NATIONAL COUNCIL FOR FINANCIAL INCLUSION

Evaluation Report on the Implementation of NFIF2 (2018-2023)

June 2023

FOREWORD

Financial inclusion has been an important public policy for driving economic growth, reducing poverty and ensuring financial sector's stability. In this regard, Tanzania launched the Second National Financial Inclusion Framework implemented between 2018- 2022. The Framework was implemented in a coordinated manner by public and private sectors through the National Council for Financial Inclusion as a governing body to provide oversight of national financial inclusion initiatives in the country.

The Framework is a rolling plan in nature, and its implementation period expired in December 2022; therefore, the evaluation process was undertaken to assess the extent to which the set targets were achieved and identifies the challenges encountered while implementing the Framework. In addition, the evaluation determined how well the stakeholders were engaged, timeliness of delivery and appropriateness of resource mobilisation and utilisation during the implementation of the prioritised actions.

Further, the evaluation assessed the relevance of the Framework components of including its vision, core enablers, priority areas, coordination structure, and monitoring and evaluation mechanisms. Furthermore, the evaluation has considered the role of NFIF2 in supporting the country's economic development, new dynamics in financial consumer behaviour, technology advancements and future of the Financial Sector aspirations. This evaluation report has provided critical recommendations for consideration when designing the next Framework. Among others, the new Framework is expected to leverage the success and lessons learnt when implementing NFIF2.

On behalf of the National Council for Financial Inclusion, I thank all members of the Secretariat and various coordinating committees for their commitment and tireless efforts to produce this evaluation report. The findings and recommendations of this report will shape our future financial inclusion interventions as we ensure increased access to and usage of financial services in the country.

Mr Emmanuel Tutuba
Chairperson, National Council for Financial Inclusion

ACKNOWLEDGMENT

The National Council for Financial Inclusion would like to express its deepest gratitude and appreciation to the public and private sector stakeholders for their active participation in the evaluation of the second National Financial Inclusion Framework (NFIF) 2018- 2022.

To the members of the NFIF governance structure that participated in the self-assessment survey, your expertise, dedication, and meticulous analysis in responding questions as well as providing recommendations on the issues observed has provided rich insights on the effectiveness of implementation, challenges encountered and lessons for similar undertakings in the futures.

To the financial sector regulators and Ministries, the National Council appreciate your support in providing supply side data for financial inclusion that has facilitated the analysis of the extent of access and usage of formal financial services in the country. In addition, we also acknowledge and appreciate the financial support by FSD Tanzania and NBS in undertaking the FinScope survey whose results have complemented the feedback from implementing institutions and of NFIF 2

On behalf of the National Council, we also Commend the National Secretariat for their professionalism and high level of dedication to deliver this work at the expected quality within reasonable timeframe. Specifically, the technical team that has worked tirelessly with patience to consolidate all ideas and inputs as well as providing their technical insight to ensure that this Framework is in place. Specifically, we appreciate the members of the Secretariat Mr Kennedy Komba; Mrs Nangi Massawe; Dr Peter Mmari ;Mr Melvin Kilemile; Mr Edmund Mbokosi; Mr Lucas Magazi; Mr Dastan Massawe; Mr Medad Limbe; and Ms England Maasamba

Once again, thank all Financial Inclusion Stakeholders for their active participation in implementing NFIF2. The National Council is profoundly grateful for resources allocated, your dedication, and support for addressing financial inclusion challenges in the country. I am looking forward to more collaborations during the development and implementation of the Third financial inclusion Framework.

ACRONYMS & ABBREVIATIONS

AFI	Alliance for Financial Inclusion
AGMs	Annual General Meetings
AML/CFT	Anti-Money Laundering and Counter-Terrorist Financing
AMLA	Anti-Money-Laundering Authority
AMLPOCA	The Anti Money Laundering and Proceeds of Crime Act
ATMs	Automated teller machine
BOT	Bank of Tanzania
CMGs	Community Microfinance Groups
CMSA	Capital Markets and Securities Authority
DSE	Dar es Salaam Stock Exchange
EAC	East African Community
EAPS	East Africa Payment System
FCC	Fair Competition Commission
FGFSR	The First Generation of Financial Sector Reforms
FSDMP	Financial Sector Development Masterplan
FSPs	Financial Services Providers
FSR	Financial Services Registry

FYDP	National Five Years Development Plan
GEPG	Government Electronic Payment Gateway
KYC	Know Your Customer or Know Your Client
LGAs	Local Government Authorities
M&E	Monitoring and Evaluation
MFIs	Microfinance Institutions
MKURABITA	The Property and Business Formalization Program for Tanzania
MSMEs	Micro, Small and Medium-sized Enterprises
NBS	National Bureau of Statistics
NC	National Council for Financial Inclusion
NFIF 2	National Financial Inclusion Framework 2018-2022
NFIF	National Financial Inclusion Framework
NHIF	National Health Insurance Fund
NIDA	National Identification Authority
NSC	National Steering Committee for Financial Inclusion
NSSF	National Social Security Fund
NSSP	National Social Security Policy
NTC	National Technical Committee for Financial Inclusion
PSSSF	Public Services Social Security Fund
R&D	Research and Development

SACCOS	Saving and Credit Cooperative Organisations
SADC	The Southern African Development Community
SDG	Sustainable Development Goals
SFE's	Sales Force Executives
SGFSR	The Second Generation of Financial Sector Reforms
SIM Cards	Subscriber Identity Module Cards
SMR	Statutory Minimum Reserve
SMS	Short Message Service
TACH	Tanzania Automated Clearing House
TCDC	Tanzania Cooperative Development Commission
TIN	Taxpayer Identification Numbers
TIPS	Tanzania Instant Payment System
TIRA	Tanzania Insurance Regulatory Authority
TISS	Tanzania Interbank Settlement System
TMRC	Tanzania Mortgage Refinance Company
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
WCF	Workers Compensation Fund.
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty

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EXECUTIVE SUMMARY

Following the implementation of the second National Financial Inclusion Framework (2018-2022), the National Council for Financial Inclusion conducted a post-implementation analysis by assessing implementing institutions' perceptions on the design of the Framework, its efficiency and effectiveness.

Thus this report provides analysis results on the trend of financial inclusion, highlighting lessons learnt during the implementation of the NFIF 2 and challenges that continue to limit financial inclusion in the country.

Evaluation results indicate that the design, implementation plans and the governance structure of the Framework were considered adequate. Further the implementation of NFIF2, has enabled Tanzania to record great strides in the access to and usage of formal financial services.

The recorded growth in financial inclusion was mainly attributed to the increased number of financial access points, increased adoption of digital financial services, enabling policies and a regulatory environment to foster development in the financial sector and increased public awareness of financial products and services.

Despite the recorded achievements, limited customer-centric products and services, limited data and systems interoperability, financial illiteracy, absence of secured transaction law, high cost of financial products and services and limited regulatory support to foster financial innovations continue to limit the effectiveness of financial inclusion initiatives in the country.

To address the identified limitations to financial inclusion, as Tanzania embarks on developing the third National Financial Inclusion Framework, priority should be placed on the design of customer-centric products and services, interoperability of transactional and information systems, and availability of disaggregated financial inclusion data. Moreover, emphasis should be given to delivering financial education programs, reducing transactional costs and promoting financial innovations.

1. BACKGROUND

1.1 Tanzania at Glance

The United Republic of Tanzania, with a total area of 945,087 square kilometres located in Eastern Africa, is bordered by Kenya and Uganda to the North; Burundi, Rwanda, Congo, and Zambia to the West; Malawi and Mozambique to the South; and the Indian Ocean to the East. According to the National Bureau of Statistics (Census 2022), the country's population in 2022 was estimated at 61.74 million, with the female population of 31.69 million accounting for the majority (51.3 %), Where adult population in Tanzania mainland accounted for 32,988,131, and 1,078,924 in Zanzibar

1.2 Tanzania's Economic Development

Economic growth had a mixed trend throughout the implementation of NFIF2 (2018-2022). Before the COVID-19 pandemic (2018 and 2019), the growth was robust at 7 per cent; however, in 2020 and 2021, it slowed to 4.8 and 4.9 per cent, respectively, due to the spillover effects of the pandemic. In 2022, the economy grew by 4.7 per cent, undermined by the spillover effects of the war in Ukraine.

Tanzania economic growth has mainly been driven by strengthening the manufacturing and mining sectors, implementing the blue economy's strategic infrastructure projects and initiatives, improving the business environment, and prudent monetary and fiscal policies. In July 2020, the World Bank recognised Tanzania as a middle-income country, as its Gross National Income (GNI) per capita reached USD 1,080, which is within the range of USD 1,036 to USD 4,045 for lower-middle-income countries.

Among others, the recorded success is associated with implementing accommodative monetary policies accompanied by financial inclusion initiatives to ensure adequate liquidity, lower lending rates, boost credit to the private sector, and support economic recovery during the pandemic.

Accordingly, when implementing NFIF2, the growth of money supply and credit growth to the private sector averaged 9 per cent and 8.5 per cent, respectively. It is worth noting that credit to the private sector averaged 17.9 per cent in 2022 compared to 3.4 per cent in 2018, mainly driven by the economy's recovery from the pandemic and measures by the bank to boost credit intermediation to the agriculture sector.

Despite increased access to credit, lending interest rates were at an all-time high, averaging 16.18 per cent in 2022 compared to 17.43 per cent in 2018, mainly due to the high-risk premium associated with the structure of the economy, informality and dishonesty of bank staff. These challenges are being addressed through various measures such as implementing a blueprint for regulatory reforms, the Consumer Protection Framework, Associations' Code of Conduct, increased use of Credit Reference Bureaus (CRBs), and leveraging technology in financial service delivery.

1.3 The Role of Financial Inclusion in Economic Growth

Financial inclusion is crucial for economic growth and development as it provides access to financial services and products to individuals and businesses excluded from the mainstream financial system. Limited financial inclusion can be a significant barrier to economic growth and development, as it limits the ability of individuals and businesses to participate fully in the economy. Conversely, expanding access to financial services can provide a powerful engine for economic growth, driving entrepreneurship, job creation, and poverty reduction.

Thus, financial inclusion helps low-income individuals and underserved communities access and use financial services, thus increasing their literacy levels, translating to poverty reduction and economic equality with access to finance nationwide. Similarly, businesses with access to financial services are likely to unlock the potential of entrepreneurship, create new jobs and promote innovations. Moreover, financial inclusion enhances financial stability and resilience as individuals and households manage risks and economic shocks.

1.4 Tanzania's Financial Sector Landscape

Tanzania's financial sector contains five subsectors: banking, microfinance, insurance, capital markets, and social security. The subsectors offer various financial services: credit, savings, insurance, investment, social security and payments. The sector significantly contributes to the economy's growth by facilitating trade, obilizing deposits, investment and intermediation.

The sector has multiple regulators, including the Bank of Tanzania, which regulates the banking, payment and microfinance services; the Prime Minister's Office (PMO), which normalises the operational compliance of social security services in Tanzania's mainland; the Tanzania Insurance Regulatory Authority (TIRA), which controls the insurance services; and the Capital Market and Securities Authorities (CMSA), which controls investment in capital markets.

Further, in enhancing its regulatory and supervisory mandate, the Bank of Tanzania has delegated its powers to supervise Saving and Credit Cooperative Organisations (SACCOS) and Community Microfinance Groups (CMGs) to the Tanzania Cooperative Development Commission (TCDC) and Local Government Authorities (LGAs), respectively. On the other hand, in Zanzibar, the President's Office, Finance and Planning, regulates social security services and microfinance companies, while the President's Office, Work, Economy and Investment, regulates SACCOS.

As of December 2022, the banking subsector representing 70 per cent of the financial sector assets, had 44 banks, 981 bank branches, 75,234 bank agents, five financial leasing companies and two mortgage finance institutions. Notably, most of these banking subsector access points showed an increasing trend during the implementation of NFIF2 (**Table 1**).

Table 1: Financial access points in the banking subsector

Financial Access Points (Nos)	2017	2018	2019	2020	2021	2022
Banks	59	53	51	46	46	44
Bank branches	821	878	957	969	990	981
Bank agents	10,070	18,827	28,358	40,410	48,923	75,234
Financial Leasing Companies	3	3	3	4	4	5
Mortgage Finance Institutions	2	2	2	2	2	2

Source: Bank of Tanzania

Similarly, as of December 2022, the microfinance subsector in Tanzania's mainland comprised 1,095 licensed non-deposit-taking microfinance companies (Tier II), 759 licensed SACCOS (Tier III) and 34,127 registered community microfinance groups (Tier IV). In Zanzibar, there were four non–deposit MFIs, and 218 SACCOS (**Table 2**).

Table 2: Financial access points in the microfinance subsector

S/N	Type of MFI		No. of MFIs		No of members/ accounts	
			2018	2022	2018	2022
1.	Non-Deposit MFs	Mainland	-	1,095	N/A	N/A
		Zanzibar	-	4	N/A	N/A
2.	SACCOS	Mainland	6,023	2,034	2.13 Mil	1.83 Mil
		Zanzibar	218	218	n.a	n.a

Source: The President's Office, Finance and Planning (Zanzibar), Bank of Tanzania and TCDC

As of the end of December 2022, the capital markets subsector had 16 licensed dealing members, 19 investment advisors, six custodians of securities, eight licensed bond dealers, six nominated advisors, 11 fund managers, 28 listed companies and ten collective investment schemes. Most capital markets and securities access points showed an increasing trend from 2018.

For the insurance subsector, countrywide, Tanzania had 35 insurance companies, 100 brokers, 1,019 insurance agents, 46 loss adjusters/assessors and 28 bancassurance agents as of December 2022.

While at the same period, the social security sub-sector had three mandatory pension funds, two non-pension social security schemes (National Health Insurance Fund {NHIF} and Workers Compensation Fund {WCF}), one informal Sector Security Scheme, 14 registered and 11 un-registered supplementary social security schemes.

1.5 Financial Inclusion Journey in Tanzania

The Financial inclusion journey started in 1991 when the Government started implementing financial sector reforms, namely the First Generation Financial Sector Reforms (FGFSR) and the Second Generation Financial Sector Reforms (SGFSR). The FGFSR focused on reforming the banking sector's legal frameworks to allow operations of private sector-owned banks, enhancement of the Bank's autonomy in the formulation of monetary policy, and regulating and supervising the financial sector.

These initiatives resulted in an increased number of financial service providers and enhanced competition in the market. However, despite these achievements, the rate of credit default services costs was high. At the same time, a large population of Tanzanians, especially those from rural and remote areas, remained underserved.

Following the completion of the FGFSR, a comprehensive assessment of the Tanzania financial sector was conducted to identify weaknesses in the system. Among others, it was noted that inadequate access to finance was a key challenge. In response to this gap, SGFSR was implemented to promote the introduction and growth of the microfinance, pension and insurance subsectors to increase access to credit for MSMEs and individuals.

In addition to the reforms above, in the year 2000, a Microfinance Policy was developed, focusing on expanding financial services to the low-income segment of the population and in rural and urban areas, thus making the sector an integral part of the country's financial system. Operationalisation of the policy steers the development of rural finance infrastructure and regulatory environment for expanding access to credit and promoting micro-savings and saving cultures to the majority whom banking institutions do not serve.

Further, in 2003, the country developed the SME Development Policy, 2003 which aimed at improving access to finance for SMEs by promoting sustainable financing mechanisms, opening up SME windows in financial institutions, promoting innovative financial products for SMEs, simplification of banking procedures to SMEs and promoting the development of new financial institutions for financing SMEs.

Despite all these efforts, key challenges constrained the development of the financial sector and its role in promoting financial inclusion in the country. The challenges, among others, included:

- Non-regulation of microfinance institutions,
- low access to credit for MSMEs and the unbanked.
- Low level of financial literacy and consumer protection.
- Lack of financial identity for most individuals and businesses.
- A limited supply of customer-centric products.
- Lack of appropriate market infrastructure.
- High cost of financial services and products.
- Stringent Know-Your-Customer (KYC) requirements.

During the 16th Conference of Financial Institutions (COFI) in 2012, Dr Jakaya Mrisho Kikwete (President of the United Republic of Tanzania, 2005-2015) required financial sector stakeholders to cooperate in addressing financial inclusion challenges. Consequently, the National Council for Financial Inclusion was formulated in 2014 with the launch of NFIF1. The National Council (NC) was responsible for coordinating financial inclusion stakeholders from the Government and private sector to develop and implement national strategies that address accessibility barriers and the use of quality financial products and services.

Among others, outcomes for the collaborative efforts for financial inclusion initiatives include:

- The review of the National Microfinance Policy in 2017.
- The enactment of the Microfinance Act, 2018 and issuance of its regulations in 2019.
- The development of the Zanzibar Microfinance Policy in 2019.
- The Financial Sector Development Masterplan (2020/21-2029/30) issuance in 2020.

The FSDMP is a national policy document providing strategic direction on financial inclusion, financial system integrity and stability, regional and international cooperation, research and development, capacity building, and legal and regulatory frameworks for the development of the financial sector. Thus, the NFIF becomes an essential strategic framework for implementing the Masterplan.

1.6 Financial Inclusion Framework

As a response to the inclusive finance constraints that continued to persist even after the major financial sector reforms and in supporting various national development policies, including Tanzania Vision, National Development Strategies and Zanzibar Strategy for Growth and Reduction of Poverty, Tanzania developed the National Financial Inclusion Framework (NFIF) which is a public and private sector collaboration for advancing sustainable financial inclusion with a significant emphasis on addressing access barriers such as legal and regulatory frameworks and infrastructures.

After the implementation period, in 2017, the National Council conducted a post-implementation evaluation of the Framework. Results of the evaluation indicated that significant achievements were recorded; for instance, access to financial services and products increased from 42 per cent in 2013 to 86 per cent, while usage of formal financial services increased from 57.7 per cent in 2013 to 65 per cent in 2017.

Based on recommendations of the evaluation report on implementing NFIF1, among others, in 2018, Tanzania developed the second NFIF with the main focus on using financial products and services. During the designing of the second Framework, a key consideration to drive usage of financial services was placed on initiatives that promote formal financial inclusion on the usage dimension while implementing initiatives to address the barrier of access to formal financial inclusion.

Particular emphasis on increasing usage of formal financial services was given to youth, women, and small and medium-scale enterprises. In addition, the strategy prioritised promoting financial service providers to develop customer-centric financial products and services, putting in place robust electronic information infrastructure for individuals and business profiles, credit history and collaterals, and ensuring that consumers are financially literate and protected.

2. THE RATIONALE FOR EVALUATING THE IMPLEMENTATION OF NFIF2

Tanzania has been implementing the second National Financial Inclusion Framework from January 2018 to December 2022. The Framework identified financial inclusion tbarriers and developed initiatives to be implemented by public and private sector stakeholders to advance financial inclusion in the country. Following the expiry of the implementation period, the NC found it necessary to undertake a post-implementation evaluation to assess the extent of success, failures and lessons learnt. Details of the evaluation results are included in this report.

This report provides updates on contemporary financial inclusion issues and new developments that have emerged during the implementation of the Framework that warrant new thinking and opportunities for scaling financial inclusion in the country.

Additionally the report also contains some of the FinScope survey 2023 results which complement supply side analysis on the performance of access and usage of financial inclusion indicators. The Finscope results is a reflection of the impact of implementing the financial inclusion Framework and its implications in the performance targets in relation to feedback from existing and prospective consumers of financial products and services.

