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

**THE ZANZIBAR MICROFINANCE SERVICE (COMMUNITY
MICROFINANCE GROUPS) REGULATIONS**

[Made under section 61(1)]

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**THE ZANZIBAR MICROFINANCE SERVICE
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[Made under section 61(1)]

IN EXERCISE of 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: L.N 59 of 2025

**PART ONE
PRELIMINARY PROVISIONS**

1. These Regulations may be cited as the Zanzibar Microfinance Service (Community Microfinance Groups) Regulations, 2025 and shall come into operation after being signed by the Minister. Short title and Commencement.

2. These Regulations shall apply to microfinance service providers under Tier Four operating in Zanzibar. Application.

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

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

“authorized officer” means a person designated as such by the Bank or Delegated Authority to undertake functions under these Regulations;

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

“community microfinance group” has the meaning ascribed to it under the Act;

“constitution” means a constitution adopted in terms of these Regulations by members of a community microfinance group;

“credit information” means any information including 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, outstanding debt obligations, assets, inquiries made on credit history and other business details;

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

“Delegated Authority” means a Local Government Authority delegated by the Bank to execute the function and powers of the Bank in respect of community microfinance groups under the Act;

“founder member” means members who were involved in the formation of the group;

“Interim committee” means a committee appointed by an initial meeting of a community microfinance group which shall facilitate the formation of the group;

“Local Government Authority” has the meaning ascribed to it under the Local Government Authority Act, No. 7 of 2014;

“member” means a person who is a member of a registered community microfinance group in accordance with its constitution;

“microfinance service provider” has the meaning ascribed to it under the Act;

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

“subscriptions” means a monetary contribution agreed by group members; and

“Tier Four” means a category of microfinance service providers which comprises of community microfinance groups.

PART TWO FORMATION OF COMMUNITY MICROFINANCE GROUP

4.-(1) A community microfinance group may be formed by individual persons associated for the purpose of undertaking microfinance service in accordance with the provisions of the Act and these Regulations.

Formation of community microfinance group.

(2) Without prejudice to subregulation (1) of this regulation, a community microfinance group may be formed by seven to fifty persons who have common bond in respect of the activities of the community microfinance group.

5.-(1) Persons who intend to form a community microfinance group shall hold initial meeting for the purpose of:

Initial meeting.

- (a) discussing and agreeing on the formation, objectives and constitution of the group; and
- (b) electing the interim committee to facilitate the formation of the group.

(2) The members of the first meeting shall be deemed to be the founder members of the prospective community microfinance group.

6.-(1) The interim committee elected under regulation 5(1) of these Regulations shall consist of such number of members as determined in the first meeting.

Interim committee and its functions.

(2) The functions of an Interim Committee shall be to:

- (a) propose the name and objectives of the group to be formed;

- (b) prepare draft constitution of the group which shall contain items prescribed in the First Schedule of these Regulations;
- (c) provide awareness to the prospective members on how to join the microfinance group and with its advantages;
- (d) compile a list of founder members and record proceedings of the first meeting;
- (e) propose organization structure of the group;
- (f) prepare or obtain all documents necessary for the purpose of meeting registration requirements; and
- (g) convene the formation meeting.

Formation meeting and its functions.

7.-(1) There shall be a formation meeting of founder members which shall be convened by interim committee for the purpose of forming and registering a community microfinance group.

(2) The formation meeting held under subregulation (1) of this regulation may be under the guidance of an authorized officer or promoter and shall have the functions to:

- (a) adopt the proposed name and objectives of the group;
- (b) agree on organization structure as proposed by the interim committee;
- (c) propose names of leaders of the group;
- (d) deliberate and approve the draft constitution and other documents prepared by the interim committee for the purpose of application for registration of the group; and
- (e) assign the interim committee to finalize necessary documents for registration and submit them to the Bank or Delegated Authority.

(3) Where founder members or interim committee engages the promoter for the purpose of assisting in the formation and registration of the group, the role of promoter shall include:

- (a) preparing draft constitution and other documents necessary for formation and registration of the group;
- (b) training of founder members to facilitate formation and registration process; and
- (c) performing any other activity assigned by the first meeting or interim committee for the purpose of formation and registration of the group.

(4) Unless otherwise engaged to provide other promotional activities, the role of the promoter for the purpose of formation and registration shall cease upon registration of the group.

PART THREE

REGISTRATION OF COMMUNITY MICROFINANCE GROUP

8.-(1) A community microfinance group which intends to undertake microfinance service shall apply for registration to the Bank or Delegated Authority by filling registration application form prescribed in the Second Schedule of these Regulations. Application for registration.

