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The Investor Fintech Regulatory Playbook

A investor's guide to navigating policies and regulations in Tanzania



Acknowledgements

This playbook complements UNCDF's "The State of the Fintech Policy and Regulatory Landscape" report, serving as a practical resource for investors seeking to enter, navigate, and invest in Tanzania's fintech ecosystem. It outlines the key regulators, policies, risks, and mitigating steps involved in successfully investing in Tanzanian fintechs.

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Acronyms

BoT	Bank of Tanzania
CMSA	Capital Markets and Securities Authority
D4D	Digital for Development
DRN	Debt Registration Number
FSPs	Financial Service Providers
FYDP III	Five-Year Development Plan III
GDP	Gross Domestic Product
IPO	Initial Public Offering
MNOs	Mobile Network Operators
PE	Private Equity
SBAN	Southern Africa Business Angel Network (implied, though not spelled out)
TAFINA	Tanzania Fintech Association
TCRA	Tanzania Communications Regulatory Authority
TIC	Tanzania Investment Centre
TIPS	Tanzania Instant Payment System
TIRA	Tanzania Insurance Regulatory Authority
TZS	Tanzanian Shilling
UNCDF	United Nations Capital Development Fund
VC	Venture Capital
ZIPA	Zanzibar Investment Promotion Authority

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Introduction

Fintechs play a vital role in Tanzania's financial ecosystem, bridging the gap between underserved populations and formal financial services.

Over the past decade, Tanzanian fintechs have transformed how low-income people and those living in remote communities access and use financial services. Fintech-enabled delivery models allow them to transfer money, access credit, save, and insure against risk through simple, mobile-first platforms. As mobile phone penetration and digital literacy rise, the fintech sector continues to offer a path toward national financial inclusion.

Tanzania's fintech market is rapidly gaining momentum, ranking 3rd in startup fundraising across Africa in Q1–Q3 of 2024, following Kenya and Egypt. During this period, Tanzanian startups raised USD 53 million, with a significant contribution from Nala's USD 40 million funding round. Africa's startup ecosystem experienced a sharp decline in funding, dropping from USD 2.9 billion in 2023 to just USD 636 million by Q3 2024. Tanzania's fintech players continue to attract regional and global interest, underscoring the country's growing innovation potential.

However, Tanzania's fintech ecosystem still faces policy and regulatory hurdles. Tanzania's fintech startups operate in an evolving regulatory environment, with the policy and legal frameworks lagging behind the rapid innovation and innovative business models emerging in the sector. Investors report uncertainty around compliance, intellectual property protection, and difficulty navigating

the Tanzanian legal system. These concerns and broader global macroeconomic pressures have contributed to a more cautious investment climate.

Despite these barriers, policymakers, regulators, and development partners have taken critical steps to strengthen the enabling environment. In 2024, the Bank of Tanzania launched the BoT Fintech Regulatory Sandbox and accompanying regulations to create a more favorable policy environment for fintech. Similarly, UNCDF has conducted extensive research on Tanzania's fintech sub-sector and supported its growth through the Pesa Tech Accelerator.

This playbook builds on UNCDF's recent policy and regulatory mapping to equip investors with a clear, actionable guide to navigating and investing in Tanzania's fintech sector. It outlines the fintech regulatory landscape, profiles key market segments and players, and examines the opportunities and risks facing investors ready to engage in Tanzania's dynamic digital finance market.

Tanzania Fintech Investment Factsheet

Tanzania is a promising investment destination, ranking 7th in Africa in terms of start-up fund raising and scoring a high B rating with Moody's, Fitch, and Agust & Co.

66 million

population, 2024

\$79 billion

gross domestic product (GDP), 2024

5.6%

GDP growth, 2024

84%

Mobile phone ownership

66.5 million

Number of mobile money subscriptions

\$44 billion

Mobile money transaction value, 2024

79

Number of fintech startups

81

Number of licensed FSPs*

\$1 billion

TIPS* transaction value, 2024

\$53 million

Startup funds raised in 2024

B1

(Stable Outlook), Moody's credit rating*

\$41 million

Fintech funds raised in 2024

*FSPs' refers to Financial Service Providers, *TIPS refers to the Tanzania Instant Payment System, *Botswana is the only African country to score above a B-level score from Moody's, scoring A3, *Africa's six leading countries in terms of startup funding in 2024 were Nigeria, Kenya, South Africa, Egypt, Ghana and Senegal

