

*The Banking and Financial Institutions (Licensing)
Regulations, 2014*

G.N. No. 297

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THE BANKING AND FINANCIAL INSTITUTIONS (LICENSING)
REGULATIONS, 2014

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loans or investments for the account of and at the risk of the person doing such business;

“banking unit” has the meaning ascribed to it in the Act;

“conflict of interest” means a situation in which someone in a position of trust has competing professional, business or personal interest, making it difficult to fulfil his duties impartially;

“connected party” has the meaning ascribed to it in the Act;

“core capital” has the meaning ascribed to it in the Act;

“director” has the meaning ascribed to it in the Act;

“financial institution” has the meaning ascribed to it in the Act;

“financial intermediation” has the meaning ascribed to it in the Act;

“fit and proper person” means a person with the attributes required of a member of the board of directors and management of a bank or financial institution as per the criteria set out in the First Schedule to these Regulations;

“independent director” means a director who-

- (a) does not hold any executive or management position in a bank or financial institution;
- (b) does not have, directly or indirectly, a significant interest in the bank or financial institution including any parent or subsidiary in a consolidated group with the bank or financial institution;
- (c) has not been employed by the bank or financial institution or a banking group of which he currently forms part in any executive capacity for the preceding three years;
- (d) is not a member of the family of an individual who is, or has been in any of the past three years, employed by the bank or financial institution or the banking group in an executive capacity;
- (e) is not a professional advisor to the bank or financial institution or the banking group;
- (f) is free from any business or other relationship which seems to interfere with the individual's capacity to act in an independent manner; and
- (g) does not receive remuneration contingent upon the performance of the bank or financial institution;

(h) “member of a family” means parent, spouse, brother, sister, child, uncle, aunt, nephew, niece, grandfather, grandmother, stepfather, stepmother, stepchild, and adopted child of the person concerned, and in case of an adopted child his adopter or adopters;

“non-executive director” means a director who does not hold any executive or management position in a bank or financial institution;

“person” has the meaning ascribed to it in the Act;

“related party”

(a) in relation to a body corporate means-

- (i) its holding company or its subsidiary;
- (ii) a subsidiary of its holding company;
- (iii) a holding company of its associates;

(iv) any person who controls the company or body corporate whether alone or with his related party or with other related parties of it; and

(v)

(b) in relation to an individual means-

- (i) any member of his family;
- (ii) any company or other body corporate controlled directly or indirectly by him whether alone or with his related parties; and
- (iii) any related party of his related parties,

and it includes connected party;

“senior management” in relation to a bank or financial institution means a Chief Executive Officer, head of function, any other senior manager reporting to the Chief Executive Officer and any other person, other than members of the board of directors, who, individually or as a group-

(a) makes or participates in making decisions that affect the whole or a substantial part of the business of the bank or financial institution; or

(b) has the capacity to affect the bank’s or financial institution’s financial standing; or

- (c) may affect the whole, or a substantial part, of the business of the bank or financial institution or its financial standing through their responsibility for-
 - (i) enforcing policies and implementing strategies approved by the Board of the bank or financial institution;
 - (ii) developing and implementing systems that identify, assess, manage or monitor risks in relation to the business of the bank or financial institution; or
 - (iii) monitoring the appropriateness, adequacy and effectiveness of risk management systems; and
- “subsidiary” has the meaning ascribed to it in the Act.

Objectives

4. The objectives of these Regulations are to-
- (a) establish licensing criteria and conditions to ensure that only sound and prudently managed bank or financial institutions are licensed to operate in Tanzania; and
 - (b) specify procedures that the Bank shall use to evaluate banking business licence applications.

PART II
APPLICATION FOR LICENCE

Application for licence

5.-(1) A person who intends to engage in banking business shall, by a letter in the form prescribed in the Second Schedule, apply for a license to the Bank.

(2) Any person shall, before submitting an application referred to under sub-regulation (1), apply for a pre-filing meeting with the Bank.

(3) An application referred to under sub-regulation (1) shall be signed by the directors of the applicant or a person authorized by the applicant and be accompanied with-

(a) a copy of each of the documents listed in the Third Schedule; and

(b) non-refundable application fee of ten million shillings or any other amount as may be determined by the Bank to be paid through a bankers' cheque or other means acceptable to the Bank.

(4) A person shall not engage in banking business or accept deposits from the general public unless that person has obtained a license issued by the Bank.

(5) A person who contravenes the provision of sub-regulation (4) commits an offence and on conviction shall be liable to the punishment as stipulated in the Act.

Feasibility study

6.-(1) An applicant for a license shall provide details of a feasibility study, business plan and projected balance sheets, income statements and cash-flow statements for four years.

(2) The applicant shall, at minimum, provide-

(a) draft policies and procedural manuals establishing how the bank or financial institution shall operate in a manner consistent with the principles established in Risk Management Guidelines for Banks and Financial Institutions issued by the Bank;

(b) description of accounting system and information and communication technology to be used in the operations of the institution and proposed future investment;

(c) number of employees, job descriptions of senior management positions and an organization chart;

- (d) description of internal control procedures that the bank or financial institution shall implement;
- (e) narrative description of shareholders, board and senior management of the bank or financial institution;
- (f) plans and strategies for promoting and supporting financial inclusion in the rural areas; and
- (g) sources of funds of shareholders and subscribers.

(3) The business plan referred to under sub-regulation (1) shall be prepared in accordance with the guidelines provided in the Fourth Schedule.

