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THE BANKING AND FINANCIAL INSTITUTIONS (MICROFINANCE ACTIVITIES) REGULATIONS, 2026

ARRANGEMENT OF REGULATIONS

Regulation *Title*

GENERAL PROVISIONS

SCHEDULES

THE BANKING AND FINANCIAL INSTITUTIONS ACT
(CAP 342)

REGULATIONS

(*Made under section 71*)

THE BANKING AND FINANCIAL INSTITUTIONS (MICROFINANCE ACTIVITIES) REGULATIONS, 2026

PART I
PRELIMINARY PROVISIONS

Citation	**1.** These Regulations may be cited as the Banking and Financial Institutions (Microfinance Activities) Regulations 2026.
Application	**2.** These Regulations shall apply to a bank or financial institution engaged in microfinance activities.
Interpretation	**3.** In these Regulations unless the context otherwise requires-
	"Act" means the Banking and Financial Institutions Act;
	"Bank" means the Bank of Tanzania;
	"bank" has the meaning ascribed to it in the Act;
	"banking business" has the meaning ascribed to it in the Act;
	"connected party" has the meaning ascribed to it in the Act;
	"charge off or write off " means the removal, in whole or in part, of a microfinance credit accommodation or other risk asset classified as loss from the statement of financial position in accordance with these Regulations, without extinguishing the borrower's legal obligation to repay or limiting a bank or financial institution engaged in microfinance activities's right to pursue recovery;
	"credit accommodation" means loans, overdrafts and advances, leasing, acceptances, performance and bid bonds, letters of credit, guarantees, foreign exchange contracts or any other form of a direct or indirect financial obligation including interest or profit or return due and unpaid to a bank or financial institution engaged in microfinance activities;
	"demand liabilities" include current account deposits, time deposits, savings deposits, deposits of banks, interbank borrowings payable at call or within

	seven days, banker's cheques and drafts issued, payment orders and transfers payable, foreign currency deposits and borrowings, other deposits, off balance sheet commitments maturing within one year and such other liabilities as the Bank may determine;
	"deposit" has the meaning ascribed to it in the Act;
	"financial institution" has the meaning ascribed to it in the Act;
	"fit and proper person" means a person with the attributes required of a member of the board of directors and senior management as per the criteria set out in the First Schedule to these Regulations;
	"liquid assets" include-
	(a) cash;
	(b) current account balances and currency deposits with the Bank as shown in the books of the Bank;
	(c) balances with other banks with maturities of seven days or less or withdrawable on demand;
	(d) cheques and items for clearing;
	(e) uncommitted balances with banks outside the United Republic withdrawable on demand and money at call outside Tanzania after deducting there from balances owed to banks outside the United Republic;
	(f) foreign currency notes and coins including gold, treasury bills and other government securities maturing within one year and as long as they are unencumbered;
	(g) commercial bills and promissory notes discounted at the Bank; and
	(h) such other assets as the Bank may determine;
	"microfinance activities" means a business involving-
	(a) accepting deposits from the public;
	(b) employing such deposits wholly or partly in lending or extending credit for the account and at the risk of the person accepting those deposits, including the provision of short term loans to small or micro enterprises and low income households, usually characterized by the use of collateral substitutes, such as group guarantees or compulsory savings; and
	(c) transacting such other activities as may be authorized by the Bank;
	"microfinance bank" means a bank or financial institution licensed by the Bank to undertake banking business mainly with individuals, groups and micro and small enterprises in the rural or urban areas;
	"micro-enterprise" has the meaning ascribed to it in the Act;
Cap. 407	"microfinance business" has the meaning ascribed to it in the Microfinance Act;

	"microfinance loan" means a credit accommodation with the following features-:-
	(a) its security may include non-traditional collateral;
	(b) is granted to a natural person, individually or in a group, or to a firm, whose income is derived from business activities involving the production or sale of goods or the provision of services;
	(c) is not necessarily supported by formal financial or non-financial records or documentation detailing the income or repayment capacity of the borrower or by registered collateral; and
	(d) is granted on the basis of the borrower's character or willingness to repay and the combined cash flows of the borrower's business and household, and it includes microcredit, microenterprise credit or micro loan;
Cap. 407	"Non-Deposit Taking Microfinance Service Provider" means a Tier 2 microfinance service provider licensed by the Bank under the Microfinance Act to undertake microfinance business, which is not authorised to accept deposits from the public;
	"non-performing microfinance loan" means any credit accommodation for which contractual obligation for repayment is past due for more than thirty days or is classified as substandard, doubtful or loss under the criteria prescribed in Regulation 44, and is placed on a non-accrual basis;
	"related party"
	(a) in relation to a body corporate means-
	(i) its holding company or its subsidiary;
	(ii) a subsidiary of its holding company;
	(iii) a holding company of its associates;
	(iv) any person who controls the company or body corporate whether alone or with his related party or with other related parties of it; and
	(b) in relation to an individual means-
	(i) any member of his family;
	(ii) any company or other body corporate controlled directly or indirectly by him whether alone or with his related parties; and
	(iii) any related party of his related parties, and it includes connected party;
	"restructured microfinance loan" means a microfinance credit accommodation whose original terms and conditions have been modified, including the repayment period, repayment amount, instalments, interest rate or profit margin or rate of return, security, or any other material term, whether due to the borrower's financial difficulty or for any other legitimate commercial, legal, operational, regulatory or risk management reason acceptable to a bank or financial institution engaged in microfinance activities;
	"senior management" in relation to a microfinance bank means a Chief Executive Officer, heads of function, any other senior manager reporting to

	the Chief Executive Officer and any other person, other than members of the board of directors, who, individually or as a group-
	(a) makes or participates in making decisions that affect the whole or a substantial part of the business of a microfinance bank;
	(b) has the capacity to affect the microfinance bank's standing; or
	(c) may affect the whole, or a substantial part, of the business of the microfinance bank its financial standing through their responsibility for-
	(i) enforcing policies and implementing strategies approved by the Board;
	(ii) developing and implementing systems that identify, assess, manage or monitor risks in relation to the business of the microfinance bank; or
	(iii) monitoring the appropriateness, adequacy and effectiveness of risk management systems;
	"supplementary capital" has the meaning ascribed to it in the Act;
	"tier 1 capital" has the meaning ascribed to it in the Act; and
	"total capital" has the meaning ascribed to it in the Act.
Objectives	**4.** The objectives of these Regulations are to-
	(a) provide operational framework for microfinance banks including permissible activities, prudential limits and related parties transactions;
	(b) provide a framework for other banks and financial institutions engaged in microfinance activities; and
	(c) ensure that micro finance business is conducted in a safe and sound manner.

