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Advancing Information Transparency: Strategies to Enhance Disclosures in Commercial Banks in Tanzania

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Abstract: *The objective of this study was to explore strategies for strengthening disclosure practices and advancing information transparency in commercial banks operating in Tanzania. Comprehensive and informative disclosures are crucial for fostering trust, enabling informed decision-making, and promoting accountability in the business environment. However, there is a lack of research specifically focusing on the strategies for strengthening disclosure practices in the Tanzania context. This research aims to bridge this gap by examining commercial banks in Tanzania, considering their significant role in the country's economy and recent disclosure reforms.*

Semi-structured interviews were conducted with key stakeholders representing various groups involved in advancing information transparency. The interviews aimed to investigate their perceptions regarding commercial banks' response to disclosure requirements and their efforts to enhance information transparency. The themes that emerged from the interviews include the role of the regulatory environment in promoting effective disclosures, the impact of technological advancements, the importance of capacity building within commercial banks, and the significance of a culture of transparency and accountability.

The implications of this study's findings and the accompanying recommendations contribute to ongoing efforts to enhance corporate governance and disclosure practices in Tanzania. By implementing the recommended strategies, commercial banks in Tanzania can improve their information transparency, align with international standards, and foster economic growth and prosperity. This research adds valuable insights to the existing knowledge base, supporting the advancement of information transparency in the Tanzanian banking sector and beyond.

1. Introduction and Background

Ensuring transparency and accountability in commercial banks is crucial for maintaining trust, attracting investments, and fostering a healthy financial system. In Tanzania, the banking sector plays a vital role in the country's economic development, underscoring the increasing importance of robust disclosure practices in commercial banks. Comprehensive and informative disclosures empower stakeholders, including investors, regulators, and the public, to make informed decisions and assess the financial health and risk profiles of banks. The regulatory framework in Tanzania, overseen by the Bank of Tanzania and other relevant authorities, provides a foundation for promoting disclosure practices. However, it is necessary to evaluate the current state of disclosures in commercial banks and identify areas that require improvement.

The significance of effective disclosure practices in the commercial banking sector cannot be overstated. Commercial banks must comply with various regulations and guidelines while operating within regulatory boundaries. Krawcheck (2012) highlights the variation in disclosure practices among commercial banks. Insufficient disclosure, as emphasized by Consultoría, & Finance, (2008) has detrimental consequences, hindering the ability of shareholders and stakeholders to exercise proper oversight. Shareholders, in particular, face challenges when transparent and comprehensive information is lacking, as their assessment of boards and managers' performance and decision-making heavily relies on such data. Without relevant insights, shareholders are unable to make informed judgments, potentially resulting in a misalignment of interests between management and ownership. The OECD Principles (2004) further emphasize the pivotal role of high-quality disclosure in ensuring the proper functioning of markets. Therefore, it is imperative for commercial banks to prioritize robust disclosure practices to promote transparency, facilitate informed decision-making, and foster effective market functioning.

This study focuses on commercial banks in Tanzania due to their regulated disclosure requirements and scrutiny from diverse stakeholders. The sector's significance in the Tanzanian economy lies in its provision of loans to various sectors, making any uncertainties in the banking sector impactful on the overall economic health. Moreover, commercial banks constitute a significant portion of the country's GDP. The stability and safety of the industry require consistent contributions, as highlighted by Suryandari, Yuesti, and Suryawan (2019). The banking system in Tanzania is one of the most concentrated in Africa, comprising multiple financial institutions. The role of commercial banks in promoting sustainable economic development is well recognized (Vishnani et al., 2019).

While significant reforms have been implemented in the sector, including improvements in disclosure requirements, there is still a need to enhance transparency and accountability in commercial banks in Tanzania. Tanzania embarked on significant bank reforms in the 1990s. Since 1990, the banking sector in Tanzania has undergone major changes that have had an impact on the effectiveness of bank governance and its stakeholders. The changes have altered the way the financial institutions in Tanzania work. This study aims to contribute to the ongoing efforts by identifying areas for improvement and proposing measures to strengthen disclosure practices. By doing so, the study seeks to promote a more transparent and accountable banking sector, ultimately supporting sustainable economic development in Tanzania.

2. Literature Review

The chapter offers a thorough examination of the available literature concerning the enhancement of disclosures in commercial banks operating in Tanzania. Its objective is to provide a clear understanding and precise definitions of crucial terms associated with disclosures and commercial banks, while also reviewing empirical literature on the subject. Additionally, the chapter delves into the specific context of commercial banks in Tanzania.

