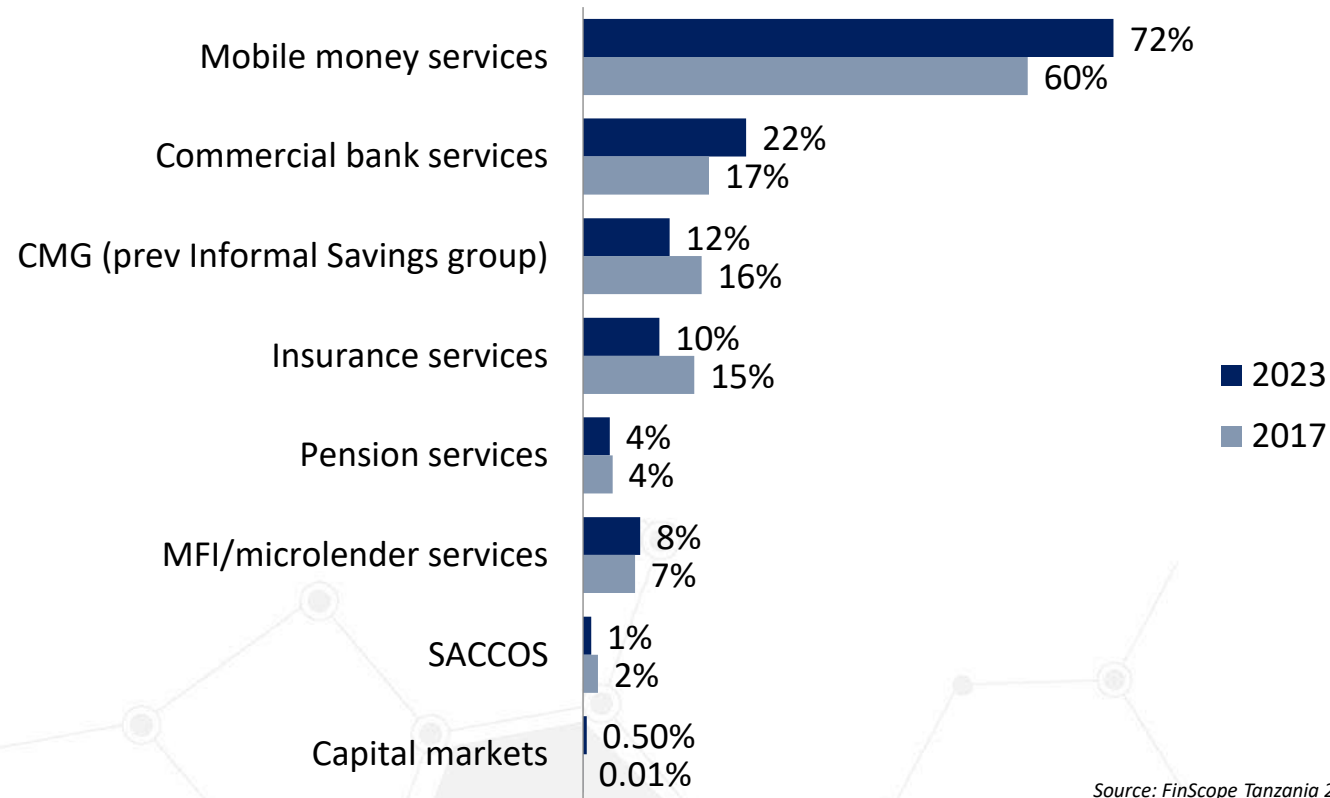


Banking Sector TBA Conference

March 2025

Mobile Money remains the key driver of financial inclusion

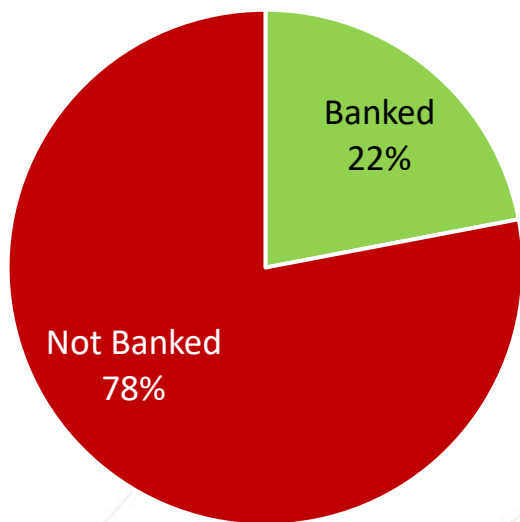
Uptake of Formal Financial Services



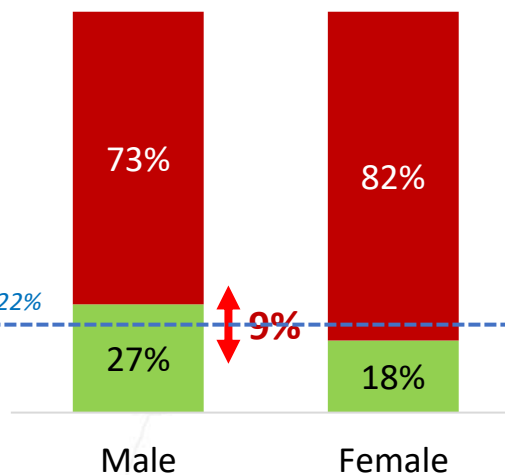
Source: FinScope Tanzania 2023 (March-April 2023) & FinScope Tanzania 2017 (April-July 2017)

