



**REMARKS BY THE GOVERNOR, BANK OF UGANDA
AT THE OFFICIAL COMMISSIONING OF THE OFFICE OF
THE DEPOSIT PROTECTION FUND OF UGANDA**

20 JANUARY 2022

Hon. Minister of Finance, Planning and Economic Development,
Permanent Secretary/Secretary to the Treasury,
Governor, Bank of Uganda,
Auditor General,
Solicitor General,
Members of the Financial Sector Stability Forum,
Chief Executive Officers of Contributing Institutions,
Executive Directors and Directors, Bank of Uganda,
Chairman and members of the DPF Board,
Senior Management and Staff of DPF,
Distinguished Guests in your respective capacities,
Ladies and Gentlemen.

It is a pleasure for me to be part of this important occasion. I join the CEO and Board Chairman of the Deposit Protection Fund of Uganda (DPF) to welcome you to this event. I also recognize and appreciate the presence of the contributing institutions and other stakeholders who have made time to be here today.

Hon. Minister, reference has been made to the role that the Bank of Uganda (BoU) has played in nurturing the DPF. It is the joy of any parent to see their child grow to maturity. It is even of greater joy to have a child that is responsible and responsive to parental guidance. I can state without hesitation that DPF, under the stewardship of the Board and CEO, heeds to and executes on good advice. The team at Bank of Uganda is a proud parent today after seeing that the efforts put in to grow the institution have borne fruit in many ways, the commissioning of this office is but just one of those.

Ladies and Gentlemen, financial sector stability lies at the heart of the BoU's mandate; hence deliberate steps were taken by the Bank to help establish the DPF to take care of the interests of the depositors of closed banks. Securing the interests of depositors, at all times, is crucial for building and sustaining public confidence in the financial sector.

Hon. Minister, ladies, and gentlemen, starting up any venture comes with unique challenges. Permit me at this point to recognize and appreciate the DPF Board and

the pioneer team of staff led by Mrs Julia Oyet, the CEO, for their steadfast commitment to overcoming the inevitable initial challenges associated with new beginnings. Correct identification of the prevailing hurdles was a plus, but formulating the appropriate remedies was even more crucial, for it is said that a wrong diagnosis is bound to lead to wrong prescriptions. What we are witnessing today coupled with the growth of the Fund is *prima facie* evidence that the team, the Board and management, did a good job both at diagnosis and prescription.

Ladies and gentlemen, I will also take a moment to thank the contributing institutions for their commendable efforts and consistent contributions to the Fund. The institutions have continued to work hard in ensuring that depositors records are up-date as guided.

It is worth noting that the banking sector in Uganda has been largely stable, despite the effects of the Covid-19 pandemic. The contributing institutions have taken a proactive approach to resolve any potentially harmful occurrences in the sector working closely with BoU. Achieving macro-economic stability is the concerted effort of many players, financial institutions being centre-stage. It is through the DPF that stable and sound financial institutions ensure that their primary stakeholders, the depositors retain confidence in the banking sector, especially during uncertain times.

Hon. Minister, ladies and gentlemen, the management of the DPF deserve commendation for registering several achievements in a relatively short period, despite the usual teething challenges faced in setting up an institution from scratch and the slow down occasioned by the Covid-19 pandemic. The Fund deserves a congratulatory pat on the back for the milestones that have been achieved to date. I am informed about the cordial work relationship that exists between the Board and management, and therein lies the secret to success.

I dare say that the excellent governance of the DPF may have motivated you, Hon. Minister to renew the term of the current Board. I congratulate the Board members for being re-appointed.

Ladies and gentlemen, I wish to endorse the strategic plans of the DPF as outlined by the Board Chairman and the CEO. It is vital for the DPF to grow the fund size,

to buttress its capacity to respond to any distress that may emerge in the sector. Also, the Fund needs to have a substantive dedicated legal framework given its importance as a backstop of financial sector stability. Progressively and in response to emerging issues, the mandate of the Fund is likely to evolve as has been seen in other jurisdictions with more advanced deposit insurance systems.

Certainly, the DPF will be strengthened in the pursuit of its mandate by harnessing its working relationship with the central bank. Accordingly, an appropriate Memorandum of Understanding is firmly in place for guiding the sustainable relationship between the BoU and DPF.

Hon. Minister, ladies and gentlemen, let me reiterate that the BoU remains firmly focused on creating and maintaining an enabling environment for the financial sector in the country. We shall continue working with the DPF and other stakeholders to develop the financial sector so that it contributes effectively to inclusive economic development and the socio-economic transformation of our country.

Let me conclude by once again extending hearty congratulations to the DPF upon this key milestone. Kudos to the financial institutions for their resilience and maintaining compliance with their obligations during these uncertain times. I wish you all good health in this difficult time of the Covid-19 pandemic. Please stay safe, heed the Covid-19 containment SOPs, and by all means get vaccinated against Covid.

And now, it is my honour and privilege to invite you, Hon. Minister, to deliver your address.

Thank you for your attention.