



**Uganda
Bankers'
Association**

Promoting Partnerships. Transforming Banking.

WPS/04/26

More Lending or Better Lending? Bank Credit, Sectoral Growth and Uganda's ATMS Transformation Agenda.

Susan N. Wanyonyi and Hillary S. Mulindi

**UBA Research Department
Working Paper Series**

September 2026



Working Paper Series

The Research Department of the Uganda Bankers Association (UBA) conducts research based on evidence to design policies that address various issues within the financial sector to aid its development. The UBA Research Department also encourages original empirical research from academics and practitioners on significant financial and economic topics that impact both Uganda and the wider East African region. In this context, the UBA Research Department provides an avenue for discourse among stakeholders in the financial sector and policymakers.

The UBA Working Papers Series consists of papers that are a work in progress and are published to elicit discussion and improve the banking industry's comprehension of emerging market dynamics, evolving economic trends, and policies. Thus, feedback that is constructive on the Working Papers is highly welcome.

The views expressed in the UBA Working Papers are those of the author(s) and do not in any way necessarily represent those of UBA or its management. This document is protected under copyright law, and any kind of reproduction would require express permission from UBA.

© Uganda Bankers Association, 2026

Uganda Bankers Association

Plot 2702, Block 244 Nyangweso Road
Off Kironde Road, Tankhill Muyenga, Uganda
P.O. Box. 8002, Kampala
secretariate@ugandabakers.org
www.ugandabakers.org

ABSTRACT

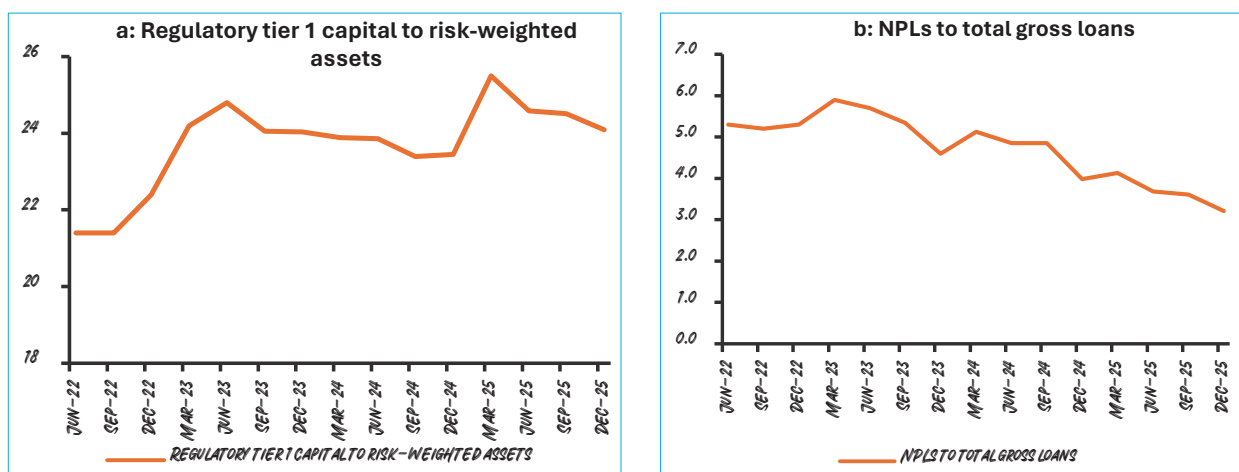
This paper examines whether increased bank lending translate into the growth of productive sector in Uganda. Using a balanced quarterly panel for agriculture, industry and services over the period FY2012/13 - FY2024/25, the study estimates symmetric and asymmetric fixed-effects models of sectoral value-added growth. The results shows that credit expanded strongly but unevenly, with services receiving the largest volumes while agriculture grew fastest from a low base. Moreover, credit growth and credit expansion are positive but statistically insignificant, while credit contraction is negative but also insignificant. GDP growth remains the strongest correlate of sectoral performance. The evidence therefore cautions against equating more lending with more growth and points instead to the importance of credit allocation, maturity, affordability and productive use in supporting ATMS-led structural transformation.

