



REPUBLIC OF MOZAMBIQUE

# FINANCIAL INCLUSION REPORT | 2019



MAPUTO, SEPTEMBER 2020

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## **CREDITS**

4<sup>th</sup> Edition

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## LIST OF ACRONYMS

AMB	Mozambican Association of Banks
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
AMS	Mozambican Insurers Association
ASCAs	Accumulating Savings and Credit Associations
ATM	Automated Teller Machines
BM	Banco de Moçambique
BVM	Mozambique Stock Exchange
CNIF	National Committee for Financial Inclusion
NFIS	National Financial Inclusion Strategy
FARE	Economic Rehabilitation Support Fund
FDD	District Development Fund
FFH	Housing Development Fund
FISF	Financial Inclusion Support Framework
FSDMoç	Financial Sector Deepening Mozambique
WG	Working Groups
FII	Financial Inclusion Index
EMI	Electronic Money Institutions
INDE	National Institute for the Development of Education
INAS	National Social Action Institute
INCM	National Communications Institute of Mozambique
INE	National Statistics Institute
INPS	National Institute of Social Welfare
INSS	National Institute of Social Security
ISSM	Insurance Supervision Institute of Mozambique for the Promotion of Small and Medium Enterprises
IPEME	
KYC	Know Your Customer
MEF	Ministry of Economy and Finance
MGCAS	Ministry of Gender, Children and Social Action
MIC	Ministry of Industry and Commerce
MINEDH	Ministry of Education and Human Development
MJACR	Ministry of Justice and Constitutional and Religious Affairs
MITADER	Ministry of Land, Environment and Rural Development
MITESS	Ministry of Labor, Employment and Social Security
MOPHRH	Ministry of Public Works, Housing and Water Resources
MSMEs	Micro, Small and Medium Enterprises
MTC	Ministry of Transport and Communications
NUIT	Unique Tax Identification Number
GDP	Gross Domestic Product
POS	Point of sale
NPS	National Payment System

## SUMMARY

**In 2016, the Government of Mozambique launched the National Financial Inclusion Strategy (NFIS) 2016-2022.** Fundamentally, the NFIS aims to provide a structured approach for the establishment of priority policies and measures to monitor, evaluate and coordinate the actions being carried out by various stakeholders, to allow for significant progress in developing a financially inclusive society in Mozambique.

**The NFIS success is associated with the conditions of the economy and the financial sector, and the level of involvement of the government and the private sector.** In effect, despite the macroeconomic and fiscal challenges in recent years, several actions have been implemented and underway, through various institutions at the level of government and the private sector, aimed at promoting the expansion of access points to financial products in the country, especially in rural areas.

**Since the NFIS implementation in 2016, Mozambique has seen significant results in financial inclusion.** According to FinScope data, in 2019, the percentage of the population with access to a bank account stood at 21%, 39 percentage points (pp) below the 60% target expected for the year 2022. On the other hand, the expansion of e-money accounts stood at 41%, 19pp below the 60% target expected for the year 2022.

**In terms of physical access, more districts have come to have at least one access point to financial services.** Out of a total of 154 districts, the country has 112 covered with bank branches and 28 covered by micro-banks and credit unions, representing a level of coverage of 73% and 18% of the total districts, respectively.

**The NFIS action plan also shows progress in the level of implementation of the planned activities.** Of the 54 actions included in the NFIS action plan for 2016 - 2022, by the end of 2019, 9 actions (17%) were completed, 37 actions (69%) were in progress and 8 actions had not yet been started (15%).

**The national financial system has experienced growth and expansion through the improvement and expansion of its infrastructure, thus contributing to greater inclusion of the population.** In fact, in 2019 the country had (i) 39 credit institutions, of which 16 banks, 11 micro-banks, 2 investment companies, 3 electronic money institutions and 7 Credit Unions; (ii) 14 financial companies, of which 1 Group Purchasing Management Company, 2 credit card issuing or management companies and 11 exchange offices; (iii) 541 microfinance operators, of which 12 savings and loan organizations and 529 microcredit operators; and (iv) 33 institutions in the category of other financial institutions, including 19 insurers and 14 stock exchange operators.

**At international and regional level, Mozambique has maintained cooperation and collaboration with various institutions in matters of financial inclusion.** The highlight is the closure of the Financial Inclusion Support Framework (FISF) of the World Bank, through which, since 2015, Mozambique has received technical support on activities related to the elaboration, review/evaluation and implementation of the 2016-2022 NFIS.

The last scheduled activity was the NFIS mid-term review, which took place between 8 and 12 July 2019.

**In light of the Maya Declaration on Financial Inclusion, Mozambique made three (3) commitments under the Sochi Agreement**, namely: (i) approving an instrument to implement the Regulatory Sandbox for Fintechs by December 2019; (ii) establishing a regulatory framework (regtech) that complies with financial innovation (fintechs), including its prudential supervision by December 2020; and (iii) ongoing promotion of financial products and services, business models and innovative solutions that contribute to making financial services available to the general population on the domestic market.

**Improving the legal and regulatory framework in the financial sector is a primary condition for boosting financial inclusion.** Thus, with a view to the increase and diversification of financial institutions, alternative means of payment, financial services and technological innovation in the financial system, the Council of Ministers approved Decree No. 99/2019, of December 31, which establishes the legal regime for companies providing payment services.

**The mapping of access points to financial products and services was consolidated over the period under review.** The level of mapping was completed for bank branches, but a minimum capture was recorded for POS and electronic money agents.

**Consumer protection is the key to maintaining the trust of users of financial services.** For this purpose, within the framework of the legal, regulatory and supervisory framework for protecting financial consumers, Notice No. 01/GBM/2019 of January 11 (regulation of Information duties in the context of the receipt of deposits) was approved.

**Digital financial services are important for financial inclusion because of their convenience and effectiveness.** From the survey with 13 commercial banks, it was found that internet banking is offered by about 92% of banks, mobile banking (USSD) by 69% and mobile banking (app) by 69%.

**The level of penetration of the insurance market remains low.** The sector is facing a great difficulty in the expansion of microinsurance. The process of collecting information for the review of the legislation of the sector is underway.

**The performance of the capital market is based on the behavior of its main indicators.** Market capitalization, the main indicator of the stock market evolved from 85,339.46 million MT, in 2018, to 102,138.73 million MT, in 2019, equivalent to a growth of 19.7%.

**Government initiatives aimed at the financial inclusion of the rural population have contributed to improving levels of access to financial services per population group.** The focus is on implementing the following projects: (i) **District Development Fund (FDD)**, that, in the year 2019, provided for a total of 84.607,87 thousand MT, which supported 887 individuals; and (ii) **“One district, one bank”**, which aims to create equal opportunities in terms of proximity to, and availability of financial services to all categories without distinction, and in 2019, allowed for the installation of 22 bank branches, for a total of 35 bank branches, since 2016, the year of the project launch; and (iii) **“Sustenta”** that in 2019 supported ten (10) districts, five (5) in the Zambézia province and five (5) in the Nampula province.

**Digitization of Government to Person payments (G2P) is a way to improve access of the vulnerable population to financial services.** In fact, the state's compulsory social welfare system, which covers civil and military state employees, recorded, until December 2019, a total of 203,161 pensioners, against 186,334 in 2018 (an increase of 9.0%), of which 160,308 (78.9%) receive their pensions via the bank, against 122,496 pensioners who received via the bank in 2018, corresponding to an increase in 30.9%.

**The lack of identification documents, proof of residence, proof of income and unique tax identification number (NUIT) represent a major obstacle to financial inclusion for the low-income population.** Thus, it is urgent to define appropriate criteria for the opening and movement of bank accounts by lower-risk customers, taking into account the rules on combating money laundering and terrorist financing (AML/CFT). To this end, training and the respective national risk assessment in this field took place in November 2019. This activity is a mandatory condition for defining know your customer (KYC) requirements by levels.

**Despite notable developments over 2019, challenges remain to improve levels of financial inclusion, especially in rural areas.** Thus, in order to ensure the effective implementation and achievement of NFIS objectives, actions that may have a high short-term impact on financial inclusion should be defined. These actions include: (I) Implementing the National Committee for Financial Inclusion (CNIF); (ii) Continuous modernization of the legal and regulatory framework; (iii) Continuous strengthening of the insurance and capital market; and (iv) completion of the georeferenced mapping of access points to financial services.

## 1. INTRODUCTION

Financial inclusion is essential for sustainable economic development. Aware of this fact, in 2016, the Government of Mozambique launched the 2016 - 2022 National Strategy for Financial Inclusion (NFIS), based on three pillars, namely: i) access and use of financial services, ii) strengthening of financial infrastructure and iii) consumer protection and financial education.

The NFIS provides a structured approach to the establishment of priority policies and actions, as well as monitoring, evaluation and coordination mechanisms among the various stakeholders, aimed at increasing access to and use of financial products and services by Mozambicans.

The success of NFIS is associated with the conditions of the economy, the financial sector, as well as the level of involvement of the government and the private sector. In fact, despite the macroeconomic and fiscal challenges in recent years, several actions have been implemented and underway, through various institutions at the level of government and the private sector, aimed at promoting the expansion of access points to financial products in the country, especially in rural areas.

Since the NFIS implementation in 2016, Mozambique has seen significant results in financial inclusion. According to FinScope data, in 2019 the percentage of the population with access to a bank account stood at 21%, 39pp below the 60% target expected for the year 2022. On the other hand, the expansion of e-money accounts stood at 41%, 19pp below the 60% target expected for the year 2022. In terms of physical access, there was also an improvement in the percentage of districts with at least one access point to formal financial services, which rose to about 73%.

The NFIS action plan also showed progress in the level of compliance with the planned activities. Of the 54 actions included in the 2016 – 2022 NFIS action plan, by the end of 2019, 9 actions (17%) were completed, 37 actions (69%) were in progress and 8 actions had not yet been started (15%).

However, challenges for broader financial inclusion still prevail, especially in rural areas. Thus, in order to ensure the effective implementation and achievement of NFIS objectives, actions that may have a high short-term impact on financial inclusion should be defined.

This annual report presents the evolution of financial inclusion in the country until December 2019. To this end, the document highlights the degree of compliance with the action plan, as well as the evolution and monitoring of the progress of the targets defined in the NFIS, and identifies the main challenges that will define the priorities for 2020-2022.

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

In compliance with the NFIS action plan, in line with the financial inclusion pillars established, several actions were implemented that consolidate the recommendations of the 2013-2022 Strategy for the Development of the Financial Sector of Mozambique and the 2016-2022 NFIS.

The points described below present the latest regulatory, infrastructure, consumer protection and financial education measures that contribute to financial inclusion. The actions were implemented at the level of the various institutions that make up the CNIF, with a view to materializing the objectives established in each pillar of the NFIS.

### **2.1. Cooperation with International Organizations**

In 2019, the implementation of NFIS continued to benefit from the support of the World Bank. Within the FISF framework, Mozambique has been receiving support since 2015 for assistance in the activities related to the preparation, review/evaluation and implementation of the 2016-2022 NFIS. The last scheduled activity was the NFIS mid-term review, which took place between 8 and 12 July 2019.

At the level of the BM's participation as a main member of the Alliance for Financial Inclusion, the following measures stand out:

- (1) Appointment of Mozambique to chair the Digital Financial Services Working Group during the Global Policy Forum main ceremony in September 2019 in Kigali, Rwanda;
- (2) In light of the Maya Declaration, the BM made three (3) commitments under the Sochi agreement, which emphasizes the importance of innovation and technology in advancing and accelerating financial inclusion, namely:
  - (i) Approve the Regulatory Sandbox implementation instrument for Fintechs by December 2019;
  - (ii) Develop a regulatory framework (regtech) that adapts to financial innovations (fintechs) and includes prudential supervision of fintechs by December 2020; and
  - (iii) Continuously promote the introduction into the national market of financial products and services, business models and innovative solutions that contribute to the provision of affordable financial services to the entire population.

## 2.2. Access and Use of Financial Services

During 2019, the first edition of the Regulatory Sandbox for Fintechs took place, in which four (4) fintechs participated, namely: Ekutiva, Paytek, Robobo and Mukuru.

As part of the extension of financial services to rural areas, actions have begun towards the opening of accounts for about 72,000 tobacco producers in the provinces of Niassa, Tete and Zambezia.

The mapping of access points to financial products and services had its consolidation over the period under analysis, with the mapping of all bank branches and the beginning of the acquisition of automatic teller machines (ATM) and Point of Sale (POS) terminals.

Regarding financial stability, the Banco de Moçambique (BM) has made efforts to comply with the international principles established on AML/CFT. In this context, the following actions took place:

- Training in methodologies for the National Risk Assessment of AML/CFT (mutual assessment), from 13 to 15 November 2019; and
- Mutual evaluation of Mozambique from November 15 to December 13, 2019.

The Government of Mozambique, with the support of the World Bank, is carrying out an initiative aimed at digitizing state payments. The project is being implemented at the level of the National Institute of Social Action (INAS) and aims to ensure the payment of social benefits electronically to about 90,000 beneficiaries in Nampula province and 18,000 beneficiaries in Gaza province.

In 2019, at the level of the Economic Rehabilitation Support Fund (FARE), to promote financial inclusion, the following actions were implemented:

- a. Follow-up and monitoring work and supervision of the implementation of ongoing activities within the framework of the connection of the Accumulating Savings and Credit Associations (ASCAs), with the formal financial sector.
- b. In implementing component III of the Rural Finance Support Program, FARE boosted the creation of 1,937 ASCAS, with 33,952 members of 1,334 ASCAS and a universe of 25,896 members initially planned, which represented 145% and 131% of the established targets, respectively. The total amounts handled as accumulated savings and credit granted were equivalent to USD 1.6 million and USD 0.389 million, respectively, with generated interest of USD 0.357 million and a social fund of USD 0.14 million.
- c. In a six-month period, FARE tested a successful initiative to link ASCAs groups to the M-Kesh platform in order to ensure the safety of savings and allow for their use in electronic business transactions. In this pilot project, 126 people were trained in the Mogovolas district, Nametil administrative post, of which 33 were members of Associations of ASCAs animators, 90 members of three ASCAs groups, two technicians of the ASCAs service provider and a representative of FARE.

- d. The success of the test carried out allowed that, with the financing of the African Development Bank, FARE provided support, training and assistance in the development of knowledge and skills to 662 ASCAs, with 16,183 members above the established targets, respectively of 10.15% and 9.06%, of the 601 groups with approximately 14,838 members initially planned.
- e. The assisted groups were qualified and trained to carry out financial transactions using mobile phones, totaling the amount of 17,264,467. 00 MT, having covered in geographical terms seven districts and five provinces of the country, namely Inhambane, Manica, Nampula, Niassa and Sofala.

The chart below presents the status of the actions of Pillar 1 of the NFIS Action Plan, and out of the total of 31 actions set out in it for 2016-2022, 5 Actions (16%) have been completed, 20 actions (65%) are in progress and 6 actions (19 %) have not been initiated.

**Chart 1: Pillar I – Access and Use of Financial Services**

<i>Objective</i>	<i>Action</i>	<i>Leader</i>	<i>Status</i>
<i>Expand and diversify the network of access points to financial services</i>	1. Promote a wide application of Notice No. 3/2015, on the Regime of access and exercise of the activity of banking agents.	BM AMB	<b>Completed.</b> Financial education campaigns were carried out on the role and advantages of banking agents on both the demand and supply side, as well as awareness-raising actions with the banking system, with a view to greater adherence to this access channel. Regulatory review of banking agents is underway.
	2. Based on geospatial mapping, define possible regulatory measures to complement the future network of agents in disadvantaged areas, such as the creation of light branches.	BM	<b>Ongoing.</b> The mapping of bank branches and ATM has been completed; however, the mapping of POS and EMI agents is still underway.
<i>Improve the legal and regulatory framework for the expansion of products and services</i>	3. Create, regulate and promote the basic bank account.	BM	<b>Ongoing.</b> Proposal for a regulation on simplified bank accounts and draft revision of the reduction of the legal minimum age for opening bank accounts developed, and pending publication.
	4. Propose specific regulations on the opening and handling of bank accounts, including lowering the minimum age, and promote the basic bank account.	BM GIZ	<b>Ongoing.</b> Draft regulation on simplified bank account and draft revision of the reduction of the legal minimum age for opening bank accounts developed, and pending publication.



<b>Objective</b>	<b>Action</b>	<b>Leader</b>	<b>Status</b>
<i>Improve the legal and regulatory framework for the expansion of products and services</i>	5. Promote electronic payments (POS expansion).	BM MIC	<b>Ongoing.</b> Circular 2/EP / 2018 establishes the terms of contracting and using POS terminals. The charges and fees notice allows for limited free transactions per month, including POS and ATM transactions. However, this action is of a permanent nature.
	6. Establish a single regulatory framework for electronic money issuance activity.	BM GIZ	<b>Ongoing.</b> The EMI scheme and its activity will be regulated by its own instrument after the approval of the decree/regulation of payment service providers.
	7. Improve the regulatory framework to ensure the efficiency, competition and security of electronic transactions in the financial system.	BM	<b>Ongoing.</b> The terms of reference are being prepared under the Electronic Transactions Law.
	8. Create a legal, regulatory and supervisory framework for the activity of domestic and international bank transfers (money transfers).	BM	<b>Completed.</b> Legal Regime of companies providing payment services approved by Decree No. 99/2019, of December 31.
	9. Create a regulatory framework for the expansion of simplified microinsurance products.	ISSM	<b>Complete.</b> Guidelines on preventing and combating money laundering and terrorist financing applicable to the insurance sector approved by Notice No. 1/CA-ISSM/2019, of May 30.
	10. Create insurance services via mobile phone.	ISSM AMS	<b>Ongoing.</b> The current insurance legal regime does not recognize digital signatures. In these terms, a review of the legislation on the subject is under way so that insurers can conclude insurance contracts via mobile phone.
	11. Create a regulatory framework for expansion of simplified microinsurance products.	ISSM	<b>Ongoing.</b> The current insurance law does not recognize digital signatures. Under these terms, a review of legislation is under way for insurers to conclude insurance contracts via mobile phone.
	12. Strengthen the ISSM supervisory capacity.	ISSM	<b>Ongoing.</b> The ISSM has established an agreement with the World Bank to strengthen its supervisory capacity. Supervisory support tools such as a licensing manual and risk analysis tools have been developed.
	13. Create a regulatory framework for development of financing based on deposit certificates.	MIC	<b>Not initiated</b>

<b>Objective</b>	<b>Action</b>	<b>Leader</b>	<b>Status</b>
<i>Improve the legal and regulatory framework for the expansion of products and services</i>	14. To promote campaigns for the registration of national citizens and the provision of identification documents.	MJACR	<b>Ongoing.</b> Several initiatives have been undertaken to assign identity documents, considering that most Mozambicans still do not have identification documents.
	15. Create a national finance program for housing.	FFH	<b>Not initiated</b>
	16. Pay pensioners and beneficiaries of INSS by electronic means that facilitate financial inclusion.	INSS	<b>Ongoing.</b> The INSS can only make disbursements to bank accounts, so it is still a challenge to cover all registered beneficiaries.
	17. Pay beneficiaries of social action programs by electronic means that facilitate financial inclusion.	MGCAS	<b>Ongoing.</b> As part of the Financial Inclusion Support Framework, an evaluation of the digitization of INAS social benefit transfers was carried out, which will allow social action payments in the pilot regions to be made to the bank account or electronic money account at the choice of the beneficiary.
	18. Develop microinsurance products for MSMEs, farmers, informal traders ( <i>mukheristas</i> ), market vendors and low-income population.	ISSM AMS	<b>Ongoing.</b> With the support of FSDMoç, a roadmap for the development of a sustainable microinsurance ecosystem was developed. Based on this roadmap, a resident adviser is expected to be held at the ISSM to lead the implementation process of its recommendations.
	19. Develop financing, savings and payment products suitable for the low-income population, MSMEs and farmers.	BM AMB EMI	<b>Ongoing.</b> A task force was created consisting of the BM, DNIC, Registries and Notaries, Tax Authority, commercial banks and FNDS, to ensure access to banking services by agricultural producers in Tete, Niassa, Zambézia and Manica.
<i>Improve the legal and regulatory framework for the expansion of products and services</i>	20. Collect additional relevant statistical information for the compilation of financial inclusion indicators.	BM ISSM	<b>Ongoing.</b> Permanent action. The information on the NPS provided by credit institutions is being compiled by the BM and is expected to be consolidated with the publication of the relevant Notice.  Reformulated data collection tables to include gender and age groups (bank account, bankcards and EMI subscribers).  BSA tests for sending statistical information, in order to facilitate access and improve its quality have been completed.
	21. Carry out events for disseminating knowledge (workshops and courses) on business models aimed at low-income segments, farmers or MSMEs, and their risk management models.	BM ISSM AMB AMS	<b>Ongoing.</b> Permanent action. Several events were held to disseminate knowledge in the fields of insurance, banking services and products, and capital markets.

<b>Objective</b>	<b>Action</b>	<b>Leader</b>	<b>Status</b>
<i>Improve the legal and regulatory framework for the expansion of products and services</i>	22. Create training mechanisms for insurance market professionals (actuaries)	ISSM AMS	<b>Completed.</b> Permanent action. Several initiatives have been carried out by ISSM and operators to train their executives in insurance matters (actuaries).
	23. Carry out a study on the flows of mass payments in the private sector that could be digitized.	BM	<b>Not initiated</b>
	24. Carry out a diagnostic study on the domestic and international transfer market.	BM	<b>Not initiated</b>
	25. Carry out a study of financial inclusion based on a demand-side approach.	BM	<b>Ongoing.</b> The third FinScope survey was conducted in 2019.
	26. Carry out a diagnosis on the leasing market.	BM	<b>Not initiated</b>
	27. Carry out a diagnosis on the factoring market.	BM	<b>Not initiated</b>
	28. Carry out an evaluation of existing initiatives for rural finance, in order to improve and identify synergies with private initiative.	MITADER (MADER)	<b>Ongoing.</b>
	29. Strengthen the capacity (management, accounting, planning) of MSMEs and their connection to market structures (associations and production chains).	IPEME	<b>Ongoing.</b> Permanent action. The IPEME has several programs to promote the empowerment of MSMEs. GIZ has carried out several programs aimed at women-owned MSMEs, with an emphasis on sustainable business models.
	30. Implement an information regime to identify the credit portfolio to MSMEs.	BM	<b>Ongoing.</b> A decision should be taken, in coordination with the AMB, on how best to track the credit to MSMEs.
31. Create the Annual Financial Inclusion report.	BM	<b>Completed.</b> Financial Inclusion reports for 2016, 2017 and 2018 have already been published.	

Source: BM

## 2.3 Strengthening the financial infrastructure

The Council of Ministers approved Decree No. 99/2019, of December 31, which establishes the legal regime for payment service providers. This decree creates legal conditions for the promotion of a modern and inclusive sector, through the increase and diversification of financial institutions, alternative means of payment, financial services and technological innovation in the financial system.

The Movable Securities Law, passed in 2018, aims to improve the infrastructure for healthy credit expansion. In this context, the Ministry of Justice, Constitutional and Religious Affairs (MJACR) is preparing the proposal of the respective regulation. This Law creates the Movable Securities Central, which is expected to come into operation in 2020, with the support of technical assistance from the International Finance Corporation, the World Bank Group.

In order to strengthen the information system and credit guarantees, the MJACR submitted the draft law to reform the Land Registration Code to the Assembly of the Republic, focusing on movable securities. An electronic system of land registration was also designed, with two implementation phases:

- (i) Interconnection of local land registers; and
- (ii) Interconnection with banking systems.

In addition, a legal reform is underway that covers the matter of aligning the minimum age for opening an account versus the age for establishing an employment bond. The chart below presents the status of the actions contained in Pillar II of the NFIS action plan.

