



M-PESA OVERDRAFT TERMS AND CONDITIONS

JULY 2019

M-PESA LIMITED

Offices at 7th Floor, Vodacom Tower Ursino Estate Plot No. 23, Bagamoyo Road
P.O. Box 2369 Dar Es Salaam, Tanzania. www.vodacom.co.tz



M-PESA LIMITED – M-PESA OVERDRAFT TERMS AND CONDITIONS

1. APPLICABILITY AND UNDERSTANDING.

Please read these Terms and Conditions, and any schedule/annexure in conjunction with **M-Pesa Consumer Terms and Conditions** that shall form part of these Terms and Conditions (“Conditions of Use”)

These Terms and Conditions (“Condition of Use”) are available for M-Pesa services Users and become effective once you opt in or register for M-Pesa Overdraft Service (“Service”).

M-Pesa Overdraft is issued to M-Pesa Limited Active Customers based in the United Republic of Tanzania, and is subject to these Condition of Use as per clause 2.8 and 2.9.

M-Pesa Limited from time to time will verify, your KYC documents (Identification documents) or amend these Condition of Use or review your scoring limit and have a right either to accept or reject your request for Overdraft services.

2. DEFINITIONS AND INTERPRETATION.

- 2.1 **"Agreement"** means these Conditions of Use
- 2.2 **"M-Pesa Overdraft Service or Overdraft Service or the Service"** means a mobile money service that enables M-Pesa customers to get instant overdraft facilities to complete transactions whenever they have insufficient balance of E-Money in their M-Pesa Wallet and later repay upon depositing or receiving money in their M-Pesa Accounts (auto debt).
- 2.3 **"M-Pesa Limited"** means a Company whose head office is at Vodacom Tower, 7th Floor, Ursino Estate, Bagamoyo Road, Dar Es Salaam, Tanzania, and any business or other person to whom any or all of our rights and or responsibilities under this Agreement may be transferred.
- 2.4 **"Bank"** means a Tanzania Postal Bank Public Limited Company incorporated in the Republic of Tanzania and with its principal office at LAPF Building 10th Floor, Bagamoyo Road Dar Es Salaam, P.O. Box 9300 Dar Es Salaam, and which shall where the context allows include its successors in title and assigns)
- 2.5 **"BOT"** means the Bank of Tanzania
- 2.6 **"Customer or M-Pesa Customer"** means any M-Pesa user who has registered to use M-Pesa and the Service and has accepted this Agreement.
- 2.7 **"Customer Care Centre"** means a customer care Centre designated for the Service in accordance with this Agreement.
- 2.8 **"Event of Default"** refers to any of the circumstances set out in Clause 10 below.
- 2.9 **"E-Value" or "E-Money"** means the electronic money issued by us and representing an entitlement to an equivalent amount of cash monies held by the Trustee in respect of the purchase of such electronic value;
- 2.10 **"Equipment"** includes your mobile phone handset, Vodacom enabled SIM Card and/or other equipment which when used together enables you to access the Network.
- 2.11 **"Overdraft Facility" or "Facility"** means a credit facility linked to your agreed transactions M-Pesa Account (you may refer clause 9 for details), it lets you draw/transact e-money from that M-Pesa Account past your own available funds up to an agreed limit (Overdraft Limit).
- 2.12 **"M-Pesa Overdraft Limit" or "Overdraft Limit"** means maximum overdraft facility that customer can utilize in a month.
- 2.13 **"Fees"** means the Fees applicable for the Services and include;
 - 2.13.1 Processing Fee: (as per our prescribed tariff)