3. EVALUATION METHODOLOGY

Given multiple evaluation objectives, a mixed methodological approach was adopted. First, the effectiveness of the Framework design and the extent of implementation of agreed action plans were examined through a questionnaire administered to implementing institutions and their periodic performance reports received by the National Secretariat for financial inclusion.

Secondly, FinScope survey 2023 results were examined to determine the impact of implementing the Framework on the perspective of financial consumers. Thirdly, desk review and consultations from regional and international financial inclusion stakeholders were also conducted to identify new developments for future considerations.

The details on the methodology employed for each evaluation objective are provided in the sections below:

3.1 Stakeholders' Perceptions on the Design and Implementation of the Framework

Perceptions of the design and implementation of the Framework were assessed by examining feedback from the implementing institutions through members in the governance structure of the National Council. Using Survey Monkey, a questionnaire was circulated to collect information on the effectiveness of the design, coordination, resource availability and overall implementation of the Framework.

The questionnaire was sent to 100 representatives from implementing institutions and the Women's Affairs Committee for Financial Inclusion. Seventy-four respondents participated, and data collected from this exercise was processed and analysed.

3.2 Effectiveness in Implementing the Action Plan

The effectiveness and efficiency of implementing the Framework were assessed by analysing the extent and quality of implementation of the agreed action plan; identification of strategic interventions which either supported or undermined the implementation of NFIF2; an analysis of quarterly performance reports from implementing institutions; and conducting interviews with the implementing institutions to gain their perspective.

3.3 Performance of Financial Inclusion in the Country

Data was collected from financial regulators to examine the progress made and performance trends during the implementation of the Framework. FinScope Survey 2023 (demand side) results were also analysed to determine the performance of demand-side financial inclusion indicators against targets provided in NFIF2 to complement the results of the supply-side data. Further, the analysis examinesd whether the key barriers to financial inclusion identified in NFIF2 have been addressed.

3.4 International Experience and Lessons Learnt

Financial inclusion initiatives carried out during the implementation period were compared with similar initiatives in peer countries within the international community of Alliance for Financial Inclusion (AFI), Southern African Development Community (SADC) and East African Community (EAC). In conducting this analysis, lessons from international collaborations were revisited and highlighted, while the technical assistance provided by Tanzania's financial inclusion experts was also recognised.

4. ANALYSIS AND MAIN FINDINGS FROM THE EVALUATION

This section evaluates the design and implementation of NFIF2, the performance of financial inclusion in the country, and the international experience of financial inclusion initiatives. Responses were summarised in percentages and a 1-5 scale rating to measure attitudes, opinions and preferences responses, one being the lowest and 2.5 being neutral. Respondents were also asked to provide reasons for their ratings, challenges and recommendations for improvement in specific areas.

4.1 Stakeholders' Perceptions of the Design of the Framework

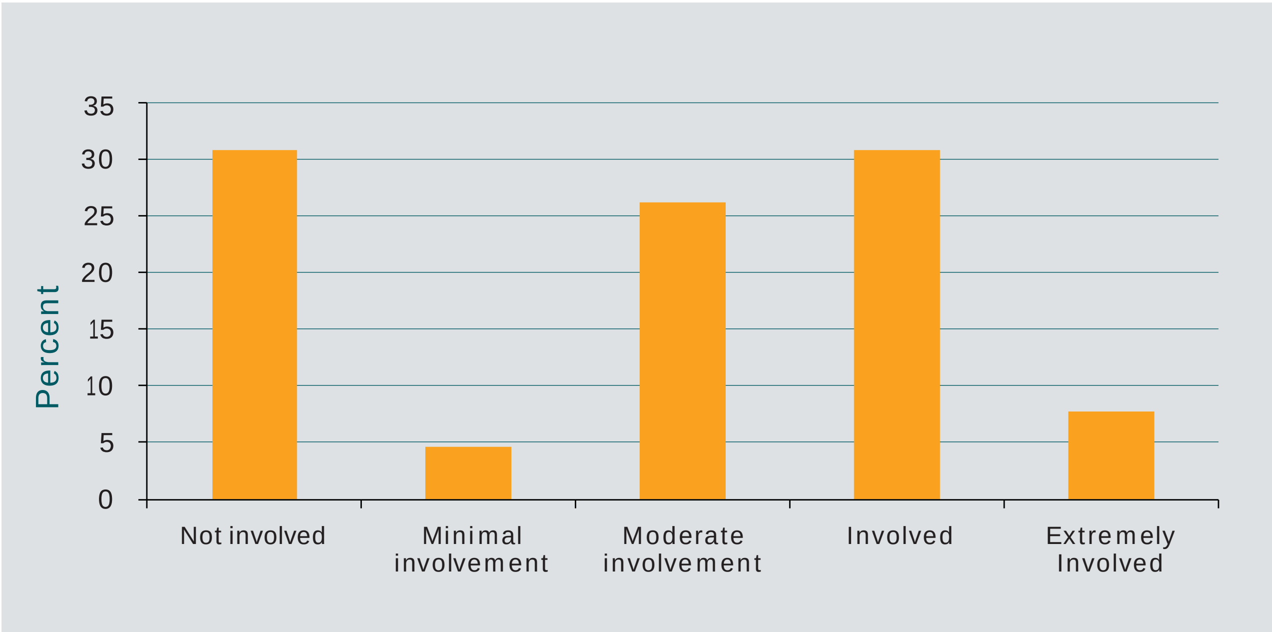
In assessing the effectiveness of the NFIF2 design, the respondents were asked to rate and provide comments on various aspects, including the extent of involvement in the design and development, the relevance of the vision statement and definition of financial inclusion, clarity of the objectives, and recommendations for the design of the next framework.

4.1.1 Design and Development of NFIF2

Generally, the analysis shows that the design of the NFIF2 considered all-important planning aspects such as stakeholders' engagement, vision, identification of key result areas, and the action plans to be implemented (including clear roles and responsibilities).

Respondents rated the extent to which they were involved in designing and developing the Framework at 2.8 out of 5, in which 64.6 per cent of the stakeholders were moderate to highly involved in the design and development of NFIF2.

Chart 1: Involvement in the design and development of NFIF2



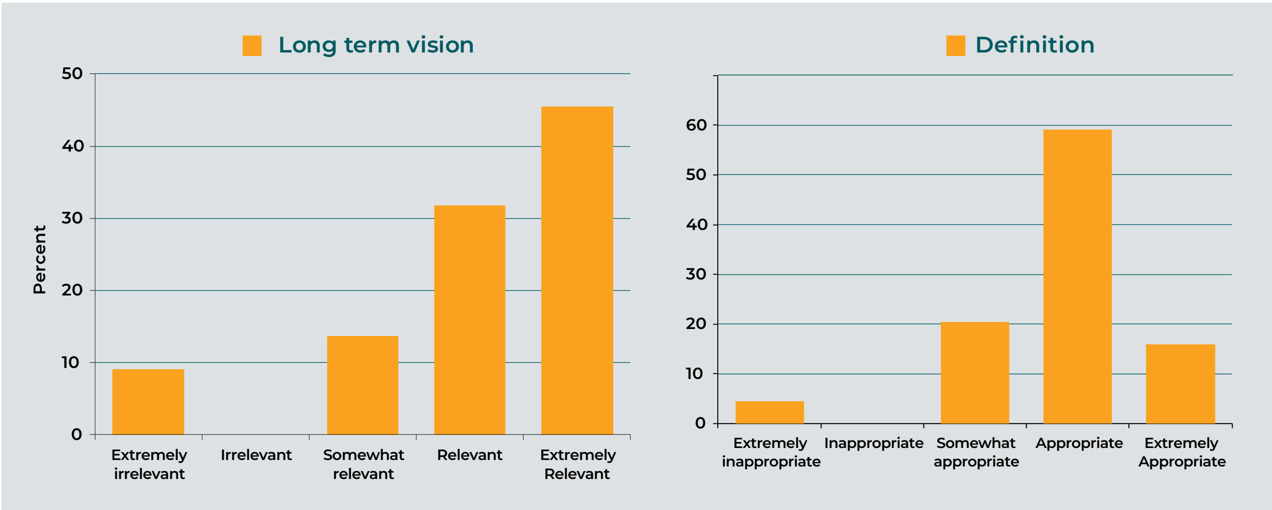
Source: NFIF Stakeholders' Perception Survey 2023

Further, stakeholders commented that the Framework was designed using an outcome-oriented, participatory approach that involved key stakeholders, including women and youth, private-public stakeholders and collaborative institutional arrangements. Moreover, the implementation applied evidence-based research and feedback from demand and supply stakeholders, translating to a successful NFIF2.

4.1.2 Relevance of the Financial Inclusion Vision and Definition

Most respondents revealed that the country's long-term vision and definition of financial inclusion are relevant, with weighted average rating scores of 4 and 3.8 out of 5, respectively. The respondents believed that the vision was relevant as it aimed to improve the livelihoods of households by increasing access to and usage of financial products and services. On the other side, respondents found the definition appropriate as it covers key pillars of financial inclusion necessary for development.

Chart 2: Relevance of the vision and appropriateness of definition

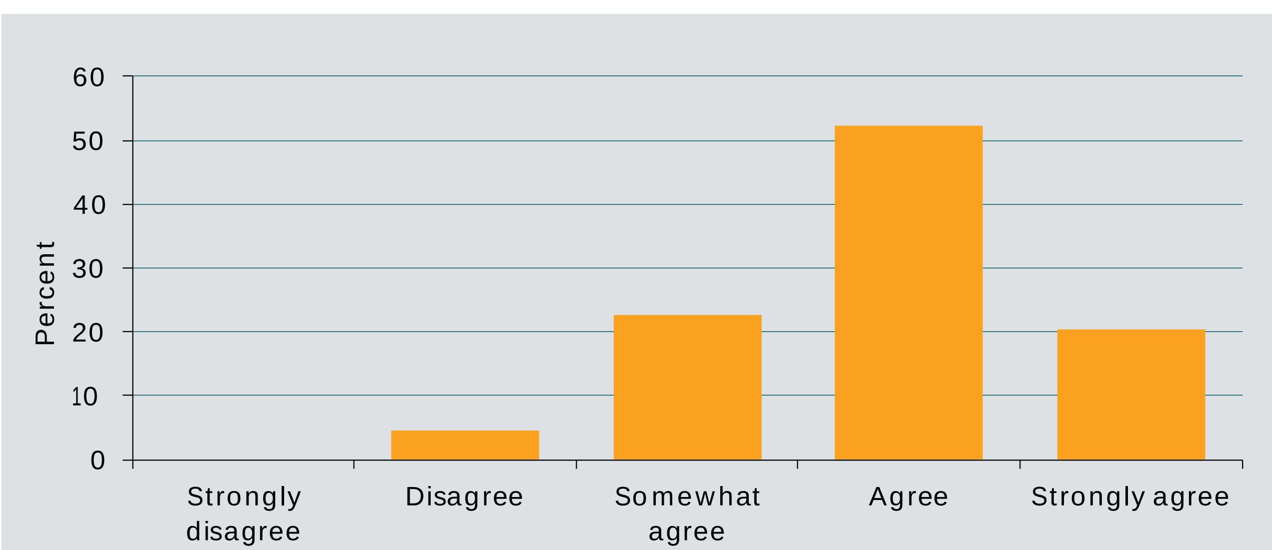


Source: NFIF Stakeholders' Perception Survey, 2023

4.1.3 Clarity of the Objectives of NFIF2

Stakeholders rated the financial inclusion objectives at 3.85 out of 5, implying that promoting the usage of formal financial products and services was clearly stated and well-known. Further, respondents commented that the NFIF2 objectives were aligned with its vision of improving individuals' and businesses' livelihoods and financial resilience. Furthermore, the respondents suggested increasing public awareness of the Framework and its objectives.

Chart 3: Objectives of NFIF2 were clearly stated and known

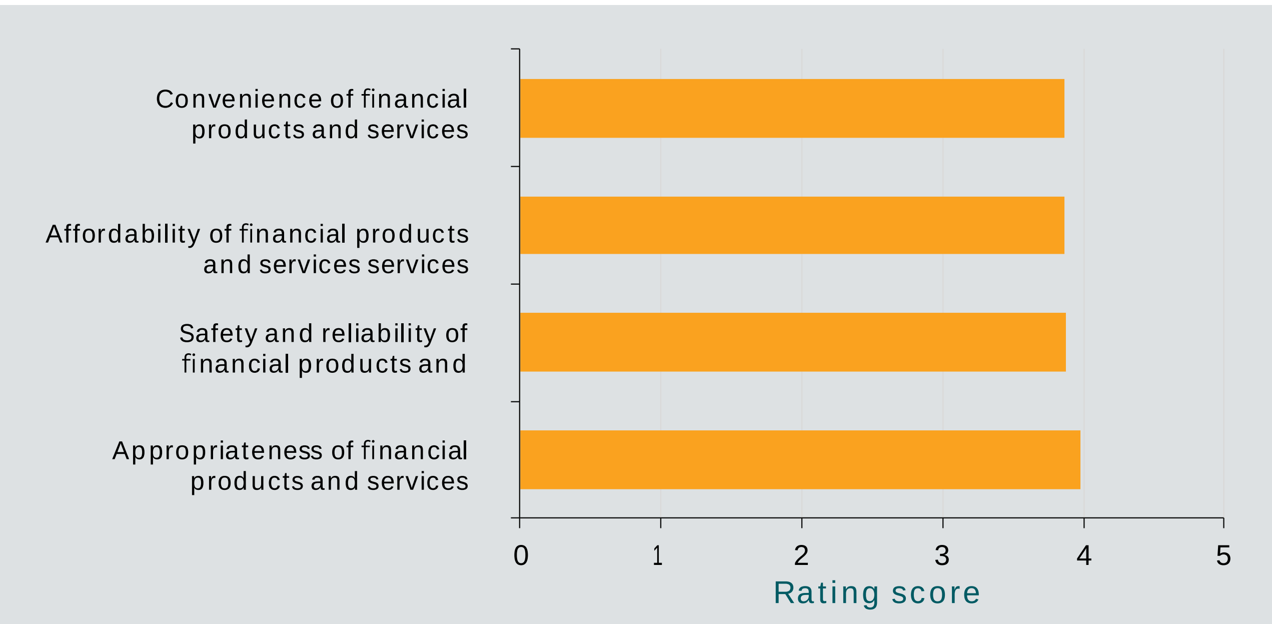


Source: NFIF Stakeholders' Perception Survey 2023

4.1.4 Relevance of Key Drivers in Addressing Financial Inclusion Barriers

Most stakeholders consider the selected key drivers highly relevant in addressing financial inclusion barriers by providing an average rating of 3.9 out of 5. In addition, respondents recommended that financial consumer protection and education be considered among future drivers of the usage of financial services.

Chart 4: Relevance of key drivers in achieving financial inclusion



Source: NFIF Stakeholders' Perception Survey 2023

4.2 Effectiveness in Implementing the Framework

In assessing the effectiveness of implementing NFIF2, the status of activities in the implementation plan was assessed and complemented by stakeholders' perceptions of implementing the Framework.

4.2.1 Implementation of Activities in the Action Plan

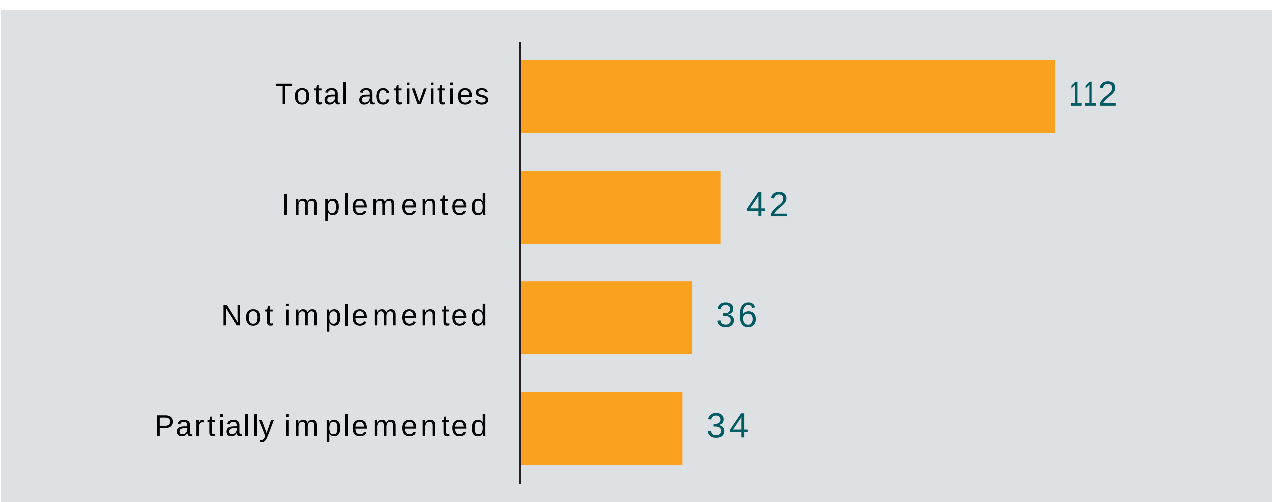
The Framework had a five-year implementation action plan which highlighted 22 national initiatives aiming to advance prerequisites for addressability, uptake and usage of financial services in the country. The National Council, prioritised 169 activities to be implemented by 21 institutions.

Technical and financial resources required for implementing the identified activities were sourced from either the implementing institutions or alternative financing arrangements from fellow members of the National Council or development partners. Similarly, to ensure the successful and effective implementation of the agreed activities, the NC ensured that all implementing institutions were part of the NFIF2 governance structure.

4.2.1.1 Implementation of Addressability Initiatives

The addressability dimension, as used in the Framework, refers to the capacities and capabilities required for adult Tanzanians to be served with FSPs. Initiatives under this dimension accounted for 55 per cent of all initiatives and had 112 activities reflecting 66 per cent of all activities set in the Framework. As of December 2022, 38% of the activities were implemented, 30% were partially implemented, and 32% were not implemented (**Chart 5**).

Chart 5: Implementation of activities under the addressability dimension



Source: Quarterly progress report on the implementation of NFIF2

During the implementation, some executing institutions enacted new laws and reviewed existing legal and regulatory frameworks to create a conducive environment for the growth of the micro finance sub sector, enhancing financial consumer protection and ensuring the financial system's integrity.

Similarly, to create robust electronic infrastructures for individual profiles, NIDA registered 23,427,379 adults, equivalent to 84.3 per cent of their target in the Framework. Specifically, out of the number of registered adults in the NIDA register, 19,884,587 were issued with national identification numbers, while 10,397,477 were issued with the actual cards.

Generally, implementing activities under the addressability dimension has increased the number of financial access points, enhanced the ease of client onboarding and supported KYC verification by FSPs through NIDA databases. Details of the implementation of selected addressability activities are provided in **Table 3**.