Of the total of 8 actions set out in Pillar II of the 2016-2022 NFIS Action Plan, 3 actions (38%) have been completed, 3 actions (38%) are ongoing, and 2 Actions (24%) have not been started.

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

Objective	Action	Leader	Status
<i>Improve the NPS infrastructure</i>	1. Create the Regulation for Payment Processing Companies	BM	<b>Completed.</b> Legal Regime of companies providing payment services approved by Decree No. 99/2019, of December 31.
<i>Improve infrastructure for healthy credit expansion</i>	2. Improve the reporting regime to the Central Credit Register to ensure up-to-date information on lenders	BM	<b>Completed.</b> The BM issued notice 5/GBM / 2016, which requires Central Offices for Credit Information to send periodic information to the Banco de Moçambique.
	3. Create records of movable guarantees	MJACR BM	<b>Completed.</b> Movable securities Law approved (Law No. 19/2018, of December 28).

Objective	Action	Leader	Status
<i>Improve infrastructure for healthy credit expansion</i>	4. Create a legal framework for the use of movable guarantees and enhance credit rights (secured transactions law).	MJACR BM	<b>Ongoing.</b> The draft regulation of the Movable Securities Law is currently being prepared.
	5. Modernize, automate and extend the coverage of real estate records.	MJACR	<b>Ongoing.</b> The Council of Ministers approved a Draft of Law on real state guarantees in 2017, which is under parliamentary consideration.
	6. Carry out a diagnosis on the legal framework and the existing structure for timely and fair execution of guarantees in extrajudicial context.	MEF	<b>Not initiated.</b>
	7. Carry out a mapping and diagnosis of existing credit guarantee funds.	BM	<b>Not initiated.</b>
	8. Create a Credit Guarantee Fund following international best practices, to encourage credit to MSMEs and farmers.	BM	<b>Ongoing.</b> MITADER created a Credit Guarantee Fund for agribusiness under the Sustenta project and selected a management company. It is expected to issue its first guarantees in 2020.

Source: BM

## 2.4 Consumer Protection and Financial Education

As for the improvement of consumer protection and financial education, the highlight goes to the approval of Notice No. 01 / GBM / 2019, of January 11 (regulation of information duties in receiving deposits).

With regard to the BM, in 2019, implementing the following financial education actions is highlighted:

- a. Celebration of thematic events in financial education, namely (I) International Money Week; (ii) Metical week and World Savings Day, involving branches of the BM, the Mozambique Stock Exchange (BVM), the Institute of insurance Supervision (ISSM) and the financial system;
- b. Carrying out lectures in educational and public institutions in various districts of the country, in coordination with BM branches;
- c. Banco de Moçambique's Financial Education Program (PEFBM) Videos started showing on the Mozambique Post Office buses, which travel to all provincial capitals;
- d. Participation in the Fair on Women's Day, an event in which about 200 participants, mostly women, obtained clarification on the management of personal finances, having also received brochures and leaflets on family budget and bank accounts.

- e. Coordination with the Ministry of Education and Human Development (MINEDH), through the National Institute for the Development of Education (INDE), for including financial education content in the National Education System.

At the level of the insurance market, the following financial education actions implemented by ISSM are highlighted:

- a. Signing of a memorandum of understanding with MINEDH, through INDE on May 3, 2019, to integrate insurance subjects in the school curricula of general primary and secondary education, and the joint implementation of other financial education programs.
- b. In coordination with the BM and the BVM, Economic Journalists were trained on financial education.
- c. A training session aimed at MINEDH and INDE employees was held on insurance, namely legal regime of insurance, insurance concepts, types of insurance, compulsory insurance in Mozambique, composition of the insurance sector, rights and duties of the parties involved in the insurance contract, and financing and savings alternatives through the BVM.
- d. A training action aimed at traffic police officers in matters of car insurance was carried out.
- e. In partnership with the Mozambique Financial Information Office, a seminar was held on May 6, 2019, in Maputo on the draft notice approving the guidelines on preventing and combating money laundering and terrorist financing applicable to the insurance sector.
- f. Over 2 thousand informative materials on the role of the ISSM and educational materials on insurance, were disseminated and distributed during the financial education campaigns, disseminating the mechanisms for customer service.
- g. ISSM staff received training in communication techniques in press relations, given the importance of good relations with the press for promoting the insurance sector in Mozambique.
- h. Collection of insurance legislation and supplementary pension funds launched;
- i. Training actions to help media professionals better convey information on insurance, stock exchanges and money laundering carried out.
- j. Participation in other financial events, such as financial inclusion fairs, entrepreneurship events, Money Week celebrations, among others, always addressing the social and economic importance of insurance.
- k. Biannual production of an edition of the newsletter on the sector, which, besides information on the ISSM, includes information on the insurance contract.

In the segment of financial literacy promotion and dissemination of capital market products and services, in 2019, the BVM boosted the following actions of education and financial literacy:

- a. In the calculation of the activities that contribute to the increase of financial knowledge levels, there is the design of the Financial Education Program, with a 4-year time frame (2020-2024).
- b. The activities developed by the BVM under the 2017-2019 Financial Education Program, which had, among others, the following objectives: to massify the concepts of capital market and Stock Exchange, reached a universe of 25 thousand citizens, 9500 investors and 3500 students, and boosted the stock market.
- c. Reports (market and activity performance), brochures, leaflets and other means of information dissemination were also produced, reaching target audiences such as entrepreneurs, investors, representatives of professional orders, state leaders, students and other segments of society.
- d. Thus, in 2019 alone, more than 55,000 people were directly trained and indirectly thousands of others who comprise the different priority target audiences, through seminars, fairs, conferences, workshops, interviews, presentation of videos and audio spots, and articles, reports and communications in the main media (radio, television, newspapers and magazines).
- e. As a way to provide the population with knowledge about the capital market, the BVM produced two promotional videos, which presented simulations of real cases, participated in fairs and exhibitions, especially 55<sup>th</sup> Edition of FACIM, and held workshops aimed at children and young people.
- f. In order to encourage more companies to join the capital market, the BVM created the third Market Regulation (preparatory or transitional market), a market segment of the BVM that is an alternative to the Official Quotes Market and the Second Market, with the sole objective of incubating/inducing/preparing companies to enter the Official Quotes Market or the Second Market.

The following are also actions that have contributed to the improvement of financial education levels:

- a. The ISSM, in partnership with the BM, BVM and Financial Sector Deepening Mozambique (FSDMoç), celebrated the International Money Week, on a national scale, from March 25 to 31, 2019, which took place at the *Instituto Industrial e de Computação Armando Emilio Guebuza* (Industrial and Computing Institute), based in Matola Rio, Boane district. The event addressed topics of insurance and banking for a student audience composed of over 500 students from secondary schools in Maputo province. The aim was to raise awareness of financial education and teach children and young people about money-related issues through interactive and fun activities.

- b. In 2019, MINEDH, through INDE, continued to implement financial education actions in the country, with greater emphasis on introducing financial education materials in primary school textbooks, specifically from 3<sup>rd</sup> to 4<sup>th</sup> grades, with emphasis on the “currency” and “savings” topics.

Regarding institutional training, the ISSM has been benefiting from technical assistance from the World Bank for the supervision component of market operators, having already developed some instruments to support supervision, such as the Operator Licensing Manual, and some tools for risk analysis of operators.

With regard to regulation, the highlight is the approval of Notice No. 1/CA-ISSM/2019, of May 30, which approves the guidelines on preventing and combating money laundering and terrorist financing, applicable to the insurance sector.

Chart 3 shows the status of the measures in the Pillar III Action Plan on Consumer Protection and Financial Education. Of the total of 15 actions set out in this pillar for 2016-2022, 1 Action (7%) has been completed and 14 actions (93%) are in progress.

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

Objective	Action	Leader	Status
<i>Improve the legal, regulatory and supervisory framework for protecting financial consumers</i>	1. Review and update Notice No. 5/GBM/2009 on fees and other charges.	BM	<b>Completed.</b> The new Regime of Commissions and Other Charges has been approved -Notice No. 13/GBM/2017, of June 9; Notice No. 19/BM/2017, of December 27; Circular No. 1/OEP/2018 and Circular No. 2/OEP/2018, of January 19.
	2. Develop the methodology of behavioral supervision.	BM	<b>Ongoing.</b> Preliminary proposal of the Conduct Supervision Manual prepared.
	3. Improve Notice No. 4/GBM / 2009 to set minimum standards for the operation of complaint registration and handling channels of consumers.	BM	<b>Ongoing.</b> The revision of Notice No. 4/GBM/2009 by the BM Board of Directors is in line with the law on Consumer Protection, approved by Decree No. 27/2016, which establishes the general procedures for consumer protection.
	4. Create standardized key fact statements for the most common consumer financial products.	BM	<b>Ongoing.</b> Created the Standard Information Sheet for Deposits, and the respective Filling Notes, through Notice No. 01/GBM/2019, of January 11 (regulation of Information duties in the context of the receipt of deposits).  The production of the normative on the duties of information in the scope of credit granting is underway and will include key fact statements relating to the credit product.



Objective	Action	Leader	Status
<i>Increase the range and quality of information made available to the public</i>	5. Make available on the BM website comparative information on commissions and other charges of the main products of the retail market.	BM	<b>Ongoing.</b> In order to inform and educate consumers on various matters of interest, including the pricing practiced by the banking industry, the development of a website is underway, specially aimed at financial consumers.
	6. Make available on the BM website statistics of complaints of consumers against financial institutions supervised by the BM.	BM	<b>Ongoing.</b> The development of a specific website aimed at financial consumers is underway, to inform and educate financial consumers on various issues of interest, including statistical information on the most complained about institutions.
<i>Increase the level of financial knowledge by specific segments of society</i>	7. Create a unique national program of financial education.	BM ISSM BVM MINEDH MEF	<b>Ongoing.</b> ISSM, in particular and in partnership with the BM and BVM, continues to implement its financial education strategy in insurance, disseminating messages with educational content by specific segments of society.
	8. Support financial inclusion by making public the conditions for access to minimum banking services.	BM	<b>Ongoing.</b> Permanent action. The BM has been carrying out this action within the framework of the BM Financial Education Program (PEFBM).
	9. Raise awareness of the population of the importance of savings.	BM	<b>Ongoing.</b> Permanent action. The BM has been carrying out this action within the framework of the PEFBM.
	10. Promote and foster knowledge and responsible financial attitudes.	BM ISSM	<b>Ongoing.</b> Permanent action. This action has implemented within PEFBM and ISSM.
	11. Clarifying citizens about the rights and duties of the bank customer and financial institutions.	BM ISSM BVM	<b>Ongoing.</b> Permanent action. This action has been implemented within the framework of the PEFBM, ISSM and BVM.
	12. Contribute to the efficiency and soundness of the financial market.	BM, ISSM and BVM	<b>Ongoing.</b> Permanent action. This action has been implemented within the framework of the PEFBM, ISSM and BVM.
	13. Equip the population and companies with knowledge about the capital market	BVM	<b>Ongoing.</b> Permanent action. This action has been implemented within the framework of the Financial Education Program of the BVM.
	14. Promote the participation of companies, including SMEs, in the stock market.	BVM	<b>Ongoing.</b> Permanent action. This action has been implemented within the framework of the Financial Education Program of the BVM.
	15. Carry out credit counseling campaigns for clients facing over-indebtedness issues, contributing to instill saving practices.	BM MINEDH	<b>Ongoing.</b> Permanent action. This action has been implemented within the framework of the PEFBM.

Source: BM

## Box 1: Mid-Term Review of the National Financial Inclusion Strategy

The 2016-2022 NFIS, approved by the Government of Mozambique, aims, fundamentally, to provide a structured approach for the establishment of policies and priority actions of mechanisms for monitoring, evaluating and coordinating the actions to be carried out by the various stakeholders, to make significant progress in the construction of a financially inclusive society in Mozambique.

The BM, in the framework of the NFIS implementation, received from 2015 to 2019 a support from the World Bank, under the FISF, for assistance in the following activities:

- (i) NFIS design and implementation;
- (ii) Mid-term review of the NFIS;
- (iii) Review of the regulation on banking agents;
- (iv) Registration of movable guarantees;
- (v) Legal and regulatory framework for microinsurance;
- (vi) Project to digitize government social benefit payments, expected to start in August 2019; and
- (vii) Design of the project " financial initiatives for Women Entrepreneurs (We-Fi) " to increase access to market for small and medium-sized enterprises owned by women.

In this context, the mid-term review of the NFIS took place from 8 to 12 July 2019, with a view to assessing the progress made in the first phase of its implementation (2016 - 2018), making recommendations and setting priorities for the second phase (2019-2022).

The review mission was conducted by the World Bank in consultation with the BM, the Alliance for Financial Inclusion, representatives of the Bank of Ghana and the Bank of Uganda, the Insurance Supervision Institute of Mozambique (ISSM), as vice-president of the CNIF, representatives of the government, the private sector and cooperation partners.

The results<sup>1</sup> of the NFIS mid-term review found that Mozambique made considerable progress in the area of financial inclusion during the first half of NFIS implementation (2016-18). In the meantime, it is necessary to focus on short-term actions that can have a high impact on financial inclusion and improve the lives of citizens, including:

- (1) Establish KYC requirements by levels to allow citizens who do not have all identification documents to open basic bank accounts;
- (2) Facilitate the expansion of access points, in particular banking and non-banking agents;
- (3) Take measures to ensure full interoperability between banks and electronic money issuers (i.e. direct transfers between mobile wallets and between multiple providers, and between mobile wallets and bank accounts);
- (4) Increase the use of digital financial services; and
- (5) Improve the effectiveness of the NFIS coordination structure.

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(1) The NFIS Mid-Term Review Report was published in the webpage of the BM, at [http://www.bancomoc.mz/fm\\_pgTab1.aspx?id=302](http://www.bancomoc.mz/fm_pgTab1.aspx?id=302)

### 3. STATUS OF THE NATIONAL COMMITTEE FOR FINANCIAL INCLUSION WORKING GROUPS MEETINGS

The working groups are technical bodies for implementing the actions in the NFIS. These groups are responsible for identifying the specific tasks deriving from the NFIS action plan, including discussing possible solutions for removing obstacles of a commercial, technical or coordination nature to its implementation.

At NFIS level, the following working groups were created according to the pillars of financial inclusion:

- a. WG1-Working Group on Access to and Use of Financial Services;
- b. WG2-Working Group on Strengthening the Financial Infrastructure; and
- c. WG3-Working Group on Consumer Protection and Financial Education.

As part of the implementation of the NFIS actions by the aforementioned groups, ten (10) meetings were held in 2019, of which three (3) of each working group and one (1) plenary, according to Chart 4:

**Chart 4: Status of CNIF WG Meetings**

NAME	DATE	GROUP	AGENDAS / TOPICS	RECOMMENDATIONS
4 <sup>th</sup> Meeting	23/04/2019	Access and use of Financial Services	<ul style="list-style-type: none"> <li>– Action Plan Status and subsequent steps;</li> <li>– Implementation status of the Sandbox; and</li> <li>– Rotation in the coordination of the Working Group 1.</li> </ul>	<ol style="list-style-type: none"> <li>1) Present the concrete actions carried out with a view to the creation of microinsurance products aimed at low-income customers, rural population and agriculture;</li> <li>2) Clarify the understanding on the requirements of identification documents (KYC) for low-income clients under Decree No. 66/2014 and Law 14/2013;</li> <li>3) Share revised versions of proposed regulations on (i) bank agent; (ii) simplified bank account; and (iii) payment service providers; and (IV) Regulatory Sandbox;</li> <li>4) Share the Regulatory Impact Assessment (RIA) with WG1 members; and</li> <li>5) Enable the creation of joint accounts for ASCAS groups and ensure the formalization of ASCAS.</li> </ol>

NAME	DATE	GROUP	AGENDAS / TOPICS	RECOMMENDATIONS
	24/04/2019	Strengthening the financial infrastructure	<ul style="list-style-type: none"> <li>– Action Plan Status and subsequent steps;</li> <li>– The challenges of the Private Collateral Central;</li> <li>– Opportunities of digital financial services models and indicators in Mozambique; and</li> <li>– Rotation in the coordination with Working Group 2.</li> </ul>	<ol style="list-style-type: none"> <li>1) Present on a permanent basis the status of developments in the distribution of broadband points across the country with a view to financial inclusion;</li> <li>2) Present the draft Overview of the National Payment System for contributions by members of the WG;</li> <li>3) Present (i) the evolution of the establishment of the unit responsible for the management of the Movable Securities Central and (ii) the model for the interoperability of this exchange with the Public Credit Register Central, and share the model electronic registration forms in the central for contributions of WG members; and</li> <li>4) Enable the creation of a repository of financial inclusion indicators (national and international).</li> </ol>
	25/04/2019	Consumer protection and Financial Education	<ul style="list-style-type: none"> <li>– Action Plan Status and subsequent steps;</li> <li>– Ongoing actions for including financial education subjects in school curricula; and</li> <li>– Rotation in the coordination of the Working Group</li> </ul>	<ol style="list-style-type: none"> <li>1) Schedule a session at WG level to present / harmonize the basics of the stock exchange in the Working Group;</li> <li>2) Continue actions to ensure the entry of private stock market operators and more MSMEs into the stock market; and</li> <li>3) Start the elaboration of the National Plan of Financial Education.</li> </ol>
5 <sup>th</sup> meeting	08/07/2019 to 11/07/2019	Access and use of Financial Services	<ul style="list-style-type: none"> <li>– NFIS Action Plan Status;</li> <li>– Expansion and diversification of access points;</li> <li>– Rural financing;</li> <li>– Indicators of financial inclusion, gender and GIS; and</li> <li>– Monitoring and evaluation, governance and NFIS coordination.</li> </ul>	Recommendations made within the framework of the results of the mid-term review of the NFIS.

NAME	DATE	GROUP	AGENDAS / TOPICS	RECOMMENDATIONS
	08/07/2019 to 11/07/2019	Strengthening the financial infrastructure	<ul style="list-style-type: none"> <li>– NFIS Action Plan Status;</li> <li>– Movable Securities</li> <li>– Payment services and multilateral interoperability; and</li> <li>– Monitoring and evaluation, governance and NFIS coordination.</li> </ul>	Recommendations made within the framework of the results of the mid-term review of the NFIS.
	08/07/2019 to 11/07/2019	Consumer protection and Financial Education	<ul style="list-style-type: none"> <li>– NFIS Action Plan Status;</li> <li>– Protection social, resilience; consumer protection and financial education; and</li> <li>– Monitoring and evaluation, governance and NFIS coordination.</li> </ul>	Recommendations made within the framework of the results of the mid-term review of the NFIS.
<b>6<sup>th</sup> meeting</b>	12/11/2019	Access and use of financial services	<ul style="list-style-type: none"> <li>– The Role of the Commodity Exchange and key challenges in connecting with financial services;</li> <li>– Financial products for ASCAs;</li> <li>– Review of the WG coordination structure;</li> <li>– Mid-Term Review Report of the NFIS; and</li> <li>– 2018 Financial Inclusion Report.</li> </ul>	<ol style="list-style-type: none"> <li>1) Identify a model that accommodates the integration of ASCAS into the financial system;</li> <li>2) Consolidate the database on ASCAS;</li> <li>3) Ensure the launch of the electronic platform for conducting product auctions in the national market; and</li> <li>4) Adopt the proposals of the revision of the subgroups with the safeguard of revising the composition of the groups, taking the work done by the World Bank as a substrate.</li> </ol>
	13/11/2019	Strengthening the financial infrastructure	<ul style="list-style-type: none"> <li>– 2019 FinScope survey status;</li> <li>– Actions to expand financial services in rural areas are underway;</li> <li>– Mid-Term Review Report of the NFIS; and</li> <li>– Review of the coordination structure of the WG; and</li> <li>– 2018 Financial Inclusion Report.</li> </ul>	Creation of the subgroup to hold fortnightly meetings.
	14/11/2019	Consumer protection and financial education	<ul style="list-style-type: none"> <li>– National Financial Education Program (PNEF);</li> <li>– Mid-Term Review Report of the NFIS; and</li> </ul>	1) Review the proposed structure of the consumer protection and financial education subgroup, in order to include the BVM, the INPS

NAME	DATE	GROUP	AGENDAS / TOPICS	RECOMMENDATIONS
			<ul style="list-style-type: none"> <li>– Review of the coordination structure of the WG; and</li> <li>– 2018 Financial Inclusion Report.</li> </ul>	<ul style="list-style-type: none"> <li>and other participants deemed relevant; and</li> <li>2) Continue to work on the PNEF with the intervention of all participants that have been carrying out activities regarding financial education.</li> </ul>
<b>3<sup>rd</sup> Plenary Meeting</b>	12/07/2019	All groups and guests	<ul style="list-style-type: none"> <li>– Presentation of the preliminary results of the mid-term review of the NFIS; and</li> <li>– Presentation of Bank of Ghana's experience in financial inclusion matters</li> </ul>	<ul style="list-style-type: none"> <li>1) CNIF Implementation;</li> <li>2) Review of the WG structure model, considering the possibility of creating specialty subgroups;</li> <li>3) Completed the National Risk Assessment;</li> <li>4) Define KYC requirements by levels for the financial sector;</li> <li>5) Assessing the possibility of a moratorium on the NUIT obligation when opening an account (i.e. basic bank account); and</li> <li>6) Encourage and support bilateral/multilateral interoperability of banks/operators of electronic currency.</li> </ul>

Source: BM

## 4. FINANCIAL INCLUSION INDICATORS

### 4.1 Access (Geographic and demographic)

#### 4.1.1. Total Access Points

In 2019, the Mozambican financial system had 39 credit institutions, including 16 banks, 11 microbanks, 2 investment companies, 3 electronic money institutions and 7 Credit Unions; 14 financial companies, including 1 Group Purchasing Management Company, 2 credit card issuing or management companies and 11 exchange offices; 541 microfinance operators, including 12 savings and loan organizations and 529 microcredit operators; and 33 institutions in the category “other financial institutions”, of which 19 insurers and 14 stock exchange operators (Table 1).

**Table 1: Total banking, microfinance and non-banking institutions**

	Number of institutions			Number of branches, agents, delegations and counters		
	2018	2019	Var. (%)	2018	2019	Var. (%)
<b>1. Credit institutions</b>						
Banks	18	16	-11.1	674	679	0.7
Microbanks	11	11	0.0	44	57	29.5
Investment companies	2	2	0.0	2	2	0.0
Electronic money institutions	3	3	0.0	43,103	56,146	30.3
Credit Unions	7	7	0.0	7	7	0.0
<b>2. Financial Companies</b>						
Group purchasing management company	1	1	0.0	2	1	-50.0
Company issuing or managing credit cards	1	2	100.0	2	2	0.0
Currency Exchange Office	13	11	-15.4	21	16	-23.8
<b>3. Microfinance operators</b>						
Savings and loan organizations	12	12	0.0	12	12	0.0
Microcredit operators	790	529	-33.0	790	529	-33.0
<b>4. Other Financial Institutions</b>						
Insurance institutions	22	19	-13.6	138	144	4.3
Stock exchange operators	13	14	7.7	13	14	7.7

Source: BM, ISSM and BVM

Regarding the number of branches, agents and other representations of financial institutions, there was an increase of 0.7% bank branches, 29.5% MicroBank branches and 30.3% electronic money agents, and there was no change in the number of branches of credit unions. Contrary to the maintenance of the number of savings and credit organizations, in the period under review there was a decrease in the volume of microcredit operators by about 33.0%.

