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The history of banking in Tanzania before colonialism

The history of the banking business in Tanzania and East Africa at large can be traced far back before colonialism.

Nature of the economy

The economies of East Africa before the advent of Colonialism were characterized by a subsistence economy, there was petty commodity production, and in some areas, there was trade due to Arab Influence commonly known as the "East African Long-distance trade."

Emergence of banking Practice

Owing to the blooming of Trade and Commerce in the Eastern part of Africa, some banking practices had begun by the mid 19th Century, and developed in the dominions of the Sultan of Zanzibar in East Africa.

In Tanzania, this development began in 1840 when the Oman Arabs moved their capital from Muscat to Zanzibar and took control there.

Gradually Zanzibar's commercial prosperity grew un-waveringly, with the township becoming a central point in the region.

The first bank in East Africa

The first bank in East Africa was established in Zanzibar known as The Credit Bank.

In some other towns one could find money, for example, the Sultan of Kilwa minted money (copper coins) but the use of money was not widespread.

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Due to trade connections with India, the Indian Rupee was in use in Tanganyika, Kenya, and Uganda.

However commercial banks could not emerge in the East African economies since they were imposed by the colonial masters.

The history of bank in Tanzania During colonialism

With the coming of colonialism in East Africa, the business of banking expanded to greater heights.

Banks in Tanganyika

In Tanganyika by 1905 two banks were established Deutch-Ostafrikanische bank in Dar es Salaam and, in 1911, Handlesbank fur Ostafrika in Tanga.

An official savings bank was also formed.

When the British became masters of East African countries, the economies of these countries had been devastated by war.

East African Currency Board

To revamp the East African Economies, the British had to strengthen the Financial Institutions.

The first step taken was to set up the East African Currency Board which was geared towards rectifying the 1919-1920 Financial Crises

The Board was generally charged with supervising the monetary system in East Africa.

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The East African Currency Board operated until the East African countries established central Banks for their respective countries by Acts of Parliament upon attainment of independence.

Bank of Tanzania (BOT)

In Tanzania, the [Bank of Tanzania](#) was established in 1965 under the Bank of Tanzania Act. Similarly, the Central Bank of Kenya and Uganda Central Bank was also established in 1966.

The history of banks in Tanzania after independence

In Tanzania, Later after independence, there was an establishment of public cooperations such as the National cooperative and development bank, the national cooperative bank, and the national development credit agency.

In 1967 with the adopt both economic and ideological strategies were nationalized and NBC emerged from The Tanzania Bank of Commerce Limited.

Several Commercial banks have emerged in East Africa both private-owned as well as state-owned, facilitated by various Laws enacted to enable these banks to operate their primary activities include providing financial services to customers while enriching their investors.

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