

## **Michael Atingi-Ego: Uganda's financial markets - from resilience to transformation**

Keynote address by Mr Michael Atingi-Ego, Governor of the Bank of Uganda, at the ninth edition of the Absa Africa Financial Markets Index Forum, organised by Absa Bank Uganda, Kampala, 27 January 2026.

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Honourable Permanent Secretary and Secretary to the Treasury, Mr Ramathan Ggoobi; Mr David Wandera, Managing Director of Absa Bank Uganda; fellow regulators and financial sector leaders; esteemed guests; ladies and gentlemen: Good morning to you all.

The global economic environment in which we operate today bears little resemblance to that of even three years ago. Monetary tightening in advanced economies, geopolitical fragmentation, and persistent supply shocks have created headwinds for emerging and frontier markets worldwide. It is against this challenging backdrop that we examine Uganda's financial market development through the lens of the ninth edition of the Absa Africa Financial Markets Index.

The index-covering 29 African economies representing approximately 80% of our continent's population and GDP-has become an indispensable diagnostic tool. Yet this year's results carry a sobering message: while nine markets improved their scores, eleven saw declines, and eight remained stagnant. As OMFIF notes, "difficult macroeconomic conditions have created challenges for African economies."

Against this backdrop, Uganda's performance stands as a testament to deliberate, patient reform.

Uganda has advanced to third place in the 2025 AFMI rankings, with our score rising to 66 points from 64 in 2024. We now stand behind only South Africa at 86 points and Mauritius at 76-a remarkable journey from 10th place in 2017 to 5th in 2021, 4th in 2022, and now third on the continent.

This trajectory reflects strategic alignment between policy ambitions and institutional execution. The Bank of Uganda's five-year Strategic Plan for 2022-2027 set clear targets: a Financial Inclusion Index of 75%, an E-Payments Index of 46%, and a Financial Markets Index of 9% by 2027.

The results as of September 2025 speak to the efficacy of our reforms:

- Financial Inclusion Index: 72%-within striking distance of our target
- E-Payments Index: 38%-steady progress toward our goal
- Financial Markets Index: 36%-dramatically exceeding our five-year target of 9%

This quadrupling of our Financial Markets Index-from a target of 9% to an achievement of 36%-reflects targeted reforms across our core market infrastructure: implementation of Preference and Appraised Book Value Regulations which enhanced collateral

frameworks for secured lending, deepening the repo and money markets; adoption of the Global Master Repurchase Agreement (GMRA) and International Swaps and Derivatives Association (ISDA) documentations to standardize interbank transactions, reduce counterparty risk and modernize interbank transactions; adherence to the FX Global Code to enhance market transparency; and comprehensive reforms to our Primary Dealer framework to strengthen government securities trading.

But let me be clear: this achievement belongs to no single institution. I pay tribute to the Ministry of Finance, Planning and Economic Development and Parliament of Uganda for enacting critical enabling legislation-including the Mortgage Refinance Bill and the Public Service Pension Act-and for providing the policy and legislative framework that supports financial market development; to our fellow regulators for effective supervision; and to our commercial banks, pension funds, insurers, and capital market operators for strengthening the institutional fabric of our financial system.

Yet I must speak candidly about what some may call the "sophistication paradox" at the heart of our current position.

Uganda has constructed sophisticated legal and regulatory infrastructure. Foreign exchange market liquidity continues to expand, with daily FX turnover rising to USD 22.0 billion in 2025, up from USD 17.5 billion in 2024. The FX Global Code has reinforced ethical conduct and transparency across market participants. Our foreign exchange reserves currently stand at USD 5.6 billion, representing approximately 4.2 months of import cover-a strengthening external buffer against shocks.

But here is the uncomfortable truth: we are building a world-class highway that remains underutilised.

Pension Fund Development remains Uganda's lowest-scoring pillar. Pension fund assets amounted to 12.2% of GDP in 2024-modest compared to Kenya at 18.5% and far below South Africa's 57-63% range.

Similarly, market depth reflects limited secondary market liquidity. Private sector credit growth reached only 9.2% in September 2025, against a target of 14%. Private sector credit to GDP stands at 12.5% - compare this to 57.5% in South Africa and 69.9% in Mauritius.

The implication is stark: our primary constraint is no longer regulatory sophistication but capital mobilisation and market depth. Without long-term institutional investors, even the most sophisticated infrastructure remains underutilised.

Recognising this reality, the BoU has embarked on a comprehensive market-deepening agenda-constructing on-ramps to bring capital, liquidity, and institutional participants into the system.

First, we are lengthening the yield curve and enhancing market infrastructure. The Ministry of Finance has issued a 25-Year Government Bond-providing a critical long-term benchmark for pricing corporate debt while catering to pension funds and insurance companies.

