

# **TANZANIA COMMUNICATIONS REGULATORY AUTHORITY (TCRA)**

## **REGULATORY COLLABORATION IN ENSURING DIGITAL FINANCIAL INCLUSION IN TANZANIA**

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# 1. General TCRA Roles and Mandates

The Tanzania Communications Regulator Regulatory Authority (TCRA) is a Government body established under the Tanzania Communications Regulator Regulatory Authority Act No.12 of 2003. TCRA is mandated to regulate the electronic communications, postal and management of the National frequency spectrum. The functions of TCRA include:

- . To issue, renew and cancel licenses;
- . To establish standards for regulated goods and services;
- . To establish standards for the terms and conditions of supply of the regulated goods and services;
- . To regulate rates and charges;
- . To monitor the performance of the regulated sectors;
- . To facilitate the resolutions of complaints and disputes between operator vs operator and consumer vs operator;
- . To disseminate information about matters relevant to the functions of the Authority

# **1. General TCRA Roles and Mandates.....**

In carrying out its functions, the Authority strives to enhance the welfare of the Tanzanian society by: -

- ❖ Promoting effective competition and economic efficiency;
- ❖ Protecting the interests of consumers;
- ❖ Protecting financial viability of efficient suppliers;
- ❖ Promoting the availability of regulated services to all consumers including low income, rural and disadvantaged consumers; and
- ❖ Enhancing public knowledge, awareness and understanding of the regulated sectors

## **2. Def: Digital Financial Inclusion**

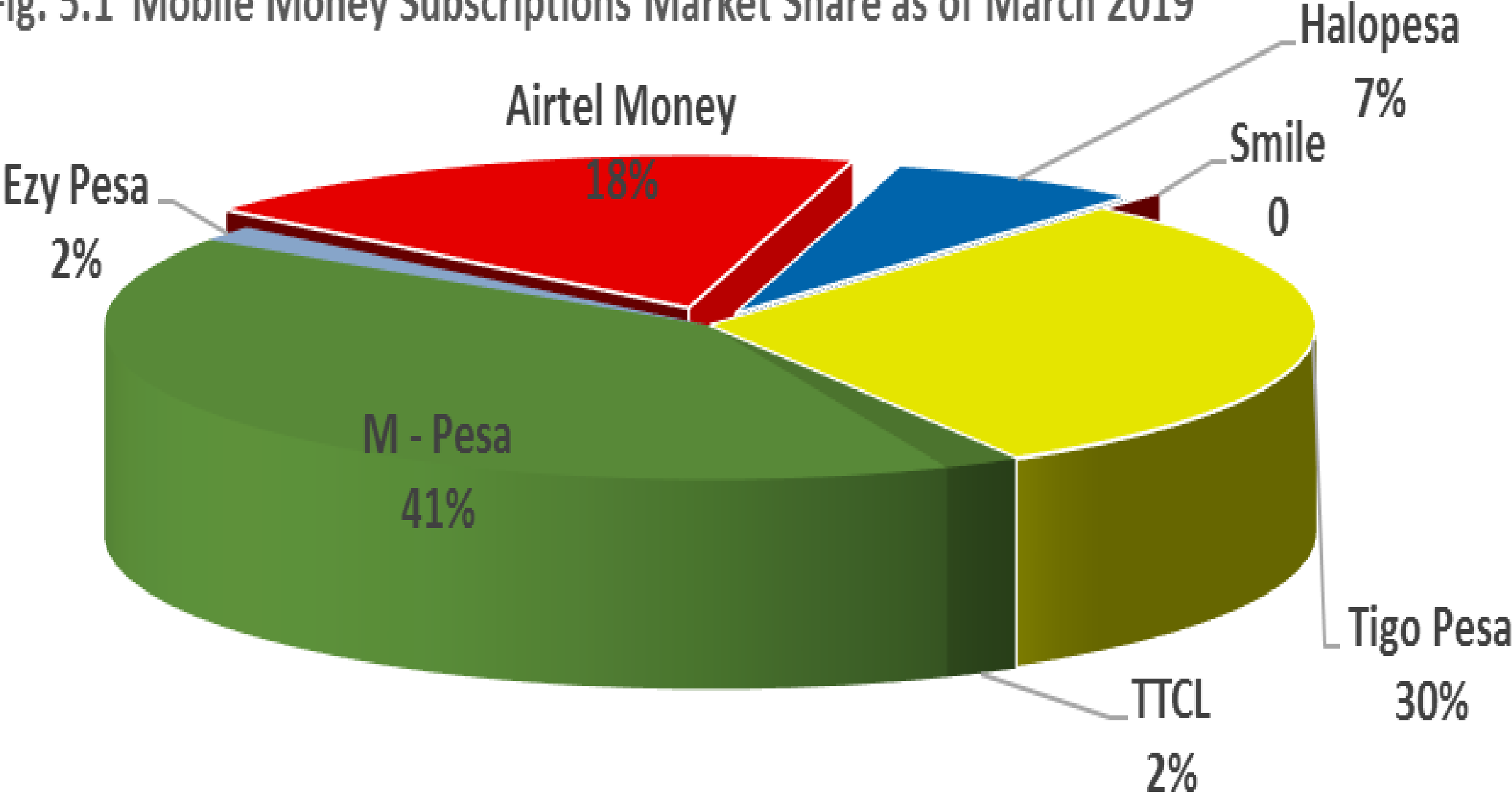
Digital financial inclusion, or DFI in short, refers to the use of digital access methods to access and use formal financial services by communities that cannot access the conventional financial services

