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POTENTIAL EFFECTIVENESS OF INTEGRATING ALTERNATIVE DISPUTE RESOLUTION MECHANISMS INTO THE BANK OF TANZANIA FINANCIAL CONSUMER COMPLAINT RESOLUTION FRAMEWORK

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Abstract

The growth and development of financial services in Tanzania enlarged the need of having effective mechanisms for resolving dispute between financial service providers and consumers. Despite that, the Bank of Tanzania has established legal regime for resolving financial consumer complaints but doubt remain as to whether the current legal regime provides fair, efficiently, effective and independent redress mechanisms. The practice reveals that, consumer who is dissatisfied with financial service has to lodge complaint to financial service provider through using internal procedures, whereby remain dissatisfied could escalate the matter to the Bank of Tanzania by way of review, if still dissatisfied could seek review to the Governor and finally to the High Court Commercial Division. This article see the need of integrating ADR mechanisms such as mediation and arbitration into the Bank of Tanzania's financial consumer complaint resolution framework as means of providing faster and less expensive dispute resolution, promotion of access to justice, confidentiality and preservation of bank- customer relationships, reduction of court case backlogs, promotion of consumer confidence, financial stability and promotion of party autonomy. Finally, this article provide conclusion and propose recommendations to the Government, Legislature, Bank of Tanzania and financial service provider.

Keywords: Alternative Dispute Resolution, Financial Service Provider, Bank of Tanzania, Financial Consumer Protection, Complaint Resolution, Access to Justice.

INTRODUCTION

The growth and diversification of financial industry in Tanzania has encouraged the customer to pursue financial product and service.[i] Unfortunately, this growth has associated with many disputes between financial service provider and financial consumers due to unfair financial practices resulting from unauthorized deduction, undisclosed charges, unfair lending practices and weak complaint redress mechanisms.[ii] The Bank of Tanzania as fiscal agent and main regulatory of the banks and financial institution decided to come up with specific legal and regulatory regimes on customer redress mechanisms which are the Bank of Tanzania (Financial Consumer Protection) Regulations[iii] and the Bank of Tanzania Guidelines for Handling Financial Consumer Complaints[iv] the practice from this regimes, consumer who is dissatisfied with financial service has to lodge complaint to financial service provider through using internal procedures as in Swiftline Logistics Limited vs. Exim Bank Tanzania Limited.[v] whereby remain dissatisfied could escalate the complaint to the Bank of Tanzania by way of review as provided in Emmanuel Simon Mshindo vs. Bank of Africa Tanzania Limited[vi] if still dissatisfied could seek review to the Governor and finally to the High Court Commercial Division[vii] in which the court procedures seemed to be rigid, formal, delay, technical, expensive and difficult in achieving justices.[viii] Despite that, the Regulation and Guideline provides internal mechanisms of resolving consumer complaints but did not integrated ADR mechanisms as tools recognized by international best practices.[ix] The absence of ADR into the Bank of Tanzania financial consumer complaints resolution frameworks poses questions on fairness, effectiveness, independence and impartiality of the outcomes. As benchmarks drawn from different jurisdiction such as in South Africa under South Africa Reserve

