

# NATIONAL COUNCIL FOR FINANCIAL INCLUSION

## ANNUAL FINANCIAL INCLUSION REPORT 2024



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## LIST OF ACRONYMS & ABBREVIATIONS

<b>ACCOSCA</b>	-	African Confederation of Cooperative Savings and Credit Associations
<b>AFI</b>	-	Alliance for Financial Inclusion
<b>ATI</b>	-	Association of Tanzania Insurers
<b>ATMs</b>	-	Automated teller machine
<b>BOT</b>	-	Bank of Tanzania
<b>BRELA</b>	-	Business Registrations and Licensing Agency
<b>CMGs</b>	-	Community Microfinance Groups
<b>CMSA</b>	-	Capital Markets and Securities Authority
<b>DFS</b>	-	Digital Financial Services
<b>DSE</b>	-	Dar es Salaam Stock Exchange
<b>EAC</b>	-	East African Community
<b>EU</b>	-	European Union
<b>FSDMP</b>	-	Financial Sector Development Masterplan
<b>FSPs</b>	-	Financial Service Providers
<b>FSR</b>	-	Financial Services Registry
<b>FYDP</b>	-	National Five-year Development Plan
<b>GDP</b>	-	Gross Domestic Product
<b>GEPG</b>	-	Government Electronic Payment Gateway
<b>ICT</b>	-	Information and Communication Technology
<b>KYC</b>	-	Know Your Customer or Know Your Client
<b>LGAs</b>	-	Local Government Authorities
<b>M&amp;E</b>	-	Monitoring and Evaluation
<b>MFIs</b>	-	Microfinance Institutions
<b>MNOs</b>	-	Mobile Network Operators
<b>MOEST</b>	-	Ministry of Education, Science and Technology
<b>MSMEs</b>	-	Micro, Small and Medium-sized Enterprises
<b>NC</b>	-	National Council for Financial Inclusion
<b>NEEC</b>	-	National Economic Empowerment Council
<b>NFIF</b>	-	National Financial Inclusion Framework
<b>NHIF</b>	-	National Health Insurance Fund
<b>NIDA</b>	-	National Identification Authority
<b>NSC</b>	-	National Steering Committee for Financial Inclusion

<b>NSSF</b>	-	National Social Security Fund
<b>NTC</b>	-	National Technical Committee for Financial Inclusion
<b>PSSSF</b>	-	Public Services Social Security Fund
<b>SACCOS</b>	-	Savings and Credit Cooperative Society
<b>SADC</b>	-	South African Development Community
<b>SCCULT</b>	-	Savings and Credit Cooperative Union League of Tanzania
<b>SIDO</b>	-	Small Industries Development Organization
<b>SIM Cards</b>	-	Subscriber Identity Module Cards
<b>SMS</b>	-	Short Message Service
<b>TAFINA</b>	-	Tanzania Fintech Association
<b>TAMFI</b>	-	Tanzania Association of Microfinance Institutions
<b>TAMNOA</b>	-	Tanzania Mobile Network Operators Association
<b>TASAF</b>	-	Tanzania Social Action Fund
<b>TBA</b>	-	Tanzania Bankers Association
<b>TCDC</b>	-	Tanzania Cooperative Development Commission
<b>TCRA</b>	-	Tanzania Communications Regulatory Authority
<b>TIE</b>	-	Tanzania Institute of Education
<b>TIN</b>	-	Taxpayer Identification Numbers
<b>TIPS</b>	-	Tanzania Instant Payment System
<b>TIRA</b>	-	Tanzania Insurance Regulatory Authority
<b>TISS</b>	-	Tanzania Interbank Settlement System
<b>UNCDF</b>	-	UN Capital Development Fund
<b>USSD</b>	-	Unstructured Supplementary Service Data
<b>WACFI</b>	-	Women Affairs Committee for Financial Inclusion
<b>WCF</b>	-	Workers Compensation Fund
<b>ZEEA</b>	-	Zanzibar Economic Empowerment Agency
<b>ZSGRP</b>	-	Zanzibar Strategy for Growth and Reduction of Poverty
<b>ZSSF</b>	-	Zanzibar Social Security Fund

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## MESSAGE FROM THE CHAIRPERSON

It is with great pride that I present the Annual Financial Inclusion Report 2024, which reflects the remarkable progress Tanzania has made in implementing the third National Financial Inclusion Framework (NFIF 2023–2028) on behalf of the National Council for Financial Inclusion. This year's report demonstrates our collective commitment to ensuring that every Tanzanian can access and effectively use quality financial services that improve livelihoods and foster inclusive growth.

In 2024, coordinated efforts under the National Council for Financial Inclusion have yielded significant achievements. Notable progress has been recorded in expanding financial access points, particularly mobile money and banking agents, microfinance institutions, and community microfinance groups, supported by improved ICT infrastructure, national identification interoperability, and rural electrification. These developments contributed to an impressive rise in the Tanzania Financial Inclusion Index (TanFiX) from 0.69 in 2023 to 0.81 in 2024.

Innovation has been a key driver of this progress. The expansion of digital financial services has improved convenience, accessibility, and affordability. Regulatory reforms, such as the FinTech Regulatory Sandbox and enhanced consumer protection frameworks, have strengthened trust, transparency, and market integrity.

Equally important has been the growth of financial literacy and consumer protection initiatives, ensuring Tanzanians are not only included in the financial system but also empowered to make informed decisions. These advances have been supported by the unwavering collaboration of government institutions, regulators, financial service providers, development partners, and civil society.

While we celebrate these milestones, we remain aware of persistent challenges, particularly in deepening usage and improving service quality. Addressing these will require sustained innovation, targeted policies, and strengthened partnerships to build a resilient and inclusive financial ecosystem.

I extend my gratitude to all stakeholders for their invaluable contributions in 2024 and look forward to continued collaboration in advancing financial inclusion as a driver of Tanzania's socio-economic transformation.

**Emmanuel M. Tutuba**  
**Chairperson, National Council for Financial Inclusion**

## EXECUTIVE SUMMARY

**The Annual Financial Inclusion Report 2024 highlights the progress made under the third National Financial Inclusion Framework (NFIF 2023-2028).** The report showcases significant advancements towards expanding access, usage, quality, and innovative financial services in Tanzania, focusing on priority groups namely women, youth, MSMEs, smallholder farmers and fishers, and persons with disabilities.

**In 2024, institutions forming the National Council for Financial Inclusion (NCFI) implemented initiatives** that expanded access and usage of, including mobile money agents, branch networks, mobile phone ownership, and ICT infrastructure in rural areas. A notable progress was registered in several areas notably, mobile money agents grew by 18.97 percent to 1.48 million, and telecom subscriptions rose by 23.5 percent to 86.8 million. Likewise, the interoperability of national identification systems was improved and over 21 million National IDs were registered. Moreover, expanded electricity access to 52.3 percent of rural hamlets, conducted financial literacy programs which reached over 27,000 individuals in rural areas. Meanwhile innovations like the Fintech Regulatory Sandbox were introduced to foster financial technology adoption.

**The implemented initiatives improved the level of financial inclusion performance in Tanzania, in which Tanzania Financial Inclusion Index (TanFiX) increased** from 0.69 in 2023 to 0.81 in 2024, mainly driven by financial access points improvements. The access sub-index rose to 0.83 driven by mobile money and bank agents, microfinance tier II and community microfinance groups. While the usage sub-index increased to 0.78 driven by issuance of microfinance and digital loans.

**Innovation continued to play a pivotal role in advancing financial inclusion in 2024 as compared to records in 2023.** Digital financial services expanded significantly, with active mobile money accounts increasing by 17.5 percent to 60.75 million, and digital loan accounts doubling to 193 million, 61.9 percent of which were owned by women. Digital insurance services grew, with gross premiums reaching TZS 1.4 trillion. The Bank of Tanzania advanced research on Central Bank Digital Currency (CBDC), and financial institutions developed products tailored for underserved groups, including MSMEs and women.

**Strong strides were made in financial consumer protection.** During the year, a total of 213 Certified Financial Educators (CFEs) were trained, reaching a total of 31,900 beneficiaries. Meanwhile, Market conduct supervision was intensified, regulatory reforms were enhanced for transparency, and complaint handling frameworks were strengthened across sectors. Integration of financial literacy into school curricula and mandatory financial education by financial service providers further supported consumer protection.

**Conclusively, Tanzania demonstrated a notable achievement in advancing financial inclusion in 2024**, marked by the growth of financial access points, expanded digital financial services, and strengthened consumer protection. While challenges persist, particularly in enhancing financial services usage and quality, the NCFI remains committed to collaborative efforts towards a more inclusive, resilient, and innovative financial inclusion initiatives that support Tanzania's socio-economic development.

## CHAPTER ONE

### FINANCIAL INCLUSION INITIATIVES

#### 1.0 Introduction

The National Council for Financial Inclusion (NCFI) has so far marked significant strides in implementing the third National Financial Inclusion Framework (2023-2028), building on the success of the first two Frameworks. In 2024, the Council focused on implementing the third Framework's initiatives aimed at expanding access to and usage of high-quality formal financial services to disproportionately excluded segment of the population to improve their financial health, which refers to their ability to manage their finances effectively, save for the future, and protect themselves against financial risks.

#### 1.1 Access Initiatives

##### 1.1.1 Expanding agent and branch network coverage in rural areas

The number of mobile money agents (MNOs) increased by 235,229 reaching 1,475,281 agents by the end of December 2024 compared to the position by end of the preceeded year. Further, MNOs reported improving network availability in some areas that had limited access particularly in Arusha, Babati, Geita, Kagera, Iringa, Lindi, Mara, Tabora and Ruvuma. On the other hand, Savings and Credit Cooperative Union League of Tanzania (SCCULT) conducted sensitization workshops and established ten Savings and Credit Cooperative Society (SACCOS) in Tanga and Kagera regions. Furthermore, in response to the findings from the FinScope Tanzania Survey 2023 Report informing on areas observed to have low level of financial inclusion, stakeholders were engaged in Singida and Lindi for implementing initiatives to address barriers to access and use of broad range of affordable and high-quality formal financial products and services.

##### 1.1.2 Increasing ownership of mobile phone

Tanzania Mobile Network Operators Association (TAMNOA) members reported to distribute more than 130,000 smartphones through promotions in SabaSaba and NaneNane exhibitions in Dar es Salaam, Dodoma, and Mbeya. Meanwhile, TCRA reported telecom subscriptions to increase by 23.5 percent to 86.8 million subscriptions as of December 2024 compared to December 2023. Dar es Salaam remained to be the region with high subscriptions (15.98 million from 12.9 million in December 2023).

### 1.1.3 Usage of Electronic Know Your Customer

Most of financial service providers conducted Electronic Know Your Customer (E-KYC) using National Identification Number (NIN). Association of Tanzania Insurers (ATI) reported that 100 percent of its members (insurance companies) have adopted E-KYC integrated it with intermediaries including Brokers, Bancassurance and Agents. Additionally, Tanzania Insurance Regulatory Authority (TIRA) has integrated its central system, TIRAMIS, with various government institutions, enabling insurance companies to validate information submitted by clients.

### 1.1.4 Expanding infrastructure in rural areas

Electricity is essential for financial inclusion, especially in ensuring power access for phone, its supporting infrastructure and digital financial services. As of December 2024, 33,657 hamlets, equivalent to 52.3 percent of total hamlets in Tanzania mainland were electrified and the project is still ongoing

### 1.1.5 Continuing creating financially inclusive policy, legal and regulatory frameworks

Policy documents under the National Financial Inclusion Framework (NFIF) institutions were in different stages of development including the Banking Development Policy, Insurance Policy, Zanzibar Economic Empowerment Agency regulation, Zanzibar Social Security Fund (ZSSF) Act and Zanzibar Voluntary Social Security (ZVSS) Regulation.

### 1.1.6 Issuance and coverage of National Identification

National Identity numbers and cards were used for facilitating e-KYC in various services. The numbers/cards are crucial in opening bank accounts and accessing banking services. As of 31st December 2024, NIDA registered 25,484,820 individuals, generated 21,354,858 National Identification Numbers (NINs), produced 21,115,671 National IDs, distributed 20,972,071 National IDs, and issued 20,082,768 IDs to applicants.

### 1.1.7 Enhancing interoperability of national identification and business registration infrastructure with third parties

To enhance interoperability, NIDA is upgrading its ICT infrastructure through the Tanzania Digital Project. When successful, the project will ensure widespread adoption of National IDs as a unified identifier that private and government stakeholders will be able to use.

### 1.1.8 Business formalization programs to address the challenge of MSME informalities

During the period under review SIDO trained 3,277 MSMEs on business formalization. The training was on procedures for establishing a business to comply with BRELA, TBS, TRA, and other relevant requirements. Meanwhile, BRELA raised awareness through 49 television broadcasts, 52 radio programs, and 160 social media posts. The contents of the programs, among others, were to educate MSMEs on the importance of business formalization and emphasis on the importance of submitting beneficial ownership details. In the same period, the licensing authority waived around 50 percent of the online registration fee as a means to put in place an efficient licensing environment to applicants.

### 1.1.9 Adoption of Financial Technologies and Innovation

In 2024, the Government of Tanzania endorsed the Bank Tanzania (Fintech Regulatory Sandbox) Regulations 2024 to allow innovative financial solutions, to promote efficient and effective delivery of financial services and to enhance financial inclusion. The Bank received 14 applications for the Fintech Regulatory sandbox testing, whose reviews are ongoing. Similarly, TIRA has developed draft regulations and a concept paper for establishing Insurance Regulatory Sandboxes. In the same vein, in July 2024, TBA conducted a virtual session on cloud computing, advocating for pro-technology regulatory frameworks conducive to increased usage of technologies such as Cloud Computing in the banking sector. Further, TAMNOA members continued to create awareness to their customers via SMS on existing offers and innovative financial services products, including Kibubu Savings, Kikoba, Bustisha, Nivushe Plus, Pata Dawa, M- Koba, Mgodhi, Lipa Ada and TUKUZA.

TAMFI conducted forums and meetings to link FinTech companies and Microfinance Institutions (MFIs), aiming at introducing the innovative solutions to MFIs. Participating FinTech companies included Wakandi, ASPEKT, Craft Silicon, Davis & Shirliff, SimSolar, and AG Energies.

On the other hand, in 2024, SCCULT established SOMA, which is an automated operation and management system to be used by its members. An assessment of adoption of financial technologies among SACCOs indicated that 23.3 percent of SACCOS use financial technologies. Furthermore, ZSSF established the WhatsApp ChatBot which is used by members to access relevant information. In the same reporting period, three Telecommunication Companies (Yas, Halotel and Airtel) facilitated the ZSSF USSD Code (\*148\*21#) for members to access information and packages subscriptions.

## 1.2 Usage Initiatives

### 1.2.1 Expanding Adoption of Digital Financial Technology

TASAF worked with MNOs to digitize 22 TASAF savings groups through the M-Koba and Tigo Kikoba applications. On the other side, TCDC issued the Cyber Security and Resilience Guidelines for SACCOs in September 2024. Moreover, TCDC coordinated and approved four service providers (FinTech) to provide financial technology services to SACCOs to facilitate digital financial services in SACCOs. One member of TAMNOA continued scaling “Pata Dawa Product,” a Halal Loan product in partnership with microfinance institutions, by opening to Mainland Pharmacies and Medical supply merchants. Over 1,000 approved merchants provide service across Zanzibar and the Mainland.

TIRA has continued to promote the adoption of financial technologies to improve access to insurance services. By 2024, TIRA had registered 14 digital insurance platforms and mobile network operators to provide insurance services in Tanzania. Additionally, seven insurance companies have adopted WhatsApp chatbots as a channel for delivering insurance services to the public, including purchase of the insurance cover and submission of claims.

