

REGULATIONS ON ADVERTISING OF FINANCIAL PRODUCTS AND SERVICES



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The Central Bank has approved the Regulations on Advertising of Financial Products and Services (*Regulamento sobre a Publicidade de Produtos e Serviços Financeiros* – “RPPSF”), which is an integral part of Notice no. 3/GBM/2018 of 18 April. This is the first instrument addressing this matter in the Mozambican legal system. Its aim is to establish the minimum information requirements that credit institutions, financial companies and other institutions under the supervision of The Central Bank must comply with to advertise financial products and services. The RPPSF is a special framework in relation to the general rules on advertising established by the Advertising Code approved by Decree no. 38/2016 of 31 August.

As mentioned, the RPPSF applies to credit institutions, financial companies and other institutions under the supervision of the Central Bank, regardless of the means of dissemination used for the advertising of financial products and services.

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RESTRICTED USE EXPRESSIONS

Given the impact and sensitivity of the information to be communicated in the advertising of financial products and services, the RPPSF establishes limits on the use of certain expressions, precisely to allow clients to make a proper comparison between the alternatives available on the market and then form consistent judgments on the commitments to be made. In effect, under article 4, the use of the following expressions will only be authorised in the cases expressly set out in the RPPSF:

- “*sem juros* (interest-free)”, “*0 % de juros* (0% interest)” or other similar expressions;
- “*sem custos* (no costs)”, “*sem encargos* (no charges)” or other similar expressions;
- “*sem depósito inicial* (no opening deposit)” or other similar expressions;
- “*aceitação garantida* (guaranteed acceptance)” or other similar expressions;
- “*oferta* (offer)”, “*presente* (gift)” or other similar expressions;
- “*devolvemos the seu dinheiro* (we refund your money)” or other similar expressions;
- “*pagamos nós* (we pay)” or other similar expressions;
- “*novos clientes* (new clients)” or other similar expressions;
- “*o(a) mais baixo(a) do mercado* (the lowest in the market)”, “*o(a) mais alto(a) do mercado* (the highest in the market)”, “*o(a) melhor do mercado* (the best in the market)”. This provision is backed up by the provisions of articles 6, 7, 8, 9, 10, 11, and 12 of the RPPSF which set out the general principles of the advertising of financial products and services.

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The RPPSF provides that credit institutions and financial companies must indicate, among other information, the corresponding APR. In the case of consumer credit, they must indicate, among others, the APRC.

GENERAL PRINCIPLES TO BE OBSERVED IN ADVERTISING FINANCIAL PRODUCTS AND SERVICES

Under article 6 of the RPPSF, financial products and services must be advertised in accordance with the following principles:

- Principle of Legality – The principle of legality requires respect for constitutional rules and standards in the form, subject matter and purpose of the advertising;
- Principle of Identifiability – The principle of identifiability requires that the financial products and services be presented as such, in other words, the advertising may not raise doubts as to its subject matter;
- Principles of Truthfulness, Transparency and Balance of Information – in essence, these three principles require the presentation of information that is truthful and does not mislead the public;
- Principle of Respect for the Rights of Consumers – The principle of respect for the rights of consumers gives the client of a credit institution or financial company the same set of legal, contractual and judicially conferred rights given to any consumer;
- Principle of Compulsory Indication – requires that the advertising of financial products and services must indicate the entity available to provide additional clarification.

SPECIFIC PROVISIONS BY PRODUCT

Besides the general principles applicable to all and any advertising of financial products and services, the RPPSF contains specific provisions for certain products, including housing credit, consumer credit and deposits.

In the case of **housing loan**, the RPPSF provides that credit institutions and financial companies must indicate, among other information, the corresponding *Taxa Anual Efectiva (TAE)* (Annual Percentage Rate (APR)). In the case of **consumer credit**, they must indicate, among others, the *Taxa Anual de Encargos Efectiva e Global (TAEG)* (Annual Percentage Rate of Charge (APRC)).

In relation to **deposits**, which are among the most common banking operations, the RPPSF establishes the need to indicate the:

- *Taxa Anual Nominal Bruta (TANB)* (Gross Nominal Annual Interest Rate) in the case of deposits with a single fixed interest rate;
- Average TANB when there is more than one fixed interest rate over the lifetime of the deposit;
- the index and spread, in the case of variable interest rates;
- the term of the deposit when less than one year; and
- any potential penalty in case of early withdrawal of the deposit.

The use of generic terms that can mislead consumers by indicating that the interest rate in question is dynamic are also prohibited. Such terms include “até ___% de juros” (up to ___% interest); or “juros ate ___%” (interest up to ___%), because these rates are ambiguous.

RESTRICTIONS ON USING METICAL NOTES AND COINS

The RPPSF prohibits advertising of financial products and services that uses Metical notes and coins in a stylised way, in geometric shapes, in animal shapes, and in other forms that in any way damage the dignity of the Metical as a national symbol.

RESPONSIBILITY

Under the RPPSF, responsibility for the advertising of financial products and services falls on the credit institutions and financial companies to the extent that they are the ones subject to the authority and supervision of the Central Bank. Therefore, these institutions are required to ensure that any advertising campaigns carried out in their name and interest by advertising agencies comply with the rules imposed by these regulations. This means that if there is a breach of these regulations, the advertising agencies will not be held directly responsible, but they may be held indirectly through the right of recourse exercised by the credit institution or financial company subject to the penalty.

SUPERVISION

The Central Bank will supervise the advertising of financial products and services, and it may carry out this supervision before or after the dissemination of the advertising in the media. At least 15 days before any advertising campaign begins, the credit institutions must send to the Central Bank a copy of the materials relating to the campaign in written form. After the campaign is launched, the institution must send a copy in electronic format of each one of the forms used in the advertising campaign in question. These forms can include posters, leaflets or similar materials. If the advertising campaign is relaunched or updated, the credit institutions and financial companies must once again inform the Central Bank.

PENALTIES

In the event of a violation of the rules established in the RPPSF, the Central Bank has the right to apply penalties to the offenders under the terms of the Law of Credit Institutions and Financial Companies. In the case of untruthful advertising, Banco de Moçambique may demand the suspension of the advertising campaign, a change in the campaign within 5 days, or even its withdrawal.



MUDAULANE - MOÇAMBIQUE
A Nossa Educação, 2010 (detail)

Tinta-da-china s/ papel
60 x 84 cm

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