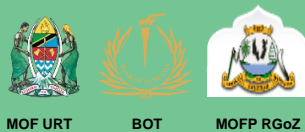


ISSN 1821 - 7761



# TANZANIA FINANCIAL STABILITY REPORT

December 2025



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ISSN 1821-7761

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## LIST OF ACRONYMS

AML/CFT/CPF-	-	Anti-Money Laundering/Countering Terrorist Financing and Countering Proliferation Financing
BOT	-	Bank of Tanzania
CMG	-	Community Microfinance Groups
CMSA	-	Capital Market and Securities Authority
CRS	-	Credit Reference System
DIB	-	Deposit Insurance Board
DIF	-	Deposit Insurance Fund
DSE	-	Dar es Salaam Stock Exchange
D-SIBs	-	Domestic Systemic Important Banks
EAC	-	East African Community
EFT	-	Electronic Fund Transfer
FATF	-	Financial Action Task Force
FCC	-	Fair Competition Commission
FSP	-	Financial Service Providers
FSSI	-	Financial System Stability Index
HHI	-	Herfindahl Hirschman Index
IADI	-	International Association for Deposit Insurers
IMF	-	International Monetary Fund
GAs	-	Local Government Authorities (LGAs)
MOFP	-	Ministry of Finance and Planning
MSPs	-	Microfinance Service Providers
MTN	-	Medium Term Note
NAV	-	Net Asset Value
NPLs	-	Non-Performing Loans
PLC	-	Public Limited Company
PMO-LER	-	Prime Minister's Office, Labour, Employment, and Relations
PMO-RALG	-	President's Office, Regional Administration and Local Government
QoS	-	Quality of Service
SACCOS	-	Savings and Credit Cooperative Societies
SWIFT	-	Society for Worldwide Interbank Financial Telecommunications
TACH	-	Tanzania Automated Clearing House
TANQR	-	Tanzania Quick Response Code
TCDC	-	Tanzania Cooperative Development Community

TFSF	-	Tanzania Financial Stability Forum
TIPS	-	Tanzania Instant Payments System
TIRA	-	Tanzania Insurance Regulatory Authority
TISS	-	Tanzania Interbank Settlement System
TRWA	-	Total Risk-Weighted Assets
TZS	-	Tanzania Shilling
USD	-	United States Dollar
UTT - AMIS	-	UTT Asset Management and Investment Services
UTT	-	Unit Trust of Tanzania
ZSSF	-	Zanzibar Social Security Fund

## FOREWORD

The Financial Stability Report remains an essential instrument for evaluating the soundness of Tanzania's financial system, and identifying potential systemic risks that could affect its stability. It enhances the understanding of financial sector developments and vulnerabilities among policymakers, financial market participants, and the public. It is against this background that this Financial Stability Annual Report was produced partly to highlight the key factors that supported and sustained financial stability in the country in 2025, as well as the way forward.

In 2025, Tanzania's domestic financial system continued to exhibit strong resilience to both external and internal shocks. This resilience was driven by solid profitability across financial institutions, adequate capital buffers, sufficient liquidity and improved asset quality, as reflected in declining levels of Non-Performing Loans. Firms remained financially sound, supported by consistent access to and repayment of loans, particularly in sectors contributing significantly to economic growth. The financial sector's performance was further bolstered by the ongoing expansion of mobile money usage, rapid adoption of digital financial services, a supportive legal and regulatory environment, and heightened financial intermediation.

The capital markets sub-sector maintained a strong growth trajectory, supported by increased investor participation, product diversification, and enhanced market liquidity. Market activity was driven by improved investor confidence, expansion of collective investment schemes, and growing interest in sustainable investment instruments. These developments have strengthened the role of capital markets in mobilizing long-term financing and broadening investment opportunities for both retail and institutional investors, thereby contributing to overall financial system stability.

The insurance sub-sector, maintained a strong growth trajectory, driven by increases in assets, net worth, investment portfolios, and gross premiums written, contributing to the sector's overall financial robustness. Similarly, the social security sector in both Mainland Tanzania and Zanzibar remained resilient, with pension funds maintaining funding positions above regulatory requirements. Furthermore, payment and settlement systems operated with notable stability and efficiency throughout the year. High transaction-completion rates and minimal system downtime continued to reinforce public confidence in digital and electronic financial services.

Tanzania’s removal from the FATF grey list in June 2025 stands as a landmark achievement in the nation’s pursuit of stronger financial integrity and governance. This milestone reflects the country’s decisive efforts to modernize and reinforce its Anti–Money Laundering, Countering the Financing of Terrorism, and Countering Proliferation Financing (AML/CFT/CPF) framework in line with global standards. Over the review period, Tanzania strengthened its legal and regulatory architecture, enhanced risk-based supervisory practices, and expanded the capacity of law enforcement and regulatory institutions.

Overall, Tanzania’s financial landscape continues to progress, supported by strengthened regulatory coordination through platforms such as the Tanzania Financial Stability Forum (TFSF) and bilateral arrangements among financial regulators. These frameworks have been instrumental in promoting collective oversight, early risk identification, and coordinated policy responses. Looking ahead, Financial Sector Regulators remain committed to enhancing the efficiency of consumer empowerment initiatives and market conduct supervision. Leveraging technology will continue to be central to deepening consumer trust, strengthening the integrity of the financial sector, and ensuring that the financial system effectively serves the needs of the people and the economy at large.

Emmanuel M. Tutuba  
**Governor**  
**BANK OF TANZANIA**

## EXECUTIVE SUMMARY

**Global economy remains resilient, with steady growth and easing inflation, but high interest rates and ongoing geopolitical tensions continue to pose risks to stability.**

Financial conditions have improved as liquidity constraints eased and disinflation gradually restores real household incomes, supported by monetary easing, lowering financial costs to support investment and consumption. Emerging market and developing economies are expected to continue a gradual recovery, having demonstrated resilience with sustained growth. Global output growth remained resilient in 2025 and is projected to remain stable in 2026 driven by strong private consumption and improvement in supply chain that offset the dampening effects of high interest rates and geopolitical tensions. However, risks to the growth outlook remains elevated, reflecting heightened downside vulnerabilities amid heightened policy uncertainty across major economies, thereby tilting the medium-term global macro-financial trajectory downward. In addition, global economic prospects are increasingly exposed to downside risks arising from the ongoing geopolitical tension in the middle east, which has contributed to rising energy prices, disruption of critical supply routes, and damage to supply chain networks. These developments have exacerbated inflationary pressures, weakened external demand, and increased financial market volatility, further constraining global growth momentum.

**Domestic economic activity remained stable due to improved macroeconomic environment and financial sectors' resilience to potential vulnerabilities.** The mainland Tanzania economy continued to exhibit steady growth of 5.9 percent in 2025. As for the Zanzibar economy, it grew by 7.0 percent in 2025 driven by strong public infrastructure investment, tourism, manufacturing, exports and rising levels of both foreign and domestic investment. The financial conditions continued to strengthen, as systemic risks to financial stability remained contained. The financial sector was stable, characterized by strong capital and liquidity buffers, improved asset quality and higher profitability attributable to improved domestic market conditions, prudential actions to mitigate systemic risks and stable macroeconomic fundamentals. Notwithstanding, the domestic economy risk landscape has shifted towards external factors, including heightened geopolitical crises, global economic policy uncertainty, trade tensions and cyber risks.

**Household financial conditions continued to improve, reflecting higher income and increased investments in financial assets.** During 2025, households expanded their holdings in treasury bonds, equities, and collective investment schemes, fuelled by increased financial education and awareness on alternative financial investments. Household borrowing, and repayment increased, reflecting improved creditworthiness. The cost of borrowing for Households remained broadly stable as lenders maintained favourable loan terms and conditions including manageable loan maturities and collateral requirements. Borrowing was mainly directed toward asset creation and income-generating activities, enhancing household cash flows and creditworthiness. Consequently, financial stability risks for households remained. However, households remained exposed to potential income shocks that could affect debt servicing capacity despite improved financial buffers.

**The non-financial corporate sector remained resilient, with borrowing largely supporting productive investment and business expansion.** Corporate balance sheets continued to strengthen as growth in equity and assets outpaced debt accumulation, indicating contained leverage risks and a stable capital structure. Financing patterns remained predominantly anchored in internal resources and domestic borrowing, while the dominance of local currency debt limited exposure to exchange rate risks. Profitability and overall business performance improved, supported by stronger revenues, enhanced infrastructures, and reforms aimed at improving the investment climate. Credit conditions remained favourable, enabling firms across key economic activities to access financing and sustain production and investment. Loan performance indicators also reflected improved repayment capacity, suggesting stronger corporate financial health. Notwithstanding the performance, potential risks to the NFC sector include global geopolitical uncertainties and possible trade and supply chain disruptions which could affect corporate financing conditions and investment activity.

**The banking subsector remained stable, with sufficient capital and liquidity buffers.** Banks remained generally sound as indicated by stable profitability, improved asset quality and resilience to external shocks. Total assets increased by 23.2 percent to TZS 76,975.1 billion in 2025, mainly driven by higher loans and advances and investments in debt securities. Return on assets (RoA) and return on equity (RoE) remained stable, partly attributable to strong loan portfolio performance, as reflected in a lower NPL ratio and sustained operational efficiency, as reflected in the non-interest expense to gross income

ratio. The macro stress tests, based on adverse and severe hypothetical scenarios, supported that the banking subsector remained resilient to shocks across all risk types and stress scenarios.

**Capital markets demonstrated notable resilience and sustained growth despite a challenging and evolving global financial environment.** The total value of investment in the capital markets increased by 35.1 percent, reaching TZS 63,96.4 billion. This was driven by strong performance, continued product diversification, improved investor awareness, increased market liquidity and growing investor confidence. Further, Collective Investment Schemes (CIS) maintained strong growth, reflecting increased investor participation and the continued expansion of managed investment products in the capital market. Additionally, trading activity in the equity market strengthened, reflecting improved investor sentiment supported by performance among listed companies and corporate actions including dividend distributions and rights issues, which attracted both retail and institutional investors.

**The insurance sub-sector experienced continued growth in financial capacity and underwriting activity, supported by an increase in total assets and gross written premiums.** Total assets increased by 6.8 percent to TZS 2,633.6 billion in 2025, reflecting the expansion of insurers' balance sheets, driven by increased underwriting activity, rising insurance penetration, and continued growth in insurers' investment portfolios. Gross written premiums (GWP) increased reflecting continued expansion of the insurance market and growing adoption of insurance products across general insurance, life insurance, health insurance, takaful business and foreign inward reinsurance. The financial soundness indicators portrayed stability broadly remaining within regulatory and prudential thresholds.

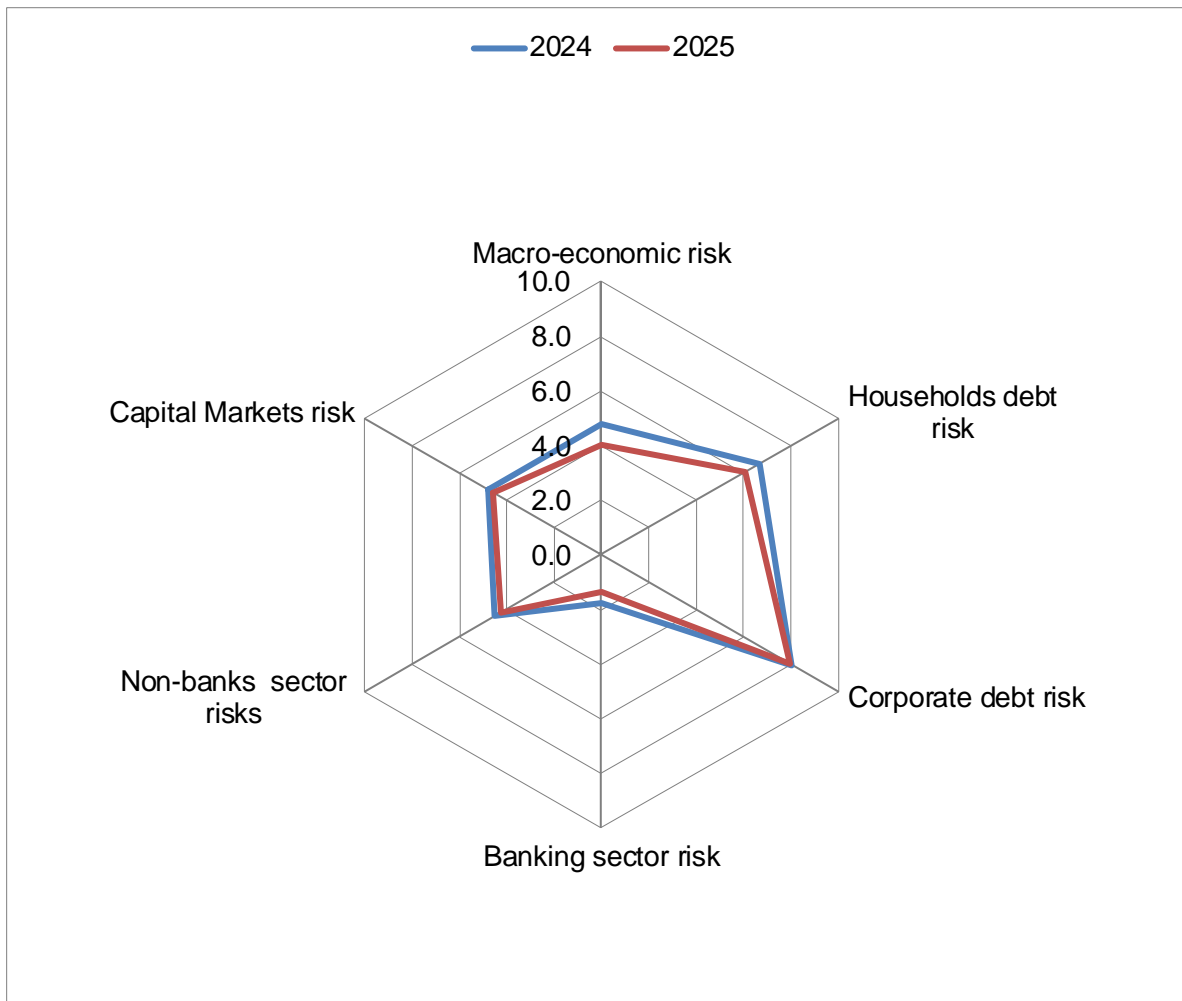
**The Social Security sub-sector remained stable, supported by a strong funding position, robust liquidity, and sustained asset growth.** Total assets increased mainly driven by member contributions and investment returns. The dependency ratio improved suggesting a strong capacity to meet its obligations without compromising long-term viability. Benefit and income ratios increased reflecting sustainability, while administrative cost efficiency remained broadly stable. The outlook remains positive, anchored by favourable demographics, prudent investment strategies, and strong regulatory oversight.

**Regulatory initiatives were intensified to target emerging risks and safeguard financial system stability.** In 2025, financial regulators advanced several initiatives to strengthen the

stability and resilience of the financial system. These efforts focused on identifying and addressing potential vulnerabilities through enhanced regulatory collaboration and improved adaptability to emerging risks. The key areas of focus include the impact of climate change, rapid technological advancements, cybersecurity threats and third-party dependencies. The aim is to address vulnerabilities within bank and non-bank financial intermediaries and cross-border payment systems.

In summary, Tanzania's financial system remained stable despite global uncertainties, supported by strong macroeconomic fundamentals, and sustained economic activity. Household financial conditions improved, while the non-financial corporate sector maintained steady performance, supported by a favourable business environment and ongoing investment. The banking sector remained sound with strong capital and liquidity buffers, and capital markets continued to deepen amid growing investor confidence. The insurance and social security sectors also contributed to overall financial stability through steady growth. Nonetheless, external risks including global economic spillovers, trade uncertainties, and supply chain disruptions remain potential sources of vulnerability. These risks are illustrated in the financial stability risk map ([Figure 1.1](#)) and the financial system stability index ([Box 1](#)).

Figure 1.1 Financial stability risk map<sup>1</sup>



Source: Bank of Tanzania

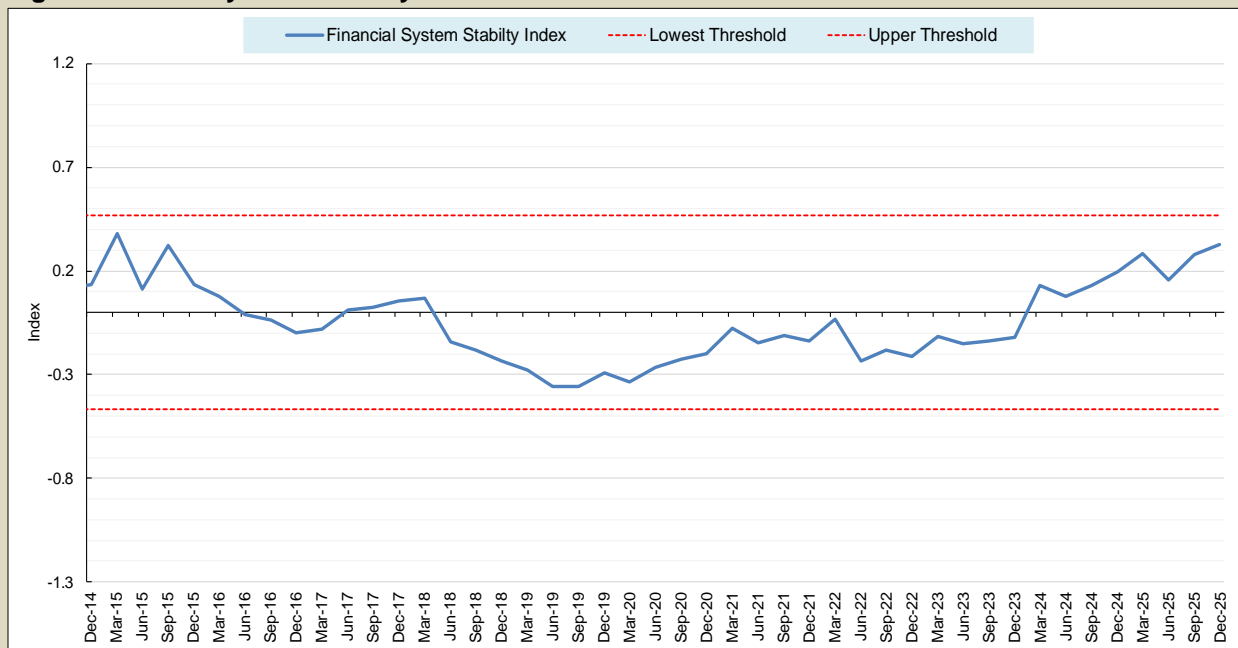
<sup>1</sup> Financial risk map (cobweb) is a graphical representation of magnitude and direction of financial stability risks. The furthest point from 0 indicates high risk and vice versa. It shows the direction of risks from one period to another.

**Box 1: Financial System Stability Index**

The Financial System Stability Index (FSSI) is an early warning indicator of financial system stability. The FSSI uses financial market data and banking sector prudential indicators to measure capital, asset quality, earnings, and liquidity. It also incorporates non-bank financial developments data from insurance and pensions. The indicators are transformed into a composite index using a standardised common scale, assuming the data are normally distributed. The index evolves within a range of three standard deviations ( $\pm 3$ )<sup>2</sup>.

The index improved to 0.3 in December 2025 from 0.2 in December 2024, and remained within the desired scales, implying that the system is resilient to short-term vulnerabilities (**Figure 1**).

**Fig 1: Financial System Stability Index**



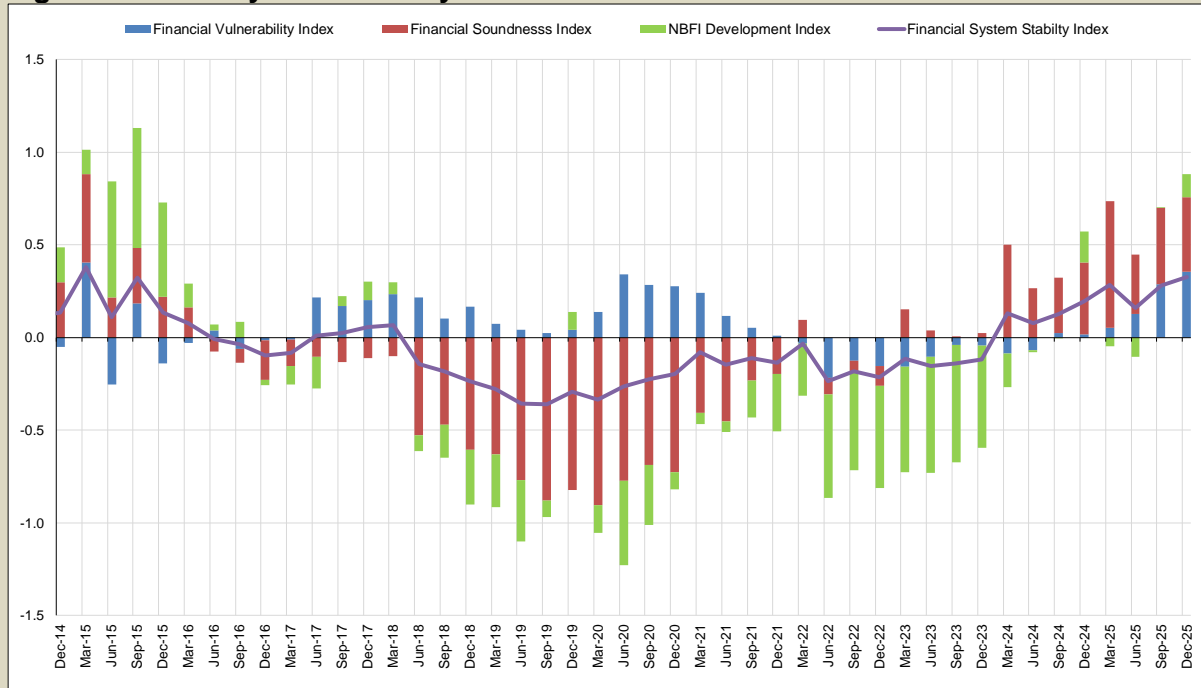
Source: Bank of Tanzania

The positive developments in the stability index across the financial sector were attributed to a notable increase in the financial vulnerability sub-index, which rose to 0.4 in December 2025 from 0.0 in the corresponding period in 2024 (**Figure 2**). This improvement was largely supported by a strengthening macroeconomic environment across the economy. Key contributing factors included stable inflation, declining global oil prices that lowered production costs and supported output, and the appreciation of the local currency against major currencies, which helped reduce import costs

<sup>2</sup> The Financial System Stability Index (FSSI) is a composite index constructed from three sub-indices: the Vulnerability Index, the Financial Soundness Index, and the Non-Bank Financial Index, which collectively capture national, regional, and global financial conditions. Each sub-index comprises multiple indicators with varying impacts on financial system stability. The FSSI is standardized to follow a normal distribution within the range of  $-3$  to  $+3$ . Positive values indicate that stability-enhancing factors outweigh destabilizing influences, while negative values suggest the opposite. An increase in the FSSI reflects improving financial stability, whereas a decline signals rising vulnerabilities.

and moderation in inflationary pressures. Further, the slight decline in lending rates contributed to the improved access to credit, which in turn stimulated borrowing, increased spending, and supported overall economic growth.

**Fig 2: Financial System Stability Index**



Source: Bank of Tanzania

The financial soundness sub-index, which captures key indicators of the banking sector, remained stable at 0.4. This consistent performance reflects sustained improvements in the sector’s underlying fundamentals and reinforces the overall resilience of the banking system. Banks recorded strong capital adequacy levels, reflecting enhanced capital buffers that can absorb potential losses and sustaining stability amid evolving risks. Asset quality continued to strengthen, supported by improved loan performance, thereby contributing to financial stability and profitability. Liquidity positions also improved, with banks maintaining adequate liquidity buffers to meet short-term obligations and withstand funding pressures. Although profitability indicators showed minimal returns on assets, banks broadly maintained positive profit margins, underscoring continued operational efficiency despite a challenging operating environment.

The non-bank financial sub-index, incorporating information from Capital Markets, Insurance, and Social Security, slightly declined to 0.1 from 0.2. In the capital markets, trading activity moderated, as reflected in a decline in the equity market turnover ratio, although overall market valuations strengthened, as evidenced by increases in the All-Share Index and the Total Market Capitalization-to-GDP ratio. The social security subsector experienced an increase in the Contribution Income-to-Benefit Payments ratio and a minimal decline in Return on Investment yet

reported relatively stronger inflows despite a contracted investment performance. In the insurance subsector, a slight decline in the General Insurance Receivables ratio indicated improved premium collection, while a decrease in the General Insurance Solvency ratio indicated a weakening of insurers' capital buffers and reduced capacity to absorb potential shocks.

Overall, the financial system demonstrated enhanced soundness and stability in 2025, underpinned by favorable macroeconomic conditions, strong capital positions, maintained profitability, and contained credit risk. Non-bank financial developments continued to show resilience, underpinned by strengthened market valuation, strong inflow of social security, and improved insurance premium collections.

Source: Bank of Tanzania

# 1. MACROECONOMIC AND FINANCIAL ENVIRONMENT

## 1.1. Global macroeconomic and financial developments

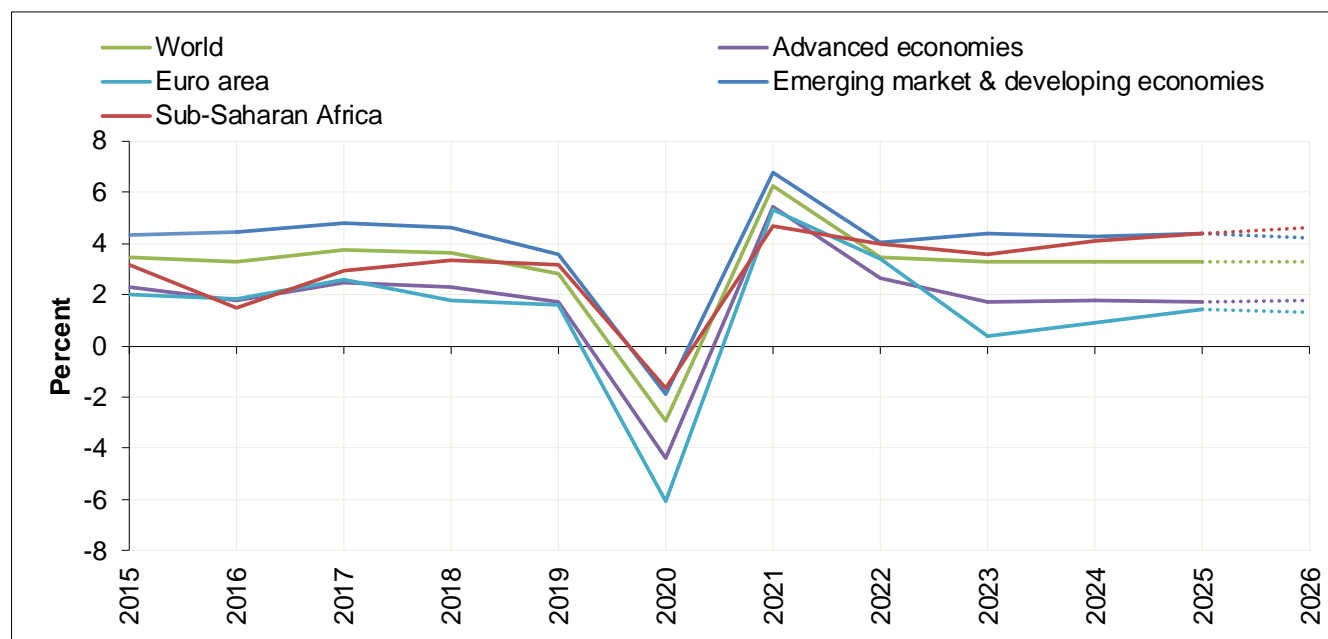
**Global economy remains resilient, with steady growth and easing inflation, but high interest rates and ongoing geopolitical tensions continue to pose risks to stability.** In 2025 the global growth is estimated 3.3 percent and projected to grow by 3.3 percent in 2026<sup>3</sup> attributed to strong private consumption and improvement of the supply chains that have offset the dampening effects of high interest rates and geopolitical tensions. The global recovery remains uneven, with advanced economies projected to grow at 1.8 percent in 2026 and emerging markets and developing economies at 4.2 percent (**Chart 1.1**). The US demonstrated unexpected resilience, driven by robust consumption and fiscal impulses, although activity is expected to cool as the lagged effects of high interest rates fully materialize. Conversely, the Euro Area faces a more protracted recovery, weighed down by the energy transition shock and sluggish industrial performance.

Whilst the global economy has shown resilience to various shocks, the growth outlook remains uncertain, characterized by divergent risks: near-term economic resilience in the US contrasts with intensifying downside vulnerabilities amid elevated policy uncertainty in other jurisdictions, thereby tilting the medium-term global macro-financial trajectory downward. The global economy is also subject to downside risks from the ongoing US-Israel war with Iran, which has led to rising energy prices and supply chain destruction. The emerging markets and developing economies, particularly those dependent on commodity exports, are increasingly exposed to downside risks from geoeconomic fragmentation, escalating trade tensions, and the US-Israel war with Iran, which may threaten export revenues and amplify their susceptibility to global market volatility.

---

<sup>3</sup> International Monetary Fund (IMF), World Economic Outlook 2025, January 2026 Update.

Chart 1.1: World GDP growth rates



Source: IMF, World Economic Outlook, January 2026

Note: Dotted lines denote projections.

**Financial conditions have improved as liquidity constraints eased, and disinflation is gradually restoring real household incomes and supporting consumption.** Global headline inflation is projected to decline to 3.8 percent in 2026 from 4.1 percent in 2025, on account of stabilizing energy prices and the unwinding of supply shocks. Central banks continue cautious monetary easing, lowering interest rates to support investment. While the persistence of core inflation in the services sector suggests interest rates will remain relatively high by historical standards, near-term risks are contained. Even then, financial vulnerabilities are heightened by stretched asset valuations and the growing interconnectivity between banks and non-bank financial institutions.

Emerging market and developing economies are expected to continue a gradual recovery, having demonstrated resilience with sustained growth, supported by robust domestic consumption and investment. This resilience was partly anchored by a temporary easing of financial conditions and improved real incomes as inflation declined, which reinforced households' purchasing power and debt-servicing ability. Capital inflows continue to rebound, supported by gradual monetary easing in the US, which has strengthened regional currencies and facilitated a gradual expansion in trade and industrial activity. However, this recovery is exposed to uncertainty stemming from trade protectionism policies and geopolitical tensions that affect the supply chain and trigger inflation in emerging market and developing economies. These financial fragilities are compounded by physical risks, as the region remains highly

susceptible to climate hazards and extreme weather events, which pose a significant threat to agricultural output and infrastructure stability ([Table 1.1](#)).

**Table 1.1: GDP growth for selected countries**

	2018	2019	2020	2021	2022	2023	2024	Percent	
								Estimates	Projections
								2025	2026
United States	3.1	2.6	-3.4	5.9	1.9	2.9	2.8	2.1	2.4
Germany	1.5	0.5	-4.6	2.6	1.8	-0.3	-0.5	0.2	1.1
Japan	0.5	1.2	-4.5	2.1	1.0	1.5	-0.2	1.1	0.7
United Kingdom	1.4	1.2	-9.4	7.6	4.3	0.3	1.1	1.4	1.3
China	6.6	6.1	2.3	8.4	3.0	5.2	5.0	5	4.5
India	6.8	6.1	-7.3	8.7	7.2	8.2	6.5	7.3	6.4
Brazil	1.1	0.9	-4.5	5.0	3.0	3.2	3.4	2.5	1.6
South Africa	0.8	0.4	-6.4	4.9	1.9	0.7	0.5	1.3	1.4

Source: Source: IMF, World Economic Outlook, January 2026

**Growth in Sub-Saharan Africa is expected to remain steady and resilient, supported by ongoing reforms despite global trade policy uncertainties and rising fragmentation.**

Growth is projected at 4.4 percent and 4.6 percent for 2025 and 2026, respectively, reflecting ongoing reforms and measures to address structural rigidities across several countries. This positive trajectory is underpinned by private consumption, accommodative monetary policy, and a weaker US dollar that is aiding disinflation and stronger growth among key trading partners.

Macro-financial conditions show improvement but remain fragile, marked by a shift in financing structures. Access to external borrowing remains constrained and costly despite a slight easing of borrowing conditions. Consequently, governments have increasingly pivoted to domestic financing, which has driven up the cost of capital, and domestic banks' growing exposure to government debt threatens to crowd out private credit. Fiscal fragility persists as a critical vulnerability; debt service burdens have risen, absorbing substantial portions of revenue and squeezing development spending, which poses vulnerabilities to foreign reserves.

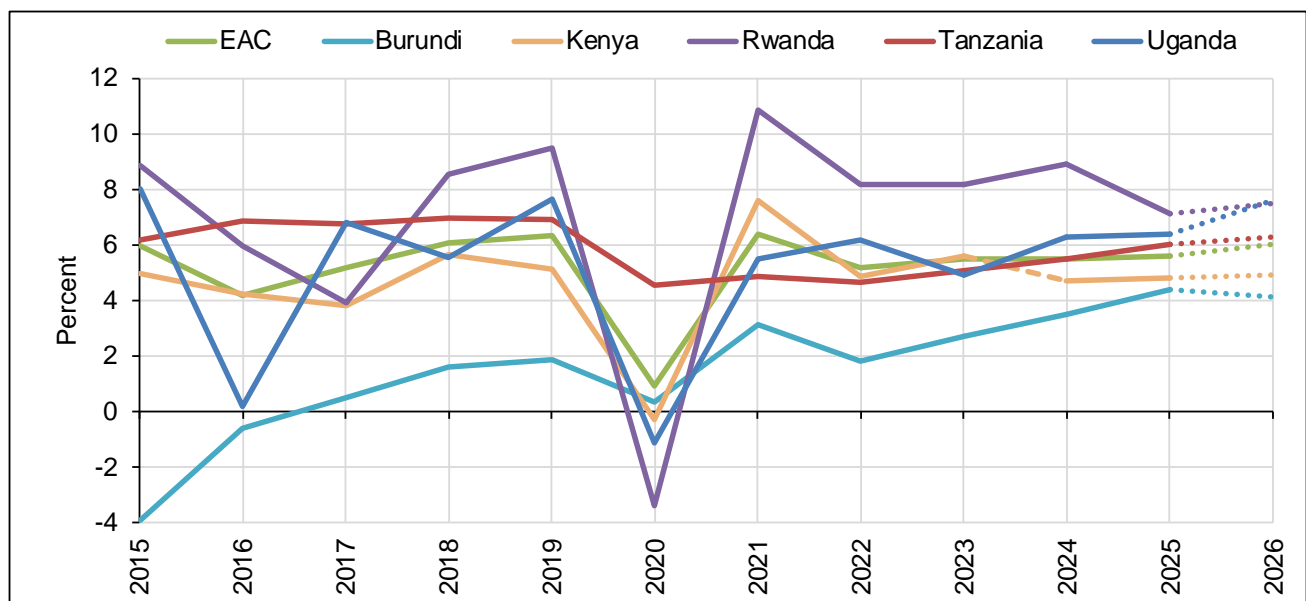
The region's outlook indicates continued growth trajectory despite growing vulnerabilities from the intensifying convergence of external and internal risks. Deterioration in the global trade and aid landscape poses risks, particularly to fragile states where potential cuts to foreign assistance could impact government revenues and essential services. Furthermore, the region is highly exposed to policy uncertainty and geopolitical fragmentation, which could

disrupt commodity markets and trade flows. These risks are compounded by structural vulnerabilities to climate hazards and extreme weather events, which threaten agricultural output and infrastructure, underscoring the need to mobilize domestic revenue and strengthen debt management.

## 1.2. Regional macro-economic and financial developments

**East Africa remains the fastest growing region in Africa supported by investment, consumptions and stable currencies.** The region is estimated to grow by 5.6 percent in 2025 and 6.0 percent in 2026 supported by public investments, households' consumption, good performance of the services sector, consistent policy implementation and political stability (**Chart 1.2**). Further, the growth is attributable to the stability of EAC local currencies against the US dollar following foreign exchange market reforms, stable inflows from exports, and remittances.

Chart 1.2: Economic growth in EAC



Source: World Economic Outlook, January 2026

The region's medium-term outlook indicates resilience but vulnerable to global and regional geopolitical tensions, climate related risks and cyber threats. These tensions pose risks to economic momentum by disrupting trade, diverting scarce resources toward military spending, and slowing capital inflows (**Box 1**). Furthermore, climate-induced hazards such as floods and droughts represent a growing threat to the stability of the financial sector. In parallel, the rapid expansion of financial technology and deeper integration into the global financial infrastructure amplify the region's exposure to cybersecurity risks.

The global economy outlook is facing a major test from the outbreak of war in the Middle East threatening global growth projections, increase inflation, and trade disruptions particularly pronounced in emerging market and developing economies like Tanzania. As the result, vulnerabilities to global financial system have potential risk to the growth of domestic economy and stability of the financial system through various channels including rising of the oil prices, disruptions of trade and tourism, and exchange rate pass through (**Box 2**).

### **Box 2: Implication of the War in Iran on Financial Stability**

On the 28<sup>th</sup> February 2026, the United States of America and Israel launched coordinated military strikes (Operation Epic Fury) on the Republic of Iran targeting nuclear facilities, political regime, IRGC infrastructure, and energy assets. The Strait of Hormuz, which handles about 20 percent of the world's crude oil and liquefied natural gas is effectively closed. Accordingly, there is a potential significant increase in global inflation because of supply chain disruptions. Tanzania faces a multi-channel external shock from the US-Iran war, mainly through imported inflation, supply chain disruptions, and exchange rate pass-through. The following are the potential impacts of the ongoing war on the Tanzania economy.

#### **Impact on oil prices**

Since the onset of the war, there has been global supply chain disruptions and rise in global crude oil prices, surging from around USD 67 per barrel in 2025, to around USD 107.8 per barrel by end of March 2026. Tanzania imports more than 60 percent of its oil from the Middle East, with UAE accounting for 50.1 percent, followed by Saudi Arabia, Kuwait, and Oman, all depending on the Strait of Hormuz for oil exportation. The elevated global oil prices are likely to increase the import bill, putting pressure on the exchange rate, costs of production and widening of the current account deficit. Notwithstanding, the Government is maintaining fuel reserves sufficient to support 3 months of domestic fuel demand.

#### **Chart 1: Average crude oil price**



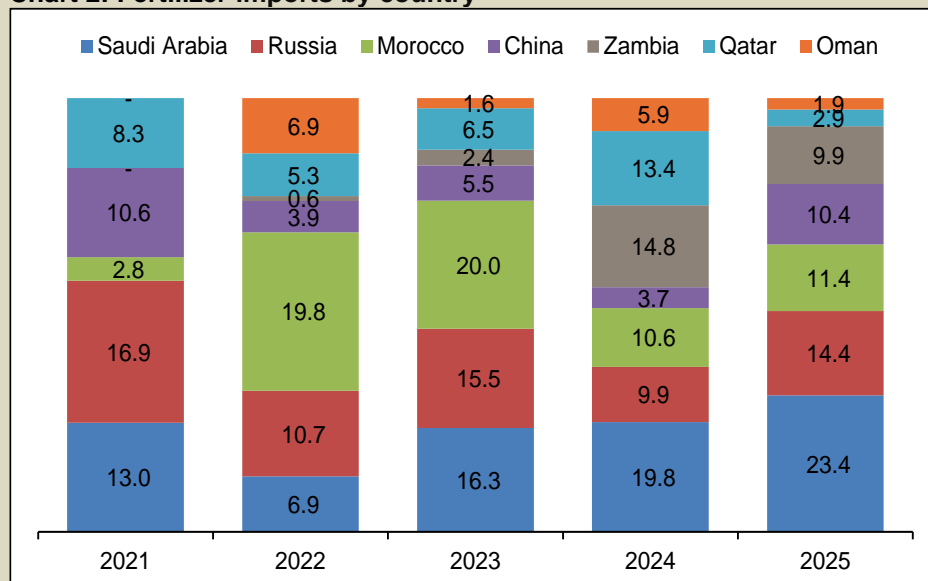
Source: World Bank Pink sheet

### Impact on exports and tourism

The ongoing war has disrupted Tanzania's maritime trade routes, affecting high-volume exports to the Middle East, including gold, manufactured goods, tobacco, and agricultural products. The war risks increasing insurance premiums and necessitating vessel rerouting, leading to higher landed costs and potentially making exports less competitive. The ongoing conflict has also disrupted air travel across the Middle East. In the first week of the war, over 30,000 flights were cancelled, and more than 1 million passengers were affected by airspace closures. Rising jet fuel costs are also pushing airfares higher, threatening Tanzania's tourism sector, which recorded 2.3 million arrivals and USD 6.9 billion in travel receipts in 2025. Consequently, a prolonged conflict threatens to widen Tanzania's trade deficit as export revenues fluctuate while key imports from the Gulf continue to rise. Tourism is a key component of Zanzibar's service sector and contributes around 40 percent to the overall GDP. In 2025, the number of international tourist arrivals increased by 24.5 percent to 917, 167 and USD 71 million in travel receipts. If the conflict persists, there will likely be cancellations of tourist reservations, affecting tourism-related activities like accommodation and food services.

### Impact on fertilizer price

The Strait of Hormuz serves as a primary corridor for nitrogen-based fertilizers; as such, escalation of the conflict has triggered a sharp spike in global fertilizer prices. Tanzania imports 23.4 percent of its fertilizer from Saudi Arabia and 4.8 percent from Qatar and Oman; the crisis thus threatens Tanzania's agricultural input stability. With restricted shipping routes and supply delays, local farmers may face a double hit from higher retail fertilizer prices and rising transport fuel surcharges, likely necessitating Government subsidies. Consequently, these disruptions pose a significant risk to domestic food inflation.

**Chart 2: Fertilizer imports by country**

Source: Bank of Tanzania

### Impact on the manufacturing

The war is expected to weigh on Tanzania's manufacturing sector through rising input costs and supply chain disruptions. Higher fuel prices increase the cost of electricity generation, machinery operation, and raw material transportation, compressing margins across food processing, textiles, and construction materials industries. Elevated freight rates and maritime insurance surcharges raise the landed cost of imported industrial inputs, while fertilizer price increases affect agro-processing manufacturers dependent on domestic agricultural supply. A depreciation of the Tanzanian shilling further amplifies these pressures by raising the local-currency cost of imported machinery and intermediate goods. Collectively, these cost pressures are expected to reduce industrial output and contribute to a deterioration in the quality of bank lending to the manufacturing sector.

