

FINANCIAL SECTOR SUPERVISION

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For any enquiries contact:

Directorate of Financial Sector Supervision

Bank of Tanzania

2 Mirambo Street

11884 Dar es Salaam

TANZANIA

Tel: +255 22 223 5482/3

Fax: +255 22 223 4194

Website: www.bot.go.tz

TABLE OF CONTENTS

MESSAGE FROM THE GOVERNOR	iii
EXECUTIVE SUMMARY	iv
CHAPTER ONE.....	1
OVERVIEW OF THE FINANCIAL SECTOR	1
1.1 Banking Institutions	1
1.1.1 <i>Branch Network.....</i>	<i>1</i>
1.1.2 <i>Market Share.....</i>	<i>2</i>
1.1.3 <i>Agent Banking.....</i>	<i>3</i>
1.2 Other Supervised Institutions.....	3
1.2.1 <i>Mortgage Finance.....</i>	<i>3</i>
1.2.2 <i>Representative Offices</i>	<i>3</i>
1.2.3 <i>Bureau de Change</i>	<i>4</i>
1.2.4 <i>Credit Reference Bureaus</i>	<i>4</i>
1.2.5 <i>Financial Leasing Companies.....</i>	<i>4</i>
1.2.6 <i>Microfinance Institutions.....</i>	<i>4</i>
1.2.7 <i>Social Security Schemes.....</i>	<i>5</i>
CHAPTER TWO	6
PERFORMANCE OF THE FINANCIAL SECTOR.....	6
2.1 Banking Sector.....	6
2.1.1 <i>Balance Sheet Structure.....</i>	<i>6</i>
2.1.2 <i>Composition and Growth of Off-Balance Sheet Items.....</i>	<i>9</i>
2.1.3 <i>Financial Soundness Indicators.....</i>	<i>10</i>
2.1.4 <i>Digital Payment services</i>	<i>14</i>
2.1.5 <i>Financial System Stability.....</i>	<i>14</i>
2.2 Other Supervised Institutions.....	15
2.2.1 <i>Credit Reference Operations</i>	<i>15</i>
2.2.2 <i>Bureaux De Change Operations.....</i>	<i>16</i>
2.2.3 <i>Financial Leasing.....</i>	<i>16</i>
2.2.4 <i>Social Security Schemes.....</i>	<i>16</i>
CHAPTER THREE	18
SUPERVISORY ACTIVITIES AND OTHER DEVELOPMENTS	18
3.1 Licensing	18
3.2 Supervision.....	18
3.2.1 <i>Banking Institutions</i>	<i>18</i>
3.2.2 <i>Credit Reference Operations</i>	<i>19</i>
3.2.3 <i>Bureaux De Change</i>	<i>19</i>
3.2.4 <i>Financial Leasing.....</i>	<i>19</i>
3.2.5 <i>Social Security Schemes.....</i>	<i>19</i>
3.3 Regulatory and Supervisory frameworks.....	19
3.4 Establishment of Secured Transaction Law and Collateral Registry	21
3.5 Tanzania Bankers' Association Code of Conduct.....	21
3.6 Capacity Building.....	21
CHAPTER FOUR	22
REGIONAL AND INTERNATIONAL COOPERATION	22
4.1 The Monetary Affairs Committee Meetings.....	22
4.2 Community of African Banking Supervisors	23
4.3 Macroeconomic and Financial Management Institute of Eastern and Southern Africa ..	23

4.4	Supervisory Colleges	23
4.5	ESAAMLG Meetings	24
4.6	Mutual Evaluation Exercise	24
	APPENDICES	25
	Appendix I: Directorate of Financial Sector Supervision Organization Structure	25
	Appendix II: Consolidated Balance Sheet of the Banking Sector	26
	Appendix III: Consolidated Income Statement of the Banking Sector	27
	Appendix IV: Geographical Distribution of Bank Agents	28
	Appendix V: Geographical Distribution of Branches and ATMs	29
	Appendix VI: Directory of Supervised Institutions	30
	Appendix VII: List of Audit Firms Registered to Audit Banks and Financial Institutions	31
	Appendix VIII: Calendar of Major Events	32

LIST OF CHARTS AND TABLES

CHARTS

Chart 2.1: Asset Composition as at 31 st December 2019	6
Chart 2.2: Growth of Major Components of Total Assets	7
Chart 2.3: Liabilities Composition and Trend	8
Chart 2.4: Earnings Trend	13
Chart 2.5: Financial System Stability Index	15

TABLES

Table 1.1: Categories of Banking Institutions	1
Table 1.2: Distribution of Branch Network	2
Table 2.1: Earning Assets Trend	8
Table 2.2: Capital Structure and Trend	9
Table 2.3: Off-Balance Sheet Items	10
Table 2.4: Summary of Financial Soundness Indicators	11

MESSAGE FROM THE GOVERNOR



I am delighted to present the 23rd Annual Financial Sector Supervision Report. The Report provides information to the public regarding performance of banks and financial institutions under the supervision of the Bank. In addition, it covers major activities carried out by the Bank in executing its mandate.

In 2019, the financial sector operated in an environment characterized by strong domestic economic growth, stable inflation and exchange rate, supported by accommodative monetary policy undertaken by the Bank. This is in spite of the fact that, the global economy remained subdued on account of rising trade barriers and tensions between the United States and China.

The sector remained profitable, with adequate capital buffer to withstand potential internal and external shocks, backed by favourable macro-economic environment. Asset quality improved, as reflected by a decrease in non-performing loans ratio. The improvement was attributed to various measures taken by Bank of Tanzania, including requiring banks and financial institutions to enhance credit-underwriting standards and loan recovery efforts. The sector continued to play a key role in providing credit to the private sector and facilitating strategic Government projects.

The Bank continued to support digital payment services to drive inclusive economic growth and individual financial empowerment. During the period, the country witnessed a significant growth in digital payment services. The volume of digital payment transactions increased by about 40 percent in 2019, while the value increased by about 20 percent.

Supervision of bureaux de change operations was enhanced to ensure compliance with legal and regulatory requirements. This contributed to stability of exchange rate observed during the period, thereby providing a conducive environment for international trade.

Finally, the Bank strengthened regulatory and supervisory frameworks, with a view to maintaining the stability, safety and soundness of the financial sector aimed at reducing the risk of loss to depositors and protecting consumers of financial services. In that regard, microfinance and financial consumer protection regulations were developed and issued.

It is my hope that the stakeholders will find this report useful and informative.

Florens D. A. M. Luoga
Aug 18 2020 2:09 PM



Prof. Florens D. A. M. Luoga 
Governor
Bank of Tanzania

EXECUTIVE SUMMARY

The Bank continued to execute its role of licensing, regulating and supervising banks, financial leasing companies, bureaux de change, credit reference bureaus and microfinance services providers. In addition, the Bank supervised representative offices of foreign banks and mortgage finance and refinance companies. The above functions were carried out using powers provided under the Bank of Tanzania Act 2006, the Banking and Financial Institutions Act, 2006, the Foreign Exchange Act, 1992 and the Microfinance Act, 2018. Further, the Bank continued to regulate and supervise financial matters of the social security schemes using powers stipulated under Social Security (Regulatory Authority) Act (Cap 135).

During 2019, the number of banking institutions decreased to 51 from 53 in 2018. The decrease was on account of acquisition of UBL Bank Tanzania Ltd by Exim Bank (T) Limited and the decision made by the Bank of Tanzania to transfer assets and liabilities of Bank M Tanzania Limited to Azania Bank Limited. The acquisition was aimed at enhancing the bank's market share, while the transfer was a resolution option to protect the interest of depositors and other creditors of Bank M Tanzania Limited, and maintain the stability of the banking sector.

The banking sector remained sound and stable in terms of profitability, capital adequacy, liquidity and asset quality. Core and total capital adequacy ratios stood at 17.04 percent and 18.06 percent compared to 16.20 percent and 18.14 percent, respectively. Both ratios were above the minimum legal requirements of 10 percent and 12 percent for core and total capital, respectively. Asset quality improved as reflected by decline in level of Non-Performing Loans (NPLs) to 9.58 percent from 10.51 percent recorded in 2018. The ratio of Liquid Assets to Demand Liabilities stood at 32.14 percent, which was above the minimum regulatory requirement of 20 percent, implying sustained ability of banks to meet maturing obligations. The level of profitability improved as depicted by increase in Return on Assets (ROA) and Return on Equity (ROE) to 1.86 percent and 7.13 percent from 1.04 percent and 2.88 percent recorded in previous year, respectively. The ratio of Net Open Position to Total Capital increased to 8.76 percent in 2019 from 6.2 percent reported in the preceding year, implying a moderate increase in banks' exposure to foreign exchange risk.

The banking sector continued to grow in terms of assets, loans and deposits. Total assets increased by 9.15 percent to TZS 33,161.80 billion, while loans increased by 10.42 percent to TZS 17,884.03 billion. Deposits increased by 7.16 percent to TZS 23,818.11 billion. Loans,

advances and overdrafts, accounted for 53.93 percent of total assets, while deposits accounted for 84.66 percent of total liabilities.

During the period, the sector continued to expand its outreach through branch network and agent banking. Number of branches increased to 957 from 878, while the number of agents and volume of deposits transactions increased by more than 50 percent. In addition, deposits through agents increased by 84 percent to TZS 18,875.86 billion from TZS 10,278.30 billion. The growth contributed to enhanced financial inclusion.

Usage of credit reference system continued to improve as depicted by the increase in credit inquiries, number of borrowers and loans submitted by banking institutions to the databank, implying increased utilization of the system. The number of credit enquiries increased by 2.49 percent to 1,848,319 recorded in 2018, while the number of borrowers and loan records in the Credit Reference Databank increased by 16.55 percent and 41.45 percent to 1,996,682 and 5,484,590, respectively. The Bank continued to sensitize banks and financial institutions on the importance of sharing credit information and usage of credit reference bureau services to reduce information asymmetry in their credit underwriting processes and eventually reduce the level of NPLs.

Bureau de change services were provided by both, banks and bureaux de change. As at the end of 2019, there were five bureaux de change with 27 branches across the country. Purchases of foreign currency by bureaux de change amounted to USD 197.18 million, while sales amounted to USD 86.98 million. The Bank undertook several measures to strengthen supervision of Bureaux de Change to enhance compliance with legal and regulatory requirements. The measures included revocation of licenses of bureaux de change which were not complying with governing laws and regulations, enhancing supervision function and revision of regulations governing the operations of bureaux de change. In turn, these measures contributed to stability of the shilling observed during the period.

