Global Journal of Arts Humanity and Social Sciences
ISSN: 2583-2034

Global Journal of Arts Humanity and Social Sciences
ISSN: 2583-2034
Abbreviated key title: Glob.J.Arts.Humanit.Soc.Sci
Frequency: Monthly
Published By GSAR Publishers
Journal Homepage Link: https://gsarpublishers.com/journal-gjahss-home/

Volume - 5 | Issue - 10 | October 2025 | Total pages 986-995 | DOI: 10.5281/zenodo.17447062

ADEQUACY OF THE LEGAL FRAMEWORK GOVERNING THE FINANCIAL INTELLIGENCE UNIT (FIU) IN TANZANIA FOR COMBATING MONEY LAUNDERING

By

Rehema H. Mbuya

LLM Students, St. Augustine University of Tanzania, Mwanza, Tanzania

Article History
Received: 15- 10- 2025
Accepted: 21- 10- 2025
Published: 24- 10- 2025

Corresponding author

Rehema H. Mbuya

Abstract

This paper discusses the legal and institutional framework governing the Financial Intelligence Unit (FIU) in Tanzania. It evaluates its adequacy in combating money laundering effectively. Drawing on a doctrinal and law context. It surveys principal laws, such as the Anti-Money Laundering Act, the Proceeds of Crime Act, the Economic and Organised Crime Control Act, the Prevention and Combating Corruption Bureau Act, and related legislation covering terrorism financing and other predicate offences. It also evaluates institutional arrangements, including the FIU's mandate, powers, independence, and supervisory and enforcement tools; reporting persons; and coordination among law enforcement and regulatory. The analysis finds that Tanzania's legal framework has several strong features with comprehensive definitions of money laundering and predicate offences, legal provisions for suspicious transaction reporting, mechanisms for asset seizure and forfeiture, reporting obligations for a broad array of reporting persons, and mandates for cooperation both domestically and internationally. Nonetheless, the framework faces significant challenges that undermine its effectiveness. These include gaps in enforcement, resource constraints, delays in prosecution, weak capacity in investigative and supervisory bodies, issues of beneficial ownership transparency, political and institutional interference, and sometimes inadequate guidance or compliance by reporting persons. The paper concludes that while Tanzanian law provides a solid foundation for the FIU to function, it is not fully sufficient in its current form. To improve, Tanzania needs to strengthen implementation and enforcement, enhance capacity (human, technological, and financial), close legal loopholes, increase reporting persons' compliance, and ensure greater institutional autonomy and coordination. The findings have implications for policy reforms and for aligning Tanzania's AML/CFT regime with international best practices.

Keywords: *Money laundering, governing laws, Financial Intelligence Unit.*

INTRODUCTION

In recent decades, Tanzania has witnessed a notable surge in economic offences, including money laundering, tax evasion, corruption, and illicit financial flows. These crimes not only undermine the country's economic stability but also erode public trust in institutions and hinder sustainable development. The liberalisation of the economy, expansion of financial services, and growing integration with global markets, though beneficial, have also created avenues for sophisticated financial crimes that are difficult to detect using traditional law enforcement methods alone[i]. In response to these challenges, financial intelligence has become a critical tool in the fight against economic offences. Modern criminal justice has revealed that two of the most powerful tools that can and indeed should be used to combat the financial dimension of these crimes are the fight against money laundering and an effective and efficient asset confiscation/forfeiture regime.[ii]

The Financial Intelligence Unit (FIU) of Tanzania, established under the Anti-Money Laundering Act[iii], plays a central role in collecting, analysing, and disseminating financial information to

competent authorities. By tracking suspicious transactions and uncovering complex financial networks, the FIU helps in preventing and prosecuting economic crimes, both domestic and transnational. However, despite the existence of various legal frameworks governing the FIU, including the Anti-Money Laundering Act, Economic and Organised Crime Control Act, and supporting regulations, economic offences continue to rise in both frequency and sophistication. Even the Bank of Tanzania, which is used to control financial institutions, including banks and other institutions, are involved in money laundering. For instance in the External Payment Arrears (EPA) cases the government of Tanzania lost US$ 131 million11 as well as their personnel have the same status as happened in the case of *Amatus Joachimu Liyumba V.Republic*[iv] who was the Director of Administration and personnel of the Bank of Tanzania (BoT) due to fraud which caused the loss of USD 153,077,715.71 which is equivalent to Tsh 222, 197,299.95. This raises a critical question about the adequacy and effectiveness of the current legal framework in empowering the FIU to perform its mandate. The persistent prevalence of these crimes suggests gaps in enforcement, coordination, or legal provisions that may be limiting the FIU's effectiveness in combating economic offences comprehensively.

UNDERSTANDING FINANCIAL INTELLIGENCE UNIT (FIU) AND MONEY LAUNDERING.

Financial Intelligence Unity (FIU)

A Financial Intelligence Unit (FIU) is a government agency responsible for collecting, analysing, and sharing financial information related to suspicious transactions that may involve money laundering, terrorism financing, or other economic crimes.[v] It acts as a central hub between financial institutions and law enforcement, helping to detect and prevent illegal financial activities. As part of its commitment to combating money laundering, Tanzania established the Financial Intelligence Unit (FIU). The FIU plays a central role in receiving, analysing, and disseminating various reports related to financial crimes, including Suspicious Transaction Reports (STRs), Currency Transaction Reports (CTRs), cross-border currency declarations, and electronic funds transfer reports.[vi] These reports are submitted by reporting entities and other sources, both within and outside the United Republic of Tanzania.

