

**APPLICATION OF PORTER'S FIVE FORCES FRAMEWORK IN  
THE BANKING INDUSTRY OF TANZANIA:**

***Determine, Develop and Deliver Competitively.***

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By



**Prof. Elisante ole Gabriel (*PhD, Marketing*)**

Lecturer – Mzumbe University  
Faculty of Commerce, P O Box 6, Mzumbe, Morogoro, Tanzania

Visiting Professor of;  
Strategic Marketing & Management – Finland, India, Australia & Kenya

Email: [elisante\\_gabriel@yahoo.com](mailto:elisante_gabriel@yahoo.com)

Mobile Tel. +255-784-455499, Fax +255-732-979949

Private Website: <http://www.olegabriel.com>

**Abstract:**

The banking industry of Tanzania has been growing fast during the last decade. There are so many things happening within the industry after the liberalization of the sector. The aspect of competition is now crucial for the operators who are within the banking industry. Porter's Five Forces Framework is one of the strategic models used to assess the attractiveness of the industry (being service or manufacturing). This model is defined by the five key forces which are; *Rivalry among the existing firms*, *Threat of new entrants*, *Threat of substitutes*, *Bargaining power of suppliers* and *bargaining power of customers*. The banking industry of Tanzania has 22 full-fledged banks, 5 Regional unit banks, 5 Financial Institutions and 102 bureaux de change operators. The rivalry among the existing banks, threat of new entrants and bargaining power of customers is found to be unfavorable forces to the industry. Threat of substitutes and bargaining power of suppliers are found to be favorable forces to the industry. The industry is therefore of two starts, hence not attractive. Those who are already in the industry need to operate competitively by using a differentiation strategy to win the confidence of the customers who have higher bargaining power. A good customer service is necessary. This can be achieved through synergy and Total Quality Management (TQM) approach. The forces are not and will never be static but dynamic, hence a need for the banks to be reviewing their strategies from time to time.

## **Introduction:**

The banking Industry in Tanzania has tremendously changed its dynamics for the last one decade. Many banks have joined the industry both local and foreign. Notably, the no-banks financial institutions have been mushrooming by an alarming speed. For this very reason the players in the banking industry need to consider their competitive positioning and repositioning strategically. In mid 1960s the industry had only one bank, National Bank of Commerce. It can therefore be said that in 1960s the industry had a monopolistic structure. In 1986, Corporate and Rural Development Bank (CRDB) was established hence to make the industry to experience a duopolistic market structure. In any industry, including the banking industry, the nature of competition is always a function of the market structure. The trend today is a perfect competition and the central bank has withdrawn from managing the market forces. Banks are now working on their own about what are relevant products and rates to be offered to the market. In this regard the need for the assessment of the attractiveness of the industry becomes a necessity. Porter's Five Forces Framework has been widely used in analyzing the attractiveness of an industry. Any firm (in this case a bank) needs to answer two fundamental questions; (i) What makes an industry attractive? (ii) What positions within an industry lead to superior performance? Answering these two questions is vital for any firm, which needs to compete competitively. This article makes a clear discussion of the banking industry in Tanzania and how the Porters Five Forces can be used as a tool of analysis for profitability.

## **The Banking Industry of Tanzania**

The industry has various key players. These to include; Fully fledged banks (commercial and non Commercial), Regional Unit Banks, Financial Institutions, Regional Financial Institutions, Regional Unit Financial Institutions and Bureaux de Change. As of December 2005, the banking supervision of the Bank of Tanzania has approved and register the key players of the banking sector of Tanzania as follows:

Fully Fledged banks (22), Regional Unit Banks (5), Financial Institutions (5), Bureux de Change (102). The summary of the player is given as appendices (1 – 5).

### ***Fully-fledged Banks.***

A **bank** is an institution authorized to receive money on current account subject to withdrawal by cheque. It can offer various products and services including loans, letter of credits, guarantee, etc both locally and internationally. A list of fully-fledged banks operation in Tanzania with the locations of their headquarters is given as Appendix 1.

### ***Regional Unit Banks.***

A **regional unit bank** is an institution authorized or licensed to operate as a regional unit bank. The institution may receive money on current account subject to withdrawal by cheque. Since it is a regional unit, it has no mandate to open branches in other regions. A list of licensed regional unit banks operating in Tanzania is given as Appendix 2.

### ***Financial Institutions***

A **financial institution** is an institution licensed by Bank of Tanzania and authorized to engage in banking business not involving the receipt of money on current account subject to withdrawal by cheque. A list of the licensed financial institutions operating in Tanzania is given as Appendix 3.

### ***Bureaux de Change Operators***

These are institutions registered by the Bank of Tanzania and entrusted with the task of changing money over the counter. The bureaux are regulated under the Foreign Exchange Act, 1992 and Foreign Exchange (Bureaux de Change) Regulations, 1999. There are 80 operators in Tanzania Mainland and 22 in Zanzibar. This makes a total of 102 operators in the United Republic of Tanzania (Bank of Tanzania, 2005). A list of the registered operators is given as Appendix 4 and 5, for Tanzania Mainland and Zanzibar respectively.

### **Licensing Conditions in the Banking Industry** (See Bank of Tanzania Reports, 2005)

Any individual or company wishing to establish a bank or financial institution in Tanzania must submit the following information to the Bank of Tanzania:

1. Letter of Application in prescribed format.
2. Proposed Memorandum of Association (unregistered with the Registrar of Companies).
3. Proposed Articles of Association (unregistered with the Registrar of Companies).
4. Proof of Availability of Funds for Investment as Capital of the Proposed Institution e.g bank certification.
5. List of Incorporators/Subscribers and Proposed Members of Board of Directors and Other Senior Officers.
6. Information Sheet of Every Incorporator/Subscriber and Every Proposed Member of the Board of Directors, and Senior Officer.
7. Proof of Citizenship of Every Incorporator/Subscriber and Every Proposed Director and Senior Officer. This Includes Detailed Curricula Vitae (CV), Photocopy of the First Five Pages of a Passport, a Passport Size Photograph and Historical Background.
8. Audited Balance Sheet and Income Statement of Every Incorporator/Subscriber and Every Proposed Member of the Board of Directors and Senior Officer who is engaged in Business.
9. Certified Copies of Annual Returns of Every Incorporator/Subscriber and Every Proposed Member of the Board of Directors and Senior Officer (together with accompanying schedules/financial statements) Filled During the Last Five Years with Income Tax Office for Income Taxation Purposes.
10. Tax Clearance From the Income Tax Office
11. Statement From Two Persons (not relatives) Vouching for the Good Moral Character and Financial Responsibility of the Incorporators/Subscribers and the Proposed Directors and Senior Officers.
12. Business Plans for the First Four Years of Operations Including the Strategy for Growth, Branch Expansion Plans, Dividend Payout Policy and Career Development Programme for the Staff, Budgets for the First Year Must Also be Included
13. Projected Annual Balance Sheets for the First Four Years of Operations.
14. Projected Annual Income Statement for the First Four Years of Operation.

15. Projected Annual Cash Flow Statements for the First Four Years of Operation.

16. Discussion of Economic Benefits to be Derived by the Country and the Community From the Proposed Bank/Financial Institution.

### **Other Players in the Industry**

There are other players, who can also be offering a challenge to the banking sector of Tanzania. These to include some micro finance institutions which offer various products which are either similar or substitute of what the banks are offering. The example for these includes organizations like; FINCA, PRIDE, SACCOS and various NGOs. To some extent even some passenger transporters and carrier companies are providing some substitute products to some customers (E.g A passengers' transporter: Scandinavia Express Service, offering money transfer service to various parts of the country in Tanzania by charging a reasonable transfer fee = 3% of the amount to be transferred)

The availability of the various players makes the industry so competitive and dynamic. This calls for a need for each individual player to operate competitively in order to sustain its business. The players in the industry need to make a strategic analysis of the industry in order to know the appropriate strategies to be applied in order to sustain the business continuity. One of the useful models in assessing the attractiveness of any industry is Porter's Five Forces Framework (Porter, 1980)

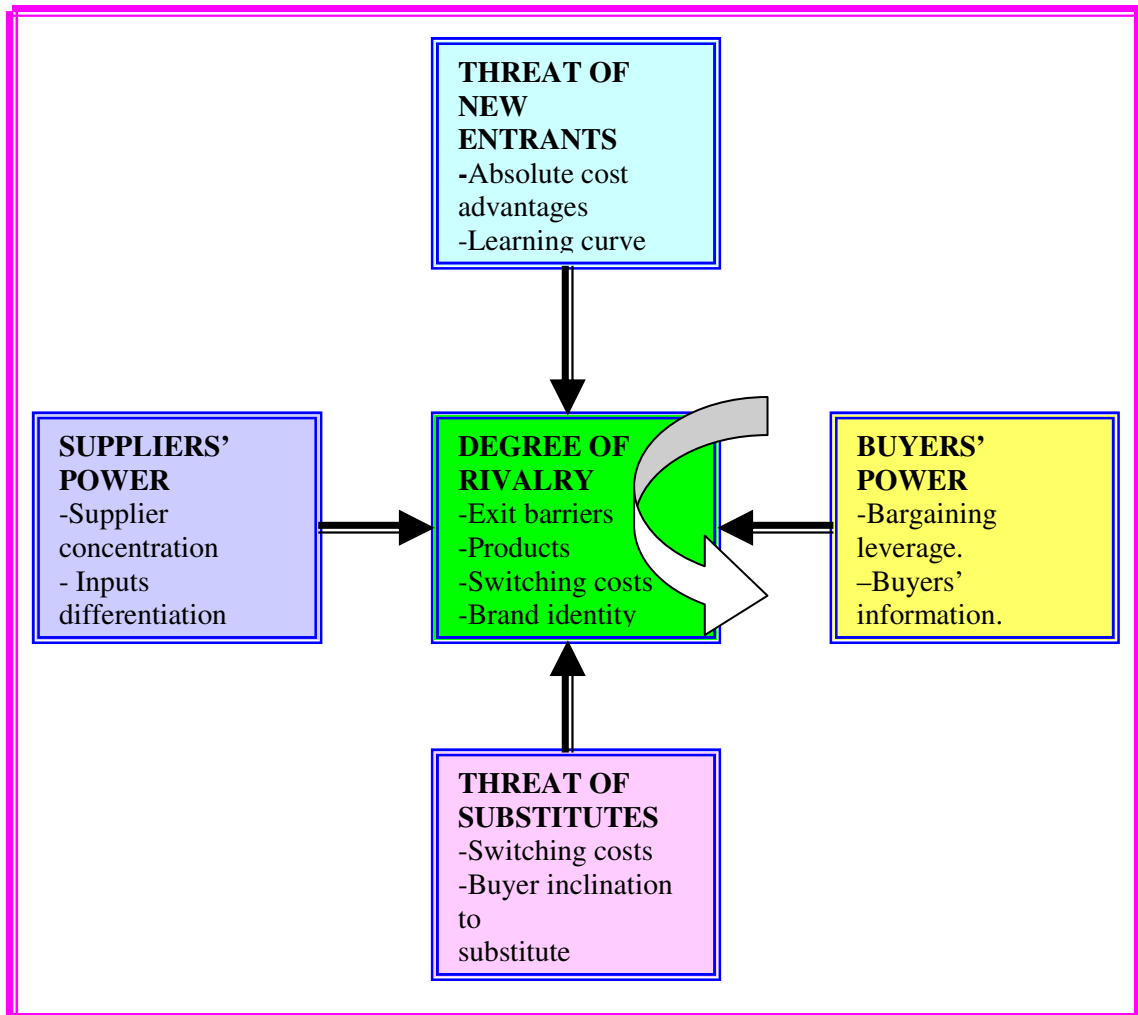
### **Porter's Five Forces Framework (PFFF)**

More than two decades ago, Professor Michael Porter suggested some driving forces which could help to analyse the attractiveness of any industry/sector as well as its competitive positioning. This framework is widely used and known as 'Porter's Five Forces'. Professor Porter invented this model in 1979 and this was published in his book in 1980. Whether the business is service oriented or physical goods, there are always competitive forces in any perfect competitive business environment, like that of the banking sector in Tanzania.

