

# Role of the financial sector in Tanzania's economy

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IN A bid to increase wealth and economic growth for the of Tanzania, the financial markets could also play a vital role on development, and particularly in poverty reduction.

A well-regulated banking system, credit cooperatives (SACCOS) and the stock markets can also contribute much to socio-economic growth. In that regard, they must be encouraged to take on more local participation through both training and sensitising the people.

The existing financial institutions in the country have such an obligation and are essential to boost the level of domestic savings and to channel funds into productive sector investments.

Access to the financial sector is a critical element of development and makes a substantial contribution to poverty reduction. Even small amounts of money can trigger great changes.

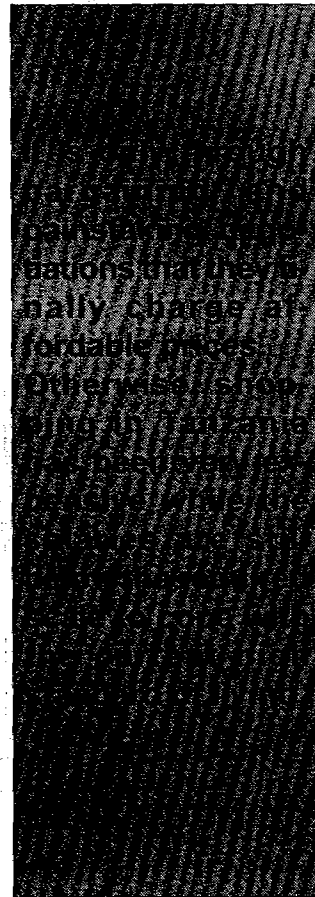
Supporting micro-finance and curbing unreasonable and contradictory high interest rates as currently charged by most ir-

rational and hostile local banks is therefore, an important component of our development cooperation.

For example, saving and investing money in SACCOS (Savings & Credit Societies) or at most of those existing banks in the country, is the opposite of getting into personal debt. SACCOS also offer services to those without access to conventional banking sector. However, be mindful that small loans but also they contain big impacts.

It is because, the more money we save, and the more flexibility we have. The more we will have in control and the more we can plan or obtain increased income through high interest rates and facilitate credit worthiness to further fight poverty reduction, if our mean and stringent or acrimonious local banks would concur at all and be cooperative.

The snag has always emerged through our local banks being misers and reluctant to grant loans to the indigenous Tanzanians unless collateral (the majority of them have none) is obtained and simultaneously the interest rates are still abominable.



Most of our local enterprises earn decent profits but they could also cut down their individual high overhead costs so as to contribute to further price falls for the consumers' benefits. It is always the case with most of them demanding more money for those known cheap items they often sell at exorbitant and prohibitive prices.

Simultaneously, the purchasing power is completely non-existent among most indigenous people and as such most stores are well stocked with imported merchandise that are hardly affordable by poor Tanzanians.

When we look at any economic cycle of our nation, we have to watch for improvements in employment and wage levels or individual households' income, which signals a decrease in poverty rates.

This is because a strong job market will also translate to more people affording most of their basic needs including better health and quality education. Always with rising wages almost 20 to 25 per cent or so of a total family income, what will go on in the labour market will directly relate

to what will concern with income and poverty and better health as well as education. As experienced elsewhere.

Unemployment is still high, and per capita income is the lowest in the region. But, with a little effort from our leaders and the people working as a team, the country could make tremendous economic change for the better in the years ahead.

Window shopping merely augment temptation to most of us, whose pockets are barely empty, for those well-stocked shops all over the city, displaying imported commodities labeled with high price tags usually makes the city look very rich but with poor people who cannot afford to purchase them.

It is only through bargaining and painstaking negotiations that they finally charge affordable prices.

Otherwise, shopping in Tanzania has been very expensive while the salaries are still below the required scale to cope with the current high standard of living.

What we actually want, and everyone else too is faster economic growth in the country

which, would then reduce joblessness and bolster global trade or even regional trade.

While we should also retain the high value of the local currency and increased production of food through the application of modern agricultural methods based on irrigation and mechanization.

The working class in Tanzania has always found that in work there is life, health and joy, because it never fails to give those who take advantage of it a full measure of the cup of life choicest satisfactions and blessings.

For those who have worked well and who know work well. They have tasted its rich rewards in abundance, both in terms of personal satisfaction as well as in monumental financial measure.

That is why creation of employment in the country is the most important aspect that could be tackled everyday. It is vital, therefore to look upon education as a means to the ultimate goal of complete eradication of poverty among the indigenous that must participate in the national economy.