The Bank continued to participate actively in regional and international fora to facilitate harmonization, enhance cooperation and keep abreast with developments in the region and global regulatory environment. In 2019, the Bank participated in meetings of the Monetary Affairs Committee (MAC) of the East African Community, Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Community of African Banking Supervisors (CAB) workshops, attended supervisory colleges and participated in the ESAAMLG mutual evaluation exercise.

Following enactment of the Microfinance Act, 2018, the Bank developed the following regulations: The Microfinance (Non Deposit Taking Microfinance Service Providers) Regulations, 2019; the Microfinance (Savings and Credit Cooperative Societies) Regulations, 2019 and the Microfinance (Community Microfinance Groups) Regulations, 2019. The Regulations were published in the Government Gazette in September 2019. In addition, as mandated by the Act, the Bank delegated its powers and functions over Tier 3 and Tier 4 microfinance service providers to Tanzania Cooperative Development Commission and Local Government Authorities, respectively. Notices of delegation were published in the Government Gazette in November 2019.

In addition, the Bank of Tanzania (Financial Consumer Protection) Regulations, 2019 were published in the Government Notice No. 884 in November 2019. The Regulations introduced a variety of protections to consumers of financial services in terms of how financial service providers offer, market and deal with consumer complaints. Further, the Foreign Exchange (Bureau de Change) Regulations, 2019 were published in the Government Notice No. 450 in June 2019. The new regulations repealed the Foreign Exchange (Bureau de Change) Regulations, 2015 and its amendments made in 2017.

CHAPTER ONE

OVERVIEW OF THE FINANCIAL SECTOR

Bank of Tanzania supervises banks and financial institutions including mortgage finance and refinance companies, representative offices of foreign banks and financial leasing companies. In addition, the Bank supervises credit reference bureaus, bureaux de change, microfinance service providers and financial matters of social security schemes.

1.1 Banking Institutions

During 2019, the number of banking institutions decreased to 51 from 53 in 2018 ([Table 1.1](#)). The decrease was on account of acquisition of UBL Bank Tanzania Ltd by Exim Bank (T) Limited and transfer of assets and liabilities of Bank M Tanzania Limited to Azania Bank Limited by the Bank of Tanzania. The acquisition was for the purpose of strengthening the existing bank network and expansion of market share, while the transfer was a resolution option to protect the interest of depositors and other creditors of Bank M Tanzania Limited and maintain the stability of the banking sector.

Table 1.1: Categories of Banking Institutions

Category	2015	2016	2017	2018	2019
Commercial banks	36	38	38	40	38
Development banks	2	2	2	2	2
Microfinance banks	3	4	5	5	5
Community banks	12	12	11	6	6
Financial institutions ¹	3	3	3	0	0
Total	56	59	59	53	51

¹Source: Bank of Tanzania

1.1.1 Branch Network

During the year under review, branch network continued to expand, dominated by large banks. The number of branches increased by 8.99 percent to 957 branches compared to 878 in 2018 attributed to measures taken by banks and financial institutions to enhance deposits mobilization and increase market share. The increase in the number of branches was in tandem with the

¹ Since 2018 there was no financial institution following the merger of Twiga Bancorp and Tanzania Women Bank Plc with TPB Bank Plc and subsequent reclassification of the resultant bank as a commercial bank

number of employees, which increased by 1.16 percent to 17,939 as at the end of December 2019. It is worth noting that, most of the branches were concentrated in major urban centers, whereby five regions accounted for 53.50 percent of total operating branches ([Table 1.2](#)).

Table 1.2: Distribution of Branch Network

Regions	Number of Branches					Share in 2019 (Percent)
	2015	2016	2017	2018	2019	
Dar Es Salaam	263	273	277	286	290	30.30
Arusha	51	57	56	61	68	7.11
Mwanza	49	58	57	65	67	7.00
Moshi	33	37	39	40	46	4.81
Dodoma	27	29	32	39	41	4.28
Others	305	356	360	387	445	46.50
Total	728	810	821	878	957	100.00

Source: Bank of Tanzania.

1.1.2 Market Share

Analysis of banks' market share indicated that ten largest banks dominated the market in 2019, which accounted for 72.20 percent of total assets, 72.98 percent of total loans and 74.50 percent of total deposits ([Table 1.3](#)). The dominance was on account of large customer base and wide branch network. Meanwhile, locally owned banks continued to hold more assets compared to foreign owned banks ([Table 1.4](#)).

Table 1.3: Market Share for Ten Largest Banks

Market Share	Assets		Loans		Deposits		Capital	
	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19
10 Largest Banks	70.41	72.21	70.24	72.94	73.01	74.49	60.49	59.01
Others Banks	29.59	27.79	29.76	27.06	26.99	25.51	39.51	40.99

Source: Bank of Tanzania

Table 1.4: Market Share of Local and Foreign Banking Institutions

Market Share	Assets		Loans		Deposits		Capital	
	18-Dec	19-Dec	18-Dec	19-Dec	18-Dec	19-Dec	18-Dec	19-Dec
Local banking institutions	57.39	59.39	61.97	63.02	59.18	60.94	54.69	57.56
Foreign banking institutions	42.61	40.61	38.03	36.98	40.82	39.06	45.31	42.44

Source: Bank of Tanzania

1.1.3 Agent Banking

During the review period, agent banking continued to grow in terms of the number of agents as well as volume and value of transactions, which increased by more than 50 percent (Table 1.5). This was a reflection of increased effectiveness of agent banking in savings mobilization and expansion of bankable population.

Table 1.5: Agent Banking Transactions

	Cash Deposits			Cash Withdrawals	
	Number of Agents	Volume	Value in TZS Billion	Volume	Value in TZS Billion
2018	18,827	18,034,023	10,278.30	9,784,192	3,070.48
2019	28,358	28,007,257	18,875.86	17,552,575	5,962.10
Growth (percent)	51	55	84	79	94

Source: Bank of Tanzania.

1.2 Other Supervised Institutions

During the period under review, the Bank regulated and supervised other financial institutions, which include; mortgage finance companies, representative offices of foreign banks, bureaux de change, credit reference bureaus, financial leasing companies, microfinance service providers and social security schemes (financial matters).

1.2.1 Mortgage Finance

Mortgage financing institutions continued to play a major role in facilitating mortgage lending by providing liquidity to banks or direct lending to the public. This contributed to an elongation of mortgage loans maturity consistent with objectives of establishing mortgage financing companies.

During the year under review, the Bank supervised mortgage institutions, namely, Tanzania Mortgage Refinancing Company (TMRC) and First Housing Finance (Tanzania) Limited. While the former provided wholesale finance to banks and financial institutions for mortgage on-lending to the public, the latter provided mortgage loans directly to borrowers.

1.2.2 Representative Offices

Two representative offices of foreign banks namely, Export-Import Bank of Korea and Bank of China Limited, continued to play a role of public relations and liaison. The offices collected information, conducted market research and provided information on business opportunities

available in Tanzania to their parent banks. They also provided the necessary information to both existing and prospective clients in Tanzania, about financial products and services offered by parent banks.

1.2.3 Bureau de Change

Bureau de change services were offered by commercial banks and bureaux de change. During the period under review, there were five bureaux de change with 27 branches across the country, whereby three were located in Tanzania Mainland and two in Zanzibar. The exchange rate stability observed during the period was, to a great extent, due to close supervision of the retail foreign exchange market that was exercised by the Bank.

1.2.4 Credit Reference Bureaus

As at the end of December 2019, there were two supervised credit reference bureaus namely, Creditinfo Tanzania Limited, and Dun and Bradstreet Credit Reference Bureau Tanzania Limited. The institutions were responsible for collecting, analyzing and providing credit information to different lending stakeholders, thereby facilitating credit underwriting process.

1.2.5 Financial Leasing Companies

During the period under review, the Bank supervised three financial leasing companies namely, Alios Finance Tanzania Limited, Equity for Finance Tanzania Limited and Salute Finance Limited. Financial leasing companies provided access to equipment financing without a need to provide collateral and make large upfront cash deposits.

1.2.6 Microfinance Institutions

Bank of Tanzania was mandated to license, regulate and supervise microfinance service providers effective November 2019, following operationalization of the Microfinance Act, 2018. The overall objective of regulating microfinance business is to ensure proper market conduct and consumer protection, hence contributing to promotion of financial inclusion.

The microfinance service providers are categorized as Tier 1: Microfinance Banks; Tier 2: Non-deposit Taking Microfinance Service Providers; Tier 3: Savings and Credit Cooperative Societies; and Tier 4: Community Microfinance Groups.

1.2.7 Social Security Schemes

The Bank continued to regulate and supervise financial matters of social security schemes². As at the end of December 2019, there were four mandatory social security schemes, namely, Public Sector Social Security Fund (PSSSF), National Social Security Fund (NSSF), National Health Insurance Fund (NHIF) and Workers Compensation Fund (WCF). PSSSF serves public servants, while NSSF serves members from the private sector. In addition, there were 10 supplementary schemes, of which five were independent supplementary schemes, while the remaining five were supplementary schemes imbedded in the mandatory social security schemes.

² Non-Financial Matters Are Regulated by Prime Minister's Office- Labor, Employment and Youth Development (PMO-LEYD).

