

REPUBLIC OF MOZAMBIQUE

Financial Inclusion Report - 2020



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ACRONYMS5

ACRONYMS

AFI	Alliance for Financial Inclusion
AMB	Mozambican Banking Association
AMS	Mozambican Insurers Association
ASCAs	Accumulating Savings and Credit Associations
ATM	Automated Teller Machine
BM	Bank of Mozambique
BVM	Mozambique Stock Exchange
CCR	Central Credit Register
CEDSIF	Development Center for Finance Information Systems
DNDEL	National Directorate of Local Economic Development
ERSF	Economic Rehabilitation Support Fund
DDF	District Development Fund
DGF	Deposit Guarantee Fund
FFH	Housing Development Fund
FSDMoç	Financial Sector Deepening Mozambique
FII	Financial Inclusion Index
GIZ	German Development Cooperation
GDP	Gross Domestic Product
EMI	Electronic Money Institutions
INAS	National Social Action Institute
INE	National Statistics Institute
INPS	National Institute of Social Welfare
INSS	National Institute of Social Security
ISSM	Mozambique Insurance Supervision Institute
IPEME	Institute for Promoting Small and Medium-sized Enterprises
KYC	Know Your Customer
MADER	Ministry of Agriculture and Rural Development
MEF	Ministry of Economy and Finance
MGCAS	Ministry of Gender, Children and Social Action
MIC	Ministry of Industry and Commerce
MINEDH	Ministry of Education and Human Development
MINJACR	Ministry of Justice and Constitutional and Religious Affairs
MITADER	Ministry of Land, Environment and Rural Development
MSME	Micro, Small and Medium Enterprises
NFIC	National Financial Inclusion Committee
NFIS	National Financial Inclusion Strategy
NGO	Non-governmental organizations
NPS	National Payment System
PEFBM	Bank of Mozambique's Financial Education Program
POS	Point of Sale
ROSCA	Rotating Savings and Credit Associations
S&Ls	Savings and Loan organizations

SUMMARY

In 2016, the Government of Mozambique launched the National Financial Inclusion Strategy (NFIS) 2016-2022. NFIS aims to provide a structured approach to the establishment of priority policies and actions to establish mechanisms for monitoring, evaluating and coordinating activities to be carried out by the various players aiming to make significant progress in the construction of a financially inclusive society in Mozambique.

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

At International and regional level, Mozambique has maintained cooperation and collaboration with various institutions in matters of financial inclusion. As a member of the Alliance for Financial Inclusion (AFI), the highlight goes to the holding of the 3rd Global Conference on Inclusive Green Finance, co-organized by Bank of Mozambique (BM) and AFI.

In light of the Maia Declaration for financial inclusion, Mozambique has made three (3) commitments under the Sochi Agreement, namely: (i) Approving an instrument to put the Regulatory Sandbox for Fintechs into operation by December 2019; (ii) developing a regulatory framework (*regtech*) that falls in line with financial innovations (fintechs) and determines prudential supervision for fintechs' payment service institutions by December 2020; and (iii) continuously promote the introduction into the national market of financial products and services, business models and innovative solutions that contribute to the provision of accessible financial services to the entire population. In fact, in 2020 began the AFI program called In-Country Implementation Program, which has the component of developing a regulatory and supervisory policy framework for fintechs in Mozambique.

The mapping of access points to financial products and services was consolidated over the period under review. Since drawing up a standard on the mandatory reporting of new access points is necessary, Notice No. 05 / GBM / 2020 of April 13, on the mandatory collection and sending of geographical coordinates of Access Points to Financial Services was approved. The process of mapping the access points is in the data consolidation phase, especially for electronic money agents, whose capture regarding the baseline it still taking place, considering the large number of such access points.

During the year 2020, the National Risk Assessment in matters of money laundering and terrorist financing took place, with emphasis on including the module on financial inclusion products in the National Risk Assessment. This activity is a prerequisite for defining *know your customer* (KYC) requirements by levels.

Improving the legal and regulatory framework in the financial sector is a primary condition for boosting financial inclusion. Thus, with a view to the increase and diversification of financial institutions, alternative means of payment, financial services and technological innovation in the financial system, the BM approved Notice No. 03/GBM/2020 of March 27, on the minimum

capital for payment service providers' companies in the categories of payment aggregators and transfer of funds.

Consumer protection is the key to maintaining the trust of users of financial services. For this purpose, within the framework of the legal, regulatory and supervisory framework for protecting financial consumers, Notice No. 09/GBM/2020 of December 17 (complaints processing regulation) was approved.

The national financial system has experienced growth and expansion through the improvement and expansion of its infrastructure, thus contributing to greater inclusion of the population. In 2020, the Mozambican financial system has 40 credit institutions (39 recorded in 2019) of which 16 banks, 12 micro-banks (11 in 2019), 2 investment companies, 3 electronic money institutions and 7 Credit Cooperatives; 13 financial companies of which 1 Group Purchasing Management Company, 2 credit card issuing or management companies and 10 foreign exchange offices (11 in 2019); 1,124 operators (529 in 2019) of microfinance of which 12 savings and loan organizations and 1,112 microcredit operators; and 33 institutions in the category "other financial institutions" of which 19 insurers and 14 foreign exchange operators.

The banking of the economy has a significant impact on financial inclusion. Banking, measured by the number of bank accounts per 1,000 adults, shows that in 2020 there were about 314 bank accounts per 1,000 adults, against 305 in 2019, illustrating an increase in the country's banking by 9 bank accounts per 1,000 adults. There was an increase in the number of bank accounts from 4,885,221 in 2019 to 5,116,741 in 2020, corresponding to an increase of 5.0%. On the other hand, in terms of the expansion of electronic money accounts, in 2020 the country has about 66% of its adult population with an electronic money account opened with electronic money institutions (EMI), against 56% in 2019.

In terms of physical access, more districts now have at least one access point to financial services. In 2020, out of a total of 154 districts, the country has 127 districts covered by bank branches and 31 districts with coverage of microbanks and credit unions, representing a coverage level of 82.5% and 20% of the total districts, respectively, plus 9.5 pp and 2 pp, when compared to 2019.

The level of penetration of the insurance market is reduced. Throughout 2020, the Mozambican insurance market operated with 21 insurers (13 insurers that operate the non-life branches, 4 that operate exclusively the life branch and 4 that cumulatively exploit the 2 branches), 1 microinsurer, 1 reinsurer and 735 insurance brokers (103 insurance brokers, 27 insurance agents in the form of a commercial company, 121 insurance agents of natural persons and 484 insurance promoters). In nominal terms, the insurance market grew by 20.5%¹, representing 0.7 pp below the recorded in 2019, which showed an expansion of growth of 21.2% compared to 2018. The insurance penetration rate in the economy stood at 2.2%, an increase of about 0.5 pp points compared to 2019.

The performance of the capital market is based on the behavior of its main indicators, that is, gross market capitalization and as a percentage of gross domestic product (GDP), turnover, market liquidity, number of listed securities, among others. Market capitalization, the main indicator of the stock market, evolved from 102,138.73 million MT in 2019 to 114,216.

¹ [Key Quarterly Indicators - fourth quarter of 2020.](#)

65 million MT in 2020, representing a growth of 11.8%. In terms of the proportion of GDP, the market capitalization stood at 12.9%.

Government initiatives aimed to a large extent at the financial inclusion of the rural population have contributed to improving the levels of financial inclusion of this population group. In 2019, the **District Development Fund (DDF)** disbursed a total of 180,549 thousand MT, which benefited 1,512 individuals, with reimbursements at 381,321.26 MT. In light of the **“One district, One Bank”** project, which aims to create equal opportunities in terms of proximity and availability of financial services to all Mozambicans without distinction, in 2019 22 agencies were installed, making a total of 35 agencies since 2016, the year the project was launched. By the end of 2020, the **“Sustenta”** Project, benefited 91 districts in all provinces of the country, having been disbursed a total amount of 2,316,000,000.00 MT. **Digitization of state payments (G2P) is also a path to financial inclusion.** In fact, the State Social Welfare System, which covers civil and military state employees, managed by the National Institute of Social Welfare (INPS) increased the number of pensioners paid via transfers to their bank accounts, from a total of 160,308 pensioners in December 2019 to about 165,722 pensioners in December 2020, an increase of 5,414 pensioners paid via bank account. On the other hand, INSS began to make exclusive use of electronic means of payment, through mass transfers and payments via bank accounts.

In 2020, considerable progress was made in the actions planned in the NFIS. The degree of compliance with the NFIS action plan shows that, in 2020 of the total of 54 actions laid down, 14 (26%) were carried out, 35 (65%) are in progress and 5 (9%) have not yet been started.

Despite notable developments over 2020, challenges remain to improve levels of financial inclusion, especially in rural areas. Thus, to ensure the effective implementation and achievement of NFIS objectives, actions that may have a high short-term (12 months) impact on financial inclusion should be defined. Among them: (I) NFIC implementation; (ii) continuous modernization of the legal and regulatory framework; (iii) continuous strengthening of the insurance and capital market; and (iv) design of financial services and products adjusted to the needs of the population.

1. INTRODUCTION

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

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

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

In 2020, considerable progress was made in the actions planned in the NFIS. **Out of the 54 actions included in the strategy's action plan, 14 (26%) have been carried out, 35 (65%) are in progress and 5 (9%) have not yet been started.**

Since the NFIS implementation in 2016, Mozambique has seen significant results in financial inclusion. In the period under analysis, there was an increase in the number of bank accounts, from 4,885,221 in 2019 to 5,116,741 in 2020, corresponding to an increase of 5.0%. On the other hand, in terms of the expansion of electronic money accounts, in 2020, the country has about 66% of its adult population with an electronic money account opened with EMI, against 56% in 2019.

However, challenges for broader financial inclusion still prevail, especially in rural areas. Thus, to ensure the effective implementation and achievement of the objectives of the NFIS, the definition of actions with a high short-term impact (12 months) is essential.

This annual financial inclusion report presents the evolution of financial inclusion in the country until 2020. To this end, the document highlights the degree of compliance with the NFIS action plan, the evolution, and monitoring of the targets set and identifies the main challenges that will define the priorities for the 2021 - 2022 period.

2. STATUS OF THE 2016 – 2022 NFIS ACTION PLAN

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

Below are the most recent regulations, infrastructure, consumer protection, and financial education competition for the promotion of financial inclusion in the country, brought forth by various institutions that make up the National Financial Inclusion Committee (NFIC) to achieve the objectives established in each of the NFIS pillar, namely:

2.1. Cooperation with International Bodies

In 2020, the BM, in its capacity as a principal member of the AFI, carried out the following actions:

- (1) Started the implementation of the *In-Country Implementation Program*, which consists in supporting the AFI in designing the financial inclusion policy in the country, for boosting the NFIS action plan, based on two (2) main subcomponents, namely:
 - a. Development of a regulatory framework for structuring KYC by levels; and
 - b. Development of a regulatory and supervisory policy framework for fintechs in Mozambique.
- (2) The 3rd Global Conference on Inclusive Green Finance, co-organized by BM and AFI, was held on December 03, 2020.

2.2. Access and use of financial services

In 2020, the first edition of the Regulatory Sandbox of the Bank of Mozambique, an incubator for fintechs, was wrapped-up and 3 (three) fintechs were approved, namely: Paytek, Robobo and Mukuru.

Moreover, a call for applications to the second edition of the Regulatory Sandbox for Fintechs was launched and 7(seven) fintechs were accepted, namely Pertence, Smart Key Service, Aggest, Paga, Trusty Computer Solution, Pyypl and Zazu Africa.

The Government of Mozambique, within the framework of actions aimed at the digitalization of state payments, through payment of social benefits by electronic means, proceeded to pay 18,466 beneficiaries of the Direct Post-Emergency Social Support Program, using mobile ATMs and near field communication cards, in the districts of Chókwè, Mabalane and Massingir. In addition, electronic accounts were opened for 105 beneficiaries residing in Beira city, where the first payments were made, and 9,110 electronic money accounts were opened for beneficiaries in the Montepuez district, in response to COVID-19.

Also in light of the action regarding the digitalization of state payments, on the one hand, INPS raised the number of pensioners paid via transfers to their bank accounts, from a total of 160,308 in December 2019 to about 165,722 in December 2020, an increase of 5,414 pensioners paid via bank account. On the other hand, INSS began to make exclusive use of electronic means of payment, through mass transfers and payments via bank accounts.

Regarding measures for the assessment of existing initiatives for the rural finance, to improve and identify synergies with the private sector, through the National Directorate for Local Economic Development (DNDEL), and the National Fund for Sustainable Development (FNDS), 61 financial products and incentives that are available to the agricultural sector in Mozambique have been identified, namely: (i) 16 retail loans offered by conventional commercial banks; (ii) 4 loans

for development financing; (iii) 19 loans offered by microfinance institutions, from which SMEs benefit at times; (iv) 3 credit lines financed by donors and managed by the Government; (v) 8 equivalent grants; (vi) 6 loan guarantee funds; (vii) 2 capital funds; and (viii) 3 other fund opportunities for financing.

In 2020, MADER approved the mechanism of shared grants under the National “SUSTENTA” program, through the FNDS and with funding from the World Bank, whose objective is to improve the ability of beneficiaries (individuals and companies) to increase their investments and create additional value to products through market-oriented investments and improved access to training and technology transfer.

The table below presents the status of the Pillar 1 actions of the 2020 NFIS action plan. Out of the 31 actions laid down for 2016-2022, 8 actions (25.8%) were completed, 19 actions (61.2%) were in progress and 4 actions (13 %) were not initiated.

Chart 1 - Pillar I - Access and Use of Financial Services

<i>Objective</i>	<i>Action</i>	<i>Leader</i>	<i>Status</i>
<i>Expanding and diversifying the financial services access point network</i>	1. Promoting a wide application of Notice No. 3/2015, on the regime of access and exercise of the business of banking agents.	BM AMB	Complete - Notice No. 10/GBM/2020 of December 17 (regulation on the exercise of the business of the banking agent) was approved, which provides for three categories of banking agents, namely Basic agent, Intermediate agent, Full agent and Bonding Agent.
	2. Based on geospatial mapping, define possible regulatory measures to complement the future network of agents in disadvantaged areas, such as the creation of light agencies.	BM	Complete - The geospatial mapping process is continuous, depending on the dynamics of the market. However, with the approval of Notice No. 10/GBM/2020 of December 17 (regulation for the exercise of the business of banking agents), regulatory measures were defined that allow the flexibility of the activity of banking agents.
<i>Improving the legal and regulatory framework for expanding products and services</i>	3. Creating, regulating and promoting the basic bank account.	BM	Ongoing . The draft law on the legal regime of the basic accounts was approved at BM level and submitted to the Council of Ministers.
	4. Proposing specific regulations on the opening and handling of bank accounts, including lowering the minimum age, and promote the basic bank account.	BM GIZ	Ongoing . The draft law on the legal regime of the basic accounts was approved at BM level and submitted to the Council of Ministers.
	5. Promoting electronic payments (POS expansion)	BM MIC	Ongoing . The notice that lays down the charges and commissions regime is under review. In this regard, it is proposed not to charge bank charges in electronic transactions (includes the use of POS terminals to make payments).
	6. Establishing a single regulatory framework for electronic money issuance activity.	BM GIZ	Ongoing . The Assembly of the Republic approved the revision of the Law on Credit and Financial Companies and the revision of the law on the National Payment System (SNP) is underway.
	7. Improving the regulatory framework to ensure the efficiency, competition, and security of electronic	BM	Complete . The Electronic Transactions Law, Law No. 3/2017 of January 3, was approved.

<i>Objective</i>	<i>Action</i>	<i>Leader</i>	<i>Status</i>
<i>Improving the legal and regulatory framework for expanding products and services</i>	transactions in the financial system.		
	8. Creating a legal, regulatory and supervisory framework for the activity of domestic and international bank transfers (money transfers).	BM	Complete. Decree No. 99/2019 of December 31, creating the legal regime for payment service providers, and Notice No. 3/GBM / 2020 of April 23, on the minimum capital of payment service providers companies were approved
	9. Creating a regulatory framework for the expansion of simplified microinsurance products.	ISSM	Complete. Guidelines on preventing and combating money laundering and terrorist financing applicable to the insurance sector, approved by Notice No. 1/CA-ISSM/2019 of May 30.
	10. Create insurance services via mobile phone.	ISSM AMS	Ongoing. In general, also driven by the COVID-19 pandemic, several insurers have developed platforms for the remote sale of insurance policies, including through mobile phones, which allow the payment of premiums and compensation, which allow the use of electronic money for transactions. There are insurers offering the possibility of underwriting car insurance from the mobile phone, a model that can be replicated for other insurance products, including microinsurance.
	11. Creating a regulatory framework for the expansion of simplified microinsurance products.	ISSM	Ongoing. The ISSM is considering the possibility of developing a specific legal framework for microinsurance, separate from the insurance legal regime, in order to allow greater flexibility in its implementation.
	12. Strengthening the supervisory capacity of the ISSM.	ISSM	Ongoing. In 2020, the ISSM benefited from a training on regulation and supervision of the microinsurance segment, which allowed to increase its capacity to regulate and supervise this segment of the market.
	13. Creating a regulatory framework for the development of financing based on certificates of deposits.	MIC	Ongoing. Developments of the terms of reference for revising the general statute of MSMEs developed, which will define incentives for the growth of this sector, especially in the areas of access to finance and improvement of productive and competitive capacities.
	14. Promoting campaigns for the registration of national citizens and the provision of identification documents.	MJACR	Ongoing. Visits to savings groups in Gaza and Nampula provinces to map members who do not have birth registration and identity cards.
	15. Creating a national finance program for housing.	FFH	Not started.
	16. Paying pensioners and beneficiaries of INSS by electronic means that facilitate financial inclusion	INSS	Ongoing. INSS began to make exclusive use of electronic means of payment, through mass transfers and payments through bank accounts. INPS continues to implement the process of integrating pensioners into the single centralized Pension Payment System.
	17. Paying beneficiaries of social action programs by electronic means that facilitate financial inclusion.	MGCAS	Ongoing. In light of the direct post - emergency Social Support Program, payments were made to social beneficiaries through mobile ATMs, NFC cards and opening of electronic accounts.
	18. Developing microinsurance products oriented to MSMEs, farmers, <i>mukheristas</i> , market	ISSM AMS	Ongoing. It is in an advanced stage of implementation, in its second year, the agricultural insurance of climatic indices, and in design the livestock insurance.

<i>Objective</i>	<i>Action</i>	<i>Leader</i>	<i>Status</i>
	sellers and low-income population.		Other prototype products for MSMEs are health insurance, as well as Xitique (rotating savings) insurance, which will be better explained when they move to the implementation phase.
	19. Develop financing, savings and payment products suitable for the low-income population, MSMEs, and farmers.	BM AMB EMI	Ongoing. Due to the COVID-19 pandemic, the operation to connect 150,000 tobacco producers in partnership with MLT was delayed until adequate conditions were restored.
<i>Improving the legal and regulatory framework for expanding products and services</i>	20. Collecting additional statistical information relevant to compile financial inclusion indicators.	BM ISSM	Ongoing. Approval of Notice No. 04/GBM / 2020 of April 23, and Circular 002 / EMO / 2020 of August 13, which establishes the legal regime for sending statistical information, to monitor the various forms of conveyance of funds between economic agents, residents and non-residents, as well as volumes, amounts, instruments, or payment obligations. Consolidated information collection via Bank Supervision Application.
	21. Holding knowledge dissemination events (workshops and courses) on business models aimed at low-income segments, farmers or MSMEs, and their risk management models.	BM ISSM AMB AMS	Ongoing. Permanent action. Several events were held to disseminate knowledge in the fields of insurance, banking services and products, and capital markets. Due to the COVID-19 pandemic, events will become virtual, but with less frequency and breadth.
	22. Creating training mechanisms for insurance market professionals (actuaries)	ISSM AMS	Complete. Permanent action. ISSM has supported the introduction of courses on insurance in several educational institutions in the country, with emphasis on the introduction of the actuarial course at the master's level at Eduardo Mondlane University, and at the undergraduate level at UniZambeze.
	23. Carrying out a study on the flows of mass payments in the private sector that could be digitized.	BM	Ongoing. The Sub-working Group on Digital Financial Services of the National Financial Inclusion Committee is liable for identifying actions aimed at increasing the use of digital financial services by digitizing government payment flows. This subgroup has created synergies between relevant institutions with a view to pursuing its mission.
	24. Carrying out a diagnostic study on the domestic and international transfer market.	BM	Not started
	25. Carrying out a study of financial inclusion based on a demand-side approach.	BM	Complete. The 2019 Financial Inclusion report included an analysis of the level of financial inclusion in the country based on FinScope's results in 2019.
	26. Diagnosing the leasing market.	BM	Not started.
	27. Diagnosing the factoring market.	BM	Not started.
	28. Evaluating existing initiatives for rural finance, to improve and identify synergies with private initiative.	MITADER (MADER)	Ongoing. DNDEL identified financial products and incentives available to Mozambique's agricultural sector, such as retail loans, development finance loans, loans offered by microfinance institutions, donor-funded and government-managed credit lines, equivalent grants, loan guarantee funds, among others.
	29. Strengthening the capacity (management, accounting, planning) of MSMEs and their	IPEME	Ongoing. Permanent action. IPEME has implemented programs to promote the empowerment of MSMEs and in 2020 1319 entrepreneurs and MSMEs were trained.

Objective	Action	Leader	Status
	connection to market structures (associations and production chains)		
	30. Implementing an information regime to identify the credit portfolio to MSMEs.	BM	Ongoing. Circular 02/EFI/2018 of July 6 binds credit institutions to the reporting of the credit portfolio. In addition, a technical working team was formed to create a mechanism to improve the coverage and quality of the information collected.
	31. Drafting the Annual Financial Inclusion report.	BM	Complete. Financial Inclusion reports for 2016, 2017, 2018 and 2019 have already been published.

