THE UNITED REPUBLIC OF TANZANIA

BANK OF TANZANIA

On reply please quote:

FA.56/237/14/177 **28th July 2026**

To: All Banks and Financial Institutions

RE: <u>REGULATORY REPORTING GUIDELINES FOR NON-INTEREST BANKING BUSINESS</u>

Reference is made the captioned subject.

2. The Bank of Tanzania has developed draft Regulatory Reporting Guidelines and Reporting Templates for Non-Interest Banking Business to facilitate effective regulatory reporting by banks and financial institutions engaged in non-interest banking business.

3. To accomplish this objective, the Bank of Tanzania is hereby requesting your comments and suggestions on the enclosed draft guidelines, using the format attached to this letter. The draft Guidelines and reporting templates may also be accessed from the website of the Bank.

4. The Bank of Tanzania would appreciate to receive your comments and suggestions through email to faridi.masasi@bot.go.tz and copy to beatus.rwegalulira@bot.go.tz not later than Friday, 07th August 2026.

Yours sincerely,

Digitally Signed By
Mr. Dickson GAMA

Digitally Signed By
Mr. Umaiya Abbas MASOLI

DIRECTORATE OF FINANCIAL SECTOR SUPERVISION

Cc: The Executive Director

Tanzania Bankers Association Ltd

1st Floor, Faykat Tower,

P.O. Box 70925,

DAR ES SALAAM

FORMAT FOR SHARING COMMENTS AND SUGGESTIONS ON DRAFT REGULATORY REPORTING GUIDELINES FOR NON-INTEREST BANKING BUSINESS

NAME OF THE INSTITUTION:

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SPECIFIC COMMENTS/SUGGESTIONS

S/No	Guideline No.	Description of the Guideline	Proposed Change	Rationale
1.				
2.				
3.				

GENERAL COMMENTS/SUGGESTIONS

S/No	Description of the Proposed General Comments	Rationale
1.		
2.		
3.		

REGULATORY REPORTING GUIDELINES FOR NON-INTEREST BANKING BUSINESS, 2026

BANK OF TANZANIA

July 2026

	PART I **PRELIMINARY PROVISIONS**
Citation	1. These Guidelines may be cited as the *Regulatory Reporting Guidelines for Non-Interest Banking Business, 2026*.
Authorization, Cap 342	2. These Guidelines are issued under section 71 of the *Banking and Financial Institutions Act.*
Application	3. These Guidelines shall apply to a bank or financial institution engaged in non-interest banking business.
Interpretation, Cap 342	4. In these Guidelines, unless the context otherwise requires:
	"Act" means the Banking and Financial Institutions Act;
	"Al Wadiah" A contract for the safekeeping of assets on a trust basis and their return upon the demand of their owners. The contract can be for a fee or without a fee. The assets are held on a trust basis by the safekeeper and are not guaranteed by the safekeeper, except in the case of misconduct, negligence or breach of the conditions.
	"Bai' Murabaha" Refers to contractual buying and selling at a mark-up profit. In this case, the client requests non-interest bank or financial institution or non-interest banking window to purchase certain goods for him. Non-interest bank or financial institution or non-interest banking window purchases the goods as per specification and requirement of the client. The client receives the goods on payment of the price which includes mark-up profit as per contract. Under this mode of investment, the purchase/cost price and profit will be disclosed separately.
	"Bank" means the Bank of Tanzania;
	"bank" has the same meaning ascribed to it in the Act;
	"Board" means the Board of Directors of a bank or financial institution;
	"Commodity Murabaha" (Tawarruq)" refers to a Shariah-compliant financing arrangement based on a series of sale and purchase transactions involving commodities. Under this arrangement, the client

