

# THE TANZANIA INSTITUTE OF BANKERS

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2002

Article 40 of the Articles of Association of the Institute stipulates that the Council shall present a report on the operations of the Institute and the audited accounts. Accordingly, the Council's Annual Report and Accounts of the Institute for the year ended 31<sup>st</sup> December 2002 are set out on pages 1 to 12 in respect of the Annual Report and pages 13 to 24 in respect of the audited financial statements.

### Governing Council and its Committees

In accordance with Article 18(a) of the Constitution of the Tanzania Institute of Bankers Limited, the management of the Institute is vested in a Governing Council whose members shall not be less than five and not more than fifteen. It further states that all the Council members shall be natural persons and shall be elected once in three years at the Annual General Meeting of the Institute.

The present Governing Council was appointed during the 6<sup>th</sup> Annual General Meeting held on 3<sup>rd</sup> March, 2000 and therefore the starting date of office for this Governing Council was approved to be 3<sup>rd</sup> March, 2000 for a term of three years. It is the Council's policy that the Governing Council members shall rotate after every three years to embrace new members in the composition of the Council, but should ensure continuity in the Management of the Institute.

The list of the current Council members is given below:

- |   |            |
|---|------------|
| 1. Governor, Bank of Tanzania                         | - Chairman |
| 2. Chief Executive, Azania Bancorp Ltd.               | - Member   |
| 3. Managing Director, NBC Bank Ltd.                   | - Member   |
| 4. Managing Director, Stanbic Bank (T) Ltd.           | - Member   |
| 5. Managing Director, Standard Chartered Bank         | - Member   |
| 6. Managing Director, CRDB Bank Ltd.                  | - Member   |
| 7. Managing Director, Tanzania Postal Bank            | - Member   |
| 8. Managing Director, Diamond Trust Bank              | - Member   |
| 9. Managing Director, Delphis Bank (T) Ltd.           | - Member   |
| 10. Managing Director, Citibank Tanzania Ltd.         | - Member   |
| 11. Managing Director, CF Union Bank Ltd.             | - Member   |
| 12. Managing Director, Eurafrikan Bank (T) Ltd.       | - Member   |
| 13. Managing Director, National Microfinance Bank     | - Member   |
| 14. Managing Director, Peoples' Bank of Zanzibar      | - Member   |
| 15. Executive Director, Tanzania Institute of Bankers | - Member   |

## **COUNCIL COMMITTEES**

### **(i) Finance and General Purposes Committee**

- |  |            |
|--|------------|
| 1. Governor, Bank of Tanzania                        | - Chairman |
| 2. Managing Director, National Microfinance Bank     | - Member   |
| 3. Managing Director, Tanzania Investment Bank       | - Member   |
| 4. Managing Director, Diamond Trust Bank             | - Member   |
| 5. Managing Director, Delphis Bank (T) Ltd.          | - Member   |
| 6. Managing Director, Exim Bank (T) Ltd.             | - Member   |
| 7. Executive Director, Tanzania Institute of Bankers | - Member   |

### **(ii) Education and Membership Committee**

- |   |            |
|---|------------|
| 1. Managing Director, Stanbic Bank (T) Ltd.                     | - Chairman |
| 2. Managing Director, Tanzania Development & Finance Co. Ltd.   | - Member   |
| 3. Managing Director, Standard Chartered Bank                   | - Member   |
| 4. Managing Director, Habib African Bank                        | - Member   |
| 5. Principal, Institute of Finance Management                   | - Member   |
| 6. Executive Director, National Board of Accountants & Auditors | - Member   |
| 7. Executive Director, Tanzania Institute of Bankers            | - Member   |

## **Responsibilities of the Governing Council**

The Governing Council is responsible for the overall management of the Institute and is responsible for the appointment of office bearers of the Management Executive Committee of the Institute.

In accordance with Articles of Association and the provisions of the Companies Ordinance (Cap 212) the Council is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of the income and expenditure of the Institute for the period.

The Council confirms that suitable accounting policies have been used and applied consistently and reasonably and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31<sup>st</sup> December 2002. The Council also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Council is responsible for keeping proper accounting records, for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Meetings

During the period under review the Governing Council held one meeting and deliberated on various matters pertaining to the management and administration of the Institute. The meeting was held on 10 December 2002.