(4) A licensed bank or financial institution shall, when changes are made to its key policies set out in the Sixth Schedule of these Regulations or organization chart, submit copies of revised policies or organization chart to the Bank not later than thirty days after they are approved by the Board of Directors.

(5) When a bank or financial institution submits a revised copy of policy or organisation structure referred to under sub-regulation (4), it shall clearly indicate areas of change.

Principal contact person

7. An applicant for a license shall designate a principal contact person for the purposes of application processes and inform the Bank of the name and address of such a person.

Legal opinion

8. The Bank may require the applicant to provide legal opinion on any issue related to the application of the license as it may determine.

PART III ASSESSMENT BY THE BANK

Financial capacity

9.-(1) The Bank shall evaluate the financial capacity of the applicant.

(2) The soundness of an applicant's financial position, his business affiliates and the financial condition of those business affiliates shall be measured on-

- (a) levels of capital as shown on balance sheets; and
- (b) the potential financial support that may be made available when the bank or financial institution requires capital injection.

(3) The Bank shall assess-

- (a) the ability of the applicant and his business affiliates to pay their current obligations from their income;
- (b) reasonability of valuation they assign to their assets; and
- (c) net-worth in relation to other liabilities.

Source of capital

10.-(1) The applicant shall indicate and declare to the Bank sources of funds for acquiring shares in the proposed bank or financial institution.

(2) The Bank shall establish that shares in a bank or financial institution are not acquired with borrowed money.

(3) Sub-regulation (2) shall not apply to a bank or financial institution going public, provided that shares to be acquired at the Initial Public Offer stage shall not be pledged as collateral.

Assurance of capital

11. A shareholder of a proposed bank or financial institution shall, provide to the Bank an assurance that the proposed paid up capital shall be fully paid before commencement of banking operations.

Integrity in financial and business dealings

12. The Bank shall consider the history of the applicant in assessing the applicant's reputation, experience in banking operations, financial soundness and integrity in past and present business practices.

Character and experience

13.-(1) The Bank shall make an assessment as to whether the proposed members of the Board of Directors and senior management of a proposed institution are fit and proper in accordance with the criteria set out in the First Schedule.

(2) Without prejudice to sub-regulation (1) the Bank shall-

- (a) evaluate the proposed members of the Board of Directors and senior management team with respect to their experience and ability to manage funds, institute proper credit evaluation, collection procedures, accounting systems, effective internal controls, audit programmes and management information systems;
- (b) make an assessment of proposed board and senior management team members regarding their formal education, professional qualifications, work experience, reputation, criminal record and conflict of interest;
- (c) require board and senior management team to

comprise people of sufficiently strong character who are able to oversee the bank or financial institution's operations effectively by having the requisite banking business experience;

(d) assess whether individuals proposed as board and senior management team members have the necessary administrative, organizational and decision-making skills, and ability to demonstrate reliability and sound character; and

(e) the Bank may interview the proposed board and senior management team members and enquire as to past performance, reputation and skills.

(3) For the purpose of the assessment referred to in this regulation, the proposed directors and senior managers shall complete the questionnaire in the Fifth Schedule to these Regulations.

Contribution to
the country's economy

14.-(1) An applicant for a license shall communicate to the Bank intention of the proposed institution in contributing towards the country's economic development.

(2) The Bank shall, when making an evaluation of the application, take into account the extent to which the business strategy, policies and outreach plans of the applicant are designed to enhance financial inclusion by directly or indirectly promoting the financial or economic activities in the rural sector including agriculture, rural-based industries, mining and tourism.

Disclosure of intended
products and services

15.-(1) An applicant shall indicate in the business plan the financial products and services he intends to provide and how such products and services shall be beneficial to the country.

(2) A bank or financial institution shall, before introducing a new product or service in the market, obtain prior approval of the Bank.

(3) When seeking for the approval under sub-regulation (2), a bank or financial institution shall submit to the Bank the description of the product or service, risk inherent in it and mitigation strategies.

Training and
succession plans

16.-(1) An applicant shall submit a training plan indicating specific time frames for imparting banking skills and expertise to staff.

(2) The applicant shall submit a succession plan and strategies on mode, time and contents of the extent to which Tanzanian staff shall occupy senior management positions in the bank or financial institution.

PART IV

ORGANISATION, OWNERSHIP AND MINIMUM CAPITAL

Legal form of a bank
or financial institution

17.-(1) A bank or financial institution shall be organized in the form of a company limited by shares and incorporated under the laws of the United Republic.

(2) The name of the proposed bank or financial institution shall be subject to prior approval of the Bank.

(3) Any person intending to use the word “bank” in establishing a bank or financial institution shall notify the Bank of such intention in writing, provided that in using the word “bank” such person shall disclose to the public the fact that it is not licensed as a bank or financial institution.

Board membership

18.-(1) The Board of Directors of a bank or financial institution shall be composed of not less than five members, two thirds of whom shall be non-executive.

(2) Two of the non-executive board members referred to under sub-regulation (1) shall be independent and shall have requisite experience in banking, finance, accounting, auditing, law, or economics.

(3) The chairperson of a Board of Directors of a bank or financial institution shall be a non-executive member of the board.

(4) The chairperson of a Board of Directors of a bank or financial institution shall not be a member of audit committee or credit committee of the board.

Change of directors
and management

19.-(1) A bank or financial institution shall not appoint any person as senior manager or board member and assign that person responsibilities unless it has obtained prior approval of the Bank.

