

Technical Specifications

Edition

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ACRONYMS

AMB	Mozambican Association of Banks
AFI	Alliance for Financial Inclusion
AfPI	African Financial Inclusion Policy Initiative
AMOMIF	Mozambican Association of Microfinance Operators
AMS	Mozambican Association of Insurers
ASCAS	Accumulating Savings and Credit Associations
ATM	Automated Teller Machines
BoM	Bank of Mozambique
BVM	Mozambique Stock Exchange
CNIF	National Financial Inclusion Committee
CRC	Central Credit Register
CYFI	Child and Youth Finance International
DNDR	National Rural Development Directorate
NFIS	National Financial Inclusion Strategy
FARE	Economic Recovery Support Fund
FDD	District Development Fund
FISF	Financial Inclusion Support Framework
FII	Financial Inclusion Index
EMI	Electronic Money Institutions
INAS	National Institute for Social Welfare
INCM	National Communications Institute of Mozambique
INE	National Statistics Institute
INPS	National Social Security Institute
INSS	National Institute of Social Security
ISSM	Mozambique Insurance Supervision Institute
MEF	Ministry of Economy and Finance
MIC	Ministry of Industry and Trade
MINEDH	Ministry of Education and Human Development;
MINJACR	Ministry of Justice, 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;
MSME	Micro, Small and Medium-size Enterprises
NGOs	Non-Governmental Organizations
OPE	Savings and Lending Organizations
PCRs	Revolving Savings and Credit Groups
GDP	Gross Domestic Product
POS	Point of Sale Terminals
PROMER	Rural Markets Support Program
SNP	National Payments System

EXECUTIVE SUMMARY

Financial inclusion is a priority for the Mozambican Government as spelt out in the Financial Sector Development Strategy (2013-2022), which sets out as one of its objectives to improve access to financial services and support inclusive growth, and it mandates to the Bank of Mozambique (BoM) to spearhead the development of the National Financial Inclusion Strategy and to coordinate its implementation.

In spite of the country's economic climate over the past 3 years that is characterized by macroeconomic instability prompted both by domestic shocks (with emphasis on political-military issues, the suspension of external assistance in the form of direct budget support and the consequences of the so-called hidden debt), and external shocks (notably the fall in commodity prices at the international level since 2014, affecting mainly the exports from the coal mining industry), the measures implemented by the various sectors of the Mozambican government and by the private sector, non-governmental organizations and national and international partners are contributing to the harmonization of policies towards financial inclusion.

The steps taken to boost financial inclusion included first and foremost the improvement of the legal and regulatory framework for the financial sector. Examples of recent regulatory measures that contributed to increase access to and use of financial services include the adoption of a regulation on bank agents, which provides the expansion of banking operations using this type of entities that can more easily penetrate into the country's districts. Another example is related to financial infrastructures in order to ensure interoperability at the level of banking transactions, which consisted of the approval of a regulation that provides the connectivity to a single national network, and the approval of a privately managed credit information system and its regulations.

Consumer protection and market conduct including rules for identifying financial clients are other legal and regulatory milestones from recent years that are worth noting. Indeed, the adoption of the Consumer Protection Law and its regulations, as well as, the Electronic Transactions Law has given space for diverse financial regulations to be approved aimed at the protection, identification and verification of financial consumer with emphasis on consumer financial services. The adoption of the funds protection regulation pursuant to the issuance of electronic money, the review of the premiums and commissions regime and the regulation on repression of money laundering, the latter providing for more relaxed identification measures for low financial risk customers are examples of such regulatory measures.

Several government initiatives aimed at financial inclusion have been implemented. Special reference could be made to the District Development Fund project (FDD), One District One Bank project and the *Sustenta* project. Data from the National Rural Development Directorate (DNDR) of the Ministry of Land, Environment and Rural Development (MITADER) show that the PDD project covers 8 provinces in the country and it has already benefitted 3,290 people, and now disbursements are made through the banking system. In turn, the One District One Bank project

covers all the provinces of Mozambique and it has already benefitted a total of 2,063 people and it is premised on partnerships with banking institutions. The *Sustenta* Project should also be highlighted as it is geared towards the integrated management of agriculture and natural resources, and to foster financial inclusion. In fact, it has already benefitted farmers in 10 districts by funding their farming activities.

In terms of the impact of measures implemented towards financial inclusion, it should be highlighted that by 2016 the country had 38 institutions providing banking services (including 19 banks, 10 micro-banks and 9 credit unions), 392 institutions providing microfinance services (including 12 savings and credit organizations and 380 microcredit operators) and 22 institutions providing non-banking financial services (including 3 electronic money institutions and 19 insurance institutions).

In view of all the aforementioned institutions, the country has presently 54,152 access points, including 680 agencies (banks, micro-banks and credit unions), 214 bank agents. 24,754 agents of electronic money institutions, 392 representations (savings and credit organizations, microcredit operators and deposit intermediaries), 124 delegations and branches of insurance companies, and also 1,678 ATMs and 25,310 POS.

With regard to demographic and geographic access, all existing access points meant that by 2016 the country had 371 points of access per 100,000 adults (28% more compared to 2015) and 677 access points per 10,000 km² (32% more compared to 2015). If we consider only the agencies (banks, micro-banks and credit unions), the country's coverage stands at 5 agencies per 100,000 adults and 21 agencies per 10,000 km² against 5 and 20, respectively in 2015.

It is worth noting that, although some challenges still prevail in terms of expanding coverage especially of banks to the country's localities, at the district level, out of the country's 154 districts, 85 districts (55% of all districts) have at least one bank agency; 21 districts (13%) have at least 1 micro-bank agency, 112 districts (73%) have at least one electronic money agent, 53 districts (29%) have at least one representation of a savings and credit organizations, one microcredit operator and one deposits intermediary; and 32 districts (21%) have at least one delegation and branch of an insurance company, 89 districts (58%) have at least one ATM and 138 districts (90%) have at least one POS.

In terms of the extent to which financial services and products are used, 2016 data show that the rate of bank use in economy (% of the adult Mozambican population with bank accounts) stood at 36% in 2016 which was 5pp more than in 2015. The rate of bank usage among the Mozambican population disaggregated by gender in 2016 was 49% for males (6pp more compared to 2015) and 21% for females (3pp more than in 2015). These data showed that although there has been an improvement in the rate of bank usage in the economy both for females and males, the gender gap in use of financial services remains high at 28pp.

In terms of the levels of use of the financial services products, data of 2016 shows that in this year the number of bank accounts by 1000 adults was 360 against 311 in 2015 illustrating an

increase of the country's banking in 50 bank accounts by 1000 adults. Gender-disaggregated analysis shows that gender gap is notorious in the use of banking services since in 2016 there were 492 bank accounts for each 1000 male males against 208 bank accounts for each 1000 Female adults. By province, in the year 2016 the highest levels of banking were observed, in addition to the city of Maputo, in the provinces of Maputo Sofala and Gaza, which began to count with about 534, 399 and 376 bank accounts for each 1000 adults against 459, 356 and 321 bank accounts in 2015, respectively

Financial intermediation measured in terms of credit to the economy as a percentage of GDP stood at 38% and the financial savings measured in terms of total deposits as a % of the GDP it corresponded to 48% of GDP, less 1pp and 3pp, respectively compared to 2015.

It is also worth highlighting in 2016 the observed advances in electronic money issued by the Electronic Money Institutions (EMI) and their role in the financial inclusion whose service was first introduced in the country in 2011. In effect, in 2016 the country started to count with about 40% of its adult population having an electronic money account open to the EMIs against 29% in 2015 and 0% in 2011. It should be noted that in 2016, electronic money subscribers accounted for 31% of the total subscribers of electronic money. mobile telephony in 2016 compared to 20% in 2015 and 1% in 2011. In terms of the value transacted in this channel, it was observed in 2016 that 48% corresponded to the conversion of cash into electronic money (cash in) against 18% in 2015; 39% represent the surveys carried out (against 1% in 2015); 8% relate to Payments of Goods and Services (against 51% in 2015); and 5% reported on domestic transfers (compared to 30% in 2015). These indicators show that in 2016, in terms of the transaction value, there was a demand for the electronic money service for the custody of securities and withdrawals

The financial sector segment that reports to Capital Markets also registered notable advances in the admission of six listed securities, which influenced the country's market capitalization to stand at 62,141 million MT corresponding to a market capitalization 9,0% of GDP in 2016 (against 9,04% in 2015 and 3,2% in 2005).

The financial inclusion index (FII) calculated by the BoM stood at 14.22 points in 2016 against 14.67 points in 2015. The reduction was due mainly to the elevation of some localities devoid of financial services and products to the category of District. The FII in the provinces showed that this indicator is highest in Maputo City (100 points) followed by Maputo province (16.8 points) and Gaza (7.5 points) while the lowest levels are found in the provinces of Cabo Delgado (2.4 points) and Niassa (1.9 points). Down to the District level, it is observed that in 2016 the 20 districts with the highest FII, but excluding the districts that concurrently are provincial capitals, are Matola, Maxixe, Nacala, Boane, Moamba, Manhiça, Magude, Matutuíne, Massingir, Inhassoro and Dondo districts.

Finally, the review of the level of implementation of the NFIS plan of action showed that out of the 54 actions contained in the said plan 4 were implemented, 23 are underway, 13 are permanent and 14 actions have not yet been carried out. Based on the review of the degree of

compliance with the global targets set for 2018 it was possible to establish that the percentage of the adult population with physical or electronic access to financial services provided by a formal financial institution (banking and non-banking) a breakdown of this indicator was made in banking and electronic money services, with the percentage of the adult population with access to banking services standing at 36%¹ in 2016, 4pp below the target set for 2018 and, on the other hand, the percentage of the adult population with access to non-bank financial services provided by electronic money institutions stood at 47%², 7pp higher than the one planned for 2018. However, the percentage of districts with at least one point of access to formal financial services was in 58% in 2016, below the goal of 2018 in 19 pp.

The above data reflect the results of the measures implemented aimed at financial inclusion. However, challenges still prevail regarding essentially the following: (i) the continued implementation of measures aimed at improving the inter-sectorial coordination to harmonize financial inclusion policies, (ii) the continued design and implementation of appropriate financial products and services for the low-income population in rural areas with low banking penetration, (iii) the review of the legal and regulatory framework with a view to accommodating the financial technologies (*fintech*) and technologies that suit the financial regulations (*regtech*), as well as the legal acceptance of bank clients identification using biometric technology, (iv) the implementation of action and policy measures aimed at reducing the gender differences in the access to banks (*gender gap*); (v) the continued measures to strengthen the financial infrastructure; and (vi) the continued actions particularly consumer protection and financial literacy; and (vii) improving the demand side data collection process and reflecting indicators calculated per individual rather than on average terms.

¹ The proxy used to calculate this indicator is the number of bank accounts as a percentage of the total adult population.

² The proxy used to calculate this indicator is the number of accounts opened with the EMI as a percentage of the adult population.

1. INTRODUCTION

The National Financial Inclusion Strategy adopted by the Mozambican Government on 28 March 2016 and launched to the public on 6 July the same year provides the guidelines to improve the levels of financial inclusion in a coordinated manner by all sectors working towards the same goal in the country.

Financial inclusion in the context of the National Financial Inclusion Strategy (NFIS) is understood as a multidimensional concept that encompasses the dimensions of geographic, demographic access and use; strengthening financial infrastructure, and consumer protection and financial literacy.

The actions being implemented by the Mozambican Government are aimed to respond to the objectives of the three pillars for financial inclusion as set out in the NFIS and, to this end, it becomes necessary to implement a NFIS coordination framework through a National Financial Inclusion Committee, in which all sectors that work towards financial inclusion should be represented. Such coordination structure provides for a Technical Implementation Unit and working groups.

This annual financial inclusion report is a tool that portrays the degree of implementation of the actions foreseen within the NFIS and being implemented by all government sectors assigned responsibilities towards financial inclusion.

It is in this connection that this Financial Inclusion Report presents the status of financial inclusion in the country up to 2016. To this end, the report provides a summarized NFIS overview, presents the status of implementation of the NFIS, the evolution of initiatives by the Mozambican Government aimed at financial inclusion, the evolution of the financial inclusion indicators as well as the degree of implementation of the monitoring and evaluation indicators. It further takes into account the evolution of the banking financial services, microfinance and non-banking services for the purposes of the said review of the degree of implementation.

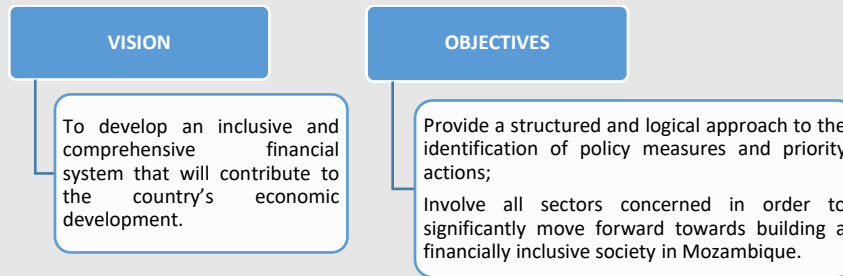
The report also seeks to present the status of non-formal financial initiatives such as Rotating Savings and Credit Groups (PCRs) in order to start to bring into the discussion the measures aimed at the inclusion of the beneficiaries of these initiatives into the formal system.

Finally, given the stage of financial inclusion in country, the report looks at some challenges that could be expected over the next few years as it is sought to improve the levels of financial inclusion.

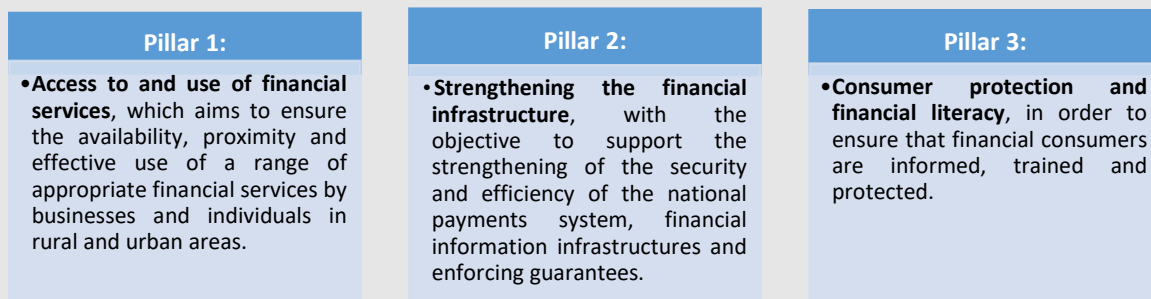
Box 1: Vision, Objectives, Pillars and Goals of the NFIS

The National Financial Inclusion Strategy – NFIS (2016-2022) was approved by the Mozambican Government on 28 March and made public on 6 July 2016.

The NFIS provides a three-dimensional definition of financial inclusion, including the dimensions of access, use, quality and well-being. It is in this regard that financial inclusion is understood as the process of knowledge, access and effective use of financial products and services provided by regulated institutions to the whole Mozambican population, thereby contributing to increasing their quality of life and social well-being. It is taking into consideration this definition of financial inclusion that the vision and objectives of the NFIS were established.



The NFIS stipulates that the actions aimed at improving financial inclusion will be implemented under the following three pillars:



It was pursuant to the design of the financial inclusion pillars that the NFIS provides an outline of the action plan to be implemented during its lifespan, as well as the indicators for the monitoring and evaluation of the progress in implementing the NFIS.

The overall NFIS goals are as follows:

By 2018:

- 40% of the adult population with physical or electronic access to financial services provided by a formal financial institution;
- 75% of districts with at least one access point to formal financial services;
- 55% of the population with one access point to financial services within 5 km from the place of residence or place of work (GIS).

By 2022:

- 60% of the adult population with physical or electronic access to financial services provided by a formal financial institution;
- 100% of districts with at least one access point to formal financial services;
- 75% of the population with one access point to financial services within 5 km from the place of residence or place of work (GIS).

Source: National Financial Inclusion Strategy 2016-2022

2. RECENT DEVELOPMENTS

In compliance with the NFIS plan of actions and aligned to the defined financial inclusion pillars some activities were implemented, starting with the Economy Banking Strategy and Rural Development Strategy both in 2007, as well as the recommendations resulting from the 2011 Rural Finance Strategy (EFRs) and the Financial Sector Development Strategy (EDSFM) 2013-2022 and these were consolidated in the NFIS 2016-2022.

The following points refer to the regulatory, infrastructural, consumer protection and financial education measures that have been implemented recently and contributed to financial inclusion. Such measures were implemented to realize the goals set for each financial inclusion pillar under the topics described below.

2.1. Cooperation with international organizations

Under this component it should first and foremost be pointed out that the country benefited from the World Bank support in the design and launch of the NFIS under the *Financial Inclusion Support Framework (FISF)*. This support has been extended to the monitoring and evaluation of the NFIS activities.

Further cooperation which is worth highlighting concerns the BoM joining the Alliance for Financial Inclusion (AFI) in October 2011. Since joining AFI and its working groups, the BoM has benefited from peer reviews and experience sharing on a wide range of subjects of interest for financial inclusion, dealt with in the following AFI working groups to which the BoM belongs: (i) Working Group on Consumer Empowerment and Market Conduct (CEMC); (ii) Financial Inclusion Strategy Peer Learning Group (FISWG); (iii) Financial Inclusion Data Working Group (FIDWG); (iv) Global Standards Proportionality Working Group (GSPWG); and (v) Digital Financial Services Working Group (DFSWG).

In the context of its membership of AFI, the BoM started to benefit from its participation in AFI's regional initiative for African countries namely the African Financial Inclusion Policy Initiative (AfPI), adopted in February 2013, and involving 24 African countries, including Mozambique.

Taking into consideration the process of rotating the Presidency and Vice-Presidency of the AfPI, the BoM took over the two-year term Vice-Presidency of this initiative in 2014, at the second Round Table of AfPI leaders held in Naivasha, Kenya. In turn, in 2016, during the 4th Round Table of AfPI leaders the BoM took over the AfPI Presidency for a 2-year term, at the meeting held in Dakar, Senegal.

As AfPI President, the BoM hosted the V Round Table of AfPI Leaders in Maputo, Mozambique on 11 and 12 May 2017, co-organized with AFI, under the theme "Technology and Innovation: an opportunity to reduce financial inclusion gender inequality in Africa". This meeting was attended by 120 participants ranging from AfPI members to BoM partner institutions based in Maputo.

