



United Republic of Tanzania



Photo: Freepik

Policy Brief

No. 1, 2025

Appropriate methods of scaling up access to financial services and digitalization to reach more people in rural settings

Key Message

Tanzania has made important strides in expanding digital finance and financial inclusion, yet rural agricultural communities remain underserved. Although agriculture employs over 61% of the population, it receives less than 10% of the national credit portfolio, limiting farmers' ability to invest, manage risk, and participate in modern value chains. Digital adoption is growing, but uptake in agriculture is still low partly to inadequate infrastructure, limited digital and financial literacy, weak farmer data systems, and fragmented innovations. By strengthening rural connectivity, promoting inclusive and agriculture-aligned financial products, scaling savings groups and digital registries, and deepening public-private partnerships, Tanzania can unlock transformative financing pathways for smallholders and agri-food enterprises. Coordinated action will accelerate productivity, strengthen resilience, and drive inclusive growth across rural Tanzania.

Situation analysis

Agriculture contributes 26.3% of Tanzania's GDP and employs over 61% of its population (MOA, 2025). Despite this centrality, access to financial services in rural areas remains limited for smallholders and midstream actors in agricultural value chains such as traders, processors, and transporters who continue to be underserved by the formal financial sector. This financing gap is further reflected in national credit allocation patterns: out of the TZS 10 trillion total credit portfolio, agriculture receives less than TZS 2 trillion (under 10%), despite employing roughly 65% of the population. The reasons for this structural underinvestment range from liquidity shortages and high transaction costs to risk-averse lending practices. While 72% of Tanzanian adults use mobile money, agriculture-specific usage remains minimal, with 65% of farmers reporting infrequent use (FSDT, 2024). Barriers include low digital literacy, limited infrastructure, inadequate farmer data, risk aversion within financial institutions, and persistent gender gaps (George et al., 2024). As a result, rural producers often rely on informal mechanisms that are insufficient for scaling modern agri-food value chains.



Recent Government Interventions

The Government has prioritized digitalization and financial inclusion through multiple strategies

- National Financial Inclusion Frameworks, which expanded proximity to financial access points to 86% of adults within 5 km, pioneered mobile money interoperability as well as specific initiatives for women, youth, MSMEs, small holder farmers and fisheries, and persons with disabilities.
- The National ICT Policy (2016), Five-Year Development Plan III (2021–26), Agenda 10/30, and Building a Better Tomorrow (BBT-YIA) emphasize broadband expansion, e-government, and youth employment.
- The Agricultural Sector Development Programme II (ASDP II) introduced e-extension, e-subsidies, and ICT-enabled services.
- Regulatory innovations, including the Bank of Tanzania's Fintech Regulatory Finance Act 2023 reforms, rollout of digital farmer registries and fertilizer e-subsidies, show promise for scaling access and enhancing transparency and efficiency.
- Introduction of electronic commodity pioneered by the Tanzania Mercantile Exchange (TMX) which has increased transparency in price discovery and marketing efficiency.
- The Budget 2025/26 commits to irrigation, ICT infrastructure, and digital payment integration (MOA, 2025).

However, adoption is uneven across value chains, and long-term financing products are limited.

Development Partners Support

Development partners have been instrumental in piloting and scaling digital solutions.

- United Nations Capital Development Fund (UNCDF) Kigoma Joint Programme (2017–22): Linked 18,000+ savings group members (68% women) with digital finance and Agri-tech, enhancing resilience and income.
- World Bank & the Southern African Development Community (SADC)/ Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA): Supported digital agriculture pilots (e-extension, e-commerce, Agri-digital financial services) to connect farmers with inputs, output, and finance markets.
- Alliance for Financial Inclusion (AFI) & Financial Sector Deepening Tanzania (FSDT): Provided peer learning, regulatory frameworks, and technical support for mobile money, agent banking, and credit reference systems.
- United States Agency for International Development (USAID) and German Agency for International Cooperation (GIZ) supported digital hubs and Agri-tech startups such as BizyTech and Mavuno Technologies.
- The One Acre Fund and Pula integrated financing with farmer profiling and insurance.
- Collectively, the World Bank, Alliance for a Green Revolution in Africa (AGRA), FSDT, CCARDESA, and European Union (EU) programs have promoted Digital Financial Services (DFS) interoperability, agency banking, Savings and Credit Cooperative Societies (SACCOS) digitization, and village-based digital advisory services.
- Collectively, the World Bank, Alliance for a Green Revolution in Africa (AGRA), FSDT, CCARDESA, and European Union (EU) programs have promoted Digital Financial Services (DFS) interoperability, agency banking, Savings and Credit Cooperative Societies (SACCOS) digitization, and village-based digital advisory services.