The FIU operates with full operational and financial independence, allowing it to effectively execute its mandate. In addition to setting up the FIU, Tanzania has also demonstrated its commitment to international cooperation by ratifying major treaties and conventions, including the United Nations Convention against Transnational Organized Crime (Palermo Convention) in 2000.[vii] Given that money laundering as one of common economic offense is a complex and often transnational crime, frequently linked to activities such as terrorism, drug trafficking, corruption, human trafficking, kidnapping, extortion, and tax evasion. The FIU must work in close coordination with various national agencies, these agencies include the Police Force, the Prevention and Combating of Corruption Bureau (PCCB), the Tanzania Revenue Authority (TRA), the Drug Control and Enforcement Authority (DCEA), and the Immigration Department.[viii]

For instance, the FIU collaborates with the Police Force to receive and analyse STRs, which are then forwarded to the appropriate law enforcement agencies for investigation and potential prosecution. When STRs suggest possible tax evasion or avoidance, the FIU transfers these reports to the TRA for further inquiry and action under the relevant tax laws.[ix] Similarly, the PCCB has the authority to investigate STRs linked to corruption, which is recognized as a predicate offence to money laundering.[x] Effective collaboration between the PCCB and the FIU ensures a comprehensive investigation process. The FIU also serves as a vital link between reporting entities such as banks, legal practitioners, and designated non-financial institutions and the relevant law enforcement bodies.[xi]

The DCEA also plays a significant role in addressing money laundering as one among many economic offences, particularly in relation to narcotic drug trafficking and the distribution of psychotropic substances. Upon receiving relevant STRs from the FIU, the DCEA may initiate further investigations and, if necessary, recommend prosecution.[xii] In addition, the Immigration Department may investigate STRs involving human trafficking and smuggling of migrants, both of which are recognized predicate offences to money laundering. The FIU assesses such reports to determine whether there is a link to these crimes before passing them on to the relevant authorities.

Money laundering

Literally, money laundering refers to an act of engaging in or dealing with criminal proceeds to disguise their illicit origin or cutting the link between criminal proceeds and the underlying criminal activity (offence) to make the criminal proceeds appear legitimate.[xiii] In Tanzania, Money laundering is one of the ways that people use as a means of legitimising illegally obtained money. Money laundering is a crime in Tanzania. This crime involves any kind of dealing with, engaging in, converting, transferring, transporting or transmitting, concealing, disguising or impeding the establishment of the true nature, source, location, disposition, movement or ownership, acquiring, possessing, using or administering, a property which is proceeds of a predicate offence.[xiv]

Money laundering is, therefore a technique or mechanism used by criminals to avoid legal consequences. On the contrary, the money laundering offence seeks to deter criminals from disguising criminal proceeds. Criminalization of money laundering was devised as a supplementary conventional criminal measure that was in place. At the inception, money laundering offence was intended for organized crime in particularly drug trafficking.[xv] This type of crime can create effects on the economy, potentially threaten peace and safety in the 21st century, and destabilize the world. The International Monetary Fund (IMF) estimated that money laundering accounts for two to five per cent of the world's gross domestic product, and it can harm to economic stability of

financial institutions.[xvi] Such effects involve eroding confidence in the banking system, discouraging investments, and creating a liquidity crisis due to the sudden disappearance of funds.[xvii] Regarding the erosion of the banking system, money laundering may affect the erosion of the banking system in three negative ways. It increases the possibility that these individuals will be defrauded by personnel from the bank, it increases the possibility that the bank will become corrupt and follow criminal interest, and it increases the possibility that the bank may fail if it chooses to defraud[xviii]. Banks also run a big risk in accepting fraudulent funds, as they may suddenly disappear via wire transfer.[xix]

Brief history of Money Laundering in Tanzania

Money laundering did not originate in Tanzania; rather, it began in other countries and later emerged in Tanzania during the 1970s. Around that time, communities began engaging in activities that amounted to money laundering. As a result, the term "money laundering" started to gain recognition, and some members of the general public became aware of it.[xx] Following this period, many countries began to recognize the seriousness of the issue and expanded the definition of money laundering to include related offences such as capital flight, tax evasion, insider trading, bribery, corruption, misappropriation of public funds, arms trafficking, terrorism, prostitution, and other activities linked to predicate offences.[xxi] However, during that time, money laundering itself was not considered a crime, as there were no specific laws addressing it. It was not until the early 1980s that the issue received formal legal attention. The United States Senate conducted investigations into banking practices and, in response, passed the Anti-Money Laundering Act of 1986, which became the first legislation in the world specifically targeting money laundering.

Inspired by this approach, international efforts were initiated to address the issue globally. These efforts aimed to assist member countries in enacting domestic laws to combat money laundering. One of the key international initiatives began in 1988 with the establishment of the Basel Committee on Banking Supervision, which sought to prevent the misuse of the banking system for criminal activities, including money laundering[xxii]. In the same year, the United Nations adopted the Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, commonly known as the Vienna Convention. This convention significantly contributed to the global fight against money laundering, as it required all United Nations member states to criminalize money laundering within their domestic legal frameworks. Specifically, Article 3 of the convention mandates that states establish money laundering as a criminal offence under their national laws.

As part of the global community, Tanzania has also been affected by money laundering, especially following the liberalization of trade. Prior to this period, most criminal activities were limited to petty theft. However, money laundering began to emerge in the 1980s, particularly after the country's economic downturn in 1979. During this time, money laundering activities escalated, and many individuals were involved in black market operations, embezzlement of public funds, and acts of corruption. Consequently, hundreds were arrested as economic saboteurs.[xxiii] In response, Tanzania introduced the Economic Sabotage (Special Provisions) Act[xxiv], although it remained in effect for only three months before being repealed and replaced with the Economic and Organized Crime Control Act[xxv], which aimed to address these crimes more effectively. With the expansion of trade liberalization, money laundering offences increased both domestically and internationally. Businesspeople with funds held abroad were allowed to import goods without being required to disclose the sources of their capital.

As money laundering became a transnational crime, the Economic and Organized Crime Control Act proved insufficient, as offenders no longer respected national borders. This made investigations more complex, prompting the establishment of the Mutual Assistance in Criminal Matters Act[xxvi] and the Proceeds of Crime Act[xxvii], which enabled authorities to investigate and gather evidence beyond Tanzania's borders. By 1990, Tanzania began to witness a rise in money laundering activities within banking institutions. In response, the government enacted the Banking and Financial Institutions Act[xxviii] and the Bank of Tanzania Act[xxix] to regulate financial operations in these institutions. However, despite the existence of several laws, Tanzania enacted a specific piece of legislation to address money laundering directly that is the Anti-Money Laundering Act.[xxx]

Role of Financial Intelligence Unit (FIU) in combating money laundering

The concept of the Financial Intelligence Unit (FIU) emerged in the 1990s following the issuance of the first set of forty recommendations by the Financial Action Task Force (FATF) on Money Laundering. Among these recommendations was the requirement for financial institutions to report suspicious transactions to a designated authority.[xxxi] Although the term "competent authority" was not explicitly defined in the FATF document, it is generally understood to refer to law enforcement agencies such as the police or public prosecutors. The FIU performs three primary functions: receipt, analysis, and dissemination of financial information.

