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Finance & Markets Global Practice

Diagnostic Review of Consumer Protection and Financial Literacy

(Insurance, Private Pensions and Securities)

Volume I: Key Findings and Recommendations

Mozambique

November 2015

DISCLAIMER

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Abbreviations and Acronyms

AML	Anti-Money Laundering
AMOMIF	Mozambican Association of Microfinance Institutions (Associação Moçambicana de Instituições de Microfinanças)
ATM	Automatic Teller Machine
AUM	Asset under Management
BAM	Mozambican Association of Banks (Associação Moçambicana de Bancos)
BdM	Bank of Mozambique
BID	Basic Information Document
BVM	Mozambique Stock Exchange (Bolsa de Valores de Moçambique)
CAMC	Center for Arbitration Mediation and Conciliation
CIS	Collective Investment Scheme
CSD	Central Securities Depository
CTA	Confederation of Business Associations (Confederação das Associações Económicas)
DECOM	Consumer Protection Association
DFID	UK Department for International Development
DI	Deposit Insurance
DIF	Deposit Insurance Fund
EIOPA	European Insurance and Occupational Pensions Authority
GDP	Gross Domestic Product
GNI	Gross National Income
HR	Human Resources
IFC	International Finance Corporation
IMF	International Monetary Fund
INSS	National Institute of Social Security (Instituto Nacional de Segurança Social)
IOPS	International Organisation of Pension Supervisors
IPEME	Institute for the Promotion of Small and Medium Enterprises (Instituto de Promoção de Pequenas e Médias Empresas)
ISSM	Institute of Insurance Supervision of Mozambique (Instituto de Supervisão de Seguros de Moçambique)
KYC	Know Your Customer
MFI	Microfinance Institution
MIC	Ministry of Industry and Commerce
MOE	Ministry of Education
MoEF	Ministry of Economy and Finance
MOJ	Ministry of Justice
MOL	Ministry of Labor
MOPH	Ministry of Public Works
MOU	Memorandum of Understanding
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small, and Medium Enterprises
MTC	Ministry of Transport and Communications
MTR	Real Time Gross Settlement (Metical em Tempo Real)
OPSG	EIOPA Occupational Pensions Stakeholder Group
PAYGO	State Owned Pay-as-You-Go Pension Scheme

POS	Point-of-Sale
PROCONSUMERS	Association for Consumer Study and Defence
SMEs	Small and Medium Enterprises
UNCDF	United Nations Capital Development Fund
USAID	US Agency for International Development
WB	World Bank

Acknowledgements

This report contains the findings and recommendations from a World Bank mission to Mozambique from November 17 to 25, 2014, conducted for the purpose of a diagnostic review of the Consumer Protection and Financial Literacy/Capability (CPFL) laws, institutions and practices applicable to certain regulated financial services in Mozambique (2014 CPFL Review). Mozambique's insurance, pensions and securities sectors were considered alongside relevant financial literacy/capability programs. This CPFL Review complements the CPFL Review of the banking and non-bank credit institutions sectors, which was conducted in 2012 (2012 CPFL Review).[1]

This CPFL Review was conducted as a component of Mozambique's Financial Inclusion Support Framework Program (FISF Program). The FISF Program is a World Bank Group (WBG) initiative supported by the Kingdom of the Netherlands and the Bill & Melinda Gates Foundation, which provides technical assistance and capacity building support to countries to help them accelerate the achievement of their financial inclusion commitments and targets. The WBG's Good Practices for Consumer Protection and Financial Literacy/Capability were used as a benchmark for the review.[2] CPFL Reviews against Good Practices have been conducted by the WBG in more than thirty countries worldwide, including in many African countries.[3]

This CPFL Review was undertaken by a team led by Rosamund Grady (Senior Financial Sector Specialist, GFMDR, and Technical Lead). Other members of the team included Peter Wrede (Senior Insurance Specialist, GFMDR), Fiona Stewart (Senior Financial Sector Specialist, GFMDR, Pensions Expert), Richard Symonds (Consultant, Securities Expert), and Jorge Joao Faria (Consultant and Mozambique financial sector expert). Research and drafting support was provided by Marco Traversa (Financial Analyst, GFMDR). Editing assistance was provided by Solvej Krause (Consultant, GFMDR) and administrative support was provided by Suran Kc Shrestha (Program Assistant, GFMDR), Clarisse Nhabangue (Team Assistant, AFCS2) and Oxana Shmidt (Program Assistant, GFMDR). The mission team worked closely with the concurrent Financial Inclusion Strategy mission team lead by the co-TTLs Mazen Bourie, Senior Private Sector Development Specialist, GFMDR and Bujana Perolli, Financial Sector Specialist, GFMDR.

Extensive consultations were held with relevant stakeholders for the purposes of this review. They included the Insurance Supervision Institute of Mozambique (ISSM), the Mozambique Stock Exchange (BVM) and the Bank of Mozambique (BdM), other government entities and public agencies, financial institutions, industry associations, consumer associations, and professional bodies.

The mission team is grateful for the support and collaboration extended by all stakeholders. In particular, the team wishes to express its appreciation to the Mozambique authorities for their strong support for the CPFL Review and for their assistance during this mission, and after its conclusion.

[1] http://responsiblefinance.worldbank.org/diagnostic-reviews

[2] Good Practices for Financial Consumer Protection (World Bank, 2012), available at: responsiblefinance.worldbank.org /~/media/GIAWB/FL/Documents/Misc/Good-practices-for-financial-consumer-protection.pdf.

[3] Recent CPFL Diagnostic reviews are available at: http://responsiblefinance.worldbank.org/diagnostic-reviews.

Preface

The existence of a sound financial consumer protection framework is fundamental to increasing access to and usage of financial services, and the quality of those financial services, along with supporting further financial sector deepening. Financial consumer protection is a necessary precursor to building trust in the formal financial sector and thus in encouraging financial inclusion. Further, consumer protection helps ensure that expanded access benefits consumers and the economy as a whole. While increased access can result in significant economic and societal benefits, it can be neutral or even harmful if consumers: (i) cannot exercise their rights as consumers, (ii) cannot select the financial products that suit them best; and (iii) are not protected from mis-selling, fraud, and other market abuses.

A sound financial consumer protection regime needs to be complemented with prudential regulation and supervision, as well as a stable macroeconomic environment. Prudential requirements are intended to ensure that the financial system remains sound and stable, while the financial promises made by financial institutions are met. Proper supervisory oversight and adequate resources are essential to ensure adherence to these standards. Further, even the soundest legal, regulatory and supervisory framework for financial consumer protection will not be effective in an unstable macroeconomic environment.

The World Bank's *Good Practices for Financial Consumer Protection* are an assessment tool for diagnostic reviews of a country's consumer protection and financial literacy framework (Good Practices).[4] More than 30 such reviews have been conducted worldwide. The Good Practices were developed using international benchmarks and take account of the legal and regulatory frameworks in developed and developing countries.[5]

The main objective of a CPFL Review is to assess the legal, regulatory, and institutional frameworks for financial consumer protection in a country, with reference to the Good Practices. The following areas are addressed: (i) Institutional Arrangements, (ii) the Legal and Regulatory framework, (iii) Transparency and Disclosure, (iv) Business Practices, (v) Complaints Handling and Dispute Resolution Mechanisms and (vi) Financial Literacy/Capability. All parts of a financial sector can be considered, including banking, non-bank credit institutions, insurance, securities, private pensions, and credit reporting.

There is an increased international focus on consumer protection in the financial sector. As shown by the World Bank's *2013 Global Survey on Financial Consumer Protection*, a legal framework for financial consumer protection exists in 112 out of the 114 countries surveyed. The most common approach is to have a financial sector-specific consumer protection regulatory framework (as exists in 103 countries). The Global Survey also showed that the number of regulatory agencies with a specific responsibility for financial consumer protection increased from 74 in 2010 to 97 in 2013.

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[4] Good Practices for Financial Consumer Protection (World Bank, 2012), available at http://responsiblefinance.worldbank.org/~/media/GIAWB/FL/Documents/Misc/Good-practices-for-financial-consumer-protection.pdf (last visited on December 11, 2014).

[5] Relevant international standards include the principles released by the Basel Committee, IOSCO and IAIS and OECD recommendations for financial literacy and awareness on pensions, insurance and credit products.

EXECUTIVE SUMMARY

1. **Key Findings and Recommendations presented in this report are based on the World Bank's *Good Practices for Financial Consumer Protection* and consider the insurance, pensions, and securities sectors in Mozambique.** The report reflects the legal and regulatory framework and relevant aspects of the financial sector at the time of the CPFL Review, with limited reference to existing and proposed significant changes the authors of the report were aware of at the time of writing.

KEY FINDINGS

2. **The key 2014 CPFL Review findings are summarized below. Further details are provided in the following sections of Volume 1 of this report.** Many of the findings are unique to the insurance, pensions, and securities markets but those of general application are consistent with the 2012 CPFL Review, where the status quo has remained unchanged in most respects:

   - **The authorities have demonstrated a deep interest in CPFL in the insurance, pensions, and securities markets**. Among other factors, this has been shown by: (i) the request for the CPFL Review as part of the FISF Program; (ii) the new consumer-oriented laws for the insurance and pensions sectors; (iii) the work on financial literacy conductedby ISSM and BVM; and (iv) importantly, the emphasis on consumer protection in the Financial Sector Development Strategy 2013 -2022. For example, one of the Government's areas of focus for the insurance industry is "*Developing a consumer protection framework to encourage fair business practices and to deepen the market by increasing confidence in the insurance products*".[6]

   - **Significant progress has been made in the development of the consumer protection legal and regulatory framework for the insurance and pension sectors, but there are significant gaps in the securities sector laws.** The legal framework for both the insurance and pensions sectors have been updated relatively recently (Insurance Act 30/2011 and Pension Act 25/2009) and provide a sound basis for the fair treatment of consumers. However, given the newness of ISSM, not all regulations required to implement the law have been issued yet (for example, in relation to micro insurance). The legal and regulatory framework for consumer protection in the securities sector is underdeveloped in comparison, presumably due to the lack of a retail market for securities. In particular, the Securities Code is written in very general terms on issues concerning investor protection.

