

BANK OF TANZANIA



NOTICE TO THE PUBLIC

LICENSING OF CREDIT REFERENCE BUREAU OPERATORS

By authority vested to the Bank of Tanzania (the Bank) under section 48 of the Bank of Tanzania Act, 2006 (the Act), and in line with the Bank of Tanzania (Credit Reference Bureau) Regulations, 2010 made there under, the Bank is pleased to invite interested eligible applicants to apply for license to operate Credit Reference Bureaus in Tanzania. The following notes are made as a guide to the interested applicants:

1. Credit Reference System Operations

The Act provides that Credit Reference System in Tanzania would consist of a databank and private credit reference bureaus. The databank would be administered by the Bank. Private credit reference bureaus would be licensed and regulated by the Bank.

The databank will receive information (credit data, including off-balance sheet operations) from banks, financial institutions and other institutions licensed by the Bank. The information so collected from banks and financial institutions shall then be made available to the licensed credit reference bureau without any processing. The information will also be used by the Bank for its ongoing monitoring of financial sector systemic risk and financial sector oversight.

Besides the financial sector, the bureaus will source data from other entities such as utility providers, phone companies, external debt collection agencies, public institutions such as the Registrar of Companies and the Courts (public records). These data suppliers will be expected to voluntarily report their experience with the consumer or business to the credit reference bureau. The resulting credit reports will then be sold on request to contributing companies for the purposes of credit assessment of borrowers.

2. Eligibility

Any company incorporated in or outside the United Republic of Tanzania shall be eligible to make application to the Bank for credit reference bureau license.

No person(s) shall engage in credit reference bureau activities in Tanzania except by or under the authority of license issued in accordance with the Act.

3. Application for License

An application for a license to operate a credit reference bureau in Tanzania shall be made in writing to the Bank and accompanied by the following:

- a) Certified copy of certificate of incorporation of the applicant;
- b) Copy of Memorandum and Articles of Association of the applicant;
- c) Signed letter of commitment that the applicant agrees to be bound by the terms and conditions stipulated in the regulations for private credit reference bureaus;
- d) Documents that support the value of applicant's capital base as well as sources of funds;
- e) Declaration of financial position of owners, directors and senior management of the applicant;
- f) A feasibility study by the applicant that shows the business plan including organizational structure, internal monitoring procedures, mission statement and goals, market analysis, ownership structure, governance structure, management structure, description of projected investments, projected financial statements for a minimum of three years, analysis of profitability, and Business Continuity Plan;
- g) A description of the applicant's business premises and suitability for credit reference bureau activities;
- h) Particulars of the directors and key management personnel concerned with the management of the business, including their educational and professional background;
- i) Declaration from prospective shareholders, directors and senior management whether he/she has ever been:-
 - i. convicted of an offence including offence related to road traffic;
 - ii. the subject of civil case in connection with the credit or credit reporting business;
 - iii. refused any license other than a driving license.
- j) An overview of operations including a description of systems, design of data collection and dissemination, management processes, development schedule of the software required for operation, characteristics of products and services to be

provided to users, policy on service provision, proposed security and control measures to prevent improper access to information, operational manuals designed to ensure accuracy of information and its update, and the proposed fee and cost structure of products;

k) Such other particulars as the Bank may require.

4. Capitalization

A credit reference bureau is required to have a minimum paid-up capital of TZS 650,000,000 (six hundred fifty million shillings only)

5. Issuance of Credit Reference Bureau License

The Bank shall grant a license to carry on the business of credit reference bureau after the applicant has fully complied with the requirements as per item number 3 above and in addition is satisfied that the applicant:

- a) has the human, financial and operational resources to enable it function efficiently and perform its functions effectively in accordance with the Bank of Tanzania (Credit Reference Bureau) Regulations, 2010;
- b) proposed credit reference bureau office premises is suitable for the intended lines of business;
- c) has put in place adequate security systems to protect data;
- d) presents plans to adopt mechanisms to gather, input, integrate, update, validate and provide adequate security for data;
- e) presents a credible plan to develop and adopt procedures to ensure that questions, concerns and complaints of credit information subjects, and data providers are treated equitably and consistently in a timely and efficient manner.

A license issued by the Bank shall be valid for a period of twenty four (24) months.

6. Refusal of license

The Bank may refuse an application for a license to carry on credit reference bureau business where:

- a) the applicant does not submit and/or comply with requirements for licensing;
- b) an applicant fails to pay the stipulated fees;
- c) there is an error in the application, or;
- d) an applicant fails to satisfy any pre-condition for the granting of the license.

The Bank shall within three months after receiving the application, notify the applicant to rectify the situation within thirty (30) days after the receipt of notification. Where the

applicant fails to rectify the situation, the Bank shall not process the application. Bank of Tanzania shall state the reasons for the refusal in the notice of refusal to the applicant.

7. Time limit for decision on application

The Bank shall communicate its decision on an application for a credit reference bureau license within six months from the date of receipt of application.

8. Fees

The following fees shall be applicable to all applications for a credit reference bureau license:

- Non-refundable application fee of TZS 2,000,000
- License Renewal fee of TZS 1,000,000

Bank of Tanzania
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