

CHAPTER 197

THE BANK OF TANZANIA ACT

An Act to provide for more responsive regulatory role of the Bank of Tanzania in relation to the formulation and implementation of monetary policy; to provide for the supervision of banks and financial institutions and to provide for other related matters.

[1st July, 2006]

[GN. No. 84 of 2006]

Acts Nos.	4 of 2018
4 of 2006	10 of 2018
14 of 2009	14 of 2019
11 of 2010	2 of 2022
16 of 2015	5 of 2022
4 of 2017	

PART I

PRELIMINARY PROVISIONS

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| Short title | 1. This Act may be cited as the Bank of Tanzania Act. |
| Application | 2. This Act shall apply to Mainland Tanzania as well as to Tanzania Zanzibar. |
| Interpretation | 3. In this Act, unless the context otherwise requires -
“Act” means the Bank of Tanzania Act;
“Bank” means the Bank of Tanzania referred to under section 4(1) of this Act;
“bank” means an entity that is engaged in the banking business;
“banking business” means the business of receiving funds from the general public through the acceptance of deposits payable upon demand or after a fixed period or after notice, or any similar operation through the frequent sale or placement of bonds, certificates, notes or other securities, and to use the funds, in whole or in part, |

for loans or investments for the account of and at the risk of the person doing the business;

“Board” means the Board of Directors of the Bank established under section 9 of the Act;

“credit reference bureau” means an entity specialised in the collection and sale of credit performance information for individuals and companies;

“credit reference databank” means a computerised mechanism created by the Bank to receive and supply information to banks, financial institutions, credit reference bureaus and other institutions authorised by the Bank, regarding the credit transactions of customers including their off-balance sheet operations;

“clearing system” means a set of procedures whereby banks or financial institutions present and exchange data or documents relating to funds or securities transfer to other financial institutions at a clearing house and includes a mechanism for the calculation of participants’ bilateral or multilateral net positions with a view to facilitating the settlement of their obligations on a net or gross basis;

“Director” means a member of the Board other than the Governor or the Deputy Governors;

“Deputy Governor” means a Deputy Governor appointed under section 8(3);

“*ex-officio* member” means a member of the Board who attends a meeting by virtue of his position;

“financial institution” means an entity engaged in the business of banking but limited as to size, locations served, or permitted activities, as prescribed by the Bank or required by the terms and conditions of its licence;

“foreign exchange” means currencies and units of accounts other than the currency of the United Republic, and claims in and to the currencies and units of accounts;

“Government” means the Government of the United Republic;

“Governments” means the Government of the United Republic and the Revolutionary Government of Zanzibar;

“Governor” means a Governor of the Bank appointed under section 8(1);

“member” in relation to the Board, means a member of the Board of Directors;

“Minister” means, except where otherwise specified, the Minister responsible for financial matters of the United Republic;

“payment system” means a system consisting of a set of instruments, banking procedures and typically inter-bank funds transfer systems that ensure the circulation of money;

“public authority” means-

- (a) the authority for any political sub-division of the United Republic, including any city, municipal, town or district council;
- (b) any common services authority of which Tanzania is a member with other countries; or
- (c) any corporation, agency or enterprise specified for the purposes of this Act by the Bank;

“settlement system” means an arrangement established and operated by, or under the control of the Bank for the discharge of payment obligations and settlement obligations between settlement system participants.

PART II

THE BANK

Establishment of
Bank

4.-(1) There shall continue to exist a corporation going by the name and style of the Bank of Tanzania.

(2) The Bank of Tanzania shall be a body corporate and in its corporate name shall-

- (a) have perpetual succession and a common seal;
- (b) be capable of suing and being sued; and
- (c) subject to the provisions of this Act, be capable of acquiring, holding and alienating any movable or immovable property.

Principal
functions of Bank
Act No.
10 of 2018 s. 66

5.-(1) The principal functions of the Bank shall be to exercise the functions of a central bank and, without prejudice to the generality of the foregoing, to formulate, implement and be responsible for monetary policy, including exchange rate policy, issue currency, regulate and supervise banks and financial institutions including mortgage financing, development financing, lease financing, licencing and revocation of licences and deal, hold and manage gold and foreign exchange reserves of Tanzania and regulate and supervise microfinance business.

(2) The Bank shall compile, analyse, and publish the monetary, financial, balance of payments statistics and other statistics covering various sectors of the national economy.

(3) In the pursuit of its objectives and performance of its tasks, the Bank shall be autonomous and accountable as provided for under this Act.

Regulatory and
supervisory
functions
with respect
to clearance
and settlement
systems

6.-(1) The Bank shall-

- (a) regulate, monitor, and supervise the payment, clearing and settlement system including products and services thereof; and
- (b) conduct oversight functions on the payment, clearing and settlement systems in any bank, financial institution or infrastructure service provider or company.

(2) The Bank may-

- (a) participate in any payment, clearing and settlement systems;
- (b) establish and operate any system for payment, clearing or settlement purposes; and
- (c) perform the functions assigned by or under any other written law for the regulation of payment, clearing and settlement systems.

Formulation and
implementation
of monetary
policy

7.-(1) The primary objective of the Bank shall be to formulate, define and implement monetary policy directed to the economic objective of maintaining domestic price stability

conducive to a balanced and sustainable growth of the national economy.

(2) Without prejudice to subsection (1), the Bank shall ensure the integrity of the financial system and support the general economic policy of the Government and promote sound monetary, credit and banking conditions conducive to the development of the national economy.

(3) The Minister and the Governor shall, where circumstances require, consult each other with a view to exchanging information and seeking coordination on economic and financial matters.

Appointment
of Governor
and Deputy
Governors

8.—(1) There shall be appointed by the President, a Governor who shall, unless he dies, resigns, vacates or is removed from his office for good cause or is disqualified, hold office for a period of five years and be eligible for a re-appointment.

(2) A person shall not qualify to be appointed as a Governor unless he-

- (a) holds a university degree;
- (b) has not less than fifteen years experience in the fields of economics, banking, accountancy, finance or law;
- (c) has been in senior managerial positions in the government departments or institutions, private institutions or international organisations; and
- (d) has not been appointed and served as the Governor for two consecutive terms.

