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Our Ref: **ARIS/DO/2024/27069**

Date **01-July-2024**

Dear Esteemed Client,

DIRECTIVES ON DEALING IN FOREIGN CURRENCY IN TANZANIA

We thank you for your patronage to ARIS Risk & Insurance Solutions Ltd.

As part of regular updates to our clients and stakeholders in general, we wish to inform you that the Tanzania Insurance Regulatory Authority (TIRA) has issued a directive that requires insurance entities in Tanzania to comply with the requirements of the Bank of Tanzania as provided for under Section 26 of the Bank of Tanzania Act 2006, which states that Tanzanian shilling is the only legal tender.

The above directive was also emphasised by the Minister of Finance, Hon. Dr Mwigulu L. Nchemba during the budget speech on 13th June, 2024 in which he directed stakeholders including public institutions, businessmen, civil societies, international organizations and all citizens who used to quote prices of goods and services in foreign currencies to stop immediately and ensure that prices are quoted and paid in Tanzanian shillings effective from 01st July, 2024.

For your further information and records, we have attached the following:

- 1) The Public Notice from BOT dated 28th June 2023
- 2) TIRA Directive No. 2 dated 11th March 2024
- 3) An extract of the 13th June, 2024 Budget Speech

We are contacting the Association of Tanzania Insurers for guidance as regards any application as an association for exemption considering that all large risks are reinsurance driven paid for in US Dollars and claims paid in the same currency. Until this is done, we are obliged to comply with the above directions and we trust that you will appreciate the circumstances.

Kindly do not hesitate to contact us if you require any clarification regarding this update.

Yours sincerely,

Dominic O Osumo
Group Managing Director

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20th June 2023

PUBLIC NOTICE

DEALING IN FOREIGN CURRENCY WITHIN THE UNITED REPUBLIC OF TANZANIA

The Bank of Tanzania wishes to remind the general public that, in August 2007 and December 2017, the Government issued public notice prohibiting domestic payments for goods and services using foreign currencies between residents of the United Republic of Tanzania. However, the Bank of Tanzania has recently observed violations of the directives. Therefore, the Bank of Tanzania would like to remind the general public that the Government's directives issued are still valid and should be adhered to at all times as follows:

- i. All prices of goods and services in Tanzania should be quoted in Tanzanian shillings. These pertain to rent for land, housing and office; fees for education; medical services, equipment and reagents; transport, logistic and port services; electronic equipment and telecommunication services; etc.
- ii. Prices to be paid by tourists or non-resident customers may be quoted and paid in foreign currency. These include services such as accommodation, travel, airport and visa, transit trade and cargo handling. Tourists and non-residents who pay in foreign currencies must provide their identification documents such as passport and certificate of incorporation for companies for proper capturing and classification of statistics.
- iii. The exchange rate which will be used for making payment therein above should be displayed and should not exceed the prevailing market exchange rate. It should be noted that institutions registered to determine exchange rates are commercial banks and bureaux de change only.
- iv. Any resident of the United Republic of Tanzania should use only Tanzanian shillings and not be forced or obliged to make payment to another resident of the United Republic of Tanzania for any good or service in foreign currency.

The Bank of Tanzania also wishes to remind the public that Section 26 of the Bank of Tanzania Act 2006 stipulates that the Tanzanian shilling is the only legal tender in the country. Therefore, any act of refusing payment in Tanzanian shilling amounts to violation of the Bank of Tanzania Act 2006.

**GOVERNOR
BANK OF TANZANIA**



THE UNITED REPUBLIC OF TANZANIA
TANZANIA INSURANCE REGULATORY
AUTHORITY



DA.324/536/01/176

11th March 2024

REMINDER: DIRECTIVE NO: 02

TO: ALL INSURANCE REGISTRANTS

SUBJECT: USAGE OF FOREIGN CURRENCY IN PRICING INSURANCE PRODUCTS AND INSURANCE-RELATED TRANSACTIONS AMONG RESIDENTS OF THE UNITED REPUBLIC OF TANZANIA.

1. The Tanzania Insurance Regulatory Authority (referred to as "TIRA" or "the Authority") expresses concern about the increasing use of foreign currency by insurance registrants in pricing insurance products and various transactions among residents of the United Republic of Tanzania. This is despite the issuance of Directive No. 2 by the Authority on 24th February 2020, Government Directives in 2017 mandating local payments to be made in the local currency, and a General Public Notice by the Bank of Tanzania on 20th June 2023.
2. Accordingly, the Authority urges all insurance registrants to conduct insurance transactions and price all insurance premiums paid locally in the local currency, ensuring compliance with the issued directive and Section 26 of the Bank of Tanzania Act 2006, which designates the Tanzanian shilling as the only legal tender in the country.
3. Pursuant to Section 6(1), 6(2)(e), 6(2)(g), 6(2)(i), 11(d) iii), and 11(d) (iv) of the Insurance Act, CAP 394, the Authority reminds all insurance registrants to adhere to the issued directive at all times as follows:

TIRA HEAD OFFICE:

LAPF HOUSE, 5th Floor, Makole Street, P.O. Box 2987 DODOMA, Tanzania, Tel: +255 26 2321180, Fax: +255 26 2321180, Website: www.tira.go.tz, Email: coi@tira.go.tz

Zanzibar Office:

TIRA House, Kilimani Street, P.O. Box 133 Zanzibar, Tel: +255 24 2237271, Fax: +255 242237272, Email: dcot@tira.go.tz


Dar es Salaam Sub-Office
TIRA House, Block 33, Plot No. 85/2115,
Mtendeni Street,
P.O.Box 9892, Dar Es Salaam,
Tel: +255222132537/2116120/2116131
Email: coi@tira.go.tz

Lake Zone
5th Floor, PPF House, Kenyatta Road
P.O.Box 114, Mwanza,
Tel: +255282506000
Email: lake@tira.go.tz

Northern Zone
NSSF Building Kaloleni, 5th Floor,
P. O. Box 15468, Arusha,
Tel: +255272520017,
Email: northern@tira.go.tz

Southern Highlands Zone
NHIF Building, Karume Avenue, 4th Floor,
P.O.Box 1618 Mbeya,
Tel: +255 252957324
Email: southern@tira.go.tz

- a) Price and issue insurance policies in the local currency and receive corresponding payments through bank accounts maintained in Tanzania. However, if necessary, insurance registrants may indicate the equivalent in foreign currencies.
4. The provisions of these directives are part of reminder to all registrants to comply as per Directive No. 2 of 24th February 2020



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Dr Baghayo A. Saqware
COMMISSIONER OF INSURANCE

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demonstrates Her passion to the well-being of all Tanzanians; therefore, all Tanzanians should stand by **Her Excellency** by electing diligent assistants from the CCM in the coming 2024 Local Government Election, who will help Her steer the development agenda.

Availability of Foreign Currencies

59. **Honourable speaker**, in 2023/24, like other countries in the world, our country faced a shortage of foreign currencies. That challenge was caused by various factors including the effects of COVID-19, the ongoing conflicts in Ukraine and Gaza Strip, climate change and changes in the global financial architecture that resulted to an increase in interest rates on international markets. An increase in interest rate reduced the liquidity and circulation of foreign currencies in the world economy as a whole.

60. **Honourable speaker**, in collaboration with private sector and development partners, the Government has successfully addressed that challenge in order to ensure availability of foreign currencies. Likewise, as of March 2024, the National foreign currency reserves were USD 5.3 billion, the amount which was sufficient to import goods for a period of 4.4 months, which is above threshold of not less than 4 months. In addition, by promoting exports and reducing imports of locally produced products, the Government has managed to reduce deficit in balance of trade from USD 5.3 billion in 2022 to USD 2.7 billion for the period ending February 2024.

61. **Honourable Speaker**, despite the reasons I mentioned earlier, we also escalate the problem of shortage of US dollars by some people demanding payments or making payments for goods and services provided within the country using foreign

currency, that is, dollarization. There are institutions in the country, and perhaps even Government institutions, that sell services to Tanzanians and demand payments in dollars. Other institutions want citizens to pay fees in dollars, pay house rent in dollars, work permits, licenses, and so on in dollars. We make citizens struggle to find foreign currencies to buy services provided within the country. That situation causes unnecessary demand for foreign currency which deprives those in need of foreign currency to pay for essential goods and services from abroad. Selling domestic goods or services using foreign currency is an offense according to section 26 of the Bank of Tanzania Act of 2006, which stipulates that the Tanzania Shilling is the only legal tender for domestic payments.

62. Honourable speaker, from 1st July 2024, I direct all stakeholders including public institutions, businessmen, civil societies, international organizations and all citizens who used to quote prices of goods and services in foreign currencies to stop immediately and ensure that prices are quoted and paid in Tanzanian shillings. Further, I direct all Government institutions that charge levies in foreign currencies to amend their regulations, to ensure all levies, goods and services are paid in Tanzanian shillings. Foreigners will as well be required to use Tanzanian shilling to obtain goods and services.

63. Honourable Speaker, I urge my fellow Tanzanians and all stakeholders in the country to stop purchasing goods and services in foreign currency, especially school/tertiary/college fees, house rent, land, and various products or services. It is our legal right to make payments for goods or services in Tanzanian shilling, agreeing to pay in foreign currency is an economic sabotage. If you have foreign currency, you are required to exchange at banks or licensed foreign exchange