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FINANCIAL SECTOR SUPERVISION

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24TH EDITION

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MESSAGE FROM THE GOVERNOR

It is with great pleasure I am presenting the 24th Annual Financial Sector Supervision Report, which provides information to the public regarding performance and developments in the financial sector for the period which ended on 31st December, 2020. The report also covers major activities carried out by the Bank in the execution of its mandate, as well as regulatory changes that happened during the year 2020.

The year 2020 was uniquely challenging on account of the COVID-19 pandemic that devastated the global economy. Containment measures pursued by countries around the world to prevent the spread of the pandemic led to widespread business closures; collapse in global travel and severe disruptions to trade and supply chains. Notwithstanding, Tanzania experienced satisfactory economic performance supported by favorable macroeconomic environment. The domestic economy grew by 4.8 percent, mainly contributed by growth in construction, agriculture, transport and mining. These sectors benefited from fiscal and monetary policy measures adopted by the Government to limit the impact of the pandemic. Consequently, the worst impact of the pandemic was experienced a few sectors, namely, tourism, hotel and accommodation, trade and manufacturing.

The banking sector remained sound and stable with adequate capital and liquidity levels despite the slowdown of global economic conditions. In response to COVID-19 pandemic, the Bank implemented accommodative policy measures to support economic activities and ensure resilience of the sector and ability to support recovery of industries and businesses when the pandemic wanes. The measures included lowering the Statutory Minimum Reserves (SMR); reduction of the discount rate; provision of regulatory flexibility to banks on loan restructuring and reduction of haircuts on Government securities. The measures aimed at ensuring availability of adequate liquidity in the banking sector, promoting lending to the private sector and safeguarding the stability of the financial sector.

Performance of the financial sector is expected to improve as the global economy rebounds. The Bank remains committed to work in collaboration with all key stakeholders and execute its mandate of implementing accommodative monetary policy and enhancing supervision of banks and financial institutions to maintain the stability, safety and soundness of the financial system and to protect the consumers of financial services.

The Bank will continue to monitor the risks posed by domestic and global economic shocks and strengthen regulatory and supervisory interventions in order to ensure the sector remains sound, stable and supportive to macroeconomic stability and growth.

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

Florens D. A. M. Luoga
Oct 6 2021 10:13 AM

Prof Florens D.A.M Luoga

Governor- Bank of Tanzania

EXECUTIVE SUMMARY

The financial sector in Tanzania comprises of banking, microfinance, insurance, capital markets and social security sub-sectors. The banking sub-sector accounts for about 70 percent of assets in the financial sector. The Bank of Tanzania (the Bank), is vested with the statutory mandate to regulate and supervise banks, development banks, bureaux de change, representative offices of foreign banks, microfinance service providers, financial leasing companies, mortgage finance institutions, credit reference bureaux and payment systems. In addition, the Bank also regulates and supervises financial matters of social security schemes in Mainland Tanzania. During the period, the Bank continued to execute its licensing, regulatory and supervisory role. This included, monitoring activities of supervised institutions to ensure that they remain within the requirements of the governing laws and enforcing compliance therewith.

The banking sector remained sound and stable in terms of capital adequacy, liquidity, asset quality and profitability. Core and total capital adequacy ratios were 17.19 percent and 18.08 percent, respectively, compared to 17.04 percent and 18.06 percent recorded in the preceding year. The increase in capital adequacy ratios is partly attributed to retention of profit and injection of additional capital. The 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 a decline in level of non-performing loans (NPLs) ratio to 9.42 percent from 9.58 percent recorded in 2019. The improvement in asset quality was due to recovery efforts made by banks and financial institutions.

The ratio of liquid assets to demand liabilities was 30.72 percent compared to 32.14 percent recorded in 2019, above the minimum regulatory requirement of 20 percent, implying sustained ability of banks to meet maturing obligations. Profitability improved as depicted by increase in return on assets (ROA) and return on equity (ROE) to 1.94 percent and 7.61 percent from 1.86 percent and 7.13 percent recorded in preceding year, respectively. The increase in profitability was due to an increase in interest income and decrease in interest expense. The ratio of net open position to core capital increased to 8.99 percent from 8.76 percent reported in the preceding year, implying a moderate increase in banks' exposure to foreign exchange risk.

Total assets increased by 4.16 percent to TZS 34,689.48 billion, mainly financed by an increase in deposits, borrowings and retained earnings. Deposits increased by 3.98 percent to TZS 24,765.94 billion partly associated with enhanced deposit mobilization strategies by banks and growth in agent banking business. Deposits accounted for 84.62 percent of total liabilities. In addition, borrowings and retained earnings increased by 14.15 percent and 19.49 percent to

TZS 2,784.20 billion and TZS 1,836.39 billion, respectively. Further, loans, advances and overdrafts increased by 4.93 percent to TZS 18,785.13 billion and accounted for 54.15 percent of total assets. 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.

The sector's outreach continued to expand through branch network, agent banking and other delivery channels. Number of branches increased to 969 from 957, while the number of agents and volume of deposit transactions increased by 42.50 percent to 40,410 and 25.53 percent to 35,158,056 respectively. Deposits through agents increased by 22.77 percent to TZS 23,174.43 billion from TZS 18,875.86 billion. The growth implied that this service delivery channel has become a more effective means of mobilizing savings and increasing access to and usage of banking services.

During the year, the Bank approved a number of mergers and acquisition and took over administration of one bank. The mergers and acquisition were aimed at enhancing the respective banks' market share, improving efficiency and performance as well as ensuring compliance with regulatory requirements. TPB Bank Plc merged with TIB Corporate Bank Limited to form new bank, namely, Tanzania Commercial Bank Limited. In addition, NIC Bank (T) Limited and Commercial Bank of Africa (T) Limited merged to form NCBA Bank (T) Limited while, National Bank of Malawi acquired 75 percent ownership of Akiba Commercial Bank Plc. Further, Mwanga Rural Community Bank Limited acquired EFC Microfinance Bank (T) Limited and subsequently merged with Hakika Microfinance Bank Limited to form Mwanga Hakika Microfinance Bank Limited. Bank of Tanzania placed China Commercial Bank (T) Limited under administration due to failure to comply with regulatory capital requirements. Subsequently, the Bank transferred assets and liabilities of China Commercial Bank (T) Limited to NMB Bank Plc as a resolution option to protect the interest of depositors and other creditors as well as maintain stability of the banking sector.

The credit reference system continued to improve as depicted by increase in both, the number of banks and non-bank credit providers that shared information in the system and credit inquiries. The increased participation of credit providers, repository of credit information and utilization of the system enhanced provision of credit to private sector. 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 credit underwriting processes and eventually reduce the level of NPLs.

Banks and bureaux de change continued to offer bureau de change services during the period. As at the end of 2020, there were three bureaux de change with 40 branches across the country compared with five bureaux de change with 27 branches reported in the preceding year. During the year, bureau de change services continued to be offered by banks, financial institutions and bureaux de change. The Bank continued to strengthen supervision of bureaux de change to enhance compliance with legal and regulatory requirements.

The Bank continued to discharge its licensing, regulatory and supervisory role for microfinance service providers in line with the Microfinance Act, 2018 and its regulations. During the year, the Bank developed a supervision system for Tier 2 microfinance service providers. In addition, the Bank in collaboration with President's Office Regional Administration and Local Government (PO - RALG) developed a system for online registration of Community Microfinance Groups (CMGs). By the end of the year, the Bank had issued 95 microfinance business licences whereas Tanzania Cooperative Development Commission (TCDC) had issued a total of 56 SACCOS' licences.

The Bank participated actively in regional and international fora to facilitate harmonization, enhance cooperation and keep abreast with developments in the region and global regulatory environment. The Bank also participated in supervisory colleges to enhance understanding of the risks facing these cross-border banking groups to facilitate effective supervision. The attendance to such fora was largely through virtual meetings due to outbreak of COVID-19 pandemic in early 2020.

Following the outbreak of the pandemic, the Bank of Tanzania instituted various policy measures to cushion the banking sector against potential negative impact of the pandemic. The measures included lowering the Statutory Minimum Reserves (SMR) from 7 percent to 6 percent and discount rate from 7 percent to 5 percent. The Bank provided regulatory flexibility to banks on loan restructuring and reduced haircuts on government securities to increase ability of banks and financial institutions to access secured liquidity facilities from the Bank. In addition, encouraged customers to use digital platforms and digital financial services hence reducing congestion in bank premises. As a result, the sector remained with sufficient liquidity to support banks operations during the pandemic.

Assessment of the financial system stability through Financial System Stability Index (FSSI) and Stress Testing indicated that, the financial sector was resilient to internal and external shocks with capital and liquidity levels remaining above minimum regulatory ratios. The Bank continued to monitor shocks to the financial sector and put in place appropriate measures to strengthen the ability of the sector to withstand shocks.

CHAPTER ONE

STRUCTURE OF THE FINANCIAL SECTOR

1.1 Composition

Tanzania's financial sector is composed of banking sub-sector and non-banking financial sub-sector including insurance, capital markets, social security sectors and microfinance. The banking sector accounts for about 70 percent of the domestic financial system. Bank of Tanzania is mandated to regulate and supervise banking institutions, bureaux de change, representative offices of foreign banks, microfinance service providers, financial leasing companies, development banks, mortgage finance institutions, credit reference bureaux and payment systems. In addition, the Bank is vested with responsibility and the powers to regulate and supervise financial matters of social security schemes in Mainland Tanzania.

1.2 Regulatory and Supervisory Mandate

The regulatory and supervisory powers of the Bank are provided under the Bank of Tanzania Act 2006, the Banking and Financial Institutions Act, 2006, the Foreign Exchange Act, 1992, National Payment Systems Act, 2015, the Microfinance Act, 2018 and Social Security (Regulatory Authority) Act, 2008 as amended by Act No. 6 of 2019. The Bank has delegated its mandate of licensing and supervision of Tier 3 microfinance service providers (Savings and Credit Cooperative Societies - SACCOS) and Tier 4 microfinance service providers (Community Microfinance Groups - CMGs) to Tanzania Cooperative Development Commission (TCDC) and President's Office Region Administration and Local Government (PO-RALG). Supervision includes monitoring activities of supervised institutions to ensure they remain within the requirements of the regulatory framework.

1.3 Categories and Ownership of Banking Institutions

The number of banking institutions decreased to 46 from 51 reported in 2019due to mergers, acquisition and takeover. The 46 banking institutions comprised 35 commercial banks, four microfinance banks, five community banks and two development banks (**Table 1.1**). Out of 46 banking institutions, 19 were locally owned whereby, 10 were commercial banks, two microfinance banks, five community banks and two development banks. The remaining 27 banks were foreign owned of which, 25 were commercial banks and two microfinance banks.