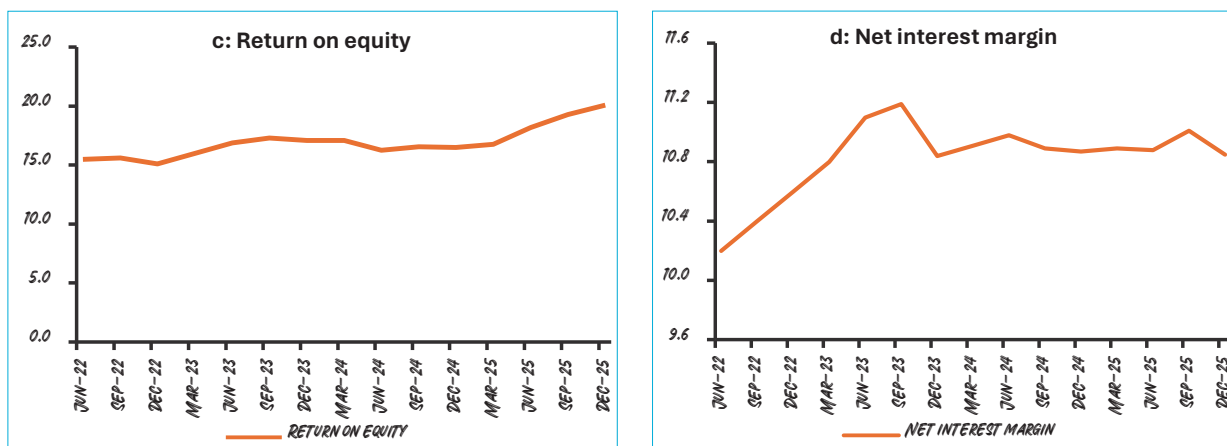
1. INTRODUCTION

In recent years, Uganda's development agenda has become ambitious, with the Government targeting a tenfold growth from about USD 50 billion to USD 500 billion by 2040. At the centre of this ambition is the Agro-industrialisation, Tourism, Mineral Development and Science, Technology and Innovation (ATMS) framework, which identifies a set of high impact sectors expected to anchor structural transformation, deepen value addition and accelerate long-term economic growth (Republic of Uganda, 2025). In this transformation, the banking sector occupies

a particularly strategic position. On the one hand, commercial banks remain the main channel through which savings are mobilised, capital is allocated and liquidity is transformed into investment. On the other hand, the effectiveness of this intermediation function depends not simply on the size and stability of the banking system, but on whether credit is channelled toward activities capable of expanding productive capacity. This distinction is particularly important in Uganda, where relatively underdeveloped capital markets leave commercial banks as the main source of formal external finance for firms and entrepreneurs.

Figure 1: Key indicators of Uganda Banking Sector





Source: BOU

In that regard, two contrasting tendencies have emerged in Uganda's banking sector. On the one hand, the industry has become stronger, more profitable and better capitalised. As shown in **Figure 1a**, Regulatory Tier 1 capital to risk-weighted assets rose from 21.4% in June 2022 to 25.5% in March 2025 before easing to 24.1% in December 2025, signalling stronger solvency buffers, earnings retention and cautious balance sheet management. Moreover, asset quality has also improved materially. The NPL ratio declined from 4.6% in December 2023 to 3.21% by December 2025 (**Figure 1b**), as profitability strengthened in parallel, with ROE rising from 15.5% in June 2022 to 20.1% by end of 2025 (**Figure 1c**). On the other hand, these gains in resilience have not translated proportionately into broader productive financing. The same banking system remains characterised by elevated net interest margins, standing at around 10.9% to 11.0% in 2024 - 2025 (**Figure 1d**), which clearly points to strong pricing power but also persistently high intermediation costs.