3. Definition of Key Concepts

Disclosure, and Commercial Banks are the most common concepts in this study. They are defined as follows.

Disclosures: Disclosure refers to the deliberate act of providing information or making relevant facts known to individuals or entities who have a legitimate interest or right to access such information. Its primary objective is to ensure that all material and pertinent facts regarding an entity's financial position and the results of its operations are effectively communicated to users (Hendriksen, 1982). This encompasses the intentional release of financial information, whether it be numerical or qualitative, mandatory or voluntary, and whether communicated through formal or informal channels (Richardson & Waterhouse, 1990).

Commercial Banks: Commercial banks are financial institutions that offer a comprehensive range of banking services to individuals, businesses, and organizations (Aywa, 2014). These banks are often recognized as "full-service" banks due to their ability to provide an extensive array of services to cater to the diverse needs of their customers. These services include but are not limited to checking and savings accounts, loans, investment services, wealth management services, and international banking services.

Strategies: Strategies encompass a collection of well-thought-out plans, tactics, or approaches designed to attain a particular goal or objective (Nickols, 2016). These strategic methods find relevance in various domains, including business, marketing, sports, politics, and personal development. Strategies serve as invaluable tools in practically every aspect of life where the pursuit of a specific goal or objective is paramount. The crux of crafting an effective strategy lies in gaining a comprehensive comprehension of the desired outcome, the available resources, and the obstacles that must be surmounted. By delineating these crucial factors, one can construct a strategic framework that maximizes the probability of success and minimizes the potential for setbacks.

4. THE RELEVANT STUDIES ON IMPROVING DISCLOSURE PRACTICES AT THE GLOBAL LEVEL

Enhancing disclosure practices in various sectors has gained significant attention among scholars and policymaker’s worldwide. Numerous scholars have emphasized the significance of improving the transparency of disclosures in commercial banks. However, the nature of these banks poses unique challenges compared to other sectors. Primarily, there exists a greater information asymmetry between insiders and outsiders in banking institutions. This heightened asymmetry arises due to the opacity associated with banks and gives rise to agency problems. In such cases, equity and debt holders may struggle to exert control over managers who prioritize their own interests over enhancing value. Additionally, potential acquirers are unlikely to have enough influence to significantly improve governance practices. In several developing countries, the liberalization of commercial banks has granted managers greater autonomy in their operations (Arun & Turner, 2004), thereby amplifying the aforementioned issue.

Disclosure and transparency play an important role in reducing agency problems and information asymmetry between managers and owners (Patel, Balic & Bwakira, 2002). According to Abdeen (1989) disclosure aims to make sure all material and relevant facts concerning financial position and the results of operations are communicated to users. Recognizing the importance of the accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company (OECD, 2004). Disclosure requirements are a key concern within the OECD Principles (2004), the EU Transparency Directive and the Commonwealth Association for Corporate Governance (CACG) Guidelines, and are a core element of national codes around the world, including South Africa’s King II Report on Corporate Governance, the UK’s Cadbury Report (1992) and Combined Code (2003), and the US’s Sarbanes-Oxley Act (2002).

The OECD (2004) asserts that disclosure should include, but not be limited to: material information on the financial and operating results of the company; company objectives; major share ownership and voting rights; remuneration policy for members of the board and key executives; information about board members, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board; related party transactions; foreseeable risk factors; and governance structures and policies, especially the content of any corporate governance code or policy and how it is to be implemented. All information should be prepared and disclosed in accordance with international accounting standards and other standards for financial and non-financial disclosure.

Several studies have examined disclosure in the banking sectors of Indonesia, Nigeria, Japan and Canada, assessing the level of disclosure against local and international codes (Nwakama et al. 2011; Darmadi 2013; Feldioreanu & Seriaa, 2015; Maingot & Zeghal 2008; Thomas & Boolaky 2009). All of the studies draw their data from annual reports, apart from Maingot & Zeghal (2008), who utilize annual reports and websites.

