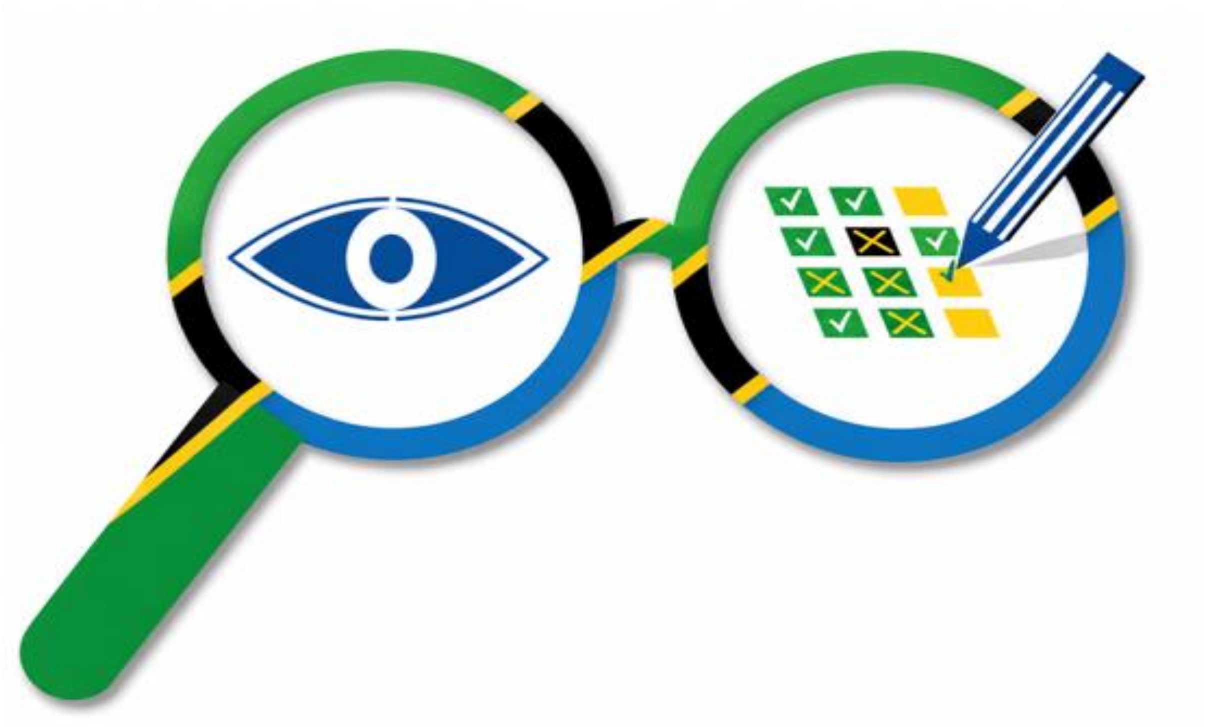
National Council For Financial Inclusion

NFIF 2023-2028 Mid-Term Evaluation Report



Bank of Tanzania

Secretariat of the National Council for Financial Inclusion

June 2026

NATIONAL COUNCIL FOR FINANCIAL INCLUSION

THE NATIONAL FINANCIAL INCLUSION FRAMEWORK 2023 – 2028 MID-TERM EVALUATION REPORT (2023 – 2025)

JUNE 2026

FOREWORD

Financial inclusion continues to be an important public policy for promoting inclusive economic growth, reducing poverty, improving financial resilience, and strengthening the stability and inclusiveness of Tanzania's financial sector. In this regard, Tanzania is implementing the Third National Financial Inclusion Framework (NFIF3) for the period 2023-2028. Building on the achievements and lessons learned from the previous two National Financial Inclusion Frameworks (2014-2016 and 2018-2022), NFIF3 is being implemented through a coordinated partnership between public and private sector institutions under the oversight of the National Council for Financial Inclusion.

At the midpoint of its implementation period, it became necessary to undertake a Mid-Term Evaluation to assess progress towards achieving the Framework's strategic objectives, priority actions, and Mid-Term targets during 2023-2025. The evaluation also identified implementation challenges and opportunities requiring attention during the remainder of the Framework period.

The evaluation further assessed the effectiveness of stakeholder coordination, governance, resource mobilization and utilization, monitoring and evaluation systems, and the timely implementation of priority actions. It also examined the continued relevance of the Framework's vision, strategic pillars, core enablers, implementation arrangements, and coordination mechanisms in responding to the evolving financial sector landscape, technological advancements, changing financial consumer needs, and Tanzania's broader socio-economic development aspirations.

The findings provide a balanced assessment of progress made under NFIF3. While substantial progress has been made in advancing financial inclusion, the evaluation identifies areas requiring accelerated efforts to achieve the Framework's 2028 targets. The report presents strategic and practical recommendations to strengthen coordination, accountability, data and monitoring systems, address implementation bottlenecks, and deepen financial inclusion among underserved population groups.

On behalf of the National Council for Financial Inclusion, I express my sincere appreciation to all implementing institutions, regulators, financial service providers, development partners, members of the Secretariat for National Financial Inclusion, the National Technical Committee, the Women Affairs Committee for Financial Inclusion (WACFI) and the National Steering Committee for their commitment and contributions to this evaluation.

The findings and recommendations presented in this report will guide the remaining implementation of NFIF3 and shape future financial inclusion interventions. This will require renewed commitment, strengthened accountability and increased investment by all stakeholders to ensure Tanzania advances towards universal financial inclusion, improved financial well-being, and sustainable socio-economic development.

Emmanuel M. Tutuba

Chairperson, National Council for Financial Inclusion

ACKNOWLEDGEMENT

The National Council for Financial Inclusion expresses its sincere gratitude to all public and private sector stakeholders for their active participation and valuable contributions to the Mid-Term Evaluation of the Third National Financial Inclusion Framework (NFIF3) 2023–2028. The successful completion of this evaluation reflects the strong collaboration and commitment of institutions and individuals dedicated to advancing financial inclusion in Tanzania.

The Council extends its appreciation to members of the National Council, National Steering Committee, National Technical Committee, the Women Affairs Committee for Financial Inclusion (WACFI), and all stakeholders who participated in the self-assessment and related evaluation activities. Your expertise, objective reflections, and constructive recommendations have strengthened this report and provided valuable insights for the remaining implementation of NFIF3.

The Council also acknowledges the contributions of Government Ministries, Departments and Agencies (MDAs), financial sector regulators, industry associations and networks, development partners, and other implementing institutions. Your leadership, collaboration, policy guidance, provision of financial inclusion data, and financial and technical support have been instrumental to the successful implementation of NFIF3 and this evaluation.

The Council further commends the National Secretariat for Financial Inclusion at the Bank of Tanzania for its professionalism and commitment in coordinating this evaluation. Special appreciation is extended to the technical team comprising Mr. Kennedy Komba, Mrs. Nangi Massawe, Mr. Edmund Mbokosi, Mr. Melvin Kilemile, Dr. Sigsbert Rwiza, Mr. Albert Mkenda, Mr. Lucas Magazi, Mr. Dastan Massawe, Ms. Laila Kisombe, Mr. Dickson Maswi, Mr. January Bura, Mr. Given Mhema, Ms. Zainab Kabange, Ms. Sabitina Haji, Mr. Medad Limbe, Mr. Fredriki Mwakuu, Ms. Vivian Kezara, and Ms. Fadhila Mwakibinga for their dedication and technical expertise in preparing this report.

The Council thanks all stakeholders for their continued partnership and support and looks forward to strengthening this collaboration during the remaining implementation period to achieve the Framework's objectives and targets by 2028.

ACRONYMS AND ABBREVIATIONS

AFI	Alliance for Financial Inclusion
AI	Artificial Intelligence
AMCOS	Agricultural Marketing Cooperative Societies
AML/CFT	Anti-Money Laundering / Countering the Financing of Terrorism
BOT	Bank of Tanzania
CBDC	Central Bank Digital Currency
CDS	Central Depository System
CFE	Certified Financial Educator
CGS	Credit Guarantee Scheme
CIS	Collective Investment Schemes
CMG	Community Microfinance Group
CMSA	Capital Markets and Securities Authority
CMUHLIC	Capital Markets Universities and Higher Learning Institutions Challenge
COFI	Conference of Financial Institutions
COSTECH	Tanzania commission for science and technology
CRB	Credit Reference Bureau
DCI	Directorate of Criminal Investigations
DFI	Development Finance Institution
DPI	Digital Public Infrastructure
DSE	Dar es Salaam Stock Exchange
e-KYC	Electronic Know-Your-Customer
EAC	East African Community
EMI	Electronic Money Issuer
ESCB	European System of Central Banks
ESG	Environmental, Social, and Governance
FDP	Forcibly Displaced Person
FGFSR	First-Generation Financial Sector Reforms

FHS	Financial Health Survey
FI & FH	Financial Inclusion and Financial Health
FI&FH M&E	Financial Inclusion and Financial Health Monitoring and Evaluation
FinTech	Financial Technology
FIs	Financial Institutions
FIU	Financial Intelligence Unit
FSDMP	Financial Sector Development Masterplan 2020/21–2029/30
FSDT	Financial Sector Deepening Trust
FSP	Financial Service Provider
FSPs	Financial Service Providers
G2P	Government-to-Person
GDP	Gross Domestic Product
GePG	Government e-Payment Gateway
GNI	Gross National Income
ICT	Information and Communication Technology
ICTC	Information and Communications Technology Commission
IDPs	Internally Displaced Persons
IFC	International Finance Corporation
IMF	International Monetary Fund
IPA	Innovations for Poverty Action
KYC	Know-Your-Customer
LGA	Local Government Authority
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
MFIs	Microfinance Institutions
MIS	Management Information System
MNO	Mobile Network Operator
MNOs	Mobile Network Operators
MoEST	Ministry of Education and Technology
MoF	Ministry of Finance
MSME	Micro, Small, and Medium Enterprise
MSMEs	Micro, Small and Medium Enterprises

NC	National Council for Financial Inclusion
NCFI	National Council for Financial Inclusion
NFEP	National Financial Education Programme
NFIF	National Financial Inclusion Framework
NFIF3	National Financial Inclusion Framework 2023–2028 (Third Framework)
NIDA	National Identification Authority
NIN	National Identification Number
NISS	National Informal Sector Scheme
NS	National Secretariat
NSC	National Steering Committee for Financial Inclusion
NSSF	National Social Security Fund
NTC	National Technical Committee for Financial Inclusion
PASS Trust	Private Agricultural Sector Support Trust
PMO-LER	Prime Minister's Office – Labour, Employment and Relations
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
PO-FP	President's Office – Finance and Planning (Zanzibar)
PO-WEI	President's Office – Work, Economy, and Investment (Zanzibar)
POFP	President’s Office – Planning and Finance
POS	Point of Sale
PSSSF	Public Service Social Security Fund
PWD	Person with Disability
PWDs	Persons with Disabilities
SACCOS	Savings and Credit Cooperative Societies
SADC	Southern African Development Community
SGFSR	Second-Generation Financial Sector Reforms
SIDO	Small Industries Development Organization
SME	Small and Medium Enterprise
TADB	Tanzania Agricultural Development Bank
TADFRI	Tanzania Affordable Digital Finance Research Initiative

TAMFI	Tanzania Association of Microfinance Institutions
TAMIU	Tanzania Microfinance Union
TAMNOA	Tanzania Mobile Network Operators Association
TanFiX	Tanzania Financial Inclusion Index
TANQR	Tanzania Quick Response (Code)
TCDC	Tanzania Cooperative Development Commission
TCGL	Tanzania Investment and Consultant Group Ltd
TCRA	Tanzania Communications Regulatory Authority
TIE	Tanzania Institute of Education
TIPS	Tanzania Instant Payment System
TIRA	Tanzania Insurance Regulatory Authority
TRA	Tanzania Revenue Authority
TZS	Tanzanian Shilling
UCSAF	Universal Communications Service Access Fund
UNDP	United Nations Development Programme
UNSGSA	UN Secretary-General's Special Advocate for Inclusive Finance for Development
URT	United Republic of Tanzania
USD	United States Dollar
USSD	Unstructured Supplementary Service Data
VASPs	Virtual Asset Service Providers
WACFI	Women Affairs Committee for Financial Inclusion
ZSSF	Zanzibar Social Security Fund

TABLE OF CONTENTS

LIST OF TABLES

LIST OF CHARTS

EXECUTIVE SUMMARY

Implementation of the Third National Financial Inclusion Framework 2023–2028 (NFIF3) recorded notable progress during the Mid-Term period, particularly in expanding access to and usage of formal financial services. However, progress under the Quality and Welfare dimensions and among some priority population segments requires greater attention during the remainder of the Framework period. The Framework seeks to enable universal access to and active usage of sustainable, affordable, and quality financial services while enhancing the financial welfare of individuals and businesses. This Mid-Term Evaluation assesses progress from December 2023 to December 2025 across four dimensions, namely Access, Usage, Quality, and Welfare, drawing on supply-side regulatory data, demand-side surveys such as FinScope, stakeholder self-assessments, and consultative engagements across Tanzania Mainland and Zanzibar.

Implementation of planned activities and National Council directives progressed during the Mid-Term period. Of the 368 activities scheduled for implementation, 184 (50 percent) were completed, 123 (33 percent) were ongoing, and 61 (16 percent) had not commenced. Similarly, of the 40 directives issued by the National Council for Financial Inclusion (NC), 21 (52.5 percent) were fully implemented, while 19 (47.5 percent) were under implementation, although many experienced delays due to budget cycle misalignment and lengthy internal approval processes.

Stakeholders expressed strong confidence in the implementation of NFIF3. Implementing institutions rated the overall progress of NFIF implementation at 4.38 out of 5, with 97.4 percent assessing performance as “Good” or “Very Good,” and 87.2 percent expressing confidence that the 2028 targets remain achievable. These findings indicate confidence in the Framework's ability to achieve its strategic objectives, provided the identified implementation bottlenecks are addressed during the remainder of the Framework period.

Access indicators recorded the strongest gains during the review period. Financial service access points expanded by 60.7 percent from December 2023 to December 2025, reaching 2,266,706 nationwide. Growth was primarily driven by the expansion of banking agents, non-bank payment institutions, insurance distribution channels, and community-based microfinance providers. Consequently, the proportion of adults living within 5 kilometres of a financial service access point reached 93 percent, exceeding the Mid-Term target of 92 percent.

Digital financial services continued to strengthen access to and usage of formal financial services. Active mobile money accounts increased to 75.8 million, while the Tanzania Instant Payment System (TIPS), agency banking expansion, and digital onboarding mechanisms strengthened interoperability, transaction efficiency, and accessibility of financial services across the ecosystem.

Usage of formal financial services improved considerably during the Mid-Term period. Active account usage among adults was estimated to have increased from 60 percent to 72.5 percent, surpassing the 70 percent Mid-Term target. Savings accounts in banks increased by 38.4 percent, while credit to priority groups, including smallholder farmers, MSMEs, women, and youth, expanded through commercial banks, microfinance institutions, and credit guarantee schemes. Insurance coverage reached 23.4 percent of the adult population, participation in capital markets reached 5.8 percent, and participation in social security schemes reached 8.1 percent, reflecting continued deepening in the use of formal financial services.

The Quality dimension recorded moderate improvement during the review period. Financial literacy was estimated to have increased from 60 percent in 2023 to 66.3 percent in 2025, while complaint resolution rates in the banking sector improved from 94.3 percent to 97.4 percent during the same period. The expansion of the Credit Reference System enhanced underwriting practices and credit risk management, although microfinance data submission remains limited and integration of alternative data sources is still evolving. At the same time, the continued expansion of digital financial services has heightened cybersecurity risks, consumer vulnerability to fraud, and data protection concerns, requiring strengthened supervisory oversight and consumer protection frameworks.

Progress under the Welfare dimension remained positive but slower than under the Access and Usage dimensions. More adults were estimated to have the ability to meet financial obligations and access emergency funds. Nevertheless, financial resilience remains constrained, particularly among rural households, smallholder farmers, youth, and persons with disabilities. The comparatively slower progress reflects the limited number of interventions directly targeting financial health, productive use of financial services, resilience, and welfare outcomes.

Progress across priority population segments remained uneven despite continued implementation of targeted interventions. Of the 121 activities planned during the Mid-Term period, 62 (51.2 percent) were completed. Women-targeted activities recorded relatively strong performance, while activities targeting MSMEs, youth, smallholder farmers, and persons with disabilities progressed more slowly. Smallholder farmers and persons with disabilities remain disproportionately underserved despite targeted initiatives, including credit guarantee schemes and local government empowerment funds.

Implementation of NFIF3 continued to be constrained by financial, institutional, and structural challenges. Inadequate and delayed budget allocations, heavy reliance on donor funding, and insufficient integration of NFIF3 activities into institutional Medium-Term Expenditure Frameworks were identified as common challenges among implementing institutions. Fragmented institutional responsibilities, limited data disaggregation, inconsistent reporting, monitoring and evaluation capacity constraints, and uneven institutional commitment also affected implementation. In addition, incomplete National Identification Number coverage, rural connectivity gaps, high transaction costs, informality, low financial literacy, and cybersecurity risks continue to constrain last-mile outreach and deeper usage of formal financial services among vulnerable population groups.

To accelerate progress during the remainder of the Framework implementation period, the evaluation recommends the following priority actions:

- Establish dedicated NFIF3 budget lines within institutional and national Medium-Term Expenditure Frameworks;
- Strengthen coordination, accountability, and real-time data systems across committees and implementing institutions;
- Rebalance interventions towards service quality, productive usage, financial health, and measurable welfare outcomes;
- Expand targeted financial products for MSMEs, smallholder farmers and fishers, youth, and persons with disabilities;
- Scale certified financial education initiatives while strengthening cybersecurity and consumer protection frameworks;
- Scale up initiatives to measure and improve the financial health of individuals and small businesses; and
- Deepen digital infrastructure and e-KYC integration to improve onboarding and credit visibility.

The progress achieved during the first half of NFIF3 provides a solid foundation for the remainder of the Framework period. Addressing the identified challenges and implementing the recommended priority actions will strengthen implementation, improve financial welfare outcomes, and increase the likelihood of achieving the Framework's 2028 targets.

CHAPTER 1: INTRODUCTION

1.1 Tanzania Geography, Demography, and Macroeconomic Profile

Tanzania's population is estimated at 68.2 million people, of whom 34.7 million are female, representing 50.9 percent of the total[1] . Adults make up about 38.4 million, with 98.0 percent residing on the mainland and 2.0 percent in Zanzibar. The agriculture sector remains the dominant employer, engaging 54.2 percent of the labor force, followed by the services sector at 35.5 percent[2].

Tanzania's economy recorded strong recovery and sustained growth between 2023 and 2025 across both the Mainland and Zanzibar. On the Mainland, Gross Domestic Product (GDP) grew by 5.1 percent in 2023 from a pandemic-low of 4.8 percent in 2020 and is projected to reach 5.9 percent in 2025. This growth was driven by key sectors, particularly agriculture, construction, mining and quarrying, and finance and insurance, supported by prudent fiscal policies and Government initiatives to enhance agricultural production, stabilize power supply, expand infrastructure, and improve the business environment.

Similarly, Zanzibar recorded robust economic growth, expanding by 7.4 percent in 2023 from a pandemic-low of 1.3 percent in 2020, and is estimated to grow by 6.8 percent in 2025, largely driven by tourism-related accommodation and food services, construction, and manufacturing activities.

Reflecting these positive macroeconomic trends, Gross National Income per capita is estimated to be USD 1,320 in 2025 from USD 1,220 in 2023, remaining within the lower-middle-income country range of USD 1,136 to USD 4,495.

Further, from 2023 to 2025, the Bank pursued an accommodative monetary policy, supported by financial inclusion initiatives, to maintain adequate liquidity and relatively affordable borrowing conditions. This policy stance contributed to the expansion in money supply and increased credit to the private sector, thereby supporting business activities and household access to finance. Interest rates on loans and deposits remained broadly stable, although lending rates showed some downward rigidity due to risk premiums

[1] National Population Projections 2023 – 2050, National Bureau of Statistics.
[2] The Labour Market: Key Findings from the Integrated Labour Force Survey (ILFS) 2024.

associated with economic informality and information gaps between lenders and borrowers.

To address these structural challenges in lending rates, the public and private sectors continued implementing reform measures, including coordination of the National Financial Inclusion Framework, strengthening compliance with financial consumer protection regulations, improving customer identification, formal addressing systems, management of financial services costs, and advancing legal reforms for movable assets as collateral in the lending market. These efforts create favorable conditions for expanding financial inclusion by strengthening people's ability to save, borrow, and invest, building trust and confidence, and increasing the ability to transact through formal financial institutions.

1.2 Financial Sector Landscape

The financial sector continued to be structured into five sub-sectors: Banking, Microfinance, Insurance, Capital Markets, and Social Security Schemes. Each sub-sector has a specific regulator and offers distinct financial services. The Capital Markets and Securities Authority (CMSA) regulate the Capital Market Sub-Sector. Further, the Tanzania Insurance Regulatory Authority (TIRA) regulates the insurance Sub-Sector, while the Prime Minister's Office – Labour, Employment and Relations (PMO-LER) regulate the social security Sub- Sector in Tanzania Mainland in collaboration with the Bank of Tanzania (BOT), which regulates the financial matters. Further, BOT regulates banks, payment systems, credit reference bureaus, and the overall regulation of all tiers of microfinance institutions. In the case of Microfinance Sub-Sector, BOT regulates directly Tier 1 and 2 (Deposit and Non-Deposit taking Microfinance) and delegates the regulation of Tier 3 (SACCOS) to TCDC and Tier 4 (CMGs) to Local Government Authorities (LGAs). In Zanzibar, the Social Security Sub-Sector is regulated by the Ministry of Finance and Planning, and SACCOs are regulated by the Ministry of Youth, Employment and Empowerment. (MYEE).

In the National Financial Inclusion Framework 2023 – 2025 (NFIF3) implementation period, the financial service access points and delivery channels continued to expand, leading to increased access to a wider range of formal financial services across the country. From December 2023 to December 2025, the total number of financial sector access points rose by 60.7 percent, reaching 2,266,706 nationwide. The significant expansion of access points occurred in banking, which grew by 74.6 percent, followed by non-bank payment institutions at 59.7 percent, insurance at 56.8 percent, and microfinance access points at 55.3 percent. This growth reflects sustained efforts to advance financial inclusion through digital financial services, microcredit provision, and community-based delivery models (**Table 1**).

Table 1: Financial Sector Access Points

Financial access points	Dec-23	Dec-24	Dec-25	% change (23-25)
Access points in banking	109,373	148,680	190,962	74.6
Access points in microfinance	50,747	62,480	78,809	55.3
Access points in capital markets	380	388	435	14.5
Access points in insurance	1,497	1,829	2,347	56.8
Access points social security services	111	96	116	4.5
Access points in non-bank payment system	1,248,752	1,483,882	1,994,037	59.7
Total	**1,410,860**	**1,697,355**	**2,266,706**	**60.7**

Source: BOT

1.3 The Nexus of Financial Inclusion and Economic Development

Financial inclusion is fundamental to macroeconomic development and stability. Access to formal financial services enables individuals and businesses, particularly Micro, Small, and Medium Enterprises (MSMEs), to engage in productive activities that reduce poverty, narrow inequality, and support sustainable economic growth. As more people and MSMEs use formal financial services, the effectiveness of monetary policy improves, while greater mobilization of domestic savings reduces reliance on external financing for both the Government and the private sector. Formal use of financial services also broadens the tax base and strengthens fiscal capacity. In addition, access to savings and insurance increases resilience to economic shocks and helps stabilize consumption, which is important for sustained macroeconomic stability.

At the micro level, financial inclusion enhances the welfare of households and MSMEs by providing access to formal savings and credit. This access smooths consumption reduces dependence on costly informal lending, and improves resilience to unexpected expenses. For small businesses, credit enables expansion through increased inventory and operations, leading to higher output, incomes, and more employment opportunities, while households can accumulate assets such as housing and productive equipment that improve living standards. Digital financial services, particularly mobile money, further stimulate local economies by enabling secure, instant transactions without traditional banking infrastructure, while fostering entrepreneurship and economic mobility.