Prior to this meeting, on 9 and 10 May in Maputo, a training course on regulation of digital financial services under the theme "approaches to enhance financial inclusion through digital financial services".

The main agreements arising from the Leaders' Round Table V held in Maputo are: (i) expansion of this regional initiative mandate in order to cover all matters related to financial inclusion; (ii) change the name of this regional initiative from AMPI to AfPI; and (iii) the establishment of AfPI's Regional Office in Côte d'Ivoire.

2.2. Status of Implementation of the 2016-2018 Action Plan

a) Access to and use of Financial Services

Regarding the improvement of access to financial services, Notice n° 1/GBM/2015, of 22 April concerning the rules and criteria for opening and closing Bank Branches was approved. This instrument brought as a contribution to financial inclusion the fact that it stipulated the criterion of geographic proportionality for the process of opening bank branches. In other words, it established a criterion that ensures an equitable access to financial services throughout the whole country.

Also concerning the measures that were implemented to improve the level of access to financial services, Notice n° 3/GBM/2015, of 4 May was approved. It spells out the terms and conditions under which banks and micro-banks can expand their activities by engaging bank agents - which are entities that alongside their main activity perform some duly identified financial activities in the name and on behalf of banks and micro-banks.

This standard, in its article 5, provides the possibility for various categories of institutions to be able to render this service. In other words, it allows them to perform activities as bank agents, either as natural or legal persons, public or private, that are duly authorized to exercise their main activity, namely, traders, registration or Notary services, public education institution, public companies, fixed and mobile telephone operators, postal sector operators, credit unions, electronic money institutions and others.

Deserves equal prominence, the approval of the Legal Regime that introduces and regulates the micro insurance activity in Mozambique, through Decree-Law no. 1/2010, of December 31, regulated by Decree n°30 / 2011, of August 11, as well as the Notice n°3 / ISSM / 2015, of June 30, that defines the limit values for the venture capital in insurance for micro insurance segment. It should be noted that with the approval of the venture capital limits in the insurance sectors for the micro insurance segment, the micro insurance operators began to appear on the market, and insurers duly authorized to explore traditional insurance can explore this segment as long as they request authorization for this purpose.

To increase access points for insurance products, ISSM has been encouraging operators not to limit their location in the country's urban centers, but to expand their presence to other regions, including in rural areas. In this context has been some spreading of insurance agencies in some provincial capitals

Table 1 presents the status of implementation of the measures contained in the Plan of Action related to the pillar on access to and use of financial services.

Table 1 Pillar I: Access to and use of financial services

Objective	Action	Leader	Status
Expand and diversify the network of access points to financial services	Promote the broad application of Notice nº 3/2015 on the Regime for Access and Performance of Bank Agent Activities	BoM AMB	On the demand side, there has been implemented financial literacy programs focusing on the bank agents' role and benefits. On the supply side, in partnership with some NGOs, there have been outreach programs targeted at banks micro-banks to expand their business through bank agents. Concerning the legal and regulatory framework, there is an ongoing process to regulate the registration of bank agents.
Improve the legal and regulatory framework for the expansion of products and services	Propose specific regulation on opening and using bank accounts, including the lowering of the minimum age, and promote a basic bank account	BoM GIZ	Preparations are underway to develop the legal regime for bank accounts that will incorporate the types of bank accounts, including the basic bank account/ or simplified.
	Develop a single regulatory framework for the activity of issuing electronic money	BoM GIZ	Ongoing development of a single regulatory framework for the electronic money issuance business.
	Improve the regulatory framework to ensure efficiency, competition and security of electronic transactions in the financial system	BoM	Pursuant to the Electronic Transactions Law, the development of terms of reference is underway for the issuance of standards to ensure the security of all payments made by any user of an electronic payment instrument.

b) Strengthening the Financial Infrastructure

Regarding the improvement of financial infrastructures, it is worth highlighting the actions undertaken by the Government of Mozambique within the framework of the Deposit Guarantee Fund (FGD) created by Decree N° 49/2010 of November 11 to ensure the repayment of deposits held with credit institutions authorized to take deposits and subject to the prudential supervision of the Bank of Mozambique.

In turn, through Ministerial Diploma N°. 222/2013 and N° 223/2013, both of September 23, were approved the FGD chart of accounts and established the criteria, methods and modalities of prorating, by the participating credit institutions, of the contribution to the initial capitalization of the FGD. In parallel, through Ministerial Decree N° 61/2016 and 62/2016 both of September 21, was established the limit of the guarantee to be repaid by the Fund and the criteria and methodologies for the calculation of the annual contribution of credit institutions authorized to take deposits and subject to the prudential supervision of the Bank of de Mozambique.

In a view to ensuring the interoperability of transactions made using bank cards over a single domestic network in the wake of the approval of Notice n° 2/GBM/2015, of 22 April. This instrument stipulates the terms and conditions for the connection of the internal management systems of bank operations to the single network for common and shared payments.

It should also be mentioned that the aforementioned instrument regulates the provisions of Decree n° 30/2014, of 5 June, which establishes, inter alia, the requirement for internal operations systems of credit institutions and financial corporations to be connected to the single network, with the view to implement a payment system that ensures the integration of electronic payments terminals of the various credit institutions and financial corporations.

Pursuant to the set of actions undertaken with the view to improve financial infrastructures, Law n° 6/2015, of 6 October was approved, establishing the Credit Information System privately managed. Through this instrument, there is the possibility to set up private Credit Information Centers, which could be accessed not only by the institutions supervised by the Bank of Mozambique, but also by other type of institutions interested in obtaining credit information.

In order to regulate the law that establishes the Credit Information System Privately Managed, Decree n° 11/2016, of 16 May was approved. In 2017, in view of the need to stipulate licensing fees of credit information centers, Notice n° 4/GBM/2016, of 9 November was approved and to determine the information that the credit information centers shall submit to the BoM for supervision purposes the periodic reporting of supervision of credit information centers was approved through Notice n° 5/GBM/2016, of 9 November.

It is in this context that table 2 below shows the status of implementation of the actions listed under Pillar 2 of the plan of action for the NFIS.

Table 2: Pillar II: Strengthening the financial infrastructure

Objective	Action	Leader	Status
Improve the SNP infrastructure	Create the Regulation for Operating Companies Payment Services	BoM	Ongoing process of establishing the legal and regulatory framework for businesses that operate and provide payment services.
Improve the legal, regulatory and supervision framework for financial consumer protection Improve the infrastructure for the sound expansion of credit	Improve the information system of the Central Credit Register (CCR) to ensure the availability of up-to-date information about lenders	BoM	The public CCR operated by the BoM is being upgraded to enable the collection and access to a wider range of information. After the approval, in 2015, of the law that established a privately managed Credit Information System, the regulations to operationalize such law was approved in 2016.
	Set up the collateral registry for movable assets	MINJACR BoM	The MINJACR in collaboration with the BoM, drafted a bill on Movable Assets as Collateral, which provides for the establishment of a collateral registry for movable assets, which is awaiting approval by the National Assembly.
	Develop a legal framework for the use of movable assets as collateral to enhance the secured transactions law	MINJACR BoM	

c) Consumer Protection and Financial Literacy

With regard to financial consumer protection, the following legal and regulatory framework exists in Mozambique:

- Law 2/96, of January 4, replaced by Law N° 26/2014 of September 23, which regulates the right to present complaints to competent authorities other than the courts;
- Chapter VI (Articles 42 to 50) of Law 15/99 of November 1, Law on Credit Institutions and Financial Companies, which in the line of financial consumer protection, deals with the rules of mark conduct of these institutions imposing to them duties of: technical competence; diligence; loyalty; discretion; respect for the interests of its customers; specific information on the fees and commissions to be practiced in their active and passive operations as well as for other services they provide; information on the general banking clauses and bank account statement at the customer's request and bank secrecy.
- Law 22/2009, of September 28, Consumer Protection Law;
- Aviso N° 6 / GBM / 2015, of December 31- Establishes measures to protect funds received from customers in exchange for electronic money issued by electronic money institutions.

- law nº 3/2017, of 9 January, the Electronic Transactions Law, which sets out the principles, general rules and the legal regime for electronic transactions
- Notice N° 13 / GBM / 2017 of June 9, which approved the Scheme of Fees and Expenses for financial services and its nomenclature.

With the approval of the Consumer Protection Law in 2009, which sets out measures for consumer's protection in general, and, in 2016 the respective regulations and conditions were put in place for the adoption of exclusive and dedicated measures for financial consumers.

Although the right to complain in general, outside the courts is already enshrined in the Constitution of the Republic of Mozambique and regulated by the Assembly of the Republic, through Law 2/96 (repealed by Law 26/2014 of September 23), the BOM through Notice N° 4/2009 of March 4, regulated this right at the level of financial consumers of ICSF products, imposing the obligation of all ICSF to have complaints handling and information requests and creating at BOM level an instance where financial consumers can appeal if they are not served in the first instance.

Indeed, as part of the range of measures aimed at the financial consumer protection, especially with respect to customers of digital financial services, the regulation for protection , funds received from customers of electronic money institutions was approved, in exchange for the issuance of electronic money and it guarantees the robustness of the electronic money service, which has been contributing to increased access to financial services by the population, in particular for those without bank accounts.

The approval of law nº 3/2017, of 9 January, the Electronic Transactions Law, which sets out the principles, general rules and the legal regime for electronic transactions in general, e-commerce and e-Government in particular, put in place the legal conditions to ensure the security of the information and communications technologies providers and users.

It should further be noted that the promotion of financial inclusion also implies, among other actions, reducing costs (fees and charges) for users of financial services, as well as the promotion of financial literacy. In this connection, Notice nº 13/GBM/2017, of 8 June was approved with a view to (i) adjust the regime of free financial services, (ii) establish a common classification for financial services and (iii) strengthen the information provision duties of credit institutions and financial corporations, to enable customers to compare fees and charges for the services rendered and the inherent terms and conditions, as well as to promote transparency and competition in the financial system.

In order to enhance the range of measures for combating money laundering by strengthening due diligence and know your financial customer actions, on the one hand, and by putting in place less stringent conditions for accessing to the financial system, on the other, but without compromising security concerns, Notice nº 4/GBM/2015, of 17 June was approved, setting out the guidelines on the prevention and suppression of money laundering and financing of terrorism.

This instrument provides in Section III, paragraph 3, as suitable elements to confirm the place of residence, among others, the invoices issued by power, water, telephone, internet providers; information contained in the telephone directory and in recent debit or credit card statements from other financial institutions.

Additionally, it mentions the set of acceptable identification documents for opening an account as provided for in Decree nº 66/2014 of 29 October, which approves the Regulation of Law nº 14/2013. This instrument provides in Article 5, paragraph 2 as additional valid identification elements, voter registration card, job identification card, military card, refugee identification card, political exile card and driver's license in addition to the identity card, the identity card application receipt, passport and the residence identification card.

The financial literacy activities carried out in 2016 include particularly the following:

- i) Presentation of financial content in financial literacy programs through Mozambique Television (TVM) and Radio Mozambique (RM);
- ii) Undertaking of campaigns focusing on Savings and celebration of Savings Day on 31 October 2016 in all provincial capitals. This action included lectures, various games and distribution of school and financial literacy materials in one school per province selected with the support from the Ministry of Education and Human Development (MINEDH);
- iii) Launch by the Mozambique Stock Exchange, in 2016, the "Knowledge Exchange" campaign which is main objective was to inform the public in simple and accessible language the basic concepts of a stock exchange, its importance for the Economy, the various financing and investment options, the advantages for businesses and for investors. The campaign was made through the dissemination of videos and audio spots for a period of 3 months (October to December), and was disseminated to the population through television, radio and at BVM website, and broadcasted at TVM, STV and Radio Mozambique during the prime time;
- iv) A Workshop on Microinsurance was conducted by ISSM with World Bank support, with participation of national and international speakers who addressed issues related to regulation and the main challenges on this segment.
- v) Lectures to targeted audiences and focused on the importance of savings, bank accounts and family budget, concepts of the stock exchange, its services, and the importance of the BVM for its future, the insurance market held in the northern, central and southern regions of the country with a focus on those held in Maputo province (Moamba, Matutuine and Marracuene districts), Inhambane province (Panda, Morrumbene, Mabote and Vilanculos districts), Nampula province (Muecate, Nacala, Liupo and Angoche ditricts) and Niassa province (Lichinga city and Marrupa district), Focused on the general public, with emphasis on high school and college students.

- vi) Training actions for media professionals on various matters and contents related to the banking system, insurance and capital markets
- vii) Participation in fairs and other events on financial inclusion and literacy, namely: (i) FACIM (Maputo International Trade Fair) held from 29 August to 5 September 2016; (ii) 3rd Financial Inclusion Fair organized by the Ministry for Land, Environment and Rural Development and held in Maxixe district, Inhambane province; and (iii) IV Microfinance Conference organized by MITADER in partnership with the BoM, on 26 and 27 October 2016, in Matola city, Maputo province;
- viii) Publication of 4 informational briefs, 2 basic information brochures and 2 cartoons devoted to the following themes: (i) conducting transactions through bank accounts; (ii) precautions with bank cards; (iii) fraud with bank cards; (iv) bank credit; (v) savings; and (vi) financial planner.

It should be highlighted that the BoM was awarded on 28 November 2016 in Sweden in the category *Country Award* for Africa during the *Child and Youth Finance International (CYFI)* event for its work on financial literacy and for coordinating the activities related to the project that aims to promote savings and for the World Savings Day celebration.

Table 3 below shows the status of the actions envisaged under Pillar 3 of the NFIS concerning consumer protection and financial literacy.

Table 3: Pillar III - Consumer Protection and Financial Literacy

Objective	Action	Lead er	Status
Improve the legal, regulatory and supervision framework for financial consumer protection	Review and update Notice n° 5/GBM/2009 on the Regime for Commissions and Other Charges	BoM	Approved the new Regime for Commissions and Other Charges - Notice n° 13/GBM/2017 of 8 June.
	Improve Notice n° 4/GBM/2009 to set minimum standards for the operation of the channels to record and handle consumer complaints	BoM	The review of Notice n° 4/GBM/2009 is underway pursuant to the provisions of the Consumer Protection Law approved by Decree n° 27/2016 of 18 July setting out the procedures to be adopted for the protection of consumer interests.
Increase the range and quality of the information	Provide in the website comparative information on commissions and other	BoM	Approval is still pending, through a circular from the BoM, of the prescribed reporting format for the institutions required to provide information

Objective	Action	Lead er	Status
made available to the public	charges for the main retail market products		concerning the premiums and commissions charged for purposes of availing to the public the comparative information.
	Provide in the BoM website statistics on consumer complaints against financial institutions supervised by the BoM	BoM	Statistics on queries including complaints is published annually in the BoM annual report, available in its website.
Increase the level of financial knowledge for specific segments of society	Support financial inclusion through the dissemination to the populations of the minimum conditions of access to banking services	BoM	In the context of the implementation of the Financial Literacy Program of the BoM and ISSM, various financial contents have been disseminated to inform society about financial products and services, in order to foster the values and competencies needed to raise awareness about the opportunities and associated risks. This dissemination is founded on the following communication strategies: a) Dissemination of financial literacy content through the media; b) Design of Learning Material be printed; c) Participation in fairs; d) Participation in and organization of lectures; e) Coordination of the campaign to promote savings and the celebration of the World Savings Day. Work is underway to develop a code of conduct for the financial system, a code on the advertising of financial products and services, including standardized information sheets, as well as regulations on the duty to inform regarding bank deposits and lending.
	Raise awareness of the population about the importance of saving	BoM	
	Promote and nurture responsible financial knowledge and attitudes	BoM ISSM	
	Explain to citizen the rights and duties of bank and financial institutions customers	BoM ISSM	

3. FINANCIAL INCLUSION INDICATORS

3.1. Access (Geographic and Demographic)

3.1.1. Total Access Points

By 2016, the Mozambican financial system had 38 banking institutions (namely 19 banks, 10 micro-banks and 9 credit unions), 392 microfinance institutions (of which 12 are savings and loan organizations and 380 are microcredit operators) and 22 non-banking financial institutions (including 3 electronic money institutions and 19 insurance institutions³). This is summarized in Table 1.

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

	Number of institutions			Number of Agencies, Agents, Delegations and Branches		
	2015	2016	Var. (%)	2015	2016	Var. (%)
1. Banking services						
Banks	18	19	5.6%	616	646	4.9%
Micro-banks	11	10	-9.1%	34	25	26.5%
Credit Unions	9	9	-	9	9	-
2. Microfinance Services						
Savings and Lending Organizations	10	12	20.0%	10	12	20.0%
Micro-credit Operators	341	380	11.4%	341	380	11.4%
3. Non-Banking Services						
Electronic Money Institutions	2	3	50.0%	17,855	25,754	44.2%
Insurance Institutions	18	19	5.6%	123	124	0.8%
Stock exchange traders (Operadores de Bolsa)	9	10	11.1%	616	646	4.9%

Source: BoM, ISSM, and BVM

In terms of the number of branches, agents and other representations of the financial institutions, there was an increase of 5% regarding bank branches, a 26.5% reduction of micro-banks, while the number of credit union agencies remained constant. With regard to micro-finance institutions, in 2016 there was a 20% increase in the number of Savings and Lending Organizations' representations while the number of Micro-credit Operators recorded a 12% rise.

In terms of financial services access points, in 2016 the country had 54, 152 access points, representing a 31.9% increase in the total number of access points compared to 2015. This variation resulted partly from the increase observed with regard to electronic money institutions

³ According to INE data, the adult population of Mozambique in 2016 was 14,606,766 inhabitants and in 2015 it was 14,178,462 inhabitants in http://www.ine.gov.mz/estatisticas/estatisticas-demograficas-e-indicadores-sociais/projecoes-da-populacao/mocambique_projecoes_2007_2040.xls/view.

which increased 44.2% totaling 25,754 agents⁴, followed by POS which increased 23.6% totaling 25,310 POS while the representations of savings and lending organizations, micro-credit operators and deposit intermediaries recorded an increase of 11.7% totaling 392 microfinance institutions (see Table 2).