Table 1.1: Categories of Banking Institutions

Category	2020	2019	2018	2017	2016
Commercial banks	35	38	40	38	38
Development banks	2	2	2	2	2
Microfinance banks	4	5	5	5	4
Community banks	5	6	6	11	12
Financial institutions1	0	0	0	3	3
Total	46	51	53	59	59

Source: *Bank of Tanzania*

1.4 Market Share

Analysis of banks' market share indicated that ten largest banks dominated the market in 2020 and accounted for 72.94 percent of total assets, 73.68 percent of total loans and 75.43 percent of total deposits (**Table 1.2**). The dominance was mainly due to large customer base and wide branch network. Meanwhile, locally owned banks continued to hold more assets compared to foreign owned banks (**Table 1.3**).

Table 1.2: Market Share for Ten Largest Banks

Market share	Asset		Loans		Deposits		Capital	
	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19
10 Largest Banks	74.02	72.21	73.68	72.94	75.43	74.49	69.82	59.01
Others Banks	25.98	27.79	26.32	27.06	24.57	25.51	30.18	40.99

Source*: Bank of Tanzania*

Table 1.3: Market Share of Local and Foreign Banking Institutions

Market share	Asset		Loans		Deposits		Capital	
	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19
Local banking institutions	59.12	59.39	63.9	63.02	59.59	60.94	59.19	57.56
Foreign banking institutions	40.88	40.61	36.1	36.98	40.41	39.06	40.81	42.44

Source*: Bank of Tanzania*

1.5 Branch Network

There was an increase of 12 branches to 969 branches compared to 957 recorded in the preceding year, attributed to measures taken by banks and financial institutions to enhance deposits mobilization and increase in market shares. Branch network is highly dominated by large banks and concentrated in major urban centers, whereby five regions namely Dar es Salaam, Arusha, Mwanza, Dodoma and Moshi accounted for 52.11 percent of total operating branches (**Appendix VI**).

1.6 Agent Banking

Agent banking business continued to grow as evidenced by the increase in the number of agents by 42.5 percent to 40,410 compared to 28,358 recorded in 2019 as well as increase in volume and value of both deposit and withdrawal transactions (**Table 1.4**).The growth implied that this service delivery channel has become a more effective means of mobilizing savings and increasing access to and usage of banking services. Agent banking business is highly dominated by large banks and concentrated in major urban centers, whereby five regions namely Dar es Salaam, Arusha, Mwanza, Dodoma and Mbeya accounted for 58.55 percent of total operating bank agents (**Appendix IV**).

Table 1.4: Agent Banking Transactions

	Cash Deposits			Cash Withdrawals	
	Number of Agents	Volume	Value in TZS Billion	Volume	Value in TZS Billion
2020	40,410	35,158,036	23,174.43	23,622,966	8,659.81
2019	28,358	28,007,257	18,875.86	17,552,575	5,962.10
Growth (Percent)	42.50	25.53	22.77	34.58	45.25

***Source**: Bank of Tanzania*

1.7 Digital Payment Services

The technological advancement and innovation in the banking sector has led to an increase in delivery channels of banking services in the country. Digital payments have played an important role in promoting financial inclusion, economic growth and individual financial empowerment by improving efficiency and convenience in provision of financial services. The utilization of digital platforms in the financial sector has addressed challenges including accessibility and usage of formal financial services and products. Digital payment channels include, Automated Teller Machines (ATMs), Point of Sale Devices (POS), mobile (SMS) banking and internet banking (**Table 1.5**).

Table 1.5: Trend of Digital Payment Channels

Number of Machines	2020	2019	2018	2017	2016
Automated Teller Machines (ATMs)	2,058	2,071	2,153	2,158	1,959
Point of Sales (POS)	47,576	34,502	24,386	14,300	13,751
Total	**49,631**	**36,573**	**26,539**	**16,458**	**15,710**
Growth (Percent)	**35.71**	**37.81**	**61.25**	**4.76**	**53.84**

***Source**: Bank of Tanzania*

1.8 Non-Banking Institutions

Bank of Tanzania continued to regulate and supervise non-banking institutions that fall under its mandate to ensure stability of the financial sector. The institutions included, mortgage finance institutions, microfinance service providers, bureaux de change, financial leasing companies, credit reference bureaux, and representative offices of foreign banks. In addition, the Bank regulate and supervise financial matters of four mandatory social security schemes and 10 supplementary social security schemes. Further, the Bank granted licences to 95 non-deposit taking microfinance service providers (Tier 2) whereas the Tanzania Cooperative Development Commission licensed 56 Savings and Credit Cooperative Societies (Tier 3).

1.8.1 Mortgage Finance Institutions

Mortgage financing institutions play a major role in facilitating mortgage lending by providing liquidity to banks or direct lending to the public. This contributes to elongation of mortgage loans maturity consistent with objectives of establishing mortgage financing companies. There were two mortgage institutions, namely, Tanzania Mortgage Refinancing Company (TMRC) and First Housing Finance (Tanzania) Limited. The former provides wholesale finance to banks and financial institutions to facilitate provision of mortgage loans to the public while, the later provides retail mortgage loans directly to borrowers.

1.8.2 Microfinance Service Providers

The Bank continued to license microfinance service providers as well as preparing frameworks for effective supervision. In addition, supervision of Tier 3 (SACCOS) and Tier 4 (Community Microfinance Groups) was delegated to Tanzania Cooperative Development Commission (TCDC) and President's Office Regional Administration and Local Government (PO - RALG), respectively.

1.8.3 Bureaux de Change

There were three Bureaux de Change with 40 outlets throughout the country. The outlets were distributed in zones as follows: Dar es Salaam and Coast Zone were 20, Northern Zone were 9, Central & Southern Zone 3, Western & Lake Zone 5 and Zanzibar 3.

1.8.4 Financial Leasing Companies

Financial leasing companies provide access to equipment financing without a need to provide collateral and large upfront cash deposits. During the year, there were three financial leasing companies namely, Alios Finance Tanzania Limited, Salute Finance Limited and Equity For Tanzania Limited. Alios Finance Tanzania Limited and Salute Finance Limited are located in Dar es Salaam and Equity For Tanzania Limited is located in Moshi with branches in Arusha, Mwanza, Dar es Salaam, Morogoro, Dodoma, Mbeya and Bukoba.

1.8.5 Credit Reference Bureaux

Credit reference bureaux are responsible for collecting, analyzing and providing credit information to different lending stakeholders, thereby facilitating credit underwriting process. During the period, there were two credit reference bureaux namely, Creditinfo Tanzania Limited and Dun & Bradstreet Credit Reference Bureau Tanzania Limited. Both are located in Dar es

Salaam.

1.8.6 Representative Offices of Foreign Banks

There were two representative offices of foreign banks namely, Export-Import Bank of Korea and Bank of China Limited. The offices are allowed to undertake marketing or liaison roles on behalf of parent and affiliated entities. The offices are responsible for collecting information, conducting market research, providing information on business opportunities available in Tanzania to parent banks and customers. In addition, the offices provide information to customers in Tanzania, about financial products and services offered by parent banks.

1.8.7 Social Security Schemes

There were four mandatory social security schemes, namely, Public Service Social Security Fund (PSSSF), National Social Security Fund (NSSF), National Health Insurance Fund (NHIF) and Workers Compensation Fund (WCF). PSSSF and NSSF are mandatory pension funds which serve public and private sectors, respectively. On the other hand, NHIF provides health insurance services while WCF provides workers' compensation benefits. In addition, there were 10 voluntary supplementary schemes serving public and private sectors.

CHAPTER TWO

PERFORMANCE OF THE FINANCIAL SECTOR

Performance of the financial sector entails the analysis of banking sub-sector and non-banking institutions in terms of total assets, deposits, capital and liabilities. In addition, the performance of the banking sector involves analysis of Financial Soundness Indicators (FSI), Stress testing and Financial System Stability Index (FSSI). On the other side, performance of pension funds involved analysis of total assets, members' contributions, investment income and return on investments.

2.1 Banking Sector

The banking sector remained profitable, adequately capitalized, with sufficient level of liquidity and improved asset quality amid the outbreak of COVID-19 Pandemic. The sector remained resilient to internal and external shocks and continued to grow in terms of deposits and assets, supported by favorable macroeconomic environment, regulatory and supervisory measures.

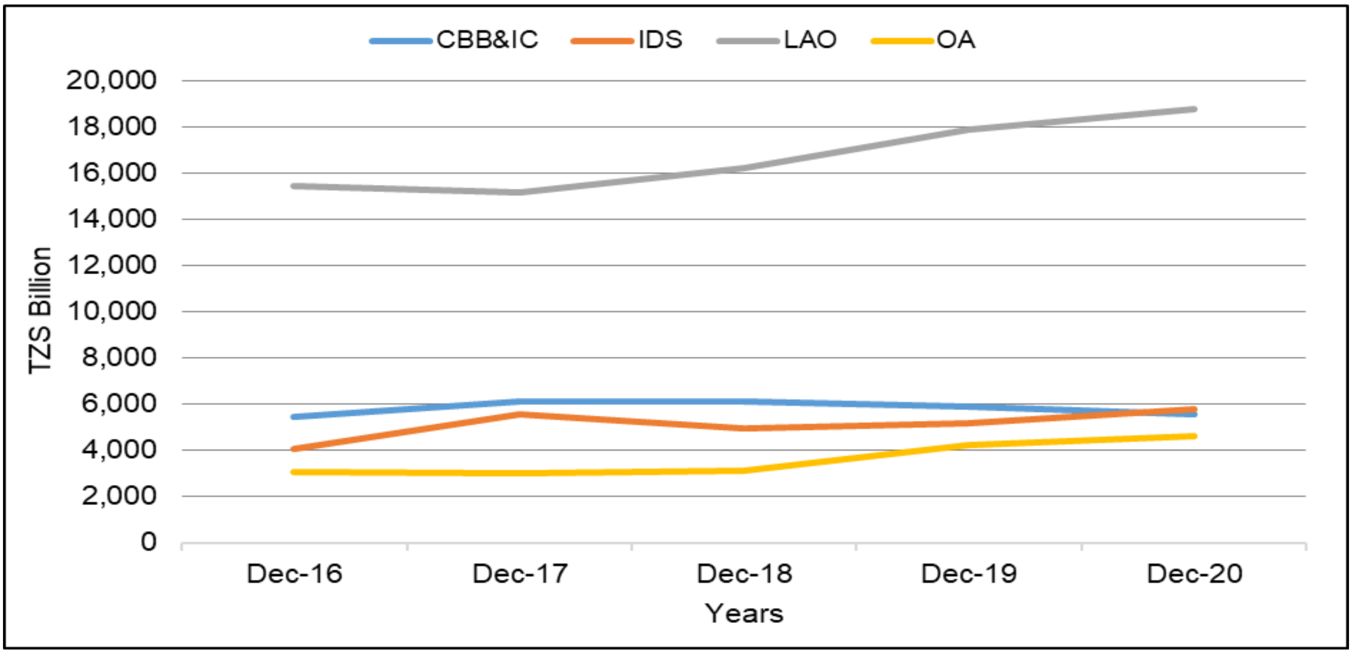
2.1.1 Assets Structure

The major components of the sector's assets were loans, advances and overdrafts which accounted for 54.09 percent; cash, balances with Bank of Tanzania, balance with other banks and items for clearing (15.95 percent); and Investment in debt securities (16.64 percent), while the remaining assets accounted for 13.32 percent of total assets.

