

## ABSTRACT.

This project report on the role of financial sector reform towards the growth and development of financial institutions in Tanzania. Financial sector in Tanzania is dominated by banking institutions. Financial institutions are those institutions whose principal assets are financial assets or claims such as stocks, bonds, and loan instead of real assets such as buildings, equipment, and raw materials. Financial institutions make loans to customers or purchase from investment securities in the financial market place. For the purpose of this research primary data was collected from staff and customers of 34 financial institutions which are regulated by the bank of Tanzania by using questionnaires and interview, and the secondary data was collected from BOT statistics over the period from 2007 – 2012.

From the data collected from primary sources through questionnaires and interview, it show that after the reforms have taken place there was growth and development of the financial institutions, also financial institutions' growth and development indicators namely loans, deposit and total assets there was good growth with respect to return on asset. It also shows that there was a big improvement in the risk management, financial institutions strengthened and developing of SMEs in Tanzania were well improved, the current financial environment in Tanzania has improved and lastly the financial institutions in Tanzania has tried to support the development of SMEs in Tanzania.

In addition, the analysis of financial data from secondary sources revealed that Deposits had increased from tshs 1,688.76 billion to 5,233.8 billion. Loans and Advances had increased from tshs 576,096 billion to 2,898.0 billion and total assets had increased from tsh 2,269,098 billion to 7,041.7 billion.