### **3. Emergence of Mobile Money Services in Tanzania**

Mobile money services came to the scene in 2007/08 where under the Converged Licensing Framework (CLF) Mobile phone companies holding application services licence were allowed to offer mobile financial services after getting a no objection from the Bank of Tanzania the financial banking sector regulator. The Mobile financial services became very popular because of their convenience, reduced the distance factor and greatly reduced the risk of dealing with cash.

At the time of the introduction of the Mobile financial services in Tanzania Access to the traditional banking and financial services were very low. The Mobiles financial services came to fill a gap for financial services. Since then we have witnessed growth of these services year after year.

Fig. 5.1 Mobile Money Subscriptions Market Share as of March 2019

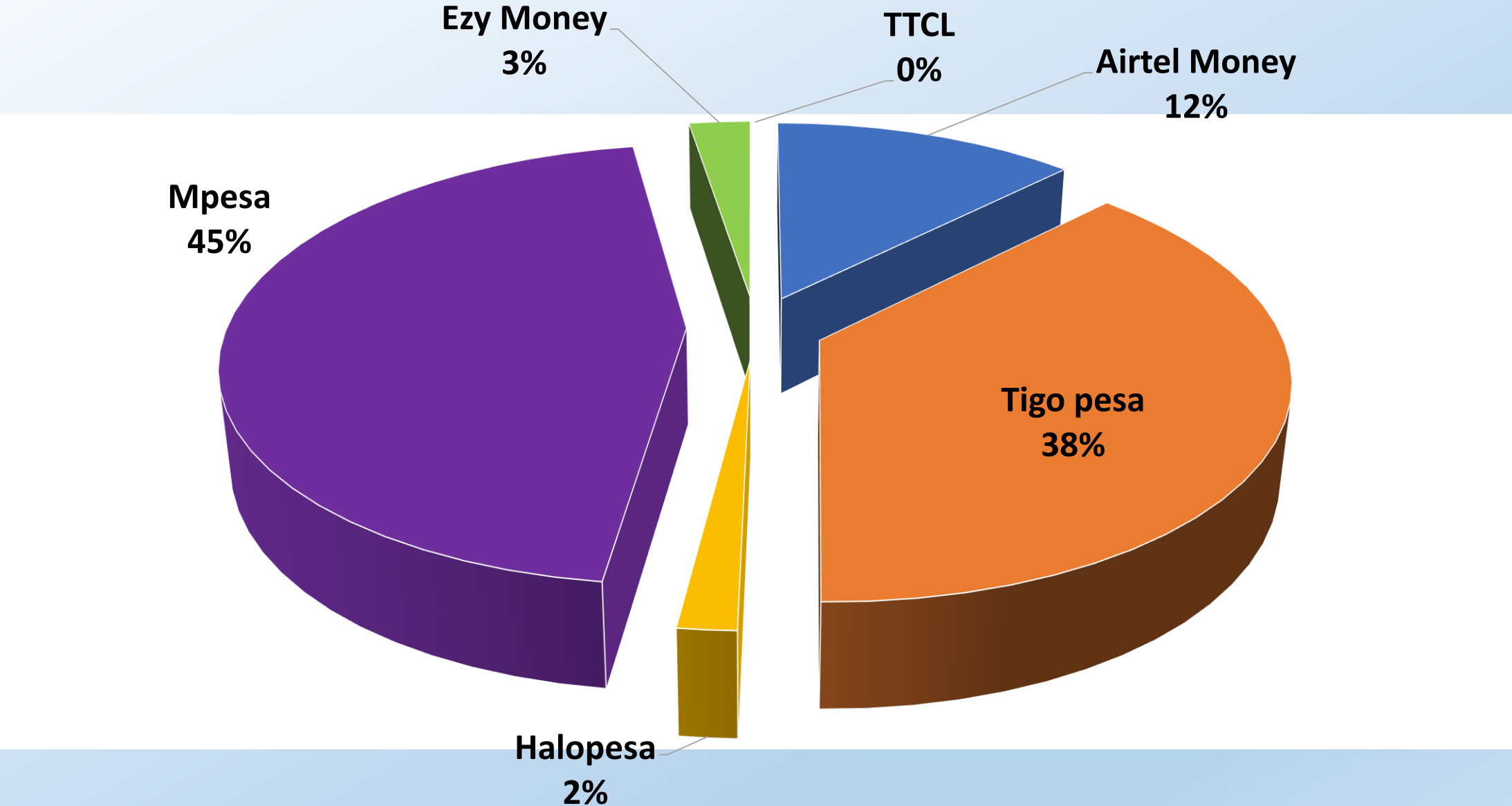


# Mobile Money Transactions Statistics 2013 – (June, 2019)

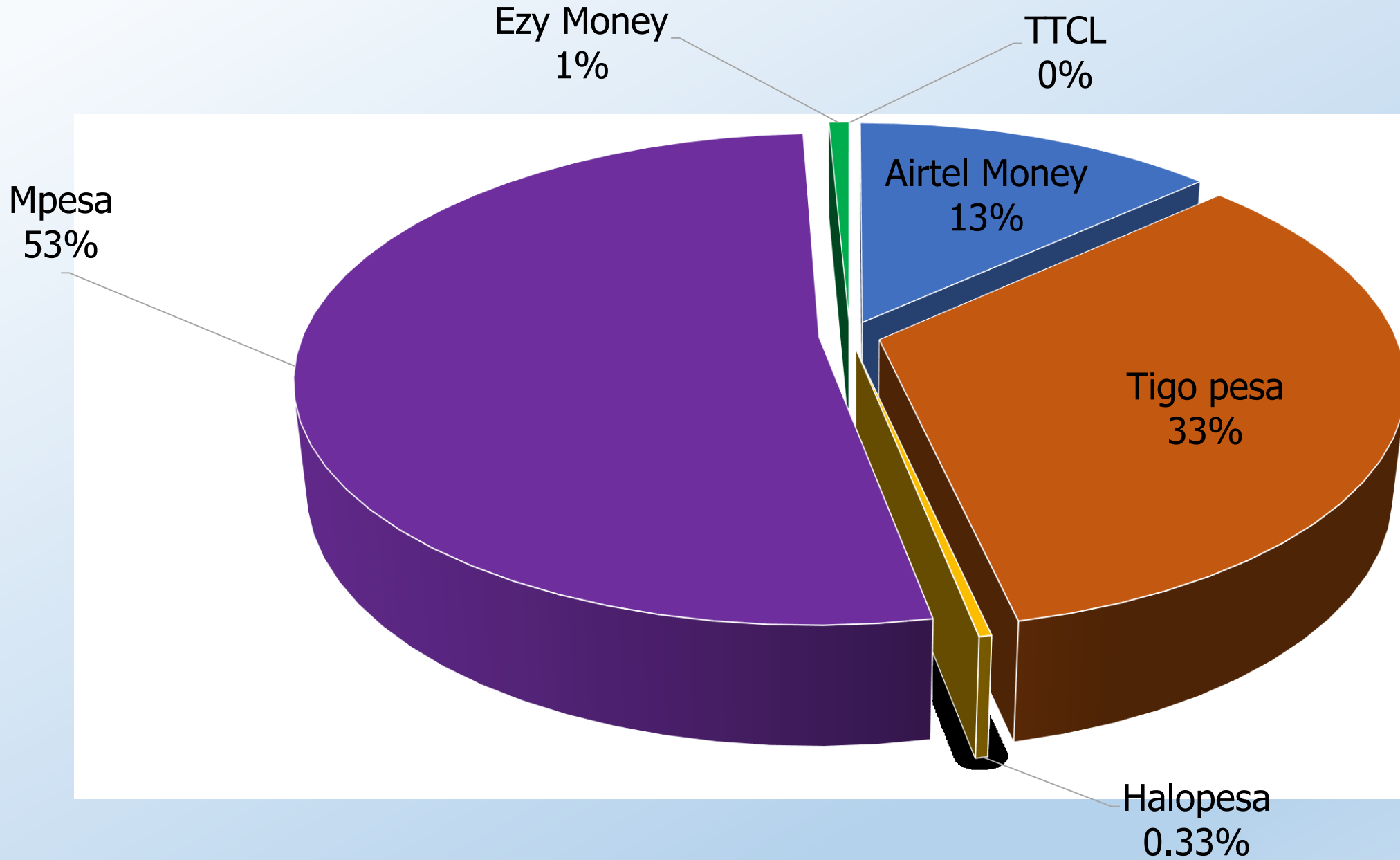