Nonetheless, while improving asset quality may partly reflect a shift toward lower risk corporates, secured borrowers and government-linked entities, the ultimate outcome is the resultant of a

banking system that is safer and more profitable, yet potentially more conservative in the allocation of credit. For Uganda's ATMS agenda, this creates a critical tension: financial stability is necessary, but not sufficient. High liquidity, strong capital buffers and rising profitability can coexist with weak credit transformation and uneven sectoral financing. In this sense, bank credit is a double-edged instrument that is capable of supporting investment and structural transformation when efficiently allocated, but equally capable of preserving profitability without delivering the scale and direction of productive finance required for ATMS.

Previous studies, such as Garcia-Escribano and Han (2015) show that the growth effect of credit depends critically on its composition, with corporate credit operating mainly through investment while consumer credit works largely through consumption. Similarly, Butrón and Pozo (2025) find a positive but moderate relationship between credit and economic activity, with stronger effects in sectors that depend more heavily on credit markets. By contrast, Cecchetti and Kharroubi (2018) show that rapid credit expansion may weaken productivity when

financing increasingly supports safer but lower return projects, with particularly adverse effects in industries characterised by low asset tangibility or greater research and design intensity. Even so, credit expansions and contractions do not exert equal and opposite effects. In fact, contractions in credit supply can generate persistent productivity losses by interrupting investment, innovation and other productivity enhancing activities, whereas positive credit shocks produce comparatively weak effects (Manaresi and Pierri, 2024). This asymmetry is particularly relevant for a transformation agenda such as ATMS, where many investments in agro-processing, tourism infrastructure, mineral development and innovation require sustained financing over long horizons. A disruption in credit may therefore destroy or postpone productive opportunities that cannot be restored immediately when credit conditions subsequently improve.

Yet the implications of these dynamics for Uganda remain insufficiently understood. Much of the domestic banking debate has concentrated on prudential soundness, capital adequacy, liquidity, profitability and asset quality (Frederick, 2014; Adriko, 2019; Mugisha et al., 2024; Tumwine et al., 2024), while comparatively less attention has

been devoted to whether sectoral credit allocation is translating into measurable productive sector growth. More importantly, relatively little is known about whether positive and negative movements in bank credit affect sectoral performance differently. Hence, we contribute to the ongoing debate on the role of the banking sector in supporting Uganda's ATMS strategy by using quarterly sectoral data to examine the relationship between bank lending and sectoral value added growth, while explicitly distinguishing between positive and negative credit movements. In doing so, the paper shifts the policy conversation from how much banks lend to how effectively credit supports productive transformation. Consequently, this provides a more nuanced assessment of whether Uganda's financial intermediation is sufficiently aligned with the ambitions of the ATMS agenda.

The rest of the paper is structured as follows. In Section 2, we review the literature of studies focussing on credit-growth nexus. Section 3 presents the methodology where data, econometric models adopted and estimation strategy is presented, while section 4 discusses the empirical results. Finally, Section 5 presents the summary, conclusion and policy implications.

2.0 LITERATURE REVIEW

Two strands of literature have addressed the credit - growth nexus. One strand views credit as a catalyst of real activity, but stresses that its effect depends on the composition, destination and credit dependence of borrowers. The other offers a more cautionary proposition. That is, rapid credit expansion can crowd out productivity, particularly where finance migrates towards relatively safer but lower-return activities. In this section, we review developments on the two fronts.

First, this paper relates to the literature establishing a positive but heterogeneous credit-growth relationship. Garcia-Escribano and Han (2015), using a dynamic panel of 31 emerging markets over 2002 -2012, find that credit growth significantly influences real GDP growth, but that the transmission mechanism varies across credit portfolios. Corporate credit operates primarily through investment, while consumer credit works through private consumption. Housing credit also supports consumption, although less consistently. Their Arellano-Bond estimates confirm significant positive effects of corporate and consumer credit through their respective channels. More importantly, the evidence suggests that credit composition is not incidental to growth, it determines how credit reaches the real economy.