Source: BM

Box 1 - The Regulatory Sandbox of Bank of Mozambique

1. Contextualization

The rapid pace of technological-digital transformations and the shortening of innovation cycles observed in recent years have given rise to new regulatory challenges. In the financial market, there was a strong growth of fintechs, which offer new products and services through digital platforms and disruptive technologies, significantly changing the dynamics of the sector.

Consequently, the existing regulatory framework was misaligned from the dynamics imposed by the new business models, based on emerging technological developments. Moreover, the fintech phenomenon began to demand new reflections on Prudential Regulation, to cope with new risks arising from financial innovation.

In order to face these new challenges, new regulatory approaches have emerged, which, in addition to the existing regulatory tools, are considered more appropriate to deal with the new scenario of constant technological innovations.

Among the new approaches, the regulatory sandboxes stand out, which, since the advent of fintechs, were adopted by several countries as a way to adapt the process of regulatory choices in a scenario of deep and constant sectoral transformation.

2. Notion, features, and emergence of the regulatory sandbox

2.1. Notion

The name comes from the analogy with sandboxes, where children can play in isolation and relatively safely. From this idea, the sandbox refers to an environment that allows financial or non-financial institutions already consolidated or still in the pipeline. Among them fintechs to test innovative products and services, in a controlled manner, on which it is not yet certain as to their efficiency/suitability or as to the risks of their use, before they are introduced on the market.

In this environment, the regulatory authority closely monitors and evaluates *pari passu* the whole process of developing innovations, gathering valuable experiences that will allow for finding the best way to regulate or improve the regulatory framework on the products or services tested, to stimulate technological innovation, increase competition and benefit the consumer with better and cheaper financial products and services.

2.2. Features

From the notion of sandbox above, the following features of regulatory sandboxes:

- a) **Temporary nature:** refers to the time limit given to companies to test their innovative products. Period maximum testing varies from country to country. For example, in the United Kingdom, a pioneer in the adoption of the regulatory sandbox in the financial market, the maximum period, as in Mozambique, is 6 months. In Australia, the maximum period is 12 months, and in Canada, it is 2 years;
- b) **Regulatory exemption:** during the period of participation in the sandbox, there is a temporary derogation from certain current standards. Since the derogation is an exception to the application of the rules, participants are subject to a set of rules, albeit less stringent, as well as safeguards defined by the regulator according to the characteristics of each case individually considered and the risks that the innovation to be tested presents;
- c) **Constant monitoring and evaluation during the test period:** it is an observation, monitoring, and evaluation exercise that allows the collection of more accurate information and learning about the positive and negative effects of a given innovation. The goal is to allow the regulator to have access to information related to new products and services by collecting data directly from participating companies;

- d) **Limited scope:** the sandbox for implying authorization for certain innovation to be placed in practice in the financial market through the relaxation of regulatory ties and temporary regulatory exemption, assumes that the tests to be carried out suffer limitation relating to their field of application, the profile of users, the territorial space, the number of consumers to be covered, etc.;
- e) **Subject to entry criteria:** candidates for participating in the sandbox must demonstrate that the product to be tested is genuine, it brings benefits to consumers, it does not have testing, and they have done prior research on legislation and risk mitigation.

2.3. Emergence

The idea of regulatory sandbox emerged in the UK when in 2015, from the *Innovate Project* of Financial Conduct Authority, regulator of British financial activity, created the first sandbox to allow the testing of new financial products in a real environment, under a restricted license, it is up to interested parties to request their participation in the program, subject to compliance with previously defined eligibility criteria.

With the success achieved through the launch of the regulatory sandbox in the UK, other countries have undertaken the same initiative. Indeed, by 2017, countries such as Canada, Switzerland, Australia, Hong Kong, Malaysia, United Arab Emirates and Singapore had already launched their regulatory sandboxes.

3. The BM Regulatory Sandbox

3.1. Creation and operation

In light of the framework of NFIS, the BM, in partnership with the Financial Sector Deepening Mozambique (FSDMoç), launched the BM Regulatory Sandbox in 2018, including the Innovation Hub, which is a space that brings together emerging entities, companies, regulators, and providers and experts from the innovation area to jointly discuss and create an ecosystem that stimulates innovation through the exchange of experience in the form of thematic dialogues with experts from various areas.

At the same time, the first edition was released, in which 5 fintechs participated of which 3 have been approved and certified, which are already on the market carrying out their activities in partnership with institutions under the BM supervision, while awaiting authorization to act autonomously, as financial companies.

In August 2020, the second edition of the BM Regulatory Sandbox, which has the participation of 7 fintechs, namely 2 payment aggregators, 2 of crowdfunding, 2 of KYC and 1 of digital payment of transport services. On the same occasion, the component of the Innovation Hub promoted a discussion on Blockchain and Cryptocurrencies.

3.2. Participation

Participating in the BM Regulatory Sandbox is preceded by a public tender, which is announced in the largest newspaper in the country, on the Bank's website and other media deemed appropriate, indicating the date, time, place and address of submission of applications, including the maximum number of participants per group.

By virtue of the Regulation on Participating in the BM Regulatory Sandbox, available on the BM website², are eligible to participate emerging, financial and non-financial institutions, credit institutions and financial companies, payment service providers and other institutions subject to the supervision of the BM.

Participating in the BM Regulatory Sandbox comprises 4 stages, namely (i) authorization, (ii) preparation for project tests, (iii) conducting project tests and (iv) evaluation and presentation of results, during which participants are subject to monitoring by the BM.

Of the above stages, it seems pertinent to highlight the last three, given their importance in the process of participation in the BM Regulatory Sandbox, namely:

- a) **Test preparation stage:** with a duration of 60 days, it marks the beginning of participation in the BM Regulatory Sandbox. Its purpose is to determine the test parameters³ conditions and restrictions, as well as indicators of test success or failure, before they are carried out. It is at this stage that participants benefit from technical guidance, support and follow - up, and receive information on the legal and regulatory standards applicable to testing and financial activity in general;
- b) **Testing stage:** it lasts 6 months, and can be extended for another 30 days, upon duly substantiated request of the participant. Its purpose is to carry out project tests in a real environment, under the supervision of the BM and according to the previously determined test parameters, the collection of statistically relevant data and the guarantee of the objectives proposed by the participant. Every 15 days, participants submit progress reports to the BM, which shall include, inter alia (i) indicators, targets and statistical information; (ii) relevant information on fraud, operational incidents or other anomalous situations; (iii) measures taken to resolve the incidents or anomalous situations; and (iv) other information as requested by the BM.

² www.bancomoc.mz

³ Defined by the BM with the involvement of the participants, they relate to the duration of the project test, selection and number of customers and transactions, consumer and system protection.

- c) **Evaluation stages and presentation of results:** it is the phase in which the BM, after the completion of the tests, proceeds to evaluate the participation and prepares the respective report, based on the preliminary and final reports submitted by the participants, information, and elements obtained in the context of the follow-up and other investigations carried out. The results of the evaluation are communicated to the participants within 20 working days from the date of the end of the tests, and the BM may also publish the list of participants and their approved products in the newspaper with the highest circulation in the country, on BM's website and other media deemed appropriate.

At the end of the participation, the BM grants the certificate of the financial product or service, valid for a period of 2 years, during which the fintech can provide the financial product and service or approved solution autonomously, and for this purpose, it must be previously constituted as a financial institution, in accordance with the applicable legislation, or in partnership with financial institutions authorized by the BM.

4. Conclusion

Regulatory sandboxes have emerged as a way to respond to the challenges posed by technological innovation facing financial services.

The BM, as the regulator of the financial system, by creating the Regulatory Sandbox, acknowledges it needs to understand and regulate fintechs as, on the one hand, they are a driver of change in the market by facilitating the entry of new players and the expansion of access to financial services for more citizens, and, on the other hand, they pose challenges related to risk mitigation, financial stability, consumer protection and market conduct.

Therefore, participation in the BM Regulatory Sandbox is not only subject to entry criteria that go through the demonstration by the candidates that the product to be tested is genuine and contributes towards the achieving the goal of financial inclusion, but also to monitoring and evaluation by the regulator.

The first edition allows you to make a positive assessment, since the 3 fintechs approved companies are already on the market operating in partnership with institutions authorized by the BM, although it is desirable that they act autonomously, thereby increasing the offer of services to the population.

On the other hand, the first edition offered a learning experience that allowed the BM to review the existing regulatory framework, especially in the field of licensing requirements, as well as to start the process for the introduction of a new licensing and supervision framework for digital financial services, in order to make it easier for new companies to enter fintechs in the market, attend to the risks that these entities may entail and thus identify measures to mitigate them.

Source: - www.bancomoc.mz;

- Vianna, Eduardo Araújo Bruzzi, Regulation on Fintechs and Regulatory Sandboxes, Master's Thesis, Rio de Janeiro, 2019: <http://bibliotecadigital.fgv.br/dspace/bitstream/handle/10438/27348>;

- Jenik, Ivo, How to Build a Regulatory Sandbox: A Practical Guide for Policymakers

<https://www.cgap.org/research/publication/how-build-regulatory-sandbox-practical-guide-policy-makers>.

2.3. Strengthening the financial infrastructure

The BM has created the single bank identification number, as part of efforts to make the NPS modern, robust and secure. This number was introduced to, among others, improve the processes linked to the Central Credit Register (CRC) and the registration of issuers of cheques without provision, as well as to apply and improve the KYC mechanism.

In 2020, Decree No. 7/2020 of March 10, was approved, which regulates the Law on Movable Securities (Law No. 19/2018 of December 28), which establishes the legal regime for the use of movable assets as a guarantee of compliance with obligations and creates the Central Registry of movable securities.

In the same year, Law No. 20/2020 of December 31, was approved, repealing the law on Credit Institutions and Financial Companies, approved by Law No. 15/99 of November 1, and amended by Law No. 9/2004 of July 21. The new law, in addition to regulating the exercise of the business and the supervision and resolution regime of credit institutions and financial companies,

establishes the exercise of the business and the monitoring regime of microfinance operators other than credit institutions.

The table below presents the status of the actions laid down in Pillar II of the NFIS action plan, according to which of the total of 8 actions, by the end of 2020 5 (63%) were completed, 2 (25%) were ongoing and 1 (13%) has not initiated.

Chart 2: Pillar II - Strengthening the Financial Infrastructure

Objective	Action	Leader	Status
<i>Improve NPS infrastructure</i>	1. Creating the regulation for Payment Processing Companies.	BM	Complete . Legal Regime of companies providing payment services approved by Decree No. 99/2019 of December 31.
<i>Improve infrastructure for healthy credit expansion</i>	2. Improve the regime of reporting to the CCR to ensure up-to-date information on lenders	BM	Complete . The BM issued notice 5/GBM/2016 of December 14 requiring credit reporting centers to send periodic information to the BM.
	3. Creating records of movable securities	MJACR BM	Complete . Approved the Law on Movable Securities (Law No. 19/2018 of December 28).
	4. Creating a legal framework for using movable securities and enhancing credit rights (<i>secured transactions' law</i>)	MJACR BM	Complete . Approved Law No. 19/2018 of December 28, which establishes the legal regime for the use of movable property as a guarantee of fulfillment of obligations and creates the Central Registry of Movable Securities (Law of Movable Securities) and its Regulation, approved by Decree No. 7/2020 of March 10.
	5. Modernizing, automating and extending the coverage of real estate records.	MJACR	Complete . Approved the Decree-Law No. 2/2018 of August 23, which approves the new Land Registration Code and repeals the land registration code that had been in force since 1969.
	6. Diagnosing the legal framework and the existing structure for timely and fair execution of securities in the extrajudicial scope.	MEF	Not started
	7. Mapping and diagnosing existing credit guarantee funds.	BM	Ongoing . The AMB submitted its proposal for a mapping of existing credit guarantee funds offered by the government and international organizations.
	8. Creating a Credit Guarantee Fund following international best practices, to encourage credit to MSMEs and farmers.	BM	Ongoing . In light of the bilateral cooperation between the governments of the Portuguese Republic and Mozambique, through the MIC/IPEME, the Portuguese Cooperation Fund was reactivated, which includes a credit guarantee mechanism for MSMEs. The preparation of the guarantee fund linked to the MSP (multi-stakeholder platform in the Northern Region of Mozambique) and the SUSTENTA guarantee fund.

Source: BM

2.4. Consumer Protection and Financial Education

Regarding the improvement of consumer protection and financial education, stands out the approval of the new regulation for the handling of complaints, through Notice No.9/GBM/2020 of December 17.

It should be noted that in 2020 the BM launched the following actions aimed at financial education:

- a. Holding financial education programs through Radio Mozambique, National Forum of Community Radio and Institute of Social Communication, on the following subjects:
 - i. Saving practices;
 - ii. Advice on credit matters for customers facing debt problems;
 - iii. Rights and duties of the Banking Customer and financial institutions;
 - iv. Conditions for access to minimum banking services.
- b. Commencement of playing videos of the BM Financial Education Program (PEFBM) on the Mozambique Post Office buses that travel to all provincial capitals;
- c. Celebration of World Savings Day, which took place throughout the month of October 2020.

At the level of the insurance market, the year 2020 was challenging, with regard to the implementation of strategies for the dissemination of financial knowledge, especially with the cancellation of several scheduled face-to-face events, such as the Global Money Week, fairs, lectures on insurance for homogeneous groups (churches, professional associations, small entrepreneurs, among others).

Still, the following actions implemented by the ISSM are highlighted:

- a. Dissemination of educational information through radio and television under the educational program **Aposte no Seguro** (Bet on Insurance), with the production of three songs and a play about insurance, which will be presented in national languages in the format of radio news on community radios of the country;
- b. Training, in partnership with FSDMoç of 8 national insurers on the design of microinsurance products. 8 prototypes of microinsurance policies have been conceived of which 2 are in the market introduction phase, while the remaining 6 policies had no follow-up due to the COVID-19 pandemic;
- c. Training on regulation and supervision of the microinsurance segment, for ISSM employees, which allowed to increase their ability to regulate and supervise this segment of the market. It should be noted that, in the context of regulation and supervision, a set of reforms is underway to give a greater boost to both the supervision activity and the relaxation of some market conduct procedures, aimed at making the insurance industry more efficient and safe.
- d. Introduction of courses on insurance in several educational institutions in the country, with emphasis on the introduction of the actuarial course at the master's level, at Eduardo Mondlane University, and at the undergraduate level, at UniZambeze.

The ISSM has encouraged its employees to join these courses, with the possibility of granting scholarships to those entering the master's level.

In the segment of financial literacy promotion and dissemination of capital market products and services, in 2020 the Mozambique Stock Exchange (BVM) triggered the following actions of education and financial literacy:

- a. Design of a manual on “how an investor can minimize risks”, which describes the steps to be taken at the time of the investment and the subsequent monitoring of the activities of the company in which the investor has applied his savings;
- b. Production of reports on market performance and activities, brochures, flyers, and other means for disseminating information, having reached target audiences such as entrepreneurs, investors, representatives of professional orders, state leaders, students and other segments of society.

Regarding awareness and dissemination initiatives, in 2020 the BVM reached a total of 75,940 people from the different target groups, against the 20,000 previously established by the 2020-2024 Financial Education Program. The high number of people involved in these actions was due to the use of digital platforms, which allowed the participation of the target audience from different locations.

Actions that have contributed to the improvement of financial education levels include:

- a. The Ministry of Education and Human Development (MINEDH), through the National Institute for the Development of Education, continued the implementation of financial education actions in the country, with greater emphasis on the introduction of financial education materials in grade 5 and 6 school textbooks of primary education of the subsystem of general education, and books of grade 3 of primary education for youth and adults of the subsystem of adult education.
- b. Grade 4 of the general education subsystem had already started the approach of financial education contents in schools, but due to the pandemic the classes were interrupted, and it was not possible to develop actions to monitor the implementation of the curriculum.
- c. For the same reason, the training of trainers of Primary School teacher training institutions in the field of financial education, which was planned, did not take place.

Chart 3 shows the status of the measures in the Pillar III Action Plan on Consumer Protection and Financial Education. Of the total of 15 actions laid down in this pillar for 2016-2022, by December 2020, 2 (13%) were completed and 14 (93%) were in progress.

Chart 3: Pillar III - Consumer Protection and Financial Education

Objective	Action	Leader	Status
<i>Improving the legal, regulatory and supervisory framework for the protection of financial consumers</i>	1. Review and update Notice No. 5/GBM/2009 on fees and other charges.	BM	Complete. Approval of the new Regime of Commissions and Other Charges - Notice No. 13/GBM/2017 of June 9; Notice No. 19/BM/2017 of December 26; Circular No. 1/OEP/2018 and Circular No. 2/OEP / 2018 of January 19.
	2. Developing the behavioral supervision methodology.	BM	Ongoing. Drafting of the first version of the Conduct Supervision Manual.
	3. Improving Notice No. 4/GBM / 2009 to define minimum operating standards for channels for registering and	BM	Complete. Approval of the new regulation on complaints' handling, through Notice No. 9/GBM/2020 of December 17.

Objective	Action	Leader	Status
	handling consumer complaints.		
	4. Creating standardized key fact statements for the most common consumer financial products.	BM	Ongoing. Laid down in the Regulation on Information Duties in light of Receipt of Deposits, approved by Notice No. 1/GBM/2019 of February 1.
<i>Increasing the range and quality of information made available to the public.</i>	5. Making comparative information on commissions and other charges of the main products of the retail market available on BM's website.	BM	Ongoing. A specific website for financial consumers is under development to inform and educate them on various matters of interest, including the pricing practiced by the banking industry.
	6. Making statistics of consumer complaints against financial institutions supervised by the BM available on the BM's website.	BM	Ongoing. A specific website for financial consumers is under development to inform and educate them on various matters of interest, including statistical information on the most institutions that received the most complaints.
<i>Increase the level of financial knowledge by specific segments of society</i>	7. Creating a single national program of financial education.	BM ISSM BVM MINEDH MEF	Ongoing. The document is still being discussed at the level of the NFIC Working Group on Financial Education.
	8. Supporting financial inclusion by making public the conditions for access to minimum banking services.	BM	Ongoing. Permanent action. The BM has been carrying out this action within the framework of the BM Financial Education Program (PEFBM)
	9. Raising awareness of the importance of saving.	BM	Ongoing. Permanent action. Celebration of World Savings Day, which took place throughout the month of October 2020.
	10. Promoting and fostering responsible financial knowledge and attitudes.	BM ISSM	Ongoing. Permanent action. This action has been implemented in light of the PEFBM, ISSM and BVM.
	11. Enlightening citizens on the rights and duties of the bank customer and financial institutions.	BM ISSM BVM	Ongoing. Permanent action. This action has been implemented in light of PEFBM, ISSM and BVM.
	12. Contributing to the efficiency and soundness of the financial market.	BM, ISSM and BVM	Ongoing. Permanent action. This action has been implemented in light of PEFBM, ISSM and BVM.
	13. Providing the population and companies with	BVM	Ongoing. Permanent action. This action has been implemented within the framework of the Financial Education Program of the BVM.

Objective	Action	Leader	Status
	knowledge on the capital market.		
	14. Promoting the participation of companies, including SMEs, in the stock market.	BVM	Ongoing. Permanent action. This action has been implemented within the framework of the Financial Education Program of the BVM.
	15. Carrying out credit counseling campaigns for customers facing over-indebtedness problems, contributing to instilling savings practices.	BM MINEDH	Ongoing. Permanent action. This action has been implemented within the framework of the PEFBM.

Source: BM

3. ECONOMIC AND FINANCIAL DEVELOPMENT

Improving financial inclusion levels depends on the country’s prevailing macroeconomic conditions. In fact, in 2020, the global and national economies were conditioned by the health crisis caused by the COVID-19 pandemic. In this context, the government implemented several economic-financial and social measures to mitigate the spread of the pandemic, as well as to reduce its negative impact on the national economy.

A summary of the measures implemented by the government can be found in Box 2.

In the case of Mozambique, considering the aggravating and still present effects of Idai and Kenneth cyclones, which lashed the country in 2019, and the trade war between the US and China, which affected global trade and demand in the same year, such restrictions had an adverse impact on most sectors of national economic activity, especially the extractive and manufacturing industries, hospitality and catering, trade, and transport and communications.

With regard to economic activity, GDP growth decreased by 2.37% in the fourth quarter of 2020. The decline in economic activity occurred in most sectors, especially in hospitality and catering (-22.54%), extractive industry (-13.10%) and transport and communications (-7.45%). In turn, agriculture recorded a positive performance of 1.56%.

Inflation remained contained and below 4%, in a context in which the restrictions imposed to contain the effects of COVID-19 at the global and national level favored the reduction of prices of essential goods (due to the effect of the renewal of the VAT exemption until 2023) and administrative prices (prices of liquid fuels, electricity, water and school fees).

Meanwhile, Metical's exchange rate against the US Dollar, Euro and South African Rand recorded, in cumulative terms, a depreciation of 18.20%, 29.20% and 14.30%, respectively, essentially reflecting risks and uncertainties that prevailed in the domestic economy throughout the year.

In light of the COVID-19 pandemic outbreak and to respond effectively, the Government of Mozambique has implemented several measures to contain its spread, as well as protect the economy, families, and businesses against potential direct and indirect impacts. The main measures implemented by the different sectors are:

1. Tax Measures

1.1. Ministry of Economy and Finance

- a) Payment of debts to suppliers of goods and services to the State, up to the amount of 2,9 billion MT.

1.2. Tax Authority of Mozambique

- b) Authorization of expected outputs in the import of COVID-19 prevention products and ventilators, until December 31, 2020.
- c) Waiver of payments for Legal Person Income Tax (IRPC) and Natural Person Income Tax (IRPS) from Category 2 that should be carried out in the months of May, July and September 2020.
- d) Postponement of the special payment for IRPC from the months of June, August and October 2020, to the months of January, February and March 2021.
- e) Exceptional authorization, until December 31, 2020 of the offsetting of Value Added Tax Credits.
- f) Deferment, for 12 months of the payment of tax debts already resolved and that have been restructured for their payment in installments.

