

THE UNITED REPUBLIC OF TANZANIA

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**SUBSIDIARY LEGISLATION**

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THE BANK OF TANZANIA ACT,  
(CAP. 197)

**REGULATION**

*(Made under section 70(1))*

THE BANK OF TANZANIA (FINTECH REGULATORY SANDBOX)  
REGULATIONS, 2024

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THE BANK OF TANZANIA ACT,

(CAP. 197)

REGULATIONS

*(Made under sections 70(1))*

THE BANK OF TANZANIA (FINTECH REGULATORY SANDBOX)  
REGULATIONS, 2024

PART I  
PRELIMINARY PROVISIONS

- Citation 1. These Regulations may be cited as the Bank of Tanzania (Fintech Regulatory Sandbox) Regulations, 2024.
- Application 2.-(1) These Regulations shall apply to a-  
(a) financial service provider licensed by the Bank;  
(b) fintech company collaborating with a financial service provider licensed by the Bank; and  
(c) fintech company intending to offer financial solution on financial products and services regulated by the Bank.  
(2) Activities to be conducted by the persons listed under subregulation (1), shall be those not covered by the existing legal framework.
- Interpretation 3.- In these Regulations, unless the context otherwise requires—  
Cap.197 “Act” means the Bank of Tanzania Act;  
“applicant” means a corporate body that intends to test its financial technology solution within the Fintech Regulatory Sandbox;  
“Bank” has the meaning ascribed to it under the Act;

- “customer” means a person using any of the financial product or services provided by a Participant;
- “financial service provider” means an institution with a licence to conduct financial services, regulated and supervised by the Bank;
- “financial solution” means any product, service, delivery channel, technology or business model and include digital payments; digital lending; money transfer and remittance services; digital know your customer; digital platform; digital identification services; cyber security services and products; sustainable financing; mobile technology applications; big data and data analytics; applications using distributed ledger technologies and artificial intelligence and machine learning applications and any other product, service, delivery channel, technology or business model as may be approved by the Bank;
- “financial technology (fintech)” means technological innovation to be utilised in the provision of financial products and services;
- “fintech company” means an entity incorporated in the United Republic for the delivery of innovative financial solutions to the market;
- “Fintech Regulatory Sandbox” means a formal process established by the Bank in which, an under regulated environment corporate body conducts tests of new innovative products, services, delivery channels or business models in a controlled environment;
- “market” means an environment in which a financial solution is deployed for use;
- “Minister” shall have the meaning as ascribed to it under the Act;
- “participant” means an entity that is approved to take part in Fintech Regulatory Sandbox; and
- “testing environment” means a live market environment where the participant proves the applicability of the

financial solution.

**PART II**  
**ELIGIBILITY AND APPLICATION PROCEDURE**

Eligibility                    4.- The persons stipulated under regulation 2(1) shall be eligible to apply for participating in the Fintech Regulatory Sandbox.

Application procedure            5.-(1) The application window for participating in the Fintech Regulatory Sandbox shall be on a quarterly basis where the Bank shall invite the applicants through its official website and other widely circulating media.

(2) Subject to regulation 4, a person intending to apply for participating in the Fintech Regulatory Sandbox shall be required to fill an application form as set out in Part A of the Schedule to these Regulations.

(3) Application form referred to in subregulation (2) shall be accompanied by-

- (a) a covering letter as set out in Part B of the Schedule to these Regulations ;
- (b) certified copies of memorandum and articles of association;
- (c) a certified copy of the certificate of incorporation;
- (d) the original letter from the Registrar of Companies describing the company;
- (e) evidence of the source of funding to facilitate the testing;
- (f) a curriculum vitae accompanied by one recent passport size photograph, certified copies of the national identification card or passport of each key personel of the applicant;
- (g) the duly executed agreement between the fintech company and the owner of the testing environment in case of an applicant who falls under regulation 2 (1)(b) and (c);
- (h) system architecture;