PART II

CRITERIA FOR LICENSING MICROFINANCE BANKS

Application for Licence	**5.** -(1) A person who intends to engage in microfinance activities as a microfinance bank shall, by a letter in the form prescribed in the Second Schedule, apply for a license to the Bank.
	(2) Any person shall, before submitting an application referred to under sub-regulation (1), apply for a pre-filing meeting with the Bank.
	(3) An application referred to under sub-regulation (1) shall be signed by the directors of the applicant or a person authorized by the applicant and be accompanied with-
	(a) a copy of each of the documents listed in the Third Schedule;

	(b) particulars of beneficial owner as prescribed under Fourth Schedule; and
	(c) non-refundable application fee of ten million shillings or any other amount as may be determined by the Bank to be paid through a bankers' cheque or other means acceptable to the Bank.
	(4) A person shall not engage in microfinance activities unless that person has obtained a license issued by the Bank.
	(5) A person who contravenes the provision of sub-regulation (4) commits an offence and on conviction shall be liable to the punishment stipulated in the Act.
Principal contact person	**6.** An applicant for a license shall designate a principal contact person for the purposes of application processes and inform the Bank of the name and address of such a person.
Grant of licence	**7.** - (1) The Bank shall,
	(a) within ninety days after receipt of a complete application; or
	(b) where additional information has been required, after receipt of such information, grant a licence or reject the application;
	(2) Where the Bank has rejected the application it shall inform the applicant in writing explaining the grounds for rejection.
	(3) An applicant whose application has been rejected may reapply, if the deficiencies that formed the basis for rejection of the initial application or subsequent review have been corrected or otherwise addressed.
	(4) When a licence is issued, it shall remain in force unless suspended or revoked in the manner provided in the Act.
Source of capital	**8.** The applicant shall provide-
	(a) a written proof of sources of funds; and
	(b) a written confirmation that the proposed paid up capital shall be fully paid up prior to commencement of operations.
Integrity of shareholders	**9.** The Bank shall consider the history of the proposed shareholders in assessing the applicant's reputation, experience in banking operations, financial soundness and integrity in past and present business practices.
Financial capacity	**10.** -(1) The Bank shall evaluate the financial capacity of the applicant.

	(2) The soundness of an applicant's financial position, his business affiliates and the financial condition of those business affiliates shall be measured on-
	(a) levels of capital as shown on balance sheets; and
	(b) the potential financial support that may be made available when the microfinance bank require capital injection.
	(3) The Bank shall assess-
	(a) the ability of the applicant and his business affiliates to pay their current obligations from their income:
	(b) reasonability of valuation they assign to their assets: and
	(c) net-worth in relation to other liabilities.
	(4) The Bank shall establish that shares in a microfinance bank are not acquired with borrowed money.
	(5) Sub-regulation (4) shall not apply to a microfinance bank going public, provided that shares to be acquired at the Initial Public Offer stage shall not be pledged as collateral.
Character and experience	**11.** -(1) The Bank shall make an assessment as to whether the proposed members of the Board of Directors and senior management of a proposed microfinance bank are fit and proper in accordance with the criteria set out in the First Schedule.
	(2) Without prejudice to sub-regulation (1) the Bank shall-
	(a) evaluate the proposed members of the Board of Directors and senior management team with respect to their experience and ability to manage funds, institute proper credit evaluation, collection procedures, accounting systems, effective internal controls, audit programmes and management information systems;
	(b) make an assessment of proposed board and senior management team members regarding their formal education, professional qualifications, work experience, reputation, criminal record and conflict of interest;
	(c) require board and senior management team to comprise people of sufficiently strong character who are able to oversee the microfinance bank 's operations effectively by having the requisite microfinance or banking business experience; and
	(d) assess whether individuals proposed as board and senior management team members have the necessary administrative, organizational and

	decision-making skills, and ability to demonstrate reliability and sound character;
	(3) The Bank may interview the proposed board and senior management team members and enquire as to past performance, reputation and skills.
	(4) For the purpose of the assessment referred to in this regulation, the proposed directors and senior managers shall complete the questionnaire in the Fifth Schedule to these Regulations.
Assurance of capital	**12.** A shareholder of a proposed microfinance bank shall provide to the Bank an assurance that the proposed paid up capital shall be fully paid before commencement of banking operations.
Contribution to the country's economy	**13.** -(1) An applicant for a license shall communicate to the Bank intention of the proposed microfinance bank in contributing towards the country's economic development.
	(2) The Bank shall, when making an evaluation of the application, take into account the extent to which the business strategy, policies and outreach plans of the applicant are designed to enhance financial inclusion by directly or indirectly promoting the financial or economic activities in the rural sector including agriculture, rural-based industries, mining and tourism.
Disclosure of intended products and services	**14.** –(1) An applicant shall indicate in the business plan the financial products and services he intends to provide and how such products and services shall be beneficial to the country.
	(2) A microfinance bank shall, before introducing a new product or service in the market, obtain prior approval of the Bank.
	(3) A bank or financial institution that intends to enhance, modify, or upgrade a product or service, shall seek prior approval of the Bank.
	(4) When seeking for the approval under sub-regulation (2), a microfinance bank shall submit to the Bank the description of the product or service, risk inherent in it and mitigation strategies.
Feasibility studies	**15.** -(1) An applicant for a license shall provide details of a feasibility study, business plan and projected balance sheets, income statements and cash-flow statements for four years.
	(2) The applicant shall, at minimum, provide-
	(a) draft key policies establishing how the microfinance bank shall operate in a manner consistent with the principles established in Risk Management Guidelines for Banks and Financial Institutions issued by the Bank;

	(b) description of accounting system and information and communication technology to be used in the operations of the microfinance bank and proposed future investment;
	(c) number of employees, job descriptions of senior management positions and an organization chart;
	(d) description of internal control procedures that the microfinance bank shall implement;
	(e) narrative description of shareholders, board and senior management of the microfinance bank;
	(f) plans and strategies for promoting and supporting financial inclusion in the rural areas; and
	(g) sources of funds of shareholders and subscribers.
	(3) The business plan referred to under sub-regulation (1) shall be prepared in accordance with the guidelines provided in the Sixth Schedule.
	(4) A microfinance bank shall, when changes are made to its key policies set out in the Seventh Schedule of these Regulations or organization chart, submit copies of revised policies or organization chart to the Bank not later than thirty days after they are approved by the Board of Directors.
	(5) When a microfinance bank submits a revised copy of policy or organisation structure referred to under sub-regulation (4), it shall clearly indicate areas of change.
Transforming a Non-Deposit Taking Microfinance Service Provider	**16. -**(1) A Non-Deposit Taking Microfinance Service Provider that intends to transform into a microfinance bank shall, in addition to the information required under regulation 5, provide the following information-
	(a) resolution of the Board and shareholders approving the transformation and the proposed investment; and
	(b) a due diligence report prepared by an external audit firm or any other approved independent body on the operational and financial performance, legal risks and a detailed review of the adequacy of management information and system of internal controls.
Pre-licensing inspection for transforming a Non-Deposit Taking Microfinance Service Provider	**17.** -(1) The Bank shall carry out an on-site inspection of a Non-Deposit Taking Microfinance Service Provider that intends to transform into a microfinance bank to confirm the following-
	(a) evidence of availability of capital to meet the minimum capital requirements as specified in these Regulations;