Table 2: Total Access Points

	Access Points		Concentration Levels		Var. (%)
	2015	2016	2015 (%)	2016 (%)	
Branches ⁽¹⁾	659	680	2	1	3.2
Bank Agents	-	214	0	0	-
Non-bank agents ⁽²⁾	17,855	25,754	43	48	44.2
Representations ⁽³⁾	351	392	1	1	11.7
Delegations and Branches ⁽⁴⁾	123	124	0	0	0.8
ATM	1,576	1,678	4	3	6.5
POS	20,482	25,310	50	47	23.6
Total	41,046	54,152	100	100	31.9

Source: BoM and ISSM

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

It should be pointed out that the largest concentration of access points occurs in connection with non-banking agents (electronic money institutions) with 47% of total access points, having recorded an increase in concentration levels of 4pp in 2016 compared to 2015, and of POS although the latter experienced a concentration decrease of 3pp in 2016 compared to 2015.

3.1.2. Demographic and Geographic Access

In terms of demographic access, chart 1 shows that by the end of 2016 there were around 375 access points for every 100,000 adults, representing an increase of 40% of the access points compared to 2015.

A disaggregated review of access points, in demographic terms, shows that the highest coverage of the adult population is provided primarily by electronic money agents with 176 agents for every 100,000 adults, with a 40% increase compared to 2015, followed by POS with a coverage of 173 devices per 100,000 adults, representing 20% more when compared to 2015.

⁴ Paragraphs 1, 2 and 3 of Article 11, of Notice no. 3 / GBM / 2015 of 4 May establishes the principle of non-exclusivity of the contract between the contracting institution and the banking agent. As for the agent of electronic money institutions, the legislation in force does not mention the non-exclusivity of the electronic money agent. In this context, cases of over-counting the number of agents may occur as they may serve more than one contracting institution.

Geographically, chart 2 reveals that by the end of 2016 there were around 677 access points for every 10000 km², corresponding to a 32% increase in relation to 2015. In the same token as with demographic access, to a large extent this results from the electronic money institutions and the POS with 322 agents and 317 POS per 10000 km², respectively, showing an increase of 44% and 24%, if compared to 2015.

There is a greater availability of electronic access points such as ATM and POS and non-bank agents.

Chart 1: Types of Access Points per 100 000 Adults⁵

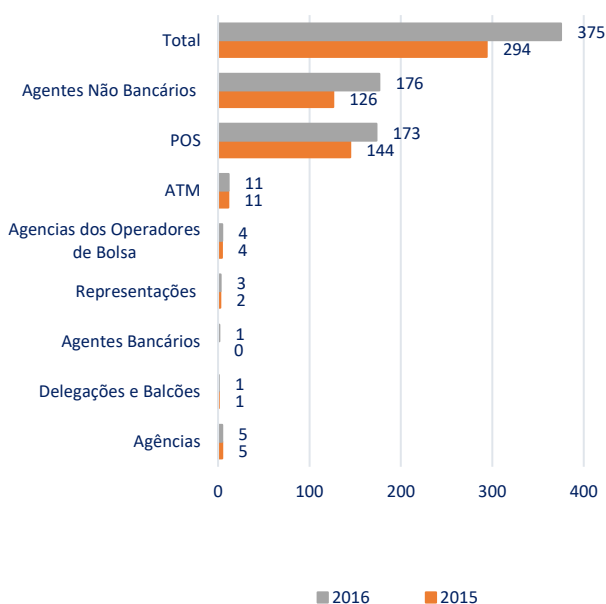
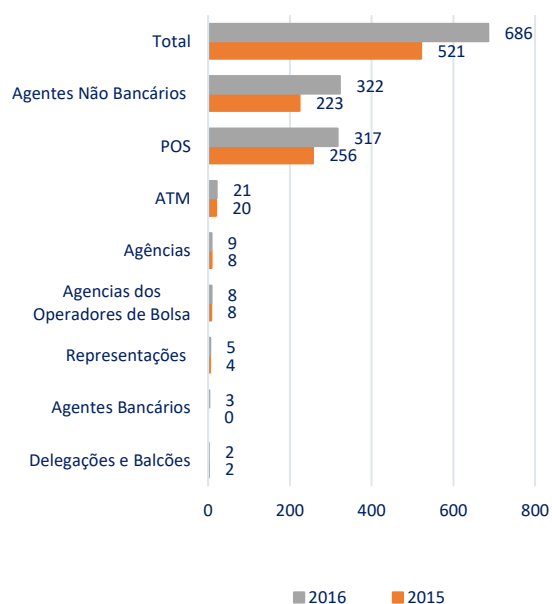


Chart 2: Types of Access Points per 10 000 km²



Source: BoM and ISSM

Charts 3 and 4 present the geographical and demographic access by province, respectively. The same report that in 2016 Maputo city and the provinces of Maputo, Inhambane and Sofala were the provinces with the highest number of access points per 100,000 adults with 2 257, 893, 397 and 380 access points, respectively. The lowest levels of demographic access (per 100,000 adults) were observed in the provinces of Cabo Delgado (with 141 access points), Zambezia (with 101 access points) and Malawi (with 100 access points).

As regards geographical access, the indicators show that apart from the city of Maputo that presents the highest levels in the country for geographical access with 3,179 access points per

⁵ According to INE data, the adult population of Mozambique in 2016 was 14,606,766 inhabitants and in 2015 it was 14,178,462 inhabitants in http://www.ine.gov.mz/estatisticas/estatisticas-demograficas-e-indicadores-sociais/projeccoes-da-populacao/mocambique_projeccoes_2007_2040.xls/view

100 km², alongside the provinces of Maputo (with 4,327 points of access per 10000 km²), Nampula province (with 692 access points per 10000 km²) and Sofala province (with 638 access points per 10000 km²). The lowest levels of geographical access (per 10000 km²) is observed in the provinces of Cabo Delgado (with 193 access points), Zambezia (with 255 access points) and Niassa (with 74 access points).

Chart 3: Access Points by Province per 100 000 Adults

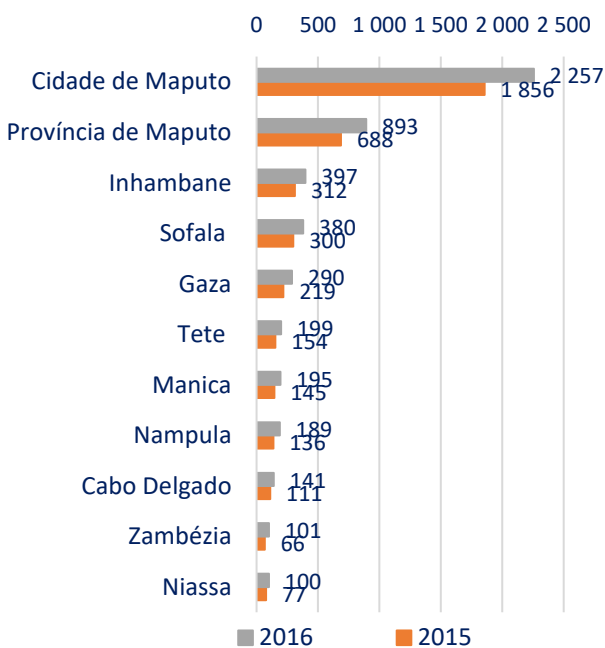
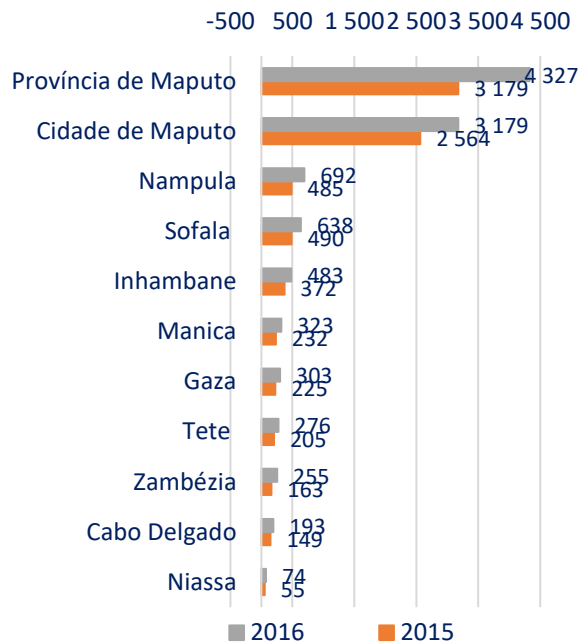


Chart 4: Access Points by Province per 10 000 km²



Source: BoM and ISSM

Note: Chart 4, access points in Maputo city calculated per 100 km² unlike other provinces calculated by 100 km² differently from the other provinces calculated by 10 thousand km². It does not include Stock Exchange Brokers in order to avoid over-counting since coincide with banking institutions.

3.1.3. Districts Covered

In 2016, out of a total of 154 Districts, the country now has 89 districts covered by branches from Banks, Micro-banks and Credit Unions representing a 58% coverage rate of all Districts, 3pp more when compared to 2015 (Please see Table 3 and Annex 1). With the exception of Maputo province that has full coverage with at least one branch in every district, the provinces that experienced higher coverage levels are Inhambane, Sofala and Manica with coverage levels of 79%, 69% and 67%, respectively, while Manica province increased its coverage level in 9pp compared to 2015 and the remaining provinces remained constant.

The provinces with the lowest levels of coverage of bank branches in the districts are the provinces of Cabo Delgado, Zambezia and Niassa with coverage levels of 47%, 41% and 38%, the same levels as those observed in 2015.

In Maputo province, the largest concentration of Bank branches, Micro-banks and Credit Unions occurs in Matola districts (with 49 branches) and in Boane (10 branches), (see Annex 1). In Gaza province, the largest concentration occurs in districts belonging to Xai-Xai (16 branches) and Chókwè (6 branches). In Inhambane province branch concentration is observed in the districts of Maxixe (11 branches) and Inhambane (7 branches). In the province of Sofala branch concentration is observed in Beira district (41 branches) and in Dondo (6 branches). In Tete, the concentration is observed in Tete District (24 branches) and in Angónia (5 branches). In Zambézia, most branches are located in Quelimane (13 branches) and Mocuba (6 branches). The Districts of Nampula (36 branches) and Nacala-Porto (17 branches) are the districts that contribute the most to the level of concentration of branches in Nampula province. In Cape Delgado, the concentration occurs in the District of Pemba (18 branches) followed by the districts of Mocímboa da Praia, Montepuez and Mueda (with 3 branches each) and in Niassa province, the highest concentrations in found in the districts of Lichinga (9 branches) and Cuamba (6 branches).

ATM and POS made available by banking institutions are generally the means used by these institutions to provide fast and effective financial services and products in all districts. Indeed, in 2016 the distribution of at least one point of these means of payment across the country's districts made it possible to cover 91 and 139 districts, respectively totaling a coverage level of 59% and 90%, respectively, with the distribution of ATM across the districts having incremented by 1pp compared to 2015 while it remained unchanged for POS.

Table 3: Districts Covered and Level of Coverage by Type of Access Point 2015-2016⁶

	2015							2016								
	Branches	Bank Agents	Micro-bank Agencies and Credit Unions	Non-Bank Agents (IME)	Representations	Delegations and Branches	ATM	POS	Branches	Bank Agents	Micro-bank Agencies and Credit Unions	Non-Bank Agents (IME)	Representations	Delegations and Branches	ATM	POS
	Districts Covered															
Maputo province	8	-	2	8	6	4	8	8	8	6	2	8	7	4	8	8
Gaza	7	-	2	8	7	4	7	11	7	11	2	9	6	4	8	11
Inhambane	11	-	3	14	8	2	11	14	11	11	3	14	8	2	11	14
Sofala	9	-	2	10	7	1	10	13	9	8	2	11	7	1	10	13
Manica	7	-	2	7	1	3	8	10	8	11	2	7	1	3	8	10

⁶ Doesn't Include Stock Exchange Brokers in order to avoid overcounting since they coincide with banking institutions.

Tete	8	-	2	9	3	7	8	13	8	9	2	9	3	7	8	13
Zambezia	9	-	1	14	5	4	9	16	9	6	1	17	5	4	9	17
Nampula	12	-	2	21	7	3	12	21	15	18	2	21	7	3	14	21
Cabo Delgado	8	-	2	13	6	2	9	17	8	11	2	14	6	2	9	17
Niassa	6	-	3	8	3	2	7	15	6	14	3	8	3	2	6	15
Total	85	-	21	112	53	32	89	138	89	105	21	118	53	32	91	139
Level of coverage																
Maputo province	100%	0%	25%	100%	75%	50%	100%	100%	100%	75%	25%	100%	88%	50%	100%	100%
Gaza	50%	0%	14%	57%	43%	29%	50%	79%	50%	79%	14%	64%	43%	29%	57%	79%
Inhambane	79%	0%	21%	100%	43%	14%	79%	100%	79%	79%	21%	100%	57%	14%	79%	100%
Sofala	69%	0%	15%	77%	54%	8%	77%	100%	69%	62%	15%	85%	54%	8%	77%	100%
Manica	58%	0%	17%	58%	8%	25%	67%	83%	67%	92%	17%	58%	8%	25%	67%	83%
Tete	53%	0%	13%	60%	20%	47%	53%	87%	53%	60%	13%	60%	20%	47%	53%	87%
Zambezia	41%	0%	5%	64%	23%	18%	41%	73%	41%	27%	5%	77%	23%	18%	41%	77%
Nampula	52%	0%	9%	91%	26%	13%	52%	91%	65%	78%	9%	91%	30%	13%	61%	91%
Cabo Delgado	47%	0%	12%	76%	12%	12%	53%	100%	47%	65%	12%	82%	29%	12%	53%	100%
Niassa	38%	0%	13%	50%	13%	13%	44%	94%	38%	88%	13%	50%	19%	13%	38%	94%
Total	55%	0%	13%	73%	29%	21%	58%	90%	58%	68%	13%	77%	34%	21%	59%	90%

Source: BoM and ISSM

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

Like in the case of banks, apart from the province of Maputo, ATM had a higher coverage in the provinces of Inhambane, Sofala and Manica with a coverage of 79%, 77% and 67%, respectively. In turn, for POS the highest concentrations were observed in Inhambane, Sofala and Cabo Delgado with 100% coverage thanks to the existence of at least 1 POS in each district of these provinces.

3.2. Use of Financial Services

3.2.1. Bankarization of the Economy

Banking measured in terms of the number of bank accounts per 1000 adults showed that in 2016 there were about 360 bank accounts per 1000 adults compared to 311 in 2015, showing an increase in bank accounts in 50 bank accounts per 1000 adults. When compared to 2005, when there were around 65 bank accounts per 1000 adults, it is observed that the country's banking system more than doubled, showing an increase of 2956 accounts between 2005 and 2016 (Chart 5).

Chart 5: Evolution of the Number of Bank Accounts per 1000 Adults

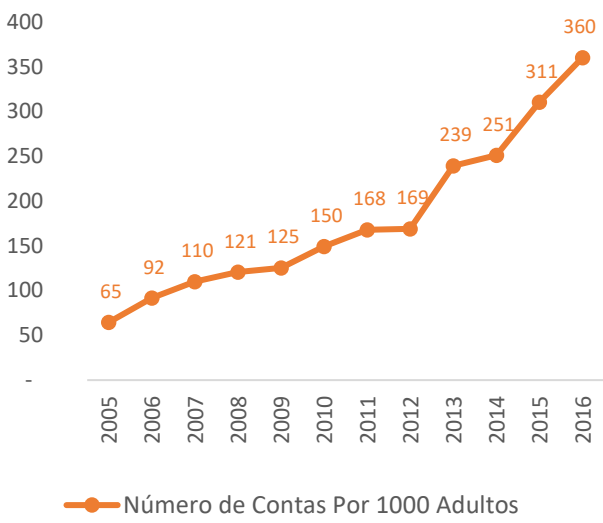
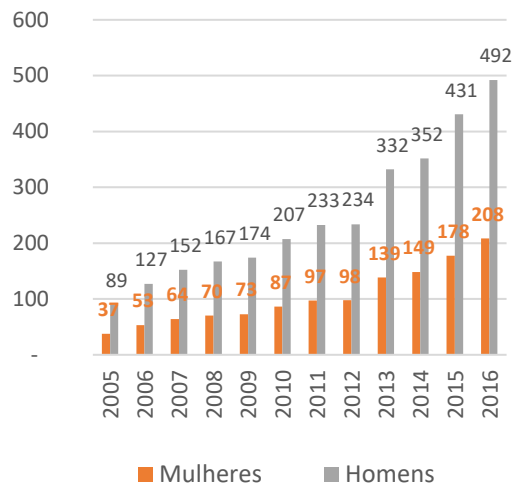


Chart 6: Number of Accounts per 1000 Adults (Men and Women)



Although between 2005 and 2016 there has been a trend of increased bankarization of the economy, when analyzed by gender, male and female, the same trend is observed. In fact, in 2016, the male population had 492 accounts for every 1000 adults, compared with 431 in 2015 and 89 in 2005. Similarly, despite the increase in the number of bank accounts for each 1000 females, in 208 accounts for every 1000 adults in 2016 against 178 in 2015 and 37 in 2005, when compared with the male population, it is observed that the difference in the number of male and female has also increased in favor of the males (Graph 6).

By province it was observed that the highest banking rate in the economy occurred in Maputo city with a rate of 218% in 2016 (33pp more than in 2015), meaning that, on average, the entire adult population of the city of Maputo has about two bank accounts per person (Chart 7)⁷.

