



Frequently Asked Questions (FAQs)

Transition of Finance Trust Bank Limited to a Credit Institution

1. What is the Bank of Uganda and Finance Trust Bank (FTB) informing the public about?

The public is being informed that FTB is transitioning from a Tier I Commercial Bank licence to a Tier II Credit Institution licence, effective 1 April 2026. This transition has been approved and is being supervised by the Bank of Uganda to ensure an orderly process and continued protection of all interests of depositors and the bank's customers.

2. What does it mean that the bank is transitioning from a Tier I Commercial Bank to a Tier II Credit Institution?

This means the bank is changing its licence category under the financial sector regulatory framework. A Tier II Credit Institution operates under a different model from a Tier I Commercial Bank, focusing on core banking services such as deposit-taking and lending, but with a narrower scope of activities compared to a full commercial bank.

3. Is FTB closing down?

No. The bank is **not closing**. As at 01 April 2026, it will continue operating and serving customers, but under a Tier II Credit Institution licence.

4. Are both Commercial Banks and Credit Institutions regulated by the Bank of Uganda?

Yes. Both Commercial Banks and Credit Institutions are **licensed, regulated, and supervised by the Bank of Uganda under the Financial Institutions Act, Cap. 57**. Each must meet capital requirements appropriate to its licence category and comply with prudential, consumer protection, and reporting standards.

5. Why did FTB choose to transition?

Financial institutions may change licence categories as part of a **strategic decision**. This allows the bank to **align its core business model and customer focus**, enabling them to serve their customers more effectively and sustainably and align their operations with their long-term business model and market focus. The transition allows the Financial Institution to operate more efficiently within a regulatory framework that best supports their chosen activities.

6. What is the key difference between a Commercial Bank and a Credit Institution?

The difference lies in the **scope of activities permitted under each licence**, not in safety or regulatory oversight.

- A **Commercial Bank (Tier I)** is licensed to conduct banking activities across a broader range of services, including certain complex and large-scale financial activities.
- A **Credit Institution (Tier II)** operates under a **more focused licence**, concentrating on deposit-taking and lending activities aligned to its chosen market segments.

Both models are **valid, regulated, and sound**, depending on the institution's strategy.

7. What services are provided by Commercial Banks (Tier I)?

Under a **Tier I Commercial Bank licence**, an institution may provide, subject to regulatory approval, services such as:

- Acceptance of call, demand, savings and time deposits withdrawable by cheque or otherwise;
- Provision of overdrafts and short to medium term loans;
- Provision of foreign exchange facilities;
- Acceptance and discounting of bills of exchange;
- Provision of financial and investment advice;
- Participation in inter-bank clearing systems;
- Give guarantees, bonds or other forms of collateral, and accept and place third party drafts and promissory notes connected with operations in which they take part.

Providing other financial services permitted under a Commercial Bank licence.

8. What services are provided by Credit Institutions (Tier II)?

Under a **Tier II Credit Institution licence**, an institution may provide part of financial institutions business and services such as:

- Accepting **customer deposits**, including savings and fixed deposit accounts,
- Providing **loans and credit facilities** to individuals, micro, small and mediumsized enterprises,
- Engaging in **foreign exchange business**, in particular buying and selling foreign currencies,
- Issuing and administering **means of payment**
- Providing **money transmission or remittance services**,
- Providing **savings and lending products** tailored to specific customer segments,
- Any other services permitted under the Credit Institution licence and approved by the Bank of Uganda.

Credit Institutions are therefore **deposit-taking financial institutions**, operating under a focused licence aligned to their business models and customer needs.

9. Which services will FTB no longer provide after the transition?

Following the transition from a Commercial Bank licence to a Credit Institution licence, FTB will **no longer provide certain services that are restricted to Tier I Commercial Banks**. These may include:

- Current Accounts.
- Issuing new overdrafts. However, existing overdrafts will be would down as and when they mature.
- Participation in the inter bank market on maturity of placements the bank has with its counterparties.

Where any existing product or service is affected, **customers will be informed directly by their bank**, and appropriate arrangements will be made during the transition period. However, FTB will continue to offer the following services:

- Foreign Exchange Business **that is limited to buying and selling foreign currencies**.
- Maintaining and opening new foreign currency-denominated accounts allowable under the Tier II category such as savings and time deposit accounts.
- Clearing instruments and processing wire transfers through a 3rd party.
- Conducting trade finance products such as performance bonds, bid bonds, and advance payment guarantees.

10. Will customers lose access to their deposits or accounts?

No. Customer deposits remain safe, and customers will continue to access their accounts. The transition has been structured to ensure **continuity of core banking services**, with minimal disruption.

11. Will my account number change?

In most cases, account details remain the same. Customers will be formally notified in advance if any changes are required.

12. Is my money safe?

Yes. Customer deposits remain protected under the country's financial regulatory framework. The Bank of Uganda continues to supervise FTB to safeguard depositor interests and financial stability. FTB is required to meet all prudential and operational requirements applicable to Tier II Credit Institutions.

13. Can I still access my money as usual?

Yes. Customers can continue to withdraw, deposit, and access their funds through the usual channels, including branches, ATMs, and digital banking platforms.

14. Will branches close?

Branch operations will continue. If there are any changes to branch locations or services, customers will be informed in advance.

15. Will loans and existing contracts still be valid?

Yes. All existing loan agreements and contracts remain legally binding under their original terms and conditions. All existing customer contracts, including loans and deposit agreements, will continue to be honoured according to their agreed terms. Any changes will be formally communicated to the affected customers.

16. Will interest rates on loans or deposits change?

Interest rates are subject to normal market and policy conditions. Customers will be notified of any changes in line with regulatory and contractual requirements.

17. Do I need to close my account?

No. Customers are not required to close their accounts. Banking services will continue without interruption.

18. Will staff change?

The institution will continue to operate with its professional staff. Any operational changes will be managed to ensure smooth service delivery.

19. What is the purpose of the three-month transition period?

The three-month period from 1 January to 31 March 2026 allows the institutions to:

- Phase out or adjust products that require a Commercial Bank licence,
- Update systems and internal processes,
- Communicate clearly with customers, and
- Ensure a smooth transition with minimal inconvenience.

20. Should customers be concerned about the safety of their money?

No. The Bank of Uganda confirms that FTB is adequately capitalised and meets the minimum regulatory requirements for Credit Institutions. The Bank of Uganda continues to supervise them to safeguard depositor interests and financial stability.

21. Does this transition indicate financial distress at the bank? / Does this transition mean that FTB is facing financial difficulty?

No. The transition is the result of strategic repositioning, not financial distress. FTB remains compliant with regulatory requirements applicable to Tier II Credit Institutions.

22. When does the new licence status take effect?

The new Credit Institution licence status becomes effective on 01 April 2026.

23. What assurance is the Bank of Uganda giving to the public?

The Bank of Uganda reassures the public that it remains fully committed to maintaining the stability, soundness, and integrity of Uganda's financial system, and to protecting depositors at all licensed institutions.

24. Where can the public get more information?

Customers may:

- Visit any FTB branch.
- Contact FTB customer care.

Check the bank's official website and social media channels