Similarly, Butrón and Pozo (2025), using granular Peruvian data across sectors and regions, find a positive but moderate credit-growth relationship. A one percent increase in credit growth raises real GDP growth by about 0.013 - 0.025 percentage points across baseline specifications. The effect strengthens as sectors become more credit dependent and rises to about 0.023 - 0.026 percentage points when attention is restricted to domestic currency lending. The sectoral evidence is equally revealing. Domestic currency credit Granger causes activity in agriculture, fisheries, energy and construction, while foreign currency

credit leads activity in mining, manufacturing and services. Thus, where credit goes, the currency in which it is supplied and how dependent production is on bank finance all matter.

On the other hand, a strand of literature questions the convenient presumption that faster credit growth necessarily produces faster productive growth. Cecchetti and Kharroubi (2018), using 20 countries over 25 years, establish a robust negative association between real credit growth and growth in output per worker. Their explanation is particularly important. As borrowing expands rapidly, entrepreneurs may shift towards safer, lower return projects, thereby weakening aggregate productivity growth. Taking this prediction to industry-level data, they find that the adverse effect is disproportionately concentrated in industries with less tangible assets and greater research and design intensity. Highly research and design intensive industries in fast credit growth economies record value added per worker growth roughly 2 - 2½ percentage points lower than less research and design intensive industries in slow credit growth economies. Instrumental variable estimates reinforce these results, suggesting that they are not simply driven by reverse causality.

In conclusion, the literature rejects a one-size-fits-all interpretation of the finance - growth nexus. Credit can catalyse growth, but credit can also crowd out productivity. Its growth dividend depends on its composition, sectoral destination, currency, borrower characteristics and the receiving sector's dependence on finance. This heterogeneity provides the empirical motivation for moving beyond aggregate credit - GDP relationships towards a sector-level investigation of whether bank lending translates into productive growth and, crucially, whether credit expansions and contractions transmit differently to sectoral activity.

3.0 METHODOLOGY

3.1 Data

The empirical analysis is based on a balanced quarterly panel covering three broad sectors of the Ugandan economy, that is Agriculture, Forestry and Fishing, Industry and Services, over the period FY2012/13 to FY2024/25. The sample spans 52 quarters and yields 156 observations. The dataset combines commercial bank credit outstanding to each sector, sectoral value added and GDP at market prices. The panel structure is particularly useful because it exploits both variation over time and differences across sectors, while allowing the analysis to control for persistent sector-specific characteristics that may otherwise confound the relationship between credit and real economic activity. The use of sector-level panel data is also critical since granular credit information can uncover relationships between bank lending and output that may be obscured in aggregate data.

3.2 Definition and Measurement of Variables

Table 1 presents variable definitions and the expected effects. The dependent variable is sectoral value added growth, used as the measure of real sector performance and it captures the rate at which real economic activity expands within each sector. The year-on-year sectoral value-added growth is defined as shown in **Equation 1**:

$$VAG_{it} = 100[\ln(VA_{it}) - \ln(VA_{it-4})][1]$$

Where VA_{it} denotes value added in sector i at quarter t . The four-quarter difference is preferred to quarter-on-quarter growth because it dampens seasonal variation and captures the underlying annual growth trajectory.

The main explanatory variable is sectoral credit growth, also measured on a year-on-year basis as shown in **Equation 2**:

$$CG_{it} = 100[\ln(Credit_{it}) - \ln(Credit_{it-4})][2]$$

Additionally, the study decomposes the overall credit growth into expansions and contractions. Positive credit growth is defined as shown in **Equation 3**:

$$EXP_{it} = \max(CG_{it}, 0)[3]$$

while credit contraction is expressed as the absolute magnitude of negative credit growth as shown in **Equation 4**:

$$CON_{it} = |\min(CG_{it}, 0)|[4]$$

Thus, both expansion and contraction variables enter the model as positive magnitudes. The expected coefficient on credit expansion is positive, $\beta_{EXP} > 0$, whereas expected coefficient on credit contraction is negative, $\beta_{CON} < 0$.

Two controls are included. GDP growth captures aggregate macroeconomic conditions that is common to all sectors, while credit share captures the proportion of total credit allocated to the three broad sectors. The latter provides an indication of whether commanding a larger share of the banking system's sectoral credit portfolio is associated with stronger real-sector performance.