CHAPTER TWO

PERFORMANCE OF THE FINANCIAL SECTOR

2.1 Banking Sector

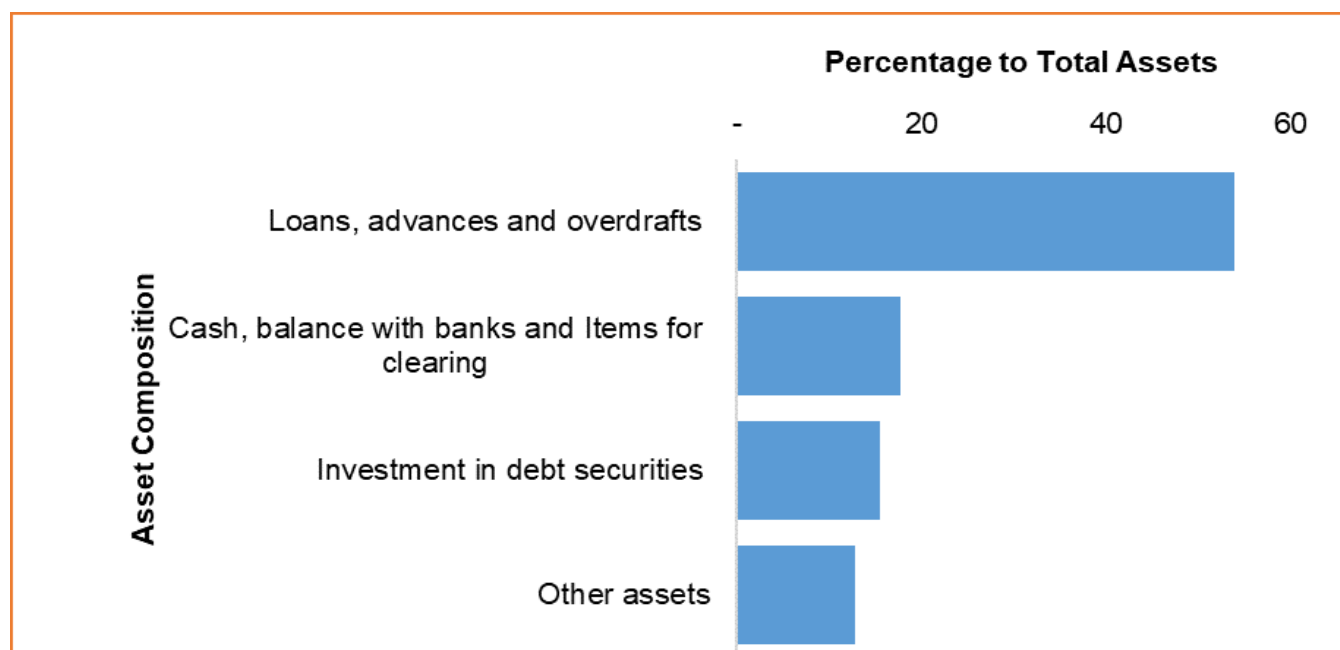
The banking sector remained profitable, adequately capitalized, with satisfactory level of liquidity and improved asset quality. The sector continued to grow in terms of deposits and assets, supported by favorable macroeconomic environment, and remained resilient to internal and external shocks.

2.1.1 Balance Sheet Structure

i. Asset Composition

The major components of the banking sector assets were loans, advances and overdrafts which accounted for 53.93 percent; Cash, balance with banks and Items for clearing (17.74 percent); and investment in debt securities (15.58 percent). Other assets³ accounted for 22.65 percent of total assets (**Chart 2.1**).

Chart 2.1: Asset Composition as at 31st December 2019



Source: Bank of Tanzania

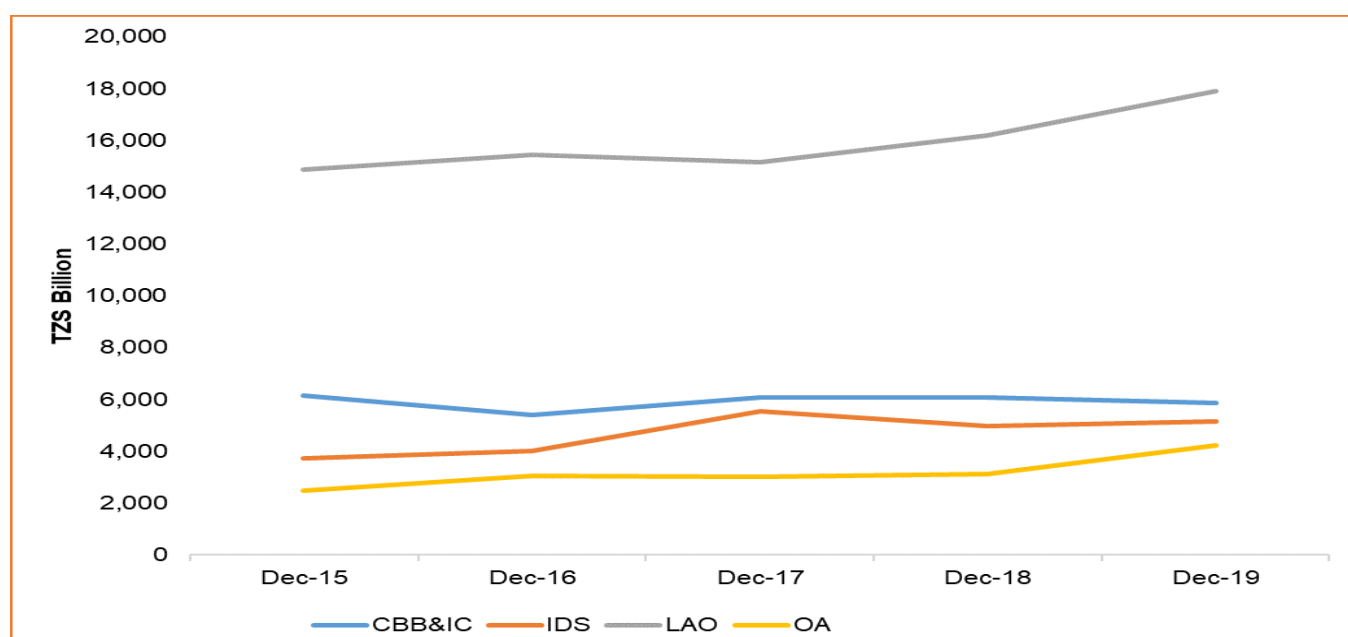
³ Other assets include cash, balance with other banks, commercial and other bills purchased or discounted, Equity investments, bank premises, furniture and equipment.

ii. Asset Growth

The sector's total assets grew by 9.15 percent to TZS 33,161.80 billion, mainly financed by an increase in deposits, borrowings and retained earnings. Loans, advances and overdrafts recorded a growth rate of 10.42 percent compared to 6.83 percent registered in 2018. The observed growth was attributed to favourable macroeconomic environment, the Bank's sustained accommodative monetary policy and other regulatory measures taken to support private sector's credit growth.

Balances with other banks, cash and items for clearing decreased by 3.43 percent in 2019 compared to 0.21 percent recorded in 2018. The decrease was associated with portfolio shift to more profitable investments such as loans, advances and overdrafts. Investment in debt securities increased by 4.04 percent compared to a decline of 10.52 percent recorded in 2018 (Chart 2.2).

Chart 2.2: Growth of Major Components of Total Assets



Source: Bank of Tanzania

Notes:

- i. CBB&IC- Cash, Balance with other banks and Items for Clearing;
- ii. IDS - Investment in debt securities;
- iii. LAO - Loans, advances and overdrafts;
- iv. OA – Other assets

iii. Earning Assets

Earning assets recorded an increase of 9.32 percent to TZS 26,435 billion in 2019, implying improved ability of the sector to generate income from operations. The ratio of earning assets to total assets remained broadly unchanged at around 80 percent, indicating that significant part of the sector's assets continued to be channeled to productive sectors of the economy (Table 2.1).

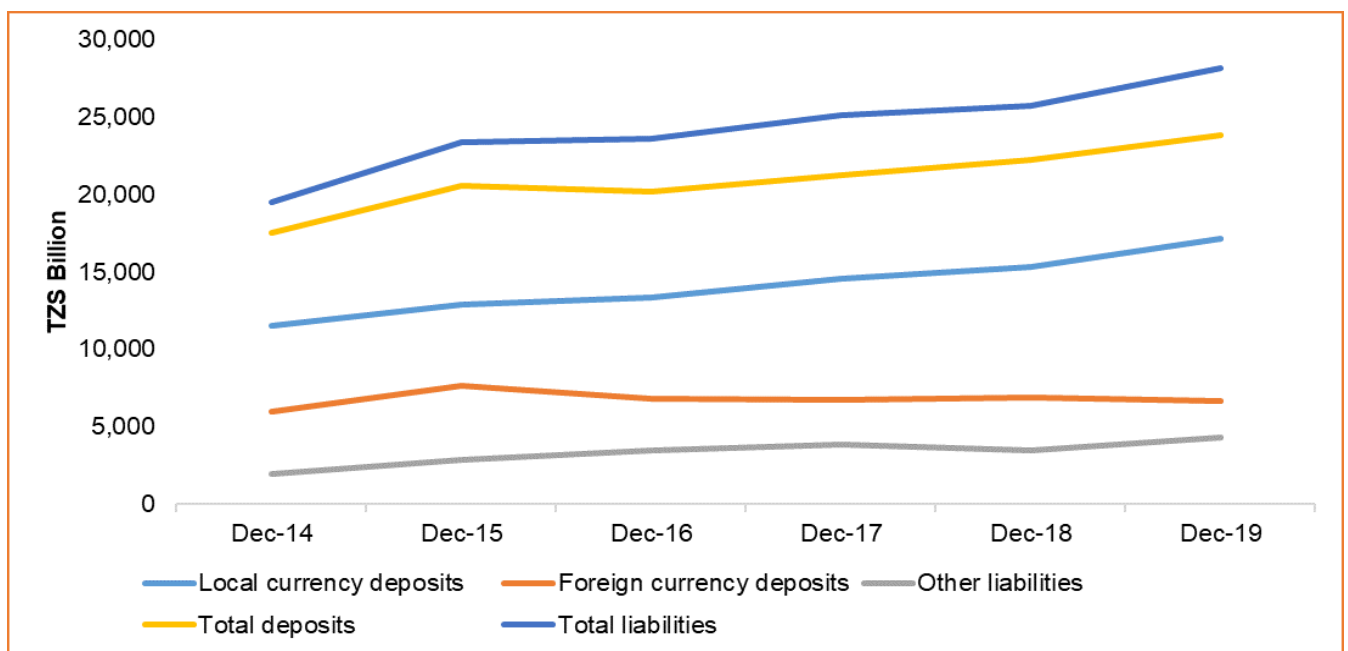
Table 2.1: Earning Assets Trend

Item	15-Dec	16-Dec	17-Dec	18-Dec	19-Dec
Total Earning Assets	21,466	22,117	23,506	24,179	26,435
Total Assets	27,218	27,917	29,805	30,383	33,162
Total Earning Assets to Total Assets (Percent)	79	79	79	80	80

Source: Bank of Tanzania

iv. Liability Structure

Total liabilities of the sector increased by 9.35 percent to TZS 28,135.42 billion, whereby deposits accounted for 84.66 percent of total liabilities. Local currency deposits increased by 11.75 percent to TZS 17,163.60 billion, while foreign currency deposits decreased by 3.11 percent to TZS 213.25 billion. The decrease was partly associated with general stability in the exchange rate and reduced use of foreign currency in domestic market ([Chart 2.3](#)).

Chart 2.3: Liabilities Composition and Trend

Source: Bank of Tanzania

v. Capital Structure and Growth

During the year under review, total capital of the sector increased by 8.04 percent to TZS 5,026.39 billion ([Table 2.2](#)). The growth in capital was mainly on account of an increase in profitability recorded by banks during the period. The increase in capital signifies enhanced resilience of the sector to withstand shocks that may emanate from both internal and external environments.