Key gaps in gender and setting remain across the banked population

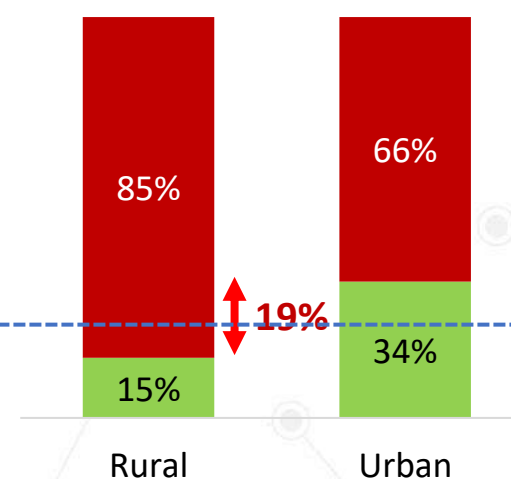
Banked - National Distribution



Banked by Gender



Banked by Setting



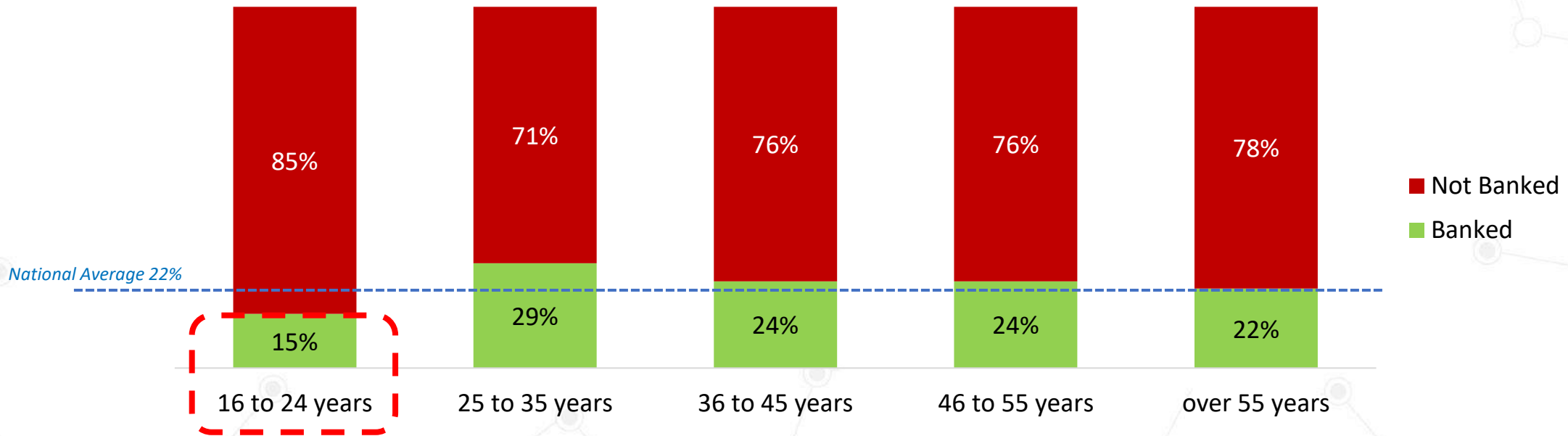
■ Not Banked
■ Banked

The gender gap is at 9%-points while the rural-urban gap is at 19%-points. Considering over 6 in 10 Tanzanians are found in rural areas and more than half of Tanzanians are women key segments are left behind.

Source: FinScope Tanzania 2023 (March-April 2023)

Younger youth, 16 to 24 years, is a key segment to include

Banked by Age Group



Historic segmentation analysis from Findex data for Tanzania shows that unless uptake gaps are breached for 16- to 24-year-olds continuous uptake gaps will remain. Further, CGAP research underlines that a “deepened” financial service customer is build from teenage years onwards and not later in life. Youth customer investment will increase long term customer on the expense of low immediate high customer values.

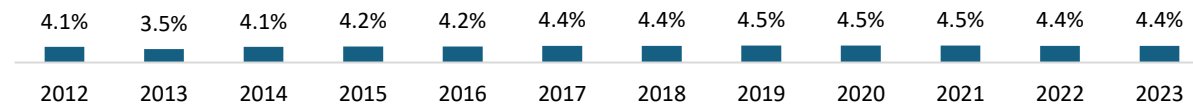
Source: FinScope Tanzania 2023 (March-April 2023)

Are we playing our role?



Overall Financial and Insurance Sector Contribution to GDP has remained largely stagnant over the past decade

Financial and Insurance Sector contribution (share in %) to GDP
(2012 to 2023)



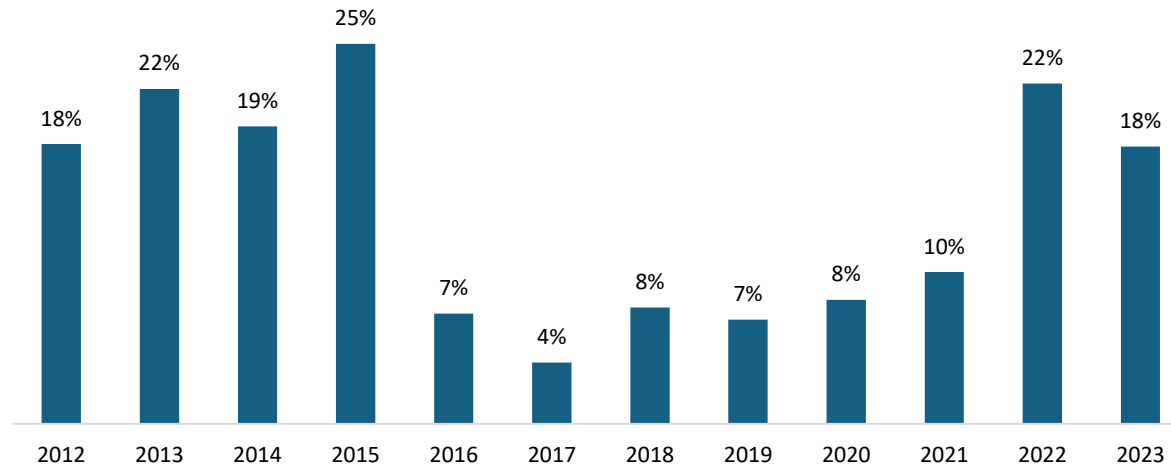
Despite strong targets in the FSDMP, of increased financial sector contribution to GDP to 10% by 2030 we have not seen a significant increase in the share.

Source: National Accounts (NBS) 2012 to 2023



Credit to Private Sector to GDP ratio is averaging at 14% for the past 12 years

Credit to Private Sector to GDP (%)