   - **The Consumer Protection Law 22/2009 (CP Law) also contains comprehensive protections for consumers but it does not appear to have been implemented or enforced (as also noted in the 2012 CPFL Review).** However, implementing regulations are being prepared and are expected to be approved in 2015, with the establishment of the Consumer Institute to follow.

[6] *Section 3.3, Development of the Insurance Sector* and see also Section 3.4, *Developing the Pensions Sector* and Section 5.2 *Developing the Capital Markets.*

- **As with the 2012 CPFL Review, there is also a concern about the interaction between sector-specific laws and consumer protection laws of general application.** For example, the abovementioned CP Law, the Advertising Code, the Insurance Act and the Pensions Act all contain provisions on misleading advertising with different enforcement authorities. Other common areas between the CP Law and sector-specific laws include disclosures of information and complaints.

- **The insurance and pensions sectors are regulated by the ISSM which, while widely respected, appears to have limited capacity to supervise and enforce consumer protection laws, and it does not have a specific consumer protection mandate[7].** ISSM currently only has two out of ten supervisory staff focusing on the pensions sector, with the remainder focusing on the insurance sector. None of these staff focus on financial consumer protection issues. ISSM are seeking to hire another seven staff. Although ISSM is widely respected, there appear to be clear need forsupervisory capacity building, as well as a need to develop consumer protection specific supervisory tools and procedures.

- **The securities market appears to be supervised by a small number of staff located within the BdM Licensing and Regulation Department, while the BVM oversees trading on the Stock Exchange**. All financial intermediaries in this market are currently banks and supervised by BdM. Accordingly, the supervision and enforcement of consumer/investor protection laws in the securities sector applying to intermediaries appears to be undertaken in conjunction with supervision of the relevant bank.

- **Although retail markets are still small in most relevant sectors, there is an indication that some business practices need to be monitored or prohibited as markets are likely to develop rapidly.** For example, attention needs to be paid to the adequacy of governance arrangements and the level of fees charged in the private pensions sector. As with any new, small pension systems, costs can initially be high and governance experience will be limited. It will be important to monitor these issues and for ISSM to issue appropriate guidance covering issues of concern (such as training of trustees and potential limits on fees). Further, securities sector laws only contain a few specific forbidden practices, such as churning and front running client orders. The law is lacking specific provisions on sales fraud.

- **There are no industry codes of conduct in place.** Such codes can provide a mechanism for industry to police itself and, importantly, can build consumer confidence in the industry, which can in turn assist with low levels of financial inclusion. This conclusion is consistent with the 2012 CPFL Review.

- **There are limited rules relating to internal complaints resolution processes, and no provision for regulators to monitor complaints.** Insurers are required to advise consumers about their internal complaints resolution process but there is no requirement for standardization of procedures or to report statistics to ISSM. The Supervisory Committee of a private pension fund is responsible for representing members' interests in disputes. For externally managed occupational funds, disputes would be handled according to the fund manager's internal processes. Financial entities regulated by BdM (including securities intermediaries) are required to have internal complaints resolution processes.

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[7] See Article 5.

- **There is no formal external dispute resolution scheme for consumers.** Complaints about insurance policies are handled by ISSM, but they are very limited in number (around 10 per year) and ISSM does not maintain, or publish, any statistics on such complaints. ISSM has not yet had to deal with pensions complaints. The Consumer Law provides for the establishment of consumer arbitration centers but no action has been taken in this regard to date. The Center for Arbitration, Conciliation and Mediation, which organizes arbitrations, is used mainly for larger disputes for cost reasons.

- **Although a variety of financial literacy programs relevant to the insurance, pensions, and securities sectors exist, there is a need for coordination.** ISSM has developed a Financial Literacy Strategy for the insurance sector and is in the process of developing programs to implement this strategy. BVM also has a long term education program on the characteristics and benefits of the securities markets for a broad range of entities from schools to businesses. The Center for Arbitration, Conciliation and Mediation, together with the Bar Association, also has a literacy course covering available procedures for in-court and out-of-court dispute resolution. While these initiatives are welcome, there is an apparent need for better coordination with the financial literacy strategy and programs developed and implemented by BdM.

3. **A summary of the High Priority Recommendations is outlined in Table 1 below.** Implementation of these high-priority recommendations should commence as soon as possible, while acknowledging that some may take longer to implement than others. These are recommendations in respect of which it is considered implementation activities should commence as soon as possible, while acknowledging that some may take longer to implement than others (see the reference to the relevant Term). All recommendations are summarized in Annex 2 to this Volume I. Further detail is provided in Volume II of this report.

Table 1: Summary of High Priority Recommendations[8]

RECOMMENDATION	RESPONSIBILITY	TERM[9]
INSTITUTIONAL ARRANGEMENTS		
Insurance and Pensions: Develop proportionate consumer protection-specific supervisory arrangements, tools, and training for ISSM, increase specialist supervisory resources.	ISSM	ST
Securities: Create an independent unit in BdM and equip it with the required consumer protection tools, capacity, and budget.	BdM	MT
LEGAL AND REGULATORY FRAMEWORK		
Cross Cutting: Clarify interaction between Consumer Protection Law and sector-specific legislation.	MoEF, MIC	MT
Insurance: Require all insurers and intermediaries to prominently publish their regulatory status.	ISSM	ST
Insurance: Assess current training practices for intermediaries and mandate training for intermediaries as required.	ISSM	MT

[8] A reference to "laws" includes a reference to Acts, regulations and other forms of subordinate legislation
[9] ST (short term) = 1 year, MT (medium term) = 2 years, LT (long term) = 3 years

RECOMMENDATION	RESPONSIBILITY	TERM[9]
Pensions: Enforce licensing requirements for pension funds.	ISSM	ST
Pensions: Enforce investment limits under Ministerial Decree 261/2009.	ISSM	ST
Pensions: Provide guidance on good governance of pension funds and standards for supervisory committees.	ISSM	MT
Securities: Require securities intermediaries to be licensed, to undertake a qualifying exam and be trained, and to disclose their status at point of sale.	BdM	MT
TRANSPARENCY AND CONSUMER DISCLOSURE		
Cross Cutting: Develop short form, clearly expressed Key Facts Statements for commonly used insurance and pensions products and for investment fund products.	ISSM, BdM	ST (insurance) MT (pensions and investments)
Insurance and Pensions: Collect, analyze and publish standardized industry data on website and in annual reports in a clear and timely way.	ISSM	ST
Pensions: Require pension fund and individual member information to be made available to members online and on request.	ISSM	MT
Securities: Develop specific requirements on disclosures for point of sale documents, contract notes, and professional relationships.	BdM	MT
Securities: Develop detailed requirements for rules about transaction notices and account statements.	BdM	MT
BUSINESS PRACTICES		
Cross Cutting: Issue detailed regulations on product suitability (Fact Finds) requirements for insurance, pensions and relevant intermediaries, funds and investment fund managers.	ISSM, BdM	MT
Insurance and Pensions: Monitor advertising and sales materials in retail markets.	ISSM	MT
Insurance: Review extent of tying and bundling of insurance and credit products with a view to developing fair treatment standards.	ISSM	MT
Pensions: Support INSS in contribution collection efforts.	ISSM, INSS	ST
Pensions: Monitor fees levied by pension fund managers.	ISSM	MT
Securities: Strengthen law relating to fraudulent sales of securities to make it more specific; introduce tougher sanctions.	MoEF, BdM	MT

DISPUTE RESOLUTION		
Cross cutting: Require all relevant entities to develop standardized procedures for dealing with complaints, ensure customers are aware of them and that all relevant entities report complaints statistics to relevant regulator.	ISSM, BdM	MT
Insurance and pensions: Ensure ISSM has dedicated and trained staff responsible for considering consumer complaints, and that ISSM analyzes and publishes complaints statistics.	ISSM	MT
FINANCIAL LITERACY/CAPABILITY		
Cross cutting: Coordinate financial literacy programs and strategies (especially between ISSM, BVM and BdM), in the context of the development of the Financial Inclusion Strategy and ISSM Finanical Literacy Strategy.	ISSM, BVM and BdM and public and private sector stakeholders	MT
Insurance and Pensions: Finalize financial literacy initiatives for insurance and pensions sectors and develop related programs, taking into account international experiences (e.g. Philippines, Peru, Brazil and Ghana).	ISSM and public and private sector stakeholders	ST

FINANCIAL SECTOR CONTEXT FOR CONSUMER FINANCIAL SERVICES AND FINANCIAL LITERACY

SUPPLY OF FINANCIAL SERVICES

1. **Mozambique's economy has grown rapidly since the end of the Civil War in 1992, but the need for inclusive growth is still recognized.** Annual GDP growth averaged 7.4 percent over the past two decades. Robust growth was made possible by sound macroeconomic management, a number of large-scale foreign-investment projects focused on the extractive industries, and significant donor support. Nevertheless, the Government has recognized the need for inclusive growth in its Financial Sector Development Strategy 2013 -2022 and, in particular, has a clear goal to "*Put in place a consumer protection framework both to protect consumers and to encourage new consumers to enter the market*". [10]

2. **The pension, insurance, and securities sectors are still fairly small.** The pension sector is dominated by the obligatory, state-run pay-as-you-go (PAYGO) system, although a few private pension companies offer pension funds. The insurance sector is also small, with premiums of less than 1 percent of gross domestic product (GDP), and consists of five private and one majority state-owned company. The stock market is in its infancy, with 16 listed securities, two of which are corporate equities and the remainder bonds.[11]

Table 2: Financial Institutions in Mozambique

INSTITUTION	No.
Banks	18
Microbanks	8
Credit Cooperatives	7
E money Institutions	1
Investment & Risk Capital Companies	1
Savings and Loan Organizations	11
BDM registered Microfinance Operators	202
Local Based Foreign Credit Institutions	1
Foreign Exchange Houses	21
Insurance Companies	17
Insurance Brokers	44
Pension Funds (including INSS)	5

Sources: Bank of Mozambique (February 2012), Global Credit Rating Company (March 2010) and ISSM (2012)

[10] *Mozambique Financial Sector Development Strategy, 2013– 2022* , June 2013.

[11] *Mozambique Financial Sector Development Strategy, 2013–2022,* June 2013.

