REPUBLIC OF MOZAMBIQUE

NATIONAL FINANCIAL INCLUSION STRATEGY

2016 - 2022

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TECHNICAL SPECIFICATIONS

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ABREVIATURAS

AMB	Mozambican Banks Association
AMOMIF	Mozambican Micro-Finance Operators' Association
AMS	Mozambican Insurers Association
ATM	Automated Teller Machine
BM	Bank of Mozambique
BVM	Mozambique Stock Exchange
IME	Electronic Money Institution
INAS	National Social Action Institute
INCM	National Communication Institute of Mozambique
INE	National Statistics Institute
INPS	National Social Providence Institute
INSS	National Social Security Institute
ISSM	Mozambique's Insurance Supervision Institute
MEF	Ministry of Economy and Finance
MIC	Ministry of Industry and Trade
MINEDH	Ministry of Education and Human Development
MINJACR	Ministry of Justice, Constitutional and Religious Affairs
MITADER	Ministry of Land, Environment and Rural Development
MITESS	Ministry of Labor, Employment and Social Security
MOPHRH	Ministry of Public Works, Housing and Water Resources
MPME	Micro, Small and Medium Enterprises
PIB	Gross Domestic Product
POS	Point of Sale Terminal
SNP	National Payments System

EXECUTIVE SUMMARY

The Mozambican government has been striving to ensure the availability and accessibility of quality financial services and products suitable to the needs of the majority of the Mozambican population, thus contributing to social and economic progress and to the welfare of the communities, including smallholders and micro, small and medium-size enterprise owners, both in urban, peri-urban and in rural areas. This will enhance the levels of financial inclusion in the country.

By the end of 2015, Mozambique's financial sector was comprised apart from the regulators, Bank of Mozambique and Insurance Supervision Institute of Mozambique, by the following entities: ***(i)*** credit institutions and financial companies, 18 banks, 11 micro-banks and 9 credit unions, 2 electronic money institutions, 12 savings and loan organizations, 330 microfinance operators; ***(ii)*** insurance and pensions market institutions, namely, 18 insurers, 59 insurance brokers, 1 basic social security institution, 2 mandatory social security institutions, 8 pension funds, 6 pension funds management companies; and ***(iii)*** capital market institutions, namely the Stock Exchange and 9 Stock Exchange Operators.

Despite the diversity of the existing financial institutions, the levels of financial inclusion in the country remain relatively low. Indeed, for a country with an area of 799 380 km2 and an adult population of about 14.2 million, 656 branches of credit institutions, 17 855 agents of electronic money institutions, 1 576 ATM, 22 052 POS, 118 delegations of insurance companies of which 45 are branches located near border posts, are clearly insufficient to meet the needs of both the population and companies. As a result, by the end of 2015 there were in geographic terms 8 credit institutions branches per 10 000 km2 and, demographically, there were 5 branches per 100 000 adults. The number of ATM and POS per 10 000 km2 was 20 and 276, respectively, while the figures for the same type of payment terminals per 100 000 adults stood at 11 and 160, respectively. Moreover, a considerable number of financial services access points are located in urban areas, notably in the city of Maputo. By the end of 2015, among the 158 districts of the country only 87 had credit institutions branches, while 98 districts had ATMs, 147 had POS and 122 had agents for electronic money institutions. Also by the end of 2015, about 20% of the adult population had bank account and most adults were familiar with the products offered by banks, being the bank accounts and bank loans the most used.

In this regard, the electronic payment system, including government payments, which represent huge opportunities to boost financial inclusion in the country, are being modernized and expanded, as evidenced by the strengthening of the various payment subsystems, in particular the inter-banking electronic money transfers.

The insurance industry shows low penetration levels, both geographically and demographically, but it is growing at a rather fast pace. The offer of products, targeted at the low-income segment has the potential to contribute to the consistent growth of this industry. The same trend can be observed in the pensions sector, which is virtually confined to the mandatory pension's regime.

In the last few years, surveys were conducted on the financial customer protection and financial literacy and it was found that although there has been some evolution in the undertaking of activities aimed at the financial customer protection, these activities lack consolidation to ensure that financial inclusion occurs based on business practices that, while protecting the consumer interests and rights in a fair manner, promote a growing trust on the financial system and contribute towards financial stability.

Similarly, surveys were conducted on the main obstacles to financial inclusion in Mozambique. The main obstacles comprise the limited expansion of financial services access points, which in turn is related to the lack of some basic infrastructures, particularly in rural areas, low economic potential and the transaction costs. Moreover, there is a relatively limited offer of products and services developed and marketed to meet the needs of specific social and business segments, with poor or no access to financial services, such as smallholder farmers, low-income families living in urban and peri-urban areas, and micro, small and medium size companies.

Despite these obstacles, the financial sector regulatory and supervisory institutions have adopted some measures to stimulate the expansion of financial services and products access points through the country, particularly in rural areas. These measures include the recently approved regime for access and for undertaking the activities of banking agents, which sets out the terms and conditions whereby banks and micro-banks can expand their activities through the engagement of banking agents. With this measure, in particular, it is expected that in the short and medium term, there will be an expansion of basic banking activities to all districts.

Considering also the need to broaden the access to financial services by the majority of the Mozambican population and in a effort to explore economies of scale by reducing transaction costs and thereby contribute to accelerate financial inclusion, the Government, as in the case of other countries, has been working to unify the electronic payment networks. It was in this regard that the Bank of Mozambique also developed recently the terms and conditions to link the internal operations management systems of credit institutions and financial companies to a single national network.

These recent developments have already underlined a tridimensional financial inclusion concept, addressing the issues of access, use and welfare, i.e. the process of knowledge, access and effective use of financial products and services provided by the regulated institutions, by the whole population to enhance their quality of life and social welfare. Therefore, the National Financial Inclusion Strategy aimed at providing a structured and logical approach to identify policy measures and priority actions, involving all the relevant sectors to move meaningfully to construction of a financially included society in Mozambique, and to establish a follow-up, and monitoring and evaluation methodology and a coordination structure for the different financial sector stakeholders.

The achievement of the proposed objectives will be dependent on broader conditions being in place beyond the financial sector, but which will be necessary for the continuous process of financial inclusion, notably: ***(i)*** inter-institutional coordination; ***(ii)*** an adequate legal framework; ***(iii)*** basic infrastructures and adequate technologies; ***(iv)*** conducive macroeconomic conditions; and in particular, ***(v)*** the financial sector's commitment to implement the Strategy.

These conditions affect not only the process of financial inclusion, for example, by reducing operational costs of financial institutions through adequate transport and power infrastructures. But also can broaden the impact of the financial inclusion process on the welfare of the population, for example, through a favorable macroeconomic environment for the micro, small and medium size enterprises and by creating formal employment.

Consequently, these conditions, once created, will sustain the pillars, that will guide the activities and measures set in the Strategy: ***(i)*** access and use of financial services; ***(ii)*** strengthening of financial infrastructures; ***(iii)*** and protection of the financial consumer and financial literacy. In effect, the activities related to each pillar were identified through a financial stakeholders' consultation process and they focus on the mitigation of obstacles and on seizing the opportunities that arise from the economic growth, stability environment and from technological advances.

In turn, the implementation of the action plan shall be assured by a national level coordination structure aligned with the Financial Sector Development Strategy and shall include a Financial Inclusion National Committee, Internal Committees at the Bank of Mozambique and at Mozambique's Insurance Supervision Institute, Working Groups and a Technical Implementation Unit.

Therefore, in order to ensure the effective implementation of the Strategy and to drive changes, a monitoring and evaluation mechanism is proposed. The Technical Implementation Unit through specific calculation and data generation methodologies and instruments shall be responsible for following-up the progress on each proposed action, monitoring and dissemination of financial inclusion indicators and for achieving the targets set for both 2018 and 2022. The indicators evolution assessment shall be used to establish the impact of the Strategy actions.

In this regard, it is expected that together, the proposed actions and measures shall lead to the achievement of the 3 financial inclusion measures set for 2022, namely: ***(i)*** 60% of the adult population with physical or electronic access to financial services offered by a formal financial institution; ***(ii)*** 100% of the districts with at least one formal access point to financial services; and ***(iii)*** 75% of the population with one financial services access point within 5 km of their place of residence or work.

INTRODUCTION

The need to expand the levels of population and companies access to formal financial services in Mozambique has always been part of the Government's economic policies. Its relevance has been growing as it is recognized at the global level the role that financial inclusion plays in stimulating financial savings, in financing the economy and, consequently, in expanding economic activities, income generation and poverty reduction, leading to economic development, reduction of social inequalities and enhancement of the welfare of the population.

Aware of these benefits and based on the experiences from other countries where financial inclusion promotion policies are found on a particular strategy, the Government of Mozambique developed its Financial Sector Development Strategy which was approved in 2013, and as one of its actions the development of the Financial Inclusion National Strategy aimed at involving the formal financial sector in the implementation of specific actions that would be adopted to enhance the levels of financial inclusion and to promote financial education and financial consumer protection. The financial inclusion strategic approach enables the expansion and use of financial services and products to be materialized alongside a regulation that is adequate and conducive to achieving the intended objectives while ensuring continuity, on one hand, of population's and companies' trust in the financial system and, on the other, its stability and modernization.

Thus, based on the outcome of surveys and studies conducted on Mozambique's financial system and pursuant to the consultations with the various sector stakeholders, it was realized that the promotion of financial inclusion in Mozambique should be premised on the following priority areas: (i) expansion of financial products and services access points across into the whole country, in particular to rural and peri-urban areas, with the view of ensuring proximity and availability of a range of adequate financial services and products to the whole population and to companies; (ii) increase in the number of users of such services, mainly by encouraging the opening of new bank accounts and their effective use and by promoting financial savings; and (iii) improvement of the level of knowledge, capacity and protection of financial consumers and the population at large with respect to financial services and products and the operation of financial institutions.

Both national and international level experience shows that a bank account is usually the entry point for individuals and companies to benefit from other financial services and products, such as access to bank loans, particularly for smallholders and micro, small and medium companies (MSME), the electronic money transfer systems and also insurance and pension funds services or even the capital markets, therefore the Strategy prioritizes the accounts and services provided by banking institutions. With the view to maximize the benefits of financial inclusion, the Strategy also attaches great importance to the issues related to the consumer protection and the promotion of financial inclusion, given that the consumers of financial services and products need to have from one side their rights and duties safeguarded, and understand the information generated by financial institutions, on other side, to have the capacity to choose the products and services that are suitable to their needs, based on their income and assets.

The implementation of this Strategy will require the commitment from both, the Government and the financial sector regulatory and supervision institutions, i.e. the Bank of Mozambique (BM) and Mozambique's Insurance Supervision Institute (ISSM), with the active participation and involvement of key formal financial sector stakeholders in the country in actions aimed at expanding the financial products and services access points into rural and peri-urban areas, reducing the costs of services provision with positive consequences to consumers, increase credit access to smallholders, MSME and others. The actions for the materialization of the Strategy also include the streamlining of the consumer protection legal framework and the promotion of financial literacy.

This Strategy shall be implemented for the remaining implementation period of the Financial Sector Development Strategy 2016-2022. However, for practical reasons and to maximize its effectiveness, this period shall be subdivided into two parts. The first being from 2016 to 2018, during which priority shall be given to the actions aimed to expand the financial services to rural and peri-urban areas, increase the number of bank accounts, reduce the services provision costs, encourage the use of electronic means of payment and increase the funding to smallholders and MSME. The second part, whose priorities shall be determined based on the assessment of the first part outcomes and shall last from 2019/20 to 2022, and this may prompt the updating of the action plan.