1.4 Tanzania Financial Inclusion Journey

Tanzania's financial inclusion journey began with the First- and Second-Generation Financial Sector Reforms (1991–2000s), which liberalized the banking sector, strengthened the legal and regulatory framework, and enhanced the autonomy of the Bank of Tanzania. These reforms increased the number of financial institutions and competition, but did not adequately address high service costs, rural exclusion, and limited MSME access to credit.

To broaden access, the Government introduced the National Microfinance Policy (2000) and the SME Development Policy (2003) to promote microfinance, expand rural financial services, and support MSME financing. However, persistent structural challenges remained, including weak microfinance regulation, limited financial identity coverage, low financial literacy, underdeveloped infrastructure, high transaction costs, and stringent KYC requirements.

A major turning point occurred in 2012 when financial inclusion became a national priority following high-level policy direction during the COFI conference. This led to the establishment of the National Council for Financial Inclusion (2014) and the launch of the first National Financial Inclusion Framework (NFIF1), institutionalizing coordinated public-private collaboration to improve access, usage, and quality of financial services.

Subsequent reforms significantly strengthened the ecosystem:

- Review of the National Microfinance Policy (2017);
- Enactment of the Microfinance Act (2018) and Regulations (2019), formalizing four tiers of microfinance institutions;
- Development of the Zanzibar Microfinance Policy (2019);

- Enactment of the Zanzibar Microfinance Act (2023) and Regulations (2025), formalizing four tiers of microfinance institutions;
- Launch of the Tanzania Instant Payment System (TIPS) to enhance interoperability and digital payments; and
- Adoption of the Financial Sector Development Master Plan (2020/21–2029/30) as a long-term blueprint for financial sector stability, integrity, and inclusion.

Between 2020 and 2025, Tanzania experienced rapid growth in digital financial services, driven by mobile money expansion, interoperability reforms, agency banking growth, and national ID integration. Digital payments, merchant ecosystems, and government-to-person (G2P) transfers increasingly support formalization and usage of accounts.

As of 2026, Tanzania is implementing the third National Financial Inclusion Framework (2023–2028), which shifts focus from access expansion to:

- Deepening usage and quality of financial services;
- Expanding credit to MSMEs and special groups (women, youth, smallholder farmers and fishers, and persons with disabilities);
- Strengthening consumer protection and financial literacy;
- Leveraging digital innovation and data infrastructure; and
- Enhancing financial health.

1.5 Overview of the NFIF3

Tanzania’s financial inclusion agenda has been implemented through three successive National Financial Inclusion Frameworks (NFIFs), each reflecting the growing maturity of the financial sector, emerging risks, and evolving national development priorities. The frameworks progressively shifted from expanding basic access to formal financial services toward deepening usage, improving quality, and enhancing financial well-being.

The NFIF3 strategy is designed to enable universal access to, and use a broad range of sustainable, affordable, and quality financial products and services, while enhancing the financial welfare of individuals and businesses. The framework is anchored on enhancing an enabling environment in digital and payment infrastructure, consumer empowerment, and improving financial inclusion data and monitoring systems as key enablers. Some of the key targets of NFIF3 include access to formal financial services by adults, 95 percent by 2028 (from 89 percent in 2023), and usage of formal financial services by adults, 85 percent by 2028 (from 76 percent in 2023). The Framework prioritizes increasing inclusion of women, youth, MSMEs, people with disabilities (PWDs), and smallholder farmers and fishers.

1.6 Objectives of the Mid-Term Evaluation

The purpose of this Mid-Term evaluation is to assess progress on implementation of the NFIF3 and performance against the set mid-term targets. Specifically, the Mid-Term evaluation aims to:

(i) Assess progress in implementing NFIF3 and its Action Plan, effectiveness of coordination mechanisms, and the set Mid-Term targets;

(ii) Evaluate the output of implemented activities across Access, Usage, Quality, and Welfare dimensions of financial inclusion;

(iii) Identify gaps, risks, challenges, and lessons learned, and recommend improvements for the remaining implementation period.

1.7 Scope and Coverage

This Mid-Term evaluation covers the implementation of the NFIF3 over the period from December 2023 to December 2025. The evaluation spans both Tanzania Mainland and Zanzibar and encompasses all institutions involved in NFIF3 implementation under the coordination of the National Council for Financial Inclusion (NC), the National Steering Committee for Financial Inclusion (NSC), the National Technical Committee for Financial Inclusion (NTC), and the Women Affairs Committee for Financial Inclusion (WACFI). In terms of thematic coverage, the assessment focuses on key financial services, including credit, savings, insurance, payments, financial market investments, and social security. The evaluation further examines the extent to which NFIF3 interventions have reached priority population segments, namely women, youth, MSMEs, PWDs, smallholder farmers, and fishers.

CHAPTER 2: METHODOLOGY

2.1 Evaluation Type and Approach

This Mid-Term Evaluation adopts a self-evaluation approach to assess progress on implementation of the NFIF3 over the first half of the implementation period. The evaluation is formative in nature, focusing on measuring progress against planned targets, identifying implementation gaps, documenting emerging results and lessons learned, and informing corrective actions for the remaining implementation period.

The self-evaluation approach is anchored within existing NFIF3 institutional arrangements and is led by the NS at the BOT, with oversight, quality control, and technical input by the NC, NSC, and NTC, respectively.

2.2 Data Collection Methods and Tools

Data collection employed a combination of quantitative and qualitative methods consistent with the FI & FH M&E Framework. Quantitative data were collected using structured data request templates and administrative reporting tools aligned with the NFIF3 initiatives and performance indicators. These tools captured information on access, usage, quality, and financial health (welfare) dimensions of financial inclusion.

On the other hand, qualitative data were gathered through stakeholder self-assessment questionnaires, key informant interviews, focus group discussions, and consultative meetings with representatives of the implementing institutions (through the NTC members). The evaluation also utilized document review checklists to extract relevant information from policy documents, programme reports, and monitoring updates.

2.3 Data Sources and Sampling Strategies

The Mid-Term evaluation draws on multiple data sources to ensure triangulation and robustness of findings. Primary data sources include self-reported data from NFIF3 implementing institutions, regulators, and key stakeholders. Secondary data sources comprise supply-side data, routine monitoring reports, national surveys, and financial sector databases relevant to financial inclusion and financial health indicators.

Given the self-evaluation nature of the study, a purposive sampling strategy was applied to select institutions and stakeholders directly involved in NFIF3 implementation. The sampling was focused on institutions providing key financial services, including savings, credit, payment, insurance, financial investment, and social security. Data coverage prioritized national-level indicators, with disaggregated analysis where data were available.

2.4 Disaggregation and Inclusivity

The Mid-Term evaluation integrates disaggregation and inclusivity principles as core components of the methodology, consistent with NFIF3 priorities and the FI&FH M&E Framework. Data were disaggregated by gender, age, PWDs, and livelihood segments (smallholder farmers and fishers) and MSMEs based on the availability of data.

In cases where direct disaggregated data were unavailable, proxy indicators and qualitative insights were employed to identify inclusion gaps and barriers faced by underserved groups. This approach ensures that the evaluation captures distributional impacts and supports inclusive policy adjustments.

2.5 Data Estimation, Proxies, and Assumptions

In conducting the Mid-Term evaluation, several data points were estimated using growth rate factors and adjusted proxies to account for gaps in direct measurement. Supply-side data from implementing institutions and other financial sector regulators formed the primary basis of estimation. Where direct figures were unavailable, adjustments were made using proportions of the annual population growth rate, for example, 71 percent and 31 percent adjustments of the population growth rate were applied to mobile phone ownership and internet usage, respectively. In addition, outputs from Finscope 2023 were incorporated to strengthen assumptions in areas where supply-side data alone was insufficient.

2.6 Reporting and Approval

The Mid-Term evaluation reporting process follows established NFIF3 governance and approval mechanisms. Preliminary findings and draft outputs are reviewed and validated by the NTC to ensure technical accuracy and sector relevance. Revised drafts are subsequently submitted to the NSC for quality assurance, strategic alignment, and validation of conclusions and recommendations.

The Final Mid-Term Evaluation Report is formally submitted to the NC for review and approval. Upon approval, the report is disseminated to NFIF3 stakeholders to support accountability, learning, and evidence-based decision-making for the remaining implementation period.

2.7 Ethical Considerations and Limitations of the Evaluation

Key ethical considerations encompassed informed participation, respondent confidentiality, transparency in data use, and the avoidance of conflicts of interest. All data were used solely for evaluation purposes and managed in compliance with privacy laws and institutional integrity safeguards.

Despite these measures, the evaluation encountered certain limitations, including reliance on self-reported data, variations in data quality and availability across institutions, and limited disaggregation for some targeted groups. However, to ensure the credibility of the conclusions from this report, these limitations were properly addressed through trend analyses, the use of proxy data estimation, and focus group discussions.

CHAPTER 3: IMPLEMENTATION OF NFIF3

3.1 Implementation of NFIF3 Action Plan

The NFIF3 Action Plan 2023 – 2028 has a total of 772 activities submitted by member institutions, which were divided into four (4) dimensions and five (5) priority segments being implemented by several implementing institutions. Of these 368 activities, equivalent to 47.7 percent of the total activities, were planned to be implemented from 2023 to 2025. As of the date of this review, 184 activities (50 percent) planned to be implemented from 2023 to 2025 were completed, 123 (33.4 percent) were ongoing, and the implementation of 61 (16.6 percent) had not started.

3.2 Implementation of Dimensional Activities

The 368 activities planned for the period 2023 to 2025 include activities that aim to promote the four dimensions of financial inclusion, with most of them concentrated under the Access and Quality dimensions (**Table 2**). This reflects a strong institutional focus on expanding accessibility of financial services and improving financial service quality. Fewer activities were directed toward the welfare dimensions.

3.2.1.1 Access Dimension

The Access dimension comprises 181 activities submitted by member institutions, of which 89 activities (49.2 percent) were scheduled for implementation during 2023 to 2025. As of December 2025, 29 activities out of 89 were completed, equivalent to 32.6 percent, while 36 activities (49.8 percent) were ongoing, and 24 activities 27.0 percent were yet to start. This performance shows that the implementation of Access dimension activities for the period 2023 to 2025 was below the target.

3.2.1.2 Usage Dimension

The Usage dimension consists of 162 activities submitted by member institutions, of which 68 activities (41.9 percent) were scheduled for implementation during 2023 to 2025. As of December 2025, 43 out of 68 activities were completed, equivalent to 63.2 percent. 15 activities, equivalent to 22.1 percent, were ongoing, and 10 activities, equivalent to 14.7

percent, were yet to start. This performance shows that the implementation of usage dimension activities for the period 2023 to 2025 was below the target.

3.2.1.3 Quality Dimension

The Quality dimension consists of 178 activities submitted by member institutions, of which 73 activities (41.0 percent) were scheduled for implementation during the Mid-Term period, 2023 to 2025. As of December 2025, 41 out of 73 activities were completed, equivalent to 56.2 percent. 26 activities, equivalent to 35.6 percent, were ongoing, and 6 activities, equivalent to 8.2 percent, were pending. This performance shows that the implementation of quality dimension activities for the period 2023 to 2025 was below the target.

3.2.1.4 Welfare Dimension

The Welfare Dimension consists of 28 activities submitted by member institutions, of which 17 activities (60.7 percent) were scheduled for implementation during the Mid-Term period, 2023 to 2025. As of December 2025, 9 out of 17 activities were completed, equivalent to 52.9 percent. Five (5) activities equivalent to 29.4 percent were ongoing, and three (3) activities equivalent to 17.6 percent were yet to start. This performance shows that the implementation of welfare dimension activities for the period 2023 to 2025 was below the target.

Table 2: Implementation of Activities by Dimension[3]

S/No	Dimension	Total Activities (2023-2028)	Planned (2023 – 2025)	Implemented (2023 – 2025)	Percentage of implementation (2023 – 2025)
1.	Access	181	89	29	32.6
2.	Usage	162	68	43	63.2
3.	Quality	178	73	41	56.2
4.	Welfare	28	17	9	52.9
	TOTAL	**549**	**247**	**122**	**49.4**

Source: BOT

[3] Excluding priority segments activities

3.2.2 Priority Segments Activities

The targeted groups include women, youth, persons with disabilities, MSMEs, and small-holding farmers and fisheries. Under NFIF3, there are 223 activities under priority segments implemented by 67 institutions. During the Mid-Term period 2023 to 2025, 121 activities equivalent to 54.3 percent were scheduled for implementation, as shown in **Table 3.** The largest focus was on the MSMEs (66 activities), women (62 activities), and youth (45 activities). Activities targeting persons with disabilities (28) and smallholder farmers and fisheries (22) reflect a targeted approach to support vulnerable and underserved populations. As of December 2025, 62 activities out of 121 activities, equivalent to 51.2 percent, were completed, and 41 activities, equivalent to 33.9 percent, were ongoing. Eighteen (18) activities equivalent to 14.9 percent were yet to start. This performance shows that the implementation of priority segments activities for the period 2023 to 2025 was below the target.

Table 3: Implementation of Activities for Priority Segments[4]

S/No	Priority Segments	No. of activities (2023 -2028)	Planned (2023 – 2025)	Implemented (2023 – 2025)	Percentage of implementation (2023 – 2025)
1.	Women	62	32	25	78.1
2.	Youth	45	30	15	50.0
3.	MSMEs	66	30	13	43.3
4.	Persons with Disabilities	28	11	5	45.5
5.	Smallholder farmers and fisheries	22	18	4	22.2
	TOTAL	**223[5]**	**121**	**62**	**51.2**

Source: BOT

3.2.3 Institutional Activities

Institutionally, the 772 activities in the NFIF3 Action Plan 2023-2028 were allocated as follows: 113 activities to regulatory authorities, 191 activities to ministries, 253 activities to Government agencies, and 215 activities to associations. For the implementation period

[4] Excluding dimensional activities

2023 to 2025, regulatory authorities planned to implement 75 activities, ministries 44 activities, Government agencies 97 activities, and Associations 152 activities.

As of December 2025, regulatory authorities implemented 38 activities, equivalent to 50 percent, while 30 activities, equivalent to 40 percent, were ongoing, and 7 activities, equivalent to 10 percent, were pending. Ministries implemented 22 activities, equivalent to 50 percent. Government agencies implemented 48 activities, equivalent to 49.5 percent, while 30 activities, equivalent to 29.9 percent were ongoing, and 19 activities, equivalent to 20.6 percent, were pending, and associations implemented 76 activities, equivalent to 50 percent. This performance shows that the implementation of activities by institutions for the period 2023 to 2025 was below the target (**Table 4**).

Table 4: Implementation of Activities by Institutions

S/No	Implementing Institution	No. of activities (2023 -2028)	Planned (2023/24 – 2025/26)	Implemented (2023/24 – 2025/26)	Percentage of implementation (2023/24 – 2025/26)
1.	Ministries	191	44	22	50
2.	Regulatory Authorities	113	75	38	50
3.	Government Agencies	253	97	48	49
4.	Associations	215	152	76	50
	TOTAL	**772**	**368**	**184**	**50**

Source: BOT

The key enablers that contributed to the successful implementation of the NFIF3 Action Plan include the following:

(i) Strong and sustained commitment by all implementing institutions, demonstrated through leadership support, adequate resource allocation, and integration of agreed actions into institutional plans and performance frameworks, ensuring effective and timely implementation;

(ii) Well-established coordination mechanisms that facilitate regular communication, information sharing, and alignment of activities among implementing institutions; and

(iii) A conducive policy and regulatory environment that enables innovation, promotes inclusion, and removes structural barriers by providing clear guidance, proportional regulation, and incentives that support the delivery of inclusive financial services.

However, the following notable challenges were encountered during the NFIF3 Action Plan:

(i) Financial resources hinder the timely and effective implementation of planned activities;

(ii) Insufficient demand-side data constrain evidence-based decision-making and targeted interventions;

(iii) Inconsistent adherence to the agreed Action Plan undermines coordinated and effective implementation;

(iv) Frequent changes in representatives disrupt continuity and weaken institutional memory;

(v) Late submission of reports impedes timely monitoring, evaluation, and corrective action;

(vi) Inadequate technical and operational capacity affects the quality and pace of implementation; and

(vii) Failure to meet agreed timelines delays the achievement of intended outputs and outcomes.

3.3 Implementing Institutions Meeting Participation

The governance structure of NFIF3 comprises the NC and its two committees (NSC and NTC), in which the NC comprises 27 members, including Permanent Secretaries from relevant Government ministries, Heads of Regulatory Authorities and Government Agencies, and Chairpersons of practitioners' associations. The Governor of the BOT is the chair of NC. The NC meets on a semi-annual basis, or as required, to make decisions on financial inclusion issues. Meanwhile, NSC comprises 32 members at the Director and Commissioner levels drawn from Government ministries and agencies, regulatory authorities, and practitioners' associations, chaired by the Deputy Governor of the BOT, and meets semi-annually. NTC comprises 47 senior officers from key stakeholders and provides technical support to the NC and NSC. NTC is chaired by the Director responsible for Financial Deepening and Inclusion. The NTC meets quarterly.

During the 2023–2025 period, the NC convened four (4) meetings in which 15 members out of 27 members attended all meetings (55.6 percent, participation rate), 9 members attended at least three meetings (33.3 percent), and three (3) members attended at least two meetings (11.1 percent). Meanwhile the NSC held four (4) meetings whereby 10 members out of 32 members attended all meetings (31.3 percent, participation rate), 12 members attended at least three meetings (37.5 percent), two (2) members attended at least two meetings (6.3 percent) seven (7) members attended only one meeting (21.8 percent) and one (1) member never attended any meeting (3.1 percent). The NTC convened seven (7) meetings in which (9) members attended all meetings (19.1 percent participation rate), 12 members attended six (6) meetings (25.5 percent), 16 members attended two (2) and four (4) meetings (14.9 percent), seven (7) members attended one meeting (9.5 percent) and three (3) members did not attend any meeting (6.4 percent).

Generally, 100 percent of NC members participated in the meetings for the period 2023 - 2025, 96.9 percent for NSC members, and 93.6 percent for NTC members, hence contributing to the smooth implementation of the NFIF3 and increased collaboration (**Table 5**).

Table 5: Implementing Institutions Meeting Participation Rate

Meetings (2023 -2025)	NC members	NSC members	NTC members	Participation Rate		
				NC	NSC	NTC
Attended all meetings	15	10	9	55.6%	31.3%	19.1%
Attended some meetings	12	21	35	44.4%	65.6%	74.5%
Did not attend any meeting	0	1	3	0.0%	3.1%	6.4%
Total members	**27**	**32**	**47**	**100.0%**	**100.0%**	**100.0%**

Source: BOT

The success in the coordination of the meetings is due to the following factors:

(i) Institutional buy-in on driving the financial inclusion agenda;

(ii) High level of stakeholder commitment on implementation of NFIF3 initiatives;

(iii) Continued collaboration effort among Private and public stakeholders;

(iv) Increased stakeholders' readiness to fund the NFIF3 initiatives; and

(v) Willingness of Development Partners to support the implementation of the NFIF3.

However, the following notable challenges were encountered during the meetings:

(i) Change of membership of the committees after being assigned different duties in the member institutions;

(ii) Limited awareness of financial inclusion matters across member institutions;

(iii) Mismatch between the committee's meeting schedules and member institutions' priorities;

(iv) Limitations on the implementation of the NC directives due to funding challenges; and

(v) Inadequate capacity on the part of the Secretariat in coordinating certain financial inclusion initiatives.

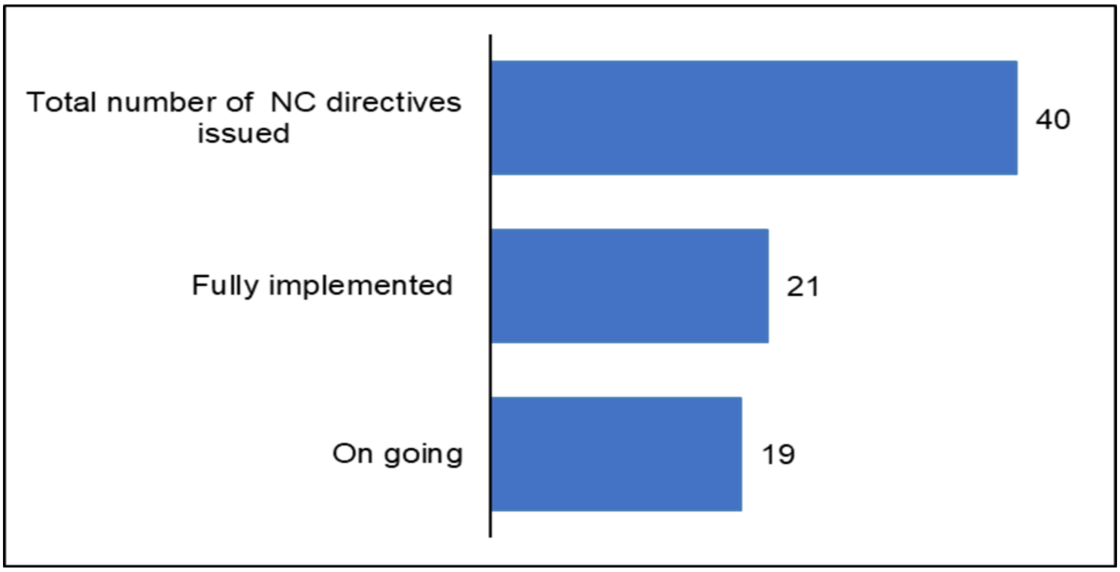
Plans will be put in place to address the challenges for the remaining period of the NFIF3.

3.4 Implementation of NC Directives

Since the launch of the NFIF3 in 2023 to December 2025, the NC issued a total of 40 strategic directives to guide the implementation of financial inclusion initiatives across various strategic areas in the country, as detailed in **Appendix 2**. Out of the 40 directives, 21 (52.5 percent) were completely implemented, 19 (47.5 percent) are ongoing, and none remain unattended (**Chart 1**), reflecting the strong commitment of implementing institutions in executing NC directives.

However, most directives were not delivered within the planned timelines. Delays were mainly driven by late or inadequate budgeting, where activities were not provided for early in the budget cycle; misalignment between NFIF priorities and institutional work plans; and lengthy internal approval and clearance procedures required to implement new initiatives. These constraints slowed progress despite sustained implementation efforts.

Chart 1:Implementation status of NC directives for the period 2023 – 2025



Source: BOT

The key enablers that contributed to the successful implementation of the NC directives are as follows:

(i) Commitment of key stakeholders, including Government ministries, regulators, and industry associations, strengthened ownership and execution;

(ii) Availability of institutional funding for implementing the NFIF3 initiatives;

(iii) Engagement with development partners to support the implementation of NFIF3 initiatives; and

(iv) Conducive avenues to discuss and deliberate on measures to address financial inclusion challenges through periodic NC meetings.

However, the following notable challenges were encountered during the NC directives:

(i) Inadequate or late submission of progress reports, due to competing priorities and limited capacity;

(ii) Resource constraints, including financial and technical limitations, that slowed execution of certain directives;

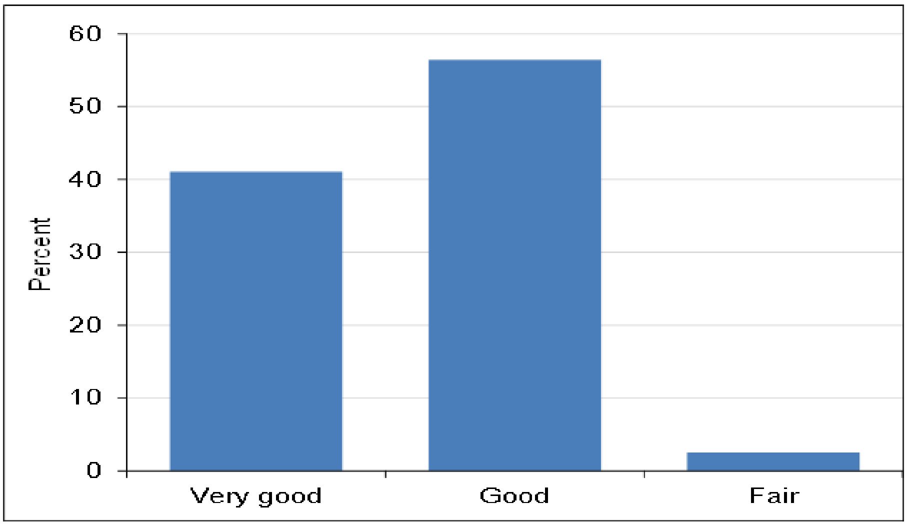
(iii) Inter-institutional coordination challenges, especially for directives requiring collaboration across multiple stakeholders; and

(iv) Policy and regulatory approval processes, which in some cases extended the time required to complete directives.