### 1.2.3 Linking CMGs and FSPs

TAMNOA and ZEEA progressed with integrating financial services for Community Microfinance Groups (CMGs). ZEEA has integrated its Loan Management System with some banks and proceeded the integration with other financial institutions.

### 1.2.4 Availability and Management of Financial Inclusion Data

Efforts to ensure timely availability and management of financial inclusion data were ongoing with CMSA and TIRA developing frameworks for collecting and managing financial inclusion data. Meanwhile, the NCFI was developing the national financial inclusion data portal for collection of financial inclusion data.

### 1.2.5 Providing Awareness of Existing Financial Solutions

Various member institutions have actively undertaken initiatives to promote financial inclusion through digital innovation, public awareness, and financial literacy programs. TAMNOA leveraged digital and SMS communication to introduce services like Lipa Ada, TUKUZA, and LUKU, while also sharing product information on offerings such as Kibubu Savings, loans, insurance, and M-Koba to improve customer outreach and accessibility. TAFINA advanced regional collaboration by organizing the East Africa Investment Forum, aimed at expanding FinTech investment opportunities. ATI focused on public education by airing insurance awareness programs via TBC, though its 2024 campaigns have been constrained by limited funding. Meanwhile, SCCULT delivered financial literacy training



to over 5,000 SACCOs members, and TASAF, in partnership with Vodacom M-Pesa and Tigo Pesa, promoted digital savings, directly benefiting 330 individuals. In support of informed financial decision-making, TBA hosted over 10 seminars, while TAMFI engaged in community mobilization efforts in Zanzibar to increase awareness of financial services. Lastly, TCAS focused on enhancing consumer protection by educating the public on the risks of non-transparent digital financial services and advocating for transparency through targeted guidelines and surveys.

Meanwhile, TIRA implemented a range of initiatives to enhance public awareness and understanding of insurance services. These efforts included participation in 15 major exhibitions and national celebrations, as well as the delivery of insurance education through various seminars and meetings conducted across different regions. To broaden its reach, TIRA actively utilized multiple media platforms including radio, magazines, social media, and its official website to disseminate information. Additionally, the Authority appointed selected government officials and Members of Parliament as insurance ambassadors to advocate for insurance awareness within government institutions, Parliament, and their respective constituencies.

#### **1.2.6 Interoperability of Payment Infrastructures**

Tanzania progressed in implementing payment infrastructure to support interoperability providers. TIRA has successfully integrated its systems with the core operational systems of insurance companies, intermediaries, and digital insurance platforms, including Mobile Network Operators (MNOs). As of December 2024, four (4) MNOs had been registered to conduct insurance business. Moreover, all mobile money wallets are now integrated to facilitate payments of the insurance services. The Tanzania Instant Payment System (TIPS) has also strengthened real-time interoperability, enabling instant transfers across different financial institutions.

#### **1.2.7 Financial Inclusion Research and Studies**

Financial inclusion research and studies in Tanzania are progressing across multiple institutions. ZSSF completed a study on 'The impact of ICT investment on business processes' pending management review. TIRA finalized research on insurance financial inclusion, the CMSA, in collaboration with FSDT FinSights Lab, is finalizing research on uptake and usage of capital market products and services. ZEEA conducted an impact assessment of loan beneficiaries, SCCULT organized a cooperative research workshop in Dodoma, and MOF completed a consumer complaint management study and conducted benchmarking in Ghana and Nigeria while preparations for SME finance research were ongoing. TAFINA was developing the FinTech paper addressing financial innovation challenges. TBA is analyzing MOF studies and conducting a customer satisfaction survey.

### 1.2.8 Development of Secured Transactions Law

The development of the Secured Transactions Law was progressing under the Ministry of Finance (MOF). This initiative aims to enhance access to credit by establishing a legal framework for movable asset-based lending, promoting financial inclusion and economic growth. The ongoing process reflects efforts to strengthen credit infrastructure and improve lending security in Tanzania.

### 1.2.9 Availability of Inter-Operable Information and Transactional Infrastructure

The expansion of interoperable information and transactional infrastructure in Tanzania is advancing across various sectors. PMO-LYED has interconnected all Social Security Schemes with key institutions such as NIDA, TRA, PPRA, BRELA, and TIRA, ensuring seamless data sharing. TCRA is deploying the National Public Key Infrastructure (NPKI), currently in pilot testing with the e-Government Authority, while SCCULT is customizing its core SACCOS system to integrate mobile banking and payment systems, while TCDC is developing an API document to facilitate data sharing and regulatory compliance among SACCOS. TAMNOA, leveraging TIPS, has improved Self-care services, increasing monthly reversals from 47,000 to 630,000, reflecting growing customer adoption of digital financial services and enhanced service efficiency.

### 1.2.10 Expanding Scope, Coverage and Usage of Credit Reference System

TAMNOA was engaged in ongoing discussions with Credit Reference Bureaus (CRBs) to enhance the credit scoring process for micro-loan products. This collaboration aims to improve credit information sharing and scoring for better financial services.

Under the Jenga Uwezo project approximately 640 entrepreneurs from Morogoro, Pwani, Mtwara, Lindi and Tanga regions were trained in the first phase and about 480 entrepreneurs are expected to be trained in the second phase in Iringa, Njombe, Mbeya and Songwe regions. Meanwhile, PMO- LYED engaged 974 visitors during Financial Services Week in Mbeya, while SCCULT provided over 5,000 SACCOS members with financial literacy training in collaboration with ACCOSCA. MOEST & TIE integrated financial education into school curricula, including savings, e-banking, and financial management content. TAMFI, FCC, and CMSA conducted awareness campaigns, exhibitions, and investor education programs, with CMSA's Capital Markets Universities and Higher Learning Institutions Challenge attracting over 88,871 participants. MOCDDWG trained 215 entrepreneurs, focusing on women's access to financial services. BOT developed a Monitoring and Evaluation Framework, implemented financial education programs, and signed MOUs with universities. TBA, ATI, and TAMNOA continued media-based financial awareness, market visits, and Wakala empowerment programs.

TIRA has launched the National Insurance Education Strategy (NIES) as a bold step toward increasing public awareness and understanding of insurance across the country. The strategy aims to bridge the knowledge gap that has long hindered insurance penetration, especially in rural and underserved communities. The strategy aims to increase insurance uptake by educating citizens, especially in underserved areas, through campaigns, school programs, and industry partnerships. It supports financial inclusion and seeks to build trust in the insurance sector.

#### **1.2.11 Strengthen the Protection of Financial Consumer Data**

Efforts to strengthen financial consumer data protection in Tanzania are ongoing, with key regulatory and institutional measures in place. CMSA facilitated the amendment of the Capital Markets and Securities (CMS) Act, Cap 79 of the Laws of Tanzania by including a provision for Protection of Minority Shareholders of listed companies. The amended Act enhances good corporate governance practices by providing opportunity for minority shareholders to have representation in the Board of Directors. TAMNOA has implemented data protection measures, including staff training on personal data laws, regular risk assessments, and monthly reviews of system access rights. This initiative went in tandem with conducting vulnerability and penetration tests (VAPT) to identify security risks. TAMNOA also follows the GSMA Code of Conduct, adheres to data privacy policies, and provides input on data privacy regulations to the Personal Data Protection Commission (PDPC). These initiatives collectively enhance financial data security, consumer trust, and regulatory compliance.

#### **1.2.12 Disclosure and Transparency in the Financial Sector**

Zanzibar Fair Competition Commission (ZFCC) completed market surveillance in the microfinance sector from October to December 2024 to assess compliance with regulations, particularly the Standard Form Consumer Contracts. This initiative aims to strengthen transparency, ensure fair financial practices, and protect consumer rights. The ZFCC expects the findings to inform regulatory reforms and foster a more accountable financial sector in Zanzibar.

#### **1.2.13 Market Conduct Supervision**

TIRA completed 22 inspections of registrants under the 2024/25 inspection plan, ensuring compliance with industry regulations. CMSA finalized the review of supervisory tools in the capital markets sector, strengthening oversight mechanisms. BOT continues to implement regulatory measures to improve market integrity. These efforts enhance regulatory enforcement, promote fair financial practices, and safeguard consumer interests, ultimately fostering a transparent and well-regulated financial sector.

### 1.2.14 Promoting Fair Competition in the Financial Sector

Efforts to promote fair competition in Tanzania's financial sector are progressing, with key initiatives at different stages. FCC was working on automating key business processes, with design documentation and consultant procurement for an Infrastructure Developer (ICTM) underway. CMSA has scheduled a review of competition guidelines for the capital market sector in the third quarter of 2024/2025, aiming to enhance market fairness. In Zanzibar, the ZFCC completed market surveillance in the microfinance sector to ensure compliance with regulations, particularly the Standard Form Consumer Contracts, improving transparency and consumer protection. These initiatives collectively aim to strengthen competition, increase market efficiency, and protect consumers, fostering a fair and transparent financial ecosystem.

### 1.2.15 Complaints Handling and Redress Mechanisms

Efforts to enhance complaints handling and redress mechanisms are progressing, with several initiatives completed and others ongoing. The Bank of Tanzania has completed development of the Complaint Handling and Resolution System, TAMFI successfully promoted adherence of its members to the code of conduct through meetings and social media. Meanwhile, ZSSF's survey revealed a 36 percent improvement in benefit payment processing, reducing the timeframe from 39 to 25 days, with further efforts to reach a 14-day target. CMSA and TCDC reviewed and improved their complaint-handling frameworks. TASAF resolved 454 out of 456 recorded grievances, reflecting its strong redress mechanisms. TAMNOA enhanced Wakala self-care services, optimized call center efficiency, and raised customer awareness through SMS and social media.

### 1.2.16 Promoting the Development of Affordable and Demand-Driven Financial Products and Services

Efforts to promote affordable and demand-driven financial products in Tanzania have significantly progressed. TAMFI conducted sensitization workshops for microfinance institutions (MFIs), reaching members in Mufindi, Mbeya, Tunduma, and Rukwa to encourage the adoption of impactful products such as renewable energy, clean cooking, and water and sanitation loans. CMSA has advanced regulatory frameworks by drafting Corporate and Subnational Sustainability Bonds Regulations, which are awaiting government approval. The CMSA issued Guidelines for Corporate and Subnational Sukuk bonds to facilitate issuance of Shariah compliant capital market products; and Guidelines for Investment-based Crowdfunding to promote access to capital for startup, small and medium enterprises. While TAFINA is finalizing FinTech partnerships, TBA and TAMNOA continue advocacy, stakeholder engagement, and customer feedback monitoring to improve financial services.

On the other hand, TIRA has issued new guidelines for Takaful insurance operators to cater

to the specific needs of Islamic insurance in the country. In addition, TIRA has introduced micro-agricultural insurance products, including Weather Index Insurance embedded in fertilizers and seeds, aimed at protecting small-scale farmers against climate-related risks. These initiatives are part of ongoing efforts to promote inclusive insurance and enhance financial protection for underserved communities.

#### **1.2.17 Access to and Use of Micro Insurance Services**

The expansion of micro-insurance services has progressed due to key regulatory developments, including the enactment of the Universal Health Insurance Act, Cap 161, marked a major step toward inclusive health insurance coverage for the wider population. As implementation continues, TIRA expects the initiative to enhance the integration of TASAF beneficiaries into the Universal Health Coverage system, aligning with national efforts to improve healthcare access and resilience against financial shocks. Developing a National Taxonomy for Addressing the Impact of Climate Change

#### **1.2.18 Developing a National Taxonomy for Addressing the Impact of Climate Change**

The Bank of Tanzania started working on guidelines on climate-related financial risk management and disclosure. The guidelines aim to integrate climate considerations into the banking sector to promote sustainable finance and mitigate climate-related risks. These guidelines will provide a framework for banks to incorporate environmental factors into their lending and investment decisions, aligning the financial sector with national climate goals.

## CHAPTER TWO

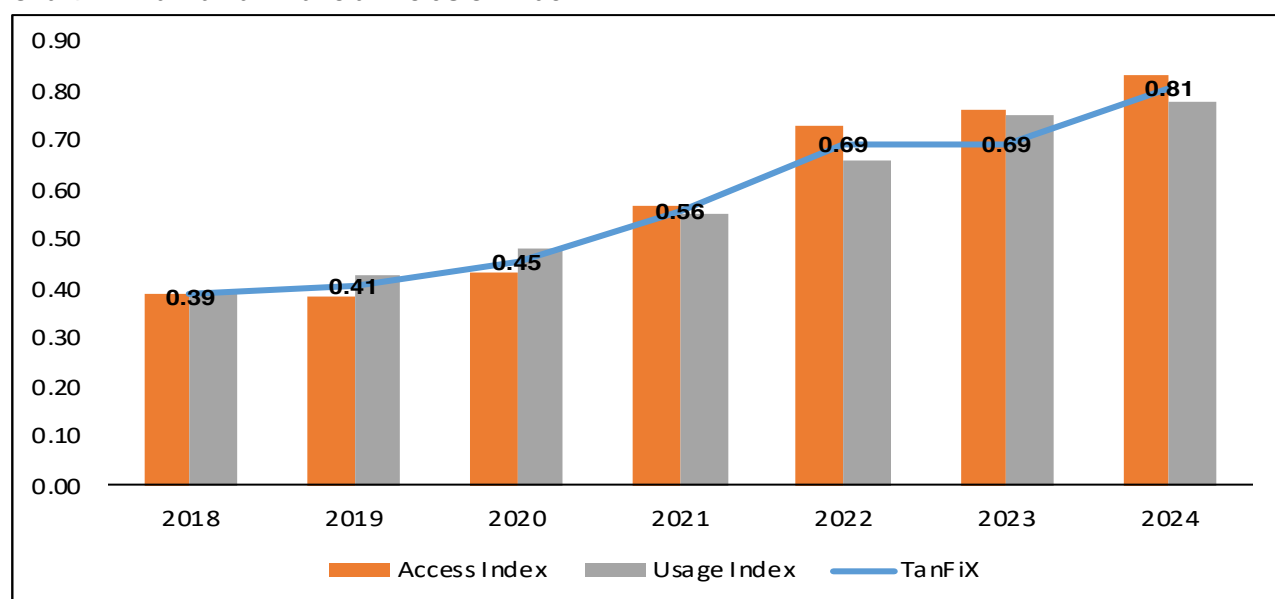
### FINANCIAL INCLUSION PERFORMANCE

#### 2.0 Tanzania Financial Inclusion Index

The performance of financial inclusion in Tanzania plays a crucial role in advancing the country's socio-economic development. To assess this progress, the Tanzania Financial Inclusion Index (TanFiX) serves as a key metric, offering a comprehensive evaluation of access to and usage of financial services and products. TanFiX tracks changes in various indicators of financial inclusion per 100,000 adults over a given period<sup>1</sup>. Such an analysis is essential in understanding the broader impact of implemented financial inclusion initiatives on the level of financial inclusion, when other factors are constant.

During the period under review, the TanFiX, revealed a steady progress, rising to 0.81 compared to the index of 0.69 recorded in 2023, depicting improved level of financial inclusion (**Chart 2.1**). The increase was mainly associated with access dimension of financial inclusion due to the rise in the number of mobile money and bank agents.

**Chart 2.1: Tanzania Financial Inclusion Index**



Source: BOT

Access dimension Sub-Index, which measures the availability and proximity of financial services, improved to 0.83 in 2024 from 0.76 recorded in 2023, mainly driven by an increase in mobile money and bank agents, microfinance tier II services providers and community microfinance groups.

