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**THE ZANZIBAR MICROFINANCE SERVICE ACT, NO. 9 OF
2023**

**THE ZANZIBAR MICROFINANCE SERVICE (NON-
DEPOSIT TAKING MICROFINANCE SERVICE PROVIDERS)
REGULATIONS**

[Made under section 61(1)]

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**THE ZANZIBAR MICROFINANCE SERVICE
ACT, NO. 9 OF 2023**

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(NON-DEPOSIT TAKING MICROFINANCE SERVICE
PROVIDERS) REGULATIONS**

[Made under section 61(1)]

L.N 57 of
2025

IN EXERCISE of the powers conferred upon me under section 61(1) of the Zanzibar Microfinance Service Act, No. 9 of 2023 **I, DR. SAADA MKUYA SALUM**, Minister of State, President’s Office, Finance and Planning, do hereby make the following Regulations:

**PART ONE
PRELIMINARY PROVISIONS**

Short
title and
Commencement.

1. These Regulations may be cited as the Zanzibar Microfinance Service (Non-Deposit Taking Microfinance Service Providers) Regulations, 2025 and shall come into operation after being signed by the Minister and published in the Gazette.

Applica-
tion.

2. These Regulations shall apply to all Tier two microfinance service providers operating in Zanzibar.

Interpre-
tation.

3. In these Regulations, unless the context requires otherwise:

“Act” means the Zanzibar Microfinance Service Act, No.9 of 2023;

“Bank” has the meaning ascribed to it under the Bank of Tanzania Act, No. 4 of 2006;

“capital” means permanent shareholders’ equity in the form of issued and fully paid ordinary shares and preference shares, capital grants, reserves and retained earnings;

“credit information” means any information about a person’s specific identification, full name, date of birth, place of residence, previous places of residence, marital status, spouse’s name, place of employment, previous places of employment, paying habits, outstanding debt obligations, assets and inquiries made of credit history or information relating to a legal entity or business that would identify the legal entity or business information on incorporation, tax, directors, governance, and other business details;

“Credit Reference Bureau” has the meaning ascribed under the Act;

“digital microfinance lender” means a microfinance service provider carrying out lending activities, from loan application, approval, disbursement and repayment through digital channels;

“foreign owned microfinance service provider” has the meaning ascribed under the Act;

“governing body” means a person or group of people with power and authority to formulate policies and direct the affairs of an institution, including company, sole proprietor, partnership, non-governmental organization, trust, or any other entity;

“individual money lender” has the meaning ascribed to it under the Act;

“Minister” has the meaning ascribed to it under the Act;

“Microfinance service provider” means an entity or a person licensed to undertake microfinance services under Tier Two;

“sole proprietor” means an individual money lender; and

“Tier two” means a non-deposit taking microfinance service providers including credit companies, housing

microfinance companies, individual money lenders and digital microfinance lenders.

PART TWO LICENSING PROCEDURES

Establish-
ment.

4. A person who intends to provide microfinance services under Tier two, shall:

- (a) formally establish it under the Companies Act, No.15 of 2013 or any other relevant law; and
- (b) in case of individual moneylender, register business name as a sole proprietor under the Business Entity Registration Act, No. 12 of 2012

Name of
microfi-
nance
service
provider.

5. The business name of a microfinance service provider under Tier two shall include either of the following words:

- (a) microfinance;
- (b) finance;
- (c) financial services;
- (d) financial solution;
- (e) credit; or
- (f) microcredit.

Application
for license.

6.-(1) A person who intends to provide microfinance services under Tier two shall apply to the Bank for a license by filling a license application form as prescribed under First Schedule of these Regulations.

(2) An applicant for license shall pay non-refundable application fee of Five Hundred Thousand Tanzania Shillings.

(3) An application under this regulation shall be accompanied with documents and information listed in the Second Schedule of these Regulations and any other document or information as may be required.

7. The Bank shall consider reports from credit reference bureau and any other information in determining integrity of the proposed shareholder, sole proprietor, partner or trustee in assessing the applicant's reputation and integrity in past and present business practices.

Integrity of shareholder, sole proprietor, partner, or trustee.

8. The Bank shall evaluate the financial capacity of the applicant by assessing the capital position as shown in the statement of financial position or bank statement.

Financial capacity.

9.-(1) A microfinance service provider shall:

Place of business.

- (a) have a place of business with proper address for providing its microfinance services; and
- (b) prominently display his business name at the place of business.

(2) A microfinance service provider who intends to open, relocate or close a place of providing services shall seek and obtain prior approval of the Bank.

10.-(1) The Bank shall make an assessment in order to satisfy itself that the proposed members of the governing body and chief executive officer or sole proprietor of proposed microfinance service providers are fit and proper persons.

Character and experience.

(2) For the purpose of the assessment referred to under subregulation (1) of this regulation, the proposed members of governing body, chief executive officer and sole proprietor shall complete the questionnaire set out in the Third Schedule of these Regulations.