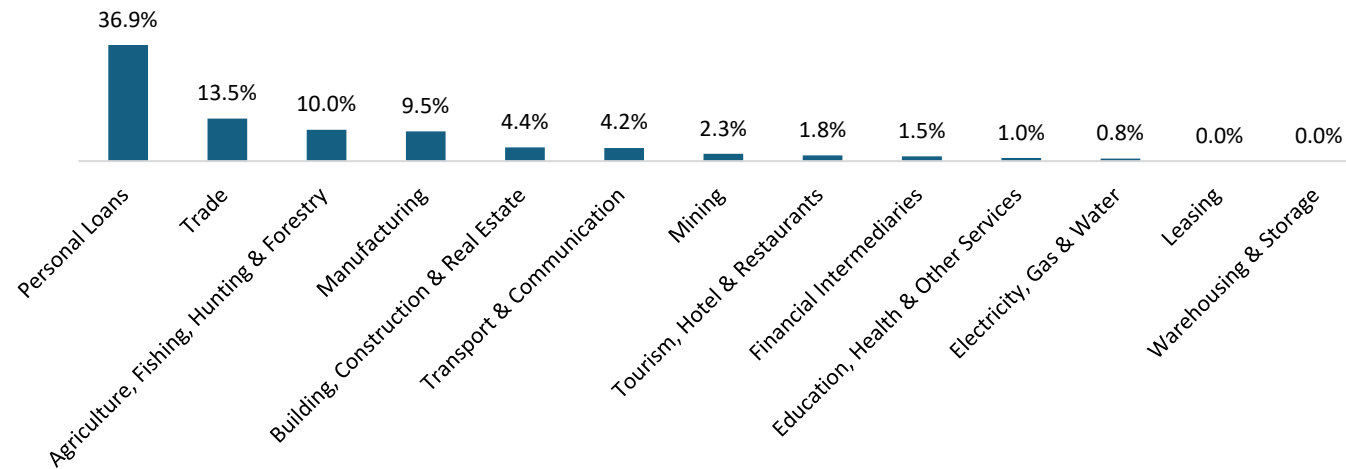
For upper middle-income countries (UMICs), a healthy and sustainable level of credit to the private sector to GDP typically falls within the range of: 60% - 100% of GDP.

Source: Bank of Tanzania – Annual Reports (2012 to 2023)



Over one third of banking sector loan portfolio was issued to personal loans

Banking Sector 's Loan Portfolio - Sectoral Distribution of Loans in 2023



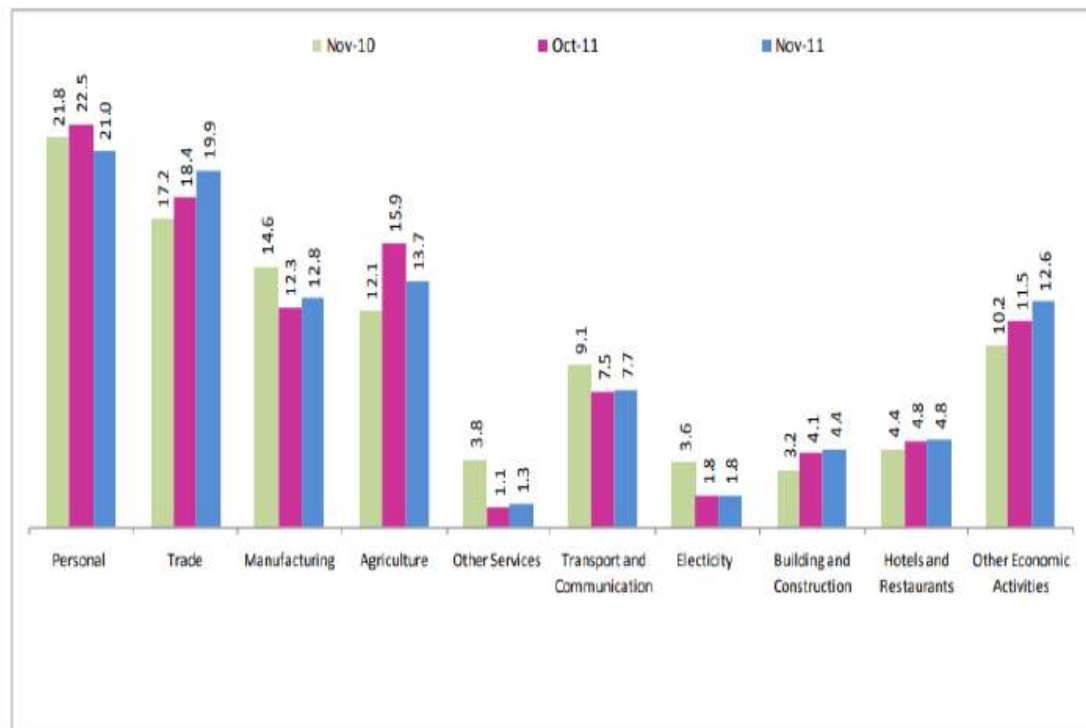
Productive sectors, such as Manufacturing, Mining as well as Agriculture have cumulatively a lower portfolio than personal loans. Begging the questions, are personal loans indeed “personal”? Why do people opt for them? And, does this statistic challenge the ability of the banking sector to actually “fuel” the economy?

Source: Bank of Tanzania – Annual Reports (2012 to 2023)



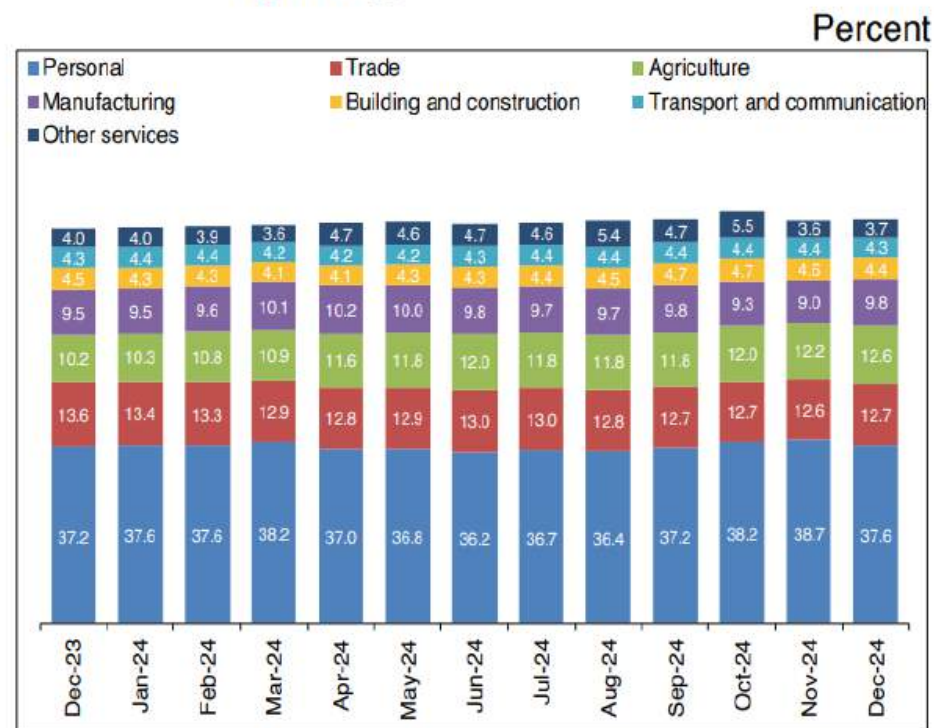
Share of Credit to Private Sector 2011 vs 2024