	requests a non-interest bank, financial institution, or non-interest banking window to purchase specified commodities on the client's behalf. The institution purchases the commodities and sells them to the client at an agreed marked-up price, with the cost price and profit margin disclosed separately. The client subsequently sells the commodities to a third party, usually on a spot basis, to obtain cash. The client then settles the deferred sale price with the institution in accordance with the agreed payment terms.
	"conventional bank or financial institution" means a bank or financial institution that offers interest-based banking business;
	"Direct Investment" Under this mode non-interest bank or financial institution or non-interest banking window can, under its full proprietorship, conduct business by directly investing in the industries, trading or transports. In these cases, the profit/loss fully goes to the non-interest bank or financial institution or non-interest banking window
	"Diminishing Musharakah" A form of partnership in which one of the partners promises to buy the equity share of the other partner over a period of time until the title to the equity is completely transferred to the buying partner. The transaction starts with the formation of a partnership, after which buying and selling of the other partner's equity takes place at market value or at the price agreed upon at the time of entering into the contract. The "buying and selling" is independent of the partnership contract and should not be stipulated in the partnership contract, since the buying partner is only allowed to promise to buy. It is also not permitted that one contract be entered into as a condition for concluding the other.
	"financial institution" has the same meaning ascribed to it in the Act;
	"Ijarah" Refers to an agreement made by the banking institution to lease to a customer an asset specified by the customer for an agreed period against specified instalments of lease rental. An Ijarah contract commences with a promise to lease that is binding on the part of the potential lessee prior to entering the Ijarah contract.
	"Ijarah Muntahia Bittamleak (Hire-Purchase)" A lease contract combined with a separate promise from the lessor giving the lessee a binding promise to own the asset at the end of the lease period either by purchase of the asset through a token consideration, or by the payment of an agreed upon price or the payment of its market value.

	This can be done through a promise to sell, a promise to donate, or a contract of conditional donation.
	“investment” means any such modes of financing in which banks and financial institutions engaged in non-interest banking in accordance with Shari’ah principles and rules or as per the Shari’ah approved modes;
	“Investment Auctioning” Selling by auction of those assets/goods acquired by the bank through direct investment is called Investment auctioning. Generally, the bank establishes industrial units by direct investment, makes the same operationally profitable and then sells out on auction. This mode of investment is very helpful for industrialization of the country.
	“Istisna’a" The sale of a specified asset, with an obligation on the part of the seller to manufacture/construct it using his/her own materials and to deliver it on a specific date in return for a specific price to be paid in one lump sum or instalments.
	“Mudarabah” Refers to a contract between the capital provider and a skilled entrepreneur whereby the capital provider would contribute capital to an enterprise or activity which is to be managed by the entrepreneur as the Mudarib (or labour provider). Profits generated by the enterprise or activity are shared in accordance with the terms of the Mudarabah agreement, while losses are to be borne solely by the capital provider unless the losses are due to the Mudarib’s misconduct, negligence and breach of contracted terms.
	“Murabaha” Refers to a sale contract whereby the banking institution sells to a customer at an agreed profit margin plus cost (selling price), a specified kind of asset that is already in their possession.
	“Musharakah” Refers to a contract between the banking institution and a customer to contribute capital to an enterprise, whether existing or new, or to ownership of a real estate or moveable asset, either on a temporary or permanent basis. Profits generated by that enterprise or real estate/asset are shared in accordance with the terms of Musharakah agreement whilst losses are shared in proportion to each partner’s share of capital.
	“non-interest banking business” means a banking business in which its products and services are wholly and exclusively Shari’ah compliant;

	"non-interest bank or financial institution" means a bank or financial institution licensed to conduct non-interest banking business in accordance with Shari'ah;
	"non-interest banking window" means a branch or dedicated unit of a conventional bank or financial institution, but not a separate legal entity, which provides products and services that are wholly and exclusively Shari'ah compliant;
	"non-permissible income" means any income that accrues to the non-interest bank or financial institution or a non-interest banking window in a Shari'ah non-compliant manner;
	"Parallel Istisnaa" A second istiṣnā' contract whereby a third party commits to manufacture/construct a specified asset, which corresponds to the specifications of the asset in the first istiṣnā' contract without the presence of any links between the two contracts.
	"Parallel Salam" A second salam contract with a third party to acquire for a specified price a due and described commodity of known type, quantity and attributes, which corresponds to the specifications of the commodity in the first salam contract without the presence of any links between the two contracts.
	"Profit Equalization Reserve" is the amount appropriated out of the income arising from the assets pertaining to profit and loss taking investors, in order to maintain a certain level of return on investment;
	"Qard" The payment of money to someone who will benefit from it provided that its equivalent is repaid. The repayment of the money is due at any point in time, even if it is deferred.
	"Qard Hassan" This is a benevolent loan that obliges a borrower to repay the lender the principal amount borrowed on maturity. The borrower, however, has the discretion to reward the lender for his loan by paying any amount over and above the amount of the principal provided there will be no reference (explicit or implicit) in this regard.
	"Salam" The sale of a specified commodity that is of a known type, quantity and attributes for a known price paid at the time of signing the contract for its delivery in the future in one or several batches.
	"Shari'ah" means the principles and rules of Islamic commercial jurisprudence.