Darmadi (2013) found that large and long-established banks disclose more information than small ones, but that the latter tend to disclose more about their board members. The banks in this study disclosed least about their internal controls and external auditing. Darmadi suggests that the generally low level of disclosure may be attributable to a lack of awareness among bank managers, but Maingot & Zeghal (2008) argue that the choice to disclose and the extent of the disclosure are influenced rather by managers’ strategic considerations. Their study highlights the importance of the annual report as a source of disclosure and concludes that as small banks tend to copy one another’s corporate governance disclosure, they tend to publish almost exactly the same information.

In their Japan-based study, Thomas & Boolaky (2009) found that the extent of disclosure in the country’s banks is influenced by a range of factors including the number of non-executive directors on the board, the level of cross-ownership, the capital adequacy ratio and auditor quality.

5. The Relevant Studies on Improving Disclosure Practices in Commercial Banks in Tanzania

In 1967, Tanzania's government implemented a socialist approach by nationalizing all means of production, including banks such as Barclays bank, Bank of Baroda, Standard Chartered, Bank of India, and CBA. However, in 1992, Tanzania initiated financial liberalization reforms aimed at promoting growth, resource mobilization, competition, and efficiency in the financial sector. These reforms have significantly transformed the financial market in terms of services and direction.

The reforms led to the establishment of the first private bank, Meridian Bank BAO, in 1993, followed by Standard Chartered Bank in 1994. Unfortunately, Meridian Bank BAO faced a major financial crisis and collapsed in early 1995. Despite this setback, the number of banks operating in Tanzania increased.

As part of the economic reform in the mid-1990s, the government of Tanzania split the National Bank of Commerce into two entities: the National Bank of Commerce (NBC) and the National Microfinance Bank (NMB). Foreign private investors were invited to invest in and manage these banks. NMB was listed on the Dar salaam stock exchange in 2008.

The banking sector continues to dominate Tanzania's financial system, which also includes the Central Bank, commercial banks, foreign exchange shops, social security and pension funds, insurance companies, a stock exchange, and related financial units. The Central Bank of Tanzania (BOT) is responsible for supervising and regulating the banking sector. The BOT ensures compliance with banking laws and regulations, maintains the integrity of bank accounts, and monitors various aspects of banking operations through its Financial Sector Supervision Directorate.

In terms of disclosure and transparency, the BOT plays a crucial role. It appoints external auditors from its approved list and mandates independent internal audit functions for all banks. The BOT's objective is to ensure transparency and market discipline by providing financial information to stakeholders and the public. In December 2014, the Banking and Financial Institutions (Publication of Financial Statements) Regulations came into effect, replacing the 2008 regulations. These regulations require banks and financial institutions to maintain transparency through regular publication of financial statements, including un-audited quarterly statements and audited annual statements. The information must be published in newspapers or other widely circulated mediums and displayed prominently in public areas of the bank's premises.

Finally, the BOT requires banks to fully disclose their financial information to stakeholders and shareholders in the AGM. This information should include the income statement, financial position statement, cash flow statement and change in equity statement. The banks are required to prepare and disclose financial statements in line with international standards (IFRS). Banks are also required to disclose the notes to the financial statement, as stipulated in the IAS, and information on how managers have dealt with these notes.

However, the banking sector faces unique challenges due to information asymmetry and agency problems. Bank managers may prioritize their interests over value enhancement, making it challenging for stakeholders to exert control. Improving disclosure and transparency is essential to mitigate these challenges. Accurate and comprehensive disclosure provides relevant information about a company's financial position, operational results, governance structures, and policies. International frameworks, such as the OECD Principles and national codes, emphasize the importance of disclosure in enhancing corporate governance.

Disclosure should cover material information on financial and operating results, company objectives, major share ownership, remuneration policies, board member qualifications and independence, related party transactions, risk factors, and governance structures. All disclosed information should adhere to international accounting and disclosure standards.

The findings of the mentioned studies highlight several key points. Firstly, larger and well-established banks tend to provide more extensive disclosures compared to smaller banks, although smaller banks often prioritize disclosing information. However, when it comes to disclosure concerning internal controls and external auditing, there is a general limitation across all banks.

The low level of disclosure can be attributed to a lack of awareness among bank managers, but strategic considerations also play a role in determining the choice and extent of disclosure. In Tanzania, the banking system is highly concentrated, with the Bank of Tanzania (BOT) acting as the primary regulatory authority. As a government-owned entity, the BOT holds the responsibility of supervising and controlling banks, ensuring compliance with disclosure requirements, and maintaining the integrity of accounts. In line with industry expectations and striving to meet the standards set by their peer banks, commercial banks in Tanzania aim to achieve disclosure standards. The Banking and Financial Institutions (Publication of Financial Statements) Regulations from 2014 outline specific requirements for these publications. Financial information is expected to be published in a newspaper or other widely circulated paper in Tanzania. Moreover, the publications should be prominently displayed in the public areas of the bank's main office, as well as its branches and agencies. This ensures that the information is readily accessible and visible to stakeholders and interested parties.