Table 2.2: Capital Structure and Trend

	15-Dec	16-Dec	17-Dec	18-Dec	19-Dec
Capital Items (Billions TZS)					
Share Capital	1,485.87	1,710.54	1,919.53	2,097.64	2,171.87
Retained Earnings	921.27	1,066.77	1,344.96	1,432.68	1,536.88
Share Premium	533.24	597.13	606.19	608.1	638.45
Other Capital Items	861.33	922.18	779.97	513.87	679.19
Total capital	3,801.72	4,285.31	4,650.65	4,652.29	5,026.39
Share of Total Capital (Percent)					
Share Capital	39.08	39.92	41.27	45.09	43.21
Retained Earnings	24.23	24.89	28.92	30.8	30.58
Share Premium	14.03	13.93	13.03	13.07	12.7
Other Capital items	22.66	21.52	16.77	11.05	13.51
Growth Rate (Percent)					
Share Capital	30.9	15.12	12.22	9.28	3.54
Retained Earnings	-4.96	15.79	26.08	6.52	7.27
Share Premium	107.15	11.98	1.52	0.32	4.99
Other Capital Items	38.77	7.06	-15.42	-34.12	32.17
Total Capital	27.47	12.72	8.53	0.04	8.04

Source: Bank of Tanzania.

2.1.2 Composition and Growth of Off-Balance Sheet Items

As at the end of 2019, off-balance sheet items of the banking sector mainly included guarantees and indemnities comprising 53.84 percent, undrawn balances (21.10 percent) and letters of credit (18.32 percent). During the period under review, aggregate off-balance sheet items of the banking sector grew by 19.89 percent to TZS 7,394.06 billion compared to TZS 6,167.26 billion in 2018 (Table 2.3). The increase is attributed to participation of banking sector in trade finance and facilitation of Government strategic projects through guarantees. The off-balance sheet items accounted for 22.30 percent of the total assets compared to 20.30 percent recorded in the previous year.

Table 2.3: Off-Balance Sheet Items

Items	TZS billion					Share in 2019 (Percent)
	15-Dec	16-Dec	17-Dec	18-Dec	19-Dec	
Guarantees and indemnities	961.48	1,256.77	1,856.31	2,829.15	3,981.03	53.84
Undrawn balances	1,482.45	1,745.44	1,274.18	1,715.19	1,560.10	21.1
Letters of Credit	1,408.40	1,225.23	1,271.79	1,262.65	1,354.49	18.32
Bills for Collection	90.02	106.52	169.63	273.9	358.23	4.84
Others	195.94	251.84	244.04	87.24	153.9	2.08
Total	4,138.29	4,585.78	4,815.94	6,167.26	7,394.06	100
Growth (Percent)	11.67	10.81	5.02	28.06	19.89	

Source: Bank of Tanzania.

2.1.3 Financial Soundness Indicators

Overall, performance of the banking sector remained satisfactory as reflected by Financial Soundness Indicators ([Table 2.4](#)).

Table 2.4: Summary of Financial Soundness Indicators**Percent**

	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Capital adequacy					
Core capital to TRWA+OBSE	16.92	17.02	18.41	16.20	17.04
Core capital to total deposit	14.24	16.09	16.54	16.19	17.16
Total capital to TRWA+OBSE	18.92	19.02	20.41	18.14	18.06
Total capital to total assets	12.03	12.98	13.10	13.26	13.06
Liquidity					
FX liabilities to total liabilities	39.73	37.50	35.23	33.73	30.26
Liquid assets to demand liabilities	37.25	35.81	40.27	35.22	32.14
Liquid assets to total assets	30.65	29.04	32.67	28.81	26.85
Liquid assets to customer deposits	42.52	42.95	48.64	42.72	40.95
Total loans to customer deposit	78.76	86.07	81.14	85.07	88.24
Earnings and profitability					
Net interest margin to total income	66.72	52.87	51.99	55.48	56.32
Non-interest expenses to total income	68.64	62.27	52.40	56.43	56.62
Return on assets (ROA)	2.49	2.09	1.15	1.04	1.86
Return on equity (ROE)	12.16	9.26	4.67	2.88	7.13
Personnel expenses to non-interest expenses	43.72	44.32	44.57	45.25	48.23
Asset quality					
Gross non-performing Loans to gross loans	7.88	10.27	11.90	10.51	9.58
Large exposure to total capital	139.61	138.76	131.39	142.80	171.40
NPLs net of provisions to total capital	18.59	23.56	23.30	41.57	37.68
Net loans and advances to total asset	54.62	55.28	50.87	53.31	53.93
Sectoral distribution loans					
Agriculture, fishing, hunting and forestry	8.05	7.26	7.30	7.16	9.64
Building , construction and real estate	9.10	9.50	10.06	8.07	10.88
Education, health and other services	12.88	13.47	13.64	8.36	5.61
Electricity, gas and water	5.02	5.40	3.70	4.14	2.95
Financial intermediaries	2.61	2.36	1.79	0.98	0.98
Leasing	0.01	0.03	0.06	0.05	0.03
Manufacturing	10.77	9.91	10.72	11.78	9.89
Mining	1.65	1.92	1.71	2.16	2.18
Personal loans	17.80	17.99	20.33	29.54	29.04
Tourism, hotel and restaurants	4.50	4.44	4.50	3.98	2.98
Trade	19.78	20.58	20.22	18.46	16.15
Transport & communication	7.41	7.04	5.88	5.18	5.10
Warehousing and storage	0.13	0.10	0.09	0.14	0.07
Sensitivity to market risk					
FX denominated assets to total assets	34.79	31.01	29.94	29.96	27.31
FX denominated liabilities to total liabilities	39.73	37.50	35.21	33.73	30.26
Gain or loss on forex operations to total Income	9.63	4.56	5.60	5.51	5.85
Interest income to total income	94.43	75.74	75.75	75.51	74.81
Net open positions in FX to total capital	1.36	-1.98	2.05	6.20	8.76

Source: Bank of Tanzania

i. Capital Adequacy

During the period under review, the sector remained adequately capitalized. Core and total capital adequacy ratios stood at 17.04 percent and 18.06 percent compared to 16.20 percent and 18.14 percent in 2018, respectively. Both ratios were above the minimum legal requirements

of 10 percent and 12 percent for core and total capital, respectively. The increase in core capital adequacy ratio is partly explained by retention of profit and additional capital injection. The decrease in total capital adequacy ratio is ascribed to regulatory measure to remove one percent general provision requirement on unclassified loans. The measure was taken to enable banks and financial institutions to play a more active role in provision of credit to private sector.

ii. Asset Quality

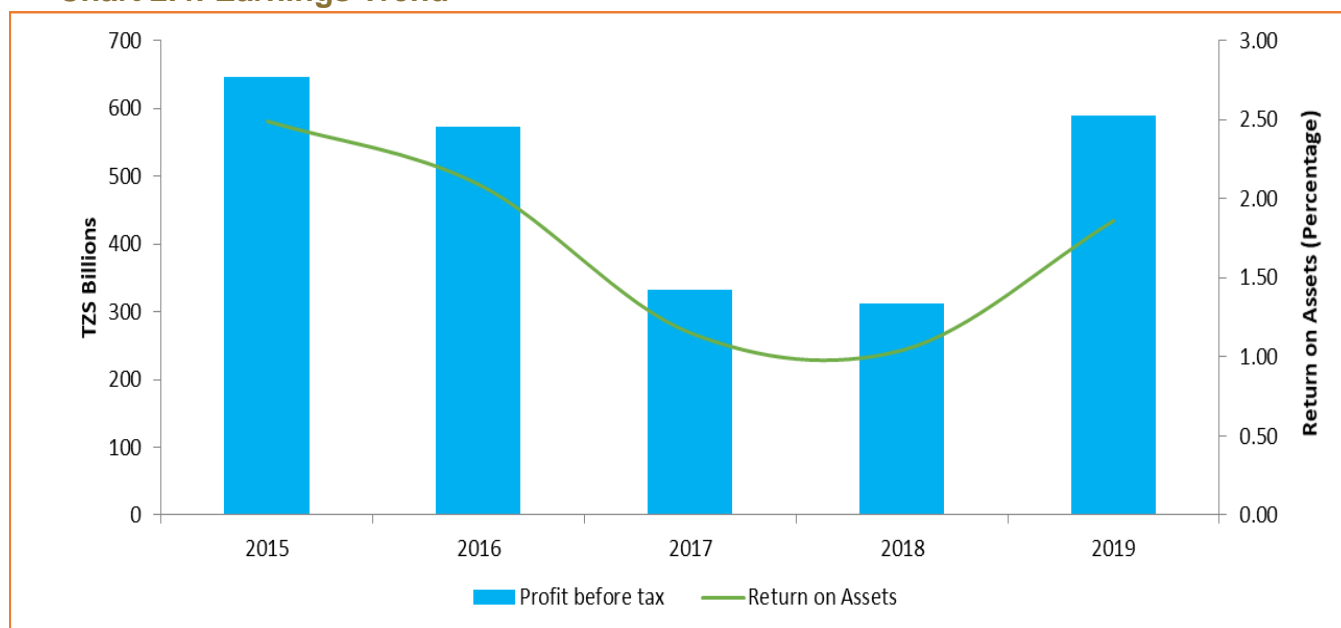
During the period under review, asset quality of the sector improved as depicted by a decrease in the ratio of Non-Performing Loans (NPLs) to Gross Loans to 9.58 percent compared with 10.51 percent recorded in the preceding year. The improvement was attributed to various measures taken by Bank of Tanzania, including requiring banks and financial institutions to enhance credit-underwriting standards and loan recovery efforts. Banks were also required to adhere to the Tanzania Banker's Association Code of Conduct to, among others, enhance staff integrity.

Loan portfolio continued to be diversified in various sub-sectors of the economy. Personal loans accounted for 29.04 percent of total loans, followed by Trade (16.15 percent), Building, Construction and Real estates (10.88 percent), Manufacturing (9.89 percent) and Agriculture (9.64 percent). The remaining sectors accounted for 24.40 percent of loan portfolio.

iii. Earnings

During the period, the sector remained profitable as depicted by Return on Assets (ROA) and Return on Equity (ROE) ratios, which increased to 1.86 percent and 7.13 percent from 1.04 percent and 2.88 percent in 2018, respectively. The increase in profitability was driven by increase in interest income consistent with growth in loan portfolio, and decrease in interest expenses ([Chart 2.4](#)).