In the period under analysis, the country had 97,729 access points to financial services, representing an increase of 21.8% compared to 2018. The increase observed at the level of banking agents and EMI agents, which grew by 46.4% and 30.3%, respectively, as shown in Table 2, contributed most to this variation:

**Table 2: Total Access Points**

	Access points		Concentration level		Var. (%)
	2018	2019	2018 (%)	2019 (%)	
Branches <sup>(1)</sup>	725	745	0.9	0.8	2.8
Banking agents	1.159	1.697	1.4	1.7	46.4
Non-bank agents <sup>(2)</sup>	43,103	56,146	53.7	57.5	30.3
Representations <sup>(3)</sup>	683	541	0.9	0.6	-20.8
Delegations and counters <sup>(4)</sup>	138	144	0.2	0.1	4.3
ATM	1,761	1,755	2.2	1.8	-0.3
POS	32,652	36,701	40.7	37.6	12.4
<b>Total (5)</b>	<b>80,221</b>	<b>97,729</b>	<b>100.0</b>	<b>100.0</b>	<b>21.8</b>

Source: BM, ISSM and BVM

Notes: <sup>(1)</sup> Bank Branches, Micro-banks and Credit Unions; <sup>(2)</sup> Agents of Electronic Money Institutions; <sup>(3)</sup> Representations of Savings and Loan Organizations, Microcredit Operators and Deposit-Taking Intermediaries; <sup>(4)</sup> Delegations and Counters of Insurance Institutions; <sup>(5)</sup> Excluded from the total of access points the branches of Stock Exchange Operators in order to avoid over-counting, since they coincide with bank branches.

The highest concentration of access points was found at the level of EMI agents, with 57.5%, an increase of 3.7 pp, in 2019, compared to 2018, followed by POS, with 37.6% of the total access points, having observed a reduction in the level of concentration by 3.1 pp, in the period under analysis.

#### 4.1.2. Demographic and Geographic Access

In terms of demographic access, Graph 1 illustrates that at the end of 2019 there were about 610 access points for every 100 thousand adults, representing an increase of about 18.4% of access points compared to 2018.

By analyzing in a disaggregated way the access points, in demographic terms, it is observed that the greatest coverage of the adult population is made by non-banking agents of EMI, with 351 access points per 100 thousand adults, representing an increase of 26.6%, compared to 2018, followed by POS, with a coverage of 229 points per 100 thousand adults, a growth of 9.2% compared to 2018.

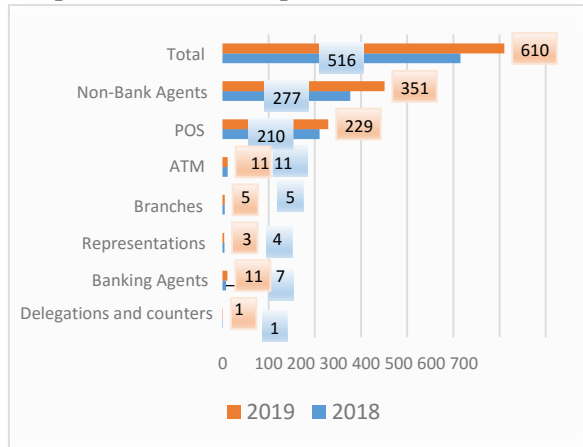
In geographical terms, Graph 2 illustrates that at the end of 2019 there were about 1,253 access points per 10 thousand km<sup>2</sup>, representing an increase of 24.9% compared to 2018.

Similarly, to demographic access, the agents of EMI and the POS competed to a large extent for this result, with 720 agents and 471 for every 10 thousand km<sup>2</sup>, with an increase of 33.5% and 15.2%, respectively, compared to 2018.

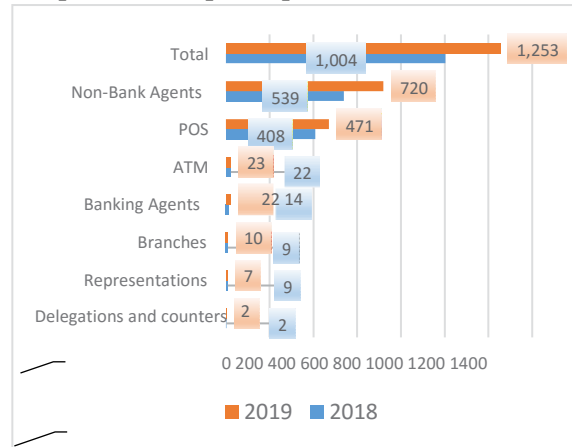
Graphs 3 and 4 show Geographic and demographic access by Province, respectively. They report that, in 2019, Maputo city and the provinces of Maputo, Inhambane and Sofala were the ones that recorded the highest number of access points per 100 thousand adults, with 3,388, 1,391, 684 and 622 access points, respectively. The lowest levels of demographic access (per 100 thousand adults) were observed in the provinces of Niassa (with 199 access points), Zambézia (with 211 access points) and Cabo Delgado (with 318 access points).



**Graph 1: Access Points per 100 thousand Adults <sup>1</sup>**



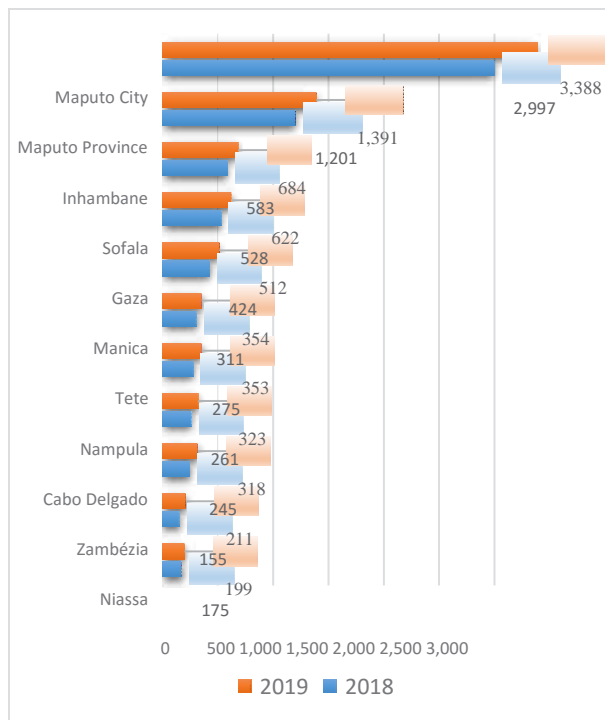
**Graph 2: Access points per 10 thousand km<sup>2</sup>**



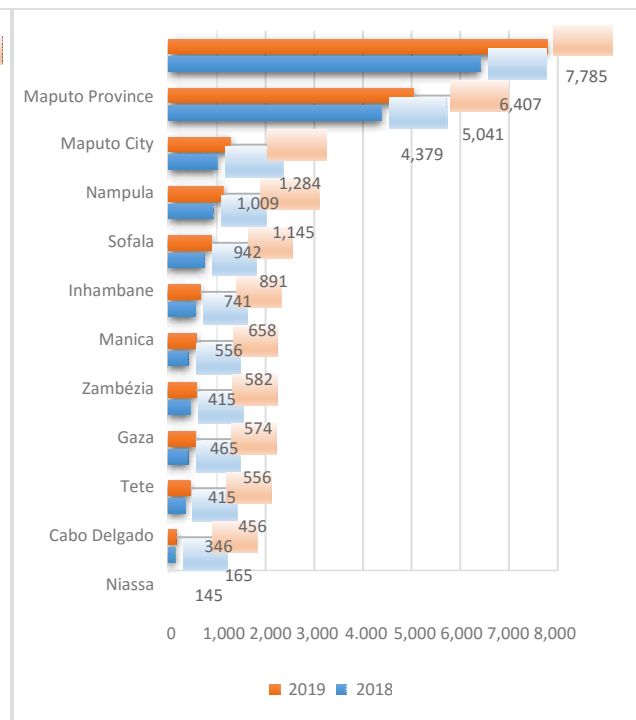
Source: INE, BM, ISSM and BVM

Regarding geographical access, the indicators show that the Maputo province has the highest levels in the country, with 7,785 access points per 10,000 km<sup>2</sup>, followed by Maputo city, with 5,041 access points per 100 km<sup>2</sup>, Nampula, with 1,284 access points per 10,000 km<sup>2</sup>, and Sofala, with 1,145 access points per 10,000 km<sup>2</sup>.

**Graph 3: Access Points by Province per 100 thousand adults**



**Graph 4: Access Points by Province per 10 thousand km<sup>2</sup>**



Source: INE, BM and ISSM

Note: Graph 4, access points in Maputo city, calculated per 100 km<sup>2</sup>, unlike the other provinces, calculated per 10 thousand km<sup>2</sup>. It does not include stock exchange operators in order to avoid over-counting, since they coincide with banking institutions.

<sup>1</sup>[http://www.ine.gov.mz/Statistics/Statistics-demographics-and-indicators-social/projecoes-da-populacao/mocambique\\_projecoes\\_2007\\_2040.xls/view](http://www.ine.gov.mz/Statistics/Statistics-demographics-and-indicators-social/projecoes-da-populacao/mocambique_projecoes_2007_2040.xls/view)

The lowest levels of geographical access (per 10 thousand km<sup>2</sup>) are observed in the provinces of Niassa, with 165 access points, Cabo Delgado, with 456 access points, and Tete, with 556 access points.

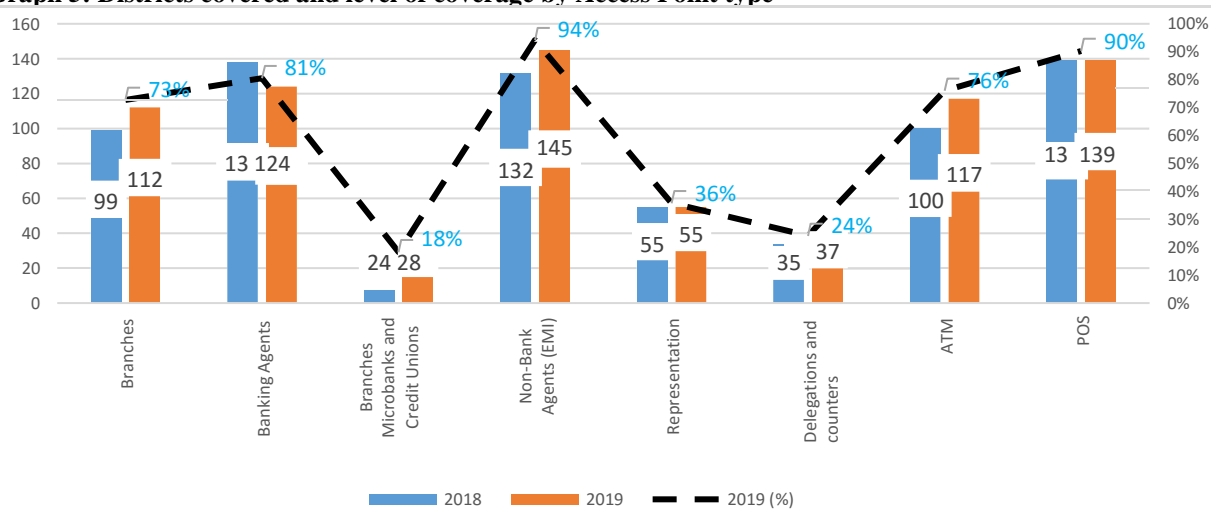
#### 4.1.3. Districts with Coverage of Financial Services Access Points

In 2019, out of a total of 154 districts, the country had 112 districts covered with bank branches and 28 districts covered by micro-banks and credit unions, representing a coverage level of 73% and 18% of the total districts, respectively, less 8pp and 3pp, when compared to 2018 (Graph 5, Table 3 and Annex 1).

The types of access points with the highest level of coverage are EMI agents, with 94%, followed by POS with 90%. Banking agents have 81% coverage in the country and ATMs 76% coverage.

In addition to Maputo province, Inhambane province now has a total coverage of at least one branch in each district. With the exception of Maputo and Inhambane provinces, the provinces that observed higher levels of coverage are Sofala and Nampula, with coverage levels of 85% and 83%, respectively.

**Graph 5: Districts covered and level of coverage by Access Point type**



Source: BM and ISSM

Notes: (1) Bank Branches, Micro-banks and Credit Unions; (2) Agents of Electronic Money Institutions; (3) Representations of Savings and Loan Organizations, Microcredit Operators and Deposit-Taking Intermediaries; (4) Delegations and Counters of Insurance Institutions.

The provinces whose districts observed the lowest levels of bank branch coverage are Zambézia, Gaza and Tete, with 55%, 57% and 60%, respectively, despite the provinces of Zambézia and Tete having increased their level of coverage by 9pp and 7pp, respectively, compared to 2018.

ATMs and POS made available, by banking institutions are one way that these institutions use to quickly and effectively deliver financial services and products to all districts.

In fact, in 2019, the distribution of at least one point of these payment terminals by the districts of the country allowed to cover 117 and 139 districts, making a level of coverage of 76% and 90%, respectively, of the total 154 districts of the country.

It should be noted that, in 2019, 13 more districts had at least one electronic money agent, making a total of 145 districts, against 132 counted in 2018.

**Table 3: 2018-2019 Covered districts and level of coverage by Access Point type**

	2018								2019							
	Branches	Banking Agents	MicroBank agencies and credit unions	Non-bank agents (EMI)	Representations	Delegations and counters	ATM	POS	Branches	Banking Agents	MicroBank agencies and credit unions	Non-bank agents (EMI)	Representations	Delegations and counters	ATM	POS
<b>Covered Districts</b>																
Maputo Province	8	7	5	8	7	4	8	8	8	7	5	8	7	4	8	8
Gaza	8	12	2	11	9	4	8	11	8	13	2	13	8	4	9	11
Inhambane	13	14	3	14	6	2	13	14	14	14	3	14	7	3	14	14
Sofala	10	13	2	13	7	1	10	13	11	12	4	13	7	1	12	13
Manica	8	12	3	9	3	3	8	10	8	11	3	10	3	3	9	10
Tete	8	13	2	13	3	9	8	13	9	10	2	15	3	9	10	13
Zambézia	10	19	1	17	5	4	10	17	12	12	3	21	5	4	12	17
Nampula	16	21	2	21	7	3	16	21	19	23	3	23	7	3	19	21
Cabo Delgado	11	14	1	16	6	2	12	17	13	13	1	16	6	2	14	17
Niassa	7	13	3	10	2	3	7	15	10	9	2	12	2	4	10	15
<b>Total</b>	<b>99</b>	<b>138</b>	<b>24</b>	<b>132</b>	<b>55</b>	<b>35</b>	<b>100</b>	<b>139</b>	<b>112</b>	<b>124</b>	<b>28</b>	<b>145</b>	<b>55</b>	<b>37</b>	<b>117</b>	<b>139</b>
<b>Level of coverage</b>																
Maputo Province	100%	88%	63%	100%	88%	50%	100%	100%	100%	88%	63%	100%	88%	50%	100%	100%
Gaza	57%	86%	14%	79%	64%	29%	57%	79%	57%	93%	14%	93%	57%	29%	64%	79%
Inhambane	93%	100%	21%	100%	43%	14%	93%	100%	100%	100%	21%	100%	50%	21%	100%	100%
Sofala	77%	100%	15%	100%	54%	8%	77%	100%	85%	92%	31%	100%	54%	8%	92%	100%
Manica	67%	100%	25%	75%	25%	25%	67%	83%	67%	92%	25%	83%	25%	25%	75%	83%
Tete	53%	87%	13%	87%	20%	60%	53%	87%	60%	67%	13%	100%	20%	60%	67%	87%
Zambézia	45%	86%	5%	77%	23%	18%	45%	77%	55%	55%	14%	95%	23%	18%	55%	77%
Nampula	70%	91%	9%	91%	30%	13%	70%	91%	83%	100%	13%	100%	30%	13%	83%	91%
Cabo Delgado	65%	82%	6%	94%	35%	12%	71%	100%	76%	76%	6%	94%	35%	12%	82%	100%
Niassa	44%	81%	19%	63%	13%	19%	44%	94%	63%	56%	13%	75%	13%	25%	63%	94%
<b>Total</b>	<b>64%</b>	<b>90%</b>	<b>16%</b>	<b>86%</b>	<b>36%</b>	<b>23%</b>	<b>65%</b>	<b>90%</b>	<b>73%</b>	<b>81%</b>	<b>18%</b>	<b>94%</b>	<b>36%</b>	<b>24%</b>	<b>76%</b>	<b>90%</b>

Source: BM and ISSM

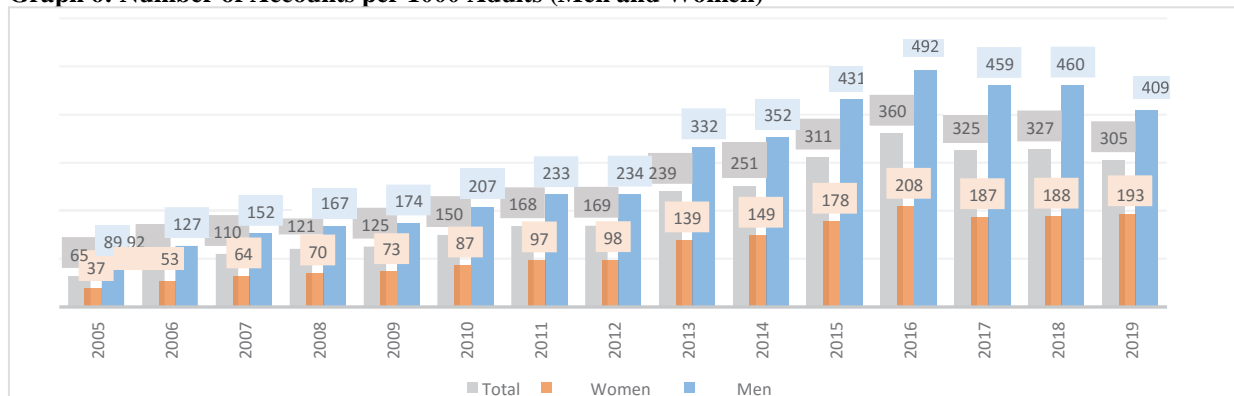
Notes: <sup>(1)</sup> Bank Branches, Micro-banks and Unions; <sup>(2)</sup> Agents of Electronic Money Institutions; <sup>(3)</sup> Representations of Savings and Loan Organizations, Microcredit Operators and Deposit-Taking Intermediaries ;<sup>(4)</sup> Delegations and Counters of Insurance Institutions.

## 4.2. Use of Financial Services

### 4.2.1. Use of Banking Services in the Economy

Banking, measured in terms of the number of bank accounts per 1,000 adults, showed that in 2019 there were about 305 bank accounts per 1,000 adults, compared to 327 in 2018, illustrating a reduction in the country's banking by 22 bank accounts per 1,000 adults (Graph 6).

**Graph 6: Number of Accounts per 1000 Adults (Men and Women)**



Source: INE and BM

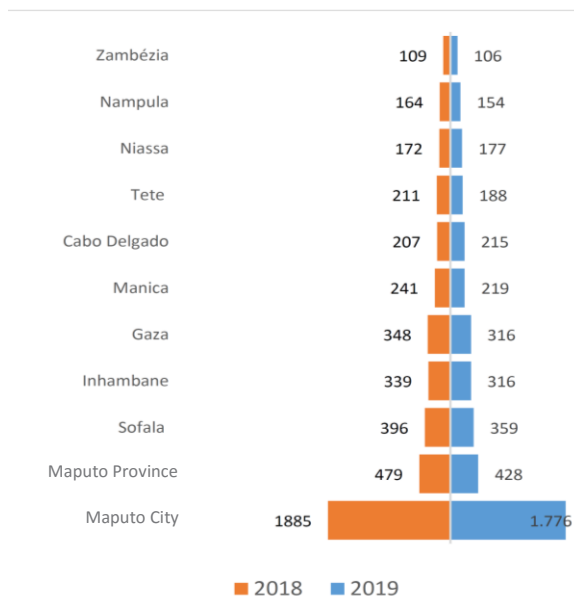
This reduction is mainly due to the reduction in the number of bank accounts from 5,093,737 in 2018 to 4,885,221 in 2019, corresponding to a decrease of 4.0%. In fact, since 2016, the year in which the 2016-2022 NFIS was implemented, it was also the period in which a peak of 360 bank accounts per 1000 adults was recorded, and in 2019, the lowest level of this indicator was recorded.

In terms of gender segregation, there is a slight growth trend in banking for women, although the account holding gap has remained constant over the period under review, in the following terms (Graph 7):

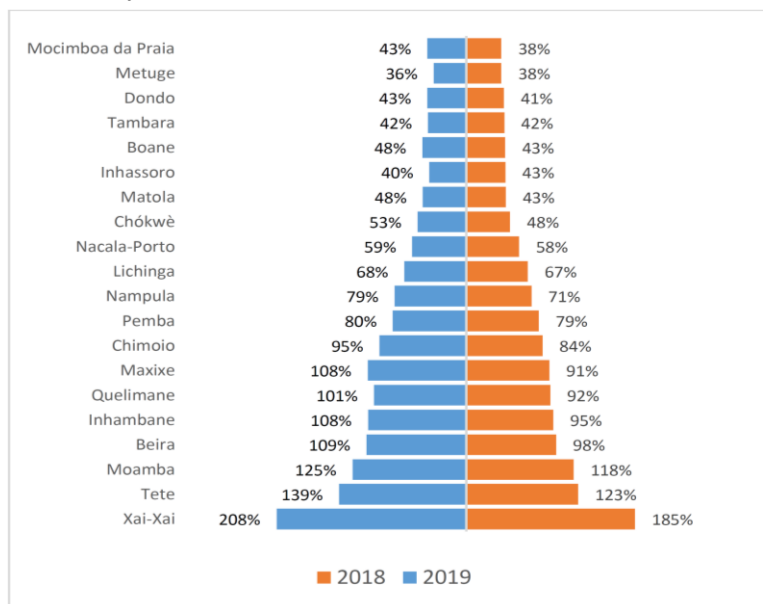
- Similar to the reduction of account numbers for the total adult population, in 2019 the male population had 409 accounts per 1000 adults against 460 in 2018, which makes up a reduction of 52 accounts per 1000 adults, which results in a reduction in the proportion of the male adult population with a bank account by 5.2 pp.
- Regarding women, in 2019 they had 195 accounts per 1000 adults, against 188 in 2018, showing that there was an increase in 5 accounts per 1000 adults and a slight increase in the proportion of the female adult population with a bank account in 0.12 pp.
- As a result of the increase in bank accounts for women, between 2018 and 2019 the gap between the number of accounts by gender reduced by 56 accounts, in favor of women.

Regarding the geographical analysis, it is observed that the highest levels of banking in the economy occur in Maputo where, on average, there are about two bank accounts per adult person (Graph 7)<sup>2</sup>.

**Graph 7: Bank Accounts per Thousand Adults in 2019**



**Graph 8: The 20 Most Banked Districts in the Country in 2019**



Source: INE and BM

Note: <sup>1</sup> Selection made from a total of 154 districts in the country. Does not include Maputo city.

Maputo city recorded the highest level of banking, with 1,776 accounts, followed by the provinces of Maputo, Sofala and Inhambane, which registered 428, 359 and 316 bank accounts, respectively, per 1,000 adults in 2019, against 1,885, 479, 396 and 339 accounts per 1,000 adults in 2018, which shows a decreasing trend in all provinces.

The provinces with the lowest levels of banking in 2019, Zambézia, Nampula and Niassa, with 106, 154 and 177 accounts per 1,000 adults, respectively, with Niassa province being the only one that observed an increase compared to 2018.

The 20 districts of the country with the highest levels of banking and which contributed to the above levels are listed in Graph 8.

Except for provincial capitals, the districts with the highest banking rates (number of bank accounts as a percentage of the adult population) are Moamba, Nacala-Porto, Chókwè, Inhassoro, Boane, Tambara, Dondo, Metuge and Mocímboa da Praia.