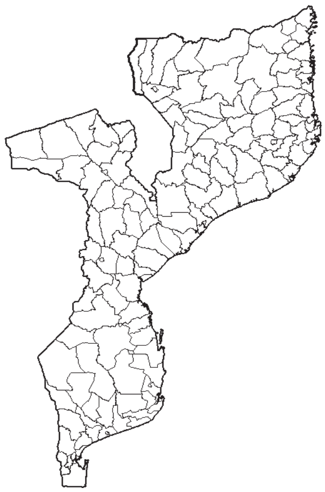
Thus, the following Section summarizes the main issues related to the current national financial sector situation, notably the priority and relevant issues to the country's financial inclusion indicators, such as the current status of financial products and services network of access points. This Section also includes the main obstacles to financial inclusion in the country, both in terms of financial services access and use, and also regarding financial consumer protection and financial literacy, as well as the measures and actions that are underway aimed to expand the financial services access points and their effective use, and also to provide protection and financial literacy to the financial consumer. Section 3 provides the Strategy conceptual framework, which includes the definition of financial inclusion, the vision, objectives and the conditions required to meet the intended objectives and their distribution across the identified pillars. In turn, Section 4 describes the priority actions to be implemented throughout the Strategy lifespan, notably the actions that shall be implemented over a three-year period from 2016 to 2018. To ensure the effective implementation of the Strategy, Section 5 provides a coordination structure, while the monitoring and evaluation mechanism is presented in the last Section, where the main targets to be achieved through the Strategy implementation, including the global targets, are also described.

2. Current Situation

2.1 Geographic and Demographic Features

Considering the characterization of financial inclusion, two dimensions are important: geographic and demographics. Table 1 below shows Mozambique's main features regarding these dimensions. In recognition of the disparities between these features in urban and rural areas, the tables discusses the issues on these areas.

Table 1: Overall geographic and demographic features of Mozambique



	2015
Total area (km2)	**799.380**
Administrative Division	
Provinces[a]	11
Districts[b]	158
Adult Population (15+)	**14.178.462**
Urban	**4.978.406**
Man	2.406.826
Women	2.571.580
Rural	**9.200.056**
Man	4.253.627
Women	4.946.429

Source: INE

[a] includes the city of Maputo, the capital city of the country, which has the status of a province.
[b] includes the new districts established pursuant to Law nº 26/2013, of 18 December, encompassing 7 districts in the city of Maputo.

2.2 Financial Sector Composition

Apart from the regulators, BM and ISSM, the country's financial sector consists of: (i) credit institutions and financial companies, in particular those allowed by law to take deposits from the public (banks, micro-banks and credit cooperatives) and the electronic money transfer companies; (ii) insurance market companies; (iii) social security and pension fund institutions; and (iv) capital markets institutions (Table 2).

Table 2: Composition of Mozambique's financial sector

	2015
Credit Institutions	
Banks	18
Micro-banks	11
Credit unions	9
Electronic money institutions	2
Investment corporations	2
Financial Corporations	
Venture capital corporations	1
Group purchases management corporations	1
Credit card issuing or management corporations	2
Bureau de exchange	15
Savings and loans organizations	12
Microcredit operators	330
Insurance Market	
Insurers	18
Micro-insurers	1
Reinsurers	1
Brokers	59
Business agents	10
Social Security and Pension Funds	
Basic social security	1
Mandatory social security	2
Pension funds	8
Pension funds management companies	6
Capital Markets	
Stock exchange	1
Stock exchange operators	9

Source: BM and ISSM

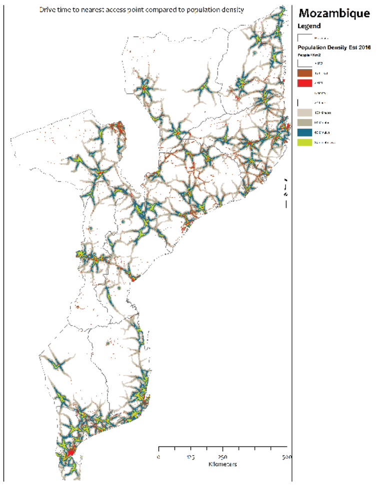
2.3 Financial Services Access Points

Over the past few years, physical financial services access points[1] have expanded considerably in the country. However, many of the access points are located in urban areas, particularly in the city of Maputo. For example, 35% of bank branches are located in this city. However, it is in rural areas, where about 68% of the adult population[2] live.

[1] A physical point where an individual can undertake financial transactions, particularly cash-in and cash-out, with a regulated financial institution such as bank agencies, bank agents and of IME, ATM and POS.

[2] For the purposes of this Strategy and in following the international best practices, adult population means individuals that are 15 years old or older, as they start to become part of the economically active population.

Table 3: Composition of financial services and products access points[a]



	2015
Bank Branches	614
Micro-bank Branches	33
IME Agents	17.855
ATM	1.576
POS	22.052
Insurance Branches	73
Branches of insurers (borders)	45

Source: BM e ISSM
[a] For situations where the institution has just one access point please see Table 2.

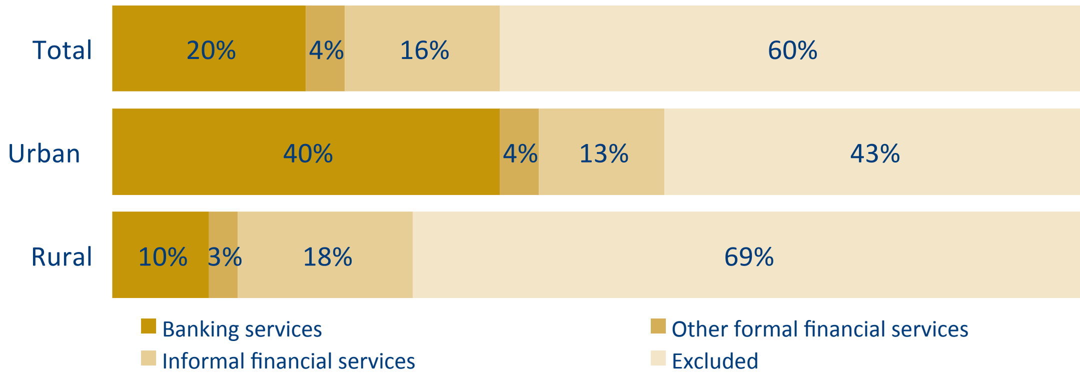
Based on the information contained in Tables 1 and 3, by the end of 2015 there were, in geographic terms, 8 credit institutions branches in every 10 000 km2 and, in demographic terms, there were 5 branches for every 100 000 adults. The number of ATMs and POS per 10 000 km2 was 20 and 276, respectively, and the number of such payment terminals for 100 000 adults was 11 and 160, respectively. Credit institutions branches could be found in 87 of the 158 districts, and there are 98 districts with ATMs, 147 with POS and 122 with agents from electronic money institutions.

2.4 Access to Financial Services and Products

2.4.1 Bank Account and Electronic Money Transfer Services

Access to a bank account is the first step in the financial inclusion process for population and companies as this is an essential requirement to access to other financial services and products such as savings, loans, electronic payment services and insurance. Statistics from the BM indicate that by the end of 2015, there were around 4.2 million of bank accounts held by individuals, corresponding to a maximum of 24% of the adult population in Mozambique. In turn, the 2014 FinScope survey found that overall about 20% of the adult population had access to banking and financial services and products in the country of which 40% in urban areas and 10% in rural areas (Graph 1).

Graph 1: Access to financial services and products



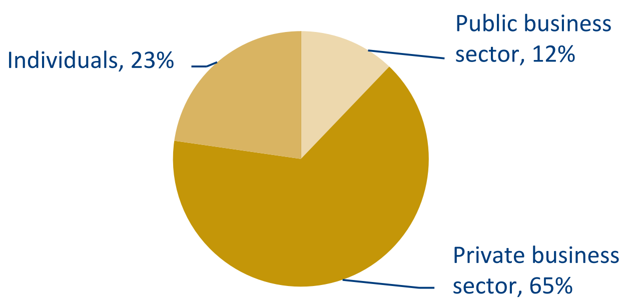
Source: FinScope Consumer Survey Mozambique 2014

In addition, with the expansion of the mobile telephony network, opportunities were created for the operation of electronic money institutions[3]. In effect, Mozambique's financial system has since 2011 the contribution from these institutions and by the end of 2015 around 4.1 million requested the use of this services. The existence of accounts in electronic money institutions increases the potential to speed up financial inclusion, closer to the consumer and at affordable costs.

2.4.2 Bank Loans

Apart from the bank account, other services and products offered by banks in Mozambique include bank loans. In general, banks have been investing in specialized products for high income clients, including investment management and corporate loans (Graph 3). The performance of the low-income clients segment, where most of the loans to individuals fits in has been rather moderate. However, the trend has been for banks to gradually diversify and expand the loans portfolio, particularly with the introduction of various products in the category of consumption loans.

Graph 2: Bank loans to companies and individuals



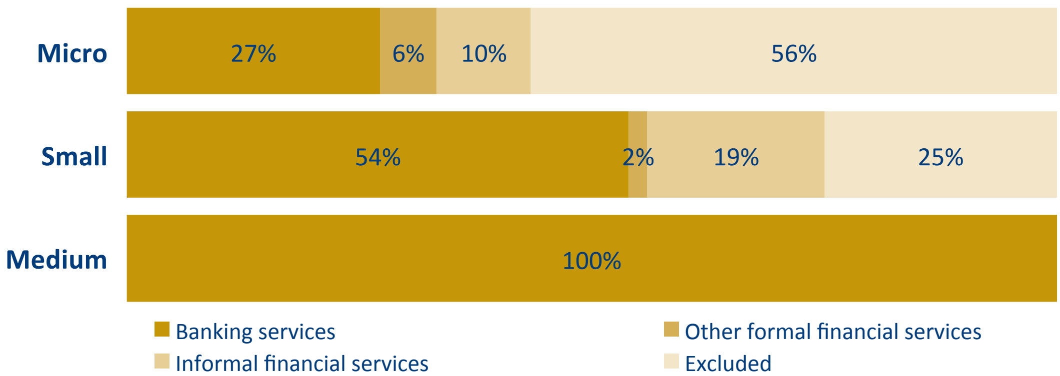
Source: BM

[3] Figure created by Law No. 9/2004 of 21 July, which amends the Law on credit institutions and financial companies, Law No. 15/99 of 1 November

Home loans are at an embryonic stage, representing 10% of bank loans to individuals and only 2% of the total credit to the economy. Most clients feel that banks offer home loans at interest rates that are relatively high and require a minimum amount as contribution, which often times they do not have; as a result, home loans mainly benefit high end or medium class clients, living in urban areas, notably in the cities of Maputo and Matola (Zottel et al., 2014).

With respect to loans to the business sector, various studies, including the surveys carried out within the framework of the preparation of the SME Development Strategy in Mozambique, point to the persistence of limited flows of credit targeted to MSME. According to the findings of the FinScope MSME Survey Mozambique 2012, about ¾ of micro enterprises and ½ of small enterprises lack access to financial services and products in the country (Graph 3), notably in terms of access to bank financing. In effect, according to the surveys related to the SME Development Strategy, access to bank financing has been referred to as one of the factors that obstructs a greater development of companies in the country, in particular micro and small enterprises. It was found that there were two reasons that led to this situation: (i) the cost of financing and credit unavailability; and (ii) limited supply of banking services, especially in rural areas.

