



THE UNITED REPUBLIC OF TANZANIA
BANK OF TANZANIA



In reply please quote:

Ref. No. FA.130/170/01/579

22nd August, 2024

To: All Banks and Financial Institutions

RE: STRENGTHENING GENDER REPRESENTATION AND INCLUSIVITY IN LEADERSHIP ROLES FOR BANKS AND FINANCIAL INSTITUTIONS

Reference is made to the captioned subject.

2. The Bank of Tanzania is committed to fostering a financial sector that embodies principles of equity, diversity and inclusivity, with a specific focus on gender representation at every level of governance for all banks and financial institutions in Tanzania. In this regard, we encourage institutions to adopt measures that will ensure at least one-third of board membership comprises women and that qualified women are more actively considered for senior management roles. This initiative aims to align corporate governance practices with the broader goals of sustainable and inclusive economic growth.

3. There is a compelling business case for improving gender representation in leadership roles. Extensive research, including reports from the World Economic Forum and the International Monetary Fund, has consistently demonstrated that gender-diverse teams contribute to better decision-making, enhanced innovation and greater organizational resilience. These benefits are particularly crucial in the dynamic and competitive environment of the financial sector.

4. Recent study by the Bank of Tanzania indicate that gender disparities persist within the leadership of banks and financial institutions in Tanzania. Currently, men overwhelmingly occupy senior roles, with women significantly underrepresented in both

board and executive positions. The study revealed that the ratio of males to females in the board of directors and senior management of banking institutions were 75:25 and 70:30, respectively, with some institutions having no single female representation at board level. Addressing these imbalances is not only an ethical imperative but also a strategic business decision that can lead to more robust governance and improved financial performance.

5. Gender diversity enables institutions to better understand and respond to the needs of a diverse customer base, thereby enhancing customer satisfaction and loyalty. Moreover, a more inclusive leadership team fosters a work environment where diverse perspectives are valued, leading to increased creativity and problem-solving capabilities. By embracing gender diversity, banks can position themselves to meet the challenges of the future while driving sustainable growth.

6. To achieve the objectives of improved equity, diversity and inclusivity, banks and financial institutions are expected to review, amend and adopt governance policies and best practices for Board Composition and Directors Competence Matrix to ensure that at least one-third of board members are women. The Directors Competence Matrix should be updated to reflect this goal, ensuring that board appointments are made with consideration of the diverse skills and experiences that women bring to leadership. In addition, gender diversity should be integrated into board succession planning processes. This involves identifying and developing a pipeline of qualified female candidates who are prepared to take on board roles as they become available. Succession plans should be aligned with the institution's long-term strategic goals and commitment to diversity. Furthermore, Board Charters must be amended to explicitly include guidelines for achieving and maintaining gender diversity. This includes setting clear expectations for the recruitment, selection and evaluation processes that prioritize the inclusion of women in leadership roles.

7. On enhancing the representation of women in senior management roles, banks and financial institutions should set targets for female participation in executive positions and implement career development programs that support the advancement of women

within the organization. Institutions should also ensure that their leadership development initiatives are inclusive and provide equal opportunities for women to progress.

8. Banks and financial institutions are encouraged to begin adopting these measures immediately. Within the next six months from the date of this Circular, banks and financial institutions are required to submit their plans of action for review by the Bank of Tanzania. Full compliance, including achieving the one-third female representation on boards and improved gender balance in senior management, is expected within the next 36 months. Institutions that demonstrate leadership and commitment to these goals will be recognized for their proactive approach to fostering inclusivity.

9. Achieving full compliance with this guidance is not only about meeting regulatory expectations but also about realizing the numerous business advantages of a more diverse and inclusive leadership structure. The Bank of Tanzania is committed to supporting institutions throughout this transition. We will provide guidance and share best practices to assist banks in implementing these measures effectively. Regular assessments will be conducted to monitor progress, and further recommendations will be provided as needed to ensure that the financial sector remains on track to meet these important inclusivity objectives.

Yours sincerely,

Emmanuel M. Tutuba

GOVERNOR