### Impact on remittance

Tanzanian workers in the Gulf, particularly in the UAE, Qatar, Saudi Arabia, and Kuwait, face acute vulnerability as conflict has directly affected these countries. Disruption to their employment and income is expected to reduce remittance inflows, thereby weakening consumption and raising the risk of arrears for dependent households. The near-term income disruption to Gulf-based workers is likely to persist for as long as the conflict continues.

### Impact on the insurance sector

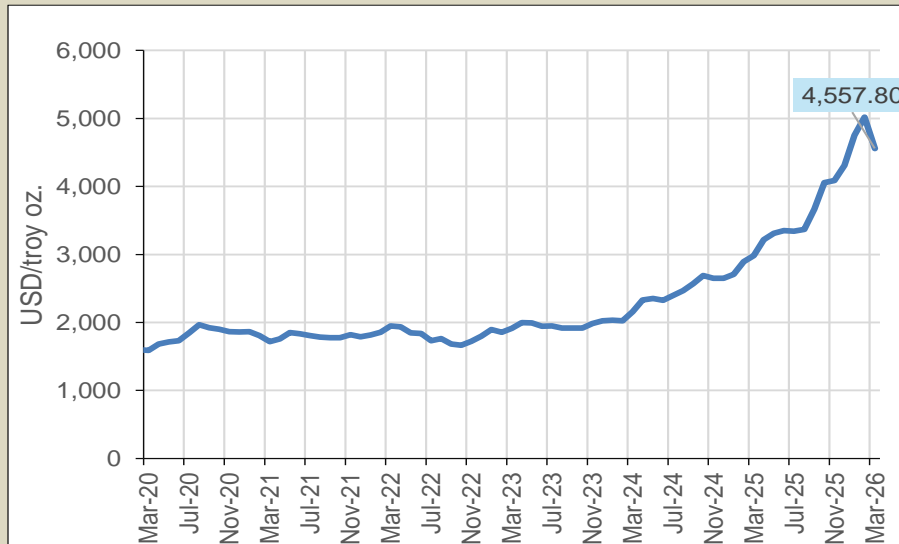
The escalating conflict will also have implications for the insurance sector. War-risk premiums on maritime cargo and hull insurance have risen sharply following the closure of the Strait of Hormuz, increasing the cost of insuring goods in transit for Tanzanian importers and exporters. For Tanzanian insurers with reinsurance arrangements linked to international markets, the global repricing of war

and political risk coverage may tighten reinsurance capacity and raise retrocession costs, potentially affecting the sector's ability to underwrite large commercial risks. Additionally, insurers with exposure to the aviation and tourism sectors face rising claims risk as flight cancellations and travel disruptions continue to mount.

### Impact on foreign exchange

Higher petroleum import payments and reduced export receipts will likely increase foreign currency demand pressures. Global risk-off sentiment is strengthening the US dollar, placing downward pressure on the Tanzania shilling and raising the local-currency burden of external debt service. Partial relief comes from gold, one of Tanzania's largest exports, whose safe-haven price surge could provide a meaningful but incomplete natural hedge. Furthermore, adequate foreign reserves and reduced foreign-currency demand in the economy, due to legal reforms, reinforce exchange rate stability.

**Chart 3: Gold Price**



Source: World Bank Pink sheet

### Impact on government revenue

The war is expected to exert downward pressure on government revenue through multiple channels. A slowdown in tourism arrivals and trade activity will reduce tax collections from the hospitality, transport, and trade sectors, while lower corporate profitability in fuel-dependent industries may suppress income tax and VAT receipts. At the same time, the Government faces potential expenditure pressures from fuel subsidy interventions and from increased costs of imported goods for public infrastructure projects. The combined effect of declining revenues and rising expenditure demands risks widening the fiscal deficit, potentially constraining the Government's budget for the remainder of 2025/26. The conflict is also expected to affect Zanzibar's revenues emanating from import duties, as shipping routes will be affected. The reduced tourism revenues will also reduce hotel and tour operation levies, Government revenues related to the tourism tax base.

### Impact on inflation

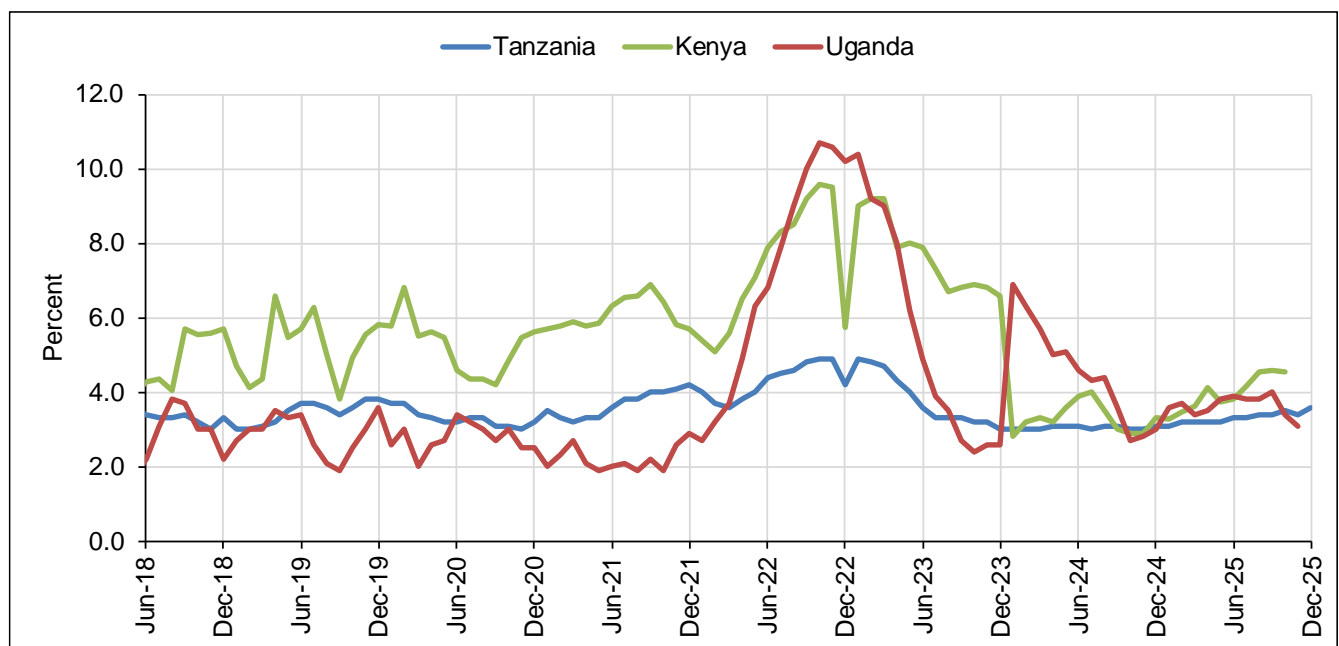
Fuel cost increases are passed through to food production, domestic transport, and the retail supply chain, while maritime freight insurance surcharges and rising fertilizer prices further elevate production costs across the economy. A sustained oil shock risks exerting significant inflationary pressures on the economy, a situation that may necessitate the Bank tightening its monetary policy to anchor inflation expectations. However, this will suppress credit growth and slow the economy's projected growth. Zanzibar is heavily reliant on imported food items and petroleum. Delays in shipments due to the conflict are expected to put pressure on domestic prices and affect household financial positions. Notably, Zanzibar's food basket accounts for 9 percent of the CPI basket, with some of the food items coming from Gulf countries.

### Implication to financial stability

The escalating conflict presents financial stability risks for Tanzania, primarily through heightened imported inflation and increased pressure on foreign exchange reserves. As the cost of essential imports such as refined petroleum and fertilizer surges, the widening current account deficit may accelerate depreciation of the Tanzanian Shilling, potentially straining the banking sector's capital buffers. Furthermore, a prolonged disruption to maritime trade could dampen export revenues and corporate profitability, leading to an increase in non-performing loans (NPLs) in sectors heavily exposed to international logistics and agriculture. Consequently, these macro-financial shocks may require the Bank of Tanzania to tighten monetary policy and enhance prudential oversight to mitigate systemic risks and maintain domestic price stability. The severity of these risks will depend critically on the duration of the conflict and the resumption of normal activities.

In the EAC, inflation rates have largely converged within the target bands, facilitating exchange rate stability and fostering a conducive environment for intra-regional trade (**Chart 1.3**). Inflation is expected to remain within desired ranges on account of robust policy transmission that has allowed creation of space for policy rate cuts or pauses. The region's outlook is further supported by an improving external environment, where the weakening US dollar and easing global financial conditions are strengthening regional currencies and mitigating imported inflation risks, thereby contributing to broader financial stability.

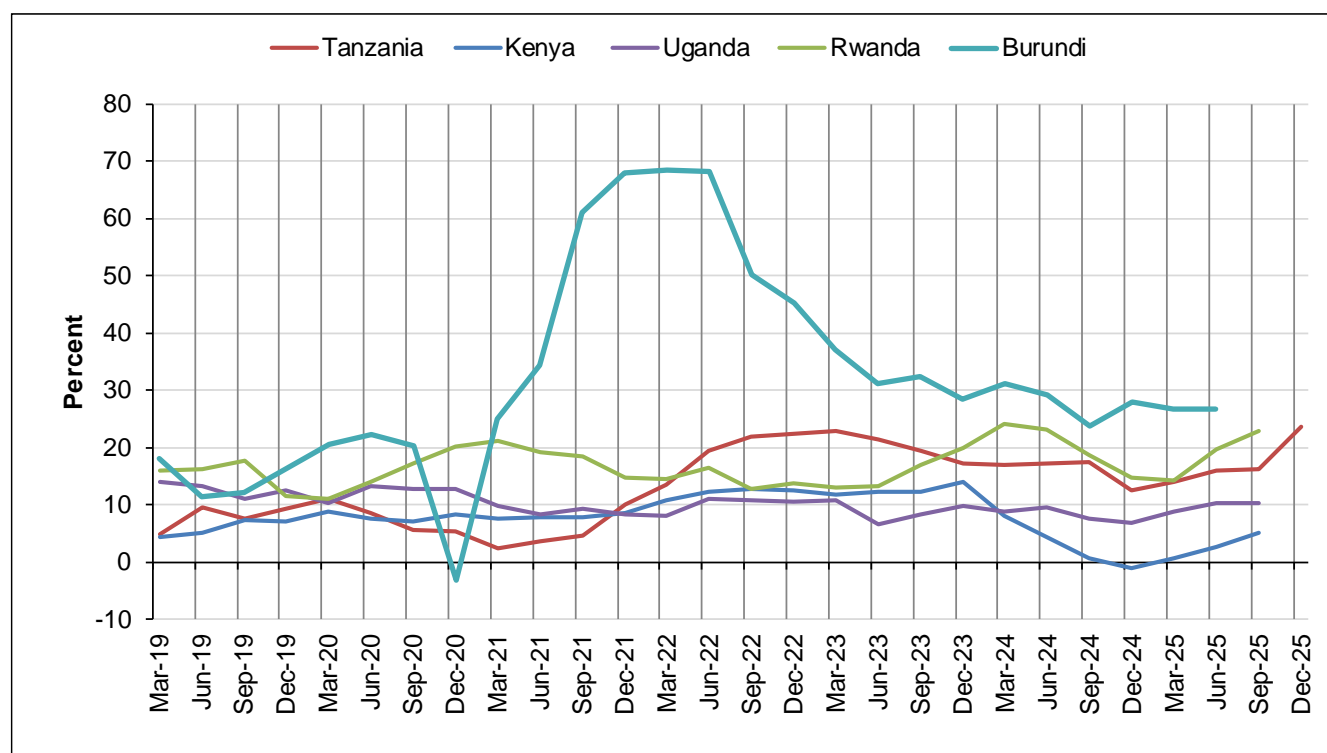
Chart 1.3 EAC selected countries' headline inflation



Source: EAC Central Banks

**The cost of credit in the region declined slightly, supporting continued robust lending to the private sector.** The decrease in lending rates indicates that the effect of monetary policy easing is continuing to transmit to the banking sector. This decrease in lending rate may incentivise borrowing, supporting economic activity. Additionally, the financial institutions have increasingly practised cautious lending strategies, driven by a deepening sovereign-bank nexus as banks prefer high-yielding government securities over riskier private sector lending to shield their balance sheets from economic uncertainties ([Chart 1.4](#)). Going forward, the region is projected to sustain credit growth, anchored by strategic financing for infrastructure and priority sectors such as renewable energy, manufacturing and investment in infrastructure.

Chart 1.4 Selected EAC growth of credit to private sector



Source: EAC Central Banks

**The regional banking sector maintained a sound capital position, with most of the capital adequacy ratios consistently exceeding the regulatory minimum thresholds.** The resilience of capital buffers was supported by improved profitability, relatively stable macroeconomic conditions, and a moderation in provisioning for non-performing loans. In contrast, the banking sector in South Sudan recorded capital adequacy ratios below the EAC regional average, indicating a higher concentration of risk-weighted exposures in its asset portfolios ([Appendix 2](#)).

**Credit risk, as reflected by the non-performing loans ratio, remained relatively low across most Partner States, generally staying below 5.0 percent.** In partner states where the NPL ratio has shown an upward trend, the increase has been largely driven by delayed payments and challenging business conditions. Nonetheless, banks have continued to strengthen provisioning and enhance loan management practices at origination, supporting earlier identification and mitigation of potential risks.

**Liquidity conditions remain sound across most Partner States, with liquidity ratios staying well above the regulatory thresholds.** Strong liquidity conditions in most Partner States are due to an improving macroeconomic environment, sustained deposit mobilization,

and the expansion of digital banking platforms, which have enhanced access to financial services.

### 1.3. Domestic macroeconomic and financial environment

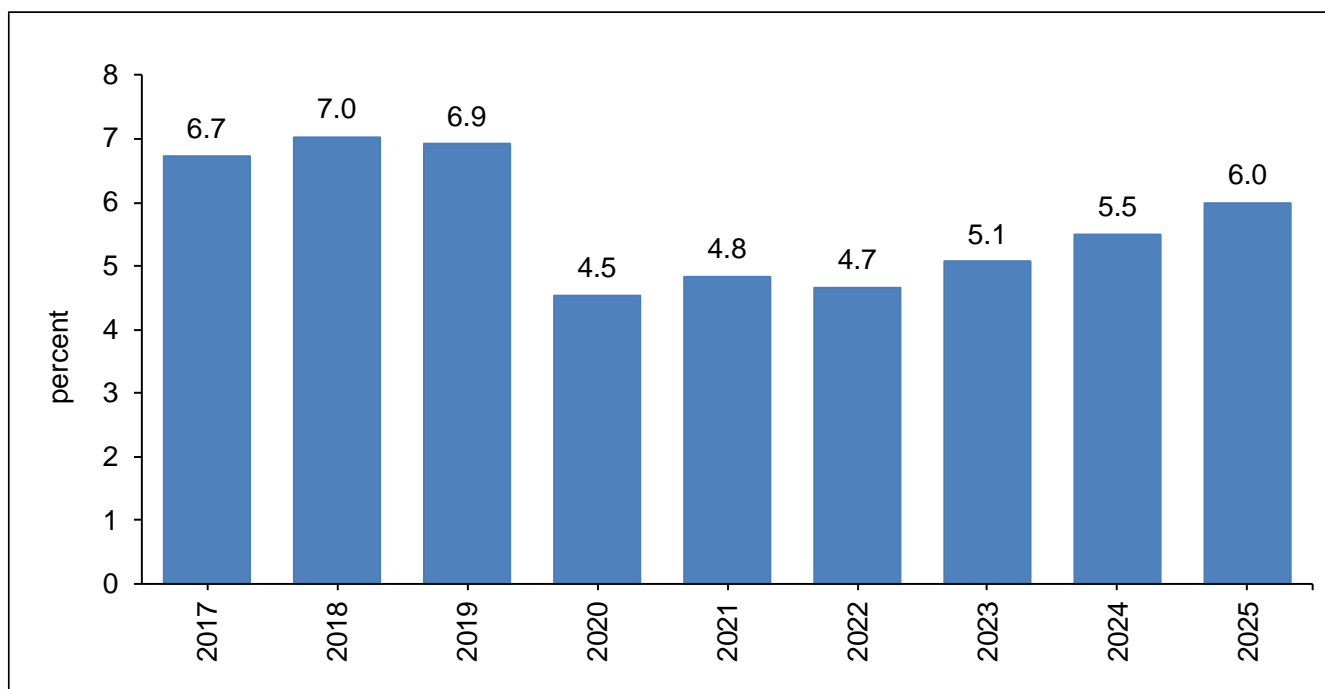
#### Mainland Tanzania

**The domestic economic activity remained stable on account of improved macroeconomic environment and financial sector resilience to potential vulnerabilities.**

The domestic economy is estimated to grow by 5.9 percent in 2025 driven by strong public infrastructure investment, robust tourism and manufacturing performance, AFCON-related construction, rising foreign and domestic investment and solid exports (**Chart 1.5**).

**Domestic financial conditions continue to strengthen, as systemic risks to financial stability remained low.** Tanzania's financial sector remained stable and resilient, characterized by strong capital and liquidity buffers, improved asset quality, and higher profitability. This was contributed to by favorable macroeconomic conditions and measures to safeguard financial stability. Improved domestic market conditions, prudential actions by the Bank to mitigate systemic risks, strengthening the business environment, and stable macroeconomic fundamentals have contributed to a decline in risks previously associated with credit quality, the FATF grey list, and climate change. As these domestic risks have receded, the risk landscape has shifted toward external factors, including heightened global economic policy uncertainty, trade tensions, and cyber risks. In response, the Bank has strengthened supervisory oversight, with particular focus on climate-related risks and systemic vulnerabilities, while continuing to engage in regional harmonization efforts to bolster resilience against cross-border shocks. Further, the Bank, in collaboration with the Financial Sector Regulators, remains committed to deploying appropriate monetary and macroprudential measures to mitigate these emerging risks and preserve financial system stability as discussed under section 5.0.

Chart 1.5: Annual GDP growth rate

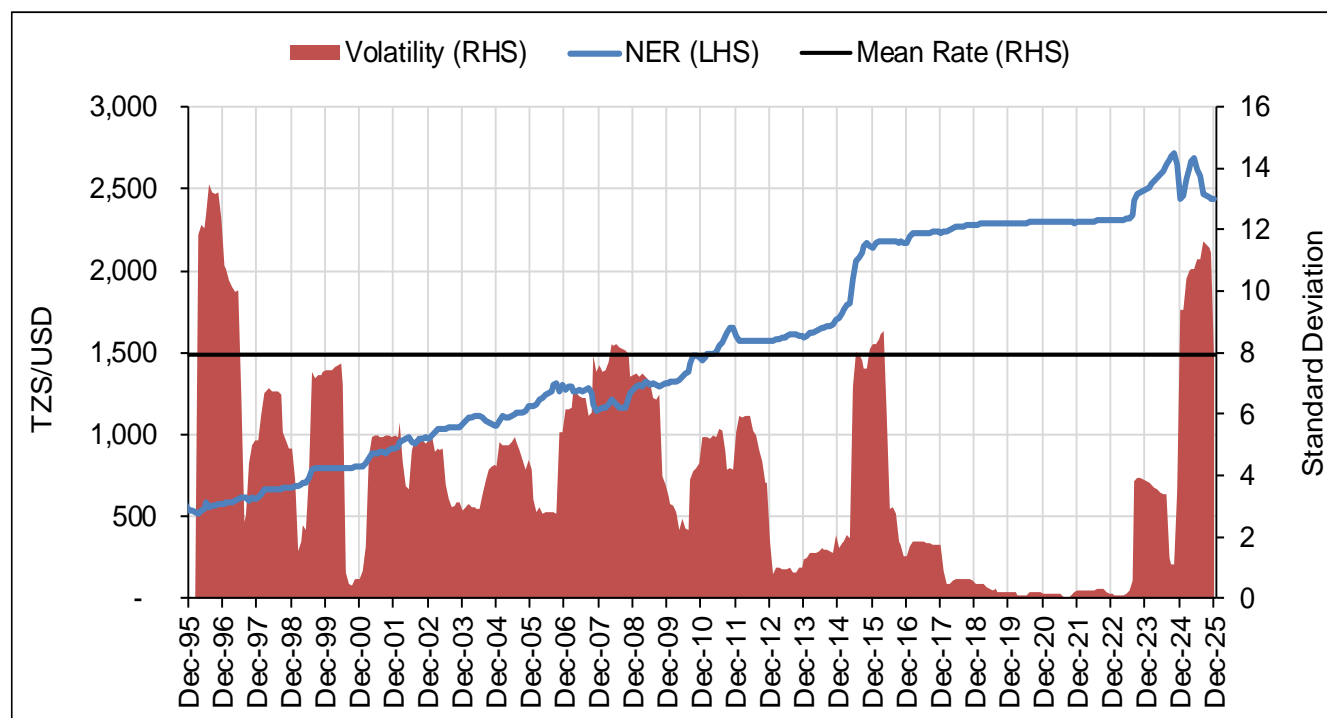


Source: National Bureau of Statistics and Bank of Tanzania

#### 1.4. Domestic Foreign Exchange Market and Reserves

**Foreign exchange market conditions remained stable, supported by strong external sector performance and moderated domestic demand.** During 2025, the exchange rate of TZS against the USD remained stable, with the overall trend suggesting that the exchange rate adjustment and volatility have been largely orderly rather than abrupt, indicating that market pressures have been absorbed without triggering persistent instability in the foreign exchange market (**Chart 1.6**). Currency stability was partly attributable to administrative measures aimed at promoting the use of the Tanzanian shilling in domestic transactions and improving foreign exchange liquidity.

Chart 1.6: Exchange rate movement

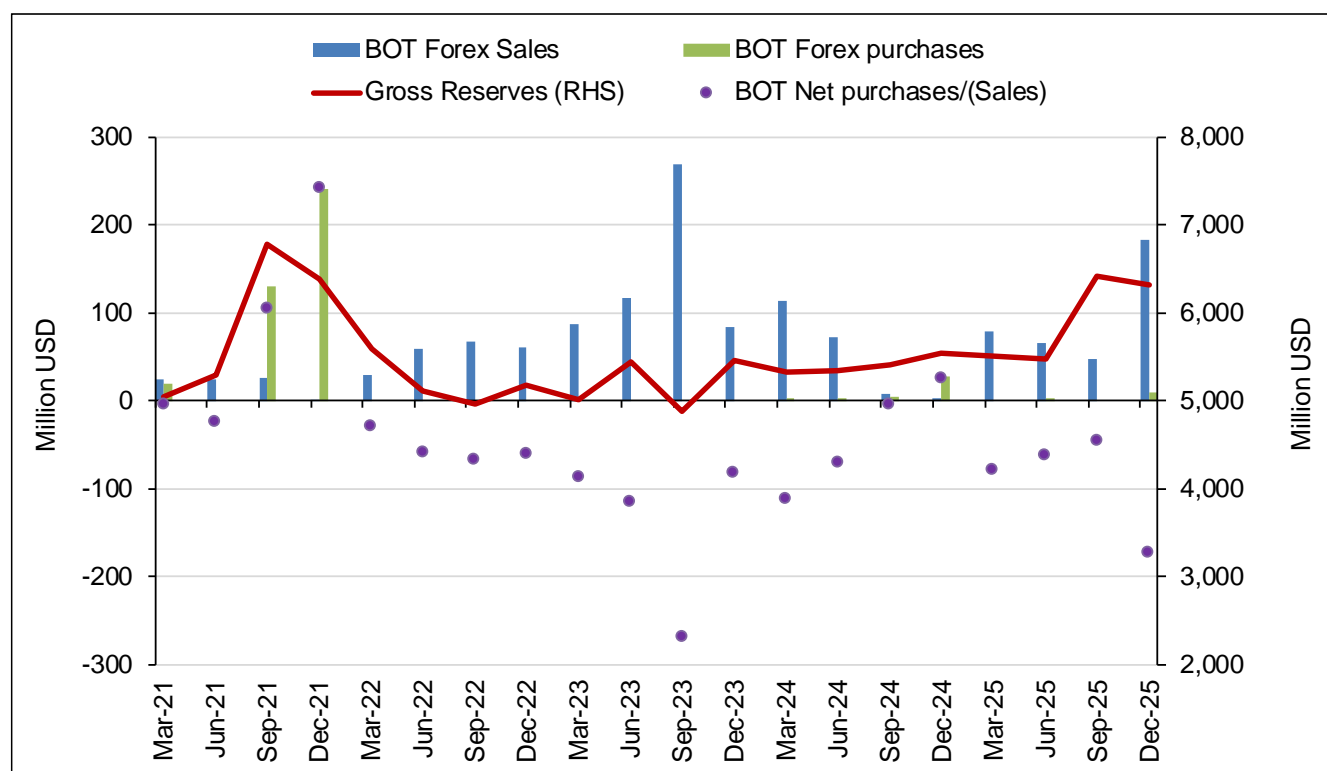


Source: Bank of Tanzania

Consistent with the stable foreign exchange market conditions highlighted above, the Bank remained a net seller of foreign exchange in 2025, while successfully maintaining an adequate level of reserves capable of supporting imports bill up to 5.2 months. By December 2025, reserves stood at USD 6,312 million, providing a strong buffer against external shocks and supporting confidence in the economy. Throughout the year, the Bank conducted timely interventions to ensure orderly market conditions, injecting USD 372.8 million and absorbing USD 12.5 million, resulting in a net injection of USD 360.3 million to the economy, compared to USD 160.7 million recorded in the corresponding period of 2024 ([Chart 1.7](#)). These actions helped alleviate liquidity pressures in the foreign exchange market and supported the implementation of monetary policy.

Nonetheless, global financial volatility and exchange rate pressures remain potential threats, as highlighted in the IMF Global Financial Stability Report (2025), that stretched asset valuations, rising macro financial uncertainty, and heightened foreign exchange market sensitivity could intensify currency volatility. All these underscores the need for prudent reserve management through external debt management and reinforcing policies which support diversified export growth and stable long term foreign direct investments inflows.

Chart 1.7: Foreign reserves



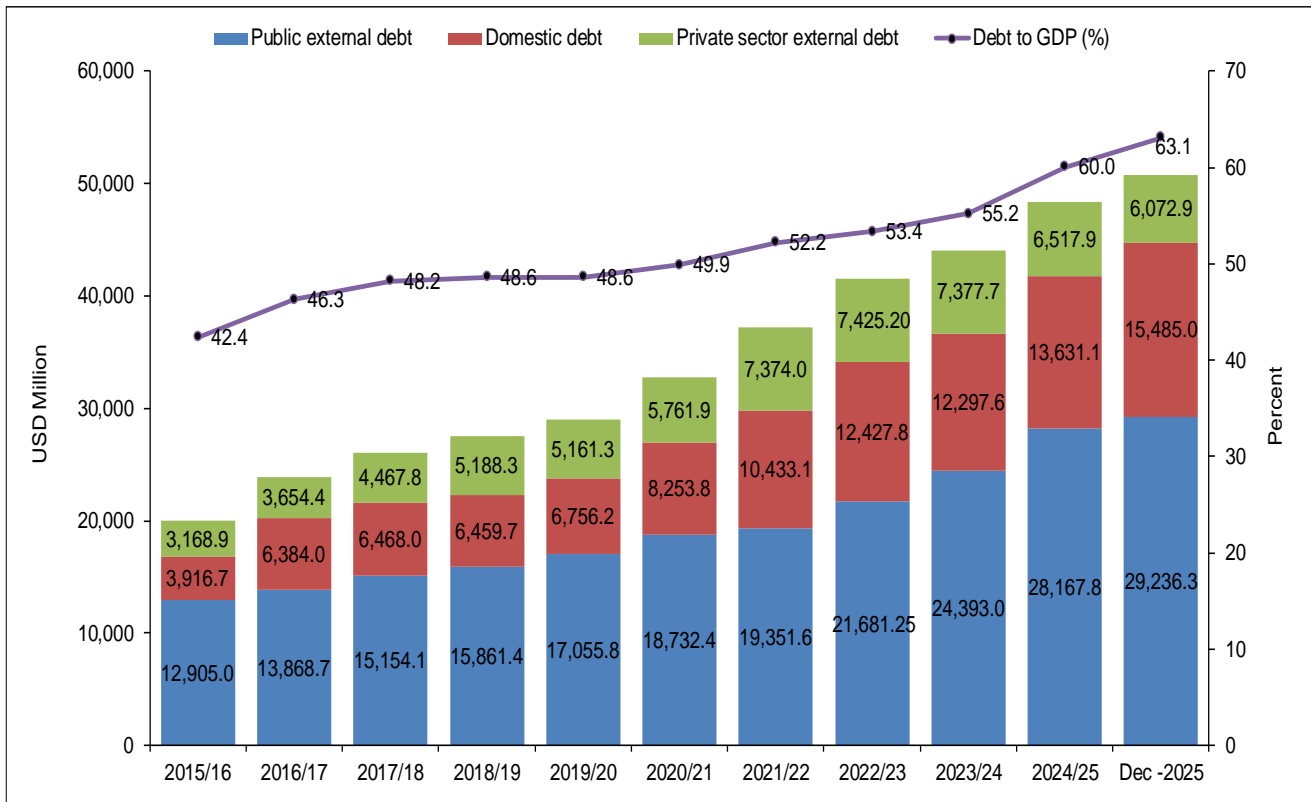
Source: Bank of Tanzania

Note: Positive implies net purchases; and negative, net sales

## 1.5. Sovereign debt analysis

**Tanzania's public debt remains sustainable in the medium to long term, with manageable risks and a trajectory aligned with national development priorities.** As of December 2025, the national debt stock rose by 9.1 percent to USD 50,794.2 million, compared to December 2024 ([Chart 1.8](#)). The 2025 Debt Sustainability Analysis indicate that Tanzania continues to demonstrate strong economic fundamentals, despite evolving global economic conditions, including tightening financial markets, shifting commodity prices, and the lingering effects of recent external shocks. The resilience was anchored by sustained growth momentum, ongoing structural reforms, and deliberate efforts to enhance domestic revenue mobilization. Nevertheless, sustained prudent fiscal management and proactive risk mitigation strategies are essential.

**Chart 1.8: Evolution of national debt**



Source: Ministry of Finance and Bank of Tanzania

Moody’s major review in 2025 maintained Tanzania's long-term issuer ratings at B1 with a continued stable outlook (**Box 3**).

**Box 3: Credit rating and Tanzania economic resilience**

In January 2026 credit review, Tanzania continue to receive a vote of confidence from global ratings agency Moody’s Ratings, which has affirmed the country’s long-term foreign and local currency sovereign rating at B1 and maintained a stable outlook, signalling resilience, steady reform progress and sustained economic momentum. According to the rating agency, the country continues to demonstrate strong growth prospects, improving policy effectiveness, strengthening revenue mobilization and foreign-exchange market functioning, while public debt remains moderate relative to peers.

The sustained rating reflects consistent government policy and ongoing initiatives to enhance economic stability and growth. The trend also suggests that Tanzania is capable of meeting its financial obligations. The rating also reflects the country's relative economic diversification, which helps mitigate its high exposure to climate-related and commodity price shocks.

Tanzania’s economy is projected to grow by about 6.0 percent driven by rising investment in manufacturing, mining, tourism and transport services. This level of growth places Tanzania

among the stronger performing economies in Sub-Saharan Africa and reinforces its ambition to transition towards a more private sector led growth model.

Moody's maintained a Stable outlook for Tanzania's Banking Sector at B1, supported by strong GDP growth, solid capitalization and profitability, adoption of Basel II/III standards, which improved regulatory transparency, while high interest margins and conservative earnings retention provide buffers against loan-loss provisioning. These factors keep the sector resilient despite ongoing domestic and external shocks.

#### Overview of Key Drivers in Banking Sector Rating

Rating Action Summary	Key Points
<b>Operating environment</b>	Economic growth acceleration will be driven by increased private-sector investment, alongside the implementation of large-scale infrastructure projects.
<b>Asset risk</b>	Loan portfolio quality will remain sound, supported by robust economic growth, contained inflation, and the modest decline in interest rates during 2025. Rapid credit growth, along with its sizeable exposure to the small business segment and to unsecured personal lending, poses risks to loan quality.
<b>Capital</b>	Capital will remain high, supported by healthy profitability and conservative earnings retention, which offset the negative effect of rapid credit growth.
<b>Profitability and efficiency</b>	Net interest income will increase, driven by accelerating lending and high-yielding loans to households and small businesses. Loan-loss provisioning costs will remain broadly stable, consistent with steady loan quality.
<b>Funding and liquidity</b>	Foreign currency shortages faced by importers have eased, but they still pose a risk to the liquidity of the banking system through trade finance activities. Local currency liquidity to remain broadly adequate.
<b>Government support</b>	The government's willingness to support large banks in case of need is expected to remain strong. High likelihood of government support if needed reflects the authorities' established track record of assisting systemically important banks.

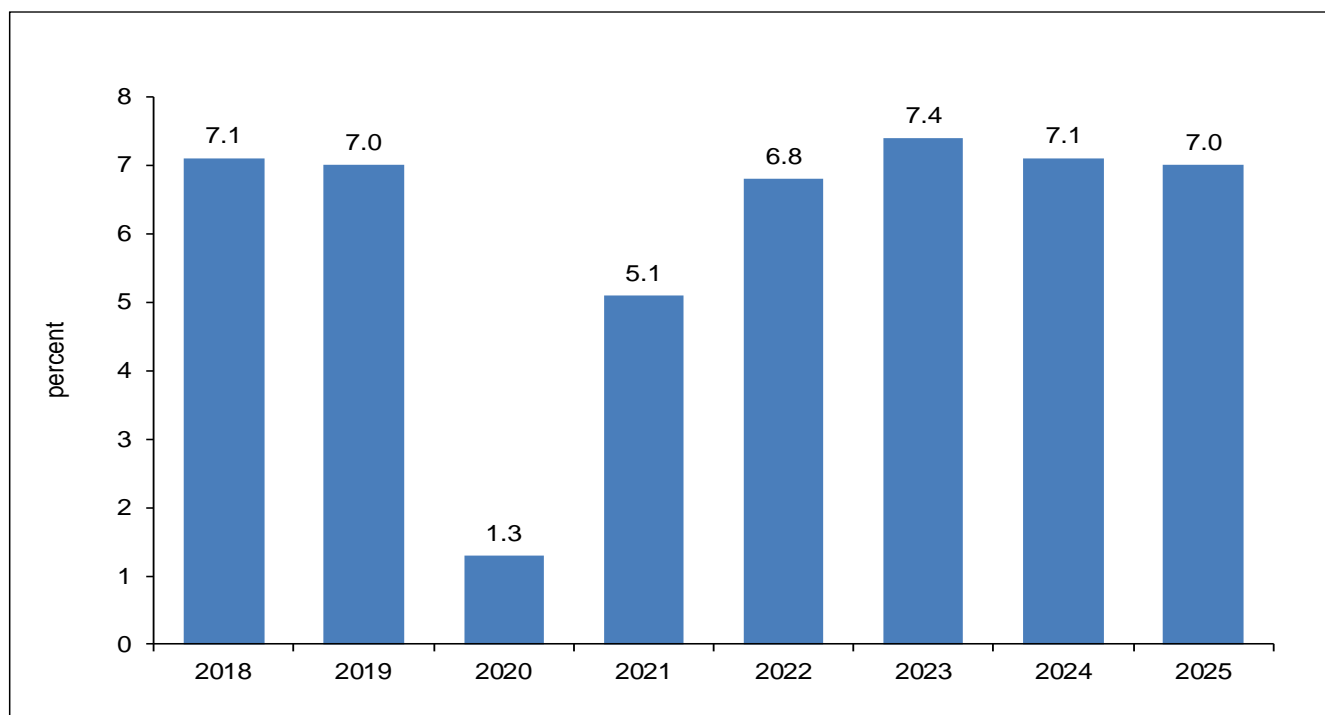
Going forward, Tanzania expects a higher rating, benefiting from continued economic growth projected to increase to 6.3 percent in 2026, resource endowment, ongoing infrastructure upgrades and political stability. Further, improved domestic revenue is expected to reduce reliance on external borrowing and concessional financing, thus ensuring the sustainability of the national debt.

## 1.6. Economic development in Zanzibar

**Zanzibar's economy continued to demonstrate resilient and steady performance in 2025 reflecting the Government's commitment in achieving its intended goals.** The real GDP growth was 7.0 percent in 2025 compared with 7.1 percent in 2024 (**Chart 1.9**). The performance was largely driven by accommodation and food services, wholesale and retail trade, manufacturing, construction and real estate investment, as well as ongoing implementation of major projects in the Isles particularly in airports and ports, as well as by increased investment in the industrial sector, thereby bolster the economy.

In the tourism sector, international tourist arrivals rose by 24.5 percent, to 917,167 recorded in 2025. This performance was due to enhanced Government and private sector initiatives to promote tourism activities. Zanzibar's economy is anticipated to show resilience even amid global geopolitical tensions. The positive outlook is underpinned by improved fiscal policy management, enhanced port infrastructure facilities, increased in real estate investment and forthcoming 2027-AFCON city supported projects.

**Chart 1.9: Zanzibar GDP growth rates**



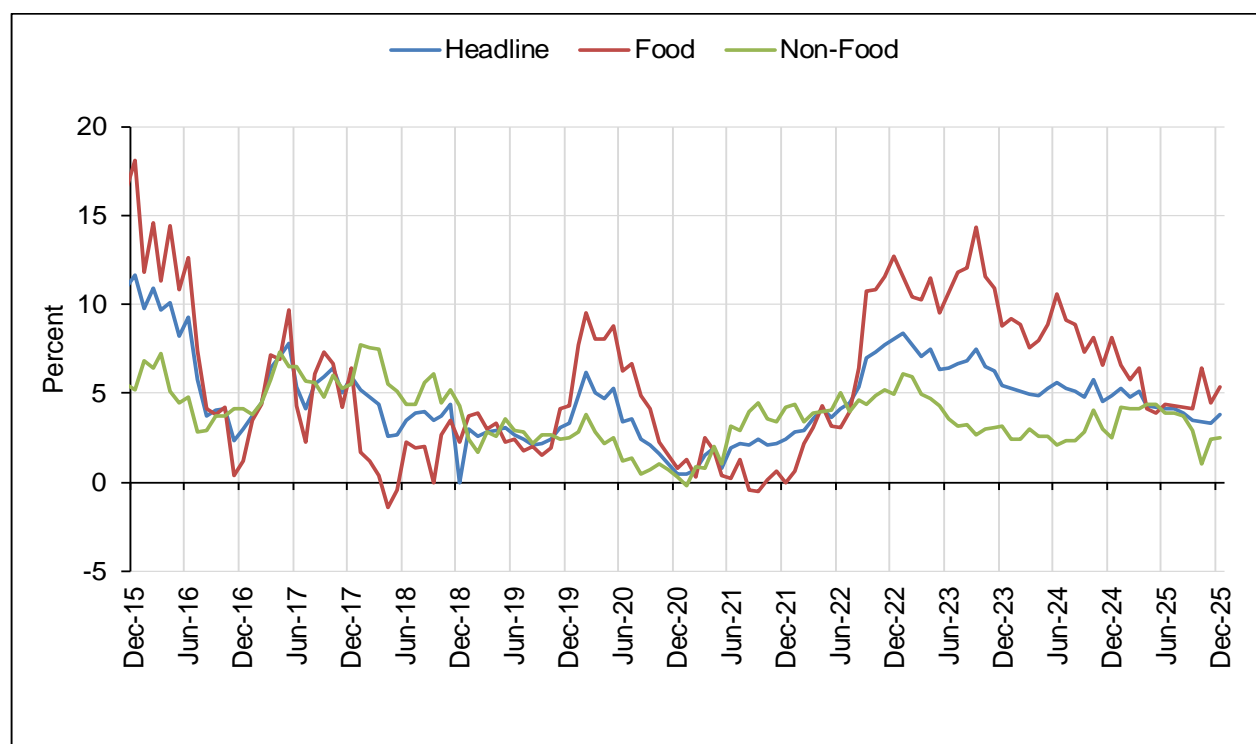
Source: Office of Chief Government Statistician (OCGS)

**Zanzibar's headline inflation remains stable and consistent with the country's targets.** Headline inflation rate eased to 4.1 percent in December 2025, down from 4.9 percent recorded in the similar period in 2024 (**Chart 1.10**). This moderation was mainly driven by food inflation,

which declined to 5.4 percent from 8.1 percent recorded in December 2024, as food prices trended downward owing to adequate food supply in the domestic market. Inflation is projected to remain stable with the country benchmark in the year 2026.

Additionally, to ensure low and stable food prices, the Revolutionary Government of Zanzibar adopted various policy measures, such as enhancing local agricultural production, offering tax incentives for essential imported food items, and providing subsidies on key non-food products such as oil and gas to further lessen the cost of living and ensure market stability.