Chart 2.4: Earnings Trend



Source: Bank of Tanzania

iv. Liquidity

The banking sector continued to maintain adequate liquidity levels well above the minimum regulatory requirement of 20 percent; the amount was sufficient to meet maturing obligations and fund growth in assets. During the period under review, the ratio of liquid assets to demand liabilities stood at 32.14 percent compared to 35.22 percent. The decline in liquidity ratio was attributed to change in portfolio mix in favour of loans, advances and overdrafts. The ratio of gross loans to total deposits increased to 88.24 percent in December 2019 from 85.07 percent reported in 2018, indicating that deposits remained the main source of funding.

v. Sensitivity to Market Risk

As at the end of December 2019, the ratio of net open position to total capital increased to 8.76 percent from 6.2 percent reported in the preceding year, implying a moderate increase in banks' exposure to foreign exchange risk. The ratio of foreign currency denominated assets to total assets and foreign currency denominated liabilities to total liabilities stood at 27.31 percent and 30.26 percent compared to 29.96 percent and 33.73 percent in 2018, respectively. The decrease in the ratio was partly associated with general stability in the exchange rate and reduced use of foreign currency in the domestic market.

2.1.4 Digital Payment services

Banking institutions have been providing payment services using innovative digital platforms. Digital payment services have grown steadily in terms of value and volume of transactions, attributed to convenience and accessibility. In 2019, the value of transactions increased by 20.92 percent to TZS 99,117.23 billion from TZS 81,968.89 billion while volume of transactions increased by 39.29 percent to about 220 million from 158 million (**Table 2.5**).

It is worth noting that, digital payments have emerged as important platform for advancing financial inclusion. This is on account that, digital payments reduce the cost of providing financial services, and increase safety and convenience of using saving and payment products. Integrating digital payments into the economy of the country may address the critical issues of domestic resources mobilization. In addition, digitization of payments also drives inclusive economic growth and individual financial empowerment.

Table 2.5: Trends in Digital Payment Channels

Category	2015	2016	2017	2018	2019
Value of transactions (TZS Billion)					
Internet Banking	33,667.72	43,499.75	50,764.53	54,674.84	50,060.69
Mobile (SMS) Banking	1,799.49	2,176.92	2,759.63	2,997.57	9,475.39
Automated Teller Machines (ATMs)	9,230.84	9,438.18	9,724.50	9,767.55	10,452.67
Point of Sales (POS)	2,348.78	4,125.85	7,609.50	14,528.93	29,128.48
Total	47,046.83	59,240.70	70,858.16	81,968.89	99,117.23
Growth (Percent)	-	25.92	19.61	15.68	20.92
Volume of transactions					
Internet Banking	2,591,861	2,682,908	3,439,865	4,113,196	4,725,518
Mobile (SMS) Banking	50,638,469	53,458,713	51,947,772	45,680,623	55,745,503
Automated Teller Machines (ATMs)	62,213,097	66,542,327	66,089,912	73,212,484	72,858,358
Point of Sales (POS)	4,228,133	10,375,247	19,889,517	34,811,983	86,495,030
Total	119,671,560	133,059,195	141,367,066	157,818,286	219,824,409
Growth (Percent)	-	11.19	6.24	11.64	39.29
Number of Machines					
Automated Teller Machines (ATMs)	1,771	1,959	2,158	2,153	2071
Point of Sales (POS)	8,441	13,751	14,300	24,386	34,502
Total	10,212	15,710	16,458	26,539	36,573
Growth (Percent)	-	53.84	4.76	61.25	37.81

Source: Bank of Tanzania

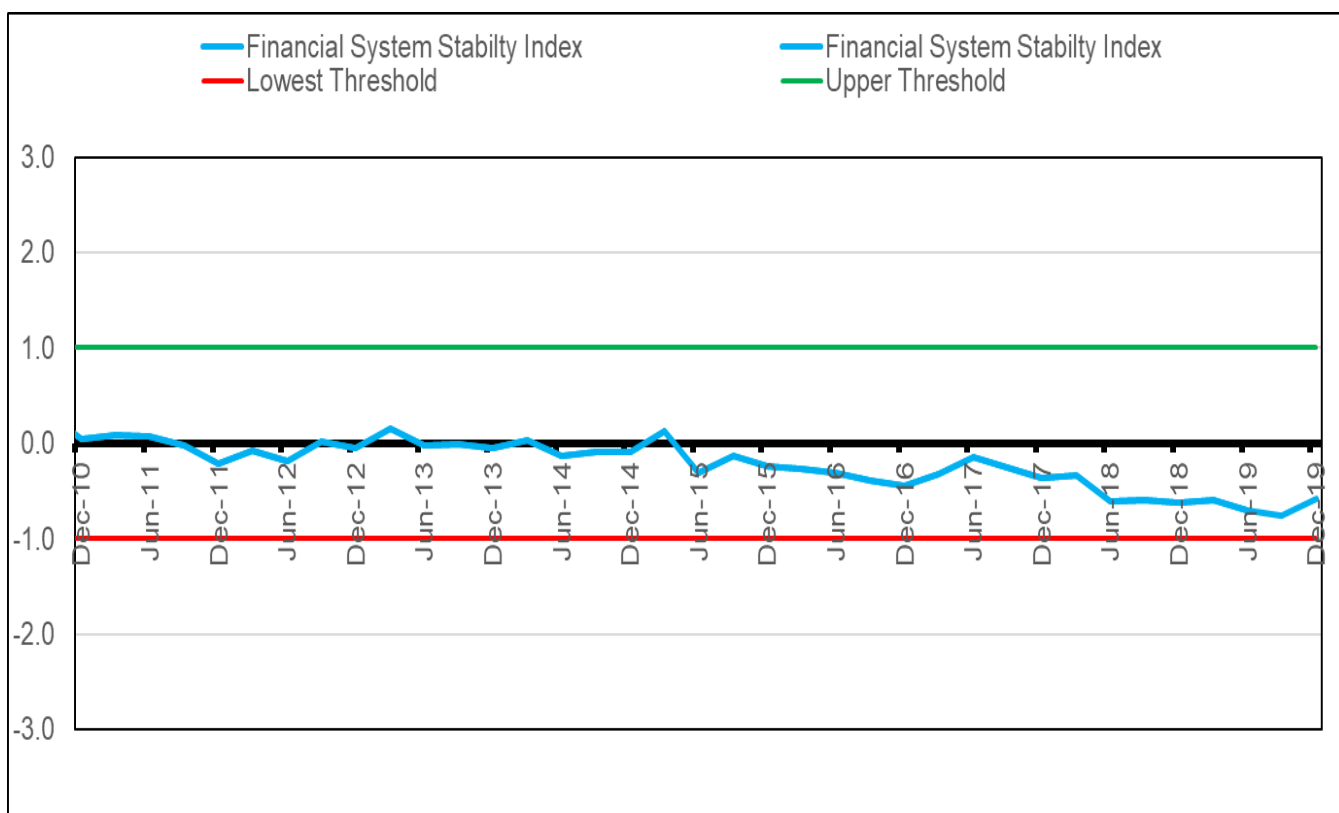
2.1.5 Financial System Stability

The Bank assesses stability of the financial system, of which the banking sector is the main component. The assessment is conducted using Financial System Stability Index (FSSI), which

is an early warning indicator that measures stability of the financial system. The index uses financial market data and banking sector prudential indicators in measuring capital, assets quality, earnings and liquidity.

During the period under review, the assessment revealed that, the financial system remained stable and resilient to short term vulnerabilities. Results of the assessment indicated that, the stability index improved to -0.6 from -0.8 observed in 2018. The improvement was attributed to reduction of credit risk explained by a decline in NPLs ratio and increase in capital adequacy ratios (Chart 2.5).

Chart 2.5: Financial System Stability Index



Source: Bank of Tanzania

2.2 Other Supervised Institutions

2.2.1 Credit Reference Operations

The credit reference bureaux operations continued to grow as reflected by increase in the number of borrowers and loan records submitted by banks and financial institutions to the Credit Reference Databank. The number of borrowers increased by 16.55 percent to 1,996,682, while loan records increased by 41.45 percent to 5,484,590. Further, the credit reference system improved in terms of data submission. As at the end of December 2019, non-bank credit

providers that shared credit information through credit reference bureaux were 99 compared to 94 recorded in the preceding year.

During the period under review, 54 out of 55 banks and financial institutions submitted information to the credit reference databank compared to 51 out of 57 banks and financial institutions recorded in the preceding year. Efforts are under way to ensure that the remaining institution submits data to the credit reference databank.

Total number of credit reports sold increased by 7.76 percent to 627,803 in the year ended December 2019, from 582,571 recorded during the preceding year. Bank of Tanzania continued to sensitize banks and other lending institutions on the importance of using credit reference bureau services in assessing repayment behaviour of loan applicants, monitoring of borrowers and loan portfolios as an approach to mitigate credit risk and reduce NPLs.

2.2.2 Bureaux De Change Operations

During the year, total foreign currency purchased by the bureaux de change amounted to USD 169,270,570.28 while foreign currency sold amounted to USD 89,935,488.74. The amount included USD 17,431,148.22 and USD 13,286,767.58 foreign currency purchased and sold in Zanzibar, respectively. The major sources of purchases were travelling abroad, which accounted for 77.29 percent followed by tourism accounted for 8.42 percent of total purchases.

The Bank undertook several measures to strengthen supervision of Bureaux de Change to enhance compliance with legal and regulatory requirements. The measures included revocation of licenses of bureaux de change which were not complying with governing laws and regulations, enhancing supervision function and revision of regulations governing the operations of bureaux de change. The measures contributed to stability of the shilling observed during the period.

2.2.3 Financial Leasing

In 2019, total assets of financial leasing companies increased by 7.72 percent to TZS 108,577.62 million from TZS 101,738.65 million in 2018. The increase was attributed to profit made during the year. The major sources of funding of leasing companies were borrowings from banks and financial institutions amounting to TZS 63,950.85 million and shareholders' capital of TZS 27,578.04 million.

2.2.4 Social Security Schemes

In 2019, total assets of the social security schemes increased by 11.80 percent to TZS 12,776.07 billion from TZS 11,427.71 billion recorded in 2018. The increase was mainly on account of growth in contributions from members and income from investments. During the year,

contributions from members increased by 27.17 percent to TZS 1,038.63 billion from TZS 816.72 billion in 2018. Income from investment increased by 1.7 percent to TZS 321.4 billion, following a shift of investment to Government securities from real estate, thereby reducing schemes exposure to low returns in property market. Allocation of investment in Government securities increased to 37.1 percent from 35.8 percent observed in December 2018, while investment in real estate declined from 21.4 percent to 14.2 percent.