(2) Where a post of senior management or member of the Board of Directors is vacant, a bank or financial institution shall

in writing and within seven days notify the Bank of the vacancy provided that a post of senior management or member of the Board of Directors shall be deemed to be vacant if a person who holds such position is dismissed, resigns, incapacitated or for any other reason that person ceases to hold such posts.

Restrictions on
ownership

20.-(1) A person shall not directly or indirectly own or control a beneficial interest of more than twenty percent of the voting shares of any bank or financial institution, except as provided under section 15 of the Act.

(2) For the purpose of sub-regulation (1) indirect ownership or control means ownership or control through related parties.

Employment of non-
Tanzanians

21.-(1) A bank or financial institution shall not employ a non-Tanzanian or renew any contract of such a person unless it seeks and obtains prior approval of the Bank.

(2) The number of non-Tanzanians in the institution shall not exceed five at any time.

(3) Subject to sub-regulation (2), any application for an extra person shall be submitted to the Bank which may authorise 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 Tanzania Investment Centre;
- (d) emergency situation which may warrant extra person; and
- (e) the timeframe the extra person is expected to stay in the bank or financial institution and impart knowledge to Tanzanians.

Minimum capital

22.-(1) A bank or financial institution shall commence operations with and maintain at all times a minimum core capital specified in the Banking and Financial Institutions (Capital Adequacy) Regulations, or such higher amount as the Bank may prescribe.

(2) Where capital is remitted in foreign currency, it shall be reflected in the books of the bank or financial institution in Tanzanian shilling using exchange rate prevailing on the date of

remittance.

Grant of licence

- 23.**-(1) The Bank shall-
- (a) within ninety days after receipt of a complete application; or
 - (b) where additional information has been required, after receipt of such information,
- grant a licence or reject the application;
- (2) Where the Bank has rejected the application it shall inform the applicant in writing explaining the grounds for rejection.
- (3) An applicant whose application has been rejected may reapply, if the deficiencies that formed the basis for rejection of the initial application or subsequent review have been corrected or otherwise addressed.
- (4) When a licence is issued, it shall remain in force unless suspended or revoked in the manner provided in the Act.

**PART V
CONDITIONS SUBSEQUENT TO GRANT OF LICENCE**

Submission of
Memorandum and
Articles of Association

- 24.**-(1) A bank or financial institution shall submit to the Bank a copy of its Memorandum and Articles of Association after registration by the Registrar.
- (2) A bank or financial institution shall not, without obtaining prior written approval of the Bank, amend its Memorandum and Articles of Association.

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Deposit of paid up capital

25. A bank or financial institution shall, not later than thirty days or any other period to be specified by the Bank after grant of the licence, deposit its paid up capital either in Tanzanian Shillings or in foreign currency, in a Tanzanian registered bank or financial institution, or Treasury Bills and other Government securities of maturity not more than 364 days held with the Bank.

Commencement of business

26.-(1) A bank or financial institution shall commence its operations within twelve months from the date the licence was granted, unless such period is extended in writing by the Bank.

(2) A bank or financial institution shall not commence business unless its business premises, security facilities, communication facilities, processing equipment, accounting and internal control systems are in place and have been inspected or reviewed by the Bank.

Undertaking by board members

27. Every member of the Board of Directors of a bank or financial institution shall-

- (a) execute a legally binding undertaking to fulfil his obligations towards maintaining a safe, sound and profitable institution; and
- (b) undertake to comply with the provisions of the Act, Bank of Tanzania Act, and other laws, regulations, policies, circulars, orders and instructions made there under.

Annual General Meeting

28. A bank or financial institution shall hold annual general meeting in accordance with the requirements of the Companies Act.

PART VI
ESTABLISHMENT OF BANKING UNITS AND SUBSIDIARIES

Opening of banking units and subsidiaries

29. A bank or financial institution shall not invest in capital expenditure for the purpose of opening a representative office, subsidiary, branch, agency or additional office in or outside Tanzania unless it has obtained the prior approval of the Bank.

Application for opening banking units and subsidiaries

30. The Bank may approve an application for opening a subsidiary, branch, agency or additional office after proven successful, sound and profitable operations and it may, as a condition for approval, require additional capital.

Supporting documentation

31. An application for establishment of a subsidiary, branch, agency or an additional office shall be supported by-

- (a) projected balance sheet and income statement for the next three years;
- (b) consolidated projected balance sheet and income statement for the next three years;
- (c) proposed organization structure;
- (d) detailed budget and programme for the establishment;
- (e) names and particulars, including curriculum vitae for persons proposed to take up senior positions; and
- (f) any other information the Bank may require.

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Activities of a subsidiary

32. A subsidiary of a bank or financial institution shall not undertake any activity other than those permitted under section 24 of the Act.

Representative office

33.-(1) A foreign bank or financial institution shall not open a representative office in Tanzania without prior approval of the Bank.

(2) Where approval has been granted, a representative office shall not conduct banking business or financial intermediation.

(3) An application for establishment of a representative office in Tanzania shall include a detailed budget for the office, curriculum vitae for the proposed officers and staff and other information as may be required by the Bank.

**PART VII
SCOPE OF AUTHORITY FOR BANKS OR FINANCIAL
INSTITUTIONS**

Powers of a bank or financial institution

34. A bank or financial institution shall have powers necessary to carry out the permitted activities specified in section 24 of the Act and the general powers vested in companies incorporated under the Companies Act.