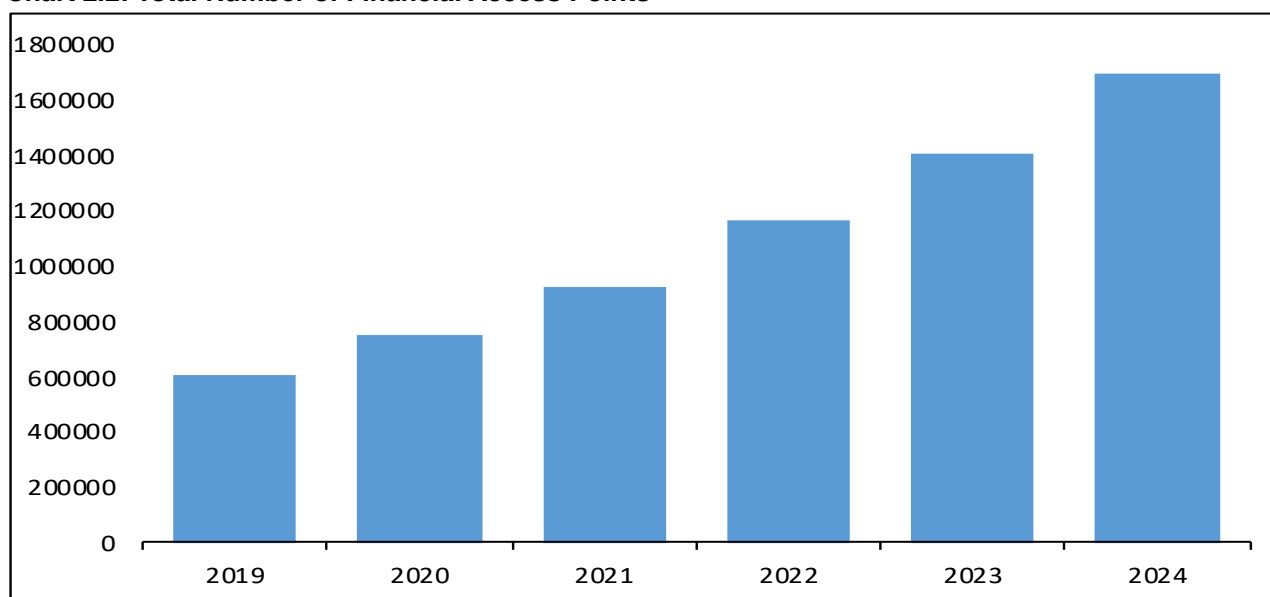
<sup>1</sup> TanFiX is expressed in number ranging from 0.00 to 1.00; where 0.00 indicates total financial exclusion and 1.00 indicates total financial inclusion.

Usage dimension Sub-Index which measures the frequency and activeness of individuals and businesses in using financial services, increased to 0.78 in 2024 from 0.75 recorded in the previous year. The increase is mainly associated with the increase in number of loan accounts in microfinance tier II and digital loans.

## 2.1 Formal Financial Services and Products Access Points

The trend of total number of access points to formal financial services experienced a positive trend over six years (**Chart 2.2**). This has been due to increased number of access points in non-bank payment system, banking services, microfinance, capital markets, insurance and social security. In 2024 the total number of financial services access points grew by 20.4 percent. The growth was mainly being contributed by access points in digital payment services (82.3 percent), banking services (13.7 percent) and microfinance services (4.0 percent).

**Chart 2.2: Total Number of Financial Access Points**



Source: BOT / TIRA / PMO-LYED / ZSSF / CMSA

### 2.1.1 Banking Services Access Points

The number of financial services access points in banking services<sup>2</sup> increased substantially over the past five years. The total number of banking services access points grew by 36.6 percent to 146,505 in 2024 from 107,238 recorded in 2023 (**Table 2.1**). The growth was highly contributed by number of bank agents who accounted for 99.3 percent of the total number of financial services access points in banking services. The increase in bank agents was associated with supportive legal and regulatory environment on agent banking, which are cost efficient compared to establishment of bank branches in both urban and rural areas, as well as being an opportunity for self-employment.

<sup>2</sup> Number of banks, bank branches, bank agents, number of financial leasing companies and number of mortgage institutions.



**Table 2:1 Number of Access Points to Banking**

Access point category	2020	2021	2022	2023	2024
Number of banks	46	46	44	44	42
Number of bank branches	969	990	987	1,011	1,027
Number of bank agents	40,410	48,923	75,234	106,176	145,430
Number of financial leasing companies	4	4	5	5	4
Number of mortgage finance institutions	2	2	2	2	2
<b>Total</b>	<b>41,431</b>	<b>49,965</b>	<b>76,272</b>	<b>107,238</b>	<b>146,505</b>

Source: BOT

### 2.1.2 Microfinance Services Access Points

The number of licensed microfinance services providers continued to increase; a trend observed since the formalization of the microfinance subsector in 2018. The number recorded increase of 21.4 percent, reaching 62,232 at the end of 2024 from 50,881 recorded by end of December 2023 mainly underpinned by an increased number in community microfinance groups and money lenders following their formalization and increased efficiency in licensing by regulators with more accommodative licensing requirements, and high demand for micro-credits facilities in the market. The Microfinance Act, 2018 and Zanzibar Microfinance Service Act, 2023 categorized microfinance institutions into tiers I to IV. During the reporting period, institutions in tier IV accounted for 94.7 percent of the total with the growth rate of 22.0 percent (**Table 2.2**).

**Table 2.2: Number of Access Points to Microfinance Services**

Access Points	2021	2022	2023	2024
Number of Microfinance tier II (non-deposit taking)	692	1,099	1,579	2,342
Number of Microfinance tier III (SACCOs – Tanzania Mainland and Zanzibar)	580	978	1,018	1,044
Number of Microfinance tier IV (CMGs)	24,123	37,153	48,284	58,926
<b>Total</b>	<b>25,395</b>	<b>39,230</b>	<b>50,881</b>	<b>62,312</b>

Source: PO-RALG, PO-FP (Zanzibar), BOT&amp; TCDC

### 2.1.3 Capital Markets Services Access Points

The number of capital markets access points in 2024 increased by 9.7 percent to 417, higher than 2.3 percent increase in 2023. The 2024 growth was mainly attributed to an increase in the number of numbers of Registered Warehouses, collective investment schemes, fund managers, members licensed dealing, investment advisors, and custodians of securities (**Table 2.3**).



**Table 2.3: Number of Access Points to Capital Markets Services**

<b>Access Points</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Number of investment advisors	14	15	18	23	25
Number of custodians of securities	6	6	6	7	9
Number of licensed bond dealers	6	6	8	8	8
Number of nominated advisors	6	6	5	4	4
Number of fund managers	9	9	10	12	18
Number of listed companies in the capital markets	28	28	28	28	28
<i>o/w Listed local companies</i>	<i>22</i>	<i>22</i>	<i>22</i>	<i>22</i>	<i>22</i>
<i>Cross-listed companies</i>	<i>6</i>	<i>6</i>	<i>6</i>	<i>6</i>	<i>6</i>
Number of members licensed dealing	12	13	16	18	21
Number of registered warehouses	-	-	272	268	279
Number of exchange markets	-	-	2	2	2
Number of Capital Market digital platforms	-	-	2	2	3
Number of collective investment schemes	9	9	9	10	20
<b>Total</b>	<b>81</b>	<b>83</b>	<b>375</b>	<b>380</b>	<b>445</b>

Source: CMSA

#### 2.1.4 Insurance Services Access Points

The number of insurance service access points rose to 2,208 in 2024, marking a 42.5 percent increase from 1,549 in 2023. This growth was primarily driven by the entry of new insurance companies and other service providers, including health service providers, automobile repairers and maintainers and Sales Force Executives (**Table 2.4**).

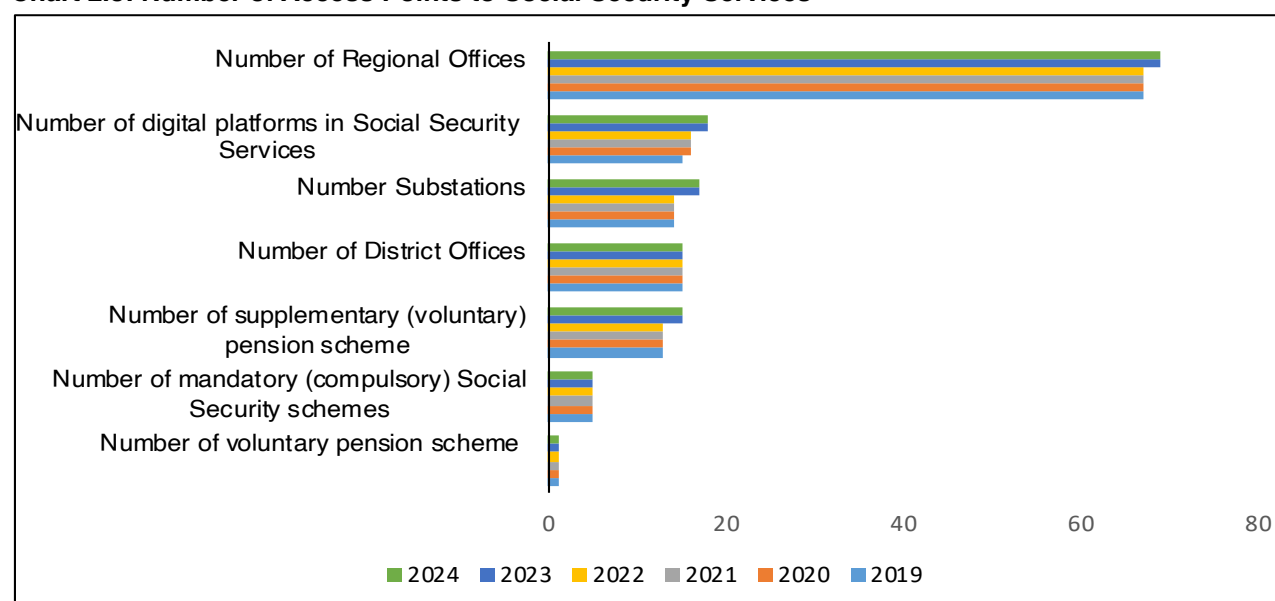
**Table 2.4: Number of Insurance Services Access Points**

Types of Registrants	2020	2021	2022	2023	2024
Reinsurance Companies	1	2	3	4	4
Insurance Companies	32	32	32	35	36
Insurance Agents	745	789	922	1,083	1,349
Insurance Brokers	76	81	108	129	142
Reinsurance Brokers	4	4	6	7	11
Loss Adjusters/ Assessors	60	50	51	54	64
Private Investigators	-	4	5	6	6
Bancassurance Agents	14	23	28	30	35
Actuarial Firms	3	4	5	5	6
Insurance Digital Platforms	-	4	5	14	17
Sales Force Executives (SFE's)	-	-	-	180	280
Health service providers (HSP's)			-	2	130
Automobiles Repairers and Maintainers (ARMs)					128
<b>Total</b>	<b>935</b>	<b>993</b>	<b>1,165</b>	<b>1,549</b>	<b>2,208</b>

Source: TIRA

### 2.1.5 Social Security Services Access Points

As of December 2024, the total number of social security services access points remained at 140 as it was in 2023 raising from 131 in 2022. The increase was largely due to growth in number of social security services substations, regional offices, registered supplementary schemes and adoption of digital social security services platforms (**Chart 2.3**).

**Chart 2.3: Number of Access Points to Social Security Services**

Source: PMO-LYED &amp; ZSSF

### 2.1.6 Payment Services Access Points

Access to payment services improved further with the number of ATMs, mobile money agents and merchants POS growing by 18.8 percent to 1.49 million from the number recorded in 2023 (Table 2.5). The number of mobile money agents remained the key driver of growth which recorded an annual growth of increase of 19.0 percent compared to 9.7percent of ATMs due to conducive legal and regulatory requirements on opening the mobile money agent

**Table 2.5: Number of Payment Services Access Points**

Access Points	2020	2021	2022	2023	2024
Automated Teller Machines (ATMs)	2,058	2,048	1,885	1,981	2,174
Mobile Money Agents	702,284	838,759	1,038,874	1,240,052	1,475,281
Point of Sale (POS) - merchants	4,336	6,397	7,317	8,652	9,491
<b>Total</b>	<b>704,342</b>	<b>847,330</b>	<b>1,048,076</b>	<b>1,250,685</b>	<b>1,486,946</b>

Source: BOT & TCRA

## 2.2 Usage of Formal Financial Services and Products

### 2.2.1 Saving Services

The number of saving accounts in banks increased by 5,741,411 to 29,524,067 from the level in December 2023. This growth was mainly attributed to increased public awareness on the importance of savings and improved accessibility to financial services, including banking agents and branch networks in both rural and urban areas.

Meanwhile, amount of savings in the banks increased by 10.3 percent to TZS 7.71 trillion at the end of 2024, from TZS 6.99 trillion in 2023, mainly due to the increase in the awareness and financial literacy to the public, accessibility of banking services, and conducive government policies and regulations that boosted the opening of new financial services access points.

Further, the number of saving accounts in SACCOs increased by 1.1 percent to 1.89 million in 2024, from the level in 2023 while saving deposits increased to TZS 987 billion from TZS 967 billion, due to increase in awareness and trust on the SACCOs and easy accessibility compared to banks (**Table 2.6**).

**Table 2.6: Saving Amounts in the Banks and SACCOs**

Usage	2020	2021	2022	2023
Savings amount Banks (TZS trillion)	4.8	5.38	5.92	6.99
Savings amount SACCOs – Mainland (TZS billion)	1,030	950	1,030	870
Savings amount SACCOs – Zanzibar (TZS billion)	10	30	20	20

Source: PO-FP (Zanzibar), BOT& TCDC

Moreover, there was a remarkable increase in the usage of Community Microfinance groups (CMGs), as indicated by the number of accounts in CMGs. As of December 2024, the number of accounts in CMGs reached 589,260 from 482,840 in similar period 2023. The increase is associated with improved public awareness on the importance of formalizing community groups which focus in saving mobilization and proving credit among members.

### 2.2.2 Credit Services

Despite the decline in number of loan accounts in banking services due to merging of some banks, the value of credit issued by banks at the end of 2024 increased to TZS 37.6 trillion, from TZS 33.1 trillion recorded at the end of 2023<sup>3</sup>. Out of the total loan accounts, 50.2 percent were owned by women and 45.6 percent were owned by youth.

Similarly, credit was also accessed in SACCOs. Outstanding credit in SACCOs (Tanzania mainland) increased to TZS 1.2 trillion in 2024 from TZS 1.1 trillion recorded by end of the previous year, meanwhile its number of loan accounts increased by 0.9 percent to 1.89 million accounts at the end of 2024. This outcome was largely contributed by the increased membership in SACCOs, financial inclusion efforts in providing financial services in areas with no or few access points, and the introduction of digital services and product innovation (Table 2.7).

**Table 2.7: Number of Loans Accounts in Banks and SACCOs**

Particulars	2023	2024
Number of loan accounts in banks	3,841,602	2,174,540
Value of credit in banks (TZS trillion)	33.1	37.6
Number of loan accounts in SACCOs (Mainland and Zanzibar)	1,873,054	1,890,123
Value of credit in SACCOs (TZS trillion)	1.1	1.2

Source: PO- RALG, PO-FP (Zanzibar), BOT& TCDC

Meanwhile, the number of loan accounts in microfinance tier II (non-deposit taking money lender) increased to 2,949,739 in 2024 from 2,394,894 recorded in 2023. Data shows that men borrow more than women in microfinance tier II (Table 2.8).

<sup>3</sup> With assumption of 10 accounts per group.