## Rationale of the Porter's Five Forces Model in the Banking Industry

The model attempts to address key strategic issues in a wider scope. Many of the issues mentioned in the model, including the forces and the management of those forces, are relevant to the banking sector as well as any other service-oriented business. The results, which will be obtained by the application of this model, should be given the value of the time of the analysis and that a continuous review is necessary in order to avoid to be myopic or obsolete with the results. Michael Porter provided a framework that models an industry as being influenced by five forces (Porter, 1980). Figure 1 provides details of the framework.

**Figure 1: Porter's Five Forces Framework**



**SOURCE:** Porter, M E. (1980)

It is a model of pure competition, which implies that risk-adjusted rates of return should be constant across firms and industries. However, numerous economic studies have affirmed that different industries can sustain different levels of profitability; part of this difference is explained by industry structure. Any strategic business manager seeking to develop an edge over rival firms can use this model to better understand the industry context in which the firm operates. The manager can then use the analysis as a basic tool for strategic decision making for the current situation or future. The banking sector of Tanzania can also consider the application of this model for some strategic decision processes. A discussion of each component of the model is as follows;

### *Degree of rivalry*

In the traditional economic model, competition among rival firms drives profits to zero. However, competition is not perfect and firms are not unsophisticated passive price takers. Rather, firms (banks) strive for a competitive advantage over their rivals. The intensity of rivalry among firms varies across industries, and strategic analysts are interested in these differences. These differences give some firms a competitive advantage while to others a disadvantage. These differences also pose a challenge to the uniform application of this model across the board. Economists measure rivalry by indicators of industry concentration. The Concentration Ratio (CR) is one of such measures. A high concentration ratio indicates that a high concentration of market share is held by the largest firms - the industry is concentrated. With only a few firms holding a large market share, the competitive landscape is less competitive (closer to a monopoly). A low concentration ratio indicates that the industry is characterized by many rivals, none of which has a significant market share. These fragmented markets are said to be competitive. The concentration ratio is not the only available measure; the trend is to define industries in terms that convey more information than distribution of market share. If rivalry among firms in an industry is low, the industry is considered to be disciplined. This discipline may result from the industry's history of competition, the role of a leading firm, or informal compliance with a generally understood code of conduct. Explicit collusion generally is illegal and not an option; in low-rivalry industries competitive



moves must be constrained informally. However, a maverick firm seeking a competitive advantage can displace the otherwise disciplined market.

When a rival acts in a way that elicits a counter-response by other firms, rivalry intensifies. The intensity of rivalry commonly is referred to as being cutthroat, intense, moderate, or weak, based on the firms' aggressiveness in attempting to gain an advantage. In pursuing an advantage over its rivals, a firm (in this case a bank) can choose from several competitive moves:

- Changing prices - raising or lowering prices to gain a temporary advantage.
- Improving product differentiation - improving features, implementing innovations in the manufacturing process and in the product itself. The banks can equally reposition themselves from the 'old way' the customers have been perceiving them. Those institutions, which will differentiate their products from others, will have a unique opportunity to attract customers at a premium price. A good example for this is the way Barclays bank is charging a premium fee for customers of 'queueless category'. These customers have no time to wait in a queue hence ready to pay any fee for them to be treated differently.
- Creatively using channels of distribution - using vertical integration or using a distribution channel that is novel to the industry.
- Exploiting relationships with suppliers.

The intensity of rivalry is influenced by the following industry characteristics:

- (i) A larger number of firms increases rivalry because more firms must compete for the same customers and resources. The rivalry intensifies if the firms have similar market share, leading to a struggle for market leadership.
- (ii) Slow market growth causes firms to fight for market share. In a growing market, firms are able to improve revenues simply because of the expanding market.
- (iii) High fixed costs result in an economy of scale effect that increases rivalry. When total costs are mostly fixed costs, the firm must produce near capacity to attain the lowest unit costs. Since the firm must sell this large quantity of

products, high levels of production lead to a fight for market share and results in increased rivalry.

- (iv) High storage costs or highly perishable products cause a producer to sell goods as soon as possible. If other producers are attempting to unload at the same time, competition for customers intensifies.
- (v) Low switching costs increases rivalry. When a customer can freely switch from one product to another there is a greater struggle to capture customers. In the case of banking sector in Tanzania, the switching cost has become very low. Some competing banks are located just adjacent to one another (eg CRDB Holland House and Kenya Commercial bank). Some of the banks are located in the same building (E.g Stanbic Bank and African Banking Corporation, both of them in Sukari House Building, see Table 1a).
- (vi) Low levels of product differentiation are associated with higher levels of rivalry. Brand identification, on the other hand, tends to constrain rivalry.
- (vii) Strategic stakes are high when a firm is losing market position or has potential for great gains. This intensifies rivalry.
- (viii) High exit barriers place a high cost on abandoning the product. The firm must compete. High exit barriers cause a firm to remain in an industry, even when the venture is not profitable. A common exit barrier is asset specificity.
- (ix) A diversity of rivals with different cultures, histories, and philosophies make an industry unstable. There is greater possibility for mavericks and for misjudging rival's moves. Rivalry is volatile and can be intense.
- (x) Industry Shakeout. A growing market and the potential for high profits induces new firms to enter a market and incumbent firms to increase production. A point is reached where the industry becomes crowded with competitors, and demand cannot support the new entrants and the resulting increased supply. The industry may become crowded if its growth rate slows and the market becomes saturated, creating a situation of excess capacity with too many goods chasing too few buyers. A shakeout ensues, with intense competition, price wars, and company failures. The founder of Boston Consulting Group (BCG) model, Bruce Henderson, generalized this

observation as the Rule of Three and Four: a stable market will not have more than three significant competitors, and the largest competitor will have no more than four times the market share of the smallest. If this rule is true, it implies that:

- If there is a larger number of competitors, a shakeout is inevitable.
- Surviving rivals will have to grow faster than the market.
- Eventual losers will have a negative cash flow if they attempt to grow.
- All except the two largest rivals will be losers.
- The definition of what constitutes the "market" is strategically important.