(3) There shall be appointed by the President, three Deputy Governors who shall, unless one dies, resigns, vacates or is removed from office for good cause or is disqualified, hold office for a period of five years and be eligible for re-appointment for a further term of five years only.

(4) The appointment of the Deputy Governors shall be made on the basis that, at least one of the appointees hails from either side of the United Republic.

Board of
Directors
Act No.
11 of 2010 s. 4

9.-(1) There shall be a Board of Directors of the Bank and subject to this Act, the Board shall be responsible for the determination of the policy of the Bank, approval of its budget and other functions as are specifically conferred or imposed upon the Board by this Act or any other written law provided that, the Governor and any other member of the Board may refer any matter for consideration by the Board.

(2) The Board shall consist of-

- (a) the Governor, who shall be the Chairman;
- (b) Deputy Governors, who shall be Deputy Chairmen in the order determined by the Governor;
- (c) the Principal Secretary to the Treasury of the Revolutionary Government of Zanzibar, who shall be an *ex-officio* member;
- (d) one representative from the Ministry responsible for finance in the Government of the United Republic; and
- (e) four non-executive Directors at least one of whom hails from either side of the United Republic.

(3) The Permanent Secretary to the Treasury of the Government of United Republic and the Principal Secretary to the Treasury of the Revolutionary Government of Zanzibar, may appoint in writing, persons in the public service to be their representatives who shall, at any meeting for which they are appointed, have the powers of the Permanent Secretary or Principal Secretary, in their capacities as members of the Board.

(4) The non-executive Directors shall be appointed by the Minister and each shall hold office, unless he dies, resigns, vacates or is removed from office, for a term of three years, and be eligible for re-appointment for one further term.

(5) The members of the Board shall be appointed on the basis of merit from amongst persons who hold degrees or the equivalent qualification from an institution of higher learning recognised in Tanzania and are experienced in economics, business and finance, banking, corporate law, accountancy or other disciplines relevant to the functions of the Bank.

(6) In considering the appointment of a person to the office of member of the Board, regard shall be had in relation to that office, to the likelihood of any conflict arising between the interests of the Bank and any interests which that person has or represents.

(7) There shall be a Secretary to the Board who shall perform the following functions:

- (a) Counsel and Secretary to the Board;
- (b) writing and keeping records of proceedings of meetings of the Board;
- (c) convening and preparing meetings of the Board as may be directed by the chairman;
- (d) advising on legal matters and keeping abreast laws governing the conduct of business of the Bank; and
- (e) other function as may be directed by the Board or the Governor.

Disqualification
for appointment
to Board

Cap. 298

10.—(1) A person shall not be qualified to be appointed as a member of the Board, where he is-

- (a) a member of the National Assembly, the House of Representatives or a local government authority;
- (b) a person who is a public servant within the meaning of this term in the Public Service Act, other than the Permanent Secretary to the Treasury of the Government of the United Republic and the Principal Secretary to the Treasury of the Revolutionary Government of Zanzibar or their representatives for the purposes of section 9(2)(c);
- (c) a director, officer, employee, consultant, lawyer, agent or shareholder of a bank or a financial institution in respect of which the Bank may exercise a regulatory power; or
- (d) an office bearer of any of the political parties registered in Tanzania.

(2) A member of the Board shall be disqualified to hold office where he-

- (a) acquires any attribute which had he not been a member, would disqualify him for appointment;
- (b) becomes bankrupt, suspends payment or compounds with his creditors;
- (c) is adjudged or otherwise declared to be of unsound mind;
- (d) is convicted of a felony or any offence involving fraud or dishonesty;
- (e) is absent without the leave of the chairman of the Board from three consecutive meetings of the Board; or
- (f) tenders resignation.

(3) A member of the Board shall not be removed from his office on grounds other than those stated in this section.

Meetings,
quorum, conduct,
and decisions of
Board

11.—(1) The Board shall meet as often as may be required for the conduct of its business and affairs but shall meet at least once in every two months.

(2) Meetings of the Board shall be convened, and notice given in accordance with the by-laws of the Bank and, in addition, the Chairman or in his absence, the Deputy Chairman, shall convene a meeting of the Board within a reasonable time of a requisition in that behalf by any member of the Board.

(3) Subject to subsection (4), quorum at meetings of the Board shall be six members.

(4) There shall be no quorum unless the Chairman or in his absence, the Deputy Chairman and two non-executive members are present at the meeting.

(5) Where in the opinion of the Chairman or in his absence, the Deputy Chairman, any matter or business is of an unusual urgent nature which cannot await the convening of a meeting consisting of the quorum, the matter may be decided at a meeting of the Chairman or as the case may be, the Deputy Chairman and at least two Deputy Governors and one non-executive member and the decision shall be as valid and binding on the Bank as if it were a decision of a meeting consisting of the quorum and a decision shall be reported to an extra ordinary meeting of the Board.

(6) Decisions of the Board shall be reached by consensus.

(7) Without prejudice to the provision of subsection (6), where the members of the Board fail to reach a consensus on any matter before the Board, the matter shall be decided by voting; and where the votes are equal, the Chairman shall have a casting vote in addition to his deliberative vote.

(8) Members of the Board referred to under paragraph (c) of subsection (2) of section 9 shall not vote in the event when a decision is to be reached by casting of votes.

(9) A member of the Board or its committees, who is interested in any matter involving the Bank, or in the exercise or proposed exercise of powers of the Bank, shall declare that interest at a meeting of the Board or its committees, at which that matter or the exercise or proposed exercise of the power is considered by the Board or committee and the member of the Board or committee shall not be entitled to attend or be counted in a quorum present at a meeting at which the member has interest in the matter being considered.

(10) Where the decision of the Board is reached by voting, the Governor shall inform the Minister accordingly.

(11) Subject to provisions of subsection (3), an act or proceeding by the Board shall not be invalidated by reason of the existence of a vacancy among the members and acts done in good faith by a member of the Board shall be valid notwithstanding that, some defect in his appointment or qualifications be afterwards discovered.