3.5 Implementing Institutions' Self-assessment

Implementing institutions self-rated 4.38 out of 5, in implementation of NFIF3, with 97.4 percent of respondents rating the progress as 'Good' or 'Very Good' (**Chart 2**). This indicates strong stakeholders' satisfaction with the implementation of progress. Stakeholders also reported strong overall progress in implementing NFIF3 during 2023 - 2025, as reflected by the increase in the Tanzania Financial Inclusion Index (TanFiX), with notable improvements in both access and usage sub-indices. Stakeholders commended the effective coordination and leadership of the Bank of Tanzania and the significant expansion of digital financial services across urban and remote areas.

Chart 2:Overall Implementation Progress of NFIF3



Source: Stakeholders' perception survey

Implementing institutions' self-assessment reveals three main clusters of challenges affecting the effective implementation of NFIF3:

(i) Financial constraints: Insufficient and delayed budget allocations, heavy reliance on donor funding, and competing institutional priorities limit the ability of implementing entities to fully execute planned activities;

(ii) Coordination and capacity gaps: Fragmented institutional roles, delayed stakeholder responses, limited technical capacity in monitoring and evaluation systems, weak data disaggregation, and inadequate financial literacy among implementers and target populations undermine effective delivery; and

(iii) Structural and systemic barriers: Limited National Identification Number (NIN) coverage, weak rural infrastructure (electricity, internet, and roads), high costs of financial products partly contributed by high tax obligations, widespread informality, cybersecurity risks affecting trust in digital finance, and low community-level awareness of NFIF particularly beyond central ministries constrain outreach and usage, leaving vulnerable groups such as smallholder farmers and persons with disabilities disproportionately underserved.

Three key priority areas need consideration according to the implementing institutions' self-assessment:

(i) Sustainable financing mechanisms: There is a need to move away from heavy reliance on donor support or ad hoc institutional funding by establishing predictable and sustainable financing arrangements. This includes centralized resource mobilization and direct budget allocations to implementing institutions, with particular emphasis on financing last-mile outreach in rural and underserved areas where infrastructure gaps persist;

(ii) Strengthening coordination and accountability: There is a need to enhance coordination by mandating the integration of NFIF objectives into institutional strategic plans, deploying standardized digital and integrated data platforms with real-time, disaggregated dashboards, strengthening the effectiveness of Technical Committee engagements, and decentralizing implementation through PMO-RALG to ensure reach at the community level. Improved accountability and capacity building across committees and institutions are essential to sustain momentum; and

(iii) Deepening inclusivity and impact orientation: There is a need to reorient interventions toward service quality and tangible financial welfare outcomes rather than access alone. This requires targeted products for smallholder farmers and MSMEs, dedicated interventions for persons with disabilities, expanded and certified financial literacy provision, stronger consumer protection and cybersecurity frameworks, and deliberate efforts to address informality and low trust in formal financial services, particularly in rural and marginalized communities.

CHAPTER 4: FINANCIAL INCLUSION INDICATORS PERFORMANCE

4.1 Access and Usage of Banking and Microfinance Services

4.1.1 Banking Services Access Points

The total number of access points in the banking subsector has grown over recent years. As of 31st December 2025, the number of access points was 190,962, up from 109,373 as of 31st December 2023, representing an increase of 74.6 percent. Further, the number of bank agents increased by 76.8 percent to 187,672 agents, followed by the number of Automatic Teller Machines by 3.5 percent, and the number of bank branches by 2.2 percent. In terms of concentration, bank agents led, with 504 agents per every 100,000 adults (**Table 6**).

Table 6: Access Points in the Banking Sector

Indicator	Number			% change Dec (23 - 25)	Per 100,000 adults		
	Dec-23	Dec-24	Dec-25		Dec-23	Dec-24	Dec-25
Number of banks	44	42	42	-4.5	0.1	0.1	0.1
Number of bank branches	1,011	*1,028*	1,033	2.2	2.9	2.8	2.8
Number of bank agents	106,176	145,430	187,672	76.8	302.6	402.4	504.1
Number of financial leasing companies	5	4	4	-20.0	0.0	0.0	0.0
Number of mortgage finance institutions	2	2	2	0.0	0.0	0.0	0.0
Number of ATM's	2,135	2,174	2,209	3.5	6.1	6.0	5.9
Total	**109,373**	**148,680**	**190,962**	**74.6**			

Source: BOT
Italic: denotes revised data

4.1.2 Microfinance Services Access Points

During the period under review, Microfinance access points increased by 54.9 percent, reaching 78,838 nationwide in December 2025. CMGs' access points were 74,846, representing 94.9 percent of the total microfinance access points. CMGs were the most accessible microfinance providers, with approximately 201 CMGs per 100,000 adults, underscoring their strong proximity to communities and role in last-mile financial inclusion (**Table 7**).

Table 7: Access Points in Microfinance Sector

Indicator	Number			% change Dec (23-25)	Per 100,000 adults		
	Dec-23	Dec-24	Dec-25		Dec-23	Dec-24	Dec-25
Number of Microfinances tier II (Non-deposit taking)	1,579	*2,588*	2,938	86.1	4.5	7.2	7.9
Number of Microfinance tier III (SACCOs), Mainland and Zanzibar	1,018	1,044	1,054	3.5	2.5	2.7	2.7
Number of Microfinance tier IV (CMGs)	48,284	58,926	74,846	55.0	137.6	163.0	201.1
Total	**50,881**	**62,558**	**78,838**	**54.9**			

Source: BOT
Italic: denotes revised data

4.1.3 Saving Services in Banks and Microfinance Institutions

Tanzania continued to strengthen usage of savings services through a wide range of financial service providers, including banks, savings, and credit cooperative societies (SACCOs), and community microfinance groups (CMGs), **Table 8**.

4.1.3.1 Saving Accounts in Banks

During the period under review, the number of local savings accounts in banks increased by 38.4 percent to 32.8 million from 23.7 million in 2023. Out of the total local savings accounts in 2025, 46 percent were women-owned saving accounts, 39.8 percent, and 14.3 percent, were for men and undescribed gender owned saving accounts, respectively. Meanwhile, the number of local savings accounts for youth increased by 149.8 percent to 9.6 million youth local savings accounts by December 2025

4.1.3.2 Saving Accounts in SACCOs

The number of savings accounts in SACCOs (mainland) increased by 13.4 percent to 1.6 million as of December 2025, in comparison to December 2023, while the savings amount increased by 21.2 percent to TZS 1,172 billion.

4.1.3.3 Saving Accounts in CMGs

During the period under review, the number of savings accounts in CMGs increased by 55 percent to 748,460 from 482,840 accounts.

Table 8: Savings Accounts and Amount in Banks and SACCOs

Institution	Dec-23		Dec-24		Dec-25		Account % Change (Dec 23 - 25)	Amount % Change (Dec 23 - 25)
	Accounts	Amount (TZS Bil)	Accounts	Amount (TZS Bil)	Accounts	Amount (TZS Bil)		
Banks	**23,705,758**	***6,735.8***	***29,711,906***	**7,708.4**	**32,806,325**	**9,790.4**	**38.4**	**45.3**
Men	4,119,419	2,902.0	4,193,617	2,989.5	13,044,903	4,795.5	216.7	65.2
Women	4,261,064	2,991.1	4,376,823	3,032.4	15,082,228	2,465.7	254.0	-17.6
Undescribed	15,325,275	842.7	21,141,466	1,686.5	4,679,194	2,529.2	-69.5	200.1
Youth	3,834,392	1,491.3	3,922,290	1,508.9	9,578,399	1,819.9	149.8	22.0
Microfinance								
SACCOs Mainland	*1,384,998*	*967.0*	*1,554,998*	*1,051.0*	1,570,309	1,172.0	13.4	21.2
SACCOs Zanzibar	n.a	20.0	n.a	21.8	15,550	20.7	N/A	3.6
Microfinance Tier IV	482,840	n.a	589,260	n.a	748,460	n.a	55.0	n.a

Source: BOT
N/A: denotes not applicable
n.a: denotes not available up to when the report is published
Italic: denotes revised data

The growth of savings in banks and microfinance is driven by the following factors:

(i) Increased adoption of technology in the delivery of banking and microfinance services, including digital lending;

(ii) Enhanced supervision of banks and microfinance institutions. Specifically, in microfinance through a self-regulatory approach under the umbrella of Tanzania Association of Microfinance Financial Institutions (TAMFI), Tanzania Microfinance Union (TAMIU), and SCCULT;

(iii) Research which helped in designing and implementing a broad range of financial services to priority segments: women, youth, SMEs, persons with disability, and smallholder farmers and fishers;

(iv) Enhanced credit score assessments in banks and microfinance business, leveraging non-credit alternative customers' data; and

(v) Improved Credit Referencing System for banks and microfinance service providers.

Challenges in banks and microfinance savings services:

(i) Data and disaggregated data quality and management issues;
(ii) Limited access to unique and verifiable national identification impairs the KYC and customers onboarding process;
(iii) Services concentration in urban areas, leaving many unserved in urban areas and limited geographical outreach;
(iv) Limited network connectivity and mobile phone ownership to enable access and usage of financial services;
(v) Limited inclusiveness of the agent banking model to include the excluded population segments, especially in rural areas;
(vi) Increasing practices of unauthorized disclosure of customers' personal data, especially in microfinance institutions;
(vii) High cost of financial services and products despite technology advancements;
(viii) Limited tailored products and services to cater to different customer profiles;
(ix) Low level of income among financial services consumers to open savings accounts; and
(x) Increased cyber risks due to increased adoption of digital financial services.

4.1.4 Services in Banks and Microfinance Institutions

Over the period under review, access to credit services continued to improve as evidenced by increasing credit accounts and values in banks and microfinance institutions. The credit services were accessed by five priority segments under the NFIF3, including women, youth, persons with disabilities, MSMEs, and smallholder farmers and fishers. Further, credits were also accessed through the support of the economic empowerment councils and Government ministries.

4.1.4.1 Credit Services in Banks

During the period under review, credit services depicted a steady increase mainly due to an increased number of borrowers, reflecting a sustained favorable economic environment. The number of borrowers in banks rose by 57.3 percent as proxied by the number of loan accounts (including overdrafts) to 2.4 million as of December 2025, compared to similar period in 2023. The observed increase is further reflected in the outstanding loan balance, which grew by 46.7 percent to TZS 48,434.25 billion (**Table 9**).

Table 9: Credit Accounts and Amounts in Banks

Loan type	Dec-23		Dec-24		Dec-25		Account % Change (Dec 23 - 25)	Amount % Change (Dec 23 - 25)
	Accounts	Amount (TZS Bil)	Accounts	Amount (TZS Bil)	Accounts	Amount (TZS Bil)		
Total loan portfolio	1,530,711	*33,007*	2,165,812	*37,801*	2,407,720	48,434	57.3	46.7
Total mortgage loans	4,085	559	4,149	556	4,603	643	12.7	15.1
Total credit to Smallholder Farmers and Fishers	33,720	338	35,600	338	97,273	467	188.5	38.2
Total MSMEs loan	282,514	13,131	397,814	13,552	578,692	10,498	104.8	-20.1
Total personal loan for business usage	15,254	402	57,054	533	24,391	1,165	59.9	189.7

Source: BOT
Italic: denotes revised data

a) Women’s Access to Credit in Banks

During the period under review, there was a notable increase in women’s access to credit services, mainly due to increased outreach and tailored products and services that cater to women’s needs. The number of women's accounts grew by 4.3 percent to 2.2 million accounts driven by increased outreach and financial inclusion initiatives targeting women, while the total loan value fell by 45.1 percent to TZS 7,355.5 billion, reflecting a shift toward alternative sources of small credits (**Table 10**).

b) Youth’s Access to Credit in Banks

Youth credit accounts decreased by 13 percent to 2.0 million accounts as of December 2025, compared to 2.3 million accounts in the similar period in 2023. Similarly, the loan amount decreased by 12.6 percent to TZS 4,049.6 billion. However, the trend for the three years under review, as of Dec 2024, the youth credit accounts and loan amount issued were higher than the other two years, whereby TZS 5,061.3 billion was lent to 2.3 youth Credit accounts (**Table 10**). 1

c) MSMEs’ Access to Credit in Banks

During the period under review, MSME loan accounts increased by 104.8 percent to 578,692 accounts, while loan value declined by 20.7 percent to TZS 10,409.1 billion, reflecting the availability of alternative sources of credit as the loan value issued as at December 2024 was higher than that of the similar period in 2023 and 2025 (**Table 10**).

Further, it can be explained by the increase in personal loans for business usage accounts (59.9 percent) to 24,391, and the loan value by 189.7 percent to TZS 1,165.0 billion. This shows that some MSMEs rely on personal loans to finance business activities, to avoid some of the strict MSME lending requirements.

d) Smallholder farmers and fishers

Credit to smallholder farmers and fishers grew strongly, with accounts rising by 188.5 percent to 97,273 and loan value increasing by 38.3 percent to TZS 467.1 billion, reflecting expanded outreach, Government initiatives in supporting the agricultural sector, including expanded use of value-chain financing models, and greater participation of banks and development finance institutions (**Table 10**).

e) Mortgage Lending

Mortgage lending expanded steadily, with loan accounts increasing by 13.2 percent to 4,603 and total loan value rising by 19.3 percent to TZS 642.8 billion, indicating growth in both outreach and average mortgage sizes. Growth was driven by increased demand for housing finance and rising property values. However, the mortgage lending business was concentrated among adult borrowers, with affordability constraints and stricter credit requirements stifling the uptake.

Table 10: Credit Accounts and Amount in Targeted Groups

Beneficiary	Dec-23		Dec-24		Dec-25		Account % Change (Dec 23 - 25)	Amount % Change (Dec 23 - 25)
	Accounts	Amount (TZS Bil)	Accounts	Amount (TZS Bil)	Accounts	Amount (TZS Bil)		
Women	2,069,888	13,391.5	2,107,543	13,866.4	2,157,863	7,355.5	4.3	-45.1
Youth	2,269,984	4,634.1	2,301,720	5,061.3	1,974,239	4,049.6	-13.0	-12.6
Total mortgage loans	4,065	538.6	4,149	555.5	4,603	642.8	13.2	19.3
Total Credit to Smallholder Farmers and Fishers	33,720	337.9	35,600	338.0	97,273	467.1	188.5	38.2
Total MSMEs loan	282,514	13,130.9	397,814	13,552.4	578,692	10,409.1	104.8	-20.7

Source: BOT
Italic: denotes revised data

4.1.4.2 Credit Services in Microfinance

Credit from Microfinance service providers is divided into three categories: credit issued by non-deposit-taking microfinance institutions (Tier II), credit issued to SACCOs (Tier III), and credit issued by CMGs (Tier IV).

a) Credit Services in 2Non-Deposit Taking Microfinance

During the period, outstanding loan amount from non-deposit-taking microfinance institutions in the Tanzania mainland increased by 31.7 percent to TZS 1,391.6 billion as of December 2025.

b) Credit Services in SACCOs

The number of loan accounts in SACCOS decreased by 24.7 percent to 1,043,309, while the loan amount issued increased by 8.0 percent to 1,310.2 billion from the amount recorded in the year ending 2023. The decrease in the number of loan accounts was partly due to the decline in the number of SACCOS owing to non-compliance with licensing requirements.

Table 11: Credit Issued in SACCOs and Money Lenders

Indicator	Dec-23		Dec-24		Dec-25		Account % Change (Dec 23 - 25)	Amount % Change (Dec 23 - 25)
	Number of Accounts	Amount (TZS Bil)	Number of Accounts	Amount (TZS Bil)	Number of Accounts	Amount (TZS Bil)		
Non-deposit taking (Tier II)	n.a	*1,056.5*	n.a	*1,270.9*	n.a	*1,391.6*	N/A	31.7
SACCOs (Tier III)	N/A	N/A	N/A	N/A	1,049,027	1,326.2	N/A	N/A
Mainland	*912,045*	1,113.7	*996,219*	1,203.0	1,043,309	1,310.2	14.4	17.6
Zanzibar	n.a	n.a	n.a	n.a	5,718	16.0	N/A	N/A

Source: BOT-BSIS
n.a: denotes not available up to when the report is published
N/A: denotes not applicable
Italic: denotes revised data

4.1.4.3 Government Credit to Women, Youth, and PWDs (4-4-2)

During the period, the lending to priority groups under the Prime Minister's Office Regional Administration and Local Governments (PMO-RALG) Ministry registered a remarkable growth. Total loan accounts increased by 113.8 percent to 7,891, meanwhile total loan portfolio grew by 127.7 percent to TZS 72.8 billion.

Youth loan accounts increased by 153.1 percent to 2,779. The total loan amount for youth borrowers grew by 161.1percent to TZS 34.3 billion. Further, PWDs' loan accounts increased by 107.3 percent to 827. The total loan amount for PWDs grew by 58.4 percent to TZS 3.2 billion. On the other hand, loan accounts for women increased by 95.3 percent to 4,285, where the loan amount grew by 104.0 percent to TZS 34.3 billion.

Table 1212: Local Government Credit Beneficiaries and Amount Issued

Particulars	2022/23		2024/25		2025/26 (Jul - Dec 2025)		Account % Change (2023/24–2025/26 Dec)	Amount % Change (2023/24–2025/26 Dec)
	Number	Amount	Number	Amount	Number	Amount		
Total Loans	3,691	31,985,488,638	16,256	157,830,274,814	7,891	72,834,359,988	113.8	127.7
Women	2,194	16,811,871,078	9,271	79,208,879,148	4,285	35,324,506,225	95.3	110.1
Youth	1,098	13,126,165,616	5,386	70,068,853,822	2,779	34,265,962,760	153.1	161.1
PWDs	399	2,047,451,944	1,599	8,552,541,844	827	3,243,891,003	107.3	58.4

Source: PMO-RALG
n.a: denotes not available up to when the report is published
N/A: denotes not applicable
Italic: denotes revised data
Note: - For 2025/26, the data are as of December 2025
- 2023/24, changes in the modality of issuing the credit were in progress.

Notable factors for the success of credit services during the period under review included the following:

(i) Enhanced licensing, registration, and supervision of banks and microfinance institutions, as well as strengthened formalization of microfinance services;
(ii) Existence of demand for small, short-term, and unsecured loans;
(iii) Preference for social collateral and trust-based lending mechanisms; and
(iv) Existence of digital tools that improved loan disbursement, repayment efficiency, and group management.

Challenges observed in credit services were from a myriad of factors, as outlined below:

(i) Limited disaggregated data to support data-driven access to finance policies to the underserved population segments in both banks and microfinance;
(ii) Limited collaterals to enable access to financial to the underserved population;
(iii) Low levels of digital and financial literacy, which limit effective utilization of services and increase vulnerability to fraud, data breaches, unauthorized transactions, and mismanagement;
(iv) Many CMGs and smaller MFIs face challenges related to governance, record-keeping, risk management, and compliance, which may affect sustainability and supervisory effectiveness;

(v) High lending fees, charges, and interest rates in both banking services and microfinance services;

(vi) Inadequate tailor-made credit services to reach a broader customer base; and

(vii) Increased cybersecurity risks due to the adoption of digital financial services, thus threatening consumer trust and confidence in FSPs.

4.1.5 Credit Guarantee Schemes

Credit facilitation programs through credit guarantee schemes continue to support credit growth by providing guarantees to banks and financial institutions, for improving access to finance to borrowers who lack adequate collateral coverage. The schemes are implemented by BOT, SIDO, TADB, and PASS Trust, with a focus on their contribution to access to finance, the performances of which are as indicated below:

4.1.5.1 BOT Credit Guarantee Schemes

The resumption of the Credit Guarantee Scheme (CGS) operations was done in September 2023. Following the resumption, the loans issued through CGS facilitation increased by 74 percent to TZS 185.72 billion, with an 86 percent increase in guarantees to TZS 116.68 billion by the end of December 2025, mainly due to increased demand for guaranteed credits in the market.

In financial year (FY) 2024/25, 54 AMCOS were supported through guarantees amounting to TZS 36.94 billion, facilitating loan issuance of TZS 49.26 billion. In addition, two companies in the transportation and manufacturing sectors accessed credit facilities of TZS 7.3 billion and TZS 50.0 billion, respectively, supported by guarantees of TZS 3.65 billion and TZS 22.0 billion, respectively. In FY 2025/26, CGS supported male and female smallholder farmers under 131 AMCOS, facilitating credit facilities of TZS 119.30 billion, through guarantees amounting to TZS 89.47 billion. Additionally, two companies in the telecommunications and mining sectors accessed credit facilities of TZS 44.42 billion and TZS 20.0 billion, supported by guarantees of TZS 22.21 billion and TZS 5.0 billion, respectively. In the review period, AMCOS remained the main BOT-CGS beneficiaries due to their limited collaterals to secure loans from banks.

4.1.5.2 Smallholders' Credit Guarantee Scheme

As of 31st December 2025, SIDO and TADB operated the CGS to support small-holding farmers and fishers and agro-processing industries. Within the period, 17 agro-processing industries were supported under SIDO-CG, which is an increase of 54.5 percent, compared to 11 farmers as of December 2023, accessing TZS 425 million credit, equivalent to a 70 percent increase compared to TZS 250 million issued at the end of December 2023. Further, the TADB Smallholders' Credit Guarantee Scheme reached 11,722 beneficiaries, facilitating loans of TZS 117.65 billion, representing an increase of 53 percent compared to TZS 76.89 billion with 11,854 beneficiaries by the end of December 2023. Major drivers that led to the increased uptake were the introduction of policy and credit-framework formalization in SIDO; stronger bank partnerships in both institutions; use of guaranteed structures that reduce collateral barriers; a shift toward value-chain-based agricultural financing; and capital and strategic expansion at TADB to scale guarantee-backed lending to smallholders.

Table 13: 13SIDO and TADB Smallholders' Credit Guarantee Schemes

Institution	Disaggregation	Item	Dec-23	Dec-24	Dec-25	% change (Dec 23 - 25)
SIDO	Male	Beneficiaries	8	13	14	75.0
		Amount (TZS)	190,000,000	105,000,000	365,000,000	92.1
	Female	Beneficiaries	3	4	3	0.0
		Amount (TZS)	60,000,000	90,000,000	60,000,000	0.0
TADB	Male	Beneficiaries	4,371	4,030	4,226	-3.3
		Amount (TZS)	37,548,863,611	40,261,143,717	58,103,542,634	54.7
	Female	Beneficiaries	1,096	1,715	1,289	17.6
		Amount (TZS)	4,942,098,263	6,843,387,000	8,867,861,070	79.4
	Youth (16 - 35 years)	Beneficiaries	1,068	1,096	906	-15.2
		Amount (TZS)	5,674,700,138	6,371,819,493	8,288,484,550	46.1
	Smallholder Fishers	Beneficiaries	5	5	4	-20.0
		Amount (TZS)	76,000,000	230,000,000	610,000,000	702.6
	Smallholder Farmers	Beneficiaries	5,314	5,449	5,297	-0.3
		Amount (TZS)	28,650,011,557	28,265,389,193	41,781,562,911	45.8

Source: NEEC

4.1.5.3 CGS under Private Agricultural Sector Support Trust – PASS Trust

From 2023 to 2025, PASS Trust reached a large and growing number of both male and female beneficiaries. As of the end of December 2025, the beneficiaries under PASS Trust CGS were 27,910, out of which 14.2 percent were male, 31.1 percent were female, 11.8 percent were youth, and 42.9 percent were smallholder farmers (companies).