Whatever the merits of this rule (Three & Four) for stable markets, it is clear that market stability and changes in supply and demand affect rivalry. Cyclical demand tends to create cutthroat competition.

### ***Threat of Substitutes***

In Porter's model, substitute products refer to products in other industry. To the economist, a threat of substitutes exists when a product's demand is affected by the price change of a substitute product. A product's price elasticity is affected by substitute products - as more substitutes become available, the demand becomes more elastic since customers have more alternatives. A close substitute product constrains the ability of firms (banks) in an industry to raise prices. The competition engendered by a Threat of Substitute comes from products outside the industry. In the banking sector, there are so many products and at the same time there are so many substitute products. For example if someone is looking for a travelers cheque and that could not be provided, one might decide to opt for Telegraphic Transfer.

### ***Buyers' bargaining power***

The power of buyers is the impact that customers have on a buying process of the products from a certain industry. In general, when buyers' power is strong, the relationship to the industry is near to what an economist terms a *monopsony* - a market in which there are many suppliers and one buyer. Under such market conditions, the buyer

sets the price. In reality few pure monopsonies exist, but frequently there is some asymmetry between a producing industry and buyers. The same case can as well be applied to the service industry, as nowadays there is no pure-manufacturing or pure-service industry. The combination is the way forward. The only vital difference is the definition of the 'core product'. For instance much as we consider banks to be under the service industry, physical properties like furniture, building, computers, etc are vital to make the service a possibility.

### ***Suppliers' bargaining power***

A producing industry requires raw materials - labour, components, and other supplies. This requirement leads to buyer-supplier relationships between the industry and the firms that provide the raw materials used to create products. Suppliers, if powerful, can exert an influence on the producing industry, such as selling raw materials at a high price to capture some of the industry's profits. In a service sector there is no direct supplier of raw material. However the supply of supporting facilities like cheque books, furniture, stationeries, etc can give the same analogy.

### ***Barriers to entry / Threat of new entrants***

It is not only incumbent rivals that pose a threat to firms in an industry; the possibility that new firms may enter the industry also affects competition. In theory, any firm should be able to enter and exit a market, and if free entry and exit exists, then profits always should be nominal. In reality, however, industries possess characteristics that protect the high profit levels of firms in the market and inhibit additional rivals from entering the market. These are barriers to entry.

Barriers to entry are more than the normal equilibrium adjustments that markets typically make. For example, when industry profits increase, we would expect additional firms to enter the market to take advantage of the high profit levels, over time driving down profits for all firms in the industry. When profits decrease, we would expect some firms to exit the market thus restoring market equilibrium. Falling prices, or the expectation that future prices will fall, deters rivals from entering a market. Firms also may be

reluctant to enter markets that are extremely uncertain, especially if entering involves expensive start-up costs. These are normal accommodations to market conditions. But if firms individually (collective action would be illegal collusion) keep prices artificially low as a strategy to prevent potential entrants from entering the market, such entry-detering pricing establishes a barrier. Barriers to entry are unique industry characteristics that define the industry. Barriers reduce the rate of entry of new firms, thus maintaining a level of profits for those already in the industry. From a strategic perspective, barriers can be created or exploited to enhance a firm's competitive advantage. If it happens that for a certain industry there are low entry barriers but high exit barriers, then this situation is referred as 'the worst situation of competition' in that particular industry.

### **Dynamic Nature of Industry Rivalry**

Schumpeter and, more recently, Porter have attempted to move the understanding of industry competition from a static economic or industry organization model to an emphasis on the interdependence of forces as dynamic, or *punctuated equilibrium*, as Porter terms it. In Schumpeter's and Porter's view the dynamism of markets is driven by innovation. The banking industry of Tanzania is equally facing a lot of dynamism and the dynamics will keep on changing over time at an increasing speed.

### **Mapping the Banking Industry of Tanzania within PFFF: Is it attractive?**

It is imperative at this stage to make a succinct application of PFFF to the banking industry of Tanzania and make an objective assessment about the attractive ness of the industry. One key assumption needs to be made before the mapping. This is to assume that the model is considered INSIDE-OUTSIDE approach. This is to say, the analysis is done considering the full-fledged banks being in the industry already. The analysis of the forces always does change the direction when the perspective is outside-inside.

### ***Competition among the existing fully-fledged banks:***

There are 22 banks, which are recognized and licensed to operate in Tanzania (Bank of Tanzania report, 2005). Looking on the trend of dates of commencement of business of these 22 banks, 19 of them commenced just within ten years (1995 – 2005). This is 86%

of the registered banks. This gives a clear signal that the increase of the number of banks within the industry is fast and in any case there is now a great struggle for banks to create and maintain a good market share. Though there might be an increase of the number of customers, but that cannot dilute the fact that there is a tension of competition between the existing rivals in the industry. Therefore, this element of PFFF in respect of the banking sector in Tanzania is now ranked *unfavorable*. The unfavorable forces will be indicated by a minus sign (-) while favorable will be marked by a plus sign (+).

***Threat of New Entrants:***

The Bank of Tanzania has set a minimum capital requirement of 1 billion for a bank to be registered. However, this amount has been raised to 5 billion and it is expected that by the year 2008, it should be fully operational. The conditions set for registering a bank are not all that much complex, hence entry barriers become low. There are also 5 Regional unit banks (see Appendix 2), which stand a better chance to convert to full-fledged banks. There are also 5 Financial institutions (see Appendix 3), which have established themselves very well hence to make easy for them to convert to banks. All these make the entry barriers much lower. Bearing in mind the early assumption made (Inside-outside perspective), for the banks, which are within the industry, this is an *unfavorable* condition. However, for the prospective new entrants who are outside the status of full-fledged banks, it is a favorable condition. Therefore for the analysis based on the existing full-fledged banks in the industry, to them, this force bears a negative sign (-)

***Threat of Substitute Products:***

Though there are 5 regional unit banks, 5 financial institutions and 102 bureaux de change operators, there are some features and products of which they can only be obtained from the fully-fledged banks. These to include; broad network of operations, Current account, etc. For this reason, this force is *favorable* to the full-fledged banks. It therefore bears a positive sign (+).