(3) The Bank may interview of the member governing body, chief executive officer or sole proprietor and enquire as to past performance, reputation and skills.

11.-(1) A microfinance service provider shall not appoint any person as chief executive officer or member of the governing body and assign that person responsibility unless it has obtained prior approval of the Bank.

Change of chief executive officer and members of the governing body.

(2) Subject to subregulation (1) of this regulation, a microfinance service provider shall submit a duly filled questionnaire as provided in the Third Schedule of these Regulations.

Grant of license or rejection of application.

12.-(1) The Bank shall, within three months after receipt of a complete application, grant a license as prescribed under Fourth Schedule or reject the application.

(2) Subject to subregulation (1) of this regulation, where the Bank receives incomplete documents for the purpose of licensing, before determining the application, it shall require the applicant to:

- (a) submit the missing or additional documents or information; and
- (b) rectify or amend anomalies.

(3) Where the applicant fails to comply with subregulation (2) of this regulation, within sixty days, the Bank shall cancel the application.

(4) Where an applicant fails to meet licensing requirements, the Bank shall reject the application and shall inform the applicant in writing explaining the grounds for rejection.

(5) An applicant whose application has been rejected or cancelled may reapply if the deficiencies that formed the basis for rejection or cancelation of the initial application or subsequent review have been corrected or otherwise addressed.

(6) When a license is issued, it shall remain in force unless suspended or revoked in the manner provided in the Act.

(7) A license issued under these Regulations shall expire if business is not commenced within six months from the date of issuance of the license.

Inspection.

13. Prior to issuing a license as provided under regulation 11 of these Regulations, the Bank may perform an inspection of the microfinance service provider's business premises, communication facilities, accounting and internal control systems.

14. A license issued under these Regulations shall not be transferrable. Transfer of license.

15.-(1) Where a microfinance service provider ceases to carry out business or his license has been revoked, he shall, in writing, surrender the license to the Bank. Surrender of license.

(2) Subject to subregulation (1) of this regulation, a microfinance service provider shall, before surrender of license, ensure that:

- (a) all collaterals held are returned to customers; and
- (b) all liabilities have been settled.

16. A microfinance service provider may, upon application to the Bank and attaining the required criteria prescribed in the Banking and Financial (Microfinance Activities) Regulations, 2014, transform from Tier Two to Tier One. Transformation to Tier One.

17. A microfinance service provider that intends to transform into Tier Two shall: Transformation from another tier to Tier Two.

- (a) meet the requirements stipulated under regulation 4 of these Regulations;
- (b) provide resolution of the governing body or members approving the transformation; and
- (c) meet the minimum capital requirement prescribed under these Regulations.

18.-(1) A foreign microfinance service provider shall be required to register in accordance with the laws and shall abide by the provisions of these Regulations. A foreign microfinance service provider.

(2) The Bank may waive some of the conditions for applying of a license to a microfinance service provider registered in Mainland Tanzania.

**PART THREE
MANAGEMENT OF MICROFINANCE
SERVICE PROVIDERS**

Establishment of governing body.

19. A microfinance service provider except for individual money lenders, shall have a governing body which shall have at least two Tanzanians.

Functions of the governing body.

20. The governing body referred to under regulation 19 of these Regulations shall:

- (a) appoint chief executive officer;
- (b) approve of lending policy;
- (c) monitor management's conduct and performance;
- (d) set and enforce clear lines of responsibility and accountability; and
- (e) ensure that the microfinance service provider complies with all applicable laws and regulations.

Establishment and responsibility of management.

21. A microfinance service provider shall have a management which shall:

- (a) ensure that there are effective internal controls and high ethical standards;
- (b) ensure that accountability and lines of authority are clearly delineated;
- (c) ensure that operating and reporting systems are efficient and reliable;
- (d) keep proper financial records and preparing financial statements timely;
- (e) prepare and submit regulatory reports timely;
- (f) implement recommendations set forth in the external

and internal audit reports and directives issued by the Bank; and

- (g) ensure compliance with the Act, policies, regulations, guidelines and procedures.

22.-(1) A microfinance service provider who intends to make changes in ownership structure shall seek and obtain prior approval of the Bank by submitting the following: Change of ownership.

- (a) declaration of source of capital as prescribed in the Fifth Schedule of these Regulations, and that the funds have not been obtained criminally or associated with any criminal activity;
- (b) proof of source of capital for foreign owners or shareholders; and
- (c) body resolution authorizing change of ownership.

(2) Proposed new owner or shareholder shall comply to the requirements under the Second and Third Schedule of these Regulations

(3) A microfinance service provider shall, upon approval by the Bank, register the change to respective authority and submit evidence of change within seven days after transfer of ownership.

23. A microfinance service provider shall employ Tanzanians by ensuring majority are Zanzibaris. Employment for Tanzanians.

