

UNIVERSITY OF DAR ES SALAAM  
BUSINESS SCHOOL

DEPARTMENT OF FINANCE

BANKING, FINANCE AND INVESTMENT  
FORUM

2022 PRESENTATIONS

January 2023

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Forum No. 1  
15<sup>th</sup> June 2022



The poster is a vertical rectangular graphic with a blue and white color scheme. At the top left, it features a '60 Years of Academic Excellence' logo with the years '1961-2021'. To the right, the text reads 'UNIVERSITY OF DAR ES SALAAM BUSINESS SCHOOL DEPARTMENT OF FINANCE'. The main title 'PUBLIC TALK' is in large blue letters, followed by 'FINANCE AND INVESTMENT FORUM' and 'TALK 1: INVESTMENT AND FINANCIAL INCLUSION' in a yellow box. A 'SPEAKERS' section lists three individuals with their photos and topics. At the bottom, it provides the location 'University of Dar es Salaam Business School (UDBS)', the date and time '15<sup>th</sup> June 2022 14:00pm - 17:00pm', and a 'FREE ENTRY' banner. The footer includes a registration phone number and social media icons for Facebook, Instagram, YouTube, and Twitter.

**60**  
1961-2021  
Years of Academic Excellence

UNIVERSITY OF DAR ES SALAAM  
**BUSINESS SCHOOL**  
DEPARTMENT OF FINANCE

**PUBLIC TALK**  
FINANCE AND INVESTMENT FORUM  
TALK 1: INVESTMENT AND FINANCIAL INCLUSION

**SPEAKERS**

  
**Sosthenes Kewe**  
Topic: Financial Inclusion (Then, Now and What next)

  
**EMILIAN BUSARA**  
(MBA, CPA(T))  
Topic: Investing in Financial Markets

  
**DAUDI MBAGA**  
Director of Marketing (UTT-AMIS)  
Topic: Investing in UTT-AMIS Different Schemes

 University of Dar es Salaam  
Business School (UDBS)

 15<sup>th</sup> June 2022  
14:00pm - 17:00pm

**FREE ENTRY**

Limited Seat - Please register Via +255 621 08 9616

 University of Dar es Salaam  udsofficial  University of Dar es Salaam  udsofficial

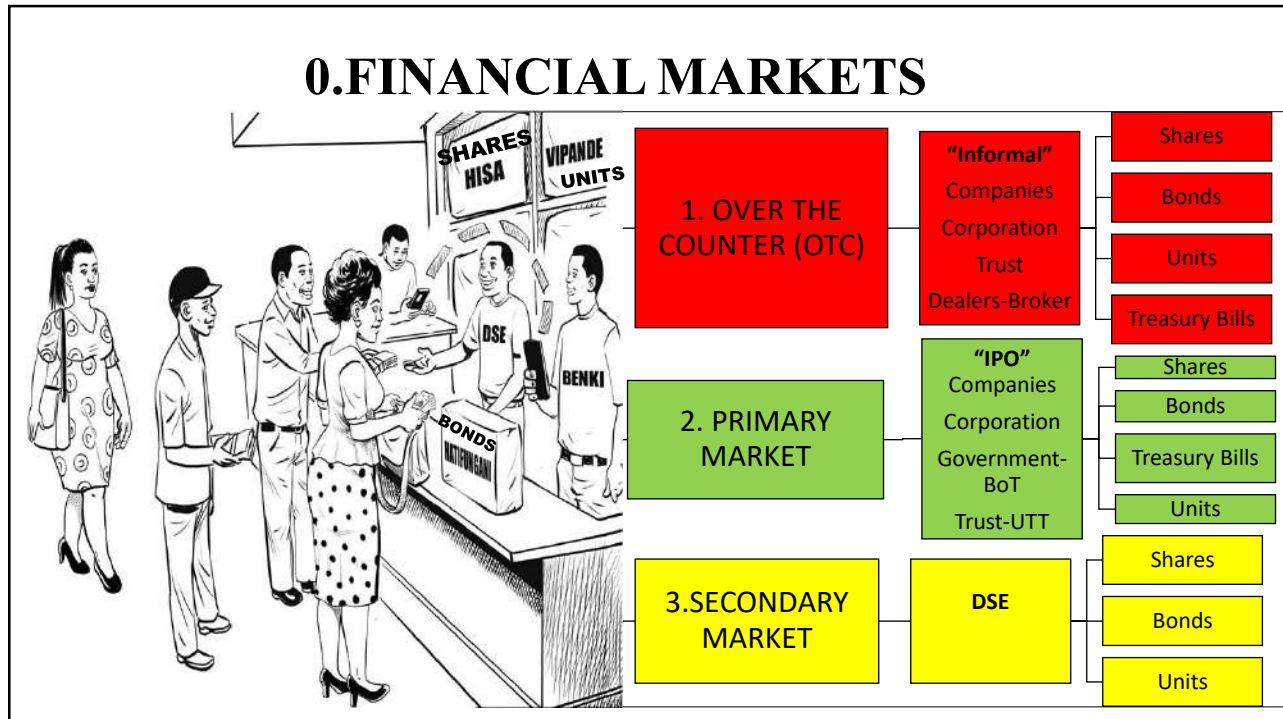
**INVESTING IN FINANCIAL MARKETS  
FINANCE DEPARTMENT  
BUSINESS SCHOOL – 60 Yrs.  
UNIVERSITY OF DAR ES SALAAM**



**Emilian Busara (MBA, CPA.) 0754 36 02 56 emilianbusara2000@yahoo.com<sub>1</sub>**

## **OUTLINE**

0. Financial Markets
1. Treasury Bonds - BoT
2. Treasury Bills - BoT
3. Shares or Stock - DSE
4. Corporate Bond - DSE
5. Units - UTT
6. Fixed Deposit-FDR – Commercial Banks
7. Summary-Financial products and Indicators (KIs)
8. Conclusions
9. Questions and Answers



## 1. TREASURY BOND

1. Long term investment-gvt securities-BoT
2. Profits:
  1. Coupon (Yield) : 7.60% - 15.95%
  2. Coupon (interest)-paid every 6 months
  3. Capital gain-if you sell at a higher price
  4. Tax incentive-No tax on interest / capital gain
  5. Infrastructure and services
3. Duration : 2-25 years
4. Minimum capital – TZS 1,000,000
5. Eligible: Individual / Business+ SADEC
6. Passive not active investment
7. Safest – risk free investment

**A financial product costing TZS 1,000,000 min. with over 1 year lifespan**

## 1.1 TREASURY BONDS TYPES

<https://www.bot.go.tz/TBonds/TbondsCalculator>

Tenure	Coupon – Per Annum	E.g. Invest TZS. 100m	
2	7.60% & 7.82%	7,600,000	7,820,000
5	8.60% & 9.18%	8,600,000	9,180,000
7	9.48% & 10.08%	9,480,000	10,080,000
<b>10</b>	<b>10.25% &amp; 11.44%</b>	<b>10,250,000</b>	<b>11,440,000</b>
15	11.15% & 13.50%	11,150,000	13,500,000
20	12.10% & 15.49%	12,100,000	15,490,000
25	12.56% & 15.95%	12,560,000	15,950,000

Calendar <https://www.bot.go.tz/Adverts/PressRelease/sw/2021062817325247.pdf>  
 New Coupons <https://www.bot.go.tz/Adverts/PressRelease/en/2022040817542290.pdf>

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## 2. TREASURY BILLS

Days	35	91	182	364
Profit (Yield)	2.30%	2.40%	2.56%	<b>4.68%</b>
Successful price (TZS 100)	99.78	99.41	98.74	95.54


1. Short term investment-government securities –BoT
2. Period : 35 days to 364 days
3. Profit = capital gain=Buy below 100 and sell high or maturity at 100
4. Minimum capital - TZS. 500,000
5. No interest-suitable to those not interested or restricted on interest
6. Best if it is above inflation **Inflation=3.8%**

**A financial product costing TZS 500,000 min. with less than 1 year lifespan**

<https://www.bot.go.tz/TBills>

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## 3.SHARES / STOCKS

1. Business ownership
2. You own a business by:
  1. Starting a company (Co.)
  2. Buy shares-best performing Co.
3. DSE
  1. 28 Listed Co. -TZS 15T
  2. Treasury bonds -TZS 15.8 T
  3. Sales:Bonds 2.6T- Share 104B
4. Screen and pick the best Co.
  1. Fundamental – 2“Qs”
  2. Technical- ▲ - ▼ - —
  3. Sentiment - 



### 3.1 SHARES

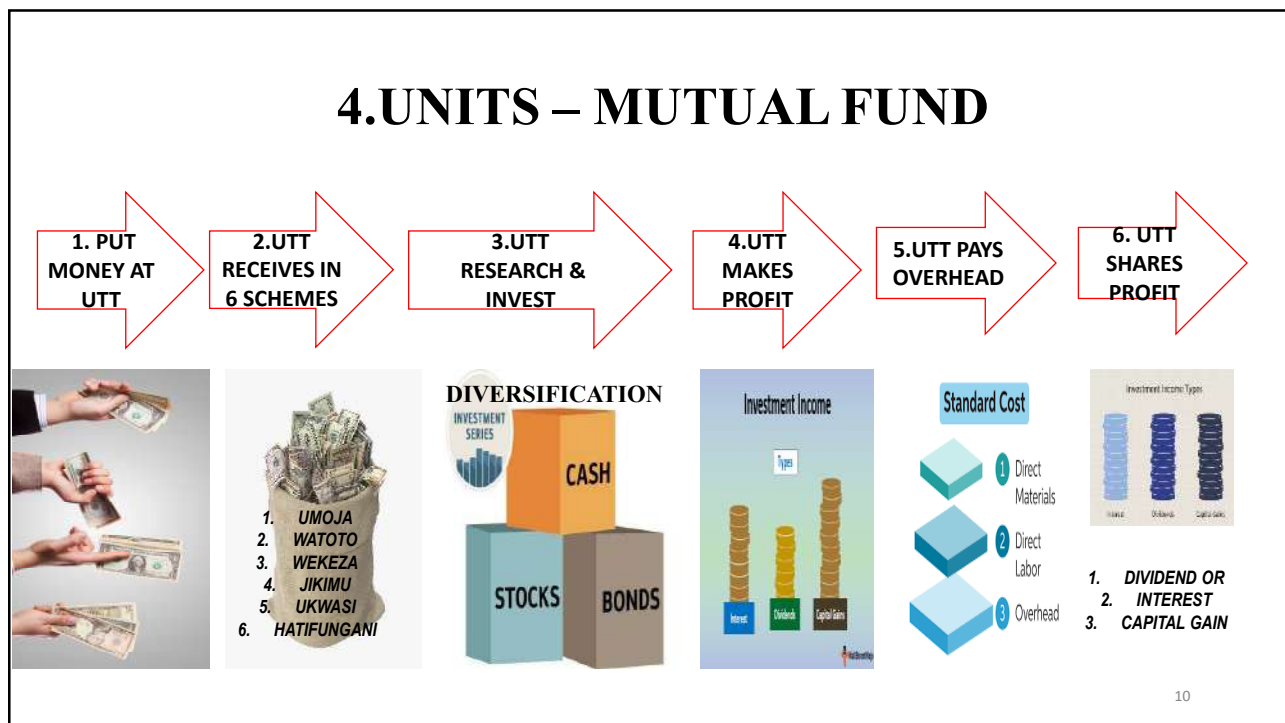
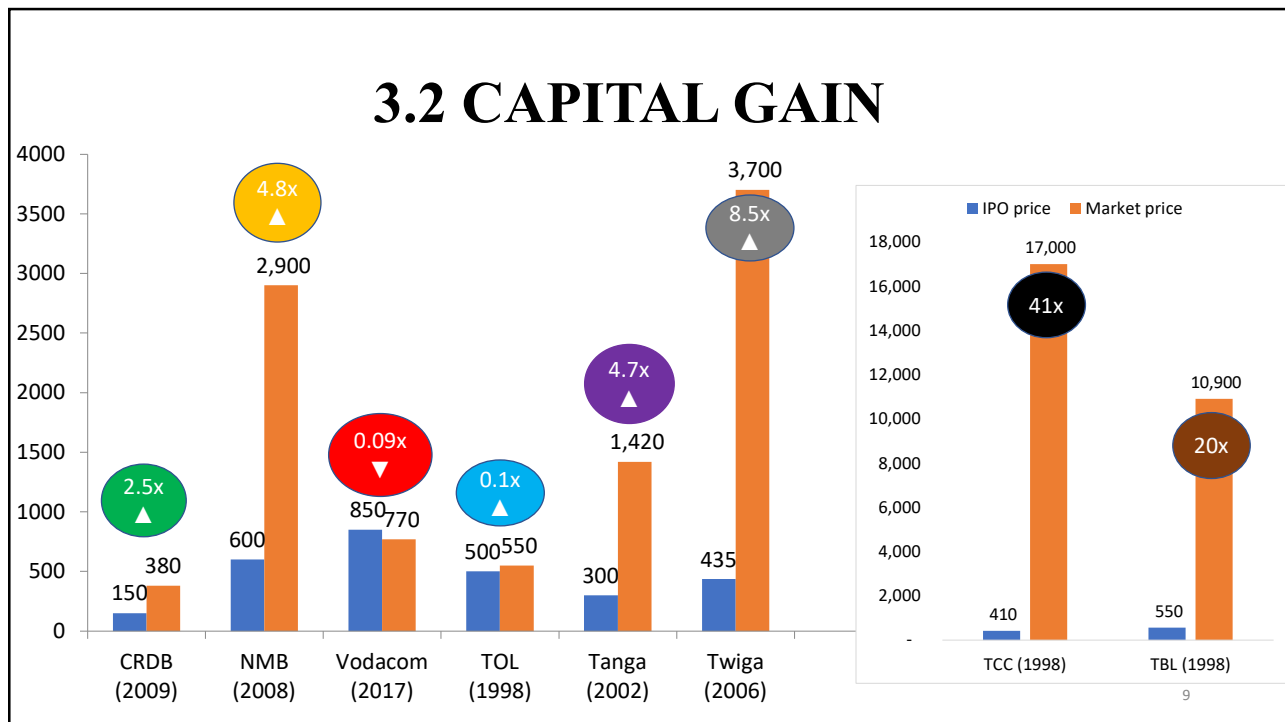
#### ADVANTAGES

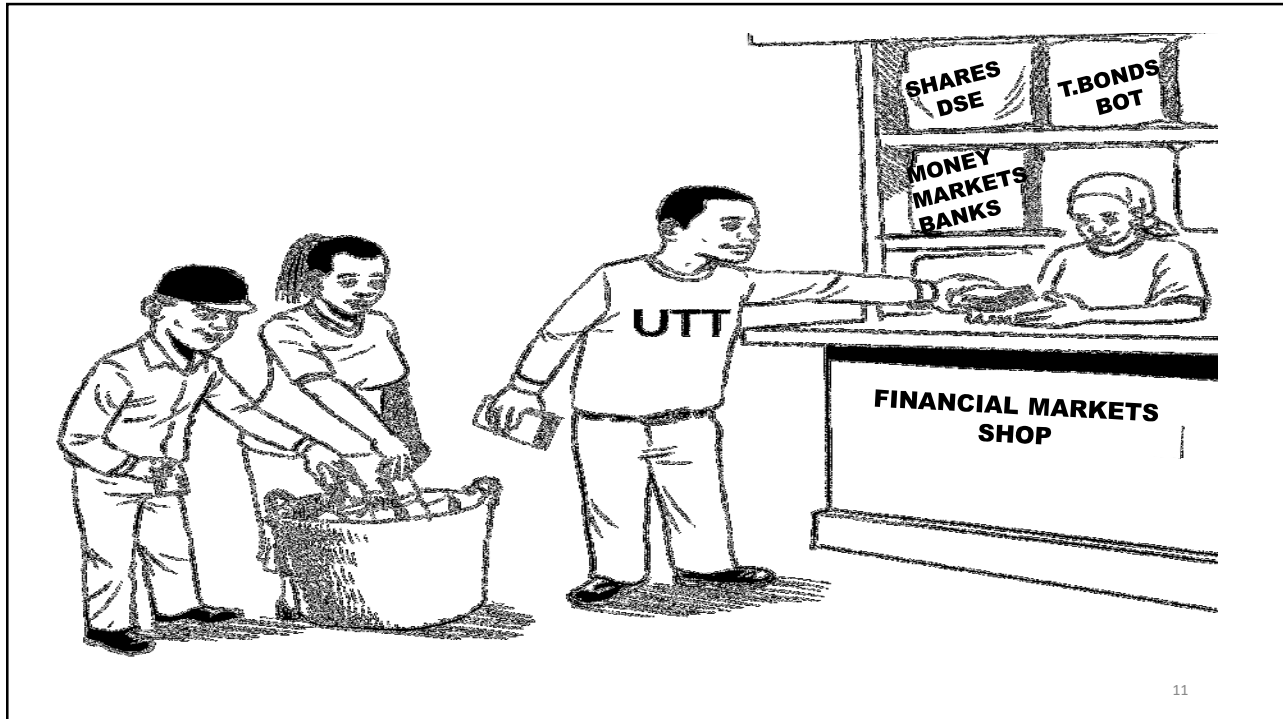
1. Capital gain
2. Dividends
3. Loan security
4. Ownership
5. Tax incentive
6. Time saving
7. Affordable price
8. Divisible asset
9. Invisible

#### DISADVANTAGES

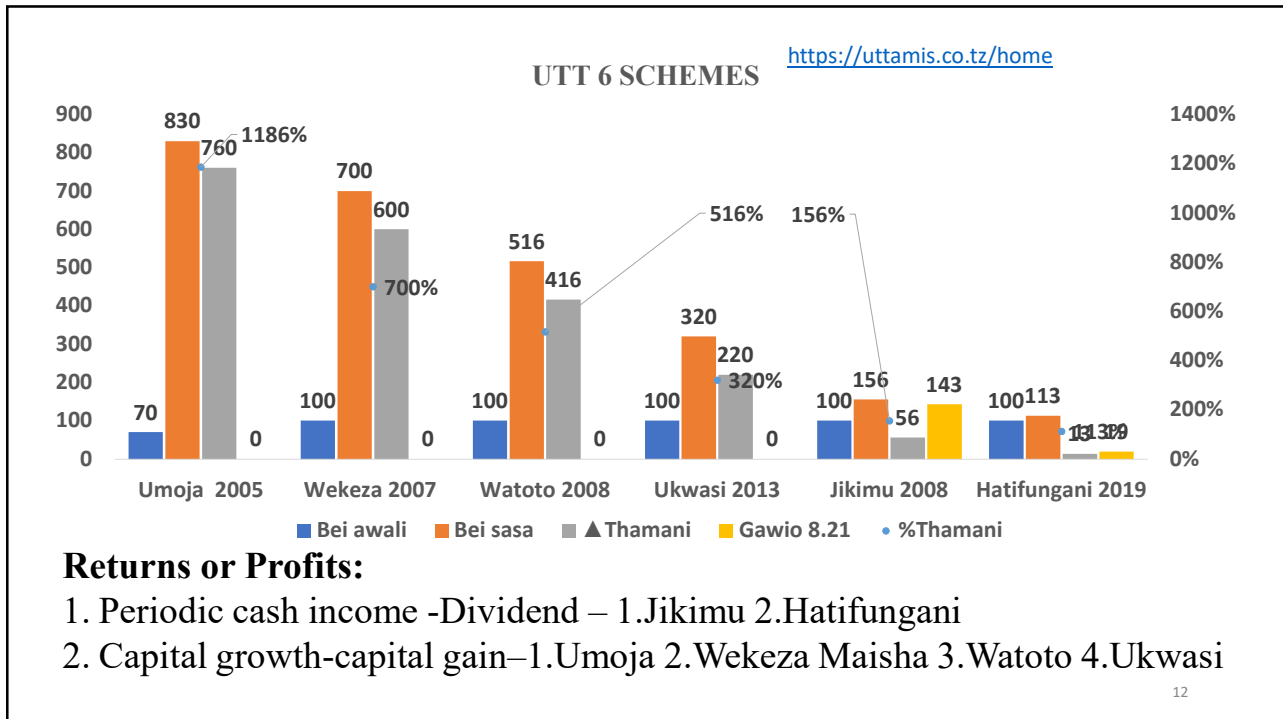
1. Loss:
  1. If the company makes losses
  2. Selling lower than purchasing price
2. Less financial literacy
3. Less saving habit – start 1%-2%-3%.
4. Failure to differentiate Value and Price
5. Affected by economy –Inflation-Interest
6. Liquidity – No buyer, no seller
7. Investing without researching







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## 4.2 FACTORS BEFORE INVESTING



### Where to invest ? ?

1. Your goal
2. Underlying assets
3. Underlying performance

### Define your goal

1. **Capital gain**
  1. Wekeza
  2. Watoto
  3. Umoja
  4. Liquid
2. **Regular cash income**
  1. Bond
  2. Jikimu

### Observe 3 investing principles

1. Research-2Qs =Qualitative & Quantitative
2. Capital safety / preservation
3. Satisfactory return (dividend+capital gain)

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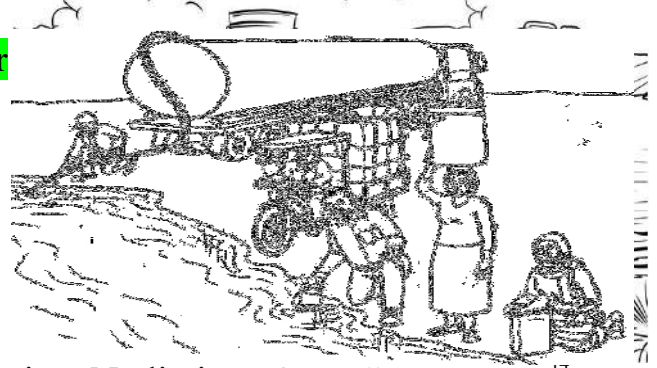
## 4.3 UNITS

### ADVANTAGES

1. **Liquidity**
2. **Capital gain or dividend**
3. **Diversity-share, bond, money**
4. **Investing experts**
5. **Tax incentive**
6. **Large capital-high bargain power**
7. Government comfort
8. Affordable price – TZS 7,000
9. Loan security
10. Time saving
11. Divisible & Invisible
12. Open ended-Buy as you wish anytime-No limit – “Ocean”

### DISADVANTAGES

1. Less financial literacy
2. Affected by economy variables
  1. Inflation
  2. Interest rate
3. Loss if the company makes losses

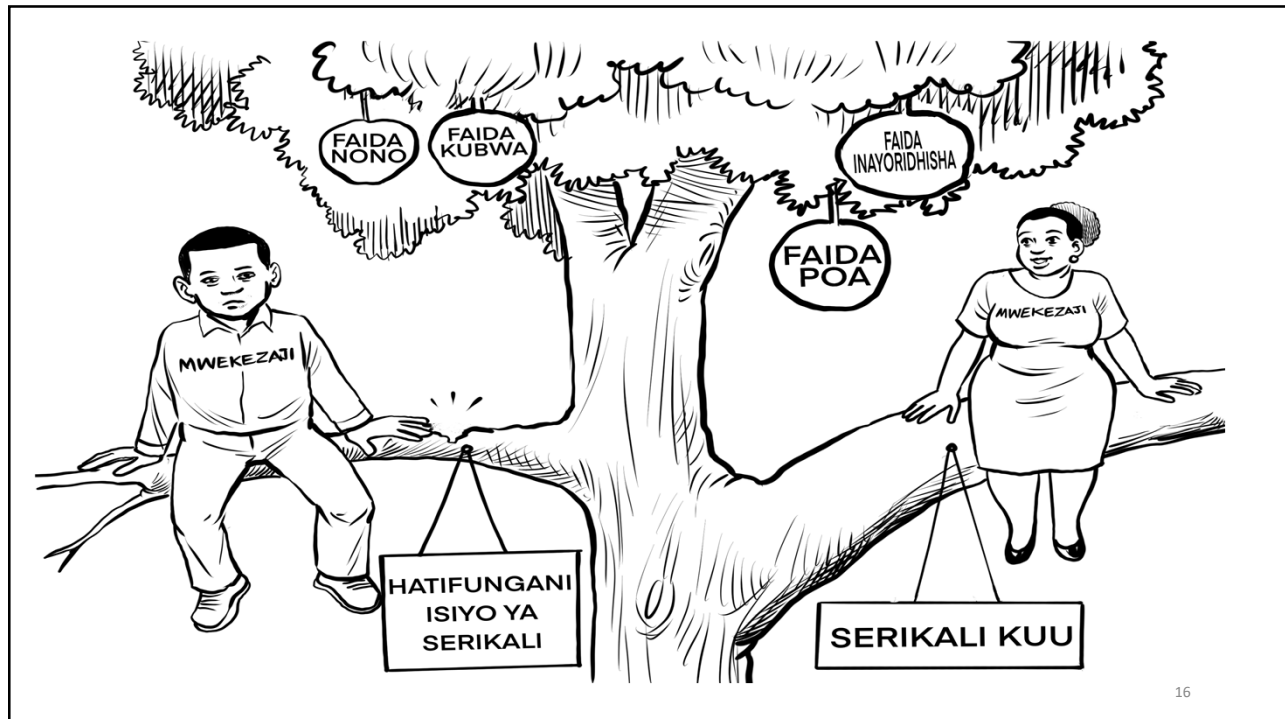


## 5. CORPORATE BONDS

BOND NO	ISIN	COUPON	TENURE	ISSUED DATE	MATURITY DATE	ISSUED AMOUNT
EXIM-2015/21.T1	TZ1996102335	15.56	5 Year Bond	21-12-15	21-12-21	14,959,000,000
NMB-2019/22.T3	TZ1996103424	10	3 Year Bond	15-07-19	15-07-22	83,349,190,000
TMRC-18/23.T1	TZ1996103101	11.79	5 Year Bond	19-06-18	18-06-23	12,521,500,000
TMRC-19/24.T2	TZ1996103382	13.4607	5 Year Bond	19-06-19	20-06-24	9,178,100,000
					TOTAL	120,007,790,000

<https://dse.co.tz/content/corporate-bonds>

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## 6. FIXED DEPOSITS

### Selected Banks' **Lending** and **Deposits** Interest Rates

	Percent							
	Mar-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Savings deposit rate	2.57	1.55	1.52	1.61	1.60	1.61	1.59	1.56
Overall lending rate	16.61	16.55	16.65	16.40	16.37	16.30	16.29	16.25
Short-term lending rate (Up to 1 year)	15.97	16.69	16.75	16.83	16.60	16.70	16.59	16.68
Negotiated lending rate	14.05	14.07	13.65	13.66	14.06	13.68	13.99	13.80
Overall time deposit rate	6.94	6.60	6.64	6.80	6.79	6.79	7.02	7.02
12-months deposit rate	8.80	7.72	7.77	7.63	7.87	7.87	8.39	8.37
Negotiated deposit rate	9.18	9.59	9.71	9.78	9.82	9.92	9.74	9.68
Margin between one year lending and deposit rates	7.17	8.97	8.98	9.21	8.74	8.83	8.20	8.31

Source: Banks and Bank of Tanzania computations.