In terms of loan issuance, the total value of loans supported by PASS amounted to TZS 110.15 billion by the end of the period, out of which TZS 38.90 billion were accessed by males, TZS 6.01 billion by females, TZS 8.08 billion by youth, TZS 0.35 billion by smallholder fishers, and TZS 56.80 billion by smallholder farmers (companies).

Major reforms made to improve the performance of credit guarantee schemes include the following: the introduction of digital credit guarantees to improve access and efficiency; expansion to diversified guarantee products like portfolio and institutional guarantees; targeted guarantee coverage under green growth initiatives; strengthened partnerships with banks; and the launch of agricultural leasing services to support mechanization and value-chain financing.

4.1.6 Credit Reference Bureau

The performance of the Credit Reference System (CRS) for the period from December 2023 to December 2025 reflects progressive operational growth alongside evolving financial inclusion outcomes, supported by expanding digital financial services and strengthened electronic Know-Your-Customer (e-KYC) frameworks. In the year 2025, the number of credit enquiries reached 42.50 million, more than a double increase compared to 17. 00 million enquiries in the year 2023, while credit reports issued rose by 77.8 percent to 15.15 million from 8.52 million reports in December 2023, demonstrating stronger reliance on credit information in underwriting and risk management by lenders. However, the credit enquiry hit rate changed from 59.1 percent in 2023 in year 2023 to 35.7 percent in 2025, indicating that many borrowers still did not have a credit history in the credit reference system.

In terms of borrower coverage, the estimated proportion of adults with credit records in the credit reference system increased to 8.89 million by the end of December 2025, compared to 2.75 million borrowers in 2023.

Positive progress was also observed in data submission by financial services providers. All 42 banks submitted credit information in 2025, up from 40 at the end of 2023. Moreover, only 49.4 percent of Tier 2 microfinance institutions submitted credit information, compared with 47.6 percent in 2023. Further, Tier 3 and Tier 4 were still required to submit credit information directly to the credit reference bureau; however, their compliance was observed to be low.

The credit reference system performance improved due to stronger public awareness of credit rights, integration of alternative data, interoperable CRB platforms, secure e-KYC mechanisms, and increased participation of youth, women, and first-time borrowers, with e-KYC also enhancing data accuracy by reducing duplicates and improving borrower matching.

The increase in credit enquiries was mainly attributed to the following:

(i) Increased reliance on credit information in credit underwriting processes to assess borrowers' creditworthiness more accurately;

(ii) Increased regulatory emphasis and compliance with the use of credit reference systems;

(iii) Strengthening of credit risk management frameworks, as institutions increasingly integrate credit reports into lending decisions;

(iv) Promotion of responsible lending practices, supported by improved access to borrowers' credit histories; and

(v) Expansion of credit activities across the financial sector, leading to higher volumes of credit assessments.

Notwithstanding the progress recorded in the utilization of CRBs, several challenges persist, which constrain the effectiveness and coverage of the credit information system. These include:

(i) Limited participation by microfinance institutions (MFIs) as the majority lack adequate Management Information Systems (MIS) capable of generating and transmitting data to the Credit Reference Databank;

(ii) Inadequate inclusion of alternative credit information, such as utility payments, rental payments, and other non-traditional data sources, which limits the comprehensiveness of borrower credit profiles; and

(iii) Low public awareness and understanding of Credit Reference Bureaus, including borrowers' rights and the benefits of credit reporting, which affects data quality and effective use of the system.

4.2 Access and Usage of Insurance Services

4.2.1 Insurance Services Access Points

At the end of December 2025, the number of insurance access points recorded an increase of 26.7 percent to 2,770 from 2,187 points recorded by the end of 2023. The highest growth was recorded in the insurance agents, which increased by 35.9 percent to reach 1,472 agents; the insurance digital platforms by 28.6 percent; and the bancassurance agents' network by 19.5 percent. Further, the insurance brokers and insurers' branches and sales offices also recorded growth of 15.5 percent and 15.4 percent, respectively. Furthermore, the number of insurance companies rose by 5.7 percent to 37 companies by the end of 2025, reflecting continued market expansion driven by public demand for insurance products, enhanced distribution capacity, and growing investor confidence in the insurance sector.

Table 14: Access Points in Insurance Sector

Indicator	Number			% change Dec (23-25)	Per 100,000 adults		
	Dec-23	Dec-24	Dec-25		Dec-23	Dec-24	Dec-25
Number of Insurance Companies	35	36	37	5.7	0.00	0.00	0.00
Number of Insurance Brokers	129	*137*	149	15.5	0.00	0.00	0.00
Number of Insurance Agents	1,083	*1,180*	1,472	35.9	0.01	0.01	0.01
Number of Bancassurance Agents	30	*34*	35	16.7	0.00	0.00	0.00
Number of Bancassurance Agent Networks	611	692	730	19.5	0.01	0.01	0.01
Number of Insurers Branch/Sales Offices	285	303	329	15.4	0.00	0.00	0.00
Number of Insurance Digital Platforms	14	*16*	18	28.6	0.00	0.00	0.00
Total	**2,187**	**2,398**	**2,770**	**26.7**			

Source: TIRA
Italic: denotes revised data

4.2.2 Usage of Insurance Services

In the Mid-Term implementation period, insurance services usage performance was measured by an increase in the number of adults using insurance products and services, as well as the volume of insurance premiums. The number of insured individuals increased by 13.8 percent to 26.7 million compared to 23.5 million recorded by the end of 2023. Out of the total insured population in 2025, 13.4 million (50.3 percent) were male, and 13.3 million (49.7 percent) were female, indicating near gender-balanced coverage and more inclusive access to insurance services.

Moreover, volume of insurance premiums recorded an increase of 31.4 percent to TZS 1.630.0 billion from TZS 1,240 billion in 2023, reflecting an increased public confidence, deeper market penetration, and enhanced inclusive product tailoring across the sector.

Table 15: Usage of Insurance Services

Indicators	Dec-23	Dec-24	Dec-25	% change (Dec 23-25)
Total number of active adult users of insurance products/services	23,520,635	25,900,000	26,770,199	13.8
Male	11,827,547	13,024,900	13,458,695	13.8
Female	11,693,088	12,875,100	13,311,504	13.8
Volume of insurance premium transactions by adults (TZS millions)	1,240,766	1,516,309	1,630,090	31.4
Number of insurance policy holders	7,680,601	*8,470,000*	8,700,000	13.3
Number of insurance beneficiaries	15,840,034	*17,430,000*	18,070,199	14.1
Male	7,603,216	8,366,400	8,673,695	14.1
Female	8,236,818	9,063,600	9,396,504	14.1

Source: TIRA
Italic: denotes revised data

The increased insurance services performance was mostly driven by the following key factors:

(i) Supportive regulatory framework, such as implementation of the Guidelines on Insurance Digital Platforms, 2023, and Takaful Operators, 2023, along with the simplifying registration requirements for insurance agents;
(ii) Extension of Six (6) TIRA Zonal Offices, which brought the insurance services and awareness closer to the public and improved complaints and disputes resolutions;
(iii) Digital transformation and increased public adoption of insurance technology;
(iv) Strengthened bancassurance collaboration between insurers and banks, which enhanced the implementation of the cost-effective outreach;
(v) Enhanced public awareness efforts on the benefits of using insurance products and services; and
(vi) Increased investment in infrastructure, construction, energy, and trade led to higher demand for related insurance products.

Challenges in access and usage of insurance services

Despite the growth, major barriers still exist that inhibit the speed of access and usage of insurance services, including the following:

(i) Limited insurance disaggregated supply side and demand side data;
(ii) The existing Micro Insurance Regulation, 2013, is not fully aligned with evolving market dynamics, digital distribution models, and emerging product innovations;

(iii) Low public trust and negative perception about insurance, which weakens public confidence and low uptake; and

(iv) Limited outreach of insurance services in rural areas. Most access points are concentrated in urban areas, due to economic activities leaving rural populations underserved

4.3 Access and Usage of Capital Markets Services

4.3.1 Capital Markets Access Points

Capital markets access points recorded significant growth, mainly driven by a supportive legal and regulatory framework and technological advancement, particularly in collective investment schemes, brokerage, fund management, and advisory services. Between December 2023 and December 2025, capital markets access points increased by 14.5 percent, reaching 435 access points. This growth was largely associated with a more than two-fold increase in the number of collective investment schemes, capital market digital platforms, investment advisors, and fund managers, reflecting growing investors' confidence, participation, and digitalization of market access.

The number of collective investment schemes recorded a significant increase to 25 schemes (equivalent to 0.1 schemes per 100,000 adults) by 31st December 2025, up from 8 schemes (equivalent to 0.0 schemes per 100,000 adults) in December 2023, highlighting their relative accessibility compared to other capital market service points. Similarly, the number of fund Managers per 100,000 adults increased to 1.1 on 31st December 2025 from 0.0 recorded on 31st December 2023, mainly due to the need for fund management services to the newly established schemes (**Table 16**).

Table 16: Access Points in Capital Markets

Indicator	Number			% change (Dec 23-25)	Per 100,000 adults		
	2023	2024	2025		2023	2024	2025
Number of investment advisors	23	25	26	13.0	0.1	0.1	0.1
Number of custodian of securities	7	9	10	42.9	0.0	0.0	0.0
Number of licensed bond dealers	8	8	8	0.0	0.0	0.0	0.0
Number of nominated advisors	4	4	3	-25.0	0.0	0.0	0.0
Number of fund managers	12	*22*	24	100.0	0.0	0.1	0.1
Number of listed companies in the capital markets	28	28	28	0.0	0.1	0.1	0.1
Number of licensed dealing members	18	21	21	16.7	0.1	0.1	0.1
Number of registered warehouses	268	*246*	282	5.2	0.8	0.7	0.8
Number of exchange markets	2	2	2	0.0	0.0	0.0	0.0
Number of Capital Market digital platforms	2	3	6	200.0	0.0	0.0	0.0
Number of collective investment schemes	*8*	20	25	212.5	0.0	0.1	0.1
Total	**380**	***388***	**435**	**14.5**			

Source: CMSA & BOT
Italic: denotes revised data

4.3.2 Usage of capital markets services

During the mid-implementation period, an improvement was recorded in the usage of capital market services, as reflected by a substantial increase in the number of investors. The number of individual investors recorded a more than double increase to 2,177,135 as of 31st December 2025, compared to 905,946 investors recorded as of 31st December 2023 (**Table 17**). This growth makes the proportion of investors per total adult population reach 5.8 percent as of 31st December 2025, compared to 2.4 percent as of 31st December 2023, surpassing the NFIF3 Mid-Term target of 5 percent, mainly due to increased adoption of technology-enabled investment platforms, strengthened public education and awareness initiatives, and increased tailoring of investment products.

Table 17: Usage of Capital Market Services

Indicator	2023	2024	2025	% change (Dec 23-25)
Number of Investors in Government Securities	13,058	19,049	24,299	86.1
Number of Investors in Corporate Bonds	9,612	9,990	13,225	37.6
Number of Investors in Collective investment schemes	299,145	420,682	1,437,363	380.5
Number of Investors in Equities	584,131	610,788	702,248	20.2
Total	**905,946**	**1,060,509**	**2,177,135**	**140.3**

Source: CMSA

Major reforms that have driven increased access and usage of capital market investments included the following:

(i) Development of the Capital Markets and Securities (Corporate and Subnational Sustainability Bonds) Regulations, 2025, which established a clear framework for issuing green, social, sustainability, and sustainability-linked bonds, enhancing transparency and attracting both domestic and foreign investors;

(ii) Development and review of various investment Guidelines such as Guidelines for Corporate and Subnational Sukuk Bonds, the Shariah-compliant instruments; and Guidelines for Investment-Based Crowdfunding, both of which facilitated capital raising for startups and SMEs and expanded diverse ethical and retail investors participation;

(iii) Enhancement of the Dar es Salaam Stock Exchange Trading Rules to cover block trades, single lots, price limits, closing price determination, corporate action price discovery, trading hours, and use of the National Identification Number (NIN), thereby improving liquidity and market efficiency;

(iv) Expansion of the Collective Investment Schemes (CIS) market, with the introduction of seventeen (187) new schemes investing in treasury bonds, corporate bonds, equities, money market instruments, and Shariah-compliant products;

(v) Implementation of financial literacy initiatives, including the Capital Markets Universities and Higher Learning Institutions Challenge (CMUHLIC), which created over 180,000 youth investors and strengthened retail market participation;

(vi) Adoption of technology-enabled investment and trading platforms, including mobile investment applications, the DSE Mobile Trading Platform, integration with commercial banks and telecom companies, and partnerships such as Sanlam East Africa Limited with M-Pesa, which expanded investor access nationwide; and

(vii) Growth in certified capital market professionals from 737 in 2023 to 998 in 2025, strengthening market expertise and regulatory effectiveness.

Despite the success recorded, some challenges were still being encountered as follows:

(i) Emerging risks relating to the rapid emergence of new digital financial innovations leading to cybercrime, fraud, pyramid schemes, money laundering, and data breaches;

(ii) Limited depth of financial literacy, particularly among youth, informal sector participants, and middle-income earners, constraining wider participation in capital market products; and

(iii) Need to design inclusive and affordable investment products that match household income realities and encourage long-term savings and investment in a fast-growing population; and

(iv) Limited outreach of investment services to the rural population.

4.4 Access and Usage of Social Security Services and Social Assistance Programmes

4.4.1 Social Security Services Access Points

During the three years of implementation of NFIF3, social security sector access points recorded modest growth, largely driven by the digitization of service delivery channels. The total number of social security access points increased from 111 in 2023 to 116 in December 2025, representing a 4.5 percent growth. The growth was solely attributable to a significant increase in digital platforms, which expanded by 181 percent, reflecting the shift toward online registration, contribution management, and benefit access. Meanwhile, the number of mandatory social security schemes remained unchanged at four (covering Tanzania Mainland and Zanzibar), reflecting the consolidated nature of the statutory pension system. In contrast, the number of regional offices declined. Similarly, the number of supplementary pension schemes decreased.

In proportional terms, regional offices remained the most accessible social security access point throughout the period under review. By December 2025, there were approximately 0.2 social security regional offices per 100,000 adults, highlighting the continued importance of physical offices in complementing digital platforms, particularly for complex service needs (**Table 18**).

Table 18: Social Security Access Points

Indicator	Number			% change (Dec 23-25)	Per 100,000 adults		
	2023	2024	2025		2023	2024	2025
Number of mandatory (compulsory) pension schemes	4	4	4	0.0	0.0	0.0	0.0
Number of regional offices (NSSF, PSSSF, WCF, ZSSF)	81	71	71	-12.3	0.2	0.2	0.2
Number of digital platforms in Social Security Services (NSSF, PSSSF, WCF, ZSSF)	11	11	31	181.8	0.0	0.0	0.1
Number of supplementary (voluntary) pension scheme (NSSF, PSSSF, WCF, ZSSF)	15	10	10	-33.3	0.0	0.0	0.0
Total	***111***	***96***	***116***	**4.5**			

Source: PMO-LER, ZSSF & BOT
Italic: denotes revised data

4.4.2 Usage of Social Security Services

During the implementation period, social security schemes membership recorded an increase across both the formal and informal sectors. In the formal sector, the total number of members of accounts increased by 30.9 percent to 3,026,303, mainly due to the increase in the level of employment in the public and private sectors. Out of the total number of members in social security schemes, 43.5 percent and 48.4 percent were women and youth, respectively, indicating a continued gender disparity, with a large proportion of underserved being women.

In the informal sector, there was a total number of 522,056 member accounts, an increase of 103.2 percent compared to the position by the end of December 2023. Out of the total member accounts in the informal sector, 54 percent were accounts owned by women, and 42.5 percent by youth. The increase in member accounts in the informal sector was on account of increased public awareness of the benefits of social security and increased income creation opportunities, which enabled saving in social security, fueled by the informal sector players. reinforcing the role of pension inclusion in enhancing nationwide financial welfare.

Table 19: Number of Members Contributing to Pension Schemes

No. of members Accounts	2023			2024			2025			% Total change Dec 23-25
	Mainland	Zanzibar	Total	Mainland	Zanzibar	Total	Mainland	Zanzibar	Total	
Formal sector	**1,934,942**	**120,212**	**2,055,154**	**2,139,823**	**132,483**	**2,272,306**	**2,357,369**	**146,878**	**2,504,247**	**21.9**
Men	1,124,637	68,690	1,193,327	1,254,356	75,974	1,330,330	1,385,127	85,143	1,470,270	23.2
Women	810,305	51,522	861,827	885,467	56,509	941,976	972,242	61,735	1,033,977	20.0
Youth	953,343	42,378	995,721	1,063,686	52,688	1,116,374	1,179,258	64,299	1,243,557	24.9
Informal sector	**245,568**	**11,400**	**256,968**	**314,572**	**12,068**	**326,640**	**509,000**	**13,056**	**522,056**	**103.2**
Men	110,012	4,370	114,382	142,045	4,644	146,689	235,054	5,099	240,153	110.0
Women	135,556	7,030	142,586	172,527	7,424	179,951	273,946	7,957	281,903	97.7
Youth	110,012	2,577	112,589	142,045	2,992	145,037	218,245	3,406	221,651	96.9
Total (Formal + Informal)	**2,180,510**	**131,612**	**2,312,122**	**2,454,395**	**144,551**	**2,598,946**	**2,866,369**	**159,934**	**3,026,303**	**30.9**

Source: PMO-LER & ZSSF

Note: Total is summation of Men and Women

The growth and improved performance of the social security services were driven by the following factors:

(i) Enhanced inclusive regulatory environment, such as review and launch of the National Social Protection policy 2023 to extend the coverage of social security services to all groups; and amendments of the NSSF Benefit Regulations in 2025, which allowed members to access unemployment benefits after only 90 days (down from 24 months);

(ii) Introduction of Sharia-compliant schemes, particularly in Zanzibar, which increased trust and participation by aligning services with cultural and religious preferences and enabling savings for specific needs such as Hajj;

(iii) Use of pension benefits as collateral for housing finance, where the accrued benefits are used for mortgage loans to improve access to affordable housing and enhance the welfare value of pension savings;

(iv) Enhanced benefit design and member protection, including the introduction of a more equitable pension formula, expanded survivor benefits, deferred pension flexibility, and pension indexation, which improved income security and adequacy of retirement benefits;

(v) Tax incentives on social security benefits. i.e., exemption of benefits from income tax increased retirees' net income, which strengthened the attractiveness of formal pension participation;

(vi) Digital transformation and ICT system improvements: Modernized collection systems and member service platforms reduced revenue leakages, improved compliance, and enhanced operational efficiency;

(vii) Enhancement of flexible contribution arrangements: Provisions for multi-employer contributions and voluntary schemes enabled participation of workers in the gig economy and informal sector, broadening coverage; and

(viii) Expansion of voluntary schemes for the informal sector. i.e., in Zanzibar, there was a targeted enrolment of fishers, traders, and other informal workers that broadened pension coverage beyond formal employment. Meanwhile, in Tanzania Mainland, the Government, through NSSF, established the Hifadhi Scheme to cover the groups of members who work in the informal sector, e.g., Boda boda, small miners, baba and mama lishe, small farmers, street vendors etc.

The expansion of social security services has been facing several inclusive constraints, such as:

(i) Absence of a unified legal framework that bridges the gap between formal pension laws and social assistance policies;

(ii) Limitation of enrolment due to partial NIN number coverage, especially in the informal employment sector;

(iii) Low awareness and limited participation due to low incomes among informal workers;

(iv) Limited smartphone access and digital skills, especially in rural areas, restrict effective use of online platforms and member services;

(v) Climate and economic shocks – floods, droughts, and income volatility reduce voluntary contributions and increase distress withdrawals among vulnerable members;

(vi) Mismatch between the fund's assets and the specific needs of informal workers due to investment in illiquid investment portfolios, i.e., large concentration in large real estate projects;

(vii) Limited outreach efforts and pension services delivery in rural areas;

(viii) Weak enforcement of pension services uptake in the informal employment sector compared to the mandatory nature in the formal employment sector;

(ix) Limited disaggregated data in both formal and informal sector workers, restricting effective targeting, contribution design, and policy decisions;

(x) Climate-related employment shocks – Disruptions to fishing and seaweed farming reduce contributions and increase demand for unemployment and social protection benefits; and

(xi) Late and inconsistent contribution compliance – delays in employer remittances, particularly among private SMEs, slow benefit processing, and weakened fund cash flows.

4.4.3 Pension Services through Government Social Assistance Programmes

From 2023 to 2025, Government social assistance recorded measurable expansion in both benefit adequacy and delivery systems across Tanzania Mainland and Zanzibar through the Productive Social Safety Net (PSSN) implemented by Tanzania Social Action Fund (TASAF) and the Zanzibar Universal Pension Scheme (ZUPS).

Under PSSN, the Government sustained regular cash transfers and livelihood support to poor and vulnerable households while improving service delivery systems. From 2023 to 2025, the programme was strengthened in the digitization of community groups for group digital savings and credits through partnerships with banks and mobile money operators, and operationalization of digital savings platforms to promote access and welfare by beneficiaries. To date, 76,070 savings groups comprising 1,012,849 members were created, the majority of whom were women (89.0 percent). Out of the total beneficiaries, 52.9 percent were linked to and opened savings accounts in banks, most of them engaged in small-holding farming. In addition, total beneficiaries' group savings of TZS 17.50 billion were mobilized, issuing the total loans of TZS 8.90 billion by the end of the evaluation period.

In Zanzibar, the Universal Pension Scheme consolidated the 150 percent increase in monthly benefits implemented in 2022, raising the pension from TZS 20,000 to TZS 50,000 for elders aged 70 years and above. By December 2025, the scheme had reached 33,213 compared to 29,636 elders recorded by the end of December 2023. Strengthening measures which were implemented between 2023 and 2025 includes allocation of TZS 6 billion during FY 2023/24 and 2024/25 for renovation of Sebleni and Limbani elderly homes; issuance of 11,814 special identity cards out of 25,000 targeted to enable elderly priority access to free public services; and continued implementation of the Elder Persons Affairs Act No. 2 of 2020 to safeguard access to healthcare and social rights.

Challenges in Social Protection Services

(i) Limited domestic funding and a heavy reliance on foreign aid undermine the financial stability of programs like TASAF, making long-term growth and consistent service delivery unpredictable.

(ii) Data silos preventing a big picture view, causing unfair coverage and stakeholders' efforts fragmentation, i.e., anonymity of who is covered and not covered;

(iii) Low benefit amounts fail to keep pace with the rising cost of living and limited graduation from poverty;

(iv) Extremely limited coverage level. Outreach is less than one (1) percent of the total population in both TASAF and ZUPs. Further, ZUPS covers the older segments, and

(v) Continuous exclusion due to limitations in identification caused by partial implementation of the National ID issuance.

4.5 Access and Usage of Payment Services and Digital Financial Services

Payment systems infrastructure continued to support access to formal financial services by enabling efficient, secure, and affordable transactions for individuals, businesses, and the Government. Between 2023 and December 2025, the ecosystem recorded sustained growth, with expanding digital payment systems driving increased access to and usage of digital financial services, particularly among underserved populations, in line with the implementation of the National Financial Inclusion Framework 2023–2028. This section presents the performance of access to and usage of payment and digital financial services.

4.5.1 Access and Usage of Payment Services

In the review period, the number of active mobile money accounts recorded an increase by 46.5 percent to 75.8 million, and the number of mobile money agents also increased by 59.7 percent to 2.0 million agents, compared to their positions recorded by the end of the year 2023. The growth underscores the continued centrality of mobile money in expanding financial inclusion in the underserved rural areas and to the excluded population segments (**Table 20**).

Table 20: Mobile Money and Point of Sales

Category	2023	2024	2025	% change (2023 - 2025)
Number of active mobile money accounts (Million)	51.7	60.8	75.8	46.5
Number of registered mobile money agents (Million)	1.2	1.5	2.0	59.7
Merchant point of sales (POS)	8,652.0	9,655.0	11,803.0	36.4

Source: BOT

During the same period, payment systems interoperability was enhanced to enable broader participation in the formal financial services, particularly through the launch of the Tanzania Instant Payment System (TIPS) in March 2024. Forthwith, the launch of TIPS brought a notable impact on the usage of banking and mobile money services by eliminating costs in card payments, and easing retail interbank transfers, wallet-to-bank, and bank-to-wallet payments charges.

