassoro	2	0	0	87	0	0	4	73	166
Jangamo	1	2	0	102	0	0	2	48	155
Mabote	1	0	0	28	2	0	2	28	61
Massinga	2	3	0	351	0	0	7	127	490

	Agencies	Bank Agents	Microbanks Agencies and Credit Cooperatives	Non-Banking Agents (IME)	Representations	Delegations and Branches	ATM	POS	TOTAL
Morrumbene	2	3	1	108	0	0	5	58	177
Panda	1	2	0	76	0	0	1	14	94
Vilankulo	4	1	0	382	3	0	9	216	615
Zavala	3	2	0	154	1	0	4	35	199
<b>Sofala</b>	<b>55</b>	<b>14</b>	<b>3</b>	<b>2390</b>	<b>14</b>	<b>7</b>	<b>140</b>	<b>2361</b>	<b>4984</b>
Beira	41	4	2	1,797	7	7	105	2113	4,076
Buzi	1	1	0	48	2	0	2	27	81
Caia	1	0	1	82	1	0	2	19	106
Chemba	1	0	0	11	0	0	2	8	22
Cheringoma	0	1	0	1	1	0	0	12	15
Chibabava	2	3	0	12	1	0	5	17	40
Dondo	6	1	0	214	0	0	12	97	330
Gorongosa	1	0	0	59	0	0	2	15	77
Machanga	0	1	0	2	0	0	0	6	9
Maringue	0	0	0	4	1	0	0	6	11
Marromeu	1	1	0	36	0	0	3	17	58
Muanza	0	0	0	2	0	0	2	4	8
Nhamatanda	1	2	0	122	1	0	5	20	151
<b>Manica</b>	<b>32</b>	<b>29</b>	<b>2</b>	<b>1204</b>	<b>4</b>	<b>12</b>	<b>68</b>	<b>1173</b>	<b>2524</b>
Chimoio	20	1	1	716	2	2	45	842	1,629
Bárué	1	3	1	58	0	0	2	42	107
Gondola	2	5	0	87	1	0	4	62	161
Guro	1	2	0	35	0	0	2	17	57
Machaze	0	5	0	7	0	0	0	15	27
Macossa	0	3	0	-	0	0	0	10	13
Manica	5	3	0	171	1	8	8	115	311
Vanduzi	1	1	0	4	0	0	2	32	40
Mossurize	1	2	0	49	0	2	2	23	79
Sussundenga	1	2	0	72	0	0	2	15	92
Tambara	0	2	0	5	0	0	1	0	8
Macate	0	0	0	-	0	0	0	0	-
<b>Tete</b>	<b>41</b>	<b>23</b>	<b>2</b>	<b>1537</b>	<b>9</b>	<b>26</b>	<b>111</b>	<b>1746</b>	<b>3495</b>
Tete	24	3	1	875	4	5	76	1332	2,320
Angónia	5	1	1	97	0	3	11	107	225
Cahora-Bassa	4	2	0	111	4	1	5	91	218
Changara	1	0	0	50	0	7	2	11	71
Chifunde	0	0	0	-	0	0	0	6	6
Chiuta	1	0	0	9	0	0	2	7	19
Macanga	1	1	0	85	1	0	2	6	96
Mágoe	0	7	0	24	0	0	0	20	51
Maravia	0	0	0	11	0	0	0	9	20