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FINANCIAL PRODUCT	1.SAFETY	2.PROFIT	3.PROFIT SCALE	4.LOSS	5.LIQUIDITY	6.LOCK IN	7.TAX
1.HATIFUNGANI ZA SERIKALI (TREASURY BOND)							
2.DHAMANA FUPI SERIKALI (TREASURY BILLS)							10%
3.AMANA MUDA MREFU (FIXED DEPOSITS)						Mkataba	10%
4.HATIFUNGANI ZA KAMPUNI (CORPORATE BOND)							10%
5.HISA (SHARES)							5%
6.VIPANDE (UNITS - UTT)							
6.1.UMOJA							
6.2.WEKEZA							
6.3.WATOTO						12 Years	
6.4.JIKIMU						6 Months	
6.5.HATIFUNGANI						3 Months	
6.6.UKWASI							

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## 7. CONCLUSIONS

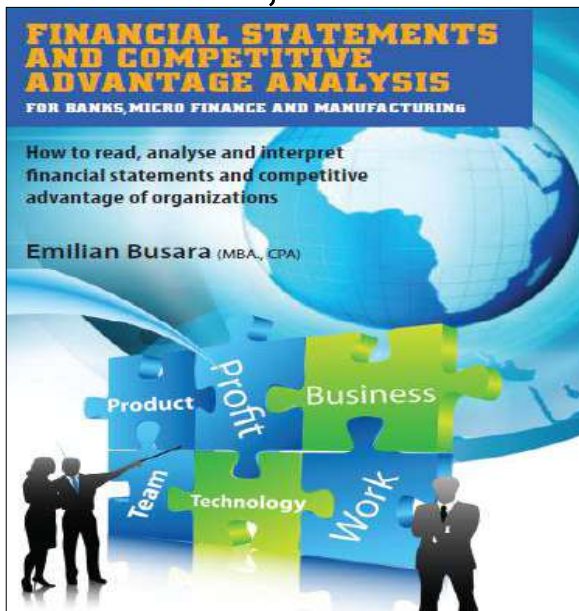
1. Learn basics (finance & investing) or asks experts and practitioners
2. Don't invest in a business or a financial asset you don't understand
3. Annual report is the most reliable source of data and information
4. Don't analyze the financial products, analyze the underlying org.
5. Quality brings quantity, start with qualitative analysis
6. Focus on fundamentals, manage emotions, observe price for gain
7. Some industry/sectors are highly profitable compared to others
8. Apply appropriate investing strategies/philosophies/principles/laws

0754 36 02 56

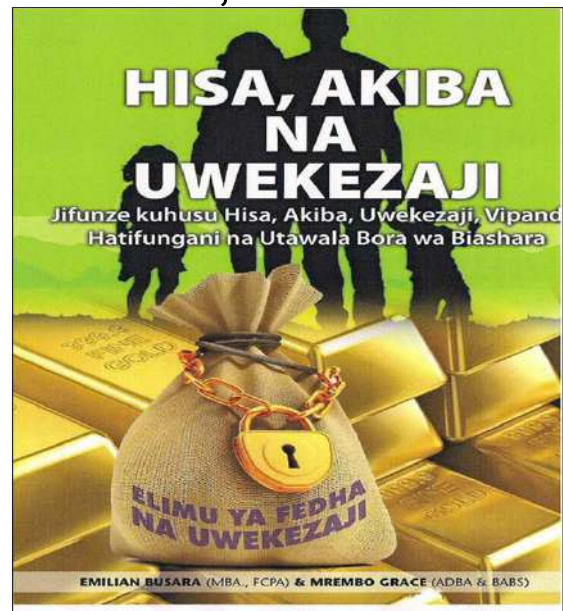
emilianbusara2000@yahoo.com

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Shs 30,000



Shs 30,000





**KIKUBWA 40,000/=**



**HATIFUNGANI BOND**  
Maana, faida, changamoto, kununua, kumiliki na kuuza.

EMILIAN BUSARA (MBA, CPA)  
MREMBO GRACE (MPM)

**Contents:-7**

1. Treasury Bonds-Hatifungani za Serikali
2. Treasury Bills – Dhamana za Muda Mfupi
3. Corporate Bonds-Hatifungani za Kampuni
4. Bond Funds-Mfuko wa hatifungani-UTT
5. Municipal Bonds-Hatifungani za halmashauri
6. Islamic Bonds
7. International Bonds-Hatifungani za Kimataifa

**KIDOGO 10,000/=**



**HATIFUNGANI NA DHAMANA ZA SERIKALI**  
Maana, faida, changamoto, kununua, kumiliki na kuuza.

EMILIAN BUSARA (MBA, CPA)  
MREMBO GRACE (MPM)

**Contents :- 2**

1. Treasury Bonds
2. Treasury Bills

**0754 36 02 56**

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**Sh. 30,000**



**HISA, AKIBA NA UWEKEZAJI**  
Jifunze kuhusu Hisa, Akiba, Uwekezaji, Vipandaji, Hatifungani na Utawala Bora wa Biashara

EMILIAN BUSARA (MBA, FCPA) & MREMBO GRACE (ADRA & BABS)

**Sh. 10,000**



**HISA**  
Maana, faida, changamoto, kununua, kumiliki na kuuza hisa.

EMILIAN BUSARA (MBA, CPA)

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Phone : 0754 36 02 56 or 0767 000 140  
 Email : emilianbusara2000@yahoo.com

<b>FINANCIAL PRODUCT</b>	<b>1.SAFETY</b>	<b>2.PROFIT</b>	<b>3.PROFIT SCALE</b>	<b>4.LOSS</b>	<b>5.LIQUIDITY</b>	<b>6.LOCK IN</b>	<b>7.TAX</b>
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6.5.HATIFUNGANI						<b>3 Months</b>	
6.6.UKWASI							



# University of Dar es Salaam Business School

## Imagining the Future of Financial Inclusion

Wednesday, 15 June 2022, Dar es Salaam

Sosthenes L Kewe

MPhilDevFin, M4P, CPA(T), B.Com (Acctg)

Former ED of FSDT & Independent Consultant

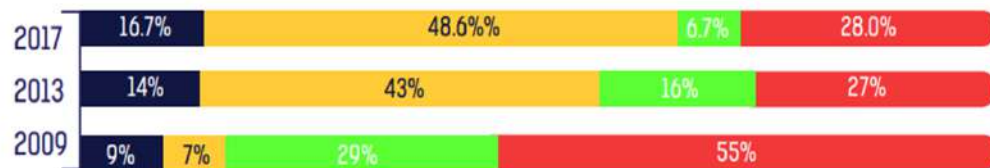
### Proposed Agenda

- Introduction, Acknowledgements and Rationale
- Digital Technologies and Digitization
- Why does it matter?
- Digital finance in Tanzania
  - Progress, Drivers, Impact
- What Next? Opportunities for Driving digital finance in Tanzania
- Concluding remarks
- Open discussion, Q&A

## Financial Inclusion Journey

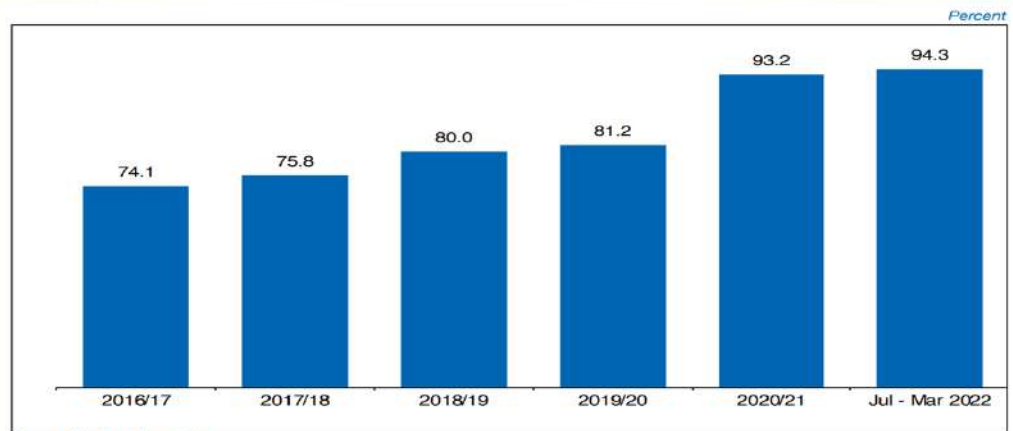
### Digital Financial Services in Tanzania and Sub-Saharan Africa

#### Uptake of Financial Services



Source: FinScope Tanzania 2017 April-July, FinScope Tanzania 2013 and FinScope Tanzania 2009

## Progress to date: Growth in usage of digital financial services in Tanzania



Source: Bank of Tanzania

## INTERNET INDICATORS

Dec.2021 Status

Total Broadband (Fixed Broadband + Mobile Broadband) Internet subscribers

29,858,759

Broadband (Fixed Broadband + Mobile Broadband) Subscribers per 100 Inhabitants

50.23

Affordability of Data Services (Average prices per month)

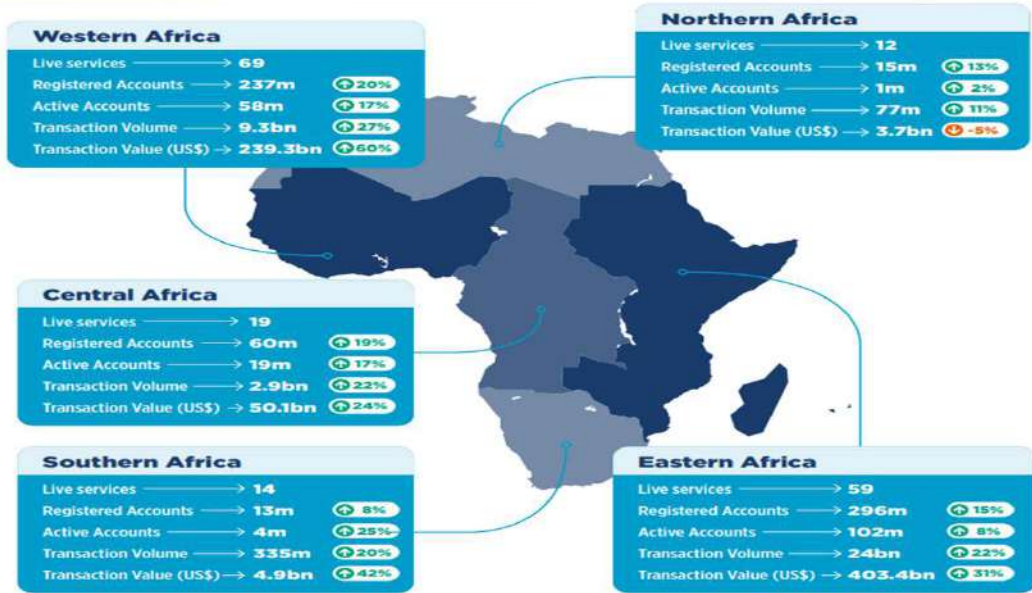
1G per – TZS2,700  
5G per – TZS9,450  
10G per – TZS17,440

Literacy rate (%)

71%

2012 Census Report

## African Context.....GSMA



## Future of Money





## Back to Basics .....

### Financial sector development:

part of a private sector development strategy to **stimulate inclusive economic growth and reduce poverty**. It does so by overcoming “costs” incurred in the financial system, enabling better allocation of capital, improved risk intermediation, mobilization of savings and more efficient exchange of goods and services.


### Elements:

Markets (individuals, Households, firms, government)  
Institutions, Instruments, Technologies, Policies and regulations,

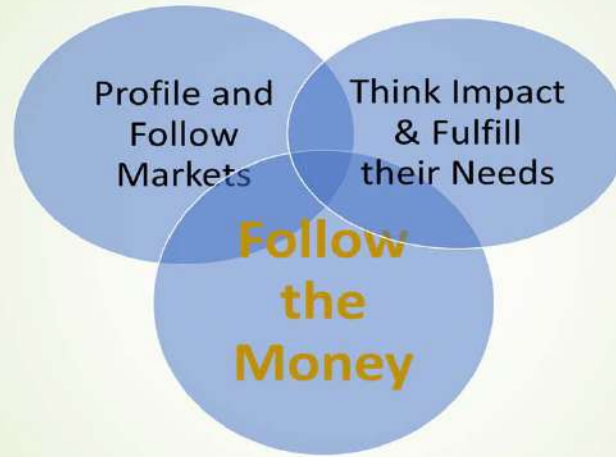
### Measures/Indicators:

Depth, Access/Scale, Stability, Sustainability, Integrity

## Finance and economic growth

	Indicator	Baseline (2020)	Target for 2023	Target 2030
	% of financial sector contribution to GDP	3.7%	6%	10%

## Conditions PRECEDENT: Basic principles



Sub Sector	Indicator	Baseline (2018)	Target (2030)
Banking	% of adult population using bank services	17%	50%
	Private credit to GDP (%)	13%	30%
	Bank deposits/GDP (%)	17%	25%
	Bank assets/GDP (%)	26%	40%
Insurance	% of adult population using insurance services	15%	50%
	Insurance assets to GDP (%)	0.9%	5%
	Gross life premiums/GDP (%)	0.1%	3%
	Gross non-life premiums/GDP (%)	0.4%	2%
Pensions	Percentage of labour force covered by pensions	6%	30%
	Pension fund assets/GDP (%)	10%	20%
Capital Markets	% of adult population invested in the capital markets	0.04%	5%
	Number of listed companies	28	56
	Market capitalization/GDP (%)	17%	34%
	Stock market turnover ratio (%)		10%



# Digital Technologies

## Context and Definitions

### Implications:

- ▶ Next level of inclusive finance (i.e. FSDMP Goals, Industrialisation, Competitive Economy, Export Lead )
- ▶ Addressing the demand supply Gap (i.e. role of fintechs Ecosystem)
- ▶ Intentionality towards Agriculture, Enterprises, Women and Youth

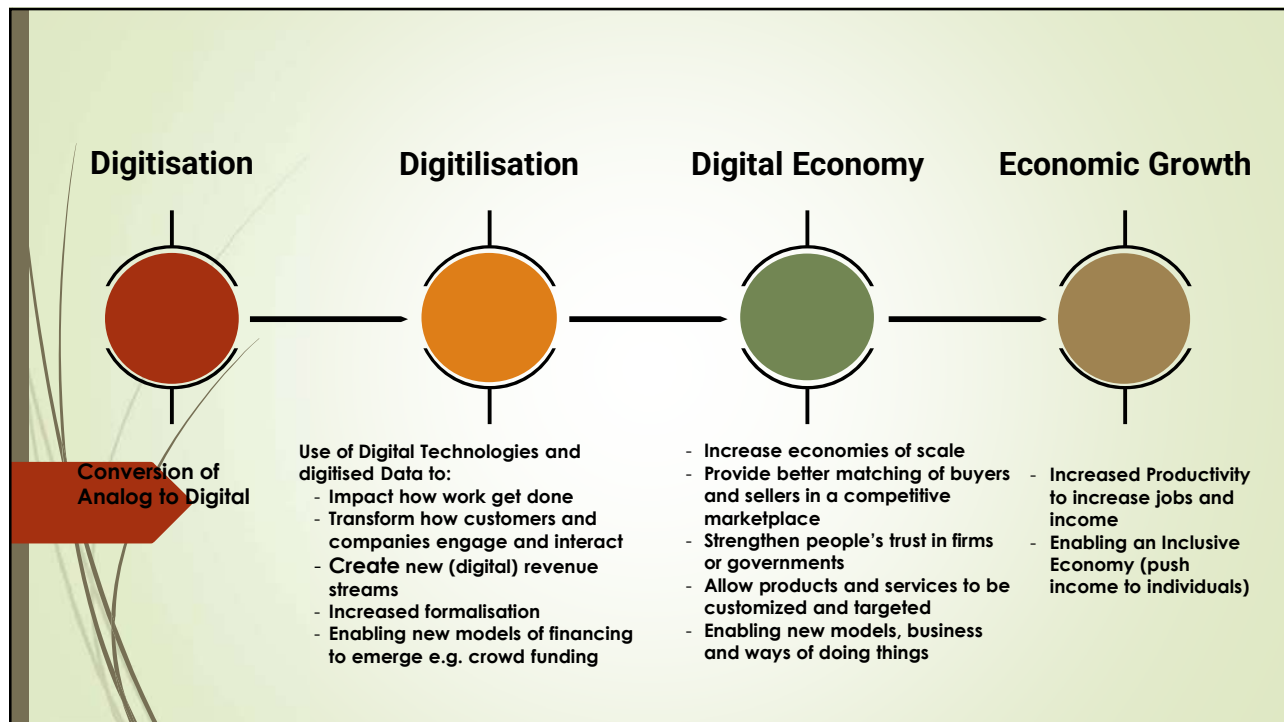
## WHY do we care? : Impact /Outcome orientation

“First Things First”

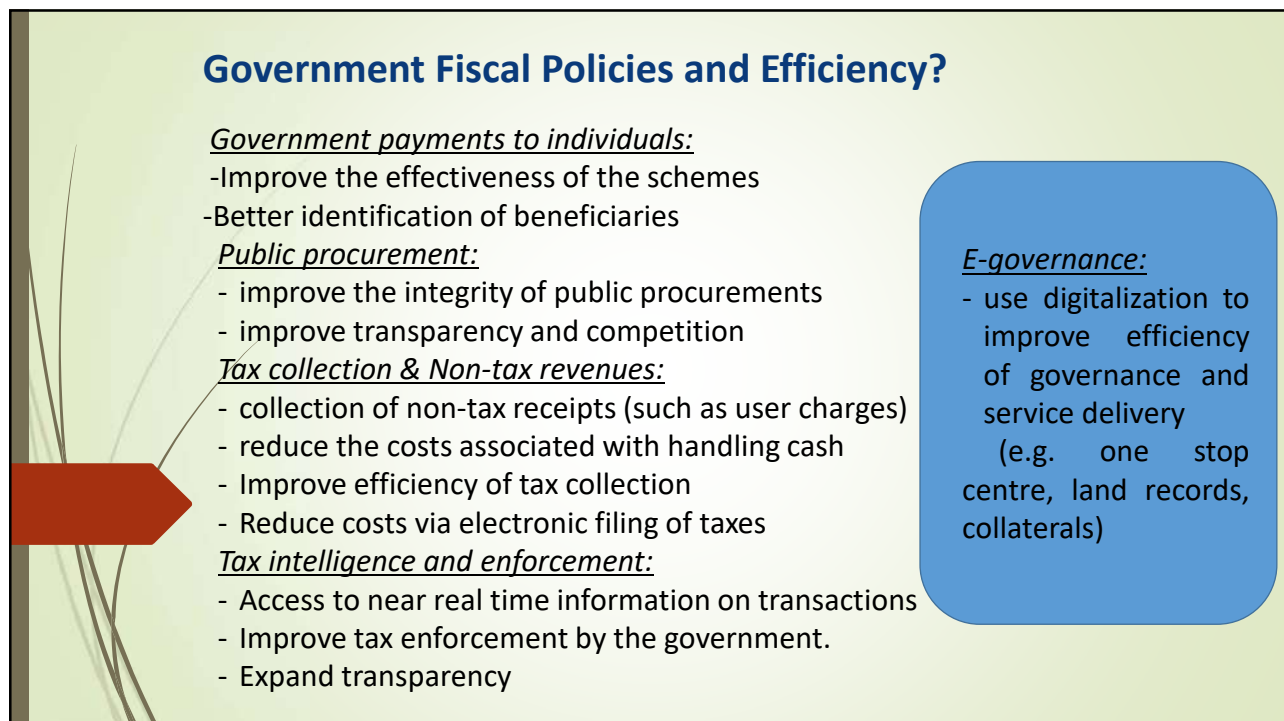
For WHY? WHO? HOW? What?

### Digitization impact pathways

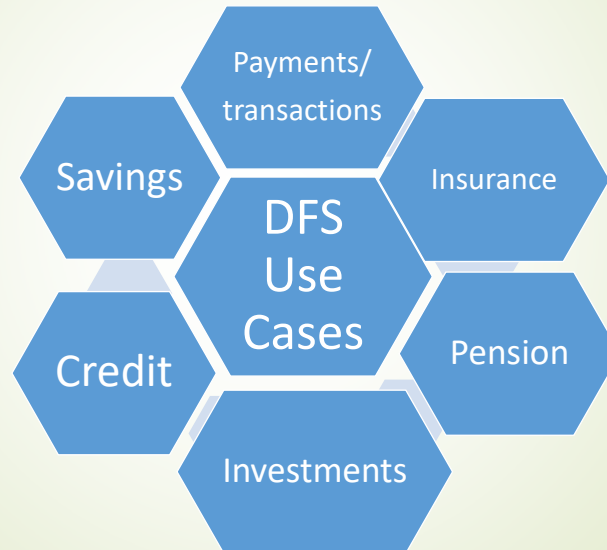
- ▶ To get; To access
- ▶ To manage; To control; To Protect
- ▶ To grow; To transform



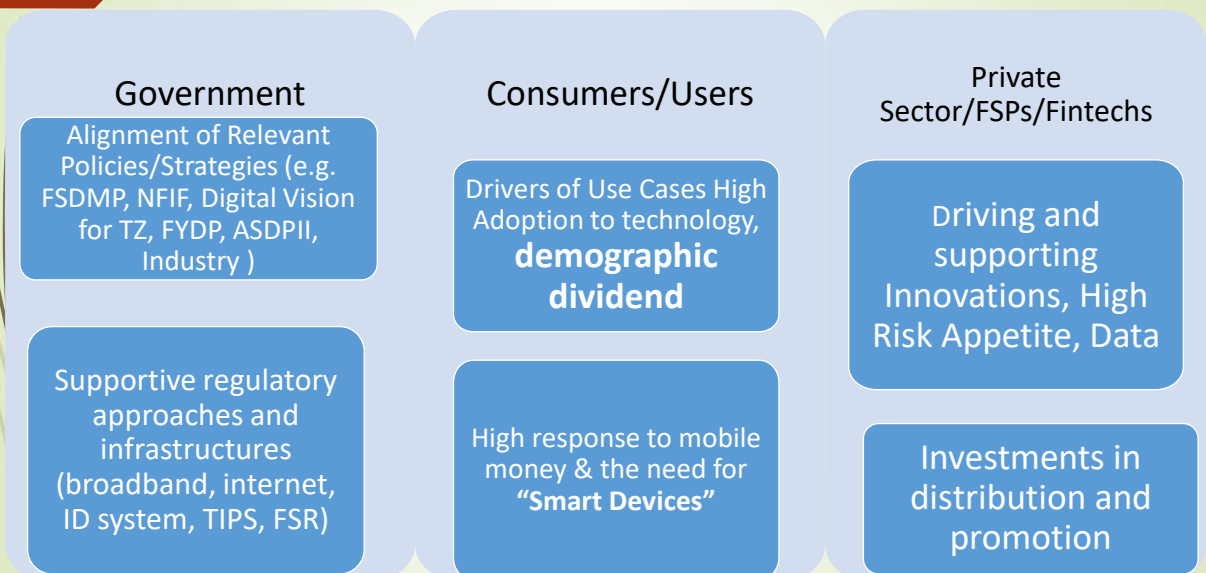
# Unpacking the USE CASES relevant to Digitization



## Digital Financial Services Use Cases



## Selected Drivers/Influencers –Role of Financial Sector



## Thoughts on Digital Financial Services to the next level.....linking to SDGs.....

- Imagining the Future Architecture of the financial sector with digital Societies: **Driving Front End Competition=USE CASES and Value Proposition.....**
- Better FSPs /MNO/fintechs engagement and collaboration to **address the demand –supply gap that exists and also addressing the excluded driven by USE-CASES**
- **Drive the uptake of smart digital devices for banking every where..**
- **Data & Analytics for Quantification of markets, performance, assessing impact**
- Research on new regulatory and enforcement approaches (e.g. RegTech) to instill confidence in the market and protect against systemic risks, cyber risks.

## Changing the Game????

- **Future of markets=E-commerce prospects**
- **Going for Universal Account: Is it time for Digital Bankings?**
- **The future of Work-Quality of the labour force**
- **What Policies can lead to cash less society?**
- **How do we promote new areas –Innovations in Pension, Insurance linked to development outcomes like Education, Health. Role of Fintechs and TechFins to innovate with other partners, data scientists, etc.**
- **Underdeveloped markets: Leasing for agriculture, Value addition, productive assets for women and Youth.**

## Emphasis on Impact of Policy and Regulatory Approaches

### Implications on the intermediation function: *Motivations for People to participate in financial markets*

- ▀ Cash flow management (i.e. payments/Transactions, cash is king)
- ▀ Risk Management/Insurance
- ▀ Asset building (long term savings, borrowing/investing)
- ▀ Investments(long term savings, capital flows/debt)

## Thoughts on Impact Orientation.....

### The texture of the future economies

- ▀ Digital economy: To benefit the wider economy and society. What is the criteria?
- ▀ What are the real problems do we want to solve? Priority uses cases?

### Competitive Economy

- ▀ Export Lead Economy: (Income \$1,300 target: 8m jobs by 2025)
- ▀ Financial Sector Transformation: **Drive for Inclusive Finance**

### Quantum and Pace of Growth

- ▀ Many FSPs are still small, What do we do? Can Fintechs pave new territories?
- ▀ Can TechFins change the game?

### What is the future of Money?

- ▀ Block chain technologies, crypto currencies
- ▀ Central bank digital currencies and implications to financial sector





Imagining the future.....

## The Foundations to get Digital Economy right

### Digital Leadership:

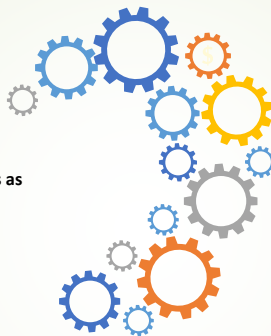
- Fiscal management and monitoring policy development in the digital age
- Having all actors need involved in the policy-making process
- **Setting priorities for innovation policies related to digitalisation**

### Digital Innovations

- **Strengthening policy labs and regulation sandboxes as an innovative approach to the design and implementation of policies and regulations in the digital economy**
- **Utilise new technologies e.g. "Big data" and AI to enable new business models and new services:**
- Capital to invest in innovations

### Digital Skills/Literacy:

- Investment in knowledge to be better used for innovation
- Digital Skills Gap reduction
- Everyone being familiar with digital tools and services and having the ability to follow and participate in the digital transformation based on their own situation
- **Digital skills development for workforce**



### Digital Citizen:

- Digital Financial Services
- Digital Government - Public Services
- Digital Payments
- Ensure all Citizens thrive in a global digital economy (e-commerce)

### Digital Platforms:

- **Ability to prove your identity digitally**
- Using digital platforms to access services
- Robust marketplace for digital trade, digital financial services and digital content.
- Availability of affordable, accessible, resilient and reliable interoperable infrastructures

### Digital Infrastructure Broadband/ Internet availability:

- Electricity availability
- Digital ID
- Smartphones
- Digital Payments

### Digital Entrepreneurship:

- Digitally enabled businesses
- Increased Productivity
- Increased Access to Capital
- Markets availability
- Increased income and employment

## FinTech Innovation

- There's a strong read across the entire financial sector system, from financial inclusion to financial sector stability as well as wider finance raising mechanisms (e.g. retail bonds).
- Most innovations happening in the payments space, bringing down the cost of servicing and distribution.
- Emerging innovations happening in credit scoring, electronic KYC (regtech), and insurTech
- Opportunity to go to scale on FinTech – stimulating innovation across areas less well developed, focusing on the demands and needs in-country – a solutions driven FinTech strategy.
- Need to develop and deliver an end-to-end financing strategy for FinTech innovation. Already kick-started with the FinTech/Crypto Hedge funds
- Opportunities to link up with the rest of the Globe for expertise, collaborations, networks

## We should not forget.....

Technology and digital finance have taken markets to a point of no return, as demonstrated by the high adoption rates.

