

# **BANK OF UGANDA**



**Remarks by**

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**Deputy Governor, Bank of Uganda**

**At the Graduation Ceremony of the pioneer class of the “Orient  
Bank’s Financial Literacy Programme”**

**Sheraton Hotel Kampala; April 20, 2017**

The Principal Makerere University Business School (MUBS)  
The Board of Directors and Senior Management of Orient Bank Ltd.  
Members of the Private sector and our graduates,  
Distinguished Guests,  
Ladies and Gentlemen,

It is a great honour to preside over the first graduation Ceremony of the “Orient Business Academy”. Before I begin, let me convey the apologies of the Governor, Prof Emmanuel Tumusiime-Mutebile, who is currently in Washington representing Uganda at the spring meetings of the IMF and World Bank.

This academy, which I was privileged to launch in August 2016, is an initiative of Orient Bank and MUBS. The main objective of the academy is to equip Micro and Small Enterprises with financial resource management skills and knowledge. As such it complements the financial inclusion agenda of the Bank of Uganda. I wish to congratulate all the graduates of the Orient Bank financial literacy programme for having successfully completed their training

Our economy is dominated by the micro and small scale business sector, which (including smallholder farming) provides employment for more than 90 percent of the labour force. However, micro and small enterprises face major barriers to growth. The vast majority of these enterprises remain very small and most struggle to survive let alone expand.

A lack of essential business skills on the part of entrepreneurs is one of the impediments to the growth of micro and small scale businesses. A critical requirement for the success of a micro or small enterprise is that it should be able to generate positive cash flows at all times, but this is often poorly understood by entrepreneurs.

The paucity of business skills extends to the proper use of finance. If an entrepreneur is to contract a loan to finance his or her business, it is essential that the entrepreneur understands clearly how the finance will be used to add value to the business, so that he or she will be able to service the loan in full and also increase the profits of the business. If this is not the case, the loan simply becomes a burden on the business and may contribute to its collapse.

As such, basic financial literacy is essential if entrepreneurs are to be able to use finance constructively. They must be able to work out how much profit they earn from their businesses, and estimate how much additional profit, if any, they will earn if they take out a business loan and then fully service that loan. Entrepreneurs must also have a good grasp of the risks that they run. Business revenues are often volatile, yet loans must still be serviced even when revenues are lower than expected. Will an entrepreneur still be able to service his or her loan if the business suffers a fall in revenues? These are the types of questions which entrepreneurs must be able to answer before they apply for a loan.

I urge the graduates of this pioneer class of the academy to apply the skills acquired during the programme in their businesses and personal lives as well as share the knowledge acquired with the wider business community to bolster entrepreneurship.

To conclude I wish to take this opportunity to congratulate Orient Bank, the Management of Makerere University Business School and the graduates upon successfully completing the training programme.

I thank you.

Louis Kasekende (PhD.)

**DEPUTY GOVERNOR**