Sources: Africa: The Big Deal, [Cream always rises to the top, they say](#), 2025; Tanzania Startup Association, [Tanzania Startup Ecosystem Status Report 2024](#), 2025; TCRA, [Communications Statistics](#), 2025; Bank of Tanzania, [National Statistics](#), 2025; Bank of Tanzania, [Annual Report 2023/24](#), 2025; Digital for Development (D4D) Hub, [Investing in Tanzania's Digital Innovation Landscape](#), 2025; TanzaniaInvest, [Tanzania Breaks Investment Records in 2024 with US\\$ 7.7 Billion in Projects](#), 2025; 2023; FSD Tanzania, [FinScope Tanzania](#), 2023

Investors are turning to Tanzania...

...as one of Africa's rising stars—driven by stable economic growth, favorable demographics, a vibrant startup ecosystem, and increasingly friendly investor policies.

Tanzania is one of Africa's fastest-growing economies, demonstrated by its 5.6% GDP growth rate in 2024. It's GDP growth is driven by strong performances in the agriculture, manufacturing, and tourism sectors, as well as public investments and reforms aimed at improving the business environment.

Tanzania's people are a valuable asset, with over 75% of the population under the age of 35. Moreover, mobile phone penetration in Tanzania is at 99% and there are over 21 million smartphone users in Tanzania. Young people in particular are embracing technology and eager to participate and innovate in the emerging digital economy.

Tanzania's startup ecosystem is growing rapidly. From 2023 to 2024, the number of startups increased by 24%, with 1,041 startups registered. Tanzanian startups created over 130,000 jobs and raised an estimated \$53 million in 2024, largely driven by growth in the fintech sector. Sustained funding poses a challenge for these startups, however, with few growing beyond early and growth stages. Recognizing the significance of this challenge, the government of Tanzania has begun proactively examining investor policy and regulation to improve the investment enabling environment.

However, investors struggle with:

1. The lack of clarity on the regulatory framework for startups
2. Limited intellectual property protection
3. Navigating the justice system to enforce investor rights
4. Remitting dividends due to foreign exchange regulations

Fintech is Tanzania's leading startup sector in terms of fundraising

Tanzania's fintech sector raised 77% of all funds raised by Tanzanian startups in 2024. Mobile phone ownership, expanded internet penetration, and a growing population of over 65 million citizens have created the conditions for high rates of mobile money adoption. With the number of mobile money subscriptions reaching 66.5 million in 2025, Tanzania is an attractive market for fintech services.

Tanzanian fintechs operate in 6 key segments. Payments and remittance, credit and lending, accounts and savings, investment, insurtech, and e-commerce are Tanzanians key fintech segments.

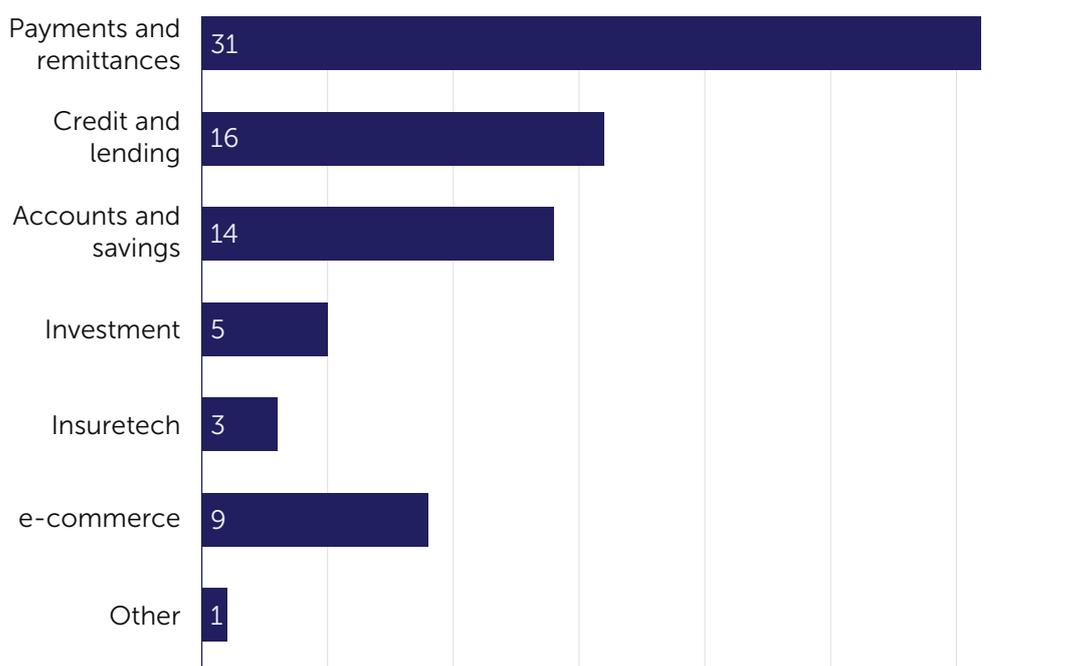
Tanzanian fintechs operate in 6 key segments