- **Technology and innovation have allowed markets to move quickly and in a dynamic manner as compared to the traditional banking, microfinance and insurance worlds. Next step could explore the need for Universal Account for every Citizen in Tanzania.**
- **Despite the nascence and challenges, Cooperation and collaboration are helping in identifying synergies, knowledge transfer, and improved compliance, while instilling good practices in our markets.**
- **Despite the risks, new regulatory approaches should not stifle innovations and competition.**
- **The implementation of the National Consumer Protection Framework and Enforcement of Competition Legislation should provide citizens with confidence to engage more in digital financial intermediation.**





# CENTRAL BANK DIGITAL CURRENCIES

## An Overview

Adapted from IMF

### What is a CBDC?

- ▶ *The BIS define a CBDC as “a digital payment instrument, denominated in the national unit of account, that is issued by a monetary authority and remains a direct liability of the central bank.”*

## Why do they call it cryptocurrency?

“The name cryptocurrency is a combination of **crypto**graphy and **currency**. With cryptography, we use advanced math to secure our funds, making sure that nobody else can spend them”.

## How a CBDC differs from crypto assets

*A CBDC may use DLT and cryptography, the infrastructure underpinning crypto assets, but it is fundamentally different from the other digital assets*

	CBDC	Stable Coins (USD Tether, GSCs, and others)	Bitcoin
Issuer	Issued by the central bank or government. It is a liability of the central bank.	Stable coins are issued by Private Companies and is a liability of the issuer	Created by users through Proof of Work (PoW) or consensus mechanism and is not a liability of any entity.
Guarantee and risks	Same guarantees that backs the sovereign paper and it is risk free.	No government guarantee; supposed to be 100 percent backed by reserves (currencies, commodities or other cryptos); promise to redeem on a 1:1 and on demand but risk of reserve shortfall and confidence crisis.	No central authority to back Bitcoin; no intrinsic value and risk of capital loss is very high.
Price determination	Same as fiat currency.	Strive to achieve price stability by pegging to a fiat currency like the US dollar or commodity price like gold or controlled through algorithmic mechanism.	Price is market determined and highly volatile.
Use cases	CBDCs have the characteristics of Money (unit of account, a medium of exchange and store of value.	Stable coins may be used as a medium of exchange.	Speculative assets; price volatility precludes its use as medium of exchange, a unit of account and store of value.

## Types of CBDCs

*CBDCs can be retail or wholesale*

### Retail or General Purpose CBDC

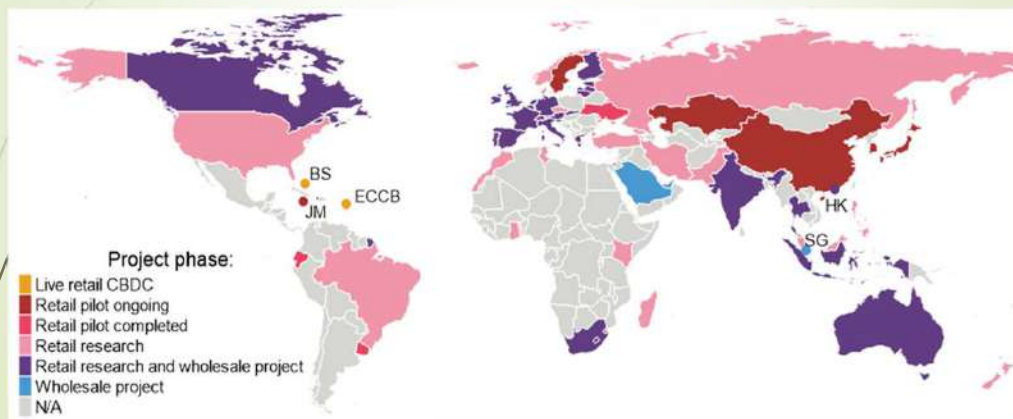
- If the CBDC is intended for use by non-depository businesses and ordinary citizens, it is referred to as a “general purpose” or “retail” CBDC.

### Wholesale CBDC

- A wholesale CBDC is used to settle transactions between authorized financial institutions and is not available for use by the general public.

## Current status

*Many central banks are researching into or conducting pilot experiments to issue CBDCs*

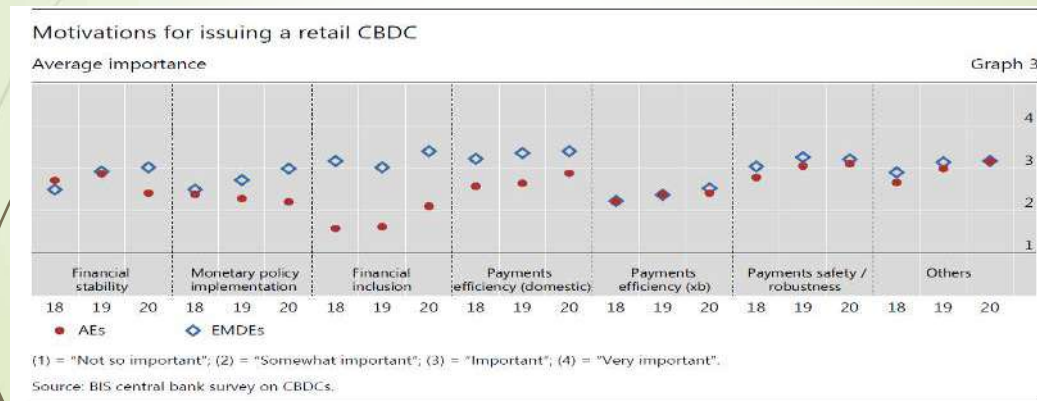


Source: Source: R Auer, G Cornelli and J Frost (2020), "Rise of the central bank digital currencies: drivers, approaches and technologies", BIS working papers, No 880, August



## Motivations for issuing retail CBDCs vary across countries and regions

*In EMDEs, CBDCs are mostly motivated by need to enhance financial inclusion and improve efficiency of payments while AEs are driven by the declining role of cash, emergence of new monetary and payment systems and geo-political factors*



## CBDCs present opportunities but also challenges

### Opportunities

- Reduced cost for cash production and distribution
- Increased competition in retail payments
- Financial inclusion
- Enhanced resilience of payment systems
- Greater efficiency in cross border payments
- Innovation
- Monetary sovereignty

### Challenges

- Disintermediation risks
- Increase in bank funding costs
- Rapid destabilizing runs into central bank money
- Increased cyber threat landscape
- CBDCs for cross border exposed to plural legal systems

## Some considerations related to consumer protection

### Inclusive

- The CBDC should be accessible to the unbanked populations

### Ease of use

- The CBDC should be able to be stored in a convenient way through e-wallets, smart phones, payment cards, QR codes,

### Privacy

- Personal identifying information about the user must be protected in accordance with the law

### Reporting by intermediaries

- Financial integrity should be safeguarded through AML/KYC/CFT compliance

### Programmability

- The application layer should be programmable by FIs to meet contractual obligations and customer facing services

## Consumer protection considerations (Continued)

### Resilience

- The CBDC should be resilient from operational disruption

### Oversight

- The central bank should govern, control and oversee the CBDC

### Settlement

- The CBDC must achieve instant and final settlement

### Efficiency

- The CBDC should be capable of scaling massively with minimum energy consumption

### Accessibility

- Users must have access to the CBDC 24/7/365. The CBDC should be accepted by individuals and business and be fungible with other legal forms of money

## CYBER SECURITY SOURCES RELEVANT TO FINANCIAL INCLUSION

1. Uptake and use of technology by businesses and individuals-increased exposure risk
2. Adoption of digital wallets- need for identification, authentication and verification to transact
3. Access to information –authorization, verification and use
4. Gaps in governance/practice-leading to damage and losses-trust, financial, business, threats in life

## Regulatory considerations and Market Conduct

### Regulations on electronic transactions

Clearing and settlements rules (real time, interoperability)

Eligibility for participation criteria (licensing issues and capacities)

### Regulations on Data, Privacy, Usage and Benefits

Generation of data and Access

Authorization and Privacy  
Utilization and Beneficiaries  
Consumer Rights

### Digital Savings, Credit & Insurance

Utilization of data

Terms and conditions for accessing digital products  
Sharing of information, financial history, pricing of risk

Confidentiality

Authenticity

Integrity

Nonrepudiation

Availability

Auditability

## Quality Issues and Affordability

Industry Standards and Specifications

Enforcement of standards (e.g. counterfeit phones)

Support services

Affordability (e.g. cost of smart phones, computers, etc)

**For benefits to materialize, CBDCs need an enabling environment, including a range of laws and regulations**

## Enablers

Cyber Security

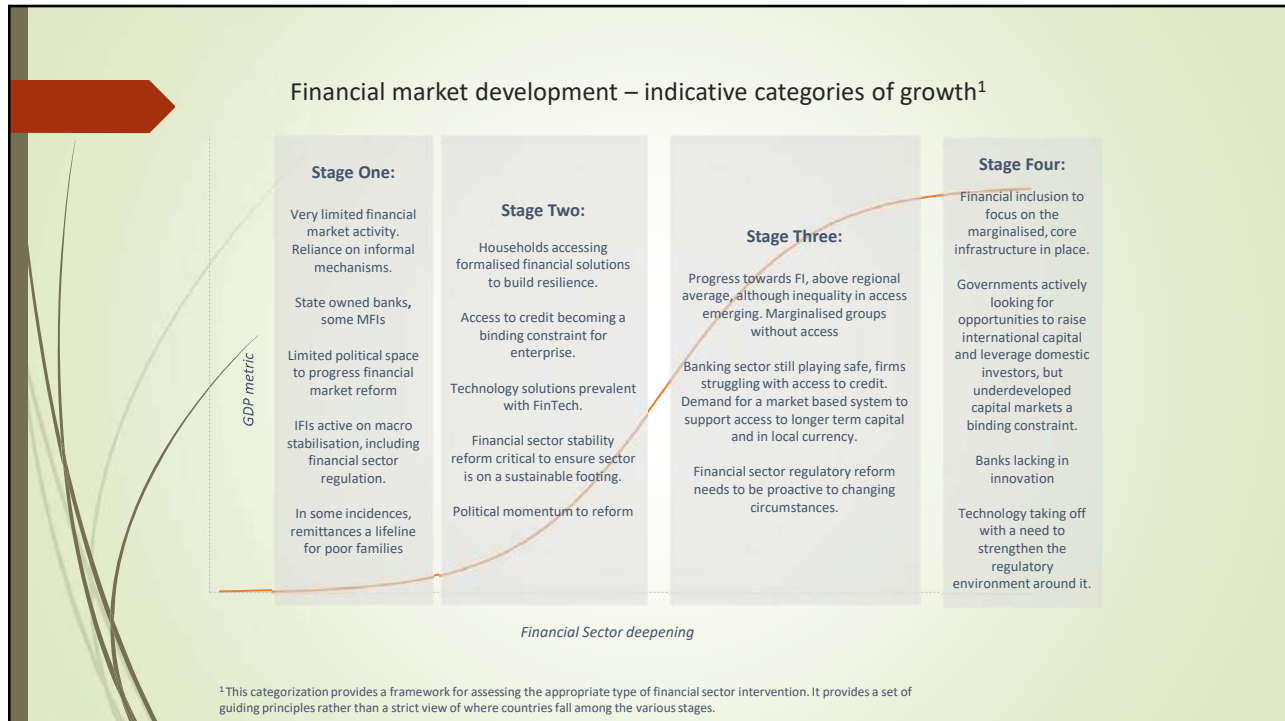
Data Governance

Competition Policy

Digital Technology Policy

Digital Identities and Signatures

Privacy and Consumer Protection



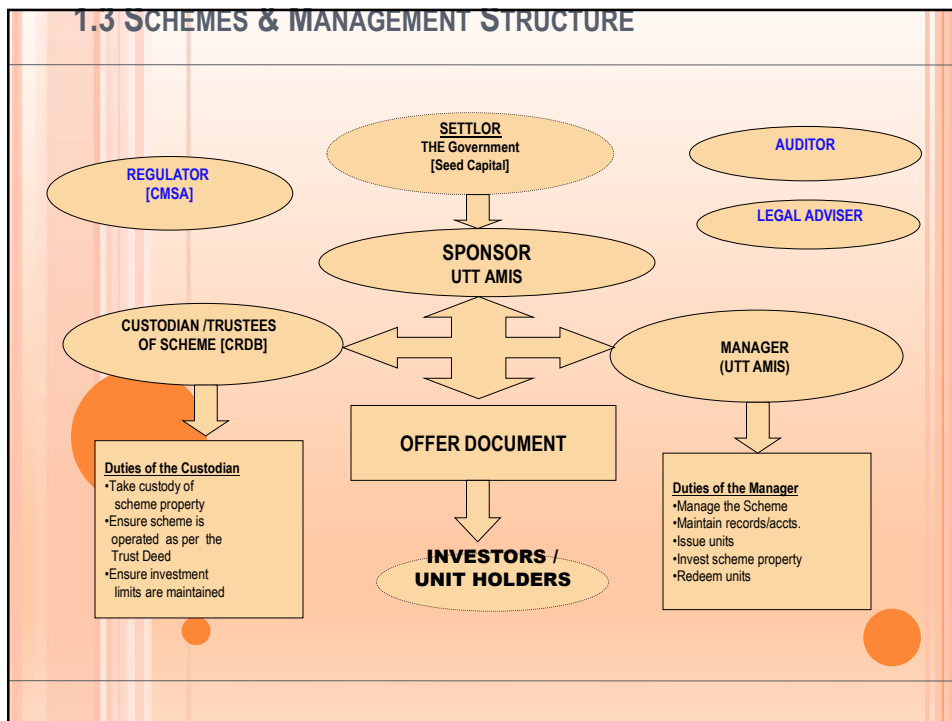


## UTT Asset Management and Investor Services Plc

### 1.1 BACKGROUND

- UTT AMIS is a fund management company under Ministry of Finance and Planning that deals with establishment and managing collective investment schemes. UTT AMIS also provides Wealth management services.
- It was incorporated in June 2013 to succeed all the functions of the re organized Unit Trust of Tanzania ;
- Its operations are based on the capital markets and securities act 1994 as amended and collective schemes regulation 1997.





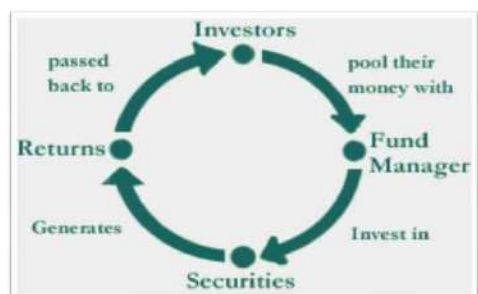
### 1.4 UNIT TRUST / COLLECTIVE INVESTMENT SCHEME (CIS)

- A Unit Trust/ Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal;
- The money thus collected is then invested by fund managers in different type of securities; Equity, T-Bonds, T-Bills, Fixed Deposits, Corporate bonds, Call Accounts and others.
- The income earned and the capital appreciation realized by the fund are shared by its unit holders in proportion to the number of units owned by them;



## 1.5 UNIT TRUST OPERATION FLOW CHART

The flow chart below describes the working of a mutual fund:



5

## 2.1 Challenges involved investing directly in Financial Markets

**Time**

**Expertise**

**Lack of Information**

**Portfolio**

**Volatility**

## 2.2 KEY INVESTMENT CONSIDERATIONS

### Safety

You get your money back

### Post-tax Returns

How much is really left for you post tax?



### Liquidity

You get your money back when you want it

### Plus Convenience

How easy is it to invest, disinvest and adjust to your needs?



## 3.1 HOW TO INVEST IN A CIS THREE STEPS



### Step 1 Identify your investment needs

1. What are my investment objectives and needs?
2. How much risk am I willing to take?
3. What are my cash flow requirements?

### Step 2 Choose the right mutual fund.

1. The track record of performance over the last few years in relation to the appropriate Benchmark and similar funds in the same category
2. How well the mutual fund is organized to provide efficient, prompt and personalized service.
3. Degree of transparency as reflected in frequency and quality of their communications.

### Step 3 Select the ideal mix of schemes

Investing in just 1 scheme may not meet all your investment needs. You may consider investing in a combination of schemes to achieve your specific goals.

## 3.2 HOW DO I MAKE MONEY FROM A CIS?

### 1. Capital appreciation

- As the value of securities in the fund increases, the fund's unit price will also increase. You can make a profit by selling the units at a price higher than at which you bought.

### ○ 2. Income Distribution

The Fund passes on the profits it has earned in the form of dividends



A UNIT TRUST VS SHARE

UNIT TRUST	SHARE
Managed by a professional fund manager	Managed by yourself
More diversified	No diversifications as you only invest in a particular company
Low risk	High risk
Less costly	Slightly higher compared to CIS
More liquid, you can sell anytime	Less liquid, you can only sell when there is a buyer

### 3.4 WHY INVESTING IN UTT AMIS'S MANAGED CIS

- 1.4.1. Good/competitive returns offered by the schemes
- 1.4.2 Access to assets that may not be easily obtained from the market
- 1.4.3 Strong and well diversified portfolios
- 1.4.4 Reasonable risk profile and high liquidity
- 1.4.5 No initial/upfront/monthly fees
- 1.4.7 Low management cost
- 1.4.8 Tax Benefit i.e. No withholding taxes on monthly/ quarterly/annual on income distribution or NAV appreciation from the schemes

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### 3.4 CONT.....WHY INVEST.....

- 1.4.9 Strong management company with great track record
- 1.4.10 Reasonably low risk since the schemes are balanced funds;
- 1.4.11. The schemes are open ended funds with no maximum amount that investor can invest
- 1.4.12 Investors can invest as they wish (depends on the scheme features)

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### 3.4 UTT AMIS SCHEMES FEATURES

SCHEME	UMOJA	WEKEZA	WATOTO	JIKIMU	LIQUID	BOND FUND
TYPE OF SCHEME	BALANCED	BALANCED	BALANCED	BALANCED	FIXED INCOME	FIXED INCOME
RISK	LOW TO MEDIUM	LOW TO MEDIUM	LOW TO MEDIUM	LOW TO MEDIUM	LOW	LOW
INVESTMENT PLAN	GROWTH	GROWTH	GROWTH	GROWTH/INCOME	GROWTH	GROWTH/INCOME
INITIAL INVESTMENT	8,000.00	DEPENDS WITH PLAN	10,000.00	2 MN, 1 MN & 10,000	100,000.00	10 MN, 5MN AND 50,000/=
INCOME DISTRIBUTION	NONE	NONE	NONE	QUARTERLY AND ANNUAL	NONE	MONTHLY AND SEMI ANNUAL
LOCK IN PERIOD	NONE	NONE	UNTIL 12 YEARS	6 MONTHS	NONE	3-6 MONTHS
INSURANCE BENEFIT	NONE	LIFE AND ACCIDENT COVER	NONE	NONE	NONE	NONE
FUND SIZE	287BN	4.2BN	5.5BN	18.4BN	442BN	215BN
PRICE ( Sale price as of 14/6/22)	829.8689	699.6593	516.1444	155.6754	320.4102	113.3532
CURRENT RETURN(JULY 2021 TO 31 MAY) p.a	13%	13.60%	14.40%	13.80%	14.40%	14.90%
PROJECTED RETURN-JULY 2022/23, p.a	13%-16%	13%-16%	13%-16%	13%-16%	12%-14%	12%-14%

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### 3.4 Investment Simulations, TZS

returns, actual returns on your investment may be more or less.

Month' Deposit	Year	No: Dep.	Performances					
			Principal	10%	Principal	12%	Principal	14%
100,000	5	60	6 Mn	7,808,238.1	6 Mn	8,248,636.7	6 Mn	8,720,073.5
300,000	10	120	36 Mn	61,965,606.1	36 Mn	69,701,722.9	36 Mn	78,627,414.8
500,000	20	240	120 Mn	382,848,454.8	120 Mn	499,573,959.5	120 Mn	658,173,137.6
5,000,000	20	240	1.2 Bn	3,828,484,548.1	1.2 Bn	4,995,739,595.2	1.2 Bn	6,581,731,375.6

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### 3.4 INVESTMENT SIMULATION, TZS

Initial Deposit	Monthly Deposit	No. Deposit	Year	Annualized Return	Future Value	Average Daily Growth
50 Million	200,000	120	10	12%-14%	263 Million	-
50 Million	Nil	1 (Initial)	1	12%-14%	56.5 Million	17,808
200 Million	Nil	1 (Initial)	1	12%-14%	226 Million	71,232

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### 3.4 How to Invest with us...

Open A/c Through;

- Mobile Phone, Dial \*150\*82# OR UTT AMIS App (App Store or Playstore)
- Filling Forms; CRDB Branches, UTT AMIS offices – Dodoma, Dar es Salaam, Arusha, Mwanza, Zanzibar and Mbeya
- Download Online - UTT AMIS website

Unit holder can buy units through;

- CRDB bank branches or
  - ✓ CRDB Mobile App., Simbanking and Fahari Huduma [\[link brochure..\]](#)

### 3.4 Cont... Investing...

#### Investing with UTT AMIS Schemes, MOBILE MONEY

##### BUY UNITS – TIGOPESA

Dial \*150\*01#

4; Pay bill	3; Look up company	9; UTT AMIS & Education 1; UTT AMIS	1; Enter reference number . Amount . Password
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##### BUY UNITS – MPESA

Dial \*150\*00#

4; Pay by MPESA	3; Choose Business	9. More	2; Donation & membership	8; Utt Amis	1; Enter reference number . Enter Amount . Password
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##### BUY UNITS– AIRTEL MONEY

Dial \*150\*60#

5. Make payments	4. Enter Business Number Business number: UTTAMIS	Enter amount	Enter Reference number (Investor Account number)	Dear Customer your request is being processed
------------------	---	--------------	--	---

### 3.4 Investing...

#### Communication and Rights after investing

- Accessing Investment balance (SOA).
  - ✓ Email
  - ✓ Postal Channel
  - ✓ physical visit nearest branches or agents.
  - ✓ SimInvest (mobile platform) \*150\*82# or UTT AMIS App.
- AGM
- Advice
- CMSA (Capital Markets And Securities Authority)
- CRDB Bank
- NAV Publication
- Scheme Performance Report/Audited Financials

**START INVESTING NOW AND  
SYSTEMATICALLY.**

*THANK YOU*

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**UTT Asset Management and Investor Services Plc**

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# Forum No. 2

## 26<sup>th</sup> August 2022



UNIVERSITY OF DAR ES SALAAM  
**BUSINESS SCHOOL**  
DEPARTMENT OF FINANCE

### PUBLIC TALK

#### BANKING, FINANCE AND INVESTMENT FORUM SEASON II

#### SPEAKERS



**Dr. Tobias A. Swai**  
(UDPS)  
TOPIC: Bank Performance  
Analysis - Post COVID-19



**Mr. Isaac Lubeja**  
(Zan Securities)  
TOPIC: Initial Public Offerings  
- Past, Present and Future  
- Why it matters?



**Mr. Yusto Tongole**  
(Haradall Capital Ltd)  
TOPIC: Cryptocurrency  
- Legal and Regulatory  
Aspects

 University of Dar es salaam  
New Library

 1400-1730Hrs  
26<sup>th</sup> August, 2022

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RESEARCH

**BANK PERFORMANCE  
POST COVID-19 ANALYSIS**

WP 01/2022  
26 Aug 2022

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Tobias A. SWAI, PhD.  
Evelyn RICHARD, PhD.  
Godsaviour URIOH  
Benno B. MWITUMBA ~  
Namswea House



"Knowledge for Management Excellence" [Know ME]


## Disclaimer and Acknowledgement

The views expressed in this brief are solely those of the author(s) and do not necessarily represent the opinion of the University of Dar es Salaam or that of individual banking institutions.

The authors would like to acknowledge the respondents to this study, anonymous reviewers and those who helped us locate the respondents for May 2020 initial survey.

Financial Data was collected by CBFSR and Cross checked with Data held by Tanzania Bankers Association (TBA) which was captured from the secondary sources.