(12) Subject to other provisions of this Act, the Board may regulate its own procedure.

Standing
Committees of
Board

12.—(1) The Board shall appoint a Monetary Policy Committee, an Audit Committee and other committees as it may be necessary for the discharge of its functions; and, subject to the provisions of this Act, specify the composition and functions of every committee appointed under this section and the terms and conditions upon which the committee shall exercise its functions.

(2) A committee shall report to the Board at its next regular meeting on the proceedings and actions of the committee, and the Board may approve, vary or reverse any decision of the committee or may give directions affecting any action of the committee as the Board may deem fit in the circumstances of each case.

(3) Subject to the provisions of this Act and any directions given by the Board in that behalf, a committee shall regulate its own proceedings.

(4) The Monetary Policy Committee established under subsection (1) shall be composed of the Governor who shall be Chairman or in his absence, the Deputy Governor acting as Deputy Chairman, Deputy Governors and at least one non-executive Director.

(5) The Monetary Policy Committee shall determine on the application of the monetary policy set out by the Board and submit to the Board any major issues affecting the monetary policy to take its stand.

(6) The Monetary Policy Committee shall meet as often as may be necessary for the performance of its functions and promptly submit to the Board a report of its proceedings after each meeting by submitting the minutes of the meeting.

(7) The quorum at meetings of the committee mentioned in subsection (5) shall be three members, one of whom shall be the Chairman or in his absence, the Deputy Chairman.

(8) Subject to the provisions of this Act and any directions given by the Board in that behalf, a committee established under subsection (1) shall keep minutes of its meetings, reflecting its position on the issues raised and determined.

13.—(1) Subject to the provisions of this Act, the management of the Bank and the direction of its business and affairs is vested in the Governor and the Governor shall, in the exercise of the functions and direction, conform with the policy and other decisions made by the Board.

Management of
Bank and powers
of Governor
and Deputy
Governors

(2) The Governor shall, unless the Board determines otherwise, exercise powers, perform functions and execute duties of the Bank, other than any function specifically conferred on the Board, and authorise expenditure within the budget approved by the Board.

(3) The Governor shall, subject to subsection (2), be the principal representative of the Bank and in that capacity:

- (a) represent the Bank in its relation with other institutions, including the Government;
- (b) represent the Bank, either personally or by a legal representative in any legal proceedings to which the Bank is a party;
- (c) sign solely or jointly with other persons, agreements concluded by the Bank, notes or securities issued by the Bank, reports, balance sheets and other financial statements, correspondence and other documents of the Bank; and
- (d) delegate any authority provided for in this subsection, including the power of delegation to any member of the Board or other officers of the Bank.

(4) Each of the Deputy Governors shall:

- (a) subject to the general supervision of the Governor, be responsible for the day to day management of business and affairs of the Bank as determined by the Governor;
- (b) discharge other duties as may be assigned to him by the Governor.

(5) The Deputy Governor acting in the capacity of Deputy Chairman shall have full powers to act for the Governor.

(6) The exercise by the Deputy Governor of any function of the Governor shall in the absence of proof to the contrary, be deemed to be a valid exercise of the function pursuant to subsection (5).

(7) The Governor and the Deputy Governors shall, while in the service of the Bank, work full time and shall not, while holding their respective offices, occupy or hold any other paid

or unpaid office or employment or engage in any professional or private enterprises activities.

(8) Subsection (7) shall not prohibit the Governor or Deputy Governor from becoming or acting:

- (a) as a governor, director or member of the Board of any international bank or monetary authority to which the Government have adhered or given support or approval; or
- (b) as a director of any corporation in Tanzania which the Bank may, in pursuance to the provisions of section 58, promote.

(9) The President may, by order published in the *Gazette*, specifically exempt any transactions or activities from provisions of subsections (7) and (8).

(10) Duties and responsibilities of each of the Deputy Governors shall be issued in by-laws and be published in the *Gazette*.

Remuneration of
Governor, Deputy
Governors and
members of
Board

14.—(1) The salaries and allowances including retirement allowances of the Governor and the Deputy Governors shall be determined by the President.

(2) The fees, allowances and other terms of service of the members of the Board shall be determined by the Board on approval by the Minister.

(3) The salaries, allowances, fees and other terms of services offered under subsections (1) and (2) shall not be reduced or otherwise diminished.

Appointment of
officers and other
staff of Bank

15.—(1) Subject to the general terms and conditions of service and the establishment prescribed by the Board, the Governor shall be responsible for the appointment, termination of appointment and discipline of the staff of the Bank.

(2) The powers of the Board to make provisions for the staff of the Bank shall include power to provide for benefits for or in respect of staff who die or retire and their surviving dependants.

Secrecy

16. Except for purposes of the performance of his functions, when required by law or authorised by the Board, a member of the Board or staff of the Bank shall not disclose any information relating to the Bank or to any transaction or customer of the Bank acquired in the course of employment or the discharge of his duties.

Capital, reserves and accounts of Bank

17.—(1) The authorised capital of the Bank shall be one hundred billion shillings, provided that, it may be increased by the amount as may be determined by the Board, and authorised by the Minister, by notice published in the *Gazette*.

(2) The capital of the Bank shall be subscribed and held only by the Government of the United Republic.

(3) The Bank may, having regard to the amount by which the value of the assets of the Bank exceed its liabilities, increase its paid-up capital by the amount payable out of the General Reserve Fund as the Board shall, by order published in the *Gazette*, direct.

(4) The paid-up capital of the Bank shall not be reduced.

General Reserve Fund, etc., and allocation of profits

18.—(1) The Bank shall establish and maintain:

- (a) a General Reserve Fund;
- (b) a Foreign Exchange Revaluation Reserve;
- (c) other appropriate assets revaluation reserves or retained net unrealised gains reserves set up under a decision of the Board to reflect changes in market values of the Bank's major assets and in accordance with the best international accounting practice; and
- (d) other special reserves or funds from appropriation of net profit.

(2) The Bank shall transfer to the General Reserve Fund twenty five per-centum of the net profits until the time that the total capital of the Bank reach a sum equivalent to at least ten per-centum of the total assets of the Bank less its assets in gold and foreign currencies, thereafter the Bank shall transfer not less than ten percent of its net profits to the General Reserve Fund.