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Bank (SARB) they established financial ombudsman schemes for banking service responsible in determining consumer complaints[x] which have incorporated the best international practices such as the use of ADR, in promoting complaint resolution under fair, flexible, minimum formality and forum being free and accessible for all consumers.[xi]Further, the National Bank of Angola (Banco Nacional de Angola-BNA) established mediation in financial consumer complaint resolution that are used by consumers who dissatisfied with decision of financial service provider once appealing to National Bank of Angola mediation is used.[xii]Furthermore, the United Kingdom, have established Financial Ombudsman Schemes (FOS) which allows the use of ADR as compulsory requirements to banks and financial institutions in resolving consumer complaints.[xiii] Nevertheless, in Netherland they use mediation and arbitration in resolving consumer complaints through established financial ombudsman schemes known as Dutch Financial Services Complaints Institute.[xiv]Also, United States of America came with Consumer Financial Protection Bureau which was mandated through legislation called Dodd-Frank Act which resulted to enactment of the Wall Street Reform and Consumer Protection Act[xv]this Act, strengthened consumer redress mechanisms through introducing independent complaint body and establish well forum of receiving complaints and determining it without court interventions.[xvi] Consolidation continued since Australia merged three schemes into the Australia Financial Complaints Authority[xvii] and India integrated its ombudsman scheme for financial dispute to provide mechanisms of resolving consumer complaints through available neutral and independent forum achieving financial stability.[xviii]Consequently, in Portugal they established arbitration as method of resolving consumer complaints through Lisbon Arbitration Centre for Consumer Conflicts.[xix] Therefore, the 2008 global financial crisis revealed how thin consumer redress was in many jurisdiction and in 2011 the G20 issued High-Level Principles on Financial Consumer Protection which treat complaints handling and redress mechanisms with the use ADR as core requirement in resolving consumer complaints and were revised in 2022.[xx] Moreover, this Principles work hand in hand with the United National Guidelines for Consumer Protection, these Guidelines strengthened the consumer redress mechanisms within the Member States through establishing independent redress mechanisms for every financial service provider to provide fair, efficient and neutral decision which are realizable in financial dispute against unfair financial practices.[xxi]Finally, through benchmarks discussed from other jurisdiction it's undisputed that, the Bank of Tanzania legal and regulatory framework dealing with financial consumer complaint resolution do not use ADR mechanisms such as mediation and arbitration in resolving financial consumer complaints.

LEGAL FRAMEWORK GOVERNING FINANCIAL CONSUMER COMPLAINTS RESOLUTION IN TANZANIA

Financial consumer complaints resolution in Tanzania is governed by different laws and regulations that aim to protect consumer from unfair financial practices of the financial service provider as well as the Bank of Tanzania. However, when it comes to the use of ADR mechanisms in handling financial consumer complaints, the legal and regulatory framework revels significant gaps and inconsistencies. The followings are the laws governing financial consumer complaints in Tanzania as follows;

i. The Constitution of United Republic of Tanzania, 1977

This are core essence law, written or unwritten which formulate the direction of a government by providing the essential doctrine to which a community must conform with, categorization of powers and roles among organs of the state, by articulating the organization of the executive, legislature and judiciary, their regulation, distribution and the limitation of different state organs, and by prescribing the extent and manner of the exercise of its sovereign powers.[xxii] Article 24(1) of the Constitution recognize right to ownership and protection over ownership.[xxiii] Article 24(2) acknowledge that right of ownership is not absolute but limited to lawful expropriation which is accompanied with payment of fair, adequate and effective compensation.[xxiv] This, Article reflects financial consumer right to own financial assets in cash and in liquidity and being protected by financial service providers. Moreover, in connection with the use of ADR in financial consumer complaint in Bank of Tanzania the Constitution under Article 107 A (2) (d) despite that, mandatejudiciary to be the final organ in dispensing justice in Tanzania[xxv] but provides for mandatory requirement in applications of ADR mechanisms among parties to dispute outside the court litigation.[xxvi]

ii. The Bank of Tanzania Act, 2006

The Act, established Bank of Tanzania (BOT) as a corporate body having perpetual succession, common seal, capable of suing and being sued with ability to acquire or dispose any property.[xxvii] The Act, established the principle function of the Bank as to formulate, implement and be responsible for monetary policy, including exchange rate policy, issue currency, regulate and supervise banks and financial institution including mortgage financing, development financing, lease and revocation of licenses and deal ,hold and manage gold and foreign exchange reserves of Tanzania and regulate and supervise microfinance business.[xxviii]However the Act, does not explicitly provide the direct provisions in protecting financial consumer in respect of unfair financial practices but section 7(2) of the Act, requires central bank to protect the interest of consumers and ensure the overall integrity of financial system.[xxix]Despite that, the Act provide narrow consumer protection in respect of financial consumer complaint resolution but the Bank of Tanzania are named to be the appellate body for consumer complaints also the Bank are vested with automatically power and mandates to intervene the complaints at any stage of determination even if it's on first instance if the Bank deem fit, necessary and for the interest of banking business over products and services.[xxx]