- 2.13.2 This fee is charged whenever a customer successfully request for M-PESA Overdraft service.
- 2.13.3 Service Fee: 1% of the Facility
- 2.13.4 This is a daily fee that a customer will be required to pay for each day the overdraft M-PESA facility remains unpaid. 1% Service Fee will be charged on principal amount cumulatively on a daily basis and capped on day of 18th.
- 2.13.5 Any other Fees for the Facility as communicated by us from time to time in accordance with this Agreement and includes any charges, and applicable taxes thereof under the laws of Tanzania.
- 2.14 **"Event default"** means;
 - 2.14.1 a situation whereby the Facility is due and unpaid for thirty (30) days or more,
 - 2.14.2 If you commit any breach or fail to observe, keep or perform any of the terms, conditions covenants or provisions of any other agreement between us and yourself in respect of the Facility; or
 - 2.14.3 If there is reasonable apprehension that you are unable to pay your debts or we receive any notice that you have admitted any inability to pay your debts as they become due; or
 - 2.14.4 If a Garnishee or Attachment Order or a lien created against any of your deposits with us or assets maintained by you is made.
- 2.15 **"Facility Term"** means where there is no Event of Default (as outlined in this Agreement) within a period of thirty (30) days from the first date of utilization of the Facility.
- 2.16 **"Government"** means the National Government, Central Government or any other Government lawfully established under the laws of Tanzania.
- 2.17 **"Know Your Customer"** also known as KYC refers to the customer due diligence obligations imposed on M-Pesa Limited by relevant laws and as may be prescribed or recommended by the Government, Tanzania Communications Regulatory Authority (TCRA) or Central Bank of Tanzania (BOT) from time to time.
- 2.18 **"M-PESA"** means the money transfer and payment service that is managed and operated exclusively by M-Pesa Limited in Tanzania and licensed by the Central Bank of Tanzania.
- 2.19 **"M-PESA Account"** means your M-PESA wallet registered in your name and through which you applied for the Services.
- 2.20 **"M-PESA Subscriber Data"** means an M-PESA User's name and any of such subscriber's national identity card number, Voters card number, passport number or driving licence number, as reflected in M-Pesa Limited Tanzania records from time to time.
- 2.21 **"M-PESA System"** means the technical platform for the time being providing the M-PESA service.
- 2.22 **"SIM Card"** means the subscriber identity module which when used together with other prescribed Equipment enables an M-PESA Subscriber to use the M-PESA Service.
- 2.23 **"USSD"** means (Unstructured Supplementary Service Data) a Global System for Mobile (GSM) communication technology that is used to send text between a mobile phone and an application program in the network. Applications may include prepaid roaming or mobile chatting provided by Vodacom Tanzania.
- 2.24 **"Customer Due Diligence"** means personal documentation supplied by you to us to confirm your name and current address, in order to meet our regulatory requirements.
- 2.25 **"Permitted Transactions"** means the transaction types that has been granted overdraft facility capability as from time to time which includes the following;
 - 2.25.1 Customer to Merchants payment
 - 2.25.2 Send money to registered and unregistered customers
 - 2.25.3 Paybill payments such as (LUKU, All Government Payments, Transport Payments, TV Subscription Payments).
- 2.26 **"Website"** means a group of connected pages on the World Wide Web containing information on a particular subject e.g. www.vodacom.co.tz

- 2.27 **"Network"** means the Global System for Mobile telecommunication ("GSM") system operated by Vodacom Tanzania PLC and covering those areas within the United Republic of Tanzania as stipulated from time to time by Vodacom Tanzania;
- 2.28 **"Force Majeure"** means anything outside the reasonable control of a Party including pandemic, an act of war or terrorism, the mobilization of armed forces, civil commotion or riot, natural disaster, industrial action or labor disturbance (excluding industrial action by employees of the Party or its subcontractors), currency restriction, embargo, or a failure of a public utility or telecommunications carrier or system failure/outage, interruption in the processing of the transaction, or delays resulting from circumstance beyond our reasonable control (include power failure and delays in communication with supplier point of sale, internet or other system include your device failure).
- 2.29 **"We," "our," and "us,"** means M-Pesa Limited and (where applicable) the Trustee;
- 2.30 **"You"** or "your" means the Customer and includes the Customer's personal representatives and assigns.
- 2.31 Words importing the singular meaning where the context so admits include the plural meaning and vice versa.

3. ACCEPTANCE OF THE TERMS AND CONDITIONS

- 3.1 Before opting-in or registering for the Service, you should carefully read and understand these Conditions of Use as they govern the access, use and operation of the Service. These Conditions of Use are available on www.vodacom.co.tz.
- 3.2 If you do not agree with these Conditions of Use, please click "Decline" on the Opt-in Function.
- 3.3 You will be deemed to have read, understood and accepted these Conditions of Use: Upon clicking on the "Accept" option on the Opt-in Function requesting you to confirm that you have read, understood and agreed to abide by these terms and conditions; and or By using or continuing to use and requesting for the Service.
- 3.4 By registering for the Service, you agree to comply with and be bound by these Conditions of Use as amended and revised from time to time and you affirm that these terms and conditions are without prejudice to any other rights that we may have in law or otherwise regarding your registration, access and use of the Service.