2





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- Introduction and Background
- Perceived COVID-19 Impact on Banking Business
- Measures Taken By the Banks
- Bank Performance Before and After -Evidence from Data
- Conclusion and Way Forward

3



# Introduction and Background



## Introduction and Background

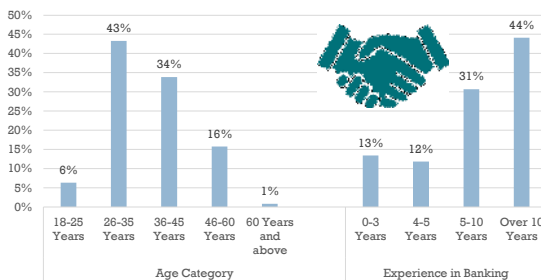
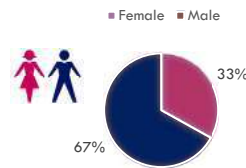
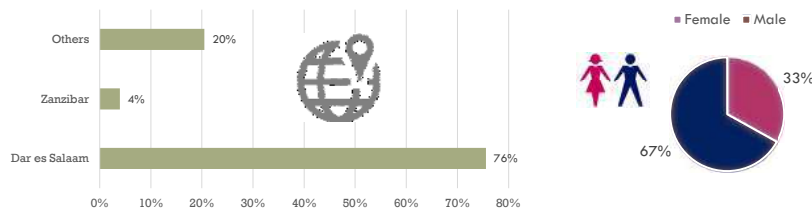
- COVID 19 pandemic risk has caught many governments and institutions including the banking sector unprepared.
- The total effect of COVID-19 pandemic risk on the banking sector and the economy as whole, and across the world is yet to be quantified although there are few insights compiled by WB / IMF on the same.
- Banks' employees are important agents in the banking system. They can device appropriate mechanisms to mitigate risks and manage crises, so on May 2020 we gathered there opinion on the issue. This study is available via <http://repository.costech.or.tz/handle/20.500.11810/5462>
  - We will borrow some few insights from this study – as a background

5



## Respondents' Profile

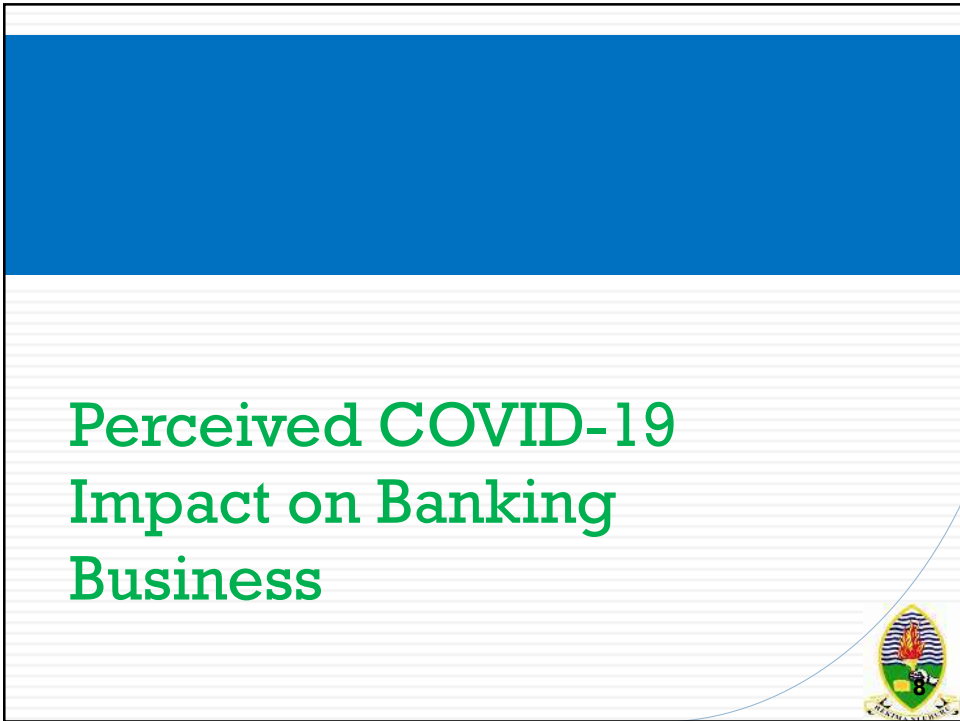
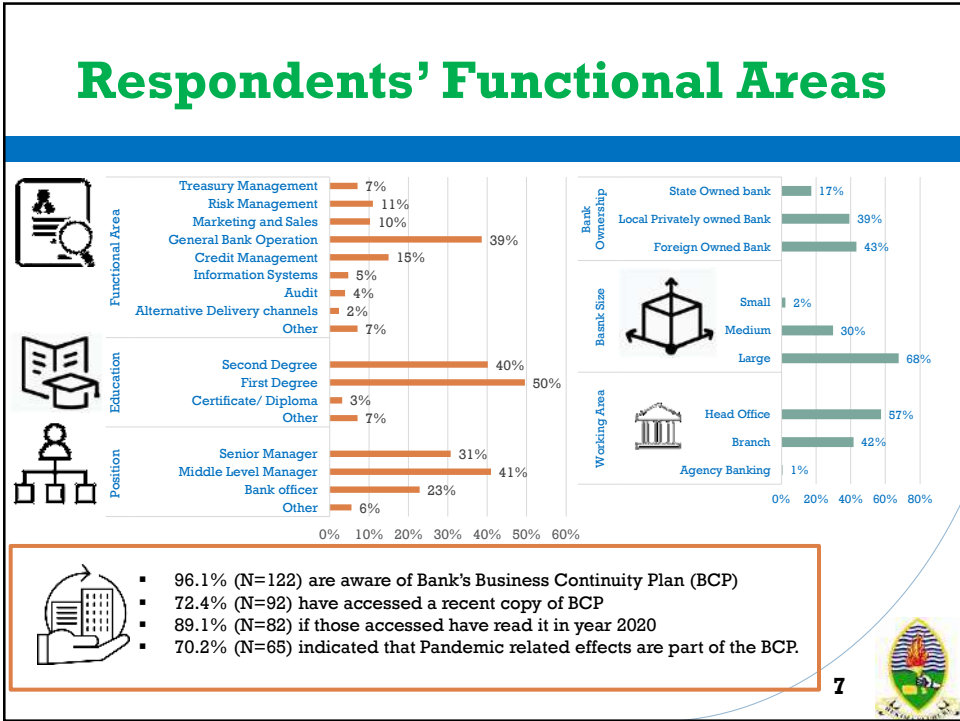
Total Number of Respondents (N) = 127



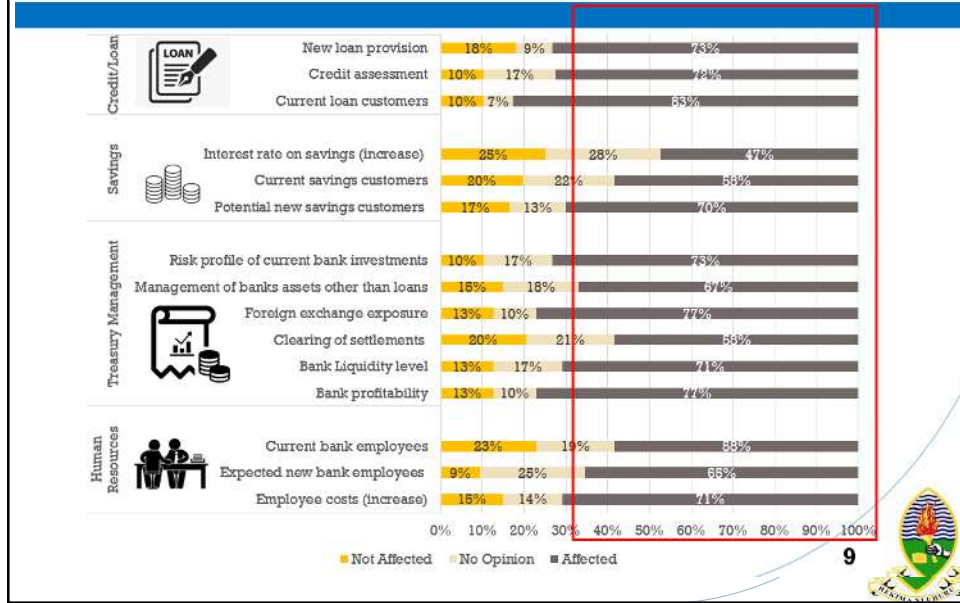
49% of the respondents are Youths (= <35 years)

6





## Impact on Banks' Operations


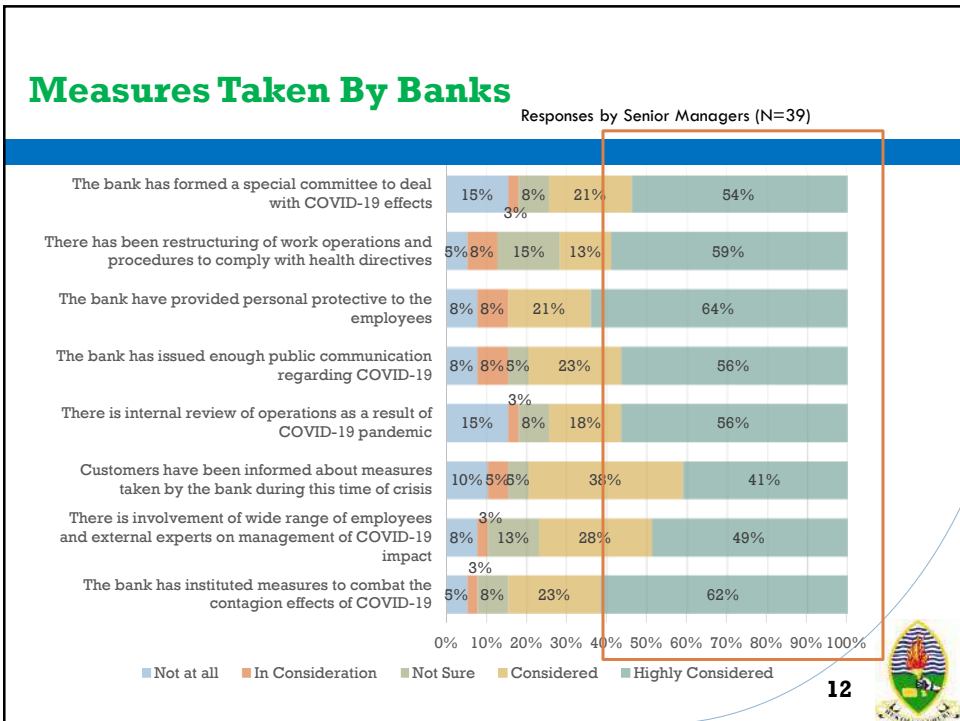


## How Long the Impact Will Last

Time Frame of the Impact	Position in the Bank	Experience in Banking				Total
		0-3 years	4-5 years	5-10 years	Over 10 years	
Short Term effect (Less than two quarters)	Middle Level Manager	0.0%	20.0%	30.0%	20.0%	70.0%
	Bank officer	20.0%	0.0%	10.0%	0.0%	30.0%
		<b>20.0%</b>	<b>20.0%</b>	<b>40.0%</b>	<b>20.0%</b>	<b>100.0%</b>
Medium term effect (up to one year)	Senior Manager	0.0%	0.0%	6.5%	21.7%	28.3%
	Middle Level Manager	2.2%	4.3%	17.4%	8.7%	32.6%
	Bank officer	10.9%	8.7%	8.7%	6.5%	34.8%
	Other	0.0%	0.0%	2.2%	2.2%	4.3%
			<b>13.0%</b>	<b>13.0%</b>	<b>34.8%</b>	<b>39.1%</b>
Long term effect (over one year)	Senior Manager	1.4%	1.4%	7.0%	26.8%	36.6%
	Middle Level Manager	4.2%	2.8%	14.1%	21.1%	42.3%
	Bank officer	4.2%	4.2%	4.2%	1.4%	14.1%
	Other	2.8%	1.4%	1.4%	1.4%	7.0%
			<b>12.7%</b>	<b>9.9%</b>	<b>26.8%</b>	<b>50.7%</b>
Total	Senior Manager	.8%	.8%	6.3%	22.8%	30.7%
	Middle Level Manager	3.1%	4.7%	16.5%	16.5%	40.9%
	Bank officer	7.9%	5.8%	6.3%	3.1%	22.8%
	Other	1.6%	.8%	1.6%	1.6%	5.5%
		<b>13.4%</b>	<b>11.8%</b>	<b>30.7%</b>	<b>44.1%</b>	<b>100.0%</b>

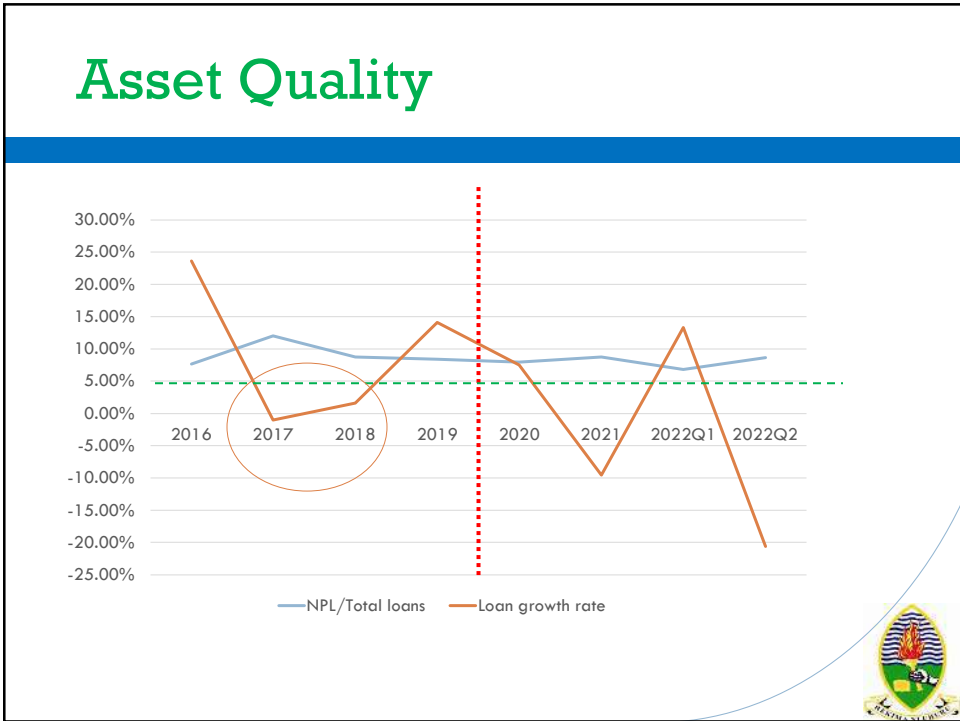

- ✓ 89% of all respondents thinks that COVID-19 Impact to Banking sector will last for more than 1 year.
- ✓ 66% of Senior Managers, think it will last for over one year while 33% thinks it will be for about 1 year.
- ✓ 51% of Bank personnel with more than 10 years of experience thinks that the impact will last for over 1 year.

# Measures Taken By the Banks

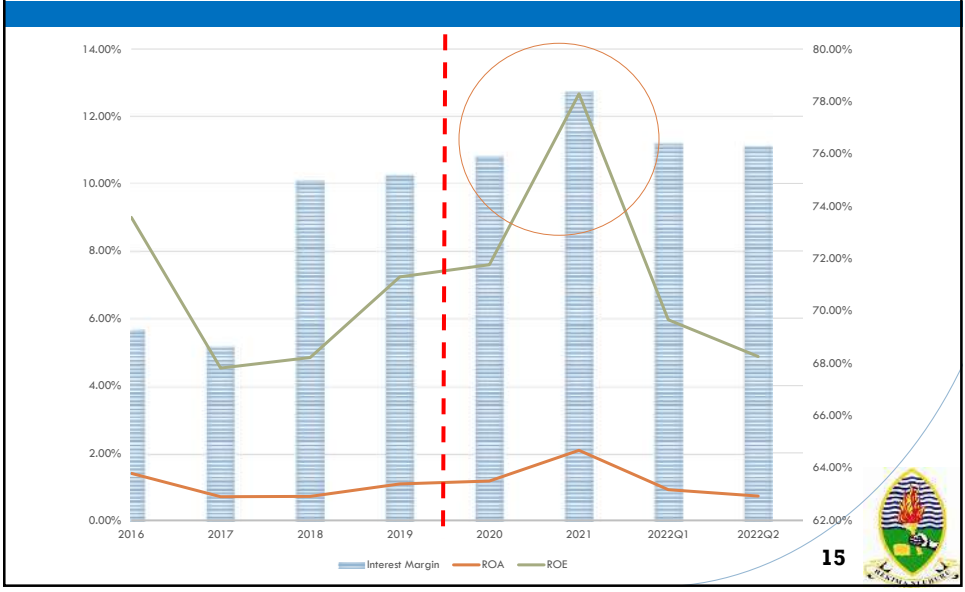





# Bank Performance Before and Post COVID-19 Data Evidence



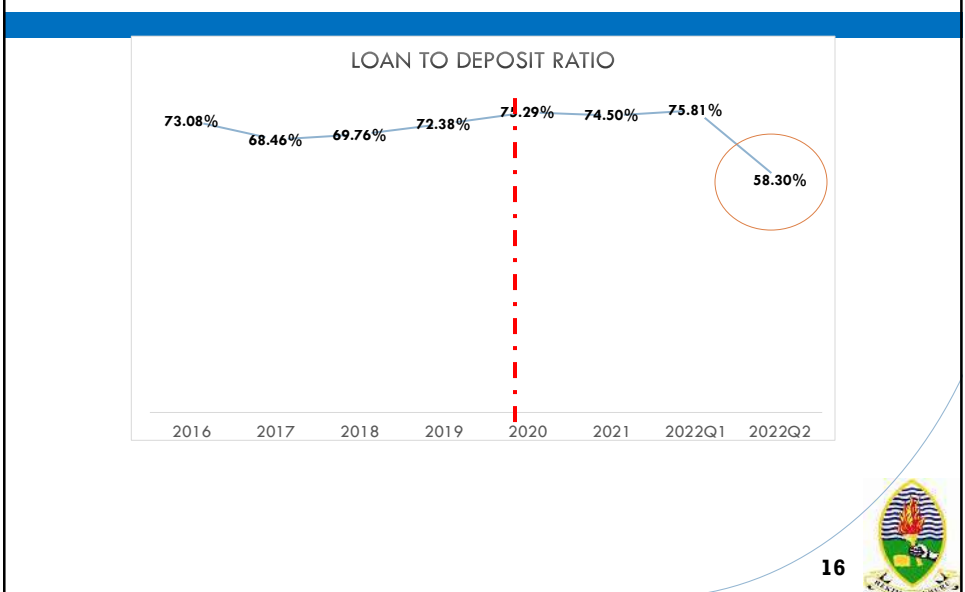
# Profitability Analysis



15



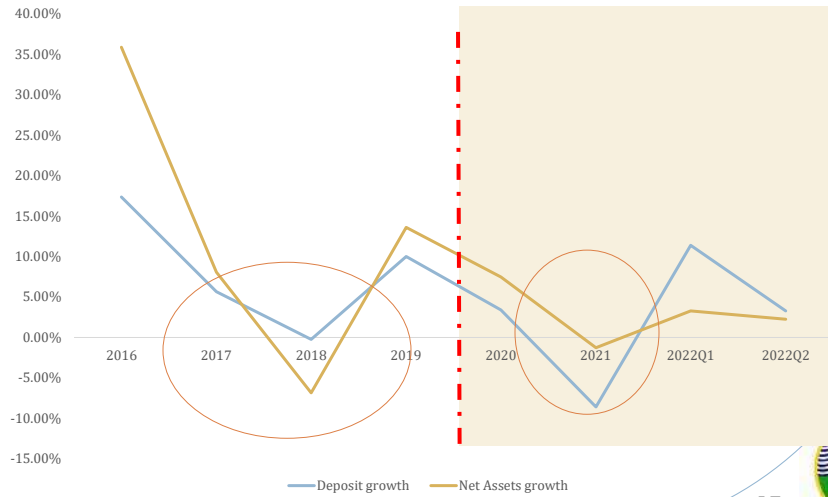
# Liquidity



16



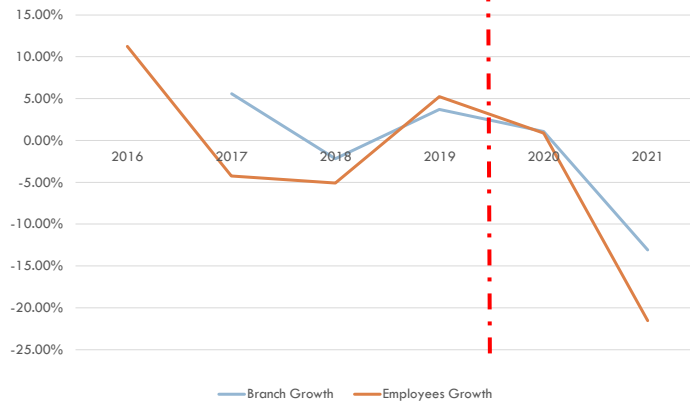
## Growth Rate



17



## Branch Growth and Employees Growth



18



## Measures Undertaken.... Mitigants

- **Actions by the Central Bank**
  - Liquidity support through bailing out of mostly affected businesses in different sectors
  - Relax regulations on net Minimum Balance and Loan Restructuring.
  - Guidelines COVID-19 on Bank and customer safety prepared and communicated.
  - Enhance Bank Safety ~ No troubled bank

### Actions by the Commercial Banks

- Investment in Digital Technology
- Awareness and review of BCP by including measures to handle pandemic such as COVID-19.
- Bank communications channels and working conditions are enhanced. More utilization of online, 'work from home'
- Banks likely introduced down new products ~ Digital in nature

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## Way Forward

- **Cluster Analysis**
  - Foreign vs Local
  - Small, Medium vs Large Banks
  - Government Owned Banks
- **Individual Bank Analysis ~ Predictive Analysis**  
.. We have data from Q1 1998 to Q2 2022
- **Macro Economic Data ~ Interest Rate, GDP**
- **Statistical Analysis**
- **Bankers' Perception Post COVID-19 – Ongoing**

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## About Center for Banking and Financial Services Research

Center for Banking and Financial Services Research [CBFSR] is a University of Dar es Salaam Business School Research Center focuses on research related to Banking and Financial Services in Tanzania and beyond. It was established as per the Guidelines for Establishing Research Centers of Excellence at the University of Dar es Salaam (2013).

Please send your comments to:

[Center.Banking@udsm.ac.tz](mailto:Center.Banking@udsm.ac.tz)

[Finance.Udbs@udsm.ac.tz](mailto:Finance.Udbs@udsm.ac.tz)





## REGULATING CRYPTO CURRENCY : LESSONS FROM OTHER JURISDICTIONS

Presented by Yusto E. Tongola  
at University of Dar es Salaam Business School  
26<sup>TH</sup> August 2022

### Outline

- ▶ Introduction and the Context
- ▶ Cryptocurrency and its Conceptual Framework
- ▶ Experiences from US, China, UK, EU, IMF, UNCTAD
- ▶ Upsides and Downsides of Cryptos (features)
- ▶ Key observations on the cryptocurrency evolution
- ▶ Looking into the Future
- ▶ Concluding Remarks







## 1. Introduction and Context

- ▶ Business environment for banks and other financial actors seen unprecedented fast changes
- ▶ Digital technological and innovations key agents of change in world of business, banking and financial services and operations; huge spill over benefits to people and businesses and related structures
- ▶ Clearly, technological innovations prompted significant vulnerabilities and regulatory challenges



## 2. Context

- ▶ Cryptos know no physical boundaries, cross border in nature and fast growing in popularity - powered by technology
- ▶ Cryptos probably most intriguing innovation; Opinion divided on regulating its operations
- ▶ Few countries particularly developed ones developed some rules; some banned its operations and most still digesting impact on business, financial and investment aspects

## Context (cont.)



- ▶ Few countries adopted Bitcoin as legal tender while many other cryptos sprung up across the globe
- ▶ No agreed coordination mechanisms globally; hardly any co-operation among countries - except EU

## Context (cont,)



- ▶ Many issuers and number of cryptocurrencies many but three most popular i.e. Bitcoin, Ethereum and Dogecoin
- ▶ Value of Bitcoin seen phenomenal rise to over USD 40,000 in 2020 from mere USD 0.10 in Oct 2010
- ▶ Few wealthy individuals and institutional investors hold some Bitcoins and offer support

## Conceptual framework



- ▶ Digital coins issued by cryptocurrency firms in advanced markets; as an investment product; facilitator of banking transactions (not through banking system) and alternative currency to fiat currency
- ▶ Trading, investment operations and issuance of digital tokens through technological platforms
- ▶ Limited quantity to be issued; Bitcoins issued not to exceed 21 million? to control supply; also value

## Conceptual framework (cont.)



- ▶ Tokens issued through computer networks owned by crypto firms
- ▶ Not subject of direct regulation by central banks or any authority (decentralized finance available from all corners of world)
- ▶ Trading of cryptos direct between parties , intermediary not necessary
- ▶ Transactions largely anonymous

## Conceptual Framework (cont.)

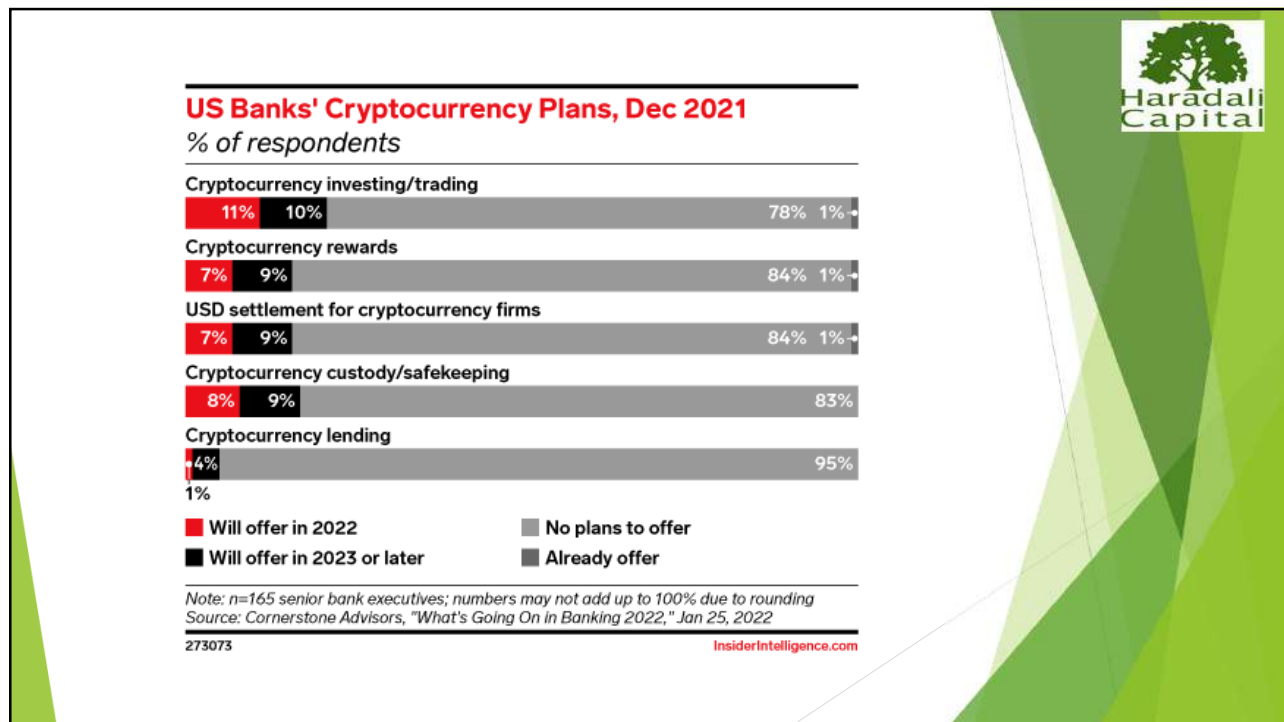


- ▶ Cryptos as digital currency, backed by crypto firms and mined from computer network! (encryption)
- ▶ Cryptos as investment asset enables storing of value in face of inflation and other adverse conditions
- ▶ Cryptos as means of settling commercial/business transactions enables trade and other economic exchanges

## Experiences from US



- ▶ Presumably the bedrock of significant cryptos firms
- ▶ No specific regulatory framework after many years of crypto operations (firms, exchanges)
- ▶ Recently FED introduced Master Accounts guidelines to allow access to such bank accounts by crypto firms, possibly heralding new era for crypto regulation



## Experience from China

- ▶ In 2017 China's central bank restricted cryptocurrencies trading and banned issuance of crypto coins
- ▶ September 2021 central bank issued regulatory guidance jointly with nine other authorities declaring all crypto transactions illegal
- ▶ Concerns - monetary sovereignty, tax evasion and money laundering

## UK Experience



- ▶ In June 2021 Financial Conduct Authority (FCA) indicated 2.3 mil people in U.K. held cryptos
- ▶ No specific regulatory framework for cryptos in U.K.
- ▶ FCA has been categorical no protection for consumers holding cryptos
- ▶ Concerns - risk to consumers

