

PART 1
PRELIMINARY PROVISION

- Citation 1. These Regulations may be cited as the Microfinance (Non-Deposit Taking Microfinance Service Providers) Regulations, 2024.
- Application 2. These Regulations shall apply to all Tier 2 microfinance service providers operating in Mainland Tanzania.
- Interpretation 3. In these Regulations, unless the context requires otherwise -
- Cap.407 “Act” means the Microfinance Act;
- Cap.197 “Bank” has the meaning ascribed to it under the Bank of Tanzania Act;
4. “capital” means permanent shareholders’ equity in the form of issued and fully paid ordinary shares and preference shares, capital grants, reserves and retained earnings;
5. “credit information” means any information about a person’s specific identification, full name, date of birth, place of residence, previous places of residence, marital status, spouse’s name, place of employment, previous places of employment, paying habits, outstanding debt obligations, assets and inquiries made of credit history or information relating to a legal entity or business that would identify the legal entity or business information on incorporation, tax, directors, governance, and other business details;
- Cap.407 “credit reference bureau” has the meaning ascribed under the Act;
- “digital microfinance lender” means a microfinance service provider carrying out lending activities, from loan application, approval, disbursement and repayment through digital channels”
- Cap.407 “financial organization” has the meaning ascribed to it under the Act;
- “foreign owned microfinance service provider” means a microfinance service provider incorporated or registered in Tanzania and whose

majority owners or shareholders are foreigners;

"Governing Body" means a person or group of people with power and authority to formulate policies and direct the affairs of an institution, including company, sole proprietor, partnership, non-governmental organization, trust, or any other entity;

"housing microfinance loan" means unsecured or secured loan issued to a household in rural and urban areas to acquire, construct or improve existing houses;

Cap.407 "individual money lender" has the meaning ascribed to it under the Act;

Cap.407 "Minister" has the meaning ascribed to it under the Act;

"proprietor" means an individual money lender;

"Tier 2" means a category of non-deposit taking microfinance service providers including credit companies, financial organizations, housing microfinance companies, individual money lenders and digital microfinance lenders.

PART II LICENSING

Establishment 6. A person who intends to undertake microfinance business under Tier 2, shall: -

Cap.212 (a) formally be established under the Companies Act or any other relevant laws; or

Cap.213 (b) in case of individual money lender, register business name as a sole proprietor under the Business Name (Registration) Act.

Name of microfinance service provider 7. The business name of a microfinance service provider under Tier 2 shall include either of the following words "microfinance", "finance", "financial services", "financial solution", "credit" or "microcredit".

Application for license 8. -(1) A person who intends to carry out microfinance business as a microfinance service provider under Tier 2, shall apply to the Bank for a license.

(2) Subject to sub-regulation (1), an application for a licence, shall be in the form set out in the First Schedule.

(3) An applicant for licence shall pay non-refundable application fee of five hundred thousand shillings in case of an entity or three hundred thousand shillings in case of an individual money lender;

(4) An application referred to under sub-regulation (2) shall be signed by an applicant or an authorized signatory of the applicant and be accompanied with-

- (a) documents and information listed in the Second Schedule; and
- (b) any other document or information as may be required.

Integrity of shareholders, proprietor, partners, or trustees 9. The Bank shall consider reports from credit reference bureau and any other information in determining integrity of the proposed shareholders, proprietor, partners, or trustees in assessing the applicant's reputation and integrity in past and present business practices.

Financial capacity 10. The Bank shall evaluate the financial capacity of the applicant by assessing the capital position as shown in the statement of financial position or bank statement.

Place of business 11. -(1) A microfinance service provider shall: -
(a) have a place of business with proper address for carrying out its microfinance business; and

(b) prominently display its business name at the place of business.

(2) A microfinance service provider who intends to open, relocate or close a place of business shall seek and obtain prior approval of the Bank.

