

EXAMINING THE CONTRIBUTION OF COMMERCIAL BANKS TO INTERNATIONAL TRADE IN TANZANIA

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ABSTRACT

This research aimed to examine the contribution of banks in Tanzania to international trade. Trade activities between Tanzania and other nations required the support of accredited and licenses banks due to financial regulations on money laundering, exchange rate policies and trade finance rules in practice by international standard organizations, international monetary fund and other economic integration unions. The literature suggests that the contribution of international trade to economic growth is well studied but banks impact on international trade has received little attention. The author designed two set of questionnaire; one for international trade dealers thus exporters and importers and the other for some selected commercial and private banks in Tanzania. The researcher administered all the questionnaires personally to all the 100 participants. Using descriptive statistics and multivariate regression model, the study presented the results of the data in SPSS. The paper revealed that banks have available exports and imports credit schemes to international trade dealers and also provide enough education on guarantee and credit support requirements. Again, the banks make available changes and updates on trade finance regulations from union and government policies. Also, the descriptive statistics show that banks have flexible and comprehensive schemes to encourage export and import business. Moreover, this study found that there is a positive relationship between international trade and banks contribution (LC, DC, RM and CDC). All the banking categorical variables were statistical significant. However, exchange rate (XE) services was not statistically indicator of international. Based on the conclusions, the author suggests that all relevant organizations such as government, central bank of Tanzania etc. should improve awareness of trade policy issues through better communication or internet site. Strengthen analytical skills of public officials for policy reform and trade negotiations.

Keywords: International trade, trade finance, banks contribution, letter of credit, document collection.