***Bargaining Power of Suppliers:***

The core business of the banking industry is ‘service’ which mainly focuses on safety of wealth. The suppliers do provide some tangibles like chequebooks, furniture, etc. The impact of this in business is not significant since they are not really like the raw material. Therefore this is a *favorable* force in this industry hence it bears a positive sign (+).

***Bargaining Power of Customers:***

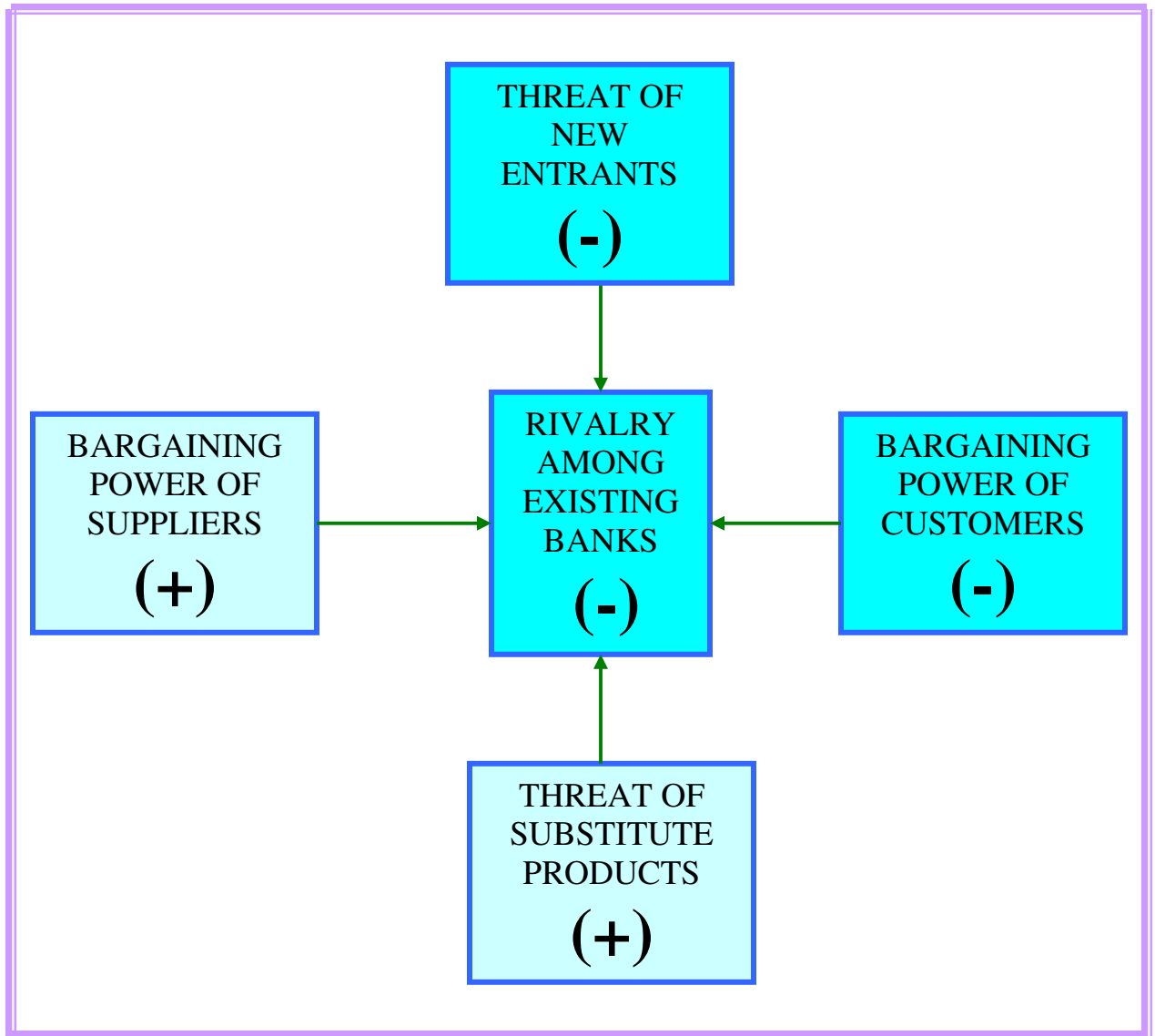
Having the whole range of players apart from the full-fledged banks, it is evident that customers can move within the 22 operators as full-fledge banks and can also decide to switch to the Regional Unit banks or financial institutions. Their choice can even extend to the NGOs, depending on the nature of the product. For instance if a customer is looking for a small amount of loan, he/she can even get the said product from organizations like FINCA, PRIDE, etc. The close location of various banks is also giving customer a very high bargaining power. For instance in the city of Dar Es salaam, consider the Ohio Street, off Ali Hassan Mwinyi Road to the junction of Sokoine drive, there is only a distance of about 600 Metres. Along that street you find the following banks located very close or opposite to each other;

Barclays bank (close to Akiba Commercial Bank), CRDB Bank (Tower Branch), Kenya Commercial Bank, CRDB Bank (Holland House Branch), Baroda bank, Standard Chartered (opposite to Stanbic Bank and African Banking Corporation) and Eurafrican Bank. This implies 9 brands within just a distance of 600 metres. With this concentration the bargaining of customers always goes high before customers start looking on a differentiated service. Therefore, to the full-fledged banks within the industry this is an unfavorable condition, hence bearing a negative sign (-)

From the above analysis of the five forces as mapped in the banking industry of Tanzania, we can summarize the outcome by showing the sign of each force as follows:

Rivalry among the existing full-fledged banks (-), Threat of New entrants (-), Threat of substitute products (+), Bargaining power of Suppliers (+), Bargaining Power of Customers (-). This outcome can be shown diagrammatically as follows (see Figure 2).