Graph 3: Use of banking services or products by area of the respondent



Source: FinScope MSME Survey Mozambique 2012

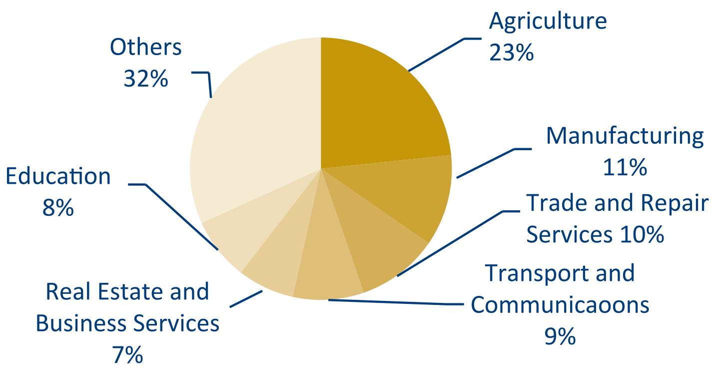
2.4.3 Financial Services in Rural Areas

The majority of the Mozambican population lives in rural areas. However, there is limited offer of physical financial services access points in rural areas, being that the reason why the Government is putting a lot of focus on rural finances. In this regard, the Government approved the Rural Finance Strategy in 2011, outlining a set of measures and actions aimed at enhancing the efficiency of rural financial markets, the sustainability of financial institutions in rural areas and improvement of the coverage of financial institutions and their services and products.

In addition, there are various initiatives aimed at rural finance development and by pulling together efforts these are likely to contribute to improve financial inclusion in rural areas. Such initiatives include in particular the institutionalization of the District Development Fund (FDD), the Rural Finance Support Program implemented by Economic Rehabilitation Support Fund (FARE), and various specific funds targeting at rural financing, such as the Agriculture Development Fund (FDA), the Fisheries Development Fund (FFP) and the Small Industries Development Fund (FFPI).

In spite of this, access by adult rural population to financial services and products, including funding to the agriculture sector, remains limited and poses a major challenge to the improvement of the levels of financial inclusion in the country. In effect, according to data from INE, during the past few years, the agricultural sector has contributed with about ¼ of the GDP (Graph 4), it employs closer to 89% of the rural population, accounting for about 80% of rural households' income.

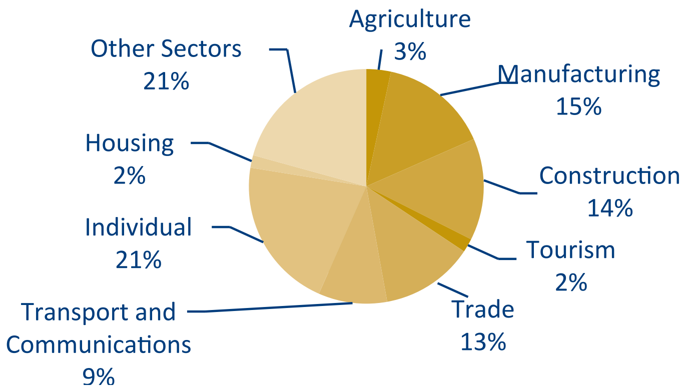
Graph 4: Contribution by selected economic activity sectors to the GDP



Source: INE

Meanwhile and according to data from the BM, bank credit balance channeled to the agriculture sector represented by the end of 2015, about 3% of the bank credit balance channeled to the economy (Graph 5).

Graph 5: Bank credit by economic activity sector



However, to address this and other constraints, particularly the poor coordination between producers and buyers, the Government set up the Commodities Exchange of Mozambique (BMM), through Decree nº 36/2012, of 12 October, aimed at improving the access by both producers and buyers to agricultural products markets and thereby boost this sector's production and productivity across the country. In order to materialize the operationalization of this institution the Government approved the Deposit Certificate Regulation through Decree nº 100/2014, of 31 December, which is a document either in the print or electronic format that will be used by the BMM or by entities licensed by the BMM, as a security, specifying the type, quantity and quality of the stored commodities and identifying the location of the warehouse and the depositor's name. This document will contribute to improve access by small and medium farmers to financial services and products, and may be used as security for bank loans. Other financial services and products, such as insurance to protect the producers against the risks that are inherent to agricultural activities, could be associated to this process.

2.4.4 Electronic Payment Services

The electronic payment sector, which provides huge opportunities to drive financial inclusion, is undergoing a phase of modernization and expansion, as evidenced by the strengthening of the various subsystems of the National Payment System (SNP), governed by Law nº 2/2008, of 27 February. Pursuant to the provisions of this Law, it is incumbent upon the BM to regulate, oversee and ensure the adequate operation of the payment system in the country, and in 2014 the Payment Systems Department was set up at the BM to guide and monitor the implementation of activities technically related to the SNP operation regarding the money transfer and clearance services in order to prevent essentially systemic risks and safeguard the public interest, including the security, reliability, transparency and efficiency of the system.

In effect, statistics from the BM show that there has been a progressive rise in the use of electronic payment instruments, in the form of inter-banking electronic money transfers, and the percentage of this type of payment increased to about 37% of total amounts processed in the inter-banking clearance and settlement subsystem in 2015.

In addition, by the end of 2015, in accordance with information from the Finance Information and System Development Centre (CEDSIF), about 70% of the payment for Government expenditures such as salaries and payment to suppliers were conducted through the Electronic Government Financial Administration System (e-SISTAFE), while the rest was conditioned to the existence of bank branches in most districts, coupled with the weaknesses in the communications system as well as to the supply of quality and reliable power.

Moreover, there are public providers such as fixed term contractors or recently recruited staff that are not yet included in the electronic payroll (e-payroll), who are paid either by check or cash. Likewise, a considerable number of payments to State beneficiaries from the National Social Action Institute (INAS) and from the National Social Provident Institute (INPS), an autonomous public body established to manage public sector employees, are made in cash or by check; hence there is room under the context of the SNP modernization, to increase the number of electronic payments by the State.

There is no adequate data about the level of electronic payments processed by the private sector, but it can be inferred that part of the payments are made either by check or cash, particularly to employees and non-formal service providers, apart from the formal sector workers that do not have bank accounts. The challenge is to influence towards the migration of most private sector payments to be made by electronic means so that the beneficiaries can get acquainted to the facilities availed by the formal financial system and improve the levels of financial inclusion.

However, this evolution regarding both State and private sector payments are dependent on the expansion of financial services and products access points to enable payments to be made and encourage the effective use of bank accounts and electronic money institutions in order to modify the prevailing predominant behavior whereby virtually all the financial resources are withdrawn from the bank accounts and then cash is used in the transactions such purchases in shops, payment for public services, taxes and other current expenditures.

2.4.5 Insurance Market

The insurance industry has low penetration levels across the country, but it is growing rapidly. According to the 2014 FinScope Survey, approximately 7% of the Mozambican population has some kind of insurance with a formal institution. In turn, a study by the World Bank (Zottel et al., 2014) shows that 18% of Mozambican adults, of which 24% in urban areas and 11% in rural areas, have already used insurance products. This indicator increases significantly for adults that have already accessed a bank product (29%).

The offer of products targeted at the low-income segment has contributed to the consistent growth of this industry. The legal and regulatory framework for the insurance industry has had a significant impact as the Insurance Legal Regime, approved through the Decree-Law n˚1/2010, of 31 December and the Regulation on the Conditions for Accessing and Conducting Insurance Activities and the Respective Brokerage, approved through Decree n˚30/2011, of 11 August, came into force. These instruments have been constantly improved through diplomas that spell out the complementary rules for their proper implementation.

This was a matter of improving the rules for the registration of operators, consideration and registration of the general and special conditions for optional insurance policies developed by market operators, the preparation by the ISSM of the general and special conditions for the standard mandatory insurance contracts; the establishment of minimum coverage capital in micro-insurance as a new market segment that fosters financial inclusion for the low-income population, and the rules of conduct for insurance intermediaries was improved.

Nonetheless, the insurance penetration rate remains low, representing around 1.6 % of the GDP in 2014, according to statistics by the ISSM. However, there is a growing product diversity, with the mandatory motor vehicle third party liability insurance being the most predominant in the market, accounting for most of the overall gross premiums.

The legislation provides for insurance distribution through bank channels, the so-called bancassurance, whereby a bank because it has a considerable mass of clients that might be looking for financing, associate them to some insurance products to cover the risk of death by insuring the loan granted.

With the view to contribute to increase financial inclusion, the Insurance Legal Regime also allows the undertaking of micro-insurance by traditional insurance companies for which they only have to inform ISSM, as well as by micro-insurers set up to that effect. The insurance products offered in the context of micro-insurance are: ***(i)*** life, limited to the risk of death; ***(ii)*** funeral, limited to expenditures incurred with the funeral of the insured person; ***(iii)*** illness, limited to hospitalization expenditures; ***(iv)*** personal accidents; ***(v)*** fire, affecting either movable or immovable assets, ***(vi)*** crop farming; and ***(vii)*** livestock. There is also the possibility for innovative products to be introduced in this segment.

In this regard, some pilot projects have been developed in the micro-insurance segment targeted at agriculture and an insurance package for micro, small and medium size companies. There are also projects to sell insurance through mobile money services.

2.4.6 Social Security and Pension Funds

The pensions sector is not yet very developed in the country, and is virtually confined to the Government's mandatory pensions' regime, set up through Law n˚4/2007, of 7 February, Social Protection Framework Law, which structures it into three levels, namely: basic, mandatory and complementary social security.

The Basic Social Security System covers Mozambican nationals unable to work without means of their own to meet their basic needs and it is run by INAS. In turn, civil servants are covered by the respective mandatory social security system, run by INPS and the mandatory social security system for private sector employees run by the National Social Security Institute (INSS).

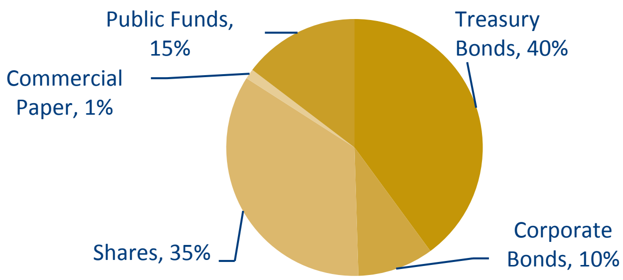
The Government has been increasing its budget for public pensions and striving to develop a national policy aimed at improving social protection in the country. This includes, for instance, the development of the regulation for the law mentioned above, namely the Mandatory Social Security Regulation, through Decree n˚53/2007, of 3 December, and the Regulation on the Establishment and Management of Pension Funds for Complementary Social Security through Decree n˚25/2009, of 17 August.

Some complementary pension funds were autonomously established to complement the mandatory social security. With the approval of the Regulation on this matter, these funds were regularized at ISSM, and new one emerged and now commenced their activities in the market. Still in this regard, voluntary pension schemes are offered by large companies through their own funds (defined contribution, defined benefit or mixed), but this includes only a small number of participants.

2.4.7 Capital Market

The capital market is still at its early stages. Indeed, by the end of 2015 some 46 securities were listed at the Mozambique Stock Exchange (BVM), consisting of: (i) 38 bond issues, of which 21 from the Treasury, 14 from credit institutions, and 4 from other companies; (ii) 6 commercial paper issues; and (iii) only 4 shares issues. In terms of stock exchange capitalization, these securities represented around 55 218 million meticais (close to 7.8 % of the GDP), the largest proportion consisting of the bond market (Graph 6).

Graph 6: Structure of the Stock Exchange capitalization



Source: BVM

As it came into operation, the Stock Exchange requirements for listing were quite stringent and only large corporation could meet them. In 2009, a second market opened, which was less stringent in its conditions for listing and remaining in the market, and also in terms of the information to provide to the relevant entities, and this was targeted mainly at the transactions in securities issued by MSME. Yet, by the end of 2015 no security listed at the BVM belonged to an entity from the SME category.