- Character and experience 12. -(1) The Bank shall make an assessment as to whether the proposed members of the governing board and Chief Executive Officer or proprietor of proposed microfinance service providers are fit and proper persons.
- (2) For the purpose of the assessment referred in sub-regulation (1), the proposed members of governing board, Chief Executive Officer and proprietor shall complete the questionnaire set out in the Third Schedule to these Regulations.
- (3) The Bank may interview Board member, Chief Executive Officer or Proprietor and enquire as to past performance, reputation and skills.
- Change of Chief Executive Officer and members of governing body 13. (1) A microfinance service provider shall not appoint any person as chief executive officer or member of governing body and assign that person responsibilities unless it has obtained prior approval of the Bank.
- (2) Subject to sub-regulation (1), a microfinance service provider shall submit a duly filled questionnaire as provided in the Third Schedule;
- Grant of License or Rejection of Application 14. -(1) The Bank shall within sixty days after receipt of a complete application; or where additional information has been required and submitted, grant a licence or reject the application;
- (2) Where the Bank receives incomplete documents for the purpose of licensing, the Bank shall, before determining the application, require the applicant to-
- (a) submit the missing or additional documents or information; and
- (b) rectify or amend anomalies related to licensing requirements.
- (2) Where the applicant fails to comply with sub-regulation 11(2) within sixty days, the Bank shall cancel the application.
- (3) Where an applicant fails to meet licensing requirements, the Bank shall reject the application and shall inform the applicant in writing explaining the grounds for rejection.

(4) An applicant whose application has been rejected or cancelled may reapply if the deficiencies that formed the basis for rejection of the initial application or subsequent review have been corrected or otherwise addressed.

(5) When a licence is issued, it shall remain in force unless suspended or revoked in the manner provided in the Act.

(6) A licence issued under these regulations shall expire if business is not commenced within six months from the date of issuance of the licence, unless the Bank extends such period in writing.

(7) Prior to issuing a licence, the Bank may perform an inspection of the microfinance service provider's business premises, communication facilities, accounting and internal control systems.

Transfer of a license 15. A license issued under these Regulations shall not be transferrable.

Surrender of license 16. (1) Where a microfinance service provider ceases to carry out business or has its license revoked, the microfinance service provider shall surrender the license to the Bank.

(2) Subject to sub regulation (1), a microfinance service provider shall, before surrender of license, undertake the following;

(a) ensure that all collaterals held are returned to customers; and

(b) all liabilities have been settled.

Transformation to Tier 1 17. A microfinance service provider may, upon application and attaining the required criteria prescribed in the Banking and Financial (Microfinance Activities) Regulations, transform from Tier 2 to Tier 1.

Transformation from another tier to Tier 2 18. A microfinance service provider that intends to transform into tier 2 shall –

(a) meet the requirements stipulated under regulation 6;

(b) provide resolution of the Governing body or members approving the transformation; and

(c) meet the minimum capital requirement prescribed in these Regulations.

PART III

MANAGEMENT OF MICROFINANCE SERVICE PROVIDERS

Functions of governing body 19. -(1) A microfinance service provider except for individual money lenders, shall have a board of directors or governing body.

(2) The board of directors or governing body referred to under sub regulation (1) shall, in addition to other duties, be responsible for the following-

- a. appointment of chief executive officer;
- b. approval of lending policy
- c. monitoring management's conduct and performance;
- d. setting and enforcing clear lines of responsibility and accountability; and ensuring that the microfinance service provider complies with all applicable laws and regulations.

Appointment of Tanzanians to the Governing body 20. A microfinance service provider shall appoint at least two Tanzanians to its Governing body.

Responsibility of Management 21. A microfinance service provider, shall have a management which shall, in addition to other duties, be responsible for the following-

- (a) ensuring that there are effective internal controls and high ethical standards;
- (b) ensuring that accountability and lines of authority are clearly delineated;
- (c) ensuring the operating and reporting systems are efficient and reliable
- (d) keeping proper financial records and preparing financial statements timely;
- (e) preparing and submitting regulatory reports timely;
- (f) implementing recommendations set forth in the external audit reports and directives issued by the Bank; and
- (g) ensuring compliance with the Act, Regulations, policies and procedures.