## IMF Views



- ▶ Fast speed of market growth not healthy as regulation left behind
  - crypto assets as at end September, 2021 penciled in at USD 2 trillion (10 times higher cf. to early 2020)
- ▶ No appropriate standards for governance, operational and risk management practices at trading entities
- ▶ No appropriate disclosure and oversight arrangements

## IMF Views (cont.)



- ▶ Potential opening to money laundering and terrorist financing
- ▶ Tax evasion

## UNCTAD Views



- ▶ Cryptos a challenge to sovereign monetary authorities
- ▶ Risks and cost associated with them high; Losses from price swings and tax evasion major downsides
- ▶ Suggest developing countries ban regulated fin. Instits from holding cryptos or offering such products to their clients



## UNCTAD (Cont.)



- ▶ As at Nov 2021, 41 countries reported to have banned banking instits from dealing in cryptos or exchanges from offering cryptos to investors; 9 countries imposed complete ban
- ▶ In addition to China, Tunisia ,Egypt, Morocco, Algeria, Oman, Bangladesh, Iraq, and Qatar banned cryptos. Some countries restricted ability of banks to deal with cryptos or prohibiting exchanges

## EU experience



- ▶ Cryptos out of scope of specific EU legislation
- ▶ Member states regulatory controls related to ML aspects
- ▶ In July, 2022, provisional agreement to introduce EU rules for cryptos (33 against 25 votes); licenses and consumer safeguards to apply
- ▶ Why? Collapse of TerraUSD and freezing of withdrawals and transfers by big crypto firms i.e. Celsius Network and Voyager Digital)

## South Africa



- ▶ Detailed risk assessment work in progress on possibilities of regulating cryptos as fin. asset
- ▶ Also exploring possibility to issue central bank digital currency
- ▶ In August 2022 guidance to fin. Instits not to indiscriminately block all crypto transactions (conduit of funds tied to cryptos-purchase or liquidating positions in fiat currency); purchase within limits of equiv. USD 580,000

## Kenya, India



- ▶ Over 4 millions Kenyans hold cryptocurrencies (billed highest in Africa) and fifth worldwide in value terms; considering introducing CBDC
- ▶ India one of top users; considering Cryptocurrency and Regulation of Official Digital Currency Bill-prohibit private cryptos in India with few exceptions to “promote underlying technology”

## Upsides of Cryptos



- ▶ Payment facilitation and settlement faster as no banking channels protocols involved
- ▶ Online availability/access (though some agency operations notable)
- ▶ High value transactions and returns
- ▶ Technology driven decentralized finance market
- ▶ Celebrity and wealthy persons endorsements

## Upsides (cont)



- ▶ No govt or bank authority has control over it
- ▶ Relative lower fees
- ▶ International recognition and use
- ▶ New investment asset class

## Downsides

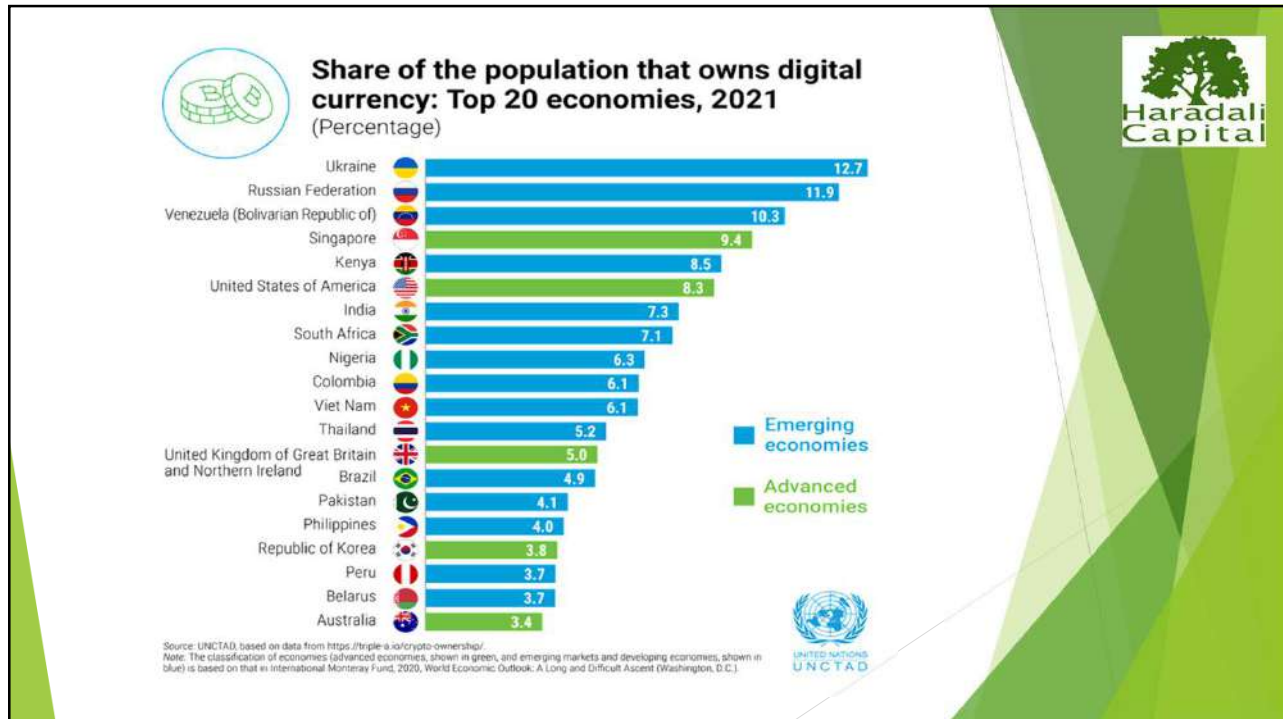


- ▶ Crypto firms not regulated
- ▶ Crypto firms not rated
- ▶ Crypto firms not publicly traded
- ▶ Risks associated with possible loss of capital
- ▶ Not backed by any specific government (sovereign)-as currency
- ▶ Minimal disclosure, if any

## Downsides (cont.)



- ▶ No transparency in handling of customers' funds
- ▶ No standards for custodial arrangements, capital reserves, risks management, data integrity
- ▶ Price volatility very high (wide price fluctuations)
- ▶ Potential regulation may affect some benefits
- ▶ Low acceptance across the globe
- ▶ Inadequate security (fraud, technical failures)



## Key Observations

- ▶ Essentially no regulatory framework in most countries; in progress; we need it
- ▶ Regional coordination and collaboration in research on cryptos regulation essential
- ▶ International cooperation inevitable to sustain cryptos as alternative payment and investment asset

## Observations (cont.)



- ▶ Eras of super-profit are behind us, adapt to commercially reasonable returns in EAC and SADC (Equity funds such as HARADALI CAPITAL may be best vehicles to help explore investment opportunities beyond national borders)
- ▶ Financial literacy programmes to address knowledge gaps in this area critical
- ▶ Close monitoring of regulated instits conducting such transactions while research is in progress

## Looking into Future



- ▶ Still a lot of unknown as it relates to cryptos and impact on financial and economic landscape; work needed to determine scope of regulation
- ▶ Developing countries must carry on own analytical work on this subject matter before appropriate decisions are made
- ▶ Regular updates and alerts to consumers may be useful

## Looking into Future (cont.)



- ▶ CBDC appears attractive proposition as central banks to take charge
- ▶ Regional coordination and collaboration to advance analytical work on regulation
- ▶ CBs influence not only money circulation and other policies key in managing financial sector devnt, investment & economic landscape
- ▶ Thus take lead on analytical work on this subject

## Conclusion



- ▶ A lot to learn from other jurisdictions experiences
- ▶ Pace at which analytical work to be done critical in enabling continued digital technology innovations and appropriate regulation required
- ▶ Analytical work must include legal aspects to make regulatory framework complete
- ▶ Comprehensive reg. framework must address all concerns above



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# Banking, Finance & Investment Forum Presentation

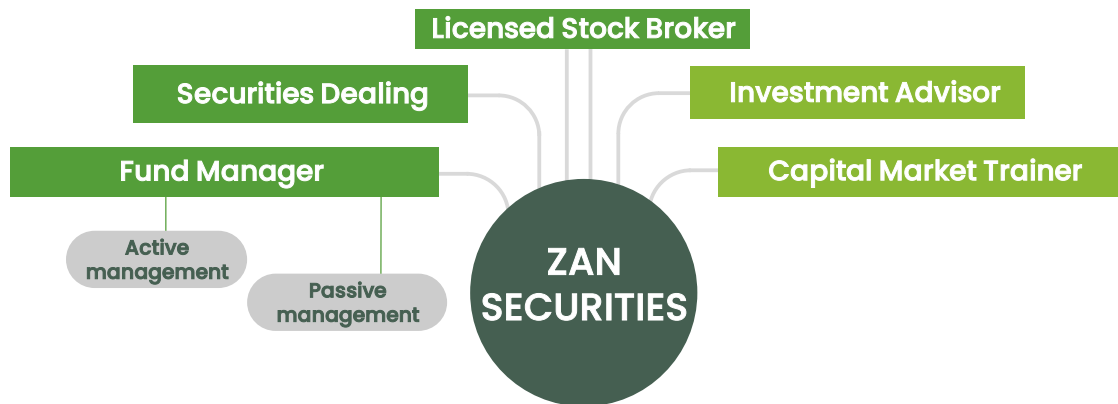
August 26, 2022

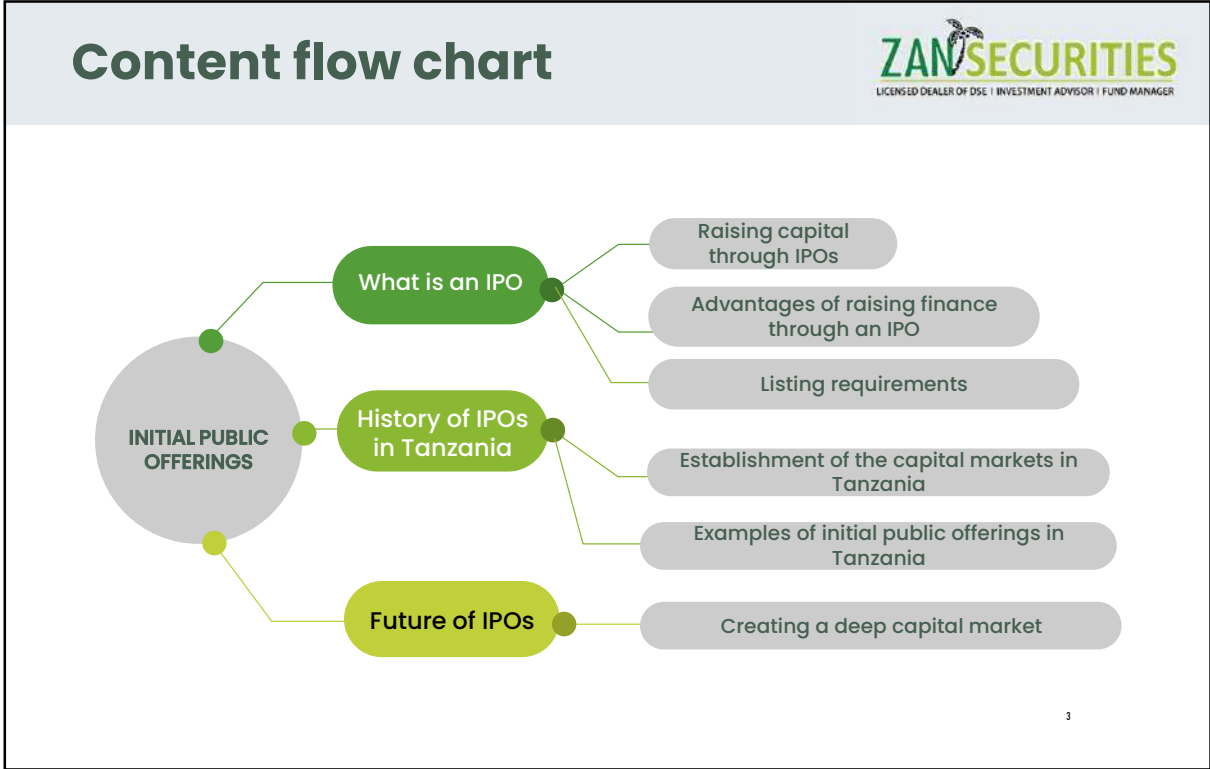
Presented by Mr. Isaac Lubeja

## About us



Founded in 2009, we are one of the top stock broking firms in Tanzania and given the strength of our team, we are the preferred choice for clients. Our services include Secondary Market trading of equities and fixed income instruments as well as the distribution of wealth management advisory solutions to a broad client base of institutions. Furthermore we are the only broker in Tanzania with physical offices in Zanzibar and Tanzania mainland Our Advisory division is experienced in Mergers and Acquisitions (M&A), Capital Raising, and Financial Advisory, new issuances, listing of new issuances on DSE, and access to the global markets.



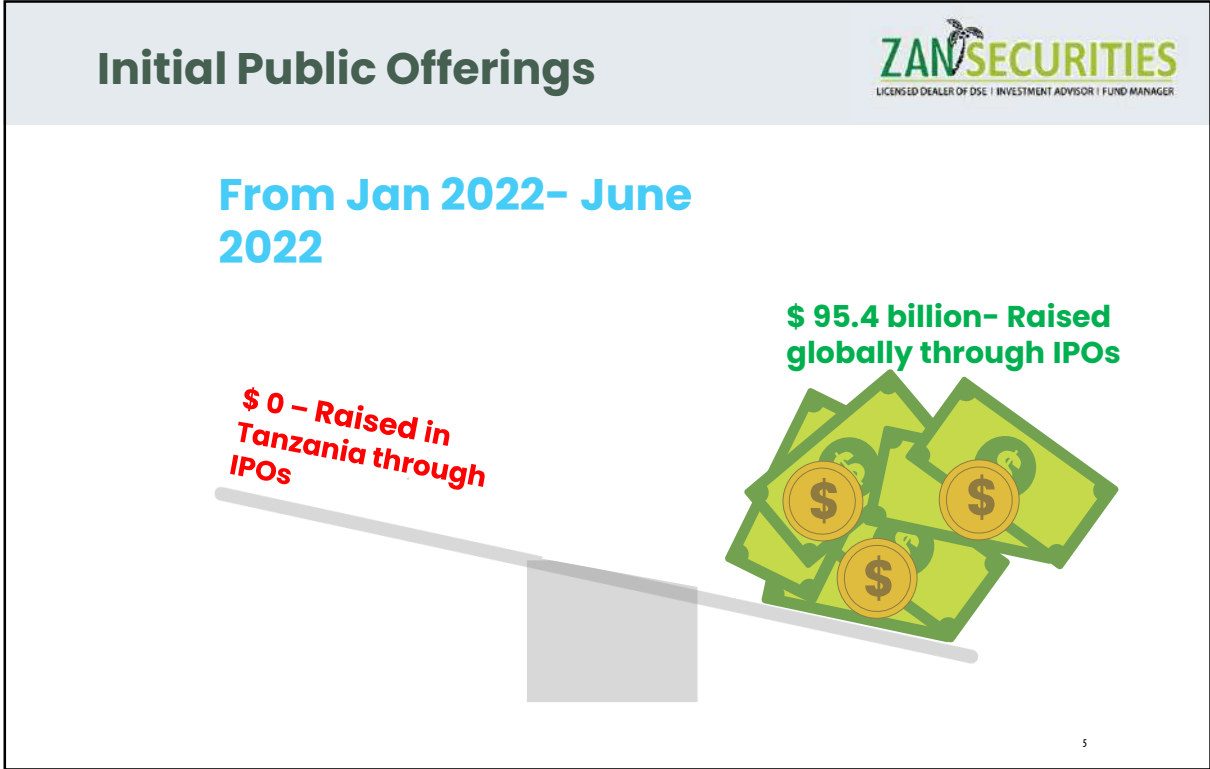


# Introduction

Financial systems in many African countries remain underdeveloped which results in financial constraints for many small and medium-sized enterprises. The financial sector in Tanzania is dominated by commercial banks, with very few investment banks.

Consequently, financial constraints have been identified as the most severe obstacle to doing business in Africa and a major hindrance to business startups and innovation by firms.

4




### Initial Public Offerings

**Today we are going to explore**

**Past, Present and Future**  
**of IPOs**  
**in Tanzania**


6

# Corporate Financing



LICENSED DEALER OF DSE | INVESTMENT ADVISOR | FUND MANAGER

These are activities and transactions related to raising capital to create, develop and acquire a business.



**Equity Finance**

No obligation for repayment ✓

Ownership dilution ✗

**Initial public offerings**

**Venture Capital**

---

**Debt finance**

Repayment obligation ✗


Relatively lower cost of finance ✓

**Corporate bonds**

**Bank loans**

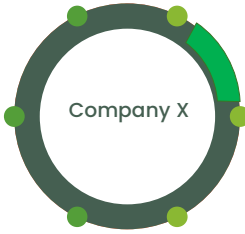
7

# What is an Initial Public Offering?



LICENSED DEALER OF DSE | INVESTMENT ADVISOR | FUND MANAGER

When a company needs to raise capital, it can either take on debt or sell partial ownership. If the corporation chooses to sell ownership to the public, it engages in an IPO. Ultimately the company's status shifts from privately held to public. Corporations choose to “go public” instead of issuing debt securities because capital raised through an IPO does not have to be repaid, whereas debt securities such as bonds must be repaid *with* interest.



Company X


Issue an additional 25% of its share capital to the public

Share capital →

← Proceeds

The public subscribes the offered amount in exchange for equity interest in the company

Public



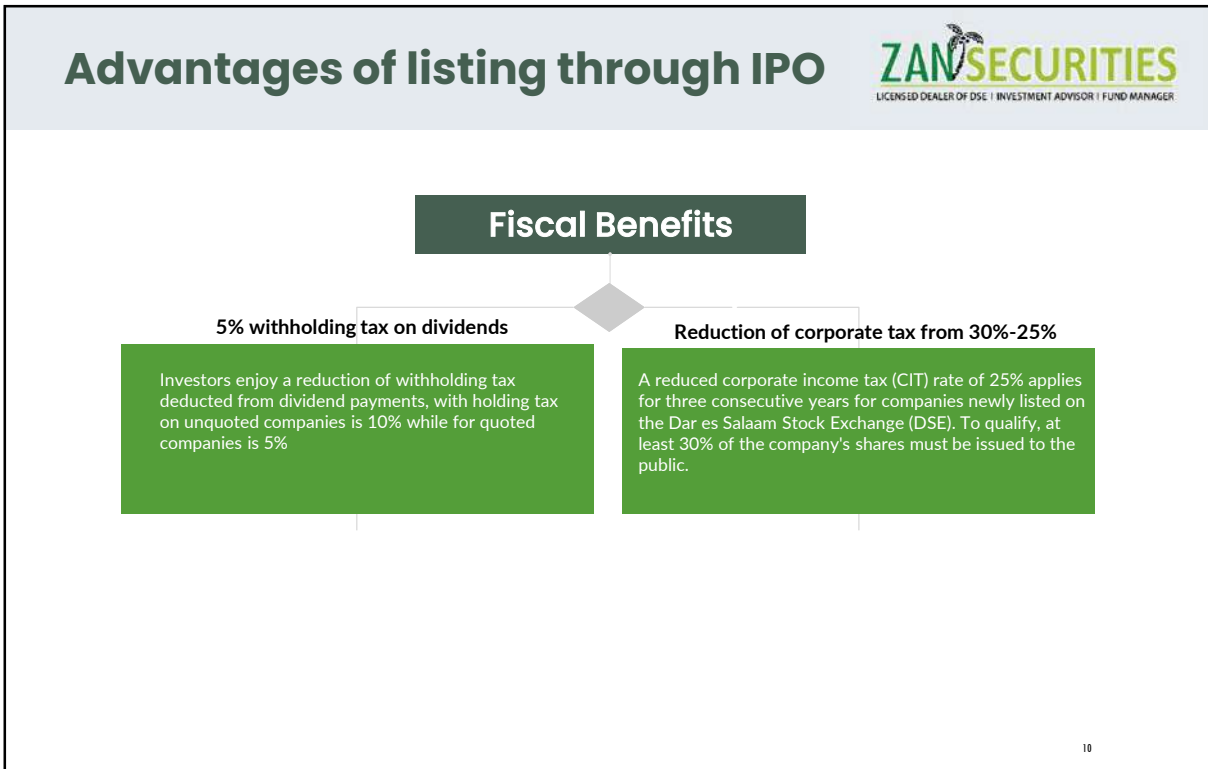
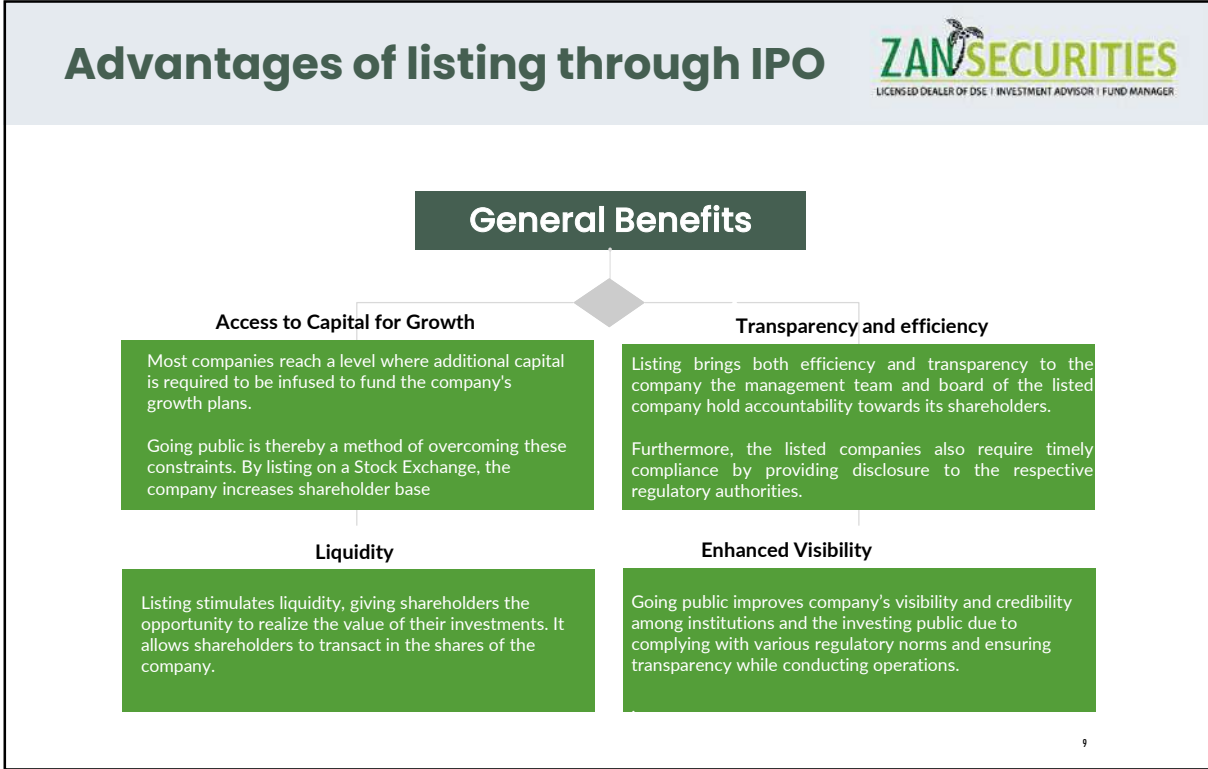
Investor A

Investor B


Primary market

Secondary market


8



# Listing requirements




LICENSED DEALER OF DSE | INVESTMENT ADVISOR | FUND MANAGER



**Enterprise Growth Market**

- Paid up capital of at least TZS 200 million
- No requirement for minimum Value of Securities to be listed
- No minimum track record of existence
- No profitability track record requirement
- Working capital available is sufficient for at least twelve months
- At least 20%, of the Issuer's shares must be issued to the public
- At least 1,00 shareholders

**Why enterprise growth market was established?**  
This is a sub market of the DSE formed to create an environment that is conducive to the growth and development of entrepreneurship and SMEs by allowing easy access of capital through a less stringent requirements



**Main Investment Market**


- Paid up capital of at least TZS 1 billion
- Value of Securities to be listed has to be TZS 2 billion
- Annual Accounts covering a period of three years
- Profit after tax attributable to shareholders in at least two of the three financial years.
- Working capital available is sufficient for at least eighteen months
- At least 25%, of the Issuer's shares must be issued to the public
- At least 1,000 shareholders

**Examples of Global Enterprise Growth Markets**

- London Stock Exchange - Alternative Investment Market
- Frankfurt Stock Exchange - Scale Segment
- Nairobi Securities Exchange - Growth Enterprise Market

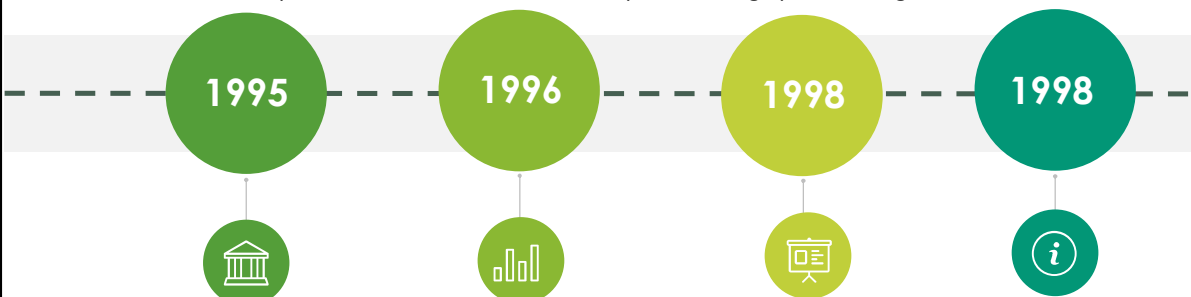
11

# Establishment of the Capital Market in TZ




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The history of the capital markets in the country dates back to 1995 when CMSA was established after the enactment of the Capital Markets and Securities Act, in February 1994. Its formation followed comprehensive financial sector reforms in the early 1990s that were aimed at, among other things, developing capital markets to provide appropriate mechanisms for mobilizing long-term savings and ensuring its efficient allocation to the productive sector, thus fuelling economic growth. Some of these reforms included the privatization of state owned enterprises through public listing.



Timeline showing key milestones: 1995 (Formation of CMSA), 1996 (Incorporation of DSE), 1998 (Operationalization of DSE), 1998 (1st listing).