2. Monetary Measures

2.1. Bank of Mozambique

- a) Provision of a credit line of USD 500 million for imports.
- b) Elimination of commissions on transactions up to 1,000 MT per day using electronic money institutions (e-mola, M-pesa and mobile wallet) and increase in the limit of transactions per transaction and per day.
- c) No charge by banks of charges and commissions on transactions made through digital channels, up to the daily limit of 5,000 MT, except for ATM withdrawals.
- d) 50% reduction in fees and charges for transactions between banks and electronic money institutions for single customers.

3. Labor and Social Security Measures

3.1. Ministry of Labor and Social Security - National Institute of Social Security

- a) Granting of forgiveness of fines and reduction of interest on arrears arising from the debt of contributions to the compulsory Social Security System.

4. Economic and Social Measures

4.1. Ministry of Mineral Resources and Energy - Electricity of Mozambique (Electricidade de Moçambique)

- a) Exemption from energy payments of customers from social tariffs.
- b) Deferral of the fixed rate of customers associated with industry, hospitality, catering, culture and sports.
- c) Reduction of 10% in the energy bill of the general tariff customers, for the industrial, commercial, agricultural, service, hotel, catering, education and sports and cultural facilities, effective from June 2020, for a period of 6 months.

4.2. Ministry of Gender, Children, and Social Action – National Institute of Social Action

- a) Transfers to families, payment of subsidies to all existing beneficiaries in social protection programs and payment of subsidies to new beneficiaries identified under COVID-19.

Source: [Ministry of Economy and Finance, 2020, Report No. 5 status point of commitments with partners under Covid-19: December position.](#)

4. FINANCIAL INCLUSION INDICATORS

4.1. Access (geographic and demographic)

4.1.1. Total Access Points

In 2020, the Mozambican financial system has 40 credit institutions, including 16 banks, 12 micro-banks, 2 investment companies, 3 electronic money institutions and 7 credit unions; 13 financial companies, including 1 Group Purchasing Management Company, 2 credit card issuing or management companies and 10 foreign exchange offices; 1,124 microfinance operators of which 12 savings and loan organizations and 1,112 microcredit operators; and 33 institutions in the category “other financial institutions”, comprised of 19 insurers and 14 exchange operators (Table 1).

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

	Number of institutions			Number of branches, agents, delegations, and counters		
	2019	2020	Var. (%)	2019	2020	Var. (%)
1. Credit institutions						
Banks	16	16	0.0	679	684	0.7
Microbanks	11	12	9.1	57	96	68.4
Investment companies	2	2	0.0	2	2	0.0
Electronic money institutions	3	3	0.0	56.146	69.548	23.9
Credit Unions	7	7	0.0	7	7	0.0
2. Financial Companies						
Group purchasing management company	1	1	0.0	1	1	0.0
Company issuing or managing credit cards	2	2	0.0	2	2	0.0
Currency Exchange Office	11	10	(9.1)	16	16	0.0
3. Microfinance operators						
Savings and Loan organizations	12	12	0.0	12	12	0.0
Microcredit operators	529	1.112	110.2	529	1.112	110.2
4. Other Financial Institutions						
Insurance institutions	19	19	0.0	145	148	2.1
Stock exchange operators	14	14	0.0	14	14	0.0

Source: BM, ISSM and BVM

Regarding the number of branches, agents and other representations of financial institutions, there was an increase of 0.7% bank branches, 68.4% micro-bank branches and 23.9% electronic money agents, and there was no change in the number of branches of credit unions. Contrary to the maintenance of the number of savings and credit organizations, in the period under review there was an increase in the number of microcredit operators by about 110.2%.

Box 3 - The role of the banking and non-banking agent in pursuing the objectives of Financial Inclusion

1. Contextualization

Current studies show that banking and non-banking agents operate in urban and rural areas, with a higher incidence in urban centers and places with a higher concentration of people. In Mozambique, the presence of non-banking agents is predominant, when compared to banking agents, and occurs both in urban and rural areas in all provinces of the country.

- ❖ According to a study carried out by FSDMoç in June 2020, in Mozambique, EMI were the first entities to use agents for the provision of financial services in 2011, and in 2015 commercial banks constituted banking agents, each creating its network of agents, whose activities are regulated by Notice No. 10/GBM/2020 of December 17. EMI shall comply with the regime provided for in the existing regulations, especially Law 14/2013 of August 12 on Preventing and Combating Money Laundering and Terrorist Financing, and Notice 4/GBM/2013 on Risk Management Guidelines, for the selection process and criteria for the exercise of the activities of the agent.
- ❖ Commercial banks and electronic money institutions are part of the national financial service providers acting as agents in their services. In accordance with the regulations governing the activities of the banking and non-banking agent (EMI), they may carry out, among others, the following activities:

Type of Agent	Banking Agent	Non-banking agent
Activities	<ul style="list-style-type: none"> • Receipt and forwarding of customer documentation relating to account opening, blocking and closing of bank account, loan, and bank card application in contracting institutions. • Cash deposits and withdrawals; • Disbursements and receipt of credits approved by the contracting institution; • National bank transfers; • Provision of mini-account statements; and • Provision of bank account balance. 	<ul style="list-style-type: none"> • Customer account opening; • Deposit and withdrawal of money; • Domestic money transfer; • Payment of bills through the wallet using the USSD channel.

2. Developments in agents over the last 3 years (2018-2020)

BM statistics show that in the period under analysis, there was a slight increase in the number of bank agents that went from 298 in 2018 to 1,347 agents in 2020, while for electronic money agents there was a significant increase from 43,125 to 69,548 agents in 2020.

- ❖ Graphs 1 and 2 below summarize the evolution of the agent network in the last 3 years (2018-2020), it should be noted that banking agents show a slow evolution compared to non-banking agents. Regarding agents, it is concluded that the city and province of Maputo have a greater network of agents than the other provinces.

Figure 1: Developments in banking agents (2018-2020)

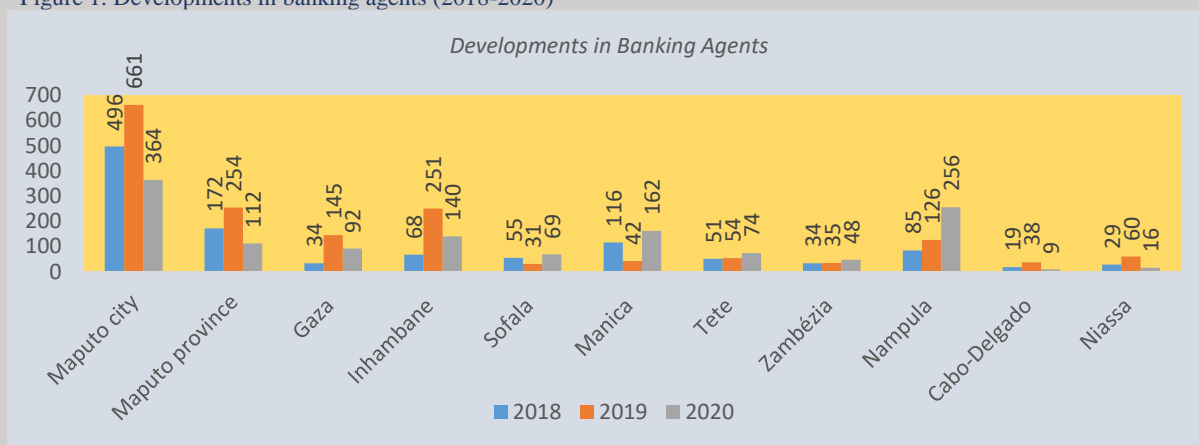
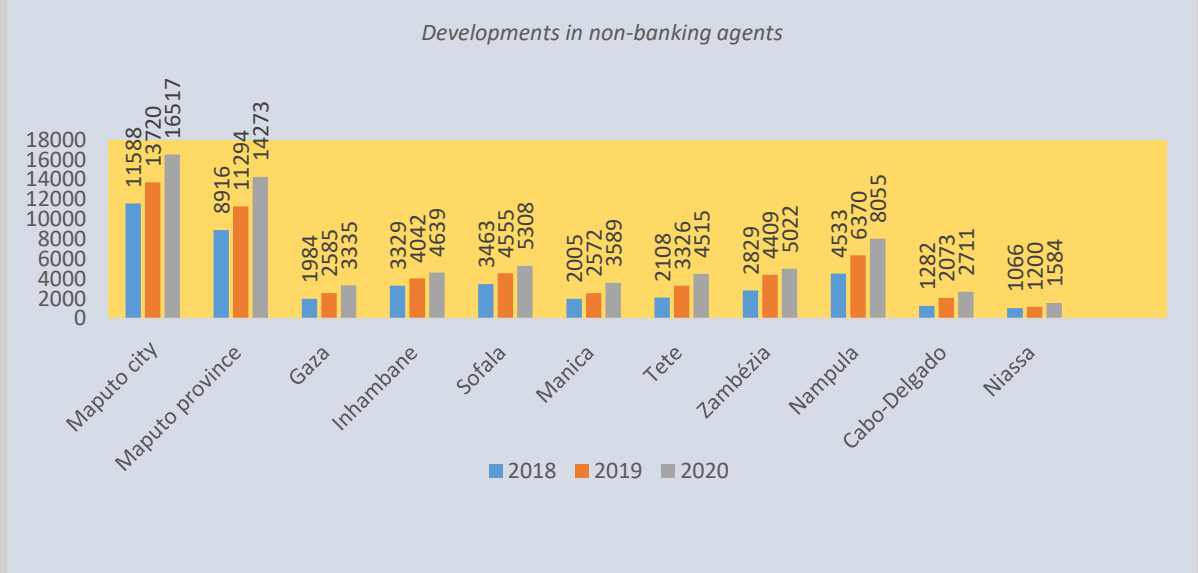


Figure 2: Developments in non-banking agents (2018-2020)



3. The role of agents in pursuing the objectives of Financial Inclusion

The 2016-2020 NFIS lays down actions aimed at ensuring the massification of the agent in all sectors and institutions of the market, which are ongoing in several institutions involved in implementing its action plan.

Banking and non-banking agents play a leading role in achieving the objectives of financial inclusion of populations, as they allow the extension of the services of financial service providers. In order to ensure the improvement of the conditions for the exercise of the business of the banking agent, the respective regulation has recently been revised.

4. Impact of the COVID-19 pandemic on agents

A study carried out by FSDMoç, in August 2020, reveals that the network of agents (banking and non-banking) recorded negative and significant impacts due to COVID-19 at all levels of operation, which were summarized in the decrease in the volume and value of all the main types of transactions, decrease in the number of customers (new and active) and reduction of the commissions received involved in transactions.

5. Recommendations to reduce the impact of COVID-19 on agents

With a view to improving the frequency of transactions and the potential for new customer acquisition by operators in time of pandemic, the following is recommended:

- ✓ Definition of attractive fees and benefits for banking and non-banking users and agents in order to allow the reach of more customers;
- ✓ Creation of additional incentives for agents operating in rural areas, considering that increasing levels of financial inclusion is a priority according to the NFIS.

Source: Bank of Mozambique (BM)

<http://fsdmoc.com/documents/study-impact-covid-19-bank-non-bank-agents/>

http://fsdmoc.com/wp-content/uploads/2020/09/Study-of-the-Impact-of-COVID-19-on-bank-and-non-bank-agents_August-2020.pdf

In the period under analysis, the country has 111,206 access points to financial services, representing an increase of 13.8% compared to 2019. The observed increase in EMI agents and representations, which increased by 23.9% and 110.2%, respectively, contributed to this variation, according to Table 2.

Table 2: Total Access Points

	Access points		Concentration level		Var. (%)
	2019	2020	2019 (%)	2020 (%)	
Agencies ⁽¹⁾	745	789	0.8	0.7	5.9
Banking agents	1.697	1.347	1.7	1.2	(20,6)
Non-banking agents ⁽²⁾	56.146	69.548	57.5	62.5	23.9
Representations ⁽³⁾	541	1.124	0.6	1.0	107.8
Delegations and counters ⁽⁴⁾	144	148	0.1	0.1	2.8
ATM	1.755	1.710	1.8	1.5	(2,6)
POS	36.701	36.540	37.6	32.9	(0,4)
Total (5)	97.729	111.206	100.0	100.0	13.8

Source: BM, ISSM and BVM

Note: ⁽¹⁾ Branches of banks, micro-banks and credit unions; ⁽²⁾ Agents of electronic money institutions; ⁽³⁾ Representations of savings and loan organizations, microcredit operators and deposit-taking intermediaries; ⁽⁴⁾ Branches and counters of insurance institutions; ⁽⁵⁾ Branches of stock exchange operators are excluded from the total points of access to avoid over-counting, since they coincide with bank branches.

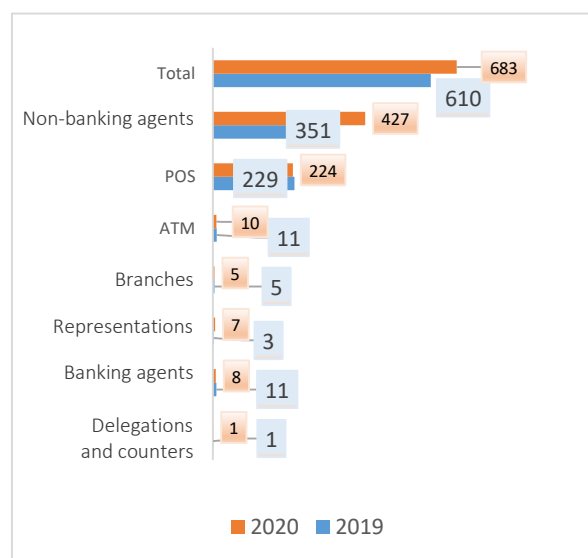
The greatest variation of access points was observed at the level of EMI agents, with 62.5%, a growth of 5.1 pp, in 2020, compared to 2019, followed by POS, with 32.9% of the total access points, having observed a reduction in the level of concentration by 4.7 pp, in the period under analysis.

4.1.2. Demographic and geographic access

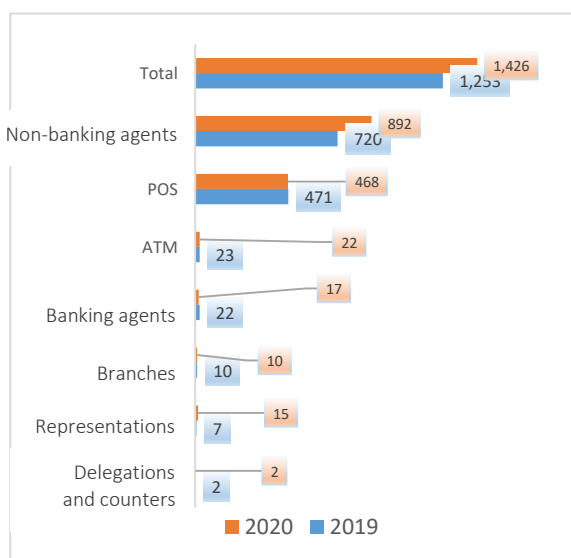
In terms of geographical access, Graph 1 shows that at the end of 2020 there were about 683 access points for every 10 thousand km², representing an increase of about 11.8% of access points compared to 2019.

Source: INE, BM, ISSM and BVM

Graph 1: Access points per 10 thousand km²



Graph 2: Access points per 100 thousand



Analyzing the geographical access by type of access point, it turns out that the greatest coverage is made by non-banking agents of EMI, with 427 points per 10 thousand km², representing an increase of 21.7%, compared to 2019, followed by POS, with coverage of 224 points per 10 thousand km², a reduction of 2.2% compared to 2019.

In demographic terms, Graph 2 shows that at the end of 2020 there were about 1,426 access points per 100,000 adults, representing an increase of 13.8% compared to 2019.

Similarly, to geographical access, EMI and POS agents contributed greatly to this result, with 892 and 468, respectively, per 100 thousand adults, having observed an increase of 23.9% and a reduction of about 0.4%, respectively, compared to 2018.

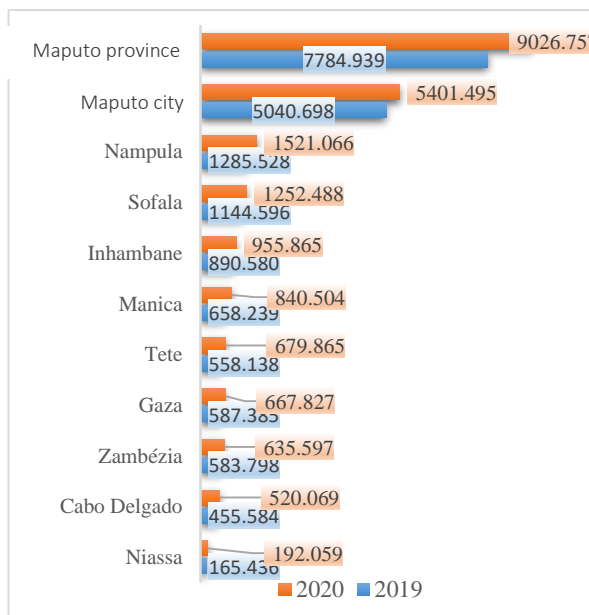
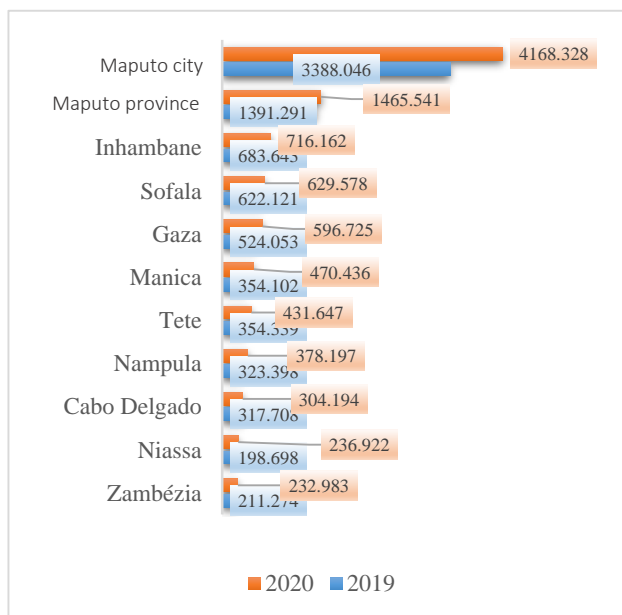
Graphs 3 and 4 show demographic and geographic access by Province, respectively. They report that, in 2020, Maputo city and the provinces of Maputo, Inhambane and Sofala were the ones that recorded the highest number of access points per 100 thousand adults, with 4,168, 1,466, 716 and 630 access points, respectively. The lowest levels of demographic access (per 100 thousand adults) were observed in the provinces of Zambézia (233 access points), Niassa (237 access points), Cabo Delgado (304 access points) and Nampula (with 378 access points).

Regarding geographical access, indicators shows that Maputo province has the highest levels in the country, with 9,027 access points per 10 thousand km², followed by Maputo city, with 5,401 access points per 100 km², Nampula, with 1,521 access points per 10 thousand km², and Sofala, with 1,252 access points per 10 thousand km².

Source: INE, BM and ISSM

Graph 3 - Access Points by Province per 100 thousand adults

Graph 4 - Access Points by Province per 10 thousand Km²



Note: Graph 4, access points in Maputo city, calculated per 100 km², unlike the other provinces, calculated per 10 thousand km². It does not include stock exchange operators to avoid over-counting, since they coincide with banking institutions.

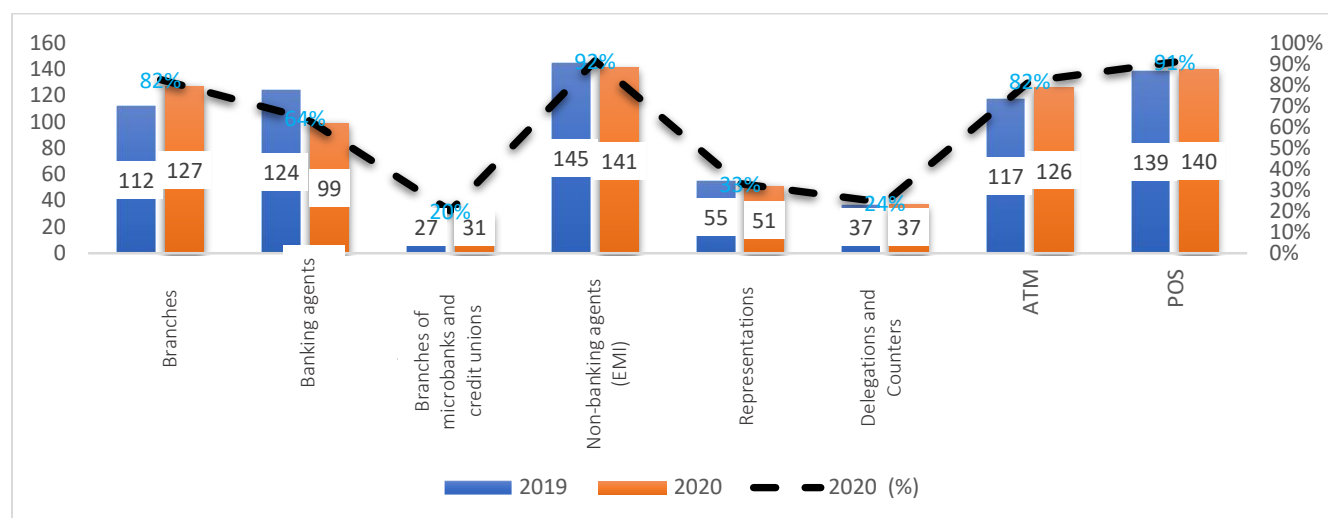
The lowest levels of geographical access (per 10 thousand km²) are observed in the provinces of Niassa, with 192 access points, Cabo Delgado, with 520 access points, and Zambézia, with 636 access points.