These interventions address critical gaps in credit, insurance, and savings but require stronger coordination with national systems for scaling up.



Private Sector Response

Private sector actors/stakeholders are driving innovations on digital financial services.

- Mobile Network Operators (Vodacom, Airtel, Tigo) have expanded mobile money networks, enabling 90% of Tanzanians to live within 5 km of a financial access point (FSDT, 2023a).
- Banks such as CRDB Bank PLC and Equity Bank (T) Limited have introduced mobile-linked agricultural loans (Jadhav et al., 2023).
- Fintechs and startups (JUMO, Ubia Soko, SmartFarmer, Digital Mobile Africa, and Agri-Wallet pilots) provide bundled services, including credit, procurement, and insurance (Jadhav et al., 2023; Valerian, 2025).
- Blockchain-based pilots for poultry and cashew value chains illustrate the potential for transparency and trust in rural transactions (Ringo & Lekule, 2020; Shao et al., 2022).

However, most innovations remain fragmented and concentrated in urban or semi-urban regions.

Global Best Practices

- Kenya: M-Pesa and M-Shwari deepened rural inclusion, while DigiFarm bundles finance and advisory for over 1 million farmers. Kenya Commercial Bank (KCB) Mobigrow (Bank-led) and Safaricom's DigiFarm (Mobile Network Operator (MNO) - led) are just two of the fast-growing platforms for rural agriculture and financial services.
- India: eNAM (National Agricultural Market) connected farmers to buyers hence enhancing efficiency
- Ghana: RiMFin linked rice farmers to structured markets through mobile payments.

These experiences demonstrate the value of tailored DFS, integrated registry, and public–private platforms.

Policy recommendations

Many digital financial products are not well-suited to the realities of smallholder agriculture characterized by seasonal cash flows, long production cycles, and limited collateral. Weak digital literacy, mistrust arising from fraud incidents, and the dominance of informal markets further constrain adoption.

1. **Strengthening Digital Infrastructure:** Investing in rural broadband, last-mile connectivity, and affordable handsets.
2. **Address Financial and Digital Illiteracy:** Promote financial literacy for farmers, agri-SMEs, and extension officers by creating awareness around credit options and their management, savings, insurance uptake, and responsible digital finance use - delivered through extension systems, cooperatives, and youth digital champions.
3. **The Ministry of Agriculture, with support from NGOs, should set up a database/ illustrative list of existing blended finance instruments and options available in Tanzania.** This list should be updated regularly with information shared with farmers and agri-SMEs that could benefit. NGOs should also provide capacity building to support agricultural stakeholders on how to access these financial options.
4. **Promote Inclusive Product Design:** Tailor savings, credit, and agricultural insurance products to women, youth, and smallholders.
5. **Public-Private Partnerships (PPPs):** Leverage MNOs and agribusinesses for bundled services (finance + inputs + markets).
6. **Strengthen Regulatory Frameworks:** Enforce data privacy, consumer protection, and support sandboxes for fintech innovation (Jadhav et al., 2023; Valerian, 2025).
7. **Accelerate Secured Transactions Reforms (PPT):** Fast-track operationalization of the Personal Property Registry (PPR) and expand the range of movable assets acceptable as collateral including warehouse receipts, livestock, digital transaction histories, and farm equipment. This will unlock credit for smallholders and agri-SMEs who lack titled land.
8. **Introduce Agriculture-Sensitive Loan Classification & Provisioning Rules:** Work with the Bank of Tanzania to develop agriculture-specific prudential guidelines that account for seasonal production cycles, gestation periods, and climatic risks. Flexible loan classification and restructuring frameworks will reduce lender risk and enhance liquidity for agricultural portfolios.
9. **Scale Up TADB into a Full-Fledged Agricultural Investment Bank:** Strengthen the Tanzania Agricultural Development Bank (TADB) with increased capitalization, guarantees, blended finance windows, and wholesale lending facilities to crowd in commercial banks and fintechs. A stronger TADB can serve as the anchor institution for long-term financing, value chain digitization, and risk-sharing mechanisms.
10. **Scale Up TADB into a Full-Fledged Agricultural Investment Bank:** Strengthen the Tanzania Agricultural Development Bank (TADB) with increased capitalization, guarantees, blended finance windows, and wholesale lending facilities to crowd in commercial banks and fintechs. A stronger TADB can serve as the anchor institution for long-term financing, value chain digitization, and risk-sharing mechanisms.

