



## **FOREIGN BANK BRANCH ESTABLISHMENT**

### Introduction

The Governor of Bank of Tanzania (BOT) issued the 2023 Regulations, amending the 2014 Banking and Financial Institutions (Licensing) Regulations. The 2023 Regulations provide additional details on regulation 40 of the 2014 Regulations regarding the setup of foreign bank branches or subsidiaries

The Banking and Financial Institutions (Licensing) (Amendment) Regulations, 2023 should be read in conjunction with the Banking and Financial Institutions (Licensing) Regulations, 2014. The regulations can be cited together as one document.

Under the 2014 Regulations, banks with a core capital of at least 150 Billion could establish foreign branches or subsidiaries with authorization from BOT. The 2023 Regulations, however, specify criteria that BOT must consider before granting approval, which the 2014 Regulations did not provide.

Additionally, the 2023 Regulations require BOT to assess whether:

- The bank meets the minimum capital and liquidity requirements on both an individual and combined basis;
  
- The bank has a strong performance history;



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- The bank can provide additional capital as needed; and
  
- The bank has the capability to handle risks associated with the branch or subsidiary being established.

With these changes, the regulations offer greater clarity and stability for the establishment of foreign bank branches or subsidiaries.

In conclusion, the Governor of Bank of Tanzania (BOT) has published the 2023 Regulations, which update the 2014 Banking and Financial Institutions (Licensing) Regulations by offering more information on the establishment of foreign bank branches or subsidiaries through regulation 40 which has provided that *“a bank or financial institution shall not establish a foreign branch or subsidiary without obtaining prior approval of the Bank.”*