4.1.3. Districts with coverage of Financial Services Access Points

In 2020, out of a total of 154 districts, the country has 127 districts covered by bank branches and 31 districts with coverage of microbanks and credit unions, representing a coverage level of 82.5% and 20% of the total districts, respectively, plus 9.5 pp and 2 pp, when compared to 2019 (graph 5, Table 3 and Annex 1).

The types of access points with the highest level of coverage are EMI agents, with 92%, followed by POS with 91%. Banking agents have 63% coverage in the country and ATMs 82% coverage.

Graph 5 - Covered districts and level of coverage by type of Access Point



Source: BM and ISSM

Notes: (1) Branches of banks, micro-banks and credit unions; (2) Agents of electronic money institutions; (3) representations of savings and loan organizations, microcredit operators and deposit-taking intermediaries; (4) delegations and counters of insurance institutions.

As for provinces, Maputo and Inhambane had total coverage of at least one agency in each district. Except for the provinces of Maputo and Inhambane, the provinces that observed higher levels of coverage are Sofala and Nampula, with 92% and 96%, respectively.

The provinces whose districts observed the lowest levels of bank branch coverage are Zambézia, Tete and Manica, with 64%, 73% and 75%, respectively, despite these provinces having increased their level of coverage by 9 pp, 15 pp and 8 pp, respectively, compared to 2019.

The level of coverage of banking agents recorded the greatest reduction in coverage of districts, from 124 to 99 districts (Graph 5), with coverage of 64%, which represents a reduction of 16 pp compared to 2019.

ATMs and POS made available by banking institutions are one of the ways they use to quickly and effectively deliver financial services and products to all districts.

In fact, in 2020, the distribution of at least one point of these payment terminals by the country's districts allowed for covering 126 and 140 districts, making up a level of coverage of 82% and 90%, respectively of the total 154 districts of the country.

It should be noted that, in 2020, 4 districts ceased to have at least one electronic money agent, making up a total of 145 counted in 2020, against 141 in 2019.

Table 3: Districts covered and level of coverage by Access Point type 2019-2020

	2019								2020							
	Branches	Banking agents	MicroBank branches and credit unions	Non-banking agents (EMI)	Representations	Delegations and counters	ATM	POS	Branches	Banking agents	MicroBank branches and credit unions	Non-banking agents (EMI)	Representations	Delegations and counters	ATM	POS
Covered Districts																
Maputo Province	8	7	5	8	7	4	8	8	8	5	8	8	6	4	8	8
Gaza	8	13	2	13	8	4	9	11	11	10	2	12	8	4	12	11
Inhambane	14	14	3	14	7	3	14	14	14	12	4	14	7	3	14	14
Sofala	11	12	3	13	7	1	12	13	12	9	3	13	7	1	12	13
Manica	8	11	3	10	3	3	9	10	9	10	3	11	3	3	10	11
Tete	9	10	2	15	3	9	10	13	11	12	2	14	3	9	11	13
Zambézia	12	12	3	21	5	4	12	17	14	12	3	18	6	4	14	17
Nampula	19	23	3	23	7	3	19	21	22	18	2	21	7	3	21	21
Cabo Delgado	13	13	1	16	6	2	14	17	14	5	1	16	2	2	12	17
Niassa	10	9	2	12	2	4	10	15	12	6	3	14	2	4	12	15
Total	112	124	27	145	55	37	117	139	127	99	31	141	51	37	126	140
Level of coverage																
Maputo Province	100%	88%	63%	100%	88%	50%	100%	100%	100%	63%	100%	100%	75%	50%	100%	100%
Gaza	57%	93%	14%	93%	57%	29%	64%	79%	79%	71%	14%	86%	57%	29%	86%	79%
Inhambane	100%	100%	21%	100%	50%	21%	100%	100%	100%	86%	29%	100%	50%	21%	100%	100%
Sofala	85%	92%	23%	100%	54%	8%	92%	100%	92%	69%	23%	100%	54%	8%	92%	100%
Manica	67%	92%	25%	83%	25%	25%	75%	83%	75%	83%	25%	92%	25%	25%	83%	92%
Tete	60%	67%	13%	100%	20%	60%	67%	87%	73%	80%	13%	93%	20%	60%	73%	87%
Zambézia	55%	55%	14%	95%	23%	18%	55%	77%	64%	55%	14%	82%	27%	18%	64%	77%
Nampula	83%	100%	13%	100%	30%	13%	83%	91%	96%	78%	9%	91%	30%	13%	91%	91%
Cabo Delgado	76%	76%	6%	94%	35%	12%	82%	100%	82%	29%	6%	94%	12%	12%	71%	100%
Niassa	63%	56%	13%	75%	13%	25%	63%	94%	75%	38%	19%	88%	13%	25%	75%	94%
Total	73%	81%	18%	94%	36%	24%	76%	90%	82%	64%	20%	92%	33%	24%	82%	91%

Source: BM and ISSM

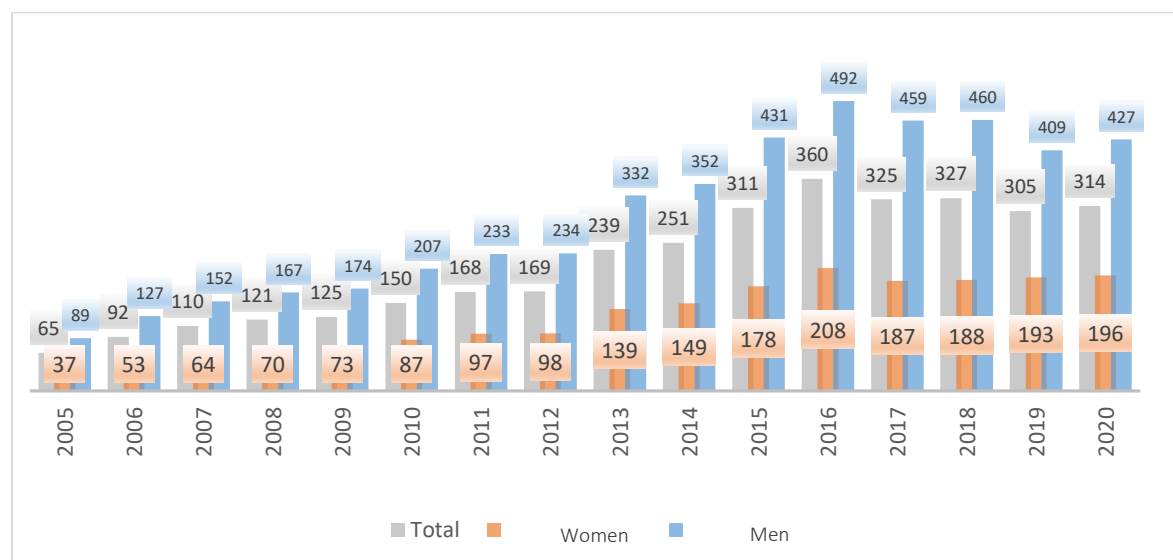
Note: ⁽¹⁾Branches of banks, micro banks and cooperatives; ⁽²⁾ Agents of electronic money institutions; ⁽³⁾ Representations of savings and loan organizations, microcredit operators and deposit-taking intermediaries; ⁽⁴⁾ Delegations and counters of insurance institutions.

4.2. Use of Financial Services

4.2.1. Use of Banking Services in the Economy

Banking, measured by the number of bank accounts per 1,000 adults, shows that in 2020 there were about 314 bank accounts per 1,000 adults, compared to 305 in 2019, showing an increase in the country's banking by 9 bank accounts per 1,000 adults (Graph 6).

Graph 6 - Number of accounts per 1000 adults (men and women)



Source: INE and BM

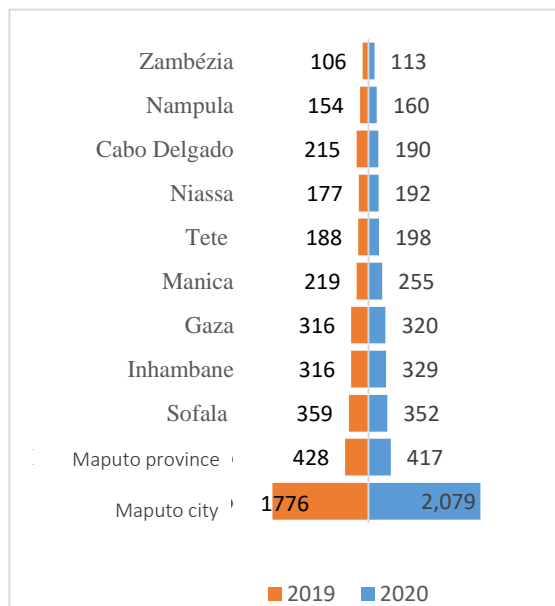
This increase is mainly due to an increase in the number of bank accounts from 4,885,221 in 2019 to 5,116,741 in 2020, corresponding to an increase of 5.0%.

In terms of gender segregation, there is a trend towards slight growth in banking for women, despite the gap in account holding remaining throughout the period under review, in the following terms (Graph 6):

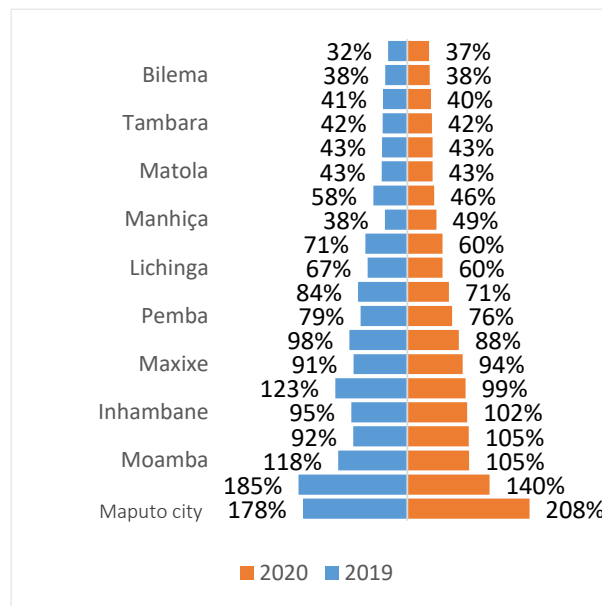
- Similar to the reduction of account numbers for the total adult population, in 2020 the male population has 427 accounts per 1000 adults, against 409 in 2019, which constitutes an increase of 18 accounts per 1000 adults, which results in an increase in the proportion of the male adult population with a bank account by 1.8 pp.
- Regarding women, in 2020 there were now 196 accounts per 1000 adults, against 193 in 2019, showing that there was an increase in 3 accounts per 1000 adults and a slight increase in the proportion of the female adult population with a bank account in 0.3 pp.
- As an effect of the increase in bank accounts for women, between 2019 and 2020 the gap between the number of accounts per gender stands at 23%, 1 pp higher than in 2010.

With regard to the geographical analysis, it is observed that the highest levels of banking in the economy occur in Maputo city, where, on average, there are about two bank accounts per adult person (graph 7)⁴.

Graph 8 - Bank accounts per thousand adults in 2020



Graph 7 - The 20 most banked districts in the country in 2020



Source: INE and BM

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

Maputo city recorded the highest level of banking, with 2,079 accounts, followed by the provinces of Maputo, Sofala and Inhambane, which recorded 417, 352 and 329 bank accounts, respectively, per 1,000 adults in 2020, against 1,776, 428, 359 and 316 accounts per 1,000 adults in 2019, which shows a decreasing trend for the provinces of Maputo and Sofala, and increasing for Inhambane province.

The provinces with the lowest levels of banking in 2020 appear to be Zambézia, Nampula and Cabo Delgado, with 113, 160 and 190 accounts per 1,000 adults, respectively, and the province of Cabo Delgado was the only one that observed a reduction compared to 2019.

The 20 districts of the country with the highest levels of banking and which contributed to the above levels are listed in graph 7.

Excluding provincial capitals, the districts with the highest banking rates (number of bank accounts as a percentage of the adult population) are Bilene, Dondo, Tambara, Inhassoro, Matola, Nacala-Porto, Manhiça, Maxixe and Moamba.

⁴ 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 total of existing accounts.

Box 4 - Financial Inclusion in Nampula between 2015 and 2020

The Nampula province is the most populous in the country, with about 19% of the adult population⁵ (2017 census), so it seems important to evaluate the developments in the province's financial inclusion. To this end, we present the overview of the access points to financial services in the 23 districts of Nampula, as well as demographic and geographical indicators, in the period 2015-2020.

The following is a brief description of the province:

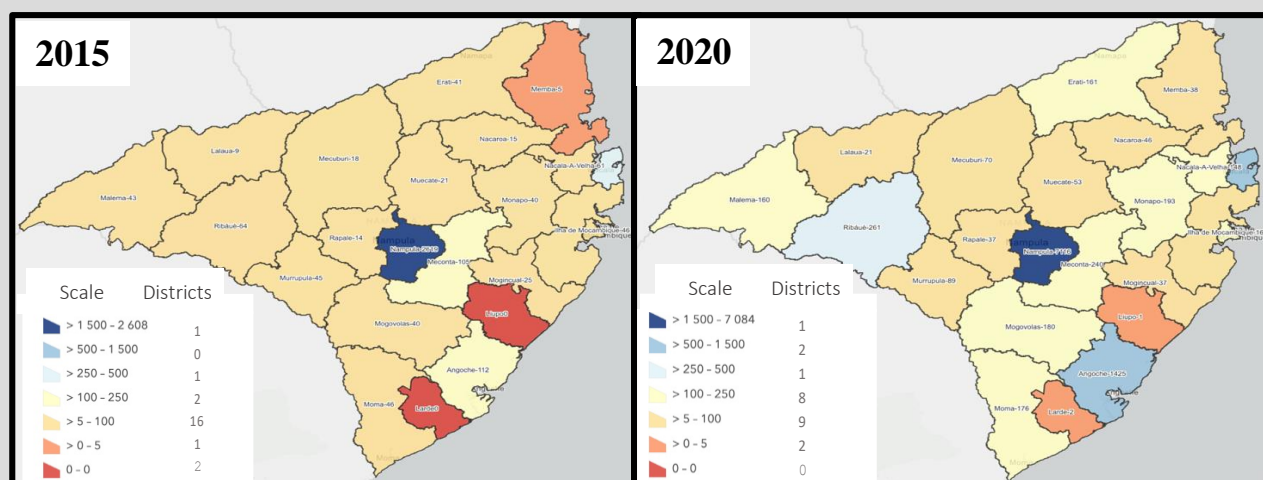
- Location - Nampula province is located in the northeast of the country and is bounded to the north by the provinces of Cabo Delgado and Niassa and to the South by the Zambézia province. To the east lies the Indian Ocean⁶;
- Territorial extent - a total of 81 606 km² (representing 10,21% in relation to the region of the country)⁷;
- Population – in 2019, the total population was 6,039,169 individuals (48.8% men and 51.2% women). The age pyramid of the population indicates the following percentages: 48.9% corresponds to the range from zero to 14, 30.7% corresponds to the range from 15 to 34, 16.4% corresponds to the range from 35 to 60 and 4% corresponds to individuals aged 60 or more⁸;
- Predominant economic activity - agriculture, tourism, fishing, trade and industry (manufacturing and extractive).

1. Developments in access points to financial services

The geographical dispersion of the number of access points per district has shown a positive development, since in 2020 all districts of the Nampula province have at least one access point. Moreover, there was an increase in the number of districts with more than 100 access points, from 2 districts in 2015 to 8 districts in 2020 (map 1).

Nampula city now has a total of 7,084 access points, an increase of about 4,476 points in the last five years.

Map 1. Geographical distribution of access points in Nampula province



2. Financial inclusion indicators

2.1. Access indicators (geographical and demographic)

Between 2015 and 2020, the number of districts with less than 20 access points for each group of 100 thousand adults reduced from 4 districts (Liúpo, Larde, Rapale and Memba) to 2 districts (Liúpo and Larde) - Table 1.1. In geographical terms, there was a substantial increase in access points per 10 thousand km² in all districts (Table 1.2.), revealing the expansion of the offer of financial services in Nampula province.

⁵Individuals aged 15 or older.

⁶ <https://www.mic.gov.mz/por/Dir-Provinciais/DPIC-Nampula>.

⁷ 2019 Statistical Yearbook, Nampula province. Provincial delegation of the National Institute of Statistics in Nampula.

⁸ 2019 Statistical Yearbook, Nampula province. Provincial delegation of the National Institute of Statistics in Nampula.

Table 1.1. Access points per 100 thousand adults

Distritos	2015	2016	2017	2018	2019	2020
Liúpo	0	0	0	0	8	2
Larde	0	0	0	0	15	4
Rapale	9	14	15	15	21	22
Memba	4	10	13	13	16	23
Mogincual	28	21	29	21	28	36
Lalaua	19	31	49	44	44	39
Nacaroa	22	32	41	41	42	59
Mossuril	28	37	38	55	67	60
Mecuburi	18	30	31	34	43	63
Mogovolas	19	42	38	49	61	73
Moma	23	34	41	54	64	75
Muecate	35	49	39	37	46	77
Erati	24	24	29	31	51	82
Monapo	20	28	42	49	65	84
Murrupula	49	65	77	82	88	84
Malema	41	48	58	65	100	132
Ribaué	52	77	92	117	157	184
Meconta	100	135	163	169	184	199
Nacala-Velha	95	136	153	213	208	200
Ilha de Moçambique	143	218	256	326	420	449
Angoche	60	83	103	114	131	666
Nacala-Porto	317	420	775	664	820	858
Cidade de Nampula	744	1036	1170	1400	1741	1759

Source: BM, INE.

Table 1.2. Access points for 10 thousand km²

Distritos	2015	2016	2017	2018	2019	2020
Liúpo	0	0	0	0	11	3
Larde	0	0	0	0	22	5
Lalaua	20	33	53	48	50	46
Mogincual	56	43	63	47	63	83
Memba	11	33	42	44	55	84
Mecuburi	25	41	44	50	65	96
Rapale	38	57	65	68	95	100
Muecate	51	72	60	58	75	128
Mossuril	64	87	93	137	172	160
Nacaroa	55	80	105	109	116	167
Malema	71	85	105	122	194	263
Erati	71	73	90	99	170	279
Murrupula	144	196	240	263	289	285
Moma	79	122	151	205	249	303
Mogovolas	84	195	181	239	307	378
Ribaué	102	156	191	250	345	415
Monapo	112	160	250	297	410	542
Meconta	282	390	484	516	578	645
Nacala-Velha	530	782	904	1295	1304	1286
Angoche	366	517	661	753	893	4663
Ilha de Moçambique	2498	3911	4725	6192	8201	9016
Nacala-Porto	13598	18531	35119	30957	39313	42334
Cidade de Nampula	78521	112339	130388	160309	205101	213346

Source: BM, INE.

2.2. Provincial indicators on bank and electronic money accounts

In 2020, the indicator regarding the number of bank accounts as a proportion of the adult population was set at 15.7%, against 15.9% in 2015, showing a reduction in banking in Nampula province (Table 2). In terms of gender segregation, there is a trend towards a slight increase in banking for women and a decrease for men, despite the gender gap being around 14.3 pp in favor of men.

Table 2. Provincial indicators on bank and electronic money accounts

GENERAL INDICATORS	2015	2016	2017	2018	2019	2020
Number of bank accounts as a proportion of the adult population	15.9%	17.9%	16.5%	16.4%	15.5%	15.7%
Number of bank accounts (<i>held by women</i>) as a proportion of the adult female population	7.3%	8.4%	7.6%	7.6%	8.2%	8.4%
Number of bank accounts (<i>held by men</i>) as a proportion of the adult male population	23.4%	26.0%	25.0%	24.7%	22.2%	22.7%
Number of E-money accounts as a proportion of the adult population	0.0%	11.3%	19.7%	24.7%	28.8%	34.6%
Number of E-money accounts (<i>held by women</i>) as a proportion of the female population	0.0%	8.0%	13.9%	18.4%	21.4%	25.8%
Number of E-money accounts (<i>held by men</i>) as a proportion of the adult male population	0.0%	14.6%	25.5%	31.1%	36.2%	43.6%

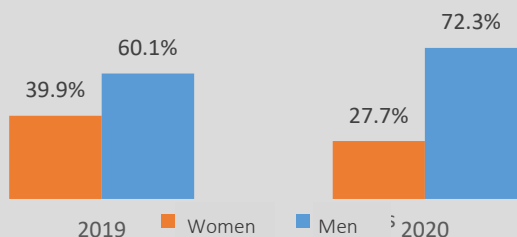
Source: BM, INE.

Regarding the indicator of electronic money (E-money) accounts, whose data are only available from 2016, there is an exponential growth in the number of E-money accounts as a proportion of the adult population, which in 2020 stood at 34.6%. The gender breakdown indicates that both indicators have seen growth over the past five years and the gender gap is around 17.8 pp in favor of men.

3. Bank Financing and Savings by Gender

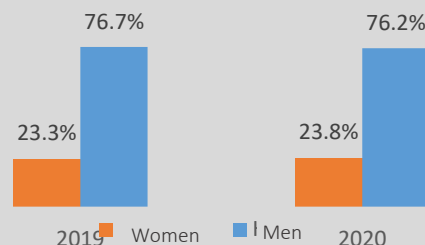
In 2020 of the total value of deposits made in the Nampula province by private customers with credit institutions, 27.7% consisted of amounts deposited by women, resulting in a reduction compared to 2019 (graph 1.1.). With regard to private financing, there was a slight increase in the amount of credit granted to women, from 23.3% in 2019 to 23.8% in 2020 (graph 15).

Graph 1.1. Deposits by gender



Source: ICSF.

Graph 1.1. Credit granted by gender



Source: ICSF.