	(b) appropriateness of the business premises including the head office and existing branches; and
	(c) adequacy of management information system, administrative and operational processes and internal control system.
Management agreement	**18.** A management or technical assistance agreement involving a microfinance bank shall be subject to prior approval of the Bank and governed by the laws of Tanzania.
Submission of Memorandum and Articles of Association	**19.** -(1) A microfinance bank shall submit to the Bank a copy of its Memorandum and Articles of Association after registration by the Registrar.
	(2) A microfinance bank shall not, without obtaining prior written approval of the Bank, amend its Memorandum and Articles of Association.
Deposit of paid up capital	**20.** A microfinance bank shall, not later than thirty days or any other period to be specified by the Bank after grant of the licence, deposit its paid up capital either in Tanzanian Shillings or in foreign currency, in a Tanzanian registered bank or financial institution, or in Treasury Bills and other Government securities of maturity not more than 364 days held with the Bank.
Commencement of business	**21.** -(1) A microfinance bank shall commence its operations within twelve months from the date the licence was granted, unless such period is extended in writing by the Bank.
	(2) A microfinance bank shall not commence business unless its business premises, security facilities, communication facilities, processing equipment, accounting and internal control systems are in place and have been inspected or reviewed by the Bank.
Undertaking by board members	**22.** Every member of the Board of Directors of a microfinance bank shall-
	(a) execute a legally binding undertaking to fulfil his obligations towards maintaining a safe, sound and profitable institution; and
	(b) undertake to comply with the provisions of the Act, Bank of Tanzania Act, and other laws, regulations, policies, circulars, orders and instructions made there under.
Opening of banking units and subsidiaries	**23.** -(1) A microfinance bank shall not invest in capital expenditure for the purpose of opening a representative office, subsidiary, branch, agency or additional office in or outside the United Republic unless it has obtained the prior approval of the Bank.
	(2) The Bank may approve an application for opening a subsidiary, branch, agency or additional office after proven successful, sound and profitable operations and it may, as a condition for approval, require additional capital.

	(3) An application for establishment of a subsidiary, branch, agency or an additional office shall be supported by-
	(a) projected balance sheet and income statement for the next three years;
	(b) consolidated projected balance sheet and income statement for the next three years;
	(c) proposed organization structure;
	(d) detailed budget and programme for the establishment;
	(e) names and particulars, including curriculum vitae for persons proposed to take up senior positions; and
	(f) any other information the Bank may require.
Transformation into fully fledged bank	**24.** A microfinance bank may transform into a fully-fledged bank subject to prior approval of the Bank.
PART III ORGANIZATION AND OWNERSHIP	
Legal form and business name	**25.** A microfinance bank shall, be organized in the form of a company limited by shares and incorporated under the laws of the United Republic; and incorporate the words "Microfinance Bank" in its business name.
Employment of non-Tanzanians	**26.** - (1) A microfinance bank shall not employ a non-Tanzanian or renew any contract of such a person unless it seeks and obtains prior approval of the Bank.
	(2) The number of non-Tanzanians in the microfinance bank shall not exceed ten at any time.
	(3) Subject to sub-regulation (2), any application for an extra person shall be submitted to the Bank which may authorise any additional person, taking into consideration the following-
	(a) availability of qualified Tanzanians for the proposed position;
	(b) complexity of the functions and roles to be undertaken;
	(c) approval granted by Tanzania Investment and Special Economic Zones Authority;
	(d) emergency situation which may warrant extra person; and
	(e) the timeframe the extra person is expected to stay in the microfinance bank and impart knowledge to Tanzanians.

Restrictions on ownership	**27.** -(1) A person shall not directly or indirectly own or control a beneficial interest of more than twenty percent of the voting shares of any microfinance bank, except as provided under section 15 of the Act.
	(2) For the purpose of sub-regulation (1) indirect ownership or control shall mean ownership or control through related parties.
	(3) The Bank may authorize a body corporate to own up to sixty-six per cent of the share capital of a microfinance bank, if that the body corporate has-
	(a) sufficient financial resources; and
	(b) a proven track record of at least ten years in lending to households, small holder farmers or small or microenterprises of the urban or rural sector, provided that where a body corporate is a Non-Deposit Taking Microfinance Service Provider which intends to transform into a microfinance bank, it shall phase out its commercial lending operations.
	(4) A body corporate may transfer its lending portfolio or other assets to a microfinance bank if such portfolio or other assets have been assessed by an independent party and consideration for the transferred portfolio or assets is by issuance of new shares.
	(5) The Bank shall subject to a "fit and proper test", and require disclosure of, all proposed shareholders whose participation exceeds five percent of the equity of the microfinance bank.
Subordinated debt	**28.** The aggregate amount of subordinated debt that may be eligible and recognized by the Bank as supplementary capital is limited to fifty percent of Tier 1 capital, provided that such subordinated debt shall-
	(a) be discounted by a cumulative factor of twenty percent per year during the last five years to maturity;
	(b) be unsecured, uninsured and are not a deposit;
	(c) have an original maturity of not less than five years;
	(d) be subordinated to claims of all depositors and general creditors of the microfinance bank ; and
	(e) not be redeemable at the option of the holder prior to maturity, except with the prior approval of the Bank; and
	(f) have no requirement for payments of principal or interest or profit or return, except to the extent that the microfinance bank is solvent and shall remain solvent immediately thereafter.
Remedial measures	**29.** Where, in the opinion of the Bank, a microfinance bank is undercapitalized, the Bank shall take measures prescribed in the Banking and Financial Institutions (Prompt Corrective Action) Regulations, to address the

	undercapitalization and nothing in such Regulations or these Regulations shall preclude the Bank from taking other remedial measures provided by the Act.
PART IV **PERMISSIBLE ACTIVITIES AND PRUDENTIAL LIMITS**	
Permissible activities	**30.** -(1) A microfinance bank may, subject to any condition or regulation which the Bank may prescribe, perform any of the following activities as primary function-
	(a) accepting saving deposits from the public;
	(b) accepting fixed or time deposits from the public;
	(c) accepting special deposits, such as from a development bank, wholesale financial institution, or government;
	(d) issuing microfinance loans to individuals, groups of individuals, micro and small enterprises, including microfinance guarantees;
	(e) issuing housing microfinance loans to individuals, groups, micro and small enterprises.
	(f) making remittances, payment orders, collection of payment instruments, safe custody and transfer of funds for its clients;
	(g) provision of payment services such as salaries and pensions;
	(h) provision of loan disbursement services for the delivery of credit programme of government, agencies, groups and individual for poverty alleviation on non-recourse basis;
	(i) maintenance and operation of various types of accounts with other banks in Tanzania;
	(j) operation of micro leasing facilities, micro finance related hire-purchase and arrangement of consortium lending and supervision of credit schemes to ensure access of micro finance customers to inputs for their economic activities;
	(k) provision of professional advice to customers regarding investments in small businesses; rendering managerial, marketing, technical and administrative advice to customers and assisting them in obtaining services in such fields;
	(l) raising funds from the public or from other refinancing sources; and
	(m) such other activities as may be authorized by the Bank.
	(2) A microfinance bank shall not engage in any of the following activities unless allowed by the Bank and subject to these Regulations-

	(a) operating current account for clients;
	(b) foreign exchange business;
	(c) foreign trade finance;
	(d) trust operations;
	(e) equity investment ;
	(f) participation in the underwriting and placement of securities;
	(g) purchase or acquisition of any land or any interest or right therein except as may be reasonably necessary for the purpose of conducting its business, where such investments do not exceed such proportion of its Tier 1 capital as may be prescribed by the Bank;
	(h) international commercial papers;
	(i) dealing in land for speculative purposes; and
	(j) investing in real estate except for its use as office accommodation.
	(3) Where the Bank grants a license to a microfinance bank it may impose terms and conditions as it may deem appropriate, including temporary or permanent restrictions regarding the individual or total amounts of credit accommodations or the engagement in any activities or operations.
Single borrower's limit	**31.** A microfinance bank shall not directly or indirectly grant to any person and his related parties, credit accommodation the value of which exceeds three percent of Tier 1 capital.
Credit limit to single insider	**32.** -(1) The total amount of credit accommodation which any microfinance bank may grant, directly or indirectly, to any insider shall not exceed two percent of the Tier 1 capital of the microfinance bank.
	(2) The limit prescribed under sub-regulation (1) shall apply regardless of the type and value of security held.
Aggregate credit limit to insiders	**33.** -(1) A microfinance bank shall not, directly or indirectly, grant to its insiders credit accommodations whose aggregate amount exceeds twenty percent of its Tier 1 capital.
	(2) The limit referred to under sub-regulation (1) shall apply to a person who has ceased to be an insider unless two years have elapsed from the date when such a person ceased to be an insider.