Total assets grew by 4.16 percent to TZS 34,689.48 billion compared to TZS 33,161.80 billion recorded in the preceding year, mainly financed by an increase in deposits, borrowings and retained earnings. Loans, advances and overdrafts grew by 4.93 percent to TZS 18,765.13 billion compared to TZS 17,884.03 billion reported in the corresponding period in 2019. The growth was attributed to favorable macroeconomic environment, the Bank's accommodative monetary policy and regulatory measures taken to support private sector's credit growth.

Investment in debt securities increased by 11.79 percent to TZS 5,773.96 billion compared to TZS 5,165.13 billion reported in 2019. Cash, balances with Bank of Tanzania, balance with other banks and items for clearing decreased by 5.98 percent to TZS 5,531.51 billion compared to TZS 5,883.08 billion recorded in 2019. The decrease was associated with portfolio shift to more profitable investments such as loans, advances and overdrafts; and investment in debt securities (**Figure 2.1**).

Figure 2.1: Trend of Major Components of Total Assets



***Source**: Bank of Tanzania*

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

Earning assets[1] increased by 7.29 percent to TZS 28,362.51 billion compared to TZS 26,434.96 billion recorded in 2019. The ratio of earning assets to total assets increased to 81.76 percent compared to 79.72 percent recorded in 2019, 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	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
Total Earning Assets (TEA)	28,362.51	26,434.96	24,179.13	23,506.07	22,117
Total Assets (TA)	34,689.48	33,161.80	30,383.01	29,804.93	27,917
Total Earning Assets to Total Assets (Percent)	81.76	79.72	79.58	78.87	79.22

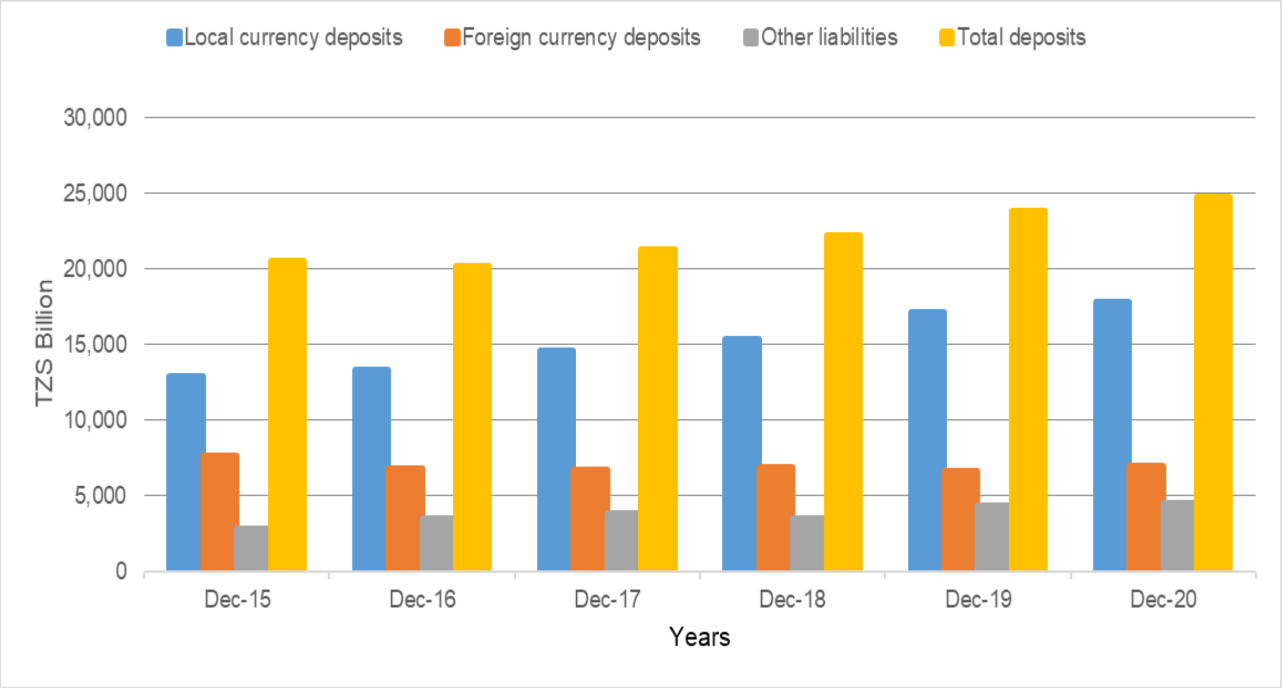
***Source:** Bank of Tanzania*

2.1.2 Liability Structure

Total liabilities of the sector increased by 4.02 percent to TZS 29,267.31 billion compared to TZS 28,135.42 billion recorded in the preceding year. The increase in liabilities was attributed to increase in deposits. Local and foreign currency deposits increased by 3.57 percent and 5.03 percent to TZS 17,776.41 billion and TZS 6,989.54 billion, respectively. The increase was partly associated with enhanced deposit mobilization strategies by banks. Deposits accounted for 84.62 percent of total liabilities **(Figure 2.2)**.

[1] Earning assets comprised loans, advances and overdrafts (66.16 percent); investments in debt securities (20.36 percent); interbank loans (6.20 percent) and equity investments (0.68 percent) of the total earning assets.

Figure 2.2: Liabilities Composition and Trend



***Source**: Bank of Tanzania.*

2.1.3 Capital Structure

Total capital of the sector composed of share capital (38.89 percent), retained earnings (33.87 percent), share premium (11.71 percent) and other capital items (15.53 percent) as indicated in **Table 2.2**. Total capital increased by 7.87 percent to TZS 5,422.16 billion compared to TZS 5,026.39 billion recorded in 2019, mainly on account of an increase in profitability by 15.39 percent to TZS 397.92 billion recorded 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

Capital items	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
Share capital (Billions of TZS)	2,108.92	2,171.87	2,097.64	1,919.53	1,710.54
Share capital to total capital (%)	38.89	43.21	45.09	41.27	39.92
Share capital (% Growth)	(2.90)	3.54	9.28	12.22	15.12
Retained Earnings	1,836.39	1,536.88	1,432.68	1,344.96	1,066.77
Retained Earnings to total capital (%)	33.87	30.58	30.80	28.92	24.89
Retained Earnings (% Growth)	19.49	7.27	6.52	26.08	15.79
Share Premium (Billions of TZS)	635.04	638.45	608.10	606.19	597.13
Share Premium to total capital (%)	11.71	12.70	13.07	13.03	13.93
Share Premium (% Growth)	(0.53)	4.99	0.32	1.52	11.98
Other capital Items (Billions of TZS)	841.81	679.19	513.87	779.97	922.18
Other capital items to total capital (%)	15.53	13.51	11.05	16.77	21.52
Other capital Items (% Growth)	23.94	32.17	-34.12	-15.42	7.06
Total capital (Billions of TZS)	5,422.16	5,026.39	4,652.29	4,650.65	4,285.31
Total capital (% Growth)	7.87	8.04	0.04	8.53	12.72

***Source**: Bank of Tanzania.*

2.1.4 Off-Balance Sheet Items

During the period under review, off-balance sheet items declined by 8.04 percent to TZS 6,799.39 billion compared to TZS 7,394.06 billion recorded in 2019 **(Table 2.3)**. The decrease was attributed to slow down of global economic activities including trade financing due to COVID-19 pandemic. Off-balance sheet items included guarantees and indemnities (56.29 percent), undrawn balances of loans and overdrafts (20.31 percent), letters of credit (15.94 percent), bills for collections (5.93 percent) and others (1.54 percent). The off- balance sheet items were 19.60 percent of the total assets compared to 22.30 percent recorded in the preceding year. .

Table 2.3: Off-Balance Sheet Items

Items	Share in Dec 2020 (Percent)	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
Guarantees and indemnities	56.29	3,827.31	3,981.03	2,829.15	1,856.31	1,256.77
Undrawn balances	20.31	1,380.74	1,560.10	1,715.19	1,274.18	1,745.44
Letters of Credit	15.94	1,083.89	1,354.49	1,262.65	1,271.79	1,225.23
Bills for Collection	5.93	402.87	358.23	273.9	169.63	106.52
Others	1.54	104.58	153.9	87.24	244.04	251.84
Total	**100**	**6,799.39**	**7,394.06**	**6,167.26**	**4,815.94**	**4,585.78**
Growth (Percent)		-8.04	19.89	28.06	5.02	10.81

***Source**: Bank of Tanzania*

2.1.5 Financial Soundness Indicators

Financial Soundness Indicators (FSIs) provide insight of the financial health and soundness of banks and financial institutions in terms of capital adequacy, asset quality, earnings, liquidity and sensitivity to market risk. Overall, performance of the banking sector remained satisfactory as reflected by Financial Soundness Indicators (Appendix V).

2.1.5.1 Capital Adequacy

The sector remained adequately capitalized as evidenced by core and total capital adequacy ratios which were 17.19 percent and 18.08 percent compared to 17.04 percent and 18.06 percent reported in 2019, respectively. Both ratios were above the minimum regulatory requirements of 10 percent and 12 percent for core and total capital, respectively. The increase in capital adequacy ratios is partly explained by retention of profit by banks and injection of additional capital by shareholders.