In a recent study on the Role of the Capital Markets to Boost the Economy[4] (***O Papel do Mercado de Capitais na Dinamização da Economia***), it was found that Mozambique's capital market is also characterized by a low level of securities rotation, characteristic of developing capital markets, as investors are not trading them as actively as possible and just wait for the value of their shares to increase and get some capital gains or simply they wait for the maturity date. However, there is an increasing number of participants in this market, which until the end of 2015 had more than 5,000 investors registered.

2.5 Protecção do Consumidor e Educação Financeira

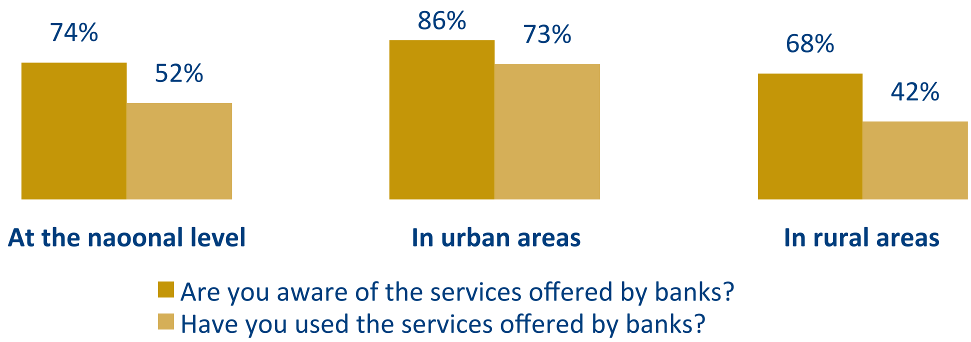
For the Government, consumer protection and finance literacy constitute a priority. Notably in the areas of consumer credit, electronic payments, micro-insurance and actions embarked upon by finance institutions to prevent fraud and inadequate sales that impact negatively on the consumers, as improper practices such as lack of transparency, use of abusive rules and use of inappropriate contractual clauses can be found in various markets. In the insurance market, for example, apart from the lack of clarifications when contracts are signed, there are inadequate practices by consumers who even forge accidents or falsely declare more serious damages.

[4] Document presented during the session open to the public of the XXXIX BoM Consultative Council held in January 2015, at Matola City in Maputo province.

Nonetheless, within the framework of the implementation of the Financial Sector Development Strategy, diagnosis have been conducted in the past few years on financial consumer protection and financial literacy, and it has been found that although the legal and regulatory framework for the financial consumer protection, through the introduction of services to handle complaints, provide information and receive suggestions at the BM and credit institutions has resulted in improvements lately, the expansion of the access to financial services and products should be complemented by additional measures aimed at consumer protection and financial literacy in order to mitigate the risks to the welfare of families and businesses, and to ensure the stability of the financial system.

According to the survey results on the financial capacity in Mozambique conducted in 2013 (Zottel et al., 2014), 74% of adults in the country are familiar with the products offered by banks, but only 52% reported ever having used them (Graph 7). In the same study, regression analysis shows that even after controlling for socio-economic and demographic factors, living in the urban area is positively correlated both with the knowledge of financial institutions and with the use of its products.

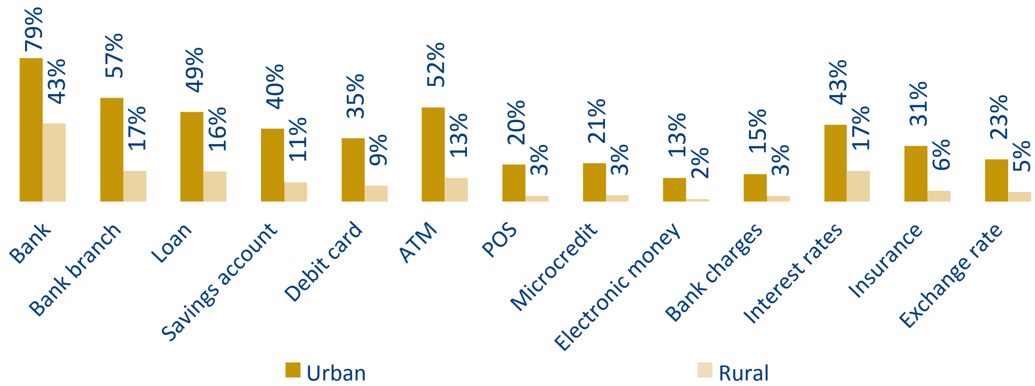
Graph 7: Knowledge and use of banks by respondent area



Source: Survey of Financial Capacity Mozambique in 2013 (Zottel et al, 2014)

However, based on the findings of the 2013 financial capacity survey on Mozambique (Zottel et al., 2014), in terms of financial literacy, adult Mozambicans are aware of the different types of financial services providers, but are less acquainted with the insurers. The findings of this survey show that adult Mozambicans responded correctly to slightly more than half (3.7) of a total of 7 questions about basic financial and literacy concepts. The study further showed that less than half of the adults that face problems with financial institutions do not try and resolve them either because they are not aware of the conflict resolution mechanisms or because they do not trust the conflict resolution institutions. Dealing with the public with transparency and the setting up of specific conflict resolution structures within the financial institutions, as prescribed by the BM, can minimize consumers' lack of trust on public institutions. In turn, the FinScope 2014 survey found that a considerable part of the adult population (43%) that lives in rural areas is aware of the existence of banks, but few are acquainted with financial terms.

Graph8: Awareness of financial terms by area of the respondent

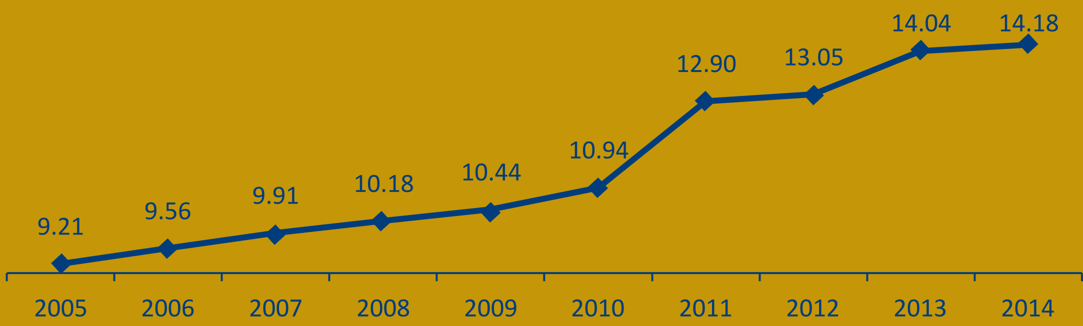


Source: FinScope Consumer Survey Mozambique 2014

Box 1: Financial Inclusion Index

The financial inclusion index is an indicator that summarizes the information contained in each financial inclusion indicator from both the supply and the demand side, and measures the level of access and use of financial services and products in a given country or region. Such rate on the supply side, initially developed by Sarma (2008)[1], is used by various authors to measure the level of financial inclusion as it incorporates as much information as possible for the different dimensions, mainly access and use of financial services.

In this specific case, the financial inclusion index was calculated based on the information from the supply side, presented for the first time by the BM in the paper Challenges to Financial Inclusion in Mozambique: a Supply Side Approach (Desafios da Inclusão Financeira em Moçambique: Uma Abordagem do Lado da Oferta) which served as the basis for discussions during the public session of its XXXVII Consultative Council held in January 2013, in the city of Pemba, in Cabo Delgado province, and considered three dimensions of financial inclusion: geographic access (with 5 indicators), demographic access (also with 5 indicators) and use (with 4 indicators). Over the past 10 years, this rate has increased 54%.



The evolution of this index resulted from the increase in the number of financial services and products access points as a result of the expansion in the number of credit institutions (banks, credit unions and micro-banks operating in the country), micro credit operators, savings and loans organizations, agents from electronic money institutions and payment instruments (ATM and POS) both in geographic and demographic terms. Concurrently, there has been a rise in the number of bank accounts stimulated amongst others by the decision taken by major employers both from the public sector and from the private sector to pay salaries and pensions through the banking system. It should be noted that this index experienced a high rise as the first and second electronic money institutions came into operation in 2011 and 2013, respectively. Nonetheless, there is still plenty of room to improve this index, as the various financial inclusion indicators in their different dimensions are enhanced.

[1] Sarma, M. (2008). "Index of Financial Inclusion". Discussion Papers in Economics nº. 10-05. Centre for International Trade and Development. School of International Studies. Jawaharlal Nehru University. India.

[2] For more details on the methodology please see: Banco de Moçambique. 2013. "Desafios da Inclusão Financeira em Moçambique: Uma Abordagem do Lado da Oferta". Paper presented during the XXXVII Consultative Council of the BM, which was held in January 2013, in the city of Pemba, in Cabo Delgado province.

2.6 Main Barriers

2.6.1 Access to Financial Services

The Government has realized that certain segments of the country's population fail to adhere to the services and products offered by the financial system because they live in rural areas without the physical presence of access channels for such services and products. The study by the BM (2013) concluded that the unavailability of a set of basic economic infrastructures such as paved roads, basic sanitation, electricity and quality telecommunications services in some areas, compounded by the weak economic potential, characterized by the presence of a limited number of businesses, limited income generating economic activities and low demographic density, particularly in rural areas, and these constitute the major obstacles to the expansion of the offer of financial services and products in the country. This finding was confirmed by the top management from financial institutions during the debate around the theme "Financial Inclusion Challenges in Mozambique: A Supply-Side Approach (***Desafios da Inclusão Financeira em Moçambique: Uma Abordagem do Lado da Oferta***)[5].

Apart from these factors, on the same occasion, the main players from the financial sector referred to the transaction costs as an obstacle to financial inclusion; hence, the existence of areas with basic infrastructures and economic potential but without the presence of any physical access point for financial services and products, in particular banks. For banks, transactions costs associated to dealing with small amounts in areas with limited economic activity are high, rendering unfeasible to set up traditional bank branches in some locations.

Similarly, the unavailability of financial infrastructures such as private credit central registers and movable collateral and security central registers was mentioned as an obstacle to financial inclusion. Information sharing on credit, security and movable collateral contributes to reducing the information asymmetry by both players: creditors and debtors.

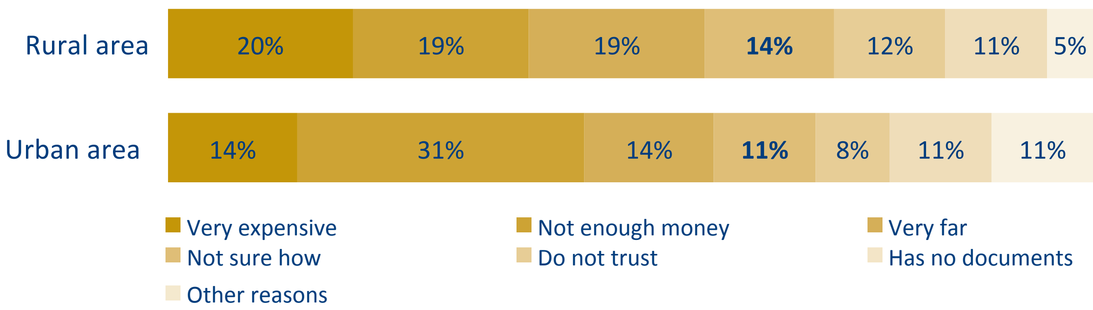
Concerning the offer of mobile financial services, the main obstacles referred to were: ***(i)*** low penetration of mobile telephony services, with a teledensity of 47%, although coverage corresponds to areas in which 92.7% of the population live; ***(ii)*** lack of interoperability of electronic money transfer services, and between these and the traditional financial sector, which includes banks, insurers and other services; and ***(iii)*** limited awareness and acquaintance with technology, particularly with electronic money transfer services both by some agents from the electronic money institutions and by the population at large.

