

## Tanzania hits financial inclusion target early due to mobile surge

Benno Ndulu says the number of adults with access to financial services has doubled in five years; describes mobile phones as 'critical link' between the unbanked and the formal system

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Bank of Tanzania governor Benno Ndulu believes his country is "on the cusp of a phenomenal success" after seeing the number of adults with access to financial services double in the past five years.

Under the terms of the Maya Declaration, the Bank of Tanzania committed to increase the share of the population with access to financial services from 27% in 2009 to 50% by 2015.

Speaking to *Central Banking* today, Ndulu revealed that Tanzania surpassed this target at the end of 2013, and is now hoping to achieve 75% within the next six years.

The governor singled out mobile phones as "one of the most critical links" between the unbanked population and financial services. The challenge is now to connect those people with the formal banking sector.

Ndulu explained the banking community was "really strongly against" the idea of allowing mobile net operators to offer financial services at first, but now "embrace[s] mobile financial infrastructure as a way of growing banking services in a cost-effective manner".

Traditionally, mobile financial services were seen as an efficient tool for making payments from remote regions. Ndulu stressed that "we have come to see it is a lot more than that" as people are also using them to save money. "As we go further to connecting banks to this infrastructure of mobile money services, the opportunity to increase the community that saves with banks, and to increase savings, is phenomenal," he said.

This creates a number of possibilities. For individuals, there is now the possibility to establish track records of saving, which will enable them to access credit at a later date. For the economy as a whole, it provides a new opportunity to connect savers and investors.

"It is not enough simply to save," Ndulu said. "You need to get that money to those that use it for investment. For that you have got to make savers and investors meet. It is extremely important we make that connection between the mobile money services and the banking system."

The Alliance for Financial Inclusion (AFI) praised Tanzania for taking the lead and encouraging its population to embrace mobile financial services, in its progress report for 2013.

Ndulu explained the Bank of Tanzania now has an "explicit" mandate for achieving financial inclusion. This is not common among central banks, though many are adapting their organisational structures – through the inclusion of new departments, such as dedicated financial inclusion units – to the cause.

Alfred Hannig, executive director of AFI, said central banks were faced with the challenge of reorganising their internal structures to adapt to the fact mobile and other digital financial services are "breaking up the traditional distinction between bank supervision and payment systems".

"With these new services it seems that within the central bank you would have to work in a more integrated fashion," he said, "which has organisational implications." Ndulu said this was "exactly correct".