Chart 2.3: Outstanding Percentage Share of Banks' Credit to Various Activities



Source: Bank of Tanzania, December 2011

Chart 2.3.5: Share of Credit to Selected Economic Activities

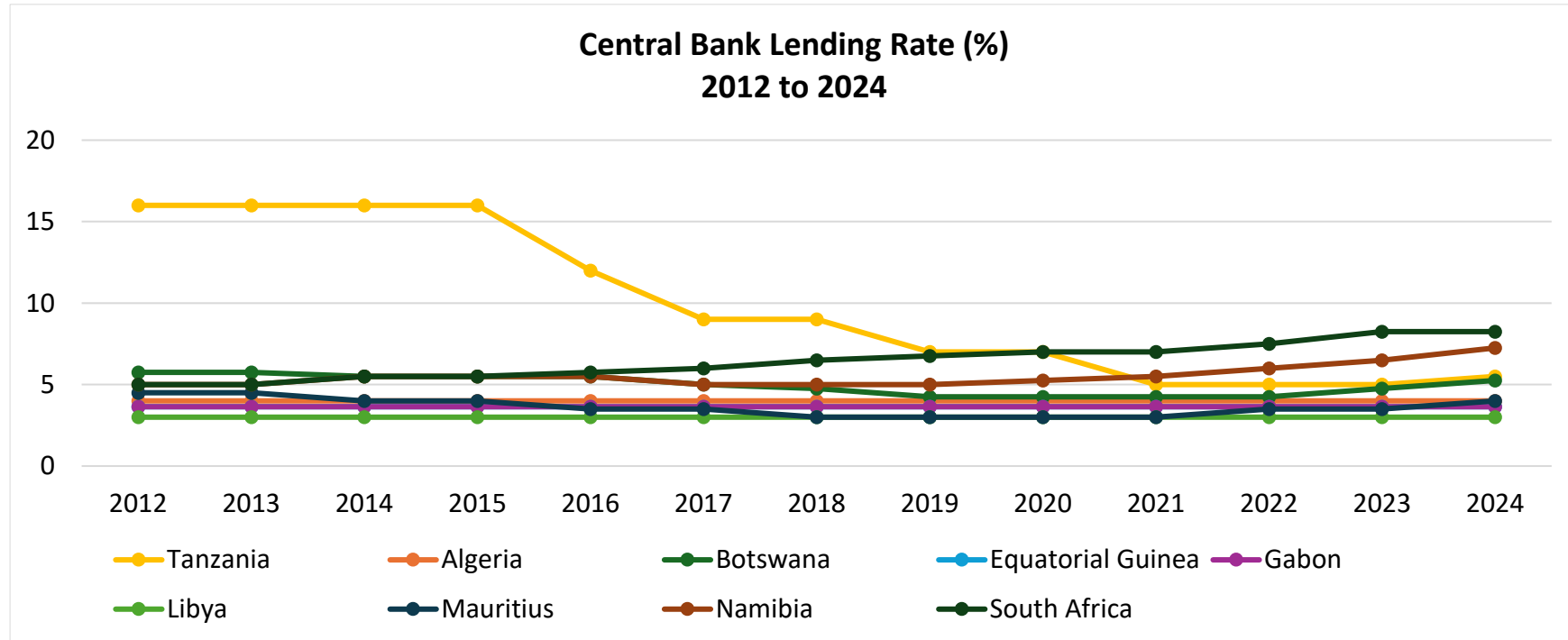


Source: Banks and Bank of Tanzania computations

Source: Bank of Tanzania



Tanzania’s Central Bank lending rate has levelled out to those of other UMIC since 2019



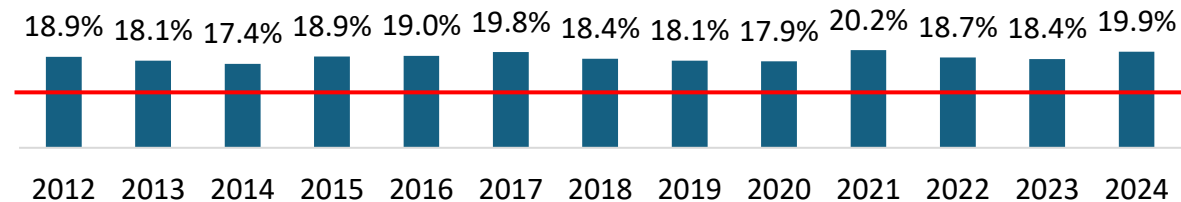
While between 2012 to 2015 the central bank lending rates were almost three-fold that of central banks in UMIC it started to level out slowly in 2016 to 2018. This trend was a result of various monetary policies i.e. Reduction in the Statutory Minimum Reserve (SMR) Ratio, Expansionary monetary policy as well as a decline in inflation rates.

Source: Bank of Tanzania – Annual Reports (2012 to 2023), and various Central Bank Reports from the Comparison countries



Tanzania's banking sector has maintained a high CAR, on average 18.7% over the past 12 years

**Total Capital Adequacy Ratio (%)
2012 to 2024**



CAR recommended by BOT is at 12%

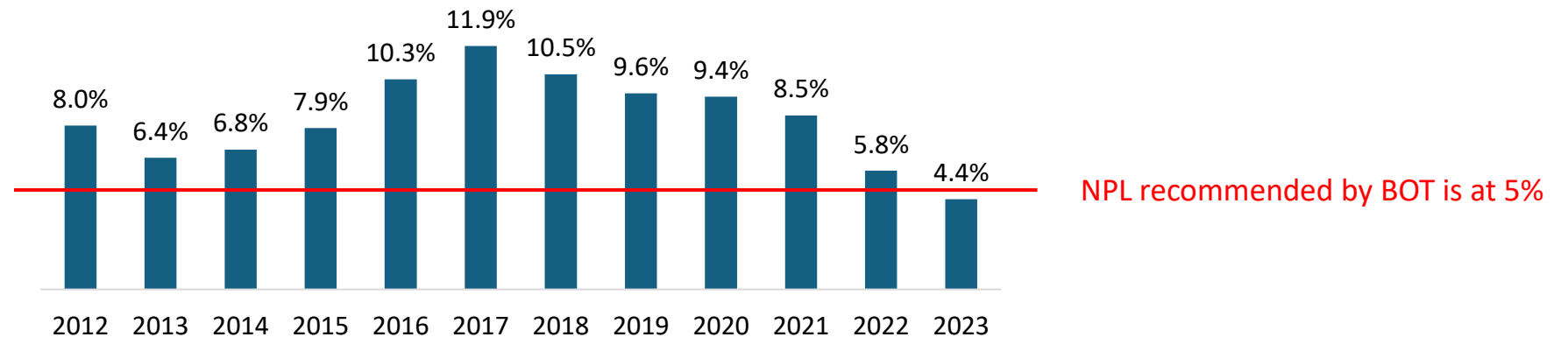
The high CAR provides a higher capital buffer to protect against systemic risks. The BOT recommended CAR is at 12%, which still sets the actual market average at a significantly higher rate which creates safer banks but tends to reduce lending capacity.