**Table 2.8: Number of loan accounts in Tier II**

	2023	2024
Males	1,410,662	1,782,589
Females	984,232	1,167,150
<b>Total</b>	<b>2,394,894</b>	<b>2,949,739</b>

Source: BOT

Non-deposit taking microfinance issued loan of TZS 1.05 trillion in 2024 compared to TZS 0.82 trillion issued in 2023. The increase is associated with the increase in number of registered non-deposit taking money lenders as well as increased demand for credit with easy requirements and procedures compared to banks (**Table 2.9**).

**Table 2.9: Value of loan issued by Tier II (TZS)**

	2023	2024
Males	318,351,118,774	453,954,362,860
Females	499,789,251,449	592,266,894,499
<b>Total</b>	<b>818,140,370,223</b>	<b>1,046,221,257,359</b>

Source: BOT

### 2.2.3 Credit Services to Women

By the end of 2024, a total of TZS 3,647.09 billion was loaned to 284,429 women by banks, compared to TZS 3,115.38 billion issued to 269,983 women by the end of 2023 (**Table 2.10**). The increase was driven by digital financial services expansion, women tailored financial products, financial literacy programs, and rising women-led businesses.

**Table 2.10: Credit services issued to women by banks**

Usage	2022	2023	2024
Number of Women	229,289	269,983	284,429
Amount of Loan Issued (In TZS billion)	3,035	3,115	3,647

Source: Bank of Tanzania

### 2.2.4 Credit Services to Youth

Credit services issued by banks to youth saw significant growth compared to 2023, reflecting increased financial inclusion efforts. By the end of 2024, a total of TZS 3,380.90 billion in loans was issued to 261,189 youth compared to TZS 2,924.66 billion issued to 321,345 youth by the end of 2023. Total loans extended to youth rose due to ongoing youth targeted empowerment programs, improved access to digital lending platforms, and financial institutions introducing youth tailored products with lower collateral requirements, and financial literacy programs which enhanced youth awareness on credit.

### 2.2.5 Credit Services to MSMEs

MSMEs continued to access finance through banks, microfinance as well as special government programs and funds. By the end of 2024, the number of MSMEs loan accounts in the banking sector decreased to 136,993 loan accounts, valued TZS 3,868.88 billion, from 176,213 value at TZS 3,612.72 billion at the end of 2023. This performance resulted from global economic challenges, such as global supply chain disruptions and a shift from traditional lending practices towards digital financial services. Moreover, it was assessed that while banks continued to provide loans to MSMEs through designated MSME loan products, some MSMEs were accessing finance through personal loans. In addition, Tier 2 microfinance institutions continued to provide finance to small businesses. By the end of June 2024, the ratio of MSME loans to total outstanding loans in banks and Tier 2 microfinance institutions, including MSME financing via personal loans in banks, was 20.1 percent.

### 2.2.6 Insurance Services

The number of individuals, including policyholders and beneficiaries, utilizing insurance services grew by 17.8 percent rising from 23.5 million in 2023 to 27.7 million in 2024 (Table 2.11). This implies 43.1 percent of Tanzania's total population of 64.2 million was covered by insurance services. The increase is attributed to expanded outreach efforts, improved awareness of insurance solutions, and strategic initiatives aimed at enhancing accessibility and affordability of insurance products across the country.

**Table 2.11: Number of Individuals Utilizes Insurance Services**

Usage	2023	2024
Number of insurance policy holders	7,680,601	9,860,812
Number of beneficiaries of insurance	15,840,034	17,842,689
<b>TOTAL</b>	<b>23,520,635</b>	<b>27,703,501</b>

Source: TIRA

### 2.2.7 Capital Markets Services

The usage of investment services continued to increase, with the number of investors in the capital market rising by 16.8 percent to 1,060,509 from the level recorded in the preceding year (**Table 2.12**). The increase was associated with adoption of technology-enabled platforms for subscriptions and trading of securities in the capital markets; implementation of public education and awareness programs; and development of thematic and innovative capital market products and services which attracted increased participation of local and international investors in the capital markets.

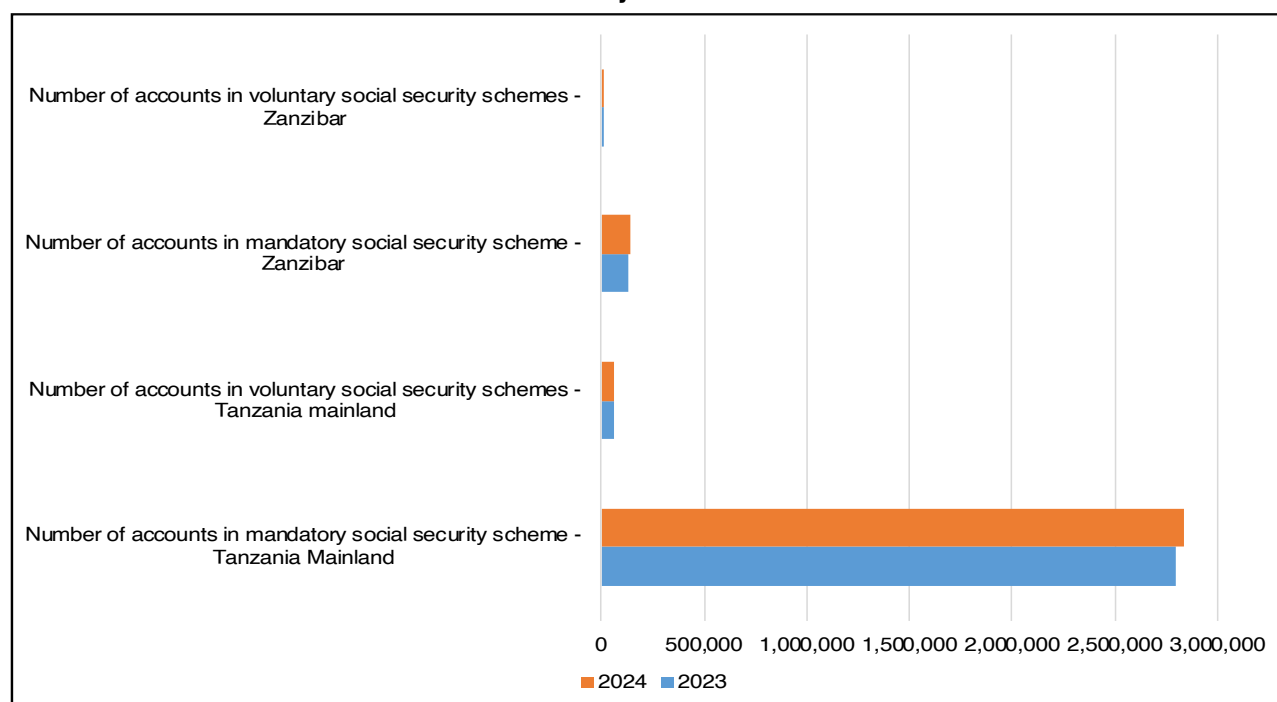
**Table 2.12: Number of Investors in Capital Markets**

Usage	2022	2023	2024
Number of investors in Government Securities	11,085	13,058	19,049
Number of investors in Corporate Bonds	2,339	9,612	9,990
Number of investors in Collective investment schemes	222,854	299,145	420,682
Number of investors in Equities	568,557	584,131	610,788
<b>Total</b>	<b>806,857</b>	<b>907,969</b>	<b>1,060,509</b>

Source: BOT and CMSA

## 2.2.8 Social Security Services

Social security schemes recorded a good performance during the period with the number of accounts in mandatory social security scheme in Tanzania Mainland increasing to 2,831,345 from 2,799,344 in 2023 while in Zanzibar, the number of accounts increased to 139,235 from 135,787 accounts recorded in December 2023. A notable increase was also observed in voluntary social security schemes. The increase was attributed to increased number of employees and public awareness especially in informal sector on the voluntary accounts ownership from the informal sector pension schemes.

**Chart 2.4: Number of Accounts in Social Security Services Providers**

Source: PMO-LYED&amp;ZSSF

For the period ending December 2024, the members' contributions increased by 9.0 percent to TZS 5,119.2 billion from TZS 4,695.6 billion in Tanzania Mainland, while in Zanzibar, contributions increased by 9 percent also to TZS 157.67 billion from TZS 145.25 billion recorded in December 2023.

On the other hand, the number of voluntary contributions increased to TZS 4.03 billion from TZS 3.96 billion in Tanzania Mainland, while in Zanzibar, contributions increased also to TZS 194.95 million from TZS 100.75 million reported in December 2023. The increase is partly due to increase in member's registrations and public awareness.

#### **2.2.8.1 Social Assistance Programme**

The Government introduced non-contributory programmes for the poor and vulnerable people, are mostly financed from public coffers. The programmes address life cycles and other risks and help reduce poverty, vulnerability, and inequality while contributing to other developmental objectives such as human capital development.

Non-contributory programmes include cash transfers and in-kind transfers. These programmes include The Productive Social Safety Net (PSSN) programme administered by the Tanzania Social Action Fund (TASAF III) and the Universal Pension Scheme (ZUPS) introduced in Zanzibar to provide monthly pension for elders.

#### **2.2.8.2 Tanzania Social Action Fund**

The Government through TASAF provides financial support to poor households and communities for them to maximize use of resources and realize greater economic benefits and cope with shocks, while enhancing and protecting the human capital. In the reporting period, TASAF was supporting 912,206 households with 3,835,839 beneficiaries, 55.1 percent of the total beneficiaries being women. In addition, TASAF facilitated formation of 68,346 savings and investment groups with a total number of 906,958 members being dominated by women accounting for 87 percent of the total members, and 97,551 (10.8 percent) being Persons with Disabilities (PWDs). During payment of benefits, 52 percent of beneficiaries were paid digitally through banks and mobile wallets which improved financial inclusion and economic empowerment.

The increase in TASAF beneficiaries, especially women was on account of implementation of electronic or digital payments process through banks and mobile money. Maximization of impact can be achieved through implementation of financial education and awareness on usage of digital platforms to poor households' members, strengthening partnerships with banks and mobile services, ensure user-friendly, accessible systems and expanding digital infrastructure in rural areas.

#### **2.2.9 Zanzibar Universal Pension Scheme**

During the reporting period, the scheme aided 30,951 beneficiaries compared to 29,636 beneficiaries who accessed assistance for the period ending December 2023. The payments to these beneficiaries are made through banks. An increase in Zanzibar Universal Pension Scheme beneficiaries improves elderly welfare and stimulates local economies but may



strain financial resources. To sustain this, it's recommended to diversify funding, enhance fund management, adjust pensions for inflation, and expand coverage to informal workers while promoting financial literacy.

## CHAPTER THREE

### INNOVATIVE AND INCLUSIVE FINANCIAL SERVICES

#### 3.0 Introduction

Inclusive financial services in Tanzania are largely driven by changes in technology and related innovations. This chapter focuses on inclusive financial services, digital innovations, business innovations and policies innovations.

#### 3.1 Digital Financial Services

In 2024, Digital Financial Services (DFS) remained vital in providing individuals and businesses with access to financial services, improving financial management, and fostering participation in the digital economy. Key DFS solutions utilized included digital payments, digital credit, digital savings, digital insurance, digital investments, and other emerging financial technologies and innovations. These advancements significantly enhanced financial inclusion and contributed to economic empowerment across the country.

##### 3.1.1 Digital Payment Services

By the end of December 2024, the number of mobile money agents in Tanzania grew by 19.0 percent to 1.48 million, while active mobile money accounts increased by 17.5 percent to 60.75 million (**Table 3.1**). This growth was driven by rising demand for cashless transactions, expansion of agent networks in rural areas, regulatory support, and increased mobile phone penetration exceeding 90 percent. Additionally, greater SME adoption of mobile money, integration of digital payment services with digital credit and savings platforms, and financial literacy campaigns contributed to wider usage. The continued expansion of digital financial services highlights their growing role in financial inclusion and economic participation in Tanzania.

In addition, ownership of featured phones and smartphones stood at 87.4 percent and 36.0 percent from 83.7 percent and 31.4 percent, respectively compared to the previous period records. The growth was the result of increased network coverage with the expansion of 3G and 4G coverage to reach population coverages of 91 percent and 88 percent in the period ending December 2024. Also, the increased issuance of National Identification Numbers contributed to an increase in opening mobile money accounts. The rise in active mobile money accounts in Tanzania boosts access to payment services.

**Table 3.1: Number of Accounts in the Non-Bank Payments System Providers**

Usage (In Millions)	2020	2021	2022	2023	2024
Number of active mobile money accounts	30.33	33.14	38.34	51.72	60.75
Mobile Money Agents	0.7	0.84	1.04	1.24	1.48

Source: BOT &amp; TCRA

### 3.1.2 Digital Loans

Tanzanians in both rural and urban areas continued to access instant digital loan services, disbursed as e-money directly into customers' mobile money wallets. These loans were facilitated through strategic collaborations between banks, microfinance institutions, and mobile network operators (MNOs). Financial institutions leveraged Artificial Intelligence (AI) and alternative credit scoring models to assess customers' creditworthiness, enabling them to determine appropriate loan amounts. A total of six banks and financial institutions actively provided digital credit services through MNOs. This collaboration significantly enhanced financial inclusion by improving accessibility to credit across the country. Given that Tanzania has one of the most developed mobile money ecosystems in Sub-Saharan Africa, digital lending services continued to thrive, bridging gaps in financial access for individuals and businesses.

The number of digital loan accounts significantly increased by 101.6 percent to 193.33 million from the level recorded in the preceding year (Table 3.2). The notable increase was mainly on account of increased ownership of mobile phones, financial services awareness and convenience of access and usage of the digital platforms. Out of the total digital loan's accounts, 61.9 percent were owned by women, reflecting their increasing engagement in entrepreneurship and household financial management (Table 2.10). The increase was also supported by an improved internet connectivity which reached over 90 percent, allowing more individuals, including those in remote areas, to apply for and receive digital loans.

**Table 3.2: Number of Digital Loan Accounts**

Usage (In Millions)	2022	2023	2024
Total Accounts	32.09	95.89	193.33
Male Accounts	20.8	60.72	73.66
Female Accounts	11.3	35.17	119.67

Source: BOT &amp; Credit Reference Bureaus

Meanwhile, the total value of digital loan increased by 79.9 percent to TZS 226.7 billion from TZS 126.0 billion recorded in the period year ended December 2023, of the amount of TZS 152 billion (67.0 percent) was borrowed by women (Table 3.3). A major driver of this growth was the ease of accessing loans via mobile money wallets made digital lending more

attractive compared to traditional bank loans, which often require collateral and extensive documentation.

**Table 3.3: The Amount of Digital Credit Issued**

<b>Usage (In Billion)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Total Amounts	26.79	126.03	226.7
Digital Credits Amount to Male	17.85	81.18	75
Digital Credits Amount to Female	8.94	44.85	152

Source: BOT & Credit Reference Bureaus

### 3.1.3 Digital Insurance

In 2024, the insurance continued to expand its use of digital platforms for underwriting and claims submission. To support this growth, the Authority registered seventeen (17) independent digital insurance platforms, ensuring broader access to digital insurance solutions and fostering a more competitive and innovative market environment.

Insurance companies also increasingly adopted customer-centric digital tools to enhance service delivery. Notably, the deployment of WhatsApp chatbots by some insurance providers, which offered real-time customer support and simplified the distribution of insurance products. This reflects the subsector's growing commitment to leveraging digital platforms to improve accessibility and convenience for policyholders.

As of 31st December 2024, the insurance subsector recorded substantial growth in gross premiums written, reaching TZS 1.4 trillion an impressive increase from TZS 824.3 billion in 2020, the year the TIRAMIS became operational. This growth highlights the positive impact of digital transformation on the performance and reach of the insurance industry.