- Change of ownership
22. (1) A microfinance service provider who intends to make changes in ownership structure shall seek and obtain prior approval of the Bank.
- (2) Subject to sub regulation (1), a microfinance service provider shall submit the following;
- (a) Declaration of source of capital and that the funds have not been obtained criminally or associated with any criminal activity.
- (b) Proof of source of source of capital for foreign owners or shareholders.
- (3) A microfinance service provider shall, upon approval by the Bank, register the change to respective authority and submit evidence of change within seven days of registration.
- Employment of non-Tanzanian
23. (1) A microfinance service provider, 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) Subject to sub-regulation (1), the number of non- Tanzanians employed in the institution shall not exceed five at any time.
- (3) Notwithstanding sub-regulation (2), the Bank may, upon application by a microfinance service provider, authorize 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 Centre;
- d. emergency situation which may warrant extra person; and
- e. the time the extra person is expected to stay in the institution and impart knowledge to Tanzanians.
- Permissible activities
24. A microfinance service provider may carry out any of the following activities-
- (a) issuing loans to individuals, groups of individuals, micro and small enterprises, including guarantees;
- (b) provision of loan disbursement services for the delivery of credit programmme of Government, agencies, groups and individuals;
- (c) issuing housing microfinance products to individuals;
- (d) operation of micro leasing facilities, micro finance related hire-purchase and arrangement of consortium lending and supervision

of credit schemes;

- (e) provision of professional advice to customers regarding investments in small businesses; rendering managerial, marketing, technical and administrative advice to customers;
- (f) micro insurance as an agent of insurers;
- (g) equity investment;
- (h) agent banking; and
- (i) such other activities as may be authorized by the Bank.

Prohibited activities

25. Unless otherwise authorized by the Bank, a microfinance service provider shall not engage in any of the following activities-

- (a) accepting any type of deposits from the public;
- (b) foreign exchange business;
- (c) foreign trade operations;
- (d) trust operations;
- (e) credit and debit cards; and
- (f) such other activities as may be prescribed by the Bank.

Cash collateral, guarantee or compulsory savings

26. (1) A microfinance service provider who accepts cash collateral, cash guarantee, loan insurance guarantee or compulsory savings, shall-

- (a) open a separate bank account for the purpose of saving all cash received as collateral, guarantee or compulsory savings.
- (b) Issue a receipt for all cash received as collateral, guarantee or compulsory savings.

(2) Subject to subregulation (1), all cash received shall not be used by microfinance service provider for lending or any other purpose and shall be refunded to the borrower upon fulfilment of his loan obligation.

(3) Without prejudice to the foregoing provisions, an individual money lender shall not accept cash collateral, cash guarantee or compulsory savings.

Books of accounts, records and financial year

27. (1) A microfinance service provider shall keep proper books of accounts and other records in relation to its operations, which are sufficient to show and explain its transactions and financial position.

(2) The books of accounts and records referred to under sub-regulation (1) shall-

- (a) correctly explain all transactions, including all applications for loans and all loan transactions;
 - (b) enable the financial position of the microfinance service provider to be determined with reasonable accuracy at any time;
 - (c) allow for the timely preparation of financial statements; and
 - (d) include underlying documentation which shall be kept to reflect details of-
 - i. all sums of money received and expended and the matters in respect of which such receipts and expenditures took place;
 - ii. all sales and purchases and other transactions; and
 - iii. the assets and liabilities of the microfinance service provider.
- (3) A financial year of a microfinance service provider shall commence on 1st January and end on 31st December of each year.

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| Preparation and submission of accounts | 28. Every microfinance service provider shall, in each financial year, prepare accounts and within four months from the end of financial year submit to the Bank, copies of annual audited accounts and audit report. |
| Disclosure of accounts | 29. Subject to section 42 of the Act, every microfinance service provider shall display in a conspicuous position in a public part of its place of business a copy of its current audited financial statements throughout the year. |
| Internal auditor | 30. (1) A microfinance service provider shall appoint an internal auditor to evaluate the adequacy and effectiveness of internal controls, risk management and governance processes.

(2) The internal auditor appointed under sub regulation (1) shall, at a minimum, hold a diploma in accountancy or its equivalent and at least one-year experience in the relevant field. |
| Outsourcing internal auditor | 31. A microfinance service provider may outsource internal audit function from a registered audit firm provided that, the audit firm performs internal audit functions in accordance with these Regulations. |
| External auditor | 32. (1) The accounts of a microfinance service provider shall be audited at least once in a year by a registered auditor appointed by a microfinance service provider. |

(2) Without prejudice to sub-regulation (1), an external auditor shall not perform the external audit of a microfinance service provider if such auditor is related to Chief Executive Officer, owner, members, partner or director of the microfinance service provider.

Reporting of irregularities 33. The external auditor shall immediately report to the Bank if, during the course of the audit, he becomes aware of: -

(a) any serious breach of or non-compliance of the provisions of the Act, Anti Money Laundering Act, or these Regulations;

(b) any criminal offence involving fraud or other dishonesty committed by microfinance service provider or its management or employees; and

(c) any losses incurred which has caused the microfinance service providers to be undercapitalized.