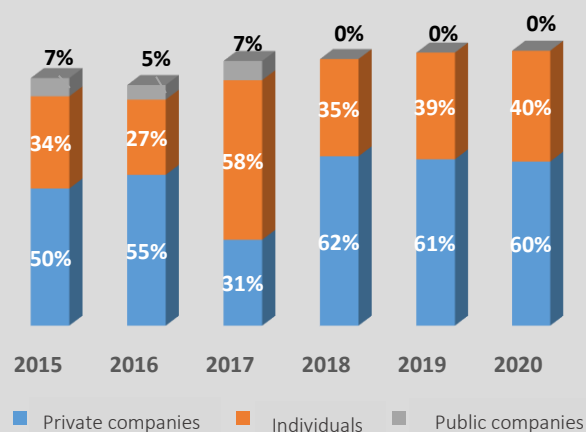
4. Bank financing to companies and individuals

In the period from 2015 to 2020, credit to the private sector has remained above 55% of total credit to the economy in Nampula province, with the exception of 2017, when there was a sharp reduction.

Credit to the private sector has seen an increasing trend since 2018 and credit to the public business sector remained zero between 2017 and 2020.

Graph 2. Credit by institutional sectors

Source: BM



4.2.2. Intermediation and Financial Savings

In 2020, the level of financial intermediation, measured in terms of credit to the economy as a percentage of GDP, was set at 30%, having observed an increase of 6 pp compared to 2019 (graph 10).

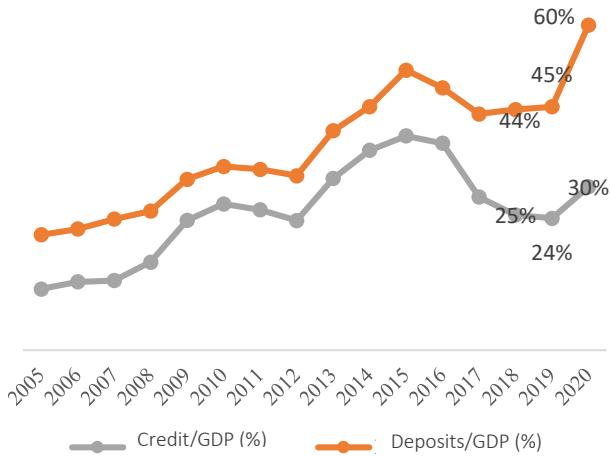
In turn, the level of financial savings, measured by total deposits as a percentage of GDP, stood at 60%, having observed an increase compared to 2019 by 15 pp.

In 2020 there was an increasing trend of bank financing calculated in demographic terms. In fact, about 16.3 million MT were granted per 1000 adults, compared to 14.4 million MT in 2019 (graph 9).

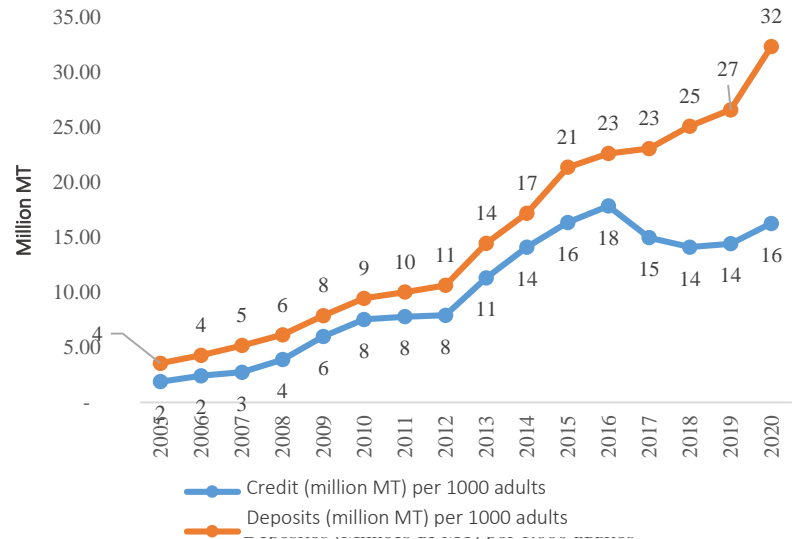
In 2020, financial savings showed a tendency to increase, when analyzed in demographic terms, at about 32.4 million MT, paid-in per 1,000 adults, plus 5.7 million MT when compared to 2019.

Source: BM

Graph 10 - Total credit and deposits as a percentage of GDP



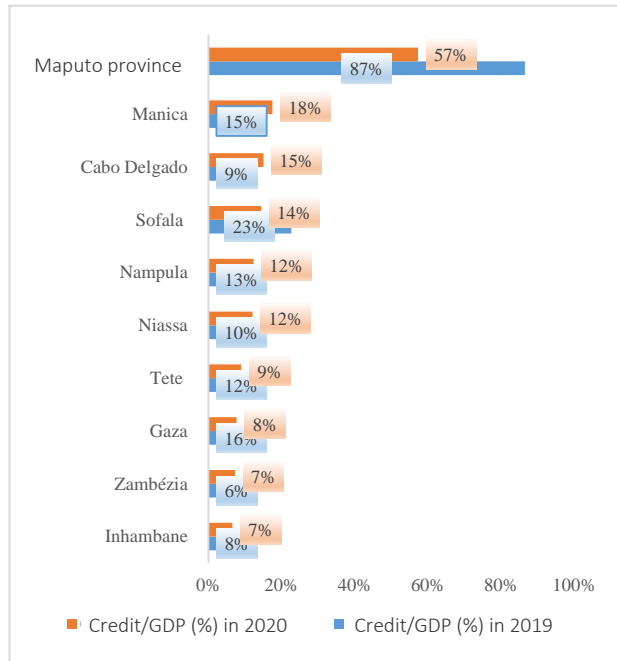
Graph 9 - Total credit and deposits per 1000 adults



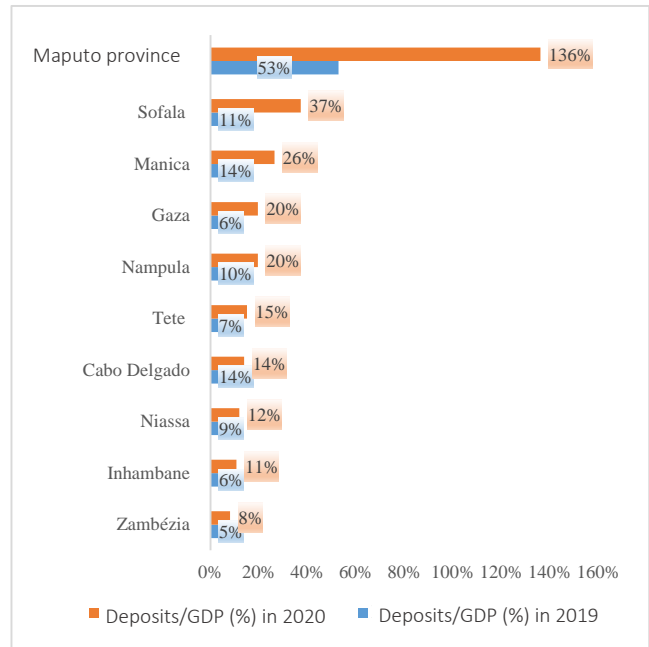
The results presented above are recorded in an environment in which: (i) Retail interest rates have consolidated their downward trend in response to the fall in the policy interest rate, which in 2020 was cut twice; (ii) commercial banks have had increasing availability of liquidity in national currency to grant bank loans, following the reduction of the reserve requirement ratio by 150 basis points to 11.50% on March 22, 2020; and (iii) customers affected by the pandemic they had the prerogative to renegotiate the terms of bank loans at no cost.

In terms of distribution by province, it is observed that, in addition to Maputo province, including Maputo city, which has savings levels around 136%, an indicator influenced by the levels of financial inclusion of Maputo city, follow the provinces of Sofala and Manica, which have savings levels as a percentage of GDP around 37% and 26%, respectively. The lowest levels are observed in the provinces of Zambezia and Inhambane, with 8% and 11% savings as a percentage of GDP, respectively (graph 11).

Graph 12 - Credit as a percentage of GDP by province¹



Graph 11 - Deposits as a percentage of GDP by province¹



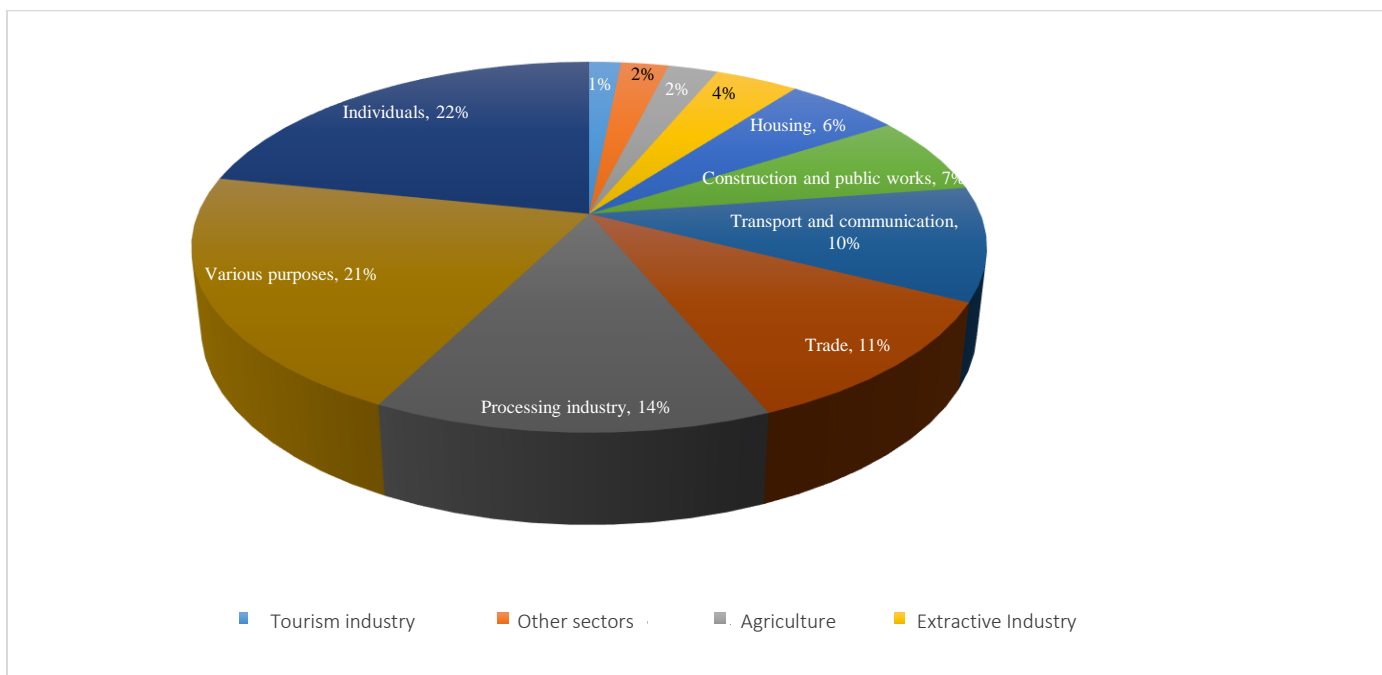
Source: BM

Note: ¹ Maputo province data includes Maputo city data

In terms of credit to the economy, in addition to Maputo province with higher levels, around 57%, the Sofala province is at the second place with 18% of total credit as a percentage of GDP, followed by the Cabo Delgado province, with 15%. The lowest levels were observed in the provinces of Zambezia and Inhambane, with financial savings levels of 7% for each, as shown in graph 12.

In terms of distribution of credit by sectors, in 2020, financing to individuals with 52.10 million MT (22%), followed by various purposes with 49.88 million MT (21%) and manufacturing industry with 32.85 million MT (14%), as illustrated by the graph below.

Graph 13 - Concentration as a percentage of credit granted by sector

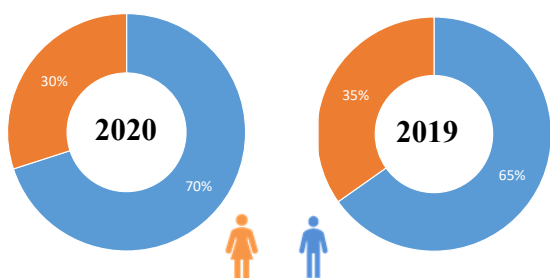


Source: BM

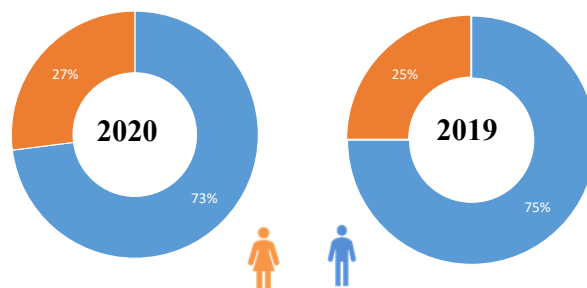
In 2020 of the total value of deposits made by private customers with credit institutions, 30% consisted of amounts deposited by adult women, resulting in a reduction of about 5.0 pp compared to 2019 (graph 14).

Regarding the financing made by credit institutions to their private clients, it was observed that in 2020 female clients received 27.0% of the total amount of credit, equivalent to 2.0 pp above the total amount of credit granted in 2019 (graph 15).

Graph 14 - Distribution of Deposit Amounts by Gender



Graph 15 - Distribution of Credit Amounts by Gender



Source: credit institutions

4.2.3. Electronic Money

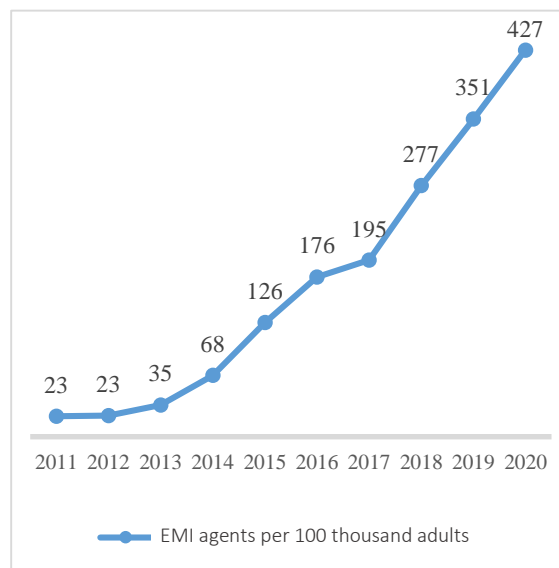
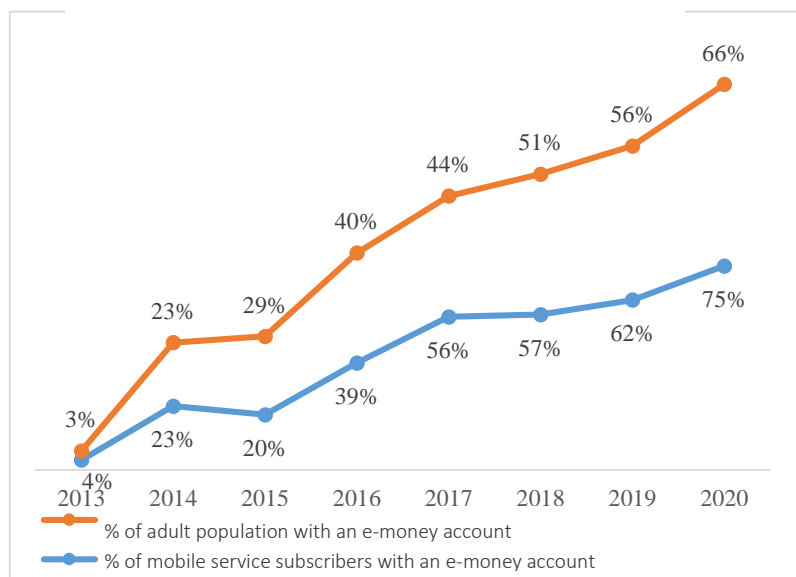
In 2020, the country has about 66% of its adult population with an electronic currency account opened with EMI, up from 56% in 2019. In 2020, from 14,511.43 thousand⁹ existing mobile phone subscriptions in the country, 10,812.02 thousand, which corresponds to 75%, had a subscription with the EMI (graph 17).

Out of 69,548 existing EMI agents, the country now has about 427 agents for every 100,000 adults, against 351 in 2019, highlighting the role that this service has been playing in financial inclusion (graph 16).

Source: INE, ARECOM and BM

Graph 17: Number of E-Money Accounts and Mobile Subscribers by Proportion of Adult Population

Graph 16 - EMI agents per 100 thousand adults



The analysis of the distribution of the value and amount of transactions of e-money users in 2019 and 2020 is presented in graphs 18 and 19, respectively.

In general, it can be seen that there were no significant changes in terms of the composition of the e-money transaction portfolio, while the preference for the use of this service for domestic transfers remains.

However, an increase of about 2 pp was recorded for domestic transfer operations, which is counterbalanced by the reduction in the same magnitude of cash-in operations.

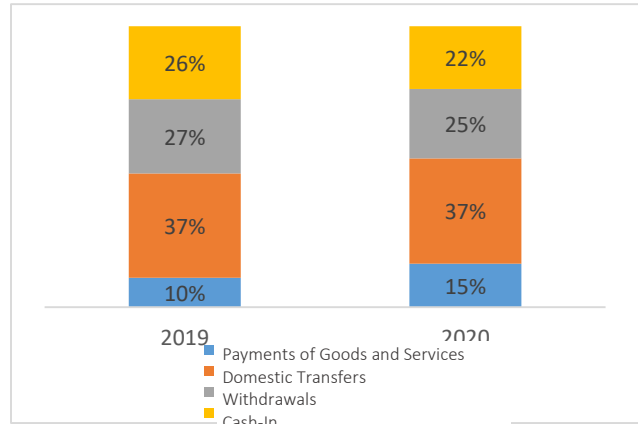
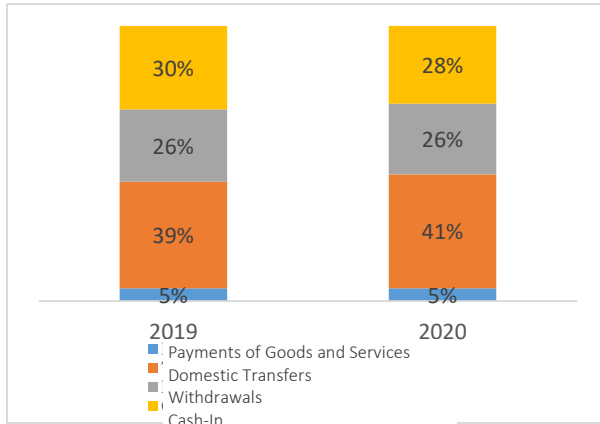
Regarding the number of transactions, graph 19 shows that there was an increase in service payment transactions by around 5 pp. On the other hand, there was a reduction in cash-in and withdrawal in 2 pp and 4 pp, respectively.

⁹ 2019 data. Updated data is expected to be sent by ISSM.

Graph 18: Composition of the E-Money Transaction Portfolio (Value)

Graph 19: Composition of the E-Money Transaction Portfolio (Amount)

Source: BM



These results may be associated with the measures implemented by the BM, to contain the spread of the COVID-19 pandemic.

4.2.4. Electronic Banking

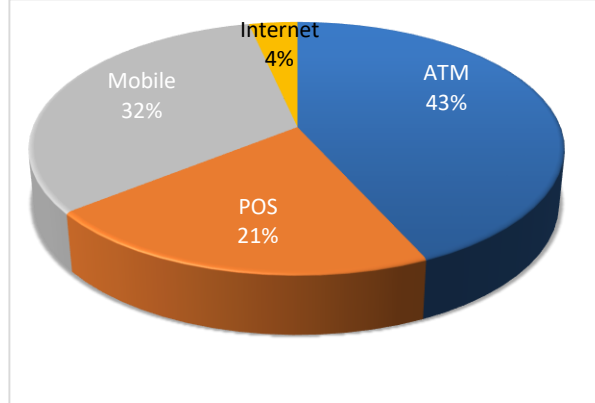
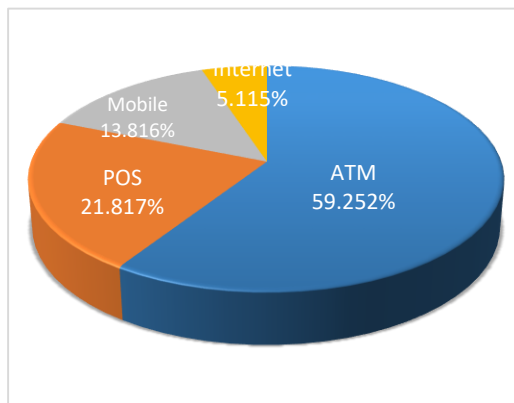
Analysis of the distribution of channels used to carry out electronic payment transactions (ATM, POS, mobile banking and internet banking) indicates that the ATM channel remains the most frequented, despite the reduction of 16 pp between 2019 and 2020. The mobile banking transaction channel rose to the second tier in 2020, with 32%, while POS terminals represent the third most used mobile payments channel, with 21%, without recording any significant variation compared to 2019.

It should be noted that transactions by mobile banking recorded an increase of 18 pp in the period under analysis and the web remains the least frequented, accounting for 4% of the total number of transactions in 2020 (graphs 20 and 21).

Graph 20 - Composition of the E-Payment Transaction Portfolio in 2019 (number)

Graph 21: Composition of the E-Payment Transaction Portfolio in 2020

Source: BM



4.3. Insurance Market

Throughout 2020¹⁰, the Mozambican insurance market operated with 21 insurers (13 insurers that operate the non-life branches, 4 that operate exclusively the life branch and 4 that cumulatively exploit the 2 branches), 1 microinsurer, 1 reinsurer and 735 insurance brokers (103 insurance brokers, 27 insurance agents in the form of a commercial company, 121 insurance agents of natural persons and 484 insurance promoters).

In this period, the insurance business presented a production of 19,215.8 million MT in gross premiums written, divided into 16,752.5 million MT registered in the non-life branches and 2,463.3 million MT in the life branch (Table 4).