	Agencies	Bank Agents	Microbanks Agencies and Credit Cooperatives	Non-Banking Agents (IME)	Representations	Delegations and Branches	ATM	POS	TOTAL
Moatize	4	3	0	188	0	6	11	115	327
Mutarara	1	1	0	85	0	0	2	21	110
Tsangano	0	3	0	2	0	1	0	8	14
Zumbo	0	2	0	-	0	3	0	1	6
Marara	0	0	0	-	0	0	0	12	12
Dôa	0	0	0	-	0	0	0	0	-
<b>Zambezia</b>	<b>31</b>	<b>10</b>	<b>1</b>	<b>2080</b>	<b>11</b>	<b>10</b>	<b>113</b>	<b>1251</b>	<b>3507</b>
Quelimane	13	2	1	1,094	3	5	69	543	1,730
Alto Molócuè	2	0	0	117	3	0	5	57	184
Chinde	0	1	0	1	0	0	0	18	20
Gurúè	3	1	0	124	2	1	7	52	190
Ile	0	0	0	41	0	0	0	22	63
Inhassunge	0	0	0	7	1	0	0	4	12
Lugela	0	0	0	12	0	0	0	15	27
Gilé	0	0	0	9	0	0	0	46	55
Maganja da Costa	1	1	0	35	0	0	2	36	75
Milange	2	0	0	60	0	3	7	57	129
Mocuba	6	1	0	286	0	1	15	168	477
Mopeia	1	1	0	25	0	0	2	32	61
Morrumbala	1	1	0	81	0	0	2	38	123
Namacurra	1	1	0	38	0	0	0	24	64
Namarroi	0	0	0	7	0	0	0	25	32
Nicoadala	1	0	0	100	0	0	4	39	144
Pebane	0	1	0	43	2	0	0	75	121
Luabo	0	0	0	-	0	0	0	0	-
Mulevala	0	0	0	-	0	0	0	0	-
Mocubela	0	0	0	-	0	0	0	0	-
Derre	0	0	0	-	0	0	0	0	-
Molumbo	0	0	0	-	0	0	0	0	-
<b>Nampula</b>	<b>74</b>	<b>31</b>	<b>6</b>	<b>3586</b>	<b>9</b>	<b>13</b>	<b>185</b>	<b>2945</b>	<b>6849</b>
Nampula	36	3	4	2,277	2	6	104	1918	4,350
Nacala-Porto	17	1	2	509	1	6	43	560	1,139
Angoche	2	2	0	143	2	1	4	48	202
Ilha de Moçambique	1	1	0	47	0	0	3	35	87
Lalaua	0	0	0	13	0	0	0	11	24
Malema	2	1	0	32	1	0	2	26	64
Meconta (Namialo)	2	1	0	106	0	0	7	64	180
Mecuburi	0	1	0	16	0	0	0	15	32
Memba	0	2	0	6	0	0	0	11	19
Mogincual	0	2	0	7	0	0	0	19	28
Mogovolas	1	2	0	67	0	0	2	14	86