24.-(1) A microfinance service provider may employ a non-Tanzanian or renew a contract of such person, upon approval by the Bank. Employment for non-Tanzanians.

(2) Subject to subregulation (1) of this regulation, the number of non- Tanzanians employed shall not exceed five at any time.

(3) Notwithstanding subregulation (2) of this regulation, the Minister may, upon application by a microfinance service provider, authorize any additional person, taking into consideration the following:

- (a) availability of qualified Tanzanians for the proposed position;
- (b) complexity of the functions and roles to be undertaken;
- (c) approval granted by Labour Commissioner;
- (d) emergency situation which may warrant extra person; and
- (e) the time the extra person is expected to stay in the institution and impart knowledge to Tanzanians.

Permissible activities.

25. A microfinance service provider may carry out any of the following activities:

- (a) issuing loans to individuals, groups of individuals, micro and small enterprises including guarantees;
- (b) provision of loan disbursement services for the delivery of credit programs of Government, agencies, groups and individuals;
- (c) issuing housing microfinance products;
- (d) operation of micro leasing facilities, micro finance related hire-purchase and arrangement of consortium lending and supervision of credit schemes;
- (e) provision of professional advice to customers regarding investments in small businesses, marketing and administration;
- (f) insurance agent;
- (g) equity investment;
- (h) agent of mobile money operators; and
- (i) agent banking.

26. A microfinance service provider shall not engage in any of the following activities: Prohibited activities.

- (a) accepting any type of deposits from the public;
- (b) foreign exchange business;
- (c) trust operations; and
- (d) credit and debit cards.

27.-(1) A microfinance service provider which accepts cash collateral, cash guarantee, loan insurance guarantee or compulsory savings, shall: Cash collateral, guarantee or compulsory savings.

- (a) open a separate bank account for the purpose of saving all cash received as collateral, guarantee or compulsory savings; and
- (b) issue a receipt for all cash received as collateral, guarantee or compulsory savings.

(2) Subject to subregulation (1) of this regulation, all cash received shall not be used by microfinance service provider for lending or any other purpose, and shall be refunded to the borrower upon fulfilment of his loan obligation.

(3) Without prejudice to the foregoing provisions, an individual moneylender shall not accept cash collateral, cash guarantee, loan insurance guarantee or compulsory savings.

28.-(1) A microfinance service provider shall keep proper books of accounts and other records in relation to its operations which are sufficient to show and explain its transactions and financial position. Books of accounts, records and financial year.

(2) The books of accounts and records referred to under subregulation (1) of this regulation shall:

- (a) correctly explain all transactions, including all applications for loans and all loan transactions;

- (b) enable the financial position of the microfinance service provider to be determined with reasonable accuracy at any time;
- (c) allow for the timely preparation of financial statements; and
- (d) underlying documentation which shall be kept to reflect details of:
 - (i) all transactions indicating of all receipts and expenditures; and
 - (ii) assets and liabilities.

(3) A financial year of a microfinance service provider shall commence on 1st January and end on 31st December of each year.

Preparation and submission of accounts.

29. A microfinance service provider shall, in each financial year, prepare accounts, and within four months after the end of financial year, submit to the Bank copies of annual audited accounts.

Disclosure of accounts.

30. Subject to section 39 of the Act, a microfinance service provider shall display, in a conspicuous position in a public part of its place of business, a copy of its current audited financial statements throughout the year.

Internal auditor.

31.-(1) A microfinance service provider shall appoint an internal auditor to evaluate the adequacy and effectiveness of internal controls, risk management and governance processes.

(2) The internal auditor appointed under sub regulation (1) of this regulation shall have at least:

- (a) a diploma in accountancy or its equivalent; and
- (b) one-year experience.

(3) A microfinance service provider may outsource internal audit function from a registered audit firm or qualified individual.

32.-(1) The accounts of a microfinance service provider shall be audited at least once in a year by a registered auditor appointed by a microfinance service provider. External auditor.

(2) Without prejudice to subregulation (1) of this regulation, an external auditor may audit accounts for the period of not exceeding three years, unless approved by the Bank.

(3) An external auditor shall not perform the audit of a microfinance service provider if such auditor is related to chief executive officer, owner, members, partners or directors of the microfinance service provider.

33. The external auditor shall immediately report to the Bank if, during the course of the audit, he becomes aware of: Reporting of irregularities.

- (a) any serious breach of or non-compliance of the provisions of the Act, Anti Money Laundering and Proceeds of Crimes Act, No.10 of 2009 or these Regulations;
- (b) any criminal offence involving fraud or other dishonesty committed by microfinance service provider or its management or employees; and
- (c) any losses incurred which has caused the microfinance service providers to be undercapitalized.

34.-(1) A microfinance service provider shall submit credit information to Credit Reference Bureau on monthly basis for all existing and new credit facilities granted to customers. Submission of credit information.

