

Tanzania

Tanzania Postal Bank Act Chapter 301

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Tanzania Postal Bank Act Chapter 301

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[Note: This legislation has been thoroughly revised and consolidated under the supervision of the Attorney General's Office, in compliance with the Laws Revision Act No. 7 of 1994, the Revised Laws and Annual Revision Act (Chapter 356 (R.L.)), and the Interpretation of Laws and General Clauses Act No. 30 of 1972. This version is up-to-date as at 31st July 2002.]

[G.N. No. 20 of 1992; Acts Nos. 11 of 1991; 11 of 1992]

An Act to establish the Tanzania Postal Bank and to provide for related matters.

Part I – Preliminary provisions (ss. 1-3)

1. Short title and application

This Act may be cited as the Tanzania Postal Bank Act and applies to Mainland Tanzania as well as Tanzania Zanzibar.

2. Interpretation

In this Act, unless the context requires otherwise—

"**assets**" means real and personal property of every kind including—

- (a) rights under contract and agreement;
- (b) books, books of accounts and records;
- (c) all other rights, interests in and claims to, real or personal property, whether liquidated or unliquidated, certain or contingent, accrued or accruing;

"**Bank**" means the Tanzania Postal Bank established by section 4;

"**Board**" means the Board of Directors established by section 7;

"**effective date**" means the date when this Act comes into operation;

"**liabilities**" means all obligations under contract or agreement including savings and deposits of all kinds;

"**Minister**" means the Minister for the time being responsible for finance;

"**TPOSB**" means the Tanganyika Post Office Savings Bank;

"**transition period**" means a period of not less than twelve months commencing from the date declared by the Minister as the beginning of the transition period.

3. ***

[Transferred to s. 1.]

Part II – The Tanzania Postal Bank (ss. 4-13)

4. Establishment of the Bank

- (1) There is hereby established a bank which shall be known as the Tanzania Postal Bank.
- (2) The Bank shall be a body corporate and shall—
 - (a) have perpetual succession and a common seal;
 - (b) in its corporate name, be capable of suing and being sued; and
 - (c) be capable of purchasing or acquiring in any other way, and alienating, any movable or immovable property.
- (3) The Bank shall be a bank for the purposes of the Banking and Financial Institutions Act¹.

5. Objects and functions of the Bank

- (1) The objects of the Bank shall be—
 - (a) to mobilise local savings and to promote the saving habits of the population;
 - (b) to provide in accordance with the provisions of the Banking and Financial Institutions Act² adequate and proper banking services and facilities throughout the United Republic;
 - (c) to mobilise local resources by accepting deposits, loaning bonds, debentures and other monetary instruments;
 - (d) subject to the provisions of this Act, to administer such special funds as may from time to time be placed at the disposal of the Bank.
- (2) The Bank shall—
 - (a) carry on the business of banking in all the branches and departments, including borrowing, raising or taking up money, lending or dealing in bills of exchange, promissory notes, coupons, drafts, bills of lading, warrants, debentures, certificates, scripts and other instruments and securities, whether transferable or negotiable, or not; granting and issuing letters of credit and circular notes; buying, selling, and dealing in bullion and specie; acquiring, holding and issuing on commission under writing and dealing with stocks, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; the negotiating of loans and advances; receiving money and valuables on deposit, or for safe custody, or otherwise; collecting and transmitting money and securities; managing property; and transacting all kinds of agency business;
 - (b) undertake and execute any trusts the undertaking whereof may seem desirable, and also to undertake the office of executor, administrator, receiver, registrar or auditor, and to keep for any stocks, funds, shares or securities, or to undertake any duties relating to the registration of transfers and the issue of certificates.

¹

[Cap. 342](#)

²

[Cap. 342](#)

6. Establishment of General Reserve Fund

- (1) The Bank shall establish and maintain a general reserve fund in accordance with sections 13 and 14 of the Banking and Financial Institutions Act⁵.
- (2) Subject to the provisions of the Banking and Financial Institutions Act, in relation to the computation of reserve funds, the Board of Directors shall determine annually what part of the net income of the Bank, including net income accounting for the special funds, shall be allotted, after making provision for the reserve fund, to surplus and what part, if any, shall be distributed amongst the share holders.
- (3) Any distribution amongst share-holders in pursuance of subsection (2) shall be in proportion to the number of shares held by respective shareholders, and payment shall be made in such manner as the Board of Directors shall determine.