⁷ The supply-side analysis (bank accounts per adult population) presents as a challenge the fact that it does not consider the number of people who actually have accounts in the calculation, but rather the totality of existing accounts, which can lead to the reading of more people having bank accounts when in fact it is the same individuals. Thus, it is necessary to improve this indicator by using the number of people with bank accounts

Chart 7: Bank Accounts per 1000 adults by Province in 2016

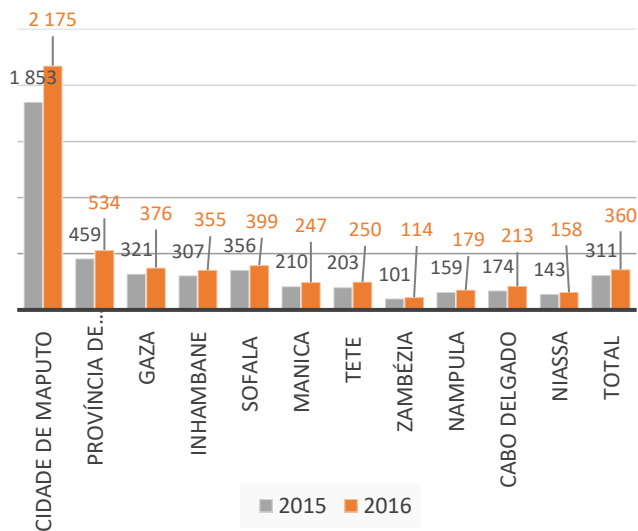
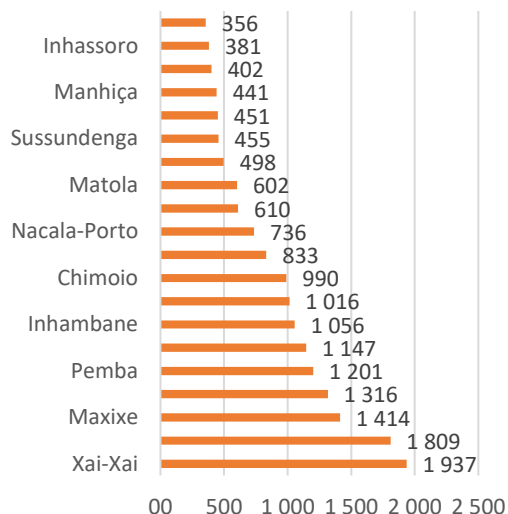


Chart 8: The top 20 districts of the country with the highest banking rates¹ in 2016



Note: ¹ Selection made from all the 154 districts of the country. Does not include the city of Maputo.

The city of Maputo is followed by the provinces of Maputo, Sofala and Gaza showing themselves to be the provinces with the highest levels of banking with 534, 399 and 376 bank accounts per 1000 adults in 2016 (against 459, 356 and 321 accounts per 1,000 adults by 2015).

The provinces with the lowest banking rates in 2016 were Cabo Delgado, Nampula and Niassa with 114, 158 and 179 bank accounts per 1000 adults, respectively, (against 101, 143 and 159 accounts per 1000 adults in 2015, respectively).

The country's top 20 districts in terms of the highest banking rates and which have contributed to the levels achieved as indicated above and listed in Chart 8 Excluding the provincial capitals, the districts with the highest banking rates (bank accounts as a percentage of the adult population) are the districts of Maxixe, Moamba, Nacala-Porto, Matola, Chókwé, Sussundenga, Boane, Manhiça, Dondo, Inhassoro and Bilene

The abovementioned banking levels, although they have a shortcoming for not considering the percentage of the adult population with at least a bank account but rather the totality of the existing accounts in each district, they can lead us to reach the following conclusions: first, in the districts of Maxixe and Moamba, on average, the adult population has more than one bank account; or, alternatively, that given the non-existence of bank branches in other districts, the population resorts to surrounding districts to open a bank account, thus inflating the banking rate of districts with bank representation.

3.2.2. Intermediation and Financial Savings

In 2016 the level of financial intermediation measured in terms of credit to the economy as a percentage of GDP stood at 38% (1pp below the levels observed in 2015 and 27pp above the levels observed in 2005), (see Graph 9). In turn, the level of financial savings measured by total deposits as a percentage of GDP, were at 48% of GDP having observed a 3pp drop compared to 2015 (27pp above the levels observed in 2005). The drop in the levels of financial intermediation and savings that was observed in 2016 when compared to 2015 was in essence the result of the economic and financial situation that prevailed in late 2016 characterized by the contraction of economic activities.

On average, in 2016 that was an upward trend of bank financing calculated in demographic terms. Indeed, for every 1000 adults about 18 million Meticaís were granted⁸ against 16 million Meticaís in 2015 (16 million Meticaís more than in 2005), (see Chart 10).

In 2016, financial savings also showed an upward tendency when considered in demographic terms, as it stood at about 23 million Meticaís held by each 1000 adults (1.3 million Meticaís more compared to 2015 and 19.1 million Meticaís more compared to 2005).

Chart 9: Total Credit and Deposits as a % of the GDP

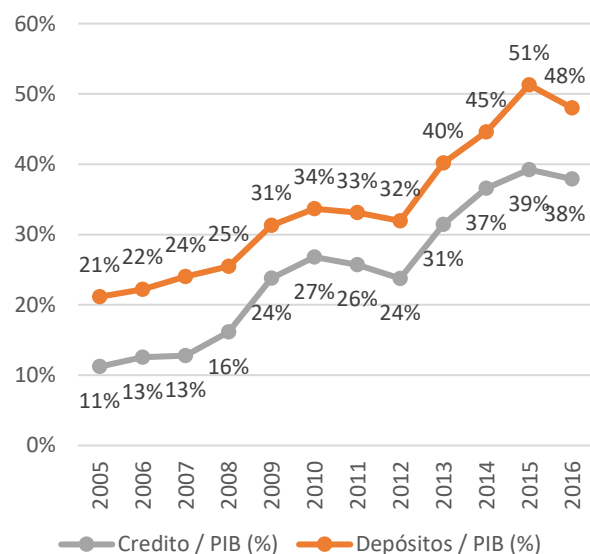
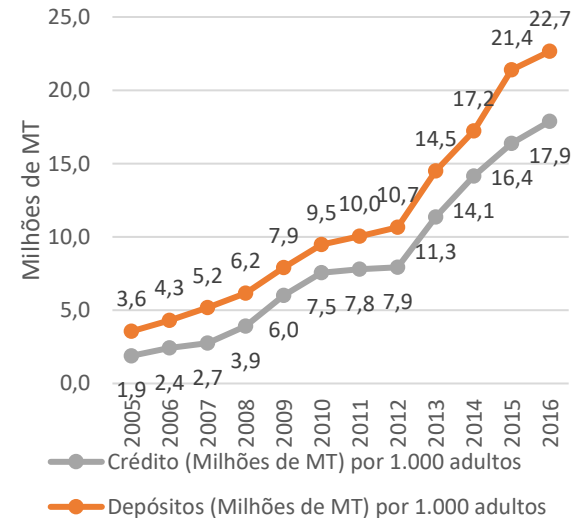


Chart 10: Total Credit and Deposits per 1000 Adults



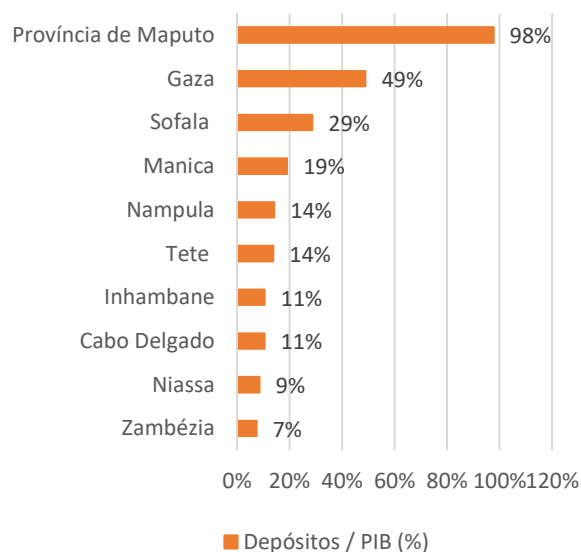
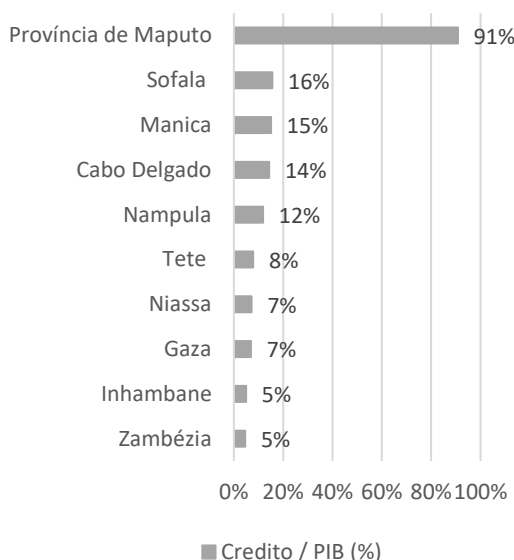
⁸ The levels of credit granted and deposits received and used represent the total for the economy and not disaggregated information for individuals and/or corporate entities. The lack of systematic and overall data on financing and savings by type of legal person contributes to have an average that is influenced by high income segments.

In terms of distribution by province, with the exception of the Maputo province (including the city of Maputo) it was observed that the intermediation and savings levels corresponded to around 90%, an indicator influenced by levels of financial inclusion in Maputo city, with Sofala province presenting the highest level of financial intermediation with 16% of the credit to the economy as a % of the GDP (influenced by Beira and Dondo Districts with 21% and 18%, respectively of the credit as of% of GDP of the District), followed by the provinces of Manica and Cabo Delgado with 15% and 14% , respectively. The lowest rates of financial intermediation are observed in the provinces of Inhambane and Zambezia, with 5% of the credit as a % the GDP for each.

With regard to financial savings, the province of Gaza had the highest levels to the tune of 49% of total deposits as a % of GDP (influenced by the Districts of Xai-Xai with 33% of deposits as a % of the GDP in the District) followed by Sofala Province with 29% of the total deposits as a % of GDP. The lowest levels were observed in the provinces of Niassa and Zambezia with financial savings levels of 9% and 7%, respectively.

Chart 11: Credit as a % of GDP by Province¹ in 2016

Chart 12: Deposits as a % of GDP by Province¹ in 2016



Note: ¹ the data for Maputo province include data for Maputo city

Microfinance institutions⁹ operated in 2016 with a loan portfolio of 4.334 million meticaís, representing about 0.6% of GDP having covered about of 30 individuals per 100,000 adults in the country. The total loan portfolio, in turn, reached 1 888 million Meticaís, representing 0.3% of GDP, covering about 13 per 100000 adults in the country.

⁹Pursuant to Decree nº 57/2004 of 10 December, which approves the Microfinance Regulation.

In 2016, Micro-banks portrayed a bigger contribution to the total credit portfolio among microfinance institutions (with 0.4% of GDP) compared to credit unions (with 0.3% of GDP) and the micro-credit operators (the latter with a negligible contribution to GDP). However, the largest contribution to deposit taking came from credit unions that contributed most in attracting deposits (with 0.3% of the GDP concerning the deposit portfolio) compared to micro-banks.

Table 4: Credit and Deposits from Micro-finance Institutions as a % of GDP and by Adult Population in 2016

10 ⁶ MT	Micro-banks		Credit Unions		Micro-credit Operators		TOTAL	
Credit Portfolio	2465.1		1868.3		0.4		4333.8	
Deposit Portfolio	16.9		1871.3		*		1888.2	
	% GDP	per 100 000 Adults	% GDP	per 100 000 Adults	% GDP	per 100 000 Adults	% GDP	per 100 000 Adults
Credit Portfolio	0.4%	16.9	0.3%	12.8	0.0%	0.0	0.6%	29.7
Deposit Portfolio	0.0%	0.1	0.3%	12.8	*	*	0.3%	12.9

Note: * Not applicable as these are category C microfinance institutions under the terms of the Decree 57/2004, of 10 December, as this are only authorized to provide loans.

Source: BoM and FARE

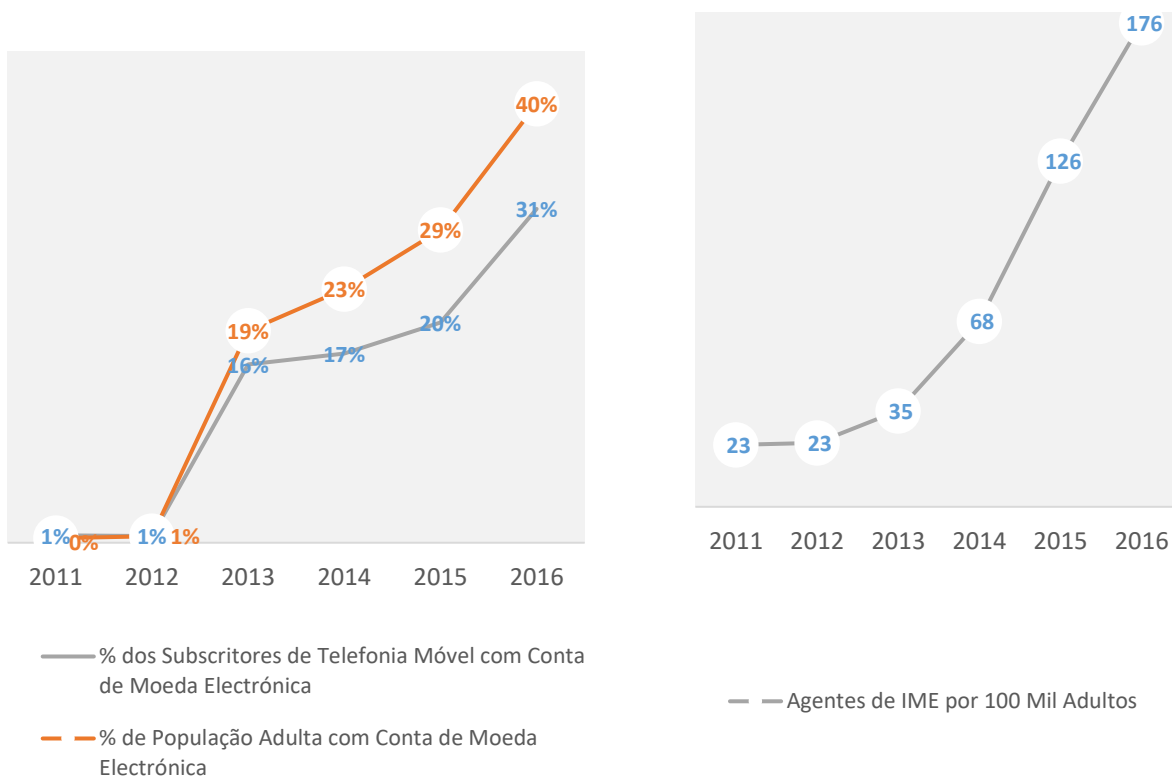
3.2.3. Electronic Money

The e-money service introduced for the first time in Mozambique in 2011 has seen a notable evolution since then until 2016 when the country started to count on about 40% of its adult population with an electronic money account opened with the EMI against 29% in 2015 and 0% in 2011¹⁰ (See Chart 13), highlighting the role it has been playing in financial inclusion.

The same signal is observed in mobile subscriber level with electronic money accounts and with EMI agents. Indeed, in 2016, of the total of 19.2 million mobile subscribers in the country, 31% had a subscription to the EMIs against 20% in 2015 and 1% in 2011 (see Chart 13) of the 25,754 existing EMI agents, the country now has about 176 agents per 100 thousand adults against 126 in 2015 and 23 in 2011 (see Chart 14).

¹⁰ Under the terms defined by Decree n°57 / 2004 of 10 December, that approves Microfinance Regulation

Chart 13: Percentage of Adult Population and Chart 14: EMI agents per 100 thousand Mobile Subscriber with Electronic Money adults Accounts¹¹



Source: INE, INCM, BOM

Although these indicators have observed a significant growth trend, it is important to highlight the limitations observed in the calculation of these indicators, which are related to: (i) the number of electronic money accounts has been calculated as a proxy of the number of electronic money customers; and (ii) customers with an electronic money account have not been purged from more than one electronic money institution because there is no common register databases of the electronic money institution customers' to enable such cleaning.

The behavior of value and transaction volume of electronic money users in 2015 and 2016 is presented in Charts 15 and 16, respectively. In terms of value, the following behavior was observed: (i) an increase in the value of cash converted electronic Money (cash in), which occupied 48% of the total value of the transactions in 2016, against 18% in 2015, Highlighting the role that the public has been giving to this channel as an alternative way to store its resources; (ii) increase in the value of cash collected from agents in 2016, that held 39% of total

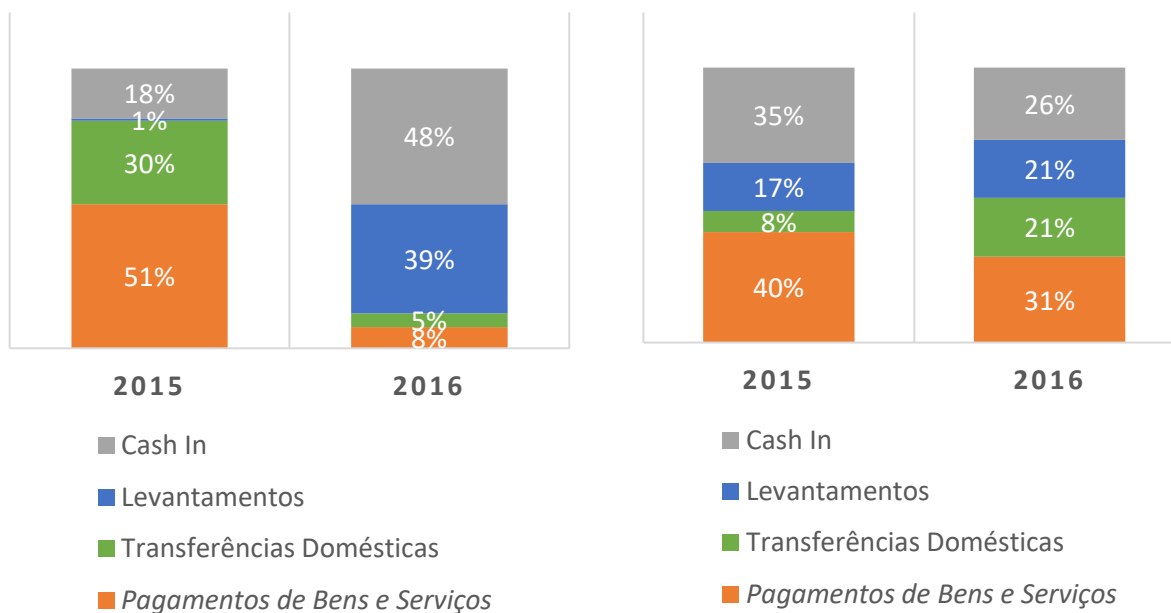
¹¹ The proxy used to calculate this indicator is the number of accounts opened with the EMIs as a percentage of the adult population

transactions against 1% in 2015; (iii) reduction of the value of electronic money used to pay for goods and services and domestic transfers, which held 8% and 5%, respectively, in 2016 against 51% and 30% in 2015, respectively.