(2) The microfinance service provider shall, in submission of credit information referred to under subregulation (1) of this regulation:

- (a) ascertain the proper identity of borrowers; and
- (b) report in the format as may be prescribed by the Bank.

(3) A microfinance service provider shall access and use credit information through the Credit Reference Bureau in a manner as prescribed in the Bank of Tanzania (Credit Reference Bureau) Regulations, 2012.

(4) Without prejudice to the requirements of this regulation, a microfinance service provider shall comply with the requirements of Bank of Tanzania (Credit Reference Bureau) Regulations, 2012.

Consent to share credit information.

35. A microfinance service provider shall ensure that all borrowers execute a written consent to allow him to obtain from, share or disclose all credit information relating to the borrowers with other lenders or Credit Reference Bureau.

PART FOUR LENDING OPERATIONS

Lending policy.

36.-(1) A microfinance service provider shall formulate a lending policy consistent with the Act, the Fair Competition and Consumer Protection Act, No. 5 of 2018, the Bank of Tanzania (Financial Consumer Protection) Regulations, 2019 and these Regulations.

(2) The policy referred to under subregulation (1) of this regulation shall include the following:

- (a) lending procedures and required documents;
- (b) eligibility requirements for a loan;
- (c) types of loans, tenure and frequency of payments;
- (d) types of acceptable collateral;
- (e) loan limits per borrower and per product;
- (f) loan pricing which includes interest rates, fees and charges;
- (g) loan approval process;

- (h) determination of the borrower's ability to repay the loan;
- (i) loan guarantee requirements if applicable;
- (j) monitoring and evaluation of credit quality;
- (k) the grace period, if applicable;
- (l) loan recovery and follow-up procedures;
- (m) the criteria and procedure for restructuring of loans;
- (n) loan processing time upon submission of a complete loan application; and
- (o) the criteria and procedure for approval and authorization required for writing off bad debts.

(3) Where a microfinance service provider reviews the lending policy, it shall submit the revised lending policy to the Bank after being approved by the governing body, indicating areas of such changes.

(4) Subject to the provision of subregulation (3) of this regulation, a revised lending policy shall not be used unless approved by the Bank.

37. A microfinance service provider shall prepare a standard loan^{Loan} application form to be used by the borrower during loan application^{application} which shall include:
_{form.}

- (a) full name;
- (b) date of birth or date of registration;
- (c) gender;
- (d) an applicant's identity card which may be Zanzibar Identification Card, National Identification Card or Passport;
- (e) place of residence or place of business;
- (f) occupation or type of business;

- (g) loan purpose;
- (h) economic sector;
- (i) loan amount;
- (j) collateral offered;
- (k) marital status;
- (l) number of dependents;
- (m) employer;
- (n) monthly income;
- (o) monthly expenses;
- (p) existing loans obligations with other lenders; and
- (q) any other information as the Bank may require.

Loan
agreement.

38.-(1) A microfinance service provider shall consider a loan application in accordance with its lending policy and if satisfied that a borrower has the capacity to repay the loan, enter into a loan agreement with the borrower.

(2) The loan agreement referred to under subregulation (1) of this regulation shall be written in Kiswahili or English language based on borrower's preference, and shall include the following:

- (a) loan amount;
- (b) loan purpose;
- (c) collateral details for the loan;
- (d) interest rate per repayment frequency;

- (e) interest rate per annum;
- (f) all other fees and charges;
- (g) loan repayment schedule that includes the date of loan disbursement, number of installments, total amount of each installment indicating principal, interest and fees components separately and due date of each payment;
- (h) sum of all payments until the loan is fully paid;
- (i) interest rate computation method;
- (j) late payment penalty and its computation method;
- (k) debt recovery fee, charges or expenses;
- (l) notice of security interest for collateral used to secure the loan;
- (m) conditions for early settlements of loan;
- (n) rights and responsibilities of the borrower consisting of conditions that may lead to termination of the agreement;
- (o) rights and responsibilities of the microfinance service provider; and
- (p) names and signatures of the borrower and the microfinance service provider.

(3) Without prejudice to subregulation (2) of this regulation, any term stipulated in a loan agreement purporting to grant to microfinance service provider authority to introduce unilateral modifications to interest rates or other loan conditions shall be null and void.

39. Where a loan application is rejected, a microfinance service provider shall notify the applicant in writing the reasons for such rejection of loan application.

40.-(1) A microfinance service provider may obtain collateral for securing a loan. collateral.

(2) A microfinance service provider shall maintain a register of all collaterals held for securing loans.

Loan
repayment.

41.- (1) A borrower has the right to repay a loan prior to its maturity either in whole or in part to reduce outstanding principal amount, interest charges and fees owed.

(2) Subject to subregulation (1) of this regulation, where the loan is paid in full prior to its maturity, the borrower shall not be required to pay interest for the remaining period to maturity.