While card payment charges at merchant Point of Sale (POS) are being reduced to zero, charges on retail bank-to-bank transfer were from TZS 0.00 to the maximum of TZS 2,000 for transferring up to the amount of TZS 20.00 million, with an average charge of TZS 12,000 on average. Similarly, charges on wallet-to-bank and bank-to-wallet transfer were also between TZS 10 and TZS 4,500 for transferring up to the amount of TZS 0.5 million, and charges at TZS 5,000 for transferring any amount above TZS 0.5 million.

Following the easing of charges, volume of TIPS transactions increased by 56.1 percent to 517.7 million, while the total value of transactions recorded more than doubled to TZS 37,206.61 billion (**Table 21**). On the other side, bank-to-wallet (B2W) transaction volume and values increased by 23 percent to 30.3 million and 32 percent to TZS 4,015.93 billion, respectively, while the wallet-to-bank (W2B) transaction volumes and values increased by 22.5 percent and 17.1 percent to 3.5 million and TZS 1.3 trillion (**Table 22**).

Table 21: All TIPS Transactions

	May 2023 – April 2024	May 2024 – April 2025	% Change
Volume (Thousands)	331.61	517.67	56.1
Value (TZS Billions)	17,970.97	37,206.61	107.0

Source: BOT

Further, following the reduction and harmonization of wallet-to-bank and bank-to-wallet charges, bank-to-wallet (B2W) usage of payment services increased substantially as reflected by transaction volume and values, which increased by 23 percent to 30.3 million and 32 percent to TZS 4,015.93 billion, respectively. Similarly, wallet-to-bank (W2B) transaction volumes increased by 22.5 percent to 3.5 million, while transaction values grew by 17.1 percent to TZS 1,332.11 billion, respectively (**Table 22**).

Table 22: Bank to Wallet and Wallet to Bank Transactions

	April – June 2025		July – September 2025		% Change	
	Bank to Wallet	Wallet to Bank	Bank to Wallet	Wallet to Bank	Bank to Wallet	Wallet to Bank
Volume (Million)	24.66	2,854.32	30.34	3,495.31	23.0%	22.5%
Value (Billion)	3,042.19	1,137.6	4,015.93	1,332.11	32.0%	17.1%

Source: BOT

Equally important, the widespread uptake of mobile money services and implementation of TIPS continued to play a central role in advancing the cashless economy initiative. Consumers reduced their preference of reliance on cash transactions, preferring to retain funds in bank accounts and mobile wallets for payment purposes and lowering barriers to entry through greater convenience.

4.5.2 Digital Financial Services

In enhancing digital financial services, the banking services regulator collaborated with FinTechs to introduce savings channels that enabled to improve saving and access to credit using their digital wallets. Major digital solutions were Halo Yako, Kamilisha, Kibubu, Mgodi, Songesha, M-Koba, M-Pawa, Nivushe, Timiza, Bustisha, Wezesha, Vikoba, and Halal, all issued through partnerships between banks and electronic money issuers.

In the insurance services, developments were recorded in digital distribution channels, including a WhatsApp chatbot for instant policy issuance and premium payments; an online aggregator allowed customers to make insurance choices and uptake decisions electronically. Through these digital solutions, insurance services expanded to the excluded groups, mostly through taking advantage of microinsurance and index-based agricultural insurance.

In the capital markets services, various digital platforms were introduced to facilitate individuals' participation in various investment opportunities.

Key factors that boosted the access and usage of payments and digital financial services, among others, include the following:

(i) Implementation of policies aimed at enhancing systems interoperability and affordability;
(ii) Increased innovation and public adoption of inclusive digital payment products;
(iii) Enhanced collaboration and partnership between the public and private sectors on the provision of innovative digital financial products and platforms, which fostered access to micro-credit, micro-savings, and simplified payments through virtual cards;

(iv) Increased ownership of mobile phones, financial services awareness, and convenience of access and usage of digital platforms;

(v) Enhancement of TIPS that eased inter-operations between electronic money issuers and banks to facilitate the provision of financial services;

(vi) Increased public awareness to build user confidence and drive adoption of electronic payment channels;

(vii) Improved internet connectivity, allowing more individuals, including those in remote areas, to apply for and receive digital loans;

(viii) Implementation and adoption of an interoperable Quick Responses Code (TANQR); and development of the Government e-Payment Gateway (GePG) use case in TIPS; and

(ix) Increase cases of scrupulous lending in digital lending activities, calling for enhanced regulation and consumer protection efforts in microfinance institutions.

Despite progress, payment services continue to face financial challenges such as:

(i) Limited consumers' awareness of TIPS and its benefits;

(ii) High cost of purchasing and maintaining POS machines and other payment systems, especially by MSME merchants or normal shops, leading to continuing low usage of cards for payment, limiting usage expansion in rural areas;

(iii) Limitations on managing transaction thefts on card payments, causing many merchants to prefer cash payments over cards;

(iv) Continued high preference for cash, which limits full adoption of digital payments;

(v) Cybersecurity risks and fraud incidents remain a threat to consumer trust and confidence in payment systems infrastructure and digital financial services;

(vi) Limited studies on financial capabilities and behavioral aspects influencing the adoption of digital financial services;

(vii) Low digital financial literacy limits users' ability to fully utilize available digital products;

(viii) High costs associated with digital financial services; and

(ix) A persistent digital divide between rural and urban populations also constrains inclusive access in rural areas.

4.6 Financial Consumer Protection

Financial consumer protection remains a critical pillar in the implementation of the NFIF3, as it underpins trust, confidence, and sustained participation of individuals in the financial system. During the review period, regulators continued to strengthen consumer protection through enhanced financial literacy initiatives, improved complaints resolution mechanisms, and increased use of digital and mass media channels. Progress recorded between 2023 and 2025 demonstrates growing institutional capacity, wider public outreach, and gradual improvements in responsiveness to consumer grievances, contributing to inclusive and responsible use of financial services.

4.6.1 Financial Literacy Initiatives

During the NFIF3 implementation period, the banking sector regulator (BOT), in collaboration with key stakeholders, recorded steady progress in advancing financial literacy initiatives nationwide. Stakeholders operationalized two complementary delivery streams, off-schooling and on-schooling programs, to enhance financial capability across different population segments. Under the off-schooling program, the introduction of Certified Financial Educators (CFEs) in July 2024 significantly expanded outreach at the community level. By December 2025, the number of CFEs had increased to 1,167 from none before the program's introduction in 2023.

Through CFEs and financial service providers, a cumulative total of 155,730 outreach activities were conducted across urban and rural areas, reaching approximately 1.67 million people through digital platforms, radio, television, and online channels. Out of the total outreach, 47.5 individual reached were female, and 52.5 percent were male.

In parallel, the on-schooling program, financial literacy programme was inculcated in the primary and secondary education curricula and taught in the higher education system. The implementation and monitoring tools for financial literacy in higher education were being prepared to support the smooth implementation of the programme.

Meanwhile, the insurance services regulator implemented financial literacy and awareness programmes and reached 15.37 million individuals by 31st December 2025, an 84.3 percent increase compared to the number of people reached by December 2023. The increase was driven by expanded outreach across more regions, greater use of mass and digital media, and integration of insurance education into socio-economic empowerment programmes. The awareness initiatives primarily targeted women, low-income households, and informal sector participants. Further, the Capital Markets Services regulator conducted sustained investor education initiatives across the country, aimed at promoting informed, responsible, and inclusive participation in the capital markets, which also targeted women, youth, and first-time investors. Following the implementation of the awareness initiatives, investors' participation in the capital markets has strengthened, as shown in the capital markets services performance section.

Furthermore, the Ministry of Finance (MOF) implemented the National Financial Education Programme (NFEP 2021/22–2025/26) by conducting the National Financial Services Weeks, Rural Financial Education Program, and Access to Finance Project – Jenga Uwezo, Sabasaba and Nanenane Exhibitions, and through social media platforms and films. Through the financial services weeks, 19,963 individuals were reached in Tanga, Arusha and Mbeya regions; 64,125 reached in 12 regions through the Rural Financial Education Programme; as well as 640 entrepreneurs and capacitated 50 local trainers through The Access to Finance: Jenga Uwezo project in Morogoro, Tanga, Lindi, and Mtwara.

4.6.2 Complaints Resolution

In the period from 2023 to 2025, financial services regulators and FSPs continued to strengthen financial complaints handling mechanisms to strengthen trust and confidence in the financial system in line with the NFIF3 objectives. The mechanisms included improving access to redress, strengthening internal handling systems, and enhancing the resolutions and redressal systems in the FSPs. In the banking sub-sector, the complaint resolution rates were higher at 97.7 percent resolved by the Bank and 97.4 percent resolved by FSPs compared to 91.3 percent and 94.3 percent, respectively, which were in 2023. To improve efficiency in the resolution process, the Bank of Tanzania automated and implemented the complaint resolution system (Sema na BOT system).

In the Microfinance sub-sector, it was focused on improving the complaint handling mechanisms whereby 453 Tier 2 microfinance institutions had put in place the complaint handling systems in 2025, compared to 206 institutions in 2023. Despite this progress, the limited availability of data in the sub-sector continued to constrain the quality and frequency of financial inclusion analysis.

In the insurance sub-sector, the complaint resolution rate improved to 73.9 percent, compared to 69.7 percent in 2023. This improvement is attributed to measures implemented by TIRA, including the issuance of the Guidelines on Insurance Complaints Management, 2025, which established standardized procedures and timelines for handling complaints by both the regulator and insurance service providers, as well as the implementation of an online complaints handling system through the TIRAMIS System.

4.6.3 Market conduct

Market Conduct entails the identification and enforcement of market misconduct that poses significant market conduct risks to consumers. In the implementation period, regulators implemented market conduct supervision to ensure that FSPs comply with legal and regulatory frameworks that foster consumers' fair treatment. The supervisions covered off-site analysis and on-site supervisions, and mystery shopping, aiming at mitigating the following market conduct risks: Inclusive and competitive marketplace; Transparency, disclosure, and marketing; Professional Ethics and Standards; Due Care; Protection, Safety and Security; Suitability and Legal and Compliance.

The following factors contributed to the successful implementation of the consumer protection initiatives:

(i) Strong legal and regulatory environment supporting financial consumer protection initiatives;
(ii) Improved coordination among stakeholders;
(iii) Structured financial literacy delivery mechanisms and expanded use of digital and mass media platforms;
(iv) Implementation of the CFE programme and integration of financial education into formal schooling and broader empowerment programs;
(v) Enhanced sustainability, inclusion, and outreach, while gender-responsive approaches supported participation of women and other underserved groups;

(vi) Existence of complaint resolution systems within regulations and financial service providers;

(vii) Standardized procedures and effective coordination between regulators and FSPs; and

(viii) Use of digital platforms and media increased consumer awareness.

However, implementation of consumer protection initiatives faced challenges, including:

(i) Limited financial resources to some of the institutions for the implementation of consumer protection initiatives;

(ii) Limited financial literacy outreach in rural areas and misrepresentation of the Financial Educators to users;

(iii) Fragmentation of financial literacy efforts among regulators;

(iv) Lack of tools for consumer protection and financial literacy programs to priority population segments;

(v) Difficult on measuring long term impacts of consumer protection due to limited monitoring and evaluation process and lack of demand-side data; and

(vi) Scrupulous lending practices and weakening financial consumer protection, especially in Microfinance and digital lending services.

CHAPTER 5: PERFORMANCE OF NFIF3 MONITORING FRAMEWORK INDICATORS

Performance of NFIF3 monitoring indicators shows a strong momentum toward the 2028 targets, with most indicators meeting or exceeding their 2025 benchmarks. Significant gains are evident in digital connectivity, credit infrastructure, financial capability, and welfare outcomes. However, selected structural and service-quality gaps remained, requiring targeted policy and supervisory interventions to sustain inclusive and resilient financial sector development.

5.1 Access Dimension Targets

Assessment of NFIF3 indicators' performance in the access dimension demonstrated substantial progress across most indicators when compared to both the 2023 baseline and the 2025 targets.

The proportion of adults living within 5km of a financial access point increased from 89.0 percent in 2023 to 93.0 percent in 2025, exceeding the 92 percent target and moving closer to the 2028 target of 95 percent. Similarly, MSMEs with formal registration improved from 10.0 percent to 12.5 percent, surpassing the 12 percent 2025 target and progressing toward the 15 percent end target.

Digital access indicators recorded strong performance, with mobile phone ownership increasing significantly from 71.0 percent to 74.1 percent, exceeding the 73 percent 2025 target and on the right track towards the 2028 target of 75 percent. Internet access among adults also increased from 31.0 percent to 31.6 percent, below the 40 percent 2025 target and 50 percent 2028 target.

Credit infrastructure indicators showed exceptional improvement. The proportion of borrowers with credit history in the Credit Reference System increased from 30.0 percent to 87.8 percent due to the enforcement of the regulation, substantially exceeding 33 percent (2025 target). Meanwhile, as of December 2025, all MSME borrowers seemed to have their credit history in the credit data bank.

Account ownership indicators reflected steady progress. Adults with accounts capable of transacting with FSPs are estimated to increase from 76.0 percent to 81.0 percent, surpassing the 80 percent 2025 target and progressing toward the 85 percent 2028 target. However, MSMEs with an account in FSPs recorded only a marginal increase from 11.0 percent to 11.6 percent. Although marked as above the 2025 target, the performance remains below the 13 percent target and indicates slower progress toward the 16 percent (2028 goal).

Proportion of adults[6] with a unique and verifiable identification increased from 58.0 percent to 60.0 percent, demonstrating continued progress in expanding identification coverage and strengthening the foundation for inclusive access to financial services. While slightly below the 2025 target of 63 percent, the improvement provides a strong basis for further targeted interventions to accelerate progress towards the 2028 target.

The results highlight strong gains in digital connectivity and credit information coverage, moderate improvements in physical and account access, and a critical need to strengthen foundational identification systems and MSME financial inclusion to sustain progress toward the 2028 targets.

5.2 Usage Dimension Targets

Performance of usage dimension indicators under NFIF3 reflects strong and broad-based progress, with most indicators exceeding their 2025 targets and several already approaching or surpassing the 2028 benchmarks.

Active account usage among adults is estimated to increase from 60.0 percent in 2023 to 72.5 percent in 2025, surpassing the 70 percent target and moving closer to the 75 percent end target for 2028. This indicates not only improved access but meaningful engagement with formal financial services.

The proportion of adults using more than one financial service or product is estimated to rise from 33.0 percent to 48.0 percent, exceeding the 45 percent (2025 target) and nearing the 50 percent (2028 target). This suggests increasing diversification in financial behaviour and deeper financial integration among adults.

[6] 16 years and above

Participation in capital markets improved from 2.4 percent to 5.8 percent, surpassing the 5 percent (2025 target) and progressing toward the 10 percent (2028 target). Similarly, insurance coverage expanded markedly from 10.3 percent to 23.4 percent, exceeding both the 15 percent (2025 target) and the 20 percent (2028 target), reflecting strong growth in risk mitigation and financial resilience mechanisms.

Borrowing from FSPs increased substantially from 11.0 percent to 30.0 percent, outperforming the 20 percent (2025 target) and already exceeding the 27 percent (2028 target). This demonstrates enhanced credit uptake and improved intermediation within the formal financial system.

The share of MSME credit to total credit rose from 12.0 percent to 22.7 percent, surpassing the 20 percent (2025 target) and advancing toward the 25 percent (2028 target). This indicates improved credit allocation to productive sectors and MSME financing.

However, the indicator on the percentage of MSMEs with an active account at FSPs (baseline 31.0 percent, target 38 percent) remains under review, as the 2025 performance is not available and is noted to contradict Indicator 1.2.2. This inconsistency requires data reconciliation and revision to ensure coherence across access and usage indicators.

Generally, the Usage Dimension demonstrates strong momentum, particularly in active account usage, credit uptake, insurance penetration, and financial product diversification. Continued focus on MSME account activity data consistency and sustained growth in investment participation will be critical to achieving the 2028 targets.

5.3 Quality Dimension Targets

The quality dimension indicators present a mixed but insightful performance picture by December 2025, with strong progress in consumer capability and institutional frameworks, alongside notable challenges in service outcomes and consumer experience.

Between the 2023 baseline and 2025, consumer capability indicators improved significantly. The proportion of adults confident engage with financial service providers is estimated to increase from 56.0 percent to 67.3 percent, surpassing the 65 percent Mid-Term target and moving toward the 70 percent (2028 goal). Financial literacy is estimated to rise from 60.0 percent to 66.3 percent, exceeding the 2025 target of 65 percent, while digital financial literacy rises from 40.0 percent to 52.5 percent, slightly above the 50 percent target and progressing toward the 55 percent end target. These gains indicate that consumers are increasingly equipped with the knowledge and skills necessary to participate effectively in the financial system.

Institutional quality frameworks have also strengthened. The proportion of FSPs with complaint-handling mechanisms increased markedly from 5.0 percent to 33.3 percent, surpassing both the 15 percent (2025 target) and the 30 percent (2028 target). This reflects significant regulatory and supervisory progress in formalizing consumer protection systems across providers.

Meanwhile, service effectiveness outcomes reveal areas of concern. The percentage of complaints resolved by FSPs marginally increased from 85.0 percent at baseline to 85.1 percent in 2025, below the 90 percent, 2025 target. This suggests that while complaint mechanisms are increasingly in place, their efficiency and effectiveness require urgent strengthening.

Consumer experience indicators seemed to underperform relative to targets. The proportion of financial consumers who can afford financial services declined from 80.0 percent to 67.3 percent, below the 85 percent target. Similarly, satisfaction with financial services fell to 67.3 percent against an 85 percent target. Confidence in financial service providers, although relatively high at 82.5 percent, remains below the ambitious 89 percent (2025 target), though it is approaching 85 percent (2028 goal).

Overall, the Quality Dimension demonstrates strong progress in financial capability and the establishment of consumer protection structures. However, affordability, satisfaction, trust outcomes, and complaint resolution performance highlight critical gaps that must be addressed to ensure that improvements in access and usage translate into meaningful financial well-being and sustained confidence in the financial system.

5.4 Welfare Dimension Targets

The Welfare (Financial Health) Dimension demonstrates strong and consistent progress in 2025, with all indicators exceeding their Mid-Term targets and advancing steadily toward the 2028 goals. The results suggest improving financial resilience, stability, and long-term security among both adults and MSMEs.

Financial stability indicators show notable improvement. The proportion of adults able to pay bills, debts, and other financial obligations on time is estimated to increase from 14.0 percent in 2023 to 21.5 percent in 2025, surpassing the 20 percent target and progressing toward the 25 percent end target. Among MSMEs, the ability to meet financial obligations is estimated to rise from 3.0 percent to 11.8 percent, exceeding the 10 percent (2025 target) and moving toward the 15 percent (2028 target). These gains reflect strengthening cash flow management and financial discipline.

Resilience indicators also improved. Adults who can access emergency funds within 30 days without difficulty are estimated to increase from 55.0 percent to 67.5 percent, surpassing the 65 percent target and approaching 70 percent (2028 goal). Similarly, MSMEs with access to emergency funds are estimated to rise from 71.0 percent to 76.0 percent, exceeding the 75 percent target and progressing toward the 80 percent end target. This demonstrates enhanced capacity to absorb financial shocks.

Risk mitigation and preparedness indicators recorded encouraging growth. MSMEs with insurance coverage are estimated to increase from 4.4 percent to 11.4 percent, surpassing the 10 percent (2025 target) and advancing toward the 15 percent (2028 target). In addition, MSMEs with contingent financing plans rose from 50.0 percent to 56.3 percent, exceeding the 55 percent Mid-Term target and moving toward the 60 percent end target.

Long-term wealth accumulation indicators also improved. The proportion of adults with investments in financial and real assets is estimated to increase from 28.0 percent to 36.8 percent, surpassing the 35 percent (2025 target) and progressing toward the 40 percent (2028 target). Pension account ownership more than doubled from 3.6 percent to 8.1 percent, exceeding the 5 percent (2025 target) and moving closer to the 10 percent end target, reflecting strengthening retirement preparedness.

Overall, the Welfare Dimension reflects meaningful improvements in financial resilience, risk management, and long-term financial security. Continued efforts to deepen insurance uptake, pension participation, and financial planning among adults and MSMEs will be critical to sustaining momentum toward the 2028 targets and translating access and usage gains into tangible improvements in financial well-being.

To complement the quantitative assessment presented above, selected success stories illustrating how these welfare improvements have translated into tangible benefits are provided in **Annex 3**.

CHAPTER 6: EMERGING ISSUES, DEVELOPMENT AND INTERNATIONAL COOPERATION

6.1 Emerging issues

Tanzania's financial sector experienced various developments in emerging issues because of global innovations, policy research, technological advancements, and the adoption of new regulatory and policy frameworks. Below is the analysis of inclusive emerging issues in Tanzania.

6.1.1 Cryptocurrencies

Cryptocurrency activities in Tanzania exist mainly through offshore platforms and informal peer-to-peer transactions, with no licensed Virtual Asset Service Providers operating in the country and no recognition of crypto assets as legal tender or approved payment instruments. From a regulatory perspective, cryptocurrencies remain prohibited for public use, guided by the 2019 Public Notice issued by the Bank of Tanzania, which warned the public of consumer, financial stability, and AML/CFT risks. Since then, BOT has strengthened market surveillance, coordinated with key stakeholders, and supported the establishment of a national coordination framework involving FIU, TRA, TCRA, CMSA, DCI, POFP, MoF, and ICTC. A National Risk Assessment on Virtual Assets and VASPs was conducted under the Financial Intelligence Unit to identify key threats and vulnerabilities. Looking ahead, regulatory policy development is ongoing, informed by the risk assessment outcomes and controlled testing of digital-asset-related innovations through the FinTech Regulatory Sandbox introduced in 2024.

6.1.2 Central Bank Digital Currency (CBDC)

There is currently no Central Bank Digital Currency in circulation in Tanzania, and cash and existing electronic money instruments remain dominant in the payments landscape. CBDC is not yet recognized as legal tender and remains at a policy and design exploration stage. The Bank of Tanzania has completed an in-depth feasibility study assessing legal, policy, technological, operational, and financial stability implications of issuing a CBDC, which identified potential benefits in payments efficiency, financial inclusion, cross-border remittances, and innovation. Based on these findings, the Bank is advancing preparatory work for phased testing, including stakeholder engagement, design considerations, and alignment with national digital economy strategies, while maintaining a cautious, risk-based approach.

6.1.3 Inclusive sustainable finance

Inclusive sustainable finance is increasingly reflected in the Tanzanian market through bank lending and capital-market instruments targeting renewable energy, climate-smart agriculture, clean cooking, water and sanitation, affordable housing, SME resilience, and climate-risk insurance. From a regulatory standpoint, the Bank of Tanzania has issued binding guidelines requiring banks to integrate climate and sustainability risks into governance, risk management, credit decisions, and disclosures, while the Capital Markets and Securities Authority has established a legal framework for green, social, and sustainability-linked bonds and ESG-compliant capital-market instruments. These measures have shifted sustainable finance from voluntary initiatives toward mainstream financial intermediation. Going forward, continued product diversification, improved data and disclosures, and deeper capital-market participation are expected to scale sustainable and inclusive finance.

6.1.4 Financial Inclusion of Forcibly Displaced Persons

Forcibly Displaced Persons, particularly climate induced Internally Displaced Persons, remain largely excluded from formal financial services and continue to rely predominantly on informal savings and support mechanisms. There is no standalone regulatory framework targeting FDP financial inclusion, and interventions are addressed within the broader National Financial Inclusion Framework III. To address this gap, the Bank of Tanzania, in collaboration with the Alliance for Financial Inclusion, conducted a diagnostic study identifying income instability, high costs, documentation challenges, low financial and digital literacy, and limited infrastructure as key barriers. The findings are being used to inform NFIF3 implementation, with future efforts focused on digital and agent-based financial services, financial literacy, digital identification, and climate-responsive financial products to improve resilience and inclusion.