**Chart 1.1011: Zanzibar inflation developments**



Source: Office of Chief Government Statistician (OCGS)

## 2. FINANCIAL SYSTEM DEVELOPMENTS

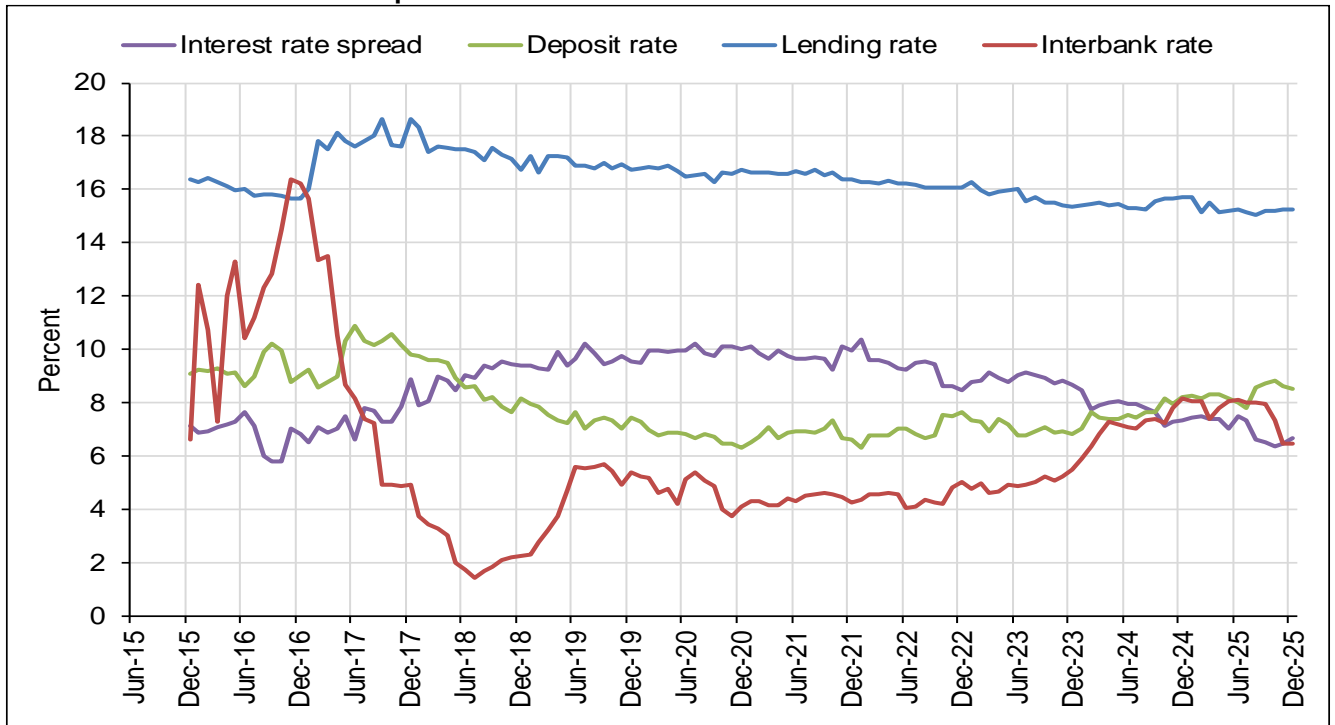
### 2.1. Credit and interest rate developments

**Private sector credit developments remained supportive of financial stability.** Credit to the private sector continued to expand, with annual growth strengthening to 23.5 percent, up from 12.4 percent in December 2024, consistent with improved liquidity conditions within the banking system and sustained macroeconomic stability, particularly economic growth, inflation and exchange rate.

Notwithstanding the increase in credit, the structure remains concentrated in personal loans, largely extended to micro, small, and medium sized enterprises (SMEs), which may elevate repayment capacity and portfolio quality risks, given the segment's high exposure to fluctuations of incomes and business performance. To mitigate these risks, the Bank continues to manage credit and liquidity risks and encourage credit diversification across key sectors. Furthermore, the Government continued to support resilience in the SMEs through improving business conditions and sectoral policies aimed at reducing default risks and sustaining credit intermediation.

**Interest rate spread narrowed further, consistent with improving market conditions.** The spread between lending and deposit rates declined from 7.4 percent to 6.9 percent in December 2025, mainly driven by increase in liquidity in the banking system ([Chart 2.1](#)). Lending rates remained broadly stable, showing mild softening in line with improving credit environment. Similarly deposit rates remained broadly stable, reflecting increased competition for deposits and stronger savings mobilization.

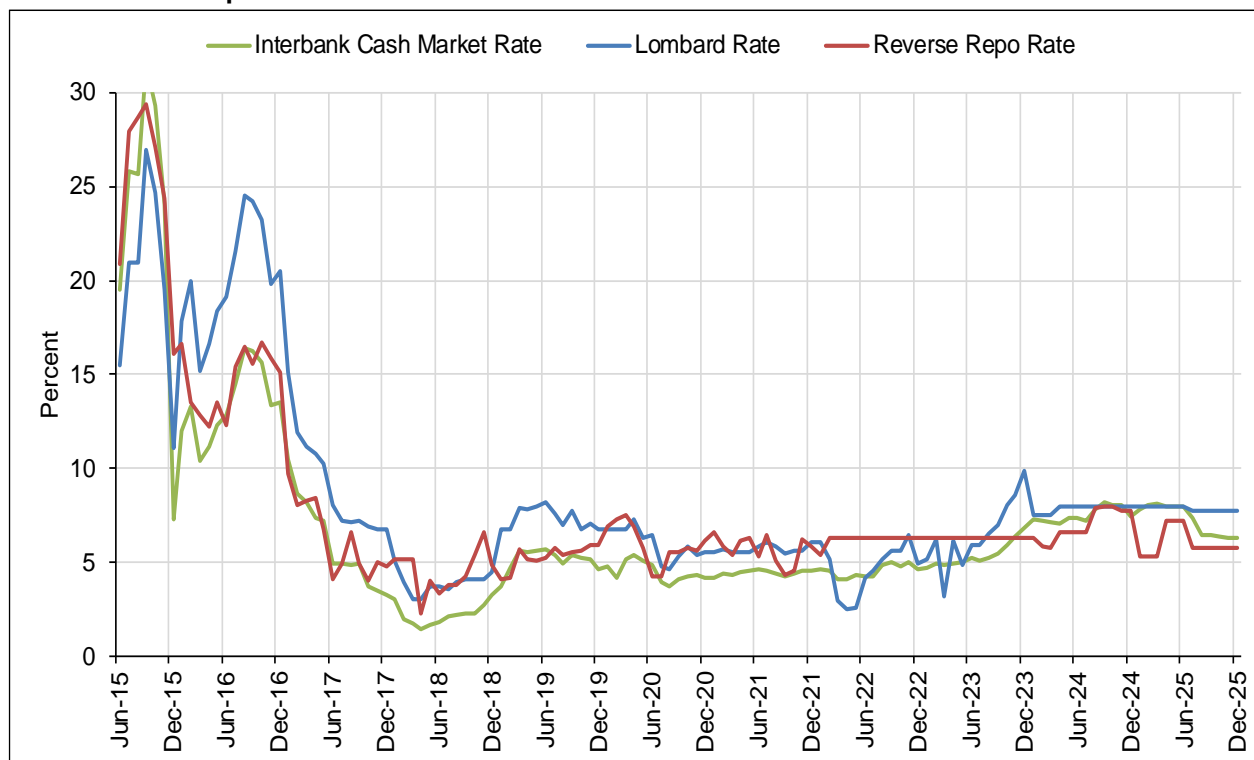
Chart 2.1: Interest rates developments



Source: Bank of Tanzania

**Interbank market conditions stabilized with adequate liquidity to support economic activities.** The implementation of monetary policy was satisfactory throughout 2025, as the 7-day interbank rate remained within the  $\pm 2$  percent of the CBR. To ensure the 7-day interbank rate remains within the CBR band, the Bank employed monetary policy instruments to inject liquidity in the second half of 2025, particularly reverse repo operations. The Bank is further strengthening its liquidity assurance toolkit through the introduction of the Emergency Liquidity Assistance (ELA) Framework, which aims at preventing systemic failures for banks that are solvent but suffering temporary liquidity challenges ([Chart 2.2](#)). The ELA facility is explained in detail in [Box 4](#) of this report.

**Chart 2.2: Development of interest rate in wholesale market**



Source: Bank of Tanzania

**Box 4: Overview of the Bank of Tanzania Emergency Liquidity Assistance to banks**

In the normal course of business, the Bank of Tanzania (BOT) provides liquidity to banks experiencing liquidity shortages through its standing facilities. The accommodation facility is available to all registered banks through repurchase transactions, and liquidity is provided only on the condition that the relevant bank provides the BOT with eligible collateral.

The Bank enhanced its crisis management capabilities by introducing the Emergency Liquidity Assistance (ELA) Framework in September 2025, which provides clear guidance on the provision of emergency funding for banks experiencing temporary liquidity stress.

Under sections 40 and 41 of the Bank of Tanzania Act, the Bank retains discretionary authority to provide emergency funding, ensuring swift intervention capabilities during periods of stress to maintain the stability and soundness of the financial system as highlighted under section 5 of the Banking and Financial Institutions Act, Cap 342.

**Provision of ELA to Banks and financial Institutions**

The ELA Framework provides general guidance on the Bank's approach for idiosyncratic requests for ELA and provides for, among others, the criteria, terms and conditions, pricing and collateral requirements that should be in place to enable the efficient provision of ELA, when needed.

The Bank's operationalization of this facility aims at addressing the vulnerabilities in the financial sector through enhancement of public confidence in the banking sector by mitigating risks that temporary liquidity issues could escalate into broader financial instability, and preventing contagion effects that could disrupt systemically important institutions, provided the growing level of interconnections in the banking sector through interbank activities.

### **Terms and conditions**

Banks seeking ELA must demonstrate that market-based funding sources have been exhausted and that internal liquidity contingency measures have failed to restore stability. Applications are subject to confirmation of solvency, submission of detailed liquidity diagnostics, and a time bound funding and utilization plan. These requirements strengthen bank accountability in liquidity management, ensure funds are used for legitimate liquidity needs only, prevents moral hazard, and mitigate systemic contagion impact.

### **Eligibility and prudential safeguards**

Eligibility is conditional on solvency, viability, and systemic relevance. The framework allows limited flexibility for banks temporarily at risk of breaching capital thresholds, subject to intensified assessment and credible restoration plans. This approach aligns with FSAP principles by balancing financial stability objectives with safeguards against supporting non-viable institutions.

### **Conditionality and use-of-funds restrictions**

ELA is subject to strict conditionality. Funds shall only be used to meet customer withdrawals and maturing non-capital obligations. Payments to related parties, dividend distributions, bonuses, and salary increases are prohibited for the duration of support. These restrictions ensure that public liquidity support is not diverted and that risk taking incentives are contained.

### **Eligible Collaterals**

All ELA must be fully collateralized at all times. The Bank retains discretion over collateral eligibility, valuation methodologies, and haircuts, and may require additional collateral if asset values deteriorate. Robust legal arrangements for encumbrance and enforcement are integral to the framework, protecting the central bank's balance sheet and reinforcing market discipline.

**Cross-border coordination**

For subsidiaries of foreign banks, ELA provision is conditional on parental guarantees and coordination with home supervisors. This supports effective cross-border crisis management and aligns with international supervisory cooperation standards.

**Maturity and pricing**

ELA is short-term in nature, with a maximum maturity of three months and pricing set at the Lombard rate plus a margin. The renewal of the ELA facility will be subject to the Bank's discretion; this mechanism encourages the quick resolution of liquidity stress.

**Supervisory oversight**

Banks receiving ELA are subject to enhanced supervisory oversight, including submission of a liquidity restoration plan and continuous monitoring until liquidity conditions normalize. In the event of default, the Bank has clear powers to possess and dispose collateral. This ensures consistency between liquidity support, recovery planning, and broader crisis management and resolution.

The Bank had continued to enhance its liquidity metrics, including the introduction of Net Stable Funding and liquidity coverage ratios, to complement the existing liquidity metrics. These metrics support the identification of deterioration of liquidity conditions and exposure to liquidity crisis. The ELA Framework will address any potential systemic liquidity risk and provide an important safety net that enhances market confidence and financial system resilience during unexpected shocks.

Source: Bank of Tanzania, Emergency Liquidity Assistance Framework, 2025

**2.2. Household financial condition**

**Household financial assets increased, reflecting improved income and financial condition.** The rise was mainly driven by increased investments in government and corporate bonds, collective investment schemes, and digital savings platforms (**Table 2.1**). The presence of sustainable investment instruments such as green and infrastructure bonds has continued to attract retail investors, aligning with the global climate change and environmental sustainability agenda. The increase in household stock of financial assets has improved households' balance sheet and net worth, thus improving households' creditworthiness and ability to meet their debt servicing obligation. Furthermore, the stocks of Government securities and deposits expand the pool of collateral for households to access credit from financial institutions.

**Table 2.1: Household financial assets**

	Billions TZS					Percentage				
	2021	2022	2023	2024	2025	2022	2023	2024	2025	
Treasury Bills	4.4	1.3	1.5	146.2	11.7	-70.54	15.45	9644.69	-91.97	
Treasury Bonds	364.4	355.6	374.7	665.4	1,436.8	-2.43	5.38	77.61	115.92	
Deposits	18,705.3	19,909.0	22,340.6	23,183.9	22,150.0	6.43	12.21	3.78	-4.46	
Shares (Equity)	874.3	1,056.2	1,125.6	1,437.1	1,838.1	20.81	6.57	27.67	27.91	
Collective investment Schemes	314.4	1,052.6	1,582.3	1,777.6	2,717.8	234.78	50.33	12.34	52.89	
Corporate Bonds		81.8	50.7	306.6	612.0	0.00	-38.02	504.39	99.63	
<b>Total</b>	<b>20,262.8</b>	<b>22,456.4</b>	<b>25,475.4</b>	<b>27,516.8</b>	<b>28,766.5</b>	<b>10.8</b>	<b>13.4</b>	<b>8.0</b>	<b>4.5</b>	

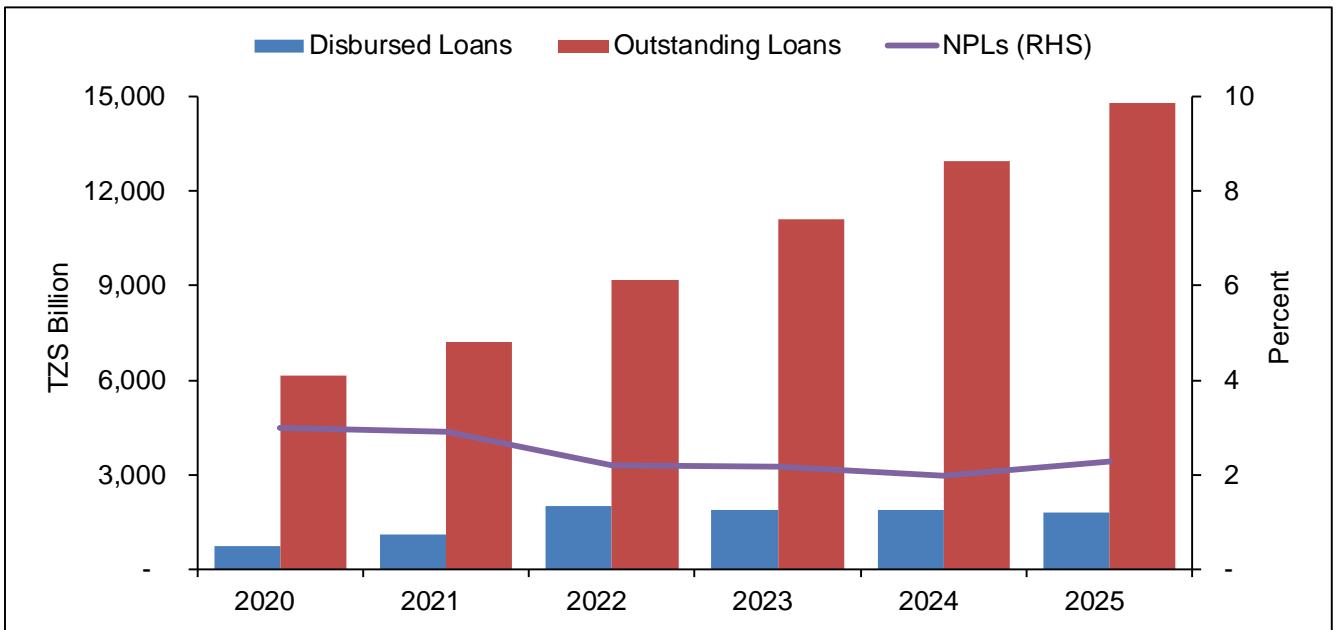
Source: Bank of Tanzania and CMSA

**Household borrowing and repayment increase, reflecting increased creditworthiness.**

During the 2025, Household financial conditions assessment conducted by the Bank, which aimed at assessing their economic wellbeing, the findings revealed that disbursed and outstanding personal loans increased in 2025 on account of increased household resources to meet various financial commitments. Likewise, loan repayments increased as borrowers' ability to repay debts improved due to an increase in household income and cash flows. The household non-performing loans remained low and stable, indicating an improvement in household creditworthiness, leading to improved asset quality and thus stability of the banking sector (**Chart 2.3**).

Loan disbursements to households continued to exhibit an upward trend on account of the availability of financial assets, a pick-up of economic activities as business conditions improved, as well as eased terms and conditions of loans by banks. Lenders are exhibiting an increasing appetite for extending credit to households indicating reduced risks among households and more favourable economic environment.

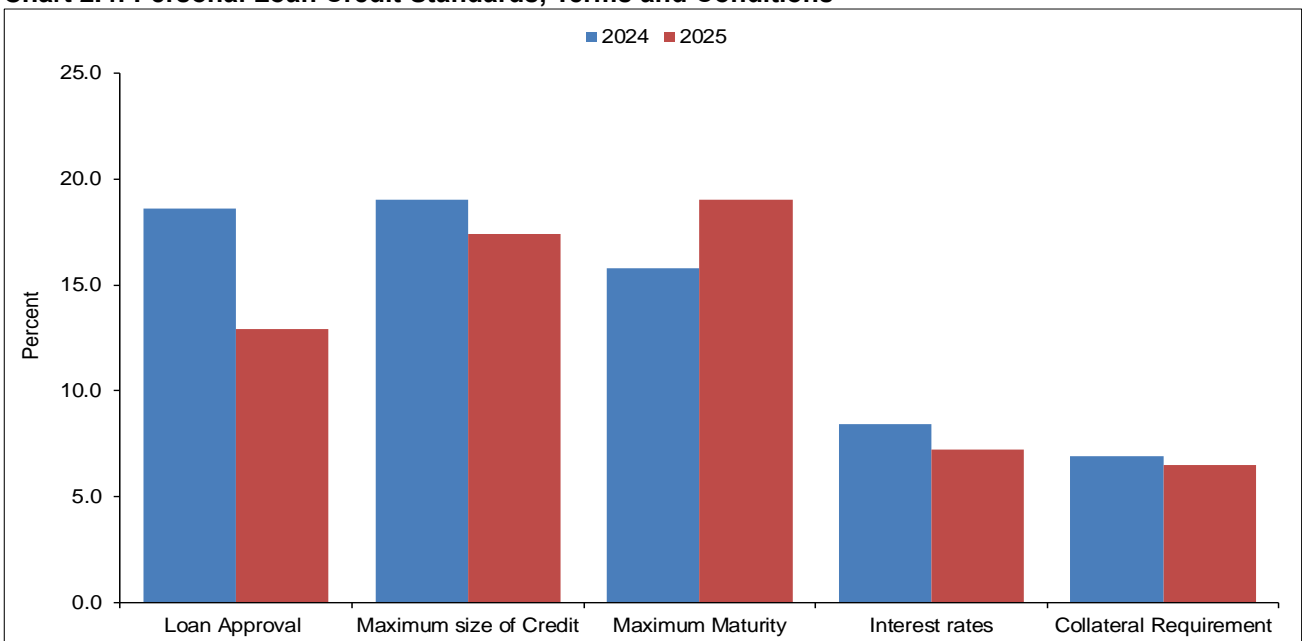
**Chart 2.3: Households' outstanding and disbursed loans, repayments and NPLs**



Source: Bank of Tanzania household financial condition survey, 2025

**The cost of borrowing for households remained broadly stable as banks maintained favourable loan terms and conditions.** Interest rates slowed down while loan maturities increased, reflecting banks' confidence in household creditworthiness and stable macroeconomic conditions. Improved income levels and employment opportunities enhanced borrowers' repayment capacity, allowing banks to sustain competitive lending rates (Chart 2.4).

**Chart 2.4: Personal Loan Credit Standards, Terms and Conditions**



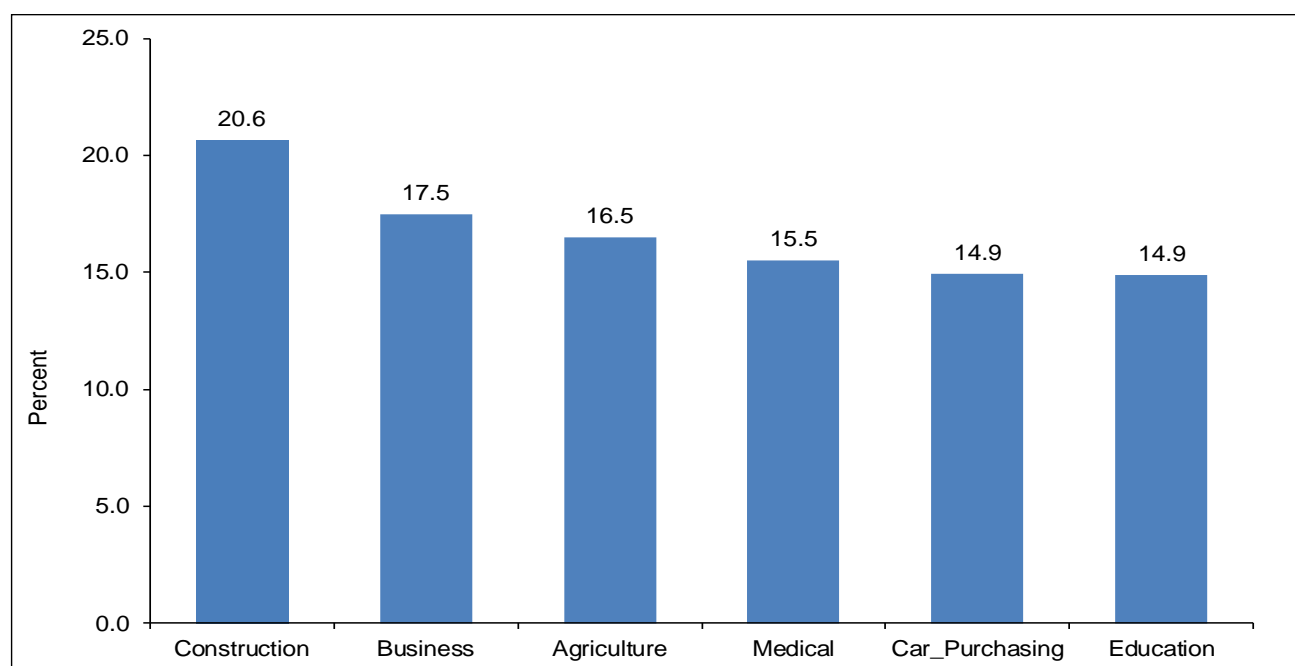
Source: BoT Survey on Households' financial condition 2025

Banks indicated that they plan to continue easing loan terms, including interest rates, repayment periods and credit limits to stimulate household borrowing and strengthen credit growth. This strategy is expected to sustain household credit expansion and continue to increase the sector's share in total bank lending. At the same time, banks intend to intensify credit recovery efforts to preserve asset quality and further reduce non-performing loans.

**Household borrowings were mainly spent on construction and business.** Borrowing remained largely directed towards house construction and improvements (20.6 percent), followed by business (17.5 percent), agriculture (16.5 percent), medical expenses (15.5 percent), education and car purchases (14.9 percent each) (**Chart 2.5**). The concentration of credit in construction and business reflects households' growing efforts to accumulate assets that can be collateralised and generate supplementary income streams, thereby strengthening household financial conditions and creditworthiness.

The use of personal loans for business and agricultural activities also demonstrates households' role in supporting productive sectors of the economy, consistent with broader private sector growth and increased financial inclusion. However, the persistently reliance on unsecured personal loans for housing underscores limited access to long-term mortgage financing, which remains constrained by collateral requirements and funding maturity mismatches in the banking sector.

**Chart 2.5: Main purpose of loan**

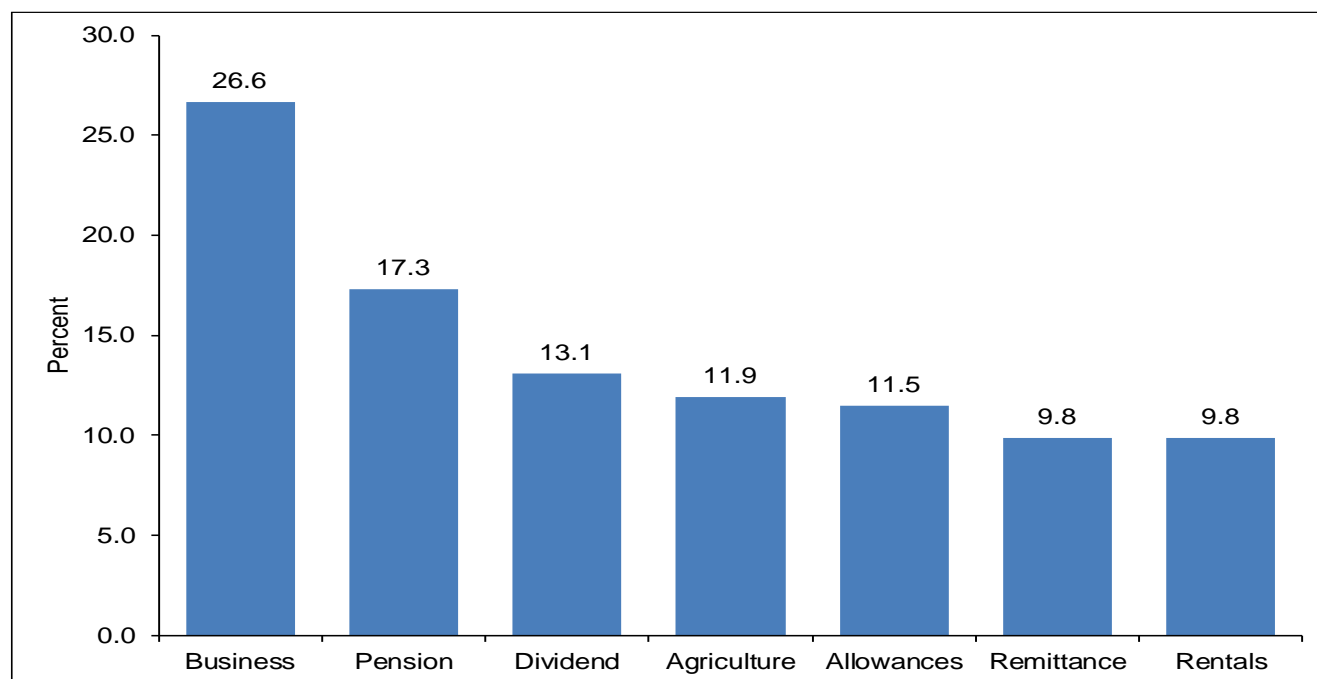


Source: BoT Survey on Households' financial condition 2025

**Households have increasingly relied on multiple income streams to service their loans, reducing dependence on salary earnings.** The survey shows that income from small businesses, rental earnings, remittance and dividends were the leading supplementary sources used for loan repayments (**Chart 2.6**). This diversification of income has strengthened households' repayment capacity and enhanced financial resilience.

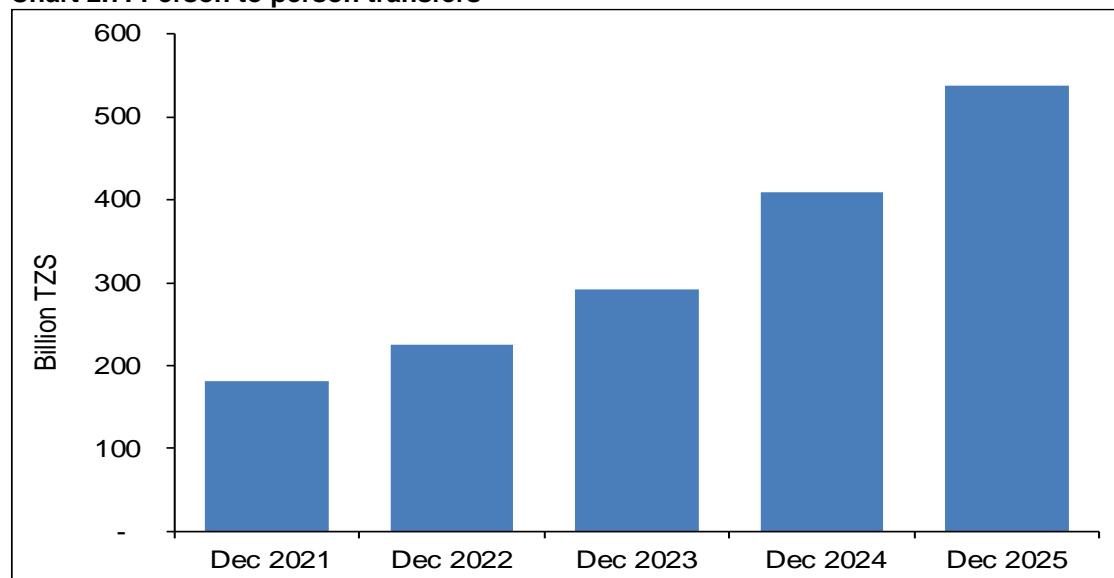
The use of dividends and coupons from investments in government securities, equities, and collective investment schemes indicates a gradual deepening of household participation in financial markets. These investments related inflows not only improve cash flow but also serve as buffers against income shocks, thereby lowering the likelihood of default and supporting overall credit quality in the banking sector.

**Chart 2.6: Other sources of income**



Source: BoT Survey on Households' financial condition 2025

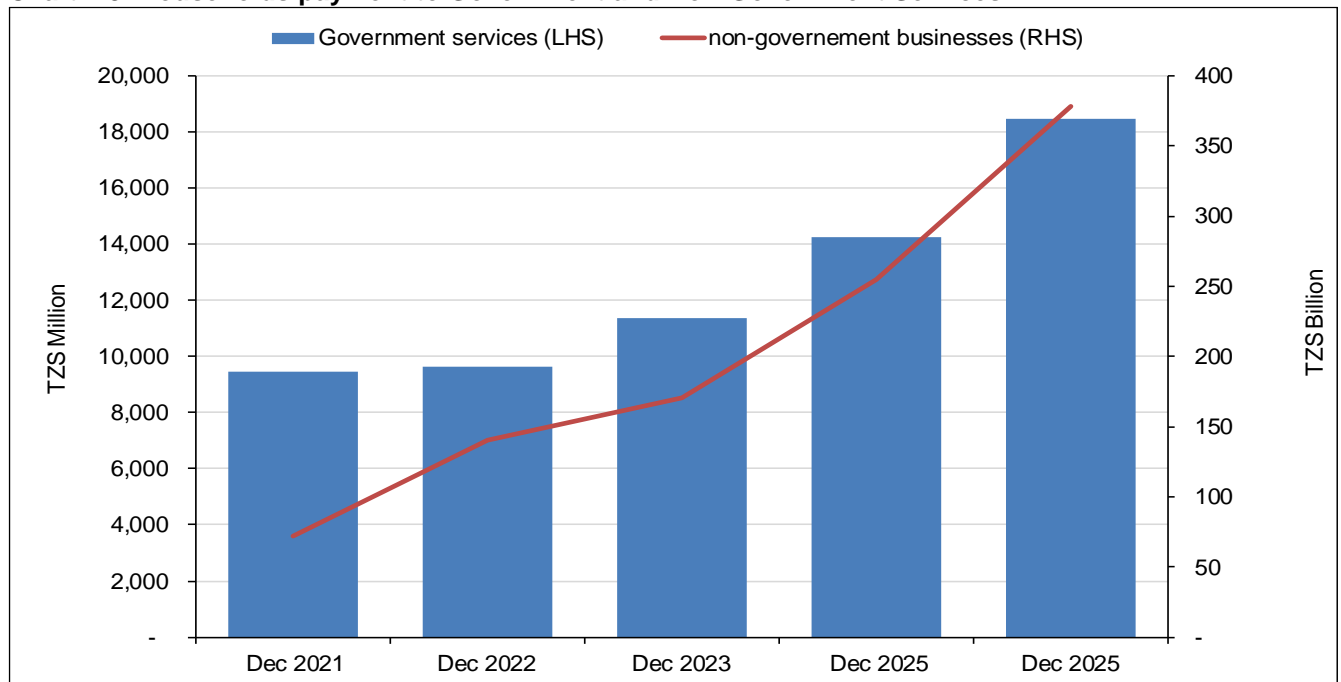
**Household usage of digital financial services continued to expand, reflecting rising income levels and increased adoption of mobile payment solutions.** The value of mobile money transactions increased by 34 percent (**Chart 2.7**), driven by improved interoperability across providers, expansion of merchant services and wider use of digital wallets for daily transactions. The shift towards cashless payments has supported greater convenience, transaction security and efficiency in financial management.

**Chart 2.7: Person to person transfers**

Source: Bank of Tanzania

**Payments for services registered strong growth, reflecting increased adoption of a cashless economy.** As of December 2025, mobile payments for government services surged to TZS 18.5 billion, while payments to non-government businesses rose steadily to TZS 378 billion. This performance reflects the success of ongoing digitalization initiatives in enhancing access to essential services, reducing transaction costs, and promoting transparency in public revenue collection ([Chart 2.8](#)). The growing integration of digital payment platforms covering utilities, permits, transport licenses, insurance, and education has deepened the formalization of household financial activity. The trend mirrors developments where governments and businesses are increasingly shifting to cashless payment ecosystems.

**Chart 2.8: Households payment to Government and Non-Government Services**



Source: Bank of Tanzania

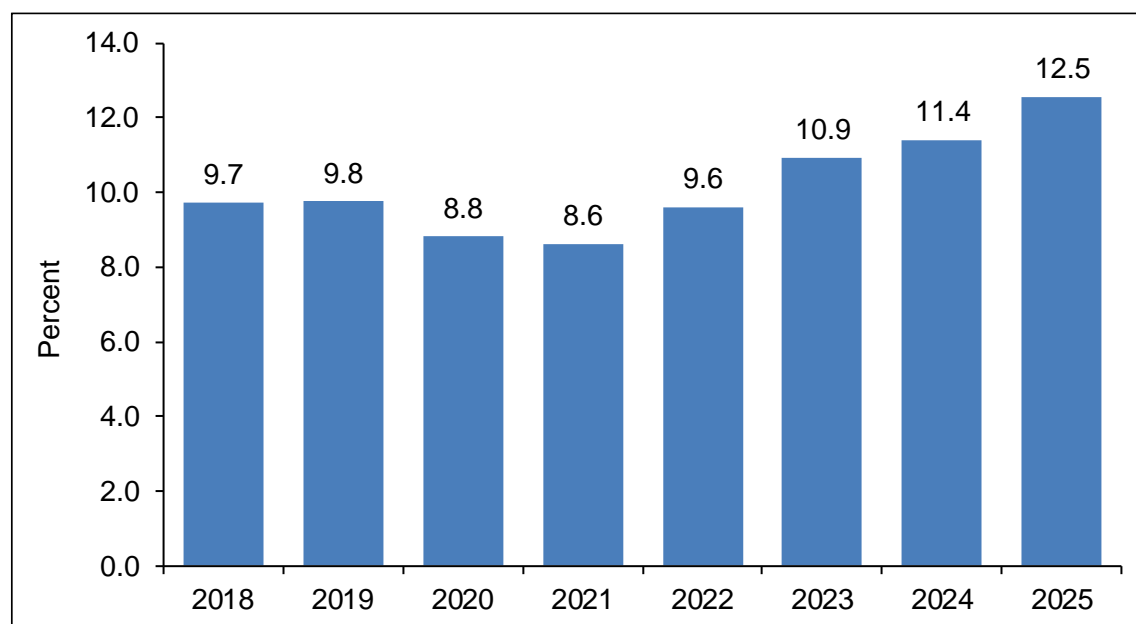
The strong uptake of digital payments is improving financial access and transaction efficiency but may also raise cyber and consumer protection risks if not well-regulated. This calls for a need to enhance the oversight of digital payment systems, strengthen cybersecurity and expand financial literacy programs to ensure safe and inclusive participation in the digital financial space among households.

## 2.3. Non-financial corporation sector financial condition

### Leverage and Solvency Position

**Non-financial Corporate Sector debt remains moderate, as it continues to contribute to growth in investment.** During 2025, bank-based indicators show that Non-Financial Corporate (NFC) sector debt to GDP ratio increased to 12.5 percent from 11.4 percent in 2024 (**Chart 2.9**). The increase reflects continued credit expansion aligned with ongoing investment activity. Despite the increase in leverage, the pace of debt accumulation remains moderate when compared with the ten-year average of 11.23 percent. This suggests that current borrowing dynamics are not indicative of a build-up of systemic vulnerabilities, overheating pressures, or excessive risk taking within the NFC sector.

**Chart 2.9: NFC Sector Debt to GDP ratio**

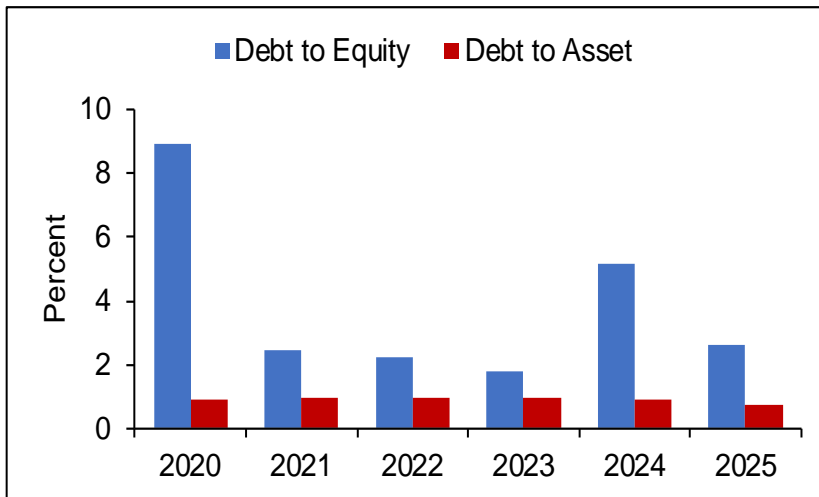


Source: Bank of Tanzania

Corporate Debt: Means Non-Financial Corporate Sector Loans Outstanding in banks

**Financial soundness indicators for listed non – financial corporations indicate resilience to vulnerabilities.** During 2025, debt to equity and debt to asset ratios for listed NFCs suggest that corporate sector vulnerabilities remain contained. Debt-to-equity and Debt-to-asset ratios declined reflecting continued growth in equity and sustained investment in assets (**Chart 2.10**). These developments indicate that NFC’s balance sheets have continued to strengthen, as equity and assets grew faster than the accumulation of debt, indicating a resilient capital structure and lower sensitivity to leverage risks.

Chart 2.10: Leverage ratios



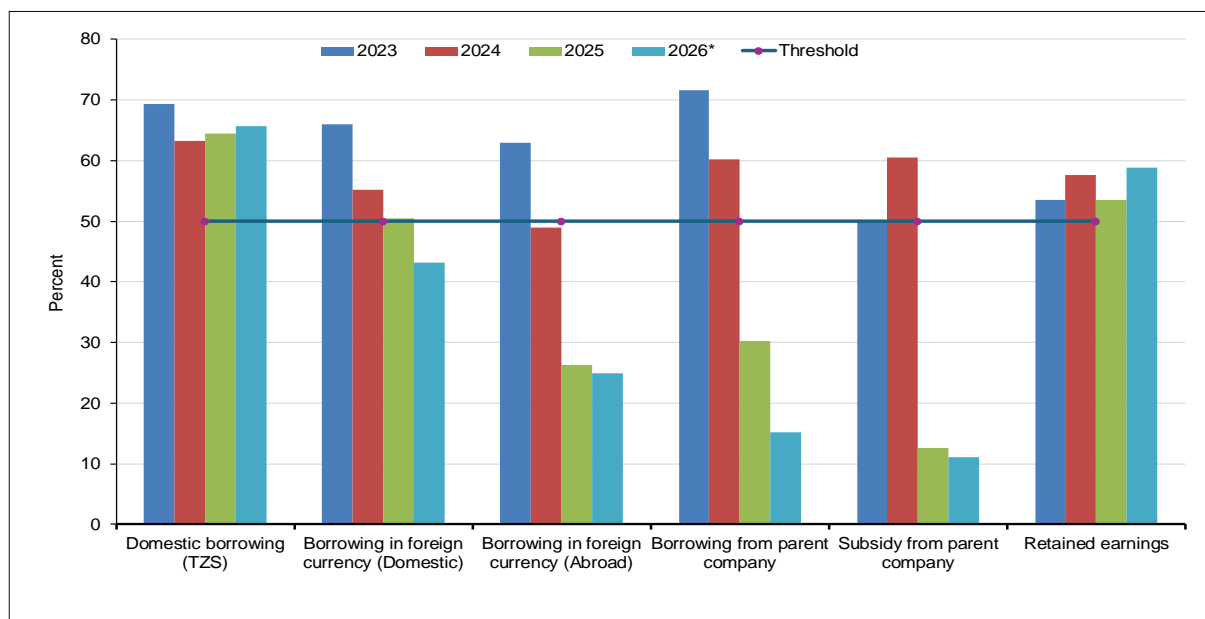
Source: Dar Es Salaam Stock Exchange and BoT staff calculations

The survey findings reinforce the above assessment, with most NFCs reporting that current leverage levels are sustainable and that borrowing decisions are largely linked to expansion and productivity enhancing investments. The perception is consistent with the observed financing structure among the sampled corporates, which remained heavily in internal funding and domestic sources during 2025. The results show that only two sources of financing domestic borrowing and retained earnings exceeded the 50-percent threshold in both 2025, indicating that firms' financing activities are primarily driven by these two channels, reflecting a selective but growing appetite for business expansion and new investment ([Chart 2.11](#)).

Looking ahead, NFCs expect their funding structure to remain anchored in internal resources, with retained earnings projected to increase further in 2026. This expectation is supported by improving profitability and recent government measures introduced under the amendments of the Finance Act of 2025<sup>4</sup>, which strengthened the recognition of retained earnings within equity for tax and thin capitalization purposes, thereby enhancing firms' capacity to finance investment internally.

<sup>4</sup> The Finance Act 2025 amended Section 12(5) of the Income Tax Act to reinstate positive retained earnings within the definition of equity for thin-capitalization purposes. This increases firms' equity base, improves their debt-to-equity ratios, and reduces the likelihood of interest-deduction disallowance thereby strengthening overall corporate stability through, enhancement of internal funding capabilities, reducing the leverage risk and improving after tax profitability.