Although in 2016 there was an increase in the value of cash in and a reduction in the value of domestic transfers, in terms of volume transacted, in 2016 an opposite situation was observed, a reduction in the volume of cash in transactions, as well as an increase in the volume of domestic transfer transactions. The same behavior was observed in the cash out transactions.

Chart 15: Value of transactions (%)

Chart 16: Volume of transactions (%)



Source: BOM

3.2.4. Capital Markets

In 2016, BVM recorded a turnover of 2,786.7 million MT, compared to the year 2015, the turnover decreased by 12.077,3 million MT. The decrease observed in 2016 is a result of the atypical growth of the business volume in 2015 due to the introduction of a new security in the market called " *Título de Reembolso* ".

During this period, 6 listed securities were admitted, two listed companies had a strong shares appreciation, which significantly influenced the Market Capitalization as a percentage of GDP,

reaching levels above planned targets, standing at 62,141 million MT, representing a growth of 12% compared to 2015 and corresponding to 9.0% of GDP against the initially planned 7.8%.

Chart 17: Stock market capitalization

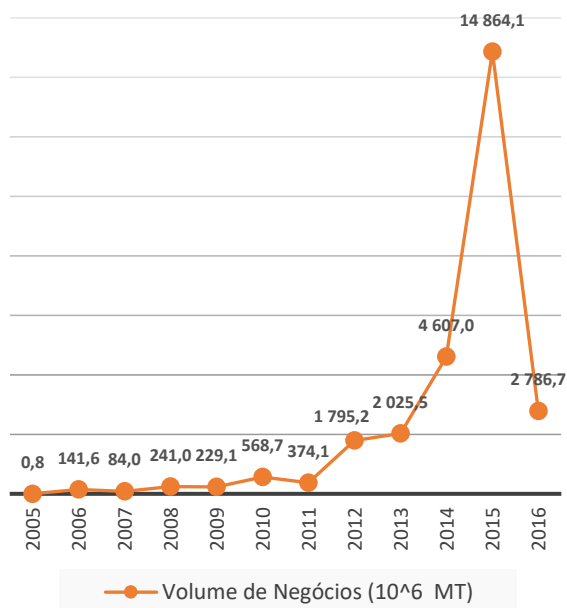
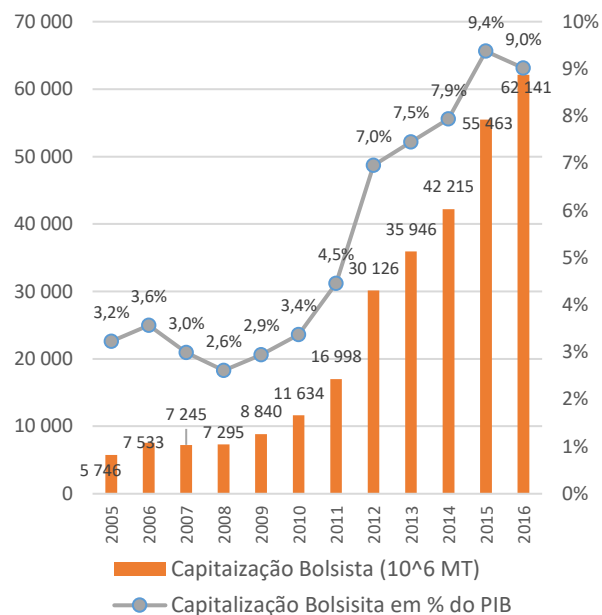


Chart 18: Business Volume



Source: INE e BVM

In addition, the Central Securities, a service of the Mozambique Stock Exchange that is that aim to to register all the securities issued in national the count, by Mozambican law entities, in 2016 registered 15 securities against 8 recorded in the 2015, representing an increase of 88%.

3.2.5. Government Financial Inclusion Initiatives

The Government initiatives were to a great extent geared towards financial inclusion of the rural population and contributed to improve the availability and accessibility to financial products and services that adequately meet the needs of the rural populations.

Among the existing initiatives that involve partnerships with regulated banking institutions the following could be highlighted:

- District Development Fund Project (FDD);
- One District One Bank Project
- *Sustenta* Project
- Use of the Banking System for the Payment of State Social Security Pensioners

i. *The District Development Fund Project (FDD)*

FDD is the main source of public funding to the rural population. With the exception of the city of Maputo and Cabo Delgado province where this fund was not availed, in the other provinces, FDD provided funding totaling 257.26 million MT in 2016, approximately 78.192 MT per individual (see Table 5) and 0.04% of the country's GDP.

The total number of FDD beneficiaries was 3,290 individuals. The review of FDD allocation to the country's provinces led to the conclusion that this initiative has been contributing to channel funding to the provinces with low indicators of access and use of formal financial services, especially in the provinces of Zambézia and Niassa.

Indeed, 2016 data showed that the province of Niassa had the highest concentration of beneficiaries (26.3%), followed by the province of Zambézia (25.7%). However, the highest funding rates are to be found in Zambézia (23,4%) with an average financing per person of 71 355 MT, followed by the Province of Niassa (17,0%), with an average funding per person of 50 476 MT (Chart 7).

Table 5: District Development Fund (FDD) - 2016

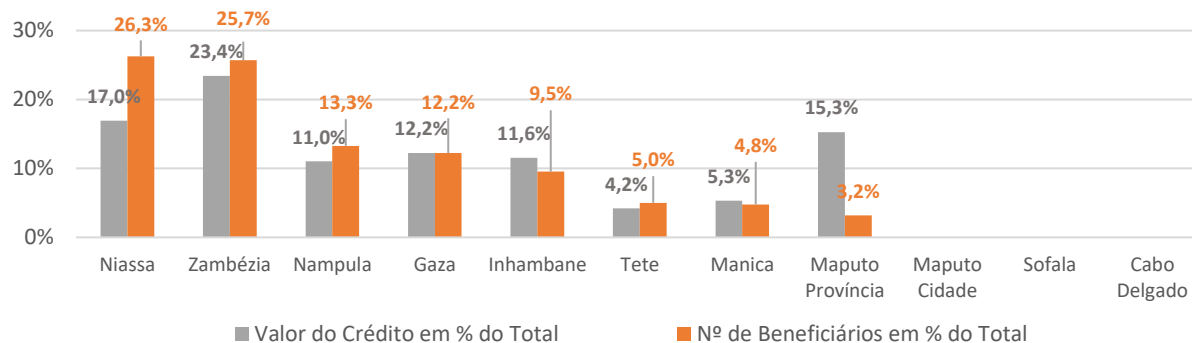
Nº	Province	Number of Beneficiaries	Amount allocated in 2016 (MT)		Interest Rate Applied (%)	Rate of Return (%)	Major Areas of Investment	Funding for the Final Beneficiary	
			Total	Average per Individual				With out Bank	Via Bank
1	Maputo City	0	0	0	3-7*	20,47**	***		X
2	Maputo Province	105	39,252,870	373,837	3-7*	14.93	***		X
3	Gaza	403	31,440,000	78,015	3-7*	13.66	***		X
4	Inhambane	314	29,739,500	94,712	3-7*	7.98	***		X
5	Sofala	0	0	0	3-7*	5,44**	***		X
6	Manica	157	13,720,000	87,389	3-7*	19.5	***		X
7	Tete	165	10,800,000	65,455	3-7*	9.17	***		X
8	Zambezia	845	60,295,300	71,355	3-7*	3.39	***		X
9	Nampula	437	28,399,000	58,121	3-7*	5.12	***		X
10	Cabo Delgado	0	0	0	3-7*	4,97**	***		X
11	Niassa	864	43,611,000	50,476	3-7*	5.64	***		X
	TOTAL	3290	257,257,670	78,192	3-7*	10.02	***		X

Source: MITADER and BoM

Notes: (*) The interest rate applied is 7% per year for trade and 3% -5% per year for productive activities and agriculture; (**) Rate of return for the years prior to 2016; (***) The main investment areas are farming and animal husbandry, processing, fishing, tourism, trade, manufacturing and services.

Making an analogy of the proportion of credit and the beneficiaries of the average funding received per person it can be observed that Maputo province (with an average per person of 373 837 MT) followed by Inhambane province (with an average per person of 94 712 MT) are the provinces with average funding levels per person that are the highest, while the provinces of Nampula and Niassa have the lowest levels (with an average per person of 58 121 Mt and 50 476 MT, respectively).

Chart 19: Credits and number of Beneficiary by province as % of Total in 2016

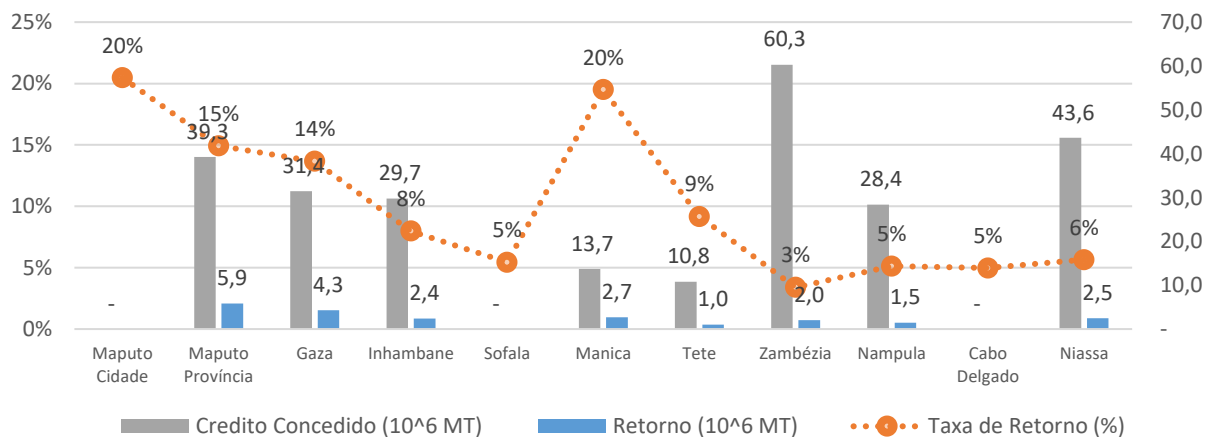


Source: MITADER and BoM

The rate of return of the allocated funds is below 20%. The highest rates of return of 20% and 15% were observed in Manica province (where out of the total 13.7 million MT granted as loans 3.7 million meticaís have been reimbursed) and Maputo (where out of the total 39.3 million MT granted as loans 5.9 million MT have been reimbursed), respectively (Chart 20).

The provinces of Zambézia and Niassa that benefited from higher amounts of total loan showed reimbursement rates of 3% and 6%, respectively.

Chart 20: Loan granted, Reimbursed and Rate of Return in 2016



Source: MITADER and BoM

ii. *One District One Bank Project*

The project "One District One Bank" aims to accelerate the process of banking expansion into rural areas and seeks to contribute to the total bank coverage in the country¹². The philosophy of the project consists of identifying the banks that are prepared to build a bank branch in a district that is not covered yet, and the project will be responsible for reimbursing the Bank in full for the investment made to build the branch, thus the bank branch premises turning into government property.

Table 6: One District One Bank Project

Nº	Province	Beneficiaries		Beneficiary Districts		Partner Banks	
		Nº	%	Nº	Name	Nº	Name
1	Maputo City						
2	Maputo Province	198	9.6	1	Matutuine	1	(¹)
3	Gaza	141	6.8	1	Chicualacuala	1	(²)
4	Inhambane			2	Murrombene and Mabote	2	(¹) (³)
5	Sofala	392	19.0	2	Chibabava and Chemba	1	(³)
6	Manica	513	24.9	3	Guro, Gondola and Vanduzi	2	(¹) (³)
7	Tete						
8	Zambezia						
9	Nampula	819	39.7	4	Rapale, Moma, Morrupula and Muecate	3	(¹) (³) (⁴)
10	Cabo Delgado			0			
11	Niassa			0			
	TOTAL	2063	100	13	13	4	4

Source: MITADER and BoM

Notes: (¹) Millennium Bim; (²) Moza Banco; (³) BCI; (⁴) Banco Único.

This project covers a total of 6 provinces, 13 districts and benefited a total of 2 063 people. Out of this total, the highest concentration was observed in Nampula province with 39.7% of total beneficiaries located in the districts of Rapale, Moma, Morrupula and Muecate, followed by the provinces of Manica with 24.9% of total beneficiaries located in the districts of Guro, Gondola and Vanduzi (Table 6).

Out of the 6 provinces covered by this project, the banks Millennium Bim and BCI cover 4 and Moza Banco and Banco Único cover one province.

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

iii. *Sustenta Project*

The Sustenta Project is an integrated agriculture and natural resources management project aimed to promote and facilitate integrated rural development, with a view to contributing to the betterment of the living conditions of rural households¹³.

Throughout this period 10 districts benefited, namely Mocuba, Ile, Alto Molócué, Guruè and Gole in Zambezia province and Lalaua, Malema, Mecuburi, Rapale and Ribáuè in Nampula province. The project foresees a financing of about USD 80000 to be allocated to 200 focal points that are being identified and that will act as providers of financial services and farm inputs. The procurement process is underway with a view to identifying the partner bank.

iv. *Use of the Banking System for the Payment of State Social Security Pensioners*

The mandatory State Pensions Regime which covers civil servants and the military has a total of 129,415 pensioners 34% of whom receive their pensions through banks (Table 7).

In the City of Maputo, the Province of Inhambane and Manica all pensioners of the State Pension Regime are banked. At the opposite extreme, Gaza Province is the one with the highest rate of unbanked pensioners in the State (100%), corresponding to 6,858 pensioners, because the amount is channeled to the Post Office and to the Administration of Mabalane District, followed by the provinces of Cabo Delgado (67%) and Niassa (52%).

Table 7: Level of Use of Banking Services by INPS Pensioners

Nº	Province	Number of INPS pensioners	Number of pensioners paid through the banking system	Number of bank institutions involved in pensions payments	Number of bank institutions involved in pensions payments	Pensioners that are not paid through banks	
						Nº	%
1	Central	34.512	34.321	26.341	4	7.980	23%
2	Maputo City	2.593	2.618	2.618	2	0	0%
3	Maputo Province	5.462	5.594	5.110	2	484	9%
4	Gaza	6.701	6.858	0	2	6.858	100%
5	Inhambane	6.622	6.809	6.809	1	0	0%
6	Sofala	14.360	14.642	10.357	2	4.285	29%
7	Manica	13.542	14.055	14.055	2	0	0%
8	Tete	12.593	12.716	11.826	2	890	7%

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

Nº	Province	Number of INPS pensioners	Number of pensioners paid through the banking system	Number of bank institutions involved in pensions payments	Number of bank institutions involved in pensions payments	Pensioners that are not paid through banks	
						Nº	%
9	Zambézia	8.355	9.560	6.862	4	2.698	28%
10	Nampula	13.557	13.578	6.755	4	6.964	51%
11	Cabo Delgado	34.991	35.373	11.714	3	23.659	67%
12	Niassa	11.239	11.659	5.565	1	6.094	52%
TOTAL		164.527	167.783	108.012	6	59.912	36%

Source: INPS

Box 2: Coverage of ASCAS funded by MITADER – PROMER across the country

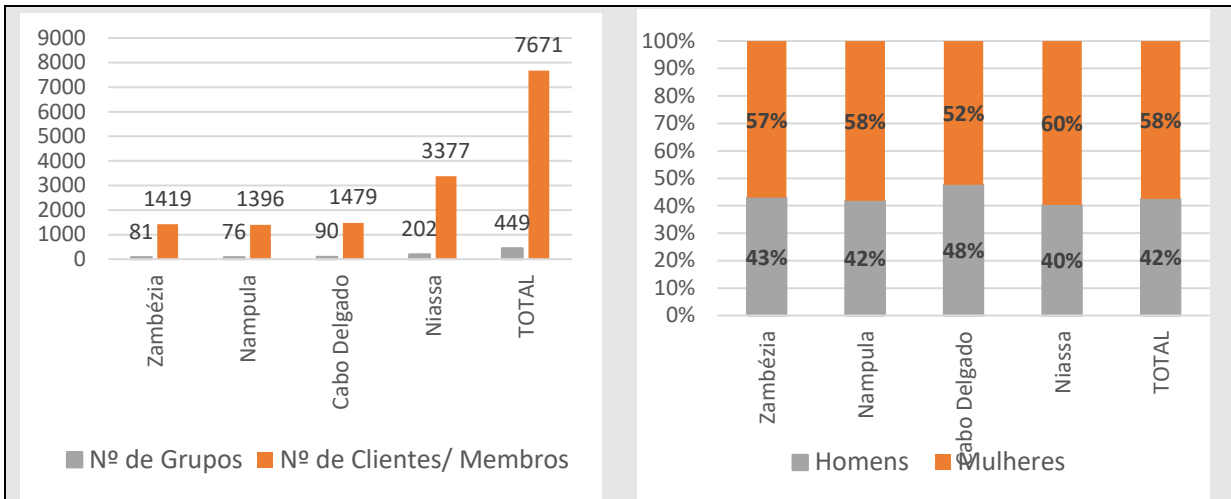
The Rotating Savings and Loan Groups (PCRs) also referred to as *Accumulating Savings and Credit Associations* (THREADER) "are organized ways of promoting access of low-income populations to financial services, particularly in remote rural areas and the basic feature is the involvement of the community and its members in the management of local financial structures"¹. These groups are essentially characterized by voluntary association comprising 15 to 30 members but which may reach 1000 members who meet periodically (either weekly, fortnightly or monthly) and their aims is to provide financial services among themselves, namely granting loans and making deposits in cycles that vary from 6 to 12 months² at interest rates ranging from 5% to 25%³.

The Government of Mozambique through the National Directorate for Rural Development (DNDR) in the Ministry of Land, Environment and Rural Development (MITADER) has been implementing actions aimed at strengthening these groups and in this regard the Economic Rehabilitation Support Fund (FARE) received funding for this purpose. MITADER through the Rural Markets Support Program (PROMER)⁴ has been financing the promotion of increased access to funding by the ASCAS.

Data from MITADER-DNDR show that currently there are 449 ASCAS groups financed by MITADER through PROMER, in the provinces of Zambézia, Nampula (districts of Malema and Ribáuè), Cabo Delgado (districts of Ancuabe, Balama, Montepuez and Chiure) and Niassa (districts of Cuamba, Maúa, Metarica, Marrupa Mandinmba and Mecanhelas).