Table 1. Variable Definition and Expected Effects

Variable	Measurement	Expected effect
Value-added growth (VAG)	Year-on-year log change in sector Value Added	Dependent
Credit growth (CG)	Year-on-year log change in sector credit	+
Credit expansion (EXP)	Positive component of credit growth	+
Credit contraction (CON)	Absolute magnitude of negative credit growth	-
GDP growth (GDPG)	Year-on-year log growth of GDP	+
Credit share (CS)	$\frac{\text{Sector Credit}}{\text{Total Credit}} \times 100$	$\pm$

3.3 Econometric Models

To establish a baseline shown in **Equation [5]**, the analysis first estimates a symmetric credit growth model in which positive and negative changes in credit are implicitly assumed to have equal but opposite effects on sectoral growth:

$$VAG_{it} = \alpha_i + \beta CG_{it} + \gamma_1 GDPG_t + \gamma_2 CS_{it} + \varepsilon_{it} \text{ [5]}$$

Equation [5] essentially asks the conventional question: does faster credit growth translate into faster sectoral growth? However, such a specification may conceal an important non-linearity. Credit expansions and contractions need not be mirror images of each other. Financial constraints may force firms to delay investment, cut working capital or abandon productivity enhancing projects during periods of tightening while additional credit during expansionary periods may encounter weaker investment demand or diminishing returns.

$$VAG_{it} = \alpha_i + \beta_1 EXP_{it} + \beta_2 CON_{it} + \gamma_1 GDPG_t + \gamma_2 CS_{it} + \varepsilon_{it} \text{ [6]}$$

With the asymmetry being hypothesised as:

$$|\beta_2| > |\beta_1|$$

implying that the loss associated with a contraction in credit exceeds the gain arising from a comparable expansion.

3.4 Estimation Strategy

The empirical analysis proceeds in three steps. First, descriptive statistics and sector-specific patterns are examined to establish how credit and value added evolved across agriculture, industry and services. Second, pairwise correlations provide an initial assessment of the direction and strength of the relationships among the variables. Third, Equations [5] and [6] are estimated using a sector fixed effects estimator.

The fixed effects framework is preferred because it controls for unobserved characteristics that differ across sectors but are relatively stable over time. Panel fixed effects models are particularly attractive where sectoral heterogeneity would otherwise bias the estimated relationship between credit and real activity.

Nevertheless, the results were interpreted as associations rather than clean causal credit supply effects. Observed sectoral credit is an equilibrium outcome reflecting both banks' willingness to lend and borrowers' demand for credit. Unlike studies that use lender specific shocks to isolate supply, the data used to undertake this study does not permit such identification.

4.0 RESULTS AND DISCUSSION

4.1 Descriptive Evidence

Table 2 presents the descriptive statistics for the variables used in the analysis. Average sectoral credit stands at UGS 4,779.3 billion but ranges widely from UGS 440.0 billion to UGS 12,643.1 billion. The standard deviation of 3,017.3 is large relative to the mean and this points to substantial differences in the scale of financing across agriculture, industry and services.

Average year-on-year credit growth is 9.8%, with episodes ranging from a contraction of 6.9% to expansion of 36.1%. However, what is more revealing is the decomposition of this growth. Average credit expansion is 9.3%, while the mean credit contraction variable is only 0.26% and its median is zero. Thus, the sample is overwhelmingly characterised by credit expansion rather than sustained credit crunches.

Table 2. Descriptive Statistics

Variable	N	Mean	SD	Minimum	Median	Maximum
Credit	156	4,779.33	3,017.31	440.00	4,479.65	12,643.10
Value added	156	7,515.03	4,371.63	2,143.00	7,554.00	18,063.00
Credit growth	144	9.80	7.98	-6.87	8.94	36.10
Credit expansion	156	9.30	7.71	0.00	8.64	36.10
Credit contraction	156	0.26	1.11	0.00	0.00	6.87
Value Added growth	153	2.60	11.41	-10.79	1.36	98.72
GDP growth	144	10.19	18.58	-7.07	5.62	78.26
Credit share	156	33.33	17.33	5.99	36.63	55.73

Moreover, two features are evident from the descriptive. First, services dominate the credit landscape, with average lending of UGS 7,494.5 billion compared with UGS 5,280.1 billion for industry and only UGS 1,563.4 billion for agriculture. Second, agriculture nevertheless records the fastest average rate of credit growth, at 12.7%.

