FINTECH AND LAWS IN TANZANIA

Fintech is used to describe new tech that seeks to improve and automate the delivery and use of financial services. At its core, fintech is utilized to help companies, business owners and consumers better manage their financial operations, processes, and lives by utilizing specialized software and algorithms that are used on computers and, increasingly, smartphones. Fintech, the word, is a combination of "financial technology".

When fintech emerged in the 21st Century, the term was initially applied to the technology employed at the back-end systems of established financial institutions. Since then, however, there has been a shift to more consumer-oriented services and therefore a more consumer-oriented definition. **Fintech has expanded to include any technological innovation in — and automation of — the financial sector, including advances in financial literacy, advice, and education, as well as streamlining of wealth management, lending and borrowing, retail banking, fundraising, money transfers/payments, investment management and more**.

Fintech also includes the development and use of cryptocurrencies such as bitcoin. That segment of fintech may see the most headlines, the big money still lies in the traditional global banking industry and its multi-trillion-dollar market capitalization.

Understanding Fintech

Broadly, the term "financial technology" can apply to any innovation in how people transact business, from the invention of digital money to double-entry bookkeeping. Since the internet revolution and the mobile internet/smartphone revolution, however, financial technology has grown explosively, and fintech, which originally referred to computer technology applied to the back office of banks or trading firms, now describes a broad variety of technological interventions into personal and commercial finance.

Fintech now describes a variety of financial activities, such as money transfers, depositing a check with your smartphone, bypassing a bank branch to apply for credit, raising money for a business startup, or managing your investments, generally without the assistance of a person. According to EY's 2017 Fintech Adoption Index, one-third of consumers utilize at least two or more fintech services and those consumers are also increasingly aware of fintech as a part of their daily lives.

Fintech in Practice

As technology is integrated into financial services processes, regulatory problems for such companies have multiplied. In some instances, the problems are a function of technology. In others, they are a reflection of the tech industry's impatience to disrupt finance.

For example, automation of processes and digitization of data make fintech systems vulnerable to attacks from hackers.

FINTECH REGULATION IN TANZANIA

The Bank of Tanzania is the regulator of the financial sector in Tanzania as the laws confirm under the Bank of Tanzania Act of 2006, the National System Payment Act of 2015, and the Banking and Institution act of 2006 whereas it extends to fintech business. To be exact or specifically the National System Payment Act of 2015 which stands as a department of The Bank of Tanzania and the National System Payment Act of 2015 deals with any fintech business and reviews new financial technology products to be launched in the market.

Due to the compulsory listing requirements, some fintech businesses may also be regulated by the Capital Market and Securities of 1994 and will need to comply with the Dar es Salaam Stoke Exchange Rules of 2016. As fintech business is more technological hence forth approval under the Electronic and Postal Communications Act of 2010 may be applicable only if fintech business aims to establish its own telecommunication infrastructure or sharing of infrastructure whereas license is issued by TRA. Under the laws mentioned above.

Tanzania has in place the cybercrimes Cyber Crimes Act 2015 which applies to fintech business, whereas cybercrime was enacted to monitor, control, and reduce cybercrime in Tanzania especially crimes which were continuously done online, on social media, and mobile phones.

A fintech business is required to comply with the laws under the Anti Money Laundering Act of 2006 whereas it is a primary statute on laundering money in Tanzania. The fintech companies would be required to maintain and establish records of all transactions between themselves and the customers. Henceforth whereby the law mentioned above is read together with other laws such as Anti Money Laundering Regulations 2012, Anti Money Laundering (Cross Border Declaration and Bearer Negotiable Instruments 2016), The Economic and Organized Crime Control (Cap 200) and Prevention and Combating of Corruption Act of 2007.

All rules and regulations that govern the financial and telecommunication sector would also apply to the fintech business. As a general requirement fintech businesses should comply with all laws applying to businesses not limited to the companies' regulations and the tax legislation.