	2013	2014	2015	2016	2017	2018	June 2019
Population	48,725,355	48,870,775	50,242,588	51,653,969	52,554,628	54,199,163	55,890,747
Tele density	61%	71%	79%	80%	78%	78%	80%
Geographical Coverage	95%	95%	95%	95%	95%	95%	95%
Mobile Money Subscriptions	11,387,826	13,292,153	17,639,349	18,080,622	21,889,618	20,404,314	22,957,515
SIM Registered	27,242,156	29,439,966	38,899,008	40,173,783	40,080,954	41,708,218	43,749,086
Number of Transactions			1,458 Billion	1,607 Billion	2,245 Billion	2,941 Billion	1,525 Billion
Value of Transactions (Tshs)			58.57 Trillion	72.02 Trillion	102.94 Trillion	141.15 Trillion	74.90 Trillion



# Market Share in Volume of Transaction



# Market Share in Value of Transaction



## **4. Regulators Involved in DFI in Tanzania**

Achieving Digital Financial Services requires collaboration among regulators.....in addition to the primary regulator, Central Bank – Bank of Tanzania (BOT)

Other regulators include:

- Tanzania Communications Regulatory Authority (TCRA)
- Social Securities Regulatory Authority (SSRA)
- Tanzania Insurance Regulatory Authority (TIRA)
- Fair Competition Commission (FCC)
- Financial Services Providers (banks and microfinances)
- Capital Markets and Securities Authority (CMSA)
- Financial Sector Supporting Project (FSP),
- Ministry of Finance and Planning (MoFP)
- Tanzania Mobile Network Operators Association (TAMNOA)

## 5. National Financial Framework 2018-2022

- This is the second framework to be implemented under the Financial Inclusion National Council. First Framework ended in December 2016.
- The first Framework focused on building infrastructure to facilitate access of financial services ready to be used by Tanzanians.
- Key achievements were:
  - Increased of percentage of adults who access formal financial services from 58% in 2013 to 65% in 2017
  - Reduction in the usage of informal financial services from 16% to 7% in 2017.
- The outcome was possible through collaborative efforts, dedication and support of implementing agents.
- Central Bank Governor is the Chairman of NFIC

