

8 October 2026



New Law on Movable Assets as Security for Loans Introduced

- Law provides for movable assets to secure loans
- Collateral Registry to be established under BoT
- Registration determines priority between competing security interests
- Enforcement and disposal of collateral regulated
- Borrower protection requirements introduced
- Companies Act amended on registration of charges

Background

Tanzania has introduced a new law providing for the use of movable property as security for loans. The Secured Transactions (Movable Property) Act, 2026 (the Act), published in the Government Gazette dated 2 October 2026, provides for the creation, registration, priority and enforcement of security interests over movable property. The Act also provides for the establishment of a Collateral Registry under the Bank of Tanzania (BoT). It is important noting that the Act will come into operation on a date to be appointed by the Minister through a notice published in the Government Gazette.

Under the Act, security interests may be created over movable property, whether tangible or intangible. Furthermore, the Act allows a security interest to extend to future property, although such interest becomes enforceable once the borrower acquires an interest in the property and has authority to use it as security. The specific movable assets that may be used as security will be prescribed by the Governor of BoT, in consultation with the Minister and after receiving views from stakeholders.

Importantly, the Act establishes a Collateral Registry within BoT for registration of security interests. Lenders will be required to apply to BoT for registration of their security interests and a security interest becomes enforceable against third parties once registered. Any person may also conduct a search of information recorded in the Registry upon application and payment of a prescribed fee. Moreover, where more than one security interest exists over the same collateral, the Act provides that priority will generally be determined by the date and time of registration, regardless of when the respective security interests were created.

In relation to enforcement, a lender is required to register a notice of intention to enforce its rights before proceeding against the collateral. Where the borrower defaults or the collateral is at risk, the lender may take enforcement measures in accordance with the Act. Collateral may be disposed of through sale, lease, licence, auction, tender or another method provided in the agreement and must generally be disposed of at market value. The lender is also required to give 30 days' notice before disposal, subject to exceptions including where the collateral is perishable or may substantially lose value if not disposed of promptly.

The Act also introduces several safeguards for borrowers. Among others, lenders are required to ensure that loan terms are clear, fair and understandable, provide adequate disclosure of relevant information, maintain mechanisms for handling complaints and resolving disputes, and ensure transparency in relation to interest rates, fees and penalties. A borrower may also redeem the collateral before its disposal or acquisition by the lender upon satisfying the secured obligations and applicable costs. Apart from the above, the Act also amends several laws, including the Companies Act, Bank of Tanzania Act, Transfer of Property Act and Cooperative Societies Act.

The Act is an important development for businesses seeking financing as it provides an avenue for movable assets to be used as security with clearer rules on registration, priority and enforcement. Banks, financial institutions and other affected stakeholders should therefore review their lending and security arrangements in readiness for commencement of the Act.

To read the Secured Transactions (Movable Property) Act, 2026, [click here](#).

For further information on legal updates please contact:

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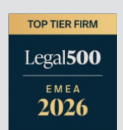
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