Salary advances to officers and employees	**34.** -(1) A microfinance bank shall not grant salary advances to any of its officers and employees, which exceed the annual remuneration of the borrowing officer or employee.
	(2) For purposes of sub regulation (1) the annual remuneration of an officer or employee shall be the basic salary plus fixed allowances paid in cash to the officer or employee on a regular and periodic basis as part of his compensation for services rendered to the microfinance bank .
	(3) The provisions of sub-regulation (2) shall not apply to benefits or entitlement which depends on a contingency such as medical and hospitalization benefits or allowances for attending seminars, meeting or other non-cash benefits
Loans to officers and employees	**35.** -(1) An incentive loan or advance granted to an officer or employee of a microfinance bank shall be managed in accordance with staff loan policy approved by the Board.
	(2) A Commercial loan or advance to an officer or employee of a microfinance bank shall be on the terms not more favorable than would be available to other borrowers.
Recusal of an officer or employee	**36.** An officer or employee or a related party who is an applicant in the credit accommodation referred to under regulation 34 and 35 shall:
	(a) disclose the interest before any consideration of the application;
	(b) not participate in or influence, directly or indirectly, any decision or approval relating to that credit accommodation.
Placements with other banks or financial institutions	**37.** A microfinance bank shall not deposit in a single bank, financial institution or microfinance bank, an amount exceeding twenty five per cent of its Tier 1 capital.

PART VI
MANAGEMENT OF RISK ASSETS

Risk management policies	**38.** -(1) The Board of Directors of a microfinance bank shall develop appropriate policies on risk management and be fully responsible and accountable for the execution of such policies.

	(2) The policies under sub-regulation (1) shall at least include a credit policy establishing a framework for making credit and investment decisions consistent with principles set forth in the Risk Management Guidelines for Banks and Financial Institutions, including-
	(a) a system for measuring and monitoring credit risk;
	(b) internal risk rating system;
	(c) provisioning standards;
	(d) procedures for identifying risk concentration;
	(e) internal limits on risk concentration including corresponding controls and approval procedures in conformity with legal and supervisory limits;
	(f) periodic review of the effectiveness of monitoring and reporting systems for risk concentration; and
	(g) maximum amounts that can be approved at every level of discretion, as well as the documentary and procedural requirements and the internal controls to be maintained.
	(3) The Board of Directors of a microfinance bank shall review the credit policy on annual basis or more frequently as may be necessary to ensure that they remain appropriate and prudent.
	(4) The policy referred to under sub-regulation (3) shall be submitted to the Bank not later than thirty days after being approved by the Board, provided that where any changes are made to the policy, a microfinance bank shall clearly indicate areas of such changes.
Use of credit reference reports	**39. -** (1) A microfinance bank shall-
	(a) utilize credit reports from credit reference bureaus during credit appraisal; and
	(b) document and keep records of evidence of usage of credit reference report for each credit accommodation issued.
	(2) Subject to sub-regulation (1), where a microfinance bank grants a credit accommodation to a borrower whose credit report contains negative repayment history or any other negative information, the microfinance bank shall document and keep records of justification for granting such credit accommodation.
	(3) the internal auditor of a microfinance bank shall assess compliance to this regulation and confirm compliance to the Bank as part of quarterly internal audit report submitted to the Bank in the format prescribed in the Schedule to this Regulations.

Unregistered collateral	**40.** A bank or financial institution engaged in microfinance activities may extend credit accommodations secured against unregistered collateral or non-traditional security or collateral substitute, such as personal guarantees, contractual pledging of home or business assets, compulsory savings or group guarantees where members jointly guarantee each other's loans.
Restructuring of microfinance loans	**41.** -(1). A bank or financial institution engaged in microfinance activities shall put in place clear and comprehensive policies specifically addressing circumstances and conditions under which microfinance loans may be restructured.
	(2) The restructured non-performing microfinance loan shall not be upgraded into better classification unless new repayment schedule has been fully complied with and the borrower has paid at least four instalments consecutively.
	(3) a microfinance loan shall not be restructured more than twice unless prior approval is obtained from the Bank.
Review and classification	**42.** -(1) A bank or financial institution engaged in microfinance activities shall review and classify its outstanding microfinance loans and other risk assets at least once every quarter.
	(2) Not withstanding sub-regulation (1) a bank or financial institution engaged in microfinance activities shall, at every quarterly review, charge off or write off all microfinance loans and other risk assets that have remained in the loss category for two consecutive quarters.
Past due loans	**43. -**(1) A microfinance loan with specific repayment date shall be considered as past due in its entirety if any of its contractual obligation for payment has become due and unpaid.
	(2) Microfinance loans which are payable in instalments are considered past due in their entirety if any of the instalments has become due and unpaid for one day or more.
	(3) A group loan shall be accounted as past due in its entirety, when any of the members of the group defaults and the amount due is not covered by the members of the group.
Classification of microfinance loans	**44.** A microfinance loan shall be classified into the following categories-
	(a) Current;
	(b) Especially Mentioned;
	(c) Substandard;
	(d) Doubtful; and
	(e) Loss

Classification by quantitative criteria	**45.** A microfinance loan shall, by quantitative criteria, be classified as follows-

Number of days past due	Classification
0 to 5 days	Current
6 to 30 days	Especially Mentioned
31 to 60 days	Substandard
61 to 90 days	Doubtful
More than 90 days	Loss

Classification and security consideration	**46.** The criteria for classifying credit accommodations shall apply regardless of the type of security held.
Microfinance loan secured by cash or near cash items	**47.** (1) A microfinance loan which is fully secured, in respect of principal and interest or profit or return , by cash or treasury bills, notes or bonds, or other instruments as the Bank may approve, shall be classified on the same basis as other microfinance loans.
	(2) Loan loss provision on microfinance loan referred to under sub-regulation (1) shall be computed on the unsecured part of the microfinance loan.
Classification of other receivables	**48.** -(1) All receivables, except accrued interest or profit or return or receivable, shall be classified as follows-

Number of days past due	Classification
31-60	Especially Mentioned
61-90	Substandard
91-120	Doubtful
121 or more	Loss

	(2) Sundry debts and other accounts receivable arising from loans shall have the same classification as their respective loan accounts.
	(3) Inter-office or inter-branch items, suspense accounts, frauds, shortages, uncleared effects, miscellaneous intangible assets and other assets not specially treated in these Regulations, shall be classified as in sub-regulation(1).
Classification of off balance sheet exposures	**49.** -(1) A bank or financial institution engaged in microfinance activities shall, in undertaking review and appraisal of its off balance sheet commitments such as guarantees, indemnities, performance bonds, commercial letters of credit, deferred letters of credit, and other contingent items, observe the same procedure and regulations prescribed for loans.
	(2) The off balance sheet items under sub-regulations (1) shall be grouped into current, especially mentioned, substandard, doubtful or loss categories.
Provisioning under International	**50.** -(1) Notwithstanding the requirements of International Financial Reporting Standards, a bank or financial institution engaged in microfinance activities