6.1.5 Islamic Finance

Islamic finance in Tanzania is present through Islamic banking windows, limited standalone non-interest banking products, Takaful insurance, and Shariah-compliant capital-market instruments, though overall market penetration remains modest. Regulatory oversight has evolved from policy accommodation to formal regulation, with the Bank of Tanzania issuing the Non-Interest Banking Business Regulations, 2025, which provide a dedicated framework for licensing, Shariah governance, fund segregation, risk management, and supervisory reporting. Takaful products operate under the existing insurance regulatory framework supervised by the Tanzania Insurance Regulatory Authority, while Islamic capital-market instruments are regulated by the Capital Markets and Securities Authority. Going forward, the formalization of non-interest banking is expected to support gradual market expansion across banking, insurance, and capital markets while maintaining prudential discipline and financial stability.

6.2 International Cooperation, Good Practices and Lessons Learned

6.2.1 International Cooperation

Tanzania engages with international partners to advance financial inclusion, digital finance, and financial sector development through collaborations, capacity building, research partnerships, and global platforms that strengthen policy design, evidence-based decision-making, and institutional capacity in line with international good practices. The event outlines Tanzania's partnerships, collaboration and achievements.

(i) IFC Partnership: Tanzania is engaging with the International Finance Corporation to advance financial inclusion and productive sector development, with proposed technical and advisory support in agri-finance, credit infrastructure, climate and sustainable finance, women’s economic empowerment, and digital financial services;

(ii) IPA–TADFRI Collaboration: Tanzania is collaborating with Innovations for Poverty Action under the Tanzania Affordable Digital Finance Research Initiative (TADFRI) to generate evidence on the cost drivers of digital financial services affordability through five targeted research streams to inform financial inclusion policy implementation;

(iii) ESCB Capacity-Building Program: Tanzania is participating in an EU-funded capacity-building program with the European System of Central Banks aimed at strengthening central banking capacity through training, policy dialogue, bilateral exchanges, and knowledge sharing on emerging supervisory and policy issues;

(iv) FSDT Collaboration: Tanzania is working with the Financial Sector Deepening Trust to support implementation of national financial inclusion initiatives through policy and regulatory support, financial infrastructure development, capacity building, research, data generation, and stakeholder coordination;

(v) AFI Recognition: Tanzania, through the Bank of Tanzania, won the 2025 Nestor Espenilla Jr. Financial Inclusion Innovation Award at the AFI Global Policy Forum, recognizing the country's leadership in promoting digital financial inclusion and innovation through initiatives such as the Fintech Regulatory Sandbox, national QR code standard (TANQR), and instant payment systems. While Mrs. Nangi Massawe, Manager of the Financial Inclusion Department at the Bank of Tanzania, received the AFI Technical Leadership Award in recognition of her technical contribution, knowledge exchange, and support to peers across AFI member countries on financial inclusion policy and innovation, and

(vi) AFRACA: The Bank of Tanzania engages with the African Rural and Agricultural Credit Association (AFRACA) as a strategic regional platform for promoting agricultural finance, rural credit systems, and inclusive financing models for smallholder farmers and agri-MSMEs. Through AFRACA, BoT participates in policy dialogue, peer learning, and exchange of best practices on agricultural credit guarantees, value chain financing, risk-sharing mechanisms, and digital solutions for rural finance. This collaboration strengthens Tanzania's capacity to enhance agri-finance frameworks, improve credit access for productive sectors, and align national initiatives with continental good practices in agricultural and rural financial inclusion.

6.2.2 Good Practices and Lessons Learned

(a) From selected countries

Tanzania's approach to advancing financial inclusion demonstrates unique strengths and opportunities when assessed against peer countries across regional and global blocs. The analysis that follows compares Tanzania with selected counterparts Kenya and Uganda from the East African Community (EAC); South Africa, Zambia, and Zimbabwe from the Southern African Development Community (SADC); and international and African benchmarks, including India and Nigeria, as well as Jordan from the Middle East, thereby offering a broad, comparative perspective on financial inclusion strategies. The analysis anchored key financial inclusion issues that collectively shape the design and implementation of national financial inclusion frameworks, encompassing the vision and definition of financial inclusion, the underlying theory of change, key drivers and enablers, priority target segments, strategic focus areas, expected outcomes and targets, monitoring and evaluation systems, governance and institutional arrangements, the role of the private sector, and notable good practices.

Table 23: Country comparison

Theme	Country	Lessons Learnt
Financial Inclusion Level	South Africa	South Africa's experience shows that access alone does not equal meaningful inclusion. NFIF3 Mid-Term should prioritize the usage of quality and financial health indicators over access targets.
Vision & Definition of Financial Inclusion	Kenya	NFIF3 could strengthen vision language by explicitly adding 'effective usage' and 'responsibly delivered' to emphasize quality and sustainability outcomes.
	Zambia	NFIF3 could incorporate 'informed usage' and 'dignified' service delivery language to reinforce consumer empowerment and respect.
Theory of Change	South Africa	NFIF3 should strengthen explicit causal linkages between quality/welfare dimensions and measurable socio-economic impact indicators.

Theme	Country	Lessons Learnt
	India	NFIF3 should consider India's 'financial health' outcome framework (safety, security, resilience, discipline) for welfare dimension measurement.
Key Drivers / Enablers	Kenya	NFIF3 should explicitly incorporate alternative data and DPI principles as strategic enablers in the 2026-2028 action plan.
	South Africa	NFIF3 should strengthen focus on interoperability and proportionate regulation as explicit enablers beyond the current framework.
	Zambia	NFIF3 should strengthen intra-government coordination mechanisms beyond the NCFI structure to ensure policy coherence.
	Zimbabwe	NFIF3 could benefit from distinguishing between active drivers and foundational enablers in the conceptual framework.
	India	NFIF3 should strengthen coordination with livelihood and skills development programs to maximize financial inclusion impact.
Priority Segments	Zambia	NFIF3 should consider adding senior citizens/elderly as an explicit priority segment and strengthening disaggregated target-setting.
	Jordan	NFIF3 could strengthen income-based targeting by explicitly identifying the bottom income quintiles as a priority segment.
	Zimbabwe	NFIF3 could explicitly add elderly/pensioners, given pension coverage targets. Strengthening rural community focus beyond smallholder farmers.
Strategic / Focus Dimensions	Kenya	NFIF3 should elevate sustainable/green finance from the initiative level to a strategic dimension for the 2026-2028 period.

Theme	Country	Lessons Learnt
	Uganda	NFIF3 should consider elevating gender-inclusive finance from a cross-cutting issue to an explicit strategic dimension with dedicated targets.
	Zambia	NFIF3 could unbundle the quality dimension to explicitly track affordability, protection, and sustainability as separate focus areas.
	Zimbabwe	NFIF3 focuses on quality and welfare, aligns with this direction. The Mid-Term should verify that this shift is operationalized.
Expected Outcomes & Targets	Kenya	NFIF3 should strengthen the linkage between financial inclusion targets and broader development outcomes in the results framework.
	Zambia	NFIF3 should strengthen geographical disaggregation of targets and track district/regional level inclusion disparities.
	India	NFIF3 welfare dimensions could adopt explicit financial health outcome categories for a clearer measurement framework.
Monitoring & Evaluation System	South Africa	NFIF3 should strengthen socio-economic impact tracking within the M&E framework beyond financial inclusion of metrics.
	Zambia	NFIF3 should explore digital/real-time tracking capabilities and increase indicator comprehensiveness if gaps are identified.
	India	NFIF3 should balance supply-side reporting with regular demand-side surveys to verify actual consumer experience.
	Nigeria	NFIF3 should consider a tiered indicator structure: dashboard indicators for NC oversight and detailed indicators for NTC implementation tracking.

Theme	Country	Lessons Learnt
Governance & Institutional Structure	Uganda	NFIF3 should consider establishing an annual Financial Inclusion Forum for broader stakeholder engagement and a feedback mechanism.

(b) From Selected International Organizations

Based on the experience of other international organizations such as Alliance for Financial Inclusion (AFI), World Bank, International Monetary Fund (IMF), UN Secretary General's Special Advocate for Financial Health (UNSGSA), and United Nations Development Program (UNDP), Tanzania is learning that implementation of NFIF3 should focus not only on expanding access to financial services, but also on ensuring that these services are safe, affordable, and useful to people and businesses. Financial inclusion needs to improve financial well-being, resilience, and livelihoods, rather than only increasing the number of accounts or digital transactions.

Tanzania is also learning the importance of strong consumer protection and responsible finance as digital financial services continue to grow. Clear rules on pricing, lending practices, data protection, complaints handling, and financial literacy are necessary to reduce risks such as over indebtedness, fraud, and digital exclusion. Experience from other countries shows that digital enablers such as digital ID, interoperable payment systems, and agent networks are most effective when they are well coordinated and reliably serve users in remote areas.

In addition, Tanzania is learning that successful financial inclusion requires strong institutional coordination and clear leadership, particularly from the central bank, supported by effective collaboration across government and the private sector. There is also a clear lesson on the need for targeted approaches for women, youth, MSMEs, and rural and informal populations, rather than one approach for all. Furthermore, Tanzania is learning to prepare for emerging issues such as open finance, climate and green finance, and digital currencies, while strengthening risk management to ensure that innovation supports inclusion in a sustainable way. Tanzania's NFIF3 incorporates several notable practices while opportunities exist to adopt successful approaches from other countries. Tanzania's strengths include: the phased evolutionary approach building on lessons from NFIF1 and NFIF2; formal private sector integration in governance structures; the four-dimensional framework adding welfare to traditional access-usage-quality; the innovative TanFiX for cost-effective monitoring; sector-specific initiatives for smallholder farmers and fishers; and the WACFI committee for gender-focused coordination. From other countries, Tanzania could consider: South Africa's focus on meaningful usage rather than access, formal-informal sector integration, and social grant linkages; Zambia's ESG integration linking financial inclusion to climate resilience and green products; Zimbabwe's emphasis on financial health metrics (security, resilience, control, freedom), devolution for local economic development, and integration of climate-smart financial products; India's synergistic ecosystem approach integrating financial services with livelihood support, digital public infrastructure, and customer protection; and the common practice across multiple countries of using gender-disaggregated data to inform policy.

CHAPTER 7: RECOMMENDATIONS

7.1 Strengthening Institutional Alignment, Financing, and Accountability

The evaluation underscores the need to strengthen institutional alignment, accountability, and preparedness for sustainable financing of financial inclusion interventions within respective mandates. Each implementing institution should establish a dedicated NFIF3 budget line within its annual planning and budgeting cycle to ensure predictable and sustained funding, thereby reducing reliance on donor support. Furthermore, institutions should formally integrate NFIF3 objectives into their strategic and operational plans to enhance ownership, coherence, and measurable accountability. Implementing institutions should also strengthen performance accountability by assigning clear institutional responsibilities, establishing implementation milestones, strengthening institutional implementation capacity, and regularly reporting progress through the NFIF3 governance structure.

7.2 Prioritizing Financial Inclusion in Underserved Areas

Despite notable progress in digital connectivity and overall financial inclusion, outreach has progressed strongly, particularly in underserved and rural areas. Targeted regional financial inclusion strategies should be developed, leveraging local government structures to strengthen last-mile service delivery. Expanding rural digital infrastructure is critical; therefore, collaboration among TCRA, UCSAF, and telecommunications operators should prioritize network and internet expansion in low-inclusion regions. Financial service providers should also scale inclusive products and outreach programs tailored to these communities. These interventions should place greater emphasis on increasing effective usage of financial services and improving financial resilience and financial well-being alongside expanding access.

7.3 Enhancing Inclusive Product Diversification and Sustainable Financial Innovation

Financial institutions should be encouraged to develop affordable, needs-based financial solutions targeting underserved groups, including women, youth, and persons with disabilities (PWDs), smallholder farmers, and fishers. Efforts should also focus on strengthening digital and financial literacy to enhance effective product usage. In parallel, regulators should strengthen guidance on accessibility standards, consumer-centric design, and sustainability frameworks to promote inclusive and green financial products across the sector. Financial institutions should also continuously assess customer needs and service quality to ensure that financial products remain affordable, accessible, relevant, and capable of improving users' financial resilience, financial health, and welfare.

7.4 Improving Monitoring, Evaluation, and Data Systems

Financial sector regulators should enhance systems and processes for collecting, analyzing, and reporting disaggregated data across gender, age, geography, disability status, and MSME segments. Strengthening data harmonization, interoperability, and real-time reporting mechanisms will improve evidence-based policymaking, enhance performance tracking of NFIF3 indicators, and address inconsistencies across access and usage metrics. Efforts should also focus on integrating data systems across implementing institutions to enable timely decision-making, strengthen accountability, and facilitate continuous monitoring of NFIF3 implementation and timely evidence-based decision-making.

7.5 Establishing Thematic Targeted Working Groups for Priority Segments

There is a need to establish dedicated thematic working groups under the National Technical Committee (NTC) to design and coordinate targeted interventions for priority segments, including youth, MSMEs, PWDs, smallholder farmers, and fishers. These groups should develop segment-specific action plans, define measurable milestones, and strengthen stakeholder coordination to accelerate inclusive outcomes. The working groups should also regularly review implementation progress, identify emerging challenges, and recommend corrective actions to the National Technical Committee and National Steering Committee, where appropriate.

7.6 Reducing Fragmentation in Financial Consumer Protection

Reducing fragmentation in financial consumer protection requires stronger strategic coordination and clear alignment among sector stakeholders, particularly in financial literacy, market conduct supervision, and complaints resolution mechanisms. A harmonized framework that integrates consumer education initiatives (including the use of Certified Financial Educators), ensures consistent market conduct standards, and strengthens coordinated oversight of complaints handling systems will minimize duplication and regulatory gaps. This unified approach will enhance consumer trust, improve accountability, and promote a transparent and fair financial system. Financial literacy initiatives should increasingly focus on improving financial capability, business management capability, and responsible use of financial services among individuals and MSMEs.

7.7 Strengthening National Identification and business formalization system

Strengthening foundational identification systems remains critical for inclusive access. NIDA should intensify mobile registration efforts to expand National Identification Number (NIN) coverage, enabling reliable and real-time verification for financial service providers. Financial service providers should progressively integrate NIDA-enabled electronic Know Your Customer (e-KYC) solutions to facilitate seamless customer onboarding, strengthen identity verification, reduce onboarding costs, and improve access to formal financial services. In parallel, expediting implementation of the Secured Transactions Law will expand MSME access to credit through movable collateral. TRA and local government authorities should also introduce incentives to encourage MSME formalization, thereby broadening their access to formal financial services.

7.8 Addressing Emerging Issues and Promoting Innovation

The Financial Sector Development Fund should be strategically structured to support financial sector innovation, digital transformation, and technology-driven inclusion. Collaboration with innovation hubs such as BuniHub and DTBi under COSTECH can catalyze fintech solutions, expand youth entrepreneurship, and foster scalable innovations that address inclusion gaps across underserved segments. Priority should also be given to innovations that improve digital onboarding, digital payments, alternative credit assessment and credit scoring, and inclusive financial service delivery for underserved populations.

7.9 Revising NFIF3 Outcome Indicators and Action Plan Targets

Given the strong performance of several indicators and emerging structural gaps, NFIF3 outcome targets should be reviewed and recalibrated where necessary to maintain ambition and relevance toward 2028. Clear, measurable targets should also be incorporated into the NFIF3 Action Plan to strengthen implementation tracking, institutional accountability, and alignment between strategic objectives and operational deliverables. The revised results framework should further incorporate indicators that measure effective usage, financial health, service quality, financial resilience, and customer outcomes to complement traditional access indicators and provide a more comprehensive assessment of financial inclusion.

7.10 Introducing Targeted Interventions for Smallholder Farmers and Fishers

Introduce and scale up alternative credit scoring models for smallholder farmers and fishers by leveraging transaction histories, mobile money usage, warehouse receipt systems, and value-chain contracts to expand access to credit for those lacking traditional collateral. These models should be supported by clear, measurable targets within the NFIF3 Action Plan to enable effective tracking of outreach, performance, and impact, while ensuring alignment with revised outcome indicators toward 2028. The implementation of these interventions should be supported by strengthened partnerships among financial institutions, agricultural value-chain actors, guarantee schemes, and digital service providers to improve access to sustainable finance for smallholder farmers and fishers. In addition, the Secretariat should actively push, coordinate, and follow up implementation of all NFIF3 Action Plan activities specifically targeting smallholder farmers and fishers to ensure timely delivery and improved financial inclusion outcomes for these priority groups.

7.11 Strengthening Digital Trust, Cybersecurity, and Fraud Risk Management

As Tanzania's financial sector increasingly transitions towards a digital economy, strengthening digital trust should become a strategic priority for sustaining confidence in digital financial services. Financial sector regulators, financial service providers, telecommunications operators, digital infrastructure providers, law enforcement agencies, and other relevant stakeholders should strengthen collaboration to enhance cybersecurity resilience, improve cyber risk management, strengthen fraud prevention and detection mechanisms, promote cyber incident reporting and information sharing, and safeguard digital financial infrastructure against emerging cyber threats.

Priority should also be given to strengthening secure digital identity management through wider adoption of secure electronic Know Your Customer (e-KYC) solutions, robust customer authentication, digital identity verification, and secure onboarding processes. Financial institutions should continue investing in technologies and operational controls that reduce identity theft, account takeover, SIM swap fraud, phishing attacks, social engineering, digital payment fraud, and other technology-enabled financial crimes.

Strengthening digital trust and cybersecurity resilience will support greater confidence in digital financial services, promote responsible and secure digital innovation, facilitate wider adoption and active usage of digital financial services, and contribute to the development of a secure, inclusive, and resilient digital economy.

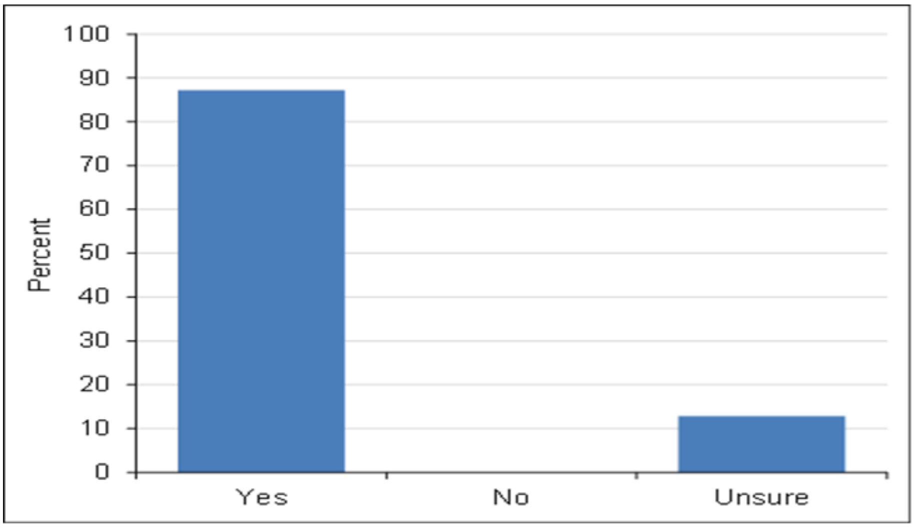
ANNEXES

Annex 1: Feedback from Implementing Institutions' Self-assessment

a) Achieving NFIF3 objectives by 2028

Stakeholders expressed strong confidence that NFIF3 is 'on track' to achieve its 2028 objectives, with 87.2 percent responding affirmatively, resulting in a confidence rating of 4.74 out of 5. Only 12.8 percent indicated uncertainty, and no one considered the framework 'off track' (Chart 3). Stakeholders highlighted effective stakeholder coordination, supportive policy reforms, and alignment of most activities with the action plan as key success factors.

23Chart 3:Is NFIF3 on track to achieve its objectives by 2028



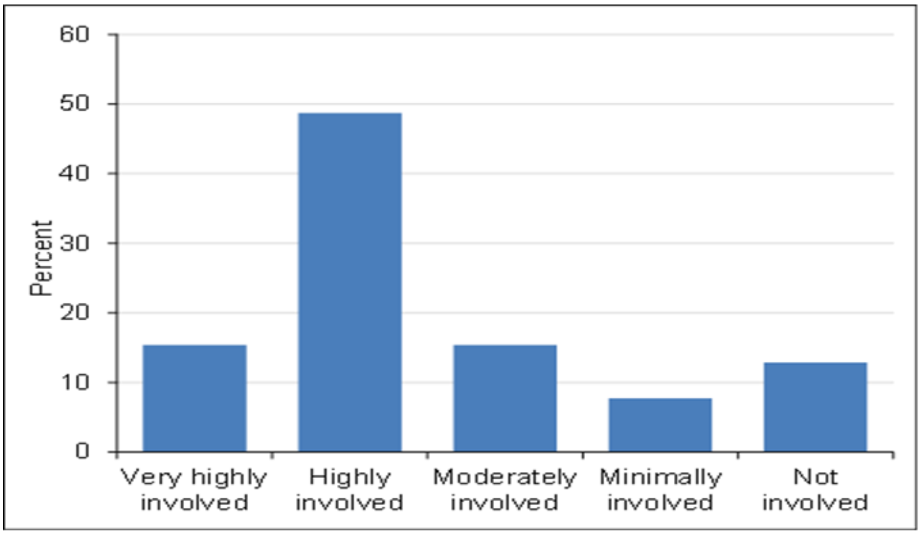
Source: Stakeholders' perception survey

However, stakeholders identified that there is a risk of compliance-driven or "box-ticking" exercise rather than solving fundamental constraints hindering the financial inclusion agenda. Some mentioned that gaps exist in the national identification system in the issuance of the National Identification Number. Widespread business informality and burdensome tax regimes were also cited as constraints for financial inclusion. Other challenges include limited awareness of the NFIF3 beyond Central Government institutions, especially at the community level, data inaccuracies, and insufficient budget to support effective initiatives. While stakeholders generally consider the framework to be on track, they emphasize that achieving the intended outcomes by 2028 will depend on stronger systems integration, improved data quality, sustained multi-stakeholder engagement, and deliberate efforts to address structural barriers that continue to hinder access to and usage of formal financial services.

b) Design and development of NFIF3

Stakeholders' involvement in the design and development of NFIF3 received a rating of 3.46 out of 5. Majority of respondents (64.1 percent) reported being 'highly' or 'very highly' involved, indicating strong participatory engagement in the framework's development. However, 20.5 percent reported minimal or no involvement. Stakeholders showed varied involvement in NFIF3 development, with most implementing institutions participating through committees, reviews, and consultations. Most respondents reported that they were involved from the design stage, providing inputs, attending workshops, and submitting data (Chart 4)

***24*Chart 4:Involvement in design and development of NFIF3**



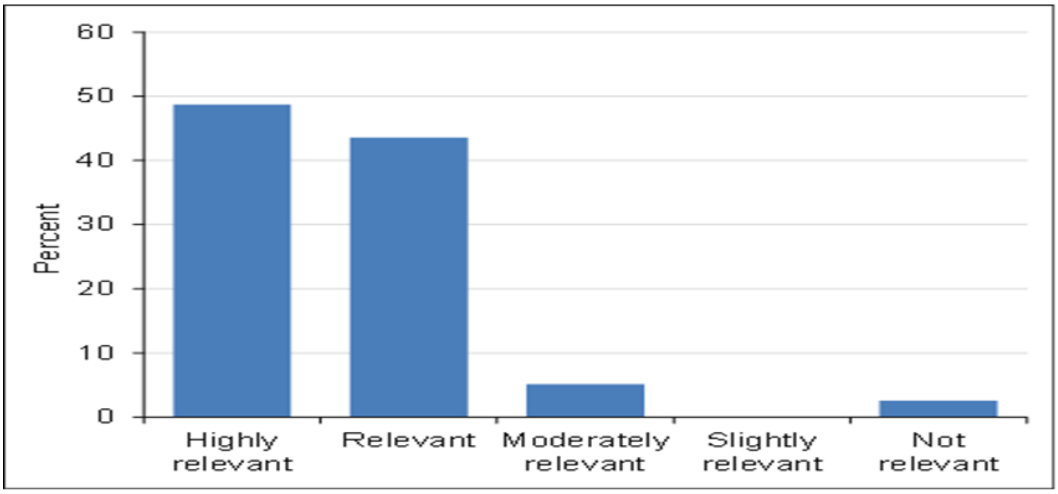
Source: Stakeholders' perception survey

Despite the notable involvement of stakeholders in the development of NFIF3, some gaps were observed. Some institutions reported that they participated only through questionnaires and joined the process at a later stage or missed key consultative sessions, while others were not yet established at the time of NFIF3 design. Several stakeholders noted that their institutions were not central to NFIF3 implementation or that they lacked a comprehensive understanding of the framework, with participation in some cases limited to the launch or selected training activities. Although broad consultations were undertaken, there remains scope to further expand and deepen stakeholder participation in future framework design processes to promote inclusivity, strengthen institutional ownership, and ensure comprehensive sectoral representation.

c) Relevance of NFIF3 to current financial inclusion challenges

NFIF3 received a relevance rating of 4.36 out of 5 from stakeholders regarding its alignment with Tanzania's current financial inclusion challenges. About 92.3 percent of stakeholders rated the framework as 'relevant' or 'highly relevant', demonstrating strong consensus that NFIF3 addresses the country's priority needs (Chart 5). Stakeholders affirmed NFIF3's relevance to Tanzania's financial inclusion challenges, emphasizing its shift beyond account ownership and usage to financial well-being. It was also noted that the framework incorporated most key stakeholders and was aligned with national agendas and international best practices. The emphasis on digital financial solutions is particularly valued given mobile money dominance in reaching rural and remote communities, alongside strengthened consumer protection mechanisms to safeguard users.

