

27 January 2023



## Conditions for Establishment of Banks' Branches Abroad Introduced

- Banks to obtain BoT approval
- Conditions for such approval stipulated

The Governor of Bank of Tanzania (BoT) published the Banking and Financial Institutions (Licensing) (Amendment) Regulations, 2023 (the 2023 Regulations), which amend the Banking and Financial Institutions (Licensing) Regulations, 2014 (the 2014 Regulations). The 2023 Regulations were published to give more details on regulation 40 of the 2014 Regulations concerning establishment of foreign banks' branches or subsidiaries.

The 2014 Regulations allowed banks and financial institutions (banks) with a core capital of not less than 150 Billion to establish branches or subsidiaries abroad after being authorized by BoT. For the purpose of granting approval, the 2023 Regulations, unlike the 2014 Regulations, have provided criteria to be considered by BoT prior to issuing such approval.

Further to the above, the criteria to be considered are whether:

- a bank meets minimum capital and liquidity requirements on solo and consolidated basis;
- a bank has a satisfactory performance record;
- a bank is able to inject additional capital as and when required; and
- a bank has the ability to manage risks arising from the established branch or subsidiary.

With these amendments, clarity and certainty for establishment of foreign banks' branches or subsidiaries has been further achieved.

To read the Banking and Financial Institutions (Licensing) Regulations 2014, [click here](#)

To read the Banking and Financial Institutions (Licensing) (Amendment) Regulations, 2023, [click here](#)

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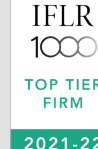
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