The Finance and General Purposes Committee held two meetings on 19<sup>th</sup> July 2002 and 29<sup>th</sup> November 2002 mainly to discuss the periodical reports, auditors' report for the half year ended 31 December 2001 and the Income and Expenditure Budget of the Institute for the year ending 31<sup>st</sup> December, 2003.

The Education and Membership Committee held two meetings and discussed the affairs of the Institute pertaining to the ordinary education programmes, donor funded training programmes and other professional matters. The Committee also considered and approved the results for the November, 2001 and May 2002 examinations.

## Administration of the Institute

The day to day administration of the affairs of the Institute is vested in the Management Executive Committee appointed vide Article 28 of the Tanzania Institute of Bankers Limited Constitution.

The following senior officers of the Institute constituted members of the said Committee:

Mr. C. J. Nyoni	Executive Director	-	Chairman
Mr. J. M. Juma	Registrar	-	Secretary
Mrs. M. T. Kaisi	Chief Accountant	-	Member
Dr. C. M. Riwa	Director of Training	-	Member

Mr. C. J. Nyoni was appointed the Executive Director of the Institute on secondment from the Bank of Tanzania with effect from December, 1999.

## Staff Development

During the year under review, Institute's employees attended short courses and seminars in their respective areas of expertise ranging from library activities, secretarial duties, management and accounting conducted by different institutions.

## Membership

The Institute continued to recruit new members during the year 2002. Corporate members were 27 members after the recruitment of Union Bank of Africa Ltd. An analysis of the membership position as at 31<sup>st</sup> December 2002, was as follows:

<b>Category</b>	<b>Number</b>
• Corporate Members	27
• Fellows	4
• Associates	31
• Ordinary members	1,163
• Student Members	<u>56</u>
Total	<u>1,281</u>

## **Training**

### **(i) Executive Development Programmes**

During the period ended 31 December 2002, the Institute conducted eight seminars under the Executive Development Programme.

- Workplace Motivation for Greater Productivity.
- Prevention of bank Frauds and Finance Crimes.
- Credit Risk Management: Loan Monitoring.
- Strategic Marketing for Financial Institutions.
- Foreign Exchange and Money Markets Operations.
- Advanced Credit: Monitoring, Control and Warning Signals.
- Selling and Negotiation Skills.
- Developing Supervisory Skills.

### **(ii) Other Seminars Conducted**

- **Financing Cleaner Production Projects (CP4) Courses.**

The Institute in collaboration with the United Nations Environment Programme – Division of Technology, Industry and Economics (UNEP/DTE), Paris conducted two seminars on Financing Cleaner Production Investments (CP4) in February 2002. One was held in Moshi for Northern Zone and the other one in Dar es Salaam for Eastern Zone. These seminars were funded by UNEP.

- **2<sup>nd</sup> East African banking School.**

In October 2002 the Institute was a host to the 2<sup>nd</sup> East African Banking School which was conducted in Zanzibar between 29 October – 31 October 2002. The Banking School is a forum in which all the three East African Institutes of Bankers of Kenya, Uganda and Tanzania meet to share and learn from the experiences of each other. Scholarly papers on Banking are presented and discussed. The theme for the 2002 East African Banking School was “Banking in a Competitive Environment”.

**(iii) Distance Learning Workbook Writing Project**

To enable TIOB members wanting to attempt Banking Professional Examinations have access to reading material a project on writing Distance Learning materials was initiated by TIOB. The project was funded by DFID. To date nine workbooks have been written by indigenous authors. The workbooks were reviewed by consultants from Sheffield Hallam University; after which they were sent to printers. The workbooks will be used for the preparation of the May 2003 examinations. The workbooks are:

1.	The Monetary and Financial System	ISBN 9987-694-01-2
2.	Strategic Marketing Management	ISBN 9987-694-02-0
3.	Principles of Economics	ISBN 9987-694-03-9
4.	Accountancy I	ISBN 9987-694-04-7
5.	Accountancy II	ISBN 9987-694-05-5
6.	Management and Organization	ISBN 9987-694-06-3
7.	Law Relating to Banking	ISBN 9987-694-07-1
8.	Banking Operations	ISBN 9987-694-08-x
9.	International Trade Finance	ISBN 9987-694-09-8

**(iv) Adoption of a Common Syllabus of the Alliance of African Institutes of Bankers**

TIOB is a founding member of the Alliance of the African Institutes of Bankers comprising of 11 Institutes of Zambia, Botswana, Zimbabwe, South Africa, Namibia, Ghana, Nigeria, Mozambique, Kenya, Uganda and Tanzania. The Alliance's main objective is to develop the banking profession in member institutes and will soon adopt a common syllabus for the Banking Certificate and Associateship diploma courses.

