



## Address by UBA Chairperson

### Protocol

- The Deputy Governor Bank of Uganda, Dr. Michael Atingi-Ego and members of your Senior Management Team present.
- The Permanent Secretary Ministry of ICT.
- Member Bank CEOs and your teams present.
- Representatives of Government & other Investigative & Law Enforcement Agencies present: (Financial Intelligence Authority (FIA), NIRA, NITA, Uganda Communications Commission (UCC), Office of the Director Public Prosecutions (DPP), Uganda Police Force (UPF), Internal Security Organization (ISO).
- Representatives of the Legal Fraternity: (Ligormac Advocates, ENS Africa, Kateera & Kagumire Advocates.
- Representatives of Industry Associations: Fintech Association (FITSPA), National Payment Service Providers Association (NPSPA) Uganda Insurers Association (UIA).
- Representatives from Financial Sector Deepening Uganda (FSDU).
- Representatives from the Credit Reference Bureaus (CRBs).
- The media fraternity here present.
- Distinguished Invited Guests, Ladies and Gentlemen.

## Good morning to you All!

On behalf of the Uganda Bankers' Association, it is my pleasure to welcome you this morning and thank you for choosing to join us as we officially launch two critical important and directional frameworks for the banking and financial services industry, and these are;

- a) The banking industry guidelines on mitigation of fraud (BIGF).
- b) The revised industry code of conduct and ethics (COC).

*There will be specific presentations made highlighting specific aspects of the BIGF & COC, and as such I will limit my remarks to contextual aspects and a few way-forward actions to support what we are launching today.*

## Banking Industry Guidelines on mitigation of Fraud (BIGF)

Fraud is a significant threat not only to the financial services but also to the wider economy as a whole, since it poses grave challenges to its stability, credibility, and public trust.

Over the years, the banking industry & overall financial sector in Uganda has grappled with fraud - which is not unique to our jurisdictions, however the **scale, velocity** and **complexity** has kept evolving.

This evolution of fraud trends has been partly brought about by several developments in the market, some of which include,

- A technological revolution that has changed the face of banking and what we now call the financial eco-system.
- The market has equally changed with a surge in youth population under 30 years old with a preference for digital solutions and ability to easily pick, adopt & follow activities positive or negative from any part of the globe.
- The low level of awareness of the large previously unbanked or underserved population that is now being reached but remains under-literate in digital financial services is concerning.
- Exploitation of vulnerabilities in our in-Fraud mitigation plans . Weakness in Internal controls , absence of strong corporate cultures perpetuated by poor ethics , lack of



escalation and or detection mechanisms . Weaknesses in staff onboarding / due diligence procedures etc

- Other socio-economic factors including high unemployment rates, the changes in behaviour, values, ethics among the population, including get-rich-quickly attitude, the lack of sufficient resources for constantly building of capacity & resourcing our enforcement institutions among others.

Last year on the 23<sup>rd</sup> of March 2023, the industry co-hosted a fraud forum with various stakeholders outside the banking system.

The output of that meeting included a fraud risk mitigation framework anchored on five pillars namely,

1. Empowering customers and end users (Financial & Digital Literacy).
2. Promoting integrity among banking and financial sector staff + partners.
3. Enhancing standards, systems, processes and fostering more collaboration among financial institutions & our other partners.
4. Working closely with key domestic anti-fraud stakeholders/agencies.
5. Subscribing to and collaborating with International anti-fraud agencies.

Regarding pillar 1, we embarked on and will continue with several awareness campaigns & other initiatives for customers & the wider public like you saw most of last year.

Regarding pillar 2 &3, it became clear to us that we were not sharing vital information among ourselves and as such being regularly targeted by the same fraudsters using similar strategies.

We have been working with the unwavering support of all our member financial institutions & Bank of Uganda, on putting in place these two frameworks we are launching today to achieve the following objectives among others,

- a) To facilitate the sharing of relevant information among financial institutions, regulatory authorities, and law enforcement agencies including the supporting infrastructure.
- b) To establish clear and standardized procedures for reporting fraud incidents and protecting evidence that not only helps expedite investigations, but also provides learnings to enable a more proactive approach in combating fraud.

This is what will be launched this morning under the tag BIGF (Banking Industry Guidelines on Mitigation of Fraud).



I must add that it is & remains our intention to have in place a financial sector framework that encompasses, the several other players & actors in the eco-system, and as such wish to be very categorical that this is just phase one.

The BIGF being launched today however places expectations on all parties who form this ecosystem.

Consultations with the rest of the players continues and we trust that we will achieve what we call FSGF (Financial Sector Guidelines on Mitigation of Fraud) that embraces all players soon.