2.1.5.2 Asset Quality

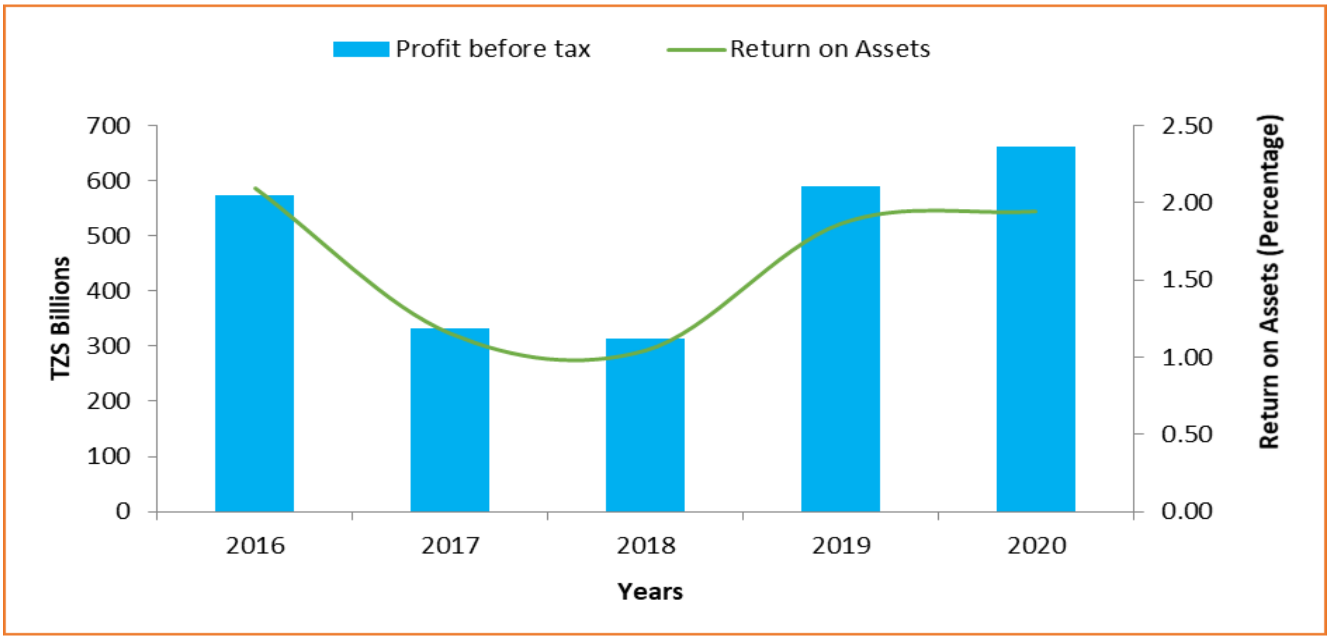
Asset quality improved as evidenced by a decrease in non-performing loan ratio to 9.42 percent compared with 9.58 percent recorded in the preceding year, though the ratio remained above the desired benchmark of not more than 5.00 percent. The improvement in asset quality was attributed to measures taken by the Bank to reduce the negative effects of COVID-19 pandemic. The measures included granting relief to banks and financial institutions in loan restructuring to prevent insolvency of borrowers thereby mitigating impairment of loans. The Bank continues to take actions to ensure banks and financial institutions strengthen credit risk management practices, enhance staff integrity and implement remedial measures to contain non-performing loans.

Loan portfolio was diversified in various sub-sectors of the economy. Personal loans accounted for 33.92 percent of total loans, followed by trade (15.16 percent); manufacturing (9.31 percent); building, construction and real estate (9.02 percent); and agriculture (8.74 percent). The remaining sectors accounted for 23.85 percent of loan portfolio.

2.1.5.3 Earnings

The sector remained profitable as depicted by increase in profitability by 15.39 percent to TZS 397.92 billion from TZS 344.84 billion reported in 2019. Return on Assets (ROA) and Return on Equity (ROE) increased to 1.94 percent and 7.61 percent from 1.86 percent and 7.13 percent recorded in 2019, respectively. The increase in profitability was driven by increase in interest income consistent with growth in loan portfolio, increase in non-interest income and improvement in operational efficiency. Non-interest expenses to total income ratio decreased to 53.79 percent from 56.62 percent reported in 2019 as a result of decrease in non-interest expenses (**Figure 2.3**).

Figure 2.3: Earnings Trend



Source: *Bank of Tanzania*

2.1.5.4 Liquidity

The banking sector continued to maintain adequate liquidity sufficient to meet maturing obligations and fund growth in assets. The ratio of liquid assets to demand liabilities was 30.72 percent compared to 32.14 percent reported in 2019, above the minimum regulatory requirement of 20 percent. The decline in liquidity ratio was attributed to portfolio shift to more profitable investments including loans, advances and overdrafts; and investments in debt securities. The ratio of gross loans to total deposits decreased to 86.80 percent in December 2020 from 88.24 percent reported in December 2019 indicating that deposits remained the main source of funding.

2.1.5.5 Sensitivity to Market Risk

The ratio of net open position to total capital increased to 8.99 percent from 8.76 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 were 35.67 percent and 30.21 percent compared to 27.31 percent and 30.26 percent in 2019, respectively. The increase in the ratio was partly associated with increase in foreign currency denominated assets mainly from increase in foreign currency cash and placements abroad.

2.1.6 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. During the period, the volume of transactions increased by 6.08 percent to 233,182,627 from 219,824,409, whereas, the value of transactions increased by 27.57 percent to TZS 126,441.33 billion from TZS 99,117.23 billion recorded in the preceding year (**Table 2.4**). The growth was partly on account of the Bank's policy measures to encourage use of digital financial services such as mobile money, internet and mobile banking including increasing mobile money transaction and balance limits.

Table 2.4: Trends in Digital Payment Channels

Category	2020	2019	2018	2017	2016
Value of transactions (TZS Billion)					
Internet Banking	64,866.86	50,060.69	54,674.84	50,764.53	43,499.75
Mobile (SMS) Banking	15,227.41	9,475.39	2,997.57	2,759.63	2,176.92
Automated Teller Machines (ATMs)	11,237.29	10,452.67	9,767.55	9,724.50	9,438.18
Point of Sales (POS)	35,109.77	29,128.48	14,528.93	7,609.50	4,125.85
Total	**126,441.33**	**99,117.23**	**81,968.89**	**70,858.16**	**59,240.70**
Growth (Percent)	**27.57**	**20.92**	**15.68**	**19.61**	**25.92**
Volume of transactions					
Internet Banking	6,128,134	4,725,518	4,113,196	3,439,865	2,682,908
Mobile (SMS) Banking	59,234,494	55,745,503	45,680,623	51,947,772	53,458,713
Automated Teller Machines (ATMs)	65,385,357	72,858,358	73,212,484	66,089,912	66,542,327
Point of Sale (POS)	102,434,642	86,495,030	10,375,247	4,228,133	34,811,983
Total	**233,182,627**	**219,824,409**	**157,818,286**	**141,367,066**	**133,059,195**
Growth (Percent)	**6.08**	**39.29**	**11.64**	**6.24**	**11.19**

Source: Bank of Tanzania

2.1.7 Financial System Stability

Financial stability is the situation wherein the financial system is capable of allocating resources efficiently between activities across time; assessing and managing financial risks and absorbing internal and external shocks. The objective of financial stability assessment is early identification and mitigation of potential systemic risks in order to increase the resilience of the financial system to aggregate shocks by building buffers that help to maintain the ability of the financial system to withstand shocks under adverse conditions. The financial system is considered stable when it continues to support economic growth in the midst of domestic and external vulnerabilities. The Bank identifies potential risks emanating from real sector and financial sector using various surveillance tools with a view of ensuring stability of the financial system including the use of Stress Testing approach and Financial System Stability Index (FSSI).

2.1.7.1 Banking Sector Stress Testing

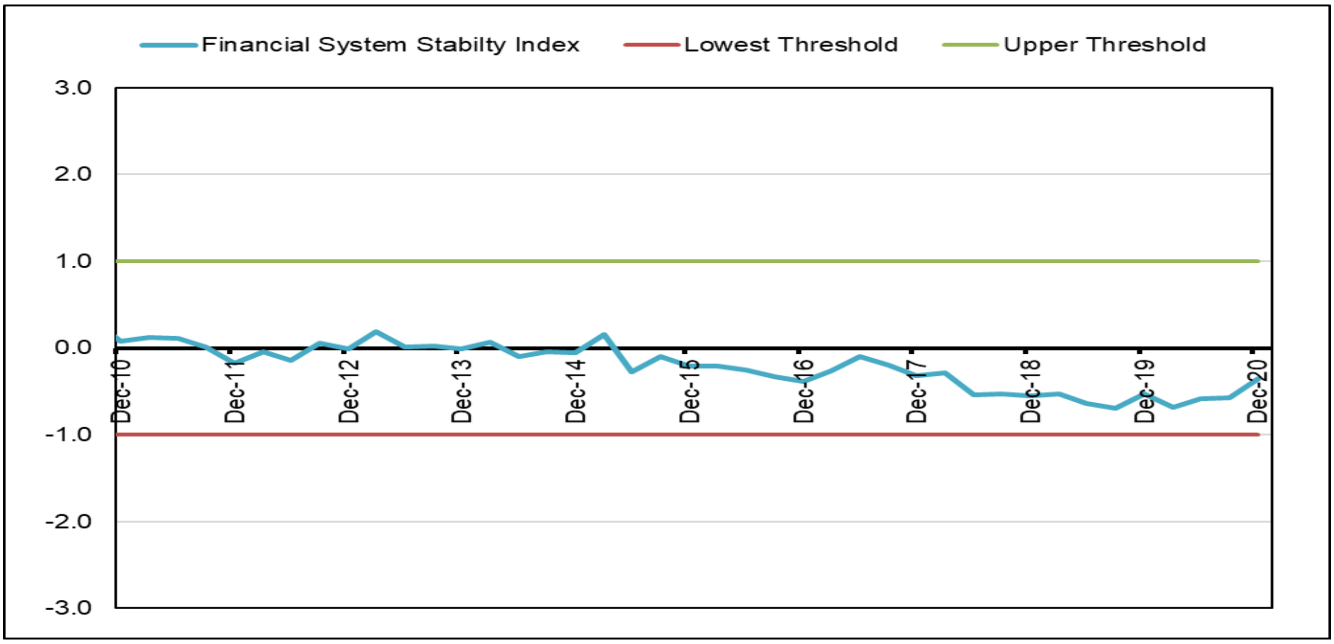
Assessment of the banking sector's resilience against four risk factors, namely; credit, interest rate, exchange rate and liquidity taking into account the impact of COVID-19 pandemic was conducted using stress testing by considering baseline, adverse and multifactor scenarios. In adverse scenario, post shock results indicated that banks and financial institutions will remain adequately capitalized, reflecting resilience of the banking sector to all potential shocks considered in the scenario. In multifactor scenario, the results indicated capital adequacy ratio will decline, but will remain above thresholds recommended by the Basel Committee on Banking Supervision of 6 percent and 8 percent for core and total capital, respectively. Liquidity risk stress testing results indicated liquidity position of banks will remain above the regulatory threshold of 20 percent. Generally, stress testing results based on the baseline, adverse and multifactor scenarios indicated resilience of the banking sector.

2.1.7.2 Financial System Stability Index (FSSI)

Bank of Tanzania uses Financial System Stability Index (FSSI) as an early warning indicator in assessing the resilience of the financial sector to internal and external shocks. The resilience of the banking sector which is the main component of financial system is assessed using Financial Soundness Indicators (capital, assets quality, earnings and liquidity) and financial market data (lending rates, deposit rates, Interbank Cash Market rates, Treasury Bills rate and private credit to Gross Domestic Product). These indicators are transformed into a standardized common scale within positive or negative three standard deviations from the mean which is used to assess the stability of the financial sector.

The assessment on financial vulnerability and financial soundness indicators shows that, the financial sector was stable as FSSI evolved around -0.4 within positive or negative three standard deviations from the mean (**Figure 2.4**). There was a slight improvement of index in 2020 compared to that of 2019, partly attributed to reduction of credit risk explained by a decline in non-performing loans ratio and increase in capital adequacy ratios. The overall positive effects of constituents of financial vulnerability index minimized the negative effects of financial soundness index, thus improving the overall financial stability.