The core subjects under the Certificate and Diploma levels were agreed as follows:

**Certificate**

- Banking
- Accounting I
- Introduction to Economics
- Management

**Diploma**

- International Trade Finance
- Law Relating to Banking
- Accounting II
- Advanced Economics
- Management and Organization
- Lending
- Strategic Marketing Management

The Alliance aims at monitoring the standard of banking education in member Institutes and will ensure that the adopted curriculum is followed by member Institutes. The curriculum will replace the existing curriculum in member states. The banking qualification offered by member Institutes will be accepted and recognized by all member Institutes.

**(v) Continuing Banking Education**

In ensuring that the Institute provides skills oriented training programmes, TIOB carried out a training needs assessment within banks and financial institutions in the country in 2002. The Institute identified training gaps within member Institutions and has developed a training programme that covers 25 courses. DANIDA has agreed to fund capacity building for the Institute's Continuing Education Programme which is aimed at ensuring sustainability of the Institute in conducting the courses.

The Banking Continuing Education Programme will cover the following areas of training:

- PART I**
- Bank Credit Operations
  - Trade Finance
  - Customer Care
  - Bank Fraud Detection and Control
  - Strategic Marketing Management
  - Bank Financial Risk Management
- PART II**
- Induction Course (for new bank employee)
  - Telling Course
  - Principles of Lending
  - Trade Finance Instruments – Module I and II
  - Banking Operations
  - Fundamentals of Foreign Exchange
  - Trade Finance/Services
  - Advances/Credit Operations
  - International Trade Finance
  - Treasury Operations
  - Customer Care
  - Sales Course
  - Supervisory Skills Development
  - Credit Risk Management
  - Managing Change
  - Fraud Detection and Control
  - Business Strategic Marketing Management
  - Business Goal Management

- PART II**
- Project Management for Line Managers
  - Managing People, Managing Change
  - Managing Business Redesign and Information Technology
  - Strategic Banker
  - Career Development Programme
  - Corporate Finance and Project Management
  - Merchant Banking Operations
  - Introduction to Microfinance

- PART IV**
- Training of Trainers

In order to enable the Institute to implement this programme DANIDA has agreed to finance a capacity building project which aims at increasing the Institute's ability and competence in training delivery. Areas of capacity building to be financed by DANIDA are as follows:

- Development of Trainers from among bank staff in the country to create capacity to carry out training of members in the proposed training programmes. (Training of Trainers).
- Improvement of the Institute's Library Facility.
- Establishment of a training facility/room at the Institute.
- Equipping the Institute with Information Technology facilities.
- Marketing of TIOB activities.
- Develop learning manuals (workbooks) for distance learning.
- Training of TIOB staff.

## **Examinations**

The Institute continued to conduct Professional Banking Examinations at both Banking Certificate and Banking Associateship Diploma levels in the year under review.

### **(i) Banking Certificate Programme**

In May 2002, examination session a total of 155 examination subject entries were registered by 53 candidates who attempted the examinations achieving an average pass rate of 37.2%.

During the November, 2002 examination session, a total of 166 examination subject entries were registered by 62 candidates. Out of the 62 registered candidates, only 56 sat for the examinations achieving a 49% pass rate.

**(ii) Associateship Banking Diploma Programme**

During May, 2002 examination session, a total of 226 examination subject entries were registered, while 71 candidates attempted the examinations and achieved a pass rate 53.4%.

For November, 2002 examination session, 98 candidates registered and only 83 candidates attempted the examinations. The pass rate recorded was 50.2%.

**(iii) Graduands**

For the year 2002, 26 candidates successfully completed all the subjects in both the Certificate and Associateship Diploma.

These will graduate and be awarded the Banking Certificate qualification (13 candidates) and Associateship Diploma qualification (13 candidates) in the 7<sup>th</sup> Graduation Ceremony in early 2003.

**(iv) Prize Awards to Best Candidates**

In recognition of high academic performance, The Institute had developed a tradition of awarding the best students in the Certificate and Associateship Diploma programmes.