## **5. National Financial Framework 2018-2022.....**

TCRA features very much in the National Financial Inclusion Framework and participating in all three levels as follows;

- Director General - Member of Council
- Director of Industrial Affairs - Steering Committee
- Principal Financial Analyst - Technical Team

## **5. National Financial Framework 2018-2022.....**

The initiatives under usage dimension will drive all adults to save, borrow, transact and mitigate financial risks by ensuring that we have financial products and services that are appropriate, affordable and convenient and that adults are confident in dealing with FSPs.

## 5. National Financial Framework 2018-2022.....

Nationwide Initiatives	Description	Initiative Owner	Other Implementers
Develop and implement responsive and inclusive policies	Develop and implement responsive and inclusive policies related to financial inclusion	BOT	BOT, TCRA, CMSA, SSRA, MOFP (RGZ), TCDC, TIRA, FSPs
Encourage and support innovations	Establish development fund to support innovations through R&D	BOT	BOT, TCRA, CMSA, SSRA, MOFP (RGZ), TIRA, FSPs
Invest in Research and Development (R&D) for innovative and affordable products and services	Conduct R&D on financial consumer needs	FSPs	TBA, TMNOA, TCRA, SSRA, MOFP (RGZ), TIRA
	Develop innovative and affordable financial products and services	FSPs	TBA, TMNOA, TCRA, SSRA, MOFP (RGZ), TIRA
	Develop affordable delivery channels	FSPs	TBA, TMNOA, TCRA, SSRA, MOFP (RGZ), TIRA
	Review digital customer service platform to address consumers' concerns	FSPs	TBA, TMNOA, TCRA, SSRA, MOFP (RGZ), TIRA
Develop and implement Consumer Protection Framework	Develop and implement Consumer Protection Framework	BOT	BOT, TCRA, CMSA, SSRA, MOFP (RGZ), TIRA, FCC, FSPs
	Implement the Financial Education Framework	BOT	BOT, TCRA, CMSA, SSRA, MOFP (RGZ), TIRA, FSPs
	Expand scope and coverage of deposit	DIB	BOT



# 6. Roles Played by TCRA on Financial Inclusion

## 6.1 Licensing

TCRA is mandated to issue licenses for telecommunications, postal and broadcasting service providers.

On telecommunications sector, three license categories are directed linked to the provisions of mobile financial services.

**i) Network Facilities**, that authorized to install, own, control and provide access of electronic communications facilities, like fixed links, radio communications transmitters, satellite station, submarine cable, fibre /copper cable, towers, switches etc, to other licensed operators on commercial bases. Robust telecommunications Infrastructures are vital in ensuring the Digital financial services in the country.



## **6.1 Licensing.....**

**ii) Network Service License;** allows a licensee to operate and maintain public electronic communication networks with various technologies (like CDMA, GSM WCDMA, WLL, ASDL) that involve intelligent network platform signaling control, traffic distribution switching translation and quality of services control.

**iii) Application Service License;** is responsible for provision of electronic communications services to end users. Application services licensees lease network facilities and services and resell the same to end users. This implementation of application services licenses allows for resell of service neutral applications.

## 6.2 Management and Issuance of Numbering

In order to provide mobile money services, an operator needs to obtain from TCRA Unstructured Supplementary Service Data (USSD) Code. These are important codes used to identify operators, registered business entity and Agents. **The \*152\*00**

TCRA established the above code to linking the SIM registration with the National Identification Card by making the ID preferred ID and would like to link SIM Card data base with the NIDA data base for proper identification of subscribers. **The \*106\***

## **6.3 SIM Registration:**

Started in 2009 by an administrative order from TCRA mainly to address KYC issues. In 2010 SIM Registration was backed by the Electronic and Postal Communication Act of 2010 where to use and cause to be used SIM card without registration has been criminalized. This increased confidence in the use of Mobile Money Services but was hampered by the lack of National identity which could easily verify the subscriber and limit the use of some other IDs which could easily be manipulated or misused.