## 3.2 Emerging Technologies in the Market

### 3.2.1 Central Bank Digital Currency

The Bank of Tanzania is in the research phase of identifying potential Central Bank Digital Currency (CBDC) adoption in the country. The key considerations during the research stage entails conducting a feasibility study on viability of CBDC adoption in Tanzania based on the country's context that includes population adoption capability, structural and infrastructural issues, impact on legacy payment systems and monetary policy implementation where the proposal for conducting feasibility study for adoption of CBDC was prepared. The Bank of Tanzania will continue to adopt a phased and risk-based approach in its CBDC adoption journey. The Bank of Tanzania will continue to monitor, research, and collaborate with stakeholders, including other central banks and international organizations in assessing the suitability and appropriateness of issuance of Tanzanian shillings in digital form.

## Cryptocurrencies

The National Cryptocurrency Technical Committee (NTC) conducted a pilot assessment on cryptocurrency operations in Tanzania, focusing on Dar es Salaam and Zanzibar. The study examined transaction volumes, market activities, and regulatory concerns using data from cryptocurrency exchanges, block-chain explorers, and crypto wallets. The findings indicated increasing public awareness and participation in cryptocurrency-related activities, with various digital assets being traded through online platforms.

Further, the Financial Intelligence Unit (FIU) in collaboration with other stakeholders are conducting a national risk assessment for virtual assets and virtual assets providers aligning with Financial Action Task Force (FATF) Standards with the assessment report to be completed in 2025.

### 3.3 Sandboxes Operations in the Country

In promoting financial technological innovation, financial institutions established Fintech sandboxes, including banks, mobile money providers, and FinTech companies. These institutions operated their own sandboxes to foster innovations through testing of new products, services, and business models in a controlled environment as well as ensuring they remain competitive.

Meanwhile, financial sector regulators progressed in developing their own regulatory sandboxes. The Bank of Tanzania launched the 1st Cohort of its Fintech Regulatory Sandbox, inviting participants to test innovative financial solutions under regulatory oversight. Additionally, the Capital Markets and Securities Authority (CMSA) and the Tanzania Insurance Regulatory Authority (TIRA) are preparing their respective sandbox regulations to support innovation in the capital markets and insurance sectors. These efforts reflect a broader commitment to fostering a secure and competitive financial ecosystem in Tanzania.

### 3.4 Innovative Financial Products and Services

During the reporting period, the financial service providers including banks continued to design and develop financial products and services tailored to meet the needs of various customer segments. The financial service providers continued to offer women financial services and products including savings with minimal or zero minimum balance and with no transactional charges, as well as loans with affordable terms and conditions. In addition, there were many financial services and products designed for youth including student saving accounts and MSMEs youth loans products held with many banks in the country.

In addition, financial services providers introduced a digital platform tailored for community

savings groups. This initiative digitizes traditional savings practices, promoting financial inclusion by making financial services more accessible to underserved populations. Additionally, FSPs provided programs on digital education and skills training across Tanzania, aiming to bridge the digital divide and support the government's vision of fostering innovation and sustainable development through digital technologies.

Further, the Insurance Authority has developed various tools to promote inclusive insurance services, including Micro-Insurance, Takaful and bancassurance products and services. These tools aimed to ensure that the insurance services provided cater to the needs of diverse populations. Additionally, there was a focus on awareness campaigns, market conduct inspections, and tailoring insurance products to meet market needs. Furthermore, the Capital and Securities Authorities (CMSA) also developed tools to support the issuance of investment products and services, including: The Corporate and Subnational Sukuk, and Investment Based Crowdfunding.

### 3.5 Innovative Policies and Programs

Regulatory authorities issued key regulatory circulars and guidelines aimed at enhancing transparency, efficiency, and inclusivity in the financial sector. These included circulars on fees and charges for the Tanzania Interbank Settlement System (TISS) and bank-to-bank transfers via retail platforms (TIPS and TACH), along with the publication of guidelines on fees and charges for banks, microfinance service providers, and non-bank payment system providers to ensure fair pricing and consumer protection. Additionally, BOT introduced measures to strengthen gender representation in leadership roles within banks and financial institutions, promoting diversity and inclusivity. To foster innovation, BOT officially opened applications for its Fintech Regulatory Sandbox, allowing FinTech startups and financial service providers to test new digital financial solutions under regulatory supervision. These efforts reinforced BOT's commitment to a robust, inclusive, and technology-driven financial ecosystem, supporting financial sector development and economic growth.

#### 3.5.1 Loans from Local Government Authorities

The Government of the United Republic of Tanzania continued to promote programs to expand access to finance for disproportionately financially excluded population. Such programs include the Local Government Authorities (LGA) loans to women, youth, and people with disabilities. The LGA loans 10 percent of its revenue and allot the loans as follows: 4 percent for women, 4 percent for youth and 2 percent for people with disabilities.

In 2023/24 a total of TZS 21.88 billion was issued in Tanzania mainland; TZS 9.76 billion were issued to 917 youth, TZS 10.55 billion to 1,530 women and TZS 1.57 billion to 302 people with disabilities compared to TZS 48.84 billion issued in the year 2022/23 in which

TZS 24.02 billion was disbursed to 21,537 women, TZS 19.91 billion to 10,032 youth and TZS 4.91 billion to 1,916 beneficiaries who are persons with disabilities. The difference in loan disbursement during the given period, was due to the Government suspension of the disbursements on April 14, 2023, in order to improve the loan disbursement procedures.

In Zanzibar, ZEEA in collaboration with Local Government Authorities (LGAs) and Banks, continued to provide credit facilities directly to women, youth, and persons with disabilities. By the end of 2024, a total of TZS 571 million had been disbursed to 82 groups, comprising 691 beneficiaries. Of these, 19 youth groups (55 males and 34 females) received TZS 215 million, 52 women's groups (476 females) received TZS 309 million, and 11 groups of persons with disabilities (50 males and 76 females) received TZS 47.2 million. Loan disbursements in Zanzibar under this program commenced in August 2024; therefore, comparative data from 2023 is not available. However, in terms of the 10 percent revenue collection from LGAs, there was a decline from TZS 1.4 billion in 2023 to TZS 729 million in 2024. This shortfall is attributed to delays in program implementation, which led to some LGAs not submitting their required contributions.

### 3.5.2 Programs to facilitate access to finance to MSMEs

Different empowerment authorities conducted various programs to facilitate access to finance to MSMEs in the period (Table 3.4). The programs included National Economic Empowerment Council (NEEC), programs under Small Industrial Development Organization (SIDO) including National Entrepreneurship Development Fund (NEDF), Credit Guarantee Scheme (CGS), SANVN Viwanda Scheme, Regional Revolving Fund (RRF); and program under Zanzibar Economic Empowerment Authority (ZEEA) including INUKA, and KHALIFA Fund.

During the period, under NEEC program, a total of TZS 759.68 billion was issued to 6.2 million MSMEs in year 2024 compared to TZS 743.66 million issued to 6.1 million MSMEs in year 2023, representing an increase of 2.15 percent.

**Table 3.4: Programs for Access to Finance to MSMEs**

Institution	Program	2022		2023		2024	
		Beneficiaries	Value (TZS Bn)	Beneficiaries	Value (TZS Bn)	Beneficiaries	Value (TZS Bn)
NEEC		2,203,838	713.79	6,064,957	743.66	6,179,315	759.68
	NEDF			2,006.00	5.51	1,459	4.31
	CGS			11	0.23	7	0.295
SIDO	SANVN			16	1.62	9	1.26
	RRF			152	0.98	0	0
ZEEA	INUKA PROGRAM	16,432	16.83	3,980	7.32	2,026	8
	KHALIFA FUND	NIL	NIL	39	2.1	51	1.12

Source: BOT, NEEC, SIDO & ZEEA

### 3.5.3 Inuka Program

The number of beneficiaries decreased to 2,026 from 3,980 recorded in December 2023, despite an increase in total disbursed funds from TZS 7.32 billion to TZS 8 billion. This shift indicates a strategic realignment in loan allocation, prioritizing higher-value financing for fewer beneficiaries. The decline suggests a focus on quality over quantity, ensuring that funds are directed towards more sustainable and impactful projects. Additionally, the increase in loan value per beneficiary may reflect stricter eligibility criteria, improved financial profiles among applicants, or a targeted approach to enhancing long-term financial stability and economic participation. This trend underscores a commitment to optimizing resource allocation while fostering meaningful financial empowerment.

### 3.5.4 Credit Guarantee Schemes

During the reporting period, both Government and privately managed Credit Guarantee Schemes (CGS) continued to play a significant role to enhance MSMEs access to finance in the country. During the reporting period, there were seven Credit Guarantee Scheme operating in the country in supported access to credit (**Table 3.5**).

**Table 3.5: Credit Guarantee Scheme**

Scheme Name	Incumbent Institutions	Targeted beneficiary
Export Credit Guarantee Scheme –ECGS	Bank of Tanzania	Private Sector involved in production and export of products
Mwananchi Empowerment Fund –MEF	National Economic Empowerment Fund	Individual owned businesses, MSMEs in CMGs and SACCOs, MSMEs in any other economic groups
Smallholders' Credit Guarantee Scheme	Tanzania Agricultural Development Fund	Small holders Farmers, Farmers Groups, Cooperative Unions, MSMEs with agricultural products processing.
Contractors Assistance Fund –CAF	Contractors Registration Board	Contractors to access finance required for bid security or advance payment guarantee
MSMEs Credit Guarantee Scheme	Bank of Tanzania	SMEs borrowing from TZS 50 million to 1.0 billion with turnover up to TZS 10 billion
SIDO SME –CGS	SIDO	MSMEs benefiting from SIDO credits services with Agro-processing projects
Private Agricultural Sector Support Trust –PASS Trust	PASS Trust	Individual owned business relating agricultural products; registered groups of small farmers and fishers, MSMEs and business in agriculture value chain

Source: NEEC

### 3.5.5 Contract Farming and Warehouse Receipt System

Warehouse receipt enables farmers to benefit in various ways including increase and transparent of prices of products; easy payment to farmers caused by open price during the auction, competitive prices that reduced low-income receipts, market and products information, and cost reduction due non-engagement of third parties and online trading,



and enabled farmers to save in banks and financial institutions.

The number of farmers benefited from warehouse receipt increased to 2,429,711 from 190,000 recorded in 2023. Meanwhile, the number of warehouses also increased to 130 from 118 and number of auctions to 288 from 45 respectively (**Table 3.6**). The increase is due to increase in the number of agricultural produces included in the use of warehouse receipt system as well as the number of regions which formally were not using warehouse receipt system.

**Table 3.6: Participation in the Warehouse Receipt System**

Year	Beneficiaries (farmers)	Number of warehouses	Number of auctions
2022	n.a	86	27
2023	190,000	118	45
2024	2,429,711	130	288

Source: TCDC

n.a- not available

Further, to support the operationalization of the warehouse system, the Tanzania Mercantile Exchange (TMX) was established to be a trading platform that provides transparency, price discovery and low transaction costs among other benefits. During the reporting period, contract farming and warehouse receipt systems continued to have the potential benefit to smallholder farmers and fishers in Tanzania by providing market linkages, access to finance, and acting as risk mitigation mechanisms. The TMX continued to operate to facilitate markets of various products and services such as sesame seeds, cocoa, green grams, soybeans, coffee and Pigeon Peas as indicated in (**Table 3.7**).

Table 3.7: TMX Trade Volumes and Prices

Product	VOLUME (KG)	2020	2021	2022	2023	2024
SESAME SEEDS	Volume (Kg)	20,187,794	310,873	136,650	1,134,903	145,886,612
	Highest price per Kg (TZS)	2,364	2,528	3,332	4,000	4,850
	Lowest price per Kg (TZS)	1,409	2,426	3,154	3,020	2,222
COCOA	Volume (Kg)	-	260,120	903,770	1,116,220	9,096,727
	Highest price per Kg (TZS)	-	5,239	5,119	10,400	29,595
	Lowest price per Kg (TZS)	-	4,444	3,964	4,405	10,190
GREEN GRAMS	Volume (Kg)	-	-	-	-	104,557
	Highest price per Kg (TZS)	-	-	-	-	1,170
	Lowest price per Kg (TZS)	-	-	-	-	1,060
SOYBEANS	Volume (Kg)	-	-	-	-	1,204,201
	Highest price per Kg (TZS)	-	-	-	-	1,580
	Lowest price per Kg (TZS)	-	-	-	-	1,205
COFFEE	Volume (Kg)	-	-	-	30,040,110	34,718,288
	Highest price per Kg (TZS)	-	-	-	11,035	12,010
	Lowest price per Kg (TZS)	-	-	-	1,855	3,510
PIGEON PEAS	Volume (Kg)	104,000	-	-	961,739	100,082,095
	Highest price per Kg (TZS)	1,150	-	-	1,910	2,236
	Lowest price per Kg (TZS)	-	-	-	1,710	1,300
CHICKPEAS	Volume (Kg)	-	-	-	-	21,508,219
	Highest price per Kg (TZS)	-	-	-	-	2,100
	Lowest price per Kg (TZS)	-	-	-	-	1,520
CASHEW NUTS	Volume (Kg)	-	-	-	-	402,956,008
	Highest price per Kg (TZS)	-	-	-	-	4,195
	Lowest price per Kg (TZS)	-	-	-	-	1,810
TEA	Volume (Kg)	-	-	-	-	629,642
	Highest price per Kg (USD)	-	-	-	-	\$ 1.01
	Lowest price per Kg (USD)	-	-	-	-	\$ 0.52
GEMSTONES	Volume (Kg)	-	-	-	-	176.26
	Highest price per Kg (TZS)	-	-	-	-	132,250,000
	Lowest price per Kg (TZS)	-	-	-	-	210,000

Source: TMX

## CHAPTER FOUR

### FINANCIAL CONSUMER PROTECTION

#### 4.0 Introduction

Financial consumer protection fosters financial inclusion by ensuring that all consumers especially the underserved have access to financial products and services that are safe, transparent, and fair. It ensures financial services consumers are equipped with fundamental rights, promotes market discipline, and stimulates healthy competition among financial service providers. During the reporting, various activities were undertaken by regulators and key financial inclusion stakeholders to protect consumers of financial products and services, focusing on the key pillars namely, market conduct, financial literacy, and complaints handling and redress.

#### 4.1 Market Conduct

Financial sector regulators continued to implement thematic reviews, offsite analysis, market intelligence, onsite supervision, mystery shopping and mitigating various market conduct risks relating to Inclusive and competitive marketplace; Transparency, disclosure, and marketing; Profession Ethics and Standards; Due Care; Protection, Safety and Security; Suitability and Legal and Compliance. The initiatives implemented include issuance of guidelines on fees and charges for Banks and financial institutions, microfinance service providers and non-bank payment systems providers with a view of addressing affordability challenges in the financial sector. The initiatives acted as tools to mitigate various risks through issuance of examination recommendations, sanctions, issuance of circulars and public notice as well as regular meetings between regulators and financial services providers.

#### 4.2 Financial Literacy

The National Council for Financial Inclusion developed policies, guidelines and frameworks to support implementation of various financial literacy initiatives for formal education system where financial literacy is taught from primary to higher learning education levels. In addition, the Council developed a guide for integrating financial literacy skills in the curricula of higher learning institutions in Tanzania. By end of the reporting period, three Universities had already incorporated, while 19 public universities were in the process of embedding financial literacy in their curricula. For off schooling population, a curriculum for Certified Financial Educators (CFE) program was issued and is being implemented in collaboration with designated academic institutions. During the reporting period, there were 7 designated academic institutions that offered the CFE program and have certified 213 financial educators. The CFEs outreach to the public has reached 31,902

beneficiaries. This was mainly attributed by the growing demand in the market, and enforcement of compliance to FSPs to undertake financial education as per regulation 19 of the Bank of Tanzania (Financial Consumer Protection) Regulations, 2019<sup>4</sup> as well as an increase in public awareness campaigns (**Table 4.1**).