	Agencies	Bank Agents	Microbanks Agencies and Credit Cooperatives	Non-Banking Agents (IME)	Representations	Delegations and Branches	ATM	POS	TOTAL
Moma	2	1	0	51	1	0	3	30	88
Monapo	2	2	0	54	0	0	5	26	89
Mossuril	0	0	0	18	0	0	1	13	32
Muecate	1	1	0	16	0	0	1	6	25
Murupula	1	1	0	46	1	0	1	25	75
Nacala-Velha	2	4	0	33	0	0	4	61	104
Nacaroa	0	1	0	16	0	0	0	12	29
Erati	1	1	0	30	0	0	2	18	52
Rapale	1	1	0	13	0	0	1	8	24
Ribaué	3	3	0	86	1	0	2	25	120
Larde	0	0	0	-	0	0	0	0	-
Liúpo	0	0	0	-	0	0	0	0	-
<b>Cabo-Delgado</b>	<b>34</b>	<b>12</b>	<b>2</b>	<b>720</b>	<b>12</b>	<b>5</b>	<b>83</b>	<b>1178</b>	<b>2046</b>
Pemba	18	1	2	362	4	4	49	775	1,215
Ancuabe	1	1	0	16	1	0	1	38	58
Balama	1	1	0	9	1	0	2	21	35
Chiúre	2	1	0	31	1	0	4	26	65
Ibo	0	1	0	1	0	0	1	9	12
Macomia	1	1	0	13	0	0	2	27	44
Mecufi	0	0	0	12	0	0	0	8	20
Meluco	0	1	0	6	0	0	0	3	10
Mocimboa da Praia	3	1	0	60	0	0	7	79	150
Montepuez	3	2	0	131	4	1	11	82	234
Mueda	3	1	0	40	0	0	2	22	68
Muidumbe	0	0	0	1	0	0	0	3	4
Namuno	0	1	0	13	1	0	0	9	24
Nangade	1	0	0	1	0	0	2	7	11
Palma	1	0	0	20	0	0	2	23	46
Metuge	0	0	0	1	0	0	0	41	42
Quissanga	0	0	0	3	0	0	0	5	8
<b>Niassa</b>	<b>20</b>	<b>34</b>	<b>2</b>	<b>514</b>	<b>4</b>	<b>3</b>	<b>49</b>	<b>1243</b>	<b>1869</b>
Lichinga	9		1	267	2	0	23	626	928
Cuamba	6	7	0	135	2	1	13	333	497
Lago	2	2	0	7	0	0	3	152	166
Chimbonila	0	3	0	2	0	0	4	40	49
Manjune	0	1	0	-	0	0	0	4	5
Mandimba	1	5	1	26	0	2	2	11	48
Marrupa	1	2	0	3	0	0	2	5	13
Maúa	0	4	0	33	0	0	0	14	51
Mavago	0	1	0	-	0	0	0	11	12
Mecanhelas	1	1	0	11	0	0	2	19	34

	Agencies	Bank Agents	Microbanks Agencies and Credit Cooperatives	Non-Banking Agents (IME)	Representations	Delegations and Branches	ATM	POS	TOTAL
Mecula	0	1	0	-	0	0	0	4	5
Metarica	0	1	0	1	0	0	0	1	3
Muembe	0	3	0	21	0	0	0	9	33
N'gauma	0	0	0	7	0	0	0	8	15
Nipepe	0	2	0	-	0	0	0	1	3
Sanga	0	1	0	1	0	0	0	5	7
<b>Total Points of Access</b>	<b>659</b>	<b>247</b>	<b>34</b>	<b>31473</b>	<b>514</b>	<b>124</b>	<b>1744</b>	<b>31786</b>	<b>66581</b>

Source: INE, BM, ISSM

Remarks: It doesn't include Stock Exchange Operators, in order to avoid overcounting, since they overlap bank institutions.

**ANNEX 2: RELEVANT LEGISLATION CONCERNING FINANCIAL INCLUSION**

REFERENCE	MATTER	ELECTRONIC ACCESS
Notice no. 4/GBM/2009, of March 4	Regulation of the Customer Service for Complaints, Information Requests and Suggestions	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Decree no. 30/2014, of June 5	Amends the heading of subsection IV, section II ant articles 10 and 11 of the Regulation of the Law of Credit Institutions and Financial Societies, approved by Decree no. 56/2004, of December 10	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=13">http://www.bancomoc.mz/fm_pgTab1.aspx?id=13</a>
Notice no. 1/GBM/2015, of April 22	Regarding the rules and criteria for opening and closing Bank Agencies	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Notice no. 2/GBM/2015, of April 22	Regarding the connection to the single national electronic payment network	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Notice no. 3/GBM/2009, of May 4	Regarding the Scheme of Access and Pursuit of the activity of Bank Agents	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Notice no. 4/GBM/2015, of June 17	Approves the guidelines on prevention and repression of money laundering and financing to terrorism	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Notice no. 3/ISSM/2015, of June 30	Establishes the thresholds for the capital at risk in the insurance branches, in the microinsurance segment, under article 52 no. 3 of the Legal Framework for Insurances, approved by Decree-Law no. 1/2010, of December 31	<a href="http://www.portaldogoverno.gov.mz/.../BR+51+III+SERIE+2.º+SUPLEM ENTO+2015.pdf">www.portaldogoverno.gov.mz/.../BR+51+III+SERIE+2.º+SUPLEM ENTO+2015.pdf</a>
Notice no. 6/GBM/2015, of December 31	Establishes the measures to protect funds received from clients in exchange for electronic money issued by the electronic money institutions	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>