**1995**



**Formation of CMSA**

CMSA was established after the enactment of the Capital Markets and Securities Act


**1996**



**Incorporation of DSE**

DSE was incorporated as a private company limited by guarantee in 1996


**1998**



**Operationalization of DSE**

Start of operations of the DSE with the first privatization and listing of state owned entity

**1998**



**1<sup>st</sup> listing**

TOL was the first company to be listed on the DSE

12

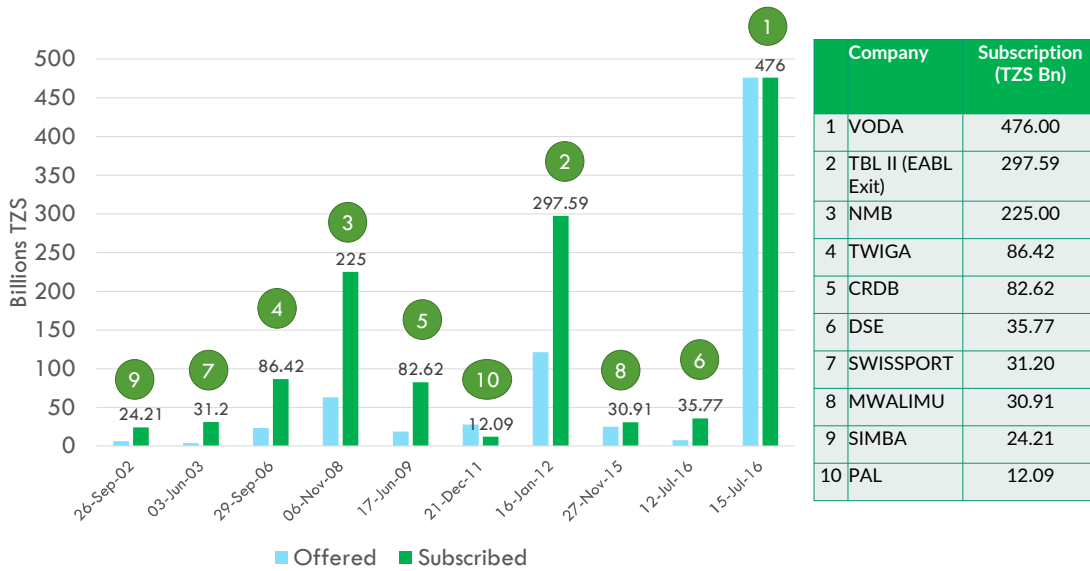
## Examples of Initial Public Offerings in TZ



	Company	IPO Price	Offer Value (TZS Bn)	Subscribed Value (TZS Bn)	% Level of Subscription	Listing Date	IPO Shareholders
1	TOL	500	3.75	3.75	100%	15-Apr-98	10,500
2	TBL	550	12.98	9.63	74%	19-Sep-98	23,000
3	TATEPA	330	0.52	0.57	109%	7-Dec-99	2,000
4	TCC	410	8.00	9.39	118%	16-Nov-00	7,508
5	SIMBA	300	6.21	24.21	390%	26-Sep-02	14,228
6	SWISSPORT	225	3.97	31.20	786%	3-Jun-03	41,025
7	TWIGA	435	23.48	86.42	368%	29-Sep-06	18,300
8	NICOL	300	15.00	5.60	37%	15-Jul-08	2,986
9	DCB	275	1.50	5.20	347%	16-Sep-08	5,447
10	NMB	600	63.00	225.00	357%	6-Nov-08	28,636
11	CRDB	150	18.81	82.62	439%	17-Jun-09	21,285
12	PAL	475	27.95	12.09	43%	21-Dec-11	7,057
13	TBL II (EABL Exit)	2,060	121.51	297.59	245%	16-Jan-12	2,081
14	MAENDELEO	500	4.00	4.53	113%	4-Nov-13	2,528
15	SWALA	500	4.80	6.64	138%	11-Aug-14	1,867
16	MKOMBOZI	1,000	5.00	3.78	76%	29-Dec-14	2,629
17	MWALIMU	500	25.00	30.91	124%	27-Nov-15	235,494
18	YETU	500	12.60	3.11	25%	10-Mar-16	14,273
19	MUCOBA	250	5.00	1.21	24%	8-Jun-16	1,691
20	DSE	500	7.50	35.77	477%	12-Jul-16	3,149
21	VODA	850	476.00	476.00	100%	15-Jul-16	40,000
22	JATU	500	7.50	7.76	104%	30-Aug-21	9,321

13

## Top 10 largest IPOs in TZ



14



## Top 10 highly subscribed IPOs



	Company	Offer Value (TZS Bn)	Subscription (TZS Bn)	% Level of Subscription	Listing Date
1	SWISSPORT	3.97	31.20	786%	3-Jun-03
2	DSE	7.50	35.77	477%	12-Jul-16
3	CRDB	18.81	82.62	439%	17-Jun-09
4	SIMBA	6.21	24.21	390%	26-Sep-02
5	TWIGA	23.48	86.42	368%	29-Sep-06
6	NMB	63.00	225.00	357%	6-Nov-08
7	DCB	1.50	5.20	347%	16-Sep-08
8	TBL (EABL Exit)	121.51	297.59	245%	16-Jan-12
9	SWALA	4.80	6.64	138%	11-Aug-14
10	MWALIMU	25.00	30.91	124%	27-Nov-15

15

## Top 10 highly participated IPO's



	Company	Listing Date	IPO Share holders
1	MWALIMU	27-Nov-15	235,494
2	SWISSPORT	3-Jun-03	41,025
3	VODA	15-Jul-16	40,000
4	NMB	6-Nov-08	28,636
5	TBL	19-Sep-98	23,000
6	CRDB	17-Jun-09	21,285
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8	YETU	10-Mar-16	14,273
9	SIMBA	26-Sep-02	14,228
10	TOL	15-Apr-98	10,500

16

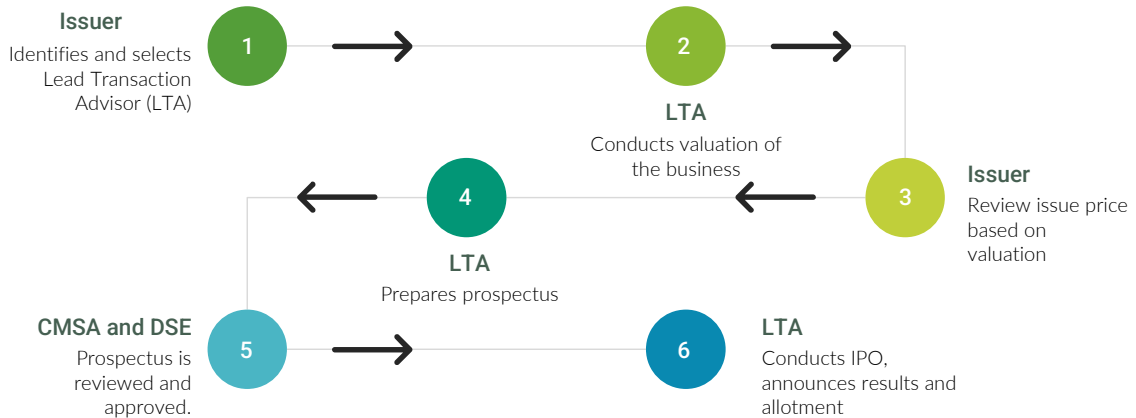
## Price change IPO to date



	Company	Listing Date	IPO Price	Closing price (25-Aug-2022)	% change IPO to-date
1	TBL	19-Sep-98	550	10,900	1882%
2	TCC	16-Nov-00	410	17,000	4046%
3	SIMBA	26-Sep-02	300	1,620	440%
4	SWISSPORT	3-Jun-03	225	1,900	744%
5	TWIGA	29-Sep-06	435	3,820	778%
6	NMB	6-Nov-08	600	2,800	367%
7	DSE	12-Jul-16	500	2,000	300%

17

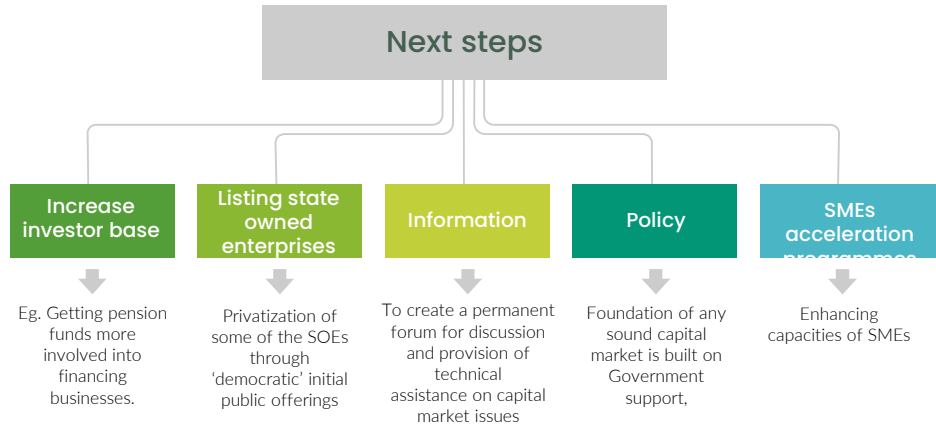
## IPO timeline



# Future of Initial Public Offerings



The Tanzanian Capital market has made some tremendous improvements over the years in terms of regulation, investor education, and trade automation all of which have opened avenues for trading and investor participation, however there are still avenues that are unexploited



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### Zan Securities Limited

WhatsApp group



Forum No. 3  
8<sup>th</sup> December 2022

 **UNIVERSITY OF DAR ES SALAAM  
BUSINESS SCHOOL (UDBS)**  
*Department of Finance*

**PUBLIC TALK  
BANKING, FINANCE  
& INVESTMENTS FORUM  
SEASON 3**

 <b>Speaker:</b> <b>Prof Esther K. Ishengoma</b> Topic: Youth and Finance (UDBS)	 <b>Speaker:</b> <b>Mr. Abubakar Ndwata</b> Topic: Insurance Sector, Market Report 2019-2021, Opportunities, Issues and Prospects (TIRA)	 <b>Speaker:</b> <b>Mr. Jackson Lohay</b> Topic: Mortgage Finance, Opportunities, Issues and Prospects (AZANIA BANK)
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**Free Entry**

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New Library - Auditorium

 1330-1730 Hrs  
25<sup>th</sup> November 2022

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**You are Welcome**



## ACCESS OF FINANCIAL SERVICES TO YOUTH IN AGRICULTURE

25.11.2022

Esther K. Ishengoma & Natu Mwamba; 2022

### Youth and agriculture/agribusiness

2

- Tanzania – young population – median age = 18 yrs
- Youth - people aged between 15 and 35 years;
  - Account for 31% of population,
  - share is likely to rise as children account for 44%; birth rate is 4.9%
- Account for 56% of labor force
- Majority of them are in farming (51% of youth)



## Youth and agriculture/agribusiness

cont'd

3

- Agricultural sector
  - ▣ Agricultural sector contribute 29% of GDP
  - ▣ Technology used still not advanced
  - ▣ Food shortage (oil seeds, wheat, sugar, etc),
- Youth are energetic, move faster, more productive, likely to use new technologies
- If nurtured and effectively employed will increase GDP by 10 times more than adults; BUT
- Youth in agriculture are underemployed; or working in precarious conditions,
- Youth unemployment is becoming a big challenge



## Challenges faced by youth in agriculture

4

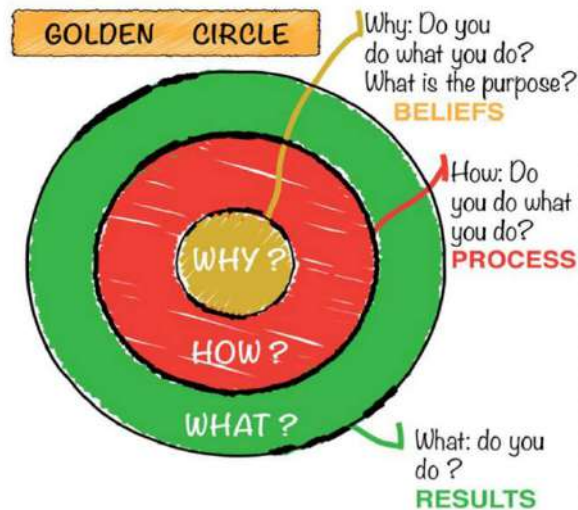
- According to the 2020 MoA youth conference
  - ▣ Negative attitude
  - ▣ Limited market access
  - ▣ Limited skills: GAPs & post-harvest, management and entrepreneurship
  - ▣ Lack of land
- Youth have limited access to financial services (45% rural youth)
  - ▣ Youth not having fundable projects (even the LGA 4% youth fund)
  - ▣ Youth not involved in cooperatives, SACCOS, crop associations
  - ▣ Youth groups are weak
  - ▣ Youth lack collateral





## Access to financial services – KYC [Youth in agribusiness]

5



## Access to financial services – KYC - the business model canvas

6

### □ Key Partners

- Who are youth's Key Partners? Who are their key suppliers?
- Which Key Resources are they acquiring from partners? Which Key Activities do partners perform?
  - **No key partners/weak contract farming/ no trust among youth – side-selling**

### □ Key Activities

- What Key Activities do youth's agricultural Value Propositions require? Their Distribution Channels? Customer relationships?
  - **Distribution channel – brokers (3 to 4 levels); local market; do not know what the customer need**

### □ Key Resources

- What Key Resources do youth Value Propositions require?
  - **No land, limited skills, limited access to quality seeds, extension services, networks**

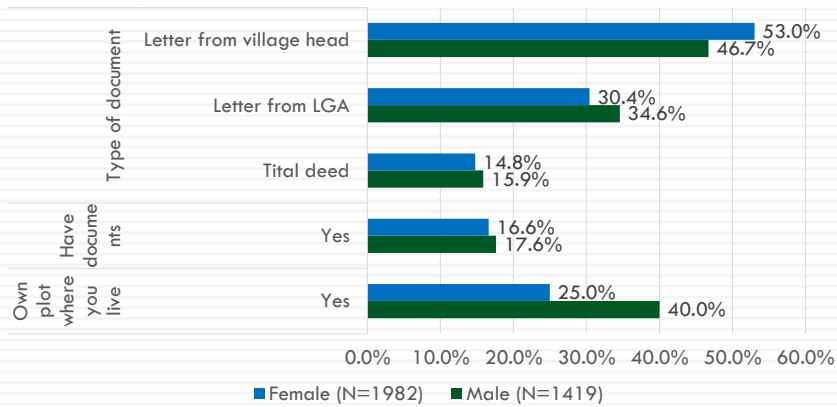


## Facts – Finscope survey 2017

7

### □ Key resources - Land

land ownership and documentation

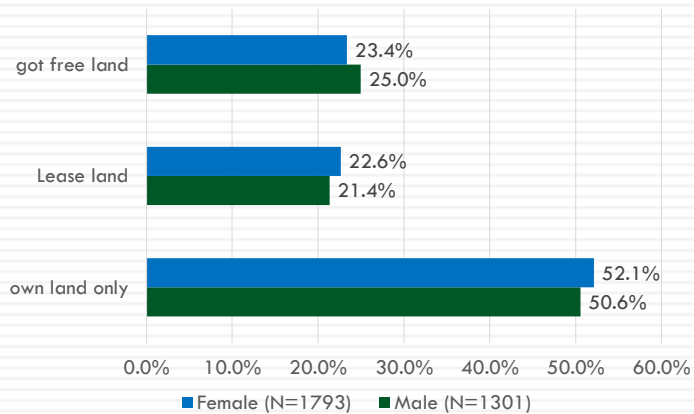


## Facts – Finscope survey 2017

8

### □ Key resources - Land

Land used for farming

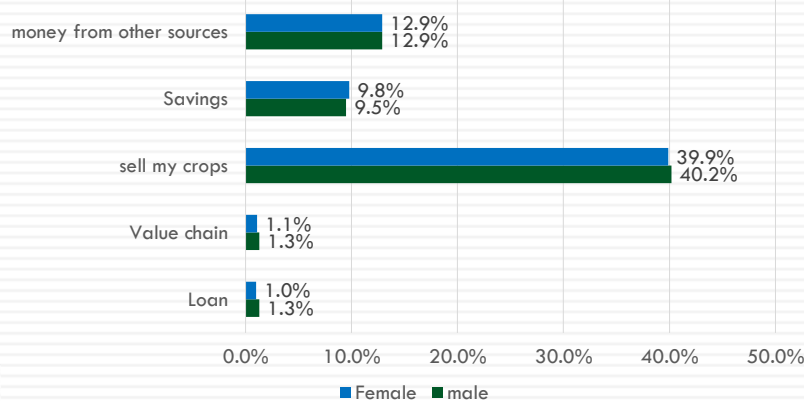


## Facts – Finscope survey 2017

9

### □ Key resources – agro-inputs and partners in finance

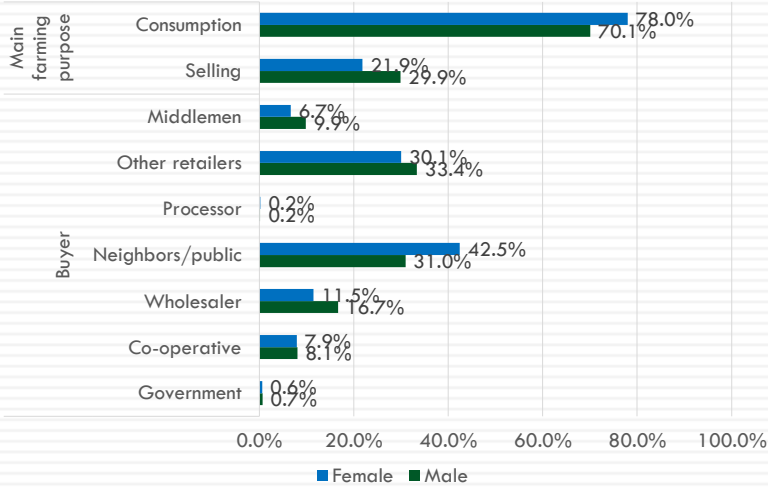
sources of funds for inputs purchases



## Facts – Finscope survey 2017

10

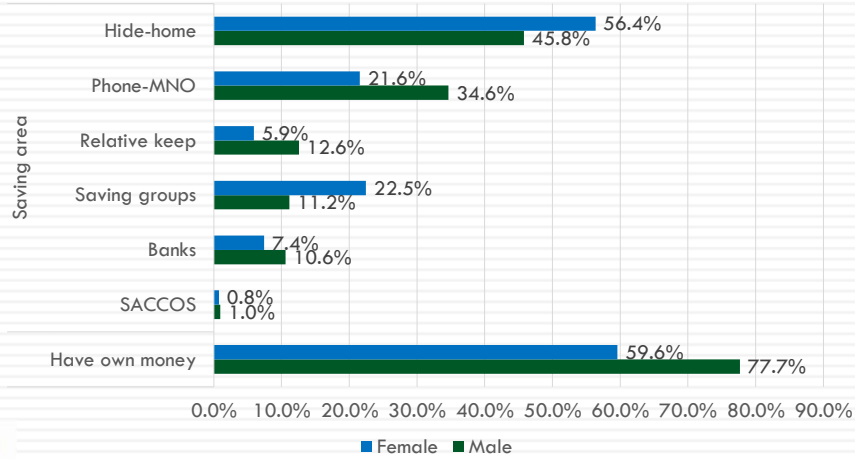
### □ Key partners – buyers



## Facts – Finscope survey 2017

11

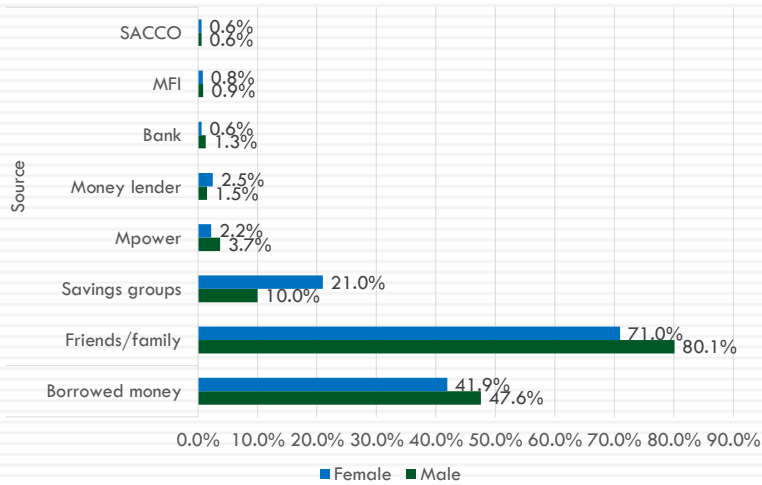
### Having own money and savings options used



## Facts – Finscope survey 2017

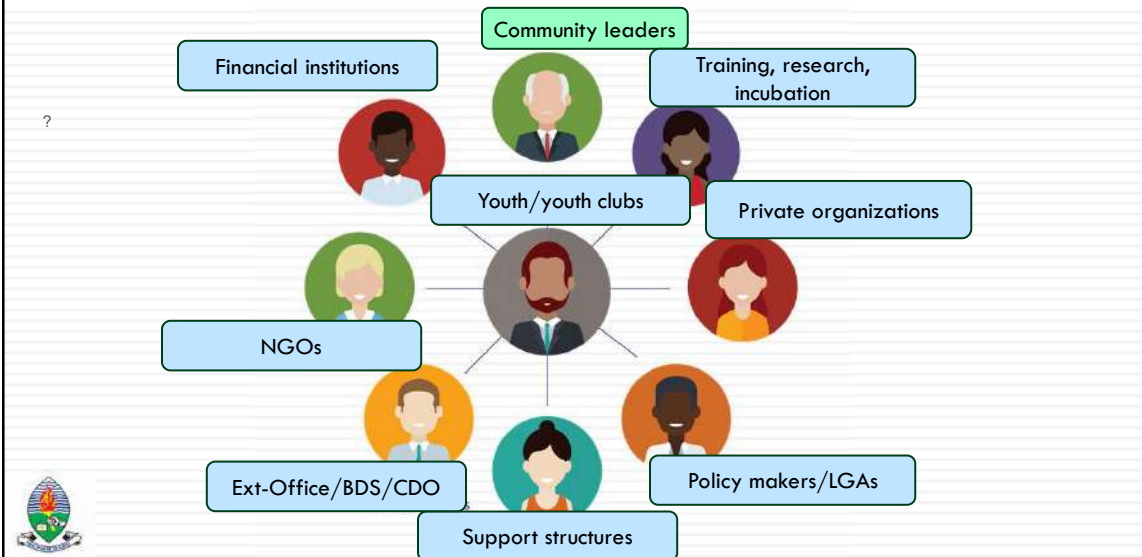
12

### Borrowed money and sources



# Access to financial services – Youth agricultural ecosystem

13





## INSURANCE MARKET PERFORMANCE REPORT

# 2019-2021



ABUBAKAR NDWATA  
DIRECTOR OF SUPERVISION  
TANZANIA INSURANCE REGULATORY AUTHORITY  
25 NOVEMBER 2022  
DAR ES SALAAM-TANZANIA





**VISION**  
“World Class Insurance Regulator”

**MISSION STATEMENT**  
“To develop, promote and maintain an inclusive, efficient, fair, safe and stable insurance market for the benefit and protection of policy holders”

**CORE VALUES**  
Professionalism, Customer Centricity, Team Spirit, Integrity, Accountability and Transparency







**01**

INTRODUCTION

**02**

SUPERVISION

**03**

CONTRIBUTION OF INSURANCE TO  
GROSS DOMESTIC PRODUCT

**04**

RISKS IN THE MARKET

**05**

INSURANCE BUSINESS PERFORMANCE  
HIGHLIGHTS

**06**

INTERMEDIARIES PERFORMANCE





# INTRODUCTION



# Description of the Insurance Business



Under the Insurance Act No. 10 of 2009 (CAP 394), insurance business is defined as the business of assuming the obligation of an insured in any class of insurance whether defined in the Act or not, which is not declared to be exempt from the provisions of the Act in terms of Section 2 and includes **assurance, reinsurance and reinsurance**.

Insurance business is divided into two main classes, namely:

- i. General Insurance Business
- ii. Life Assurance Business

General Insurance business comprises the following classes: among others **Motor, Fire, Engineering, Accident, Marine, Aviation, Health, Oil & Gas, Liability, Agriculture, Bond, Theft and Miscellaneous**.

term assurance, whole life assurance, endowment, group term, group credit, and group funeral.

# Description of the Insurance Business



Life Assurance business includes **Individual life, Group life and other life**. These are further categorized into term assurance, whole life assurance, endowment, group term, group credit, and group funeral.



## TIRA's objectives



The mandate of the Authority is embedded in the Insurance Act, No. 10 of 2009. According to the said legislation, TIRA is mandated among other functions to:

- a) Regulate and supervise the insurance sub-sector and registrants;
- b) Advise the Government on insurance and related matters;
- c) Protect the interests of policy holders/consumers; and
- d) Facilitate development of a fair, safe and stable insurance industry.



# Licensing



The authority has been mandated to register the following categories of insurance players: -

- Insurance agents;
- Insurance assessors;
- Insurance loss surveyors;
- Insurance loss adjusters;
- Insurance private investigators;
- Insurance brokers;
- Insurance companies;
- Reinsurance companies;
- Reinsurance brokers;
- Bancassurance agents;
- Actuaries' firms; and
- Insurance digital platform.



