

BANK OF UGANDA



Remarks

By

Louis Kasekende (PhD.),
Deputy Governor, Bank of Uganda

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At the Supervisory College of Standard Chartered Bank,
Africa Region

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Kampala; November 10, 2016

SPEECH BY THE DEPUTY GOVERNOR AT THE SUPERVISORY COLLEGE OF STANDARD CHARTERED BANK, AFRICA REGION HELD AT THE SPEKE RESORT HOTEL MUNYONYO ON THURSDAY, NOVEMBER 10, 2016

Executive Director Supervision, Bank of Uganda

The Prudential Regulation Authority Officials,

The Host Supervisors of Standard Chartered Bank from the African Region,

Directors and Senior Management of Standard Chartered Bank from the African region,

Staff of the Bank of Uganda

Distinguished Guests,

Ladies and Gentlemen,

Bank of Uganda is greatly honoured to have been given the opportunity to host this supervisory college for Standard Chartered Bank, Africa Region in conjunction with the Prudential Regulation Authority (PRA). I warmly welcome you all to Uganda, the Pearl of Africa. I trust that during your short stay here you will truly experience the warmth and hospitality of the Ugandan people.

The decision regarding the venue for this college came to fruition as a result of a deliberate and keen interest by the Prudential Regulation Authority (PRA) to deepen their understanding on the role played by Standard Chartered Bank in the African economies and risks associated with the businesses. To this end, Bank of Uganda (BOU) graciously accepted to host

the first college when the Prudential Regulation Authority proposed the idea of convening a supervisory college for subsidiaries of Standard Chartered Bank in Africa.

I wish to highlight that Standard Chartered Bank Uganda (SCBU) has been operating in Uganda for over 100 years, having opened for business in 1912. The bank currently has eleven branches and 28 Automated Teller Machines (ATMs) and is considered a Domestic Systemically Important Bank (D-SIB). As at June 30, 2016, the bank commanded a market share of 11.58 percent, 11.42 percent and 12.00 percent in terms of total assets, total deposits and total loans, respectively.

Standard Chartered Bank Uganda has greatly contributed to Uganda's economy, both financially and in technological innovations in the Ugandan banking sector. It is ranked amongst Uganda's top twenty tax payers and has won a number of awards including Employer of the Year 2013, Best in Corporate Social Responsibility 2014 and Best Consumer Internet Bank 2013, amongst others.

As a leader in technological innovations in the banking industry, Standard Chartered Bank Uganda was the first bank to introduce ATMs in the country, VISA Electron debit cards, toll free phone banking and other innovations. It was also one of the first banks to be licensed to trade government securities as a primary dealer and the first to offer derivative products in Uganda.

With these achievements in mind over the years and given the recent amendments to the Financial Institutions Act, 2004, which allowed banks to engage in Islamic banking, Agent banking and Bancassurance; enormous potential for innovation, growth and financial inclusion in Uganda's formal financial sector remains.

In the African Region, Standard Chartered Bank has a strong foot print and its existence in the region raises important aspects of cross border banking relationships between home and host regulators. One important aspect I wish to highlight is the resolution of cross border banking entities. I want to draw your attention to the recent closure of a Kenyan bank, which had a subsidiary in Uganda. The closure highlighted a few challenges in the winding up of parent banks while the subsidiary remains operational. Consequently, to ensure uninterrupted business continuity of the subsidiary at all times, Bank of Uganda issued a directive to all commercial banks to install in-country Primary Data Centers and Disaster Recovery Sites. We trust that SCBU is fast tracking the implementation of the Data Center and Disaster Recovery Site and that the Prudential Regulation Authority will strongly encourage Standard Chartered Bank Plc. to ensure that its subsidiary fully complies with this directive.

Turning to the purpose of today's agenda, Supervisory Colleges provide avenues for enhancing information sharing among supervisors, facilitate common understanding of risks in financial groups, promote a shared agenda for addressing risks and vulnerabilities, contribute to improved crisis

preparedness and provide a platform for communicating key supervisory messages among college members.

Addressing emerging vulnerabilities such as unintended consequences of implementing global standards and rules like Anti-Money Laundering and Anti-Terrorism financing mechanisms will require concerted information sharing that such supervisory colleges can support.

However, these colleges are not a substitute for effective national supervision nor should they undermine the legal and prudential responsibilities of the respective supervisors. Supervisory Colleges should, instead, provide a framework to enhance effective supervision of international banking groups on a consolidated and solo basis and inform decision making in this regard. The Bank of Uganda, on its part, trusts that the deliberations at this particular college will achieve the afore-mentioned benefits and facilitate further understanding of the role that Standard Chartered Bank plays in the different African economies.

With regard to the regional regulators present here today, it is my ardent hope that we shall all benefit from information sharing about our experiences in our respective jurisdictions. I believe that the Prudential Regulatory Authority will in turn provide feedback about its expectations of the Standard Chartered Bank Group vis-à-vis its subsidiaries in the African region.

Finally, let me take this opportunity, once again, to thank the Home regulator, the Prudential Regulation Authority, for its recognition of the importance of the Standard Chartered Bank's presence in Africa.

I trust that this supervisory college will strengthen cooperation, collaboration and communication between the Prudential Regulatory Authority and the supervisors of the bank in Africa.

With these few remarks, it is now my honour to declare the Supervisory College for Standard Chartered Bank, Africa, 2016 officially open.

Louis Kasekende (PhD)

DEPUTY GOVERNOR