

## **Louis Kasekende: Developments in Uganda's banking industry**

Speech by Dr Louis Kasekende, Deputy Governor of the Bank of Uganda, on the occasion of celebrating forty (40) years of Tropical Bank Limited's banking operations in Uganda, Kampala, 4 December 2013.

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Your Excellency, The President of the Republic of Uganda

The Hon. Minister of Finance, Planning and Economic Development

The Board of Directors, Tropical Bank Limited

The Managing Director and Senior Management of Tropical Bank Limited

Invited Guests in your respective capacities

Ladies and Gentlemen

I wish to first and foremost, welcome and thank His Excellency the President of the Republic of Uganda, President Yoweri Kaguta Museveni for taking time off your busy schedule to come and join us at this auspicious occasion when Tropical Bank Limited is celebrating forty (40) years of successful operations in Uganda and also launching its new corporate identity.

I also wish to congratulate the Shareholders (the Governments of Libya and Uganda) together with the Board of Directors, Management and Staff of Tropical Bank upon the attainment of 40 years of banking operations in Uganda.

Tropical Bank, as you have already heard, opened its doors to the public in Uganda in 1973 under the name the Libyan Arab Bank for Foreign Trade and Development.

In order to suit the changing trends and maintain its competitiveness in the banking industry, Tropical Bank has rebranded a number of times since inception in 1973. In 1994, the bank's name was changed from Libyan Arab Uganda Bank for Foreign Trade and Development to Tropical Africa Bank Limited. In May 2006, the bank again changed its name to Tropical Bank Ltd.

Your Excellency, please allow me also to point out that the bank has continued to work very closely with Bank of Uganda especially during its challenging times. In 2011, the UN Security Council imposed a freeze on assets of the Government of Libya and Associated Entities including the Libyan Foreign Bank, the majority shareholder of Tropical Bank. Consequently Bank of Uganda on March 25, 2011 put in place measures that were intended to protect the interest of depositors. Tropical Bank continued to operate normally and remained in a safe and sound condition. The bank's financial condition has remained strong with capital position of Shs.46.51 billion (*well above the statutory requirement of Shs.25bn*), branch network of ten (10) and sixteen (16) ATMs.

The bank has also improved its IT platform in order to provide customized financial services in the areas of agriculture, manufacturing, construction, transport and tourism.

The bank has been instrumental in supporting the development of small and medium sized enterprises in agriculture, industry and education sectors. The bank has recently partnered with Agribusiness Initiative (aBi) Trust, whose primary objective is strengthening the competitiveness of Uganda's agricultural and agro-processing sector through improved performance of value chains.

This is a clear demonstration that the Board of Directors and Senior Management of Tropical Bank are committed to contributing to one of the nation's strategic development priorities; the modernization of agriculture.

Today, we also witness the launch of the bank's new, fresher and more energised corporate identity which communicates the uniqueness and promise of offering simple and professional services to their customers. The banking sector has become increasingly competitive with banks developing new and superior products and services to meet customer expectations. I believe this rebranding will enable Tropical Bank to attract new customers and widen their foot print in the banking industry.

Your Excellency, I also wish to take this opportunity to state that the overall usage of financial services by the Ugandan population has greatly improved. According to the recently released 2013 FINSCOPE Survey results, the share of the adult population accessing formal financial institution increased two fold from 28% in 2009 to 54% in 2013. The population of financially excluded adults in Uganda reduced from 4.3million (30% of adults in 2009) to 2.6 million (15% of adults in 2013).

Your Excellency, Bank of Uganda together with Ministry of Finance, Planning and Economic Development has proposed amendments to the Financial Institutions Act 2004, to improve Agent Banking and Islamic Banking. Once these Amendments become law and coupled with the innovations in the mobile money transfer services, we hope that the financially excluded population of 15% will be in position to access financial services.

The mobile money transfer services platform has already yielded positive results. Currently the number of mobile money transfer services users stands at 12million while the value of transaction through this channel for September 2013 is UShs.1.6trillion.

The overall banking industry has greatly transformed with industry branch network of 509 as at 30 November 2013 compared to 382 branches as at November 30, 2010 while the number of ATMs has grown tremendously from 590 as at 30 November 2010 to 758 as at 30 November 2013. Tropical bank has been part of this transformation in the banking industry. I therefore thank each and every one here present especially, the Board and Management staff and customers for your important contributions that brought Tropical Bank to where it is today.

Last but not least, Your Excellency, I would like to inform the general public that the East African Cross Border Payment System (EAPS) which is an initiative of the East African Central Banks went live on Monday 25 November 2013 and is now operational in three countries namely; Kenya, Tanzania and Uganda. Rwanda and Burundi are expected to join the integrated regional payment system at a later date when ready. EAPS is a multi currency system in which payments are effected using any of the currencies of the EAC Partner States. It will make cross boarder payments easier and facilitate safe and efficient transfer of monetary value within the region. EAPS will also be vital in promoting regional trade and enhancing economic integration.

With these remarks, allow me once again to extend my heartfelt congratulations to Tropical Bank Limited on their 40th anniversary and wish them many more fruitful years of banking operations in Uganda.

I thank you.