

IMPROVING REGULATORY AND SUPERVISORY ENVIRONMENT

A CASE OF TANZANIA

Presented by Lucy Kinunda, Bank of Tanzania

**THE FINANCIAL REVOLUTION IN AFRICA:
MOBILE PAYMENT SERVICES IN A GLOBAL AGE
(LONDON, 28 March 2012) ,**



Outline

1. The Legal and Regulatory Framework in Tanzania
2. Developments and Results to Date
3. Challenges
4. Way Forward

The Legal and Regulatory Framework in Tanzania

Legal and Regulatory Framework

- The legal and regulatory framework that governs mobile payments in Tanzania is comprised of:
 - Bank of Tanzania Act 2006 (S. 6)
 - Electronic Payment Schemes Guidelines
 - AML and KYC requirements
 - The Law of Contract and Statute of General Application
 - Mobile Payments Regulations (Draft)
 - Terms and conditions for agents and customers
 - Evidence Act

The Legal and Regulatory Framework in Tanzania

- **Key focus points**

- Support policy objectives
- Open and flexible: Key issue-safety and efficient payment products
- Mandate from Central Bank Law: Guidelines and Regulations issued

- **Cooperation with other regulators**

- Telecommunication Regulator for MNO
- FIU on AML/CFT

The Legal and Regulatory Framework in Tanzania

- **Engaging Private Sector**

- Through Payment Systems Forums/Councils/Technical groups
- Open dialogue
- Oversight
- Incentives – not stifling innovation, rather promoting

- **Consumer issues**

- Protection of consumers by requiring safety & credibility
- Pricing of products (affordability): Encourage competition
- Transparency
- Awareness campaigns

The Legal and Regulatory Framework in Tanzania

- **Additional Financial Services: Beyond Money transfer.**
 - Micro savings: Mobile wallets
 - Purchases at merchants accepting MFS
 - Payment of bills, school fees, motor insurance etc
- **Compliance to AML/CFT Requirements**
 - Registration of mobile phone users
 - Minimal KYC requirements
 - Value limits
- **Cooperation btn MNO and Financial Institutions**
 - Mobile banking services
 - Trust A/C operations

Developments and Results to Date

- Competition in the Market
 - 4 Active MNO's offering MFS in Tanzania. (Vodacom, Airtel, Tigo & Zantel)
- Increased Financial Access to the Unbanked
 - 46% of the population have access via MFS (Finscope data 2009, 12%)
- Financial Inclusion to the Poor
 - Money transfers, micro savings, micro loans.
- Poverty alleviation
 - Village women groups access to loans
 - Agency business and other externalities thereof

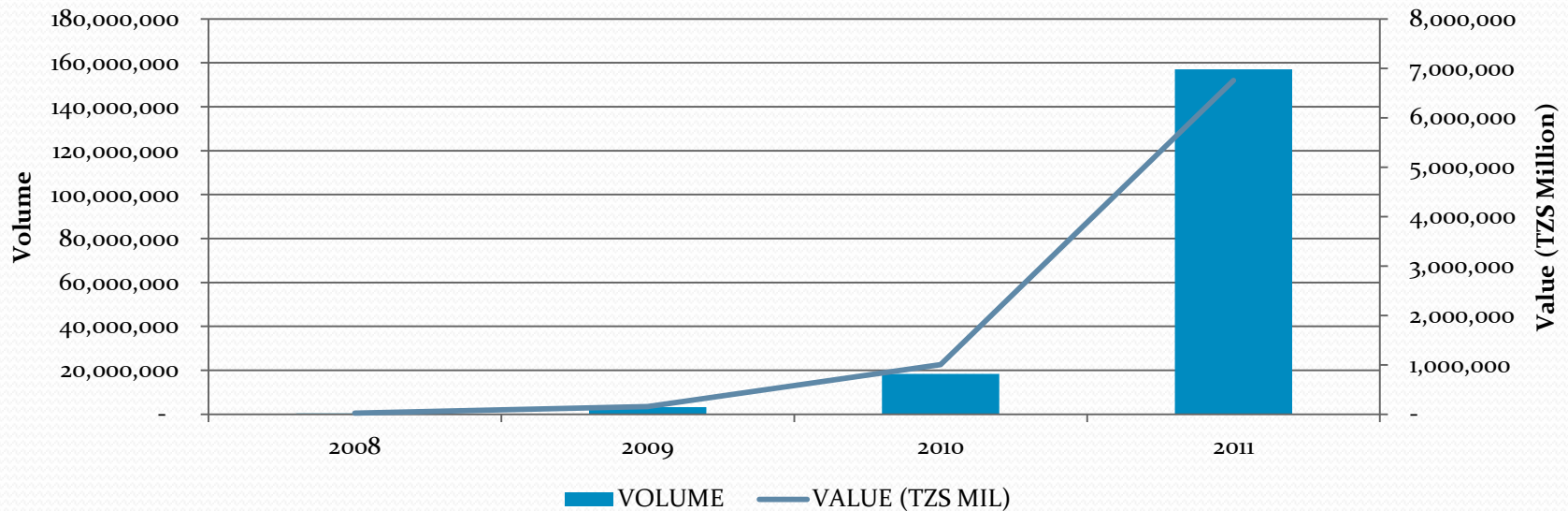
Developments and Results to Date

	2008	2009	2010	2011 (up to Sept)
Inbound Volume	418,776	504,739	665,733	505,299
Inbound Value (USD Million)	322.45	301.20	332.05	263.42
Outbound Volume	140,172	170,554	123,199	95,289
Outbound Value (USD Million)	73.97	88.03	63.77	50.79

- Two MNOs (Vodacom and Airtel) have integrated their services with Western Union for international money transfers.