<sup>2</sup> The supply-side analysis (bank accounts per adult population) presents a challenge by not considering the number of people who actually have accounts in the calculation, but the total existing accounts.

## Box 2: Financial Inclusion in the Chimoio District between 2016 and 2019

### 1. Contextualization

Chimoio city, capital of the Manica province, had a total of 2,776 access points to financial services, representing an increase of 20.0% of the total access points compared to 2018. The increase observed at the level of EMI agents, which increased by 36.4%, as shown in Table 1, contributed most to this variation.

Between 2016 and 2019, access points to financial services doubled in Chimoio city, despite the reduction of bank branches.

**Table 1. Total access points to financial services in the Chimoio city**

Access points	2016	2017	2018	2019		
				Volume	Variation (2016)	Variation (2019)
Bank branches	20	20	20	17	- 15,0%	- 15%
MicroBank branches	0	1	2	3	50,0%	n. a.
Banking agents	1	1	85	11	-87,1%	1000%
Non-bank agents	598	716	1251	1706	36,4%	185%
Microcredit operators	1	2	3	1	-66,7%	0%
Insurance counters	2	2	5	5	0,0%	150%
ATM	38	45	42	42	0,0%	11%
POS	657	842	911	991	8,8%	51%
Total	1317	1629	2319	2776	19,7%	111%
Annual variation	n. a.	23,7%	42,4%	19,7%		

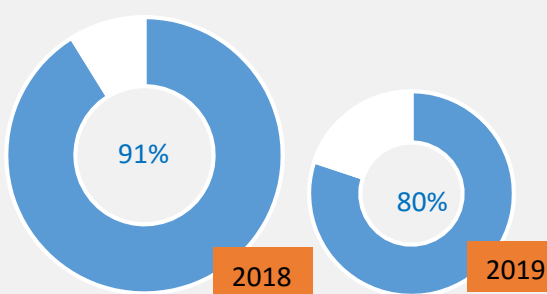
Source: BM

### 2. Use of Banking Services by Adult Population in Maputo City

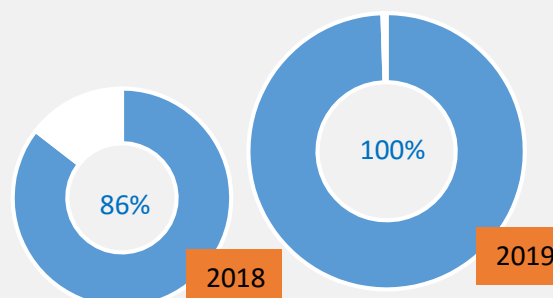
Despite the unavailability of the volume of bank accounts and electronic money, we used the number of bank accounts and the number of subscribers of electronic money to analyze the level of banking of the population, allowing the assessment of the data trend at this time.

Between 2018 and 2019, there was a decrease in the proportion of the population with a bank account by about 11pp, and in the same period the proportion of the population with a mobile account increased by 14pp (Graphs 1 and 2).

**Graph 1: Proportion of Adult Population with a Bank Account**



**Graph 2: Proportion of Adult Population with a Mobile Account**



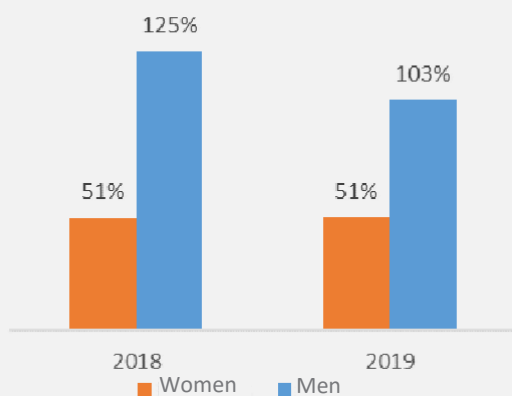
Source: BM and INE

### 2.1. Bank account ownership by gender

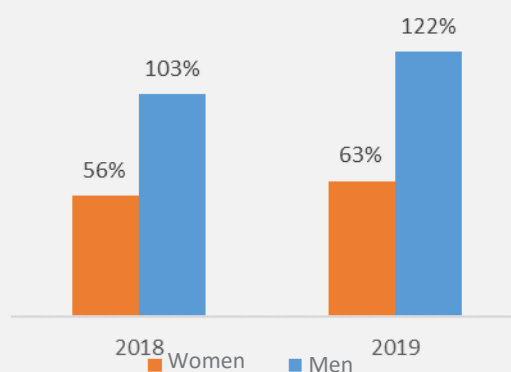
In 2019, the adult population residing in Chimoio city totaled about 203,746 inhabitants, 49.2% women and 50.8% Men <sup>(1)</sup>.

Despite the increasing trend in both bank and electronic money account ownership for women and men, it is observed that the gender gap remains constant in both types of financial services, with a disproportion above 50pp in favor of men (Graphs 3 and 4).

**Graph 3: Bank Account Ownership by Gender**



**Graph 4: Mobile Account Ownership by Gender**



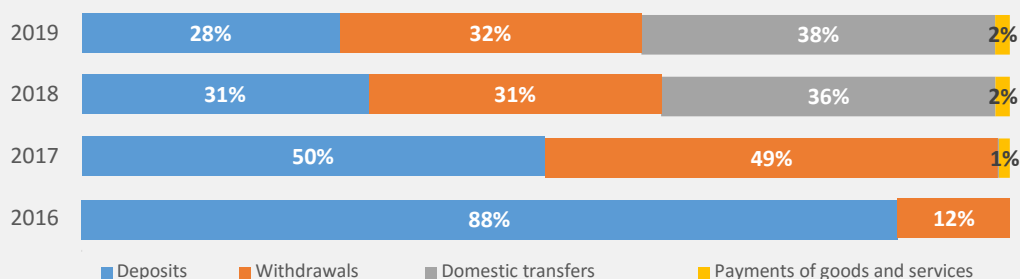
Source: BM and INE

### 2.2. Transactions in Electronic Money

In the period between 2016 and 2019, the value of transactions in electronic money reached about 19.7 billion MT, four times more than the value transacted in 2018. This is the amount transacted both in deposits and withdrawals, domestic transfers and payments of goods and services.

EMI customers initially used this service to make deposits, however, between 2018 and 2019 there was a change of preference, with the use of other transactions, except for the payment of goods and services, which is still low, at about 2% of the total volume of transactions (Graph 5).

**Graph 5: Electronic Money Transaction Volume Portfolio**



Source: BM and INE

<sup>(1)</sup><http://www.ine.gov.mz/estatisticas/estatisticas-demograficas-e-indicadores-sociais/populacao/projecoes-da-populacao/projecoes-2007-2040-manica.pdf/view>

## 3. FINANCIAL INCLUSION INDICATORS

The Financial Inclusion indicators of Chimoio city show a positive trend, with emphasis on the number of POS per 100 km<sup>2</sup>, number of EMI agents per 100km<sup>2</sup> (Table 2) and number of POS per thousand adults, number of EMI agents per thousand adults (Table 3).

**Table 2. Geographical access indicators**

GEOGRAPHICAL ACCESS INDICATORS	2015	2016	2017	2018	2019
Bank branches (per 100 km <sup>2</sup> )	10.3	11.5	11.5	11.5	9.8
Banking agents (per 100 km <sup>2</sup> )	0.0	0.6	0.6	48.8	6.3
ATM (per 100 km <sup>2</sup> )	13.8	21.8	25.8	24.1	24.1
POS (per 100 km <sup>2</sup> )	252.4	377.5	483.1	522.7	568.6
EMI agents (per 100 km <sup>2</sup> )	215.1	343.1	410.8	717.7	978.8

**Table 3. Geographical access indicators**

DEMOGRAPHIC ACCESS INDICATORS	2015	2016	2017	2018	2019
Bank branches (per 1000 adults)	0.10	0.11	0.11	0.10	0.08
Banking agents (per 1000 adults)	0.00	0.01	0.01	0.43	0.05
ATM (per 1000 adults)	0.1	0.2	0.2	0.2	0.2
POS (per 1000 adults)	2.5	3.6	4.5	4.6	4.9
EMI agents (per 1000 adults)	2.1	3.3	3.8	6.4	8.4

#### 4. Conclusion

Access to financial services in Chimoio city has seen an expansion driven, fundamentally, by the increase in access points to non-banking services, or electronic money. Despite the growth observed in the number of bank and e-money accounts held by women, the gender gap remains quite high in favor of men.



## 4.2.2. Intermediation and Financial Savings

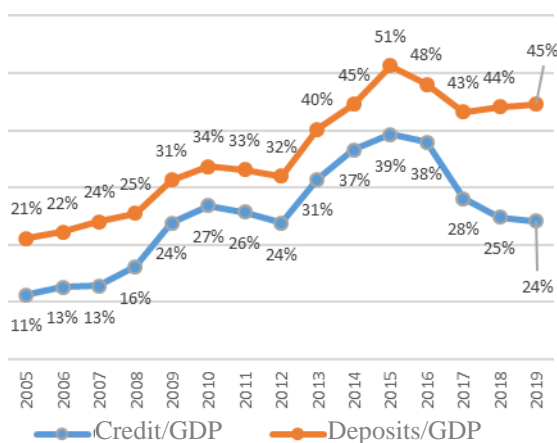
In 2019, the level of financial intermediation, measured in terms of credit to the economy as a percentage of GDP, stood at 24%, having observed a decrease of 1 pp compared to 2018 (Graph 9). It should be noted that after a sharp fall in credit to the economy since 2016, in 2019 there was a recovery of this aggregate, presenting a positive variation of 5.2% compared to 2018.

In turn, the level of financial savings, measured by total deposits as a percentage of GDP, stood at 45%, having observed an increase compared to 2018 in 1pp.

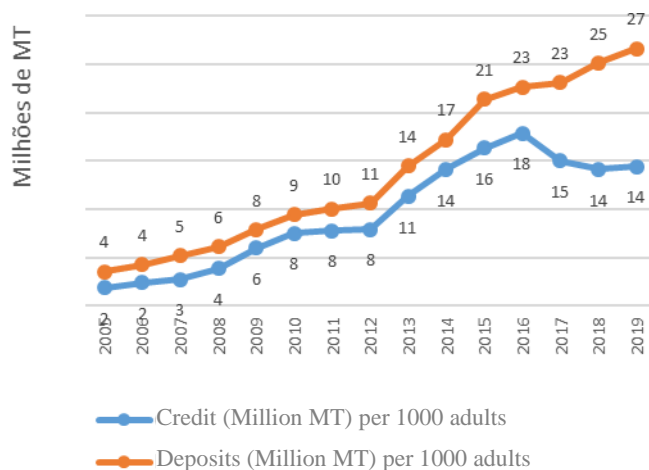
In 2019 there was an increasing trend of bank financing calculated in demographic terms. In fact, about 14.4 million meticaís (MT) were granted per 1000 adults, compared to 14.1 million MT in 2018 (Graph 10).

In 2019, financial savings showed an increasing trend when analyzed in demographic terms, at about 26.6 million MT, realized per 1,000 adults, plus 1.5 million MT when compared to 2018.

**Graph 9: Total Credit and Deposits as a Percentage of GDP**



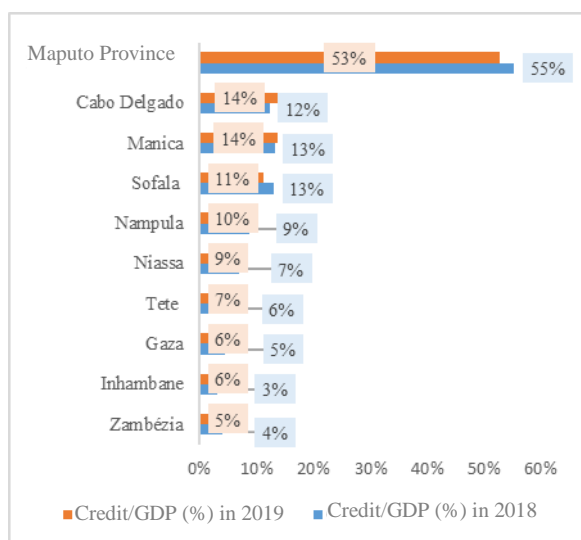
**Graph 10: Total Credit and Deposits per 1000 Adults**



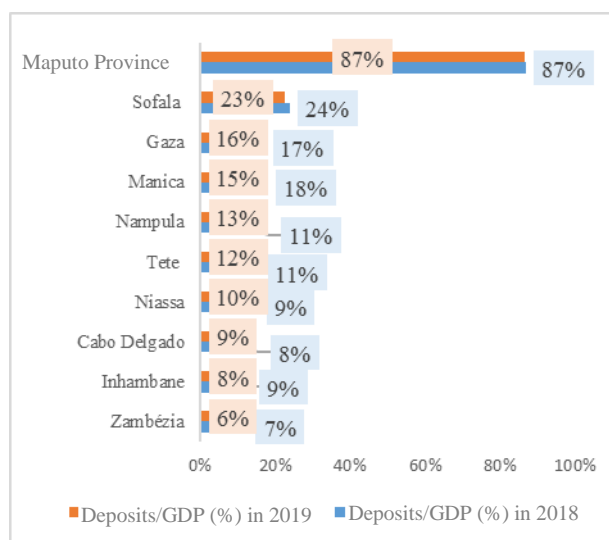
Source: BM

In terms of distribution by province, it can be seen that, with the exception of Maputo province, including Maputo city, which shows the levels of financial intermediation, in is around 53%, the indicator is influenced by the levels of financial inclusion in Maputo city and in the provinces of Cabo Delgado and Sofala provinces exhibit the level of financial intermediation has the highest, with 14% of lending to the economy, as a percentage of GDP. The lowest levels of financial intermediation are observed in Zambézia and Inhambane provinces, with 5% and 6% credit as a percentage of GDP, respectively (Graph 11).

**Graph 11: Credit as a Percentage of GDP by Province<sup>1</sup> in 2019**



**Graph 12: Deposits as a Percentage of GDP by Province<sup>1</sup> in 2019**



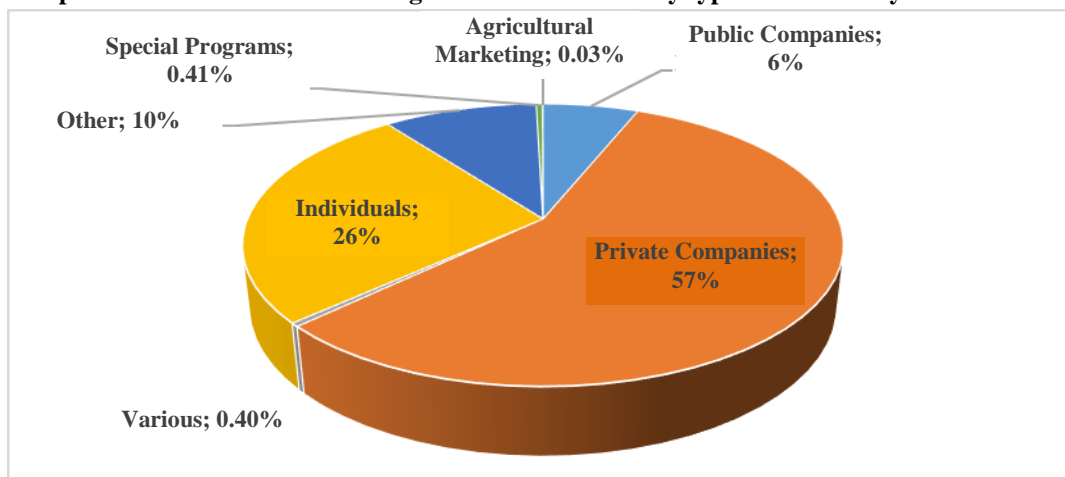
Source: BM

Note: <sup>1</sup> Maputo province data includes Maputo City Data

In terms of financial savings, with the exception of Maputo province, Sofala province has the highest levels with 23% of total deposits as a percentage of GDP, followed by Gaza province with 16% of total deposits as a percentage of GDP. The lowest levels were observed in the provinces of Zambézia and Inhambane, with financial savings levels of 6% and 8%, respectively, as shown in Graph 12.

In terms of credit distribution by type of beneficiary, in 2019, financing to private companies with 124.2 million MT (56.8%), followed by private companies with 57.7 million MT (26.4%) and others with 21.5 million MT (9.9%), as illustrated by the graph below.

**Graph 13: Concentration Percentage of Credit Granted by type of Beneficiary**

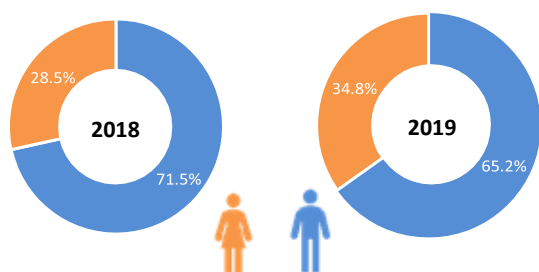


Source: BM

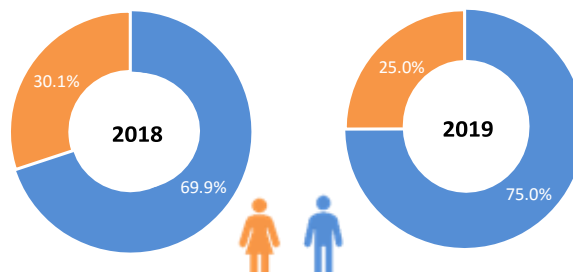
In 2019, of the total value of deposits made by private customers with credit institutions, 34.8% consisted of amounts deposited by adult women, resulting in an increase of 6.4 pp compared to 2018 (Graph 14).

Regarding the financing made by credit institutions to their private customers, it was observed that in 2019 female customers received 25.0% of the total amount of credit, 5.0 pp below the total amount of credit granted in 2018 (Graph 15).

**Graph 14: Distribution of Deposit Amounts made by Gender**



**Graph 15: Distribution of Credit Amounts granted by Gender**



Source: Credit Institutions

## Box 3: Micro, Small and Medium Enterprises in Mozambique

### I. Introduction

In accordance with Article 3 (2) of Decree No. 44/2011, of September 21, Micro, Small and Medium Enterprises (MSME) in Mozambique are firms with distinctive characteristics and size, with certain employee and financial limits set by the state. They are seen as agents with their own logics, cultures, interests and entrepreneurial spirit.

In Mozambique, there are two fundamental criteria observed in the definition of an MSME, namely, business volume and number of employees. Moreover, an MSME may not have more than 25% of shares held by a large company or by the state. The criterion of business volume is decisive over the criterion of the number of employees, as illustrated in Chart 1 below.

**Chart 1: Criteria for the definition of MSMEs**

Company Category	Number of employees	Annual Business Volume
Micro	1 to 4	Up to 1.200.000 MZN
		Up to USD 20,640
Small	5 to 49	1,200,000 MZN to 14,700,000 MZN
		USD 20,640 to USD 252,840
Medium	50 to 99	14, 700,000 MZN to 29,900,000 MZN
		USD 252,840 to USD 514,280

Currently there are about 49,734 MSMEs in the country employing 270,402 workers. Of which, 1,996 are medium - sized, 27,426 are small and 20,312 are micro-enterprises. In terms of distribution in the national business context 40% of the companies are micro, 53% small and 4% medium size. According to the National Statistics Institute (INE), MSMEs in Mozambique employ 270,402 people, representing 46.4% of the total number of workers, while large companies retain 312,381, or 53.6%.

The 2016-2022 NFIS presents actions established with a view to strengthening the capacity (management, accounting, planning) of MSMEs and their connection to market structures (associations and production chains), as well as creating a Credit Guarantee Fund following international best practices, to encourage credit to MSMEs and farmers in the country. The BM, as coordinator of NFIS actions through the Institute for the Promotion of Small and Medium-Sized Enterprises (IPEME) has been monitoring the implementation of the actions established for the financial inclusion of MSMEs.

In Mozambique, the responsibility for assistance to small and medium-sized enterprises lies with IPEME, an institution whose role is to encourage the implementation, consolidation and development of micro, small and medium-sized enterprises. In fulfillment of its noble role, in 2019 the IPEME supported, until December 31, about 3,401 MSMEs, as illustrated in Table 1 below:

**Table 1: MSMEs assisted by IPEME in 2019**

Year	Annual Target	Training	Assistance	Total
2019	2645	2292	1109	3401

### II. Assistance mechanisms for MSMEs at IPEME level

To achieve satisfactory results in the assistance to MSMEs throughout the country, the IPEME has been implementing the following mechanisms:

- ✓ **Mobile processing technology transfer platforms** - support food entrepreneurs to create and develop businesses;
- ✓ **SME Networking** - facilitation service for the establishment of contacts between MSMEs for the sharing of various business and financial information;
- ✓ **"One District, One Product" Methodology - CaDUP** - aims at the specialization and strengthening of local production chains, with support from the Government of Japan;

- ✓ **"Production Management Technology (TGP)" Methodology** - is oriented to the strengthening of MSMEs in the industrial sector, with the support of the Government of Argentina through the National Institute of Industrial Technologies;
- ✓ **Empreender PME** - aims to structure, professionalize and modernize MSMEs, as well as promote and certify them in good management practices; promote access to finance; promote expansion to new markets; promote business links;
- ✓ **SME export program** - aims to structure, professionalize and modernize SMEs with export potential and capacity; diversify the export base from the internationalization of SMEs and inclusive valorization of local production; and
- ✓ **Employment Generation and Income Improvement Project (ProGer)** - aims to promote employment and income generation, gender equality and poverty reduction through the establishment of poultry enterprises.

### **III. MSME assistance platforms at IPEME level**

IPEME, for assistance to MSMEs throughout the country, resorts to the use of the following platforms:

#### **a. Physical Platforms:**

- ✓ **Entrepreneur Orientation Center (COre)** - public service and support to business and investment of national scope that provides assistance and business development solutions to small and medium enterprises, entrepreneurs, association of producers and investors.
- ✓ **Business incubator**- service and strategic support to business and investment, which aims to provide assistance and Business Development Solutions in the medium and long term for micro and small companies in the start-up phase.

#### **b. Digital Platforms:**

- ✓ Digital catalogue: MSME internationalization platform that aims to boost national MSME businesses with other economic agents abroad, within the framework of the SME export program. [www.pmeexporte.co.mz](http://www.pmeexporte.co.mz)
- ✓ IPEME Portal: [www.ipeme.org](http://www.ipeme.org)
- ✓ SMEs Networking

### **IV. Challenges**

As the entity responsible for MSMEs in Mozambique, the IPEME presents some of the challenges encountered in assisting this segment, namely:

- ✓ Extend MSME support services at local level;
- ✓ Strengthen technical capacity (specialization);
- ✓ Effective use of IPEME services by all technical support solutions to government initiatives to finance MSMEs.
- ✓ Create financing mechanisms appropriate to the reality of MSMEs, such as: venture capital.