(2) The application made under subregulation (1) of this regulation shall be accompanied with:

- (a) two copies of the constitutions duly signed by all members;
- (b) two copies of the minutes of formation meetings duly signed by all members;
- (c) members' resolution to form and register a community microfinance group as prescribed in the Third Schedule of these Regulations;

- (d) proposed organizational structure and names of proposed leaders of the applicant;
- (e) list of members, provided that the number of members complies with regulation 4(2) of these Regulations;
- (f) proof of payment of membership subscription by the founder members;
- (g) letter of reference from the Shehia introducing the applicant; and
- (h) any other relevant document or information as determined by the Bank or Delegated Authority.

Name of community microfinance group.

9.-(1) The name of a community microfinance group proposed for the purpose of application for registration shall be unique and contain the words “Community Microfinance Group”.

(2) Without prejudice the requirement made under subregulation (1) of this regulation, the name of a community microfinance group shall not contain the word “bank”.

Determination of application for registration.

10.-(1) The Bank or Delegated Authority shall, within ten working days from the date of receipt of application for registration, process and determine the application.

(2) Where the Bank or Delegated Authority receives incomplete documents for the purpose of registration, it may, before determining the application, require the applicant to:

- (a) submit the missing documents or information; or
- (b) rectify or amend anomalies to comply with registration requirements.

Certificate of registration.

11.-(1) The Bank or Delegated Authority shall, upon satisfaction that the requirements for application have been complied with, register the community microfinance group and issue a certificate of registration prescribed in the Fourth Schedule to these Regulations.

(2) The certificate of registration issued shall have effect from the date it is issued and shall be valid unless cancelled by the Bank or Delegated Authority.

12.-(1) The Bank or Delegated Authority may refuse to register a community microfinance group in accordance with the provisions of the Act. Refusal of registration.

(2) Where the Bank or Delegated Authority refuses to register a community microfinance group, it shall within seven days from the date of its decision, issue a written notice to the group stating the reasons for refusal.

13. A certificate of registration issued under these Regulations shall not be transferrable to another community microfinance group. Transfer of a certificate of registration.

14.-(1) The interim committee shall, within one month from the receipt of the certificate of registration, hold the first meeting for the purpose of: First meeting.

- (a) presentation of certificate of registration to the members;
- (b) endorsement of the proposed leaders or election of leaders of the group in accordance with the constitution;
- (c) dissolution of the interim committee; and
- (d) discussing any other matter as the members may deem necessary or as may be provided for in the constitution.

(2) A member of the interim committee may be elected as a leader of the group in the first general meeting.

15. A community microfinance group whose application for registration has been refused under regulation 12 of these Regulations may submit a fresh application after the deficiencies that formed the basis for refusal of the initial application or subsequent review have been corrected or otherwise addressed. Reapplication for registration.

Register of
community
microfi-
nance
groups.

16.-(1) The Bank or Delegated Authority shall keep and maintain a register of all registered community microfinance groups.

(2) The register referred to subregulation (1) of this regulation shall contain the following particulars:

- (a) name, address and contacts of the groups;
- (b) names and contacts of group leaders;
- (c) area of operation;
- (d) registration number;
- (e) date of registration;
- (f) number of members; and
- (g) such other particulars as may be determined by the Bank or Delegated Authority.

Cancellation
of
registration.

17.-(1) The Bank or Delegated Authority may, upon being satisfied that a registered community microfinance group has failed to comply with terms and conditions of registration or is in breach of the provisions of the Act or these Regulations, cancel the certificate of registration and remove its name from the register.

(2) Where the Bank or Delegated Authority cancel the registration of a community microfinance group, it shall serve the group with a written notice containing, among other things, reasons for its decision.

PART FOUR OPERATIONS

Commen-
cement of
operations.

18.-(1) A registered community microfinance group shall begin its operations within three months from the date of registration.

(2) The Bank or Delegated Authority may, within fourteen days and with a written notice, cancel the registration of a community microfinance group which fails to begin its operations pursuant to subregulation (1) of this regulation.

(3) A Community microfinance group which its registration is cancelled under subregulation (2) of this regulation may reapply for registration by submitting a fresh application in accordance with regulation 8(1) of these Regulations.

19.-(1) Subject to provisions of these Regulations, the permissible activities of a community microfinance group shall include:

Permissible and prohibited activities.

- (a) mobilizing contributions from its members;
- (b) granting loans to its members;
- (c) mobilizing funds for social economic welfare of its members; and
- (d) investment activities.

(2) A community microfinance group shall not engage in:

- (a) accepting savings from non-members; and
- (b) opening a branch, agency or outlet.

20.-(1) A registered community microfinance group shall:

Operational requirements.