CHAPTER THREE

SUPERVISORY ACTIVITIES AND OTHER DEVELOPMENTS

The Bank continued to execute its role of licensing, regulating and supervising banks, financial leasing companies, bureaux de change, credit reference bureaus and microfinance services providers. In addition, the Bank supervised representative offices of foreign banks and mortgage finance and refinance companies. The above functions were carried out using powers provided under the Bank of Tanzania Act 2006, the Banking and Financial Institutions Act, 2006, the Foreign Exchange Act, 1992 and the Microfinance Act, 2018. Further, the Bank regulated and supervised financial matters of the social security schemes using powers stipulated under Social Security (Regulatory Authority) Act (Cap 135).

3.1 Licensing

During the period under review, Bank of Tanzania approved the acquisition of UBL Bank (Tanzania) Limited by Exim Bank (Tanzania) Limited. The acquisition intended to strengthen the existing network and expansion of market share within the country. Similarly, the Bank endorsed acquisition of EFC Tanzania Microfinance Bank Limited by Mwanga Community Bank Limited, and subsequent merger with Hakika Microfinance Bank Limited. As at the end of 2019, the acquisition and merger processes were in progress. It is expected that, the undertaken initiatives will result into stronger banks and enhance stability of the sector.

3.2 Supervision

3.2.1 Banking Institutions

The Bank continued to conduct risk-based supervision of banks and financial institutions. This included, determining risk profiles of banks and financial institutions, determining supervisory cycles and conducting on-site examinations and off-site surveillance. During the period, the Bank performed 21 full scope on-site examinations and 35 targeted examinations. Further, off-site surveillance was conducted using periodic regulatory returns and correspondences to monitor performance and compliance with prudential requirements. The Bank took prompt corrective actions to address anomalies identified during the examinations.

In the course of carrying out the supervision, the Bank transferred assets and liabilities of Bank M Tanzania Limited to Azania Bank Limited as a resolution option to protect the interest of depositors and other creditors.

3.2.2 Credit Reference Operations

During the period under review, the Bank continued to supervise credit reference bureaus and administer credit reference databank. In 2019, the Bank conducted on-site examination of one credit reference bureau, analyzed quality of data submitted to the databank and continued to sensitize banks and other lending institutions on the importance of using credit reference bureaus' services in assessing repayment behavior of loan applicants, monitoring of borrowers and loan portfolios as an approach to mitigate credit risk and reduce NPLs.

3.2.3 Bureaux De Change

As at 31 December 2019, the Bank supervised five Bureaux de Change, three in Tanzania mainland and two in Zanzibar, with 27 outlets throughout the country. The outlets were distributed in zones as follows: Dar es Salaam & Coast Zone were 11, Northern Zone six, Central & Southern Zone three, Western & Lake Zone one and Zanzibar five.

The Bank undertook several measures to strengthen supervision of Bureaux de Change to enhance compliance with legal and regulatory requirements. The measures included enhancing supervision function, revision of regulations governing the operations of bureau de change and revocation of licenses of bureaux de change which were not complying with governing laws and regulations.

3.2.4 Financial Leasing

During the period under review, the Bank continued to supervise three financial leasing companies. The Bank developed on-site examination procedures to facilitate effective on-site examinations and conducted on-site examination of one financial leasing company.

3.2.5 Social Security Schemes

Bank of Tanzania continued to regulate and supervise financial matters of social security schemes as mandated under the Social Security (Regulatory Authority) Act, 2008 (as amended). During the period, the Bank conducted on-site examination of two social security schemes focusing on investments.

3.3 Regulatory and Supervisory frameworks

Following enactment of the Microfinance Act, 2018, the Bank developed the following microfinance regulations: The Microfinance (Non Deposit Taking Microfinance Service Providers) Regulations, 2019; the Microfinance (Savings and Credit Cooperative Societies) Regulations, 2019 and the Microfinance (Community Microfinance Groups) Regulations, 2019.

The Regulations were published in the Government Gazette in September 2019. In addition, as mandated by the Act, the Bank delegated its powers and functions over Tier 3 and Tier 4 microfinance service providers to Tanzania Cooperative Development Commission and Local Government Authorities, respectively. Notices of delegation were published in the Government Gazette in November 2019.

During the period, the Bank of Tanzania (Financial Consumer Protection) Regulations, 2019 were issued and published in the Government Notice No. 884 in November 2019. The Regulations introduced a variety of protections to consumers of financial services in terms of how financial service providers offer, market and deal with consumer complaints.

Meanwhile, the Bank reviewed the Foreign Exchange (Bureau de Change) Regulations, 2015 and came up with new regulations, which were published in the Government Notice No. 450 in June 2019. The key changes in the Regulations included removal of classes of bureau de change and enhancement of capital to TZS 1.00 billion from TZS 300.00 million.

Further, the Bank of Tanzania, in collaboration with Tanzania Insurance Regulatory Authority, developed Bancassurance Guidelines for Banks and Financial Institutions, 2019. The Guidelines provide guidance for approving and supervising banks intending to engage in insurance business.

During the period, the Bank issued various circulars to banks and financial institutions, as part of discharging oversight functions, including complying with international standards. The Bank issued the following circulars:

- i. Statutory Minimum Reserve (SMR). The circular was issued on 29th May 2019 in which the Bank:
 - a. reduced the SMR rate to 7 percent from 8 percent;
 - b. increased flexibility to banks in maintaining SMR averaging to 20 percent from 10 percent; and
 - c. provided relief on SMR requirement to banks with widely spread branch network in order to support financial inclusion.
- ii. Changes in regulatory and prudential requirements, issued on 3rd July 2019 in order to enable banks and financial institutions to play a more active role in the development of national economy, especially provision of credit to private sector. In that regard, the Bank of Tanzania:

- a. excluded investment in computer software in computation of regulatory capital;
- b. abolished requirement for one percent general provision on unclassified loans;
and
- c. allowed inclusion of Government securities of all maturity bands in computation of regulatory liquidity requirement, subject to application of haircuts to be determined by the Bank.

3.4 Establishment of Secured Transaction Law and Collateral Registry

During the period, the Bank in collaboration with the Ministry of Finance and Planning and Attorney General's Chambers, reviewed and incorporated stakeholders' comments in the draft concept paper regarding establishment of a Secured Transactions Law and centralized Collateral Registry. The proposed framework will ensure unique recognition and valuation of movable properties for use as collaterals against borrowing, broaden access to credit, secure lending and deter multiple pledges of collaterals. As at the end of December 2019, the concept paper was awaiting submission to the cabinet for consideration and endorsement.

3.5 Tanzania Bankers' Association Code of Conduct

The Bank of Tanzania, in collaboration with the Tanzania Bankers Association Limited, developed and launched the Code of Conduct to ensure strict adherence to best banking practices and continued commitment to ethical conduct and professional standards by its members and their employees. It is expected that, adherence to the code of conduct will enhance integrity in the banking sector.

3.6 Capacity Building

The Bank continued to build capacity of its employees in the areas related to financial sector supervision, aimed at enhancing regulatory and supervisory capacity. During the period, the Bank's staff attended group and individual trainings, attachments to other supervisory authorities, seminars and workshops, as well as supervisory colleges.

CHAPTER FOUR

REGIONAL AND INTERNATIONAL COOPERATION

Cooperation with regional and international community is important for development of the financial sector. The Government of Tanzania is a member of regional and international bodies including East African Community (EAC), African Union (AU) and Southern African Development Community (SADC). The country's participation in regional as well as international fora is noted in the Monetary Affairs Committee (MAC) under the EAC; the Association of African Central Banks (AACB) under the AU; the Committee of Central Bank Governors (CCBG) under the SADC and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

There are a number of protocols with issues relating to the banking sector, which have been signed and ratified by the Government. The protocols, among others, require Member States to harmonize their policies, laws and systems pertaining to the financial sector. The Government continued to enhance and strengthen participation in international fora and cooperation with international bodies to take advantage of their facilities, resources and experiences.

In 2019, the Bank continued to participate in regional and international fora, focusing on areas within its supervisory mandate. The Bank participated in the MAC meetings, Community of African Banking Supervisors workshops/seminars, Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) meetings and attended supervisory colleges. Meanwhile, the Bank participated in the ESAAMLG meetings and mutual evaluation exercise.

4.1 The Monetary Affairs Committee Meetings

The main task of the Committee regarding the financial sector is to coordinate efforts by the EAC Partner States Central Banks towards regional financial integration, focusing on harmonization of financial systems, stability and supervision. In 2019, the Bank participated in various MAC meetings, notably:

- i. The 23rd ordinary meeting, which was held in Rwanda on 30th July 2019 to deliberate on the progress of implementation of the preceding MAC meeting directives. The meeting noted, among other things, progress made by Central Banks in harmonization of rules and practices governing financial sector supervision. In addition, the meeting emphasized the need of developing a framework for identification of Domestic Systemically Important Banks (D-SIBs), Crisis Management Frameworks and convergence criteria for the Cross-border Crisis Management Framework with the main objective of enhancing resilience to shocks;

- ii. The meeting of MAC sub-committee on Banking Supervision and Financial Stability organized by the Bank in Arusha in May 2019. The meeting deliberated on EAC Central Banks self-assessment regarding compliance with Basel Core Principles (BCPs). The meeting resolved to continue addressing identified gaps to comply with BCPs to ensure that, the banking sector in the region is effectively regulated and supervised to foster safety and stability of the sector; and
- iii. The meeting of MAC sub-committee on Banking Supervision and Financial Stability organized by the Bank in Arusha in October 2019. The meeting reviewed the progress made by EAC Partner States' Central Banks in implementation of harmonization of the supervisory rules and practices, and noted that significant progress had been made towards harmonization.

4.2 Community of African Banking Supervisors

The Bank participated in the workshop on the challenges encountered during the implementation of Basel II and III. The workshop was organized in July 2019 by the South African Reserve Bank, on behalf of the Community of African Banking Supervisors. The workshop enabled participants to share experiences on practical challenges faced by central banks in implementing Basel II and III.

4.3 Macroeconomic and Financial Management Institute of Eastern and Southern Africa

The Bank participated in a meeting on implementation of modern ways of forward looking supervision. The meeting was organized by the Macroeconomic and Financial Management Institute of Eastern and Southern Africa in October 2019 in Botswana. The meeting deliberated on proportional implementation of Basel standards for non-Basel committee member countries. The aim of proportional implementation is to customize international standards to align with the local environment thereby strengthening banking supervision.