Source: Bank of Tanzania – Annual Reports (2012 to 2023)



Since 2018 NPLs have shown significant reduction, with 2023 recording a below 5% NPL rate

Non-Performing Loan Rate (2012 to 2023)



The trend indicates that there was a significant improvement of the banks' asset portfolio which promotes overall sector stability.

Source: Bank of Tanzania – Annual Reports (2012 to 2023)

Is there room for growth?

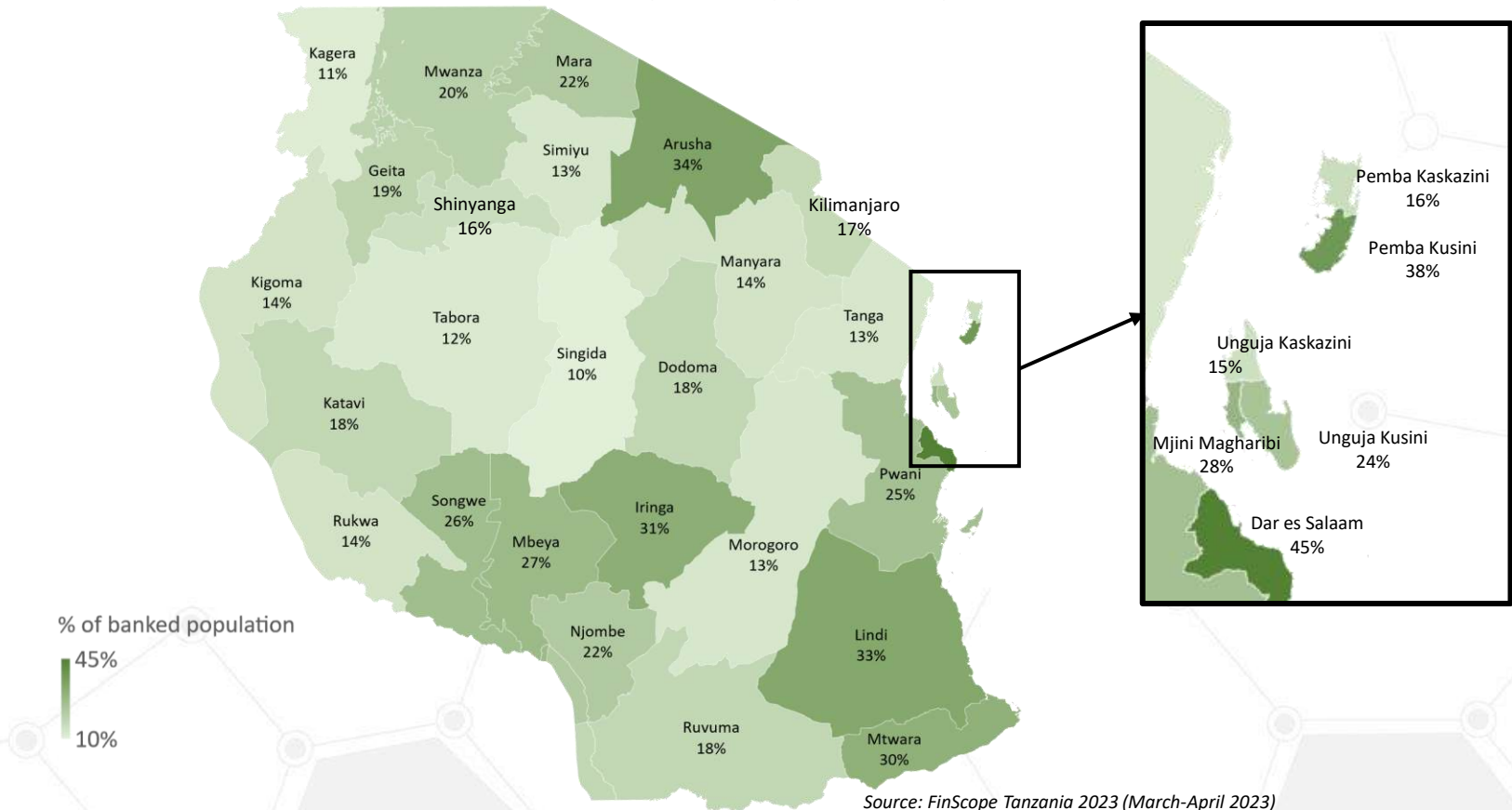
March 2025

Proportion of banked population in each region

Map 1: Percentage of banked population in a Region

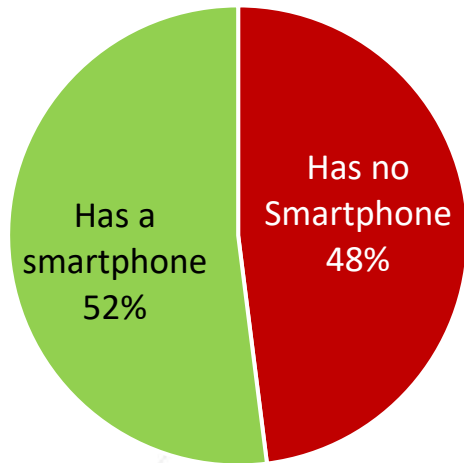
These regions remain below the national average of banked population (22%):

Region	Banked Population
Singida	10%
Kagera	11%
Tabora	12%
Morogoro	13%
Simiyu	13%
Tanga	13%
Kigoma	14%
Manyara	14%
Rukwa	14%
Kaskazini Unguja	15%
Kaskazini Pemba	16%
Shinyanga	16%
Kilimanjaro	17%
Dodoma	18%
Katavi	18%
Ruvuma	18%
Geita	19%
Mwanza	20%