**Figure 2: The Porter's Five Forces Framework of the Banking Industry of Tanzania**



Source, Research Survey and analysis

From Figure 2 above, the banking industry has two favorable forces and three unfavorable. From this analysis the industry is considered to be of TWO STARS.

### **Conclusion**

The banking industry of Tanzania has been growing at a high speed for the last decade. Out of 22 banks, 19 of them have been licensed within a decade. These are good news to



the customers. On the other hand this has increased a tremendous competition within the industry. The bargaining power of the customers is high and also barriers to entry are gentle hence allowing more entrants to get to the industry. Finally the Porter's Five Forces Frameworks reveals that this industry is of TWO starts. This implies that two (Bargaining Power of Suppliers and Threat of substitutes) forces are favorable to those who are already full-fledged banks. Three forces are unfavorable. It is therefore urged from this analysis that on average the industry is not attractive. This implies that for the bank to survive profitably in the industry, it needs to choose a strategy, which can lead to a possibility of charging premium price for some products (Kotler, 1991). Since customers have a high bargaining power, it is imperative for the banks to make sure that they have a customer retention strategy in place. In this industry therefore, it is about survival of the fittest. There is no room for losers but winners only. If in the future the Tanzanian Government implements the condition of the increase of the required initial capital from 1 billion to 5 billion, this will have a direct impact on the 'threat of new entrants'. This force might change and become favorable to the industry for those who are already within the industry. It should be borne in mind that these forces are not and will never be static. Therefore, when they change in the future, there will be a shift on the attractiveness of the industry.

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**APPENDIX 1: Fully-fledged Banks and their Headquarter Location in Tanzania**

<b>NO.</b>	<b>NAME OF BANK</b>	<b>TELEPHONE &amp; FAX NUMBERS</b>	<b>PHYSICAL LOCATION OF HEAD OFFICE</b>	<b>DATE OF COMMENCEMENT OF BUSINESS</b>
1	Standard Chartered Bank (T) Ltd	TEL.: 2122125, 2122129, 2122140, 2122143 FAX: -2113770/2122157	Shaaban Robert St/Garden Ave, DSM	DEC. 1993
2	Stanbic Bank (T) Ltd	TEL.: 2666430/2196400 MD: 2196301 FAX: 2666301	Ohio Street, DSM	2/5/1995
3	Citi Bank (T) Ltd	TEL.: 2117575, 2117601 FAX: 2113910, 2117576	Alli Hassin Mwinyi RD, DSM	MAY, 1995
4	Federal Bank of the Middle East (T) Ltd	TEL.: 2126000 FAX: 2126006	Samora Avenue, DSM	JULY, 2003
5	Eurafrican Bank (T) Ltd	TEL.: 2110928, 2111229, 2110104 ,2114975 FAX: 2113740	Kivukoni/Ohio Street, DSM	NOV. 1994
6	Diamond Trust Bank (T) Ltd	TEL.: 2114888-92 FAX: 2114210, 2118953	Jamhuri/India Street, DSM	MARCH, 1997
7	Exim Bank (T) Ltd	TEL.: 2113091/3 FAX: 2119737, 2121791	Samora Avenue, DSM	AUG. 1997
8	NBC Limited	TEL.: 2113914, 2112082, 2111803 FAX: 2112887/MD'S 2112887	City Drive RD, DSM	1/10/1997
9	National Microfinance Bank Ltd	TEL.: 2118785, 2116925/9, (2124048 MD) FAX: 2114058	Samora Avenue, DSM	1/10/1997
10	CRDB Bank Ltd	TEL.: 2117442-7 FAX: 2116714	Azikiwe Street, DSM	2/10/1996
11	The Peoples' Bank of Zanzibar Ltd	TEL.: 2231118/2231120/ 2133967 FAX: 2231121	Stone-Town, ZNZ	1/7/1966

<b>NO.</b>	<b>NAME OF BANK</b>	<b>TELEPHONE &amp; FAX NUMBERS</b>	<b>PHYSICAL LOCATION OF HEAD OFFICE</b>	<b>DATE OF COMMENCEMENT OF BUSINESS</b>
12	Akiba Commercial Bank Ltd	TEL.: 2118340-4 FAX: 2114173	Alli Hassin Mwinyi RD, DSM	AUG. 1997
13	Kenya Commercial Bank Ltd.	TEL.: 2115386-8/2115390 FAX: 2115391	Samora Ave/ Ohio St, DSM	6/10/1997
14	International Commercial Bank (T) Ltd.	TEL.: 2110518, 2110538, 2110571/ HQ.2134990/1 FAX: 2110196	Upanga / Kisutu Street, DSM	16/2/1998
15	Habib African Bank Ltd	TEL.: 2111107 FAX: 2111014	India Street, DSM	6/3/1998
16	Barclays Bank (T) Ltd	Tel.2129381, 2129758 Fax. 2129757	Ohio Street, DSM	19/10/2000
17	United Bank of Africa	Tel.2130113 Fax: 2130116 2130127	PPF House, Samora DSM	22/4/2002
18	CF Union Bank Ltd	Tel. 2117880, 2110212, 2118750 Fax. 2118750	Indira Gandhi St./ Morogoro Rd DSM	1/4/2002
19	African Banking Corporation (T) Ltd	Tel. 2111990 Fax. 2112402	Sukari House, Ohio St. DSM	3/6/2002
20	Savings and Finance Bank Limited	TEL: 2118625/8 FAX: 2116733	Mission St./Samora Avenue, DSM	
21	Azania Bancorp	TEL: 2117997/9 FAX: 2118010/11	Samora Avenue DSM	DEC 2000
22	Bank of Baroda	TEL: 2124487/2124472	Ohio/Sokoine Drive DSM	13/10/2004