Chart 1: Number of ASCAS and Members

Chart 1: Distribution of ASCAS members by Gender

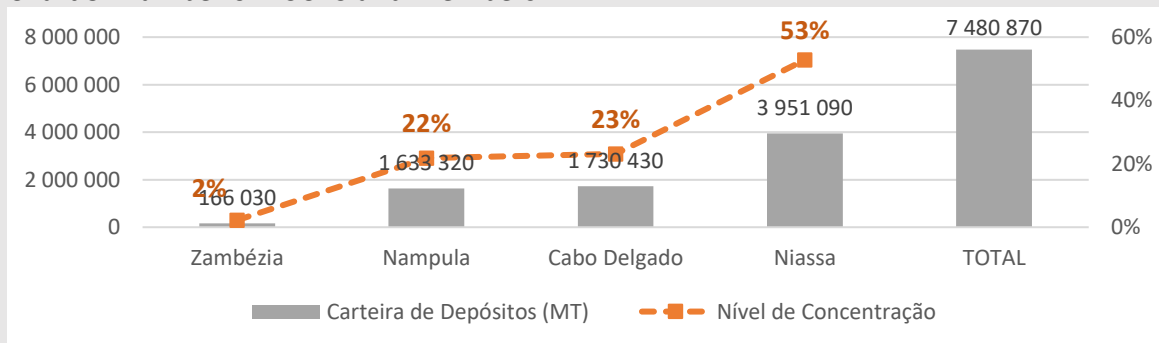


Source: MITADER-DNDR

These groups consists of 7,671 members mostly women. Indeed, of the total existing members 58% are females, and most are in Niassa province with 3,377 members (60% female), followed by Cabo Delgado province with 1,479 members (of whom 58% are females) (see Charts 1 and 2).

The total deposits portfolio stands at 7.5 million MT, with the highest concentration in the province of Niassa (53% of the total), followed by Cabo Delgado and Nampula (with 23% and 22% of the total deposits portfolio, respectively) and the province of Zambézia (with 2% of the total).

Chart 3: Number of ASCAS and Members



Source: MITADER-DNDR

Although part of these groups are already working or have been elevated to the category of microfinance institutions (such as the Savings and Loans Organizations-OPE and Micro-credit Operators) established pursuant to Decree nº 57/2004 of 10 December, which approves the Regulation on Microfinance, the majority still faces the following main challenges: (i) non formalization of their activity in accordance with the financial legislation that is in force; (ii) inherent risk of the activity because the mechanisms concerning the duty to inform, know your client and the safekeeping of the monies collected are either lacking or are weak; (iii)

absence of a comprehensive and integrated overall control system of the groups and amounts collected and the channeling of such amounts into the formal system to contribute to the reduce the cash in circulation outside the formal financial system.

Source:

¹ Fare (2011), “Grupos de Poupança e Crédito em Moçambique, 10 anos depois: Realizações, Desafios e Perspectivas”, in <http://www.fare.gov.mz/documentos/diversos/10%20anos%20de%20ASCAS-Relatorio.pdf> ;

² <http://www.fare.gov.mz/documentos/diversos/10%20anos%20de%20ASCAS-Relatorio.pdf>

³ Ali, et all (2014), “Grupos de Poupança e Crédito Rurais como Opção para a Inclusão Financeira: Uma Análise Crítica”, in http://www.iese.ac.mz/lib/publication/livros/des2014/IESE-Desafios2014_06_FinRur.pdf .

⁴ IFAD (2015), “Rural Markets Promotion Program (PROMER)”, in <https://operations.ifad.org/documents/654016/1a971204-4c72-4b28-a320-604b1a9d3d06>

3.3. Financial Inclusion index (FII)

The FII calculated by the BoM¹⁴ stood at 14.22 points in 2016 against 14.67 points in 2015 reflecting a reduction of 0.45 points resulting primarily from an increase in the number of districts in the country from 128 to 154 districts, with limited access points (see Table 8). Indeed, in 2016 some localities were elevated to the category of districts, which now total 154 districts, notably in Gaza province (Limpopo and Mapai), Manica province (Tambara and Macate), Tete province (Marara and Dôa); Zambézia province (Luabo, Mulevala, Mocubela, Derre, Molumbo,) and in Nampula province (Larde and Liúpo).

Although in 2016 the FII went down as a result of the increase in the number of the country’s districts which had poor distribution of access points, between 2005 and 2016, the level of financial inclusion in Mozambique increased by 56% as a result of the expansion of access points and their use. However, some challenges still prevail for the continuous expansion.

However, when analyzing the FII calculated for the 154 districts of the country, excluding the city of Maputo, the FII increased to 7.5 points in 2016 (against 7.17 points in 2015) reflecting the impact of the ongoing efforts aimed at the expansion of banking services at the district level.

¹⁴The methodology used by the BoM to calculate the FII is detailed in "Financial Inclusion Challenges in Mozambique: A Supply Side Approach" (2013) in http://www.bancomoc.mz/fm_pgTab1.aspx?id=116.

Table 8: FII Evolution 2005-2016

Province	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
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
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
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
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
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
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
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
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
NAMPULA	1.72	1.58	2.00	2.06	2.15	2.40	3.06	3.17	3.75	3.74	3.99	3.73
CABO DELGADO	1.93	1.90	2.37	1.75	1.94	2.01	2.25	2.35	3.16	3.89	4.16	4.28
NIASSA	0.82	0.79	0.99	1.09	1.29	1.43	1.40	1.38	1.63	2.03	2.03	1.93
Global FII*	9.29	9.40	10.26	10.60	10.81	11.20	13.20	13.31	14.04	14.43	14.67	14.22
Restricted FII**	2.63	3.55	4.54	4.66	5.70	6.14	6.60	6.84	7.22	8.01	7.17	7.5

Source: BoM

Notes: (*) Global FII includes Maputo city; (**) Restricted FII is calculated for all the districts of the country (128 districts between 2005 and 2015 and 154 districts in 2016) excluding Maputo city.

Mozambique's demographic access index stood at 16.6 points (against 17.20 points in 2015) and this is what contributed more to the country's FII (Table 9), followed by the use index with 15.7 points (against 16.40 points in 2015) and finally the geographical access index with 10.9 points, the same as in 2015.

These indicators illustrate the challenge faced by the financial system to improve the action measures aimed at increasing per capita financial inclusion (demographic access) as well as the effective use of financial products and services (use) while also reducing the distance between the access points to financial services and products and the population (geographical access).

In addition to the city of Maputo, Maputo province (7.1 points) presents the highest geographical access index; the provinces of Maputo (24.8 points), Gaza (13.8) and Inhambane (10.3 points) present the highest index of demographic access while the provinces of Maputo (16.8 points) and Gaza (7.5 points) present the highest use index of financial services and products.

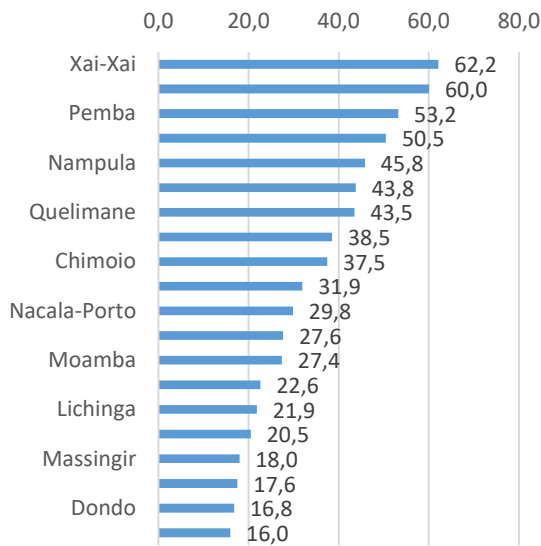
Table 9: Geographic and Demographic Access Index and Use - 2016

	Geographical Access Index		Demographic Access Index		Use Index		OVERALL FII	
	2015	2016	2015	2016	2015	2016	2015	2016
MAPUTO CITY	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
MAPUTO PROVINCE	6.6	7.1	23.2	24.8	20.9	20.5	16.2	16.8
INHAMBANE	1.3	1.9	14.2	10.3	8.7	7.1	7.8	6.2
GAZA	2.1	1.3	12.0	13.8	8.5	8.4	7.3	7.5
MANICA	1.7	1.2	6.5	7.0	11.1	7.3	6.3	5.0
SOFALA	1.1	1.8	9.1	4.7	7.2	8.6	5.7	4.9
TETE	1.3	1.1	7.3	6.3	6.4	5.0	4.9	4.0
CABO DELGADO	1.9	1.5	5.6	2.9	5.1	2.7	4.2	2.4
NAMPULA	1.7	1.6	4.7	4.9	5.7	4.7	4.0	3.7
ZAMBEZIA	1.8	2.1	3.6	5.3	4.1	5.6	3.1	4.3
NIASSA	0.4	0.5	3.1	2.8	2.6	2.7	2.0	1.9
IIF MOZAMBIQUE	10.9	10.9	17.2	16.6	16.4	15.7	14.7	14.3

Source: BoM

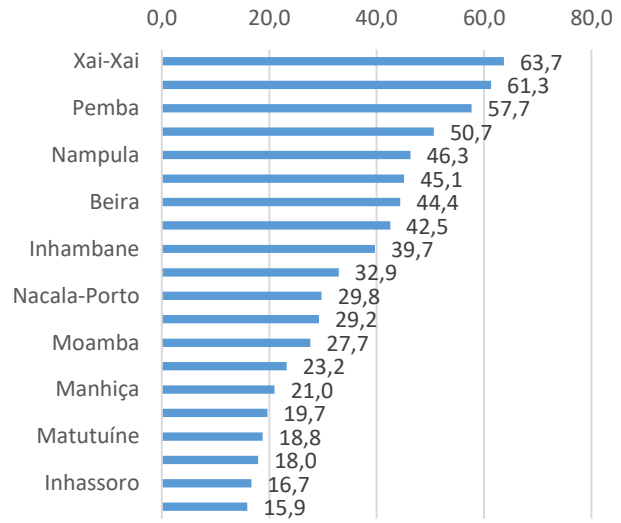
Down to the district level (Charts 15 and 16), it is observed that in 2016 the 20 districts with the highest FII, excluding the districts that are concurrently provincial capitals, are the districts of Matola (with 61.3 points in 2016 against 60.0 in 2015), Maxixe (with 32.9 points in 2016 against 31.9 points 2015), Nacala (with 29.8 points in 2016, the same figure observed in 2015), Boane (with 29.2 points in 2016 against 27.6 points in 2015), Moamba (with 27.7 points in 2016 against 27.4 points in 2015), Manhica (with 21.0 points in 2016 against 22.6 points at 2015) , Magude (with 19.7 points in 2016 against 20.5 in 2015), Matutuine (18.8 in 2016 and 17.6 in 2015), Massingir (with 18.0 points in 2016, the same as in 2015), Inhassoro (with 16.7 points in 2016 against 16.0 points in 2015) and Dondo (with 15.9 points in 2016 against 16.8 points in 2015).

Chart 21: The 20 districts with highest FII – 2015



Source: BoM

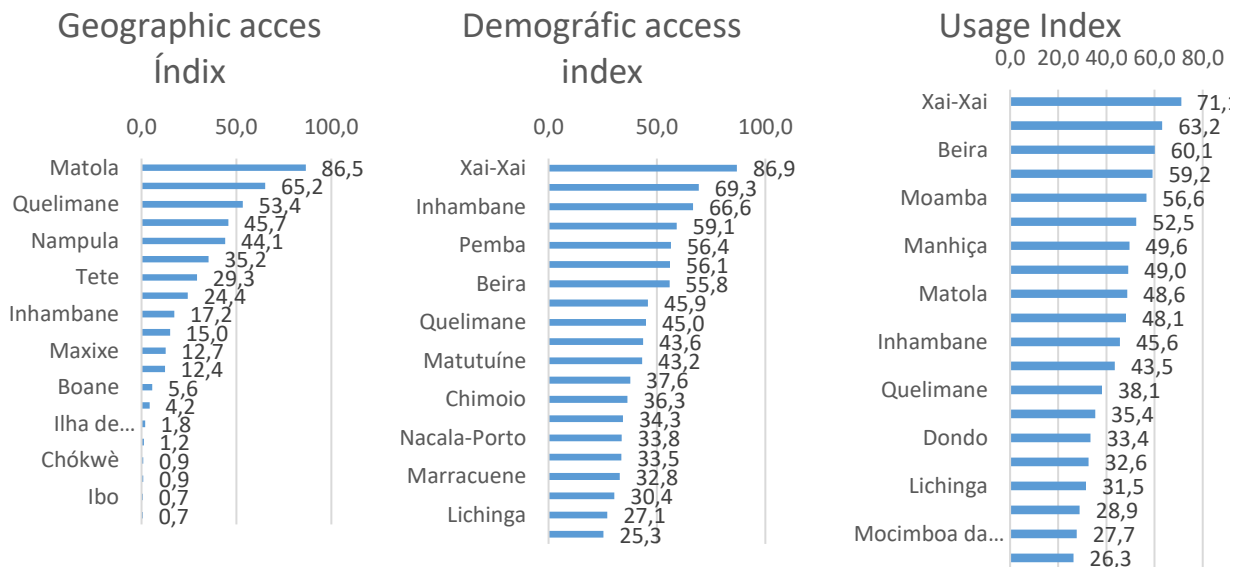
Chart 16: The 22 districts with highest FII – 2016



Source: BoM

Disaggregating the FII to the sub-indexes of geographical access, demographic access and use, it is observed that Matola district which has the highest FII presents the highest geographical access index (86.5 points) but not the highest demographic access index (59.1) and use index (48.6). The districts of Xai-Xai and Tete have the highest geographical access indexes (86.9 and 69.3 points, respectively) and use indexes (71.1 and 63.2 points, respectively).

Chart 17: The 20 districts with the highest Geographical and Demographic Access and Use in 2016



Source: BoM

4. MONITORING AND EVALUATION INDICATORS FOR THE NFIS

4.1. Degree of Compliance with the Action Plan

Out of the total 54 actions listed in the NFIS 2016-2022 Action Plan, 4 actions were implemented (7.4%), 23 actions are in progress (42.6%), 13 are permanent actions (24.1%) and 14 actions have not yet been initiated (25.9%), (see Table 10).

Table 10: Level of implementation of the NFIS Action Plan

	Pillar 1		Pillar 2		Pillar 3		TOTAL	
	Access to and use of financial services		Strengthening the financial infrastructure		Consumer protection and financial literacy			
	Nº of actions	%	Nº of actions	%	Nº of actions	%	Nº of actions	%
Implemented	2	6.5%	1	12.5%	1	6.7%	4	7.4%
In progress	14	45.2%	4	50.0%	5	33.3%	23	42.6%
Permanent	5	16.1%	0	0.0%	8	53.3%	13	24.1%
Not started	10	32.3%	3	37.5%	1	6.7%	14	25.9%
Total	31	100.0%	8	100.0%	15	100.0%	54	100.0%

Source: BoM

Among the actions that are in progress, some are of regulatory nature and involve more than one institution and others are studies and diagnostics that are awaiting the identification of partners for implementation. The tasks that have not started yet requiring a deeper understanding of the issues and the identification of potential partners and stakeholders.

Table 4: Level of achievement of Pillar 1- Access and Use of Financial services

Pillar 1		Access to and use of financial services				
		Implemented 2	In progress 14	Permanent 5	Not started 10	
Objective	Area	Actions			Leader	Status
Expand and diversify the network of access points to financial	Regulatory framework – access points	Promote a wide application of Notice nº 3/2015 on the regime to access and operate the business of bank agents.			BoM	
		Based on the geospatial mapping, define possible regulatory measures to complement the future network of agents in less-favored areas, such as the establishment of <i>light</i> agencies.			BoM	
Improve the legal and regulatory framework for the expansion of products and services	Payments Services	Establish, regulate and promote the basic bank account.			BoM	
		Propose specific regulations for opening and using bank accounts, including lowering the minimum age.			BoM	
		Promote electronic payments (POS expansion)			BoM MIC	
		Establish a single regulatory framework to govern electronic money issuance.			BoM	
		Improve the regulatory framework to ensure efficiency, competition and security of electronic transactions in the financial system.			BoM	
		Establish a legal, regulatory and supervision framework for both international and domestic money transfers.			BoM	
	Insurance	Develop and expand micro-insurance products tailored for MSME.			AMS	
		Develop mobile phone based insurance services.			ISSM AMS	
		Develop a regulatory framework for the expansion of basic micro-insurance products.			ISSM	
		Strengthen ISSM's supervision capabilities.			ISSM	
	Rural finance	Develop a regulatory framework to expand financing based on certificates of deposit.			MIC	
		Campaigns for the registration of nationals and provision of identification documents			MINJACR	
	Housing financing	Establish a national housing financing program.			FFH	
Develop a range of	Provide bulk payments services	Pay to pensioners and National Social Security (INSS) beneficiaries through electronic means to facilitate financial inclusion.			INSS	

Objective	Area	Actions	Leader	Status
		Pay the beneficiaries of the Social Welfare programs through electronic means to facilitate financial inclusion.	MGCAS	
	Provision of insurance services	Develop micro-insurance products tailored to MSMEs, farmers, <i>mukeristas (informal importers)</i> , market vendors and the low-income population.	ISSM AMS	
	Provision of credit, savings and payment services	Develop financing, savings and payments products tailored to low-income populations, farmers and MSMEs.	BoM AMB EMI	
Increase the level of information on financial inclusion	Financial Institutions capacity	Collect additional statistical information that is relevant to compile financial inclusion indicators	BoM ISSM	
		Hold events (workshops and courses) to disseminate knowledge about business models tailored to low-income segments, farmers and MSMEs, and the respective risk management models.	BoM ISSM AMB MAS	
		Develop training programs for insurance market professionals (actuaries).	ISSM AMS	
	Market intelligence	Conduct studies on bulk payments flows in the private sector, which could be scanned.	BoM	
		Conduct a diagnostic study on the domestic and international transfer market.	BoM	
		Conduct a financial inclusion study of based on a demand-side approach.	BoM	
		Conduct a diagnosis on the leasing market.	BoM	
		Conduct a diagnosis on the factoring market	BoM	
		Conduct an assessment of existing initiatives related to rural finance, to identify and enhance synergies with the private sector.	MITADER	
	MSME Eligibility	Strengthen MSMEs skills (management, accounting, planning) and their connections to market structures (associations and production chains).	IPEME	
	Financial inclusion indicators	Implement an intelligence system to identify the credit worthiness of MSME.	BoM	
		Prepare an annual financial inclusion report.	BoM	

Table 6: Level of achievement Pillar 3- Consumer protection and financial literacy

Pillar 3 Consumer protection and financial literacy					
		Implemented 1	In progress 5	Permanent 8	Not started 1
Objective	Actions	Leader	Status		
Improve the legal, regulatory and supervision framework for financial consumer protection	Review and update the Notice 5/GBM/2009 concerning the regime for commissions and other charges	BoM			
	Develop the methodology of Behavioral Supervision.	BoM			
	Strengthen Notice 4/2009 by setting minimum standards for the operation of the channels charged with recording and handling consumer complaints.	BoM			
	Develop standardized <i>Key Facts Statement</i> for the most common consumer financial products.	BoM			
Increase the range and quality of the information made	Make available on the BoM <i>website</i> comparative information about commissions and other charges of the main retail market products.	BoM			
	Make available on the BoM <i>website</i> statistics about consumer complaints against financial institutions supervised by the BoM.	BoM			
Increase the level of financial knowledge for specific segments of society	Create a single national financial literacy program in Mozambique.	BOM, ISSM, BVM, MINEDH, MEF			
	Support financial inclusion through the dissemination to the populations of the minimum conditions of access to banking services	BoM			
	Raise awareness of the population about the importance of saving	BoM			
	Promote and nurture responsible financial knowledge and attitudes	BoM and ISSM			
	Explain to the public the rights and duties of banks and financial institutions' customers.	BoM and ISSM			
	Contribute to the efficiency and soundness of the financial market	BoM and ISSM			
	Raise public and companies awareness about capital markets	BVM			
	Promote the use of the stock market by companies, including SMEs	BVM			

Objective	Actions	Leader	Status
	Credit counseling activities for customers facing indebtedness problems, while contributing to instill savings practices.	BoM MINEDH	

4.2. Degree of Compliance with the Financial Inclusion Targets

4.2.1. Overall Targets

The overall financial inclusion targets in the NFIS are set for 2018 and 2022. The review of the degree of implementation reports on the first year of implementation of the NFIS.