(3) Where the loan installment is paid in partial, the amount paid shall be allocated in the following order of preference:

- (a) interest due;
- (b) outstanding fees and charges; and
- (c) outstanding principal amount due.

(4) A microfinance service provider shall keep proper records of all loan payments received from a borrower indicating date and amount received.

Loan
restruc-
turing.

42. A microfinance service provider may, subject to its lending policy and upon receipt of a request from a borrower, restructure a loan in terms of instalment amount or payment period.

Loan
impair-
ment.

43. A microfinance service provider shall assess loan impairment and provide for credit losses in accordance with International Financial Reporting Standards on quarterly basis.

Disclosure
to loan
guarantors.

44. A microfinance service provider shall give to the guarantor the disclosure statement in writing indicating his liability for the loan guaranteed and such statement shall include:

- (a) name and address of the microfinance service provider;
- (b) loan number;

- (c) name of borrower;
- (d) loan amount;
- (e) the date a loan was granted;
- (f) identification card of guarantor which may be Zanzibar Identification Card, National Identification Card or Passport;
- (g) the name and signature of guarantor.

45.-(1) Subject to section 52 of the Act, a microfinance service provider shall collect or recover a loan from borrower in accordance with recovery procedures prescribed in its lending policy. Debt collection or recovery.

(2) For the purpose of ensuring compliance with debt collection or recovery procedures, a microfinance service provider shall:

- (a) issue a fourteen days' written notice to the borrower for chattels;
- (b) comply with the procedures under the Land Tenure Act, No 1992 for the purpose of landed properties;
- (c) not harass, abuse or oppress a borrower, guarantor or any person in connection with collection or recovery of a debt;
- (d) not threaten or use violence or illegal means in collecting or recovering a debt;
- (e) not use obscene or profane language;
- (f) not use any false, deceptive or misleading representation or means such as:
 - (i) false representation of character, amount or legal status of any debt;

- (ii) false representation or implication that any individual is an attorney or that any communication is from an attorney;
- (iii) threat to take any action that cannot legally be taken or that is not intended to be taken; and
- (iv) communicating or threatening to communicate to any person credit information that is known to be false.

(3) A microfinance service provider shall not collect interest, fees, charges or expenses unless they are prescribed in the loan agreement.

(4) A microfinance service provider may engage a debt collector to collect or recover a loan from a borrower provided that such debt collector:

- (a) has been licensed under relevant law;
- (b) carries out debt collection or recovery in compliance with the requirements of subregulations (2) and (3) of this regulation; and
- (c) adheres to relevant laws regarding debt recovery.

PART FIVE

SUPERVISION OF MICROFINANCE SERVICE PROVIDERS

Minimum
capital.

46.-(1) A microfinance service provider shall commence operations with and maintain at all times a minimum capital of fifty million Tanzanian Shillings.

(2) A microfinance service provider that its majority shareholders are foreign individuals or entity shall commence operations with and maintain at all times a minimum capital of one hundred million Tanzanian shillings.

(3) Where a microfinance service provider fails to meet minimum capital requirements as provided under this regulation, such microfinance service provider shall, within thirty days of the shortfall, submit to the Bank a capital restoration plan.

(4) The capital restoration plan provided under subregulation (2) of this regulation shall state:

- (a) the time bound schedule showing actions to be taken by management to increase the capital back to the minimum requirement;
- (b) the level of capital to be achieved at the end of each quarter; and
- (c) any other information as the Bank may require.

(5) Where any microfinance service provider fails to meet minimum capital requirement and has failed to submit or implement capital restoration plans, the Bank may take such administrative measures as may be appropriate.

47.-(1) A microfinance service provider shall, at all time maintain minimum liquid assets amounting to not less than one percent of its total outstanding gross loans. Minimum liquidity asset.

(2) For the purposes of this regulation, “liquid assets” include:

- (a) notes and coins which are legal tender in the United Republic of Tanzania;
- (b) balances held at banks excluding cash collateral;
- (c) unencumbered treasury bills and bonds; and
- (d) such other assets as the Bank may specify.

48. A microfinance service provider shall maintain minimum solvency ratio of ten percent of assets and liabilities. Minimum solvency ratio.

Inspection.

49.-(1) The Bank shall, in exercising its powers of inspection under the Act, perform onsite inspection and offsite surveillance of a microfinance service provider.

(2) The inspection referred to under subregulation (1) of this regulation shall include the following:

- (a) ascertaining microfinance service provider's compliance with laws, regulations, policies and procedures in carrying out its operations;
- (b) examining operations and financial position of a microfinance service provider;
- (c) assessing the effectiveness of the corporate governance and internal controls;
- (d) analyzing of periodic reports submitted by microfinance service provider to the Bank; and
- (e) other matters as may be determined by the Bank.

(3) Upon conclusion of inspection, the Bank may prepare and forward a copy of inspection report to the governing body of the microfinance service provider.

