

Emmanuel Tumusiime-Mutebile: Fostering a strong financial sector in Uganda

Speech by Mr Emmanuel Tumusiime-Mutebile, Governor of the Bank of Uganda, at the official launch of Finance Trust Bank Ltd., Kampala, 17 January 2014.

* * *

Your Excellency, The President of the Republic of Uganda

Honourable Ministers

Honourable Members of Parliament

The Board of Directors, Finance Trust Bank

The Managing Director and Staff of Finance Trust Bank

Distinguished Guests

Ladies and Gentlemen

I am honoured to be here this evening for the launch of Finance Trust Bank. I would like to begin by congratulating the Shareholders, the Board of Directors, the Management and Staff of Finance Trust Bank who have all worked tirelessly to bring about the conversion of the institution from a Tier 3 Microfinance Deposit-taking Institution to a commercial bank.

This latest entry to the commercial banking industry in Uganda has its origins in the Uganda Women's Finance Trust that had been started in 1984 with the objective of providing financial services to low income people in Uganda, especially women. It has thus been providing financial services to Ugandans for 30 years. In particular, it has provided services to low and medium income segments of the population with a specific focus on women and the youth, offering a wide range of services like savings and loans, bill payments and money transfer services. The history of this institution demonstrates that it is committed to contributing to one of the nation's strategic development priorities; that of promoting inclusive growth.

At the time of becoming a commercial bank in November last year, Finance Trust had a capital base of UGX 28 billion, it had UGX 43 billion in customer deposits, and UGX 59 billion in loans. The bank has a network of thirty one branches and six Automated Teller Machines across the country.

The transformation to a commercial bank will enable Finance Trust Bank to widen its customer base. The bank's capital base has increased and business volumes are expected to follow suit. However, the introduction of new products and the expansion of the bank's portfolio require diligent board and senior management oversight to ensure that the risks which will attend this expansion are managed prudently.

Your Excellency, the Bank of Uganda is committed to fostering a strong and vibrant financial sector which can contribute to the economic growth of the country while maintaining the safety of depositors' funds. The BOU is also committed to maintaining macroeconomic stability which is the essential bedrock of a vibrant economy that can attract long term private investment.

The BOU has also taken the lead in championing financial inclusion which entails spreading access to financial services to those who currently are not served by financial institutions. Finance Trust Bank is expected to make a very important contribution to the promotion of financial inclusion given the nature of its customer base. I would also like to mention that, through the Uganda Bankers Association, the commercial banks have put in place financial literacy campaigns aimed at educating the public about financial services. These campaigns augment the BOU's financial inclusion efforts.

On the regulatory front, Your Excellency assented to the Anti-Money Laundering Act last year. This legislation is essential to our efforts to combat money laundering, the effects of which on our economy and society are pernicious. In addition, legislation is in the pipeline to provide a regulatory framework for Islamic financial services and banc assurance. The East African Payments System went live last year and this enables financial institutions to speed up settlement of cross border transactions and to support the growth of trade in the East African Community.

With these remarks allow me to once again extend my heartfelt congratulations to Finance Trust Bank for the successful transition to a commercial bank.

Thank you very much for listening to me.