The apparent contradiction is revealing rather than puzzling. Agricultural credit is expanding rapidly, but from a very low base. For Uganda's

ATMS agenda, that difference is crucial. Agro-industrialisation requires much more than a high percentage growth rate in agricultural lending. It requires financing at a scale sufficient to support mechanisation, irrigation, storage, aggregation, agro-processing, logistics and export infrastructure. Fast growth from a thin credit base may therefore look impressive statistically while remaining inadequate economically.

On its part, Industry offers a second interesting result. It records the highest average value added growth of 3.18% even though its average credit growth of 7.49% is below both agriculture and services. Thus, this clearly indicates that the credit output relationship may not be one-for-one. More importantly, what matters could be not simply how fast credit expands, but where it is invested and how productively it is deployed.

In contrast, Services receive the largest volume of credit and experience no year-on-year contraction over the sample, as the minimum credit growth rate remains positive at 0.36%. In effect, services appear to enjoy a relatively stable financing environment. Agriculture and industry experience more volatility, including outright contraction episodes (**Table 3**).

Table 3. Sectoral credit and growth Patterns

Sector	Mean credit	Mean credit growth (%)	Mean Value-Added growth (%)	Min credit growth	Max credit growth
Agriculture	1,563.39	12.72	2.44	-5.71	36.10
Industry	5,280.07	7.49	3.18	-6.87	35.75
Services	7,494.53	9.18	2.19	0.36	17.73

4.2 Correlation Analysis

Table 4 reports the pairwise correlation coefficients.

Table 4. Pairwise Correlation Matrix

	[1]	[2]	[3]	[4]	[5]	[6]
[1] Value Added growth	1.0000					
[2] Credit growth	0.0333	1.0000				
[3] Credit expansion	0.0397	0.9906	1.0000			
[4] Credit contraction	-0.0379	-0.4558	-0.2848	1.0000		
[5] GDP growth	0.466	0.0614	0.0535	-0.0759	1.0000	
[6] Credit share	-0.0009	-0.1975	-0.1944	-0.0544	0.0000	1.0000

The correlation results are, at first sight, sobering for the simple “more credit, more growth” proposition. Credit growth is positively correlated with value added growth, but only weakly, at 0.033. The corresponding correlation for credit expansion is similarly small at 0.040. Credit contraction carries the expected negative sign, at -0.038, but again the relationship is weak.

GDP growth tells a very different story. Its correlation with sectoral value added growth is approximately 0.466, considerably larger than the credit variables. Sectoral performance therefore appears much more closely tied to broad macroeconomic conditions than to contemporaneous changes in credit.

This does not mean credit is irrelevant. Rather, it suggests that credit transmission may take time. Loans granted today may finance machinery, construction, technology or working capital whose contribution to value added only becomes visible several quarters later. A mining investment, agro-processing plant, hotel project or technological upgrade cannot reasonably be expected to transform measured output within the same quarter in which financing expands.

The weak contemporaneous relationship may also reflect the use of credit. If a significant proportion of borrowing finances inventory, refinancing, liquidity management or short-term transactions, the immediate increase in productive capacity may be small. In this sense, the correlation results already carry an important policy message for the ATMS agenda, suggesting that the objective should extend beyond expanding credit flows to ensuring that credit is effectively translated into additional productive capacity.

4.3 Symmetric Fixed Effects Model

Table 5 presents results from the symmetric and asymmetric fixed effects models.

