

## Matrix of Financial Policy

Identified Issues	Expected Results	Degree of Realization
<b>1. Reduction of the interest rate of bank credit</b>	Reduction of lending interest rate of bank credit, resulting from mitigation of its determinants	With effect from February 7 this current year, the compulsory rate of reserves decreased from 9% to 8,5%, and the interest rate of FPC and FPD of 14,5% and 10,25% to 13% and 7%, respectively, in this case starting from February 2. With this dimension, Banco de Moçambique pretends (i) align their interest rates of intervening with inflation decrease last December, (ii) stimulate the growth of credit, (iii) encouraging the practice of interest rate more attractive in bank operations with its customers. The WB again reduced, in February the coefficient of Compulsory Reserves, fixed at 8,5% under the alignment with the measures of SADC countries within the framework measures of encouragement of banking. The average interest rate on loans decreased from November 2007 to November 2008 at 1,11 pp.
<b>2. Demand for credit to the productive sector greater than the supply. Difficulty in accessing credit and high appreciation of the risk of the customer by bank</b>	<ul style="list-style-type: none"> <li>• Increase competition in attracting savings and consequently in its implementation;</li> <li>• Attract new institutions with the intent of extending capital for the productive sector;</li> <li>• Greater incentives for banks to apply for credit funds in the productive sector;</li> <li>• Greater and better access to information about potential borrowers. Protection of creditor's rights</li> <li>• Facilitated the risk assessment of clients by banks and suppliers of goods and services</li> <li>• Increase the access to credit for businesses especially those that are not traditional clients of banks (mostly small and medium</li> </ul>	The Bank of Mozambique, as a principle, not opposed to eventual creation of a central credit register of a private credit, having initiated an exercise with IFC to study of possibilities of operationalization of a "credit bureau" being important to adjust the legal framework. The Government through the Ministry of Justice has included in the master plan of action aiming at increasing efficacy of judicial execution of debts.

enterprises)

- Reduction of complexity, time, costs of credit
- Increase of the efficacy for execution of judicial enforcement for debts
- Reduction of credit risk and consequently of outstanding debts
- Creation of bank sections in courts

**3. Exchange Procedures related to import and export of goods and services not favorable to international commerce**

Increased competitiveness of national firms in international trade

Approved by the Assembly of the Republic to amend the law 3/96-Exchange Law, enacted by PR in January 2009. At the moment, the elaboration of project of regulation of the new Exchange Law, this takes the form of Decree of the Council of Ministers, which will incorporate the different exchange procedures relating to import and export of goods and services. It is hoped for a broad involvement of stakeholders in the discussion of project.

**4. To make the rules of the Notification nº 7/GBM/2007 of Banco de Moçambique more transparent**

Elaboration and dissemination of a script containing procedures for applying the criteria listed in the exceptions that appear in the Notification nº7/GBM/2007.

The discipline contained in the previous Notice 5/GBM/2005 of the Bank of Mozambique is found now regulated under the same terms in the Notification nº 7/GGBM/2007, of 30 March which replaced and repeals the other. Taking into consideration the objectives pursued by Notification, namely the reduction of credit risk and the possibility of pressing the exchange market, the BM maintains the thesis of spirit maintenance of the Notification. The BM believes that the abilities to generate ME revenues in foreign borrowers by not exporting is not a sufficient condition for granting exceptions as it proves necessary whether the source end to establish of these recipes are of external provenience.



**5. Increase transparency and uniformity of fees charged by financial institutions**

Create a more transparent and competitive environment for customers

The BM is addressing this issue with the AMB (Mozambican Bank Association) and commercial banks, in the aim of rationalization of costs of financial intermediation