Furthermore, section 70 requires the Minister to make any regulation relevant and also the board to make by-laws, rules and

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issue direction.[xxxi] Thus, the Bank of Tanzania through this section are responsible to establish the regulation which deal with resolution of financial consumer complaints hence the enactment of the Bank of Tanzania (Financial Consumer Protection) Regulations and six years later the Bank of Tanzania in protecting consumer against unfair financial practices comes with the Bank of Tanzania Guidelines for Handling Financial Consumer Complaints.[xxxii]Although, despite this Regulations and Guidelines protect consumer and established mechanisms through which the consumer complaints would be handled but it does not incorporate the use of ADR mechanisms.

iii. The Bank of Tanzania(Financial Consumer Protection) Regulations, 2019 as amended 2025

This Regulations, enacted and came through Government Notice No. 884 of 2019 and soon thereafter amended through Government Notice No. 729 of 205, the Regulations is major paramount law in protecting financial consumer from unfair financial practices.[xxxiii] The Regulations in respect of consumer resolution mechanisms in Tanzania requires the Bank of Tanzania and financial service provider to have a consumer complaint mechanisms which is free, fair, accessible, timely, transparent, and independently capable of acknowledging complaints giving feedback and keep records of such complaints.[xxxiv] The Regulations, allowed a consumer to file review before Bank of Tanzania in case that he has not received a response from the financial service provider, or if he is not satisfied with the decision of the financial service provider.[xxxv]But does not incorporate the use of ADR mechanisms in resolving financial consumer complaints.

iv. The Bank of Tanzania Guidelines for Handling Financial Consumer Complaints, 2025

The Guidelines was important component of Tanzania's financial consumer protection framework. The Guidelines was issued by the Bank of Tanzania under Regulation 50 of the Bank of Tanzania (Financial Consumer Protection) Regulations[xxxvi]to provide a uniform and practical framework for the resolution of financial consumer complaints by the Bank of Tanzania and financial service providers. The Guidelines apply to the Bank of Tanzania and to all financial service providers regulated by the Bank of Tanzania and to all consumers who receive financial products or services from those institutions.[xxxvii]

Further, the Guidelines ensures that, financial consumer complaints are resolved fairly, efficiently, transparently and consistently and requires banks and every financial institution to establish effective complaint resolution mechanisms that enable consumer to seek redress mechanisms.[xxxviii] Furthermore, the Guidelines recognize that effective complaints resolution are essential aspect of consumer protection and contributes to financial stability by promoting trust between consumers, financial service providers and the Bank. Nevertheless, the Guidelines requires that, every financial service provider to appoint a dedicated officer responsible for receiving, investigating, coordinating, and resolving consumer complaints.[xxxix]

Moreover, the dedicated officer serves as honestly for consumer complaint and ensures that each complaint is resolved professionally and within the prescribed timeline. Thus, Guidelines established procedures for lodging complaints through various communication channels such as physical visit, written correspondence, electronic communication, telephone service and any other approved means as established by the Bank and financial service providers.[xl] But did not recognize either financial ombudsman schemes or the use of ADR mechanisms in resolving financial consumer complaints.

v. The Microfinance Act, 2008

The Act, empowered the Bank of Tanzania to regulate, supervise, inspects and monitor microfinance service providers to ensure compliance and the Bank of Tanzania allowed issuing directives, conducting inspections, requiring report, imposing sanctions, and taking corrective measures where institutions fail to comply with statutory or regulatory requirement.[xli] These supervisory powers promote financial stability and protect consumers from unfair practices. Further, the Act prohibited any person or institution from conducting microfinance business without obtaining the appropriate license or registration from the competent authority.[xlii]