Table 5. Fixed Effects Estimates of Sectoral Value Added Growth

Variable	Symmetric model	Asymmetric model
Credit growth	0.011 (0.116)	-
Credit expansion	-	0.003 (0.132)
Credit contraction	-	-0.134 (0.837)
GDP growth	0.294* (0.048)	0.294* (0.048)
Credit share	0.134 (0.502)	0.138 (0.504)
Constant	-4.878 (16.648)	-4.886 (16.707)
Observations	144	144
Sectors	3	3
Within (R ²)	0.2180	0.2181
F-statistic	12.82***	9.55***

*Standard errors in parentheses. *** (p<0.01), ** (p<0.05) and * (p<0.10).*

The results from the baseline symmetric model shows that credit growth enters with the theoretically expected positive sign, but the estimated coefficient is only 0.0114 and is statistically insignificant ($p=0.922$). The critical message is that faster bank lending does not mechanically translate into faster sectoral growth. Thus, the coefficient shows that the issue may not be the availability of credit per se, but the productive efficiency of credit allocation. GDP growth, by contrast, is both economically meaningful and statistically significant.

The baseline model explains approximately 21.8% of within sector variation in value added growth. The model is jointly statistically significant, but that explanatory power is driven overwhelmingly by GDP growth rather than by credit. Credit share also fails to attain statistical significance. Its coefficient of 0.134 suggests a positive association, but with $p=0.789$, there is little evidence that simply commanding a larger portion of banking sector credit produces superior sectoral growth. Hence, a larger slice of the credit pie does not necessarily mean a larger growth dividend.

4.4 Asymmetric Effects of Credit

Equation [6] separates positive and negative credit movements. The coefficient on credit expansion is 0.0025 ($p=0.985$), which is essentially zero. The evidence therefore provides little support for the proposition that additional credit, in itself, produces an immediate boost to sectoral value added growth.

Credit contraction, on the other hand, enters with the expected negative sign:

$$\beta_{Contraction} = -0.134$$

The magnitude is substantially larger than that associated with credit expansion. Directionally, this is consistent with the intuition that taking credit away may be more damaging than adding credit. But the punchline requires caution: the contraction coefficient is statistically insignificant ($p=0.873$). Thus, while the sign and relative magnitude are suggestive, the data do not establish a statistically significant asymmetric credit effect. The model fit reinforces this point. The within R^2 increases almost imperceptibly from 0.2180 in the symmetric model to 0.2181 in the asymmetric specification. Decomposing credit into expansions and contractions therefore adds virtually no contemporaneous explanatory power.

There are at least three plausible reasons to these asymmetric results. First, negative credit episodes are scarce, especially within services. The average contraction variable is only 0.26 and its median is zero. The contraction coefficient is consequently estimated from limited variation. Second, credit

effects may operate with long and heterogeneous lags. Many ATMS related investments have lengthy gestation periods. Agro-processing facilities take time to construct, mines require substantial exploration and development expenditure and tourism projects face construction and demand lags. A contemporaneous fixed-effects specification may therefore understate these relationships.

Third, observed sectoral credit cannot be interpreted as a pure credit-supply shock. It jointly reflects supply from banks and demand from borrowers. When economic prospects weaken, firms may themselves reduce borrowing, creating an observed credit contraction even in the absence of supply tightening. Conversely, strong expected growth can raise both credit demand and output. Without bank-specific or borrower-specific instruments that isolate the supply component, the estimated coefficients remain associative rather than causal.

5.0 SUMMARY, CONCLUSION AND POLICY RECOMMENDATIONS

The study shows that Uganda's expansion of bank credit has not translated mechanically into stronger contemporaneous growth across the productive sectors. Average credit growth over the sample period stands at about 9.8%, but the distribution of lending is highly uneven. Services receive the largest average volume of credit at UGS 7,494.5 billion, followed by industry at UGS 5,280.1 billion, while agriculture receives only UGS 1,563.4 billion. Yet agriculture records the fastest average credit growth, at 12.7%. This observation is attributed to agricultural lending expanding rapidly, but from a comparatively low base. For Uganda's transformation agenda, therefore, fast credit growth should not be confused with adequate financing depth.