25Chart 5: Relevance of NFIF3 to current financial inclusion challenges



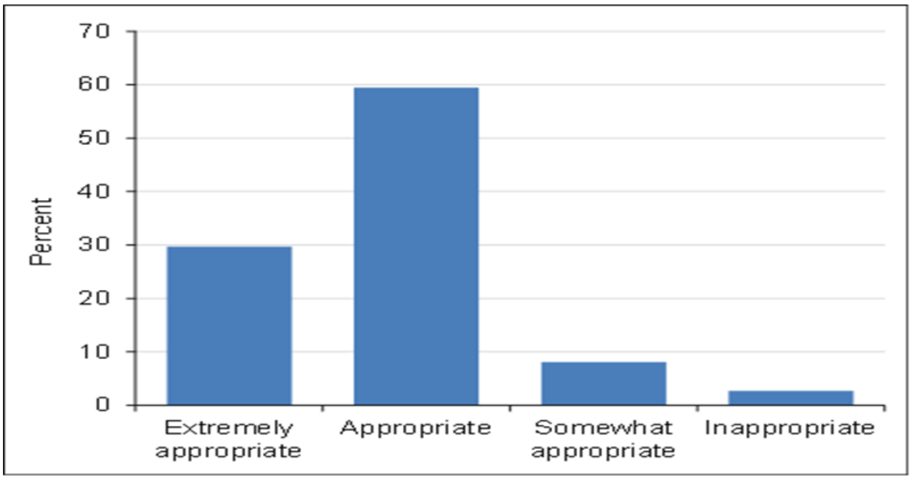
Source: Stakeholders' perception survey

Stakeholders, however, highlighted some implementation gaps, including limited progress in addressing informality, insufficient use of comprehensive surveys to systematically identify challenges, and unclear or underdeveloped pathways for tackling underlying structural barriers.

d) Appropriateness of NFIF3 financial inclusion definition

The NFIF3 definition of financial inclusion received an appropriate rating of 4.16 out of 5. An overwhelming 89.2 percent of stakeholders rated the definition as 'appropriate' or 'extremely appropriate', indicating strong consensus that the definition accurately captures Tanzania's financial inclusion priorities. (Chart 6). The NFIF3 definition of financial inclusion is widely regarded as appropriate and well aligned with Tanzania's socio-economic context and national development priorities, including Vision 2050. It comprehensively captures the multidimensional nature of financial inclusion by emphasizing access, usage, quality, and financial well-being. The definition reflects the realities of Tanzania's financial landscape, particularly the role of digital finance and agent banking in expanding inclusion. It also supports targeted interventions for vulnerable and previously marginalized groups, such as women, youth, PWDs, MSMEs, and rural populations. Overall, the definition provides a clear and practical framework for guiding policy actions and monitoring progress toward universal financial inclusion.

Chart 6:Appropriateness of NFIF3 financial inclusion definition



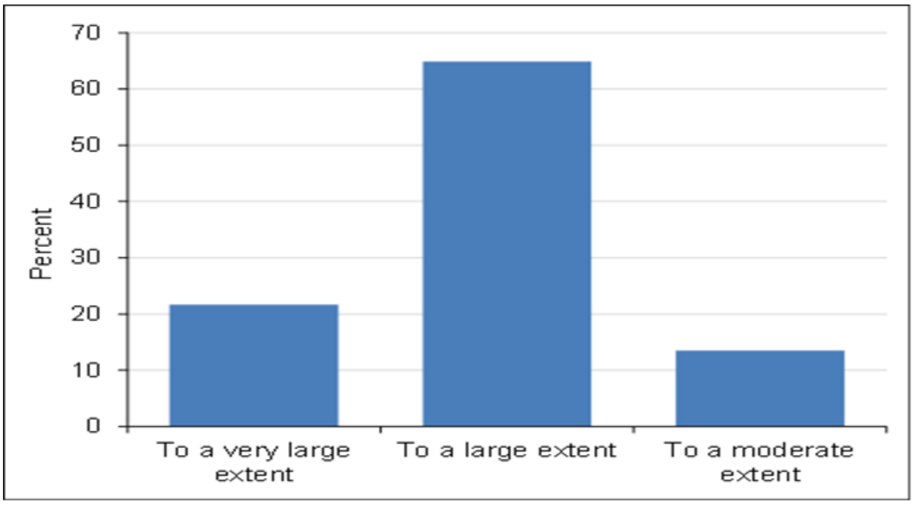
Source: Stakeholders' perception survey

Despite the strong endorsement of the NFIF3 financial inclusion definition, stakeholders identified some persistent challenges that affect its practical realization. Key concerns include affordability constraints that limit uptake of financial services, ongoing financing gaps for MSMEs, and last-mile inclusion challenges for low-income earners and persons in the informal sector, particularly where appropriate appraisal criteria are lacking. In addition, inadequate resource mobilization was highlighted as a constraint to scaling inclusive financial solutions. These challenges underscore the need for complementary policy and implementation measures to translate the conceptual strength of the definition into tangible and inclusive outcomes on the ground.

e) Contribution of NFIF3 initiatives in the attainment of its vision

NFIF3 initiatives received a contribution rating of 4.08 out of 5 toward achieving the vision of universal access, usage, quality, and financial well-being. An impressive 86.5 percent of stakeholders reported that the framework has contributed to a 'large' or 'very large' extent, with the remainder reporting 'moderate' contribution. (Chart 7). NFIF3 initiatives have substantially contributed to Tanzania's financial inclusion vision, underpinned by notable progress through digital finance, agent banking, and targeted interventions. In addition, achievement of the vision is underpinned by stakeholders' increased awareness about good financial habits, including savings culture, investment in financial instruments, and sustainable loan utilization. The implementation of the initiatives under the framework, particularly regulatory improvements and promoting equitable treatment across all groups regardless of locality, has successfully contributed to expanded access via mobile money and banking agent channels and enhanced service quality.

Chart 7:Contribution of NFIF3 initiatives in the attainment of its vision



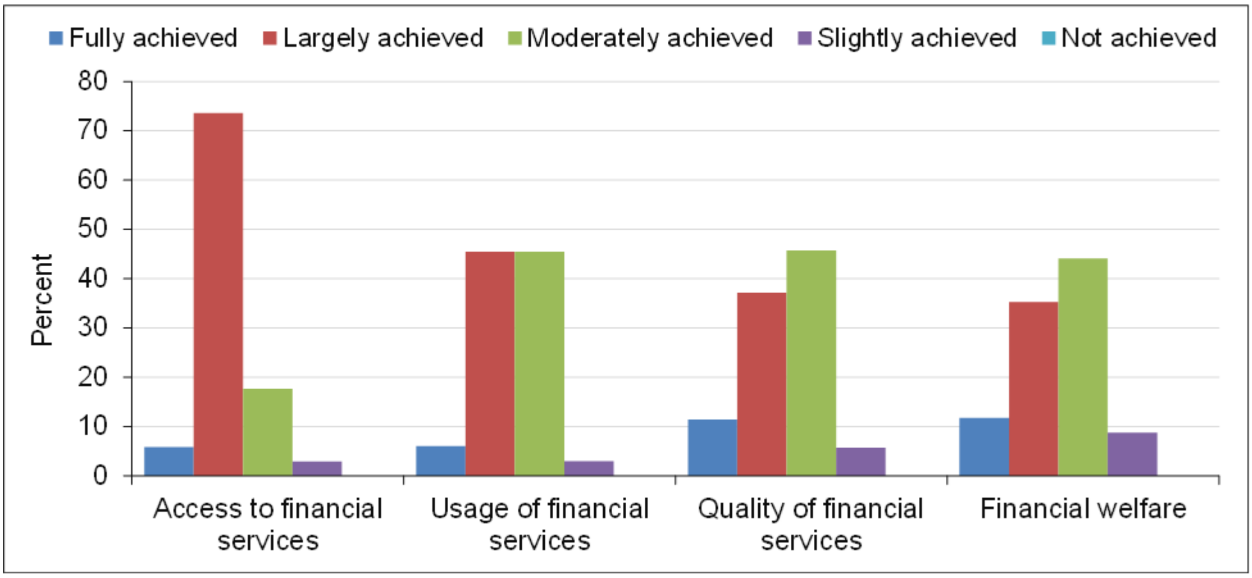
Source: Stakeholders' perception survey

Notwithstanding the positive contribution of NFIF3 initiatives, stakeholders identified some challenges that limit the full realization of the framework's vision. These include uneven depth of usage beyond basic transactions, sustainability concerns for some digital and agent-based delivery models, and persistent gaps in reaching hard-to-serve populations in remote and low-income areas. In addition, limited coordination across implementing institutions and constraints in monitoring outcome-level impacts, particularly on financial well-being, were noted. Addressing these challenges will be critical to deepening inclusion, strengthening financial health outcomes, and sustaining progress toward universal access, usage, quality, and financial well-being.

f) The four financial inclusion dimensions

The results indicate strong overall progress in implementing NFIF3 dimensions. Access to financial services shows the strongest performance, with nearly three-quarters of respondents, 73.5 percent, indicating it has been 'largely' achieved, reflecting significant expansion in the availability and outreach of financial services. Usage of financial services presents a more mixed picture, with equal shares of respondents (around 45 percent) reporting it as 'largely' and 'moderately' achieved, suggesting that while access has improved, consistent and active usage of financial services still requires further strengthening. For quality of financial services, most responses (45.7 percent) indicate 'moderate' achievement, alongside 37.1 percent reporting 'largely' achieved, stemming from the ongoing improvements, but with notable gaps in service standards and consumer experience. Similarly, financial health (welfare) is predominantly assessed as 'moderately' achieved (44.1 percent), with a smaller share reporting 'largely' achieved (35.3 percent), indicating that gains in access to and usage of financial services are yet to fully translate into broad-based improvements in financial well-being (Chart 8). Overall, the findings suggest that NFIF3 implementation has made meaningful progress, particularly in access to financial services, while usage of and quality of financial services, and financial welfare remains as an area where targeted interventions are needed to deepen impact and ensure inclusive outcomes.

26Chart 8:Extent of implementation for each NFIF3 dimension



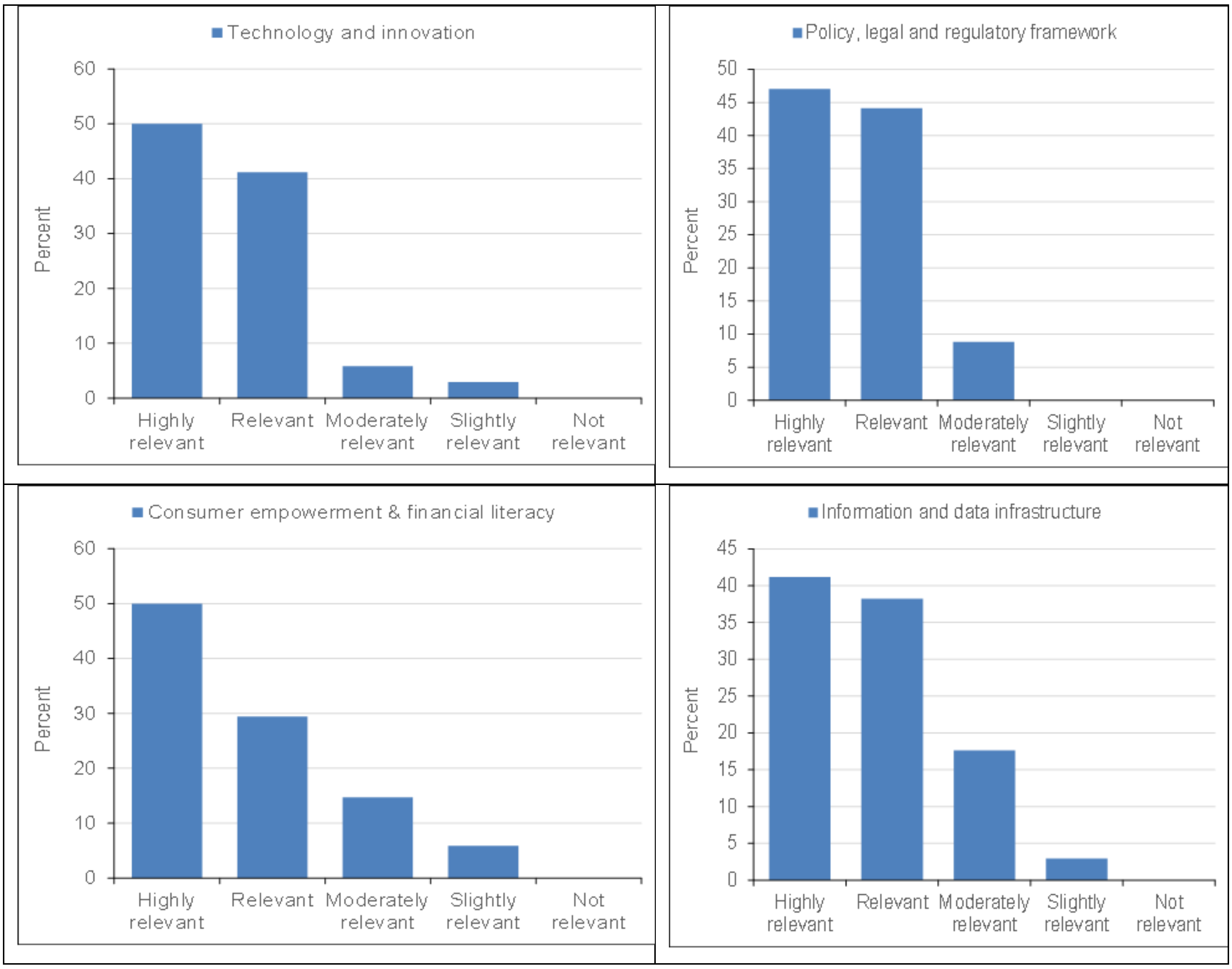
Source: Stakeholders' perception survey

Despite the strong performance in expanding access to financial services, stakeholders highlighted some challenges across the remaining NFIF3 dimensions. Limited depth and consistency of usage of financial services persist, with many users engaging primarily in basic transactions rather than a broader range of financial products. Gaps in service quality of financial services were also noted, particularly in customer experience, transparency, and suitability of products for diverse user needs. In addition, improvements in financial access and usage have not yet fully translated into sustained financial health outcomes, reflecting constraints related to income volatility, affordability, and financial capability. These challenges underscore the need for more targeted and integrated interventions that go beyond access to strengthen usage, improve the service quality of financial services, and enhance financial well-being in an inclusive and sustainable manner.

g) Relevance of the set enablers in achieving NFIF3 objectives

The results show that all enablers are considered highly relevant to the achievement of NFIF3 objectives. 'Technology and innovation' emerge as the most critical enabler, with over 90 percent of respondents rating it as either 'highly relevant' or 'relevant', underscoring the central role of digital finance, mobile platforms, and innovation in expanding access and usage. Similarly, the policy, legal, and regulatory framework is strongly valued, with more than 91 percent of respondents rating it as 'highly relevant' or 'relevant', reflecting the importance of a supportive regulatory environment in promoting stability, inclusion, and consumer protection. Consumer empowerment and financial literacy are also seen as key drivers, with half of respondents rating them as 'highly relevant', although a relatively higher share rate them as 'moderately' or 'slightly relevant', suggesting the need for continued investment in awareness and capability-building. Information and data infrastructure is widely recognized as 'relevant', with nearly four-fifths of respondents rating it as 'highly relevant' or 'relevant', though a slightly higher proportion view it as 'moderately relevant', indicating room to strengthen data systems for monitoring, targeting, and evidence-based decision-making (Chart 9). Overall, the findings highlight that technology and innovation, regulation, consumer empowerment, and data systems are all essential and complementary enablers for successful NFIF3 implementation.

27Chart 9:Relevance of enablers in achieving NFIF3 objectives



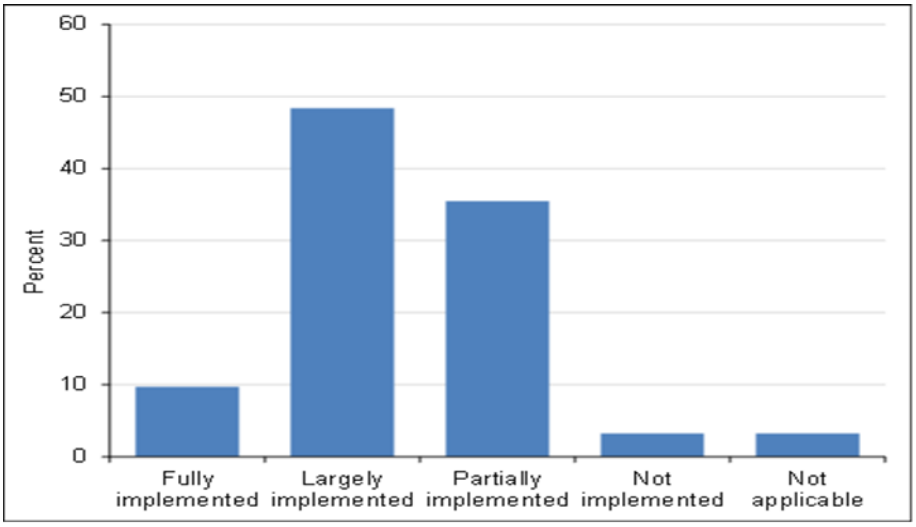
Source: Stakeholders' perception survey

While stakeholders broadly acknowledge the relevance of all enablers, some bottlenecks still constrain their effective operationalization. Uneven adoption of technology and innovation persists, particularly in rural and underserved areas where digital infrastructure and connectivity remain limited. Gaps in implementation and enforcement of policies and regulations were also noted, alongside capacity constraints among some market players. In addition, consumer empowerment and financial literacy efforts are not yet sufficiently scaled or sustained to drive behavioral change, especially among vulnerable groups. Weak integration and fragmentation of data systems further limit the effective use of information for monitoring progress, targeting interventions, and supporting evidence-based decision-making. Addressing these challenges will be essential to fully leverage the enabling environment and accelerate progress toward the attainment of NFIF3 objectives.

h) Implementation of NFIF3 activities

Findings indicate that implementation of NFIF3 initiatives by institutions is generally on track, with an average rating of 3.6 out of 5. Nearly 58 percent of institutions report that initiatives are either 'fully' or 'largely implemented', while 35.5 percent report 'partial implementation' (Chart 10). Respondents cite substantial progress, particularly in the access and usage dimensions, supported by digital infrastructure and inclusion-focused interventions. Key achievements include the rollout of e-KYC, expansion in mobile money, and digital banking. Several institutions also highlighted initiatives that indicate alignment with NFIF3 objectives, such as soft loans to youth and PWDs, e-payments, financial literacy and awareness programs, consumer protection measures, and expanded deposit insurance coverage.

28Chart 10:Extent of implementation of NFIF3 activities



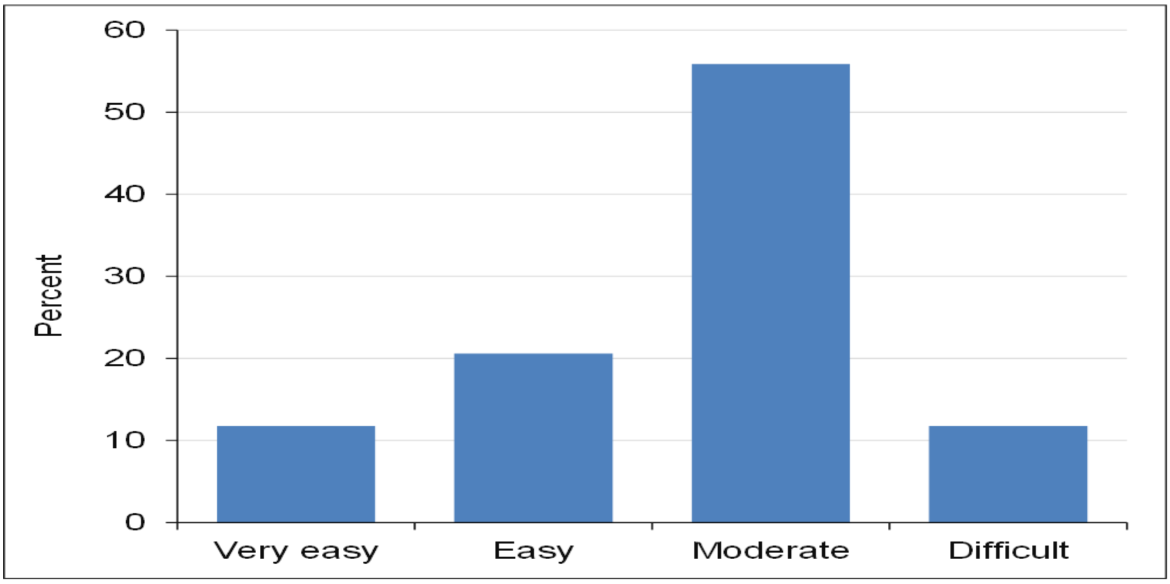
Source: Stakeholders' perception survey

It was noted that implementation has progressed strongly across institutions, with many respondents reporting partial or ongoing implementation of planned activities. Common constraints include budgetary and resource limitations, long processes involved in approvals and developing legal frameworks, reliance on multi-institutional stakeholders, and institutional capacity gaps. Additional challenges were noted in addressing last-mile delivery, particularly in underserved areas such as rural communities and island regions. Despite these constraints, most institutions indicated that their activities are aligned with NFIF3 objectives, are progressing steadily, and are expected to advance further as resources, guidelines, and coordination mechanisms continue to improve.

i) Compiling and submitting quarterly data

The ease of compiling and submitting quarterly M&E data received a 'moderate' rating of 3.32 out of 5. Only 32.4 percent of respondents found the process 'easy' or 'very easy', while the majority (55.9 percent) rated it 'moderately' challenging, and 11.8 percent reported it as difficult (Chart 3.11). The implementation of NFIF3 initiatives has generally progressed well, with data collection, validation, and analysis taking place systematically.

