



## **Payment System Provider License requirements in Tanzania**

### **PAYMENT SYSTEM PROVIDER**

Payment systems in Tanzania are regulated by the Bank of Tanzania (BOT), the central bank of the country. The BOT is responsible for issuing licenses to payment system operators and overseeing the operation of payment systems in the country.

In order to operate a payment system in Tanzania, a company must apply for a license from the BOT. The application process involves submitting detailed information about the proposed payment system, including the type of system, the services it will offer, and the measures in place to ensure the security and integrity of the system.

To obtain a Payment System Provider License in Tanzania, an entity must meet the following requirements:

1. Establish a trust entity separate from the common business
2. Complete the application form (Form A) and attach it to the submission
3. Include the following documents as prescribed by regulation 6 of the Licensing

Regulations:

1. a) A copy of the Memorandum and Articles of Association b) A copy of the Certificate



## Payment System Provider License requirements in Tanzania

of Incorporation

2. c) An original letter from the Registrar of Companies, listing the names of shareholders, their addresses, their nationalities, shares held by each, names of directors and whether directors are nominees or not or whether non-shareholder directors
3. d) Reference letters from two individuals who are not relatives, vouching for the good moral character of each of the applicant's significant shareholders, proposed directors and senior managers
4. e) A fully completed Fit and Proper Person Form B, for shareholders, directors and senior managers as set out in the Second Schedule of these Regulations
5. f) Source of funds with supporting documents for the proposed business as outlined in Form C

of the Second Schedule of these Regulations

## Payment System Provider License requirements in Tanzania

1. g) If a foreign company is a shareholder, the following documents must also be submitted:

A copy of the certificate of incorporation of the foreign company, certified by a notary public.

Share certificates of the foreign company.

Names of shareholders, their addresses, their nationalities, shares held by each, names of directors and whether directors are nominees or not or whether non-shareholder directors.

1. h) Provide a certified copy of certificates of paid-up capital or audited financial statements



## Payment System Provider License requirements in Tanzania

1. i) Provide a certified copy of the tax identification number for a new company and a copy of the tax clearance certificate for a going concern
  2. j) Provide a certified copy of a valid network services and/or application services license from the Tanzania Communications Regulatory Authority
  3. k) Provide proof of payment for a non-refundable application fee as provided in the first schedule of these regulations
  4. l) Provide documented procedures and policies for detecting and reporting incidences of money laundering in line with anti-money laundering and combating the financing of terrorism laws
  5. m) Provide governance arrangements, including internal controls, risk management, accounting procedures, administrative controls, operational risk management with disaster recovery plans and business continuity arrangements that demonstrate the arrangements, controls, and procedures are appropriate, sound, and adequate
  6. n) Provide documented organizational arrangements for the intended use of agents and merchants
  - o) Provide documented outsourcing arrangements
  7. p) Provide plans to participate in domestic or foreign payment systems
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1. q) Provide the type of payment system service intended to be offered in accordance with the Act
  - r) Provide process flow and system architecture
  2. s) Provide any other information that the Bank may require
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4. Pay the application fee.

Payment System Provider License requirements in Tanzania



## Payment System Provider License requirements in Tanzania

### **NOTE:**

1. A Licence shall be issued with conditions.
  - A sound business plan, including a system for risk management and compliance with laws and regulations
  - Technical and operational capabilities to safely and efficiently provide payment services
  - Adequate insurance coverage
  - Compliance with anti-money laundering and countering the financing of terrorism (AML/CFT) regulations
  - A commitment to provide customer service and to resolve disputes
2. The conditions of a license shall restrict the provision of services to the specific category of the license.
3. A license fee will be charged for four category of services, which includes:
  - Inter-Institutional Payment System
  - Intra-Institutional Payment System
  - Payment System Data Management
  - Remittance.

The Bank of Tanzania (BOT) shall, within thirty days of receiving an application for a license or after receiving additional information if required, either approve or reject the application and notify the applicant.



## Payment System Provider License requirements in Tanzania

In evaluating the application, if the applicant is a non-bank or non-financial institution, BOT shall ensure the following:

- (a) The character, integrity and experience of the shareholders, directors and senior managers
- (b) The applicant's financial condition and history
- (c) The applicant's capability to provide payment system services in a secure and efficient manner
- (d) The applicant's source of funds
- (e) The applicant's creditworthiness as determined through various sources, including Credit Reference Bureau
- (f) The applicant's commitment to comply with applicable anti-money laundering requirements
- (g) The applicant's disaster recovery plans and business continuity arrangements. (h) The potential impact of the applicant's other licensed commercial activities on:



## Payment System Provider License requirements in Tanzania

### Payment System Provider License requirements in Tanzania

- (i) The safety or financial soundness of the payment service provider; or
  
- (ii) The ability of the Bank to effectively monitor compliance of the payment service provider with this regulation; and
  
- (iii) Any other factors as may be determined by the Bank.

The Bank of Tanzania may request additional information from the applicant if the information submitted is not complete or if the Bank considers it necessary.

Upon receiving a complete application and all required information, and if it is satisfied that the applicant has met all the application requirements, the BOT shall advise the applicant to pay the prescribed license fees as outlined in the First Schedule.

The BOT shall evaluate the application in regards to the ability of the entity and the suitability of its trustees, significant shareholders, directors, and senior managers.

If the BOT approves the application, it shall issue a license certificate to the applicant within seven working days after receipt of the license fees.

If the BOT rejects the application, it shall notify the applicant in writing and provide the reasons for the rejection.

### **Renewal of Licence**



## Payment System Provider License requirements in Tanzania

An application for renewal of a Licence as a payment system provider shall be made to the Bank within six months before the expiration of the Licence. As provided under regulation 10.

If an applicant is dissatisfied with the BOT's decision under Regulation 10, they may apply to the BOT for a review of the decision within thirty days of the notification. The BOT shall, within thirty days of receiving the application, review the decision and notify the applicant of its decision in writing, according to regulation 8 of **The Payment Systems Licensing and Approval Regulations, 2015**.

### **Other Licenses: Payment Instrument License:**

1. Complete the application form (Form F)
2. Attach the supporting documents as prescribed by regulation 30(2) of the Licensing Regulations
3. Banks and financial institutions that only require BOT's approval to issue payment instruments are required to fill in Form E and provide the supporting documents as prescribed by regulation 22(2) of the Licensing Regulations.

Payment System Provider License requirements in Tanzania

### **Electronic Money Issuer License:**



## Payment System Provider License requirements in Tanzania

1. Complete the application form (Form C)
2. Attach the accompanying documents as prescribed by regulation 13 of the Electronic Money Regulations.

### **Licence Fee**

Fee for payment are provided under first schedule of **The Payment Systems Licensing and**

**Approval Regulations, 2015** as follow:

- (i) Inter-institutional payment - five million
- (i) Intra- institution payment - one million
- (ii) Payment system data management - five million
- (iii) Remittance - one million

### **Licence Renewal Fee**

- (i) Inter-institutional payment - five million (ii) Intra- institution payment - one million





## Payment System Provider License requirements in Tanzania

(iii) Payment system data management - five million (iv) Remittance - one million