6. Gap in Literature

The literature gap in the existing research can be identified in the following areas:

i. Inadequate understanding of the factors influencing disclosure choices: Although some studies have examined the level of disclosure in banking sectors across different countries, there is a lack of comprehensive analysis regarding the factors that influence banks' disclosure choices. While strategic considerations are mentioned as one influencing factor, a deeper exploration of the motivations behind banks' disclosure decisions is needed to provide a more nuanced understanding of their disclosure practices.

ii. Insufficient focus on developing countries: The majority of the studies reviewed primarily examine banking sectors in developed countries. There is a literature gap regarding the examination of disclosure practices in developing countries, where banking systems may face unique challenges and exhibit different patterns of disclosure. Exploring these contexts can provide valuable insights into the effectiveness of disclosure requirements and the specific challenges faced by banks in these regions.

Addressing these gaps in the literature can contribute to a deeper understanding of the challenges and dynamics surrounding disclosure practices in commercial banks, particularly in the context of information asymmetry, agency problems, and governance issues.

7. Research Methodology

7.1. Introduction

In this chapter, a thorough explanation is presented regarding the techniques, procedures, and methods utilized in the current study aimed at enhancing Strengthening Disclosures in Commercial Banks in Tanzania. The chapter commences by delving into the methodological applications, which also known as guidelines governing scientific inquiry (Guba, 1981). Previous chapters have already explored the existing literature on Strengthening Disclosures in Commercial Banks within the Tanzanian context. The primary goal of this study is to improve Disclosures in Commercial Banks in Tanzania. Within this chapter, the methodologies and methods employed to accomplish this objective are elaborated upon, along with the rationale behind their selection. It encompasses a detailed discussion on the research approach, the limitations encountered, and offers a comprehensive description of both the data collection process and the subsequent analysis.

7.2. Research Method

The present study is focused on exploring methods to strengthen disclosures in commercial banks in Tanzania, employing a qualitative research approach. Qualitative methodology is deemed appropriate because it allows for the investigation of personal interactions and perceptions, enabling a thorough examination of the factors shaping this behaviour. To inform data collection, a phenomenological approach was utilized, involving interviews with individuals experienced in the phenomenon. Semi-structured interviews were employed as the primary data collection tool, allowing for in-depth exploration of participants' experiences, opinions, and expectations regarding disclosures in commercial banks in Tanzania (Ary et al., 2010). The use of semi-structured interviews facilitated collaborative discussions between the interviewer and informants, resulting in the collection of high-quality data (Patton, 2002).

A purposive and snowball sampling technique was employed to select a total of 14 participants, including Managing Directors, Directors of Finance, Financial Controllers, Heads of Internal Audits, External Auditors, and Stakeholders. This demographic representation was appropriate due to the participants' responsibilities for disclosures within their organizations and their extensive knowledge and expertise in the subject matter.

The data analysis process followed a disciplined, systematic, and transparent approach, as recommended by Punch (2000). It involved the reduction and organization of data, identification of significant trends, and definition of meaning. The analysis was an iterative and ongoing process, often conducted alongside data collection. The thematic analysis method was employed, utilizing Miles and Huberman's (1994) stage analysis, which involved data reduction, data display, and drawing and checking of conclusions. Initial conclusions were drawn during data collection and recorded in field notes. The coding process allowed for reflection on field research activities and participant interactions, with related voices and quotations grouped into themes and sub-themes, facilitating the presentation of Chapter Four.