Policy Implications

1. Expanded access to affordable credit for smallholders and agri-MSMEs, driven by improved collateral frameworks, better loan classification rules, and reduced risk premiums for agricultural lending.
2. Increased rural incomes and economic participation, as financial inclusion improves market access, reduces transaction costs, and enables greater commercialization of agriculture.
3. Reduced dependence on informal finance, as formal credit, insurance, and savings products become more accessible, reliable, and agriculture-responsive.
4. Improved resilience and productivity in agri-food value chains, as farmers gain better access to credit for inputs, mechanization, irrigation, and post-harvest technologies.
5. Enhanced investor confidence, both domestic and international, due to strengthened regulatory frameworks, digital data systems, and PPP-based delivery models.
6. Increased rural incomes and economic participation, as financial inclusion improves market access, reduces transaction costs, and enables greater commercialization of agriculture.





Bibliography

1. Ephraim, I., & Mhina, D. (2018). *The story of digital finance in Tanzania* [FSDT_DFS_CaseStudy]. https://www.fsd.or.tz/wp-content/uploads/2021/05/FSDT_DFS_CaseStudy.pdf
2. FSDT. (2023a). *FSDT Annual Report 2022-2023: Catalysing Inclusive Finance for the Growth and Wellbeing of the Underserved*. <https://www.fsd.or.tz/resources/fsdt-annual-report-2022-2023/>
3. FSDT. (2023b). *National Financial Inclusion Framework 2023-2028*. National Council for Financial Inclusion (NCFI). <https://www.fsd.or.tz/resource-knowledge-hub/national-financial-inclusion-framework-2023-2028/>
4. George, N. M., Ge, H., & Tang, D. (2024). Impact of Digital Financial Inclusion on Rural Revitalization in Tanzania. *Journal of Economics, Management and Trade*, 30, 88–106. <https://doi.org/10.9734/jemt/2024/v30i61216>
5. Jadhav, A., Kimaro, C., & Pshenichnaya, N. (2023). *Digital Agriculture Ecosystem Assessment: Tanzania* (p. 82). USAID & DAI. <https://www.digitalfrontiersdai.com/resources/digital-agriculture-ecosystem-assessment-tanzania/>
6. MOA. (2025). *Hotuba ya Waziri wa Kilimo*. Ministry of Agriculture (MOA).
7. Ringo, E. J., & Lekule, F. P. (2020). *Market trends & consumer behaviors and preferences in the Tanzania poultry subsector* (An Analytical Report with Recommendations for the Public and Private Sectors, Issue September, p. 50).
8. Shao, D., Kombe, C., & Saxena, S. (2022). An ensemble design of a cash crops-warehouse receipt system (WRS) based on blockchain smart contracts. *Journal of Agribusiness in Developing and Emerging Economies*, 13(5), 762–774. <https://ideas.repec.org/a/eme/jadeep/jadee-02-2022-0032.html>
9. Tanzania, F. S. D. (2024). Digital Financial Services and Financial Technology in Tanzania. *FSD Tanzania*. <https://www.fsd.or.tz/2024/11/29/digital-financial-services-and-financial-technology-in-tanzania/>
10. UNCDF. (2022a). *Global Strategy: Leaving No One Behind in the Digital Era*. UN Capital Development Fund (UNCDF). <https://www.uncdf.org/article/4931/global-strategy-leaving-no-one-behind-in-the-digital-era>
11. Valerian, J. (2025). Digital finance and agri-food value chains: Case studies from Tanzania [IFPRI Project paper]. International Food Policy Research Institute. <https://hdl.handle.net/10568/175446>
12. Wang, J. (2023). *Digital inclusive finance and rural revitalization*. *Finance Research Letters*, 57(C). <https://ideas.repec.org/a/eee/finlet/v57y2023ics1544612323005299.html>