4.4 Supervisory Colleges

The Bank of Tanzania participated in supervisory colleges to enhance understanding of risks facing cross-border banking groups and sharing of information with home supervisors for effective supervision. Supervisory colleges entail sharing of group risk assessment, financial condition and major issues of supervisory concerns to ensure effective supervision of banks by home and host regulators. Supervisory college attended were organized by Reserve Bank of South Africa for Stanbic Bank Limited (Standard Bank Group), Barclays Bank Tanzania and

National Bank of Commerce Limited (Absa Group); and Central Bank of Nigeria for United Bank of Africa Limited.

4.5 ESAAMLG Meetings

In 2019, the Bank of Tanzania continued to participate in ESAAMLG activities, including the 38th ESAAMLG Taskforce held in Swaziland from 30th August to 6th September 2019. The meeting discussed mutual evaluation report of Malawi and progress of the post evaluation implementation of FATF Standards in evaluated member countries.

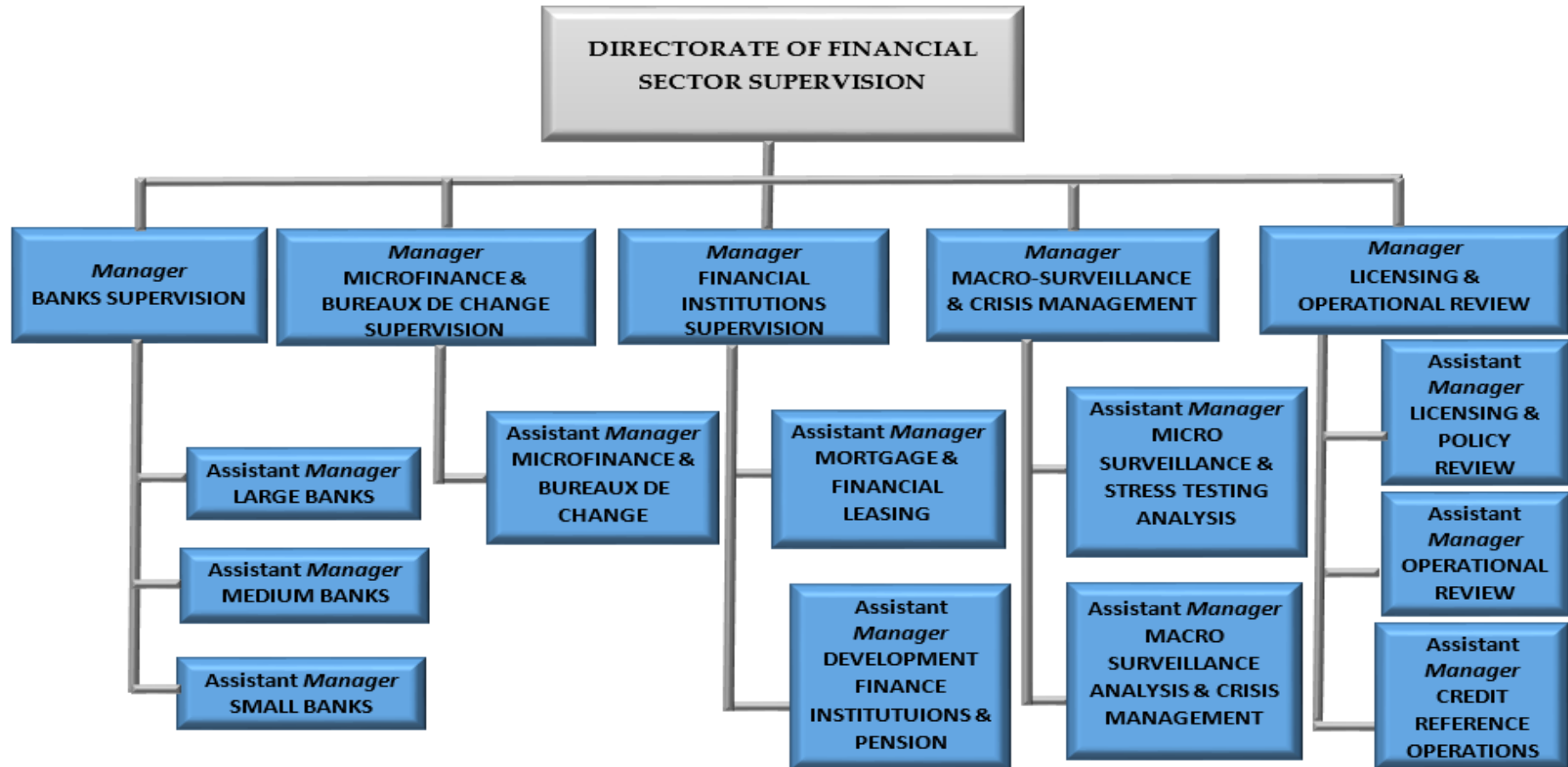
4.6 Mutual Evaluation Exercise

In 2019, the country underwent the second mutual evaluation by the ESAAMLG on anti-money laundering and combating financing of terrorism. The objective of the evaluation was to assess the country's actions taken to address the risks emanating from designated terrorists or terrorist organizations and analyze the level of compliance with the Financial Actions Task Force (FATF) recommendations and effectiveness of a country's Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) system. By the end of the year, preparation of the evaluation report was in progress.

The Bank continues to strengthen supervisory actions to ensure that banks mitigate risks associated to Money Laundering/ Terrorism Financing.

APPENDICES

Appendix I: Directorate of Financial Sector Supervision Organization Structure



Source: Bank of Tanzania

Appendix II: Consolidated Balance Sheet of the Banking Sector

(TZS Millions)

S/No	Particulars	2015	2016	2017	2018	2019
1	Cash	960,799	909,954	1,183,743	1,213,859	1,378,915
2	Balance with Bank of Tanzania	3,300,419	3,000,479	3,147,277	2,788,791	2,599,961
3	Balance with other banks and financial institutions	1,830,370	1,462,631	1,701,700	2,035,188	1,846,043
4	Cheques and items for clearing	72,116	44,702	46,527	53,955	58,162
5	Investments in debt securities	3,720,542	4,030,345	5,548,492	4,964,661	5,165,125
6	Interbank loans receivables	891,764	1,016,242	904,810	792,990	1,285,199
7	Loans, advance and overdraft(net)	14,865,800	15,432,176	15,160,390	16,195,698	17,884,030
8	Commercial and other bills purchased or discounted	28,773	15,962	22,882	26,813	66,235
9	Customers liabilities for acceptance	8,534	47,359	55,490	71,292	87,144
10	Equity investments	128,704	159,669	167,797	163,776	188,325
11	Claims on the treasury	0	0	0	0	0
12	Bank premises, furniture and equipment	573,414	735,253	784,446	822,282	970,337
13	Other property and assets owned	12,266	41,458	56,401	55,914	61,970
14	Inter-branch float items	107,581	114,511	6,462	132	496.025921
15	Other assets	717,260	906,567	1,018,516	1,197,656	1,569,861
16	Total assets	27,217,968	27,917,309	29,804,935	30,383,007	33,161,803
17	Deposit liabilities other than banks	19,620,562	18,878,404	20,038,215	20,487,222	21,745,154
18	Special deposit account	291,099	313,358	322,523	644,288	1,106,926
19	Deposit from Banks and Financial Institution	649,437	961,712	921,773	1,095,504	966,028
20	Bankers Cheques and Draft Issued	19,845	20,610	39,856	23,927	12,862
21	Payments orders/transfers payable	38,114	9,863	8,099	4,145	9,341
22	Borrowings	1,601,754	2,273,970	2,574,798	2,146,697	2,439,154
23	Subordinated debts	343,375	323,369	286,493	373,243	363,589
24	Accrued Taxes and Other Expenses Not Paid	311,150	401,147	419,280	394,317	448,739
25	Unearned Income and Other Deferred Credits	63,215	82,226	94,016	72,928	129,810
26	Outstanding Acceptance & Executed By or for Account of the Ban	16	11,238	22,067	71,292	51,033
27	Inter-branch float items	13,551	6,446	8,345	979	4,553
28	Other liabilities	464,128	349,660	418,822	416,178	858,226
29	Total liabilities	23,416,246	23,632,002	25,154,287	25,730,721	28,135,415
30	Total capital	3,801,721	4,285,307	4,650,647	4,652,285	5,026,388
31	Paid up-share capital	1,485,872	1,624,543	1,919,529	2,097,641	2,171,871
32	Other capital accounts	2,315,849	2,574,766	2,731,118	2,554,645	2,854,517
33	Total Liabilities and Capital	27,217,968	27,917,309	29,804,935	30,383,007	33,161,803

Source: Bank of Tanzania

Appendix III: Consolidated Income Statement of the Banking Sector

(TZS Millions)

S/N Particulars	2015	2016	2017	2018	2019
1 Interest income	2,464,853	2,932,227	3,001,142	2,897,232	2,937,303
2 Interest expenses	706,124	901,412	941,658	768,564	726,065
3 Net interest income	1,758,728	2,030,815	2,059,484	2,128,668	2,211,238
4 Bad debts written off	28,095	29,649	65,909	58,527	42,331
5 Provision for bad and doubtful debts	152,232	363,379	528,931	531,644	345,151
6 Non-interest income	868,715	908,835	926,051	910,631	950,954
7 Non-interest expenses	1,791,615	1,998,933	2,075,411	2,165,218	2,223,319
8 Operating income	655,501	547,688	296,280	283,890	551,391
9 Non-core credits/charges	20,661	25,902	34,627	29,036	38,150
10 Extraordinary credits and charges	-126	-2,751	0	-142	0
11 Net income/ (loss) before income tax	676,036	570,839	330,908	312,785	589,541
12 Income tax provision	225,278	213,423	121,987	191,990	253,211
13 Net income / (loss) after income tax	450,758	357,416	208,921	133,897	344,842

Source: Bank of Tanzania

Appendix IV: Geographical Distribution of Bank Agents

S/N	Geographical Area	2015	2016	2017	2018	2019	Growth in 2019 (Percent)
1	Arusha	282	418	768	1,390	2,358	70%
2	Coast	74	135	274	494	668	35%
3	Dar es Salaam	1,166	1,707	3,167	5,968	9,358	57%
4	Dodoma	180	340	629	951	1,558	64%
5	Geita	35	63	97	175	285	63%
6	Iringa	103	212	309	533	705	32%
7	Kagera	87	148	269	452	636	41%
8	Katavi	17	34	56	97	95	-2%
9	Kigoma	40	56	100	198	286	44%
10	Kilimanjaro	90	192	407	746	1,198	61%
11	Lindi	40	80	133	228	312	37%
12	Manyara	46	106	196	310	333	7%
13	Mara	78	149	235	407	538	32%
14	Mbeya	158	397	827	1,165	1,585	36%
15	Morogoro	133	269	547	927	1,344	45%
16	Mtwara	67	102	206	382	474	24%
17	Mwanza	276	399	757	1,347	2,189	63%
18	Njombe	47	103	249	411	604	47%
19	Rukwa	39	73	153	213	285	34%
20	Ruvuma	50	108	192	326	394	21%
21	Shinyanga	87	146	259	443	686	55%
22	Simiyu	32	75	88	131	212	62%
23	Singida	41	56	136	272	359	32%
24	Songwe	0	0	0	181	258	43%
25	Tabora	56	108	186	330	535	62%
26	Tanga	53	95	208	425	584	37%
27	Pemba	6	59	35	29	65	124%
28	Unguja	16	46	182	296	454	53%
Total		3,299	5,676	10,665	18,827	28,358	51%