Insurance Sector

3. **The insurance market is not very developed in Mozambique, as compared to neighbors in the region**. Table 3 below provides further details.

Table 3: Regional Comparison of the Insurance Sector

	Premium in million USD			Insurance Penetration (premium as % of GDP)			Insurance Density (premium in USD per person)			
	Life insurance	Non life insurance	Total	Life insurance	Non life insurance	Total	Life insurance	Non life insurance	Total	as of
South Africa	42,523.8	6,812.1	49,335.9	12.5	2.0	14.5	805.7	129.1	934.7	2013
Zimbabwe	293.0	209.8	502.9	11.7	8.4	20.1	22.3	16.0	38.3	2013
Tanzania	27.5	228.7	256.2	0.1	0.8	0.9	0.6	4.8	5.4	2012
Mozambique	**27.1**	**163.1**	**190.2**	**0.2**	**1.2**	**1.4**	**1.1**	**6.7**	**7.8**	**2012**
Malawi	61.9	51.7	113.6	1.5	1.2	2.7	3.9	3.3	7.1	2012
WB Africa	673.1	1,621.7	2,300.6	0.4	0.7	1.1	18.7	19.9	38.6	

Source: AXCO Insurance Reports – WB Africa is made up of Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Ivory Coast data from 2011 and 2012.

4. **Insurance in Mozambique is predominantly focused on commercial insurance, with a limited focus on the retail sector.** The sector consists of: commercial insurance (fire, theft, natural disasters property insurance), mandatory insurance (most notably motor third party liability and workers' compensation, which together account for 42% of all premiums), and insurance required to obtain a loan. More than half of the business is transacted by brokers: the mission team were told that the largest firm accounts for a quarter of the brokerage market, and 95% of its business is commercial. Insurance companies make little effort to target individuals, and advertise little. This is reportedly because of the large scale required to profitably underwrite the relatively low value insurance policies held by individuals, households, and small enterprises coupled with the apparently limited retail market potential for growth.

5. **In the last five years, six new insurance companies have entered the market, bringing the total number of life and non-life insurers to 17[12].** There is also a micro-insurer.[13] Competition is reportedly increasing, but not yet to the degree that insurers begin to focus on retail clients as a new growth area. There is virtually no insurance with a duration of more than one year. Although such contracts are renewable, this short period reduces consumers' risk that erroneous insurance decisions have severe impact on their financial lives.

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[12] http://www.issm.gov.mz/index.php/en/2014-09-23-09-17-53/2014-09-23-09-18-45

[13] NBC - Mocambique Companhia de Micro-Seguros, S.A – see http://www.issm.gov.mz/index.php/en/2014-09-23-09-17-53/microseguradoras

Pensions Sector

6. **The private pension fund industry in Mozambique is small but developing**. Pension coverage in Mozambique is limited to formal sector workers, and extends to around 7% of the population, which is towards the lower end of regional comparisons. Total pension assets amount to approximately USD 850 million, or 5% of GDP, which is broadly in line with regional peers.[14] The pension system in Mozambique consists of: (i) the mandatory social security scheme for the private sector managed by the Instituto Nacional de Segurança Social (INSS), which has around 1.2 million registered workers (however the 7% contributions are only received for around 400,000); (ii) mandatory schemes covering approximately 380,000 public sector workers, or less than 2% of the population; and (iii) voluntary private pensions currently offered by around a dozen large employers (banks, manufacturing firms, transport companies), covering an estimated 20,000 workers. Market opportunities for the latter funds were created in 2007 when the previously generous INSS benefits were reduced.[15]

Table 4: Pension System in Mozambique*

	Nature of Scheme	**Coverage**	**Assets USD mln.**
Civil Servants and State Agents Social Protection System,(CSSASPS)	Public sector - mandatory	380,000	N/A – currently unfunded
Bank Mozambique Pension Scheme	Public sector - mandatory	1,500	300
INSS	Private sector – mandatory	1.24 mln**	400
Occupational Pension Schemes (open and closed)	Private sector – voluntary	20,000	150
Total		1.64 million (7% population)	850 (5% GDP)

**World Bank estimates as of November 2014*

***INSS total registered participants (active and retirees). In practice, contributions are only being received for 400,000 members and pensions paid to around 50,000.*

7. **Pension funds are not sold on a retail basis directly to individuals**. As funds are established by employers and therefore there is no individual choice of provider or investment portfolio, members of pension funds are not ‘consumers’, strictly speaking. However, protection for members of private pension funds is still required, and the 2014 CPFL Review was conducted in this context.

[14] Source: World Bank Pensions Database, ILO
[15] The review and recommendations in the report cover voluntary, private pension funds

Securities Sector

8. **The Mozambique Stock Exchange (BVM) opened in 1999 but is still in a very early stage of development.** The market capitalization was only around 8% of GDP in 2013.[16] In contrast, in 2012, the market capitalization of Zimbabwe was 94.7% of GDP, in Uganda it was 30.7% of GDP and in South Africa it was 154.1% of GDP.[17] However, due to recent gas fields that have been discovered and "mega" development projects, there are expectations that it will increase fairly rapidly over the next several years.

Table 5: Stock market capitalization as % of GNP (end of year)

Year	2009	2010	2011	2012	2013
Capitalization (in USD)	321,339,319	352,651,011	624,475,972	1,016,062,296	1,197,010,000
% of GDP	3.32	3.8	4.97	7.13	7.81
GDP	9,674,037,707	9,274,448,732	12,547,888,400	14,376,457,305	15,318,970,100

Source: BVM, Boletim Cotacoes and World Bank

9. **Most listings on the BVM are debt instruments, with only 4 equity issues currently traded. The retail market for securities is virtually non-existent.** Market participants have indicated that there is a general lack of financial literacy, not only among the potential investing public, but also among the businesses and companies that would be likely candidates for using the stock market as a means of raising capital. Along with the general concern of disclosing internal business finances and activities, this lack of literacy has resulted in a limited use of the exchange. The BVM has been concentrating a lot of its efforts in the area of financial literacy in providing information to companies to encourage them to list on the exchange.

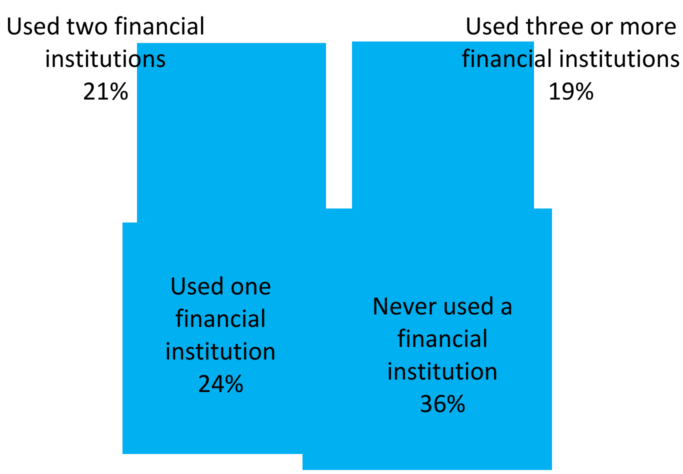
[16] http://www.macauhub.com.mo/en/2014/07/11/market-cap-of-mozambique%E2%80%99s-stock-exchange-total-us1-117-billion-in-2013/
[17] Source: http://data.worldbank.org/indicator/CM.MKT.LCAP.GD.ZS

DEMAND FOR FINANCIAL SERVICES

10. **The existence of a sound financial consumer protection framework is fundamental to increasing responsible access to financial services; this is particularly relevant in Mozambique, where usage of formal financial services is relatively low.** As shown by the WB's 2013 *Enhancing Financial Capability and Financial Inclusion in Mozambique-A Demand Size Assessment* (WB Financial Capability and Inclusion Survey),[18] 36% of adults have never used a financial product or service.[19] Further, usage of insurance products is low. Only 18% of adults have used them, and this figure is 11% of adults in rural areas and 24% in urban areas.[20] More sophisticated products such as private pensions and investments in stocks are hardly used at all.[21]

11. **People are more likely to use bank services in areas with shorter distances to bank branches and better infrastructure; additionally those who are reached by financial services often use multiple ones at the same time.**[22] Around a third of the population is not being reached by any financial service providers.[23]

Figure 1: Usage of Different Financial Institutions in Mozambique



Source: WBG Financial Capability Survey, Mozambique 2013

[18] http://responsiblefinance.worldbank.org/~/media/GIAWB/FL/Documents/Publications/Enhancing-Financial-Capability-and-Inclusion-in-Mozambique-FINAL.pdf

[19] *WB Financial Capability and Inclusion Survey*, Figure 11

[20] *WB Financial Capability and Inclusion Survey,* Figures 10 and 12

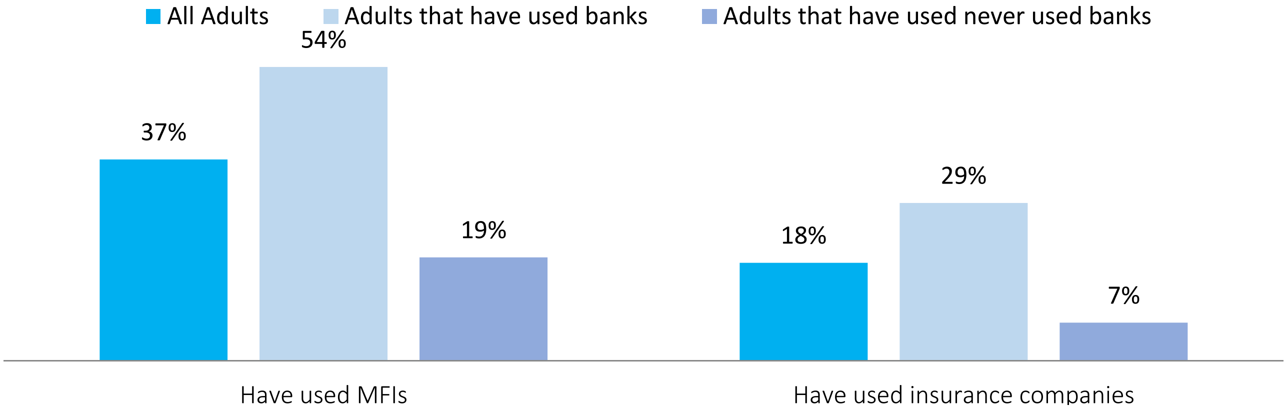
[21] *WB Financial Capability and Inclusion Survey,* at page 25