- (i) anti-money laundering and combating the financing of terrorism policy;
- (j) financial consumer protection policy;
- (k) a resolution of the Board of Directors of the entity approving the company to participate in the Fintech Regulatory Sandbox;
- (l) a realistic business plan deploying the financial solution on a commercial scale after exit from the Fintech Regulatory Sandbox;
- (m) a documented financial solution containing:
  - (i) a description of the financial solution and the problem it solves;
  - (ii) a description of financial and human resources needed for testing;
  - (iii) benefits to the customers;
  - (iv) timelines and deployment plan of the proposed financial solution;
  - (v) a description of the proposed testing environment and how the testing will be conducted;
  - (vi) intended key outcomes of the testing; and
  - (vii) proposed testing strategy including exit arrangements from the Fintech Regulatory Sandbox;
- (n) documented procedures proposed for managing risks resulting from-
  - (i) deposits;
  - (ii) cyber security;
  - (iii) financial stability;
  - (iv) Scalability, resilience and business continuity of proposed financial solutions; and
  - (v) interoperability.

Financial  
solution  
requirements

shall -

- 6.- The financial solution proposed by an applicant
- (a) use new or emerging technology or utilises an

- existing technology in an innovative manner;
- (b) bridge a market gap or open up new opportunities; and
- (c) improve accessibility, usage, efficiency, security and quality of financial services.

Evaluation of application

7.-(1) The Bank after receiving the application in regulation 5 shall evaluate it and notify the applicant in writing within forty-five days on the evaluation results with approval or rejection to participate in the Fintech Regulatory Sandbox.

(2) Where an application is rejected, the Bank shall provide to the applicant reasons in writing for the rejection.

Provided that in the case of a noted deficiency leading to the rejection, the applicant shall be given an opportunity to correct within a period to be specified in the notice of rejection.

(3) The approval under subregulation (1) shall be limited to permitting an applicant to proceed with the testing of the financial solution in the market environment and shall not constitute a full fledged approval to provide the financial solution to the public.

Re-application

8.- (1) An applicant whose application is rejected may re-apply within six months if the deficiencies that formed the basis for rejection of the initial application have been rectified.

(2) The Bank shall evaluate the re-application and may either approve or reject it.

(3) For the purpose of this regulation, the provisions of regulation 5(1) and (2) shall not apply in the re-application process, save where the basis of the rejection related to non-compliance of the provisions of the regulation.



PART III  
TESTING AND OTHER RELATED MATTERS

- Commencement of testing
- 9.-(1) The participant shall commence testing within two months from the date of receipt of the approval from the Bank.
- (2) Where, within the time prescribed in subregulation (1), an participant fails to commence testing, he shall be required to furnish the Bank with written reasons for the non compliance for consideration.
- (3) During testing, a participant shall-
- (a) gather information on the test carried out;
  - (b) comply with the conditions of approval;
  - (c) comply with relevant laws;
  - (d) submit progress reports as stipulated in these Regulations;
  - (e) obtain and maintain consumer's prior consent for participation in the test;
  - (f) adhere to the approved customer terms and conditions for testing the financial solution;
  - (g) ensure customer protection especially in the event of a failure;
  - (h) handle financial consumer complaints and protect personal and financial data;
  - (i) seek approval from the Bank in the case of changing terms or conditions; and
  - (j) address all enquiries from the Bank.
- Testing period
- 10.-(1) A participant shall complete testing of the financial solution in the Fintech Regulatory Sandbox within a period of twelve months from receipt of the approval.
- (2) The Bank may extend the testing period whenever necessary to respond to specific issues or risks identified during testing period.
- Testing environment
11. A participant shall test the proposed financial solution in the testing environment in line with the

conditions provided in the approval,  
Provided that, the Bank may provide other conditions as it may deem necessary.

Progress reports

12. During testing, the participant shall submit to the Bank a progress report after every three months provided that, the report shall include-

- (a) key milestones achieved during the reporting period;
- (b) risks identified during testing including risk mitigation measures;
- (c) customer complaints handled;
- (d) operational challenges encountered and measures taken during testing period;
- (e) personal and financial data protection;
- (f) information of changes in the ownership of the company;
- (g) list of customers participating in the Fintech Regulatory Sandbox; and
- (h) any other relevant information.