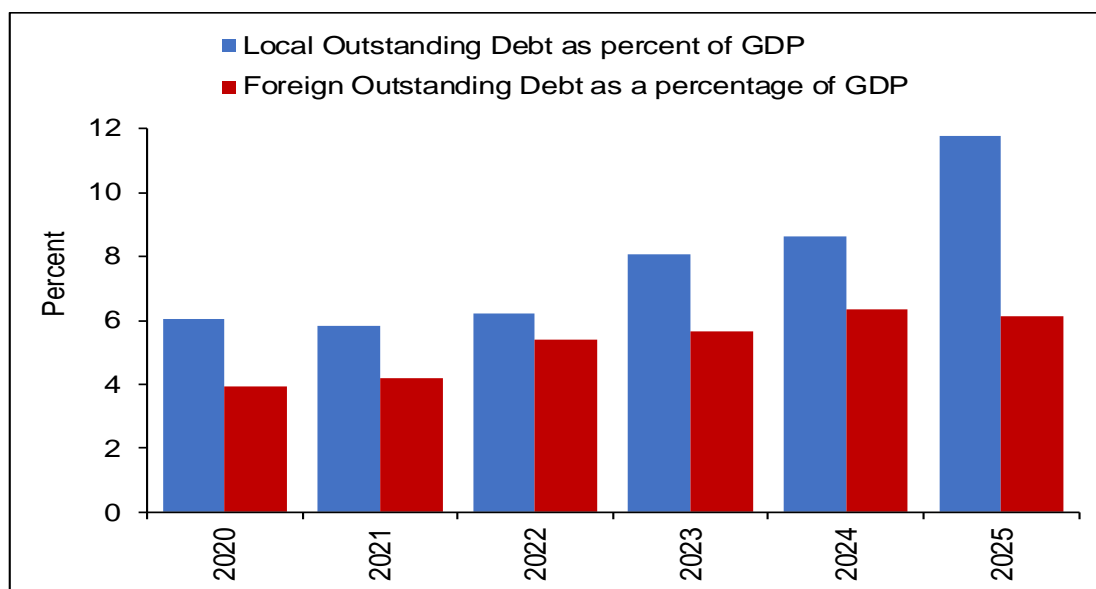
**Chart 2.11: Trends on NFC source of financing**



Source: Bank of Tanzania Non-Financial Corporate Sector Survey

**The structure of non-financial corporation sector debt continues to be dominated in local currency, reflecting minimum exposure to external shocks.** During December 2025, local outstanding NFC debt stood at 12 percent of GDP, while foreign outstanding debt was 6 percent of GDP, mirroring the deliberate policy actions by the Government to promote use of the Tanzanian shilling in domestic transactions and financing ([Chart 2.12](#)). This trend in debt holding is expected to reduce the currency mismatch risks and strengthen balance sheet resilience to exchange rate movements.

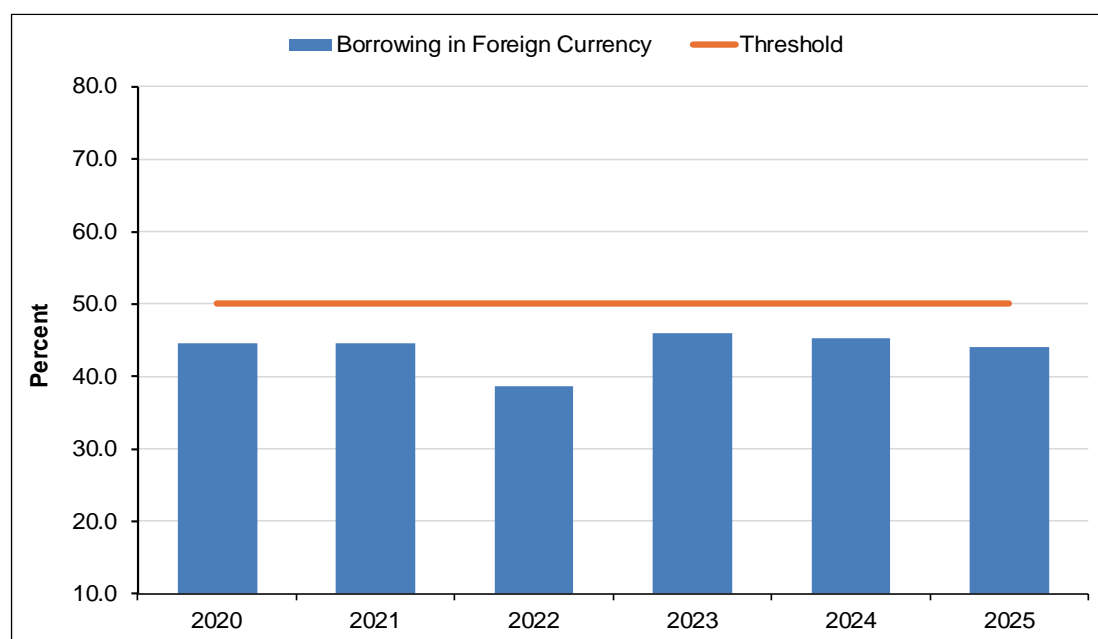
**Chart: 2.12: NFC debt decomposition**



Source: Bank of Tanzania

Survey respondents indicated that improved foreign currency availability and stable exchange rates, have eased foreign exchange related pressures. It was indicated that foreign currency borrowing could decline to 44.0 percent in 2026 from 45.3 percent in 2025, reflecting lag effect of government measures to promote the use of the Tanzanian shilling in domestic transactions (**Chart 2.13**). Consistently, foreign currency borrowing remains largely concentrated among export oriented firms, while domestically focused firms reported declining reliance on foreign currency financing.

**Chart: 2.13: NFC Foreign currency borrowing exposures**



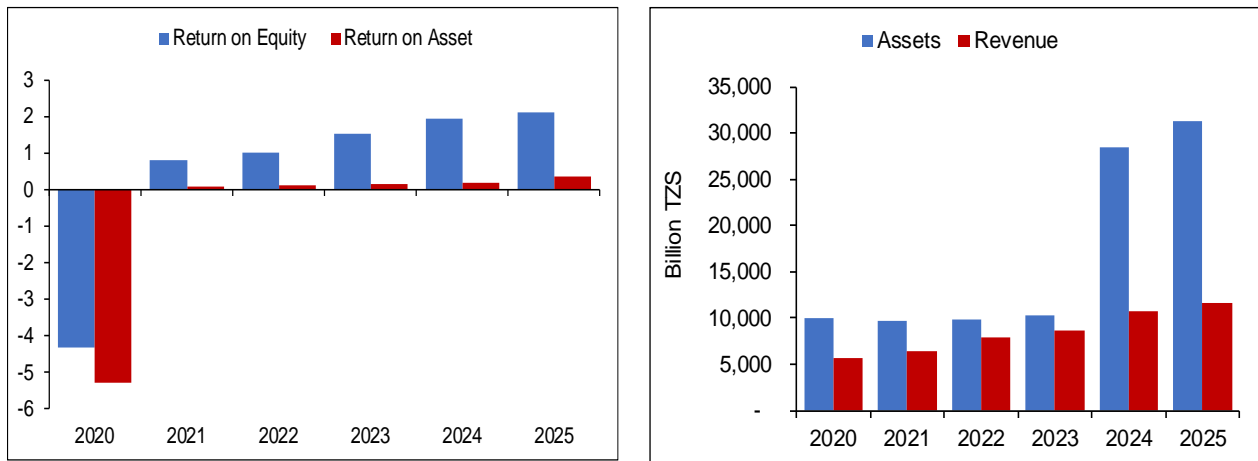
Source: Non-Financial Corporate Sector Survey

Notwithstanding the recent moderation in foreign exchange exposure, NFCs identified risks that could re-intensify demand for foreign currency. Respondents highlighted that uncertainty stemming from geopolitical tensions could distort the trade and transport facilities, potentially elevating foreign currency pressures. Overall, survey findings suggest that, as of end 2025, NFC balance sheets have become more resilient to foreign exchange shocks, supported by improved macroeconomic conditions, adequate foreign reserves and Bank interventions in the foreign exchange markets.

## Profitability and general performance

**Profitability continued to strengthen, with rising returns on assets and equity supported by growth in revenues and assets.** During 2025, indicators show improving profitability, particularly for listed non-financial corporations, where return on assets and return on equity continued to trend upward through December 2025 (**Chart 2.14**).

**Chart: 2.14: Performance of listed NFCs**



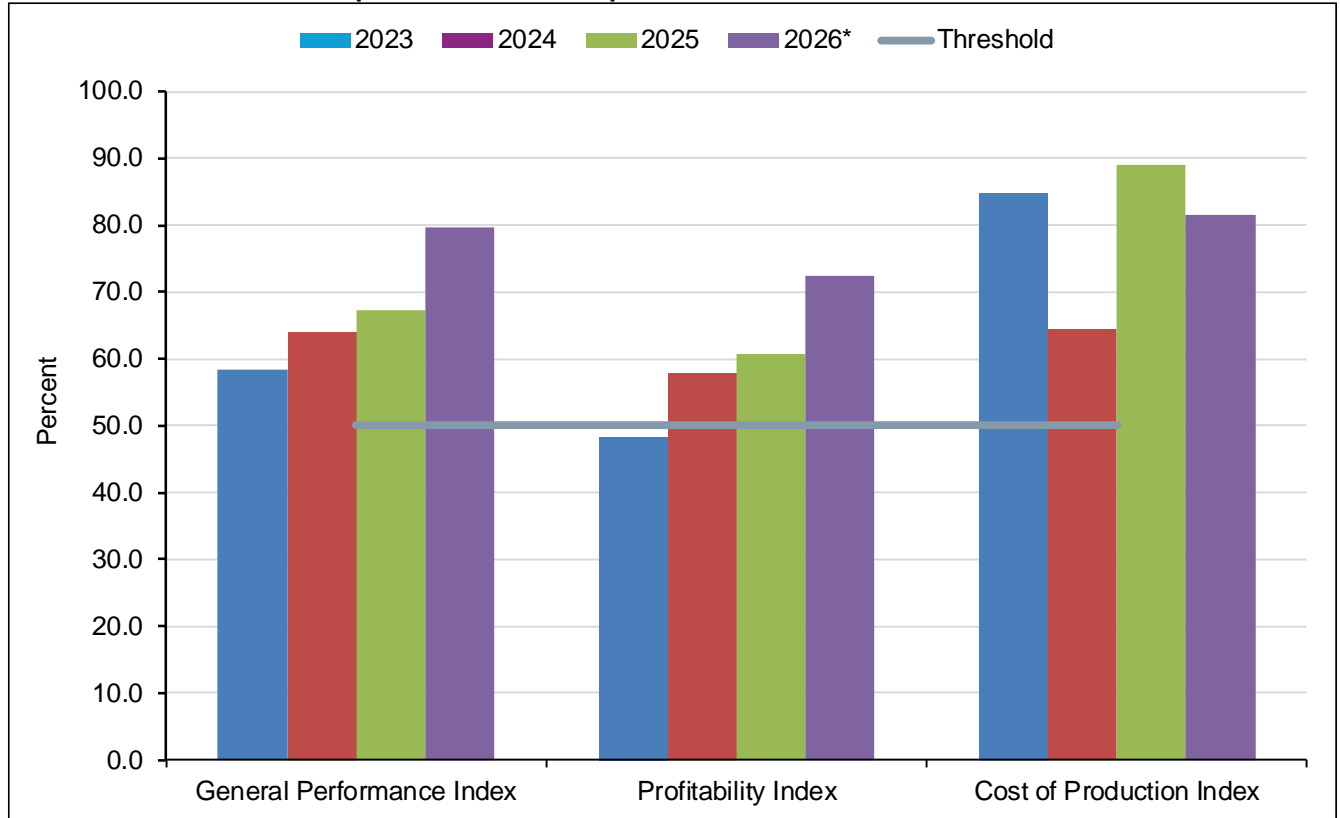
Source: Dar Es Salaam Stock Exchange and BoT calculations

Government driven reforms have played an important role in strengthening the performance of the NFC sector. Increased public investment in transport infrastructure and reliable energy has enhanced operating conditions for corporates. Moreover, the initiatives by the Tanzania Investment and Special Economic Zones Authority have expanded access to regional and international markets, supporting revenue growth for export-oriented firms. This is through the introduction of key reforms, including the establishment of a One Stop Facilitation Centre, which is expected to centralize and digitize investment related services, thus enhancing efficiency and responsiveness to investor needs.

NFC Sector financial conditions survey findings reinforce the above trends, where the NFCs reported improved business performance and earnings, attributing gains to better market access and continued improvement of infrastructure services. Accordingly, general performance and profitability improved as their indices increased to 67.2 percent and 67.9 percent in 2025, compared with 64.1 percent and 57.8 percent in 2024. The increase in profitability is expected to improve credit worthiness of firms, enabling NFCs to leverage on favourable lending conditions, boosting their ability to borrow, invest and grow. Going forward, firms expect improvement in general performance and profitability, as depicted by the index

above 75 percent for 2025 (**Chart 2.15**). The positive outlook is on account of positive economic growth and improved business condition which instil confidence to businesses.

**Chart 2.15: Firms business performance and expectations**

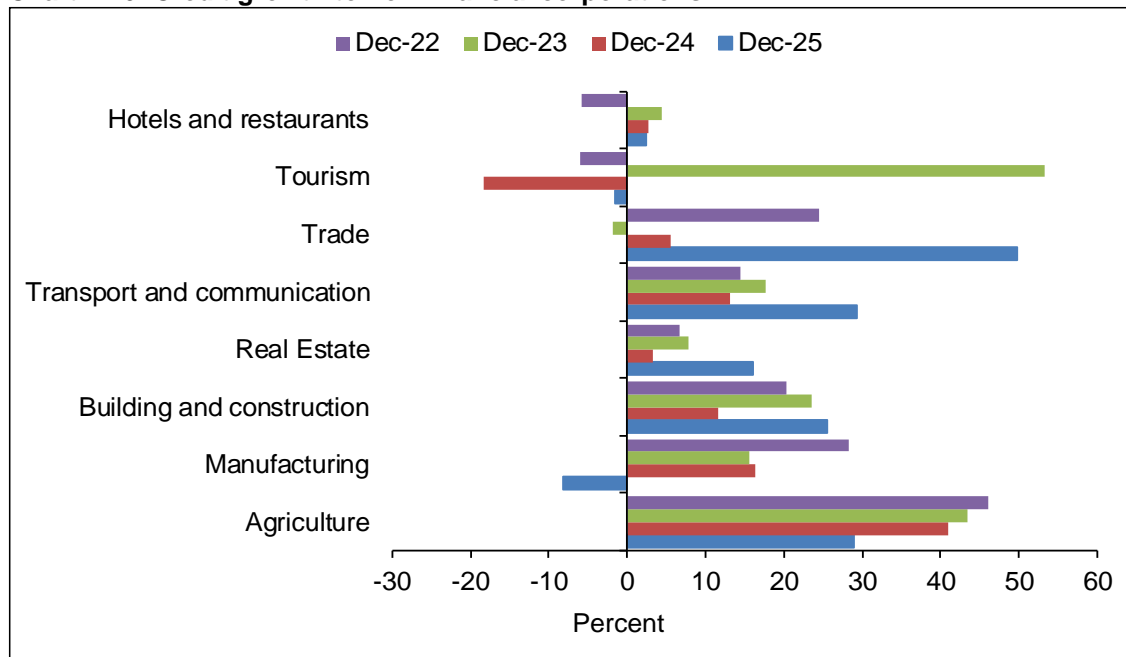


Source: Bank of Tanzania Non-Financial Corporate Sector Survey, 2025

### NFC Sector Credit Interlinkages and Indebtedness

**Credit to the private sector recorded stronger growth, reflecting sustained improvement in financing conditions and borrower demand.** The fastest expanding economic activities continued to anchor credit growth: mining and quarrying grew by 30.1 percent, trade by 29.4 percent, agriculture by 27.0 percent, transport and communication by 22.1 percent, and building and construction by 22.4 percent (**Chart 2.16**). Overall, this trend indicates that businesses are accessing credit more effectively, reinforcing investment activity, supporting production, and demonstrating an improving financial system with strengthened borrower repayment capacity.

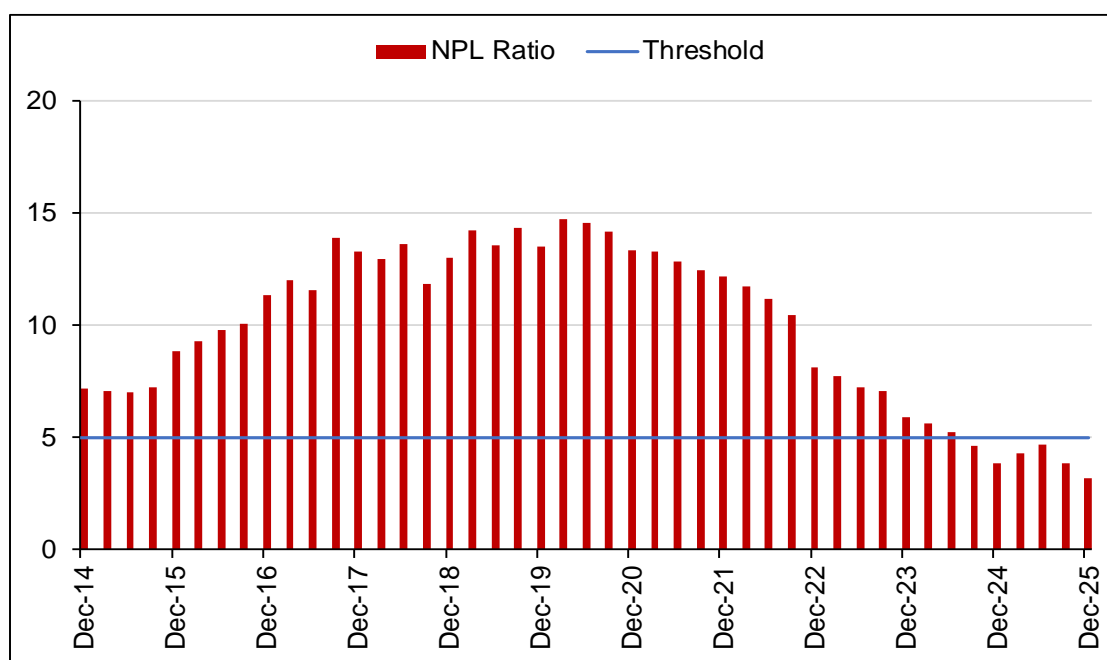
**Chart 2.16: Credit growth to non-financial corporations**



Source: Bank of Tanzania

Loan performance indicators suggest continued improvement in debt servicing capacity. While NFC sector NPL ratios rose during earlier post-pandemic periods, recent data show moderation and declining NPL growth, indicating stabilization in repayment behavior and improvement in economic activities. As of December 2025, NFC sector NPL was 3.2 percent below the tolerable threshold of 5 percent ([Chart 2.17](#)).

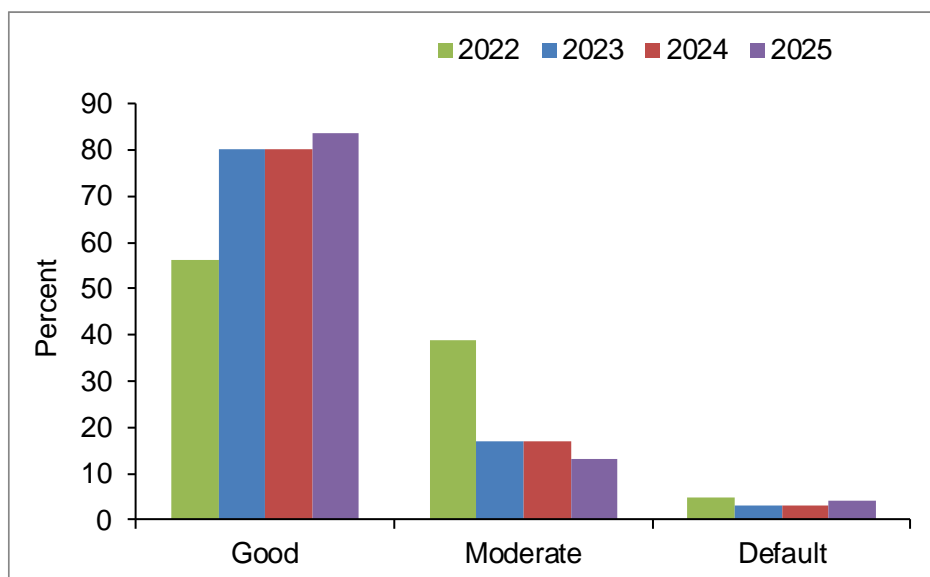
**Chart 2.17: NPL to the NFC Sector**



Source: Bank of Tanzania

NPL decline trend is reinforced by findings from the loan status assessments, which indicated that NFCs largely classified their repayment position as good, with little or no signs of default. During 2025, 83.7 percent of surveyed NFCs reported an improvement in the status of their loans, up from 80.1 percent in the previous period (**Chart 2.18**). This improvement was further reflected in a decline in the proportion of loans assessed as being in moderate or bad condition, pointing to a significant strengthening in companies' ability to service their debt obligations. These developments were underpinned by government payment of arrears, continued recovery in global trade, and rising consumer demand, which collectively supported higher profit margins for traders, producers, and exporters.

**Chart 2.18: NPL to the NFC Sector**

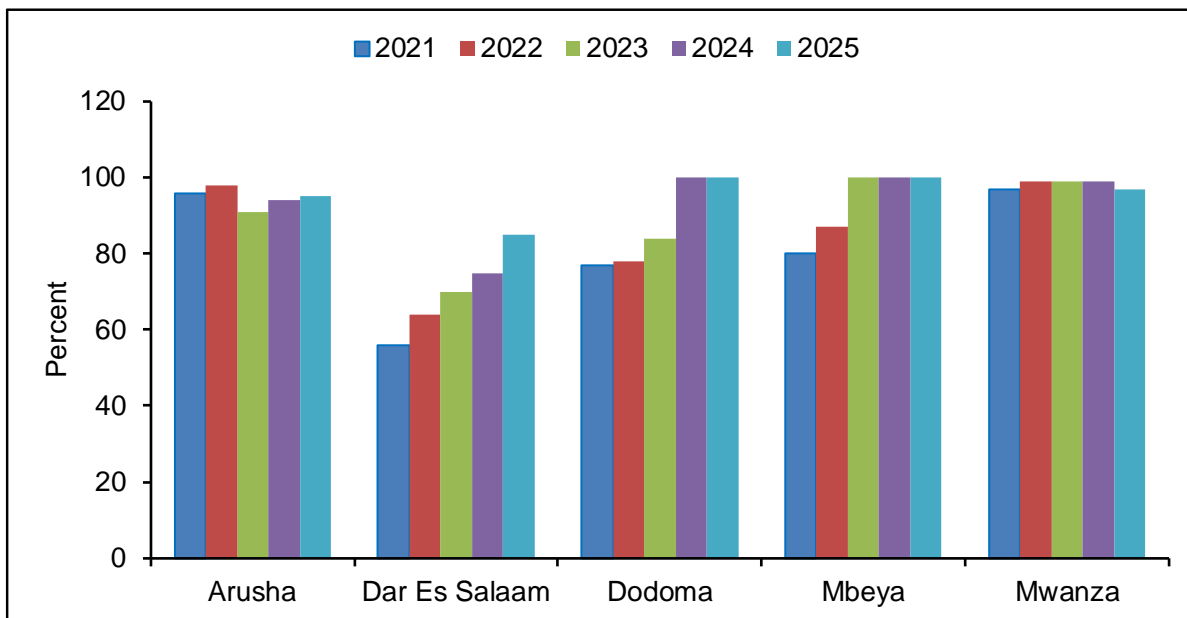


Source: Bank of Tanzania Non-Financial Corporate Sector Survey, 2025/

## 2.4. Real estate sector

**Occupancy rates for commercial properties in Dar es Salaam and other major cities remained stable, indicating a supportive business environment.** During 2025, A considerable portion of commercial properties recorded occupancy levels exceeding 80 percent, while those in Dodoma and Mbeya registered full occupancy, indicating strong market confidence (**Chart 2.19**). Dar es Salaam has demonstrated a steadily rising occupancy rate, attributed to government efforts to attract foreign direct investments, that have brought more international companies, raising demand for modern office and retail space. Further, the ongoing infrastructure projects roads, ports, and airports have enhanced connectivity to commercial hubs, making commercial properties more attractive to businesses.

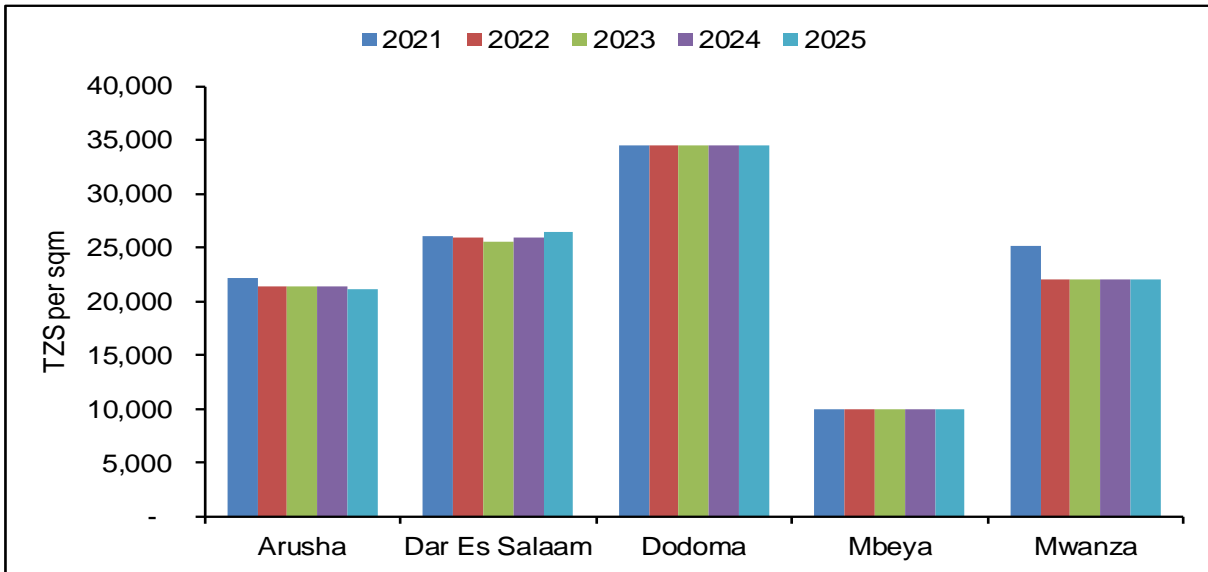
**Chart 2.19: Occupancy rate of selected commercial buildings in major cities**



Source: Bank of Tanzania

**The average rental prices remained stable across major commercial buildings.** Dodoma recorded the highest rental prices during the review period, followed by Dar es Salaam and Mwanza. Average office rental rates across the selected major cities remained largely unchanged, indicating a stable market condition (**Chart 2.20**).

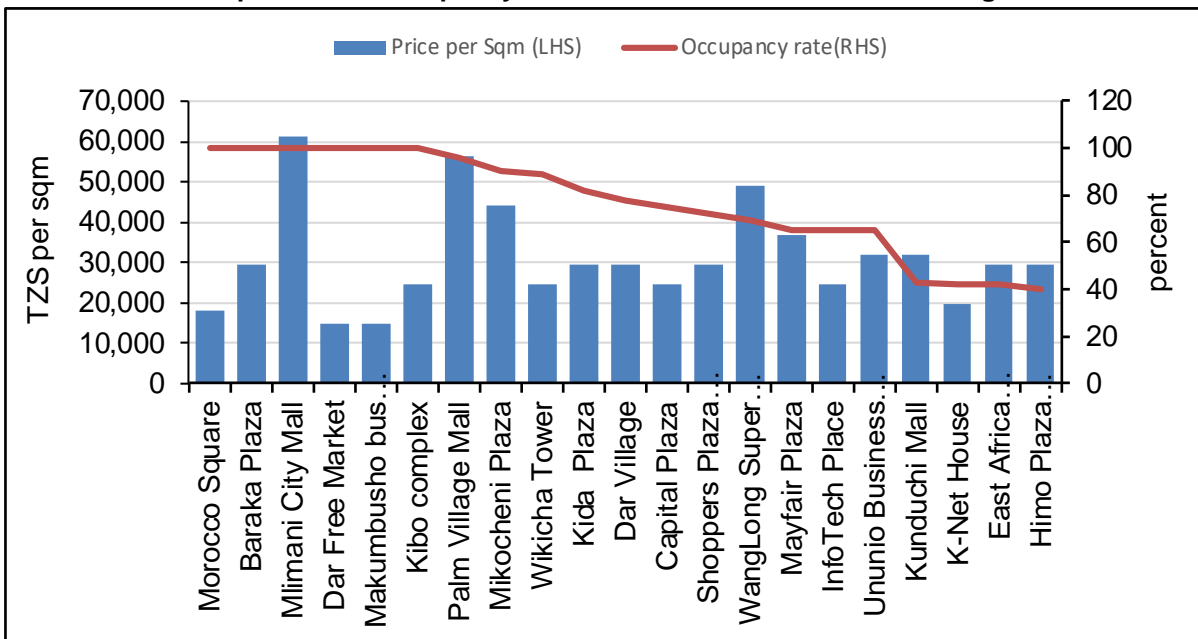
**Chart 2.20: Average rental prices of commercial buildings in major cities**



Source: Bank of Tanzania

Rental prices across selected commercial malls in Dar es Salaam broadly correspond with variations in occupancy rates, reflecting underlying differences in demand for commercial space (Chart 2.21). Prime locations such as Mlimani City Mall and Palm Village Mall exhibit comparatively higher rental prices alongside high occupancy levels, indicating strategic positioning, attractiveness to tenants, and strong commercial activity.

**Chart 2.21: Rental prices and occupancy rate for selected commercial buildings in Dar es Salaam**

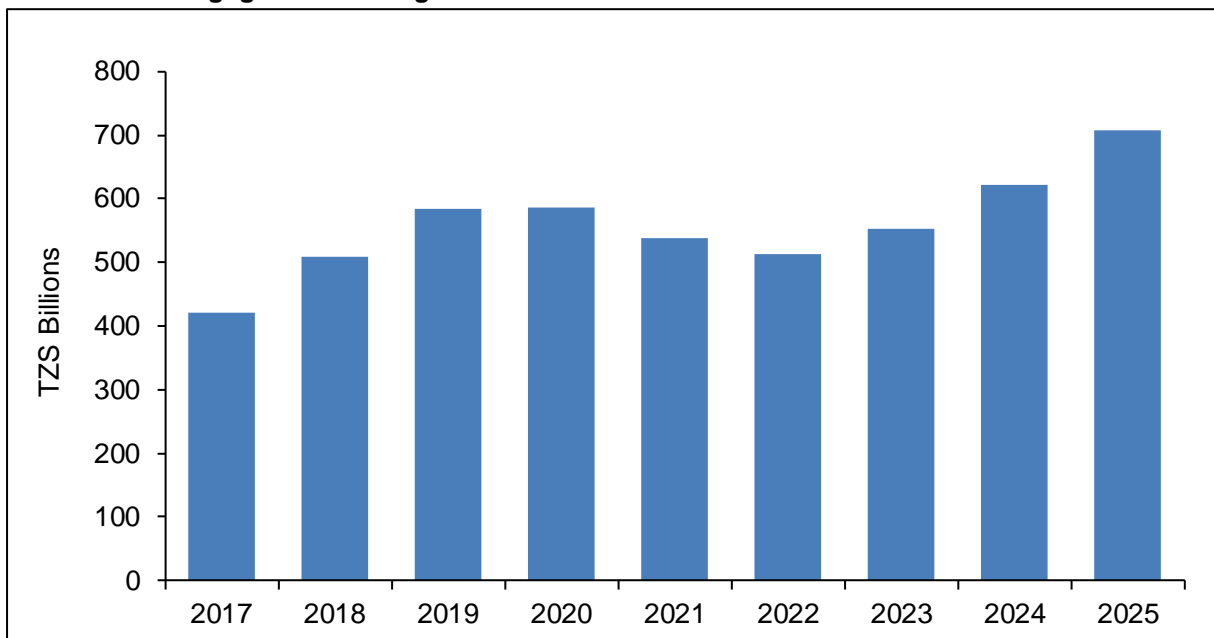


Source: Dar Property

This development suggests a positive outlook for Tanzania's real estate market, which is expected to mitigate the risk of loan defaults in commercial real estate financing and reduce potential losses upon default, owing to stable collateral values. The increased demand for office space signals business resilience, which could support business creditworthiness and enhance the performance of banks and financial institutions with exposure to the real estate sector.

**Tanzanian residential mortgage market continues to expand steadily, supported by strong economic growth, rising housing demand and improving credit conditions.** The residential mortgage market recorded annual growth of 14.2 percent in 2025, driven by sustained economic and population growth, increased demand for housing, improved household incomes, and government initiatives in promoting affordable housing ([Chart 2.22](#)). As of December 2025, the total outstanding mortgage debt from residential housing loans issued by the banking institutions stood at TZS 752 billion. This growth reflects a sustained recovery in the real estate sector, characterized by rising investor confidence, strengthened demand for residential properties, and increased resilience in the housing finance system. These developments underscore the sector's growing importance in supporting inclusive economic growth and improving access to housing finance.

**Chart 2.22: Mortgage outstanding debt**



Source: Bank of Tanzania

## 2.5. Financial sector

**The financial sector-maintained stability with high uptake in investments and loans.** The financial sector's total assets to GDP ratio was 48.5 percent in 2025 compared with 44.2 percent in 2024. The banking sector's total assets continue to make up a large portion of the financial sector assets at 71.1 percent, followed by social security at 22.8 percent (**Table 2.2**).

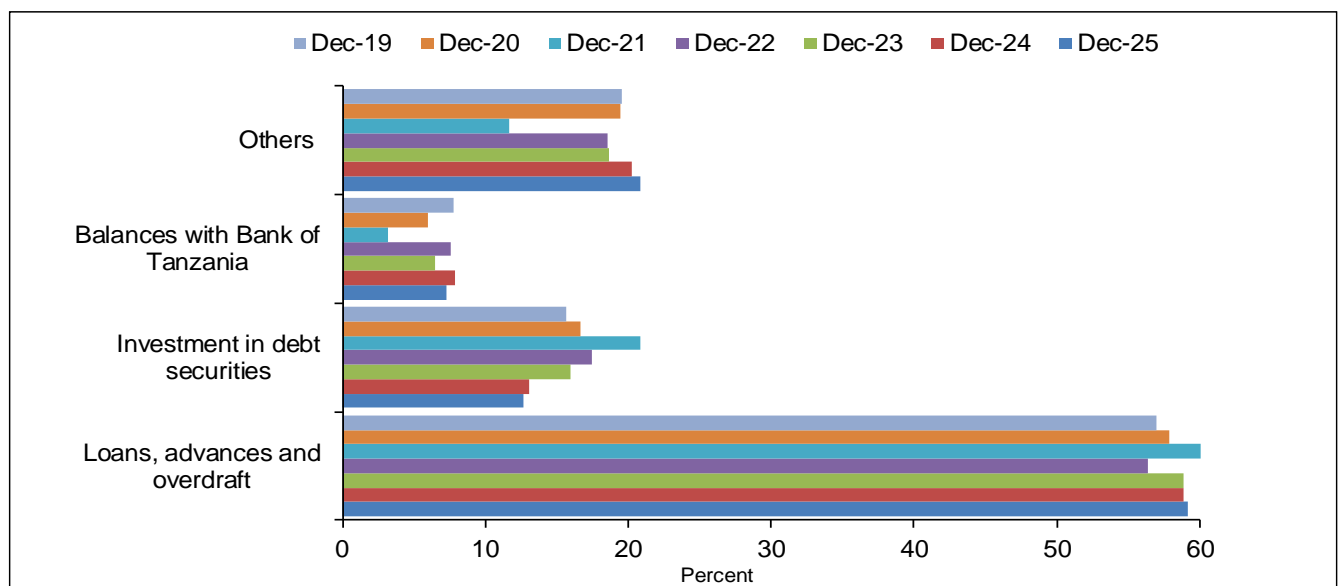
**Table 2.2: Structure of the financial system**

Descriptions	2021	2022	2023	2024	2025*	Growth	Millions of TZS	
							Total assets	GDP
Banks	39,544,979.4	46,228,590.0	54,262,973.0	62,165,065.5	76,975,778.2	23.8	70.0	34.4
Insurance	1,270,000.0	1,420,600.0	1,868,515.3	2,465,500.0	2,633,600.0	6.8	2.4	1.2
Social security	14,449,779.0	16,789,420.0	18,834,085.7	21,353,000.0	25,921,000.0	21.4	23.6	11.6
Open-ended collective investment scheme:	744,925.9	1,226,291.4	1,841,692.1	2,690,050.0	4,384,423.0	63.0	4.0	2.0
<b>Total financial system assets</b>	<b>56,009,684.3</b>	<b>65,669,874.5</b>	<b>75,288,430.0</b>	<b>88,673,615.5</b>	<b>109,914,801.2</b>	<b>24.0</b>	<b>100.0</b>	<b>49.2</b>

Source: Bank of Tanzania

### 2.5.1. Banking sub-sector

**The banking sub-sector remained resilient, with sufficient capital and liquidity buffers.** Banking sub-sector total assets grew by 23.8 percent to TZS 76,975 billion higher than the increase of 14.6 percent recorded in the preceding year, mainly driven by increased loans, advances and overdrafts; and investment in debt securities. The increase in loans and advances and investment in debt securities, signifies the sub-sectors' contribution in funding economic activities and its role in government fund mobilization. The banking sub-sector's assets continued to be dominated by loans, advances, and overdrafts, which amounted to TZS 45,549.0 billion, equivalent to 59.2 percent of the total assets compared to 58.9 percent observed in 2024 (**Chart 2.23**). The dominance of loan advances and overdrafts reflects the sector's commitment to fostering economic activities, as the business environment, creditworthiness and debt servicing capacity of borrowers improve.

**Chart 2.23: Banking sub-sector assets composition**


Source: Bank of Tanzania

NB: Others include placements with banks in Tanzania and abroad, equity investments, cash, bank premises furniture and equipment and inter-bank loan receivables

Commercial banks continued to dominate the market in total assets, accounting for 97 percent (Table 2.3). This is also reflected in the holding of deposits and issuance of loans by Domestic Systemically Important Banks (DSIBs), which may pose systemic risks and thereby call for close supervision and monitoring by the Bank (Box 5).

**Table 2.3: Share of banking sub-sector assets**

Type of banking institutions	Percent						
	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Commercial banks	94.3	95.1	96.4	97.1	97.6	96.9	97.0
Community banks	0.5	0.6	0.7	0.4	0.1	0.5	0.6
Microfinance banks	0.5	0.3	0.4	0.4	0.4	0.4	0.3
Development financial institutions	4.8	3.9	2.5	2.0	1.9	2.2	2.1
Total assets (TZS Billion)	33,067.3	34,888.4	39,590.1	46,228.6	54,263.0	62,165.1	76,975.8

Source: Bank of Tanzania

**Box 5: Assessment of Domestic Systemically Important Banks**

Domestic Systemically Important Banks (DISBs) refer to banks whose failure has the potential to cause considerable disruption to the domestic financial system and the wider economy. These banks are subject to rigorous supervision to ensure that their operations are compliant with established standards and have enough capacity to absorb severe shocks. The Bank has established a supervisory framework in line with the principles outlined by the Basel Committee on Banking

Supervision (BCBS) and the Financial Stability Board (FSB). Using this Framework with defined criteria such as size, interconnectedness, substitutability, complexity, and cross-jurisdictional, the Bank has been conducting annual assessments to identify DSIBs. The objective is to safeguard the stability and resilience of the financial system in Tanzania. Further, DSIBs are required to:

- (i) **Conduct operational and counterparty risk stress testing:** Notwithstanding the provisions of *the Stress Testing Guidelines for Banks and Financial Institutions, 2022*. All D-SIBs are required to conduct and submit to the Bank the results of comprehensive quarterly stress testing exercises covering operational and counterparty risks to assess their resilience to adverse conditions; and
- (ii) **Conduct annual testing of the recovery plans:** Without prejudice to the provisions of *Guideline 26(1) of the Recovery Planning Guidelines for Banks and Financial Institutions, 2022*, DSIBs are required to conduct annual testing of their recovery plans. The results of these tests, along with any revised and improved recovery plans, must be submitted to the Bank.

In addition, DSIBs are required to provide all relevant data and information that enables the Bank to monitor compliance with the DSIBs Framework and evaluate systemic risk contributions periodically.

Total funding improved by 24.5 percent to TZS 65,222.9 billion in 2025 compared with the corresponding period in 2024 (**Table 2.4**). The ratio of core deposits to total funding slightly improved to 60 percent from 59.4 percent in the preceding year, above the threshold of 50 percent, implying continued strong resilience from internal and external shocks.

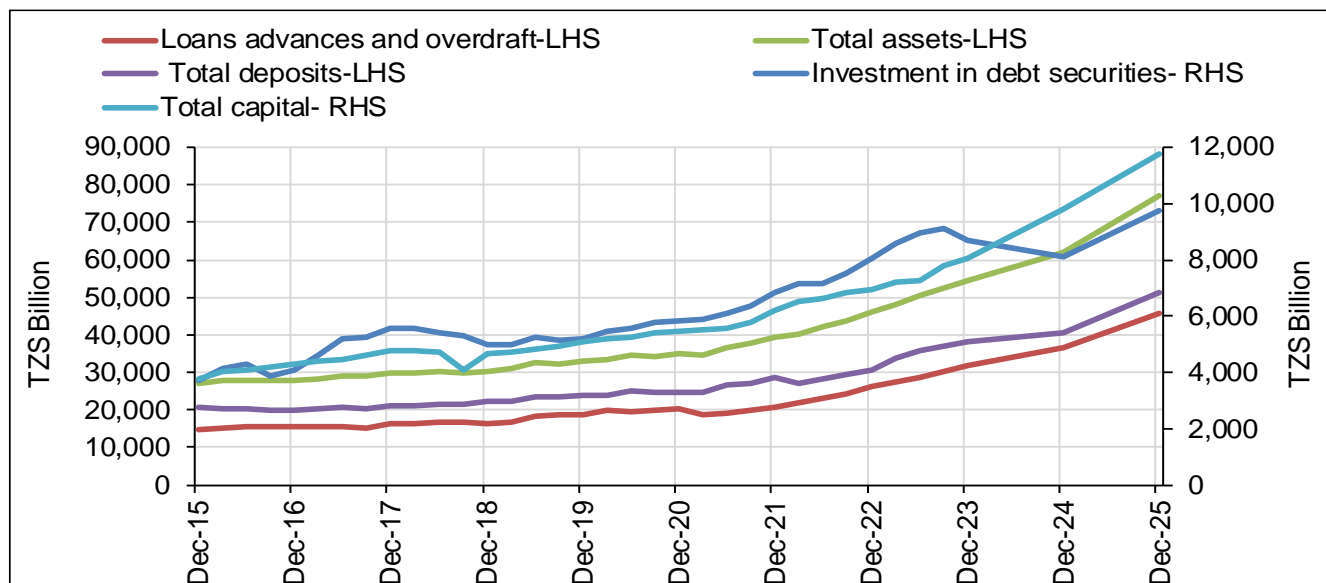
**Table 2.4: Core deposits and total funding**

Particulars	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Total core deposits (TZS billion)	15,920.2	17,531.3	20,593.2	23,105.0	27,658.5	31,097.5	39,162.2
Total funding (TZS billion)	27,989.0	29,409.2	33,128.3	39,270.5	46,130.6	52,348.2	65,222.9
Gross Loans (TZS billion)	18,847.2	20,179.7	22,112.2	27,310.3	33,156.1	38,144.3	45,549.0
Core deposits to Total funding (%)	56.9	59.6	62.2	58.8	60.0	59.4	60.0
Core deposits to Gross Loans (%)	84.5	86.9	93.1	84.6	83.4	81.5	86.0

Source: Bank of Tanzania

The banking sub-sector's assets and liabilities portrayed an increasing trend, signalling a continued appetite to provide credit to the private sector, and diversification as appetite to invest in debt securities increase (**Chart 2.24**).