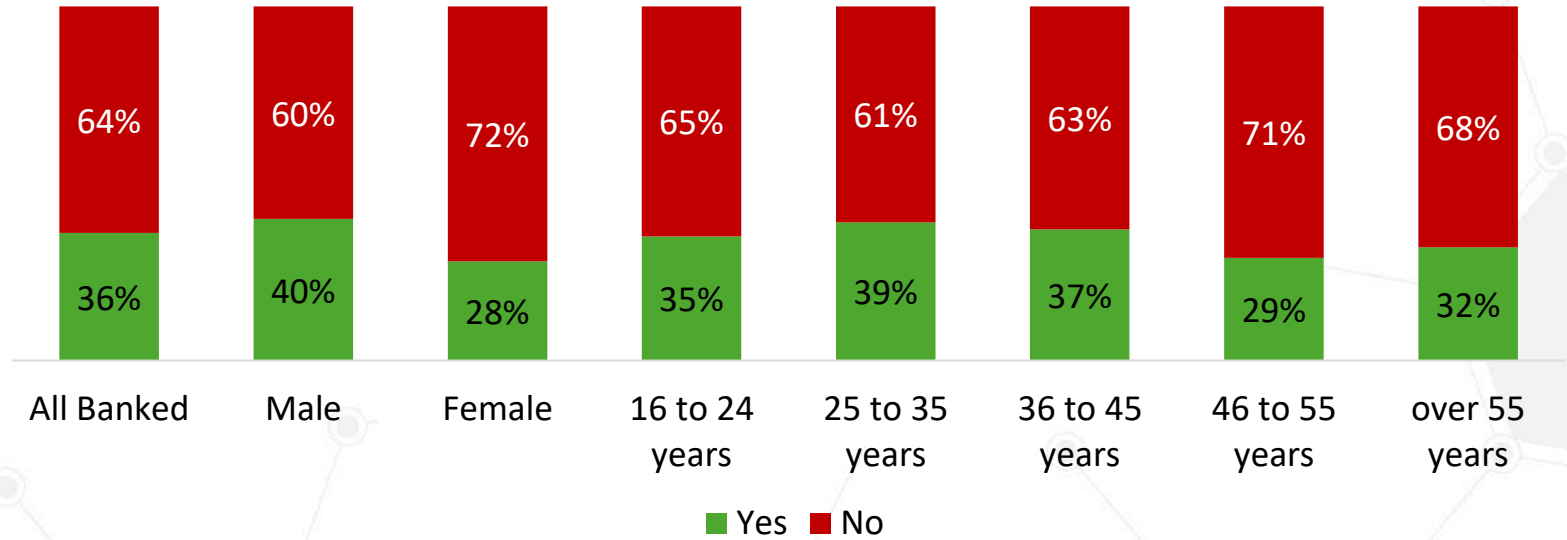


Only about one third of banking users with smartphone use a mobile banking app

Is your phone a smartphone?
Base=All those banked with a phone



Have you ever downloaded any mobile banking apps?
Base=Banked only, with smartphone

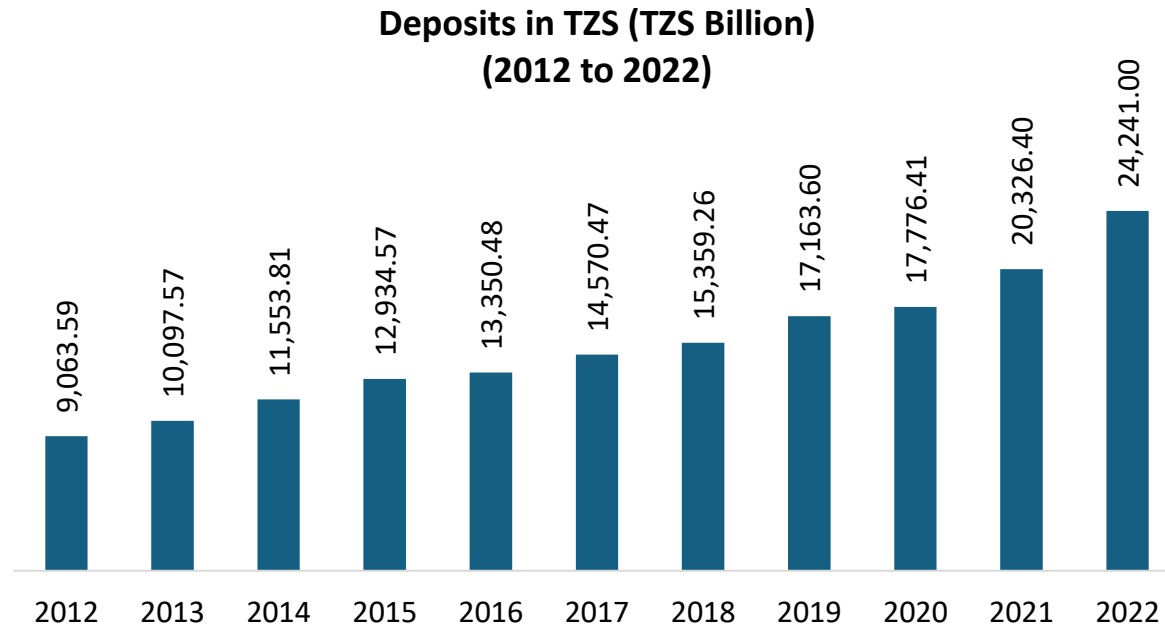


96% of bank customers have a phone, over half of which have a smartphone, however only 36% of them use mobile banking apps. Even among younger youth the uptake is low.

Source: FinScope Tanzania 2023 (March-April 2023)



Deposits in TZS have grown on average 11% between 2012 to 2022



Notably deposit in TZS growth rates declined between 2016 to 2018 and once again in 2020.

