

Prolonged litigation ties up capital in non-performing assets, constrains the banking sector's capacity to support economic activity.

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The Commercial Division of the High Court has launched an intensive two-week mediation exercise targeting more than 320 banking and credit-related disputes, a move aimed at reducing case backlog and unlocking billions of shillings tied up in prolonged litigation.

The initiative, conducted under the Judiciary's quarterly mediation fortnight, comes amid mounting concern over the growing number of unresolved commercial disputes before the courts.

Speaking during a judicial colloquium in Kampala last week, Mr Michael Atingi-Ego, the governor of the Bank of Uganda, revealed that huge sums of money are locked up before the Commercial Court in unresolved cases.

He described the stalled funds as "dead capital" with far-reaching consequences for the banking sector and the wider economy.

"For banks, it means capital tied up in provisioning. Under our prudential framework, a non-performing loan triggers mandatory provisioning the moment a borrower defaults. This is a supervisory obligation, not a choice," Mr Atingi-Ego said.

He added that prolonged litigation undermines investment and weakens the transmission of monetary policy.

"Every shilling locked in a disputed loan is a shilling that cannot be reinvested into productive sectors of our economy. Every delayed judgment is effectively a tax on investment," he said.

Mr Atingi-Ego said alternative dispute resolution (ADR), including mediation, negotiation and arbitration, provides a faster and less costly mechanism for resolving complex commercial disputes.

"ADR is not a lesser substitute for justice, but a sophisticated complement that recognises that speed, technical expertise and confidentiality are necessities in the commercial world," he said.

According to the Central Bank governor,

Commercial Court targets 320 bank cases in two-week drive



Chief Justice Flavia Zeija



Bank of Uganda Governor Michael Atingi-Ego

prolonged disputes force financial institutions to become increasingly risk-averse, thereby limiting access to affordable credit and undermining financial inclusion efforts.

"Banks and other financial service providers depend fundamentally on enforceable contracts and timely dispute resolution. Prolonged litigation ties up capital in non-performing assets, constrains the banking sector's capacity to support economic activity and can significantly impede efforts to deepen financial inclusion," he added.

Chief Justice Flavia Zeija also raised concern over the economic cost of unresolved cases, saying billions of shillings remain frozen in litigation instead of circulating within the economy.

"These represent frozen capital that cannot be reinvested, circulated or utilised productively within the economy," he said.

Justice Zeija noted that court judgments often leave all parties dissatisfied.

"For too long, many court users have operated under the illusion that winning in court is the only victory. But I have seen,

SOME CASES LINED UP

Some of the parties cause listed by the court for mediation during the fortnight mediation include:

- Finance Trust Bank Vs Andrew Ssebuliba
- Bamwine Quillino Vs Cairo Bank
- Abiine John Vs Equity Bank
- Standard Chartered Bank Vs Jolly Mukholi
- Housing Finance Bank Vs Orch Joe
- Murwana Peters Stores Ltd Vs ABSA Bank
- Bank of Africa Vs Fred Kirenga
- Everest Schools Vs Equity Bank
- Boss Beverages International Ltd Vs Bank of Uganda
- Shyam V Kanabar Vs Cairo Bank Ltd
- Keane Consulting Vs KCB Bank Uganda.

both from my years in private legal practice, my tenure in the banking industry and now at the helm of the Judiciary that judges do not resolve cases; they decide them," he said, adding that, "A court decision often leaves one party broken and the other exhausted by years of legal fees and appeals."

The Chief Justice warned against the misuse of courts to delay loan recovery processes, particularly through frivolous injunctions and procedural objections.

"As the head of the Judiciary, I am alive to the trend; borrowers often file temporary injunctions to frustrate loan recovery, in many cases alleging baseless miscalculations or procedural defects simply to buy time. This culture must end," he said.

Justice Zeija said the Judiciary was now pursuing a "zero tolerance" approach towards stalling tactics and was deliberately promoting ADR as the preferred mechanism for resolving commercial disputes.

"To the bank executives in this room, I urge you to look at ADR and the Judicature (Court Annexed Mediation) Rules 2026 as a sophisticated tool for risk management. Why wait for years for a de-

cree when you can reach an enforceable settlement agreement that carries the full weight of a court order in just two months?" he said.

Justice Andrew Khaukha, the executive director of the Judicial Training Institute, said the mediation fortnight that runs from May 18 to 29, specifically targets disputes involving loan recovery, debt restructuring, enforcement of guarantees and securities and banker-customer disagreements.

Some of the cases to be handled via mediation are as old as 10 years in the system.

Preparations included assigning mediators, notifying advocates, and engaging stakeholders such as members of the Uganda Bankers Association to secure participation.

Mr Joseph Sevuma, the legal adviser of Kampala City Traders Association, welcomed the initiative, saying many genuine traders were willing to settle their debts to avoid blacklisting by financial institutions.

Justice Anne Mugenyi Bitature revealed that as of May 6, 2026, the Commercial Court had 1,730 pending banking and credit-related cases.

Out of these, 326 cases, worth approximately Shs200b, have been selected for mediation during the current fortnight.

"The value of the 1,730 cases is about Shs552b. The estimated value for the 326 cases set for mediation is Shs200b. We expect that at the end of the mediation period, Shs200 billion would have been unlocked into the economy," Justice Bitature said.

She added that the Commercial Court currently has more than 8,000 pending cases overall.

"We ask that our litigants to embrace compromise ADR. Commercial disputes resolved today will cost less than years of litigation. We also ask our stakeholders to comply promptly with agreed settlement terms, which will strengthen the ADR culture," she said.

Justice Bitature said the court hoped that at least half of the targeted cases would be settled during the mediation exercise, while negotiations in the remaining matters would continue beyond the fortnight.