Withdrawal of approval

13.-(1) The Bank may withdraw an approval to participate in Fintech Regulatory Sandbox at any time before the end of the testing period if the participant-

- (a) fails to meet the conditions of the approval;
- (b) submitted false, misleading, has concealed or failed to disclose material facts in the application;
- (c) contravenes any applicable laws of the United Republic;
- (d) undergoes insolvency;
- (e) carries on business in a manner that is detrimental to customers; or
- (f) fails to effectively address any technical defects, flaws or vulnerabilities in the financial solution.

(2) The Bank shall require the participant to show good cause within fourteen days as to why the approval

should not be withdrawn.

(3) The Bank may, where it deems that the existence of the approval is detrimental to the interests of the customers, in case the requirements of subregulation (2) are to be complied with, withdraw the approval with immediate effect.

(4) The Bank shall notify the customers regarding the withdrawal of approval of the participant in the testing environment through a widely circulating media.

(5) The participant may, with the approval of the Bank, withdraw from participating in the Fintech Regulatory Sandbox at any time subject to submission of a notice with reasons for withdrawal,

(6) The withdrawal by the participant may be approved where the Bank is satisfied that no offence or any suspicious illegal practice or transaction was conducted by the participant in the testing period.

Effect of  
withdrawal of  
approval

14. Upon withdrawal of the approval, the participant shall immediately-

- (a) cease the provision of the financial solution to existing customers;
- (b) notify customers on the cessation of financial solution, their rights of redress where relevant and their responsibility to meet outstanding obligations; and
- (c) compensate any customer who had suffered financial loss arising from the testing.

Final report

15.-(1) Participant shall, after completion of testing, submit a final report indicating-

- (a) performance of the test;
- (b) risks identified during the test and mitigation measures; and
- (c) readiness to deploy the tested financial solution in the market.

(2) The report referred under subregulation (1), shall be submitted to the Bank within thirty days after

testing period.

Completion of  
testing period

16.-(1) Upon completion of the testing period, the Bank may recommend the financial solution to be introduced in the market.

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(2) The Bank may prohibit deployment of the financial solution in the market upon completion of the testing due to-

- (a) unsuccessful testing based on agreed test measures;
- (b) unintended negative consequences for the public; or
- (c) potential threats to stability of the financial sector.

#### PART IV GENERAL PROVISIONS

Transparency

17. For the purpose of ensuring transparency, an participant shall maintain proper records of their financial solution containing;

- (a) issues observed;
- (b) risk mitigation;
- (c) customer participation; and
- (d) any other relevant information as the Bank may demand.

Data  
protection

18. A Participant shall ensure that all data collected during testing and, or upon the completion of testing of the financial solution are treated in accordance with the Personal Data Protection Act and-

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- (a) all confidential information including customer personal information collected over the duration of the testing period are protected prior exiting the Fintech Regulatory Sandbox; and
- (b) all confidential information including customer personal information collected over the

duration of the testing are disposed of where approval has been withdrawn.

Intellectual  
property rights

19.-(1) An applicant shall be responsible for registering his intellectual property rights with respective authorities in accordance with the laws governing intellectual property rights.

(2) Subject to subregulation (1), the Bank shall not be liable to intellectual property claims raised by a third party against the applicant or participant to the Fintech Regulatory Sandbox.

Customer  
complaints

20. Customer complaints arising from the testing phase shall be handled in accordance with the consumer protection laws.

Monitoring

21. The Bank shall-

- (a) monitor compliance of participants in the Fintech Regulatory Sandbox; and
- (b) conduct onsite inspections for purposes of monitoring and verification.

General  
powers of  
Bank

22. The Bank may, on such terms and conditions, as it may deem appropriate exempt any person from application of the provisions of these Regulations.