**Table 4.1: Financial Literacy Initiatives ending December 2024**

Particular	Dec-24
Number of Designated Academic Institutions	7
Number of Certified Financial Educators	213
Total Number of Outreach	31,902
<i>Number of outreach by individual CFEs</i>	1,745
<i>Number of outreach by Financial Service Providers</i>	30,157

Source: Bank of Tanzania

#### 4.2.1 Delivery of Financial Literacy Programs to the Public

Financial literacy delivery is done through individual CFEs and/or FSPs as well as media houses. During the reporting period, the assessment on financial literacy through outreach was analyzed using geographical coverage, gender distribution and financial literacy thematic areas covered.

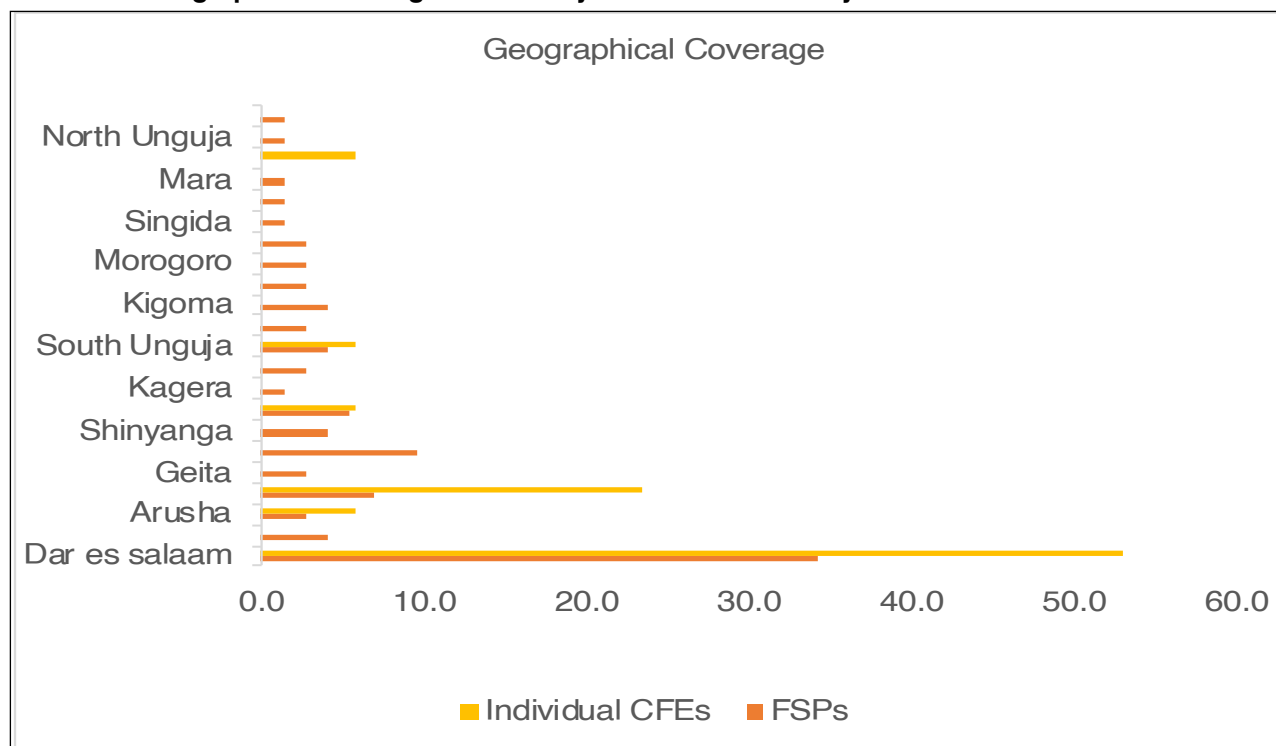
##### 4.2.1.1 Geographical Coverage

During the reporting period, delivery of financial literacy by individual CFE was concentrated in Dar es Salaam followed by Kilimanjaro accounting for 53 percent and 23 percent, respectively. On the other hand, delivery of financial literacy by FSPs was concentrated in Dar es Salaam followed by Mtwara accounting for 34 percent and 10 percent, respectively (**Chart 4.1**).

The analysis indicates there is a need for enhancing financial literacy initiatives to regions that have low financial inclusion rate and have so far not been reached by CFEs and FSPs. In addressing this, the Bank engaged with key stakeholders in Zanzibar and Singida to identify financial literacy gaps and enhance outreach. Further, the Bank will continue to enforce the FCP regulations on financial education for FSPs.

<sup>4</sup> Every financial service provider shall develop financial education programs taking into consideration gender, level of education, physical and mental ability and occupation of the consumers.

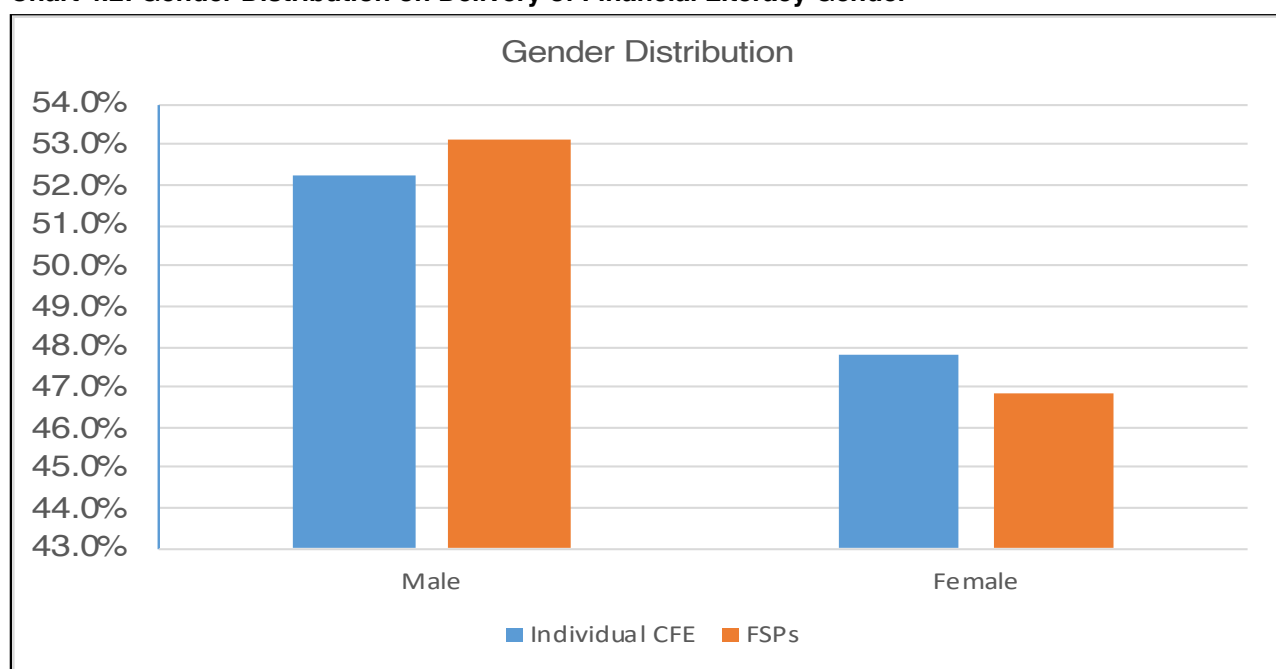
Chart 4.1: Geographical Coverage on Delivery of Financial Literacy



Source: Bank of Tanzania

#### 4.2.1.2 Gender Distribution

During the reporting period, gender profile of CFE outreach was 52.2 percent male and 47.8 percent female, while that of FSP was 53.1 percent male and 46.9 percent female (**Chart 4.2**). The minimal gender gap witnessed among male and female in the outreach of financial literacy owes to the enhanced engagement and inclusive participations in Certified Financial Educators programs.

**Chart 4.2: Gender Distribution on Delivery of Financial Literacy Gender**

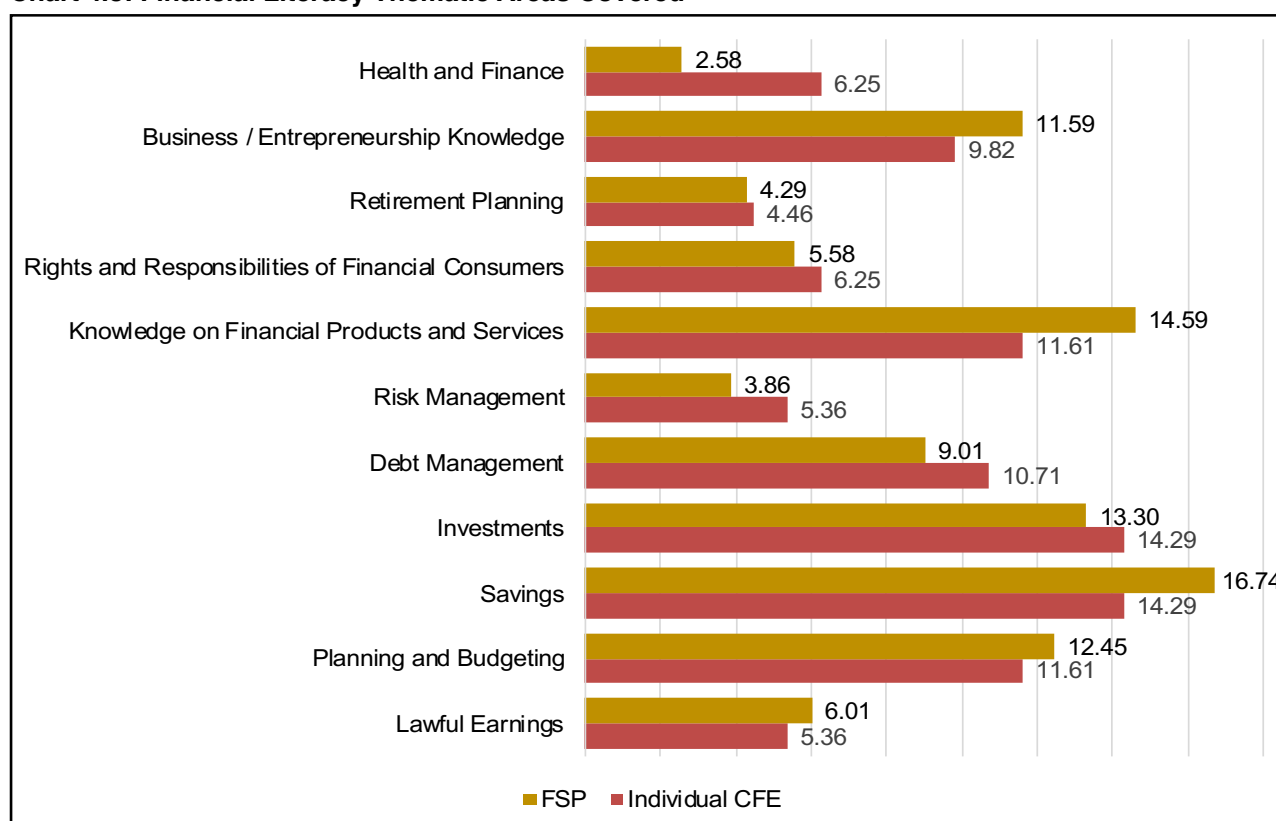
Source: Bank of Tanzania

#### 4.2.1.3 Financial Literacy Thematic Areas Covered

During the reporting period, the most frequently covered financial literacy thematic areas by individual CFEs were savings and investment, followed by planning and budgeting accounting for 14.3 percent and 11.6 percent, respectively (**Chart 4.3**). On the other hand, most frequently covered financial literacy thematic areas by FSPs were savings, knowledge of financial products and services as well as investment accounting for 16.7 percent, 14.6 percent, and 13.3 percent respectively (**Chart 4.3**).

The concentration of both individual CFEs and FSPs on saving and investment was attributed to addressing the behavior gap on fund mobilization to influence financial security and making informed financial decision among the beneficiaries. To assess the impact of the Financial Literacy initiative the Bank developed a Monitoring, Evaluation and Learning Framework for financial literacy in collaboration with stakeholders. Going forward, the Bank will continue to collaborate with individual CFE and FSPs as well as media houses in fostering the delivery of financial literacy.

Chart 4.3: Financial Literacy Thematic Areas Covered



Source: Bank of Tanzania

Further, the Ministry of Finance on implementing the National Financial Education Programme (NFEP 2021/22–2025/26) conducted various financial education programs including through the National Financial Services week exhibition, rural financial literacy programs and *Jenga Uwezo* financial literacy project in different regions and zones. The Financial Services Week was conducted in Mbeya Region whereby 3,419 people were given financial education and awareness. In addition, the financial inclusion stakeholders developed and implemented Rural Financial Education Program whereby by the end of December 2024, around 27,027 rural community individuals in different 64 councils of Tanzania Mainland were given financial education and awareness.

For the *Jenga Uwezo* project, priority segments such as SMEs, women, youth, and people with special needs were capacitated to enhance to access finance in a sustainable manner. By end of the reporting period, around 640 entrepreneurs from Morogoro, Pwani, Mtwara, Lindi and Tanga regions were trained in the first phase, and the second phase of the training will involve Iringa, Njombe, Mbeya and Songwe regions where 480 entrepreneurs are expected to be capacitated.

### 4.3 Complaints Handling and Redress Mechanisms

Availability of effective complaints resolution system in the financial sector is paramount in building up the process of resolving financial services complaints and building trust and confidence to financial services users. In the reporting period, regulators of banking, credit insurance, investments, pension and payments services had instituted the regulatory environment, established complaints handling units, and some were at different stages of automating the resolution processes. The complaint resolution structure was based on two instances of resolving complaints, which are resolution of complaints by financial services providers and resolution by a financial sector regulator, where each financial sector regulator receives complaints for dissatisfied or unhandled customers by FSPs.

For the banking and microfinance sub-sectors, all banks continued to have complaint resolution mechanisms, while 206 Microfinance Service Providers Under Tier 2 reported to have put in place the mechanisms, indicating an improvement compared to the position of 142 reported in year 2023. For complaints resolution rate, total of 1,108 complaints on usage and access of banking, credit and payment services were received as at the end of December 2024. Of the total complaints 1,073 (96.8 percent) were resolved, and 35 complaints (3.2 percent) were at different stages of resolution. The resolution rate was above the position of 93.1 percent recorded by the end of December 2023. In addition, the complaints resolutions rate in banks and Microfinance Under Tier 2 only stood at 74.68 percent by end of June 2024, which was made of 82.42 percent and 74.62 percent resolution rates of in banks and Microfinance Under Tier 2 institutions, respectively.

Effective resolution of the complaints in the banking sector and Microfinance Under Tier 2 was on account of robust complaint resolution systems, including establishment of a dedicated department with adequate staffing to supervise, receive and handle financial consumer complaints. The automation of the financial consumer complaints resolution will increase efficiency in resolving consumer complaints by ensuring timely resolution of consumer complaints.

Regarding insurance services, 362 financial consumer complaints were received in the period, out of which 224 complaints (30.9 percent) were resolved and 129 (17.8 percent) at various stages of resolution and 09 (1.2 percent) were escalated to other regulators for resolution.

In the reporting period, huge percentage of complaints were relating to restrictions on mobility of financial consumers, fees and charges and unfriendly contract terms and conditions in consuming financial services. To address these, some regulators started to develop systems to automate financial consumer complaints handling system, drafted complaints handling procedure manual, implemented complaint tracking system and provided capacity-building sessions on handling consumer complaints to staff at regulators branches in the country.