Chart 2.24: Trend in selected banks' assets and liabilities



Source: Bank of Tanzania

The funding gap improved to TZS 4,979.5 billion in 2025 compared with TZS 3,081.3 billion in the previous year partly contributed by the increase in retained earnings and customer deposits (Table 2.5). This indicates that the banking sub-sector utilized more stable sources of funds in 2025 compared to the preceding years.

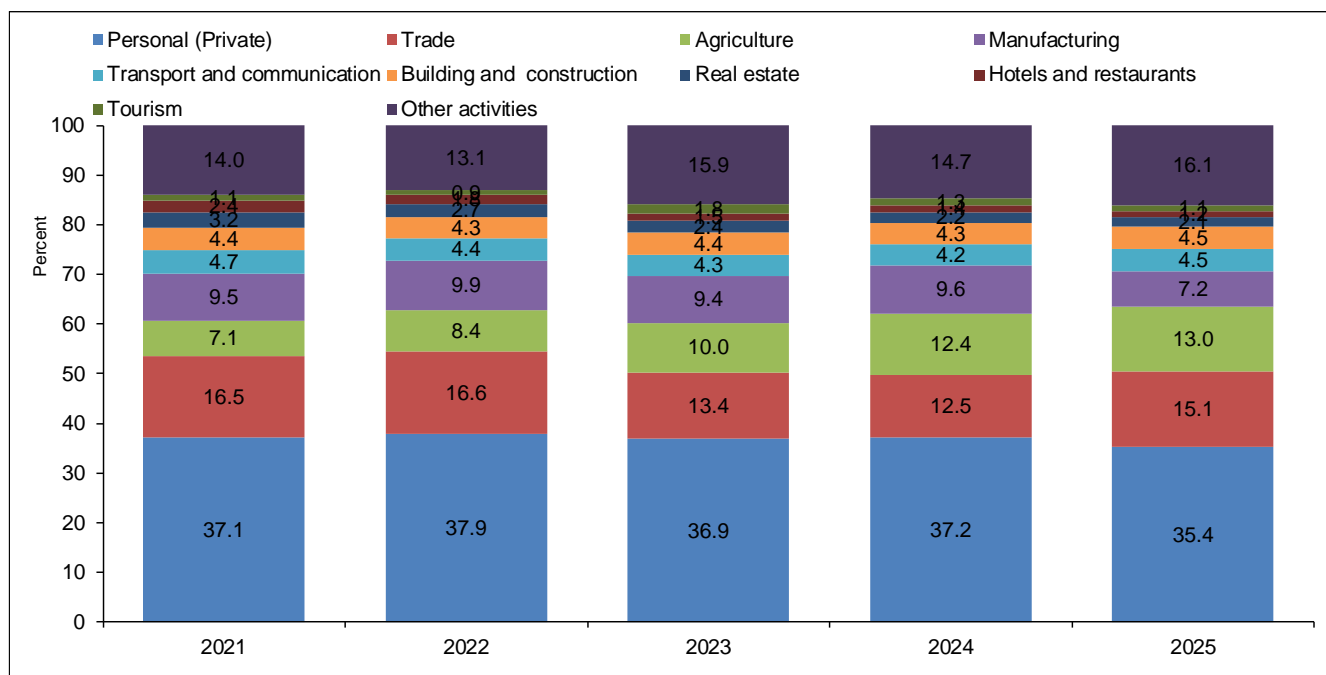
**Table 2.5: Funding gap**

	Billions of TZS							
Particulars	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Customer Deposits (Retail funding):	20,487.3	21,732.8	23,078.6	24,345.8	30,567.8	35,781.9	40,712.3	51,432.1
<b>LESS: Earning Assets</b>								
<i>Loans, overdrafts and advances</i>	17,428.6	18,847.2	20,179.7	19,490.6	26,137.9	33,156.1	36,600.8	45,549.0
<i>Government and private securities</i>	5,225.4	5,149.6	5,814.6	6,802.2	8,047.9	8,598.1	8,114.4	9,741.7
<i>Due from domestic Banks</i>	570.1	1,197.3	370.0	482.9	359.7	423.3	357.6	625.5
<i>Due from Foreign Banks</i>	1,902.3	1,938.4	1,426.8	1,880.5	1,350.5	2,657.7	2,492.0	3,104.5
<i>Commercial and Other Bills purchased and discounted</i>	26.8	66.2	30.6	35.3	61.6	97.5	115.1	270.1
<i>Equity Investment</i>	163.8	187.4	201.7	164.2	174.5	241.1	295.2	358.0
	(4,829.60)	(5,653.30)	(4,944.70)	(4,509.90)	(5,564.20)	(9,392.00)	(7,262.91)	(8,216.64)
<b>ADD: (wholesale funding):</b>								
Due to Domestic Banks Deposits	529.3	617.9	572.5	564.9	777.5	594.1	760.3	938.1
Due to Foreign Banks Deposits	377.4	343.3	277.5	315.9	254.4	519.1	359.3	325.1
Due to Domestic Banks Borrowing	931.7	946.3	642.3	705.0	1,288.7	915.3	734.1	1,800.1
Due to Foreign Banks Borrowing	1,893.7	1,500.2	1,369.1	1,358.4	2,840.5	3,340.4	3,269.1	3,663.9
Special Deposit account	635.9	1,113.0	790.3	675.4	926.8	1,095.4	928.5	782.2
	(461.6)	(1,132.6)	(1,293.1)	(890.2)	523.7	(2,927.6)	(1,211.5)	(707.2)
<b>ADD: (equity component):</b>								
Retained earnings	1,430.6	1,570.2	1,819.8	2,061.0	2,817.7	3,265.6	4,292.9	5,686.7
<b>Funding gap</b>	<b>969.1</b>	<b>437.6</b>	<b>526.7</b>	<b>1,170.8</b>	<b>3,341.3</b>	<b>337.9</b>	<b>3,081.3</b>	<b>4,979.5</b>

**Source: Bank of Tanzania**

**Lending to productive sectors continues to grow reflecting improved business conditions and economic growth.** The share of personal loans decreased to 35.4 percent in 2025 from 37.2 percent in the preceding year, while share of loans to trade and agriculture increased to 15.1 and 13.0 percent respectively (**Chart 2.25**). The results of the survey conducted by the Bank to evaluate lending practices and credit conditions in 2025 shows that personal loans were mainly used for education, construction, small businesses, agriculture, and medical services. Henceforth, the reduction in share of personal loans, consistent with increased share of loans to trade and agriculture, indicates borrowed funds from banks are largely channelled towards productive activities.

Chart 2.25: Share of lending for selected sectors



Source: Bank of Tanzania

**The banking sub-sector remained sound and resilient as reflected by financial soundness indicators.** The assessment of financial soundness indicators revealed that the financial conditions of the banks will remain stable to absorb potential external shocks. During 2025, the sub-sector had adequate capital and liquidity buffers above the regulatory thresholds to absorb potential shocks. Furthermore, liquidity coverage and net stable funding ratio which measure available high-quality liquidity assets and available amounts of stable funding to cover cash outflows for 30 days and one year respectively were above regulatory thresholds of 100 percent. The strong capital and liquidity positions indicate a resilient banking sub-sector with capacity to perform intermediation functions with reduced credit risk as reflected in reduced NPL ratios ([Table 2.6](#)).

**Table 2.6: Selected financial soundness indicators**

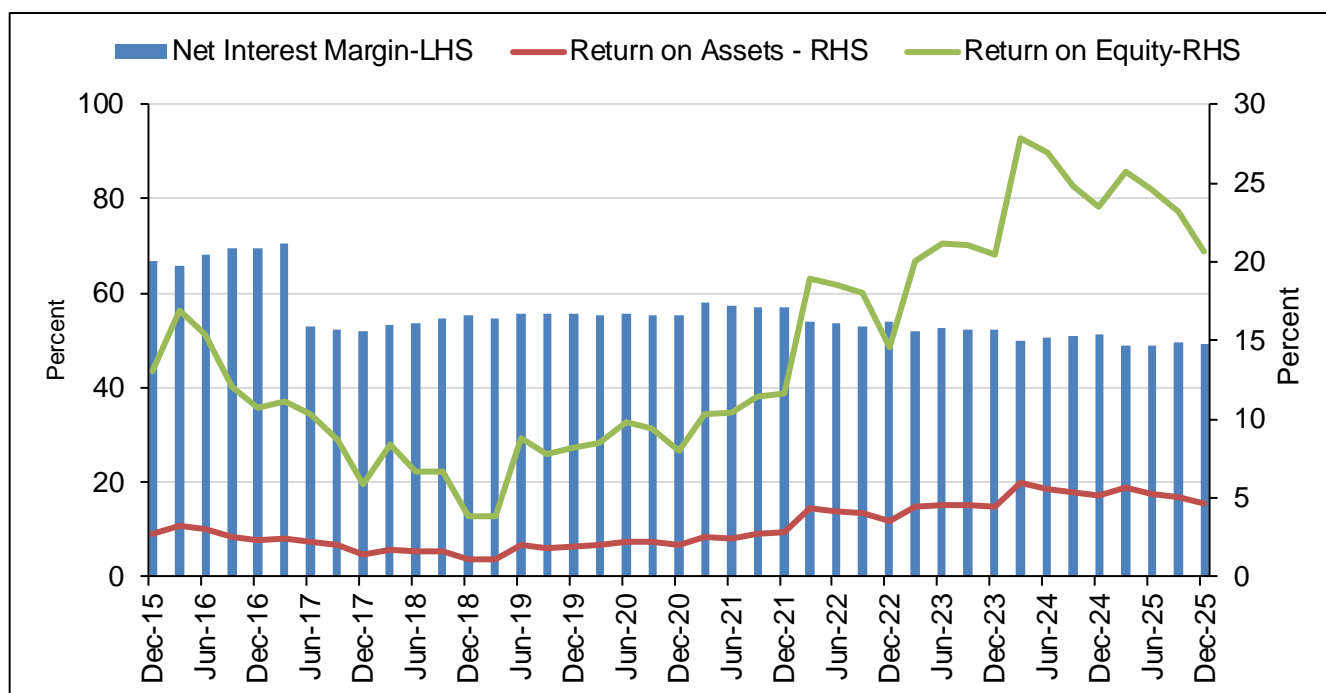
Indicators	Threshold	Percent				
		Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
<b>Capital adequacy</b>						
Common equity tier 1/TRWA	8.5					18.3
Core capital/TRWA	10.0	19.5	18.1	17.7	19.3	18.8
Total capital/TRWA	12.0	20.2	18.9	18.4	19.9	19.7
<b>Liquidity</b>						
Liquid assets/demand liabilities	20.0	29.4	26.5	28.7	29.0	27.2
Total loans/customer deposits		82.1	89.3	92.7	92.6	90.8
Liquidity Coverage Ratio	100.0					219.2
Net Stable Funding Ratio	100.0					153.9
<b>Earnings and profitability</b>						
Net interest margin		56.9	53.8	52.1	51.2	49.3
Non-interest expenses to gross income	55.0	50.0	43.8	40.4	37.3	35.8
Personnel expenses to non-interest expenses		51.9	51.4	49.4	48.6	49.0
Return on Assets		2.8	3.1	4.5	5.2	4.7
Return on Equity		11.6	14.6	21.0	23.5	20.6
<b>Asset composition and quality</b>						
Foreign exchange loans to total loans		26.4	28.9	26.3	23.1	22.2
Gross non-performing loans to gross loans	5.0	8.2	5.8	4.3	3.3	2.8
NPLs net of provisions to total capital		29.8	23.5	19.1	13.8	12.1
Large exposures to total capital	800.0	153.3	206.6	109.2	94.5	96.3
Net loans and advances to total assets		53.0	56.5	59.0	58.9	59.2
<b>Sensitivity to market risk</b>						
FX currency denominated assets to total assets		35.4	34.3	35.7	35.7	33.2
FX currency denominated liabilities to total liabilities		29.4	29.3	32.2	32.2	32.4
Net open positions in FX to total capital	±10	7.8	2.5	4.5	4.7	4.0

Source: Bank of Tanzania

Note: OBSE is off-balance sheet exposure, TRWA is total risk-weighted assets

**Profitability in the banking sub-sector continued to maintain sustainable growth.** Return on assets and equity slightly decreased but remained strong at 4.7 and 20.6 percent respectively compared with 5.2 and 23.5 percent in the preceding year ([Chart 2.26](#)). The profitability is partly attributed to good loan portfolio performance as reflected in a reduced NPL ratio, and sustained operational efficiency, as reflected in the ratio of non-interest expenses to gross income at 35.8 percent.

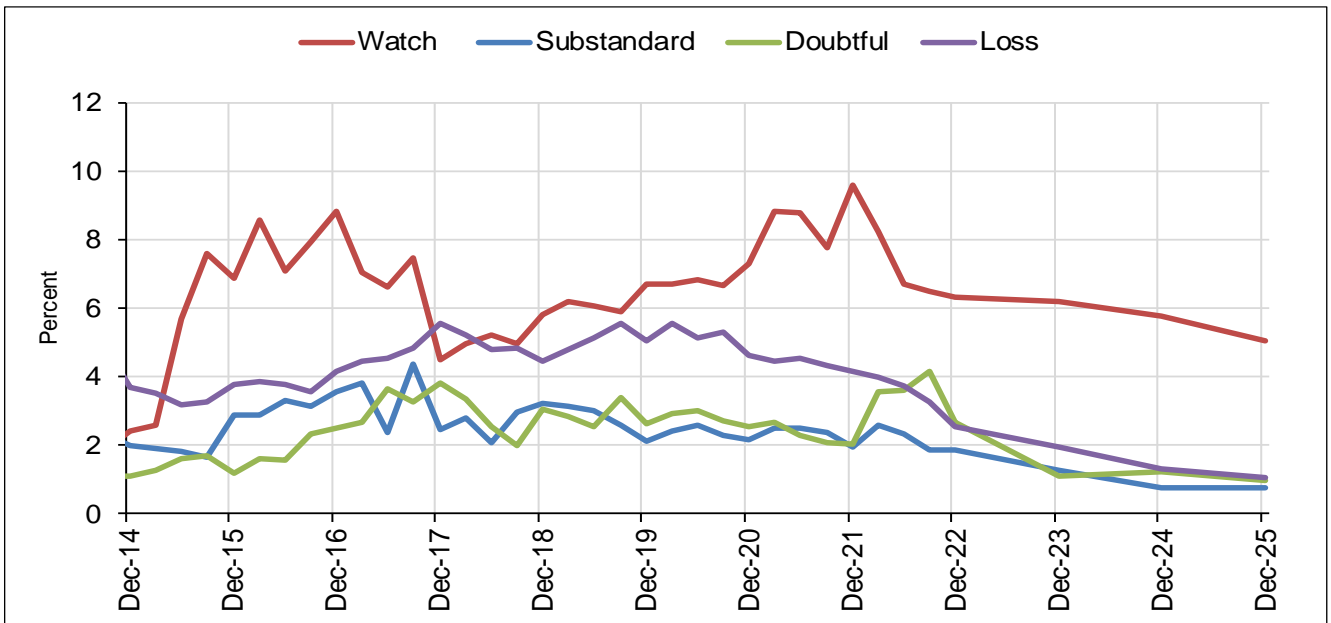
**Chart 2.26: Banks' profitability**



Source: Bank of Tanzania

**Credit quality continued to improve, as reflected by the declining trend of all categories of non-performing loans.** The ratio of non-performing loans to gross loans decreased to 2.8 percent in December 2025, down from 3.3 percent recorded in December 2024, below the targeted limit of 5.0 percent. According to the 2025 Lending Practices and Credit Conditions Survey, this improvement in loan performance was largely driven by prudent credit underwriting and approval processes, strengthened credit recovery initiatives, stricter collateral requirements, and enhanced borrowers' capacity to service debt. Banks anticipate a continued decline in NPLs. However, ongoing geopolitical tensions in the Middle East may negatively affect economic conditions thereby posing risk of rising NPLs ([Chart 2.27](#)).

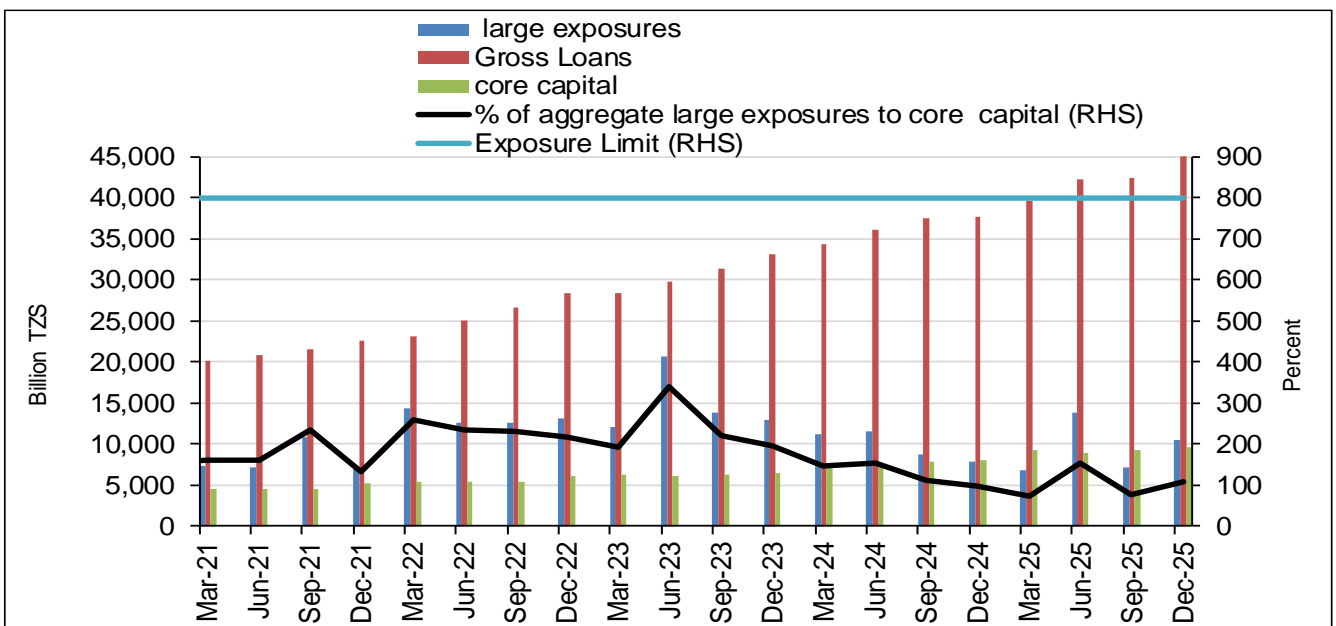
**Chart 2.27: Development of different categories of non-performing loans**



Source: Bank of Tanzania

Credit concentration remained tolerable as reflected in the ratio of aggregate large exposures to core capital at 96.3 percent well below the regulatory limits of 800.0 percent (Chart 2.28). The sustained low levels of this indicator and a rising gross loans indicate reduced concentration risk on the banking sub-sector as banks lend less to large borrowers in comparison to other borrowers.

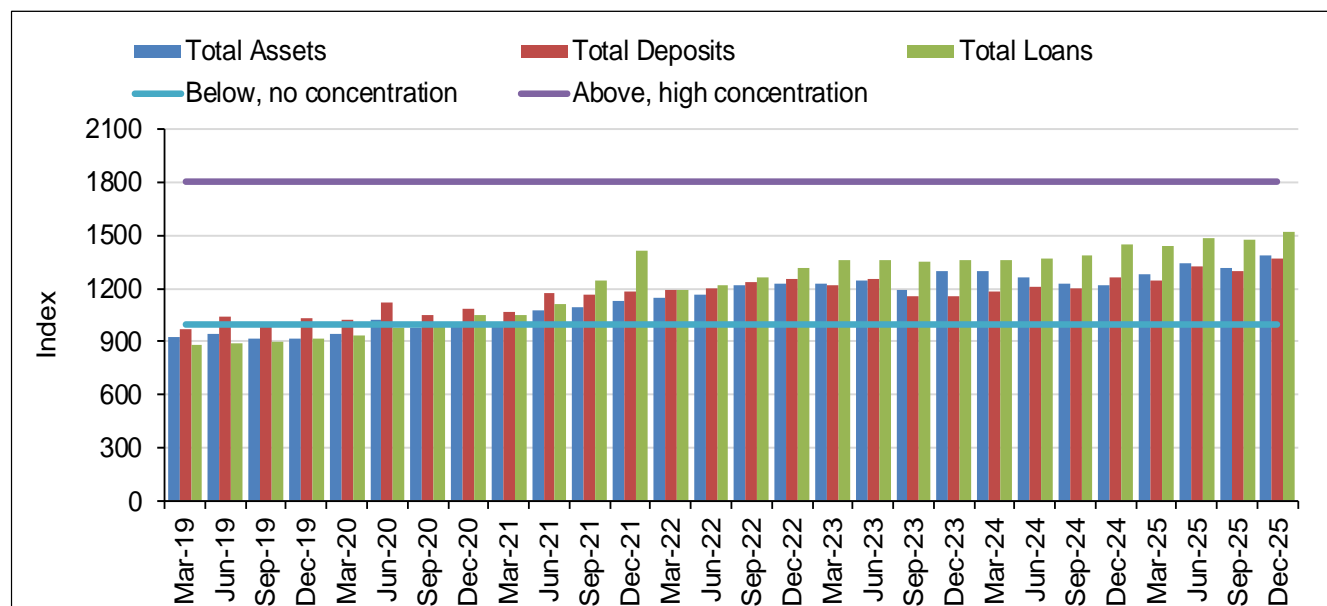
**Chart 2.28: Credit concentration risk**



Source: Bank of Tanzania

**Concentration in the banking sector remains manageable.** The Herfindahl-Hirschman Index<sup>5</sup> (HHI) measures concentration risk through the dominance of a few banks in the banking sub-sector in terms of total assets, deposits, and loans. The HHI indicated moderate concentration on total assets, deposits and loans, with indices at 1,386.3, 1,368.1, and 1,524.0 points respectively, compared with the threshold of 1,800 points above which concentration would be considered high ([Chart 2.29](#)).

**Chart 2.29: Herfindahl Hirschman Index (HHI) for all banks**

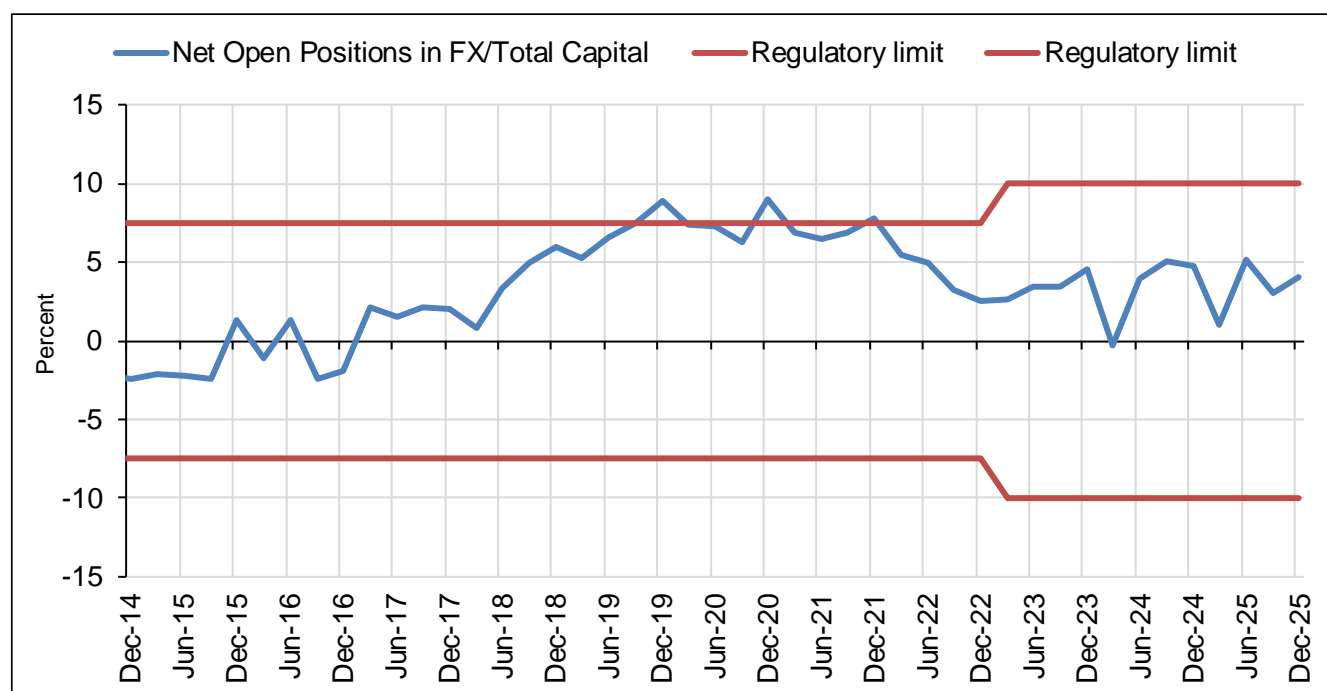


Source: Bank of Tanzania

**Exposure to exchange rate risk remained contained.** Net Open Position (NOP), which measures foreign exchange exposure, was reduced to 4.0 percent in 2025 compared with 4.71 percent in 2024 within the regulatory threshold of +/-10 percent. The reduced NOP ratio within the regulatory thresholds, together with the stable exchange rate, indicates that banks and financial institutions prudently managed foreign exchange risk exposure with the regulatory support from the Bank ([Chart 2.30](#)).

<sup>5</sup> The Herfindahl Hirschman Index (HHI) measure the level of concentration, whereby an index ranging from 100 to 1,000 is considered no concentration meaning high competition, while medium concentration ranges from 1,000 to 1,800 implying low competition.

Chart 2.30: Net open position to total capital ratio



Source: Bank of Tanzania

The share of foreign currency-denominated loans to total loans further dropped to 22.5 percent in 2025, from 23.5 percent in the preceding year, mainly driven by a higher proportionate increase in total loans. Further, the ratio between foreign currency-denominated deposits and total deposits decreased to 25.4 percent in 2025 from 27.3 percent in 2024, on account of a higher proportionate increase in total deposits ([Table 2.7](#)). The Bank continues to support, monitor and enforce compliance with regulatory requirements by banks and financial institutions to minimise foreign exchange rate risks.

Table 2.7: Foreign currency denominated loans and deposits

Particulars	Billions of TZS						
	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Foreign currency denominated loans	5,720.7	5,436.6	7,036.5	8,993.3	8,728.7	8,595.5	10,269.1
Foreign currency denominated deposits	6,640.8	6,916.9	8,107.0	8,343.7	10,584.0	11,104.6	13,071.8
Total loans	18,847.2	19,770.7	22,112.2	28,377.7	33,156.1	36,602.2	45,549.0
Total deposits	23,807.0	24,518.0	28,502.1	32,583.2	37,990.5	40,739.8	51,432.1
Foreign currency denominated deposits/total deposits (%)	27.9	28.2	28.4	25.6	27.9	27.3	25.4
Foreign currency denominated loans/total loans (%)	30.4	27.5	31.8	31.7	26.3	23.5	22.5
Foreign loans/foreign deposits (%)	86.1	78.6	86.8	107.8	82.5	77.41	78.56

Source: Bank of Tanzania

## **Lending practices and credit conditions**

The Bank surveyed lending practices and credit market conditions of banks, tier 2 microfinance service providers, and SACCOS in 2025. The results of the survey are summarized as follows:

### **(a) Banks and Financial Institutions**

The survey findings revealed that banks largely maintained the same credit standards for all economic activities in 2025. However, some banks indicated to have eased credit standards for agriculture and manufacturing loans, with a positive outlook on credit standards. The banks also indicated that the maximum size of credit will remain unchanged in 2026, with pessimism around the agriculture and real estate sectors on account of climate-related risk directly affecting these two sectors. Further, maximum maturity was anticipated to increase in 2026 owing to improvements in creditworthiness, debt servicing capacity, and continued positive general economic conditions, contributed by social and political factors.

Banks are expecting the average lending rates for 2026 to largely remain unchanged, however, few banks indicated optimism on account of opportunities in cheap deposit mobilization, increased competition, and the digitization and automation of financial services. On the other hand, banks indicated that loan applications are expected to continue to increase, while non-performing loans are anticipated to continue to decrease on account of strengthened credit analysis and approval process, conducive business environment, and intensified credit recovery efforts.

### **(b) Microfinance Service Providers**

Microfinance Service Providers (MSPs) indicated to maintain the same credit requirements for trade and personal loans, primarily due to effective loan approval processes. However, a tightening trend was noted, driven by MSPs' need to address challenges such as defaults and disloyalty from customers. In 2025, maximum loan amounts remain unchanged, and in 2026, loan limits are expected to increase due to rising competition and client growth.

Interest rates have also remained at a targeted monthly rate of 3.5 percent with some institutions charging above this rate. While there are some mixed requirements on collaterals, trade loans' collateral requirements eased due to improved business performance. The overall applications for trade and personal loans increased and are expected to continue with that trend in 2026, driven by enhanced business conditions and increased household incomes. MSPs

have intensified credit recovery efforts, leveraging local government credit referrals and the hiring of debt collectors.

(c) Saving and Credit Cooperative Societies

According to the survey's findings, Saving and Credit Cooperative Societies (SACCOS) members expressed satisfaction with the financial services offered, particularly loans for small businesses and personal needs. Loan approval procedures have not changed, but some respondents cited tightened processes due to dishonest members. SACCOS sub-sector maintained the same maximum loan amounts due to similar savings and deposits from members. The survey revealed that the maximum loan maturity under SACCOS regulations remains unchanged at 60 months, with most SACCOS maturing ahead of the cap. Interest rates remain unchanged in 2025, below rates charged by banks and MSPs, with some institutions suggesting lowering them to reduce the debt burden to members.

A significant volume of loan applications was filed due to improved economic activities and employment prospects. Successful recovery efforts, including careful follow-ups and improved borrower screening, have reduced and are expected to continue to reduce the number of non-performing loans. Credit recovery activities are expected to rise in 2026 through member education and collaboration with other lenders.

## Banking sub-sector resilience

The Bank measured the banking sector resilience to adverse and severe macro-financial conditions using stress testing that employed a comprehensive approach, using both top-down and bottom-up methodologies. Stress tests are aimed at identifying potential risks to the financial system's stability and evaluating their potential impact. The tests incorporated, at a minimum, plausible scenarios and calibrated shocks related to credit risk, interest rates, foreign exchange rates, and liquidity. Additionally, banks and financial institutions had the flexibility to incorporate additional risk types to allow a more comprehensive analysis of the potential impact. The shock levels for the top-down stress test considered, among others, the current state of the credit market in Tanzania, potential for a prolonged tight monetary policy stance by the Bank, potential for tighter credit conditions, increased risk aversion, heightened global uncertainty and risk premiums, risks posed by climate change, shifting global policies and deteriorating sentiment.

**The banking subsector remained resilient to shocks across all risk types and stress scenarios.** Resilience improved against credit and exchange rate risks, while the resilience remained similar against interest rate and liquidity risks. Furthermore, resilience against liquidity risks was stronger when a portion of Government Bonds were included in the stress test as the secondary market for these instruments continues to strengthen. The specific results are discussed further below:

Credit risk assessment was conducted under two categories: the proportionate and sectoral increases in non-performing loans (NPLs). The banking sector's resilience to credit risk improved when compared to the previous year's results. This is reflected in the potential after shock capital adequacy ratio remaining above the regulatory threshold of 10.0 percent for baseline, adverse and severe scenarios for all categories of banks and financial institutions.

The interest rate risk stress testing assessed the impact of the parallel shift of interest rates and a percentage of loans becoming NPLs as a result of the increase in interest rates. The results showed that the banking sub-sector's capacity to cover all potential losses resulting from interest and price changes remained the same when compared to 2024 on baseline, adverse and severe shocks. The resilience is on account of the natural hedging between interest-sensitive assets and liabilities, and initiatives by the Bank to reduce interest rates in the credit market.

Exchange rate risk stress testing assessed the impact of TZS appreciation or depreciation against major traded currencies and how the resultant revaluation of foreign currency-denominated assets and liabilities would affect capital positions. The results revealed that exchange rate risk continued to have less impact on the banking sector when compared to credit and interest rate risks, mainly driven by a favourable NOP position within the regulatory thresholds of +/- 10 percent contributed by prudent management of foreign exchange risk exposure with the regulatory support from the Bank.

Liquidity stress testing was used to evaluate the ability of banks and financial institutions to meet liquidity obligations under stress scenarios. The shock considered was the proportionate percentage of deposits withdrawn for five consecutive days, where the results showed that banks would be able to meet withdrawals and maintain liquidity positions above regulatory thresholds.

## Microfinance service providers

### Mainland Tanzania

**Microfinance services continued to increase amid growth in loans, which was attributed to the expansion in lending products, particularly digital loans.** During 2025, 596 new Tier 2 Microfinance Service Providers (MSPs) were licensed, resulting in a total of 2,938. The amount of outstanding loans issued by Tier 2 MSPs increased by 20.6 percent to TZS 1,421.9 billion. Major sources of funding for Tier 2 MSPs were borrowings that stood at TZS 1,001.5 billion compared with TZS 785.6 billion in 2024, followed by owners' equity at TZS 740.0 billion. The increase in borrowing as a source of funds, together with the NPL ratio, which measures asset quality standing at 9.8 percent indicating moderate risk to the sub-sector stability, which calls for close supervision and monitoring by the Bank.

The number of active licensed SACCOS by the Tanzania Cooperative Development Commission (TCDC) stood at 981 in December 2025 after licensing 47 new SACCOS, revoking licenses for 36 SACCOS due to failure to meet regulatory and operational requirements. TCDC maintained the number of probational licences at 10 in 2025 for performing SACCOS which fail to meet minimum capital requirements. On the other hand, TCDC, to enhance compliance, deregistered 558 SACCOS, including dormant and SACCOS not licensed under the Microfinance Act, 2018. Overall, the licensing and supervisory measures implemented during the year intended to enhance regulatory compliance and promote the operational soundness of the Tier 3 microfinance subsector and ultimately preserve stability in the economy.

The number of Community Microfinance Groups (CMGs) registered by Local Government Authorities (LGAs) increased by 17,889 to 74,534. Regions with a higher number of registered CMGs included: Arusha (22.9 percent), Mwanza (6.4 percent), Mbeya (6.4 percent), Morogoro (6.1 percent), Mara (5.7 percent) and Ruvuma (5.1percent) (**Table 2.8**).

**Table 2.8: Number of Microfinance Services Providers**

Category	2021	2022	2023	2024	2025
Tier 2 MSPs - Credit Only	692	1095	1,579	2,342	2,938
Tier 3 MSPs (SACCOS)	580	759	884	959	1,016
Tier 4 MSPs (Community Microfinance Groups)	24,123	34,127	48,284	58,926	74,534

Source: Bank Of Tanzania

## Zanzibar Microfinance Sector

During 2025, the Ministry of Finance and Planning, Zanzibar licensed microfinance service providers under Tier 2, increasing the total number of licensed institutions to 15. The regulatory framework for the microfinance sector has been strengthened following the enactment of the Zanzibar Microfinance Service Act, No. 9 of 2023 and issuance of regulations to operationalize the Act in June 2025. The implementation of this legal framework is expected to improve monitoring and supervision of microfinance institutions, enhance consumer protection, and address public concerns regarding unfair practices within the sector. The Bank continued to follow up on the statutory mandate in relation to for the regulation, supervision, and oversight of MFIs to ensure stability in the sub sector.

During the review period, the number of licensed and active SACCOS declined from 218 in 2024 to 70 in 2025. This reduction resulted from a comprehensive assessment conducted on all registered SACCOS to evaluate their operational status and compliance. As a result, inactive and non-operational SACCOS were removed from the registry, leaving only those that are actively operating and meeting the required standards. This exercise was undertaken to strengthen oversight, enhance transparency, and promote stability within the cooperative financial sector. Overall, these measures are aimed at reinforcing the resilience, integrity, and stability of the financial system in Zanzibar.

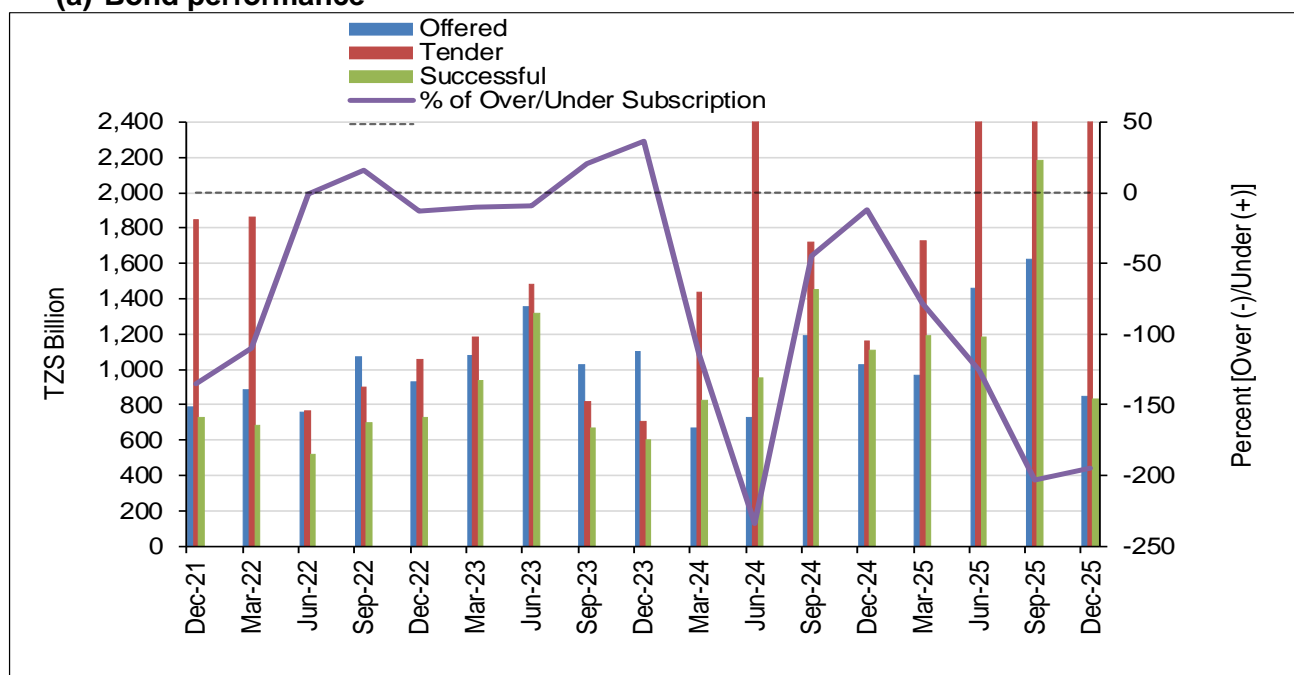
## 2.5.2. Capital markets sub-sector

### Government securities primary market

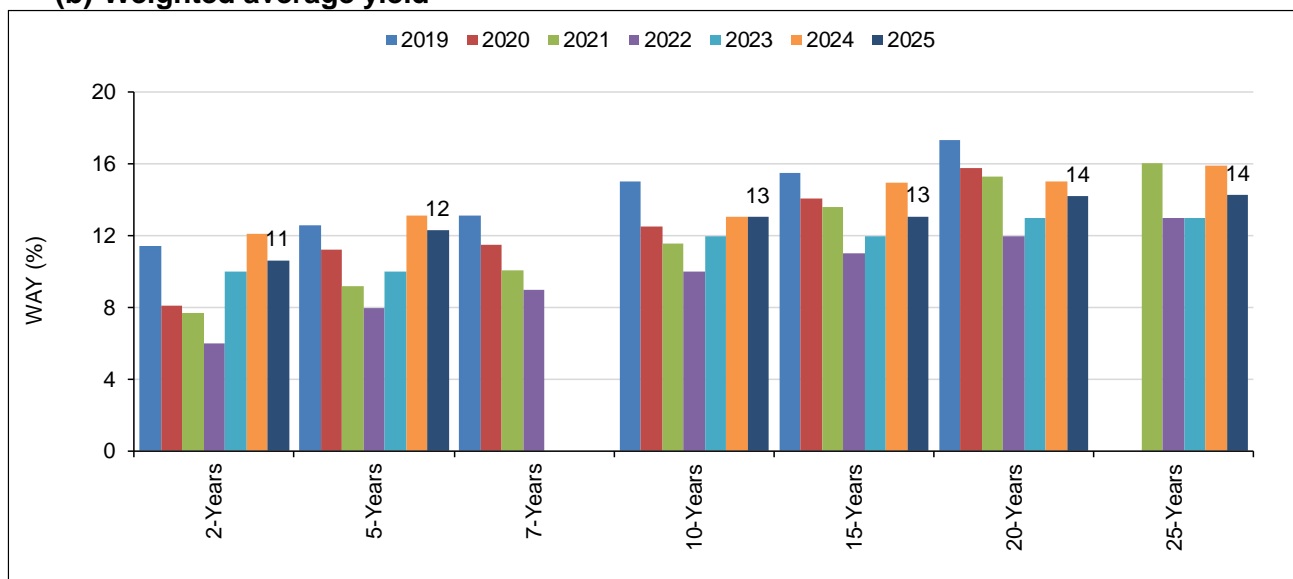
The primary market for Government securities was characterized by lower yields underpinned by growing appetite for government bonds and greater liquidity in the market. Bond auctions were, on average, oversubscribed by 150.7 percent in 2025 compared with a rate of 101.4 percent during the preceding year (Chart 2.31 (a)). Furthermore, weighted average yield to maturity decreased across all maturities (Chart 2.31 (b)). This downward trend in yields, alongside strong oversubscription, was primarily driven by increased demand for government securities as an investment option, along with favourable coupon rates.