We are accelerating the rollout of ISDA documentation across all commercial banks and advancing a robust Close-Out Netting Law - the legal shock absorber that ensures counterparty risks are contained, and systemic stability is preserved.

The Mortgage Refinance Bill, passed in September 2025 and awaiting Presidential assent, will mobilise long-term capital for housing finance and lay the foundation for mortgage-backed securitisation-creating an entirely new asset class.

Second, we are modernising the national financial infrastructure. Our Real-Time Gross Settlement system replacement, launching March 2026, will align Uganda's payment infrastructure with ISO 20022 messaging standards-enabling richer data flows, faster settlement, and seamless cross-border transactions.

Third, we are democratising access to capital markets. Through Project Okusevinga-currently in pilot phase-retail investors can participate directly in government securities via mobile platforms, transforming financial inclusion from access to meaningful wealth creation.

The Uganda Fixed Income Market Committee is spearheading proposals for comprehensive pension sector reforms. These reforms are designed to achieve twin objectives: expanding retirement coverage to underserved populations while channeling assets under management into strategic sectors that drive productivity, innovation, and export diversification. This directly supports the financial capital mobilization imperative of the Tenfold Growth Strategy.

Fourth, we are embedding sustainability into our financial DNA. In December 2025, we issued Guidelines for the Management of Climate-Related Financial Risks and provided implementation guidance on IFRS S1 and S2 sustainability disclosure standards, with full adoption expected by January 2028.

We draw inspiration from regional successes: in Tanzania, the CRDB Bank Samia Infrastructure Bond was oversubscribed by 215%; in Zanzibar, the Treasury Sukuk recorded a 127.27% subscription rate. Work is ongoing to develop sukuk and green bond frameworks for sovereign and corporate issuers.

Our ambitions cannot be parochial. In September 2025, the Uganda Securities Exchange connected to the African Exchanges Linkage Project, widening investor access and supporting market liquidity.

The East and Horn of Africa Capital Markets and Payment Systems Integration Project-financed by the African Development Bank-is harmonising infrastructure and regulations across nine countries, building the foundation for deeper, more liquid regional markets.

Uganda stands on the cusp of transformational change. Oil production from the Tilenga and Kingfisher projects is expected to peak at 230,000 barrels per day by 2030. But let me be emphatic: an oil windfall managed by a shallow financial market is not an opportunity-it is a vulnerability. Without deep financial markets, especially capital markets, we risk currency appreciation, inflation, and crowding out of other tradable sectors.

This is partly why the Government's Tenfold Growth Strategy-aiming for a USD 500 billion economy by 2040-emphasizes financial sector development.

The scale of our ambition demands commensurate financial sector transformation. The Uganda Bankers Association projects that achieving the Tenfold Growth Strategy will require private sector credit to expand from 28 trillion shillings today to 490 trillion by 2040-primarily for working capital. In parallel, capital market mobilization must grow from 1.5 trillion to 440 trillion shillings to finance productive capital expansion. These are not projections, they are imperatives. Our financial markets must radically transform to mobilize resources at this scale.

The Public Service Pension Act 2025 represents a watershed. By transitioning to a funded contributory system, we reduce fiscal liabilities, create massive pools of patient domestic capital, and institutionalise a new class of long-term investors. This is the construction of the on-ramps our highway desperately needs.

Let me conclude with a call to collective responsibility.

To Government and Parliament: Enact the netting law. Pass pension reforms. Strengthen investor protection. These legislative foundations will unlock private capital at scale.

To our fellow regulators: coordinate, harmonize, enforce-and to the Capital Markets Authority specifically, your role in long-term savings mobilization has never been more urgent. To commercial banks, thank outside the box: expand private sector lending and embrace the new instruments we are deploying-repos, swaps, derivatives, and sustainable finance products. To insurance companies: channel savings into productive assets beyond traditional portfolios. To pension schemes: diversify beyond government securities into corporate instruments, infrastructure, and growth sectors. Innovation is not optional-it is imperative.

To households, businesses, and our diaspora: The platforms we are building-Okusevinga, mobile pensions, digital payment rails-are designed for you. Use them. Build your savings. Your participation transforms access into prosperity.

To innovators and entrepreneurs: Strengthen your governance. Formalise your operations. Access our exchanges. When you succeed, Uganda succeeds.

The BoU reaffirms its unwavering commitment. Our mission of price and financial stability-now explicitly in support of socio-economic transformation-remains our guiding light.

Success depends on everyone in this room and beyond. The AFMI is not merely a report card-it is a call to collective action. Working together, we will ensure that Uganda's financial markets develop robustly and inclusively, driving prosperity for all.

The highway is being built. The benchmarks are clear. Now, let us fill this highway with the traffic of transformation. Thank you, and I look forward to our collective work in the year ahead.

God bless!