



Address by UBA Chairperson
6th Annual Bankers Conference
14th August 2023

Protocol

- The Deputy Governor, Bank of Uganda.
- The Permanent Secretary Ministry for ICT & National Guidance.
- The Country Manager for East Africa, Mastercard & your entire delegation.
- CEOs of Public and Private Sector Institutions including member financial institutions.
- Development Partners here present.
- Our partners, the fintechs, MNOs, & all players in the payments space.
- Members of the UBA committees for Digital Financial Services & ICT respectively.
- All Representatives of Government Ministries, Departments & Agencies.
- Representatives from the Academia, Civil Society and all Professional Bodies.
- All our Distinguished Speakers, Resource Persons & Sponsors for this Conference.
- Distinguished Guests, Ladies and Gentlemen present here and online .

Welcome.....

On behalf of the Uganda Bankers Association, I welcome you all and thank you for choosing to make time to attend the 6th edition of the Annual Bankers Conference today 14th August 2023.

We usually hold our annual conference in the month of July, however this year, we together with the Ministry of Justice & the Judiciary co-hosted the first ever high level national summit on Alternative Dispute Resolution (**ADR**) on the 25th & 26th of July, and as such had to push forward this ABC flagship event to August.

We thank you most sincerely for accommodating this change and putting aside your other schedules to join us this morning as we take stock of **trends and innovations in the fintech space, changing the face of banking and financial services.**

Gist.....

The monumental challenges we face today, from the Covid 19 Pandemic, a turbulent global macro environment, the impacts of the Russia/Ukraine war, Ebola outbreak in Uganda and most recently the consequences of the WB suspension of funding to new projects following the enactment AHA, - such challenges remind that throughout history turbulent times are often accompanied by innovation.



The technology enabled innovations in banking and financial services (known as fintech's) is one such example accelerating rapidly in reshaping the future of financial services and in effect blurring the boundaries of financial firms and the financial sector.

We stand on the brink of a **technological revolution** that has fundamentally altered the way we live, work, and relate to one another.

In its scale, scope, and complexity, the digital transformation is unlike anything humankind has experienced before and it remains distinct because of its **velocity, scope, and impact**. The possibilities of billions of people connected by mobile devices, with unprecedented processing power, storage capacity, and access to knowledge, are unlimited and these possibilities will continue sprouting and morphing by emerging technology breakthroughs.

The **banking sector has arguably been one of the most impacted** by the proliferation of disruptive technology.

- Disruptive technologies have significantly changed the way the financial eco-system operates and delivers products and services to clients by crashing barriers to entry & creating new markets for access to finance.
- The market has equally evolved with a growing young population under 30 years old with preference for digital solutions.
- This collectively has positively impacted economic growth through expansion of access to financial services (financial inclusion) reaching underserved consumers, the unbanked and previously hard to reach areas of the country.



- Today, in Uganda, we have over **23 million bank accounts** as of June 2023 in the system coming from under 7 million accounts in 2016, thanks to the partnerships we have with MNOs & Fintechs. (this is a whopping 70% growth in only 7 years - 16m accounts or 2.2 m accounts added into the system annually !

Digital financials services are playing a significant role in growing credit markets in Uganda in support of the resilience and inclusive recovery following the lull experienced during the pandemic. Importantly this growth in digital lending is creating new opportunities contributing to more efficiency and inclusivity by overcoming both geographic access barriers as well other diversity related obstacles. Transforming livelihoods and helping them leap into the money economy especially inclusivity of the poor and to the benefit of women,

Over the last seven (7) or so years, the Banking industry has disbursed credit or lent out approximately **Ugx 6 trillion** to over **13.3 million** customers/micro borrowers via digital lending largely done via mobile phones with ticket sizes for individuals averaging from **Ugx 150,000/= to Ugx 1,000,000/=**.

Out of the above **13.3 million** customers, over **560,000** are SMEs who take between **Ugx 7M to 10M** daily, every 2-3 days in support of their businesses -these include banking & mobile agents, retail shop owners, suppliers, market vendors dealing in food crops & produce etc...



Customers are clearly at the epicentre of this revolution and this new world of customer experiences and data-based services based on analytics requires new forms of **collaboration & partnerships** which, we as participants in the eco-system must embrace and make the necessary changes needed to deliver on these transformative outcomes in support of growth and development.

Every partner in this value chain brings something to the table, for example Banks bring funding for lending, MNOs bring sizable and mass customer bases, reachable 24/7 (*Penetration*) and the fintechs bring the soft tools, solutions and service offerings combined with greater convenience, efficiency (ease & speed) as well as enabling tighter controls (safety) and spending and budgeting.

Digital transformation is however not without risks and has come with some **challenges in balancing innovations with safety , safeguarding competition , financial stability , integrity, consumer protection as well as data privacy .**

As means to address and tackle some of these risks and challenges that amongst others include cyber risk and fraud , the industry with the valuable support of Stanbic Bank, on the 23rd March of this year, held the first fraud symposium with various stakeholders outside the banking system. The output of that meeting has now been converted into a phased fraud risk mitigation framework for the industry that will be launched by Q4 this year .

The pillars in the Fraud plan include :



1. Empowering customers and end users.
2. Promoting integrity among banking and financial sector staff + partners.
3. Enhancing systems and processes among FIs & our respective partners.
4. Promoting collaboration among key domestic anti-fraud stakeholders.
5. Subscription to and collaboration with International anti-fraud agencies.

We have also stepped up **public awareness campaigns** in this regard and will continue stepping up our risk management strategies to appropriately mitigate the ever evolving risk landscape .

We are also in the very last stages of revising our industry **code of conduct and ethics** which will be launched next month September 2023 as part of the many actions and initiatives to cope with the trends & challenges arising out digitization of financial services amongst other industry related risks.

We will also launch the **industry framework for ESG / sustainability standards** in Q4 as a minimum standard that will apply across the sector as our commitment to society particularly in areas like consumer & environmental protection & other responsibility safeguards therein.

Today's conference will particularly **take stock of the tremendous contribution fintechs & other players** in the financial eco-system including mobile network operators are making towards the growth and transformation of banking & financial services through innovations. The conference will



speak to trends in the fintech space, impact therein, the regulatory environment, opportunities & challenges within the entire spectrum of digital financial services as well as the associated risks both present & emerging.

During the next two days, the conference will focus on how best players in the payments and wider financial ecosystem can **competitively and sustainably leverage technology** to offer solutions, **enhance customer experience, drive penetration, mitigate risk and foster social economic development** including the critical role expected from Policy makers in providing the enabling environment.

We expect key takeaways from this conference to provide pathways that inform current and future industry directions especially the **much-needed collaborations and partnerships** required for impact & sustainability.

We therefore look forward to insights from our various speakers, panelists & all conference participants to make this not only a rich , thought provoking & resourceful meeting of minds but also one that will provide us with a **critical road-map required** to continue unlocking the potential in the evolving fintech space & wider financial sector and by extension propel us to much needed social **economic transformation of the country** .

Finally.....

I thank our sponsors, partners, resource persons, participants and all the various teams including the UBA secretariat that have been working hard to put this conference together and call upon all of you to give your best to this meeting.

Quote by Hikmet Ersek : *Fintech is not about disruption its about collaboration, and it has the power to democratize financial services and empower billions of people worldwide .*

I thank you all for listening.

Sarah Arapta.

Chairperson.