Table 3: Implementation status for selected addressability dimension activities

Objective	Initiative	Activity	Status as of December 2022	Remarks
Financial access points are closer to where people live.	Provide an enabling environment for FSPs.	Review existing legal frameworks for financial inclusion.	National Microfinance Act, 2018, was enacted, and its regulations were implemented in 2019.	Implemented
			Bank of Tanzania (Financial Consumer Protection) Regulations, 2019, issued.	
			The Anti-Money Laundering and Proceeds of Crime Act, No. 10 of 2009 (AMLPOCA) and its regulations, and The Anti-Money Laundering Act, 2006 (AMLA) and its regulations were amended in 2022.	
			The Capital Markets and Securities (CMS) Act, Cap 79, was amended to include a provision for the Protection of Minority Shareholders of listed companies.	
	Widen financial services agent networks.	Review agent banking frameworks to ease client onboarding.	FSPs increased the adoption of agents as a delivery model.	
	Enhance collaboration among FSPs through fintech.	Development of Tanzania Instant Payment System (TIPS).	Interoperability among FSPs has been enhanced through TIPS.	Partially implemented
	Expand FSPs' coverage.	Conduct public awareness on the Microfinance Policy.	The Ministry of Finance and Planning (MOFP) and BOT provided public awareness of microfinance policy, laws, and regulations.	Implemented

Objective	Initiative	Activity	Status as of December 2022	Remarks
All adults own a mobile phone.	Conduct research on the barriers to owning a mobile phone.	Review findings and offer suggestions that counter this challenge.	Need to be implemented.	Not implemented
All adults have unique and verifiable IDs.	Expedite registration and issuance of National IDs.	Registration and issuance of identifications in mainland Tanzania and Zanzibar.	NIDA registered 23,427,379 adults equivalent to 84.3 per cent of the target audience.	Partially implemented
			NIDA issued 19,884,587 National ID Numbers (NINs), equivalent to 84.9 per cent.	
			NIDA issued 10,397,477 National ID cards equivalent to 44.4 per cent.	
	Assess the interface of the NIDA database with FSPs.	Installation of communication and networking system between NIDA headquarters and district offices.	All FSPs can reach the NIDA database for KYC verification.	Implemented
	Monitor the implementation of the postal code and address system.	Develop a postal code and address system.	A postal code and address system was developed and is accessible via: https://napa.mawasiliano.go.tz/landing.	

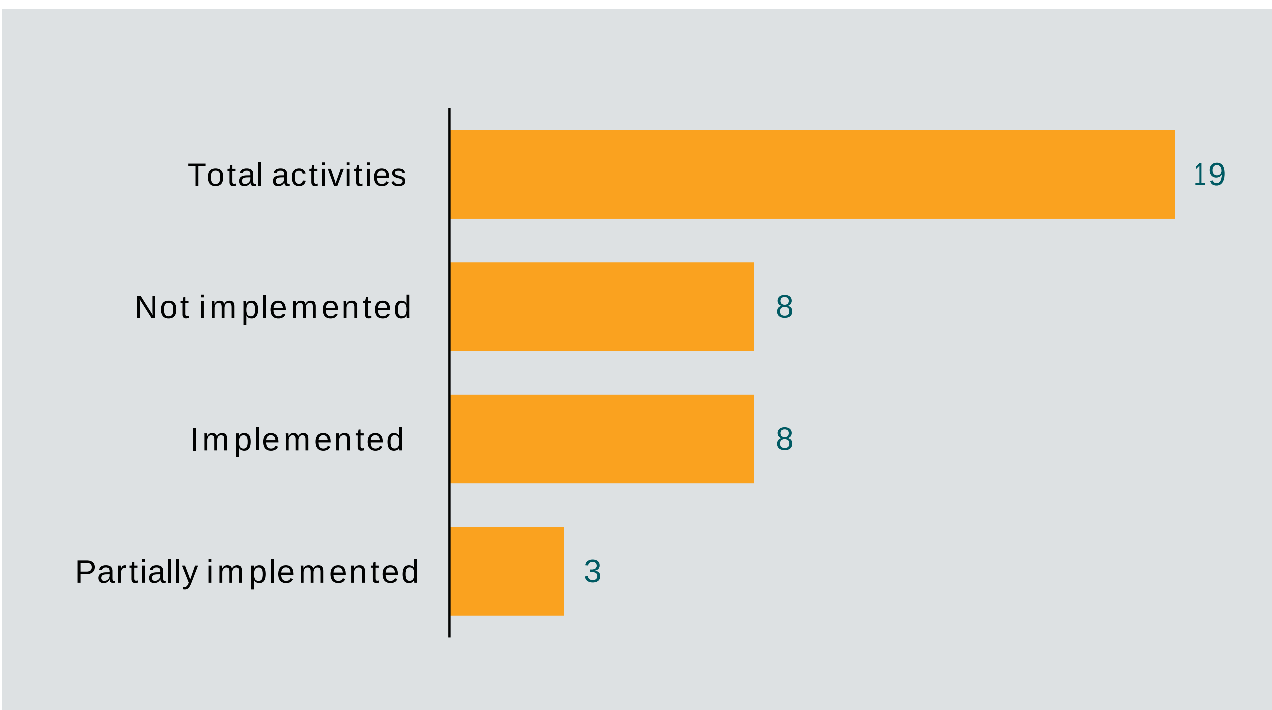
Objective	Initiative	Activity	Status as of December 2022	Remarks
	Increase Business formalisation and registration.	Conduct public sensitisation programs to the informal sector on the importance of formalising their identification.	MKURABITA conducted sensitisation programs in collaboration with respective stakeholders. It established, among others, One Stop Business Formalisation Centers in Urambo, Bariadi, Njombe, Singida, Mtwara, Tanga, and Geita.	Implemented
All borrowers have their profiles in the integrated credit reference system.	Increase scope and coverage in the use of the Credit Reference System.	Review Databank and Credit Reference Bureau Regulations to accommodate market developments.	BOT issued a circular to direct Tier 2 MFIs and SACCOS to submit credit information to the Credit Reference Bureaus.	
	Establish a centralised collateral registration database to collect and keep records for movable and immovable collaterals.	Enactment of the Secured Transaction Law.	The draft proposal law is awaiting Cabinet approval	Partially implemented

Source: Quarterly progress report on the implementation of NFIF2

4.2.1.2 Implementation of Initiatives that Promote Uptake

The Framework considered uptake initiatives enabling the public to easily engage with the FSPs and consume their services and products. The uptake dimension had four initiatives accounting for 18 per cent of the total initiatives in the Framework. To execute the identified initiatives, the implementing institutions planned 19 activities (reflecting 11 per cent of all activities set in NFIF2). A review of the implementation performance indicated that as of December 2022, 42 per cent of the activities were executed, 16 per cent were partially realised, and 42 per cent still needed to be applied. Details of the implementation status are provided in **Table 4.**

Chart 6: Implementation of activities under the uptake dimension



Source: Quarterly progress report on the implementation of NFIF2

During the implementation period, an attractive environment for companies to list on the stock market was improved by strengthening professionalism in the subsector. Further, biometric registration of SIM (Subscriber Identity Module) cards simplified compliance with KYC requirements. Despite the success, agents' interoperability and limited participation in the Stock Market continued to be a challenging.

Table 4: Implementation status for selected uptake dimension activities

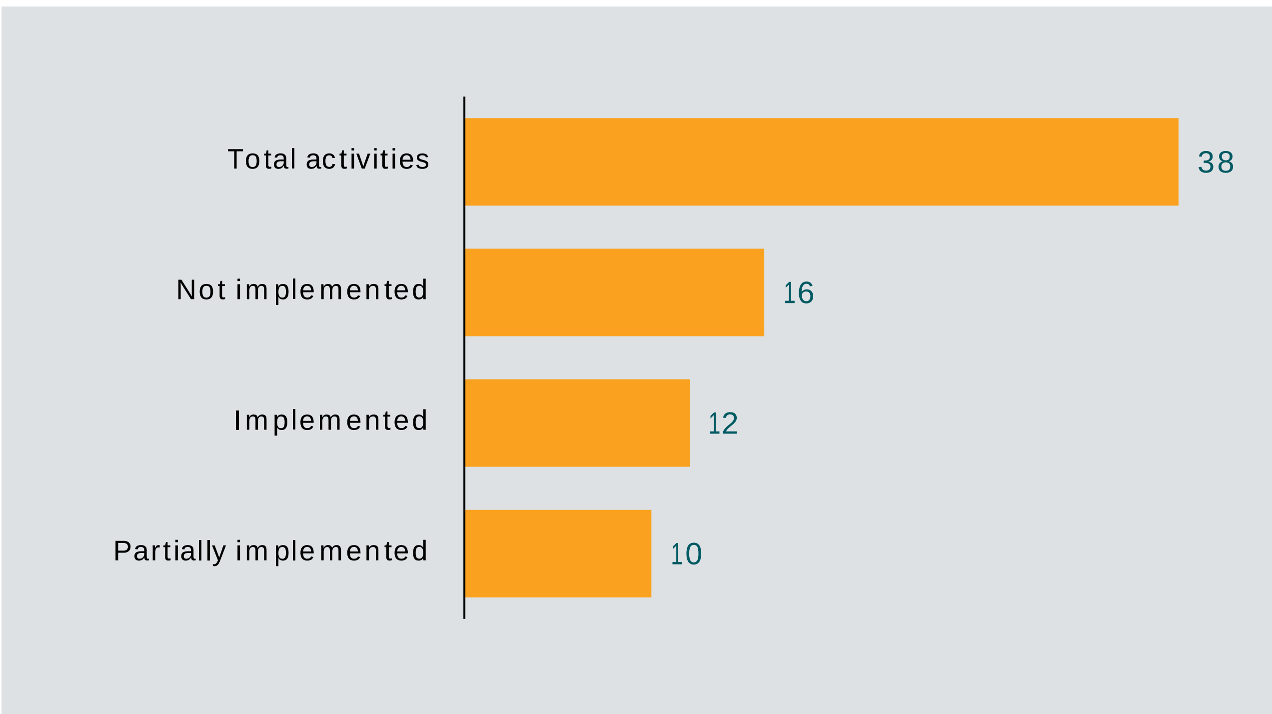
Objective	Initiative	Activity	Status as of December 2022	Remarks
All adults have a registered account which can transact	Introduce customer centric products and services	Develop, introduce and promote new products in the market (Municipal bonds, Exchange-traded funds and Derivatives)	CMSA collaborated with various stakeholders in spearheading initiatives for the issuance of Municipal and Sub-national bonds in Tanzania, including the development of the Guidelines for the issuance of Corporate Bonds, Municipal Bonds and Commercial Papers.	Partially implemented
	Facilitate implementation of interoperability of agents	Develop guidelines for agents interoperability	Challenges continue to persist in Agents interoperability	Not implemented
	Create an attractive environment for companies to list on the stock market	Provide capital markets professional certification courses	CMSA conducted different capacity-building programs and provided professional certificates	Implemented
	Simplify KYC for client onboarding	Enhance the SIM card registration process by introducing Biometric SIM card registration	Biometric registration of SIM cards was conducted.	Implemented

Source: Quarterly progress report on the implementation of NFIF2

4.2.1.3 Initiatives and Activities under the Usage Dimension

To promote the usage of financial products and services, the Framework identified six initiatives accounting for 27 per cent of the total initiatives. The Frameworks' initiatives had 38 activities, accounting for 23 per cent. Regarding performance, as of December 2022, 32 per cent of the usage activities were implemented, 26 per cent were partially executed, and 42 per cent were not realized.

Chart 7: Implementation of activities under the usage dimension



Source: Quarterly progress report on the implementation of NFIF2

During implementation, a Financial Sector Development Masterplan was developed to enhance collaboration among regulators to push for financial sector development. Further, various financial education initiatives were executed through national exhibitions, seminars and mass media. In addition, in efforts to promote financial consumer protection, the FCC collaborated with other stakeholders to develop the National Financial Consumer Protection Framework (**Table 5**).

During the period, usage of mobile financial services for government payments increased significantly, thus reflecting the State's efforts to promote DFS. Similarly, efforts are underway to incorporate financial education into the national education system. However, research such as barriers to mobile phone ownership, adoption of Fintech and analysis of financial consumer behavior were not conducted during the period.

Table 5: Implementation status for selected usage dimension activities

Objective	Initiative	Activity	Status as of December 2022	Remarks
All adults save, borrow, transact and mitigate financial risks	Develop and implement responsive and inclusive policies	Coordinate development and Review of policies related to financial inclusion	Financial Sector Development Master in 2020	Implemented
	Encourage and support innovations	Establish funds based on the recommendations of the feasibility study on Fintech	The Fund was yet to be established	Not implemented
	Implementation of the National Financial Education Framework	Provide Financial Education to the general public	• NFEF was not reviewed. • Some public institutions and FSPs implemented their own financial education programs. • National Financial Education Programme (2021) was formulated	Partially implemented
Financial products and services which are relevant	Invest in Research and Development (R&D) for innovative and affordable products and services	Conduct a comprehensive study on financial consumer needs	Studt on financial consumer needs was not conducted	Not implemented

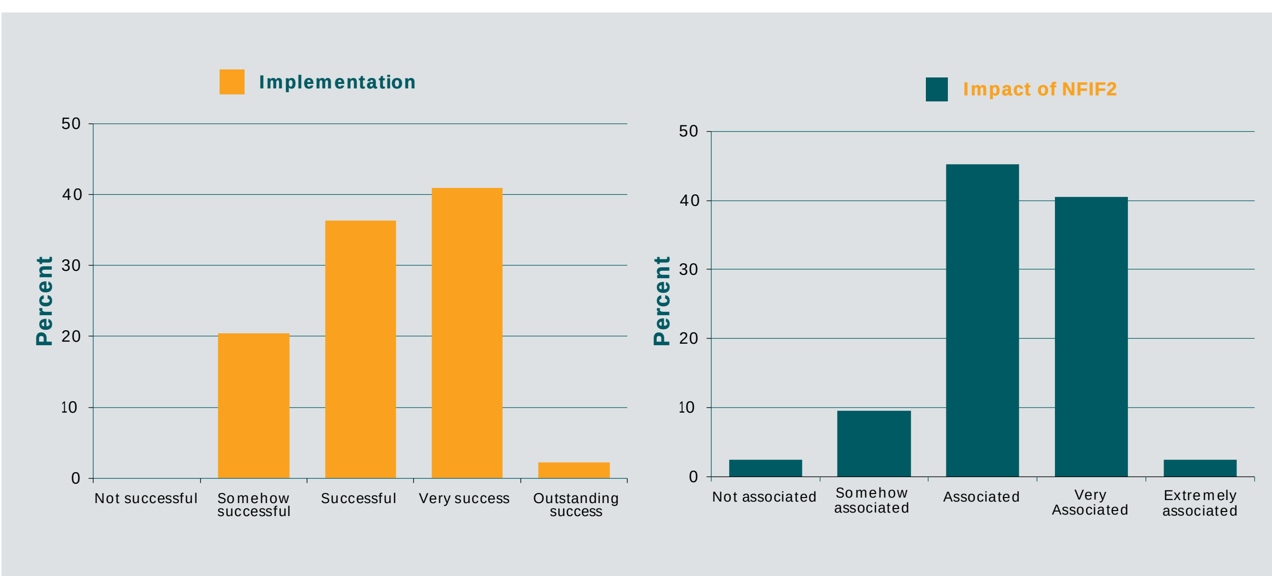
Objective	Initiative	Activity	Status as of December 2022	Remarks
Adults are confident in dealing with FSPs	Develop and implement Consumer Protection Framework	Develop Financial Consumer Protection Framework	FCC in collaboration with the Secretariat developed the draft National Financial Consumer Protection Framework	Partially implemented

Source: Quarterly progress report on the implementation of NFIF2

4.2.1.4 Stakeholders' Perceptions on Implementation of the Framework

Stakeholders were moderately satisfied with implementing the NFIF2 action plan, as reflected in the rating of 3.3 out of 5, with 88.1 per cent of stakeholders agreeing that changes in the current financial inclusion environment were associated with this. Specifically, improved business environment, Government commitment and targeting and involving women were attributed to the recorded success.

Chart 8: Implementation of the NFIF2 Action Plan and its impact on national financial inclusion



Source: NFIF Stakeholders' Perception Survey 2023

4.2.1.5 Challenges Encountered During the Implementation of the Action Plan

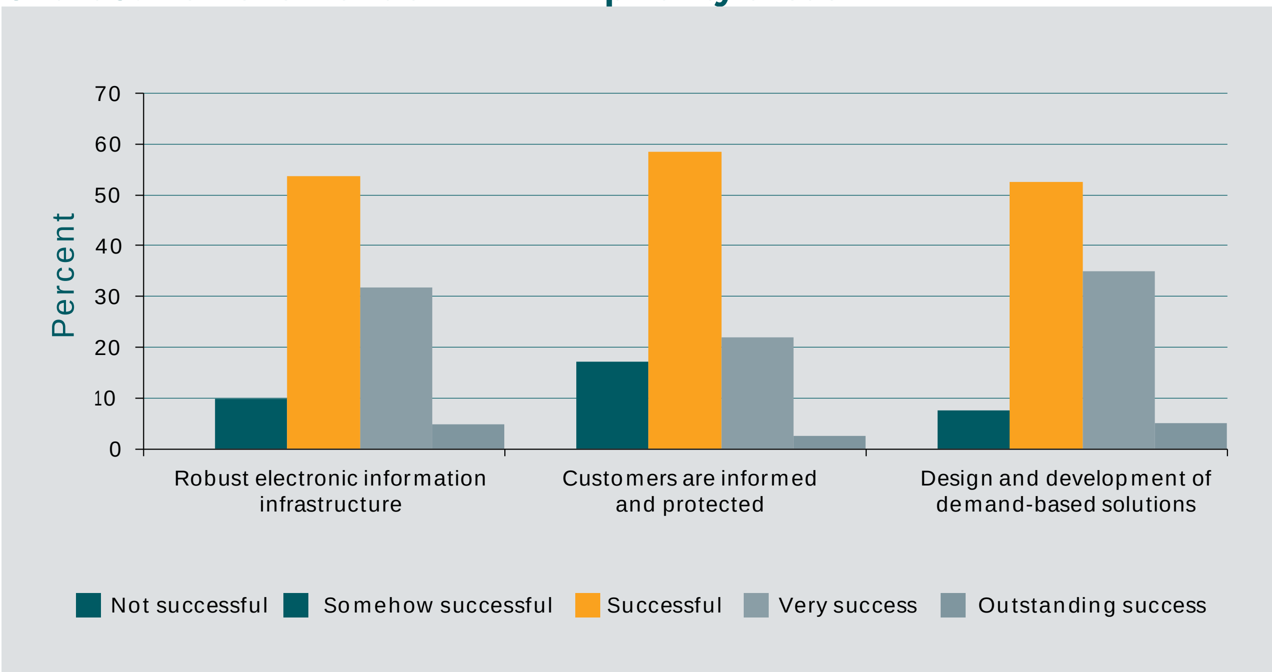
Identified challenges that prevailed during the implementation of NFIF2 include:

- Limited financial and human resources.
- Increased fraud and cyber risk in digital finance services.
- Limited studies on financial deepening and inclusion constraints to support evidence-based policy decisions.
- Limited focus and absence of specific initiatives targeting youth and smallholder farmers.
- Low usage of internet services .
- Low level of financial literacy among Tanzanians.
- Limited skills, knowledge and expertise to implement some activities.
- Low acceptance of alternative movable collaterals by FSPs in Tanzania and Zanzibar.
- The slow pace of counterparties in implementing joint activities.
- The outbreak of the COVID-19 pandemic affected the implementation of some activities.
- The slow pace of rural electrification, poor infrastructure and maintenance.

4.2.2 Perceptions on Implementation of NFIF2 Priority Areas

Respondents also noted that implementation of the Framework achieved great success in protecting financial consumers and developing electronic information infrastructure for individuals and businesses, especially in enhancing the usage of credit reference systems and issuing national IDs. The sentiments were supported by the weighted average rating of 3.2 out of 5. Despite the recorded success, much emphasis is required on the acceptance of movable collaterals, availability of demand-side solutions and delivery of financial education.

