

BANK OF UGANDA



Opening Remarks by:

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Bank of Uganda

At

The Second Monetary Policy Forum
Protea Hotel
Kampala

Friday October 07, 2022

The Executive Directors of Bank of Uganda

Directors, and Staff of Bank of Uganda

Distinguished Participants; Treasurers of SFIs and Trust Funds

Distinguished Ladies and gentlemen

Good morning to you all

It is with great pleasure that I welcome you all to this monetary policy forum where we engage with the Treasurers of Supervised financial institutions and Fund Managers in the financial sector.

Allow me to start by informing you that the Bank of Uganda Mission was modified to read as; *To Promote Price Stability and a Sound Financial System in Support of Socio - Economic Transformation in Uganda.*

Ladies and gentlemen, our new mission makes it clear that our decisions and actions as a Central Bank should ultimately contribute to the improvement of the well-being of the nationals. For this to happen, we must make conscious efforts to engage as many stakeholders as possible-through effective communication.

The first monetary policy forum, which was held in February this year, focused on engaging members of the fourth estate with a view of improving their understanding and improve reporting of issues related to monetary policy and the economy.

This second monetary policy forum targets to engage with the implementing partners, the key stakeholders with whom monetary policy can be effectively transmitted. As key participants in the financial markets, your participation, understanding and response to Bank of Uganda decisions are crucial if monetary policy is to yield the desired results to the economy.

Effective monetary policy implementation and transmission is hinged on transparent communication of Central Bank actions and therefore better public understanding and confidence in the Central Bank. As Treasurers of financial institution and fund managers, you are key in determining the cost of money through the interbank market, and enabling a robust government securities market.

The immediate aspect of monetary policy transmission is how financial institutions respond to Central Bank actions. Therefore, any quest to improve the effectiveness of monetary policy implementation should start with you. This is the main objective of our engagement today.

Success of monetary policy implementation is achieved through building public trust and confidence in the Central Bank actions and decisions. The question then remains; how do we build trust in the Central Bank decisions and actions? One most obvious was is to have a competent team to conduct monetary policy decisions, which team we already have. The other very critical aspect is to nurture transparency in all Central Bank Communications. Martin Feldstein, a former United States Chairman of Council of Economic affairs, emphasized this phenomenon of trust when he said, *'So just as I want pilots on the plane that I fly, when it comes to monetary policy, I want to think that there is someone with sound judgement at the controls.'*

As a Central Bank, we believe that if you understand, trust, and follow the direction of our monetary policy actions, this will lead to effective implementation of monetary as well as improve the performance of the financial sector and economy at large.

Without any further ado, I now take the profound pleasure of inviting the executive Director Operations to address you and make a presentation.

I wish you fruitful deliberations.

Andrew Elwana
Ag. Director Communications