[22] *Id.*

[23] *Id.*

12. **Usage of insurance products is low.** Only 18% of adults have used them; however, this figure grows among adults that have used banking services (29%).[24]

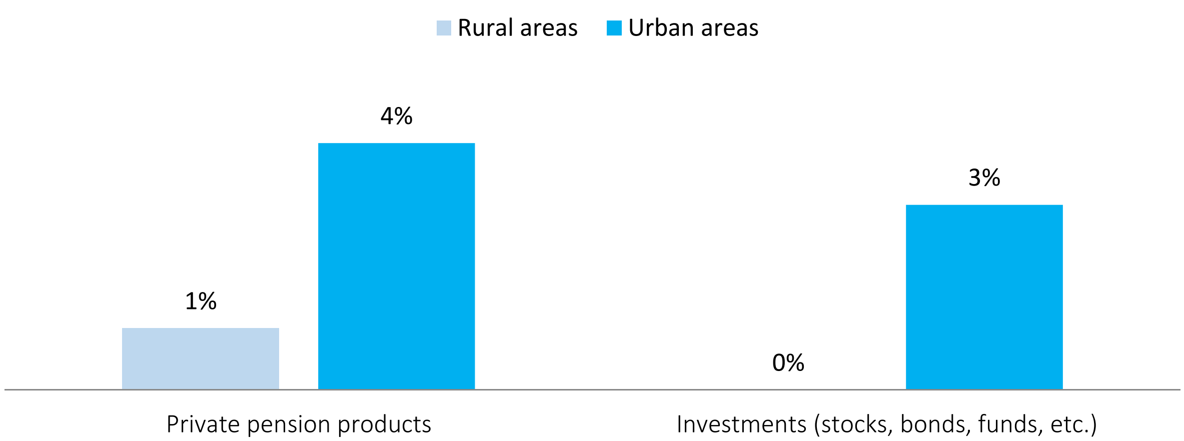
Figure 2: Percentage of Mozambicans that have ever used financial institutions



Source: WBG Financial Capability Survey, Mozambique 2013

13. **Sophisticated savings products are not very common among the population.** Private pensions are only used by 1% of rural and 4% of urban adults; similarly Mozambique's Stock Market is still in its early development with only 3% of Mozambicans reporting to have invested in it.[25]

Figure 3: Usage of Sophisticated Saving Products in Rural and Urban Areas



Source: WBG Financial Capability Survey, Mozambique 2013

[24] *Enhancing Financial Capability and Financial Inclusion in Mozambique-A Demand Size Assessment, supra* note 8, at 24.
[25] *Enhancing Financial Capability and Financial Inclusion in Mozambique-A Demand Size Assessment, supra* note 8, at 25.

INSTITUTIONAL ARRANGEMENTS

14. **The institutional arrangements for regulation and supervision of each part of the financial sector merits careful review.** Of particular importance are the following issues: who is responsible for consumer protection in each sector? Are there gaps/overlaps/capacity/resource issues to be considered? Is there an appropriate allocation between prudential supervision and consumer protection supervision? Is there co-ordination between multiple agencies? Is the private sector involved, e.g. through self-regulatory codes of conduct? Does the supervisor concerned have adequate resources, skills, and expertise? There is, however, no "best practice" on how to structure financial consumer protection institutionally. The appropriate model in any country depends on the country-specific characteristics, such as size and structure of the financial system and existing regulatory and supervisory arrangements.

General Overview

15. **The principal regulators for the main subjects of the 2014 CPFL Review are ISSM for the pensions and securities sectors and BdM for the securities sector, with potential for overlap with other regulators.** Entities other than ISSM and BdM with functions which are potentially relevant to these sectors are the Consumer Institute, which is provided for under Decree No. 22/2009 Consumer Protection Law (CP Law), and MIC, whichis responsible for the Advertising Code. Both the CP Law and the Advertising Code also contain provisions of general application which could apply to the sectors under consideration, as noted below under Legal and Regulatory Framework. However, the Consumer Institute is yet to be established (this is expected to occur in 2015) and it is understood that the Ministry of Trade and Industry has not actively supervised the application of the Advertising Code to the financial sector. Nonetheless, as noted in the 2012 CPFL Review, there is potential for overlap between these various institutions.

Table 6: Financial Consumer Protection Regulators and Supervisors

AUTHORITY	PRINCIPAL LEGAL PROVISIONS	ENTITIES SUPERVISED
ISSM (under the Ministry of Finance)	*Insurance Legal Framework* - Decree - Law No. 1/2010 *ISSM Statute Regulations* - Decree No. 29/2012 *Insurance Regulations* - Decree No. 30/2011 *Pension Funds Regulations* - Decree No. 25/2009	Insurance companies and pension funds.
BdM	*Securities Market Code* - Decree-Law No. 4/2009	Stock Exchange and Securities Market.
Consumer Institute (expected to be established in 2015)	*Consumer Protection Law* - Decree No. 22/2009	All public and private entities providing goods and services for a price.
Ministry of Industry and Commerce	*Advertising Code* - Decree 65/ 2004	A natural person or legal entity in whose interest advertising is done.

16. **Although the CP Law recognizes consumer associations, the existing consumer associations do not have the resources or capacity to be able to contribute significantly to the protection of financial sector consumers**. The CP Law recognizes consumer associations and cooperatives and endows them with a social partner status in consumer policy matters, so that they can appoint representatives to the corresponding consultative or cooperative bodies and represent consumers during the decision-making process. The CP Law also gives them a right to airtime on radio and television that comes with the social partner status (despite the law, no airtime seems to be available for consumer protection unless paid for). However, the two main consumers associations (DECOM and ProConsumers) at present have only a very limited focus on financial consumer protection. At present, this is understandable given their broad role, their minimal resources, and absence of a substantial retail market in the sectors in question. Nevertheless, if there is to be an effective civil society voice for consumers in Mozambique, they need to have their resources and capacity enhanced.

Key Recommendation(s)

17. **Consider funding and capacity building support for consumer associations and involve them in consultations about policy and legal framework development.** This is both important from a consumer protection point of view and will help the associations to fulfill the statutory role envisaged for them in the CP Law. This recommendation is consistent with the 2012 CPFL Review.

Insurance and Pension Sectors

18. **The insurance and pensions sectors are regulated by the ISSM.** ISSM was created as an entity within the Ministry of Finance with functions, covering insurance activities, insurance mediation and reinsurance, the management of supplementary pension funds, mandatory social insurance provided by the National Insurance Institute (INSS) and the BdM Pension Fund. However, INSS does not have a specific consumer protection mandate.[26]

19. **ISSM has limited staff although it is seeking to expand its resources.** Currently the ISSM has eight out of ten10 supervisory staff focusing on the insurance sector and only two on the pensions sector**.** ISSM are currently seeking to hire another seven staff. None of the ISSM's staff have an industry background, although some have useful supervisory experience and expertise from their previous roles within MoEF. A particular concern is that ISSM does not have an actuary, although the law requires the calculation of actuarial reserves by actuarial methods recognized and accepted by ISSM.[27] More generally, the concern is that ISSM does not have sufficient capacity and resources given the new insurance and pension legal and regulatory framework, and the expectation that these sectors will develop in the future.

20. **Consumer protection supervision by ISSM is at a nascent stage of development.** Supervisory staff are responsible for both prudential and consumer protection supervision and do not appear to have a specific focus on the latter. These arrangements can in principle give rise to conflicts between prudential supervision objectives and market conduct supervision objectives. Consumer protection and prudential supervision also require different types of supervisory profiles, skills, and approaches, with the latter focusing more on quantitative skills and analysis of an institution's financial soundness, and the former on qualitative skills and assessment of how an institution deals with consumers. Further, staff do not use, in any systematic way, many of the specific tools relevant to this area. These issues will become more serious in the future as Mozambique develops its consumer protection legal and regulatory framework and its insurance and private pensions markets.

21. **There are various examples of particular industry practices and supervisory concerns that have the potential to adversely affect consumers.** They include: (i) the few pension funds which are still operating without authorization; (ii) the delays in publishing up to date information about insurers and pension funds (the ISSM website was only launched shortly after the CPFL Review mission[28]); (iii) the failure to publish other information that could help customers make well-informed insurance purchase decisions, for example claims turnaround times or complaints statistics; (iv) the limited on-site visits which are being undertaken; (v) the breach of asset class restrictions by pension funds; and (vi) the concern with regard to the non-payment of employer contributions within the mandatory social security INSS system and – of most concern - the non-remittance of employee contributions to the fund. Although the latter point is not a private pension fund issue, which was the focus of the CPFL Review, it is highlighted as important for the protection of members of the pension system as a whole.

[26] Article 5 of Decreee No. 1/2010

[27] Article 38 of Decree No. 30/2011

[28] The site was launched in December 204 (after the CPFL Review mission): see http://www.issm.gov.mz/index.php/en/

Key Recommendation(s)

22. **Although ISSM is widely respected, there is a clear need for the development of proportionate consumer protection-specific supervisory arrangements, tools, and capacity building for ISSM, and increased specialist supervisory resources.** In the longer term, consideration could be given to the establishment of a separate market conduct/ consumer protection supervisory unit within ISSM as the market develops, with a separate budget. Examples of the consumer protection-specific supervisory tools that could be developed include mystery shopping, customer focus groups and surveys, review of advertising materials, as well as a systematic analysis of customer complaints made to the various mediation services on offer.

23. **ISSM should start to collect, analyze, and publish standardized industry data on its website and in annual reports, in a clear and timely way in order to allow all stakeholders to gain a clear picture of the insurance and pensions industries as they develop.** This includes, for the insurance sector, information such as average claims, turnaround times for claims, complaints data, names of agents and brokers, and information about the financial status of insurers and, for the pensions sector, data on the number of schemes, members, assets, average/range rates of return, and the average/range of fees charged).[29]

24. **ISSM also has specific consumer protection functions in the insurance sector that need special attention.** One example is the requirement that insurers have to submit the general and special conditions of their policies for registration at the ISSM. As well as expeditiously assessing legal compliance, ISSM could also develop tools and checklists to assess the suitability of the product and the related distribution channels for the intended target market.