Submission of credit information 34. (1) A microfinance service provider shall, having ascertained the proper identities of borrowers, report to the Credit Reference Bureaux detailed information about all credit facilities extended to each borrower, in the format as the Bank may prescribe.

(2) Subject to sub-regulation (1) a microfinance service provider shall submit credit information to the Credit Reference Bureaux on monthly basis for all existing and new credit facilities granted to customers.

(3) A microfinance service provider shall access and use credit information through the Credit Reference Bureaux in a manner as prescribed in the Bank of Tanzania (Credit Reference Bureau) Regulations.

(4) Without prejudice to the requirements of this regulation, a microfinance service provider shall comply with the requirements of Bank of Tanzania (Credit Reference Bureau) Regulations.

Consent to share credit information 35. A microfinance service provider shall ensure that all borrowers execute a written consent to allow such a microfinance service provider to obtain from or disclose all credit information relating to the borrowers with other lenders or Credit Reference Bureaux.

PART IV
LENDING OPERATIONS

- Lending policy 36. -(1) A microfinance service provider shall formulate a lending policy consistent with the Act, the Bank of Tanzania (Financial Consumer Protection) regulations and these Regulations.
- (2) The policy referred to under subregulation (1) shall at a minimum include the following:
- (a) lending procedures and documentation;
 - (b) eligibility requirements for a loan;
 - (c) types of loans, tenure and frequency of payments;
 - (d) types of acceptable collateral;
 - (e) loan limits per borrower and per product;
 - (f) loan pricing which includes interest rates, fees, and charges;
 - (g) loan approval process;
 - (h) determination of the borrower's ability to repay the loan;
 - (i) loan guarantee requirements;
 - (j) monitoring and evaluation of credit quality;
 - (k) the grace period, if applicable;
 - (l) loan recovery and follow-up procedures;
 - (m) the criteria and procedure for restructuring of loans;
 - (n) loan processing time upon submission of a complete loan application; and
 - (o) the criteria and procedure for approval and authorization required for writing off bad loans.
- (3) Where a microfinance service provider reviews the lending policy, it shall submit the revised lending policy to the Bank not later than thirty days after being approved by the governing body, indicating areas of such changes.

Loan application 37. -(1) A microfinance service provider shall prepare a standard application form to be used by the borrower during loan application which shall, at a minimum, contain the following-

- (a) full name;
- (b) date of birth or date of registration;
- (c) gender;
- (d) place of residence or place of business;
- (e) occupation or type of business;
- (f) loan purpose;
- (g) economic sector;
- (h) loan amount;
- (i) collateral offered;
- (j) marital status;
- (k) number of dependents;
- (l) employer;
- (m) Monthly income
- (n) Monthly expenses; and
- (o) other loans obligations.

Loan agreement 38. -(1) A microfinance service provider shall consider a loan application in accordance with its lending policy and if satisfied that a borrower has the capacity to repay the loan, enter into a loan agreement with the borrower.

(2) The loan agreement referred to under sub-regulation (1) shall be written in Kiswahili or English in a simple and understandable language based on consumer's preference, and at a minimum contain the following-

- (a) loan amount;
- (b) loan purpose;
- (c) collateral details for the loan;
- (d) interest rate per repayment frequency;
- (e) interest rate per annum;
- (f) all other fees and charges;
- (g) loan repayment schedule that includes the number of installments, total amount of each installment indicating principal, interest and fees components separately, and due date of each payment;

- (h) sum of all payments until the loan is fully paid;
- (i) interest rate computation method;
- (j) late payment penalty and computation method;
- (k) debt recovery fee, charges or expenses;
- (l) notice of security interest for collateral used to secure the loan;
- (m) conditions for early settlements of loan;
- (n) rights and responsibilities of the consumer consisting of conditions that may lead to termination of the agreement;
- (o) rights and responsibilities of the microfinance service provider;
- (p) signatures of both the borrower and the microfinance service provider;

(3) Without prejudice to sub-regulation (2) any term stipulated in a loan agreement purporting to grant to microfinance service provider authority to introduce unilateral modifications to interest rates or other loan conditions shall be null and void.

Communicating reasons for loan refusal 39. Where a loan application is denied, a microfinance service provider shall communicate to the applicant.