Chart 2.31: Performance of the primary bond market

#### (a) Bond performance



Source: Bank of Tanzania

**(b) Weighted average yield**

Source: Bank of Tanzania

During 2025, participation in the primary bond market denoted a considerable shift among key stakeholders as banks dominated with 36.4 percent compared to 23.0 percent in 2024. Individuals and social security followed suit at 25.7 and 22.7 percent, respectively. The share of other entities dropped from 15.3 percent of the market share in 2024 to 5.6 percent in 2025. Increased bank participation was related to a need for liquidity and balance sheet management. The shift reflects evolving dynamics in the market and improved diversification among investors overall. Increasing bank participation may pose concentration risks, however, the current share of participation is diversified.

While the volume and value of participation increased in nominal terms for all categories, the share of retail or individual participation dropped to 25.7 from 29.2 percent due to the significant increase in participation by banks and insurance companies. Similarly, the share of social security participation declined to 22.7 percent from 26.4 percent ([Table 2.9](#)).

**Table 2.9: Participation in the primary bond market by category**

Types of Participants	Amount (TZS Billion)						Proportion (Percent)					
	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
Banks	1,630.7	1,680.1	1,647.8	1,584.5	994.3	1,948.9	48.4	53.3	50.9	40.1	23.0	36.4
Individual	263.1	372.2	356.6	428.9	1,265.2	1,376.4	7.8	11.8	11.0	10.8	29.2	25.7
Insurance	200.5	250.5	228.9	321.9	259.9	511.3	6.0	8.0	7.1	8.1	6.0	9.5
Brokers	46.4	45.6	135.5	157.1	3.5	6.2	1.4	1.4	4.2	4.0	0.1	0.1
Social Security	1,104.3	685.7	620.7	1,232.2	1,144.4	1,217.7	32.8	21.8	19.2	31.2	26.4	22.7
Others	121.3	115.0	246.7	230.9	664.7	298.4	3.6	3.7	7.6	5.8	15.3	5.6
Total	3,366.1	3,149.2	3,236.4	3,955.6	4,332.0	5,358.9	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bank of Tanzania

## Secondary markets

**Capital markets demonstrated notable resilience and sustained growth despite a challenging and evolving global financial environment.** The total value of investment in the capital markets increased by 35.1 percent during 2025 to TZS 63,096.4 billion . Value of equities listed at the Dar Es Salaam Stock Exchange significant growth, rising by 34.3 percent to 23,995.3 billion. Additionally, the Net Asset Value (NAV) of collective investment schemes increased by 63.0 percent to TZS 4,384.4 billion compared to the preceding year (**Table 2.10**). This outturn reflects improved macroeconomic stability, continued product diversification, increased market liquidity and growing investor confidence in the market.

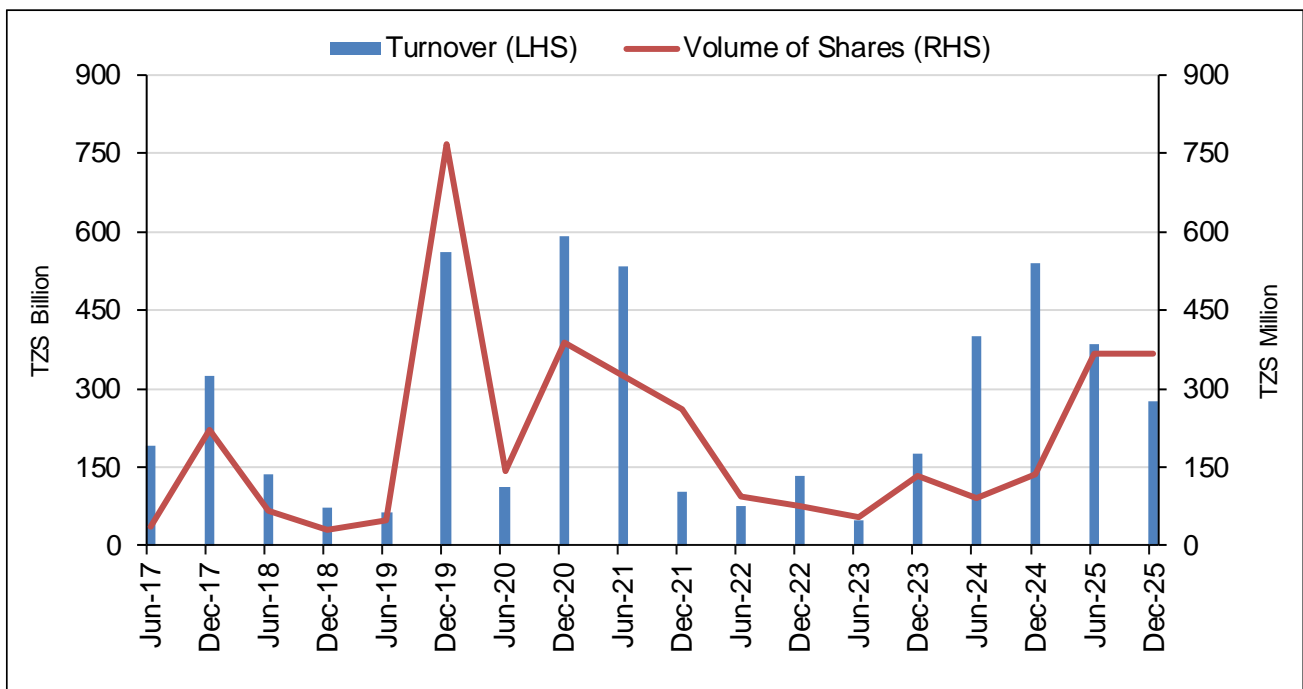
**Table 2.10: Value of investment in the capital market**

Items	Billions of TZS			
	2022	2023	2024	2025
Equity	15,684.6	14,611.4	17,868.2	23,995.3
ETFs		-	-	21.9
Government Bonds	16,943.9	20,236.1	25,398.4	32,724.8
Corporate Bonds	143.8	720.8	757.1	1,969.9
NAV of Collective Investment Schemes	1,226.3	1,841.7	2,690.1	4,384.4
<b>Total Value</b>	<b>33,998.4</b>	<b>37,410.1</b>	<b>46,713.7</b>	<b>63,096.4</b>

Source: Capital Markets and Securities Authority

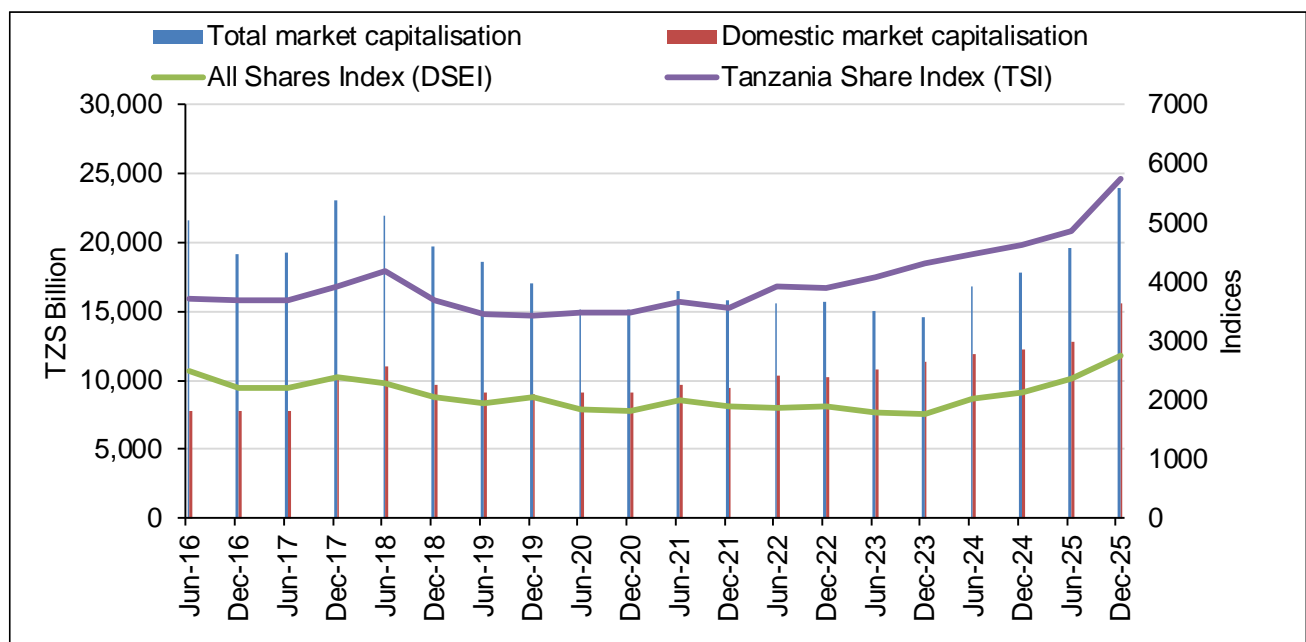
**Trading activity in the equity market strengthened, reflecting improved investor sentiment supported by relatively stable domestic business conditions and stronger corporate earnings.** During 2025, total equity turnover at the Dar es Salaam Stock Exchange (DSE) increased significantly to TZS 659.0 billion, compared with TZS 228.6 billion recorded in the preceding year (**Chart 2.32**). The increase was driven by improved financial performance among listed companies and corporate actions, including dividend distributions and right issues, which attracted retail and institutional investors. Additionally, regulatory reforms, the expansion of digital trading platforms, and financial literacy initiatives enhanced market access and liquidity, supporting the growth in equity market turnover.

Chart 2.32: Dar es Salaam Stock Exchange equity trading



Source: Dar es Salaam Stock Exchange

Total market capitalization and domestic market capitalization increased by 34.3 percent to TZS 23,995.3 billion and 27.3 percent to TZS 15,580.8 billion respectively. Similarly, the Tanzania Share Index (TSI), which tracks the performance of domestic listed companies and All Share Index (DSEI), which tracks the performance of all listed companies improved by 1,141 points to 5,759.4 points and 622 to 2,761.9 points respectively. The improvement was due to an increase in share prices of domestic companies, namely DSE, CRDB, NMB, MKCB, MBP, NICO and cross-listed companies particularly EABL, KCB and JHL ([Chart 2.33](#)). Additionally, improved regulatory oversight such as amendment of DSE Rules have strengthened market liquidity and overall performance. This implies that the equity market remains resilient to global shocks, enhance contribution to economic growth and stability of the financial system.

**Chart 2.33: Performance of the Dar es Salaam Stock Exchange**


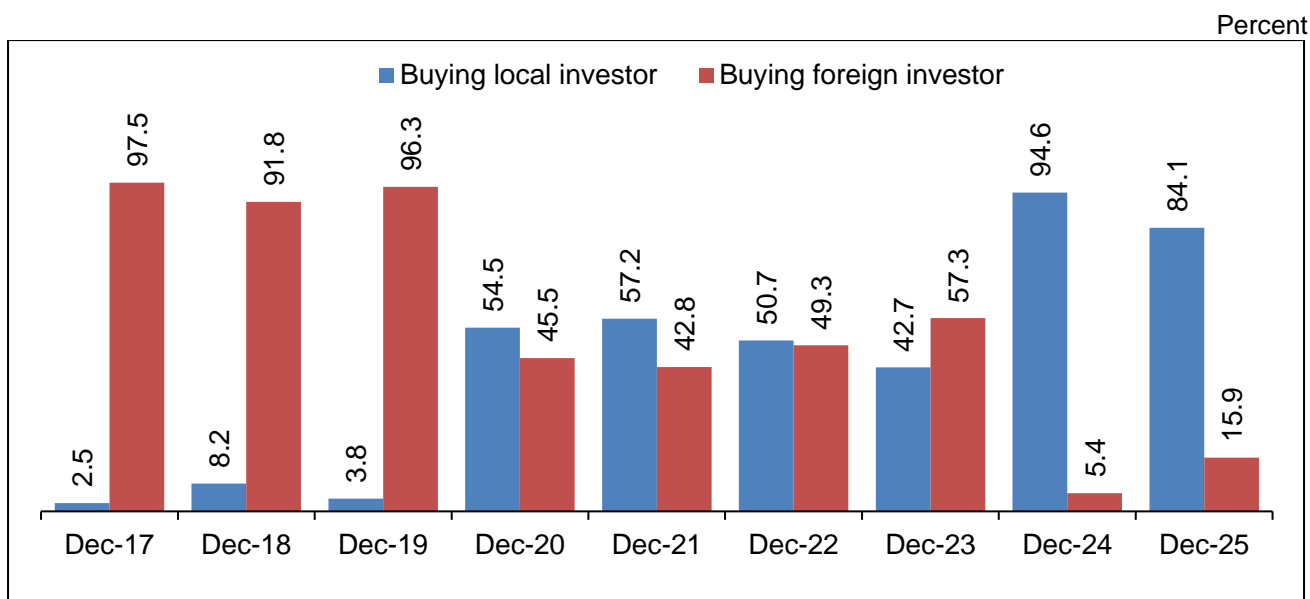
Source: Dar es Salaam Stock Exchange

**Market concentration risk remained contained, supported by broader investor participation and improved activity among domestic market players.** Local investors continued to dominate the market, accounting for 84.1 percent of total buy-side activity, while foreign investors contributed 15.9 percent. On the sell side, local investors represented 57.8 percent of transactions, compared with 42.2 percent by foreign investors. The strong participation of domestic investors reflects the growing maturity and resilience of Tanzania’s capital market, as it increasingly mobilizes local savings to support economic development.

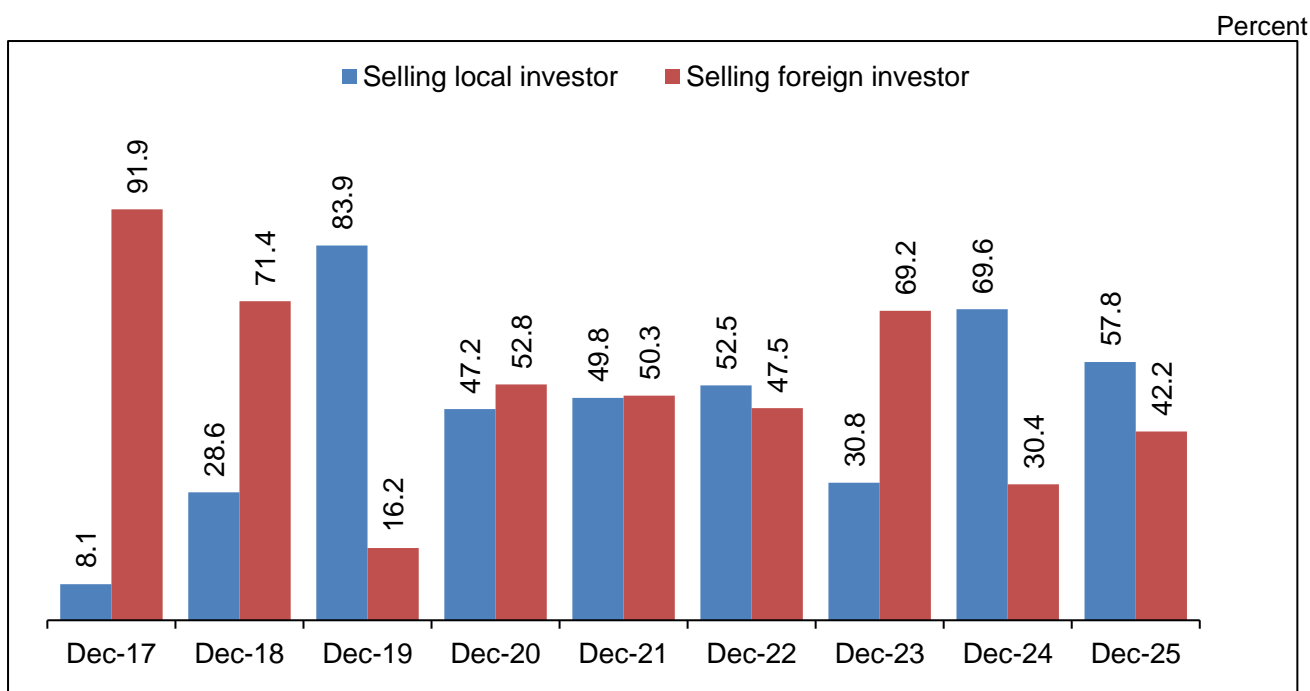
The rising prominence of domestic investors was largely driven by several factors, including improved market accessibility through digital trading platforms, expanded investor education initiatives, and enhanced confidence in the performance and governance of listed companies. In addition, stable macroeconomic conditions and improved financial performance of listed companies encouraged greater participation by local investors seeking long-term investment opportunities ([Chart 2.34a](#) and [Chart 2.34b](#)).

Chart 2.34: Investors' participation in the DSE

(a) Purchasing side



(b) Selling side



Source: Dar es Salaam Stock Exchange

In terms of investor categories, individuals, corporations, and foreign investors were the most active participants on the purchasing and selling sides of the market. Insurance companies recorded relatively low participation, while Social Security Funds were active only on the purchasing side with no recorded sales during the year (Table 2.11).

**Table 2.11: Equity Trading Participation in the DSE by investors' category**

Category	Millions of TZS								
	2023			2024			2025		
	Purchase	Sale	Net flows	Purchase	Sale	Net flows	Purchase	Sale	Net flows
Individuals	49,886.99	46,303.02	3,583.96	49,603.40	77,382.60	(27,779.20)	160,882.12	162,383.04	(1,500.92)
Corporations	26,250.88	14,825.01	11,425.86	118,449.70	77,615.60	40,834.10	214,940.83	108,330.09	106,610.73
Social Security	13,714.36	4,630.00	9,084.36	44,747.50	-	44,747.50	61,507.09	-	61,507.09
Insurance	6,314.17	7,527.12	(1,212.95)	952.21	632.00	320.21	364.42	2.01	362.41
Foreigners	129,052.80	151,934.03	(22,881.24)	14,894.10	73,016.59	(58,122.48)	86,067.54	253,046.85	(166,979.31)
Total	225,219.19	225,219.19	-	228,646.91	228,646.79	-	523,762.00	523,762.00	-

Source: Dar es Salaam Stock Exchange

**The secondary market for government bonds demonstrated notable activity, supported by improved investor participation and favorable market conditions.** Total turnover of government bonds increased significantly by 85.1 percent to TZS 6,221 billion in 2025. The increase in trading activity was largely driven by stronger participation from individual investors, who dominated the market, followed by banks and other corporations. This trend reflects growing investor confidence in government securities, improved market liquidity, and increased awareness of financial assets among domestic investors (**Table 2.12**). The Government's efforts to maintain macroeconomic stability and implement progressive financial sector policies are expected to strengthen investor confidence and enhance the attractiveness of government bonds in the secondary market.

**Table 2.12: Government bonds secondary market trading participation by categories**

Particulars	Billions of TZS					
	2024			2025		
	Purchase	Sale	Net flow	Purchase	Sale	Net flow
Banks	682.4	1,180.8	-498.4	1,545.5	1,543.2	2.3
Corporation	917.9	676.6	241.3	870.2	1,054.0	-183.7
Individual	1,236.0	1,465.7	-229.7	3,321.0	3,000.2	320.8
Social funds	488.0	0.0	488.0	334.1	533.2	-199.1
Insurance	35.9	37.1	-1.2	104.2	84.4	19.8
EAC	0.0	0.0	0.0	46.0	6.0	40.0
Total	3,360.2	3,360.2	0.0	6,221.0	6,221.0	0.0

Source: Dar es Salaam Stock Exchange

**The corporate bond market grew, reflecting improved investor confidence and diversification of financial instruments.** During 2025, the trading value of corporate bonds increased by 81.3 percent to TZS 11.6 billion. The increase was attributed to the introduction of thematic and ethical bonds including Zanzibar Sovereign Sukuk, CRDB Sukuk, Azania Bank Plc "Bondi yangu" and Tanzania Commercial Bank (TCB) Stawi Bond.

**Efforts to broaden product diversification in the capital market continued during the year.** As of 31 December 2025, one ETF was approved and listed on the DSE. The ETF comprises a basket of securities including CRDB Bank Plc, NMB Bank Plc, National Investment Company Limited, Dar es Salaam Stock Exchange Plc, and Afriprise Investment Limited. Trading activity in the ETF market recorded a positive response following its introduction. Within the first two months of trading, the Fund recorded a turnover of TZS 8.2 billion and total Assets Under Management (AUM) amounting of TZS 14.5 billion, indicating growing investor interest in diversified investment products.

**Collective Investment Schemes (CIS) maintained strong growth, reflecting increased investor participation and the continued expansion of managed investment products in the capital market.** The total Net Asset Value (NAV) surged by 62.5 percent, rising to TZS 4,384.4 billion ([Table 2.13](#)). This growth was largely driven by the introduction of two new schemes which expanded the range of investment products available to investors; and the improved performance of underlying assets, particularly government securities and listed equities. In addition, enhanced digital investment platforms and distribution channels improved investor accessibility and participation. As a result, collective investment schemes continued to play an important role in mobilizing domestic savings and supporting long-term financial planning for households' needs including domestic obligations, health care costs, food, education, savings, and other social needs.

**Table 2.13: Collective investment schemes**

Scheme	Net Asset Value (NAV in Millions of TZS)				NAV Growth %			
	Dec-22	Dec-23	Dec-24	Dec-25	Dec-22	Dec-23	Dec-24	Dec-25
UTT-AMIS Funds	1,218,315.9	1,822,450.0	2,574,900.1	3,954,353.1	63.5	49.6	41.3	53.6
Umoja Fund	302,291.7	339,983.6	371,502.2	398,272.8	12.2	12.5	9.3	7.2
Wekeza Maisha	6,658.7	12,063.1	19,141.1	26,920.2	162.5	81.2	58.7	40.6
Watoto Fund	8,426.9	14,560.4	24,012.9	36,172.7	83.2	72.8	64.9	50.6
Jikimu Fund	19,122.6	22,994.4	32,326.7	43,056.3	10.4	20.2	40.6	33.2
Liquid Fund	559,272.1	890,749.2	1,359,669.8	2,056,032.6	83.8	59.3	52.6	51.2
Bond Fund	322,543.9	542,099.4	768,247.5	1,023,657.7	119.9	68.1	41.7	33.2
Watumishi Fund	7,975.5	19,242.1	33,491.9	51,360.2	-	141.3	74.1	53.4
Zan security fund	-	-	14,455.2	27,157.4	-	-	-	87.9
iTrust finance funds	-	-	52,289.2	307,448.3	-	-	-	488.0
SanlamPesa	-	-	4,299.7	96,917.00	-	-	-	2154.0
Orbit securities	-	-	10,557.1	33,882.0	-	-	-	220.9
<b>Grand Total</b>	<b>1,226,291.4</b>	<b>1,841,692.1</b>	<b>2,689,993.2</b>	<b>4,471,118.0</b>	<b>64.6</b>	<b>50.2</b>	<b>46.1</b>	<b>66.2</b>

Source: Capital Markets and Securities Authority

### 2.5.3. Insurance sub-sector

**The insurance sub-sector experienced continued growth in financial capacity and underwriting activity, supported by increase in total assets, net worth and gross written premiums.** Total assets increased by 6.8 percent to TZS 2,633.6 billion in 2025, reflecting the expansion of insurers' balance sheets, driven by increased underwriting activities, rising insurance penetration and continued expansion of insurers' investment portfolios. Total net worth increased by 12.2 percent to TZS 933.8 billion, indicating stronger capital positions and improved financial resilience within the sub-sector.

Gross written premiums (GWP) increased by 7.5 percent to TZS 1,630.0 billion, reflecting continued expansion of the insurance market and growing adoption of insurance products across general, life, health, and insurance, takaful business and foreign inward reinsurance. The growth in premiums reflects increased policyholders' obligations and the expansion of insurance business activities within the economy. Total investment assets increased by 11.5 percent to TZS 1,567.6 billion in 2025, reflecting prudent financial management, strategic asset allocation and continued diversification of insurers' investment portfolios ([Table 2.14](#)).

The growth in assets, capital and premiums reflects strengthening of financial capacity and expanding insurance coverage in the economy. This highlights the growing

importance of effective supervision by Tanzania Insurance Regulatory Authority to safeguard policyholders and maintain the stability and sustainability of the insurance sub-sector.

**Table 2.14: Insurance sub-sector performance**

Particular	Billions of TZS							
	Performance				Percentage Change			
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	Dec 22 - Dec 23	Dec 23 - Dec 24	Dec 24 - Dec 25	
Total Assets	1,697.0	2,151.8	2,465.5	2,633.6	26.8	14.6	6.8	
Total Liabilities	1,006.5	1,454.5	1,633.4	1,699.8	44.5	12.3	4.1	
Total Net worth	690.5	697.4	832.2	933.8	1.0	19.3	12.2	
Total Investments	1,169.7	1,278.3	1,405.4	1,567.6	9.3	9.9	11.5	
<b>Gross Premium Written</b>								
General Insurance	895.1	950.3	957.2	1,020.0	6.2	0.7	6.6	
Life Insurance	242.2	262.7	309.0	330.0	8.5	17.6	6.8	
Health Insurance			187.5	205.0			9.3	
Takaful business			4.6	6.0			30.4	
Foreign Inward Reinsurance		27.3	58.0	69.0		112.5	19.0	
<b>Total</b>	<b>1,137.3</b>	<b>1,240.2</b>	<b>1,516.3</b>	<b>1,630.0</b>	<b>9.0</b>	<b>22.3</b>	<b>7.5</b>	

Source: Tanzania Insurance Regulatory Authority

**Premium distribution across classes of business in 2025 remained concentrated in key lines, particularly motor insurance, group life insurance, fire insurance, engineering insurance and aviation insurance, reflecting strong demand for risk protection across major economic sectors.** The growth of general insurance which accounts for 62.6 percent was dominated by motor, fire, engineering, aviation and bond insurance. On the other hand, life insurance which covers 20.2 percent, health insurance (12.6 percent), takaful business (0.4 percent) and foreign inward reinsurance (4.2 percent). This performance was driven by increase in economic activities such as tourism, construction, mining as well introduction of universal health services ([Table 2.15](#)).

In the life insurance segment, premiums increased from TZS 309.0 billion in 2024 to TZS 330.0 billion in 2025, largely driven by group life insurance, which accounted for 85.8 percent of life insurance premiums, while individual life insurance contributed 14.2 percent ([Table 2.15](#)). The dominance of these classes indicates strong underwriting performance in core insurance segments supporting major economic activities such as transport, construction and corporate protection. This supports stable premium growth and strengthens the role of insurance in economic risk management.

**Table 2.15: Market share for gross premium written as per business class**

Class of Business	TZS Billions			Market share (%)		
	Dec-23	Dec-24	Dec-25	Dec-23	Dec-24	Dec-25
Motor Insurance	183.9	380.0	402.0	30.0	39.7	39.4
Fire Insurance	40.4	202.9	218.0	6.6	21.2	21.4
Aviation Insurance	22.6	59.5	65.0	3.7	6.2	6.4
Engineering Insurance	40.1	76.0	83.0	6.5	7.9	8.1
Marine Insurance	50.3	37.1	38.0	8.2	3.9	3.7
Miscellaneous Insurance	161.0	27.6	28.0	26.3	2.9	2.7
Accident Insurance	0.0	19.2	22.0	0.0	2.0	2.2
Liability Insurance	23.7	35.1	36.0	3.9	3.7	3.5
Theft Insurance	6.7	31.4	33.0	1.1	3.3	3.2
Bond Insurance	40.7	39.6	41.0	6.6	4.1	4.0
Energy Insurance	18.1	4.5	5.0	3.0	0.5	0.5
Goods in Transit	6.5	6.3	7.0	1.1	0.7	0.7
Agricultural Insurance	1.2	7.8	9.0	0.2	0.8	0.9
Travel	17.1	30.3	33.0	2.8	3.2	3.2
<b>Total General Insurance</b>	<b>612.3</b>	<b>957.3</b>	<b>1020.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Individual Life	44.0	45.1	47.0	16.8	14.6	14.2
Group Life	218.7	263.9	283.0	83.2	85.4	85.8
Other life	0.0	-	-	0.0	0.0	0.0
<b>Total Life Insurance</b>	<b>262.7</b>	<b>309.0</b>	<b>330.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Health Insurance	161.0	187.5	205			12.6
Takaful Business	0.5	4.62	6.0			0.4
Foreign Inward Reinsurance	27.3	58.0	69.0			4.2

Source: Tanzania Insurance Regulatory Authority

**The insurance sub-sector's total investments increased, reflecting continued portfolio expansion and prudent asset allocation.** In 2025, total investment assets increased by 8.9 percent to TZS 1,567.6 billion. Tanzania Government Securities increased by 9.3 percent to TZS 470.0 billion, reflecting insurers' continued preference for stable and low-risk assets. Investment in investment pools, mutual funds and unit trusts increased to TZS 10.0 billion, indicating a gradual shift toward diversified collective investment vehicles. Real estate investments increased by 7.0 percent to TZS 175.0 billion, while shares in listed companies increased by 5.5 percent to TZS 135.0 billion, reflecting continued participation in capital markets and portfolio diversification. Meanwhile, other investment assets increased by 22.0 percent to TZS 20.0 billion, indicating growing interest in alternative investment opportunities ([Table 2.16](#)).

**Table 2.16: Investment assets portfolio mix**

Particular	Billions of TZS						
	Dec-22	Dec-23	Dec-24	Dec-25	Percentage Change		
					Dec 22 - Dec 23	Dec 23 - Dec 24	Dec 24 - Dec 25
Deposits in Financial Institutions	566.1	588.4	551.6	590.0	3.9	-6.3	7.0
Tanzania Government Securities	323.0	373.1	430.0	470.0	15.5	15.3	9.3
Real Estate	128.0	158.2	163.5	175.0	23.6	3.3	7.0
Shares in Unlisted Companies			97.9	105.0			
Shares in Listed Companies	108.1	124.0	128.0	135.0	14.7	3.2	5.5
Corporate Bonds			10.0	12.0			20.0
Investment in Investment Pools, Mutual Funds, Unit Trusts			8.0	10.0			25.0
Other Investment Assets	9.3	12.1	16.4	20.0	29.8	35.3	21.8
Investments in Subsidiaries, Associates and Affiliates	19.8	6.9	5.4	6.0	-65.1	-21.7	
Other loans			9.8	12.0			22.6
Policy Loans			6.0	7.0			16.3
Other Bonds and debentures	15.4	15.6	13.5	25.6	1.1	-13.3	89.6
<b>Total Investment Assets</b>	<b>1,169.7</b>	<b>1,278.3</b>	<b>1,440.1</b>	<b>1,567.6</b>	<b>9.3</b>	<b>12.7</b>	<b>8.9</b>

Source: Tanzania Insurance Regulatory Authority

Similarly, deposits in financial institutions increased by 7.0 percent to TZS 590.0 billion, reflecting the continued importance of liquid instruments within insurers' portfolios. Shares in unlisted companies increased by 7.3 percent to TZS 105.0 billion, reflecting strategic investments in private enterprises. Corporate bonds increased to TZS 12.0 billion, while other loans increased to TZS 12.0 billion, indicating a gradual expansion in fixed-income and lending activities.

Meanwhile, policy loans increased to TZS 7.0 billion, reflecting continued utilization of life insurance policy-based lending facilities. Other bonds and debentures increased significantly by 89.6 percent to TZS 25.6 billion, indicating portfolio adjustments towards higher-yield fixed-income instruments. Additionally, investments in subsidiaries, associates, and affiliates increased by 11.1 percent to TZS 6.0 billion, reflecting modest expansion in strategic equity investments. Overall, the investment portfolio remained diversified with strong allocations to bank deposits and government securities, highlighting insurers' continued emphasis on liquidity management, capital preservation, and prudent investment practices.

**The insurance sub-sector financial condition remained stable with key financial soundness indicators broadly remaining within regulatory and prudential thresholds.**

The solvency ratio stood at 51.3 percent for general insurers and 53.0 percent for life insurers, well above the regulatory minimum requirements, indicating that insurers maintained sufficient capital adequacy to support their underwriting portfolios and absorb potential insurance risks. Similarly, changes in capital and reserves remained within the prudent benchmark, with general insurers at 14.0 percent and life insurers at 6.0 percent, reflecting continued capital accumulation and balance sheet strengthening across the sector.

Investment performance remained within the prudent range of 4–10 percent, with returns on investment (ROI) recorded at 8.6 percent for general insurers and 6.2 percent for life insurers, indicating stable income generation from insurers' investment portfolios and effective asset management practices ([Table 2.17](#)).

The retention ratio for general insurers stood at 50.1 percent, within the regulatory range of 30-70 percent. In comparison, life insurers recorded 90.8 percent, slightly above the prudential benchmark of 90 percent, suggesting relatively higher risk retention in the life segment. The liquidity position remained adequate, with general insurers recording a liquidity ratio of 96.3 percent and life insurers 94.8 percent, above the regulatory minimum thresholds, indicating sufficient liquid assets to meet policyholder obligations and short-term liabilities. The strong financial soundness indicators reflect adequate capital buffers, stable investment income, and sufficient liquidity to meet policyholder obligations, supporting the overall stability of the insurance sector.

**Table 2.17: Financial soundness indicators of the insurance sub-sector**

Indicator	Statutory requirement	Dec-23		Dec-24		Dec-25	
		General	Life	General	Life	General	Life
<b>Capital Ratios</b>							
	General $\geq$ 25%; Life $\geq$ 8%						
Solvency Ratio		67.6	42.9	42.5	48.3	23.7	52.3
Change in Capital and Reserves		6.0	10.0	13.2	6.2	18.6	3.4
<b>Assets Quality Ratios</b>							
Rate of return on investment		9.0	5.0	9.3	5.1	9.5	5.2
<b>Investment Mix</b>							
Investment in Government Securities		31.0	28.3	36.4	34.9	40.4	39.8
Investment in bank deposits	Min 40%	45.7	36.5	41.5	34.7	38.3	33.4
Investment in real estates	Max 30%	4.6	15.3	6.7	17.3	8.3	18.8
<b>Reinsurance ratios</b>							
	General; 30% < RR < 70% Life; 50% < RR < 90%						
Retention Ratios		53.3	83.3				
<b>Actuarial Liabilities (General)</b>							
Actuarial Provision to Capital Ratio	Max 250%	85.5					
<b>Earning Ratios (General)</b>							
Return on Equity		17.2					
<b>Liquidity Ratios</b>							
	General $\geq$ 95%; Life $\geq$ 50%						
Liquidity Ratio		140.4	90.0	98.5	93.9	67.1	96.8

Source: Tanzania Insurance Regulatory Authority

The investment mixes favored government securities, with general and life insurers increasing their allocations. General insurers raised their investment in government securities from 36.4 percent to 40.4 percent, while life insurers increased from 34.9 percent to 39.8 percent. Bank deposits showed a mixed trend, declining for general insurers from 41.5 percent to 38.3 percent and for life insurers from 34.7 percent to 33.4 percent. Real estate investments grew slightly, with general insurers increasing their share from 6.7 percent to 8.3 percent, and life insurers rising from 17.3 percent to 18.8 percent.

Liquidity ratios exhibited mixed performance. General insurers' share declined from 98.5 percent to 67.1 percent and remained below the statutory threshold of 95 percent. In contrast, life insurers saw an improvement, with liquidity rising from 93.9 percent to 96.8 percent, well above the required minimum of 50 percent. Overall, these indicators reflect a balanced and prudent approach to liquidity management within the insurance sub-sector.

#### 2.5.4. Social security sub-sector

##### Mainland Tanzania

**The social security sub-sector demonstrated robust growth and resilience.** Total assets increased by 21.4 percent from TZS 21,353 billion in 2024 to TZS 25,921 billion in December 2025. This growth translated into a 13.1 percent increase in net assets available for benefits, which was TZS 24,203 billion. The increase was driven by member contributions, investment incomes, inflows from the central government related to pre-1999 liabilities, and other outstanding receivables. This trend reflects steady member participation and prudent asset management. Social security holdings accounted for 12.1 percent of GDP, highlighting the sub-sector's significance to the domestic financial system. The sub-sector continued to serve as a major source of funding for the financial system, underscoring the importance of its sustained viability for overall financial sector stability.

**The sub-sector funding position remained above regulatory thresholds, supporting its capacity to meet future obligations.** As of December 2025, the pension funds' funding ratio increased to 68.9 percent from 66.0 percent in the previous year, remaining above the minimum requirement ratio of 40.0 percent. Meanwhile, the non-pension funds funding ratio declined to 5.2 times from 5.7 times in December 2024 but remained above the required threshold of 1.0 times. Overall, the sector remained stable, with about three-quarters of the funding target achieved, reflecting a strong asset base to cover accrued benefits. This demonstrates enhanced prudent regulatory and supervisory conduct, which has improved the financial condition of the sector, thus improving the social welfare of the community.

**The social security sub-sector maintained adequate liquidity to meet its short-term obligations while supporting investment activities.** The liquidity coverage ratio stood at 1.2 times in December 2025, above the regulatory threshold of 1.1 times, primarily reflecting the funds' capacity to meet their short-term obligations as they fall due ([Table 2.18](#)). The subsector's liquidity conditions during the period under review indicate a shift towards long-term investments, with higher earnings contributing to improved cash flow and capacity to meet future obligations. This shift supported increased long-term investment in the economy, thereby enhancing financial intermediation and economic activity.

**Administrative cost efficiency in the social security sub-sector remained broadly stable.** As of December 2025, the efficiency ratio slightly increased to 9.9 from 9.8 in the

previous year, while remaining within the regulatory threshold. This indicates that administrative expenses remained contained relative to the sector's size. The observed increase in administrative costs reflects the government's policy to expand coverage to the informal sectors. Nevertheless, the regulator continues to strengthen oversight to ensure that the sub-sector remains cost-effective and that members' benefits are safeguarded.

**The sustainability of the social security sub-sector improved, as reflected in the benefit-to-income ratio.** As of December 2025, contributions collected were sufficient to cover benefit payments by 1.9 times from 1.7 times observed in the previous year. Benefits payments as a share of total income remained broadly within the prudent threshold at 50.1 percent in December 2025. Notwithstanding, employer defaults remain a vulnerability within the sub-sector, suppressing contribution density and delaying fund deployment. These challenges pose investment risk and may ultimately undermine the adequacy of retirement benefits. To mitigate these risks, the regulator continues to enforce strict compliance with contributions and timely reporting. At the same time, Pension funds maintain adequate liquidity in line with their funding and investment policies to ensure timely benefit payments.

**The social security dependency ratio improved, suggesting a strong capacity to meet its obligations without compromising long-term viability.** As of December 2025, there were ten active contributing members for every retiree, significantly above the minimum threshold of four members per retiree ([Table 2.18](#)). This positive trend reassures current and future retirees that no major reforms such as raising the retirement age or reducing pensions are expected in the near term, thereby sustaining confidence in the social security sub-sector and its overall financial stability.

**Table 2.18: Tanzania Mainland: Social security selected financial indicators**

Indicators	Prudential Limit	Percent					
		Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Funding Ratio	For Pension Fund Min .40%	40	58.5	68.9	69.1	66	68.9
	For Non-pension Schemes min >1 times	11	8.7	7.3	6.4	5.7	5.2
Efficiency Ratio %	Max. 10 % of total Contribution	8	6.24	5.62	6.4	9.8	9.9
Total Contribution / Benefit (Times)	Min. 1.5 times	0.84	1.57	1.26	1.6	1.7	1.87
Dependency ratio	Min (1 pensioner: 4 Active Contributors)	6	5	6	6	9	10
Returns on Investment %	>= Average inflation rate	13	15	7	9	17	11.4
Total Investment/Total Assets %	>= 85%	77	84	91.8	90	88	85
Liquidity Ratio (Times)	Min. 1.1 times	1.5	1.3	1.04	2.6	4.2	1.2
Benefits/Total income %	Lower Ratio (<50%)	69	47	60.6	49	46.4	50.1
Fund Balance Growth %	>= Average inflation rate	5	21.3	10	14	15.1	13.1

Sources: PMO-LYED

**The investment portfolio of the sub-sector remained well diversified, enhancing the sector resilience, and supporting overall financial system stability.** Through its investment activities, the sub-sector continued to channel substantial financial resources into the domestic economy, thereby supporting financial intermediation and broader economic activity. As of December 2025, total invested assets increased by 15.3 percent to TZS 22,473.61 billion from TZS 18,790.64 billion recorded in December 2024. The portfolio remained allocated across multiple asset classes, reducing concentration risks while strengthening the sub-sector capacity to meet its short, medium, and long-term obligations. This diversified investment approach not only supports the sustainability of the sub-sector but also reinforces its role as a reliable source of long-term financing for the domestic financial system.

**The return-on-investment portfolio stood at 11.4 percent in December 2025.** Relative to the average inflation rate of 3.6 percent during the same period, this translates to a real rate of return of 7.5 percent, highlighting the portfolio ability to preserve and grow value in real terms. This favourable outcome was primarily driven by interest income from government securities, rental revenue from commercial and residential properties, and dividends received from quoted and unquoted equity holdings, which collectively anchored the portfolio's performance despite general price increases in the broader economy.

**The share of investment in government securities continued to dominate the sectors investment portfolio.** Government securities accounted for 49.7 percent of the investment portfolio compared to 54 percent in December 2024 remaining within prudential limits, partly

attributed to the measures to diversify subsector investment portfolio. The large share of sovereign instruments provides stable and predictable returns while reducing exposure to market volatility. At the same time, the sector's participation in government securities markets enhances liquidity and supports public sector financing.