Financial Reporting Standards	shall classify credit accommodations and other assets and establish specific provisions not less than those specified in these Regulations.
	(2) Where the provisions computed in accordance with International Financial Reporting Standards are less than those required by these Regulations, a special non-distributable reserve shall be created through an appropriation of distributable reserve to eliminate the shortfall.
Specific provisions	**51.** The minimum amount of specific provisions for credit accommodations shall be based on the following schedule-

Classification	**Provision**
Current	Zero percent
Especially Mentioned	Three percent
Substandard	Twenty percent
Doubtful	Fifty percent
Loss	One hundred percent

Additional provisions	**52.** -(1) The Bank shall periodically review the amount of allowance for probable losses.
	(2) The Bank may prescribe additional provisions for loan losses in excess of the minimum provisions specified under regulation 51 for the purpose of mitigating any additional risk represented by weak or inadequate internal controls or internal audit.
	(3) Notwithstanding the provisions of sub-regulations (2), the Bank, the internal auditor or the external auditor shall establish additional provisions to cover risks arising from-
	(a) non-adherence to lending policies or procedures regarding loan amounts or conditions, levels of discretion in the approval of loans, separation of duties, loan documentation or administration, for up to five percent of the total portfolio;
	(b) lack of observance by loan officers, other personnel or senior officers, of sound lending practices or of lending policies or procedures established by the Board of Directors, for an amount of up to one percent of the total portfolio for every ten percent of transgressions detected in a statistically representative sample; and
	(c) significant deterioration of the payment performance of the clients with respect to other providers of credit.
	(4) Additional provisions referred to in sub-regulation (3), shall be booked within ninety days, unless satisfactory evidence is presented to the Bank, internal

	or external auditor, to the effect that the situation has been overcome or placed under control.
Impairment for other assets	**53.** A microfinance bank shall, in accordance with International Financial Reporting Standards, value all types of assets not specifically mentioned in these Regulations and establish the necessary impairment in value.
Suspension of interest or profit or return on non-performing credit accommodations	**54. -(**1) A bank or financial institution engaged in microfinance activities shall place on a non-accrual basis all credit accommodations which are classified as substandard, doubtful or loss.
	(2) Any accrued but uncollected interest or profit or return on credit accommodations placed on non-accrual basis shall be reversed and placed in suspense.
	(3) A credit accommodation placed on a non-accrual basis may be restored to an accrual basis provided the borrower has regularized the credit accommodation by timely paying at least four consecutive installments.
	(4) The aggregate amount of interest or profit or return, penalty charges or any other contractual charges accrued in respect of a non-performing credit accommodation referred to in sub-regulation (1) shall not exceed the principal amount outstanding on the date the credit accommodation became non-performing.
Annual provision approval by the Bank	**55.** -(1) A bank or financial institution engaged in microfinance activities shall seek prior approval of the Bank of its proposed annual provisions for probable losses before finalization of the annual accounts.
	(2) A bank or financial institution engaged in microfinance activities shall submit to the Bank its draft balance sheet, profit and loss account, including a detailed account of the provisions made when seeking approval under sub-regulation (1).
Fair lending practices	**56.** The contract between a bank or financial institution engaged in microfinance activities and the borrower, shall state the interest rate or profit margin or rate of return, commissions and fees, either on an annual or a monthly basis.
PART VII **GENERAL PROVISIONS**	
Settlement of credit accommodations	**57.** A microfinance loan granted by a bank or financial institution engaged in microfinance activities shall not be considered to have been settled where the settlement funds are obtained from another credit accommodation granted by the same bank or financial institution to the same borrower or related party.

Reporting requirements	**58.** A bank or financial institution engaged in microfinance activities shall submit returns and reports to the Bank in the format and frequency prescribed by the Bank.
Compliance with other regulations	**59.** The provisions of-
GN No. 727 of 2023	(a) The Banking and Financial Institutions (Capital Adequacy) Regulations;
	(b) The Banking and Financial Institutions (Corporate governance) Regulations;
	(c) The Banking and Financial Institutions (Disclosure) Regulations;
	(d) The Banking and Financial Institutions (External Auditors) Regulations;
	(e) The Banking and Financial Institutions (Liquidity Management) Regulations;
	(f) The Banking and Financial Institutions (Non interest banking) Regulations;
	(g) The Banking and Financial Institutions (Prompt Corrective Action) Regulations;
	(h) The Banking and Financial Institutions (Internal Control and Internal Audit) Regulations; and
	(i) The Banking and Financial Institutions (Physical Security Measures) Regulations;
	(j) shall apply to a microfinance bank.
Sanctions	**60.** -(1) Without prejudice to penalties and sanctions prescribed by law, the Bank may impose on a bank or financial institution engaged in microfinance activities any of the following sanctions for non-compliance-
	(a) a penalty of the amount to be determined by the Bank;
	(b) prohibition from declaring or paying dividends;
	(c) suspension of the activity to open or establish new branches;
	(d) suspension of access to credit facilities of the Bank;
	(e) suspension of lending and investment operations/activities;
	(f) suspension of capital expenditure;

	(g) suspension of the privilege to accept new deposits;
	(h) revocation of license;
	(i) suspension from office of the defaulting director, officer or employee; and
	(j) disqualification from holding any position or office in any bank or financial institution under the supervision of the Bank.
	(2) The penalty referred to in paragraph (a) of sub-regulation (1) shall apply to directors, officers or employees of a bank or financial institution engaged in microfinance activities.
	(3) The suspension referred to under sub-regulation (1) shall continue to be in force until where the bank or financial institution or director or officer or employee has rectified the non- compliance which led to the suspension.
Revocation GN No. 298 of 2014, and GN No. 103 of 2015	**61.** The Banking and Financial Institutions (Microfinance Activities) Regulations, 2014, and the Banking and Financial Institutions (Microfinance Activities) (Amendment) Regulations, 2015 are hereby revoked.

Dodoma, **EMMANUEL M. TUTUBA**

……………………….2026 *Governor*

FIRST SCHEDULE

(Made under Regulation 3)

CRITERIA FOR DETERMINING THE CHARACTER AND EXPERIENCE REQUIRED FOR A MEMBER OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF A MICROFINANCE BANK

1. In order to determine, for the purpose of these Regulations, the character and moral suitability of persons proposed to be members of the Board or senior management, the Bank shall have regard to the following qualities, in so far as they are reasonably determinable, of the person concerned-
(a) adequate education background;
(b) general character;
(c) professional skills, competence and soundness of judgment for the fulfilment of the responsibilities of the office in question; and
(d) the diligence with which the person concerned is likely to fulfil those responsibilities.
2. For the purpose of and without prejudice to the generality of the provisions of paragraph (1), the Bank may have regard to the previous conduct and activities of the person concerned in the business or financial matters and, in particular to evidence that such person-
(a) has committed any act of bankruptcy;
(b) was a director or in a senior management position of a bank or financial institution that has been compulsorily liquidated or is under liquidation or statutory management;
(c) has committed or been convicted of the offence of fraud or any other offence of which dishonesty is an element;
(d) has contravened the provision of any law designated for the protection of members of the public against financial loss due to the dishonesty or incompetence of, or malpractices by, persons engaged in the provision of banking, insurance, investment or other financial services.
3. Any other criteria, which the Bank may prescribe, from time to time.
4. The following documents shall be submitted to the Bank with respect to each proposed director and senior management team, together with other documents the Bank may require-
(a) detailed curriculum vitae;
(b) certified copies of academic and professional certificates;
(c) photocopy of the pages of the passport which contain personal information including photograph, nationality, date and place of birth and issuer of the passport;
(d) two certified passport size photographs; and
(e) references from two persons who are not relatives, vouching for good moral character, integrity and performance.