4. REGISTERING AND USING THE SERVICE

- 4.1 This service is available for Customers, using M-Pesa USSD to opt in and by doing so it means that you confirm to accept these Conditions of Use.
- 4.2 We reserve the right to verify the authenticity and status of your M-Pesa Account and transactions and may in our sole discretion decline your application with or without alerting you, though will (not our obligation) try to notifying.
- 4.3 You may register for the Service on more than one MSISDN provided that these Condition of Use will apply to each M-PESA Account that may be registered in your name.
- 4.4 You hereby agree and authorize us to share your personal information held by us to the Bank in respect of provision of this Service. Such personal information includes but is not limited to your phone number, name, date of birth, ID type and ID number and such other information that will enable us to identify you and comply with the regulatory "Know Your Customer" requirements.
- 4.5 You also hereby agree and authorize us to use information relating to your use of the M-PESA service, GSM Service for purposes of delivering the Services ("M-PESA Information").



- 4.6 We reserve the right to request further information from you pertaining to your application to register for the Service at any time. Failure to provide such information within the time we require may result in a decline of your application to register for the Service.
- 4.7 Our acceptance or decline of your application to register for the Service shall be communicated through an SMS sent to your Vodacom registered mobile phone number (MSISDN) associated with your M-PESA account and or Equipment.
- 4.8 By accepting these Terms and Conditions, you agree and admit that we reserve the exclusive right to set the Overdraft Limit and any fee/charges associated with this service.
- 4.9 You may only utilize your Facility to complete a Permitted Transactions via M-Pesa USSD to the extent that funds available on your M-PESA Account
- 4.10 You will be prompt to accept that Overdraft facility upon completion on the permitted transactions and all fees as per Conditions of Use.
- 4.11 By accepting these Terms and Conditions, you agree and admit that we reserve the exclusive right to send you promotional text messages from time to time relating to the Service

5. OVERDRAFT LIMIT

- 5.1 Upon opting into the Service, you will receive a confirmation message bearing your Overdraft Limit.
- 5.2 If you are not allocated an Overdraft Limit, you must continue to transact on M-PESA in order to build a transaction history and enhance your credit score in order to be eligible for an Overdraft Limit.
- 5.3 You may check your Overdraft Limit using the appropriate menu option provided on your Equipment through M-Pesa USSD.
- 5.4 We may from time to time prescribe the minimum and maximum Facility you may be able to Request on the Service; such limits will be communicated to you through SMS upon request.
- 5.5 The Overdraft Limit is subject to review from time to time and we reserve the right to vary your Overdraft Limit with or without notify; though (it's not our obligation) we shall try to notify you of any variation to the Overdraft Limit when deemed necessary.

6. REQUESTING AN OVERDRAFT FACILITY

- 6.1 You acknowledge that any Facility granted to you will result in an overdraft on your M-PESA Account up to the equivalent of the value of the Facility and Fees applicable to the Facility.
- 6.2 The Fees will be added onto the Facility and deducted from your M-PESA Account. The Fees will include any applicable taxes, levies and excise duties applicable under the law.
- 6.3 Any Facility granted must be repaid in full within 24hrs due at day thirty (30) from the date when the Facility was first granted (the first draw down date). You will not qualify for any new or additional Facility where any facility remains outstanding or are in default of any of these Conditions Of Use for the Facility
- 6.4 You may Request for the Facility multiple times within the Facility Term subject to the Overdraft Limit. Note, to access the second facility, you must have already paid the previous one in full
- 6.5 Based on your performance on M-Pesa and Overdraft Service, **M-Pesa Overdraft Limit** might increase or reduce. Positive performance may result to a growth in M-Pesa Overdraft Limit. Negative performance may result in reduction of M-Pesa Overdraft Limit or outright revocation of the limits.
- 6.6 You won't be able to use the Facility above your Overdraft Limit per transaction. Notwithstanding clause 6.7 below there may be a situation where you may receive an Overdraft facility when you have no E-Money in your M-Pesa Account or exceed your Overdraft Limit. When this happens you are obliged to pay us in accordance to these Conditions of Use
- 6.7 You will be able to use Overdraft Facility upon having insufficient balance of E-Money on Permitted transactions only.

