



Cryptocurrency and Blockchain Regulation

Tanzania



2023 Edition

Blockchain and Digital
Transformation in Africa.



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Note: The information provided here implicitly highlights various regulations and laws in the country that can potentially impact digital asset service providers operating in the country's crypto and blockchain landscape. While these laws do not explicitly address cryptocurrencies, they provide a foundation upon which regulations can be modified or adapted to accommodate the evolving crypto and blockchain landscape in the nation.

Overview

The Bank of Tanzania (BoT) banned bitcoin use and does not recognize it as legal cash. The Bank of Tanzania Act makes the Tanzanian Shilling the only legal tender. Besides, the National Payments System Act of 2015 regulates payment systems, electronic money, and payment service providers, but not cryptocurrencies. The central bank is apparently investigating digital currencies in order to implement permanent cryptocurrency regulations. Again, the Foreign Exchange Act allows residents and non-residents to open and maintain foreign currency accounts and engage in authorized transactions, but trading outside the interbank foreign exchange market is restricted, and residents cannot open and maintain accounts outside Tanzania without Bank of Tanzania Governor approval. Overall, the legal status and regulatory environment for cryptocurrencies and blockchain technologies in Tanzania are ambiguous and under examination.



The Bank of Tanzania (the “BOT”) Act

Cryptocurrencies are banned by Tanzania's central bank. Cryptocurrencies are unrecognized, according to the Director of National Payment Systems. The only legal tender in Tanzania is the Tanzanian Shilling, and the Bank of Tanzania has banned cryptocurrency use[1]. According to the Bank of Tanzania Act, the bank is the sole issuer of banknotes, coins, and legal tender in Tanzania and can restrict electronic money operators to maintain financial system stability. Thus, the Tanzanian Shilling is Tanzania's sole legal tender.



Payments System Act No. 4 of 2015 (the NPS)

Tanzania regulates payment systems, electronic payment instruments, electronic money, payment system service providers, netting agreements, and payment instruction resolution. The Bank of Tanzania approves, regulates, supervises, investigates, and licenses payment system operations. The Bank of Tanzania does not regulate cryptocurrencies[2]. The bank is examining online currencies to find a permanent regulatory solution, but Tanzania has no digital currency laws.

[2] Bank of Tanzania, "The National Payment Systems Act, 2015," www.bot.go.tz, 2015, <https://www.bot.go.tz/PaymentSystem/regulations>.



Foreign Exchange Act

Tanzanian residents and non-residents can open and maintain foreign currency accounts and hold, sell, and buy foreign currency from banks, financial institutions, and bureau de changers. Outside the interbank foreign exchange market, currency trading is restricted. Banks in Tanzania can convert foreign currencies directly or electronically, however banks outside Tanzania must follow Bank of Tanzania restrictions[3]. Except for settling securities or with approval from the Bank of Tanzania Governor, residents cannot open and maintain accounts outside Tanzania.

[3] Bank of Tanzania, "The Foreign Exchange Act (CAP. 271)," www.bot.go.tz, 2019, <https://www.bot.go.tz/Publications/Acts>.

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