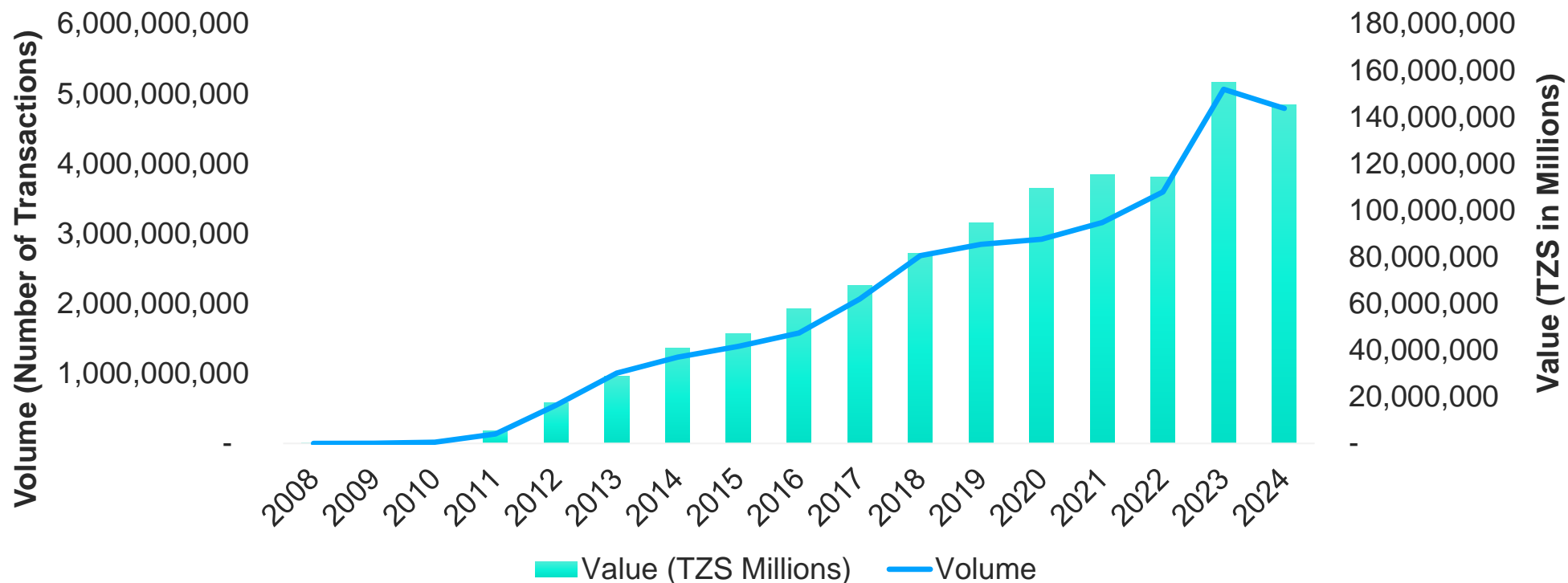
Source: Bank of Tanzania – Annual Reports (2012 to 2023)



DFS – Supply Side Statistics

Mobile Money transactions have been on a rise and so are the values pushed through the systems

Mobile Payments - Volume and Values (in Million TZS)



In 2024, over 4.7 Billion mobile money payments were recorded, moving over 145.1 Trillion TZS through the systems. Which is indicative of an average transaction value of 30,312 TZS. However, are we just moving values or are we creating?

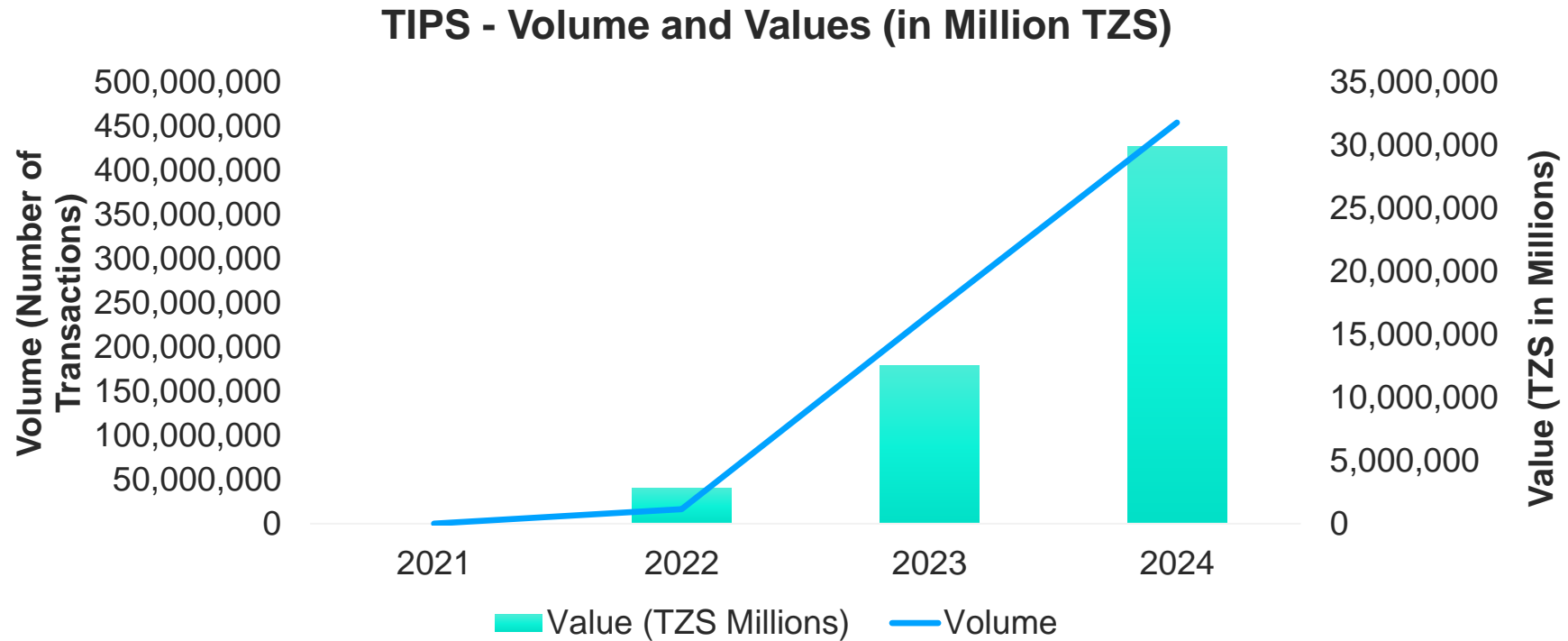
*Note, decline between 2023 to 2024 is caused by a change of reporting system not an actual decline

Source: Bank of Tanzania – Payment Statistics



DFS – Supply Side Statistics

With increased TIPS integration interoperable transfers are on a rise



As of 2024 TIPS was pushing over 453 Million Transactions, worth 29.9 Trillion TZS, with an average transaction size of 65,898 TZS.