To the media fraternity, these guidelines represent the industry's collective vision & commitment to a safer and more secure financial environment for all Ugandans and we implore all stakeholders present here to join hands in this fight to minimize fraud.

### **Code of Conduct**

In as far as staff conduct and ethics is concerned, we noted that since the establishment of the previous code of conduct in 2015/16, we had not updated it in light of the various developments & trends referred to earlier.

The banking industry currently employs over 18,000 staff most of them below the age of 35 and with each financial institution having its own code of conduct.

We have experienced incidences where some few staff have not only breached confidentiality obligations, but also collaborated with fraudsters to share information or compromise access to systems.

It was therefore critical to have an industry wide code that sets minimum standards and a set of expectations for staff of financial institutions applicable across the entire banking and financial services sector.

What will be launched this morning, is a set of guiding principles, values and standards that outline the expected behavior and ethical conduct for all staff of UBA member institutions with personal liability embedded therein. It aims to ensure adherence to best banking practices and strong commitment to professional standards in the industry.

Following this launch, all our members are expected to sign an attestation form that they will undertake to abide by the provisions of this code of conduct and ethics of the Uganda Bankers Association as well as putting in place mechanisms to ensure the code is complied with by their employees.

## Pillars 4 & 5

Regarding pillar No 4 : Which is working closely with key domestic anti-fraud stakeholders & agencies, I wish to report that we have thankfully witnessed substantial traction by our membership to as well as active participation on the national taskforce on cyber security chaired by the internal security organization- - whose membership has Uganda Police Force & CID, the DPP and several other crime handling agencies.

I must say the output from this coordination & collaboration has yielded very valuable information for Fraud mitigation, alerts, arrests etc.

We applaud this taskforce and agencies therein and pledge our unwavering support and cooperation.

We further applaud our development partners here present who are supporting us in reinforcing our cyber capabilities **(single out FSDU & thank them)**

Regarding pillar No 5, especially in as far as punishment of fraudsters, we have noted that sometimes even after successful conviction, the penalties are not as deterrent or consequential as we intend for them to be – we unfortunately sometimes see these fraud convicts being let off the cuffs easily by paying small fines , or released within short time, and before you know it they are out at back at it again.

We have recently contracted a legal firm to review the legal framework for prevention, deterrence & remediation of fraud within the financial services industry, benchmarking this against other jurisdictions **to propose stiffer & more painful & deterrent penalties & punishments.**

We will count on the support of policy makers /Parliament to ensure this is handled expeditiously.

We look forward to that time when convicts of serious financial crime /fraud or those blacklisted face full enforcement of the law.

*We would like to be in a position where if one is convicted of serious financial fraud /crime and black or red listed, no financial institution in Uganda can maintain an account for you or transact with you in addition to the other cross border & international sanction imposed on such fraudsters.*

**On way-forward, I wish to state / re iterate the following from a directional point of view.**

Fighting fraud cannot be successfully undertaken by a single entity or association. It requires the participation and collaboration all stakeholders joining hands. The enter eco system must be on board.

We therefore emphasize collaboration.

- Whilst we had planned to host the 2<sup>nd</sup> Fraud Forum before end of April this year. We learnt that a similar session jointly hosted by BOU & UCC at Serena Kigo, held last week - agreed that a fraud conference be held annually. We will thus join hands and work together to avoid duplication of efforts.  
I believe members of PSPA & FITSPA will automatically be part of this.
- We will also propose a **fraud fund/levy** to which all our members & other stakeholders including development partners can contribute to, in order to support the efforts against fraud summarized in pillars 1 to 5.
- We will call upon members of parliament to attend this event in preparation for amendments to please reinforce our existing laws particularly those relating to the punishment or consequence management once convicted.

**In conclusion**, I wish to acknowledge and recognize the resource persons and entities who supported us in the development of these two frameworks.

Allow me in a special way express our sincere gratitude to the technical teams from the UBA committees particularly fraud & compliance teams and the secretariat who worked tirelessly to originate the draft framework document, the external consultants, the legal teams (both internal & external), the Central Executive Committee of UBA as well as member CEOs and the Bank of Uganda for their invaluable leadership and support throughout the development of these important frameworks.

My Appreciation goes to our partners in the payments services sector who actively participated in this endeavor as well. Their insights and contributions were instrumental in shaping these guidelines.

I call upon our membership to adopt and embrace these two frameworks as we relentlessly strive to have a resilient banking and financial services industry.

I thank you all for listening to me.

Sarah Arapta. **Chairperson.**