(3) The Board shall determine, whenever the authorised capital, the General Reserve Fund, the Foreign Exchange Revaluation Reserve and other appropriate asset revaluation reserves or retained net unrealised gains reserves set up by the Board are below five per cent of monetary liabilities and profits shall be retained to the General Reserve Fund, the Foreign Exchange Revaluation Reserve and any other asset revaluation reserve.

(4) Unrealised profits or losses from any revaluation of the Bank's net assets or liabilities in gold, foreign exchange, foreign securities or any internationally recognised reserve asset as a result of any change in the par or other value of any currency unit shall be transferred to a special account to be called the Foreign Exchange Revaluation Reserve Account; the same procedure shall be applied to market value movements in relation to the Bank's other major assets when any of the underlying asset is eventually sold, any resultant realised components shall be transferred to the income statement.

(5) Both realised and unrealised gains and losses shall be included in the profit calculation but only the residual of any net realised profits of the Bank shall be paid within three months of the close of each financial year, into the Consolidated Fund; subject to the condition that, where at the end of any financial year, any of the Governments is indebted to the Bank, the Bank shall first apply the remainder of its net realised profits to the reduction or discharge of the indebtedness and thereafter, the amount as relates to the net realised profits of the Bank in the relevant financial year shall be paid out of the Consolidated Fund to the Treasury of the Government of the United Republic and the Revolutionary Government of Zanzibar in accordance with the formula agreed upon by the Governments.

Losses charged
on Consolidated
Fund

19.—(1) Where the Bank's balance sheet indicates that, the amount of its assets is less than the amount of its liabilities and the statutory fund, the Minister shall, on behalf of the United Republic, issue to the Bank negotiable interest-bearing

securities at market determined interest rates with a fixed maturity date to the amount necessary to restore the Bank's level of paid up capital.

(2) The securities issued shall be redeemed from the annual excess of the Bank's revenue over expenditure prior to deduction of the amount for the General Reserve Fund.

(3) The procedure under subsection (1) for covering the balance sheet deficit shall be applied in cases when the resources of the General Reserve Fund, the Foreign Exchange Revaluation Reserve, and other reserves and funds set up by the Board according to subsection(1) of section 18 have been exhausted.

Accounting,
auditing and
reporting
Act No.
14 of 2009 s.
31(a)

20.—(1) The financial year of the Bank shall be the period commencing on 1st July of each year and the accounts of the Bank shall be closed on 30th June of each financial year.

(2) The Bank's accounting policies, procedures and associated accounting records shall be consistent with the best international accounting standards.

(3) The Board shall appoint or re-appoint a head of internal audit who shall be fully compliant with international audit standards for a period of three years as head of the internal audit function who shall report to the Governor and to the Audit Committee and may report to the Board.

(4) The function of internal audit shall be fully compliant with international audit standards.

(5) The Board and the Governor shall adopt a yearly audit work program and any audit and control operations to be pursued by the head of internal audit and may direct the head of internal audit to conduct reviews of the implementation of the decisions by the Board and any other review deemed necessary.

(6) The annual external audit of the Bank shall be performed by the Controller and Auditor-General in accordance with international accounting and audit standards and in compliance with the Public Finance Act.

(7) The Bank shall, within three months of the close of the financial year, submit to the Controller and Auditor-General accounts for auditing.

Submission of
report to National
Assembly
Act No.
14 of 2009 s.
31(b)

21.-(1) The Bank shall publish and submit to the Minister within six months after the close of each financial year and the Minister shall submit to the National Assembly the Bank's annual report comprising of-

- (a) a report of the Bank's operations and principal functions in particular its monetary policy and other activities throughout the year; and the balance sheet and the profit and loss account; and
- (b) associated financial statements as well as detailed notes to the accounts for the year and the previous year's comparative data certified by the external auditor along with the external auditor's opinion.

(2) The Bank shall publish, within ten business days of the subsequent month, a monthly aggregated balance sheet audited by the head of internal audit.

(3) The Bank shall, at intervals of not more than six months after submission of each preceding statement, publish and submit to the Minister the monetary policy statement for the next six months or shorter period as may be specified by the Minister.

(4) The Minister shall submit to the National Assembly the statement submitted under the provisions of subsection (3).

(5) The Bank shall, at intervals of not more than six months following the submission of the initial report, publish and submit to the Minister progress reports on the implementation of monetary policy and reports on the outlook for the future and the Minister shall submit the reports to the National Assembly at its subsequent session.

(6) The Monetary Policy Statement shall:

- (a) specify the policies and means by which the Bank intends to achieve its policy targets;
- (b) state the reasons for adopting those policies and means;

- (c) contain a statement of how the Bank considers monetary policy to be formulated and implemented during the next twelve months; and
- (d) contain a review and assessment of the implementation by the Bank of monetary policy during the period to which the preceding policy statement relates, whereby the Bank shall describe the factors inside and outside its control that have affected the outcome of monetary policy.

(7) In addition to the reports published by the Bank under the provisions of this section, the Bank may issue other publications, including the statements of the Board on issues of monetary policy as the Board considers to be in the public interest.

Exemption from
certain taxes

22.—(1) The Bank shall be exempt from payment of any taxes, levies or duties in respect of its profits, operations, capital, property or documents or any transaction, deed, agreement or promissory note to which it is a party.

(2) The Bank shall be exempt from the payment of stamp or other duties in respect of notes and coins issued as currency.

Liquidation and
winding up of
Bank
Cap. 212

23. The Bank shall be placed in liquidation or wound up pursuant to the procedure prescribed in an enactment of Parliament but the provisions of the Companies Act and the Companies Decree shall not apply in relation therewith.

By-laws

24.—(1) The Board may make by-laws for the good order and management of the Bank.

(2) The Board shall make rules regulating travel expenses and out of pocket allowances applicable to members of the Board and the staff of the Bank incurred in discharging their duties.

(3) By-laws made pursuant to subsection (1) and rules under subsection (2) may not be published in the *Gazette*.