Furthermore, the applicant for license must satisfy prescribed requirements relating to capital adequacy, governance, ownership structure, business plans and managerial competence. However, in respect of consumer protection in resolution of complaint the Act requires licensed microfinance service providers to conduct their business fairly, honestly and transparently.[xliii] The Act, does not establish a separate financial ombudsman or independent ADR mechanisms. But, the Act provided the legal basis upon which the Bank of Tanzania oversees licensed microfinance institutions and ensures compliance with consumer protection requirements.[xliv]

Moreover, through Regulations and Guidelines issued under the Act, microfinance institutions are required to establish internal complaint resolution mechanisms and cooperate with regulatory authorities in resolving consumer complaints. Consequently, disputes are encouraged to be resolved through internal review, mediation and administrative intervention before parties resort to court proceeding.[xlv]

vi. The National Payment System Act, 2015

The National Payment System Actwas enacted purposely to regulate payment systems, electronic payment instruments, electronic money, payment service providers and settlements.[xlvi] Further, the Act recognized the increasing use of electronic financial services exposed consumers to risks such as unauthorized deduction, hidden charges, unfair lending practices, unfair contracts terms and misleading business practices hence section 52(3) of the National Payment System Act[xlvii] imposed requirement over the Bank of Tanzania to afford means in which consumer are to be protected whereby the Act, required the payment system provider to ensure that consumer is provided with terms and condition which are transparent, fair, legible in a simple language

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and ascertains rights and obligations of the consumer.[xlviii] Furthermore, the Act required the payment system provider to ensure consumer complaints are channeled under dispute resolution mechanism through methods such as mediations.[xlix]

vii. The Fair Competition Act, 2022

The Act promoted and protected fair competition in trade and commerce while safeguarding consumers from unfair and deceptive market practices in Tanzania.[l] The Act, established the Fair Competition Commission as the principal institution responsible for enforcing consumer protection and competition laws also the Commission received and investigated complaints from consumers concerning unfair business practices and consumer rights violations.[li]Further, although the Fair competition Act, does not provide for mediation, arbitration, or conciliation as formal ADR mechanisms but the Act, encourages the resolution of consumer complaints through administrative process before parties resort to litigation. The fair competition commission engaged within the parties investigates the matter and facilitates a practical resolution without requiring court proceeding.[lii]

Furthermore, the administrative forum used by fair competition commission reflects the principles of ADR mechanisms by promoting accessibility, efficiency and cost effective dispute resolution.[liii] Nevertheless, the Commission's intervention enabled consumers and banks to resolve disputes in a less formal environment, thereby reducing delays, legal costs and burden on the courts. The Act, complements sector specific financial legislation rather than replacing it. However, where a banks and financial institution engages in misleading advertising, deceptive representations, unfair contractual practices or other conducted prohibited by the Act.[liv]

Moreover, the Act reinforced consumer protection by ensuring that the Bank and financial service providers comply with general standards of fairness and honestly in the marketplace.[lv] The Fair Competition Act, contributes indirectly to the requirement of ADR mechanisms in resolution of financial consumer complaints by establishment of an institutional framework that promote the administration of dispute resolution.[lvi]The investigative and complaint resolution powers of the Fair Competition Commission provided consumer with an alternative avenue for resolving dispute without immediately commencing court proceeding.[lvii]

LIMITATIONS AND GAPS IN EXISTING LEGAL AND REGULATORY FRAMEWORK GOVERNING FINANCIAL CONSUMER COMPLAINTS RESOLUTION IN TANZANIA