Management agreements

35. A management or technical assistance agreement involving a bank or financial institution shall be subject to prior approval of the Bank and governed by the laws of Tanzania.

Fiduciary functions

36 A bank or financial institution with a core capital of not less than seventy billion shillings may be approved by the Bank to perform duties and functions of a trustee or such other fiduciary functions as may be specified by the Bank.

Additional activities

37.-(1) A bank or financial institution with a core capital of not less than ninety billion shillings may be authorized by the Bank to-

(a) acquire up to one hundred per cent of the equity of a company organized primarily for the purpose of underwriting debt or

- equity securities of other companies;
- (b) acquire majority or all of the equity of another bank or financial institution; and
- (c) invest in the equity of a company which is engaged in activities that are not allied or not related to banking; provided that the equity investment of the bank or financial institution shall not exceed five percent of the total subscribed share capital of the investee company.

(2) Where a bank or financial institution intends to deal in securities, it shall form a subsidiary for such purpose.

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Acquisition of a company engaged in allied undertakings

38. A bank or financial institution with a core capital of at least forty five billion shillings may, with the prior approval of the Bank, acquire up to one hundred per cent of the total subscribed share capital of the company engaged in activities classified as allied undertakings.

Investment in a company engaged in allied undertakings

39. A bank or financial institution with a core capital of at least thirty billion shillings may, with the prior approval of the Bank, invest in the equity of companies engaged in activities classified as allied undertakings subject to the limits provided in the Banking and Financial Institutions (Credit Concentration and Other Exposure Limits) Regulations.

Establishment of foreign branch or subsidiary

40. A bank or financial institution with a core capital of not less than one hundred and fifty billion shillings may be authorized by the Bank to establish a branch or a subsidiary abroad.

Segregation of assets

41. A bank or financial institution authorized by the Bank to act as an agent shall account for and keep money, securities and other valuables, which it has received in such capacity, duly separated from its own assets and liabilities.

**PART VIII
GENERAL PROVISIONS**

Sanctions

42.-(1) Without prejudice to penalties and actions prescribed by the Act, the Bank may impose on any bank or financial institution any of the following sanctions for non-compliance-

- (a) a penalty of the amount to be determined by the Bank;
- (b) prohibition from declaring or paying dividends;
- (c) suspension of the privilege to issue

- letters of credit or guarantee;
- (d) suspension of access to the credit facilities of the Bank;
- (e) suspension of lending and investment operations;
- (f) suspension of capital expenditure;
- (g) suspension of the privilege to accept new deposits;
- (h) suspension from office of the defaulting director, officer or employee;
- (i) disqualification from holding any position or office in any bank or financial institution under the supervision of the Bank; and
- (j) revocation of banking license.

(2) The penalty referred to in paragraph (a) of sub regulation (1) shall apply to directors, officers or employees of the bank or financial institution.

Revocation of
GN. No. 377
of 2008

43. The Banking and Financial Institutions (Licensing) Regulations, 2008 are hereby revoked.

FIRST SCHEDULE

(Made under Regulation 13)

**CRITERIA FOR DETERMINING THE CHARACTER AND EXPERIENCE
REQUIRED FOR A MEMBER OF THE BOARD OF DIRECTORS AND SENIOR
MANAGEMENT OF BANK OR FINANCIAL INSTITUTION**

1. In order to determine, for the purpose of these Regulations, the character and moral suitability of persons proposed to be members of the Board or senior management, the Bank shall have regard to the following qualities, in so far as they are reasonably determinable, of the person concerned-
 - (a) adequate education background;
 - (b) general character;
 - (c) professional skills, competence and soundness of judgment for the fulfilment of the responsibilities of the office in question; and
 - (d) the diligence with which the person concerned is likely to fulfil those responsibilities.
2. For the purpose of and without prejudice to the generality of the provisions of paragraph (1), the Bank may have regard to the previous conduct and activities of the person concerned in the business or financial matters and, in particular to evidence that such person-
 - (a) has committed any act of bankruptcy;
 - (b) was a director or in a senior management position of a banking institution that has been liquidated or is under liquidation or statutory management;
 - (c) has committed or been convicted of the offence of fraud or any other offence of which dishonesty is an element;
 - (d) has contravened the provision of any law designated for the protection of members of the public against financial loss due to the dishonesty or incompetence of, or malpractices by, persons engaged in the provision of banking, insurance, investment or other financial services.
3. Any other criteria, which the Bank may prescribe, from time to time.
4. The following documents shall be submitted to the Bank with respect to each proposed director and senior management team, together with other documents the Bank may require-
 - (a) detailed curriculum vitae;
 - (b) certified copies of academic and professional certificates;
 - (c) photocopy of the pages of the passport which contain personal information including photograph, nationality, date and place of birth and issuer of the passport;
 - (d) two certified passport size photographs; and
 - (e) references from two persons who are not relatives, vouching for

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good moral character, integrity and performance.

SECOND SCHEDULE

(Made under Regulation 5)

The Governor,
Bank of Tanzania,
P.O. Box 2939,
Dar es Salaam,
TANZANIA.