Indeed, in 2016 the proportion of adults with physical or electronic access to financial services provided by a formal financial institution stood at 82.7% above the planned target for 2018 and 2022 in 43pp and 23pp, respectively. On the one hand, this level is due to the banking rate of the economy (bank accounts as a % of the adult population) which stood at 36.0%¹⁵ in 2016, and the percentage of the adult population with an account in an electronic money institution that was 47%.¹⁶ above the 2018 target by 7pp and 13pp to reach the target set for 2022.

Table 11: Level of Achievement of the Overall Financial Inclusion Targets in 2016

	Indicator	Achieved	Overall Targets		Deviation from the Targets in 2016	
		2016	2018	2022	2018	2022
	% of the adult population with physical or electronic access to financial services provided by a formal financial institution*					
1	a. % of the adult population with access to banking service	36,0%	40%	60%	-4pp ↓	-24pp ↓
	b. Percentage of adult population with access to non-bank financial services provide by EMI	47,0%	40%	60%	7pp ↑	-13pp ↓
2	% of districts with at least one access point to formal financial services**	58.0%	75%	100%	-17pp ↓	-42pp ↓

¹⁵ The proxy used to calculate this indicator is the number of bank accounts as a percentage of the total adult population.

¹⁶ The proxy used to calculate this indicator is the number of accounts opened with the EMIs as a percentage of the adult population

	Indicator	Achieved	Overall Targets		Deviation from the Targets in 2016	
		2016	2018	2022	2018	2022
3	Percentage of Population with one access point of financial services	n.a.	55%	75%	-	-

Source: BoM

Notes: (*) Calculated based on the number of accounts (Bank and Electronic Money accounts) as a % of the adult population; (**) calculated based on districts (154) covered by banks branches.

In 2016, 58% of the districts were covered by at least one access point to financial services. This indicator is below the target set for 2018 and 2022 in 17pp and 42pp, respectively.

The compilation of the degree of implementation indicator concerning the percentage of the population with an access point to financial services less than 5 km from their places of residence will be done using a GIS platform to secure the mapping.

4.2.2. Specific Targets

Table 12: Level of Achievement of Financial Inclusion Specific Targets in 2016

Size	Indicator		Base-line year 2015	2016	Overall Target		Deviation from the Target in 2016	
					2018	2022	2018	2022
Proximity (physical access)	Access points to financial services per 100,000 adults	Bank branches	4.6	4.5	4.9	5.2	-0.4	-0.7
		Banking agents	n/a	1.5	28.3	44.9	-26.8	-43.4
		ATM	11.4	11.5	13.3	15.4	-1.8	-3.9
		POS	160.2	175.3	198.2	250.2	-22.9	-74.9
		IME agents	129.7	176.3	236.6	473.2	-60.3	-296.9
	Access points to financial services for every 10,000 km ²	Bank branches	7.7	8.2	8.6	10	-0.4	-1.8
		Banking agents	n/a	2.7	34.5	50	-31.8	-47.3
		ATM	19.7	21	24.2	28.5	-3.2	-7.5
		POS	275.9	320.3	330.1	396.8	-9.8	-76.5
		IME agents	223.4	322.2	375.4	525	-53.2	-202.8
	Proportion of districts with at least one financial services access point		55.10%	64.0%	87.50%	100.00%	-30pp	-42pp

Size	Indicator	Base-line year 2015	2016	Overall Target		Deviation from the Target in 2016	
				2018	2022	2018	2022
	Proportion of the population living in districts with at least one access point	74.30%	94.0%	90.40%	100.00%	4pp	-6pp
	Proportion of the population living up to 5 km away from a financial services access point (GIS)	40.00%	n/a	55.00%	75.00%	n/a	n/a
Access to accounts and use	Proportion of the adult population with a deposit account in a formal financial institution	25.10%	36.0 ¹⁷ %	35.00%	45.00%	1pp	-9pp
	Proportion of adult men with a deposit account in a formal financial institution	35.60%	49.2 ¹⁸ %	45.00%	54.50%	4pp	-5pp
	Proportion of adult women with a deposit account in a formal financial institution	14.60%	20.8 ¹⁹ %	25.00%	35.50%	-4pp	-15pp
	Proportion of households with at least one deposit account at a formal financial institution (INE Census 2017)	n/a	n/a	70.00%	90.00%	n/a	n/a
	Proportion of the adult population with a credit account at a formal financial institution	5.10 ²⁰ %	5.20%	7.50%	10.50%	-2pp	-5pp
	Proportion of adult men with a credit account at a formal financial institution	6.70 ²¹ %	7.10%	9.00%	12.00%	-2pp	-5pp

¹⁷ The proxy used to calculate this indicator is the number of bank accounts as a percentage of the total adult population.

¹⁸ The proxy used to calculate this indicator is the number of bank accounts of the male population as a percentage of the adult male population

¹⁹ The proxy used to calculate this indicator is the number of bank accounts as a percentage of the total adult population.

²⁰ The proxy used to calculate this indicator is the number bank accounts of female population as a percentage of the adult female population.

²¹ The proxy used to calculate this indicator is the number of credit accounts in a formal financial institution as a percentage of the adult population.

Size	Indicator	Base-line year 2015	2016	Overall Target		Deviation from the Target in 2016	
				2018	2022	2018	2022
	Proportion of adult women with a credit account at a formal financial institution	3.50 ^{22%}	3.00%	6.00%	9.00%	-3pp	-6pp
	Proportion of households with at least one credit account at a formal financial institution (INE Census 2017)	n/a	n/a	10.50%	15.00%	n/a	n/a
	Proportion of the adult population with an active account at an electronic money institution	23.10%	47.0 ^{23%}	50.00%	70.00%	-3pp	-23pp
	Proportion of adult men with an active account at an electronic money institution	30.00%	37.5 ^{24%}	55.00%	80.00%	-18pp	-43pp
	Proportion of adult women with an active account at an electronic money institution	16.20%	43.3 ^{25%}	45.00%	70.00%	-2pp	-27pp
	Proportion of households with an active account at an electronic money institution (INE Census 2017)	50.0%	n/a	75.0%	90.0%	n/a	n/a
	Deposit accounts at a formal financial institution for every 100 adults	29.1	36.0	35	40	1.0	-4.0
	Credit accounts at a formal financial institution for every 100 adults	6.4	5.2	8	10	-2.8	-4.8

²² The proxy used to calculate this indicator is the number of credit accounts opened by men in a formal financial institution as a percentage of the adult male population.

²³ The proxy used to calculate this indicator is the number of accounts opened with the IMEs as a percentage of the adult population

²⁴ The proxy used to calculate this indicator is the number of accounts opened by males in IMEs as a percentage of the adult male population.

²⁵ The proxy used to calculate this indicator is the number of accounts opened by women's in IMEs as a percentage of the adult female population.

Size	Indicator	Base-line year 2015	2016	Overall Target		Deviation from the Target in 2016	
				2018	2022	2018	2022
	Credit to MSME in proportion to total bank lending to the economy	3.50%	n/a	5.00%	7.00%	n/a	n/a
	Credit to MSME in proportion to total bank lending to businesses	3.00%	n/a	4.00%	6.00%	n/a	n/a
	Credit to agriculture as a proportion of total bank lending to the economy	2.50%	n/a	3.50%	5.00%	n/a	n/a
	Deposits at banks as a share of GDP	46.4%	48.0%	55.0%	72.0%	-7pp	-24pp
	Bank credit as a share of GDP	34.9%	37.9%	42.0%	53.0%	-4pp	-15pp
	Balances on accounts of electronic money institutions as a share of GDP	0.1%	0.2%	3.0%	6.0%	-2.8pp	-5.8pp
	Proportion of the adult population with any insurance product	7.0%		10.00%	15.00%		
	Proportion of MSME with any insurance product	2.0%		5.00%	7.00%		
	Market capitalization as a share of GDP	7.8%	9.0%	8.40%	9.20%	0.6pp	0.2pp
	Proportion of Stock Exchange traders in relation to Banks	50%	52.6%	55%	65%	-2.4pp	-12.4pp
	Number of investors that use financial products and services from the capital market	5, 000		8, 000	12, 000		
Financial literacy	Number of financial products with which adults are familiar	3.3	n/a	5	7	n/a	n/a

Size	Indicator	Base-line year 2015	2016	Overall Target		Deviation from the Target in 2016	
				2018	2022	2018	2022
	Number of basic financial concepts questions answered correctly	3.7	n/a	5	7	n/a	n/a
	Number of students familiar with the capital market products	500	n/a	2,500	10,000	n/a	n/a

Source: BoM

5. CONCLUSIONS AND CHALLENGES

5.1. Conclusions

In 2016, with the approval of the 2016-2022 national financial inclusion strategy, which has the support of the World Bank within the framework of the Financial Inclusion Support Framework (FISF), conditions were created for the multi-sectorial coordination with a view to implementing harmonized measures towards financial inclusion. The conditions created include the development of a NFIS coordination structure comprising a National Financial Inclusion Committee (CNIF), a Technical Implementation Unit and Working Groups, whose legal operationalization is in progress.

Among the measures implemented in 2016, it is worth highlighting the fact that the Banco de Moçambique assumed the responsibility to chair the Financial Inclusion Policy African Initiative (AFPI), which has been contributing to improve the financial inclusion policies and regulatory framework as a result of sharing experiences with other African countries on matters related to regulation and promotion of financial products and services and the financial infrastructure to ensure financial inclusion.

The regulation on the Privately Managed Credit Reporting System was another initiative that was highlighted in 2016 with the approval of the regulation on fees and licensing for credit information centers and types of information that credit information centers must submit to the BoM for supervisory purposes.

The approval of the Consumer Protection Law in 2016, in turn, created the conditions for the implementation of exclusive measures targeted to the financial consumer and in this connection codes of conduct for the financial system, for advertising financial products and services, including standard information sheets, are being developed.

The financial inclusion indicators also showed some improvement in financial inclusion levels in 2016. It is worth highlighting the increase of a bank and the increase in about 5% of all bank branches to 646 branches in 2016, as well as 214 banking agents that started to operate. It is also worth mentioning the increase in 44.2% of the agents from electronic money institutions to 25,754 agents in 2016 as well as the increase by 23.6% to 25,310 POS.

The progress made in terms of access points to banking and non-banking financial services meant that there were in the country 54,152 access points to financial services and products in 2016 against 41,046 in 2015, representing a 31.9% increase.

2016 was also a year marked by the increase in the levels of demographic and geographical access to and in the use of financial products and services. An example of this is that the geographical coverage of access points was 371 per 100 000 adults, an increase of more than 28% compared

to 2015, and there were 677 access points per 10 000 km², which was 32% more compared to 2015.

These access levels were translated into a coverage level of 58% of Mozambique's districts with at least one bank, while 112 districts of the country had at least one bank agent and 32 districts had at least one insurance delegation or branch.

In terms of the use of financial products and services measured based on the bankarization of the economy, it was possible to verify that the country now has 360 bank accounts for every 1000 adults, showing an increase of 50 bank accounts per 1000 adults. Analyzing by gender it was possible to verify that for every 1000 female adults 208 had a bank account against 492 man's evidencing the challenge in the improvement of gender difference in access and use of banking services..

The electronic money service contributed to galvanize financial inclusion through non-bank financial institutions offered by the EMIs, and in 2016 allowed 40%²⁶ of the country's adult population to hold an electronic money account with these institutions, corresponding to 31 % of total mobile subscribers in the country.

The year 2016 was also characterized by continued implementation of Government projects aimed at fostering financial inclusion notably the District Development Fund (FDD), which has already 3,290 beneficiaries with disbursements of about 257 million MT; the One District One Bank Project, which has benefited 13 districts in 6 provinces of the country through bank branches, as well as the use of banks for pensioners of the Public Service Social Security System that has allowed to pay through the banking system 64% of pensioners registered in the INPS.

In 2016, out of a total of 54 actions included in the NFIS Action Plan, 4 actions were implemented, 23 are in progress, 13 are permanent and 14 have not yet started. In terms of the level of implementation of overall targets it should be pointed out that the target for the percentage of adults with physical or electronic access to financial services provided by a formal financial institution having stood at 36% when considering the percentage of adult population with access to banking services (4pp below the 2018 target) and 47% when considering the percentage of adult population with access to non-bank financial services provided by electronic money institutions (7pp above the 2018 target). However, the target of 75% of districts covered by at least one access point has not been reached as by 2016 this indicator stood at 58%, 17pp below goal.

²⁶ The proxy used to calculate this indicator is the number of accounts opened with the IMEs as a percentage of the adult population.

5.2. Challenges

Following the measures taken in 2016, there are prevailing challenges to improve the levels of financial inclusion as follows:

- a. Strengthening of the ENIF Coordination Structure:
 - i. Completion of the legal operationalization of the National Financial Inclusion Committee (CNIF), the CNIF Technical Implementation Unit and its Working Groups in order to effectively provide for multi-sectorial coordination to harmonize the policy measures and action plan inherent to financial inclusion;
 - ii. Ensure the involvement of all key sectors that contribute to financial inclusion and in the design, implementation and monitoring of the action plan;
- b. Design and Implementation of Financial Products and Services Adjusted to the Needs of the Population:
 - iii. Continue to design financial products and financial services targeted to vulnerable populations, in particular the population living in rural areas, women and the youth with poor coverage from formal financial services;
 - iv. Increase the awareness of commercial agents and increase the use of electronic money, with a focus on rural areas;
 - v. Promote actions aimed at identifying innovative products and services that meet the specific needs of rural communities;
 - vi. To discuss with the various stakeholder's ways of enhancing access and adherence of the Loans and Savings Groups (PCRs) to formal financial system.
- c. Proceed with the continuous improvement of the legal and regulatory framework
 - i. Proceed with the continuous improvement of the legal and regulatory framework in order to regulate the basic bank account, have a single regulation for electronic money institutions, as well as the payment service providers, including institutions operating in financial technologies (*FinTech*) and the respective financial regulations (*regtech*) combined with the regulatory *sandboxes*, in order to benefit the general population through the new digital channels with the provision of financial services offered at lower costs;
 - ii. Establish a code of conduct for microfinance operators to assist rules applying to the operation of Microfinance Institutions in order to contribute to the solidification of AMOMIF;
- d. Strengthening the Insurance Market
 - i. Stimulate the Micro-insurance activities especially those offered through digital means, including mobile phone in order to popularize insurance services to the entire Mozambican population. It is also a challenge to ensure that the population uses insurance services;

- ii. Simplify intervention procedures in the insurance market, especially with regard to capital.
- e. Strengthen the capital Market
- i. Promote the development of stock exchange operators, autonomy of the existing ones and the creation of new categories in the brokerage activity to develop and increase competitiveness of the Capital Market in Mozambique;
 - ii. Enhancing the annual growth of BVM's stock market capitalization, to reach 10% in 2019, considering that the target set in the 2015-2019 PQG is 8%;
 - iii. Enable the transfer of the percentage of the share capital reserved to national investors (5% to 20%) of enterprises considered as Mega-Projects in BVM and to be the vehicle for the dispersion of the capital of state owned enterprises, preferably in favor of Mozambicans;
- f. Strengthen financial infrastructure
- i. Improve the registration and counting mechanism of Agents of Electronic Money Institutions to avoid over- counting of inactive agents;
 - ii. Continue to strengthen the financial infrastructure, particularly the completion of interoperability of financial services provided by banks through the country's single network;
- f. Continuous Improvement of the Mechanism of Collection, Calculation and Publication of Indicators of Financial Inclusion:
- i. Improve financial inclusion indicators to ensure greater national coverage not only at district level but also communities level so that indicators can effectively reflect the coverage of financial products and services.
 - ii. Demand Side survey and Data Collection with a view of improving the financial Inclusion indicators disaggregated by type of legal entity, gender and age group;
 - Population with bank account and non-bank account
 - Population with credit, deposit and insurance contract
 - Banking and Non-Banking Agents;
 - Data Disaggregated by age, gender, activity, legal entity.
 - iii. Ensure greater monitoring and the publication of financial indicators from microfinance institutions subject to the BoM oversight
- h. Continuous Improvement of Consumer Protection and Financial Education actions:
- i. Improvement of the Legal and Regulatory Framework aiming to the establish the system codes of conduct, advertising code of financial products and services, standard information sheets and regulations of the duties of information;
 - ii. Promote the development of a single national financial literacy program presenting in a harmonized manner the policy measures for the education and protection of consumers of financial products and services