SECOND SCHEDULE

(Made under Regulation 5)

The Governor,
Bank of Tanzania,
P.O. Box 2939,
Dar es Salaam,
TANZANIA.

Re: Application for a Licence to carry out banking business

Sir,

We, the undersigned, hereby apply for a licence to establish a microfinance bank in Tanzania to be known as ____________________________________with principal place of business at ____________________________________

The proposed bank shall have an authorized share capital of ______________ shillings and paid up capital of _______________ shillings which shall be contributed by the following subscribers:

Subscribed Shares

No.	Name of Subscriber	Number	Amount	Amount Paid-up	Percentage of Ownership
1.	_________	_________	_________	_________	_________
2.	_________	_________	_________	_________	_________
3.	_________	_________	_________	_________	_________
4.	_________	_________	_________	_________	_________
5.	_________	_________	_________	_________	_________
6.	_________	_________	_________	_________	_________
7.	_________	_________	_________	_________	_________
8.	_________	_________	_________	_________	_________
9.	_________	_________	_________	_________	_________
10.	_________	_________	_________	_________	_________
11.	_________	_________	_________	_________	_________
12.	_________	_________	_________	_________	_________
13.	_________	_________	_________	_________	_________
14.	_________	_________	_________	_________	_________
15.	_________	_________	_________	_________	_________
16.	_________	_________	_________	_________	_________
17.	_________	_________	_________	_________	_________
18.	_________	_________	_________	_________	_________

19.	________	________	________	________	________
20.	________	________	________	________	________
	Total				

We jointly and severally make a firm commitment to deposit a total amount of paid up capital for the proposed bank with any bank or financial institution registered in Tanzania such deposit to be made not later than thirty days after grant of this application.

In support of this application, we submit herewith the documents listed in the accompanying checklist. We certify the correctness of all the information indicated in such documents to the best of our knowledge and belief.

We hereby authorize the Bank of Tanzania and any of its authorized agents or staff members to make an enquiry or obtain any information from any source for the purpose of determining the correctness of all the representations made in connection with this application or of assessing its merits.

To facilitate communication between us and the Bank, we have authorized ………………. of the following address:

(1) P.O Box ………..
(2) Telephone number……
(3) Email address……….
(4) Fax number ……….

to represent all of us in regard to this application. It is understood that any notice to him shall constitute sufficient notice to all of us.

Enclosed is a cheque for Tanzanian Shillings ten million being payment of our application fee.

Yours faithfully,

THIRD SCHEDULE

(Made under Regulation 5)

Checklist of Documents
1. Letter of application in the prescribed form.
2. Authenticated legal documents or board resolution authorizing the signatory.
3. Banker's cheque or any other document acceptable to the Bank evidencing payment of a non-refundable application fee of ten million shillings or any other amount as may be determined by the Bank.
4. Proposed Memorandum and Articles of Association (unregistered).
5. Proof of source and availability of funds for investment as capital of the proposed microfinance bank.
6. List of subscribers and proposed members of board of directors and Chief Executive Officer.
7. Proof of citizenship of every subscriber and every proposed director and senior management officers. This includes detailed curriculum vitae, photocopy of the pages of the passport which contain personal information and two recent passport size photographs.
8. Audited balance sheet, income statement and cash flow for the last three years, of every subscriber who owns five per cent or more of the share capital of the proposed a microfinance bank.
9. Credit reference reports for every significant subscriber and every proposed director and senior management officer.
10. Certified copies of annual returns of every subscriber who owns five per cent or more of the share capital of the proposed microfinance bank and every proposed member of the board of directors and Chief Executive Officer together with accompanying schedules or financial statements filed during the last three years with relevant Authority.
11. Certified copies of tax returns of every subscriber who owns five per cent or more of the share capital of the proposed microfinance bank and every proposed member of the board of directors and Chief Executive Officer together with accompanying schedules or financial statements filed during the last three years with relevant Tax authorities together with respective Tax clearance certificates.

12. Statements from two persons who are not relatives vouching for the good moral character and financial responsibility of the subscribers who own five per cent or more of the share capital of the proposed microfinance bank and the proposed directors and senior management.
13. Home Country Regulator Certification if the applicant is a foreign bank or financial institution.
14. Declaration that the funds to be invested have not been obtained criminally or associated with any criminal activity.
15. Business plan for the first four years of operations including strategies for growth, dividend payout policy, career development programme for the staff and budget for the first year.
16. Explicit strategies for outreach through use of branches, agents, mobile banking and other appropriate channels indicating numbers and locations for the first four years.
17. Projected balance sheets, income statements and cash flow statements for the first four years of operation.
18. Brief description of economic benefits to be derived by Tanzania and the community from the proposed microfinance bank.

FOURTH SCHEDULE

(*Made under Regulation 5*)

PARTICULARS OF BENEFICIAL OWNER

	Part I: Instructions for Filling the Questionnaire
1.	This **Questionnaire** should be filled in duplicate by each director and senior manager of a bank or financial institution licensed by the Bank.
2.	This form is to be completed in English. Any documents required are to have a certified English translation appended.
3.	Answers to ALL questions should be TYPED or written in INK and in BLOCK LETTERS.
4.	No question should be left unanswered. Where the Applicant believes that a question does not apply, the Applicant should write "Not Applicable" or "N/A".
5.	If there is insufficient space to answer a question, additional information may be provided on an attachment page and identify the continuation of an answer by stating the question number.
6.	All dates should be completed in the form: Day / Month / Year
7.	All amounts are to be recorded in Tanzanian Shilling (TZS). Conversion from foreign currency should be made using the current exchange rate.
8.	Please ensure that all answers and information are true and correct. Failure to do so constitutes a criminal offence and can lead the Bank to reject an application or disqualify a director or senior manager who has been cleared on the basis of untrue or incorrect information.
9.	An applicant shall submit the following documents in respect of each proposed member of the Board and senior management: —
	(a) a detailed and signed curriculum vitae;
	(b) certified copies of academic and professional qualifications, practising certificates (where applicable) and evidence of membership of relevant professional bodies;
	(c) a certified copy of a valid passport or national identity card;
	(d) two recent passport-size photographs;
	(e) two references from persons who are not relatives, attesting to the applicant's honesty, integrity, competence and professional conduct;
	(f) a duly completed and signed fit and proper questioner in the form prescribed under fifth schedule; and
	(g) a declaration of any actual or potential conflict of interest; and a declaration of any past or pending criminal, regulatory or disciplinary proceedings.