Chart 9: Achievement of NFIF2 in priority areas



Source: NFIF Stakeholders' Perception Survey 2023

4.2.3 Implementation of key Initiatives of NFIF2

Respondents considered implementing key initiatives in the Framework to be moderately successful, as reflected in the weighted average rating of 3.2 out of 5.

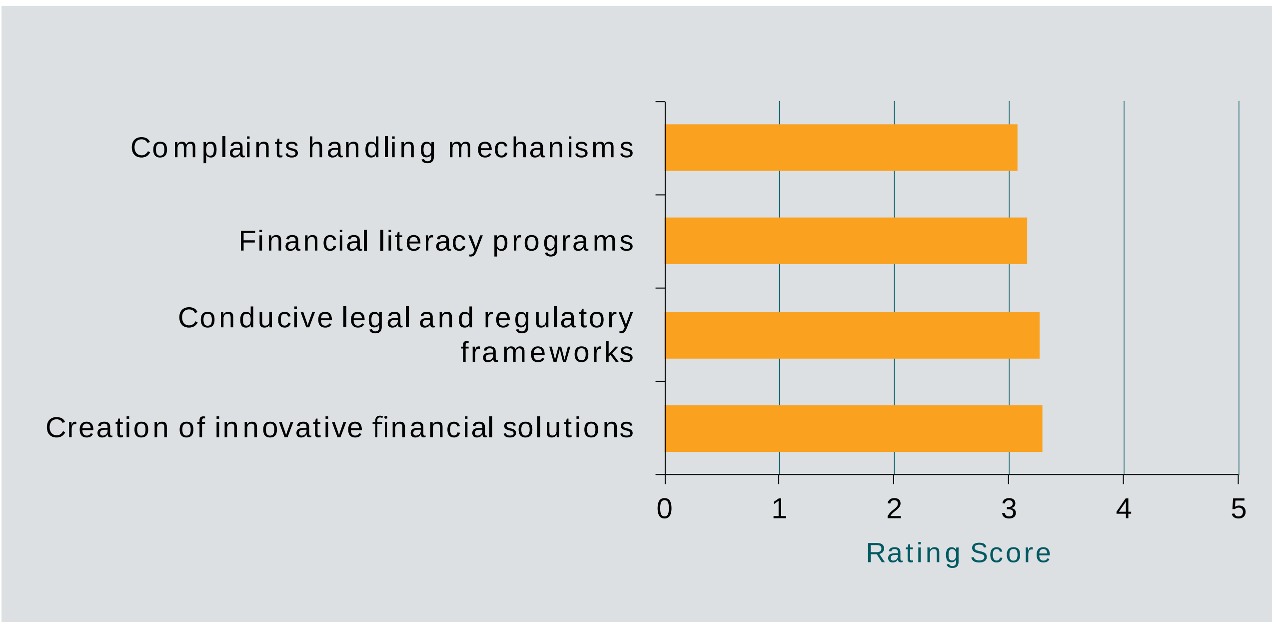
Respondents stated that financial institutions and other actors provided financial education programs during the NFIF2 period. However, the scale and coverage still need to be higher. More efforts are needed to improve financial literacy among Tanzanians, including having a nationally coordinated mechanism with enhanced resource mobilisation to facilitate the delivery of the programs.

Despite existing complaint-handling mechanisms in the financial sector, there still low level of awareness among users of such platforms and inadequate enforcement by regulators. To address the gap, emphasis should be given to automated complaint-handling processes and enhanced supervision.

Though significant reforms in the legal and regulatory frameworks were conducted, the sector continued to face challenges, including fraud and scams, as well as limited regulatory support to foster financial innovations and startups.

In addition, a notable increase in the usage of digital financial services; however, affordability and accessibility remain a challenge. Further, it was recommended that emerging technologies be used to reach the masses, and consideration must be given to small businesses and the informal sector.

Chart 10: Successful implementation of key initiatives in the Framework



Source: NFIF Stakeholders' Perception Survey 2023

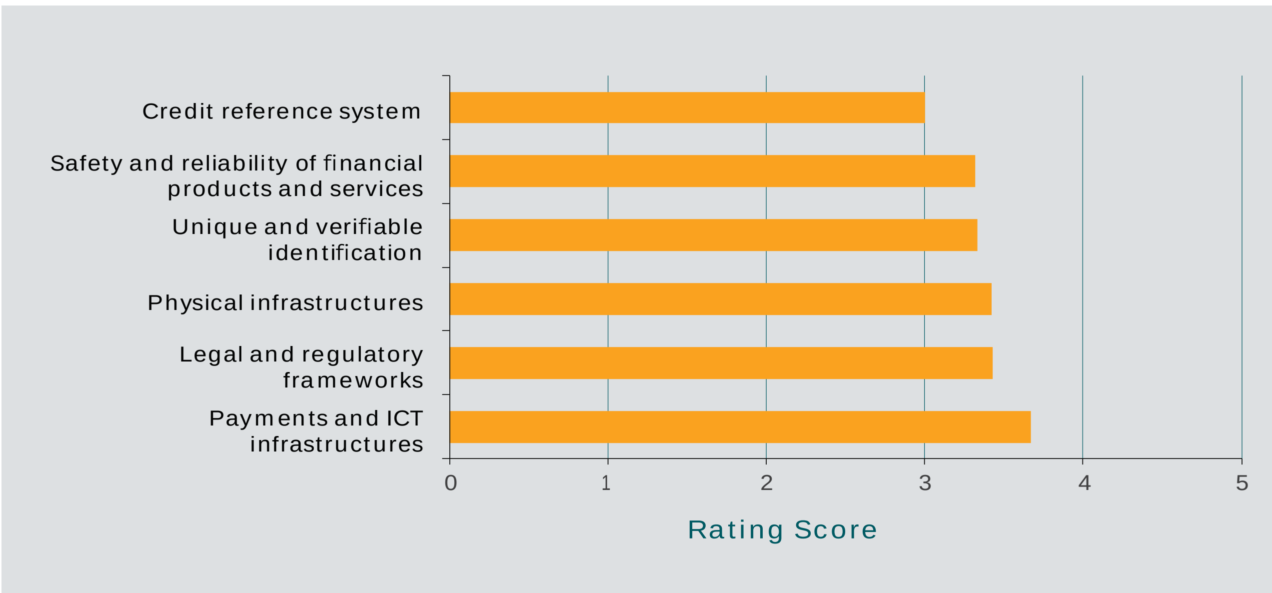
4.2.4 The Role of Core Enablers in the Implementation of NFIF2

Stakeholders' responses provided an average rating of 3.36 out of 5, indicating that selected core enablers for financial inclusion supported access to formal financial services by addressing gaps between demand and supply. Unique and verifiable identification has provided safe transactions and ease of the KYC process, thus driving uptake in financial service usage. However, there are still challenges of limited national ID availability and the high cost of FSPs in utilising them.

In addition, the wide use of credit reference systems has improved the financial intermediation process and reduced NPLs in the financial sector. However, the system still caters primarily to banks while neglecting some non-bank institutions. Similarly, good roads and electricity have facilitated easy access to and provision of financial services. Despite the significant improvement, some rural areas need more access to good roads, electricity and low internet coverage.

Respondents stressed the need to increase customers' trust and confidence in the financial system to ensure the safety and reliability of financial services. Further, it was recommended that the high cost of internet bundles and weaknesses in digital financial consumer protection must be addressed to foster financial inclusion and match current economic development needs.

Chart 11: Relevance of the key drivers in achieving the financial inclusion vision

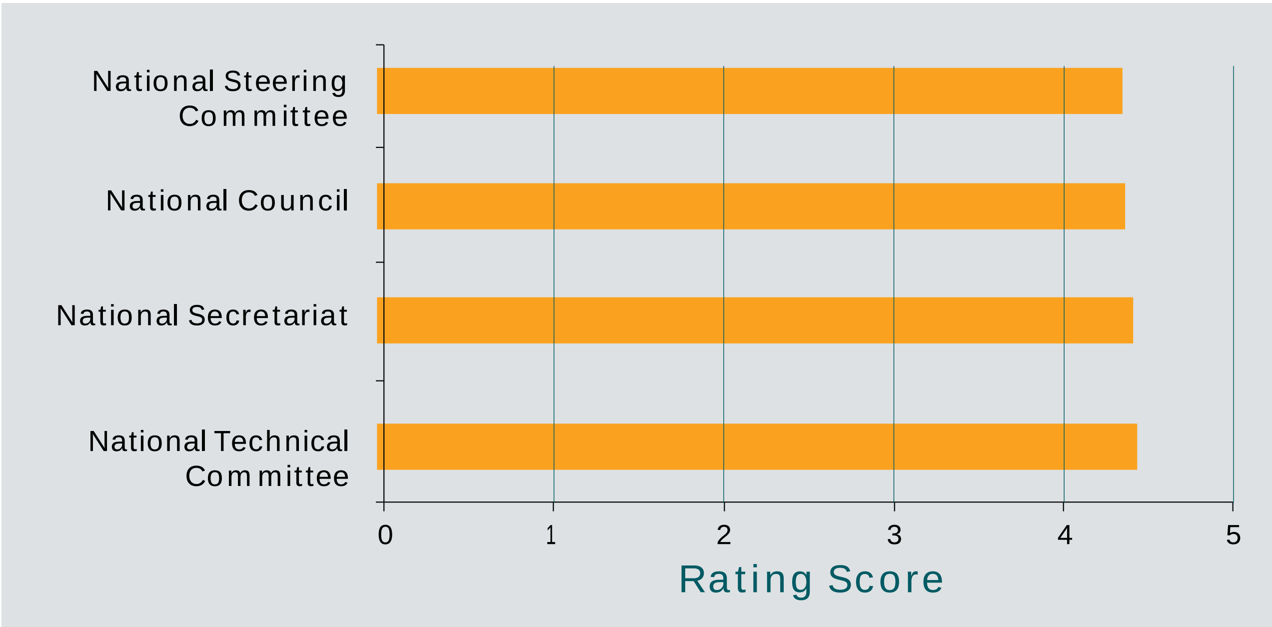


Source: NFIF Stakeholders' Perception Survey 2023

4.2.5 Effectiveness of the Coordination Structure

The respondents noted that the National Council and its committees were relevant in ensuring the effective implementation of NFIF2, as evidenced by the score of the weighted average rating of 4.3 out of 5. Stakeholders indicate that the membership for the coordinating structure and the level of participation in the decision-making process was adequate. Furthermore, stakeholders commended the dedication shown by the secretariat and the commitment of the National Council to enforce good governance through its committees.

Chart 12: Relevance of NC and its committees in coordinating NFIF2



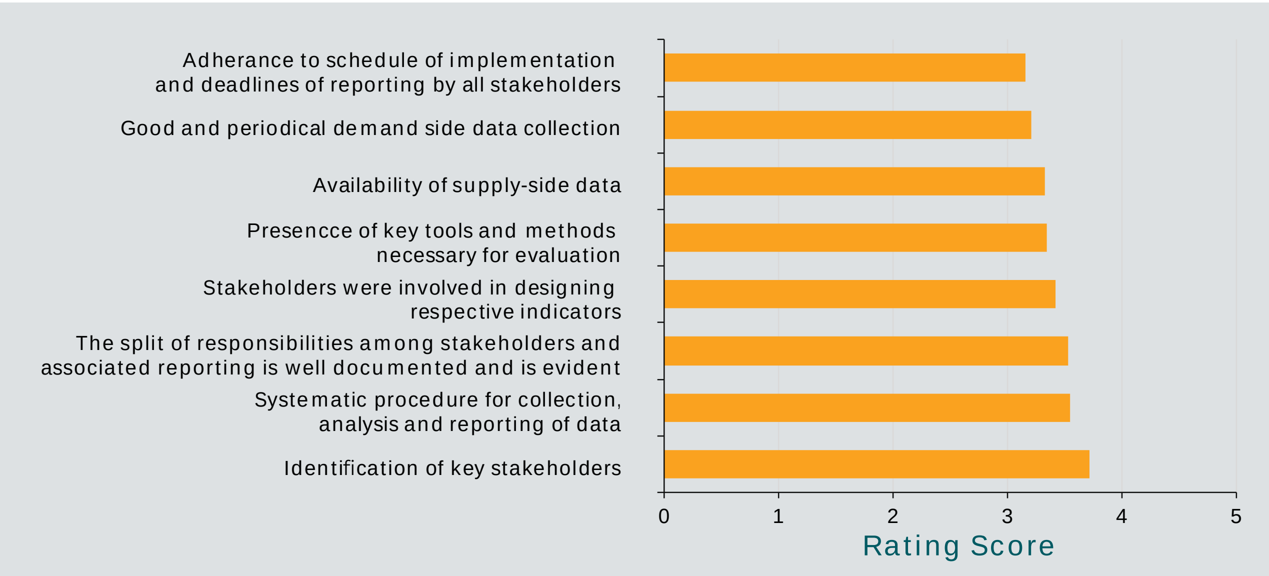
Source: NFIF Stakeholders' Perception Survey 2023

Despite the excellent rating, stakeholders recommended the need for improvement in strengthening communication among members, enhancing the availability of financial inclusion data and holding regular committee meetings. It was further recommended that the committees' structure expand the private sector's engagement.

4.2.6 Effectiveness of the Monitoring and Evaluation Mechanism

Stakeholders rated the mechanisms used in monitoring and evaluating NFIF2 at a weighted average of 3.4 out of 5, reflecting a high level of satisfaction. In addition, respondents recommended closer engagements between key stakeholders, enhancement of performance indicators for all subsectors, the need to ensure independence and having clear reporting deadlines for implementation of the action plans.

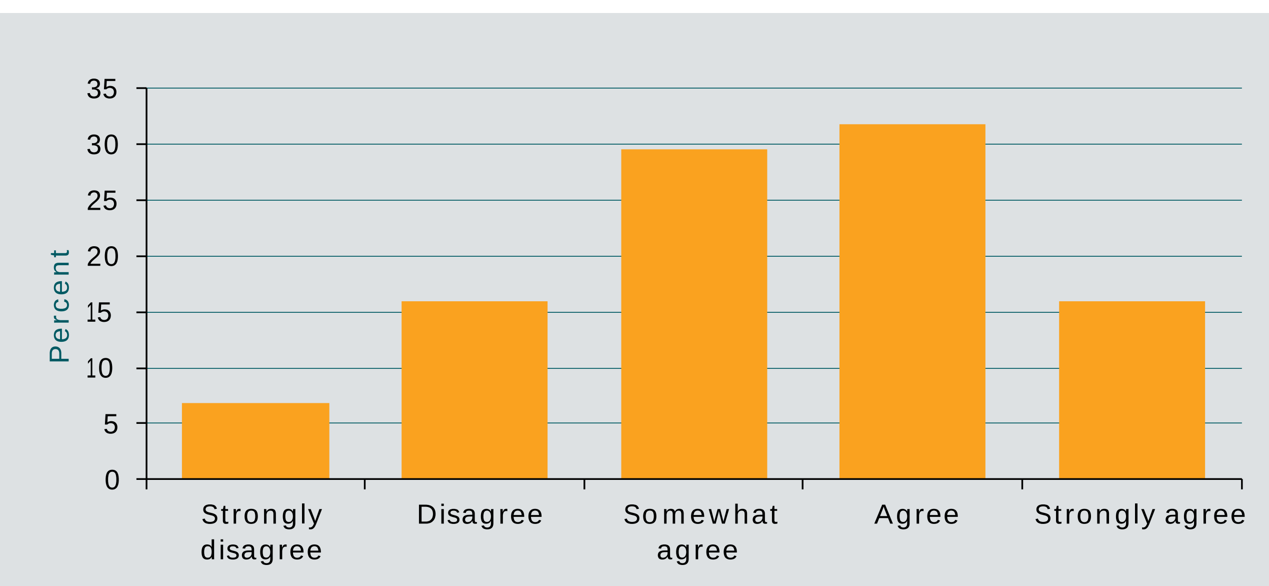
Chart 13: Assessment of the monitoring and evaluation (M&E) mechanisms



Source: NFIF Stakeholders' Perception Survey 2023

Further, stakeholders confirmed to have internal monitoring mechanisms to track the performance of financial inclusion activities in their respective institutions. This confirmation was attested by a weighted average rating of 3.3 out of 5, implying that institutions had adequate capacity and effective internal monitoring systems.

Chart 14: Presence of institutional mechanism to track commitments in the Framework



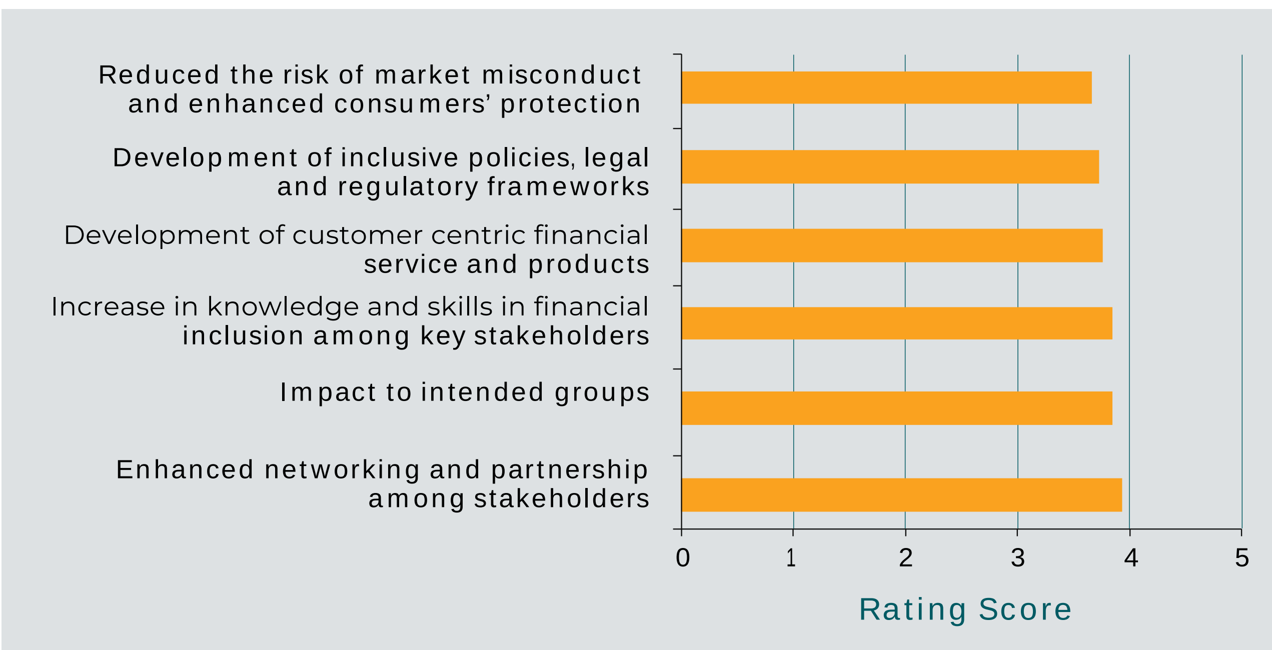
Source: NFIF Stakeholders' Perception Survey 2023

4.2.7 Overall Outcomes of NFIF2

Respondents agreed that implementing financial inclusion initiatives had benefited the target groups, enhanced consumer protection, increased the availability of customer-centric products, heightened the development of inclusive policies and legal frameworks, amplified public awareness on financial inclusion matters and promoted collaborations among stakeholders.

