

By Ali Twaha

Early this week, Julius Kakeeto handed over the reins as chairperson of the Uganda Bankers' Association (UBA) after a two-year stint.

Members under UBA elected Michael Mugabi, the chief executive officer (CEO) of Housing Finance Bank, to take over the role. Mugabi will be supported by Ecobank's chief executive officer Grace Mulisa, as vice-chairperson.

His term coincided with a modest improvement from the post-pandemic slowdown, helped by macro stabilisation and sector resilience.

"Kakeeto's two-year tenure as was defined by resilience, foresight and impactful advocacy. Kakeeto transformed industry governance and strengthened the sector's voice and influence," Wilbroad Owor, the UBA executive director, said.

Kakeeto, who also leads Pearl Bank, took the position in May 2024 and was re-elected for the second year.

Pre-2024 industry trends show that complaints to supervised institutions were on the rise. In the year to December 2021, complaints nearly doubled to over 517,000, mostly linked to digital channels, such as

KAKEETO HANDS OVER UBA LEADERSHIP

mobile money, mobile banking and agents.

During 2024-2026, complaints to financial institutions dropped overall. For instance, Stanbic Bank reported a 50% drop in its own customer complaints in 2024, citing better system stability and process improvements.

On the policy side, the association under his watch developed an industry response to the Government's ATMS (Agriculture, Tourism, Minerals, including oil and gas, Science and Technology) strategy aimed at tenfold Gross Domestic Product growth by 2040.

Kakeeto also kept the focus on digital opportunities, including remittances and broader stakeholder engagement through alternative dispute resolution.

INDUSTRY PERFORMANCE

During the period under review, absolute credit volumes rose, supporting Uganda's growth ambitions around oil, infrastructure and industrialisation. However, the pace remained subdued



Mugabi (right) appreciates Kakeeto for leading the association for the last two years

OTHER SECTOR CHALLENGES

Over the years, UBA has dealt with recurring headaches such as past bank failures tied to weak governance, under-capitalisation and economic shocks; high non-performing loans in certain cycles, slow digital integration for full inclusion, and tensions with regulators over taxes, capital rules and legislation.

Broader issues like fraud risks, the need for regulatory reforms to support lending, and adapting to global uncertainties remain a challenge in the sector.

The association's influence helps co-ordinate responses, but it operates as a voluntary industry body without enforcement power, so progress on deep structural weaknesses, such as high costs of credit, moves slowly.

relative to historical peaks and the economy's needs.

Crowding out by government borrowing and high real lending costs continued as core constraints, meaning the association's advocacy for better lending conditions delivered incremental rather than breakthrough results.

Total assets in the banking sector climbed 16% to sh61.7 trillion by the end of 2025. Customer deposits rose 17% to sh41.7 trillion. Non-performing loans improved, falling to 3.4% from 4.8% the previous year. Profitability held with total comprehensive income at sh2.17 trillion and cost-to-income ratios eased to 67%.

Financial institutions continue to pour more money into treasury bills and bonds. By close of December 2025, investments in government paper increased by 16.5% to sh17.3 trillion. Interest income from bills and bonds grew by more than 20%, whereas interest from loans and advances grew by 9%.

Government securities continue to attract bank money,

suggesting banks still find it safer and more rewarding to lend to the Government than to businesses and individuals. The trend has kept private sector credit growth structurally constrained.

"You are right to observe that the interest income from government securities has grown significantly compared to the banks' loan portfolio. It speaks to the behaviour of fiscal. When concessional borrowing from abroad was reduced, the Government increased domestic financing to replace part of the external borrowing.

Certainly, commercial banks found it a good idea to invest because it is risk-free," Michael Atieno Ego, Governor at BOU, told *New Vision*.

"Is that going to be the case going forward? Most likely not. The Government is on a path of fiscal consolidation. It's likely to reduce its borrowing from the domestic financial system. As few securities are offered, it means there is going to be a drag on the yields. With that drag, you will crowd in the private sector."