25. **Supervisory capacity needs to be built out to ensure full protection for pension fund members.** The ISSM staff focusing on pensions should attend specialist training courses on pension supervision. Staff should be encouraged to attend the meetings of the International Organization of Pension Supervisors (IOPS), which they recently joined, in order to gain experience and knowledge from their international peers.

26. **ISSM should also begin to focus on regulatory implementation of the new pension sector legislation.** The few funds which continue to operate without authorization should be forced to register, join an umbrella fund, or close. At a minimum, the regulator should agree on a timetable with these funds for compliance. The investment regulations established under Ministerial Diecree 261 of 2009 also need to be enforced, at a minimum by agreeing on a timeframe with non-compliant funds to bring their portfolios in line with asset class restrictions.

[29] Some of this information is starting to be published on the ISSM website: http://www.issm.gov.mz/index.php/en/

Securities Sector

27. **Due to the lack of a retail securities market and the fact that all financial intermediaries are banks, there are minimal resources devoted by the BdM to the supervision and enforcement of consumer protection laws in the securities sector as a subject area separate from bank supervision**. The securities market appears to be supervised by a small number of staff located within the BdM Licensing and Regulation Department, while the BVM oversees trading on the Stock Exchange. Accordingly, the supervision and enforcement of consumer protection laws in the securities sector does not appear to be undertaken separately from bank supervision and regulation.

28. **The Central Securities Depository is currently a part of the BVM.** In a small securities market such as in Mozambique, this is a cost effective means of running the Depository. It is also implementing a system whereby accounts are held at the Depository for individual account holders under the financial intermediaries account. Nonetheless, as the market grows larger, the Depository will need to become independent in line with international best practice.

Key Recommendation(s)

29. **There is a clear need for the development of proportionate consumer protection-specific supervisory arrangements, tools, and capacity building for the BdM for the purposes of its securities supervisory role, and increased specialist supervisory resources.** This is similar to the issue with the ISSM. Examples of consumer protection-specific supervisory tools that could be developed include mystery shopping, customer focus groups and surveys, and reviews of advertising materials, as well as a systematic analysis of all customer complaints of which BdM is aware. In the longer term, consideration could be given to the establishment of a separate market conduct / consumer protection supervisory unit as the market develops, with a separate budget. In the very long term, consideration might be given to the establishment of a separate regulator to regulate the securities market.

30. **In the longer term, as the securities market increases in activity, a Central Depository should be established as a separate entity from the BVM.**

LEGAL AND REGULATORY FRAMEWORK

31. **A strong legal and regulatory framework for financial consumer protection is crucial to protect financial consumers and proactively prevent market abuses.** Market conduct regulation should at a minimum ensure that consumers: (i) receive information to allow them to make informed decisions; (ii) are not subject to unfair or deceptive practices; and (iii) have access to recourse mechanisms to resolve disputes. All laws and subordinate legislation relating to consumer protection in the financial sector should be considered in this context with a view to assessing their scope and sphere of application, any related gaps and overlaps, and with a particular focus on issues such as licensing, transparency and disclosure, business conduct, recourse mechanisms, data protection, and credit reporting. The legal and regulatory framework should also be supported by supervisory agencies which have the capacity to ensure effective implementation (see Institutional Arrangements above).

General Comments

32. **The Consumer Protection Law 22/2009 (CP Law) contains comprehensive protections for consumers but does not appear to have been implemented or enforced (as also noted in the 2012 CPFL Review). In summary,** the consumer rights covered include rights to education, information (and there are specific provisions in relation to credit contracts), a 7-day cooling-off period, substantive fairness, clear and legible print in contracts, rights to the protection of economic interests, and legal protection and accessible justice. Further, there are prohibitions against misleading advertising and abusive clauses, and the CP law also provides for the establishment of consumer arbitration centers. There is also provision for the establishment of a Consumer Institute designed to promote consumer protection policies. However, notwithstanding the broad scope of this law, it does not appear to have been implemented or enforced to date, though implementing regulations are being prepared and are expected to be approved early in 2015, with the establishment of the Consumer Institute to follow.

33. **As with the 2012 CPFL Review, there is also a concern as to the interaction between the sector-specific laws and consumer protection laws of general application.** For example, the abovementioned CP Law and the Advertising Code, the Insurance Act and the Pensions Act all contain provisions on misleading advertising with different enforcement authorities. However, there are considerations in support of sector-specific regulators having responsibility for financial consumer protection in the sectors under consideration. The complexities of the products and markets in these sectors require specialist skills and knowledge and a deep understanding of the requirements of the international standard setters for the insurance, pensions, and securities sectors.

Key Recommendation(s)

34. **Consideration should be given to amending the CP Law and the Advertising Code to exclude the financial sector from their application, as was recommended in the 2012 CPFL Review**. In their place, equivalent provisions should be included in the relevant sector specific laws to the extent that they are not already there, with the relevant regulator thereby becoming the monitoring and enforcement authority in these respects with power to issue regulations and guidelines. The consumer protection mandate of each regulator should also be made explicit. It is of course important that each such regulator is given sufficient financial and human resources to be able to discharge their obligations satisfactorily.

Insurance and Pensions Sectors

35. **Significant progress has been made in the development of the consumer protection legal and regulatory framework for the insurance and pension sectors.** The legal framework for both the insurance and pensions sectors have been updated relatively recently (Insurance Act 30/2011 and Pension Act 25/2009) and provide a sound basis for the fair treatment of consumers. However, given the newness of ISSM, not all regulations required to implement the law have been issued yet (for example, in relation to micro insurance).

36. There are still gaps in the insurance sector legal framework affecting consumers. Examples concern the provision of health insurance to residents of Mozambique by companies which are not supervised by the ISSM, the lack of specific regulations concerning the digital delivery of insurance products (for example, over mobile phones), the appropriateness of the professional civil liability required for insurance intermediaries (in respect of the extent of their liability and in respect of the mishandling of premium), the regulation of KYC information and confidentiality, and the possibility to unilaterally change policy conditions.

37. The Pension Act (Ministerial Decree 25/2009) and supporting regulations provide a strong legal and regulatory framework for the developing, supplementary pension sector. The principles of the Good Practices are broadly covered in the regulations, thereby providing adequate protection for pension fund members. Specific issues which require addressing are covered in the remainder of this report.

Key Recommendation(s)

38. The abovementioned gaps in the insurance sector legal framework should be considered by ISSM. In particular, ISSM should consider the regulation of the health insurance to reduce the scope for regulatory arbitrage in health insurance and the need to regulate the digital delivery of insurance products. Other issues are discussed further below in this report.

Securities Sector

39. There are significant gaps in the securities sectors laws concerning consumer protection issues. The legal and regulatory framework for consumer protection in the securities sector is underdeveloped in comparison to the other sectors, presumably due to the lack of a retail market for securities. The laws and subsidiary legislation are drafted in general terms and provide for general obligations of financial intermediaries and investment fund managers in regards to their dealings with customer/investors. However, they do not contain a series of prescriptive, detailed rules for the interaction of these entities with their customers. For example, Article 5 (1) of the Securities Code provides that "*financial intermediaries shall serve their customers with the utmost diligence, loyalty, neutrality and discretion, and with absolute respect for their interests*"; however, it does not specify how the "*absolute respect*" is to be implemented.

40. Sales people and other professionals that deal with customers are not qualified and licensed by the regulator. The current regulations place the responsibility for educating and evaluating sales people on the financial intermediary. However, since the most important interactions with investors take place between investors and sales representatives, the regulator needs to be certain that such people are qualified and appropriately trained to ensure compliance with standards relating to issues such as Know Your Customer, product suitability, and disclosure.

Key Recommendation(s)

41. **As market activity increases, a detailed legal structure for regulation on consumer protection issues will need to be implemented.** Although there is an excellent beginning, the laws and regulations need to set out in detail how CP principles should be enforced and respected. For example, regulations could include provisions defining fraud and prohibiting half-truths (i.e. misleading information), curbing high-pressure sales tactics (such as limiting calls to specific hours in the day and allowing consumers to opt out of telephone marketing). Further, any such prohibitions should clearly apply to employees and agents who conduct such activities, and there should be significant penalties for breaches.

42. **The regulations should require that all persons dealing with customers in the sale of securities are licensed by the regulatory authority and meet specified requirements as to their qualifications and expertise**. In particular, securities intermediaries should be required to undertake a qualifying exam and to disclose their status at point of sale. The qualifying exam should also be undertaken by the supervisors of sales staff.

TRANSPARENCY AND DISCLOSURE

43. **Specific disclosure requirements can help create an informed consumer marketplace, enable product comparisons, encourage competition, and promote financial inclusion.** It is, however, important that any new requirements in this regard are proportionate in the sense of reflecting the risks of the relevant activity, the literacy/capability level of the relevant consumers, and that they do not impose costs which outweigh benefits.

General Comments

44. **There are 19 local languages spoken in Mozambique, in addition to Portuguese and English.** It is understood that Portuguese is spoken by only around half of the population. This makes it all the more important that product documents are in a language which is comprehensible to the customer(s) concerned and that oral explanations are available as needed.

Key Recommendation(s)

45. **Consider need for local language requirements and oral explanations.** In particular, disclosure documents and financial literacy materials should be available in common local languages and comprehensible to the customer concerned; oral explanations should be readily available for customers who arenot able to understand the documents, for example because they are illiterate or handicapped in some way (e.g. blindness).