To ensure effective implementation of financial consumer protection issues, it is in the view that, the Council for Financial Inclusion develop the coordinated policy simplify the consumer protection issues including the complaint handling mechanisms, financial literacy and market conduct.

#### 4.4 Depositors Protection

Deposit insurance promotes financial inclusion by bolstering confidence in financial institutions in the country and potentially leading to greater use of financial services. Access to deposit insurance provides assurance to depositors that their money is safe and secured. Deposit Insurance Board (DIB) have an objective to protect small depositors against loss of their deposits in case of bank failure or non-compliance. Frequently, DIB carry out this objective through efforts related to financial literacy and public awareness programs designed to ensure that small depositors are informed about safe methods of storing their money and promoting their use of the mainstream financial system.

Currently, there are 42 member banks and financial institutions whose deposits are insured by the DIB as stipulated in the Banking and Financial Institutions Act, 2006. The Deposit Insurance Fund (DIF) remained capable of meeting deposit insurance obligations, contributing to safety, soundness and public confidence in the banking sector. The DIF size grew to by 19.2 percent to TZS 1,338.95 billion from TZS 1,123.04 billion recorded in 2023. This was attributed to an increase in proceeds from investments and deposit insurance premiums. The maximum coverage amount is TZS 7.5 million and ratio of fully insured deposit accounts to the total number of insurable deposit accounts rose from 97.3 percent to 99.10 percent. Coverage is above the International Association of Deposit Insurers (IADI) standard threshold of at least 90.0 percent.

The ratio of Fund Size to Total Value of Deposits as of 31st December 2024 was 3.12 percent above the EAC target of at least 3.00 percent. The ratio of Fund Size to Total Value of Insured Deposits on 31st December 2024 was 19.12 percent, expected to reach the EAC target of 20 percent by end of year 2026. Further, the Value of Insured Deposits to Total Insurable Deposits was 18.11 percent which was above the EAC target of 10 percent.

Generally, the DIF is performing well against IADI's minimum recommended ratio of 90 percent in terms of Fully Covered Accounts to Total Number of Insurable Accounts. DIB continued to make efforts to increase the size of the Fund, reimburse insured deposits to eligible depositors, distribute liquidation dividends, and conduct public awareness campaigns aiming to improve deposit protection and increase public confidence in the banking system. Further, the Government has commenced the procedures to broaden the DIB's mandate and enhance DIB operational independence which will broad its contribution to promote financial consumer protections to all types of financial services through the ongoing initiative of extending coverage to ultimate beneficiaries of Trust Accounts.

## CHAPTER FIVE

### INTERACTION OF FINANCIAL INCLUSION WITH KEY ECONOMIC VARIABLES

#### 5.0 Introduction

The relationship between financial inclusion and key economic and financial variables such as GDP, poverty, unemployment, inflation, interest rates and financial sector stability is of significant interest to policymakers and researchers. The empirical evidence from the extant literature indicates a positive relationship between financial inclusion and economic growth by stimulating entrepreneurial activity, improving access to credit, and enhancing financial resilience. Further, the findings indicate that financial inclusion may contribute to reducing poverty and unemployment, fostering economic stability, and increasing the effectiveness of monetary policy, among other factors<sup>5</sup>.

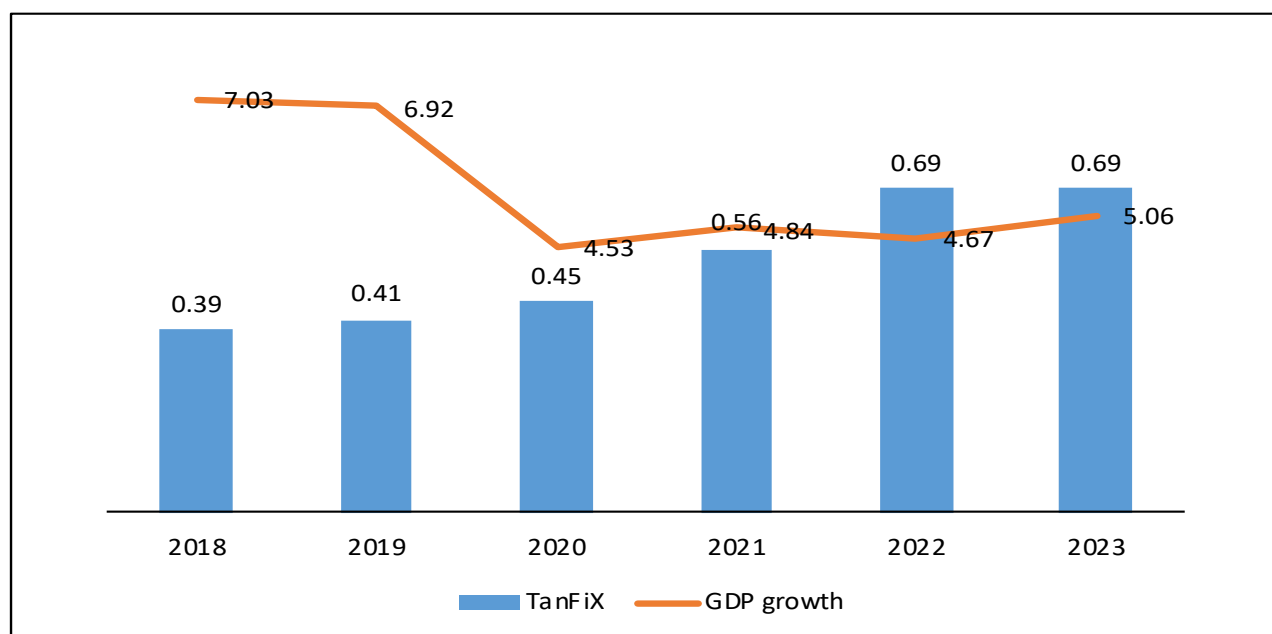
#### 5.1 Financial Inclusion and GDP

Empirical evidence suggests a positive relationship between financial inclusion and GDP growth as financial inclusion fuels economic activity and reduces poverty<sup>6</sup>. However, the trend of the two from 2018 to 2023 does not reflect this as 2019 to 2020 the economy was highly negatively affected by the COVID-19 pandemic which began in 2019 (**Chart 5.1**). The pandemic disrupted economic activities, leading to a deviation from the expected trend. However, post 2020 GDP seems to start increasing with increased financial inclusion.

<sup>5</sup> Demirgüç-Kun., et al. (2018) highlight that access to financial services enhances income-generating opportunities and resilience, while Sahay et al. (2015) emphasize that financial inclusion supports macroeconomic stability and strengthens monetary policy transmission.

<sup>6</sup> Jiang, Y., et al. (2024) found a consistent positive relationship between financial inclusion and economic growth, with effects varying across different levels of financial development.

Chart 5.1: Trend of Financial Inclusion and GDP



Source: Bank of Tanzania and NBS

## 5.2 Financial Inclusion and Poverty

The empirical evidence suggests a promising negative relationship between financial inclusion and the poverty rate<sup>7</sup>. Financial inclusion, by enabling economic participation, expanding access to credit, and increasing financial resilience, can significantly reduce poverty. In 2018, the poverty rate was 26.4 percent<sup>8</sup>, while the financial inclusion index was 0.39, which indicates a promising start in the fight against poverty, encouraging further efforts in this direction<sup>9</sup>.

## 5.3 Financial Inclusion and Unemployment

The relationship between financial inclusion and unemployment is complex but promising. Financial inclusion, combined with other factors such as education, infrastructure, and job creation policies (among others), has the potential to stimulate entrepreneurship and self-employment, which are crucial in reducing unemployment<sup>10</sup>. This potential should inspire and motivate further research and policy development in this area<sup>11</sup>.

<sup>7</sup> Omar, M. A. and Inaba, K. (2020) found robust evidence that higher financial inclusion significantly reduces poverty rates and income inequality.

<sup>8</sup> Tanzania National Bureau of Statistics.

<sup>9</sup> Poverty rate is not frequently measured. Trend will be established as per data availability.

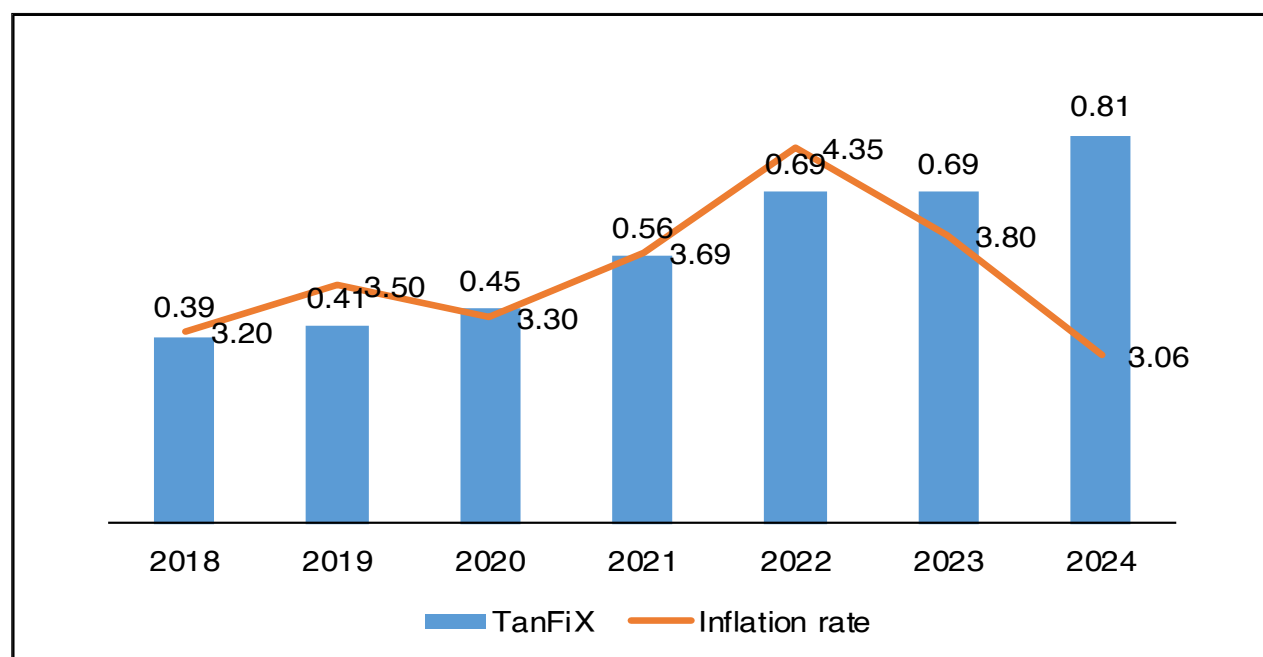
<sup>10</sup> Mehrotra and Yetman (2015) highlighted that financial inclusion supports inclusive growth and employment in low-income and developing countries, particularly when linked with digital financial services.

<sup>11</sup> Unemployment rate is not frequently measured. Trend will be established as per data availability.

## 5.4 Financial Inclusion and Inflation

The relationship between financial inclusion and inflation is complex and context-dependent<sup>12</sup>. The trend between the financial inclusion index and the inflation rate from 2018 to 2024 shows that financial inclusion has steadily increased while the inflation rate fluctuated. From 2018 to 2022, both financial inclusion and the inflation rate increased, with the inflation rate peaking in 2022. Then inflation decreased towards 2024 meanwhile financial inclusion index consistently rose, particularly from 2020 onwards (**Chart 5.2**).

**Chart 5.2: Trend of Financial Inclusion and Inflation Rate**



Source: Bank of Tanzania

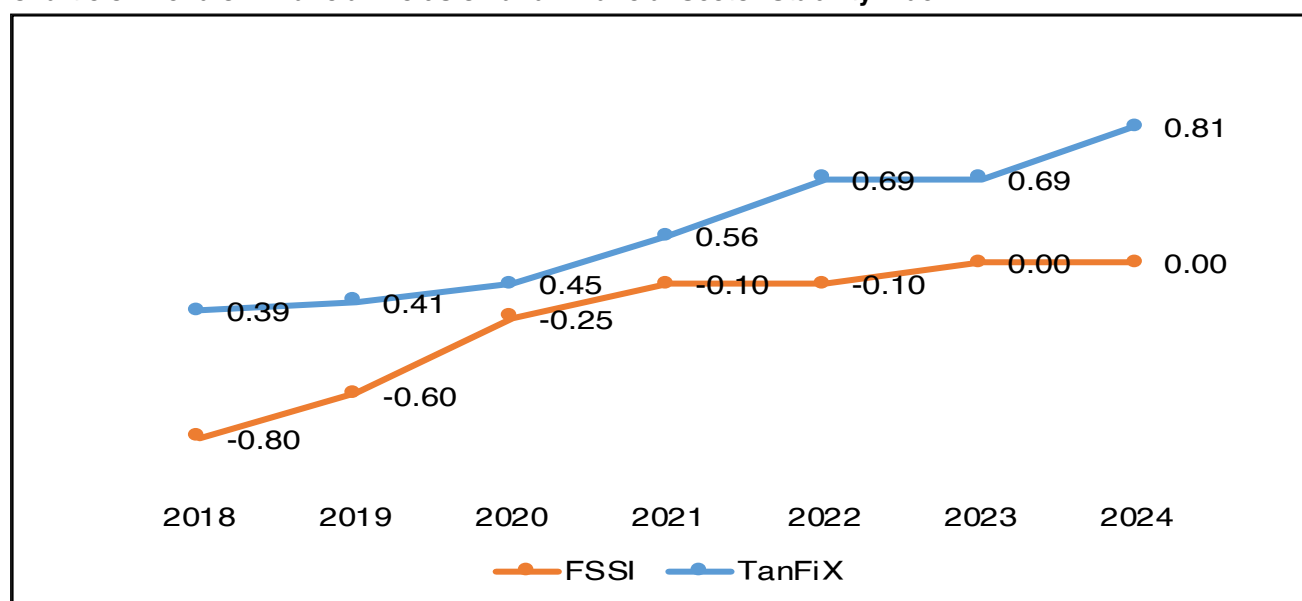
## 5.5 Financial Inclusion and Financial Sector Stability

The trend between the financial inclusion index and the financial system stability index, a measure of the robustness and resilience of the financial system, from 2018 to 2023 shows a reassuring positive correlation<sup>13</sup>. The financial inclusion index steadily increased from 0.39 in 2018 to 0.69 in 2022, reflecting growing financial inclusion. Meanwhile, the financial system stability index started at -0.80 in 2018 and gradually improved, reaching 0.00 by 2023, indicating a significant improvement in financial system stability, bolstered by the growth of financial inclusion (**Chart 5.3**).

<sup>12</sup> Pham, T.D. and Tran Thi Kim Oanh (2024) confirm a positive correlation between financial inclusion and inflation, suggesting increased inclusion may raise inflation short-term. Meanwhile, El Bourainy, M. et al. (2021) finds a significant negative relationship, higher inclusion is associated with lower inflation.

<sup>13</sup> Pham, T.D., Vo, D.H. and Nguyen, D.T (2023) found that initially, increased financial inclusion may slightly weaken stability, but once it passes a threshold, further inclusion significantly enhances financial stability.