- (a) have a proper physical address or meeting place for carrying out its microfinance service;
- (b) undertake its microfinance service in accordance with the Act, these Regulations and its constitution;
- (c) open and maintain an account with any bank, financial institution or any other form of an account for the purpose of carrying out its operations;
- (d) be accountable to the Bank or Delegated Authority;
- (e) distribute profits to its members in accordance with its constitution;
- (f) keep and maintain reports of basic financial records and relevant information in relation to its operations;

- (g) keep and maintain minutes of meetings, membership register, copies of constitution and other relevant records; and
- (h) submit reports and any other relevant information to the Bank or Delegated Authority as provided in these Regulations.

(2) The Bank or Delegated Authority may issue circulars and guidelines for the purpose of facilitating the implementation of the operational requirements provided under subregulation (1) of this regulation.

Submission
of reports.

21. A community microfinance group shall submit to the Bank or Delegated Authority reports in the format and frequency to be prescribed by Bank or Delegated Authority.

Governance
of
community
microfi-
nance
group.

22.-(1) A community microfinance group shall ensure that all matters related to its governance are provided for in its constitution.

(2) For the purpose of ensuring good governance, a community microfinance group shall:

- (a) hold meetings including ordinary and general meetings in a manner provided for in its constitution;
- (b) elect leaders with integrity in accordance with its constitution;
- (c) ensure transparency and accountability; and
- (d) perform any other activity as may be deemed necessary.

Consumer
protection.

23. For the purpose of complying with the principles of consumer protection, every community microfinance group shall:

- (a) have in its constitution, complaints handling and dispute resolution procedures;
- (b) have a modality for providing financial education to its members;

- (c) ensure that terms and conditions of loans or related services are transparent, fair, legible and protects the rights of members;
- (d) fully disclose relevant reports and information regarding its operations to its members;
- (e) ensure that every member of the group understands the constitution;
- (f) ensure that the procedures for debt collection and recovery protect the rights of the members; and
- (g) perform any other activity intended to protect the rights and interests of its members.

24.-(1) A community microfinance group may collaborate with other institutions for the purposes of better carrying out its operations including access of:

Collaboration with other institutions.

- (a) financial services from banks and financial institutions including loans and bank accounts;
- (b) financial support from non-financial organizations or entities; and
- (c) financial education and other promotional support from relevant organizations or entities.

(2) Where a community microfinance group wishes to access a loan facility from a bank, financial institution or any other entity, it shall ensure that:

- (a) terms and conditions of the loan facility are acceptable by all members; and
- (b) the loan shall not exceed the total assets of the group unless guaranteed by collateral which fully covers the loan.

(3) Where a community microfinance group receives financial service from a bank, financial institution or any other entity in form

of digital microfinance, it shall ensure that its members have full understanding of the service including the risk, cost and benefits.

Monitoring
by Bank or
Delegated
Authority.

25.-(1) The Bank or Delegated Authority shall make continuous monitoring of operations of community microfinance groups.

(2) The Bank or Delegated Authority shall, for the purpose of monitoring the operations of community microfinance group:

- (a) review and analyse relevant reports submitted by the community microfinance group;
- (b) review and analyse complaints and disputes submitted to the Bank or Delegated Authority for the purpose of intervention;
- (c) make official visits to community microfinance groups to determine their performance and compliance with the requirements of the Act and these Regulations; and
- (d) perform any other duty as it deems necessary.

(3) Where the Bank or Delegated Authority, in performing its duties under subregulation (2) of this regulation, finds out anomalies, it may, in writing, advise or direct the community microfinance group to rectify the anomalies within thirty days or within such interval as it may determine.

PART FIVE MISCELLANEOUS PROVISIONS

Sharing
of credit
informa-
tion.

26.-(1) Every community microfinance group shall keep and maintain credit information of its members for the purpose of sharing the information through Credit Reference Bureau.

(2) The credit information under this regulation shall be submitted to Credit Reference Bureau and be shared in a manner prescribed by the Bank or Delegated Authority in accordance with the provisions of the Act and Bank of Tanzania Act, No. 5 of 2006.

(3) A community microfinance group shall ensure that all members execute a written consent to allow such community microfinance group to obtain from, exchange with or disclose all credit information relating to the members to lenders or credit reference bureau.

27.-(1) A community microfinance group may engage a promoter for the purpose of promoting its activities. Engage-
ment of
promoter.

(2) The engagement of a promoter under subregulation (1) of this regulation shall not entitle the promoter exclusive right to provide promotion services to the group.

28.-(1) A community microfinance group which was providing microfinance services before commencement of these Regulations and which intends to continue with such services shall apply for registration within a period of six months from the date of commencement of these Regulations. Transition
period.

(2) A community microfinance group, which fails to meet the requirements of subregulation (1) of this regulation, shall close its business and cease to operate.

29.-(1) A community microfinance group aggrieved by the decision of the Bank or Delegated Authority under these Regulations may, within thirty days from the date of the decision, appeal to the Minister. Appeal.

(2) The appeal made under subregulation (1) of this regulation shall be in writing and shall clearly state:

- (a) the grounds for the appeal; and
- (b) any other relevant matters.