PART III

CURRENCY

- Currency and its issue **25.** The unit of currency in Tanzania shall be the shilling each of which shall be divided into one hundred cents.
- Issuance of bank notes and coins **26.** The Bank shall have the sole right to issue bank notes and coins in and for Tanzania which shall be the only legal tender in Tanzania.
- Notification of notes and coins **27.**—(1) Bank notes and coins shall be—
 (a) in denominations of the shilling or fractions thereof expressed in cents; and
 (b) of materials, forms and designs and bear inscriptions, devices and have other characteristics, as the Bank shall determine with the approval of the Minister.
 (2) The Bank shall give notice in the *Gazette* of the denominations and other characteristics of the bank notes and coins before they are circulated for use.
- Legal tender **28.**—(1) Subject to the provisions of this section—
 (a) bank notes shall be legal tender at their face value for the payment of any amount;
 (b) coins shall be legal tender at their face value in the case of—
 (i) a shilling, or any multiple of a shilling, for the payment of any amount;
 (ii) coins having a face value of fifty cents or below, for the payment of any amount not exceeding five hundred shillings.
 (2) Subject to section 29, the Bank shall have power, on giving reasonable notice in the *Gazette*, to call in any notes or coins issued by it on payment of the face value thereof.
 (3) Notes or coins with respect to which a notice has been given under this section shall, on the expiration of the notice, cease to be legal tender.

(4) This section shall not be construed as precluding the Bank from making payment for any notes or coins called in accordance with subsection (3) which are delivered to the Bank after they have ceased to be legal tender.

Lost and
damaged
currency

29.—(1) A person shall not be entitled to recover from the Bank the value of any lost, stolen or imperfect bank note or coin, or of any bank note that has been mutilated or of any coin that has been tampered with.

(2) Without prejudice to subsection (1), the Bank may decide on any value that may be awarded to any person who present to the Bank, a bank note which is the subject of any events referred to in subsection (1).

(3) The circumstances in which and conditions and limitations upon which, the value of any lost, stolen or imperfect notes or coins, mutilated notes or coins which have been tampered with, may be refunded as of grace by the Bank and shall be within the absolute discretion of the Bank.

(4) For the purposes of this section, a coin shall be deemed to have been tampered with where the coin has been impaired, diminished or lightened otherwise than by fair wear and tear, or has been defaced by stamping, engraving or piercing whether or not it has been diminished or lightened.

Destruction of
coins and notes

30. The Bank may melt down, break up or deface any coin and deface or destroy any bank note which has been called in or tampered with.

PART IV OTHER OPERATIONS OF THE BANK

The Bank as
banker to
Governments
and other public
authorities

31.—(1) The Bank shall be the banker, and act as the fiscal agent of the Governments.

(2) The Bank may, subject to arrangements as may be made with the authority concerned, act as banker and fiscal agent for any public authority.

Functions as
banker and fiscal
agent
Act No.
4 of 2017 s. 4

32.—(1) The Bank in its capacity as a banker and fiscal agent of the Governments or of any public authority, shall be the official depository of the Governments or public authority concerned and accept deposits and effect payments for the account of the Governments or public authority.

(2) Without prejudice to subsection (1), the Bank may, after consultation with the Governments or the public authority and the bank concerned, select any other bank to be the official depository of the Governments or the public authority and in respect therewith shall-

- (a) maintain and operate special official accounts in accordance with arrangements made between the Bank and the Governments or public authority concerned;
- (b) act as agent of the Governments for servicing the public debt, including the issuance of payment of interest on and the redemption of bonds and other securities of the Governments;
- (c) pay, remit, collect or accept for deposit or custody funds in Tanzania or abroad;
- (d) purchase, sell, transfer or accept for custody cheques, bills of exchange and other securities;
- (e) collect the proceeds, whether principal or interest resulting from the sale of accruing to the interest of the Government or public authority of securities or other property; and
- (f) purchase, sell, transfer or accept for custody gold or foreign exchange.

(3) The Government and public authorities shall open and deposit their moneys with the Bank.

(4) The Bank may make regulations for the better carrying out of the provisions of this section.

Bank fee

33. The Bank may charge fee for its services as banker or fiscal agent of the Governments at rates and on cost recovery basis as the Bank shall determine.

Direct advances
and other short
term credit to the
Governments, etc.
Acts Nos.
4 of 2018 s. 4
14 of 2019 s. 10

34.—(1) Subject to the provisions of this section, the Bank may-

- (a) make direct advances to the Governments for the purposes of offsetting fluctuations between receipts from-
 - (i) voted funds which originated from the Consolidated Fund;
 - (ii) unspent funds from various sources; and
 - (iii) payments of the Governments; and
- (b) purchase, hold and sell Treasury bills issued by the Governments which mature not later than twelve months from the date of issue.

(2) An advance made to the Governments under this section shall-

- (a) be made solely for the purpose of providing temporary accommodation to the Governments and accordingly, be repayable within one hundred and eighty days; and
- (b) bear interest at market rates as determined by the Bank.

(3) For purposes of this section and section 35:

“voted funds” means receipts from budgeted revenues of the Governments which are deposited in and paid from the Consolidated Fund;

“unspent funds” means receipts of the Governments from various sources which are deposited in and paid from the deposit accounts other than the Consolidated Fund.

Operation in
Government
securities, etc.
Acts Nos.
4 of 2018 s. 5
10 of 2018 s.66
5 of 2022 s. 6

35.—(1) Subject to the provisions of this section, the Bank may, for the purpose of offsetting fluctuations between receipts from the voted and unspent funds and payment of the Governments, purchase, hold and sell negotiable stocks, bonds or similar debt obligations or other securities issued by the Governments which shall bear interest at the market rate as determined by the Bank and mature not later than twelve months from the date of issue.

(2) The total amount outstanding at any time of advances made by the Bank under this section and section 34 shall not

exceed eighteen *percentum* of the budgeted domestic revenues of Governments as defined in section 36.

Meaning of
annual budgeted
revenue
Act No.
16 of 2015 s. 4
5 of 2022 s. 7

36.—(1) For the purposes of section 35, the budgeted domestic revenues of the Governments shall be the actual collected revenues of the previous fiscal year.