Insurance Sector

46. **The 2010 Insurance Contract Law (ICL) sets out an extensive list of information that customers must receive in writing before signing an insurance contract.** This includes information about the insurer, the covered risks, premiums, coverage limitations, termination and transfer procedures, and rights of recourse. [30] There are also additional disclosure obligations in relation to life policies.[31] Other articles specify that the insurance proposal has to document that the mandatory information has been provided to the policyholder, and that the supervisor may issue norms and guidelines in respect of the information duties. Violation of this information duty allows the customer to rescind from the contract within 30 days of having received the policy; the same rescission right applies if the policy conditions do not correspond to the information provided before inception of the contract.[32]

47. **There is a requirement for disclosure documents to be in the Portuguese language and in a specified format.** The Article 91 information must be provided in "*clear form and in the Portuguese language*". There are also general requirements to the effect that all documents required to be provided under the ICL must be in the Portuguese language.[33] Further, the insurance policy (including general, special, and particular conditions) must be "*dated and signed by the insurance company and addressed in a clear and perfectly intelligible mode*, with legible characters and in the Portuguese language".[34] Exclusions have to be highlighted in "*distinct character*", otherwise they will be considered to be unknown to the policyholder.[35]

48. **Policyholders have to be reminded in writing no later than 30 days before any premium payment is due, informing them of the consequences of non-payment.** If the insurer cannot prove that this information was delivered to the policyholder's address, it cannot deny claims payment on the basis of non-payment of premium.[36]

49. **Art. 88 of Decreto No. 30/2011 empowers the ISSM to issue norms relating to consumer protection in advertising and to check compliance with these norms, ordering if necessary the suspension or immediate publication of an adequate rectification.** However, at the time of the CPFL Review there was no process for the ISSM to review insurance advertising before launch.

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[30] Articles 91 – 93 and see also Article 11 re Portuguese language requirements
[31] Article 232
[32] Article 94
[33] Article 11
[34] Article 103
[35] Articles 250, 254
[36] Article 130

Key Recommendation(s)

50. To complement, standardize, and make comparable the information required to be disclosed to customers before contracting insurance, potential policy holders should be required to be given standardized, comparable, and simply expressed Key Facts Statements summarizing the key features and costs of commonly used insurance products. These Key Facts Statements should be prepared by the ISSM in consultation with insurance and consumer groups.

51. ISSM should also consider inspecting any advertising by insurance companies before it is launched to the public, so that any concerns can be addressed before they reach consumers. However, it is appreciated that this may be difficult given ISSM's limited resources. At a minimum, ISSM should actively monitor advertising by insurers on an ongoing basis.

Pensions Sector

52. The Pension Law provides comprehensive guidance on the information which should be provided to pension fund members when they join the scheme and on an annual basis. This includes the nature of contributions and benefits, vesting and transfer rules, the risks of the scheme, whether any guarantees provided, fees charged, notification of major changes, as well as annual benefit statements and information on the financial position of the fund and the manager. In-house and external pension fund managing entities do appear to be providing this information to their members. This is generally still in paper format, though the external managers do have plans to roll out online information services for their members.[37]

Securities Sector

53. The regulations only require that financial intermediaries inform "*customers of the nature of the services provided, their conditions, and their costs*". This provision is subjective and subject to interpretation by each intermediary as to what would be sufficient information. There are no other detailed statements as to what should be in the disclosure of information.

54. The Decree on Investment Funds allows the management of a fund to determine what is to be disclosed to customers. Although the Management Regulations of a Fund are approved by the regulator, they can vary from fund to fund. There are no requirements for a standardized Key Facts Statement that succinctly summarizes the characteristics of a fund and allows an investor to compare funds.

55. The legal framework for the securities sector does not contain detailed legal requirements for periodic statements to investors. There is no provision in the regulatory framework regarding the requirement for a statement to be sent to a client of a financial intermediary on a periodic basis, although a client can request one pursuant to Article 26(2) of the Securities Code. This is also no requirement in the Investment Funds Decree.

[37] According to interviews with external manager and selected in-house firms – though not all schemes were visited during the mission.

Key Recommendation(s)

56. **Specific requirements should be developed for disclosures in securities point of sale documents.** These disclosures should cover risks, terms and conditions, fees and charges and commissions; for contract notes; and disclosure of professional relationships between principals and intermediaries.

57. **The legal framework for the securities sector should contain detailed legal requirements for periodic statements to be provided to investors.** Such statements could be provided by mail or (with consent) electronically for each account with a securities intermediary or a collective investment scheme.

58. **If an investment fund industry starts in Mozambique, the regulations should be amended to require the funds to issue a Key Facts Statement.** This should be a short form (one/two pages), clearly expressed KFS for investment fund products that is given to an investor prior to the sale of the product.

BUSINESS PRACTICES

59. **A key consumer protection concern is that financial service providers, and their staff and other intermediaries, do not engage in fair business practices.** Specific issues in this context include proper training of retail sales officers and other intermediaries, product suitability advice, responsible finance standards, misleading and deceptive advertising and sales practices, tying and bundling of different types of financial services and products, unfair contract terms, cooling-off periods, and debt collection practices.

General Comments

60. **There are no industry codes of conduct in place.** Although such codes cannot be considered to be a substitute for well-framed laws, they can represent a consensus in the industry as to good practice and provide a mechanism for the industry to police itself and, importantly, build consumer confidence in the industry. This is especially important in a country such as Mozambique with low levels of financial inclusion. For example, a code of conduct could be useful for the insurance industry and for financial intermediaries in the securities industry. This finding is consistent with the 2012 CPFL Review.

Key Recommendation(s)

61. **In the longer term, the development of industry codes of conduct is encouraged as the various sectors develop a retail presence**. The Codes should create and reflect a consensus in the relevant industry as to good practice and provide a basis for an enforceable disciplinary regime by the relevant industry associations. At a minimum, they should contain commitments to fair treatment of consumers and to high standards of disclosure and transparency in simplified, easy to understand and comparable documents, product suitability assessments, appropriate product design, and consumer recourse. They should be widely disseminated and clients of the relevant entity should be referred to them in relevant contracts and in the case of complaints.

Insurance Sector

62. **Although ISSM can examine the qualifications of insurance intermediaries, the professional qualification requirements could be enhanced.** The majority of insurance contracts in Mozambique are intermediated by qualified professionals equipped to reduce misunderstandings and mediate differences of opinion; suitable qualification is a prerequisite that the ISSM may examine, and interviewed insurers and brokers appear to train their intermediaries regularly. There are, however, limited professional qualification requirements for insurance intermediaries and ISSM is yet to develop a syllabus for basic insurance training requirements.

63. **There are also no formal requirements to ensure the suitability of a customer's needs for a particular type of insurance policy.** The Insurance Regulation requires all intermediaries to present to the policyholder "*the type or kind of contract that in their view is best suited to their particular case*". However, there is no guidance on how this should be done or documented; formal fact finding is not mentioned.

64. **Although there is a 7-day cooling-off period provided for in the CP Law, it is of limited effect.** The CP Law provides a general 7-day cooling-off period in cases of lacking, insufficient, illegible, or ambiguous information that may compromise the proper usage of the services. The same cooling-off period applies whenever services are provided outside of a commercial establishment, via correspondence or similar means.[38] This does not address insurance specifically, and it is unclear what "*contracting services outside of a commercial establishment*" means for insurance purchases.

65. **Bundling insurance with credit is frequent and, with motor vehicle insurance, constitutes the bulk of retail insurance business.** However, customers must be given a choice of where to procure the required insurance.[39] The insurers interviewed advised that they inform customers of that right, but acknowledge that they have group insurance arrangements in place and it is usually more convenient for the customer to accept coverage under such a policy.

Key Recommendation(s)

66. **Consideration should be given to mandating product suitability requirements in connection with the sale of insurance products**. In particular, insurers and their intermediaries should be required to obtain sufficient information about the prospective policy holder to ensure an appropriate product is offered. Further, as the retail market for voluntary insurance develops, and especially as microinsurance develops, ISSM should monitor the appropriateness of insurance offered to emerging customers. This might be done, for example, through assessing products submitted for registration and the corresponding distribution and customer service processes, and through analyzing complaints statistics.

[38] Article 10

[39] Article 119 of the ICL

67. **Formal standards of practice in relation to the bundling of credit and insurance products should be established.** At a minimum, there should be requirements to clearly inform the prospective policy holder of the key terms, exclusions, and premiums for the insurance policy and related commission before the policy is taken up. This should be in addition to obligations to give the consumer a choice of insurer and to prohibit any requirement to take out insurance with a particular insurer. Further, in the longer term, consideration should be given to whether there should be prohibition on insurance forcing practices. The 'insurance forcing' prohibition could apply to a requirement to acquire insurance as a condition of providing a banking service (such as a loan). However there could be an exception to such a prohibition in certain cases, for example, where the requirement is for insurance over mortgaged property or where insurance is required by law. It is also acknowledged that careful consideration will need to be given as to the extent to which such a prohibition may limit access to credit.

68. **Mandate a cooling-off period for long-term / life / savings insurance products and clarify when an insurance contract can be terminated.**

69. **ISSM should develop and disseminate the standard syllabus of what basic training for insurance intermediaries needs to cover, as well as the related exam.** Ideally, this should be done in cooperation with the insurance industry. As part of its supervisory role, ISSM should also inspect the training syllabus and formats used by insurers, and develop a procedure to assess the capacities of intermediaries achieved by the mandatory training.

Pension Sector

70. **There is potential for challenges to develop around fees and governance arrangements for pension funds which have been an issue in similar situations internationally.** As the pension market is new and small, fees are currently high (ranging from Assets under Management (AUM) charge of around 1.5% to 5%, the top end being well above international averages and even some regional peers). These should decline as the market grows and matures. However, competition has proven not to work as well for pensions as for other financial sector markets, with fees staying stubbornly high as pension fund members lack knowledge and are generally disengaged. Regulators in other countries have been forced to intervene when this is the case.

71. **One key aspect of the protection for pension fund members is the governance structure of the pension funds.** The Pensions Law (25/2009) requires all funds to establish a 'supervisory committee' to oversee the fund on behalf of the fund members. At least one-third of this committee must be appointed by members themselves. It is too early a stage in the industry's development to tell how well these regulations are operating in practice. However, international experience suggests that the governance of defined contribution funds operated by commercial financial institutions is always challenging, and therefore will need to be supervised carefully by the regulator.

72. **The vesting of employer contributions should also be addressed.** For example, one issue which was raised by the pension management companies is that not all occupational funds allow for the vesting of employer contributions. International good practice is for employer contributions to also vest within a reasonable time frame (normally within 5 years). Whilst employees get their own contributions back when they leave the firm and move to a different company, they do not receive any of the contributions which the employer made on their behalf. International experience is normally for these contributions to vest after an appropriate period of time (usually up to 10 years).