Chart 5.3: Trend of Financial Inclusion and Financial Sector Stability Index

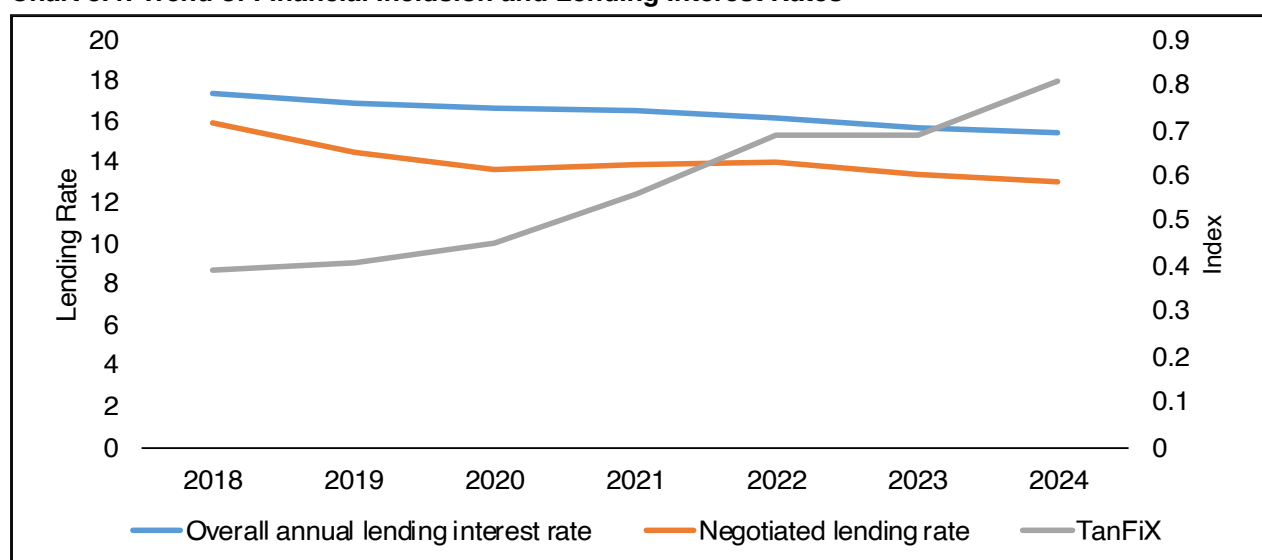


Source: Bank of Tanzania

## 5.6 Financial Inclusion and Lending Interest Rates

The overall annual lending interest rate shows a gradual decline from around 17.4 percent in 2018 to 15.5 percent in 2024. Similarly, the negotiated lending rate also declined, from 15.9 percent in 2018 to 13.1 percent in 2024 indicating a reduction in borrowing costs over time. Meanwhile, the TanFiX which measures composite level of financial inclusion, steadily increased from 0.39 in 2018 to 0.81 in 2024 (**Chart 5.4**). The declining lending interest rates have likely contributed to the increased financial inclusion, among other factors. Lowered borrowing costs make credit more accessible to a broader segment of the population, including underserved groups, which can lead to greater participation in the formal financial system<sup>14</sup>.

Chart 5.4: Trend of Financial Inclusion and Lending Interest Rates



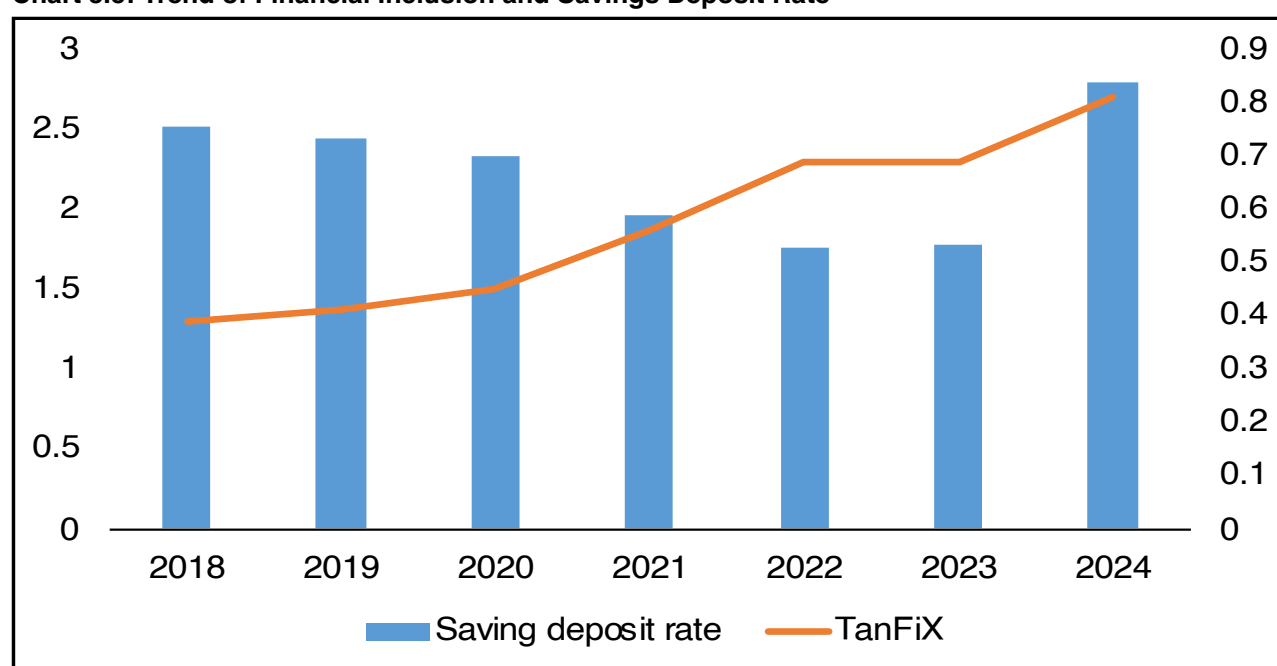
Source: Bank of Tanzania

<sup>14</sup> Biswas, G.K. and Ahamed, F., (2023) finds that higher lending rates significantly hinder financial inclusion. Elevated interest rates on loans negatively impact it, highlighting the direct effect of borrowing costs on access to credit.

## 5.7 Financial Inclusion and Savings Deposit Rate

The savings deposit rate experienced downward trend from 2018 to 2023 from 2.5 percent to 1.8 percent respectively being associated with increased level of financial inclusion, among others. Financial inclusion can reduce the need for high savings deposit rates, as the greater volume of deposits naturally drive down the rate<sup>15</sup>. However, the savings deposit rate sharply raised to 2.8 percent in 2024 from 1.8 percent in 2023 mainly attributed to promotional campaigns done by some banks targeting increased deposit accumulation (**Chart 5.5**). These campaigns likely incentivized higher savings by offering attractive interest rates to customers.

**Chart 5.5: Trend of Financial Inclusion and Savings Deposit Rate**



Source: Bank of Tanzania

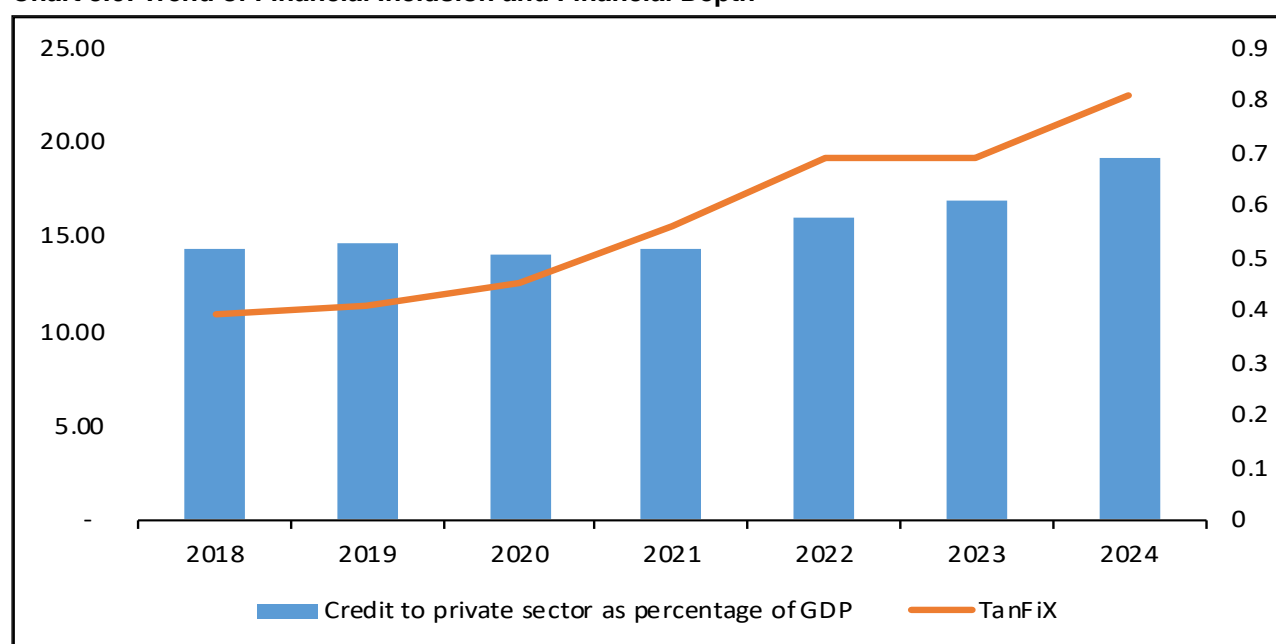
## 5.8 Financial Inclusion and Financial Depth

Credit to the private sector as a percentage of GDP which measures financial depth steadily increased from 14.3 percent in 2018 to 19.1 percent in 2024. This growth indicates an expanding credit market and a deeper financial system, reflecting increased financial activity in the private sector. Concurrently, the TanFiX which measures financial inclusion, also showed a positive trend, rising from 0.39 in 2018 to 0.81 in 2024 (**Chart 5.6**). The upward movement of both variables suggests a strong relationship between financial inclusion and financial depth, among others. As more people and businesses gain access to credit and other financial services, the overall depth of the financial system increases, further

<sup>15</sup> Ahamed, M.A. and Mallick, S.K., (2019) found that higher financial inclusion, particularly through deposit account access, enhances banking sector stability by increasing retail funding. This scale effect also suppresses deposit rates as banks capitalize on a cheaper funding base.

supporting the growth of credit availability to the private sector<sup>16</sup>.

**Chart 5.6: Trend of Financial Inclusion and Financial Depth**



Source: Bank of Tanzania

<sup>16</sup> International Monetary Fund (2019) confirms the expected positive correlation: countries with higher private sector credit/GDP tend to have more adult account ownership, SME credit access, and ATM coverage, the core financial inclusion indicators.

## APPENDICES

## Appendix 1: Geographical Distribution of Bank Branches

	2019	2020	2021	2022	2023	2024
Arusha	68	65	68	64	68	70
Coast	14	17	19	19	23	25
Dar es Salaam	290	284	282	278	273	277
Dodoma	41	41	46	48	47	48
Geita	19	20	20	20	21	22
Iringa	20	21	23	23	20	21
Kagera	27	28	29	28	29	30
Katavi	4	4	6	6	6	6
Kigoma	13	14	15	15	16	17
Kilimanjaro	46	48	49	49	51	51
Lindi	13	13	15	14	14	14
Manyara	19	22	22	20	22	22
Mara	24	22	23	23	27	29
Mbeya	46	45	40	42	42	44
Morogoro	40	42	43	42	44	45
Mtwara	21	21	24	26	23	24
Mwanza	67	67	71	70	69	72
Njombe	17	18	17	15	18	19
Rukwa	8	8	9	8	8	8
Ruvuma	18	17	15	17	17	17
Shinyanga	28	30	29	30	29	31
Simiyu	7	10	10	10	11	11
Singida	15	17	17	18	18	19
Songwe	13	13	14	14	14	14
Tabora	21	21	21	22	25	25
Tanga	27	29	28	32	34	33
Pemba	8	9	9	8	11	8
Unguja	23	23	26	26	31	25
<b>Total</b>	<b>957</b>	<b>969</b>	<b>990</b>	<b>987</b>	<b>1,011</b>	<b>1,027</b>

Source: BOT



**Appendix 2: Geographical Distribution of ATMs**

	2019	2020	2021	2022	2023	2024
Arusha	102	100	102	130	146	147
Coast	41	42	40	42	54	54
Dar es Salaam	481	476	452	596	710	706
Dodoma	67	71	77	85	120	120
Geita	21	20	22	55	33	32
Iringa	33	31	25	30	37	37
Kagera	36	32	31	33	51	51
Katavi	5	5	6	20	11	12
Kigoma	20	20	21	43	31	31
Kilimanjaro	60	58	59	65	86	85
Lindi	17	16	15	39	25	25
Manyara	20	22	22	31	32	32
Mara	33	33	31	42	43	43
Mbeya	56	59	55	64	89	89
Morogoro	67	66	62	88	93	93
Mtwara	25	24	26	56	46	46
Mwanza	83	81	78	90	129	128
Njombe	20	18	18	58	26	26
Rukwa	12	12	12	15	16	16
Ruvuma	28	27	27	36	39	40
Shinyanga	36	35	35	49	49	47
Simiyu	8	8	11	11	15	15
Singida	21	22	21	29	28	28
Songwe	14	14	16	21	15	15
Tabora	28	29	29	39	38	38
Tanga	44	43	44	52	59	59
Pemba	8	8	10	19	16	16
Unguja	56	59	63	73	98	99
<b>Total</b>	<b>1,442</b>	<b>1,431</b>	<b>1,410</b>	<b>1,911</b>	<b>2,135</b>	<b>2,130</b>

Source: BOT

## Appendix 3: Financial Inclusion Access Points

	2018	2019	2020	2021	2022	2023	2024
Number of Banks (Commercial, Community, and Microfinance, Development)	53	51	46	46	44	44	42
Number of Bank branches	878	957	969	990	987	1,011	1,027
Number of Bank Agents	18,827	28,358	40,410	48,923	75,234	106,176	145,430
Number of financial leasing companies	3	3	4	4	5	5	4
Number of Mortgage finance institutions	2	2	2	2	2	2	2
Number of ATM's	2,144	1,442	1,431	1,410	1,911	2,135	2,174
Number of Microfinance tier II (Non-deposit taking)			95	692	1,099	1,579	2,342
Number of Microfinance tier III (SACCOs) Mainland & Znz	6,241	6,241	6,241	580	2,252	1,018	1,044
Number of Microfinance tier IV (CMGs)				24,123	37,153	48,284	58,926
Number of investment advisors	16	13	14	15	18	23	25
Number of custodian of securities	6	6	6	6	6	7	9
Number of licensed bond dealers	6	6	6	6	8	8	8
Number of nominated advisors	6	8	6	6	5	4	4
Number of fund managers	9	9	9	9	10	12	18
Number of listed companies in the capital markets	27	28	28	28	28	28	28
Number of members licensed dealing	14	12	12	13	16	18	21
Number of registred warehouses					272	268	279
Number of exchange markets					2	2	2
Number of Capital Market digital platforms					2	2	3
Number of collective investment schemes	9	9	9	9	8	8	20
Number of Insurance Companies	31	32	32	33	35	34	40
Number of Insurance Brokers	109	100	76	81	100	127	142
Number of Insurance Agents	635	605	745	789	1,019	1,234	1,349
Number of Insurance digital platforms				10	10	14	17
Number of Insurance Loss Adjusters/Assessors	55	58	60	50	46	57	64
Number of Bancassurance Agents	4	4	4	23	28	29	35
Number of mandatory (compulsory) pension schemes.				4	4	4	4
Number of Regional Offices (NSSF, PSSSF, ZSSF, WCF)						81	81
Number of digital platforms in Social Security Services	10	10	10	13	13	11	11
Number of supplementary (voluntary) pension scheme						15	15
Number of Mobile Money Operators	6	6	6	6	5	5	5
Number of Mobile Money Agents	483,283	569,187	702,284	838,759	1,038,874	1,240,052	1,475,281
Number of Point of Sales (POS)		4,194	4,428	6,523	7,317	8,652	8,542

Source: BOT, CMSA, TIRA, PMO-LYED, ZSSF and MOF-Zanzibar

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