The econometric results reinforce this distinction between more credit and more productive credit. In the symmetric fixed effects model, credit growth enters positively but is statistically insignificant, with a coefficient of 0.011 and a p-value of 0.922. In the asymmetric specification, credit expansion is virtually neutral at 0.003, while credit contraction carries the theoretically expected negative sign at -0.134. However, neither coefficient is statistically significant. GDP growth, by contrast, remains positive and strongly significant at about 0.294, suggesting that broader macroeconomic conditions are more closely associated with sectoral value added growth than contemporaneous movements in bank credit.

The conclusion is not that bank lending is unimportant. Rather, the findings indicate that credit quantity alone is insufficient to deliver structural transformation. The developmental payoff from finance depends on where credit is allocated, the terms on which it is extended, its maturity structure and whether it finances investment that expands productive capacity. This is especially important for Uganda's ATMS agenda, where agro-processing, tourism infrastructure, mineral development and innovation require financing structures that are longer-term, affordable and aligned with project gestation periods.

Policy should therefore shift from an excessive focus on aggregate private sector credit growth toward the quality and developmental effectiveness of intermediation. Priority should be given to stronger credit guarantee and risk sharing mechanisms, greater use of cashflow and movable collateral lending and financing instruments tailored to the distinct needs of ATMS sectors. Financial sector monitoring should also track the destination, cost, maturity and productive outcomes of credit, not merely its growth rate. Ultimately, Uganda's tenfold-growth ambition will depend less on how much banks lend and more on how effectively those resources are converted into productive investment, value addition, technological upgrading and sustained sectoral growth.

REFERENCES

1. Adriko, G. (2019). Determinants of commercial banks' profitability: Evidence from Uganda. Regional Universities Forum for Capacity Building in Agriculture (RUFORUM) Institutional Repository.
2. Bategeka, L. & Okumu, L. (2010). Banking Sector Liberalisation in Uganda. Economic Policy Research Centre, Uganda <https://www.madhyam.org.in/wp-content/uploads/2014/07/Banking-Sector-Liberalisation-in-Uganda.pdf>
3. Butrón, N., & Pozo, J. (2025). *Dynamic relationship between credit and economic growth*. Working Paper Series DT No. 2025-011, Central Reserve Bank of Peru.
4. Cecchetti, S. G., & Kharroubi, E. (2018). *Why does credit growth crowd out real economic growth?* NBER Working Paper No. 25079. National Bureau of Economic Research.
5. Frederick, S. (2014). *Factors affecting performance of commercial banks in Uganda: A case for domestic commercial banks*. International Journal of Economics and Finance, 6(8), 124–137.
6. Garcia-Escribano, M., & Han, F. (2015). *Credit expansion in emerging markets: Propeller of growth?* IMF Working Paper WP/15/212. International Monetary Fund.
7. Manaresi, F., & Pierri, N. (2024). The asymmetric effect of credit supply on firm-level productivity growth. *Journal of Money, Credit and Banking*. <https://doi.org/10.1111/jmcb.13092>.
8. Mugisha, S., Kakuru, J., & Kimbugwe, F. (2024). *Prudential regulation and survival of financial cooperatives in Uganda: The mediating role of board role performance*. ORSEA Journal, 14(1), 45–63.
9. Mumbole, H., Sakala, M., & Gondwe, T. (2025). *The Impact of Financial Intermediation on Economic Development in Zambia (1991-2021)*. OALib, 12(05), 1–21. <https://doi.org/10.4236/oalib.1113477>
10. Republic of Uganda (2025). Fourth National Development Plan (NDP IV). <https://npa.go.ug/wp-content/uploads/2025/12/Fourth-National-Development-Plan-NDP-IV.pdf?x56883>
11. Republic of Uganda. (2025). *Fourth National Development Plan (NDP IV)*. Government of Uganda.
12. Tumwine, S., Nkundabanyanga, S. K., & Mbabazi, M. (2024). *Effect of capital adequacy on risk exposure: A case study of Bank of Uganda*. Journal of Financial Regulation and Compliance, 32(4), 412–429.



Plot 2702 Block 244 Nyangweso Road off Kironde Road Tankhill Muyenga P.O. Box 8002, Kampala
Tel: +256 312 343 400, Email: secretariat@ugandabankers.org, www.ugandabankers.org