

BOU HAILS CENTENARY BANK ON CUSTODIAL SERVICES

PHOTO BY DAVID LUKIIZA

By Joseph Bahingwire

The Governor Bank of Uganda, Michael Atingi-Ego, has lauded Centenary Bank Limited for being the country's seventh entity to venture into custodial services.

Speaking during the launch of the service at Mestil Hotel in Kampala on Tuesday, Atingi-Ego described the launch as a "landmark moment" for Uganda's financial sector, particularly as the country pursues an ambitious plan to grow its economy to \$500b by 2040.

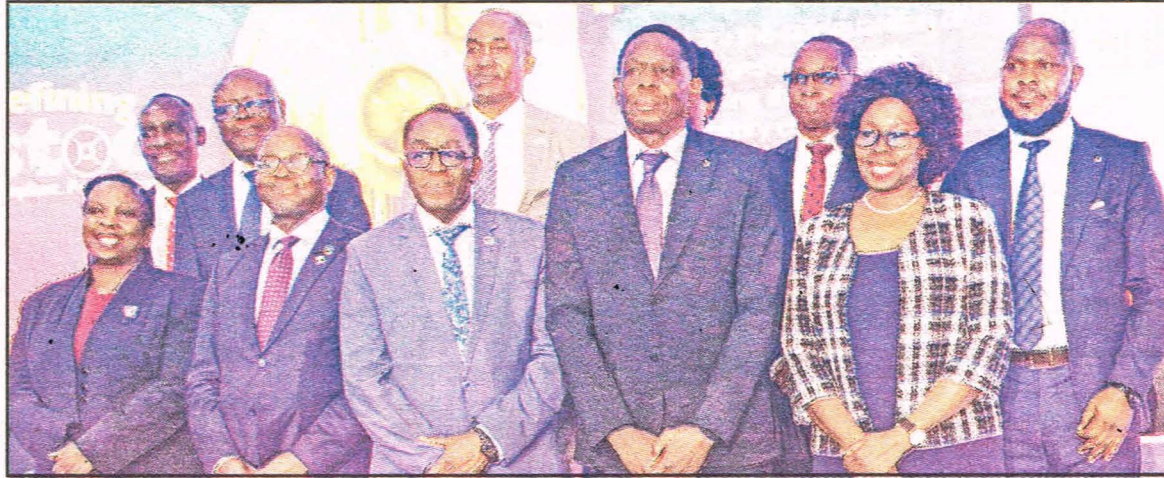
"Custodial services are the bedrock of trust in any financial system," he said. "They protect ownership, validate transactions, reduce risk and sustain confidence across markets," he said.

He added that Uganda's economy remains resilient, with growth projected between 6.5% and 7% in the 2025/2026 financial year, supported by stable inflation and strong foreign reserves.

Atingi-Ego further revealed that the first oil production is expected to further accelerate economic expansion. He, however, noted that gaps remain, especially in the pension sector, where custodial services could unlock more efficient and secure investment.

"This is more than a corporate milestone. It is a catalyst for Uganda's broader economic transformation" the governor noted.

He commended Centenary Bank for taking this bold and visionary



Front row: Atingi-Ego (second-right), Prof. John Ssentamu Ddumba (centre), Kasi (second-left) with other officials during the launch of the CenteCustody Services at Mestil Hotel in Kampala, recently

DEFINITION

In finance, Custodial Services refer to the safekeeping, administration and management of assets (securities, cash) by a bank or institution on behalf of clients, including transaction settlement and income collection. These services protect assets from theft or loss and often include reporting, tax and foreign exchange services.

step, noting that the bank, with total assets of sh8.6 trillion, a loan portfolio of sh4.1trillion and a non-performing loan ratio of just 2.8%, has demonstrated its capacity to manage risk effectively and serve its 3.4 million customers, which is 25% of Uganda's

banking population.

CUSTODY MUST BE FRONTED

Centenary Bank Uganda outgoing managing director Fabian Kasi described the development as more than a product roll-out.

"It is a statement about how the bank sees its role in Uganda's financial markets as a partner in trust, governance and long-term institutional growth," he said.

Kasi said the move reflects a shift in how custody is perceived.

"To redefine custody is to acknowledge that it can no longer remain in the background. As markets mature, custody must evolve from a back-office necessity into a strategic enabler of transparency, efficiency and confidence," he said.

"Institutional investors operate on confidence in data, governance, systems and processes. Custody

sits at the centre of this trust architecture," Kasi added.

He emphasised that strong custody systems are essential for sustainable capital growth.

"Capital grows best where infrastructure is strong, assets are secure, reporting is accurate, compliance is embedded and technology supports scale without compromising control."

"We bring a strong and resilient financial foundation, underpinned by disciplined risk management and sustained profitability," Kasi noted.

"Custody does not function in isolation. It works best when banks, regulators, fund managers, trustees, and policymakers operate in alignment," he added.

Asked why banks invest in custodial services during a panel discussion, Centenary Bank's General Manager, Financial Markets, Benoni Okwenje, noted that it is about trust, access, and unlocking opportunity for everyone.

He explained that investing in custodial services goes beyond bank benefits; it strengthens markets and builds investor confidence.

"Strong regulation and governance frameworks ensure transparency, asset security and reliable reporting and custody supports long-term savings by enabling secure investment in instruments like bonds and equities, ultimately driving broader economic growth and deepening financial inclusion" Okwenje added.