## Summary of Registrants as at November 2022



Type of Registrant	Number
Insurers	32
Reinsurers	3
Insurance Brokers	112
Reinsurance Brokers	4
Insurance Agents	910
Bancassurance Agents	27
Loss Assessors/Adjusters	52





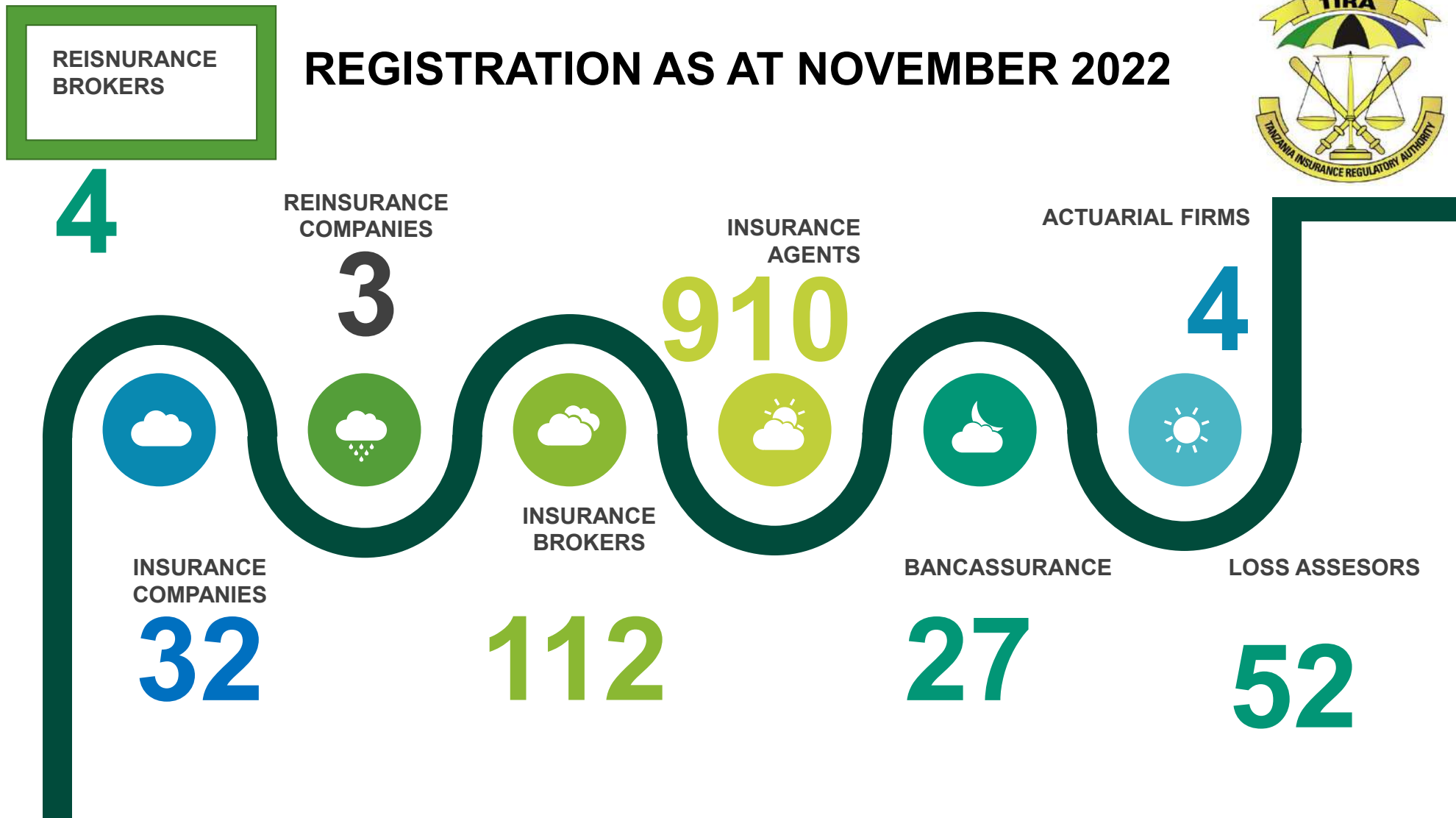
## Summary of Registrants as at November 2022



Type of Registrants	Number
Insurance Digital Platform	4
Actuarial Firms	4
Insurance Private Investigators	3



# REGISTRATION AS AT NOVEMBER 2022





# TIRA OFFICES

## SOUTHERN HIGHLANDS ZONE

Mbeya, Njombe, Rukwa, Katavi, Ruvuma, Iringa na Songwe

## NORTHERN ZONE

Arusha, Manyara, Kilimanjaro na Tanga

## LAKE ZONE

Mwanza, Mara, Shinyanga, Kigoma, Kagera, Simiyu, Geita

## EASTERN ZONE

Dar es Salaam, Pwani, Mtwara na Lindi

## CENTRAL ZONE

Dodoma, Tabora, Singida na Morogoro

DAR ES SALAAM OFFICE

ZANZIBAR OFFICE

HEAD OFFICE-DODOMA



## SOCIAL MEDIA ACCOUNTS



Facebook	@Tanzania Insurance Regulatory Authority
LinkedIn	@Tanzania Insurance Regulatory Authority
Twitter	@TIRA_TZ
Instagram	@tira_tz
YouTube	@Tanzania Insurance Regulatory Authority



# SUPERVISION





# Guidelines



The Authority issued Guidelines to the market in order to establish and enforce certain conducts which are not provided in the Insurance Act, the Insurance Regulations and the issued Circulars. In order to have a common and harmonized guidance to be adhered to by all respective market players. Below is a list of the issued Guidelines detailing precisely their respective names and the purpose.

- i. **Takaful Operational Guidelines 2022.** The purpose is to increase penetration and contribution of insurance subsector to the Gross Domestic Product (GDP) by ensuring Sharia compliant consumers are accommodated into the insurance business.
- ii. **Guidelines on the Implementation of International Financial Reporting Standard on Insurance Contracts (IFRS 17) 2022.** The Guidelines were issued to set out a standardized process for the effective implementation of IFRS 17, achieve consistency in the application of IFRS 17 across the industry.



# Guidelines



**iii. Sales Force Executives (SFE) Guidelines 2022.** The objectives of the Guidelines includes to establish a mechanism of regulating and supervising activities of Sales Force Executives business, increase penetration, employment and contribution of the insurance subsector to the Gross Domestic Product (GDP).

**iv. Guidelines for Insurance Digital Platforms 2022.** The aim of the Guidelines is to establish a mechanism of regulating and supervising activities of Insurance Digital Platforms, encourage the evolvment of Insurance Digital business model in the market, increase penetration, employment and contribution of the insurance subsector to the Gross Domestic Product (GDP).

**v. Guidelines to the Insurance Industry on the Actuarial Function, 2019.** The Guidelines aim at ensuring that all insurance and reinsurance companies have a robust actuarial function that is well established, properly authorized and staffed. The Authority also introduced conditions for Registration of an Insurance Actuary and checklist of Requirements for License





## Circulars and Directives



In implementation of the Authority's objectives, various specific Circulars were issued for the three years covering the report. The Circulars sought to introduce and enforce certain standards which are not provided in the Act in regulating and supervising insurance business. Such standards include areas of:

- i. Misconceptions on the use of insurance brokers on direct insurance premium: **Circular No. 069/2019;**
- ii. Registration of Regulated entities: **Circular No. 071/2019, Circular No. 073/2019, Circular No.074/2019, Circular No. 084/2019, Circular No. 097/2021, Circular No. 098/2021, Circular No. 099/2021, Circular No. 100/2021, Circular No. 101/2021, Circular No. 102/2021;**
- iii. Enhancement of Supervision activities: **Circular No. 072/2019;**



## Circulars and Directives



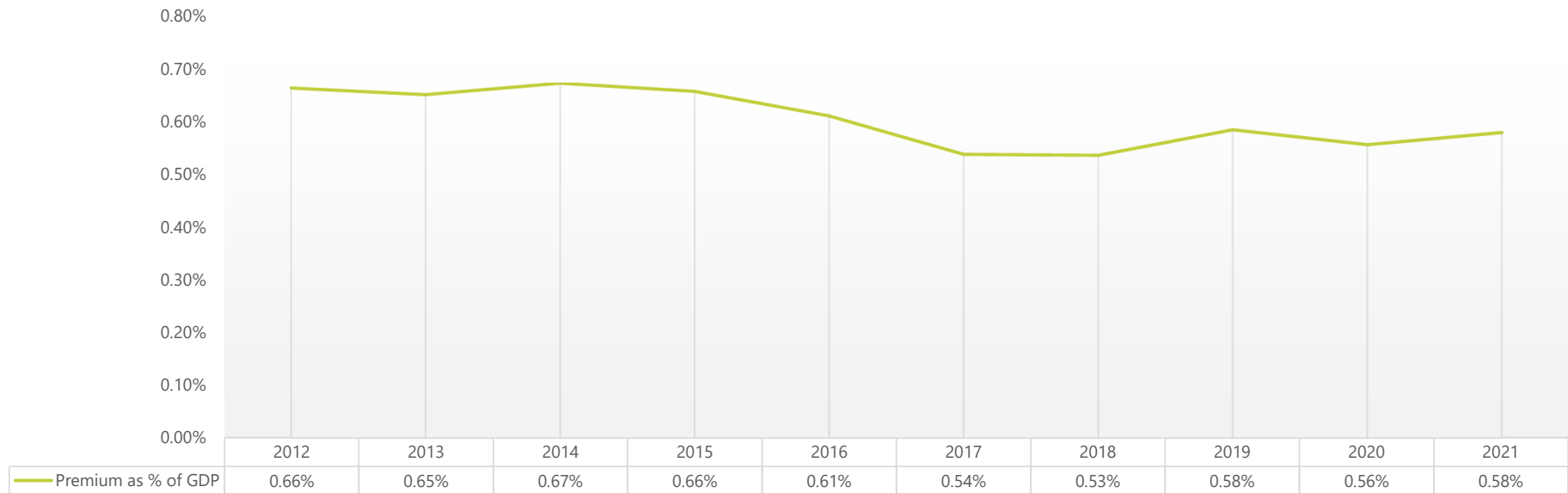
- iv. Commission Rebates by Insurance Brokers and Insurers: **Circular No. 074/2019;**
- v. Financial Institutions carrying on business as insurance agents: **Circular No. 080/2019;**
- vi. Filing of documents and translation of insurance policies into Kiswahili: **Circular No.082/2019;**
- vii. Suspension of Direct Sales Force: **Circular No.083/2019;**
- viii. Membership to insurance agency association: **Circular No.094/2021;**
- ix. Product registration: **Circular No. 095/2021;**
- x. Use of local currency in insurance business transactions: **Directive No. 2 of 2020;**
- xi. Hosting of primary and secondary data centres in the country: **Circular No. 085/2020.**



# CONTRIBUTION OF INSURANCE TO GROSS DOMESTIC PRODUCT (GDP)



## Trend of Commercial Insurance Penetration Ratio over the Last Ten Years (2012 - 2021)





## CONTRIBUTION OF INSURANCE TO GROSS DOMESTIC PRODUCT



**0.58%**

COMMERCIAL  
INSURANCE

**1.1%**

SOCIAL  
INSURANCE  
(NHIF, CHF,  
NSSF)

**1.68%**

COMMERCIAL  
INSURANCE +  
SOCIAL  
INSURANCE

Contribution of the insurance sector to the national GDP is expected to improve following the implementation of banking and insurance regulations, the increase in the scope of compulsory insurance and other management and control measures

CONTRIBUTIO  
N OF  
INSURANCE

**15.9%**

FINANCIAL  
SECTOR



## INSURANCE PER CAPITA/DENSITY



Insurance Premium per Capita is the ratio of insurance premium to country's population. The Tanzania insurance premium per capita for 2021 was TZS 15,334.1 compared to TZS 14,746.8 recorded the previous year. During 2019, insurance per capita income accounted for TZS 15,000.0. The increase of the premium per capita was due to an increase of the gross premium written relative to an increase in population.



## INSURANCE DENSITY REGIONWISE



Region	Insurance Density (TZS)
Arusha	20,704
Coastal	336
Dar es Salaam	141,681
Dodoma	3,835
Geita	2,602
Iringa	2,998
Kagera	298
Katavi	-
Kigoma	498
Kilimanjaro	2,108
Lindi	-
Manyara	239
Mbeya	4,896
Morogoro	2,467
Mtwara	830
Musoma	185
Mwanza	7,522
Njombe	1
Rukwa	193
Ruvuma	46
Shinyanga	1,237
Simiyu	-
Singida	146
Songwe	8
Tabora	109
Tanga	1,025
Unguja	18,315
Pemba	1,227





# RISKS IN THE MARKET





# ASSESSMENT OF RISKS IN THE MARKET (TANZANIA)





## EXTERNAL RISKS



### MEANING

The risks outside the control of the Insurance community and often difficult to anticipate and manage.

### MITIGATION ACTIONS

The Authority continues to prudently exercise the oversight role and put in place necessary guidelines and regulations to address the insurance market from adverse effect of unforeseeable risk beyond control especially in macroeconomic aspect, social and environmental risks.



## MARKET RISKS



### MEANING

Risks related to changes in the market price dynamics affecting the future earning capacity of industry assets/investments.

### MITIGATION ACTIONS

The Authority continues working closely and observing measures taken by the Bank of Tanzania in managing the foreign exchange risk and interest rate risk.



## LIQUIDITY RISKS



### MEANING

The risk that the industry's overall available liquid assets will be insufficient to meet clients' admissible claims, other liabilities, funding of asset and addressing changing market conditions.

### MITIGATION ACTION

Authority continues to monitor the performance trends of the industry's liquidity position to ensure the insurance market remains capable to address any shocks that may arise through the execution of the prudential tools in place and continuous appraisal of the market.



## GOVERNANCE RISKS



### MEANING

The risk relating to the board conduct, conflict of interest, board competence and board mandates that may lead to the boards of the insurers companies failing to discharge their responsibility i

### MITIGATING ACTIONS

The Authority shall continue to enforce compliance with a code of conduct and ethics for Tanzania insurance industry.

The Authority is also going to continue working with mandated bodies such as Fair Competition Commission to address matters posing conflict of interest.



## FRAUD RISKS



### MEANING

The risk relating to engaging into fraudulent transactions in the undertaking of the insurance businesses

### MITIGATING ACTIONS

The Authority continues to work closely with other government agencies including Police Forces in implementation of anti-corruption and anti-fraud laws and regulation.





## INSURANCE RISKS



### MEANING

The risk associated with the level of assumed risk by an insurance company with respect to its level of capitalization.

### MITIGATING ACTIONS

The Authority continues to monitor the trends and enforce the prudential measures to ensure the market is properly capitalized



## COMPLIANCE RISKS



### MEANING

The risk associated with the players of the market not conforming to the laws, regulations guidelines or circulars, and may result into fines, sanctions, and reputational damage.

### MITIGATING ACTIONS

The Authority continues to closely monitor and address the non-compliance by the registrants and enforce compliance with the laws.



## CYBER RISKS



### MEANING

Risk associated with security breach to the systems and data, posing a threat to business sustainability.

### MITIGATING ACTION

The Authority issued a circular on proper data security management and enforced, among many other measures, maintaining of primary data centres in the country.



# INSURANCE BUSINESS PERFORMOMANCE HIGHLIGHTS



# GROSS PREMIUM WRITTEN



Total volume of business, comprising of Gross Premiums Written for both General and Life Assurance businesses, increased by 10.6% from TZS 824.3 billion in 2020 to TZS 911.5 billion in 2021. This increase was higher by 2.1% compared to the industry's projected growth of 8.5%.

In year 2019 the industry recorded a total gross premium written of TZS 814.5 billion. Where general and life businesses recorded gross premiums written of TZS 694.9 billion and TZS119.6 billion respectively. The growth of the volume of business between year 2019 and 2020 was 1.2%.



# GROSS PREMIUM WRITTEN



Life and Non Life Business for years 2017-2021

6.9%

2017  
637B

2021  
912B

Life & Non Life Insurance

5.3%

2017  
556B

2021  
746B

Non Life Insurance

17.5%

2017  
80.8B

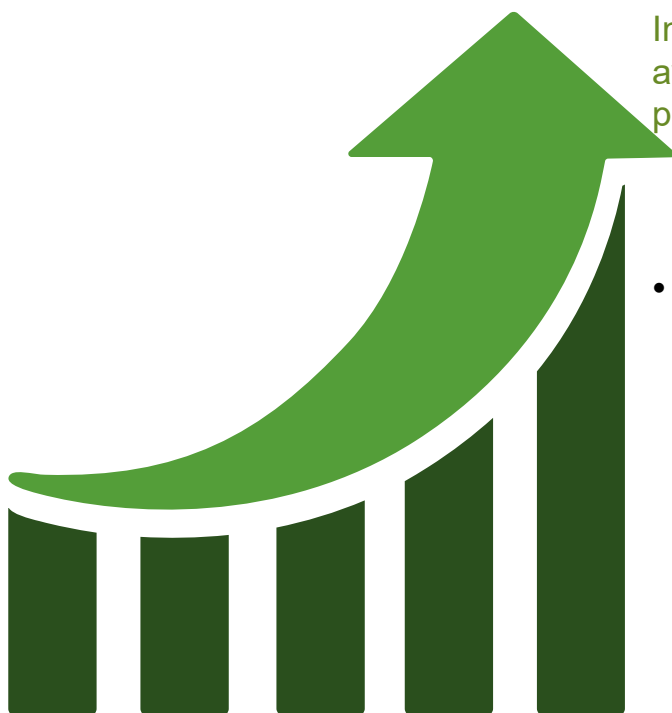
2021  
165B

Life Insurance





## REASONS FOR GROWTH IN INSURANCE MARKET



Improved public awareness and quality of products

- Introduction of new distribution channels including bancassurance agents and insurance digital platforms;

- Introduction of insurance management systems such as TIRAMIS.





## General & Long-Term Assurance Business for years 2017 - 2021 (TZS Million)



Particulars	2021	2020	2019	2018	2017	2020/ 2021 %Incr/ (Decr.)	2019/ 2020 %Incr/ (Decr.)
Total Gross Premiums Written	911,490	824,349	814,500	691,902	637,141	10.6%	1.2%
Total Assets	1,278,551	1,179,470	1,047,041	936,027	862,618	8.4%	12.6%
Total Liabilities	862,544	780,607	719,645	655,115	586,480	10.5%	8.5%
Total Net Worth	416,008	399,047	327,240	280,911	276,138	4.3%	21.9%
Total Investments	939,694	871,727	750,828	647,294	577,593	7.8%	16.1%



## GROSS PREMIUM REGIONWISE



Total premium underwritten by all insurance companies in Tanzania during 2021 amounting to TZS 911.5 billion, originated from various parts of the country.

- ❑ Eastern zone recorded 84.0% of the total premium written in the year 2021 followed by Northern zone 5.6%, Lake zone 4.4%, Central Zone, 1.8% and Southern Highlands zone 1.7%. During the period under review 2.3% of total premiums originated from Zanzibar.
- ❑ The concentration of business in the Eastern zone is largely associated with the enormous volume of business conducted in the commercial city of Dar Es Salaam and significant presence of insurance business undertakings.



## GROSS PREMIUM WRITTEN REGIONWISE IN TZS MILLION



Zone	Life Business	No life Business	Total	% Contribution
Eastern Zone	151,185	614,593	765,778	84.0%
Northern Zone	1,728	48,905	50,633	5.6%
Lake Zone	2,680	36,141	38,821	4.3%
Central Zone	421	15,420	15,841	1.7%
Southern highland Zone	864	14,549	15,413	1.7%
Southern Zone	-	2,341	2,341	0.3%
Western Zone	63	1,665	1,728	0.2%
Zanzibar	8,103	12,830	20,933	2.3%
<b>Total</b>	<b>135,706</b>	<b>688,642</b>	<b>911,488</b>	<b>100%</b>



## Insurers' Investments

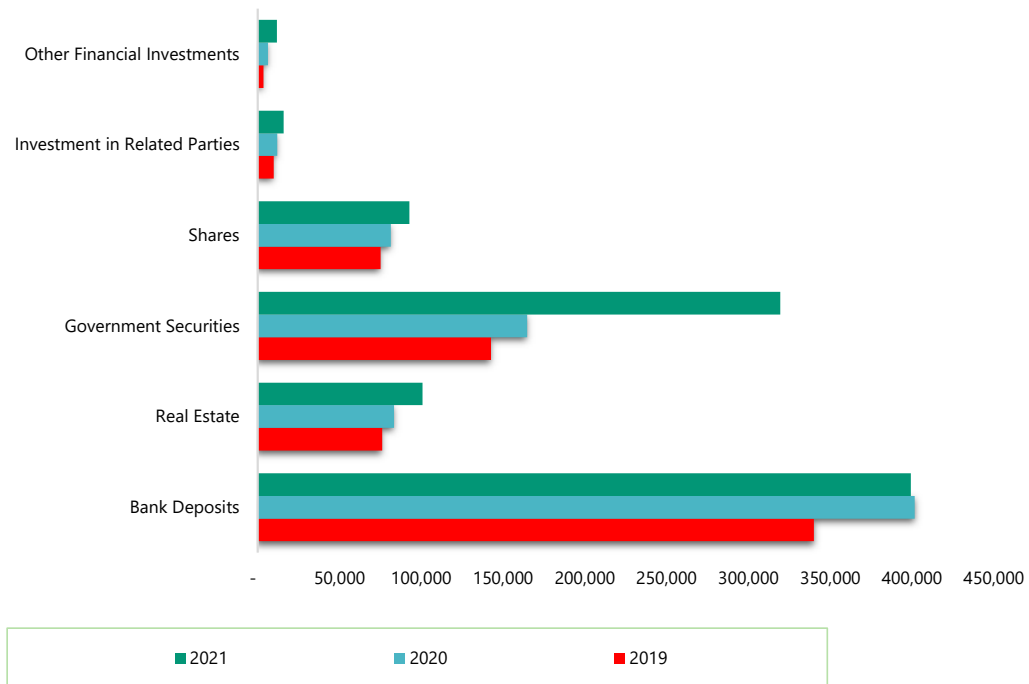


Insurers' total investments increased by 7.8% percent from TZS 871.7 billion in 2020 to TZS 939.7 billion in 2021. In year 2021 the largest share of insurers' investment assets comprised of

- ❑ Bank Deposits including term deposits and cash and bank balances (42.5%);
- ❑ Government Securities (34%);
- ❑ Real Estate investments (10.7 %);
- ❑ Shares (9.9 %);
- ❑ Investments in Related Parties (1.7 %);
- ❑ Other Financial Investments (1.3 %)



## Distribution of General and Long-Term Insurers' investments by type for years 2019 - 2021 (TZS Million).





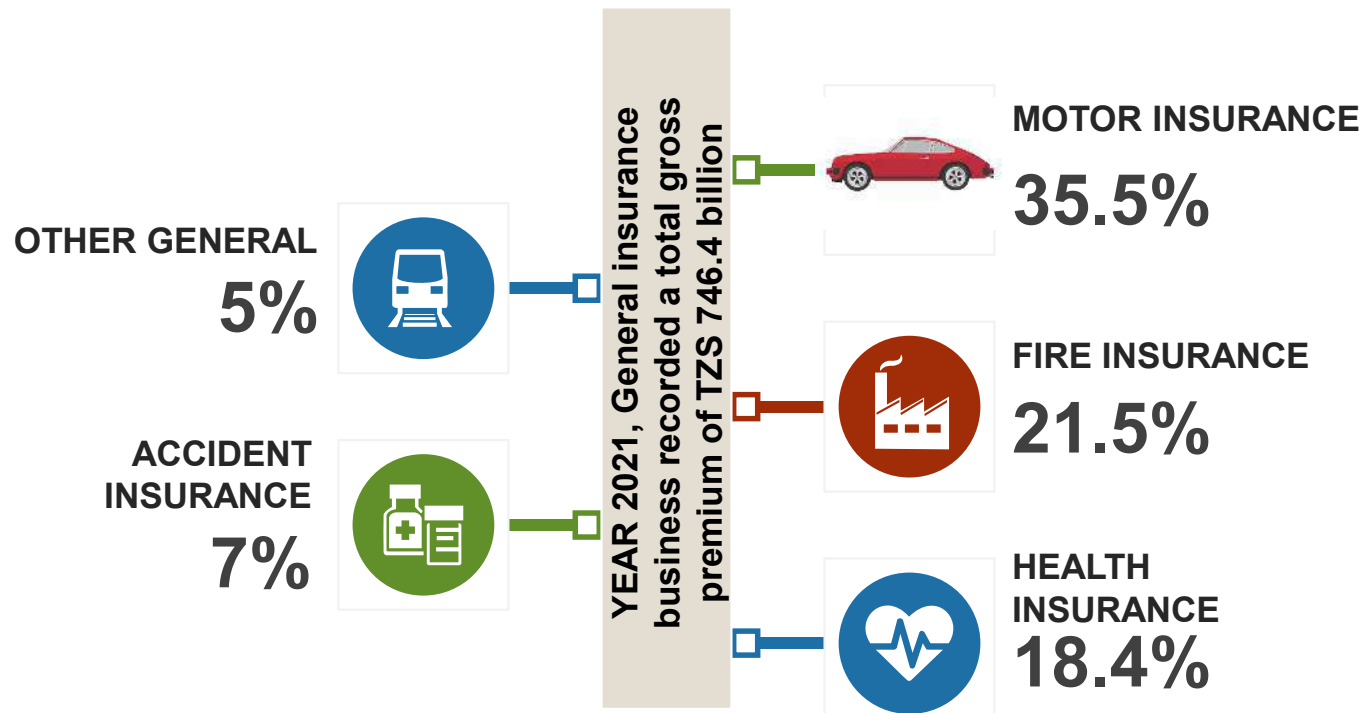
## GROSS PREMIUM WRITTEN-NON LIFE



General insurance business recorded a total gross premium of TZS 746.4 billion being an increase of 8.4% compared to a gross premium written of TZS 688.6 billion during 2020. In year 2019 gross premium written was TZS 694.9 billion.



# GROSS PREMIUM WRITTEN-NON LIFE







## TREND OF NON LIFE INSSURANCE FOR THE LAST 5 YEARSTZHS MILLION



AINA	2021	2020	2019	2018	2017
<b>Fire</b>	160,189	147,236	143,457	114,095	106,565
<b>Engineering</b>	27,373	31,704	54,701	26,190	24,985
<b>Motor</b>	264,738	227,174	223,627	203,151	189,898
<b>Accident</b>	32,311	51,152	52,233	45,019	42,847
<b>Marine</b>	52,481	30,940	31,684	22,860	22,570
<b>Aviation</b>	35,298	26,261	28,917	15,850	9,395
<b>Health</b>	137,165	136,206	128,596	127,850	130,307
<b>Oil &amp; Gas</b>	519	2,788	4,549	8,958	4,224
<b>Other General</b>	36,371	35,182	27,130	23,658	25,506
<b>Total</b>	746,446	688,643	694,894	587,631	556,297



## GROSS PREMIUM WRITTEN (AGRICULTURE INSURANCE)



- ❑ The insurance industry has continued to provide cover in agricultural sector whereby significant improvement was noted during year 2021. Six (6) insurance companies provided agriculture insurance in Tanzania.
- ❑ A total of TZS 1,323.7 million was underwritten as gross premium written in 2021. This constitutes 0.2% of the total general business underwritten during the same year. The largest part of premium was from Crop Insurance class of business (90.8%). Other classes included livestock and fisheries.
- ❑ Considering the role of agriculture in the national economy, the Authority in collaboration with other stakeholders are set to increase awareness to farmers on the use of agricultural insurance as a means of protection against various risks.



## GROSS PREMIUM WRITTEN- LIFE



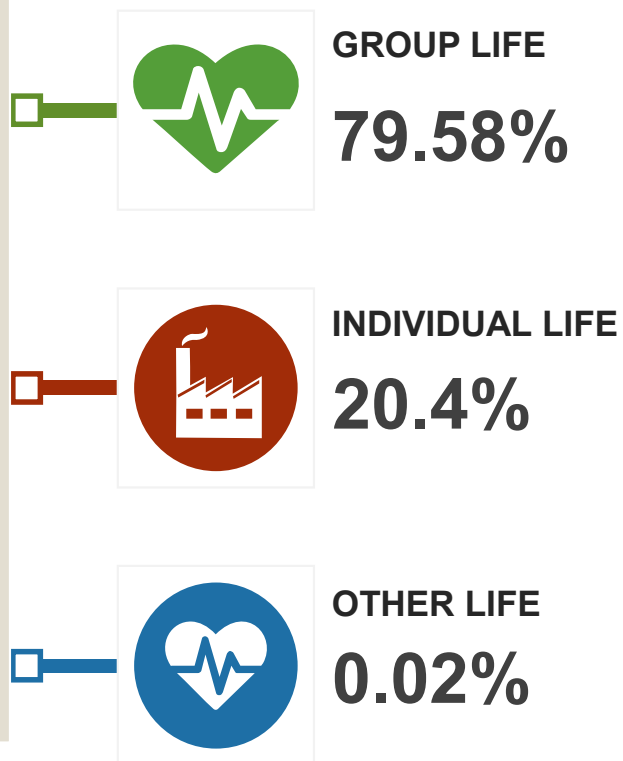
Life assurance business volume has increased by 21.6% from TZS 135.7 billion during 2020 to TZS 165.0 billion in 2021. Five (5) insurers, that transacted life assurance business in 2020 experienced expansion of their business portfolios while one (1) life assurance company recorded a decrease in business volume. In the year 2019 gross premium written for life assurance business was TZS 119.6 billion.



