

Tanzania Instant Payment System (TIPS)

Background

Previously, transfers between bank and mobile money accounts were carried out via an inefficient and costly web of bilateral agreements.

Use Cases

All use cases are in general use for both individual and bulk transfers. B2G and G2P are in pilot stages now, with full implementation forthcoming.

L1P Principles & Practices in Action

- ✓ Instant Payment
- ✓ Interoperable
- ✓ Modern Technical Architecture
- ✓ Shared Services
- ✓ Real-Time Settlement
- ✓ Use of the standardized and interoperable QR code and Merchant ID number allows consumers to pay any merchant

Scheme Owner

Bank of Tanzania

Scheme Operator

Bank of Tanzania

Participants

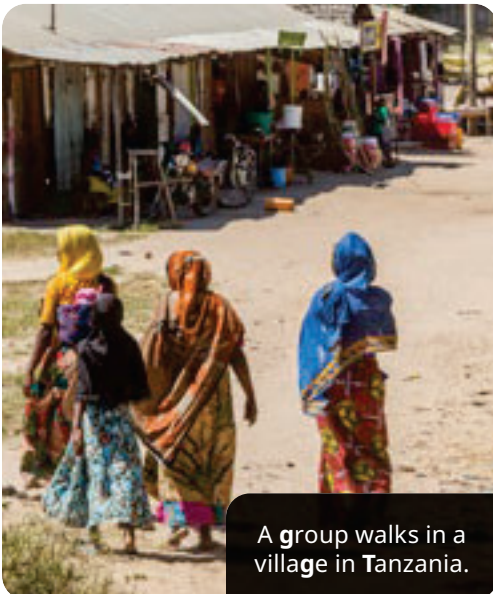
Commercial banks (39),
Electronic Money Issuers (6),
Merchant aggregators (1),
Microfinance banks (3)

Volumes

Almost 454 million transactions in calendar year 2024 (a 92% increase over 2023)

Implemented

Live pilot in early 2021.
Full availability in 2022.



A group walks in a village in Tanzania.

Noteworthy

- Interoperable, Instant Payment platform, enabling seamless exchange between all licensed DFSPs in Tanzania using Modern Technical Architecture, including a look up service to identify DFSPs and an API connecting the RTGS settlement system and the digital platform, allowing DFSPs to easily fund or defund their TIPS Accounts
- Real-Time Settlement: Settlement of TIPS transactions is conducted in each participants' TIPS Settlement Account (a ledger that reflects funds held in a pooled clearing account with the Bank of Tanzania). Banks and non-banks can maintain TIPS Settlement Accounts, while only banks may maintain clearing accounts with the RTGS system to fund the TIPS Accounts

Behind the Scenes

Notes from the development process:

- Payment platform designed and developed by internal staff
- Non-bank DFSPs can place a portion of their trust account balance held in commercial banks into a dedicated **TIPS** settlement account at the **Bank of Tanzania** that is used to directly fund **TIPS** transfers. **Tanzania** is the first country in Africa to enable this for Instant Payments

Learnings

- **Real-time gross** settlement of **TIPS** transactions greatly minimizes DFSP liquidity needs
- A national Merchant Directory facilitates interoperability and ease of transacting via a standard merchant ID that can be used for payment by QR codes or via **USSD** channels

Potential Reach

34 M Adults*

Mobile Phone Ownership:

82.5%**

Toward Impact:*

- 52% Adults with Account
- 23% with Financial Institution
- 45% with Mobile Money Account

Gap in Women's Account Ownership:

- 13%

* The Global Findex Database 2021, World Bank, 2022, excludes Burkina Faso
** International Telecommunication Union. Mobile-Cellular Subscriptions. ITU DataHub