Re: Application for a Licence to carry out banking business

Sir,

We, the undersigned, hereby apply for a licence to establish a bank or financial institution in Tanzania to be known as _____ with principal place of business at _____

The proposed institution shall have an authorized share capital of _____ shillings and paid up capital of _____ shillings which shall be contributed by the following subscribers:

Subscribed Shares

	Name of Subscriber	Number	Amount	Amount Paid-up	Percentage of Ownership
1.	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____
4.	_____	_____	_____	_____	_____
5.	_____	_____	_____	_____	_____
6.	_____	_____	_____	_____	_____
7.	_____	_____	_____	_____	_____
8.	_____	_____	_____	_____	_____
9.	_____	_____	_____	_____	_____
10.	_____	_____	_____	_____	_____
11.	_____	_____	_____	_____	_____
12.	_____	_____	_____	_____	_____
13.	_____	_____	_____	_____	_____
14.	_____	_____	_____	_____	_____
15.	_____	_____	_____	_____	_____
16.	_____	_____	_____	_____	_____
17.	_____	_____	_____	_____	_____
18.	_____	_____	_____	_____	_____
19.	_____	_____	_____	_____	_____

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20. _____

Total

We jointly and severally make a firm commitment to deposit a total amount of paid up capital for the proposed institution with any bank or financial institution registered in Tanzania such deposit to be made not later than thirty days after grant of this application.

In support of this application, we submit herewith the documents listed in the accompanying checklist. We certify the correctness of all the information indicated in such documents to the best of our knowledge and belief.

We hereby authorize the Bank of Tanzania and any of its authorized agents or staff members to make an enquiry or obtain any information from any source for the purpose of determining the correctness of all the representations made in connection with this application or of assessing its merits.

To facilitate communication between us and the Bank, we have authorized of the following address:

- (1) P.O Box
- (2) Telephone number.....
- (3) Email address.....
- (4) Fax number

to represent all of us in regard to this application. It is understood that any notice to him shall constitute sufficient notice to all of us.

Enclosed is a cheque for Tanzanian Shillings ten million being payment of our application fee.

Yours faithfully,

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

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THIRD SCHEDULE

(Made under Regulation 5)

Checklist of Documents

1. Letter of application in the prescribed form.
2. Authenticated legal documents or board resolution authorizing the signatory.
3. Banker's cheque or any other document acceptable to the Bank evidencing payment of a non-refundable application fee of ten million shillings or any other amount as may be determined by the Bank.
4. Proposed Memorandum and Articles of Association (unregistered).
5. Proof of source and availability of funds for investment as capital of the proposed institution.
6. List of subscribers and proposed members of board of directors and Chief Executive Officer.
7. Proof of citizenship of every subscriber and every proposed directors and senior management officers. This includes detailed curriculum vitae, photocopy of the pages of the passport which contain personal information and two recent passport size photographs.
8. Audited balance sheet, income statement and cash flow for the last three years, of every subscriber who owns five per cent or more of the share capital of the proposed institution engaged in business.
9. Credit reference reports for every significant subscriber and every proposed director and senior management officer.
10. Certified copies of annual returns of every subscriber who owns five per cent or more of the share capital of the proposed institution and every proposed member of the board of directors and Chief Executive Officer together with accompanying schedules or financial statements filed during the last three years with relevant Authority.
11. Certified copies of tax returns of every subscriber who owns five per cent or more of the share capital of the proposed institution and every proposed member of the board of directors and Chief Executive Officer together with accompanying schedules or financial statements filed during the last three years with relevant Tax authorities together with respective Tax clearance certificates.
12. Statements from two persons who are not relatives vouching for the good moral character and financial responsibility of the subscribers who own five per cent or more of the share

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- capital of the proposed institution and the proposed directors and senior management.
13. Home Country Regulator Certification if the applicant is a foreign bank or financial institution.
 14. Declaration that the funds to be invested have not been obtained criminally or associated with any criminal activity.
 15. Business plan for the first four years of operations including strategies for growth, dividend payout policy, career development programme for the staff and budget for the first year.
 16. Explicit strategies for outreach through use of branches, agents, mobile banking and other appropriate channels indicating numbers and locations for the first four years.
 17. Projected balance sheets, income statements and cash flow statements for the first four years of operation.
 18. Brief description of economic benefits to be derived by Tanzania and the community from the proposed bank or financial institution.

FOURTH SCHEDULE

(Made under Regulation 6)

General guidelines for preparation of Business plan

1. The business plan should be prepared by the promoters and will be reviewed by the Bank to determine whether approval should be given to operate a bank or financial institution. The plan should identify the institution's markets, its proposed services, management capabilities, growth plan, and strategies for profitability.
2. The business plan should present data, which accurately reflect the economic condition of the delineated market and address statutory and regulatory changes, which may affect the operations of the proposed bank or financial institution. Proposal should reflect the realities of the market place.
3. A business plan should contain sufficient information to demonstrate that the proposed bank or financial institution has reasonable likelihood of success. In this regard a detailed listing of all assumptions such as used in preparing the business plan should be attached to the submission (e.g. a margin analysis and cost of funds). Therefore, organizers must ensure that the business plan projections are well supported and goals and objectives are properly defined on initial submission.

Market Analysis

4. Analyse the market to be served. Describe the market in which you expect to provide services in terms of economic characteristics for example size, income and industry patterns. Include anticipated changes in the market, the factors influencing those changes, and the effect they will have on the proposed institution. To the extent necessary for making business decision, describe differences in the product market to be served for example, differences in the depository and credit market. Analysis will be based on use of the most current economic data available. Sources of information used are reviewed for credibility and are important in reviewing the data.
5. Analyse the competition. List the competitors inside the market to be served, those outside who might affect the markets served and any potential competition. Give your perception and analysis of the market strategies and expected results in terms of relative strength, market shares and prices.
6. Explain the strategies you will follow to capture a share of each product market and the results you expect to achieve. Use a sample format to present a summary of your expectations.