(3) The Minister shall, within sixty days from the date of receiving the appeal, determine the appeal.

(4) In determining the appeal under subregulation (3) of this regulation, the Minister may require the appellant to furnish all

necessary information and documents which form the basis of his appeal.

General
penalty.

30. A person who contravenes the provisions of these Regulations, in the case where no specific penalty has been prescribed, is liable upon conviction to a fine not less than Five Hundred Thousand Shillings and not exceeding One Million Shillings or to imprisonment for a term of not less than three months and not exceeding one years or to both.

Administ-
rative
measures.

31.-(1) Without prejudice to penalties and actions prescribed under the Act, where a community microfinance group fails to comply with any of the provisions of the Act, these Regulations or its constitution, the Bank or Delegated Authority may take administrative measures as may be appropriate to ensure compliance.

(2) The administrative measures referred to under subregulation (1) of this regulation shall include:

- (a) issuance of warning or order directing a community microfinance group to rectify anomaly;
- (b) suspension from office of the leaders where such leaders violate the provisions of the Act, these Regulations or any other relevant legislation;
- (c) suspension or cancellation of registration; and
- (d) any other measure intended to ensure compliance with the Act and these Regulations.

FIRST SCHEDULE

MINIMUM CONTENTS OF THE CONSTITUTION OF A COMMUNITY MICROFINANCE GROUP

[Made under regulation 6(2)(b)]

Pursuant to Regulation 6 (2), the constitution of a community microfinance group shall contain the following:

- 1 Name, physical address and contacts;
- 2 Place of business and area of operation;
- 3 Mission, Vision and Objectives of the group;
- 4 Membership issues including, membership subscriptions, periodic contributions, admission, rights, obligations, suspension and termination of members;
- 5 Governance issues including leadership, tenure, election, leaders responsibilities, terminations and suspension of leaders;
- 6 Meetings including Ordinary, Special and Annual General Meeting;
- 7 Proceedings of the meeting including notice, agenda, quorum, minutes and resolutions;
- 8 Operations issues including activities, procedures for mobilization of funds and issuance of loans;
- 9 Distribution of surplus;
- 10 Reporting and record keeping including disclosure of financial records and information to its members and relevant authority for the purpose of transparency;
- 11 Complaints and dispute handling procedures;
- 12 Dissolution including the grounds and procedures; and
- 13 Review and amendments of the constitution.

SECOND SCHEDULE

**APPLICATION FOR REGISTRATION OF A COMMUNITY
MICROFINANCE GROUP**

[Made under regulation 8(1)]

Applicant address

THE GOVERNOR

BANK OF TANZANIA

P. O. Box

ZANZIBAR

OR

DIRECTOR,

.....

P.O. Box

ZANZIBAR

**RE: APPLICATION FOR REGISTRATION OF
COMMUNITY MICROFINANCE GROUP**

We, the undersigned, on behalf of the members of the proposed community microfinance group, do hereby apply for the registration of (Name of the Community Microfinance Group)with principal place of business at ShehiaDistrictRegion..... to operate as a community microfinance group under the Zanzibar Microfinance Service Act, 2023.

Pursuant to regulation 8 (2), we hereby enclose our application together with the following:

- (a) two copies of the constitutions duly signed by all members;
- (b) two copies of the minutes of formation meetings duly signed by all members;
- (c) members' resolution to form and register a community microfinance group as prescribed in the Second Schedule;
- (d) proposed organizational structure and names of proposed leaders of the applicant;
- (e) list of members as provided under regulation 4 (2);
- (f) proof of payment of membership subscription by the founder members; and
- (g) letter of reference from the Shehia.

We also declare that the information given above including the enclosures, is correct to the best of our knowledge and belief.

NAME	SIGNATURE
1.
2.
3.
4.
5.

THIRD SCHEDULE

**RESOLUTION FOR FORMATION OF A COMMUNITY
MICROFINANCE GROUP**

[Made under regulation 8(2)(c)]

We the undersigned in the meeting held on/...../20..... at
have agreed and resolved to form a community microfinance group by the name
ofCOMMUNITY MICROFINANCE GROUP

NAME	SIGNATURE
1.
2.
3.
4.
5.
6.
7.

FOURTH SCHEDULE

BANK OF TANZANIA/ DELEGATED AUTHORITY

CERTIFICATE OF REGISTRATION
[Made under regulation 11(1)]

(Council Logo)

Reg. No.

This is to certify that Community
 Microfinance Group located at ShehiaDistrict
Region is registered after satisfying the
 requirements provided under section 6 (1) of the Zanzibar Microfinance Service
 Act, 2023.

Dated this day of

SEAL

 NAME AND SIGNATURE

SIGNED on this 20th day of May, 2025.

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