Chart 11:Institutional compilation and submission of quarterly NFIF3 data



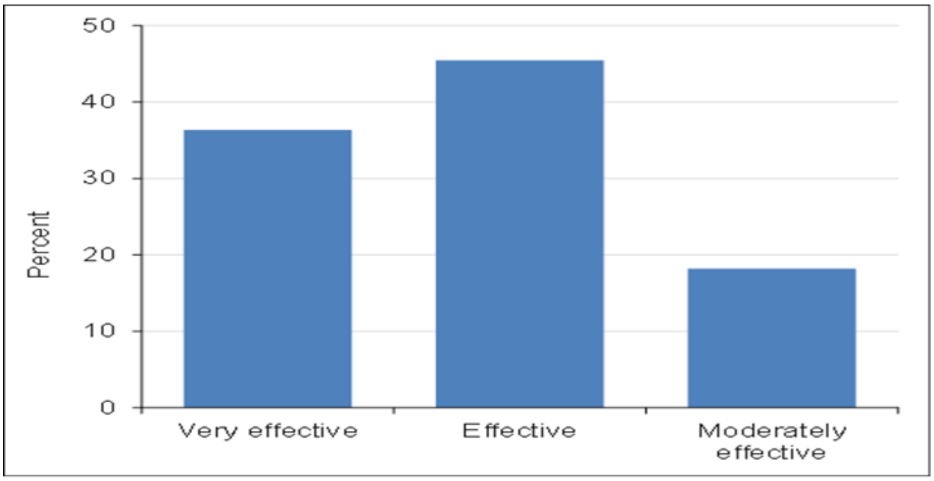
Source: Stakeholders' perception survey

The compilation and reporting of NFIF3 data face multiple challenges, including fragmented and inconsistent data, reliance on manual processes, delayed submissions, and coordination difficulties across departments. Other constraints include limited data from the informal sector, inconsistent indicators, double-counting, and inadequate personnel capacity. While current systems support quarterly M&E reporting manually, improvements in automation, real-time data sharing, harmonized indicators, and integrated digital systems are needed. Strengthening stakeholder coordination, capacity building of relevant personnel, ensuring adequate resources, and embedding NFIF3 objectives into institutions' strategies are critical for enhancing data accuracy and reporting efficiency.

j) Effectiveness of NFIF3 coordination structure

The effectiveness of the NFIF3 coordination structure received a rating of 4.2 out of 5, with 81.8 percent of stakeholders finding it effective or very effective (Chart 12). The NFIF3 coordination structure provides strong strategic oversight, clear roles, and inclusive stakeholder participation across decision-making, technical, and implementation levels. The structure collectively ensures policy guidance, operational coordination, and targeted attention to underserved groups, particularly women. In addition, it promotes ownership, experience sharing, timely meetings, and follow-up, with active engagement from key decision makers and strong support from the Secretariat.

29Chart 12:Effectiveness of the NFIF3 coordination structure



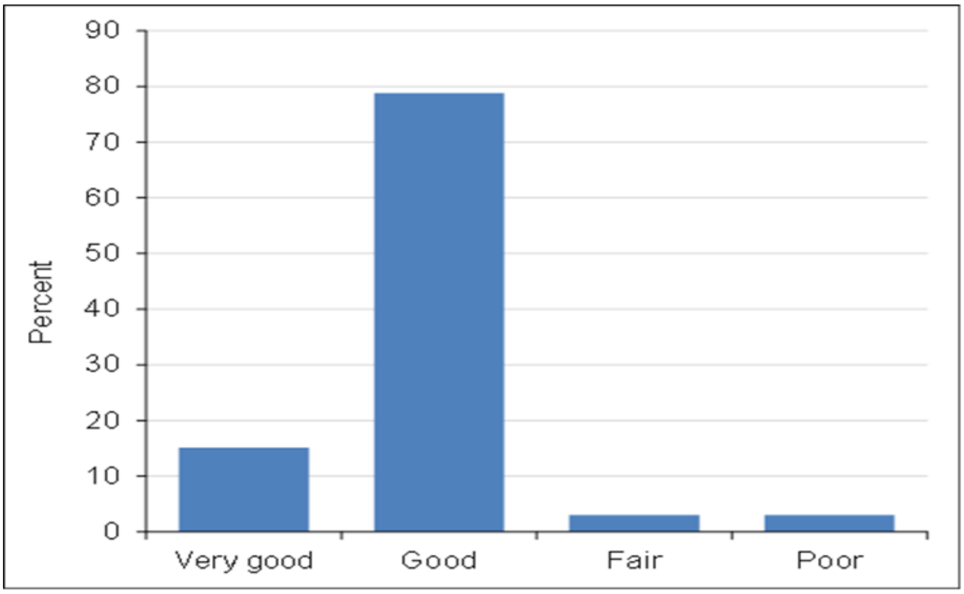
Source: Stakeholders' perception survey

However, 18.2 percent rated the structure as moderately effective, indicating that operational refinements could further enhance the effectiveness of the NFIF3 coordination structure. Identified areas for improvement, included enhancing communication and information flow between committees, clarifying overlapping roles and decision-making authority, strengthening feedback mechanisms from implementation to policy levels, and establishing dedicated committees for youth, MSMEs, and PWDs. Addressing occasional coordination delays, resource constraints, and limited inter-committee interaction would further enhance the efficiency and effectiveness of the governance structure.

k) Timeliness of implementation of NFIF3 activities

NFIF3 activities have been implemented with impressive timeliness, earning a rating of 4.06 out of 5. Nearly all stakeholders (93.9 percent) indicated good or very good timeliness in the implementation of activities (Chart 13).

30Chart 13:Timeliness of implementation of NFIF3 activities



Source: Stakeholders' perception survey

l) Resources mobilization in the implementation of NFIF3 activities

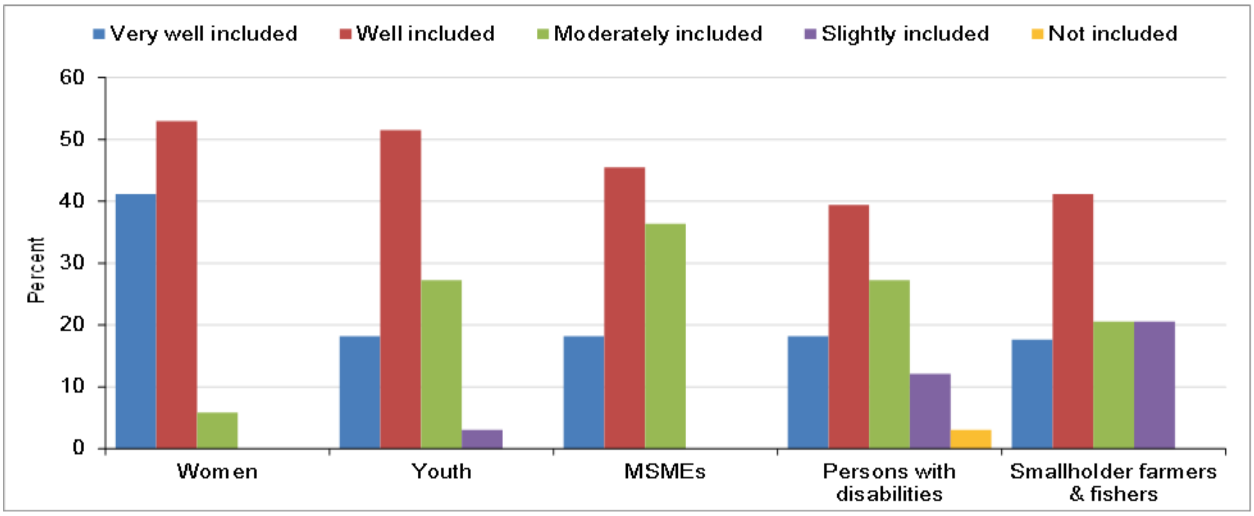
Resource mobilization scored 3.41 out of 5. Out of the total respondents, 52.9 percent reported successful or very successful fundraising, 26.5 percent reported moderate success, 17.7 percent reported slight success, and 2.9 percent (one institution) reported outright failure.

Most institutions have integrated NFIF3 initiatives into their annual plans and budgets, but resource constraints remain a major challenge. It was reported that some institutions rely on budgets that are often inadequate to fully implement all planned activities, particularly research, outreach, and interventions targeting wider populations. Funding gaps, competing priorities, and the absence of dedicated NFIF budgets have limited the scope and quality of implementation, resulting in partial execution of some initiatives. While resource mobilization efforts have had moderate success and enabled completion of several activities, stronger budget alignment, diversified funding sources, and improved national-level resource mobilization are needed to fully achieve NFIF3 objectives.

m) Priority groups in NFIF3 interventions

Respondents indicated that interventions targeting women were most prominent in NFIF3, receiving a rating of 4.24. This was followed by youth (3.85), MSMEs (3.82), persons with disabilities (3.58), and smallholder farmers, who trailed at 3.56. The strong performance of women-focused initiatives underscores the impact of NFIF's dedicated Women Affairs Committee and its gender-focused interventions. The youth are not left behind with most respondents reporting adequate inclusion. Yet the story is a bit different for other vulnerable groups. Over a third of respondents say MSMEs receive only moderate attention, while persons with disabilities face the sharpest exclusion, with 15.2 percent of respondents reporting slight or no inclusion. Smallholder farmers also fare poorly, with 41.2 percent reporting moderate and light inclusion of interventions, despite agriculture's dominance in Tanzania's economy (Chart 14). The ratings indicate that while NFIF successfully mainstreams women, it struggles to reach people with disabilities and rural producers.

31 Chart 14:Extent of inclusion of priority groups in NFIF3 interventions



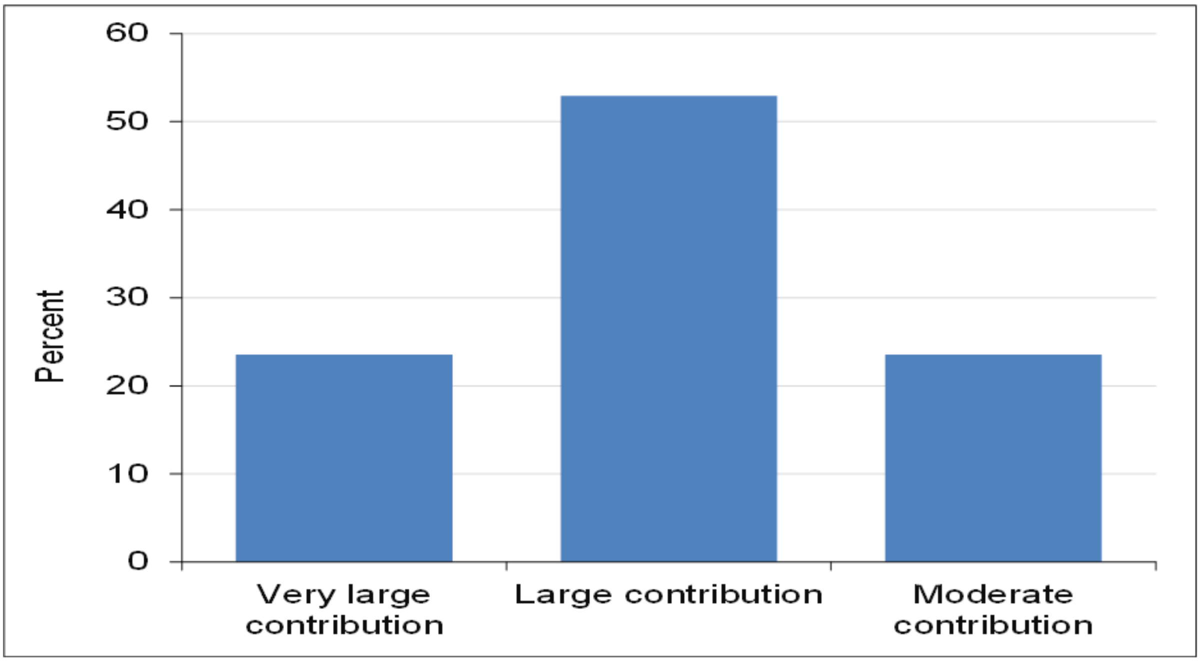
Source: Stakeholders' perception survey

Stakeholders noted persistent gaps in the inclusion of persons with disabilities, smallholder farmers, and some MSMEs, driven by limited accessible and tailored financial products, informality, and structural barriers. These findings point to the need for more targeted and inclusive interventions to ensure equitable outcomes across all priority groups.

n) Contribution of NFIF3 to the financial inclusion improvement in Tanzania

NFIF3 receives solid recognition for Tanzania's financial inclusion progress, earning a rating of 4 out of 5. Over three quarters of stakeholders' attribute significant improvements to the framework, with no respondents dismissing its impact. The rating suggests stakeholders view NFIF3 as an essential infrastructure rather than a sole cause. The results support NFIF3's importance of providing strategic coherence, enabling regulatory reforms, and coordinating different actors toward common goals.

32 Chart 15:Contribution of NFIF3 to financial inclusion improvements in Tanzania



Source: Stakeholders' perception survey

However, the moderate number of respondents, 23.5 percent, reflects uncertainty about the correlation between the NFIF3 importance and specific inclusion gains. In other words, this portion of the respondents highlighted challenges in attributing the observed financial inclusion gains directly to NFIF3 interventions, as improvements may also reflect broader market developments and ongoing sector reforms. The scoring of moderate ratings suggests the need for stronger results-based monitoring, clearer linkages between interventions and outcomes, and more robust impact evidence to demonstrate NFIF3's direct contribution to financial inclusion improvements in Tanzania.

Annex 2: NFIF3 Measurement Framework

SNO	INDICATOR	BASELINE 2023	TARGET 2025	PERFORMANCE 2025	REMARKS	END TARGET 2028	SOURCE AND ASSUMPTION
1.1.1	% of adults living within 5km of financial access points	89.0%	92%	93.0%	Above the 2025 target	95%	Estimated using growth factor
1.1.2	% of adults with a unique and verifiable identification	58.0%	63%	60.0%	Below the 2025 target	65%	Supply side data; NIDA
1.1.3	% MSMEs with formal registration	10.0%	12%	12.5%	Above the 2025 target	15%	Estimated using growth factor
1.1.4	% of adults own a mobile phone	71.0%	73%	74.1%	Above the 2025 target	75%	Estimation: Adjusted by 71% of annual population growth rate
1.1.5	% of borrowers with credit history in the Credit Reference System	30.0%	33%	87.8%	Above the 2025 target	35%	Supply side data; Credit Info
1.1.6	% of MSMEs borrowers with credit history in the Credit Reference System	19.0%	22%	100.0%	Above the 2025 target	25%	Supply side data; Credit Info
1.1.7	% of adults with access to the internet	31.0%	40%	31.6%	Above the 2025 target	50%	Estimation: Adjusted by 31% of annual population growth rate
1.2.1	% of adults with accounts which can transact with FSPs	76.0%	80%	81.0%	Above the 2025 target	85%	Estimated growth rate
1.2.2	% of MSMEs with an account in FSPs	11.0%	13%	11.6%	Above the 2025 target	16%	Supply side data; BOT & TCGL
2.1.1	% of adults with active accounts with FSPs	60.0%	70%	72.5%	Above the 2025 target	75%	Estimated growth rate
2.1.2	% of MSMEs with an active account with FSPs	31.0%	38%	N/A	To be revised. It contradicts with 1.2.2		N/A
2.2.1	% of adults using more than one financial service and products	33.0%	45%	48.0%	Above the 2025 target	50%	Estimated growth rate

SNO	INDICATOR	BASELINE 2023	TARGET 2025	PERFORMANCE 2025	REMARKS	END TARGET 2028	SOURCE AND ASSUMPTION
2.2.2	% of adults with investments in capital markets	2.4%	5%	5.8%	Above the 2025 target	10%	Supply side data; CMSA
2.2.3	% of adults with insurance cover	10.3%	15%	23.4%	Above the 2025 target	20%	Supply side data; TIRA
2.2.4	% of adults who have borrowed from FSPs	11.0%	20%	30.0%	Above the 2025 target	27%	Supply side data; BOT & Credit Info
2.2.5	% of MSMEs credit to total credit	12.0%	20%	22.7	Above the 2025 target	25%	Supply side data; BOT
3.1.1	% of adults with confidence to engage with FSPs	56.0%	65%	67.3%	Above the 2025 target	70%	Estimated growth rate
3.1.2	% of financially literate adults	60.0%	65%	66.3%	Above the 2025 target	70%	Estimated growth rate
3.1.3	% of adults with digital financial literacy	40.0%	50%	52.5%	Above the 2025 target	55%	Estimated growth rate
3.1.4	% of FSPs with complaints handling mechanisms	5.0%	15%	33.3%	Above the 2025 target	30%	Supply side data; FSPs regulators
3.1.5	% of complaints resolved by FSPs	85.0%	90%	85.1%	Below the 2025 target	95%	Supply side data; FSPs regulators
3.2.1	% of financial consumers who can afford the costs of financial services and products	80.0%	85%	66.6	Below the 2025 target	90%	Estimated using Finscope 2023 output
3.2.2	% of financial consumers satisfied with existing financial services and products	80.0%	85%	67.3%	Below the 2025 target	90%	Estimated using Finscope 2023 output
3.2.3	% of financial consumers with confidence in their financial service providers	75.0%	89%	82.5%	Below the 2025 target	85%	Estimated growth rate

SNO	INDICATOR	BASELINE 2023	TARGET 2025	PERFORMANCE 2025	REMARKS	END TARGET 2028	SOURCE AND ASSUMPTION
4.1.1	% of adults with the ability to pay bills, debts and other financial obligations timely	14.0%	20%	21.5%	Above the 2025 target	25%	Estimated growth rate
4.1.2	% of MSMEs with the ability to pay bills, debts and other financial obligations timely	3.0%	10%	11.8%	Above the 2025 target	15%	Estimated growth rate
4.2.1	% adults who can access emergency funds within 30 days without difficulties	55.0%	65%	67.5%	Above the 2025 target	70%	Estimated growth rate
4.2.2	% of MSMEs with access to emergency funds within 30 days	71.0%	75%	76.0%	Above the 2025 target	80%	Estimated growth rate
4.2.3	% of MSMEs with insurance	4.4%	10%	11.4%	Above the 2025 target	15%	Estimated growth rate
4.3.1	% of adults with investments in financial and real assets	28.0%	35%	36.8%	Above the 2025 target	40%	Estimated growth rate
4.3.2	% of adults with a pension account	3.6%	5%	8.1%	Above the 2025 target	10%	Supply side data; PMO-LER & ZFFS
4.3.3	% of MSMEs with contingent financing plans	50.0%	55%	56.3%	Above the 2025 target	60%	Estimated growth rate

Source: National Council for Financial Inclusion

Annex 3: Success Stories: Learnings and Insights

a) Banking Subsector

A smallholder farmer, Ernest, accessed financial services through bank's Tuyame Group product. Through this facility, he was able to obtain group-based savings and credit, access digital payment services, and collectively leverage financing for agricultural inputs. As a result, Ernest's productivity and income improved, enabling the expansion of his farming activities, integration into formal financial services, and the achievement of personal milestones, including building his own house. This case underscores the significant impact of group-based financial inclusion initiatives in enhancing rural livelihoods and promoting broader economic participation.

b) Insurance Subsector

Severe drought affected farming communities in northern Tanzania, sharply reducing crop yields. Anna, who is one of the smallholder farmers in the area affected by the drought, her maize harvest dropped from 25 bags to just seven (7). Because she had climate insurance coverage, she received compensation that helped her manage the loss and stabilize her household. Encouraged by the experience, she plans to increase her insurance coverage in the next farming season.

Building trust in insurance remains a challenge for many farmers. To address this, trained local farmers known as "champions" support community outreach by explaining how the insurance works and helping others enroll. Sixty percent of these champions are women. They earn a small commission from sales and receive a transport allowance to carry out their work.

Farmers who purchased insurance in the previous season have reported positive experiences, with many choosing to buy more coverage and recommend it to others. One champion also received compensation of 63,000 Tanzanian shillings (about US$27) after drought damaged her maize, further strengthening confidence in the product.

While some farmers initially expressed concerns regarding trust and transparency, these challenges were addressed through engagement with local authorities and the use of official identification mechanisms. This has helped build confidence among farmers and encouraged greater participation, with more than 45 farmers enrolling in a single village.

As awareness and confidence continue to grow, the programme aims to expand its reach to additional regions across Tanzania, with a target of reaching more than 100,000 farmers and strengthening their resilience to climate-related risks.

c) Capital Markets Subsector

Mr. Emmanuel was a first-year economics student at the University of Dar es Salaam when he participated in the Capital Markets Universities Challenge in 2023. The competition sparked the realization that investing was not only for the wealthy but also accessible to young people with discipline and knowledge. Using a mobile trading app, Emmanuel opened his first CDS account with just TZS 1,000,000 saved from tutoring jobs and began by purchasing shares of listed companies. As he gained confidence, he learned how to read financial statements, follow market trends, and understand price movements. To better manage risk and grow his savings steadily, he later diversified his portfolio by investing in a collective investment scheme, where his funds were professionally managed and delivered a 12 percent return in the first year. By the time he graduated, Emmanuel's total investment portfolio had grown to over TZS 2 million. Inspired by his own journey, he now works as a junior analyst at a brokerage firm. "I came from a family where nobody talked about stocks or bonds," Emmanuel explains. "Now my younger siblings ask me to teach them about investing. We are breaking a cycle of financial exclusion."

d) Social Security Subsector

From Uncertainty to Legacy: The Transformation of Mama Zuwena

In the bustling open-air markets of Mwanza, Mama Zuwena spent twenty years as a "Mama Lishe," providing hot meals to hundreds of workers every day. While her business was successful, she lived in a state of "silent anxiety." Unlike her customers who worked in government offices, Zuwena had no formal pension. In her world, if she stopped cooking, her income stopped completely. "I used to think retirement was only for those with suits and ties," Zuwena recalls. "For people like me in the informal sector, our only 'pension' was the hope that our children would support us."

The Turning Point: Awareness and Access

The shift began in 2023 when a community outreach program by the National Council for Financial Inclusion introduced her to the National Informal Sector Scheme (NISS). For the first time, she learned that she didn't need a formal salary to save for her future. She became part of the massive wave of informal workers a group that grew from just TZS 24,533 to nearly TZS 479,000 members by late 2025 who decided to take control of their financial health.

Strategic Savings and Supplementary Growth

Mama Zuwena started with small, voluntary contributions. As her confidence grew, she joined a Supplementary Social Security Scheme registered through her local traders' association. These voluntary layers allowed her to save beyond the basic requirements, effectively building a "financial cushion" that she never thought possible.

The Impact of Inclusion

Today, at age 58, “silent anxiety" has been replaced by a sense of pride. The transformation in her life is visible in three ways:

(i) Resilience: When a minor health issue side-lined her for a month, her participation in the non-pension social security schemes ensured she could access medical care without depleting her business capital.

(ii) Gender Empowerment: As one of the 40 percent of women now represented in informal pension accounts, she has become a vocal advocate in her market, encouraging younger women to close the gender gap by starting their savings journeys early.

(iii) Future Consumption: Zuwena is no longer afraid of the day she hangs up her apron. Her pension account is not just a collection of money; it is a guaranteed stream of future consumption that ensures her retirement will be a period of dignity, not a burden on her family.

"Financial inclusion gave me a seat at the table," Zuwena says, looking over her ledger. "The law finally recognized that my work in the market is just as valuable as work in an office. Now, when I think of the future, I see rest, not worry."

e) Microfinance Subsector

Halima, a food vendor in Mwanza, struggled for years to earn enough to support her family and send her children to school. Her daily income barely covered basic needs. After receiving a microloan from a Tanzanian microfinance provider along with financial literacy support, she expanded her food stall, invested in a clean energy cooking stove, and improved both production and health outcomes by reducing smoke from charcoal. Today her business serves over 50 customers daily; she employs two assistants, and her children are in school in a stark contrast from her earlier financial struggles, illustrating how microfinance can foster sustainable growth (Source: Impact Microfinance Limited).

f) Digital Financial Services

Asha, a primary school teacher in a semi-urban area, receives her monthly salary through a bank account that she actively manages using the bank’s mobile application. Through the mobile app, she can pay utility bills, settle school-related expenses, transfer funds to family members, and monitor her account balances in real time. The application also enables her to automatically transfer a portion of her salary into a dedicated savings account.

As a result, Asha improved her financial discipline, minimized the need to visit bank branches, and built regular savings for emergencies. Access to mobile banking services enhanced her financial security, increased convenience, and strengthened her integration into the formal financial system.

For any enquiries

Secretariat to the National Council for Financial Inclusion

Bank of Tanzania

2 Mirambo Street 11884 Dar es Salaam
TANZANIA
Tel: +255 22 223 5482/3
Fax: +255 22 223 4194

Website: www.bot.go.tz
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