(2) Collected revenues shall include taxes, levies, duties, fees, profits and income from any investment or undertaking and any contribution to the revenue of the Governments from any political sub-division of the United Republic, excluding loans, grants and other forms of economic aid and borrowing whether of short or long term.

Prohibition of
other credit to
Governments, etc.

37. Except as provided in sections 34 and 35, the Bank shall not extend any credit directly or indirectly to the Governments or any public authority.

Financial
relations with
other banks

38.—(1) The Bank may open accounts, accept deposits and collect money and other monetary claims for and on account of banks and financial institutions and generally act as a banker to banks and financial institutions.

(2) Subject to the provisions of this Act, the Bank may provide additional services to banks and financial institutions, including interbank clearings and the provision of safe deposit facilities.

Re-discounts etc.

39.—(1) The Bank may, on terms and conditions as it may prescribe, purchase, sell and rediscount on behalf of banks, bills of exchange, promissory notes and other credit instruments so long as the instruments bear the endorsement or acceptance of a bank, and matures within one hundred and eighty days from the date of acquisition or rediscount by the Bank.

(2) The Bank shall set limits of access to the rediscount facilities.

Loans and
advances

40.—(1) The Bank may, on terms and conditions as it may prescribe, grant loans and advances to banks and financial

institutions for a period not exceeding three months against the collateral of:

- (a) credit instruments satisfying the requirements of section 39;
- (b) treasury bills satisfying the requirements of section 39; or
- (c) other credit instruments or securities prescribed by the Bank.

(2) For the purposes of this section, the word “financial institution” shall include the Deposit Insurance Fund established under the law regulating banks and financial institutions in the United Republic.

Bank as lender of last resort

41. The Bank shall be a lender of last resort and at penal interest rates published each year, grant advances or contingent commitments on an exceptional basis to banks and financial institutions in Tanzania that are deemed to be solvent but illiquid where-

- (a) in the opinion of the Board, the advance or commitment is necessary having regard to the financial condition of the bank or the financial institution and its systemic significance to the stability in the financial market;
- (b) in the opinion of the Bank, the bank is solvent and provides adequate collateral and the request for financial assistance is based on the need to improve liquidity;
- (c) available collateral is insufficient and the Minister has on behalf of the Government concurred in writing on the advance or commitment proposed by the Bank to that effect;
- (d) the Minister on behalf of the Government has confirmed in writing that, separate funds or debt securities in bearer form with interest at market rates will be made available to the Bank by the Governments to cover the advance or full amount of the commitment given in the event that it is realised; and

- (e) the Bank approves upon consent of the Board, each loan and guarantee or other contingent commitment of the Bank or the benefit of a bank or other financial institution pursuant to this section.

Bank not to extend credit

42.—(1) Except as provided in sections 39, 40 and 41, the Bank shall not extend credit directly or indirectly to banks and financial institutions.

(2) The Bank shall determine and publish the rates of interest for rediscounting instruments and granting loans or advances to banks and financial institutions.

Bank may purchase, hold and sell securities

43.—(1) For monetary policy purposes, the Bank may purchase, hold and sell securities issued by any of the Governments or authority for a political sub-division of the United Republic, but the purchases shall not be made to finance any Government budget deficit of either of the Governments and shall be made on the secondary market at market rates.

(2) The Bank may equally purchase and sell its own negotiable debt securities.

Control of banking activities

44.—(1) Subject to the provisions of this section, the Bank may require banks and financial institutions to maintain minimum cash balances with the Bank as reserves against the deposit and other liabilities of the banks and financial institutions and in that respect, prescribe the currency or the currencies in which the balances shall be held.

(2) The Bank may prescribe different ratios for different kinds of deposits and other liabilities and may prescribe the methods of computing the amount of the reserves which ratios and methods shall apply uniformly to banks and financial institutions and may exclude certain liabilities from this calculation.

(3) A requirement or increase in the ratios shall take effect on the expiration of at least thirty days notice to the banks and financial institutions.

(4) The Bank shall impose on any bank or financial institution that fails to maintain the minimum balances required under this section, a daily penalty charge on the amount of the deficiency of greater than 0.2 *per centum* or three times the average yearly lending rate of the bank or the financial institution divided by 360, and the charge may be recovered by deduction from any balance of, or money owing to the bank or financial institution concerned or recovered as civil debt.

Liquid assets
ratio

Cap. 342

45. A bank or financial institution shall maintain liquid assets at levels prescribed by the Bank in accordance with the provisions of the Banking and Financial Institutions Act.

Submission and
publication of
information

Cap. 342

46.—(1) A bank or financial institution and any affiliate shall furnish to the Bank, at a time and in a manner as may be prescribed by the Bank, the information as the Bank may require for the proper discharge of its functions and responsibilities under this Act.

(2) Where any bank or financial institution contravenes or fails to comply with any requirement of this section, the bank or financial institution concerned and an officer who is in default on conviction shall be liable under section 66 of the Banking and Financial Institutions Act to a default fine stipulated thereunder.

Power to conduct
examinations of
banks or financial
institutions
Act No.
2 of 2022 s. 26

Cap. 423

47.—(1) Notwithstanding any provision to the contrary contained in any written law, the Bank shall have power to access to any oral and documented information, including information in computers, books, minutes, accounts, cash securities, documents, vouchers as well as any other things in the possession or custody or under the control of a bank or financial institution or its affiliate, which relate to the business of the bank or financial institution or to anti-money laundering and countering terrorist financing matters pursuant to the Anti-Money Laundering Act.

Cap. 342 (2) The Bank may carry out, at a times as it may consider necessary, an examination of any bank or financial institution in accordance with the provisions of the Banking and Financial Institutions Act.

Credit reference system

48.—(1) The Bank shall create a credit reference system designed to collect and provide information on the payment record of the clients of banks and financial institutions, savings and credit schemes and other entities engaged in a regular basis in the extension of credit within the United Republic.

(2) The credit reference system shall consist of a credit reference databank administered by the Bank and private credit reference bureaus operating under the conditions prescribed by the Bank.