Regarding the first function, FIUs collect financial transaction reports submitted by reporting entities. These may include both automatic reports triggered when transactions exceed a specific threshold and suspicious transaction reports, which are submitted based on subjective suspicion. Secondly, the FIU is tasked with analysing these reports to determine whether they contain sufficient indications of money laundering or terrorist financing. This analysis can be categorised into three types: tactical (focusing on specific cases), operational (supporting ongoing investigations), and strategic (identifying trends and emerging threats). Thirdly, the dissemination function involves transmitting financial intelligence to relevant authorities. This includes forwarding information to competent authorities, such as law enforcement or prosecution agencies, when analysis reveals evidence of criminal activity, sharing intelligence with other domestic agencies beyond those responsible for investigation and prosecution and facilitating

international cooperation by exchanging information with counterpart FIUs in other jurisdictions.

Regarding the establishment and operation of an FIU, three basic models can be distinguished: the administrative, law enforcement, and judicial models. Each country has established an FIU that follows one of these models. The first model of an FIU is an administrative model. An FIU in this model is usually attached to the regulatory or supervisory roles of other agencies. It may be under the supervision of the Ministry of Finance or the Central Bank of the country. The FIU in this model is positioned in the middle of the financial sectors, acting as the reporting entity, and law enforcement agencies act as the investigator and prosecutor of the case. The second model of an FIU is a law enforcement model. In this model, an FIU is attached to a police agency, whether general or specialised. The advantages of this model are that it is efficient because no new agency needs to be established. Law enforcement reacts quickly to indicators of money laundering or terrorist financing, and the exchange of information is relatively easy because there is an extensive network of international information exchange. The third model is the judicial or prosecutorial model. In this model, the FIU is established within the country's judicial branch and most frequently under the prosecutor's jurisdiction. A judicial or prosecutorial-type FIU can work well in countries where banking secrecy laws are so strong that a direct link with the judicial or prosecutorial authorities is needed to ensure the cooperation of financial institutions.

AN OVERVIEW OF THE LEGAL AND INSTITUTIONAL FRAMEWORK GOVERNING FIU IN COMBATING MONEY LAUNDERING IN TANZANIA

The need for Anti-Money Laundering (AML) laws in Tanzania arises from the growing threat of money laundering activities, which continue to increase despite the existence of legal frameworks. These laws are meant to deter and penalize money laundering offenses; however, their effectiveness remains questionable due to the persistent occurrence of the crime. Tanzania has enacted specific legislation to address money laundering, notably the Anti-Money Laundering Act. In addition to this principal law, the country also relies on several other statutes that were in place before its enactment. These include the Prevention of Organised Crime Control Act, the Proceeds of Crime Act, and the PCCB Act. Collectively, these laws aim to combat financial crimes and trace the proceeds of unlawful activities.

Despite the existence of these legal instruments, the fight against money laundering in Tanzania has proven to be largely ineffective. The continued prevalence of money laundering, as seen in several notable cases. For example, the case of *Republic vs Mawazo Saliboka and 17 others*,[xxxii] where the alleged amount Tsh 4,093,534,157 was laundered also the issue of External Payment Arrears (EPA) cases were the government of Tanzania lost US$ 131 million11 as well as their personnel have the same status as happened in the case *of Amatus Joachimu Liyumba vs Republic*,[xxxiii] who was the Director of Administration and personnel of the Bank of Tanzania (BoT) due to fraud which caused the loss of USD 153,077,715.71 which is equivalent to Tsh 222, 197,299.95. According to NPS, it indicates from 2022 to date, more than 126 money laundering cases have been registered in Tanzania, and 82 cases have been decided and have 44 pending cases in courts in Tanzania.[xxxiv] Previously cited cases in these statistics demonstrate the laws' limited impact and enforcement. This ineffectiveness calls for deliberate and strategic efforts to strengthen AML measures, including the imposition of more severe penalties to deter offenders and enhance the seriousness of the offence. Financial institutions play a critical role in this effort by implementing Know Your Customer (KYC) procedures, reporting suspicious transactions, and maintaining accurate records.

However, challenges persist, especially due to the transnational nature of money laundering, which demands robust international cooperation and coordination with other jurisdictions and international bodies. Another major obstacle is the informal economy in Tanzania. A significant portion of financial transactions occurs outside the formal financial system, making it difficult to monitor and trace illicit funds. Furthermore, the involvement of public officials in some money laundering cases undermines the credibility and enforcement of AML laws.[xxxv] This, combined with the widespread use of unofficial markets, increases the risk and complexity of money laundering activities in the country.

Anti-Money Laundering Act

Since the emergence of money laundering as a crime in the 1980s, following the decline of Tanzania's economy in 1979, several laws were enacted that addressed the issue in a limited or narrow scope, as previously discussed. The Anti-Money Laundering Act was introduced more recently to provide improved measures for the prevention and prohibition of money laundering in Tanzania. However, in practice, the Act has not achieved this goal.[xxxvi] The key feature that sets it apart from earlier legislation is the establishment of the Financial Intelligence Unit (FIU).[xxxvii] The role of the Financial Intelligence Unit is to receive and analyse information concerning the suspected persons. Following the ineffective operations of the FIU, we can see that the organisation is toothless since it deals only with collecting and analysing the information of suspected persons, without a juridical mechanism of investigating the offence and finding information on its own, as well as prosecuting those cases concerning money laundering. Through this, we can notice that, still, the Anti-Money Laundering Act is not effective in curbing the problem. The researcher believes that; function of this institution (FIU) should be reviewed (amended) to have judicial force.