Table 4: Total insurance companies in the market

Indicator	2015	2016	2017	2018	2019	2020 ¹¹
No. of insurance companies	18	19	20	21	21	21
Non-life	10	11	12	13	13	13
Life	4	4	4	4	4	4
Mixed	4	4	4	4	4	4
Number of microinsurance companies	1	1	1	1	1	1
Insurance production (million MT)	9.373,9	10.626,8	13.023,4	13.158,9	15.950,1	19.215,8
Non-life	7.681,9	8.794,1	11.504,7	11.482,7	13.813,6	16.752,5
Life	1.692,0	1.832,7	1.518,7	1.676,2	2.136,5	2.463,3
Growth rate	10.1%	13.4%	22.6%	1.0%	21.2%	20.5%
Non-life	5.5%	14.5%	30.8%	(0.2%)	20.3%	21.3%
Life	37.2%	8.3%	(17.1%)	10.4%	27.5%	15.3%

Source: ISSM and BM

In nominal terms, the insurance market grew by 20.5%¹², 0.7 pp lower than recorded in 2019, which showed an expansion of growth of 21.2% compared to 2018. The insurance penetration rate in the economy stood at 2.2%, an increase of about 0.5 pp compared to 2019 (Table 5).

Table 5: Main indicators of the insurance market

No	Indicator	2015	2016	2017	2018	2019	2020
1	Gross premiums written (million MT)	9.373,9	10.610,8	13.023,4	13.158,9	15.950,1	19.215,8
2	Growth rate of gross premiums written (GPW in%)	10.1%	13.2%	22.7%	1.0%	21.2%	20.5%
3	Insurance penetration rate (%)	1.58%	1.54%	1.62%	1.48%	1.67%	2.17% ²
4	Premiums per Capita (MT)	364.7	401.9	480.6	471.6	544.4	655.8
5	Growth rate of Premiums per Capita (%)	7.3%	10.2%	19.6%	(1.9%)	15.4%	20.5%

Source: ISSM and BM

Note: ² Provisional GDP based on forecasts

¹⁰ 9th Edition of the ISSM newsletter.

¹¹ The information regarding 2020 needs to be confirmed with the ISSM.

¹² Key Quarterly Indicators - fourth quarter of 2020.

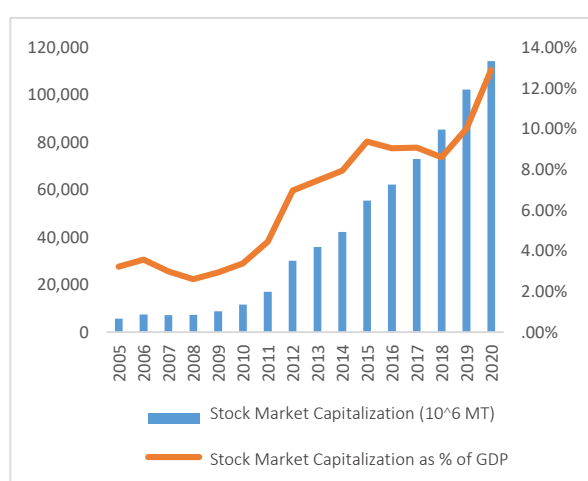
4.4. Capital Markets

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

Market capitalization, the main indicator of the stock market, evolved from 102,138.73 million MT in 2019 to 114,216.65 million MT in 2020, equivalent to a growth of 11.8%, and in terms of the proportion of GDP stood at 12.9% (graph 22).

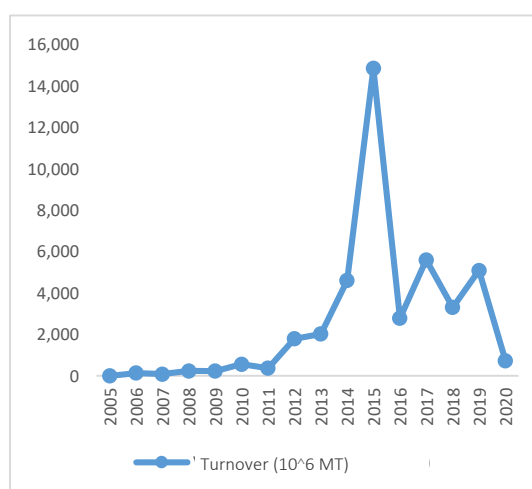
The volume of transactions was 731.55 million MT, a decrease of about 85.7% compared to the same period in 2019 (graph 23).

Graph 22 - Stock Market Capitalization



Source: BVM

Graph 23: Turnover



5. Government initiatives for Financial Inclusion

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

- i) District Development Fund;
- ii) “One District, One Bank” Project;
- iii) “Sustenta” Project;
- iv) Rotating savings and credit associations
- v) State Social Welfare System;
- vi) Economic-financial and social measures implemented in light of COVID-19.

5.1. District Development Fund project

The DDF is one of the sources of public funding to the rural population. In 2019, the fund benefited a total of 1,512 individuals. In terms of the amount granted, a total of 180,549 thousand MT was disbursed and refunds were received in the total amount of 381,321.26 MT, as shown in Table 6.

Table 6: District Development Fund

No.	Province	Number of beneficiaries	Amount granted in 2019 (10 ³ MT)		Refund made (10 ³ MT)	Main areas of investment
			Total	Average per individual		
1	Maputo-City	0	0	0	250.22	
2	Maputo Province	14	820	58.57	3.850,45	Industry and Agriculture
3	Gaza	36	2.000	55.56	5.000,00	Livestock breeding
4	Inhambane	202	9.704	48.04	12139.47	Trade
5	Sofala	88	5.920	67.28	53.526,06	Agriculture
6	Manica	256	20.950	81.84	9.37	Agriculture and trade
7	Tete	0	5.846	0	2.39	
8	Zambézia	427	105.600	247.31	174.08	Agriculture, crafts and fishing
9	Nampula	132	7.890	59.77	301.460,00	Trade
10	Cabo Delgado	0	0	0	225.13	
11	Niassa	357	21.819	61.12	4.684,09	Agriculture and trade
	TOTAL	1.512	180.549		381.321,26	

Source: MADER and BM

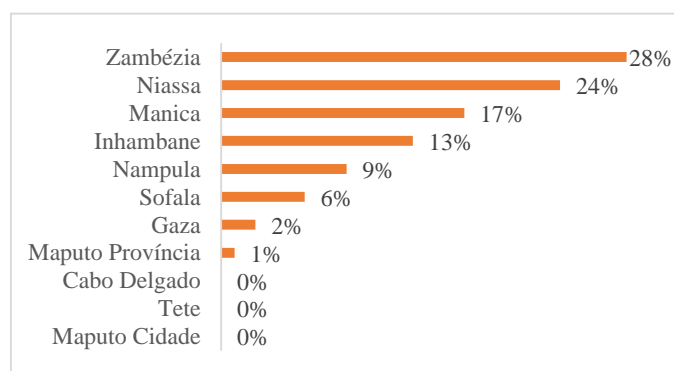
Notes: the interest rate varies from 3% to 7% per year, being 7% for trade and 3% - 5% for productive areas and agriculture.

The means of financing to the final beneficiary is bank transfer.

From the analysis of the distribution of the DDF by provinces of the country, it can be measured that in 2019 the Zambézia province holds the largest number of beneficiaries (28%), followed by the provinces of Niassa (24%) and Manica (17%).

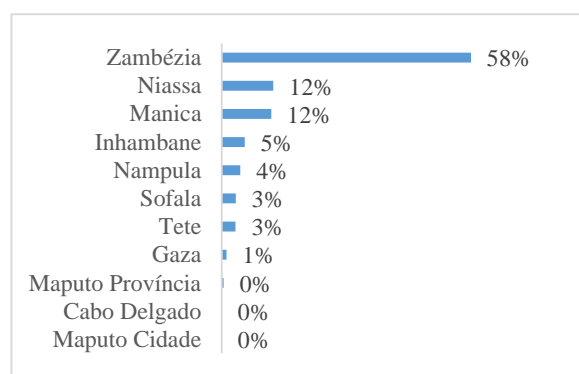
The Zambézia also concentrated more funding (58%), followed by the provinces of Niassa and Manica, with 12% respectively. The provinces of Gaza, Tete and Sofala concentrated less funding, with 1%, 3% and 3%, respectively (graphs 24 and 25).

Graph 25 - Beneficiaries by province as a percentage of the total



Source: MADER and BM

Graph 24 - Funding by province as a percentage of the total



5.2. “One District, One Bank” Project

The “One District, One Bank” project aims to accelerate the process of banking in rural areas by establishing at least one bank branch in each unbanked district of the country¹³, with a view to creating equal opportunities in terms of proximity and availability of financial services to all Mozambicans without distinction.

In 2019, 22 branches were set up, making up a total of 35 branches since 2016, the year the project was launched (Table 7).

Table 7: 2019 “One District, One Bank” Project

Province	Bank	Districts Covered				Total
		2016	2017	2018	2019	
Cabo Delgado	BCI		Balama		Namuno	5
	BCI		Nangade	Muidumbe		
	BIM				Mecúfi	
Niassa	BCI			Maua	Mavago	4
	BCI				Mecula	
	BIM				Nipepe	
Nampula	BCI	Murupula			Mecubúri	7
	BIM			Mossuril	Lalaua	
	BIM				Mogincual	
	MOZA				Memba	
	MOZA				Nacaroa	
Zambézia	BIM				Pebane	2
	BCI				Gilé	
Tete	BCI				Chifunde	3
	BCI				Marávia	
	MOZA				Tsangano	
Sofala	BCI		Chemba	Cheringoma		4
	BIM				Muanza	
	BIM				Machanga	
Manica	MOZA	Gondola				4
	MOZA	Vandúzi				
	BCI	Guro			Machaze	
Inhambane	BIM		Mabote		Funhalouro	2
Gaza	MOZA	Chicualacuala			Mapai	4
	MOZA				Chigubo	
	MOZA				Guija	
TOTAL		5	4	4	22	35

Source: MITADER and BM

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

¹³<http://mitader.info/proyecto/proyecto-um-distrito-um-banco/>

5.3. “Sustenta” Project;

“Sustenta” is an integrated agriculture and natural resources management project whose objective is to promote and facilitate integrated rural development, with a view to contributing to the improvement of the living conditions of rural households.¹⁴ By the end of 2020, this project benefited 91 districts in all provinces of the country, having been disbursed a total amount of 2,316,000,000.00 MT, as shown in Table 8¹⁵.

Table 8: 2020 “Sustenta” Project

#	Province	Number of beneficiary districts	No. of emerging small farmers	Amount financed	Partner Banking Institutions	Average amount of financing received	
1.	Maputo-City	6	kaMaxaquene, kaMubucuaene, kaHlamanculo, kaMavota, kaMpíumu and kaTembe	15	45.000.000,00	N/A	N/A
2.	Maputo Province	6	Namaacha, Marracuene, Boane, Manhiça, Magude and Matutuíne	13	39.000.000,00	N/A	N/A
3.	Gaza	6	Chókwè, Mandlakazi, Massangena, Mabalane, Chicualacuala and Chongoene	30	180.000.000,00	N/A	N/A
4.	Inhambane	8	Zavala, Inharrime, Jangamo, Morrumbene, Massinga, Inhassoro, Mabote and Vilankulo	29	174.000.000,00	N/A	N/A
5.	Sofala	7	Gorongosa, Cheringoma, Caia, Marromeu, Nhamatanda, Búzi and Chibabava	55	330.000.000,00	N/A	N/A
6.	Manica	8	Macate, Guro, Sussundenga, Mossurize, Manica, Bárue, Gondola and Vandúzi	52	312.000.000,00	N/A	N/A
7.	Tete	5	Mágoè, Marávia, Tsangano, Macanga and Angónia	82	492.000.000,00	N/A	N/A
8.	Zambézia	10	Lugela, Pebane, Gurué, Ile, Namarrói, Nicoadala, Alto Molócue, Milange, Derre and Mocuba	62	372.000.000,00	N/A	N/A
9.	Nampula	13	Eráti, Malema, Ribáue, Lalaua, Mecubúri, Rapale, Muecate, Murrupula, Larde, Mogovolas, Mogincual, Mossuril and Moma	105	630.000.000,00	N/A	N/A
10.	Cabo Delgado	10	Ancuabe, Namuno, Mecúfi, Metuge, Balama, Muidumbe, Mueda, Montepuez, Chiúre and Nangade	19	114.000.000,00	N/A	N/A
11.	Niassa	12	Mandimba, Ngaúma, Mecanhelas, Cuamba, Metarica, Sanga, Chimbonila, Majune, Lago, Maúa, Nipepe and Muembe	43	258.000.000,00	N/A	N/A
		91		505	2.316.000.000,00		

Source: MADER / FNDS

N / A - Not Applicable

Note: The “Sustenta” project does not finance the setting up/construction of bank branches, hence the columns on (i) **Partner Banking Institutions**, (ii) **Number of open branches** e (iii) **Average amount of financing received**. Columns (i) have been added **No. of Small Emerging Commercial Farmers** and (ii) **Global Amount Financed**.

¹⁴<http://mitader.info/proyecto/proyecto-sustenta/>

5.4."ASCAs" Project

The Accumulating Savings and Credit Associations or ASCAs are organizational forms of promoting low-income people's access to financial services, particularly in remote rural areas.

In 2020, a total of 37 operators were registered, among non-governmental organizations, governmental organizations and independent promoters, who promote ROSCA with different methodologies and objectives.

ROSCA are present in all provinces, making up a total of 4,252 groups by December 2020. The most structured groups are in the provinces of Inhambane, Sofala, Zambézia, Nampula and Niassa, and attended to about 46,916 members.

During the period under review, as shown in Table 9, ROSCA recorded a credit portfolio of 43,283 thousand MT and a deposit portfolio of 184,322.3 thousand MT.

Table 9: Statistical information on Savings Groups in 2020

No.	Province	No. of groups	No. of members	No. of Operators / Facilitators	No. of Funding Organizations	Credit portfolio	Deposit portfolio
1	Maputo City	-	-	-	-	-	-
2	Maputo province	154	1.915	3	3	-	2,149,330
3	Gaza	1.341	2.644	4	2	27,540,323	34,754,232
4	Inhambane	231	10.035	3	4	-	46,305,000
5	Sofala	341	5.379	1	1	-	36,065,243
6	Manica	75	2.100	1	1	-	15,003,310
7	Tete	91	2.395	2	2	-	7,296,260
8	Zambézia	608	15.320	18	15	-	26,088,718
9	Nampula	1.117	12.600	3	3	15,697,980	9,777,292
10	Cabo Delgado	90	1.719	1	1	-	2,278,844
11	Niassa	204	3.582	1	1	-	4,604,160
TOTAL		4.252	57.689	37	33	43,238,303	184,322,389

Source: MADER / DNDL

5.5.Use of Banking Services by Pensioners of the State Social Welfare System

The compulsory State Social Security System, which covers civil and military employees of the state, counted until December 2020 with a total of 209,648 pensioners, against 203,161 in 2019 (increase of 3.2%) of which 165,722 (79%) receive their pensions via the bank, against 160,308 pensioners who received via the bank in 2019, corresponding to an increase of 3.4%.

In the provinces of Manica and Tete, all pensioners receive via bank. The lowest levels of banking of pensioners in the Social Security system of the state apparatus are observed in the provinces of Cabo Delgado and Maputo, with rates of 63.7% and 68%, respectively.

Table 10: Level of Use of Banking Services by INPS Pensioners in 2020

No.	Province	No. of INPS pensioners			No. of pensioners receiving via bank			Unbanked pensioners			% of banked pensioners		Banking institutions operating in the payment of pensions
		2019	2020	Var.	2019	2020	Var.	2019	2020	Var.	2019	2020	
1	Central	39.340	38.401	-2.4%	32.127	32.691	1.8%	7.213	5.710	-20.8%	81.7%	85.1%	(¹) (²) (³) (⁴)
2	Maputo-City	3.106	3.290	5.9%	3.106	2.627	-15.4%	0	663	100.0%	100.0%	79.8%	(¹) (²)
3	Maputo province	7.602	8.337	9.7%	7.094	5.665	-20.1%	508	2.672	426.0%	93.3%	68.0%	(²) (³)
4	Gaza	9.012	8.655	-4.0%	8.631	8.631	0.0%	381	24	-93.7%	95.8%	99.7%	(³)
5	Inhambane	8.806	9.161	4.0%	8.619	7.072	-17.9%	187	2.089	100.0%	97.9%	77.2%	(³)
6	Sofala	17.144	17.501	2.1%	13.554	12.428	-8.3%	3.590	5.073	41.3%	79.1%	71.0%	(¹) (³)
7	Manica	16.217	16.978	4.7%	16.217	16.978	4.7%	0	0	0.0%	100.0%	100.0%	(¹) (³)
8	Tete	15.178	15.464	1.9%	14.832	15.464	4.3%	346	0	-100.0%	97.7%	100.0%	(¹) (³)
9	Zambézia	11.598	11.527	-0.6%	9.207	9.490	3.1%	2.391	2.037	-14.8%	79.4%	82.3%	(¹) (²) (³) (⁴)
10	Nampula	16.738	16.946	1.2%	11.010	12.053	9.5%	5.728	4.893	-14.6%	65.8%	71.1%	(¹) (²) (³)
11	Cabo Delgado	45.171	47.965	6.2%	25.011	30.553	22.2%	20.160	17.412	-13.6%	55.4%	63.7%	(¹) (²) (³)
12	Niassa	13.249	15.423	16.4%	10.900	12.070	10.7%	2.349	3.353	42.7%	82.3%	78.3%	(¹) (²) (³)
	TOTAL	203.161	209.648	3.2%	160.308	165.722	3.4%	42.853	43.926	2.5%	78.9%	79.0%	-

Source: INPS

Note: (¹) BCI; (²) Barclays; (³) MBIM; (⁴) Standard Bank.

6. FINANCIAL INCLUSION INDEX

The Financial Inclusion Index (FII), calculated by the BM¹⁶, recorded a sharp negative change in 2020 compared to 2019, having stood at 13.9 points, as evidenced by Table 11.

Table 11: 2005-2019 IIF Developments

Province	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
MAPUTO-CITY	81.57	96.34	97.51	100.00	100.00	100.00	100.00	98.59	98.66	97.53	96.21
MAPUTO PROVINCE	10.90	14.49	14.59	13.96	15.63	16.17	16.41	16.84	16.96	16.49	14.67
GAZA	6.91	7.00	6.68	7.10	7.52	7.33	6.22	7.24	7.34	7.70	6.79
INHAMBANE	5.99	6.30	6.36	6.93	7.18	7.83	7.55	8.21	8.59	8.26	7.41
SOFALA	3.82	4.87	4.95	5.69	5.52	5.65	5.03	4.87	5.06	5.31	4.80
MANICA	3.15	3.65	3.39	5.50	5.65	6.27	4.92	5.47	5.33	5.13	5.11
TETE	3.02	3.79	3.91	4.20	4.68	4.85	4.03	4.13	4.02	4.31	3.95
ZAMBÉZIA	1.99	2.04	2.14	2.53	2.91	3.13	2.35	2.75	2.79	2.97	2.84
NAMPULA	2.40	3.06	3.17	3.75	3.74	3.99	3.73	4.40	3.82	4.03	3.51
CABO DELGADO	2.01	2.25	2.35	3.16	3.89	4.16	4.28	4.25	4.70	5.23	4.38
NIASSA	1.43	1.40	1.38	1.63	2.03	2.03	1.93	2.36	2.47	3.05	3.53
Global FII*	11.20	13.20	13.31	14.04	14.43	14.67	14.22	14.46	14.52	14.54	13.93
Restricted FII**	6.14	6.61	6.84	7.22	8.01	7.17	7.54	8.43	8.49	8.59	9.25

Source: BM

Notes: (*) The Global FII includes Maputo city; (**) The restricted FII is calculated for all country districts (128 districts between 2005 and 2015 and 154 districts from 2016 to 2020), excluding Maputo city.

This reduction in the 2020 FII was mainly due to the reduction of access points in Maputo city, with special attention to banking agents, as well as the reduction in economic activity over the period under review, as previously mentioned.

¹⁶ The method used by the BM for calculating the FII is detailed in the BM's Study (2013) on "Financial Inclusion Challenges in Mozambique: A Supply-Side Approach" (2013) in http://www.bancomoc.mz/fm_pgTab1.aspx?id=116

Analyzing the restricted FII, calculated for the 154 country districts, excluding Maputo city, it is observed that the FII rises to 9.3 points in 2020 (against 8.6 points in 2019).

The demographic access index of Mozambique stood at 16.5 points (against 17.5 points in 2019), followed by the use index with 15.5 points, 0.03 pp below that recorded in 2019, and finally the geographic access index with 11 points (against 11.1 points in 2019), according to table 12.