Loan collateral 40. -(1) A microfinance service provider may obtain collateral for securing a loan.

(2) A microfinance service provider shall maintain an up to date register of all collaterals held for securing loans.

Loan repayment 41. -(1) a microfinance service provider shall keep proper records of all payments received from a borrower indicating date and amount received.

(2). The repayment amount referred to in sub-regulation (1) shall first be allocated to any due interest charges on the loan, then to the outstanding fees and charges on the loan and lastly to settle any due principal payment.

3). A borrower has the right, to repay a loan prior to its maturity either in whole or in part to reduce outstanding principal amount owed, interest charges and fees owed.

4) Subject to sub-regulation (3), where the loan is paid in full prior to its maturity, the borrower shall not be required to pay interest for the remaining period to maturity.

- Loan restructuring 42. Subject to its lending policy, a microfinance service provider may restructure a loan in terms of instalment amount or payment period upon receipt of a request from a borrower.
- Past due loans 43. -(1) A 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) A group loan shall be considered as past due in its entirety where any of the members of the group defaults and the amount due is not covered by the other members of the group.
- Loan impairment 44. (1) A microfinance service provider shall assess loan impairment and provide for credit losses in accordance with International Financial Reporting Standards on quarterly basis.
- Disclosures to loan guarantors 45. A microfinance service provider shall give to the guarantor the disclosure statement in writing indicating his liability for the loan guaranteed and such statement shall include-
- (a) name and address of the microfinance service provider;
 - (b) loan number;
 - (c) name of borrower;
 - (d) loan amount;
 - (e) the date a loan was granted; and
 - (f) the guarantor's signature.
- Debt collection or recovery 46. -(1) Subject to section 51 of the Act, a microfinance service provider shall collect or recover a loan from borrower in accordance with recovery procedures prescribed in its lending policy.
- (2) For the purpose of ensuring compliance with debt collection or recovery procedures, a microfinance service provider shall-
- (a) issue a fourteen days' written notice to the borrower for chattels;
 - (b) comply with the procedures under the Land Act and its regulation for the purpose of landed properties;
 - (c) not harass, abuse or oppress a borrower, guarantor or any person in connection with collection or recovery of a debt;
 - (d) not threaten or use violence or illegal means in collecting or recovering a debt;
 - (e) not use obscene or profane language;
 - (f) not use any false, deceptive, or misleading representation or

means such as-

- (g) false representation of character, amount, or legal status of any debt;
- (h) false representation or implication that any individual is an attorney or that any communication is from an attorney;
- (i) threat to take any action that cannot legally be taken or that is not intended to be taken; and
- (j) communicating or threatening to communicate to any person credit information that is known to be false.

(3) A microfinance service provider shall not collect interest, fees, charges, or expenses unless they are prescribed in the loan agreement.

(4). A microfinance service provider may engage a debt collector to collect or recover a loan from a borrower provided that such debt collector-

- a) has been licensed under relevant law;
- b) carries out debt collection or recovery in compliance with the requirements of sub-regulations (2) and (3); and adheres to relevant laws regarding debt recovery.

PART V

SUPERVISION OF MICROFINANCE SERVICE PROVIDERS

Minimum capital 47. -(1) A microfinance service provider under Tier 2 shall commence operations with and maintain at all times a minimum capital of twenty million shillings.

(2) Where a microfinance service provider fails to meet minimum capital requirements as provided under sub-regulation (1), such microfinance service provider shall, within thirty days of the shortfall, submit to the Bank a capital restoration plan.

(3) The capital restoration plan provided under sub-regulation (2) shall at a minimum state the following-

- (a) a time bound schedule of actions to be taken by management to increase the capital back to the minimum requirement;
- (b) the level of capital to be achieved at the end of each quarter; and
- (c) any other information as the Bank may require.

(4) Where any microfinance service provider fails to meet minimum capital requirement and has failed to submit or implement capital restoration plans, the Bank may take such administrative measures as may be appropriate.

Minimum liquid assets 48. - (1) A microfinance service provider shall maintain minimum liquid assets amounting to not less than one percent of its total outstanding gross loans .