(Note: Please enter particulars of every beneficial owner in a separate form

FIFTH SCHEDULE

(Made under Regulation 11)

QUESTIONNAIRE FOR SIGNIFICANT SHAREHOLDERS, DIRECTORS AND SENIOR MANAGERS OF A MICROFINANCE BANK

1.	Full Names
	▪ First Name
	▪ Middle Name
	▪ Surname
	▪ Other Names
2.	Previous Names (if applicable and reasons for change of names)
3.	Date of Birth
4.	Place of Birth
5.	Identification
	▪ National Identity Number
	▪ Passport No, Place of Issue, Issue Date and Expiry Date
6.	Nationality(ies) History
	▪ Birth
	▪ Naturalization
	▪ Marriage
7.	Residence History
	Official (Business) Physical Address in(and outside) respective jurisdiction
	▪ Block/Plot Number & Street
	▪ Postal Address
	▪ Previous Postal Address
	▪ District/Town/County
	▪ Telephone Number
	▪ City and Country
	Residential Address in(and outside) resp. jurisdiction
	▪ Block/Plot Number
	▪ Street
	▪ Postal Address
	▪ District/Town/County

	▪ Telephone Number
	▪ City and Country
8.	Proposed Position to be held in a microfinance bank
9.	Responsibilities of the proposed position
10.	Names of Bankers and types of accounts for the past 5 years
11.	Academic Qualification(s)
	▪ Qualification
	▪ Educational Establish/Awarding Body
	▪ Year Obtained
	▪ Award(s) if any
12.	Professional Qualification
	▪ Professional Body's Name &Contact
	▪ Levels of Membership
	▪ Year Admitted
	▪ Status of Membership
	▪ Membership Number
13.	Training courses and seminars attended (relevant to the position)
14.	Borrowings
	▪ Name of Borrower
	▪ Name of Lending Institution
	▪ Type of Facility
	▪ Amount Borrowed
	▪ Date of Offer
	▪ Terms of Facility
	▪ Security Offered
	▪ Value of Security
	▪ Current Outstanding Balance
	▪ Performance of the credit facility
15.	Employment History
	▪ Name and Address of Employer
	▪ Nature of Business
	▪ Position Held
	▪ Relevant Dates
	▪ Responsibilities

	▪ Reason(s) for leaving
16.	Directorship
	▪ Company Name
	▪ Company Nature of Business
	▪ Country of Registration
	▪ Nature of Affiliation
	▪ Relevant Date
17.	Shareholding
	▪ Company's Name
	▪ Date of incorporation
	▪ Number of shares held
	▪ % of shareholding
	▪ Past shareholding (Date of disposal the share in the last five years)
	▪ Past shareholding (reason for disposal of the share)
18.	Sources of funds (for shareholders)
	Provide details of source of fund, that you as a shareholder would like to invest or use in acquisition of shares in the microfinance bank.
	Provide a sworn statement that the funds you would like to invest or use in acquisition of shares in the microfinance bank are not from proceeds of crime.
19.	Have you or any other body corporate, partnership or unincorporated institution to which you are, or have been associated with as a director, senior manager, or officer ever applied for banking business to any jurisdiction for a license or other authority to carry on banking business or other related business (e.g. insurance, mortgage finance etc.), regardless of whether the application was successful.
20.	Have you or at any time been convicted of any **criminal offence**? If so, give full details of court by which you were convicted, the offence and the penalty imposed and conviction date
21.	Have you or anybody corporate, partnership or unincorporated institution to which you are, or have been associated with as a director, senior manager, or officer been subject of an investigation by a government, professional or other regulatory body?
22.	Have you ever been subject of a disciplinary enquiry?
23.	Have you ever been suspended from any office or asked to resign?
24.	Have you been dismissed from any office of employment or barred from entry to any profession or occupation?
25.	Have you ever been disqualified from acting as a director of a company, or from acting in the management or conduct of the affairs of the company, partnership or unincorporated company?
26.	Have you ever been adjudged bankrupt by a court, or entered into any compromise with creditors, or are you currently the subject of bankruptcy proceedings? Are you aware of any such proceedings pending?

27.	Have you ever failed to honour any credit obligation as borrower of any bank or financial institution or other money lending institution in the past five years?
28.	Have you failed to satisfy any debt adjudged due and payable by you as a judgment-debtor under an order of a court?
29.	Have you in connection with the formation or management of anybody corporate, partnership or unincorporated institution been adjudged by a court civilly liable for any fraud misfeasance or other misconduct by you towards such a body or company or towards any members thereof?
30.	Has anybody corporate, partnership or unincorporated institution with which you were associated as a director, senior manager or officer been compulsory wound up or made any compromise or arrangement with creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims.
31.	Have you ever been diagnosed as being mentally unfit or unsound mind
32.	Are you at present, or do you other than in a professional capacity, expect to be engaged in any litigation in any country. If so, give particulars
33.	Family Group
	▪ Name(s) of Spouse(s)
	▪ Name(s) of Children
	▪ Name(s) of Parents
	▪ Name(s) of Brothers and Sisters
34.	Referee: name, address and occupation of persons other than relatives who have personally known the candidate for at least five years (vouching for good moral character, integrity & performance regarding their character & reputation).
	▪ Two referees
35.	Declaration: I am aware that it is an offence to knowingly or recklessly provide any information which is false or misleading in connection with an application for a banking license. I am also aware that omitting material information intentionally or unintentionally shall be construed to be an offence and may lead to rejection of my application. I certify that the information given is complete and accurate to the best of my knowledge and that there are no other facts relevant to this application of which the supervisory authority should be aware. I undertake to inform the supervisory authority of any changes material to the applications which arise while the application is under consideration.
	▪ Signature of Applicant
	This declaration must be signed in the presence of the witness named below ▪ Commissioner for Oaths

SIXTH SCHEDULE

(*Made under Regulation 15*)

General guidelines for preparation of Business plan	
1.	The business plan should be prepared by the promoters and will be reviewed by the Bank to determine whether approval should be given to operate a microfinance bank. The plan should identify the microfinance bank markets, its proposed services, management capabilities, growth plan, and strategies for profitability.
2.	The business plan should present data, which accurately reflect the economic condition of the delineated market and address statutory and regulatory changes, which may affect the operations of the proposed microfinance bank. Proposal should reflect the realities of the marketplace.
3.	A business plan should contain sufficient information to demonstrate that the proposed microfinance bank has reasonable likelihood of success. In this regard a detailed listing of all assumptions such as used in preparing the business plan should be attached to the submission (e.g. a margin analysis and cost of funds). Therefore, organizers must ensure that the business plan projections are well supported and goals and objectives are properly defined on initial submission.
Market Analysis	
4.	Analyse the market to be served. Describe the market in which you expect to provide services in terms of economic characteristics for example size, income and industry patterns. Include anticipated changes in the market, the factors influencing those changes, and the effect they will have on the proposed microfinance bank. To the extent necessary for making business decision, describe differences in the product market to be served for example, differences in the depository and credit market. Analysis will be based on use of the most current economic data available. Sources of information used are reviewed for credibility and are important in reviewing the data.
5.	Analyse the competition. List the competitors inside the market to be served, those outside who might affect the markets served and any potential competition. Give your perception and analysis of the market strategies and expected results in terms of relative strength, market shares and prices.
6.	Explain the strategies you will follow to capture a share of each product market and the results you expect to achieve. Use a sample format to present a summary of your expectations.
Plans and Objectives	