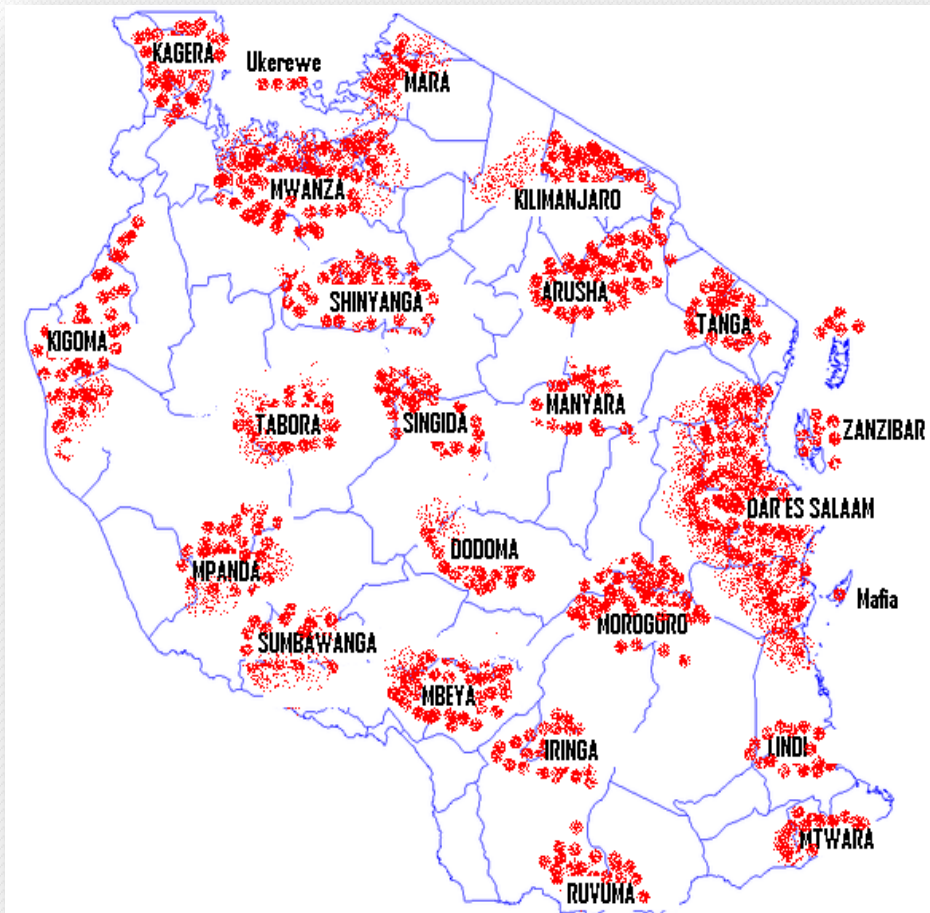
Developments and Results to Date

Mobile Payment Services Transactions Trend



- The total volume of transactions have now reached 157,025,351 with value of TZS 6.75 trillion recorded in 2011 (2008; Value TZS 1.42 , Volume: 39,528)
- The total number of agents in the network reached 83,795 as at the end of 2011

Developments and Results to Date



- MFS subscribers:- 21.2 Million (46% of the population).
- Mobile phone subscribers:- 23.7 Million (52% of population.)
- Monthly flow TZS 861.8 Bln
- Daily Av. Vol. 760,482 trx.
- Daily turnover TZS 27.8 Bln

Developments and Results to Date

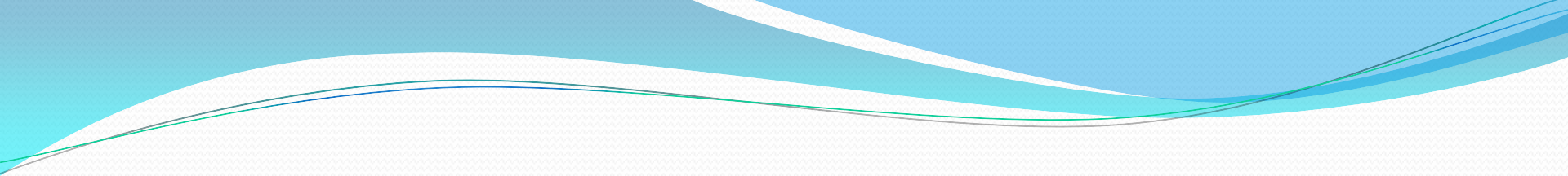
- ▶ International Remittances (Money Transfers)
 - Western Union, MoneyGram, and Travelex
 - Total money transferred through the three operators (2011):
 - Inbound=USD 263 million and Outbound=USD 50 million
 - Western Union dominates with
 - 35.96% share for inbound and 80.69% for outbound.
 - Annual inbound value= USD 122.23 million,
 - outbound value= USD 52.62 million

Challenges

- **Enhancement of regulatory framework**
- **Infrastructural challenges -
Infrastructure impediments and terrain
(rural areas-inadequate infrastructure).**
- **Low level of financial literacy**

Way forward

- Interoperability; Competition and existing infrastructure , customer/agent/Bank money transfer relationship
- Consumer Protection; education, transparency, recourse.
- Data Integrity
- Access of Financial Services of 70% of population beyond 2015



THE END