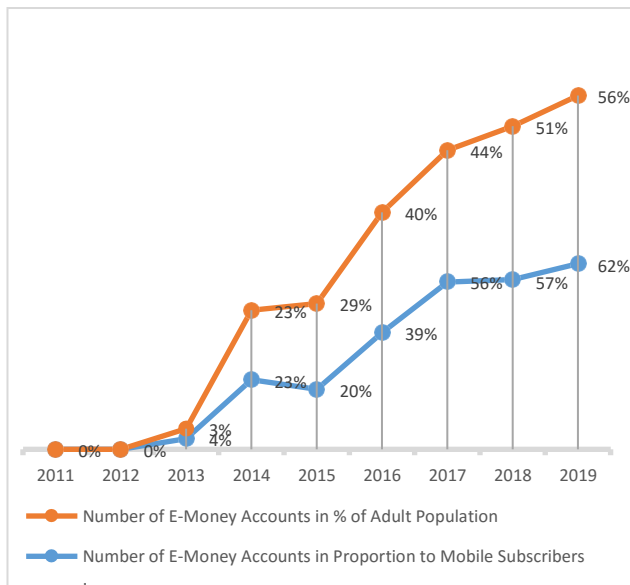
*Source: IPEME*

### 4.2.3. Electronic Money

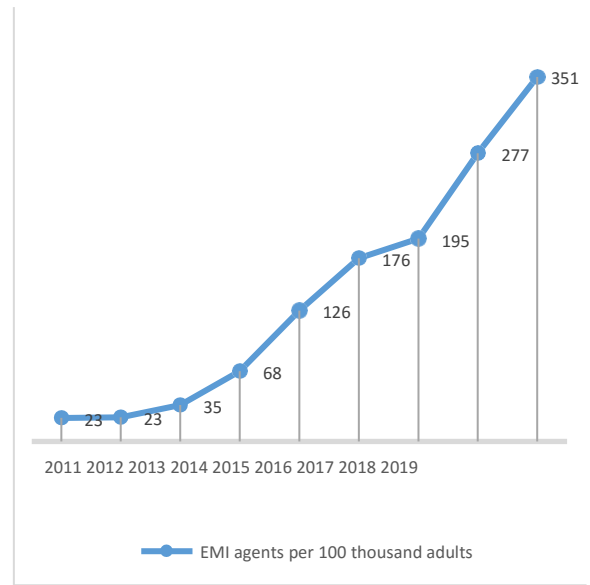
In 2019, 56% of the country's adult population had an electronic money account opened with EMI, up from 51% in 2018. In 2019, out of 14,511.43 thousand mobile phone subscriptions in the country, 9,007.27 thousand, which corresponds to 62%, had a subscription with EMI, against 57% in 2018 (Graph 16).

Out of 56,146 existing EMI agents, the country now has about 351 agents for every 100,000 adults, against 277 in 2017, highlighting the role that this service has been playing in financial inclusion (Graph 17).

**Graph 16: Number of E-Money Accounts and Mobile Subscribers by Proportion of Adult Population**



**Graph 17: EMI agents per 100 thousand adults**

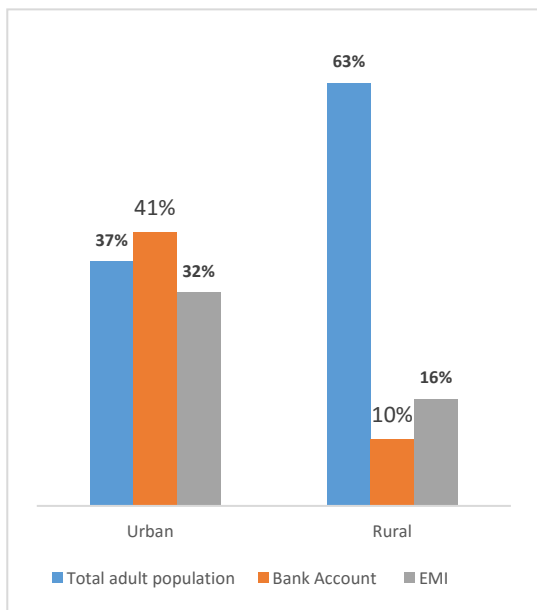


Source: INE, INCM, BM

An analysis of the volume of e-money accounts shows that, although the proportion of number of e-money service accounts is higher than that of bank accounts (41% vs. 21%, according to the FinScope Consumer Survey 2019), e-money services disproportionately cover the population residing in urban areas, since, despite 63% of the adult population residing in rural areas, they have only 10% bank accounts and 16% e-money accounts (Graph 18).

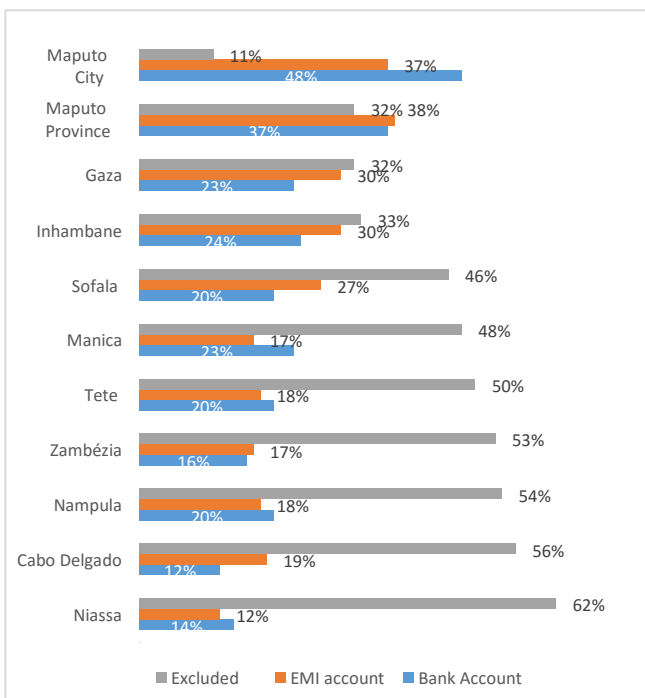
In terms of access to services by province, according to FinScope 2019, there are large disparities between the provinces of the country, with only 11% of adults residing in Maputo city being financially excluded, against 62% of adults in Niassa and other provinces such as Zambézia, Manica, Tete, Nampula and Cabo Delgado, which recorded higher proportions of adults who are financially excluded.

**Graph 18: Proportion of Urban and Rural Adult Population with Bank and E-Money Accounts**



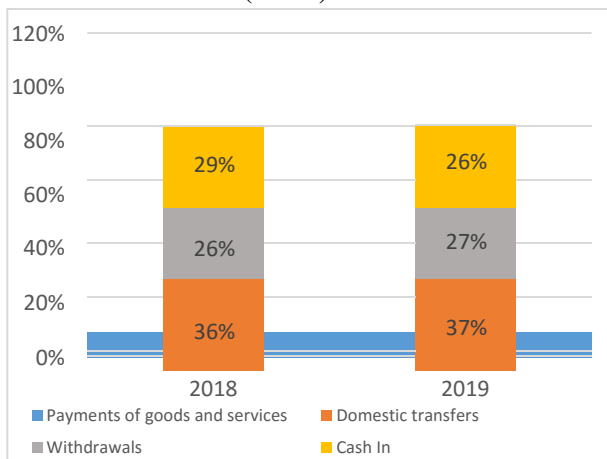
Source: INE, FinScope 2019

**Graph 19: Access to Financial Services by Province**



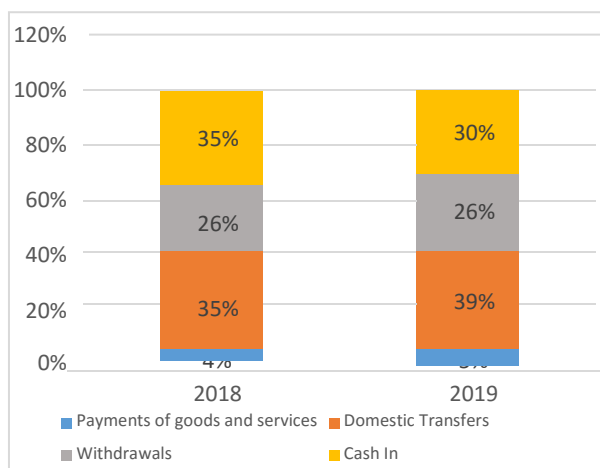
The analysis of the distribution of the value and volume of transactions of e-money users in 2018 and 2019 is presented in graphs 20 and 21, respectively.

**Graph 20: Composition of the E-Money Transaction Portfolio (Value)**



Source: BM

**Graph 21: Composition of the E-Money Transaction Portfolio (Volume)**



It is found that there were no significant changes in terms of the e-money transaction portfolio composition, and this is the preferred service for domestic transfers.

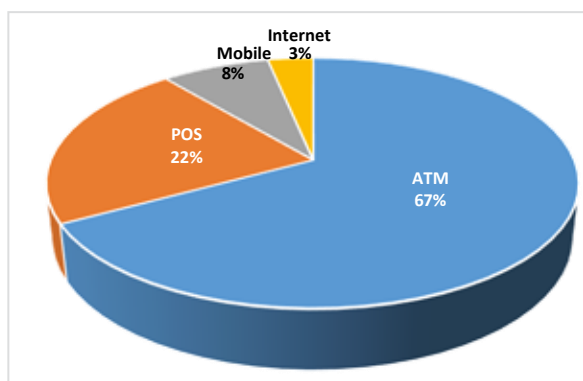
In both periods, more than 35% of the volume and value of transactions correspond to domestic transfers. Also noteworthy is the fact that e-money customers make little use of this service for payments, despite the slight increase of 1 pp both in terms of volume and value.

#### 4.2.4. Electronic Banking

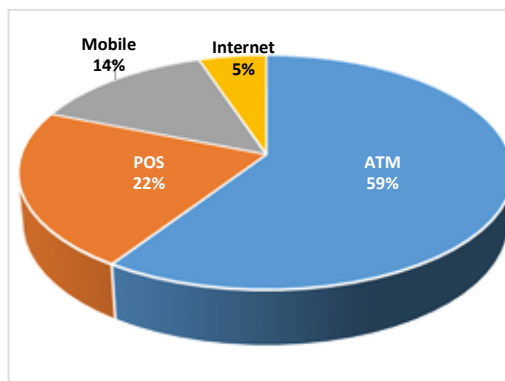
The analysis of the distribution of channels used to carry out electronic payment transactions (ATM, POS, mobile banking and internet banking) indicates that the ATM channel remains the most frequented, despite the reduction of 7.7 pp between 2018 and 2019. POS terminals represent the second most used channel of mobile payments, with 21.9% in 2019, without recording any changes of enhancement compared to 2018.

Mobile banking transactions registered an increase of 6.0 pp in the period under analysis and the web (internet) remains the least frequented, representing 5.1% of the total volume of transactions in 2019, an increase of 1.8 pp compared to 2018 (graphs 22 and 23).

**Graph 22: Composition of the E-Payment Transaction Volume Portfolio in 2018**



**Graph 23: E-Payment Transaction Volume Portfolio Composition in 2019**



Source: BM

#### 4.2.5. Digital Financial Services

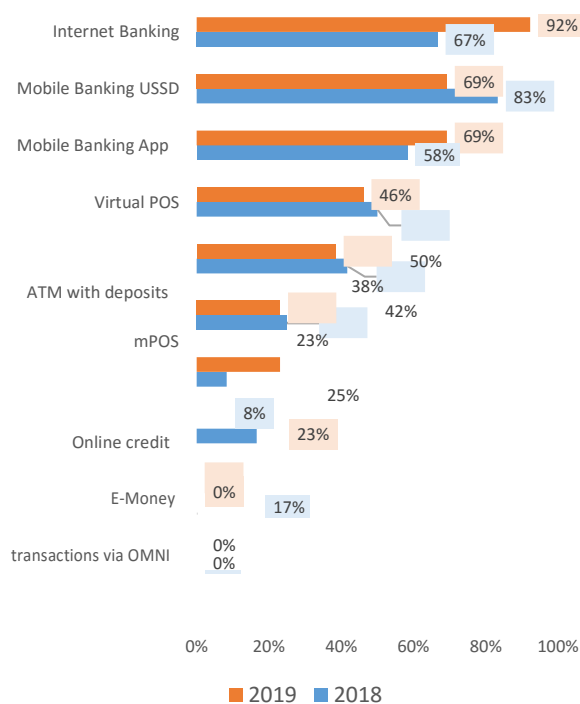
The credit card is the financing product that observes greater acceptance for ease, convenience, low costs and practicality. In 2018 and 2019, information on the financial services offered by these institutions was collected as part of a survey carried out by the BM with banking institutions.

In 2019, 13 of the 16 existing banks responded to this survey, and according to the information collected, it was found that, in terms of supply, 92% of institutions offered internet banking services, against 67% in 2018. The second most offered service was USSD mobile banking , having observed a reduction in the institutions that offer this service, from 83% in 2018 to 69% in 2019 (Figure 24).

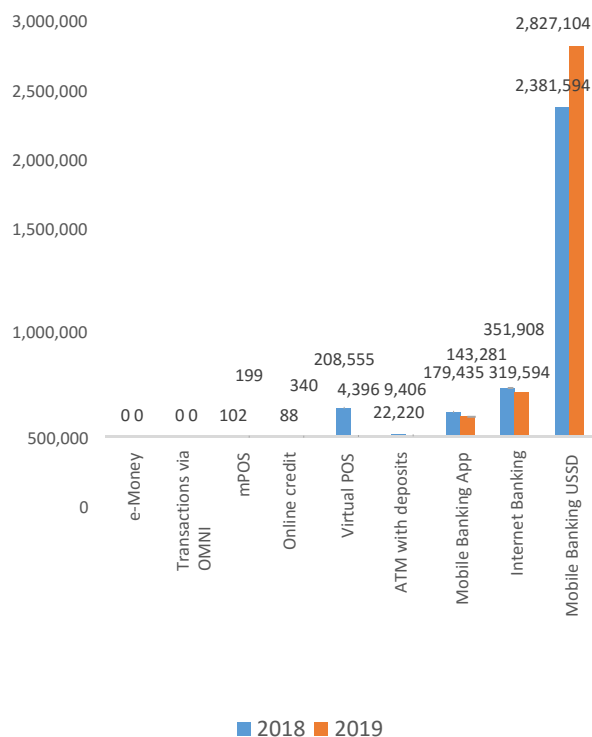
In terms of demand for these services, it is found that USSD mobile banking services have the largest number of customers, having seen an increase of 19% from 2018 to 2019 (figure 25).



**Graph 24: Supply of Digital Financial Services at Mozambican Banking Level**



**Graph 25: Number of Customers using Financial Services**



Source: Credit institutions

Notes:

- 1 Internet Banking-Financial Services that can be carried out on the internet. Internet banking allows using technology to check balances, statements, transfer and payments.
- 2 Mobile banking app -mobile banking services, usually through an APP.
- 3 Mobile Banking USSD - mobile banking services through USSD technology.
- 4 e-Money - virtual currency created with the purpose of being used to buy products and services over the internet.
- 5 Online credit - loan requested online. This loan is similar to the traditional loan, but with the difference that it can be requested whenever and wherever the person wants.
- 6 Virtual POS - a point of sale or a place where the customer pays for his purchases.
- 7 mPOS - mechanism that allows for making payments in real time, through a connection of mobile devices to a data network. 8 transactions via OMNI - virtual currency or cryptocurrency.
- 9 ATM with deposits-mechanism used to make cash deposits.

### Box 3: Reflection on Digital Credit

#### 1. Notion

Digital credit is a loan granted through an online digital channel, using a mobile device or through a third-party agent that facilitates the processing of digital credit remotely. Most customer interactions and processes are handled remotely and often fully automatically, including loan requests, approvals, repayments and charges<sup>3</sup>.

It's a fast, fully online lending modality created to debureaucratize small businesses' access to working capital financing, and it's a fast-growing phenomenon in many emerging markets as these small loans are having a big impact, allowing millions of low-income consumers to borrow money with just a few taps on the phone menu or clicks on the app screen.

#### 2. Features

Digital credits have in common 4 defined characteristics that show how digital credit proposals work, namely:

- **Eligibility is given by digital access:** borrowers' eligibility is tied to a previous subscription and use of voice and text message services. Digital credit providers target these market segments to use their digital data records as a way to assess a possible initial eligibility to receive loans;
- **Loan approval decisions are automated and based on digital data:** the digital credit application process is done through a mobile device and with limited person-to-person interaction;
- **Loans are small amounts and short terms:** the financial dynamics of digital credit are driven by short terms and small amounts of loans, and are therefore different from conventional consumer loans and most microfinance loans; and
- **Customer relationship, collections and payments are managed remotely:** loans are paid through digital payment channels, in installments or at the end of the loan term. Using text messages and phone calls, borrowers are alerted to the loan payment and the telephone exchange team systematically chats with borrowers using a predefined guide.

#### 3. What distinguishes digital credit from traditional credit?

Digital credit is distinguished from conventional loans by the fact that the former is instant, automated and executed remotely<sup>4</sup>. Digital credit is specifically tailored to cover the short-term liquidity needs of each borrower and access to funds can be granted quickly. After the application is submitted, credit approval can be done in seconds or at most in less than 24 hours. The decision process on the loan is largely automated, as the application goes through a decision tree system and computerized algorithms.

The decisions of each loan are not so much based in human decisions or manual processes, but on the availability of key digital data, such as mobile phone records. Moreover, interactions between people are limited, since operations such as loan applications, delivery of funds and debt payments are done remotely, usually over the phone. This has a huge impact on financial inclusion, as digital credit models do not require customers to hold other accounts at financial institutions or have a credit history.

<sup>3</sup> Owens, J. (2018), Responsible Digital Credit. CFI-Accion.

<sup>4</sup> Chen and Mazer, 2016.

#### 4. Digital credit risks

As with traditional lending models, new technologies and new channels used by the financial system to provide digital credit create risks that can have negative impacts on consumers and the development of sustainable and competitive credit markets.

These risks include the presentation of insufficient information about prices, conditions and terms; lack of communication with customers at the time the loan is granted; limited efforts to assess whether the products offered are accessible and suitable for specific customers or segments; and incentives to adopt behaviors that limit consumers' ability to use their credit history and other data sources, this can result, among other things, in low-yield loan portfolios, low return and loss of trust from customers, regulators and the general public, fraud and over-indebtedness.

#### 5. Conclusion

Digital channel credits are expanding rapidly in emerging markets. This is because they are focused on business models oriented to strong customer demand, low operating costs and broader scope of instant, automated and remote financing methodology.

Resources can be expanded faster than traditional small loan models. For its comfort and speed, digital credits are properly adjusted to urgent and unforeseen needs, such as an emergency night visit to the hospital or increase the capital needed for high-margin economic activities and rapid turnover, usual in micro-enterprises.

Digital credits are also promising from a financial inclusion perspective, given their accessibility to low-income consumers.

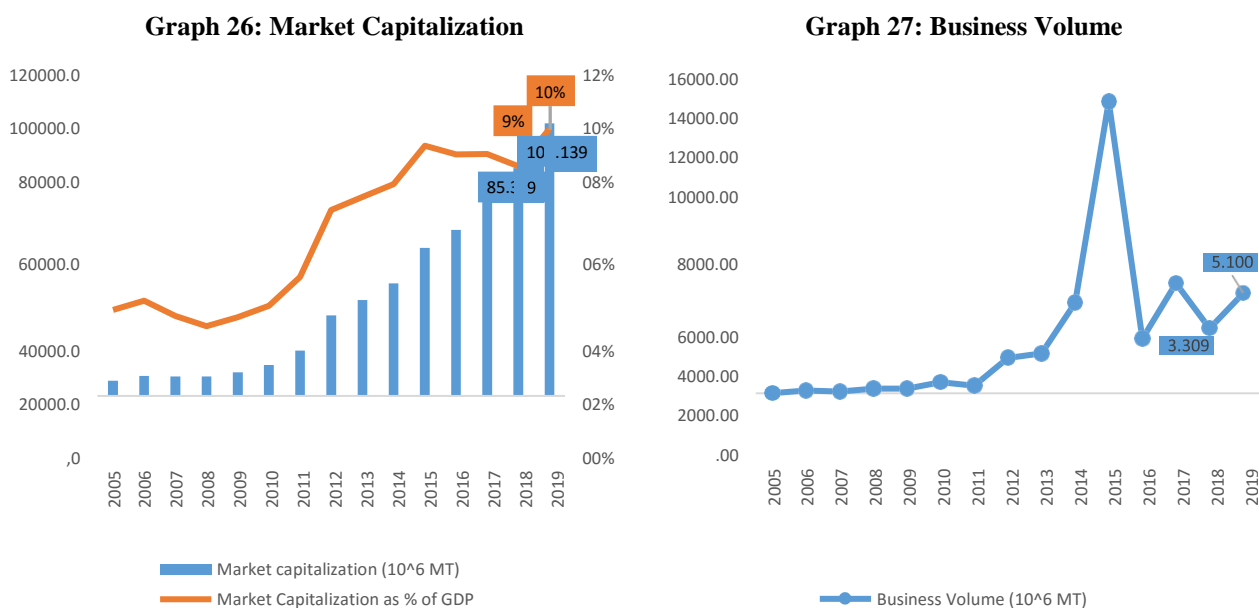
However, despite this huge potential to boost financial inclusion, the limitations related to technological devices such as mobile phones and the internet, especially for the rural population, make digital credit still a major challenge for Mozambique.

- 
- (1) CGAP - La proliferación de los servicios de crédito digital - <https://www.cgap.org/sites/default/files/Brief-Proliferation-of-Digital-Credit-Deployments-Mar-2016-Spanish.pdf>;
  - (2) CGAP - A Digital Credit Revolution: Insights from Borrowers in Kenya and Tanzania –
  - (3) <https://www.cgap.org/research/publication/digital-credit-revolution-insights-borrowers-kenya-and-tanzania>;
  - (4) <https://www.desenvolvesp.com.br/empresas/credito-digital/#>;
  - (5) Financial Inclusion Report 2018, Banco de Moçambique -[http://www.bancomoc.mz/fm\\_pgtab1.aspx?id=302](http://www.bancomoc.mz/fm_pgtab1.aspx?id=302).

## 4.2.6. Capital Markets

The performance of the stock market is based on the behavior of its main indicators, that is, gross market capitalization and as a percentage of GDP, business volume, market liquidity, number of listed securities, among others.

Market capitalization, the main indicator of the stock market, evolved from 85,339.46 million MT in 2018 to 102,138.73 million MT in 2019, equivalent to a growth of 19.7%, and in terms of the proportion of GDP the market capitalization stood at 10.0% (Graph 26).



Source: BVM

The volume of transactions was 5,100.200 million MT, an increase of 54.1%, compared to the same period in 2018 (Graph 27).

## 4.2.7. Government initiatives for Financial Inclusion

Government initiatives aimed largely at the financial inclusion of the rural population have contributed to improving the levels of availability and accessibility of financial products and services appropriate to the needs of the rural population. Among the existing initiatives involving partnerships with regulated banking institutions, the following stand out:

- i) District Development Fund (FDD) project;
- ii) One District, One Bank Project;
- iii) Sustenta Project;
- iv) ASCAs project; and
- v) Pensioners of the State Social Welfare System.

### i. District Development Fund project

The FDD is one of the sources of public funding to the rural population. Except for the provinces of Cabo Delgado, Tete, Zambézia and Maputo city, which were not covered by this fund, in the remaining provinces, the FDD disbursed a total of 84,607.87 thousand MT in 2019, after having disbursed about 72,547.50 thousand MT in 2018 (Table 4).