Currently as a way to enhance the Sim Card Registration, TCRA is embarked on KYC biometric SIM Registration and establish Central database for SIM cards.

## **6.4 Physical Addressing and Post Code**

TCRA is spearheaded the Physical Addressing and Post Codes in Tanzania. It expected that at the end of this programme all citizens can be reached and identified by their physical addresses. The project is at implementation stages in some regions namely Dar Es Salaam, Arusha, Dodoma and Zanzibar. Robust Postal Infrastructures are vital in ensuring the Digital financial services and e-Commerce in the country.

## **6.5 Establishment of CERTS**

To ensure safety and cyber security, TCRA established the Computers Emergency Response Teams to allow the earlier warning of any cyber-attacks and deploy the corrective measure. Various constituencies established and increased their resilience to cyber-attacks. The move created trust to end users include the mobile financial services users, increases availability of services and access to many people.

## **6.6 Collaboration with Financial Sector Deepening Trust (FSDT)**

FSDT defines Digital finance as access to electronic/digital financial services through non-traditional banking infrastructure (branches and ATMs). This entails the use of alternative delivery channels that are largely driven by mobile technology through mobile money and agency banking models.

FSDT aims at addressing different market constraints through working with the regulators to create an enabling environment for mobile financial services and agency banking in Tanzania. Further, in partnerships with financial institutions and Mobile Network Operators, FSDT works to increase cash-outlets in Tanzania to improve the proximity of financial services to where people live and transact. To ensure that the financial services offered meet the needs of individuals and enterprises FSDT works with financial service providers through research and product development to better serve the rural unbanked.



## **6.7 Collaboration with International Bodies:**

### **i) ITU**

Tanzania represent Tanzania in the International Telecommunication Union (ITU) where it has played an active role in matters concerning digital financial services and attended forums organized by ITU focus group on Financial inclusion and international and regional bodies concerned with digital financial inclusion. The 6<sup>th</sup> ITU Focus Group on DFI was held in Dar es Salaam, co-hosted by TCRA and BOT

### **ii) CRASA and EACO**

Communications Regulators' Association of Southern Africa (CRASA) recommended a set of guidelines for its members regarding DFI.

Likewise, East African Communications Organisation (EACO)

## **7. Challenges and Priorities**

- i) Enhancement of SIM registration.
- ii) Linking of Data bases.
- iii) Legal framework (National Payment Act) of 2015. Role of TCRA VS BOT in regulating the financial sector.
- iv) Facilitate QOS, Cyber security, Consumer protection, education and redress mechanism.
- v) Robust secure digital platforms (QoS).
- vi) Sharing of infrastructure - Network and Agents.
- vii) Use power of ICT to resolve some of challenges, Distance, education etc.



## **8. Recommendations**

National Regulatory Authorities in Africa should consider:

- a) Collaborative approach to regulation;
- b) Need for functional MoUs between the different regulators – addressing overlaps between sectors;
- c) Service specific regulation as opposed to institutional based regulation; and
- d) Enable cross-border transactions.

## 9. Conclusion

Mobile money services have really transformed the lives of many Tanzanians. It has enabled more people to have mobile money accounts enjoying not only sending and receiving money but also payment of bills and other social services such as electricity, water, television services, transport and school fees. Mobile Financial Services also facilitates e-Government, e-commerce, e-education and e-health.

This is an important milestone for financial inclusion in Tanzania. TCRA as an important stakeholder will continue to work hard to achieve set financial inclusion targets. This can only be achieved through:

## **9. Conclusion.....**

- i) Regulatory collaboration in ensuring digital financial inclusion;
- ii) Fostering collaboration and increase dialogue between financial services and telecommunications regulators, clarify their respective roles and responsibilities in the DFS field to minimize the risk of regulatory arbitrage or legal void; and
- iii) Addressing some of the key regulatory and policy issues currently preventing the development of an open, secure and interoperable DFS ecosystem with a particular (though not exclusive) focus on areas where financial services, and Telco regulators overlap.

**Thank You for your Attention!**

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