Under Section 2, declare that this law shall apply to Mainland Tanzania. And that the Act shall apply to Tanzania, Zanzibar, in respect of Part II, which relates to the Financial Intelligence Unit and the National Multidisciplinary Committee[xxxviii]. However, many of the substantive money laundering offence provisions of AMLA do not automatically bind Zanzibar, except where expressly provided. This means that FIU may have difficulty

enforcing AML obligations, reporting suspicious transactions, or prosecuting money laundering offences in Zanzibar under the AMLA. This limited scope undermines "national" uniformity.

In the issue of predicate offence, the Act is ambiguous. The AMLA defines "predicate offences to include many offences such as illicit drug trafficking, corruption, tax evasion, environmental crimes, illegal mining[xxxix], etc., and allows the Minister of Finance to declare additional offences by notice in the Gazette.[xl] A person may be charged with both money laundering and a predicate offence. This is also known as *self-laundering*, as it was stated in the case of *DPP v. Elladius Cornelio Tesha*.[xli] The process of adding offences by Ministerial notice is reactive, not always systematic or timely. As of some evaluations, the Minister had not declared additional offences under that clause, leaving certain offences unprotected.

Under the Act, the person must "know or ought to know or ought to have known" that property is proceeds of a predicate offence.[xlii] This "knowledge / ought to know" standard can be hard to prove in practice. Prosecutors may face challenges proving beyond a reasonable doubt that a person should have known. This raises evidential burden and may allow laundering activities to escape sanction because people will plead ignorance, or because records or proof are missing. Although AMLA gives FIU powers to supervise reporting persons for compliance with anti-money laundering and to issue guidelines in consultation with regulators[xliii], the extent of supervision is limited by regulatory resources, capacity, and possibly by gaps in law covering some reporting entities. Evaluations suggest that many non-bank sectors are less regulated or supervised, and the regulations are insufficiently precise and implemented. For example, persons required to report suspicious transactions may not have clear procedures or may be noncompliant, and enforcement (fines, sanctions) may be weak or rarely applied.

Economic and Organised Crime Control Act

The Economic and Organised Crime Control Act[xliv] (EOCCA)It is one of the cornerstone legislative instruments for dealing with serious economic, financial, and organised crimes in Tanzania. Originally enacted in 1984, EOCCA established legal authority to criminalise various forms of organised and economic crime, empower enforcement agencies, and enable forfeiture/confiscation of proceeds and instrumentalities of crime.[xlv] Over time, Tanzania's legal framework for anti-money laundering (AML) and combating financing of terrorism has expanded, and these laws often designate EOCCA as part of the broader legal architecture. EOCCA handles "economic offences", which include many predicate offences and provide for harsher penalties and specialised jurisdictional provisions.[xlvi]

EOCCA contains a schedule of offences designated as economic offences[xlvii]. These include corruption, fraud, misappropriation, offences involving public funds, organised crime, and other serious financial crimes. These offences are treated with greater seriousness under EOCCA compared to ordinary penal laws. It grants exclusive or primary jurisdiction over these economic offences to the High Court, specifically the Corruption and Economic Crimes Division (ECD), though even in the normal High Court. Subordinate courts (magistrate courts etc.) do not automatically have jurisdiction for EOCCA offences, but the Director of Public Prosecutions (DPP**)** has the power to issue a certificate under EOCCA permitting subordinate courts to try particular economic offence cases under certain conditions[xlviii]. This Act generally imposes stiffer penalties for economic offences. In many cases, there are minimum sentences (lengths of imprisonment), fines, and provisions for forfeiture or confiscation of proceeds and instrumentalities used in committing offences. The scope of what can be forfeited includes property derived from the crime, property used in its commission, or other instrumentalities.[xlix] This helps ensure that criminals are not merely punished but are deprived of profits and tools of crime.

Under Tanzania's AML laws, EOCCA offences often serve as predicate offences for money laundering. That is, the proceeds or instrumentalities resulting from economic offences under EOCCA can be used in money laundering cases under AML laws[l]. AML laws require that persons dealing with proceeds of serious offences follow due diligence, record keeping, customer identification, and be prepared to report suspicious transactions. While AMLA does most of the frontline work of detection, EOCCA supplies the substantive offences behind many investigations/prosecutions. To the crimes prescribed under EOCCA, consent of DPP is often required to initiate prosecutions of those offences, and it requires involvement of state prosecution authorities to ensure seriousness and oversight [li]. There are also provisions in other laws for mutual legal assistance, which sometimes rely on EOCCA-related offences being recognized.

Despite its strengths, EOCCA, both as legislation and in practice, suffers from various weaknesses that limit how effectively it contributes to combating money laundering in Tanzania, it provides for forfeiture of criminally acquired property and instrumentalities, but there are very few decided cases where courts have ordered forfeiture. Scholars have noted that the framework exists, but it is not being used to its full potential[lii]. Because EOCCA vests primary jurisdiction in the High Court, it still allows subordinate courts, only in limited circumstances (with DPP's certificate), to entertain economic offences, though it creates delays. Getting the DPP's certificate or properly aligning the offence schedule and jurisdiction may cause procedural delays or challenges. In some cases, courts have found that prosecutions were invalid because the proper certificate or consent was not obtained, thereby invalidating the jurisdiction. This creates legal risks and disincentives for prosecuting.

The Prevention and Combating of Corruption Act

Tanzania's Prevention and Combating of Corruption Act[liii] It is mainly designed to tackle corruption and related offences, but it also provides tools that overlap with anti-money laundering (AML) goals. One of the key contributions is the criminalisation of certain predicate corruption offences, the ability to investigate, seize, and confiscate property, including unexplained wealth, and special powers of investigation[liv]. These provisions help create a legal basis for the FIU and other law enforcement agencies to detect,

trace, and act upon funds derived from corruption, which often feed into money laundering schemes.

A central tool in this is the offence of possession of unexplained wealth under Section 27 of the PCCA. Under this provision, a public servant who "possesses or controls property which is disproportionate to his present or past lawful income" commits an offence, unless he gives a satisfactory explanation[lv]. This forces public servants to account for wealth or property when there is a disparity, which can help in uncovering illicit enrichment, a predicate for money laundering when such wealth is laundered or hidden. According to this Act, there is a presumption of illicit enrichment/possession of unexplained wealth, and it allows the Bureau (PCCB) to audit lifestyles and raise investigations when public officials' properties are clearly incommensurate with lawful income[lvi]. Because money laundering often involves concealment of corrupt gains, these sections give law enforcement power to treat wealth discrepancies as red flags.

