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Tier 2 Microfinance: Bank of Tanzania Introduces New Regulatory Submission Framework

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The Bank of Tanzania ("**BOT**") has issued the Guidance Note on Submission of Documents by Tier 2 Microfinance Service Providers, 2026 (the "**Guidance Note**"), published on 21 September 2026[1].

Bank of Tanzania headquarters, Dar es Salaam. Photograph: Fanny Schertzer / Wikimedia Commons, CC BY 2.5.

The Guidance Note introduces a prescribed framework for Tier 2 Microfinance Service Providers ("MSPs") and applicants when making licence applications, seeking approvals or submitting notifications to the BOT. It is intended to standardise submissions,

1 https://www.bot.go.tz/Publications/Acts,%20Regulations,%20Circulars,%20Guidelines/Guidelines/sw/2026092118400398.pdf

improve completeness and reduce delays arising from incomplete, inaccurate or inconsistent applications.

The Guidance Note refers to the Microfinance (Non-Deposit Taking Microfinance Service Providers) Regulations, 2026 (the "2026 Regulations") and states that it does not amend, replace or supersede any law or regulation. It is to be read together with the Microfinance Act, 2018, the applicable Microfinance Regulations and other relevant laws and regulations.

Regulatory position at publication: The Guidance Note refers to the Microfinance (Non-Deposit Taking Microfinance Service Providers) Regulations, 2026. As at the date of this publication, the BOT's publicly accessible regulations page continued to list the Microfinance (Non-Deposit Taking Microfinance Service Providers) Regulations, 2019. This update refers to the 2026 Regulations based on the references contained in the Guidance Note.

WHAT *HAS* CHANGED?

The principal change is the introduction of 16 prescribed forms covering licensing, corporate and management changes, lending operations and certain supervisory matters.

The forms cover:

- Form 1 – Licence Application: the prescribed checklist for a new Tier 2 licence application, including the application letter, application fee, proof of capital, lending policy and loan application form. The Guidance Note states that the BOT will only process an application where the required documentation has been submitted. GUDANCE NOTE ON SUBMISSION OF D...
- Form 2 – Change of Chief Executive Officer / Board Member: the prescribed process for submitting changes to the CEO or a Board member.
- Form 3 – Branch Opening / Relocation: approval for opening a new branch or relocating an existing branch.
- Form 4 – Closure of Branch: approval for closure of an existing branch.
- Form 5 – Surrender of Licence: the prescribed process where an MSP intends to surrender its licence, including evidence relating to the return of collateral and settlement of liabilities.

- Form 6 – Change of Ownership: approval for a change in ownership, supported by, among other things, corporate approvals, beneficial ownership information, source-of-capital information and the prescribed declarations and questionnaires.
- Form 7 – New or Additional Foreign Debt: approval for new or additional foreign borrowing, including details of the borrowing and evidence of its registration with the BOT.
- Form 8 – Change of Business Name: approval for a proposed change of business name.
- Form 9 – Employment of a Non-Tanzanian Citizen: approval to employ a non-Tanzanian citizen.
- Form 10 – Extension of Non-Tanzanian Employment Tenure: approval to extend the employment tenure of a non-Tanzanian citizen.
- Form 11 – Change of Contact Person Details: notification of changes to the MSP's designated regulatory contact information.
- Form 12 – Exit of Chief Executive Officer: formal notification of the exit, termination or cessation of the CEO.
- Form 13 – Changes in Lending Policy: approval of proposed changes to an MSP's lending policy under the applicable lending-policy requirements.
- Form 14 – Changes to Loan Application Form and Loan Agreement: approval of changes to the forms and contractual documentation used for lending.
- Form 15 – Closure of Digital Lending Platform: notification/request concerning the closure of a digital lending platform, including information on outstanding loans, customer notification and arrangements for recovery of outstanding loans.
- Form 16 – Deletion of Incorrectly Submitted Returns: a prescribed request where an MSP needs the BOT to delete incorrectly submitted regulatory returns.

The significance of the forms is therefore not that every underlying regulatory requirement is new. Rather, the BOT has now specified the format and supporting information through which a number of existing regulatory processes must be presented.

WHAT HAS *NOT* CHANGED?

This is the more important distinction for existing MSPs. The Guidance Note does not replace the substantive requirements applicable to Tier 2 MSPs. Those requirements continue to arise from the Microfinance Act, the applicable Microfinance Regulations and other applicable regulatory instruments. The Guidance Note itself is intended to be read together with that framework.

This is particularly relevant to lending.

- The existing regulatory framework already requires an MSP to maintain a lending policy covering matters such as lending procedures, borrower eligibility, loan products and collateral, loan limits, interest rates, fees and charges, approval procedures, assessment of repayment capacity, guarantees, recovery, restructuring and write-off procedures.
- Similarly, loan application forms must contain specified borrower and loan information, including the borrower's identity, business or employment information, loan purpose, amount, collateral, income, expenses, assets and existing indebtedness, together with the required consent concerning the sharing of credit information.
- Loan agreements must also contain prescribed disclosures, including the loan amount, interest rate, fees, effective annual interest rate, repayment schedule, total payments, interest calculation method, late-payment penalties, recovery costs and security-related disclosures. BOT Microfinance regulations (N...

These substantive requirements are not being introduced by the Guidance Note. What is new is that where an MSP proposes to change its lending policy, loan application form or loan agreement, the Guidance Note now provides a standardised route for obtaining the relevant BOT approval.

LENDING CHANGES: FORMS 13 AND 14

This is likely to be one of the most relevant aspects of the Guidance Note for operating MSPs. Under the Guidance Note, a proposed change to an MSP's lending policy is to be submitted using Form 13. A proposed change to the loan application form or loan agreement is to be submitted using Form 14. Accordingly, changes to lending products, eligibility criteria, loan limits, collateral requirements, interest rates, fees, repayment requirements, restructuring arrangements or lending documentation should not be treated solely as internal product or documentation changes. They may also require regulatory review and approval. This creates an additional regulatory checkpoint when an MSP is redesigning its lending products, introducing a new lending model or materially revising its lending documentation.

FEES AND CHARGES REMAIN SEPARATELY REGULATED

The Guidance Note should also be read alongside the Guidelines on Fees and Charges for Microfinance Service Providers, 2024 (the "Fees Guidelines"), which apply to Tier 2 MSPs operating in Tanzania Mainland.

The Fees Guidelines regulate the fees that may be charged to customers and require appropriate disclosure. They also prohibit a number of charges, including administrative fees, maintenance fees, loan statement fees, chattel storage and management fees, loan enhancement/refinancing/top-up fees, office expenses and passbook fees. Certain third-party charges are limited to the actual cost incurred. In particular, Guideline 23 requires prior written approval from the BOT before an MSP increases an existing fee or introduces a new fee or charge. The application must state the type of fee, existing fee, proposed fee and justification.

Accordingly, where a proposed change to a lending policy or loan documentation also involves introducing or increasing a fee, the MSP needs to consider BOTh the approval process under the Guidance Note and the separate requirements under the Fees Guidelines.

WHAT THIS MEANS FOR EXISTING MSPS

The Guidance Note is therefore best viewed as a regulatory submission framework, rather than a new standalone compliance regime. Existing MSPs should now ensure that their regulatory and internal approval processes identify when a matter requires:

1. BOT approval;
2. notification to the BOT;
3. **submission

RELIANCE

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