Figure 2.4: Financial System Stability Index



Source: *Bank of Tanzania*

Given the results of stress testing and financial system stability index, generally, the domestic financial system remained resilient, efficient and effective, amid the challenges posed by the global outbreak of the COVID-19 pandemic in in 2020. The Bank will continue monitoring shocks to the banking sector and put in place appropriate measures to strengthen the ability of the sector to withstand shocks.

2.2 Non-banking Institutions

The Bank regulated and supervised other financial institutions which include; mortgage finance institutions, credit reference bureaux, representative offices of foreign banks, bureaux de change, financial leasing companies, microfinance service providers and financial matters of social security schemes.

2.2.1 Mortgage Finance Institutions

Total capital of mortgage finance institutions increased to TZS 48,476.93 million compared with TZS 45,937.09 million recorded in 2019, attributable to an increase in profitability. The mortgage finance institutions met capital adequacy requirements as provided in respective regulations.

Total assets of mortgage finance institutions decreased by 6.1 percent to TZS 207,800.65 million from TZS 221,254.15 million recorded in 2019. The decrease was attributed to a settlement of institutions liabilities (borrowings) by 8.64 percent to TZS 156,410.08 million from TZS 171,199.60 million reported in 2019. The major sources of funding for mortgage finance institutions were borrowings (62.90 percent), corporate bonds (12.37 percent) and shareholders' funds (23.33 percent).

Loan portfolio of mortgage finance institutions decreased by 6.74 percent to TZS 142,695.20 million compared to TZS 153,007.77 million recorded in the preceding year. The decrease was mainly caused by limited investment opportunities due to slowdown of economic activities as a result of COVID-19 pandemic. Non-performing loans for mortgage finance accounted for 0.1 percent, which was within the tolerable rate of not more than 5 percent.

Audited profit after tax of mortgage finance institutions increased to TZS 1,538.30 million compared to loss of TZS 421.70 million recorded in the preceding year. The increase in profitability was attributed to increase in interest income by 19.46 percent to TZS 21,338.06 million compared to TZS 17,861.77 million recorded in the year ended December 2019 and decrease in provision for bad and doubtful debts.

2.2.2 Bureaux de Change

Bureau de change services continued to be offered by banks, financial institutions and bureaux de change. The number of bureau de change branches increased to 40 from 27 recorded in preceding year, despite the closure of two bureaux de change out of five for failure to comply with minimum capital requirement. During the year, total foreign currency purchased in the retail market amounted to USD 5,906 million while foreign currency sold amounted to USD 6,254 million.

2.2.3 Credit Reference Bureaux

The credit reference system improved in terms of number of institutions sharing credit information, repository of credit data and usage of credit reference bureaus services. During the period under review, 48 out of 50 banks and financial institutions submitted information to the credit reference databank. In addition, the number of non-bank credit providers that shared credit information through credit reference bureaux were 100 compared to 99 recorded during the preceding year. The number of borrowers and loans increased by 10.75 percent and 30.65 percent to 2,211,274 and 7,165,635 from 1,996,682 and 5,484,590 reported in 2019, respectively, implying increase in efficiency of the credit market.

The use of credit reference bureaus' services remained high as evidenced by the increase in number of credit inquiries by 1.56 percent to 1,877,102 compared to 1,848,319 reported in preceding year. Likewise, number of credit reports sold increased by 7.76 percent to 627,803 from 582,571 reported in the preceding year. The Bank continued to sensitize banks and other credit providers on the usefulness of credit information sharing to increase efficiency of the credit market, reduce NPLs and enhance stability of the financial sector.

2.2.4 Financial Leasing Companies

As at the end of the year, assets of financial leasing companies amounted to TZS 103,236.19 million. The assets comprised of loans and leases (34.92 percent), operating leases (43.57 percent), cash and cash equivalents (5.62 percent) and other assets (15.44 percent). The assets declined by 4.92 percent from TZS 108,577.62 million in the preceding year, mainly attributed to liquidation of liabilities including borrowings and accruals. The major sources of funding for financial leasing companies were borrowings and shareholders' equity accounting for 56.04 percent and 36.73 percent, of the total funding, respectively.

Finance lease assets portfolio decreased by 12.37 percent to TZS 36,054.07 million compared to TZS 41,141.52 million recorded in the preceding year. The decrease was mainly caused by slowdown in economic activities due to impact of COVID-19 pandemic. Profitability increased by

72.31 percent to TZS 4,761.38 million from TZS 2,763.24 million recorded in 2019 due to growth of income from operating lease.

2.2.5 Social Security Schemes

Performance of social security schemes improved as depicted by increase in total assets, members' contributions, investment income and return on investments. Assets increased by 1.48 percent to TZS 12,931.94 billion from TZS 12,743.48 billion recorded in 2019. Contributions from members increased by 10.74 percent to TZS 4,055.79 billion from TZS 3,662.55 billion reported in 2019. Income from investments increased by 32.36 percent to TZS 856.34 billion, due to change of investment avenues to more profitable investments as reflected by a return on investment that increased to 10.03 percent from 7.60 percent recorded in the preceding year.

CHAPTER THREE

SUPERVISORY ACTIVITIES AND OTHER DEVELOPMENTS

The Bank continued to execute its role of licensing, regulating and supervising banks and financial institutions including, financial leasing companies, credit reference bureaux, mortgage finance institutions, bureaux de change and microfinance service providers. In addition, the Bank regulates and supervises representative offices of foreign banks and financial matters of the social security schemes.

3.1 Licensing

During the period under review, the Bank issued licences and authorized mergers and acquisitions. The objectives of the mergers and acquisitions were to enhance compliance, efficiency and performance as well as expanding market share. In addition, the Bank continued to license non-deposit taking microfinance service providers. Specifically, the Bank approved the following: -

(a) Acquisition of EFC Tanzania Microfinance Bank Limited by Mwanga Rural Community Bank Limited which subsequently merged with Hakika Microfinance Bank Limited to form Mwanga Hakika Microfinance Bank Limited. The aim was to enhance compliance, efficiency and performance of the merged banks;

(b) Merger of NIC Bank Tanzania Limited and Commercial Bank of Africa Tanzania Limited to form NCBA Bank Tanzania Limited with the aim of strengthening both institutions and leveraging on their combined market share;

(c) Merger of TIB Corporate Bank Limited with TPB Bank Plc to form Tanzania Commercial Bank Limited. The merger aimed at enhancing performance and operational efficiency of the merged banks;

(d) Acquisition of 75 percent ownership of Akiba Commercial Bank Plc by National Bank of Malawi aimed at addressing capital and other operational challenges;

(e) Change of name from Barclays Bank Tanzania to ABSA Bank Tanzania Limited following completion of the acquisition process by the parent banks; and

(f) The Bank licensed 95 non-deposit taking microfinance service providers (Tier 2) whereas, TCDC licensed 56 SACCOS.

3.2 Off-site surveillance and On-site examination

3.2.1 Banking Institutions

The Bank continued to conduct risk-based supervision of banks and financial institutions through off-site surveillance and on-site examinations. Off-site surveillance was conducted using periodic regulatory returns and correspondences to monitor performance and compliance with prudential requirements. In addition, the Bank performed full scope and targeted on-site examinations and took prompt corrective actions to address anomalies identified during the examinations.

3.2.2 Credit Reference Operations

During the period under review, the Bank continued to supervise credit reference bureaux and to administer credit reference databank. The Bank conducted on-site examination of credit reference bureaux, analyzed quality of data submitted by banks and financial institutions to the databank. In addition, the Bank continued to sensitize banks and other credit providers on the importance of using credit reference bureaus' services in credit underwriting, monitoring of borrowers and credit providers' loan portfolios as an approach to mitigate credit risk and reduce non-performing loans. Further, the Bank continued to implement various initiatives aimed at enhancing efficiency of credit referencing system including resolving customer complaints and creating public awareness.

3.2.3 Bureaux De Change

During the period under review, the Bank conducted full-scope onsite-examinations and undertook several measures to strengthen supervision of bureaux de change to enhance compliance with legal and regulatory requirements. The measures included enhancing supervision function and revocation of licences of two bureaux de change which were not complying with governing laws and regulations.

3.2.4 Financial Leasing and Mortgage Finance

During the period under review, the Bank continued to supervise three financial leasing companies and two mortgage finance institutions. The Bank reviewed and automated regulatory returns of financial leasing companies to facilitate effective off-site monitoring and conducted on-site examinations.

3.2.5 Social Security Schemes

Bank of Tanzania continued to discharge its regulatory and supervisory mandate on financial matters of social security schemes using various tools including off-site surveillance, meetings and on-site examinations in collaboration with Prime Minister's Office-Labour, Youth, Employment and Persons with Disabilities (PMO-LYED). In addition, the Bank reviewed and automated regulatory returns of the Social Security Schemes to facilitate effective supervision.

3.3 Statutory Administration

During the period, the Bank placed China Commercial Bank Limited under statutory administration due to failure to meet regulatory capital requirements. This action was aimed at protecting the interests of depositors and other creditors as well as maintaining stability of the banking sector. Subsequently, the assets and liabilities of the bank were transferred to NMB Bank

Plc as resolution option.

3.4 Regulatory and Supervisory frameworks

During the period under review, the Bank issued various circulars to banks and financial institutions; and developed and enhanced some of its systems, to align with international standards as follows: -

3.4.1 Circulars

(a) Circular restricting issuance of electronic money licences only to licensed Mobile Network Operators (MNOs) in the country with a view to strengthen effective oversight of the electronic money operators and safeguard the stability of the financial system. However, restriction does not apply to banks and non-MNOs entities already issued with electronic money issuance licences by the Bank;

(b) Circular on implementation of Financial Services Registry (FSR) for financial services providers with the objective of providing a platform to allow analysis of different trends related to financial access points, including location, service type and service providers. The FSR will help making informed decisions for increasing access and usage of financial services; and

(c) Circular on foreign exchange operations to foster macroeconomic stability and safeguard stability of the financial system.

3.4.2 Systems

(a) The Bank developed supervision system for Tier 2 microfinance service providers. In addition, the Bank in collaboration with President's Office Regional Administration and Local Government (PO - RALG) developed a system for online registration of Community Microfinance Groups (CMGs);

(b) The Bank reviewed and automated reporting templates of financial leasing companies and social security schemes to facilitate effective off-site monitoring; and

(c) The Bank modernized payment, clearing and settlement systems to acceptable international standards. The upgraded systems were Tanzania Interbank Settlement System (TISS) and East Africa Payment System (EAPS). The modernization has led to improvement of availability of payment systems.

3.5 Impact of COVID-19 Pandemic to Banking Sector

During the period under review, the banking sector was exposed to potential negative impact of COVID-19 pandemic outbreak as it was the case to other sectors in the economy. Following the outbreak, various sectors in the global economy were affected as a result of lockdowns and travel bans imposed by developed and emerging economies. This resulted to trade restrictions, supply and demand chain disruptions and a negative effect to tourism and foreign direct investment. Consequently, there were effects including business discontinuity; reduced demand for goods and services; and cash flow shortages. The impact was observed in the hospitality industry (Hotel, accommodation and tour operators), trade, manufacturing and transport (aviation).