- i. Continue to strengthen the financial infrastructure, particularly the completion of interoperability of financial services provided by banks through the country's single network;

6. ANNEXES

ANNEX 1 DISTRIBUTION OF ACCESS POINTS THROUGH MOZAMBIQUE'S 154 DISTRICTS - 2016

DISTRICTS	Branches	Bank Agents	Micro-bank Agencies and Credit Unions	Non-Bank Agents (IME)	Representations	Delegations and Branches	ATM	POS	TOTAL
City of Maputo	218	13	8	7,916	242	6	574	10,171	19,148
Maputo province	79	13	4	5,585	69	33	237	3,811	9,831
Matola	49	4	2	4,583	52	7	159	2,426	7,282
Boane	10	2	-	222	7	-	26	477	744
Magude	1	1	2	28	1	-	2	83	118
Manhiça	6	2	-	129	-	-	25	151	313
Marracuene	3	-	-	502	6	-	10	238	759
Matutuine	2	3	-	27	1	7	2	184	226
Namaacha	1	-	-	27	1	11	2	152	194
Moamba	7	1	-	67	1	8	11	100	195
Gaza	33	20	2	1,065	16	6	81	1,060	2,283
Xai-Xai	16	3	1	471	5	3	42	589	1,130
Bilene	5	2	-	148	3	1	11	161	331
Chibuto	3	1	-	127	2	-	5	58	196
Chicualacuala	-	3	-	1	1	-	-	22	27
Chigubo	-	2	-	-	-	-	-	2	4
Chókwè	6	1	1	167	3	1	16	122	317
Guijá	-	2	-	22	-	-	1	14	39
Mabalane	1	1	-	17	-	-	2	9	30
Manjacaze	1	1	-	101	-	-	2	54	159
Massangena	-	3	-	-	-	-	-	6	9
Massingir	1	1	-	11	2	1	2	23	41
Chonguene	-	-	-	-	-	-	-	-	-
Limpopo	-	-	-	-	-	-	-	-	-
Mapai	-	-	-	-	-	-	-	-	-
Inhambane	36	29	3	1,922	13	3	78	1,237	3,321
Inhambane	7	11	1	326	3	1	20	349	718
Maxixe	11	2	1	281	2	2	21	286	606
Funhaloro	-	1	-	27	-	-	-	17	45
Govuro	1	1	-	9	-	-	2	20	33
Homoine	1	-	-	92	-	-	2	24	119
Inharrime	2	2	-	102	1	-	4	34	145
Inhassoro	2	-	-	78	-	-	4	60	144
Jangamo	1	2	-	82	-	-	2	45	132
Mabote	-	-	-	15	2	-	-	27	44
Massinga	2	3	-	274	1	-	6	102	388

DISTRICTS	Branches	Bank Agents	Micro-bank Agencies and Credit Unions	Non-Bank Agents (IME)	Representations	Delegations and Branches	ATM	POS	TOTAL
Morrumbene	2	2	1	94	1	-	5	49	154
Panda	-	2	-	71	-	-	-	17	90
Vilankulo	4	1	-	343	2	-	8	181	539
Zavala	3	2	-	128	1	-	4	26	164
Sofala	55	14	3	2,138	10	7	130	1,979	4,336
Beira	41	4	2	1,656	3	7	94	1,799	3,606
Buzi	1	1	-	46	2	-	2	17	69
Caia	1	-	1	59	1	-	2	16	80
Chemba	1	-	-	9	-	-	2	5	17
Cheringoma	-	1	-	1	1	-	-	12	15
Chibabava	2	3	-	-	1	-	5	17	28
Dondo	6	1	-	196	-	-	13	67	283
Gorongozo	1	-	-	47	-	-	2	9	59
Machanga	-	1	-	-	-	-	-	6	7
Maringue	-	-	-	1	1	-	-	1	3
Marromeu	1	1	-	28	-	-	3	14	47
Muanza	-	-	-	1	-	-	2	3	6
Nhamatanda	1	2	-	94	1	-	5	13	116
Manica	32	27	1	958	1	12	62	917	2,010
Chimoio	20	1	-	598	1	2	38	658	1,318
Bárue	1	3	1	56	-	-	2	34	97
Gondola	2	5	-	84	-	-	9	54	154
Guro	1	2	-	23	-	-	2	12	40
Machaze	-	4	-	-	-	-	-	10	14
Macossa	-	2	-	-	-	-	-	8	10
Manica	5	3	-	125	-	8	6	88	235
Vanduzi	1	1	-	4	-	-	2	-	8
Mossurize	1	2	-	68	-	2	2	25	100
Sussundenga	1	2	-	-	-	-	1	20	24
Tambara	-	2	-	-	-	-	-	8	10
Macate	-	-	-	-	-	-	-	-	-
Tete	41	22	1	1,072	7	26	104	1,468	2,741
Tete	24	3	-	570	2	5	70	997	1,671
Angónia	5	1	1	77	-	3	11	70	168
Cahora-Bassa	4	2	-	87	4	1	5	58	161
Changara	1	-	-	39	-	7	2	5	54
Chifunde	-	-	-	-	-	-	-	3	3
Chiuta	1	-	-	4	-	-	2	171	178
Macanga	1	1	-	74	1	-	2	7	86
Mágoe	-	7	-	23	-	-	-	18	48
Maravia	-	-	-	-	-	-	-	7	7
Moatize	4	3	-	138	-	6	11	103	265
Mutarara	1	1	-	60	-	-	1	16	79
Tsangano	-	2	-	-	-	1	-	8	11
Zumbo	-	2	-	-	-	3	-	5	10
Marara	-	-	-	-	-	-	-	-	-
Dôa	-	-	-	-	-	-	-	-	-
Zambezia	30	7	-	1,551	10	10	108	928	2,644

DISTRICTS	Branches	Bank Agents	Micro-bank Agencies and Credit Unions	Non-Bank Agents (IME)	Representations	Delegations and Branches	ATM	POS	TOTAL
Quelimane	13	2	-	827	3	5	66	413	1,329
Alto Molócuè	2	-	-	103	3	-	4	45	157
Chinde	-	1	-	1	-	-	-	13	15
Gurúè	3	1	-	113	2	1	7	41	168
Ile	-	-	-	25	-	-	-	21	46
Inhassunge	-	-	-	6	1	-	-	3	10
Lugela	-	-	-	12	-	-	-	11	23
Gilé	-	-	-	4	-	-	-	33	37
Maganja da Costa	1	1	-	28	-	-	2	28	60
Milange	2	-	-	28	-	3	7	41	81
Mocuba	6	1	-	196	-	1	15	139	358
Mopeia	1	1	-	10	-	-	2	19	33
Morrumbala	1	-	-	54	-	-	2	24	81
Namacurra	-	-	-	27	-	-	-	17	44
Namarroi	-	-	-	6	-	-	-	18	24
Nicoadala	1	-	-	87	-	-	3	21	112
Pebane	-	-	-	24	1	-	-	41	66
Luabo	-	-	-	-	-	-	-	-	-
Mulevala	-	-	-	-	-	-	-	-	-
Mocubela	-	-	-	-	-	-	-	-	-
Derre	-	-	-	-	-	-	-	-	-
Molumbo	-	-	-	-	-	-	-	-	-
Nampula	72	28	5	2,801	9	13	179	2,220	5,327
Nampula	36	3	3	2,025	1	6	105	1,422	3,601
Nacala-Porto	17	-	2	124	1	6	37	418	605
Angoche	2	2	-	102	2	1	4	45	158
Ilha de Moçambique	1	1	-	42	-	-	3	25	72
Lalaua	-	-	-	9	-	-	-	6	15
Malema	2	1	-	22	1	-	3	22	51
Meconta (Namialo)	2	1	-	86	-	-	5	51	145
Mecuburi	-	1	-	15	-	-	-	14	30
Memba	-	1	-	6	-	-	-	8	15
-	-	2	-	1	-	-	-	16	19
Mogovolas	1	2	-	75	-	-	2	13	93
Moma	2	1	-	42	1	-	3	22	71
Monapo	2	2	-	37	-	-	5	11	57
Mossuril	-	-	-	17	-	-	1	12	30
Muecate	1	1	-	17	-	-	1	10	30
Murrupula	1	1	-	40	1	-	-	18	61
Nacala-Velha	2	4	-	35	-	-	6	44	91
Nacaroa	-	1	-	15	-	-	-	6	22
Erati	1	1	-	15	-	-	2	23	42
Rapale	1	1	-	9	-	-	-	10	21
Ribaué	1	2	-	67	2	-	2	24	98
Larde	-	-	-	-	-	-	-	-	-
Liúpo	-	-	-	-	-	-	-	-	-
Cabo-Delgado	31	12	4	427	11	5	76	1,101	1,667
Pemba	18	1	3	189	4	4	46	791	1,056

DISTRICTS	Branches	Bank Agents	Micro-bank Agencies and Credit Unions	Non-Bank Agents (IME)	Representations	Delegations and Branches	ATM	POS	TOTAL
Ancuabe	-	1	-	13	1	-	-	38	53
Balama	1	1	-	6	1	-	2	24	35
Chiúre	1	1	1	20	1	-	4	23	51
Ibo	-	1	-	-	-	-	1	6	8
Macomia	1	1	-	8	-	-	2	18	30
	-	-	-	10	-	-	-	6	16
Meluco	-	1	-	6	-	-	-	2	9
Mocimboa da Praia	3	1	-	40	-	-	7	57	108
Montepuez	3	2	-	100	3	1	10	68	187
Mueda	3	1	-	10	-	-	2	15	31
Muidumbe	-	-	-	1	-	-	-	3	4
Namuno	-	1	-	3	1	-	-	3	8
Nangade	-	-	-	-	-	-	-	2	2
Palma	1	-	-	18	-	-	2	15	36
Metuge	-	-	-	-	-	-	-	26	26
Quissanga	-	-	-	3	-	-	-	4	7
Niassa	19	29	3	319	4	3	49	486	912
Lichinga	9	-	1	175	1	-	30	265	481
Cuamba	6	6	-	111	2	1	11	110	247
Lago	1	2	-	4	-	-	2	30	39
Chimbonila	-	3	-	2	1	-	-	5	11
Manjune	-	1	-	-	-	-	-	8	9
Mandimba	1	4	1	8	-	2	2	5	23
Marrupa	1	2	1	4	-	-	2	13	23
Maúa	-	3	-	-	-	-	-	6	9
Mavago	-	1	-	-	-	-	-	10	11
Mecanhelas	1	1	-	8	-	-	2	12	24
Mecula	-	1	-	-	-	-	-	2	3
Metarica	-	1	-	-	-	-	-	2	3
Muembe	-	2	-	-	-	-	-	8	10
N'gauma	-	-	-	7	-	-	-	6	13
Nipepe	-	1	-	-	-	-	-	-	1
Sanga	-	1	-	-	-	-	-	4	5
Total Access Points	646	214	34	25,754	392	124	1,678	25,378	54,220

ANNEX 2: RELEVANT LEGISLATION CONCERNING FINANCIAL INCLUSION

REFERÊNCIA	MATÉRIA	ACESSO ELECTRÓNICO
Aviso nº1/GBM/2015, de 22 de Abril	Concerning the rules and criteria for the opening and closing of Bank Agencies	http://www.bancomoc.mz/fm_pgTab1.aspx?id=8

REFERÊNCIA	MATÉRIA	ACESSO ELECTRÓNICO
Aviso nº3/GBM/2015, de 4 de Maio	Concerning the Access to and Exercise of the Activity of Banking Agents	http://www.bancomoc.mz/fm_pgTab1.aspx?id=8
Aviso nº2/GBM/2015, de 22 de Abril	Concerning the connection to the single national network of electronic payments	http://www.bancomoc.mz/fm_pgTab1.aspx?id=8
Decreto nº30/2014, de 5 de Junho	Amends the heading of subsection IV of section II and Articles 10 and 11 of the Regulation of the Law of Credit Institutions and Financial Companies, approved by Decree nº56 / 2004 of December 10	http://www.bancomoc.mz/fm_pgTab1.aspx?id=13
Lei nº. 6/2015, de 6 de Outubro de 2015	Creates the Private Credit bureau	http://www.bancomoc.mz/fm_pgTab1.aspx?id=14
Decreto nº11/2016, de 16 de Maio	Approves the Regulation of Law nº. 6/2015, of 6 October	http://www.bancomoc.mz/fm_pgTab1.aspx?id=13
Aviso nº4/GBM/2016, de 14 de Novembro	It sets the processing fee of the license application and the annual license fee of the credit information centers	http://www.bancomoc.mz/fm_pgTab1.aspx?id=8
Aviso nº5/GBM/2016, de 14 de Novembro	Establishes the information that Credit Information Centers must periodically send to the Bank of Mozambique for Supervision of their Activity	http://www.bancomoc.mz/fm_pgTab1.aspx?id=8
Decreto-Lei nº1/2010, de 31 de Dezembro	Approves Insurance Legal Regime	http://www.issm.gov.mz/index.php/en/2014-09-23-09-14-49/seguros
Decreto nº30/2011, de 11 de Agosto	Approves the Regulation of Conditions to Access and Exercise the Insurance Activity and the Respective Mediation	http://www.issm.gov.mz/index.php/en/2014-09-23-09-14-49/seguros
Aviso nº3/ISSM/2015, de 30 de Junho	Establishes the value limits for venture capital for insurance segments, microinsurance segment, under paragraph 3 of	www.portaldogoverno.gov.mz/.../BR+51+III+SERIE+2.º+SUPLEMENTO+2015.pdf

REFERÊNCIA	MATÉRIA	ACESSO ELECTRÓNICO
	article 52 of the Legal Regime of Insurance, approved by Decree-Law nº 1/2010, of 31 December	
Lei nº26/2014, de 23 de Setembro	Concerning the revision of Law nº. 2/96, of January 4, which Regulates and disciplines the Right to File Petitions, Complaints and Claims before a Competent Authority	www.salcaldeira.com/index.php/pt/publicacoes/artigoss/doc_download/882-decreto-n-27-2014-estabelece-o-regime-especifico-de-tributacao-e-de-beneficios-fiscais-das-operacoes-petroliferas+&cd=1&hl=pt-PT&ct=clnk&gl=mz
Lei 15/99, de 1 de Novembro	Regulates the establishment and the Activity of Credit Institutions and Financial Companies	http://www.bancomoc.mz/fm_pgTab1.aspx?id=14 www.salcaldeira.com/index.php/pt/publicacoes/artigoss/doc_download/133-lei-n-15-99-regula-o-estabelecimento-e-exercicio-da-actividade-das-instituicoes-de-credito-e-das-sociedades-financeiras+&cd=3&hl=pt-PT&ct=clnk&gl=mz
Lei nº9/2004, de 21 de Julho	Introduces amendments to Law nº15 / 99 of November 1	http://www.bancomoc.mz/fm_pgTab1.aspx?id=14
Lei nº22/2009, de 28 de Setembro	Approves the Consumer Protection Law	www.salcaldeira.com/index.php/pt/publicacoes/artigoss/doc_download/906-lei-n-22-2009-lei-de-defesa-do-consumidor+&cd=1&hl=pt-PT&ct=clnk&gl=mz
Decreto nº27/2016, de 18 de Julho	Approves the Regulation of the Consumer Protection Law	www.salcaldeira.com/index.php/pt/publicacoes/artigoss/doc_download/913-decreto-n-27-2016-aprova-o-regulamento-da-lei-de-defesa-do-consumidor+&cd=2&hl=pt-PT&ct=clnk&gl=mz
Aviso nº4/GBM/2009, de 4 de Março	Regulation of Services Complaints, Requests of Information and Suggestions	http://www.bancomoc.mz/fm_pgTab1.aspx?id=8
Aviso nº6/GBM/2015, de 31 de Dezembro	Establishes measures for protection of funds received from customers in exchange for electronic money	http://www.bancomoc.mz/fm_pgTab1.aspx?id=8

REFERÊNCIA	MATÉRIA	ACESSO ELECTRÓNICO
	issued by electronic money institutions	
Lei nº13/2017, de 9 de Janeiro	Law of Electronic Transactions	www.portaldogoverno.gov.mz/.../LEI DE TRANSACCIONES ELECTRONICAS.pdf
Aviso nº13/GBM/2017, de 9 de Junho	Approves the System of Fees and Commissions for Financial Services and their Nomenclature and repeals Notice nº. 5 / GBM / 2009, of 10 June	http://www.bancomoc.mz/fm_pgTab1.aspx?id=8
Aviso nº4/GBM/2015, de 17 de Junho	Approves the Guidelines for Prevention and repression of Money Laundering and Terrorist Financing	http://www.bancomoc.mz/fm_pgTab1.aspx?id=8
Decreto nº66/2014, de 29 de Outubro	Approves the Regulation of Law nº14 / 2013 of 12 August, which establishes the legal regime and measures for the prevention and repression of use of financial system and non-financial entities for money laundering, terrorist financing and related crimes.	http://www.bancomoc.mz/fm_pgTab1.aspx?id=13
Lei nº14/2013, de 12 de Agosto	Law on Prevention and Combating Money Laundering and Terrorism Financing of and repealing Law # 7/2002 of 5 February	http://www.bancomoc.mz/fm_pgTab1.aspx?id=14
Decreto nº. 49/2010, de 11 de Novembro	Creates the Deposit Guarantee Fund (FGD) and approves the respective Regulation.	
Diploma Ministerial nº. 61/2016, de 21 de Setembro	Set the limit of the guarantee to be repaid by the Deposit Guarantee Fund	
Diploma Ministerial nº. 62/2016, de 21 de Setembro	Establishes the criteria and methodologies for the calculation of the annual contribution to be delivered to the FGD credit institutions authorized to take deposits and subject to the prudential supervision of the BoM	
Diploma Ministerial nº.	Approves the Chart of Accounts of the Deposit Guarantee Fund.	

REFERÊNCIA	MATÉRIA	ACESSO ELECTRÓNICO
222/2013, de 23 de Setembro		
Diploma Ministerial nº. 223/2013, de 23 de Setembro	Establishes the criteria and methods of prorating by the credit institutions, contribution to the initial funding of the Deposit Guarantee Fund.	