

# **The Relationship Between Regulatory Requirements Reviews, Compliance Benefits and Costs: Evidence from Selected Commercial Banks in Tanzania**

**By**

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## **Abstract**

The Central Bank of Tanzania (BoT) has undergone various bank regulations reviews at different periods of time including 2008 and 2014 reviews. After the reviews some banks have shown low compliances, collapsed and merged while others have shown high compliances and greater performance. This study therefore, intended to assess how commercial banks in Tanzania benefits from complying with new regulatory requirements and to determine to what extent does compliance costs affects banks performance. The study employed an exploratory research design using the sample size of 24 commercial banks selected from Dar es Salaam headquarters; however, only 13 key informants were successfully reached. Primary data were collected from compliance and risk management managers using interview guide. Thematic analysis was used for data analysis and findings from the study show that most banks have well benefited with the new regulatory requirements in terms of increase in profit, expansion of more branches, ATMs and increase in number of customers. Considering the compliance costs; findings show that to some extent some new regulatory requirements reviews have increased operating costs to most banks. The study recommends that banks should carefully design strategies which will help them to control NPL, manage and increase more capital and liquidity requirements. To the regulator the study recommends that; BoT should think of reviewing liquidity requirements and cash reserve ratio which seem to be too high and costly for most banks to afford. The BoT can also introduce separate capital adequacy requirements as per bank size.

**Keywords** Regulatory reviews, compliance benefits, compliance challenges, Commercial Banks.