To ensure the rigor of the data collected and analyzed, a systematic approach encompassing the design, data collection, review, interpretation, and reporting of findings was essential. Guba (1981) proposed four elements—credibility, dependability, confirmability, and transferability—for ensuring the trustworthiness of qualitative research, with data credibility established through reliability and validity. In this study, the aim was to produce credible, reliable, transferable, verifiable, and genuine results (Lincoln, Lynham, & Guba, 2011). Member-checking was employed to ensure verifiable results (Whittemore, Chase, & Mandle, 2001), and peer debriefing was utilized to improve the accuracy of the account. Methodological triangulation and participant checks were employed to enhance the credibility, precision, validity, and transferability of the study (Yin, 2017; Burau & Anderson, 2014). The participants were regularly engaged in reviewing the findings, ensuring the collection of genuine information and maintaining the accuracy and authenticity of the data (Yin, 2017). Full transparency regarding the study's purpose and use of gathered data was provided to the participants, and their privacy was protected through obtaining their permission and coding their identities and locations. The study adhered to strict ethical guidelines, prioritizing honesty, trust, and the prevention of harm to participants. Consent was obtained from each participant, and it was made clear that the research findings would be used solely for academic purposes. The study was conducted with unwavering integrity and trust throughout the entire process (Britten, 1995).

8. Limitation of the Study

Sample size: The study adopted small sample size, which could limit the generalizability of the findings to the larger of commercial banks in Tanzania.

Data collection method: The study may rely on self-reported data from participants, which could be biased or inaccurate.

Cultural and contextual factors: The study may not fully account for cultural and contextual factors that influence disclosures in commercial banks in Tanzania.

Data analysis: The study did not use statistical methods to analyze the data collected, which could limit the accuracy and reliability of the findings.

Bias: The study may be influenced by the biases of the researchers or participants. For example, the researchers may have preconceived notions about how to strengths disclosures in commercial banks in Tanzania, which could impact the way they interpret the data.

Additionally, participants may have biases about their organization's practices, which could impact the accuracy of the data collected.

9. Presentation of Findings

This study set out to investigate ways to enhance the Disclosures in Commercial Banks in Tanzania by employing a qualitative research approach. Its primary goal was to identify strategies that can improve the transparency and information sharing practices within commercial banks in Tanzania. By conducting a thorough analysis, numerous noteworthy themes emerged, which will be elaborated upon in the subsequent sections. Moreover, this study has yielded fresh insights and novel ideas that augment the existing knowledge in this domain.

In pursuit of its objectives, this study employed a qualitative research methodology to delve into the realm of Disclosures in Commercial Banks in Tanzania. Through an in-depth examination of the current practices and challenges faced by commercial banks, valuable strategies for enhancing disclosures were uncovered. These strategies are expected to foster transparency, boost investor confidence, and facilitate informed decision-making within the banking sector.

10. Thematic Analysis

The data collected from the interviews underwent a rigorous thematic analysis to uncover potential strategies for enhancing Disclosures in Commercial Banks in Tanzania. While all participants were queried about the same topic, the interview process allowed for some flexibility in questioning, enabling participants to delve deeper into areas they were most knowledgeable about. Specifically, participants representing banks known for their commendable disclosure practices were probed further, aiming to gain insights into the reasons behind their success, the nature of their disclosures, and the underlying motivations.

Through a comprehensive examination of the interview responses and keen observations made during the interviews, several key themes emerged. These themes shed light on the strategies that could be implemented to improve the disclosure practices within the commercial banking sector in Tanzania. Among the prominent themes that emerged from the analysis is the significance of regulatory frameworks. The themes that emerged are

- i Role of regulatory environment in promoting effective disclosures.
- ii Technological advancements
- iii The importance of capacity building within commercial banks
- iv Culture of transparency and accountability within commercial banks.

11. The significance of regulatory frameworks in improving Disclosures in Commercial Banks in Tanzania

The study revealed the paramount importance of regulatory frameworks in driving improvements in Disclosures in Commercial Banks in Tanzania. Robust and well-designed regulatory frameworks provide a solid foundation for ensuring transparency and accountability within the banking sector. For instance, the implementation of stringent disclosure regulations by the Bank of Tanzania (BOT), the country's central bank, has played a pivotal role in enhancing the transparency practices of commercial banks. These regulations mandate the timely and comprehensive disclosure of financial information, including key indicators such as capital adequacy ratios, asset quality, and liquidity positions. In support of the above claim one of the respondents uphold the existing approach to enhance disclosure in commercial banks as follows:

"Commercial *banks should be compelled to provide accurate and up-to-date information to stakeholders, enabling investors, regulators, and the public to make informed decisions."*

During the interview one of the participants *'acknowledged and emphasized that commercial banks in Tanzania have demonstrated a strong commitment to adhering to reporting requirements. This recognition highlights the diligent efforts made by the banks to comply with the regulations and guidelines set forth by the regulatory authority'*

The regulator's admission underscores the importance of reporting and the essential role it plays in ensuring transparency and accountability within the banking sector. By fulfilling their reporting obligations, the commercial banks in Tanzania are contributing to a robust regulatory framework that fosters trust among stakeholders and safeguards the interests of customers, investors, and the overall financial system. The regulator's acknowledgment also signifies the effectiveness of the regulatory framework and the collaborative.