(3) The banks and financial institutions shall, having ascertained the proper identity of their customers, individuals as well as representatives of customers that are legal entities, report to the credit reference databank detailed information about credit facilities extended to each client, in the format and with the frequency as the Bank may prescribe.

(4) The Bank shall have and exercise powers to mandate a standardized method or technology for the assignment of a unique identification number to each client by banks and financial institutions.

(5) The information received from banks and financial institutions shall be consolidated by the Bank with a view to determine, at a minimum, the total indebtedness and payment performance of each client and may provide to each reporting institution for internal control and monitoring purposes.

(6) The Bank may require banks and financial institutions report to the credit reference databank other information relevant to their clients' operations including, but not limited to information on electronic payment instruments and cheques that are returned or refused for lack of funds, fraud or any other information required by the credit reference databank.

(7) The Bank may require any savings and credit institution or scheme and any other entity engaged in the extension of credit to report any information required by the credit reference databank.

(8) The Bank shall have and exercise powers to license and regulate operations of private credit reference bureaux that access information from the credit reference databank.

(9) The clients of institutions providing information to the Bank shall execute a written consent to the institutions to obtain from exchange with or disclose information relating to the clients to banks, financial institutions or credit reference bureaux.

(10) The information collected, exchanged with or disclosed to banks, financial institutions or credit reference bureaux shall be used only for the purpose of verifying accuracy of the information, conducting credit investigations and executing and performing loan or credit agreement.

Administrative
penalty

49.—(1) Where a private credit reference bureau is found involved in gross or repeated violation of consumer protection regulations or fails to furnish correct information that may be required by the credit reference databank, the Bank may impose on the private credit reference bureau a penalty charge of not less than five hundred thousand shillings for every day during which the non-compliance continues or withdraws its licence.

(2) The Bank may use the credit reference databank to monitor the credit activities of any individual institution and the credit market for purposes of publication of periodical information.

(3) The banks and financial institutions may request information from the credit reference databank or a credit information bureau regarding payment record of prospective clients, and in relation therewith banks and financial institutions shall observe that, written loan applications are signed by prospective client and filed for review by the Bank in the course of periodic examinations.

External reserves,
gold and foreign
exchange

50.—(1) The Bank shall, subject to the provisions of this Act, formulate, determine and implement the exchange rate policy in the United Republic with a view to attaining its primary monetary objective stated in section 7.

(2) In order to ensure a smooth and effective coordination with the Government's economic policy, the Governor shall consult with the Minister on the exchange rate policy and on any major draft decision on the exchange rate policy with reasons thereon.

Reserve of
external assets

51.—(1) The Bank shall use best endeavors to maintain a reserve of external assets at a level which is, at minimum, equal to four months imports requirements and the requirements of international transactions of the United Republic for the same period of time.

(2) Subject to the provisions of subsection (4), the reserve of external assets shall consist any of the following:

- (a) gold;
- (b) foreign exchange in the form of:
 - (i) demand or time deposits with foreign central banks or with the Bank's agents or correspondent abroad;
 - (ii) documents and instruments customarily used for the making of payments or transfers in international transactions;
 - (iii) notes or coins; and
- (c) securities or guarantees by foreign governments or international institutions and organisations.

(3) The Bank shall determine the type and form of foreign exchange and the kinds of securities which may be held in the reserve of external assets.

(4) The Bank may include in its reserve of external assets any internationally recognised reserve assets being a reserve asset not referred to in subsection (2), including:

- (a) the reserve position of the United Republic in the International Monetary Fund; and

- (b) holdings and special drawing rights of the United Republic, which the Bank, after consultation with the International Monetary Fund, considers suitable for inclusion in the reserve.

Dealing in gold
and foreign
currencies

52.—(1) Subject to the provisions of this section, the Bank may:

- (a) import, export, buy, sell, hold or otherwise deal in gold;
- (b) acquire and transfer balances in foreign currencies, hold balances with foreign central banks or with the Bank's agents or correspondents abroad, and invest balances in marketable foreign securities; and
- (c) acquire, hold, transfer, and effect transactions of any kind in foreign exchange.

(2) The Bank may engage in foreign exchange transactions with-

- (a) banks and financial institutions;
- (b) the Governments;
- (c) a public authority;
- (d) foreign central banks, foreign banks or foreign financial institutions;
- (e) foreign governments or agencies of foreign governments;
- (f) international financial organisations or institutions; and
- (g) any other person the Bank may prescribe by notice in the *Gazette*.

(3) The buying and selling rates in transactions authorised by this section shall be in accordance with international agreements to which the United Republic is a party or to which the United Republic is associated.

Exchange control

53. The Bank shall perform functions in the administration of any law relating to the control of the import, export, purchase, sale or other transaction in foreign exchange and gold as may be stipulated thereof.

Payments
agreements

54. The Bank shall administer any payments agreement entered into by the Governments.

Fiscal and
depository for
Government's
transactions, etc.

55. The Bank shall be the fiscal agent for the Governments' transactions with international financial organisations or institutions of which the Government of the United Republic is a member.

Miscellaneous
powers and
functions

56.—(1) The Bank may open accounts for, accept deposit from, and collect money and other monetary claims for and on account of foreign central banks, foreign banks and foreign financial institutions and may generally act as banker to banks and institutions.

(2) A foreign currency reserves held on deposit or managed by the Bank shall be immune from any legal proceedings including an order for execution, attachment or any other similar process issued by any court for enforcing payment by the Bank in relation to foreign currency reserves.

Relations
with private
enterprises,
organisations and
bodies

57.—(1) The Bank shall, for the purposes of compilation and publication of the balance of payments statistics meeting international standards, compile information from public offices and from banks and financial institutions and, to the extent strictly necessary, from private enterprises, organisations and bodies.

(2) Public offices, banks and financial institutions shall, at a request by the Bank, provide any information the Bank considers necessary for compilation of any monetary, financial or other statistics on the financial sector.

(3) A private enterprise, organisation and body shall, at a request of the Bank, provide any information the Bank considers necessary for the compilation of the balance of payments statistics.