(4) Upon receipt of the inspection report the governing body of the microfinance service provider shall ensure that appropriate actions are taken to address issues raised in the report.

Payment of dividends.

50. A microfinance service provider shall not pay dividends, interest of loans advanced by shareholders and other form of distribution if such payments or distribution result into failure of such microfinance service provider to meet the minimum capital requirements provided under these Regulations.

Submission of reports.

51. A microfinance service provider shall submit to the Bank periodic reports in the format and frequency as prescribed by the Bank.

52.-(1) The Bank may take over the management of the microfinance service provider as provided under section 32 of the Act.

(2) The Bank shall, upon assuming the management of microfinance service provider, discharge its duties with diligence and sound corporate governance principles with regard to the interests of the microfinance service provider, its borrowers and other creditors.

(3) The Bank shall take action with a view to:

- (a) trace and preserve all the property and assets of the microfinance service provider; and
- (b) obtain from any officer or employee of the microfinance service provider any documents or information relating to its business.

(4) The Bank shall, as soon as possible after taking possession:

- (a) make an inventory of the assets and liabilities of the microfinance service provider and shall make a copy of such inventory available for examination by all interested parties; and
- (b) evaluate the capital structure and management of the microfinance service provider and determine whether all or any part of the operations of the microfinance service provider are viable and may continue, either in the microfinance service provider or through transfer to another the microfinance service provider in accordance with the resolution plan established by the Bank.

(5) The Bank shall, within sixty days after taking possession:

- (a) determine whether to restructure and reorganize or liquidate the microfinance service provider; and
- (b) establish a plan of resolution based upon any combination of restructuring, reorganization or liquidation of the microfinance service provider that provides for expeditious resolution.

(6) The Bank may disclose confidential information of the microfinance service provider to offeror subject to a confidentiality agreement after it has determined that the offeror has the interest and the resources to participate in a restructuring.

(7) The shareholders of a seized the microfinance service provider shall have no rights with respect to shares, except to the extent prescribed by the Bank where the microfinance service provider is not liquidated as a result of the seizure.

(8) The Bank may, in exercising its functions under this regulation, utilize the services of private persons if the it determines that doing so is most practicable, efficient and cost effective.

PART SIX MISCELLANEOUS PROVISIONS

Transition
period.

53.-(1) A person who was providing microfinance services before commencement of these Regulations and who intends to continue with such services shall apply for licence within a period of six months from the date of commencement of these Regulations.

(2) A person who fails to meet the requirements of subregulation (1) of this regulation shall close its business and cease to operate as microfinance service provider.

Change
from
individual
money
lender to an
entity.

54. Individual Money Lender who intends to operate as an entity shall, upon application to the Bank and attaining the required criteria prescribed in these regulations and any other relevant law, transform into an entity.

Compliance with
laws on
financial
consumer
protection.

55. A Microfinance Service Provider shall comply with the principles of consumer protection as provided under the Act, the Fair Competition and Consumer Protection Act, No. 5 of 2018 and the Bank of Tanzania (Financial Consumer Protection) Regulations, 2019.

Administrative
measures.

56. Without prejudice to penalties and actions prescribed under the Act, the Bank may impose on any microfinance service provider the following administrative measures for non-compliance:

- (a) prohibition from declaring or paying dividends;
- (b) prohibition from opening or establishing new branches;
- (c) suspension of lending and investment activities;
- (d) revocation of license;
- (e) a written warning to a defaulting director or employee;
- (f) suspension from office of the defaulting director or employee;
- (g) disqualification of the defaulting director or employee from holding any position or office in any institution under the supervision of the Bank;
- (h) a penalty of the amount to be determined by the Bank of not less than five hundred thousand Tanzanian shilling and not more than Five Million Tanzanian Shilling; and
- (i) any other administrative measures as the Bank may prescribe.

FIRST SCHEDULE

**APPLICATION FOR A LICENCE
[Made under regulation 6(1)]**

The applicant address:.....

Date:.....

The Governor,
Bank of Tanzania,
16 Jakaya Kikwete Road 40184,
P.O Box 2303,
Dodoma,
TANZANIA.

Dear Sir/Madam,

**RE: APPLICATION FOR A LICENSE TO PROVIDE
MICROFINANCE SERVICES UNDER TIER TWO**

I/We, the undersigned, hereby apply for a license to provide microfinance services in Zanzibar in the name of with principal place of business at.....

I/we herewith attach all documents listed in the second schedule of the Microfinance (Non-Deposit Taking Microfinance Service Providers) Regulations for your reference.

I/ We certify the correctness of all the information provided in such documents to the best of my/our knowledge and belief and I/We authorize the Bank of Tanzania to make an enquiry or obtain any information from any source for the purposes of determining the correctness of documents submitted in connection with this application.

Enclosed is a proof of payment of Tanzanian Shilling five hundred thousand as an application fees.