Plans and Objectives

7. Review major planning assumptions used in the analysis and in setting the plans and objectives for a new institution. Include at least the following market growth,

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interest rates, cost of funds and competition.

8. Projections should show the expected asset and liability mix, volume for each type of services, fixed asset investments and officer and staff remuneration. Projections must be based on the planning assumptions which must be submitted as part of the application, market analysis, and strategies discussed above. Discuss the advantages and disadvantages of the proposed asset/liabilities mix, including a net interest margin analysis, and any actions which will be taken to reduce major risks through appropriate funds management techniques and systems.
9. Discuss the formula or basis used to arrive at the proposed capital structure and an explanation of why the promoters believe the proposed amount is sufficient in light of given market factors, strategies, and expenses. Promoters are expected to raise an amount sufficient to effectively compete in the market and adequately support planned operations in addition to all organizational expenses. The Bank may require a higher amount to maintain capital adequacy to support operations projected through the end of the institution's fourth year.
10. Discuss plans for raising capital initially and to finance growth within the first four years. Explain how the plans will keep the institution in conformity with the Banking and Financial Institutions (Capital Adequacy) Regulations specifically addressing compliance with the risk-based capital guidelines.

Credit Policy and Procedures

11. Credit policies are a set of broad statements establishing the concept and objective parameters for type, limits for maturities, loan pricing criteria client and collateral standards to be fulfilled by borrowers, aggregate and individual concentration limits, and loan authority and procedures for collection and charge-offs.
12. Credit manual must be prepared comprising of detailed guidelines for implementing the stated policies. The manual generally will address types of business desired, proper borrower financial information; credit files maintenance; enforcement of repayment schedules; and periodic review and other reports to be generated and distributed.
13. Credit policies and manuals need to cover all the steps of credit production and administration which include initiation, investigation and analysis, procedures for approval, renewals and extensions, documentation, perfection of collateral, funds disbursement and recovery.
14. The structure should in principle reflect the nature and scope of the intended activities of the institution and the mechanism by which the management envisages to govern the institution and to monitor as to what extent the objectives of the institution are achieved.
15. The structure should show the relationships between the board and management. It should also show the composition of various departments of the institution. The structure should also indicate the number of staff envisaged for each unit. Support units such as internal audit, legal services and others should be indicated.
16. The promoters should be able to show the names of specific persons that are envisaged to

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take certain key positions in the institution. If the actual persons cannot yet be identified, promoters should indicate the requirement clearly in terms of training, experience and personal characteristics.

17. Promoters are required to disclose how the proposed bank or financial institution will develop the professional and technical skills of their staff and Tanzanians will be employed, trained and occupy positions of senior or managerial ranks in the institution. All future plans should be indicated.

Financial Projections

18. Promoters must prepare projected balance sheets, income statements and cash flow statements. They must submit statements that reflect their assets, liabilities, and capital projections for the number of years projected to reach profitability; however, a minimum of four years must be displayed.
19. At a minimum, the information in the following forms must be provided. Additional data should be included to reflect important element of your planned asset and liability mix for example, the loan and deposit schedules might be expanded. Average balances, rather than year-end estimates, should be used. Average balances may be computed by projecting monthly or quarterly account balances and averaging (annualizing) for the appropriate number of periods used.

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PROJECTED BALANCE SHEET
[In'000 Tanzanian Shillings]

PARTICULARS	Year 1	Year 2	Year3	Year4
Assets				
Cash				
Balances with Bank of Tanzania				
Balances with other bank or financial institutions				
- in Tanzania				
- abroad				
- investment in debt securities				
- Treasury bills				
- Other Securities (use separate schedule]				
Loans, Advances and Overdrafts (Net]				
- loans and Advances				
- overdrafts				
- allowance for losses (as a deduction]				
Bank Premises, Furniture and Equipment				
- use separate schedule]				
Other Assets (Use separate schedule]				
TOTAL ASSETS				
Liabilities				
Deposit liabilities other than banks				
- current accounts				
- savings deposits				
- time deposits				
Deposits from other bank or financial institutions				
- in Tanzania				
- abroad				
- other deposits (use separate schedule]				
Total deposits				
Other liabilities (use separate schedule]				
Capital				
- paid-up capital				
- Ordinary				
- preference				
reserves				

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PARTICULARS	Year 1	Year 2	Year3	Year4
- share premium (discount]				
- retained earnings				
- capital reserves				
- others (specify]				
Total Equity				
TOTAL LIABILITES AND CAPITAL				
Off-balance sheet commitments				

PROJECTED INCOME STATEMENTS
[In'000 Tanzanian Shillings]

PARTICULARS	Year 1	Year 2	Year 3	Year 4
Total Interest Income				
Interest Expenses				
- deposits (use separate schedule]				
- borrowings				
- Others (specify]				
Total Interest Expenses				
NET INTEREST INCOME				
Provision for loan losses				
Bad debt written off				
Non-Interest Income				
- foreign exchange gain/losses				
- commission and fees (use separate schedule]				
- others (use separate schedule]				
Total Non- Interest Income				
Non-Interest Expenses				

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PARTICULARS	Year 1	Year 2	Year 3	Year 4
<ul style="list-style-type: none"> - officers' salaries and benefits - employees' salary and benefits - depreciation expenses - maintenance costs - others (use separate schedule] 				
Total Non-Interest Expenses Operating Income (Losses] Extra Ordinary Income/Losses (specify] Net Income/Loss before Income Tax Income taxes Net Income/Loss after tax				