The tradition also continued in the year under review with the overall best performer in the Associateship Diploma being awarded the 1<sup>st</sup> Council Prize of USD 400. The Institute also awarded the 2<sup>nd</sup> Council prize of USD 300 to the best candidate who scored the highest marks in the Banking Certificate programme.

**Library Services and Training**

During the year under review, the Institute continued to offer library services to its members. In the previous report, it was reported that the library was normally congested due to the small size of the reading room. We are glad to report that the Institute has acquired a bigger office space at the 10<sup>th</sup> floor of NIC Investment House whereby a provision has been made for spacious library and a training room. The library will have a sitting capacity of 40 readers at any one time while the training room will decrease the cost of hiring a conference room every time the Institute is conducting a training.

## **Relationship with other Institutes of Bankers**

The Tanzania Institute of Bankers continued to cooperate with other Institutes of Bankers throughout the year 2002. Different publications were received from different Institutes of Bankers around the world.

The Institute maintained close working relationship with:

- (i) The Chartered Institute of Bankers (CIB), London and its examiners from Sheffield Hallam University who advised the Institute in the areas of professional examinations and workbook writing.
- (ii) The Alliance of African Institutes of Bankers (AAIOB) – TIOB is a founding member of the Alliance. In the year 2001, the Institute worked closely with other members of the Alliance to review the syllabi in order to adopt common syllabi for all member countries, i.e. South Africa, Mozambique, Botswana, Ghana, Nigeria, Zambia, Zimbabwe, Kenya, Uganda and Tanzania.
- (iii) The East African Institutes of Bankers – The two Institute of Uganda and Tanzania continued to conduct common Bankers examinations in both the Certificate Programme and core subjects of the Associateship Diploma Programme. The Institute also cooperated with Kenya Institute of Bankers in working out strategies which would enable Kenya Institute join in the East African examination system. The three Institutes also collaborated to conduct the 2<sup>nd</sup> East Africa Banking School held in Zanzibar, Tanzania from 29<sup>th</sup> to 31<sup>st</sup> October 2002.
- (iv) The Indian Institute of Bankers and the Institute of Bankers Malaysia from which TIOB learned their practices and experiences.

## **Relationship with other Educational Institutions**

In the year under review, TIOB continued to cooperate with higher learning institutions in fulfilling her objectives. The following institutions deserve mentioning either for hosting TIOB examinations review programmes or providing staff to resource TIOB training:

- (i) Institute of Finance Management.
- (ii) University of Dar es Salaam.
- (iii) Cooperative College Moshi.
- (iv) Bank of Tanzania Training Institute – Mwanza.
- (v) Open University of Tanzania.
- (vi) Mzumbe University.
- (vii) Tanzania Institute of Accountancy – Mbeya.
- (viii) Tumaini University.

## Accounts for the Year Ended 31 December 2002

During the year under review, the overall financial position was satisfactory. The Institute recorded total revenue of Tzs.468.8 million. The total revenue includes grants received in form of fixed assets released over the expected useful life of the relevant fixed assets. Also, generated revenue includes grants from DANIDA and the Swiss Secretariat for Economic Corporation (SECO) extended to the Institute to finance training needs assessment exercise and resource persons of frauds seminar respectively.

Operating expenditure on the other hand, inclusive of depreciation amounted to Tzs.421.9 million. Therefore, for the year ended 31<sup>st</sup> December 2002, the institute realized a surplus of Tzs.46.9 million.

The major contributing factor for this favourable performance is a favourable expenditure variance basically due to the fact that the Institute had budgeted for the annual emoluments of the Director of Training but was recruited towards the end of the financial year.

The total revenue collected during the year comprised of the following sources:

	<b>Amount Tzs (million)</b>	<b>Percentage (%)</b>
• Corporate Contributions	313.0	66.8
• Membership Fees	14.9	3.2
• Examinations Fee	15.5	3.3
• Donation/Subsidies	44.7	9.5
• Other Income	<u>80.7</u>	<u>17.2</u>
<b>Total</b>	<b><u>468.8</u></b>	<b><u>100.0</u></b>

The net assets of the Institute at at 31<sup>st</sup> December 2002 amounted to Tzs.266.1 million.

