

Emmanuel Tumusiime-Mutebile: Promoting suitable and cost-effective financial services in Uganda

Speech by Mr Emmanuel Tumusiime-Mutebile, Governor of the Bank of Uganda, at the official opening of Crane Bank's new branch at Entebbe airport, Entebbe, 16 May 2013.

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The Chairman Board of Directors, Crane Bank Ltd. and all Directors present

The Managing Director, Senior Management and all Staff of Crane Bank Ltd

All invited Guests in your respective capacities

Ladies and Gentlemen

It gives me great pleasure this morning to preside over the official opening of a new branch for Crane Bank Ltd at Entebbe Airport.

Let me start by congratulating the Shareholders, Board of Directors, Management and Staff of Crane Bank Ltd for the commendable job of instituting and implementing an expansion programme designed to increase the bank's outreach. This programme will ensure delivery of financial services nearer to the people which is a fulfillment of the bank's philosophy.

The opening of this branch brings the total number of Crane Bank branches to twenty eight (28). This constitutes an important step towards the bank's strategic target to open 50 branches by 2014. During its eighteen (18) years of existence, Crane Bank has been able to extend its footprint to key towns of Uganda. The branches are consistently branded which conveys the bank's corporate image as a local Ugandan Bank.

I am pleased to announce that Crane Bank Ltd has been granted permission to open a fully owned subsidiary in Rwanda and there are plans to expand business to the Democratic Republic of Congo and South Sudan. This is a clear demonstration that the Board of Directors and Senior Management of Crane Bank Ltd are committed to providing savings delivery outlets within the great lakes region to spur growth and support the integration process. Moreover, the presence and sound operation of a Ugandan bank abroad will boost Uganda's reputation in the region.

Entebbe Airport is strategically located as the gateway to the country and a home for many Government Departments, NGOs and regional organizations. This branch therefore provides an excellent business opportunity for the bank and a convenient service to its potential customers.

Bank of Uganda will continue to support financial institutions in mobilizing savings to grow the economy but this can only be achieved when customers have access to suitable and cost-effective financial services. Bank of Uganda is also committed to increasing the level of financial inclusion in the country through the expansion of service outlets. Indeed, the promotion of financial literacy, consumer protection and financial innovations like Mobile Money Financial Services and Agent Banking constitute critical elements of expanding financial access. In addition, I would like to highlight to the Crane Bank management that being located at Entebbe airport brings additional responsibility in the area of customer service standards and national image. For a new visitor to Uganda, often this branch may just be the first port of interaction with our country

The banking sector today is characterized by heightened competition and increased risks. This requires financial institutions to continuously innovate to keep pace with the evolving risks. I am happy to note that Crane Bank (U) Ltd has steadily improved its service delivery and rolled out new products to meet the changing needs of the clientele. I urge Crane Bank (U) Ltd. to design robust risk management processes and internal controls to mitigate increased risks.

In addition to proximity of financial services, another key factor which drives growth in the lending business of banks and therefore, financial access in Uganda is that of *affordability* of credit. Bank of Uganda has for the fifth time kept the Central Bank Rate (CBR) unchanged at 12 percent having contained the inflation momentum as reflected in the drop of the headline inflation to 3.4 percent in April from 4.0 percent in March 2013. A neutral monetary policy stance was maintained by the central bank in order to boost economic activity further. Going forward, the core inflation rate is projected to stabilize around the 5 percent medium term target. In view of this, let me take this opportunity to once again urge banks to align lending rates with the CBR and facilitate the stimulating effects that are intended from BOU's monetary policy stance to be channelled to the economy.

With these remarks, I commend the Board of Directors and Management of Crane Bank Ltd. for their demonstrated commitment to serving the people of Uganda and beyond.

It is now my honour and pleasure to declare Crane Bank Ltd Entebbe Airport branch officially open for banking business.

Thank you.