**Table 4: District Development Fund**

Provinces	Period	Disbursed Amount	Executed unit: 10³Mt	No of projects			Activity	Beneficiaries				Jobs Created
				Food production	Yield generation	Total Projects		Men	Women	Youth	Total	
Niassa*	2018	4,168.56	4,168.56	46	29	75	Agriculture	42	33	15	90	103
	2019										0	
C. Delgado	2018	0.00	0.00	0	0	0	-	0	0	0	0	0
	2019	0.00	0.00	0	0	0	-	0	0	0	0	0
Nampula	2018	9,570.00	9,570.00	30	18	48	Agriculture	40	8	6	54	101
	2019	7,890.00	7,890.00	43	89	132	Trade	98	34	74	206	202
Zambézia	2018	0.00	0.00	0	0	0	-	0	0	0	0	0
	2019	0.00	0.00	0	0	0	-	0	0	0	0	0
Tete	2018	0.00	0.00	0	0	0	-	0	0	0	0	0
	2019	5,846.02	0.00	0	0	0	-	0	0	0	0	0
Manica	2018	9,800.00	8,300.00	79	59	138	Agriculture and Trade	123	39	0	162	252
	2019	20,950.00	20,950.00	127	129	256	Agriculture and Trade	179	77	0	256	256
Sofala	2018	0.00	0.00	0	0	0	-	0	0	0	0	0
	2019	17,791.37	17,791.37	58	189	247	Agriculture	176	71	52	299	247
Inhambane	2018	9,703.78	9,703.78	27	135	162	Livestock and Trade	93	69	61	223	162
	2019	20,250.48	9,703.78	91	111	202	Trade	138	64	30	232	239
Gaza	2018	36,940.00	6,460.00	54	68	122	Agriculture, Livestock and Trade	68	54	27	149	266
	2019	11,060.00	2,000.00	13	23	36	Livestock	18	18	9	45	87
Maputo-Prov.	2018	2,365.16	2,365.16	4	12	16	Trade	9	7	4	20	80
	2019	820.00	820.00	4	10	14	Industry and agriculture	7	7	0	14	56
Maputo City	2018	0.00	0.00	0	0	0	-	0	0	0	0	0
	2019	0.00	0.00	0	0	0	-	0	0	0	0	0
<b>Total</b>	<b>2018</b>	<b>72,547.50</b>	<b>40,567.50</b>	<b>240</b>	<b>321</b>	<b>561</b>		<b>375</b>	<b>210</b>	<b>113</b>	<b>698</b>	<b>964</b>
	<b>2019</b>	<b>84,607.87</b>	<b>59,155.15</b>	<b>336</b>	<b>551</b>	<b>887</b>		<b>616</b>	<b>271</b>	<b>165</b>	<b>1,052</b>	<b>1,087</b>

Source: MITADER and BM

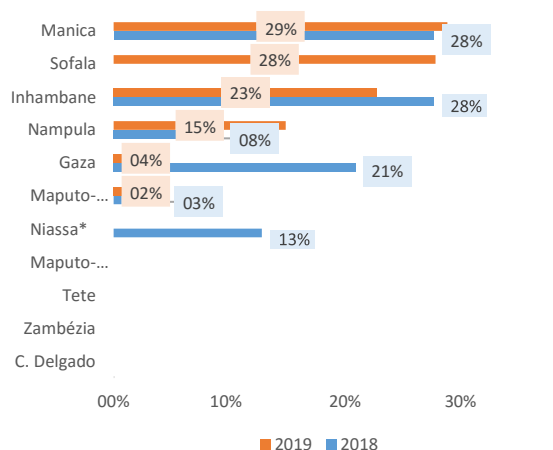
Notes: (\*) Niassa data were not yet available at the reporting date, although this province was included in the 2019 funding.

The total number of FDD beneficiaries in 2019 was 1,052 individuals, against 698 recorded in 2018, including 616 men (58.6%), 271 women (25.8%) and, among these, 165 young people (15.7%).

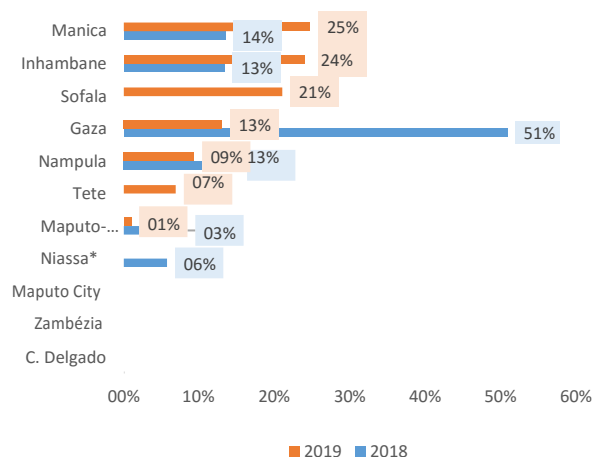
From the analysis of the FDD distribution by the provinces of the country it can be measured that, in 2019, the Manica province held the greatest of number of beneficiaries (28.9%), followed by the provinces of Sofala (27.8%) and Inhambane (22.8%). In 2018, the provinces of Manica (27.7%), Inhambane (27.7%) and Gaza (22.9%) recorded the highest number of beneficiaries.

The Manica province also concentrated higher funding (24.8%), followed by the Inhambane (23.9%) and Sofala (21.0%) provinces. The Maputo province concentrated less funding in both 2018 and 2019, with 3.3% and 1.0%, respectively (graphs 28 and 29).

**Graph 28: Funding by Province as Percentage of the Total**



**Graph 29: Beneficiaries by Province as Percentage of the Total**



Source: MITADER and BM

**ii. One District, One Bank Project;**

It should be noted that the "One District, One Bank" project aims to accelerate the use of banking services in rural areas by establishing at least one bank branch in each unbanked country<sup>5</sup> by 2019, with a view to creating equal opportunities in terms of proximity and availability of financial services to all Mozambicans without distinction.

In 2019, 22 branches were set up, making a total of 35 branches during the period of 2016, the year the project was launched (Table 5).

**Table 5: One District, One Bank Project (2019)**

Province	Bank	Districts Covered				Total
		2016	2017	2018	2019	
Cabo Delgado	BCI		Balama		Namuno	5
	BCI		Nangade	Muidumbi		
	BIM				Mecúfi	
Niassa	BCI			Maua	Mavago	4
	BCI				Mecula	
	BIM				Nipepe	
Nampula	BCI	Murupula			Mecuburi	7
	BIM			Mossuril	Lalaua	
	BIM				Mogincual	
	MOZA				Memba	
	MOZA				Nacaroa	
Zambézia	BIM				Pebane	2
	BCI				Gilé	
Tete	BCI				Chifunde	3
	BCI				Marávia	

<sup>5</sup><http://mitader.info/proyecto/proyecto-um-distrito-um-banco/>

Province	Bank	Districts Covered				Total
		2016	2017	2018	2019	
	MOZA				Tsangano	
Sofala	BCI		Chemba	Cheringoma		4
	BIM				Muanza	
	BIM				Machanga	
Manica	MOZA	Gondola				4
	MOZA	Vandúzi				
	BCI	Guro			Machaze	
Inhambane	BIM		Mabote		Funhalouro	2
Gaza	MOZA	Chicualacuala			Mapai	4
	MOZA				Chigubo	
	MOZA				Guija	
<b>TOTAL</b>		5	4	4	22	35

Source: MITADER and BM

Notes: (¹) Moza Banco; (²) BCI, (³) BIM, (⁴) Barclays and (⁵) Único.

### iii. Sustenta Project

Sustenta is an integrated agriculture and Natural Resources Management Project whose objective is to promote and facilitate integrated rural development, with a view to contributing to the improvement of the living conditions of rural households<sup>6</sup>. In 2019, this project benefited ten (10) districts, of which five (5) in Zambézia province and five (5) in Nampula province.<sup>7</sup>

**Table 6: Sustenta Project (2019)**

No.	Province	Number of beneficiary districts	Institutions banking partners	Number of open branches	Average amount of funding received
01	Zambézia	Ile, Gilé, Mocuba, Alto Molocué, Gurué	BNI	N/A	N/A
02	Nampula	Rapale, Ribaué, Lalaua, Mecuburi, Malema	BNI	N/A	N/A

Source: National Sustainable Development Fund (FNDS)

N / A - Not Applicable

### iv. ASCAs Project

ASCAs are organizational forms of promoting low-income population access to financial services, particularly in remote rural areas. Its characteristic is the involvement of the community and members in the management of local financial structures, a methodology already successfully tried in many African countries and which has been promoted in Mozambique since the late 1990s.

<sup>6</sup><http://mitader.info/proyecto/proyecto-sustenta/>

From the mid-2000s, the Government of Mozambique decided to concentrate efforts to continue the promotion of this methodology and has the support of non-governmental organizations or financial institutions.

Currently, there are more than 24 operators in the country, including non-governmental organizations, governmental organizations and independent promoters – who promote ASCAs with different methodologies and objectives.

The most structured ASCAs are in the provinces of Maputo, Gaza, Inhambane, Sofala, Nampula and Niassa, and serve about 35,698 members. These groups are present in all the provinces of the country, making up more than 1,581 groups, and the deposits are of 111.19 million meticaís.

**Table 7: Statistical Information on Savings Groups in 2019**

No.	Province	No. of groups	No. of members	Operators / Facilitators	No. of Funding Organizations	Credit portfolio	Deposit portfolio
1	Maputo City	no info	no info	no info	no info	no info	no info
2	Maputo province	150	1,915	6	2	no info	2,149,330.00
3	Gaza	371	7,874	6	3	no info	24,034,630.00
4	Inhambane	231	6,961	1	4	no info	46,305,000.00
5	Sofala	142	5,289	1	5	no info	13,820,468.00
6	Manica	75	2,050	1	3	no info	9,242,235.00
7	Tete	91	2,403	4	0	no info	6,168,675.30
8	Zambézia	90	1,712	2	0	no info	2,585,590.00
9	Nampula	137	2,193	1	no info	no info	no info
10	Cabo Delgado	90	1,719	1	21	no info	2,278,844.00
11	Niassa	204	3,582	1	1	no info	4,604,160.00
<b>TOTAL</b>		<b>1,581</b>	<b>35,698</b>	<b>24</b>	<b>39</b>		<b>111,188,932.30</b>

Source: MITADER

#### *v. Use of Banking Services by Pensioners of the State Social Welfare System*

The mandatory state Social Welfare System, which covers civil and military employees of the state, counted as of December 2019 a total of 203, 161 pensioners, against 186,334 in 2018 (an increase of 9.0%), of which 160,308 (78.9%) receive their pensions via the bank, against 122,496 pensioners who received via the bank in 2018, corresponding to an increase of 30.9%.

In Maputo city and Manica province all pensioners receive through the bank and the lowest levels of banking of pensioners from the State Social Welfare system are observed in the provinces of Cabo Delgado and Nampula, with rates of 55.4% and 65.8%, respectively.



**Table 8: Level of Use of Banking Services by INPS Pensioners in 2019**

No.	Province	No. of INPS pensioners			No. of pensioners that receive via bank			Unbanked pensioners			% of banked pensioners		Banking institutions to operate on payment of pensions
		2018	2019	Var.	2018	2019	Var.	2018	2019	Var.	2018	2019	
1	Central <sup>8</sup>	37,470	39,340	5.0%	26,615	32,127	7,737	10,913	7,213	-33.9%	71.0%	81.7%	( <sup>1</sup> ) ( <sup>2</sup> ) ( <sup>3</sup> ) ( <sup>4</sup> )
2	Maputo City	2,789	3,106	11.4%	2,663	3,106	0	174	0	100.0%	95.5%	100.0%	( <sup>1</sup> ) ( <sup>2</sup> )
3	Maputo Province	6,668	7,602	14.0%	5,189	7,094	690	1,604	508	-68.3%	77.8%	93.3%	( <sup>2</sup> ) ( <sup>3</sup> )
4	Gaza	8,320	9,012	8.3%	6,982	8,631	6,982	1,461	381	-73.9%	83.9%	95.8%	( <sup>3</sup> )
5	Inhambane	7,845	8,806	12.2%	6,940	8,619	0	1,037	187	100.0%	88.5%	97.9%	( <sup>3</sup> )
6	Sofala	15,713	17,144	9.1%	11,534	13,554	3,364	4,459	3,590	-19.5%	73.4%	79.1%	( <sup>1</sup> ) ( <sup>3</sup> )
7	Manica	15,237	16,217	6.4%	13,156	16,217	1,087	2,257	0	-100.0%	86.3%	100.0%	( <sup>1</sup> ) ( <sup>3</sup> )
8	Tete	14,153	15,178	7.2%	12,056	14,832	1,797	2,378	346	-85.4%	85.2%	97.7%	( <sup>1</sup> ) ( <sup>3</sup> )
9	Zambézia	10,527	11,598	10.2%	6,416	9,207	2,671	4,341	2,391	-44.9%	60.9%	79.4%	( <sup>1</sup> ) ( <sup>2</sup> ) ( <sup>3</sup> ) ( <sup>4</sup> )
10	Nampula	15,114	16,738	10.7%	8,785	11,010	6,115	6,637	5,728	-13.7%	58.1%	65.8%	( <sup>1</sup> ) ( <sup>2</sup> ) ( <sup>3</sup> )
11	Cabo Delgado	40,201	45,171	12.4%	13,594	25,011	22,867	27,375	20,160	-26.4%	33.8%	55.4%	( <sup>1</sup> ) ( <sup>2</sup> ) ( <sup>3</sup> )
12	Niassa	12,297	13,249	7.7%	8,566	10,900	3,267	3,828	2,349	-38.6%	69.7%	82.3%	( <sup>1</sup> ) ( <sup>2</sup> ) ( <sup>3</sup> )
	<b>TOTAL</b>	<b>186,334</b>	<b>203,161</b>	<b>9.0%</b>	<b>122,496</b>	<b>160,308</b>	<b>30.9%</b>	<b>66,464</b>	<b>42,853</b>	<b>-35.5%</b>	<b>65.7%</b>	<b>78.9%</b>	-

Source: INPS

Nota: (<sup>1</sup>) BCI; (<sup>2</sup>) Barclays; (<sup>3</sup>) MBIM; (<sup>4</sup>) Standard Bank.**Box 4: Youth Financial Inclusion: Prospects for Mozambique****1. Contextualization**

Financial inclusion alone cannot eradicate poverty. However, inclusive financial systems are important for achieving sustainable economic and social development. An inclusive financial system is fundamental in modern economies as it allows individuals and businesses to transact, save, make loans and investments.

In many developing and emerging countries home to 87% of the world's youth, rapid population growth has resulted in high unemployment rates and high levels of financial exclusion for young people (aged 16-24), which is an opportunity and policy dilemma.

**2. The Economic and Financial Profile of Young People in Mozambique**

The economic, social and even financial inclusion of the young population is essential to enable this population group to protect itself against unexpected events, plans for the future and improve living conditions through more consistent access to financial resources.

According to 2017 census data, about 32% of the Mozambican population is between the ages 15 and 34, of which 62% live in rural areas and 54% are women<sup>1</sup>. The financial profile of these young people<sup>2</sup> shows that:

- i) Young people are more likely to use informal financial services;
- ii) Lack of income and distance from home to the nearest point of access to financial services are the main reasons for young people not having a bank account;
- iii) Most young people do not save in any way, and those who save do so at home or in a secret place; and
- iv) Lack of identification documents, low levels of education, lack of financial education and lack of collateral are the main constraints for this group to access the financial service.

<sup>8</sup> Central refers to pensions paid directly in the INPS.

### 3. Policy Prospects for Financial Inclusion of Young People

The National Strategy for Financial Inclusion (NFIS) does not present policies for greater financial inclusion of young people. However, given the key role of access to financial services in facilitating entrepreneurship and employment options, the financial inclusion of young people becomes a policy priority. To this end, there is a need for regulators and policymakers to redouble their efforts in supporting, and investing in, youth, as this represents an opportunity for the country's accelerated and sustainable economic growth.

Financial inclusion policies may take into account the following:

- (1) Legal and regulatory environment - develop legislation that is inclusive and protective of the rights of young people;
- (2) Digital financial services - financial technology (fintech) innovations have the potential to overcome traditional barriers to access financial services by the young population. Develop appropriate policies and regulations to support the development of innovative delivery channels that promote access to financial services for young people;
- (3) Financial education - investing in the development and delivery of financial and digital education programs, and integrating financial education and entrepreneurship subjects into national curricula;
- (4) Set specific targets for monitoring the financial inclusion of the youth; and
- (5) Stimulate and support the financial sector to design appropriate financial products for the youth.

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#### Reference:

- (1) National Institute of Statistics, 2017 census data.
- (2) Financial Sector Deepening Mozambique, "[Analysis of Youth Financial Inclusion – the main reason for exclusion in rural areas](#)"
- (3) CGAP. 2019. [3 Principles for Funders of Youth Financial Inclusion](#).
- (4) CGAP.2019. [The role of Financial Services in Youth Education and Employment](#).
- (5) Child and Youth Finance International. 2016. [Landscape Series: Financial Inclusion for Children and Youth](#)
- (6) Master card Foundation. "Financial Services for Young People: Prospects and Challenges"
- (7) Sykes, J., Elder S., Gurbuzer Y., and Principi M. 2016. "[Exploring the linkages between youth financial inclusion and job creation](#)"

## 4.2.8. Financial Inclusion Index

The Financial Inclusion Index (FII) calculated by the BM<sup>9</sup> at 14.5 points, did not show any improvement in 2019 compared to 2018, as shown in Table 9.

**Table 9: 2005-2019 FII Development**

Province	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	98.59	98.66	97.53
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	16.84	16.96	16.49
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	7.24	7.34	7.70
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	8.21	8.59	8.26
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	4.87	5.06	5.31
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	5.47	5.33	5.13
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	4.13	4.02	4.31
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	2.75	2.79	2.97
CABO DELGADO	1.72	1.58	2.00	2.06	2.15	2.40	3.06	3.17	3.75	3.74	3.99	3.73	4.40	3.82	4.03
NIASSA	1.93	1.90	2.37	1.75	1.94	2.01	2.25	2.35	3.16	3.89	4.16	4.28	4.25	4.70	5.23
<b>Global FII*</b>	<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>14.46</b>	<b>14.52</b>	<b>14.54</b>
<b>Restricted FII**</b>	<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>8.43</b>	<b>8.49</b>	<b>8.59</b>

Source: BM

Notes: ( \* ) The Global FII includes Maputo city; ( \*\* ) The restricted FII is calculated for all country districts (128 districts between 2005 and 2015 and 154 districts in 2016 and 2017), excluding Maputo city.

Although the FII in Mozambique has stagnated in the last three years, between 2005 and 2019, this indicator increased by 56%, because of the expansion of access points to financial services. However, in 2016 the FII reduced due to the increase in the number of districts in the country with poor distribution of access points.

Analyzing the restricted FII, calculated for the 154 districts of the country excluding Maputo city, it is observed that the FII rose to 8.6 points in 2019 (against 8.5 points in 2018), signaling the positive impact of ongoing actions aimed at the use of banking services in districts.

The demographic access index of Mozambique stood at 17.5 points (against 17.4 points in 2018), followed by the use index with 15.8 points, the same value recorded in 2018, and finally the geographical access index with 11.1 points (against 11.0 points in 2018), according to Table 10.

**Table 10: Geographic and Demographic Access and Use Index**

Province	Geographic Access index		Demographic Access index		Use Index		IFI GLOBAL	
	2018	2019	2018	2019	2018	2019	2018	2019
MAPUTO CITY	100.0	100.0	100.0	95.8	97.7	99.0	98.7	97.5
MAPUTO PROVINCE	7.5	7.2	24.3	23.8	21.5	20.6	17.0	16.5
GAZA	2.0	2.0	13.0	13.7	8.2	8.5	7.3	7.7
INHAMBANE	1.4	1.6	14.8	15.2	10.5	9.0	8.6	8.3
SOFALA	1.2	1.2	7.1	7.9	7.3	7.1	5.1	5.3
MANICA	2.0	2.3	6.2	6.1	8.0	7.2	5.3	5.1

<sup>9</sup> The method used by the BM for calculating the FII is detailed in the BM's Study (2013) on "Financial Inclusion Challenges in Mozambique: A Supply-Side Approach" (2013) in [http://www.bancomoc.mz/fm\\_pgTab1.aspx?id=116](http://www.bancomoc.mz/fm_pgTab1.aspx?id=116)

Province	Geographic Access Index		Demographic Access Index		Use Index		IFI GLOBAL	
	2018	2019	2018	2019	2018	2019	2018	2019
TETE	1.3	1.4	6.4	6.9	4.8	5.1	4.0	4.3
ZAMBEZIA	1.6	1.8	3.6	4.1	3.3	3.1	2.8	3.0
NAMPULA	1.7	1.8	5.6	5.9	4.4	4.5	3.8	4.0
CABO DELGADO	2.1	2.4	7.0	7.5	5.2	6.0	4.7	5.2
NIASSA	0.6	0.7	3.7	5.1	3.1	3.5	2.5	3.0
<b>FII MOZAMBIQUE</b>	<b>11.0</b>	<b>11.1</b>	<b>17.4</b>	<b>17.5</b>	<b>15.8</b>	<b>15.8</b>	<b>14.5</b>	<b>14.5</b>

Source: BM

Besides Maputo city (100.0), Maputo province (7.2 points) has the highest geographic access index, despite the slight decrease compared to 2018; Maputo city (95.8 points) and the provinces of Maputo (23.8 points), Inhambane (15.2 points) and Gaza (13.7 points) have the highest demographic access indices and are the same ones that have the highest rates of use of financial services and products.

## 5. MONITORING AND EVALUATION OF THE NFIS

### 5.1 Level of Implementation of the Action Plan

Of the 54 actions included in the 2016-2022 NFIS Action Plan, 9 (17%) have been carried out, 37 (69%) are in progress and 8 have not yet been started (15%), as shown in Table 11 below:

**Table 11: Level of Implementation of the NFIS Action Plan**

2019								
	Pillar I		Pillar II		Pillar III		TOTAL	
	Access and use of financial services		Strengthening the financial infrastructure		Consumer protection and financial education			
	No. of Actions	%	No. of Actions	%	No. of Actions	%	No. of Actions	%
<b>Carried Out</b>	5	16%	3	38%	1	7%	9	17%
<b>Ongoing</b>	20	65%	3	38%	14	93%	37	69%
<b>Not initiated</b>	6	19%	2	25%	0	0%	8	15%
<b>Total</b>	<b>31</b>	<b>100.00%</b>	<b>8</b>	<b>100%</b>	<b>15</b>	<b>100%</b>	<b>54</b>	<b>100%</b>
2018								
	Pillar I		Pillar II		Pillar III		TOTAL	
	Access and use of financial services		Strengthening the financial infrastructure		Consumer protection and financial education			
	No. of Actions	%	No. of Actions	%	No. of Actions	%	No. of Actions	%
<b>Carried Out</b>	5	16%	2	25%	1	7%	8	15%
<b>Ongoing</b>	19	61%	3	38%	14	93%	36	67%
<b>Not initiated</b>	7	23%	3	38%	0	0%	10	19%
<b>Total</b>	<b>31</b>	<b>100.00%</b>	<b>8</b>	<b>100%</b>	<b>15</b>	<b>100%</b>	<b>54</b>	<b>100%</b>

Source: BM

The current actions are mostly of regulatory nature and involve more than one institution. The remaining actions constitute studies and diagnostics that await the identification of partners to be carried out. The tasks not initiated need further deepening of the subjects and support of potential partners and stakeholders.