(4) Where a bank or financial institution fails to comply with any requirement of this section, the Bank may impose on the relevant bank or financial institution a penalty of not exceeding five hundred thousand shillings for every day during which

non-compliance continues and the charge may be recovered by deduction from any balance of, or moneys owing to the bank or financial institution concerned or by institution of a suit.

(5) A private enterprise, organisation or body that fails to comply with a requirement by the Bank made pursuant to the provisions of subsection (3) shall be subject to a penalty not exceeding one hundred thousand shillings for every day during which non-compliance continues.

Relations with
corporations

58.—(1) Subject to subsection (2), the Bank may, in order to effectively promote the functions of the Bank, subscribe to, hold, and sell shares or acquire an interest in any corporation established for the purposes of promoting the development of financial markets or of improving the financial machinery and payment systems in the United Republic.

(2) The total value of the Bank's holding of any shares or interest shall not at any time exceed fifty percent of the aggregate of the Bank's paid up capital and of its General Reserve Fund.

Interest on
deposit balances
and blocked
accounts

59.—(1) On minimum cash balances required, the Bank may not pay interest on balances deposited with the Bank.

(2) The Bank may, where circumstances render it desirable and prudent so to do, pay interest at market rate, and subject to qualification as it may determine, on the balances in any amount with the Bank which is a blocked account within the meaning of the prevailing foreign exchange regulations.

Advice to
Governments

60.—(1) The Bank shall advise the Governments when in the Bank's opinion, any matter relating to its functions, powers and duties is likely to affect the fiscal policy and the national economic growth or the achievement of the principal objectives of the Bank.

(2) The Governments may seek opinion and advice on draft Governments' budget, financial legislation and any other matter affecting the functions, powers and duties of the Bank or any proposals, measures or transactions relating thereto, and the Bank shall give the advice accordingly.

Prohibited
operations

61.-(1) The Bank shall not-

- (a) save as expressly authorised by this Act, engage in trade, own or acquire any direct interest in any commercial, agricultural, industrial or similar undertaking except in the course of obtaining satisfaction for any debt due to the Bank;
- (b) purchase, acquire or lease immovable property for any purpose except as premises for the Bank, including reasonable provision for anticipated future requirements or for the use by members of the Board or its staff;
- (c) guarantee any loan, advance or investment unless expressly authorised by this Act.

(2) Where, in the case provided in paragraph (a) of subsection (1), the Bank acquires any interest, it shall dispose of the same at the earliest suitable opportunity.

PART V

MISCELLANEOUS PROVISIONS

Limitation on
external holdings

62. The Governments shall not hold or maintain any reserve of external assets except to the extent necessary for working balances.

Prohibited
banking names

63. Save with the written consent of the Bank, a bank shall not be registered hereafter under the provisions of any law, by a name which includes any of the words “central”, “state,” “government” and “reserve”.

Banks, etc.,
deemed to be
public service for
certain purposes

64. In the discharge of its functions under this Act and in the administration of any law, the Bank, members of the Board and staff of the Bank shall be treated as holding office in the public service.

Immunity of
members of
Board, staff and
employees of
Bank

65.-(1) Notwithstanding the provisions of any other law, an action or other proceedings shall not lie or be instituted against any member of the Board of the Bank, official or employee of the

Bank for or in respect of any act or thing done or omitted to be done in good faith in the exercise of powers conferred by this Act.

(2) An official or other member of the staff authorised to make decisions on behalf of the Bank having an equivalent interest in any matter involving the Bank shall be required to report that matter to the supervisor and shall not be entitled to make decisions related to that matter.

Immunity of
Bank

66. Notwithstanding anything to the contrary in any written law, where any judgement or order has been obtained against the Bank, an execution or attachment or process in whatever nature, shall not be issued against the Bank or against any property or asset of the Bank, but the Bank shall cause to be paid the amounts as may, by judgement or order, be awarded against the Bank to the person entitled.

Immunity of
assets managed
by Bank

67.—(1) The assets of the Government including any local or foreign currency held on deposit or managed by the Bank, shall be immune from any enforcement proceedings and an execution, attachment or any other similar process shall not be issued by any court for enforcing payment by the Bank in relation to any asset held on account of the Government and a person shall not be individually liable under any order for payment by the Bank or any officer of the Bank in relation to the asset held on account of the Government.

Cap. 5

(2) Where in relation to any asset of the Government held by the Bank proceedings have been instituted in any court for enforcement or procuring execution by attachment or any other similar process, the provisions of the Government Proceedings Act, shall apply *mutatis mutandis* in relation to proceedings against the Bank or any officer of the Bank.

Overriding effect

68. In the event of conflict arising from the provisions of this Act and any other Act relating to the exercise of power and performance of functions of the Bank, the provisions of this Act shall prevail.

Waiver for non-compliance

69. The Board shall prescribe rules to be applied by the Bank on the waiver of compliance or penalties for non-compliance of the provisions of this Act or regulations and any matter that is economically or otherwise important shall be referred to the Board for determination.

Powers to make regulations

70.—(1) The Minister may make regulations necessary or desirable to give effect to the provisions of this Act.

(2) Regulations made under subsection (1) shall be published in the *Gazette*.

(3) The Board may make by-laws, rules and issue directions, orders and circulars regulating the manner by which the objective of this Act may be carried on.

(4) The by-laws, rules, directions, orders and circulars issued under subsection (3) may not be published in the *Gazette*.

Repeal and savings
Act No.
1 of 1995

71.—(1) [Repeals the Bank of Tanzania Act].

(2) Notwithstanding the repeal of the Bank of Tanzania Act—

- (a) regulations, rules, orders, by-laws, directions or other subsidiary legislation made, given or issued under that Act and which are in force immediately before the date of coming into operation of this Act shall remain in force until they are revoked, cancelled or varied by regulations, rules, orders, by-laws, directions or other subsidiary legislation made, given or issued under this Act;
- (b) appointments made under that Act and which have not been revoked immediately before coming into operation of this Act shall remain in force until they are revoked or fresh appointments are made under this Act; and
- (c) legal proceedings instituted or orders made under that Act shall continue and be deemed to be proceedings or orders made under the provisions of this Act.