These sentiments were supported by a rating of 3.8 out of 5. Despite the recorded success, levies on financial transactions and lack of trust have continued to hinder consumers from thoroughly enjoying the benefits of financial inclusion interventions.

Chart 15: Benefits yielded by financial inclusion initiatives



Source: NFIF Stakeholders' Perception Survey 2023

4.2.7.1 NFIF2 Outcomes on Women, Youth, SMEs, and Smallholder Farmers

Respondents noted an increase in usage of formal financial services by women, youth, SMEs and farmers during the implementation of the Framework, as indicated by a weighted average rating score of 3.2 out of 5. It was further noted that most borrowers in these groups are served through microfinance service providers. Despite the noted success, generally, high-interest rates on loans and financial service fees and levies continue to limit these groups' usage of formal financial services.

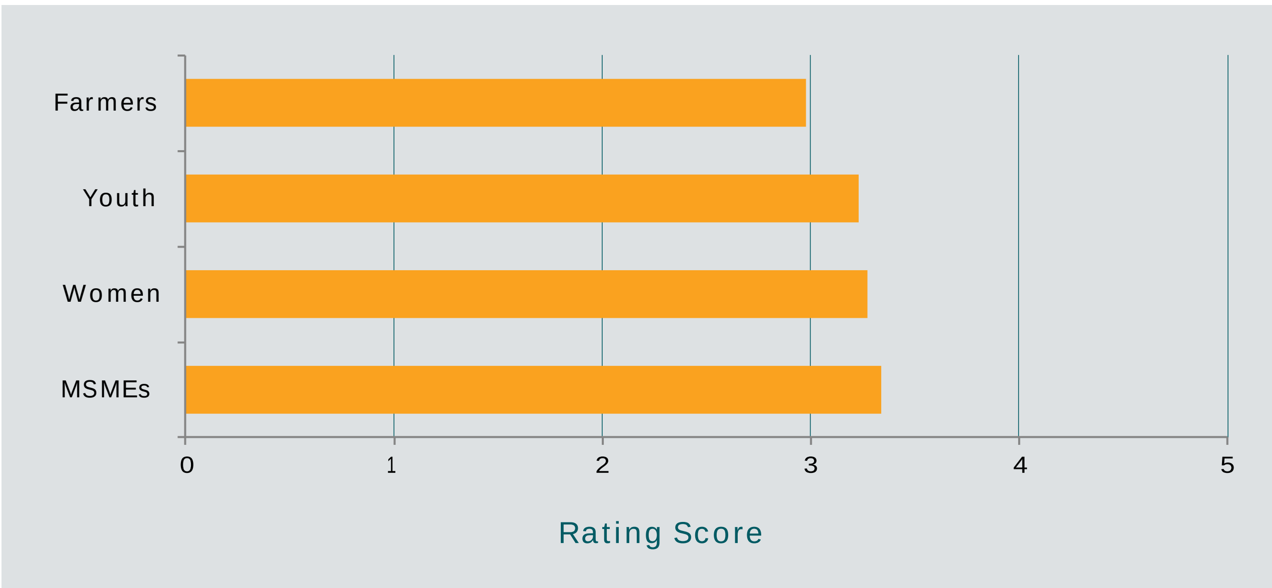
Respondents justified the increase in the usage of formal financial services to women due to the presence of tailored products for women and Government support in promoting access to credit for women. It was further reported that most credit to women is used to operate a small business and for subsistence. However, job creation remains a prevalent challenge among women.

Similarly, the youth's usage of formal financial services has increased following this group's increased adoption of digital financial services. However, the usage gap in this group is widening, thus calling for a need to enhance financial education and increased access to low-interest loans from Government programs targeting the Youth.

On the other hand, SMEs also recorded an increased usage of formal financial services following the increased adoption of digital financial services and increased institutional capabilities due to capacity-building programs and alternative financing mechanisms.

Concerning smallholder farmers, a notable increase in access to agri-finance was reported. However, this population segment needs assistance in accessing financial services due to information asymmetry, inadequate infrastructure, absence of collaterals, and failure to manage agriculture risks.

Chart 16: Perceptions on the usage of formal financial services by women, youth, SMEs, and farmers

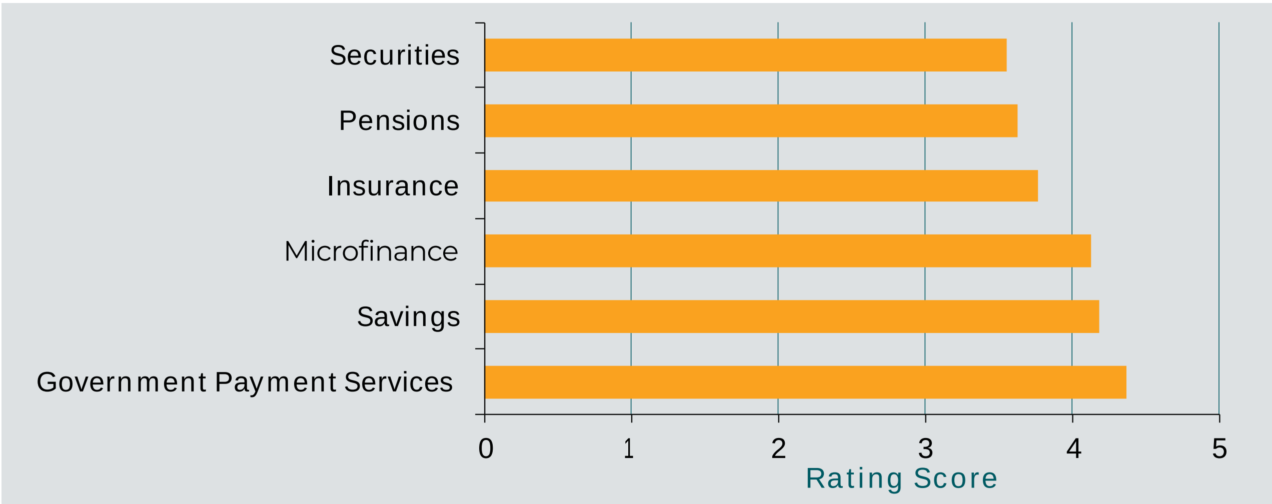


Source: NFIF Stakeholders' Perception Survey 2023

4.2.7.2 The Outcome of NFIF2 on the Usage of Financial Services

Respondents consider that implementing NFIF2 has influenced increased usage of Government payments, microfinance and savings services. In contrast, the usage of insurance, financial market product and services and social security services continue to lag. These perceptions were supported by the weighted average rating of 3.9 out of 5.

Chart 17: Effect of NFIF2 in the usage of financial products and services

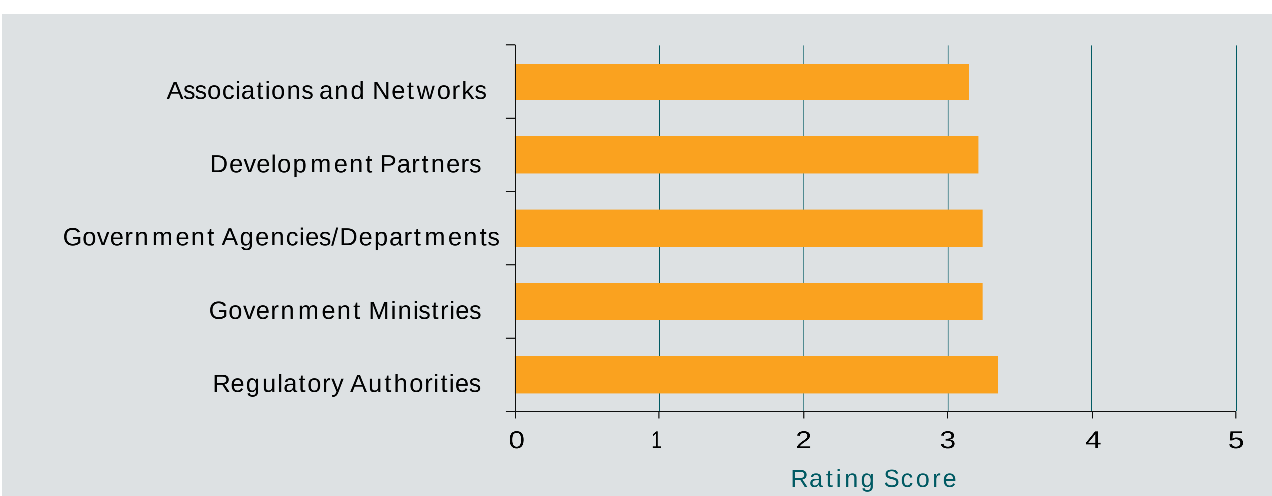


Source: NFIF Stakeholders' Perception Survey 2023

4.2.7.3 Overall Stakeholder's Performance

The implementation of the inclusion framework by key actors has generally been satisfactory, with room for improvement, as reflected by a weighted average rating of 3.2.

Chart 18: Key stakeholders' performance in implementing NFIF2



Source: NFIF Stakeholders' Perception Survey 2023

Stakeholders stated that Government ministries and departments had played a significant role in implementing the Framework, particularly in creating enabling legal and regulatory environments despite the absence of guidance on issues related to cryptocurrencies and digital assets and concerns about the fees and levies introduced in 2021, which became a disincentive in promoting financial inclusion.

Regulatory authorities have also played a significant role in ensuring a stable financial system, while Tanzanians are encouraged through public awareness and education to use formal financial services. Moreover, frequent changes in institutional structures of implementing institutions affected the effective implementation of NFIF2 activities.

Associations and networks were commended for enhancing networking and information exchange amongst their members to support financial inclusion. However, there needs to be more public awareness of the progress of implementing the Framework. Though development partners did not directly implement the Framework, they have been praised for providing technical and financial resources to some initiatives.

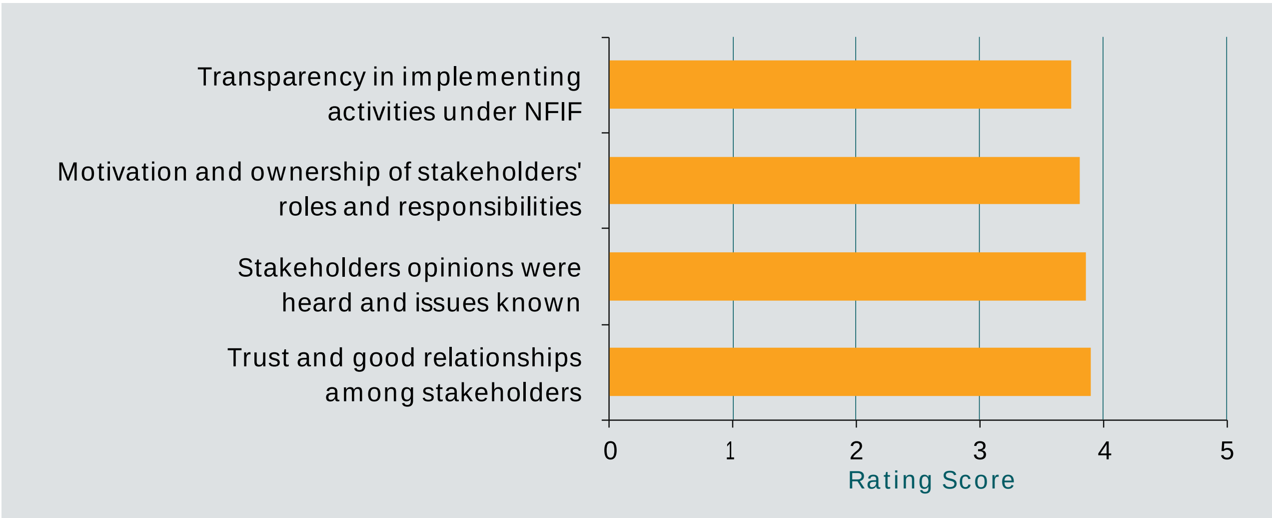
Further, given the low participation of support partners, development partners should be encouraged to support financial inclusion initiatives without unethical strings attached.

4.2.8 The Extent of Stakeholders' Participation

Respondents noted that the participation of stakeholders in the decision-making process and joint ownership of key initiatives was high, as reflected by the rating of 3.8 out of 5. For purposes of enhancing stakeholder participation, respondents recommended the need to ensure independent and timely data collection to facilitate measurement and the need to have specific initiatives targeting youth and farmers.

In addition, respondents required implementing institutions to ensure the effective sharing of financial inclusion knowledge amongst employees to increase transparency and ensure continuity in implementing the Framework.

Chart 19: Stakeholders' implementation of initiatives

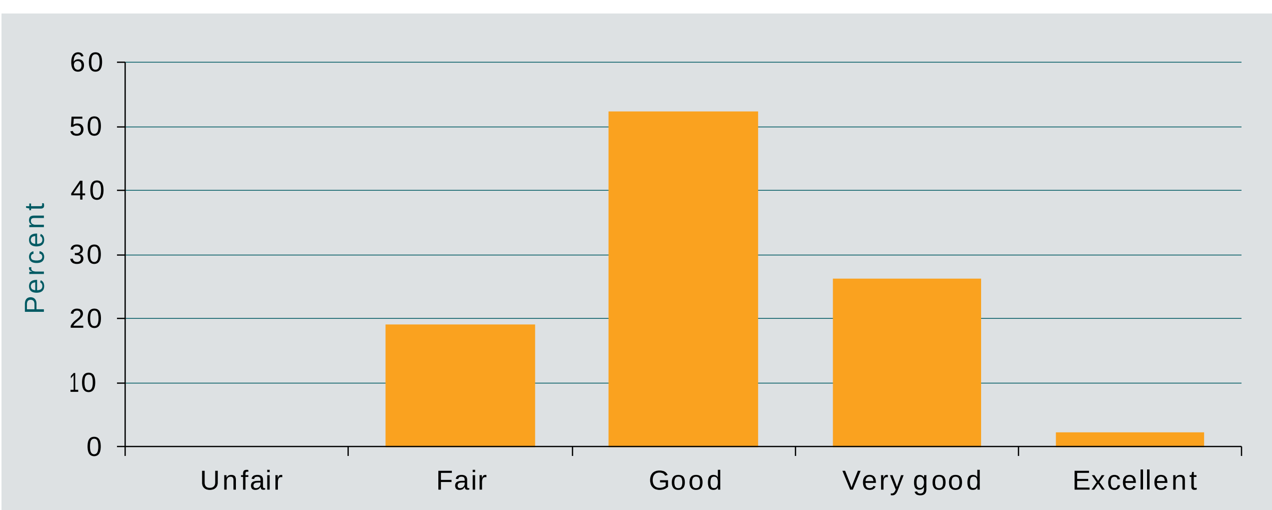


Source: NFIF Stakeholders' Perception Survey 2023

4.2.9 Timeliness in Implementing Activities

About 81 per cent of respondents confirmed that the NFIF2 Action Plan was implemented timely. Despite this success, financial and human resource constraints and the COVID-19 pandemic were found to have affected the Framework implementation.

Chart 20: Implementation of activities based on the Action Plan

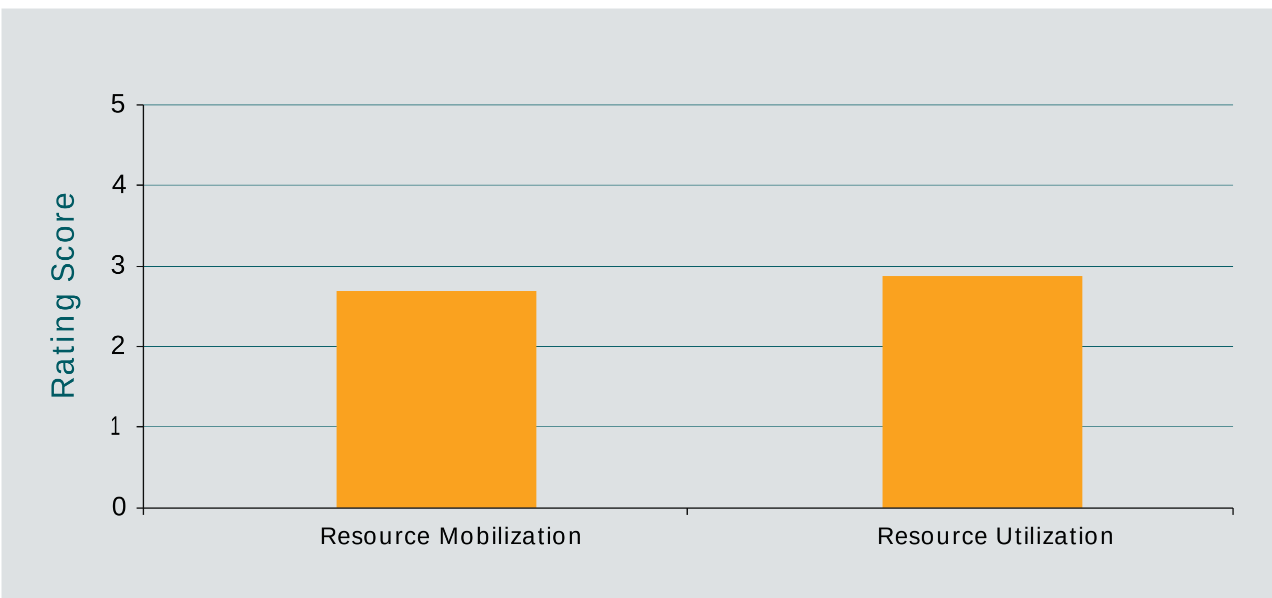


Source: NFIF Stakeholders' Perception Survey 2023

4.2.10 Resource Mobilisation and Utilisation

Mobilisation and utilisation of resources were perceived to be moderate by stakeholders, scoring a rating of 2.7 and 2.9 out of 5, respectively. There were some setbacks in mobilising resources, including limited funds from implementing institutions. The challenges in mobilisation and utilisation of resources were attributed to the effects of the COVID-19 pandemic and the governance changes of some of the implementing institutions.

Chart 21: Extent of mobilisation and utilisation of resources in NFIF2



Source: NFIF Stakeholders' Perception Survey 2023

4.3 Performance of Financial Inclusion in Various Financial Services

The Framework emphasised the need for people to use a wide range of financial products and services regularly. During the implementation period, notable progress was made in accessing and using financial services. For instance, there was a significant increase in financial access points and usage of banking, microfinance, payment and investment services.

4.3.1 Savings

Savings involve preceding current consumption and investing for future expenses. The NFIF2 targeted to increase the number of adults who save in formal financial institutions to 60 per cent of the adult population. As of the end of December 2022, the number of savings accounts in banks increased to 7.59 million from 6.48 million in December 2018, representing an increase of 17 per cent. Meanwhile, the number of deposit accounts in SACCOS in Tanzania mainland decreased by 14.08 per cent to 1.83 million in 2022 from 2.13 million in 2018 (**Table 6**).

Table 6: Number of savings accounts in banks and SACCOS (Million)

Institutions	2018	2019	2020	2021	2022
Banks	6.48	6.39	6.79	7.12	7.59
SACCOS - TZ mainland	2.13	2.05	1.95	1.52	1.83
SACCOS - Zanzibar	N/A	N/A	0.03	0.03	0.03

Source: The President's Office, Finance and Planning (Zanzibar), Bank of Tanzania and TCDC

Similarly, total saving deposits in banks increased to TZS 5.92 trillion from TZS 4.09 trillion in 2018, representing an increase of 44.74 per cent. The primary reasons for the increasing trend are an expansion of bank branches and ATMs networks and increased usage of mobile financial services, which allows customers to save and withdraw from their accounts via a mobile platform.