**Chart 5: Level of Implementation of Pillar I – Access and Use of Financial Services**

Pillar I		Access and use of financial services			
		Completed 5	Ongoing 20	Not initiated 6	
Objective	Area	Actions	Leader	Status	
Expand and diversify the network of access points	Regulatory framework - access points	1. Promote a wide application of Notice No. 3/2015 on the regime of access and exercise of activity of banking agents.	BM	Completed	
		2. Based on geospatial mapping, define possible regulatory measures to complement the future network of agents in disadvantaged areas, such as the creation of light branches.	BM	Ongoing	
Improve the legal and regulatory framework for expanding products and services	Services of payment	3. Create, regulate and promote the basic bank account.	BM	Ongoing	
		4. Propose a specific regulation on the opening and movement of bank accounts, including lowering the minimum age.	BM	Ongoing	
		5. Promote electronic payments (POS expansion)	BM MIC	Ongoing	
		6. Establish a single regulatory framework for electronic money issuance activity.	BM	Ongoing	
		7. Improve the regulatory framework to ensure efficiency, competition and security of electronic transactions in the financial system.	BM	Ongoing	
		8. Create a legal, regulatory and supervisory framework for the activity of international and domestic money transfers.	BM	Completed	
		Insurance	9. Create and expand MSME-oriented microinsurance products.	AMS	Completed
			10. Create mobile insurance services.	ISSM AMS	Ongoing
	11. Create a regulatory framework for the expansion of simplified microinsurance products.		ISSM	Ongoing	
	12. Strengthen the ISSM supervisory capacity.		ISSM	Ongoing	
	Rural finance	13. Create a regulatory framework for the development of financing based on deposit certificates.	MIC	Not initiated	
		14. Promote campaigns for the registration of national citizens and provision of identification documents.	MJACR	Ongoing	
	Finance for Housing	15. Create a national finance program for housing.	FFH	Not initiated	

Objective	Area	Actions	Leader	Status
Develop a range of products for MSMEs, low income population and farmers	Provision services of mass payments	16. Pay pensioners and beneficiaries of INSS through electronic means that facilitate financial inclusion.	INSS	
		17. Pay beneficiaries of social action programs by electronic means which facilitate the Financial Inclusion	MGCAS	
	Provision of insurance services	18. Develop microinsurance products geared towards MSMEs, farmers, informal traders ( <i>mukheristas</i> ), market vendors and low-income population.	ISSM AMS	
	Provision of credit, savings and payment services	19. Develop financing, savings and payment products suitable for the low-income population, MSMEs and farmers.	BM AM B EMI	
Increase the level of information on financial inclusion	Capacity of financial institutions	20. Collect additional relevant statistical information for the compilation of financial inclusion indicators	BM ISSM BVM	
		21. Conduct knowledge dissemination events (workshops and courses) on business models aimed at low-income segments, farmers or MSME, and their risk management models.	BM ISSM AMB AMS BVM	
		22. Create training mechanisms for the insurance market (actuaries) and capital market.	ISSM AMS BVM	
	Information on the market potential	23. Conduct a study on the flows of mass payments in the private sector that could be digitized.	BM	
		24. Carry out a diagnostic study on the domestic and international transfer market.	BM	
		25. Carry out a study of financial inclusion based on a demand-side approach.	BM	
		26. Carry out a diagnosis on the leasing market.	BM	
		27. Carry out a diagnosis on the factoring market.	BM	
		28. Carry out an evaluation of the existing initiatives for rural finance, with the aim of improving and identifying synergies with the private initiative.	MITADER	
	Eligibility of MSMEs	29. Strengthen the capacity (management, accounting, planning) of MSMEs and their connection to market structures (associations and production chains).	IPEME	
	Financial Inclusion Indicators	30. Implement an information regime to identify the credit portfolio to MSMEs.	BM	
31. Create the Annual Financial Inclusion report.		BM		

Source: NFIS

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

**Pillar II**

**Strengthening the financial infrastructure**

**Completed**  
3

**Ongoing**  
3

**Not initiated**  
2

Objective	Area	Actions	Leader	Status
Improve NPS infrastructure	National Payment Systems	1. Create the regulation for Payment Processing Companies.	BM	Completed
	Improve infrastructure for healthy credit expansion	Credit information	2. Improve the reporting regime to the Central Credit Register to guarantee updated information about lenders.	BM
Movable guarantees		3. Create a movable guarantees registry	MJACR BM	Completed
		4. Create a legal framework for the use of movable guarantees and to enhance credit rights (Secured Transactions Law).	MJACR BM	Ongoing
Real estate guarantees		5. Modernize, automate and expand the coverage of real estate records.	MJACR MEF	Ongoing
Execution of guarantees		6. Carry out a diagnosis on the legal framework and the existing structure for timely and fair execution of guarantees at extrajudicial level.	BM	Not initiated
Guarantee Fund		7. Carry out a mapping and diagnosis of existing credit guarantee funds.	BM AMB IPEME	Not initiated
		8. Create a Credit Guarantee Fund following international best practices, to encourage credit for MSMEs and farmers.	BM AMB IPEME	Ongoing

Source: NFIS



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

**Pillar III**

**Consumer protection and Financial Education**

**Completed**  
**1**

**Ongoing**  
**14**

**Not initiated**  
**0**

Objective	Actions	Leader	Status
Improve the legal, regulatory and supervisory framework for the protection of financial consumers	1. Review and update notice 5/GBM / 2009 on fees and other charges	BM	Completed
	2. Develop the methodology of behavioral supervision.	BM	Ongoing
	3. Improve notice 4/2009 to set minimum standards for the operation of consumer complaint registration and handling channels.	BM	Ongoing
	4. Create standardized key facts statements for the most common consumer financial products.	BM	Ongoing
Increasing the range and quality of information	5. Make comparative information on commissions and other charges of the main products of the retail market available on the BM's website.	BM	Ongoing
	6. Make statistics of complaints available on the BM website consumers against financial institutions supervised by the BM.	BM	Ongoing
Increase the level of financial knowledge by specific segments	7. Create a unique national financial education program in Mozambique.	BM, ISSM, BVM, MINEDH, MEF	Ongoing
	8. Support financial inclusion through disclosure to populations of access conditions to minimum banking services	BM	Ongoing
	9. Raising awareness of the importance of saving.	BM	Ongoing
	10. Promote and foster responsible financial knowledge and attitudes.	BM, ISSM and BVM	Ongoing
	11. Clarify the citizen about the rights and duties of the bank customer and financial institutions.	BM and ISSM	Ongoing
	12. Contribute to the efficiency and soundness of the financial market.	BM, ISSM and BVM	Ongoing
	13. Equip the population and companies with knowledge about the capital market	BVM	Ongoing
	14. Promote the participation of companies, including SMEs, in the stock market	BVM	Ongoing
	15. Carry out credit counseling campaigns for customers facing problems of over-indebtedness, contributing to instilling savings practices.	BM MINEDH	Ongoing

Source: NFIS

## 5.2 Level of Implementation of Financial Inclusion Targets

### 5.2.1. Global Targets

The global financial inclusion targets in the NFIS are set for the years 2018 and 2022. The monitoring and evaluation of the targets set in the NFIS is an integral part of the strategy, allowing regulators and stakeholders to evaluate the results achieved and take corrective measures to achieve the targets set.

In the period 2018/2019, the FinScope Consumer Survey was carried out, which aims to measure the levels of access and use of financial services by the adult population with national representation. In these terms, taking into account the availability of FinScope data for 2019, Table 12 below summarizes the information on the global targets, based on the two data sources:

**Table 12: Level of Implementation of Global Financial Inclusion Targets in 2019**

No.	Indicator	Implemented					Target 2022	2019 Deviation from the target	
		Banking system data (supply)*				Fiscope (demand)**		2019*	2019**
		2016	2017	2018	2019				
1	40% of the 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%	33%	33%	31%	21%	60%	(29)pp	(39)pp
	b. Percentage of adult population with access to non-bank financial services provided by electronic money institutions	44%	44%	51%	56%	41%	60%	(4) pp	(19) pp
2	Percentage of districts with at least one access point to formal financial services***	58%	56%	64%	73%	n.d.	100%	(27)pp	n.d.
3	Percentage of population with a financial services access point less than 5 km from their place of residence or work (GIS)	n.d.	n.d.	n.d.	n.d.	n.d.	75%	n.d.	n.d.

Source: BM and FinScope 2019

Notes: ( \* ) calculated based on number of accounts (bank and e-money) in % of adult population; ( \* \* ) FinScope Results 2019;

( \* \* \* ) Calculated based on districts (154) covered by bank branches.

According to FinScope 2019, the indicator on the percentage of the adult population with physical or electronic access to financial services provided by a formal financial institution noted the following deviation:

- a) The percentage of the adult population with access to banking services stood at 21%, 39pp below the 60% target expected for the year 2022.

- b) The percentage of the adult population with access to non-banking financial services provided by electronic money institutions stood at 41%, which represents 19 pp below the 60% target for the year 2022.

For the indicator on percentage of districts with at least one access point to formal financial services, in 2019 73% of districts were covered by at least one access point to financial services. This indicator is below the target expected for 2022 at 19pp.

Despite the fact that it is already operational, the GIS platform for geospatial mapping does not yet allow to calculate the indicator on the percentage of the population with an access point to financial services less than 5 km from the place of residence.

## 5.2.2. Specific Targets

**Table 13: Level of Implementation of Specific Financial Inclusion Targets in 2019**

Dimension	Indicator		2015 (base year)	2016	2017	2018	2019		Over all Targ et 2022	2019 deviation from the target	
							BM	FinScope		BM	FinScope
Proximity (physical access)	Financial services access points per 100,000 adults	Bank Branches	4.6	4.5	4.4	4.5	4.6526	-	5.2	-0.5	-
		Banking agents	n. a.	1.5	1.6	1.92	10.598	-	44.9	-34.3	-
		ATM	11.4	11.5	11.6	13.1	10.96	-	15.4	-4.4	-
		POS	160.2	175.3	207	207	229.2	-	250.2	-21.0	-
		EMI Agents	129.7	176.3	195	277	350.64	-	473.2	-122.6	-
	Financial services access points per 10,000 km <sup>2</sup>	Bank branches	7.7	8.2	8.2	8.7	10	-	10	-0.4	-
		Bank Branches	n. a.	2.7	3.1	3.7	22	-	50	-28.2	-
		ATM	19.7	21	21.8	25.6	22.5	-	28.5	-6.0	-
		POS	275.9	320.3	389.9	402.9	470.6	-	396.8	73.8	-
		EMI Agents	223.4	322.2	367.2	539.5	719.9	-	525	194.9	-
Proportion of districts with at least one access point to financial services		55.1%	58.0%	60.0%	64.3%	72.7%	-	100.0%	-27%	-	
Proportion of the population living in districts with at least one access point		74.3%	94.0%	97.8%	97.1%	99.0%	-	100.0%	-1%	-	
Account access and use	Proportion of the adult population with a deposit account in a formal financial institution "number of accounts"		25.1%	36.0%	32.5%	32.7%	30.5%	21.0%	45.0%	-14%	-12.3%
	Proportion of adult men with a deposit account in a formal financial institution "number of accounts"		35.6%	49.2%	45.9%	46.0%	40.9%	26.0%	54.5%	-14%	-8.5%
	Proportion of adult women with a deposit account in a formal financial institution " number of accounts"		14.6%	20.8%	18.7%	18.8%	19.3%	18.0%	35.5%	-16%	-16.7%
	Proportion of the adult population with a credit account in a formal financial institution "number of accounts"		5.1%	5.2%	5.7%	6.3%	6.9%	4%	10.5%	-4%	-4.2%
	Proportion of adult men with a credit account in a formal financial institution " number of credit accounts held by adult men"		6.7%	7.1%	8.5%	8.8%	9.6%	-	12.0%	-2%	-
	Proportion of adult women with a credit account in a formal financial institution " number of credit accounts held by adult women"		3.5%	3.0%	3.6%	3.6%	4.5%	3	9.0%	-4%	-5.4%
	Adult Population with an active e- money account		23.1%	47.0%	41.1%	51.3%	56.3%	29.0%	70.0%	-14%	-18.7%
	Adult men with an active e-money account (percentage)		30.0%	35.7%	59.0%	68.9%	75.0%	21.0%	80.0%	-5%	-11.1%
	Adult women with an active e- currency account (percentage)		16.2%	43.3%	30.0%	34.9%	38.9%	23.0%	70.0%	-31%	-35.1%

Dimension	Indicator	2015 (base year)	2016	2017	2018	2019		Over all Targ et 2022	2019 deviation from the target	
						BM	FinScope		BM	FinScope
	Deposit accounts in a formal financial institution per 100 adults	29.1	36.0	32.5	32.7	30.5	21.0	40	-9.5	-7.3
	Credit accounts in a formal financial institution per 100 adults	6.4	5.2	5.7	6.3	0.1	4	10	-9.9	-3.73
Other	Deposits in banks as a proportion of GDP	46.4%	48.0%	43.0%	44.1%		-	72.0%	-72%	-
	Bank credit as a proportion of GDP	34.9%	37.9%	28.0%	24.8%		-	53.0%	-53%	-
	Balances on accounts of electronic money institutions as a proportion of GDP	0.1%	0.2%	0.2%	0.4%		-	6.0%	-6%	-
	Proportion of adult population with some insurance product	7.0%	n. a.	8.0%	8.0%		11.0%	15.0%	- 15%	-7.0%
	Market capitalization as a proportion of GDP	7.8%	9.0%	8.9%	8.6%	10.0%	-	9.2%	1%	-
	Ratio of stock exchange operators to banks	50.0%	52.6%	53.0%	61.0%	66.7%	-	65.0%	2%	-
	Number of investors using financial products and services of capital markets	5000	6000	7,500	7,673	22,150	-	12,000	10150.0	-
Financial education	Number of financial products that adults are familiar with	3.3	n. a.	4	4	4	-	7	-3.0	-
	Number of financial basics questions answered correctly	3.7	n. a.	3	34		-	7	-7.0	-
	Number of students familiar with capital market products	500	1200	1,701	2,500		-	10,000	-10000.0	-

Source: BM, BVM, ISSM and FinScope 2019

Notes: Adjusted as per the recommendations of the World Bank's NFIS Mid-Term Review Report.

## 5. CONCLUSIONS AND CHALLENGES

### 6.1. Conclusions

**Since the implementation of the NFIS, there have been significant results in access to financial services.** According to FinScope data, in 2019 the percentage of the population with access to a bank account stood at 21%, 39pp below the 60% target expected for the year 2022. On the other hand, the expansion of accounts in electronic currencies stood at 41%, which represents 19 pp below the 60% target for the year 2022. In terms of physical access, there was also an improvement in the percentage of districts with at least one access point to formal financial services, rising to about 73%.

**While the NFIS action plan shows progress, the consolidation of the coordination structure is crucial for the successful implementation of the NFIS.** The commitment and accountability of the sectors and their actions in the NFIS action plan can be easily achieved when the National Committee for Financial Inclusion (CNIF) is formally established. Thus, the formalization of the CNIF is important.

**The CNIF working groups have been meeting and making great progress in terms of level of implementation and actions set out in the NFIS.** However, in some sectors, the implementation of the NFIS action plan has been slow, causing a delay in its implementation.

**Completion of mapping of access points to financial services should be accelerated.** Completing this activity represents one of the information sources that will contribute to expanding and disseminating the network of financial access points, as well as defining possible regulatory measures to complement the future network of access points in disadvantaged areas.

**Rural financing has made significant progress.** MITADER's "Um Distrito, um Banco" initiative has provided incentives and resulted in the opening of 35 bank branches in districts. The Mozambique Commodity Exchange is working with the government to organize and build capacity for agricultural cooperatives.

**Financial technological innovations have the potential to boost development, create and expand formal financial services, thereby benefiting the unintentionally excluded population.** Like the financial sector, the insurance market has seen the emergence of insurtechs. Although this sector does not have a Sandbox, ISSM has allowed innovators to create products in a controlled environment and in collaboration with service providers.

**The level of penetration of the insurance and pensions market is reduced.** The sector is facing a great difficulty in the expansion of micro-insurance. There is a need for a comprehensive review and reform of the regulatory framework, with particular attention to the review of the digital signature and the tax on insurance and pension products.

**The lack of identification documents, proof of address, income and NUIT represent a major obstacle to financial inclusion for low-income groups.** Thus, it is urgent to define criteria for opening and movement of bank accounts appropriate for lower-risk customers, taking into account international standards in matters of money laundering and terrorist financing.

## 6.2. Challenges

Despite the remarkable developments recorded throughout 2019, there are still some challenges for the effective achievement of the objectives and targets of the NFIS, of which the following can be highlighted:

### (i) NFIS Coordination Structure

- a. To continue the actions aimed at the legal implementation of the CNIF with a view to the effective materialization of the multisector coordination for the harmonization of the policy measures and the action plan of the NFIS; and
- b. Financing of NFIS actions.

### (ii) NFIS Action Plan

- a. Ensuring that the NFIS action plan is reviewed in line with the recommendations of the mid-term review, focusing on critical measures necessary to meet the objectives and targets set.

### (iii) Legal and Regulatory Framework

- a. Improving the legal and regulatory framework to allow for simplified bank account regulation, KYC, NUIT and digital credit moratorium; and
- b. Ensuring approval of the instrument that implements the regulatory Sandbox for Fintechs.

### (iv) Design and implementation of financial products and services tailored to the needs of the population

- a. Keep promoting the access and use of financial services that meet the needs of the population, through designing financial products and services based on technological innovations;
- b. Promoting the introduction into the national market of financial products and services, business models and innovative solutions that contribute to the provision of accessible financial services to the entire population; and
- c. Defining sustainable and viable business models that can attract private financing.

**(v) Strengthening the financial infrastructure**

- a. Boost the strengthening of the financial infrastructure, with emphasis on the completion of the interoperability of financial services provided by banking institutions and electronic money institutions through the single national network.

**(vi) Consumer protection and financial education**

- a. Boost the single national financial education program, which presents, in a harmonized manner, an action plan focused not only on knowledge, but also on changing attitudes.

**(vii) Strengthening the insurance and pension market**

- a. To continue the actions towards the massification of the adhesion of insurance services and products by the general population;
- b. Boosting financial innovations at the insurance level; and
- c. Improving the legal and regulatory framework with a view to reviewing insurance regulation in general and the tax on insurance and pension products.

**(viii) Strengthening the capital market**

- a. Promoting the emergence of stock market operators, the autonomy of existing ones and the creation of new categories in the brokerage activity, in order to develop and increase the competitiveness of the capital market in Mozambique.

**(ix) Continuous improvement of the mechanism for collecting, calculating and publishing financial inclusion indicators**

- a. Improving financial inclusion indicators to ensure their disaggregation by gender, age and type of legal entity (natural or legal); and
- b. Ensuring the collection of data regarding access and use of financial services by MSMEs.

**(x) Georeferenced mapping**

- a. Complete the capture of access points (POS and EMI agents);
- b. Assessing the possibility of adding the insurance sector and other financial institutions to the mapping; and
- c. Developing a standard on the mandatory mapping of access points to financial services.



## 7. ANNEXES

### ANNEX 1: DISTRIBUTION OF ACCESS POINTS BY THE 154 DISTRICTS OF MOZAMBIQUE (2019)

District	Branches		Banking Agents		Branches Microbanks and Credit Unions		Non-bank agents (EMI)		Representations		Delegations and counters		ATM		POS		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019Q2	2019	2019	2018	2019	2018	2019
<b>Maputo City</b>	<b>224</b>	<b>236</b>	<b>496</b>	<b>661</b>	<b>11</b>	<b>13</b>	<b>11588</b>	<b>13720</b>	<b>420</b>	<b>323</b>	<b>27</b>	<b>28</b>	<b>591</b>	<b>572</b>	<b>13003</b>	<b>14792</b>	<b>26360</b>	<b>30345</b>
<b>Maputo Province</b>	<b>80</b>	<b>77</b>	<b>172</b>	<b>254</b>	<b>8</b>	<b>9</b>	<b>8916</b>	<b>11294</b>	<b>136</b>	<b>102</b>	<b>22</b>	<b>22</b>	<b>246</b>	<b>235</b>	<b>4960</b>	<b>5673</b>	<b>14540</b>	<b>17666</b>
Matola	50	48	122	198	3	4	7136	8861	110	75	6	6	171	156	3107	3549	10705	12897
Boane	10	9	23	5	1	1	427	674	6	6	0	0	23	22	717	797	1207	1514
Magude	6	1	1	1	0	2	133	40	4	5	0	0	2	2	78	71	224	122
Manhiça	1	6	3	5	2	0	270	439	0	0	0	0	19	24	171	178	466	652
Marracuene	2	3	20	38	1	1	758	975	11	11	0	0	12	11	397	488	1201	1527
Matutuíne	3	2	2	6	1	1	43	68	2	2	3	3	5	5	251	348	310	435
Namaacha	1	1	0	0	0	0	49	85	1	1	8	8	2	2	117	128	178	225
Moamba	7	7	1	1	0	0	100	152	2	2	5	5	12	13	122	114	249	294
Xinavane	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Gaza</b>	<b>34</b>	<b>33</b>	<b>34</b>	<b>145</b>	<b>3</b>	<b>3</b>	<b>1984</b>	<b>2585</b>	<b>29</b>	<b>25</b>	<b>6</b>	<b>7</b>	<b>82</b>	<b>81</b>	<b>1331</b>	<b>1546</b>	<b>3503</b>	<b>4425</b>
Xai-Xai	16	15	16	81	2	2	933	1180	11	10	3	4	42	35	699	782	1722	2109
Bilene	5	5	2	12	0	0	227	337	4	3	1	1	13	13	218	249	470	620
Chibuto	3	3	3	19	0	0	269	353	3	3	0	0	5	5	74	98	357	481
Chicualacuala	1	1	2	1	0	0	21	16	2	1	0	0	1	2	32	29	59	50
Chigubo	0	0	1	1	0	0	1	1	0	0	0	0	0	0	5	7	7	9
Chókwè	6	6	1	5	1	1	303	444	5	4	1	1	15	15	169	206	501	682
Guijá	0	0	2	4	0	0	28	31	1	1	0	0	0	0	12	18	43	54
Mabalane	1	1	1	1	0	0	24	54	0	0	0	0	2	2	10	16	38	74
Manjacaze	1	1	2	3	0	0	139	42	1	1	0	0	2	2	75	95	220	144
Massangena	0	0	2	2	0	0	2	6	0	0	0	0	0	0	7	12	11	20
Massingir	1	1	1	1	0	0	37	37	2	2	1	1	2	2	30	34	74	78
Chonguene	0	0	0	7	0	0	0	13	0	0	0	0	0	5	0	0	0	25
Limpopo	0	0	0	8	0	0	0	71	0	0	0	0	0	0	0	0	0	79
Mapai	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
<b>Inhambane</b>	<b>38</b>	<b>37</b>	<b>68</b>	<b>251</b>	<b>5</b>	<b>5</b>	<b>3329</b>	<b>4042</b>	<b>20</b>	<b>17</b>	<b>4</b>	<b>5</b>	<b>82</b>	<b>82</b>	<b>1552</b>	<b>1686</b>	<b>5098</b>	<b>6125</b>
Inhambane	7	6	6	50	2	2	610	763	6	5	1	1	18	17	482	489	1132	1333
Maxixe	11	9	8	42	2	2	509	652	5	4	3	3	22	21	329	333	889	1066
Funhalouro	0	2	18	10	0	0	89	116	0	0	0	0	0	2	19	35	126	165
Govuro	1	1	2	1	0	0	26	39	0	0	0	0	2	2	28	24	59	67
Homoíne	1	1	2	30	0	0	145	164	0	0	0	0	2	2	25	29	175	226
Inharrime	2	2	2	2	0	0	150	200	1	1	0	0	4	4	44	59	203	268
Inhassoro	2	2	1	4	0	0	151	149	0	0	0	0	4	5	80	92	238	252
Jangamo	1	1	2	3	0	0	167	183	0	0	0	0	2	2	48	54	220	243
Mabote	1	1	1	1	0	0	25	32	2	2	0	0	2	2	33	36	64	74
Massinga	2	2	8	38	0	0	435	544	0	1	0	1	7	6	117	138	569	730