[5] Presentation during the session open to the public of the XXXVII BoM Consultative Council held in January in 2013, in the city of Pemba, in Cabo Delgado province.

2.6.2 Use of Financial Services

With respect to the use of financial services both the study by the World Bank (Zottel et al., 2014) and the FinScope 2014 survey refer to the issue of bank charges and lack of sufficient money to use a bank account apart from accessibility (as measured by geographic proximity) as the main obstacles for financial inclusion in rural Mozambique (Graph 9).

Graph 9: Reasons for not having a formal account in rural and urban areas



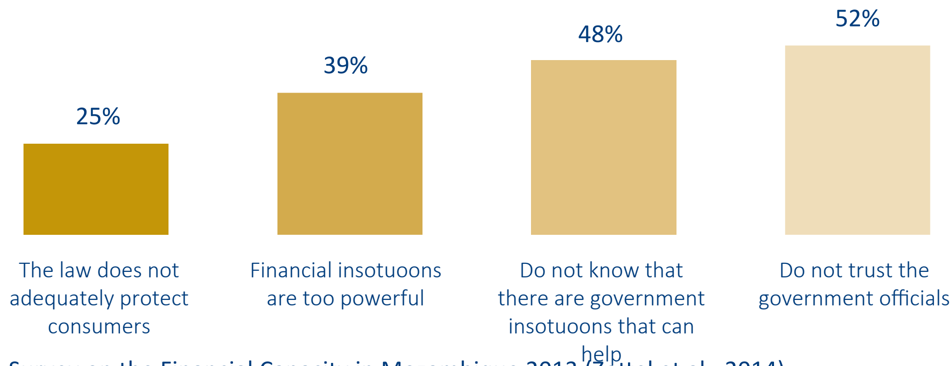
Source: Survey on Financial Capacity in Mozambique 2013 (Zottel et al., 2014)

Regarding access to bank credit, particularly by MSME both in urban and in rural areas, the diagnosis carried out for the SME Development Strategy found that the high cost of financing and the limited financial resources constitute obstacles for the development of MSME. Companies operating in rural areas, including in the agriculture sector, have additional characteristics that compound their difficulties in accessing to credit and other financial products in general from formal financial institutions such as: (i) low productivity and return on capital; (ii) low levels of savings; (iii) inefficient inputs and produce markets; (iv) lack of basic marketing infrastructure and limited storage capacity; and (v) wide geographic spread in small production units. These factors create the perception of greater credit risk and low return for the financial institutions. With respect to real estate credit, apart from the high interest rates, the high minimum co-financing amount, which is beyond the financial capacity of the majority of the population, was mentioned as one of the main obstacles to accessing to home loans.

2.6.3 Financial Consumer Protection and Financial Literacy

The issues related to the non-existence of specific regulations for some prevailing practices in the finance industry as well as the limited awareness about their rights and duties as consumers of financial services and products were pinpointed as major obstacles to improving consumer protection. The findings of the survey on financial capacity (Zottel et al., 2014) point to the lack of trust or lack of awareness about the existence of institutions that can be approached in the event of disputes with financial institutions as some of the reasons why financial consumers do not try and resolve any conflict that they might have (Graph 10).

Graph 10: Reasons for not approaching institutions to resolve finance-related disputes



Source: Survey on the Financial Capacity in Mozambique 2013 (Zottel et al., 2014)

2.7. Ongoing Measures and Actions

2.7.1 Access Points Expansion

The Government, through the finance sector regulatory institutions, namely BM and ISSM, has been implementing various measures aimed at stimulating the expansion of financial services and products access points across the country and particularly into rural areas. In this connection, there is the Notice nº 4/GBM/2012, of 26 December[6], on the expansion of financial services into rural areas, which establishes a special regime applicable to credit institutions and financial companies wishing to expand their activities into the rural areas by setting up branches or other forms of representation. Thus, pursuant to this Notice, banks and microfinance institutions that intend to operate in rural areas receive an incentive in the calculation of mandatory reserves, including in the calculation within the elegible assets of the cash amount for branches set up in rural areas, and also exclusion, on the amount used as a basis for calculating the mandatory reserve, of all the resources obtained by the microfinance institutions through loans from residents and non-residents.

With the same objective, i.e. to ensure greater financial inclusion, and through Decree nº 30/2014, of 5 June, which introduces changes to the Regulation of credit institutions and financial companies Law, approved by Decree nº 56/2004, of 10 December, the BM issued Notice nº 1/GBM/2015, of 22 April, on the rules and criteria for opening and closing down bank branches, setting the rules, conditions and criteria, including geographic proportionality, for opening bank branches and also the locations eligible to that end. According to this Notice, for every 3 branches that a bank might want to open (or 6 if such bank does not have branches in provincial capitals), the first (or the second, in case of 6) should be located in a place that did not have by then a representation of any bank branch, and the remaining ones will be placed at locations freely chosen by the bank.

Still pursuant to this Decree, the BM issued the Notice nº 3/GBM/2015, of 4 May, on the regime for accessing and exercising bank branches' activities, setting out the terms and conditions under which banks and micro-banks can expand their activities by contracting bank agents. Based on

[6] Extends the validity period of the incentives granted through Notice nº 10/GBM/2007, of 4 July.

such provisions, banks and micro-banks can contract, for purposes of performing the activities of bank agents, individuals or firms, either public or private, namely traders, notary and registration services, public education institutions, public companies, fixed and mobile telephony companies, postal services operators, credit cooperatives, electronic money institutions and other entities as approved by the BM.

2.7.2 Use of Financial Services

Taking into account the need to broaden the access to financial services by the majority of the Mozambican population and to ensure their effective use through the provision of minimum free services to businesses and to the population at large, the BM is in the process of reviewing and updating the contents of Notice 5/GBM/2009, of 10 June, which sets forth the regime for commissions and other charges, and regulates the duty by financial institutions to provide information so that users of their services can be aware of the prices and conditions for the services and products they receive, in a standardized and affordable way, while transparency and competition are fostered in the setting of such commissions and other charges.

With the aim of exploiting economies of scale, by reducing transaction costs and by contributing to accelerate financial inclusion, the government is working to materialize, as is the case in other countries, the unification of electronic payment networks. Indeed, the Government, through Decree nº 30/2014, inter alia, made it mandatory for credit institutions and finance corporations authorized to provide electronic payment services to have their own internal operations management systems connected to a single, common and shared network for electronic payments throughout the country.

Pursuant to the powers granted to it by the abovementioned Decree, the BM through Notice nº 2/GBM/2015, of 22 April, established the terms and conditions for linking the internal operational management systems of credit institutions and finance corporations to the single national network, and the role of network operator was assigned to the Mozambique Interbanking Corporation (Sociedade Interbancária de Moçambique - SIMO), a company whose main functions include the installation, setting up and running of electronic payment systems networks and its mission is to contribute to the expansion of the use of electronic means of payment in the country.

To reduce the information asymmetry about the credit position of customers of financial institutions, and not only, the parliament approved a law that creates the credit information system of private management, law No. 6/2015, of 6 October, establishing the rules that will allow the expansion of credit risk management, not just for commercial banks but also for microfinance operators as well as other entities providing services of deferred payment, such is the case of dealers and other suppliers of goods and services in cases of buying and selling on credit or in installments.

2.7.3 Financial Consumer Protection and Financial Literacy

Aiming to protect the financial consumer, it was established within the BM a service to deal with complaints, requests for information and suggestions through Notice nº 4/GBM/2009, of 4 March, which further requires that credit institutions and finance corporations put in place similar services. Moreover, in 2014, the BM established the Behavioral Supervision Department with the responsibility to oversee credit institutions and finance companies on matters related to their conduct in dealing with their customers within the framework of the dissemination and marketing of financial services and products, and to undertake information dissemination and training initiatives for financial consumers and for the public in general. The ISSM also considers that serving the public with transparency and the development of specific structures for conflict resolution within organizations could minimize the lack of trust of consumers on the financial institutions.

Still related to the current measures on financial protection, it is worth highlighting the establishment of the Deposit Guarantee Fund through Decree 49/2010, of 11 November, whose main task is to ensure the reimbursement of deposits made into participating credit institutions, in the event that the same become unavailable. Apart from the aspect of protection, the operationalization of this institution will contribute to increase the level of trust of the public in general on the financial sector. Regarding the operation of the electronic money institutions, the BM approved Notice nº 6/GBM/2015, of 31 December, spelling out the measures for the protection of funds received from the clients in exchange for electronic money issued by the electronic money institutions.

In the context of financial literacy, and within the framework of the implementation of the Financial Sector Development Strategy, the BM launched in 2014 its Financial Literacy Program with the aim to: ***(i)*** protect the consumers of financial products and services through awareness about such services and products so as to equip them with responsible financial attitudes; ***(ii)*** clarify to consumers of financial services and products about the various finance concepts related to credit institutions and financial companies; and ***(iii)*** promote behavioral change among financial consumers in their interactions with the providers of financial services and products.

In the same year, ISSM launched the Financial Literacy Strategy on Insurance with the aim to: ***(i)*** stimulate the interest and culture of insurance; ***(ii)*** disseminate messages related to the insurance market; ***(iii)*** intensify consumer protection, by providing it with the foundations and instruments for deciding conscientiously about his/her choices and promote integrity in the conduct of the insurance operators; ***(iv)*** improve the relationship between the consumers and insurance operators, founded on mutual respect for the rights and obligations of either party; ***(v)*** drive the insurance activity in the micro-insurance segment; and ***(vi)*** foster a reliable market for investors and all stakeholders in the insurance field.

In turn, the Stock Exchange (BVM) in its Financial Literacy Program launched in 2013 set forth as its objectives to: ***(i)*** promote the capital market; ***(ii)*** enhance BVM's visibility; ***(iii)*** stimulate companies to get listed on the stock exchange; and ***(iv)*** offer the population in general greater opportunities to invest their savings and a better selection of investment options. The activities envisaged in the said financial literacy programs are aligned with the current National Financial Inclusion Strategy.

In general, the implementation of these strategies in the short term has been through discussion meetings, radio and television programs, plays, educational and advertising spots, brochures and training of journalists; in the medium and long terms there are plans to include financial literacy themes in school curricula at various levels and the production of specific manuals and textbooks on financial matters.

Box 2: Geospatial Location of Financial Services Access Points

In order to improve the monitoring of the expansion of financial services access points and within the framework of the implementation of the National Financial Inclusion Strategy, the Bank of Mozambique is in the process of developing a dynamic GIS[1] (web based) system that will enable consumers of financial services and products to access the geospatial location of financial services access points, namely branches of credit institutions (banks, micro-banks, credit cooperatives), bank agents, savings and loans organizations, microcredit businesses, ATM, POS, agents from electronic money institutions etc.

In order to develop additional measures aimed at promoting financial inclusion, the GIS will allow the following: (i) a combination with other geospatial characteristics such as the territorial boundaries of administrative units, the population and its distribution across a specific administrative unit, the networks of roads and transport systems, power distribution, communication infrastructure, economic structures etc.; and (ii) addition of a new type of financial services access point and a new geospatial characteristic at any time.

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[1] Geographic Information System, um sistema constituído por um conjunto de programas computacionais, o qual integra dados, equipamentos e pessoas com objectivo de colectar, armazenar, recuperar, manipular, visualizar e analisar dados espacialmente referenciados a um sistema de coordenadas conhecido.