Despite that, the Bank of Tanzania established laws on respect of financial consumer protection specifically, the Bank of Tanzania (Financial Consumer Protection) Regulations, 2019 and the Bank of Tanzania Guidelines for Handling Financial Consumer Complaints, 2025 but still the legal and regulatory framework governing redress mechanisms into the Bank of Tanzania have limitation both in substance and practices. Among of the limitation is lack of clear procedures in resolving consumer complaints, the law does not prescribe the uniform procedures when dispute are resolved meaning that the Bank of Tanzania resolve complaints differently with internal process without formal mediation or arbitration.[lviii] Also, another limitation is the absence of independent appeal mechanisms, in Tanzania right to appeal is Constitution right which recognize fairness and correction of error in dispute resolution and must be entertained by different forum other than the earlier however the practice is quietly different as Regulation 51 of the Bank of Tanzania(Financial Consumer Protection) Regulations requires the complainants or financial service provider who is dissatisfied with the decision of the Bank of Tanzania to seek review before Governor in which makes appellant body in a single office poses question on fairness and impartiality of the outcomes.[lix]

Further, another limitation is absence of independent complaint body, the Regulation and Guideline responsible for resolving consumer complaints in Tanzania did not establish the independent body dealing with complaint, currently complaints are handled through established department which is within the mandate of Bank of Tanzania know as Complaint Financial Consumer Protection Unit and determine through Bank of Tanzania Complaint Resolution Desk, the absence of independent complaint body undermines impartiality and neutrality of the forum and moves consumer with no trust over the decision of the forum.[lx] Furthermore, another limitation is absence of party participation, the Bank of Tanzania (Financial Consumer Protection) Regulations together with the Bank of Tanzania Guidelines for Handling Financial Consumer Complaints does not recognize self-determination between parties to dispute hence remove ability of complainant and the bank to fully participating in deciding modes in which their dispute could be settled.[lxi] Moreover, another limitation is absence of ADR mechanisms, the absence of ADR mechanisms limits the effectiveness of redress mechanisms before the Bank of Tanzania, currently the laws in redress mechanisms does not use of ADR mechanisms or financial ombudsmen in resolving financial disputes, the practice reveled that internal handling mechanisms without the use of ADR absurd efficient and effectiveness of the forum.[lxii] Finally is lack of education and awareness to some consumers, some consumer are reluctant to pursue internal handling redress mechanisms in financial dispute due to ignorance of the procedures and mechanisms used in resolving their disputes internally, lack of awareness and educations to financial consumer are primary barriers to financial inclusions and consumer rights when consumers do not understand how or where to complain within their banks, they either remain silent or fall out of the formal financial systems.[lxiii]As provided in the case of Microfinance Bank Plc. vs. Godlove Godfrey Saitoti the court acknowledged the legal mandate of exhausting the internal mechanisms in handling financial consumer complaint before the complaint is escalated to the court, this decision articulate lack of awareness and education to financial consumer on how complaints are handled.[lxiv] Also, the same decision reached in the case of Naeem Saleh Suleiman vs. CRDB Bank Plc. in which the court held that, before the plaintiff have to lodge the complaint to this

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court was prudent to follow the internal procedures first hence shows the complainant escalate complaint to the court without exhausting local remedies because of unfamiliar with procedures.[lxv]Thus, it is necessary for the Bank of Tanzania to take actions as a regulator on law reforms, institutional reforms and creating awareness to financial consumer which aligns with international best practices so as to address these challenges.

THE EFFECTIVENESS OF ADR MECHANISMS IN RESOLVING FINANCIAL CONSUMER COMPLAINT IN TANZANIA.

Alternative dispute resolutions are methods of resolving dispute outside the traditional court system.[lxvi] ADR had been successful due to its speed, affordability and flexibility in resolving disputes through its participatory techniques such as negotiation, mediation, arbitration, conciliation and ombudsman schemes.[lxvii] In Tanzania, as among other nations have recognized ADR in different sectors such as in labor, tax, land and investment matters but did not yet integrated the use of ADR mechanisms in financial disputes especially in protection of financial consumer in redress mechanisms, integration of ADR mechanisms is necessary in financial sector as ADR provides effectiveness in resolving complaints as provided here under;