Additionally, the adoption of agency banking by FSPs has significantly simplified banks' deposit and withdrawal of cash. During the implementation of NFIF, the number of bank agents increased by 647 per cent to 75,234 agents in 2022 from 10,070 agents in 2017. The tremendous increase in agencies was due to relaxed agent banking requirements.

Further, as of December 2022, Tanzania's mainland had 2,034 registered SACOOs with 1.83 million accounts. The total savings in SACCOS decreased to TZS 1.03 trillion from TZS 1.23 trillion in 2018. The deregistration of some SACCOS mainly explains the downward trend due to changes in the microfinance regulatory framework. Similarly, in the case of Zanzibar, as of December 2022, the number of registered SACCOS was 219, with 1,830,500 accounts depicting a decreasing trend from 2,131,428 SACCOS accounts in 2018.

Table 7: Total savings volume (TZS Trillion)

Institutions	2018	2019	2020	2021	2022
Banks	4.09	4.38	4.80	5.38	5.92
SACCOS -Mainland	1.23	1.10	1.03	0.95	1.03
SACCOS -Zanzibar	0.01	N/A	0.01	0.03	0.02

Source: The President's Office, Finance and Planning (Zanzibar), Bank of Tanzania and TCDC

The increasing trend of account ownership is also supported by the results of the demand side survey (FinScope, 2023), which indicated that the percentage of the adult population using banking services has increased from 16.7 per cent in 2017 to 22 per cent in 2023 (**Annex 7.1**).

Success factors for people to save in banks and SACCOS

- Increased adoption of alternative channels and their wide distribution in rural areas.
- Adopting digital banking has improved customers' conveniences and reduced transaction costs.
- Access to unique and verifiable identification numbers has facilitated client on boarding by FSPs.
- Availability of tailored products to attract excluded segments of the population.

Challenges hindering usage of savings services

- Low level of financial literacy due to limited financial education programs.
- Low level of income by financial services consumers.
- Limited access to unique and verifiable identification for facilitating client on boarding by FSPs.
- Increased cybersecurity risks due to the adoption of digital financial services, thus threatening consumer trust and confidence in FSPs.

- Limited access to unique and verifiable national identification impairs KYC quality during account opening.
- Unaffordable cost of account maintenance.
- Inadequate access to business, property and residential address information.

4.3.2 Credit Services

During the implementation of NFIF2, credit services in the financial sector were improved, as depicted by broad distribution channels, access points and borrowing.

4.3.2.1 Credit in Banks

Access to credit services in the banking sub-sector flourished, as reflected by the number of borrowers and total loans issued. As of the end of 2022, the number of borrowers in the banking sub-sector increased from 999,812 to 2.1 million representing an increase of 52.7 percent. Similarly, loan amount issued increased by 65.9 percent to TZS 14.1 trillion in 2022 from TZS 8.5 trillion in 2018, meanwhile outstanding loan amounted to TZS 26.6 trillion from TZS 17.3 trillion.

As of December 2022, the total number of borrowers accounts for SMEs, women and youth were about 144,522, 229,289 and 193,695, respectively. In addition, during the same period, total outstanding loans issued to SMEs, Women and Youth accounted for TZS 3.11 trillion (11.67 per cent), TZS 2.97 trillion (11.14 per cent) and TZS 2.4 trillion (9.0 per cent) of the total banking sector loan portfolio to MSMEs, women and youth, respectively.

The increased number of branches, agents and availability of loanable funds contributed to the increased access to credit services. During the implementation of NFIF2, 160 bank branches, 65,164 bank agents, and two financial leasing companies increased.

Table 6.1 Credit information in banks

	2018	2019	2020	2021	2022
Number of Accounts	999,812	1,503,171	2,329,756	2,516,971	2,115,121
Total amount of loans issued (TZS Billions)	8,458	8,043	9,419	10,314	14,076
Number of Female borrowers with outstanding	170,048	157,163	155,965	157,207	173,692
Number of Male borrowers with outstanding	304,395	294,307	329,485	341,419	379,964
Outstanding amount (TZS Billions) (Cumulative)	17,263	18,813	20,059	22,127	26,615

Source: Credit Reference System.

4.3.2.2 Credit in Microfinance

As of the end of December 2022, outstanding credit from non-deposit-taking microfinance institutions in Tanzania mainland amounted to TZS 812.8 billion from TZS 628.4 billion in December 2021. The increase in access to credit from MFIs was mainly attributed to reforms undertaken in the micro finance sub-sector in 2018, which among others led to licensing of 1,095 non-deposit-taking microfinance institutions. In addition, according to FinScope, 2023, the percentage of adults using micro finance services had increased from 7.0 per cent in 2017 to 7.7 per cent in 2023.

4.3.2.2.1 Digital Credit

Access to credit services through Mobile Financial Services increased from TZS 3.3 billion in 2018 to TZS 289.7 billion in 2022. The significant increase in digital credit is attributed to introduction of new digital loan product in the market named Songesha in the year 2020.

	2018	2019	2020	2021	2022
Number of Loan accounts	157,508	1,396,561	4,499,203	18,642,271	8,528,519
Total amount of loans issued	3,289,997,255	22,069,427,406	51,023,107,706	236,343,845,860	289,718,651,689
Number of Female borrowers with outstanding loans	19,719	97,591	319,685	295,672	595,765
Number of Male borrowers with outstanding loans	49,360	206,662	531,930	462,827	982,465
Outstanding loan amount (TZS)	4,805,216,023	8,486,862,225	13,840,065,084	18,299,524,925	36,398,591,698

Source: Credit Reference System.

4.3.2.3 Credit Services in SACCOS

During the implementation of NFIF2 in Tanzania Mainland, access to credit through SACCOS increased to TZS 1.65 trillion in 2022, from TZS 1.52 trillion in 2018 attributed to the availability of loanable funds and a favourable business environment which attracted the credit demand (Table 8(a). In the case of Zanzibar, access to credit services through SACCOS increased to TZS 0.03 trillion in 2022 from TZS 0.02 trillion in 2018 (Table 8(b)).

Table 8(a): Total credit issued by SACCOS in Tanzania's mainland

Item	2018	2019	2020	2021	2022
Number of SACCOS account	2,131,428	2,047,332	1,947,302	1,524,513	1,830,500
Number of women with SACCO accounts	845,371	903,247	898,564	613,805	743,349
Number of youth with SACCO accounts	1,001,294	1,039,098	750,743	514,611	950,345
Total loan issued by SACCOS (TZS Trillion)	1.52	1.61	1.4	1.25	1.65

Source: TCDC

Table 8(b): Total credit issued by SACCOS in Zanzibar

Item	2018	2019	2020	2021	2022
Number of SACCOS account	N/A	N/A	25,510	26,092	26,851
Number of women with SACCO accounts	N/A	N/A	13,774	14,086	14,298
Total loan issued by SACCOS (TZS Trillion)	0.02	N/A	0.02	0.03	0.03

Source: Presidents Office Labor, economic affairs and investments (Zanzibar)

4.3.2.4 Women's Access to Credit

During the implementation period, women's access to credit services increased, as reflected by increased borrowing from banks, non-deposit-taking microfinance institutions, SACCOS, and district councils. As of December 2022, banks had issued TZS 2.97 trillion in loans to women. The increase in credit issued was partly reflected by an increase in women borrowers to 229,289 as of the end of December 2022.

Additionally, during the implementation period, an interest-free council loan of TZS 28.50 billion was issued to 51,126 women in 2021/22 compared to TZS 12.37 billion issued to 49,731 women in 2017/18. The funds were derived from a 10.0 per cent allotment of total revenue collections from 184 district councils (26 regions) in Tanzania's mainland.

The increased uptake of credit by women was mainly driven by enhanced public awareness programs coupled with the availability of loanable funds derived from increased revenues in district councils.

Table 8(c): Total credit issued by the Council to women

Item	2017/18	2018/19	2019/20	2020/21	2021/22
Number of loan groups	7,666	11,487	12,558	7,993	7,910
Total loan beneficiaries	77,297	130,615	150,477	53,482	69,731
Number of women beneficiaries	49,731	86,290	96,774	38,937	51,126
Total loan issued (TZS Billion)	26.10	42.99	40.73	53.81	60.53
Amount of loan to women (TZS Billion)	12.37	24.13	30.81	23.05	28.50

Source: PO-RAL

4.3.2.5 Youth Access to Credit

As of the end of December 2022, banks had 193,695 youth borrowers with total loans amounting to TZS 2.4 trillion. Meanwhile, the councils issued TZS 25.34 billion interest-free loans to 17,519 youth in 2021/22 compared to TZS 8.92 billion to 27,566 in 2017/18.

Table 8(d): Total credit issued by the Council to youth

Item	2017/18	2018/19	2019/20	2020/21	2021/22
Number of loan groups	7,666	11,487	12,558	7,993	7,910
Total loan beneficiaries	77,297	130,615	150,477	53,482	69,731
Number of youth beneficiaries	27, 566	37,290	45,356	14,545	17,519
Total loan issued (TZS Billion)	26.10	42.99	40.73	53.81	60.53
Amount of loan to youth (TZS Billion)	8.92	15.61	20.20	20.85	25.34

Source: PO-RALG

4.3.2.6 SMEs' Access to Credit

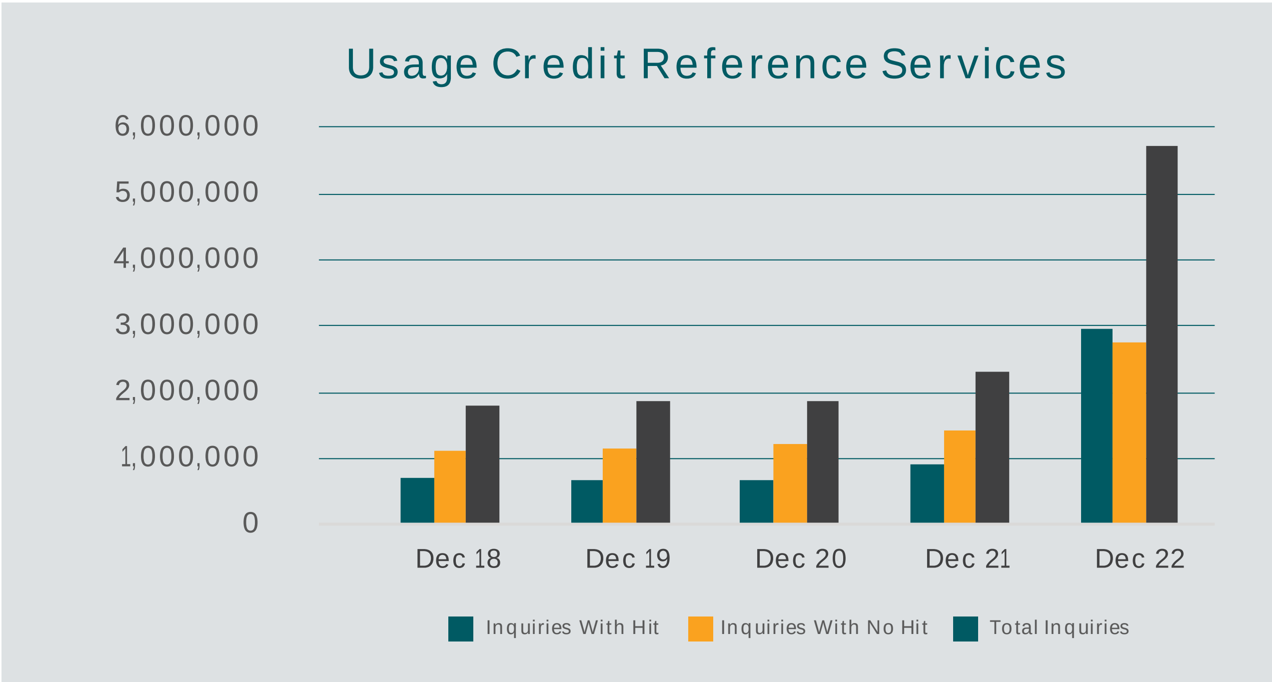
As of December 2022, banks had issued TZS 3.11 trillion loans to 144,522 MSMEs. Increased credit uptake was mainly driven by enhanced public awareness and improved business conditions.

4.3.2.7 Usage of Credit Reference Bureaus

Tanzania has two Credit Reference Bureaus and a centralised credit databank which collects credit information from banking and microfinance institutions. While implementing NFIF2, Tanzania witnessed increased usage of credit reference bureaus and availability of credit information via the reference databank. As of December 2022, usage of the credit reference system indicated that there were 5.71 million enquiries, of which 2.97 million were inquiries with a hit (**Chart 22**).

Despite the noticed success in CRB, there are some existing challenges, including the majority of MFIs and CMGs do not have management information systems to share information to the credit reference databank, failure to include alternative credit information in CRB, inadequate mechanisms for MNOs to share information related to digital credit, and low public awareness on the usage of CRBs.

Chart 22: Usage of credit reference bureaus



Source: Bank of Tanzania

Success Factors for Increased Access to Credit

- Timely resolution of complaints on credit referencing operations.
- Increased usage of the credit reference system has reduced the cost of credit.
- Enhanced supervision has increased consumer trust in FSPs.
- Financial education programs.
- Accommodative monetary policy measures during the COVID-19 pandemic.
- Increased loanable funds from FSPs to employees.

Challenges Hindering Access to Credit

- High-interest rates;
- Absence of Secured Transactions Law to allow movable collaterals by FSPs;
- The limited scope of the credit referencing system to include alternative information, including utility bills;
- Inadequate availability and interoperability on business, property and residential address information;
- Lack of data interoperability between MNO and banks affects borrowers' credit rating scores;

- Increased cybersecurity risks, thus threatening consumer trust and confidence in utilisation of Digital Financial Services;
- Limited access to unique identification by microfinance clients;
- Unqualified staff managing microfinance institutions;
- Low financial literacy levels;
- Inadequate proportionate regulatory requirements for SACCOS;
- Inadequate information systems to support data collection and supervision of microfinance activities; and
- Limited availability of disaggregated data on credit.

4.3.3 Payment Systems Infrastructure and Services

Payment systems infrastructure has continued to support financial inclusion by facilitating transfers and payment of goods and services for individuals, businesses and the Government. During the implementation of NFIF2, clearing and settlement systems were enhanced to ensure the availability of convenient, efficient and secure payment systems at the domestic, regional and international levels.

The retail payment system infrastructure in Tanzania has evolved and improved tremendously, driven by advancements in technology, innovations and increased demand for safe and convenient payment methods. Some notable developments include:

- Increased uptake of mobile money services from 60 per cent in 2017 to 71.6 per cent in 2023, as per the Ficscope Survey (Annex 7.1).
- An increase in the use of POS terminals and QR code-based payments by merchants and retailers.
- An increase in online transactions through internet banking.
- Introduction of inclusive digital financial services such as digital credit, micro-saving and micro-insurance through partnerships and collaborations between FSPs and regulators.

Table 9: Trend of payment services

Category	2017	2018	2019	2020	2021	2022
Access Points						
Automated Teller Machines (ATMs)	2,158	2,144	2,070	2,058	2,048	1,910
Mobile Money Agents	427,445	483,283	569,187	702,284	838,759	1,038,874
Point of Sale (POS)	3,271	3,897	4,251	4,703	6,382	7,400
Number of Mobile Money Accounts	19,383,246	23,302,040	24,379,804	30,325,019	33,142,118	38,338,776
Number of Transactions						
Internet Banking	3,439,865	4,113,196	4,725,518	6,128,134	8,370,396	8,370,396
Mobile Banking	51,947,772	45,680,623	55,745,503	59,234,494	*71,454,334*	71,454,334
ATMs	66,089,912	73,212,484	72,858,358	65,385,357	78,720,182	78,720,182
Point of Sale (POS)	4,228,133	10,375,247	86,495,030	102,434,642	146,153,917	146,153,917
Mobile Money in (TZ Billions)	2.06	2.68	2.84	2.92	3.16	3.60

Source: Bank of Tanzania

4.3.3.1 Success Factors for increased Payment Services

- Enabling environment for enhanced interoperability in payment infrastructures.

- Enhanced collaboration and partnership for the provision of innovative digital financial products and platforms, which assisted in fostering access to micro-credit, micro-savings and simplified payments through virtual cards.
- Adoption of Quick Response Code (QRC) technology to facilitate convenience for digital payments for goods and services.
- Development of a retail instant payment system (TIPS) to enhance interoperable payments amongst financial services providers, which aims at increasing the efficiency of payment services;
- Introduction of Government Electronic Payment Gateway (GEPG) to facilitate Government payments.
- Increased daily transaction limit to mobile money customers from TZS 3 million to TZS 5 million and daily balance from TZS 5 million to TZS 10 million to encourage consumers and SMEs to use digital payment services.
- Increased awareness of digital financial services through various awareness programs.

4.3.3.2 Financial Inclusion Challenges in Payment Services

Payment systems in the country continue to face financial inclusion challenges such as:

- High cost of adoption, transaction, and maintenance affect the usage of digital financial services.
- Increasing cybersecurity risks associated with the growing digitalisation of payment services.
- Increasing fraud incidences among users of digital financial services.
- Limited studies on financial capabilities and behavioural aspects influencing the adoption of digital financial services.
- Inadequate customer-centric design of digital financial products and services.
- Consumer risks arising from adopting unregulated virtual assets operations.
- Challenges in data interoperability among FSPs.
- High preference for cash in making payments.

4.3.4 Insurance Services

As of the end of December 2022, the Tanzania insurance market was composed of motor insurance (25.0%), group life insurance (17.7%), fire insurance (15.5%), health insurance (12.6%), and other types of insurance (29.2%). During the implementation of NFIF2, the country witnessed an increase in insurance access points, as explained by the growth in insurance companies, brokers, agents, and loss adjusters/assessors (**Table 10**).

The recorded growth has increased insurance access points, steered product innovations, and improved the quality of services in the insurance industry. The insurance sub sector observed increased uptake of group life insurance, signifying increasing uptake of life cover by employers for their employees. In addition, during the implementation of NFIF2, the insurance penetration, as measured by a ratio of insurance premium to GDP and density, as measured by the ratio of insurance premium to population, rose to 1.77 per cent and TZS 18,616.8 in 2022 from 0.55 per cent and TZS 12,523.8 in the year 2017, respectively.

Table 10: Number of access points in the insurance sub-sector

Insurance Access Points	2017	2018	2019	2020	2021	2022
Companies	31	31	32	32	33	35
Brokers	115	109	100	76	81	100
Agents	596	635	605	745	789	1,019
Loss Adjusters/Assessors	54	55	58	60	50	46
Bancassurance Agents	-	-	-	14	23	28

Source: TIRA

4.3.4.1 The Trend of Insurance Policyholders

The growth in the number of policyholders in the Tanzania insurance market between 2017 and 2022 depicted a positive trend. The total number of policyholders increased by approximately 12.6% over this period, from 2,335,604 in 2017 to 2,630,045 in 2022. This growth in the number of policyholders indicates an increasing awareness and adoption of insurance products and services in the country.

In addition, the increasing trend is also attributed to the marginal increase in individual and group life insurance (8.3% and 5.0%, respectively). However, despite the recorded success, the penetration ratio for insurance remains low, while the insurance density was below the average insurance density in Southern African countries of US $59 (TZS 138,650).

4.3.4.1.1 National Health Insurance

During the implementation of the Framework, the number of health insurance beneficiaries in NHIF increased significantly. This increase is associated with increased public awareness of the importance of health insurance and Government efforts to ensure universal health coverage.