3. Conceptual Framework

3.1 Financial Inclusion

Definition	Process of awareness, access and effective use of financial products and services offered by regulated institutions to the Mozambican population as a whole, contributing to enhance their quality of life and social welfare.

This is a tridimensional definition that, apart from the issue of access, considers the aspect of proximity (through the availability of an access point, for example, a bank branch or ATM near the potential client) and looks at its sustainability (for example, by having convenient operating hours).

Apart from the critical importance of providing convenient physical access and at a low cost to the formal financial system, for the whole population, the definition emphasizes the need for the population to use effectively and on an ongoing basis a wide range of financial services. In other words, it is not sufficient to have branches from financial institutions nearby to access to a financial instrument. It is necessary that a given financial instrument, product or service is used over a considerable period of time and that it has a positive impact in terms of improving the consumption habits and social welfare of consumers. For example, to have access to a bank account to receive salaries and withdraw the money to undertake cash transactions it is not sufficient to comply with this definition. It is necessary to make full use of the bank account, by undertaking transactions in the form of purchases in trading stores, transfers, payment of insurance premiums, investments, etc.

Lastly, financial inclusion should be accomplished in a responsible manner which does not impact negatively on the stability of the financial system: the supply of adequate products, designed to respond to customers' specific needs, while respecting their rights and ensuring compatibility with the inherent risk management good practices, alongside initiatives aimed at improving the level of financial literacy in the country, to help improve the quality of life and welfare of the population at large.

3.2 Vision and Objectives

Vision	Help to build an inclusive and comprehensive financial system through knowledge, access and use on a continuous basis of adequate financial products and services that can contribute to improve the welfare and quality of life of the population and towards the country's economic development, by supporting the operations of the business sector, including smallholders and MSME.

The specific mention of smallholders and MSME is due to the fact that these groups are quite dynamic in contributing to the country's economy, hence the need to identify ways to maximize their development by accessing to the financial sector as a whole.

Objective	Provide a structured and logical approach to identify priority actions and policy measures, involving all the pertinent sectors to advance significantly the construction of a financially included society in Mozambique, as well as to establish a methodology for follow-up, monitoring and evaluation, and a coordination structure for the different financial sector stakeholders.

It should be pointed out that through pursuant to an in-depth consultation process that involved key stakeholders, it was assured that priority measures would reflect the reality of the market and there should be a commitment towards implementation by each responsible stakeholder. The scheme for monitoring the proposed actions and for evaluating the respective outcomes, including the indicators, which shall be measured and disseminated from time to time, will mean that there will be a permanent involvement of key financial inclusion stakeholders. Similarly, the national level coordination structure shall facilitate the implementation and effective follow-up of the actions proposed herein, and their adjustment where necessary.

Figure 1: Pillars and conditions required for financial inclusion

PILLARS		
Pillar 1 Access and use of financial services	**Pillar 2** Strengthening of financial infrastructures	**Pillar 3** Consumer protection and financial education
Objective Ensure the availability, proximity and effective use of the adequate range of financial services by businesses and individuals in rural and urban areas	Objective Strengthen the security and efficiency of the national payments system, the financial information infrastructure and the execution of securities	Objective Ensure that financial consumers are informed, knowledgeable and protected

NECESSARY CONDITIONS
Inter-institutional coordination
Adequate legal environment
Basic infrastructure
Conducive macroeconomic environment
Financial sector commitment

3.3 Necessary Conditions for Financial Inclusion

This Strategy assumes the existence throughout the implementation timeframe, of the following basic and necessary conditions:

Condition 1	Inter-institutional Coordination

In order to improve the levels of financial inclusion there is a need to enhance the coordination among the various sectors of economic activity and Government institutions. Therefore, to ensure that the offer of services are adequate to the needs of the population and companies are viable and sustainable in the long term and that customers can benefit continuously from such services, the following priority coordination areas have been identified:

i. Harmonization of sectorial strategies in the definition of common priorities for the provision of the necessary basic infrastructures to improve the conditions to operationalize financial services in places where they do not exist.

ii. Harmonization of the existing financial education programs and strategies, by identifying the objectives and priorities at national level, covering sectors of the financial system, and various methodologies and channels, including financial literacy in schools.

Condition 2	Adequate legal environment

Likewise, it will be necessary to continuously provide adequate regulatory environment so that it is aligned to the ongoing developments in the country's financial sector, notably the innovations in the payment system, and it should also include the need to regulate the interoperability between the different platforms of financial institutions and means of payment while protecting the consumers of innovative financial services and products.

Condition 3	Basic infrastructures

This condition looks at the need to follow-up the development of basic infrastructures, as such quality networks of roads, telecommunications and electrification, which are necessary for the setting up and operation of financial institutions representations in certain administrative units. A survey conducted by the BM revealed the need to improve the quality and distribution of these infrastructures in the country, particularly in districts where the financial sector is not represented, but with economic potential characterized by the presence of businesses, some economic activity and sufficient demographic density.

In the area of infrastructures, the Government through its five-year plan 2015 - 2019, prioritizes the expansion and improvement of quality of vital infrastructures to stimulate economic activities, like the expansion of roads, including paved roads, communications and greater access and availability of quality electrical power, by implementing the power plant construction projects and the respective transmission lines.

Condition 4 Conducive macroeconomic environment

The improvement in the levels of financial inclusion is dependent on the prevailing macroeconomic conditions of the country. Indeed, keeping a robust macroeconomic environment is envisaged in the Government's Five-Year Program 2015 - 2019, as a necessary condition to promote economic growth and harmonious and sustainable development, by ensuring economic stability through the interaction between the monetary and fiscal variables founded on strong, coordinated and integrated institutions.

In this regard, the Government is committed to continue to ensure macroeconomic stability through the establishment of a business environment conducive to investment, a prudent management of monetary policies and public finances that contribute to promote employment, increase productivity and competitiveness, the development of economic and social infrastructures the development of social and human capital that should be appropriate to foster financial inclusion.

The government is committed to continue with its actions aimed at containing inflation, maintain the sustainability of the budget deficit and public debt, accelerate the growth of real GDP, and improve the country's external position in terms of international reserves and balance of payments.

Condition 5 Financial sector commitment

The success in the implementation of this National Financial Inclusion Strategy and the ensuing improvement in the levels of financial inclusion in the country depend strongly on the firm commitment of the financial sector players towards the objectives and actions contained therein, such as the government's monetary and fiscal policies.

As an example, many financial institutions shall have to improve and innovate regarding the development of credit products for the agricultural sector and for MSME, by designing products that are adequate to these segments, and which do not just conform to the good practices in terms of credit risk management but also cater for the specific financing needs of farmers and MSME, for example, by financing productive chains, including financing based on deposit certificates.

Another challenge is to improve alliances with entities that operate in rural areas, such as rural finance funds, informal savings systems, rural general stores, community credit and savings organizations, associations of producers and input suppliers, who can be intermediaries between a bank, for example, and a farmer, for the distribution of financial services more economic, as proposed in the Rural Finance Strategy. The formal finance sector shall have to commit to improve its relationship with these initiatives to ensure that there are linkages and complementarity between their actions and such initiatives and also with the private initiatives.

Regarding the electronic money institutions there will be a need to improve its market awareness, particularly in rural areas to significantly improve the financial inclusion indicators.

3.4 Financial Inclusion Pillars

This Strategy is organized essentially around 3 basic elements or pillars that characterize a process of responsible financial inclusion and drive the various actions.

Pillar 1	Access to and use of financial services
Objective	Ensure the availability, proximity and effective use of the range of adequate financial services by businesses and individuals both in rural and urban areas.
Actions	Expand and diversify the access points' network and with a bigger offer of the range of services and products that respond to the specific needs of clients foster the effective use of financial services and products.

Under this pillar, the main focus shall be on the expansion of access points and on the development of financial services and products that are adequate to the needs of the rural population, notably the opening of accounts and financing agriculture.

In this connection, priority shall be given to the regulation of a basic bank account as a means to promote the availability of appropriate products to the low-income population. In general, this account should be opened at no cost and through any identification document, without maintenance commissions, with no transactions fees within a certain threshold, and include the availability of a set of essential services such as a debit card, cash withdrawal, undertaking of direct debit operations and credit transfers at no cost to the client, among other aspects.

Still, with regard to the implementation of this pillar, there is a need to ensure that the ongoing rural finance actions and programs be reassessed and streamlined so that the implementation is undertaken in a coordinated manner to meet its objectives as effectively as possible and to contribute meaningfully to the rural development goals that the country aspires to.

Concurrently, due priority shall be given to the enhancement of the financial services and products offered to the MSME, as well as to the development of new services and products that are adequate to this segment of financial institutions clients both in rural and urban areas. This segment, alongside the clients engaged in agricultural activities have been demanding a special attention from financial institutions, particularly in terms of financing (credit, leasing and factoring).

Pillar 2	Strengthening of financial infrastructures
Objective	Strengthen the security and efficiency of the national payments system, the financial information infrastructure and the execution of securities.
Actions	Establish the necessary platforms to allow for adequate services to be developed and offered to the public at large in a convenient, safe and effective manner.

With the implementation of this pillar it is expected that the payments infrastructure will continue to be improved, particularly for electronic payments, as these have the potential to facilitate the use of services from electronic money institutions, which in turn can serve as an entry point for other financial services and products, such as savings, insurance, credit and investments.

The electronic payments services have the advantage of generating digital transaction information, such as the payments history of certain services that can be used by financial institutions to analyze credit risk, design new insurance products, leasing or savings.

It should be noted that the financial infrastructure is not exclusively for the payment system, as it involves also other mechanisms and platforms that contribute to a better risk management, such as: ***(i)*** information and credit guarantee systems; ***(ii)*** electronic register systems and electronic guarantee consultation; and ***(iii)*** legal framework for the execution of securities and credit rights.

Pillar 3	Financial consumer protection and financial literacy
Objective	Ensure that financial consumers are informed, knowledgeable and protected.
Actions	Improve the levels of financial literacy, information for the general public and protection of the existing and incoming financial consumers.

The Financial Sector Development Strategy shall require that stakeholders of this sector carry out financial literacy activities to increase the levels of understanding of the advantages that financial services offer to the public at large. Under this pillar, actions with an immediate impact can be carried out, but most are required to be aligned with the Education Integrated Strategic Plan, as this is a long term objective, the most tangible results will probably emerge in the next generation of financial consumers.

Regarding consumer protection, the proposed actions refer basically to the improvement of the supervision and regulatory environment, involving in particular the BM and ISSM, as well as the involvement of the markets regulated by other institutions such as the National Communications Institute of Mozambique (INCM), and authorities that can contribute to enhance the levels of financial consumer protection, such as consumer associations and other bodies for conflict resolution between financial consumers and financial institutions.

4. Action Plan

This action plan contains priority actions that are the most important, predictable and realistic to improve financial inclusion over the 2016 - 2018 period, and not necessarily all the actions that are possible. The plan is based on consultations with stakeholders from both the public and the private sector and on desk studies and surveys conducted in the country with respect to the financial sector. It complements or consolidates the actions contemplated in previous strategies, in particular the Finance Sector Development Strategy and the Rural Finance Strategy. The action plan shall be updated from time to time, according to the level of implementation of each activity and concerning the possible changes, replacements or cancelation of activities.