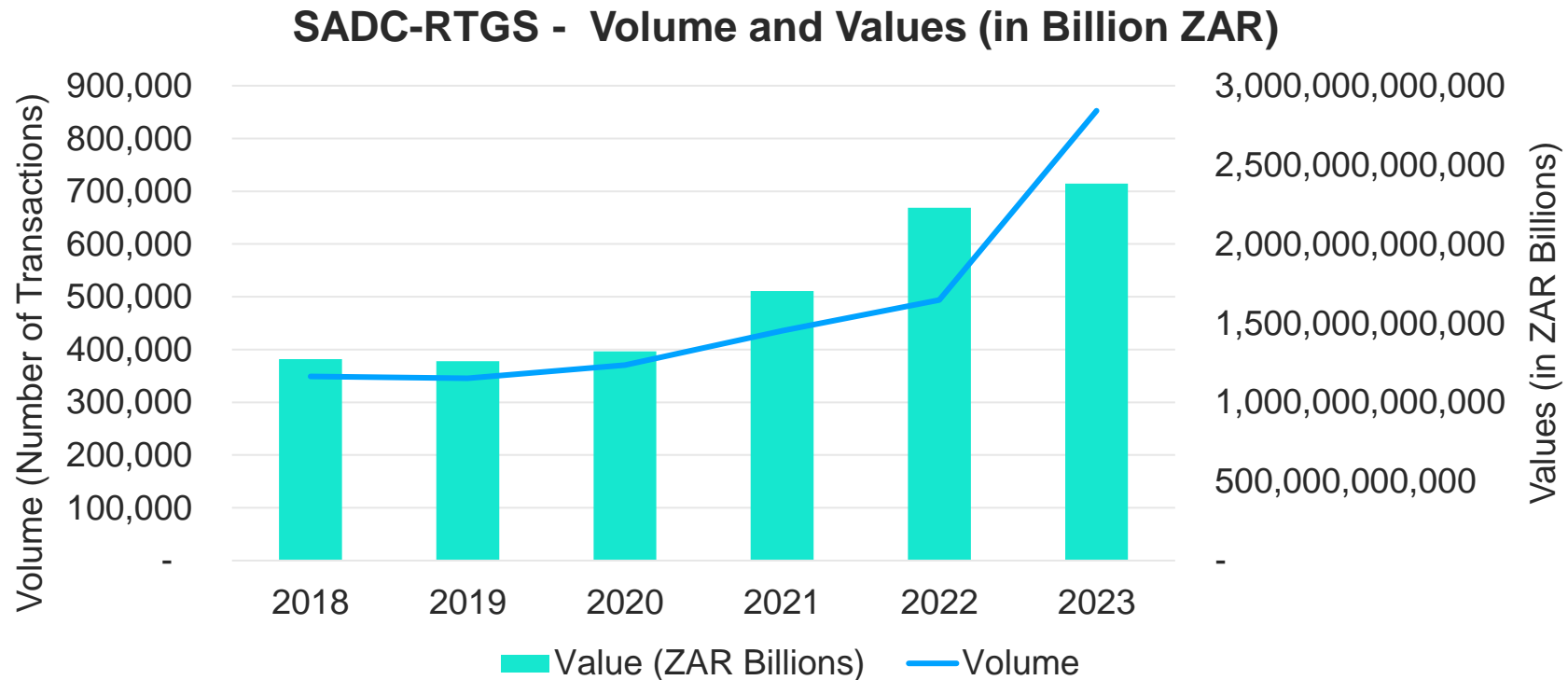
*Note, TIPS only started operation mid-way through 2021 gradually adding MNOs and other payment providers through 2023. Hence a steep increase is observed.

Source: Bank of Tanzania – Payment Statistics



DFS – Supply Side Statistics

Inter-regional trade is on the rise



Transactions within SADC-RTGS have seen an exponential growth, with smaller transactions increasing, as we can see the average transaction value drop by almost a half between 2022 to 2023. Tanzania is strategically positioned, being both part of EAC and SADC, so what is our share?

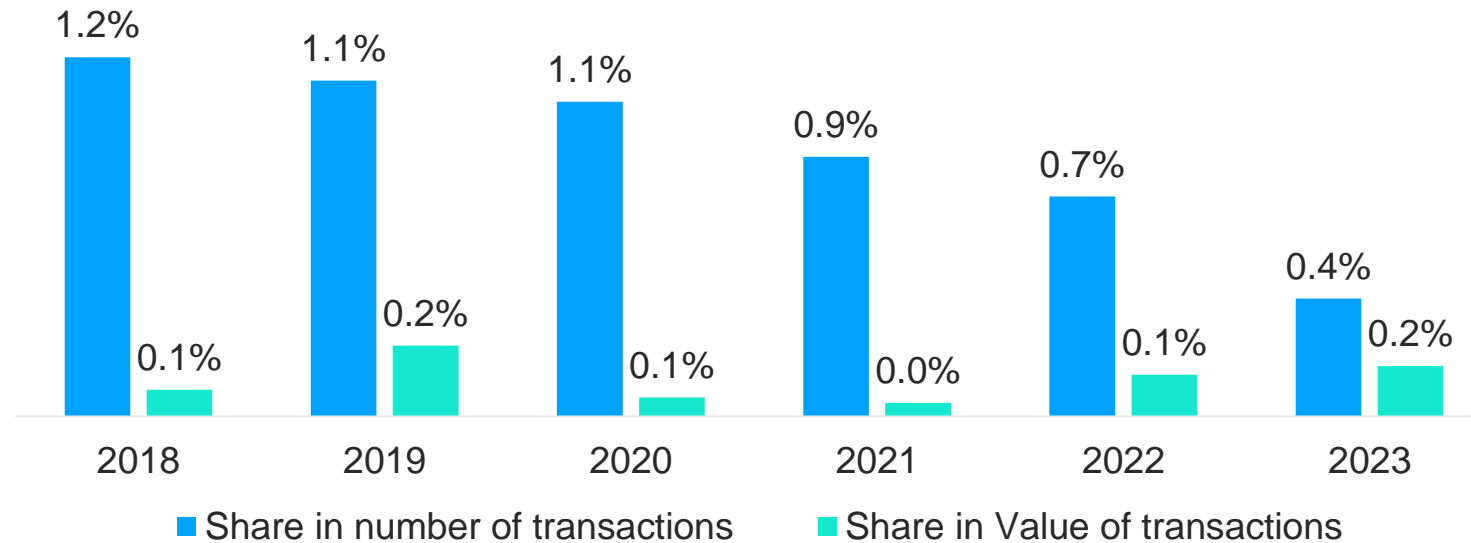
Source: Bank of Tanzania – Payment Statistics



DFS – Supply Side Statistics

Despite a rise in regional payments, Tanzania's share remains minimal, with volumes being on a declining trend

Share of Tanzanian Transactions on SADC-RTGS
(share of volumes and values)



Tanzanian transactions through the SADC-RTGS have not only seen a dwindling share of volumes, but have also declined nominally. The values though growth, are yet to show a significant contribution to the overall transaction pie.

Source: Bank of Tanzania – Payment Statistics