Payments and remittance, credit and lending, accounts and savings, investment, insurtech, and e-commerce are Tanzanians key fintech segments.

Payments and Remittance is the leading fintech category in Tanzania, with 31 fintech start-ups operating in the category. Additionally, 52% of the Bank of Tanzania's 92 licensed payment systems providers are non-banks, reflecting the growing role of non-traditional financial service providers in the payments segment.

Credit and lending, investment, and accounts and savings fintechs each hold ~20% of the fintech market. Mobile network operators (MNOs) are particularly active in the credit and lending and accounts and savings segments, partnering with the fintechs to enhance the financial product offerings for MNO customers.

The investment fintech is primarily divided into two service types: digital stocks and capital market trading, and crowdfunding platforms. The e-commerce and insurtech fintechs lag behind other categories, and are still working to attract customers. The 'other' category is held by a technology startup that provides technical support to fintechs across categories.



Sources: UNCDF, [Tanzania Fintech Mapping](#), 2021; World Bank, [Global Findex Database](#) 2021, 2021; National Bureau of Statistics Tanzania, [Administrative Units Population Distribution report](#), 2022; FSD Tanzania, [FinScope Tanzania](#), 2023; Fintech Africa, [First Startup Map of Tanzania: The Ultimate List of Fintech Startups in Tanzania](#), 2024; Fintech Africa, [First Startup Map of Tanzania: The Ultimate List of Fintech Startups in Tanzania](#), 2024; TCRA, [Communications Statistics](#), 2025

Most startups in Tanzania are concentrated in the Pre-startup and Early stages

Startups go through 6 stages from ideation to maturity and exit. Startups in Tanzania struggle to move beyond the early stage to the growth, expansion and maturity stages.

1

Ideation

The initial stage during which the startup defines the core business idea or problem it is solving for.

2

Pre-Startup

The testing stage, when startups refine their product based on user feedback and build a customer base.

3

Early Stage

The launch stage, during which startups begin acquiring initial customers, iterate based on feedback, and seek seed funding.

4

Growth

The growth stage when startups are gaining traction market, scaling operations, and seeking further funding rounds.

5

Expansion

The startups focus in this stage becomes market dominance, profitability, expansion to new regions, and new product lines.

6

Early Stage

At this stage, startup becomes an established business. It may work toward an IPO* or to be acquired by a larger company.

Fintechs startups struggle to access seed funds and capital injections needed to fund growth and expansion. While Tanzania's fintech startup ecosystem shows promise, investors are hesitant to invest in Tanzanian start-ups, due to:

1. Lack of clarity on Tanzania's regulatory framework for start-ups and fintechs.
2. Limited intellectual property protection meaning fintechs risk having their solutions replicated.
3. Challenges in navigating the complexity of the Tanzanian justice system particularly around the enforcement of investor rights in court.

6 key regulators that fintech investors should know about

These regulators are responsible for the oversight and regulation of investor activities in Tanzania, and the operations of key fintech segments.

Investors will likely engage with TIC and ZIPA closely as they initially establish themselves in Tanzania.

It is crucial that fintech investors familiarize themselves with BoT, TCRA, CMSA, and TIRA to understand the key regulators guiding the fintech regulatory and policy environment.