Administrative  
sanctions

23.-(1) A Participant who breaches any condition under these Regulations commits an offence.

(2) The Bank may, subject to subregulation (1), upon satisfaction of contravention these Regulations by the participant, issue the following orders:

- (a) warning; or
- (b) suspension from participating in the Fintech Regulatory Sandbox for the period of one year from the date of non-compliance.

SCHEDULE

*(Made under regulation 5(2) and (3))*

Part A

APPLICATION FORM

Applicant Details	
Particulars	Details
Name of applicant ( <i>Company</i> )	
Incorporation number	
Website address ( <i>if any</i> )	
Name of contact person	
Email address	
Phone number	
Postal address	
Physical address	

Particulars of Shareholders

S/N	Name	Nationality	Telephone Numbers & Email	Occupation	% of Shareholding

Particulars of Directors

S/N	Name	Nationality	Designation	Education Qualification

Details of the proposed financial solution

1. Describe the nature and scale of your operations	<i>Please keep the response below 100 words. Additional information may be provided as supporting documents.</i>
2. Briefly describe the proposed financial solution.	<i>Please keep the response below 100 words. Additional information may be provided as supporting documents.</i>
3. Briefly indicate source of funding to facilitate testing and deployment of the proposed financial solution.	<i>Please keep the response below 100 words. Additional information may be provided as supporting documents.</i>
4. Briefly describe the timelines for testing and deployment of the proposed financial solution.	<i>Please keep the response below 50 words. Additional information may be provided as supporting documents.</i>
5. Briefly describe the underlying technologies and infrastructure of the proposed financial solution.	<i>Please keep the response below 200 words. Additional information may be provided as supporting documents.</i>
6. Briefly describe the financial and human resources requirements for testing and deployment of the proposed financial solution.	“ ”
7. Provide details of the problem to be solved in the financial ecosystem and describe how the proposed financial solution will solve the problem and provide benefits to the consumers and/or the industry.	“ ”
8. Describe and attach the business plan including the roadmap to deploy the proposed financial solution on a broader scale after exiting the Fintech Regulatory Sandbox.	“ ”
9. Describe your proposed exit strategy in the event of discontinuation at any time or deployment on a broader scale if testing is successful.	“ ”
10. Identify the legal or regulatory requirements that are challenges on deployment of proposed financial solution and the regulatory flexibilities needed to undertake the test.	“ ”
11. Briefly describe the proposed testing environment and how the testing will be conducted	“ ”
12. Explain the intended key outcomes of the testing.	“ ”
13. Outline the risks including fraud, money laundering, financing terrorism, proliferation financing and financial	“ ”

*Bank of Tanzania (Fintech Regulatory Sandbox) Regulations*

*GN. No. 540 (Contd)*

instability and the proposed mitigation measures.	
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Declaration by Shareholders

I, the undersigned, hereby declare that:	
a) the particulars set out herein are true and correct to the best of my knowledge and belief;	
b) I am not adjudged bankrupt or have never been convicted of fraud or dishonesty.	
Name:	Name:
Signature:	Signature:
Name:	Name:

BEFORE ME:

Name: .....

Signature: .....

Date: .....

Address: .....

Qualification: .....



Part B  
Sample of covering letter

[Address of the Applicant]

[Date]

[Governor,  
Bank of Tanzania,  
16 Jakaya Kikwete Road ,  
P.O Box 2303,  
40184 Dodoma Tanzania.  
Email: [botcommunications@bot.go.tz](mailto:botcommunications@bot.go.tz)  
info@bot.go.tz ]

Dear [Addressee],

RE: [Statement of intent to participate in Bank of Tanzania's Regulatory Sandbox]

[Provision of overview of the company and the proposed financial solution]

[Provision of other pertinent details such as attached requirements/documents and contact details]

Sincerely yours,

[Signature]

[Name]

[Position]

[Company]

Dodoma,  
24<sup>th</sup> June, 2024

MWIGULU LAMECK NCHEMBA MADELU  
*Minister for Finance*