(2) For the purposes of this regulation, “liquid assets” includes-

- (a) notes and coins which are legal tender in the United Republic;
- (b) balances held at banks excluding cash collateral;
- (c) unencumbered treasury bills and bonds; and
- (d) such other assets as the Bank may specify

Inspection 49. -(1) The Bank shall, in exercising its powers of inspection under the Act, perform onsite inspection and offsite surveillance of a microfinance service provider.

(2) The onsite inspection and offsite surveillance referred to under sub-regulation (1) shall include the following-

- (a) ascertaining microfinance service provider’s compliance with laws, regulations, policies and procedures in carrying out its operations;
- (b) examining operations and financial position of a microfinance service provider;
- (c) assessing the effectiveness of the governance structures and internal controls;
- (d) analysing of periodic reports submitted by microfinance service provider to the Bank; and
- (e) other matters as may be determined by the Bank.

(3). Upon conclusion of onsite inspection under sub-regulation (1), the Bank may prepare and forward a copy of inspection report to the governing body of the microfinance service provider.

(4). Upon receipt of the inspection report the governing body of the microfinance service provider shall ensure that appropriate actions are taken to address issues raised in the report.

- Payment of dividends 50. A microfinance service provider shall not pay dividends, interest and other form of distribution if such payments or distribution result into failure of such microfinance service provider to meet the minimum capital requirements provided under these Regulations.
- Submission of periodic reports 51. A microfinance service provider shall submit to the Bank periodic reports in the format and frequency prescribed by the Bank.
- Management take over 52. the Bank of Tanzania may take over the management of the microfinance service provider where-
- a) the Bank considers that a microfinance service provider is not-
 - i. in a sound financial condition;
 - ii. operating in accordance with sound administrative and accounting practices and procedures; and
 - iii. adhering to proper risk-management policies.
 - b) a microfinance service provider fails to comply with the minimum capital requirements;
 - c) a microfinance service provider refuses to be inspected by the Bank;
 - d) a microfinance service provider's licence has been revoked;
 - e) the continuation of microfinance business is detrimental to the interests of microfinance clients; or
 - f) a microfinance service provider is undertaking microfinance business in a manner contrary to these regulations.
- Management by the Bank of Tanzania 53. (1) The Bank of Tanzania shall, upon assuming the management, control and conduct of the affairs and business of a microfinance service provider, discharge its duties with diligence and in accordance with sound corporate governance principles and, in particular, with due regard to the interests of the microfinance service provider, its borrowers and other creditors.
- (2) The Bank of Tanzania shall take action with a view to-
- a) tracing and preserving all the property and assets of the microfinance service provider; and
 - b) obtaining from any officers or employees of the microfinance service provider any documents, record, accounts, statements or information relating to its business.
- (3) As soon as possible after taking possession, the Bank of Tanzania shall-

- a) make an inventory of the assets and liabilities of the microfinance service provider and shall make a copy of such inventory available for examination by all interested parties; and
 - b) evaluate the capital structure and management of the microfinance service provider and determine whether all or any part of the operations of the microfinance service provider are viable and may continue, either in the microfinance service provider or through transfer to another the microfinance service provider in accordance with the resolution plan established by the Bank.
- (4) Within sixty days after taking possession, the Bank shall–
- a) determine whether to restructure, reorganize or liquidate the microfinance service provider; and
 - b) establish a plan of resolution based upon any combination of restructuring, reorganization or liquidation of the microfinance service provider that provides for expeditious resolution.
- (5) The Bank may disclose confidential information of the microfinance service provider to offerors subject to a confidentiality agreement after it has determined that the offeror has the interest and the resources to participate in a restructuring.
- (6) The shareholders of a seized the microfinance service provider shall have no rights with respect to shares, except to the extent prescribed by the Bank where the microfinance service provider is not liquidated as a result of the seizure.
- (7) In carrying out responsibilities under this regulation, the Bank of Tanzania may utilize the services of private persons if the Bank of Tanzania determines that doing so is the most practicable, efficient and cost effective.

PART VI
GENERAL PROVISIONS

Change from individual money lender to an entity 54. Individual Money lender who intends to operate as an entity shall, upon application and attaining the required criteria prescribed in these regulations and any other relevant law, transform into an entity

Compliance with laws on financial consumer protection 55. Notwithstanding any provision in these Regulations, a Tier 2 Microfinance Service Provider shall comply with the laws governing financial consumer protection.

