



PRESS STATEMENT

The Citizen Newspaper of 23rd November 2009 published an article on its first page titled "BoT now comes up with new limitation". The article narrated that BOT has restricted outsourcing by banks and financial institutions to enhance the stability of the financial system in the wake of the Global Financial and Economic Crises.

Bank of Tanzania (BOT) would like to clarify that Outsourcing Guidelines were issued to all banks and financial institutions in October 2008 and became effective in March 2009. The guidelines were issued by BOT as part of its normal regulation and supervision of the banking sector in Tanzania and not in response to the Global Financial and Economic Crises as was reported by the Citizen Newspaper.

BOT would also like to inform the general public that the Guidelines are meant to guide banks and financial institutions to have a clear policy on outsourcing arrangements and provide guidance on activities that are acceptable for outsourcing. Specifically, the guidelines are intended to promote sound risk management practices relating to outsourcing arrangement, put full responsibility of outsourcing arrangements to the board of directors and senior management of banks and financial institutions and promote arm's length relationship in dealings between the outsourcing institutions and outsourced service providers and their related interests.

Furthermore, BOT would wish to inform the general public that the Guidelines were issued after proper analysis and wide consultation with stakeholders including banks and financial institutions.

BANK OF TANZANIA

27 November 2009