Based on the views as presented by respondents, it seems that the regulatory framework sets clear guidelines on the format, content, and frequency of disclosures, ensuring consistency and comparability across commercial banks. By standardizing the disclosure requirements, regulators promote a level playing field and facilitate meaningful analysis and benchmarking of banks' performance.

Furthermore, the regulatory framework encompasses mechanisms for enforcing compliance with disclosure requirements. Regular audits and inspections conducted by the BOT ensure that commercial banks adhere to the prescribed disclosure standards. Non-compliance can result in penalties or sanctions, reinforcing the importance of transparent reporting practices.

The study findings as presented suggest the critical role that regulatory frameworks play in driving improvements in Disclosures in Commercial Banks in Tanzania. By providing clear guidelines, enforcing compliance, and promoting transparency, these frameworks contribute to building trust, enhancing investor confidence, and fostering a stable and sustainable banking sector.

12. Technological advancements as a key enabler for enhancing disclosures in commercial banks in Tanzania

Another significant theme that emerged from the analysis: the role of technological advancements as a key enabler for enhancing disclosures in commercial banks. The study revealed another significant theme that emerged from the analysis: the role of technological advancements as a key enabler for enhancing disclosures in commercial banks. The findings underscore the critical importance of leveraging technology to improve the transparency and effectiveness of disclosures within the banking sector. By embracing digital solutions, such as online portals and interactive platforms, banks can streamline the disclosure process and enhance accessibility for stakeholders. The findings from the study show that Technological advancements are critical for enhancing disclosures in commercial banks. To substantiate this, one of the participant said the following:

"Commercial banks can utilize user-friendly online portals to provide a centralized platform where stakeholders can access a wide range of disclosed information, including financial reports, disclosures on risk management practices, and corporate governance frameworks"

Another respondents commented as follows on the same: *'For me, technological advancements offer opportunities for real-time reporting, which significantly enhances the timeliness and relevance of disclosed information.'*

Based on the statements findings presented, it is clear that technological advancements pivotal role for enhancing disclosures in commercial banks. The findings underscore the critical importance of leveraging technology to improve transparency, accessibility, and the overall effectiveness of disclosures within the banking sector. The study revealed that embracing digital solutions, such as user-friendly online portals, can provide stakeholders with centralized platforms to access a wide range of disclosed information. This includes financial reports, disclosures on risk management practices, and corporate governance frameworks. By utilizing such online portals, commercial banks can enhance stakeholder engagement and provide a seamless and intuitive user experience.

12.1. The Role of Capacity Building in Enhancing Disclosures in Commercial Banks in Tanzania

The findings of this study underscore the crucial role of capacity building in enhancing disclosures in commercial banks in Tanzania. Capacity building refers to the process of investing in the training, knowledge, and skills development of bank personnel involved in disclosure practices. In one of the interviews with participants, one had commented as follows:

‘Capacity building initiatives significantly contribute to improving the understanding of disclosure requirements among bank employee.’

Another participant had this to add:

‘*Capacity building fosters a culture of continuous learning and professional development within commercial bank.’*

Another participants added:

‘The management is committed in building capacity of the staff to improve transparency and disclosure towards shareholders, customers and employees’

To foster the professional development, one participants commented as follows:

‘Because we believe in what we do, we are always ready to give them the best and make the greatest effort to help them enhance their skills’.

Lastly, on the same, another respondents said the following:

‘*By investing in the training and development of their employees, banks demonstrate a commitment to improving disclosure practices and staying abreast of evolving regulatory and industry standards.’*

The findings highlight the critical role of capacity building in enhancing disclosures in commercial banks in Tanzania. By investing in the training and development of bank personnel, banks can improve their understanding of disclosure requirements, foster a culture of continuous learning, enhance efficiency and effectiveness, and build internal expertise. These findings highlight the significance of ongoing efforts to strengthen capacity within commercial banks, ensuring high-quality disclosures that meet the needs of stakeholders and contribute to the overall transparency and accountability of the banking sector.