7. Board of the Bank

- (1) There shall be a Board of Directors of the Bank which shall consist of a Chairman and seven other members.
- (2) The Chairman of the Board shall be appointed by the subscriber with the largest number of shares and the Vice-Chairman shall be appointed by subscribers with the second largest number of shares.
- (3) The General Manager shall be a non-voting participant at meetings of the Board.
- (4) Of the eight members of the Board—
 - (a) three shall be appointed by the Minister;
 - (b) two shall be appointed by the Tanzania Posts and Telecommunications Corporation;
 - (c) one shall be appointed by the Minister responsible for finance in the Revolutionary Government of Zanzibar;
 - (d) two shall be appointed by other shareholders of the Bank, if any.
- (5) In appointing members of the Board, regard shall be had of appointing persons with wide experience in economic and financial matters or in banking.
- (6) Appointment of Directors by the shareholders shall be by notice in writing addressed to the Bank and the shareholder who has appointed a Director may at any time by such notice as aforesaid revoke such appointment.
- (7) Each member of the Board shall hold office for a term of three years and shall be eligible for reappointment.

8. Board to supervise the Bank

The Board shall be responsible for the conduct, management and supervision of the affairs, business and operations of the Bank and in particular, shall—

- (a) formulate the general business policy of the Bank;
- (b) formulate operational rules of the Bank;
- (c) supervise all banking activities;
- (d) appoint and dismiss the General Manager, other Managers and the internal auditor of the Bank.

9. Meetings of the Board

- (1) The Board shall normally meet at the principal office of the Bank and shall meet at least once in every two months.
- (2) Meetings of the Board shall be convened by the Chairman or, in the absence of the Chairman, by the Vice-Chairman.
- (3) Four Directors shall constitute a quorum.
- (4) Decisions of the Board shall be by a majority of the votes of Directors present and voting.
- (5) The Board of Directors may, by regulations, establish a procedure whereby a decision in writing signed by all the Directors of the Bank shall be as valid and effective as if it had been made at a meeting of the Board.

10. Management of the Bank

- (1) There shall be a General Manager and not less than two other Managers who shall be appointed by the Board.
- (2) In appointing the General Manager and the other Managers, regard shall be had to appointing persons with wide experience in banking or auditing affairs.
- (3) The General Manager shall be the chief executive of the Bank who shall, under the direction of the Board, conduct the current business of the Bank and be responsible for the organisation, appointment and dismissal of the officers and staff in accordance with regulations adopted by the Board, and may authorise expenditure within the administrative budget approved by Board.
- (4) The General Manager shall have authority, solely or jointly with such other persons as the Board may designate, to sign agreements concluded by the Bank, notes of securities by the Bank, reports, balance sheets, statements, correspondence and other documents of the Bank.

11. Authorised capital and shares

- (1) The authorised capital of the Bank shall be one billion shillings divided into one million shares each having a par value of one thousand shillings.
- (2) All shares shall be fully paid in at the end of the transitional period.
- (3) The authorised capital stock of the Bank may be increased by a resolution of the Board upon advice by the Bank of Tanzania and with the prior approval of a general meeting.