The statement of cash flow indicates a net increase of Tzs.143.5 million in cash and cash equivalents, resulting into a total balance of Tzs.469.4 million as at 31<sup>st</sup> December, 2002, representing the year-end cash and bank balances and short-term investments amounting to Tzs.185.0 million and Tzs.284.4 million respectively.

The growth in cash and cash equivalent balances occurred due to revenue received in advance in respect of the Bank of Tanzania's budget contribution to the Institute for year 2003. These increased funds available for short-term investments and improved revenues generated from interest income.

## **Appointment of Auditors**

Article 40 of the Articles of Association states that the Institute at each Annual General Meeting shall appoint auditors to hold office until the next Annual General Meeting and shall fix the remuneration to be paid for the services.

During the year 2002 Tanzania Audit Corporation were the appointed statutory auditors of the Institute. The appointment was made at the 8<sup>th</sup> Annual General Meeting held on 15<sup>th</sup> March 2002.

## **Conclusion**

The successes obtained would not have been possible without the contributions of the following corporate members to the approved budget of the Institute during the year under review:

- Bank of Tanzania
- NBC Bank Ltd.
- National Microfinance Bank Ltd.
- CRDB Bank
- Tanzania Investment Bank
- Peoples' Bank of Zanzibar Ltd.
- Tanzania Postal Bank
- Stanbic Bank Tanzania Ltd.
- Standard Chartered Bank (T) Ltd.
- Capital Finance Ltd.
- Diamond Trust Bank (T) Ltd.
- Delphis Bank (T) Ltd.
- Savings and Finance Ltd.
- Eurafrican Bank (T) Ltd.
- Azania Bancorp Ltd.
- Citibank (T) Ltd.
- Furaha Finance Ltd.
- Kilimanjaro Cooperative Bank Ltd.
- African Banking Corporation Ltd.
- Exim Bank (T) Ltd.
- Akiba Commercial Bank Ltd.
- Kenya Commercial Bank (T) Ltd.
- Habib African Bank Ltd.
- International Bank of Malaysia (T) Ltd.
- National Bureau De Change (T) Ltd.
- Barclays Bank (T) Ltd.
- United Bank of Africa Ltd.

In this regard, we take this opportunity to thank all the Institute's corporate members listed above for their continued financial support in the Institutes operations.

The Institute also wants to thank all Donor Institutions which rendered financial support to the Institute during the period under review. Our appreciation goes to Department of International Development (DFID), the Royal Danish Embassy (DANIDA), the Swiss Secretariat for Economic Corporation (SECO) and the Bank of Tanzania whose funding enabled the Institute to bridge the gap between its limited budget and its needs.

The Tanzania Institute of Bankers hopes that the cooperation with these donor Institutions will continue also in the future.

We wish also to record our appreciation to all members of the Governing Council and its committees whose wise guidance and commitment led to the successes obtained during the year.

**BY ORDER OF THE GOVERNING COUNCIL**

**D.S.T. Ballali**  
**CHAIRMAN**

**C.J. Nyoni**  
**EXECUTIVE DIRECTOR**

**DATE: 23.12.2003**

# **TANZANIA INSTITUTE OF BANKERS LIMITED**

## **REPORT OF THE AUDITORS**

We have audited the financial statements for the year ended 31<sup>st</sup> December 2002 set out on pages 13 to 24 which have been prepared on the basis of the accounting policies set out on pages 17 and 18.

### **RESPECTIVE RESPONSIBILITIES OF COUNCIL AND AUDITORS**

Under the provision of the Companies Act No. 9 of 2002, the Council Members of Tanzania Institute of Bankers Ltd. are responsible for the preparation of financial statements which give a true and fair view of the state of affairs and operating results of the Institute. Our responsibility is to express an independent opinion based on our audit of the financial statements and report our opinion.

### **BASIS OF OPINION**

We conducted our audit in accordance with approved Tanzania Auditing Standards issued by the national Board of Accountants and Auditors which are in line with International Auditing Standards. An audit includes examination, on test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgements made by the Council members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Institute, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **OPINION**

In our opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the Tanzania Institute of Bankers as at 31<sup>st</sup> December 2002, its surplus and cash flows for the year then ended.

### **TANZANAI AUDIT CORPORATION**

S. F. SAYORE – F.C.C.A.  
**DIRECTOR GENERAL**

**DAR ES SALAAM**  
17<sup>TH</sup> APRIL 2003