**Real estate investments continued to provide stable long-term income streams, supporting portfolio stability and reducing income volatility.** The share of real estate investments stood at 15 percent in December 2025 compared with 17 percent in 2024 and within the prudential limit of 35 percent. The ongoing developments in the real estate market are expected to continue strengthening income from properties as rental prices trend upwards. Property investments generate relatively stable rental income from commercial and residential properties, thereby strengthening the sustainability of investment incomes and supporting the sector ability to meet benefit obligations.

**Equity investments contributed to portfolio diversification and long-term capital growth while maintaining moderate exposure to market risk.** Equity holdings accounted for 8.6 percent of the investment portfolio in December 2025, slightly higher than 8.0 percent in the previous year and remained within the prudential limit of 25 percent of total investment portfolios. The moderate allocation to equities allows the sector to benefit from dividend income and capital appreciation while limiting vulnerability to stock market volatility.

**Holdings of deposits in banks and other financial institutions supported liquidity management within the portfolio.** Investments in fixed deposits, time deposits, and certificates of deposit accounted for 5.4 percent of the total portfolio in December 2025 compared with 4.7 percent in December 2024 and remained within the prudential limit of 35 percent of total investment portfolios. These liquid assets enhance the sub-sector capacity to meet short-term financial obligations while also contributing to funding stability in the banking sector.

**Other investments continued to support strategic sectors of the economy while diversifying sources of investment returns.** These investments comprising direct loans to the Government, corporate bonds, infrastructure investments, and collective investment schemes accounted for 15.4 percent of the portfolio in December 2025 from 12 percent in 2024 and remained within the prudential limit of 5–35 percent of total investment portfolios. Such investments support economic development while also providing alternative income

streams to strengthen portfolio performance. (**Table 2.19**). The current allocation of investment assets across different classes is not expected to pose any threat to the sub-sector viability in the short to medium term.

**Table 2.19: Tanzania Mainland: social security portfolio investment mix**

	% Share of the total investment portfolio						Prudentia I Limit %
	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	
Government Securities	48	49	54	52	54	49.7	20 - 100
Real Estate	15	18	16	17	17	15	35
Equity	9	9	7	10	8	8.6	25
Deposits in Banks and other Financial Institutions	7	5	5	7	4,7	5.4	35
Other investment	21	19	18	14	12	15.4	5-35
Portfolio indicators	portfolio -to-Asset Ratio and Total Assets Values						
Total Investment Portfolios as percent of Total Assets	81	84	91	90	88	87	>= 85
Total Assets (TZS Billions)	12,927	15,661	16,789	18,834	21,353	25,921	

Sources: PMO-LER

\*Other investments include Direct Loans to the Government, Corporate Bonds, Infrastructure Investments, and Collective Investment Schemes

## Zanzibar Social Security Subsector

**The Social Security subsector grew as it continued to accumulate net investment assets and improve its operational efficiency.** Net assets of the Zanzibar Social Security Fund (ZSSF) grew by 22.3 percent to TZS 1,373.8 billion in 2025, mainly due to increases in contribution income and investment returns. The Fund's ability to cover its obligations, measured by the ratio of net assets to benefit liabilities, improved to 87.0 percent from 40.0 percent in 2024, suggesting a stable fund position during the period, underpinned by increased net assets. The liquidity position of the Fund, measured by the ratio of current assets to current liabilities, increased to 3.1 percent in December 2025, up from 2.6 percent in 2024 (**Table 2.20**), driven by higher members' contributions and administrative efficiency. This was partly driven by an ongoing initiative to minimize administrative costs and strengthen efficiency in liquidity management. Effective growth, supported by the introduction of shariah-compliant investments, contributed to the fund's improved ability to meet its benefit obligations and to its resilience.

**The Fund's operational efficiency, as measured by the administrative costs-to-contribution ratio, remained stable.** During the period under review, the ratio increased to 7.0 percent in 2025 from 6.0 percent in 2024, remaining within the acceptable threshold of

10.0 percent. The Fund continues to implement structural reforms, including cost-cutting measures to improve the Fund's efficiency and sustainability. This is also reflected in a decrease in the administrative cost-to-investment income ratio from 9.0 percent to 7.0 percent, implying increased financial sustainability and improved long-term returns.

Further, the dependency ratio, which shows the number of pensioners relative to active members, was 8.0 percent, down from 9.0 percent in the previous year. This was attributed to an increase in the number of active members relative to pensioners. This reflects improved long-term sustainability of the fund. The Fund's financial sustainability continues to improve, driven by a gradual increase in investment income across its invested asset portfolios. In addition, the Government, through the Fund's authority, continues to monitor the Fund's performance to ensure its sustainability for the future benefit of its members.

**Table 2.20: ZSSF selected indicators**

Particulars	Percent			
	2022	2023	2024	2025
Contribution income/Total Benefit payments (a+b) (Times)	2.07	5.0	3.9	3.6
Dependency ratio (Times)= Total active members / Pensioners	9	11.0	9.0	8.0
Investment income/Investment assets (Percent)	8	9.3	11	13
Administrative cost (TZS Billion)	7.2	8.6	10.78	11.8
Administrative cost/Investment income (Percent)	12.1	10.0	9.0	7.0
Administrative cost/Contributions (Percent)	6.6	6.0	6.0	7.0
Liquidity ratio = Current Asset /Current Liability (Times)	3.1	4.7	2.59	3.07
Funding ratio = Net Asset/Benefit liabilities (Percent)	40	40.0	40.0	87.0

Source: Zanzibar Social Security Fund

The Fund's investment portfolio showed a notable growth rate of 21.4 percent, with total investments under management of TZS 1,333.3 billion as at the end of December 2025, up from TZS 1,098.5 billion in the previous year. The increase was broadly due to an expanded investment portfolio, including Sharia-compliant investments, and higher reported returns from investments in Government securities, Treasury bonds, Equities, Real estate, and Fixed Deposits.

Further, the Fund's investment in Government securities remained dominant in the portfolio, accounting for 46.7 percent of TZS 627.2 billion. The fixed deposits investment grew by 16.4 percent to TZS 218.6 billion in 2025, further fuelling the fund's development ([Table 2.21](#)). The fund's investment portfolio growth indicates a positive outlook for the Fund's overall

financial sustainability, supported by improved operational efficiency and financial conditions, which together enhance the Fund's ability to meet its long-term obligations. ZSSF has diversified its investment portfolio by allocating TZS 61.6 billion to other asset classes, including sharia-compliant financial instruments. The diversification supports the Fund's financial stability and resilience and strengthens its ability to honor its maturing obligations amid future uncertainties.

**Table 2.21: ZSSF investment portfolio**

Particulars	Dec-21		Dec-22		Dec-23		Dec-24		Dec-25	
	TZS Billion	Share (%)	TZS Billion	Share (%)	TZS Billion	Share (%)	TZS Billion	Share (%)	TZS Billion	Share (%)
Mapinduzi Memorial Museum Items	0.5	0.1	0.5	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Mapinduzi Revolving Resta	0.5	0.1	0.5	0.1	0.1	0.0	0.1	0.0	0.1	0.0
Hotel Furniture and Equipment	0.0	0.0			0.4	0.1	0.4	0.0	0.3	0.0
Work in Progress (WIP)	0.0	0.0	5.9	0.8	26.5	2.9	57.4	5.2	19.8	1.5
Investment Property- Real estate	107.6	16.2	97.7	13.1	71.2	7.7	68.6	6.2	85.1	6.4
Investment Property- Recreation and Amusement Park	36.6	5.5	34.1	4.6	26.7	2.9	18.4	1.7	26.5	2.0
Investment Property- land	53.1	8.0	68.0	9.1	76.9	8.4	107.1	9.8	123.3	9.2
Investment in Equity	43.2	6.5	62.4	8.4	74.3	8.1	90.6	8.3	149.6	11.2
Mkoani Hotel		0.0			0.0	0.0	0.1	0.0	0.0	0.0
Investment in Government Security	247.1	37.2	272.4	36.6	492.6	47.3	622.1	56.6	627.2	47.0
Fixed Deposit	104.8	15.8	131.4	17.6	126.1	13.7	110.5	10.1	218.6	16.4
Loan	59.8	9.0	50.0	6.7	35.4	3.9	0.0	0.0	0.0	0.0
Corporate Bond	11.5	1.7	22.1	3.0	21.9	2.4	0.0	0.0	0.0	0.0
House Sale Receivable		0.0	27.3		24.9	2.7	23.2	2.1	21.1	1.6
Sharia Compliant Investment	0.0	0.0							61.6	4.6
Total investments Assets	664.7	100.0	772.4	100.1	977.3	100.0	1098.5	100.0	1333.3	100.0

Source: Zanzibar Social Security Fund

### 2.5.5. Deposit insurance

**The Deposit Insurance Fund (DIB) remained capable of meeting deposit insurance obligations, contributing to public confidence in the banking subsector.** The Fund size grew by 18.8 percent to TZS 1,591.3 billion in 2025, driven by higher investment proceeds and premiums from banks and financial institutions. The maximum legal coverage limit is TZS 7.5 million, and the ratio of fully insured deposit accounts to the total number of insurable deposit accounts rose to 99.2 percent from 97.1 percent. The coverage ratio is above the International Association of Deposit Insurers (IADI) standard threshold of at least 90 percent. These developments strengthen financial stability by enhancing depositor

confidence, reducing the likelihood of bank runs, and reinforcing the resilience of the banking subsector in the event of bank distress.

The ratio of Fund size to total deposits was 3.2 percent in December 2025, above the EAC minimum target of 3.0 percent, and the ratio of Fund Size to Total Insured Deposits improved to 19.7 percent from 19.1 percent reported in the previous period. It is further expected that the 20 percent target will be attained by the end of 2026. Further, the value of insured deposits to total insurable deposits was 16.4 percent in December 2025, which is above the EAC target of 10 percent ([Table 2.22](#)).

**Table 2.22: Tanzania's position to EAC convergence criteria and IADI Standards**

Ratio	EAC and IADI Target/standards	Tanzania position
Fundsize to total deposit	3.0	3.2
Fundsize to total deposit	20.0	19.7
Value of insured deposits to total insurable deposits(Fully and partially covered)	10.0	16.4
Number of fully covered accounts/total number of insurable accounts	90.0	19.2

Source: Bank of Tanzania and Deposit Insurance Board

The Government has broadened the DIB's mandate from paybox plus to loss minimizer, enhancing the DIB's role, in collaboration with the Bank, in resolving failing banks by identifying the best resolution option and strengthening financial system stability. DIB continued efforts to increase the size of the Fund, reimburse insured deposits to eligible depositors, distribute liquidation dividends, and conduct public awareness campaigns to improve deposit protection and increase public confidence in the banking system.

## 2.6. Competition in the financial sector

**The financial sector exhibited competitive dynamics, reflected in moderate market concentration, independent pricing, product innovation, and expanded consumer choice.** The banking sub-sector continues to exhibit a moderately concentrated yet competitive market structure. The Herfindahl-Hirschman Index (HHI) increased, ranging from 1,000 to 1,800, reflecting a modest rise in market concentration, with two banks commanding more than 50 percent of total asset market share. The presence of smaller and mid-sized

banks with stable market shares reflects healthy competition, promoting better services, innovation, and competitive interest rates, exerting competitive pressure on the largest banks. The increase in concentration does not, by itself, indicate that the market is uncompetitive; it highlights the need for ongoing regulatory monitoring to ensure that market dominance does not undermine competition or financial stability.

**The insurance sub-sector remains highly competitive, with more than 85 percent of players holding market shares below 10 percent.** During 2025, the Herfindahl-Hirschman Index (HHI) was below 1,000, indicating that the market is not concentrated and reducing the risk of anti-competitive behavior. This level of competition ensures that no single company or small group of firms can easily dominate the market, fostering a dynamic environment for consumers. Overall, the sub-sector appears stable, with regulatory measures in place to ensure it remains competitive and policyholder friendly.

**The Fair Competition Commission (FCC) continued to support mergers and acquisitions in the financial sector to contribute to financial stability and meet the economy's needs.** During the year under review, financial institutions continued to strengthen their competitive positions by increasing their operational scale, enhancing operational efficiency, and strengthening their capital bases. FCC continues to monitor share acquisitions and changes in business models to ensure effective and efficient market practices. This demonstrates the FCC's commitment to fostering competitive markets that serve consumer welfare, which improves trust and confidence in the financial system.

Pricing behavior generally reflected independent decision-making by financial institutions, whereas banks determined lending and deposit interest rates based on their strategies, risk appetite, and prevailing market conditions. The lending interest rate decreased to 15.3 percent from 15.5 percent, and the deposit rate increased to an average of 8.4 percent from 7.9 percent in 2024. This development suggests that competitiveness in the banking sector is improving, but higher lending rates indicate that competitive pressures have not fully translated into lower funding costs.

In the insurance sub-sector, premium rates remained broadly stable, near the minimum levels prescribed by TIRA. This suggests a competitive environment in which insurers have limited scope to increase premiums without risking a loss of market share. There is no immediate indication of coordinated or anti-competitive conduct in premium rate setting. However, the

FCC continued to monitor developments in the financial sector to ensure that market conduct adheres to the principles of fair competition.

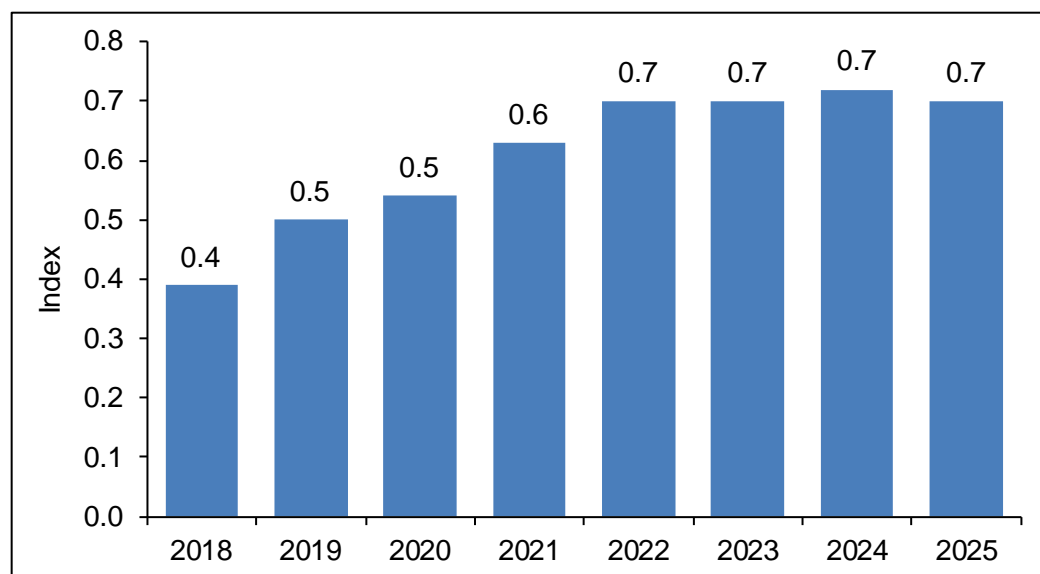
The FCC remains committed to promoting effective competition in the financial sector through continuous monitoring of market conduct, enforcement of competition laws, and enhanced awareness and advocacy initiatives to ensure that financial markets operate efficiently and in the best interest of consumers.

## 2.7. Financial inclusion and stability

### 2.7.1 Financial inclusion performance

**Financial inclusion initiatives strengthened access to financial services and enhanced the resilience and stability of Tanzania's financial system.** During 2025, Tanzania's Financial Inclusion Index (Tan Fix) remained steady at 0.7, reflecting progress in expanding access, usage, and quality of financial services across the economy ([Chart 2.35](#)).

**Chart 2.35: Financial inclusion performance**



Source: Bank of Tanzania

The Bank accelerated implementation of the National Financial Inclusion Framework III, which prioritized underserved groups including women, youth, MSMEs, farmers, and persons with disabilities. The expansion of financial access points across the financial system reinforced these efforts, with total access points rising from 1.69 million in December 2024 to

2.27 million in December 2025, largely driven by growth in banking agents, microfinance service points, and non-bank payment system providers ([Table 2.23](#)).

**Table 2.23: Number of Financial Access Points**

Financial Access points in:	Sep-24	Dec-24	Sep-25	Dec-25
Banking	139,530	148,430	181,310	190,962
Microfinance	58,759	58,926	75,051	78,809
Investment and capital market	392	392	445	435
Insurance	1,714	1,950	1,985	2,347
Social Security Services	140	140	115	115
Non-Bank Payment System Services	1,437,255	1,475,281	1,891,949	1,994,037
<b>Total</b>	<b>1,637,790</b>	<b>1,685,119</b>	<b>1,891,949</b>	<b>2,266,705</b>

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

Increased digital financial activity also supported broader financial participation. Growth in agent banking, mobile money usage, and microfinance services contributed to sustained uptake of formal financial services. Consistent with this trend, the number of savings accounts remained high at 28.7 million at the end of December 2025, while savings deposits increased from TZS 7,027 billion in September 2025 to TZS 7,278 billion in December 2025, reflecting continued public engagement with the formal financial system ([Table 2.24](#)).

**Table 2.24: Savings accounts and amounts**

Particulars	Sep-25	Dec-25
Number of Saving Accounts	28,944,641	28,685,721
Saving amounts (TZS billion)	7,027	7,278

Source: Bank of Tanzania

Efforts to expand financial protection also progressed, as the United Nations Development Programme and the Tanzania Insurance Regulatory Authority validated the National Inclusive Insurance Strategy 2025 – 2030 to promote wider access to affordable insurance among vulnerable groups. Overall, these developments are expected to broaden participation in the financial system, strengthen savings mobilization, and enhance financial resilience, thereby supporting stability within individual financial subsectors and across the financial system.

## 2.7.2 Financial consumer protection performance

The Bank continued to address financial consumer protection by enhancing complaint resolution mechanisms to maintain trust and stability in the financial system. Despite the

dominance of banking sub-sector complaints, particularly related to credit facilities, proactive measures such as public awareness campaigns and regulatory actions against prohibited digital lenders have been implemented. To further improve efficiency, the Bank finalized the deployment of a Financial Complaints Resolution System, and it expected to enhance it further by integrating USSD technology and AI – Helpdesk to streamline dispute resolution. Additionally, guidelines for effective complaints handling have been developed to ensure a harmonized approach across the industry.

### **2.7.3 Market conduct**

**The Bank advanced key market conduct reforms aimed at enhancing transparency, strengthening consumer protection and safeguarding the integrity of the financial system.** During 2025, the Bank focused on deepening efforts to protect the users of the financial services aiming at enhancing transparency in the financial sector. This was achieved through disclosure of the key information regarding fees and charges by Financial Service Providers.

The Bank issued Manual Price Comparator through a widespread Gazette, and currently in= in the development stage of Automated Price Comparator Portal where financial consumers can access fees and charges of different financial service providers and compare the same before making the financial decision. Further, the Bank continued to strengthen the market conduct surveillance through onsite and offsite monitoring and collaborated with other Regulatory Authorities to enforce compliance. Consequently, ongoing public awareness campaigns were conducted to encourage the use of formal financial services, reinforcing consumer protection and promoting a more stable financial system.

### 3. FINANCIAL SYSTEM INFRASTRUCTURE

#### 3.1 Payment systems infrastructure

**Payment and settlement systems remained stable and continued to support the financial system's operations.** The average availability rate of payment systems was 99.6 percent, indicating efficiency and stability. The systems comprise the Tanzanian Interbank Settlement System (TISS), the Tanzania Automated Clearing House (TACH), and the Tanzania Instant Payment System (TIPS), which serve as backbone systems that facilitate the smooth flow of funds in the economy. The good performance sustained public confidence and stability of the financial system.

During the year, the Bank of Tanzania directed its efforts towards modernizing payment systems to a more interoperable infrastructure, promoting cross-border transactions, and implementing initiatives to promote the adoption and use of digital platforms. Key developments include the implementation of international standards for payment systems (ISO20022) within TISS, the promotion of TANQR adoption, the implementation of international transfers within TIPS to achieve affordability in cross-border payments, and the completion of integration with the Government Electronic Payment Gateway (GePG).

To achieve a cash-lite economy, the Bank implemented policy measures to promote the adoption and usage of electronic payments through formal payment systems. These policy measures include ensuring the affordability of digital payment system services, enhancing interoperability, actively raising public awareness of digital payment products, enhancing trust in digital financial services through on-site and off-site surveillance, and enforcing compliance with laws and regulations.

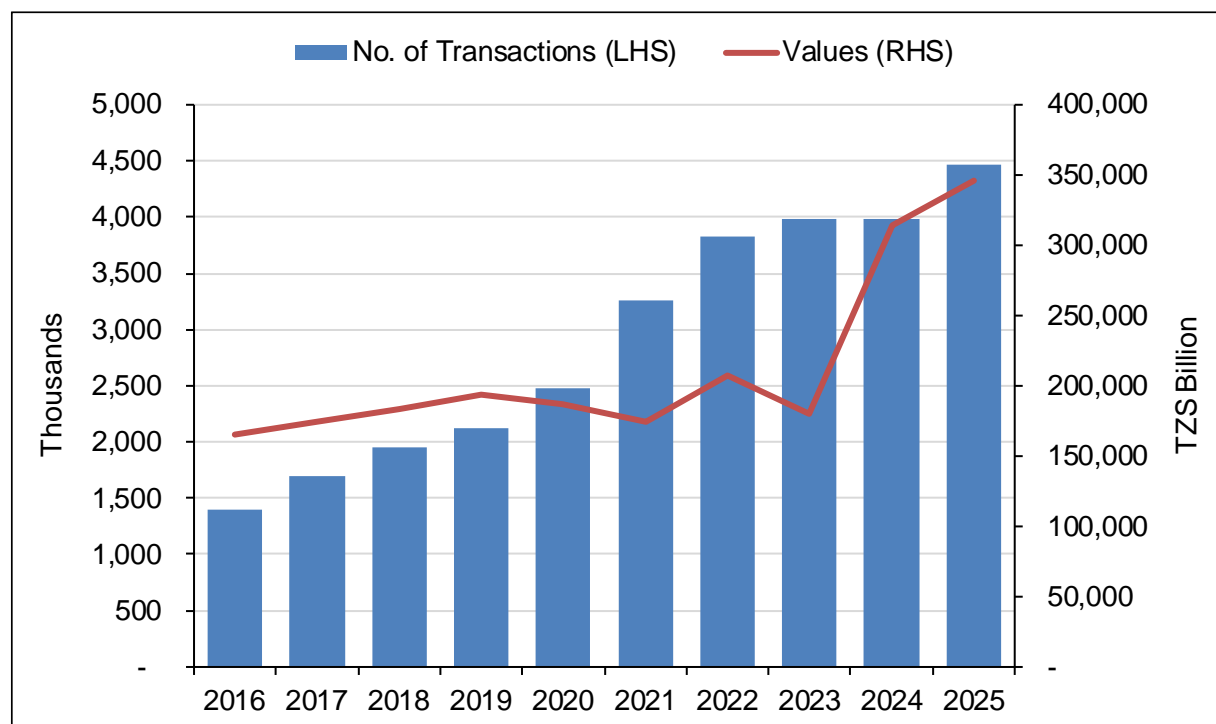
The shift towards a cash-lite economy, therefore, contributes to a more stable financial system by broadening the deposit base, reducing settlement risks, and enhancing public confidence in digital financial services. Notwithstanding outages, cyberattacks, liquidity shortfalls, settlement failures, and disruptions, this invention poses a threat to its stability. The Bank shall continue to monitor these risks and require appropriate safeguarding, business continuity, cyber resilience, and crisis management arrangements across all participants.

##### 3.1.1 Tanzania Interbank Settlement System

**Tanzania Interbank Settlement System (TISS) continued to operate within a robust legal and regulatory framework aligned with international standards,** ensuring secure

and efficient settlement of interbank transactions. Transactions processed through TISS in TZS reached 4.5 million in 2025, compared with 4 million in the preceding period. The value of transactions increased by 10.1 percent to TZS 345,838.1 billion in 2025 (**Chart 3.1**). The increase in TISS transactions was attributed to higher government collections, increased interbank activity, and wider adoption of digital payments.

**Chart 3.1: Tanzania Interbank Settlement System Transactions**



Source: Bank of Tanzania

### 3.1.2 Tanzania Automated Clearing House

**The Tanzania Automated Clearing House (TACH) operated efficiently**, recording an uptime of 99.98 percent, which ensured reliable cheque processing and settlement of batch transactions. The total number of TZS cheque transactions processed through TACH declined by 20.2 percent, while its corresponding values increased by 2.2 percent. The decrease in cheque usage was largely driven by increased adoption of faster, more reliable, and efficient digital payment channels such as TISS, TIPS, mobile money, cards, and EFT. The volume of EFT transactions, on the other hand, increased by 7.1 percent to 22.6 million transactions and 13.7 percent in value to TZS 19,059.4 billion compared to the corresponding period in 2024 (**Table 3.1**).

**Table 3.1: Payment systems' values and volume of transactions**

Particulars	Volume transacted (Million)					Percentage change
	2021	2022	2023	2024	2025	
ATM and POS	59.4	65.3	86.0	88.2	92.2	4.5
Internet banking	8.4	15.5	17.2	21.5	27.0	25.6
Mobile banking	71.5	92.1	80.2	144.3	216.2	49.8
Mobile payment	3,158.5	3,595.0	5,061.2	6,414.0	7,943.9	23.9
TACH (Cheque)	0.6	0.6	0.5	0.4	0.3	(20.2)
TACH (EFT)	15.6	16.8	19.1	21.1	22.6	7.1
TISS	3.3	3.8	4.1	4.0	4.5	12.3

Particulars	Value transacted (Billion)					Percentage change
	2021	2022	2023	2024	2025	
ATM and POS	10,278.6	11,692.1	16,480.5	18,577.5	19,199.5	3.3
Internet banking	100,065.3	123,061.3	157,500.4	213,961.7	253,383.2	18.4
Mobile banking	24,973.3	30,651.6	25,507.9	29,924.7	45,296.3	51.4
Mobile payment	115,228.4	114,315.98	154,705.80	198,859.0	254,953.8	28.2
TACH (Cheque)	2,025.6	1,977.7	1,893.5	1,758.0	1,796.7	2.2
TACH (EFT)	10,694.5	12,079.2	14,422.4	16,762.2	19,059.4	13.7
TISS	174,308.5	207,503.4	254,719.9	314,232.7	345,838.1	10.1

Source: Bank of Tanzania

### 3.1.3 Digital payment systems

**Digital payment systems have increased, reflecting the growing adoption of the Cashlite economy.** During 2025, the total number of licenses for the provision of payment system services increased by 9.9 percent to 111, of which 39 were issued to banks and 72 to non-bank institutions. In addition, the Bank granted approvals for various applications submitted by banks and non-bank payment system providers to issue payment instruments/products, including digital payment products.

Banks, in collaboration with fintech, continued to introduce new savings and credit channels, enabling users to save and access credit using their digital wallets. These digital solutions helped digitize social groups' resource mobilization at the micro level and cash collections. In 2025, 14 major digital savings products, 23 major digital credit products, and one crowdfunding solution enabling members' contributions were reported.

### 3.1.4 Payment systems developments

During 2025, the Bank implemented several initiatives to strengthen the efficiency, safety, and interoperability of the national payment systems. Key developments included implementing ISO 20022 messaging standards within TISS for financial messaging, providing a structured, richer data format for exchanging payment information between financial institutions. The migration marks a significant milestone in modernizing the national payment system infrastructure by improving data quality, enhancing interoperability among participating institutions, and enabling more efficient and transparent transaction processing in line with global best practices.

The Bank also promoted the adoption of Tanzania Quick Response Code (TANQR) to facilitate interoperable merchant payments across banks and mobile money operators. TANQR enables customers to make payments conveniently using their mobile devices without requiring point-of-sale terminals, thereby supporting the expansion of digital merchant payments. During the year, 10 Financial Services Providers (FSPs) were onboarded for TANQR, bringing the total to 27, up from 17 recorded in 2024.

Furthermore, Tanzania Instant Payment Systems (TIPS) was enhanced to support incoming international money transfer (IMT) transactions, enabling funds from abroad to be received through the instant payment platform. This development has improved the convenience of receiving funds from abroad, while also enhancing oversight of cross-border transactions that were previously processed through the system as domestic payments.

### 3.2 Communication sector

The communications sector has continued to play a critical role in supporting financial services, given by its growth and increasing adoption of digital technologies. As an important enabler of inclusive finance, the sector's expansion has improved access to digital financial services, strengthened digital payment infrastructures, and helped reduce systemic risks within the financial system.

During the review period, mobile network coverage remained almost unchanged at 98.6 percent in 2025, with geographical coverage increasing to 79.5 percent in 2025 from 75.1 percent in 2024 and a broadening of digital connectivity. As a result, access to mobile banking and mobile money services has improved for rural and underserved communities as well as the wider population, thereby advancing financial inclusion and strengthening the stability of financial intermediation.

The number of active SIM cards grew by 23 percent to 106.9 million in 2025, while SIM cards enabled for mobile money services increased by 21 percent to 76.5 million. This growth highlights the increasing reliance on mobile money platforms for financial transactions, reducing reliance on cash and lowering risks associated with physical transactions.

In addition, broadband mobile network coverage expanded to 94.2 percent in 2025 from 91 percent in 2024. This was accompanied by a 21 percent increase in internet subscriptions to 58 million and a 39 percent rise in internet traffic to 2,730 million gigabytes. Greater availability of high-speed internet strengthens the reliability and reach of digital financial services, facilitating real-time transactions and improving the efficiency of payment systems, both of which are critical components for maintaining financial stability.

Moreover, the continued rollout of 5G technology, which reached 30 percent population coverage, represents an important advancement. With higher data speeds and lower latency, 5G infrastructure improves the quality of digital financial services and enables more advanced fintech solutions, thereby contributing to a more resilient financial ecosystem.

Device penetration also contributed significantly to economic participation. Feature phone penetration decreased by 0.3 percent, while smartphone penetration rose sharply by 16 percent, allowing more users to participate in digital financial activities. These devices facilitate provision of access to a variety of financial services, including savings, credit,

insurance, investments and money transfers, thereby supporting economic resilience and improving household welfare.

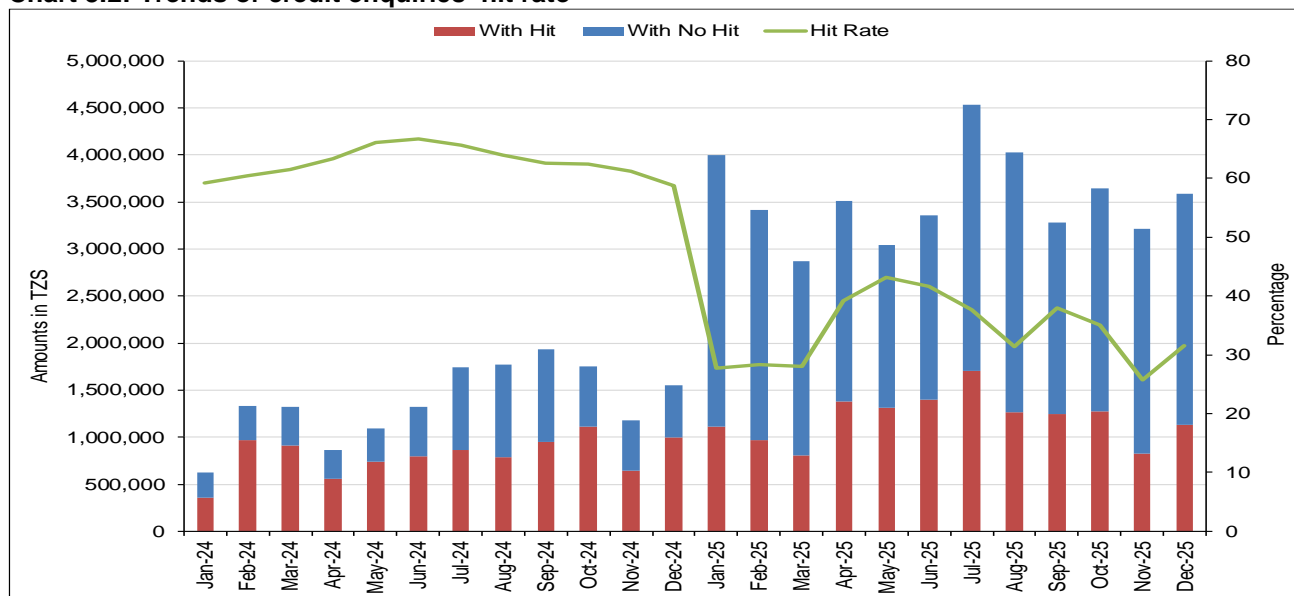
In addition, the robustness of the communications infrastructure was further reflected in improvements in Quality of Service (QoS). Analysis shows that industry-wide QoS performance improved to 97.4 percent in 2025 from 96 percent in 2024, indicating enhanced reliability in service delivery as an essential factor in sustaining trust in digital financial systems.

To further reinforce financial stability, continued investments in digital infrastructure, cybersecurity frameworks, and resilient network systems will be important. Strengthening regulatory oversight of digital financial services, promoting interoperability across payment platforms, and expanding digital literacy initiatives can also enhance the safe adoption of digital finance. Together, these measures will help ensure that the communications sector continues to support a stable, inclusive, and resilient financial system.

### 3.3 Credit reference system

**Usage of the credit reference system increased, leading to improved asset quality and lower credit risk.** Lenders continue to utilize credit reference services, as evidenced by a high number of credit inquiries, which increased by 161.5 percent to 42,498,090 in 2025 (**Chart 3.2**). The high level of credit inquiries and reports was caused by increased use of credit reference systems by banks and non-deposit-taking microfinance service providers, as well as increased digital lending. The Bank continued to sensitise banks and other credit providers on the usefulness of credit information sharing. The usage of credit reference information in the loan underwriting process is expected to further reduce the level of non-performing loans.

**Chart 3.2: Trends of credit enquiries' hit rate**



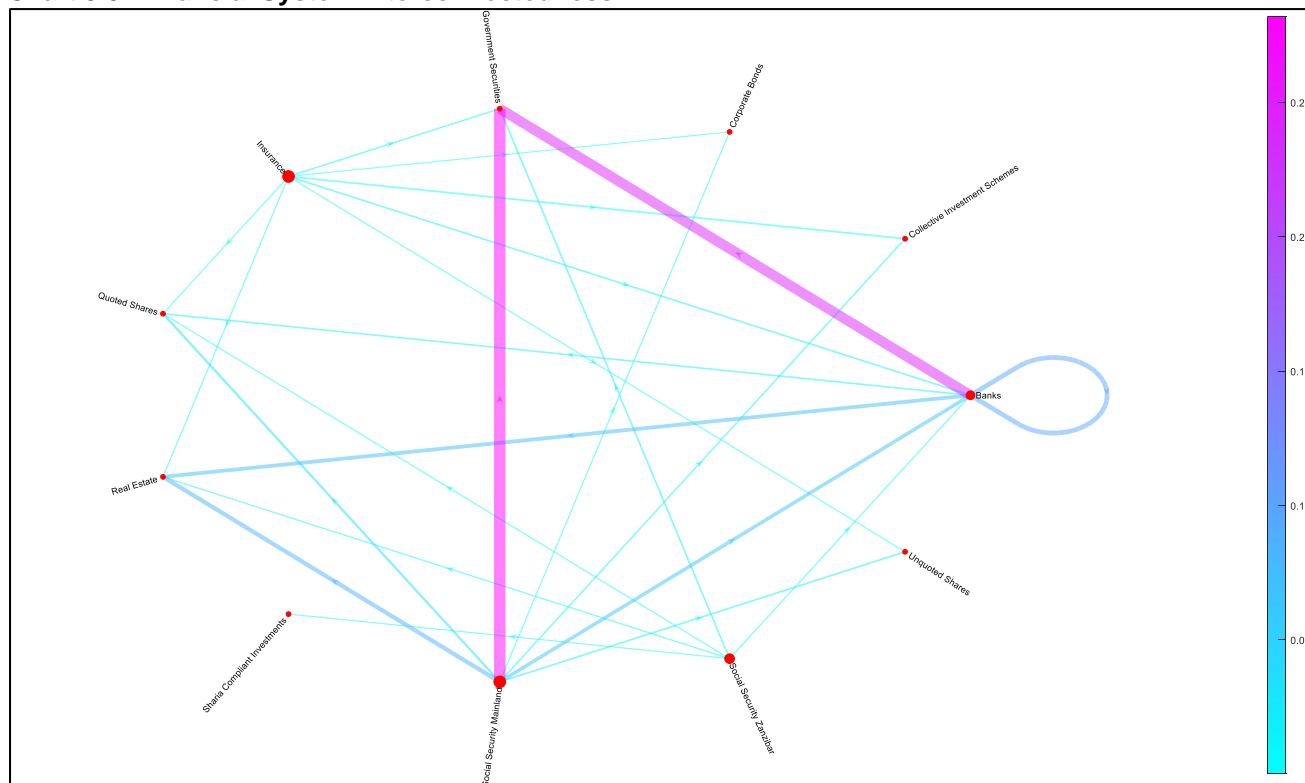
Source: Bank of Tanzania

The annual hit rate decreased by 23.8 basis points to 34.9 percent in 2025, compared with 58.8 percent in the previous year (**Chart 3.2**). The decline in hit rate is attributable to the unavailability of some credit applicants in the credit reference system; as such, their information was not included in the database. National awareness campaigns on the use of credit reference information are expected to increase the amount of information in the credit reference database. Further, the Bank, in collaboration with other stakeholders, continued to enhance access to credit reports by digitizing credit reference information through chatbots, mobile applications, and websites.

### 3.4 Financial system interconnectedness

**Interconnectedness in the financial sector increased, with banking and insurance playing a central role.** During 2025, aggregate exposure across sub-sectors and financial instruments increased, with all sub-sectors interlinked with government securities, led by banks and social security in Mainland Tanzania (**Chart 3.3**). Higher exposure to government securities signifies confidence in the Government's ability to pay its obligations. All financial sector regulators and safety net players are closely monitoring the growing interconnectedness to maintain stability in the financial system.

Chart 3.3: Financial System Interconnectedness



Source: Bank of Tanzania

**The banking sub-sector maintained higher cross-border exposure than other sub-sectors in the financial system.** Domestic banks' exposure to foreign banks amounted to TZS 6,033.0 billion in December 2025, compared with TZS 5,266.0 billion in the previous year, on account of the banking sub-sector's role in facilitating international trade and mobilising finance from international partners.

## 4. FINANCIAL SYSTEM REGULATORY DEVELOPMENTS

### 4.1 Banking subsector developments

During 2025, several amendments to laws governing the Bank's operations were issued. In addition, the Bank issued a range of regulations, guidelines, directives, notices, and orders to enhance compliance and strengthen oversight mechanisms for banks, financial institutions, and the broader financial sector. The following regulatory changes were introduced in the banking sub-sector during this period.

#### A. Laws and Regulations

##### (i) Amendments to the Bank of Tanzania Act, 2006 CAP 197

The Bank of Tanzania Act, 2006 was amended by the Finance Act No. 11 of 2025, which came into effect on 1st July 2025. The amendments aimed at enhancing the Bank's mandate particularly on its oversight and regulatory functions; operational autonomy; financial stability and institutional accountability; legal structure and autonomy; financial reporting framework; internal audit mechanism; and internal control system. A summary of these amendments include:

### **Institutional Mandate and Autonomy**

Section 5(1) of the Bank of Tanzania Act, 2006, was amended to include financial consumer protection as one of the Bank's principal functions. This supplements the Bank's existing roles in addressing consumer protection matters in the banking industry. Further, the Bank's autonomy was enhanced by amending Section 5(4) of the Act to ensure that members of the Bank's decision-making bodies and its employees are independent when exercising their functions and performing their duties, free from external influence by any person or entity.

### **Governance and Board Oversight**

The Bank's governance and overall oversight in exercising its mandate was revised under section 9 of the Act to enhance the oversight role of the Board to the Bank. This amendment aimed at increasing the number of non-executive directors in the Board and the tenure of board member as well as setting the minimum experience requirement for appointment of Board members.

### **Statutory Committees**

Section 12 of the Act was amended to enhance the mandate and independence of the Monetary Policy Committee and Audit Committee. The Monetary Policy Committee will have its own composition and finality in making and approving the Monetary Policy as opposed to the current practice.

### **Internal Audit Function**

Section 20 of the Act was amended to provide for the qualifications of persons in the Internal Audit, appointment and extension of the tenure of the Director of Internal Audit and conditions for dismissal.

### **Regulatory and Financial Operations**

Section 19 of the Act was amended to set the time within which the Bank should be recapitalized, whenever deemed necessary. Section 38 of the Act was also amended to strengthen the interoperability within the payment ecosystem. Further, to facilitate smooth implementation of the Bank's role as the lender of last resort to banks and financial institutions, section 40(1) was amended to expand the scope of eligible collaterals to include performing loans or any other credit instruments or securities as may be prescribed by the Bank.

### **Advisory Role to the Government**

Section 60 of the Act was amended to explicitly set out the Bank's role in drafting the government budget, financial legislation, and other matters affecting the Bank's functions, powers, and duties. This is to enhance the involvement of the Bank in all financial and economic matters that relate to the execution of the Bank's mandates.

#### **(ii) Amendments to the Banking and Financial Institutions Act, 2006**

The Banking and Financial Institutions Act, 2006, was amended in July 2025 by the Finance Act 2025 under section 39, which added a new section 39A to incorporate provisions on the Deposit Insurance Board's mandate as the loss minimizer. These amendments were introduced to ensure that the funds advanced to the Deposit Insurance Fund are used solely to resolve a weakening bank or financial institution, and that the Bank shall, in consultation with DIB, prescribe actions and restrictions to be observed by the bank or financial institution. Despite these amendments, the same do not imply that DIB shall provide any financial assistance in circumstances other than for the resolution of the contributor to the Fund.

#### **(iii) The Microfinance Act, 2023**

In Zanzibar, the Microfinance Act, No. 9 of 2023, became operational following the signing of its regulations by the Minister responsible for Finance in Zanzibar on 20th May 2025 and their publication in the Zanzibar Government *Gazette* No. 7352 of 13<sup>th</sup> June 2025. These Regulations are:

- (a) The Zanzibar Microfinance Services (Non- Deposit Taking Microfinance Service Providers) Régulations, 2025;
- (b) The Zanzibar Microfinance Service (Savings and Credit Cooperative Societies) Regulations, 2025; and
- (c) The Zanzibar Microfinance Services (Community Microfinance Groups) Regulations, 2025.