7. CREDIT SCORING

- 7.1 Credit Scoring and provision of M-Pesa Overdraft limit will base on score provided by the Bank.
- 7.2 Your Overdraft Limit and our continued approval of your Requests for a Facility will be determined by your credit score. The Bank will perform algorithm that will determine your credit score thus assessed based on various matters not limited to usage of Vodacom Services, M-Pesa Services and repayment history of your existing Overdraft Limit.

8. REPAYING THE FACILITY

- 8.1 Facility granted must be repaid in full within 24hrs due at day thirty (30) from the date when the Facility was first granted (the first draw down date). Repayment must include all applicable fees.
- 8.2 Upon taking Overdraft facility your M-Pesa Account will be subjected auto debt. This means M-Pesa Limited shall automatically debit the amounts due once and upon top up your or receiving E-Money into your M-PESA Account at any time until the Facility is cleared in full
 - 8.2.1 First in repayment of all Applicable Fees.
 - 8.2.2 Secondly towards repayment of the Facility.
- 8.3 After the expiry of the Facility Term, We reserve the sole discretion to renew or extend the Facility Term. Subject to our periodic review of your limit as set out in Clause 5, you acknowledge that the renewal or extension will be under the existing terms and conditions. You will be notified of each instance of renewal or extension of the Facility Term.

9. CONSEQUENCES OF DEFAULT:

- 9.1 At any time after an Event of Default has occurred, we have the right to :
 - 9.1.1 Terminate the Services with or without notify you or in accordance with clause 13 below;
 - 9.1.2 Declare that the Facility (inclusive all fees and charges) and all other amounts outstanding under these Condition Of Use is immediately due and shall be payable, whereby you are required to settle the Facility with immediate effect; and
 - 9.1.3 You authorize us to submit such information (i.e. Event of Default) to Credit Reference Bureaus as when needed or in line with Banking Act or any other regulatory body.
 - 9.1.4 Take reasonable measures including engaging an independent debt-collection agency, to recover the amount in default.

10. FEES, CHARGES AND EXPENSES

- 10.1 You are responsible for the payment of all applicable Fees for the use of the Service.
- 10.2 All Fees are deducted at source and are subject to change at any time at our sole discretion.
- 10.3 Fees payable under the facility will be deducted from your M-PESA Account. You hereby accept that we are entitled to deduct from your M-PESA Account (without reference to you) any Transaction Fees payable in respect of the Service;
- 10.4 Except as may otherwise be notified, fees are inclusive of all applicable taxes inclusive of Value Added Tax at the prevailing rate. You hereby agree to pay all Transaction Fees.



- 10.5 You hereby agree to pay costs charges and expenses incurred by us in obtaining or attempting to obtain payment of any Facility owed under your M-PESA Account.
- 10.6 You will be prompt to complete your overdraft request from time to time once and when requesting for the overdraft service.
- 10.7 Fees relating to your use of the M-PESA Service shall be strictly in accordance with the prevailing Conditions of Use for M-PESA Service.

11. TAXES

- 11.1 All repayments are inclusive any taxes payable as required by the united republic of Tanzania.
- 11.2 You hereby irrevocably grant us permission to revise the Fees upon any changes to taxes applicable.

12. USE OF YOUR INFORMATION

- 12.1 You hereby expressly consent and authorize us to disclose receive record or utilize your personal information or information or data relating to your M-PESA Account and other Vodacom Services with respect to the Facilities granted under the Service and any details of your use of the Services:
 - 12.1.1 To and from our service providers, dealers, agents or any other company that may be or become the our affiliate or subsidiary or holding company for reasonable commercial purposes relating to the Services;
 - 12.1.2 To a Credit Reference Bureau;
 - 12.1.3 To independent debt-collection agencies;
 - 12.1.4 To the our lawyers, auditors or other professional advisors or to any court or arbitration tribunal in connection with any legal or audit proceedings;
 - 12.1.5 For reasonable commercial purposes connected to your use of the Services, such as marketing and research related activities; and
 - 12.1.6 In business practices including but not limited to quality control, training and ensuring effective systems operation.
- 12.2 You authorize us to disclose any information relating to your M-PESA Account to any local or international law enforcement or governmental agencies so as to assist in the prevention, detection, investigation or prosecution of criminal activities or fraud or to any other institution or third party as required by the laws of any country and as we may deem necessary.
- 12.3 You authorize us to disclose, respond, advise exchange and communicate the details or information pertaining to your M-PESA Account and or your Facility to third parties involved in the administration of your M-PESA Account and Facilities, updating of databases, or provision of user support.

