



Remarks by
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International Association of Deposit Insurers
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Hon. Minister of Finance, Planning and Economic Development,
Secretary General of the International Association of Deposit
Insurers,

Chairman and members of the DPF Board of Directors,

Chief executive officers of deposit insurers,

Distinguished guests, esteemed colleagues, ladies and gentlemen,

Good morning. I am honoured to welcome you to this pivotal conference on deposit insurance and financial stability. As we gather here today, overlooking the serene waters of Lake Victoria, I am reminded of the tranquillity we strive to maintain in our financial systems – a calm that can only be achieved through vigilance, collaboration, and robust safeguards.

As the Deputy Governor of the Bank of Uganda, I stand before you not just as a regulator, but as a steward of our nation's financial wellbeing. The responsibility we bear is immense, for in our hands lies the trust of every citizen who places their hard-earned money into our banking system.

Before we delve into our main discussion, I would like to express my deep appreciation to our esteemed Minister of Finance, Planning and Economic Development. Your unwavering support and visionary leadership have been pivotal in shaping our nation's financial landscape. Minister, your commitment to supporting a robust financial sector, evident in your backing of critical reforms and your steadfast partnership with the central bank and the Deposit Protection Fund, has been invaluable. Your presence here today underscores the government's dedication to ensuring financial stability and protecting the interests of depositors across our nation. We are truly fortunate to have your guidance as we navigate the complex challenges of our dynamic financial ecosystem.

Let us begin by acknowledging a fundamental truth: the stability of our financial system is not a luxury – it is an absolute necessity for the economic prosperity and social wellbeing of our nation. And at the heart of this stability lies the concept we are here to discuss today: deposit insurance.

Why does deposit insurance matter? To answer this, let me paint a picture that, while hypothetical, is all too real in its potential:

Imagine a rumour, perhaps unfounded, begins to circulate about a bank's stability. In the absence of deposit insurance, what follows is a scene we've witnessed too many times in history – panic-stricken customers rushing to withdraw their life savings, queues stretching around city blocks, and a bank that might have weathered the storm now brought to its knees by a flood of withdrawals. This, ladies and gentlemen, is the bank run – a phenomenon that can bring even healthy institutions to ruin and send shockwaves through our entire economy.

But now, envision a different scenario. The same rumour circulates, but this time, our citizens rest easier. They know that their deposits, up to a significant threshold, are protected. The panic subsides, reason prevails, and our financial system remains stable. This is the power of deposit insurance – a safeguard against panic, a foundation for trust.

In our country, we've seen firsthand the importance of this protection. In the late 1990s and early 2000s, when several local banks failed, it was the government – and by extension, the taxpayers – who bore the burden of compensating depositors. While necessary to maintain public confidence, this approach was unsustainable and imposed an unanticipated strain on our fiscal resources.

Learning from these experiences, we've made significant strides. The establishment of an autonomous Deposit Protection Fund and the recent increase of the deposit insurance threshold to 10 million

shillings are testament to our commitment to fostering a resilient financial sector.

At this juncture, I would be remiss if I didn't acknowledge the exceptional leadership of Dr. Julia Clare Olima Oyet, CEO of our Deposit Protection Fund. Her tireless efforts in organizing this conference and her invaluable partnership with the central bank, particularly during the recent resolution of failed financial institutions, have been instrumental in strengthening our financial sector's resilience. Dr. Oyet's dedication exemplifies the collaborative spirit that is crucial for effective financial stability.

But let me be clear: deposit insurance is not a panacea. It is one tool in a comprehensive toolkit for maintaining financial stability. As your Central Bank, we remain committed to rigorous supervision and regulation. We conduct regular stress tests to ensure our banking sector can withstand shocks. We employ risk-based supervision to identify and address potential issues before they escalate.

Moreover, we recognize that the protection of depositors extends beyond the insurance threshold. For larger deposits, we have mechanisms in place – from purchase and assumption transactions to assisted mergers – to safeguard funds and maintain the integrity of our financial system.

As we look to the future, we face new challenges. The rapid evolution of financial technology, the increasing interconnectedness of global markets, and the ever-present threat of economic shocks require us to be ever-vigilant and adaptive.

In this context, the role of deposit insurance becomes even more critical. It is not just about protecting individual depositors – though that remains a core function. It is about maintaining the stability that allows our financial sector to innovate, to grow, and to serve as the lifeblood of our economy.

To my colleagues from deposit insurance agencies across Africa and beyond, I say this: our collaboration is more important than ever.

We must share experiences, learn from each other's successes and challenges, and work together to set the gold standard for deposit protection in the 21st century.

And to our partners in the banking sector, I emphasize: deposit insurance is not an invitation to take undue risks. It is a shared responsibility. We expect you to maintain the highest standards of risk management and corporate governance. Remember, the trust of your depositors is your most valuable asset.

As I conclude, let me leave you with this thought: financial stability is not an abstract concept. It is about the small business owner who can sleep soundly knowing her operating capital is safe. It is about the young couple saving for their first home. It is about the retiree whose life savings are secure. In short, it is about the dreams and aspirations of every citizen we serve.

Our goal – to ensure financial stability and protect depositors in an ever-changing financial ecosystem – is vital. It requires unwavering commitment, continuous learning, and steadfast collaboration. As we engage in the discussions over the coming days, let us keep this mission at the forefront of our minds.

I look forward to fruitful exchanges and working together to build a more resilient, inclusive, and trustworthy financial system for all our citizens.

I now take this singular privilege and honour to invite the Honourable Minister of Finance, Planning and Economic Development to deliver his keynote address.

Thank you for your attention.

God bless!