To protect the banking sector from the potential negative impact of COVID-19 Pandemic, the Bank took policy measures aimed at ensuring stability of financial system and the economy. The measures included;

(a) Reduction of the statutory minimum reserve requirements from 7.0 percent to 6.0 percent to provide additional liquidity to banks;

(b) Reduction of discount rate from 7.0 percent to 5.0 percent, thus signaling a decrease in the lending rate;

(c) Reduction of haircuts on Government securities for Treasury bills from 10.0 percent to 5.0 percent and Treasury bonds from 40.0 percent to 20.0 percent, to increase ability of banks to borrow from the Central Bank;

(d) Provision of flexibility for banks and financial institutions to restructure loans through rescheduling of repayment and provision of grace period;

(e) Requiring mobile money operators to increase daily transaction limit to customers from TZS 3 million to TZS 5 million and daily balance from TZS 5 million to TZS 10 million to encourage customers to use digital platforms hence reducing congestion in bank premises; and

(f) Encouraged the use of digital financial services such as mobile money, internet and mobile (SMS) banking.

The policy measures taken by the Bank to cushion the banking sector against potential negative impact of COVID-19 pandemic have led the sector to remain well capitalized with adequate liquidity levels sufficient to meet maturing obligations and fund assets growth. Asset quality continued to improve as reflected by a decrease in non-performing loans ratio.

3.6 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 an online centralized Collateral Registry for movable property. The objective of the proposed legal framework is to increase access to credit for individuals and Micro, Small and Medium Enterprises (MSMEs) through use of movable property as collateral for borrowing as most of them lack immovable property which is the commonly accepted form of collateral by banks and other credit providers. The framework will provide for, among others, creation and registration of charges on movable assets; establishment of a centralized collateral registry; priority rules; rights and duties of lenders and borrowers; enforcement mechanism; and consumer protection. In addition, the framework will harmonize inconsistent legal provisions that are currently scattered in a number of legislation into one specific legislation for creation of charges, priority rules and registration of security interest in movable assets. Further, the online centralized collateral registry will create efficiency in registering movable assets as security for borrowing instead of the current practice in which multiple registries are involved. As at the end of December 2020, the concept paper was awaiting submission to the cabinet for consideration and endorsement.

3.7 Capacity Building

The Bank continued to build capacity to internal and external stakeholders in areas related to financial sector supervision, aimed at enhancing capacity of regulated institutions; public awareness; and risk management practices in banks and financial institutions.

The Bank conducted internal capacity building aimed at strengthening supervisory and regulatory capabilities to financial sector supervision staff. Capacity building programmes included Intermediate Banking Supervision course covering laws and regulations governing supervision of banks and financial institutions, and new emerging areas of Fintech and cybersecurity regulation and supervision.

In addition, the Bank conducted capacity building programs to external stakeholders which aimed at strengthening operational processes and risk management practices. The programs included training to banks and financial institutions staff covering, credit risk management; operational risk management; submission and filling of regulatory returns; prudential regulations; AML-KYC and fighting of financial crimes; cyber security and fraud prevention; and stress testing. Furthermore, the Bank conducted public awareness programs and workshops regarding Microfinance Act 2018 and its Regulations as well as other regulatory and supervisory functions of the Bank.

CHAPTER FOUR
REGIONAL AND INTERNATIONAL COOPERATION

4.1 Introduction

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 participates in regional and international fora through 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; the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG); IMF's East Africa Technical Assistance Centre (AFRITAC); and the Alliance for Financial Inclusion (AFI).

During the period, the Bank participated in a number of regional and global fora relevant to its regulatory and supervisory mandate through virtual meetings due to outbreak of COVID-19 pandemic. The meetings aimed at sharing information and experiences on regulatory and supervisory practices. Through participation in the regional and international fora, the Bank has been aware and informed on regulatory and supervisory matters, broadening exposure to new developments to improve regulatory and supervisory capacity.

4.2 International Regulatory and Supervisory Fora

During the period under review, the Bank participated in regional and international fora related to supervisory, financial stability and financial inclusion matters.

4.2.1 Monetary Affairs Committee of the East African Community

The Monetary Affairs Committee (MAC) of the East African Community (EAC) is composed of the Governors' of the Central Banks of the six EAC Partner States including Tanzania, Kenya, Uganda, Rwanda, Burundi and South Sudan. The main function of MAC is to coordinate efforts made by EAC Central Banks towards greater regional financial integration, stability and harmonization of financial systems. The emphasis is on areas related to financial stability, including banks supervision, financial crisis resolution and management as well as improving financial sector surveillance tools for ensuring domestic and regional financial system stability. In addition, MAC aims at expediting the formation of the East African Monetary Union (EAMU) as a precursor to a political federation.

In 2020, the Bank participated in various MAC activities, including the following:

(a) The 24th Ordinary Meeting of MAC held in October 2020 which was organized by National Bank of Rwanda. The meeting discussed various issues among others, impact of COVID-

19 to EAC economies and measures implemented by EAC Partner States, status of implementation of convergence criteria, progress on establishment of EAMU institutions and development of a framework for independent peer review of compliance with the Basel Core Principles;

(b) The 11th meeting of Macro-Prudential Analysis, Stress testing and Statistics Working Group (MASS-WG) in October 2020 organized by the Central Bank of Kenya. The Working Group drafted a regional systemic risk assessment report for MAC focusing on the impact of the COVID-19 pandemic. The assessment noted elevated risk to the regional financial stability. However, the regional financial system was resilient as a result of prudential, fiscal and monetary policy measures undertaken by the EAC Partner States. In addition, the meeting noted the progress made by Bank of Tanzania on development of the regional financial stability index as an early warning indicator for identification of build-up of risks in the regional financial system; and

(c) The meeting of the MAC Working Group on Crisis Management organized by the Central Bank of Kenya in October 2020 to develop the convergence criteria for Generic Contingency Plans for banks. The meeting's resolutions included, EAC Partner States Central Banks to complete preparation and operationalization of Contingency Plans Convergence Criteria by December 2021. In addition, it was resolved that, EAC Partner States Central Banks to undertake self-assessments on crisis management resolution frameworks by using the Financial Stability Board's Key Attributes Assessment Methodology.

4.2.2 Committee of Central Bank Governors in Southern African Development Community

The Committee was formed in 1995, which is comprised of the Governors of each Member State responsible for promoting development of financial institutions and markets through cooperation and consensus on financial, investment, and foreign exchange policies. The Committee of Central Bank Governors responds to a need for a specialized body facilitating close cooperation among the Central Banks of SADC Member States. The activities of the committee during the year included: -

(a) Meeting held in September 2020 to discuss the impact of the COVID-19 pandemic to the economy of SADC member states. The meeting also discussed CCBG strategic plan of 2020–2023, focusing on maintaining financial stability, leveraging Fintech innovation, promoting macroeconomic convergence, reviewing central bank governance issues, enhancing financial inclusion, strengthening capacity building, integrity and integration.

(b) Meeting of the CCBG Banking Supervision Subcommittee held in South Africa in February 2020 to carry out crisis simulation exercise in collaboration with the World Bank and Financial Stability Institute as part of capacity building. In addition, the Subcommittee met in July 2020 to review, among others, reports on the Financial Soundness Indicators (FSIs); credit information bureaux; financial inclusion indicators; cross-border supervision and compliance with the Financial Action Task Force (FATF) Anti-money Laundering/Countering Financing of Terrorism (AML/CFT) recommendations. Further, the Subcommittee prepared a work plan for implementation of a Macro-prudential policy framework; the draft SADC Banking Model Law and discussed the importance of developing an effective information-sharing platform.

4.2.3 The Eastern and Southern Africa Anti- Money Laundering Group (ESAAMLG)

The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is among the eight regional FATF style bodies that form part of FATF global network. The purpose of ESAAMLG is to combat money laundering and counter financing of terrorism by implementing the FATF recommendations. This includes, coordinating with other international organizations concerned with combating money laundering, studying emerging regional typologies, developing institutional and human resource capacities and coordinating technical assistance.

Bank of Tanzania being the Chair to the National Taskforce on Anti-Money Laundering and Combating the Financing of Terrorism (NTF-AML/CFT) participated in the 39th and 40th meetings of the ESAAMLG Task Force of the Senior Officials held virtually in November and December 2020, respectively. Further, the Bank participated in the 20th Meeting of the Council of Ministers held virtually in December 2020. The meetings discussed the following issues: -

(a) Developments and implementation of the FATF recommendations among the member countries;
(b) Implementation of ESAAMLG Regional Counter-Terrorist Financing Operational Plan;
(c) Promotion of financial inclusion and implementation of FATF Standards in the ESAAMLG region;
(d) ESAAMLG Mutual Evaluation and Post Evaluation Monitoring Process to promote implementation of the FATF Standards; and
(e) Money Laundering/Terrorist Financing risks, trends and methods in the ESAAMLG region.

4.2.4 Supervisory Colleges

Expansion of banks' cross-border activities necessitates cooperation and information sharing among supervisors to ensure effective supervision. This can be achieved in part through supervisory colleges, which are working groups of supervisors whose collaborative work helps to enhance the consolidated supervision of banking groups. 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 supervisors.

During the period, Bank of Tanzania participated in supervisory colleges organized by Reserve Bank of South Africa for First National Bank Tanzania Limited, Bank Al-Maghrib of Morocco for Bank of Africa Tanzania Limited and Central Bank of West African States (BCEAO) for Ecobank Tanzania Limited. The colleges enhanced the Bank's understanding of the risks facing these cross-border banking groups to facilitate effective supervision.

4.3 Alliance for Financial Inclusion (AFI)

The Alliance for Financial Inclusion is an international policy institution and public policy network that specializes in financial inclusion for the unbanked and underbanked population of the world. Its members include, central banks, financial regulatory institutions and financial inclusion policymakers from 80 least developed and developing countries. AFI connects, encourages and enables policymakers to build capacity and develop policy initiatives in areas of financial technology (Fintech), consumer protection, microfinance, SME finance, gender-inclusive finance, inclusive green finance, micro-savings and other financial inclusion initiatives. AFI also engages with a variety of stakeholders, including governments, development agencies and private sector through its strategic and knowledge partnership platforms. AFI runs the world's largest financial inclusion forum annually, however, the global policy forum 2020 was postponed due to COVID-19 pandemic outbreak.