Table 12: Geographic, demographic and use access index

	Geographical access index		Demographic access index		Use Index		Global FII	
	2019	2020	2019	2020	2019	2020	2019	2020
MAPUTO-CITY	100.00	100.00	100.00	93.44	99.03	100.00	97.53	96.21
MAPUTO PROVINCE	7.16	6.78	24.59	19.04	20.63	19.64	16.49	14.67
GAZA	1.98	1.99	13.06	12.28	8.49	6.72	7.70	6.79
INHAMBANE	1.34	1.36	14.71	13.30	8.95	8.20	8.26	7.41
SOFALA	1.20	1.30	7.76	6.53	7.11	6.78	5.31	4.80
MANICA	2.00	2.05	6.16	6.28	7.16	7.18	5.13	5.11
TETE	1.38	1.46	6.75	6.30	5.14	4.26	4.31	3.95
ZAMBÉZIA	1.70	1.72	3.96	3.89	3.14	2.99	2.97	2.84
NAMPULA	1.75	1.82	5.49	4.58	4.48	4.21	4.03	3.51
CABO DELGADO	2.18	2.27	7.23	5.63	6.03	5.41	5.23	4.38
NIASSA	0.60	0.60	5.10	5.56	3.51	4.60	3.05	3.53
MOZAMBIQUE FII	11.03	11.03	17.71	16.08	15.79	15.45	14.54	13.93

Source: BM

7. MONITORING AND EVALUATION OF THE NATIONAL FINANCIAL INCLUSION STRATEGY (NFIS)

7.1. Degree of compliance with the Action Plan

Of the 54 actions included in the 2016-2022 NFIS Action Plan, 14 (26%) have been carried out, 35 (65%) are in progress and 5 have not yet started (9%), as shown in Table 12 below:

Table 13: Level of Implementation of the NFIS Action Plan

2020								
	Pillar I		Pillar II		Pillar III		TOTAL	
	Access and use of financial services		Strengthening the financial infrastructure		Consumer protection and financial education			
	No. of Actions	Pere.	No. of Actions	Pere.	No. of Actions	Pere.	No. of Actions	Pere.
Carried Out	7	23%	5	63%	2	13%	14	26%
Ongoing	20	65%	2	25%	13	87%	35	65%
Not started	4	13%	1	13%	0	0%	5	9%
Total	31	100%	8	100%	15	100%	54	100%
2019								
	Pillar I		Pillar II		Pillar III		TOTAL	
	Access and use of financial services		Strengthening the financial infrastructure		Consumer protection and financial education			
	No. of Actions	Pere.	No. of Actions	Pere.	No. of Actions	Pere.	No. of Actions	Pere.
Carried Out	5	16%	3	38%	1	7%	9	17%
Ongoing	20	65%	3	38%	14	93%	37	69%
Not started	6	19%	2	25%	0	0%	8	15%
Total	31	100%	8	100%	15	100%	54	100%

Source: BM

The ongoing actions are mostly of regulatory nature and involve more than one institution.

Chart 4: Degree of Compliance with Pillar I - Access and Use of Financial Services

Pillar I		Access and use of financial services			
		Carried Out 7	Ongoing 20	Not started 4	
Objective	Area	Actions	Leader	Status	
Expanding and diversifying the financial services access point network	Regulatory framework-access points	1. Promoting a wide application of Notice No. 3/2015, on the regime of access and exercise of the activity of banking agents.	BM		
		2. Based on geospatial mapping, define possible regulatory measures to complement the future network of agents in disadvantaged areas, such as the creation of light agencies.	BM		
Improve the legal and regulatory framework for expanding products and services	Payment services	3. Creating, regulating and promoting the basic bank account.	BM		
		4. Propose specific regulations on the opening and handling of bank accounts, including lowering the minimum age.	BM		
		5. Promoting electronic payments (POS expansion)	BM MIC		
		6. Establishing a single regulatory framework for electronic money issuance activity.	BM		
		7. Improving the regulatory framework to ensure the efficiency, competition and security of electronic transactions in the financial system.	BM		
		8. Creating a legal, regulatory and supervisory framework for the activity of international and domestic money transfers.	BM		
	Insurance	9. Create and expand MSME-oriented microinsurance products.	AMS		
		10. Creating mobile insurance services.	ISSM AMS		
		11. Creating a regulatory framework for the expansion of simplified microinsurance products.	ISSM		
		12. Strengthening the supervisory capacity of the ISSM.	ISSM		
	Rural finance	13. Creating a regulatory framework for the development of financing based on certificates of deposit.	MIC		
		14. Promoting campaigns for the registration of national citizens and the provision of identification documents.	MJACR		
	Finance for housing	15. Creating a national finance program for housing.	FFH		
	Develop a range of products	Provision of services	16. Paying pensioners and beneficiaries of INSS by electronic means that facilitate financial inclusion	INSS	

Objective	Area	Actions	Leader	Status
	of bulk payments	17. Paying beneficiaries of Social Action Programs by electronic means that facilitate financial inclusion.	MGCAS	
	Provision of insurance services	18. Develop microinsurance products for MSME, farmers, <i>mukheristas</i> , market sellers and low-income population.	ISSM AMS	
	Provision of credit, savings and payments services	19. Develop financing, savings and payment products suitable for the low-income population, MSMEs and farmers.	BM AMB EMI	
Increase the level of information on financial inclusion	Capacity of financial institutions	20. Collecting additional statistical information relevant to compile financial inclusion indicators.	BM ISSM BVM	
		21. Holding knowledge dissemination events (workshops and courses) on business models aimed at low-income segments, farmers or MSMEs, and their risk management models.	BM ISSM AMB AMS BVM	
		22. Creating training mechanisms for insurance market professionals (actuaries) and capital markets.	ISSM AMS BVM	
	Market potential information	23. Carrying out a study on the flows of mass payments in the private sector that could be digitized.	BM	
		24. Carrying out a diagnostic study on the domestic and international transfer market.	BM	
		25. Carrying out a study on financial inclusion based on a demand-side approach.	BM	
		26. Diagnosing the leasing market.	BM	
		27. Diagnosing the factoring market.	BM	
		28. Evaluating existing initiatives for rural finance, to improve and identify synergies with private initiative.	MITADER	
	Eligibility of MSMEs	29. Strengthening the capacity (management, accounting, planning) of MSMEs and their connection to market structures (associations and production chains)	IPEME	
	Financial Inclusion Indicators	30. Implementing an information regime to identify the credit portfolio to MSMEs.	BM	
31. Drafting the Annual Financial Inclusion report.		BM		

Source: NFIS

Chart 5: Degree of Compliance with Pillar II - Strengthening the Financial Infrastructure

Pillar II		Strengthening the financial infrastructure		
		Carried Out 5	Ongoing 2	Not started 1
Objective	Area	Actions	Leader	Status
Improve the infrastructure of the NPS	National Payment System	1. Creating the regulation for payment processing companies.	BM	
	Credit information	2. Improve the regime of reporting to the CCR to ensure up-to-date information on lenders.	BM	
Improve infrastructure for healthy credit expansion	Movable Securities	3. Creating a movable securities registry	MJACR BM	
		4. Creating a legal framework for the use of movable securities and to enhance credit rights (<i>Secured Transactions Law</i>).	MJACR BM	
	Real estate securities	5. Modernizing, automating and extending the coverage of real estate records.	MJACR MEF	
	Enforcement of securities	6. Diagnosing the legal framework and the existing structure for timely and fair execution of securities in the extrajudicial scope.	BM	
	Guarantee fund	7. Mapping and diagnosing existing credit guarantee funds.	BM AMB IPEME	
		8. Creating a Credit Guarantee Fund following international best practices, to encourage credit to MSMEs and farmers.	BM AMB IPEME	

Source: NFIS

Chart 6 - Degree of Compliance with Pillar III - Consumer Protection and Financial Education

Pillar III		Consumer protection and Financial Education		
		Carried Out 2	Ongoing 13	Not started 0
Objective	Actions	Leader	Status	
Improving the legal, regulatory and supervisory framework for the protection of financial consumers	1. Review and update Notice 5 / GBM / 2009 on fees and other charges	BM		
	2. Developing the behavioral supervision methodology.	BM		
	3. Improving Notice 4/2009 to define minimum operating standards for channels for recording and handling consumer complaints.	BM		
	4. Creating standardized key facts statements for the most common consumer financial products.	BM		
Increasing the range and quality of information made available to the public.	5. Making comparative information on commissions and other charges of the main products of the retail market available on BM's website.	BM		
	6. Making statistics of consumer complaints against financial institutions supervised by the institution available on the BM's website.	BM		
Increase the level of financial knowledge by specific segments of society	7. Creating a single national program of financial education in Mozambique.	BM, ISSM, BVM, MINEDH, MEF		
	8. Supporting financial inclusion by making public the conditions for access to minimum banking services.	BM		
	9. Raising awareness of the importance of saving	BM		
	10. Promoting and fostering responsible financial knowledge and attitudes	BM, ISSM and BVM		
	11. Enlightening the citizen about the rights and duties of the bank client and financial institutions.	BM and ISSM		
	12. Contributing to the efficiency and soundness of the financial market	BM, ISSM and BVM		
	13. Providing the population and companies with knowledge on the capital market	BVM		
	14. Promoting the participation of companies, including SMEs, in the stock market.	BVM		
	15. Carrying out credit counseling campaigns for clients facing over-indebtedness problems, contributing to instilling savings practices.	BM MINEDH		

Source: NFIS

7.2. Degree of Achievement of Financial Inclusion Targets

7.2.1. Global Targets

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

In fact, in 2020 the percentage of the adult population with physical or electronic access to financial services provided by a banking financial institution stood at 31%, that is, below the 2022 target of 29 pp. The percentage of the adult population with open accounts with electronic money institutions was 66%, which represents 6 pp above the 2022 target, as shown in Table 12.

Table 14: Level of Achievement of Global Financial Inclusion Targets in 2019

No.	Indicator	Carried Out					2022 Target	Deviation from target 2022
		Banking system data (*)						
		2016	2017	2018	2019	2020		
1	Percentage of adult population with physical or electronic access to financial services provided by a formal financial institution							
	a. percentage of adult population with access to banking services	36%	33%	33%	31%	31%	60%	(29) pp
	b. Percentage of adult population with access to non-banking financial services provided by electronic money institutions	44%	44%	51%	56%	66%	60%	6 pp
2	Percentage of districts with at least one access point to formal financial services**	58%	56%	64%	73%	98%	100%	(2) pp
3	Percentage of population with an access point to financial services within 5 km of their place of residence or work (GIS)	n.d.	n.d.	n.d.	n.d.	n.d.	75%	n.d.

Source: BM

Notes: (*) calculated based on number of accounts (bank and electronic money) in % of adult population

(**) calculated on the basis of districts (154) covered by bank branches until 2019 and for 2020 with at least one access point (bank branch, bank agents, electronic money agents, POS, ATM, representations and/or delegations).

In the same period, 98% of districts have at least one access point to financial services. This indicator is below the 2022 target by 2 pp.

The compilation of the degree of implementation of the indicator on the percentage of population with an access point to financial services less than 5 km from the place of residence will be made using a geospatial mapping GIS platform, the implementation of which is ongoing.

7.2.2. Specific Targets

Table 14: Level of Achievement of Specific Financial Inclusion Targets in 2020

Dimension	Indicator		2015 (base year)	2016	2017	2018	2019	2020	2022 Target	Deviati on
Proximity (physical access)	Financial services access points per 100,000 adults	Bank branches	5	5	4	5	5 -	4.84	5.2	(0,4)
		Banking agents	n. a.	2	2	2	11	8.24	44.9	(36.7)
		ATM	11	12	12	13	11	10.50	15.4	(4.9)
		POS	160	175	207	207	229	224.27	250.2	(25.9)
		EMI agents	130	176	195	277	351	426.87	473.2	(46.3)
	Financial services access points per 10,000 km ²	Bank branches	8	8	8	9	10	10.12	10	0.1
		Banking agents	n. a.	3	3	4	22	17.21	50	(32.8)
		ATM	20	21	22	26	23	21.92	28.5	(6.6)
		POS	276	320	390	403	471	468.50	396.8	71.7
		EMI agents	223	322	367	539	720	891.71	525	366.7
	Proportion of districts with at least one access point to financial services		55.1%	58.0%	60.0%	64.3%	72.7%	82%	100.0%	-18%
	Proportion of the population living in districts with at least one access point		74.3%	94.0%	97.8%	97.1%	99.0%	99%	100.0%	-1%
Account access and use	Proportion of the adult population with a deposit account in a formal financial institution “number of accounts”		25.1%	36.0%	32.5%	32.7%	30.5%	31.4%	45.0%	-14%
	Proportion of adult men with a deposit account in a formal financial institution “number of accounts”		35.6%	49.2%	45.9%	46.0%	40.9%	42.7%	54.5%	-14%
	Proportion of adult women with a deposit account in a formal financial institution “number of accounts”		14.6%	20.8%	18.7%	18.8%	19.3%	19.6%	35.5%	-16%
	Proportion of adult population with a credit account in a formal financial institution “number of accounts”		5.1%	5.2%	5.7%	6.3%	6.9%	8%	10.5%	-4%
	Proportion of adult men with a credit account in a formal financial institution “number of credit accounts held by adult men”		6.7%	7.1%	8.5%	8.8%	9.6%	11%	12.0%	-2%
	Proportion of adult women with a credit account in a formal financial institution		3.5%	3.0%	3.6%	3.6%	4.5%	5%	9.0%	-4%

Dimension	Indicator	2015 (base year)	2016	2017	2018	2019	2020	2022 Target	Deviati on
	“number of credit accounts held by adult women”								
	Adult population with an active e-money account	23.1%	47.0%	41.1%	51.3%	56.3%	66.4%	70.0%	-14%
	Adult men with an active e-money account (percentage)	30.0%	35.7%	59.0%	68.9%	75.0%	87.5%	80.0%	-5%
	Adult women with an active e-money account (percentage)	16.2%	43.3%	30.0%	34.9%	38.9%	47.4%	70.0%	-31%
	Deposit accounts in a formal financial institution per 100 adults	29.1	36.0	32.5	32.7	30.5	31	40	-9.5
	Credit accounts in a formal financial institution per 100 adults	6.4	5.2	5.7	6.3	6.9	4.0	10	-3.1
	Deposits in banks as a proportion of GDP	46.4%	48.0%	43.0%	44.1%	44.1%	78.0%	72.0%	-28%
	Bank credit as a proportion of GDP	34.9%	37.9%	28.0%	24.8%	24.2%	29.4%	53.0%	-29%
	Balances on accounts of electronic money institutions as a proportion of GDP	0.1%	0.2%	0.2%	0.4%	0.5%	0.7%	6.0%	-6%
	Proportion of adult population with some insurance product	7,0%	n. a.	8.0%	8.0%	8.0%	11.0%	15.0%	-7%
	Market capitalization as a proportion of GDP	7.8%	9.0%	8.9%	8.6%	10.0%	11.21%	9.2%	1%
	Ratio of stock exchange operators to banks	50.0%	52.6%	53.0%	61.0%	66.7%	61%	65.0%	2%
	Number of investors using capital market financial products and services	5.000	6.000	7.500	7.673	22.150	23.301	12.000	10.150
Financial education	Number of financial products that adults are familiar with	3.3	n. a.	4	4	4	4	7	-3.0
	Number of financial basics questions answered correctly	3.7	n. a.	3	34	34	34	7	27.0
	Number of students familiar with capital market products	500	1200	1.701	2.500	1.200	1.200	10.000	-8.800

Source: BM, BVM, ISSM.

8. CONCLUSIONS AND CHALLENGES

8.1. Conclusions

Since the implementation of the NFIS, progress has been made in the planned actions. The degree of compliance with the NFIS action plan shows that, in 2020 of the total 54 actions included in the respective action plan, **14 (26%) were carried out, 35 (65%) are in progress and 5 (9%) have not yet started.**

Given that the implementation of NFIS there have been significant results in financial inclusion. Banking, measured by the number of bank accounts per 1,000 adults, shows that in 2020 there were about 314 bank accounts per 1,000 adults, against 305 in 2019, illustrating an increase in the country's banking by 9 bank accounts per 1,000 adults. There was an increase in the number of bank accounts from 4,885,221 in 2019 to 5,116,741 in 2020, corresponding to an increase of 5.0%. On the other hand, in terms of the expansion of electronic money accounts, in 2020, the country has about 66% of its adult population with an electronic money account opened with EMI, against 56% in 2019.

Consolidation of the coordination structure is crucial for a successful NFIS implementation. The commitment and accountability of the sectors and their actions in the NFIS action plan can be easily achieved once the NFIC is formally established. Thus, formalizing the NFIC is important.

The NFIC WGs are a driver of discussion and search for solutions towards financial inclusion. The working groups have met and made great progress in terms of the level of implementation of the actions laid down by the NFIS. However, in some sectors, the implementation of the NFIS action plan has been slow, causing a delay in meeting the targets set out in the strategy.

The Regulatory Sandbox is an environment created for boosting financial technologies (fintechs) in Mozambique. In light of the emergence of fintechs in the country, the Regulatory Sandbox, where fintechs can develop, create and test their financial innovations. The insurance sector has also seen the emergence of companies with technological innovations, called insurtechs. Although it does not have a sandbox, ISSM has enabled innovators to create products in collaboration with service providers and test them.

Completion of GIS mapping of financial services access points should be accelerated. The completion of the ongoing georeferenced mapping of financial services access points represents one of the sources of useful information for financial institutions to be able to make decisions that contribute to the expansion and diversification of the network of financial access points, as well as define possible regulatory measures to complement the future network of agents in disadvantaged areas. In turn, the insurance sector, will benefit from GIS mapping as regards access points to the insurance service, especially for the agricultural sector, which will allow a better view of the location of insured farmers.

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

The level of penetration of the insurance and pensions market is reduced. The sector is facing a great difficulty in the expansion of microinsurance. There is a need for a comprehensive review

and reform of the regulatory framework, with particular attention to the review of the digital signature and the tax on insurance and pension products.

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

8.2. Challenges

Despite the remarkable developments recorded throughout 2020, there are still some challenges to the effective achievement of the objectives and targets set in the NFIS, the following being highlighted:

(i) **Legal and Regulatory Framework**

- a. Regulation of KYC by levels; and
- b. Ensure the approval of the licensing and supervision fintechs framework.

(ii) **Design and implementation of financial products and services tailored to the needs of the population:**

- a. Promote the introduction into the national market of financial products and services, business models and innovative solutions that contribute to the provision of affordable financial services to the entire population.

(iii) **Strengthening the financial infrastructure**

- a. Keep strengthening the financial infrastructure, especially on the completion of the interoperability of financial services provided by banking institutions through the single national network.

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

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

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

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

(vi) **Strengthening the capital market**

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

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

- a. Improving financial inclusion indicators to ensure their disaggregation by gender, age, and type of legal entity (natural or legal).

(viii) **Georeferenced mapping**

- a. Assessing the possibility of including the insurance sector and other financial institutions in the mapping.

9. ANNEXES

ANNEX 1: DISTRIBUTION OF ACCESS POINTS BY THE 154 DISTRICTS OF MOZAMBIQUE (2020)

District	Branches		Banking agents		MicroBank branches and credit unions		Non-banking agents (EMI)		Representations		Delegations and counters		ATM		POS		TOTAL	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Maputo City	236	231	661	364	13	20	13.720	16.517	323	784	28	29	572	538	14.792	14.818	30.345	33.301
Maputo Province	77	73	254	112	9	20	11.294	14.273	102	124	22	22	235	225	5.673	5.759	17.666	20.608
Matola	48	44	198	98	4	5	8.861	11.283	75	98	6	6	156	155	3.549	3.570	12.897	15.259
Boane	9	9	5	0	1	3	674	832	6	11	0	0	22	17	797	802	1.514	1.674
Magude	1	6	1	1	2	3	40	50	5	1	0	0	2	2	71	76	122	139
Manhiça	6	1	5	4	0	2	439	536	0	1	0	0	24	18	178	175	652	737
Marracuene	3	2	38	4	1	3	975	1.167	11	10	0	0	11	13	488	549	1.527	1.748
Matutuine	2	3	6	5	1	1	68	82	2	1	3	3	5	5	348	357	435	457
Namaacha	1	1	0	0	0	1	85	101	1	1	8	8	2	2	128	107	225	221
Moamba	7	7	1	0	0	2	152	222	2	1	5	5	13	13	114	123	294	373
Gaza	33	36	145	92	3	4	2.585	3.335	25	36	7	7	81	81	1.546	1.476	4.425	5.067
Xai-Xai	15	15	81	63	2	3	1.180	1.528	10	21	4	4	35	32	782	496	2.109	2.162
Bilene	5	5	12	3	0	0	337	462	3	2	1	1	13	13	249	169	620	655
Chibuto	3	2	19	4	0	0	353	414	3	3	0	0	5	6	98	58	481	487
Chicalacuala	1	1	1	0	0	0	16	43	1	2	0	0	2	2	29	146	50	194
Chigubo	0	1	1	2	0	0	1	3	0	0	0	0	0	1	7	342	9	349
Chókwè	6	6	5	3	1	1	444	497	4	4	1	1	15	13	206	72	682	597
Guijá	0	1	4	3	0	0	31	41	1	1	0	0	0	1	18	27	54	74
Mabalane	1	1	1	0	0	0	54	56	0	0	0	0	2	2	16	49	74	108
Manjacaze	1	2	3	8	0	0	42	241	1	1	0	0	2	4	95	47	144	303
Massangena	0	0	2	3	0	0	6	10	0	0	0	0	0	0	12	34	20	47
Massingir	1	1	1	0	0	0	37	39	2	2	1	1	2	2	34	36	78	81
Chonguene	0	0	7	1	0	0	13	0	0	0	0	0	5	4	0	0	25	5
Limpopo	0	0	8	2	0	0	71	1	0	0	0	0	0	1	0	0	79	4
Mapai	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Inhambane	37	35	251	140	5	7	4.042	4.639	17	45	5	5	82	83	1.686	1.665	6.125	6.619
Inhambane	6	6	50	41	2	2	763	813	5	13	1	1	17	17	489	465	1.333	1.358
Maxixe	9	8	42	18	2	3	652	741	4	13	3	3	21	21	333	354	1.066	1.161
Funhalouro	2	1	10	0	0	0	116	124	0	0	0	0	2	2	35	40	165	167
Govuro	1	1	1	3	0	0	39	46	0	0	0	0	2	2	24	24	67	76
Homoine	1	1	30	9	0	0	164	177	0	0	0	0	2	2	29	24	226	213
Inharrime	2	2	2	1	0	0	200	268	1	1	0	0	4	5	59	54	268	331
Inhassoro	2	3	4	1	0	0	149	163	0	0	0	0	5	5	92	82	252	254
Jangamo	1	1	3	1	0	0	183	220	0	0	0	0	2	2	54	48	243	272
Mabote	1	1	1	1	0	0	32	44	2	4	0	0	2	2	36	38	74	90
Massinga	2	2	38	20	0	1	544	617	1	2	1	1	6	6	138	131	730	780
Morrumbene	2	2	49	35	1	1	219	241	0	0	0	0	5	5	64	62	340	346
Panda	1	1	9	7	0	0	109	113	0	0	0	0	1	1	15	15	135	137
Vilankulo	4	4	9	3	0	0	615	790	3	10	0	0	9	9	276	280	916	1.096

