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PUBLIC NOTICE**CHANGES IN MONETARY POLICY FRAMEWORK**

Further to the Public Notice published on 28th June 2023, the information contained in the Monetary Policy Statement for 2023/24 published in June 2023, and various communications to stakeholders, the Bank of Tanzania wishes to inform the public that, in January 2024, it will shift from using quantity of money to interest rate in conducting monetary policy. This new framework is called interest rate-based monetary policy framework. The adoption of this framework will improve the effectiveness of monetary policy in maintaining low and stable inflation (price stability) and facilitating economic activities. The framework is also in alignment with the country's commitment to harmonizing monetary policy frameworks in the East African Community and other regional economic communities in which Tanzania is a member.

Under this framework, the Bank of Tanzania will set the policy rate, known as Central Bank Rate (CBR), consistent with low and stable inflation and conducive for the growth of the economy. A change in the CBR will signal the direction of the monetary policy, either a tightening or expansionary monetary policy stance. The CBR will also be used as a guide for the determination of interest rates.

The public is advised to note that the adoption of the interest rate-based monetary policy framework does not imply fixing of interest rates offered by banks and other financial institutions. The interest rates will continue to be determined by market forces in line with other economic policies of the country.

Further information about the new monetary policy framework can be found on the Bank of Tanzania website www.bot.go.tz or through email: botcommunications@bot.go.tz.

A handwritten signature in blue ink, appearing to read "Emmanuel M. Tutuba".

EMMANUEL M. TUTUBA
GOVERNOR
BANK OF TANZANIA