REFERENCE	MATTER	ELECTRONIC ACCESS
Notice no. 4/GBM/2016, of November 14	Establishes the processing fee for the request of licence and the annual fee of the credit information centrals license	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Notice no. 5/GBM/2016, of November 14	Establishes the information to be periodically sent by the Credit Information Centrals to the Bank of Mozambique for the purpose of having their activity inspected	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Notice no. 13/GBM/2017, of June 9	Approves the Commissions and Charges Scheme for Financial Services and the corresponding nomenclature, also revokes Notice no. 5/GBM/2009 of June 10	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Notice no. 13/GBM/2017, of June 9	Approves the Commissions and Charges Scheme for Financial Services and the corresponding nomenclature, also revokes Notice no. 5/GBM/2009 of June 10	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Notice no. 19/GBM/2017, of December 26	Amends Notice no. 7 of Notice no. 13/GBM/2017 of June 9	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Circular no. 1/OEP/2018, of January 19	Establishes the structure models for the complete and simplified schedule of rates and instructions for completing it	
Circular no. 2/OEP/2018, of January 19	Establishes the general conditions for contracting and using the automatic payment terminal	
Decree no. 49/2010, of November 11	Creates the Deposits Guarantee Fund (Fundo de Garantia de Depósitos - FGD) and approves the Regulation thereof.	

REFERENCE	MATTER	ELECTRONIC ACCESS
Decree-Law no. 1/2010, of December 31	Approves the Insurance Legal Framework	<a href="http://www.issm.gov.mz/index.php/en/2014-09-23-09-14-49/seguros">http://www.issm.gov.mz/index.php/en/2014-09-23-09-14-49/seguros</a>
Decree no. 30/2011, of August 11	Approves the Regulation on the conditions to access and pursue insurance activity and respective brokerage	<a href="http://www.issm.gov.mz/index.php/en/2014-09-23-09-14-49/seguros">http://www.issm.gov.mz/index.php/en/2014-09-23-09-14-49/seguros</a>
Decree no. 66/2014 of October 29	Approves the Regulation of the Law no. 14/2013, of August 12, which establishes the legal framework and prevention and repression measures with regards to using the financial system and non-financial entities for capital laundering, funding terrorism and associated crimes.	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=13">http://www.bancomoc.mz/fm_pgTab1.aspx?id=13</a>
Decree no. 11/2016, of May 16	Approves the Regulation of the Law no. 6/2015, of October 6	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=13">http://www.bancomoc.mz/fm_pgTab1.aspx?id=13</a>
Decree no. 27/2016, of July 18	Approves the Regulation of the Consumer Protection Law	<a href="http://www.salcaldeira.com/index.php/pt/publicacoes/artigos/doc_download/913-decreto-n-27-2016-aprova-o-regulamento-da-lei-de-defesa-do-consumidor+&amp;cd=2&amp;hl=pt-PT&amp;ct=clnk&amp;gl=mz">www.salcaldeira.com/index.php/pt/publicacoes/artigos/doc_download/913-decreto-n-27-2016-aprova-o-regulamento-da-lei-de-defesa-do-consumidor+&amp;cd=2&amp;hl=pt-PT&amp;ct=clnk&amp;gl=mz</a>
Law 15/99, of November 1	Regulates the establishment and pursuit of credit institutions and financial societies activity	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=14">http://www.bancomoc.mz/fm_pgTab1.aspx?id=14</a>  <a href="http://www.salcaldeira.com/index.php/pt/publicacoes/artigos/doc_download/133-lei-n-15-99-regula-o-estabelecimento-e-exercicio-da-atividade-das-instituicoes-de-credito-e-das-sociedades-financeiras+&amp;cd=3&amp;hl=pt-PT&amp;ct=clnk&amp;gl=mz">www.salcaldeira.com/index.php/pt/publicacoes/artigos/doc_download/133-lei-n-15-99-regula-o-estabelecimento-e-exercicio-da-atividade-das-instituicoes-de-credito-e-das-sociedades-financeiras+&amp;cd=3&amp;hl=pt-PT&amp;ct=clnk&amp;gl=mz</a>
Law no. 9/2004, of July 21	Introduces amendments to Law no. 15/99, of November 1	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=14">http://www.bancomoc.mz/fm_pgTab1.aspx?id=14</a>