District	Branches		Banking agents		MicroBank branches and credit unions		Non-banking agents (EMI)		Representations		Delegations and counters		ATM		POS		TOTAL	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Zavala	3	2	3	0	0	0	257	282	1	2	0	0	4	4	42	48	310	338
Sofala	55	57	31	69	5	8	4.555	5.308	15	25	11	13	140	146	2.943	2.885	7.755	8.511
Beira	39	40	8	52	3	6	3.266	3.800	8	17	11	13	101	109	2.573	2.514	6.009	6.551
Búzi	1	1	4	3	0	0	92	124	2	2	0	0	2	2	41	39	142	171
Caia	1	2	0	0	1	1	192	219	1	2	0	0	3	3	38	35	236	262
Chemba	1	1	1	0	0	0	43	49	0	0	0	0	2	2	12	12	59	64
Cheringoma	1	1	1	1	0	0	15	19	1	1	0	0	2	2	15	15	35	39
Chibabava	2	2	5	1	0	0	50	61	1	1	0	0	5	4	27	28	90	97
Dondo	6	5	2	3	0	1	454	481	0	0	0	0	14	12	121	116	597	618
Gorongosa	1	1	4	2	1	0	101	120	0	0	0	0	2	2	29	25	138	150
Machanga	0	1	1	0	0	0	8	8	0	0	0	0	1	1	8	12	18	22
Maríngue	0	0	1	1	0	0	6	17	1	0	0	0	0	0	8	10	16	28
Marromeu	1	1	2	1	0	0	90	119	0	0	0	0	3	3	29	28	125	152
Muanza	1	1	1	0	0	0	5	10	0	1	0	0	1	1	2	4	10	17
Nhamatanda	1	1	1	5	0	0	233	281	1	1	0	0	4	5	40	47	280	340
Manica	27	29	42	162	6	10	2.572	3.589	4	11	13	13	64	64	1.371	1.367	4.099	5.245
Chimoio	17	18	11	125	3	7	1.706	1.803	1	8	5	5	42	42	991	510	2.776	2.518
Báruè	1	1	2	4	1	1	172	196	0	0	0	0	2	2	37	514	215	718
Gondola	2	2	3	3	0	0	203	431	1	1	0	0	5	4	66	59	280	500
Guro	1	1	0	0	0	0	74	118	0	0	0	0	2	2	22	15	99	136
Machaze	0	1	8	4	0	0	39	60	0	0	0	0	0	1	27	33	74	99
Macossa	0	0	4	3	0	0	0	3	0	0	0	0	0	0	14	18	18	24
Manica	3	3	2	5	2	2	52	521	2	2	5	5	6	6	142	155	214	699
Vandúzi	1	1	2	4	0	0	108	130	0	0	0	0	2	2	0	0	113	137
Mossurize	1	1	3	0	0	0	65	174	0	0	3	3	2	2	25	1	99	181
Sussundenga	1	1	2	8	0	0	146	16	0	0	0	0	2	2	33	32	184	59
Tambara	0	0	4	2	0	0	7	0	0	0	0	0	1	1	14	26	26	29
Macate	0	0	1	4	0	0	0	137	0	0	0	0	0	0	0	4	1	145
Tete	39	41	54	74	5	6	3.326	4.515	9	20	27	27	106	109	1.927	1.919	5.493	6.711
Tete	21	22	35	40	4	5	2.153	2.897	4	15	12	12	67	66	1.507	879	3.803	3.936
Angónia	5	4	0	0	1	1	174	240	0	0	3	3	9	8	96	118	288	374
Cahora Bassa	4	3	0	1	0	0	171	225	4	4	1	1	7	7	99	38	286	279
Changara	1	2	0	0	0	0	114	135	0	0	3	3	2	2	10	6	130	148
Chifunde	0	1	2	1	0	0	4	8	0	0	0	0	2	2	4	9	12	21
Chiúta	1	1	0	0	0	0	20	40	0	0	1	1	2	2	7	633	31	677
Macanga	1	1	2	15	0	0	122	141	1	1	0	0	2	5	5	16	133	179
Mágoe	0	0	4	3	0	0	28	200	0	0	1	1	0	0	19	16	52	220
Marávia	1	1	2	5	0	0	17	42	0	0	0	0	2	2	14	22	36	72
Moatize	4	4	0	2	0	0	390	427	0	0	3	3	11	12	130	146	538	594
Mutarara	1	1	1	0	0	0	120	145	0	0	0	0	2	2	20	24	144	172
Tsangano	0	1	3	1	0	0	4	10	0	0	2	2	0	1	9	6	18	21
Zumbo	0	0	2	3	0	0	2	4	0	0	1	1	0	0	0	6	5	14
Marara	0	0	1	1	0	0	1	0	0	0	0	0	0	0	0	0	2	1

District	Branches		Banking agents		MicroBank branches and credit unions		Non-banking agents (EMI)		Representations		Delegations and counters		ATM		POS		TOTAL	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Doa	0	0	2	2	0	0	6	1	0	0	0	0	0	0	7	0	15	3
Zambézia	33	34	35	48	4	6	4.409	5.022	12	23	8	8	112	111	1.428	1.348	6.041	6.600
Quelimane	14	13	12	30	2	3	2.061	2.395	4	15	4	4	61	57	679	334	2.837	2.851
Alto Molócuè	2	2	0	0	0	0	291	325	3	3	0	0	6	6	71	46	373	382
Chinde	0	0	6	7	0	0	2	4	0	0	0	0	0	0	17	377	25	388
Gurùè	2	2	2	0	1	2	371	394	2	2	1	1	7	7	70	40	456	448
Ile	0	1	1	1	0	0	80	86	0	0	0	0	0	1	24	52	105	141
Inhassunge	0	0	2	1	0	0	17	18	1	1	0	0	0	0	5	14	25	34
Lugela	0	0	1	1	0	0	29	30	0	0	0	0	0	0	16	9	46	40
Gilé	1	1	0	0	0	0	11	31	0	0	0	0	2	2	39	21	53	55
Maganja da Costa	1	1	1	0	0	0	85	108	0	0	0	0	2	2	36	38	125	149
Milange	2	2	0	0	0	0	183	213	0	0	2	2	7	7	60	54	254	278
Mocuba	6	6	2	1	1	1	594	665	0	0	1	1	16	16	196	174	816	864
Mopeia	1	1	0	0	0	0	102	113	0	0	0	0	2	2	34	36	139	152
Morrumbala	1	1	0	1	0	0	188	206	0	0	0	0	2	2	38	43	229	253
Namacurra	1	1	0	0	0	0	78	79	0	0	0	0	2	2	22	15	103	97
Namarrói	0	0	3	1	0	0	12	13	0	0	0	0	0	0	25	19	40	33
Nicoadala	1	1	0	1	0	0	204	253	0	0	0	0	4	4	34	32	243	291
Pebane	1	1	1	2	0	0	90	88	2	1	0	0	1	1	62	44	157	137
Luabo	0	0	1	1	0	0	2	1	0	1	0	0	0	0	0	0	3	3
Mulevala	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	3	0
Mocubela	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	3	0
Derre	0	0	3	0	0	0	3	0	0	0	0	0	0	0	0	0	6	0
Molumbo	0	1	0	1	0	0	0	0	0	0	0	0	0	2	0	0	0	4
Nampula	79	81	126	256	9	10	6.370	8.055	13	31	13	13	202	197	3.345	3.406	10.157	12.049
Nampula	35	35	79	146	5	6	4.436	5.669	4	18	7	7	101	107	2.174	1.126	6.841	7.114
Nacala-Porto	16	16	3	47	3	4	575	645	3	2	5	5	48	35	622	622	1.275	1.376
Angoche	2	2	4	8	0	0	202	235	2	2	1	1	4	2	58	1.175	273	1.425
Ilha de Moçambique	2	2	2	0	0	0	82	101	0	3	0	0	5	5	60	52	151	163
Lalaua	1	1	1	1	0	0	13	14	0	0	0	0	2	2	6	3	23	21
Malema	2	2	2	2	0	0	72	114	1	1	0	0	4	4	37	37	118	160
Meconta (Namialo)	2	2	1	3	0	0	165	189	0	0	0	0	5	5	42	42	215	241
Mecubúri	2	2	2	0	0	0	30	46	0	0	0	0	3	3	10	19	47	70
Memba	0	1	2	1	0	0	14	24	0	0	0	0	0	2	9	10	25	38
Mogincual	1	1	3	9	0	0	7	13	0	0	0	0	1	1	16	13	28	37
Mogovolas	1	1	2	15	0	0	127	150	0	0	0	0	2	2	14	12	146	180
Moma	2	2	4	5	0	0	95	124	1	1	0	0	4	4	39	40	145	176
Monapo	2	2	1	0	0	0	109	157	0	0	0	0	5	5	29	29	146	193
Mossuril	1	1	2	0	0	0	30	32	0	2	0	0	3	3	23	19	59	57
Muecate	1	1	2	3	0	0	22	42	0	0	0	0	1	1	5	6	31	53
Murrupula	1	1	2	0	1	0	59	60	1	1	0	0	1	2	25	25	90	89
Nacala-a-Velha	2	2	4	3	0	0	84	83	0	0	0	0	4	4	56	54	150	146
Nacaroa	0	1	1	1	0	0	22	32	0	0	0	0	0	1	9	11	32	46

District	Branches		Banking agents		MicroBank branches and credit unions		Non-banking agents (EMI)		Representations		Delegations and counters		ATM		POS		TOTAL	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Erátí	1	1	2	3	0	0	56	128	0	0	0	0	2	2	37	29	98	163
Rapale	1	1	1	0	0	0	16	19	0	0	0	0	1	1	16	16	35	37
Ribaué	4	3	4	7	0	0	144	178	1	1	0	0	6	6	58	66	217	261
Larde	0	0	1	1	0	0	7	0	0	0	0	0	0	0	0	0	8	1
Liúpo	0	1	1	1	0	0	3	0	0	0	0	0	0	0	0	0	4	2
Cabo Delgado	38	40	38	9	2	1	2.073	2.711	17	32	5	6	98	91	1.318	1.239	3.589	4.129
Pemba	18	17	10	2	2	1	1.088	1.469	4	29	4	5	48	46	786	413	1.960	1.982
Ancuabe	1	1	2	0	0	0	54	65	2	0	0	0	1	1	29	40	89	107
Balama	2	2	3	0	0	0	16	36	2	0	0	0	5	5	28	43	56	86
Chiúre	2	2	3	2	0	0	137	204	2	0	0	0	4	4	37	397	185	609
Ibo	0	0	0	0	0	0	0	0	0	0	0	0	1	0	10	10	11	10
Macomia	1	1	1	0	0	0	57	54	0	0	0	0	2	0	25	17	86	72
Mecúfi	1	1	0	0	0	0	20	25	0	0	0	0	1	1	10	7	32	34
Meluco	0	0	4	2	0	0	29	81	0	0	0	0	0	0	6	3	39	86
Mocímboa da Praia	3	3	3	0	0	0	143	132	0	0	0	0	6	2	88	63	243	200
Montepuez	3	3	4	0	0	0	281	354	5	3	1	1	10	10	131	120	435	491
Mueda	3	3	2	0	0	0	167	191	0	0	0	0	4	6	23	13	199	213
Muidumbe	1	1	1	0	0	0	8	11	0	0	0	0	2	0	7	3	19	15
Namuno	1	1	1	0	0	0	17	28	2	0	0	0	2	2	17	17	40	48
Nangade	1	1	2	1	0	0	3	3	0	0	0	0	2	2	13	12	21	19
Palma	1	3	0	0	0	0	41	46	0	0	0	0	10	10	66	48	118	107
Metuge	0	1	0	2	0	0	1	1	0	0	0	0	0	2	36	28	37	34
Quissanga	0	0	2	0	0	0	11	11	0	0	0	0	0	0	6	5	19	16
Niassa	25	27	60	16	3	4	1.200	1.584	4	7	5	5	63	65	672	658	2.032	2.366
Lichinga	10	10	2	9	2	2	738	898	2	5	1	1	30	30	392	209	1.177	1.164
Cuamba	6	6	42	0	0	0	264	328	2	2	1	1	16	16	138	91	469	444
Lago	2	2	0	0	0	0	12	18	0	0	0	0	3	3	23	9	40	32
Chimbonila	0	1	0	0	0	1	4	0	0	0	1	1	0	1	0	0	5	4
Manjune	0	1	3	0	0	0	3	5	0	0	0	0	0	1	6	219	12	226
Mandimba	1	1	4	2	1	0	51	112	0	0	2	2	2	2	12	11	73	130
Marrupa	1	1	2	1	0	0	31	42	0	0	0	0	2	2	20	6	56	52
Maúá	1	1	2	2	0	0	26	33	0	0	0	0	2	2	13	22	44	60
Mavago	1	1	0	0	0	0	0	1	0	0	0	0	2	2	7	10	10	14
Mecanhelas	1	1	1	0	0	0	23	55	0	0	0	0	3	3	31	16	59	75
Mecula	1	1	0	0	0	0	0	6	0	0	0	0	2	2	7	37	10	46
Metarica	0	0	0	0	0	0	0	15	0	0	0	0	0	0	5	8	5	23
Muembe	0	0	3	1	0	0	34	40	0	0	0	0	0	0	4	3	41	44
Ngaúma	0	0	1	1	0	1	13	15	0	0	0	0	0	0	2	6	16	23
Nipepe	1	1	0	0	0	0	0	16	0	0	0	0	1	1	9	10	11	28
Sanga	0	0	0	0	0	0	1	0	0	0	0	0	0	0	3	1	4	1
Total Access Points	679	684	1.697	1.342	64	96	56.146	69.548	541	1.138	144	148	1.755	1.710	36.701	36.540	97.727	111.206

Source: INE, BM, ISSM

Notes: does not include exchange operators in order to avoid over-counting, since they coincide with banking institutions.

ANNEX 2: LEGISLATION RELEVANT TO FINANCIAL INCLUSION

REFERENCE	MATTER	ELECTRONIC ACCESS
BANKING SECTOR		
LAWS AND DECREE-LAWS		
Law No. 20/2020 of December 31	Law on credit institutions and financial companies- repeals laws No. 15/99 of November 1, and No. 9/2004 of July 21.	http://www.bancomoc.mz/fm_pgTab1.aspx?id=14
Law No. 19/2018 of December 28	Law on Movable Securities	
Law No. 6/2015 of October 6, 2015	Creates the Credit Information System of private management.	http://www.bancomoc.mz/fm_pgTab1.aspx?id=14
Law No. 14/2013 of August 12	Law on preventing and combating money laundering and financing of terrorism, which repeals Law No. 7/2002 of February 5.	http://www.bancomoc.mz/fm_pgTab1.aspx?id=14
DECREES		
Decree No. 99/2019 of December 31	Establishes the legal regime for payment service providers	http://www.bancomoc.mz/fmpgTab1.aspx?id=13
Decree no. 7/2020 of March 10	Regulation on Movable Securities (Law No. 19/2018 of December 28)	
Decree No. 11/2016 of May 16	Regulation of law no. 6/2015 of October 6, Private Credit Information Centers.	http://www.bancomoc.mz/fm_pgTab1.aspx?id=13
Decree No. 66/2014 of October 29	Regulation of Law No. 14/2013 of August 12, which establishes the legal regime and the measures of prevention and repression in relation to the use of the financial system and non-financial entities for the purposes of money laundering, financing of terrorism and related crimes.	http://www.bancomoc.mz/fm_pgTab1.aspx?id=13
Decree No. 30/2014 of June 5	It amends the heading of subsection IV of Section II and Articles 10 and 11 of the regulation of the law on credit institutions and financial companies, approved by Decree No. 56/2004 of December 10.	http://www.bancomoc.mz/fm_pgTab1.aspx?id=13
Decree No. 49/2010 of November 11	Creates the Deposit Guarantee Fund (DGF) and approves the respective regulation.	

REFERENCE	MATTER	ELECTRONIC ACCESS
Decree No. 56/2004 of December 10	Regulation of the law on credit institutions and financial companies-repeals decrees no. 45/94 of October 12, and No. 11/2001 of March 20.	www.bancomoc.mz/fm_pgTab1.aspx?id=13
Decree No. 57/2004 of December 10	Microfinance regulation-revokes Decree No. 47/98 of September 22	www.salcaldeira.com/index.php/en/component/docman/doc_download/137-decreto-n-57-2004-regulamento-das-microfinancas .
MINISTERIAL ORDERS		
Ministerial Order No. 62/2016 of September 21	Criteria and methodologies for the calculation of the annual periodic contribution, to be delivered to the DGF by credit institutions authorized to collect deposits and subject to the prudential supervision of the BM.	
Ministerial Order No. 61/2016 of September 21	Limit of the guarantee to be reimbursed by DGF	
Ministerial Order No. 223/2013 of September 23	Criteria and arrangements for the rationing by the participating credit institutions of the contribution to the initial foundation of the DGF.	
Ministerial Order No. 222/2013 of September 23	Chart of accounts of the FGD.	
NOTICES FROM BANK OF MOZAMBIQUE		
Notice No. 10 / GBM / 2020 of December 17	Regulation on the Business of the Banking Agent	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 7 / GBM / 2020 of December 17	Complaint handling regulation	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 05 / GBM / 2020 of April 13	Mandatory Collection and Sending of Geographical Coordinates of Access Points to Financial Services	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 03 / GBM / 2020 of March 27	Minimum capital of companies providing payment services, in the categories of payment aggregators and transfer of funds.	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 19 / GBM / 2017 of December 26	Amends Article No. 7 of Notice No. 13/GBM / 2017 of June 9.	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 13 / GBM / 2017 of June 9	Scheme of fees and charges relating to Financial Services and their nomenclature-	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8

REFERENCE	MATTER	ELECTRONIC ACCESS
	repeals Notice No 5 / GBM / 2009 of June 10.	
Notice No. 5 / GBM / 2016 of November 14	Information that credit reporting centers must send to the BM on a regular basis for the purpose of supervising their activity.	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 4 / GBM / 2016 of November 14	License application processing fee and annual license fee of credit information centers.	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 6 / GBM / 2015 of December 31	Measures to protect funds received from clients in exchange for electronic money issued by electronic money institutions.	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 4 / GBM / 2015 of June 17	Guidelines on preventing and suppressing money laundering and terrorist financing.	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 3 / GBM / 2015 of May 4	Regime of access and business of banking agents	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 2 / GBM / 2015 of April 22	Connection to the single national network of electronic payments.	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 1 / GBM / 2015 of April 22	Rules and criteria for opening and closing bank branches.	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Notice No. 4 / GBM / 2009 of March 4	Regulation on services of complaint handling, information requests and suggestions.	http://www.bancomoc.mz/fm_pgtab1.aspx?id=8
Circulars – Bank of Mozambique		
Circular No. 2/EFI / 2020 of March 23	Credit restructuring in the context of the COVID-19 pandemic	https://www.bancomoc.mz/fm_pgTab1.aspx?id=9
Circular No. 1 / EPO / 2018 of January 19	Complete and simplified pricing structure templates and filling instructions.	
Circular No. 2 / EPO / 2018 of January 19	General conditions of contracting and use of the automatic payment terminal.	
INSURANCE SECTOR		
LAWS AND DECREE-LAWS		
Decree-Law No. 1/2010 of December 31	Legal Regime of insurance.	http://www.issm.gov.mz/index.php/en/2014-09-23-09-14-49/seguros
DECREES		
Decree No. 30/2011 of August 11	Regulation of the conditions of access and business of the	

REFERENCE	MATTER	ELECTRONIC ACCESS
	insurance activity and the respective mediation.	http://www.issm.gov.mz/index.php/en/2014-09-23-09-14-49/seguros
MINISTERIAL ORDERS		
Ministerial Order No. 59/2017 of September 15	Establishes the readjustment of the amounts of the minimum capital of coverage of compulsory motor civil liability insurance.	www.issm.gov.mz/index.php/2014-09-23-09-14-49/seguros
NOTICES – MOZAMBIQUE INSURANCE SUPERVISION INSTITUTE		
Notice no 3/2021 of March 25	Update of the minimum amounts of the share capital of the entities authorized to exercise the insurance business,	http://www.issm.gov.mz/index.php/en/2014-09-23-09-14-49/seguros/85-legislacao
Notice No. 3 / ISSM / 2015 of June 30	Establishes the amount limits for capital at risk in the insurance branches, in the microinsurance segment, under Article 52 (3) of the insurance legal Regime, approved by Decree-Law No. 1/2010 of December 31.	www.http://www.portaldegoverno.gov.mz/.../BR+51+III+SERIE+2.%C2%BA+SUPLEMENTO+2015.pdf
RELATED SECTORS THAT CONTRIBUTE TO FINANCIAL INCLUSION		
LAWS AND DECREE-LAWS		
Law No. 3/2017 of January 9	Electronic Transactions Act.	www.portaldegoverno.gov.mz/.../LEI DE TRANSACCOES ELECTRONICAS.pdf
Law No. 26/2014 of September 23	Regarding the revision of Law No. 2/96 of January 4, which regulates the right to submit petitions, complaints and claims to the Competent Authority.	www.salcaldeira.com/index.php/pt/publicacoes/artigoss/doc_download/882-decreto-n-27-2014-estabelece-o-regime-especifico-de-tributacao-de-beneficios-fiscais-das-operacoes-petroliferas+&cd=1&hl=pt-PT&ct=clnk&gl=mz
Law No. 22/2009 of September 28	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
DECREES		
Decree No. 27/2016 of July 18	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