12.2. The Role of Culture of Transparency and Accountability within Commercial Banks

The findings of this study underscore the significant role of a culture of transparency and accountability within commercial banks. Participants in the study acknowledged that a culture of transparency and accountability plays a vital role in enhancing disclosures within commercial banks. When employees are encouraged and empowered to be transparent in their actions and communications, it creates a foundation of trust among stakeholders. Furthermore, participants emphasized that a culture of transparency and accountability instills a sense of responsibility among bank employees. It encourages them to adhere to disclosure standards and guidelines, ensuring that information is provided accurately, timely, and in accordance with regulatory requirements. This commitment to accountability contributes to the reliability and credibility of disclosures. The study also revealed that a culture of transparency and accountability encourages proactive disclosure practices within commercial banks. Participants highlighted that when banks prioritize transparency, they are more likely to go beyond the minimum regulatory requirements and voluntarily disclose additional information that is relevant and useful to stakeholders. This proactive approach enhances stakeholders' ability to make informed decisions and fosters a stronger relationship between banks and their stakeholders.

One of the participants explained that: ‘*The financial information is the most important information and required by most of the laws and international standards’*

Similarly, another participants explained:

‘*We prioritize transparency by disclosing the three primary financial statements: the income statement, the financial position statement, and the cash flow statement’.*

These comprehensive disclosures provide stakeholders with a thorough understanding of our financial performance, the status of our assets and liabilities, and the flow of cash within our organization.

The findings of this study emphasize the critical role of a culture of transparency and accountability within commercial banks. Establishing and nurturing such a culture promotes trust, enhances communication, encourages responsible and proactive disclosure practices, and fosters a strong ethical foundation. By prioritizing transparency and accountability, commercial banks can strengthen their relationships with stakeholders and contribute to a more transparent and trustworthy banking sector.

13. Conclusion

This study aimed to gather participants' perceptions on strategies to enhance disclosures in commercial banks in Tanzania, utilizing a qualitative research approach. The findings highlight the crucial role of regulatory frameworks, technological advancements, capacity building initiatives, and a culture of transparency and accountability in enhancing disclosures within commercial banks in Tanzania. The results reveal that robust regulatory frameworks are essential for ensuring transparency and accountability in the banking sector. These frameworks mandate comprehensive and timely disclosures, providing stakeholders with accurate and reliable information. Technological advancements also play a significant role, as they streamline disclosure processes, improve accessibility, and enable real-time reporting. By leveraging user-friendly online portals and advanced data analytics tools, commercial banks can enhance the quality and understanding of disclosed information.

Capacity building initiatives emerged as another important factor in enhancing disclosures. By investing in training and development, banks can improve employees' understanding of disclosure requirements, facilitating effective communication and ensuring comprehensive and accurate disclosures. Furthermore, fostering a culture of transparency and accountability within commercial banks promotes trust, responsible disclosure practices, and ethical decision-making, ultimately enhancing the overall quality of disclosures.

The findings of this study contribute to our understanding of the strategies necessary to improve disclosures in commercial banks in Tanzania. By prioritizing regulatory frameworks, embracing technological advancements, investing in capacity building, and fostering a culture of transparency and accountability, commercial banks can enhance the transparency, reliability, and accessibility of their disclosures. These strategies have the potential to build stakeholder trust, strengthen the banking sector, and promote informed decision-making among stakeholders.

14. Recommendation

Based on the findings of this study, several recommendations can be made to enhance disclosures in commercial banks in Tanzania:

i Strengthen Regulatory Frameworks: Regulatory authorities, such as the Bank of Tanzania, should continue to enforce stringent disclosure regulations and ensure their compliance by commercial banks.

ii Embrace Technological Advancements: Commercial banks should invest in advanced technological solutions to streamline the disclosure process.

iii Invest in Capacity Building: Commercial banks should prioritize training and development initiatives to enhance employees' understanding of disclosure requirements.

iv Foster a Culture of Transparency and Accountability: Commercial banks should promote a culture that values transparency, accountability, and ethical conduct.

v Encourage Proactive Disclosure Practices: Commercial banks should go beyond regulatory requirements and voluntarily disclose additional relevant information.

vi Enhance Stakeholder Engagement: Commercial banks should actively engage with stakeholders, including investors, regulators, and the public, to understand their information needs and preferences.

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