REFERENCE	MATTER	ELECTRONIC ACCESS
Law no. 22/2009, of September 28	Approves the Consumer Protection Law	<a href="http://www.salcaldeira.com/index.php/pt/publicacoes/artigos/download/906-lei-n-22-2009-lei-de-defesa-do-consumidor+&amp;cd=1&amp;hl=pt-PT&amp;ct=clnk&amp;gl=mz">www.salcaldeira.com/index.php/pt/publicacoes/artigos/download/906-lei-n-22-2009-lei-de-defesa-do-consumidor+&amp;cd=1&amp;hl=pt-PT&amp;ct=clnk&amp;gl=mz</a>
Law no. 14/2013 of August 12	Prevention and Combat to Money Laundering and Terrorism Financing Law, revoking Law 7/2002, of February 5	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=14">http://www.bancomoc.mz/fm_pgTab1.aspx?id=14</a>
Law no. 26/2014, of September 23	Regarding the revision of Law no. 2/96 of January 4, which regulates and disciplines the right to present petitions, claims and complements before the relevant authority	<a href="http://www.salcaldeira.com/index.php/pt/publicacoes/artigos/download/882-decreto-n-27-2014-estabelece-o-regime-especifico-de-tributacao-e-de-beneficios-fiscais-das-operacoes-petroliferas+&amp;cd=1&amp;hl=pt-PT&amp;ct=clnk&amp;gl=mz">www.salcaldeira.com/index.php/pt/publicacoes/artigos/download/882-decreto-n-27-2014-estabelece-o-regime-especifico-de-tributacao-e-de-beneficios-fiscais-das-operacoes-petroliferas+&amp;cd=1&amp;hl=pt-PT&amp;ct=clnk&amp;gl=mz</a>
Law no. 6/2015 of October 6, 2015	Creates the Privately Managed Credit Information System	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=14">http://www.bancomoc.mz/fm_pgTab1.aspx?id=14</a>
Law no. 13/2017 of January 9	Electronic Transactions Law	<a href="http://www.portaldogoverno.gov.mz/.../LEI_DE_TRANSACCOES_ELECTRONICAS.pdf">www.portaldogoverno.gov.mz/.../LEI_DE_TRANSACCOES_ELECTRONICAS.pdf</a>
Ministerial Order no. 222/2013, of September 23	Approves the Accounts of the Deposits Guarantee Fund.	
Ministerial Order no. 223/2013, of September 23	Establishes the criteria and rating methods to be used by the credit institutions that take part in the initial contribution to the Deposits Guarantee Fund.	
Ministerial Order no. 61/2016, of September 21	Establishes the limits of the guarantee to be reimbursed by the Deposits Guarantee Fund	
Ministerial Order no. 62/2016, of September 21	Establishes the criteria and methodologies to use in determining the periodic annual contribution to be given to the Deposits Guarantee Fund by the credit institutions authorized to take deposits and subject to prudential supervision by the Bank of Mozambique.	

REFERENCE	MATTER	ELECTRONIC ACCESS
Ministerial Order no. 59/2017 of September 15, Government Gazette no. 145, Series I	Establishes the readjustment of minimum capital requirements for the coverage of the Compulsory Motor Civil Liability Insurance (SORCA)	