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PROJECTED CASH FLOW STATEMENTS
[In'000 Tanzanian Shillings]

PRACTICE	Year 1	Year 2	Year 3	Year 4
Part I				
Cash flow from operating activities				
Net Income (Loss)				
Adjustments to reconcile income				
- provisions				
- net change in loans and advances				
- gains/Loss on sale of assets				
- net change in deposits				
- net change in short-term negotiable securities				
- net change in other liabilities				
- net change in other assets				
- others (specify)				
Net cash provided (used) by operating activities				
Part II				
Cash flow from investing activities				
- dividend received				
- purchases of fixed assets				
- purchases of investment securities				
- proceeds from sales of investment securities				
- others (specify)				
Net cash provided (used) by investing activities				

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PRACTICE	Year 1	Year 2	Year 3	Year 4
Part III				
Cash flow from financing activities				
- Repayment of long-term debt				
- Proceeds from issuance of long-term debt				
- Proceeded from issuance of share capital				
- Proceeds from sale of fixed assets				
- Payment of cash dividends				
- Net change in other borrowings				
- Others (specify]				
Net Cash provided (used) by financing activities				
Part IV				
Cash and Cash Equivalents				
Net decrease/increase in cash and cash equivalents				
- Cash and Cash equivalents at the beginning of the year				
- Cash and Cash equivalents, current year-to-date				

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FIFTH SCHEDULE

(Made under Regulation 13)

Questionnaire for Directors and Senior Managers of bank or financial institutions

Part I: Instructions for Filling the Questionnaire

1. This Questionnaire should be filled in duplicate by each director and senior manager of a bank or financial institution licensed by the Bank.
2. This form is to be completed in English. Any documents required are to have a certified English translation appended.
3. Answers to ALL questions should be TYPED or written in INK and in BLOCK LETTERS.
4. No question should be left unanswered. Where the Applicant believes that a question does not apply, the Applicant should write “**Not Applicable**” or “**N/A**”.
5. If there is insufficient space to answer a question, additional information may be provided on an attachment page and identify the continuation of an answer by stating the question number.
6. All dates should be completed in the form: Day / Month / Year
7. All amounts are to be recorded in Tanzanian Shilling (TZS). Conversion from foreign currency should be made using the current exchange rate.
8. 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 senior manager who has been cleared on the basis of untrue or incorrect information.
9. The following documents shall be submitted to the Bank with respect to each proposed director and senior management team, together with other documents the Bank may require-
 - (a) certified copies of academic and professional certificates;
 - (b) photocopy of the Tanzania national identity card or pages of the passport which contain personal information including photograph, nationality, date and place of birth and issuer of the passport;
 - (c) two certified passport size photographs; and
 - (d) references from two persons who are not relatives, vouching for good moral character, integrity and performance.
10. The completed application form and any supporting material, should be submitted to the office of:

Directorate of Bank Supervision

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**Bank of Tanzania
P.O.Box 2939,
Dar-es-Salaam**

NOTE: Failure to disclose and submit all necessary information may lead to the Bank of Tanzania rejecting the application

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Affix passport size
photographs
(2 Copies)

Part II: Personal Particulars

1.	Name of the bank or financial institution in connection with the application			
2.	Surname			
3.	First Name(s)			
4.	Middle Name			
5.	Have you been known by any previous name(s)?			
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 a bank or financial institution			
10.	For Chairman and Non-Executive Directors only:			
	(a) How much time do you give, or (if a new appointment) do you anticipate giving in every month, to the business of the bank or financial institution?			
	(b) What particular contribution do you consider that you bring, or (if new appointment) you will bring, to the work of the license holder?			
11.	National Identity Number and/or National Insurance number and/or Social Security number. Please tick and provide identification number below. Attach a certified copy of the social security identity card and or national insurance identity card appropriately.	National Identity Number <input type="checkbox"/>	National Insurance Number <input type="checkbox"/>	Social Security Number <input type="checkbox"/>
12.	Nationality (ies): Please state how nationality (ies) was acquired, e.g. by birth, naturalisation or marriage. If acquired by naturalisation or	Birth <input type="checkbox"/>	Naturalization <input type="checkbox"/>	Marriage <input type="checkbox"/>

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marriage, indicate previous nationality.			
13. Please attach a certified copy of the Tanzania national identity card. Or pages of your passport(s) which contain personal information including photograph, nationality, date and place of birth and issuer of the passport;			

14. List below your official and residential addresses. If you have had any other addresses during the last 5 years, indicate them as well as relevant dates.		
Dates	Residential Address	Official Address
	Block/Plot number..... Street..... Postal Address..... District/Town..... City..... Country.....	Name of the Organization..... Block/Plot number..... Street..... Postal Address..... District/Town..... City..... Country.....
	Block/Plot number..... Street..... Postal Address..... District/Town..... City..... Country.....	Name of the Organization..... Block/Plot number..... Street..... Postal Address..... District/Town..... City..... Country.....
	Block/Plot number..... Street..... Postal Address..... District/Town..... City..... Country.....	Name of the Organization..... Block/Plot number..... Street..... Postal Address..... District/Town..... City..... Country.....