Administrative measures 56. (1) Without prejudice to penalties and actions prescribed under the Act, the Bank may impose on any microfinance service provider any of the following administrative measures for non-compliance-

- (a) prohibition from declaring or paying dividends;
- (b) prohibition from opening or establishing new branches;
- (c) suspension of lending and investment activities;
- (d) revocation of license;
- (e) a formal warning to a defaulting director or employee;
- (f) suspension from office of the defaulting director or employee;
- (g) disqualification from holding any position or office in any institution under the supervision of the Bank;
- (h) a penalty of the amount to be determined by the Bank of not less than five hundred thousand shillings and not more than five million shillings; and
- (i) any other administrative measures as the Bank may prescribe.

**SCHEDULE
FIRST SCHEDULE**

The Governor,
Bank of Tanzania,
16 Jakaya Kikwete Road 40184,
P.O Box 2303,
Dodoma,
TANZANIA.

Re: Application for a Licence to carry out microfinance business under Tier 2

Sir,

I/We, the undersigned, hereby apply for a licence to carry out microfinance business in Mainland Tanzania to be known as _____ with principal place of business at _____

In support of this application, I/we submit herewith the documents listed in the second schedule of the Microfinance (Non-Deposit Taking Microfinance Service Providers) Regulations. I/ We certify the correctness of all the information indicated in such documents to the best of my/our knowledge and belief.

I / 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.

Enclosed is a proof of payment of Tanzanian Shillings five hundred thousand/three hundred thousand as an application fees.

Yours faithfully,

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Signature of the Applicant or Authorized Officer

SECOND SCHEDULE

(Made under regulation 6 (4) (a))

Checklist of Documents

1. Letter of application in the prescribed form.
2. Certified copy of certificate of incorporation or registration.
3. Governing Board Resolution authorizing application for Licence in the case of an entity.
4. Swift advice which evidence payment of application fee
5. Proof of availability of capital of the proposed microfinance service provider.
6. Copy of latest Audited financial statements for an existing entity.
7. Lending Policy
8. Sample Loan Application Form
9. Sample Loan Agreement
10. Declaration of source of capital and that the funds have not been obtained criminally or associated with any criminal activity.
11. Proof of source of source of capital for foreign owners or shareholders.
12. Proof of citizenship of every subscriber, proposed director, Chief Executive Officer and individual money lender. This includes; certified copy of passport, which contain personal information or National ID and two recent passport size photographs.
13. Questionnaire for owners, members of the governing body and Chief Executive Officer of a Microfinance Service Provider and Individual money lender as provided in the Third Schedule.
14. Details of a contact person including name, postal address, telephone number, and email address.
15. Credit Reference Report for owners, members of the governing body and Chief Executive Officer of a Microfinance Service Provider and Individual money lender.

THIRD SCHEDULE

QUESTIONNAIRE FOR SHAREHOLDERS, MEMBERS OF THE GOVERNING BODY, SOLE PROPRIETOR AND CHIEF EXECUTIVE OFFICER OF THE APPLICANT

Part I: Instructions for Filling the QUESTIONNAIRE

- (i) This Questionnaire should be filled by each shareholder, member of the governing body, chief executive officer or sole proprietor of the applicant.
- (ii) ALL answers should be TYPED or written in BLOCK LETTERS.
- (iii) No question should be left unanswered. Where the question does not apply, the Applicant should write “Not Applicable” or “N/A”.
- (iv) In case of insufficient space, additional information may be provided on an attachment page and identify the continuation of an answer by stating the question number.
- (v) All dates should be in the following format: Day / Month / Year.
- (vi) 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 Chief Executive Officer who has been cleared on the basis of untrue or incorrect information.
- (vii) The following documents shall be submitted to the Bank with respect to each proposed shareholder, members of the governing body and Chief Executive Officer, or sole proprietor together with other documents the Bank may require-
 - a) photocopy of the Tanzania national identity card or pages of the passport which contain personal information including photograph, nationality, date and place of birth and issuer of the passport;
 - b) two certified passport size photographs; and
 - c) credit reference report.

