

Finance Trust Bank to downgrade operations

Finance Trust is the fourth bank to downgrade to a credit institution since Bank of Uganda raised the capital requirement to Shs150b.

Dorothy Nakaweesi

Bank of Uganda has approved Finance Trust Bank's request to downgrade its operations from a commercial bank (Tier I) to a credit institution (Tier II). The move makes Finance Trust Bank the fourth commercial bank to scale down its licence since the central bank raised the minimum capital requirement in 2022.

Other banks that have downgraded their operations include ABC Capital, Guaranty Trust Bank, and Opportunity Bank, all of which made the transition in 2024.

In a notice dated January 29, Bank of Uganda said Finance Trust Bank had been authorised to operate as a credit institution effective April 1, 2026, following a strategic realignment by the bank's board, which applied for a new licence as a credit institution.

"The change of status to a credit institution follows a decision by Finance Trust Bank's board of directors to adopt a strategic shift and reposition the institution to better serve its core customer base," the notice reads in part, adding that the bank was adequately capitalised and meets the minimum capital requirements for a Tier II licence.

Finance Trust Bank will have a three-month transition period, from January 1 to March 31, 2026, during which it will

phase out products and processes specific to commercial banking operations. The central bank said the transition period is intended to ensure a smooth migration for customers and to minimise disruptions to financial sector stability.

In a separate notice dated January 29, Finance Trust said its board and management "wish to inform our customers and the general public of our transition to a Tier II credit institution following Bank of Uganda's issuance of a new licence."

The downgrade follows regulatory reforms introduced in 2022, when Finance Minister Matia Kasaija signed a statutory instrument increasing the minimum capital requirement for commercial banks from Shs25b to Shs150b. The reforms were intended to strengthen the resilience of the banking sector but have since triggered structural adjustments among some banks.

Finance Trust Bank was granted a Tier I operating licence on November 11, 2013, after taking over the business of Uganda Finance Trust, then a micro-deposit-taking financial institution.

The bank also indicated that all services will remain available across its nationwide branch network during the transition period and that it will continue to operate in full compliance with regulatory requirements.



Finance Trust Bank will downgrade to a credit institution from April 1, 2026, following Bank of Uganda approval, marking the fourth commercial bank to scale down since the 2022 minimum capital requirement reforms. PHOTO/EDGAR R BATTE

BANK OF UGANDA



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**TRANSITION OF FINANCE TRUST BANK
LIMITED TO A CREDIT INSTITUTION**

KAMPALA – 29 January 2026 – Bank of Uganda hereby informs the general public that Finance Trust Bank Limited has been authorised to transition from a Tier I Commercial Bank License to a Tier II Credit Institution License **effective 01 April 2026**.

Finance Trust Bank has been granted a transition period of three (3) months from 01 January 2026 to 31 March 2026, during which it will make adequate arrangements to phase out products and processes that require a Tier I Commercial Bank License. This is intended to ensure a smooth service transition for its customers and to mitigate any disruption to financial sector stability.

The change of status to a credit institution follows a decision by Finance Trust Bank's Board of Directors, to adopt a strategic shift and reposition the institution to serve its core customer base better. Finance Trust Bank is adequately capitalized and meets the minimum capital requirements for a Tier II License.

Requests for further information on this matter should be directed to the Director Communications and Public Relations, Bank of Uganda, on +256 417 303400 or info@bou.or.ug.

Bank of Uganda reassures the public that it remains committed to ensuring the stability of the financial system.


 Kenneth Egesa
DIRECTOR COMMUNICATIONS
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