Pillar 1 ACCESS TO AND USE OF FINANCIAL SERVICES

PRIORITY 1 | PRIORITY 2 | PRIORITY 3

OBJECTIVE	AREA	ACTIONS	LEADER	TIMEFRAME 2016	2017	2018	2019-22
Expand and diversify the network of financial services access points	Regulatory framework – access points	Promote the broad implementation of the Notice nº 3/2015 on the regime for access and undertaking of bank agents activities.	BM				
		Based on the geospatial mapping, define the possible regulatory measures to complement the future network of agents in disadvantaged areas, such the setting up of light branches.	BM				
Improve the legal and regulatory framework for the expansion of financial products and services	Payment services	Create, regulate and promote the basic bank account.	BM				
		Propose the specific regulation on the opening and using bank accounts, including the minimum age.	BM				
		Promote electronic payments (expansion of POS).	BM MIC				
		Establish a single legal framework for the activity of issuing electronic money.	BM				
		Improve the regulatory framework to ensure efficiency, competition and security of electronic transactions in the finance system	BM				
		Establish a legal, regulatory and supervisory framework for the international and domestic money transfer activity.	BM				
	Insurance	Develop and expand micro-insurance products targeted at MSME.	AMS				
		Create insurance services based on the mobile telephone.	ISSM AMS				
		Develop a regulatory framework for the expansion of simplified micro-insurance products.	ISSM				
		Strengthen ISSM's supervision capacity.	ISSM				
	Rural finance	Create a regulatory framework for funding based on deposit certificates.	BM				
		Promote registration campaigns of nationals and provision of identification documents.	MINJACR				
	Home loans	Develop a national program for home loans.	FFH				

Develop a range of products for MSME, the low-income population and farmers	Provision of mass payment services	Payment to pensioners and INSS beneficiaries by electronic means.	INSS
		Pay the beneficiaries of the Social Action money transfer programs by electronic means.	MGCAS
	Provision of insurance services	Develop micro-insurance products targeted at MSME, farmers, informal importers (mukeristas), sellers in markets and the low-income population.	ISSM AMS
	Provision of credit, savings and payment services	Develop financing, savings and payment products that are adequate to the low-income population, MSME and farmers.	BM AMB IME
Increase the level of information on financial inclusion	Capacity of financial institutions	Collect additional and relevant statistics to compile financial inclusion indicators.	BM ISSM
		Hold knowledge dissemination events (workshops and training programs) on business models targeted at the low-income segments, farmers or MSME, and the respective risk management models.	BM ISSM AMB AMS
		Establish mechanisms to train insurance market professionals (actuaries).	ISSM AMS
	Information on the potential market	Carry out a study on mass payment flows in the private sector that can be computerized.	BM
		Carry out a diagnosis study on the domestic and international transfer market.	BM
		Conduct a study on financial inclusion based on a demand-driven approach.	BM
		Carry out a diagnosis on the leasing market.	BM
		Carry out a diagnosis on the factoring market.	BM
		Evaluate the existing initiatives for rural finance, to improve and identify synergies with private initiatives.	MITADER
	Eligibility of MSME	Strengthen the capacity (in management, accounting and planning) of MSME, and their linkages to the market structures (associations and productive chains).	IPEME
	Indicators on financial inclusion	Implement a regime of information to identify the credit portfolio for MSME.	BM
		Institute the annual report on financial inclusion	BM

Pillar 2 STRENGTHENING THE FINANCIAL INFRASTRUCTURE

PRIORITY 1 | PRIORITY 2 | PRIORITY 3

OBJECTIVE	AREA	ACTIONS	LEADER	TIMEFRAME			
				2016	2017	2018	2018-22
Improve the infrastructure for the NPS	National Payment System (NPS)	Develop the Regulation for Companies Operating the Payment Services.	BM				
Improve the infrastructure for healthy credit expansion	Credit related informations	Improve the regime for conveying information to the central register to ensure that there is updated information about borrowers.	BM				
	Movable security	Establish a register for movable security	MINJACR BM				
		Create a legal framework for the use of movable security and streamline the Secured Transactions Law.	MINJACR BM				
	Fixed securities	Modernize, automate and expand the coverage of fixed assets registers.	MINJACR MEF				
	Execution of securities	Carry out a diagnosis on the legal framework and the existing structure for the swift, fair and out of court execution of securities.	BM				
	Guarantee Fund	Carry out the mapping and diagnosis of guarantee funds for existing credit.	BM AMB IPEME				
		Establish a credit guarantee fund based on international best practices to promote credit to MSME and farmers.	BM AMB IPEME				

Pillar 3 CONSUMER PROTECTION AND FINANCIAL LITERACY

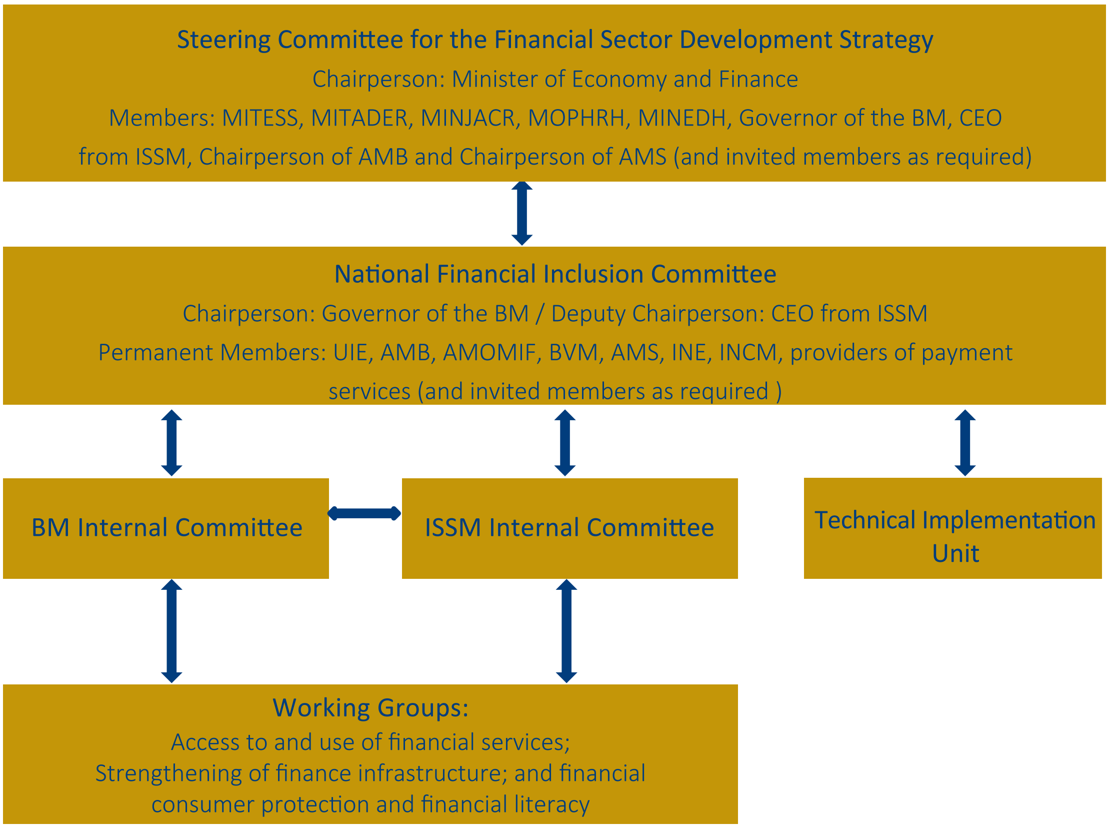
PRIORITY 1 | PRIORITY 2 | PRIORITY 3

OBJECTIVE	ACTIONS	LEADER	TIMEFRAME 2016	2017	2018	2018-22
Improve the legal, regulatory and supervision framework for financial consumer protection	Review and update Notice 5/GBM/2009.	BM				
	Develop the Behavioral Supervision methodology.	BM				
	Improve Notice 4/2009 to define minimum standards for the operation of channels to register and handle consumer complaints.	BM				
	Establish standardized Key Facts Statement for the most common consumption financial products.	BM				
Increase the range and quality of the information availed to the public	Provide at BM's website comparative information on commissions and other charges applicable to the main products of the retail market.	BM				
	Provide at BM's website statistics on consumer complaints against financial institutions supervised by the BM.	BM				
Increase the level of financial knowledge by specific segment in society	Develop a single national program for financial literacy in Mozambique.	BM, ISSM, BVM, MINEDH, MEF				
	Support financial inclusion through the dissemination to the population of the conditions for access to minimum banking services.	BM				
	Sensitize the population about the importance of saving.	BM				
	Promote and encourage knowledge and responsible financial attitudes.	BM ISSM				
	Clarify to citizens about the rights and duties of bank customers and financial institutions.	BM ISSM				
	Contribute towards and effective a sound financial market.	BM ISSM				
	Provide the population and companies information about the capital markets.	BVM				
	Promote the listing of companies, including MSME at the Stock Exchange.	BVM				
	Undertake credit counselling campaigns for customers with high debt problems, contributing to encourage savings practices.	BM MINEDH				

5. Coordination Structure

The improvement of the levels of financial inclusion requires the involvement of various sectors and stakeholders both from the public and the private sectors. The involvement of all formal financial sector stakeholders is necessary to ensure that they become active participants in the development and implementation of policies aimed at financial inclusion. In this regard, and as the National Financial Inclusion Strategy is an integral part of the Financial Sector Development Strategy, its coordination structure derives from coordination structure of the umbrella Strategy (Figure 2).

Figure 2: Coordination Structure of the National Financial Inclusion Strategy



5.1 National Financial Inclusion Committee

The National Financial Inclusion Committee shall be responsible for the implementation of this Strategy. However, the Committee may submit themes for deliberation by the Steering Committee for the Financial Sector Development Strategy whenever deemed necessary. The National Financial Inclusion Committee shall meet every quarter or whenever deemed necessary.

Whenever necessary, the Chairperson of the National Financial Inclusion Committee as his/her own proposal or at the request of the permanent members may invite other public or private institutions to discuss themes that require specific technical expertise or specific action by such institutions.

The responsibilities of the National Financial Inclusion Committee shall be to:

a. Coordinate and monitor the implementation of the action plan;

b. Ensure data generation and collection to monitor the evolution of the main financial inclusion indicators, including the multi-sectorial coordination to generate and secure data from other sectors;

c. Monitor and coordinate the activities of the BM and ISSM internal committees;

d. Plan and undertake the multi-sectorial coordination and propose solutions to address issues that are beyond the scope of financial sector authorities;

e. Consider policy measures and actions proposed by the Steering Committee for the Financial Sector Development Strategy that can impact on the implementation of this Strategy;

f. Consider the changes to the action plan proposed individually by members or working groups or by the BM and ISSM internal committee;

g. Propose new relevant and priority measures and actions to meet the financial inclusion objectives; and

h. Consider and approve the annual financial inclusion report to be submitted to the Steering Committee for the Financial Sector Development Strategy.

5.2 BM and ISSM Internal Committees

The Financial Inclusion Internal Committees formalize the commitment and availability of resources from the country's financial sector regulators for the implementation of actions aimed at promoting financial inclusion, by complementing the core activities of such bodies. The Internal Committees are responsible for the technical implementation of the measures contemplated in this Strategy for each institution and shall be chaired by their top managers. The internal committees from the financial sector authorities shall meet on a monthly basis or whenever deemed necessary.

The responsibilities of the internal committees shall be to:

a. Provide the Technical Implementation Unit statistical data required to calculate the financial inclusion indicators;

b. Coordinate and monitor the implementation of actions that fall under the responsibility of the BM and ISSM and submit progress reports to the Technical Implementation Unit;

c. Propose the review of the action plan regarding the actions that are the responsibility of the BM and ISSM;

d. Coordinate internal meetings related to the implementation of the action plan;

e. Undertake other activities as approved by the respective authorities.