Bank of Tanzania is a member of AFI and participates in various forums and working groups organized by the institution. During the year, the Bank participated in initiatives implemented by AFI including;

(a) Development of policy models on National Financial Inclusion Strategies (NFIS) to provide members with guidance and benchmark on development of NFIS. This was endorsed by the membership council in Annual General Meeting (AGM) held in September 2020;
(b) Development of policy model on Consumer Protection for Digital Financial Services to guide members in improving consumer protection policies. This was endorsed by the membership council in AGM held in September 2020;
(c) Development of Knowledge Products under each Working Group to provide practical policy insights and tools to members;
(d) Development of COVID-19 policy response dashboard to ease peer to peer advice amongst members on cross network policy responses and grant support for policy implementation; and
(e) Conducted a number of trainings to members aimed at providing practical regulatory and supervisory capacity in a wide range of financial inclusion thematic areas.

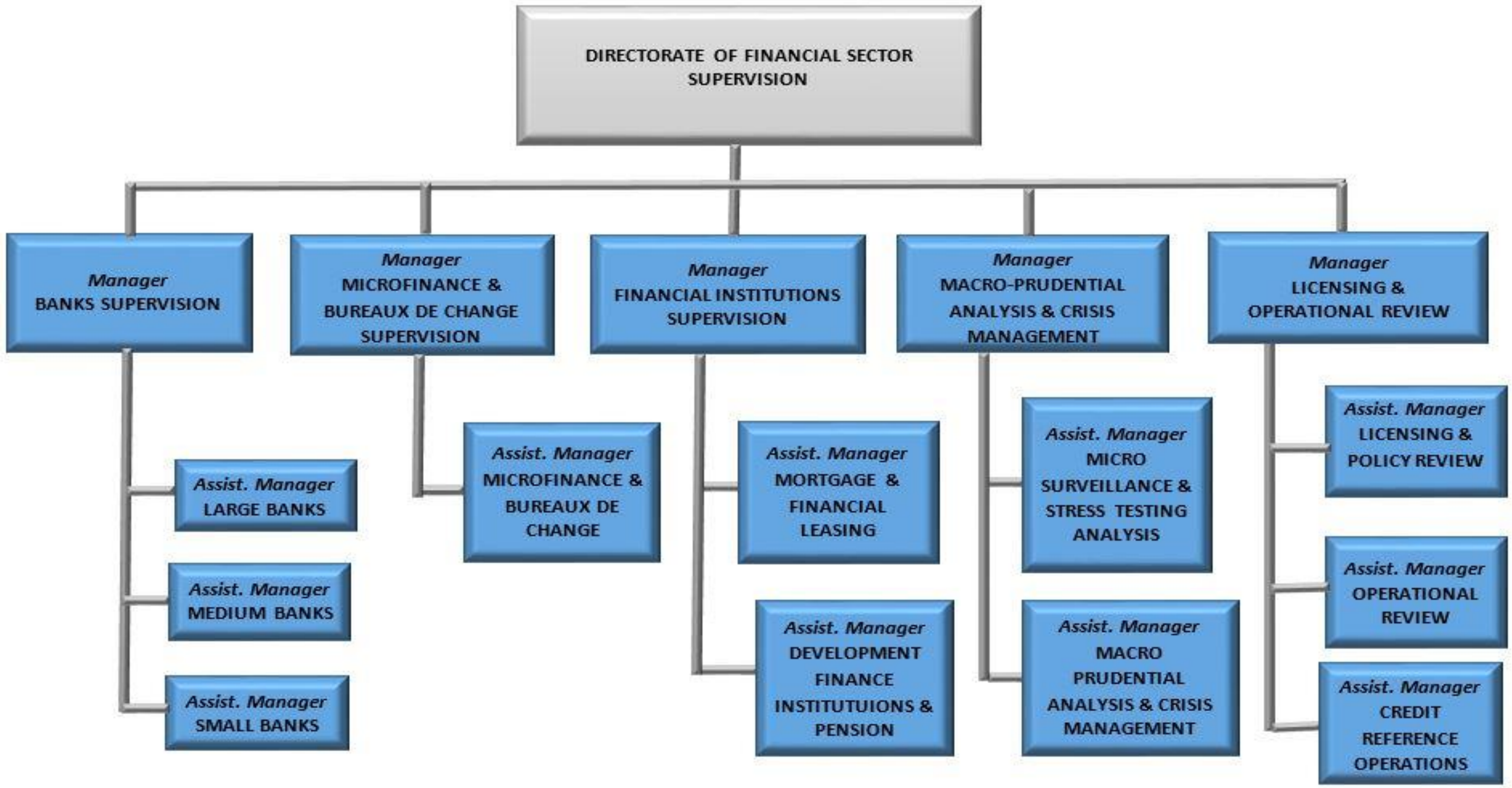
4.3.1 African Financial Inclusion Policy Initiative (AFPI)

African Financial Inclusion Policy Initiative (AFPI) succeeded the African Mobile-Phone Financial Services Policy Initiative (AMPI), which was launched in February 2013 in Zanzibar, Tanzania. AFPI is the primary platform for AFI's African members to support and develop financial inclusion policies, regulatory frameworks and other policy guidelines in Africa. In addition, AFPI coordinates regional capacity building and peer learning efforts. AFPI brings together high-level representatives from financial policymaking, regulatory institutions and private sector entities, telecommunications regulators in Africa and international development agencies.

During the period under review, Bank of Tanzania in collaboration with AFI organized the Annual African Financial Inclusion Policy Initiative (AfPI) Meeting, from 17th – 20th August 2020 to enhance financing ecosystem to Micro, Small and Medium Enterprises (MSME) and strengthen agent networks for digital financial services against the impact of COVID-19 pandemic. In addition, the Governor of the Bank of Tanzania was appointed as a Chairperson of AFPI for the period of two years from 2020-2022.

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/N	Particulars	2020	2019	2018	2017	2016
1	Cash	1,581,724	1,378,915	1,213,859	1,183,743	909,954
2	Balance with Bank of Tanzania	2,075,666	2,599,961	2,788,791	3,147,277	3,000,479
3	Balance with other banks and financial institutions	1,841,065	1,846,043	2,035,188	1,701,700	1,462,631
4	Cheques and items for clearing	33,057	58,162	53,955	46,527	44,702
5	Investments in debt securities	5,773,960	5,165,125	4,964,661	5,548,492	4,030,345
6	Interbank loans receivables	1,758,442	1,285,199	792,990	904,810	1,016,242
7	Loans, advance and overdraft (net)	18,765,130	17,884,030	16,195,698	15,160,390	15,432,176
8	Commercial and other bills purchased or discounted (Net)	30,711	66,235	26,813	22,882	15,962
9	Customers liabilities for acceptance	146,204	87,144	71,292	55,490	47,359
10	Equity investments	193,206	188,325	163,776	167,797	159,669
11	Claims on the treasury	0	0	0	0	0
12	Bank premises, furniture and equipment	1,006,477	970,337	822,282	784,446	735,253
13	Other property and assets owned	63,063	61,970	55,914	56,401	41,458
14	Inter-branch float items	903	496	132	6,462	114,511
15	Other assets	1,419,872	1,569,861	1,197,656	1,018,516	906,567
16	**Total assets**	**34,689,478**	**33,161,803**	**30,383,007**	**29,804,935**	**27,917,309**
17	Deposit liabilities other than banks	23,049,817	21,745,154	20,487,222	20,038,215	18,878,404
18	Special deposit account	866,383	1,106,926	644,288	322,523	313,358
19	Deposit from Banks and Financial Institution	849,744	966,028	1,095,504	921,773	961,712
20	Bankers Cheques and Draft Issued	10,875	12,862	23,927	39,856	20,610
21	Payments orders/transfers payable	15,047	9,341	4,145	8,099	9,863
22	Borrowings	2,784,195	2,439,154	2,146,697	2,574,798	2,273,970
23	Subordinated debts	239,285	363,589	373,243	286,493	323,369
24	Accrued Taxes and Other Expenses Not Paid	476,792	448,739	394,317	419,280	401,147
25	Unearned Income and Other Deferred Credits	124,394	129,810	72,928	94,016	82,226
26	Outstanding Acceptance & Executed By or for Account of the Bank	74,560	51,033	71,292	22,067	11,238
27	Inter-branch float items	1,031	4,553	979	8,345	6,446
28	Other liabilities	775,191	858,226	416,178	418,822	349,660
29	**Total liabilities**	**29,267,314**	**28,135,415**	**25,730,721**	**25,154,287**	**23,632,002**
30	**Total capital**	**5,422,165**	**5,026,388**	**4,652,285**	**4,650,647**	**4,285,307**
31	Paid up-share capital	2,108,923	2,171,871	2,097,641	1,919,529	1,624,543
32	Other capital accounts	3,313,242	2,854,517	2,554,645	2,731,118	2,574,766
33	**Total Liabilities and Capital**	**34,689,478**	**33,161,803**	**30,383,007**	**29,804,935**	**27,917,309**

***Source**: Bank of Tanzania*

Appendix III: Consolidated Income Statement of the Banking Sector **(TZS Millions)**

S/N	Particulars	2020	2019	2018	2017	2016
1	Interest income	3,022,885	2,937,303	2,897,232	3,001,142	2,932,227
2	Interest expenses	754,996	726,065	768,564	941,658	901,412
3	Net interest income	2,267,889	2,211,238	2,128,668	2,059,484	2,030,815
4	Bad debts written off	76,886	42,331	58,527	65,909	29,649
5	Provision for bad and doubtful debts	395,400	345,151	531,644	528,931	363,379
6	Non-interest income	1,010,801	950,954	910,631	926,051	908,835
7	Non-interest expenses	2,191,784	2,223,319	2,165,218	2,075,411	1,998,933
8	**Operating income**	614,621	551,391	283,890	296,280	547,688
9	Non-core credits/charges	48,291	38,150	29,036	34,627	25,902
10	Extraordinary credits and charges	0	0	-142	0	-2,751
11	**Net income/ (loss) before income tax**	662,911	589,541	312,785	330,908	570,839
12	Income tax provision	271,031	253,211	191,990	121,987	213,423
13	**Net income / (loss) after income tax**	397,922	344,842	133,897	208,921	357,416

***Source**: Bank of Tanzania*

Appendix IV: Geographical Distribution of Bank Agents

S/N	Geographical Area	Growth in 2020 (Percent)	2020	2019	2018	2017	2016
1	Arusha	50.21	3,542	2,358	1,390	768	418
2	Coast	37.28	917	668	494	274	135
3	Dar es Salaam	36.28	12,753	9,358	5,968	3,167	1,707
4	Dodoma	41.72	2,208	1,558	951	629	340
5	Geita	81.40	517	285	175	97	63
6	Iringa	50.35	1,060	705	533	309	212
7	Kagera	49.37	950	636	452	269	148
8	Katavi	43.16	136	95	97	56	34
9	Kigoma	68.18	481	286	198	100	56
10	Kilimanjaro	33.31	1,597	1,198	746	407	192
11	Lindi	57.05	490	312	228	133	80
12	Manyara	45.65	485	333	310	196	106
13	Mara	55.39	836	538	407	235	149
14	Mbeya	31.17	2,079	1,585	1,165	827	397
15	Morogoro	35.12	1,816	1,344	927	547	269
16	Mtwara	65.82	786	474	382	206	102
17	Mwanza	40.61	3,078	2,189	1,347	757	399
18	Njombe	32.95	803	604	411	249	103
19	Rukwa	47.72	421	285	213	153	73
20	Ruvuma	60.66	633	394	326	192	108
21	Shinyanga	49.56	1,026	686	443	259	146
22	Simiyu	58.49	336	212	131	88	75
23	Singida	40.11	503	359	272	136	56
24	Songwe	58.14	408	258	181	0	0
25	Tabora	61.87	866	535	330	186	108
26	Tanga	61.13	941	584	425	208	95
27	Pemba	53.85	100	65	29	35	59
28	Unguja	41.41	642	454	296	182	46
	Total	**42.50**	**40,410**	**28,358**	**18,827**	**10,665**	**5,676**