Part II: Personal Particulars

1. Name of the applicant (entity or sole proprietors)	
2. Surname	
3. First Name(s)	
4. Middle Name	
5. Gender	
6. Are there any names by which	

you are also known as?		
7. Date of Birth		
8. Place of Birth		
9. Position to be held in the microfinance service provider		
10. National Identity Number and/or Passport number. Attach certified copy of National Identity Card and/or Passport which contain personal information	National Identity Number	Passport Number
12. Indicate current residential and official addresses as indicated:		
Residential Address	Official Address	
Plot number.....	Name of the Organization	
Block number.....	Block/Plot number.....	
House No.	House No.	
Street.....	Street.....	
Ward	Ward	
Postal Address.....	Postal Address.....	
Phone No.	Phone No.	
District	District	
Region.....	Region.....	
Country.....	Country.....	
Email:	Email:	

Part III: Academic Qualifications

13. Details of academic qualifications and the year in which they were obtained.		
Qualification	Educational Establishment / Awarding Body	Year Obtained

Part IV: Professional Qualifications

14. Details of any professional qualifications and the year in which they were obtained (E.g.CPA, TIOB, ACA, ACCA, ACIB etc...).		
Membership No.	Professional Qualification	Year Obtained

Part V: Employment History

16. Indicate your present occupation or employment.			
Name of employer	Position Held	Start Date	Percentage of ownership (For self-employed only)

If any of the answers to questions 18 to 32 are “Yes”, please give full particulars on a separate sheet of paper clearly stating the number of the question to which the details relate. Please note that no time restrictions apply to the matters you are asked to disclose. Any convictions and other facts must be stated.

18. Have you ever been involved in any litigation? If yes, provide details including any judgment.	Yes <input type="checkbox"/> No <input type="checkbox"/>
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<p>19. Have you or any other body corporate, partnership or unincorporated institution to which you are, or have been associated with as a director, Chief Executive Officer, or officer ever applied for microfinance business to any jurisdiction for a license or other authority to carry on microfinance business or other related business (e.g. insurance, mortgage finance, lease finance, etc.), regardless of whether the application was successful or not.</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>20. Have you or anybody corporate, partnership or unincorporated institution to which you are, or have been associated with as a director, Chief Executive Officer, or officer been subject of an investigation by a government, professional or other regulatory body?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>21. Have you ever been subject of a disciplinary enquiry?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>22. Have you ever been suspended from any office or asked to resign?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>23. Have you been dismissed from any office of employment or barred from entry to any profession or occupation?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>24. 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?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>25. 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?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>26. Have you ever failed to honor any credit obligation as borrower of any bank or financial institution or other money lending institution?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

27. Have you failed to satisfy any debt adjudged due and payable by you as a judgment-debtor under an order of a court?	Yes <input type="checkbox"/> No <input type="checkbox"/>
28. Has anybody corporate, partnership or unincorporated institution with which you were associated as a director, Chief Executive Officer 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.	Yes <input type="checkbox"/> No <input type="checkbox"/>
29. In carrying out your duties, will you be acting on the directions or instruction of any other person?	Yes <input type="checkbox"/> No <input type="checkbox"/>

DECLARATION BY THE APPLICANT

I,.....hereby declare the following:
This questionnaire consists of pages, each signed by me.

The content of this declaration is true to the best of my knowledge and belief. I am aware that should any information submitted herein be false, I may be liable to prosecution. I undertake, that for as long as I continue to be a director or executive officer of the institution, I will notify the Bank of any material changes to, or affecting the completeness or accuracy of the information supplied by me as soon as possible, but in any event not later than 21 days from the day that the changes come to my attention.

I know and understand the content of this declaration. I have/do not have* objections to taking the prescribed oath. I consider the prescribed oath to be binding /not binding* on my conscience.

SIGNATURE OF APPLICANT

I certify that the above statement was taken by me and that the deponent has acknowledged that he*/she knows and understands the content of this statement. This statement was sworn to*/affirmed before me and the deponent's signature was placed thereon in my presence at

on thisday of two thousand and

COMMISSIONER OF OATHS

FULL NAMES: _____

ADDRESS: _____

* Delete whichever is not
applicable
Checklist

LICENCE NO: **MSP2-0000**



BANK OF TANZANIA

LICENCE TO CONDUCT MICROFINANCE BUSINESS

[Issued under Section 21 of the Microfinance Act, of 2018]

THIS LICENCE IS GRANTED TO:

.....of
.....

and authorizes the said institution to conduct or carry microfinance business in Mainland Tanzania as a Non- Deposit Taking Microfinance Service Provider under Tier 2.

This licence is issued subject to the provisions of the Microfinance Act, 2018 and the conditions set forth in our letter with reference No..... dated

SEAL

GOVERNOR