## **B. Regulations, Guidelines, Orders, Notices, and other Subsidiary Legislation**

Towards enhancing regulatory compliance and strengthening supervisory mechanisms across the banking sector, the following subsidiary legislation were issued:

### **(i) The Regulations on Use of Foreign Exchange, GN. No. 198 of 2025**

The Government of Tanzania through the Ministry of Finance issued Regulations on Use of Foreign exchange, GN. No. 198 of 2025 in line with section 70 of the Bank of Tanzania Act, Cap. 197 requiring that all domestic transactions be conducted in Tanzanian shillings. These Regulations prohibit quoting, advertising, or settling payments in foreign currencies for local goods and services. Regulations also prohibit execution of contracts in foreign currency, save for contracts for international tourism or diplomatic entities requiring authorized payment channels.

These regulatory changes are aimed at strengthening the shilling, reducing dollarization in the economy and protecting consumers from exchange rate volatility while enhancing the effectiveness of monetary policy. These changes are also intended to foster deeper local currency bond markets and reduce the demand for foreign currency, which can lead to unnecessary drawdown of foreign reserves. Reduced reliance on foreign funding helps to stabilize banks and allows for a more stable economic environment.

**(ii) The Banking and Financial Institutions (Non-Interest Banking Business) Regulations, 2025**

These Regulations introduced a new initiative under the supervisory mandate of the Bank of Tanzania, aimed at guiding the operation of Islamic and other non-interest banking services in the country. They provide legal basis for banks and financial institutions to offer products and services that comply with Shariah principles or other non-interest models ensuring that such services are properly regulated and integrated into the wider financial system.

Under the Regulations, institutions seeking to provide non-interest banking must obtain approval from the Bank of Tanzania and demonstrate compliance with governance, risk management, and consumer protection requirements. Such institutions are expected to maintain transparency in contracts, avoid hidden charges, and ensure that profit-sharing or fee-based arrangements are clearly disclosed to clients. The Regulations also establish supervisory mechanisms to monitor compliance and safeguard the stability of the financial sector.

By introducing these Regulations, the Bank of Tanzania is expanding financial inclusion and diversifying the country's banking landscape to financial products with Shariah-compliant services as well.

**(iii) The Bank of Tanzania (Financial Consumer Protection) (Amendment) Regulations, 2025**

Towards enhancing consumer protection, amendments to the 2019 principal Regulations introduce important changes to strengthen consumer rights in financial services. Key amendments include extending the definition of dormant account from five months to twelve months, prohibiting maintenance fees on dormant and inactive accounts, and banning undisclosed interest rate hikes or late payment penalties.

The Regulations also expand the definition of "Court" to include the High Court of Zanzibar, ensuring broader judicial oversight. This change expands the jurisdiction for resolving disputes, making consumer protection more accessible and enforceable across the United Republic of Tanzania.

Thus, these amendments indicate a decisive move toward ensuring that financial service providers operate with greater responsibility and consumers enjoy clearer, fairer and more secure financial interactions.

**(iv) The Zanzibar Microfinance Services (Non- Deposit Taking Microfinance Service Providers) Régulations, 2025;**

These Regulations establish clear rules for licensing and supervision of microfinance providers that do not accept deposits from the public. They intend to ensure that microfinance service providers operate responsibly, protect clients, and contribute to financial inclusion without exposing communities to undue risks. Further, the Regulations specify procedures for licensing, including submission of applications, governance structures, and operational plans for non-deposit taking microfinance service providers.

Beyond compliance, the Regulations highlight the role of non-deposit taking microfinance service providers in advancing financial inclusion. They enable households and small businesses to access credit without relying on traditional banks, fostering entrepreneurship and local economic growth.

**(v) The Zanzibar Microfinance Service (Savings and Credit Cooperative Societies) Regulations, 2025.**

The Zanzibar Microfinance Service (Savings and Credit Cooperative Societies) Regulations, 2025 set out clear rules for the registration, governance, and supervision of SACCOS. The main objective is to strengthen cooperative societies as credible financial institutions that mobilize savings, extend credit, and support community development. Through formal registration and compliance with specific standards, the Regulations enhance accountability, protect members' funds, and promote financial inclusion across Zanzibar.

These Regulations outline the process for forming and registering a cooperative society, including the submission of constitutions, membership lists, and governance structures. Once registered, SACCOS are legally recognized and must operate under elected committees responsible for managing funds, keeping records, and reporting regularly to supervisory authorities.

Further, the Regulations provide for consumer protection requirements, whereas SACCOS are required to adhere to fair lending practices.

Hence, the Zanzibar Microfinance Service (Savings and Credit Cooperative Societies) Regulations, 2025 formalize cooperative societies, ensuring that community-driven financial initiatives operate responsibly and contribute meaningfully to Zanzibar's economic growth.

**(vi) The Zanzibar Microfinance Services (Community Microfinance Groups) Regulations, 2025,**

These Regulations provide a comprehensive framework for the licensing, regulating, and supervising of community-based microfinance groups. Their primary aim is to strengthen financial stability, accountability, and inclusion at the grassroots level.

The Regulations set out clear governance structures for the formation and operation of microfinance groups. Among the requirements for registration, community groups must hold initial meetings, elect interim committees, and establish constitutions defining their objectives and rules. Also, applications for registration must include detailed membership information, and successful applicants receive certificates of registration.

On the other hand, the Regulations set out requirements for consumer protection, and community groups are required to maintain accurate registers of members, financial transactions, and meeting minutes, and to submit regular reports to supervisory authorities. They also prohibit exploitative lending practices and emphasizes fair interest rates.

**(vii) Bank Emergency Liquidity Assistance Framework**

The Bank developed the Emergency Liquidity Assistance Framework, 2025 (ELA Framework) to provide guidance to banks and financial institutions on the requirements and criteria for accessing emergency liquidity assistance from the Bank of Tanzania, in line with sections 40 and 41 of the Bank of Tanzania Act, Cap.197. The issued Framework applies to all Domestic Systemically Important

Banks (D-SIBs) and financial institutions as identified by the Bank of Tanzania's D-SIBs framework; and any other bank or financial institution whose failure may erode public trust and confidence in the financial system or may pose a high contagion risk, or as it may be deemed necessary by the Bank.

The ELA Framework further provides for the objectives of emergency liquidity assistance, among others, being safeguarding the stability of, or public confidence in, the financial sector and mitigating the risk that temporary liquidity issues for banks and financial institutions may lead to financial instability. It also provides for procedures, conditionalities, pricing, facility size, eligible collateral, and eligibility requirements for a bank or financial institution to access an emergency liquidity support facility from the Bank.

On the other hand, the ELA Framework sets conditions for the provision of emergency liquidity assistance to subsidiaries of foreign banks. Hence, through this Framework, the Bank exercises its statutory powers as a lender of last resort.

**(viii) Guidelines on Climate-Related Financial Risks Management and Disclosures, 2025**

The Bank of Tanzania officially issued the Guidelines on Climate-Related Financial Risks Management and Disclosures in January 2025. These Guidelines require financial institutions to integrate climate-related risks into governance, risk management, disclosure, and reporting practices.

The Guidelines further emphasize that boards and senior management must take responsibility for identifying and managing physical risks, such as extreme weather events, and transition risks, such as policy changes toward low-carbon economies. Banks and financial institutions, through these Guidelines, are expected to embed climate considerations into their overall risk frameworks, ensuring that these risks are treated with the same seriousness as traditional financial risks. Also, the Guidelines call for scenario analysis and stress testing to assess vulnerabilities under different climate pathways, helping institutions plan for long-term resilience.

Generally, the Guidelines aim to strengthen the resilience of Tanzania's financial sector by ensuring that climate-related risks are systematically managed and

openly reported. They align local practices with international standards, promote sustainable finance, and support the country's broader commitment to addressing climate change. These Guidelines revoked the Guidelines on Climate-Related Financial Risks Management, 2022.

**(ix) Guidelines for Handling Financial Consumer Complaints, 2025**

The Guidelines for Handling Financial Consumer Complaints, 2025, issued by the Bank of Tanzania in September 2025, set out clear procedures for financial institutions to manage and resolve consumer complaints effectively. They require institutions to establish accessible complaint channels, maintain proper records, and ensure timely responses to grievances.

Financial institutions are expected to designate responsible officers or units to oversee complaint handling, provide regular reports to the Bank of Tanzania, and ensure that complaints are resolved within specified timelines. The Guidelines also encourage institutions to use complaints as a tool for improving services and strengthening consumer trust.

These Guidelines aim to protect consumers by ensuring that complaints are handled promptly and fairly, while enhancing confidence in Tanzania's financial system through greater transparency and accountability across the banking sector thereof.

**(x) Guidelines on Reporting of Sustainability-Related Risks and Opportunities for Banks and Financial Institutions, 2025**

In January 2025, the Bank of Tanzania issued these Guidelines to banks and financial institutions requiring them to integrate sustainability considerations into their reporting and risk management practices.

These Guidelines mandate that banks and financial institutions identify, assess, and disclose risks and opportunities linked to environmental, social, and governance (ESG) factors. Institutions are expected to embed sustainability into their governance structures, ensuring that boards and senior management take

responsibility for overseeing these issues and aligning them with long-term business strategies.

The Guidelines call for comprehensive reporting covering governance arrangements, strategic approaches, risk management processes, and measurable sustainability targets. Banks and financial institutions must conduct scenario analyses to evaluate potential impacts of sustainability-related risks and disclose the methodologies used.

Implementation of these Guidelines aims to strengthen resilience in the financial sector by ensuring that sustainability-related risks are systematically managed and opportunities are leveraged.

**(xi) Guidance Note on change of ownership, lease of licence and closure of business by Tier 2 Microfinance Service Providers, 2025**

In exercising its supervisory role, the Bank of Tanzania observed instances in which microfinance service providers ceased operations, either permanently or temporarily, or transferred ownership. While some microfinance service providers submitted notifications to the Bank regarding their closure or intent to close, others did not inform the Bank and, in some cases, made changes in their shareholding structure without seeking and obtaining prior approval from the Bank.

Following these challenges, the Bank issued this Guidance Note outlining necessary procedures to be followed when a Tier 2 Microfinance Service Provider intends to change ownership or close business operations and lease their licence. Further, it emphasizes consumer protection by requiring providers to notify clients in advance of any changes or closures and to settle outstanding obligations before ceasing operations.

The Guidance note provides for administrative measures, in line with the Microfinance Act and its Regulations, that may be invoked by the Bank in the event of a breach of these requirements by a microfinance service provider.

**(xii) Collateral Framework in 2025**

The Bank of Tanzania issued the Collateral Framework (CF) on 30th June 2025, which guides the Bank in achieving the objective of preserving its financial integrity by requiring all Bank lending to be backed by adequate, high-quality collateral. This Framework aligns with international best practices while responding to the dynamics of the domestic financial system. It is designed to safeguard the Bank's balance sheet, support effective monetary policy implementation within the Bank's Interest-rate Based Monetary Policy Framework, and ensure prudent credit risk management when providing liquidity to financial institutions.

The Framework sets out eligibility criteria for collateral, including government securities, high-quality corporate bonds, and other approved financial instruments, while excluding assets considered risky or illiquid. Under this Framework, banks and financial institutions are obligated to ensure that pledged collateral is properly valued, legally enforceable, and free from encumbrances. The Framework also introduces haircuts to account for market and credit risks, ensuring that the value of pledged assets is prudently adjusted before being accepted.

**C. Circulars and Public Notices****Circulars****(i) Circular on Disbursement of Incoming International Money Transfers/Remittances Through TIPS.**

On excising its regulatory and supervisory mandate, on 1st July 2025, the Bank issued a Circular informing all TIPS Participants that, on the establishment of a dedicated use case within TIPS to support incoming IMT transactions. Accordingly, all incoming International Money Transfer/remittance transactions shall be processed exclusively through this designated use case. Further, the Circular provided for an interchange fee of TZS 1,000 per transaction payable by the sending participant to the beneficiary's participant. The transaction fees shall be subject to periodic review and adjustment by the Bank, in consultation with TIPS participants.

Further, the Bank reiterated its compliance with the applicable regulatory requirements, including, but not limited to, the Anti-Money Laundering Act, the

Foreign Exchange Act, the associated Regulations 2022, the TIPS Rules 2024, and any other directives issued by the Bank. The effective date of this Circular was on 01<sup>st</sup> August 2025.

**(ii) Circular on Participation to the Pan African Payment Settlement System (PAPSS).**

During the period under review, the Bank issued this Circular to all commercial banks on their participation in the Pan-African Payment and Settlement Systems (PAPSS) through the commercial bank model. Participation in this system is aligned with directives from the Monetary Affairs Committee of the East African Member States.

Thus, through this Circular, the Bank informed all banks that are operationally ready to participate in PAPSS to apply for approval from the Bank in compliance with Regulation 22 of the Payment Systems Licensing and Approval Regulations, 2015. Upon approval, the approved bank shall participate in PAPSS under the Commercial Bank Settlement Model or the Direct Participant Settlement Model. The introduction and adoption of this system are among the efforts to ensure the smooth functioning of regional payments across member states.

**(iii) Circular on Reconciliation Template for Trust Account Balance and Electronic Money Balance.**

The Bank issued this Circular on 24<sup>th</sup> October, 2025, to electronic money issuers. Pursuant to sections 43 and 44 of the National Payment Systems Act, 2015, the Bank enhanced the daily reconciliation template used for reporting Trust Account balances and the corresponding electronic money values maintained in Electronic Money Systems. This improvement aims to strengthen compliance with section 30(1)(b) of the National Payment Systems Act, 2015, while promoting consistency and clarity in the reconciliation reports submitted to the Bank.

With this Circular, electronic money issuers were required to adopt the reconciliation template effective from 1st November 2025, for submission of the daily reconciliation report to the Bank.

**(iv) Circular on Submission of Merchant Payments.**

The Bank on 25<sup>th</sup> April 2025 in executing its mandate under section 44 and 45 of the National Payment Systems Act, 2015 issued a Circular to all banks and electronic money issuers requesting submission of merchant payments covering the period from January to March 2025 in the prescribed format. The Circular further required subsequent reports to be submitted to the Bank within fifteen (15) days after the end of each month, effective from 30th April 2025.

**(v) Circular on Submission of TISS and TIPS Business Continuity Self-Assessment Reports.**

This Circular was issued by the Bank on 17th July 2025, to TISS and TIPS Participants on submission of business continuity self-assessment reports from TISS and TIPS.

Through this Circular, the Bank reminds all TISS and TIPS Participants to conduct business continuity self-assessments twice per year, focusing on the integrity and resilience of their respective systems and submit the findings thereof to the Bank. Further, all participants were reminded to submit their business continuity self-assessment reports for the periods ending June and December of each year, within 7 working days after the end of each period. Compliance to this requirement is in line with Rule 13.0 (4) of the TISS Operating Rules and Rule 10.1 (d) of the TIPS .

**Public Notices**

In 2025, Public Notices were issued. The objectives of the Notices and the covered subsectors are highlighted hereunder.

**4.2 Social security**

Towards improving sectorial resilience in social security, several developments were made during 2025 including:

**(i) Tanzania National Social Protection Policy, 2023, launched in February 2026.**

In a bid to strengthen the social security sub-sector, the Tanzania National Social Protection Policy, 2023 was launched in February 2026, marking the commencement of its implementation. The Policy is expected to facilitate enhanced coordination of social protection programmes, establish a robust social protection financing framework, and expand the coverage of social protection services. Moreover, it aims to ensure the adequacy of benefits, provide a framework to enable the portability of social security entitlements, and promote synergies between disaster risk management, environmental considerations, and social protection initiatives.

**(ii) Amendments to the Social Security Schemes (Benefits) Regulations, 2018**

In December 2025, the Social Security Schemes (Benefits) Regulations, 2018 were amended through the Social Security Schemes (Benefits)(Amendment) Regulations, 2025 issued under G.N. No. 695. These amendments introduced additional provisions aimed at improving the administration and accessibility of benefits to members.

Key amendments were made to regulation 13 to provide entitlement to special lump-sum payments for certain categories of members. These include a member who exits the Fund after attaining retirement age but before qualifying for pension, a foreigner employed in mainland Tanzania who leaves the country upon cessation of employment, and a member who emigrates permanently to a country that has no bilateral agreement with the United Republic of Tanzania allowing portability of social security benefits.

Further amendments were introduced under regulation 19 to clarify the distribution of survivor benefits where a deceased member is not survived by a dependent spouse, dependent children, or parents. In such circumstances, one hundred percent of the survivor's commuted pension or special lump-sum is to be shared equally among the children above the age of twenty-one years.

The amendments also revised regulation 20 to allow a member eligible for unemployment benefits to opt either to receive unemployment benefits or a special lump-sum payment while maintaining contribution credits. In addition, Regulation 21 was amended to provide that unemployment benefits payable at the rate of 33.3

percent shall be paid for a maximum period of six months within twelve months, subject to a cumulative maximum of eighteen months over the member's entire employment career. The regulation further requires a member who opts for a special lump-sum payment to submit a claim within 90 days of the date of termination or cessation of employment, except where the contribution period is less than 18 months.

**(iii) Social Security Regulatory Minimum Pension circular**

The PMO-LER issued a letter to all Mandatory Pension Funds pursuant to Section 11 of the Social Security Schemes (Benefits) Regulations, 2018 which increased the minimum monthly pension from TZS 150,000/= to TZS 250,000/= and provided for continued indexation to prevailing inflation rates.

**(iv) Coordination Mechanism Framework for the Social Protection Sector**

In implementing the ILO Social Protection Floors Recommendation No. 202, the social security sub-sector in Tanzania has developed a Coordination Mechanism Framework for the Social Protection Sector to improve the effectiveness and efficiency of the country's social protection systems.

The framework seeks to strengthen coordination among various stakeholders involved in the provision of social protection services, including pension and non-pension products. It promotes better collaboration, planning, management, and monitoring of contributory and non-contributory social protection interventions implemented nationwide. By enhancing coordination and oversight, the framework is expected to improve service delivery, ensure efficient use of resources, and expand the coverage of social protection programs to vulnerable groups in society.

### **4.3 Insurance Subsector**

During 2025, the insurance sub-sector underwent significant regulatory reforms to strengthen market stability, governance standards, and consumer protection. Tanzania Insurance Regulatory Authority (TIRA), in collaboration with relevant stakeholders, introduced several legal and regulatory instruments; among others being amendments to the existing Regulations and issuance of new Guidelines

with the view to enhancing prudential supervision, improving risk management practices, strengthening claims management, and promoting sound corporate governance in the insurance industry.

These reforms were designed to align the insurance sector with international best practices and enhance the overall resilience, transparency and efficiency of the insurance market. Key legal and regulatory developments introduced during the year 2025 include:

**(i) The Insurance (Amendment) Regulations, 2023**

These Regulations were issued by Government Notice No. 759, published on 27 October 2023, under Section 167 of the Insurance Act (Cap. 394). The amendments were introduced to strengthen the regulatory framework governing insurance operations in Tanzania. The Regulations enhance supervisory oversight by refining regulatory provisions relating to prudential requirements, operational standards, and compliance obligations for insurance service providers. The amendments are intended to improve regulatory effectiveness, enhance market discipline, and ensure that insurers operate in a sound and prudent manner.

**(ii) Guidelines on Corporate Good Governance Requirements for Insurers, 2025**

These Guidelines were introduced to strengthen governance structures within insurance companies by clearly defining the roles and responsibilities of boards of directors, senior management and control functions. The Guidelines enhances accountability, transparency and risk oversight, while ensuring insurers operate in a prudent manner that protects policyholders and promotes public confidence in the insurance market.

**(iii) Guidelines on Risk-Based Capital Adequacy for Insurers, 2025**

The Authority issued these Guidelines to introduce a risk-based capital framework that aligns insurers' capital requirements with their risk exposure. The Guidelines strengthen financial resilience by requiring insurers to maintain adequate capital

buffers against market, credit, insurance, and operational risks, thereby enhancing financial stability within the insurance sector.

**(iv) Guidelines on Own Risk and Solvency Assessment (ORSA), 2025**

These Guidelines require insurers to conduct internal assessments of their risk profiles and capital adequacy using forward-looking risk management processes. ORSA enhances strategic decision-making, strengthens enterprise risk management, and ensures that insurers maintain adequate capital to meet their obligations to policyholders.

**(v) Salvage Management and Disposal Guidelines, 2025**

The Guidelines establish a regulatory framework for the proper handling, management and disposal of salvage arising from insured losses. The Guidelines promotes transparency, efficiency and fairness in salvage management while protecting the interests of insurers and policyholders.

**(vi) Insurance Claims and Complaints Management Guidelines, 2025**

These Guidelines set minimum standards for managing insurance claims and complaints. They establish timelines for claims processing, strengthen dispute resolution mechanisms, and require insurers to implement structured complaints management systems to enhance customer protection and improve service delivery in the insurance industry.

**(vii) Health Insurance Claims Payment Guidelines, 2025**

The Guidelines establish a structured framework for processing and reimbursing health insurance claims between insurers and healthcare providers. The Guidelines aim to ensure timely claim payments, promote transparency, and safeguard the interests of beneficiaries of health insurance schemes.

**(viii) Guidelines on Membership Registration, Responsibilities and Rights in Health Insurance Schemes, 2025**

These Guidelines provide procedures for the registration of members in health insurance schemes and define the rights and responsibilities of members and

scheme administrators. The Guidelines promotes transparency, accountability and improved administration of health insurance schemes.

**(ix) Guidelines on Premium Levy Computation and Collection, 2025**

The Authority introduced revised Guidelines to strengthen the computation and collection of premium levies payable by insurers and reinsurers. The Guidelines enhance transparency in levy administration and clarify the treatment of certain transactions, including foreign facultative reinsurance arrangements.

Collectively, these legal and regulatory reforms have strengthened the prudential and market conduct framework of the insurance subsector. The initiatives are expected to enhance regulatory compliance, improve governance and risk management practices, increase public confidence in insurance services and support sustainable growth of the insurance industry.

**4.4 Capital Markets**

Capital Markets and Securities Authority (CMSA) has been at the forefront of initiatives that have positioned the financial markets, and capital markets in particular, at a higher level in driving economic development and growth in the country. To pursue this, during 2025, CMSA enhanced the following regulatory framework:

**(i) The Capital Markets and Securities (Corporate and Subnational Sustainability Bonds) Regulations, 2025.**

These Regulations support thematic and innovative capital market products, while advancing Environmental, Social and Governance (ESG) integration and strengthening efforts to address climate related risks through sustainable financing instruments. The Regulations provide a comprehensive framework governing issuance, administration, and oversight of sustainability bonds, including green/blue/social bonds and sustainability-linked bonds. Further, they enhance transparency, investor confidence and increased participation in the capital markets, particularly foreign investors.

**(ii) Capital Markets and Securities Authority approved amendments to some provisions of the Dar es Salaam Stock Exchange (DSE) Trading Rules, 2022.**

The amendments aimed to enhance market liquidity, transparency, operational efficiency, and to align with international best practices. The provisions amended relate to Block Trades, Single Lots, Price Cap Limits, Closing Price Determination, Corporate Action Price Discovery, DSE Operating Hours, and the use of the National Identification Number as a sole identification document. The amended Rules have substantially enhanced liquidity and broadened participation in the capital markets.

**(iii) Development of thematic and innovative capital market products and services:**

During 2025, eight (8) applications for the issuance of capital market products were received, reviewed, and approved as follows:

- (i) Rights Issue of 203,747,344,000 ordinary shares of Tanga Cement PLC at a price of TZS 1,600 per share at a ratio of two (2) new ordinary share for everyone (1) share held. The Rights Issue successfully raised TZS 203.7 billion as planned, representing a success rate of 100 percent. The new shares were subsequently listed on the Dar es Salaam Stock Exchange. The Tanga Cement PLC's Rights Issue became the biggest Rights Issue in the history of Tanzanian capital markets.
- (ii) Sovereign Shariah-Compliant Sukuk bond, dubbed "Zanzibar Sukuk", raising TZS 381.4 billion, a success of 127.1 percent. The Sukuk was issued by Zanzibar Treasury Sukuk 1 Limited, a Special Purpose Vehicle (SPV) of the Revolutionary Government of Zanzibar. The issuance is part of the Sovereign Sukuk Programme worth TZS 1.12 trillion. Zanzibar Sukuk stands out as the first Sovereign Sukuk across the East Africa region, issued to the public and listed on the exchange. The Government's strategy of having diversified sources of funding in the financial sector that attracts a wide range of investors with different ethical background and therefore

facilitating financial inclusion aspirations. The Sukuk Bond was successfully listed on the DSE.

- (iii) Multicurrency Al Barakah Sukuk issued by CRDB Bank Plc, raising TZS 125.4 billion for the TZS Lot, compared to the plan of TZS 30 billion, representing a success rate of 418 percent; and USD 32.3 million for the USD Lot, compared to the plan of USD 5 million, representing a success rate of 646 percent. Proceeds from the Sukuk are being used to finance Small and Medium Sized Shariah-compliant businesses. This is the 16<sup>th</sup> issuance of Shariah-compliant Sukuk, making a total of TZS 692.74 billion raised, a success rate of 172.4 percent. The issuances have attracted participation from a diverse range of investors, including individuals, groups, institutions, and social security funds. The Sukuk was successfully listed on the Dar es Salaam Stock Exchange.
- (iv) The Medium-Term Note (MTN) Programme worth TZS 150 billion to be issued in three tranches by Tanzania Commercial Bank (TCB) PLC. The first tranche dubbed “Stawi Bond” raised TZS 140.24 billion compared to the plan of TZS 50 billion representing a success rate of 281 percent. The fund raised is being used to implement TCB Bank PLC's strategy to grow and develop its business, including providing loans to Small and Medium Enterprises (SMEs) engaged in various economic sectors. The bond was successfully listed on the Dar es Salaam Stock Exchange.
- (v) A corporate bond issued by Stanbic Bank Tanzania Limited for supporting the Bank's strategic business, including the provision of loans to Small and Medium Enterprises (SMEs) operating across various economic sectors. The Bond raised TZS 40.2 billion compared to the plan of TZS 35 billion, a success rate of 114.9 percent. The Bond was part of the Medium-Term Note (MTN) Programme worth TZS 100 billion, and it was successfully listed on the DSE.

- (vi) Ethical Shariah Compliant Sukuk, issued by iTrust Finance Limited. The Sukuk raised TZS 12.58 billion, compared to the plan of TZS 5 billion a success rate of 251.6 percent. The fund raised is being used to finance small and medium-sized Sharia-compliant businesses.
- (vii) A Collective Investment Scheme, named “Vertex Bond Fund”, operated by Vertex International Securities Limited as Fund Manager and National Bank of Commerce (NBC) Limited as Custodian Bank. The Initial Public Offer (IPO) raised TZS 5.2 billion compared to a target of TZS 5 billion, achieving a subscription rate of 104 percent.
- (viii) An Exchange Traded Fund (ETF) named “Vertex Exchange Traded Fund” operated by Vertex International Securities Limited. The Initial Public Offer (IPO) raised TZS 6.8 billion compared to a target of TZS 5 billion, achieving an impressive subscription rate of 136 percent. The Vertex ETF was successfully listed on the DSE, marking a significant step forward in product innovation and market deepening.

#### **4.5 AAML/CFT/CPF**

In recognition of developments in the Anti-Money Laundering, Countering Terrorist Financing and Countering Proliferation Financing (AML/CFT/CPF) environment, Tanzania’s removal from the FATF grey list in June 2025 marked a significant milestone in its financial governance journey. The country achieved this by strengthening its legal and regulatory framework to align with FATF recommendations, including tightening anti-money laundering and counterterrorism financing laws, enhancing supervisory mechanisms, and improving enforcement capacity. These reforms not only addressed strategic deficiencies identified during its grey-listing but also restored international confidence in Tanzania’s financial system, paving the way for greater investment, smoother cross-border transactions, and stronger integration into the global economy.

Further, with the view to enhancing compliance to AML/CFT/CPF standards within the United Republic, the Financial Intelligence Unit (FIU) in collaboration with stakeholders in the

financial sector pioneered amendments of various laws to ensure compliance with international standards. During 2025, amendment of the following laws are in progress: the Anti-Money Laundering Act, Cap. 423, and its Regulations; the Anti-Money Laundering and Proceeds of Crime Act, No. 10 of 2009; the Anti-Money Laundering and Proceeds of Crime Regulations, 2022; and the Anti-Money Laundering (Cross-Border Declaration of Currency and Bearer Negotiable Instruments) Regulations, 2016.

Apart from ongoing amendment of laws, all the competent authorities in Tanzania continued to provide training on various AML/CFT/CPF matters, in line with the FATF Recommendations and other AML/CFT/CPF standards.

## 5. FINANCIAL STABILITY POLICY MEASURES

Safeguarding financial stability and ensuring that the financial sector serves the needs of the people and the economy in sustainable ways are among the key responsibilities of the Bank of Tanzania, in collaboration with other Financial Regulators. In response, the Bank continues to undertake measures to improve the soundness and resilience of the financial sector in addressing potential risks stemming from the global and domestic macro-financial environment. As a result, the financial system maintained its stability and resilience to global shocks, including geopolitical tensions, tighter financial conditions, trade protectionism, and emerging risks such as climate change and cyber threats. During the year under review, the following measures were undertaken:

**Implementation of Basel II and III:** Following the Bank's issuance of a framework for implementing Basel II and III in 2023, financial institutions began reporting compliance in April 2025. This improved the resilience of the banking sector to shocks by prompting banks to maintain adequate capital and liquidity buffers. As of December 2025, the common equity Tier I capital was 18.3 percent above the regulatory requirements of 8.5 percent. The Liquidity Coverage Ratio and Net Stable Funding were 219.2 percent and 153.9 percent, respectively, above the regulatory threshold of 100 percent.

**Enhancement of Compliance to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT):** Tanzania was placed on the FATF grey list in October 2022 due to deficiencies in its anti-money laundering (AML) and counter-terrorist financing (CFT) framework. After two years of comprehensive reforms, including strengthening legal

frameworks, improving coordination between Mainland Tanzania and Zanzibar, enhancing risk-based supervision, and intensifying enforcement and asset recovery efforts, the Financial Action Task Force (FATF) removed Tanzania from the grey list on 13<sup>th</sup> June 2025, having addressed all identified gaps. The removal of Tanzania from the FATF grey list signifies strengthened compliance with international AML/CFT standards, enhancing the country's global financial credibility and reputation. It is expected to boost investor confidence, improve correspondent banking relationships, reduce transaction and compliance costs, and facilitate smoother cross-border financial flows. Overall, the delisting supports financial stability, economic growth, and sustained integration into the global financial system.

**Enhanced mitigation of Systemic Risks:** The Bank has strengthened its monitoring and mitigation of systemic risks by identifying Systemically Important Banks (SIBs) based on size, interconnectedness, substitutability, complexity, and cross-jurisdictional activities. Recognizing these institutions is crucial for safeguarding financial stability, as the failure of such banks could significantly disrupt the financial system. These institutions are subject to stricter supervisory oversight, higher capital and liquidity requirements, robust recovery and resolution planning to safeguard market confidence. Domestic SIBs must maintain strong buffers, conduct advanced stress testing to evaluate resilience against counterparty and operational shocks, and submit credible recovery plans and test reports. Collectively, these measures ensure that critical banks remain stable, resilient, and capable of withstanding adverse scenarios without endangering the broader financial system.

**Strengthening Tanzania Financial Stability Forum:** On 8<sup>th</sup> July 2025, the Tanzania Financial Stability Forum (TFSF) formally signed the revised Memorandum of Understanding (MoU), expanding its membership and broadening its scope of initiatives. The revision was undertaken to strengthen institutional collaboration among financial sector regulators and safety-net participants, enhance structured information-sharing arrangements, and improve the timely identification, assessment, and mitigation of emerging systemic risks. The enhanced MoU provides a clearer governance framework, defined roles and responsibilities, and more robust coordination mechanisms to support macroprudential surveillance and crisis management. By formalizing these arrangements, the Forum is better positioned to promote policy coherence, facilitate joint risk assessments, and ensure coordinated responses during periods of financial stress. Overall, the strengthened framework reinforces the resilience, stability and integrity of Tanzania's financial system.

**BoT published the Emergence Liquidity Assistance Framework:** The Emergency Liquidity Assistance (ELA) Framework, introduced in September 2025, strengthens the Bank of Tanzania’s ability to manage financial crises by outlining clear procedures for providing temporary funding to solvent banks facing short-term liquidity pressures. Supported by sections 40 and 41 of the BoT Act, it allows for swift and discretionary intervention during periods of financial stress. The framework’s objectives are to maintain financial stability and public confidence, prevent liquidity issues from escalating, and avoid contagion across systemically important institutions.

**Development of Data Repository for Climate-Related Risk:** The Bank of Tanzania established a climate data repository that consolidates loan and collateral data to assess climate-related risks across the financial sector. By enabling the mapping of climate hazards to financial exposures, the repository allows for the identification of potential systemic vulnerabilities and supports proactive risk management by banks and regulators. This tool strengthens the resilience of the financial system, improves monitoring and analysis of climate-related financial risks, and helps mitigate threats to financial stability, ensuring the sector is better prepared for climate-related shocks.

**Enhanced Supervision of Microfinance Institutions:** The Bank, in collaboration with the Tanzania Communications Regulatory Authority, intensified efforts to curb unlicensed and predatory lending by ensuring over 13,520 illegal online loan platforms do not operate in Tanzania, prosecuting more than 25 unlicensed providers, and imposing fines and legal action where necessary. The Bank has also introduced a self-regulatory framework for microfinance institutions through MoUs with the Tanzania Association of Microfinance Institutions (TAMFI) and the Tanzania Association of Microfinance Institutions (TAMIU), issued guidelines on microfinance fees and charges, established a formal complaints mechanism to address predatory lending (“Mikopo Umiza”), launched the “Zinduka Usiumizwe – Kopa kwa Maendeleo” awareness campaign and continued capacity-building initiatives for Tier 2 microfinance providers to strengthen compliance and consumer protection.

**Exchange rate reforms:** The Bank introduced several measures to strengthen financial stability and the foreign exchange framework. In 2024, it established the Interbank Foreign Exchange Market Code of Conduct (FX Code 2024) to promote a fair, transparent, and liquid FX market through voluntary best-practice principles that reduce risks, including manipulation

and conflicts of interest. In 2025, it also introduced regulations requiring that all prices, advertisements, and payments for goods and services within Tanzania be denominated in Tanzanian Shillings, with limited exceptions, to support currency stability, improve the effectiveness of monetary policy, and reduce pressure on foreign reserves. Additionally, the Bank launched the Domestic Gold Purchase Program, thereby strengthening foreign exchange reserves through diversification, providing an inflation hedge, and enhancing financial system stability.

**Coordination Mechanism Framework for the Social Protection Sector:** In the implementation of the ILO Social Protection Floors Recommendation No. 202, the social security sub-sector in Tanzania has developed a Coordination Mechanism Framework for the Social Protection Sector to improve the effectiveness and efficiency of the country's social protection systems. The framework seeks to strengthen coordination among stakeholders involved in providing social protection services, including both pension and non-pension products. It promotes better collaboration, planning, management, and monitoring of contributory and non-contributory social protection interventions implemented nationwide. By enhancing coordination and oversight, the framework is expected to improve service delivery, ensure efficient use of resources, and expand the coverage of social protection programs to vulnerable groups in society.

**The Financial Regulators continue to work to support the financial system's resilience.** The Bank continues its ongoing monitoring of the country's financial stability, assessing domestic and external risks, and applies all available instruments as necessary to minimize potential risks. As a result of these prudential measures implemented over time and improved domestic financial conditions, the financial sector remains resilient and is prepared to address potential risks stemming from the global geopolitical environment. Financial institutions maintained adequate capital levels and have sufficient liquidity buffers. Improving economic and business conditions have also supported the financial conditions of households and non-financial corporates, including income and profitability, thereby enhancing their creditworthiness and debt-servicing capacity.

**Capital Markets and Securities Authority approved amendments to some provisions of the Dar es Salaam Stock Exchange (DSE) Trading Rules.** The amendments aimed to enhance market liquidity, transparency, and operational efficiency, and to align with international best practices. The provisions amended relate to Block Trades, Single Lots,

Price Cap Limits, Closing Price Determination, Corporate Action Price Discovery, DSE Operating Hours, and the use of the National Identification Number as a sole identification document. The amended Rules have substantially enhanced liquidity and broadened participation in the capital markets.

## 6. FINANCIAL STABILITY OUTLOOK

Tanzania's financial system is expected to remain resilient in the near term, supported by stable macroeconomic fundamentals and prudent monetary and fiscal policies. Real GDP growth is projected to maintain positive, while inflation is expected to remain within the target range of 3–5 percent. The Bank is expected to maintain accommodative monetary conditions, keeping the 7-day interbank rate within the CBR corridor to anchor inflation expectations and ensure adequate liquidity in the economy. Consequently, domestic credit conditions are expected to continue improving, reflecting sustained investment demand and strengthening confidence in the financial sector.

The non-financial corporation sector is expected to maintain steady performance, supported by ongoing large scale infrastructure projects such as the Standard Gauge Railway, the Julius Nyerere Hydropower Project, preparations for the Africa Cup of Nations, and continued developments in the mining and LNG sectors. These initiatives are expected to sustain business activity and support demand for credit. Nonetheless, the sector remains exposed to potential vulnerabilities arising from climate-related shocks, supply chain disruptions, and global geopolitical tensions, which could affect production costs and financing conditions, particularly for firms with international linkages.

Household sector financial conditions are also expected to improve, supported by expanding economic activity and improving employment prospects. The continued recovery of tourism and agribusiness has contributed to rising household incomes and consumption capacity. Borrowing conditions are expected to remain generally favourable as lending rates moderate and credit availability improves. However, financial literacy challenges and the increasing prevalence of digital financial fraud continue to pose risks to household financial resilience.

Regulatory developments are expected to further strengthen the resilience of the financial system. The continued implementation of Basel regulatory standards, the enforcement of recovery and contingency planning frameworks, and reforms supported by the International

Monetary Fund have enhanced financial institutions' capacity to absorb shocks. These measures are particularly important in strengthening the resilience of domestic systemically important banks and reinforcing confidence in the financial sector.

Despite strong domestic fundamentals, the financial stability outlook remains subject to external risks. Geopolitical tensions, trade protectionism, and global economic uncertainties could affect external financing conditions, exchange rate dynamics, and capital flows. In addition, volatility in global commodity markets, particularly for oil and food, may pose risks to import costs and inflation dynamics. Continued vigilance by financial sector regulators, strengthened risk management practices, and efforts to enhance financial literacy and digital security will remain important in safeguarding the stability of Tanzania's financial system.

## APPENDICES

### Appendix 1: Global real GDP growth and projections

	Percent									
	2018	2019	2020	2021	2022	2023	2024	<u>Estimate Projections</u>		
								2025	2026	
United States	3.1	2.6	-3.4	5.9	1.9	2.9	2.8	2.1	2.4	
Germany	1.5	0.5	-4.6	2.6	1.8	-0.3	-0.5	0.2	1.1	
Japan	0.5	1.2	-4.5	2.1	1.0	1.5	-0.2	1.1	0.7	
United Kingdom	1.4	1.2	-9.4	7.6	4.3	0.3	1.1	1.4	1.3	
China	6.6	6.1	2.3	8.4	3.0	5.2	5.0	5	4.5	
India	6.8	6.1	-7.3	8.7	7.2	8.2	6.5	7.3	6.4	
Brazil	1.1	0.9	-4.5	5.0	3.0	3.2	3.4	2.5	1.6	
South Africa	0.8	0.4	-6.4	4.9	1.9	0.7	0.5	1.3	1.4	

Source: IMF, World Economic Outlook, January 2026

**Appendix 2: East African Community Selected Financial Soundness Indicators**

Partner State	2022	2023	2024	2025
<b>Tier 1 capital to risk-weighted assets</b>				
Burundi	19.0	17.9	17.2	16.5
Kenya	16.1	15.1	17.1	17.7
Rwanda	20.5	20.4	19.4	21.0
Somalia	21.0	23.3	17.2	13.7
South Sudan	8.3	8.2	5.9	5.9
Tanzania	17.8	17.5	19.3	18.8
Uganda	20.6	24.2	23.7	24.4
<b>Liquid assets to short-term liabilities</b>				
Burundi	17.6	17.4	23.2	21.0
Rwanda	119.2	68.7	71.3	73.7
Somalia	70.9	66.0	55.0	70.1
South Sudan			96.0	119.8
Tanzania	29.1	31.9	29.0	27.2
Uganda	49.1	58.0	51.9	80.7
<b>Nonperforming loans to total gross loans</b>				
Burundi	2.4	2.8	3.5	3.9
Kenya	10.8	12.3	13.6	14.1
Rwanda	3.7	4.6	4.2	2.9
Somalia	0.9	1.4	2.7	2.7
South Sudan	2.4	1.2	1.0	0.8
Tanzania	5.8	4.3	3.3	2.8
Uganda	5.1	4.5	3.9	3.1
<b>Net open position in foreign exchange to capital</b>				
Burundi	6.7	9.3	15.4	16.8
Kenya	-1.6	-0.2	0.3	0.0
Rwanda	-0.6	0.9	0.8	1.3
South Sudan			73.8	179.4
Tanzania	2.5	4.5	4.7	4.0
Uganda	-4.9	-1.5	-6.0	-3.8
<b>Return on assets</b>				
Burundi	3.3	3.0	3.0	3.0
Kenya	3.7	2.9	3.2	3.6
Rwanda	5.0	5.1	5.2	5.0
Somalia	0.4	0.7	0.6	0.5
South Sudan	2.2	1.8	2.2	2.2
Tanzania	3.5	4.4	5.2	4.7
Uganda	3.6	4.1	4.2	4.7
<b>Return on equity</b>				
Burundi	20.7	16.4	18.0	19.0
Kenya	27.0	24.9	25.5	27.7
Rwanda	22.2	22.5	24.5	22.8
Somalia	-0.2	-0.6	3.9	5.0
South Sudan	18.5	17.4	29.2	28.2
Tanzania	14.5	20.5	23.5	20.6
Uganda	14.7	16.8	16.5	19.9

Source: East African Community Data portal

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