12. Restriction on shareholding

- (1) The shares of the Bank shall be holder-subscribed for by the Government of the United Republic, the Revolutionary Government of Zanzibar, the Tanzania Posts Corporation and any private investor (hereinafter together referred to as "the shareholders").
- (2) The shareholders shall subscribe for and the Bank shall allot the said shares in the following amounts, paid in—

(a) the Government of the United Republic	41 <i>per centum</i>
(b) the Revolutionary Government of Zanzibar	10 <i>per centum</i>
(c) the Tanzania Posts Corporation	30 <i>per centum</i>

(d) other shareholders	19 per centum
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- (3) Fifty *per centum* of all shares shall be paid by the shareholders on the commencement of the transition period and the other fifty *per centum* shall be paid not later than twelve months after the commencement of the transitional period.
- (4) If the authorised capital stock of the Bank is increased, the new shares shall be issued in the first instance to the shareholders, in proportion to the number held by them.
- (5) The Board may approve the sale, transfer or allocation of shares to any interested person without prejudice to the existing rights of the shareholders.
- (6) Subject to subsection (5), the shares of the Bank shall be transferable by an instrument to be executed by both the transferor and transferee.
- (7) The liability of the shareholders in respect of their shares shall be limited to the paid-in capital.

13. Meetings of shareholders

- (1) An ordinary meeting shall be held once every year and be convened and chaired by the Chairman of the Board or the Vice-Chairman or, in the absence of both, any other person appointed by the members of the meeting in attendance, to act in that capacity at that meeting.
- (2) Every shareholder shall be entitled to participate in the general meeting and to vote at it either in person or by proxy.
- (3) The majority of shareholders including the representatives of the Government of the United Republic, the Revolutionary Government of Zanzibar and the Tanzania Posts Corporation present in person and entitled to vote at the meeting shall constitute a quorum.
- (4) A decision of the shareholders holding not less than fifty one percent of the issued shares shall be adopted by the meeting.
- (5) Voting shall be by poll.
- (6) Save where it is provided otherwise, an ordinary meeting shall transact the following business—
 - (a) decide on any increase of the authorised capital of the Bank;
 - (b) receive and adopt the annual accounts of the Bank and the auditors report thereon.

[s. 12A]

Part III – Operations of the Bank (ss. 14-21)

14. Bank to operate on certain principles

In pursuance of its objects, the Bank shall—

- (a) conduct its business according to commercial principles;
- (b) conduct its business without undue discrimination;
- (c) not divulge any information which relates to the affairs of any customer of the Bank without his consent in writing;
- (d) the total indebtedness of the Bank including savings and deposits, shall not at any point in time exceed ten times the authorised capital;
- (e) the Bank shall only finance economically feasible projects;

- (f) the Bank shall satisfy itself of the expected ability of the borrower to repay the loan without undue hardship;
- (g) the Bank shall make adequate provisions for the risks involved in its outstanding loans;
- (h) in making and guaranteeing loans, the rate of interest or other charges shall be such as to cover the expenses of the Bank including the costs of its funds and to allow the Banks to build up adequate reserves.

[s. 13]

15. Ordinary capital resources of the Bank

The ordinary resources of the Bank shall consist of the following—

- (a) the authorised capital stock of the Bank;
- (b) funds raised for inclusion in the ordinary capital resources or the borrowing of the Bank;
- (c) funds or income including the General Reserve Fund derived from the operations of the Bank in which resources referred to in paragraph (a) and (b) of this section or resources derived therefrom have been used, committed or charged;
- (d) any other funds or income received by the Bank which do not form part of its special Funds referred to in section 12.

[s. 14]

16. Special Funds

- (1) The Bank may accept for administration from the United Republic or from such other sources as it may consider appropriate, Special Funds which are intended to promote the objects of the Bank.
- (2) Special Funds accepted by the Bank under subsection (1) shall be used on terms and conditions consistent with the objects of the Bank and the agreement under which such funds are accepted by the Bank.
- (3) Subject to the provisions of this Act, the Board may make regulations for the administration and use of such Special Funds.
- (4) The ordinary capital resources of the Bank shall not be charged with or used to discharge losses or liabilities arising out of special operations for which Special Funds were originally charged or used.

[s. 15]

17. Restriction on the use of resources and facilities of the Bank

The resources and facilities of the Bank shall be used exclusively to implement the objects of the Bank as set forth in section 5.

[s. 16]

18. Interest, commission and fees

- (1) In addition to interest the Bank may charge a commission on direct loans made or participated in as part of its ordinary operations at a rate to be determined by the Board and computed on the amount outstanding on each loan or participation.
- (2) In guaranteeing a loan as part of its ordinary operations, the Bank shall charge a guarantee fee at a rate determined by the Board payable periodically on the amount of the loan outstanding.

