



NOTICE TO THE PUBLIC

SUPERVISION OF MICROFINANCE SERVICE PROVIDERS

The National Assembly of Tanzania enacted the Microfinance Act, 2018 on 16th November 2018, in order to operationalize the National Microfinance Policy of 2017. Section 12 of the Act *inter alia*, mandates the Bank of Tanzania to license, regulate and supervise microfinance business in Tanzania Mainland. Further, the Act defines “microfinance business” as business that includes: receiving money, by way of deposits or interest on deposits or borrowing and which is lent to members or clients; accepting savings and providing loans or other credit facilities to micro or small enterprises and low income households or individuals; providing micro credit, micro-savings, micro-insurance, micro-leasing, micro-pension and micro-housing finance; transfer and payment services, including digital microfinance services; providing financial education; and any other related service as may be prescribed in the regulations.

The Bank of Tanzania has prepared Regulations for the different categories of microfinance service providers identified in the Act, which among other things, provide for licensing, capital and governance requirements. The Regulations were published in the Government Gazette on 13th September 2019, and on the Bank of Tanzania website.

Pursuant to Section 57 of the Microfinance Act 2018, all persons who are engaged in microfinance business are required to obtain formal license from the Bank of Tanzania or Delegated Authorities and observe other requirements of the Regulations, within 12 (twelve) months of the date of commencement of the Act, that is 1st November 2019. Prospective microfinance service providers may apply for license at any time.

In accordance to Section 14 of the Act, the Bank of Tanzania has delegated its functions and powers over microfinance service providers categorized under Tier 3 and 4 to Tanzania Cooperative Development Commission and Local Government Authority, respectively.

In this regard, microfinance service providers are required to submit their application for Bank of Tanzania license, within the timeframe provided under Section 57 of the Act as follows:

1. Tier 2 microfinance service providers' applications should be submitted directly to the Bank of Tanzania Head Office and/or Arusha, Mwanza, Zanzibar, Mbeya, Mtwara and Dodoma branches, as is convenient.
2. Tier 3 microfinance service providers' applications should be submitted to the nearest office of District Cooperative Office or Regional Registrar of Cooperatives, as is convenient.
3. Tier 4 microfinance service providers' applications should be submitted to the nearest Local Government Authority office.

An application for license should contain all information indicated in the Checklist of Document for the respective Regulations for Tier 2, 3 and 4.

Noteworthy, Section 16 of the Act prohibits any person from carrying out any microfinance business, unless such person is licensed by the Bank of Tanzania or Delegated Authorities. Applicable sanctions for violation of this Section are also provided in the Act.

For further clarifications, please, contact the Director of Financial Sector Supervision, Bank of Tanzania - Head Office, 6th Floor North Tower, P.O. Box 2939, Dar es Salaam or the following emails: vctarimu@bot.go.tz; nfmongateko@bot.go.tz; and dasasya@bot.go.tz.

BANK OF TANZANIA
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