District	Branches		Banking Agents		Branches Microbanks and Credit Unions		Non-bank agents (EMI)		Representations		Delegations and counters		ATM		POS		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019Q2	2019	2019	2018	2019	2018	2019
Morrumbene	2	2	12	49	1	1	199	219	0	0	0	0	5	5	63	64	282	340
Panda	1	1	2	9	0	0	89	109	0	0	0	0	1	1	14	15	107	135
Vilankulo	4	4	2	9	0	0	511	615	5	3	0	0	9	9	238	276	769	916
Zavala	3	3	2	3	0	0	223	257	1	1	0	0	4	4	32	42	265	310
<b>Sofala</b>	<b>57</b>	<b>55</b>	<b>55</b>	<b>31</b>	<b>3</b>	<b>5</b>	<b>3463</b>	<b>4555</b>	<b>15</b>	<b>15</b>	<b>10</b>	<b>11</b>	<b>138</b>	<b>140</b>	<b>2642</b>	<b>2943</b>	<b>6383</b>	<b>7755</b>
Beira	41	39	29	8	2	3	2535	3266	8	8	10	11	101	101	2359	2573	5085	6009
Búzi	1	1	3	4	0	0	69	92	2	2	0	0	2	2	26	41	103	142
Caia	1	1	1	0	1	1	143	192	1	1	0	0	3	3	26	38	176	236
Chemba	1	1	1	1	0	0	40	43	0	0	0	0	2	2	11	12	55	59
Cheringoma	1	1	1	1	0	0	9	15	1	1	0	0	2	2	18	15	32	35
Chibabava	2	2	4	5	0	0	30	50	1	1	0	0	5	5	15	27	57	90
Dondo	7	6	4	2	0	0	321	454	0	0	0	0	13	14	113	121	458	597
Gorongosa	1	1	3	4	0	1	76	101	0	0	0	0	2	2	16	29	98	138
Machanga	0	0	1	1	0	0	5	8	0	0	0	0	0	1	5	8	11	18
Maríngue	0	0	1	1	0	0	5	6	1	1	0	0	0	0	6	8	13	16
Marromeu	1	1	2	2	0	0	61	90	0	0	0	0	3	3	17	29	84	125
Muanza	0	1	1	1	0	0	4	5	0	0	0	0	0	1	3	2	8	10
Nhamatanda	1	1	4	1	0	0	165	233	1	1	0	0	5	4	27	40	203	280
<b>Manica</b>	<b>32</b>	<b>27</b>	<b>116</b>	<b>42</b>	<b>4</b>	<b>6</b>	<b>2005</b>	<b>2572</b>	<b>5</b>	<b>4</b>	<b>13</b>	<b>13</b>	<b>62</b>	<b>64</b>	<b>1228</b>	<b>1371</b>	<b>3465</b>	<b>4099</b>
Chimoio	20	17	85	11	2	3	1251	1706	3	1	5	5	42	42	911	991	2319	2776
Bárue	1	1	1	2	1	1	101	172	0	0	0	0	2	2	28	37	134	215
Gondola	2	2	2	3	0	0	157	203	1	1	0	0	5	5	50	66	217	280
Guro	1	1	2	0	0	0	48	74	0	0	0	0	2	2	26	22	79	99
Machaze	0	0	7	8	0	0	10	39	0	0	0	0	0	0	17	27	34	74
Macossa	0	0	4	4	0	0	0	0	0	0	0	0	0	0	12	14	16	18
Manica	5	3	4	2	1	2	276	52	1	2	5	5	6	6	113	142	411	214
Vanduzi	1	1	2	2	0	0	0	108	0	0	0	0	0	2	0	0	3	113
Mossurize	1	1	3	3	0	0	36	65	0	0	3	3	2	2	33	25	78	99
Sussundenga	0	1	2	2	0	0	121	146	0	0	0	0	2	2	23	33	148	184
Tambara	0	0	3	4	0	0	5	7	0	0	0	0	1	1	15	14	24	26
Macate	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	2	1
<b>Tete</b>	<b>41</b>	<b>39</b>	<b>51</b>	<b>54</b>	<b>4</b>	<b>5</b>	<b>2108</b>	<b>3326</b>	<b>10</b>	<b>9</b>	<b>27</b>	<b>27</b>	<b>108</b>	<b>106</b>	<b>1740</b>	<b>1927</b>	<b>4089</b>	<b>5493</b>
Tete	24	21	28	35	3	4	1269	2153	5	4	12	12	72	67	1375	1507	2788	3803
Angónia	5	5	1	0	1	1	118	174	0	0	3	3	10	9	82	96	220	288
Cahora-Bassa	4	4	2	0	0	0	156	171	4	4	1	1	7	7	90	99	264	286
Changara	1	1	1	0	0	0	76	114	0	0	3	3	2	2	9	10	92	130
Chifunde	0	0	1	2	0	0	3	4	0	0	0	0	0	2	5	4	9	12
Chiuta	1	1	0	0	0	0	12	20	0	0	1	1	2	2	7	7	23	31
Macanga	1	1	1	2	0	0	97	122	1	1	0	0	2	2	5	5	107	133
Mágoe	0	0	6	4	0	0	29	28	0	0	1	1	0	0	17	19	53	52
Marávia	0	1	1	2	0	0	7	17	0	0	0	0	0	2	12	14	20	36

District	Branches		Banking Agents		Branches Microbanks and Credit Unions		Non-bank agents (EMI)		Representations		Delegations and counters		ATM		POS		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019Q2	2019	2019	2018	2019	2018	2019
Moatize	4	4	1	0	0	0	246	390	0	0	3	3	11	11	110	130	375	538
Mutarara	1	1	1	1	0	0	90	120	0	0	0	0	2	2	19	20	113	144
Tsangano	0	0	3	3	0	0	3	4	0	0	2	2	0	0	8	9	16	18
Zumbo	0	0	2	2	0	0	2	2	0	0	1	1	0	0	1	0	6	5
Marara	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	2
Dôa	0	0	3	2	0	0	0	6	0	0	0	0	0	0	0	7	3	15
<b>Zambézia</b>	<b>34</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>1</b>	<b>4</b>	<b>2829</b>	<b>4409</b>	<b>12</b>	<b>12</b>	<b>8</b>	<b>8</b>	<b>112</b>	<b>112</b>	<b>1274</b>	<b>1428</b>	<b>4304</b>	<b>6041</b>
Quelimane	15	14	2	12	1	2	1363	2061	4	4	4	4	65	61	570	679	2024	2837
Alto Molócuê	2	2	2	0	0	0	201	291	3	3	0	0	6	6	60	71	274	373
Chinde	0	0	6	6	0	0	2	2	0	0	0	0	0	0	19	17	27	25
Gurué	3	2	1	2	0	1	184	371	2	2	1	1	7	7	59	70	257	456
Ile	0	0	1	1	0	0	58	80	0	0	0	0	0	0	23	24	82	105
Inhassunge	0	0	3	2	0	0	9	17	1	1	0	0	0	0	4	5	17	25
Lugela	0	0	1	1	0	0	17	29	0	0	0	0	0	0	15	16	33	46
Gilé	0	1	0	0	0	0	10	11	0	0	0	0	0	2	44	39	54	53
Maganja da Costa	1	1	1	1	0	0	47	85	0	0	0	0	2	2	38	36	89	125
Milange	2	2	1	0	0	0	92	183	0	0	2	2	7	7	60	60	164	254
Mocuba	7	6	2	2	0	1	411	594	0	0	1	1	15	16	180	196	616	816
Mopeia	1	1	1	0	0	0	68	102	0	0	0	0	2	2	32	34	104	139
Morrumbala	1	1	1	0	0	0	116	188	0	0	0	0	2	2	38	38	158	229
Namacurra	1	1	1	0	0	0	56	78	0	0	0	0	2	2	17	22	77	103
Namarroi	0	0	4	3	0	0	9	12	0	0	0	0	0	0	22	25	35	40
Nicoadala	1	1	0	0	0	0	133	204	0	0	0	0	4	4	29	34	167	243
Pebane	0	1	2	1	0	0	53	90	2	2	0	0	0	1	64	62	121	157
Luabo	0	0	1	1	0	0	0	2	0	0	0	0	0	0	0	0	1	3
Mulevala	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	3
Mocubela	0	0	1	0	0	0	0	3	0	0	0	0	0	0	0	0	1	3
Derre	0	0	1	3	0	0	0	3	0	0	0	0	0	0	0	0	1	6
Molumbo	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
<b>Nampula</b>	<b>77</b>	<b>79</b>	<b>85</b>	<b>126</b>	<b>6</b>	<b>9</b>	<b>4533</b>	<b>6370</b>	<b>10</b>	<b>13</b>	<b>12</b>	<b>13</b>	<b>193</b>	<b>202</b>	<b>3054</b>	<b>3345</b>	<b>7970</b>	<b>10157</b>
Nampula	36	35	48	79	4	5	3126	4436	3	4	6	7	98	101	2026	2174	5347	6841
Nacala-Porto	17	16	4	3	2	3	362	575	1	3	5	5	47	48	566	622	1004	1275
Angoche	2	2	2	4	0	0	181	202	2	2	1	1	4	4	38	58	230	273
Ilha de Moçambique	2	2	2	2	0	0	62	82	0	0	0	0	6	5	42	60	114	151
Lalaua	0	1	2	1	0	0	13	13	0	0	0	0	0	2	7	6	22	23
Malema	2	2	1	2	0	0	41	72	1	1	0	0	4	4	25	37	74	118
Meconta (Namialo)	2	2	1	1	0	0	131	165	0	0	0	0	5	5	53	42	192	215
Mecubúri	0	2	2	2	0	0	20	30	0	0	0	0	0	3	14	10	36	47
Memba	0	0	3	2	0	0	9	14	0	0	0	0	0	0	8	9	20	25
Mogincual	0	1	1	3	0	0	4	7	0	0	0	0	0	1	16	16	21	28
Mogovolas	1	1	2	2	0	0	96	127	0	0	0	0	2	2	13	14	114	146

District	Branches		Banking Agents		Branches Microbanks and Credit Unions		Non-bank agents (EMD)		Representations		Delegations and counters		ATM		POS		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019Q2	2019	2019	2018	2019	2018	2019
Moma	2	2	2	4	0	0	78	95	1	1	0	0	4	4	32	39	119	145
Monapo	2	2	2	1	0	0	75	109	0	0	0	0	5	5	22	29	106	146
Mossuril	1	1	1	2	0	0	21	30	0	0	0	0	3	3	21	23	47	59
Muecate	1	1	1	2	0	0	16	22	0	0	0	0	1	1	5	5	24	31
Murrupula	1	1	2	2	0	1	56	59	1	1	0	0	1	1	21	25	82	90
Nacala-a-Velha	2	2	3	4	0	0	73	84	0	0	0	0	4	4	67	56	149	150
Nacarôa	0	0	1	1	0	0	19	22	0	0	0	0	0	0	10	9	30	32
Eráti	1	1	1	2	0	0	35	56	0	0	0	0	2	2	18	37	57	98
Rapale	1	1	1	1	0	0	13	16	0	0	0	0	1	1	9	16	25	35
Ribaué	4	4	3	4	0	0	102	144	1	1	0	0	6	6	41	58	157	217
Larde	0	0	0	1	0	0	0	7	0	0	0	0	0	0	0	0	0	8
Liúpo	0	0	0	1	0	0	0	3	0	0	0	0	0	0	0	0	0	4
<b>Cabo-Delgado</b>	<b>35</b>	<b>38</b>	<b>19</b>	<b>38</b>	<b>2</b>	<b>2</b>	<b>1282</b>	<b>2073</b>	<b>20</b>	<b>17</b>	<b>5</b>	<b>5</b>	<b>90</b>	<b>98</b>	<b>1270</b>	<b>1318</b>	<b>2723</b>	<b>3589</b>
Pemba	18	18	4	10	2	2	566	1088	8	4	4	4	48	48	784	786	1434	1960
Ancuabe	1	1	1	2	0	0	37	54	2	2	0	0	1	1	28	29	70	89
Balama	1	2	1	3	0	0	9	16	2	2	0	0	3	5	30	28	46	56
Chiúre	2	2	1	3	0	0	97	137	1	2	0	0	4	4	27	37	132	185
Ibo	0	0	1	0	0	0	0	0	0	0	0	0	1	1	12	10	14	11
Macomia	1	1	0	1	0	0	55	57	0	0	0	0	2	2	31	25	89	86
Mecúfi	0	1	1	0	0	0	17	20	0	0	0	0	0	1	8	10	26	32
Meluco	0	0	1	4	0	0	13	29	0	0	0	0	0	0	8	6	22	39
Mocímboa da Praia	3	3	1	3	0	0	129	143	0	0	0	0	6	6	75	88	214	243
Montepuez	3	3	3	4	0	0	187	281	5	5	1	1	11	10	117	131	327	435
Mueda	3	3	1	2	0	0	115	167	0	0	0	0	3	4	29	23	151	199
Muidumbe	1	1	0	1	0	0	4	8	0	0	0	0	2	2	3	7	10	19
Namuno	0	1	1	1	0	0	15	17	2	2	0	0	0	2	12	17	30	40
Nangade	1	1	0	2	0	0	2	3	0	0	0	0	2	2	18	13	23	21
Palma	1	1	2	0	0	0	29	41	0	0	0	0	7	10	45	66	84	118
Metuge	0	0	1	0	0	0	1	1	0	0	0	0	0	0	37	36	39	37
Quissanga	0	0	0	2	0	0	6	11	0	0	0	0	0	0	6	6	12	19
<b>Niassa</b>	<b>22</b>	<b>25</b>	<b>29</b>	<b>60</b>	<b>4</b>	<b>3</b>	<b>1066</b>	<b>1200</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>57</b>	<b>63</b>	<b>598</b>	<b>672</b>	<b>1786</b>	<b>2032</b>
Lichinga	10	10	1	2	2	2	606	738	4	2	1	1	25	30	345	392	994	1177
Cuamba	6	6	4	42	0	0	316	264	2	2	1	1	16	16	136	138	481	469
Lago	2	2	6	0	0	0	7	12	0	0	0	0	3	3	23	23	41	40
Chimbonila	0	0	2	0	0	0	0	4	0	0	0	1	5	0	6	0	13	5
Manjune	0	0	1	3	0	0	2	3	0	0	0	0	0	0	8	6	11	12
Mandimba	1	1	1	4	1	1	30	51	0	0	2	2	4	2	15	12	54	73
Marrupa	1	1	4	2	1	0	8	31	0	0	0	0	2	2	11	20	27	56
Maúia	1	1	2	2	0	0	40	26	0	0	0	0	0	2	7	13	50	44
Mavago	0	1	3	0	0	0	0	0	0	0	0	0	2	2	21	7	26	10
Mecanhelas	1	1	0	1	0	0	16	23	0	0	0	0	0	3	6	31	23	59

District	Branches		Banking Agents		Branches Microbanks and Credit Unions		Non-bank agents (EMI)		Representations		Delegations and counters		ATM		POS		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019Q2	2019	2019	2018	2019	2018	2019
Mecula	0	1	1	0	0	0	0	0	0	0	0	0	0	2	2	7	3	10
Metarica	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	5	3	5
Muembe	0	0	1	3	0	0	30	34	0	0	0	0	0	0	3	4	34	41
N'gauma	0	0	2	1	0	0	11	13	0	0	0	0	0	0	9	2	22	16
Nipepe	0	1	1	0	0	0	0	0	0	0	0	0	0	1	3	9	4	11
Sanga	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	3	0	4
<b>Total Access Points</b>	<b>674</b>	<b>679</b>	<b>1159</b>	<b>1697</b>	<b>51</b>	<b>64</b>	<b>43103</b>	<b>56146</b>	<b>683</b>	<b>541</b>	<b>138</b>	<b>144</b>	<b>1761</b>	<b>1755</b>	<b>32652</b>	<b>36701</b>	<b>80221</b>	<b>97727</b>

Source: INE, BM, ISSM

Notes: Does not include stock exchange operators in order to avoid over counting since they coincide with banking institutions.

## ANNEX 2: LEGISLATION RELEVANT TO FINANCIAL INCLUSION

REFERENCE	MATTER	ELECTRONIC ACCESS
<b>BANKING SECTOR</b>		
<b>LAWS</b>		
<b>Law No. 6/2015 of October 6</b>	Creates the credit information system of private management.	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=14">http://www.bancomoc.mz/fm_pgTab1.aspx?id=14</a>
<b>Law No. 14/2013, of August 12</b>	Law on Preventing and Combating Money Laundering and Financing of Terrorism; revokes Law No. 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>
<b>Law No. 9/2004 of July 21</b>	Introduces 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>
<b>Law No. 15/99 of November 1</b>	Regulates the establishment and pursuit of the business of credit institutions and Financial companies	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=14">http://www.bancomoc.mz/fm_pgTab1.aspx?id=14</a>
<b>DECREES</b>		
<b>Decree No. 99/2019 of December 31</b>	Legal regime of payment service providers	
<b>Decree No. 11/2016, of May 16</b>	Regulation of Law no. 6/2015, of October 6, which establishes the private credit information centrals.	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=13">http://www.bancomoc.mz/fm_pgTab1.aspx?id=13</a>
<b>Decree No. 66/2014 of October 29</b>	Regulation of Law No. 14/2013, of August 12, which establishes the legal regime and measures of prevention and repression in relation to the use of the financial system and non-financial entities for purposes of money laundering, financing of terrorism and related crimes.	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=13">http://www.bancomoc.mz/fm_pgTab1.aspx?id=13</a>
<b>Decree No. 30/2014 of June 5</b>	Amends the heading of subsection IV of Section II and Articles 10 and 11 of the regulation of the law on credit institutions and financial companies 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>
<b>Decree No. 49/2010 of November 11</b>	Creates the Deposit Guarantee Fund (FGD) and approves the respective regulation.	
<b>Decree No. 56/2004 of December 10</b>	Regulation of the Law of Credit institutions and Financial Companies;	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=13">www.bancomoc.mz/fm_pgTab1.aspx?id=13</a>

REFERENCE	MATTER	ELECTRONIC ACCESS
	revokes decrees No. 45/94 of October 11 and no. 11/2001 of March 20.	
<b>Decree No. 57/2004 of December 10</b>	Regulation of microfinance; revokes Decree No. 47/98 of September 22	<a href="http://www.salcaldeira.com/index.php/en/component/docman/doc_download/137-decreto-n-57-2004-regulamento-das-microfinancas">www.salcaldeira.com/index.php/en/component/docman/doc_download/137-decreto-n-57-2004-regulamento-das-microfinancas</a> .
<b>MINISTERIAL ORDERS</b>		
<b>Ministerial Order No. 62/2016, of September 21</b>	Criteria and methodologies for calculating the annual periodic contribution, to be delivered to the FGD by credit institutions authorized to take deposits and subject to the prudential supervision of the BM.	
<b>Ministerial Order No. 61/2016, of September 21</b>	Limit of guarantee to be reimbursed by the FGD	
<b>Ministerial Order No. 223/2013, of September 23</b>	Criteria and arrangements for participating credit institutions to contribute to the initial foundation of the FGD.	
<b>Ministerial Order No. 222/2013, of September 23</b>	Chart of accounts of the FGD.	
<b>NOTICES FROM THE BANCO DE MOÇAMBIQUE</b>		
<b>Notice No. 3 / GBM / 2020, of April 23</b>	Minimum capital for payment service providers, in the categories of Payment Aggregators and Funds Transfer Institutions	
<b>Notice No. 1 / GBM / 2019, of January 11</b>	Regulation of Reporting Duties in the Context Of Receiving Deposits	
<b>Notice No. 3 / GBM / 2018, of April 18</b>	Regulation on Advertising of Financial Products and Services	
<b>Notice No. 2 / GBM / 2018, of April 16</b>	Code of Conduct for Credit Institutions and Financial Companies	

REFERENCE	MATTER	ELECTRONIC ACCESS
Notice No. 19 / GBM / 2017, of December 26	Amends Article 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>
Notice No. 13 / GBM / 2017 of June 9	System of fees and charges relating to Financial Services and their nomenclature; repeals Notice No. 5 / GBM / 2009, 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. 5/GBM/2016, of November 14	Information that Credit information Centers should send periodically to the BM for purposes of supervision of its activity.	<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/2016, of November 14	License application processing fee and annual license fee for credit information centrals.	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
NOTICE No. 6/GBM/2015, of December 31	Measures to protect funds received from customers in exchange for electronic money issued by electronic money institutions.	<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	Guidelines on Preventing and Repressing Money Laundering and Financing of 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 /GBM/ 2015 of May 4	Regime of Access and Activity of banking agents.	<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	Connection to the single national network of electronic payments.	<a href="http://www.bancomoc.mz/fm_pgTab1.aspx?id=8">http://www.bancomoc.mz/fm_pgTab1.aspx?id=8</a>
Notice No. 1 / GBM / 2015, of April 22	Rules and criteria of opening and closing bank branches.	<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 / 2009 of March 4	Regulation of Customer Care Services 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>
<b>Circulars - Banco de Moçambique</b>		
Circular No. 1 / EPO / 2018 of January 19	Full and simplified pricing structure models and filling instructions.	
Circular No. 2 / EPO / 2018 of January 19	General conditions of contracting and using automatic payment terminals.	



REFERENCE	MATTER	ELECTRONIC ACCESS
<b>INSURANCE SECTOR</b>		
<b>LAWS AND DECREES-LAWS</b>		
<b>Decree-Law No. 1/2010, of December 31</b>	Legal Regime of Insurance	<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>
<b>DECREES</b>		
<b>Decree No. 30/2011 of August 11</b>	Regulation of the conditions of access and exercise of the Insurance activity and its mediation.	<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>
<b>MINISTERIAL ORDERS</b>		
<b>Ministerial Order No. 59/2017, of September 15</b>	Establishes the readjustment of the values of the minimum capital for coverage of Compulsory Motor Civil Liability Insurance.	<a href="http://www.issm.gov.mz/index.php/2014-09-23-09-14-49/seguros">www.issm.gov.mz/index.php/2014-09-23-09-14-49/seguros</a>
<b>NOTICES – MOZAMBIQUE INSURANCE SUPERVISION INSTITUTE</b>		
<b>Notice No. 3 / ISSM / 2015 of June 30</b>	Establishes the value limits for risk capital in the insurance branches, in the microinsurance segment, under Article 52 (3) of the Insurance Legal Regime, approved by the Decree-Law No. 1/2010, of December 31.	<a href="http://www.portaldogoverno.gov.mz/.../BR+51+III+SERIE+2.%C2%BA+SUPLEMENTO+2015.pdf">www.http://www.portaldogoverno.gov.mz/.../BR+51+III+SERIE+2.%C2%BA+SUPLEMENTO+2015.pdf</a>
<b>RELATED SECTORS THAT CONTRIBUTE TO FINANCIAL INCLUSION</b>		
<b>LAWS AND DECREES-LAWS</b>		
<b>Law No. 3/2017, of January 9</b>	Law of Electronic Transactions.	<a href="http://www.portaldogoverno.gov.mz/.../LEI_DE_TRANSACCoes_ELECTRONICAS.pdf">www.portaldogoverno.gov.mz/.../LEI_DE_TRANSACCoes_ELECTRONICAS.pdf</a>
<b>Law No. 26/2014, of September 23</b>	Regarding the revision of Law No. 2/96 of January 4, which rules and inspects the right to submit petitions, grievances and complaints before the competent authority.	<a href="http://www.scaldeira.com/index.php/pt/publicacoes/artigos/doc_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.scaldeira.com/index.php/pt/publicacoes/artigos/doc_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>
<b>Law No. 22/2009 of September 27</b>	Approves the Consumer Protection Law	<a href="http://www.scaldeira.com/index.php/pt/publicacoes/artigos/doc_download/906-lei-n-22-2009-lei-de-defesa-do-consumidor">www.scaldeira.com/index.php/pt/publicacoes/artigos/doc_download/906-lei-n-22-2009-lei-de-defesa-do-consumidor</a>
<b>DECREES</b>		
<b>Decree No. 27/2016, of July 18</b>	Approves the regulation of the Consumer Protection Law.	<a href="http://www.scaldeira.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.scaldeira.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>