Yours faithfully,

Signature

Name and Tittle

SECOND SCHEDULE

CHECKLIST OF DOCUMENTS [Made under regulation 6(3)]

1. Application Letter in the format as prescribed under the First Schedule.
2. Certified copy of certificate of incorporation or registration.
3. Governing body Resolution authorizing application for License in the case of an entity.
4. Swift advice or any other document acceptable to the Bank evidencing payment of application fee
5. Proof of availability of capital.
6. Copy of latest Audited financial statements for an existing entity.
7. Lending Policy
8. Sample Loan Application Form
9. Sample Loan Agreement.
10. Declaration of source of capital and that the funds have not been obtained criminally or associated with any criminal activity.
11. Proof of source of capital for foreign owners or shareholders.
12. Proof of citizenship of every subscriber, proposed director, chief executive officer and individual moneylender. This includes; certified copy of passport, National ID or Zan ID and two recent passport size photographs.
13. Dully filled Questionnaire for owners, members of the governing body and chief executive officer of microfinance service provider as provided in the Third Schedule.

14. Details of a contact person including name, postal address, telephone number, and email address.
15. Latest Credit Reference Report for owners, members of the governing body and chief executive officer.

THIRD SCHEDULE

**QUESTIONNAIRE FOR SHAREHOLDERS, MEMBERS OF THE
GOVERNING BODY, SOLE PROPRIETOR AND CHIEF EXECUTIVE
OFFICER OF THE APPLICANT****[Made under regulation 10(2), 11(2) and 22(2)]**

Part I: Instructions for Filling the QUESTIONNAIRE

- (i) This Questionnaire should be filled by each shareholder, member of the governing body, sole proprietor or chief executive officer of the applicant
- (ii) ALL answers should be TYPED or written in BLOCK LETTERS.
- (iii) No question should be left unanswered where the question does not apply, the Applicant should write “Not Applicable” or “N/A”.
- (iv) In case of insufficient space, additional information may be provided on an attachment page and identify the continuation of an answer by stating the question number.
- (v) All dates should be in the following format: Day / Month / Year.
- (vi) Please ensure that all answers and information are true and correct. Failure to do so constitutes a criminal offence and can lead the Bank to reject an application or disqualify a director or chief executive officer who has been cleared on the basis of untrue or incorrect information.
- (vii) The following documents shall be submitted to the Bank with respect to each proposed shareholder, members of the governing body and chief executive officer, or sole proprietor together with other documents the Bank may require-
 - a. Photocopy of the National ID or Zanzibar ID or pages of the passport which contain personal information

- b. Two certified passport size photographs; and
- c. Credit reference report.

Part II: Personal Particulars

1. Name of the applicant (entity or sole proprietor)		
2. Surname		
3. First Name(s)		
4. Middle Name		
5. Gender		
6. Are there any names by which you are also known as?		
7. Date of Birth		
8. Place of Birth		
9. Position to be held in the microfinance service provider		
10. National ID or Zan ID and/or Passport number. Attach certified copy of National ID or Zan ID and Passport which contain personal information	National ID or Zan ID Number	Passport Number
12. Current residential and official address		
Residential Address	Official Address	
Plot number.....	Name of the Organization...	
Block number.....	Block number.....	
House No.	House No.	
Street.....	Street.....	
Shehia	Shehia	
Postal Address.....	Postal Address.....	
Phone No.	Phone No.	
District	District	
Region.....	Region.....	
Country.....	Country.....	
Email:	Email:	

Part III: Academic Qualifications

13. Details academic qualifications			
Qualification	Educational Establishment	Awarding Body	Year Obtained

Part IV: Professional Qualifications

14. Details of Professional qualifications (E.g. CPA, TIOB, ACA, ACCA, ACIB etc...).		
Membership No.	Professional Qualification	Year Obtained

Part V: Employment History

16. Indicate your present occupation or employment.			
Name of employer	Position Held	Start Date	Percentage of ownership (For self-employed only)

If any of the answers to questions 18 to 32 are “Yes”, please give full particulars on a separate sheet of paper clearly stating the number of the question to which the details relate. Please note that no time restrictions apply to the matters you are asked to disclose. Any convictions and other facts must be stated.

18. Have you ever been involved in any litigation? If yes, provide details including any judgment.	Yes <input type="checkbox"/> No <input type="checkbox"/>
19. Have you or any other body corporate, partnership or unincorporated institution to which you are, or have been associated with as a director, chief executive officer, or officer ever applied for microfinance business to any jurisdiction for a license or other authority to carry on microfinance business or other related business (e.g insurance, mortgage finance, lease finance, etc.). Regardless of whether the application was successful or not	Yes <input type="checkbox"/> No <input type="checkbox"/>

