


CORPORATE GOVERNANCE COMPLIANCE OF THE REGULATION 18 OF THE BANKING AND FINANCIAL INSTITUTIONS ACT (CORPORATE GOVERNANCE) REGULATIONS BY BANK BOARD MEMBERS.



Regulation 18 of the Banking and Financial Institutions (Corporate Governance) Regulations, Government Notice Number 767 of 2021, requires Bank's Board Members to submit to the Bank of Tanzania (BoT), a written undertaking that the Board Members shall fulfil their obligations towards maintaining a safe, sound and profitable bank and comply with the provisions of Regulation 18 of the Banking and Financial Institutions (Corporate Governance) Regulations, Government Notice Number 767 of 2021 and directives issued by Bank of Tanzania (BoT).

Regulation 18 the Banking and Financial Institutions (Corporate Governance) Regulations, Government Notice Number 767 of 2021 states that:

A member of the Board shall make and submit to the Bank of Tanzania a written undertaking that he shall:

- a. Fulfil his obligations towards maintaining a safe, sound, and profitable bank or financial institution; and
- b. Comply with the provisions of the Banking and Financial Institutions Act, Bank of Tanzania Act, Foreign Exchange Act, regulations, guidelines, and directives issued by the Bank from time to time.

The main objective of the law is to ensure that Banks maintain stability, safety, and soundness of the financial system, aimed at reduction of risk of loss to depositors. The

Regulations go further under Regulation 34 to stipulate that:

In the performance of his functions under the Act and these Regulations, a director: -

- i. Shall execute an undertaking that he shall: -
- ii. Jointly and severally ensure that the bank or financial institution operates in a safe, sound, and profitable manner; and
- iii. Liable for non-compliance with such undertaking.

A director who violates any provision of Acts or Regulation issued thereunder may be fined, removed from office, or disqualified from holding any position or office in any bank or financial institution in Tanzania.

It is important therefore Board Members to understand that, once they are appointed as Board Members of any Bank of Financial Institution in Tanzania, adherence to the provisions of Regulation 18 the Banking and Financial Institutions (Corporate Governance) Regulations, Government Notice Number 767 of 2021, is mandatory.

You can read more about us here: <https://vemmaattorneys.co.tz/corporate-governance-compliance-of-the-regulation-18-of-the-banking-and-financial-institutions-act-corporate-governance-regulations-by-bank-board-members/>

FURTHER INFORMATION:

This article is intended to give you a general overview of the Law. If you would like further information and clarification on any issue raised in this article, please contact.

Patrick Sanga
Partner
E: p.sanga@vemmaattorneys.co.tz
M: +255 686 999 993

Haika-Belinda Macha
Partner
E: hb.macha@vemmaattorneys.co.tz
M: +255 688 305 999