



COMMUNIQUE

The Banco de Moçambique hereby makes it known that it has been concerned with the proliferation of entities undertaking deposit-taking from natural persons without the proper permit. The list of entities permitted to undertake the business of financial intermediation is available on the official website of the Banco de Moçambique at: <https://www.bancomoc.mz/pt/areas-de-actuacao/licenciamento/licenciamento-de-instituicoes/>.

Prior to deciding to use any financial product, individuals should check this list, so as to ascertain if the entity concerned has a permit. If it is not found on the list, the entity is illegally undertaking the business of public deposit-taking, which legally constitutes a crime.

Usually, institutions illegally operating in the financial domain provide for financial pyramid schemes. Financial pyramid schemes are fraudulent business schemes, promising short-term earnings, usually from interest on deposited amounts. These interests tend to be much higher than the market average and increase as more depositors are lured in by persons involved.

The uptake by new persons seems to provide earnings to earlier scheme users. However, as the pyramid grows, as a result of depositors trusting the scheme, there are not sufficient funds to pay everyone and, in the end, most are at a loss. Therefore, using these entities poses a high risk and may bring about severe losses to those involved, as they are not bound to information duties and prudential limits that protect the interests of the consumer nor the financial system's stability.

Financial pyramid schemes can be identified by taking notice of the following red flags:

- a) Not licensed by the Banco de Moçambique;
- b) False advertising;
- c) Demand for money without exchange for a financial asset, product or services;
- d) Promise to pay excessively high interest, in a short timeframe, and apparently with low risk;
- e) Little information about the entity, which may have virtual headquarters or none at all;
- f) No information about the entity's owners, and, in cases where the business has a presence on social media, there are no pictures of the persons liable or involved;
- g) Use of fictitious names by the entity's promoters, such as "investor", "winner", "millionaire", among others;
- h) No associated product nor investment strategy; and
- i) Offer of high commissions or other goods in exchange for recruiting new customers;

Take care when investing your money. Learn more!