20. Have you or anybody corporate, partnership or other entity to which you are, or have been associated with as a director, chief executive officer, or officer been subject of an investigation by a government, professional or other regulatory body?	Yes <input type="checkbox"/> No <input type="checkbox"/>
21. Have you ever been subject of a disciplinary enquiry?	Yes <input type="checkbox"/> No <input type="checkbox"/>
22. Have you ever been suspended from any office or asked to resign?	Yes <input type="checkbox"/> No <input type="checkbox"/>
23. Have you been dismissed from any office of employment or barred from entry to any profession or occupation?	Yes <input type="checkbox"/> No <input type="checkbox"/>
24. Have you ever been disqualified from acting as a director, or from acting in the management or conduct of the affairs of the company, or any other entity?	Yes <input type="checkbox"/> No <input type="checkbox"/>
25. Have you ever been adjudged bankrupt by a court, or entered into any compromise with creditors, or are you currently the subject of bankruptcy proceedings? Are you aware of any such proceedings pending?	Yes <input type="checkbox"/> No <input type="checkbox"/>
26. Have you ever failed to honor any credit obligation as borrower of any bank or financial institution or other money lending institution?	Yes <input type="checkbox"/> No <input type="checkbox"/>
27. Have you failed to satisfy any debt adjudged due and payable by you as a judgment-debtor under an order of a court?	Yes <input type="checkbox"/>
28. Has anybody corporate, partnership or any other institution with which you were associated as a director, chief executive officer, officer been compulsory wound up, made any compromise, or arrangement with creditors, or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims.	Yes <input type="checkbox"/> No <input type="checkbox"/>
29. In carrying out your duties, will you be acting on the directions or instruction of any other person?	Yes <input type="checkbox"/> No <input type="checkbox"/>

DECLARATION BY THE APPLICANT

I hereby declare that, the content of this questionnaire is true to the best of my knowledge and belief. I am aware that should any information submitted herein be false, I may be liable to prosecution.

I undertake, that for as long as I continue to be a director or executive officer of the institution, I will notify the Bank of any material changes to, or affecting the completeness or accuracy of the information supplied by me as soon as possible, but in any event not later than 21 days from the day that the changes come to my attention.

I know and understand the content of this declaration. I have/do not have* objections to taking the prescribed oath. I consider the prescribed oath to be binding /not binding* on my conscience.

SIGNATURE OF APPLICANT

I certify that the above statement was taken by me and that the deponent has acknowledged that he*/she knows and understands the content of this statement. This statement was sworn to*/affirmed before the deponent’s and me signature was placed thereon in my presence at.....
on thisday of two thousand and

COMMISSIONER OF OATHS

FULL NAMES: _____

ADDRESS: _____

FOURTH SCHEDULE

LICENCE TO PROVIDE MICROFINANCE SERVICES

[Made under regulation 12(1)]



LICENCE NO:

**BANK OF TANZANIA
LICENCE TO PROVIDE MICROFINANCE SERVICES**

[Issued under Section 19(1) of the Zanzibar Microfinance Service Act, No. 9 of 2023]

THIS LICENCE IS GRANTED TO
..... of
.....

and authorizes the said entity/ sole proprietor to provide microfinance services in Zanzibar as a Non- Deposit Taking Microfinance Service Provider under Tier 2.

This licence is issued subject to the provisions of the Zanzibar Microfinance Service Act, No. 9 of 2023 and the conditions set forth in our letter with reference No..... dated



SEAL

GOVERNER

FIFTH SCHEDULE

DECLARATION OF SOURCE OF CAPITAL

(Made under regulation 22(1)(a))

I,adult with mental being shareholder/proprietor of (Name of Microfinance Service Provider) of P.o.Box.....do solemnly state and declare as follows:

1. That, I am the shareholder/sole proprietor of (Name of Microfinance Service Provider) duly incorporated/ registered under the laws of Zanzibar.
2. That, by virtue of being shareholder or sole proprietor I am required to contributeShillings being payment of shares or contribution in(Name of Microfinance Service Provider)
3. That, as per licensing requirements to operate as Tier 2 Microfinance Service Provider, I undertake to state and declare that the amount paid or contributed in form of shares or contribution was obtained from legitimate source.
4. That, the legitimate source(s) of fund referred under paragraph 3 include the following:
 - (a).....
 - (b).....
 - (c).....
5. That, for the purpose of paragraph 4, I hereby enclose as proof of source of funds to that effect (for foreign applicant / owner).

VERIFICATION

That, I hereby verify and declare that, what is stated in paragraph 1 to 5 is true to the best of my knowledge and belief.

DECLARANT

Declared at

By the said

Who is personally known to me/

introduced to me bythe

later being known to me in personally

in my presence this....day....of20...

DECLARANT

BEFORE ME:

NAME: _____

ADDRESS: _____

DESIGNATION: COMMISSIONER FOR OATH

SIGNED ON this 20th day of May, 2025

(DR. SAADA MKUYA SALUM)
MINISTER OF STATE, PRESIDENT'S OFFICE,
FINANCE AND PLANNING
ZANZIBAR