- (3) Other charges, including commitment fee, of the Bank in its ordinary operations and any commission fees or other charges in relation to its special operations shall be determined by the Board.

[s. 17]

19. Revaluation Account, General Reserve Fund and allocation of profits

- (1) The Bank shall establish and maintain a revaluation account in order to protect its assets against any losses due to the change of the allocation purchasing power, and a profits general reserve fund.
- (2) Within six months of the close of each financial year, after allowing for expenses of operations during that year, and after making provision for bad and doubtful debts, depreciation of assets and such other contingencies and provisions as are customarily made by banks, and after contributing to the revaluation account to the extent that any loss of the real value of the authorised capital stock caused by changes of the general price level is compensated for, the Board may decide what part of the net profits shall be transferred to the general reserve fund, and what part shall be allocated to retained earnings, and what part, if any, shall be distributed as dividends.
- (3) In each case, at least ten *per centum* of the net profits shall be allocated to the general reserve fund.
- (4) Any impairment of the authorised capital stock, of funds in the revaluation account and in the General Reserve Fund is not allowed.

[s. 18]

20. Bank to operate within network of Tanzania Posts Corporation

- (1) In the pursuit of its business the Bank shall operate through the network of the Tanzania Posts Corporation.
- (2) The Bank may enter into agency or operate through the network of the Tanzania Posts Corporation as regards matters relating to personnel, administration, finance, marketing and auditing.
- (3) To the extent that the Bank relies on the manpower, equipment and services of the Tanzania Posts Corporation including transfer of funds and provision of cash reserves, the Bank of Tanzania shall extend its supervisory task to the Tanzania Posts Corporation as far as the postal bank services are concerned.
- (4) The Board may make rules relating to contractual or legal relations between the Bank and the Posts and Telecommunications Corporation.

[s. 19]

21. Regulations

- (1) The Board may make such regulations, including financial regulations, being consistent with the provisions of this Act as it considers necessary or appropriate to further the objects and functions of the Bank.
- (2) It shall not be necessary to publish in the *Gazette* any regulations made by the Board under this section or any other provision of this Act.

[s. 20]

Part IV – Financial provisions (s. 22)

22. Accounts and Audit

- (1) As soon as possible after the close of every financial year, the accounts, including the balance sheet and the profit and loss account of the Bank in respect of that financial year, shall be submitted to the Tanzania Audit Corporation and shall be audited by it as soon as practicable after they are submitted, and in any case not later than three months after the close of the financial year of the Bank.
- (2) The annual accounts shall include a statement of monies received and repaid by the Bank separately for each savings facility, including a statement of the amount of interest credited to each facility.
- (3) As soon as the accounts of the Bank have been audited, and in any case not later than seven months after the close of the financial year, the Board shall submit to the Bank of Tanzania and the Minister a copy of the audited statement of accounts together with a copy of the report on the accounts made by auditors.
- (4) The Minister shall, as soon as practicable after he has received them, and in any case not later than eight months after the close of the financial year or such longer period as the National Assembly may, by resolution approved in that behalf, lay before the National Assembly a copy of the—
 - (a) balance sheet and profit and loss statement of the Bank;
 - (b) auditor's report on the audited accounts of the Bank.

Part V – Repeals, savings and transitional provisions (ss. 23-28)

23. Repeal of R.L. Cap. 87

- (1) The Post Office Savings Bank Ordinance is repealed.
- (2) All the assets and liabilities vested in the Post Office Savings Bank shall, immediately from the effective date, be vested into the Tanzania Postal Bank.

24. ***

[Repealed by Act [No. 11 of 1992.](#)]

[s. 23]

25. ***

[Omitted.]

[s. 24]

26. ***

[Omitted.]

[s. 24]

27. ***

[Omitted.]

[s. 24]

28. Bank to be exempted from income tax

The Bank shall be exempt from the payment of any income tax or any levy during the period of five years after the transitional period.

[s. 27]