7.	Review major planning assumptions used in the analysis and in setting the plans and objectives for the proposed microfinance bank. Include at least the following market growth, interest rates or profit margin or rate of return , cost of funds and competition.
8.	Projections should show the expected asset and liability mix, volume for each type of services, fixed asset investments and officer and staff remuneration. Projections must be based on the planning assumptions which must be submitted as part of the application, market analysis, and strategies discussed above. Discuss the advantages and disadvantages of the proposed asset/liabilities mix, including a net interest margin or profit margin or rate of return analysis, and any actions which will be taken to reduce major risks through appropriate funds management techniques and systems.
9.	Discuss the formula or basis used to arrive at the proposed capital structure and an explanation of why the promoters believe the proposed amount is sufficient in light of given market factors, strategies, and expenses. Promoters are expected to raise an amount sufficient to effectively compete in the market are and adequately support planned operations in addition to all organizational expenses. The Bank may require a higher amount to maintain capital adequacy to support operations projected through the end of the microfinance bank fourth year.
10.	Discuss plans for raising capital initially and to finance growth within the first four years. Explain how the plans will keep the microfinance bank in conformity with the capital requirements.
Credit Policy and Procedures	
11.	Credit policies are a set of broad statements establishing the concept and objective parameters for type, limits for maturities, loan pricing criteria client and collateral standards to be fulfilled by borrowers, aggregate and individual concentration limits, and loan authority and procedures for collection and charge off or write off.
12.	Credit manual must be prepared comprising of detailed guidelines for implementing the stated policies. The manual generally will address types of business desired, proper borrower financial information; credit files maintenance; enforcement of repayment schedules; and periodic review and other reports to be generated and distributed.
13.	Credit policies and manuals need to cover all the steps of credit production and administration which include initiation, investigation and analysis, procedures for approval, renewals and extensions, documentation, perfection of collateral, funds disbursement and recovery.
14.	The structure should in principle reflect the nature and scope of the intended activities of the microfinance bank and the mechanism by which the management envisages to govern the microfinance bank and to monitor as to what extent the objectives of the microfinance bank are achieved

15.	The structure should show the relationships between the board and management. It should also show the composition of various departments of the microfinance bank. The structure should also indicate the number of staff envisaged for each unit. Support units such as internal audit, legal services and others should be indicated.
16.	The promoters should be able to show the names of specific persons that are envisaged to take certain key positions in the microfinance bank. If the actual persons cannot yet be identified, promoters should indicate the requirement clearly in terms of training, experience and personal characteristics.
17.	Promoters are required to disclose how the proposed microfinance bank will develop the professional and technical skills of their staff and Tanzanians will be employed, trained and occupy positions of senior or managerial ranks in the microfinance bank. All future plans should be indicated.
Financial Projections	
18.	Promoters must prepare projected balance sheets, income statements and cash flow statements. They must submit statements that reflect their assets, liabilities, and capital projections for the number of years projected to reach profitability; however, a minimum of four years must be displayed.
19.	At a minimum, the information in the following forms must be provided. Additional data should be included to reflect important element of your planned asset and liability mix for example; the loan and deposit schedules might be expanded. Average balances, rather than year-end estimates, should be used. Average balances may be computed by projecting monthly or quarterly account balances and averaging (annualizing) for the appropriate number of periods used.

PROJECTED BALANCE SHEET
[In'000 Tanzanian Shillings]

PARTICULARS	Year 1	Year 2	Year3	Year4
Assets				
Cash				
Balances with Bank of Tanzania				
Balances with other bank or financial institutions				
- in Tanzania				
- abroad				
- investment in debt securities				
- Treasury bills				
- Other Securities (use separate schedule)				
Loans, Advances and Overdrafts (Net]				

PARTICULARS	Year 1	Year 2	Year3	Year4
- loans and Advances				
- overdrafts				
- allowance for losses (as a deduction)				
Bank Premises, Furniture and Equipment				
- (use separate schedule)				
- Other Assets (Use separate schedule)				
TOTAL ASSETS				
Liabilities Deposit liabilities other than banks				
- current accounts				
- savings deposits				
- time deposits				
Deposits from other bank or financial institutions				
- in Tanzania				
- abroad				
- other deposits (use separate schedule)				
Total deposits				
Other liabilities (use separate schedule)				
Capital				
- paid-up capital				
- Ordinary				
- preference				
- reserves				
- share premium (discount)				
- retained earnings				
- others (specify)				
Total Equity				
TOTAL LIABILITIES AND CAPITAL				
Off-balance sheet commitments				

PROJECTED INCOME STATEMENTS
[In'000 Tanzanian Shillings]

PARTICULARS	Year 1	Year 2	Year 3	Year 4
Total Interest Income				
Interest Expenses				

PARTICULARS	Year 1	Year 2	Year 3	Year 4
- deposits (use separate schedule)				
- borrowings				
- Others (specify)				
Total Interest Expenses				
NET INTEREST INCOME				
Provision for loan losses				
Bad debt written off				
Non-Interest Income				
- foreign exchange gain/losses				
- commission and fees (use separate schedule)				
- others (use separate schedule)				
Total Non- Interest Income				
Non-Interest Expenses				
- officers' salaries and benefits				
- employees' salary and benefits				
- depreciation expenses				
- maintenance costs				
- others (use separate schedule)				
Total Non-Interest Expenses				
Operating Income (Losses)				
Extra Ordinary Income/Losses (specify)				
Net Income/Loss before Income Tax				
Income taxes				
Net Income/Loss after tax				

PROJECTED CASH FLOW STATEMENTS
[In'000 Tanzanian Shillings]

PRACTICE	Year 1	Year 2	Year 3	Year 4
Part 1				
Cash flow from operating activities				
Net Income (Loss)				
Adjustments to reconcile income				
- provisions				
- net change				
- loans advances				
- gains/Loss sale of assets				
- net change deposits				
- net change short-term negotiable securities				

- - others (specify)				
Net cash provided (used) by operating activities				
Part II				
Cash flow from investing activities				
- dividend received				
- purchases of fixed assets				
- purchases of investment securities				
- proceeds from sales of investment securities				
- others (specify)				
Net cash provided (used) by investing activities				
Part III				
Cash flow from financing activities				
- Repayment of long-term debt				
- Proceeds of from issuance of long term debt				
- Proceeded from issuance of share capital				
- Proceeds sale assets of from fixed Payment of cash dividends				
- Net change in other borrowings				
- Others (specify)				
Net Cash provided (used) by financing activities				
Part IV				
Cash and Cash Equivalents				
Net decrease/increase in cash and cash equivalents				
- Cash and Cash equivalents at the beginning of the year				
- Cash and Cash equivalents, current year-to-date				

Note: For non-interest banking business, a microfinance bank may use equivalent terminologies in the projected financial statements

SEVENTH SCHEDULE

(*Made under Regulation 15*)

KEY POLICIES

The key policies referred to under regulation 15 of these Regulations are:

S/No.	Type of Policy
1	Risk Management Policy
2	Credit Risk Management Policy
3	Liquidity Risk Management Policy
4	Market Risk Management Policy
5	Operational Risk Management Policy
6	Strategic Risk Management Policy
7	Compliance Risk Management Policy
8	Human Resource Management Policy
9	Accounting Policy (Including Fixed Assets Policy)
10	Audit Policy (Including Internal And External Audits)
11	Asset/Liability Management Policy (Including Investment Policy)
12	Information And Communication Technology Policy
13	Business Continuity Management Policy
14	Anti-Money Laundering (AML) And Combating Financing of Terrorism (CFT) Policy
15	Physical Security Policy
16	Outsourcing Policy