Source: Bank of Tanzania reports, December 2005

**APPENDIX 2: Regional Unit Banks operating in Tanzania**

<b>NO.</b>	<b>NAME OF THE REGIONAL UNIT BANK</b>	<b>TELEPHONE &amp; FAX NUMBER</b>	<b>PHYSICAL LOCATION OF HEADQUATERS</b>	<b>DATE OF COMMENCEMENT OF BUSINESS</b>
1	Kilimanjaro Co-operative Bank Limited	TEL: 027 2754470/1 FAX: 027 2753570	Mawenzi Road Moshi	10/7/1996
2	Kagera Farmers Co-operative Bank	DL. 028 - 2220041 TEL: 028-2220018	Bukoba Township Kagera	AUG. 2002
3	Mbinga Community Bank	TEL: 025 2640719 FAX: 025 2640000	Mbinga	JULY 2003
4	Dar es Salaam Community Bank	Tel. 2180253 Fax.2180259	Anatouglou Hall, Mnazi Mmoja	OCT. 2001
5	Uchumi Commercial Bank	Tel. 027 2750491 Fax: 027 2750492	KKT Building Kilimanjaro	19 <sup>th</sup> Septe. 2005

Source, Bank of Tanzania Reports, December 2005.

**APPENDIX 3: Financial Institutions operating in Tanzania (See BoT Reports, 2005)**

<b>NO.</b>	<b>NAME OF THE FINANCIAL INSTITUTION</b>	<b>TELEPHONE &amp; FAX NUMBER</b>	<b>PHYSICAL LOCATION OF HEADQUATERS</b>	<b>DATE OF COMMENCEMENT OF BUSINESS</b>
1	Tanzania Investment Bank	TEL: 2111708/13 FAX: 2113438	Samora Avenue DSM	JAN. 1994
2	Tanzania Postal Bank	TEL: 2112358/60 FAX: 2114815	Samora Avenue DSM	OCT. 1993
3	Twiga Bancorp Limited	TEL: 2115575/2118455 FAX: 2112350	Samora Avenue DSM	SEPT 1998
4	Mufindi Community Bank	TEL: 026 7721165 FAX: 026 2772075	Mufindi Township Iringa	1/6/1999
5	Mwanga Community Bank	TEL: 027-2757830 FAX:027 2754235	Mwanga Township Kilimanjaro	OCT. 2000

**Table 4: Bureaux de Change Operators in Tanzania Mainland**

<b>BUREAUX DE CHANGE OPERATING IN TANZANIA - MAINLAND</b>				
<b>S.No.</b>	<b>Bureau de Change Name</b>	<b>Postal Address</b>	<b>City/Town</b>	<b>Physical Address</b>
1	Exchange Centre Bureau de Change	14025	Arusha	Joel Maeda Road
2	Heldal (1) Stadium Bureau de Change	2481	Arusha	Stadium Road
3	Hedal (II) Sokoni Bureau de Change	11169	Arusha	Sokeine Road
4	King's Bureau de Change	8277	Arusha	Boma Road
5	Lions Bureau de Change	999	Arusha	Sakina, Nairobi Road
6	Motel Impala Bureau de Change	7302	Arusha	Kijenge Commercial Center
7	Northern Bureau de Change	7302	Arusha	Joel Maeda Street
8	Benush Bureau de Change	362	Arusha	Uchumi House Uhuru Road
9	Camel Bureau de Change	2288	Arusha	Joel Maeda Road
10	West East Bureau de Change	604	Arusha	Boma Road
11	Money Wise Forex Bureau de Change	2075	Arusha	Golden Rose Hotel Annex Col Middleton Road
12	Sanya Bureau de Change	7356	Arusha	Sokoine Road
13	Arusha Forex Bureau de Change	11169	Arusha	Boma Road
14	Classic Bureau de Change	7302	Arusha	Sokoine Road
15	Clock Tower Bureau de Change	11707	Arusha	Sokoine Road
16	Luwanze Bureau de Change	1516	Arusha	Arusha Airport.
17	Roika Bureau de Change	14793	Arusha	Sokoine Road

18	Pesame Bureau de change	11525	Arusha	Boma Road
19	Tanganyika Bureau de Change	6143	Arusha	AICC Complex
20	Al-abry Bureau de Change	5464	Dar-es-Salaam	Samora Avenue - IPS Building
21	Alpha Bureau de Change	70190	Dar-es-Salaam	Samora Avenue - IPS Building
22	Amafhh Bureau de Change	4504	Dar-es-Salaam	Oysterbay Shopping Complex
23	Bureau de Change 2000	20263	Dar-es-Salaam	Jamhuri Street Ilala
24	Crown Bureau de Change	6672	Dar-es-Salaam	Zanaki/ India Streets
25	Equity Bureau de Change	283	Dar-es-Salaam	Royal Palm Hotel
26	Galaxy Money Changers Bureau de Change	21219	Dar-es-Salaam	Samora Avenue/ Bridge Street
27	Galaxy Bureau de Change	21219	Dar-es-Salaam	Dsm International Air port
28	Globax Bureau de Change	21219	Dar-es-Salaam	Samora/Azikiwe Street - Coronation House.
29	Kai Bureau de Change	21530	Dar-es-Salaam	Samora Avenue.
30	Kariakoo Bureau de Change	5175	Dar-es-Salaam	Swahili/Narung'ombe Street
31	King's Palace Bureau de Change	8297	Dar-es-Salaam	Sikukuu Street - Kariakoo
32	Local Curency Bureau de Change	5331	Dar-es-Salaam	DIA Terminal II
33	M. G. M Bureau de Change	816	Dar-es-Salaam	Morogoro Road
34	Masai Bureau de Change	4907	Dar-es-Salaam	Samora Avenue
35	Maxcare Bureau de Change	79300	Dar-es-Salaam	Namanga Shopping Centre
36	Mcsoms Bureau de Change	4504	Dar-es-Salaam	India/Makunganya St.
37	Mobile Bureau de Change	75639	Dar-es-Salaam	Jamhuri Street - Ilala