Section 34 criminalises acts of concealment of any property corruptly acquired. This overlaps directly with money laundering offences because concealment is a mode of laundering, and having this as a corruption offence allows it to be enforced even if money laundering law is separate. The Act also grants PCCB special powers to investigate, arrest, enter premises, seize property, and conduct searches, etc., where corruption offences are suspected[lvii]. For example, Section 10 gives the Bureau powers of a police officer of or above the rank of Assistant Superintendent of Police, including search, seizure, and detention in the context of corruption investigations. These powers allow PCCB to pursue offences that generate proceeds which may be laundered.

This law requires the following procedural tools to seize property or search premises where there is reasonable cause to believe that property has been corruptly acquired[lviii], and it allows for confiscation orders or forfeiture of proceeds. In particular, it provides for the confiscation of misappropriated or converted property (or an equivalent sum) when such property cannot be traced[lix]. This is directly relevant to money laundering, because laundering may involve the conversion, disposal, or hiding of corruptly acquired property. These legal provisions are helpful because they provide the legal foundation for investigating corruption, recovering proceeds, and potentially preventing the transformation of illicit gains into laundered assets. In effect, even where the AML law is separate, many corruption offences under PCCA serve as predicate offences for money laundering.

However, the PCCA also has gaps and weaknesses with respect to how it helps prevent money laundering via the FIU, and places where it fails in practice or by design. For example, while Section 34 (concerning concealment) criminalises certain acts, it may not be as broad or as detailed as to capture all forms of laundering. For instance, concealment in a corruption context under PCCA may require the property to have been corruptly acquired; in some laundering cases, the original corruption may be hard to prove, or the chain of acquisition complicated. Also, PCCA does not itself deal with all aspects of laundering, such as layering, integration again, that function is more under AML law. Thus, PCCA is necessary but not sufficient in many scenarios.

Interaction between FIU, PCCB, DPP Office and Police in Combating Money Laundering in Tanzania

As it has been discussed earlier, the fight against money laundering in Tanzania involves a collaborative effort between various government institutions, each playing a crucial role within the framework of anti-money laundering (AML) measures. Among the key institutions working in concert are the Financial Intelligence Unit (FIU), the Prevention and Combating of Corruption Bureau (PCCB), the Office of the Director of Public Prosecutions (DPP), and the police. Their interaction forms an integrated system aimed at identifying, investigating, and prosecuting money laundering offences effectively[lx]. The Financial Intelligence Unit (FIU) acts as the central agency responsible for receiving, analysing, and disseminating financial intelligence related to suspected money laundering activities. It collects Suspicious Transaction Reports (STRs) from financial institutions and designated non-financial businesses and professions. Upon analysing the data, the FIU shares relevant intelligence with investigative authorities such as the PCCB and the police. This intelligence sharing is crucial because it provides the initial leads that trigger investigations into possible money laundering offences.

The Prevention and Combating of Corruption Bureau (PCCB) are mandated to investigate corruption-related offences, which often involve proceeds of crime[lxi]. Money laundering is frequently linked to corruption, making the PCCB a key partner in AML efforts. Once the FIU forwards intelligence that suggests corruption and possible laundering of illicit proceeds, the PCCB undertakes investigations to gather evidence. The PCCB's investigative powers allow it to trace assets, interview suspects and witnesses, and collect financial documents which can later be used in prosecutions[lxii].

The Prevention and Combating of Corruption Bureau (PCCB) and the Financial Intelligence Unit (FIU) signed a Data Sharing Agreement (DSA) aimed at enhancing cooperation in combating corruption, money laundering (ML), terrorist financing (TF), and the Financing of Weapons of Mass Destruction (WMD)[lxiii]. Speaking at the event, PCCB Director General, Mr. Crispin Francis Chalamila, emphasised that the new agreement builds on the long-standing collaboration between the two institutions, which began with a Memorandum of Understanding (MoU) signed in 2015. He further noted that the DSA fulfils the requirements of the 2023 e-Government Act, which mandates public institutions to formalise data sharing through written agreements. Additionally, between 2023 and 2025, PCCB submitted 141 requests for information to the FIU to support its investigative activities. *"The FIU has been an indispensable partner in our work. Their support has enabled us to conduct investigations more effectively and achieve positive outcomes,"* Mr Chalamila stated.

The police, particularly through their specialised economic crimes or financial investigation units, also play a vital role in detecting and investigating money laundering. In many cases, the police

work alongside the PCCB or independently, depending on the nature of the case. The FIU may directly share intelligence with the police when the suspected money laundering is not necessarily linked to corruption, such as in cases involving drug trafficking, human trafficking, or organised crime. The police assist in executing search warrants, arresting suspects, and ensuring security during operations.

The Office of the Director of Public Prosecutions (DPP) is responsible for prosecuting criminal cases, including money laundering offences[lxiv]. After investigations are concluded by the PCCB or the police, case files are submitted to the DPP for legal review. The DPP assesses the sufficiency of evidence and determines whether to proceed with charges. In complex money laundering cases, the DPP may also provide legal guidance during investigations to ensure that the evidence collected meets prosecutorial standards[lxv]. The DPP works closely with both the FIU and investigators to build strong cases that can withstand legal scrutiny in court. In practice, effective communication and coordination among these institutions are essential for successful AML enforcement. Regular inter-agency meetings, task forces, and joint investigations enhance the synergy needed to combat sophisticated financial crimes. Furthermore, these institutions often participate in training and capacity-building workshops organised by international partners to ensure a common understanding of AML strategies and legal frameworks.

The interaction between the FIU, PCCB, DPP, and police in Tanzania forms a multi-agency approach to combating money laundering. Each institution contributes distinct expertise and powers to the process, from intelligence gathering and investigation to prosecution. Strengthening their collaboration through better coordination, information sharing, and joint operations is essential in responding effectively to the evolving threats of financial crime in Tanzania. But because of the bad laws we have in combating money laundering through FIU, their efforts of these institutions end in vain as we daily witness the increase of money laundering in our jurisdiction.