Part III: Academic Qualifications

15. Details of academic qualifications and the year in which they were obtained. (E.g. Certificate, Diploma, Degree, Master's Degree,, etc...). Please provide certified true copies of certificates in relation to the qualifications obtained.		
Qualification	Educational Establishment / Awarding Body	Year Obtained

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Part IV: Professional Qualifications

16. Details of any professional qualifications and the year in which they were obtained (E.g. ACA, ACCA, ACIB etc...). Please provide certified true copies of certificates in relation to the qualifications obtained.		
Membership No.	Professional Qualification	Year Obtained

Part V: Professional Membership

17. Details of current membership of any relevant professional bodies, their contact details and year of admission (e.g. Institute of Directors, Institute of Management, etc...)				
Membership No	Professional Body's Name and Contact Details	Levels of Memberships (e.g. Associate, Fellow, Member)	Year Admitted	Status of membership (e.g. active or inactive)

Part VI: Employment History

18. Beginning with your present occupation or employment, please list all occupations and employment. If self-employed please indicate "SELF EMPLOYED" (NB: The Bank may seek references from previous employers.)				
Name / Address of employer	Nature of Business	Position Held	Relevant Dates	Percentage of ownership (For self-employed only)
Name of the Organization..... Block/Plot number..... Street..... Postal Address..... District/Town..... City..... Country.....				
Name of the Organization..... Block/Plot number..... Street..... Postal Address..... District/Town..... City..... Country.....				
Name of the Organization..... Block/Plot number..... Street..... Postal Address..... District/Town..... ... City..... Country.....				

Part VII: Directorships

19. Beginning with your present directorship, please list all directorships				
Company Name	Company's nature of business	Incorporation Number	Country of Registration	Relevant Date

<p>20. Have you ever been involved in any litigation?</p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If yes, provide details including any judgment;</p>

If any of the answers to questions 21 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.

<p>21. Have you or any other body corporate, partnership or unincorporated institution to which you are, or have been associated with as a director, senior manager, or officer ever applied for banking business to any jurisdiction for a license or other authority to carry on banking business or other related business (e.g. insurance, mortgage finance, lease finance, development finance, etc.) , regardless of whether the application was successful.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>
<p>22. Have you or at any time been convicted of any criminal offence? If so, give full details of court by which you were convicted, the offence and the penalty imposed and the date of conviction.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>
<p>23. Have you or any body corporate, partnership or unincorporated institution to which you are, or have been associated with as a director, senior manager, or officer been subject of an investigation by a government, professional or other regulatory body?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>
<p>24. Have you ever been subject of a disciplinary enquiry?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>
<p>25. Have you ever been suspended from any office or asked to resign?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>

26. 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"/>
27. Have you ever been disqualified from acting as a director of a company, or from acting in the management or conduct of the affairs of the company, partnership or unincorporated company?	Yes <input type="checkbox"/> No <input type="checkbox"/>
28. 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"/>
29. 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"/>
30. 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"/> No <input type="checkbox"/>
31. Have you in connection with the formation or management of any body corporate, partnership or unincorporated institution been adjudged by a court civilly liable for any fraud misfeasance or other misconduct by you towards such a body or company or towards any members thereof?	Yes <input type="checkbox"/> No <input type="checkbox"/>
32. Has any body corporate, partnership or unincorporated institution with which you were associated as a director, senior manager or officer been compulsory wound up or 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"/>
33. 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"/>

Part VIII: Referees

34. State the name, address and occupation of two persons who are not relatives, vouching for your good moral character, integrity and performance of whom the Bank may enquire regarding their character and reputation.

DECLARATION BY THE APPLICANT

I, hereby declare the following:

This questionnaire consists of..... pages, each signed by me.

The content of this declaration 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 me and the deponent's signature was placed thereon in my presence aton thisday of two thousand and

COMMISSIONER OF OATHS

FULL NAMES:

ADDRESS:

** Delete whichever is not applicable*

Checklist

Below is a checklist that has been designed to assist applicants to ensure that all of the information required by the Bank has been submitted.

Has the Personal Questionnaire form been filled out in full?	<input type="checkbox"/>
Certified copy of pages of passport which contain personal information including photograph, nationality, date and place of birth and issuer of the passport or Tanzania national identity card.	<input type="checkbox"/>
Certified copy of the social security identity card and or national insurance identity card	<input type="checkbox"/>
Copies of stated academic qualifications	<input type="checkbox"/>
Copies of stated professional qualifications	<input type="checkbox"/>
Copies of stated membership to professional bodies	<input type="checkbox"/>
Past Employment references	<input type="checkbox"/>
List of Directorships (if applicable)	<input type="checkbox"/>

SIXTH SCHEDULE

(Made under Regulation 6)

KEY POLICIES

The key policies referred to under regulation 8 of these Regulations are:

S/No.	Type of Policy
1	Risk Management Policy
2	Credit Risk Management Policy
3	Liquidity Risk Management Policy
4	Market Risk Management Policy
5	Operational Risk Management Policy
6	Strategic Risk Management Policy
7	Compliance Risk Management Policy
8	Human Resource Management Policy
9	Accounting Policy (Including Fixed Assets Policy)
10	Audit Policy (Including Internal And External Audits)
11	Asset/Liability Management Policy (Including Investment Policy)
12	Information And Communication Technology Policy
13	Business Continuity Management Policy
14	Anti-Money Laundering (AML) And Combating Financing of Terrorism (CFT) Policy
15	Physical Security Policy
16	Outsourcing Policy

Dar es Salaam,
....., 2014

BENNO J. NDULU
Governor