# GROSS PREMIUM WRITTEN- LIFE



YEAR 2021, Life insurance business recorded a total gross premium of TZS 165 billion



In addition, the contribution of life insurance in insurance sales is **18.1%** compared to **81.9%** for Non life insurance.



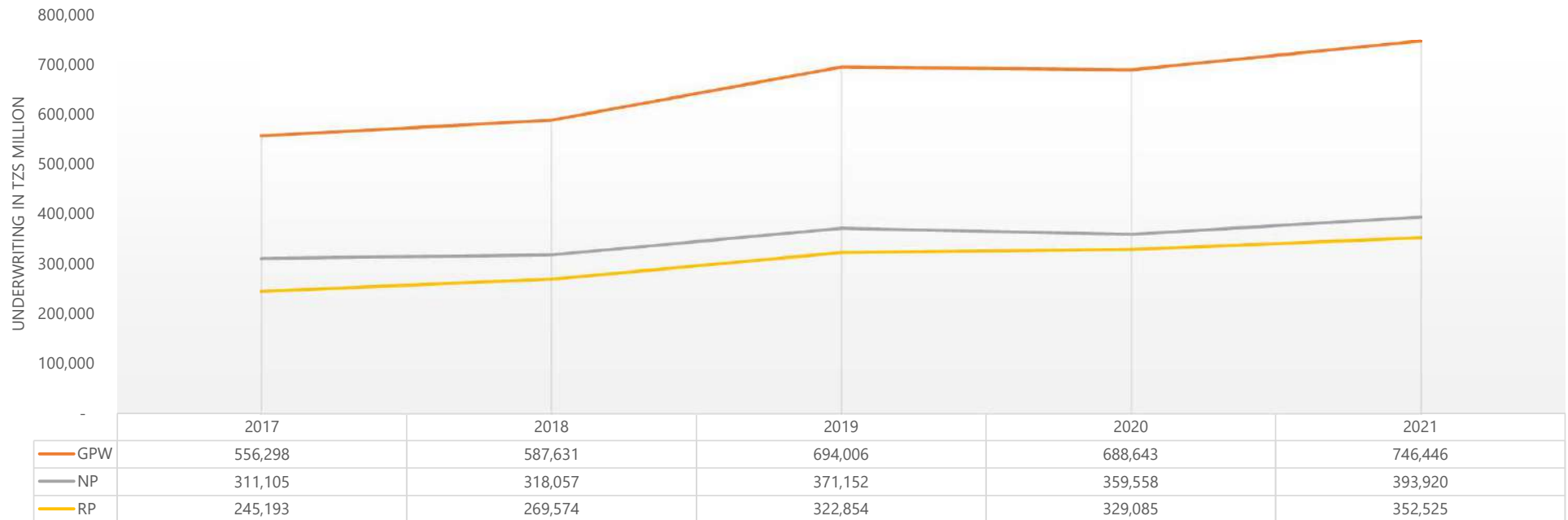
## Analysis of Retention Ratio



- ❑ The ratio of reinsurance premium ceded to gross premium written was 47.2% in 2021 compared to a ratio of 47.8% during the year 2020. During year 2021.
- ❑ On insurer-by-insurer basis, the highest reinsurance dependence ratio of above 50% was recorded by Heritage at 70.2%, followed by Phoenix 68.7%, NIC 66.7%, Meticulous 62.6%, Resolution 59.0%, GA 57.3%, MO Assurance 56.9, Tanzindia 56.5%, Mayfair 56.5%, Sanlam General 56.1%, ICEA Lion 55.6%, Britam 54.3%, Jubilee 51.9%
- ❑ The insurers with the lowest reinsurance dependence ratio compared to the rest were Milembe 10.5%, BUMACO 11.9%, Insurance Group of Tanzania at 15.1%, Assemble 16.8% and Strategis 18.4%



## General Insurance - Trends of Gross Premium Written (GPW), Net Premium (NP) & Reinsurance Premium (RP) ceded to Reinsurers, 2017 - 2021.



## RETENTION RATIO

01 BUMACO

88.1%

02 MILEMBE

85.5%

03 ASSEMBLE

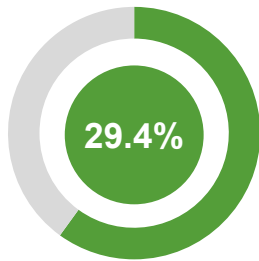
83.6%

04 IGT

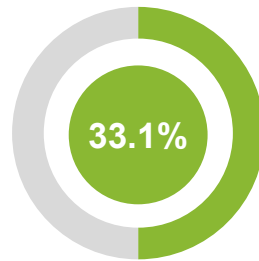
83.6%

UWIANO WA  
SOKO

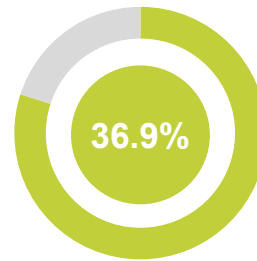
52.8%



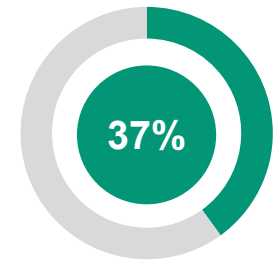
Heritage



NIC



Tanzindia



Phoenix





## General Insurance – Claims Experience

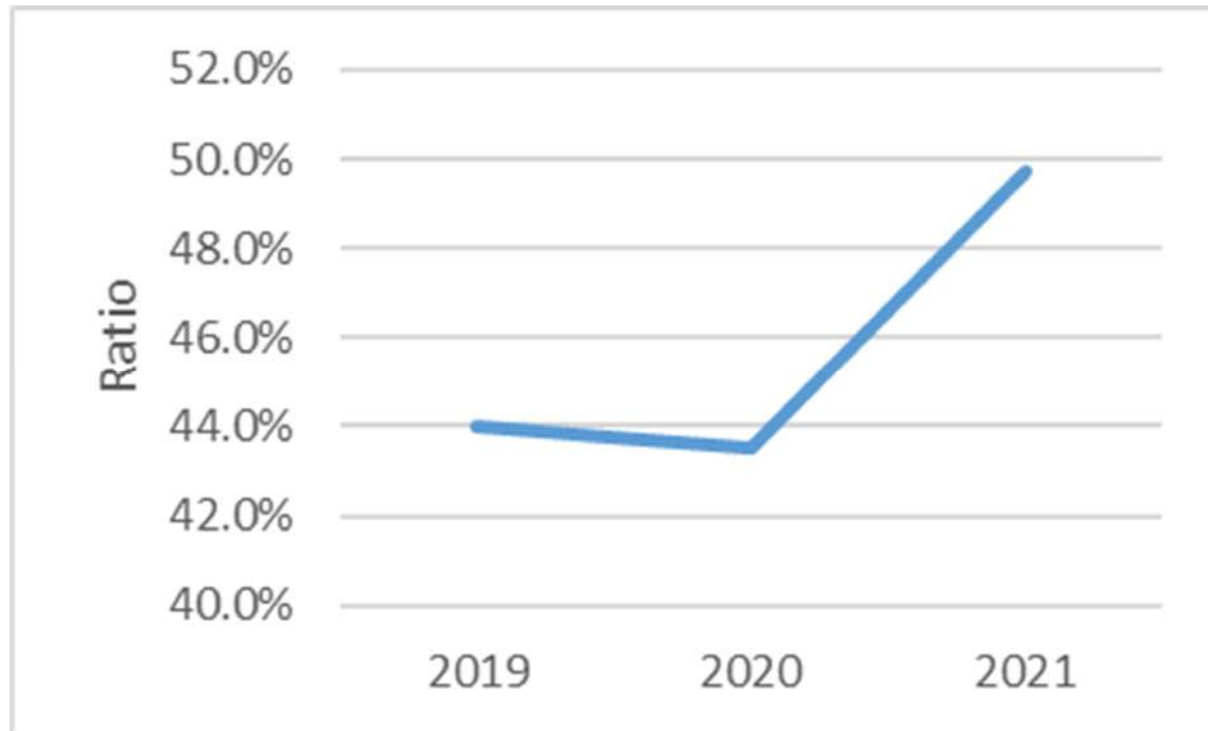


General Insurance Net Loss Ratio increased to 49.7% in 2021 compared to a ratio of 43.5% during the year 2020. For the year 2019, Net Loss Ratio was 44.0%.

Taking into account the reinsurance claims recoveries; net claims paid by local insurers amounted to TZS 184.8 billion in the year 2021, being 10.3% higher compared to net claims of TZS 153.6 billion paid in the year 2020. Net claims paid for the year 2019 amounted to TZS 162.5 billion.



## General Insurance – Industry Loss ratio for the years 2019 - 2021





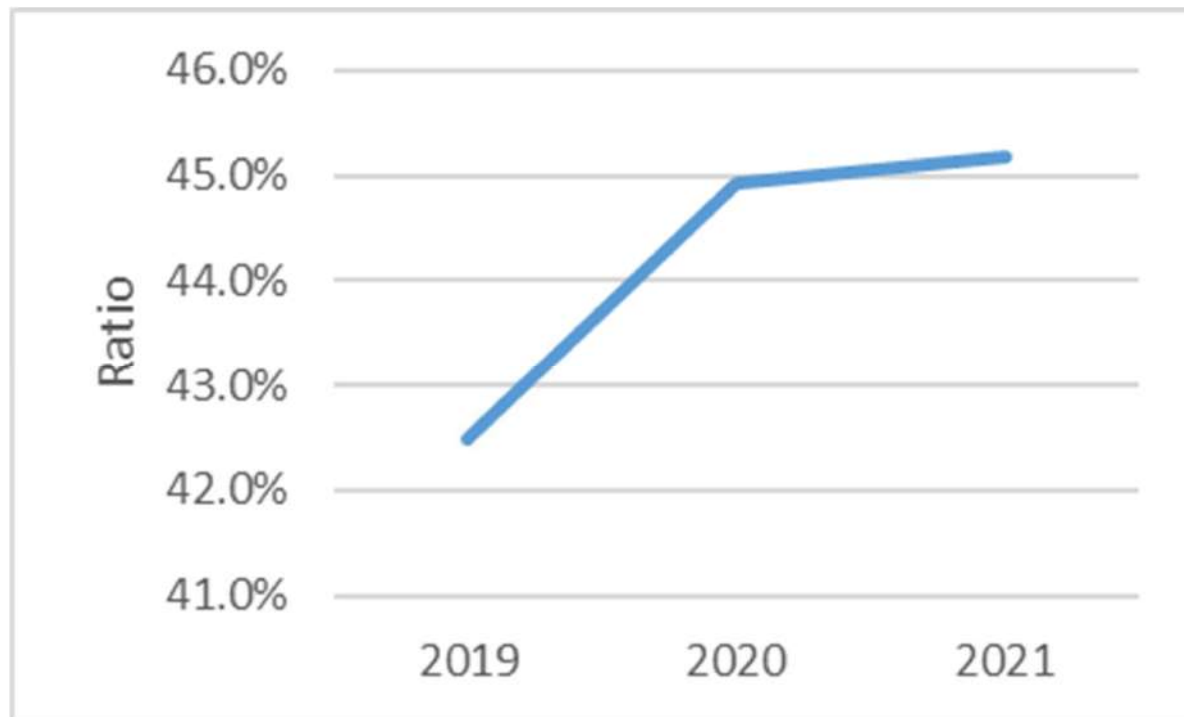
## General Insurance – Management Expenses



- The industry ratio of Management Expenses to Gross Premiums decreased to 22.4% during the year 2021 compared to 23.8% for the year 2020, being above the international recommendable ratio of 20.0%. During 2019, the ratio was 22.3%.
- The ratio of Management Expenses to Net Premiums Earned increased to 45.2% in 2021 compared to 44.9% in 2020, remained higher than the recommended 30.0%. During year 2019, the ratio was 42.5%



## General Insurance – Management Expenses for the Years 2019- 2021.





## INDUSTRY COMBINED RATIO



- ❑ The industry combined ratio deteriorated to 100.7 % during the year 2021 compared to 96.8% for the year 2020. The ratio was above the international recommendable ratio of 100% being an indication of loss.
- ❑ The deterioration is also shown by performance of the industry in terms of profits in general insurance business where during the year 2021 the industry had an underwriting loss amounting to TZS 2.2 billion being a decrease by 119.1% compared to an underwriting profit of TZS 11.7 billion in 2020. During year 2019, the insurance industry combined ratio was 93.7%.



## Volume of business and Market share of Reinsurance Companies



- During the period under review the insurance industry marked an entry of one new reinsurance company namely Grand Reinsurance Tanzania Company Limited (GrandRe), the company that was registered to transact reinsurance business in the market in year 2021. Then again, Tanzania Reinsurance Company Limited (TanRe) has been in business for the entire period under review. Therefore, as at the end of the year 2021 there were two companies registered to transact reinsurance business in the industry.
- The reinsurance companies reported Reinsurance gross premium written amounting to TZS 166.0 billion in 2021 representing an increase of 18% from 140.6 billion reported in 2020. In year 2019 gross premium written was TZS 141.4 billion. During year 2021, TanRe contributed about 99.7% of reported reinsurance gross premium in the market.



## Reinsurance Gross Premiums by Class of Business (TZS Million)



Class of business	Name of Insurer		Total 2021	Total 2020	Total 2019
	TanRe	GrandRe			
Fire	40,762	111	40,872	46,119	38,851
Engineering	5,405	79	5,484	7,796	5,847
Motor	25,266	-	25,266	22,547	23,344
Accident	31,543	76	31,619	30,993	24,089
Marine	8,844	26	8,870	6,608	5,913
Aviation	29,256	138	29,394	11,129	11,672
Health	19,589	-	19,589	15,447	31,677
Oil & Gas	3,901	-	3,901	-	-
Other Gen.	1,024	4	1,027	-	-
<b>Total</b>	<b>165,590</b>	<b>433</b>	<b>166,023</b>	<b>141,394</b>	<b>140,639</b>





## INTERMEDIARIES PERFORMANCE





## GROSS PREMIUM WRITTEN FROM INSURANCE SERVICE PROVIDERS



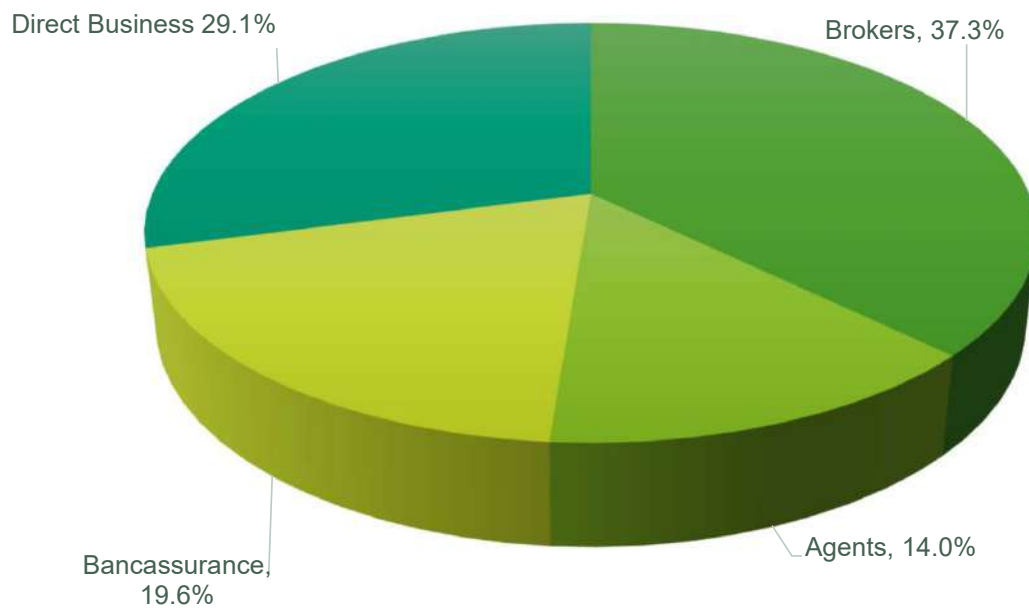
For the year ended 2021, a total amount of TZS 911.5 billion was collected as Gross Premium Written from various registrants as follows:

- ❑ A total of TZS 339.6 billion as Gross Premium was collected through Insurance Brokers which constitute of 37.3% of all Insurance Business.
- ❑ TZS 127.4 billion as Gross Premium was collected through Insurance Agents which constitute of 14.0% of all Insurance Business
- ❑ Further, A total of TZS 179.1 billion as Gross Premium was collected through Bancassurance Agents which constitute of 19.6% of all Insurance Business.
- ❑ The remaining amount of 265.4 billion shillings equal to 29.1 percent of the total premium was Direct business from Insurance companies

○



## GROSS PREMIUM WRITTEN FROM INSURANCE SERVICE PROVIDERS





## EMPLOYEES IN THE INSURANCE INDUSTRY



- The insurance industry has employed 4,158 permanent employees by September 2022.
- In addition, in 2020, the insurance sector had 3,208 permanent employees.
- Below table describes it further.



## EMPLOYEES IN THE INSURANCE INDUSTRY



MSAJILIWA	June 2022			June 2020		
	NUMBER OF COMPANIES	NUMBER OF EMPLOYEES	TOTAL	NUMBER OF COMPANIES	NUMBER OF EMPLOYEES	TOTAL
Insurance Companies	32	35	1,120	31	30	930
Reinsurance Companies	2	15	30	1	15	15
Insurance Agents	910	2	1,820	745	2	1,490
Insurance Brokers	89	4	356	76	4	304

# EMPLOYEES IN INSURANCE INDUSTRY



MSAJILIWA	June 2022			June 2020		
	NUMBER OF COMPANIES	NUMBER OF EMPLOYEES	TOTAL	NUMBER OF COMPANIES	NUMBER OF EMPLOYEES	TOTAL
Reinsurance Brokers	4	4	16	4	4	16
Loss Assesors	52	2	104	60	2	120
bancassurance agents	27	25	675	24	13	312
Actuarial Firms	4	4	16	3	4	12
Insurance Digital Platform	4	3	12		3	-
Insurance Private Investigators	3	3	9	3	3	9
<b>TOTAL</b>	<b>1,127</b>	<b>97</b>	<b>4,158</b>	<b>947</b>	<b>80</b>	<b>3,208</b>



# CHALLENGES IN INSURANCE MARKET



## 1. Absence of a National Agricultural Insurance scheme

It is a cross-cutting issue that requires the joint efforts of the Ministries of Agriculture, Livestock/Fisheries and the Ministry of Finance and Planning. In addition, there is a national team created to coordinate the process of establishing this scheme

## 2. Absence of Board Of Insurance

The society is facing little understanding on importance of insurance services in the country. One of the reasons is the lack of sufficient and professional experts in the Insurance market compared to the demand. The authority, in collaboration with various stakeholders, has prepared and is continuing with the implementation of a five-year strategy for the provision of insurance education to the public. In addition, stakeholders have started the process of establishing a board of insurance experts, actuarial and Social Protection(**Insurance, Social Protection and Actuarial Board-ISPAB**)



## CHALLENGES IN INSURANCE MARKET



### 3. Limited market capacity to protect against disasters and large projects

- The underwriting capacity of insurance companies in the country is TZS. 911 billion. In addition, the total capital invested by insurance companies in the country in the insurance business is TZS 416 billion. This shows the limited ability of insurance companies to prevent disasters, so there is a need to increase the capital to prevent disasters through Reinsurance programs



# ACHIEVEMENTS IN INSURANCE MARKET



## 1. Government Levies

Insurance companies contributed to the Government's income through corporate income taxes amounting to TZS15.3 billion for the year 2021 compared to TZS 14.6 billion for the year 2020 which is an increase of 4.8 percent. This increase was due to the increase in profits from investments. Other sources of income include value added tax (VAT), withholding tax and various charges to the Government.

## 2. Improvement in Electronic system

TIRA in collaboration with insurance companies have increased the use of IT services. Currently the insurance market uses the TIRA Management Information System (TIRAMIS). This system is connected to the users of insurance services in the country. For example, car insurance claims do not need to use paper stickers instead they use a digital system.





# ACHIEVEMENTS IN INSURANCE MARKET



## 3. Proposal for changes to Laws and Regulation

- The authority prepared various recommendations for the improvement of the insurance law, and insurance regulations to be able to improve the management and performance of the insurance sector.
- Proposals for the improvement of laws and regulations have consider on the participation of various stakeholders of the insurance sector

## 4. Issuance of Guidelines in the market

- Takaful Operations Guidelines
- Guidelines on the Implementation of International Financial Reporting Standard on Insurance Contracts (IFRS 17)
- Sales Force Executives Guidelines
- Guidelines for Insurance Digital Platforms
- Guidelines to the Insurance Industry on the Actuarial Function



## FUTURE EXPECTATIONS



- Continue with the implementation of Insurance issues outlined in the Financial sector master Plan
- Establish and implement the National Agricultural Insurance Scheme
- To continue provide guidelines to the market in order to establish and enforce certain conducts which are not provided in the Insurance Act such as
  - *Oil and gas consortium*
  - Reinsurance and specialized risk management Guideline
  - Guideline on Corporate Governance



THANK YOU



## MORTGAGE FINANCE:

### OPPORTUNITIES, ISSUES & PROSPECTS.



Presented by:


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- **FIRST FULLY INDIGENOUS BANK**
- **TIER 1 COMMERCIAL BANK**
- **25 BRANCHES NETWORK**
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- [www.azaniabank.co.tz](http://www.azaniabank.co.tz)
- **0800 110 210 Toll Free**






### HOUSING FINANCE MECHANISMS – THE EVOLUTION




- 1953- African Urban Housing Scheme
- 1960 –First Permanent Building Society
- 1962 National Housing Corporation
- 1963 Revolving Loan Fund
- 1968- Permanent Housing Finance Company
- 1972 Tanzania Housing Bank



- Housing for civil servants
- Government support for urban housing
- National laws adopted to promote housing

Source: Re-establishing Effective Housing Finance Mechanisms in Tanzania, The Potential and Bottlenecks – Government of Tanzania and UN-Habitat 2003



### HOUSING FINANCE MECHANISMS – THE EVOLUTION

- Tanzania Housing Bank was established in 1972.
- Owned by:
  - Government of Tanzania
  - National Insurance Company
  - National Provident Fund
- THB collapsed in 1996.
- Problems centered around high default rate of 82%
- Reports cite failure to confirm ability to pay
- Before its collapse – THB facilitated construction of 36,000 housing units.

Source: Re-establishing Effective Housing Finance Mechanisms in Tanzania, The Potential and Bottlenecks – Government of Tanzania and UN-Habitat 2003



## HOUSING FINANCE MECHANISMS – THE EVOLUTION

- Following the demise of THB in 1996:

- Vacuum in the housing finance market.
- Most residential properties were developed incrementally using short term loans and savings.



- Construction periods of simple residential housing units up to over 5 years.
- Many move in unfinished houses.
- Developers feared lack of adequate market.



## RE-ESTABLISHMENT OF MORTGAGE SYSTEM IN TANZANIA

- In the early 2000's, mortgage loans were re - introduced by commercial banks. (OPPORTUNITY SIGHTED)
- Major challenges then:
  - Lack of regulatory system until mortgage financing (special provisions act) of 2008.
  - Lack of reliable source for long term funding at affordable rates.
  - Limited product knowledge on the part of:
    - Bankers
    - Borrowers
    - Government officials



## RE-ESTABLISHMENT OF MORTGAGE SYSTEM IN TANZANIA

- **OTHER CHALLENGES:**

**LAND TITLES AVAILABILITY**

**FEW DEVELOPERS**

**BUILDING PERMITS**

**MORTGAGE REGISTRATION**

**AFFORDABILITY**



## MAJOR INTERVENTIONS

### 1. ESTABLISHMENT OF TANZANIA MORTGAGE REFINANCE COMPANY (TMRC) :

- Established in 2010.
- Liquidity facility For banks.
- Established under the Housing Finance Program (HFP).
- Set up by MFP, BOT and the World Bank.
- As of Sept. 2022, TMRC has extended Tzs. 145.20bn/-, to 15 PMLs.
- TMRC has signed MOU with Habitat for Humanity Intl for Housing Microfinance.
- Equivalent to 28% of total outstanding mortgage book of Tzs.522.95bn/-







## OTHER DEVELOPMENTS

- Mortgage lenders have increased from 3 in 2009 to 32 by September 2022.
- Increase of surveyed plots by Government and through PPP.
- Implementation of NHC's strategic plan to develop 15,000 housing units.
- NHC launched Joint Venture Policy in November 2022.



## MAJOR INTERVENTIONS

- Establishment of Watumishi Housing Company in 2013.
- Emergence of numerous private developers mostly in urban areas.
- Average mortgage interest rate in falling from 22% – 24% to 15% – 19%.
- Loan tenor up from 10 years to 25 years.
- Regulation has lowered equity requirement to 10%.
- Permitted use of CRI and insurance.







## PROSPECTS

- **Housing sector's fast growing demand is driven by strong and sustained economic growth.**
- **GDP growth of 6 – 7% over the past decade.**
- **Fast growing population.**
- **Housing shortage estimated at 3,000,000 units.**
- **Demand increasing by 200,000 units annually.**

Source: BOT-TMRC



## HOWEVER;.....

- **Ratio of outstanding mortgage debt to GDP still low at 0.3%.  
(Kenya - 2.5%, Uganda 0.5%, Rwanda, 3.7%, Burundi – 2.6%)**
- **Affordability remains a stumbling block.**
- **Informal sector has limited access to existing housing finance schemes.**
- **Other short to medium term lending products have contributed towards housing finance.**
- **Only over 5,000 formal mortgage loans as at September 2022.**

Source: Africa Union for Housing Finance Yearbook 2021



## **OTHER POSSIBLE INTERVENTIONS**

- **Establishment of Housing co-operatives to support housing microfinance.**
- **Introduction of tax incentives on mortgage interest and building materials.**
- **Government to continue to support PPP to promote availability of surveyed land and affordable housing.**
- **LGAs to introduce municipal bonds to raise funding for infrastructure development.**
- **Promotion of product knowledge to the public.**



## **PROSPECTS FOR FINANCE EXPERTS**

- **Engaging into the finance industry to spearhead knowledge in finance.**
- **The construction and housing finance industries will require services of finance experts exponentially in the near future, creating mass opportunities.**
- **The Government and its agencies will require the services of finance experts to oversee and regulate the industry.**
- **Financial creativity is important in creating more financing models and products required to promote housing finance.**



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