Regulator	Responsibilities
Tanzania Investment Centre (TIC)	Serves as the government's primary agency for coordinating, promoting, and facilitating investments in Tanzania. TIC assists investors in obtaining necessary permits and approvals.
Zanzibar Investment Promotion Authority	Promotes, facilitates, and regulates investments in Zanzibar and is responsible for developing investment incentives in Zanzibar. ZIPA also assists investors in obtaining the necessary permits and approvals.
The Bank of Tanzania (BoT)	Regulates banks and other financial institutions in Tanzania. The BoT also oversees and facilitates the operation of national payment systems to ensure their safety, efficiency, and reliability.
The Tanzania Communications Regulatory Authority (TCRA)	Regulates and oversees telecommunications infrastructure. Fintechs leveraging telecommunications infrastructure will require TCRA oversight and approvals.
The Capital Markets and Security Authority (CMSA)	Regulates activities relating to capital markets in Tanzania. Investors looking to participate in Tanzania's capital markets and fintechs delivering investment tech solutions will likely engage with CMSA.
Tanzania Insurance Regulatory Authority (TIRA)	Oversees the insurance service sub-sector. Fintechs delivering digital insurance solutions will likely require TIRA oversight.

*Engagements with these regulators is highly dependent on the type of service the fintech provides. For example, a fintech that does not rely on mobile communication outreach is unlikely to require TCRA approval.

Tanzania's fintech investment strategic policy direction

Tanzania's policy and regulatory framework is still evolving, with significant efforts underway to meet the needs of fintechs and similar startups. Currently, the plans and regulations have been identified as being relevant to fintechs and fintech investors.

Five-Year Development Plan

Tanzania's FYDP III highlights industrialization and the digital economy as priority growth pillars for the country. As part of it, the plan aims to promote ICT infrastructure investments, startup support and increase access to digital services.

Digital Economy Strategic Framework

Tanzania's Digital Economy Strategic Framework 2024-2034 defines the country's pathway to becoming an inclusive, resilient, and competitive digital economy. It highlights digital financial services as key pillar.

Fintech Regulatory Sandbox Regulations

The Bank of Tanzania's Fintech Regulatory Sandbox Regulations outline the parameters for testing and deployment fintech solutions in a live environment. They reflect BoT's approach examining the policy implications of novel fintech business models.

Private Equity & Venture Capital Guidelines

CMSA is currently in the process of developing Tanzania's PE & VC guidelines which would clearly outline the role and participation of Venture Capital investors in Tanzania. The PE & VC guidelines are expected to play a vital role in shaping the startup funding landscape.

Notable policy hurdles investors face

Policy Area	Investor Impact
Incomplete digitization of registration processes	<p>Only the business process has been digitized.</p> <p>The regional trade license and land ownership verification processes remain manual and slow.</p>
Prohibition of the use of foreign exchange	<p>The use of foreign exchange in Tanzania for domestic transactions is strictly prohibited by BoT, as of March 2025.</p> <p>The regulation applies to all individuals, companies, and transactions conducted in Tanzania and means that contracts prices in foreign currency are voided unless it is for exempt services.</p> <p>Foreign investors looking to invest in Tanzania consider the currency exchange implications of investing and recouping dividends in TZS.</p>
Repayment of foreign loans requires BoT registration and clearance	<p>Recipients of foreign loans seeking to repay must obtain a Debt Registration Number (DRN) from BoT as banks cannot remit payments in foreign currency without a DRN.</p> <p>DRNs are particularly impactful for debt investments as obtaining a DRN requires the borrower to adhere to strict conditions, including submitting documentation within 14 days of receiving loan funds or risk incurring penalties of TZS 4 million per day.</p> <p>Equity investments do not have to be registered in the same way and do not require DRNs to remit dividends and profits to investors.</p>