i. Faster and Less Expensive Dispute Resolution

Alternative dispute resolution is more faster as it uses simple procedures and likely informal as per agreements of parties to dispute and enhance less cost due to short time of settlement as compared to court litigation.[lxviii] In Bank of Tanzania if the ADR mechanisms such mediation could be integrated meaning the complaints would be resolved faster than the current legal framework which provides long chain of escalation of complaints to the financial service provider, then to the Bank of Tanzania Financial Consumer Protection Unit (FCPU) then final to the court, this procedures are too long and would cost consumer who have little economy. Also, mediation in resolving financial consumer disputes have proved to be more efficiently in facilitating consumer and the bank over financial claims that are small in nature such as unfair contractual terms and unfair lending practices.[lxix] But arbitration is more expeditious on high values and complex financial disputes because of the fact that arbitration are binding in nature and have the formal structured system of settlement hence the enforceability of its settlement or award plays vital role on the effectiveness of ADR mechanisms on financial disputes.[lxx]

ii. Promotion of Access to Justice

Alternative dispute resolution through minimum formality and flexible procedures helps parties to disputes to undergo mutual settlement, the use of mediation through the impartial umpire makes the settlement neutral and independent in which parties are able to reveal fairness and speed outcome.[lxxi] Also,the procedures used in ADR mechanisms are more efficiently which facilitates parties to dispute in faster settlement with minimum low cost spent during the settlement, this enables the parties to disputes avoiding legal battles and focuses on the mutual settlement.[lxxii]The incorporation of ADR mechanisms into the Bank of Tanzania legal and regulatory framework would make the forum neutral and impartial and easily for consumer to attain justice in financial disputes.[lxxiii]

iii. Confidentiality and Preservation of Bank-Customer Relationships

alternative dispute resolution mechanisms encourages the disputants to maintain ongoing relationships even after the dispute are resolved[lxxiv], ADR are conducted under party agreements and its settlement however bind the parties, mostly relationship between the parties to dispute are maintained on aspects of confidentiality of settlement pronounced by third party.[lxxv] For instance in party of banker-customer relationships the confidentiality of proceedings and its settlement it helps the bank to preserve its reputations to the customer over financial product and service as opposed to the court litigation in which its proceeding and judgment are open and could be accessed by the public which would damage the image of the bank or financial institutions and may result to consumer discouragement on pursuing financial services.[lxxvi] Also, the ADR are effective in protecting the brand of the institutions in which settlements would be accessed by parties to dispute only and once one party to dispute is aggrieved with the decision of third parties such as mediator, some evidence used in ADR mechanisms would not be used as evidence in the court by the other party.[lxxvii]

iv. Reduction of Court Case Backlogs

Through the use of mediation and arbitration in resolving financial dispute would encourage the parties to dispute to be bound by their settlements and would prevent much for complainants to escalate their complaints before high court commercial division for review due to available chance of resolving the complaints amicably.[lxxviii] The aim of World Bank to encourage the central banks and other financial service providers to design internal financial consumer complaints handling mechanisms[lxxix] with the use of ADR mechanisms was due to the fact that, the consumer are said to be the weaker party in financial transaction without addressing them with much protection, the Bank and financial service provider would undermines their financial assets and regret in compensation of that financial assets.[lxxx] The integration of ADR mechanisms into the Bank of Tanzania financial consumer complaint resolution framework it would reduce court litigation, the consumer often seek review to the high court commercial division because most of them they do not trust the internal redress mechanisms which determine complaints without the use of ADR, consumer redress mechanisms are not fair enough as far as consumer protection are concerned.[lxxxi] Thus, the Bank of Tanzania should integrate ADR mechanisms in resolving financial consumer complaints as means of reducing case backlogs to the court of law.