	"Sukuk" Certificates that represent a proportional undivided ownership right in tangible assets, or a pool of tangible assets and other types of assets. These assets could be in a specific project or specific investment activity that is Sharīʻah compliant.
	"Takaful" A mutual guarantee in return for the commitment to donate an amount in the form of a specified contribution to the participants' risk fund, whereby a group of participants agree among themselves to support one another jointly for the losses arising from specified risks.
"Objective Cap 197 Cap 342	5. These Guidelines are intended to guide a bank or financial institution engaged in non-interest banking business on proper regulatory reporting of non interest banking business. 6. Specific objectives of these Guidelines are to: (a) enable the Bank to effectively supervise a bank or financial institution engaged in non-interest banking business through off-site surveillance, and to monitor financial condition and operational performance of those institutions; and (b) enable the Bank to collect, maintain, and analyse a comprehensive and accurate data on non-interest banking business activities for formulating sound monetary policies,
	PART II **MODES OF FINANCING**
Modes of financing	7. (1) A bank or financial institution engaged in non-interest banking business may apply modes of financing prescribed under guideline 7(2) or any other mode as recommended by Shari'ah Advisory Committee and approved by the Board.
	(2) Without prejudice to guideline 7(1), the modes of financing shall include:
	(a) sale-based contracts including Murabaha, Commodity Murabaha (Tawarruq), Salam, Parallel Salam, Istisna'a, Parallel Istisna'a, Bai' Murabaha, or any other Shari'ah-compliant sale-based contract;
	(b) profit-and-loss sharing contracts including Mudarabah, Musharakah, Diminishing Musharakah, or any other Shari'ah-compliant profit-and-loss sharing contract;

	(c) lease-based contracts including Ijarah, Ijarah Muntahia Bittamleak (Hire Purchase), or any other Shari'ah-compliant lease-based contract;
	(d) deposit and benevolent loan contracts including Al Wadiah, Qard and Qard Hassan, or any other Shari'ah-compliant deposit or benevolent loan contract; and
	(e) investment and risk management contracts including Direct Investment, Investment Auctioning, Sukuk, Takaful, or any other Shari'ah-compliant investment or risk management contract.
	PART III **RESPONSIBILITIES OF THE BOARD AND SENIOR MANAGEMENT**
Responsibilities of the Board	8. The Board of a bank or financial institution engaged in non-interest banking business shall, in addition to other duties, be responsible for the following: (a) ensure that its bank or financial institution complies with the requirements of these Guidelines; (b) ensure that the bank or financial institution's regulatory returns are adequate and reviewed by independent function; (c) ensure that its bank or financial institution submit accurate regulatory reports to the Bank as prescribed under these Guidelines; and (d) review and approve modes of financing recommended by Shari'ah Advisory Committee.
Responsibilities of senior management	9. Senior management of a bank or financial institution engaged in non-interest banking business, shall be responsible for developing and implementing effective internal controls or procedures for preparing, reviewing, and submitting regulatory reports to the Bank.
	PART IV **REGULATORY REPORTING**
Compliance with guidance issued by NBAA	10. A bank or financial institution engaged in non-interest banking business, shall comply with any guidance issued by National Board of Accountants and Auditors of the United Republic of Tanzania regarding non-interest banking business.

Reporting Requirements	11. A bank or financial institution engaged in non-interest banking business shall submit to the Bank periodic reports in the format and frequency to be prescribed by the Bank.
	PART V **GENERAL PROVISIONS**
Sanctions	12. Without prejudice to the other penalties and actions prescribed by the Act, the Bank may impose one or more of the following sanctions where any of the provisions herein are contravened- (a) civil money penalty on the banking institution or directors, officers or employees responsible for non-compliance in such amounts as may be determined by the Bank; (b) suspension of access to the credit facilities of the Bank; (c) suspension of lending and investment operations; (d) suspension of capital expenditure; (e) suspension of the privilege to accept new deposits; (f) suspension from office of the defaulting director, officer or employee; (g) disqualification of any defaulting director, officer or employee from holding any position or office in any banking institution in the United Republic of Tanzania; or (h) revocation of banking license.

Emmanuel Mpawe Tutuba

Governor