5.3 Working Groups

The working groups are technical bodies for the implementation of the actions contemplated in this Strategy. They shall be required to identify specific tasks arising from the Strategy action plan and leading to its implementation, including the discussion on possible solutions aimed to remove the obstacle of a commercial or technical nature or related to the coordination for the implementation of the action plan. The working groups shall be established either by the BM and ISSM internal committees or by the National Financial Inclusion Committee, as required and in line with the priority actions and shall comprise representatives from technical and strategic fields from various public and private sector entities that are relevant to each specific theme.

Initially and according to the action plan, the following working groups shall be established, in line with pillars of this Strategy:

a. Access to and use of financial services;

b. Strengthening of financial infrastructures; and

c. Financial consumer protection and financial literacy

5.4 Strategy Technical Implementation Unit

The Strategy Technical Implementation Unit shall be located at the BM and may comprise members from ISSM or other bodies, as determined by the National Financial Inclusion Committee. The Technical Implementation Unit shall work continuously and meet whenever necessary.

The Technical Implementation Unit shall:

a. Coordinate continuously with the Financial Sector Development Strategy Implementation Unit, exchanging the necessary information to facilitate reporting on the implementation of this Strategy to the structures of the Financial Sector Development Strategy;

b. Participate in the meetings of the working groups to monitor and document the implementation of the action plan, and further document the deliberations of the working groups;

c. Report periodically to the National Financial Inclusion Committee with respect to the developments related to the implementation of the action plan;

d. Coordinate with the BM and ISSM internal committees concerning their activities;

e. Coordinate with all stakeholders to collect data and information required to generate the financial inclusion indicators, and data about the macro environment which influences the implementation of the action plan;

f. Draft annual reports on financial inclusion for consideration by the National Financial Inclusion Committee and approval by the Financial Sector Development Strategy Steering Committee;

g. Disseminate the Financial Inclusion Report to the members of the coordination structures for financial sector development and financial inclusion strategies, and to the public at large;

h. Prepare all the logistics for the meetings of the National Financial Inclusion Committee and external events related to this Strategy, and coordinate with donors when necessary;

i. Provide secretarial services for the meetings of the National Financial Inclusion and for external events related to this Strategy.

j. Disseminate the activities related to the implementation of the National Financial Inclusion Strategy.

It shall also be responsibility of the Technical Implementation Unit, in collaboration with the other bodies from the coordination structure and in the context of monitoring and evaluation to:

a. Assign specific responsibilities to each sector and monitor the implementation of each action and activity related to each of them, and in this regard detailed timeframes should be developed and updated;

b. Design an appropriate methodology and effective tools to conduct monitoring and evaluation activities in a credible and effective manner;

c. Collect data periodically to monitor the financial inclusion indicators, with an indication of the frequency and the method for data collection;

d. Report progress periodically on the implementation of the action plan to the various levels of the Strategy coordination structure in a manner deemed adequate;

e. Conduct periodic evaluations of the effectiveness of the initiatives considered to be key or impactful on the action plan, such as Government support schemes;

f. Conduct the first overall Strategy evaluation, on the overall progress made by the end of 2018, to trigger discussions aimed at improving implementation; and

g. Update the action plan for the second phase of the Strategy implementation (2019-22).

6. Monitoring and Evaluation

6.1 Core Indicators for Monitoring and Evaluation

The monitoring and evaluation of this Strategy is aimed at securing the systematic follow-up of the progress in the implementation of the action plan and measure the direct or indirect impact of their respective actions, through financial inclusion indicators. The success in monitoring and evaluation shall depend on the level of coordination and collaboration amongst the various stakeholders, particularly with regard to the collection of data and information related to the course of the activities and on the resources availed to the Technical Implementation Unit, which require adequate human and financial resources to pursue its mandate.

The monitoring and evaluation mechanism shall ensure the provision of appropriate and relevant information to all the parties concerned, and enable the implementation efforts and the action plan to be adjusted timely and correctly, whenever necessary, and easily identify and overcome the obstacles to implementation. Table 4 contains a set of indicators that reflect the dimensions of financial inclusion definition and is in line with the indicators most commonly used internationally, particularly those defined in the "***Core Set of Financial Inclusion Indicators***" from the Alliance for Financial Inclusion (AFI). Other indicators may be identified, subject to specific targets defined by the working group and approved by the National Financial Inclusion Committee and be monitored by the Technical Implementation Unit with the objective to complement the review of the progress of inclusion in terms of access to and use of financial services in Mozambique.

Table 4: Core Financial Inclusion Indicators

Dimension	Indicator		Baseline year (2015)	Overall Target 2018	Overall Target 2022
Proximity (physical access)	Financial services access points per 100 000 adults	Bank branches	4,6	4,9	5,2
		Bank agents	n.a.	28,3	44,9
		ATM	11,4	13,3	15,4
		POS	160,2	198,2	250,2
		IME agents	129,7	236,6	473,2
	Financial services access points per 10.000 km^2	Bank branches	7,7	8,6	10,0
		Bank agents	n.a.	34,5	50,0
		ATM	19,7	24,2	28,5
		POS	275,9	330,1	356,8
		IME agents	223,4	375,4	525,0
	Proportion of districts with at least one financial services access point		55,1%	87,5%	100,0%
	Proportion of the population living in districts with at least one access point		74,3%	90,4%	100,0%
	Proportion of the population living within 5 km of a financial service access point (GIS)		n.d.	55,0%	75,0%
Access to and use of accounts	Proportion of adult population with a deposit account in a formal financial institution		22,6%	32,0%	45,0%
	Proportion of adults men with e deposit account in a formal financial institution		32,6%	42,0%	54,5%
	Proportion of adult women with a deposit account in a formal financial institution		12,6%	22,0%	35,5%
	Proportion of households with at least one deposit account in a formal financial institution (2017 INE census)		n.d.	70,0%	90,0%
	Proportion of the adult population with a credit account in a formal financial institution		5,10%	7,50%	10,5%
	Proportion of adult men with a credit account in a formal financial institution		6,70%	9,0%	12,0%
	Proportion of adult women with a credit account in a formal financial institution		3,50%	6,0%	9,0%
	Proportion of households with at least one credit account in a formal financial institution (2017 INE Census)		n.d.	10,5%	15,0%
	Proportion of the adult population with an active account in an electronic money transfer institution		23,10%	40,0%	60,0%
	Proportion of adult men with an active account in an electronic money transfer institution		30,0%	45,0%	70,0%

Dimension	Indicator	Baseline year (2015)	Overall Target 2018	Overall Target 2022
Access to and use of accounts (Cont.)	Proportion of adult women with an active account in an electronic money transfer institution	16,2%	35,0%	50,0%
	Proportion of households with an active account in an electronic money transfer institution (2017 INE Census)	n.d.	75,0%	90,0%
	Deposit accounts in a formal financial institution per 100 000 adults	29,1	35,0	40,0
	Credit accounts in a formal financial institution per 100 000 adults	6,4	8,0	10,0
	Credit to MSME in proportion to the total bank credit to the economy	3,5%	5,0%	7,0%
	Credit to MSME in proportion to the total bank credit to businesses	3,0%	4,0%	6,0%
	Credit to agriculture in proportion to the total bank credit to the economy	2,5%	3,5%	5,0%
	Deposits in banks in proportion to the GDP	46,4%	55,0%	72,0%
	Bank credit in proportion to the GDP	34,9%	42,0%	53,0%
	Balance in accounts of electronic money institutions in proportion to the GDP	1,0%	3,0%	6,0%
	Proportion of the adult population with some kind of insurance product	7,0%	10,0%	15,0%
	Proportion of MSME with some kind of insurance product	2,0%	5,0%	7,0%
	Stock Exchange capitalization in proportion to the GDP	7,8%	8,4%	9,2%
	Stock Exchange operators as proportion of all banks	50,0%	55,0%	65,0%
	Number of investors who use financial products and services in the capital market	5.000	8.000	12.000
Financial literacy	Number of financial products with which adults are acquainted	3,3	5,0	7,0
	Number of basic financial conceptual questions answered correctly	3,7	5,0	7,0
	Number of students familiar with capital market products	500	2.500	10.000

6.2 Overall Targets

The overall targets are based on the pace of development observed in Mozambique in recent years, on the firm commitment and expectations of stakeholders both from the public and the private sector and on the international experience, particularly from Africa, with respect to the progress resulting from the evolution of financial services based on digital platforms.

Overall targets (up to 2018)	40% of the adult population with physical or electronic access to financial services offered by a formal financial institution.[7]
	75% of districts with at least one access point to formal financial services.
	55% of the population with one financial services access point within 5 km from their place of residence or work (GIS).
Overall targets (up to 2022)	60% of the adult population with physical or electronic access to financial services offered by a formal financial institution.
	100% of the districts with at least one formal access point to financial services.
	75% of the population with one financial services access point within 5 km of their place of residence or work (GIS).

Various other financial inclusion indicators shall be monitored and published during the implementation of the strategy, but for the purposes of the overall targets, only the metric targets contained herein and which provide an overall insight in the progress made shall be used. This will enable Mozambique to benchmark and discuss its performance in its interactions with other countries, as these are the most frequently used targets in the financial inclusion strategies of other countries. Specific targets may be established for each Working Group in each specific area of work.

[7] Includes all financial services provided by all formal financial institutions (see Table 2).

Annex I – Major Institutions and their Roles in the Strategy

Annex I – Major Institutions and their Roles in the Strategy

Institutions	Main Role
Bank of Mozambique	• Improve the legal, regulatory and supervision framework of institutions it regulates • Host the Strategy Implementation Technical Unit • Implement financial literacy activities
Mozambique's Institute for Insurance Supervision	• Improve the legal, regulatory and supervision framework of institutions it regulates • Implement financial literacy activities
Ministry of Economy and Finance	• Coordinate the implementation of Financial Sector Development Strategy
Mozambique Stock Exchange	• To participate in the integration of financial education program of BVM in one national program • Provide the population and businesses of knowledge on capital market • To promote adherence of companies, with particular focus on SMEs in the capital markets
National Statistics Institute	• Provide relevant statistics information • Include relevant issues on matters related to financial inclusion in the next General Census (2017)
Ministry of Education and Human Development	• Collaborate in the implementation of financial education activities
Ministry of Industry and Trade	• Promote the use of electronic payment instruments (POS) in business transactions • Collaborate in the implementation of financial consumer protection actions
Ministry of Land, Environment and Rural Development	• Collaborate in the implementation of actions related to the promotion of rural finance • Collaborate in the implementation of financial education actions in rural areas
Ministry of Justice, Constitutional Affairs and Religious	• Promote registration campaigns of national citizens and provision of identification documents • Collaborate in the development of a regulatory framework for movable and immovable guarantees
National Roads Administration	• Provide information on roads infrastructure projects
Electricity of Mozambique (EDM)	• Provide information on electricity infrastructure projects
National Communications Institute of Mozambique	• Provide information on telecommunications infrastructure projects • Provide information on the mobile operators' technology platform used by the institutions that provide mobile financial services.

Institutions	Main Role
FINANCIAL INSTITUTIONS	
Banks Credit unions Micro-banks Microcredit Operators Savings and Loans Organizations Electronic Money Institutions AMB, AMOMIF, MAS	• Develop business strategies aimed at expanding access points and the number of clients to include segments such as MSME, smallholders, low-income population, particularly in rural areas • Implement financial customer protection and financial literacy actions
CONSUMER PROTECTION INSTITUTIONS	
Association for Consumer Protection Consumer Institute	• Support in the identification and validation of measures proposed to ensure financial consumer protection

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