Source: Bank of Tanzania

Appendix V: Geographical Distribution of Branches and ATMs

S/N	Geographical Area	Branches					ATMs				
		2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
1	Arusha	51	57	54	61	68	82	142	142	146	141
2	Coast	12	11	11	11	14	14	40	41	41	40
3	Dar es Salaam	263	273	275	286	290	1034	787	829	811	758
4	Dodoma	27	29	32	39	41	49	70	87	90	93
5	Geita	10	11	11	14	19	3	17	22	22	22
6	Iringa	13	17	17	18	20	39	42	46	48	47
7	Kagera	16	21	20	25	27	37	43	52	53	53
8	Katavi	3	2	2	3	4	3	4	6	5	7
9	Kigoma	8	11	10	13	13	34	25	25	27	27
10	Kilimanjaro	33	37	39	40	46	62	78	102	88	83
11	Lindi	10	9	10	10	13	19	18	24	26	25
12	Manyara	11	15	15	20	19	5	34	37	38	31
13	Mara	15	20	20	21	24	32	42	46	48	46
14	Mbeya	41	39	39	36	46	38	98	91	93	90
15	Morogoro	30	32	34	36	40	20	82	86	91	94
16	Mtwara	17	23	23	18	21	21	40	40	43	42
17	Mwanza	49	58	57	65	67	46	124	121	125	123
18	Njombe	10	14	13	14	17	14	25	24	25	24
19	Rukwa	6	8	8	7	8	28	16	16	16	13
20	Ruvuma	12	15	14	15	18	21	31	34	35	33
21	Shinyanga	19	23	23	25	28	17	44	52	49	46
22	Simiyu	6	4	4	6	7	3	11	9	8	9
23	Singida	8	11	11	13	15	12	24	26	26	27
24	Songwe	0	10	11	15	13	0	0	18	18	18
25	Tabora	16	16	16	18	21	23	40	43	45	41
26	Tanga	20	24	24	27	27	36	49	68	56	54
27	Pemba	3	1	3	4	8	15	7	9	9	11
28	Unguja	19	19	19	18	23	64	52	62	62	72
Total		728	810	815	878	957	1,771	1,985	2,158	2,144	2,070

Source: Bank of Tanzania

Appendix VI: Directory of Supervised Institutions

S/N	Commercial Banks	S/N	Commercial Banks
1	Absa Bank (Tanzania) Limited	20	Equity Bank (Tanzania) Limited
2	AccessBank (Tanzania) Limited	21	First National Bank (Tanzania) Limited
3	African Banking Corporation (Tanzania) Limited	22	Guaranty Trust Bank (Tanzania) Limited
4	Akiba Commercial Bank Plc.	23	Habib African Bank Limited
5	Amana Bank Limited	24	I & M Bank (Tanzania) Limited
6	Azania Bank Limited	25	International Commercial Bank (Tanzania) Limited
7	Bank of Africa (Tanzania) Limited	26	KCB Bank (Tanzania) Limited
8	Bank of Baroda (Tanzania) Limited	27	Letshego Bank (T) Limited
9	Bank of India (Tanzania) Limited	28	Mkombozi Commercial Bank Plc.
10	Canara Bank (Tanzania) Limited	29	Mwalimu Commercial Bank Plc.
11	China Commercial Bank Limited	30	National Bank of Commerce Limited
12	China Dasheng Bank Limited	31	National Microfinance Bank Plc.
13	Citibank (Tanzania) Limited	32	NIC Bank (Tanzania) Limited
14	Commercial Bank of Africa (Tanzania) Limited	33	Peoples' Bank of Zanzibar Limited
15	CRDB Bank Plc.	34	Stanbic Bank (Tanzania) Limited
16	DCB Commercial Bank Plc.	35	Standard Chartered Bank (Tanzania) Limited
17	Diamond Trust Bank (Tanzania) Limited	36	TIB Corporate Bank Limited
18	Ecobank (Tanzania) Limited	37	TPB Bank Limited
19	Exim Bank (Tanzania) Limited	38	United Bank for Africa (Tanzania) Limited
Community Banks		Microfinance Banks	
1	Kilimanjaro Cooperative Bank Limited	1	EFC Tanzania Microfinance Bank Limited
2	Maendeleo Bank Plc.	2	Finca Microfinance Bank Limited
3	MUCOBA Bank Plc.	3	Hakika Microfinance Bank Limited
4	Mwanga Rural Community Bank Limited	4	Vision Fund Tanzania Microfinance Bank Limited
Community Banks		Microfinance Banks	
5	Tandahimba Community Bank Limited	5	Yetu Microfinance Bank Plc
6	Uchumi Commercial Bank Limited	Credit Reference Bureaus	
Development Banks		1	Credit Info Tanzania Limited
1	TIB Development Bank Limited	2	Dun & Bradstreet Credit Bureau Tanzania Limited
2	Tanzania Agricultural Development Bank Limited	Financial Leasing Companies	

Representative Offices			
		1	Alios Finance Tanzania Limited
1	The Export-Import Bank of Korea Limited	2	Equity for Tanzania Limited (EFTA)
2	Bank of China Limited	3	Salute Finance Limited
Mortgage Finance Companies		Bureau De Change	
1	Tanzania Mortgage Refinance Company	1	Posta Bureau De Change
2	First Housing Finance (Tanzania) Limited	2	Amazing Bureau De Change
Mandatory Social Security Schemes		3	Unimoni Bureau De Change
1	Public Service Social Security Fund (PSSSF)	4	Rafiki Bureau De Change
2	National Health Insurance Fund (NHIF)	5	Union Bureau De Change
3	National Social Security Fund (NSSF)	Supplementary Social Security Schemes	
4	Workers Compensation Fund (WCF)	6	ELCT Retirement Scheme
Supplementary Social Security Schemes		7	Tumaini Pension Fund
1	MSD Wekeza (PSSSF)	8	PUMA Energy Provident Fund
2	TANAPA Group Endowment Fund (PSSSF)	9	BOT Staff Benefits Fund
3	Voluntary Savings Retirement scheme(VSRS)	10	Tanzania Portland Staff Pension Fund
4	PSSSF, LAPF DC		
5	WOTE scheme		

Appendix VII: List of Audit Firms Registered to Audit Banks and Financial Institutions

S/N	Name of Audit Firm	S/N	Name of Audit Firm
1	Ashvin Solanki & Company	12	Mekonsult
2	Auditax International	13	Mhasibu Consultants
3	Baker Tilly Dgp & Co	14	Nexia Sj Tanzania
4	Bdo East Africa	15	Pricewaterhousecoopers
5	Claritas International	16	Rsm Ashvir
6	Cooperative Audit And Supervision Corporation (COASCO)	17	Tac Associates
7	Deloitte & Touche	18	Tanna Sreekumar Grant Thornton
8	Ernest & Young	19	Trion & Co
9	Globe Accountancy Services	20	Wiscon Associates
10	Innovex Auditors	21	Klsa Associates
11	Kpmg		

Appendix VIII: Calendar of Major Events

SN	Major Events in 2019 Calendar Year	Dates
1.	Bank of Tanzania (Financial Consumer Protection) Regulations, 2019 were published in the Government Notice No. 884 dated 22 nd November 2019.	22 nd Nov 2019
2.	The Bank delegated its powers and functions over Tier 3 microfinance service providers to Tanzania Cooperative Development Commission via Government Notice No. 887 on 22 nd November 2019 and powers and functions over Tier 4 microfinance service providers to Local Government Authorities via Government Notice No. 888 on 22 nd November 2019.	22 nd Nov 2019
3.	The Minister of Finance and Planning published government notice to officiate the implementation of the <i>Microfinance Act, 2018</i> that was enacted in November 2018.	1 st Nov 2019
4.	Following acquisition of UBL Bank Tanzania Limited by Exim Bank Tanzania Limited, Bank of Tanzania revoked business licence no. CBA 00054 that was initially issued to UBL Bank Tanzania Limited in June 2013.	31 st Oct 2019
5.	Tanzania Bankers Association Limited launched the Code of Conduct that was intended to ensure strict adherence to best banking practices and continued commitment to ethical conduct and professional standards by all its members and their employees in order to foster TBA's core values namely integrity, professionalism, customer-centricity, unit and teamwork.	19 th Sep 2019
6.	The <i>Microfinance (Non-Deposit Taking Microfinance Service Providers) Regulations, 2019</i> were published in the Government Notice No. 679 dated 13 th September 2019.	13 th Sep 2019
7.	The <i>Microfinance (Community Microfinance Groups) Regulations, 2019</i> were published in the Government Notice No. 678 dated 13 th September 2019.	13 th Sep 2019
8.	The <i>Microfinance (Savings and Credit Cooperative Societies) Regulations, 2019</i> were published in the Government Notice No. 675 dated 13 th September 2019.	13 th Sep 2019
9.	The <i>Foreign Exchange (Bureau de Change) Regulations, 2019</i> were published in the Government Notice No. 450 dated 7 th June 2019, which impliedly repealed the <i>Foreign exchange (Bureau de Change) Regulations, 2015</i> (as amended).	7 th Jun 2019
10.	Bank of Tanzania issued <i>Bancassurance Guidelines for Banks and Financial Institutions, 2019</i> that came into effect from 16 th May 2019. The Guidelines were intended to facilitate regulation and supervision of Bancassurance business in Tanzania.	16 th May 2019
11.	Bank of Tanzania in collaboration with the International Finance Cooperation launched a national credit reporting awareness and financial literacy campaign in Dar es Salaam.	6 th Feb 2019
12.	Bank of Tanzania revoked the banking business license no. CBA 00060 (that was re-issued to Bank M Tanzania Plc on 31 st May 2016) and transferred its assets and liabilities to Azania Bank Limited effective from 15 th January 2019.	15 th Jan 2019