Source*: Bank of Tanzania*

Appendix V: Financial Soundness Indicators (FSI)

	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
Capital adequacy					
Core capital to TRWA+OBSE	17.19	17.04	16.2	18.41	17.02
Core capital to total deposit	17.5	17.16	16.19	16.54	16.09
Total capital to TRWA+OBSE	18.08	18.06	18.14	20.41	19.02
Total capital to total assets	13.14	13.06	13.26	13.1	12.98
Liquidity					
Foreign exchange liabilities to total liabilities	30.21	30.26	33.73	35.23	37.5
Liquid assets to demand liabilities	30.72	32.14	35.22	40.27	35.81
Liquid assets to total assets	24.56	26.85	28.81	32.67	29.04
Liquid assets to customer deposits liabilities	36.96	40.95	42.72	48.64	42.95
Total loans to customer deposits	86.81	88.24	85.07	81.14	86.07
Earnings and profitability					
Net interest margin to total income	55.59	56.32	55.48	51.99	52.87
Non-interest expenses to total income	53.79	56.62	56.43	52.40	62.27
Return on assets (ROA)	1.94	1.86	1.04	1.15	2.09
Return on equity (ROE)	7.61	7.13	2.88	4.67	9.26
Personnel expenses to non-interest expenses	50	48.23	45.25	44.57	44.32
Asset quality					
Gross non-performing Loans to gross Loans	9.42	9.58	10.51	11.9	10.27
Large exposure to total capital	106.09	171.4	142.8	131.39	138.76
NPLs net of provisions to total capital	36.64	37.68	41.57	23.3	23.56
Net loans and advances to total assets	54.1	53.93	53.31	50.87	55.28
Sectoral distribution loans					
Agriculture, fishing, hunting and forestry	72.95	9.64	7.16	7.30	7.26
Building , construction and real estate	20.58	10.88	8.07	10.06	9.5
Education, health and other services	82.78	5.61	8.36	13.64	13.47
Electricity, gas and water	4.66	2.95	4.14	3.70	5.4
Financial intermediaries	1.07	0.98	0.98	1.79	2.36
Leasing	0.03	0.03	0.05	0.06	0.03
Manufacturing	9.31	9.89	11.78	10.72	9.91
Mining	2.15	2.18	2.16	1.71	1.92
Personal loans	33.92	29.04	29.54	20.33	17.99
Tourism, hotel and restaurants	-1.98	2.98	3.98	4.5	4.44
Trade	15.16	16.15	18.46	20.22	20.58
Transport & communication	5.67	5.1	5.18	5.88	7.04
Warehousing and storage	0.09	0.07	0.14	0.09	0.1
Sensitivity to market risk					
FX currency denominated assets to total assets	35.67	27.31	29.96	29.94	31.01
FX currency denominated liabilities to total liabilities	30.21	30.26	33.73	35.21	37.5
Gain or loss on forex operations to total Income	5.37	5.85	5.51	5.6	4.56
Interest income to total income	74.06	74.81	75.51	75.75	75.74
Net open positions in FX to total capital	8.99	8.76	6.2	2.05	-1.98

***Source**: Bank of Tanzania*

Appendix VI: Geographical Distribution of Branches and ATMs

Geographical Area	Number of Branches					Number of ATMs				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
Arusha	65	68	61	54	57	149	141	146	142	142
Coast	17	14	11	11	11	50	40	41	41	40
Dar es Salaam	284	290	286	275	273	694	758	811	829	787
Dodoma	41	41	39	32	29	99	93	90	87	70
Geita	20	19	14	11	11	26	22	22	22	17
Iringa	21	20	18	17	17	50	47	48	46	42
Kagera	28	27	25	20	21	57	53	53	52	43
Katavi	4	4	3	2	2	7	7	5	6	4
Kigoma	14	13	13	10	11	29	27	27	25	25
Kilimanjaro	48	46	40	39	37	85	83	88	102	78
Lindi	13	13	10	10	9	23	25	26	24	18
Manyara	22	19	20	15	15	30	31	38	37	34
Mara	22	24	21	20	20	46	46	48	46	42
Mbeya	45	46	36	39	39	90	90	93	91	98
Morogoro	42	40	36	34	32	94	94	91	86	82
Mtwara	21	21	18	23	23	37	42	43	40	40
Mwanza	67	67	65	57	58	128	123	125	121	124
Njombe	18	17	14	13	14	23	24	25	24	25
Rukwa	8	8	7	8	8	15	13	16	16	16
Ruvuma	17	18	15	14	15	36	33	35	34	31
Shinyanga	30	28	25	23	23	49	46	49	52	44
Simiyu	10	7	6	4	4	10	9	8	9	11
Singida	17	15	13	11	11	30	27	26	26	24
Songwe	13	13	15	11	10	20	18	18	18	0
Tabora	21	21	18	16	16	40	41	45	43	40
Tanga	29	27	27	24	24	58	54	56	68	49
Pemba	9	8	4	3	1	10	11	9	9	7
Unguja	23	23	18	19	19	73	72	62	62	52
Total	**969**	**957**	**878**	**815**	**810**	**2,058**	**2,070**	**2,144**	**2,158**	**1,985**

Source*: Bank of Tanzania*

Appendix VII: Directory of Supervised Institutions

S/N	Commercial Banks	S/N	Commercial Banks
1	Absa Bank (Tanzania) Limited	19	First National Bank (Tanzania) Limited
2	AccessBank (Tanzania) Limited	20	Guaranty Trust Bank (Tanzania) Limited
3	African Banking Corporation (Tanzania) Limited	21	Habib African Bank Limited
4	Akiba Commercial Bank Plc.	22	I & M Bank (Tanzania) Limited
5	Amana Bank Limited	23	International Commercial Bank (Tanzania) Limited
6	Azania Bank Limited	24	KCB Bank (Tanzania) Limited
7	Bank of Africa (Tanzania) Limited	25	Letshego Bank (T) Limited
8	Bank of Baroda (Tanzania) Limited	26	Mkombozi Commercial Bank Plc.
9	Bank of India (Tanzania) Limited	27	Mwalimu Commercial Bank Plc.
10	Canara Bank (Tanzania) Limited	28	National Bank of Commerce Limited
11	China Dasheng Bank Limited	29	National Microfinance Bank Plc.
12	Citibank (Tanzania) Limited	30	NCBA Bank Tanzania Limited
13	CRDB Bank Plc.	31	Peoples' Bank of Zanzibar Limited
14	DCB Commercial Bank Plc.	32	Stanbic Bank (Tanzania) Limited
15	Diamond Trust Bank (Tanzania) Limited	33	Standard Chartered Bank (Tanzania) Limited
16	Ecobank (Tanzania) Limited	34	TPB Bank Plc
17	Exim Bank (Tanzania) Limited	35	United Bank for Africa (Tanzania) Limited
18	Equity Bank (Tanzania) Limited		
	Community Banks		**Microfinance Banks**
1	Kilimanjaro Cooperative Bank Limited	1	Finca Microfinance Bank Limited
2	Maendeleo Bank Plc.	2	Mwanga Hakika Microfinance Bank Limited
3	MUCOBA Bank Plc.	3	Vision Fund Tanzania Microfinance Bank Limited
4	Tandahimba Community Bank Limited	4	Yetu Microfinance Bank Plc
5	Uchumi Commercial Bank Limited		
	Development Banks		**Credit Reference Bureaus**
1	TIB Development Bank Limited	1	Credit Info Tanzania Limited
2	Tanzania Agricultural Development Bank Limited	2	Dun & Bradstreet Credit Bureau Tanzania Limited
	Representative Offices		**Financial Leasing Companies**
1	The Export-Import Bank of Korea Limited	1	Alios Finance Tanzania Limited
2	Bank of China Limited	2	Equity for Tanzania Limited (EFTA)
		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	Kadoo Bureau De Change
		3	Unimoni Bureau De Change
	Mandatory Social Security Schemes		**Supplementary Social Security Schemes**
1	Public Service Social Security Fund (PSSSF)	1	National Informal Sector Scheme (NISS)
2	National Health Insurance Fund (NHIF)	2	ELCT Retirement Scheme
3	National Social Security Fund (NSSF)	3	Deposit Administration Scheme (DAS)
4	Workers Compensation Fund (WCF)	4	Tumaini Pension Fund
		5	BOT Staff Benefits Fund
		6	Tanzania Portland Cement Company Ltd Staff Pension Fund
		7	LAPF DC Scheme
		8	Puma Energy
		9	MSD Wekeza (PSSSF)
		10	Voluntary Savings Retirement scheme(VSRS)

Appendix VIII: 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	22	Basil and Arled

Appendix IX: Calendar of Major Events

SN	EVENTS FOR THE CALENDAR YEAR 2020	DATES
1.	Bank of Tanzania placed China Commercial Bank Ltd under administration in order to determine the best resolution to its regulatory challenges.	19th Nov 2020
2.	Bank of Tanzania lowered the Statutory Minimum Reserves (SMR) requirement from 7 percent to 6 percent with the objective of providing additional liquidity to banks.	8th Jun 2020
3.	Bank of Tanzania reduced the discount rate from 7 percent to 5 percent with the objective of providing additional space for banks to borrow from the Bank at a lower cost and hence signaling lower lending rates by banks.	12th May 2020
4.	Bank of Tanzania reduced haircuts on government securities, from 10 percent to 5 percent for Treasury Bills and from 40 percent to 20 percent for Treasury Bonds with the objective of increasing the ability of banks to borrow from the Bank with less collateral than before.	12th May 2020
5.	Following change of name from Barclays Bank Tanzania Limited to ABSA Bank Tanzania Limited, Bank of Tanzania re-issued business licence no. CBA 00067 to ABSA Bank Tanzania Limited (revoking banking business licence no. CBA 00017 that was issued to Barclays Bank Tanzania Limited on 11th Oct 2000). The licence allowed ABSA Bank Tanzania Limited to continue carrying out banking business in Tanzania as a commercial bank.	28th Feb 2020
6.	Directives on foreign exchange operations in the country to foster macroeconomic stability and safeguard stability of the financial system.	6th June 2020