Table 11: Trend of NHIF beneficiaries

Years	2017	2018	2019	2020	2021	2022
Principal members	731,223	865,555	945,555	1,055,555	1,212,412	1,212,562
Beneficiaries	3,516,612	3,656,201	4,029,891	4,567,456	4,403,581	4,550,207

Source: PMO-LYED,2023

4.3.4.2 Success Factors for Increased Usage of Insurance Services

During the implementation of NFIF2, success factors for the insurance sector included:

- Issuance of the Takaful Insurance Guidelines in 2022, which introduced Takaful Insurance as an alternative to traditional insurance products.
- Issuance of Bancassurance Regulations and Guidelines 2019 enhanced the country's access and distribution of insurance services.
- Development of Insurance Claims Management Guidelines, 2022, which has enhanced policyholders' protection.
- Issuance of Sales Force Executives (SFE's) Guidelines, 2022, to guide on registration, licensing, and reporting requirements for SFEs, increasing access to insurance services.

- Improved service delivery and enhanced consumer protection by insurance companies.
- Increased public awareness of insurance products.

4.3.4.3 Financial Inclusion Challenges in the Insurance Subsector

Despite the increased uptake and distribution of insurance access points in the country, low usage of insurance services is explained by the following challenges:

- Limited access points.
- Affordability issues.
- Low literacy levels.
- Cultural beliefs and religious objections.
- Bureaucracy and delay in payments affect consumer trust.
- Preference for informal coping mechanisms.
- NHIF does not have a scheme for non-contributors.

4.3.5 Investment in Capital Markets and Securities

Capital markets offer opportunities for the central Government, local Government authorities, sub-national institutions and companies to raise funds for financing development projects through the issuance of securities like shares, bonds, and units of collective investment schemes to the public.

The key function of capital markets is to mobilise resources from investors and channel them to productive investment sectors, thus fueling economic development. For effective mobilisation of capital, the Tanzania's capital markets is open to both local and foreign investors in the equity and corporate bond markets.

By the end of the NFIF2 implementation period, Tanzania recorded marginal improvements in the usage of capital market services, as represented by the increase in the number of investors to 807,427 in 2022 from 662,561 in 2018. This number accounted for 2.4 per cent of the adult population compared to 1.9 per cent in 2018.

The recorded marginal success is attributed to increased public awareness and the presence of capital market participants, including investment advisors, custodians, bond dealers, fund managers, listed companies and collective investment schemes.

Table 12: Financial inclusion variables in the capital markets subsector

Capital Market Sector	2017	2018	2019	2020	2021	2022
Licensed dealing members	12	14	12	12	13	16
Investment advisors	16	16	13	14	15	19
Custodian of securities	5	6	6	6	6	6
Licensed bond dealers	4	6	6	6	6	8
Nominated advisors	5	6	8	6	6	6
Fund managers	8	9	9	9	9	11
Listed companies	26	27	28	28	28	28
Collective investment schemes	8	9	9	9	9	10
Number of Investors	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
DSE	524,277	535,196	544,918	545,801	567,541	581,154
UTT AMIS	138,284	143,204	151,085	164,554	182,379	222,854
Watumishi Housing (Faida Fund)	Faida Fund was not in place					3,419
Total Investors	**662,561**	**678,400**	**696,003**	**710,355**	**749,920**	**807,427**

Source: CMSA

The increased number of investors in the capital market has led to a notable increase in the usage of capital market products and services and trading turnovers in equity and bond markets. To this effect, the total turnover for equities and bonds investments reached TZS 3,172.03 billion in Dec 2022, compared to TZS 1,272.2 billion in 2018. Furthermore, the value of collective investment schemes increased to TZS 1,231.27 billion from TZS 256.48 billion.

Table 13: Trading turnovers in the capital markets

Trading Turnovers	2018	2019	2020	2021	2022
Equity Turnover (TZS Billions)	208.38	624.81	591.26	104.36	133.66
Corporate Bonds Turnover (TZS Billions)	0.68	0.71	2.85	1.45	0.63
Government Bonds Turnover (TZS Billions)	1,063.14	1,274.37	2,070.70	2,497.79	3,037.70
Total Turnovers (TZS Billions)	**1,272.20**	**1,899.88**	**2,664.81**	**2,603.60**	**3,172.03**

Source: CMSA

4.3.5.1 Tanzania Mercantile Exchange

The introduction of the Tanzania Mercantile Exchange in 2018 has increased access to markets for commodity exchange, hence improving financial inclusion for people living in rural areas, especially smallholder farmers. The TMX has facilitated trading products such as sesame seeds, cocoa, green grams, raw cashew nuts and chickpeas. In addition, the participation of smallholder farmers in this exchange market has created an opportunity for earning incomes, opening accounts and accessing credit from formal financial institutions.

Table 14: TMX trade volumes

		2020	2021	2022
Sesame seeds	Volume (Kg)	20,187,794	310,873	136,650
	Highest price per Kg (TZS)	2,364	2,528	3,332
	Lowest price per Kg (TZS)	1,409	2,426	3,154
Cocoa	Volume (Kg)	-	260,120	903,770
	Highest price per Kg (TZS)	-	5,239	5,119
	Lowest price per Kg (TZS)	-	4,444	3,964
Green grams	Volume (Kg)	-	14,112,074	-
	Highest price per Kg (TZS)	-	1,809	-
	Lowest price per Kg (TZS)	-	1,306	-
Raw cashew nuts	Volume (Kg)	15,708,673	4,159,138	-
	Highest price per Kg (TZS)	2,607	2,287	-
	Lowest price per Kg (TZS)	1,433	1,420	-
Chickpeas (Lentils)	Volume (Kg)	104,000	-	-
	Highest price per Kg (TZS)	1,150	-	-
	Lowest price per Kg (TZS)	-	-	-

Source: TMX

4.3.5.2 Success Factors for Increased Investments in Capital Markets

- Review of Foreign Exchange Regulations, 2022, which allowed Tanzania diasporas and SADC (Southern African Development Community) citizens to invest in Tanzanian capital markets.
- Review of the Capital Markets and Securities Act to enhance the protection of minority shareholders of listed companies by allowing them to have representation in the board of directors and participate in decision-making in the AGMs of public and listed companies. As such, this provision has increased the confidence and participation of retail investors.
- Increased financial education programs and public awareness, such as the Capital Markets Universities and Higher Learning Institutions Challenge (CMUHLIC). The programs, among others, have led to the creation of over 10,000

youth investors and the development of the Young Investors Forum (the forum has over 6,000 members).

- Adoption of technology-enabled platforms that facilitate subscriptions and trading of securities in the capital markets. For instance, “Sim Invest” and “Hisa Kiganjani” has enhanced access to and usage of capital markets products and services to broader segments of the population in urban and rural areas.
- Attractive returns in equities and availability of secure investment in bonds.
- Increased the number of certified market professionals from 494 in 2017 to 737 in 2022.
- Issuance of DSE Rules, 2022 to facilitate listing and trading sustainable equities, exchange-traded funds, mutual funds, exchange-traded notes, green bonds, blue bonds, and ESG reporting and tapping opportunities of local and global sustainable finance. These developments have led to the following achievements:

(i) “NMB Jasiri bond”, the first social bond in sub-Saharan Africa, raised TZS 74.2 billion, at a success rate of 297 per cent. The bond is listed on the DSE and cross-listed at the Luxemburg Stock Exchange. The funds raised from the bond are utilised to finance women-led and owned SMEs or businesses whose products and services positively impact women.

(ii) Sharia-compliant sukuk bonds, including ‘KCB Fursa Sukuk’, which raised TZS 11 billion, at a success rate of 110 per cent; ‘Imaan Finance Sukuk bond’, which raised TZS 24.03 billion, a success rate of 146 per cent; and ‘Amana Bank Sukuk Bond’ which raised TZS 6.75 billion, a success rate of 135 per cent. The funds raised from the bonds are utilised to finance SMEs’ compliant businesses.

(iii) National Bank of Commerce Corporate Bond named ‘NBC Twiga Bond’. The bond raised TZS 38.9 billion, a success rate of 130 per cent. The fund raised is lent to SMEs, retail and corporate institutions engaged in agribusiness, and other economic activities.

(iv) Establishment of the ‘Faida Fund’, a collective investment scheme operated by Watumishi Housing Investments (WHI). The public offer for Faida Fund raised TZS 12.95 billion, a success rate of 173 per cent. The scheme provides opportunities to retail investors, including youth and women, following its policy to accept a minimum investment amount of TZS 10,000.

(v) Tanzania Mortgage Refinance Company (TMRC) bond raised a total of TZS 30.57 billion, a success rate of 113.2 per cent. The funds raised are lent to banks that issue mortgage loans to improve access to affordable housing.

4.3.5.3 Challenges Limiting Investments in Capital Markets

Tanzania's financial market faces the following challenges:

- Limited availability of capital market products tailored for low-income earners.
- Low financial literacy levels.
- Technological advancement in financial markets has increased innovative products such as digital investment assets, posing cyber security, fraud, and money laundering risks.
- Low income amongst most Tanzanians, coupled with the low level of saving culture, contributes to poor investment participation.

4.3.6 Social Security Services

Access to pension accounts allows people to save when they are at their working age for future consumption when they are in retirement. In Tanzania, it is mandatory for people employed in the formal sector to save in pension funds for their retirement. However, saving for retirement is voluntary for people in the informal sector.

In addition to complementing pension contributions from salary deductions and employers' contributions, the pension law has allowed employers to manage supplementary schemes to provide volunteer opportunities for people to save over and above the minimum amount required by the law.

Tanzania's social security schemes sub-sector is composed of three mandatory pension funds (ZSSF, NSSF and PSSSF), two non-pension social security schemes (NHIF and WCF), one National Informal Sector Scheme (NISS) and 14 registered and 11 un-registered supplementary social security schemes.

As of December 2022, Tanzania mainland had 1.11 million pension accounts in the formal sector from 1.02 million reported in 2018. The gender gap in access to formal pension was four per cent, whereby women accounted for 49 per cent while men accounted for 51 per cent. While in terms of age, the youth accounted for 97 per cent of the total pension accounts.

In the informal sector, Tanzania mainland had 22,151 pension accounts in December

2022 compared to 13,776 in 2018. The gender gap in access to pension in the informal sector was 18 per cent, where women accounted for 45 per cent while men accounted for 55 per cent. Further, the supplementary schemes operated under the employer-based model increased to 13 from 7 registered in December 2018, with membership increasing to 65,078 from 33,166 in the same year.

Table 15: Trend of pension accounts in mainland

S/N	No of Pension Accounts	2018	2019	2020	2021	2022
1	**Formal sector**	1,288,066	1,194,580	1,252,410	1,253,083	1,283,148
2	Women	530,891	414,184	430,797	429,017	436,512
3	Youth	848,855	684,608	710,328	827,221	822,589
4	**Informal sector**	24,155	23,780	21,424	20,667	20,205
5	Women	7,989	6,980	5,486	5,648	5,811
6	Youth	10,394	10,031	9,318	9,260	9,377

Source: PMO-LYED

In Zanzibar, the number of pension accounts in the formal sector increased to 114,979 from 89,163 reported in 2018. The youth accounted for 88 per cent of the total pension accounts, while the gender gap in access to pension was twelve per cent, whereby women accounted for 47 per cent while men accounted for 53 per cent. On the other hand, the number of pension accounts in the informal sector reached 11,831 in December 2022 compared to 8,823 in 2018. The gender gap in access to pension in the informal sector was 18 per cent, where women accounted for 55 per cent while men accounted for 45 per cent.

Meanwhile, the number of beneficiaries registered under the universal pension to all elders aged 70 years and above incresed to 30,669 as of March 2023, compared to 28,942 in March 2022

Table 16: Trend of pension accounts in Zanzibar

S/N	Number of Pension Accounts	2018	2019	2020	2021	2022
1	**Formal Sector**	89,163	96,112	103,613	108,379	114,979
2	Women	47,145	51,055	54,558	57,434	61,338
3	Youth	75,062	82,040	89,829	94,484	100,918
4	**Informal Sector**	8,823	9,390	10,053	11,114	11,831
5	Women	5,011	5,305	5,693	6,240	6,564
6	Youth	3,590	3,858	4,243	4,750	5,171

Source: The President's Office, Finance and Planning (Zanzibar)

4.3.6.1 Success Factors for Increased Usage of Social Security Services

During the implementation of NFIF2, usage of social security services was accelerated by:

- Reviewing the pension formula to improve monthly pensions to retirees and enhance the scheme's sustainability.
- Reviewing the Social Security Act No. 6 of 2019 requiring schemes to have Customer Dispute Handling Mechanisms.
- Amending Zanzibar's Social Security Fund Act No. 5 of 2022 to extend the mandate of ZSSF to pay employment injury benefits for public and private sector employees.
- Reviewing Zanzibar's Social Security Act No. 5 of 2022, which introduced unemployment benefits. The benefit is paid to a member who ceased to be employed on specific circumstances other than resignation and has at least eighteen months of contributions.
- Increasing membership among supplementary and informal schemes courtesy of public financial education.
- Merging four pension funds to form PSSF to ensure sustainability and increase member benefits.

- Increasing protection and introduction of deferred pension scheme for members with more than 180 months and opt to retire prematurely.
- Adopting of E-mrejesho, a digital platform for handling customer complaints in the social security sector.

4.3.6.2 Challenges Limiting Increased Usage of Social Security Services

The number of adult Tanzanians with pension accounts continues to be low due to various challenges, including:

- The National Social Security Policy (NSSP), 2003 fails to reflect market needs;
- The COVID-19 pandemic increased the unemployment rate due to redundancies, especially in the private sector;
- Limited studies on expanding social security participation among players in informal sectors;
- Inadequate product design to attract people from the informal sector to open pension accounts;
- Limited availability and coverage of financial education and awareness programs targeting the informal sector;
- Lack of data for the informal sector and supplementary schemes;
- Limited market conduct supervision in the social security sector; and
- Contributory social insurance schemes or social assistance and welfare programs do not cover most of the population's poorest and most vulnerable sections.

4.4 International Experience

Apart from the ongoing efforts to address financial inclusion challenges locally, Tanzania has gained from international experiences in benchmarking good practices and adopting standards that build an impetus in accelerating financial deepening and inclusion. The country has also taken the lead in accelerating policy interventions within the regional blocks and to the international community through active membership in regional and international institutions that advocate and advance financial inclusion, such as SADC, EAC, AFRACA, AFI, etc.

Collaboration and partnerships with the development community have also been a boon in advancing financial inclusion in the country, especially from technical knowledge exchanges that bridge the skills gap in tackling dynamism in the financial markets and innovations that transform the sector's landscape.

Tanzania's success in financial inclusion has attracted peer learning and knowledge exchange regionally and internationally through peer exchange including technical support to Burundi, Mozambique, Zambia and Zimbabwe in developing and evaluating financial inclusion policy frameworks and strategies and capacity building on digital KYC and financial education.

Other knowledge contributions to the international community from Tanzanian experience include hosting an international technical forum for financial inclusion under the Alliance for Financial Inclusion, technical review of the SADC Financial Inclusion and SME access to Finance Strategy 2016-2021, technical inputs for the development of the EAC Consumer Financial Education Strategy and inputs for the development of the EAC programs of training of trainers.

5. RECOMMENDATIONS

The evaluation results have indicated that the design of NFIF2, the participation of key stakeholders during the design and implementation and the effectiveness in the implementation of agreed initiatives was considered adequate. The recorded success, among others, is attributed to inclusive financial policy and regulatory frameworks, increased adoption of technology and increased public awareness of financial matters.

Based on the NFIF2 evaluation results, it is evident that the increase in access to formal financial services from 65% in 2017 to 89% in 2023; and usage of formal financial services from 65 % to 76% in 2023 can be associated with the collaborative efforts of all financial inclusion stakeholders during the implementation of NFIF2.

Despite the recorded success, this evaluation report has identified areas of improvement in the quality and impact dimensions of financial inclusion. In this regard, the design of NFIF3 should consider the following intervention;

- Continue to develop inclusive financial policy and legal frameworks;
- Continue to enhance Physical and ICT infrastructure to foster access to financial access points;
- Ensure all adults have access to unique digital identification;
- Striving for excellence in the adoption of digital financial services;
- Enhancing financial consumer protection and financial literacy initiatives; and
- Prioritise financial inclusion interventions for the vulnerable and marginalised population segments (smallholder farmers, women and persons with disabilities).

Table 17 lists recommendations for each financial inclusion dimension to address specific challenges identified during the evaluation.

Table 17: Recommendations as per financial services

Dimension	Element	Service	Issue/Challenge	Recommendation	Responsible institution(s)
Access	Proximity	Payment	Inadequate customer-centric design of digital financial products and services	Optimize the use of data for financial sector developments	BOT
		Credits/ Saving	Limited expansion for SACCOS	Promote SACCOS to expand their services; including opening branches, outlets and agency services to increase their accessibility	TCDC
		Insurance	Limited access points for insurance services	Adopt digital technology to deliver micro-insurance services	TIRA & ATI
	Infrastructures	Financial technology	Limited regulatory support to foster financial innovations and start-ups in the country	Operationalize the Regulatory sandbox to catalyze Fintechs	BOT
		Financial services	High preference for cash in making payments	Implement initiatives to achieve a cash-lite economy	Ministries and Regulators
		Credits/ Saving	Challenges to data interoperability among FSPs	Increase interoperability of MFIs' systems with other FSPs	BOT, TAMFI, TAMNOA&TBA

Dimension	Element	Service	Issue/Challenge	Recommendation	Responsible institution(s)
		Credits/ Saving	Limited reliable Data for MFIs	Develop/ improve MFIs Management Information Systems	BOT, TAMFI & TAMIU
		Credits/ Saving	Absence of Proportionality in Regulating MFIs	Review Microfinance Regulations, 2019 to ensure proportionality	BOT, TCDC & TAMFI
		Capital markets	Limited participation of the diaspora in the development of finance	Consider the establishment of a Diaspora Fund and bond	MOFP & CMSA
		Financial services	Stakeholders' perception of the limited availability of financial inclusion disaggregated data	Develop a mechanism that will enable all regulators' financial inclusion data to be obtained on one data portal/system	All FSPs regulators
	Addressability/ documentation	Financial services	Youth below 18 years are not eligible for National Identity	Consider providing National ID to youth below 18 years	NIDA
Usage	Uptake	Credit	Unsecured interest on movable collateral	Emphasize enactment of secured transaction law to enhance access to credit	MOFP & BOT

Dimension	Element	Service	Issue/Challenge	Recommendation	Responsible institution(s)
		Payment	Limited studies on financial capabilities and behavioural aspects influencing the adoption of digital financial services	Conduct a study on consumer behaviour to promote the usage of digital financial services	BOT
		Social security	Limited studies on expanding Social Security participation among players in informal sectors	Conduct a study to identify barriers to onboarding individuals from the informal sector	PMO-LYED
	Regularity	Social security	Lack of data for the informal sector and supplementary schemes	Enhance the availability of social security disaggregated data	PMO-LYED & ZSSF
		Financial services	Inadequate Scope of CRB	Create enabling legal and regulatory environment to increase the scope and usage of CRB	BOT, EWURA MoLHHS, TRA, Judiciary
		Financial services	Stakeholders' perception of drivers of usage of financial services	Consider financial consumer protection and financial education as drivers of usage in the NFIF3	NC