Key Recommendation(s)

73. **ISSM should ensure that appropriate fees are levied by pension fund management companies.** International experience and evidence regarding acceptable fee levels and how and when to intervene should be studied.

74. **ISSM could provide additional supervisory guidance (in the form of a circular or appropriate regulatory instrument) on the good governance of pension funds and their expectations and standards for supervisory committees.** This should include minimum standards for trustees. Over the longer-term, ISSM should consider providing or supporting training for members of the supervisory committees, particularly those appointed by members.

75. **ISSM should issue a guidance note on vesting of pension fund contributions**. Employee contributions should vest immediately and employer contributions should vest within a reasonable time frame (e.g. 5 years).

Securities Sector

76. **The securities legal framework contains a general admonition that financial intermediaries should deal honestly with clients, but beyond that, it only contains a few specific forbidden practices, such as churning and front running client orders**. For example, the law is lacking specific provisions on sales fraud. Further, sales materials of investment funds do not have to be reviewed or approved by the regulator and there are no detailed regulations as to the required contents of advertising, other than that the existence of a prospectus should be disclosed.

77. **Product suitability requirements are not as clear as they might be.** Taken together, the relevant provisions in the Securities Code imply that a financial intermediary should not engage in transactions for clients that are not suitable given their experience, financial condition, and objectives.[40] However, it is not explicit whether the financial intermediary should refrain from unsuitable transactions or merely advise the client as to whether the transaction is unsuitable and give the client more extensive advice and a choice as to further action.

78. **The record-keeping requirements in the Securities Code and regulations are also simple and not detailed.** There are no specifics as to the records that must be maintained, the contents of a contract notice evidencing a trade or the contents of periodic notices to customers regarding their accounts.

[40] Article 5

Key Recommendation(s)

79. **There should be more specific requirements concerning product suitability obligations in the legal framework.** The obligation of a financial intermediary, funds, and investment fund manager to determine the suitability of a financial instrument for a client should be set out in the legal framework for the securities sector more directly, in addition to actions that should be taken if the client wishes to invest in a product or service which is not considered suitable for him or her (for example, by way of warnings).

80. **The securities legal framework should be amended to include a more robust prohibition against the fraudulent sales of securities to purchasers.** Additionally, when the investment fund industry becomes more active, regulations should be enacted to set out in detail the basic requirements for all investment fund advertising.

81. **The record-keeping requirements of financial intermediaries, funds, and investment fund managers should be clearly set out in detail**.

COMPLAINTS HANDLING AND DISPUTE RESOLUTION

82. **One of the key pillars of a robust system of financial consumer protection is to provide easily accessible, well–known, and free recourse mechanisms for consumers who have a complaint about a financial product or service.** Similarly, there is a need for an independent, transparent, accessible and (ideally), free external dispute resolution body.

General Comments

83. **There are limited rules relating to internal complaints resolution processes, reflecting the small size of the relevant markets.** Of the existing rules, those for the securities sector are best developed. However, there are still gaps – for example, in relation to the obligation to report comprehensive complaints statistics to the relevant regulator and to inform consumers about the available means of making complaints and lodging disputes.

84. **There is no formal external dispute resolution scheme in Mozambique for consumers.** The CP Law provides for the establishment of Consumer Arbitration Centers but no action has been taken in this regard to date. The Center for Arbitration, Conciliation, and Mediation, which organizes arbitrations, is used mainly for larger disputes due to costs. It has indicated an interest in dealing with consumer disputes, but does not have the resourses to do so. Recourse through the courts is not a viable option given the costs and time delays involved, and concerns about the lack of expertise of members of the judiciary.

85. **Overall, there appear to be a low number of complaints in the insurance, pensions, and securities sectors.** This may indicate that consumers are satisfied with the relevant products and services or, alternatively, that detailed statistics are not being collected by regulators. It could also signal that not all customers are aware of their avenues for recourse, or, if they are, are not optimistic about the outcome or simply do not wish to pursue them. This is an important issue as customer empowerment and trust, and ultimately financial inclusion, are likely to rise with the growing awareness that complaints are taken seriously and handled appropriately by either the financial services provider or through some form of external dispute resolution system.

Key Recommendation(s)

86. **All relevant entities should be required to develop standardized procedures for dealing with complaints, ensure their customers are aware of them, and report complaints statistics to the relevant regulator.** It is especially important that consumers are made aware of where and how they can lodge complaints, and the timelines for consideration. These rules should be uniform across the three sectors under consideration.

87. **In the longer term, it is suggested that Mozambique considers options for the development of an independent, accessible, and free third party external dispute resolution scheme**. Such a scheme should apply to the insurance, pensions, and securities sector, as well as other parts of the financial sector. Consideration could, for example, be given to the establishment of a financial ombudsman service. The recommendations in the 2012 Volume II CPFL Report (see Good Practice E.2 Banking Section) discuss the legal foundations, possible ways to establish and fund such a service, governance, and corresponding international standards. Another option which might be considered is the establishment of the Consumer Arbitration Centers provided for in the CP Law.

88. **Pending the establishment of a third party dispute resolution scheme, ISSM should dedicate resources to consider consumer complaints, analyze and publish complaints statistics, and consider them for supervisory action.**

Insurance and Pension Sectors

89. **Although insurers are required by the Insurance Contracts Law to establish and advise consumers about their internal complaints resolution process, there is no requirement for standardization of procedures or to report statistics to ISSM.** The insurers interviewed advised they do maintain internal procedures for complaints handling, which are not documented in writing in most cases.

90. **In relation to private pension funds, according to the Pension Law, the Fund's Supervisory Committee is responsible for representing member's interests in relation to disputes.** For externally managed occupational funds, disputes between the managing entity and the employer sponsoring the plan would be handled via the fund manager's internal processes. However, none of these procedures have been really tested yet, given the newness of this industry. Nevertheless, it is important that the pension fund members should be given information regarding complaints and dispute processes and procedures.

91. **Consumer complaints in relation to insurance policies and pension funds are handled by ISSM.** Insurance complaints are very limited in number (around 10 per year) and ISSM does not maintain, or publish, any statistics in relation to such complaints. ISSM has not yet had to deal with pensions complaints.

Key Recommendation(s)

92. **ISSM should review the complaints handling policy and procedures (to be documented in writing) of all insurers, assess their appropriateness in respect of customer protection and fair treatment, make suggestions for remedies where necessary, and communicate its views on best practices that the industry is recommended to follow.** Such policies should not only address complaints made, but also ways to reduce causes that have already been identified as frequent sources of complaints (e.g. underinsurance[41]) and mechanisms to systematically monitor causes of complaints in the future and address them proactively.

93. **ISSM should investigate the reasons for the low number of complaints, by compiling appropriate statistics, discussing them with insurers and brokers, and also by contacting customers who had disputes.** The findings should be put into a report suited to inform both the industry and the public, and should be disseminated accordingly. If the findings suggest that there are few reasons for disputes because, for example, the insurance contract law is so clear that disputes do not arise or because insurers in Mozambique have high standards of customer orientation, disseminating that finding will contribute to the public's trust in the industry. If, on the other hand, weaknesses are found, they should be addressed – this proactive approach will also strengthen the public's confidence in ISSM and the industry generally.

94. **Pension scheme members should be given information regarding complaints /dispute mechanisms on joining the scheme, and should be informed who their representatives are on the supervisory committees.**

Securities Sector

95. **Financial entities regulated by BdM (including securities intermediaries) are required to have internal complaint resolution processes**.[42] In particular, Notice 4/GBM/2009 of the BdM requires regulated institutions to set up internal complaints procedures and to establish a complaint, data request, and suggestions service counter for the public. As banks are the only entities acting as financial intermediaries, complaints would be handled through the relevant bank's complaints processes. It is understood that bank headquarters may have the required service counter where complaints can be made face-to-face, but it is less clear if bank branches do.

Key Recommendation(s)

96. **Financial intermediaries should establish appropriate mechanisms to ensure that all customers are aware of the complaint procedure and have access to it.**

[41] An insurer may exercise a right to average (and hence reduce the amount paid on a claim) in the case of alleged underinsurance

[42] Decree No. 4/GBM/2009 and RAI Article 5

FINANCIAL LITERACY/CAPABILITY

97. **As a complement to a strong financial consumer protection framework, it is important to have high levels of financial literacy/capability, so consumers have the necessary knowledge and understanding to make informed decisions and to help meet financial inclusion targets by building trust in the financial sector.** For instance, any regulations which require financial institutions to disclose, clearly and fairly, the key information on terms and conditions associated with their products and service will not affect a consumer's behavior if the consumer does not understand why it is important to read disclosure documents or if they fail to understand the information contained in these documents. Likewise, any requirement for financial institutions to have standardized procedures for dealing with consumer complaints will be ineffective if consumers are not aware of their rights and the available complaints mechanisms, or if they prefer not to take action to deal with a complaint. Financial literacy is especially important in an environment where there are high levels of innovation in the design and delivery of financial products.

98. **There are low levels of financial literacy in Mozambique.** The World Bank's Financial Capability Survey referred to above showed that while 74% of respondents are familiar with bank products, whereas only 38% are familiar with insurance and a low 7% are familiar with brokerage houses.[43] There is very limited knowledge of private pension schemes, no doubt due to the newness of this industry and the ability of formal sector workers to rely on the INSS mandatory social protection scheme, as well as the BdM scheme.

99. **There are a number of strategic initiatives currently addressing financial literacy in Mozambique.** The Government's Financial Sector Development Strategy 2013–2022 includes activities to promote financial literacy, such as financial education campaigns to be disseminated through media and financial education material to be used in schools. The Strategy documents the government's commitment to financial inclusion as signaled by the signing of the Maya Declaration in 2012. It is understood that financial literacy will also be covered by Mozambique's Financial Inclusion Strategy, which is in the process of development with the support of the Mozambique FISF Program. The FISF program includes the promotion of financial literacy among its objectives.