Frequently mention investor challenges

Policy Area	Investor Impact
Lack of Venture Capital (VC) and Private Equity (PE) policy	<p>Tanzania does not yet have formal policies dictating the establishment of VC/PE entities.</p> <p>Lack of policy in this area is challenging for VC/PE firms to navigate the market and invest in Tanzania fintechs and startups.</p> <p>As of 2024, the CMSA has been tasked with developing Tanzania's official Private Equity and Venture Capital Regulations, to clarify and encourage the participation of VCs and PE firms.</p>
Dividend remittance	<p>Dividends can only be remitted to foreign investors once a company turns a profit and formally delivers it.</p> <p>For dividend remittance banks will request: a copy of the audited financial statements or a dividend payment notice indicating declared dividends or profit to be repatriated, a board of directors or shareholders resolution approving dividend payment, and proof of payment of all relevant taxes.</p> <p>Foreign investors are essentially required to be paid last, meaning they risk waiting a longer period to see returns than in other markets.</p>
Processing delays	<p>Key steps such as debt registration (for loans in foreign currency) and investor entity registration can be prone to delays.</p> <p>Delays in these steps pose a challenge for investors seeking debt and dividend payments.</p> <p>The Bank of Tanzania is known to be quick and efficient, however these processes include numerous stakeholders including local commercial banks hence the delays.</p>

Helpful resources for fintechs

Navigating the legal and regulatory environment for fintechs in Tanzania can be complex, as the policy and guidelines to support and protect investors are still evolving. However, the following resources can serve as beneficial touch points for investors looking to better understand Tanzania's fintech ecosystem and their entry options.

Name	Type	Support
Tanzania Investment Center (TIC)	Regulator	Investment policy guidance
Zanzibar Investment Promotion Authority (ZIPA)	Regulator	Investment policy guidance
SBAN	Angel Investor	Fintech pipeline identification
Endoxa Law	Law Firm	Legal and regulatory advisory
Breakthrough Attorneys	Law Firm	Legal and regulatory advisory
ABC Attorneys	Law Firm	Legal and regulatory advisory
PesaTech Accelerator	Accelerator	Fintech startup acceleration and capacity building Fundraising support
Funguo Program	Accelerator	Startup acceleration and fundraising support
Tanzania Fintech Association (TAFINA)	Industry association	Fintech industry advocacy and coordination

About the Digital4Tanzania (D4T) Programme

Launched in March 2022, the Digital4Tanzania (D4T) Programme is a flagship initiative of the European Union (EU) supporting Tanzania's journey towards a more inclusive and dynamic digital economy. With a budget of EUR 35 million, the programme seeks to harness the transformative power of digitalisation to boost inclusive economic growth and citizen well. D4T's specific objectives include:

1. Digital government: Strengthening the digital economy and expanding the use of e-government platforms and digital public services.
2. Inclusive connectivity: Increasing affordable and equitable digital connectivity in rural and peri-urban areas, to enhance access to essential social services.
3. Digital trade support: Promoting the growth of the fintech sector and innovation ecosystems in the country and the region.

The programme is jointly implemented by The Ministry of Communication and Information Technology (MCIT), EU Member States and the UN Capital Development Fund (UNCDF).

About the Tanzania Inclusive Digital Economy (D4T-TIDE) project

The Tanzania Inclusive Digital Economy (D4T-TIDE) project, implemented by UNCDF with funding from the European Union under the D4T Programme, was launched in September 2022 as a four-year initiative to accelerate the adoption of digital financial services. D4T-TIDE aims to create an enabling environment where digital innovation can thrive by supporting entrepreneurs, fintechs and service providers to expand access to inclusive digital financial solutions. The project contributes directly to Tanzania's Digital Economy Strategic Framework, and to regulatory frameworks that promote innovation and interoperability. Through its interventions, D4T-TIDE supports small digital financial service providers to integrate into the Tanzania Instant Payment System (TIPS) and champions inclusive innovation, ensuring that the benefits of the digital transformation reach women, youth and underserved communities so that no one is left behind in Tanzania's digital future.



About the United Nations Capital Development Fund

United Nations Capital Development Fund (UNCDF) mobilizes and catalyses an increase in capital flows for impactful investments in high-risk markets, especially in Least Developed Countries, Small Island Developing States and countries in special situations. By crowding in capital through the deployment of risk-absorbing financial instruments, mechanisms and structuring advisory, UNCDF contributes to job creation, sustained economic growth and equitable prosperity in more than 70 countries.

In partnership with UN entities and development partners, UNCDF operates with speed and agility to deliver scalable, blended finance solutions to drive systemic change and pave the way for commercial finance and scale up by development finance institutions and multilateral development banks.

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