IN PARTNERSHIP WITH: ASSOCIAÇÃO DAS FINTECHS DE MOÇAMBIQUE

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# **Mozambican Fintech solutions for** northern region MSMEs & Individuals

This primer is intended to provide MSMEs and individual users of financial services essential knowledge about the concept of Fintechs, their benefits, risks and recommended solutions

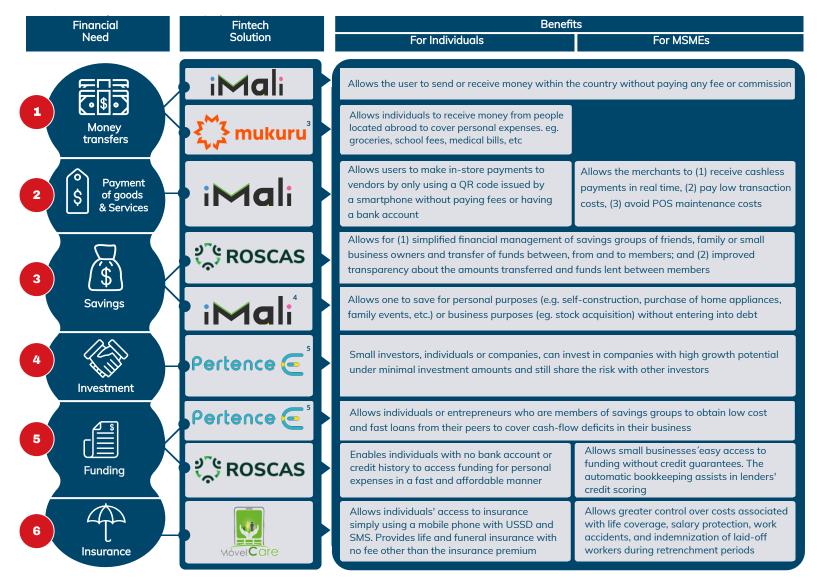
#### What is a Fintech?



These are entities operating in the financial sector that have business models based on innovative technologies or (2) technologies that are applied to financial services, and which are used by traditional financial system institutions such as banks <sup>1</sup>



## FINTECH SOLUTIONS FOR 6 KEY FINANCIAL NEEDS



- 2, Fincope (2019): https://finmark.org.zg/system/documents/files/000/000/155/original/Mozambigue\_Survey-2020-07-311.pdf?1597303567
- 3. This solution is not yet available in Cabo Delgado but is planned to be available during the year once the Service Provider has expanded to the northern region

Low transaction fees in money transfers and payment of expenses



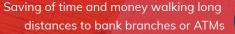


Lower risk of money robbery, loss or destruction due to carrying and storage of physical money

Increased chance of access to credit by MSMEs as lenders can undertake credit scoring based on the records of financial transactions captured by Fintechs



Easier access to funding for small businesses due to faster credit verification process and lower fees and/or comissions





Improved users' control over their spendings and earnings, thus improving their financial well-being and money management skills

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# **ESSENTIAL REQUIREMENTS TO USE FINTECH SERVICES**





It is important that the user has the ability to read and type on a mobile phone and/or computer



### Own or borrow a mobile device

Some services only require a phone with SSD\*. For App-based services, a smartphone or laptop computer is required



#### Have access to mobile data or telecom networks

Some Fintech services are based on smarthphone apps and require access to internet. Others only need access basic telecommunication network services

#### RISKS OF FINTECH SERVICES

# MITIGATION MEASURES

Transferring funds to undesired beneficiaries

Avoid typing in beneficiary data incorrectly and always check the data entered before completing the transaction

Abuse of trust by bad borrowers in peer-to-peer lending transactions without insurance or contractual agreements Prior to a new member's admission, savings groups are advised to check if he/she is a good payer

Transactions carried out by other people without consent of the account's owner

Avoid sharing confidential data (e.g. access codes) with acquaintances or strangers

Invasion of user privacy and inappropriate use of confidential information

Verify if the fintech service's ensure protection of consumers rights or are approved by financial authorities

Vulnerability to cyber-attacks by hackers or viruses

Check if the service provider complies to cyberattack protection rules and ensure that your devices are protected from viruses

To learn more about the fintech offerings in the mozambican market visit:

Fintech.MZ - The mozambican national association of Fintechs can provide broader information on the country's fintechs. Website: www.fintech.ora.mz

FSD Moç - An NGO that dedicates the majority of its work to financial inclusion. Website: fsdmoc.org.mz

Finmark Trust - Has developed major studies on Mozambique's financial inclusion. Website: finmark.org.za

Banco de Moçambique - The countryś regulator of financial institutions and patron of the Regulatory Sandbox for Fintechś. Website: www.bancomoc.mz

- 5. The company that provides this service is currently restructuring its business model and may not have services readily available at the date of publishing
- 6. This benefit may not be experienced in all of the fintechs presented in the primer being it most noticeable in Peer-2-Peer lending groups and crowdfunding