13. VARIATION, SUSPENSION AND TERMINATION

- 13.1 We may at any time, terminate or vary our business relationship with you and suspend or discontinue your registration and or access to the Service:
 - 13.1.1 If you use the Service or Facility for unauthorized purposes or where we detect any abuse/misuse,
 - 13.1.2 breach of content, fraud or attempted fraud relating to your use of the Services;
 - 13.1.3 If your M-PESA Account or agreement with Vodacom or M-Pesa Limited is terminated for whatever reason;

- 13.1.4 If we are required or requested to comply with an order or instruction of or a recommendation from the government, court, regulator or other competent authority to that effect or necessitating it;
 - 13.1.5 If we reasonably suspect or believe that you are in breach of these Conditions of Use (including non-payment of any amount due from you where applicable);
 - 13.1.6 Where your M-PESA Account becomes inactive or dormant or is deemed recycled.
 - 13.1.7 If we decide to suspend or cease provision of the Services for commercial reasons or for any other reason as we may determine.
- 13.2 You may cancel (i.e. opt out) registration for the Service at any time through your Equipment; You may however not cancel registration if you have an outstanding and unpaid Facility, Overdue Amount or unpaid Fees.
- 13.3 Termination shall not affect any accrued rights and liabilities of either party and, in particular, shall not affect your obligations to meet any liabilities incurred prior to such termination.
- 13.4 We may terminate our relationship with you and suspend your access to the Service if you fail to repay the Facility in full together with any outstanding Fees within the Facility Term which is thirty (30) days.
- 13.5 Where you have any outstanding Facility for more than thirty (30) days, your right to use the Service and Overdraft limit will be suspended forthwith subject to awaiting repayment, review limit,.

14. CHANGES TO THESE TERMS AND CONDITIONS

- 14.1 We may add to or change these Conditions of Use any time at our discretion
- 14.2 We may add new fees and charges or change existing fees and charges at any time; as a direct result of new legislation, statutory instrument, Government regulations or licenses, imposition or alteration of government tax or as a result of any review of M-Pesa Limited's business planning, changes within the industry, recommendations from regulatory bodies or for such other reason as it may in its sole discretion determine.
- 14.3 We will try to let you know in advance if we add to or change these Condition of Use. The amount and type of notice that we will give you will follow the necessary channel that apply and available at that time. (For example, we may notify you by letter, electronic mail, telephone (including recorded message or text SMS) or by an advertisement in gazette daily or weekly newspaper or in our website or any other means). The changes will occur before or after we tell you about them, you are advised also to visit our website time to time to view the changes in case due unseen reasons you might not receive updates notification.

15. GENERAL

- 15.1 These terms and conditions (as may be amended from time to time) form a legally binding agreement binding on you and your personal representatives and successors.
- 15.2 We will not be liable for any delay or failure in performing any of its obligations in respect of the use of the M-Pesa Overdraft Service where such delay or failure occurs because of any circumstances beyond our service's reasonable control or by reasons of Force Majeure.
- 15.3 You may not vary any of these Conditions of Use and you may not transfer these terms to any other person or business.
- 15.4 This Agreement shall be governed by and interpreted in accordance with Tanzania law.



- 15.5 All communications under this Agreement will be in either English or Swahili.
- 15.6 This condition Of Use does not replace any other Conditions of Use and shall be read in conjunction with the existing M-Pesa Limited's M-Pesa Consumer Conditions of Use and Vodacom's General Subscriber Terms and Conditions.

16. COMMUNICATION & COMPLAINTS

- 16.1 If you are not satisfied with any aspect of the service offered, please contact the Vodacom Customer Care Centre by calling 100. They will be pleased to help and explain the complaints procedure in more detail. We will try and resolve your complaint as soon as possible. Often however, the complaint will need to be investigated. If this is the case, we will respond to you within 5 Business Days to acknowledge receipt of your complaint and we may respond to you how long it will take for your complaint to be resolved. If your complaint cannot be resolved you will be advised accordingly.