Dimension	Element	Service	Issue/Challenge	Recommendation	Responsible institution(s)
	Relevance	Payment	Inadequate product design to attract people from the informal sector	Develop tailor-made products; which accommodate consumer behavioural aspects and diversity of social demographic characteristics	TBA, TAMFI, TAMNOA, SCCULT, ATI & DSE
		Insurance	Inadequate product design to attract people from rural areas and low-income earners	Development of tailored insurance products: to meet the specific needs and preferences of different segments of the population, including those in rural areas and low-income households	ATI
	Range of services/ choice	Payment	Limited range of financial services	Increase monitoring of regional cross-border payment solutions; with a view to fostering inclusive finance for individuals and SMEs	BOT

Dimension	Element	Service	Issue/Challenge	Recommendation	Responsible institution(s)
		Capital markets	Limited capital market products	Increasing number and diversity of capital markets and services.	CMSA, DSE, UTT AMIS, Watumishi Housing
Quality	Affordability	payments	High transactional cost	Conduct studies on cost drivers for DFS	BOT
		Credit	High-interest rate	Reduce Cost of funding, credit risk	BOT& TAMFI , TBA
		Payment	Financial fees, levies and charges discourage users	Lower transaction costs and improve interoperability of payment platforms	BOT, TBA, TAMFI, TAMNOA
		Insurance	Limited access points	Adopt technology in the delivery of insurance services	ATI
		Financial services	High cost of internet bundle	Ensure affordable access to the internet	TCRA
	Consumer Protection	Financial services	low level of financial literacy	Conduct financial education programs and incorporate financial education into the national education curricular	BOT &MOF
		Financial services	Low Public awareness of NFIF	Increase public awareness of the NFIF and its objectives	NC

Dimension	Element	Service	Issue/Challenge	Recommendation	Responsible institution(s)
	Redress	Insurance	Limited public trust in insurance service providers	Enhance redress mechanism to build trust and confidence in the insurance sector	TIRA
	Market conduct	Financial services	Inadequate complaints handling mechanisms and supervision	Enhance market conduct supervision	All FSPs regulators
			Unqualified staff to manage microfinance institutions	Build capacity for MFIs supervisors	BOT
		Financial services	Emerging unhealthy digital services and products	Intervene and protect consumers from emerging unhealthy digital credits	All FSPs regulators
	Security	Credit/ Savings	Absence of a risk-based AML/ CFT guideline for microfinance activities	Implement Risk based AML/CFT approach	BOT
		Payment	frauds and scams	Develop cyber security risk management guideline	BOT
		Payment and investments	The need to monitor new technologies	Develop a regulatory framework to address consumer risks arising from crypto assets	BOT & CMSA

Dimension	Element	Service	Issue/Challenge	Recommendation	Responsible institution(s)
		Credits/ Savings	Limited access to unique identification for microfinance clients	Provide a mechanism for MFIs to verify IDs from the NIDA database	NIDA & TAMFI
	Collaboration	Implementing institutions comments	Inadequate resources (financial and human)	Allocate adequate resources to implement NFIF activities	Implementing institutions NC/Development partners
			Inadequate monitoring and evaluation (co-ordination/data/ stakeholders engagement)	Improve monitoring and evaluation framework	NC
			Limited financial inclusion issues	Build capacity to implement institutions	NC/Development partners
			Some laws and regulations still not supportive of the financial inclusion agenda	Create a conducive legal and regulatory environment that supports financial inclusion	Ministries

Dimension	Element	Service	Issue/Challenge	Recommendation	Responsible institution(s)
			Inadequate financial resources to support financial education programs	Enhance resource mobilization to facilitate the delivery of financial education programs	NC/Development partners
			Inadequate representation of private sector in the governance structure of NFIF	Expand representation of private sector in the NC committees	NC
Impact (Financial health)	Resilience/dealing with shocks	Emerging issues	NFIF2 did not accommodate some emerging issues	Set initiatives on inclusive green financing, forcibly displaced, people with disabilities, smallholder farmers, digital credits and Diaspora	NC
	Control	International experience	The generic approach in promoting financial inclusion did not suit the underserved	Shift from solving generic problems to tailor-made solutions	All stakeholders

6. CONCLUSION

The evaluation results of NFIF 2 indicate tremendous progress toward advancing access to and usage of formal financial services. Since the focus of NFIF2 was anchored on the usage of formal financial services, significant growth was observed in the banking sector, digital payment services, microfinance, insurance, capital markets, and pension accounts.

The recorded access is attributed to: conducive legal and regulatory landscape, adoption of financial services technologies and innovations, the development of customer-centric products and services, implementation of financial education programs, public awareness campaigns and stakeholder collaborations.

Despite the progress made, barriers such as limited access points; inadequate unique identification cards; low financial literacy; cybersecurity risks; and high costs of formal financial services need to be addressed to achieve inclusinve financial system in the country.

In addition the microfinance sector needs reliable database and secured transactions law . Where as the capital market sector need to promote investments in financial assets and manage risks arising from investments in virtual assets.

To overcome the identified barriers, there is a need to develop comprehensive financial education programs to improve literacy levels of Tanzanians, adopt innovative technologies to lower the cost of financial services; and establish legal and regulatory frameworks that promote financial inclusion; Moreover, it's essential to address cultural beliefs and religious objections to insurance; and promote informal coping mechanisms that complement formal financial services.

As Tanzania continues to address barriers to financial inclusion, it is important for all Financial inclusion stakeholders to continue collaborating in creating conducive enabling environment for FSPs, developing inclusive regulatory frameworks and customer centric financial product and services.

7. ANNEXURES

7.1 List of NFIF2 targets versus 2023 score

Detailed Indicators	Baseline 2017	Target 2022	Actual2023
Access			
% of adults living within 5km of financial access points	86.0%	90.0%	89.0%
% of adults living within 5km of financial access points in rural areas	78.0%	85.0%	83.0%
% of adults living within 5km of financial access points in urban areas	91.0%	95.0%	100%
% of adults in rural areas that have taken up a formal financial service	57.0%	75.0%	68.3%
% of adults that have taken up banking services	17.0%	25.0%	22.0%
% of adults that have taken up mobile money services	60.0%	75.0%	71.6%
% of adults that have taken up insurance services	15.0%	50.0%	10.3%
% of adults that have taken up microinsurance services	8.5%	5.0%	6.7%
% of adults that have taken up pension services	4.0%	10.0%	3.6%
% of adults that have taken up MFI services	7.0%	15.0%	7.7%
% of adults that have taken up SACCO services	2.0%	5.0%	1.1%
% of women who are banked	12.2%		18%
% of women who can transact whenever they want with a bank account	7.6%		10.5%
% of women who have a bank account in their name	6.8%		10.1%

Usage			
% of adults using financial services	65.0%	75.0%	75.7%
% of adults using MFI services within the past 90 days	1.1%		1.7%
% of smallholder farmers who have used financial services	58.0%		70.1%
% of women using financial services within the past 90 days	49.1%		56.2%
% of women who have used loans from banks	1.3%		0.9%
% of women using microfinance sector services within the past 90 days	1.2%		2.1%
% of women that have taken up a formal financial service	61.0%	75.0%	74.3%
% of individual bank accounts held by women used within the past 90 days	52.9%		48.1%
% of youth using financial services within the past 90 days	55.1%		55.4%
% of youth who have used loans from banks	1.4%		1.0%
% of youth using microfinance sector services within the past 90 days	0.7%		1.2%
% of youth that have taken up a formal financial service	65.6%	75.0%	72.6%
% of individual bank accounts held by youth used within the past 90 days	54.1%		52.9%
% of adults with businesses (MSMEs) who have used loans from banks	4.2%		2.3%
% of individual bank accounts in rural areas used within the past 90 days	43.4%		45.3%
% of women who ever used a bank account in someone else’s name	1.0%		0.4%

7.2 Self Assessment Questionnaire on Implementation of NFIF 2

Introduction

This questionnaire will be completed as part of the self-assessment procedure by all individuals involved in designing and implementing the second National Financial Inclusion Framework (NFIF2), 2018- 2022.

Please note that this questionnaire is not designed to lay blame for any shortfall on anyindividual or Institution but is to document the enablers and challenges encountered bythe team during implementation so that the lessons learnt can be carried forward to the next phase.

Please also note that for the collation of comments and reporting, no information will be attributed to any specific individual.

Mr Kennedy Komba
Chairperson, Self-Evaluation Coordinating Team

SECTION 1:
Respondent Profile

1. How would you describe yourself when responding to this survey? As a...

- O Regulatory Authority
- O Ministry/Government Body
- O Association or network
- O Development partner
- O Other (please specify)

2. What was your participation in the NFIF coordination structure?

- O National Council
- O Steering Committee
- O Technical Committee
- O Secretariat
- O Other (please specify)

SECTION 2:
Overall Opinion

3. Overall, how successful was the 2018-2022 NFIF? Please rate 1-5 from 'completefailure' to "outstanding success".

- O Complete failure
- O Low success
- O Moderate success
- O High success
- O Outstanding success

1	2	3	4	5

Please give a reason for your rating.

SECTION 3: Your Views on NFIF Initiation and Planning

4. To what extent were you involved in the design and development of the NFIF2?

- O Not involved
- O Minimal involvement
- O Moderate involvement
- O Involved
- O Extremely involved

1	2	3	4	5

Please explain as guided below:

Reason for your rating	
What went well in the design and development of NFIF2?	
Provide recommendations for improvement in the next framework.	

5. The country's long-term vision for financial inclusion is 'Financial products and services meet the needs of individuals and businesses consistent with supporting livelihood improvement, household resilience and creation of jobs'. How relevant is this vision in the context of Tanzania?

- O Extremely irrelevant
- O Irrelevant
- O Somewhat relevant
- O Relevant
- O Extremely Relevant

1	2	3	4	5

Please explain as guided below.

Reason for your rating	
What is good about this vision?	

Provide recommendations for improvement in the next framework.	

A definition of financial inclusion is country-specific. The current country definition is 'Regular use of financial services, through payment infrastructures to manage cash flows and mitigate shocks, which are delivered by formal providers through a range of appropriate services, with dignity and fairness.' How appropriate is this definition in Tanzania's context?

- O Extremely inappropriate
- O Inappropriate
- O Somewhat appropriate
- O Appropriate
- O Extremely appropriate

1	2	3	4	5

Please explain as guided below.

Reason for your rating	
What is good about this definition?	
Provide recommendations for improvement in the next framework.	

6. Objective of the National Financial Inclusion Framework on promoting the usage of formal financial services and products is clearly stated and well-known.

- O Strongly disagree
- O Disagree
- O Somewhat agree
- O Agree
- O Strongly agree

1	2	3	4	5

Please explain as guided below

Reason for your rating	
Add recommendations for improvement in NFIF3 (if any).	

7. In addressing the barrier to using formal financial services and products for Tanzanians, to what extent were the key drivers relevant in achieving the financial inclusion vision?

- O Extremely irrelevant
- O Irrelevant
- O Somewhat relevant
- O Relevant
- O Extremely relevant

Appropriateness of financial products and services

1	2	3	4	5

Affordability of financial products and services.

1	2	3	4	5

The convenience of financial products and services.

1	2	3	4	5

Safety and reliability of financial products and services

1	2	3	4	5

What other core enablers could have been added? (please specify).

SECTION 5:

Access and Usage of Financial Products and Services

8. In addressing the gap between demand and supply to achieve the financial inclusion vision, to what extent did the core enablers support access to formal financial products and services?

- O Not at all
- O Slightly
- O Moderately
- O Very
- O Extremely

Unique and verifiable identification.

1	2	3	4	5

Credit reference system.

1	2	3	4	5

Physical infrastructures such as electricity and roads.

1	2	3	4	5

Safety and reliability of financial products and services.

1	2	3	4	5

Payment and ICT infrastructures including telecommunication, internet etc.

1	2	3	4	5

Legal and regulatory frameworks.

1	2	3	4	5

Provide reasons for your rating.

Item	Reason(s)
Unique and verifiable identification	
Credit reference system	
Physical infrastructures such as electricity and roads	
Safety and reliability of financial products and services	
Payment and ICT infrastructures, including telecommunication, internet etc	
Legal and regulatory frameworks	

9. Implementing NFIF 2018-2022 has successfully improved the usage of formal financial products and services for women, youth, SMEs, and farmers.

- O Strongly disagree
- O Disagree
- O Somewhat agree
- O Agree
- O Strongly agree

Women:

1	2	3	4	5

Youth:

1	2	3	4	5

MSMEs:

1	2	3	4	5

Farmers:

1	2	3	4	5

Provide reasons for your rating.

Item	Reason (s)
Women	
Youth	
MSMEs	
Farmers	

10. During the implementation of NFIF 2018-2022, how well were the key initiatives implemented?

- O Very poor
- O Below average
- O Average
- O Above average
- O Excellent

Financial literacy programs:

1	2	3	4	5

Complaints handling mechanisms:

1	2	3	4	5

Conducive legal and regulatory frameworks:

1	2	3	4	5

Creation of innovative financial solutions:

1	2	3	4	5

Provide reasons for your rating:

Item	Reason (s)
Financial literacy programs	
Complaints handling mechanisms	
Conducive Legal and regulatory frameworks	
Creation of innovative financial solutions	

11.Please assess the monitoring and evaluation (M&E) mechanisms for the National Financial Inclusion Framework based on the following criteria.

- O Strongly disagree
- O Disagree
- O Somewhat agree
- O Agree
- O Strongly agree

All key stakeholders impacted by the NFIF were identified and are known as:

1	2	3	4	5

In developing the M&E mechanism for the NFIF, all stakeholders were involved in designing respective indicators. Stakeholders were kept from being told what they were being measured on.

1	2	3	4	5

We have a systematic procedure for collecting, analysing and reporting all potential data for measuring NFIF outcomes/results.

1	2	3	4	5

All required supply-side data is available and serves all data needed for analysis.

1	2	3	4	5

The collection of NFIF demand-side data follows the good practice for periodicity (frequency) and serves all data needed for analysis.

1	2	3	4	5

We have summary descriptions of key tools and methods (e.g. sample forms) for evaluating NFIF.

1	2	3	4	5

The split of responsibilities among stakeholders and across the organisation structure of the NFIF for undertaking M&E activities and associated reporting is well documented and evident.

1	2	3	4	5

The schedule of implementation of M&E activities and deadlines of reporting were adhered to by all stakeholders

1	2	3	4	5

What are your recommendations on the M&E mechanisms?

12. Your institution has a mechanism (internal monitoring system and capacity) to track the performance of its commitment to implementing NFIF 2018-2022.

    - O Strongly disagree
    - O Disagree
    - O Somewhat agree
    - O Agree
    - O Strongly agree

1	2	3	4	5

13. To what extent were the NFIF National Council and its committees relevant in coordinating the implementation of the initiative outlined in the Framework?

- O Extremely irrelevant
- O Irrelevant
- O Somewhat relevant
- O Relevant
- O Extremely relevant

National Council:

1	2	3	4	5

National Steering Committee:

1	2	3	4	5

National Technical Committee:

1	2	3	4	5

National Secretariat:

1	2	3	4	5

Please share your views on the financial inclusion coordination structure (in Q14 above).

What went well?

What are your recommendations for improving the NFIF coordination structure?

SECTION 6:
Overall Opinion on the Implementation of Activities

14. How successful was the 'NFIF 2018-2022 Action Plan' implemented?

Please rate 1-5 from 'complete failure' to "outstanding success'.

- O Not successful
- O Somehow successful
- O Successful
- O Very success
- O Outstanding success

1	2	3	4	5

Please give the reason for your rating:

SECTION 7:

Your views on the NFIF implementation process (efficiency).

15. On a scale of 1-5, please assign an appropriate rating to stakeholders by their performance in implementing NFIF2.

- O Very dissatisfied
- O Dissatisfied
- O Satisfied
- O Very satisfied
- O Extremely satisfied

T

Category	Govern-ment Ministries	Regula-tory Au-thorities	Govern-ment Agencies/ Depart-ments	Associa-tions and Networks	Devel-opment Partners
Rating					
Reason for rating					
Recommendation					

16. What is your perception of the participation by NFIF2 stakeholders in sharing understanding, involvement in the decision-making process and joint ownership of the NFIF2 initiatives under the following areas?

- O Strongly disagree
- O Disagree
- O Somewhat agree
- O Agree
- O Strongly agree

All voices of the stakeholders were heard and taken into account:

1	2	3	4	5

There was an environment of trust among stakeholders, and relationships were good:

1	2	3	4	5

There was transparency in implementing activities under NFIF:

1	2	3	4	5

All stakeholders were motivated and had total ownership of their respective roles and responsibilities.

1	2	3	4	5

What should be done to enhance stakeholders' participation in implementing NFIF?

How timely was the implementation of the NFIF activities based on the Action Plan?

- O Unfair
- O Fair
- O Good
- O Very good
- O Excellent

1	2	3	4	5

Give reasons for your rating:

17. How well was the mobilisation of resources for implementing the NFIF2?

- O Not successful
- O Somehow successful
- O Successful
- O Very success
- O Outstanding success

1	2	3	4	5

Give reasons for your rating:

18. How well were the resources utilised in implementing the NFIF2?

- O Not successful
- O Somehow successful
- O Successful
- O Very success
- O Outstanding success

1	2	3	4	5

Give reasons for your rating:

SECTION 8:
Overall Opinion On the Outcome of NFIF2

19. To what extent were the changes in financial inclusion attributable to NFIF2?

- O Not associated
- O Somehow associated
- O Associated
- O Very associated
- O Extremely associated

1	2	3	4	5

Give reasons for your rating:

SECTION 9:
Your Views on NFIF 2 Products and Outcomes/Results (Effectiveness).

20. Please rate the following possible benefits of the financial inclusion initiative.

- O Strongly disagree
- O Disagree
- O Somewhat agree
- O Agree
- O Strongly agree

The financial inclusion initiative is reaching the intended target group:

1	2	3	4	5

Implementing NFIF2 has reduced the risk of market misconduct and enhanced consumer protection.

1	2	3	4	5

Implementing NFIF2 has influenced FSPs to develop customer-centric financial

services and products.

1	2	3	4	5

There is an evident increase in knowledge and skillson issues related tofinancial inclusion among key NFIF 2 stakeholders.

1	2	3	4	5

Implementing NFIF2 enhanced networking and partnership among stakeholders.

1	2	3	4	5

Implementing NFIF2 has led to the development of inclusive policies and legal and regulatory frameworks.

1	2	3	4	5

Please indicate any other benefit due to NFIF:

21. To what extent did NFIF2 influence the change the usage of a range of financial products and services?

- O No effect
- O Minor effect
- O Neutral
- O Moderate effect
- O Major effect

Savings:

1	2	3	4	5

Insurance:

1	2	3	4	5

Securities:

1	2	3	4	5

Pensions:

1	2	3	4	5

Government payment services:

1	2	3	4	5

Microfinance:

1	2	3	4	5

22. What is your rating of NFIF2 achievement in the following priority areas?

- O Not successful
- O Somehow successful
- O Successful
- O Very successful
- O Outstanding success

Ensuring robust electronic information infrastructure for individual and business profiles, credit history and collateral.

1	2	3	4	5

Ensuring that customers are informed and protected:

1	2	3	4	5

Encourage the design and development of demand-based solutions:

1	2	3	4	5

Please expound on your rating:

SECTION 10: General Comments

23. In your opinion, is there any unintended outcome as a result of the implementation of NFIF2 (positive or negative)

24. Please share any other challenges experienced and lessons learnt while implementing NFIF2.

25. Do you have any other comments, questions or concerns?

Name	
Institution	
Phone number