GENERAL WEAKNESSES OF THE LAWS GOVERNING FIU IN COMBATING MONEY LAUNDERING IN TANZANIA

Anti-Money Laundering (AML) laws play a critical role in safeguarding financial systems from illicit financial flows and criminal activity. In Tanzania, despite the establishment of a legal and institutional framework to combat money laundering, most notably through the Anti-Money Laundering Act, and other legislations which provide for anti-money laundering, significant weaknesses persist. These limitations undermine the effectiveness of AML measures and expose the country to financial crimes, corruption, and economic instability.

One of the key weaknesses lies in enforcement and implementation. While Tanzania has laws on paper that align with international standards, there is often a gap between legislation and practice. Regulatory bodies such as the Financial Intelligence Unit (FIU) are underfunded and lack the technical capacity and manpower required to investigate complex money laundering schemes[lxvi]. Moreover, coordination between agencies, including the police, financial institutions, and the judiciary, is frequently poor, leading to delays or failures in prosecutions and asset recovery.

Another significant weakness is the limited coverage and supervision of non-financial sectors. While banks and formal financial institutions are relatively well-regulated, sectors such as real estate, casinos, and informal money transfer systems remain largely unsupervised. Criminals often exploit these loopholes to launder illicit funds with minimal detection. Additionally, many businesses operate in the informal economy, making it difficult for authorities to monitor financial transactions or impose AML compliance obligations. Corruption further weakens the effectiveness of AML laws in Tanzania. Corrupt practices within law enforcement and regulatory bodies can hinder investigations, shield perpetrators from justice, and deter whistle-blowers. This erosion of trust in institutions discourages cooperation and limits the public's willingness to report suspicious activities. Without transparency and accountability, even well-drafted laws become ineffective.

The judicial system in Tanzania also faces significant challenges in handling complex financial crimes. There is often a lack of specialised knowledge and expertise among prosecutors and judges, which makes the successful prosecution of money laundering cases rare. Delays in court proceedings due to long procedures imposed by the law, backlog of cases, and limited forensic capabilities further hinder the effective enforcement of AML laws. International cooperation remains another area of concern. While Tanzania is a member of regional and global bodies such as the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), it still struggles with cross-border collaboration, especially in tracking international transactions and repatriating illicit assets. Criminal networks often operate across multiple jurisdictions, and the lack of strong international coordination leaves Tanzania vulnerable to exploitation by transnational criminals. The researcher calls upon all developing countries to accept the development which takes place in the world by amending the laws to meet the international standard, especially with this critical offence of money laundering, which really affects the country as well as the world economy.

Money Laundering and Macroeconomic Stability in Tanzania

Macroeconomics has been affected by money laundering, as it causes loss of welfare and many negative cross-border externalities. It can distort the allocation of economic resources and the distribution of wealth in the sense that the economy of the country is controlled by a few people. It is necessary to talk about money laundering in connection with macroeconomics because macroeconomics deals with the total income in a nation, while the income can be contributed to both legal and illegal activities.[lxvii]

Most of the people in Tanzania depend on agriculture for 80% which helps to increase the income of the country, and the

remaining 20% engage in other activities, and all activities are affected by money laundering. It is the truth that most money laundering in Tanzania is conducted by the public officials who are high-class class unlike the lower class. Macroeconomic stability of the country depends on the legitimate funds, unlike illegitimate funds, but in Tanzania, the situation is vice versa, since even the production of notes involves money laundering, hence fake money is under circulation, which highly affects the macroeconomic stability of the country[lxviii].

There is no clear statistic of how macroeconomic be affected by money laundering in Tanzania since there are many underground economic activities which are facilitated by money laundering and affect macroeconomic. However, this aspect is being ignored by most countries including developed and developing countries. The report adopted by the Commission of the European Communities in 1998 states;

> "*It is concluded that although difficult to measure, the magnitude of the sums involved and the extent of the criminal activities that generate (criminal) income have implications for both domestic and international allocation of resources and macroeconomic stability. Although the IMF report there is currently no theoretical literature on the macroeconomic effect of money laundering, indirect macro-based empirical research and related studies of crime and the underground economy, coupled with the pervasive role of money laundering in illegal activity, suggest that widespread to exert a widespread impact on the macroeconomy*[lxix].

This is evidenced by the lack of a comprehensive money laundering policy and procedures in the Bank of Tanzania (BoT). The Controller and Auditor General (CAG) say that the bank is incapable of controlling money laundering since it lacks an integrated policy on the matter[lxx].The bank also has no guidelines in place covering all relevant areas, such as; directorate, foreign department, bank branches and deposits monitoring units[lxxi]. Following this discussion, there is no statistic which shows how macroeconomic have been affected by money laundering, since BOT regulate all financial institutions in the country. The officials are supposed to be careful in this aspect because it can lead to underdevelopment or cause an increase of poverty in the country.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study set out to examine the legal framework governing the Financial Intelligence Unit (FIU) in Tanzania, with a particular focus on its adequacy in combating money laundering. The analysis reveals that while Tanzania has established a legislative framework through instruments such as the Anti-Money Laundering Act, the Proceeds of Crime Act, and various regulations and guidelines, the effectiveness of this framework remains limited in practice. The continued rise in money laundering cases in the country is a clear indication of systemic weaknesses within the existing legal and institutional structures.

Several critical challenges were identified throughout the study, including the limited operational independence of the FIU, insufficient coordination among key agencies, lack of adequate human and technical resources, outdated laws that do not align with modern technological advancements, and limited engagement with regional and international bodies in the fight against transnational financial crimes.

The study concludes that the current legal framework is not sufficiently robust or dynamic to address the evolving nature of money laundering activities in Tanzania. Therefore, a comprehensive and strategic reform of both the legal and institutional frameworks is imperative to enhance the effectiveness of the FIU and Tanzania's overall anti-money laundering regime.