v. Promotion of Consumer Confidence and Financial Stability

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Alternative dispute resolution mechanisms helps financial consumer to pursue financial service and product with much trust and confidence basing on assumption that, in case the financial service provider default in whatever manner consumer are likely to receive protection through established forum in which its redress mechanisms is fair, free and independent hence expansion of banking and financial sector.[lxxxii] Also, the effectiveness of ADR can contribute to financial stability by strengthening the relationship between financial consumers, financial institution and regulator however, ADR does not guarantee financial stability on its own. Its effectiveness depends on the quality of implementation, regulatory oversight, institutional capacity and the enforceability of outcomes.[lxxxiii] The financial stability prevent bank runs and panic withdraw. Thus, through the use of ADR in financial dispute reduces financial and operational risks by strengthening financial inclusion and protecting vulnerable consumer.[lxxxiv]

vi. Promotion of Party Autonomy

This is the most predominant principle when it comes to ADR mechanisms whereby emphasizes parties to dispute to be bound by the choice of law, choice of forum, choice of ADR mechanisms and choice of third party.[lxxxv] Which enables parties to dispute to reach mutual and amicably settlement. This principle ensures that parties to dispute have to decide by themselves the manner through which their dispute shall be handled.[lxxxvi]Parties to dispute are free not only to choose laws but also to conduct communication until the end and waive the right to bring an action in court and excludes the jurisdiction of the court by an agreement.[lxxxvii]Its misfortune that, in Tanzania financial sectors, the laws are not designed to promote for parties autonomy in handling consumer complaint because there is no room for parties to choose laws, forum and methods of ADRin which shall be used in handling financial consumer complaints, the Bank of Tanzania(Financial Consumer Protection) Regulations and the Bank of Tanzania Guidelines for Handling Financial Consumer Complaintsis framed in favor of financial service provider rather than financial consumer and does not give chance for consumer to choose what kind of ADR mechanisms could be used in resolving their complaints. Financial service providers resolve consumer disputes in accordance with their forum and internal procedures without the use of ADR.[lxxxviii]

RECOMMENDATIONS

Recommendation to the Government

That, the Ministry of Finance in consultation with the Bank of Tanzania, amends the Bank of Tanzania (Financial Consumer Protection) Regulations to align with international best practice which recognize ADR as mandatory requirement in resolving consumer complaint. Finally, the Ministry of Finance should provide legal education and awareness to consumers on exhausting the internal handling mechanisms before escalating the complaint to the court.

Recommendation to the Legislature

That, the Legislature should enact specific Act, which provides for the use of ADR mechanisms in resolving financial consumer complaint through structured independent complaint body with the availability of independent appeal mechanisms. Also, the Legislature through proposed Act, should include the provision which allows legal representation meaning more that consumers under internal handling mechanisms to be represented by their advocates.

Recommendation to the Bank of Tanzania

That, the Bank of Tanzania being regulator and supervisor of banks and financial institutions with power to make Regulations, Guidelines, Directives and Circulars should make specific Regulations which provide comprehensive protection to consumers against unfair financial practices aiming at maintaining bank-customer relationship. Also, the Bank of Tanzania should encourage consumer participation in resolving their complaint as adhering to the principle of natural justices.

Recommendation to the Financial Service Providers

That, the financial service providers should ensure that they develop internal handling mechanisms of resolving financial consumer complaints which are fair, effective and independent capable of delivering decision which are neutral and impartial to complainants as an effort of reducing escalations of complaints before the Bank of Tanzania Complaint Financial Consumer Protection Unit and to the High Court Commercial Division.

Further, the financial service providers should establish independent complaint body dedicated to resolve consumer complaint through the aid of ADR mechanisms as means of encouraging participation of the parties to the dispute and complaint to be entertained with third party who can facilitate the parties to the mutual agreements.

CONCLUSION

The Bank of Tanzania (Financial Consumer Protection) Regulations and the Bank of Tanzania Guidelines for Handling Financial Consumer Complaints. Despite that, protect financial consumers against unfair financial practices but encounters different legal and practical challenges such as absence of independent complaint body, lack of independent appeal mechanisms, weak procedures, absence of provision which recognizes legal representation, absence of self-determination,lack of consumer awarenessand absence of ADR mechanisms in resolving financial consumer complaints. Therefore, the Regulations together with the Guidelines is partly adequate in protecting financial consumer complaint. Thus, there must be a need of strengthening the legal and regulatory frameworks in alignment with the international best practices.

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