100. **ISSM also has a new Financial Literacy Strategy 2014-2018 for insurers and is in the process of developing programs to implement the strategy.** In addition to providing for print material and seminars, the Strategy includes capacity building for journalists and collaboration with schools in the development of insurance teaching materials. The Strategy recognizes the need to coordinate with a considerable number of stakeholders, as well as the need for corresponding resources. It also acknowledges the potential to include suitable insurance-related teachings in school curricula, so that young adults become familiar not only with insurance as a financial service that can be of value to them, but also as a potential employer. This will be important as (micro) insurance grows into new socioeconomic segments of population that will need to be serviced by more insurance staff, ideally with a similar background.

[43] *Enhancing Financial Capability and Financial Inclusion in Mozambique-A Demand Size Assessment*

101. Although these activities are welcome, there is a need for coordination (including with BdM strategies and programs). At present, it is not entirely clear how the various initiatives are coordinated, nor is it clear who is responsible to lead and coordinate their implementation. This will be especially important as BdM develops its Financial Inclusion Strategy.

Key Recommendation(s)

102. Ensure there is consultation and coordination between relevant stakeholders in developing and implementing financial literacy strategies and programs. It is particularly important to ensure there is consultation and coordination between relevant stakeholders in developing and implementing Mozambique's Financial Inclusion Strategy, including aspects related to financial literacy, and also in relation to the implementation of the ISSM Financial Literacy Strategy.

103. It is also important that specific programs are developed for the insurance, pensions, and securities sectors. Such programs could include: (i) training for the media and consumer associations on insurance, pensions and securities issues; (ii) training for HR representatives of all employers sponsoring pension schemes; (iii) ensuring a wide range of media channels are used for financial literacy programs (e.g. radio, TV, social media); (iv) including financial literacy information on websites of BdM and BVM concerning the charactersistics of available investments in the securities sector.

ANNEX: List of Overall Recommendations

(This is a high level summary list of all recommendations resulting from the 2014 Mozambique CPFL Review (i.e. not just the High Priority recommendations contained in Volume I). See Volume II for details of these recommendations.

Table 7: List of Overall Recommendations[44]

RECOMMENDATION	RESPONSIBILITY	TERM*
INSTITUTIONAL ARRANGEMENTS		
Cross Cutting: Consider funding and capacity building support for consumer associations and involve them in consultations about policy and legal framework development.	BdM, ISSM	LT[45]
Insurance and Pensions: Develop proportionate consumer protection-specific supervisory arrangements, tools, and training for ISSM, increase specialist supervisory resources.	ISSM	ST
Insurance and Pensions: Consider creating a separate market conduct / consumer protection supervisory unit and equip it with the required consumer protection tools and capacity and budget.	ISSM	ST
Securities: Create an independent unit in BdM to regulate the securities markets and equip it with the required consumer protection tools and capacity and budget.	BdM	MT
Securities: Establish the Central Securities Depository as an entity separate from the BdM.	BdM	LT
Securities: Consider a separate securities regulator as the market develops.	BdM	LT
LEGAL AND REGULATORY FRAMEWORK		
Cross Cutting: Clarify interaction between Consumer Protection Law and sector specific legislation.	MoEF, MIC	MT
Cross Cutting: Consider development of a Personal Data Protection Law covering e.g. use, disclosure and security issues.	MoEF	LT
Cross Cutting: Encourage development of detailed industry Codes of Conduct.	Industry. BdM, ISSM	LT
Insurance: Require all insurers and intermediaries to prominently publish the fact that they are regulated and by whom (e.g. in sales materials and on the Internet).	ISSM	ST
Insurance: Assess current training practices and mandate training for intermediaries as required.	ISSM	MT
Insurance: Consider the establishment of a guarantee fund to cover third party injuries and damage caused by uninsured motorists.	MoEF, ISSM	LT

[44] A reference to "laws" includes a reference to Acts, regulations and other forms of subordinate legislation

[45] ST (short term) = 1 year, MT (medium term) = 2 years, LT (long term) = 3 years

WORLD BANK GROUP

RECOMMENDATION	RESPONSIBILITY	TERM*
Insurance: Assess role of mobile banking and banking correspondents in distribution of micro insurance products.	ISSM	LT
Insurance: Clarify regulatory status of providers of health insurance.	ISSM	LT
Insurance: Publish names of registered intermediaries on website.[46]	ISSM	ST
Pensions: Enforce licensing requirements for pension funds.	ISSM	ST
Pensions: Enforce investment limits under Ministerial Decree 261 of 2009.	ISSM	ST
Pensions: Provide guidance on good governance of pension funds and standards for supervisory committees.	ISSM	MT
Pensions: Mandate that employer contributions vest after an appropriate period (e.g. up to 10 years).	ISSM	MT
Securities: Require the staff of all securities intermediaries to be licensed and trained, to disclose their status at point of sale, and to undertake a qualifying exam (supervisors should also take a qualifying exam).	BdM	MT
Pensions: Develop Know Your Customer requirements for pensions market.	ISSM	LT
Securities: Require disclosure of conflicts of interest and how the conflict is proposed to be handled.	BdM	LT
Securities: Develop detailed investor protection regulations under the Securities Code.	BdM	LT
Securities: Develop rules for payouts for investors to be segregated in the event of insolvency of a securities intermediary, investment adviser or CIU.	BdM	LT
TRANSPARENCY AND CONSUMER DISCLOSURE		
Cross Cutting: Develop short form, clearly expressed Key Facts Statements in consultation with industry and consumer associations for commonly used insurance and pensions products and for investment fund products.	MoEF,ISSM, BdM	ST (insurance) MT (pensions and investments)
Cross Cutting: Consider need for disclosure documents and financial literacy materials and explanations to be in local languages.	ISSM, BdM	LT
Insurance and Pensions: Collect, analyze, and publish standardized industry data on website and in annual reports and in a clear and timely way.	ISSM	ST
Insurance and Pensions: Issue norms and guidance concerning projections included in advertising and sales materials and consider further guidance as markets develop including review of advertising material before publication.	ISSM	MT

[46] It is understood that these names have now been published and is updated as and when required: see www.issm.gov.mz

RECOMMENDATION	RESPONSIBILITY	TERM*
Insurance: Provide further detail on duties of disclosure and effect of non-disclosure.	ISSM	MT
Insurance: Mandate a cooling-off period for long-term / life / savings insurance products and clarify when an insurance contract can be terminated.	ISSM	LT
Pensions: Review sales materials, forms of contract and periodic statements provided to individual pension fund members to ensure adequate disclosures are made as market develops.	ISSM	LT
Pensions: Require pension fund and individual member information to be made available to members online and on request.	ISSM	MT
Pensions: Supervise qualifications and information provided by sales staff at pension consultants and consider training requirements for HR staff responsible for pension issues.	ISSM	LT
Securities: Develop specific requirements on disclosures for point of sale documents, regarding risks, terms and conditions and fees, charges and commissions; for contract notes; and regarding disclosure of professional relationships between principals and intermediaries.	BdM	MT
Securities: Introduce detailed rules for the provision of periodic statements.	MoEF, BdM	MT
Securities: Clarify legal liability for sales materials and related selling activities.	BdM	MT
Securities: Prohibit false and misleading oral (as well as written) statements and high pressure sales tactics.	MoEF, BdM	MT
BUSINESS PRACTICES		
Cross Cutting: Issue detailed regulations on product suitability (Fact Finds) requirements for insurance, pensions and financial intermediaries, funds and investment fund managers.	ISSM, BdM	MT
Cross Cutting: Encourage development of industry codes of conduct for insurers and financial intermediaries in the securities industry, building on existing law.	ISSM, BdM, Industry Associations	MT
Insurance: Specify criteria and procedures for assessment of policies.	ISSM	MT
Insurance: Assess use of different titles by insurance intermediaries and enforce requirement that only licensed brokers use the term "broker".		
Pensions: Support INSS in contribution collection efforts.	ISSM, INSS	ST
Pensions: Monitor fees levied by pension fund managers.	ISSM	MT
Pensions: Issue additional guidance on pension fund governance.	ISSM	MT
Pensions: Provide guidance for supervisory committees of pension funds.	ISSM	LT

RECOMMENDATION	RESPONSIBILITY	TERM*
Securities: Develop detailed record-keeping requirements for financial intermediaries, funds, and investment fund managers.	BdM	MT
Securities: Strengthen law relating to fraudulent sales of securities so that it is more specific and has stronger sanctions.	MoEF, BdM	MT
Securities: Extend RAI requirements for financial intermediaries to investment fund managers.	MoEF, BdM	MT
DISPUTE RESOLUTION		
Cross Cutting: Require that all relevant entities have comprehensive, standardized procedures for dealing with complaints, ensure their customers are aware of them and report comprehensive complaints statistics to the relevant regulator.	ISSM, BdM	ST
Cross Cutting: Consider options for the development of an independent third party external dispute resolution scheme, including the Consumer Arbitration Centers provided for in the CP Law.	ISSM, BdM	LT
Insurance and Pensions: Ensure ISSM has dedicated and trained staff responsible for considering consumer complaints and that ISSM analyzes and publishes complaints statistics.	ISSM	MT
Pensions: Pension scheme members should be given information regarding complaints / dispute mechanisms on joining the scheme, and should be informed who their representatives are on the supervisory committees.	ISSM	MT
FINANCIAL LITERACY / CAPABILITY		
Cross cutting: Ensure there is consultation and coordination between relevant stakeholders in developing and implementing Mozambique's Financial Inclusion Strategy, including aspects related to financial literacy, and also in relation to the implementation of the ISSM Financial Literacy Strategy.	ISSM, BVM and BdM (and public and private sector stakeholders)	ST
Cross cutting: Develop training for the media and consumer associations on insurance, pensions, and securities issues.	ISSM, BdM	LT
Cross cutting: Ensure a wide range of media channels is used for financial literacy programs (e.g. radio, TV, social media).	ISSM, BVM and BdM	LT
Insurance and Pensions: Develop financial education and awareness programs in relation to pensions and insurance.	ISSM	MT
Pensions: Develop training programs for HR representatives of all employers sponsoring pension schemes.	ISSM and public and private sector stakeholders	MT
Securities: Include information on websites re charactersistics of available investments.	BdM, BVM	MT