Recommendations

In light of the findings and conclusions drawn from this research, the researcher recommends as following:

> There is a need to review and amend the Anti-Money Laundering Act and related laws to ensure they are in line with international standards, particularly those set by the Financial Action Task Force (FATF). Legal provisions should also be updated to cover emerging threats such as digital currencies, online fraud, and complex financial instruments often used in money laundering schemes. The government should enhance the operational independence of the FIU, ensuring it has full autonomy in executing its mandate. Furthermore, the FIU should be adequately staffed and resourced to carry out intelligence gathering, analysis, and dissemination effectively.

There must be improved coordination and communication among the FIU, law enforcement agencies, regulatory bodies, and the judiciary. A centralised platform for intelligence sharing and joint operations should be established to streamline efforts and avoid duplication. Financial institutions and the Designated Non-Financial Businesses and Professions (DNFBPs) play a critical role in detecting and preventing money laundering. The government should foster strong partnerships with the private sector through regular training, compliance monitoring, and guidance on AML obligations.

Substantial investment is required in training personnel involved in AML enforcement and in adopting modern technologies for detecting suspicious transactions. This includes the implementation of data analytics tools and artificial intelligence to monitor and analyse large volumes of financial data. Mechanisms should be introduced to increase transparency in financial transactions, including the establishment of a beneficial ownership registry and improved regulation of shell companies. Stronger penalties for non-compliance with AML laws should also be enforced.

Furthermore, Tanzania should intensify its collaboration with regional and international AML bodies such as East and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Financial Action Task Force (FATF), Interpol, and the Egmont Group. These

partnerships are essential in tracking cross-border financial crimes and ensuring compliance with international best practices.

REFERENCES

Books

1. PETER, Reuter and EDWIN, Truman, (2004), *Chasing dirty money: the fight against money laundering*, (Washington D.C: Institute for International Economic),
2. TENGA, Riwadi, (2017) *Money Laundering Prosecution in Tanzania: A Tentative Assessment,* 44(2) Eastern Africa Law Review,
3. SCHOTT, P. (2006), Reference *guide to anti-money laundering and combating the financing of terrorism*, 2nd ed. (Washington: IBRD/IMF)
4. DENNIS, Rumley (et al.), (2006), *Australia's arc of Instability: the political and cultural dynamics of Regional Security*, (The Netherlands: Springer), 204
5. DIONYSIOS S. Demetis, (2010), *Technology and Anti-Money Laundering: A System Theory and Risk-based Approach,* Cheltenham: Edward Edger Publishing Limited
6. PRINCE M. Bagenda, (2003), *Profiling money laundering in Eastern and Southern Africa, combating Money Laundering in the SADC Sub-region*: The case of Tanzania
7. MARY, Michelle Gallant, (2005), *Money laundering and the proceeds of Crime: economic crime and civil remedies*. Cheltenham: Edward Elgar Publishing Limited
8. VALSAMIS, Mitsilegas, (2003), *Money Laundering Counter-measures in the European Union: a new paradigm of security Governance versus Fundamental legal Principles,* Hague: Kluwer Law International,187

Journal & Articles

1. EVA Ludger Komba, *Effectiveness of Anti-Money Laundering Laws towards the Tanzanian Economy,* International Journal of Social Sciences and Management Review, (2020), vol.03, No. 582
2. LAURENT Agola, *"Combating Money laundering in Tanzania: An Overview of Legal Framework",* Journal of African and International Law, (2010), vol. 3.
3. MNIWASA, Eugene, "*Institutionalizing the Fight against Money Laundering: The Potential, Limitations and Challenges",* Journal of Money Laundering Control, (2021),
4. PAUL, Kennedy *"Watching the Clothes Go Around: Combating the Effect of Money Laundering on Economic Development and International Trade"*, Current International Trade Law Journal, (2003*),* Vol. 12
5. TIJJANI, Ahmed, "*Money Laundering and Financial Crimes in Nigeria",* Journal of Poverty, Investment and Development www.iiste.org ISSN 2422-846X An International Peer-reviewed Journal, (2018) Vol. 47

Academic Paper

1. ARNOLD, Gesase, (2013) *The Impact of Mutual Evaluation Report on National Anti-Money Laundering and Combating the Financing of terrorism Strategy: The Case of Tanzania*, LL.M. Dissertation, University of Western Cape,

Report

1. National Prosecution Service Report (2025)

Websites

2. http://www.theeastafrican.co.ke/news/-/2558/599204/-/index.html accessed on 3/10/2025
3. https://www.fiu.go.tz Accessed on 4/10/2025

Laws

International instruments

1. United Nations Convention Against Narcotic Drugs and Psychotropic Substances, 1988 (Vienna Convention).

Domestic Laws

1. The Anti-Money Laundering Act, [Cap. 423 R.E.2023].
2. The Prevention and Combating of Corruption Act, [Cap.329 R.E. 2023]
3. The Economic and Organised Crime Control Act, [Cap. 200 R.E. 2023]
4. The Proceeds of Crime Act, [Cap.256 R.E 2022]

ENDNOTES

[i] *EVA Ludger Komba, Effectiveness of Anti-Money Laundering Laws towards the Tanzanian Economy, (2020) International Journal of Social Sciences and Management Review, Vol. 03, No. 582, p.1*

[ii] *PETER, Reuter and EDWIN, Truman, (2004), Chasing dirty money: the fight against money laundering, (Washington D.C: Institute for International Economic), 30*

[iii] *Section 4 of the Anti-Money Laundering Act, Cap. 423 [R.E.2023].*

[iv] *Criminal Appeal No.56 of 2010, The High Court of Tanzania (Dar Es Salaam District Registry)*

[v] *LAURENT Agola, (2010), "Combating Money laundering in Tanzania: An Overview of Legal Framework", Journal of African and International Law, vol. 3, p. 288.*

[vi] *Section 4(2) of the Anti-Money Laundering Act, Cap 423 R.E 2023*

[vii] *TENGA, Riwadi, (2017) Money Laundering Prosecution in Tanzania: A Tentative Assessment, 44(2) Eastern Africa Law Review, p.90*

[viii] *Ibid*

[ix] *Section 6 (1) (b) of the Anti-Money Laundering Act, Cap 423 R.E 2023*

[x] *KOMBA, Eva (2020), The Effectiveness of Anti Money Laundering Laws Towards Tanzanian Economy, International Journal of Social Sciences and Management Review Volume: 03, Issue: 04, Pp. 106 -111*

[xi] *Ibid section 110(2)*

[xii] *MNIWASA, Eugene, (2021) Institutionalizing the Fight against Money Laundering: The Potential, Limitation and Challenges, Journal of Money Laundering Control, pp.17-21.*

[xiii] [xiii] *PAUL, Kennedy (2003), Watching the Clothes Go Around: Combating the Effect of Money Laundering on Economic Development and International Trade, Current International Trade*

Law Journal, Vol.12, p.141.