38	Money Link Bureau de Change	7177	Dar-es-Salaam	Samora Avenue
39	Oriental Bureau de Change	2554	Dar-es-Salaam	IPS Building Samora Avenue.
40	Prudential Bureau de Change	9163	Dar-es-Salaam	Lehmans Building, Samora Avenue.
41	Rocks Bureau de Change	70980	Dar-es-Salaam	Mbezi Beach
42	Ruby Bureau de Change	21718	Dar-es-Salaam	Jamhuri Street.
43	S. H. Amon Bureau de Change	72483	Dar-es-Salaam	IPS Building Samora/Azikiwe Street
44	Sharif Alwi Bureau de Change	3199	Dar-es-Salaam	U.W.T Street
45	Small Bureau de Change	6672	Dar-es-Salaam	Crescent Flats
46	Trade Bureau de Change	20066	Dar-es-Salaam	Samora Avenue
47	Tristar Bureau de Change	2554	Dar-es-Salaam	Tazara Railway Station
48	Unique Bureau de Change	3269	Dar-es-Salaam	Samora /Morogoro Road
49	Waljis Bureau de Change	434	Dar-es-Salaam	Indira Gandhi/Zanaki Street
50	West Bureau de Change	5252	Dar-es-Salaam	Railway/Samora Avenue
51	BS (Swiss) Bureau de Change	906	Dar-es-Salaam	Samora Avenue
52	Palace Hotel Bureau de Change	31673	Dar-es-Salaam	85 Sikukuu Street
53	Golden Bureau de Change	4438	Dar-es-Salaam	739-231 Indira Gandhi St.
54	Rasilimali Bureau de Change	9373	Dar-es-Salaam	Sokoine Drive, Tacoshili Building
55	Mermaid Bureau de Change	21032	Dar-es-Salaam	Kaluta Street
56	The Terminal Bureau de change	31673	Dar-es-Salaam	Ubungo BusTerminal
57	Dahab Shiil Bureau de change	21855	Dar-es-Salaam	Livingstone Street

58	Livingstone Bureau de Change	79610	Dar-es-Salaam	Livingstone/Pemba House No.64
59	Worldwide Money Exchange	76142	Dar-es-Salaam	Samora Avenue - IPS Building
60	Jamani Bureau de Change	7495	Dar-es-Salaam	Dar es salaam Airpot
61	Amani Bureau de Change	42571	Dar-es-Salaam	Dar es salaam
62	S. H. Amon II Bureau de Change	72483	Dar-es-Salaam	Samora Avenue - IPS Building
63	Samora Bureau de Change	8954	Dar-es-Salaam	Samora Avenue
64	Riki Bureau de Change	31673	Dar-es-Salaam	Riki Hotel
65	Riki Hotel Bureau de Change	31673	Dar-es-Salaam	Kleist Sykes
66	Seaside Money Changer BDC	3270	Dar-es-Salaam	Toure Drive Oysterbay
67	Financial Agency Bureau de Change	7732	Dar-es-Salaam	India Street - Arusha
68	Toreda Bureau de Change	4082	Dar-es-Salaam	Ilala
69	City Exchange Bureau de Change	76142	Dar-es-Salaam	Samora Avenue - IPS Building
70	Joshua Bureau de Change	60576	Dar-es-Salaam	Shauri Moyo Street
71	Reality Bureau de Change	22164	Dar-es-Salaam	Mosque/Indira Gandhi
72	Arcade Bureau de Change	38132	Dar-es-Salaam	Old Bagamoyo Road
73	DCT Bureau Bureau de Change	15	Dodoma	Kuu Street Dodoma
74	Panjatan Bureau de Change	156	Kigoma	Lumumba Road
75	Chase Bureau de Change	315	Moshi	Subzali Building
76	Executive Bureau de Change	586	Moshi	Section 1 Moshi
77	Trast Bureau de Change	8540	Moshi	Soko Kuu

78	DBK Bureau Bureau de Change	308	Mwanza	Bantu Street
79	Victoria Bureau Bureau de Change	19275	Mwanza	New Mwanza Hotel
80	Boma Forex Bureau de Change	1151	Tanga	Indepence Avenue

Source: Bank of Tanzania reports, December 2005.

#### APPENDIX 5: Bureux de Change Operators in Zanzibar

<b>BUREAUX DE CHANGE OPERATING IN ZANZIBAR</b>				
<b>S/No</b>	<b>Bureaux Name</b>	<b>Postal Address</b>	<b>City/Town</b>	<b>Physical Address</b>
1	Icon Bureau de Change	1739	Zanzibar	Darajani
2	Express Bureau de Change	1537	Zanzibar	Darajani Youth League
3	Shangani Bureau de Change	4222	Zanzibar	Shangani Street, Old Stone Town
4	Adams Exchange Bureau de Change	2744	Zanzibar	Malindi
5	Ndame Bureau de Change	3781	Zanzibar	Kenyata Road, Shangani
6	Arrival Bureau de Change	3784	Zanzibar	Kiembe Samaki
7	Eagle Bureau de Change	3567	Zanzibar	Gizenga
8	Accurate Bureau de Change	1732	Zanzibar	Kiponda Street
9	Local Currency Airport Bureau de Change	992	Zanzibar	Airport
10	Local Currency Shangani Bureau de Change	992	Zanzibar	Shangani Street House No.37
11	New Malindi Bureau de Change	3784	Zanzibar	Malindi
12	New Stone Town Bureau de Change	2068	Zanzibar	Shangani Street
13	Departure Bureau de Change	3784	Zanzibar	Kiembe Samaki

14	Queens Bureau de Change	1739	Zanzibar	Shangani Street
15	Hilmy Bureau de Change	271	Zanzibar	Airport
16	Darajani Bureau de Change	245	Zanzibar	Darajani
17	Baghani Bureau de Change	1642	Zanzibar	Baghani
18	El Riyami Bureau de Change	1	Zanzibar	Gizenga Street
20	Universal Bureau de Change	1732	Zanzibar	Mchangani
21	Old Market Bureau de Change	3684	Zanzibar	Darajani
22	Five Stars Bureau de Change	42	Zanzibar	Malindi

Source: Bank of Tanzania reports, December 2005.