[xiv] *Section 12(1) (a-e)*

[xv] *Article 3 of United Nations Convention Against Narcotic Drugs and Psychotropic Substances, 1988 (Vienna Convention).*

[xvi] *SCHOTT, P (2006), Reference guide to anti-money laundering and combating the financing of terrorism, 2nd ed. (Washington: IBRD/IMF), p.23*

[xvii] *PAUL, Kennedy (2003), Watching the Clothes Go Around: Combating the Effect of Money Laundering on Economic Development and International Trade, Current International Trade Law Journal, Vol 12, p.142*

[xviii] *Ibid*

[xix] *Ibid*

[xx] *MNIWASA, Eugene, (2019) The Financial Intelligence Unit and Money Laundering Control in Tanzania: The Law, Potential and Challenges, Journal of Money Laundering Control Vol. 22 No. 3, p. 543 -551*

[xxi] *DENNIS, Rumley (et Al.), (2006), Australia's ar'c of Instability: the political and cultural dynamics of Regional Security, (The Netherlands: Springer), 204*

[xxii] *TIJJANI, Ahmed, (2018) Money Laundering and Financial Crimes in Nigeria, Journal of Poverty, Investment and Development www.iiste.org ISSN 2422-846X An International Peer-reviewed Journal Vol. 47,*

[xxiii] *DIONYSIOS S. Demetis, (2010), Technology and Anti-Money Laundering: A System Theory and Risk-based Approach, Cheltenham: Edward Edger Publishing Limited, 12*

[xxiv] *Act No. 9 of 1983*

[xxv] *Act No. 9 of 1983*

[xxvi] *Cap. 254 R.E 2023*

[xxvii] *Act No. 9 of 1983*

[xxviii xxviii] *Act No. 5 of 2006*

[xxix] *Act No. 5 of 2006*

[xxx] *Cap. 223 R.E. 2023*

[xxxi] *Recommendation 26 of the FATF Recommendations provides that 'Countries should establish an FIU that serves as a national Centre for the receiving (and, as permitted, requesting), analysis, and dissemination of suspicious transaction reporting and other information regarding potential money laundering and terrorist financing'*

[xxxii] *CC 83/09 Nzega Resident Magistrate Court*

[xxxiii] *Criminal Appeal No.56 of 2010, The High Court of Tanzania (Dar Es Salaam District Registry)*

[xxxiv] *NPS Report 2025*

[xxxv] *ARNOLD, Gesase, (2013) The Impact of Mutual Evaluation Report on National Anti-Money Laundering and Combating the Financing of terrorism Strategy: The Case of Tanzania, LL.M Dissertation, University of Western Cape, p.57.*

[xxxvi] *Due to the evidence shown earlier that Money laundering increases in Tanzania*

[xxxvii] *Part II OF Cap 423 R.E 2023*

[xxxviii] *Section 2(1&2) of Cap 423 R.E 2023*

[xxxix] *Section 3 of CAP 423 R.E. 2023*

[xl] *Section 12of CAP 423 R.E. 2023*

[xli] *Criminal Appeal No. 134 of 2013, High Court of Tanzania, Dar es Salaam Registry*

[xlii] *Ibid, Section 12(1)(a)*

[xliii] *Ibid, Section 12(1)(a)*

[xliv] *Cap. 200 R.E 2023*

[xlv] *Sections 20-23 of Cap 200 R.E 2023*

[xlvi] *Ibid Section 61(1)*

[xlvii] *Ibid., First schedule*

[xlviii] *Ibid, Section 12(3)(4)*

[xlix] *Ibid, section 23(1)*

[l] *Ibid, section 26(1)*

[li] *Ibid, section 26(1)*

[lii] *PRINCE M. Bagenda, (2003), Profiling money laundering in Eastern and Southern Africa, combating Money Laundering in the SADC Sub-region: The case of Tanzania*

[liii] *Cap. 329 R.E 2023*

[liv] *Section 40(1) of 329 R.E 2023*

[lv] *Ibid, Section 27(1)(b)*

[lvi] *Ibid., Sections 26 and 27*

[lvii] *Ibid, Sections 5-10*

[lviii] *Ibid., Section 14*

[lix] *Ibid, Section 28(3)*

[lx] *https://www.fiu.go.tz Accessed on 4/10/2025*

[lxi] *Section 7(e) of Cap. 329 R.E 2023*

[lxii] *Section 8(2) (c) of Cap. 329 R.E 2023*

[lxiii] *The signing ceremony took place at the PCCB Headquarters in Dodoma on September 24, 2025 and was attended by senior officials from both institutions*

[lxiv] *Section 17(1) of the National Prosecution Service, Cap. 430 R.E 2023*

[lxv] *Section 15 of Cap. 423 R.E 2023*

[lxvi] *MARY, Michelle Gallant, (2005), Money laundering and the proceeds of Crime: economic crime and civil remedies. Cheltenham: Edward Elgar Publishing Limited*

[lxvii] *SARRIS, H, A and BRINK, V.R, (1993), Economic policy and Welfare During Crisis and Adjustment in Tanzania, New York: University Press.*

[lxviii] *Republic V. Simon E. Jengo and 2others of 2010: The cases concerning printing bank note and causes the government the loss of Tsh. 104 Billion*

[lxix] *VALSAMIS Mitsilegas, (2003), Money Laundering Counter-measures in the European Union: a new paradigm of security Governance versus Fundamental legal Principles, Hague: Kluwer Law International ,187.*

[lxx] *Wilfred Edwin, BOT lacks, Capacity to trace dirty money. Available at http://www.theeastafrican.co.ke/news/-/2558/599204/-/index.html accessed on 3/10/2025*

[lxxi] *Ibid*